:: C H A P T E R - III ::

LOANS AND ADVANCES OF THE GADHINGLAJ URBAN CO-OPERATIVE BANK LTD., GADHINGLAJ.

3.1 Introduction.

3.2 Loan Policy.

3.3 Growth of Loans and Advances.

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CHAPTER - III

LOANS AND ADVANCES OF THE GADHINGLAJ URBAN CO-OPERATIVE BANK LIMITED, GADHINGLAJ

3.1 INTRODUCTION :

Lending is one of the main functions of urban co-operative banks. They are providing credit needs of their regular and nominal members Urban Co-operative Banks should build up its resources for becoming financially sound and strong. Its resources comprise of share capital, reserves, deposits, borrowings. The Bank should be a portion of resources in cash reserve.

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Usually a bank has to pay interest on deposits, salary of the staff. Office expenses, dividend to share holders, etc. For ~~xxxx~~ recouping these overheads, lending is most important way to the bank. Also lending is a profitable source because the rate of interests realised on loans and advances have always more than those rates of interest of investments in securities and deposits.

The Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj is taking active part in providing credit needs of its common members for better business, better production and so better living. The bank also help to its common members to draw them from the clutches of money lenders. So in this chapter an attempt is made to study the following :-

i) Loan Policy
ii) Growth of total loans and advances issued.
iii) Growth of total loans and advances outstanding.
iv) Purposewise growth of loans and advances.
v) Growth of secured loans and advances.
vi) Growth of unsecured loans and advances.
vii) Limitwise growth of loans and advances.
viii) Growth of short term loans and advances and medium term loans and advances

ix) Growth of financial assistance by the Bank to the priority sector.

x) Priority sectorwise growth of financial assistance by the Bank.

3.2 LOAN POLICY :

Though lending is profitable it is risky also, because of the defaulting tendency of the borrowing members."With systematic loan policy the banker will find it easy to reach the goals of the bank and serve the public concurrently."[1] Therefore, this bank has introduced the sound loan policy in a specific manner which will be profitable and safe to the bank. While formulating the loan policy of this Bank, the Board of Directors has considered the experience about bank credit policy of the R.B.I., the social responsibility and also the national objectives.

In the year 1950, that is, at the time of starting banking business, the loan policy of the Bank was to provide loans and advances for meeting commercials and consumptional requirements of the borrowing members. It was essential to release the members from the clutches of urban money lenders. Later on loan policy was changed by providing finance for better business, better production and hence better living of the members.

"According to the Banking Laws (Amendment) Act 1983, with reference to the Banking Regulation Act, 1949,

Section 18, the bank should keep cash reserve at least 3% of its deposits (both time and demand liabilities) as liquid cash. Further under Section 24 of the Act the bank should keep 25% of its deposits in the form of liquid assets. The liquid assets include gold, Government securities, deposits with Central Co-operative Banks, State Co-operative Banks."[2] The remaining of the resources available to the bank for lending.

The Bank should follow the system of lending which will satisfy the needs of borrowing members. Safety funds and liquidity depend upon the purpose of the loan taken by the members. Hence the bank should consider the purpose of the loan taken by the member. The loans should be given to the productive purpose because less credit risk is involved in payment of loans. The payment of loan for purchase of goods is profitable because it will generate additional income for repayment of loans. The loan of productive nature improves the capacity of the borrowing members in repayment of loan.[3] The payment of loans for non.productive purposes involve greater risk than the payment of loans for productive purposes - because it will not improve the capacity of the borrowing members in repayment of loans. Usually it is very

difficult to find out that the loan paid is utilised for the purposes which it is paid for. And if the loans paid are not used for the specific purpose the bank should take necessary steps against this.

Loanable fund should be invested in various ~~xxxxx~~ sectors of trade, commerce, industries, instead of investing the same fund in a particular class of borrowing members. If loans are advanced to a particular class of borrowing members and if the borrowing members become insolvent then it is very difficult to recover the loans. In such cases bank may go into liquidation. Hence loans should not be concentrated in the hands of a few borrowing members. These should be advanced among the large number of borrowing members situated in different places in the area of operation.

According to the ways shown by Reserve Bank of India, trend of loans and advances should be mixed. It should be based on the time and demand liabilities of the bank. At present, the time and demand liabilities of this bank are between the limit of Rs. One Crore to Rs. Ten Crores. Hence, the trends of loans and advances of the bank as directed by the Reserve Bank of India are as under :-

"i) All types of secured and unsecured loans and advances to any member should be 5% of time and demand liabilities or Rs. Twenty Lakhs whichever is lower.

ii) Unsecured loans and advances (including bills discounted and purchases) to any member should be based on the purpose of loan taken. The loans and advances for trade, commerce, small scale industry and productive purposes should not exceed to Rs. 20,000/-. Loans and advances for housing and educational purposes should not exceed Rs. 15,000/-. Whereas loans and advances for other purposes should not exceed Rs. 5,000/-.

iii) The secured and unsecured loans and advances to all directors and their relatives and to the concerns in which directors or their relatives are interested should not exceed 10% of time and demand liabilities.

iv) Unsecured loans and advances to all directors and their relatives and to the concerns in which directors and their relatives are interested should not exceed Rs. 1 lakh.

v) The total unsecured loans and advances to the members should not exceed $33\frac{1}{3}$% of time and demand liabilities."[3]

For fulfilling the social object like raising the income, the standard of living of the economical weaker sections of the community. The recent national policy is to assist the priority sector and the weaker sections of the society. Granting of loans and advances should be recognised in the context of the implication of the new twenty point economic programme. As for the policy laid down by Reserve Bank of India, from 30th June, 1985, the bank should reach the target of 60% of its total loans and advances for priority sectors and of the total priority sectors advances, at least 25% should be for weaker section. It means 15% of the total loans and advances should for the weaker sections.

As per the bye-laws section 36 to 39, of the Reserve Bank of India directives of loan policy and procedure have been formulated by The Gadhinglaj Urban Co-operative Bank Ltd., Gadhinglaj. The simple loan procedure is framed by the Bank in respect of process of applications, types of loans, securities, sanction, documentation, follow-up, supervision and control. The

Bank has used the principle of safety, liquidity, profitability, national interest, purpose, syread and suitability for its better banking business.

For collecting information and data in respect of credit worthyness of the borrowing members suitable application form is prescribed according to the category of loans. On collecting information and data loan proposal is submitted to the Bank Manager for his recommendation. On the recommendations of the Bank Manager the loan proposal is submitted to the Board of Directors for sanction. The proper documentation is very important factor for the safety of the loan policy adopted by the Bank. Stamping execution and registration are the three important parts in documentation. Lastly, borrowing member has to give consent in writing, accepting the terms and conditions stipulated by the Board of Directors of the Bank.

3.3 GROWTH OF LOANS AND ADVANCES :

After considering the loan policy of the Bank, it is considerable to see growth of loans and advances during the period under review :-

3.3 (i) GROWTH OF TOTAL LOANS AND ADVANCES ISSUED :

The Bank has issued loans and advances as required by its members after taking into consideration the Bye-laws of the bank and directives given by Reserve Bank of India. The Bank has issued the following types of secured loans and advances :-

1. Loans against gold and silver ornaments.
2. Loans against fixed and other deposits.
3. Pledge against goods.
4. Hypothecation against goods.
5. Loans against mortgage of house property.
6. Loans against hire purchase articles.
7. Loans against Government securities.
8. Loans against payment securities.
9. Overdraft (secured).

The bank has also issued following unsecured loans and advances against two sureties for credit requirement of the members.

1. Cash Credit
2. Surety Loans
3. Bills Purchased/Discounted.

The following table shows the growth of total loans and advances issued during the last ten years period from 1977 to 1986.

TABLE NO. 3.1

Table showing the growth of total loans and advances issued during 1977 to 1986.

(Rs. in Lakhs)

Year	TOTAL SECURED LOANS & ADVANCES ISSUED.		TOTAL UNSECURED LOANS & ADVANCES ISSUED.		Total loans & advances issued.
	Rs.	Share in total loans & advances issued %.	Rs.	Share in total loans and advances issued %.	Rs.
1977	20.92	48.43	22.28	51.57	43.20
1978	25.46	51.90	23.60	48.10	49.06
1979	38.72	54.99	31.69	45.01	70.41
1980	58.35	60.49	38.11	39.51	96.46
1981	91.14	67.20	44.49	32.80	135.63
1982	111.42	72.14	43.03	27.86	154.45
1983	127.84	73.19	46.82	26.81	174.66
1984	148.33	73.29	54.07	26.71	202.40
1985	206.45	77.36	60.42	22.64	266.87
1986	297.80	81.26	68.66	18.74	366.46

Source : A) Compiled from office records of the Bank.

B) Percentage calculated.

The Table No. 3.1 shows remarkable increase in the amount of secured loans and advances issued from Rs. 20.92 lakhs in 1977 to Rs. 297.80 lakhs in 1986. It shows 14.24 fold increase. The amount of unsecured loans and advances issued also increased from Rs. 22.28 lakhs in 1977 to Rs. 68.66 lakhs in 1986. It shows three fold increase.

The percentage of secured loans and advances issued to total loans and advances issued increased from 48.43% in 1977 to 81.26% in 1986. On the other hand, the percentage of unsecured loans and advances issued to total loans and advances issued decreased from 51.57% in 1977 to 18.74% in 1986.

3.3 (ii) GROWTH OF TOTAL LOANS & ADVANCES OUTSTANDING :

The bank has issued loans and advances and charged the rate of interest as per bye-laws of the bank and directives from Reserve Bank of India from time to time. The following table shows the growth of loans and advances outstanding during the last 10 years.

TABLE NO. 3.2

Table showing the growth of Total Loans and Advances outstanding during 1977 to 1986.

(Rs. in lakhs)

Year	TOTAL SECURED LOANS AND ADVANCES OUTSTANDING.		TOTAL UNSECURED LOANS & ADVANCES OUTSTANDING		Total loans and advances outstanding.
	Rs.	Share in total loans & advances outstanding	Rs.	Share in total loans & advances outstanding.	
1977	13.90	71.95	5.42	28.05	19.32
1978	16.33	68.87	7.38	31.13	23.71
1979	20.05	67.92	9.47	32.08	29.52
1980	31.23	71.32	12.56	28.68	43.79
1981	43.80	72.84	16.33	27.16	60.13
1982	60.60	77.07	18.03	22.93	78.63
1983	67.46	75.06	22.41	24.94	89.87
1984	79.51	74.66	26.98	25.34	106.49
1985	99.69	77.48	28.98	22.52	128.67
1986	118.88	76.47	36.58	23.53	155.46

Source : A) Compiled from Office Record of the Bank.

B) Percentage calculated.

The Table No. 3.2 clearly shows that the total secured loans and advances outstanding increased from Rs. 13.90 lakhs in 1977 to Rs. 118.88 lakhs in 1986. It means 8.55 times increase and its share in total loans and advances outstanding decreased from 71.95% in 1977 to 67.92% in 1979. The same increased from 67.92% in 1979 to 76.47% in 1986.

