**PART- A**

**INTRODUCTON TO FINANCE**

Finance is the study of funds and management. Its general areas are business finance, personal finance and public finance. It also deals with the concepts of time, money, risk and the interrelation between the given factors. It is focused on how the money is spent and budgeted. It is one of the most important aspects in handling business. Finance addresses the method where in business entities used their financial resources on a certain period. It is the application of a set of techniques used by organisations in managing their financial affairs. The income and expenditures are emphasized in finance and its differences can easily be indicated.

Nowadays, loans have been package for resale. This means that an investor from the bank has bought the debt. Financial corporations who have exceeded beyond their expenditures sell these bonds to investors. The investors can now collect all the interest, and can be sold again through secondary markets. Banks serve as facilitators to companies in the provision of credit and mutual funds. Investments are managed carefully under a financial risk management to control gambling chances to these financial assets. Financial instruments are also used to secure these assets on securities exchanges such as stock exchanges and bonds. A bank provokes the activities of both borrowers and lenders. Lenders pay deposits to bank on which it pays the interest rates. The central banks are the last reports that handle the monetary funds.

These banks affect the interest rates being charged such as an increase in the money supply will result to a decrease in the interest rates.

Financial capital is a monetary resource allows businesses to purchase items that will create goods for production and others services. The budget is the documentation of the entire entrepreneurship.

The outline includes the objectives of the business, the target sets, resulting costs, required investment, planned sales, growth, financial sources, and financial results. It can be directed on long term or on a short term basis. The capital budget is mainly concern with the proposed fixed asset requirements.

The financing of the expenditure is also indicated in the capital budget. A detailed plan of all the sources and cash usage is emphasised in the cash budget. It has six main section such as the beginning cash balance, cash collections, cash disbursements, cash excess, cash deficiencies, financing, the ending cash balance and the management of current assets.

* A credit comes various forms such as of open accounts, instalment sales, credit cards and supplier credits. The advantages of a credit trade are gaining loyalty and goodwill amongst costumers, drawing in more customers than cash trades, stimulates agricultural and industrial production and increase rates. But there are also disadvantages to credit trades as well such as risks of bad debts, high administration expenses, necessitates more working capital, risk of bankruptcy declaration and leading to purchasing nonessential items.
* An effective credit control may lead to increase in sale, increase in profits, reduces bad debts, builds customer loyalty, and increases company capitalisation. The information on credit worthiness is acquired through credit agencies, bank references, credit agencies chambers of commerce and credit application forms.
* A corporate finance holds a task in providing financial resources to certain organization and balances risk and profitability. Managerial finance maximizes a company’s wealth and it also values the stocks. Bonds are long term funds created by ownership equity ownership equity and long term credits. Short term funding comes from a line of credit given by banks as a working capital.
* Studying finance will lead you in wiser decisions making on your financial funds.

It can help you identify risk and benefits if you are planning to put up your own business. Finance discipline requires you certain abilities and trainings, which can be developed over a period. Finally, it will give you optimum control over your financial assets, which will certainly help you in attaining a financially secured life.

**WHY FINANCE IS IMPORTANT TO THE ECONOMY?**

* Finance is merely the practical application of economics. The financial system is the means by which an economy allocates money to its highest valued use. It is how people, businesses and governments raise the cash needed to do business.
* The goal of any financial system is to make sure that those with good ideas get the money necessary to implement the ideas.
* In a market base economy, investors invest in a firm and the firm takes the investment and uses it to implement the business ideas.
* People do not give money without the expectation of getting something in return.

(However, if you are the sort of person who merely likes to give money away, please contact me!) If money is given, something is expected back in return. In this, case more money.

**MEANINING OF FINANCE**

Finance can be in the form of cash, capital, fund, currency, marketable assets required for the transaction for the organisation.

**MEANING OF BUSINESS FINANCE**

Business finance defines as activities concern with planning, raising, controlling and administration of fund in business as called business finance.

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| **ORGANISATION STRUCTURE OF FINANCIAL DEPARTMENT** |

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| **Board of Director** | | | | | | | | | | | | | | |
|  | | |
| **Managing directors** | | | | | | | | | | | | | | |
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|  | | | | | | | | |  | | | | | | | | | | |  | | | | | |
| **Production Department** | | | | |  | | **Marketing Department** | | | | | | |  | | | **Financial department** | | | | |  | | | | **Human Resource Department** | | | |
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|  |  | | |  | | | | | | | | | | | | | | | | | | | | | | |
| **Treasures** | | | | | | | | | | | |  | | | | | | | **Controller** | | | | | | | | | | | | |
| **Capital budgeting** | | | | | **Cash Management** | | | | | | |  | | | | | | | **Financial Accounting** | | | | | | | **Tax Manager** | | | | | |
| **Commercial &investing banks** | | | | | **Credit Management** | | | | | | | **Cost accounting** | | | | | | | **Data processing Manager** | | | | | |
| **Act as portfolio management** | | | | | **Fund Raiser** | | | | | | | **Internal Audit** | | | | | | | **Financial statement preparation** | | | | | |
|  | | | | |  | | | | | | |  | | | | | | | | | | | | | |  | | | | | |
| **Inventory Management** | | | | | | | | | | | |  | | | | | | | | **Preparing budgets** | | | | | | | | | | | |

**FINANCAL INSTITUTION**

In financial economics, a financial institution is an institution that provides financial services for its clients or members. Probably the most important financial service provided by financial institutions is acting as financial intermediaries. Most financial institutions are highly regulated by government.

Broadly speaking, there are three major types of financial institutions:

1. Deposit taking institutions that accept and manage deposits and make loans, including banks, building societies, credit unions, trust companies, and mortgage loan companies.
2. Insurance companies and pension funds ,and
3. Brokers underwriters and investment funds.

Financial institutions provide service as intermediaries of financial markets. They are responsible for transferring funds from investors to companies in need of those funds. Financial institutions facilitate the flow of money through the economy. To do so, saving a risk brought to provide funds for loan. Such is the primary means for depository institutions to develop revenue.

Should the yield curve become inverse, firms in the arena will offer additional fee – generating services including securities underwriting.

Financial institutions in most countries operate in a heavily regulated environment, as they are critical parts of countries’ economies.

Regulation structures differ in each country, but typically involve prudential regulation as well as consumer protection and market stability.

Some countries have one consolidated agency that regulates all financial institutions while other have separate agencies for different types of institutions such as banks, insurance companies and brokers.

**CORPORATE FINANCE**

Corporate financial is the area of finance dealing with monetary decisions that business enterprises make and the tools and analysis used to make these decisions. The primary goal of corporate finance is to maximize shareholder value. Although it is in principle different from managerial finance which studies the financial decisions of all firms, rather than corporations alone, the main concept in the study of corporation finance are applicable to the finance problems of all kinds of firms.

The discipline can be divided into long – term and short term decisions and techniques. Capital investment decisions are long term choices about which project receive investment, whether to finance that investment with equity or debt and when or whether to pay dividends to shareholders. On the other hand, short term decisions deal with the short term.

Balance of current assets and current liabilities; the focus here is on managing cash, inventories and short term borrowing and lending (such as the terms on credit extended to customers).

The terms corporate, finance and corporate financier are also associated with investment banking. The typical role of an investment bank is to evaluate the company’s financial needs and raise the appropriate type of capital that best fits those needs.

Thus, the terms “corporate finance” and “corporate financier” may be associated with transactions in which capital is raised in order to create, develop, grow or acquire businesses.

**BANK**

A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly or through capital markets. A bank connects customers with capital deficits to customers with capital surpluses.

**BANKING ACTIVITIES**

* Bank act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and collecting cheques deposited to customers’ accounts.
* Banks borrow money by accepting funds deposited on current accounts, by accepting term deposits and by issuing debt securities such as banknotes and bonds.
* Non – banks that provide payment services such as remittance companies are not normally considered and adequate substitute for having a bank account.
* Banks borrow must funds from households and nonfinancial businesses and lend must funds to households and nonfinancial businesses.

**RESERVE BANK OF INDIA (RBI)**

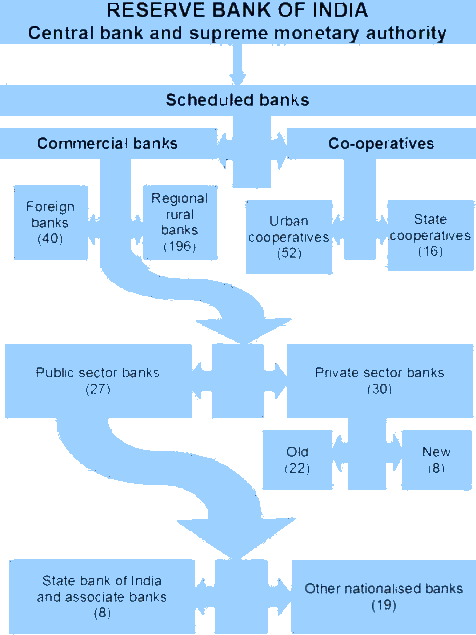
The Reserve Bank of India (RBI) is India's central banking and monetary authority. RBI regulates loans offered by banks and non-banking financial institutions to government entities, businesses, and consumers and controls the availability of funds in the financial system for credit.

