

Study on Loans and advances for NKGSB Bank

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ABSTRACT - Banking Sector is regarded as backbone of every economy for its growth and development. In India, banking services are provided by Nationalized Banks, Private Banks, Foreign Banks, Co-operatives Banks, Rural Banks and Gramin Banks. Every bank and co-operative society provides loans and advances. It is most important function of commercial bank. NKGSB (North Kanara Gaud Saraswata Bank) is one of the co-operative bank and founded by collecting funds through shares, accepting deposits and granting loans. Total 109 NKGSB branches data was included in this study. 2019-20 and 2020-21 academic years financial statement data was collected for this study. This study analyses loans and advances granted by the bank and calculates percentage increase and decrease. This study result indicated that, During the year 2020-21 there is a decrease in short term Loans and advances. Further in Medium term loans other Tangible Securities and Unsecured-Personal /Surety Loan are increased. In Long term Loans and advances Tangible Securities and Unsecured-Personal /Surety Loan are decreased.

Key word: advances, Loans, NKGSB, bank, Tangible securities

I. INTRODUCTION

Banking plays a very prominent and crucial role in developing countries like India. In the Indian financial systems, banks acts as a financial intermediary or institution serves difficult services to accelerate the economic growth of the country. It is quite clear that generally good health of the bank is reflected in better return on assets. Co-operative bank is an institution established on co-operative basis and dealing in ordinary banking business. Like other business, the Co-operative banks are founded by collecting funds through shares, accept deposits and grant loans. The history of Indian Cooperative Banking started with the passing of Co-operative Societies Act 1904.

NKGSB (North Kanara Gaud Saraswata Bank) founded by an awesome visionary Sheth Shantaram Mangesh Kulkarni on 26th September 1917. The Bank with a humble start in 1917, in the states of Maharashtra, Karnataka, Goa, Gujarat and Union territories of Daman, Diu, Dadra and Nagar Haveli. Total 109 branches spread over in the states of Maharashtra, Goa, Karnataka and Gujarat and Madhya Pradesh. Throughout the years, the Bank has reliably demonstrated strong development both quantitatively and qualitatively. The Bank has not only grown in size of deposits and advances, but has multiplied its net worth making the institution financially sound and fundamentally strong.

Loans refer to the amount borrowed by one person from another. The amount or sum paid to borrower is loan. Advances means funds provided by bank to an entity for a

specific purpose, to be repayable within prescribed duration. From point of view of borrower it is borrowing and from point of view of bank it is lending. Bank grants loans and advances mostly to businessman, traders and industrialist. The Loans and advances department is one of the most important department of any bank because the success of this helps bank to increase its business. From ultimate surplus unit money is organized and are distributed through this department. In Short Term loan fund is provided for specific purpose and its repayment shall not exceed one year. In the case of medium term loan the time shall not exceed five years. Usually Long term Loans varies up to 5-20 years.

Objectives of study

- To have an insight into the loans and advances section of the Bank
- To know about working of the Bank
- To know the services provided by Bank
- To develop skill on the Banking sector

II. REVIEW OF LITERATURE

C. D Bhatt and J Jayant (2022) have concluded that the loan disbursed to priority sector, minorities, scheduled caste, agricultural laborers and others has increased to a major extent during the period of study. During Covid-19 pandemic the amount of gross loans and advances disbursement has increased as compared to previous years. Study also reveals that the bank authorities should re-analyze all the steps taken in financial year 2011-12

because in this financial year the overall growth percentage of loan disbursement was more. [1]

Md. A. Rahman (2019) concluded that Agrani Bank Limited has been introducing new products and improvised customer services. The study further reveals that the bank faced some financial problems time to time like bad loans, scarcity of cash etc. due to many causes like slow down in economy, fluctuation in interest rates and inflation in money markets. [2]

Chawla D & Sharma J K (2020) found that Self Help Group Linkage with NABARD plays an important role in growth and development of poor people. This program enables a poor to get sufficient amount of credit for commencing any income generating activities. The program has been generating employment and professional opportunities in India. [3]

T. Vandana , Kanaka durga (2019) concluded that there ought to be a well-designed action program within the areas of expertise and potency sweetening of recent technology. Systematic coaching through effective interaction of cooperative relationships Mobilization of resources and bigger participation of the members within the decision-making method and there by reducing dependency. Study also reveals that rise in fees has unfit the complete credit structure. [4]

Radhika S (2017) concluded that there was an increase in the amount of lending but percentage of increase in lending did not rise because after analyzing the persons repayment capacity bank sanctions loans to only quality borrowers. Further study reveals that Bank has improving customer relationship and has also started E- Banking. [5]

