

Major Project On

“An Analysis of the Retail Asset Portfolio of Kangra Cooperative Bank”

**Submitted By
Manish Kumar Sharma,
2K16/EMBA/515**

**Under Guidance of
Prof. G C Maheshwari**



**Delhi School of Management
Delhi Technological University
Bawana Road, Delhi-110042**

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DECLARATION

The views expressed in this project are personal and not of the organization and this project is done as a detailed study under the course from strategy perspective only.

CERTIFICATE

This is to certify that the project entitled “An Analysis of Retail Asset Portfolio of Kangra Cooperative Bank” has been successfully completed by Manish Kumar Sharma – 2K16/EMBA/515

This is further certified that this project work is a record of bonafide work done by him under my guidance. The matter embodied in this report has not been submitted for award of any degree.

Manish Kumar Sharma
2K16/EMBA/515

Prof. G C Maheshwari
Delhi School of Management (DSM)
Delhi Technological University

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Manish Kumar Sharma
2K16/EMBA/515

ABSTRACT

Banking business has done wonders for the world economy. The simple looking method of accepting money deposits from savers and then lending the same money to borrowers, banking activity encourages the flow of money to productive use and investments. This in turn allows the economy to grow. In the absence of banking business, savings would sit idle in our homes, the entrepreneurs would not be in a position to raise the money, ordinary people dreaming for a new car or house would not be able to purchase cars or houses. The government of India started the cooperative movement of India in 1904. Then the government therefore decided to develop the cooperatives as the institutional agency to tackle the problem of usury and rural indebtedness, which has become a curse for population. In such a situation cooperative banks operate as a balancing Centre. At present there are several cooperative banks which are performing multipurpose functions of financial, administrative, supervisory and development in nature of expansion and development of cooperative credit system. In brief, the cooperative banks have to act as a friend, philosopher and guide to entire cooperative structure. The study is based on some successful co-op banks in Delhi (India). The study of the bank's performance along with the lending practices provided to the customers is herewith undertaken. The customer has taken more than one type of loan from the banks. Moreover they suggested that the bank should adopt the latest technology of the banking like ATMs, internet / online banking, credit cards etc. so as to bring the bank at par with the private sector banks.

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Chapter 1

Introduction

1.1 Industry Profile:

Cooperative are systematized building block in the co-op sector which operate in both urban and non-urban regions. These banks are conventionally focussed on the social community, areas and employment position groups and they essentially lend to small borrowers and businesses.

The term Urban Co-op Banks (UCBs) refers to key co-op situated in urban and semi-urban regions. These Co-op, until 1996, could only lend for non-agricultural designs. As at end of year 2011, there were 1,645 UCBs operating in the country, of which majority were non-scheduled UCBs. Moreover, while majority of the UCBs were operating within a single State, there were 42 UCBs having operations in more than one State. However, the subject limitation is no longer prevalent today. These institutions in rural regions primarily finance farming centred doings such as agri-business, cattle, diary, personal finance, etc. along with units of small scale and self-employment driven activity, home finance. These banks provide most services such as savings and current accounts, safe deposit lockers, loan or mortgages to private and business customers.

These Co-op give most services like savings & current accounts, Bank lockers, loan to non-public and business customers. For socio-economic class users, for whom a bank is wherever they'll save their cash, facility like web banking or phone banking isn't important.

Even though they're not higher than personal bank in terms of provided services, their interest rates are undoubtedly reasonable. However, in contrast to the personal banks, the documentation procedures is extended if not demanding & obtaining the loan permitted speedily is very very tough and the standards for obtaining a loan from a Co-op are less demanding than for a loan from a billboard bank.

In the urban parts of India, they principally do the work for little business and freelance employees. They're registered underneath the Co-op Societies Act (1912). They're regulated by the banking company of India underneath the Banking Regulation Act, (1949) and Banking, 1965 which is application to (1912 Act).

These bank provides loans and provides other financial services to cooperatives and organizations owned by members

“A Cooperative bank, as its name indicates is an institution consisting of a number of individuals who join together to pool their surplus savings for the purpose of eliminating the profits of the bankers or money lenders with a view to distributing the same amongst the depositors and borrowers.”

Native population is mainly focused by these banks and other focus is middle income group population of the region.

1.2 Organization Profile:

The Kangra Cooperative Bank Ltd. started with a small Credit Society in March, 1960 by a group of people of District Kangra, Himachal Pradesh to help out the Himachali people residing in Delhi to raise their economic conditions and tide over the financial hardships. Through the commitment shown by the members and associates the KCB grew up into big society within a span of twelve years after its formation and it was converted into a primary urban Cooperative Bank in 1972 by RBI and was permissible to carry out banking activities including acceptance of deposits from public (non-members) by opening their Saving, Current and RD A/c's. Twenty three years there from in June 1995 it was granted a license to carry out the banking business by the Reserve Bank of India

Subsequently, Bank was granted license to open branches and consequently eight more branches were added in February, May, December 1996, June 1998 ,October 2008, July 2009 , April 2014 and the last one in July 2014.

In may 1970 it purchased Paharganj building and reconstructed the same in 1993. In October, 1997 it purchased the present premises at Janakpuri to set up administrative, arbitration and recovery department and HO. Central accounts and Personnel department are functioning from this building.

Monetary position of the KCB as on Thirty first March, 2017 is as follows:-

✓	Membership	41461
✓	Clientage other than members	136590
✓	Share money	31.07 cr
✓	Reserve/Other funds	62.62 cr
✓	Working Capital	1046.58 cr
✓	Deposits	924.21 cr
✓	Advances	493.40 cr
✓	Net Profit Before Tax	14.16 cr
✓	Net Profit After Tax	9.58 cr

Kangra Co-operative Bank was rewarded “A” Grade and "Best Bank Award" for the years 2004-05, 07-08, 29-10 & 11-12.

Annual General Body Meeting and Board of Directors elections, audits are as per schedules. Bank Share holders or members of Bank are regularly and lastly receiving dividend of 18% the highest declared/paid by bank so far. KCB has also introduced three welfare schemes for its shareholders. There are many welfare schemes introduced by KCB such as If any existing Bank member dies, his nominee shall be given a grant of amount INR. 25,000/-- from Welfare Scheme and his loan interest amount is also waived to the limit of amount 75,000/-- INR. Other then this KCB has introduced welfare schemes for employees wards also such as scholarships for students.

