- C H A P T E R - IV -

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- C H A P T E R : IV -

:: RECOVERY OF LOANS ::

4.1 INTRODUCTION :

After having studied the loans and advances of the Bank, the study of recovery of loans is also important. In this respect it is important to study the nature of overdues with trend and the actions taken by the Bank for the recovery of loans.

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4.2(i) The nature of overdues with trend.

The bank should continue to increase credit to the members to obtain better business, higher production and drive better income. But prompt recovery isessential for proper recycling the loanable funds. At the same time the bank should take necessary steps for bringing down the overdues and number of defaulting members to the minimum. For this purpose systematic approach to lending, toning up prior lending appraisal system, and after lending - supervision technique system should be adopted with keeping constant contact with defaulting members.

The following classes of loans are known as overdues -

(i) a loan which has remained unpaid though it is due for repayment.

(ii) All advances irrespective of their nature, which have been recalled by the bank but not repaid.

(iii) The amount of term loan instalements which have beome due and remained unpaid.

(iv) Advances which are treated as bad/doubtful of recovery or in respect of which suits have been filed.

(v) Loan accounts, irrespective of their nature, which have become stagnant that is where continuously for

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a period of six months or more the interest has not been paid and where there are no operations in the account or excess drawings over the drawing power or limit."[1]

4.2(i) Nature of total overdues of total loans and advances with trend.

Overdues are the obstacles in the wage of the progress of the bank hence it is necessary to see the nature of total overdues of total loans and advances with trend.

The table No.4-1 clearly shows that overdues of secured loans and advances increased from Rs.0-19 lakh in 1977 to Rs.8-01 lakhs in 1985 and the same is decreased to Rs.3-40 lakhs in 1986. The share in total overdues of overdues of secured loans and advances increased from 36.54% in 1977 to 88-69% in 1983 and the same share is decreased to 80-19% in 1986. The share of overdues of secured loans and advances in total loans and advances outstanding increased from 0-98% in 1977 to 6.23% in 1985 but the same share is decreased to 2.19% in 1986.

The table No.4-1 also indicates that overdues of unsecured loans and advances increased from Rs.0-33 lakhs in 1977 to Rs.1.74 lakhs in 1985 but the same is decreased to Rs.0-84 lakh in 1986. The share of same overdues in total overdues increased from 63-46% in 1977 to 75% in 1978 but

the same share decreased from 41.66 in 1979 to 19.81% in 1986. The share of the same overdues in total loans and advances outstanding decreased from 1.71% in 1977 to 0.54% in 1986.

The table No.4.1 also indicates that total overdues decreased from Rs.0-52 lakh in 1977 to Rs.0-36 lakh in 1978 but thereafter the total overdues increased from Rs.0-48 lakh in 1979 to Rs.9-75 lakhs in 1985 and then total overdues decreased to Rs.2.24 lakhs in 1986. The table No.4-1 also reveals that the share of total overdues in total loans and advances outstanding decreased from 2-69% in 1977 to 1.39% in 1986 but thereafter the same share in total loans and advances outstanding increased to 7.58% in 1986 and immediately the same share decreased to 2.73% in 1986.

In brief the table No.4.1 clearly reveals upward trend of share of overdues of secured loans and advances in total loans and advances outstanding between the range 0.38% to 6.23% during the period under review. Because of loans against gold and silver ornaments which have not renewed from year to year. On the other hand, the table No.4.1 clearly indicates the downward trend of share of overdues of unsecured loans and advances in total loans and advances outstanding between the range 1.71% to 0.30% during the period under review. Because of the gradual decrease of the share of unsecured loans and advances outstanding in total loans and advances outstanding between

the range 32.08% to 22.52% during the period under review. The ten years average percentage of total overdues was 3% of which overdues of secured loans constituted 2.25%.

4(2)(ii) The nature of overdues of purposewise loans and advances with trend.

The loans are issued to the needy members after taking into account the purpose for which the members need the loans. Thereafter, by considering the nature of overdues of total loans and advances with trend, it is considerable to make an attempt on the nature of overdues of purposwise loans and advances with trends.

The researcher found that there were no overdue balances on account of loans and advances for industrial purposes, transport purpose. It was due to the fact that effective care has been taken by the Bank in respect of recovery of these loans and advances. But there were overdues balances on account of loans and advances for professionals self employment purpose, commercial purpose, activities allied to agricultural purpose educational - purpose, repairs construction renewals of house property purpose, and other purposes.

PROFESSIONALS AND SELF EMPLOYMENT PURPOSE :

The following table shows the nature of overdues of loans and advances for the professionals and self employed purpose during the period under review.

TABLE NO.4.2 :

Table showing the nature of overdues of loans and advances for professionals and self employment purpose from 1977 to 1986.

(Rs. in lakhs)

Year	Loans Out-standing.	Overdues	Total over-dues.	Share in total overdues	Share in Loans Outstanding
	Rs.	Rs.	Rs.	%	%
1978	0.24	-	-	-	-
1983	1.49	0.09	4.95	1.81	6.04
1984	1.67	0.08	3.30	2.42	4.79
1985	2.98	0.01	9.75	0.10	0.33
1986	-	-	-	-	-

Source : (A) Compiled from office record of the bank.
(B) Percentage calculated.

