

**Project Report(17MBAPR407) ON  
“A STUDY ON RECOVERY MANAGEMENT AT HDCC BANK LTD.  
HASSAN”**

**BY**  
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*Submitted to*

**VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI**



*In partial fulfillment of the requirements for the award of the degree of*  
**MASTER OF BUSINESS ADMINISTRATION**  
*Under the guidance of*

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**March 2019**



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Date: 27-03-2019.

**CERTIFICATE**

This is to certify that Mr. Keshavamurthy bearing USN 1AY17MBA18 who is a student of 4th Semester MBA at Acharya Institute of Technology is undergone “Recovery Management” with respect to The Hassan District Co-operative Central Bank Ltd., from 03-01-2019 to 16-02-2019.

During the period of project his performance and conduct was good. He had shown interest in learning the things.

We wish him every success in future

Deputy General Manager  
Adm. and Est.  
(B.S.Ravi)  
Hassan DCC Bank Ltd.  
Deputy General Manager,  
ಬಹು ಪ್ರಧಾನ ವ್ಯವಸ್ಥಾಪಕರು  
ಇ ಮತ್ತು ನಿ



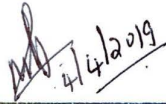
# ACHARYA INSTITUTE OF TECHNOLOGY

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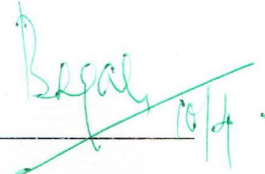
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## CERTIFICATE

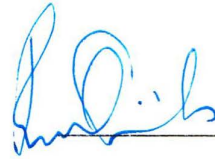
This is to certify that **Mr. Keshavamurthy** bearing USN **1AY17MBA18** is a bonafide student of Master of Business Administration course of the Institute 2017-19 batch, affiliated to Visvesvaraya Technological University, Belgaum. Project report on “**A Study on Recovery Management at HDCC Bank Ltd, Hassan**” is prepared by him under the guidance of **Prof. Mallika B K**, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.

  
4/4/2019

Signature of Internal Guide

  
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Signature of HOD  
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Signature of Principal/Dean Academics

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Dean-Academics  
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## DECLARATION

I, **Keshavamurthy**, hereby declare that the Project report entitled "Recovery Management" with reference to "HDCC Bank Ltd. Hassan" prepared by me under the guidance of **Prof. Mallika B K**, faculty of M.B.A Department, Acharya Institute of Technology and external assistance by **Mr. Jagadeesh K, Manager(S&D) HDCC Bank Ltd. Hassan**. I also declare that this Project work is towards the partial fulfillment of the university Regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone a summer project for a period of Twelve weeks. I further declare that this Project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University / Institution.

**Place: Bengaluru**  
**Date: 11-04-2019**

**Signature of the student**

*Keshavamurthy*

## ACKNOWLEDGEMENT

I wish to express my sincere thanks to our respected Principal, **Dr. Prakash M R**, beloved Dean-Academics, **Dr. Devarajaiah R M**, and deep sense of gratitude to **Dr. M M Bagali**, HOD, Acharya Institute of Technology, Bengaluru for their kind support and encouragement in completion of the Internship Report.

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Finally, I express my sincere thanks to my Parents, Friends and all the Staff of MBA department of AIT for their valuable suggestions in completing this Project Report.

Place: Bangalore

Date:  
1AY17MBA18

Keshavamurthy

USN:

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## **EXECUTIVE SUMMARY**

In India financial institutions face the problem of progress of Non-Performing Assets (NPA) and the issue is highly attractive and more incontrollable, the purposes of the study is impact of NPAs in the banking sector and examine the several reasons which influence the rise of NPAs in the bank. Non-performing assets are those assets which are payable with the rate of high interest, which are not paid by the pledger for the term of ninety days.

The study is done through bank accounts, by evaluating the uncooked data composed through the particular bank executives and secondary data gathered by journals, annual report etc.

The nature of research was investigative as the study was targeted at discovering the influence of the NPAs in the bank. The data evaluation is done by calculating the various influences which found to HDCC Bank. The exploration includes calculation and graphical representation of factors of NPAs in the bank.

The summary of finding is done with the analysis of fourth chapter and all the results are just proposition to the bank. Bank can device the same if it is considered feasible to the banks process.

The reference are that the banks and asset renovation companies must give enough legal powers to recover the asset and arrange them of all without the involvement of the bank and should improve hidden losses in transfer of NPA to ARCS the lending extra security offered with the non-payment borrowers and court involvement in such proceeding should be eliminated.

**CHAPTER 1**  
**INTRODUCTION**

## **1.1 INTRODUCTION TO PROJECT:**

The project program is designed by VTU to MBA students to gain the practical experience with more knowledge and it's an opportunity to share ideas, knowledge and also to establish the link between student's academic preparation and field work and guide the student for the development and implementation in the project program. The main purpose of project is that serve to culminate their project experience. The six week of project has been placed between 3rd and 4th semester of MBA course, and it as the purpose of providing the study of whole activities of the organization and as well as the study of industry business insight to the students and to get a head in the world from first day.

Project is individualized as per the needs and interest of each and every student's in project program. As a part of project experience students have to take active role in appropriate project for their self-development.

## **1.2 INDUSTRY PROFILE**

### **Introduction:**

A bank is a one of the service sector and financial institutions which provide financial help to their customer not only to the customer but also provide other bank.

As per banking in India, was originated in eighteen century. The "Hindustan Bank" was the first bank was started in India in the year 1770 but in 1829-32 it was liquated and in 18<sup>th</sup> century another bank was started the name called "General Bank Of India" in the year 1786 but this was also failed in 1791.

India's largest and oldest bank is still in existing in banking industry is "State Bank of India", its origin is The Bank of Calcutta in the month of June of 1806. It totally belongs to Bank of Bengal presidency at that time this was one of the 3 banks of Bengal Presidency and the other two banks being the Bank of Bombay and the Bank of Madras, in 1921 these three banks were combined to form the Imperial Bank of India, the state-owned bank of India in the year 1955; many years the presidency banks were acted as quasi-central banks.

After that India establishes the central bank in 1935 the name called as “Reserve bank of India” under the RBI ACT 1934. It was a private shareholders institution which was held by the private shareholders. After the independence, on 1 January 1949 RBI was nationalized.

In the year 1969, the government of India nationalized all larger banks that were not owned by themselves, this remained ownership under the government of India .They goes under the style known as a “for Profit public sector enterprises” and allowed them act as commercial banks.

**They are different types of bank they are:**

- Commercial banks
- Development banks
- Land development banks
- Investment banks
- Merchant banks
- Foreign banks
- Central bank.

**Banking Technology:**

- Universal banking
- Home banking
- Online banking
- Automated teller machine
- Smart cards
- Electronic payment system
- Electronic transfer
- Real-time gross settlement

**Universal banking:** It’s means, banking which includes investment services in addition to saving and lending services is called universal banking. In the universal banking, banks are not only limited to loans, checks, saving accounts and similar activities but also it used in services. A universal bank participates in various types of banking activities like both in commercial banks and at an investment bank.

**Home banking:** It is defined as the execution of the transaction access to bank account information via personal computers. Home banking is regularly called as the electronic banking.

**Online banking:** it is also called as home banking **or** cyber banking, and also includes various banking activities that can be performed anywhere instead of the physical banking site. Customers can use e-banking to pay their bills online. E-banking saves users a lot of time and money.

**Automated-Teller-Machine:** An ATM is a computer controlled telecommunication machine that allows consumers of a financial institution to access financial transactions in a public place without the help for an employee of the bank.

**Smart card:** It is a card made from plastic that is integrated with a small computer chip that links data that the users connect with each other, these data are related the information / value and are stored and processed inside the chip of the card.

**Electronic payment system:** Electronic payment is a subset of an electronic commerce transaction to accept electronic payments for buying and selling goods or services over the Internet. An electronic payment is any form of non-cash payment for which a payment for which a paper check is not required. The electronic payment methods consist of credit cards, the debit card network.

**Real-time gross settlement:** It's the system where any person who wants to pay other person or company etc. can ask their bank and made payments in cash / give guidelines to transfer the funds directly from their own account to the beneficiary's bank account, and must be provided to the bank when requesting such transfer, so that the amount reaches the beneficiary's account in a correct and fast ways.

## 1.3 ORGANIZATION PROFILE

### HASSAN DISTRICT CO-OPERATIVE BANK PROFILE:

<b>Particulars</b>	<b>Type of organization</b>
Type	Co-operative
Industry	Banking sector
Head quarter	Hassan
Area to be served	Hassan district
Product	Debit card, deposits, branch banking etc
Owner	Government of India

#### **Back ground:**

Hassan district cooperative central bank Ltd, (HDCC) was registered in 1953. The bank has 31 branches, including distribution division services in the Hassan district. The bank has given more priority to financing in the agriculture sector. It provides a service to farmer because the funds are timely and appropriate through the ground-level main agricultural society. The bank is participating in government-sponsored schemes such as S.G.S.Y, Swarnajayanti gram swarozgar yojana and JLG, Joint account group, etc.

The bank has issued 1,03,195 Kissan credit cards to PACS members(primary agriculture credit society), members of which are covered by the personal accident insurance plan. A total amount of Rs.498.91 million rupees are advanced according to this plan in 2014-15. Borrower's crop loans are also covered by a government-sponsored crop insurance scheme. For the purpose of diversifying activities, the bank also funded RS.168.61 cores for the non-agriculture sector. The bank has long ceased to be customer services, computerizing all of its branches and introducing a variety of new service activities, such as customer can withdraw or credit from any of our branches, say that all bank branches, RTGS (real-time gross settlement) facilities are there.

## **DEPARTMENTS IN HDCC BANK**

### **HR department:**

#### **Recruitment and selection process:**

Having skill full human resource in the organization is the need of the every organization for completion of the organization objectives in a short period of time. Once the needs are identified, the process of recruitment function will start.

Definition of recruitment: In the words of Edwin Flippo “Recruitment is the process of searching the candidates for employment and stimulating them to apply for jobs in the organization”

The recruitment is important activity in an organization. It links between the both employer and the job seekers.

#### **Types of recruitment:**

- Internal recruitments.
- External recruitments.

