

“A Study On Loans And Advances At Davangere-Harihara Urban Sahakara Bank”

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Abstract

One important part of the Davangere-Harihara Urban Sahakara Bank's business is meeting the financial requirements of its clients via loan and advance services. The bank's loan portfolio is characterized by a high percentage of customers being assessed to pay tax, indicating a stable customer base. The majority of customers avail loans within a short period, suggesting a demand for quick access to credit.

The bank's interest rates are deemed satisfactory by a significant majority of customers, and the loan approval process is generally well-received. However, there is room for improvement in providing clear repayment information and reducing paperwork.

Customer satisfaction with the bank's services is high, with a significant percentage of customers willing to take another loan from the bank. This loyalty can be leveraged by offering incentives and loyalty programs.

To enhance its loan and advance services, the bank should focus on reducing processing time, improving the loan approval process, and providing clear repayment information. Additionally, offering flexible repayment options and competitive interest rates can help attract and retain customers.

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I. Conceptual Background

Any monetary amount that is borrowed or loaned is called a loan. A company's "debt" is its outgoing debts, while its "receivables" are the income it receives from loans.

A loan is a way to borrow money from a bank, typically for a set period of time and with a specific goal in mind. Any sum of money borrowed with the purpose of paying it back over a lengthy duration of time (more than one year) is known as a credit.

Essentially, a loan occurs "when a banker advances a customer a lump sum that cannot be made either fully or partially and that the customer has permission to remove later on."

A company's primary goal should be to maximize profits. The banking business relies on credit and money as its foundation. Similar to any other company, banks have a variety of options for how to put their money into money to be able to generate profits. Its principal source of income is loans and advances.

II. Literature Review

Dr. Chintamani Prasad Patnaik (2022):

Every bank is in jeopardy until their Loans and Advance department succeeds, making it the bank's survival unit. Bankruptcy might result from this section's failure to operate the bank correctly. Because this is how the bank makes money, it is crucial. The only way for people to put money into banks is for them to promise for paying an curiosity about it and keep it secure. The procedure for extending credit is ongoing, and customers may wonder how the bank generates profits. Quick and easy: cash advances and loans.

Bhadrapa Haralayya (2021): The 1949 Banking Regulations Act states that Indian commercial banks, especially term lenders, are vital to the financial system. Investment firms, NBFCs, and specialty financial institutions dominate the sector.

Tejaswini, G (2021): A person's "credit" is the sum that they are able to borrow from another. Alluding to the entire sum disbursed to the debtor, the sum falls within the class of obligations. Therefore, it's "obtaining" from the borrower's perspective and "loaning" from the lender's. The disbursement of coins and their subsequent healing at a later point can be considered a "credit" in the context of credit scores. Borrowers are charged a fee. Credit is granted for a certain purpose and term, even with advances. The highest rate applies as the curred rate

and time spans increase. "Improve" is a financial institution-approved "credit score office". Regularly, the bank's reward rises.

Ihtesham Khan(2020): These days, the viability and profitability of the banking industry are greatly affected by non-performing loans (NPLs). By looking at internal metrics including size, ROA, EPS, cash to total assets, investment to total assets, and breakdown value per share, this study investigates the increase in bad loans in Pakistani commercial banks. We performed descriptive statistics, correlation analysis, and Least squares regression with a random effect panel on the data using STATA. Considering the data, it seems that banks do better when their nonperforming loan levels are lower.

Sushmitha, P. (2020): An examination of past, present, and potential future concerns affecting the banking industry is a part of Karnataka Gramin Bank's introduction to banks. There are several services that banks are crucial in providing. Before this, the banks were taking deposits and making loans. However, banks' service offerings have evolved in recent years. Fast, efficient, and reasonably priced customer service is essential in today's market due to the increasing level of competition. Full satisfaction and prompt service are the goals of modern banking.

Chaitra, G R (2020): The Federal Bank Ltd. is used to investigate Indian retail financing expansion trends. The major Kerala private sector bank Federal Bank has historically given money to enterprises for trade and received interest on sales.. The banking sector has always ignored individual customers in favor of larger corporations. More and more, banks are catering to people, and the risks associated with these smaller transactions are being pooled.

William Abungu Onyango (2020): Increasing non-performing loans are linked to banking financial crises and commercial bank insolvency in Kenya. Thus, this study examined Kenya's commercial banks' non-performing loans and institution-specific characteristics. The 43 licensed commercial banks were the target population of this descriptive study. We used census data from 2012–2016 to compile secondary information gained from other sources, including financial accounts. Descriptive data were generated by quantitative analysis, and a research model for predicting non-performing loans in terms of bank-related characteristics was predicted using inferential analysis.

Allen Enmanuel Mrindoko(2020): This research examines Tanzanian commercial banks' non-performing loan performance. Panel data from forty-one commercial banks in Tanzania and macroeconomic data from 2006–2019 are utilized in the longitudinal explanatory analysis. Data was analyzed using PLS- SEM, fixed, and random effect regression. There was a negative and non- significant association between NPLR and ROE and ROA, according to the study's findings. Both ROA and ROE were shown to be significantly and negatively impacted by the yearly GDP rate. And when it came to ROA and ROE, inflation was determined to have a small but favorable influence.