The table No.4.2 indicates that there were no overdue balances in the year from 1977 to 1982, and in the year 1986. The table No.4.2 also reveals remarkable decrease in the overdues of loans and advances for professionals and self

employment purposes from rupees nine thousand in 1983 to Rupees one thousand in 1985. The share of overdues loans and advances for professionals and self employment purposes in total overdues increased from 1.81% in 1983 to 2.42% in 1984 but the same is decreased in 1985 to 0,10%. The share of overdues of loans and advances for professionals and self employment purpose in loans out--standing decreased from 6.04% in 1983 to 0.33% in 1985 and to NIL % in 1986.

It is further to note that the table No.4.2 clearly shows the downward trend of overdues of loans issued for professional and self employment purpose between the range of rupees nine thousand to Rupees one thousand during the period from 1982 to 1986. The reason is that the loans for professional and self employment purposes are mainly issued against hire purchase articles and the share of overdues of such loans in total overdues showed the downward trend between the range 1.21% to 0.94%. Thus this bank has succeeded in reducing the overdues of loans and advances for professional and self employment purpose during the period under review.

COMMERCIAL PURPOSE :

The researcher has collected the data in respect of purposewise loans and advances of the Bank. He found that

while granting the loans and advances preference was given to the loans and advances for commercial purposes. and overdues appeared mainly in cases of loans and advances for commercial purposes in the each year under review. The following table shows the nature of overdues of loans and advances for the commercial purpose during the period from 1977 to 1986.

TABLE NO. 4.3 :

Table showing the nature of overdues of loans and advances for commercial purpose from 1977 to 1986.

(Rs. in lakhs)

Year	Loans outstand-ing.	Overdues	Total overdues	share in total overdues	Share in loans outstanding
	Rs.	Rs.	Rs.	%	%
1977	14.27	0.41	0.52	78.84	2.87
1978	16.01	0.36	0.36	100.00	2.24
1979	19.62	0.37	0.48	87.08	1.88
1980	27.11	0.29	0.61	47.54	1.06
1981	33.05	0.31	0.96	32.29	0.93
1982	33.45	0.33	1.78	18.53	0.98
1983	57.61	2.14	4.95	43.23	3.71
1984	76.44	2.04	3.30	61.81	2.66
1985	91.60	5.30	9.75	54.35	5.78
1986	56.08	0.80	4.24	18.36	1.42
				Average %	2.35

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

(B) Percentage calculated.

The table No.4.3 indicates that overdues of loans and advances for commercial purposes decreased from Rupees forty one thousand in 1977 to Rupees twenty nine thousand in 1980. But the same overdues increased to Rs.5.30 lakhs in 1985 and decreased to Rupees eighty thousand in 1986. The share of overdues of loans and advances for commercial purposes in total overdues increased from 78.84% in 1977 to 100% in 1978 but decreased to 18.36% in 1986. The share overdues of loans and advances for commerdial purposes in loans outstanding increased from 2.87% in 1977 to 5.78% in 1985 and decreased to 1.42% in 1986.

In brief the table No.4.3 clearly indicates the upward trend of overdues of loans and advances for commercial purposes between the range Rs.0.31 lakh to Rs.5.30 lakhs during the period 1971 to 1986. The reason is that the loans and advances for commercial purposes are mainly issued - against cash credit, against pledge of goods and hypothecation of goods.

Such increase in the trend of overdues is serious matter. Therefore, Bank should take into consideration the possibility of recovery of loans and advances for commercial purposes while granting such loans to the members. The ten years average percentage of overdues of commercial loans in outstanding loan was 2.35%.

- ACTIVITIES ALLIED TO AGRICULTURAL PURPOSE -

The following table shows the nature of overdues of loans and advances for the activities allied to agricultural purpose from 1977 to 1986.

- TABLE NO.4.4 -

The table showing the mature of overdues of loans and advances for activities allied to agricultural purpose from 1977 to 1986.

(Rs. in lakhs)

Y ear	Loans outstand--ing.	Overdues	Total overdues	Share in total overdues	Share in loans Outstanding
	Rs.	Rs.	Rs.	%	%
1977 to 1981	-	-	-	-	-
1982	38.22	1.22	1.78	68.53	3.19
1983	16.00	1.68	4.95	33.93	10.50
1984	14.07	0.49	3.30	14.84	3.48
1985	15.11	3.49	9.75	35.79	23.09
1986	33.76	2.29	4.24	54.00	6.78

Source : (A) Compiled from Office records of the Bank.

(B) Percentage calculated.

The table No.4.4 clearly indicates that the Bank has assisted to the activities allied to agricultural - activities during the period from 1982 to 1986 only and overdues balances are raised from 1982 only The table No.4.4 clearly shows that overdues of loans and advances for activities allied to agricultural purposes increased from Rs.1.22 lakh in 1982 to Rs.1.68 lakhs in 1983 decreased to Rs.0.49 lakhs in 1984 but the same overdues again increased to Rs.3.49 lakhs in 1985 and downed to Rs.2.29 lakhs in 1986.