#### **Internal recruitment is as follows:**

1. Promotion and transfer
2. Employees referrals
3. Previous application

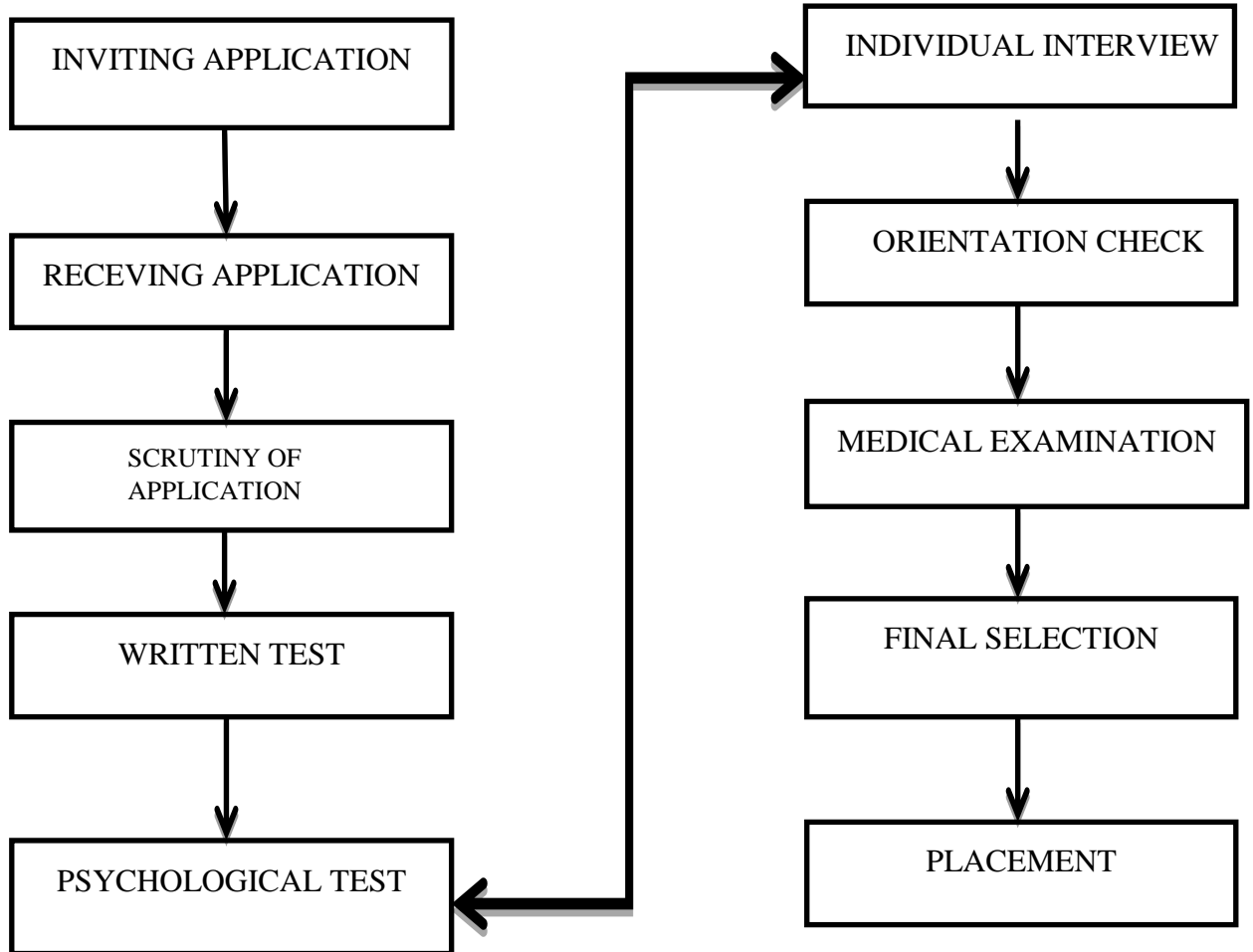
#### **External recruitment:**

1. Advertisements
2. Employment exchanges
3. Campus recruitment
4. Contractor
5. Recruit on the internet.

**Selection:**

It is an action of choosing the candidate for the vacant places in an organization. By other words the selection means weeding out unmatchable applicant and selecting those applicants with pre-required capabilities and qualifications to fill the positions in an organization.

The process of selection is as follows:



**In this organization the following selection process are as follows:**

1. Recruitment advertisement in newspaper and as well as in official website.
2. Call for application for eligible candidates
3. After collecting the application it will process the applications
4. After it call for the examination



5. After examination it will select eligible candidates for interview
6. After doing interview it selects eligible candidates
7. After completion of selection process it makes the medical check
8. And after finally it gives job offer letter.

### **Training:**

Training is an activity to get better the current and future presentation by improving an employee's skills to execute through learning. The training helps to change the attitude of employee and increasing his/her skills and knowledge.

### **Methods of training:**

1. On-the-job trainings
2. Off-the-job trainings

### **In this organization the on-the-job training are as follows:**

1. Computer training.
2. Accounting training.
3. Multimedia training.
4. Job rotation of employee.
5. Software application based training.
6. Cyber security training.

### **Compensation structure:**

Compensation means what the employees were received in exchange for their contribution to the organization.

Compensation is a comprehensive payment gives to their employee it including payment, incentives and benefits are offered by the organization for their hiring employers, employees.

The compensation/ remuneration is occupies an important place in the life of employees.

**Compensation includes both the Monterey and non-Monterey benefits:**

1. **Monterey benefits:** Basic salary, incentives, fringe benefits, dearness allowance, house rent allowances.
2. **Non-Monterey benefits:** Recognition, growth, working condition, flexes time.

**Compensation structure is followed in the organization as follows**

<b>Name of the position</b>	<b>Basic pay</b>	<b>Dearness Allowance(DA)</b>	<b>House Rent Allowance (HRA)</b>	<b>Photocopy Allowance</b>	<b>Travelling Allowance</b>
CEO	40,500	43.23% on basic salary	10% on basic salary	5,000-6,000	10,000
Manager	21,600	43.25% on basic salary	10% on basic salary	4,000-5,000	8,000
Asst. manager	20,000	43.25% on basic salary	10% on basic salary	3,000-4,000	6,000
Officers	17,650	43.25% on basic salary	10% on basic salary	2,000-3,000	5,000
Clerks	16,000	43.25% on basic salary	10% on basic salary	1,000-2,000	4,000
Drivers	14,550	43.25% on basic salary	10% on basic salary	-	2,000
Attenders	12,500	43.25% on basic salary	10% on basic salary	-	2,000

**Appraisal structure:**

Performance appraisal is a formal structure of organization of measuring and evaluating job related behavior and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more affectively in the future so the employee, organization and society all benefits.

**Types of performance appraisal are as follows:**

1. Traditional method
2. Modern method

**Traditional method:**

- a. Rating scale method
- b. Forced choice method
- c. Check list method
- d. Confidential report

**Modern method:**

- a. MBO method
- b. Psychological appraisal
- c. 360degree feed back
- d. Human resource accounting

In this organization performance appraisal is follows both the traditional and modern method. Human resource accounting are followed in this type of method is followed because it is easy to make at the time performance appraisal and some banking rules and regulation of this sector are as follows like promotion on the basis of seniority, experience, reaching individuals targets.

## **Marketing department**

### **Marketing strategy:**

It is a fundamental goal of organization because for improving the sales and achieving the sustainable competitive advantage in the market so this strategy includes both the short period and long period activities in the marketing field.

An organization strategy is a combination of all the marketing goals in one comprehensive plan. An excellent marketing strategy must be tensed from marketing research and focus on the right product mix in order to achieve the utmost profit potential and maintain the business in the market, a good marketing strategy is the basement of all marketing plans.

### **In this organization they are the different types of strategy has been used:**

- A. Product strategies
- B. Focus strategies
- C. Differentiation strategies
- D. Customer relationship strategies

In this organization they follow product strategy, focus strategy, business to business strategy, business to customer strategy, customer relationship strategy.

#### **A. Product strategy:**

In this organization follows product strategy, which is different from other organization and it is not provided by other organization in the same sector. Some of them are as follows

- KCC loan [Kissan credit card]
- Loans to the self-help group
- Loans to small businesses such as handicrafts
- Gold loan SHG (self-help group) loan SGSY (Swarnajayanti gram swarozgar yojana) loan
- Yashswini health and crop insurance

**B. Focus strategy:**

This organization follows focus strategy which focus on the both rural area as well as urban area. As it is a cooperative bank it more give focus on the rural area, by providing attracting interest rate on loans and providing interest rate on the deposit holders.

**C. Differentiation strategy:**

This strategy by giving interest free loan to its employee and providing low interest rate on loan on agriculture activities, some of them are as follows

- Zero percent interest on agriculture for an extant of 4 lakhs rupees
- Low interest on gold loan

**D. Customer relationship strategy:**

The main strategy follows by this organization is customer relationship strategy which is differ from other organization they more concentrate on rural area for developing them. They maintain healthy and good environment and they understand the customer by doing good communication with them and understand the needs of the customers.

**Promotional and advertisement activities:**

Some of the promotional and advertisement activities of the organization are as follows:

- a) Print ads in news paper
- b) Print ads in pamphlet
- c) Infernal advertisements in notice boards
- d) Ads in television (advertisement in local TV channel like Amogha Hassan)
- e) Ads in radios
- f) Ads in social medias (like face book, twitter etc)
- g) Ads through windows advertisement
- h) Prints ads in journals and in magazines
- i) Scholarship program
- j) Health campus
- k) Training programs

- l) Blood donation programs
- m) Hoardings

**Finance department:**

Finance is a blood of every organization to achieve the goals of organization. It is the main department of the organization. The function of the finance department typically includes organizing, planning, accounting, auditing and controlling the company’s finance. A finance department usually produces the financial statements of the company and maintains day to day business transactions and also verifies cash inflows and cash out flow of the organizations.

**Nature of business:**

As it is a co-operative bank its comes under banking he sectors it involves in banking business and which involved in accepting funds from their customer and lend that funds to their customer or general public and the main purpose of this co-operative bank is lending of funds to rural areas and also in agriculture sector.

**1.4 PROMOTERS**

The promoter’s pattern of co-operative bank is, as it is a co-operative bank it in owned by the public sector undertakings.

Management members belong to HDCC BANK:

<b>Position in organization</b>	<b>Names</b>
President	Sri K Sathish
Vice president	Sri M A Nagaraju
Director and MLC	Sri Patel Shivram
Director and MLA	Sri C N Balakrishna
Director	Sri Yogeshappa
Director	Sri Puttaswamygowda
Director	Sri N Devegowda

Director	Sri Jagadesh
Director	Sri Jayaram
Director	Sri B N Manjegowda
Director	Sri H C Girish
Director	Sri B H Shivanna
Director	Sri G R Ramachandregowda
From apex bank	Sri P L Krishna
D R of co-operative societies	Sri B R Krishnamurthy
Chief executive officer	Sri Lokesh

### **1.5 VISION, MISSION AND QUALITY POLICY:**

#### **Vision:**

“To promote and encourage the self-reliant, autonomous and economically viable cooperative through active participation of the members”.

