

CHAPTER VI

DATA ANALYSIS AND

INTERPRETATION

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CHAPTER - VI

Data Analysis and Interpretation

INTRODUCTION

This chapter presents primary data collected from selected Urban Co-op Banks and their tables. This chapter also describes financial position of selected Urban Co-op Banks in Sangli, their deposits & advances, over dues & NPA's. This chapter has the different tables showing recovery of due amounts through MSC Act 1960 and by issuing notices under SARFAESI ACT.

Researcher has selected two Urban Co-op Banks in Sangli as a sample, which are established in Sangli & functioning in Sangli and elsewhere. These banks are assumed as representatives of other Urban Co-op Banks. Following are two Urban Co-op Banks selected for research study.

1. Vasantdada Shetkari Sah. Bank Ltd., Sangli (V.S.S.B)
2. Sangli Urban Co-op Bank Ltd., Sangli (S.U.C.B)

The researcher collected following statistical data by visiting above two banks. Researcher has compiled tables by using annual reports of the banks of previous years. Questionnaire was also provided to fill up the statistical data by the loan department & legal department of the banks (appendix II).

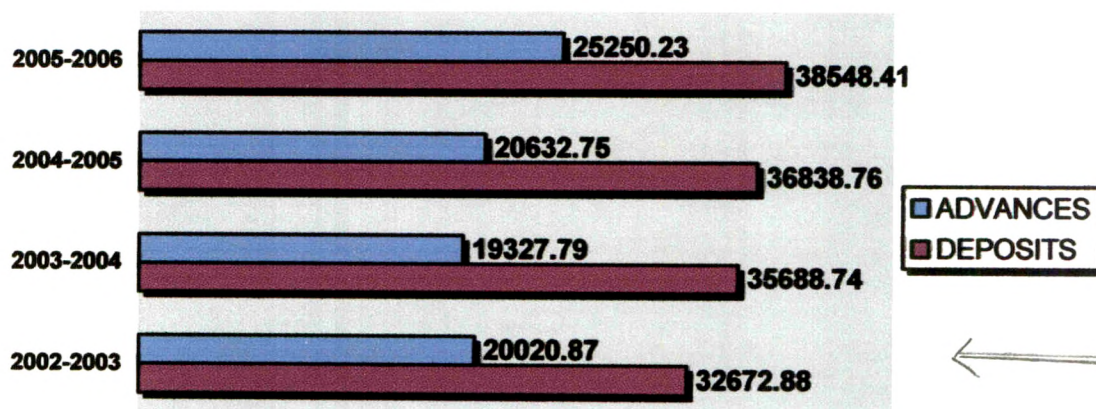
The collected data is tabulated. Different statistical techniques are used for analysis and interpretation of data. Various graphs are also drawn to show the differences in performance of selected banks.

Table no 9
Financial Position

Vasantdada Shetkari Sah. Bank Ltd.

Amt. In Lakhs)

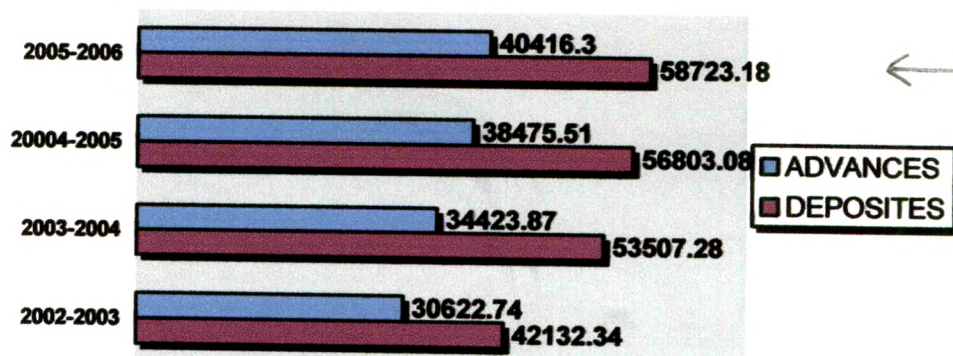
Particulars	2002-03	2003-04	2004-05	2005-06
Share Capital	120.27	176.74	483.97	651.69
Reserves	3604.99	4247.70	4665.20	4916.29
Deposits	42132.34	53507.28	56803.08	58723.18
Advances	30622.74	34423.87	38475.51	40416.30
Investments	12756.33	20261.41	20264.52	20076.94
Profit	525	244.1	103.76	120.62



Sangli Urban Co-op Bank Ltd. Sangli

(Amt. In Lakhs)

Particulars	2002-03	2003-04	2004-05	2005-06
Share Capital	606.11	641.95	616.31	782.29
Reserves	3624.07	4137	4297.03	4946.09
Deposits	32672.88	35688.74	36838.76	38548.41
Advances	20020.87	19327.79	20632.75	25250.23
Investments	13270.7	18231.75	17450.1	14355.33
Profit	135.11	150.89	-495.33	-437.96



The major problem of urban banks is of inadequacy of capital. RBI has rightly stressed that UCB's should raise capital in tune with other commercial banks in the country. CRAR as prescribed to commercial banks is applicable to UCB's also and all UCB's should reach 9 % of CRAR.