 RBI sets the direction for interest rates and price stability and conducts fund raising activities for the central and the state governments through the auction of government securities. Reserve Bank is also responsible for monitoring the foreign exchange flows into the Indian economy, managing currency exchange rates and supervising how banks and non-banking financial institutions function.

RBI was originally privately owned but is now owned wholly by the Indian government. Set up on April 1, 1935 under the Reserve Bank of India Act, RBI’s central office was initially in Kolkata but moved to Mumbai in 1937.

**BANKING IN INDIA**

Indian Banking Regulation Act 1949 defines the term banking as Accepting for the purpose of lending or investment, of deposits of money from the public, repayable in demand and withdrawal by cheque and draft.



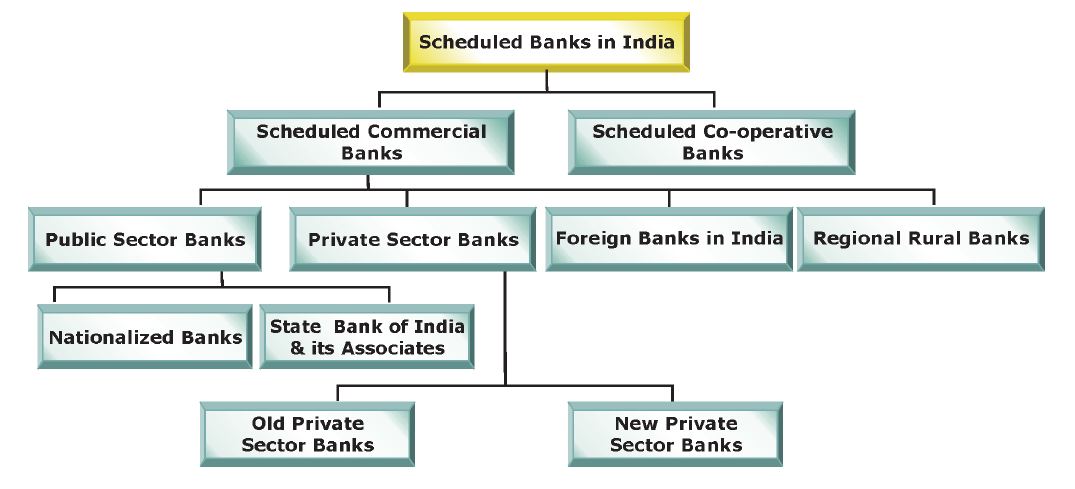
Banking in India originated in the last decades of the 18th century. The first banks were The General Bank India, which started in 1786, and Bank of Hindustan, which started in 1790; both are now defunct. The oldest bank in existence in India is the State Bank of India, which originated in the bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. For many years the presidency banks act as quasi – central banks, as did their successors. The three banks merged in 1921 to form the imperial Bank of India, which upon India’s independence, became the State Bank of India in 1955.

Indian merchants in Calcutta established the Union Bank in 1839, but it failed in 1848 as a consequence of the economic crisis of 1848-49. The Allahabad, established in 1865 and still functioning today, is the oldest joint stick Bank in India. (Joint stock bank: A company that issues stock and requires shareholders to be held liable for the company’s debt) it was not the first though. That honour belongs to the Bank of upper India, which was established in 1863 and which survived until 1913, when it failed, with some of its assets and liabilities being transferred to the Alliance Bank of Shimla.

When the American civil war stopped the supply of cotton to Lancashire from the confederate states, promoters opened Banks to finance trading in Indian cotton. With large exposure to speculative ventures, must of the banks open in India during that period Failed. The depositors lost money and lost interest in keeping deposits with banks. Subsequently, banking in India remained the exclusive domain of Europeans for next several decades until the beginning of the 20th century.

**SCHEDULED BANKS IN INDIA**

The Banking system largely comprises of scheduled banks (banks that are listed under the second scheduled of the RBI Act, 1934). Unscheduled banks from a very small component (function in the form of local Area Banks).



**PART- B**

**INTRODUCTION TO LOANS AND ADVANCES**

The commercial banks accept deposits and also lend money to the people who require it for various purposes. Lending of funds to traders, businessmen and industrial enterprises is one of the important activities of commercial banks. The major part of the deposits received by banks is lent out, and a large part of their income is earned from interest on such lending. There is a considerable difference between the rate of interest which the commercial bank grants on deposits, and the rate they charge on loans and advances. It is this difference which constitutes the main source of bank earnings.

Operation and expansion of business and commercial activities depend a great deal on the availability of loans/advances from commercial banks. In this lesson, you will learn about the procedure of getting loans and advance, cash credits, overdrafts, etc. from the commercial banks.

**MEANING OF LOANS AND ADVANCES**

The term ‘loan’ refers to the amount borrowed by one person from another. The amount is in the nature of loan and refers to the sum paid to the borrower. Thus, from the view point of borrower, it is ‘borrowing’ and from the view point of bank, it is ‘lending’. Loan may be regarded as ‘credit’ granted where the money is disbursed and its recovery is made on a later date. It is a debt for the borrower. While granting loans, credit is given for a definite purpose and for a predetermined period. Interest is charged on the loan at agreed rate and intervals of payment. ‘Advance’ on the other hand, is a ‘credit facility’ granted by the bank. Banks grant advances largely for short-term purposes, such as purchase of goods traded in and meeting other short-term trading liabilities. There is a sense of debt in loan, whereas an advance is a facility being availed of by the borrower. However, like loans, advances are also to be repaid. Thus a credit facility- repayable in instalments over a period is termed as loan while a credit facility repayable within one year may be known as advances. However, in the present lesson these two terms are used interchangeably.

**UTILITY OF LOANS AND ADVANCES**

Loans and advances granted by commercial banks are highly beneficial to individuals, firms, companies and industrial concerns. The growth and diversification of business activities are effected to a large extent through bank financing. Loans and advances granted by banks help in meeting short-term and long term financial needs of business enterprises.

We can discuss the role played by banks in the business world by way of loans and advances as follows:-

* Loans and advances can be arranged from banks in keeping with the flexibility in business operations .Traders, may borrow money for day to day financial needs availing of the facility of cash credit, bank overdraft and discounting of bills. The amount raised as loan may be repaid within a short period to suit the convenience of the borrower. Thus business may be run efficiently with borrowed funds from banks for financing its working capital requirements.
* Loans and advances are utilized for making payment of current liabilities, wage and salaries of employees, and also the tax liability of business.
* Loans and advances from banks are found to be ‘economical’ for traders and businessmen, because banks charge a reasonable rate of interest on such loans/advances. For loans from money lenders, the rate of interest charged is very high. The interest charged by commercial banks is regulated by the Reserve Bank of India.
* Banks generally do not interfere with the use, management and control of the borrowed money. But it takes care to ensure that the money lent is used only for business purposes.
* Bank loans and advances are found to be convenient as far as its repayment is concerned. This facilitates planning for future and timely repayment of loans. Otherwise business activities would have come to a halt.
* Loans and advances by banks generally carry element of secrecy with it. Banks are duty bound to maintain secrecy of their transactions with the customers. This enhances people’s faith in the banking system

**OBJECTIVES OF LOANS AND ADVANCES**

* Enlist the utility of granting loans and advances by Commercial banks.
* Differentiate borrowing rates from lending rates;
* Enumerate the ways of lending money;
* Distinguish between long-term and short-term loans;
* Point out the nature of security provided for loans; and
* Outline the procedure for grant of cash credit, overdraft and discounting of bills of exchange.

**BORROWING RATE AND LENDING RATE**

People make their funds available to the banks by depositing their ‘savings’ in various types of accounts. In other words, bank funds mainly consist of deposits from the public, though banks may also borrow money from other institutions and the Reserve Bank of India. Thus, mobilises funds through its deposits. On public deposits the banks pay interest at and the rate of interest according to the type of deposit. The borrowing rate refers to the rate of interest paid by a bank on its deposits. The rates which the banks allow depend upon the nature of deposit account and the period for which the deposit is made with the bank. No interest is generally paid on current account deposits. The rate is relatively lower on savings account deposits. Higher rates ranging from 6% to 12% per annum are paid on fixed deposit accounts according to the period of deposit.

Banks also borrow from other institutions as well as from the Reserve Bank of India. When the Reserve Bank of India lends money to commercial banks, the rate of interest it charges for lending is known as ‘Bank Rate’.

The rate at which commercial banks make funds available to people is known as ‘Lending-rate’. The lending rates also vary depending upon the nature of loans and advances. The rates also vary according to the purpose in view. For example if the loan is sanctioned for the purpose of activities for the development of backward areas, the rate of interest is relatively lower as against loans and advances for commercial/business purposes. Similarly for smaller amounts of loan the rate of interest is higher as compared to larger amounts.

Again lending rates for consumer durables, e.g. loans for purchase of two-wheelers, cars, refrigerators, etc. are relatively higher than for commercial borrowings. However, the Reserve Bank of India from time to time announces changes in the interest-rate structure to regulate the lending of funds by banks. Different rates of interest are prescribed for various categories of advances, such as advances to agriculture, small scale industries, road transport, etc. Graded rates of interest are prescribed for backward areas. Lower rate is normally charged from agencies selling food –grains a fixed price through Govt. approved outlets. Lastly, lower rate of interest is charged for loans granted to persons belonging to ‘weaker sections of the society’.