Jiayu Kong (2020): Many commercial banks are willing to lend to small and medium-sized firms (SMEs) under government supervision, but how to offer cheap loan rates has become a major challenge. Commercial banks face a systemic challenge with loan pricing because of its complexity. Thirteen listed SMEs panel data in Zhejiang province and the RAROC model of loan pricing are used to experiment with operating their study's cost, economic capital, and projected losses. Low loan pricing is not sufficiently favourable to the bank's remuneration and risk aversion, and the findings reveal that RAROC model-based risk-adjusted the interest rates on loans are gather than real loan rates.

Efanga, U (2020): Examining interest rate effects dispersion on the effectiveness of lending by banks that deal in commerce in Nigeria is the primary objective of this research. International Financial Statistics and data from the International Monetary Fund files, in addition to the 2018 Nigeria's Central Bank Statistical Bulletin, were used as secondary sources. Unit root testing on temporal sequence information revealed a mixture of I(1) and I(0) variables, whereas the ARDL Model: Autoregressive Distributed Lag assessed the data. A battery of diagnostic procedures, such as including auto-correlation, Ramsey stability, serial correlation, and heteroscedasticity tests, were employed to evaluate the model's validity and quality of fit.

Research Gap:

- Researchers in India would do well to examine the factors influencing loan acceptance rates from the demand side.
- The effect of bad loans on commercial banks' bottom lines should be the subject of future research.

- Finding out what factors affect loan uptake and non-performing loans requires research comparing different nations and locations.
- To lessen the likelihood of non-performing loans, research on the function of financial supervision and regulation is necessary.

Research Design

Problem Statement

“A study on Loans and Advances At Davangere-Harihara urban sahakara bank”

The current loan and advance rules are not systematic and lack a clear view of credit factors. Commercial banks may offer additional loans and services even with insufficient deposits, which can lead to bank failure due to unsecure investments and tough competition. Consequently, investing is quite difficult right now. More stable and fruitful investment opportunities should be sought after by commercial banks.

Need of the Study

- We were able to analyze bank loans with the aid of the study.
- Aids in obtaining Davangere-Harihara urban sahakara bank information.
- To meet the demands of the client.
- In order to provide the services.
- To ensure a smooth transfer to the bank.

Objectives of the Study

- A variety of loans and advances can be learned about. Bank for urban sahakara Davangere-Harihara.
- Davangere-Harihara Urban Sahakara Bank's loan approval process can be understood by
- Refer to this document for details regarding the loan approval process at Davangere-Harihara Urban Sahakara Bank.

Scope of the study

- Research in this area was limited to Davangere's cooperative banks.
- "Analysis on Loans and Advances" is a descriptive and empirical research.
- This research just looked at the operations of the Davangere-Harihara Urban Sahakara Bank branch.

III. Research Methodology: -

Data collection is a most important aspect of any research the complete result depends on the data collected and information processed later. The methodology adopted by me to collect the data is through primary and secondary data, will be helpful for final interpretation.

Descriptive Research:

This research relies heavily on secondary sources, namely the bank's annual reports and statements, for its data.

Primary data:

The main data was collected using questionnaires.

A Google Forms survey was used to collect the bulk of the data.

Secondary data:

Just as useful as primary data is secondary data that has been systematically gathered and made accessible.

Most secondary data comes from;

- a. Published materials, Books.
- b. Websites, and records.
- c. Reference books, magazines, newspapers etc.,

Target Population:

