



A Study on Loans and Advances Management in Gopinath Patil Parsik Sahakari Bank Ltd

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ABSTRACT –

The financial sector, especially banking, plays a crucial role in the economic development of a nation. Efficient management of loans and advances is imperative for the sustainability and growth of banks. This executive summary provides a concise overview of the comprehensive study conducted on the loans and advances management practices within Gopinath Patil Parsik Sahakari Bank Ltd.

This report is containing the introduction to Banks, which includes past, present and future of banks and challenges for banking industry in future. Banks plays the most important role in providing various services. Earlier the banks were engaged in accepting and lending money. But in the recent past the scope of services provided by the banks have changed. The growing competition requires prompt and efficient services to the customers at reasonable time and cost. These days bank aim to provide maximum satisfaction and quick service to their customers.

The next part of the report consists of the knowledge about the cooperative banks in India. It includes history of cooperative bank in indianite features and service provided by it in rural and urban sector. The structure of cooperative bank in India is also includes in it.

Keywords – Loans, Advances, Management, Banking, Risk assessment, Credit risk, Asset quality, Loan appraisal, Collection and recovery

INTRODUCTION-

WHAT IS BANKING: Banking is the business of accepting deposits of money from public for the purpose of lending and investment. These deposits can have a distinct feature like being withdrawn able by cheques, which no other financial institution can offer.

The business of banking is highly regulated since banks deal with money offered to them by the public and ensuring the safety of this public money is one of the prime responsibilities of any bank. That is why banks are expected to be prudent in their leading and investment activities. Every bank has a compliance department, which is responsible to ensure that all the services offered by the bank, and the processes followed are in compliance with the local regulations and the Bank's corporate policy.

STANDARD ACTIVITIES OF BANKING:

Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and collecting cheques deposited to customers' current accounts. Banks also enable customer payments via other payment methods such as telegraphic transfer, and ATM.

Banks borrow money by accepting funds deposited on current accounts, by accepting term deposits, and by issuing debt securities such as banknotes and bonds. Banks lend money by making advances to customers on current accounts, by making installment loans, and by investing in marketable debt securities and other forms of money lending.

Banks provide almost all payment services, and a bank account is considered indispensable by most businesses, individuals and governments. Non-banks that provide payment services such as remittance companies are not normally considered an adequate substitute for having a bank account.

Banks borrow most funds from households and non-financial businesses, and lend most funds to households and non-financial businesses, but non-bank lenders provide a significant and, in many cases, adequate substitute for bank loans, and money market funds, cash management trusts and other non-bank financial institutions in many cases provide an adequate substitute to banks for lending savings too.

BANKING IN INDIA: Banking means accepting for the purpose of lending or investment of deposits of money from the public repayable on demand or otherwise one withdraws able by cheque, draft or otherwise.

Banking in India has its origin as early as the Vedic period. It is believed that the transaction from money lending to money banking must have occurred even before Manu, the great Hindu Jurist, who has devoted a section of his work to deposits and advances and laid down the rules relating to rate of interest. During Mughal Period, the native bankers played a very important role in lending money and finance foreign trade and commerce.

During the days of the east- India Company, it was the turn of the agency house to carry on the banking business the general bank of India was the first joint stock bank to be established in the year 1786. The others that followed were the Bank of Hindustan and the Bengal Bank. The Bank of Hindustanis reported to have continued till 1906 while the other two failed in the meantime.

NATIONALIZATION: The GOI issued an ordinance and nationalized the 14 largest commercial banks with effect from the midnight of July 19, 1969. Jayaprakash Narayan, a national leader of India, described the step as a "masterstroke of political sagacity." Within two weeks of the issue of the ordinance, the Parliament passed the Banking Companies (Acquisition and Transfer of Undertaking) Bill, and it received the presidential approval on August 1969.

LIBERALIZATION: In the early 1990s, the then Narsimha Rao government embarked on a policy of liberalization, licensing a small number of private banks. These came to be known as New Generation tech-savvy banks, and included Global Trust Bank (the first of such new generation banks to be setup), which later amalgamated with Oriental Bank of Commerce, Axis Bank (earlier as UTI Bank), ICICI Bank and HDFC Bank. This move, along with the rapid growth in the economy of India, revitalized the banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of banks, namely, government banks, private banks and foreign banks.

OBJECTIVES OF THE STUDY-

Assessment of Current Practices: To evaluate the existing loans and advances management framework within Gopinath Patil Parsik Sahakari Bank Ltd, including procedures for loan origination, risk assessment, disbursement, monitoring, and recovery.

Identification of Strengths and Weaknesses: To identify the strengths and weaknesses of GPPS Bank's loans and advances management practices, considering factors such as efficiency, effectiveness, risk mitigation strategies, and compliance with regulatory requirements.

Analysis of Challenges and Opportunities: To analyze the challenges faced by GPPS Bank in managing loans and advances, such as rising non-performing assets (NPAs), evolving regulatory landscape, and competitive pressures, while also exploring opportunities for improvement and innovation.

Recommendation of Strategies for Improvement: To recommend strategies and best practices for enhancing the management of loans and advances in GPPS Bank, including measures to strengthen risk assessment, optimize loan portfolio composition, improve collection and recovery mechanisms, and enhance overall operational efficiency.

