
CHAPTER NO III

**CASH CREDIT LOANS OF THE PANDHARPUR URBAN
CO-OPERATIVE BANK LTD., PANDHARPUR**

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CHAPTER -III

CASH CREDIT LOANS OF THE PANDHARPUR URBAN CO-OPERATIVE BANK LTD., PANDHARPUR.

3.1: INTRODUCTION -

The system of granting advances by way of Cash Credit has its origin in the United Kingdom. These are advances granted by Commercial bank to industry and trade for meeting their working capital. Most of the Cash Credit secured by the hypothecation of Raw Material, Work-in-progress, finished goods stores and spares and are related as " Demand Cash Credit". Under this system Credit line is normally fixed every year for each undertakings but the lending and account is transferred to the current account maintained by the borrower with it. The borrower is free at any time to withdraw money from his current account. The borrower is also free to reduce his indebtedness and interest charges by depositing the cash accruals in his accounts. The flexibility of Cash Credit system has been commended upon by the committee in the following words.

" The anxiety to minimise interest charges prompt borrower to route all his cash accruals through the account and keep the drawing at the minimum required level. This ensure lesser cost of funds facilitate a better turnover

of funds for the bank as well. The flexibility of the system take care of temporary requirement of funds by the borrower's without under delay, without detailed negotiations and without creating any problems of documents and security changing."

Cash credit are generally suitable for business men and for facilitating the transaction of business and are operated as and when the money is required by merchant and petty traders. Under this system the lumpsum amount is sanctioned to be a borrower with a limit of prescribed in the bye-laws and are warranted by the credit worthiness of the borrowers and his sureties. The usual period of credit granted is one year. The borrower can draw out of the credit limit so sanctioned as and when required and repay any amount not required for his immediate use. This arrangement enables a borrower to have funds at his command and also give him the option of paying back the amount not needed, thus, economising unnecessary loss of interest cash credit is also usually granted against other type of securities such as mercantile goods. Gold and silver brass and government securities fixed deposits etc. The usual conditions for the grant of this type of accommodation are as follows-

- a) The minimum period of credit will be one year.
- b) Renewal may be allowed at the discretion of the Board of Directors.
- c) If the credit sanctioned is not operated upon continuously for three month, or of the turnover.

The Pandharpur Urban Co-operative Bank Ltd., provides such types of loans to the borrower against personal surety and security of goods.

3.2: MEANING OF CASH CREDIT -

Cash Credit is an arrangement by which banker allow his customer to borrow money upto a certain limit. Cash credit arrangement are usually made against the securities of commodities hypothecated or pledged with the bank.

Cash Credit are the most favourable mode of borrowing by large commercial and industrial concern in India. On account of the advantages that the customer need not borrow at once whole of the amount he is likely to require, but draw such amount as and when required. He can put any surplus amount which he may fixed with him for the time, being. Interest on a Cash Credit account has to be paid only on that amount actually drawn at any time and not on the amount of

the fully credit allowed. In order to safe guard the bank interest on account of the bankers locking of funds unnecessarily because of customers drawings funds much less than the bankers estimate a minimum interest clause is often interested in the cash credit agreement. The clause require customer to pay the interest to the bank on certain proportion of amount arranged for say 1/3, 1/4 eventhough he may not have drawn to this extent.

3.3: CASH CREDIT, OVERDRAFTS AND LOANS -

Cash Credit -

Advances by Indian banks, generally take the following three forms i.e. cash credit, overdraft and loans. A cash credit is an arrangement by which a banker allow his customer to brrow money upto a certain limit against either a bond of credit by one or more sureties, or certain other securities. This is the most favourate mode of borrowings by large commercial banks. and industrial concerns in India, on account of the advantage that a customer need not borrow at once the whole of the amount he is likely to require, but can draw such amounts as and when required, He can put back any surplus amount which he may find with him for the time beings. The banker granting cash credit and

overdraft facilities has to estimate the amount of his estimate he may lose interest on the funds remaining idle. In order to provide against such a contingency, generally bankers cash credit agreement stipulate one half or one quarter, interest clause. According to which the customer has to pay interest atleast.

The Cash credit facility is an important facility to which is generally required by most industrial units, Under this arrangement drawings are allowed against security of stock and a borrower can operate this account within the limit fixed as per the term sanctions. He can deposit the money whenever he is in the position to do so to save the interest burden.

