Chapter-8

SUMMARY AND SUGGESTIONS

8.1 INTRODUCTION

Finance plays a critical role in the progress of a country. Finance is the life-blood for all economic activities in a country. Financial system serves as an important channel to mobilize financial resources from various sectors of the economy and allocating them in productive avenues. Strengthening the financial system is one of the main concerns for a country as its growth and development is reflected through the growth of its financial system. The banking system is a major part of the Indian financial system. Banks play a critical role in the development of the economies especially in developing economies like India. Realizing importance of the banks, Government of India has also encouraged these institutions for stimulating the economic growth and accomplishment of the development projects. With the onset of economic reforms, the Indian commercial banking sector, predominantly a public sector, has undergone a number of changes in terms of size, efficiency of operation and financial soundness. The modern economy is a credit economy. Credit has assumed increasingly wide significance in nourishing the base of the modern economic system. The entire financial structure of the present economy depends on the credit system. The social-economic consequences of changes in the purchasing power of money are severe and, in view of the fact that credit plays a predominant part in settlement of business transactions, it is essential that credit should be subjected to control. In fact, the heart of monetary policy lies in control, i.e., monetary management. The significance of a central bank lies in its function of managing the monetary system of the country. It also maintains the monetary standards internally as well as externally for the country. The Reserve Bank seeks to control and regulate the flow of credit in the economy to sustain development and promote the maintenance of internal price stability. Reserve Bank of India (RBI) has number of tools to control credit.
8.2 EVOLUTION OF BANKING IN INDIA

The modern banking in India was originated with the establishment of first joint bank named “The Hindustan Bank” was started by the English agency house of Alexander & Co. Calcutta in 1770. The real growth of banking in India begins in the first decade of 18\textsuperscript{th} century with the establishment of General Bank of India in 1786. Then, the East India Company established three presidency banks viz. the Bank of Bengal (1809), the Bank of Bombay (1840) and the Bank of Madras (1843). During the period of 1860 to the end of nineteenth century, a number of Indian joint stock banks came into existence. The Allahabad Bank was established in 1865. In 1875, the Alliance Bank of Simla was started and another Indian bank named Oudh Commercial Bank was established in 1889. Then Punjab National bank came into existence in 1895. With the encouragement of ‘Swadeshi Movement’, several Indian entrepreneurs started their ventures into modern banking business. Various other banks were established during the boom period of 1906-1913. This period shows a mushroom growth of Indian banks. These banks were the Bank of India (1906), The Canara Bank (1906), the Bank of Baroda (1908), and the Central Bank of India (1911). In 1921, the three presidency banks were amalgamated to form the Imperial bank of India. With coming up of RBI as the central bank of the country in 1935, the role of Imperial Bank of India came to an end. After Independence, the Government of India took major steps to encourage the spread of banking in India. Further, in order to serve the economy and on the basis of recommendation given by All India Rural Credit Survey Committee, State Bank of India (SBI) was constituted in 1955 along with its subsidiaries in 1959. On July 1, 1955, the government of India nationalised the Imperial Bank of India and converts it into State Bank of India (SBI) & its subsidiaries were also nationalised in the year 1959-60. In 1967, the Government introduced the concept of “social control” which was aimed at bringing some major changes in the management and credit policy of the commercial banks. However, the government of India was not fully satisfied with the implementation of social control over the banks in achieving the social goals. Since social control failed to achieve the desired results,
consequently on July 19, 1969, 14 major Indian scheduled banks were nationalised along with another 6 private banks in 1980. With this, major portion of banking sector came under the control of the Government. India faced a major-economic crisis in 1991 due to which the country became defaulter in making payments and the economy was growing at a very low rate. This crisis forced the government to follow the path of liberalization and globalization which resulted in financial sector reforms. This was the most important phase for banking industry.

8.3 FINDINGS OF THE STUDY

8.3.1. RBI POLICY ON BANK CREDIT

The RBI frames monetary policy annually to controls the supply of money and bank credit in the economy. Monetary policy is regarded as an important tool of economic management in India. As a part of monetary policy, RBI frames credit policy on yearly basis to control and regulate flow of credit in the economy. It frames credit policy by considering credit necessities arising from the expected rise in production and prices. The credit policy of RBI from 1997-98 to 2011-12 are presented below:-

During the year 1997-98, the Indian economy performed extraordinarily in terms of output growth, price stability, banking sector performance, and the balance of payments position. The bank rate was reduced from 12 per cent to 9 per cent in three stages but from January 17, 1998, the Bank Rate was increased by 200 basis points to 11 per cent from 9 per cent. This was done to control broad money expansion. In order to stabilize broad money, the Bank Rate was reduced by 50 basis points to 10.5 Per cent from 11 per cent from March 1998. Banks were entitled for export credit refinance at the Bank Rate to the extent of 100 per cent. The Repo rate was fixed at 4.5 per cent which rose to 9 per cent on 17 Jan 1998 in four folds and then reduced by one percentage points to 8 per cent, effective from March 18, 1998. Cash Reserve Ratio reduced from 9.75 per cent to 9.50 per cent than rose to 10 per cent on December 1997 and further increased to 10.50 per cent on January 17, 1998. Effective from March 28, 1998, CRR was reduced from 10.50 per cent to 10.25 per cent.
Statutory Liquidity Ratio was reduced to 25 per cent which is the statutory minimum requirement applicable on the entire net liabilities. The minimum period of maturity of Commercial Papers was brought down from 3 months to 30 days. Interest rates on pre-shipment export (Rupee) credit up to 180 days was reduced to 12 per cent per annum from 13 per cent per annum and for credit beyond 180 days and up to 270 days interest rate was reduced from 15 per cent to 14 per cent per annum. During the financial period 1997-98, the C-D ratio of 54.1 per cent was recorded.

There was a sharp upturn in GDP growth in 1998-99. The minimum period of maturity of term deposits was reduced from 30 days to 15 days. Bank Rate was reduced from 10 per cent to 8 per cent in two folds. Export credit refinance was restored to 100 per cent. Repo Rate was reduced from 7 per cent to 5 per cent in two folds and then increased by three percentage points i.e., from 5 per cent to 8 per cent. Afterwards it was again reduced by two percentage points to 6 per cent, effective from March 2, 1999. The CRR was reduced from 10.25 to 10 per cent then increased to 11 per cent on August 29, 1998. After that it was 10.5 per cent. The minimum lock up period for MMMFs and CDs was 15 days. Interest rate on pre-shipment export credit up to 180 days was reduced from 12 per cent to 11 per cent. During this year the C-D Ratio was reduced from 54.1 per cent to 51.7 per cent.

