

**Project Report On (17MBAPR407)**  
**Loans And Advances at Tumkur Grain Merchant Cooperative Bank Ltd,**  
**Tumkur**  
**BY**  
**HARSHAVARDHANA T R**  
**1AY17MBA13**

*Submitted to*

**VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI**



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

**INTERNAL GUIDE:**  
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ASSISTANT PROFESSOR  
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GAYATHRI G V  
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**Department of MBA**  
Acharya Institute of technology, Soldevanahalli,  
Hesaragatta Main Road, Bengaluru

March 2019

**TGMC BANK**

ISO 9001:2008 Certified Bank

**ತುಮಕೂರು ಗ್ರೈನ್ ಮರ್ಚೆಂಟ್ಸ್ ಕೋ-ಆಪರೇಟಿವ್ ಬ್ಯಾಂಕ್ ಲಿಮಿಟೆಡ್****Tumkur Grain Merchants' Co-operative Bank Ltd.,**

Admin Office : B.H. Road, TUMKUR - 572 103. KARNATAKA

Ph : 0816-2257636 / 4021102-103, Fax : 0816-2255905 Website : www.tgmcbank.com, E-mail: tgmc\_b\_ho@hotmail.com, tgmc\_b\_ho@gmail.com

**N.R. Jagadeesh**

President

**H.M. Divyananda Murthy**

Vice-President

Ref. No. TGMCB/TMKR/PROJECT/.... /2019

Date : 21/02/19

**TO WHOM SO EVER IT MAY CONCERN**

This is to certify that **Mr. Harshavardhana T R** bearing **Reg no 1AY17MBA13** student of **MBA**, from V.T.U University, Acharya Institute of technology Bangalore. Has undergone project "A study on loans and advances" at TGMC Bank Ltd, Tumkur during the period from 03-01-2019 to 16-02-2019.

The student has successfully completed his major project under guidance of Mrs. Gayathri G V, Branch manager, TGMC BANK LTD Tumkur.

**TUMKUR GRAIN MERCHANTS  
CO-OP BANK LTD.  
S.S.PURAM, TUMKUR**



# ACHARYA INSTITUTE OF TECHNOLOGY

(Affiliated to Visvesvaraya Technological University, Belagavi, Approved by AICTE, New Delhi and Accredited by NBA and NAAC)

Date: 05/04/2019

## CERTIFICATE

This is to certify that **Mr. Harshavardhana T R** bearing USN **1AY17MBA13** is a bonafide student of Master of Business Administration course of the Institute 2017-19 batch, affiliated to Visvesvaraya Technological University, Belagavi. Project report on “**A Study on Loans and Advances at TGMC Bank Ltd, Tumkur**” is prepared by him under the guidance of **Prof. Ayub Ahamed K S** in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.

Signature of Internal Guide

Signature of HOD  
Head of the Department  
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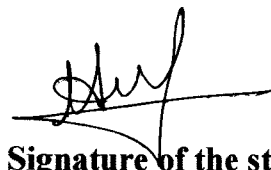
Signature of Principal/Dean Academics

**Dr. Devarajaiah R.M.**  
Dean-Academics  
ACHARYA INSTITUTE OF TECHNOLOGY  
Bengaluru-107.

## DECLARATION

I, **HARSHVARDHANA T R**, hereby declare that the Project report entitled “Loans and Advances at Tumkur Grain Merchant Cooperative Bank Ltd, Tumkur” prepared by me under the guidance of **Prof. AYUB AHAMED K S**, faculty of **M.B.A Department, Acharya institute of Technology** and external assistance by **Gayathri G V, Branch Manager, Tumkur Grain Merchant Cooperative Bank Ltd**. 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 Six 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: Bangalore**  
**Date:08-04-2019**



**Signature of the student**

## 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 project Report.

I would like to thank **Prof. AYUB AHAMED K S**, Asst. Professor, Department of MBA, Acharya Institute of Technology, Bengaluru and external guide **Mrs. Gayathri G V**, Branch Manager, Tumkur Grain Merchant Cooperative Bank Ltd, Tumkur, who gave me golden opportunity to do this wonderful Project in the esteemed organization, which helped me to learn various concepts.

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: 8/04/2019

HARSHAVARDHANA T R

1AY17MBA13

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## **EXECUTIVE SUMMARY**

In order to gain practical knowledge internship training was under taken to study the Loans and Advances at Tumkur Grain Merchant Cooperative Bank Ltd. The study is mainly aimed at analysing Loans and Advances of TGMC Bank Ltd; study has been conducted by collecting relevant data from the records of the Bank and also observations made during the course of the Project.

The report deals with the introduction to the industry profile and to the company profile. Later part of the report is concerned with specific topic covering the theoretical background of the study at TGMC Bank. It also consists of the Bank's vision-mission, and its future prospects are also covered.

A separate focus has been given towards the study of the Bank. The report also provides information about the board of directors, and an analysis has been conducted pertaining to the analysis of the Loans and advances based on the data that has been provided by the Bank.

## **Chapter 1**

### **INTRODUCTION**

#### **INTRODUCTION**

Project work will give practical knowledge with understanding to the students. It will help to acquire the real time understanding on selected topics. Project work drive similarly gives theoretical knowledge on the time application of practical knowledge in working arena. Project work is a good chance for the students to gain the practical and theoretical knowledge for the future days. Project work will give more importance to our CV on the job and also helpful for the appreciative the organizational culture.

Project works require develop the connection for students to enter to corporate level. Through project work I got to distinguish the real implication on theories learnt in the academics. As per VTU rules every student of MBA program undertakes an individual project. So, I prepared my project work from 3<sup>rd</sup> Jan to 16<sup>th</sup> Feb 2019 for a period of 6 weeks as a part of academic curriculum under the mentorship of external guide of the organization. I choose Tumkur Grain Merchants Co-operative Bank ltd to do my project work. My specialisation being finance, the topic I had chosen to do the project on was Loans and Advances at Tumkur Grain Merchants Co-operative Bank. All the required data to do the analysis was collected from the Bank to do the above analysis. I truly had the exposure to the financial aspect of a Bank, which indeed will surely help be in my carrier. The term I spent at TGMC BANK was more engaged with learning Part of loans and advances provided by the Bank. Thus, the project duration provided me with the opportunity to broaden my knowledge, acknowledge my strengths/weakness that would be helpful to create my career in the future. The main objective of project is to understanding of the Loans and advances of Bank. In a way, it was more to get practical inference of all the studies, theories that I had learnt so far. This would help me to overlay a way towards growth in my academic as well as personal special development.

## **1.1 INDUSTRY PROFILE**

### **INTRODUCTION ABOUT BANKING INDUSTRY:**

The word bank originates since the French word 'banque' or Italian 'banco' which implies an office for monetary exchange over the counter. Those periods' banks or work areas were utilized as places for monetary exchanges.

During the former barter system also, there existed hints of banking, for example individuals used to store cows and horticultural items in indicated places get advances of some other structure in return for these. There is strong proof found in records exhumed from Mesopotamia. Demonstrating some bank existed around 1700 B.C. Amid this time grain, silver, gold, copper, and so forth., were utilized as a standard for valuation.

### **Meanings of Bank:**

- Indian Banking Companies Act "It is open figure which executes the matter of keeping money which implies the tolerant for the reason of loaning or resource of stores capital from the group repayable on interest or generally and pull back fit with check or draft.

### **ORIGIN OF BANKING INDUSTRY:**

Greece was primary nation to show a pleasant arrangement of coinage. After the creation of coins began, a financial framework appeared assessing banking a credit framework.

Rome was the primary nation to enter a bank at the branch of state level in the fourth century B.C. with responsible exchanges like lending and borrowings in some other diverse structures. In India banking will be mainstream and they do the cash loaning is the regular routine with regards to the Indian individuals.

In the return years Goldsmith, Merchants and rich family people led the business. They had exchanges among themselves by which cash will exchanged starting with one then onto the next. There is no broad or same standards of banking, loaning. Rate of Interest, and so on., The progression of dealing with a record in the midst of out of date days was associated with money developing business. In increasingly clear words, bank suggests a foundation which oversees money. The critical goal of this foundation is to recognize stores from the general population and offers credits to the people who are in need off. Beside these activities, it is



similarly incorporated into activities, for instance, office work, generation of Visas and Open organization.

## **INTRODUCTION TO BANKING IN INDIA**

The Indian Companies Act defines the word banking as "accepting for the purpose of lending or investment of deposits of money from the public, repayable on demand or otherwise and withdrawable by cheque, draft or otherwise".

A Banker is one who dealing in money and credit. The activity of the Banking consists of borrowing and lending banks acts as financial intermediaries between savers (lenders) and investors (borrowers) by accepting deposits of money from a large different number of customers and lending a major position of an accumulated 'pool' of money to those who wish to borrow. In this activity banks secure reasonable return for the savers, make money available for the investors at a cost and earn a profit for themselves after covering the cost of funds and providing the corporate taxes to the government. Thus, the banking firms in a country mobilize savings by accepting monetary deposits from the people, participate in the mechanism for the exchange of goods and services and extend credit while lending money.

## **HISTORY OF MODERN BANKING IN INDIA**

### **➤ Pre-nationalization period:**

The history of recent banking in India dates back to the last quarter of 18th century. During this period the English agency houses of Bombay and Calcutta started banking business in India. They set up the Bank of Hindustan around 1770 followed by setting up of quasi government banking institutions like presidency bank of Bombay in the year 1840 and presidency Bank of Madras in 1873

In 1921 all these banks were amalgamated and imperial bank was constituted. In the late 19<sup>th</sup> and early 20<sup>th</sup> centuries, the Swadeshi Movement inspired to start banks in India. The Indian Banks were established during this period. Soon after Independence, the Reserve Bank was nationalized in September 1948. The outlook of Reserve Bank further changed after the inception of planning in 1950-51 and the country adopting a socialistic pattern of society.

➤ **Post-nationalization period:**

On an account of the top-sided growth of the banking system and to bridge the gap between a few industrial houses and banks, the scheme of the social control was Imposed on banks with effect from Feb 1, 1969. It resulted in setting up of National Credit Council for more equitable distribution of bank credit and legislative changes in the Banking Regulation Act for making the board of directors of the banks more board based. As a result the government resorted to a more radical measure by nationalizing 14 major banks on July 1969.

The objective of nationalization was to control the commanding heights of economy and to meet progressively and serve the needs of the developing economy in conforming to the national policy and objectives. Another welcome feature of post nationalization period is setting up of regional rural banks setting up of regional rural banks as per the provisions of the Regional Rural Bank Act 1976. These banks confine in themselves the simplicity of operations as required by local conditions and the efficiency and business-like approach of commercial banks. At the end of June 1986 there were 194 regional rural banks covering 342 districts. Thus, the banking system, during the post nationalization period has undergone a major structural transformation. There has been a phenomenal expansion of branch network particularly the either to under banked areas.

➤ **Present scenario of banking industry:**

The Indian banking can be broadly categorized into nationalized (government oriented), private banks and specialized banking institution. The RBI acts as a centralized body monitoring any discrepancies and shortcoming in the system. Since the nationalized banks have required a place of prominence and has then seen tremendous progress.

The need to become highly customer focused has forced the slow of moving public sector banks to adapt a fast track approach.

The Indian Banking has come a long way from a sleepy business to a highly proactive and dynamic activity. This transformation has been largely brought by the large dose of liberalization and economic reform that allowed banks to explore new business opportunities rather than generating revenue from conventional stream that is borrowing and lending. The Cooperative banks too have invested heavily in information technology to offer computerized banks services its clients.

➤ **New Generation Banking:**

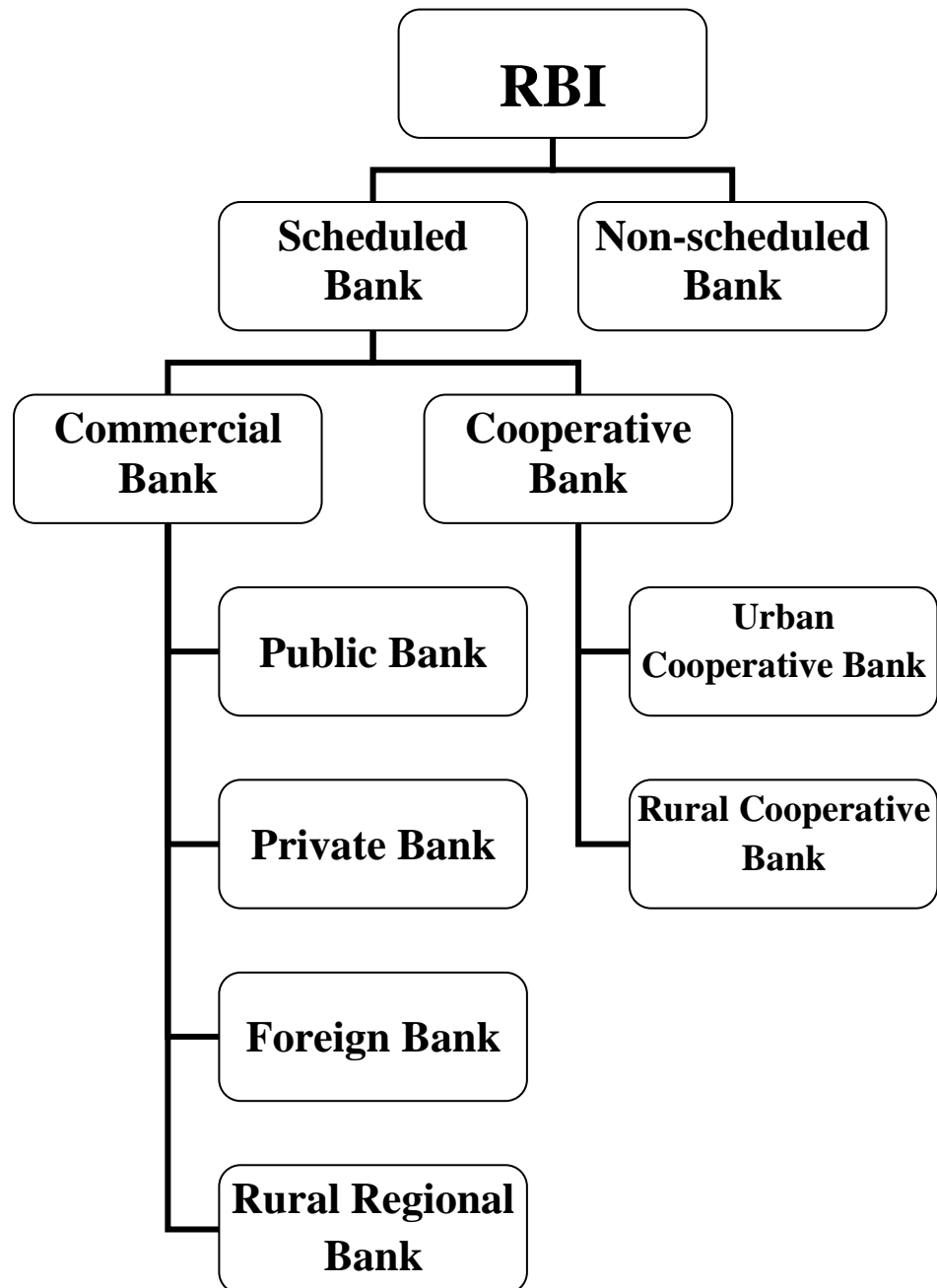
The liberalized policy of government of India permitted entry of private sector in banking; the industry has witnessed the entry of new generation private banks. The major parameter that distinguishes these banks from all the other banks in Indian Banking is the level of services that is offered to the customer. Verifying the focus has always been centered on the customer understanding his needs and delighting him with various configurations of benefits and a wide portfolio of product and services. The popularities of these banks can be gauged by the fact, that in a short span of time, these banks have gained considerable customer confidence and consequently have shown impressive growth sales.