FINANCIAL POSITION OF THE BANK DURING THE LAST SIX YEARS

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Membership	36918	37599	38648	39634	40782	41459
Clientele other than membership	108543	115814	119395	125474	132578	136594
<i>(Figures In lacs)</i>						
Share Money	2184	2305	2012	2374	2765	3108
Reserves/ Other funds	2033	2409	2716	3051	3525	6261
Deposits	40156	48290	54865	62004	73676	92422
Loans/Advances	28017	30776	35582	41563	45993	49340
Working Capital	47962	57227	63501	71325	84401	104657
Net Profit Before Tax	1208	921	976	1057	1347	1416
Net Profit After Tax	882	684	724	715	855	958
Others						
Net NPA	-	0.96%	0.96%	2.29%	1.40%	2.19%
CRAR	-	14.08%	12.58%	13.01%	12.76%	12.51%

1.3 Objective of Study

- ❖ To study the “role of Co—operative bank”.
- ❖ Study “different type of loans available for customers”.
- ❖ To analyse the “retail asset portfolio of Bank”.
- ❖ To study “satisfaction level of the different customers set”.

Chapter-2

Literature Review

Various examinations directed and numerous recommendations were looked to acquire adequacy the working and tasks of money related establishments. Narsimham Board (1991) underscored on capital sufficiency and liquidity, Padamanabhan Advisory group (1995) proposed CAMEL rating (as proportions) to assess budgetary and operational productivity, Tarapore Council (1997) discussed Non-performing resources and resource quality, Kannan Panel (1998) opined about working capital and loaning strategies, Basel council (1998 and overhauled in 2001) prescribed capital ampleness standards and hazard administration measures.

Kapoor Board of trustees (1998) suggested for credit conveyance framework and credit certification and Verma Advisory group (1999) prescribed seven parameters (proportions) to judge money related execution and a few different councils constituted by Hold Bank of India to get changes the managing an account segment by underlining on the change in the budgetary wellbeing of the banks. Specialists proposed different devices and strategies for successful investigation and understanding of the money related and operational parts of the monetary establishments particularly banks.

ORIGIN OF CO-OPERATIVE BANKING:

Co-agent keeping money starting in India is in 1904, when endeavors were made to make another sort of establishment in view of standards of co-agent association and administration, which were thought to be appropriate for taking care of the issues particular to Indian conditions.

The logic of proportionality, value and self-improvement offered route to the perspectives of self-obligation and organization which thus brought about production of co-agents. Source of such development emerging out of occasion of emergency, abuse and sufferings.

OPERATION OF CO-OPERATIVE BANKING:

❖ Establishments:

- Co-agent bank does all elements of managing an account, for example, stores activation, supply of acknowledge and installment offices as done in fundamental banks.
- Co-agent Banks have a place with both cash and capital market.

- Co-agent Banks give constrained keeping money items, anyway these banks are presently additionally giving lodging credits to it's clients.

❖ **The essential standards on which a Co-op bank works are:**

- Joint guide of credit conceded..
- Catering associates.
- Limit on the number individual votes.

ROLE OF BANKING

Co-op Banks plays a very important role in India due to distinctive character of bank. These banks, give administration to their client at a lower cost and administration without abuse of it's client. It has picked up its significance by the duties relegated to them and the desires they should satisfy, their number, and the quantity of workplaces, they work.

In provincial territories, as the farming and related exercises are concerned, the credit supply was lacking and cash moneylenders would misuse the destitute individuals in rustic zones giving them advances at higher rates. In this way, Co-agent banks activate stores and furnish agrarian and country credit with a more extensive effort and give institutional credit to the

agriculturists. These bank give instrument to different improvement plans, especially sponsorship based plans for poor.

Agricultural based activities largely financed by Co-operative banks in **rural areas** are as below:

- Farming
- Personal finance
- Milk
- Hatchery
- Cattle

Urban areas financing activities by these banks are:

- Self-business
- Small scale industries
- Home funds
- Consumer loans
- Personal loans

A portion of the forward looking Co-agent banks have created satisfactory center abilities, to such a degree, to the point that they could challenge state and private segment banks.

The exponential development of Co-op banks is for the most part because of their greatly improved contacts with the neighborhood individuals, communication with clients, and their capacity to get the nerve of the nearby customers. The aggregate stores and loaning's of these banks are significantly more than the Old Private Segment and the New Private Division Banks.

Current developments in India

- Co-op establishments constitutes the second fragment of Indian managing an account framework, including around 14% of the aggregate keeping money area resource (Walk 2007).
- Majority of the Co-operative banks work in the provincial districts with country coop banks representing 67% of the aggregate resource and 67% of the aggregate branches of every agreeable bank.

- Offer of rural cooperatives through and through institutional credit was 62% of each 1992-93, 34% out of 2002-03 and 53% of each 2006-07.
- Co-op have an extraordinary arrangement of outlets for institutional credit in India, particularly in nation (1 PACS for each 7 towns)
- Agreeable banks (both country and urban) take into account little and minor customers.
- Financial soundness of the helpful credit organizations, especially the provincial cooperatives, has been observed to be poor by a few Boards.

Issues faced

- “Governance Issues – Dual Control and Borrower driven structure”
- “Management and HR Issues”
- “Issues relating to Finance”

COOPERATIVE BANKING SIGNIFICANCE;

Co-agent bank frames a basic piece of Indian managing an account frame work. These banks works for the most part for the advantage of rustic territory. Co-agent bank activate stores and supply farming and country credit with the more extensive effort. These are fundamental hotspot for the institutional credit to agriculturists. They are basically in charge of breaking the restraining infrastructure of moneylenders in giving credit to agriculturists.

They have generally assumed a vital part in making keeping money propensities among the lower and center wage gatherings and in reinforcing the provincial credit conveyance framework.

