

CHAPTER No. - IV

"NATURE OF ADVANCES AND RECOVERY".

4.1 Introduction.

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CHAPTER NO - IV

"NATURE OF ADVANCES AND RECOVERY"

4.1 INTRODUCTION-

This chapter deals with the nature of advances and recovery of the society. Advancing loans to the members and recovery of the advances, these are the two main functions of each co-operative credit society. In co-operative enterprise, recovery plays a vital role in the working of it and the profitability of the society depends upon the nature of recovery. In an economy as well as in a society velocity of circulation of money is always emphasised.

4.2 NATURE OF ADVANCES -

Advancing of loans to the members is the main function of "Kirloskar Karkhana Kamgar Sahakari Society Limited Kirloskarwadi". For the benefits of the members, society has developed various loan schemes. This society gives maximum amount of loans to the members as far as possible. The Society gives loans to the members according to their basic pay. The Society gives different types of advances to its members i.e. member loan, Employees' Provident Fund Loan, Term Loan and Loans to the Directors of the society.

Advances given by the society -

This society is established in the year 1951. The advances given by the society to the members during the years 1952, 1961, 1971, 1981 and 1991 are shown in the following table.

Table No. - 4.1

"ADVANCES"

(Figures in Actual.)

TYPE OF LOAN	30/06/52	30/06/61	30/06/71	30/06/81	30/06/91
1> Member Loan	-	142063/-	914529/-	3229458/-	12519103/-
2> Loans to the Directors	-	-	3738/-	9535/-	160750/-
3> Employees' Provident Fund Loan	-	-	-	51703/-	297386/-
4> Term Deposit Loan	64314/-	-	-	-	3921/-
5> Other Loans	-	262/-	833/-	-	-
Grand Total (Rs.)	64314/-	142325/-	919100/-	3290696/-	12981160/-

Source - Annual Reports of the Society Durind the years 1951-52, 1960-61, 1970-71, 1980-81 and 1990-91.

Note - Other Loans include advances paid against insurance premium and advances due from employees'.

Table number 4.1 gives us information in respect of advances issued by the society to the members during 1951-52 to 1990-91. The total amount of loan has increased from Rs. 64,314/-to Rs. 1,29,81,160/- during the period of

1951-52 to 1990-91. Here we also find that the amount of member loan given by the society has increased from the year 1961 continuously. It was Rs. 1,42,063/- in 30/06/1961 which has increased by Rs. 9,14,529/-, Rs. 32,29,458/-, and Rs. 1,25,19,103/- during the year 30/06/1971, 30/06/1981 and 30/06/1991 respectively. The amount of such loan has increased rapidly during the year 30/06/1981 to 30/06/1991. As well as the amount of loan to the director has also increased from Rs. 3738/- to Rs. 9535/- during 30/06/1971 to 30/06/1981 and again Rs. 160750/- in 30/06/1991.

But this amount of loan is smaller to the amount of member loan. In this way, the society has provided other loan facilities such as Employees' Provident Fund, Term Loan etc. Above table clearly indicates the progress regarding loan issued by society from 30/06/1952 to 30/06/1991 in each ten years.

4.3 CLASSIFICATION OF LOANS

The society has provided maximum advances to the members in recent years. This society gives loans to the members, directors and employees of the society. The loans given by the society to above mentioned categories are shown in the following paragraphs separately.

A>Member Loan -

The society has given maximum amount of loan to the members. The advances issued by the society to its members during the period of 1985-86 to 1994-95 are shown in the following table.

Table No. 4.2
"ADVANCES TO THE MEMBERS"

Year	Advances (Rs.)
1985-86	65,13,255/-
1986-87	73,65,412/-
1987-88	1,03,43,120/-
1988-89	1,11,58,196/-
1989-90	1,33,19,133/-
1990-91	1,25,19,103/-
1991-92	1,40,45,143/-
1992-93	1,60,17,338/-
1993-94	1,74,19,510/-
1994-95	1,83,53,706/-

Source :- Annual Reports of the Society during the period of 1985-86 to 1994-95.