## **DIFFERENT CLASSIFICATION OF BANKS**

Banks are classified into some different types based on the function they perform. Generally banks are classified into

1. Investment banks.
2. Exchange banks .
3. Commercial banks.
4. Co-operative banks.
5. Land development banks.
6. Central banks

**Banking Structure in INDIA:**



## **CO-OPERATIVE BANKS**

The Co-operative bank is the main constituent of the Indian Financial System, judging by the role assigned to cooperative, the expectations the co-operative is supposed to fulfil, their number, and the number of offices the co-operative bank operate. Though the co-operative movement firstly started in the West, but the most importance of such banks have assumed in India is rarely paralleled anywhere else in the world. The cooperative banks in India play an important role even today in rural financing. The businesses of cooperative bank in the urban areas also have increased phenomenally in recent years due to the sharp increase in the number of primary co-operative banks.

While the co-operative banks in rural areas mainly finance agricultural based activities including farming, cattle, milk, hatchery, personal finance etc. along with some small scale industries and self-employment driven activities, the co-operative banks in urban areas mainly finance various categories of people for self-employment. industries, small scale units, home finance, consumer finance, personal finance, etc.

### **Cooperative banks In India finance rural areas under**

1. Farming
2. Cattle
3. Milk
4. Hatchery
5. Personal finance

### **Cooperative banks In India finance urban areas under**

1. Self-employment
2. Industries
3. Small scale units
4. Home finance

5. Consumer finance
6. Personal finance

### **AIMS OF CO-OPERATIVE BANKS**

- To promote savings among members and thereby rise the amount of funds.
- To tap outside sources for the supply of funds. .
- To promote the effective use of credit and to reduce the risk in the granting of credit.
- To reduce the cost of management through the honorary services.

### **EVOLUTION OF CO-OPERATIVE BANK IN INDIA**

The Cooperatives were first started in Europe to serve the credit starved people in Europe as a self-reliant, self-managed people's movement with no role for the Government. British India replicated the Raiffeisen type cooperative movement in India to mitigate the miseries of the poor farmers, particularly harassment by moneylenders.

The first credit cooperative society was formed in Banking in the year 1903 with the support of Government of Bengal. It was registered under the Friendly Societies Act of the British Government. Cooperative Credit Societies Act of India was enacted on 25th March 1904. Cooperation became a State subject in 1919. In 1951, 501 Central Cooperative Unions were renamed as Central Cooperative Banks. Land Mortgage Cooperative Banks were established in 1938 to provide loans initially for debt relief and land improvement.

The Primary Agricultural Cooperative Societies became multi-purpose. Reorganization of PACS into viable units, FSCS, LAMPS started under action programme of RBI in 1964. The handing of All India Rural Credit Review Committee that coverage of cooperatives is limited to hardly 30% of farmers led to nationalization of Banks. However, Cooperatives have played a key role in meeting the credit needs of weaker sections of farmers.

## **DEFINITION OF CO-OPERATIVE BANKS:**

In the words of Henry Wolff "Co-operative banking is an agency which is in a position to deal with the small means on his own terms".

## **FEATURES OF CO-OPERATIVE BANK:**

1. Co-operative banks perform all the main banking function of deposit mobilization, supply of credit and provision for remittance facilities.
2. Co-operative banks belong to the money market as well as the capital markets.
3. Co-operative banks are perhaps the first government supported agency in India.
4. Co-operative banks accept current, saving, fixed and other types of time deposits from individuals and institutions including banks.
5. Co-operative banks do banking business mainly in the agricultural and rural sector.
6. Some co-operative banks are schedule cooperative banks while others are non-schedule cooperative banks.
7. Co-operative banks also required to comply with requirement of statutory liquidity ratio [SLR] and cash reserve ratio [CRR] liquidity requirements as other scheduled and non scheduled banks.

## 1.2 COMPANY PROFILE

### **HISTORY OF TUMKUR GRAIN MERCHANT COOPERATIVE BANK Ltd (TGMC Bank):**

TGMC Bank Limited is one of the leading Urban Co-operative Bank in the karnataka State, functioning with its Head Office at Tumkur. The Bank is established and promoted by the Grain Merchants of Tumkur and was established in 13.12.1963.

The TGMC bank was incorporated on 16.09.1963 by registering at Mysore, State Cooperative registrar office with a register No: Of 270 with 275 members and authorized capital of Rs.5.00 lakhs. In the beginning years, TGMC Bank will follow the operation under the guidance of Bangalore Grain Merchant Co-operative Bank Limited

Shri. A.K. Parshwanath is founder and chairman of the TGMC bank. On 02.10.1963 election was held for board of management and 12 directors were elected. Bank has made considerable progress between 1963 and till now, when there were only 256 member having Share capital of 1,35,000. Since then, there is considerable increase of members joining the bank. Now it has Over 11885 Members. Bank celebrated its 50th Anniversary in 2013.

TGMC Bank is the bank completely modernized and computerised Bank in Tumkur and bank is giving the better administrations to the clients and bank is likewise expanding their benefits throughout the years.

### 1.3 PROMOTERS

SL NO	NAME OF THE PROMOTER	POSITION OF THE PROMOTER
1	N R Jagadish	President
2	H. M Divyananda Murthy	Vice President
3	M S Jinesh Jain	Director
4	M P Mahesh	Director
5	K V Srinath	Director



<b>6</b>	<b>C R Nataraju</b>	Director
<b>7</b>	<b>V K Rajashekaraiiah</b>	Director
<b>8</b>	<b>K C Srikantaiah</b>	Director
<b>9</b>	<b>M N Narasimhamurthynaik</b>	Director
<b>10</b>	<b>Basavaraju G C</b>	Director
<b>11</b>	<b>Prabhu S B</b>	Director
<b>12</b>	<b>Basavaraju D P</b>	Director
<b>13</b>	<b>Deepak M</b>	Director
<b>14</b>	<b>Balarama Shetty</b>	Director
<b>15</b>	<b>R A Suresh Kumar</b>	Director
<b>16</b>	<b>Vasupal A P</b>	Director
<b>17</b>	<b>Mudalagiriappa G C</b>	Director
<b>18</b>	<b>Suresh T R</b>	Director
<b>19</b>	<b>Praveen Kumar</b>	Director
<b>20</b>	<b>Lokeshwari Prabhu</b>	Director
<b>22</b>	<b>Mr. Raghunandan R S</b>	Chief Executive Officer

#### **1.4 VISION & MISSION STATEMENT:**

- Customer Satisfaction Is Our Sole Motto
- Customers are the live wire of Banking and without them banking will not have any Meaning.
- Let's Join hands together, let's make tomorrow better.

- Your Trust is our Asset.

## **GOALS & OBJECTIVES OF THE BANK**

### **Profit Motive**

Yes, Profit earning and Wealth maximization is the prime motto of every business organization. Bank is also having the same concept of goals and objectives, even though it is a Co-operative Bank. Apart from this primary objective, the Bank is also having so many secondary objectives. In this way, every year the Bank is fixing certain goals to achieve during that period.

### **Wealth Maximisation**

The Bank is expecting that, the Net worth had to reach Rs.100 Crores from the present position of Rs.87 Crores.

### **Asset & Liability Management**

The Bank much concentrating in the area of funds managing. The important objective of the funds supervision is to adopt a proper Asset & Liability Management System, which enables to invest the funds with the plan of Profitability, Liquidity and Security.

### **Surplus Cash Management**

The Bank may lose in terms of profits by holding surplus cash and bank balances. So, the Bank is cared about the cash and bank balances, which is averagely maintaining about 3.50 % on its Net Time & Demand Liabilities. This is only 0.50% more than the required Cash Reserve Ratio.

### **Build up Quality Loan Asset Portfolio**

The main objective will be to build up good quality loan asset, which will earn an average yield of 13.00 % p.a. The profit and profitability of the Branches will improve by building good quality and high yielding loan portfolio. The Bank is targeting to increase the advance from 300 crores to 400 crores.

### **Increase the Non-Interest Income**

21st Century is the era of Service Competition in the Banking field. So, obviously the Banks should have to concentrate on better services especially in the field of Non-Credit related services like DD, Pay Orders, Safe Deposit Lockers, Bank Guarantee, Letter of Credits etc.

### **Reduce the Operating Cost**

The Bank plans to decrease the total operating cost. Considerable increase in the cost of operations line, printing & stationary and salaries of the staff has been noticed in the previous years. If the operating expenditure is more than 200 % on the Non-Interest Income, it casts a burden on the major interest margin. So, in this way the Bank is trying to bring down this rate and anticipating it may around 150 %.

### **Focus on Recovery**

Quality of the loan assets will have a major impact on the profit & profitability of the Bank. Therefore, focus on recovery of all the Non-Performing Assets (NPA) is very much required and also including overdue accounts.

### **To Absorb Technology at a Faster Pace**

Bank is providing Core Banking Facilities to its Customer and planning to provide ATM, Mobile Banking & Internet Banking shortly.

### **Innovative Services**

Innovation is the key for the success in the competitive market. Therefore, the Bank aims at innovating new services, which will increase the speed of response, commitment to customer satisfaction and innovative thinking, which renders confidence on its delivery capabilities. In this development, Bank is offering many innovated facilities to its customers, viz., Fast Cheque Collection facility, Quick sanction of Pledge, Gold, NSC/LIC Loans, Letter of Credits, etc. The Bank is also processing to provide the ATM facility to its customers. In this process, it is discussing with New Private Sector Banks for providing ATM facility, under which a customer can withdraw his money in any ATM point of that Bank

## **Increase Customer Satisfaction**

The Bank aims at improving the customer satisfaction by offering services that have high potential for sustained relation by Seven Days Working, Customer Convenience Timing, Extended Time Service, Quick Response, Smooth Co-ordination, Attractive Interest Rates, Computer Printed Pass Books etc.

## **1.5 PRODUCTS AND SERVICES**

### **Products**

#### **1. Deposits Accounts**

#### **2. Loans and Advances**

#### **1. Deposit Accounts**

The one of the products are the deposits from the public. In deposit account there are various different products will be available for the customers they are Saving bank account, fixed deposit account, current account, etc., In the deposit account saving account and fixed deposit account are getting the interest for their deposited money.

The Depositors play important role in the every bank. Any Bank will survive more in the industry with the help of depositor trust and faith it leads to grow the bank to higher position. TGMC Bank is present the following types of Deposits Accounts.

#### **1.1 Saving Bank Account:**

Savings Bank Account Bank allows opening of SB accounts for the following category

- Individual in his own name or for self
- Joint names

- Minor account with guardians
- Charitable Institutions and Professionals, Clubs, Society, Trust Associations, other such bodies of identical nature.
- 4.00% interest will be provided to the customers account
- Least possible Balance to be retained in the customer Account is Rs 500/-

### **1.2 Current Account:**

Cash exchanges are at the core function of most Business connections. Current Account is especially implied for Business class. This record can be opened by Business individuals. Current account will give the overdraft facility for the account holders on the basis of their past transactions

### **1.3 Fixed Deposit Account(FD)**

This Account can be offered to any individual of Indian citizen. This account is opened for a fixed deposit at a prescribed rate of interest for a particular time period. The depositor may collect interest amount Monthly, 3 months, 6 months or yearly as per the requirement of the depositor. Minimum period of hold the deposit is 15 days.

#### **Interest Rates**

- From 15 to 90 days 4.50%
- 5% Interest provide to 91 to 180 days schemes
- 6% Interest provided the 181 days to 1 year
- 7% Interest provided to above one year and below 2 years
- 8% Interest given to more than 2 years ang less than 5 years

### **1.4 The Mangala Cash Certificate Deposit Scheme (MCC)**

Mangala Cash Certificate Deposit Account will avail for any person to open the account, this deposit schemes Interest will be compounded on every quarterly basis and at the time of maturity accountholder will get the deposit Amount with interest. Minimum Period of the deposit is 1 year & above.

#### Interest Rates

- Above 1 year and below 2 years 7.5%
- Above 2 years and below 5 years 8%

### **1.5 Cumulative Term Deposit (CTD)**

Cumulative Term Deposit is a usually Recurring Deposit Account. The customer is deposits a stable monthly instalment in the account and is paid the deposited amount it will be repayable with interest at the end of the term agreed by the customer at the time of opening the account. Minimum Period of deposit is 1 Year & above.

#### Common Features of FD, MCC & CTD Accounts in TGMC

- Loan will be provided upto 90% of Deposit Amount.
- Untimely Closing facility is provided to the customer.
- Nominee Facility is also available.

### **LOANS AND ADVANCES:**

Borrowers play important vital role in the bank, they are the Heart of every Bank. They are the important peoples to generate the income for the Bank.

Bank offering the following types of Loans to their Customers

### **1. Joint Loan & Installment Joint Loan:**

This loan will be given to only the members of the Bank, with a surety of a different member. This loan will given up to 5 times to their members of his Share Certificate amount, with a maximum limit of Rs.25,000.00. The tenure of this loan is 3 Months for the Joint Loan & he need pay in 10 equal instalments.