Financial year 1999-2000 was witnessed by low inflation but had a comfortable supply position of most items of daily consumption. Banks were allowed to operate different PLRs for different maturities instead of the existing two PLRs (one for the short-term and the other for the long-term loans). The bank rate during this year was same as in the previous year i.e., 8 per cent. The Reserve Bank announced introduction of an interim Liquidity Adjustment Facility (ILAF) through repos and lending against collateral of Government of India securities. CRR was reduced from 10.50 per cent to 9 per cent in three stages. Credit-Deposit Ratio of 53.6 per cent was recorded during this year.

Overall GDP growth rate decelerated significantly from 6.1 per cent in 1999-
2000 to 4 per cent in 2000-01. The Reserve Bank reduced the Bank Rate to 7 per cent then rose to 8 per cent with effect from July 22, 2000 and then reduced to 7 per cent in two folds. CRR was reduced to 8 per cent in two stages. RBI decided to sell the securities allotted in primary issues on the same day to improve secondary market. The credit-deposit ratio was decreased minutely from 53.6 per cent in 1999-00 to 53.1 per cent in 2000-01.

During 2001-02, the Indian economy was passing through a difficult phase caused by several unfavourable domestic and external developments. The Reserve Bank reduced the minimum lending rate (MLR) of urban co-operative banks (UCBs) from 13 per cent to 12 per cent, effective from March 2, 2002. Bank Rate was reduced from 7 per cent to 6.50 per cent with effect from October 23, 2001. The repo rate was cut at three stages from 7 per cent to 6 per cent. CRR reduced from 8 per cent to 7.5 per cent on May 19, 2001. Then CRR was reduced by 200 basis points from 7.50 per cent to 5.50 per cent. The call money market rate was 7.16 per cent during this year. The maximum interest rate that the banks would charge on exporters was revised to 2.5 percentage points below its PLR for pre-shipment credit up to 180 days and for post-shipment credit up to 90 days. Meagre increase was there in the credit-deposit ratio i.e., from 53.1 per cent in 2000-01 to 53.4 per cent in 2001-02.

During 2002-03, collateralized lending facility (CLF) was phased out. Bank Rate was reduced by 25 basis points to 6.25 per cent. The repo rate was reduced from 6.00 per cent to 5 per cent in three stages. CRR was reduced from 5.5 to 4.75 per cent. Public Deposits were brought under the jurisdiction of Board for Financial Supervision (BFS) to integrate supervision of market. Repo rate was reduced to 7 per cent, whereas reverse repo rate was reduced to 5 per cent. Credit Deposit ratio was increased to 56.9 per cent in 2002-03.

During the year 2003-04, robust performance of India and the emerging market economies contributed to the good performance of the world economy. Bank Rate was reduced to 6.0 per cent. Export credit
refinance facility to continue for eligible export credit remaining outstanding under post-shipment credit beyond 90 days and up to 180 days. The one-day and 14-day repo rate under the Reserve Banks Liquidity Adjustment Facility (LAF) was reduced to 4.5 per cent from 5 per cent. In terms of the revised LAF scheme, the reverse repo rate was reduced to 6 per cent. CRR was reduced from 4.75 per cent to 4.50 per cent. An advisory committee was proposed to be set up to suggest appropriate changes in the institutional and procedural arrangements for smooth flow of credit to agriculture and capturing new technological developments for improving credit delivery. Keeping in view the credit needs of the SSI sector, a working Group was proposed to assess the progress made in the implementation of the recommendations of the Kapoor Committee and the Gupta Committee and to suggest ways to improve credit flow considering in particular, the backward and forward linkages of this sector with large corporate. During this year the credit deposit ratio fall by 1 per cent i.e., 56.9 per cent in 2002-03 to 55.9 per cent in 2003-04.

The performance of the Indian economy in 2004-05 exceeded expectations at the beginning of the year. Repo rate was increased to 6 per cent. The fixed reverse repo rate under the LAF left unchanged at 6 per cent. Cash reserve ratio (CRR) was increased to 5 per cent. The minimum maturity period of Commercial Paper (CP) reduced from 15 days to 7 days. Repo rate was kept unchanged to 4.75 per cent whereas reverse repo rate was stagnant at 6 per cent. Study recorded the credit–deposit ratio of 64.7 per cent at end March 2005.

Growth expectation was at 8.1 per cent in the year, 2005-06. Indian Bank's Association (IBA) asked to review the benchmark prime lending rate (BPLR) system and issue transparent guidelines for appropriate pricing of credit. The fixed repo-rate under LAF increased by 25 basis points each in two stages to 6.50 per cent. The fixed reverse repo rate under Liquidity Adjustment Facility (LAF) increased in three stages to 5.50 per cent. The minimum maturity period of certificate of deposit was 7 days. The ceiling interest rate on export credit in foreign currency was raised by 25 basis
points to LIBOR plus 100 basis points from LIBOR plus 75 basis points with immediate effect. Study recorded the increase of 6.8 per cent in credit deposit ratio during the period 2005-06 i.e., 71.5 per cent.

During 2006-07, fixed repo rate under LAF rose from 6.50 per cent to 7.75 per cent in five stages. The fixed reverse repo rate increased by 25 basis points each in two stages to 6.00 per cent. CRR was raised to 6 per cent in four stages. Ceiling interest rate on export credit in foreign currency raised by 25 basis points to LIBOR plus 100 basis points. Repo rate increased to 7.75 per cent whereas reverse repo rate rose to 6 per cent. During this year, C-D ratio recorded the growth of 2.4 per cent i.e., 73.9 per cent in 2007-08.

The economy moved decisively to a higher growth phase in 2007-08. Fixed repo rate under the LAF kept unchanged at 7.75 per cent during 2007-08. Fixed reverse repo rate under the LAF was kept unchanged at 6 per cent during 2007-08. CRR was raised to 7.50 per cent in four stages. Validity of the interest rate ceiling stipulated at BPLR minus 2.5 per cent on pre-shipment Rupee export credit up to 180 days and post-shipment export Rupee credit up to 90 days extended to October 31, 2007. Repo rate and reverse repo rate was kept unchanged. During 2007-08, the C-D ratio was same as recorded in the previous year i.e., 73.9 per cent.