**LENDING OF MONEY BY BANK**

The commercial banks lent money in four different ways:

1. Direct loans,
2. Cash credit,
3. Overdraft, and
4. Discounting of bills.

**1. DIRECT LOANS**

Direct loan is the amount borrowed from bank. The nature of borrowing is that the money is disbursed and recovery is made in instalments.

While lending money by way of loan, credit is given for a definite purpose and for a pre-determined period. Depending upon the purpose and period of loan, each bank has its own procedure for granting loan. However the bank is at liberty to grant the loan requested or refuse it depending upon its own cash position and lending policy. There are two types of loan available from banks:

(a) Demand loan, and

(b) Term loan

1. **DEMAND LOAN**

Demand loan is a loan which is repayable on demand by the bank. In other words, it is repayable at short-notice.

The entire amount of demand loan is disbursed at one time and the borrower has to pay interest on it. The borrower can repay the loan either in lump sum (one time) or as agreed with the bank. For example, if it is so agreed the amount of loan may be repaid in suitable instalments. Such loans are normally granted by banks against security. The security may include materials or goods in stock, shares of companies or any other asset. Demand loans are raised normally for working capital purposes, like purchase of raw materials, making payment of short-term liabilities.

(b) **TERM LOAN**

Medium and long term loans are called term loans. Term loans are granted for more than a year and repayment of such loans is spread over a longer period. The repayment is generally made in suitable instalments of a fixed amount. Term loan is required for the purpose of starting a new business activity, renovation, modernization, expansion/ extension of existing units, purchase of plant and machinery, purchase of land for setting up of a factory, construction of factory building or purchase of other immovable assets. These loans are generally secured against the mortgage of land, plant and machinery, building and the like.

**2. CASH CREDIT**

Cash credit is a flexible system of lending under which the borrower has the option to withdraw the funds as and when required and to the extent of his needs. Under this arrangement the banker specifies a limit of loan for the customer (known as cash credit limit) up to which the customer is allowed to draw. The cash credit limit is based on the borrower’s need and as agreed with the bank. Against the limit of cash credit, the borrower is permitted to withdraw as and when he needs money subject to the limit sanctioned.

It is normally sanctioned for a period of one year and secured by the security of some tangible assets or personal guarantee. If the account is running satisfactorily, the limit of cash credit may be renewed by the bank at the end of year. The interest is calculated and charged to the customer’s account.

Cash credit, is one of the types of bank lending against security by way of pledge of goods. ‘Pledge’ means bailment of goods as security for payment of debt. Its primary purpose is to put the goods pledged in the possession of the lender. It ensures recovery of loan in case of failure of the borrower to repay the borrowed amount.

**3. OVERDRAFT**

Overdraft facility is more or less similar to ‘cash credit’ facility. Overdraft facility is the result of an agreement with the bank by which a current account holder is allowed to draw over and above the credit balance in his/her account. It is a short-period facility. This facility is made available to current account holders who operate their account through cheques. The customer is permitted to withdraw the amount of overdraft allowed as and when he/she needs it and to repay it through deposits in the account as and when it is convenient to him or her.

The following are some of the benefits of cash credit and overdraft:

* + - * Cash credit and some overdraft allow flexibility of borrowing, which depends upon the needs of the borrower.
      * There is no necessity of providing security and documentation again and again for borrowing funds.
      * This mode of borrowing is simple and elastic and meets the short term financial needs of the business.

1. **DISCOUNTING BILLS**

A part from sanctioning loans and advances, discounting of bills of exchange by bank is another way of making funds available to the customers. Bills of exchange are negotiable instruments which enable debtors to discharge their obligations to the creditors. Such Bills of exchange arise out of commercial transactions both in inland trade and foreign trade. When the seller of goods has to realise his dues from the buyer at a distant place immediately or after the lapse of the agreed period of time, the bill of exchange facilitates this task with the help of the banking institution.

Banks invest a good percentage of their funds in discounting bills of exchange. These bills may be payable on demand or after a stated period.

In discounting a bill, the bank pays the amount to the customer in advance, i.e. before the due date. For this purpose, the bank charges discount on the bill at a specified rate. The bill so discounted is retained by the bank till its due date and is presented to the drawer on the date of maturity. In case the bill is dishonoured on due date the amount due on bill together with interest and other charges is debited by the bank to the customers’ account.

**LONG-TERM AND SHORT-TERM LOANS**

The banks grant loans for different periods-long, short and medium term for different purposes.

1. **SHORT-TERM LOANS**

Short term loans are granted by banks to meet the working capital needs of business. The working capital needs refer to financial needs for such purposes as, purchase of raw materials, payment of wages, electricity bill, taxes etc. Such loans are granted by banks to its borrowers to be repaid within a short period of time not exceeding 15 months.

Short term loans are normally granted against the security of tangible assets like goods in stock, shares, debentures, etc. The rate of interest charged on short term loans ranges from 12% to18% pa.

1. **TERM LOANS**

Medium and long term loans are generally known as ‘term loans’.These loans are granted for more than 15 months. In case of medium term loan, the period ranges from 15 months to less than 5 years. Medium term loans are generally granted for heavy repairs, expansion of existing units, modernisation/renovation etc.

Such loans are sanctioned against the security of immovable assets. The normal rate of interest ranges between12% to 18% per annum, depending upon the period, purpose, nature and amount of the loan. Though banks may grant long term loans, they avoid granting loan for more than 5 years.

**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 asset owned by the borrower. In case the borrower fails to repay the loan, the bank can recover the amount by attacking the assets.

It can sell the assets offered as a security and realize the amount. Thus from the view point of security of loans, we can divide the loans into two categories: (a) Secured, and (b) Unsecured. **Unsecured loan** are those 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. On the other hand, **Secured loans** are those which are granted against the security of tangible assets, like stock in trade and immovable property. Thus, while granting loan against the security of some assets, a charge is created over the assets of the borrower in favour of bank. This enables the bank to recover the dues from the customer out of sale proceeds of the assets in case the borrower fails to repay the loan.

There are various types of securities which may be offered against loans granted, but all of those are not acceptable to the banks. The types of securities generally accepted by the bank are the following:

* Tangible assets such as plant and machinery, motor- van, etc.
* Documents of title to goods, like railway receipt (R/R), Bills of exchange, etc.
* Financial securities (Shares and Debentures)
* Real estates (land, building, etc.)
* Fixed Deposit Receipt (FDR).
* Gold Ornaments, jewellery etc.
* Life-Insurance policy

**THE ADVANTAGES AND DISADVANTAGES OF LOANS**

Loan is form of debt, often which interest. There are several reasons why people apply for loans. Usually they borrow money to purchase a house, car, or star a business. Often, applying for loan is necessary because most do not have available financial resources they need to make a purchase. Since loan is borrowed, the lender expects to receive payment with the interest specified. In addition, borrowers should make the payments at the specified due date for a certain period.

**ADVANTAGES**

Below are the advantages of getting a loan. These are also the reasons why many apply for it:

* There is a loan for just about anything. If you are need of money to purchase a house you can apply for a housing loan. If you need a car, you can apply for a car loan. With all the loans available, you will be able to purchase everything you need.
* It helps a person afford an expensive purchase. All of us wise acquire a property.
* One gets the funding he needs. If a person wants to start a business, he can do so by applying for a business loan. He does not have to wait for his savings to build up before he can start his own business.
* Getting a loan is very helpful to start building your dream. However, you have to be very careful your decisions. Make sure that you manage your loans from the start. Keep in mind that loans have disadvantages too.

**DISADVANTAGES**

Here are some of the disadvantages of having loans:

* It is a long term debt. This means that you have to deal with it for a specified period, which means that you have to commit yourself to making monthly payments specified in your agreement for the period indicated to repay the loans.
* If you miss the payments, you will face serious consequences. You can face foreclosure or repossession of the property. In addition, you could also face penalties and legal issues. It will also reflect in your credit rating, which can lead to a low credit scores.
* You may not be able to make early loan repayment. Few lenders give option for early repayment. Although there are some who will allow you to do this, they will charge you with early repayment fees.

Loans are helpful. However, you have to manage them well because you can get into a lot of trouble if you fail to make the expected payments.

**TYPES OF LOANS AND ADVANCES**

Being a Commercial Bank, giving Loans and Advances is among our primary activities. Apart from our participation in meeting both Term Loan and Working Capital requirements of Agriculture sector, Trade and Service sector, Large/Medium and Small Scale Industries sector, Infrastructure sector etc. including taking care of their Export/Import and non-fund based needs like Letter of Credit, Bank Guarantee etc., we have a fairly large basket of loan products specially designed to suit your personal needs. Salient features of some of the more attractive Personal Loan Schemes are described below.

#### **HOME LOAN**

This housing finance scheme brings to you an excellent opportunity to have your own house or flat. The scheme has been carefully tailored to suit your requirements. The reasonable rate of interest that you pay will be calculated on reducing balance, i.e. you do not have to pay interest on the loan instalments actually repaid from the date of such repayment.