FEATURES

1. They work with the governance of "1 part, 1 vote". Capacity on "no benefit, no misfortune" premise.
2. Bank plays out every one of the capacities that are performed by fundamental Banks, for example, store preparation, credit supply and arrangement of settlement offices.
3. Banks furnish constrained saving money items with the useful specialization of agribusiness related items. Presently these banks are likewise giving lodging credits to its clients.
4. Co-agent banks are the main government supported, upheld and sponsored money related organization of India. They get bolster from the Hold Bank of India, NABARD, focal and state governments. They constitute the "most supported" keeping money part, with danger of nationalization.
5. Co-agent Banks have a place both with the cash and capital market.
6. Co-agent banks are just incomplete money related delegates.

The wellsprings of their (assets) are:

(a) Focal government and state government,

(b) The RBI and NABARD,

(c) Other co-agent foundations,

(d) Possession stores and,

(e) Stores or debenture issues.

7. Some co-agent bank are booked banks, while others are nonscheduled banks.

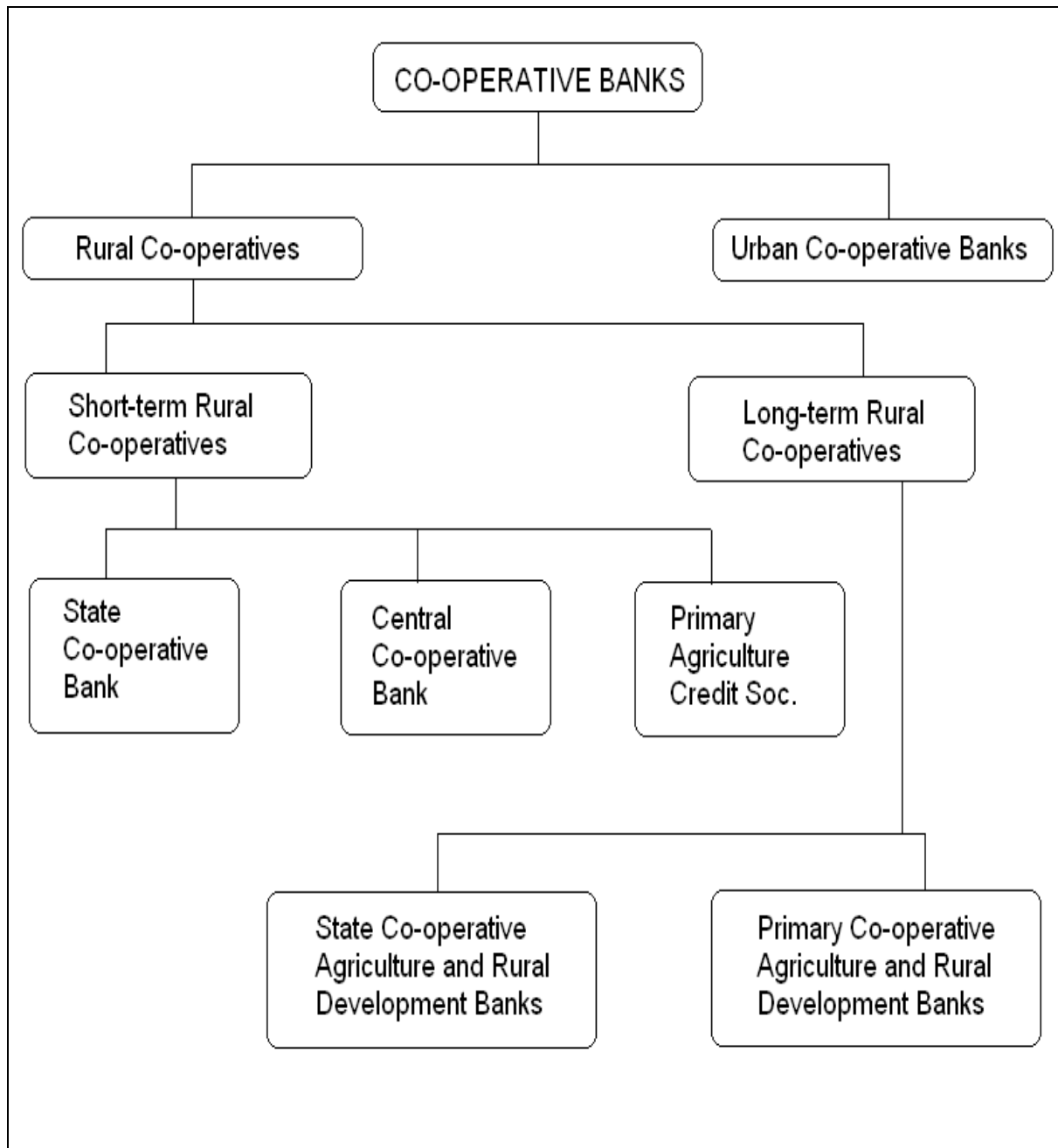
8. These banks acknowledge sparing, current and settled stores from people and foundations including banks.

9. Co-agents banks has very mind boggling financing costs structure and rates charged by them rely on the kind of bank, credits and fluctuate from state to state.

10. Co-agent banks have assumed a principal part in the advancement credit structure in India.

Common features for their customer benefit;

- ❖ **Customer's owned entities;**
- ❖ **Democratic member control;**
- ❖ **Profit allocation;**



Chapter 3

Research Methodology

3.1 Type of Research; A point by point contextual analysis with a specific end goal to distinguish the Retail practices of bank and deciding client's level of fulfillment. The device utilized was organized poll.

3.2 Primary Data

a. Structured Questionnaire

3.3 Secondary Data;

- a. Yearly report
- b. Manual of guidelines on credits and advances
- d. Articles and Exploration Papers
- e. Websites

3.4 SAMPLING UNIT;

Examination populace incorporates the clients of bank and Inspecting Unit for Study was Singular Client.

3.5 SAMPLE SIZE; 50 Customers

3.6 Research Analysis

The researcher would analyse the data collected, as descriptive strategy.

3.7 Assumptions

Respondents of the study will answer truthfully.

3.8 Limitations

- No check to ensure if a respondent submits multiple responses.
- The study is based on a one bank only.