This facility is ordinarily allowed against pledge or hypothecation of goods, depending upon various factors like, type of industry, nature of goods offered as security availability of godown place, cost of material handlings and credit worthiness of the borrowers.

Cash Credit (Pledge)

Pledge can be defined as bailment of goods as security for payment of a debt or fulfillment of a promise. The goods can be pledged by a person who in the owner and is in legal possession of the goods.

of banker who is a pledge, has a right to retain the goods pledged till the debts, with interest and other expenses if any, due under the pledge limit are paid by the borrower.

Under this facility, the Security offered by the borrowing units is raw materials stores, fuel, oil, finished goods etc. Which remain under effective custody of the bank in the godown which has the banks lock on it.

Cash Credit(Hypothecation)

Hypothecation is an extended form of pledge wherein the borrowers is allowed to keep possession of the goods either on behalf of or as a trustee of the lender. Hypothecation is a way of creating charge over the assets where transfer of possession is inconvenient, In this case, neither the ownership nor possession of the borrowers who binds himself under an agreement to give possession of the goods to hypothecate whenever he is called upon to do so. Hypothecation can, therefore, be converted into a pledge and a hypothecation(the banker) enjoy the right of a pledgee.

One half or one quarter of the amount of the Cash credit limit allowed to him even, he doesnot use that amount committment charge whether part of the advance should be given as a loan.

OVERDRAFTS-

When a customer require a temporary accommodation he may be allowed to overdraw his current accounts, usually against collateral securities. From the customers point of view this arrangement like the cash credit is advantageous as he is required to pay interest on the amount actually used by him. The essential difference between cash credit and overdraft is, that the latter is supposed to be a form of bank credit to be made use of occasionally, whereas the former is used for long term by commercial and industrial concerns during regular business. In practice however, this distinction is not always observed and some banks set up regular limit for overdraft also.

Documents to provide continuing security-

Documents taken to secure cash credit and overdraft should provide for continuing security notwithstanding that the account may at any time show no liability against the borrowers or may even show a credit balance. otherwise they would not cover any subsequent debit entries in the accounts. It is particularly necessary in case of accounts guaranteed by third parties.

Loans -

When a banker makes an advance in lumpsum the whole of which is withdrawn and is supposed to be repaid generally wholly at one time is called a loan. If the customer repay the same either wholly or partially and wishes to have accommodation subsequently, the latter will be treated as a separate transaction to be entered into if the bank agrees to do so and subject to such terms as the bank may like to impose. Thus the bank doesnot suffer any loss of interest as a result of carrying excessive cash which is necessary in the case of cash credit and overdrafts. Loan account are to be said to have a lower operating cost than cash credit and overrafts because of the larger number of operations in the case of the latter as compared to the former and a consequently a lower rate of interest on loan appears to be justifiable than in the case of overdraft and cash credit.

3.4 : CASH CREDIT V/S LOANS

The practice of giving advances by way of Cash credit is some what peculiar to India. The practice grew mainly because of the absence of an organised bill market in the country. The borrowers

finds it very convenient as they have to pay interest on the day to day balances. While they have assurance of a higher limit whenever they want it from the banks point of view the system is not very convenient as they have to keep much larger cash balances in view of the uncertainty about the undrawn limits. Under the cash credit system there is also a tendency of the part of the borrowers to ask for a much higher limit than they actually required as they have to pay interest only on the actual debit balances.

3.5: PRECAUTIONS FOR LENDING CASH CREDIT -

A banker usually takes a following precautions under Cash Credit accounts.

1. Valuation of stock of raw material accepted as security is done on the basis of cost price market price or controlled price if any whichever the lowest stock in processes is valued as in the case of raw material. Finished goods are valued at cost of production or list price less trade discount and profit margin or market price, whichever is the lowest.

2. Drawals in the accounts are regulated to the extent of drawing power or limit, whichever is lower. Drawing power is calculated by reducing the margin on the value of security. The margin of the particular

security is stipulated keeping in view the fluctuation in the market price. Possibility of shrinkage or loss in the quantity during the shortage period. As also the stake of the borrowers.