Sample unit: Davangere Sample size: 100

Sampling method: Simple Random sampling Research tool: Excel

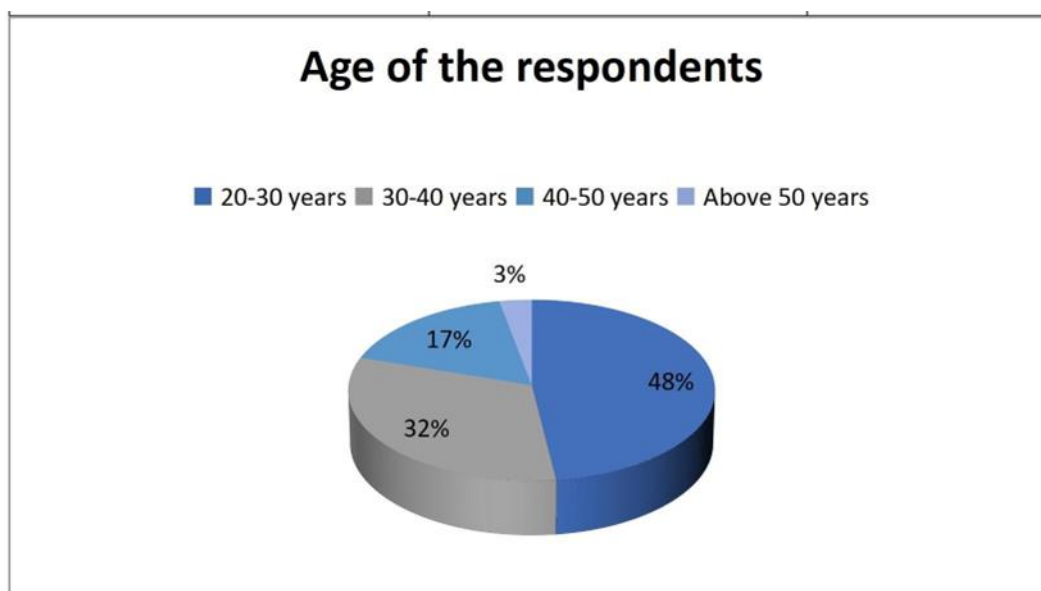
Limitation Of The Study

- The study's data and materials were sourced only from openly available online resources.
- Considering the current state of knowledge, the study was conducted.
- The Davangere-Harihara urban sahakara bank is the only focus of the study.
- The study relied solely on secondary sources for its findings.

IV. Data Analysis And Interpretation

Age of the respondents

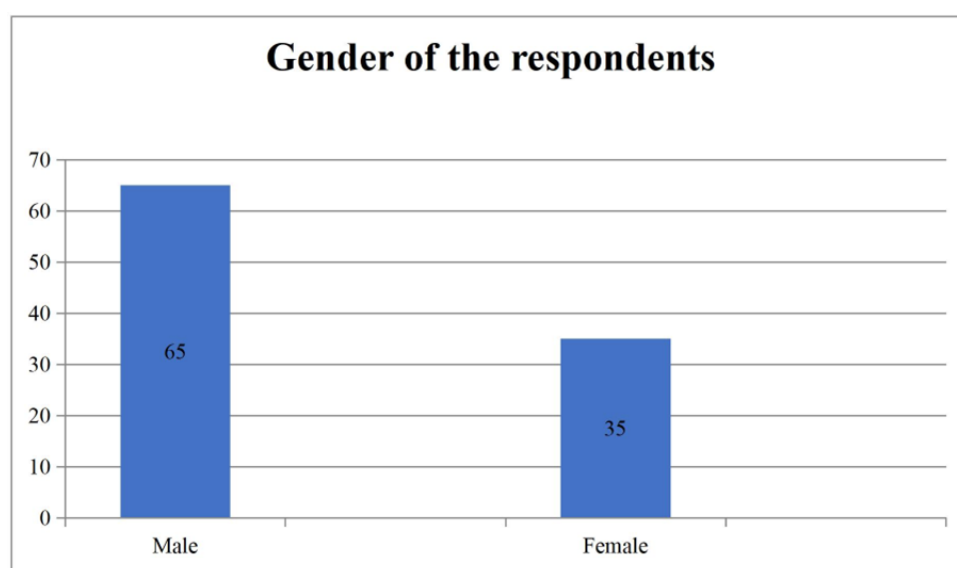
Particulars	No of respondents	Percentage
20-30 years	48	48%
30-40 years	32	32%
40-50 years	17	17%
Above 50 years	03	03%
Total	100	100%



Analysis: according to the data presented in the table and graph, 48% of the respondents are in the 20-30 age bracket, 32% are in the 30-40 age bracket, and 17% are in the 40+ age bracket.

Gender of the respondents

Particulars	No of respondents	Percentage
Male	65	65%
Female	35	35%
Total	100	100%

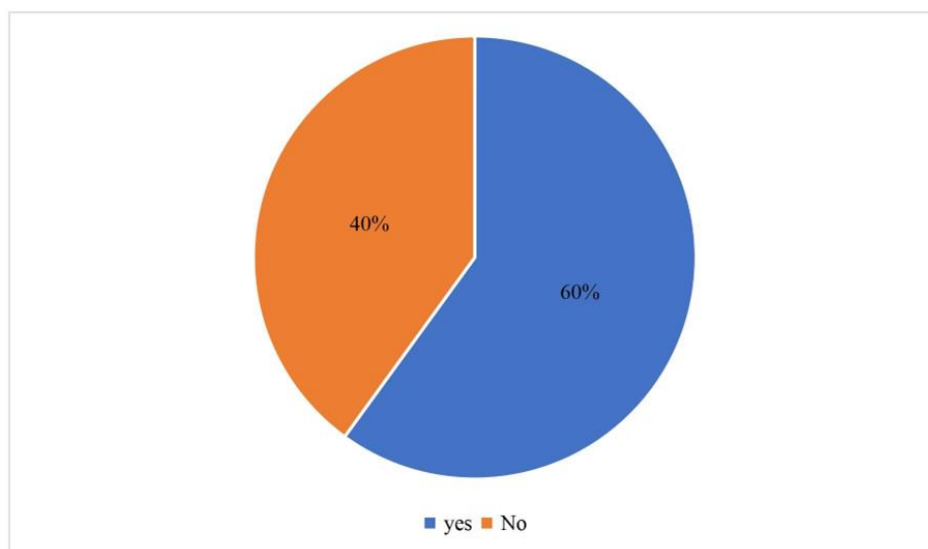


Source: Google forms

Analysis: according to the data presented in the table and chart, 65% of the participants are male candidates and 35% are female.