During the year 2008-09, the global financial meltdown and consequent economic recession in developed economies was clearly been major factor in India’s economic slowdown. The economic growth decelerated to 6.7 per cent. The credit policy measures by the RBI broadly aimed at providing adequate liquidity to compensate for the squeeze emanating from foreign financial markets and improving foreign exchange liquidity. Repo rate was increased to 9 per cent in three stages and then reduced to 5 per cent as on March 5, 2009 in five folds. The reverse repo rate under the LAF was reduced from 6 per cent to 3.5 per cent three folds. CRR of scheduled banks were increased from 7.75 per cent to 9 per cent in five stages and then again reduced to 5 per cent in six stages. The SLR was reduced to 24 per cent. During this year, the credit-deposit ratio was declined from 73.9 per cent in 2007-08 to 72.4 per cent in 2008-09.
The financial year 2009-10 began as a difficult one. There was a significant slowdown in the growth rate in the second half of 2008-09, following the financial crisis that began in the industrialized nations in 2007 and spread to the real economy across the world. The benchmark PLR was fixed in the range of 11 to 12 per cent during the year. Repo rate under the LAF was reduced from 5 per cent to 4.75 per cent but was again increased to 5 per cent on March 19, 2010. Reverse repo rate under the LAF was firstly reduced from 3.5 per cent to 3.25 per cent and then again increased to 3.5 per cent on March 19, 2010. CRR was increased by 50 basis points to 5.50 per cent from 13 Feb, 2010 and was further increased to 5.75 per cent on February 27, 2010 to control inflation. SLR was increased by 100 basis points to 25 per cent from 24 per cent on 7 Nov 2009. The call money rate was found as 3.22 per cent during 2009-10. In the wake of the global crisis and the problems being faced by exporters, the Reserve Bank reduced the interest rate ceiling to 250 bps below BPLR on pre-shipment rupee export credit up to 270 days and post-shipment rupee export credit up to 180 days. C-D ratio was reduced to 70.8 per cent at the end March 2010.

During the first half of the year, credit policy of 2010-11 focused on consolidation of growth and in the second half, it worked towards management of inflation in the economy. The Benchmark PLR was decided between 7.5 and 8 per cent. Bank rate was same as in the last few years, i.e., 6 per cent during the FY 2010-2011. Repo rate was increased from 5.25 to 6.75 per cent in six stages. Reverse Repo rate was increased from 3.75 per cent to 5.75 per cent in six stages. The CRR was increased 6 per cent. Statutory liquidity ratio was reduced from 25 per cent to 24 per cent during the FY 2010-11. The call rate lies between 3.5 and 5.25 per cent. For achieving sustainable and inclusive economic growth, RBI’s policy focuses on ensuring adequate flow of credit to agriculture, micro, small and medium enterprises and export sector. The C-D Ratio has been increased to 74.12 per cent at the end March, 2011.

Global financial conditions deteriorated further during 2011-12. Inflation slowed in response to past monetary tightening and growth deceleration in 2011-12. The statutory liquidity ratio (SLR) of SCBs was
reduced from 24.0 per cent to 23.0 per cent. Repo rate was increased to 8.50 in four stages and then reduced to 8 per cent. CRR reduced from 6 per cent to 4.75 per cent in three stages. Further, the eligible limit of the Export Credit Refinance (ECR) facility for scheduled banks (excluding RRBs) was enhanced from 15 per cent of the outstanding export credit eligible for refinance to 50 per cent. The C-D Ratio has been increased to 78.62 per cent in 2011-12.

8.3.2 GROWTH AND PATTERN OF BANK CREDIT IN INDIA

Deployment of credit is one of the principal functions of commercial banks. Pattern of credit of various bank groups reflects their priorities and policies towards lending. Growth and performance of bank credit by selected bank groups has been analysed on the basis of eleven parameters, viz. bank group-wise credit, population group-wise bank credit, region-wise bank credit, occupation-wise bank credit, credit limit range-wise bank credit, tenure-wise bank credit, type-wise bank credit, security-wise bank credit, sector-wise bank credit, population and occupation-wise bank credit, and region and occupation-wise bank credit. So, the results pertaining to this objective are as follows:

**Bank Group-Wise Credit:**

The private sector banks have the highest exponential growth rate into total credit (27.80 per cent) followed by nationalised banks (23.40 per cent) and SBI group (20.69 per cent). The foreign banks registered the lowest growth rate of 19.23 per cent. On an average, the highest amount of credit has been deployed by public sector banks, followed by private sector banks and foreign banks. Foreign banks have shown maximum variation of 101.74 per cent, whereas SBI group registered the minimum variation of 80.61 per cent over the period of study. Further, a significant difference has been observed in credit deployment by the selected bank groups.

**Population Group-Wise Credit:**

Population group-wise analysis provides that all the selected bank groups are in favour of metropolitan centre for credit distribution. All the bank groups have the highest growth with regard to metropolitan centre.
Public sector banks (i.e., SBI & its associates and nationalised banks) have recorded the lowest growth towards rural areas, whereas foreign banks and private sector banks have shown the lowest growth in semi-urban centre. The study shows an increase in the percentage share of metropolitan centre in the case of all bank groups over the period of study. On an average, public sector banks deploy 10.67 per cent towards rural areas, followed by private sector banks with 3.77 per cent and 0.71 per cent in the case of foreign banks. Nationalised banks lend more than 60 per cent of their outstanding credit to metropolitan areas, whereas there is a fall in contribution of credit deployed towards rural, semi-urban, and urban areas. Foreign banks concentrated their lending business towards metropolitan areas. It contributes more than 90 per cent of total bank credit towards this area. Further, the study reveals that all the population groups have a significant difference between credit deployed by selected bank groups towards different population centres.

