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

ANALYSIS AND INTERPRETATION OF THE DATA COLLECTED BY THE SAMPLE SURVEY.

5.1 Introduction.

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CHAPTER - V

ANALYSIS AND INTERPRETATION OF THE DATA COLLECTED BY THE SAMPLE SURVEY

5.1 INTRODUCTION :

In order to study financing of the Bank to the cash credit members in the town Gadhinglaj, a sample survey was taken. Totally 138 members were financed by the way of cash credit loans during the year 1985-86; of which 25% i.e. 35 respondents were selected for the purpose of interview. For this purpose a questionnaire

was prepared and distributed among these 35 selected members. The data required for the study is collected through the questionnaire specimen of which is enclosed in the appendix. The analysis and interpretation of the data collected from the sample survey is made as under :-

5.2 ANALYSIS AND INTERPRETATION OF THE DATA COLLECTED BY THE SAMPLE SURVEY :

Totally 138 members were financed by the way of cash credit loans during the year 1985-86; of which 25% i.e. 35 respondents were selected for the purpose of interview. The analysis and interpretation of the data collected by the sample survey is reviewed as under :-

5.1) AGE DISTRIBUTION :

The data regarding the age distribution is given in the following table No. 5.1.

TABLE NO. 5.1

Table showing the classification of the respondents according to their age groups.

Age Groups.	No. of Respondents.	Percentage.
21 - 30	3	8.57
31 - 40	16	45.72
41 - 50	10	28.57
Above 50	6	17.14
Total	35	

Table No. 5.1 indicates the age distribution of the respondents. The table shows that three (8.57%) respondents belong to 21 - 30 years group. Sixteen (45.72%) respondents belong to 31 - 40 years group. It means that the younger generation (21 - 40 years group) is accounting more than 50%. The middle age group i.e. 41 to 50 years group is accounting for ten (28.57%) respondents and six (17.14%) belong to the older generation i.e. above 50 years group. Hence, it can be concluded that most of the respondents belong to the age group of 31 - 40 years group.

ii) EDUCATION :

The active participation of the educated members is helpful to the urban co-op. banks for their success in the banking business. There might be the relationship between the level of education and participation of the members. The data regarding the education of respondents is given in the following table No. 5.2

TABLE NO. 5.2

Table showing the educational classification of the respondents.

Education.	No. of Respondents.	Percentage.
Primary	11	31.43
Secondary	13	37.14
Higher Secondary	-	-
Graduation	11	31.43
TOTAL	35	100.00

Table No. 5.2 reveals that eleven (31.43%) respondents have taken primary education. Thirteen (37.14%) respondents have taken secondary education and eleven (31.43%) respondents are graduates. Hence it can be concluded that most of the respondents have taken secondary education.

iii) MAIN OCCUPATION :

Sanctioning of the cash credit loan is always dependent on the occupation of the needy member. The cash credit loan is one of the main source of finance for the various traders, industrialists etc. Hence the data regarding the main occupation of the respondents is given in the following table No. 5.3.

TABLE NO. 5.3

Table showing the nature of the main occupation of the respondents.

Sr. No.	Nature of the main occupation.	No. of Respondents.	Percentage.
1.	Small Scale Industry	2	5.72
2.	Trade	18	51.43
	a) Commission Agents	(5)	(14.28)
	b) Provisional Stores	(3)	(8.58)
	c) Cloth Merchants	(2)	(5.72)
	d) Other traders (Foodgrain shop, Goldsmith, Petty Tobacco Merchants, Medical Shop, Cold Drink House, Inns, Hotel, Fruit Vendor)	(8)	(22.85)
3.	Activities allied to agriculture	5	14.28
4.	Other occupation (Tailoring, Vehicle repairing)	2	5.72
5.	Service	8	22.85
	TOTAL	35	100.00

iii) MAIN OCCUPATION : CONTD

Table No. 5.3 shows that two (5.72%) respondents are running small scale industries. Totally eighteen (51.43%) respondents are traders; of which five (14.28%) respondents are commission agents; three (8.58%) respondents are provisional store keepers; two (5.72%) respondents are cloth merchants and eight (22.85%) respondents are other petty traders. Whereas five (14.28%) respondents are agriculturists, who are making activities allied to agriculture. Two (5.72%) respondents are from other occupation (tailoring and vehicle repairing) and eight (22.85%) are employed persons.