From the above table it is found that both banks have started paying attention to raise share capital. The rising figure of capital of VSSB is conspicuous because within a span of three years the share capital is raised five times. The SUCB has paid attention to raise share capital since 2002 – 2003. The SUCB's share capital is descended in the year 2004 -2005 but again it succeeded in raising the share capital up to 782.29 Lakhs.

The reserves of both the banks are rising not because of phoughing back of profit but both banks are required to make provision of bad and doubtful debt reserve. This is clear indication that Urban Co-op Bank should prepare it self from loan processing to recovery process system.

Deposits of both the banks are rising but they are not rising proportionately. Deposits are rising unevenly year after year. As there is no consistency, it will affect the mechanism of asset liability management system (ALM).

Advance and investments are also rising proportionally compared to previous year. The investments of VSSB in the year 2002 – 2003 were 127.56 corers. It increased to the striking figure of 202.61 corers in the year 2003 – 2004.

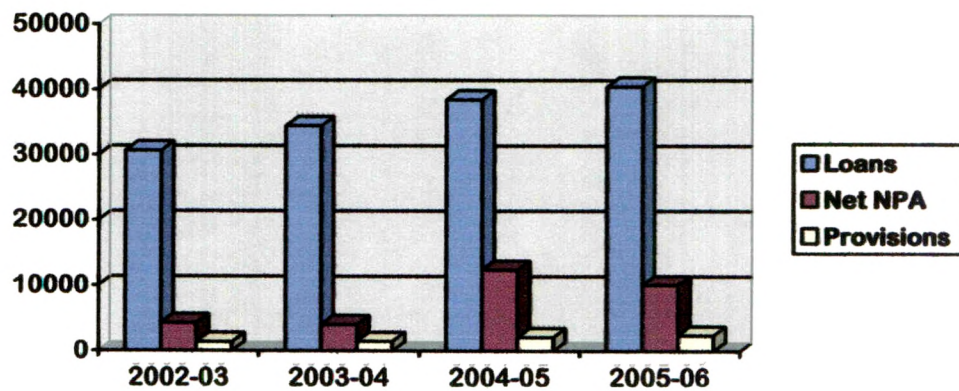
In case of profit both bank are again showing inconsistent performance. SUCB has shown a loss to the tune of 495.33 and 437.96 lakhs in the year 2004 – 2005 and 2005 – 2006 respectively. Profit of VSSB is also in descending order. This shows that running of banking activity is no longer remain as profitable venture.

Table no 10
Position of Overdues, NPA's & Provisions

Vasantdada Shetkari Sah. Bank Ltd.

(Amt. In Lakhs)

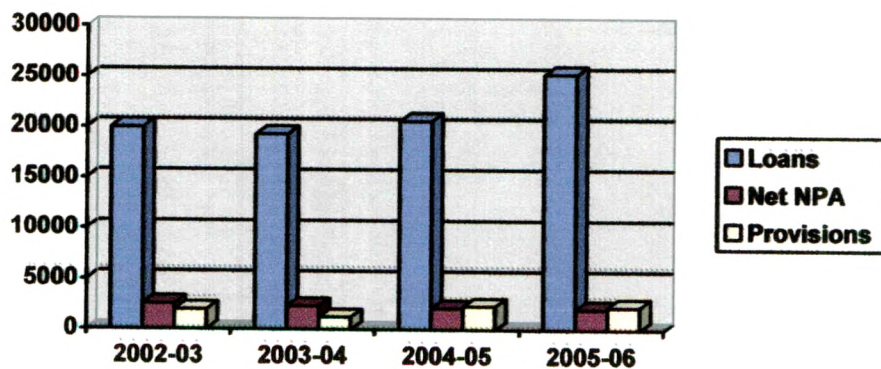
Particulars	2002-03	2003-04	2004-05	2005-06
Loans	30622.74	34423.87	38475.51	40416.3
Net NPA	4218.82	3981.62	12381.76	10062.6
Provisions	1372	1472	2071	2400
% Overdues	3.09	3.07	3.06	3.88
% of NPA	9.75	14.87	28.32	20.16



Sangli Urban Co-op Bank Ltd. Sangli

(Amt. In Lakhs)

Particulars	2002-03	2003-04	2004-05	2005-06
Loans	20021	19328	20633	25250
Net NPA	2568	2320	2131	2053
Provisions	1973	1248	2347	2261
% Overdues	19.7	21.55	21.41	17.15
% of NPA	12.8	13.66	11.65	8.93



Above table shows that in case of VSSB the loan amount for the year 2003 – 2004 were more than Rs 344 corers, as compared to year 2002 – 2003. Its percentage of overdue has come down from 3.09% to 3.07 %. However NPA % is raised by 5.12 %.

