



## The impact of credit management in ICICI bank

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### Abstract

As financial system plays very vital role in the overall the world. Especially banking system running very fast during the last two decades. Here researcher has analysed the one factor of banking system that is credit management in the research study. The one bank is selected for the research study. Researcher has used secondary data by using chi square test for the research study. Researcher has used seven years for the data analysis. Here researcher has selected total three element for the research study; priority sector to total advances, public sector to total advances and advances to total advances. The findings suggested total advances to total advances are comparatively good than the priority and public sector to total advances. Other ratios are fluctuating more in the research period. So researcher can say that bank should concentrate or focus more than all other selected scope.

**Keywords:** banking system, ICICI bank, credit management

### Introduction

A bank is a financial institution which accepts deposits from the general public and creates credit that is in need. Lending activities might be performed either directly or indirectly through capital markets.

Due to their importance in the financial stability of a country, banks are highly regulated in most countries. In addition to other regulations which ensure liquidity, banks are generally subject to minimum capital requirements based on an international set of capital standards, known as the Basel Accords.

### Credit Management

Credit management is the process of granting credit, setting the terms it's granted on, recovering this credit when it's due, and ensuring exercise with company credit policy, among other credit related functions "Credit management by commercial banks is a part of banking activities of normal course where banks constitute as a largest group of financial intermediaries. Credit and advances made by banks are their financial Assets. But banks' credit has to be productive and must contribute to the generation of the borrower's income and also towards increasing the rate of growth of the economy as a whole.

### Literature Reviews

Jamal, A. and Naser, K. (2015). Factors Influencing Customer Satisfaction in credit management in the ICICI Bank in Gujarat & it refers that Customers satisfaction in credit management is influenced. International Journal of Commerce and Management, 13 (2), 29-53.

Gopalakrishnan, T.V. (2016). "A case study on the Management of loans & Advances from ICICI bank in Gujarat state" The study found that management of loans & advances having positive result. Northern Book centre, New Delhi, 11. Debashis and Mishra (2017)-The study analysed as well measured customer satisfaction with credit facilities

in branch services provided by nationalized banks in northern India. 1200 customers were given questionnaires and it was analysed that computerization, accuracy in transactions, Attitude of staff and availability of staff influenced customer satisfaction. Least important factors were promoted of the products and various schemes.

Sujatha, S. and Arumugam, N. (2018). "Customer satisfaction from credit management in Indian Banking Sector" which finds there is no more customer satisfaction with credit management. International Journal of Applied Services Marketing Perspectives, 2 (1), 296- 302.

### Research Methodology

**The title of the present study is as under**

"Credit management in ICICI bank"

**The objectives of the present study is as under**

To know credit management of bank and to analysed credit policy of bank

To know the impact of credit management on profitability

To make suggestion to improve the credit policy of ICICI

### Data collection

Researcher has used secondary data for data analysis.

### Sample of the Study

There is 21 private banks in India in that researcher has selected one bank that is ICICI bank. For the selection of bank researcher has obtained convenience sampling method.

### Period of the Study

The researcher has studied for the period of 2012 to 2018.

### Tools for the analysis

**Accounting tool:** Ratio Analysis

**Statistical tool:** Chi-Square

**Table 1:** Priority sectors to total advances

Year	Priority sector	Total advances	Ratio (%)
2012	597.94	2168.92	27.56
2013	481.74	1843.24	32.16
2014	645.51	2490.06	25.92
2015	762.09	2934.02	25.97
2016	924.34	3414.52	27.07
2017	1065.52	3892.38	27.38
2018	929.70	4479.65	20.75

Source: Annual reports of selected unit

**Analysis:** The table shows the data related with the priority sector and total advances of ICICI bank from 2012 to 2018. In the case of priority sectors it shows increasing trend till 2017 but in 2018 it declines whereas in total advances it shows fluctuating trend. The table value of chi square test is 12.59 with degree of freedom is 6(7-1), While calculated value is 9.12.

H 0 = There is no significant difference between priority sector and total advances in ICICI bank.

H1 = There is no significant difference between priority sector and total advances in ICICI bank.

**Analysis:** The calculated value of priority sector to total advances ratio is 9.12 which is lower than table value 12.59. So here null hypothesis is accepted. Hence, it shows the there is no significant difference between performance of priority sector in terms of total advances in India of selected sector.

**Table 2:** Public sector to total advances

Year	Public sector	Total advances	Ratio (%)
2012	119.68	2537.27	0.47
2013	134.38	2902.49	0.46
2014	277.54	3387.02	0.82
2015	353.74	3875.22	0.91
2016	443.29	4352.63	1.01
2017	129.99	4642.32	2.80
2018	197.70	5123.95	3.86

Source: Annual reports of selected unit

**Analysis:** The table discloses the data related with the public sector and total advances of ICICI bank from 2012 to 2018. In the case of public sector it shows fluctuating trend, where as in total advances it shows upward trend.

The table value of chi square test is 12.59 with degree of freedom is 6 (7-1), While calculated value is 6.32.

H 0 = There is no significant difference between public sector and total advances in ICICI bank.

H1 = There is no significant difference between public sector and total advances in ICICI bank.

**Analysis:** The calculated value of public sector to total advances ratio is 6.32 which is lower than table value 12.59. So here null hypothesis is accepted. Hence, it shows the there is no significant difference between performance of public sector in terms of total advances in India of selected sector.

**Table 3:** Advances in India to total advances

Year	Advances in India	Total advances	Ratio (%)
2012	184.32	2537.27	72.65
2013	216.89	2902.49	74.73
2014	249.00	3387.02	73.52
2015	293.40	3875.22	75.71
2016	341.45	4352.63	78.45
2017	389.23	4642.32	83.85
2018	477.96	5123.95	87.26

Source: Annual reports of selected unit

**Analysis:** The table indicates the data related with the advances in India and total advances of ICICI bank from 2012 to 2018. In the case of advances in India it shows increasing trend, whereas in total advances it shows also upward trend.

The table value of chi square test is 12.59 with degree of freedom is 6 (7-1), While calculated value is 22.04.

H 0 = There is no significant difference between advances in India and total advances in ICICI bank.

H1 = There is no significant difference between advances in India sector and total advances in ICICI bank.

**Analysis**

The calculated value of advances in India to total advances ratio is 22.04 which is more than table value 12.59. So here null hypothesis is rejected. Hence, it shows the there is significant difference between performance of advances in India in terms of total advances in India of selected sector.

**Table 4:** Finding on the bases of hypothesis

Sr. no.	Hypothesis	Result
1	There is no significant difference between priority sectors to total advances in India.	H0: Accepted H1: Rejected
2	There is no significant difference between public sectors to total advances in India.	H0: Accepted H1: Rejected
3	There is significant difference between advances in India to total advances in India.	H0: Rejected H1: Accepted

**Finding on the bases of general observation**

- Priority sector’s average ratio is 26.69% of ICICI bank. It means, it indicates overall good condition for the company as company has good priority sector’s contribution from total advances.
- Public sector’s average ratio is 1.48% of ICICI bank. It means, it indicates overall fluctuated condition for the bank as bank has fluctuated trend towards public deposits from total advances. As compares to priority sector bank has focused less credit availability to this sector
- Advances from India sector’s average ratio is 78% of ICICI bank. It means, it shows overall good condition for the bank though bank is having no stable trend because bank but as compared to public & priority sector the bank is having good contribution from total advances.

**Suggestions**

- The bank must have more focused over priority sector as compare to public sector.
- The ICICI bank needs to increase more credit facilities towards advances.
- If bank has given more contribution to advances in India as it has given to outside from India then it would be good source of income generation.

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