#### **ELIGIBILITY**

Individual (including NRI and PIO) having minimum 21 years of age and maximum 70 years of age (all class of borrower) inclusive of repayment period.

#### **PURPOSE**

1. Purchase and construction of independent house/ready built flat for residential purpose.
2. Extension/Repair/Renovation of existing house/flat not more than 50 years old.
3. Takeover of home loans availed from other banks/FIs.
4. Loan is also available for furnishing of house property
5. **VEHICLE LOAN**

This is an easy finance scheme for purchase of a new car as well as second hand vehicle not older than 5 years.

1. [**PROPERTY LOAN**](http://www.ucobank.com/english/personal-loans-advances.aspx#collapseSeven)

This is a loan against the security of future receivables i.e. assignment of future rent receivable, for productive purposes e.g. augmenting earnings like investing in securities, undertaking repairs & renovation of the property etc.

#### **ELIGIBILITY**

#### Owners i.e. lessors of houses/flats/warehouses etc. only are eligible under the scheme. The owner may be an individual, a firm or a company. Properties belonging to cooperative societies are not considered for sanction of loan under the scheme.

1. **EDUCATION LOAN**

The scheme extends a helping hand to meritorious students desirous of pursuing higher study either in India or abroad.

#### **ELIGIBILITY**

Approved courses leading to graduate/post graduate (Masters and PhD. degree and PG Diplomas conducted by recognized colleges/universities, Engineering, Medical, Agriculture, Veterinary, Law, Dental, Management, Computer, etc.).

Computer Certificate courses of reputed institutes accredited to DoE.

Courses like ICWA, CA, CFA, etc.

#### **PERSONAL LOAN**

#### **ELIGIBILITY**

A confirmed employee in Govt. / Semi-Govt. / Reputed Public/ Private Ltd. Co. /College / Universities / Public Sector Undertaking or applicant should be a permanent employee or have completed minimum 2 years of service in the same organization and applicant must have salary account with our branches or employer of applicant provide undertaking that monthly loan instalment will be recovered and directly paid to bank.

#### **INCOME CRITERIA**

Net take home pay should not be less than 40% of gross salary after deduction of PF, IT and other statutory deductions including proposed EMI of UCO Cash Loan, loan granted by his employer and any other loans, if any. Subject to minimum Rs 10000/-.

Other income like rent, interest, dividend etc. may be taken into account for reckoning the eligible quantum of loan subject to documentary evidence.

1. **BUSINESS LOAN**

A business loan is funding given to business by bank, an individual, or an organisation usually to be paid by a certain date with a certain amount of interest.

1. **SHORT TERM LOANS**

Short term loans are granted by banks to meet the working capital needs of business. The working capital needs refer to financial needs for such purposes as, purchase of raw materials, payments of wages etc. such loans are granted by banks to its borrowers to be repaid within a short period of time not exceeding 15 months.

1. **TERM LOANS**

Medium and long term loans are generally known as “term loans”. These loans are granted for more than 15 months. In case of medium term loan, the period ranges from 15 months to less than 5 years. Medium term loans are generally granted for heavy repairs.

**RESEARCH DESIGN**

Research design means a search of facts, answers to question and solution to the problem.it is a prospective investigation. Research is a systematic logical study of an issue on problem through scientific method. A research design is a plan of action to be carried out in connection with a research project. The design may be a logical presentation of various steps in the process of research.

According to Claire setting and others “A research design is the arrangement of conditions for collection and analysis of data in a manual that aims to combine relevance to their search purpose with economy is procedure” the research design in concept structure is with in which research is conducted.

**TITLE OF THE STUDY**

“A Study on Loan and Advances with Reference at UCO Bank PEENYA BRANCH Bangalore -560058.”

**STATEMENT OF THE PROBLEM**

Loan is one of the major elements of finance to a common man. The banks provides advance money by different way like Housing loan, Educational loan, Property loan, Personal loan, Vehicle loan Etc.

Banks usually follow different procedures for advancing different type of loan and advances In order to know the different procedure in sanctioning different kinds of loan and the rate of interest charged to different type of loan this study has been undertaken.

**OBJECTIVES OF THE STUDY**

* To analyse different types of Loan and advances made by UCO bank.
* To find out the services that bank given to their customer.
* To find out the customer awareness on booming Advance Product market and to find out the using patterns of the people.

**SCOPE OF THE STUDY**

The study has confined to the analysis of loans and advances of UCO Bank Peenya branch. This topic of the project is mainly concern with loans section. The main area concern under this is the study of various schemes offered by UCO Bank with different rates and benefits to attract customers.

**REVIEW OF LITERATURE**

To carry the research work the researching has gone through a few reports, books and websites. The details regarding UCO Banks history, origin of UCO Bank was also taken from books, magazines etc. the source of this information is as follows.

Document

Annual report

Manuals

Websites of UCO bank

**RESEARCH METHODOLOGY**

The research methodology is DESCRIPTIVE method. Research methodology is a methodology for collecting all sorts of information & data pertaining to the subject in question. The objective is to examine all the issues involved & conduct situational analysis.

Data refers to a collection of natural phenomena descriptors including the results of experience, observation or experiment, or a set of premises. The methods to achieve the objective are primary and secondary data.

**DATA COLLECTION**

Collection of data is done by Primary Data & Secondary Data.

1. **PRIMARY DATA**

Primary source are original sources from which the researcher directly collects data that have not been preciously collected. Primary data are first-hand information collected through various methods such as observation, mailing, interviewing etc…

1. **SECONDARY DATA**

The secondary sources are sources containing data which have been collected and complied for another purpose. The secondary source consists of reality available compendia and already complied statistical statements and reports whose data may be used by researcher for their studies. E.g. Annual reports, financial statement of company and statistical statement

**DATA ANALYSIS**

After data collection, I’m able to analyse bank employer’s views, ideas and opinions related to Advance Product and about UCO Advance Product and from this, UCO will come to know the customer requirements. The loans and advances of the bank have been calculated for the period of 3 years 2014-2017.

**DATA INTERPRETATION**

Interpretation of data is done by using statistical tools like Pie diagrams, Bar graphs, and also using quantitative techniques (by using these techniques) accurate information is obtained.

**CLASSIFICATION & TABULATION OF DATA**

The data thus collected were classified according to the categories, counting sheets & the summary tables were prepared. The resultant tables were one dimensional, two dimensional.

**TOOLS OF DATA COLLECTION**

Annual reports

Financial statements of bank

Forms collected from bank.

**PLAN OF ANALYSIS**

The primary data collection on the study were analysed with the help of statistical tools and techniques such as percentage ages, averages and likes to make the data presentable in a more effective manner, chart , diagrams, figures have been made use of.

**LIMITATION OF THE STUDY**

All the possible care has been taken to collect the information and make the study as authentic as possible. However it is subjected to certain information. They are as under:

1. All the findings and recommendations, which are stated applicable only for the current period.
2. The study is limited to the extent to the data given by the bank.
3. Based on limited information it is not possible to arrive at a proper conclusion.
4. The interpretation of the study is not complete as primary records of the bank are inaccessible except annual reports.
5. The accuracy of the study depends on the accuracy of information and records provided by the bank.

**BANK PROFILE**



**ORGIN OF THE BANK**

UCO bank formerly known as United Commercial Bank, incorporated on 6th of January 1943. The idea to establish the bank was first conceived by G.D. Birla, the famous industrialist, after the historic 'Quit India Movement' in 1942. The idea was culminated on the 6th of January 1943, when The United Commercial Bank Ltd. was born with its Registered and Head Office at Kolkata. A commercial bank and a Government of India Undertaking, it comprises of government representatives as well as renowned professionals like accountants, management experts, economists, businessmen, and so on, in its Board of Directors. United Commercial Bank has stretched out to of all segments of the economy - be it agriculture, industry, trade and commerce, services or infrastructure.   
Along with 13 other major commercial banks of India, United Commercial Bank was nationalized on 19th July, 1969, by the Government of India. Thereafter the Bank expanded rapidly. To keep pace with the developing scenario and expansion of business, the Bank undertook an exercise in organizational restructuring in the year 1972. Under the act of Indian Parliament, in 1985, its name changed from United Commercial Bank to the present name, UCO Bank. As of 2005, the bank has 2000 Service Units spread all over India. A distinctive feature of UCO bank is its introduction of 'NO HOLIDAY' branches. These bank branches work on all the 365 days of a year. With the age of global banking, UCO bank has also changed to be adept with the newest technology, boasting of specialized computerized branches in both India and overseas.

The very first Board of Directors was represented by eminent personalities of the country drawn from all walks of life, and this all-India character of the Bank has been assiduously maintained till date not only in the composition of its Board but also in the geographical spread of its more than 3000 in the country as well as in its overseas centres in Singapore and Hong Kong.