#### **Mission:**

- Increasing the bank activity and professionally fulfilling to the environment of stakeholders, customers and its employees.
- To promote sustainable, practical agriculture & rural development through the efficient credit support and related services, institution building & other innovative initiatives.

#### **Quality policy:**

- Collect to the customer deposits and systematic order funds for the intention of lending.
- To development and external banking services in the area of operation.
- Customer satisfaction through professional management and team work.
- Maintaining separate help desk in the office for customer clarification.
- Clearing of all activities in a limited period of time which help customer satisfaction.

- Maintaining a good relationship between organization and customer by doing transparency in all the organization activity.
- The organization appoints separate officer for attending customers complaint's and resolve the problems in 2 to 3 days.

#### **1.6 PRODUCT/SERVICES PROFILE:**

- Saving bank account
- Current account a/c
- Recurring deposits a/c
- Fixed deposits a/c
- Clearing
- Safe deposits
- ATM
- Demand draft/ policy
- Housing loan
- Vehicle loan
- Crop loan
- Gold loan
- Business loan
- Consumer durable loan
- RTGS services

#### **1.7 INFRASTRUCTURE FACILITY:**

- The bank own transport vehicle to cover up all the branches of the district.
- With the competitors photo copies, phone and every time internet service.
- It has wonderful gathering rooms, board rooms and training centers.
- Maintains an excellent system, internal and external communication has its equipped.
- Have to the 60% to 70% rented building and rest their own building.



## **1.7 COMPETITORS' INFORMATION:**

HDCC bank is fundamentally a co-operative bank serves the needs of agriculture, small scale industry and self help groups, change in the present economic condition the organization faces tuff completion. As it regards interest rates which are stated by RBI and NABARD. Commercial banks RRBs and co-operative societies assume an aggressive approach. The following are the competitor of HDCC Bank.

- Commercial banks like Canara Bank, SBI, Corporation Bank, etc.
- Regional Rural Banks like Kaveri Grameena Bank, Pragathi Krishna Grameena Bank etc.
- Other co-operative societies

## **1.8 ACHIEVEMENTS/AWARDS:**

Bank awarded as 3<sup>rd</sup> place from apex bank under A-category audit classification.

## **1.9 FUTURE GROWTH AND PROSPECTS:**

The bank has plans to increase branches in much rural area. Where there is a huge growth and opportunity available. In all service organization prose's in HDCC bank. It is also having been future proposal for modernized version office; it's to the inner communication system and the other service through strategies up graduation to new industry definite technology.

The two main technology milestones to achieve; the number of branches will be increased and adopted infrastructure result have been increased to the technological progress in all branches adopt computerization.

## **1.10 SWOT ANALYSIS**

**Meaning:** SWOT analysis is the technique of deliberate planning used to facilitate the person or the organization to categorize their strength, weakness, opportunities & threats related to business struggle or project planning.

**Organization’s SWOT analysis is as follows**

<p><b>Strength :</b></p> <ul style="list-style-type: none"> <li>• It has an excellent brand value has since from 1953.</li> <li>• It is helped by the government</li> <li>• It has an excellent infrastructure facility.</li> <li>• Good network system in the district with their other branches.</li> </ul>	<p><b>Weakness :</b></p> <ul style="list-style-type: none"> <li>• Technology</li> <li>• Low stage of computerization in the HDCC bank.</li> <li>• Lack of professional management</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>• Growth of the banking sector in India, mainly in rural areas.</li> <li>• Creation of the co-operative bank by RBI as the identification of this sectors as an important the banking system act 1984.</li> <li>• Additional number of branches being created and several opportunities.</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>• Increasing in a fraud and misappropriation.</li> <li>• The outside pressure to finance qualified borrowers.</li> <li>• Huge competition in the market</li> <li>• Government polices</li> </ul>

**STRENGTHS**

The organization strength is its resources and capabilities that can be used for the development of organization activities and for reaching their prescribed goal or objectives.

**Organization’s strengths are:**

- Local market with good contact
- Lending of short loan with loan interest
- Provide the variety of new scheme to their customer
- Refinancing system by NABARD
- Providing of loan to the farmer in zero percent for the purpose of agriculture.
- Good network with their branches
- Government gives direct support as well as indirect support to the bank for increase their banking activities.

## **WEAKNESS**

- Government policies
- Customer at the time of NPA (non performing assets)
- Lack in skills employees
- It only constant to one district it doesn't operate in other district

## **OPPORTUNITIES**

- It development of agriculture sector, small scale industry and self help-group
- Entry to the nation market
- Attractive interest rate given for the deposit holder
- Booming service industry
- Additional number of branches being created and there are several opportunities

## **THREATS**

- Huge competition in the market
- Increasing incidences of fraud and misappropriation
- The outside pressure to finance qualified borrowers

**PROGRESS CHART OF HDCC BANK**

<b>Sl. No</b>	<b>Particulars</b>	<b>31.03.2016</b>	<b>31.03.2017</b>	<b>31.03.2018</b>
1	Share Capital	2544.96	3384.81	3557.59
2	Reserve Funds	6748.43	7392.45	10901.67
3	Own Capital	7275.83	7392.45	7950.31
4	Deposits	60780.96	70151.86	94857.83
5	Loan from NABARD	27674.63	30323.69	25666.25
7	Loans issued	67464.45	73583.85	78476.52
	a) agricultural loan	51534.04	48706.08	48229.38
	b) non-agricultural loan	17721.00	25054.38	29610.85
8	Loan outstanding	70221.63	74712.82	84484.57
	a) agricultural loan	52500.63	49658.44	54873.72
	b) non-agricultural loan	17721.00	25054.38	29610.85
9	Working capital	98005.82	111433.75	132536.03
10	Loan recovery percentage	96.16	94.86	87.51
11	Loan for Self Help Groups	5574.96	5055.12	6041.92
12	Net Profit	684.38	724.97	788.63
13	Gross NPA Amount	2634.94	2743.34	2678.49
	Percentage of Gross NPA Amount	3.75	3.67	3.17
14	Net NPA	0.00	0.00	0.00
	Percentage of Net NPA	0.00%	0.00%	0.00%

## 1.11 FINANCIAL STATEMENTS

<b>THE HASSAN DISTRICT CO-OPERATIVE CENTRAL BANK LTD., HASSAN</b>		
<b>Profit and Loss account for the year ended 31.03.2017 &amp; 31.03.2018</b>		
<b>INCOME</b>		
<b>Particulars</b>	<b>Amount as on 31.03.2017</b>	<b>Amount as on 31.03.2018</b>
Interest on advance and discount	703925662.56	710192231.46
Interest and dividend on investment	172445051.15	185522030.74
Bank Commission and Misc. incomes	15702297.58	30468001.10
<b>Total income</b>	<b>892073011.29</b>	<b>926182263.3</b>

<b>Expenditure</b>	<b>Amount</b>	<b>Amount</b>
Interest on deposits	472728546.41	468683152.67
Interest on borrowings	152592954.00	154584298.00
Staff Salaries	99670269.78	105338244.76
Administrative expenditure	252524.00	2545800.20
Depreciation on and repairs to property	21349678.76	19634657.99

Provisions	1836256.00	2545800.20
Other expenditures	16641983.72	59083489.30
<b>Total expenditure before tax</b>	<b>796979226.56</b>	<b>812415443.14</b>
<b>Net profit before tax</b>	<b>111249671.50</b>	<b>113766820.16</b>
Self assessment tax	857800.00	974760.00
<b>Advance income tax</b>	<b>33000000.00</b>	<b>36000000.00</b>
<b>Grand total expenditure after tax</b>	<b>835553026.56</b>	<b>847319035.14</b>
<b>Net profit (+) loss(-)</b>	<b>72675871.50</b>	<b>78863228.16</b>
<b>Total</b>	<b>908228898.06</b>	<b>926182263.30</b>

**The Hassan district co-operative bank ltd., Hassan**

**THE BALANCE SHEET OF HDCC BANK FROM 2015-18**

SL No.	ASSETS AND LIABILITIES	31.03.2017		31.03.2018	
		RS	PS	RS	PS
1.	Capital	338480569.00		355758524.15	
2.	Reserve fund and other reserve	378651162.10		716088176.71	
3.	Principal \ other state partnership fund account	0.00		0.00	
4.	Deposits and other account	7015185801.93		9485783272.13	
5.	Borrowing	3032369000.00		2566625000.00	
6.	Demand draft payable	13375252.60		6184764.60	
7.	Receivable as per the contra	461892.00		461892.00	
8.	Branch adjustment	926779.00		161576.00	
9.	Overdue interest reserves	0.00		0.00	
10.	Provision	357615215.91		374502678.16	
11.	Other liabilities	40998597.73		60685772.91	
12.	Profit and loss	72675871.50		78863228.16	
	<b>Total</b>	<b>11250740141.77</b>		<b>13645114884.82</b>	

	<b>Property and assets</b>	<b>31.03.2017</b>	<b>31.03.2018</b>
13.	Cash	74626134.00	52215296.00
14.	Balances with other bank	329611036.02	701440847.13
15.	Money at call short notice	160000000.00	100000000.00
16.	Investments	2740599864.91	2494838944.00
17.	Investment out of the principal	0.00	0.00
18.	Advances	7471281656.53	8448136614.53
19.	Interest receivable	215433637.42	284794875.34
20.	Demand draft receivable	311656.00	334021.00
	a) Receivable as per contra	461892.00	461892.00
21.	Branch adjustments	0.00	0.00
22.	Premises less depreciation	90548481.80	309746145.01
23.	Furniture and fixtures less depreciation	15367619.70	26340602.45
24.	Other assets	152498163.39	1226805647.36
25.	Profit and loss	0.00	0.00
26.	<b>Total</b>	<b>11250740141.77</b>	<b>13645114884.82</b>
27.	Contingent liabilities	<b>11391139.00</b>	<b>16509770.00</b>

## **FINANCIAL STATEMENT ANALYSIS**

As per the above balance sheet we can assume that the Bank is operating well and profit is increasing year by year. They investing the incoming profits in the other banking sectors like public fund, investment fund and provides education cess etc



**CHAPTER 2**  
**CONCEPTUAL BACKGROUND AND LITERATURE**  
**REVIEW**

## 2.1 THEORETICAL BACKGROUND

### Meaning:

Recovery management is the practice of planning, implementing and evaluation of recovery procedures and values required to restore the service at the time of component failure; either by recurring the components to common operation or taking different measures to recovery services.

