

C H A P T E R - V

OBSERVATIONS, CONCLUSIONS AND SUGGESTIONS

It is observed from all the information collected that, Yashwant Sahakari Bank Ltd., Miraj, has achieved an outstanding progress. In order to study various loan schemes of the bank, customers satisfaction and expectations from the bank a questionnaire was prepared and responses were obtained from the selected hundred borrowers. In addition to this, some valuable and important informations was obtained through personal observations, discussions with the bank officers, Bank Managers, and Bank Employees. This information reflected the attitude and willingness of different branches to provide necessary service to the customers.

As well as this, Annual Reports of YSB's from its establishment have studied. The pamphlets, and other reference record have been studied. With the help of all above material and data analysis presented in Chapter Fourth, following observations are made by the researcher.

The observations are classified into three categorizes viz.,

5.1 OBSERVATIONS BASED ON PERFORMANCE ANALYSIS

5.2 OBSERVATIONS BASED ON RESPONSES OF SAMPLE BORROWERS.

5.3 GENERAL OBSERVATIONS

5.1 OBSERVATIONS BASED ON PERFORMANCE ANALYSIS

1) Here an attempt has been made to present observations drawn from the performance analysis . The loans are advanced as under.

- a) Short-term unsecured loan.
- b) Short-term secured loan.
- c) Medium term secured loan.

Under these schemes bank advances loan for various sectors. viz,

- i) Trade and transport,
- ii) Industrial sector,
- iii) Handicrafts and cottage industries,
- iv) Agricultural sector,
- v) Engineering sector,
- vi) Social and cultural activities,
- vii) Small scale industries.
- viii) Buildings and constructions,
- ix) Education etc.

2) "Yashwant Sahakari Bank" was established in 1966-67 in the form of 'Yashwant Sahakari Pat Sanstha.' At the end of first year, bank had advanced only Rs. 1,20,600/- (in 1966-67) and at the end of 1993-94 bank has

advanced Rs. 5,43,22,974/- which is the indication of spectacular performance of the bank.

Within last five years there is increase in aggregate loans and advances of the bank more than 58%, which comes to near about 1.5 times as compared to 1st year covered in the study.

3) Near about 65% of the total loans are advanced for short term secured loans. The major portion of the total lending of the bank is confined to cottage and handicrafts taking in account the locational need.

4) In the case of advancing loans to customers, bank adopts three policies viz. short-term secured loan, short term unsecured loan, medium term secured loan.

In the above cases bank has issued. For short term secured loans=31%, For short term unsecured loans 32%. For medium term secured loans = 37%.

5) In the case of short term unsecured loans, the bank has issued more loans for clean loan, constituting 94% of total short term unsecured loans.

6) In the case of short term secured loans the bank has advanced more loans under the security of Gold and then under the security of deposits which comes to 35% and 33% respectively of the loans.

7) In relation to medium term secured loan policy, the bank has issued more loans under security of vehicle which comes to 70%. It is also observed that bank has not given any loan under "Sanjay Gandhi loan Scheme".

8) As regards loans to directors, it is observed that the bank has issued 5% loans to the directors of the bank. The percentage of loans/^{and} advances to the relatives of the directors of the bank is insignificant which is 1 to 1 1/2 % of total loans advanced.

9) It is observed that, the loans advanced to directors, are outstanding to the extent which, 70% to 80%, is serious thing regarding a special attention.

10) In connection with profit and loss of the bank, since beginning the bank has proved to a profitable organisation except in the year 1993-94.

11) The percentages of bank overdues or loan outstanding is always increasing.

12) As regards Educational loans, the Bank has made spectacular progress. During the 1988-89 the bank has financed Rs. 2000/- only but in 1993-94 is Rs. 66,968/-

It shows the bank is advancing generously for educational purposes.

13) Our Government is adopting very important scheme for poors and low income persons. i.e. Sanjay Gandhi Swavalamban Yojana.

