

**PROJECT REPORT (17MBAPR407)**  
**“A STUDY ON CREDIT RISK MANAGEMENT AT BEEJADY  
FISHERMEN CO-OPERATIVE SOCIETY LTD”**

BY

**AKSHAY**  
**1IA17MBA06**

Submitted to

VISVESVARAYA TECHNOLOGICAL UNIVERSITY,  
BELAGAVI



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

Under the Guidance of

**INTERNAL GUIDE**

**Mahak Balani**

Assistant Professor  
Dept of MBA, AIT

**EXTERNAL GUIDE**

**Mr. Ramesh Kanchan**

Chief Secretary  
Beejady FCS Ltd



Department of MBA

Acharya Institute of Technology

Acharya Dr.Sarvepalli Radhakrishnan Road

Acharya PO, Soladevanahalli, Bangalore-560 107

**March 2019**

# ಬೀಜಾಡಿ ಮೀನುಗಾರರ ಸಹಕಾರಿ ಸಂಘ ನಿಯಮಿತ, ಬೀಜಾಡಿ

ಎಲ್. ನಂಬ್ರ 528, ಕೋಟೇಶ್ವರ-576 222, ಕುಂದಾಪುರ ತಾಲೂಕು, ಉಡುಪಿ ಜಿಲ್ಲೆ

**Beejady Fishermen Co - operative Society Ltd.,**

L.No. 528, P.O. KOTESHWAR- 576 222, Kundapur Tq., U.D.

H.O. ಫ : (08254)261910 ಶಾಖೆ : ವಡೇರಹೋಬಳಿ ಫ : 230011 ಶಾಖೆ : ಕೋಟೇಶ್ವರ ಫ : 262910

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ದಿನಾಂಕ..16/02/2019.....

## **TO WHOM SO EVER IT MAY CONCERN**

This is to certify that **Mr. AKSHAY (USN 1IA17MBA06)**, of **ACHARYA INSTITUTE OF TECHNOLOGY**, has been successfully completed internship on "**Credit Risk Management**" in our society from 03.01.2019 to 16.02.2019 under guidance of Mr. Ramesh Kanchan.

During his internship programme, he familiarized himself with the operations/functions of various areas of banking activities. We have observed his commitment, intellect, hardworking and punctuality.

We wish him all the success in pursuit of his academic achievement and professional career.

Manager

~~Chief Secretary~~  
~~Beejady Fishermen Co-op.~~  
~~Society Ltd., L. No. 528~~  
~~Beejady, Post Koteshwara~~



# ACHARYA INSTITUTE OF TECHNOLOGY

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

Date: 27/03/2019

## CERTIFICATE

This is to certify that **Mr. Akshay** bearing USN **1IA17MBA06** is a bonafide student of Master of Business Administration course of the Institute 2017-19 batch, affiliated to Visvesvaraya Technological University, Belagavi. Project report on “**A Study on Credit Risk Management at Beejady Fishermen Co-operative Society Ltd, Beejady, Udupi**” is prepared by him under the guidance of **Prof. Mahak Balani**, in partial fulfillment of the requirements for the award of the degree of Master of Business Administration, Visvesvaraya Technological University, Belagavi, Karnataka.

Signature of Internal Guide

Signature of HOD

Head of the Department  
Department of MBA  
Acharya Institute of Technology  
Soladevanahalli, Bangalore-560 107.

  
01.04.19

Signature of Principal/Dean Academics

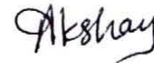
Dr. Devarajaiah R.M.  
Dean-Academics  
ACHARYA INSTITUTE OF TECHNOLOGY  
Bengaluru-107.

## **DECLARATION**

I, **Akshay**, hereby declare that the project report entitled “**A study on Credit Risk Management at Beejady Fishermen Co-operative Society Limited**”, **Beejady Koteshwara** prepared by me under the guidance of **Prof. Mahak Balani**, Assistant Professor, Department of Management Studies, Acharya Institute of Technology, Bangalore and external assistance by **Mr. Ramesh Kanchan**, Chief Secretary, Beejady Fishermen Co-operative Society Limited. I also declare that this Project work is towards the partial fulfilment of the university regulations for the award of degree of Master of Business Administration by Visvesvaraya Technological University, Belagavi. I have undergone a summer project for a period of six weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University / Institution.