The table No.4.4 also indicates that the share of overdues of loans and advances for activities allied - agricultural purposes in total overdues decreased from 68.53% in 1982 to 14.84% in 1984 but the same was raised to 54% in 1986. The share of overdues of loand and advances for activities allied to agricultural purposes in loans outstand--ing increased from 3.19% in 1982 to 23.09% in 1985 and the same is decreased to 6.78% in 1986. It is further to note that overdues balances of loans and advances for activities allied to agricultural purpose should be kept to minimum for successful working. For this purpose Bank should introduce effective procedure for recovery of loans and advances.

EDUCATIONAL PURPOSES :

The following table shows the nature of overdues of loans and advances for the educational purpose during the period under review.

- TABLE NO. 4.5 -

The table showing the nature of overdues of loans and advances for educational purpose from 1977 to 1986.

(Rs. in lakhs)

Year	Loans outstand--ing.	Overdues	Total overdues	Share in total overdues.	Share loans outstanding.
	Rs.	Rs.	Rs.	%	%
1977 to 1982	-	-	-	-	-
1983	0.69	0.07	4.95	1.41	10.14
1984	0.58	-	-	-	-
1985	0.42	0-01	9.75	0.10	2.38
1986	-	-	-	-	-

Source : (A) Complied from office record of the Bank.

(B) Percentage calculated.

The table No.4.5 clearly shows that there were no overdues in the years from 1977 to 1982 and in the year 1984. The table No.4.5 also indicates that overdues of loans and advances for education purpose decreased from Rupees Seven thousand in 1983 to Rupees one thousand in 1985. The table also indicates that Bank has not issued any loans and advance for educational purpose in the year 1986.

The share of overdues of loans and advance for educational purpose in total overdues decreased fro 1.41 % in 1983 to 0.10% in 1985. The share of overdues of loans and advances for educational purpose in loans outstanding decreased from 10-14% in 1983 to 2.38% in 1985. Thus it is to note that this Bank become successful to minimise the overdues of loans and advances for educational purpose. during the period under review.

REPAIRS, CONSTRUCTION, RENEWALS OF ~~HAVE~~ HOUSE PROPERTY PURPOSE :

The following table shows the nature of overdues of loans and advances for repairs contruction renewals of house property purpose from 1977 to 1986.

- TABLE NO.4.6 -

The table showing the nature of overdues of loans and advances for repairs, construction, renewals of house property purpose from 1977 to 1986.

(Rs. in lakhs)

Year	Loans outstand-ing.	Overdues	Total overdues	Share in Total overdues.	Share in Loans outstanding
	Rs.	Rs.	Rs.	%	%
1977 to 1979	-	-	-	-	-
1980	1.03	0.09	0.61	14.75	8.73
1981	1.00	0.06	0.96	6.25	6.00
1982	0.72	0.04	1.78	2.24	5.55
1983	0.93	0.03	4.95	0.60	3.22
1984	1.39	0.00	3.30	0.00	0.00
1985	2.30	0.16	9.75	1.64	6.95
1986	2.73	0.11	4.24	2.59	4.02

Source : (A) Compiled from office record of the Bank.
(B) Percentage calculated.

The table No.4.6 reveals that there were no overdues in the years from 1977 to 1979, and in the year 1984. The table No.4.6 also clearly indicates that overdues of loans and - advances for repairs, construction, renewals of house property purpose decreased from Rupees nine thousand in 1980 to nil balance in 1984. The overdues of the same categories increased to Rupees sixteen thousand in 1985 and decreased to Rs.eleven thousand in 1986. The share of overdues of loans and advance for repairs, construction renewals of house property in total overdues also dereased from 14.75% in 1977 to 6.00% in 1984. and increased to 2.59 in 1986. The share of the same overdues in loans outstanding decreased from 8.73% in 1980 to NIL% in 1984 but the share of overdues of loans and advances for repairs, construction, renewals of house property in loans and outstanding increased to 6.95% in 1985 and decreased to 4.02% in 1986. It was further to note that, after taking into consideration above trend of overdues of loans and advances for repairs, construction , renewals of house property purpose, though increase in overdues in 1985 and 1986 was not very serious matter, the bank should be remained careful inrespect of recovery of loans and advances.

OTHER PURPOSES :

The researcher found that the amounts of loans and advances issued for other purposes were higher than

that of loans and advances issued for industrial purposes, professional and self employed purposes, Transport - purposes, educational purposes; Repairs, construction, renewals of house property purposes. Overdues balance of loans and advances for other purposes were raised except one year i.e. in 1988 during the period last ten years under review. The following table shows the nature of overdues of loans and advances for other purposes - during the period from 1977 to 1986.

- Table No.4. 7 -

Table showing the nature of overdues of loans and advances for other purposes from 1977 to 1986.

(Rs. in lakhs).

Year	Loans Out-standing.	Overdues	Total overdues.	Share in Total overdues	Share in loans outstand-ing.
	Rs.	Rs.	Rs.	%	%
1977	4.82	0.11	0.52	21.15	2.28
1978	6.82	0.00	0.36	0.00	0.00
1979	9.03	0.11	0.48	22.91	1.21
1980	15.64	0.23	0.61	37.70	1.47
1981	25.96	0.59	0.96	61.45	2.27
1982	4.33	0.19	1.78	10.67	4.38
1983	10.82	0.94	4.95	18.98	8.68
1984	10.99	0.69	3.30	20.90	6.27
1985	8.32	0.80	9.75	8.20	9.61
1986	46.60	1.04	4.24	24.52	4.26

Source ; (A) Compiled from office record of the Bank.
(B) Percentage calculated.