Thus overdue percentage has come down not by recovery but advances have been made during the year 2003 – 2004. The same position is continued remaining period under study.

While percentage of overdue remains same, the bank started showing NPA on higher side. This is evident from the provision made for BDDR through the period under study

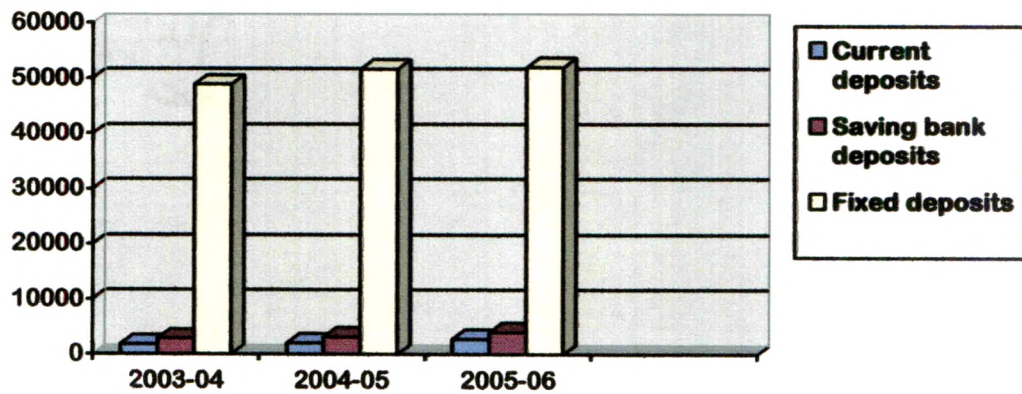
In case of SUCB advances are showing sharp increase by near about 46 cores in the year 2005 – 2006 as compare to year 2004-2005 in spite comparatively smaller rise in deposits. Investment of SUCB are reduced by 31 crores in the year 2005-2006, this is because the bank liquidated 31 cores of investments and parked in advances. The bank has made provision for BDDR since long. Therefore there was constancy in making provision through out the period of study.

Table no 11
Positions of Deposits

Vasantdada Shetkari Sah. Bank Ltd

(Amt. In Lakhs)

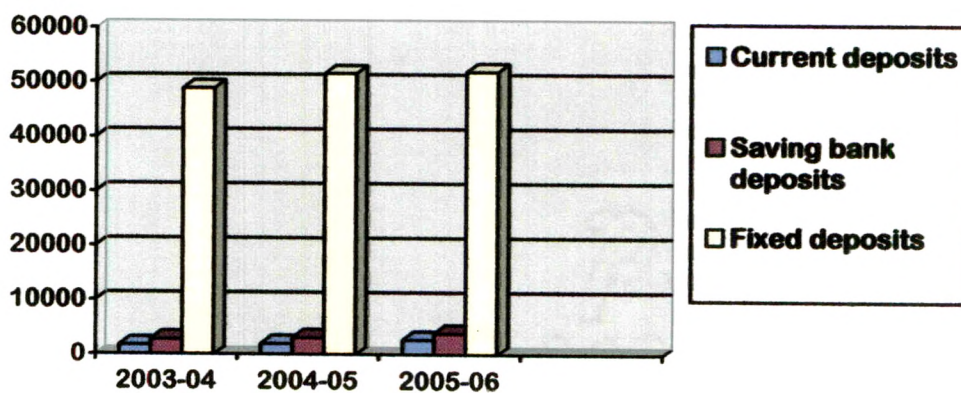
Particulars	2003-04	2004-05	2005-06
Current deposits	1801.85	2073.54	2816.57
Saving bank deposits	2861.36	3121.95	3967.16
Fixed deposits	48844.07	51607.59	51939.45
Total	53507.28	56803.08	58723.18



Sangli Urban Co-op Bank Ltd. Sangli

(Amt. In Lakhs)

Particulars	2003-04	2004-05	2005-06
Current deposits	1310.50	1346.36	1803.02
Saving bank deposits	7851.87	8636.78	9689.09
Fixed deposits	26526.37	26855.3	27056.3
Total	35688.74	36838.76	38548.41



It is established fact that composition of deposits of UCB's is similar of every where. The above table shows that, the percentage of current account, saving bank account deposits, constitute nearly only 12 % of total deposits. Remaining deposits is of term deposit i.e. 88 % of total deposits. Therefore It shows UCB's are facing heavy cost on term (fixed) deposits. This proved by the statistical data collected from these two banks in last three years.

