

CHAPTER - V

SUMMARY, FINDINGS & SUGGESTIONS

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In this chapter the researcher has made an attempt to make summary, findings and suggestions of the present study. The study is based on the data available for the study from the Bank Office and respondents.

1. PERFORMANCE OF SHRI BHARAT URBAN

CO-OPERATIVE BANK LTD., JAYSINGPUR :

A close look at the working of Shri Bharat Urban Co-operative Bank Ltd., Jaysingpur leads to the impression that the Bank has made a much better progress than any other urban banks from this area.

The Bank has been making constantly good progress, quite heartening in the field of mobilisation of deposits, membership, share capital, reserve funds and other funds, working capital, profit and dividend rate, man power, loans and advances and branch offices. The branch offices rapidly expanded during 1972 to 1977. The bank has also rendered very useful services to all the people concerned with the Bank by providing credit, by encouraging thrift and savings. The bank has made better progress in the loans and advances particularly to powerloom owners under section 17(2)bb, and also in deposit mobilisation. The increase in membership denotes that the bank is gaining momentum in recent years. Therefore, viewed from the banking stand point Shri Bharat Urban Co-operative Bank Ltd., Jaysingpur in the town deserves a place of recognition.

The bank has prepared lending policy with regards to the process of loan application form, securities, sanction, documentation, follow-up, supervision and control.

2. ANALYSIS OF LOANS & ADVANCES :

Purposewise loans sanctioned by the Bank, by observation it shows that as on 30th June, 1985 position of purposewise loans sanctioned by the bank to cottage and small scale industries 20.89%, retail trade 6.25%, transport

9.85%, educational 0.23%, house construction and repairs purpose 2.65%, professional and self-employment purpose 8.87% and other purposes 50.26%.

By observing the types of loans and advances, the Bank has sanctioned loans and advances against various securities, properties, personal guarantee, cash credit, gold and silver ornaments, deposits, mortgage, hypothecation etc.. The bank has advanced more loans against personal guarantee 32.10% and against land and buildings 23.33% at the end of June, 1985.

The total loans outstanding increased from Rs. 136.37 lakhs in 1980-81 to Rs. 410.76 lakhs in 1984-85 and average rate of growth is 60.20% during the period of last 5 years. Overdues also increased from Rs. 12.93 lakhs in 1980-81 to 65.08 lakhs in 1984-85 and average percentage in overdues also increased from 9.5% in 1980-81 to 15.8% in 1984-85.

Both secured and unsecured loans were given by the Bank. But the proportion of secured loans in total outstanding loans was 68% during the period under review.

The amountwise loan analysis shows that the Bank issued more loans upto Rs. 10,000/- to Rs. 25,000/- and has

hardly given loans above one lakh rupees. Periodwise loans and advances shows more advances in medium term.

SAMPLE SIZE :

Out of total respondents financed during 5 years i.e. 1980-81 to 1984-85 i.e. 252. Out of 100 being financed for powerloom owners in Jaysingpur town of which 20% i.e. 20 respondents were selected for the purpose of interview.

FINDINGS :

After considering the summary of loans and advances and particulars regarding sample survey made by the researcher, and personal discussion with the officials of the Bank, powerloom owners those who have financed through the Bank the important findings of the study are related below.

1. The lending policy of the Bank is rather complicated from the point of view of borrowers. The lending policy in regards to the process takes time, which results delay to sanction loans.
2. The Government introduced twenty point programme in respect of loans to professionals and self-employment purposes, But the Bank has not the direction of the Government in this respect satisfactorily. It shows

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only 2.17% in 1980-81 and 8.87% of the total advances of the end of June, 1985.

3. Secured and unsecured loans were given by the Bank.

But the proportion of secured loans and unsecured loans were 67.9% and 32.10% respectively in the total loan outstanding at the end of June, 1985.

4. By observing periodwise loans and advances, the Bank has given loans for short-term and medium-term period, the Bank advanced more loans between the period 3-7 years.

