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# NON PERFORMING ASSETS MANAGEMENT AND DIGANOSTIC ON PUBLIC SECTOR BANK OF INDIA & PRIVATE SECTOR BANK OF INDIA

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## ABSTRACT

A strong Banking sector is important for an Indian economy. In our country granting loan by Bank to corporate sector or for household being a main concern of the bank. After the introduction new Industrial Policy 1991, the bank have become more cautions in extending loans. The reason being mounting of Non- Performing Asset. The Non-Performing Assets reflect the performance of the bank. The high level of NPA reflects the high amount of defaults. And ultimately affects the probability of the bank. When the borrowers defaults in the payment of principal and interest of term loans more than of 90 days then the assets are considered as Non- Performing Assets. With the implementation of the various steps to resolve the NPA with regular training programme, recovery camp, spot visit, credit appraisal and risk management mechanism. Appropriate SWOT analysis should be done before disbursement of the advance. Moreover, Bank should organize awareness camp at the gross root level for the defaulters of the banks to educate them on the various benefits of making regular payment and vice-versa. Good repay master must be encouraged by way of some gifts and religious tour for reducing the NPA.

To overcome the potential and board line accounts. So that they do not step into NPAs categories. The present proper makes an attempt to identify the causes of NPAs in regional rural bank of Jharkhand and also to suggest few strategies for reducing then.

## INTRODUCTION

The Banking Industry has undergone a sea change after the first phase of economic liberalization in 1991 and hence credit management. While the primary function of banks is to lend funds as loans to various sectors such as agriculture, industry, personal loans, housing loans etc., in recent times the banks have become very cautious in extending loans. The reason being mounting non-performing assets (NPAs).

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An NPA is defined as a loan asset, which has ceased to generate any income for a bank whether in the form of interest or principal repayment. As per the prudential norms suggested by the Reserve Bank of India (RBI), a bank cannot book interest on an NPA on accrual basis. In other words, such interests can be booked only when it has been actually received.

India's commercial banking system consists of 'non scheduled banks' and 'scheduled banks'. Scheduled banks consist of scheduled commercial banks and scheduled co-operative banks. The former are further divided into four categories:

1. Public Sector Banks (which are classified into Nationalized Bank and State Bank of India(SBI))
2. Private Sector Banks(which are classified as Old Private Sector Bank and New Private Sector Banks that emerged after 1991.
3. Foreign Banks in India.
4. Regional Rural Banks (which operate exclusively in rural areas to provide credit and other facilities to rural areas). The SBI group of banks consists of eight independently capitalized banks- seven associate banks and SBI itself.
5. Scheduled Cooperative Banks are further divided into Scheduled Urban Cooperative Banks and Scheduled State Cooperative Banks.

Therefore, an NPA account not only reduces profitability of banks by provisioning in the profit and loss account, but their carrying cost is also increased which results in excess & avoidable management attention. Apart from this, a high level of NPA also puts strain on a bank's net worth because banks are under pressure to maintain a desired level of Capital Adequacy and in the absence of comfortable profit level, banks eventually look towards their internal financial strength to fulfill the norms thereby slowly eroding the net worth.

Today the Net NPAs of Indian PSBs (which account for around three-fourths of the total assets of Indian banking industry) are as low as 0.72 percent and gross NPAs are at 2.5 percent. However, Nitsure (2007) contends that once there is a slowdown in private expenditure and corporate earnings growth, companies on these banks' books will not be in a position to service their debts on time and there is a strong likelihood of generation of new NPAs. Moreover, he also suggests that with rising interest rates in the government bond market, the banks' treasury incomes have declined considerably. So banks will not have enough profits to make provisions for NPAs. Indian Banks have one of the highest NPA ratios among G-20 economies. There are 12 Public Sector banks in India, as of 2019. The aggregate amount of Gross NPA of PSBs and scheduled Commercial Banks (SCBS) were Rs. 8,06,412 and Rs. 9,49,279 crores respectively.

Banks contains Gross NPA at 9.1 % in FY 2019 where as it was 11.2 % in FY 2018. "Recoveries have gradually improved and as a result, deadlock in the potential path of the investment cycle are easing If any advance or credit facility granted by banks to a borrower becomes non-performing, then the bank will have to treat all the advances/credit facilities granted to that borrower as non-performing without having any regards to the fact that there may still exists certain advances/ credit facilities having performing status. As per the procedural norms suggested by RBI, a bank cannot book interest on an NPA on accrual basis.