The total unsecured loans and advances outstanding increased from Rs. 5.42 lakhs in 1977 to Rs. 36.58 lakhs in 1986. It means 6.75 times increase. Its share in total loans and advances outstanding increased from 28.05% in 1977 to 32.08% in 1979. Thereafter the percentage of the same decreased from 32.08% in 1979 to 23.53% in 1986 continuously.

The total loans and advances outstanding increased from Rs. 19.32 lakhs in 1977 to Rs. 155.46 lakhs in 1986. It shows eight fold increase.

3.3 (iii) PURPOSEWISE GROWTH OF LOANS AND ADVANCES OUTSTANDING :

While sanctioning loans to the members, bank takes into account the purpose for which the member needs the loan. The bank has sanctioned the loans mainly for

commercial purpose, activities allied to agriculture purpose, professional and self employed purpose, repair and construction, renewal of house property purpose, educational purpose, industrial purpose, transport purpose and other purposes.

(a) INDUSTRIAL PURPOSE :

At present in Gadhinglaj town small scale industries like flour mills, rice mills, bakeries, oil mills, printing press are increasing. Such industries required finance for their proposal. Hence from last four years the bank has been sanctioning loans and advances to the above small scale industries. The following table shows the growth of loans and advances issued for small scale industries purpose during the last ten years.

TABLE NO. 3.3

Table showing the growth of loans and advances outstanding for small scale industries purpose during the years from 1977 to 1986.

(Rs. in lakhs)

Year	No. of Accounts.	Loans outstanding. Rs.	Total loans outstanding. Rs.	Share in total loans outstanding.%	Working capital Rs.	Share in working capital %
1977 to	-	-	-	-	-	-
1983	11	1.42	89.87	1.58	124.65	1.13
1984	14	0.86	106.49	0.80	157.36	0.54
1985	20	4.72	128.67	3.66	201.30	2.34
1986	24	7.56	155.46	4.86	241.78	3.12

Source : A) Compiled from office records of the bank.

B) Percentage calculated.

The Table No. 3.3 indicates that number of accounts of loans and advances outstanding for small scale industries increased from 11 in 1983 to 24 in 1986. The amount of loans and advances outstanding decreased from Rs. 1.42 lakhs in 1983 to Rs. 0.86 lakh in 1984 and increased to Rs. 7.56 lakhs in 1986. The share in total loans and advances decreased from 1.58% in 1983 to 0.80% in 1984. Thereafter the share in total loans and advances increased to 4.86% in 1986. The share in working capital decreased from 1.13% in 1983 to 0.54% in 1984 and increased to 3.12% in 1986.

(b) PROFESSIONALS AND SELF EMPLOYMENT PURPOSE :

The bank sanctioned the loans and advances to the professionals and self employed persons to carry out national twenty point programme. The following table shows the growth of loans and advances outstanding for professionals and self employment purposes during the last ten years.

TABLE NO. 3.4

Table showing the growth of loans and advances outstanding for professional and self employment purpose during the year 1977 to 1986.

(Rs. in lakhs)

Year	No. of Accounts.	Loans outstanding. Rs.	Total loans outstanding. Rs.	Share in total loans outstanding. %	Working capital Rs.	Share in working capital. %
1978	38	0.24	23.71	1.01	41.33	0.58
1983	61	1.49	89.87	1.66	124.65	1.20
1984	56	1.67	106.49	1.57	157.36	1.06
1985	95	2.98	128.67	2.32	201.30	1.48
1986	12	2.75	155.46	1.77	241.78	1.14

Source : A) Compiled from office record of the bank.

B) Percentage calculated.

The Table No. 3.4 shows that bank has not issued any loans and advances for professional and self employment purpose during the year 1977, 1979 to 1982. The bank has taken active part to carry out twenty point programme by sanctioning loans to professional and self employed persons from the year 1983.

The number of accounts of loans and advances issued increased from 38 in 1978 to 95 in 1985 but the same decreased to 12 in 1986. The bank has given highest loans and advances of Rs. 2.98 lakhs in the year 1985.

The percentage of loans for professional and self employment purpose in total loans outstanding increased from 1.01% in 1978 to 2.32% in 1985. The same is decreased to 1.77% in 1986.

The Table No. 3.4 also shows that the percentage of loans for professional and self employment purpose in working capital increased from 0.58% in 1978 to 1.48% in 1985 and the same is decreased to 1.14% in 1986.

(c) <u>TRANSPORT PURPOSE</u> :

Transport is the aid to trade and commerce but the bank has not given importance towards loans for

transport purpose. In the life of 36 years, the bank has sanctioned loans on hypothecation basis during the years from 1982 to 1986 only.

The following table shows the growth of loans and advances outstanding for transport purposes for the last ten years.

TABLE NO. 3.5

Table showing the growth of loans and advances outstanding for transport purpose from 1970 to 1986.

(Rs. in lakhs)

Year	No. of Accounts.	Loans outstanding. Rs.	Total loans outstanding. Rs.	Share in total loans outstanding. %	Working capital Rs.	Share in working capital. %
1982	38	1.87	78.63	2.37	108.48	1.72
1983	3	0.91	89.87	1.01	124.65	0.73
1984	4	0.49	106.49	0.46	157.36	0.31
1985	7	3.22	128.67	2.50	201.30	1.59
1986	12	5.98	155.46	3.84	241.78	2.47

Sources :

A) Compiled from Office Record of the Bank.

B) Percentage calculated.

The Table No. 3.5 reveals that number of account of loans and advances outstanding for transport purposes decreased from 38 in 1982 to 3 in 1983 and the number of accounts of loans for the same purpose increased to 12 in 1986. Loans balancing outstanding decreased from Rs. 1.87 lakhs in 1982 to Rs. 0.49 in 1984 and increased to Rs. 5.98 lakhs in 1986. The share in total loans outstanding decreased to 2.37% in 1982 to 0.46% in 1984 and increased to 3.84% in 1986. The share in working capital decreased from 1.72% in 1982 to 0.31% in 1984 and increased to 2.47% in 1986.

(d) COMMERCIAL PURPOSE :

At present, Gadhinglaj town is expanding in respect of trading shops. Such shops require finance as working capital. In this respect the bank takes active part in providing required finance to the traders who are members of this Bank. The Bank has mainly sanctioned loans and advances for commercial purposes on a large scale. The researcher found that the Bank sanctioned loans and advances to grocers, stationers, departmental storex keepers, wholesalers, commission agents and other shop-keeper. The bank has also sanctioned loans for

agricultural goods, manufacturing goods, stationery goods and other commercial goods.

The following table shows the growth of loans and advances given for commercial purposes during the period from 1977 to 1986.

TABLE NO. 3.6

Table showing the growth of loans and advances outstanding for commercial purpose during the year 1977 to 1986.

(Rs. in lakhs)

Year	No. of accounts.	Loans outstanding. Rs.	Total loans outstanding. Rs.	Share in total loans outstanding. %	Working capital Rs.	Share in working capital. %
1977	741	14.27	19.32	73.86	33.64	42.42
1978	808	16.01	23.71	67.52	41.33	38.74
1979	901	19.62	29.52	66.46	49.73	39.45
1980	706	27.11	43.79	61.91	64.36	42.12
1981	1480	33.05	60.13	54.96	86.91	38.03
1982	876	33.45	78.63	42.54	108.48	30.84
1983	1750	57.61	89.87	64.10	124.65	46.21
1984	2343	76.44	106.49	71.78	157.36	48.58
1985	2274	91.60	128.67	72.31	201.30	49.50
1986	1013	56.08	155.46	36.07	241.78	23.19
Ten Years' Average %				61.15%		

Source : A) Compiled from office records of the bank.

B) Percentage calculated.

The Table No, 3.6 shows that number of accounts of loans and advances increased from 741 in 1977 to 1480 in 198: to 2343 in 1984 but the same are decreased from 2,274 in 1985 to 1,013 in 1986.

The amount of loans and advances outstanding to commercial purposes increased from Rs. 14.27 lakhs in 1977 to Rs. 91.60 lakhs in 1985 but the same has been decreased to Rs. 56.08 lakhs in 1986. The bank has given highest loans and advances of Rs. 91.60 lakhs in the year 1985.

The percentage of loans and advances outstanding for commercial purposes to total loans and advances outstanding decreased from 73.86% in 1977 to 36.07% in 1986.

The Table No. 3.6 also shows that the percentage of loans and advances outstanding for commercial purposes to working capital increased from 42.42% in 1977 to 48.58% in 1984 but the same percentage decreased to 23.19% in 1986. The ten years' average percentage of outstanding commercial loans in total outstanding loans was 61.15%.

(e) <u>ACTIVITIES ALLIED TO AGRICULTURAL PURPOSE</u> :

For the financial development of the agricultural

members the bank has sanctioned the loans for activities allied to agricultural purpose. The following table shows the growth of loans and advances for the activities allied to agricultural purposes from 1982.

TABLE NO. 3.7

Table showing the growth of loans and advances outstanding for the activities allied to agricultural purposes from 1977 to 1986.

(Rs. in lakhs)

Year	No. of Accounts.	Loans outstanding. Rs.	Total loans outstanding. Rs.	Share in total loans outstanding. %	Working capital Rs.	Share in working capital. %
1982	2036	38.22	78.63	48.61	108.48	35.23
1983	735	16.00	89.67	17.84	124.65	12.84
1984	541	14.07	106.49	13.21	157.36	8.94
1985	572	15.11	128.47	11.76	201.30	7.51
1986	1432	33.76	155.46	21.72	241.78	13.96

Source :

A) Compiled from office records of the bank.

B) Percentage calculated.

The Table No. 3.7 clearly shows that bank has not sanctioned loans for activities allied to agriculture purpose before 1982.

Number of Accounts of loans and advances issued decreased from 2,036 in 1982 to 1,432 in 1986. The amount of loans and advances outstanding also decreased from Rs. 38.22 decreased from Rs. 38.22 lakhs in 1982 to Rs. 33.76 lakhs in 1986.

The percentage of loans and advances outstanding for activities allied to agriculture to total loans and advances outstanding decreased from 48.61% in 1982 to 21.72% in 1986.

The Table No. 3.7 also shows that the percentage of loans and advances outstanding for activities allied to agriculture purpose to working capital decreased from 35.23% in 1982 to 13.96% in 1986.

(f) EDUCATIONAL PURPOSE :

The Bank sanctioned the loans for educational purposes to the brilliant, reliable and poor students on the ground to carry out social responsibility. The following table shows growth of loans for educational purposes during the last ten years.

TABLE NO. 3.8

Table showing the growth of loans outstanding for the educational purpose from 1977 to 1986.

