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A STUDY ON THE CREDIT APPRAISAL SYSTEM IN THE INDIA:A SPECIAL REFERENCE TO CENTRAL COOPERATIVE BANK, KUMBAKONAM

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ABSTRACT

The banking sector plays a vital role in economic development by mobilizing savings and providing credit to productive sectors. Credit appraisal is a key banking function that ensures loans are sanctioned to eligible borrowers while minimizing credit risk and non-performing assets (NPAs). This study examines the credit appraisal system in India with special reference to The Kumbakonam Central Co-operative Bank Ltd., Kumbakonam, focusing on construction and business loans. The study is based on both primary and secondary data. Primary data were collected through discussions with bank officials, while secondary data were obtained from annual reports, RBI and NABARD publications, journals, and textbooks. A descriptive and analytical research design has been adopted, and financial performance has been analyzed using ratio, comparative, and percentage analysis. The findings indicate that although the bank maintains good liquidity and efficient asset utilization, high leverage and aggressive credit deployment pose potential risks. The study offers suitable suggestions to strengthen the credit appraisal system and improve overall financial stability.

KEYWORDS: Credit Appraisal[1], Cooperative Banks[2], Credit Risk[3], Ratio Analysis[4], Non- Performing Assets (NPAs)[5], Liquidity[6], Solvency[7], Construction Loans[8], Kumbakonam Central Co-operative Bank[9]