Recovery is a key element in the stability of the banking sector. One should not hesitate to affirm that Indian banks have done an extraordinary job to contain unproductive assets, taking into account that the environment as a whole is complicated. Recovery management backed by the activation of framework is key to the future competitiveness and health of commercial banks. Banks with current and considerable experience in a critical condition very difficult in the recovery of loans and execution of the values loaded with them.

Why recovery management?

- The bank deserves payment for its loan and services. Bank professionals will take the risk of recovery to see this.
- Fees realistic rates without initial fee are only paid when they are charged.
- This system will develop the recovery strategy to gather the bank's objectives. The bank can get well its debts without losing customers.
- Establish monthly settlement with significant reports, status updates upon request.
- Extensive practice on of obtaining and collecting money judgment in the lien, the recovery management system will pick up when demand is the only option.

### Objectives of recovery management

- **NPA reduction:** Non-performing assets is a big issue that banks face today. Non compliance occurs these loan accounts become unproductive assets because no income can be generated from them.

- **Growth of the deposit:** NPA creates many problems to create the activity of the banks. Debt recovery will help the bank to the customer will increase the growth of your deposits and will do the business efficiently.
- **Advanced growth:** If the recovery is properly executed, will helps to generate funds, and bank can have efficient funds to provide the loans and advances to its customers and improve the business.

### **Importance of recovery management**

- Credit policy helps to meet the competition
- Credit schemes helps to attract the existing customer and new customers
- It helps to reduce the bad debts
- Liberalized credit policy tends to raise the growth of loans
- Helps to increase the operating income
- It ensure higher investments in trade debtors and will produce income

### **Need of recovery management**

- It indicates time to recover
- It includes opportunity to take the risk
- Should be situated on existing economic financial worth
- Should have a disposition and circumstances of business

### **Advantages of recovery management**

- Growth in the sales
- Increase the profits
- Capability of facing competition
- Helps to improve customer satisfaction
- Takes control of sales processes
- Helps to decrease the administrative cost

## **Disadvantages of recovery management**

- Collection of debt does the charge of cash
- The debt collecting agency has to start a association with the customers of banks, this can be dangerous if they are not dealing with the customers in considerate manner.

## **Recovery strategies of bank**

- Partial write off
- Adjustment of collateral securities
- Pressure on guarantor
- Effect recovery
- Compromise to improve recovery status of accounts
- Compromise with borrower for final settlements

## **Recovery methods adopted by banks:**

- **Fear of agents:** RBI has issued guidelines on training recovery agents and the methods they can take up for collection but these guidelines and rules seem to have made little impact on the recovery mode of the agents.
- **Know the facts:** banks might have outsourced the job to third party collection agency. Generally if the debt is unpaid for a month, the collection team sends reminder or calls up the customer for recovery. The bank professionals will document the efforts made for recovery of dues and the copies of communication sent to customers and will be kept on record.
- **Engagement of recovery agency:** Recovery agencies are fixed as per the regulatory guidelines issued in this respect. The name and address of all recovery agencies of the bank approved panel will be positioned on the banks website for information. Only recovery agencies from approved panels will be engaged by the banks.
- **Giving notice to borrowers:** bank will follow all procedure as necessary under law recovery amount the number of days to be given as notice to be mentioned and it should be proceed to take position of the asset.

- **Privacy:** you have a right to privacy; the recovery agents cannot converse with other persons.
- **Investigation:** if you file complaint against a recovery agent, the bank will interrogate the matter.
- **Records:** banks documents and the content of conversation between customer and agents along with the time and number of calls. Bank also needs to carry on all copies of communication sent to customer.

## 2.2 LITERATURE REVIEW:

1. **Gurumoorthy T.R (2012)** analyzed the categorization of loan assets in PSBs. The author says that NPAs could not transform banks into non-performing banks; instead steps must be taken to transfer them as non-performing assets into now-performing assets. With respect to previous NPAs, the bank may overcome on its own assets to asset management companies to clear-out its balance sheet.
2. **Kumar (2013)** in his paper on a ‘comparative study of NPA of old private sector banks and foreign banks’ has said that non-performing assets have turn into an irritation for the banking sector for the several past years. One of the main issue is challenging the performance of commercial banks in the late 90s adversely affecting was the accumulation of huge non-performing assets. The quality of loan portfolio is extremely crucial for the operation of the banks.
3. **Ashok Khurana et al (2010)** stated that the increasing NPAs is a challenge for public sector banks. The study is based on the fact that the categorization of PSB based on assets is a good method and that there is a significant variation in the recovery of NPA in different sectors. Research has found that PSBs should not be burdened with the similar goal of profitability and social welfare.
4. **Dr. Dharmendran A (2012)** notes that the position and development of standard assets, non-compliant assets, assets with losses, non performing assets for non performing assets and net NPA with the assistance of %age of the technique analysis and compound growth rate for all state cooperative banks in India.

5. **Shalini H.S (2013)** has made an attempt to study the effect of different variables on non performing farmers, as the most important purpose of this author is to know the difficulties that are faced by the Indian farmers in paying back the amount borrowed with the standard interest payment. She has also tried to find out that there is any significance in the study? If yes, what is their significance level? In order to compose the study more accurately the author considered 1% level of significance.
6. **Bidani S N (2002)** analyzed that 'NPAs are like smoking gun that threatens the stability of the banks in India. NPAs are ruining the profitability of the bank through loss of interest income and write-off of the principal amount of loan itself. In 1993 RBI issued the guidelines based on the reference of Narasimham Committee that mandated identification & reduction of NPAs; this was treated as national priority.
7. **Manish B Raval, Asst Professor, Lt. M.J. Kundaliya**, Mahila Commerce College Rajkot studies to know the major composition of NPA in Indian Banks and compared the 3 composition i.e. priority sector, non priority sector and other sector of NPA in nationalized banks. The researcher found that there is no significant dissimilarities between three compositions of NPA to total NPA in nationalized banks.
8. **Siraj K.K et al (2013)** investigate the increase of chosen NPA variables and compared with banking performance indicators. The author uses the growth rate that is calculated by using exponential growth equation to estimate the relative efficiency of different bank groups in India. The analysis focused on identifying relative efficiency of dissimilar bank groups in managing their NPA.
9. **Satpal (2014)** evaluated the banking sector has undergone a change at sea after the phase of liberalization of economic in 1991 and thereafter the supervision of credit. This study shows that the NPA importance is relatively high in public sector banks compared to private banks. So, the NPA problem needs many serious efforts, otherwise it will continue to kill the profitability of the banks, which is not good for the economy developing India.
10. **Hosamani A.P (2011)** study the current position of banks with respect to unproductive assets; determine the causes of the problem and its corrective actions. The loan has been classified into 4 categories i.e. standard assets, low quality assets, impaired assets and assets that generate losses. The standard assets are high quality of credit assets, on the

other hand, the impaired assets and the assets that generate loss are low quality of credit asses.

11. **Rituparna Das(2002)** performed a research on Managing the Risk of NPA in the small scale industries in India. In this article the researcher tries to seek a solution to the problem of small scale industries under the present circumstances of banking and insurance working together under the same roof. In this article the pressing need of the small scale entrepreneur for becoming aware and educate in modern business.
12. **Garg Sambhav (2013)** made an attempt to match up the different bank-wise data relating to Gross NPA to Gross advances. The paper also shows priority and non-priority sector advances of planned commercial banks. The present study highlighted that all the banks in India are adverse to the challenge of NPA and attentiveness of NPA is much higher in PSBs.
13. **Rajeshwari Krishnan (2002)** focused on the problem of swelling NPA in banks and financial institution of the country becomes more un-manageable and created threats for the financial institutions. She found that securitization can be used for the liquidating the illiquid and long term debt like loan receivables of the financial institutions or bank issuing marketable securities against them. She conclude that SARFAESI Act is definitely and big leap forward not only in the field of NPA management but also promoting the securitizing market in India. The act may be required to fine tuned to bring the “natural justice”.
14. **Usha Kapoor Satsangi (2016)** the non recovery of loans and interest is a major obstacle in credit cycle process. In addition to mobilizing resources throughout new deposits, loans & recycling funds collected from borrowers. The bank must see at every time that all its unproductive assets are under the controllable brand. The bank strictly follows the high prudential standards established by the RBI for payment and collection.
15. **Prasad et al (2011)** observed that the study on NPA reduction strategies for commercial banks in India indicated that NPAs did not generate interest income for banks, but that banks had to provide provision for banks NPA. The current profits of the bank are eroding due to the provision of deed as bad debts and limit the recycling funds.
16. **Ramesh K.V(2012)** researched on NPA management in public sector banks in a case study that connected to the Canara Bank and SBI to analyze the NPA of farmer

mentioned banks. It is discovered that there is downward trend in NPAs of selected banks by establishing suitable systems internally to decrease & abolish in early stage.

17. **Rajveer Rawlin (2013)** build up a predictive model for NPA %age at both the gross and net level from the advances made at a mid-sized Indian National Bank. A tough connection was observed between gross and net NPA% and the advances made suggestive of that estimates of Gross and Net NPA can be made from advances.
18. **Sandeep et al (2012)** analyzed the comparative position of non-performing assets of chosen private sector banks in India to come across their efficiency through comparative study. All banks are creating policies demanding for the suppression of NPAs for improving their assets quality and profitability.
19. **Jaya Shukla et al (2010)** in their presentation of on a mathematical model for the problem of stable growth of unproductive assets(NPA) in the banking sector; the model assumes that prevalence of the common conditions of the banking sector in terms of liquidity, political interference and other external factors that affect the stability of NPA. It can steadily improve the bank's asset portfolio and the quality services provided by the bank.
20. **Gourav Vallabhai, Anup Bhatia & Sourabh Mishra (2007)** explained that NPAs are treated as a tool to justify the efficiency & financial conditions of bank. The height of NPA is one of the factors that affects the financial stability and development of the banking sectors. In his study he found the basic elements that impact on NPA of bank. It is the disclosure of the bank to priority sector lending reduces NPA.

