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STUDY OF LOANS AND ADVANCES IN PARSIK JANATA SAHAKARI BANK DURING YEAR 1990-2004

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Abstract:- An Analysis of Various Lending Schemes:

From the data for the fourteen years period from 1990 to 2004, it is watched that the Bank on a normal had issued more than 16% percent of their aggregate credits and advances to borrowers going under the weaker area.

INTRODUCTION

In any case, considering the way that the Bank was relied upon to generally coddle the needs of persons of little means, one would regularly acknowledge a still higher extent of advances, that is RBI focus of 15 percent being channelized to the weaker segment.

Table No. 1.1 - Weaker section advances by Bank (during 1990 to 2004).

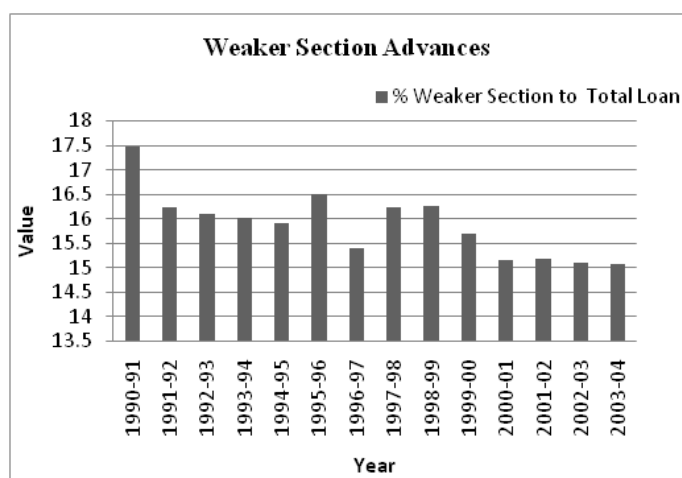
(Rs. in lakhs)

Year	Total Loans	% Weaker Section to Total Loan
1990-91	1190.50	17.48
1991-92	1397.69	16.24
1992-93	1876.44	16.11
1993-94	2036.07	16.01
1994-95	2304.67	15.92
1995-96	3019.92	16.52
1996-97	4670.88	15.40
1997-98	6164.76	16.23
1998-99	7786.62	16.27
1999-00	9881.47	15.70
2000-01	12463.20	15.15
2001-02	13283.56	15.18
2002-03	14289.81	15.11
2003-04	18054.27	15.06

Source - Annual Reports of PJS Bank 1990 to 2004

The graphical presentation of Weaker Section Advances of the Bank is in graph No. 4.01.

Graph No. 1.01 - Weaker Section Advances



Source - Annual Reports of PJS Bank 1990 to 2004

Graph No. 4.1 shows the information about the total loan, percentage of weaker section to total loan and percentage of priority sector to total loan both sector requirement is 60% and 25% accordingly.

Purpose wise Classification of Loans and Advances:

Reason astute advances issued by the Bank amid 1990 to 2004, uncover that just 7.48 percent of credits were progressed to the (S.S.I. unit. This investigation is at the total level, subsequent to the information at the dis-total level is not accessible and all things considered is impractical to examine the Bank that are lingering behind the target set by the R.B.I. On the off chance that one bars the advances to exchange and business prima facies it is watched that the Bank are missing the mark regarding focus in admiration of S.S.I. units. Despite what might be expected if advances and advances to exchange and business are included, one may security reason that the bank has over satisfied the focus of the advances to weaker area sooner than the timetable 31st March, 1999. Further, if one accept that the advances to S.S.I. units and the exchange and business as the advances to weaker segment, then the extensive lump of the aggregate advances to the development & repair independent work, Household and others parts. That is 43.15 percent went to the borrowers occupied with the exercises under weaker area on like managers of S.S.I. units, little transport administrators, retail dealers little business and expert and independently employed persons almost 33% of the advances have been for meeting the utilization and different prerequisites which incorporate the reasons like reimbursement of earlier obligations and stylized purposes.

For need of sufficient information with respect to funds gave to the borrowers of weaker segments it is pass that the Bank has satisfied the target set down for them by June 1990 to 31st March 2004 by the Reserve Bank of India.

From the Purposewise order of extraordinary advances of Bank, it is passed that the banks have over filled the focus of the advances to weaker area borrowers.

Among the different purposes for which the bank can give much accentuation has been laid on little scale commercial enterprises, as this division with moderately lower capital expense has huge livelihood potential. The significant goal of the national approach is the improvement of plans which will have the best financial profits and will help specifically the weaker segments of the general public. It is an imperative and testing part for the Bank to allow budgetary settlement to little scale and house commercial enterprises.

Salary and Expenditure:

The relative significance of distinctive constituents of wage of the Bank and the diverse things of their consumption have been displayed in Table 4.2

Table 4.2 – Income and Expenditure of the Bank.

