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“TO STUDY ON LOANS AND ADVANCES”

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Abstract:

Research is prepared on the topic “A Study of Loans & Advances” at Goa State Co-operative Ltd. The purpose behind preparing this research is to study the present situation of Loans and Advances and to provide suggestions to reduce it.

The loans are the assets of the bank as they are investment for the bank. Hence Loans and Advances have impact on bank performance. An asset account becomes Non-performing asset when it ceases to generate income for the bank. Loans & Advances management has become the major challenge for the banks as it eats the profit of the bank. This research has helped researcher to understand the Loans & Advances concept and its relevance. An effort has been made in the instant research to study and find out various reasons leading to Loans and Advances and ways of Managing Loans in different types of Banks. Loans & Advances is an important concept in the banking industry. The concept of Loans & Advances can be understood by the rules and regulations provided by the RBI which are studied in while preparing this research.

KEY WORD:

Loan, Advance, RBI, NPA, Profit, Ratio, Credit, Debit, Savings, Co-operative Society, Interest

INTRODUCTION

CONCEPT AND CONTEXT OF THE STUDY

In finance, a loan is a debt evidenced by a note which specifies, among other things, the principal amount, interest rate, and date of repayment. A loan entails the reallocation of the subject sets for a period of time, between the lender and the borrower. In a loan, the borrower initially receives or borrows an amount of money, called the principal, from the lender, and is obligated to pay back or repay an equal amount of money to the lender at a later time. Typically, the money is paid back in regular installments, or partial repayments, in an annuity each installment is the same amount. The loan is generally provided at a cost, referred to as interest on the debt, which provides an incentive for the lender to engage in the loan. In a legal loan, each of these obligations and restrictions as enforced by contract, which can also place the borrower under additional restrictions known as loan covenants. Although this article focuses on monetary loans, in practice any material object might be lent.

Acting as a provider of loans is one of the principal tasks for financial institutions. For other Institutions, issuing of debt contracts such as bonds is a typical source of funding.

RATIONALE OF THE STUDY

This research is undertaken on loans and advances in Goa State Co-operative Bank Ltd. on

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“TO STUDY ON LOANS AND ADVANCES”



services provided by the bank.

This study adds to the enrichment of knowledge
This study makes an attempt to help the directors and managing directors to understand
The grey areas in the bank and act promptly to rectify the mistake.
This study will provide further direction to the researchers to carry out
The work on the untouched areas.
To know enhance the competitiveness of the existing enterprises.

SECTOR PROFILE IN BRIEF

The world is growing faster in term of services and physical products. However it has been searched that most of the physical products come from the service sector. In the nation economy at service plays one of the main and the most important role in boosting up the economy. Banking sector reforms in India has progressed promptly on aspects like interest rate deregulation, reduction in statutory reserve requirements, prudential norms for interest rates, asset classification, income recognition and provisioning. But it could not match the pace with which it was expected to do. The accomplishment of these norms, at the execution stages without restructuring the banking sector as such is creating havoc.

The Banking sector has really helped the Indian people to utilize the single money in the best manner as they want. People now have started investing their money in the banks and banks also provides returns on the deposited amount. The people now have at the most understood that banks provide them good security to their deposits and so excess amounts are invested in the banks.

OBJECTIVES

OBJECTIVES OF STUDY: -

To study Loans and Advances at Goa State Co-operative Bank Ltd.
To understand the various services provided by the bank.
To examine the lending made by the bank.
To find out the various schemes provided by bank.
To analyze the problems of bank.

RESEARCH METHODOLOGY

METHOD OF DATA COLLECTION

Data includes facts and figures, which are required to be collected to achieve the objectives of the research. Data constitute the foundation on which the superstructure of statistical analysis is built. With help of data analysis the result are properly interpreted and policy decisions are taken.

Data are classified under two categories: -

1.Primary Data:

Primary data are obtained by a study specifically designed to fulfill the data needs of the problems at hand. Such data are original in character and are generated in large number of surveys conducted mostly by some individual, institutions.