## NON–PERFORMING ASSET-CONCEPT

A **Non-Performing Asset** (NPA) Non Performing Asset means a loan or an account of borrower, which has been classified by a bank or financial institution as Sub Standard, doubtful or loss asset, in accordance with the directions or guidelines relating to asset classification issued by RBI.

In India, the definition of NPAs has changed over time. According to the Narasimham Committee Report (1991), those assets (advances, bills discounted, overdrafts, cash credit etc.) for which the interest and/or installment of principal remains due for a period of four quarters (180 days) should be considered as NPAs.

With an aim of moving towards the international best practices and ensuring greater transparency, a standard criterion of "90 days" overdue norm was fixed for identification of NPA from the FY ending March, 2004 in the Indian financial system. Thus, as per present convention, a non-performing asset refers to a loan or an advance where:

- Interest and/or installment of principal remain overdue for a period of more than 90 days in respect of a term loan,
- The account remains „out of order" for a period of more than 90 days, in respect of an Overdraft/Cash Credit (OD/CC)
- The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- Interest and/or installment of principal remains overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purposes, and
- Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

## CATEGORIES OF NPA

- **Standard Assets:** Arrears of interest and the principal amount of loan does not exceed 90 days at the end of financial year.
- **Substandard Assets:-** which has remained NPA for a period less than or equal to 12 Months.
- **Doubtful Assets:-** which has remained in the sub- standard category for a period of more than 12 months.
- D1 i.e. up 1 year: 25% provision is made by bank.
- D2 i.e from 1 year to 2 years: 40% provision is made by the Bank.
- D 3 i.e more than 3 years:- 100% provision is made by the bank.
- **Loss Assets:-** Where loss has been identified by the bank or internal or external auditors or the RBI inspection but the amount has not been written off wholly.
- It is an assets identified by the bank auditors or by RBI inspection as a loss assets.
- It is an assets for which no security is available or there is considerable erosion in the realizable value of the security.

As per RBI, **"Loss assets** are considered uncollectible and of such little value that it's continuance as a bankable assets is not warranted, although there may be some salvage or recovery value".

## OBJECTIVES OF THE STUDY

The present study aims that the growth in NPA's should be checked, as growth and profitability of the banks and financial institutions depends upon the level of income generated. However the main objectives of the study are:

a) To identify and analyze the trends of loan and advances with respect to Public Sector Banks and Private Sector Banks.
b) To understand the causes and factors which are responsible for lower profitability and operational efficiency and improve the same.

c) To analyze, the trend of NPAs and measures to reduce existing NPAs of Public Sector Banks and Private Sector Banks.

## LIMITATIONS OF THE STUDY

- The study suffers from the limitations which are inherent due to economic value and not physical value. The study is based on Primary data which carries its own limitations.
- The study concentrated only on the Non-Performing assets and related issues. The study is a combination of explanatory and empirical.

## METHODOLOGY

Secondary source of Data collection from the Annual report of the date released by the Bank.

Where as,

Primary Data are collected by holding group discussion and interaction with the borrowers of the bank of Public Sector Banks & Private Sector Banks.

## IMPACT OF NPA ON BANK FUNCTIONS:

- Bank profit will come down which they earn in the form of loan.
- Bank will become reluctant to lend thus affecting the borrowers.
- Affects the liquidity position of Banks.
- Service to good customers may get affected.
- Adverse effect on Bank balance sheet.

## CAUSES FOR NON PERFORMING ASSET (NPA)

| Borrower | Bank | Other (Facilitator) |
|---|---|---|
| • Too ambitious Project<br>• Heavy borrowing<br>• Poor credit collection<br>• Poor quality management<br>• Willful Defaulter<br>• Depend on Single customer<br>• Fail to bring required Fund<br>• Lack of Proper Planning | • Poor credit appraisal<br>• Non inspection of unit<br>• Defective lending process<br>• Lack of trained staff<br>• System overloaded<br>• Lack of commitment to recovery<br>• Lack of technical support<br>• Inefficient recovery system | • Lack of infrastructure<br>• Lack of Government support<br>• Government policies<br>• Changes related to Banking amendments<br>• Natural Calamities<br>• Recession and variation in economic conditions. |