**Region-Wise Credit:**

The study reflects that SBI group (22.55 per cent), private sector banks (44.01 per cent) and foreign banks (20.56 per cent) have recorded the highest growth in north-eastern region, whereas nationalised banks (24.09 per cent) have shown the highest growth in the northern region. On an average, SBI group provides the highest amount of credit to southern region, whereas all other groups deploy their highest amount of credit in the western region. Percentage share of north-eastern, eastern, and central region of public sector banks and foreign banks is reducing, whereas that of private sector banks has increased with regard to these sectors. Selected bank groups have mainly concentrated their lending business in northern, western and southern regions over the period of study. A significant difference appears in the lending practices followed by selected bank groups. The selected bank groups have shown significant variations with regard to the distribution of credit towards different regions.
Credit Limit Range-Wise Credit:

The SBI Group, nationalised banks, private sector banks and foreign banks with the respective percentages of 28.54, 33.43, 35.44 and 27.07 have recorded the highest growth while advancing credit to the tune of Rs. 5-10 lakh, above Rs. 25 crore, Rs10-25 lac and Rs10-25 lakh respectively. Percentage share of above Rs. 25 crore reveals a huge jump over the period of study, among them public sector banks depicts highest increase. Further, variations between the groups and within the group are not significant with regards to credit limit of Rs. 25000 and less & Rs. 25000 to 2 lakh whereas, all other credit limit ranges reveals a significant variations in distribution of credit by various bank groups.

Occupation-Wise Credit:

Public sector banks and foreign banks show a highest growth towards professional and other services sector whereas, private banks reveals a highest growth towards personal loans. On an average, industrial loan constitute a major portion of credit by all selected bank groups however their percentage share depicts a down fall. Selected bank groups reveal that the share of industrial credit has been decreased over the period of study. However, the study registered a slight growth from the previous year. Percentage share of personal loan and professional & other service loan has been increased over the study period. But in case of public and private bank its share shows a slight downfall from the previous year FY 2010-11. Further, significant variations exist in occupation wise credit deployed by selected bank groups at 5 per cent level of significance. It implies that selected bank groups have different priorities in deploying credit with regards to different occupations of the economy.

Occupation-Wise and Population-Group Wise Credit:

In rural area, SBI group has highest growth of credit in professional and other services sector (27.28 per cent), nationalised banks in finance sector (27.39 per cent), private sector banks in finance (38.46 per cent) and foreign banks in trade sector (23.25 per cent). Public sector banks (i.e., SBI group & nationalised banks) deploy their highest amount of credit for
agriculture loan whereas personal loans attracted major portion of credit of private banks and more than 70 per cent of credit has been deployed for industrial purpose by foreign banks for rural population.

In semi-urban area, SBI group reveals the highest growth in personal loan i.e., 27.63 per cent, nationalised banks and private sector banks in agriculture loan i.e., 23.92 per cent and 28.87 per cent respectively whereas foreign banks reveals the highest growth in industrial sector credit i.e., 12.51 per cent. On an average, SBI group deploy their highest amount of credit towards personal loans, nationalised banks deploy their largest amount of credit for agriculture sector whereas private sector banks and foreign banks constitute large amount of credit for industrial purposes.

In urban area, public sector banks (i.e., SBI Group & Nationalised Banks) has highest growth of credit in finance loan, i.e., 30.83 per cent and 30.14 per cent respectively, foreign banks in professional and other services loan, i.e., 54.44 per cent whereas private sector banks show the highest growth in transport operators, i.e., 43.11 per cent. SBI group and private sector banks has highest increase in percentage share of personal loan, nationalised banks in agriculture loan and foreign banks depicts a maximum increase in proportional share of trade loan in urban area.

In Metropolitan area, analysis reveals the highest growth in personal loan (50.08 per cent) by private sector banks whereas SBI group, nationalised banks and foreign banks reveals the highest growth in professional and other services sector, i.e., 38.73 per cent, 38.30 per cent and 32.90 per cent respectively. On an average, all selected bank groups deploy their highest amount of credit towards industrial sector. Further, study depicts that significant variations exits among the selected bank groups with regards to credit deployed for different purposes towards different population groups.

**Occupation-Wise and Region-Wise Credit:**

In northern region, Public sector banks (SBI group and nationalised banks) reveals a highest growth of credit in professional and other services sector, i.e., 40.51 per cent and 39.01 per cent respectively followed by
finance loan, i.e., 32.59 per cent and 33.95 per cent, private sector banks in personal loans, i.e., 54.67 per cent followed by agricultural loan, i.e., 44.65 per cent and foreign banks in professional and other services, i.e., 38.64 per cent followed by trade loan, i.e., 33.65 per cent. On an average, highest amount of credit has been deployed for industrial purpose in the northern region by all bank groups.

In north-eastern region, study depicts the highest growth in personal loan (42.74 per cent) by SBI group, finance loan (39.88 per cent) by nationalised banks and agricultural sector (59.71 per cent) by private sector banks whereas, foreign banks initiate their loan business in north-eastern region by providing industrial and trade loans. The north-eastern region is still standalone area with regards to the banking facilities.

In eastern region, SBI group has highest growth of credit in professional and other services (32.09 per cent) followed by personal loan (30.95 per cent), nationalised banks in finance loan (31.72 per cent) followed by professional & other services (28.28 per cent), private banks in personal loan (64.75 per cent) followed by agricultural loan (62.73 per cent) and foreign banks in trade loan (31.82 per cent) followed by professional and other services loan (27.70% per cent). Public sector banks (i.e., SBI group & nationalised banks), private sector banks, and foreign banks deploy their highest amount of credit for industrial purposes in eastern region.

In central region, SBI group shows a highest growth in personal loan, i.e., 27.76 per cent followed by professional & other services, i.e., 23.20 per cent, nationalised banks in professional & other services, i.e., 32.68 per cent followed by agriculture, i.e., 25.28 per cent, private sector banks reveal a highest growth in personal loans, i.e., 71.05 per cent followed by transport loans, i.e., 65.95 per cent and foreign banks reveals a highest growth in professional and other services, i.e., 54.65 per cent followed by trade 40.26 per cent. On an average, highest amount of credit has been deployed for industrial purposes by all selected bank groups except private banks in this region whereas, private banks deployed highest amount of credit for personal loan in central region.
In western region, SBI group has highest growth of credit in professional and other services (39.94 per cent) followed by personal loan (30.22 per cent), nationalised banks in professional & other services (38.25 per cent) followed by finance loan (37.52 per cent), private banks in personal loan (61.45 per cent) followed by agricultural loan (43.90 per cent) and foreign banks in professional and other services sector (30.83 per cent) followed by trade loan (27.10 per cent). Public sector banks (i.e., SBI group & nationalised banks), private sector banks, and foreign banks deploy their highest amount of credit for industrial purposes in western region.