Dr. S. O. Halasagi and U. Y. Koner (2021) concluded that Bank has sufficient funds for disbursement of deposits further the study recommends that bank could adopt proper measures to ensure the financial health in its activities and it is continuously working on increasing the interest income on loans. [6]

Dr. S. Rajamohan, Mr. D. Durairaj (2015) concluded that the PSBs provide advances through cash credit, overdraft, bill discounted and term loans and thus fulfills the credit needs of various sections of the society. It also earns profit from its lending activities. The study provides a clear picture of to what extent the banks are able to fulfill their social obligation, earn profit and the extent to which the assets are optimally utilized. [7]

S Gaba, Dr. B B Goenka, Dr. B B Goenka (2017) Concludes that Quality of services provided by the bank is satisfactory and it should plan to introduce new schemes to attract customers and satisfying the present ones. Further study suggest banks should adopt the modern methods of banking like internet banking, credit cards, ATM, etc. [8]

III. RESEARCH METHODOLOGY

Most important aspect of any research is data collection. The complete result depends on data collected and information processed later.

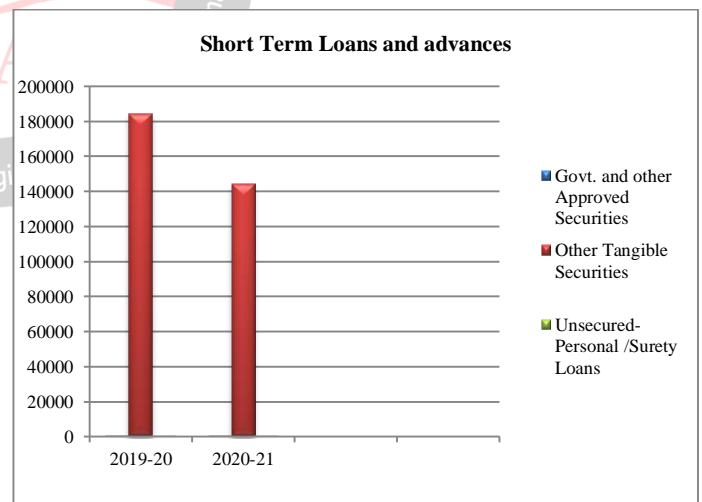
For this study NKSGB Bank 109 branches was selected, spread over in the states of Maharashtra, Goa, Karnataka, Gujarat and Madhya Pradesh. 2019-20 and 2020-21 two year financial statement data was collected for this study. This study analyses about loans and advances granted by the bank. The increase or decrease in the loans and advances is ascertained by comparing two year data and percentage increase or decrease is calculated by comparing the same with base year amount that is, year 2019-20 in this study.

IV. DATA ANALYSIS AND INTERPRETATION

Table 1 : Short Term Loans and advances (Rs in Lakhs)

Particulars	2019-20 (Rs.)	2020-21 (Rs.)	Increase/Decrease (In Rs.)	Increase/Decrease (In %)
Govt. and other Approved Securities	78	72	-6	-7.69%
Other Tangible Securities	1,84,458	1,44,382	-40,076	-21.72%
Unsecured -Personal /Surety Loans	216	180	-36	-16.66%

Source: Compiled with the help of Annual Report of NKSGB Bank



Interpretation:

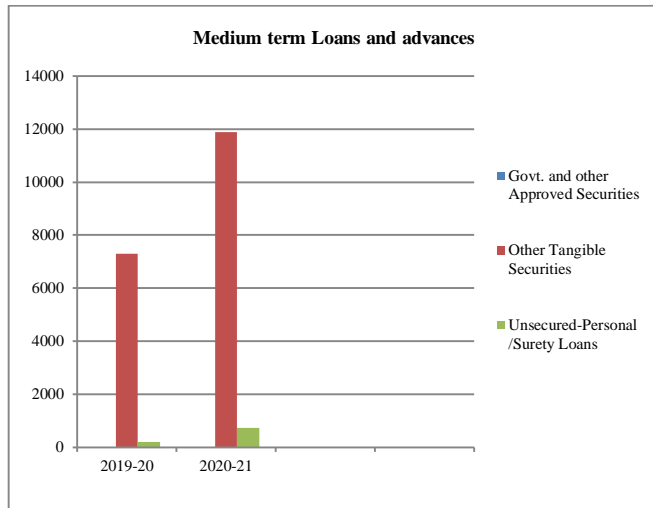
The above graph shows the short Term Loans and advances of NKSGB Bank. It consists of Govt. and other Approved Securities, Other Tangible Securities and Unsecured-Personal /Surety Loans that are granted on demand. During the year 2020-21 there is a decrease in short term Loans and advances.

Short term loan is granted to support a temporary personal or business capital needs which involves recovering principle amount with interest within a year from granting a loan.