13% interest will be charged for this loan

### **2. NSC & LIC Bond Loan:**

Any person having stock NSC Bonds and or LIC bonds can avail of this loan by vowing the Bonds, 80% of the bond value will be provided and it is only for 12 months

15% Interest charged for this type of loan

### **3. Shares & Debentures Loan:**

Any person who holding Bank's agreed Shares and Debentures of only Public Sector companies' stock can avail of this loan, pledging the Share certificates and it will be available for only 12months of periods

15% interest charged for this loan

### **4. Gold Loan**

By pledging the gold or gold ornaments into the bank and bank will provide the 80% of the gold amount will be sanctioned as the loan. This is available for 12 months of periods

11% Interest charged for this loan

### **5. Pledge Loan:**

Pledge loan will be given for pledging the goods and stocks of the borrower, which are linked to his business or trade. Goods will be stored in godowns, under the custody of the Bank and the tenure of this Loan is 3 months. 11% interest charged for this loan

## **6. Loan on Mortgage of Property :**

This loan is given to the business by pledging the fixed property of the pledger after considering safety, settlement capacity, credit value and satisfying documents procedures and maximum of 180 months of tenure will be allowed.

12.50% Interest charged for loan on mortgage property.

## **7. Rental Discounting Scheme**

The TGMC Bank Rental discounting will be provided to the property and buildings .

Interest charged for this loan 12%

## **8. Hypothecation Loan for Vehicles:**

Hypothecation Loan allowed to purchase a new or an used vehicle, by hypothecating the same for the personal or commercial use and the maximum 60 months tenure allowed.

Interest charged

- **Personal / Private**

Two wheeler 12%

New vehicle car 9.5%

Old vehicle car 14.5%

- **Commercial**

New vehicle car or Taxi 11

Other New Vehicles 12%

Old vehicles 15%

## **9. Housing Loan:**

TGMC Bank is allowing loans to construct a house for the residence purposes and maximum 180 Month of tenure allowed to this Loan.

Interest charged for this loan is



- up to 25,00,000/- 10%
- 25,00,000/- to 70,00,000/- 11%

#### **10. Cash Credit Loan & Overdraft Loan Account**

The TGMC Bank is additionally offering advances to brokers and business class as Cash Credit/Overdraft Facility to their running record kept up with the Bank. This advance will be given to meet the working capital needs of the exchanges, on security of Stocks and the Immovable property. This office will be authorized subsequent to thinking about the working capital prerequisite and the security and furthermore the exchanges made in their records. The residency of this office will be given for a time of 1 Year and the borrower needs to restore this office consistently if the exchanges are palatable to the bank.

Interest charged for this loan is 12.5%

#### **11. Bills Discounting:**

Bank allowed to discounting the cheques issued by the good reputed corporates in good deed of the account holder of the bank. This facility provided only to the good reputed corporate customers of the bank. To avail this facility, the customer should have to get prior sanction from the Bank for a limited amount.

These are the products will be available for the customers in TGMC Bank.

#### **12. Machinery Loan**

TGMC Bank will provide the machinery loan to the industrial customer to improve their capacity.

Interest charged for this loan is 12.5%

## **SERVICES BY TGMC BANK:**

Bank is offering following services

### **1. INTERNET BANKING SERVICES**

TGMC Bank will provide the Internet Banking services like NEFT, RTGS and IMPS services to the customers. It's a easy way to transfer the fund from one to one.

### **2. MOBILE BANKING SERVICES**

Mobile banking services like fund transfer, Mini statement and Checking the Account Balance in mobile.

### **3. SMS alerts**

TGMC Bank also provide the SMS alerts in mobile through registered mobile number in the Bank Account. SMS will be include Account balance checking, Informed the customer about their withdrawal and also mini statement will be provided to the customers.

### **4. Bankers Cheque & Demand Drafts**

Bank is Issuing Bankers Cheque which is payable on the same branch of the Bank and issuing of Demand Draft is also been arranged under different agreements with Under Inland Mutual Agreement Scheme with KSC Apex Bank and issuing DD's on all the Member Banks and its Branches across Karnataka. Bank is also having Cheque Drawing Agreement with ICICI, HDFC Bank to issue Cheques on the branches of ICICI Bank & HDFC Bank.

### **5. Cheque Collection Facility**

Bank is also offering its customers about fast cheque collection facility, which are payable locally or out station and foreign currency instruments.

## **6. Safe Deposit Lockers**

TGMC Bank will provide the Safe Deposit Lockers facility to their customers. In a fixed rate of yearly rental based on the size of the locker.

## **7. E-Stamp Facility**

Bank is also Providing the E-Stamp facility, a protected electronic way of stamping documents to its customers.

## **8. ATM SERVICES**

TGMC Bank is ALSO offering ATM Services in limited areas now it is slowly expanding ATM services.

## **9. E-Commerce Services**

E-Commerce will boom in the market so TGMC Bank will provide the E-Commerce services to their customers.

## **TGMC BANK AREAS OF OPERATION**

TGMC Bank expands in different areas slowly it moving to different places in Karnataka. TGMC Bank is now working on Karnataka only but later it plans to widen to other state also.

The following Table shows the areas of operation of the T GMC Bank

1. Tumkur District
2. Bangalore
3. Chikballapura
4. Sirsi
5. Hassan
6. Kolar
7. Mysore

## **1.6 INFRASTRUCTURE FACILITIES:**

- Loan offices
- Good infrastructures like own well-furnished building
- Availability of Computers and new software's for maintenance of data
- Security of customers data with adopting new technologies
- Locker facility for the customers

The head office of the bank is arranged in Tumkur. It has more than 25 branches in Karnataka. Each branch its own specific office which is fully equipped and all around arranged for smooth working of the dealing with a record work out.

## **1.7 COMPETITORS OF TGMC BANK**

### **1. Territorial Rural BANK**

Territorial banks are the compete to the cooperative bank like TGMC Bank.

### **2. Corporation bank and other banks**

Corporation Banks and the cooperative society banks are the major compitator for the TGMC Bank

### **3. Public Sector Banks:**

Public sector banks are directly compete with their well-developed products and services

### **4. Private Sector Bank**

Private sector banks also compete with their new products and other services.

### **5. Foreign Sector Banks:**Foreign sector bank also compete with their huge investment and global market competition

## **1.8 SWOT ANALYSIS OF TGMC BANK**

### **STRENGTHS:**

- Members trust is the one of the key factor for the TGMC Bank and it is most settled Cooperative bank in the Karnataka.
- TGMC Bank always try to focus on the development of the member of the bank
- Cooperative will provides the variety of Retailing services to the local retailers
- Different services provided by the TGMC Bank to attract the new customer
- It provide the services like major banks services like ATM services, Internet banking, Mobile banking, E Banking application, Net Banking
- Higher customer satisfication and maintaining good relationship with the customer
- TGMC Bank will caters the wide customer base including individuals, Businessmen and Corporate customer also
- Providing the most different kinds of the loans and services to their customers
- TGMC Bank will provide the services to NRI AND NRO Accounts
- More and more investing on Employees Training and development for better quality services provide to their customers
- Adopting the technology for batter services and secure the customers details

### **WEAKNESS:**

- Operation of the TGMC is not huge it's not manage the higher amount transactions
- Lesser products offerings compare to nationalised banks
- Lack of RBI Rules and regulation for cooperative banks for their transaction
- Limited branches Not covering all the major cities and towns
- ATM are not available in all the areas only limited areas they covered

- Interest rates are some higher rate compare to the other developed banks

## **OPPRUNITIES**

- Indian population is the Major advantage to the Banks
- Growing of Indian Economy and the middle class population
- Government encouraging the finance sector in India
- Cooperative banks can upgrade their activities like developed banks
- Opening the branches in both rural and urban areas to provide the different place customers

## **THREATS:**

- Nationalised banks also raising their bars and becoming the competitive
- Shorter life of technology
- Lack of technical staff at TGMC Bank
- TGMC Bank internal audit and supervisory risk involved
- Location risk for TGMC Bank
- Information security risk.

## **FUTURE GROWTH AND PROSPECTIVE**

- To open a new branches in different areas i.e., expansion
- To rise customer level of satisfaction
- To make available Mobile banking, Internet Banking, ATM facilities to customers.
- To rise non-interest incomes.
- To improve cash holdings.
- Decrease operating costs.

- To increase profitability

## FINANCIAL STATEMENT

Balance sheet of TGMC Bank as on 31- 03-2018 as follow

<b>Liabilities</b>	<b>Amount (Rs)</b>	<b>Assets</b>	<b>Amount (Rs)</b>
<b>Authorized Share Capital</b>	<b>200000000.00</b>	<b>Cash &amp; Current Account Balances</b>	<b>438074141.32</b>
<b>Paid up share capital:</b>	<b>137882950</b>	<b>Short Term Deposit &amp; Call money</b>	<b>455225000.00</b>
<b>Reserves and other funds</b>	<b>1109165561.88</b>	<b>Loans and Advances</b>	<b>2721231866.00</b>
<b>Deposit and other Accounts</b>	<b>9401138264.85</b>	<b>Investments</b>	<b>2721231866.00</b>
<b>Other Liabilities &amp; Provisions</b>	<b>467360140.61</b>	<b>Loans and Advances</b>	<b>7379898258.40</b>
<b>Profit and loss Account</b>	<b>202331555.27</b>	<b>Assets after Depreciation</b>	<b>38446038.00</b>
		<b>Other Assests</b>	<b>285003168.89</b>
<b>Total</b>	<b>11317878472.61</b>	<b>Total</b>	<b>11317878472.61</b>
<b>Contingent Liabilities Contra</b>	<b>15416033.00</b>	<b>Contingent Liabilities Contra</b>	<b>15416033.00</b>

## CHAPTER 2

### CONCEPTUAL BACKGROUND AND LITRERATURE REVIEW

#### 2.1 THEORITICAL BACKGROUND OF THE STUDY

The term 'loan' states that the amount borrowed by one person to the another. The amount is stated as nature of loan and refers to the sum paid to the debtor. Thus, from the opinion view of borrower, it is 'borrowing' and from the point of view of bank, it is 'lending'. Loan may be termed as 'credit' granted where the money is paid and its is recovered later period. It is a debit for a borrower. While permitting loans, credit is given for a certain and for a predetermined period. Interest is payable on the loan at agreed rate and interims of payment. 'Advance' is a other source 'credit facility' granted by bank. Co-operative Banks grant advances mainly for short-term purpose, mainly for purchase of goods traded in. There is a logic of debt in loan, advance is a facility being availed of by the borrower. Yet, like loans, advances are also to be repaid. Thus a credit facility is repayable in instalments. over a period termed as loan while a credit facility repayable within one year may be known as advances.

Loans and advances approved by commercial banks which are highly beneficial to individuals, firms, companies and industrial concerns. The growth and divergence of business activities are stimulated to a large extent through bank financing. Loans and advances approved by banks helps in meeting short-term and long term financial needs of business.

#### BORROWING RATE AND LENDING RATE

When the Reserve Bank of India lends money to commercial banks, the rate of interest charged for lending is known as '**Bank Rate**'.

The rate at which commercial banks make funds available to people is known as '**Lending rate**'.



## **LENDING OF MONEY:**

Commercial banks' lending money in four different Types:

- (a) Direct loan
- (b) Cash credits
- (c) Overdraft facility
- (d) Discounting of different bills

### **(I) LOANS**

Loan is the amount taken from the bank for particular reason. The process of borrowing the money is disbursed and then recovered is made in instalments.

- (a) Demand loan, and
- (b) Term loan

#### **(a) A Demand Loan**

This loan is repayable on demand by the bank. In other words, it is repayable at period of short-notice. The entire amount of loan is disbursed at one time. and the borrower needs to pay interest. The borrower can repay the loan either in lump sum (one time) or as agreed with the bank.

#### **(b) Term Loans :**

Medium and long term loans are called term loans. Term loans are granted for more than a year and repayment of such loans is a longer period. The repayment is generally made in proper instalments of a fixed amount.

These loans are secured against the mortgage of land, plant and machinery, building.

### **(II) Cash credit**

Cash credit is an adaptable arrangement of loaning under which the borrower has the alternative to pull back the assets as and when required and to the degree of his needs. Under

this game plan the financier indicates a point of confinement of advance for the client (known as money credit limit) up to which the client is permitted to draw

### **(III) Overdraft**

Overdraft facility is one of the most famous facilities provided by the bank to its customers. It is such a facility where it is more convenient for the customers to arrange the cash at the time of requirement with the help of banks in which a customer has account. It is more similar to cash credit facility by which a customer is able to withdraw the money more than what he has in his account. The duration of the facility short in nature and also it is necessary to hold the current account in his respective bank.

### **(IV) Discounting of Bills**

Discounting of bills plays a major role as far as a business man is concerned.

It is another way of creation funds available to the customers. Discounting of bills is a very popular and convenient facility provided by the bank to its customers. Bills of exchange are negotiable instruments which enable debtors to discharge their obligations to the creditors.

## **TYPES OF LOAN:**

**Short Term:** the duration of the loan is less than the one year is called

**Medium Term:** the duration of the loan from one year to five year is called medium term

**Long Term:** the duration of the loan more than five year is called long term loan

### **Nature and Security of Loans**

To ensure the safety of funds lent, the first and most important factor considered by a bank is the capacity of borrowers to repay the amount of loan, The bank therefore, relies primarily on the character, capacity and financial soundness of the borrower. But the bank can hardly afford to take any risk in this regard and hence it also has the security of tangible assets owned by the borrower.

It can sell the assets offered as security and realize the amount. Thus from the view point of security of loans, we can divide the loans into two categories:

(a) secured loans

(b) unsecured loans

**Unsecured loans:**

This loans which are not covered by the security of tangible assets. Such. Loans are granted to firms/institutions against the personal security of the owner, manager or director

**Secured loans:**

This loans which are granted against the security of tangible assets, like stock in trade and immovable property. Accordingly, while conceding credit against the security of certain advantages, a charge is made over the benefits of the borrower for the bank.

**ADVANCES:**

"Advances" is agreed upon by the bank's credit office. "Bank gift usually propelled temporary Purposes, such as product purchase exchange, short-lived and meet other responsibilities.

**Classification of advances :**

- a) Unsecured Advances
- b) Secured Advances

**a. Unsecure advances:**

Unsecured advances means advances are not secured. It is only approved to the trusted people, and it is a short term period.

There are three types of unsecured advances. They are:

**1. Advances in mere personal security:** In this case, advances are arranged on the more personal safety of the customer. The banker has only a personal right of action against the customer,. As these advances are risky, they should be given only for short periods.

**2. Advances against guarantees:**

These advances are granted to the 'customer on the support of third party warranty. In this problem if receiver fails to the refund the amount then garreteer should pay the advances.