In southern region, Public sector banks (SBI group and nationalised banks) shows a highest growth in professional & other services, i.e., 32.68 per cent and 30.56 per cent respectively followed by personal loan, i.e., 28.79 per cent and 27.62 per cent respectively, private sector banks in personal loan, i.e., 39.46 per cent followed by professional & other services, i.e., 30.97 per cent and foreign banks reveals a highest growth in professional and other services, i.e., 41.79 per cent followed by transport loans, i.e., 33.12 per cent. On an average, public sector banks and private sector banks deployed highest amount of credit towards industry followed by personal loan whereas on an average, foreign banks deployed their highest amount of credit towards personal loan followed by industrial loan.

Further, study depicts that significant variations exits among the selected bank groups with regards to credit deployed for different purposes towards different region.

Type-Wise Credit:

Study reveals reduction in the percentage share of short term loans i.e. bill purchased and discounting and cash credits, overdraft and loans by all selected bank group except foreign banks whereas term loans have emerged as more popular instrument of lending facility provided by public, private and foreign banks. Foreign banks show a highest growth in cash credits, overdraft and loans, i.e., 20.12 per cent whereas rest of the groups has highest growth with regards to term loans, i.e., 26.38 per cent in SBI Group, 28.52 per cent in case of nationalised banks and 37.40 per cent in
private banks. On an average, highest amount of credit has been deployed in the form of term loans by all selected bank groups. Study reveals that in case of type-wise credit, there is a significant difference in the credit disbursement methods used by various bank groups.

**Security-Wise Credit:**

Study reveals that major portion of lending of public sector banks are secured by tangible assets but their proportionate share has been decreasing whereas, percentage share of unsecured loans has been increasing over the period of study. Private sector banks highlight the sharp reduction in the share of loan covered by bank/government guarantees, i.e., from 15.74 per cent to 2.40 per cent whereas loan covered by tangible assets (76.43 per cent to 81.53 per cent) and unsecured loan (from 7.83 per cent to 16.08 per cent) shows an increase in its percentage share. In case of foreign banks, major portion of advances are unsecured whereas share of loans secured by tangible assets and covered by bank/government guarantees are decreasing over the period of study. All the bank groups show a highest growth towards unsecured loans. Significant variations exist among all types of securities. Thus, bank groups have different criteria for lending and there are variations between the bank groups and within the group over the period of study.

**Sector-Wise Credit:**

SBI group has highest growth towards other sector, i.e., 22.50 per cent whereas nationalised bank has highest growth in advances to banks, i.e., 35.11 per cent. Foreign banks and private banks reveal highest growth towards priority sector lending, i.e., 24.19 per cent and 30.12 per cent respectively. SBI group, private sector banks and foreign banks shows an increase in the percentage share of priority sector. On an average, public, private and foreign banks have deployed highest amount of credit towards others sector in India and lowest towards other banks. Analysis revealed that in case of sector-wise credit, all types of sector have significant
difference between and within the bank groups in the credit disbursement methods used by various bank groups.

**Tenure-Wise Credit:**

SBI group has registered the highest growth of 31.83 per cent while advancing credit for a period ranging from 3-6 months. However, in the case of nationalised banks, private sector banks and foreign banks the respective highest growth percentages are 33.83, 30.25 and 26.37 appearing against the credit categories of 29 days to 3 months, 6 months to 1 year, and more than 5 years respectively. On an average, all SCBs have advanced the highest amount of credit for a period ranging from 1-3 years over the period of study. The study further reveals that the tenure-wise credit deployment has depicted significant variations between the groups and within the group with regard to different time periods.

**8.3.3. FACTORS AFFECTING BANK CREDIT IN INDIA**

There are several factors that influence banks credit policy of a given bank, thereby affecting credit deployment of funds by the banks. So, banks must consider such factors that are likely to influence the credit policies of a bank and its credit deployment. The variables selected under the study as factors affecting deployment of bank credit are capital, deposits, borrowings, non-performing assets (NPAs), profits, number of employees and number of offices. In the study, variables studied are $Y = Advances$ (Dependent variable) and Independent variables viz. $X_1 = Capital$, $X_2 = Deposits$, $X_3 = Borrowings$, $X_4 = Investments$, $X_5 = NPAs$, $X_6 = Profits$, $X_7 = Number$ of employees and $X_8 = Number$ of offices. The results pertaining to this objective are as follow:

**SBI & its Associates**

In case of SBI & its Associates, variable like borrowings (26.68 %), advances (20.69%), profits (16.84%), deposits (15.62%) and investment (11.54 %) grew significantly whereas number of employees recorded a negative growth, i.e., (1%) during the period of study. Capital, number of offices and NPAs recorded a nominal growth of 1.01 per cent, 2.87 per cent
and 3.52 per cent respectively during the study period. Study depicts a highly positive and statistically significant correlation between Y (advances) and X_2 (deposits), X_3 (borrowings), X_4 (investments), X_6 (profits) and X_8 (number of bank offices) at 1 per cent level of significance whereas Y (advances) is negatively moderately and statistically significant correlated with X_7 (number of employees) at 5 per cent level of significance. Step-wise multiple regression analysis exhibits that out of selected variables; advances are significantly affected and associated with borrowings, number of employees and NPAs.

**Nationalised Banks**

In case of Nationalised banks, variable like borrowings (37.10 %), advances (23.40%), profits (24.80%), deposits (18.15%) and investment (14.26%) grew significantly whereas, number of employees recorded a negative growth, i.e., (1.17%) during the period of study. Capital, NPAs and number of offices recorded a nominal growth of 0.34 per cent, 1.92 per cent and 2.74 per cent respectively during the study period. Study depicts a highly positive and statistically significant correlation between Y (advances) and X_2 (deposits), X_3 (borrowings), X_4 (investments), X_6 (profits) and X_8 (number of bank offices) at 1 per cent level of significance whereas Y (advances) is statistically significant correlated with X_5 (NPAs) at 5 per cent level of significance. Step-wise multiple regression analysis exhibits that out of selected variables; advances are significantly affected and associated with deposits.

**Private Sector Banks**

In case of Private sector banks, all variable grew significantly viz. borrowings (34.90%), profits (28.60%), advances (27.80%), deposits (22.88 %), investment (22.36%), NPAs (11.82 %), number of employees (11.52%), capital (8.73%) and number of offices (7.19%) during the study period. Study depicts a highly positive and statistically significant correlation between Y (advances) and X_2 (deposits), X_3 (borrowings), X_4 (investments), X_6 (profits) and X_8 (number of bank offices) at 1 per cent level of significance whereas Y (advances) is negatively moderately and statistically significant
correlated with $X_7$ (number of employees) at 5 per cent level of significance. Step-wise multiple regression analysis exhibits that out of selected variables; advances are significantly affected and associated with deposits and profits.