Table 2 : Medium Term Loans and advances (Rs in Lakhs)

Particulars	2019-20 (Rs.)	2020-21 (Rs.)	Increase/Decrease (In Rs.)	Increase/Decrease (In %)
Govt. and other Approved Securities	-	-	-	-
Other Tangible Securities	7,288	11,883	4,595	63.04%
Unsecured-Personal /Surety Loans	204	729	525	257.35%

Source: Complied with the help of Annual Report of NKGSB Bank



Interpretation:

The above graph shows the Medium Term Loans and advances of NKGSB Bank. Here there is no Govt. and other Approved Securities for 2019-20 and also 2020-21. During the year 2020-21 both other Tangible Securities and Unsecured-Personal /Surety Loan are increased.

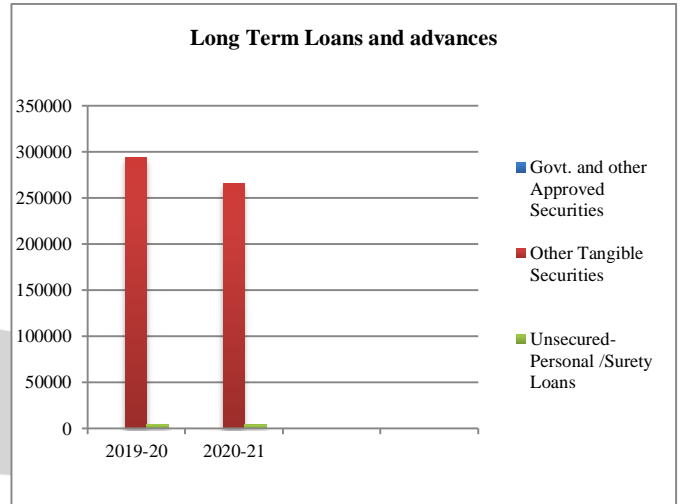
Medium Term Loans and advances granted for the period between two to five years. One of the main sources of income for the bank is interest earned from the loans and advances granted. The increase in the loans and advances in recent years results in more interest income to the bank.

Table 3 : Long Term Loans and advances (Rs in Lakhs)

Particulars	2019-20 (Rs.)	2020-21 (Rs.)	Increase/Decrease (In Rs.)	Increase/Decrease (In %)
Govt. and other Approved Securities	0	34	34	100%
Other Tangible Securities	2,93,370	2,65,899	-27,471	-9.36%
Unsecured-Personal /Surety Loans	4,738	3,844	-894	-18.86%

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Other Tangible Securities	2,93,370	2,65,899	-27,471	-9.36%
Unsecured-Personal /Surety Loans	4,738	3,844	-894	-18.86%

Source: Complied with the help of Annual Report of NKGSB Bank



Interpretation:

The above graph shows the Long Term Loans and advances of NKGSB Bank. During the year 2019-20 there was no Govt. and other Approved Securities but in 2020-21 it has increased and Tangible Securities and Unsecured-Personal /Surety Loans are decreased.

Long Term Loans and advances are granted for more than 5 years. Usually in this type of loan principle amount will be huge. As the non performing asset has increased over the last financial year, the bank is taking measures to reduce NPA and to achieve financial growth.

V. FINDINGS

- NKGSB bank has healthy financial performance and also earning good profit year by year.
- The number of deposits and the loans and advances are also increasing.
- NKGSB bank has been maintained a reasonable level of solvency position.
- It has also taking necessary actions to reduce its Non-performing assets.
- In Long term Loans and advances Govt. and other approved securities has increased. This is a protected investment which prevents the bank from untoward events.

VI. SUGGESTIONS

- To attract more clients NKGSB bank should sought new and aggressive marketing strategy, which will increase its loans and advances and also banks performance.
- Bank has to make detail enquiry of person and his proposal before sanctioning the loan.
- Bank should mobilize their own internal resources for granting loans and advances.
- After giving loan proper supervision should be made.
- Pre-lending appraisal and post-lending supervision should be strengthened.

VII. CONCLUSION

Granting of loan and advances are made to customers in reliance on their promise and guarantee to repay, rather than the security held by the banker. Although all lending involves some risks, it is necessary for any bank to develop sound system of lending in order to reduce risk.

This study indicates that, during the year 2020-21 there is a decrease in short term Loans and advances. Further in Medium term loans other Tangible Securities and Unsecured-Personal /Surety Loan are increased. In Long term Loans and advances Tangible Securities and Unsecured-Personal /Surety Loan are decreased. Loans protected by Govt or other approved securities is increasing during the study period this is a protected investment which prevents the bank from untoward events.

Bank has healthy financial performance and also earning good profit year by year. It is also taking necessary actions to reduce the Non Performing Assets.

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