## FACTORS IMPACTING RISE IN NPAs

### EXTERNAL FACTORS

- Ineffective legal framework & weak recovery tribunal
- Lack of demand/ economic recession or slowdown
- Change in Government policies
- Willful defaults by customers
- Alleged political interferences

### INTERNAL FACTORS

- Defective Lending Process
- Inappropriate/ non-us of technology like MIS
- Improper SWOT analysis
- Inadequate credit appraisal system
- Managerial deficiencies

- Absence of regular industrial visits & Monitoring
- Deficiencies in re-loaning process
- Alleged corruption
- Inadequate networking & linkages between banks.

## NPA CRITERIA OR DIAGNOSIS

### I. Term Loan

- A Borrower who borrowed loan or advance from the Bank and if the principles and interest are not paid or remain due for a period of 90 days. Such a loan are considered as the as assets is clarified as NPA.

If overdue period > 90 days)

### II. Over Draft/ Cash credit (OD/ CC)

- When the account remains 'out of order' for a period of more than 90 days in respect of an overdraft/ cash credit

(Account has run out of order > 90 days).

### III. Bill Discounting

- The bill remains overdue for period of more than 90 days in the case of bills purchased and discounted.

### IV. Crop Loan or Agricultural Loans

Interest or Installment of Principal remains overdue for two harvest seasons but for a period not exceeding two half years in the case of an advance granted for agricultural purpose and w.e.f. 30.09.2004, following further amendments were issues by the apex banks.

### IVA. Short Term Crops

A loan granted for a short duration crops will be treated as NPA's if the installments of principal or treats as NPA's if the installments of principal or interests their on remains overdue for two crops seasons.

(Short term crops – 2 crop seasons) [6 months] eg. Wheat + Rice

### IV B. Long Term Crops

A loan granted for a long duration crop will be NPA's if the installment or principal or interest their on remains overdue for one crop season.

Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.

[If long-term crops -1 crop seasons] (1 year) (Sugar cane)

## MANAGEMENT OF NPA

### Steps or measures taken to recover NPA

Raghuram Rajan, Governor of RBI, till 2016 for three years one step required to prevent recurrence rising non-performing assets (NPAs), Rajan suggested there is need for improving governance of Public Sector Banks and process of project evaluation and monitory to lower the risk of project NPAs.

Besides, he also made a case for strengthening the recovery process and distance public sector banks from the government.

1. **LOK ADALAT:-** It organized by Civil courts to make a compromise between disputing parties in matters pending over any other court. Can Handle NPA cases of upto Rs. 20 lac.

2. **One Time Settlement Scheme (OTSS):-** One time settlement scheme executed by the banks in order to recover non-performing assets (NPAs). One time settlement scheme is a scheme where the borrower (the one who has defaulted) propose to settle all the dues at once, and banks agree to accept an

amount lesser than what was originally due.

It can be calculated as:

The OT value is obtained by dividing the gross reach by the Net reach.

**3. Debt Recovery Tribunals (DRT)**

DRT (helps) enforces provisions of the recovery of Debt's due to banks and Financial Institutions Act – 1993.

Thus, they help financial institutions to recover their bad debts quickly and efficiently.

**DEBT RECOVERY TRIBUNALS**

Narasimman Committee I – 1992

↓

Recovery of debts due to Banks and Financial Institutions Act 1993

↓ (in parallel)

DRTs and ADRTs also set up (Courts for recovery of NPA)

↓

But loop hole in Act and misused by borrowers and lawyer

↓

Comm…. Under Mr. Andhyarjun recommended for the New Act.

↓

(To recover NPA) SARFAESI Act 2002 passed.

**4. SARFAESI Act 2002**

Securitization and reconstruction of financial assets and Enforcement of Securities Interest Act 2002. (For fast and quick recovery).

\- It gives power to banks and financial institutions to directly cease and sale the assets of defaulted borrowers without intervention of the court.

**Precondition for Implementation of Sarfaesi Act**

- Only secured loans
- NPA categories loans
- Outstanding due amount greater than equal to Rs. 1 lakh or more than 20% of principle loan amount and interest.

