APPENDICES
APPENDIX 1

Questionnaire

V. Ramasubramanian MBA, LLB, CAIIB, AAAI (London)
Research Scholar under the Guidance of Dr. Kalyanaraman
Sri Chandrasekherendra Saraswathi Viswa Maha Vidyalaya,
Enathur, Kancheepuram.

Dear Sir / Madam,

I am a banker turned academician doing research on the topic of “Credit Risk Management in Banks in India”. The research involves collection of inputs in the form of a survey from officers of banks who have worked / are working in various functional areas like credit, operations, risk management, non performing assets management/ recovery and audit/ inspection.

The survey and analysis of the data collected are important for submission of a thesis as part of requirements for the award of the degree of PhD from Sri Chandrasekherendra Saraswathi Viswa Maha Vidyalaya, Kancheepuram.

This questionnaire is an effort to collect required data for the academic purposes of research. I request you to kindly fill in the questionnaire in full with factual information. Please return the questionnaire at your earliest and help me complete my research. The information provided, views / opinions expressed by you will be utilized only for the purpose of research. Subject to this, very strict confidentiality will be maintained in respect of any personal information provided.

I appreciate your encouraging original research in banking to augment available knowledge and resources. I gratefully acknowledge your help in my research efforts and thank you very much for the same.

Yours sincerely,

V. Ramasubramanian
Questionnaire

**General Information:**

1. Name: (Optional)

2. Gender: Male Female

3. Age (in years)
   - □ 20 - 30
   - □ 30 - 40
   - □ 40 - 50
   - □ 50 - 60

4. Qualification
   - □ Non-graduate
   - □ Graduate
   - □ Post Graduate / Double graduate
   - □ Professional (CAIIB/CA/MBA/LLB/ACS/ICWA etc.)
   - □ Others (specify)

5. Name of the Bank (Optional)

6. Scale in which you are presently working
   - □ Scale II
   - □ Scale III
   - □ Scale IV
   - □ Scale V
   - □ Scale VI

7. Total service in the bank (in years)
   - □ 0 - 10
   - □ 10 - 20
   - □ 20 - 30
   - □ 30 - 40
8. How you worked in credit / risk related functional areas like Credit Appraisal, Credit Administration, Recovery / Management of Non performing loans, internal audit / Inspection Risk Management and Credit Marketing

☐ Yes
☐ No

9. No of years of service in the credit related areas

☐ 0-10
☐ 10-20
☐ 20-30

I. Review of existing practices of credit risk management

Awareness & Risk Identification

10. According to you what is the role of risk department in credit risk management? (Please rank in order of importance)

☐ Responsible for quality of assets
☐ Responsible for business volume growth
☐ To ensure compliance with bank’s standard and policy
☐ Setting parameters & conduct stress/ sensitivity analysis / scenario changes
☐ Set terms, rate of interest, tenor security etc. in formulating credit policy

11. What according to you are the functions of risk department in sanction of proposals? (Please rank in order of importance)

☐ Independently confirm information / facts of the proposal
☐ To evaluate the proposal with industry parameters & bank’s past experience
☐ To reconfirm the credit rating of the borrower
☐ To suggest risk based pricing, security & mitigation measures
☐ To conduct stress/ sensitivity analysis for the proposal
☐ To confirm pre-sanction and post sanction conditions are complied with

12. Risk management policies and procedures are set by RBI and merely followed by banks

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree

13. Risk appreciation is not uniform at all levels of credit granting chain

☐ Strongly agree
14. Risk rating exercise is more subjective than objective? (internal / external)

- Strongly agree
- Agree
- Don’t Know
- Disagree
- Strongly disagree

15. What according to you is the major cause for increase in risk assets?
(Please rank in order of importance)

- Poor credit appraisal
- Non compliance with terms of sanction
- Poor monitoring
- Political interference
- Corruption
- Natural calamities and failure of monsoon etc
- Schemes like debt waivers, debt restructuring or one time settlement
- Credit guarantee schemes waiving collateral security and guarantees
- Economic conditions
- Dishonest borrower

16. According to you, loans to which sector contribute more to delinquency in value?

- Retail loans (Personal loans, car loans educational loans etc.)
- Housing loans
- Agricultural loans
- SME loans
- Corporate loans (industrial advances, infrastructure, commercial real estate etc.)
- Export advances

17. Credit appraisal is the weakest link in the credit approval system

- Strongly agree
- Agree
- Don’t Know
- Disagree
- Strongly disagree
18. Top management commitment is not absolute for risk control as they are also have to meet business and profit targets/ show improvements in business growth and have extraneous considerations to allow sub optimal credit

☐ Yes
☐ No
☐ I don’t Know

Risk Policies & Risk Procedures:

19. Do you agree that banks on their own also initiate risk management policies and procedures?

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree

20. Do you agree that centralization of sanctions results in credit risk mitigation?

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree

21. Risk Management training is more in the nature of credit appraisal training (no distinction is made between credit management and credit risk management.)