The table No.4.7 indicates that there were overdues of loans and advances for other purposes of Rupees eleven Thousand in 1977 but Nil overdues balance in 1978. The overdues of loans and advances for other purposes were increased from rupees eleven thousand in 1979 to Rs.1.04 lakhs in 1986.

The table No.4.7 also shows that the share of - overdues of loans and advances for other purposes in total overdues was 21.15% in 1977 and NIL % in 1978. but the same share of overdues in total overdues decreased from 22.91% in 1979 to 8.20% in 1985 but increased to 24.52% in 1986.

The table No.4.7 reveals that the share of overdues of loans and advances for other purposes in loans outstand--ing was 2.28% in 1977 and NIL % in 1978 but the same share increased from 1.21% in 1979 to 9.61% in 1985 and decreased to 2.23% in 1986. and its ten years average percentage in outstanding loan was 4.26.

In brief the overdues of loans for other purposes were in increasing trend from Rs.0.11 lakh to Rs.1.04 lakh during 1977 to 1986. Bedause such loans were mainly issued against gold and silver rnaments which were not recovered by Bank from year to year.

It is further to note that the Bank assisted to unproductive purpose during the period under review. The prompt recovery of such loans is essential for proper recycling the loanable fund.

4(2)(iii) The nature of overdues of secured loans and advances with trend.

After discussing about the nature of overdues of purposewise loans and advances with trend, it is importent to discuss about the nature of overdues of secured loans and advances with trend.

The table No.4.8 clearly shows that there were no overdue balances of loans against fixed and other deposits, loans against hypothecation of goods, overdraft. The nature of overdues of other secured loans and advances with trend during period under review was as under.

OVERDUES OF LOANS AGAINST GOLD AND SILVER ORNAMENTS :

As per table No.4.8 the overdues primaly appeared in respect loans against gold and silver ornaments during the period from 1977 to 1986, each year.

The table No.4.8 indicates that the overdues of loans against gold silver ornaments decreased from Rupees ninteen thousand in 1977 to rupees nine thousand in 1978 but increased to Rs.7.71 lakhs in 1985. Thereafter the same overdues decreased to Rs.3.01 lakhs in 1986.

The table No.4.8 also reveals that the share of overdues of loans against gold and silver ornaments in total overdues decreased from 36.54% in 1977 to 25% in 1978. but thereafter same overdues gone up to 86.87% in 1983 and decreased to 70.99% in 1986.

The table No.4.8 also indicates that the share of overdues of loans against gold and silver ornaments in loans outstanding decreased from 2.61% in 1977 to 1.82% in 1981 and increased to 8.95% in 1983. The same share of overdues in loans outstanding decreased to 5.57% in 1986.

The table No.4.8 clearly indicates that the maximum overdues were raised in respect loans against gold and silver ornaments between the range of Rs.0.19 lakhs to Rs.7.71 lakhs during the period under review. The reason for upward trend of overdues was that, such loans were not renewed from year to year and most of the agriculturist members were refunded their loans in the month of September and October of every year. The ten years average percentage of overdues of loans against Gold and silver ornaments in total outstanding loans was 2.09%.

It was further to note that increase in the trend of overdues of loans against gold and silver ornaments is not a serious matter because of its security, but Bank - should consider about recovery of loans in time for recycleing the loanable fund.

OVERDUES OF LOANS AGAINST PLEDGE OF GOODS :

The table No.4.8 clearly indicates that the overdues in respect of loans against pledge of goods raised in the year 1982 only, during the ten previous years. The sum of overdues of loans against pledge of goods in 1982 was only rupees six thousand. It's share in total overdues was 3.37% and the share in loans outstanding was 3.79%. The table No.4.8 clearly shows that Bank loan become successful to reduce the overdues of loans against pledge of goods.

OVERDUES OF LOANS AGAINST MORTAGE OF HOUSE PROPERTY :

The Table No.4.8 indicates the overdues of loans against mortgage of house property raised from 1980 onwards. The table no.4.8 clearly shows that the overdres of loans against - mortgage of house property decreased from rupees ten thousand in 1980 to rupees three thousand in 1983. but the same overdues increased to rupees sixteen thousand in 1985 and decreased to rupees eleven thousand in 1986.

The table No.48 also reveals that the share of overdues of loans against mortgage of house property in total overdues decreased from 16.39% in 1980 to 0.61% in 1983 and the same share of overdues in total overdues increased to 2.60% in 1986. Because the loans in statement share been regularly paid by the members.

The table No.4.8 also shows that the share of overdues of loans against mortgage house property in loans outstanding decreased from 9.71% in 1980 to 4.02% in 1986.

It is further to note that decreasing trend of overdues of loans and advances is one of the ways of - progress of the bank. Hence Bank should always sanction the loans and advances after taking into account the possibility of recovery of loans and advances.