**Place: Bangalore**

**Date: 01/04/2019**



**Signature of the Student**

## ACKNOWLEDGEMENTS

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

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

Place: Bangalore

Date: 01/04/2019

Akshay

USN:1IA17MBA06

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## **EXECUTIVE SUMMARY**

The project report is prepared as requirement of MBA program of Visveswarya Technological University. This report is on “Credit Risk Management” of Beejady Fishermen Co-operative Society Ltd. This report aims to help the reader to understand in detail the issue of credit risk management. Also try to capture the practices which are used by Beejady Fishermen Co-operative Society Ltd in relation to Credit handling.

The concept of risk management related to credit is the risk outstanding to uncertainty regarding the counterparty’s ability to meet their obligation. Because there are many types of obligations credit risk take many forms. The project tries to find the efficacy of credit risk concept in the co-operative banks.

The project also tries to analyse the lending practices adopted at co-operative society and to know how exactly apprising a borrower’s credit worthiness is done. The major objective is to control the credit risk of the society when they are issuing loans to the required customers and also to giving some suggestions for proper utilization of loan amount and repayment of the same.

The financial statements of past 5 years have been collected in order to make ratio analysis. The researcher has more relied on secondary data i.e., annual reports, financial statements, journals and websites.

It is found from the study that Beejady Fishermen Co-operative Society Ltd has adopted credit risk management techniques in order to overcome NPA issues.

**CHAPTER -1**  
**INTRODUCTION**

## **1.1 Introduction**

Project consisting of six weeks, it helps a student to understand the particular entity's ethics, concept, type and nature of the work, they are indulged in and also helps students in understanding the performances of that entity in a broader perspective. It helps the students to learn outside the classroom.

In project programme, students should be able to acquire different skills like communication, interpersonal skills, technical, team work and management skills. Here each student is expected to be guided by both internal as well as external guides till the completion of the whole project.

During the project, students meet different type of people and they also interact with them. Overall it helps students to explore their interests in their career development.

During the study on credit risk management I was able to collect as much information about the topic and information about Beejady FCS Ltd and its products and services.

The study is done in order to understand how the Beejady Fishermen cooperative society ltd. Beejady manages the risk involved by it in the process of lending of loan to any type customer. This study may reveal that the risk factors faced by the bank and co-operative banks can be minimized by considering certain important factors that is to be considered by bank and co-operative banks while lending money to the customer in the form of loans and advances.

## **1.2. INDUSTRY AND COMPANY PROFILE**

Indian Banking system has a life of more than 200 years. It was started its journey in 1786. The drastic change in the banking sector took place only after the nationalization of banks in the year 1969 in India. The policy of the government and RBI regulations helped this industry to grow rapidly by taking into consideration the liberalization, privatization and globalization. Liberalization policy and economic reforms in India explored many opportunities for the banks from mere lending and purchasing to other financial related facilities. As a result of this banks begun to experience numerous positive changes and successive growth and improvement. By this, banks made a remarkable step in the Indian banking scenario. However at present, in the presence of the foreign banks, India's nationalised banks have a greater operation due to the size and strength and expand of the banks and the penetration of their banking networks.

### **Origin of the 'Bank' word**

The word "**Bank**" also called in Italian word "**BANCO**", it means a bench, Italian word BANCO or French word BENQUE refers to an office, premises for monetary and money related transactions over the counter. In at that time banks are called as desks which are used as canters for monetary transaction. During the time of barter system, there is a traces of banking system that is peoples were used to deposit cattle, agriculture products and other goods in specified places and against which loan is raised in exchange of these. There exists a solid proof found in records of Mesopotamia showing many banks existence around 1700BC and at this time barley, silver, gold, copper, iron and etc., were used as a standard for valuation.

### **Nature of the Industry**

A bank is also called a financial body or organisation that provides financial and other banking related service to clients. Banks are engaged in lending of loans and depositing of money and money related instruments from the public. Along with these bank safeguards valuables like gold, silver etc., provides clearing of cheques and other negotiable instruments. It also offers insurance and other services. Along with its primary functions, banks also provide some subsidiary functions to its customers. Subsidiary functions like acting as an agent of the customer, acting as attorney, trustee, correspondent, dealer and executor on behalf of their customers in order to speed up the process and transaction of their customer.