Having traversed periods of expansion and consolidation, the Bank was nationalized by the Government of India on the 19th July 1969 whereupon 100 per cent ownership was taken over by the government in UNITED COMMERCIAL BANK. This historic event brought about a sea-change in the entire fabric of the bank's thinking and activities, commensurate with the government's socio-political approach of mass banking as against class banking hitherto practised. The Bank had gone for Rs.200 crore of IPO during the year 2003-04 and is now a listed Company. As on 31.03.2012 Government Share-holding of the Bank was 65.19 per cent. Branch expansion started at a fast pace, particularly in rural areas, and the bank achieved several unique distinctions in Priority Sector lending and other social uplift activities. To keep pace with the developing scenario and expansion of business, the Bank undertook an exercise in organizational restructuring in the year 1972. This resulted into more functional specialization, decentralization of administration and emphasis on development of personnel skill and attitude. Side by side, whole hearted commitment into the government's poverty alleviation programmes continued and the convenor ship of State Level Bankers' Committee (SLBC) was entrusted on the Bank for Odisha and Himachal Pradesh in 1983.

The year 1985 opened a new chapter for the Bank as the name of the Bank changed to UCO BANK by an Act of Parliament. The customer friendly and socially committed character, however, remained even with this change in name which has, over the years, been regarded as one of the well-known and vibrant banks in the country. Today, with all its inner strengths, UCO Bank has come a long way to symbolize friendliness for customers and efficiency in its banking business. Truly, UCO Bank **HONOURS YOUR TRUST.**

**OVERVIEW**

Founded in 1943, **UCO Bank** is a commercial bank and a Government of India Undertaking. Its Board of Directors consists of government representatives from the Government of India and Reserve Bank of India as well as eminent professionals like accountants, management experts, economists, businessmen, etc.

### **OUR VISION STATEMENT**

To emerge as the most trusted, admired and sought-after world class financial institution and to be the most preferred destination for every customer and investor and a place of pride for its employees

### **OUR MISSION STATEMENT**

To be a Top-class Bank to achieve sustained growth of business and profitability, fulfilling socio-economic obligations, excellence in customer service; through up gradation of skills of staff and their effective participation making use of state-of-the-art technology, Global banking has changed rapidly and UCO Bank has worked hard to adapt to these changes. The Bank looks forward to the future with excitement and a commitment to bring greater benefits to you.

UCO Bank, with years of dedicated service to the Nation through active financial participation in all segments of the economy - Agriculture, Industry, Trade & Commerce, Service Sector, Infrastructure Sector etc., is keeping pace with the changing environment. With a countrywide network of more than 3000 service units which includes specialised and computerised branches in India and overseas, UCO Bank has marched into the 21st Century matched with dynamism and growth.

### **OVERVIEW**

**We are in the Service of Community since 1943. We have more than 3000 Service Units spread all over India. We also operate in two Major International Financial Centres, namely Hong Kong and Singapore. We have our Correspondents/Agency arrangements all over the world. We undertake Foreign Exchange Business in more than 50 Centers in India. We have Foreign Exchange Dealing Operations at 1 Centers.**

### **OUR STRENGTHS**

**Country-wide presence Overseas Presence with Profitable Overseas Operations Strong Capital Base High Proportion of Long Term Liabilities A Well Diversified Asset Portfolio A Large and Diversified Client Base All Branches under Core Banking Solution(CBS) Branch representation in Top 100 Centres (as per deposits) in the country**

### **ORGANISATION STRUCTURE**

Headquartered in Kolkata, the Bank has 42 Zonal Offices spread all over India. Branches located in a geographical area report to the Zonal Office having jurisdiction over that area. These Zonal Offices are headed by Senior Executives ranging up to the rank of Deputy General Manager, depending on size of business and importance of location. The Zonal Offices report to 8 Circle Offices headed by General Managers/senior Deputy General Managers.

### **OUR COMMITMENT TO CUSTOMERS**

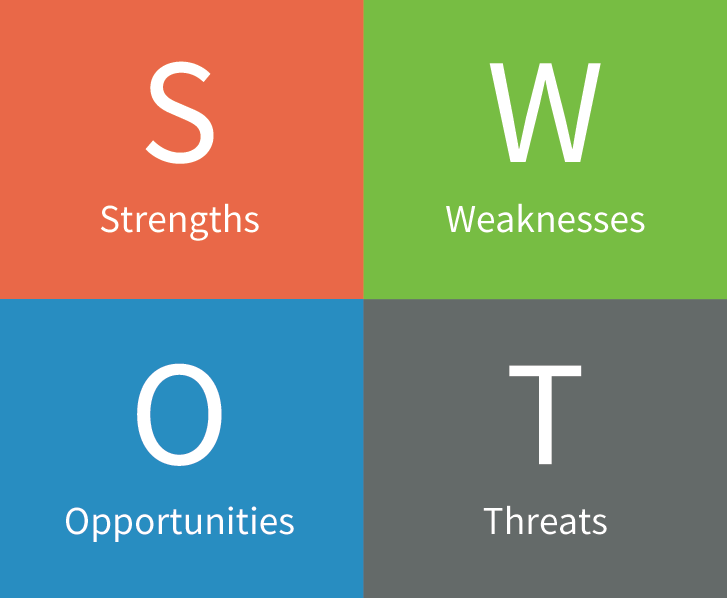
In all our promotional activities, we will be fair and reasonable in highlighting the salient features of the schemes marketed by us. Misleading or unfair highlighting of any aspect of any scheme/service marketed by the Bank leading to unfair practice shall not be resorted to by the Bank.

In commemorating the 50th Year of Independence of India, the Bank released a booklet entitled "Our Commitment to Customers" incorporating the Citizens’ Charter on services provided by the Bank.

In our continuing endeavour to serve our customers better, we have considerably extended the business hours for public transaction at the branches on all week-days.

SWOT Analysis of UCO Bank with USP, Competition, STP (Segmentation, Targeting, Positioning) - Marketing Analysis.

**SWOT ANALYSIS**



**STRENGTHS**

1.  Foreign exchange Operations.  
2.  Diverse asset portfolio.  
3.  High proportion of long term liabilities.  
4. UCO Bank has over 2000 Service Units spread all over India, with two overseas branches in Singapore and Hong Kong.  
5. One of the oldest and major commercial bank of India.

**WEAKNESSES**

1.  Lacks International presence.

2.  Retail banking is lesser as compared to other banks.  
3. Weak internet banking when compared to big banks.

**OPPORTUNITIES**

1. Small enterprise banking.
2. More penetration through rural banking.

**THREATS**

1. Economic slowdown.  
2. Highly competitive Environment.  
3. Stringent Banking Norms.

**COMPETITORS**

1.  Indian bank  
2.  Union Bank of India

3.  Dena bank

**BRANCHES AND ATM SERVICES**  
Headquartered in Kolkata, UCO Bank has about 35 Regional Offices spread all over India. Overseas, it has two branches in Singapore and Hong Kong. UCO bank has a total of 414 ATMs across the states of Andhra Pradesh, Assam, Bihar, Chattisgarh, Chandigarh, Goa Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Meghalaya, Nagaland, New Delhi, Orissa, Pondicherry, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh and West Bengal. 

**PRODUCT RANGE**

**SAVING ACCOUNT**: Apart from the usual facilities, you get a free ATM Card, Inter branch banking, net banking, Bill pay, Phone Banking, Debit Card and Mobile Banking, among others.

UCO Bank preferred: A preferential Savings account where you are assigned a dedicated relationship Manager, who is your one-point contact. You also get privileges like fee waivers, enhanced ATM withdrawal limit, priority locker allotment and lower interest rates on loans, to name a few.

**SWEEP-IN ACCOUNT:** a fixed deposit linked to your saving account. Therefore, even if your savings account runs a bit short, you can issue a cheque

or use your ATM Card). The money is automatically swept in from your fixed deposit into your savings Account.

**PHONE BANKING**: 24-hour automated banking services with phone banking facilities available.

**ATM 24-hour banking:** A part from routine transactions, you can also pay your utility bills and transfer funds, at any of our ATMs across the country all year round.

**NET BANKING:**  Access your bank account from anywhere in the world, at anytime, at your own convenience. You can also view your De mat Account through Net Banking.

**INTERNATIONAL DEBIT CARD:** An ATM card you can shop with all over the country. You can spend in any currency, and in rupees.

**MOBILE BANKING:**  Access your account on your mobile phone screen at no airtime cost. Use SMS technology to conduct your banking transactions from your cell phone.

**BILL PAY:** Pay your telephone, electricity and mobile phone bills through our ATMs, Internet, Phone or Mobile phone. No more standing in long queues or writing cheques.

**PERSONAL LOANS:** Take loans for a wedding, education, purchase of a computer or an exciting holiday.

**TWO WHEELER & CONSUMER LOANS:** To help you buy the best durables for your home.

**CURRENT ACCOUNT:** Get a personalized chequebook, monthly account statements, inter-branch Banking and much more.

**MUTUAL FUNDS:** Apart from a wide choice of mutual funds to suit your individual needs, you benefit from expert advice on choosing the right funds based on in-depth market analysis.

**INTERNATIONAL CREDIT CARD:** Get an option of Silver, Gold or Health plus Credit card, accepted worldwide from an excellent bank. If you have outstanding balance on your other credit card, you can transfer that balance to this card at a lower interest rate.