Chapter 4

DATA ANALYSIS AND IT'S INTERPRETATION

Table 1; Loans Preferences of the customers;

Kind of Loan	Responses Numbers	Percentage (%)
House	15	31%
Personal	14	30%
Consumer	7	13%
Educational	8	15%
Vehicle	4	7%
Other	3	3%

Source: Primary data

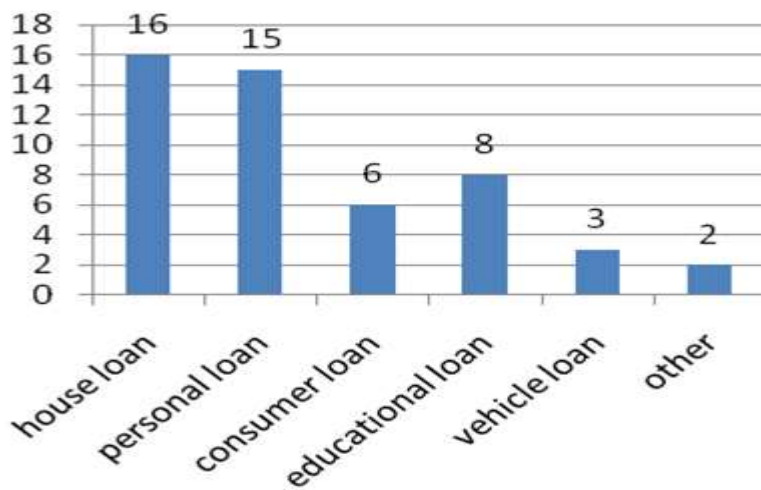


Figure 1: Preferences of the customers for the loans

Display ponder says that greater part of the respondents have taken house credits less respondents favor shopper, instructive and vehicle advances.

Table 2: Range of the loans amount

Loan Amount	No. of responses	Per (%)
> 20,000	3	7%
20k-50k	11	21%
50k- 1 lac	5	11%
> 1 lac	31	61%

Source: Primary data

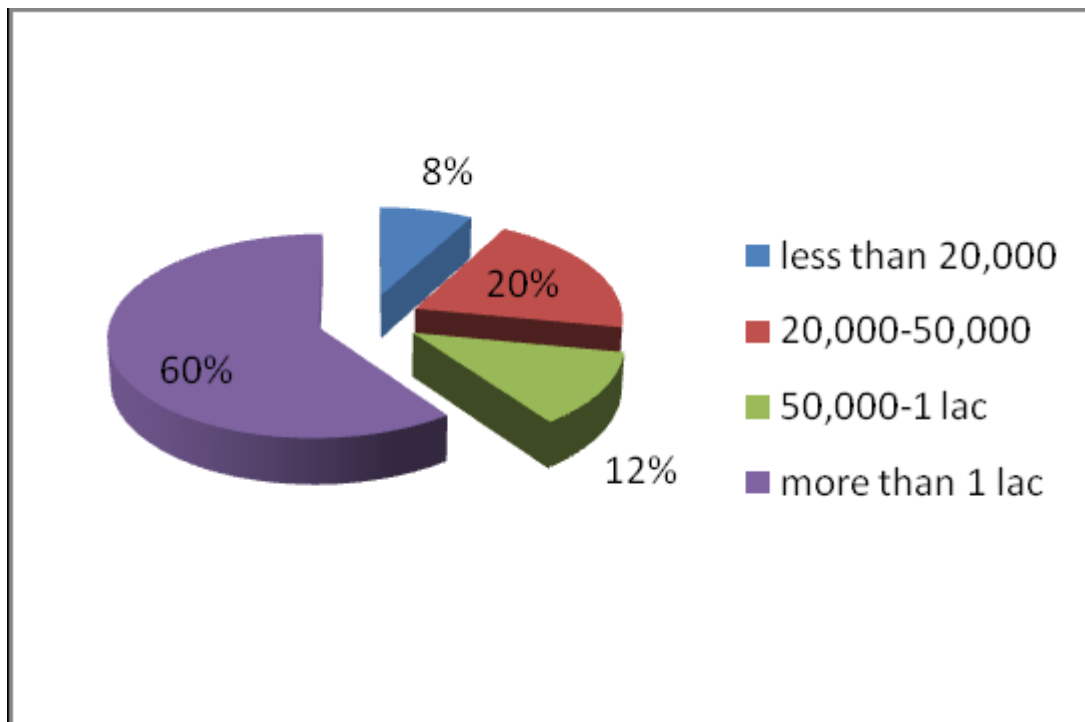


Figure 2: Range of the amount of loans

Study uncovers that 8 % individuals lean toward advance under 20,000, 20 % respondents - 20,000 to 50,000, 12 % - in excess of 1 lac and 60% of the respondents - > 1 lac.

Table 3: Preferable term of loan;

Term of Loan	Respondent No.	Percentage(%)
Less than 1 year	6	12%
1 to 3 years	11	20%
More than 3 years	33	64%

