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CERTIFICATE

This is to certify that the project work entitled "A STUDY ON LOANS AND ADVANCES AND ITS RELATIONSHIP WITH DEPOSITS WITH SPACIAL REFERENCE TO BHATKAL URBAN COOPERATIVE BANK LIMITED" Bhatkal, is the original work done by **RAMYA SUBRAY NAIK**, Register No:**18C011223** of **M.COM IV** Semester of our Centre, during the period of her study and that it has not formed the basis for the award of any Degree, Diploma, Associate ship, Fellowship or Similar other title.

It has not been submitted to any other University or Institution for the award of any Degree or Diploma.

Project Guide

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Ref. No. BUCB HO GEN PROJ-CERT/ 901 /2020-21
Bhatkal, 21st September 2020



CERTIFICATE

TO WHOMSOEVER IT MAY CONCERN

This to certify that, *Miss Ramya Subray Naik (Regn. No. 18C011223)*, M.Com student of **Anjuman Degree College & PG Centre, Bhatkal** has done a project on **“Loans and Advances and its relationship with Deposit”** with a special reference to our Bank, as a part of her academic curriculum.

During the course of her project, she was provided with all available study materials and information which were needed for ^{her} ~~his~~ project.

We wish her good luck.

For Bhatkal Urban Co-op. Bank Ltd.
BHATKAL (U.K.)


General Manager
GENERAL MANAGER

Communicated to
Miss Ramya Subray Naik.
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CHAPTER-1

INTRODUCTION

Introduction

When one feels to satisfy his needs, he is required to follow the principle "I for you and you for me". The bank provides an opportunity to the members to help mutually for the betterment of their economic life. In the ordinary language 'Loans and advances' refers to the amount of money lent by the bank to the public for a specified period at a specific rate of interest and for a specific purpose. The institutional credit has been one of the key inputs for employment generation and poverty alleviation. There has been impressive increase in the institutional credit for agriculture and non-farm sector in India. The co-operative banks accept deposits and 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 co-operative 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.

Bankers are in sense moneylenders, but to them lending is both an art and science brought to perfection by long experience. It is an art because they trade with other people money deposited with the full confidence that it will be repaid on the due date. Lending is one of the most important functions of cooperative banks since it constitutes the primary source of income. As a matter of fact, urban co-operative banks came in to being with the avowed objective of providing credit in urban and semi urban areas. It provides credit to both agricultural and non-agricultural sectors along with this the bank will also provide loans to small business men. The loan management supports multiple facets of loan portfolio starting from prospecting to closure and monitoring.

Conclusion :

The present study is an attempt to evaluate the basic functions of a bank with reference to the Bhatkal Urban Cooperative Bank LTD, Bhatkal. Hence, the study has been focused on lending performance of the Bhatkal Urban Cooperative Bank and its services to the customers. The Urban co-operative banking sector is nurtured in a manner that depositor interest and the public interest at large are protected. The role of Reserve Bank of India could, thus, be to frame a regulatory and supervisory regime that is multi-layered to capture the heterogeneity of the sector adequate implement policies that would provide adequate elbowroom for sector to grow in a non-disruptive manner.

The study revealed that the loan activity of the study unit is doing good growth, however loans and advances are the key focuses of the Bhatkal Urban Cooperative Bank. Finding deposit is becoming a challenging role for the cooperative banks in India compatible with growing needs of loans. Issuing loans and advances are the main activity of the bank which will earn more revenue or which is the critical factor for the success of the banks. The branches and the service modernization activities, growing competition among banks all justify this fact. There are more variety of the loan products provided by the bank, along with that if it started to create awareness among its customers then the unit will make more growth in the future years.

According to the findings of the present study as indicated in the table 13 and table 14 relationship of the deposit and loans and advances shows that there is 97.715% correlation between the deposits collected and the loans issued, so it is clear that there is a positive and a very good relationship is there between the two main activity of the bank. Thus, we can say that the Loans and Advances activity of the bank is having positive growth and will have significant growth in the future years also.