**NRI SERVICES:** A comprehensive range, backed by unmatched features and excellent services, ensures NRIs all the banking support they need.

**FOREX FACILITIES:** Avail of foreign currency, traveller cheques, and foreign exchange demand drafts, to meet your travel need.

**RATE OF INTEREST IN UCO BANK FOR REGULAR DEPOSITS**

|  |  |
| --- | --- |
| **PERIOD** | **INTEREST RATES** |
| **7-14 days** | **4.50%** |
| **15-29 days** | **4.50%** |
| **30-45 days** | **5.00%** |
| **46-60 days** | **5.50%** |
| **61-90 days** | **5.50%** |
| **91-180 days** | **6.00%** |
| **181-364 days** | **6.35%** |
| **1 year** | **6.65%** |
| **1-2 year** | **6.55%** |
| **2-3 year** | **6.40%** |
| **3-4 year** | **6.40%** |
| **5-10 year** | **6.30%** |

**MANAGER OF BANK**

|  |  |
| --- | --- |
| **YASHWANTHA GADIYAR** | **SENIOR MANAGER** |
| **SANTOSH.V. INAMDAR** | **MANAGER** |
| **RAVINORA SINHA** | **MANAGER** |
| **B. SHIREESHA** | **ASSISTANT MANAGER** |
| **SANGRAM K PATRO** | **ASSISTANT MANAGER** |
| **VENKATRANGAIAH** | **SPECIAL ASSISTANT** |
| **SHAIK NOOR BASHA** | **HEAD CASHIER** |

**FUNCTIONAL DEPARTMENT OF BANK**

The regulatory environment for the Indian banking sector was characterized by greater liberation in foreign ownership and related areas, tightening of certain exposure norms and infrastructure improvement in the market.

**ORGANISATION STRUCTURE AND CHART**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Group heads for respective divisions | | | | | | | | | | | | | | | | | | | | |
|  | | | | | | | | |  | | | | | | | | | | | |
| Regional business manager | | | | | | | | | | | | | | | | |  | |
|  | | | | | | |  | | | | | | | |
| State manager | | | | | | | | | | | | |
|  | |
| Branch manager | | | | | | | | |
|  | |
|  | | | | | | | | | | |
| Supervisor/authorizer | | | | | | | |  | | | | | | Supervisor/authorizer | | | | | | | |
|  | | |  | | | | | | | | | | | |
| Personal bankers | | | | | | |  | | | | | | | Tellers &relationship manager | | | | | | | |

**DATA ANALYSIS AND INTERPRETATION**

**MEANING OF ANALYSIS**

It refers to the proper arrangement of data where in the total figure are group in their distinct of different parts.

**MEANING OF INTERPRETATION**

It refers to the comparison of various components, definite conclusions may be drawn about the earning capacity efficiency profitability liquidity solvency, etc. comparison is very essential for meaning for interpretation.

**ANALYSIS AND INTERPRETATION**

It is a process of establishing the meaningful relationship between items of two financial and operational strengths and weakness their process includes both analysis and interpretation.

The bank has many loan schemes suitable to various kinds of people. Following are loans schemes available in UCO Bank.

* Home Loan
* MSMES Loan
* UCO Trader Loan
* Education Loan
* Vehicle Loan
* Property Loan

**TABLE NO: 1**

The following table shows the demand for HOME LOAN for the last 3 years.

|  |  |
| --- | --- |
| YEARS | DEMAND (RS) |
| 2014-2015 | **37,37,000** |
| 2015-2016 | **4,11,00,000** |
| 2016-2017 | **4,15,34,000** |

**DATA ANALYSIS**

From the above table we can notice that home loan is changes from year to year, in the year 2014- 2015 the home loan amount sanctioned is 37.37 lakhs. In the year 2015- 2016 the demand for the loan was increased Rs.4.11 crores. In the year 2016-2017 the loan is increased toRs.4.1534crores.

**GRAPH NO: 1**

The graph showing demand of home loan for the 3 years

**INTERPRETATION**

By the analysis it can be infer that the demand of home loan is increased in the year to year 2014-15 to 2016-17.

**TABLE NO: 2**

The following table shows the demand for UCO trader loan for the last 3 years.

|  |  |
| --- | --- |
| YEARS | DEMAND (RS) |
| 2014-2015 | **0** |
| 2015-2016 | **0** |
| 2016-2017 | **34,60,000** |

**DATA ANALYSIS**

From the above table we can notice that UCO Trader Loan demand from the year 2016-2017. In this year the loan sanctioned was Rs.34.6 lakhs.

**GRAPH NO: 2**

The graph showing demand of UCO Trader Loan for the 3 years

**INTERPRETATION**

By the analysis it can be infer that the UCO Trader Loan is increase in the year 2016-2017**.**

**TABLE NO: 3**

The following table shows the demand for Gold Loan for the last 3 years.

|  |  |
| --- | --- |
| YEARS | DEMAND (RS) |
| 2014-2015 | 1,44,000 |
| 2015-2016 | 31,000 |
| 2016-2017 | 58,71,000 |

**DATA ANALYSIS**

From the above table it can be analysed that the Gold Loan of UCO BANK in the year 2014-2015 is 1.44 lakhs, 2015-2016 it was decrease to 31 thousands and in the year 2016-2017 is 58.71 lakhs.

**GRAPH NO: 3**

The graph showing demand of Gold Loan for the last 3 years

**INTREPRETATION**

By the analysis it can be infer that the Gold Loan is increase in the year 2016-2017**.**

**TABLE NO: 4**

The following table shows the demand for Education Loan for the last 3 years.

|  |  |
| --- | --- |
| YEARS | DEMAND(RS) |
| 2014-2015 | **8,42,900** |
| 2015-2016 | **`**  **0** |
| 2016-2017 | **42,44,000** |

**DATA ANALYSIS**

From the above table it can be analysed that the Education Loan of UCO BANK in the year 2014-2015 is 8.429 lakhs, 2015-2016 it was decrease to nil and in the year 2016-2017 is 42.44 lakhs.

**GRAPH NO: 4**

The graph showing demand of Education Loan for the last 3 years

**INTREPRETATION**

By the analysis it can be infer that the Education Loan is increase in the year 2016-2017.

**TABLE NO: 5**

The following table shows the demand for Two Wheeler Loan for the last 3 years.

|  |  |
| --- | --- |
| YEARS | DEMAND (RS) |
| 2014-2015 | **0** |
| 2015-2016 | **51,000** |
| 2016-2017 | **0** |

**DATA ANALYSIS**

From the above table it can be analysed that the Two Wheeler Loan of UCO BANK in the year 2014-2015 is nil, 2015-2016 it was increase to 51 thousands and in the year 2016-2017 is nil.

**GRAPH NO: 5**

The graph showing demand of Two Wheeler Loan for the last 3 years

**INTREPRETATION**

By the analysis it can be infer that the Two Wheeler Loan is increase in the year 2015-2016 and again decrease in the year 2016-2017.

**TABLE NO: 6**

The following table shows the demand for Four Wheeler Loan for the last 3 years.

|  |  |
| --- | --- |
| YEARS | DEMAND (RS) |
| 2014-2015 | **59,25000** |
| 2015-2016 | **32,25,000** |
| 2016-2017 | **10,30,000** |

**DATA ANALYSIS**

From the above table it can be analysed that the Four Wheeler Loan of UCO BANK in the year 2014-2015 is 59.25 lakhs, 2015-2016 it was decrease to 32.25 lakhs and in the year 2016-2017 is 10.30 lakhs.

**GRAPH NO: 6**

The graph showing demand of Four Wheeler Loan for the last 3 years

**INTREPRETATION**

By the analysis it can be infer that the Four Wheeler Loan is decrease in the year2014-15 to 2016-17.

**TABLE NO: 7**

The following table shows the demand for Property Loan for the last 3 years

|  |  |
| --- | --- |
| YEARS | DEMAND (RS) |
| 2014-2015 | 0 |
| 2015-2016 | 0 |
| 2016-2017 | 30,00,000 |

**DATA ANALYSIS**

From the above table it can be analysed that the Property Loan of UCO BANK in the year 2014-2015 is nil, 2015-2016 it was nil and in the year 2016-2017 is 30 lakhs.

**GRAGH NO: 7**

The graph showing demand of Property Loan for the last 3 years

**INTREPRETATION**

By the analysis it can be infer that the Property Loan is increase in the year 2016-2017.

**TABLE NO: 8**

The following table shows the demand for MSMES Loan for the last 3 years.

|  |  |
| --- | --- |
| YEARS | DEMAND (RS) |
| 2014-2015 | 9,86,900 |
| 2015-2016 | 82,000 |
| 2016-2017 | 93,31,000 |

**DATA ANALYSIS**

From the above table it can be analysed that the MSMES Loan of UCO BANK in the year 2014-2015 is9.869 lakhs, 2015-2016 it was decrease to 82 thousand and in the year 2016-2017 is 93.31 lakhs.

**GRAPH NO: 8**

The graph showing demand of MSMES Loan for the last 3 years

**INTREPRETATION**

By the analysis it can be infer that the MSMES Loan is increase in the year 2016-2017 than in the year 2015-16.