(Rs. in lakhs)

Year	No. of Accounts.	Loans outstanding. Rs.	Total loans outstanding. Rs.	Share in total loans outstanding. %	Working capital Rs.	Share in working capital %
1977	4	0.05	19.32	0.25	33.64	0.14
1978	5	0.03	23.71	0.12	41.33	0.07
1979	14	0.06	29.52	0.20	49.73	0.12
1980	12	0.02	43.79	0.05	64.36	0.03
1981	12	0.12	60.13	0.20	86.41	0.14
1982	4	0.04	78.63	0.05	108.48	0.04
1983	31	0.69	89.67	0.78	124.65	0.55
1984	52	0.58	106.49	0.54	157.36	0.37
1985	58	0.42	128.47	0.33	201.30	0.21
1986	-	-	-	-	-	-

Source : A) Compiled from office record of the Bank.

B) Percentage calculated.

The Table No. 3.8 shows that number of accounts of loans for educational purposes increased from 4 in 1977 to 58 in 1985. The amount of loans outstanding increased from Rs. 4,000/- in 1983 to Rs. 69,000/- in 1983 and the same decreased to Rs. 42,000/- in 1985.

The percentage of loans in total loan outstanding and in working capital is less than 1% during the period under review. It means bank has not issued even 1% of the total loans for educational purpose. Also in 1986 bank has not issued any amount for the educational purpose.

(g) REPAIRS, CONSTRUCTION, RENEWALS OF HOUSE PROPERTY PURPOSE :

AT present residential problem is one of the problems in Gadhinglaj town. The Bank sanctioned the loans to its members for solving this problem. The Bank has been sanctioning the loans for house construction, repairs and renewal. The following table shows the growth of loans for repairs, construction, renewals of house property purpose during the period from 1977 to 1986.

TABLE NO. 3.9

Table showing the growth of loans outstanding for repairs, construction, renewals of house property purpose from 1977 to 1986.

(Rs. in lakhs)

Year	No. of Accounts.	Loans outstanding. Rs.	Total loans outstanding. Rs.	Share in total loans outstanding. %	Working capital Rs.	Share in working capital. %
1977	5	0.19	19.32	0.98	33.64	0.56
1978	12	0.61	23.71	2.57	41.33	1.48
1979	15	0.81	29.52	2.74	49.73	1.63
1980	20	1.03	43.79	2.35	64.36	1.60
1981	16	1.00	60.13	1.66	86.41	1.16
1982	15	0.72	78.63	0.92	108.48	0.66
1983	15	0.93	89.87	1.03	124.65	0.75
1984	16	1.39	106.49	1.31	157.36	0.88
1985	27	2.30	128.67	1.79	201.30	1.14
1986	29	2.73	155.46	1.77	241.78	1.13
10 Years' Average Percentage				0.77		

Source : A) Compiled from office record of the Bank.

B) Percentage calculated.

The Table No. 3.9 shows that number of accounts of loans issued for repairs, construction, and renewals of house property purpose increased from 5 in 1977 to 29 in 1986. The loans outstanding increased from 0.19 lakhs in 1977 to Rs. 2.73 lakhs in 1986. The bank has given highest loan of Rs. 2.73 lakhs in 1986.

The percentage of loan in total loans outstanding increased from 0.98% in 1977 to 1.79% in 1985 and decreased to 1.77% in 1986. The percentage of this loan in working capital increased from 0.56% in 1977 to 1.14% in 1985 and the same decreased to 1.13% in 1986. The ten years' average percentage of repairs, renewal of houses loans was 0.17% in total outstanding loans.

(h) LOANS AND ADVANCES FOR OTHER PURPOSES :

The Bank has sanctioned loans and advances for other pruposes to improve individual life of the members and to solve financial difficulties of their family. The loans for other purposes in clude loans for ceremonial purposes, consumption purpose, repayment of debts purpose and household purposes. The following table shows the growth of loans and advances for other purposes during period under review.

TABLE NO. 3.10

Table showing the growth of loans and advances outstanding for other purposes from 1977 to 1986.

(Rs. in lakhs)

Year	No. of accounts.	Loans outstanding. Rs.	Total loans outstanding. Rs.	Share in total loans outstanding. %	Working capital Rs.	Share in working capital. %
1977	743	4.82	19.32	24.95	33.64	14.33
1978	872	6.82	23.71	28.76	41.33	16.50
1979	1033	9.03	29.52	30.59	49.73	18.16
1980	1490	15.64	43.79	35.72	64.36	24.30
1981	1094	25.96	60.13	43.17	86.41	30.04
1982	225	4.33	78.63	5.50	108.48	3.99
1983	638	10.82	89.87	12.03	124.65	8.68
1984	610	10.99	106.49	10.32	157.36	6.98
1985	848	8.32	128-67	6.46	201.30	4.13
1986	1519	46.60	155.46	29.97	241.78	19.27
10 Years' Average Percentage				22.75		

Source : A) Compiled from office record of the Bank.

B) Percentage calculated.

The Table No. 3.10 indicates remarkable increase in the number of accounts from 743 in 1977 to 1,519 in 1986. The loans outstanding increased from Rs. 4.82 lakhs in 1977 to Rs. 46.60 lakhs in 1986. It shows 9.66 times increase. The share of loans and advances outstanding for other purposes in total loans outstanding decreased from 24.95% in 1977 to 5.50% in 1982 and the same share in total loans outstanding increased to 29.97% in 1986. The share of loans and advances outstanding for other purposes in working capital increased from 14.33% in 1977 to 30.04% in 1981 but thereafter the same share decreased to 3.99% in 1982 and increased to 19.27% in 1986. The ten years' average percentage of other purposes loan in total outstanding loan was 22.75%.

3.3 (iv) GROWTH OF SECURED LOANS AND ADVANCES :

After discussing about purposewise growth of loans and advances outstanding and it is considerable to discuss the growth of secured loans and advances. Section 5 (n) of the Banking Regulation Act, 1949 states that a secured loan and advance means a loan and advance made on the security of assets the market value of which is not at any

time less than the amount of such loan and advance." The Bank issued following secured loans and advances for various purposes after taking into account safeguards given in the bye-laws Nos. from 36 to 39.

1. LOANS AGAINST GOLD AND SILVER ORNAMENTS :

Loans against gold and silver ornaments are issued on the security of gold and silver ornaments upto 75% of their value. The bank has sanctioned this type of loan upto maximum limit of Rs. 25,000/- to a member. The table No. 3.11 clearly reveals the increase in the amount of loans and advances issued against gold and silver ornaments from Rs. 11.93 lakhs in 1977 to Rs. 75 lakhs in 1986. The share of such loans and advances in total loans and advances issued increased from 27.61% in 1977 to 39.39% in 1982 but thereafter ~~from~~ the same share is decreased to 20.47% in 1986 due to gradual and permanent decrease in the stock of gold ornaments in the hands of members and mounting prices of gold and silver in the market.

The Table No. 3.11 also indicates that loans and advances outstanding against gold and silver ornaments increased from Rs. 7.27 lakhs in 1977 to Rs. 56.68 lakhs in 1985

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but the same loan issued is decreased to Rs. 54 lakhs in 1986. The percentage of same loans outstanding in total loans and advances outstanding increased from 37.63% in 1977 to 59.02% in 1982 but the same is decreased to 34.74% in 1986.

2) LOANS AGAINST FIXED AND OTHER DEPOSITS :

Loans are issued on the security of fixed and other deposits receipts upto the value laid down in the bye-law. Such loans carry higher rate of interest than that allowed on fixed and other deposits The Bank has sanctioned this type of loans upto maximum limit of 85% of deposits to a member.

The table No. 3.11 reveals that the loans issued against fixed and other deposits increased from Rs. 2.60 lakhs in 1977 to Rs. 18.28 lakhs in 1986. Their share in total loans and advances issued decreased from 6.02% in 1977 to 4.99% in 1986.

The Table No. 3.11 also reveals that the loans outstanding against fixed and other deposits increased from Rs. 1.43 lakhs in 1977 to Rs. 9.60lakhs in 1986. The

share of same loans in total loans and advances - outstanding decreased from 7.40% in 1977 to 6.18% in 1986.

It is further to note that loans against fixed and other deposits increased continuously from 1977 to 1986 due to increase in the mobilisation of fixed and other deposits. This type of loan has no recovery limit of period. They are recovered on the maturity of - deposits.

3) LOANS AGAINST PLEDGE OF GOODS :

The bank has issued loans and advances against goods pledged upto maximum limit of Rs. 1,00,000/- to a member, for commercial purposes. The Table No. 3.11 clearly indicates that loans issued against goods pledged increased from Rs. 5.27 lakhs in 1977 to - Rs. 16.62 lakhs in 1986. But the percentage of same loans issued against goods pledge decreased from 12.20% in 1977 to 4.54% in 1986.

The Table No. 3.11 also reveals that loans outstanding against goods pledge increased from Rs. 4.22 lakhs in 1977 to Rs. 8.28 lakhs in 1986. But the -

percentage of the same in total loans and advances outstanding decreased from 21.84% in 1977 to 5.33% in 1986.

It is further to note that share of loans against pledge of goods in total loans issued decreased from 12.20% in 1977 to 1.69%, in 1984 due to diversification of loans into loans against hypothecation and control of Reserve Bank of India the loans against the selective commodities. At the end of 1985 branch of Central Warehousing Corporation is established in Gadhinglaj town and since then Bank has sanctioned loans against warehouse receipts. Therefore, the share of loans against pledge of goods in total loans issued increased from 1.81% in 1985 to 4.54% in 1986.

4) LOANS AGAINST HYPOTHECATION OF GOODS :

The bank has sanctioned loans against hypothecation of goods upto 60% of the value of goods. The bank has sanctioned such types of loans for commercial purposes with a maximum limit of Rs. 1,00,000/- to a member. The researcher found that the bank used this type of loan as cash credit against security of goods.

The Table No. 3.11 clearly shows that loans issued against hypothecation of goods increased from Rs. 3.01 in ~~such~~ 1978 to Rs. 158.45 lakhs in 1986. The percentage such loans in total loans and advances issued increased from 6.14% in 1977 to 43.23% in 1986. It shows 52.64 times increase in loans and advances issued against hypothecation of goods.

The Table No. 3.11 also reveals that loans outstanding against hypothecation of goods increased from Rs. 0.72 lakh in 1977 to Rs. 17.55 lakhs in 1986. The percentage of same loans outstanding in total loans outstanding increased from 3.04% in 1977 to 11.29% in 1986.

It is further to note that the bank has introduced this loan from the year 1978 like secured cash credit to the members. Therefore, commercial members are attracted towards loans against hypothecation of goods. This is the main reason for continuous increase in the loans against hypothecation of goods from 1978 to 1986.

5) LOANS AGAINST MORTGAGE OF HOUSE PROPERTY :

The loans against mortgage of house property are given for repairs and renewals of house property upto 50% of the value of the house property. The amount of such loan to a needy member does not exceed Rs. 50,000/-.