Table number 4.2 shows us the progress of the society regarding the advances given to the members. The amount of member loan increased from Rs. 6,51,32,255/- to Rs.1,83,53,706/- during last ten years i.e. 1985-86 to 1994-95. Here we find that, the amount of member loan increased by 100% to 282%. The average amount of member loan is of Rs.1,27,05,391/- whereas the maximum amount of loan is 1,83,53,706/-. In the year 1985-86, the society has issued minimum amount of loan (Rs.65,13,255/-) to the members. Thus the table indicates the progress of the society in respect of member loan.

B) Loans to the Directors of the Society -

During last ten years, the society has given loans to the directors. The advances issued by the society to the directors are shown in the following table.

Table No 4.3
"ADVANCES TO THE DIRECTORS"

(Rs. in Lakhs.)

<u>Years</u>	<u>Advances issued to the Directors</u>	<u>Total amount of Advances</u>
1985-86	0.45	105.05
1986-87	0.54	95.93
1987-88	1.21	170.54
1988-89	1.17	137.62
1989-90	1.68	188.00
1990-91	1.60	84.09
1991-92	1.63	174.00
1992-93	2.04	217.45
1993-94	2.24	217.42
1994-95	3.02	203.66

Source :- Annual Reports of the Society during the period of 1985-86 to 1994-95.

Table number 4.3 indicates the progress of the society regarding the loans issued to the directors. The above data reveals that the amount of advances issued to the directors has increased from Rs. 0.45/- Lakhs to Rs. 3.02/- lakhs during the period of 1985-86 to 1994-95. The percentage such loan increased from 100% to 666%. The minimum amount of loan issued by the Society to the directors of Rs. 45,490/- in the year 1985-86 whereas the society has issued maximum amount of advances to the directors of Rs. 3.02 Lakhs in the year 1994-95.

Here we also find that the amount of director's loan is minimum as compared to the total amount of advances issued by the society during the above mentioned period.

In the year 1985-86, Society has given only 0.43% of the loans to the directors but in the year 1994-95, the percentage of such type of advances has increased to 1.48%. Thus, we find that the society has given minimum amount of loans to the directors. It clearly indicates that the directors have taken minimum advantage of the society.

C) Term Deposit Loan -

The society accepts deposits from the members to meet the problem of loan requirements of the members. As well as for the betterment of members (depositor), the society gives term loans against the deposits. The progress of term-deposits loan is shown the following Table No. 4.4.

Table No. 4.4

"TERM-DEPOSIT LOANS GIVEN BY THE SOCIETY"

Year	Amount (Rs.)
1985-86	66,500/-
1986-87	1,10,600/-
1987-88	1,41,900/-
1988-89	1,73,400/-
1989-90	2,48,850/-
1990-91	1,82,840/-
1991-92	2,31,781/-
1992-93	1,88,892/-
1993-94	1,69,668/-
1994-95	2,67,775/-

Source :- Annual Reports of the Society during the period of 1985-86 to 1994-95.

Table number 4.4 shows us the progress of term-deposit loan given by the society. The amount of such loan has increased from Rs. 66,500/- to Rs. 2,67,750/- during the year 1985-86 to 1994-95. The percentage has increased by 100% to 402% during the same period. Here we also find that, the minimum amount of term-deposit loan was of Rs. 66,500/- in the year 1985-86, whereas the maximum amount of such type of loan of Rs. 2,67,775/- in the year 1994-95. The average amount of loan term-deposit was of Rs. 1,78,220/- during the last ten years. Thus above table clears the progress of the society regarding term-deposit loans.

D) Employees' Provident Fund Loan-

The society gives facility of employees' provident fund loan to its staff. The advances given by the society to the employees' during last ten years are shown in the following table.

Table No. 4.5

"LOANS ISSUED ON EMPLOYEES' PROVIDENT FUND."

<u>Years</u>	<u>Amount of Loan (Rs.)</u>
1985-86	1,04,930/-
1986-87	1,17,658/-
1987-88	1,71,000/-
1988-89	2,26,895/-
1989-90	2,37,498/-
1990-91	2,96,385/-
1991-92	3,18,793/-
1992-93	3,65,559/-
1993-94	3,35,366/-
1994-95	4,56,283/-

Source :- Annual Reports of the Society during the year 1985-86 to 1994-95.