3. In case book debts are also included as security in the cash credit facilities only those book debts should be taken into account for calculating the drawing power which has arisen for genuine trade transaction and are not older than the period stipulated in the sanction.

4. The bank gets the insured at borrowers cost against possible risk like fire, theft, riots, floods earthquakes etc with bank clause.

3.6: LENDING PROCEDURE OF PANDHARPUR URBAN CO-OP BANK LTD

At the outset, we shall study what is the standard procedure of the loans of the Pandharpur Urban Co-operative Bank Ltd., with the help of concerned bye laws of the bank.

The Pandharpur Urban Coop. Bank Ltd., has been providing a loan facilities to the needy person. But there is a procedure of loan sanctioning. There is a one application form of the loans, in that application form the borrower give the detailed particulars of his credit worthiness. There are different types and



different forms of borrowers. The bank has prepared a application form in a simple language.

The borrower gave all the personal details as well as financial position and the capital resources.

On receipt of the loan application necessary entry is made in the register maintained for the purpose and then the application is sanctioned.

After the loan application forms are received from the borrower. They are recorded in the loan Application register. Loan application forms are simple so that any ordinary person ~~xxx~~ can fill the information required by the bank. Application forms are available at the head office of the bank as well as branch offices of the bank. On receipt of the application the bank go through the borrowers account. It reveals a number of points which assist bank in judging its customers financial position, character, and capacity to do the business. If he is already having a current account with the bank, a study of his account may indicate the approximate turnover of his business and bank request to borrowers to supply latest financial statement preferably audited his liability and assets. It will possible for the bank to trace the financial position and the capital resources of the Bank.

On collecting all the information and data of the borrowers, all the application forms are submitted to the higher executive of the bank, then. These application forms are put before the meeting. In the meeting the Board of Directors or the Loan Sanctioned Committee discuss about the loan sanctions. The Board of Director express its view and opinion and the additional information is initial. If, required about the borrowers. Thus, finally, after confirmation of all the assets of the borrowers the board sanction the loan amount under the stipulated terms and conditions. The borrower is require to sanction his consent in writing and has to accept terms and conditions stipulated by the Board of Director of the Bank.

Different types of documents are required to be presented by the borrower depending upon the nature of accommodation, documentation is necessary for the acknowledgement of debts and charging of securities to the bank by him.

If, there is any mistake in documenttation,= it is rejected. Documentation namely, stamping, execution and registration as the case may be must stamped according to section 17 of the Indian Stamp Act 1899. Un stamped documents have no value and stamp affixed

on the documents should be cancelled. The signature of witness must be obtained whenever necessary. Documents should be filled properly and signed by the executive. After, execution of the documents they should be entered in the security register.

In this context, the bank has to take certain risks, i.e. In the case of documents made for advance against life Insurance Policy and Government securities etc. The notice of assignment is necessary whereas in the case of Mortgage deed It is to be registered at office of the sub-registrar or the registrar of assurance under the Indian Registration Act by paying prescribed stamp duty, registration fees and other charges if any.

After, completion of all the above formalities the bank give credit loan amount on the accounts of the borrowers. All particular should be noted in the concerned register maintained for the purpose.

After issue of loans there is need for follow up for regular and prompt recover of the loan instalments In the case of loan sanctioned against the security of Plant hypothecation of goods etc. the bank appointed as a executive to visit to the place of borrowers at least once in a four months to assure that the borrowers

utilised the loan amount for the purpose for which it is sanctioned. Whether he is observing all the terms and conditions imposed by the bank and the security offered by him is intact in the case of credit limits. It must be sanctioned from the books of accounts that the operation of the accounts is made satisfactory and payment of interest is also made regularly and in time. The bank has appointed as a efficient staff for supervision purposes.

But, in the case of cash credit above all the procedure is same. The Board of Director sanction the amount of cash credit and this amount of loan is deposited in the account of borrowers. When the borrower needed the amount at that time he draw the amount from his account. The Bank has not charged the interest on the full amount which is sanctioned by the Board of Directors or loan sanctioned committee. The interest is charged on the amount that the borrower drawn from their accounts.

3.7: PURPOSE FOR LOAN SANCTIONED -

The bank sanctioned loan to their members for various purposes, small scale and cottage industry purposes, professional and self employment purpose, transport purpose, retail trader, wholesale trader, Agricultural and allied activity purposes, Educational purpose, consumption purpose, loan refund purpose,

House construction and repair purpose, Domestic purposes, The rate of interest is charged according to the bye-laws of the Bank as well as directive of R.B.I.

