



International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

A Lending Process and Recovery Management at TDCC Bank, Tumkur

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ABSTRACT:

Efficient lending processes and robust recovery management are pivotal aspects of modern banking institutions, ensuring a healthy loan portfolio and sustainable financial growth.

The lending process at TDCC Bank is characterized by a systematic approach to assessing borrower creditworthiness, determining suitable loan products, and adhering to prudent risk management practices. Through the integration of advanced data analytics and machine learning, the bank streamlines the evaluation of borrower profiles, enabling more accurate risk assessments and faster decision-making. The lending process prioritizes transparency, offering borrowers a clear understanding of terms, conditions, and obligations associated with the loan. This customer-centric approach not only ensures responsible lending but also fosters trust and long-term relationships with clients. Recovery management is a critical facet of TDCC Bank's operations, aimed at minimizing non-performing assets and optimizing the overall loan recovery process. The bank employs a multifaceted strategy that includes proactive monitoring of loan accounts, timely communication with delinquent borrowers, and the implementation of innovative recovery mechanisms.

Keywords: lending process, recovery management ect.

INTRODUCTION

Lending, also referred to as "supporting," occurs when an individual permits another person to acquire something. The lender provides funds, assets, or another form of resource to the borrower, expecting that the borrower will either return the asset or repay the lender with the borrowed money. Essentially, the lender extends a loan, establishing a liability that the borrower must settle. Explore examples of the types of lending, how businesses are treated differently from individuals by financial institutions, and the factors to ponder before seeking a business loan.

Each enterprise needs capital to boost its earnings, but when managed effectively, finances effectively generate additional funds. This is precisely why finance plays a pivotal role in initiating a business. As resources hold immense importance for enterprises, a central objective of financial planning is to aid a company in comprehending its monetary state, enabling well-informed decisions and adept management of all operations. Given the influence of this relationship on a firm's financial condition, consistent evaluation of partnership execution is fundamental.

Review of the literature

1. **Kwadwo Obeng and Redeemer Yao Krab** The aim of this study is to identify and compare the strategies employed by PCSL and SIL to reduce the likelihood of loan default, as well as the techniques utilized by the selected microfinance institutions for loan recovery. This research unveiled that the guarantor's earnings are impacted by repayments or deductions.
2. **Kristle Romero Cortes** I illustrate how the presence of community-based financial resources amplifies the generation and retention of jobs within youthful and diminutive enterprises, leveraging extensive job data correlated with the size and age of firms. By dissecting the impacts of loan provisioning and requisition through the lens of calamities and regulatory directives, I unearth that a heightened variance in local funding can augment employment expansion in both nascent and modest businesses by approximately 1 to 2%. This effect is also effective in counterbalancing the adverse aftermath of a catastrophe. While financial institutions increase their loan disbursements, they do not utilize it as collateral for borrowing or witness alterations in default percentages. These revelations indicate that local lenders play an indispensable role in the economy's capacity to foster job opportunities.
3. **Safi Faizan Ahmed, QuisorAli Malik** The aim of this study is to recognize the elements impacting the effectiveness of progress, as per the investigation of credit risk management. This involves considering the corresponding expression, strategy, and evaluation of customers, the planning of assortments, and the management of credit risk. Through this research, it was concluded that the loan duration substantially enhances the performance of advances.

4. **George Lentz, Ko Wang** This paper primarily investigates academic literature concerning the use of credit ratings in the process of private lending. It assesses the advancements in evaluation techniques, examines the pros and cons of various appraisal methods, and explores concerns related to the incorporation of local characteristics in lending assessments. Lastly, it delves into institutional motives that result in biased and self-interested ratings, along with possible solutions to address these incentive-related challenges.

STATEMENT OF THE PROBLEM

The topic I have chose for the study is “ Lending process and Recovery Management ” in DCC Bank with special reference to Tumkur

OBJECTIVES

- ❖ The process of lending and the management of recovery.
- ❖ To identify the extent of lending and recuperative actions pertaining to agricultural loans.
- ❖ To ascertain the unpaid balance of two loans not related to farming.

RESEARCH METHODOLOGY

The study primarily relied on primary and secondary data. Conducted as an analytical investigation, the study encompassed a span of 5 years, ranging from 2016-2017 to 2020-2021, focused on DCC Bank. The approach employed involved in-depth examination and analysis of the balance reports from five consecutive years.

DATA COLLECTION METHOD

Primary data

Primary data collected from bank officials and through interview and scheduling.