OVERDUES OF LOANS AGAINST HIRE PURCHASE ARTICLES :

The table No.4.8 clearly indicates that therewere NIL overdues of loans against hire purchase articles in the years from 1977 to 1980, 1982, 1983.

The table No.4.8 shows that the overdues of loans against hire purchase articles in the years 1981, 1984, 1986 remained constant of rupees four thousand each year.

The table No.4.8also indicates that the share of overdues of loans against hire purchase articles in total overdues decreased from 4.17% in 1981 to 0.94% in 1986, because of regular refund of loans by borrowing members.

The table No.4.8 also reveals that the share of overdues of loans against hire purchase articles in loans outstanding decreased from 7.27% in 1981 to 0.21% in 1986.

It was further to note that the multer of overdues of loans against hire purchase articles was not much serious thing but Bank should not be careless in the matter of recovery of loans.

OVERDUES OF LOANS AGAINST GOVT. SECURITIES :

The table No.4.8 shows that the balances of overdues of loans against Govt. securities were recorded during the period from 1979 to 1986 only .

The table No.4.8 indicates that the overdues of loans against Govt. securities increased from rupees two thousand in 1979 to rupees twenty thousand in 1986, because of non-recovery of principal amount and interest amount from borrowing members.

The table No.4.8 also reveals the share of overdues of loans against Govt. securities in total overdues - decreased from 4.17% in 1979 to 1.21% in 1983 and the same share of overdues increased to 4.72% in 1986.

The table No.4.8 also shows that the share of overdues of loans against Govt. securities in loans - outstanding increased from 2.50% in 1979 to 24% in 1983 and the same share of overdues decreased to 11.29% in 1986. It was further to note that increase in overdues of loans against Govt. securities is not serious matter but the Bank should follow effective procedure for recovery of loans.

OVERDUES OF LOANS AGAINST PAYMENT SECURITIES :

As per table No.4.8 overdues of loans against payment securities appeared in the years 1985 and 1986 only due to non payment of instalments by the salaried borrowing members.

The table No.4.8 shows that the overdues of loans against payment securities increased from rupees one thousand in 1985 to rupees four thousand in 1986.

The table No.4.8 indicates that the share of overdues of loans against payment securities in total overdues increased from 0-10% in 1985 to 0.94% in 1986.

The table No.4.8 also shows that the share of overdues of loans against payment securities in outstanding loans increased from 0.33% in 1985 to 1% in 1986.

It is further to be noted that there were no overdues inrespect of loans against fixed and other deposits, loans against pledge of goods, loans against hypothecation goods because of following reasons -

(a) The loans against fixed and other deposits have no recovery period limit. They are automatically recovered from fixed and other deposits on their due dates.

(b) In case of loans against pledge of goods, actual possession of goods is in the hand of Bank and such loans are recovered from time to time.

(c) Loans against hypothecation goods are used by Bank as secured cash credit Hence, such loans are recovered-fully from year to year.

(4)(2) (iv) The nature of overdues of unsecured loans and advances with trend.

After discussing the nature of overdues of secured loans and advances it is important to throw light on the nature of overdues of ansecured loans and advances The bank has advanced upto 33% of loans and advances towards the unsecured loans and advances to the commercial - members. The overdues of unsecured loans and advances constitute more than 10% of the total overdues during the period under review. The table No.4.9 clearly indicates that there were NIL overdue balances against surety loans. The nature of overdues of other unsecured loans and advances with trend during the period from 1977 to 1986 was as under.

OVERDUES OF LOANS AGAINST CASH CREDIT :

The table No.4.9 clearly indicates that the maximum overdues were raised inrespect of loans against cash credit

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during the period under review.

The table No.4.9 shows that the overdues of loans against cash credit decreased from rupees nineteen thousand in 1977 to rupees seven thousand in 1980. But the same - overdues grown upto Rs.1.69 lakhs in 1985. Thus overdues of such loans shows upwardtrend between the range Rs.0-07 lakh to Rs.1.69 lakh during 1977 to 1985, as Bank has sanctioned such loans against two sureties only. But in the year 1986 overdues of the same is decreased to rupees 0-80 lakh as the bank has not sanctioned loans against cash credit to members who are not making turnover on the account.

The table No.4.9 also indicates that the share of overdues of loans against cash credit in total overdues - decreased from 36.54% in 1977 to 11.48% in 1980 and increased to 18.87% in 1986.

The table No.4.9 also reveals that the share of overdues of loans against cash credit in loans outstanding decreased from 4.17% in 1977 to 0.63% in 1980 but the same overdues increased to 8-11% in 1986. It is further to note that the overdues are the obstacles on the ways of progress of the bank. Therefore, bank should alway try to reduce the overdues.

The ten years average percentage of overdues of cash credit loan in total outstanding loans was 0.55%.

OVERDUES OF BILLS PURCHASED :

The table No.4.9 clearly shows the downward trend of overdues of bills purchased and discounted between the range ruppes fourteen thousand to rupees four thousand during the period from 1977 to 1986. Bedause bank has - purchased the clean bills from few approved commercial members only and it is policy of the Bank not to purchase accommodation bills which are drawn and accepted for - mutual help only.

The table No.4.9 also indicates that the share of overdues of bills purchased in total overdues decreased from 26.92% in 1977 to 0.94% in 1986.

