

A Study of Financial Performance With Respect To Loans and Advances

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Abstract : Entire Study report is related with financial performance with respect to loans and advances, in Dhanashri multi-state co-operative credit society Limited. Main objective of loan and advances is to earn profit for the bank. The Methodology used in the project is analytical. The Data is obtained from Secondary Sources. Annual report and internet are the main Sources of data collection. The data analysis is done through mainly with help of calculation and graphs of loan and advances.

IndexTerms - Financial Performance, Loans, Advance, profit.

1. Introduction

Money is an essential element for any business organization, because it fulfill the short term and long term requirement of funds. It is not possible for owner to bring all the money by himself, so owner takes loans from bank.

Bank provided loans to bossiness for particular period. The loan amount is required to be repaid along with the interest, within a period given by bank. Money is an important element in every business organization without money business can't run properly. Loan means fund borrowed from bank, repayable after period given by bank. Loan is a debt and long term loan it has more legal formalities. Loan may or may not be secured.

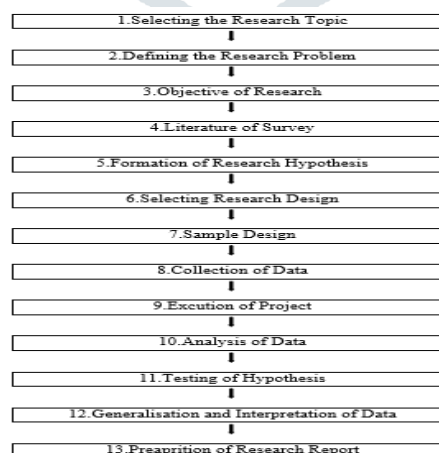
Advances means fund provided by the bank to organization for a specific period, to repayable after short duration given by bank. It is a credit facility and short term loan it has less legal formalities”.

2. Research Methodology

“Research comprises of two words, “Re” and “Search”. While “Re” implies a respective or iterative process, “search” denotes making a thorough examination of or looking over carefully in order to find something. Different researcher have defined research in various way due to its wide scope. But, in general research can be defined as a scientific process where new facts, ideas, and theories are established and proved in different areas of knowledge. Research aims at adding to the exiting stock of knowledge for the betterment of world.” “Research is a systematic activity directed towards discovery and the development of an organized body of knowledge.”[1]. “Research is a systematic, formal, rigorous and prices process employed to gain solutions to problems or to discover and interpret new facts and relationship” [1].

2.1. Research Process Chart:

Discovering and analyzing a range of significant and reliable information about a particular issue or problem with systematic planning is known as research process. The process involves several steps for complete analysis of the research problem. The steps in research process are described below,



2.2. Research Method Used For This Project:

Analytical Research Method: “Analytical research is a specific type of research that involves critical thinking skills and the evaluation of facts and information relative to the research being conducted. A variety of people including student, doctors and psychologists use analytical research during studies to the most relevant information. From analytical research, a person find out critical details to add new ideas to the material being produced.

Research of any type is a method to discover information. Within analytical research article, data and other important facts that pertain to a project is completed, after the information is collected and evaluated, the sources are used to prove a support an idea.

Some researchers conduct analytical research to find supporting evidence to current research being done in order to make the work more reliable. Other researchers conduct analytical research to from new ideas about the topic being studied.

2.2.1. Data Collection:

Data collection is the process of gathering and measuring information on targeted variables in an established system, which then enables one to answer relevant outcomes. Data collection is component of research in all fields of study including physical and social sciences, humanities, and business. The goal for all data collection is to capture quality evidence that allows analysis to lead the formulation of convincing and credible answer to the questions that have been posed.”

There are two types of data collection are as follows,

2.2.1.1. Primary Data:

Primary data means original that has been collected specially for the purpose in mind. It means someone collected the data from the original source first hand. Data collected this way is called Primary Data. Primary data is more costly than secondary data. For example: Questionnaire, interviews, etc.

2.2.1.2. Secondary Data:

Secondary data is data that has been collected for another purpose. Such data was already published by organization. Secondary data is low costly.

For this Study Report Secondary data collection method is used.