	VSSB	SUCB
Current Deposits	3.96 %	4.03%
Saving Deposits	5.95 %	23.56 %
Fixed Deposits	90. 10 %	72.41 %
Total Deposits	100.00 %	100.00

This shows that UCB's are offering more fixed / term deposits interest rate than that of commercial banks. Depositors are inclined to deposit their money in UCB's and for other banking services they prefer commercial banks. Concentration on term deposits may prove disastrous to UCB's. Since if depositors decided to withdraw their deposit amount UCB's may face cash liquidity problem and mismanagement of asset liability management system. This is proved by the fact that after declaration of moratorium on UCB's in year 2006 , depositor have run over UCB's to withdraw their deposits before the maturity. UCB's thus are at present in trouble some situation.

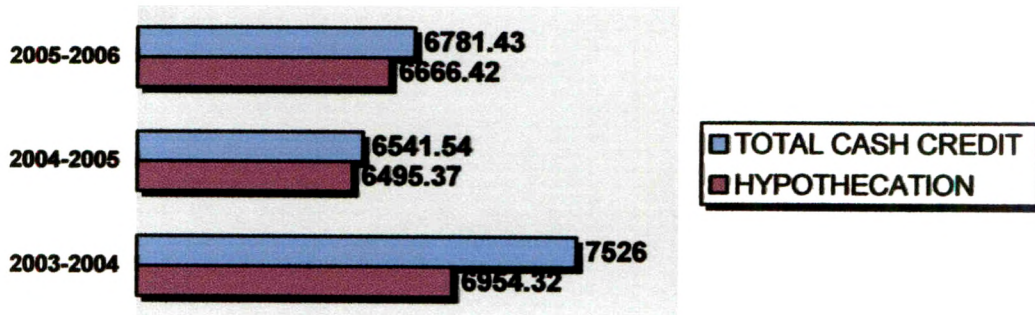
Table no12
Position of Loans & Advances

A) Cash credit

Vasantdada Shetkari Sah. Bank Ltd

(Amt. In Lakhs)

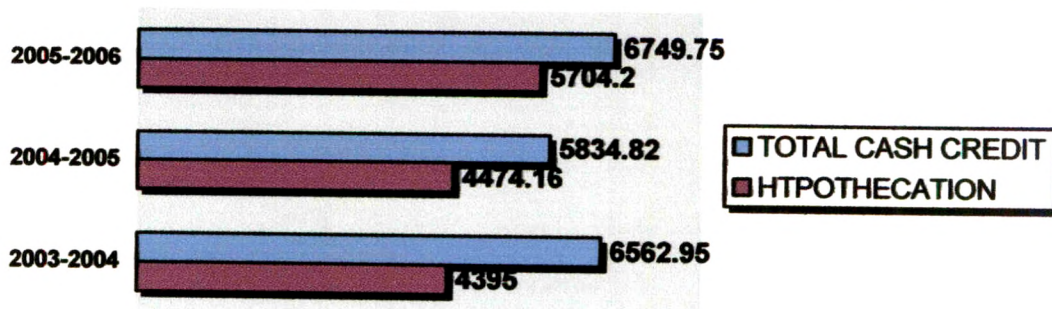
Particulars	2003-04		2004-05		2005-06	
	No.	Amt.	No.	Amt.	No.	Amt.
Against hypothecation	443	6954.32	346	6495.37	366	6666.42
mortgaged Property	-	-	-	-	-	-
Bill purchased	22	243.21	-	-	-	-
Bill discounted	7	70.47	3	46.17	3	52.01
Temporary O/D	-	-	-	-	-	-
TOTAL	470	7526	349	6541.54	369	6718.43



Sangli Urban Co-op Bank Ltd. Sangli

(Amt. In Lakhs)

Particulars	2003-04		2004-05		2005-06	
	No.	Amt.	No.	Amt.	No.	Amt.
Against hypothecation	1178	4395.00	1092	4474.16	1083	5704.20
mortgaged Property	239	635.35	251	760.60	243	812.17
Bill purchased	15	1532.60	28	710.06	22	233.38
Bill discounted	-	-	-	-	-	-
Temporary O/D	-	-	-	-	-	-
TOTAL	1432	6562.95	1371	5834.82	1348	6749.75



VSSB has granted average cash credit of Rs. 20528 lakhs in last three years. And SUCB granted average cash credit of Rs. 18949.52 lakhs in last three years. Both the banks granted cash credit advances against above mentioned securities, which shows that the more cash credit advances offered by both the banks are against hypothecation. Following interpretation gives clear idea about average cash credit granted by the banks in last 3 years.

	VSSB	SUCB
Hypothecation	97.00 %	76.90 %
Mortgaged property	-----	11.00 %
Against B/P, B/D and Temporary O/D	3.00 %	12.10 %

The above table shows that VSSB granted on an average 97 % of total cash credit against the hypothecation. Whereas SUCB granted near about 77 %. VSSB has not granted any cash credit against mortgaged but SUCB granted 11 %.

As both banks granted more cash credit against hypothecation of goods, they must have to take care of hypothecated security. Some times goods may be perishable or decay due to natural reasons.