The table No.4.9 also reveals that the share of overdues of bills purchased in loans and advances outstanding decreased from 16.47% in 1977 to 3.17% in 1986. The ten years average percentage of overdues of ~~cash credit~~ Bills purchased loans in total outstanding loans was 0.20%. The table clearly shows that the bank has became successful to reduce the overdues of bill purchased to the minimum. but while sanctioning the limit for bill purchased the bank should careful about its recovery. The nature of overdues of limitwise loans and advances.

(4) (2) (v) The nature of overdues of limitwise loans and advances.

After discussing about the nature of overdues of unsecured loans and advances with trend we will consider the nature of overdues of limitwise loans and advances.

The table No.4.10 indicates that the overdues of the loans and advances upto the limit of Rs.500 decreased from rupees forteen thousand in 1980 to rupees six thousand in 1981 and thereafter the same overdues increased to rupees seventy two thousand in 1986. The share of overdues of loans and advances upto the limit of Rs.500 in total overdues decreased from 23% in 1980 to 2.22% in 1983 and the same share of overdues in total overdues increased to 16.98% in 1986. The share of overdues of loans and advances upto the limit of Rs.500 in total loans and advances - outstanding decreased from 0.32% in 1983 to 0-10% in 1984 and the same share of overdues increased to 0.46% in 1986. The seven years average percentage of overdues of this limit in total outstanding was o.2o%.

The table No.4.10 also reveals that the overdues of loans and advances upto the limit between Rs.501 to Rs.1000 increased from rupees ten thousand in 1980 to rupees forty nine thousand in 1985 and decreased the same to rupees twenty five thousand in 1986. The share of overdues of loans and advances upto the limit betweenRs.501 to Rs.1000 in total

overdues increased from 16% in 1980 to 22% in 1981 but the same share of overdues decreased to 5.90% in 1986. The share of overdues of loans and advances upto the limit between Rs.501 to Rs.1000 in total loans outstanding increased from 0.23% in 1980 to 0.38% in 1985 and decreased the same to 0.16% in 1986. The seven years average percentage of overdues of this limit in total outstanding loans was 0.26%.

The table No.4.10 reveals that the overdues of loans and advances of the limits between Rs.1001 to Rs.5000 increased from Rs. twenty four thousand in 1980 to Rs.8.36 lakhs in 1985 and the same is decreased to Rs. 2 lakhs in 1986. The share of overdues of loans and advances of the limits between Rs.1001 to Rs.5000, in total overdues increased from 39% in 1980 to 78.39% in 1983 and the same share of - overdues decreased to 47.17% in 1986. The share of everdues of loans and advances of the limits between Rs.1001 to Rs.5000 in total loans outstanding increased from 0.55% in 1980 to 4.32% in 1983 and the same share of overdues decreased to 1.29% in 1986.

The table No.4.10 also indicates that the overdues of loans and advance of the limits between Rs.5001 to Rs.10000 increased from rupees thirteen thousand in 1980 to rupees 3.71 lakhs in 1985 and the same is decreased to Rs.1.05 lakh

in 1986. The share of overdues ofloans and advances of the limits between Rs.5001to Rs.10,000 in total overdues increased from 22% in 1980 to 38-05% in 1985 and the - same share of overdues decreased to 24-76% in 1986. The share of overdues of loans and advances of the limits between Rs. 5001 to Rs. 10000 in total loans outstanding increased from 0-29% in 1980 to 2-88% in 1981 and the same share decreased to 0-68% in 1986. The seven year average percentage of overdues of loans limits Rs. 1001 to 5001 & Rs.5001 to 10000 were 1-96% and 0-61% respectively.

The table No. 4-10 also clearly shows that the overdues of loans and advances of the limits between Rs. 10001 to Rs. 25000 were raised from Rupees ten - thousand in 1984 to Rupees Eighty nine thousand in 1985 and the same overdues decreased to Rupees twenty-two thousand in 1986. The share of overdues of loans and advances of the limits between Rs. 10001 to Rs. 25000 in total overdues increased from 3-03% in 1984 to 9-12% in 1985 and the same share of overdues decreased to 5-19% in 1986. The share of overdues of loans and - advances oflimits between Rs. 10001 to Rs. 25000 in total loans outstanding increased from 0-10% in 1984 to 0-70% in 1985 and the same share decreased to 0-14% in 1986.

Table No. 4.11

Table showing the periodwise trend of Overdues

During period from 1976-77 to 1985-86.

(Rs. in Lakhs)

Period of Overdues	1977			1978			1979		
	Overdues	Share in Total overdues	Share in Total outstanding Loans& Advances.	Overdues	Share in Total overdues	Share in Total Outstanding Loans Advances.	Overdues	Share in Total overdues	Share in Total outstanding Loans Advances.
	Rs. 1	% 2	% 3	Rs. 1	% 2	% 3	Rs. 1	% 2	% 3
1. With in one year.	0.28	54	1.45	0.08	22	0.33	0.31	65	0.51
2. Between one year to two years.	0.07	13	0.36	0.09	25	0.38			
3. Between two years to three years.	0.04	8	0.21	0.05	14	0.21	0.03	6	0.10
4. Above three years.	0.13	25	0.67	0.14	39	0.60	0.14	29	0.48
Total	0.52	100	2.69	0.36	100	1.52	0.48	100	1.63
Total Loans & Advances Outstanding	19.32			23.71			29.52		

Source A) Compiled from Office records of the Bank
B) Precentage calculated.