The detailed study of purpose-wise loans is given as under.

A) Small scale & Cottage Industrial Purpose

Under this, the loans are sanctioned to small scale and cottage industrial purposes under priority sector. Various types of industries and operations especially for small scale industry and priority sector industries development the Bank offer fair and more satisfactory services as well as working capital facilities to industrialist members.

Following table indicates the position of loans sanctioned to small scale and industrial purposes during the last two years. i.e. from 1986-87 to 1987-88.

TABLE NO 3:7:1

Table showing the position of Cottage and Small scale Industrial

Purpose Loans

Sr. Years No.	Number of loans A/cs	Loan Outstanding	Total Loan Outstanding	Working Capital	Shares in the Total Loans Outstanding	the Working Capital	Loans outstanding each account	
1	2	3	4	5	6	7	8	9
1. 1986-87	241		25403000	99950000	186450645	25.42 %	13.58%	105410
2. 1987-88	231		17399000	117240000	218324861	14.84%	8.12%	75320

Sources 1) Compiled from Annual Report of the Bank

2) Percentage calculated.

Above table indicates that the loans for the purpose of cottage and small scale industrial purposes decreased from Rs. 2,54,04,000 in 1986-87 to Rs. 1,73,99,000 in 1987-88. As well as the total No. of borrowers decreased from 241 in 1986-87 to 231 in 1987-88.

The share of loans for cottage and small scale industrial purposes in the total loans outstanding decreased from 25.42% in 1986-87 to 8.12% in 1987-88.

The average loan sanctioned to the borrower Rs. 1,05,410 in 1986-87 and Rs75,320 in 1987-88.

The rate of loans disbursement cottage and small scale industrial purpose decreased in the year 1987-88.

3.7.2: Professional and Self employment purpose Loans

The bank sanctioned loans for various purposes for self employment purpose and professional purposes.

The following table indicates the position of Professional and self employment purpose loans sanctioned by the bank during the last two years i.e. from 1986-87 to 1987-88.

TABLE No 3.7.2

Table showing the position of professional and self employment purpose loans.

Sr. No.	Years	No. of Loans A/cs	Loans outstanding Rs.	Total Loans outstanding Rs.	Working Capital Rs.
1	1986-87	103	1163000	99950000	186450645
2.	1987-88	155	2599000	117240000	218324861

Year	Share in the total loans outstanding		Share in W.C.	Loans outstanding to each A/cs	
1986-87	1.16 %		.62%	11291	
1987-88	2.22 %		1.21%	16768	

Sources - 1) Compiled from Annual Report of the Bank

2) Percentage calculated

Above table indicates that the loans for the purpose of professional and self employment increased from Rs. 11,63,000 in 1986-87 to Rs. 25,99,000 in 1987-88. The total number of borrowers also increased from 103 in 1986-87 to 155 in 1987-88.

The share of loans for professional and self employment purpose in the total outstanding increased from 1.16% in 1986-87 to 2.22 % in 1987-88 and in the total working capital also increased from .62% in 1986-87 to 1.21 % in 1987-88.

The average loan sanctioned to the borrower increased from Rs. 11291 in 1986-87 to Rs.16768 in 1987-88.

The rate of loan disbursement increased from the last two years i.e. 1986-87 to 1987-88.

3. Transport Purposes -

Under this, the loans are sanctioned to the members and especially young unemployed educated members. The bank sanctioned such types of loans for purchase and proper utilisation of vehicles, i.e. Trucks, Tractors, Rickshaws, Motor cycle etc.

The following table indicates the position of transport purpose loans sanctioned during the period of last two years i.e. from 1986-87 to 1987-88.

TABLE NO 3:7:3

Table showing the position of Transport purpose loans

Sr No	Years	No. of Loans A/cs	Loans Outstanding Rs.	Total Loans Outstanding	Working Capital Rs.	Shares in the total loans outstanding	Shares in the W.C.	Loans outstanding each A/cs
1	2	3	4	5	6	7	8	9
1.	1986-87	420	8670000	99950000	186450645	8.67%	4.65%	20643
2.	1987-88	431	12555000	117240000	218324861	10.71%	5.86%	29130

Source - 1) Capitalised from Annual Report of the Bank

2) Percentage calculated

Above table indicates that the loans for transport purpose increased from Rs. 86,70,000 in 1986-87 to Rs. 1,25,55,000 in 1987-88 and number of borrowers also increased from 420 in 1986-87 to 431 in 1987-88.