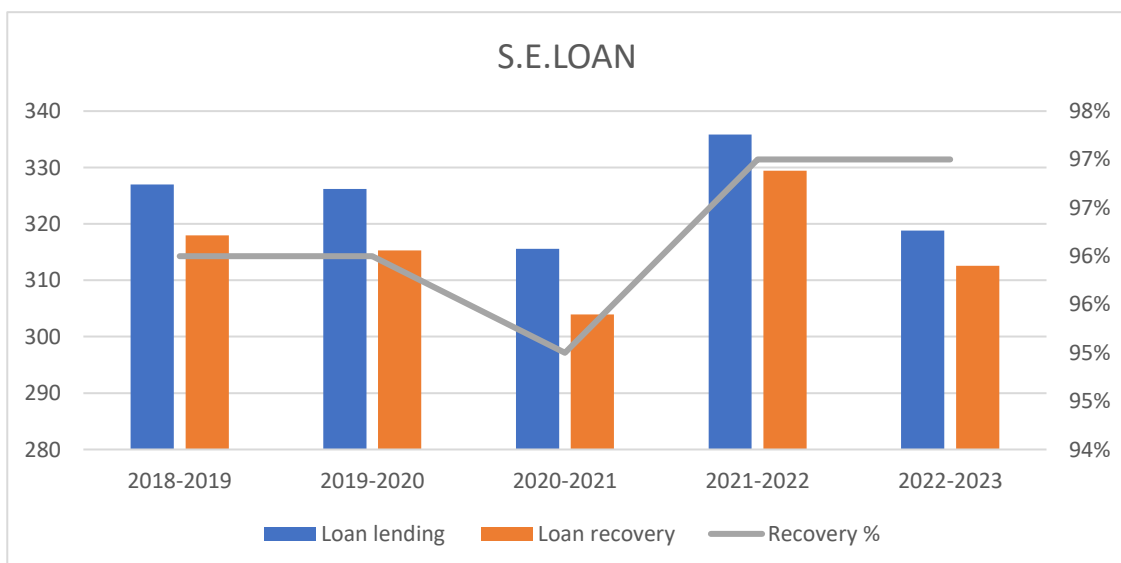
Secondary data

Secondary data collection from annual a report of bank, books, newspaper, magazines, journals and websites.

1) Table shows the lending and recovery of S.E.LOAN

Table 4.1 (Rs. In lakhs)

Year	Loan lending	Loan recovery	Recovery %
2018-2019	326.99	317.96	96
2019-2020	326.22	315.28	96
2020-2021	315.58	303.95	95
2021-2022	335.87	329.41	97
2022-2023	318.83	312.56	97



Analysis and Interpretation

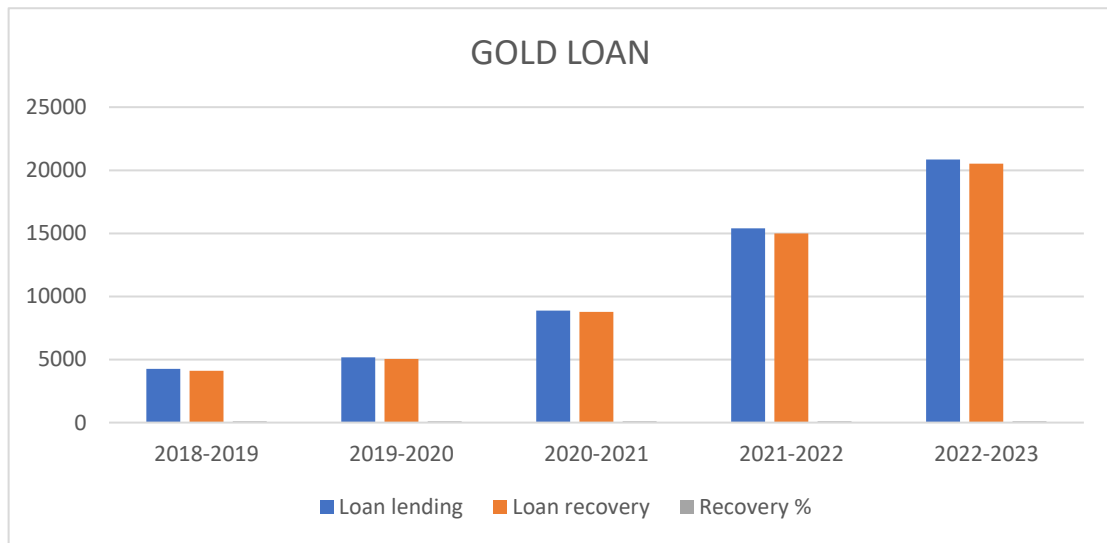
The provided table presents comprehensive details about S.E. Loan. In the period of 2018-2019, the loan retrieval rate stands at 96%, a rate mirrored in the 2019-2020 period. Additionally, in the subsequent years of 2020-2021, 2021-2022, and 2022-2023, the loan reimbursement rates are 95%, 97%, and 97% respectively.

The graph illustrates specific and distinct data concerning S.E. Credit within TDCC Bank. The credit recovery demonstrates an ascending trend each year, owing to clients availing of this loan and customers expressing contentment with the interest rate provided by the bank.