Banks can be differentiated by taking into account the type and number of services they provide. But now the differences have slowed down and banks have improved, expanded and emerged with large range of products and services to their customers.

## **Functions of Banking**

Banks are known by the functions they perform, there are number of functions and service that the bank performs. They can be broadly classified into two categories or types. They are,

1. Primary/ basic / fundamental functions.
2. Secondary/ subsidiary / supplementary or ancillary functions.

### **Primary Functions:**

1. Borrowing of money from the community or public in the way of deposits.
2. Lending / advancing of money in the form of different types or categories of loan. Loans may be secured or unsecured loan. Secured loans are those against the money lent and collateral securities are taken and unsecured loans are those loans which are lent without securities means any collateral securities and these type of unsecured loans carries high amount of risks.
3. The drawing, making, buying and selling, accepting, discounting, collecting and dealing in negotiable instruments like bills of exchange, promissory note and cheque and other instruments like coupon drafts, debenture certificate, bill of lading, railway receipts, warrants and securities and other financial instruments and certificates.
4. Granting and issuing of travellers cheque to their customers.
5. Acquisitions or holding and issue of different commission, dealing in shares, funds, debentures, bonds, securities of many kinds.
6. Providing safe deposit lockers to its customers.
7. Collecting and transferring of money and securities and financial instruments.
8. Buying, selling and exchanging and dealing of foreign currency.
9. Buying and selling of bonds scripts and also other formats of securities, instruments on side of their customers.

### **Subsidiary/ Secondary or Supplementary Functions:**

1. Acts on behalf of the government or local authorities, local bodies or any individual.
2. Carrying on assurance and indemnity businesses.
3. Manages to sell and get its realisation on any property or asset, valuables or any interest there on.
4. Undertaking and executing, dealing of trusts.
5. Granting pensions and allowances, schemes and making of payments towards pensions.
6. Provides debit card, credit card, smart card and such other cards to customers.
7. Acts as attorney, correspondent and executor and dealer.

### **Features of Banks:**

- **Banks deal with money :**

Bank is a monetary body which deals with funds belonging to the general public it means customer and also the money owned by it. Bank makes the efficient use of deposits from the public to gain maximum extent to gain profit.

- **Accepting of deposits:**

Acceptance of money from the public is termed or means as deposits, the deposits in the way of saving deposits, fixed deposits and etc. It accepts different type of deposits from the public under various schemes.

- **Lending loan and advances:**

Advancing or lending of money from the bank to its customer is termed as loan. Bank has to allocate its available resources i.e., money, in order to gain and maximize profit and ensure returns to customer. Bank must lend its money to the needy people and bank also charges interest on the amount of advances made.

- **Identity of the name:**

Bank should also add the word BANK to its name to enable it as a bank.

- **Bridge and connection between savers and borrowers:**

Bank bridges the gap between the savers and borrowers. It pools money from the general public and lends it to the needy people.

- **Profit motive through different services:**

Banks main motto or aim is to make huge profit and bank earns profit through large kinds of financial services.

## **Banking in India:**

Banking or banking system in India came into effect in the first decade of eighteenth century with the Central Bank of India in 1786. Indian oldest bank was existed is the State Bank of India, and it was established in Calcutta in June 1806 as the name Bank of Bengal. At that time, Calcutta city was the large active trading port. The first completely owned Indian Bank was Allahabad Bank founded in the year of 1865.

In the year 1895, Punjab National Bank was established and in the year of 1906 Bank of India was established. The Central Bank of India took the responsibility of regulating and monitoring the Indian Banking System from 1935. After the Independence, Central Bank of India be nationalized and given with broader powers and authorities.