The average rate of loans sanctioned for the transport purpose to the member increased from Rs. 20643 in 1986-87 to Rs. 29130 in 1987-88 and the members are also increased from 420 in 1986-87 to 481 in 1987-88.

The shares of transport purpose loans in the aggregate loans outstanding increased from 8.67% in 1986-87 to 10.71% in 1987-88 and in the aggregate working capital also increased from 4.65% in 1986-87 to 5.86% in 1987-88.

The table clearly point out that the bank has made an attempt to impliment this policy satisfactorily during the corresponding period.

4. Retailer Trader Purpose -

The bank sanctioned loans to various retailers who open a small business or run a small business. especially, small trader, and small businessman, small retail shop owner, commission agents, various types of goods and materials, shop keeper, agricultural product goods etc.

TABLE NO 3:7:4

Table showing the Position of Retailer Traders

Purpose loans

Sr. No.	Years	No. of Loans A/cs	Loans outstanding Rs.	Total Loans Outstanding	Working Capital	Shares in the Total Loans Outstanding	Shares in the Working Capital	Loans outstanding each A/c
1.	1986-87	1868	8488000	99950000	186450645	8.49%	4.55%	4544
2.	1987-88	1765	9823000	117240000	218324861	8.38%	4.58%	5565

Sources - 1) Compiled from Annual Report of the Bank

2) Percentage calculated.

Above table indicates that the loans for Retailer trader purpose increased from Rs. 84,88000 in 1986-87 to Rs. 98,23,000 in 1987-88. But the total number of borrowers decreased from 1868 in 1986-87 to 1765 in 1987-88.

The share of retail purpose loans in the total loans outstanding decreased from 8.49% in 1986-87 to 8.38 % in 1987-88 and in the total working capital is increased from 4.55 % in 1986-87 to 4.58% in 1987-88.

The average loans sanctioned to the borrower increased from Rs. 4,544 in 1986-87 to Rs. 5,565 in 1987-88.

5. Whole sale Trader Purpose

The Bank sanctioned loans to our member for the purpose of wholesale traders.

Wholesale fertilisers, whole sale cloth merchants to them for wholesale tobacco traders etc. The bank granted to them for wholesale purpose.

Following table indicates the position of wholesale purpose loans during the last two years i.e. from 1986-87 to 1987-88.

TABLE NO 3:7:5

Table showing the position of Wholesale Traders

Purpose loans

Sr. No.	Years No. of Loan A/cs	Loans outstanding Rs.	Total outstanding Loans	Total Working Capital	Shares in the Loans outstanding	Shares in the Working Capital	Outstanding each a/c
1.	1986-87 713	22299000	99950000	186450645	22.31%	11.95%	31275
2.	1987-88 622	35368000	117240000	218324861	30.16%	16.50%	56862

Sources- 1) Compiled from Annual Report of the Bank

2) Percentage calculated.

Above table indicates that the loans for whole-sale purpose increased from Rs. 2,22,99,000 in 1986-87 to 3,53,68,000 in 1987-88. But the total number of borrowers decreased from 713 in 1986-87 to 622 in 1987-88.

The share of loans for wholesale purpose in the total outstanding increased from 22.3 % in 1986-87 to 30.16 % in 1987-88 and the share of working capital also increased from 11.95% in 1986-87 to 16.50% in 1987-88.

The average loans sanctioned to the borrowers increased from Rs. 31,275 in 1986-87 to Rs. 56,862 in 1987-88.

6. Agricultural & Allied activity purpose -

For agricultural improvement and for the development of agriculturalist members the bank adopted this policy. The loan is sanctioned mainly for lift irrigation, well digging, electric motor and pumps, pipelines, fertilizers, seeds and other incentives.

Following table indicates the position of Agricultural and allied activity purpose loans during the period of last two years i.e. from 1986-87 to 1987-88.

