

CHAPTER - V

SUMMARY FINDINGS AND SUGGESTIONS

In this chapter the researcher has made an attempt to make summary findings and suggestions of the present - study. Out of some findings the problems of the loans and advances of the Bank and financing to small scale industrial units, and suggestions for better performance of the Bank about loans and advances. The study is based on the data made available for the study from the Bank office and respondents.

1) **PERFORMANCE OF THE KOLHAPUR MARATHA BANK :**

The Bank has been making constantly good progress in the field of mobilisation of deposits, membership, share capital, Reserve funds and other funds, working capital, profit and dividend rate, overdues, manpower, loans and advances, management expenses and branch offices. The branch office rapidly expanded during the period of last 3 years i.e. 1982-83 to 1984-85. The Bank has also rendered very useful services to all the people of the urban community in the Kolhapur City, by providing credit, by encouraging thrift and savings. The Bank has made better progress in the loans and advances, and deposit mobilisation. The Bank has also celebrated its Golden Jubilee in the year 1982-83 and it has been better financing to the various purposes such as commercial, Transport, House construction and consumption purposes.

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

2) <sup>OF</sup> ANALYSIS/LOANS & ADVANCES :

Purpose-wise loans sanctioned by the Bank, by observation it shows that as on 30th June, 1985 position of purposewise loans sanctioned by the Bank were as cottage and small scale industries 7.56% , professional and self employees, 5%, commercial 18%, Agriculture and allied activities Nil %, Educational 0.83%, ceremonial and consumption 10%, House construction and repair 21%, Transport 16%, and other purposes 25%. The Bank has thus made advances to production and non production purposes, the share shows 60% of total advances are to non production purposes and remaining 40% to productive purposes.

By observing the types of loans and advances, the Bank has sanctioned loans and advances in the forms of against properties, personal guarantee, Cash Credit, Gold Ornaments, Deposits, Hire Purchase, Hypothecation and Goldown pledge. The Bank has more advanced loans on Gold Ornaments, and personal guarantee. It shows in percentage of 21%, 33% respectively at the end of June, 1985.

The total loans outstanding increased from Rs.22667323/- in 1980-81 to Rs.3,77,53,916/- in 1984-85, and average rate of growth is 44.62% during the period. The total loan recovery

of loans also increased from Rs.1,29,11,369/- in 1980-81 to Rs.2,84,27,681/- in 1984-85 and overdues also increased from Rs.15,44,734/- in 1980-81 to Rs.86,55,095/- in 1984-85 and average percentage in overdues also increased from 6.8% in 1980-81 to 17% in 1984-85.

Both secured and unsecured loans were given by the Bank. But the proportion of secured loans in outstanding loans was 68% during the period under review. Similarly the Bank issued more amount-wise loans upto Rs.25,000/- and hardly given loans above to one lakh rupees, and the period wise loans and advance shows more between the period 3 to 5 years as medium term.

3) SAMPLE SIZE :

Out of total respondents financed during the 5 years i.e. 1980-81 to 1984-85 i.e. 231, 10% of them i.e. 25 - respondents were selected for the purpose of interview.

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**- FINDINGS -**

After considering the summary of loans and advances and the particularly regarding sample survey made by the researcher, and personal discussion with the Bank office Staff, and borrowers of the Bank; the important findings of the study are related below -

- (1) The lending policy of the Bank is quite complex to borrowers. The lending policy in regards to the process of loan application form, securities, sanction, documentation, follow-up supervision and control. This lending policy takes delay to sanction loans.
- (2) As per the order of the Reserve Bank of India under Section 17(2) (bb), the Bank had not reached the target of financing to cottage and small scale industries and priority sectors. It is reached only 7.56% at the end of June, 1985.
- (3) The Government introduced twenty point programme in respect of loans to professional and self employment purposes; But unfortunately the Bank has not pursued the direction of the Government in this respect satisfactorily. It shows only 6.60% in 1980-81 and 1.81% of the total advances at the end of June, 1985.
- (4) As per the direction of the Reserve Bank of India

the Bank has minimum 60% of advances for small scale industrial units, commercial and Transport purposes in the total loan sanctioned. But the Bank has not reached the target for small scale Industrial, units, commercial and Transport purposes. It shows only 7.56%, 18%, and 16% respectively for the purpose, of the total advances at the end of June, 1985.

