## TABLE OF CONTENTS

		Page
List of	Figures	i
List of	List of Tables	
List of Abbreviations		iii
Acknowledgement		iv
Abstract		v
1. INTRODUCTION		01
1.1	Background	01
1.2	Problem Identification	03
1.2.	1 Hypothesis	06
1.2.	2 Conceptual Framework	07
1.3	Objectives of the study	10
1.4	Significance of the Study	11
1.5	Methodology	12
1.5.	1 Approach	12
1.5.	2 Sampling Procedure	13
1.5.	3 Data Collection	13
1.5.	4 Data Analysis	14
1.6	Limitations of the Study	14
1.7	Chapter Summary	15

		Page
2. REVIEW	OF THE LITERATURE, DERIVATION OF	
НҮРОТНІ	ESIS AND CONCEPTUAL FRAMEWORK	16
2.1 Intro	duction	16
2.2 Prob	lem Identification	16
2.3 Нурс	othesis	31
2.4 Conc	eptual Framework	33
2.4.1 L	ending Concepts Defined	33
2.4.2 E	iffectiveness of a loan	34
2.5 Chap	ter Summary	41
B. METHO	DOLOGY	42
3.1 Introd	duction	42
3.2 Appro	oach	42
3.3 Samp	ling Procedure	45
3.4 Data	Collection	46
3.5 Data	Analysis	53
3.5.1 Id	lentification of Variables	53
3.5.2 St	tatistical Tools	55
.6 Chapt	ter Summary	58
,		
. FINDING	GS	. 59
.1 Introd	duction	59
.2 Differ	rences between Lending Types	59

		Page
4.3 S	uperiority of Lending Types against each other	62
4.4 F	indings from Multiple Linear Regression and Correlation	66
4.4.1	Mathematical Model for Cash-flow Lending	67
4.4.2	Mathematical Model for Mixed type of lending	68
4.4.3	Mathematical Model for Security Oriented lending	69
4.5 M	<b>Sulticolinearity</b>	72
4.6 C	hapter Summary	72
5. CONCLUSION		73
5.1 In	ntroduction	73
5.2 C	onclusions	73
5.3 St	ummary of Contributions	74
5.4 Fu	uture Research	75
Reference	es s	78
Bibliograp	ohy	81
Annex I	Questionnaire	82
Annex II	Instructions to fill the questionnaire	85
Annex III	Answer sheet of questionnaire	90
Annex IV	Profile of data sample	91
Annex V	Statistical Formulae	92
Annex VI	SPSS Output for Cash-Flow Lending	. 93
Annex VI	I SPSS Output for Mixed Type of Lending	97
Annex VI	II SPSS Output for Security Oriented Lending	101

		Page
Annex IX	Example for usage of model for the mixed type of lending	103
Annex X	Correlations Matrix for Cash flow lending (CF)	104
Annex XI	Correlations Matrix for mixed type of lending (MT)	105
Annex XII	Correlations Matrix for security oriented lending (SO)	106

.

## LIST OF FIGURES

		Pag
Figure 2.1	Asset Value of Security in Asset Based Lending	18
Figure 2.2	Projected Cash-flows Vs. Debt Service	20
Figure 2.3	The Model	40
Figure 3.1	Forms of Credit Facilities	43
Figure 4.1	Mathematical Model for effectiveness of cash flow lending	68
Figure 4.2	Mathematical Model for effectiveness of mixed type of lending	69
Figure 4.3	Mathematical Model for effectiveness of security oriented lending	70

## LIST OF TABLES

		Page
Table 2.1	Loan Portfolio Analysis of Commercial Banks in Sri Lanka	29
Table 3.1	Details of the Questionnaire	48
Table 3.2	Independent Variables and Explanatory Variables	54
Table 3.3	Components of ANOVA Table	56
Table 4.1	ANOVA Table for Effectiveness and Status of Loans	60
Table 4.2	Multiple Comparison OF CF,SO and MT with regard to the	
	effectiveness and Status of Loan	61
Table 4.3	Descriptive Statistics on lending types with respect to	
	effectiveness and status of the loans	63
Table 4.4	Rating on Attributes	64
Table 4.5	Results Summary of the Research	66
Table 4.6	Variables in CF Model	67
Table 4.7	Variables in MT Model	68
Table 4.8	Variables in SO Model	70
Table 4.9	Summary of mathematical models for effectiveness of lending types	71