Borrowers may deceive the bank by transferring or selling the movable properties without the consent of bank. This hypothecated loan requires post sanction visits of the bank officers periodically. The loan given against machinery requires maintenance cost. These hypothecation loans must be supported with collateral securities of other properties. These are not prime securities until they are mortgaged with bank.

B) Term loans**Vasantdada Shetkari Sah. Bank Ltd.**

(Amt. In Lakhs)

Particulars	2003-04		2004-05		2005-06	
	No.	Amt.	No.	Amt.	No.	Amt.
Against Machine & Vehicles	619	5118.69	593	4960.43	487	5588.35
Against Mortgaged property	2004	16772.68	2401	19454.81	2619	20705.14
Against Agricultural land						
Total	2623	21891.37	2994	24415.24	3106	26293.49

Sangli Urban Co-op Bank Ltd. Sangli

(Amt. In Lakhs)

Particulars	2003-04		2004-05		2005-06	
	No.	Amt.	No.	Amt.	No.	Amt.
Against Machine & Vehicles	2928	3010.33	2174	3251.20	2124	4765.33
Against Mortgaged property	1749	3682.58	1771	4744.94	1613	4347.46
Against Agricultural land	1137	607.94	1284	599.39	1819	767.89
Total	5814	7300.85	5229	8595.53	5556	9880.68

UCB's grants term loan against machines and vehicles and agricultural land also. VSSB granted 24%, 21%, 22% of total term loans against machinery and vehicles. It granted 76%, 79%, and 78 % of total term loan against mortgaged property in last three years.

SUCB granted only 51%, 38% and 48% against mortgaged property, and 41%, 38%, 48% against machinery. It has granted remaining term loans against agricultural land i.e.8%. SARFAESI Act does not touch agricultural land because it is restricted by the section 31 (1) of this Act. The above statistical data shows that VSSB granted more term loans against mortgaged property than the SUCB. SARFAESI act covers only those properties which are mortgaged with bank & not others.

C) Percentage of loan against mortgaged property:-

VSSB				SUCB (Amt. In Lakhs)		
Year	No.	Total advances	In %	No.	Total advances	In %
2003-04	11136	34423.87	48.72	23839	19327.79	19.05
2004-05	11310	38475.51	50.56	22143	20632.75	23.00
2005-06	10889	40416.30	51.23	32650	25250.23	17.22

As the SARFAESI Act is related only to the mortgaged property, banks should try to grant loan against mortgaged deeds only. VSSB granted 49 %, 52 % and 51 % of loan against mortgaged property whereas SUCB granted 20 %, 23 % and 18 % in previous three years. VSSB showing good sign because it can cover huge amount of advances which are granted against mortgaged property under SARFAESI Act. As there is condition that loan account must be non performing and given against mortgaged property then only SARFAESI Act can be used by banks to enforce its security interest against defaulters.

Loan given against mortgaged property is a safe loan in the light of SARFAESI Act. If mortgage deed is properly drawn and signed by the borrowers, bank can acquire that property only by sending 60 days notice under this act.

Table no 13

Classification of Suits Under

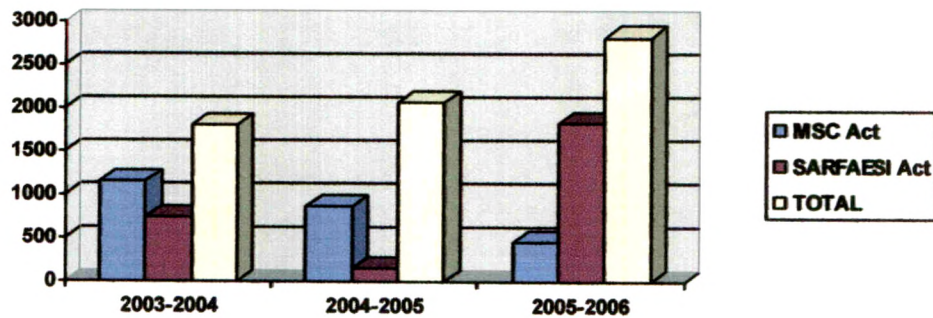
1) MSC Act 1960 u/s 91 & 101

2) Securitisation act 2002

Vasantdada Shetkari Sah. Bank Ltd

(Amt. In Lakhs)