From the above interpretation it can be considered that most of the respondents are traders.

iv) THE ANNUAL INCOME OF THE RESPONDENTS :

The gradual and permanent increase in the annual income is always caused to raise intangible asset in the occupation. Thus the income always shows the credit of the businessman. Cash credit loan is always sanctioned after considering the credit of the borrowing member. The data regarding the annual income of the respondents is recorded in the following table (5.4).

TABLE NO. 5.4

Table showing the income of the respondents

Income Groups. Rs.	No. of Respondents	Percentage
0 - 5000	2	5.72
5001 - 10000	5	14.28
10001 - 15000	9	25.72
15001 - 20000	10	28.56
20001 - 25000	9	25.72
TOTAL	35	100.00

Table No. 5.4 indicates that the annual income of two (5.72%) respondents was upto Rs. 5,000/-. Five (14.28%) respondents showed their income between Rs. 5,001/- - Rs. 10,000/-. Nine (25.72%) respondents showed their income between Rs. 10,001/- - Rs. 15,000/-. Ten (28.56%) respondents showed their income between Rs. 15,001/- - Rs. 20,000/- and nine (25.72%) respondents earned their income between Rs. 20,001/- to Rs. 25,000/-.

Hence it can be concluded that the bank had given cash credit loans to the respondents mostly from the income group of Rs. 15,001/- to Rs. 20,000/- and the bank has not sanctioned cash credit loans to the respondents belonged to the lower income group.

V) THE DEPOSIT ACCOUNTS OF THE RESPONDENTS :

The strength of the bank rest upon the amount of the deposits, which is real source of funds. The data relating to the deposit accounts is shown in the following table no. 5.5.

TABLE NO. 5.5

Table showing the Deposit Accounts of the respondents.

Sr. No.	Deposit account.	No. of Respondents	Percentage.
1.	Fixed Deposits Account	1	2.85
2.	Savings Bank Accounts	9	25.72
3.	Current Accounts	8	22.85
4.	Dainandin Bhishi Deposits Accounts	2	5.72
	Total No. of respondents having deposit accounts	20	57.14
	Total No. of respondents having no deposit accounts	15	42.86
	Grand Total	35	100.00

Table No. 5.5 shows that one (2.85%) respondent is having Fixed Deposit Account with the Bank. Nine (25.72%) respondents are having Savings Bank Accounts. Eight (22.85%) respondents are having Current Accounts and two (5.72%) respondents are having Dainandin Bhishi Deposits Accounts with the Bank. Thus totally twenty (57.14%) respondents out of 35 are having deposit

accounts with the Bank and totally fifteen (42.86%) respondents out of 35 are having no deposit accounts with the Bank.

Thus, from the above table it can be concluded that most of the respondents are having deposit accounts. They have mostly opened the Savings Bank Accounts with the Bank.

vi) THE PURPOSES OF TAKING THE CASH CREDIT LOANS :

The members whether producers, traders, employed persons are taking the loans for their specific purposes and the cash credit loans are also taken by the members for their specific purposes like working capital, purchasing of goods, business expenditure and trade. The data in respect of purposes of taking the cash credit loans by the respondents is shown in the following table No. (5.6).

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TABLE NO. 5.6

Table showing the purposes of taking the cash credit loans.