SCOPE: -

Loan Products and Services: The study will cover an analysis of the different types of loans and advances offered by Gopinath Patil Parsik Sahakari Bank Ltd, including but not limited to personal loans, business loans, mortgages, and overdraft facilities.

Loan Origination Process: Examination of the procedures and criteria involved in the loan origination process, from application submission to approval, including assessment of customer creditworthiness, documentation requirements, and decision-making protocols.

Risk Assessment and Mitigation: Evaluation of the bank's risk assessment methodologies for loans and advances, including credit risk, market risk, liquidity risk, and operational risk, along with measures taken to mitigate these risks effectively.

Regulatory Compliance: Assessment of GPPS Bank's adherence to regulatory guidelines and standards governing loans and advances management, ensuring compliance with applicable laws, regulations, and industry best practices.

NATURE OF THE BUSINESS CARRIED: Bank is an institution which deals in money and credit. It accepts deposits from the public and grants loans and advances to those who are in need of funds for various purposes. Banking is an activity which involves acceptance of deposits for the purpose of lending or investing. In addition to accepting deposits and lending funds, banking also involves providing various other services along with its main banking activity. These are mainly agency services, but include several general services.

The essential features of banking activities are as follows –

- Accepting deposits from public;
- Lending or investment of such deposits;
- Incidental to the activities of accepting deposits for lending or investing, banks undertake activities like

VISION: To become the most respected Bank in the financial services space in India. To emerge as a single window for meeting the financial and developmental needs of the MSME sector to make it strong, vibrant and globally competitive, to position Good Brand as the preferred and customer - friendly institution and for enhancement of share - holder wealth and highest corporate values through modern technology platform. The bank has strived

to achieve a vision of a business-mix of Rs. 10,000 crores through 100 branches by 2020 and also wish to establish a bank giving fully digitalized services. The Bank is “financially sound and well managed Bank” within

RBI definition. It is profit making since inception and has „A” Audit classification.

SIGNIFICANCE OF THE STUDY

Enhanced Risk Management: By analyzing the loans and advances management practices of Gopinath Patil Parsik Sahakari Bank Ltd, the study can identify opportunities to strengthen risk management frameworks, thereby minimizing credit, market, and operational risks associated with lending activities.

Improved Financial Performance: Effective management of loans and advances is critical for the financial health and sustainability of banks. The study can help GPPS Bank optimize its loan portfolio composition, enhance asset quality, and streamline processes, leading to improved profitability and performance metrics.

Customer Satisfaction and Retention: Understanding customer needs and preferences in loan products and services is essential for maintaining high levels of customer satisfaction and retention. The study can provide insights into customer behavior, preferences, and feedback, enabling GPPS Bank to tailor its offerings and enhance the overall customer experience.



SWOT ANALYSIS –

STRENGTH

Public sector undertaking. Thus, has government backing In This area for more than 42 years. Thus, Expertise antifield. Increasing profit over the years. High connectivity to common man in some parts of the country.

WEAKNESS

Risk adverse Advertising is less thus weak brand Recognition as compared to major players. Increasing PA. Lack of Training to employee. Ignorance Marketing.

OPPORTUNITY Rural areas. Installation of more ATMs. Small enterprise banking improved urban retail banking. Becoming multi state bank. Start Mobile and Internet Banking

THREATS Highly competitive environment. New bank licenses.

FINDINGS OF THE STUDY –

Each and every project study along with its certain objectives also has scope for future. And this scope in future gives to new researches a new need to research a new project with a new scope. Scope of the study not only consist one or two future business plans but sometime it also gives idea about a new business which becomes much more profitable for the researches then the older one. The scope of this research is as follows:

Research study could give an idea of network expansion for capturing more market and customer with better services and lower cost without compromising with quality.

In future customer requirement could add with the product and services for getting the edge over competitors.

RECOMMENDATIONS AND SUGGESTIONS –

- More mass awareness campaigns should be organized in order to enhance market share of bank. So, Bank should concentrate on its advertisement itself.
- 2. Bank should refocus on its interest rate as responded by people.

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- Periodic review of the interest rate should be done.
 - There should be proper computerized system in the bank as it will reduce the time wastage of manual work and will lead to the better performance of the bank.
 - Training of the employees should be there to meet the needs of the time.
 - Proper posting of the staff should be done. Regulatory Framework, Services Offered, Evolution, Role in Capital Markets, Challenges and Opportunities

CONCLUSION-

The study concludes that Bank, which was established for mainly for the service of rural sector, still is not on the line to its goal. It is lacking at various factors, particularly at the branch levels, which reveals the edge of other public and private sector banks over the Cooperative bank, the lines at which the bank is lacking behind.

Some of the co-operative banks are quite forward looking and have developed sufficient core competencies to challenge state and private sector banks. But there is shortage of staff in this bank and the traditional manual banking which is affecting the business and customer services. People are still unaware of the services provided by the Cooperative Banks due to lack of advertisement.

There is a need to analyze and pick up early warning signals. A change is needed today in the cooperative banks which is built on confidence in human capital - the most important of all resources - in commitment, creativity and innovation brought about by proactive management, membership and employees. The ability to capture knowledge and wisdom gives cooperative banks their competitive advantage.

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