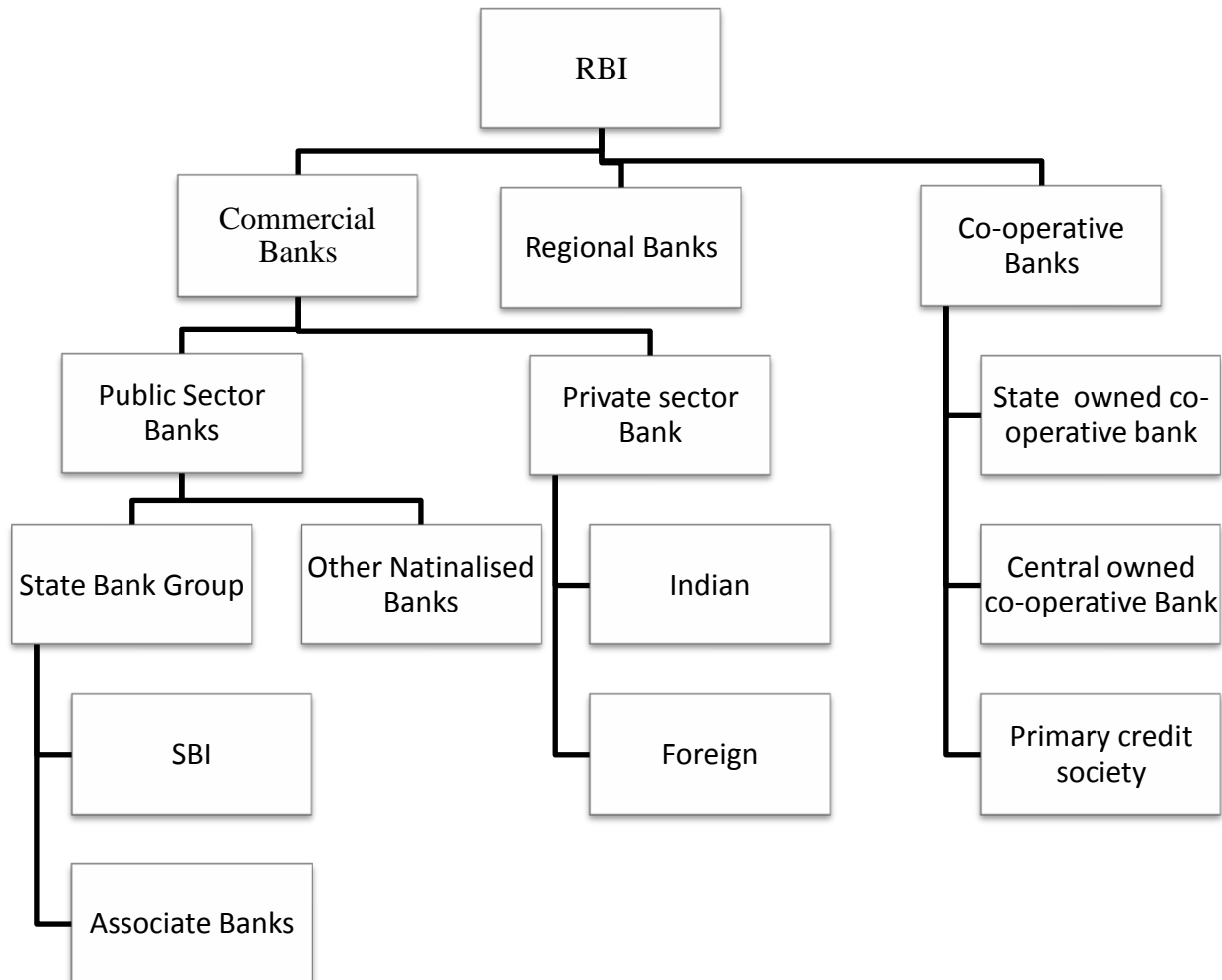
### **The main steps to control banking industry:**

- During the year of 1948, Indian Reserve Bank was nationalized.
- In 1949, Banking Regulation Act was passed and came into force on that year, which permitted the Central Bank to monitor order and govern the banking system in the country.
- The Banking Regulation Act, its enabled that without any licence new banks or branch of an existing bank can be established, And common directors for two banks is not permitted.

However, State Bank of India was owned and regulated by private parties or sectors which changed after its and other major banks nationalisation in 19<sup>th</sup> July 1969.



## Structure of Indian Banking System



### **Reserve Bank of India (1935)**

The Reserve Bank of the country be set up on 1<sup>st</sup> April, 1935 in according to the requirements of the RBI Act, 1934. The major office of the RBI was established in the city of Calcutta then it was moved to Mumbai in 1937. although it was originally owned by private parties, after nationalisation in 1949, the Government of India owned the RBI in Fully.

The Reserve Bank of India is the main bank of India. RBI was started on the basis of the recommendation of the Hilton Young Commission,. The RBI Act, 1934 facilitates the constitutional basis of the operation of the banks, which commenced its operation on 1<sup>st</sup> April 1935.