### **3. Discounting the bills of exchange:**

It is one of the essential from in which the banker gives advances to the borrower.

#### **b. Secured Advances:**

Secured advances are the very important for the bank. Secured advances are the made on surety or security of assets of the market value. Bank will granting the loan on the basis of assets market value it will be less than the market value.

#### **The following are the types of secured advances:**

**1, Advances against goods:** Bank advances against agriculture and industrial commodities such as rice, oil, and industrial machines

**2. Discounting of title of goods:** The important document of the title of goods are billing of landing documents, company certificates, harbinger's certificates or receipts issued by approved companies or institutions are also being accepted as documents of title to goods, though they have not acquired legal recognition.

**3. Advances against stock-exchange securities:** The stock exchange securities are refers to securities; the advances are permit to the barrower's opposition to stock exchange.

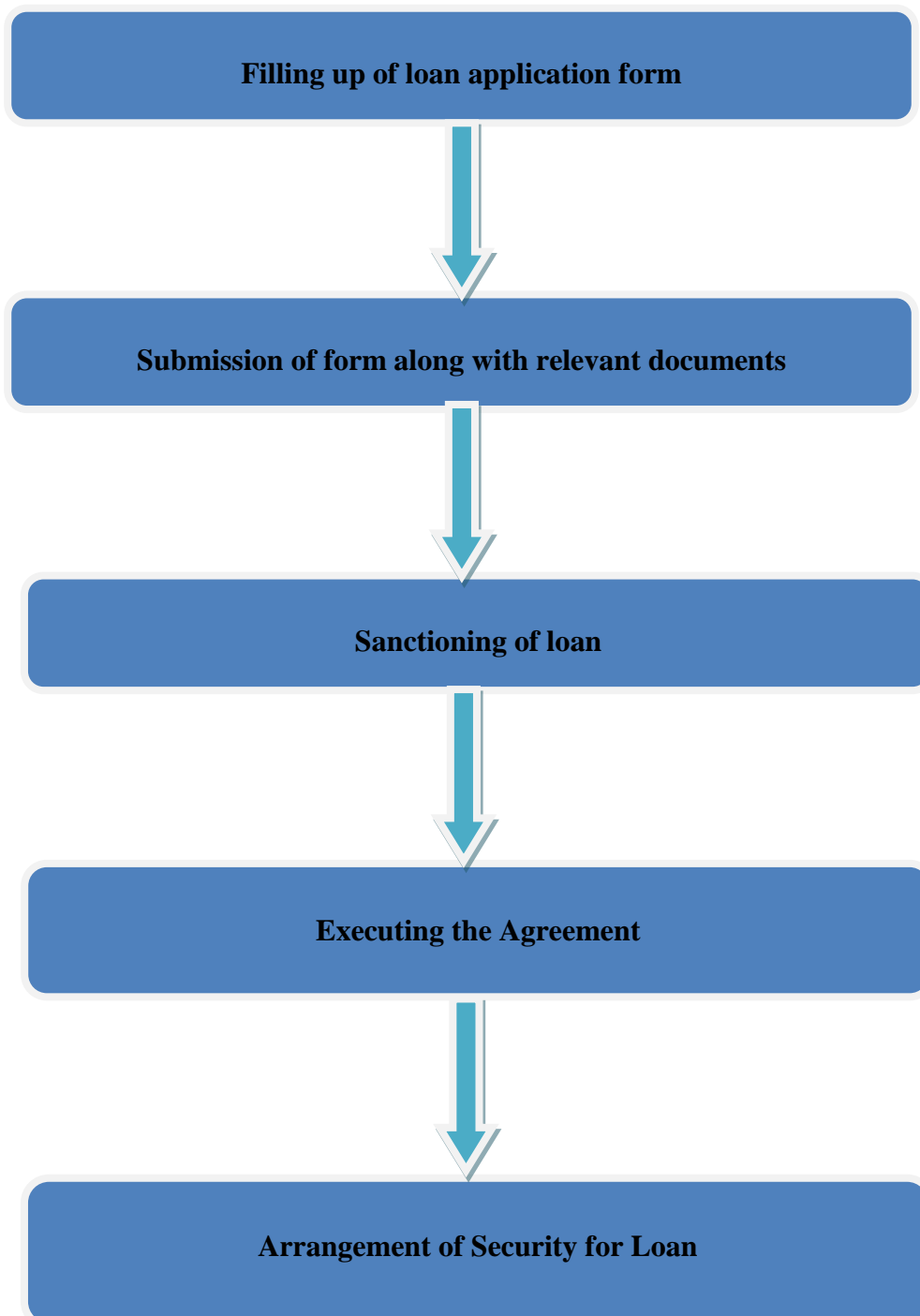
4. Advances Real Estate Advances against immovable property or real estate property is not popular in commercial banks, as they are suffer from draw back

#### **Types of securities which may be offered against loans**

- Real assets like plant and machineries, motor-vehicles, etc.
- Financial Securities like Shares and Debentures
- Life-Insurance Bonds
- Land, building, etc
- Fixed Deposit Bonds

- Gold and Jewellery etc.

**Procedure of granting Loans:**



## 2.2 REVIEW OF LITERATURE

**1.Mishkin (2009)** analysed point out the money related transmission instruments incorporate the financing cost channel, the swapping scale channel the benefit value channel and the credit channel. The loan fee channel is the essential money related transmission in the traditional macroeconomic model, for example, IS-LM model. Those models hold that fiscal arrangement works through the risk side of bank Balance sheet given some level of value stickiness, an adjustment in cash.

**2.Mitra Anupam (2012)** 10 led a study to assess the credit hazard administration and credit value of Urban Cooperative Banks (UCBs). Study depends on organized surveys and measurable instruments like math mean, standard deviation, relationship and pattern investigation. Study credit danger was greatest danger for cooperatives in view of its rising NPAs Poor asset base, traditionalist credit approach, obstruction of lawmakers and absence of expert administration are alternate variables influencing the helpful managing an account.

**3.Karthikeyan K (2011)** 9 embraced an investigation of booked business banks in India for the time of ten years with the reason to examine the size of NPAs, viability of NPA administration and the view of branch supervisors in regards to administration of NPAs. Factual procedures like compound development rates, averages, correlation and component examination have been utilized for the study.

**4.Pathania and Singh (1998)** 6 analyzed that the execution of Himachal Pradesh State Cooperative Bank as far as participation drive, offer capital, store preparation, working capital and advances had enhanced over time of five years i.e. from 1991-92 to 1995-96.They uncovered that the recuperation execution was unacceptable and NPAs had expanded strongly because of absence of expert labour, preparing and a feeling of rivalry. NABARD (2005)<sup>7</sup> directed a study to look at the budgetary execution of Rural Cooperative Credit Institutions.

**5.Bhaskaran and Josh (2000)** presumed that the recuperation execution of co-agent credit establishments proceeds to inadmissible which adds to the development of NPA even after the presentation of prudential regulations. They proposed authoritative and approach remedies to make co-agent credit establishments more effective, beneficial and productive association tuned in to focused business managing an account.

**6. Chander and Chandel (2010)** broke down the money related effectiveness and reasonability of HARCO Bank and discovered poor execution of the bank on capital ampleness, liquidity, winning quality and the administration productivity parameters.

**7. Dutta and Basak (2008)** recommended that Co-agent banks ought to enhance their recuperation execution, embrace new arrangement of automated observing of advances, actualize legitimate prudential standards and sort out consistent workshops to support in the focused saving money environment.

**8. Singla (2008)** underlined on budgetary administration and analyzed the money related place of sixteen banks by seeing benefit, capital sufficiency, obligation value and NPA.

**9. Bagchi (2006)** In his study entitled "agribusiness and rural growth are virtually identical: recommendations on the role in accelerating the process of CA," the study of agricultural credit will be executed, and watched the PACS cannot achieve the harmonious development of the measurement of agricultural expansion prerequisites / improvement of rural self-government during the Post, however, until the late 1950s, the main source of their rustic institutional fund access to the facts. Singh and Singh (2006) the scientific name "Cooperation in the Central Bank, analysis of financial margin housing organization" efforts to assess the impact of the assistance have connected Budget edge Coke Association recognized banking variables in Punjab, different progressive methods of recurrence.

**10. Krishna (2003)** considered in their examination paper, "Execution of Regional and Rural Banks in Karnataka. An Application of Principal Workings and Discriminated Function Investigation" attempted to distinguish the critical separating qualities of the two recognized gatherings of Regional and Rural Banks in the condition of Karnataka. They reasoned that the quantity of workers per branch had most extreme separating energy to the degree of 55%, trailed by measure of borrowings (18%), credit store proportion (14%) and pay to use proportion (13%).

**11. Dhanappa (2009)** in his study called "UCBs finishing Estimation: causal Kallappanna Sahakari Bank Limited Ichalkaranji analysis" to make efforts to perform analytical work and UCBs currency. The aim of this study was to observe and check pattern, progress and problems in the bank, and provides helpful recommendations of several significant capacity

and attractive banks. He uses different measurement devices, for example, the ratio, interest rates, and the midpoint of the chi-square test was used to break the information, know UCBs implementation, financing, store admiration, holding financial, progress and development, speculation, effective and non-performing assets.

**12. Khan (1994)** In the report entitled "Farm Credit Recovery overview report of the Palestinian issue and possible solutions" found pristine credit for the general public and federal cooperative banks and other commercial banks have been important to adequately address this need. He reasoned that banks should be exceedingly careful in screening of candidates prior to the dispensing of credit to lessen the non-installment and need solid weights and checks after the dispensing all together to guarantee the convenient recuperation.

**13. Viswanath (2001)** study of the topic, assumed "Performance land Credit Cooperative design and excess contributions fault India Analysis" in a period from 1950 to 1996, progress through the political action committee of the overall progress, from 2.434 billion rupees extended to 1.4201 trillion rupees, i.e. 587 times Sadly, this expansion is related to the duty increment over backward.

**14. Verma and Reddy (2000)** paper titled, "below SWOOD cooperative contributions to the cause of the inspection," he refused to co-operate underwood contributions within reason, in order to assess these banks recover bad assets and status. Changes in economic distortions and waste administrative arrangements make a distinction between the main purposes behind the rest poor. Monitoring progress smoothly to minimize misuse and close social relations with the loanee individual are two different proposals to enhance the productivity and efficiency of these banks.

**15. James B. Thomson (1990)** business banks were initially qualified to join the Federal Home Loan Bank System, they have transformed into a basic voting demographic of the FHLBs. At present, seven out of 10 banks are people, and about part of all banks have pushes amazing. Given the broad assortment of activities that business banks can participate in, this Commentary asks whether FHLB advancing to them is unsurprising with their standard hotel account mission, with the Gramm-Leach-Bliley enlargement of their fundamental objective to give liquidity sponsorship to gathering banks, or with both.



**16. Bergur and Allen.N (2002)** examines mechanical progression and its possessions in the keeping cash industry. The inspection proposes improvements in expenses and crediting limit due to redesigns in "back-office" propels, furthermore customer benefits by upgraded "front office" developments. The examination moreover proposes basic general productivity increases similarly as upgraded quality and collection of keeping cash organizations. Likewise, the examination demonstrates that mechanical progress likely supported hardening of the business.

**17. Murthi and Saraswati (1996)** in the title of their paper, "Credit Co-operative Society dropped by more than: some alternatives" to accept a study, quantitative research progress made by credit rating agencies supplied appreciation. The use of statistical reports by the RBI and cooperation agency motion recognition of India six years from 1978 to 1983 to make access and mapping Girijan cooperation, Visakhapatnam Loaning policy Optional information study concluded, advanced credit supply appreciation over time to concentrate amazing, however, that progress pales into noteworthiness, if it exceeds the size of responsibility were considered. It calls attention to the most surprising pan of the credit institution is more than impose an alarmingly high rate in the 1980s, cooperatives account of the second 50%, or about 43%, ahead of recovery.

**18. Reddy (1985)** his study, "contributions to the bank, evaluation and management" of the title, the annual peak bank lending and restore the relationship between. His findings suggest that the apex bank lending and the rest have not been commensurate, i.e., whether the bank cannot meet the basic banking summit or the final overall peak demand for credit assets cannot be obtained from the bank. He finally completed with the assistance of t-test, the relationship is not underwritten and recuperation middle tasty.

**19. Singh and Singh (2006)** their study, entitled "Housing Co-Manager: border banking financial analysis" Cause Coke Association in Punjab agent bank's money well-known variables associated edge efforts and assistance connected estimation, many ways savvy stride recurrence. The proportion of own assets to working assets and the proportion of recuperation to request were seen to be having positive huge impact on money related edge,

**20. Praveen A. Korbu (2015)** financial administrations gave by Rural Co-agent Banks are critical to enhance the monetary execution by their recuperation administration. The loaning propensity for co-agent banks must be broadened as to cover helpless areas of the general

public for money related consideration. The specimen units constitute 100 Co-agent banks (enlisted under the KCS Act, 1956) 30m three locales (i.e. Belagavi, Chikkodi, Bailhongal headed by ARCS) of Belgaum District are chosen haphazardly.

## **CHAPTER 3**

### **RESEARCH DESIGN**

A Research design is the sample or frame work for the study of their topic. The design observe and defines to take a look at kind (descriptive, correlation, semi experimental, experimental, overview, meta analytic) and sub-type (e.g., descriptive longitudinal case take a look at), studies question, hypotheses, unbiased and based variables, experimental design, and, if relevant, information series methods and a statistical evaluation plan. Research design is the framework that has been created to pursue solutions to research questions.

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

A study on Loans and advances at TGMC Bank Ltd, Loans and advance are essential part for the business of the bank. Loans and Advances are part of the bank they give their own profit or income to bank. The study helps very much to know the various sorts of loans and advance available in the bank to its customers. The study is mainly looking forward to inspect the individual loans and their status. Apart from that it efficiently examines the interest charged by the bank for loans and advances they provided, Risk associated and capacity of issue the loan and advances.

#### **3.2 NEED OF THE STUDY**

The main desire of doing this project is to realize about the loans and advances given by the bank.