3. Sampling method:

Sampling is a process used in statistical analysis which is predetermined number of observations is taken from larger population. The methodology used to sample from a larger population depends on the type of analysis being performed, but it may include simple random sampling or systematic sampling.

Convenience sampling method is used for this study.

3.1. Convenience Sampling Method:

Convenience sampling also known as grab sampling, accidental sampling that involves simple being drawn from that part of population that is close to hand. This type of sampling is most useful foe pilot testing.

Sample size: Population size is 150 customers in last 5 years and sample size is 114 customers.

While deciding sampling size and group of customers, bank has set some guidelines as:

1. Loaner must have saving account in bank, without account and transaction bank cannot grant permission for loan.
2. Minimum age of loaner is 18 years and maximum age of loaner is 65 years.

Required Documents for Loan: (for all type of loans)

1. Loan application form.
2. Loan approve amount.
3. Search report of land.
4. Valuation report of land.
5. Income certificate of loaner (annual)
6. Residential certificate of Grampanchayt.
7. Loaner required one 100 rupee stamp ,

Guarantor 1: Required one 100 rupee stamp

Guarantor 2: Required one 100 rupee stamp

(RS.1, 00,000 loan amount require RS.100s one stamp)

Loaners and Guarantors required document:

1. Identity size photo two
2. 7/12 & 8A
3. Aadhar card and pan card zerox
4. Postal tickets 50 (RS.1)

Other:

1. Quotation of land (if loan amt.is more than 1 lakh rupees)
2. No Dues certificate (if any dues)

4. Graphical Representation of Questionnaire:

Q.1 On which bank you depend for your regular transaction?

Table 1

Bank Name	Data
DHANASHRI BANK	46% (52)
BANK OF INDIA	22% (25)
ICICI BANK	15% (18)
OTHER	17% (19)
TOTAL NO. OF PEOPLE	114

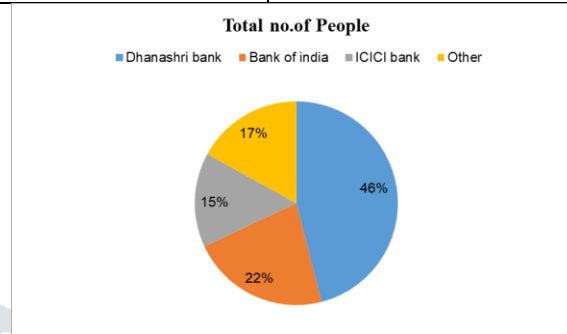


Figure 1

Interpretation:

1. It has been observed that approximately 46% correspondents are using the service of DHANASHRI bank for their daily transaction.
2. Around 22% people are using BOI bank for their transaction and only 15% & 17% of people are using ICICI and other banks service.
3. It also shows that Dhanashri bank have the biggest market position as per my sample.

Q.2. Which bank do you prefer for taking loans?

Table 2

Bank Name	Data
DHANASHRI BANK	81% (92)
BANK OF INDIA	16% (18)
ICICI BANK	3% (4)
TOTAL NO. OF PEOPLE	114

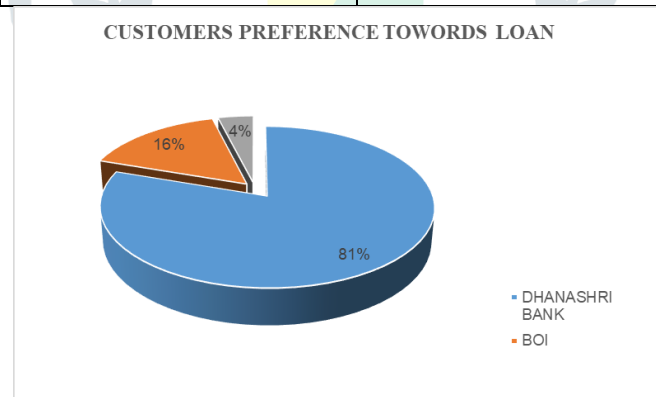


Figure 2

Interpretation:

1. According to my sample size 81% of people prefer Dhanashri bank loan, but some people prefer BOI & ICICI bank for loan because of they have their account in different bank & it is easier for them to get loan from their bank.