TABLE NO 3-V:6

Table showing the position of Agricultural and Allied Activity purpose loans

Sr. No.	Years	No. of Loans a/c	Loans Outstanding	Total Loans Outstanding	Working Capital	Shares in the Total-loans outstanding	Shares in the Working C.	Loan outstanding each a/c
1.	1986-87	5841	10910000	99950000	186450645	10.92%	5.85%	1867
2.	1987-88	4122	13492000	117240000	218324861	11.51%	6.30%	3273

Sources 1) Compiled from Annual Report of the Bank
2) Percentage calculated.

Above table indicates, that the loans for Agricultural and allied activity purpose increased from Rs. 1,09,10,000 in 1986-87 to Rs. 1,34,92,000 in 1987-88. But the total number of borrowers decreased from 5841, in 1986-87 to 4122 in 1987-88.

The share of loans for agricultural and allied activity purpose total outstanding increased from 10.92% in 1986-87 to 11.51 % in 1987-88 and the total working capital also increased from 5.85% in 1986-87 to 6.30 % in 1987-88.

The average loans outstanding from borrowers increased from Rs. 1867 in 1986-87 to Rs. 3273 in 1987-88.

7. Educational Purpose loans -

The poor, brilliant and eligible students are also helped by the Bank through its financial aids.

This policy adopted by the bank for educational purposes to carry ~~and~~ social and moral responsibility. According to the bank sanctioned loans to the student who are the reliable and efficiency.

The following table indicates the position of loans outstanding for educational purposes the total ~~n~~ number of borrowers during the period of last two years i.e. from 1986-87 to 1987-88,

TABLE NO 3:7:7

Table showing the position of Educational

Purpose loans

Sr. No.	Years No. of loan Acs	Loans outstanding	Total outstanding loans	Working Capital	Shares in the total loans outstanding	the Shares in the Working Capital	Loans outstanding each a/c
1.	1986-87 460	800000	99950000	186450645	.80%	.42%	1739
2.	1987-88 259	869000	117240000	218324861	.74%	.40%	3355

Sources- 1) Compiled from Annual Report of the Bank

2) Percentage calculated

Above table indicates that the loan for educational purpose increased from Rs. 8,00,000 in 1986-87 to Rs. 8,69,000 in 1987-88. But the total number of borrowers decreased from 460 in 1986-87 to 259 in 1987-88.

The share of loan for Educational purpose is in the total loans outstanding decreased from 0.80% in 1986-87 to 0.74% in 1987-88 and the working capital also decreased from 0.42% in 1986-87 to 0.40 % in 1987-88.

The average loan outstanding from the borrower during the period increased from Rs. 1739 in 1986-87 to 3355 in 1987-88.

This shows the Bank has distributed such towards the fulfillment of the its social objective i.e. loan for educational purpose.

8. Consumption Purpose loan -

Under this, the bank sanctioned loans to the member for consumption purposes. The main object of this loan is not to use the loans for any other purpose but this loan is used for only consumption.

Following table indicates the position of loan sanctioned for consumption purpose during the period of last two years i.e. from 1986-87 to 1987-88.

TABLE NO 3:7:8

Table showing the position of Consumption purpose

Loans

Sr. No.	Years	No. of Loans A/cs	Loans Outstanding	Total Loans outstanding	Working Capital	Shares in the Total loans outstanding	Shares in the Working Capital	Loans outstanding each A/c
1.	1986-87	1357	2844000	99950000	186450645	2.88%	1.53%	2096
2.	1987-88	1487	4583000	117240000	218324861	3.91%	2.14%	3082

Sources- 1) Compiled from Annual Report of the Bank

2) Percentage calculated.

Above table indicates that the loans for consumption purposes is increased from Rs.28,44,000 in 1986-87 to Rs. 45,83,000 in 1987-88 and the number of borrowers also increased from 1357 in 1986-87 to 1487. 1987.88

The shares in the total loans outstanding increased from 2.85% in 1986-87 to 3.91 % in 1987-88. and the share of working capital also increased from 1.53% in 1986-87 to 2.14 % in 1987-88.

The average rate of loans sanctioned for the consumption purposes is increased from Rs.2016 in 1986-87 to Rs. 3082 in 1987-88.

This shows that the bank has contributed much towards the fulfillment of its social objective i.e. loans for consumption purposes.