Sr. No.	Purposes.	No. of Respondents.	Percentage.
1.	Trade	10	28.57
2.	Working Capital	7	20.00
3.	Business Extension	3	8.58
4.	Business Expenditure	2	5.72
5.	Activities Allied to Agriculture	5	14.28
6.	Domestic Purpose	8	22.85
	TOTAL	35	100.00

Table No. 5.6 shows that ten (28.57%) respondents told that they had demanded cash credit loans for trade. Seven (20%) respondents said that they had taken cash credit loans for working capital. Three (8.58%) respondents told that they had taken the cash credit loans for business extension. Two (5.72%) respondents had taken cash credit loans for the business

expenditure. But five (14.28%) respondents informed that they had taken cash credit loans for the activities allied to agriculture and eight (22.85%) respondents informed that they had taken the cash credit loans for the domestic purposes.

Hence it can be concluded that most of the respondents had taken loans for the purpose of trade. But it can be said that the Bank should not sanction the cash credit loan for the activities allied to agriculture and for the domestic purposes.

vii) THE DEMAND AND SANCTION OF THE CASH CREDIT LOANS :

The demand of the cash credit loans always shows the requiremnt of the finance by the members, whereas sanction of the cash cr2dit loan always shows sanction of financial assistance to the borrowing members. The data in respect of demand and sanction of the cash credit loans to the respondents is explained in the following table No. (5.7).

TABLE NO. 5.7

Table showing the demand and sanction of the cash credit loans.

CASH CREDIT LOANS DEMANDED			CASH CREDIT LOANS SANCTIONED		
Amount Groups.	No. of Respondents.	% to total Respondents.	Amount	No. of Respondents.	% to total Respondents
2001 - 3000	2	5.72	3000	1	2.85
			500	1	2.85
3001 - 4000	1	2.85	2000	1	2.85
4001 - 5000	10	28.57	5000	8	22.86
			4000	1	2.85
			2500	1	2.85
5001 - 10000	14	40.00	5000	13	37.20
			6700	1	2.85
10001 - 20000	8	22.86	10000	1	2.85
			6000	1	2.85
			5000	6	17.14
TOTAL	35	100.00x		35	100.00

Table No. 5.7 shows that :-

a) Twp (5.72%) respondents belonged to the demand group of Rs. 2,001/- to 3,000/- but Rs. 3,000/- were sanctioned to one (2.85%) respondent and only Rs. 500 were sanctioned to the remaining one (2.85%) respondent.

b) One (2.85%) respondent belonged to the demand group of Rs. 3,001/- to Rs. 4,000/- but only Rs. 2,000/- were sanctioned to the same respondent.

c) Ten (28.57%) respondents belonged to the demand group of Rs. 4,001/- to Rs. 5,000/-, of which Rs. 5,000/- were sanctioned each to eight (22.86%) respondents. Rs. 4,000/- were sanctioned to one (2.85%) - respondents and only Rs. 2,500/- were sanctioned to the remaining one (2.85%) respondent.

d) Fourteen (40%) respondents belonged to the demand group of Rs. 5,001/- to Rs. 10,000/- but Rs. 6,700/- were sanctioned to only one (2.85%) respondent and Rs. 5,000/- were sanctioned to each thirteen (37.20%) respondents.

e) Eight (22.86%) respondents belonged to the demand group of Rs. 10,001/- to Rs. 20,000/- of which

Rs. 10,000/- were sanctioned to one (2.85%) respondent; while Rs. 6,000/- were sanctioned to one (2.85%) respondent and only Rs. 5,000/- were sanctioned to remaining each six (17.14%) respondents.

The above table also indicates that, the maximum fourteen (40%) respondents belonged to the demand group of Rs. 5,001/- to Rs. 10,000/- but the bank had sanctioned Rs. 5,000/- each to thirteen (37.20%) respondents and Rs. 6,700/- to one (2.85%) respondent. Thus the above table shows the fluctuating cash credit loans sanctioning - policy.