Source: Primary data

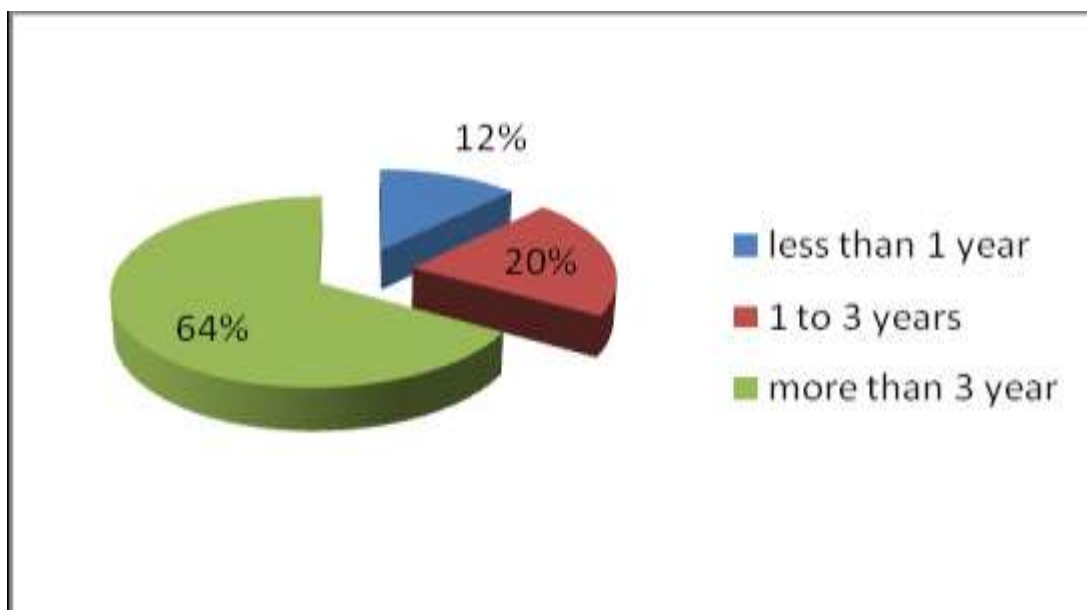


Figure -3: Preferable tenure

Study demonstrates that 64 % respondents take credit for over 3 years.

Table 4: What prompted the customers to take loan from cooperative banks

Reason for taking loan	No. of Respondent	Percentage (%)
Reasonable rate of interest	6	12%
More schemes	5	10%
Less formalities	17	34%
Easy repayment	19	38%
Any other	3	6%

Source: Primary data

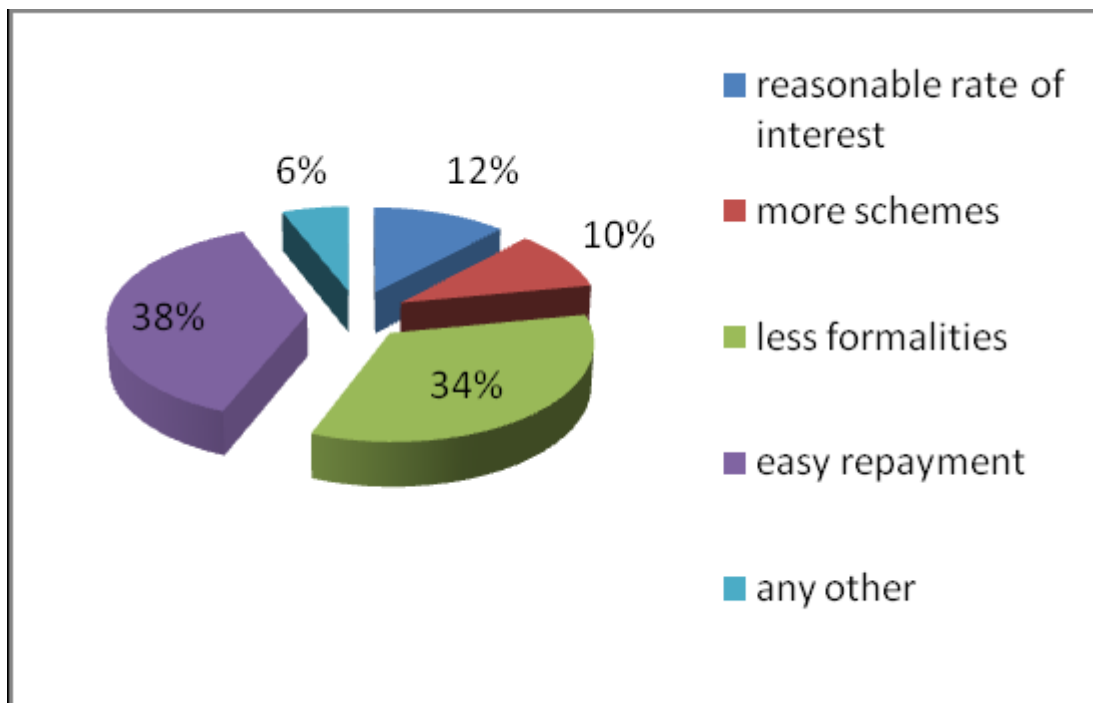


Figure 4: What prompted the customers to take loan from cooperative banks

It demonstrate that 38 % people take loan because banks provide easy payment facilities,

Table 5: Average time taken for the processing of the loan

Average time for processing of loan	No. of respondent	Percentage (%)
Less than 7 days	34	68%
Between 7 to 14 days	13	26%
More than 14 days	3	6%