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree

22. The tools for risk analysis like track record verification, pre sanction audit, system for early detection of delinquency, information exchanges between banks are weak or not effectively used.

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree
Risk Control Systems:

23. Do you agree that there is a conflict of interest between Credit Management department and Risk Management department

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree

24. Do you agree that Committee approach to credit sanction really mitigates risk?

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree

25. Verification of borrower identity, accounts, stock, valuation security, legal opinion for title etc by external agencies results in no accountability to employees and is a major weakness in the credit risk management system.

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree

26. Delegation of powers of sanction may improve service quality but impairs credit quality

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree

27. Risk management tools help judge borrower’s ability, but not his willingness to pay.

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree
28. Do you agree that computerization has helped in better credit risk monitoring?

☐ Strongly agree
☐ Agree
☐ Don’t Know
☐ Disagree
☐ Strongly disagree

II. Recurring Common risk incidences & causes for the same

29. Do you agree that there are common recurring lapses on appraisal?

☐ Yes
☐ No

30. Do you agree that there are common recurring lapses on disbursement?

☐ Yes
☐ No

31. Do you agree that there are common recurring lapses on monitoring?

☐ Yes
☐ No

32. What according to you are the reasons for the lapses to recur frequently?( Please rank from 1-10, one being the most important reason and 10 being the least important reason)

☐ Pressure of work
☐ Lack of employees to carry out the task
☐ Perception that these omissions may not pose any risk
☐ Trust on the borrower
☐ Ignorance about the procedure / the reason for the procedure
☐ Compliance is tedious
☐ No incentive for compliance nor punishment for lapse
☐ Pressure of business development & other tasks
☐ Lack of co-operation by the borrower
☐ Transfers, promotions & job rotations
33. In your view who should certify rectification of lapses and close audit comments?
   (Please rank in order of importance)
   □ Credit department
   □ Audit department
   □ Risk department

III. Constraints in implementing effective risk management system

34. HR policies on promotion/placement affect efficient credit risk management and
    (employees trained in credit transferred to other departments and vice versa)
   □ Strongly agree
   □ Agree
   □ Don’t Know
   □ Disagree
   □ Strongly disagree

35. Do you agree that present training given for Credit Risk Management is adequate?
   □ Strongly agree
   □ Agree
   □ Don’t Know
   □ Disagree
   □ Strongly disagree

36. Delay in obtaining information, sanction and communicating changes in process,
    procedures and policies create avoidable risk.
   □ Strongly agree
   □ Agree
   □ Don’t Know
   □ Disagree
   □ Strongly disagree

IV: Human factor in building credit risk management system

37. Do you agree that previous experience in Credit department is necessary to work
    in Risk Management Department?
   □ Strongly agree
   □ Agree
   □ Don’t Know
   □ Disagree
   □ Strongly disagree
38. To what extent professional qualifications help to function efficiently in Credit / Risk Management department?
   □ Great extent
   □ Reasonable extent
   □ Not to significant Extent
   □ Does not make any difference
   □ Don’t Know

39. To what extent training given is useful to function in the credit /risk department efficiently?
   □ Great extent
   □ Reasonable extent
   □ Not to significant Extent
   □ Does not make any difference
   □ Don’t Know

40. What type of training is needed to handle credit / risk management?
   □ Training on procedures
   □ Training on legal issues
   □ Training on financial assessment
   □ Combination of above all

41. Do you agree that training helps to makes better credit analysis?
   □ Strongly agree
   □ Agree
   □ Don’t Know
   □ Disagree
   □ Strongly disagree

Impact of adoption of risk management system in banks

42. Do you agree that adoption of credit risk management system as per Basel recommendations and RBI guidelines has resulted in better credit management?
   € Strongly agree
   € Agree
   € Don’t know
   € Disagree
   € Strongly disagree
43. According to you, which area of credit risk management system has been improved by the adoption of the RBI guidelines? (Please rank in the order of improvement)

1. Credit Appraisal
2. Credit Administration
3. Credit control and monitoring
4. Compliance and reporting to regulators
5. Pricing of loans

44. According to you, which is the most felt benefit by banks by adopting credit risk management System? (Please rank according to order of improvement)

1. Improvement in quality of loans
2. Early detection of problem accounts
3. Speedy recovery of non performing loans
4. Improved profitability
5. Less provisioning and capital allocation

45. Which area of credit risk management system needs further improvement?

1. Credit Appraisal
2. Credit Administration
3. Credit control and monitoring
4. Compliance and reporting to regulators
5. Pricing of loans
LIST OF PUBLICATIONS