**Foreign Banks**

In case of Foreign banks, all variable grew significantly viz. capital (27.89%), profits (22.11%), investment (17.77%), advances (17.27%), borrowings (16.46%), deposits (15.71%), NPAs (7.48%), number of employees (6.97%) and number of offices (3.05%) during the study period. Study depicts that $Y$ (advances) has highly positive and statistically significant correlation with the entire variable i.e., $X_1$ (capital), $X_2$ (deposits), $X_3$ (borrowings), $X_4$ (investments), $X_5$ (NPAs), $X_6$ (profits), $X_7$ (number of employees) and $X_8$ (number of bank offices) at 1 per cent level of significance. Step-wise multiple regression analysis exhibits that out of selected variables; advances are significantly affected and associated with deposits and profits.

**8.3.4 Borrowers’ Perception Regarding Bank Credit**

The results obtained through borrowers’ perception are as follows.

**Profile of the Borrowers**

Majority of the respondents, i.e., 77.5 per cent are male. As many as 43.5 per cent of the respondents fall in the age group of 30-40 years, followed by 24.7 per cent respondents who belonged to the age group of 40-50 years. Majority of the sample borrowers, i.e., 38.7 per cent chosen for the survey are graduates, followed by post-graduates who account for 35.1 per cent of the total respondents. Maximum numbers of respondents have 4 family members including 2 earning members in their family. Majority of the respondents, i.e., 59.3 per cent belong to the service class, 22.0 per cent are engaged in their own business, 10.0 per cent of the chosen sample are professionals, 3.6 per cent engaged in agriculture, and only 0.9 per cent of the respondents are industrialists. As many as 38.2 per cent of the sample borrowers a monthly family income in the range of Rs. 50,001-1,00,000 per month, followed by 35.6 per cent respondents who have monthly family income in the range of Rs. 20,000-50,000.
Details of Loan

In case of selecting a bank for credit purpose, it was found that 43.0 per cent of the respondent of public sector bank influenced by lower rate of interest followed by lesser formalities (32.7 per cent). In case of private sector bank, 35.8 per cent of the respondents are influenced by lesser formalities in obtaining loan followed by bank official reference (29.1 per cent). However, 50.9 per cent of respondents from foreign banks have been influenced by flexible tenure followed by sanctioning of higher amount of loan (47.3 per cent). Further the chi-square is significant, which indicates that significant inter-bank differences exist with regard to the reason for choosing the bank to avail loan from scheduled commercial banks.

As far as purpose of loan is concerned, 45.5 per cent of the respondents have availed loans for house building, followed by 23.5 per cent for their personal needs. The study indicates that inter-bank differences exist among the respondents from scheduled commercial banks in respect of purpose for which the loans are granted.

The results pertaining to the amount of loans reveal that majority of the respondents have applied for an amount ranging from Rs. 2-5 lakh, Rs.5-10 lakh and Rs. 10-25 lakh. The analysis indicates that inter-bank differences among the respondents from scheduled commercial banks in respect of loan amount are found to be significant.

Majority of the respondents have availed loans for a period of 3-5 years, 5-10 years and 10-15 years, whereas a meagre proportion of the respondents, i.e., 3.6 per cent availed loan for a period of 15-20 years. The study indicates that inter-bank differences exist among the respondents of scheduled commercial banks with regard to the period of a loan.

As far as security against availing a loan is concerned, it has been found that majority of the respondents pledged their immovable property as security, followed by 19.8 per cent of the respondents who availed loans against other securities such as salary slip, hypothecation of vehicles, being
a govt. employee guarantees, army documents, registries, post-dated cheque, allotment letters, pension proof, etc. The study indicates the significant difference among the respondents of scheduled commercial banks with respect to immovable property as a security provided to the banks for availing loans.

Majority of the respondents, i.e., 92.0 per cent are found to be satisfied with the sanctioned amount, whereas the remaining 8.0 per cent of them were dissatisfied due to the income eligibility criteria and less value of the property assessed by the bank officials. The study further found that deficiency gaps of the respondents were filled through its own resources.

Study found that in 77.5 per cent cases, an inspection was made by the bank officials, whereas in the remaining 22.5 per cent the bank officials made no such inspection. Bank group-wise analysis reveals that maximum cases of each bank group are inspected by the bank official’s. The chi-square value is significant at 5 per cent level of significance, which indicates that inter-bank differences exists among the respondents of scheduled commercial banks with regards to inspection by bank officials while sanctioning/disbursing the loans.

**Time Taken and Attitude of Bank Staff**

The results pertaining to the time taken for sanctioning a loan revealed that 38.2 per cent of respondents of public sector banks and 46.7 per cent respondents of private sector banks got their loans sanctioned within a period of 8-14 days, whereas 40 per cent of the respondents from foreign banks got their loans sanctioned within a week. Study further found insignificant differences among the respondents of scheduled commercial banks with regards to the time taken in disbursement of loan.

47.6 per cent of the total respondents got their loans disbursed within a week, 37.8 per cent got their loans disbursed within a period of 8-14 days, and 7.1 per cent within 15-21 days, 3.6 per cent in 22-28 days and the loan of remaining 3.8 per cent respondents were disbursed in more than 28 days.
Bank group-wise analysis reveals that the chi-square value (26.611) is significant at 5 per cent level of significance, which indicates that significant differences among the respondents of scheduled commercial banks exist as far as time taken in disbursement of loan is concerned.

As far as 46.7 per cent of the respondents visited the bank once or twice while 41.3 per cent for 3-4 times for getting a loan. The results indicate that differences among the respondents of scheduled commercial banks exist with regard to visits made by them to get their loan was insignificant.

Majority of the respondents, i.e., 75.6 per cent availed a loan once only. Maximum number of the respondents, i.e., 91.8 per cent got their loan within a reasonable time, whereas 8.2 per cent of the respondents complained that their loans were not sanctioned within a reasonable time due to unnecessary queries raised by the concerned staff and delay in processing the application. The study shows that inter-bank differences exist among the respondents of scheduled commercial banks with regard to the timely availability of a loan.