## **Co-operative Society and Banks :**

### **Introduction:**

Co-operative banks are small typed units organised in the cooperative sectors, and which operates in urban and rural region. cooperative society are one of the types of business organisation. Usually, they are created by the economically weaker sections to protect themselves against the exploitation by the stronger sections of the economy. Thus poor farmers or agriculturists may form co-operative credit societies to get credit facilities at a cheaper rate and protect themselves against the exploitation from the lenders of money. Similarly, small producers may set up co-operative marketing society to sell their products at favourable prices and protect themselves against the exploitation from the traders in the market. Consumers who belongs to low and middle level income groups may form consumer's co-operative society so as to get essential commodities and goods at fair prices and protect themselves against the exploitation by the retailers.

A co-operative society “is a voluntary association of many individuals having common needs who join their hands for the achievement of common economic interest”. Its main wish is to serve the interest of lower section of society. The chief goal is to give support to the members.

“A co-operative bank is a financial unit which belongs to its members, who are all the owners as well as customer of their bank”. Co-operative bank facilitates different forms of services and facility to its customers.

“A bank that holds deposit and make loan and provides other financial service to cooperatives and member owned organisations, also known as banks for co-operatives”.

“Co-operative bank is a co-operative organization or firm (i.e., voluntarily association jointly as human beings on the basis of fairness for the promotion and protect of their common economic importance) engaged in the banking functions of funds and lending of credit investigating the funds in profitable investment like securities, deposits , investment etc.

**The Indian Co-operative Societies Act, 1912** represents about co-operatives in the section 4 as “Society which has its objective the promotion of economic interests of its members in accordance with co-operative principles.”

### **Characteristics of Co-operative Society /Banks:**

1. **Voluntary association:** People or individual having a general interest is free to associate co-operative society. There is no limitation on the root of caste, religion, colour, income. There must be least of Ten members to for cooperative society but there is no highest limit for the membership of the society.
2. **Separate lawful body:** A cooperative society after registration is recognised as separate legal unit by law of the country. It gets an identity quite different and independent of its member can buy, dispose or sells its own property, can sue and can be sued. The returns or earnings of cooperative society are officially taxable as per the rule of Income Tax Act, 1961.
3. **Democratic management:** Equalities is the fundamental nature of cooperative enterprise, governed and followed by democratic philosophy. Each member has got the same right over the task of administration of that society. As such particular member has merely single voting right regardless of the number of shares held or funds contributed by them. Within the case of cooperative society, member is not to detect the provisions and conditions of the functioning since "one man one vote" is the thumb rule.
4. **Service motives:** The key intention being creation of any co-operative society is for mutual advantage through collective efforts and self-help. Earning yield is not at all in the goal of the co-operative society.
5. **Use of surplus:** The excess income arising out of the business function is partially kept in a separate reserve and partially circulated as dividend to its members. According to Indian Co-operative Societies Act - 1912, every society should transfer at least 1/4 of its profits to separate general reserve. It can allocate maximum up to 90% of its surplus as dividend to its members and can spent a further 10% for the benefit of the members.
6. **Cash trading:** One exclusion in the co-operative society is that like any other dealing if never go for credit sales. It sell their goods on the base of cash sales only. Therefore, the society hardly comes across with the monetary hardship for the reason that of non-recovery of sales obligation. Members have the opportunity, so they can only buy on the root of credit, which is an exception to the present regulation.

7. **Fixed rate of returns:** every members of the society are necessary to contribute capital for the structure of a co-operative society or in the path of joining as a member of the co-operative society. In return to the fund invested, the members are guaranteed of a fixed rate of return on the sum deployed by them.
8. **Control by Government:** every cooperative societies of India are regulated and guarded by the Government throughout its rules and regulations framed from period to period. Cooperative societies of the nation are needed to register themselves as per the 1912 act of Indian Cooperative Societies.
9. **Capital:** co-operative society's capital is raised from its members by form of share capital. However, the most important part of finance is raised or collected by the society through taking many loan from the Government or by accepting grants and other assistance from the Central government or State Government otherwise from the apex cooperative institutions like state and central cooperative banks running in that state.

### **Principles:**

- Principle of co-operation among cooperatives.
- Principle of voluntary and open membership.
- Principle of “one man and one vote” in a society.
- Principle of lending, saving and mutual help and cooperation.
- Principal of member economic participation and autonomy and independence.
- Principle of co-operative and mutual help.
- Principles of training, education and information.