Note: Agricultural loans can't be ceased as well as the personal belongings

**Steps for the implementation of Sarfaesi Act**

- First notices given to customers of 60 days
- Bank wait for 60 days, then after notice
- Sarfaesi Act 2002 implemented

**Types of institutions covered under Sarfaesi Act 2002**

All SCB's

- Scheduled Commercial Bank
- Public Financial Institutions
- NBFC's with Assets Size > Rs. 500 Crore + registered with RBI
- Certain other institution notified by Central Government

**5. Assets Reconstruction Companies (ARCs)**

- ARCs purchases NPA of Banks as Bank has no core work of purchasing and selling of mortgage assets.
- ARCs Buys the NPAs of commercial Banks and FIS at a discounted prices.
- $1^{st}$ ARCs of India = ARCIL (Assets Reconstruction Company of Indian Limited) setup on $11^{th}$ February 2002 set up by SBI, IDBI, ICICI Bank.

**6. Corporate Debt Restructuring**

- To ease the terms and conditions of loan

- By increasing tenure of payment
- To decrease the rate of interest
- To increase the tenure and
- ROI (Rate of interest) to be decreased

**Conditions for the implementation of Corporate Debt Restructuring**

- Loans above 20 crores of company.
- Standard or sub-standard Assets.
- Consortium or syndicate loans
- 60% of lenders approve.

**7. Credit Information Companies (CICs) or Credit Information Bureaus (CIBs) 2001**

- CIB's Act as repository of customers (Individuals + Corporates) Customer loans information as well as personal information.
- Each financial institutions has to report it's customers loans information on a mandatory basis to any one of the CIB's in India.
- 1st CIBs of India - CIBIL - Credit information Bureau of India Ltd.
- CIBIL setup by SBI or promoted by SBI, HDFC and two foreign technology partners.

**8. Credit Appraisal and Risk Management Mechanism (CAARMM)**

- A lasting solution the problem of NPAs can be achieved only with proper credit assessment and risk management mechanism (Chakraborty Committee, 2012). The documentation of credit policy and credit audit immediately after the sanction is necessary to upgrade the quality of credit appraisal in banks.

**9. Regular Training Program**

- Executives have to undergo regular training program on credit and NPA management. It is very useful and helpful to the executives for dealing the NPAs properly.

**10. Recovery Camps**

- The Banks conduct regular or periodical recovery camps in the bank premises or some other place, such type of recovery camps reduced the level of NPA in the banks.

**11. Spot Visit**

- The Bank officials should visit to the borrower's business place/ borrower fields regularly or periodically.
- **Some other solutions are also recommended below to solve the problem of NPAs**
- Bank should ensure that there is no diversion of funds disbursed to the borrower.
- The bank should revise reasonably loan policy and rules for fresh advancing.
- The banks should make a distinguish between willful and non-willful defaulters. In case of the latter category of defaulter, in case of the latter category of defaulter, the approach should not be as harsh as in case of former category.
- Half yearly balance confirmation certificates should be obtained from the borrowers on a continuous basis. It can go a long way in reducing the NPA's.
- A committee should be constituted at Head Office level to review irregular accounts on regular basis.
- While advancing loans, the three principles of lending viz, principle of safety, liquidity and probability should be taken care. Regular Training programme should be organized for banks staff at the local levels to educate the staff on these principles.
- Appropriate SWOT analysis should be done before disbursement of the advance.
- Position of overdue account should be reviewed on weekly basis to arrest slippage of fresh account to NPA's.

- Moreover, Bank should organize awareness camps at the grass route level for the defaulters of the bank to educate them on the various benefits of making regular payments and vice-versa.
- Good repay masters must be encouraged by way of some gifts and religious tours.

## DATA COLLECTION

Data Analysis was analyzed to meet the objectives and were presented in graphical manner to bring about comparison to meet the above objectives. Tables of all the responses were drawn for the data simple satisfied. Data analysis was analyzed to meet the objectives and were presented in graphical manner to bring about comparison to meet the above objectives. Tables of all the Responses were drawn for the data. Simple Statistical and Graphical method is used to present the facts observed by the study. Apart from the graphical representation the data were tested through cornbach Alpha for finding the reliability of the data collected. Similarly certain variable like agricultural, weaker section, SSI and Non priority sector were put to CHI-SQUARE testing. The result of which are exhibited in the following manner.