Only 25.2 per cent of the respondents filled the application form on their own whereas rest of the respondents filled the requisite loan form with the help of bank official and some took the help of the spouse or their children and few respondents filled their application with the help of the relatives. Respondents felt that the application form was too long, usage of difficult language and too much technical information was demanded in the application form.

Majority of the respondents i.e., 65.1 per cent has a view that a loan procedure is normal whereas 18.4 per cent of the respondents found it complex. A meagre portion of respondent has view that loan procedure is very simple. The Kruskal-Wallis value is not significant at 5 per cent level of significance; it implies that differences among the respondents from different bank groups with regards to their opinion on procedure of loan are insignificant.
Terms and Conditions

Majority of the respondents had gone through all the terms and conditions with regard to a loan and expressed their satisfaction in this regards.

Majority of the respondents, i.e., 77.8 per cent were paying a floating rate of interest on the loan amount, while the remaining 22.2 per cent borrowers, a fixed rate of interest. The chi-square value is significant at 5 per cent level of significance, which indicates the significant difference among the respondent of scheduled commercial banks with regards to the mode of interest charged by the bank.

45.1 per cent of the total respondents paid 10-12 % rate of interest on the loan amount followed by 16.7 per cent of the respondents paid 12-13% and 12.0 per cent of the total respondents paid 6-10% rate of interest. The chi-square value is significant at 5 per cent level of significance, which indicates that inter-bank differences exist among the respondents of scheduled commercial banks with regards to rate of interest charged by the banks.

As many as 45.6 per cent of the respondents found the rate of interest charged by the bank as reasonable, whereas 42.9 per cent of the total respondents felt it to be high. However, another 8.5 per cent of the respondents were highly dissatisfied with the rate of interest charged by the bank. The Kruskal-Wallis value is significant which implies that there is a significant difference in the opinion of respondents of scheduled commercial banks regarding rate of interest charged by their respective banks.

Study shows that only 38.5 per cent of the borrowers claimed that their banks are providing interest rate facility whereas remaining 61.5 per cent denied of providing any interest rate facility by the bank.

As many as 44.50 per cent of the respondents paid their loan instalments as per the standing instructions given to the banks, 39.3 per cent through paid their loan instalment through electronic clearing system (ECS), while the remaining 16.2 per cent respondents paid such instalments
through post-dated cheques. Further, inter-bank differences exist among the respondents of scheduled commercial banks with regard to the system of repayment adopted by their respective bank.

Majority of the total respondents 90.5 per cent have a view that repayment schedule was finalised with their consent while 9.5 per cent of the respondents were dissatisfied with the repayment schedule as it is imposed on them.

Maximum number of respondents paid their loan instalments on monthly basis and expressed their satisfaction over it.

In maximum number of cases, repayment schedule of the respondents was finalized with their consent and they always paid there instalments on time. Majority of the respondents i.e., 97.8 per cent utilized the funds for the same purpose for which the loan was taken whereas 2.2 per cent of the borrowers used the funds for some other purposes.

**Problems Faced by the Borrowers**

Majority of the respondents got their loan without any difficulty, whereas some respondents faced the problem like cumbersome formalities, delay in sanctioning, high cost of financing, etc. A meagre proportion of the respondents, i.e., 2.7 per cent paid bribe for obtaining the loan. The chi-square are significant with regards to ‘High cost of financing’, ‘Payment of bribe’, and ‘other reasons’, it implies that inter-bank differences exist among the respondents of scheduled commercial banks with regards to the problems faced in raising the loans.

In case of repayment of loan, majority of the respondents did not face any difficulty in repaying the loan amount. However, 30.9 per cent of the respondents expressed the difficulty in repaying the loan at a high rate of interest. The chi-square values is significant at 5 per cent level of significance with regards to the reason ‘High rate of interest’, it indicates that inter-bank differences exist among the respondents of scheduled
commercial banks with respect to ‘High rate of interest” as problems faced in repaying the loan.

97.8 per cent are paying instalments regularly whereas 2.2 per cent of the total respondents sometimes failed to pay the due instalment. A meagre proportion of the respondent, i.e., 1.8 per cent faced recovery action from their bank.

Majority of the respondents, i.e., 82.9 per cent expressed their satisfaction over availing a loan in future from the same bank. Further, the inter-bank differences were found to be significant among the respondents of scheduled commercial banks with regard to meeting the future loan requirement from the same bank.

53.1 per cent of the respondents claimed that their financial positions were improved whereas 46.9 per cent of the respondent did not agree with the improvement in financial position. Chi-square value is significant at 5 per cent level of significance which indicates that there is significant difference among the respondents of scheduled commercial banks with regards to improvement in financial position with loan amount.

**Agreement Level**

The respondents strongly agreed with the convenient timing of the banks (4.18) and convenient location of the branch (4.12). Further, the respondents agreed with the statements ‘Commercial banks provided more facilities than other agencies’ (3.96), ‘Commercial banks have helped in eliminating exploitation by money lenders’ (3.95), ‘Bank staff is highly motivated and helpful’ (3.84), ‘Bank staff is adequate’ (3.84), ‘Bank employees provided proper advice regarding the choice of suitable & new product’ (3.74), ‘Banks provide proper guidance for the use of funds’ (3.73), ‘Bank loan has increased income level’ (3.41) and ‘Customer satisfaction is frequently assessed by bank’ (3.54).

Bank-wise analysis reveals that the respondents strongly agree with the convenient timing of the banks in all the three bank groups. The respondents are strongly agreed with ‘Convenient location of the branch’ in
all the bank groups except in foreign banks where the agreement level is not much strong (3.25). The respondents strongly agree with ‘Commercial banks provided more facilities than other agencies’ only in case of private banks (4.06). The respondents strongly agree with ‘Bank staff is adequate’ only in case of foreign banks (4.00) whereas agreement level is not so strong in case of public and private banks. The statement ‘Commercial banks have helped in eliminating exploitation by money lenders’ is strongly favoured by the respondents of private banks (4.12) as compared to the respondents of public and foreign banks. Further, the respondents have agreed with the statements ‘Bank staff is highly motivated and helpful’ (public banks = 3.81, private banks = 3.95 & foreign banks = 3.75), ‘Bank employees provided proper advice regarding the choice of suitable & new product’ (public banks = 3.68, private banks = 3.83 & foreign banks = 3.76), ‘Banks provide proper guidance for the use of funds’ (public banks = 3.73, private banks = 3.71 & foreign banks = 3.65), ‘Bank loan has increased income level’ (public banks = 3.67, private banks = 3.61 & foreign banks = 3.74) and ‘Customer satisfaction is frequently assessed by bank’ (public banks = 3.46, private banks = 3.65 & foreign banks = 3.65) in all the banks.