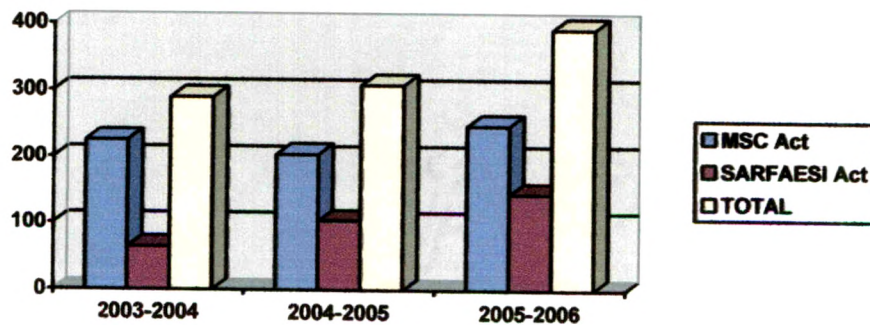
Particular	2003-04	Amt.	2004-05	Amt.	2005-06	Amt.	Total suits	Total amt.
b) M.S.C. Act 1960 u/s 91& 101	114	1157.41	77	866.53	199	452.33	390	2476.27
c) Notices U/S 13(2) SARFAESI Act	3	734.51	11	150.96	54	1827.77	78	2713.24
Total	117	1801.85	88	2073.54	253	2816.57	468	



Sangli Urban Co-op Bank Ltd. Sangli

(Amt. In Lakhs)

Particular	2003-04	Amt.	2004-05	Amt.	2005-06	Amt.	Total suits	Total amt.
b) M.S.C. Act 1960 u/s 91& 101	126	225.40	130	204.32	138	247.83	394	677.55
c) Securitisation Act (by notices)	3	64.16	16	103.73	32	144.22	51	312.40
Total	129	289.56	146	308.05	170	392.05	445	989.95



Already we observed that both the banks are performing inconstantly in case of deposits, advances, investments, overdue and NPA's. Both the banks are trying to observe the parameter set out by co-op audit department and RBI.

The subject matter under study is of securitisation Act. Before enactment of this Act Urban Co-op Banks were placed in a unique situation. The UCB's need not go to civil court for recovery decrees and certificate. Co-op banks institute the suits against the members /borrowers under section 91 and 101 of MSC Act 1960 in the co-op court. Thus co-op banks approaches to co-op court and Registrar for praying decree or certificate against the borrowers and guarantor. This facility is not available to commercial banks; they have to approach to the civil courts for the recovery. As stated earlier already piles of cases are pending in trial court so that banks suffer from delays in recovery.

Simultaneously the Transfer of Property Act prohibits the banks in taking possession of mortgaged property so there was a necessity of legal channel. SARFAESI Act provides that machinery for setting overdue problems of the banks initially the act was applicable to commercial and nationalised banks. Later on the act was made applicable to Urban Co-op Bank by taking in to account co-op banking definition given in section 5(iii) of BR Act 1949. Thus co-op banks can also exercise powers under the SARFAESI Act from 28-1-2003.

Form the collected data it seen that the VSSB has sanctioned loan to the tune of 34423, 38475 and 40416 lakhs. Out of which overdue of VSSB were 1057 lakhs, 1177 lakhs and 1568 lakhs in the year 2003 – 2004 , 2004 – 2005 and 2005 – 2006 respectively.

Whereas the total advances of SUCB are 19327, 20632 and 25250 lakhs and over dues of SUCB's were 2640 lakhs, 4117 lakhs and 4330 lakhs in the years 2003 – 2004, 2004 – 2005 and 2005 – 2006 respectively. This show overdue of both the banks is increasing year after year.

Out of above mentioned overdue amount the VSSB and SUCB have filed suits in co-operative court against 399 borrowers and 394 borrowers respectively, comprising amount of rupees 2476.27 lakhs and 677.55 lakhs respectively u/s 91 and 101. So the percentage of suits filed under MSC Act to overdue account comes to on an average only 65 % and 10 % of VSSB and SUCB respectively. The banks are already having the weapon of section 101 and 91 under MSC Act. However the suits filed under above section proves that both banks are not fully taking advantage of existing sections under MSC Act.

After implementation of SARFAESI Act both the banks have started issuing notices under section 13(2) of SARFAESI Act 2002 instead of approaching to co-op court. The notices served under SARFAESI Act started increasing from the year 2003 – 2004. The VSSB have issued notices to 78 defaulters covering an amount of rupees 2713 lakhs while SUCB issued 51 notices for the amount of rupees 312 Lakhs in last three subsequent years.

In case of VSSB the amount involved in MSC Act section 91 and 101 for the last three years is rupees 2476 lakhs and no. of defaulters are 390. In case of SUCB there are 394 suits involving amount of rupees 677 lakhs.

It is also observed that numbers of borrowers who have been served notices under SARFAESI Act are less than that of borrowers covered under section 91 and 101 of MSC Act. Thus it is clear that borrowers who have been served notices u/s 13(2) are granted huge amount of loan than that of small borrowers.

In case of VSSB 78 big borrowers to who notices were served u/s 13(2) covering amount of rupees 2713 Lakhs. Thus 34 lakhs $[2713 / 78]$ are locked individually In case of 390 borrowers against whom suits have been filed under 91 or 101 covered amount of 2476 Lakhs $[2476/390]$. Thus average comes to 7 Lakhs individually.