Q.3 Which loan product of Dhanashri bank have you used?

Table 3

Bank Name	Data
Personal Loan	43%(49)
Medium Term Loan	31%(36)
Loan on Deposit	16%(18)
Other	10%(11)
Total No. of People	114

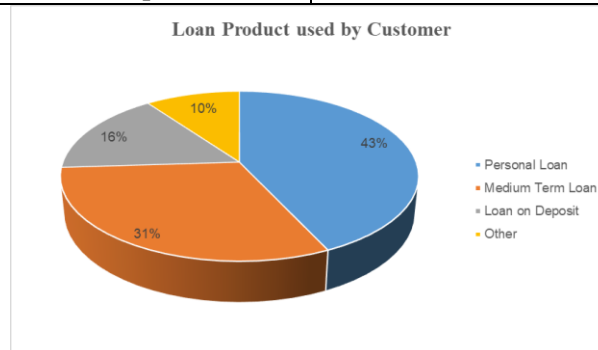


Figure 3

Interpretation:

1. From the sample size 114 of people are using the Dhanashri banks loan product.
2. 43% people took Personal Loan from bank.31% of people took Medium term loan, 16% of people took Loan on Deposit and remaining 10% of people took other loan product from bank.

Q.4 Which features do you like most in Loan segments of Dhanashri bank?

Table 4

Bank Name	Data
Less Paper Work	61% (69)
Attractive Interest Rate	11%(13)
Simple & fast processing	8%(9)
Longer Repayment Period	20%(23)
TOTAL NO. OF PEOPLE	114

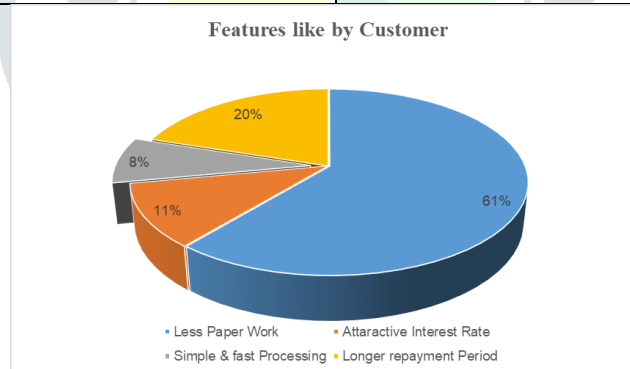


Figure 4

Interpretation:

1. Most of the people like the less paper work and Longer Repayment period. It's easier for people to repay the whole amount of loan with interest with longer repayment period.

Q.5. What do you feel about the services providing by Dhanashri bank on Loan and advance products?

Table 5

Bank Name	Data
Excellent	8%(9)
Good	75%(86)
Satisfactory	17%(19)
TOTAL NO. OF PEOPLE	114

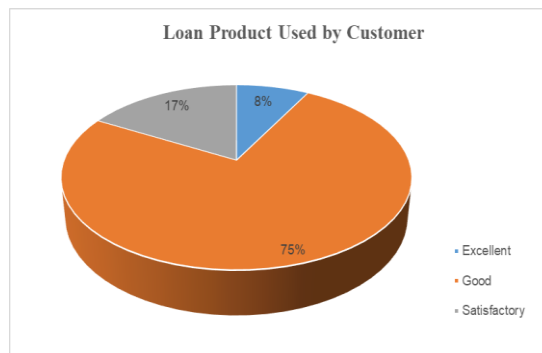


Figure 5

Interpretation:

1. From this it is clear that the service provided by bank in its advance product is excellent in between the customer.
2. All of them satisfy with the product provided by Dhanashri bank. 8% of people said that the service is excellent, 75% are said that is Good and remaining 17% people said that the service is Satisfactory.

5. Conclusion

1. The easy process is the reason there for customers take loan from bank.
2. The loan process requires lower documentation and time.
3. Dhanashri banks loan policy contains various norms for sanction of different type of loans.
4. Norms are flexible and it may differ case to case.

References

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