This country is facing the challenge of globalisation, privatisation and liberalisation it is very important to overcome this problem

- The want for the loans have come to inevitable at present scenario therefore there's a want to have a look at the progress and developments because an increasing number of competitors have entered the market with many functions of their offerings

- The look at is carried out to recognise the various financial requirements of the person and corporate debtors
- To recognise the credit facilities bank can provide to help enterprises needs
- It helps to know about the loan requirement for the individual and organization
- There is more competency in the market for loans advances so study will helps to fix the interest and amount of money given to the needy people.
- It helps categorise the different loans for the different needs

### **3.3 OBJECTIVE OF THE STUDY**

- To examine the different loans provided by the TGMC Bank
- To observe the financial activity of the bank
- To know the steps followed by the banker at the time giving the loans
- To study the customer expectation from the bank loans and advances

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

- To Recognise the different loans and advances at TGMC Bank
- The study is only limited to Tumkur Grain Merchant Cooperative Bank
- Study will allows only three years performance
- The observation about different loans and their interest at TGMC Bank

### **3.5 RESEARCH METHODOLOGY**

This refers to the techniques for information representation. Fascinate examination includes overview and actually discoveries enquire of various types, the motivation behind clear

research is representation of the condition of issue as exist at present. In business research we frequently utilize the term trade fact to research for notify the study concentrates on.

Descriptive research is used in the research method to analysis of Loans and advances

## **PLAN OF ANALYSIS**

The data which has been collected from various sources, has been analyzed with the help of tables, charts, graph and the like. This analyzed information is interpreted to draw inferences and give suggestions to the bank

### **Data Collection Tools**

I collected the data through both the primary and secondary data for the purpose of the study

- **Primary Data:**

Primary data will be collected through Bank employees and branch manager

- **Secondary data:**

Secondary data will be collected through bank websites, balance sheets, records and other old projects company profile

## **STATISTICAL TOOLS**

### **Tools Used:**

Tables and charts (Bar graph)

Percentage analysis

### **3.6 LIMITATIONS OF STUDY**

- The study is only based on details provided in the balance sheets of TGMC Bank
- This study is only studied in Tumkur grain merchant cooperative bank

- The study is mainly focused on secondary data provide in the bank financial statement.
- Each and every bank follows many rules and regulation from bank management policy.
- The study is also depend on the accuracy of the information by the bank officials.

## **CHAPTER SCHEME:**

### **CHAPTER 1: Introduction**

The first chapter of the study deals with the introduction about the project and provides a brief description about the study i.e. Loans and advances at TGMC Bank. It also explains the industry profile and the company profile wear in the study provides a brief description of Loans and advances of TGMC Bank. The company profile explains about the promoters, its vision, mission and its products. The study also provides insight on the competitors and also SWOT analysis is conducted on the company.

### **CHAPTER 2: Conceptual background and Literature review**

This chapter provides information on the theoretical background of the study by considering the risk factors involved in this process. Different risk factors that affect systemic and non-systemic risks are classified. Chapter also provides literature review.

### **CHAPTER 3: Research design**

This chapter provides the statement of the problem, need for the study, objectives of the study, scope of the study, the methodology and information of used tools. This chapter also provides information on limitations of the study.

### **CHAPTER 4: Analysis and interpretation**

This chapter analyse the data and understands the outcomes based on the results that have been calculated using the DU PONT analysis.

### **CHAPTER 5: Summary of findings, conclusions and suggestions**

The chapter derives assumption from the responses and specifies the recommendations from the findings.

## CHAPTER 4

### DATA ANALYSIS AND INTERPRETATION

**Calculation Based on Trend Analysis:**

$$\frac{\text{Current Year}}{\text{Base year}} \times 100$$

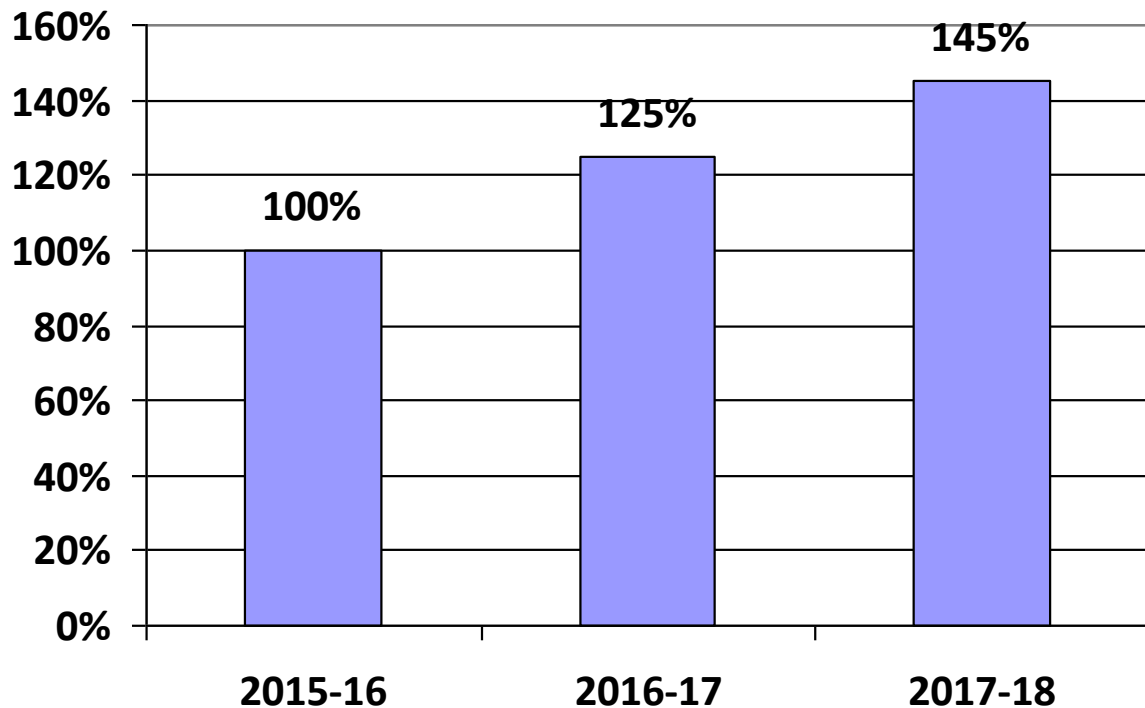
**The following table Base year is 2015- 2016 which is considered as 100%**

**Table no 1: Total investment in TGMC Cooperative Bank Ltd**

Years	Total Investment(in crores)	Percentage
2015 – 2016	20.71	100
2016 – 2017	25.85	125
2017 – 2018	30.01	145

Source: Data collection through the published balance sheet

**Graph showing the Total Investment**



**Interpretation:**

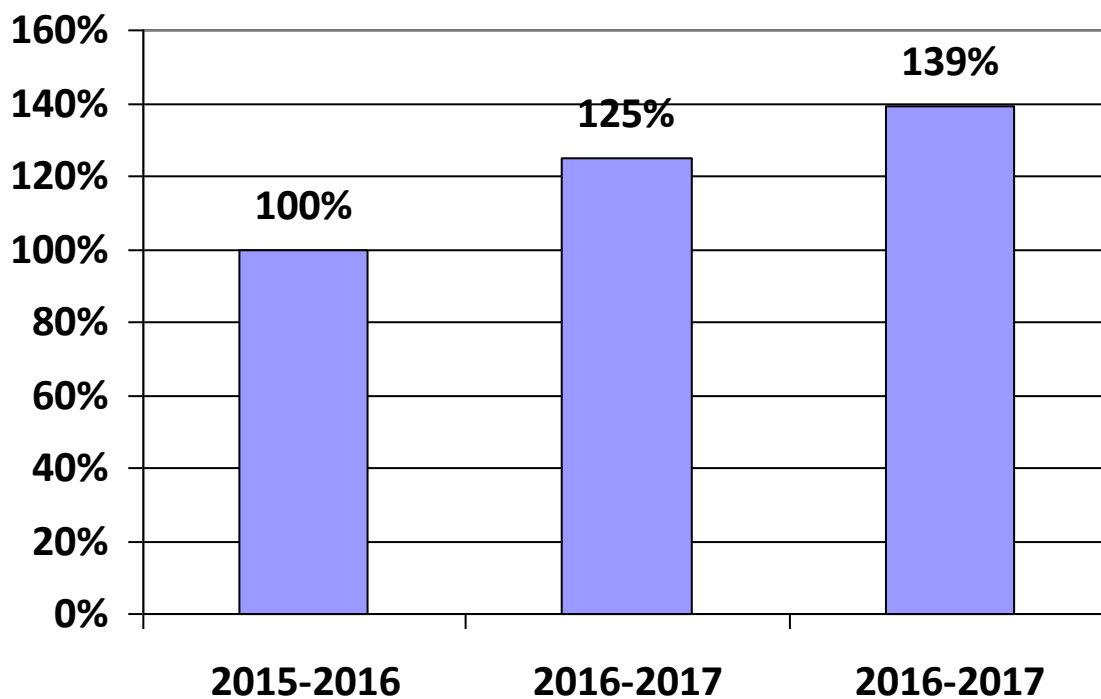
TGMC Bank invests more money year by year for investment activities. Investment increasing it will show that they are engaged with the loans and advances activity. In the year 2015-2016, 20.71 investments are done by the TGMC Bank but this year it will be 45% higher.



**Table no 2: Table showing the Total Deposit in TGMC Cooperative Bank Ltd**

Years	Total Deposit	Percentage
2015 – 2016	1370.65	100
2016 – 2017	1719.26	125
2017 – 2018	1912.13	139

**Graph showing the Total Deposit**



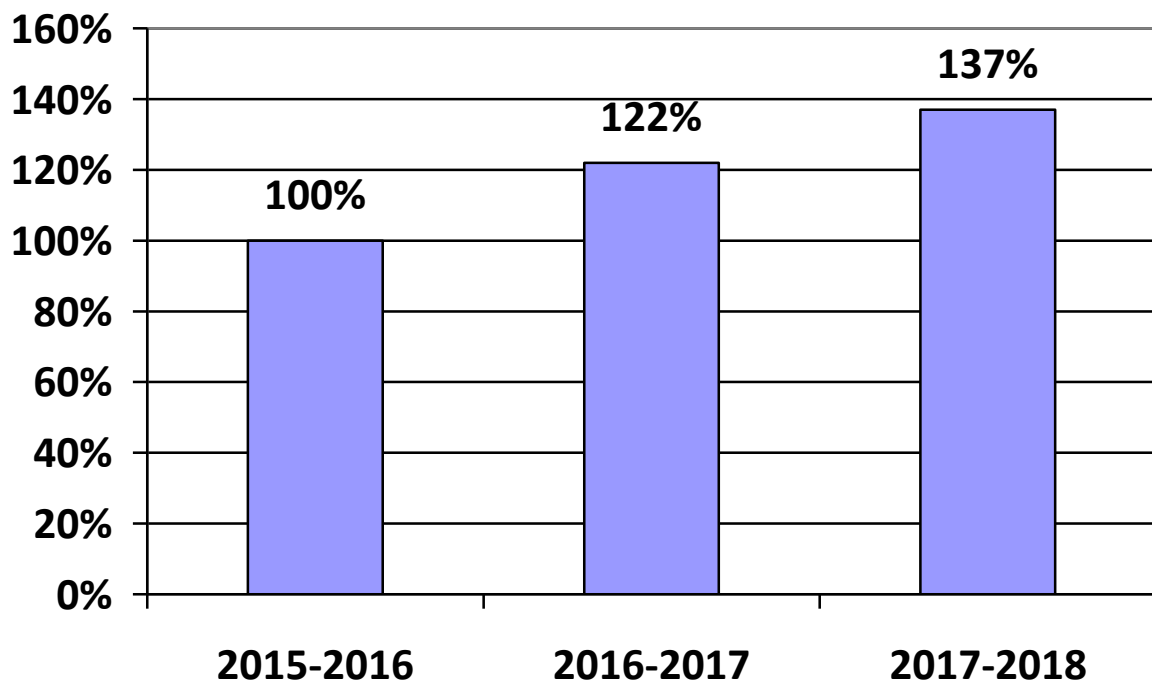
**Interpretation:**

TGMC Bank deposits raising year by year it shows that Bank will moving in the good position of deposit compare to 2015-16 deposit rise by 39%.

**Table no 3: Table showing Total Loans and Advances in TGMC Cooperative Bank Ltd**

Years	Total Advances	Percentage
2015 – 2016	1084.60	100
2016 – 2017	1333.09	122
2017 – 2018	1472.48	137

**Graph showing the Total Advances**



**Interpretation:**

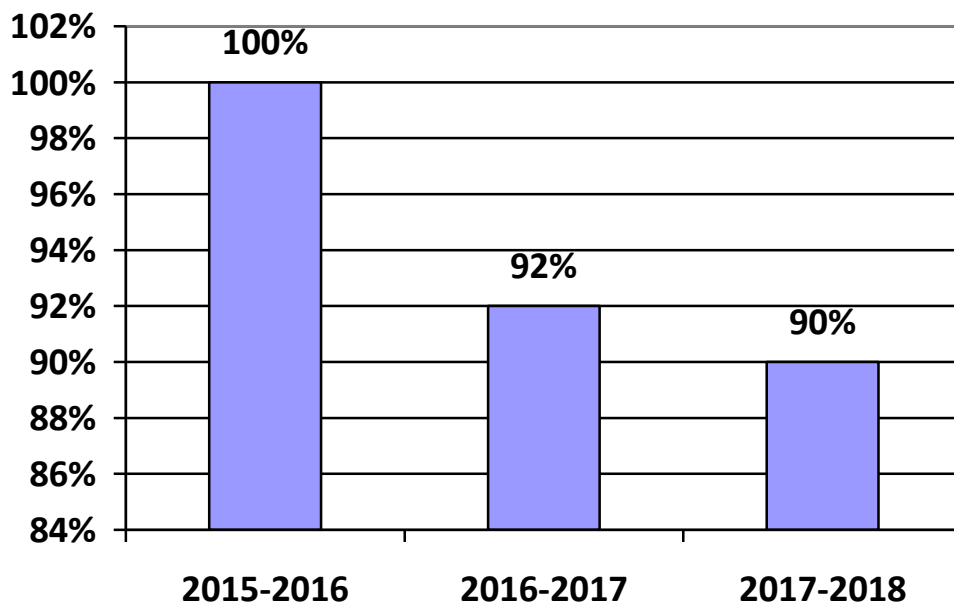
Total Loans and advances are increasing and it is help to earn more profit from this activity. In the year 2015-16 it 1084.6 crore but this year has increased by 37% more which means Rs 1472 crore.