Source: Primary data

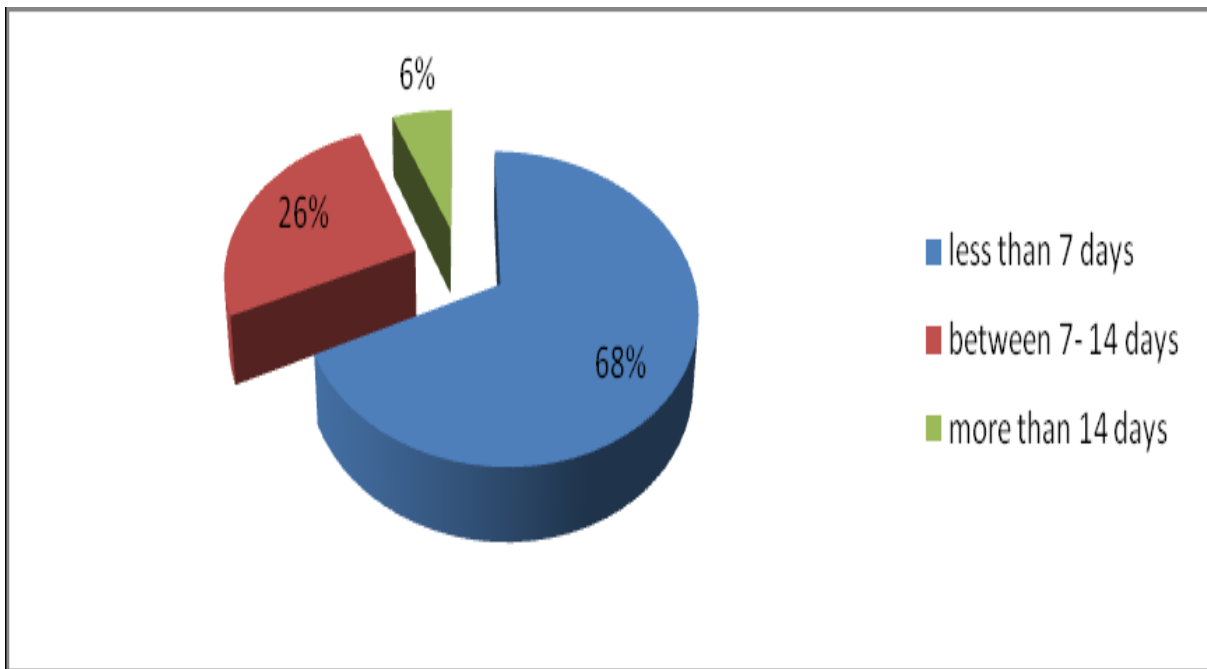


Figure 5: Average time taken for the processing of the loan

Study uncovers that 68% customers says that normal time taken for handling of the advance is under 7 days, 26% says that it takes 7 – 14 days and 6 % says that it takes over 14 days.

Table 6. Ranking of the facilities provided by the co-op. banks

Rank the facility	No. of respondent	Percentage (%)
Above average	16	32%
Average	30	60%
Below average	4	8%

Source: Primary data

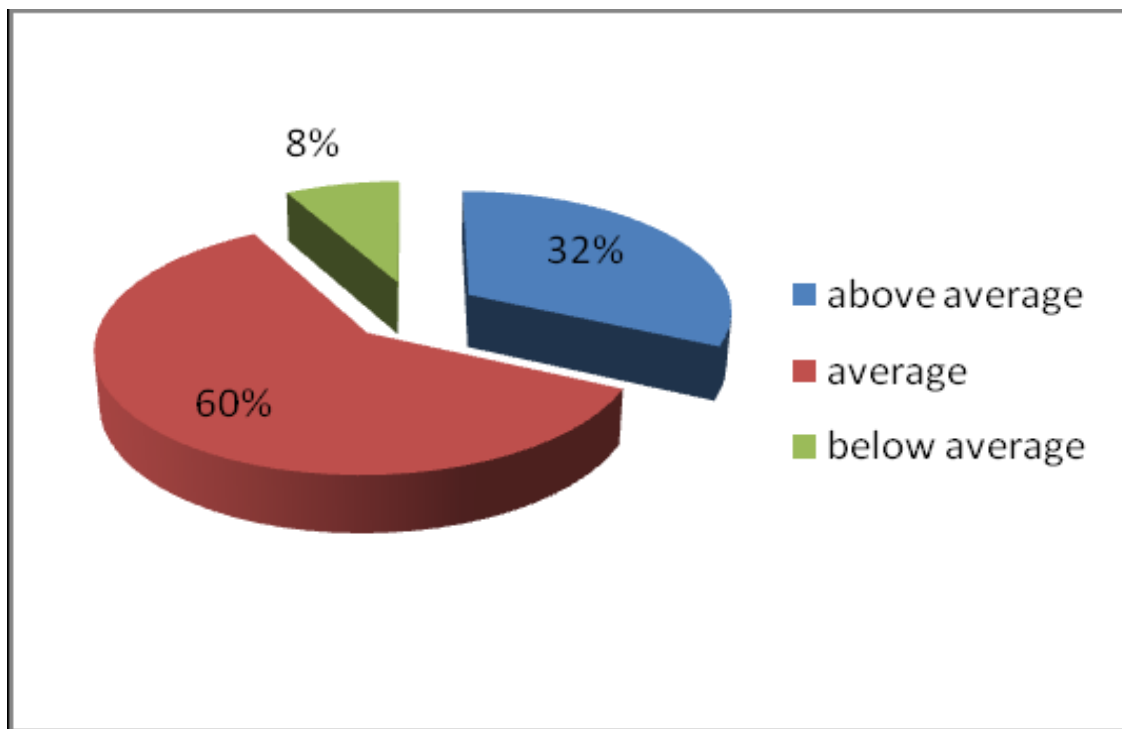


Figure 6: Ranking of the facilities provided by the co-op. banks

Study shows that 60% of the respondent says that facility provided by the bank are average, 32% say that its above average and 8% says that its below average.

Table 7: Customer's ranking for service of the bank

Rank the customer services	No. of respondent	Percentage (%)
Excellent	12	24%
Good	26	52%
Average	12	24%
Poor	1	2%

