IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

A Study On Loans And Advances At Karnataka State Co-Operative Apex Bank Ltd., BSK III Stage

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Abstract:

Banking sector is one of the fastest growing sectors and been one of the most preferred avenues of employment in India. Today's banking sector is becoming more complex. Today, banks have diversified their activities and are getting into new products and services that include opportunities in credit cards, consumer finance, wealth management, life and general insurance, investment banking, mutual funds, pension fund regulation, stock broking services, custodian services, private equity, etc. Further, most of the leading Indian banks are going global, setting up offices in foreign countries, by themselves or through their subsidiaries. Performance evaluation of the banking sector is an effective measure and indicator to check the soundness of economic activities of an economy. Evaluating Indian banking sector performance is not an easy task. There are multiple factors to be considered, while differentiating good banks from bad ones. To evaluate the performance of banking sector the CAMEL model has been used which measures the performance of banks from each of the important parameter like Capital Adequacy, Assets Quality, Management Efficiency, Earning Quality and Liquidity. After deciding the model, the performance of 42 public and private sector nationalized banks is evaluated over a period of five years (2009-2013). According to the importance of study each parameter is given equal weights. Results shown that on an average Andhra bank was at the top most position followed by bank of Baroda and Punjab & Sindh Bank. It is also observed that Central Bank of India was at the bottom most position.

1. Introduction

Banking refers to the system of financial institutions, such as banks and credit unions, that provide various financial services to individuals, businesses, and governments. Banking services mainly include accepting deposits, lending money, facilitating transactions, and offering various financial products like savings accounts, loans, and credit cards. Banking plays a crucial role in the economy by facilitating the flow of money and enabling economic activities.

The Bank was registered on 10th November 1915 under the name and style of "The Mysore Provincial Cooperative Bank Limited," under the Mysore Co-operative Societies Act of 1905. Then the Bank was not an Apex institution, as it was not exclusively meant for financing the co-operatives in the then State of Mysore. Another Bank called the Bangalore Central Co-operative Bank Limited, Bangalore (which was later converted into an urban bank), which was registered in 1905, was also financing the co-operatives. The bank owes its origin to Sri. M.A. Narayan Iyengar, B.A., B.L., who was the Registrar of Co-operative Societies at that time.

The Bank was founded with the objective of financing, inspecting and supervising the co-operative societies in the Mysore State. Subsequently, several district co-operative central banks with the jurisdiction of a district were registered. Five such district central banks were started. But their working was not satisfactory and they became defunct. As such, the provincial bank started financing the societies directly. Besides granting of loans, the Bank served as an outlet for investment of the surplus finds of the co-operative societies in the State. The Bank thus acts as the balancing centre of the Co-operative Movement in the State, safeguarding its interests.

2. LOAN PRODUCTS OF APEX BANK

2.1 VEHICLE LOAN

The Bank provides loans to purchase two wheelers/four wheelers for personal use only

2.2 SITE PURCHASE LOAN Purpose:

Purchase of sites at Bangalore.

2.3 PROFESSIONAL LOAN

A loan product specially designed to offer security based and hassle free financial assistance to professionals and self-employed persons.

2.4 JEWEL LOAN T

he Bank provides Jewel Loan against pledge of gold ornaments to the residents of Bangalore city.

2.5 INSTALLMENT LOAN

The Bank provides Personal Loans to salaried people living within Bangalore City, to meet expenses such as education of children, medical expenses of self and family, purchase of household articles etc.

2.6 HOUSING CONSTRUCTION AND HOUSE/SITE MORTGAGE LOAN

The housing finance services offered by the Bank include construction of House/Mortgage Loan, Site purchase/Mortgage Loan, purchase of Flats etc., to the public through its network of 52 branches in Bangalore City.

2.7 COMMERCIAL VEHICLE

The Bank provides loans to purchase vehicle for commercial use only.

2.8 CASH CREDIT FACILITY

This loan is for helping traders to carry on business by availing working capital facility from the Bank.

2.9 APEX WOMEN

Loan sanctioned to women to meet their genuine personal needs like buying household articles, gifts and jewellery.

2.10 APEX TRAVEL

To meet travel and lodging expenses of individuals for travel in India and abroad either through personally arranged tours or through conducted tours.

2.11 APEX SELF EMPLOYMENT

Terms loans and working capital loan for purchase of Tools. Loan to Auto-mechanics/Electricians/Plumbers and Carpenters engaged in servicing & repairing, to meet their working capital requirements.