In case of SUCB 51 borrowers amounting to rupees 312 lakhs under SARFAESI Act and 394 suits comprising amount 677.55 lakhs. The average comes to $[312/51]$ 7Lakhs and $[677.55/394]$ 1.7 Lakhs u/s 13(2) and 91,101 of MSC Act respectively.

Thus blocking of huge amount in few borrowers as mentioned above is not a healthy sign of the bank's financial position. Therefore above table throws light on following 4 points

1. Urban Co-op Bank have started paying attention on clauses and provision under SARFAESI Act than approaching to co-op courts
2. The securitisation Act proves useful in case of borrowers who have been granted huge credit limits.
3. The co-op courts which are specially established for co-op banks did not get same number of filling cases compared to last years. Filing of suits in co-op court remain static .If UCB's effectively use the machinery of SARFAESI Act the no of filling cases in co-op court will start decreasing and implementation of SARFAESI Act will increased.
4. if we through light on NPA's amount and accounts it is seen that banks are not sending demand notices to all NPA's accounts even though those are covered under SARFAESI Act (refer table 10). There is a great inconsistency in NPA's amount and amount for which notices are served u/s 13 (2)

Table no 14

Suits in DRT & DRAT

VSSB			SUCB (Amt. In Lakhs)		
Year	No of suits	Amt.	Year	No of suits	Amt.
2003-04	NIL	NIL	2003-04	NIL	NIL
2004-05	NIL	NIL	2004-05	1	8.66
2005-06	1	19.71	2005-06	1	71.73

As the borrowers have been given relief to approach to DRT, in case if he feels that he is not properly heard. They run to the DRT and apply for their grievances.

Under section 17 of SARFAESI Act, borrower can file a application against action of secured creditor. Now pre-deposition of 75 % claim is declared in valid in Mardia Chemical's case and discretionary powers are given to DRT to fix the amount of pre-deposit. This again released the borrower to make delay in payments.

In case of VSSB it shows that in the year 2005-2006 one borrower has obtained stay order from the DRT against bank on ground which court feels that they hold ground in giving relief by issuing stay order. In case of SUCB similar two cases are pending before DRT.

Table no 15

Total Recovery due to SARFAESI Act. VSSB					SUBC (Amt. In Lakhs)			
Year	Notices Served	Amount Involved	No of a/c	Amt. Recov.	Notices Served	Amount Involved	No of a/c	Amt. Recov.
2003-2004	13	734.51	6	371.07	3	64.16	NIL	NIL
2004-2005	11	150.96	5	65.80	16	103.73	7	54.81
2005-2006	54	1827.77	10	177.03	32	144.22	12	44.76
Total	78	2713.24	21	613.90	51	312.11	19	99.57

The above table shows that how much amount due to SARFAESI Act is recovered. It is revealed from the collected data that from the year 2003 – 2004 to 2005 -2006, 78 borrowers were given notices covering an amount 2713 in case of VSSB lakhs. Out of which 21 borrowers have repaid the due amount of rupees 614 lakhs. The % of recovery accounts in 78 borrowers comes to 27 % and amount comes to 23% .(amt for which action was taken by bank under SARFAESI Act).

In case of SUCB total 51 borrowers were served notices during the span of 3 years amounting rupees 312 Lakhs out of which 38 borrowers have repaid the amount of rupees 199 Lakhs. The % of recovery accounts comes to 37 % and amount comes to 31 %. (amt for which action was taken by the bank u/s 13(2))

Thus it is clear that borrowers have realised the impact of SARFAESI Act. They also came to know that dilly-dallying practices, prolongment of pending case will not be useful in setting the disputed amount. Therefore issuance of notice under section 13(2) will really hammer the mind set of defaulter and he prepares to settle the disputed amount of the bank.

Table no 16

Movable Properties Acquired Under SARFAESI Act.**VSSB**

(Amt. In Lakhs)

Year	Notices Served	Amount Involved	Properties Acquired	Amt. Involved	SUCB has Not Acquired Any Property Under This Act
2003-2004	13	734.51	9	577.87	
2004-2005	11	150.96	3	52.28	
2005-2006	54	1827.77	8	98.90	
Total	78	2713.24	20	729.05	

The banks should send the notices u/s 13(2) of SARFAESI Act only to NPA's account. If the borrower does not pay attention to the demand notice issued by bank and not paid the due amount within 60 days, the bank is at liberty to take possession of mortgaged property.

The above table shows that in case VSSB notices served u/s 13(2) to 78 members involving amount of rupees 2713 lakhs in last three years. Out of which 20 borrowers have not repaid the amount of rupees 729.05 Lakhs. As a result the bank acquired their properties.

In the years 2005 to 2006 SUCB has issued notices to 51 borrowers in which 312 lakhs were involved. But no movable property is acquired by SUCB. It is observed that due to inability to repay the due amount 20 borrowers surrendered their properties to bank and bank possesses that property.

Table no 17

Properties Possessed due to Non-Payment of dues.