**Short Term Loan:**

**Table no.4: Table showing the Joint loan Account**

Years	Total Joint Loan Account	Percentage
2015 – 2016	8138341	100
2016 – 2017	7507638	92
2017 – 2018	7383280	90

**Graph showing the Joint Loan Account**



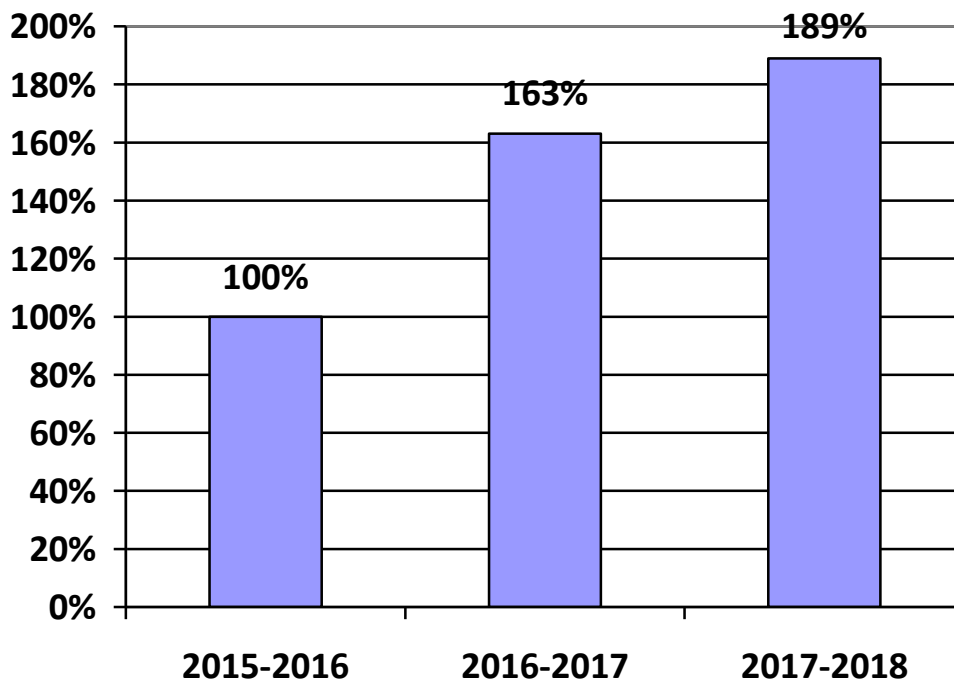
**Interpretation:**

TGMC Bank provide the joint loan for their customers but it is decreasing year by year compare to the 2015-16 to present year it decreasing to 10%.

**Table no 5: Table showing the Total Mangala cash credit in TGMC Cooperative Bank Ltd**

Years	Total Mangala cash credit	Percentage
2015 – 2016	56605852	100
2016 – 2017	92457468	163
2017 – 2018	107127632	189

**Graph showing the Total Mangala cash credit**



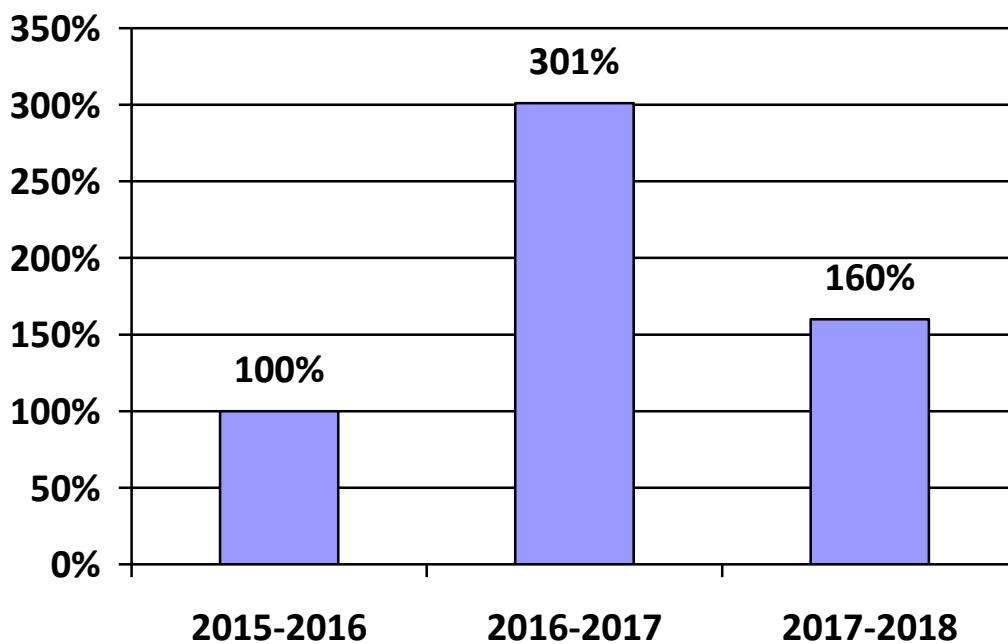
**Interpretation:**

Managala cash credit is the deposit scheme for the TGMC Bank. Bank also provides loans for their deposit bonds to their customers. It will be moving in a good condition it will encourage both the Deposit and loans. It will be good for the bank.

**Table no 6: Table showing the Total Gold loan in TGMC Cooperative Bank Ltd**

Years	Total Gold loan	Percentage
2015 – 2016	29796219	100
2016 – 2017	89877126	301
2017 – 2018	47681241	160

**Graph showing the Total Gold loan:**



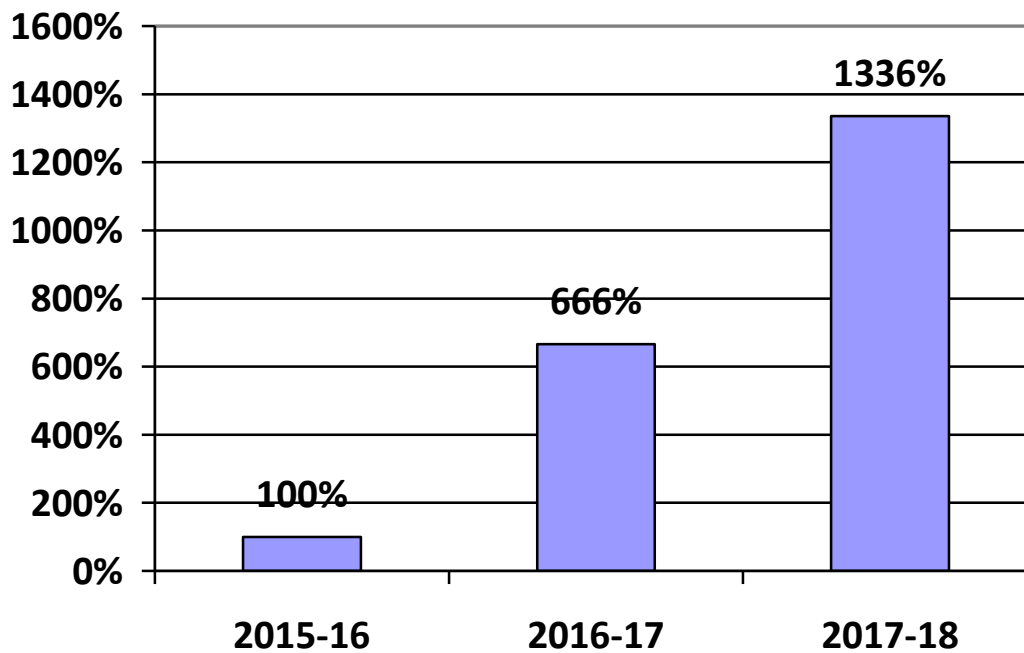
**Interpretation:**

TGMC Bank is providing Gold loan to public. Gold loan is decreasing this year compare to the previous year but compare the preceding previous year gold loan is increasing to 301% higher but this year it will go down due to heavy computation.

**Table no 7: Table showing the Total Bill purchase Account in TGMC Cooperative Bank Ltd**

Years	Total Bill purchase Account	Percentage
2015 – 2016	2707500	100
2016 – 2017	18026850	666
2017 – 2018	36186850	1336

**Graph showing the Total Bill purchase Account:**



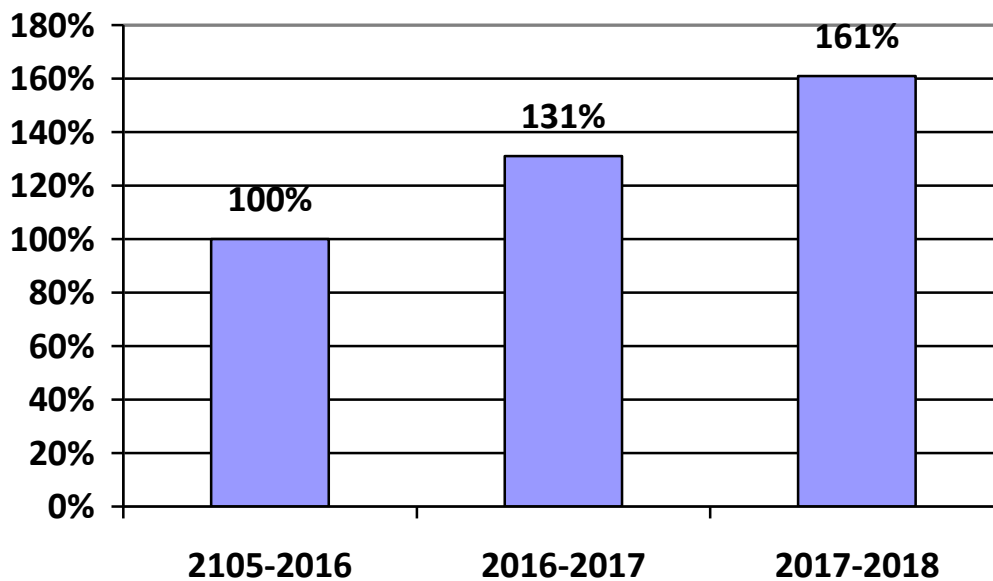
**Interpretation:**

TGMC Bank has purchase bills from the customers by giving the advances to the customers. TGMC bank is more engaged on bill purchasing activity the above following graph shows that bill purchase will be increasing to 1336 percent higher compare to 2015-16

**Table no 8: Table showing the Total Cash Credit in TGMC Cooperative Bank Ltd**

Years	Total Cash Credit	Percentage
2015 – 2016	460680714	100
2016 – 2017	604871442	131
2017 – 2018	739714651	161

**Graph showing the Total Cash Credit**



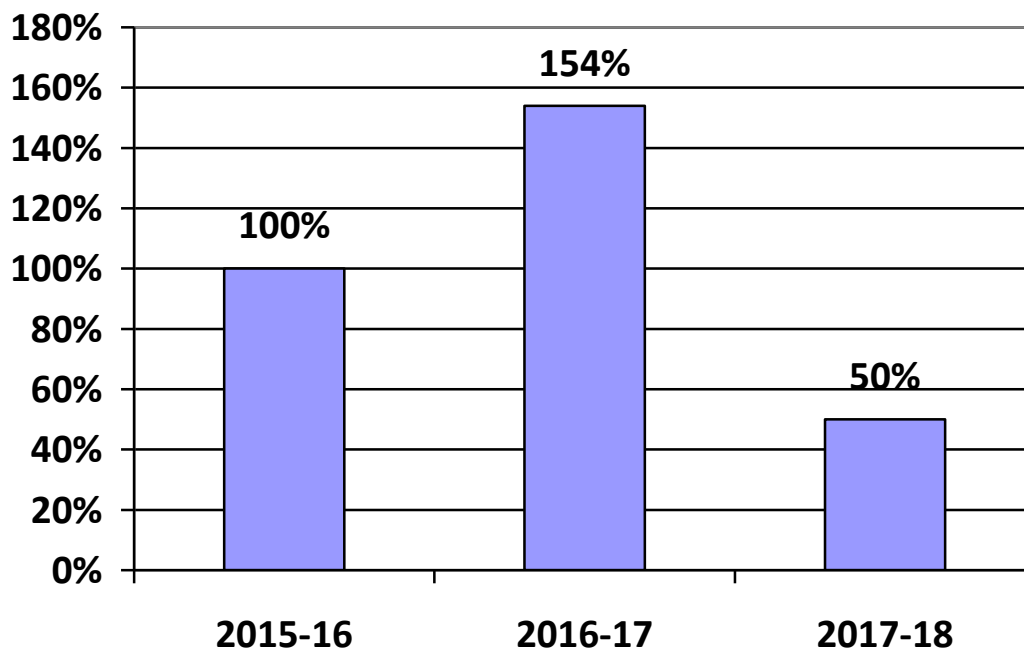
**Interpretation:**

Cash credit is increasing year by year in the TGMC Bank. Cash credit is increasing by 61% higher compare to the previous years.

**Table no 9: Table showing the Total Pledge loan in TGMC Cooperative Bank Ltd**

Years	Total Pledge loan	Percentage
2015 – 2016	75101201	100
2016 – 2017	116043827	154
2017 – 2018	37787570	50

**Graph showing the Total Pledge loan:**



**Interpretation:**

Pledge loans are increasing in the year 2016 -17 but suddenly declined by 100%. This is not good move at it is more concentrate on other secured loans like property and vehicle loans.