Period of Overdues	1980			1981			
	Overdues	Share in Total Overdues	Share in Total Outstanding Loans Advances.	Overdues	Share in Total Overdues.	Share in Total Outstanding Loans Advances.	Percentages average percentage total outstanding Loans.
	Rs	%	%	Rs.	%	%	
	1	2	3	1	2	3	
1. With one year	0.43	70.49	0.98	0.80	83.33	1.33	1.33
2. Between one year to two years.	0.06	9.84	0.14	0.03	3.13	0.05	
3. Between two years to three years.				0.03	3.13	0.05	
4. Above three years.	0.12	19.67	0.27	0.10	10.41	0.17	
Total	0.61	100	1.39	0.96	100	1.60	
Total Loans & Advances outstanding	43.79			60.13			

Source A) Compiled from Office records of the Bank
B) Percentage calculated.

Period of Overdues	1982			1983			1984		
	Overdues	Share in Total Over-dues	Share in Total Out-standing Loans Advan-ces	Overdues	Share in Total Over-dues	Share in Total Out-standing Loans Advan-ces.	Overdues	Share in Total Over-dues	Share in Total Out-standing Loans Advan-ces
	Rs.	%	%	Rs.	%	%	Rs.	%	%
	1	2	3	1	2	3	1	2	3
1. With in one year	1.64	92.13	2.09	4.55	91.92	5.06	2.47	74.84	2.32
2. Between one year to two years.	0.04	2.25	0.05	6.33	6.67	0.37	0.72	21.82	6.68
3. Between two years to three years.	0.01	0.56	0.01				0.06	1.82	0.06
4. Above three years.	0.09	5.06	0.11	0.07	1.41	0.08	0.05	1.52	0.04
Total	1.78	100	2.26	4.95	100	5.51	3.30	100	3.10
Total Loans & Advances Outstanding	78.63			89.87			106.49		

Source A) Compiled from office records of the Bank
B) Precentage calculated.

Period of Overdues	1985			1986			
	Overdues	Share in Total Over-dues	Share in Total Out-stand-ing Loans Advan-ces	Overdues	Share in Total Over-dues	Share in Total Out-stand-ing Loans Advan-ces.	Ten years average precentage in to total outstanding Loans
	Rs.	%	%	Rs.	%	%	
	1	2	3	1	2	3	
1. With in one year	8.99	86.05	6.52	2.92	68.87	1.88	
2. Between one year to two years.	0.86	8.32	0.67	1.03	24.29	0.66	
3. Between two years to three years.	0.45	4.62	0.35	0.22	5.19	0.14	
4. Above three years.	0.05	0.51	0.04	0.07	1.65	0.05	0.25
Total	9.75	100	7.58	4.24	100	2.73	
Total Loans & Advances outstand ng	128.67			155.46			

Source A) Compiled from Office records of the Bank

B) Percentage calculated.

The table No. 4-10 clearly shos that the major portion of the overdues raised from loans and advances of the limits between Rs. 1001 to 5000 between the range Rs.0-24 lakh to Rs. 4-36 lakhs during the period under - review. Because it includes mainly loans againt cash - credit which were unsecured. Hence while sanctioning the loans and advances for such limits between Rs. 1001 to Rs. 5000 the Bank should take care about the recovery of loans.

4(2) (vi)

The nature of periodwise overdues of loans and advances with trend.

By discussing the nature of overdues of limit-wise loans and advances with trend, it is considerable to make an attempt on the nature of periodwise overdues of loans and advances with trend.

The table No. 4-11 clearly shows that the - overdues with in one year decreased from Rupees twenty eighty thousand in 1977 to Rupees eight thousand : 1978 But the overdues within one year increased from Rupees thirty one thousand in 1979 to 8-39 lakhs in 1985 and the same overdues decreased to Rs. 2-92 in 1986. The - share of overdues with in year in total overdues - decreased from 54% in 1977 to 22% in 1978. But the same share of overdues increased from 65% in 1979 to 92-13% in 1982 and again the same share of overdues decreased

to 68-87% in 1986. The ten years average percentage of this type of overdues was 2-30%.

The table No. 4-11 also indicates that the overdues between one year to two years decreased from Rupees seven thousand in 1977 to Nil% in 1979 but - thereafter the same overdues increased from Rupees six thousand in 1980 to Rs. 1-03 lakh in 1986. The share of overdues between one year to two years in total overdues increased from 13% in 1977 to 25% in 1978 and decreased to Nil% in 1979. But the share of - overdues between one year to two years in total - overdues decreased from 9-84% in 1980 to 2-25% in 1982 Thereafter the share of same over in total overdues increased to 24-29% in 1986. The share of overdues between one year to two years in total loans outstanding increased from 0-36% in 1977 to 0-38% in 1978. The share of overdues between one year to two years in total loans outstanding was Nil in 1979 but the same share of overdues in total loans outstanding increased from 0-06% in 1980 to 0-66% in 1986.