Under this scheme in 1981, bank has advanced Rs. 1,04,150/- and in the year 1992-93 Rs. 2,378/-.

14) For various types of loan schemes, bank ^{has} adopted different type of rate of interest viz., for short term loan 18%. For Medium term loan-20%. For Sanjay Gandhi Swavalmban Yojana-8%.

Which shows that the bank has been changing low rate of interest for poors.

15) As a part of social and cultural activity, bank also advances loan for festivals.

Under the study period from 1988-89 to 1993-94, Bank has advanced Rs. 60,140/- in 1988-89. Highest amount advanced in 1992-93 i.e. Rs. 2,02,445/- Lowest amount advanced in 1993-94 i.e. Rs. 34,870/-. Thus bank does concern about the religious feelings of their shareholders and customers.

5.2 OBSERVATIONS BASED ON RESPONSES OF SAMPLE BORROWERS- HOW FUNDS HAS UTILISED BY THEM ?

An attempt has been made in following few lines to come with some specific observations based on responses given by the respondents selected for the purpose of study.

- 1) Majority of the borrowers have taken loans for business purposes. Out of the total sample borrowers 42% persons borrowed for business purposes.
- 2) Though there are various loans schemes, majority borrowers have taken loan for the following purposes :
For business=42%, For Agricultural=12%, For Domestic work=11%, For House Repair=11%.
- 3) Out of the total sample borrowers, 81% borrowers have utilised the whole amount for the purpose for which it was taken and rest of the 19% have not utilised for the same.
- 4) Out of the total sample borrowers, 32% borrowers have taken loan ^{from} other banks, and societies also. But 68% of the borrowers have borrowed from this bank only.
- 5) As regarding to Repayment of loans, out of the sample borrowers, 80% borrowers have repaid properly as per agreement . The percentage of irregular repayers is 20% of the sample borrowers.
- 6) Out of the sample borrowers 42% of the borrowers have become the shareholders on their own considering their financial need and remaining 58% have become the share holder on the advice of their friends and relatives, willingness to participate in co-operative activities and normally.

7) As regards the interest rate of the bank. 89% borrowers are happy with the existing rate of interest and % of unhappy borrowers is 11 only.

8) Out of the sample borrowers, 90% borrowers were satisfied with banks loan policy but 3% were not satisfied the banks money lending policy and rest of the 7% did not comment on this.

9) As regards security for the loan, majority borrowers have offered their assets, i.e. land, building, vehicle and Gold. There were 7% borrowers have taken loan against salary.

10) Out of the sample borrowers 77% borrowers who have taken the amount of loan within one year and 23% borrowers who have taken loan within three years.

11) At the time of taking loan 25% sample borrowers have visited to bank 5 times. And there are 4% borrowers who have visited more than six times, and rest of the borrowers visited bank between 2 and 4 times. They are not happy with this experience.

12) Women are playing vital role in the development of family and community as a whole.

But under the study period it seems that only 14% loans have been advanced to the females and 86% loans to the Male. Most of females were motivated by males to go for loan.

13) As regards educational status of the borrowers, it has seen that nearly 77% of the borrowers have taken only primary and secondary level education.

5.3 GENERAL OBSERVATIONS

1) Religious Integration is a basic and fundamental principle of this bank. It is observed that Hindu, Muslims, Sikh are the members of the bank.

2) Experience is the best teacher It shows clearly that YSB adopts this policy. Because the Manager of the Head office is only matriculate but he has experience of 28 years. He is working from inception of this bank. There are also some officers who are only matriculate or graduate but working at a top level of the bank.

3) Promotions : If a person has joined in the bank as a pigmy agent, the bank can't terminate them. There are many persons who joined as a pigmy agent but now working as a staff members.

4) The bank is always in search of needy, hopeful, poor and hard working person for promoting an employee to higher position.