Source: Primary data

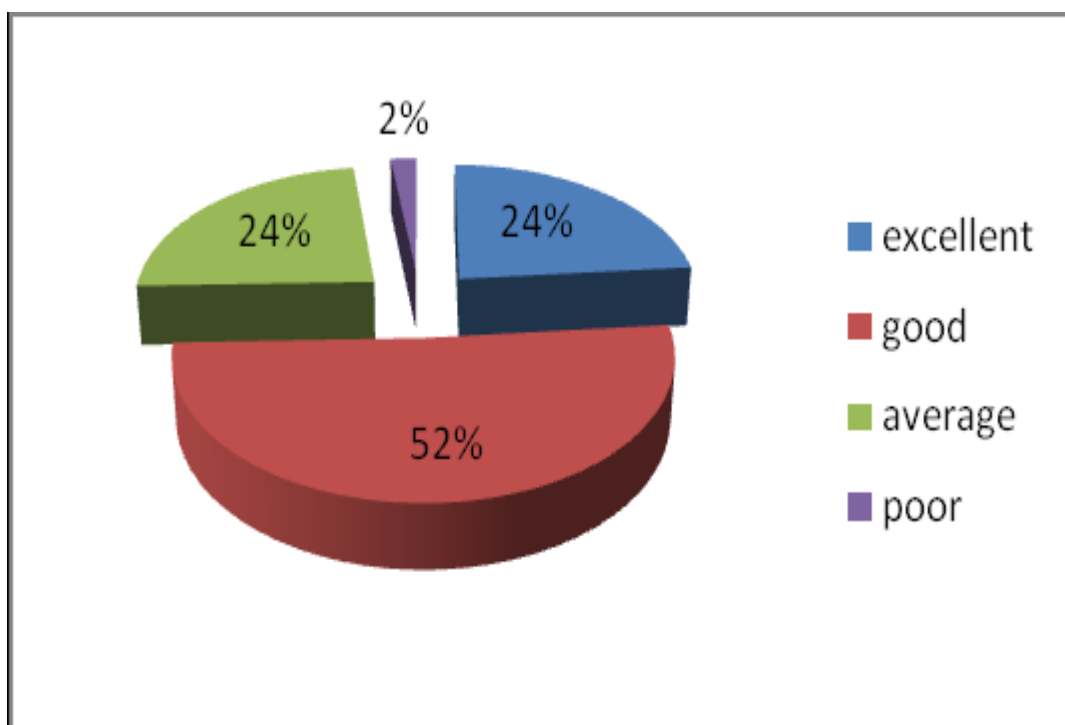


Figure 8: Customer's ranking for service of the bank

It demonstrates that 52% of the customer s says that client administration of the bank is good,24% says that it is incredible and another 24 % says its normal and just 2 % says its poor.

Table 8: Amount & period of instalment satisfaction of clients;

	No. of responses	Per (%)
Y	35	67%
N	7	13%
Cannot say	10	20%

Source: Primary data

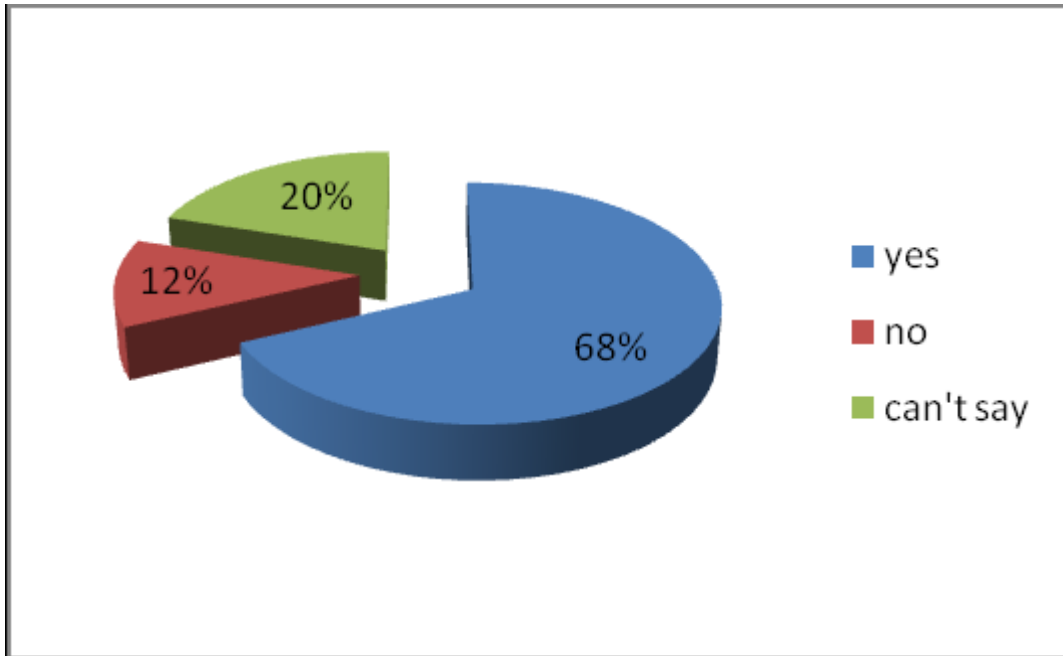


Figure 8: Satisfaction of the customers with the amount & period of instalment

Study reveals that 68% are satisfied with the amount and period of instalments, 12 % are not satisfied and 20 % cannot say.

Table 9: Preferable banks for borrowing facilities

Preferable banks in future	No. of respondent	Percentage (%)
Public banks	7	14%
Private banks	15	30%
Cooperative bank	28	56%

Source: Primary data

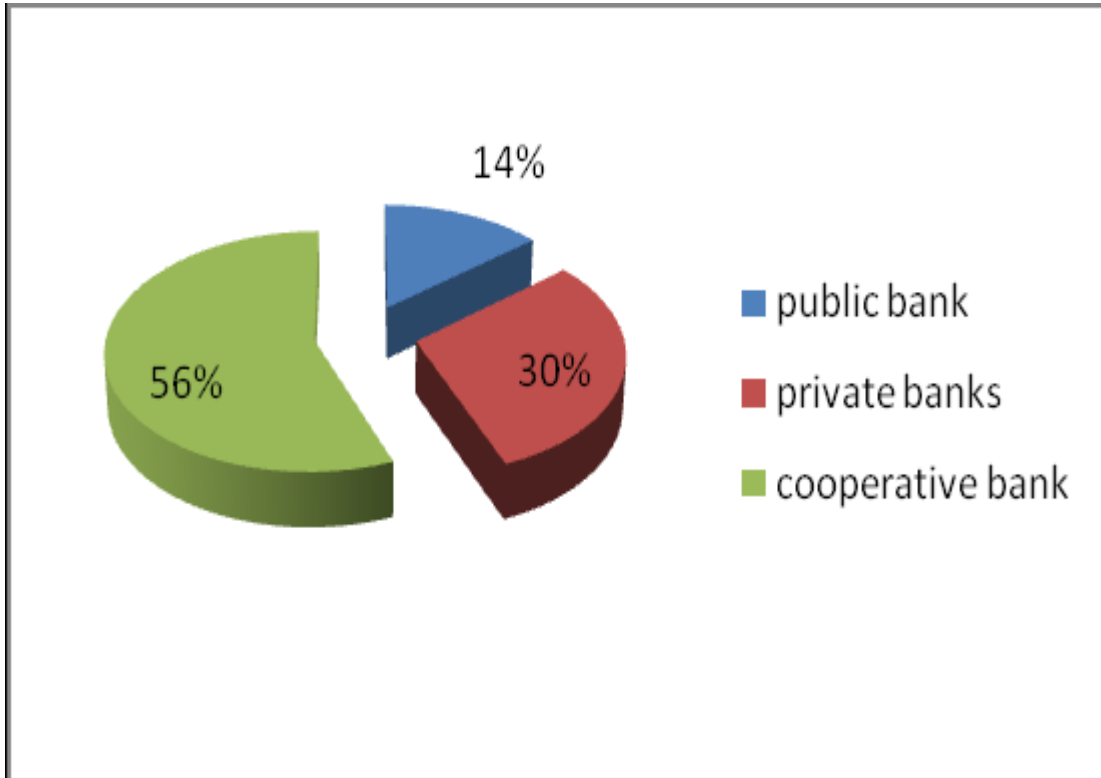


Figure 10: Bank Preference for loan

Study shows that 56 % of the respondent's will prefer loans from co-operative banks, 30 % from the private banks and 14 % from the public banks.