The Table No. 3.11 reveals that the loans issued against mortgage of house property increased from Rs. 0.14 lakh in 1977 to Rs. 1.14 lakhs in 1986. The share of the same loans issued in total loans issued increased from 0.33% in 1977 to 1.12% in 1978 but thereafter it was decreased to 0.3% in 1986.

The Table No, 3.11 also indicates that the loans outstanding against mortgage of house property increased from Rs. 0.19 lakhs in 1977 to Rs. 2.73 lakhs in 1986. The share of same loans outstanding in total loans and advances outstanding increased from 0.99% in 1977 to 1.75% only in 1986.

It is further to note that loans mortgage of house property increased in the year 1985 because of increase in the limit of loans from Rs. 10,000/- to

Rs. 50,000/- by the bank as per the directives of the Reserve Bank of India.

6) LOANS AGAINST HIRE PURCHASE ARTICLES :

Loans are sanctioned against hire purchase articles such as cycles, motor cycles, scooters, machinery etc. for commercial and industrial purposes. Loans are given on security of hire purchase articles upto a maximum limit of Rs. 1,00,000/- to the needy members.

The Table No. 3.11 shows remarkable increase in loans issued against hire purchase articles from Rs. 0.26 lakhs in 1977 to Rs. 15.54 lakhs in 1986. The percentage of same loans issued in total loans and advances issued increased from 0.30% in 1977 to 12.10% in 1986.

In brief the table No. 3.11 clearly indicates upward trend of share of loans against hire purchase articles in total loans issued between the range 0.29% to 4.24% during the period under review because the bank has sanctioned loans against hire purchase articles mainly for purchase of motor vehicles in the years 1982 and 1983

and for small scale industries purpose in the year 1985 and 1986.

7) LOANS AGAINST GOVERNMENT SECURITIES :

The bank has issued loans against Government securities upto 80% of their face value with no limit.

The Table No. 3.11 shows that loans issued against Government securities increased from Rs. 0.73 lakhs in 1977 to Rs. 0.92 lakhs in 1979. Thereafter the same loan issued decreased to Rs. 0.37 lakh in 1983. But then the same loans issued increased to Rs. 1.99 lakhs only in 1986.

It has been seen that in the recent years members are not interested to purchase National Saving Certificates as it is voluntary. This has affected into downward trend of share of loans against Government securities in the total loans issued between the range 1.69% to 0.17% during period under review.

8) LOANS AGAINST PAYMENT SECURITIES :

The loans are also issued against security of letter of payment authority from 1982 for all purposes.

The bank has issued such type of loans upto maximum limit of Rs. 5,000/- to the each needy members.

The Table No. 3.11 indicates that the loans issued against payment security increased from 0. 0.27 lakh in 1982 to Rs. 3.78 lakhs in 1986. The percentage of same loans issued in total loans issued increased from 0.27% in 1982 to 1.03% in 1986.

The Table No. 3.11 reveals that loans outstanding against payment security increased from Rs. 0.25 lakhs in 1982 to Rs. 3.97 lakhs in 1986. The percentage of the same loans outstanding in total loans and advances increased 0.32% in 1982 to 2.55% in 1986.

It is further to note that the share of loans against payment securities in total loans issued increased from 0.17% in 1982 to 1.03% due to good response from the salary earner members and good recoveries of the loan.

9) <u>LOANS AGAINST BANK OVERDRAFT (SECURED)</u> :

The businessmen are demanding this type of loans for their working capital requirements of the business. Such financial facility is provided by the bank from 1986 only i.e. from last year of the review.

TABLE NO.3-11

Table showing the growth of secured loans & advances during 1977 to 1986.

(Rs. in lakhs)

Sr. No.	Item	1977				1978				1979			
		Loans issued Rs.	Share in Total loans issued %	Loans out-stand-ing Rs.	Share in total loans out-stand-ing %	Loans issued Rs.	Share in total loans issued %	Loans out-stand-ing Rs.	Share in total loans out-stand-ing %	Loans issued Rs.	Share in total loans issued %	Loans out-stand-ing Rs.	Share in total loans out-stand-ing %
		1	2	3	4	1	2	3	4	1	2	3	4
1.	Loans against Gold & Silver ornaments	11-93	27-61	7-27	37-63	13-16	26-82	9-20	38-80	18-88	26-81	11-78	39-91
2.	Loans against fixed & other deposits	2-60	6-02	1-43	7-40	3-53	7-20	1-46	6-16	2-93	4-16	1-57	5-32
3.	Loans pledge against goods.	5-27	12-20	4-22	21-84	4-14	8-44	3-41	14-38	5-93	8-42	2-52	8-54
4.	Loans against Hypothecationof goods	-	-	-	-	3-01	6-14	0-72	3-04	9-34	13-27	2-32	7-86
5.	Loans against mortgage of house property.	0-14	0-33	0-19	0-99	0-55	1-12	0-61	2-57	0-48	0-68	0-81	2-74
6.	Loans against Hire purchase articles.	0-25	0-58	0-24	1-24	0-30	0-61	0-24	1-01	0-22	0-31	0-25	0-85
7.	Loans against Govt. securities.	0-73	1-69	0-55	2-85	0-77	1-57	0-69	2-91	0-94	1-34	0-80	2-71
8.	Loans against payment securities.	-	-	-	-	-	-	-	-	-	-	-	-
9.	Over draft (secured)	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	20-92	48-43	13-90	71-95	25-46	51-90	16-33	68-87	38-72	54-99	20-05	67-92

TABLE NO.3-11

Table showing the growth of secured loans & advances during 1977 to 1986.

(Rs. in lakhs)

Sr. No.	Item	1980				1981				1982			
		Loans issued Rs. 1	Share in total loans issued % 2	Loans outstanding Rs. 3	Share in total loans outstanding % 4	Loans issued Rs. 1	Share in total loans issued % 2	Loans outstanding Rs. 3	Share in total loans outstanding % 4	Loans issued Rs. 1	Share in total loans issued % 2	Loans outstanding Rs. 3	Share in total loans outstanding % 4
1.	Loans against Gold & Silver ornaments.	26-68	27-66	17-45	39-45	43-79	32-29	29-64	49-29	60-84	39-39	46-41	59-02
2.	Loans against fixed & other deposits.	5-26	5-45	3-21	7-33	4-71	3-47	4-71	6-83	6-30	4-08	4-98	6-33
3.	Loans pledge against goods.	7-02	7-28	4-46	10-64	5-53	4-08	3-83	6-39	2-96	1-92	1-58	2-01
4.	Loans against Hypothecation of goods.	18-16	18-82	4-22	9-64	35-43	26-12	4-16	6-91	38-47	24-91	4-60	5-85
5.	Loans against mortgage of house property.	0-52	0-54	1-03	2-35	0-67	0-49	1-00	1-66	0-32	0-21	0-72	0-92
6.	Loans against Hire purchase articles.	0-28	0-29	0-23	0-53	0-57	0-42	0-55	0-91	2-00	1-29	1-87	2-38
7.	Loans against Govt. securities.	0-43	0-45	0-43	0-98	0-44	0-33	0-51	0-85	0-26	0-17	0-19	0-24
8.	Loans against payment securities.	-	-	-	-	-	-	-	-	0-27	0-17	0-25	0-32
9.	Over draft (Secured)	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	58-35	60-49	31-23	71-32	91-14	67-20	43-80	72-84	111-42	72-14	60-60	77-07

TABLE NO.3-11

Table showing the growth of secured loans & advances during 1977 to 1986.

(Rs. in lakhs)

Sr. No.	Item	1983				1984				1985			
		Loans issued	Share in total loans issued	Loans out-stand-ing	Share in total loans out-stand-ing	Loans issued	Share in total loans issued	Loans out-stand-ing	Share in total loans out-stand-ing	Loans issued	Share in total loans issued	Loans out-stand-ing	Share in total loans out-stand-ing
		Rs. 1	% 2	Rs. 3	% 4	Rs. 1	% 2	Rs. 3	% 4	Rs. 1	% 2	Rs. 3	% 4
1.	Loans against Gold & Silver ornaments.	59-91	34-30	48-01	53-42	68-25	33-72	51-90	48-74	70-73	26-50	56-68	44-05
2.	Loans against fixed & other deposits.	5-88	3-77	5-08	5-65	9-62	4-75	6-15	5-78	13-71	5-14	8-49	6-60
3.	Loans pledge against goods.	2-35	1-35	1-75	1-95	3-43	1-69	2-21	2-08	4-83	1-81	2-85	2-21
4.	Loans against Hypothecation of Goods.	53-89	30-85	6-88	7-66	60-29	29-79	11-24	10-55	103-00	38-60	15-12	11-75
5.	Loans against mortgage of House property.	0-85	0-49	0-93	1-03	0-84	0-42	1-39	1-31	1-46	0-55	2-30	1-79
6.	Loans against Hire purchase articles.	3-88	2-22	3-95	4-40	3-77	1-67	4-62	4-33	8-31	3-11	9-95	7-73
7.	Loans against Govt. securities.	0-37	0-21	0-25	0-27	0-51	0-25	0-42	0-39	1-32	0-49	1-32	1-03
8.	Loans against payment securities.	0-71	0-40	0-61	0-68	2-02	1-00	1-58	1-48	3-09	1-16	2-98	2-32
9.	Over draft (secured)	-	-	-	-	-	-	-	-	-	-	-	-
	TOTAL	127-84	73-19	67-46	75-06	148-33	73-29	79-51	74-66	206-45	77-36	99-69	77-48

TABLE NO.3-11

Table showing the growth of secured loans & advances during 1977 to 1986.

(Rs. in lakhs)

Sr. No.	Item	1986			
		Loans issued	Share in total loans issued	Loans out-standing	Share in total loans out-standing
		Rs. 1	% 2	Rs. 3	% 4
1.	Loans against Gold & Silver ornaments.	75-00	20-47	54-00	34-74
2.	Loans against fixed & other deposits.	18-28	4-99	9-60	6-18
3.	Loans pledge against goods.	16-62	4-54	8-28	5-33
4.	Loans against Hypothecation of goods.	158-45	43-23	17-55	11-29
5.	Loans against mortgage of house property.	1-14	0-31	2-73	1-75
6.	Loans against Hire purchase articles.	15-54	4-24	18-82	12-10
7.	Loans against Govt. securities.	1-99	0-54	1-77	1-14
8.	Loans against payment secrities.	3-78	1-03	3-97	2-55
9.	Over draft (secured)	7-00	1-91	2-16	1-39
	TOTAL	297-80	81-26	118-88	76-47

Source - A) Compiled from office records of the Bank.

The Table No. 3.11 shows that the bank issued loans against overdraft (secured) of Rs. 7 lakhs in 1986. The percentage of such loans issued in total loans and advances issued is 1.91%.

The Table No. 3.11 also shows that amount of loans outstanding against overdraft (secured) is Rs. 2.16 lakhs and its share in total loans and advances is 1.39% in 1986.