Are you aware of services provided by Davangere-Harihara urban sahakara bank?

Sno	Particulars	Respondents	%
1	Yes	60	60%
2	No	40	40%
	Total	100	100%

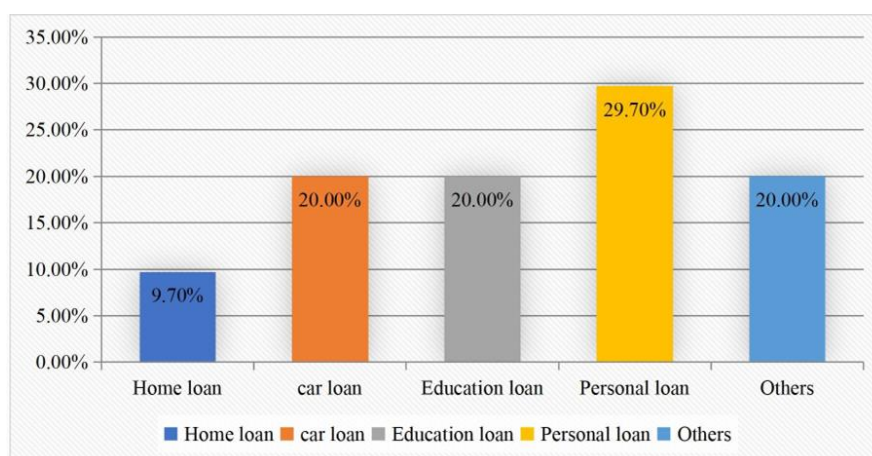


Interpretation

The production services of the Davangere-Harihara urban sahakara bank are known to 60% of respondents, according to the pie chart above, while 40% are completely unaware of them.

Which loan did you use more.

Sno	Particulars (loan)	Respondents	%
1	Home	10	10%
2	Car	20	20%
3	Education	20	20%
4	Personal	30	30%
5	Others	20	20%
	Total	100	100

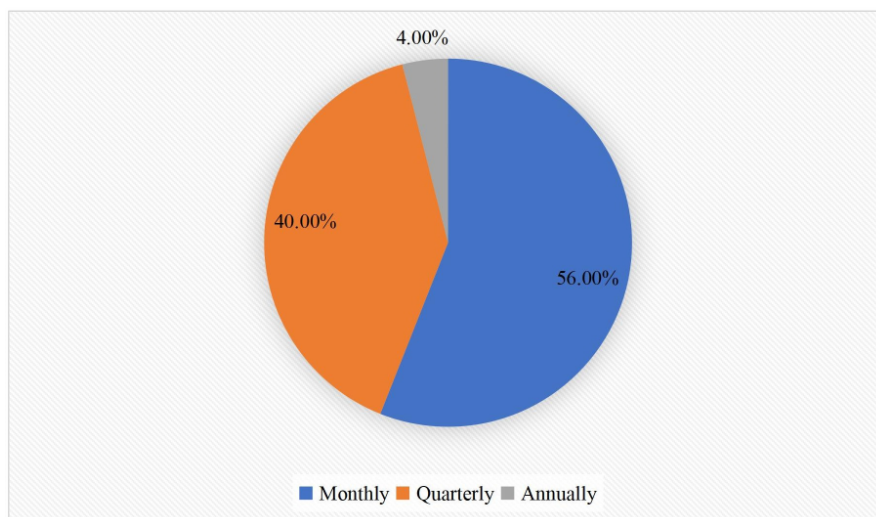


Interpretation

Thirty percent of respondents are considering applying for a personal loan from Davangere-Harihara Urban Sahakara Bank; twenty percent are thinking about getting a student loan; thirty percent are considering getting a mortgage and a car loan; and twenty percent are open to exploring other loan options.

How do you prefer to pay your instalments

Sl. no	Particulars	Respondents	%
1	Monthly	40	40%
2	Quarterly	56	56%
3	Annually	4	4%
	Sum	100	100

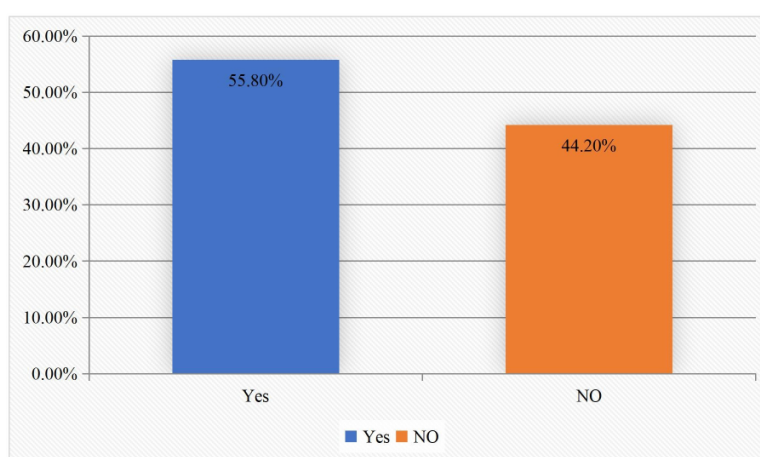


Interpretation

People prefer to pay in instalments, as seen in the pie chart above. A majority of 56% are willing to pay in monthly instalments. Forty percent are prepared to pay every three months, while four percent are prepared to pay once a year.