## CHI-SQUARE TEST

Which sector contributes maximum NPA in their bank and their percentage ?

| No of Responses | SSI | Agriculture | Weaker Section | Non- priority |
|---|---|---|---|---|
| | 14 | 31 | 16 | 36 |

## SOLUTION

The Data Collected is Unbiased.

Every Response can only be any of the one response above, i.e ¼.

Total no of responses are 97 i.e 97x1/4=24.5

## SAMPLES WERE COLLECTED AT RANDOM

The questionnaire was presented to bank official with prior appointment. As far as possible the banks office or the banks zonal office provided the information. In some banks branch manager with the permission of his higher officials or due to introduction of technology could provide information for the entire banks. Similarly questionnaire was presented to facilitators to find out their experiences and opinion towards bad loans and non-performing assets.

Sample collection are carried in the following manners:-

In the year 2017 across the country – India

| Types of Banks | Total No of Banks | Sample Size |
|---|---|---|
| Public Banks | 12 | 2 |
| Private Sector Banks | 22 | 2 |
| Facilitators (Bank, Advocate, Bank Charted Accountant, Individual borrower, Collection Agent) | --- | 11 |

## ANALYSIS OF DATA ON NPA

### CASE STUDY–I

| Which method you have planned to use for measurement of NPA? | Early stage | Alert Stage | Advance Stage |
|---|---|---|---|
| Private Sector | 32% | 42% | 26% |
| Public Sector | 45% | 45% | 10% |

### ANALYSIS REVEALS

Equal Responses have been observed during the Early stage and Alert Stage, Pertaining to Planning of measurement of NPA. Reasonable share of 13% have an Intervention and Advanced Stage, which is majorly contributed by Private sector.

### CASE STUDY–II

| How would you assess the progress of NPA in your Bank | Poor | Slow | Moderate | Good |
|---|---|---|---|---|
| **Private Sector** | 12% | 44% | 22% | 22% |
| **Public Sector** | 4% | 23% | 15% | 58% |

### ANALYSIS REVEALS

22 % of the Private Sector and 58 % of the Public Sector says their progress is Good. Almost equal % has the opinion on Slow and Moderate Progress. Across Groups the Responses for Poor and Slow are Minor as compare to Moderate and Good.

### CASE STUDY-III

| What is the quantum of losses because of ' frauds' in your bank? | Less than 25 % | Above 25 %-50% | Above 50%-75% | Above 75% |
|---|---|---|---|---|
| Private Sector | 100% | 0% | 0% | 0% |
| Public Sector | 96% | 0% | 4% | 0% |

### ANALYSIS REVEALS

Both the Banks under study had expressed the Quantum of Losses because of frauds to be less than 25 % . In case of private banks and public sector banks were of the opinion that their fraud lie between 50 % and 75 % fraud.

### CASE STUDY–IV

| What percentage of account attributes NPA in your bank? | Less than 25 % | Above 25 %-50% | Above 50%-75% | Above 75% |
|---|---|---|---|---|
| Private Sector | 100% | 0% | 0% | 0% |
| Public Sector | 84% | 8% | 8% | 0% |

### ANALYSIS REVEALS

Majority Both Bank under study Expressed that the Percentage is below 25 % . 100% Private Bank and 84 % Public Sector Bank has expressed their opinion that less than 25% of the account outstanding in their bank is NPA.

## CASE STUDY–V

| What precautions does your bank adopt in providing loan to the customer ? | Collateral Security | Guarantee | Guarantee and Collateral Security | Any other measures |
|---|---|---|---|---|
| Private Sector | 18% | 14% | 63% | 5% |
| Public Sector | 24% | 15% | 56% | 5% |

## ANALYSIS REVEALS

Majority of the Banks under study prefers Guarantee & Collateral security both. 24 % Public Sector Bank accepts only collateral security. Nominal percentage such as 14 % private and 15 % Public Sector banks accept only Guarantee. 63 % Private Sector Bank and 56 % Public Sector Banks accept both Guarantee and collateral Security.