Hence it can be concluded that the maximum number of respondents are demanding cash credit loans from Rs. 5,001/- to Rs. 10,000/- but the bank has sanctioned cash credit loans to the maximum limit of Rs. 5,000/- only. So it can be said that the Bank should increase the cash credit limit for providing cash credit loans requirements of the borrowing members and also the bank should form a fixed cash credit loan sanctioning policy.

viii) <u>THE PERIOD TAKEN BY THE BANK IN SANCTIONING CASH CREDIT LOANS</u> :

The data regarding the period taken by the Bank in sanctioning the cash credit loans is given in the

following table No.5.8

- Table No.5.8 -

Table showing the period taken by the bank in sanctioning the cash credit loans.

Period of sanctioning Cash credit loan.	No.of Respondents.	Percentage.
1 to 10 days	9	25.72
11 to 20 days	19	54.28
21 to 30 days	7	20.00
	35	100-00

Table No.5.8 shows that nine (25.72%) respondents said that the Bank had sanctioned their cash credit loans within lo days after submitting application to the Bank. Ninteen (54.28%) respondents told that the Bank had sanctioned their cash credit loans within 20 days after submitting - applications to the Bank of Seven (20%) respondents said that the Bank had sanctioned their Cash Credit loans within 30 days after submitting the applications.

Hence it can be concluded that the Bank had sanctioned cash credit loans to the maximum borrowers within 20 days and it can be said that the Bank should sanction the cash credit loans within minimum period.

ix) Securities held against the Cash Credit Loans.

The bank has to ensure complete safety of the money lent. The bank has to take all business care and act - prudently before granting any limit. The bank should ensure that adequate security is available. The bank should see that money which belongs to the depositors is not to put into any under risk. The cash credit loan may be secured cash credit loan or unsecured cash credit loans. Unsecurrd cash creidit loans are always issued against two sureties. The data regarding the securities held against cash credit loans of the respondents is explained in the following table No.5.9.

- Table No.5.9 -

Table showing the types of security held against the cash credit loans.

Security	No.of borrowers	Percentage
Property	-	-
Articles.	-	-
Two sureties	35	100

Table No.5.9 indicates that thirty five (100%) respondents had taken cash credit loan against two sureties only. It means the bank had issued unsecured cash credit loans to the borrowers and it had not issued secured cash

credit loans to the borrowers. It can be said that the secured cash credit loans also should be issued to save and reduce the overdues to the minimum.

x) <u>The documents enclosed for obtaining the cash credit Loans.</u>

The documentation is the important part in the process of obtaining the loans. The data regarding the documents enclosed by the respondents for obtaining the cash credit loans is given in the following table No.5.10.

- <u>Table No.5.10</u> -

Table showing the documents enclosed for obtaining the Cash Credit Loans.

Documents	No.of Respondents.	Perdentage
1. Financial, tatements alongwith other documents(Promisory Note & agreement).	10	28-57
2. Income Tax Assessment order alongwith other documents.(promissory Note and agreement).	1	2-85
3. Other documents (Promisory note & agreement).	24	68-58
Total..	35	100-00

Table No.5.10 shows that ten (28.57%) respondents have enclosed financial statements alongwith promissory notes and agreement. One (2.86%) respondent has enclosed copy of incometor assessment order alongwith promissory notes and agreement. Twenty four (68.58%) respondents - have enclosed only promissory notes and agreement.

Hence, it can be concluded that promissory note and and agreement are mainly enclosed for obtaining cash credit loans. But it can be said that the Bank should - demand Financial Statements from borrowing members to see their financial strongness and solvency.

xi) <u>The reasons for demanding the cash credit loans.</u>

The summarised reasons for demanding the cash credit loans are :- The member is a share holder of the Bank. He is acccount holder in the Bank. The Board of Directors is - familiar to the member. The member has maintained the local relation with the Bank. The loan is always sanctioned - immediately by the Bank. There is no difficulty while refunding the loans. The data regarding the above - reasons for demanding the cash credit loans from the same bank is given in the following table. (5.11)