Are you paying tax

Sl. no	Particulars	Respondents	%
1	Yes	56	56%
2	No	44	44%
	Total	100	100

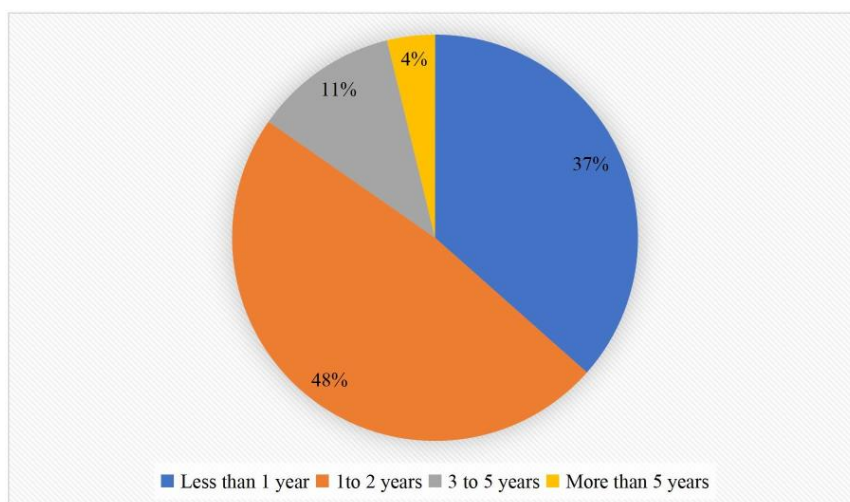


Interpretation

According to the data shown in the pie chart, whereas 65% of the population is liable to pay taxes, 44% are not.

For how many years do you want to avail loan

Sln0	Particulars (years)	Respondent	%
1	< a year	37	37%
2	One to two	48	48%
3	Three to five	11	11%
4	> 5	4	4%
	Sum	100	100

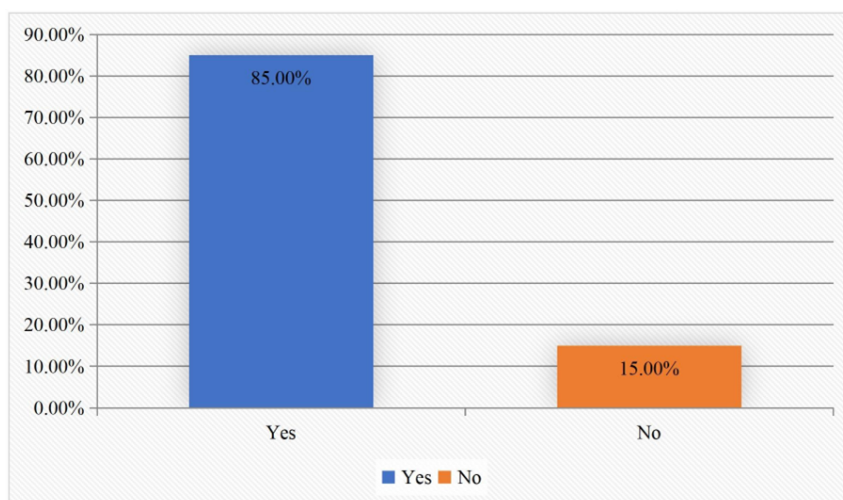


Interpretation

The following percentage breakdown is based on the time periods for which loans are typically taken out: 48% within 1 to 2 years, 37% within less than 1 year, 11% during 3 to 5 years, and 4% beyond 5 years.

Are you happy with the rate of interest on loans which is provided by Davangere-Harihara urban sahakara Bank

S/no	Particulars	Respondent	%
1	Yes	85	85%
2	No	15	15%
	Total	100	100

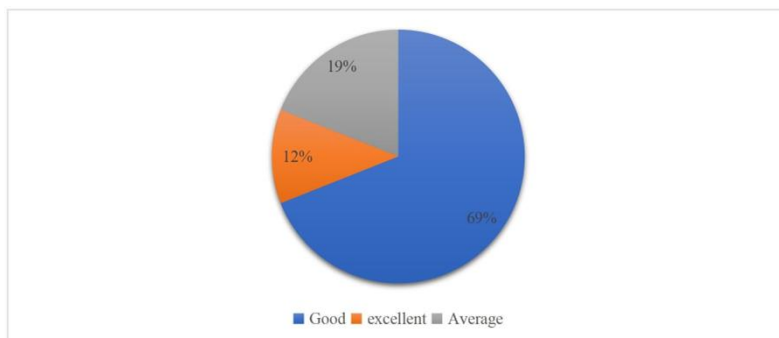


Interpretation

The interest rates offered by loans and advances are satisfactory to 85% of the population, according to the pie chart above. The Davangere-Harihara urban sahakara bank's interest rate is unsatisfactory to fifteen percent of customers.