**Gap analysis:** as per the literature review many authors conducted their research on recovery management in public sector and private sector banks only and not in co-operative sector; hence the study on recovery management was concentrated on co-operative sector bank.



**CHAPTER 3**  
**RESEARCH DESIGN**

### **3.1 STATEMENT OF THE PROBLEM:**

A study on recovery management is in a need of us in order to manage the NPAs in best possible way and in term to increase the company's success in achieving its goal. In India most of the banks are suffering from increasing NPA thus the bank needs effective recovery management to recover NPA effectively.

### **3.2 NEED FOR THE STUDY**

The study is conducted with respect to recovery management, the main determination of this study is to recognize the practical fees with no up-front charges; they get paid only when it is collected. Recovery management schemes will plan gathering plans to meet intentions of the bank. The Bank can recover their debts without dropping their customers and also to know the monthly settlements with meaningful reporting.

### **3.3 OBJECTIVES OF THE STUDY**

- To study different recovery methods adopted by bank
- To study the performance of bank in terms of recovery in last three years
- To study about the agriculture loan and non-agricultural loan lending in the last 3 years in the HDCC bank

### **3.4 SCOPE OF THE STUDY**

This study is mainly concerned about recovery management in HDCC Bank. This plan can be used to match up the performance of the bank with other bank. This is able to also be related to recognize the explanations of raise in NPAs. This project also gives bright in the leads of area in non-recovery of the loans and advances in the bank and to be aware of the current picture of effect of non-recovery loans in the in the HDCC Bank. It is essentially targeted the in the agricultural and rural areas its lending to the loan advances in the bank.

### **3.5 LIMITATIONS OF THE STUDY**

Despite of all the potential efforts are understand to make the analysis more inclusive and scientific, the study is certain limitations. Following are the certain various margin of the learning.

- The study has only measured the records for a time of five years.
- The study mainly founded on primary and secondary sources.
- The study is made on the source of data which is given by the bank.
- Conclusions are drawn on the basis of limited data available.

### **3.6 RESEARCH METHODOLOGY**

#### **➤ Primary data**

Data is collected by the interacting with bank managers and officers

#### **➤ Secondary data**

The data is collected for report by various reports maintained by the banks which helps us lot for preparing this report. A lot of records were also collected from the following

- Text books
- Management journals
- Annual reports of the bank
- Website of the bank

### **3.7 CHAPTER SCHEME**

- This project report holds five chapters which begins with the chapter covers industry profile and company profile which includes promoters information, vision, mission and quality policy, products or service profile of the company, competitors, swot analysis and financial statement etc.,.

- The second chapter covers theoretical background of the study which includes brief information on the subject selected for improved understanding and usage in the study and literature review.
- The third chapter includes need, scope and objectives of study, research methodology used in the study.
- The fourth chapter covers analysis & interpretation of the data collected with reference to topic of the study and it represent in tables, charts and output obtained by statistical tools are included.
- The fifth chapter covers the findings, conclusion and suggestions with respect to the topic.

**CHAPTER 4**  
**DATA ANALYSIS AND INTERPRETATION**

## **Introduction:**

Data analysis and interpretation is a very important for study to be conducted to do analysis tabulation and presentation of data in charts and various other diagrams act an effective tool.

Tabulation helps us in simplifying raw data collected from various reports and books. In my study I have used the same to simplify the lengthy documents and other information and have been presented in the tabular form.

Charts like pie diagram and bar charts help in the graphical representation of data collected, in this chapter I have been used the same tool for the graphical representation of the data.

The data collected have been for 3 years and are analyzed on percentage basis.

### **Table no.4.1**

**Table showing the total loan lending on HDCC bank**

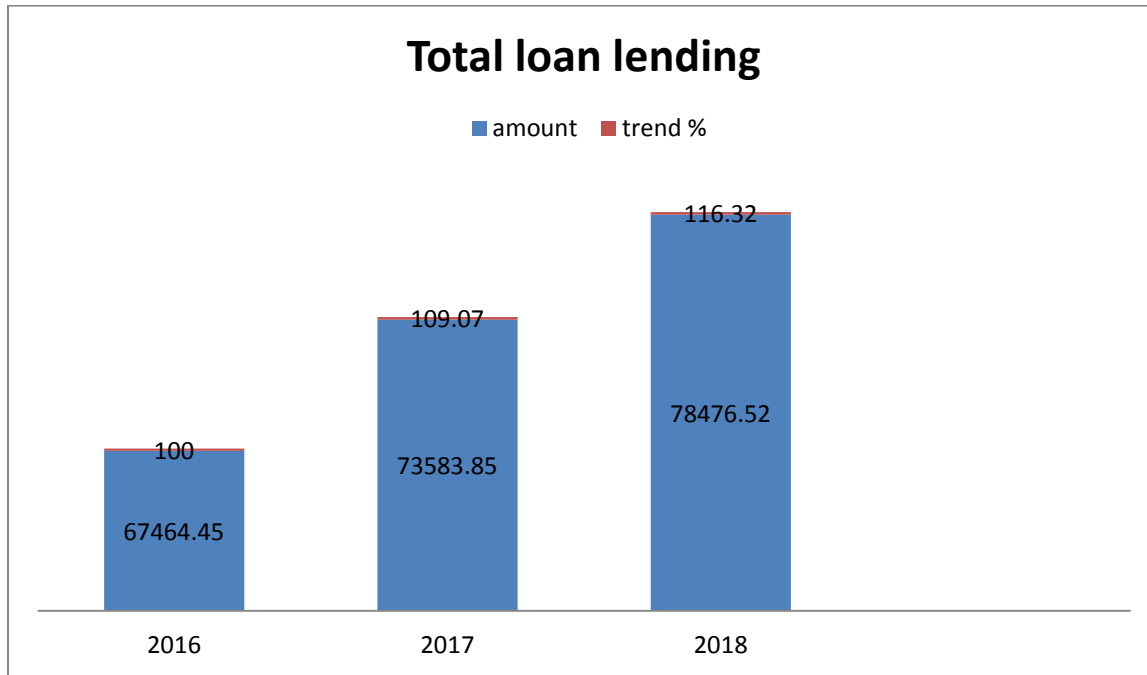
<b>Year</b>	<b>Amount (in lakhs)</b>	<b>Trend %</b>
2016	67464.45	100
2017	73583.85	109.07
2018	78476.52	116.32

### **Analysis:**

The loan lending in 2016 amount to Rs. 67464.45(in lakhs) has been considered as a base year for the analysis purpose. Hence trend is 100% for base of that year. In 2017 the loan amount has been increased to Rs. 73583.85 and the percentage increased to 109.07% i.e. compared to base year, in the year 2018 loan amount is 78476.52 and the trend percentage is increased to 116.32% compared to the last 2 years, it shows the good performance of the bank.

### Chart no.4.1

Below chart showing the total loan lending and trend percentage



#### Interpretation:

From the above chart we can come to know that the bank is providing loan facilities more comparing to previous year. This is because the bank is concentrating more on agriculture loan comparing to other loan categories.

### Table no.4.2

Total agricultural loan lending

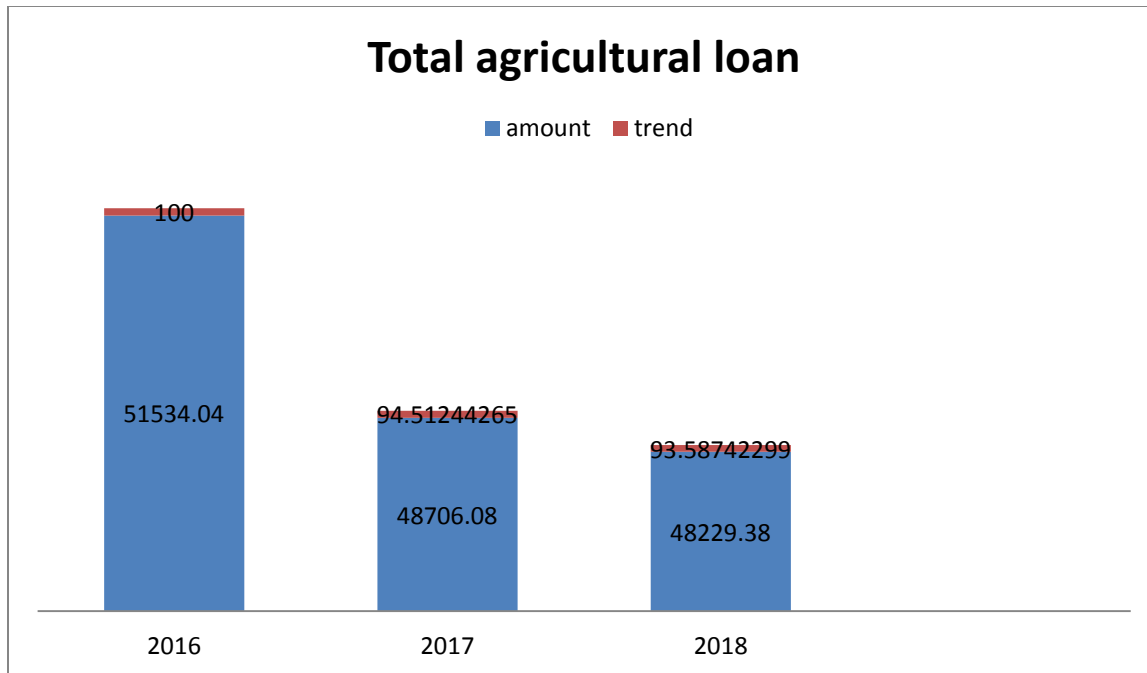
Year	Amount (in lakhs)	Trend percentage
2016	51534.04	100
2017	48706.08	94.5124
2018	48229.38	93.5874

#### Analysis:

Agriculture loan lending during the year 2016 amount to Rs. 51534.04 trend percentage is 100% as it is the base year, and during the year 2017 loan amount decreased to 48706.08 and the trend % is 94.51. For the year 2018 loan amount has been decreased to 48229.38 and the trend % is 93.59. And it shows the agriculture loan is decreasing.

**Chart no. 4.2**

**Below chart showing agriculture loan lending**



**Interpretation:**

From the above chart we can understand that the decreasing line of agricultural loan from the past 3years. We can observe that the decreasing demand for the agriculture loan from year to year in the HDCC Bank.