TABLE NO. 5.11

Table showing the reasons for demanding the cash credit loans from the same bank

	BASIC REASONS		OTHER REASONS				TOTAL
	Share holder of the bank.	A/c. in the bank	Board Director is familiar	Local relation with the bank.	Loan is sanctioned immediately.	No. difficulty while refunding the loan.	
No. of Respondents	35	17	18	18	13	8	-
(Percentage)	(100%)	(48.57)	(51.42)	(51.42)	(37.14)	(22.86)	

The respondents have answered more than one reason when the question was asked to them as "why the cash credit loan is demanded from the Gadhinglaj Urban Co-operative Bank Ltd. ?" Hence table No. 5.11 indicates that theirty five (100%) respondents told that they are the shareholders of the bank. Seventeen (48.57%) respondents said that they have accounts in the Bank. Eighteen (51.42%) respondents informed that the Board of Directors is familiar to them. Eighteen (51.42%) respondents informed that they have local relations with the bank. Thirteen (37.14%) respondents said that the loan is sanctioned immediately by the bank and eight (22.86%) respondents told that they have no difficulty while refunding the loans.

Hence, it can be concluded that most of the respondents demanded the cash credit loans in the bank due to the reasons that the Board of Directors is familiar to them and they have local relations with the bank along with they are the shareholders of the bank. But it can be said that the bank should give priority to the borrowing members who have accounts with the bank to increase the habits of savings and to increase the banking business relations.

xii) THE NATURE AND REASONS OF LOANS TAKEN BY THE RESPONDENTS FROM THE OTHER BANKS :

Finance is the life blood of any business organisation. The businessman always requires the sufficient finance for his unit. He can raise such funds by taking loans from financial institution. The data regarding the nature of reasons of loans taken by the respondents from other banks is given in the following table. (No. 5.12)

Table No. 5.12 shows that fifteen (42.85%) respondents had taken the loans from the other banks; of which nine (25.71%) respondents had taken the loans from the other co-operative banks. Three (8.57%) respondents had taken the loans from commercial banks. Three (8.57%) respondents had taken loans from nationalised banks. The table shows that maximum nine (25.71%) respondents out of 35 had taken loans from co-operative banks.

Table No. 5.12 indicates that the nature of loans taken by fifteen (42.85%) respondents from the other banks. The table shows that eight (22.86%) respondents had taken loans against cash credit. Two (5.72%) respondents had taken bank overdraft facilities from the other banks. One (2.85%) respondent had taken loans against hypothecation of goods from the other banks. One (2.85%) respondent had taken loans against pledge of goods from the other bank. Three (8.57%) respondents had taken loans against gold and silver ornaments. The table shows that maximum eight (22.88%) respondents out of 35 had taken loans against cash credit from other banks.

Table No. 5.12 also reveals that the reasons for taking loans from the other banks. It shows that ten

(28.58% respondents had taken the loans from the other banks due to shortage of cash credit funds from the Gadhinglaj Urban Co-operative Bank Ltd. One (2.85%) respondent had taken loans from the other bank because the cash credit loan was not received in time from the Gadhinglaj Urban Co-operative Bank Ltd. One (2.85%) respondent had taken loan from the other banks due to over budgetory expenditure. Three (8.57%) respondents had taken loans from the other banks because of their new proposals. Thus this table shows that maximum ten (28.58%) respondents had taken loans from the other banks due to shortage of cash credit funds from the Gadhinglaj Urban Co-operative Bank Ltd.

Hence it can be concluded that most of the respondents have taken loans against cash credit from the other co.operative banks due to shortage of the cash credit loan funds in the Gadhinglaj Urban Co-operative Bank. So it can be said that the Bank should increase the limit for issuing of cash credit loans to the needy borrowing members.

xiii) UTILISATION OF THE CASH

CREDIT LOANS BY THE RESPONDENTS :

Proper utilisation of the resources is the important element in the business organisation. The data regarding utilisation of the cash credit loans by the respondents explained in the following table No. (5.13).