2.12 APEX RETAIL

The loan for petty traders.

2.13 APEX RENT

Loan based on the rental income of the property Rented/leased out to Central/State/Semi

2.14 APEX PERSONAL

Loan scheme for employees of Corporates-Professionals can avail this loan.

2.15 APEX PENSION

Loan for pensioners to meet Medical expenses, other genuine needs and emergent personal expenses.

2.16 APEX OVERDRAFT

Loans to individuals pursuing such activities like Retail trade, Small Business and professionals. Loan against the security of National Saving Certificate/Life Insurance Corporation policy/Gold Ornaments, etc.

2.17 APEX EDUCATION

Educational loan to deserving/meritorious students for pursuing higher education and professional courses in India and abroad in reputed Universities/Institutions.

2.18 ADVANCE AGAINST NCs

The Bank provides advances against NSCs to the residents of Bangalore city

3. STATEMENT OF THE PROBLEM

Co-operative bank provides loans to agricultural sector and non-agricultural sector. So as a result the bank is providing various types of loans to their customers. Here it is problem that how much amount the bank has to allocate for different types of loans available with the co-operative bank. Because different loans will fetch different yields so there is a need for evaluating the different performers of the loan. And also the study will give the essential information pertaining to the loans and advances of Karnataka State Co-operative Apex Bank.

4. Objectives of the study

❖ To study the lending polices of bank.

❖ To study various types of the loans and advances schemes provided by the bank to its members and non- members.

❖ To study the growth and development of apex bank of India.

❖ To analyse the performance of loan in banking

❖ To study the criteria for sanctioning of loan.

❖ To analyse the loan recovery procedure by bank.

❖ To provide the pragmatic suggestions based on findings.

5. Methodology

Type of study used descriptive study. Descriptive study is a fact finding investigation with adequate interest identifies relevant variables less limited by the rigorous requirements of measurement & analysis. Then an analytical study It employs simple statistical tools like average & percentages.

6. Data collection

For the purpose of preparing the report the necessary information collected are classified into two heads namely.

1. Secondary data: Secondary data are those data which have been collected and for another purpose. Secondary data are the sources consist of readily available information.
   Secondary data collected through following, they are:
   ➢ Bank annual reports ➢ Journals ➢ Books, news papers.

7. Findings

• The overall performance of the bank is Good
• It has successfully improved its financial performance
• It is working in order to strengthen its financial viability
• The customer service facilityis doing well
• The Karnataka state co-operative state Apex bank is considered to be reliable one
• The Karnataka state co-operative Apex Bank has 52 branches in Bangalore
• The Karnataka state co-operative Apex bank is adopting various strategy in minimizing NON-PERFORMING ASSETS
• The Karnataka state co-operative Apex bank it has not been providing loan facilities to pensioners
• The Karnataka state co-operative Apex bank has various insurance facilities to its customer in collaboration with IICO-TOKIO general insurance companies and with HDFC LIFE INSURANCE.
• The bank also provides other facilities like Pradhan Mantri Suraksha Bima Yojana (accident insurance) and Pradhan Mantri Jeevan Jyothi Bima Yojana • The Karnataka state co-operative apex bank is waived off the loan of agriculturist or farmers (Government loan waivers scheme)

8. Limitations of the study

a. Research is limited to KSC Apex Bank ltd
b. Only a particular bank is considered
c. Time requirement is a restricting component
d. Some of the data is confidential in nature and couldn't be revealed for the review.

9. Conclusion

• The Karnataka state co-operative apex bank has to concentrate more on net banking
• The Karnataka state co-operative apex bank has to develop more technologies in mobile banking
• The bank should provide more clerical staff in order to provide better customer service • The bank should provide more awareness campaign should be organised in order to enhance loan products • Customer satisfaction should be top priority of bank
• To run any organisation successfully the management needs to think always for the betterment of their loan products
• When compared to other banks interest rate is much higher
• As compared to previous year stamp duty charges (jewel loan) has increased from 0.1% to 0.5%.
• Expect jewel loan, surevy is compulsory for every loan products.
• With regard to the education loan repayment should commence after employment of the borrower
• In respect of property loan, the loan amount should be increased
• It would be helpful if the bank provides direct transaction to foreign countries should be provided
• The bank should provide attractive rate of interest to women.

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