**TABLE NO: 9**

The following table shows the demand for Vehicle Loan for the last 3 years.

|  |  |
| --- | --- |
| YEARS | DEMAND (RS) |
| 2014-2015 | 59,25,000 |
| 2015-2016 | 32,76,000 |
| 2016-2017 | 10,30,000 |

**DATA ANALYSIS**

From the above table it can be analysed that the Vehicle Loan of UCO BANK in the year 2014-2015 is 59.25 lakhs, 2015-2016 it was decrease to 32.76 lakhs and in the year 2016-2017 is 10.30 lakhs.

**GRAPH NO: 9**

The graph showing demand of Vehicle Loan for the last 3 years

**INTREPRETATION**

By the analysis it can be infer that the Vehicle Loan is decrease in the year2014-15 to 2016-17.

**TABLE NO: 10**

The following table shows the demand Fixed Deposits Receipts **(FDR)** Loan for the last 3 years

|  |  |
| --- | --- |
| YEARS | DEMAND (RS) |
| 2014-2015 | 6,00,000 |
| 2015-2016 | 9,00,000 |
| 2016-2017 | 8,26,000 |

**DATA ANALYSIS**

From the above table it can be analysed that the Fixed Deposits Receipts **(**FDR) Loan of UCO BANK in the year 2014-2015 is 6 lakhs, 2015-2016 it was increase to 9 lakhs and in the year 2016-2017 is 8.26 lakhs.

**GRAPH NO: 10**

The graph showing demand of Fixed Deposits Receipts (FDR) Loan for the 3 years

**INTREPRETATION**

By the analysis it can be infer that the Fixed Deposits Receipts (FDR) Loan is increase in the year 2015-2016 and it was decrease in the year 2016-17.

**TABLE NO: 11**

The following table shows the demand for Staff Loan for the last 3 years.

|  |  |
| --- | --- |
| YEARS | DEMAND (RS) |
| 2014-2015 | 2,00,000 |
| 2015-2016 | 2,00,000 |
| 2016-2017 | 3,00,000 |

**DATA ANALYSIS**

From the above table it can be analysed that the Staff Loan of UCO BANK in the year 2014-2015 is 2 lakhs, 2015-2016 it was again 2 lakhs and in the year 2016-2017 is 3 lakhs.

**GRAPH NO: 11**

The graph showing demand of Staff Loan for the last 3 years

**INTREPRETATION**

By the analysis it can be infer that the Staff Loan is increase in the year 2014-15 to 2016-17.

**TABLE NO: 12**

The following table shows the demand for different types of loan and number of accounts for the last 3 years.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **TYPES OF LOAN** | | **NUMBER OF ACCOUNTS OF LOANS** | | | |
| **2014-2015** | **2015-2016** | | **2016-2017** |
| **HOME LOAN** | | **4** | **1** | | **3** |
| **UCO TRADER LOAN** | | **-** | **-** | | **2** |
| **GOLD LOAN** | | **4** | **1** | | **63** |
| **EDUCATION LOAN** | | **3** | **-** | | **2** |
| **PROPERTY LOAN** | | **-** | **-** | | **1** |
| **CAR LOAN** | **7** | | **2** | **1** | |

**DATA ANALYSIS**

From the above table it can be analysed that the different types of loan and number of different loan of UCO BANK in the year2014-15 to 2016-17.

**GRAPH NO: 12**

The graph showing demand of different types of loan and number of Loan for the 3 years

**INTERPRETATION**

By the analysis it can be infer that the different types of loan and number of loan in the year 2014-15 to 2016-17.

**TABLE NO: 13**

Table showing the employee of UCO Bank at Peenya branch in the year **2017-18**

|  |  |  |
| --- | --- | --- |
| GENDER | NUMBER OF EMPLOYER | PERCENTAGE (%) |
| MALE | **7** | **70%** |
| FEMALE | **3** | **30%** |
| TOTAL | **10** | **100%** |

**DATA ANALYSIS**

From the above table showing gender wise classification of employees, an attempt has been made to find out the proportion of based on gender. It is important to rate that towards loans and advances. To consider to this point the employers are classified gender wise…..

**GRAPH NO: 13**

The graph showing gender employee of UCO Bank

**INTERPRETATION**

From the above analysis, we can infer that the majority of employees i.e. 30% are females and 70% are males are employing in UCO bank at Peenya branch.

**TABLE NO: 14**

Table showing the monthly income of employee in UCO Bank at Peenya branch in the year 2017-18

|  |  |
| --- | --- |
| MONTHLY INCOME (RS) | **NUMBER OF EMPLOYEES** |
| 0-10,000 | **0** |
| 10,000-20,000 | **0** |
| 20,000-30,000 | **4** |
| 30,000-40,000 | **6** |
| Total | **10** |

**DATA ANALYSIS**

From the above table showing monthly income of employees, the monthly income of rupees 20,000-30,000 four employees and rupees 30,000-40,000 six employees in UCO Bank at Peenya branch

**GRAPH NO: 14**

The graph showing monthly income of employees of UCO Bank

**INTERPRETATION**

From the above analysis, we can infer that the monthly income of employees.

**TABLE NO: 15**

The following table shows the advances of last 3 years.

|  |  |  |  |
| --- | --- | --- | --- |
| **TYPES OF ADVANCES** | **NUMBER OF ACCOUNTS OF ADVANCES** | | |
| **2014-2015** | **2015-2016** | **2016-2017** |
| CC | 80 | 84 | 84 |
| LOANS | 1046 | 762 | 599 |
| BILLS PURCHASED | 0 | 1 | 1 |
| STAFF ADVANCE | 0 | 0 | 0 |
| TOTAL | 1126 | 846 | 683 |

**DATA ANALYSIS**

From the above table it can be analysed that the different types of advances and number of account of advances of UCO BANK in the year 2014-15 to 2016-17.

**GRAPH NO: 15**

The graph showing the number of account of advances for the 3 years

**INTERPRETATION**

By the analysis it can be infer that the number of accounts of different types of advances in the year 2014-15 to 2016-17.

**TABLE NO: 16**

The following table shows the number of accounts savings deposits of last 3 years.

|  |  |
| --- | --- |
| YEARS | NUMBER OF ACCOUNTS |
| 2014-2015 | 16,712 |
| 2015-2016 | 17,303 |
| 2016-2017 | 17,854 |

**DATA ANALYSIS**

From the above table it can be analysed that the number of savings deposit accounts of UCO Bank in the year 2014-15 to 2016-17

**GRAPH NO: 16**

The graph showing the number of account of savings deposits for the last 3 years.

**INTERPRETATION**

By the analysis it can be infer that the number of accounts of savings deposit increase in the year 2014-15 to 2016-17.

**TABLE NO: 17**

The following table shows the number of accounts of term deposits for the last 3 years.

|  |  |  |  |
| --- | --- | --- | --- |
| TYPES OF TERM DEPOSIT | NUMBER OF ACCOUNTS OF TERM DEPOSITS | | |
| **2014-2015** | **2015-2016** | **2016-2017** |
| CFD | 719 | 754 | 815 |
| NON- CFD | 151 | 151 | 148 |
| RD | 335 | 279 | 200 |
| LBY | 0 | 0 | 0 |
| TOTAL | 1205 | 1184 | 1163 |

**DATA ANALYSIS**

From the above table it can be analysed that the term deposit of UCO BANK in the year 2014-2015 is 1,205 accounts, 2015-2016 it was decrease to 1,184 accounts and in the year 2016-2017 is 1,163 accounts.

**GRAPH NO: 17**

The graph showing the number of accounts of term deposits for the last 3 years.

**INTERPRETATION**

By the analysis it can be infer that the number of accounts of different types of term deposits is decrease in the year 2014-15 to 2016-17.

**TABLE NO: 18**

The following table shows the number of accounts of demand deposits for the last 3 years.

|  |  |  |  |
| --- | --- | --- | --- |
| **DEMAND DEPOSIT** | **NUMBER OF ACCOUNTS OF DEMAND DEPOSIT** | | |
| **2014-2015** | **2015-2016** | **2016-2017** |
| **Current account** | **671** | **671** | **673** |
| **Credit balance in cc** | **1591** | **1599** | **1566** |
| **Overdue FD** | **233** | **227** | **11** |
| **Total** | **2495** | **2497** | **2283** |

**DATA ANALYSIS**

From the above table it can be analysed that the demand deposit of UCO Bank in the year 2014-2015 is 2,495 accounts, 2015-2016 it was increase to 2,497 accounts and in the year 2016-2017 is 2,283 accounts.

**GRAPH NO: 18**

The graph showing the number of account of demand deposit for the last 3 years

**INTERPRETATION**

By the analysis it can be infer that the number of accounts of different types of term deposits is decrease in the year 2015-2016 and again increase in the year 2016-2017.

**TABLE NO: 19**

The following table shows the rate of interest in UCO bank for regular deposits.

|  |  |
| --- | --- |
| **Period** | **Interest rates** |
| **7-14 days** | **4.50%** |
| **15-29 days** | **4.50%** |
| **30-45 days** | **5.00%** |
| **46-60 days** | **5.50%** |
| **61-90 days** | **5.50%** |
| **91-180 days** | **6.00%** |
| **181-364 days** | **6.35%** |
| **1 year** | **6.65%** |
| **1-2 year** | **6.55%** |
| **2-3 year** | **6.40%** |
| **3-4 year** | **6.40%** |
| **5-10 year** | **6.30%** |

**DATA ANALYSIS**

From the above table it can be analysed that the rate of interest in UCO Bank.