TABLE NO. 5.13

Table showing the reasons of utilisation of cash credit loans by the respondents.

Sr. No.	Reasons.	No. of respondents	Percentage.
1.	Trade	8	22.86
2.	Working Capital	7	20.00
3.	Business Extension	3	8.57
4.	Business Expenditure	2	5.72
	Total No. of Respondents who utilised the cash credit loans for given reasons	20	57.15
	Total No. of Respondents who utilised the cash credit loans forother than given reasons	15	42.85
	Grand Total	35	100.00

Table No. 5.13 shows that eight (22.86%) respondents told that they had utilised the cash credit loans for the purpose of the trade. Seven (20%) respondents informed that they had used the cash credit loans for working capital. Three (8.57%) respondents said that they had used the cash credit loans for the purpose of business extension and two (5.72%) respondents told that they had utilised the cash credit loans for the purpose of business expenditure. Thus totally twenty (57.15%) respondents out of 35 utilised the cash credit loans for given reasons. Of which maximum eight (22.86%) respondents had used the cash credit loans for given reason. But totally fifteen (42.85%) respondents had used the same loans for other than given reason.

Hence, it can be concluded that the most of the respondents had used the cash credit loans for the purpose of trade.

xiv) <u>UTILISATION OF THE CASH CREDIT LOANS FOR OTHER THAN GIVEN REASONS</u> :

Loans should be utilised for the given reasons only. Loans should not be utilised for other than given reasons. The data regarding utilisation of the cash credit

loans for the other than given reasons is enclosed in the following table. No.(5.14).

Table No.5.14.

Table showing the utilisation of Cash Credit Loans other than given reasons by the respondents.

Reasons	No.of Respondents	Percentage
1. Marriage.	1	2.85
2. Education	1	2.85
3. Domestic Reasons	8	22.86
4. Activities allied to agriculture.	5	14.29
Total No.of respondents who utilised the cash credit loans for other than and given reaons.	15	42.85
Total No.of Respondents who Utilised the Cash Credit Loans for given reason.	20	57.15
Total....	35	100.00

Table No.5.14 indicates that totally fifteen (42.85%) respondents had utilised cash credit loans for otherthan given reasons of which one (2.85%) respondent had utilised the cash Credit loans for the purpose of Marriage. One (2.85%) respondent had used cash credit loans for the purpose of education. Eight (22.86%) respondents had used the loans for domestic reasons -

and five (14.29%) respondents, had used the cash credit loans for the activities allied to agriculture.

Hence, it can be concluded that the masimum - respondents had used the cash credit loans for domestic reasons. It can be said that the Bank should not issue the cash credit loans for other than the purpose of trade, working capital. But it is very difficult to say; whether borrowing members are using the loans for given reasons or not. For this purpose the Bank should propose to visit frequently to the concern to test whether borrowers are using the loans properly for given reasons or not.

xv) IMPROVEMENT IN THE FINANCIAL CONDITIONS OF THE RESPONDENTS :

If the loans are utilised properly the financial condition will be improved. But the financial condition will not be improved due to improper utilisation of loans decrease in the market rates, or depression or draught. The data regarding improvement in the financial condition of the respondents is explained in the following table No.5.15.

Table No.5.15 shows that totally twenty One (60%) respondents expressed their opinion that they have increased their financial condition by taking cash credit loans; of which eight (22.86%) respondents said that they have - increased their trade. Five (14.28%) respondents said that they have extended their business Six (17.14%) respondents told that they have increased their working capital of the

business and two (5.72%) respondents said that they have increased the activities allied to agriculture.

But table No. 5-15 also shows that totally forteen (40%) Respondents expressed that they have not achieved their financial improvement by taking cash credit loans ; of which nine (25.72%) respondents said the reason that they have not used the loans properly. Four (11.43%) - respondents told that they have not improved the financial condition due to decrease in the market rates and one (2.85%) respondent said that he has not improved his - financial condition due to draught.