3.3 (v) GROWTH OF UNSECURED LOANS AND ADVANCES :

The unsecured loans and advances outstanding constitute maximum 33% portion of the Bank's total loans and advances outstanding, during the period under review. The Bank has sanctioned unsecured loans and advances to credit worthy members especially for commercial purposes. The bank has issued following unsecured loans and advances.

1. LOANS AGAINST CASH CREDIT :

Cash credit arrangement is made by the bank to commercial members, especially small traders and business-men. The bank has allowed to the needy commercial members

to borrow money upto Rs. 5,000/-, against two securities. Operations to the cash credit account are allowed by the bank to any numbers of times during the limit sanctioned. The researcher found that the bank renewed cash credit of some of the members when the limit operated is satisfactory.

The Table No. 3.12 indicates remarkable increase in loans issued against cash credits from Rs. 6.84 lakhs in 1977 to Rs. 43.71 lakhs in 1985 but the same is decreased to Rs. 24.26 lakhs in 1986. The percentage of loans issued against cash credit in total loand and advances issued increased from 15.83% in 1977 to 23.81% in 1978 but the same is decreased from 21.66% in 1979 to 6.62% in 1986.

The Table No. 3.12 also clearly shows that loans outstanding against cash credit increased from Rs. 4.56 lakhs in 1977 to Rs. 28.15 lakhs in 1985 but the same is decreased to Rs. 9.86 lakhs in 1986. The percentage of loans outstanding against cash credit increased from 23.60% in 1977 to 28.66% in 1979. The same percentage is decreased from 25.42% in 1980 to 6.34% in 1986.

It is further to note that the bank has issued loans against cash credit to regular member only. The

member of regular members increased annually as the limits of loans against cash credit are also increased during the period 1977 to 1985. These are the reasons for upward trend of loans issued against cash credit, from Rs. 6.84 lakhs in 1977 to 1985. These are the reasons for upward trend of loans issued against cash credit from Rs. 6.84 lakhs in 1977 to Rs. 43.71 lakhs in 1985 but the same loan is decreased to Rs. 24.26 lakhs in 1986, due to change in lending policy of the bank. According to the directives of Reserve Bank of India, in 1986 the Bank has not sanctioned the loans against cash credit to the members who have not operated the account more than one time during the year.

2) SURETY LOAN :

The bank has sanctioned to the needy members surety loans against two sureties after verifying their credit worthyness. The researcher found that the bank has issued surety loans maximum to 3 members each year during the period under review.

The Table No. 3.12 clearly shows that the bank issued surety loans at aggregate amount of Rs. 1,000/- per year from 1977 to 1979 and 1985 but the same increased to Rs. 26 lakhs in 1986, due to change in the

lending policy of the bank. The bank decided not to sanction loans against cash credit to the members who are operating single time during the year. The bank sanctioned surety loans to such members, instead of sanctioning loans against cash credit in the year 1986.

3) BILLS PURCHASED :

The purchasing of bills is one of the ways of sanctioning advances. The bank has purchased bills (cheques and hundies) of the commercial members, for their working capital requirements. The bank has sanctioned maximum bills purchase limit of Rs. 15,000/- to a member against two sureties.

The Table No. 3.12 indicates that the amount of bills purchased increased from Rs. 15.43 lakhs in 1977 to Rs. 18.31 lakhs in 1986. The share of the same in total loans and advances issued decreased from 35.72% in 1977 to 5% in 1986.

The Table No. 3.12 also reveals that the amount of outstanding bills purchased increased from Rs. 0.85 lakhs in 1977 to Rs. 1.26 lakhs in 1986. The percentage of the same in total loans and advances outstanding decreased from 4.40% in 1977 to 0.81% in 1986.

TABLE NO. 3-12

Table showing the growth of Unsecured loans and advances during the years from 1977 to 1986.

	1977				1978				1979			
	Loans issued	Share in Total loans issued	Loans outstanding.	Share in Total loans outstanding.	Loans issued	Share in Total loans issued	Loans outstanding.	Share in Total loans outstanding.	Loans issued	Share in Total loans issued	Loans outstanding.	Share in Total loans outstanding.
	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%	Rs.	%
	1	2	3	4	1	2	3	4	1	2	3	4
1) Cash credit.	6-84	15-83	4-56	23-60	11-68	23-81	6-52	27-50	15-25	21-66	8-46	28-66
2) Surety Loans	0-01	0-02	0-01	0-05	0-01	0-02	0-01	0-04	0-01	0-01	0-01	0-03
3) Bills purchased & discounted.	15-43	35-72	0-85	4-40	11-11	24-27	0-85	3-59	16-43	23-34	1-00	3-39
TOTAL.....	22-28	51-57	5-42	28-05	23-60	48-10	7-38	31-13	31-69	45-01	9-47	32-08

SOURCE : A) Compiled from office records of the Bank.

B) Percentage calculated.

TABLE NO. 3-12

Table showing the growth of Unsecured loans and advances during the years from 1977 to 1986.

	1980				1981				1982			
	Loans issued	Share in Total loans issued	Loans out - standing.	Share in - Total loans outs-tand-ing.	Loans issued	Share in Total loans issued	Loans out - standing.	Share in - Total loans outs-tand-ing.	Loans issued	Share in Total loans issued	Loans out - standing.	Share in Total loans outs-tand-ing.
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
	1	2	3	4	1	2	3	4	1	2	3	4
1) Cash credit.	18-31	18-98	11-13	25-42	22-64	16-69	14-36	23-83	26-67	17-27	17-12	21-77
2) Surety Loans	-	-	0-01	0-02	-	-	0-01	0-02	-	-	0-01	0-01
3) Bills purchased & discounted.	19-80	20-53	1-42	3-24	21-85	16-11	1-76	3-26	16-36	10-59	0-90	1-15
TOTAL.....	38-11	39-51	12-56	28-68	44-49	32-80	16-33	27-16	43-03	27-86	18-03	22-93

SOURCE : A) Compiled from office records of the Bank.

B) Percentage calculated.

TABLE NO. 3-12

Table showing the growth of Unsecured loans and advances during the years from 1977 to 1986.

	1983				1984				1985			
	Loans issued	Share in Total loans issued	Loans out - standing.	Share in Total loans outs-tand-ing.	Loans issued	Share in Total loans issued	Loans issued	Share in Total loans outs-tandi-ng.	Loans issued	Share in Total loans issued	Loans out - stand-ing.	Share in Total loans outs-tand-ing.
	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%	Rs	%
	1	2	3	4	1	2	3	4	1	2	3	4
1) Cash Credit.	31-41	17-98	21-42	23-84	37-09	18-72	25-93	24-35	43-71	16-38	28-15	21-88
2) Surety Loans	-	0-01	0-01	-	-	-	0-01	0-01	0-01	-	0-01	0-01
3) Bills purchased & discounted.	15-41	8-83	0-98	1-09	16-17	7-99	1-04	0-98	16-70	6-26	0-82	0-63
TOTAL.....	46-82	26-81	22-41	24-94	54-07	26-71	26-98	25-34	60-42	22-64	28-98	22-52

SOURCE : A) Compiled from office records of the Bank.

B) Percentage calculated.

TABLE NO. 3-12

Table showing the growth of Unsecured loans and advances during the years from 1977 to 1986.

	1986			
	Loans issued	Share in Total loans issued	Loans out - stand-ing.	Share in Total loans outs-tand-ing.
	Rs	%	Rs	%
	1	2	3	4
1) Cash Credit	24-26	6-62	9-86	6-34
2) Surety Loans	26-09	7-12	25-46	16-38
3) Bills purchased & discounted.	18-31	5-00	1-26	0-81
TOTAL.....	68-66	18-74	36-58	23-53

SOURCE : A) Compiled from office records of the Bank.

B) Percentage calculated.

In brief Table No. 3.22 clearly indicates downward trend of share purchasing bills in total loans and advances issued between the range 35.72% to 5% during the period under review. This is happened due to tendency of members of discounting accomodation bills with the bank and also purchasing of bills only from regular members is permitted by Reserve Bank of India. It means purchasing of bills from nominal members is prohibited by the Reserve Bank of India.

3.3 (v) LIMITWISE GROWTH OF LOANS AND ADVANCES :

The Table No. 3.13 indicates that the number of account of loans and advances outstanding upto limit of Rs. 500/- are 665 in 1977 decreased to 500 in 1986. The amount of loans and advances outstanding upto limit of Rs. 500/- are Rs. 1.66 lakhs in 1977 decreased to Rs. 1.41 lakhs in 1983. Thereafter same is increased from Rs. 1.67 lakhs in 1983 to Rs. 1.99 lakhs in 1986. The percentage in the total loans and advances decreased from 8.59% in 1977 to 1.28% in 1986. The percentage in the working capital also decreased from 4.93% in 1977 to 0.82% in 1986.

The number of accounts of loans and advances outstanding between the limit of Rs. 500/- to Rs. 1,000/-

increased from 318 in 1977 to 542 in 1984. The same is decreased from 511 in 1985 to 521 in 1986. The amount of loans and advances outstanding increased from Rs. 2.19 lakhs in 1977 to Rs. 3.92 lakhs in 1984 but the same is decreased to Rs. 3.53 lakhs in 1986. The percentage in total loans and advances outstanding increased from 11.34% in 1977 to 18.14% in 1978. But the same is decreased to 2.27% in 1986. The percentage in working capital increased from 6.51% in 1977 to 10.40% in 1978. But the same is decreased to 1.46% in 1986.

The number of accounts of loans and advances outstanding between the limit of Rs. 1,000/- to Rs. 5,000/- increased from 451 in 1977 to 2,026 in 1986. The amount of loans and advances outstanding have gone up from Rs. 9.50 lakhs in 1977 to Rs. 49.43 lakhs in 1986. Percentage in total loans and advances outstanding decreased from 49.17% in 1977 to 31.80% in 1986. Percentage in working capital decreased from 28.24% in 1977 to 20.44% in 1986. The table No. 3.13 also clearly shows that bank has sanctioned maximum loan to this limit. It means bank serves mainly to small borrowers.

The number of accounts of loans and advances outstanding between the limit of Rs. 5,000/- to 10,000/- have gone up from 59 in 1977 to 805 in 1986. The amounts of loans and advances outstanding have also gone up from Rs. 5.97 lakhs in 1977 to Rs. 41.40 lakhs in 1986. The percentage in total loans and advances outstanding - increased from 30.90% in 1977 to 34.12% in 1978 but then the same percentage decreased to 26.63% in 1986. The percentage in working capital increased from 17.75% in 1977 to 20.86% in 1983 but the same is decreased to 17.12% in 1986.

The number of accounts of loans and advances outstanding between the limit of Rs. 10,000/- to 25,000/- increased from 14 in 1979 to 126 in 1986. The amount of loans and advances outstanding increased from Rs. 1.86 lakhs in 1979 to Rs. 19.26 lakhs in 1986. The percentage in total loans and advances outstanding increased from 6.30% in 1979 to 12.39% in 1986. The percentage in working capital increased from 3.74% in 1977 to 7.97% in 1986.