The Kendall’s co-efficient of concordance shows that there is significant concurrence of rankings (w = 0.726) among the respondents of different banks with regard to the various factors affecting their consent.

**Satisfaction Level**

Study found that respondents are highly satisfied with regards to the factors such as ‘repayment schedule’ (4.10) and ‘security requirement’ (4.05) whereas respondents are satisfied with factors such as ‘behaviour of the staff’ (3.97), ‘knowledge of the staff’ (3.88), ‘presence of the staff’ (3.85), ‘number of employees’ (3.83), ‘grievance handling system’ (3.64) but analysis found the low satisfaction with regards to ‘rate of interest charged’ (3.30).

Bank group-wise analysis have shown their satisfaction over the factors called with the presence of bank staff in public sector banks (3.83), private sector banks (3.81) whereas respondents of foreign banks found to be highly satisfied (4.13). The respondents have also shown their
satisfaction with the grievance handling process in foreign banks (3.76) but their satisfaction is low in public sector banks and private sector banks (3.40 each). The respondents in all the bank groups expressed their high level of satisfaction with regards to repayment schedule i.e., foreign banks (4.24), public sector banks and private sector banks (4.10 each). As far as the security requirement are concerned, the respondents are found to be highly satisfied in foreign banks (4.22) and public sector banks (4.07) whereas respondents of private sector banks (3.97) are satisfied. However, the respondents in all the bank groups are found to be low satisfied with rate of interest charged on various loans i.e., public sector banks (3.79) and private sector banks (3.76) except foreign banks where the respondents are found to be highly satisfied with the rate of interest charged by the bank. The respondents of foreign banks are highly satisfied with the factors such as behavior of the staff (4.33), number of employees (4.15) and knowledge of the staff (4.05).

The Kendall’s co-efficient of concordance shows that there exists a significant concurrence of rankings (W = 0.926) among the respondents of different banks with regard to their views on various opinion statements.

**Overall Satisfaction Level**

Majority of the respondents (73.3 per cent) were found were satisfied with the loan services provided by the bank whereas a meagre proportion (13.5 per cent) of the respondents was highly satisfied with loan services provided by the bank. However, 10.0 per cent respondents were neither satisfied, nor dissatisfied over the loan services provided by their bank. A meagre proportion of the respondents i.e, 2.9 per cent were dissatisfied with the loan services provided by their bank.

Bank group-wise analysis reveals that majority of the respondents, i.e., foreign banks (89.1 per cent), private sector banks (75.2 per cent) and public sector banks (69.7 per cent) were satisfied with loan services provided by their banks. Whereas, 17.0 per cent respondent of public sector banks, 10.3 per cent respondents of private sector bank and 1.8 per cent respondent of foreign banks were highly satisfied with the loan services
provided by the bank. However, a small proportion of respondents, i.e., public sector banks (4.2 per cent) and private sector banks (1.2 per cent) were dissatisfied with the loan services provided by their banks. 12.7 per cent respondents of public sector banks, 9.1 per cent respondents of foreign banks and 8.8 per cent respondents of public sector banks were neither satisfied, nor dissatisfied with the loan services provided by the banks. Differences among the respondents of schedule commercial banks with regards to overall loan services provided by their banks were insignificant.

8.4. SUGGESTIONS

The suggestions emerging out of the present study are given as under:

- Scheduled commercial banks are mainly concentrating their loan business in metropolitan areas. A meagre proportion of the total credit is being advanced to rural and semi-urban areas especially by private and foreign banks. So, banks should deploy more credit towards these regions.

- Maximum numbers of bank offices of foreign banks are in metropolitan cities. Foreign banks should also open some branches in rural, semi-urban and urban areas.

- Banking facilities need to be enhanced in north-eastern region, eastern region and central region in order to remove regional disparities. Thus, the government should direct the banks to reach in unbanked areas for providing the people an access to banking services which is necessary for a uniform development of the country.

- Banks are decreasing their share of lending in the industrial sector; the lending share to agriculture has also remained stagnant; and they are entering into new areas for lending operations. The banks should not overlook these two core sectors.

- The results of the study indicate that percentage share of unsecured loans has been increasing which may cause NPAs problem for the banks. So, close vigilance and quick recovery of dues are necessary.
• Foreign banks should also cater to the needs of small borrowers as they eye upon only big borrowers.

• The loan application form should be simple, concise and easy to fill in the local language. It would save the borrowers from unnecessary inconvenience and unwanted details.

• The process of advancing loans to the people should be made simpler. Unnecessary formalities followed by the banks need to be curtailed.

• The customers should be informed regularly about the changes in interest rates.

• As per perception of the respondents, the bank staff need to be more cooperative and should pay personal attention to the customers.

• More schemes for the students and agriculturists should be introduced by the banks. Their participation in the development of the nation is all the more significant.

• The rules demanding security against the loans need to be relaxed by the banks in favour of the customers. The banks should provide ease in pledging securities. There should be no hidden charges or expenses while granting a loan. In cases of late payment of EMI, the banks should take into account the genuine reasons of their good customers. It would help to win the confidence of the customers which is essential for more business.

• The banks should not work with the objective of profit-making only. Customer satisfaction is essential and need to be assessed by the banks. A customers friendly approach need to be followed for retaining the customers. Therefore, the banks should focus more on their primary functions.

• The lack of sufficient staff in the banks is a common problem. It is not only affecting the performance of the banks, but also the satisfaction of the customers. Thus, the banks are required to fill the posts falling
vacant due to VRS adopted by the employees and other reasons without any delay.

8.5 SCOPE FOR FURTHER STUDY

The present research work is limited in its attempt to explain only the specific objectives formulated for the study. Time and cost involved to carry out this research are the other constraints. However, the important areas that can be taken up for further research are as under:

1. The present study excludes the Regional Rural Banks and Cooperative Banks. A study can be carried out by taking all Scheduled Commercial Banks and Co-operative banks.

2. This study covers the perception of borrowers of northern region regarding credit services provided by the selected scheduled commercial banks. A comparative study can be done by taking more regions. The study of any other region can also be undertaken on the pattern of this research work.

3. Further study can be done by taking bank employees’ perception regarding bank credit.