Table number 4.5 shows us the progress regarding employees' provident fund loan of the society the amount of such loan has increased from Rs.1,04,930/- to Rs.4,56,283/- during the period of 1985-86 to 1994-95.

The percentage of such loan has also increased by 100% to 435% during the above mentioned period. Here we also find that the amount of such type of loan has increased continuously during the last ten years except the year 1993-94. The minimum amount of such loan is of Rs. 1,04,930 whereas the maximum amount of such loan is of Rs. 4,56,283/- The society has issued average loan of Rs. 2,63,037/- of the amount on such type of loan per year. Thus this table shows us the advances issued by the society to its staff-members through provident fund scheme.

E) Loans to the Weaker Section Members

"Kirloskar Karkhana Kamgar Sahakari Patpedhi Limited Kirloskarwadi" has given priority to the weaker section members mainly for backward class members. Here we find one thing that advances issued to the backward class members have increasing per year. The number of borrowers, amount of loan given to the members and their percentage as compared to the total number of borrowers as well as the amount of total loan is shown in the following table.

Table No. 4.6
"NO. OF BORROWERS WITH PERCENTAGE"

Years	No. of Borrowers		Percentage
	Backward Class	Total No. of Borrowers	
1990-91	34	477	7.13
1991-92	64	940	6.81
1992-93	72	907	7.94
1993-94	73	775	9.42
1994-95	55	683	8.10

Source - Office Records of the Society.

Table number 4.6 gives us data regarding the comparative analysis of number of backward class borrowers to the total number of borrowers with their percentage. During the period of 1990-91 to 1994-95, the number of backward class borrowers has increased from 34 to 55, whereas the total number of borrowers has also increased from 477 to 683.

The percentage of backward class borrowers to the total number of borrowers has increased from 7.13% to 9.42% during the period of 1990-91 to 1993-94, which has decreased up to 8.10 in 1994-95. Here we find that the percentage of backward class borrowers to the total number of borrowers is in a fluctuating manner.

Table No. 4.7

"NO. OF BORROWERS WITH AMOUNT OF LOAN"

Year	Loans to Backward class Members (Rs. in Lakhs)	Total Loan (Rs. in Lakhs)	Percentage
1990-91	2.09	84.09	2.49 %
1991-92	3.90	174.00	2.24 %
1992-93	6.45	217.45	2.97 %
1993-94	6.09	217.42	2.80 %
1994-95	6.10	203.66	3.00 %

Source - Office Records of the Society.

Table no. 4.7 gives us the information in respect of loans given to the backward class members and their percentage to the total loans. The amount of loan given to the backward class members by the society has increased from Rs. 2.09 Lakhs to Rs.6.10 Lakhs during the period of 1990-91 to 1994-95, whereas the amount of total loan has increased from Rs. 84.09 to Rs. 203.66 Lakhs.

The percentage of loan issued to the backward class members to the total loan, has increased from 2.49% to 3.00% during the period of 1990-91 to 1994-95. Here we also find that such percentage has declined from 2.97% to 2.80% during the period 1992-93 to 1993-94. We can broadly say that society has given 3.00% of loans to the backward class members every year.

In this way the society has given above mentioned four types of loans to the members. Here we find that the amount of member loan is higher than the other types of loan. The data given in the various tables also clears that the society has provided maximum facilities of loans to the members and the staff of the society.

4.4 NATURE OF RECOVERY AND OVERDUES OF THE SOCIETY

Regular recovery of the loan makes Society self-sufficient. Such Society can provide finance to all the members who are in need. There is less number of co-operative credit societies having higher rate of recovery. The problem of overdues cannot arise before salary earner's co-operative society, because the amount of the installment of loan and interest of loan is directly deducted from the salary of the member.

In case of "Kirloskar Karkhana Kamgar Sahakari Patpedhi Limited Kirloskarwadi" we find that this society is in a audit class "A" since its establishment with the best co-operation of Kirloskar Brothers Limited and co-operation among members, the percentage of recovery is higher. 100% recovery helps this Society to fulfil its financial requirements of all the members of the society. The following table number 4.8 shows us the nature of advances, recovery and outstandings of the society.