Hence, it can be concluded that most of the - respondents improved their financial condition. But fourteen (40%) respondent have not improved their financial condition this is also a serious matter. Hence it can be said that the Bank should give proper guidance to the borrowing members in respect of utilisation of cash credit loans and the Bank should also inform and advise the borrowers in respect of Market condition, Government Policy, RBI Policy, Local authority Policy; etc.

xvi) <u>LIMIT OF THE CASH CREDIT LOANS</u> :

The Bank always sanctions the cash credit loans upto limits prescribed by the RBI From time to time. The data regarding opinions of the respondents in respect of limit of the cash credit loans is explained in the following table No.5.16.

Table No.5.16.

Table showing the opinions of the respondents about the limit of the cash credit it loans.

Opinion	No.of Respondents	Percentage.
1. Amount of cash credit loans is Limited.	20	57-15
2. Amount of cash credit loans fulfills the needs.	7	20-00
3. A very short supply of cash credit loans.	8	22-85
Total:.	35	100-00

Table No.5.16 shows the opinions of the respondents about the limits of cash credit loans. Twenty (57.15%) - respondents are of the opinion that the amount of cash credit loans supplied by the Bank is limited Seven (20%) respondents said that the amount issued by the Bank for cash credit loans fulfilled the needs but eight (22.85%) respondents said that the amount supplied for cash credit loans is very short.

Hence it can be concluded that the majority of respondents are of opion that the amount of cash credit loans supplied by the Bank is limited. Hence it can be said that the Bank should increase its cash credit limit.

xvii) THE RATE OF INTEREST ON THE CASH CREDIT LOANS :

The interest on the loans is always charged by the Bank according to the directives of the RBI. from time to time. The date regarding the opinions of the respondents about the rate of interest on the cash credit loans is shown in the following table. (5.17).

- Table No.5.17 -

Table showing the opinions of the respondents about the rate of interest on cash credit loans.

Opinions	No.of Respondents	Percentage
1. Fair rate of interest	18	51-43
2. Over rate of interest	16	45-71
3. Unfair rate of interest	1	2-86
Total..	35	100-00

Table No.5.17 shows the opinion of the respondents about the rate of interest on cash credit loans. Enghteen (51.43%) respondents are of the opinion that the Bank has charged fair rate of interest on cash credit loans. Sixteen (45.71%) respondents said that the Bank has charged over rate of interest on cash credit loans and one (2.86%) - respondent has said that the Bank has charged unfair rate of interest on cash credit loans.

Hence, it can be concluded that the Bank has charged fair rate of interest on cash credit loans.

xviii) OPERATIONS OF THE CASH CREDIT LOANS :

The cash credit loan is operative loan. The borrowing member should operate such loan more than four times. The data regarding operations of the cash credit loans is given in the following table No. (5.18).

~~xxxxxxxxOPERATIONS OF THE CASH CREDIT LOANS~~:

- Table No.5.18 -

Table showing the operations of cash credit loans by the respondents.

Operations	No. of respondents	Percentage
Single time	13	37-14
Two times to four times	11	31-43
Many times.	11	31-43
Total...	35	100-00

Table No.5.18 shows that thirteen (37-14%) respondents have operated their cash credit loan accounts for a single time during the period of 12 months eleven (31.43%) respondents have operated their cash credit loan accounts two times to four times and eleven (31.43%) - respondents have operated the cash credit loan accounts many times during the period of this months.

Hence, it can be concluded that the Maximum member of borrowers have not operated the cash credit loans accounts for many times. Hence, it can be said that the Bank should issue the cash credit loans only to the borrowers who are operating the account many times.

xix) NO. OF DEFAULTERS AMONG THE RESPONDENTS :

There are following reasons for raising overdues and defaulters. One there is a mismatch between the repayment terms and the borrowers ability to repay. Second there is little contact between the borrowers and bank after the loans are issued the data regarding No. of defaulters among the respondents is shown in the following table No.(5.19).