**Table no.4.3**

**Non agricultural loan**

Year	Amount (in lakhs)	Trend percentage
2016	15930.41	100%
2017	24877.77	156.16%
2018	30247.14	189.87%

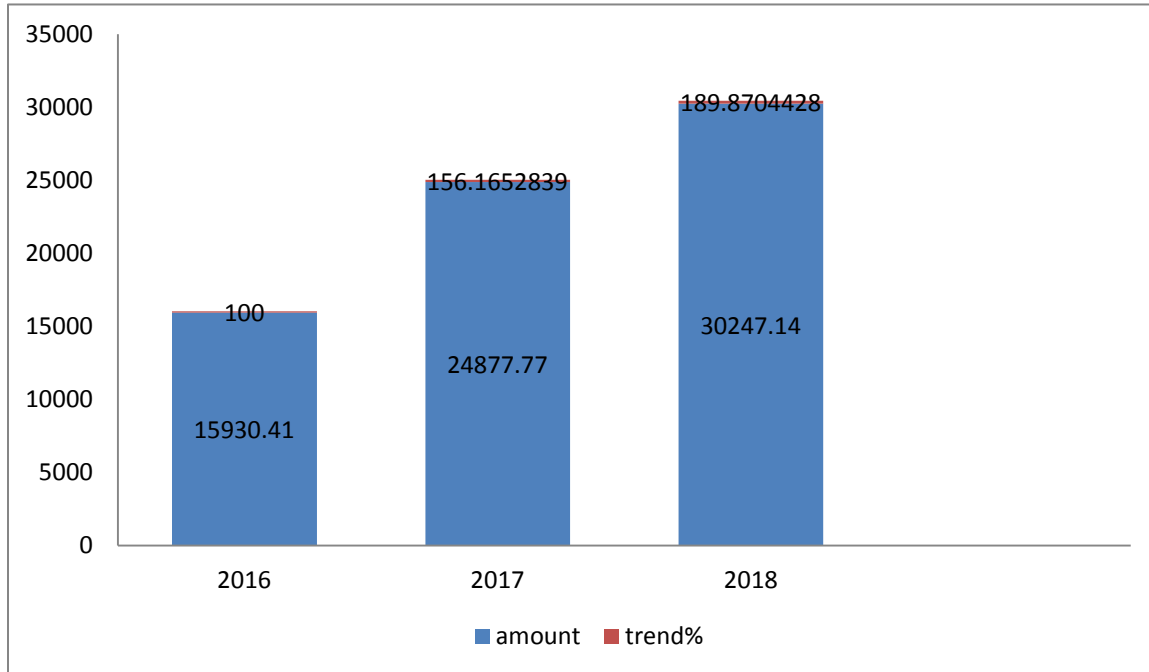
**Analysis:**

Non agricultural loans during the year 2016 is amounted Rs. 15930.41 and its trend percentage is 100% as it is the base year. In the year 2017 it has been increased to Rs. 24877.77 and its trend percentage is 156.16%, in the year 2018 it has been amounted to Rs. 30247.14, trend percentage is 189.87%. By this we can understand that the non-agricultural loan is increasing drastically in the bank.



### Chart no.4.3

Below chart showing the non-agricultural loan lending



#### Interpretation:

The above chart shows that non-agriculture loan comparing to previous years it is increasing drastically, comparing to the agricultural loan it has high percentage because of this loan facility is include of other commercial loans. This may because of encouragement to the cash credit activities.

### Table no.4.4

#### Recovery of loan

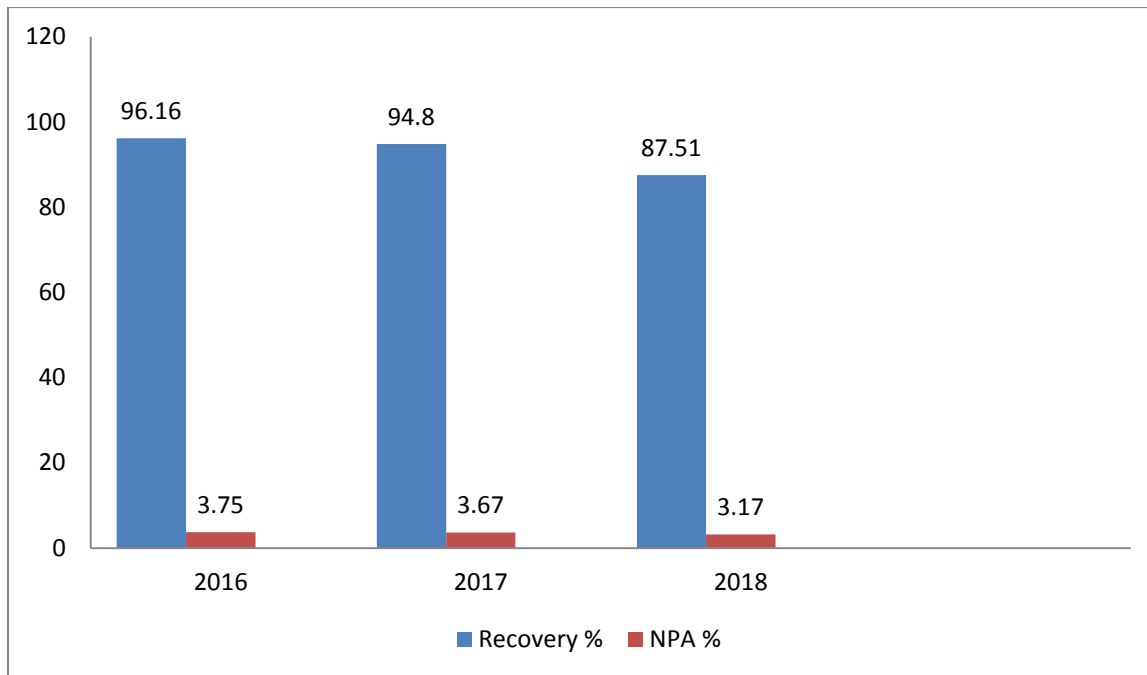
Year	2016	2017	2018
Recovery percentage	96.16%	94.86%	87.51%

#### Analysis:

The above table displays recovery percentage of the loan lend on both agricultural and non agricultural loans during the year 2016 the recovery percentage 96.16%, during the year 2017 it has become came down to 94.86%, and in the year 2018 it is 87.51%.

#### Chart no.4.4

Below chart showing the recovery percentage of loans



#### Interpretation:

From the above graph we can understand that recovery of loan amount during the years, it is decreasing because of the ineffective recovery strategies. So before recovery make strategies in effective manner.

#### Table 4.5

Below table shows Net NPA of the bank

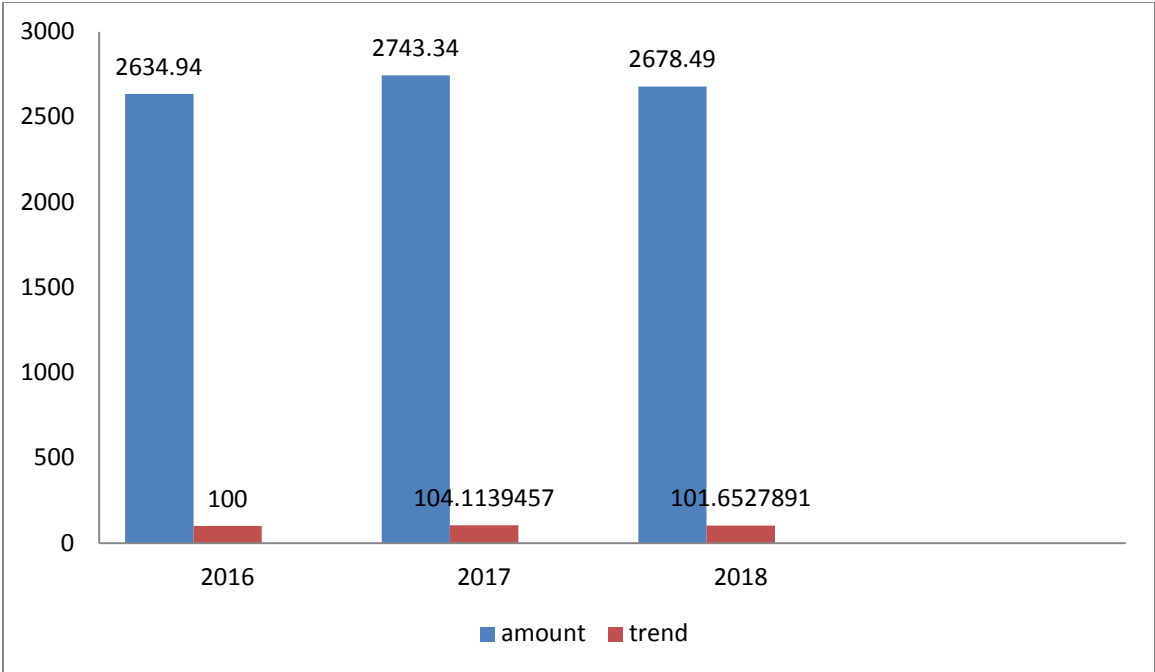
Year	Amount(in lakhs)	Trend %
2016	2634.94	100%
2017	2743.34	104.11%
2018	2678.49	101.65%

#### Analysis:

From the above table it shows during the year 2016 total NPA loan amount is Rs. 2634.94, during the year 2017 it has been increased to Rs. 2743.34 and in the year 2018 it is decreased to Rs. 2678.49 lakhs.

**Chart no.4.5**

**Below chart showing the total NPA loan**



**Interpretation:**

From the above chart we can come to know that in HDCC Bank the loan lending percentage is increasing at the same time the percentage of NPA loan is decreasing compared to last year NPA amount.