Which is convinced were you with the loan or advance of approval process

Sl.no	Particulars	Respondents	%
1	Good	69	69%
2	Excellent	12	12%
3	Average	19	19%
	Total	100	100

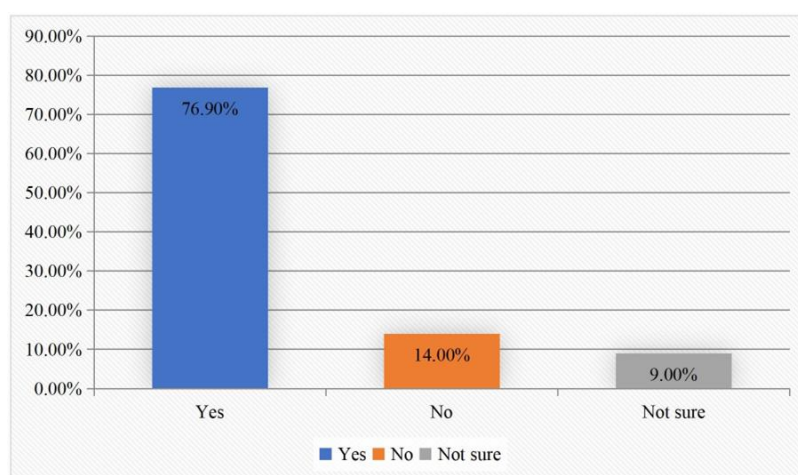


Interpretation

The majority of customers (69%), followed by 19% who rated it acceptable, and 12% who rated it exceptional, had a positive experience with the loans and advance approval procedure offered by Davangere-Harihara Urban Sahakara Bank.

Did the bank provide sufficient information regarding the repayment schedule and instalment amounts

Slno	Particulars	Respondents	%
1	Yes	77	77%
2	No	14	14%
3	Not sure	9	9%
	Total	100	100

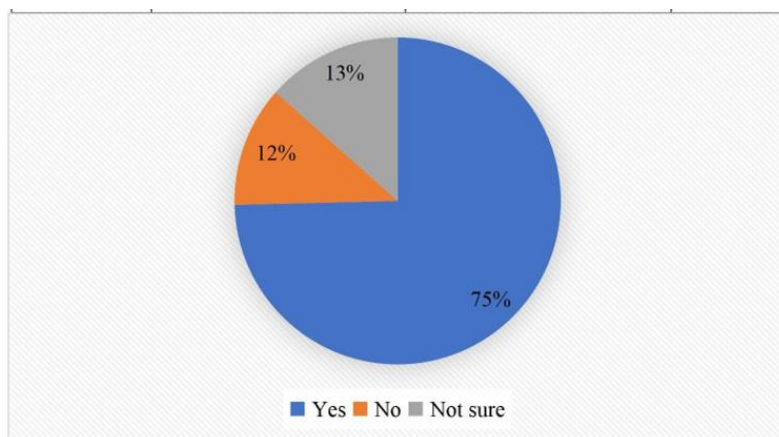


Interpretation

In terms of the repayment plan and installments, 77% of respondents believe the bank has given enough information, while 14% disagree, as seen in the following pie chart. Only 9% of clients are happy with bank answers.

How likely is it that you will return to this bank for future loans and advances?

Sl. no	Particulars	Respondent	%
1	Yes	75	75%
2	No	12	12%
3	Not sure	13	13%
	Total	100	100

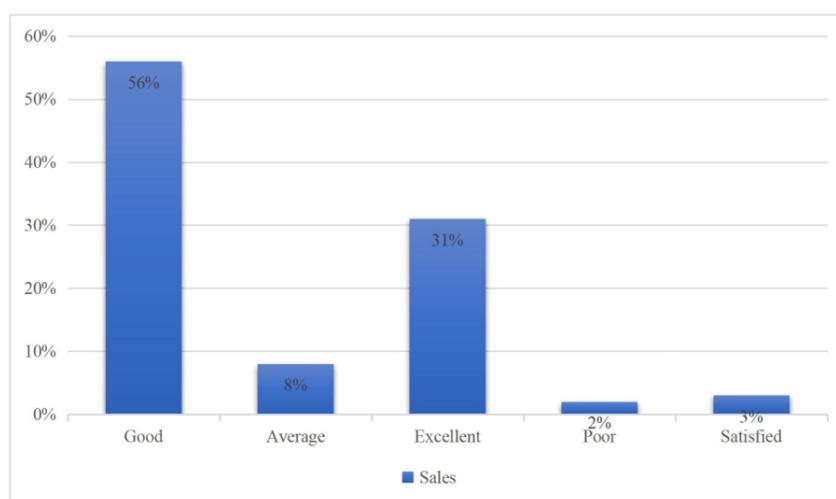


Interpretation

The following pie chart demonstrates that 75% of respondents are willing to take out more bank loans or advances, whereas 12% are not. Thirteen percent are unsure about borrowing.

