APPENDIX 1: QUESTIONNAIRE

CREDIT RISK MANAGEMENT SURVEY IN PUBLIC SECTOR (PSU) BANKS

Dear respondent,

I solicit your precious time in filling up this questionnaire which is designed to gain an understanding of the credit risk management in PSU banks in India and which forms a significant part of my Ph.D. work. I assure you that this will be used strictly for academic purposes only maintaining complete confidentiality.

Place..................

Name of Bank in which working.........................

Name of respondent...........................................(Optional)

(Request: Please place a tick on the option chosen by you as a reply. For instance if the question is followed by Yes/No and your answer is a No, you may kindly place a tick mark over No)

1. Do you feel that there is a need for improvement in training of bank officials in the area of credit risk management?

Yes/No

2. Does the bank carry out regular post disbursement monitoring of the following categories of loan accounts?
   a) Commercial and Industrial Loans   Yes/No
   b) Retail loans                     Yes/No

3. Please specify which of the following measures are taken by the bank for resolution of problem loan accounts:
   (Place a tick mark in applicable boxes)
   a) CDR mechanism                  ☐
b) One time settlement schemes □
c) Debt Recovery Tribunals □
d) Provision of SARFAESI Act □

4. In your opinion does concentration of loan exposure of the bank in certain industries or geographical areas or borrowers pose a major credit risk for your bank?

Yes/No

5. Do you feel that Government ownership of your bank has promoted financing of politically attractive projects and not the economically efficient ones?

Yes/No

6. Do you feel that the introduction of Basel II has improved credit risk management in your bank?

Yes/No

7. (a) For identification of Non Performing Assets does the bank follow prudential norms laid down by the Reserve Bank of India?

Yes/No

(b) If the reply is No, please also briefly state what alternative norms are followed by the bank for identification of Non Performing Assets


8. In your opinion has the credit risk management in your bank improved over the years taking into account a period from 1st April, 1996 to 31st March, 2011?

Yes it has improved/No it has not improved

9. In your opinion, with increase in lending rates does the Gross NPA percentage in your bank also increase?
Yes/No

10. Does the existing Core Banking Solution (CBS) in your bank give you the necessary MIS and analytical tools required for efficient credit risk management?

Yes, it does/No it does not

11. Do you feel that the pooling and sharing of credit information amongst banks will result in improvement in credit risk management in your bank?

Yes/No

12. Do you feel that the credit appraisal systems in your bank are adequate or do they need an improvement?

Adequate/Need improvement

13. Do you feel that the establishment of Corporate Debt Restructuring (CDR) cell for small loans will help in dealing with small loan problem accounts?

Yes/No

14. In your bank, is deposit mobilization given more importance than credit expansion and credit risk management?

Yes/No

15. Please specify which of the following measures are adopted by the bank for controlling credit risk:
(Place a tick mark in applicable boxes)

a) Credit rationing
b) Credit limits
c) Collaterals
d) Diversification
e) Netting agreements
g) Asset securitization
h) Loan sales
i) Credit Derivatives
j) Credit default swaps
k) Credit options
l) Credit linked notes

16. For credit risk measurement which of the following methods is/are adopted by the bank?
(Place a tick mark in applicable boxes)
   a) Internal credit risk rating
   b) External credit risk rating
   c) Credit scoring systems
   d) Credit risk modeling

17. In the matter of deployment of funds by the bank do you feel that it is better for the bank to avoid risks by not expanding loan portfolio and instead of loans available funds should be invested in government securities?
Yes/No

18. Do you feel that the Non Banking Finance Companies (NBFCs) have a better capacity in credit risk management in the following areas:
   a) Better ability of physical recovery of collaterals? Yes/No
   b) Better technology? Yes/No

19. In your opinion are the credit risk management practices in PSU banks similar or do they differ from bank to bank?
Similar/Differ

20. (a) Is there a growth in corporate restructuring in your bank?
Yes/No

   (b) If Yes, in your opinion, is the growth in corporate debt restructuring good or bad for your bank?
   Good/Bad