5. It is found that the overdue amounts continuously increased from Rs. 12.98 lakhs in 1980-81 to Rs. 65.08 lakhs in 1984-85. The percentage of overdues also increased from 9.5% in 1980-81 to 15.8% in 1984-85 in total loan outstanding. The increasing trend of overdues shows that the Bank has not taken serious steps for recovery of loans. The present staff fails to check rigorously all documents while sanctioning loans. Here such liberal checking might lead more overdues.

6. It is found that the borrowers have to submit various documents such as licences, certificates, legal

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documents about loan security within the stipulated period. It is difficult for the borrowers to get all the necessary documents from the concerned offices to attach with the loan application form in time.

7. It is found that 90% of the advances are given to general castes and 10% to backward class. It shows that due preference is not given to the backward class.

8. As per the order of Reserve Bank of India under section 17(2)bb, the Bank had financed upto 16.56% to small scale industry at the end of June, 1985.

9. The Bank has given more than 50% of the total loans to unproductive purposes at the end of June, 1985. But it has not given preference to educational finance.

10. It is found that Shri Bharat Urban Co-operative Bank Ltd., Jaysingpur's loan application form is complicated. Common borrowers find it difficult to understand this form, they fill it up with the help of others. 15% of the borrowers feel that the loan application form is complicated.

: FINANCING TO POWERLOOM OWNERS :

11. It is found that out of twenty respondents majority of the advances are given to make borrowers.
12. It is found that Bank financed more loans to four powerloom owners than having two looms.
13. It is found that powerloom owners prefer sheds than buildings.
14. It is found that the rate of interest charged by the Bank is not reasonable.
15. It is found that the Bank has achieved the objectives of financing short-term and medium-term loans.
16. It is found that out of 20 respondents 16 respondents have given assets as security for the loan.
17. It is found that out of 20 respondents only 4 respondents having their own sets.
18. It is found that the Bank has not taken due care for collecting of overdues.
19. Yarn traders resort to malpractices in the supply of yarn by providing an inadequate quality of yarn. Due to lack of alternative arrangements of yarn supply, weavers have to buy the yarn in spite of its improper counts.

20. Almost all powerloom owners are in the clutches of yarn traders and master weavers. The weavers are being exploited mercilessly in various ways. The prices of yarn have been controlled by the yarn traders in a monopolistic manner. The yarn market has always been the sellers oriented market.

21. The yarn purchaser finds difficulties in the procurement of yarn on account of the absence of adequate credit facilities and convenient terms and conditions. As such the yarn trader tends to exploit the helpless yarn purchaser.

c. SUGGESTIONS :

After considering the findings the researcher would like to make the following suggestions for efficient working of Shri Bharat Urban Co-operative Bank Ltd., Jaysingpur.

The urban banks are the only hope of small industrial units, artisans and traders for getting financial help.

1. The loaning pattern of the Bank should be diversified.
2. To avoid delay the process of quick sanctioning loan to borrowers is essential.

3. Consumption loans should be broad based so as to provide help to the urban people specially to the service personnel where there is little risk.
4. The Bank should make its maximum efforts to sanction the loans for productive purposes and loans for unproductive purposes should be curtailed.
5. The Bank should appoint separate staff for recovery of loans.
6. The Bank should simplify its loan application form to understand the common borrowers.
7. The Bank should as far as possible, to avoid delay in collection various documents, should reduce the number of documents. It should if possible make arrangements to get these documents directly from the concerned officials.
8. The Bank should fix instalment amount and period according to productivity and profitability of units concerned.
9. The Bank should arrange the visits to borrowers units and see whether the loans are used properly for the purpose or not.

10. Soot-Bazar should be made yarn consumer oriented.
11. Conventions should be arranged with a view to discussing the problems in powerloom textile industry.
12. In order to bring necessary improvements in textile industry, the Government should take following measures :-
 - (a) Fixing the standard prices of yarn.
 - (b) Providing credits to the powerloom owners on an easy terms.
 - (c) Controlling the soot-bazar etc.

13. EDUCATIONAL FINANCE :

It is quite a new investment. The Bank is least interested in it. As the investment in this particular avenue will have no returns.

The Bank should try to advance loans for the sons and daughters of the members to enable their higher studies. Thereby they may in due course turn out to be social capital of their domicile area.