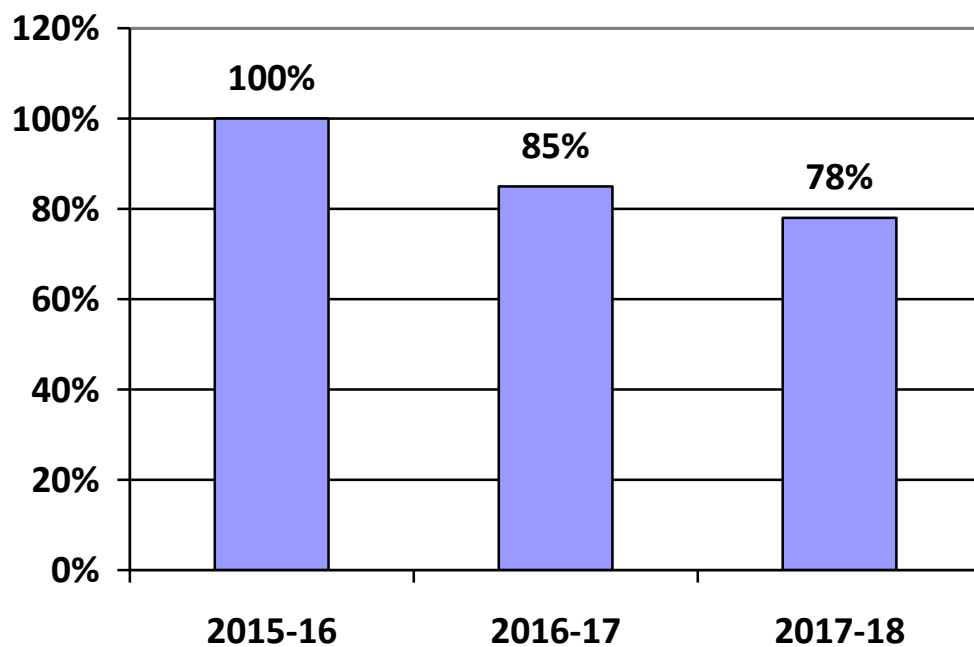


## Medium Term Loan

**Table no 10: Table showing the Total Hypothecation loan in TGMC Cooperative Bank Ltd**

Years	Total Hypothecation loan	Percentage
2015 – 2016	165081775	100
2016 – 2017	140398107	85
2017 – 2018	128557706	78

**Graph showing the Total Hypothecation loan**

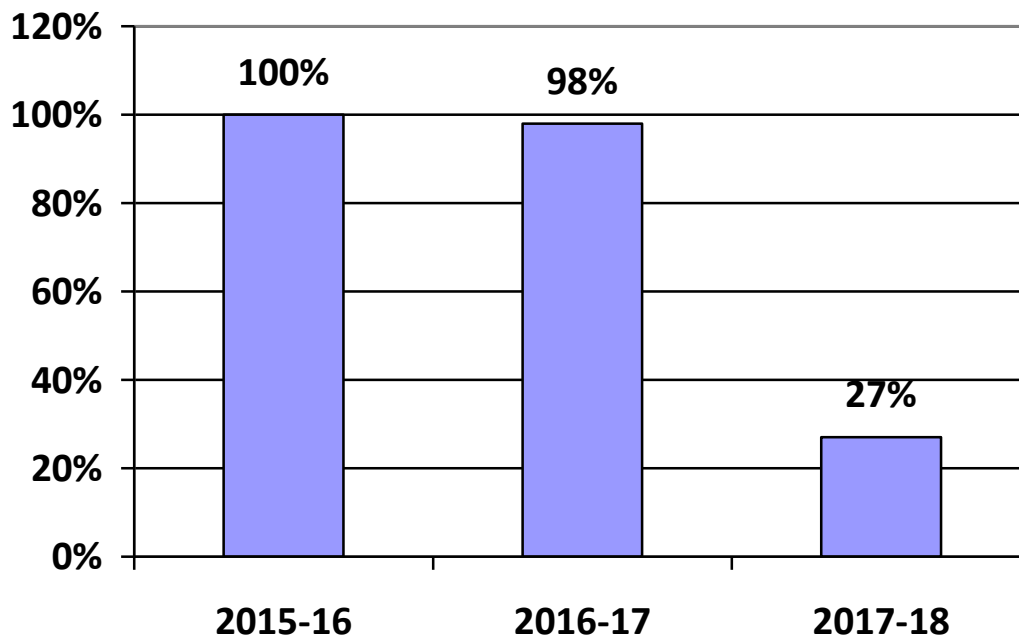


**Interpretation:** Hypothecation loan will be decreasing due to less awareness of the loan. 22% will be decreasing to the previous year

**Table no 11: Table showing the Total Machinery loan in TGMC Cooperative Bank Ltd**

Years	Total Machinery loan	Percentage
2015 – 2016	35768541	100
2016 – 2017	35169151	98
2017 – 2018	9808548	27

**Graph showing the Total Machinery loan**



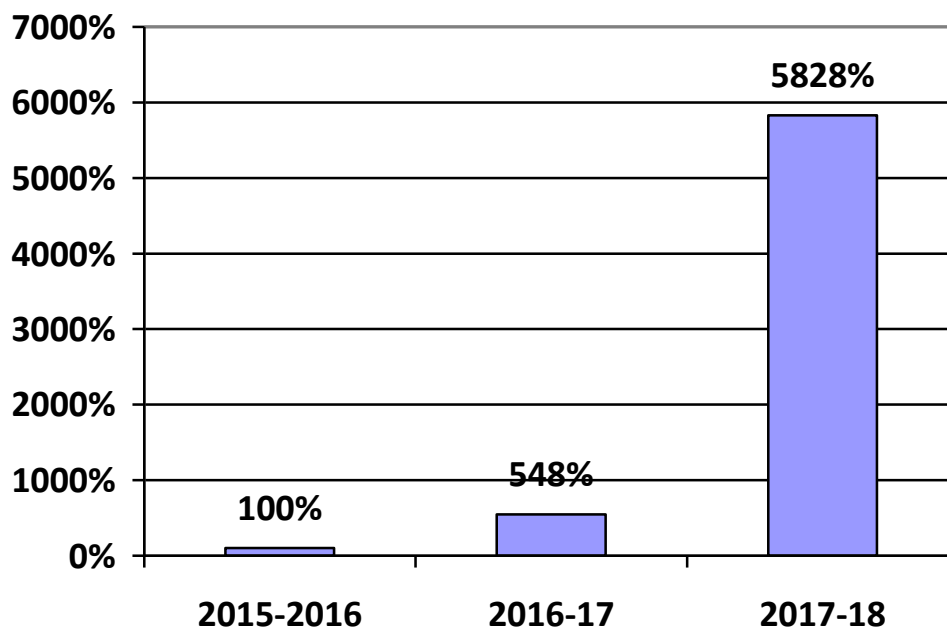
**Interpretation:**

Machinery loan will be given by the TGMC bank but it will be reducing to the 27% due to the investment shortage. When the technology improved and also cost of machinery also increased this will affect the TGMC bank for not fulfilling the that huge amount

**Table no 12: Table showing the Total Vehicle Loan in TGMC Cooperative Bank Ltd**

Years	Total Vehicle Loan	Percentage
2015 – 2016	334375	100
2016 – 2017	1833254	548
2017 – 2018	19489118	5828

**Graph showing the Total Vehicle Loan**



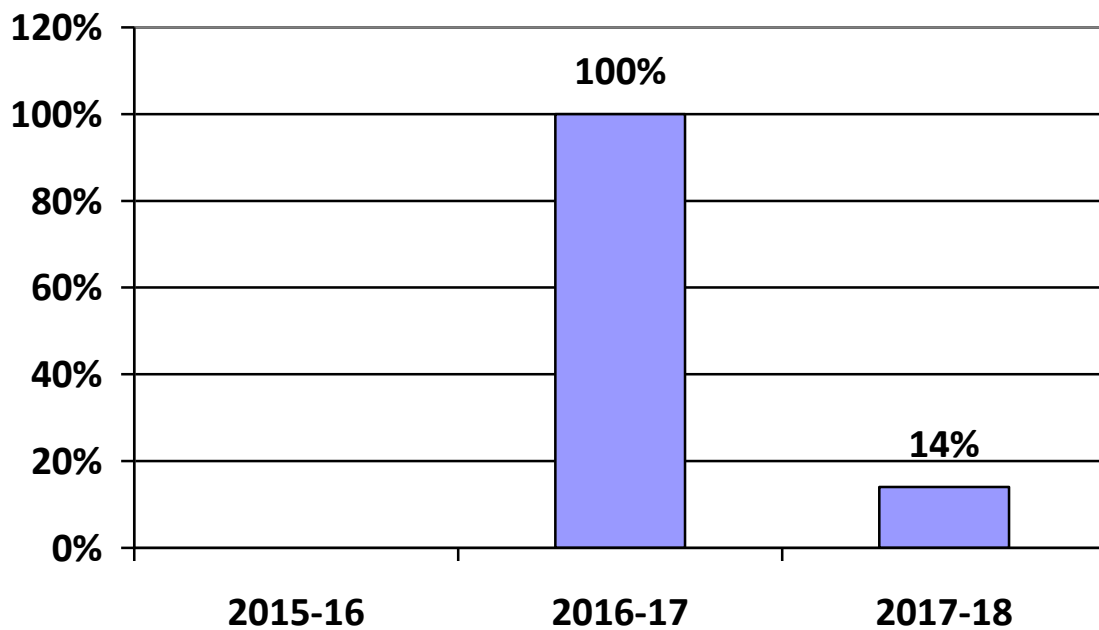
**Interpretation:**

TGMC Bank will provide the vehicle loan for their customers for purchasing of old or new vehicles. It is raising 5828% higher in three years. Vehicle loan will be on more demand in the market so TGMC Bank will more concentrate more on the Vehicle loan.

**Table no 13: Table showing the Total Rental Discount Advance in TGMC Cooperative Bank Ltd**

Years	Total Rental Discount Advance	Percentage
2015 – 2016	Nil	0
2016 – 2017	36666668	100
2017 – 2018	5331193	14

**Graph showing the Total Rental Discount Advance**



**Interpretation:**

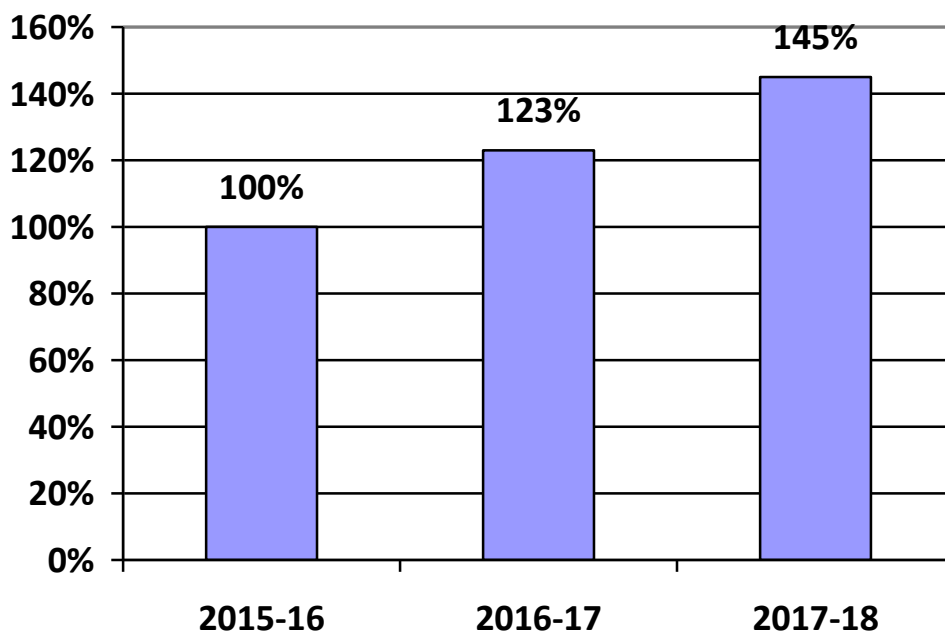
Rental discount booming in the previous year but presently decreasing their number. It will be low by 100 percent to 14 percent

**Long-term Loan:**

**Table no 14: Table showing the Total Loan on Mortgage Property in TGMC Cooperative Bank Ltd**

Years	Total Loan on Mortgage Property	Percentage
2015 – 2016	3232730583	100
2016 – 2017	3987455803	123
2017 – 2018	4697034121	145

**Graph showing the Total Loan on Mortgage Property**



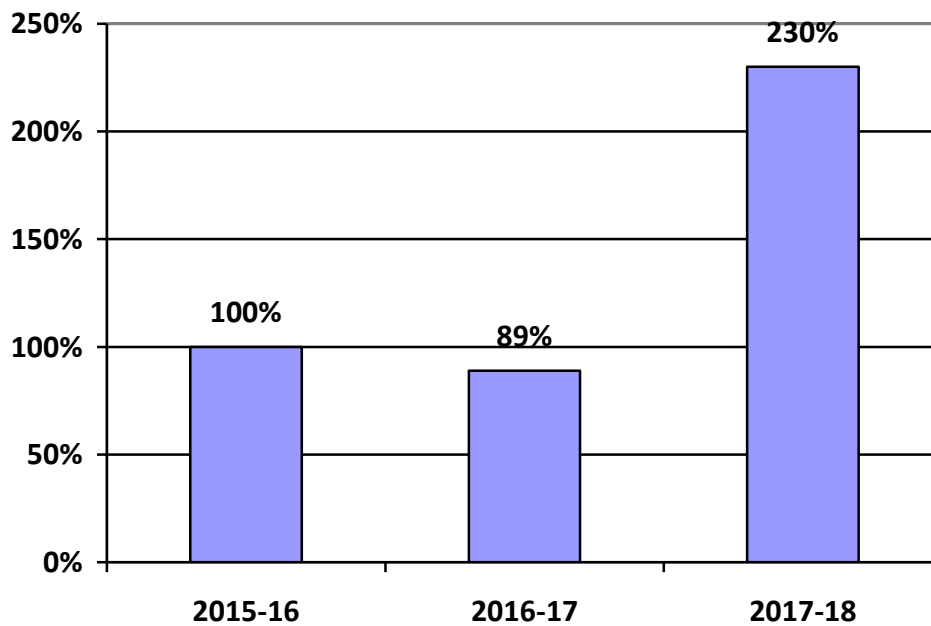
**Interpretation:**

Mortgage property loan will be increasing year by year with good numbers. Most of the long term loans will be increasing their numbers.

**Table no 15: Table showing the Total Term loan in TGMC Cooperative Bank Ltd**

<b>Years</b>	<b>Total Term loan</b>	<b>Percentage</b>
<b>2015 – 2016</b>	<b>160966319</b>	<b>100</b>
<b>2016 – 2017</b>	<b>144052983</b>	<b>89</b>
<b>2017 – 2018</b>	<b>370766498</b>	<b>230</b>

**Graph showing the Total Term loan**



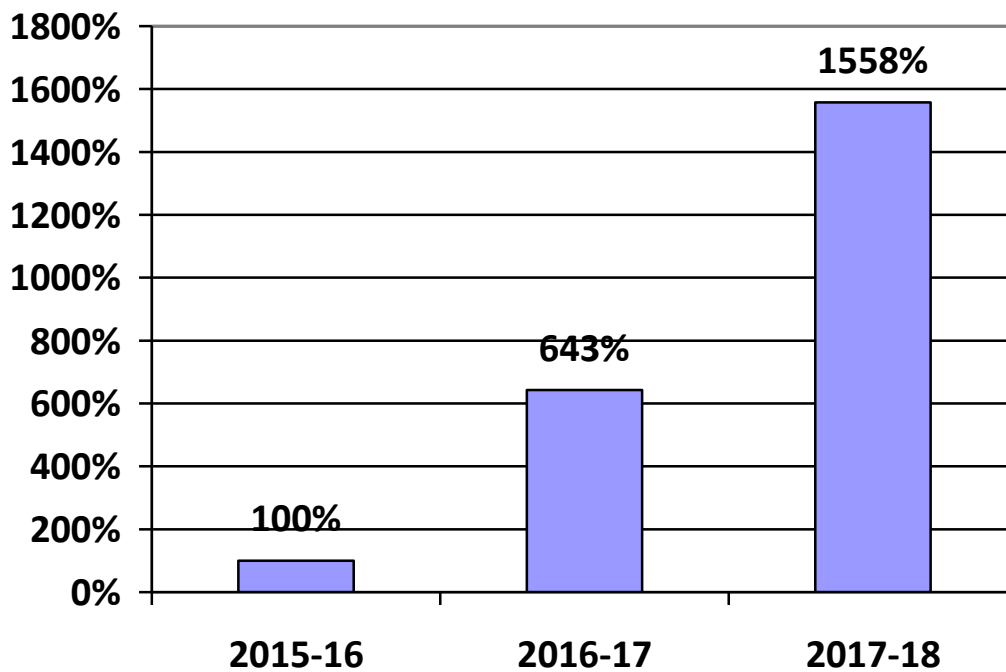
**Interpretation:**

TGMC Bank provides term loans to its customers. The term loan portfolio is increasing rapidly in volume, but the percentage of total assets has decreased to 89% in the previous year before a recent sharp increase to 230%. This growth in term loans is a positive indicator for the bank's lending activities.