9, Loan Repayment purpose loan -

Under this, the bank sanctioned loans for the purpose of repayment of loan taken under different heads from different sources.

Following table indicates the position of loan sanctioned during the period of last two years i.e. from 1986-87 to 1987-88.

TABLE NO 3:7:9

Table showing the position of Loans repayment purpose

loans

Sr. Years No.	No. of loans A/cs	Loans outstanding	Total Loans outstanding	Working Capital	Shares in the Total loans outstanding	Shares in the total W.C.	Loans outstanding each A/cs
1. 1986-87	811	2753000	99950000	186450645	2.75%	1.48%	3395
2. 1987-88	1236	5262000	117240000	218324861	4.49%	2.45%	4257

Sources- 1) Compiled from Annual Report of the Bank

2) Percentage calculated

Above table indicates that the loans for repayment purposes increased from Rs. 27,53,000 in 1986-87 to Rs. 52,62,000 in 1987-88 and the number of borrowers also increased from 811 in 1986-87 to 1236 in 1987-88.

The share of total loans outstanding increased from 2.75% in 1986-87 to 4.49 % in 1987-88 and the share of working capital also increased from 1.48% in 1986-87 to 2.45% in 1987-88.

The average loans outstanding from the borrowers increased from Rs. 3395, in 1986-87 to Rs.4257 in 1987-88.

10. House Construction and Repair purpose -

Under this purpose the Bank sanctions the loan for the house constructions, repairs, renewals and purposes ~~the position~~ of building etc. to the members. Following table indicate the position of these purposes loans and total number of borrowers during the period of last two years i.e. from 1986-87 to 1987-88.

TABLE NO 3:7:10

Table showing the position of House Construction
and Repair purpose loans.

Sr. No.	Years	No. of Loans A/cs	Loans Outstanding	Total Loans Outstanding	Working Capital	Shares in the total loans outstanding	Shares in the Working Capital	Loans outstanding in each A/c
1.	1986-87	1648	11621000	99950000	186450645	11.63%	2.43%	7052
2.	1987-88	1351	12595000	117240000	218324861	10.74%	5.88%	9323

Sources- 1) Compiled from Annual report of the Bank

2) Percentage calculated

Above table indicate that the loans for house construction and repair purposes increased from Rs. 1,16,21,000 in 1986-87 to Rs.1,25,95,000 in 1987-88 But the total number of borrowers decreased from 1648 in 1986-87 to 1351 in 1987-88.

The share of the total loans outstanding decreased from 11.63% in 1986-87 to 10.74% in 1987-88 and the working capital also decreased from 6.43% in 1986-87 to 5.88% in 1987-88.

The loans outstanding to each borrower is increased from Rs. 7052 in 1986-87 to Rs. 9323 in 1987-88.

The frend study show the satisfactory prformance of the bank in respect of House construction and repair purposes.

11, Domestic Purpose -

For development of individual life and to solve the major difficulties of the family, loans are sanctioned by the bank to individual members for marriage other repayment of debts, religious and traditional big ceremonies etc. the data in the following table will give the idea of this domestic purpose loans and numbers of borrowers during the period of last two years. i.e. from 1986-87 to 1987-88.

TABLE NO 3:7:11

Table showing the position of Domestic purpose loans

Sr. No.	Years	No. of Loans A/cs	Loans outstanding	Total Loans Outstanding	Working Capital	Shares in the Total Loans Outstanding	Shares in the Working Capital	Loans Outstanding each A/c
1.	1986-87	1018	4998000	99950000	186450645	5%	2.68%	4910
2.	1987-88	876	2695000	117260000	218324861	2.30%	1.25%	3076

Sources- 1) Compiled from Annual Report of the Bank

2) Percentage calculated.

Above table indicates that the loans for domestic purposes decreased from Rs. 49,98,000 in 1986-87 to Rs. 26,95,000 in 1987-88 and the number of borrowers also decreased from 1018 in 1986-87 to 876 in 1987-88.

The shares of total loans outstanding decreased from 5% in 1986-87 to 2.30 % in 1987-88 and the working capital also decreased from 2.68% in 1986-87 to 1.25% i in 1987-88.

The average loan outstanding to the borrowers also decreased from Rs. 4910 in 1986-87 to Rs.3076 in 1987-88.

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