## CALCULATION OF RATIOS

### Provision ratio:

It is the total provision supposed in respect to Gross NPA of the bank

$$\text{Provision ratio} = \frac{\text{Total NPA}}{\text{Gross NPA}} * 100$$

**Table no.4.6**

### Calculation of provision ratio

Particulars	2016	2017	2018
Gross NPA	2634.94	2743.34	2678.49
Net NPA	0.00	0.00	0.00
Total provision	2634.94	2743.34	2678.49
Provision ratio	100%	100%	100%

### Analysis:

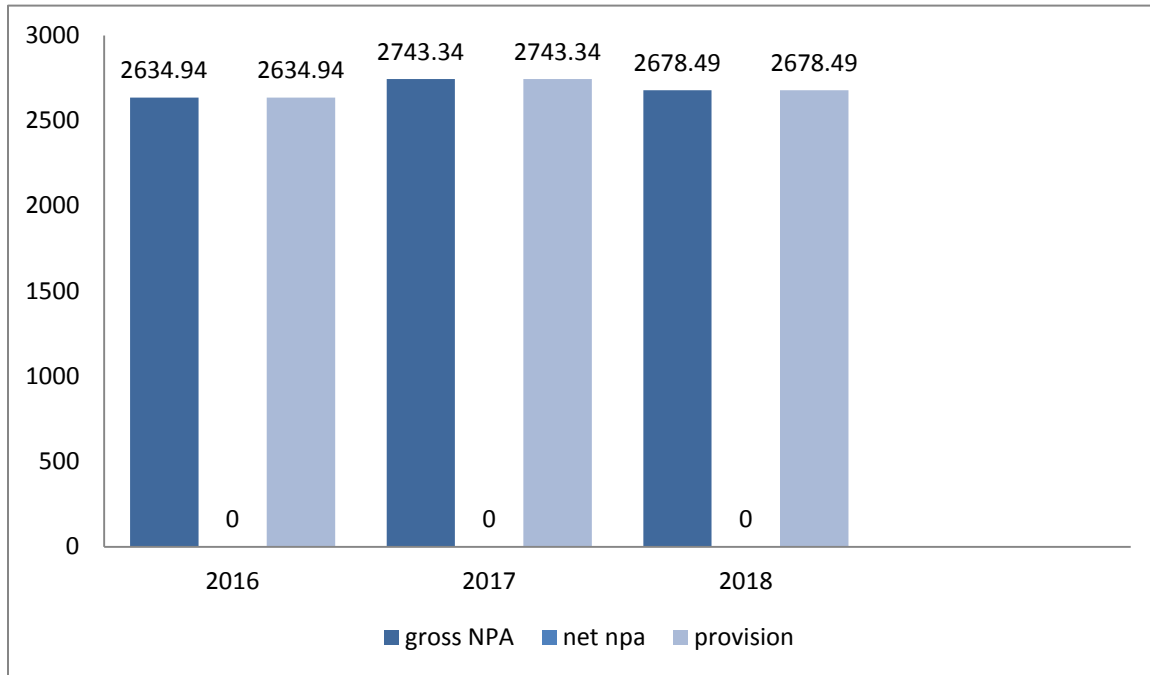
During the year 2016 gross NPA amount is 2634.94 and Net NPA amount is Rs Zero and Total provision amount is 2634.94 from this provision ratio percentage arrives at 100%.

During the year 2017 grass NPA amount is 2743.34 and Net NPA amount is Zero and Total provision amount is 2743.34 from this provision ratio percentage arrives at 100%.

During the year 2018 gross NPA amount is 2678.49 and Net NPA amount is Rs. Zero and Total provision amount is 2678.49 from this provision ratio percentage arrives at 100%.

**Chart no. 4.6**

**Below chart showing provision ratio**



**Interpretation:**

From the above chart it's clear that the provision ratio for the year 2016, 2017, and 2018 is stable for all three years.

**Gross NPA Ratio**

$$\text{Gross NPA ratio} = \frac{\text{Gross NPA}}{\text{Gross advance}} * 100$$

**Table no. 4.7**

**Below table showing gross NPA %age**

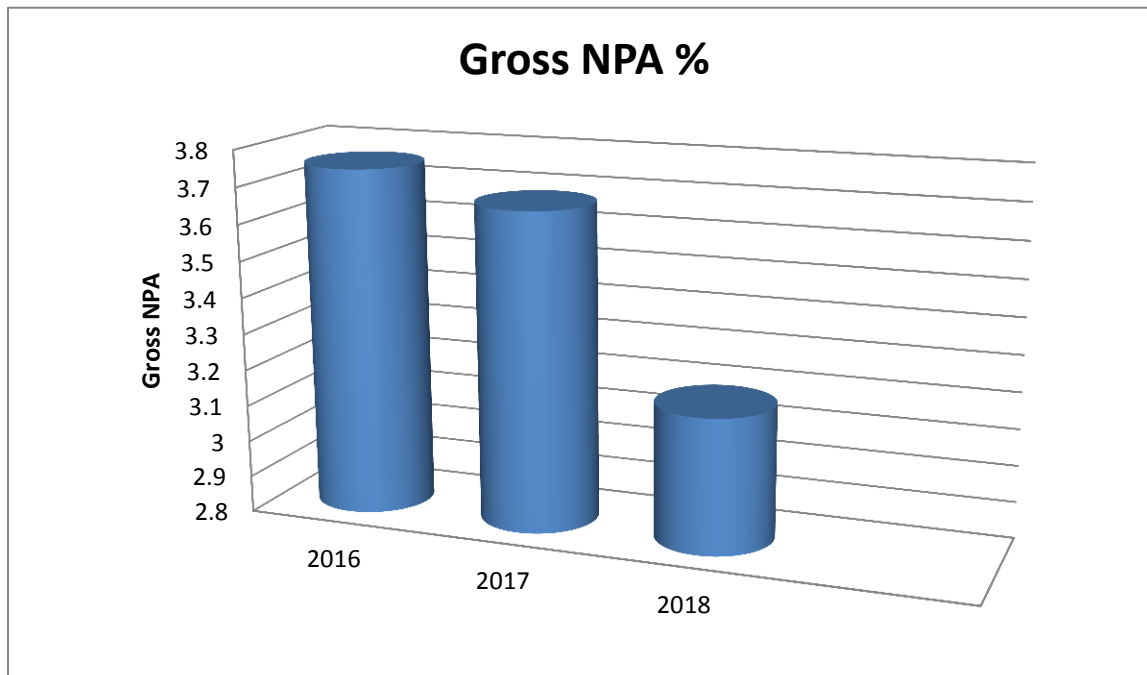
Year	2016	2017	2018
Gross NPA (%)	3.75	3.67	3.17

### Analysis:

Throughout the year 2016 Gross NPAs percentage is 3.75% during the year 2017 & 2018 it will be decreased to 3.67% and 3.17% respectively.

### Chart no. 4.7

Below chart showing the Gross NPA percentage



### Interpretation:

From the above chart shows the value of price range of bank. Huge Gross NPA ratio is shows low quality credit range of the bank vice-versa. It indicates the quality of credit portfolio is lower in this period.

### Calculation of problem asset ratio

$$\text{Problem asset ratio} = \frac{\text{Gross NPA}}{\text{Total assets}} * 100$$

**Table no. 4.8**

**Table showing problem asset ratio**

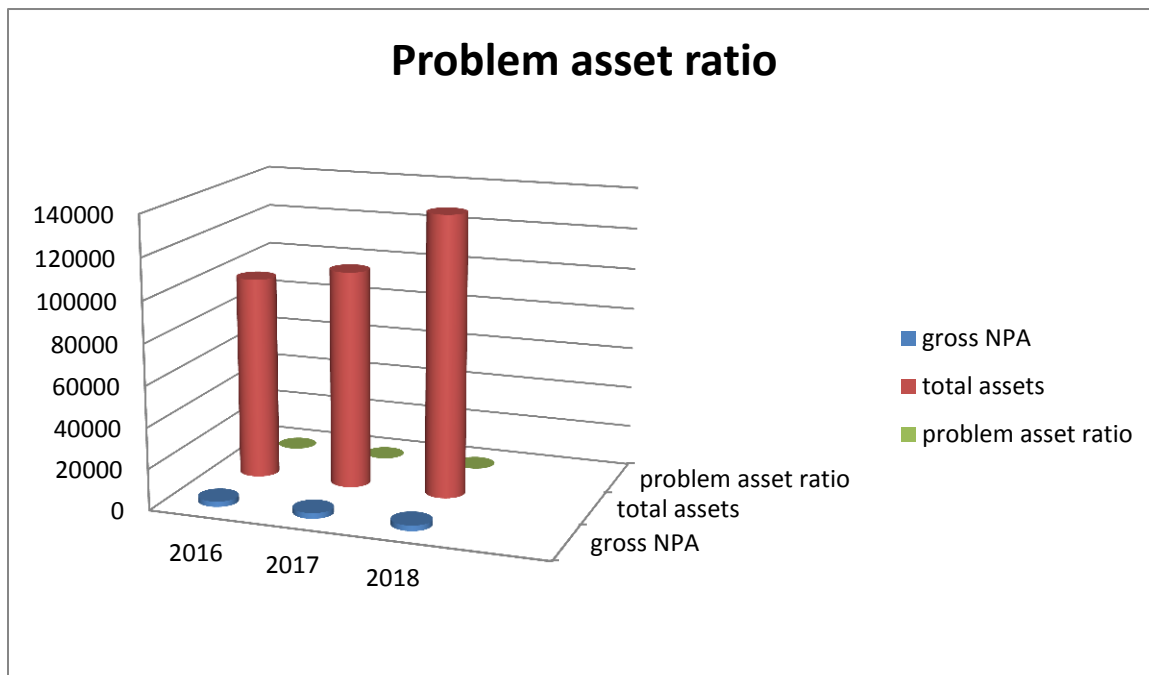
Particulars	2016	2017	2018
Gross NPA	2634.94	2743.34	2678.49
Total assets	98856.37	105931.47	136446.91
Problem asset ratio (%)	2.67%	2.59%	1.96%

**Analysis:**

During the year 2016 problem asset ratio is 2.67% and during the next year 2017 down under the percentage is 2.59% and during the year 2018 ratio is slow down for 1.96%.

**Chart no. 4.8**

**Below chart showing problem asset ratio**



**Interpretation:**

From the above chart shows shortest manner on return on investment as well as liquidity risk management of the bank. Huge problem asset ratio means high liquid. It's in the year 2018 shows good performance because its compare to previous years 2016 & 2017.

**CHAPTER 5**  
**FINDINGS, SUGGESTIONS AND CONCLUSION**



## 5.1 FINDINGS

- The bank have been maintaining proper books and records
- Bank providing the loan facility more comparing to previous year. This is because the bank is concentrating more on agricultural loan and the demand is raising for this loan compared to other loan categories
- We can observe from past 3 years that the demand for agriculture loan of the bank is increasing
- Non-agriculture loan comparing to agriculture loan, because of its high percentage to issuing loan to public. In the year 2017 it issuing more than all previous year. This may because of encouragement other than of cash credit service
- The recovery performance of non- agriculture loan of the bank from past 3 years clearly defines the position of the non-agriculture loan of the bank during the year 2016-17 is 94.86% it is higher amount of recovery performance. During the year 2017-18 recovery percentages came down to 87.71%.
- The recovery of the bank for past 3 years, over all recovery performance is good. Bank is creating positive image to the society. Its good impact of the bank in the balance sheet
- Net NPA is falling down continuously, during the year 2016, 17, 18 is zero percentage in the bank
- The provision ratio is increasing continuously it shows the bad working condition of the bank related to debt
- Gross NPA ratio is falling down continuously so it is indicating the debt recovery of NPA is good comparing to years.