**Table no 16: Table showing the Total Housing Loan in TGMC Cooperative Bank Ltd**

Years	Total Housing Loan	Percentage
2015 – 2016	4251144	100
2016 – 2017	27346406	643
2017 – 2018	66228899	1558

**Graph showing the Total Housing Loan**



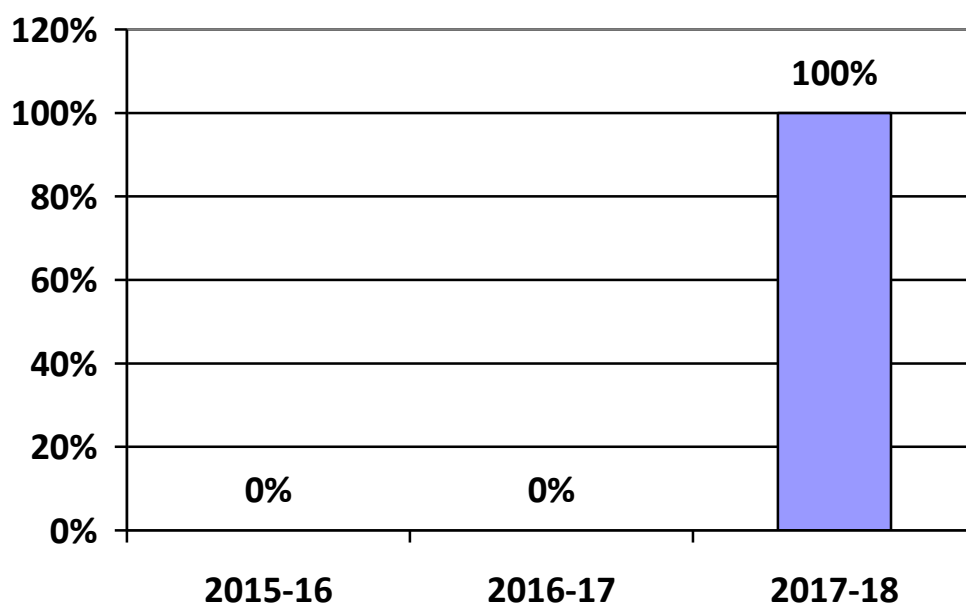
**Interpretation:**

Housing Loan is booming well in the TGMC Bank which is at increasing number at 1558 percentage in 3 years. Housing loan is the major loan provided by the TGMC Bank

**Table no 17: Table showing the Total Educational Loan in TGMC Cooperative Bank Ltd**

Years	Total Educational Loan	Percentage
2015 – 2016	Nil	000
2016 – 2017	Nil	000
2017 – 2018	1766500	100

**Graph showing Total Educational Loan**



**Interpretation:**

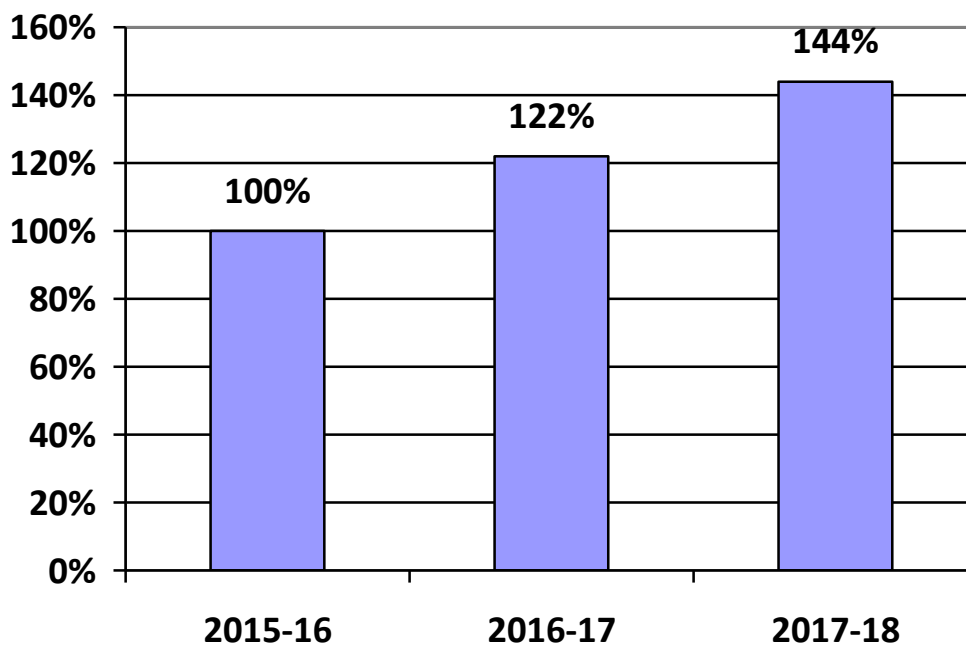
TGMC Bank has introduced the Educational loan for the students with proper security. It give good start up to a reach of Rs.1766500. Education will have more demand in the market.



**Table no 18: Table showing the Total Salary Advance in TGMC Cooperative Bank Ltd**

Years	Total Salary Advance	Percentage
2015 – 2016	351725	100
2016 – 2017	430398	122
2017 – 2018	509748	144

**Graph showing Salary Advance**



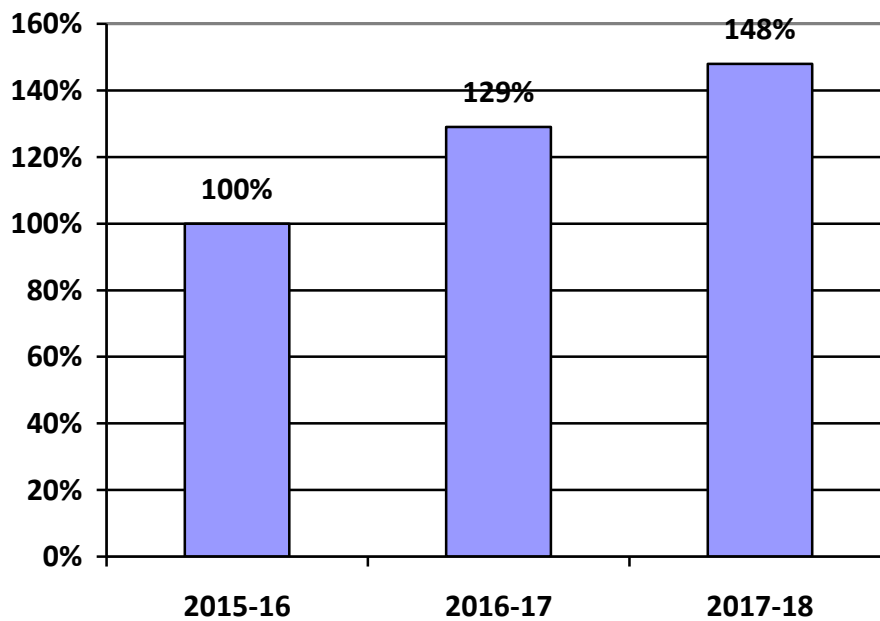
**Interpretation:**

TGMC Bank is providing the early salary for the employees to meet the employee expenses. It will be increasing in numbers, it is a good situation for the bank and it was safe for the bank.

**Table no 19: Table showing the Total Interest Earned on Loan**

Years	Total Interest Earned	Percentage
2015 – 2016	601435732	100
2016 – 2017	777201427	129
2017 – 2018	892402684	148

**Graph showing Total Interest Earned:**



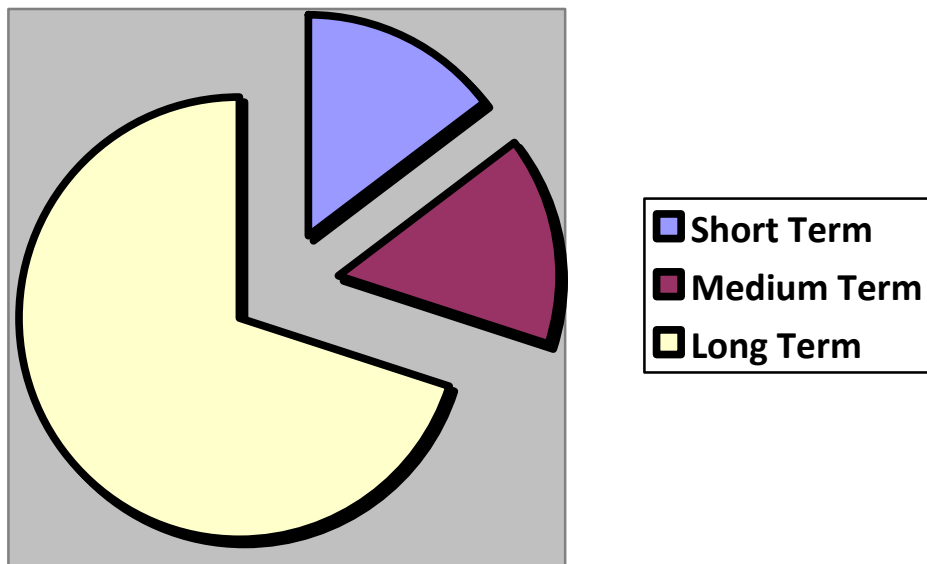
**Interpretation:**

Bank is earning good interest from loans and advance activities. But this return is given by some of the loans schemes not all

**Table no 19: Table showing the comparison between short term, medium and long term Loan issued by the bank**

SL NO	LOANS	Amount (RS in crores)
1	Short term loan	108.2
2	Medium term loan	111.2
3	Long term loan	514.12

**Graph showing Comparison between Short terms, Medium term and Long term loans**



**Interpretation: In this chart the yellow coloured means long term loans will be issued more to the short and medium term loan, Short term loan are issued in least amount**

## CHAPTER 5

### SUMMARY OF FINDINGS, CONCLUSION AND SUGGESATION

#### 5.1 SUMMARY OF FINDINGS:

- Publics selected cooperative bank for investment gradually increasing
- TGMC Banks some loans and advances are not going well and not well marketed
- TGMC Banks needs to advancement most of them not knowing their services
- The Education loan will be newly introduced by the TGMC
- TGMC Bank had their own deposit and loan scheme like Mangala cash deposit and Mangala cash credit.
- TGMC Banks will charge higher rate of interest to the loans and advances but lower interest will be given to the Deposits account
- There is more competition from the Nationalised Banks, Other Private Banks and Foreign Bank these banks are giving the well advanced products and services.
- Bill purchase, Vehicle loan, Housing loans will be booming the loans in the TGMC Bank
- Joint loan, Hypothecation loan, machinery loan and rental discount advances Moving decreasing trend
- Gold Loan will be decreasing this year but compare preceding previous year it hike very high
- Mangala cash credit, cash credit, mortgage property, Term loan will increasing with constant and healthy way of increasing
- Housing loan and Vehicle loans are increasing more than 500 percentage compare to the previous year

## **5.2 SUGGESTIONS:**

- TGMC Banks need to more concentrate on Promotion of their products and services
- TGMC Banks Provide the loans and advances at reasonable interest rates it will helps to the moving higher amount loans and advances
- TGMC Bank will more concentrate on secured loans it will good for the bank for recovery
- TGMC Banks need to Provide the some higher interest rate to the Deposits account it helps to create the investment activity of the bank
- They need to more concentrate on Long term loans they are well growing in the bank and also concentrate on medium term and short term loan.

## **5.3 CONCLUSION:**

By analysing the Tumkur Grain Merchant Cooperative Bank on Loans and Advances for three years it has bad performance compare to the 2015-16. But some of the loans like House Loan, Property loan and Vehicle loan will be growing higher. These loans are increasing more than the hundred percentage compare to previous years. If TGMC Banks Bank will provide the better schemes in Loans with reasonable interest rates and flexible periods for the customers creates the income to the bank.

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- <http://www.tgmcbank.com/History>
- <http://www.tgmcbank.com/Services>
- <http://www.tgmcbank.com/vision/mission>
- [https://www.google.com/m.economictimes.com/industry/banking/finance/banking/amp\\_articlelist/13358319.cms](https://www.google.com/m.economictimes.com/industry/banking/finance/banking/amp_articlelist/13358319.cms)
- [Www.google.com](http://www.google.com)

### **Books:**

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## **2.2 REVIEW OF LITERATURE**

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ACHARYA INSTITUTE OF TECHNOLOGY  
DEPARTMENT OF MBA

PROJECT (17MBAPR407) -WEEKLY REPORT

NAME OF THE STUDENT: HARSHAVARDHANA T R

INTERNAL GUIDE: PROF.AYUB AHAMED K S

USN: 1AY17MBA13

COMPANY NAME: T G M C BANK Ltd, TUMKUR

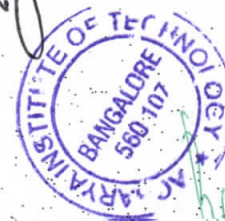
WEEK	WORK UNDERTAKEN	EXTERNAL GUIDE SIGNATURE	INTERNAL GUIDE SIGNATURE
3 <sup>rd</sup> Jan 2019 – 9 <sup>th</sup> Jan 2019	Industry Profile and Company Profile		
10 <sup>th</sup> Jan 2019 – 17 <sup>th</sup> Jan 2019	Preparation of Research instrument for data collection		
18 <sup>th</sup> Jan 2019 – 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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