2) Table shows the loaning and recuperation of GOLD Advance

Table 4.2 (Rs in lakhs)

Year	Loan lending	Loan recovery	Recovery %
2018-2019	4249.01	4111.53	97
2019-2020	5160.71	5055.40	97
2020-2021	8866.47	8775.04	99
2021-2022	15405.10	14992.70	97
2022-2023	20862.37	20521.46	98



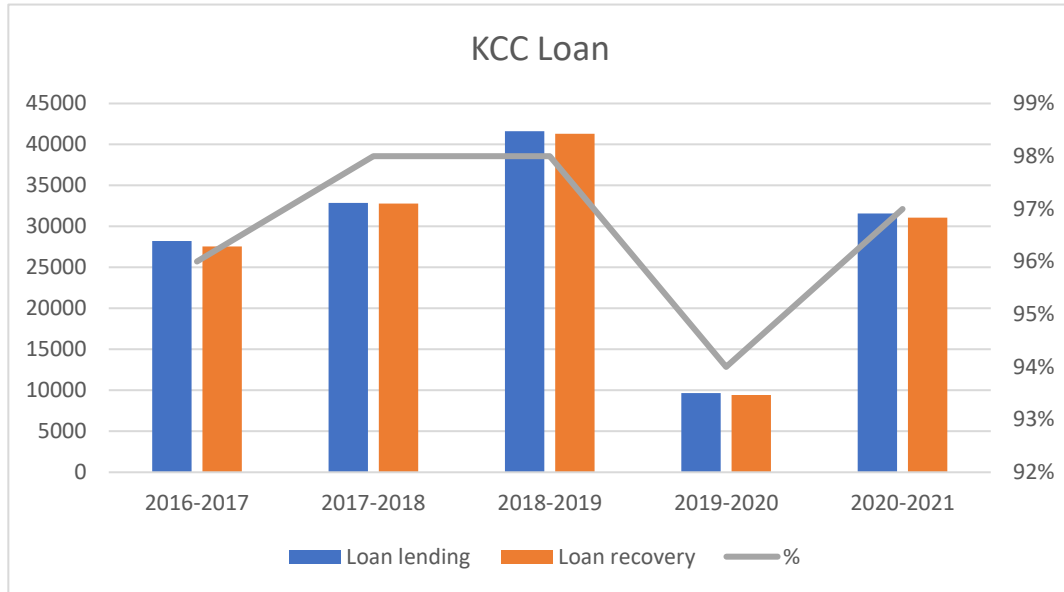
Analysis and Interpretation1

The provided table presents a comprehensive overview of the current status of the outstanding balance for Gold Loans. It can be deduced that during the fiscal year 2018-2019, approximately 97% of the gold loan amount was successfully repaid. Subsequently, in the 2019-2020 and 2020-2021 financial years, the retrieval of loans from customers stood at 97% each year. This trend continued over the subsequent years, 2021-2022 and 2022-2023, with a consistent recovery rate of 97% and 98% respectively concerning customer debt. This steady increase in loan recuperation is attributed to a continuous improvement, and the previous year saw a notable rise due to enhanced customer repayment of the gold loan. The bank's lenient loan repayment timelines further contribute to this positive trajectory. Year after year, customers avail the loans with unwavering confidence in the bank's commitments.

3) Table shows the lending and recovery of Kisan Credit Card (KCC Loan)

Table 4.6 (Rs. In lakhs)

Year	Loan lending	Loan recovery	%
2016-2017	28199.69	27572.69	96%
2017-2018	32862.55	32772.18	98%
2018-2019	41605.07	41290.84	98%
2019-2020	9678.71	9445.46	94%
2020-2021	31562.12	31088.15	97%



Analysis and Interpretation

The Kisan Credit Card (KCC Loan) outstanding balance particulars are presented in Table 4.10. In the interval between 2016 and 2017, 96% of the loan amount was successfully paid back. Subsequently, in the years 2017–2018 and 2018–2019, the entire loan was settled. The repayment for the loan occurred during 2019–2020 and 2020–2021, registering rates of 94% and 97% respectively. There is a noticeable drop in recovery between 2018-2019 and 2019-2020, transitioning from 98% to 94%. This decline could potentially be attributed to various factors such as economic downturns, natural disasters, or changes in the borrower's circumstances. Considering the subsequent year witnessed a recovery rate increase, it suggests an isolated incident rather than a consistent trend.

Findings and suggestion

- The advance on S.E. loans exhibits enhanced client recuperation. During the period of 2018-2019, a retrieval rate of 96% was achieved, and this figure experienced an increment to 97% in the fiscal year 2022-2023. With elevated rates of both loan provision and collection, the bank can sustain its current practices concerning lending and reclaiming S.E. loans.
- In 2018-2019, the gold loan recovery rate stood at 96%, and this figure saw a surge in 2021-2022, reaching an impressive 99%. Maintaining its gold loan retrieval and lending strategies at this elevated level is imperative for the bank, as the lending-to-recovery ratio experiences annual growth.
- The loan recovery percentages for each year are relatively high, ranging from 94% to 98%. This suggests that the organization has been successful in maintaining a high rate of loan recovery, which is a positive sign for its financial stability. It would be beneficial to investigate the reasons behind the significant drop in loan lending and recovery percentage during 2019-2020.

CONCLUSION:

The research period extends over five years. I've observed that TDCC Bank Ltd. provides its customers with excellent service. The main objective that the bank aims for is to provide loans to customers, farmers, and individuals from disadvantaged backgrounds for the purpose of growth. The bank borrows funds from its primary financial institution to subsequently lend to the central credit society, with the aim of providing loans to customers. They have introduced multiple schemes and efforts for advancement.