Table No. 4.8

"NATURE OF RECOVERY AND OUTSTANDINGS"

(Rs. in Lakhs)

Year	Outstanding Balance (Rs.)	Advances (Rs.)	Total Advances	Recovery (Rs.)	Outstandings (Rs.)
1	2	3	4	5	6
1985-86	44.46	105.05	149.51	83.93	65.58
1986-87	65.58	95.93	161.51	87.32	74.19
1987-88	74.19	170.54	244.73	140.09	104.64
1988-89	104.64	137.62	242.26	129.51	112.75
1989-90	112.75	188.00	300.75	165.99	134.87
1990-91	134.87	84.09	218.96	92.17	126.79
1991-92	126.79	174.00	300.79	68.44	142.09
1992-93	142.09	217.45	359.54	197.32	162.22
1993-94	162.22	217.42	379.64	203.20	176.44
1994-95	176.44	203.66	380.10	193.54	186.56

Source :- Annual Reports of the Society during 1985-86 to 1994-95.

Table number 4.8 indicates the nature of recovery and outstandings of the Society during the period of 1985-86 to 1994-95. The table reveals that total amount of advances includes amount of outstanding balance and advances issued in current year. Column number 5 deals with progress regarding amount of recovery of the Society. Column number 6 tells us the amount of outstanding in a particular year.

The amount of recovery of the Society has increased from Rs. 83.93 Lakhs to Rs. 193.54 Lakhs during the period of 1985-86 to 1994-95. Here we find that as the amount of total advances increase, the amount of recovery has also increased during the same period.

We also find that the maximum amount of recovery and advances were in the year 1993-94 and 1994-95 respectively. On the other hand, the amount of total advances has increased by Rs. 149.51 Lakhs to Rs. 380.10 Lakhs during the period of 1985-86 to 1994-95. As well as outstandings of the Society has also increased from Rs.65.58 Lakhs to Rs.186.56 Lakhs during the same period. Here we also find that the amount of outstandings has also increased by Rs. 65.58 Lakhs to Rs. 186.56 Lakhs during the period of 1985-86 to 1994-95.

Thus this table shows us the progress and working of the Society regarding advances and recovery of it during the period of 1985-86 to 1994-95.

Reasons for Good Recovery of the Society :-

"Kirloskar Karkhana Kamgar Sahakari Patpedhi Limited Kirloskarwadi" has become successful regarding advances and recovery. There are few salary earners' co-operative society's whose work is satisfactory.

This society is one of them. During the period of 1985-86 to 1994-95, the society's work regarding recovery is satisfactory. Important reasons for good recovery of the Society are as follows -

- 1) Efficient management of the Society.
- 2) The best co-operation from the factory "Kirloskar Brothers Limited, Kirloskarwadi."
- 3) The best co-operation of the members (borrowers) of the Society.
- 4) Direct deductions from the salary.
- 5) Society's attitude towards members regarding advances and recovery.

4.6 EVALUATION-

The chapter number four deals with the nature of advances and recovery. During last ten years i.e. 1985-86 to 1994-95, the society's work regarding advances and recovery has become very progressive and beneficial to the members of it. The statistical data shows us the progress of the society in respect of advances issued by the society and efforts done by the Society for good recovery. This society has provided maximum facilities of loan to its members and staff of the society. On the other hand, the society has not neglected the work regarding recovery. With the help of the factory "Kirloskar Brothers Limited, Kirloskarwadi.", the society has become successful in recovery of loans of the members. The percentage of recovery of loan is satisfactory. So that Society has made its rapid progress in all respects during the period of 1985-86 to 1994-95. Thus, advances and recovery of the society play important role in the development of it.

REFERENCES :-

- 1) Annual Reports of the society during the years of 1951-52, 1960-61, 1970-71, 1980-81 and 1990-91.
- 2) Annual Reports of the Society during the period of 1985-86 to 1994-95.
- 3) Office Records of the Society.