The number of accounts of loans and advances outstanding between the limit of Rs. 25,000/- to Rs. 50,000/- increased from 6 in 1979 to 34 in 1986. The amount of loans and advances increased from Rs. 2.05 lakhs in 1979 to 11.77 lakhs in 1986. The percentage in total loans and

TABLE NO. 3-13

Table showing the limitwise growth of loans and advances during the period from 1977 to 1986.

(Rs. in lakhs)

	1977				1978				1979			
	No. of Accounts.	Loans out-standing Rs	Share in Total loans outstanding %	Share in working capital. %	No. of Accounts.	Loans out-standing Rs	Share in Total loans outstanding. %	Share in working capital. %	No. of Accounts.	Loans out-standing. Rs	Share in Total loans outstanding. %	Share in working Capital. %
	1	2	3	4	1	2	3	4	1	2	3	4
1 up to Rs. 500	665	1-66	8-59	4-93	756	1-87	7-89	4-52	743	1-85	6-27	3-72
Rs. 501 to Rs. 1000	318	2-19	11-34	6-51	365	4-30	18-14	10-40	467	3-27	11-08	6-58
Rs. 1001 to Rs. 5000	451	9-50	49-17	28-24	532	9-45	39-86	22-86	630	13-33	45-16	26-80
Rs. 5001 to Rs. 10000	59	5-97	30-90	17-75	82	8-09	34-12	19-58	101	6-13	20-76	12-33
Rs. 10001 to Rs. 25000	-	-	-	-	-	-	-	-	14	1-86	6-30	3-74
Rs. 25000 to Rs. 50000	-	-	-	-	-	-	-	-	6	2-05	6-95	4-12
Rs. 50001 to Rs. 100000	-	-	-	-	-	-	-	-	2	1-03	3-48	2-07
Rs. Above Rs. 100001	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL....	1493	19-32	100%	57-43	1735	23-71	100%	57-36	1963	29-52	100%	59-36

TABLE NO.3-13

Table showing the limitwise growth of loans and advances during the period from 1977 to 1986.

(Rs.in lakhs)

	1980				1981				1982			
	No.of Accounts.	Loans out-standing	Share in Total loans outs-tanding	Share in - working capi-tal.	No.of Accounts.	Loans out - stand-ing.	Share in Total loans outs-tand-ing	Share in - worki-ing capi-tal.	No.of Accounts.	Loans Out-stand-ing.	Share in Total loans outs-tand-ing	Share in - worki-ing capi-tal.
		Rs	%	%		Rs	%	%		Rs	%	%
	1	2	3	4	1	2	3	4	1	2	3	4
1 up to Rs. 500	640	1-63	3-72	2-13	569	1-51	2-51	1-74	512	1-51	1-92	1-39
Rs.501 to Rs.1000	564	3-87	8-84	6-01	487	3-50	5-82	4-03	519	3-71	4-72	3-42
Rs.1001 to Rs.5000	794	16-64	37-77	25-70	1193	25-03	41-63	28-80	1710	37-05	47-12	34-15
Rs.5001 to Rs.10000	187	11-66	26-62	18-12	286	17-40	28-94	20-02	376	22-63	28-78	20-86
Rs.10001 to Rs.25000	26	3-41	7-78	5-29	53	7-05	11-73	8-11	65	8-06	10-25	7-43
Rs.25001 to Rs.50000	14	5-10	11-65	7-92	12	4-57	7-60	5-26	8	2-74	3-48	2-53
Rs.50001 to Rs.100000	3	1-59	3-63	2-47	2	1-07	1-78	1-23	4	2-93	3-73	2-70
Above Rs. 100001	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	2228	43-80	100	68-05	2602	60-13	100	69-19	3194	78-63	100%	72-48

TABLE NO. 3-13

Table showing the limitwise growth of loans and advances during the period from the 1977 to 1986.

(Rs. in lakhs)

	1983				1984				1985			
	No. of Accounts.	Loans outstanding	Share in Total loans outstanding	Share in working capital.	No. of Accounts.	Loans outstanding.	Share in Total loans outstanding.	Share in working capital.	No. of Accounts.	Loans outstanding.	Share in Total loans outstanding	Share in working capital.
		Rs	%	%		Rs	%	%		Rs	%	%
	1	2	3	4	1	2	3	4	1	2	3	4
1 up to Rs. 500	460	1-41	1-57	1-13	533	1-67	1-57	1-06	590	1-28	0-99	0-64
Rs. 501 to Rs. 1000	419	3-75	4-17	3-00	542	3-88	3-64	2-47	511	3-92	3-05	1-95
Rs. 1001 to Rs. 5000	1864	41-79	46-50	33-53	1899	42-36	39-78	26-92	2008	42-49	33-02	21-10
Rs. 5001 to Rs. 10000	419	25-62	28-51	20-55	548	32-20	30-24	20-46	629	34-74	27-00	17-26
Rs. 10001 to Rs. 25000	65	9-29	10-34	7-45	87	11-89	11-16	7-56	121	22-68	17-63	11-27
Rs. 25001 to Rs. 50000	12	4-45	4-95	3-57	14	4-97	4-67	3-16	21	8-20	6-37	4-07
Rs. 50001 to Rs. 100000	4	2-55	2-84	2-05	11	7-49	7-03	4-75	17	11-04	8-58	5-48
Above Rs. 100001.	1	1-01	1-12	0-81	2	2-03	1-91	1-29	4	4-32	3-36	2-15
TOTAL.....	3244	89-87	100%	72-09	3636	106-49	100	67-67	3901	128-67	100	63-92

TABLE NO. 3-13.

Table showing the limitwise growth of loans and advances during the period from the 1977 to 1986.

(Rs. in lakhs)

	1986			
	No. of accounts.	Loans outstanding.	Share in Total loans outstanding.	Share in working Capital.
		Rs.	%	%
	1	2	3	4
1 up to Rs. 500	500	1-99	1-28	0-82
Rs. 501 to Rs. 1000	521	3-53	2-27	1-46
Rs. 1001 to Rs. 5000	2026	49-43	31-80	20-44
Rs. 5001 to Rs. 10000	805	41-40	26-63	17-12
Rs. 10001 to Rs. 25000	126	19-26	12-39	7-97
Rs. 25001 to Rs. 50000	34	11-77	7-57	4-87
Rs. 50001 to Rs. 100000	23	16-05	10-32	6-64
Rs. Above Rs. 100001.	9	12-03	7-74	4-98
TOTAL.....	4044	155-46	100%	64-30

advances outstanding increased only from 6.95% in 1979 to 7.57% in 1986. The percentage in working capital increased from 4.12% in 1979 to 4.87% in 1986.

The number of accounts of loans and advances outstanding between the limit Rs. 50,000/- to Rs. 1 lakh increased only from 2 in 1979 to 23 in 1986. The amount of loans and advances outstanding gone up from Rs. 1.03 lakhs in 1979 to Rs. 16.05 lakhs in 1986. The percentage in total loans and advances increased from 3.48% in 1979 to 10.32% in 1986. The percentage in working capital increased from 2.07% in 1979 to 6.64% in 1986.

The number of accounts of loans and advances outstanding increased only from 1 in 1983 to 9 in 1986. The amount of loans and advances outstanding increased from Rs. 1.01 lakhs in 1983 to Rs. 12.03 lakhs in 1986. The percentage in total loans and advances outstanding increased from 1.12% in 1983 to 7.74% in 1986. The percentage in total working capital increased from 0.81% in 1983 to 4.98% in 1986.

3.3 (vii) GROWTH OF SHORT TERM LOANS AND ADVANCES AND MEDIUM TERM LOANS AND ADVANCES

After considering in respect of limitwise growth

of loans and advances, it is important to throw light on the growth of short term loans and advances and medium term loans and advances of the bank. Under short term loans and advances, the bank has issued loans against Government securities, loans against gold securities, hypothecation against goods, loans against pledge of goods, loans against fixed and other deposits, loans against overdraft and bills purchased. Under medium term loans and advances, the bank has issued loans against payment securities, loans against mortgage of house properties, and loans against hire purchase articles.

The Table No. 3.14 clearly indicates that secured short term loans and advances outstanding are Rs. 13.47 lakhs in 1977 increased to Rs. 93.36 lakhs in 1986. The share in total loans and advances increased from 69.72% in 1977 to 73.46% in 1982 but thereafter the same is decreased to 60.05% in 1986.

The unsecured short term loans and advances outstanding increased from Rs. 5.42 lakhs in 1977 to Rs. 36.58 lakhs in 1986. The share in total loans and advances outstanding increased from 28.05% in 1977 to 32.08% in 1986.

The total short term loans and advances outstanding increased from Rs. 18.89% lakhs in 1977 to Rs. 129.94 lakhs in 1986. But the share in total loans and advances outstanding decreased from 97.77% in 1977 to 83.58% in 1986. The share in working capital increased from 56.15% in 1977 to 69.86% in 1982 but thereafter the same is decreased to 53.74% in 1986.

The medium term loans and advances outstanding increased from Rs. 0.43 lakhs in 1977 to Rs. 25.52 lakhs in 1986. The share in total loans and advances outstanding increased from 2.23% in 1977 to 16.42% in 1986. The share in working capital increased from 1.28% in 1977 to 10.56% in 1986.

3.4 FINANCIAL ASSISTANCE BY THE BANK TO THE PRIORITY SECTOR :

After having studied the growth of loans and advances of the bank, it is important to consider financial assistance by the bank to the priority sector.

The flow of financial credit to agriculture small scale industries, transport operators, retail traders, small business operators, professionals and self-employed persons, students for educational purpose, members taking loans for housing purpose, members taking consumption loans are known as priority sector. "The urban co-operative banks should be exhorted to achieve a target of 60% of their total loans and advances for priority sector lending by 30th June, 1985. Of the total priority sector assistance at least 25% (or 15% of the total loans and advances) should have been advanced to weaker section by the above date."[5]

3.4 (A) GROWTH OF FINANCIAL ASSISTANCE BY THE BANK TO THE PRIORITY SECTOR :

The following table shows the growth of total financial assistance by the bank to the priority sector from 1983 to 1986.

TABLE NO. 3.15

Table showing the growth of total financial assistance to the priority sector from 1983 to 1986.

(Rs. in lakhs)

Year	PRIORITY SECTOR		WEAKER SECTION			Total loans issued. Rs.
	Loan issued Rs.	Share in total loan issued. %	Loan issued Rs.	Share in priority sector. %	Share in total loan issued %	
1983	89.23	51.09	75.26	84.34	43.09	174.66
1984	103.38	51.08	91.23	88.44	45.17	202.40
1985	105.23	39.43	85.59	81.34	32.07	266.87
1096	109.17	29.79	78.92	72.29	21.54	366.46
4 Years' Average %		42.85%			35.46%	

Source :

A) Compiled from office records of the bank.