(5) The Bank has given morethan 60% of the total loans to non-production purposes at the end of June, 1985. But it has not given preference to educational, agricultural, and allied activities purposes while sanctioning the loans.

(6) The Bank has given loans and advances, against the various securities, in the form of loan against Gold ornaments, personal guarantee, higher purchase, and cash credit. Out of total loans advanced 21% were against Gold ornaments, personal guarantee 33%, Higher purchase 18% at the end of June, 1985. This shows that the Bank has concentrated its attention more in sanctioning loans against personal guarantee.

(7) Secured and unsecured loans were given by the Bank. But the proporation of 68% of secured loans and unsecured loans 32% in the total loan outstanding.

(8) By observing period-wise loans and advances, the Bank has given loans to medium and long term period, the

Bank advanced more loans between the period 3 to 5 years as medium term.

(9) It is found that the overdues amount continuously increased from Rs. 15,44,734/- in 1980-81 to Rs. 86,55,095/- in 1984-85. The percentage of overdues also increased from 6.8% in 1980-81 to 17% in 1984-85 in the total loan outstanding. The increasing trend of overdues shows that the Bank has not taken hard steps for recovery of loans. It not appointed a special staff for loan sanctioning. The present staff fails to check regorously all documents while sanctioning loans. Here such liberal checking might due led more overdues.

(10) It is found that the Kolhapur Maratha Bank's loan application forms are complicated. And common borrowers find it difficult to understand this form, it is filled up by another person. 68% of borrowers feel that the loan application form is complicated.

(11) It is also found that the borrowers have to submit various documents such as licences, certificates, legal documents about loan security whtihin stipulated period. It is difficult for the borrowers to get all documents from the concerned offices to attach with loan application form in time. So this process takes to delay for loan -  
sanctioning.

(12) It is found that 84% of advances are given to general castes and 16% to backward areas. It shows that preference is not given to Scheduled Castes.

(13) It is found that the most of advances are given to male borrowers and occasionally given to female borrowers.

(14) It is found that the borrowers prefer shed factory premises to buildings.

(15) It is also found that 60% of the respondents used the rented premises for their units rather than own premises.

(16) It is found that the rate of interest charged by the Bank is not reasonable one, and it charges excess of interest as compared to other financial institutions.

(17) It is also found that out of the total employment opportunities (i.e. 191) in the sample units, the highest employment is shown in the engineering industries (i.e. 82) and followed by it chemical industries (i.e. 66). Similarly out of total employment opportunities, Workers are unskilled more in the sample units.

(18) It is found that the Bank has achieved the objectives of financing. Medium and long term loans to

small scale units as the survey of shows that 16 respondents for period between 3 and 5 years, 3 respondents for a period between 5 to 7 years which together constitute medium term loans and 6 respondents got long term loans i.e. 7 to 10 years.

(19) It is found that out of 25 respondents, 20 respondents have given assets as security for the loan obtained from the Bank.

(20) It is found that out of total 25 respondents, 2 respondents are partnership firms and remaining are proprietorship firms (i.e. 23).

(21) It is found that the Bank has not taken due care for collection of overdues.

**(C) SUGGESTIONS :**

After considering the findings the researcher would like to make following suggestions for efficient working of the Bank.

- (1) To avoid delay the process of quick sanctioning loan to Borrowers is essential.
- (2) The Bank should make its maximum efforts to sanction the loans for productive purposes and loan for non-productive purposes should be avoided.
- (3) The Bank should take care of sanctioning loans and obey strictly the rules and regulations laid down by the Reserve Bank of India in respect of loans and advances.
- (4) The Bank should be separate staff appointed for sanctioning loans and recovery of loans.
- (5) The Bank should adopt simplicated loan application form to understand for common borrowers.
- (6) The Banks loan policy should be sufficiently wide and diversified which should suit to different needs of different members which would enable future development of small scale industries.

(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 come forward for financing some portion of working capital requirements of the borrowers to avoid inconvenience occurring due to non-availability of the funds immediately on the completion of their projects.

(9) The Bank should fix instalment amount, and period, according to productivity and profitability of units concerned.

(10) The Bank should adopt some flexibility in fixing the repayment instalments for the borrowers, because the borrowers sometimes do not get the payment of instalments as per anticipations. So it becomes difficult for them follow the repayment instalment as fixed by the Bank.

(11) The Bank should arrange the visits to loans units and see whether the loans are used properly for purpose or not.