## 5.2 SUGGESTIONS

- The bank should emphasis on recovery from individuals who have the ability to repay the loan and take correct actions towards who not pay back regularly.
- The bank should have proper man power presentation in all branches.
- In these days there is competition increasing in the market, so bank should provide more facilities by them the bank can attract more customers.
- The bank should prevent changes of funds in the promoters
- Operating staff should know about credit skills and up gradation.
- Effective inspection system should be implemented in the bank.
- Bank has essential to increase the cash and bank balance by reducing the expenses for future plans.
- Timely sanctioned loan by the bank is to avoid time and cost for both means customers and bank.

## 5.3 CONCLUSION

The non performing assets consequences of credit movement of HDCC bank which is their key function to earn profit. The credit is topic to risk and therefore the bank cannot totally avoid non-performing assets. But strict submission with lending standards, steady development of the credit spread over different sections and activities, careful planning, monitoring and follow-up banks can control the development turning for not actual progress.

Even in these circumstances of NPA recovery or reduction it is possible by accepting different strategies. Though, develop plans on the management of non-performing assets have been arranged, it is essential to note that the application of these guidelines may or may not produce the desired results. It is therefore necessary to design a exact plan based on the examination of bad debts and then emphasis on the recovery by accepting different approaches branch management of non-performing assets is not limited to the recovery of dues.

It is careful planning, understanding the reason for the rejection; problems faced by the individual borrowers and then decide the suitable course of action for recovery. This certainly requires particular personnel and trained at the branch completely involved in the process and is

used wholly for management of NPAs. Carrying cost is one of the implements for analyzing of non-productive assets at the branch, which helps the important significance for recovery, and future strategies for expansion of credit. While in the office that control the meaning of the conception it is well agreed that not influence on field staff. It is consequently necessary to create awareness between staff ground level on the conception and request of it to the right and intensive strategy level branch to recover profitability.

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Sl. No.	Title of the Book	Author	Published House	Year
1	Credit monitoring, Legal aspects & Recovery of Bank loan	Dr. D.D Mukherjee	Snow White publications Pvt. Ltd. (Snowwhite)	2015
2	Handbook on Debt Recovery	Indian Institute of Banking & Finance	SCHAND	2017
3	Practical Guide to NPA Resolution	R.C Kohli	TAXMANN	2017
4	Core Banking Solution: Evaluation of security & controls	M. Revathy Sriram	PHI Learning	2013

### WEBSITES

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- [www.ijesc.org](http://www.ijesc.org)
- [www.slideshare.net](http://www.slideshare.net)
- [en.wikipedia.org](http://en.wikipedia.org)

**ANNEXURE**  
**FINANCIAL STATEMENTS OF THE HDCC BANK**

**PROFIT AND LOSS ACCOUNT OF HDCC BANK**

<b>THE HASSAN DISTRICT CO-OPERATIVE CENTRAL BANK LTD., HASSAN</b>			
<b>Profit &amp; loss account for the year ended 31.03.2018</b>			
<b>INCOME</b>			
<b>Particulars</b>	Amount as on 31.03.2016	Amount as on 31.03.2018	Amount as on 31.03.2018
Interest on advance and discount	651669313.65	703925662.56	710192231.46
Interest and dividend on investment	199642513.19	172445051.15	185522030.74
Bank Commission and Misc. incomes	15809432.78	15702297.58	30468001.10
<b>Total income</b>	<b>867121259.62</b>	<b>892073011.29</b>	<b>926182263.3</b>
<b>EXPENDITURE</b>			
Interest on deposits	424895655.80	472728546.41	468683152.67
Interest on borrowings	169224223.00	152592954.00	154584298.00
Staff Salaries	97380630.66	99670269.78	105338244.76
Administrative expenditure	220768.00	252524.00	2545800.20

Depreciation on and repairs to property	23084635.44	21349678.76	19634657.99
Provisions	1302423.00	1836256.00	2545800.20
Other expenditures	12442303.29	16641983.72	59083489.30
<b>Total expenditure before tax</b>	<b>770768313.16</b>	<b>796979226.56</b>	<b>812415443.14</b>
<b>Net profit before tax</b>	<b>101693904.59</b>	<b>111249671.50</b>	<b>113766820.16</b>
Self assessment tax	542510.00	857800.00	974760.00
<b>Advance income tax</b>	<b>23500000.00</b>	<b>33000000.00</b>	<b>36000000.00</b>
<b>Grand total expenditure after tax</b>	<b>804024563.16</b>	<b>835553026.56</b>	<b>847319035.14</b>
<b>Net profit (+) loss(-)</b>	<b>68437654.59</b>	<b>72675871.50</b>	<b>78863228.16</b>
<b>Total</b>	<b>872462217.75</b>	<b>908228898.06</b>	<b>926182263.30</b>

**BALANCE SHEET OF HDCC BANK**

<b>The Hassan district co-operative bank ltd., Hassan</b>							
<b>THE BALANCE SHEET OF HDCC BANK FROM 2015-18</b>							
<b>SL No</b>	<b>ASSETS AND LIABILITIES</b>	<b>31.03.2016</b>		<b>31.03.2017</b>		<b>31.03.2018</b>	
--	-----	RS	PS	RS	PS	RS	PS
1.	Capital	254496047.00		338480569.00		355758524.15	
2.	Reserve fund and other reserve	340621899.33		378651162.10		716088176.71	
3.	Principal \ other state partnership fund account		0.00		0.00		0.00
4.	Deposits and other account	6078096256.22		7015185801.93		9485783272.13	
5.	Borrowing	2767463000.00		3032369000.00		2566625000.00	
6.	Demand draft payable	22387466.19		13375252.60		6184764.60	
7.	Receivable as per the contra	4422777.00		461892.00		461892.00	
8.	Branch adjustment	411409.00		926779.00		161576.00	
9.	Overdue interest reserves		0.00		0.00		0.00
10.	Provision	334221375.59		357615215.91		374502678.16	
11.	Other liabilities	53500063.73		40998597.73		60685772.91	
12.	Profit and loss	68437654.59		72675871.50		78863228.16	
--	<b>Total</b>	<b>9924057948.65</b>		<b>11250740141.77</b>		<b>13645114884.82</b>	



--	<b>Property and assets</b>	<b>31.03.2016</b>	<b>31.03.2017</b>	<b>31.03.2018</b>
13.	cash	87193692.00	74626134.00	52215296.00
14.	Balances with other bank	337003452.18	329611036.02	701440847.13
15.	Money at call short notice	40000000.00	160000000.00	100000000.00
16.	Investments	2057846993.59	2740599864.91	2494838944.00
17.	Investment out of the principal	0.00	0.00	0.00
18.	Advances	7022163200.20	7471281656.53	8448136614.53
19.	Interest receivable	197116926.59	215433637.42	284794875.34
20.	Demand draft receivable	733241.00	311656.00	334021.00
	a) Receivable as per contra	4422777.00	461892.00	461892.00
21.	Branch adjustments	0.00	0.00	0.00
22.	Premises less depreciation	102050925.87	90548481.80	309746145.01
23.	Furniture and fixtures less depreciation	16590034.00	15367619.70	26340602.45
24.	Other assets	58936706.22	152498163.39	1226805647.36
25.	Non-banking assets acquired	0.00	0.00	0.00
26.	Profit and loss	0.00	0.00	0.00
27.	<b>Total</b>	<b>9924057948.65</b>	<b>11250740141.77</b>	<b>13645114884.82</b>
28.	Contingent liabilities	-----	<b>11391139.00</b>	<b>1650977.00</b>

**Below table showing the interest percentage of loans in Bank**

Sl. No.	Types of Loan	Rate of Interest	
1	Salary earners loan	12%	
2	Petty traders loan	13%	
3	Consumer durable loan	17%	
4	Gold loan	9.98%	
5	Vehicle loan: 1) Two wheeler	11%	
	2) Four wheeler	11%	
6	Overdraft loan	13%	
7	Cash credit loan	12%	
8	Medium term loan	13%	
9	Kissan Credit Card Loans	Up to 3lakh	0%
		Above 3lakh	10%
10	House construction loan	Up to 10lakh	11%
		Above 10lakh to 25lakh	11.50%
11	Commercial complex construction loan	Up to 10lakh	12%
		Above 10lakh to 35lakh	12.5%
12	House purchase / Mortgage loan	Above 10lakh to 25lakh	12.5%

13	Commercial complex purchase / mortgage loan	Above 10lakh to 35lakh	12.5%
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**Interest rate percentage for Deposits in the Bank**

<b>Sl no.</b>	<b>Particulars</b>	<b>30-45 days</b>	<b>46-90 days</b>	<b>91-180 days</b>	<b>181- 365 days</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-5 years</b>	<b>5-10 years</b>
1	Senior citizen	5.00%	5.50%	6.50%	7.50%	7.80%	7.90%	7.60%	7.50%
2	Common citizen	5.00%	5.50%	6.50%	7.00%	7.30%	7.40%	7.10%	7.00%



ACHARYA INSTITUTE OF TECHNOLOGY  
DEPARTMENT OF MBA

PROJECT (17MBAPR407) -WEEKLY REPORT

NAME OF THE STUDENT: KESHAVAMURTHY

INTERNAL GUIDE: MALLIKA.B.K.

USN: 1AY17MBA18

COMPANY NAME: HDCC BANK, HASSAN

WEEK	WORK UNDERTAKEN	EXTERNAL GUIDE SIGNATURE	INTERNAL GUIDE SIGNATURE
3 <sup>rd</sup> Jan 2019 – 9 <sup>th</sup> Jan 2019	Industry Profile and Company Profile		
10 <sup>th</sup> Jan 2019 – 17 <sup>th</sup> Jan 2019	Preparation of Research instrument for data collection		
18 <sup>th</sup> Jan 2019 – 25 <sup>th</sup> Jan 2019	Data collection		
26 <sup>th</sup> Jan 2019 – 2 <sup>nd</sup> Feb 2019	Analysis and finalization of report		
3 <sup>rd</sup> Feb 2019 – 9 <sup>th</sup> Feb 2019	Findings and Suggestions		
10 <sup>th</sup> Feb 2019 – 16 <sup>th</sup> Feb 2019	Conclusion and Final Report		



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