SOURCES OF THE PRIMARY DATA: -

a)INTERVIEW:-

This method is mostly used to collect the primary data; it is a method of data collection in which a formal conversation takes place between the interviewer and the respondent. Interviews were conducted to staff of the organization including branch managers.

b)OBSERVATION: -

A more direct way of gathering information is to observe events, activities and operations as they occur with regards to cause and effect. It has the advantage of putting research into firsthand contact with reality.

c)INFORMALDISCUSSION: -

Informal discussions were done with the concerned persons to obtain information that may be relevant and valuable for the study. Similarly, Q&A sessions were conducted with the top-level executives to gather in depth knowledge about the study related matters.

2.SECONDARY DATA

Secondary data which are not originally collected but rather obtained from published or unpublished sources are known as secondary data.

- a)From the Web site of bank.
- b)From the study Books material.
- c)Library Search.
- d)Published information of bank

Researcher have personally visited various depts. of bank and collected data (Secondary data)
Data was collected from respective executive of bank who was dealing with loans and advance.

DATA

The data are collected from both primary and secondary sources; the collected data are raw from therefore it should be arranged in systematic way it is known as Data Presentation.

TOOL: -

Simple tabulation and graphical representation tool was used by researcher for this Research report.

OBSERVATION AND FINDINGS: -

OBSERVATIONS: -

- 1)After the study of bank researcher observed that the bank gives loan to the person who is relatives of banks employees & only the people who associated with bank.
- 2)Follow up is less.
- 3)Valuation is not properly handling.

FINDINGS

- 1)The bank is more conservative in nature it clearly seen at the time of comparing the deposits and advances.
- 2)Bank has granted loans in various sectors i.e.
 - 1. Term loan
 - 2. Vehicle loan
 - 3. Personal loan
 - 4. Housing loan
 - 5. Education loan
- 3)The possibility of default is more in hypothecation & term loan as a numbers & Personal loan by percentage against the loan distributed.

SUGGESTIONS & RECOMMENDATIONS: -

- 1) More intensive efforts should be made to attract deposits from the public. Members should be forced to contribute their savings to co-operatives.
- 2) There is a need to increase the staff to provide better services to the deposit holders as well as to the members.
- 3) The bank should reorient their loan policies to provide loan at reasonable rate of interest to the people especially agricultural loan to the rural poor.
- 4) Loans should be sanctioned without delay. There should be a dynamic policy in advancing loans. Due to the prompt release of loan many people may attract to get loan from this bank.
- 5) Management should be efficient and should have a vision especially to cater the need of rural people.
- 6) There should be diversification of branches, i.e. rather than doing only the primary function it should also undertake other activities such as Merchant banking etc.
- 7) Bank should provide adequate credit facilities to the agricultural sector.
- 8) Introduction of special deposit schemes like family benefit scheme, festival deposit scheme, farmer's protection deposit etc.
- 9) Ignorance about lending of people should be removed by effective communication.
- 10) Bank should encourage the small entrepreneurs to give financial Assistance as well as other information.
- 11) Bank also should advise poor borrower not to divert or misuse the fund.
- 12) Business communities should be provided credit instruments.
- 13) Bank should adopt various plans to motivate their employees.
- 14) After granting a loan the frequent follow-up must be taken by bank or frequent visit must be given to the client's business unit.

CONCLUSION: -

The availability of timely and adequate credit is very essential to carry out various Activities. There is a vast network of institutions which are involved in providing Credit to needy investors. Goa state co-operative bank is one of the important Parts of the network of financial institution. The present case study of Goa state Co-operative bank makes an attempt to throw light on the performance and usefulness of the society for the people residing in the area. It is understood from the branch manager that they have different types of Lending account but people do not come forward to take such type of loan facility Available. So there is a need of publicity and promotion activity.

ANNEXURE I

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