5) Daily collection of installments : Bank has appointed some agents for collection of ~~installments~~ ^{installments}. Every day the agents visits to the borrowers, their shops or business and collects amount dues from them, as a result the recovery management of the bank is very good.

This is very important method because at a same time, "Borrower saves the amount and repay the loan".

6) Every year bank advances loans to customers more than 95% of Bank's total deposits. But in the year 1993-94 bank has advanced only 75% of their collected deposits.

7) In the year 1993-94 YSB has 5,045 regular members. Out of this 2,802 members are before conversation of Pat Sanstha into Bank and 2,243 members are after conversation. It means, Today 56% members are the members from the inception of the bank.

8) As regards the educational status of the borrowers, it is observed that, more literacy leads to become members of the bank.

9) From income classification it has seen that large number of borrowers belonged to Rs. 1,000-2,000 income group i.e. 48% of the sample borrowers.

CONCLUSIONS

With the help of above observations it seems that, the bank has made a rapid and speedy progress in the case of membership, share capital, deposits, funds, investment and loans and advances.

The bank has more opportunity to develop in this field in days to come.

5.4 SUGGESTIONS OF THE STUDY

Suggestions are based on data analysis presented in the Chapter-IV and observations made therefrom in Chapter V, following set of suggestions can be offered to the YSB.

- 1) It seems that the YSB is facing a problem of overdues. Therefore it has suggested that while sanctioning the loans, the members must be convinced about repayment.
- 2) In the case of Loans given to the directors, bank is facing 90% to 100% of amount outstanding. Therefore bank has essential to adopt adequate recovery policy.
- 3) Overdraft facility is a one of type of loan. YSB has essential to provide overdraft facilities to the borrowers.
- 4) YSB has given 11% loans for domestic work and 5% for festival, that much was not necessary.
- 5) For agricultural development nothing policy should be adopted. For agricultural development it is essential to adopt some agricultural policies i.e. crop loans, loan for land reform, for digging well, loan for three months crop etc.

- 6) Some people hesitate to ask the questions as regards New Loan Schemes/ Policies etc. The bank should make available the required information about the new schemes to their existing borrowers/members.
- 7) The bank should appoint an internal auditor for more accuracy in the books of accounts and to avoid errors and omissions.
- 8) Bank adopts only three policies for loans and advances. i.e. secured short term loans, secured medium term loans and unsecured short term loans. As well as this bank may provide long term loans to the borrowers.
- 9) Interest rate of bank on loans and advances is more than 18% to 22% (short term and medium term loans). As compared to other banks interest rates, the rate of interest is high which may be curtailed.
- 10) Some borrowers have visited to banks or more than 5 times for taking loans. They are unhappy on this ground. If bank is giving this treatment to borrowers, possibly they may go to other banks.

For that it is essential to give prompt service to the borrowers.

- 11) 'Yashwant Primary Co-operative Society has established in 1966-67 and converted into bank in 1983. That means it is working near about 28 years. Between this time it has opened only four branches in its area of operations.

For rendering more services to the customers and collecting more funds and deposits from the community, it is essential to spread or open more branches in its area of operations.

12) Women are playing vital role in the development of family and community. Therefore bank has to adopt some special schemes and policies for "WOMEN DEVELOPMENT

13) Most of the loan schemes of Yashwant Sahakari Bank are unknown to the people and they can not get any information about the loan schemes. To attract the maximum people, the bank should try to make offenly and eventually advertisements for deposit mobilisation and advancing of loans system.

14) At the time of sanctioning loan, the bank is imposing the compulsion of 10% deptsotis out of the loans sanctioned. This badly affects the members of the banks and the bank loan system.

Therefore, the bank should try to persude the minds of the customers to invest money as per ^{their} / will. and the bank should not impose any restrictions on the members of the bank.

15) The Bank may start the following new schemes for the borrowers :

- a) Agricultural pention scheme for the farmers.
- b) Short term loan schemes for dairy and poultry.
- c) Deposit insurance scheme for the depositors.