What do you feel about loan and advances the services provided by Davangere-Harihara urban sahakara Bank

S/no	Particulars	Respondent	%
1	Good	56	56%
2	Average	8	8%
3	Excellent	31	31%
4	Poor	2	2%
5	Satisfied	3	3%
	Total	100	100

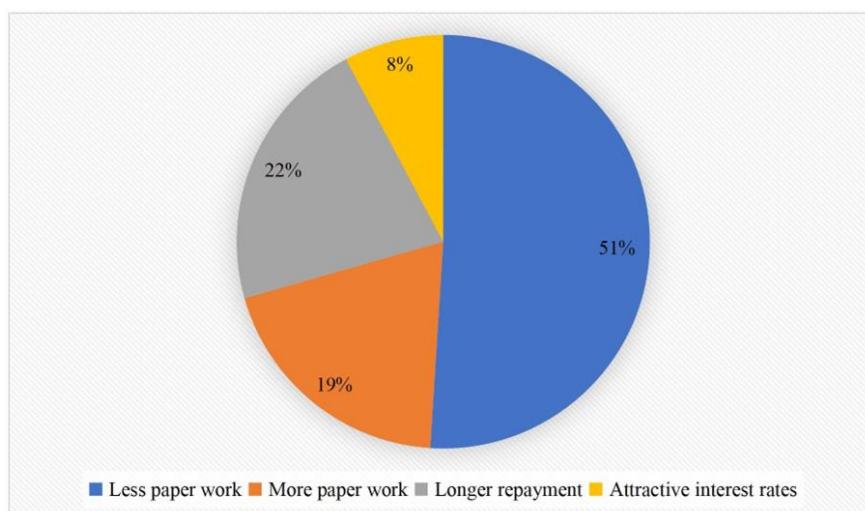


Interpretation

The following pie chart displays the opinions of customers on the Davangere- Harihara urban sahakara bank's loans, advances, and services: 56% have good feelings, 31% have great feelings, 8% have average feelings, 2% have negative feelings, and 3% are pleased.

Which feature do you like most in loan segment of Davangere-Harihara urban sahakara Bank

Sl no	Particulars	Respondent	%
1	Less paper work	51	51%
2	More paper work	19	19%
3	Longer repayment	22	22%
4	Attractive rate interest	8	8%
	Total	100	100

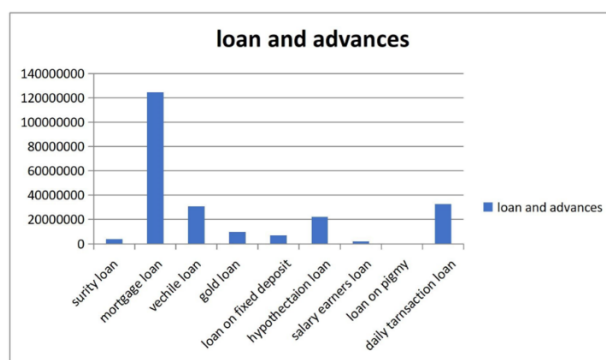


Interpretation

The majority of individuals are showing a preference for fewer paperwork, as seen in the pie chart above (51%). A longer payback period is preferred by 22% of the loan sector. Nineteen percent of individuals want less paperwork. Just 8% of individuals are enticed by the interest rate.

Loans and advances in the year 2022-2023

Slno	Particulars	Amount
1	Surety loans	37365229
2	Mortgage loan	124451791
3	Vehicle loan	30862456
4	Gold loan	9655421
5	Loan on fixed deposit	6898666
6	Hypothecation loan	22250757
7	Salary earners loan	2065660
8	Loan on pigmy	50233
9	Daily transaction loan	32789064

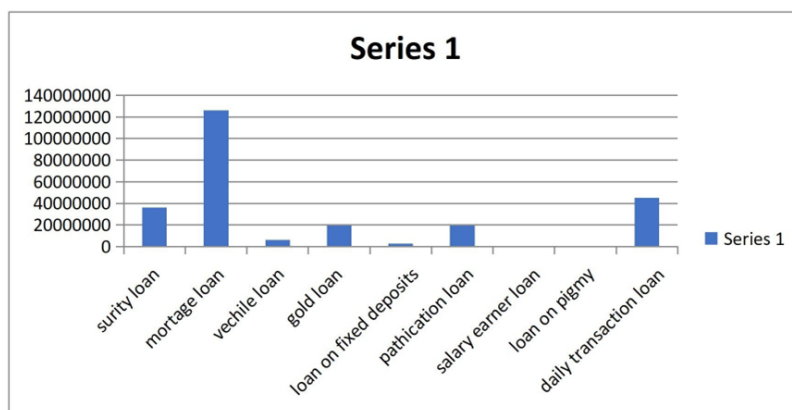


Interpretation

The following table details the loans and advances made by Davangere- Harihara Urban Sahakara Bank in the fiscal year 2022–23.