B) Percentage calculated.

The Table No. 3.15 indicates that the loan issued to priority sector increased from Rs. 89.23 lakhs in 1983 to Rs. 109.17 lakhs in 1986. But the share in total loans issued decreased from 51.09% in 1983 to 29.79% in 1986.

All advances granted to Scheduled Castes/ Scheduled Tribes and women are treated as advances to weaker sections in addition to those limits prescribed by Reserve Bank of India. The Table No. 3.15 reveals that the loans issued to weaker section increased from Rs. 75.26 lakhs in 1983 to Rs. 91.23 lakhs in 1984 but thereafter the same is decreased to Rs. 78.92 lakhs in 1986. The share in loans issued to priority sector increased from 84.34% in 1983 to 88.44% in 1984 but the same is decreased to 72.29% in 1986. The share in total loans issued decreased from 43.09% in 1983 to 21.54% in 1986. The Four year average percentage of loans given to the priority sector in total loans given was 42.85% of which loans given to weaker section was 35.46%.

3.4 (B) PRIORITY SECTORWISE GROWTH OF FINANCIAL ASSISTANCE BY THE BANK :

By considering the growth of total financial assistance to priority sector should be considered that the priority sectorwise growth of financial assistance by the bank.

3.4 (B) (i) THE GROWTH OF FINANCIAL ASSISTANCE BY THE BANK TO ACTIVITIES ALLIED TO AGRICULTURE

The bank has financed to the agriculturist members for the activities such as purchase of animals, development of poultry, etc. Loans to the members upto limit of Rs. 10,000/- termed as loans to the weaker section in addition to the loans granted to the Scheduled Castes/Scheduled Tribes and women.

The following table shows the growth of financial assistance to the activities allied to agriculture.

TABLE NO. 3.16

Table showing the growth of financial assistance by the bank to the activities allied to agriculture from 1983 to 1986.

(Rs. in lakhs)

Year	PRIORITY SECTOR			WEAKER SECTION		
	Loans issued Rs.	Share in total priority sector. %	Share in total loans issued %	Loan issued Rs.	Share in priority sector loans. %	Share in total loans issued %
1983	38.29	42.91	21.92	38.29	100	21.92
1984	39.23	37.95	19.38	39.23	100	19.38
1985	36.70	34.88	13.75	36.70	100	13.75
1986	31.00	28.40	8.46	30.40	100	8.30

Source :

A) Compiled from office record of the bank.

B) Percentage calculated.

The Table No. 3.16 reveals that loans issued to activities allied to agriculture are all issued to weaker section. The loan issued to this sector and weaker section decreased from Rs. 38.29 lakhs in 1983 to Rs. 39.23 lakhs in 1984 and Rs. 31 lakhs in 1986. The share in total loans issued to prior sector decreased from 42.91% in 1983 to 28.40% in 1986. The share in total loans issued decreased from 21.92% in 1983 to 8.46% in 1986.

It is further to note that loans against gold and silver ornaments are mainly issued to agriculturist members. The permanent decrease in the stock of gold and silver ornaments with members is the main reason for downward trend of loans issued to activities allied to agriculture between the range of Rs. 38.29 lakhs to Rs. 31 lakhs during the period from 1983 to 1986.

3.4 (B) (ii) THE GROWTH OF FINANCIAL ASSISTANCE BY THE BANK TO SMALL SCALE INDUSTRIES :

"Small scale industrial units are those engaged in the manufacture, processing or preservation of goods, whose investment in plant and machinery (original cost) does not exceed Rs. 20 lakhs. In case of ancillary units

the investment in pland and machinery (original cost) should not exceed Rs. 25 lakhs."[6] (Reserve Bank of India Circular).

The researcher found that the bank has financed to the industrialist members for their units such as rice mills, flour mills, bakeries, oil mills, power looms, printing press, saw mills, loans to the members upto the limit of Rs. 25,000/- are considered as loans to weaker section in addition to the loans granted to the Scheduled Castes/Scheduled Tribes and women. The following table shows the growth of financial assistance to the small scale industries from last four years.

TABLE NO. 3.17

Table showing the growth of financial assistance by the bank to the small scale industries from 1983 to 1986.

(Rs. in lakhs)

Year	PRIORITY SECTOR			WEAKER SECTION		
	Loans issued Rs.	Share in total priority sector loans. %	Share in total loan issued %	Loans Issued Rs.	Share in priority sector loan. %	Share in total loans issued %
1983	1.35	1.51	0.77	0.94	69.62	0.54
1984	0.83	0.80	0.41	0.83	100.00	0.41
1985	4.02	4.39	1.73	2.52	62.68	0.95
1986	7.39	6.77	2.02	3.04	41.13	0.89

Source : A) Compiled from office record of the bank.

B) Percentage calculated.

The Table No. 3.17 clearly shows that the loans issued to the small scale industries sector decreased from Rs. 1.35 lakhs in 1983 to Rs. 0.83 lakhs in 1984 but thereafter the same loan is increased to Rs. 7.39 lakhs in 1986. The share in total priority sector loans decreased from 1.51% in 1983 to 0.80% in 1984 and increased to 6.77% in 1986. The share in total loans issued decreased from 0.77% in 1983 to 0.41% in 1984 but increased to 2.02% in 1986.

The Table No. 3.17 also indicates that the loans issued to weaker section decreased from Rs. 0.94% lakhs in 1983 to Rs. 0.83 lakhs in 1984 and increased to Rs. 3.04 lakhs in 1986. The share in priority sector loan increased from 69.62% in 1983 to 100% in 1984 but decreased to 41.13% in 1986. The share in total loans issued increased from 0.54% in 1983 to 0.95% in 1985 and decreased to 0.89% in 1986.

In brief the Table No, 3.17 clearly indicates upward trend of loans issued to small scale industries purpose from Rs. 4.02 lakhs in 1985 to Rs. 7.39 lakhs in 1986 due to increase in number of industries like saw - mills, bakeries, power looms, printing press in the Gadhinglaj town.

3.4 (B) (iii) GROWTH OF FINANCIAL ASSISTANCE BY THE BANK TO THE ROAD AND WATER OPERATORS FOR PURCHASE OF VEHICLES :

"Road transport operators owning not more than six vehicles (including the one proposed to be financed) constitute one of the important beneficiaries included for financial assistance under Twenty Point Programme. Such operators get priority in allocation of financial assistance for purchase of one vehicle, acquisition of spares and repairs of a major nature as well as for working capital purposes."[7]
(Credit Information Review No. 62, Sept., 1984)

The bank has financed to road transport members, for purchase of bicycles, motor cycles, rickshaw, motor vans, auto repairs centres. Loans issued to such members upto Rs. 25,000/- for purchase of vehicles etc. are treated as loans to weaker section in addition to the loan sanctioned to the Scheduled Caste/Scheduled Tribes and women. The following table shows the growth of financial assistance to Road and Water Transport Operators for purchase of one vehicle etc. from 1983 to 1986.

TABLE NO. 3.18

Table showing the growth of financial assistance to Road and Water Transport Operators for purchase of one vehicle from 1983 to 1986.

(Rs. in lakhs)

Year	PRIORITY SECTOR			WEAKER SECTION		
	Loans issued Rs.	Share in total priority sector loans %	Share in total loans issued %	Loans issued Rs.	Share in priority sector loans %	Share in total loans issued %
1983	0.98	1.10	0.56	0.25	25.51	0.14
1984	0.54	0.52	0.27	0.50	92.59	0.25
1985	3.62	3.44	1.36	0.75	20.71	0.28
1986	6.65	6.09	1.81	0.87	13.08	0.24

Source :

A) Compiled from office record of the Bank.

B) Percentage calculated.

The Table No. 3.18 reveals that loans issued to road transport operators for purchase of vehicle etc. decreased from Rs. 0.98 lakhs in 1983 to Rs. 0.54 lakh in 1984 but the same is increased to Rs. 6.65 lakhs in 1986. The share in total priority sector loans decreased from 1.10% in 1983 to 0.52% in 1984 but the same loans increased to 6.09% in 1986. The share in total loans issued also decreased from 0.56% in 1983 to 0.27% in 1984 and increased to 1.81% in 1986.

The Table No. 3.18 also indicates that the loans issued to weaker section increased from 0.25% lakh in 1983 to Rs. 0.87 lakhs in 1986. The share in priority sector loan increased from 25.51% in 1983 to 92.59% in 1984 but the same is decreased to 13.08% in 1986. The share in total loans issued increased from 0.14% in 1983 to 0.28% in 1985 but decreased to 0.24% in 1986.

In brief the Table No. 3.18 clearly indicates upward trend of loans issued to Road Transport Operators from Rs. 3.62 lakhs in 1985 to Rs. 6.65 lakhs in 1986 as the loans are sanctioned against hire purchase if motor vehicles, trucks etc. to the needy members.

3.4 (B) (iv) GROWTH OF FINANCIAL ASSISTANCE BY THE BANK TO THE RETAIL TRADERS :

The bank has financed to grocers, stationers, departmental store keepers and other retail shop keepers, upto maximum credit limit of Rs. 25,000/-. The financial assistance upto Rs. 10,000/- to the retail trader is termed as loans to weaker section in addition to loans to Scheduled Castes/Scheduled Tribes and women. The following table shows the growth of financial assistance by the bank to the retail traders from 1983 to 1986.

TABLE NO. 3.19

Table showing the growth of financial assistance by the bank to the retail traders from 1983 to 1986.

(Rs. in lakhs)

Year	PRIORITY SECTOR			WEAKER SECTION		
	Loans issued Rs.	Share in total priority sector loans %	Share in total loans issued %	Loans issued Rs.	Share in priority sector loan %	Share in total loans issued %
1983	41.09	46.05	23.53	33.98	82.69	19.45
1984	54.22	52.45	26.79	48.82	90.04	24.12
1985	47.24	44.89	17.70	42.46	89.88	15.19
1986	44.46	40.73	12.13	40.99	92.19	11.19

Source :

A) Compiled from office record of the bank.

B) Percentage calculated.

The Table No. 3.19 indicates that loans issued to retail traders sector increased from Rs. 41.09 lakhs in 1983 to Rs. 54.22 lakhs in 1984 and decreased to Rs. 44.46 in 1986. The share total priority sector loan increased from 46.05% in 1983 to 52.45% in 1984 but the same is decreased to 40.73% in 1986. The share in total loans issued increased from 23.53% in 1983 to 26.79% in 1984 and decreased the same to 12.13% in 1986.

The Table No. 3.19 also reveals that the loans issued to weaker section increased from Rs. 33.98 lakhs in 1983 to Rs. 48.82 lakhs in 1984 but the same is decreased to Rs. 40.99 lakhs in 1986. The share in priority sector remarkably increased from 82.69% in 1983 to 92.19% in 1986. The share in total loans issued increased from 19.45% in 1983 to 24.12% in 1984 but thereafter it is decreased to 11.19% in 1986.