The table No. 4-11 shows that the overdues - between two years to three years increased from Rupees four thousand in 1977 to Rupees five thousand in 1978 but the same overdues decreased to Nil balance in 1983.

And the same overdues increased to Rupees twenty two thousand in 1986. The share of overdues between two years to thre-e years in total overdues increased from 8% in 1977 to 14% in 1978 and decreased to Nil% in 1983 and the same share of overdues increased to 5-19% in 1986. The share of overdues between two years to three years in total loans outstanding decreased from 0-21% in 1977 to Nil % in 1983 the same share of overdues in total loans outstanding increased to 0-35% in 1985 and decreased to 0-14% in 1986.

The table No. 4-11 also indicates that the overdues above 3 years increased from Rupees thirteen thousand in 1977 to Rupees forteen thousand in 1979 and the same overdues decreased from Rupees twelve thousand in 1980 to Rupees seventhous and in 1986. The share of overdues above three years in totaloverdues increased from 25% in 1977 to 29% in 1979. and the same is decreased to 1-65% in 1986. The share of - overdues above three years in total loans outstanding decreased from 0-67% in 1977 to 0-5% in 1986. The ten years average percentage this type overdues was 0-25%.

The table No. 4-11 clearly reveals the upward - trend mainly of overdues within oen year because - majority of loans were issued on short term basis. - Therefore Bank should careful about recovery of loans and advances of 12 months period.

4.3 ACTION TAKEN BY THE BANK FOR RECOVERY OF LOANS :

After considering the nature of overdues it it is important to throw light on the action taken by the Bank for recovery of loans. A sound recovery - system should be followed by the Bank for recovering old overdues, current overdues, and outstanding loans and advances. For this purpose Bank should keep constant touch with defaulting members and their business - operations. The bank shoud supervise the use of credit. It should also assist in sorting out problems. The defaulting member should be remembered about the due date one or two weeks in advance. The Bank should - impress upon defalting ~~so that default does not~~ - member, the habit of regular repayment so that default does not develop. Advantage may be taken of legislation passed by the state Government for speedy recovery of dues. The Bank should promptly file the cases with collector or cicil court for execution in short, the Bank should taken effective action to bring down the amount of overdues and number of defaulting members, to the minimum. The following table shows the action taken by the Bank for recovery of loans.

TABLE NO.4-12

Table showing the action taken by the Bank for recovery fo loans during the years from 1977 to 1986.

(Rs. in lakhs)

Year	Total Overdues		Action taken (Award with civil court/ collector for execution)		Overdues recovered		Share of ovedues - recovered in total overdues	
	No.of A/c.	Amount Rs	No.of A/c.	Amt. Rs	No.of A/c.	Amt. Rs	No.of A/c. %	Amount. %
1977	43	0-52	7	0-15	36	0-37	83-72	71-15
1978	35	0-36	7	0-13	28	0-23	80-00	63-88
1979	57	0-48	7	0-13	50	0-48	87-71	72-91
1980	80	0-61	5	0-10	75	0-51	93-75	83-60
1981	101	0-96	5	0-10	96	0-86	95-04	89-58
1982	106	1-78	4	0-07	102	1-71	96-22	96-06
1983	244	4-95	4	0-06	240	4-89	98-36	98-78
1984	169	3-30	3	0-05	166	3-25	98-22	98-48
1985	408	9-75	2	0-05	406	9-70	99-50	99-48
1986	215	4-24	3	0-11	212	4-13	98-60	97-40

SOURCE : A) Compiled from Office record of the Bank.

B) Percentage calculated.

The table No. 4-12 shows that the total No.of Accounts of overdues gone up from 43 in 1977 to 408 in 1985 bu the same is decreased to 215 in 1986. The total amount of overdues also increased from Rupees fifty two thousand in 1977 to - Rs.9-75 lakhs in 1985 and the same is decreased to Rs.4-24 in 1986.

The table No. 4-12 also clearly shows that the No. of the defaulting members against whom action taken decreased from 7 in 1977 to 2 in 1985 and increased to 3 in 1986. At the same time amount of defaulting members against whom action taken decreased from Rupees fifteen thousand in 1977 to Rupees five thousnad in 1985 but the same is increased to Rupees eleveen thousand in 1986.

The table No. 4-12 also indicates, that No. of accounts of overdues recovered increased considerably from 37 in 1977 to 406 in 1985 but the same is decreased to 212 in 1986. At the same time amount of overdues recovered increased from Rupees thirty seven thousand in 1977 to Rs. 9-70 lakhs in 1985 and the same is decreased to Rs. 4-13 lakhs in 1986.

The table No. 4-12 also ~~di~~ indicates that the share of No. of Accounts, of overdues recovered in total No. of Accounts of overdues decreased from 86-04% in 1977 to 80% in 1978, but thereafter the same is increased to 99-50% in 1985 and the same is decreased to 98-60% in 1986. At the same time share of amount of overdues recovered in total overdues decreased from 71-15% in 1977 to 63-88% in 1978 but thereafter the same share increased to 99-48% in 1985 and decreased in 1986 to 97-40%.

:: REFERENCES ::

1) RBI : Credit information review No 75 Oct. 1985.