- Table No.5.19 -

Table showing the No. of defaulters alongwith the reasons.

Reasons	No. of Respondents.	Percentage
1. Loan used for unproductive purpose.	2	5-72
2. Decrease in production	1	2-85
3. Unnecessary loan burden.	1	2-85
Total..	4	11-42

Table No.5.19 shows that two (5-72%) respondents were defaulters due to cash credit loans used for - unproductive purposes. One (2-85%) respohdent was defaulter due to decrease in production and one (2.85%) respondent was defaulter due to unnecessary loan burden.

Hence, it can be concluded that the number of defaulters is raised due to the use of cash credit loans for unproductive purposes. Hence it can be said that the Bank should issue the cash credit loan for productive purposes only.

xx) Action taken by the Bank against the defaulters of the cash credit loans.

Action should be taken by the Bank against the defaulters who tend to be irregular in repaying the loans. The date regarding the action taken by the Bank against the defaulters of the cash credit loans is given in the following table No.(5.20).

- Table No.5.20 -

Table showing the action taken by the Bank against the defaulters of cash credit loans.

Action taken	No.of defaulting respondents
1. Notice issued	3
2. Warning given	1
T o t al...	4

Table No.5.20 shows that the Bank has issued notices to three defaulting respondents while warning was given to are defaulting respondent for recovering of overdues of cash credit loans.

Hence, it can be said that the Bank mainly recovers the overdues of cash credit loans by issuing notice to the defaulting members and it can be said that the Bank should reduce the members of defaulting borrowers to the minimum to increase the credit worthyness of the Bank.

xxi) OTHER OBSERVATIONS :

i) It was observed from the given answers by the respondents that only fifteen (42.85%) respondents out of 35 had maintained accounts in respect of cash credit loans transactions and also thirty five (100%) resppndents had not submitted the accounts to the Bank. Hence, it can be concluded that the Bank had not restricted to write accounts inrespect of cash credit loan transctions and the respondents need not required to submit their accounts books to the Bank.

ii) It was also observed that thirty one (88-57%) respondents had repaid their cash credit loans alongwith interest within the prescribed time. Hence, it can be concluded that majority of the borrowers are repaying their cash credit loans alongwith interest in the prescribed time.

5.3 BANK MANAGERS VIEWS :

When selected 35 respondents were interviewed at the same time Bank Manager was also interviewed on the basis of a questionnaire already prepared. The speciman of the questionnaire is enclosed in the appendix. His opinions about the cash credit loans are considered and the analysis of opinions is made as under.

1. The Bank gives unsecured cash credit loans to the members, who are share holders of the Bank but while - sanctioning cash credit loans preference is given to the borrowing members who are carrying trade, industry etc. The purposes of sanctioning cash credit loans are mainly working capital, purchases of materials, business expenditure etc. Such loans are sanctioned according to the directives of RBI. Most of the cash credit loans are issued for - productive purpose after taking into consideration - borrowing members repaying capacity. At present members are demanding beyond the limit of Rs.5000, which is insufficient to carry out trading operations. At present the Bank can issue cash credit loans upto the limit of Rs.15000/- to each borrowing member but due restrictions of the RBI. the limit of Rs.5000/- is not increased. Sometimes cash credit loans can be renewed if borrowing members limit operation is satisfactory Cash credit loan can be issued to the lower income groups.

2. It is very difficult task to find out that borrowing members are using the cash credit loans for given reasons. Some times they may be used for other than given reasons. Some doubtful cases have always inquired through the sureties and directors of the Board the rate of interest on cash credit loan varies from 14% to 16½%.

3. Many borrowers are operating cash credit loans at a single time but majority of borrowing members have repaid their cash credit loans within prescribed period. As the limit of Rs.5000/- is very short there is no - difficulty inrespect of recovery of loans.

4. Actions against the defaulting members is always taken in the nature of issue of notice and warning to them.

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