In brief the Table No. 3.19 clearly indicates upward trend of loans issued to retail traders between the range Rs. 41.09 lakhs to Rs. 54.22 lakhs during the period from 1983 to 1986, because the bank has sanctioned major loans and advances such as loans against gold and silver ornaments, loans against pledge of goods, loans

against hypothecation of goods, loans against cash credit bills, purchasing and discounting to retail traders for commercial purposes.

3.4 (B) (v) GROWTH OF FINANCIAL ASSISTANCE BY THE BANK TO THE SMALL BUSINESS ENTERPRISES SECTOR

"Small business enterprises include individuals and firms managing business enterprises established mainly for the purpose of providing services other than professional services, whose original cost price of equipment does not exceed Rs. 2 lakhs and with working capital limit not exceeding Rs. 1 lakh."[8] (Reserve Bank of India - Circular).

The financial assistance upto Rs. 10,000/- to small business enterprise is known as loans to weaker section in addition loans to the Scheduled Caste/Scheduled Tribes and women.

The bank has financed to the small business enterprises such as agents selling goods on commission basis, book, clearing and forwarding agents, hair dressing saloons, hotels, servicing and repairing various types of marketing such as automobiles, The following table shows the growth of financial assistance to small business enterprises from 1983 to 1986.

TABLE NO. 3.20

Table showing the growth of financial assistance by the bank to the small business enterprises from 1983 to 1986.

(Rs. in lakhs)

Year	PRIORITY SECTOR			WEAKER SECTION		
	Loans issued Rs.	Share in total priority sector loan. %	Share in total loans issued %	Loans issued %	Share in priority sector. %	Share in total loans issued %
1983	4.14	4.64	2.37	0.81	19.56	0.46
1984	4.71	4.56	2.33	1.02	21.65	0.50
1985	6.92	6.58	2.59	1.38	19.94	0.52
1986	12.17	11.14	3.32	0.68	5.58	0.19

Source :

A) Compiled from office record of the bank.

B) Percentage calculated.

The Table No. 3.20 clearly reveals that the loans issued to small business enterprises sector increased from Rs. 4.19 lakhs in 1983 to Rs. 12.17 lakhs in 1986. The share in total priority sector loans increased from 4.64% in 1983 to 11.14% in 1986. The share in total loans issued increased from 2.37% in 1983 to 3.32% in 1986.

The Table No. 3.20 also indicates that the loans issued to weaker section increased from Rs. 0.81 lakh in 1983 to Rs. 1.38 lakhs in 1988 but thereafter the same loan decreased to Rs. 0.68 lakh in 1986. The share in priority sector decreased from 19.36% in 1983 to 5.58% in 1986. The share in total loans issued increased from 0.46% in 1983 to 0.52% in 1985 but thereafter the same percentage decreased to 0.19% in 1986.

In brief the Table No. 3.20 clearly reveals upward trend of loans issued to small bsuiness enterprises between the range of Rs. 4.14 lakhs to Rs. 12.17 lakhs during the period from 1983 to 1986 because the bank has mainly sanctioned loans such as loans against gold and silver ornament, loans against fixed and other deposits to small business enterprises for commercial purposes.

3.4 (B) (vi) GROWTH OF FINANCIAL ASSISTANCE BY THE BANK TO PROFESSIONAL & SELF EMPLOYED PERSONS :

"Professional and self employed persons are those whose borrowings limits does not exceed Rs. 2 lakhs of which not more than Rs. 1 lakh should be for working capital requirements such activities carried by using the skill and labour of the individual or that of his/her family members alone carried under this category of persons."[9] (Reserve Bank of India Circular).

Loans issued to such members include loans for the purpose of purchasing equipment, repairing or renovating existing equipment, acquiring and repairing business premises, for purchase of tools and for working capital requirements. The loans assisted upto the limit of Rs. 10,000/- to the professional and self employed persons termed as advance to weaker section in addition to loans issued to Scheduled Castes/Scheduled Tribes and women.

The bank has financed to professionals and self employed persons such as medical practitioners, lawyers,

surveyors, construction contractors, carpenters, vegetable and fruit vendors, egg vendors, hawkers, hand-cart pullers and bamboo workers etc. The following table shows the growth of financial assistance to the professional and self employed persons from 1983 to 1986.

TABLE NO. 3.21

Table showing the growth of financial assistance by the bank to the professionals and self employed persons from 1983 to 1986.

(Rs. in lakhs)

Year	PRIORITY SECTOR			WEAKER SECTION		
	Loans issued Rs.	Share in total priority sector loans. %	Share in total loans issued %	Loans issued Rs.	Share in priority sector. %	Share in total loans issued %
1983	1.04	1.17	0.60	0.41	39.42	0.23
1984	0.67	0.65	0.33	0.31	46.26	0.15
1985	1.74	1.65	0.65	0.88	50.57	0.33
1986	2.97	2.72	0.81	1.70	57.23	0.46

Source :

A) Compiled from office record of the bank.

B) Percentage calculated.

The Table No. 3.21 reveals that loans issued to the professionals and self employed persons sector decreased from Rs. 1.04 lakh in 1983 to Rs. 0.67 lakh in 1984 and then the same loans increased to Rs. 2.97 in 1986. The share in total priority issued sector loans decreased from 1.17% in 1983 to 0.61% in 1984 and increased to 2.72% in 1986. The share in total loans issued decreased from 0.60% in 1983 to 0.33% in 1986, but thereafter increased to 0.81% in 1986.

The table No. 3.21 also indicates that loans issued to weaker section decreased from Rs. 0.41% lakh in 1983 to Rs. 0.31 lakh in 1984 and the same is increased to Rs. 1.70 lakhs in 1986. The share in priority sector increased from 39.42% in 1983 to 57.23% in 1986. The share in total loans issued decreased from 0.23% in 1983 to 0.15% in 1984 and the same is increased to 0.46% in 1986.

In brief table No. 3.21 clearly reveals upward trend of loans issued professionals of self employed persons between the range Rs. 0.67 lakh to Rs. 2.97 lakhs during the period because the bank has sanctioned loans mainly loans against cash credit, loans against hypothecation of goods, loans against hire purchase articles to professionals and self employed persons.

3.4 (B) (vii) GROWTH OF FINANCIAL ASSISTANCE BY THE BANK TO EDUCATIONAL SECTOR :

Financial assistance includes loans granted to individuals for educational purposes. The financial assistance to Scheduled Castes, Scheduled Tribes and women for educational purposes upto Rs. 10,000/- is treated as loans to weaker section. But researcher found that bank has not granted any loans to this sector.

3.4 (B) (viii) GROWTH OF FINANCIAL ASSISTANCE BY THE BANK FOR HOUSING :

"Housing is an integral part of the minimum needs programme meant for the upliftment of the economically weaker section."[10] (Credit Information Review No. 68, March, 1985) Loans granted for construction, additions, alteration, repairs etc, are treated as housing loans. The bank gives loans upto Rs. 50,000/- to needy member for housing purpose. Housing finance granted to Scheduled Castes, Scheduled Tribes and women upto Rs. 10,000/-, treated as loans to weaker section. The following table shows the growth of financial assistance by the bank for housing purpose from 1983 to 1986.

TABLE NO. 3.22

Table showing the growth of financial assistance by the bank for the housing sector from 1983 to 1986.

(Rs. in lakhs)

Year	PRIORITY SECTOR			WEAKER SECTION		
	Loans issued Rs.	Share in priority sector loans %	Share in total loans issued %	Loans issued Rs.	Sharein priority sector %	Share in total loans issued %
1983	0.95	1.06	0.54	0.25	26.31	0.14
1984	1.40	1.35	0.69	0.35	25.00	0.17
1985	2.30	2.18	0.86	0.40	17.39	0.15
1986	2.45	2.24	0.67	0.65	26.53	0.17

Source :

A) Compiled from office record of the Bank.

B) Percentage calculated.

The Table No. 3.22 shows that loans issued for housing sector increased from Rs. 0.95 lakh in 1983 to Rs. 2.45 lakhs in 1986. The share in total priority sector loans increased from 1.06% in 1983 to 2.24% in 1986. The share in total loans issued increased from 0.54% in 1983 to 0.86% in 1985 but decreased to 0.67% in 1986.

The Table No. 3.22 reveals that the loans issued to weaker sector increased from Rs. 0.25 lakhs in 1983 to Rs. 0.65 lakhs in 1986. The share in priority sector decreased from 26.31% in 1983 to 17.39% in 1985 and increased to 26.53% in 1986. The share in total loans issued increased from 0.14% in 1983 to 0.17% in 1986.

It is further to note that the Table No. 3.22 clearly showing the upward trend between range Rs. 0.95 lakhs to Rs. 2.45 lakhs during period from 1983 to 1986, because of increase in the limit of loan for housing from Rs. 10,000/- to Rs. 50,000/- by Reserve Bank of India.

4. (B) (ix) <u>GROWTH OF FINANCIAL ASSISTANCE BY THE BANK FOR CONSUMPTION SECTOR</u> :

" Consumption loans means the loans for

general consumption, medical expenses, marriage ceremonies, funerals, births, religious ceremonies etc. The following table shows the growth of financial assistance by the Bank for consumption sector from 1983 to 1986.

TABLE NO. 3.23

Table showing the growth of the financial assistance by the Bank for consumption sector from 1983 to 1986.

(Rs. in lakhs)

Year	PRIORITY SECTOR			WEAKER SECTION		
	Loans issued Rs.	Share in total priority sector loan %	Share in total loans issued	Loans issued Rs.	Share in priority sector %	Share in total loans issued %
1983	1.39	1.56	0.80	0.33,	23.74	0.19
1984	1.78	1.72	0.88	0.37	20.78	0.18
1985	2.09	1.99	0.78	0.50	23.92	0.19
1986	2.08	1.91	0.57	0.59	28.36	0.16

Source :

A) Compiled from office records of the bank.

B) Percentage calculated.

The Table No. 3.23 indicates that the bank assistance for consumption sector increased from Rs. 1.39 lakhs in 1983 to Rs. 2.09 lakhs in 1986 and decreased to Rs. 2.08 lakhs in 1986. The share in total priority sector loan increased from 1.56% in 1983 to 1.99% in 1985, and the same share decreased to 1.91% in 1986. The share in total loans issued increased from 0.80% in 1983 to 0.88% in 1984, but the same share decreased to 0.57% in 1986.

The Table No. 3.23 also reveals that the loans issued to weak section increased from Rs. 0.33 lakh in 1983 to Rs. 0.59 lakh in 1986. The share in priority sector decreased from 23.74% in 1983 to 20.78% in 1984 but the same share increased to 28.36% in 1986. The share in total loans issued decreased from 0.19% in 1983 to 0.16% in 1986.

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