## MANAGEMENT OF NPA - CASE STUDY

## CASE STUDY-I

| It is often said that Lawyers/ advocates delays the hearing of the case before courts by taking dates. Do you agree. | YES | NO |
|---|---|---|
| Borrower | 80% | 20% |
| Facilitator | 73% | 27% |
| Bank | 70% | 30% |

## ANALYSIS REVEALS

All three groups in the study have slightly similar views. 80 % borrowers agree that due to delay attitude of the advocates or lawyers by taking adjournment the justice is postponed indefinitely. 73 % facilitator's opinion shows that the court order is delayed due adjournment opted by advocates or lawyers. 70 % banks are also of the same opinion as borrowers and facilitators to which 20 % borrowers, 27 % facilitators and 30 % banks disagreed to the fact that advocates or lawyers are the cause for delayed court order.

## CASE STUDY-II

| Do you agree that outdated laws are the major causes for ineffective recovery of banks dues? | YES | NO |
|---|---|---|
| Borrower | 40 % | 60% |
| Facilitator | 67% | 33% |
| Bank | 82% | 18% |

## ANALYSIS REVEALS

All three groups in the study have different views. 40 % borrowers agree that out dated laws need to be amended at a lucid intervals. 67 % facilitator's opinion shows that old and outdated laws need to be amended. 82 % banks are also of the same opinion as borrowers and facilitators to which 60 % borrowers, 33 % facilitators and 18 % banks disagreed that regarding outdated laws.

## CASE STUDY-III

| Do your feel that the Public Debt Recovery Act (DRT) be extended or made applicable in all the states of India for fast recovery of banks dues? | YES | NO |
|---|---|---|
| Borrower | 80% | 20% |
| Facilitator | 86% | 14% |
| Bank | 82% | 18% |

## ANALYSIS REVEALS

All three groups in the study have almost similar views. 80 % borrowers agree that DRT should work more effectively and should be extended to wider jurisdiction. 86 % facilitator's opinion shows recovery of due is possible with efficient functioning and wider coverage of jurisdiction. 82 % banks are also of the same opinion as borrowers and facilitators to which 20 % borrowers, 14 % facilitators and 18 % banks disagree with the view efficiency DRT and DRAT.

## FINDINGS AND SUGGESTIONS

In this research paper the analysis have been carried out in two parts:

- Comparison between the banks (PSB, Private Banks, Co- operative Banks and NBFC)
- Comparisons between the Borrowers, Facilitators and Banks.

**Major findings on the basis of the Primary data and Secondary Data**

1. PSB is the dominating player as it has maximum share in terms of the business. The banks have incorporated the integrated risk management.
2. The banks has incorporated the operational risk management as suggested by RBI and Basel II. In spite of the policies laid down by regulators for prevention of frauds the banks are of the opinion that still the fraud persist by the borrowers.
3. Banks is of the opinion Credit card outstanding is one of the causes for NPA especially in private sector. Private Banks issue credit card to weaker sections and students and outstanding amount against these cards under these category is high.
4. A realistic and timely action or check would help the banks and borrowers to maintain good functional relationship despite difference of opinion. However the bankers should be firms in conveying their decisions which think are in the best interest of the borrowers and bank at the earliest without wasting much of the borrower time. If these policies are not followed there could be delay and fluctuation in the economic conditions may cause imbalances and the entire act of the borrower and the bank may become futile. Failure to perform this act can cause reduction in the profit of the banks.

## CONCLUSION

Banking system plays a very significant role in the financial existence of the Nation. The strength of the economy is closely related to the reliability of it's banking system. The problem of NPAs can be achieved only with appropriate credit appraisal and risk management mechanism.

It is very important for the bank to keep the level of NPA as low as possible. Because NPA is one kind of barrier in the success of a bank which affects its performance. And this management can be done by following ways:-

- Credit assessment and monitoring
- Timely sanction and or release of loan by the banks are to evade time and cost overruns.
- Working personnel should inspect the level of inventories/ receivables at the time of evaluation of working capital.
- Identifying reasons for rotating of each account of a branch into NPA is the most significant factor for advancement of the assets quality, as that would help begin suitable steps to raise the accounts.
- The recovery machinery of the banks has to be modernizes, targets should be set for field officers/ supervisors not only for recovery in general but also in terms of upgrading number of existing NPAs.
- Due to lower credit risk and consequent higher profitability, greater encouragement should be given to small borrowers.

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