Loans and advances in the year 2023-2024

Sl.no	Particulars	Amount
1	Surety loan	36257499
2	Mortgage loan	126305562
3	Vehicle loan	6272316
4	Gold loan	19479872
5	Loan on fixed deposit	2821532
6	Hypothecation loan	19479872
7	Salary earners loan	282532
8	Loan on pigmy	290297
9	Daily transaction loan	44967948



Interpretation

The following table shows the loan and advance amounts provided by Davangere-Harihara Urban Sahakara Bank in the fiscal year 2023–24.

V. Findings

- 48% of responders are 20-30, 32% are 30-40, and 17% are beyond 40.
- 65% of responses are men and 35% are women.
- 60% of Davangere-Harihara urban sahakara bank manufacturing customers knew about them, while 40% didn't.
- The following percentages of customers are considering loans from Davangere- Harihara Urban Sahakara Bank: 30% for personal loans, 20% for school loans, 30% for a combination of a house loan and a vehicle loan, and 20% for other types of loans.
- Payment in installments is preferred by most. A majority of 56% are willing to pay in monthly installments. Forty percent are prepared to pay every three months, while four percent are prepared to pay once a year.
- Taxes are due from 65% of the population. The tax liability of 44% of the population is undetermined.
- 48% of borrowers take out one-to-two-year loans, 37% for less than a year, 11% for three to five years, and 4% for more than five years.
- The interest rates offered by loans and advances are satisfactory to 85% of the population. The Davangere-Harihara urban sahakara bank's interest rate is unsatisfactory to fifteen percent of customers.
- The Davangere-Harihara Urban Sahakara Bank's loan and advance approval procedure has a 69% satisfaction rate, a 19% acceptable rating, and a 12% great rating.
- There is enough information on a repayment plan and installment amount, according to 77% of individuals. The bank's disclosures were disputed by fourteen percent of the population. Only 9% of clients are happy with bank answers.
- Seventy-five percent would borrow from banks again, whereas twelve percent wouldn't.. A thirteenth of the population is unsure about taking out a loan.
- For Davangere-Harihara Urban Sahakara Bank's services and loans, 3% are entirely satisfied, 56% are great, 31% are decent, 8% are mediocre, and 2% are horrible.
- Less paperwork is preferred by 51% of individuals. Among the loan section, 22% want a longer payback period, while 19% prefer more paperwork. Just 8% of individuals are enticed by the interest rate.

Suggestions

- Most responders prefer a Davangere-Harihara Urban Sahakara Bank personal loan.
- Most responders prefer monthly payments.
- Within a year or two, most of the people who took the survey plan to pay back the loans.
- There should be less paperwork involved in the financing process, according to most respondents.
- Depending on the regulations and products of each bank, cooperatives provide borrowers a range of loan and advance choices. Nonetheless, a cooperative bank may provide the following loan and advance types:
- Always visit your local cooperative bank or their website to learn about their loan options, eligibility, interest rates, and application process. The availability of these loans and advances may vary from one cooperative bank to another.
- The bank should work to decrease processing time for loans in order to satisfy the demand of 37% of customers who wish to take out loans in less than a year.
- Second, make it easier to get a loan: 69% of borrowers are happy with the procedure, while 19% think it's just ordinary. For the sake of its customers, the bank should figure out how to make them happier.

- Make repayment details crystal clear; fourteen percent of customers are unhappy with the details given. Customers should have enough and transparent information on payback dates and amounts sent to them by the bank.
- Keep customers coming back: 75% of them would borrow money from the bank again. The bank might take advantage of this devotion by instituting loyalty programs or providing rewards.
- Less paperwork is preferred by 51% of individuals. To save paper and make things easier for customers, the bank should think about making loan applications and procedures digital.
- Consider accommodating customers' needs for lengthier payback terms; 22% of them would rather have them. The bank should offer multiple repayment options to satisfy clients.
- Affordable rates of interest: The interest rate attracts 8% of the population. The bank can win over new clients and hold on to old ones by offering attractive interest rates.
- The bank's customer service might need some work; while 56% of customers are satisfied, 2% are not. For the sake of its customers, the bank should figure out how to make them happier.

VI. Conclusion

Loans and advances from Davangere-Harihara Urban Sahakara Bank are available for a variety of purposes, including those of people, companies, farmers, and students. You may get one of these loans quickly and easily, and you can usually get a good deal on the interest and the payback conditions are rather flexible.

Keep in mind that different cooperative banks may have different loan products, eligibility requirements, interest rates, and application processes. To get more information about loans and advances, you can visit the website or contact your local Davangere-Harihara urban sahakara bank.

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