**GRAPH NO: 19**

The following graph shows the rate of interest in UCO bank for regular deposits.

**INTERPRETATION**

By the analysis it can be infer that the rate of interest in UCO bank for regular deposits**.**

**TABLE NO: 20**

The table showing the loan accounts for the last 3 years.

|  |  |
| --- | --- |
| YEARS | Amount  (in lakh) |
| 2014-2015 | 1826.38 |
| 2015-2016 | 1865.59 |
| 2016-2017 | 1892.80 |

**DATA ANALYSIS**

From the above table it can be analysed that the loan accounts of UCO Bank in the year 2014-15 to 2016-17.

**GRAPH NO: 20**

The following graph shows the loan accounts at UCO bank for last 3 year.

**INTREPRETATION**

By the analysis it can be infer that the accounts of Loan is increase in the year 2014-15 to 2016-17.

**FINDINGS**

The findings of UCO Bank are as follow:

* The Home loan increased from compared to last 3 years.
* The UCO Trader loan is increased in amount as we compared in the year 2014-2016.
* Gold loan is increased in some amount as we compared in the year 2014-2016.
* The educational loan is provided by UCO Bank. It will helpful to the student.
* Staff loan has to be increased in an amount. It will be helpful to staff of people.
* The loans and advances of the financial year in UCO Bank improving year to year in a good extent. It has to be maintained.
* The number of accounts of savings deposit in UCO Bank is improving year after year.
* The UCO Bank provides vehicle loan. It includes both 2wheeler and 4wheeler loan.
* The UCO Bank provides property loan.
* The number of accounts of demand deposit in UCO Bank is decreased in the year 2016-2017.

**SUGGESTIONS**

The suggestion of UCO Bank as follows:

* UCO Bank is advisable to provide more vehicle loan by reducing interest rate.
* UCO Bank has to provide ATM banks for sufficient places.
* UCO Bank must advertise more about its websites in the mass media so people can gain first-hand knowledge about its product and their convenience.
* The bank is advisable to increase the amount of deposit by attracting new customers with new schemes. The bank has to provide new service to existing customers.
* UCO Bank should increase the trading income by increasing its operations.
* The bank should try to sanction the applied loan amount by less than a monthly time so that increase / built its income as well as good morale of bank in the mind of the people.



From the above analysis we can know that the bank is doing its best to improve the loans and advances facility to the borrowers by giving them all types of loans. The bank must try popularizing its services and products to reach the needy customers. This will make it easier for the customer to approach the bank without any hesitation and also help them increase their financial status.

The bank responsibility to serve the society without hesitation and by providing all necessary help will make them one of the banks in the society.

**ANNEXURE**

**BALANCE SHEET-UCO BANK**

The table showing balance sheet as on 31-03- 2013 to 31- 03-2017

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Particulars | March 2017 | March 2016 | March 2015 | March 2014 | March 2013 |
| **Liabilities** |  |  |  |  |  |
| Share capital | 2709.73 | 2010.59 | 1075.59 | 1014.71 | 2575.63 |
| reserve and surplus | 7718.57 | 8145.71 | 10863.64 | 9498.61 | 6435.57 |
| **Net worth** | **12753.47** | **12521.95** | **12548.96** | **11226.29** | **9682.41** |
| Secured loan | 9534.96 | 17240.44 | 10252.54 | 20718.24 | 9492.43 |
| Unsecured loan | 201284.51 | 207118.24 | 214336.71 | 199533.55 | 173431.05 |
| **Total Liabilities** | **223572.94** | **236880.63** | **237138.20** | **231478.07** | **192605.89** |
| **Assets** | | | | | |
| Gross Block | 2849.48 | 2878.25 | 1066.27 | 1018.28 | 878.61 |
| (-)Acc. Depreciation | .00 | .00 | .00 | .00 | .00 |
| **Net Block** | **524.30** | **512.60** | **456.55** | **305.31** | **207.40** |
| Capital work in progress | .00 | 6.38 | 47.73 | 43.48 | 10.98 |
| Investments | 74019.12 | 83974.20 | 68859.43 | 67451.69 | 52244.9 |
| Inventories | .00 | .00 | .00 | .00 | .00 |
| Sundry debtors | .00 | .00 | .00 | .00 | .00 |
| Cash and bank | 18099.88 | 18559.23 | 22168.971 | 15012.01 | 12344.12 |
| Loans and advances | 136371.22 | 139464.46 | 153774.51 | 155599.29 | 133172.79 |
| **Total current assets** | **154471.11** | **158023.69** | **175943.48** | **170611.30** | **145516.91** |
| Current liabilities | 7766.76 | 8001.90 | 8778.71 | 7646.68 | 6045.51 |
| Provisions | .00 | .00 | .00 | .00 | .00 |
| **Total Current liabilities** | **7766.76** | **8001.90** | **8778.71** | **7646.68** | **6045.51** |
| **NET CURRENT ASSETS** | **146704.34** | **150021.79** | **167164.77** | **162964.62** | **139471.40** |
| Misc. expenses | .00 | .00 | .00 | .00 | .00 |
| **TOTAL ASSETS** | **223572.94** | **236880.63** | **237138.20** | **231478.07** | **192605.89** |

**PROFIT AND LOSS-UCO BANK**

The table showing profit and loss as on 31-03- 2013 to 31- 03-2017

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **PARTICULAR** | **March2017** | **March2016** | **March2015** | **March2014** | | **March2013** |
| **INCOME:** | | | | | | |
| Sales Turnover | 16325.80 | 18560.97 | 19358.99 | 18229.92 | | 16751.71 |
| Excise Duty | .00 | .00 | .00 | .00 | | .00 |
| NET SALES | 16325.80 | 18560.97 | 19358.99 | 18229.92 | | 16751.71 |
| Other Income | 0 | 0 | 0 | 0 | | 0 |
| **TOTAL INCOME** | **18440.29** | **20157.28** | **21362.54** | **19550.42** | | **17703.88** |
| **EXPENDITURE:** | | | | | | |
| Manufacturing Expenses | .00 | .00 | .00 | .00 | | .00 |
| Material Consumed | .00 | .00 | .00 | .00 | | .00 |
| Personal Expenses | 1920.58 | 1835.31 | 1641.67 | 1547.53 | | 1393.27 |
| Selling Expenses | 24.13 | 24.11 | .00 | .00 | | .00 |
| Administrative Expenses | 907.34 | 844.94 | 878.61 | 782.04 | | 696.20 |
| Expenses Capitalised | .00 | .00 | .00 | .00 | | .00 |
| Provisions Made | 4776.75 | 6382.55 | 3328.36 | 3051.18 | | 2359.67 |
| **TOTAL EXPENDITURE** | **7628.80** | **9086.92** | **5848.63** | **5380.75** | | **4449.14** |
| Operating Profit | 964.73 | 2143.66 | 3042.18 | 3729.52 | | 2492.07 |
| **EBITDA** | **15588.24** | **17452.92** | **18842.26** | **17220.86** | | **15614.41** |
| Depreciation | 153.14 | 136.58 | 135.50 | 109.63 | | 87.15 |
| Other Write-offs | .00 | .00 | .00 | .00 | | .00 |
| **EBIT** | **15435.10** | **17316.34** | **18706.76** | **17111.22** | | **15527.27** |
| Interest | 12509.02 | 13712.95 | 13796.54 | 12170.83 | | 12170.18 |
| **EBT** | **-1850.67** | **-2779.17** | **1581.86** | **1889.21** | | **997.42** |
| Taxes | .00 | 20.09 | 444.06 | 378.67 | | 379.22 |
| **Profit and Loss for the Year** | **-1850.67** | **-2799.26** | **1137.80** | **1510.54** | | **618.20** |
| Non Recurring Items | .00 | .00 | .00 | .00 | | .00 |
| Other Non-Cash Adjustments | .00 | .00 | .00 | .00 | | .00 |
| Other Adjustments | .00 | .00 | .00 | .00 | | .00 |
| **REPORTED PAT** | **-1850.67** | **-2799.26** | **1137.80** | **1510.54** | | **618.20** |
| KEY ITEMS | | | | | | |
| Preference Dividend | .00 | .00 | .00 | | .00 | .00 |
| Equity Dividend | .00 | .00 | 172.11 | | 209.17 | 239.84 |
| Equity Dividend (%) | .00 | .00 | 16.00 | | 20.61 | 31.86 |
| Shares in Issue (Lakhs) | 15597.28 | 10755.92 | 10755.92 | | 10147.09 | 7526.29 |
| **EPS - Annualised (RS)** | -11.87 | -26.03 | 10.58 | | 14.89 | 8.21 |

**BIBLIOGRAPHY**

FINANCIAL MANAGEMENT

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**WEBSITES**

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* [WWW.RBI.COM](http://WWW.RBI.COM)
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