VSSB			SUCB (Amt. In Lakhs)		
Year	No. of a/c	amount	Year	No. of a/c	amount
2003-04	9	577.87	2003-04	NIL	NIL
2004-05	3	52.28	2004-05	12	561.2
2005-06	8	98.9	2005-06	28	126.52
Total	20	729.05	Total	40	687.72

Banks send the legal notices to the borrowers to repay the due amount within the prescribed period mentioned in notice. Bank has the right to possess the property due to non payment of due amount by the borrowers. In last 3 years in case of VSSB total 20 borrowers have not bothered about any notice and they refused to repay the loan amount. So VSSB possessed such properties amounting to rupees 729 lakhs in last 3 years.

Whereas SUCB possessed 40 properties involving amount of rupees 688 lakhs in last 3 years. It means on an average 229 lakhs are blocked in year due to non payment of due amount by the borrower. Here it is observed following points :-

- 1) Taking of possession of the property does not solve the problem unless the money comes back to bank to settle the accounts.
- 2) Bank should make expenditure on the maintenance of this property, for appointment of guard, protection of the property.
- 3) The further process of giving property to ARC is still not in existence
So bank stop further action of liquidating the acquired property.

Table no 18

Recovery before Sale of Secured Property

VSSB			SUCB (Amt. In Lakhs)		
Year	No. of a/c	Amt.	Year	No. of a/c	Amt.
2003-04	6	371.07	2003-04	NIL	NIL
2004-05	5	65.8	2004-05	6	51.54
2005-06	6	74.62	2005-06	12	44.76
Total	17	511.49	Total	18	96.3

SARFAESI Act is really a weapon in hands of bank and financial institutions. Especially section 13(2) of the Act is more important under which banks serve demand notice to defaulter. As the borrowers are also aware of consequences of non payment under SARFAESI Act, they approach the bank for settlement. Both the banks have sent notices u/s 13(2) and 13(4) and acquired properties for sale.

In case of VSSB total 17 borrowers out of 78 borrowers are approached to the bank and repaid the 511.49 Lakhs amount before the sale of secured property. Whereas 18 borrowers of SUCB repaid the 96 Lakhs of amount before sale of property under SARFAESI ACT. It shows that 28 % of the recovery is done through only serving the demand notices by the VSSB under SARFAESI Act. In case of SUCB 31 % of the amount is recovered from 18 borrowers to whom the notices were served.

Table no 19

Movable Properties Sold and Unsold.**V S S B**

(Amt. In Lakhs)

Properties sold			Properties not sold				SUCB
Year	No. of a/c		Amt.	Year	No. of a/c	Amt.	Has not Acquired any Movable Property Under this Act.
2004	NIL		NIL	2004	7	363.44	
2005	NIL		NIL	2005	6	85.16	
2006	4		10.24	2006	44	1650.74	
Total	4		10.24	Total	57	2099.34	

The above table shows that VSSB could sell only 4 movable properties involving amount of rupees 10.24 lakhs in last 3 years. The in 2003 – 2004 and 2004 – 2005 not a single property is sold by the VSSB even holding public auction. It could not sell 57 movable properties which are acquired and possessed by VSSB. No bidder is available for purchasing these properties. So the expenditure on protection and security of the property is increasing.

The banks give the right to its authorized officers to posses and sale the property which is subject to decay due to natural causes. It is better for the banks to sale these movable property with negotiate price in the auction. As SUCB stated that they have not acquired any movable property so there is no any burden on the bank to incur the expenditures on the protection and they just locked the immovable properties. This bank is not incurring any expenditure for the protection of mortgaged property .

Table no 20

Expenditure incurred for management & security of property**V S S B**

(Amt. In Lakhs)			
Year	No. of a/c	Amount	Charges
2003-04	3	224.03	0.30
2004-05	1	137.73	0.30
2005-06	1	137.73	0.40
Total	5	499.49	1.00

When bank acquires property this property will not be sold because some problems might be created by the borrowers. It is the tragedy that no bidder comes forward to purchase those properties by the bank. Especially in villages no buyers come forward and give response for auction sale because of the fear, leadership, political pressure etc. Above table shows that VSSB incurred rupees 1 lakhs for the management and security of such possessed property by appointing security guard for the protection of property. But this amount of expenditure may go on increasing if property remains unsold for long time. It is burden on the banks for its maintenance.

Especially the loans given against vehicles are more troublesome. Even though banks acquire the vehicles in case of non payment of due amount the vehicles are comes in the godown of bank but no purchasers are found for vehicles. After the lag of time the value of the vehicles deteriorated.

REFERENCES

1. Annual Reports of Vasantdada Shetakari Sahakari Bank Ltd., Sangli.2003-04,2004-05,2005-06.
2. Annual Reports of Sangli Urban Co-op Bank Ltd., Sangli. 2003-04,2004-05,2005-06.
- 3 . Questionnaire provided to above two banks for collection of statistical data.