Income	1900-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Interest on Loans	189.75	228.88	342.96	334.86	385.56	584.81	914.52	1115.53	1344.55	1423.80	1646.87	1823.79	1798.79	2018.10
%	55.80	63.70	63.30	53.98	47.50	45.30	50.61	52.09	50.33	43.57	41.63	39.66	35.91	39.30
Interest on Investment	148.33	128.28	193.93	279.34	417.77	693.41	867.00	1038.69	1289.28	1800.02	2256.76	2702.35	3120.44	3016.81
%	143.33	128.28	193.93	279.34	417.77	693.41	867.00	1038.69	1289.28	1800.02	2256.76	2702.35	3120.44	3016.81
Commission and Dividend	2.23	1.47	4.36	5.81	7.62	11.68	19.68	16.32	32.56	38.47	45.40	63.56	81.14	91.20
%	0.70	0.40	0.80	0.90	0.90	0.10	1.10	0.80	1.22	1.17	1.15	1.38	1.62	1.77
Other Income (i.e. Locker rent, service charges, share transfer, fee etc.)	0.16	0.78	0.56	0.29	0.66	1.09	3.10	4.09	5.55	6.20	6.84	9.61	9.27	7.80
%	0.5	0.22	0.10	0.05	0.08	0.09	0.17	0.18	0.21	1.18	1.15	0.21	0.18	0.17
Total Income	340.47	359.41	541.81	620.30	811.61	1290.99	1804.40	2210.44	2671.73	3268.40	3955.87	4599.31	5009.66	5133.91
Expenditure														
Interest on Deposits	182.88	158.36	268.26	343.48	449.41	621.22	798.04	1092.42	1499.04	1892.33	2322.56	2786.01	2977.62	2722.28
%	53.71	44.06	49.52	55.37	55.38	48.13	44.23	49.42	56.11	57.90	58.71	60.57	59.44	53.03
Expenditure on staff	51.26	48.05	89.96	114.57	141.14	196.59	236.43	284.14	372.12	416.27	439.42	553.82	616.85	674.86
%	15.06	13.37	16.61	18.47	17.40	15.23	13.11	12.86	13.93	12.74	11.11	12.04	12.32	12.62
Management cost	0.36	0.28	0.61	0.79	0.86	0.89	0.97	1.06	1.08	0.96	1.10	1.91	3.31	4.39
%	0.10	0.08	0.12	0.13	0.11	0.07	0.05	0.05	0.04	0.02	0.03	0.04	0.07	0.08
Other Expenditure [Provision for dutiful debts & ors.)	17.80	11.91	22.10	33.42	33.99	55.051	84.94	106.03	92.27	123.93	139.12	136.98	226.09	1305.26
%	5.23	3.32	4.08	5.38	4.18	4.27	4.71	4.80	3.46	3.79	3.52	2.98	4.52	25.42
Total Expenditure	253.30	218.60	380.93	492.26	625.40	873.75	1120.38	1483.85	1964.51	2433.49	2902.24	3478.12	3623.87	4706.79
%	74.40	60.82	70.31	79.36	77.06	67.68	62.09	67.14	73.53	74.46	73.37	75.62	76.32	91.68
Net Profit	88.17	140.81	160.88	128.04	186.21	417.24	684.02	726.59	707.22	835.00	1053.63	1121.19	1185.79	427.12
%	25.89	39.20	29.69	20.64	22.94	32.32	37.90	32.88	26.48	25.55	26.64	24.37	23.67	8.31

Source - Researcher's Compilation from the Annual Reports of the PJS Bank 1990 to 2004.

Of course, the significant segment of the pay (about 3/4th) of the bank is gotten from enthusiasm on credits. The rate of premium earned on credit business to the aggregate salary has expanded always up to the end of March 1992-93 and from there on somewhat declined.

This fall, however not extensively, is chiefly on account of the roof on investment rates by the R.B.I.

The general roof on the giving rates on advances has been cut down from 18 percent to 12 percent under the order of the R.B.I. dated third Nov. 2003.

The enthusiasm on advances structured 55.80 of aggregate pay amid June 1990 however it framed just 39.30 amid 2004. Consequently it is pass that the rate of enthusiasm on credits to aggregate salary has decreased. In the meantime it has been watched that there is an ascent in investment expenses of stores from 53.71 percent to 60.57 percent toward the end of March 2001 after that it declined 53.30% at the year 2004.

There has been a constant ascent in the rate of investment expenses to the aggregate consumption amid the said period. Obviously, the ascent in investment expenses of stores has been the consequence of ascend in premium rates paid on stores.

The real measure of wage of a bank, accessible for meeting its aggregate foundation and support expense relies on the distinction between the premium earned on credits and premium paid on stores, which is normally called as 'premium spread', the premium spread as a rate of aggregate salary of the Bank hasnot just declined, additionally negative from 1.39 percent to 13.73 percent amid 1993 to 2004.

Absolute foundation expense covering both consumption on staff and other administration expense worked out at 13 percent of the aggregate working capital as on 31st March 2004. The use on staff and also other administration expense demonstrate a rising pattern up to March 2004.

This is the result of the changing example of the staff and the ascent in the expense of pay rates and different profits paid to the staff. Increment in administration expense has been the consequence of rising costs of postage, check handling charges, protection, administrations charges, printing and stationery, review expenses, publicizing, voyaging power, and so forth.

It has been watched that the increment in the rate of enthusiasm on credits couldn't keep pace with the increment in the rate of investment expenses brought about on stores. Such investment press is for the most part either the consequence of the R.B.I. strategy as to rate of enthusiasm to be charged on credits or the rate of enthusiasm to be paid on stores of because of the store and advance blend of the bank. Because of the absence of nitty gritty data about the separation in advances and advances, the explanation behind investment crush has not been dissected in the present study.

Anyhow beyond any doubt the premium press on the one side and increasing cost on staff and foundation on the other will unfavorably influence the net benefit of the Bank.

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