Table 10: Customers who would like to refer the co-op. banks to their friends and relatives

Bank refer to others	No. of respondent	Percentage (%)
Always	39	78%
Sometimes	9	18%
Never	2	4%

Source: Primary data

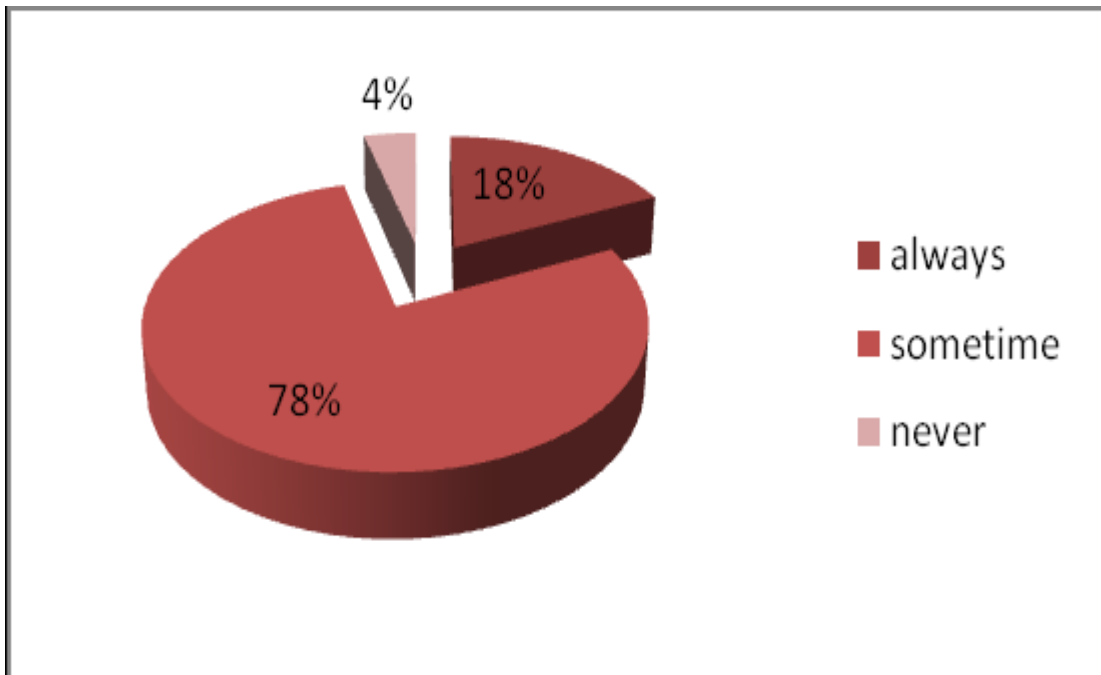


Figure 11: Customers who would like to refer the co-op. banks to their friends and relatives

78% of the respondents might want to allude the bank to their companions and relatives which demonstrates that they are fulfilled from the administrations and loaning practices of the bank.

Chapter 5

FINDINGS

1. Majority (33%) of the respondent were having lodging advance from this bank..
2. 63% of the general population want to take long haul advance which is over 3 years.
3. There is an exceptionally basic technique took after by bank for credit.
4. Easy reimbursement and less conventions are the primary variables deciding client's choice of credits.
5. Quality of administrations gave by the staff is palatable in light of the fact that bank is obliging a little section just and the clients are legitimately managed..
6. Members/respondents are happy with the method of reimbursement of portions.
7. Bank consistently is announcing 18% of dividend to it's individuals
8. These bank are possessed and controlled by their individuals who fairly choose the top managerial staff.

Chapter 6

CONCLUSION

Co-operative banks plays a significant role in national development. Their essence in the social, financial and popularity based structure of the nation is basic to achieve amicable advancement and that maybe is the best legitimization for sustaining them and fortifying their base.

Part of a bank is to give the most ideal item and administrations to it's individuals. These bank are possessed and controlled by their individuals who justly choose the directorate. The benefit is typically conveyed to individuals either through a profit. These banks are from the general population, by the general population and of the general population consequently are the need of the general public.

SUGGESTIONS

Research comes out with the following major findings;

1. Bank ought to receive the cutting edge strategies of saving money like web based saving money, Mastercards, ATM, and so forth.
2. The banks required to plan, present new plans for pulling in new clients and supporting the present ones.
3. Bank should make technique for extension of branches in Delhi – NCR districts.
4. Bank ought to enhance the client administrations to a superior degree.

ANNEXURE: QUESTIONNAIRE

01. KCB clients loans preference?

- Housing Top up Customer Education Car loan
 Other

02. Range of the amount of loans?

- <=20 K 20-50K 50K- 1 lac > 1 lac

03. Preferable term of loan?

- < 1year 1 – 3 year > 3 year

04. What provoked the clients to take credit from cooperative banks?

- Reasonable rate of interest More schemes Less formalities
 Easy repayment Any other

05. Average time taken for the processing of the loan?

- < 7 days 7 – 15 days > 15 days

06. Normal time taken for the handling of the advance?

- Above average Average Below average

07 Positioning for Bank services?

Outstanding Decent Avg Bad

08. Fulfilment of clients with respect to amt & tenure of instalment?

Yes No Can't say

09. Most Preferred bank?

Public Pvt. Cooperative

10. Clients who might want to allude the community. banks to their companions and relatives ?

Always Sometimes Never