### **Objectives or Aims:**

- Engage their business in rural financing and micro financing.
- To completely removed the dominance of the common man by the money lenders and agent or middle man.
- Ensure credit services to agricultures, farmers at lower interest rate in order to providing the socio economic condition to the people
- Provide financial assistance to the needy people and farmers in the rural areas as well
- To promote thrifts (savings) and investment among the members of the bank and society and thereby increasing the supply fund.

- Provides personal financial and other related service for those engaged in small scale industry and self employment driven activities to the people in both rural and urban areas.
- To diminish the aggregate cost of management through the honorary services of individuals and along these lines maintain the credit cost at low.
- To make the co-operative banks credit worthy and to permit them to raise adequate funds to finance other co-operative banks or society.
- To diminish the aggregate cost of management over the honorary services of individuals and along these lines keep the cost of credit as low as could be expected under the circumstances.

### **Types:**

Co-operative banks are generally small sized units operating in both urban and non-urban (rural) areas. They finance industrial and trade sectors with less amount of money besides professional salaried classes.

1. Primary Co-operative banks
2. District Co-operative Banks
3. State Co-operative Bank
4. Land Developments Bank
5. Urban Co-operative Bank

### **The main types of co-operative society are, given below**

1. Consumer co-operative society
2. Producer co-operative society
  - a) Industrial service cooperative
  - b) Manufacturing cooperatives
3. Marketing co operatives
4. Cooperative farming societies
5. Housing co-operative societies
6. Credit co-operative society

### **1.3 COMPANY PROFILE**

#### **Background of the company:**

Beejady Fishermen Co-operative Society Ltd was registered under Karnataka Co-operative Association Act 1959, sub-section 7 and its functions started on 8th November 1960.

The Co-operative movement has a historical background in India. Now a day's cooperative societies performing a vital role in the development of economy as well as social development.

Co-operative is the end product of achievement made by the new co-operators of Udupi District. The mutual co-operation is the quotation of the organization. During that time, there was an extreme difficulty in economic power. Initially Beejady Fishermen Co-operative Society Ltd started with 300 members.

Beejady Fishermen Co-operative Society Ltd is started in order to help the fishermen in the society.

- The main goal of is Beejady Fishermen Co-operative Society Ltd to provide loan facilities and various banking facilities to its customers, with reasonable interest rates.
- Its transactions are as per the rules and regulations of RBI and NABARD.
- It has 2 branches in the city.

Beejady Fishermen Co-operative Society Ltd mainly believes in the wellbeing of its members. It provides various services and it fulfils the financial needs of the members. It commenced in order to help the fishermen's and industries by providing loans and other banking facilities with reasonable interest rates. Beejady Fishermen Cooperative Society Limited. be one of the societies, which provide loans and advances not only to the fishermen, but also to the businessmen, small-scale industries, vehicles and so on.

The Management of, Beejady Fishermen Co-operative Society Ltd., Beejady is exist with Board of Directors of 11 members, under the President ship of Mr Ganapathi. T. Shiyaan. The General Manager is Shrinivasa Marakala.

### **1.4: VISION, MISSION AND QUALITY POLICIES**

**Vision:** "To fulfil its role in a responsible manner and to provide quick and quality service to customers to keep the customers at ease while operating"

**Mission:** “Our mission is to remain as the strong and leading organization in the co-operative Credit structure and to be the backbone for the rural financial sector of Beejady. Through the efficient management of the organization, it would aspire to function as a professional, profitable and socially responsible organization ensuring the best service to its stakeholders and customers by providing good value for their money and thereby ensure accelerated development of the rural population”.

**Quality Policy:** Each and every co-operative society has its own quality policy. The quality policy mainly focuses on the need of the people. It should be helpful for them. In the same way the co-operative society offers much useful and good kind of facilities to its customers. For example this society provides loans on gold, on vehicle etc. The customers will get complete benefit in this society. They can easily access the facilities in an easy way.

- Avail nomination facility to account holders including Savings accounts and Fixed Deposit Savings.
- Society exchanges mutilated currency notes from the peoples as per RBI guidelines.
- Society gives standing instructions for the payment of bills, interests, and loan amount etc.
- Provides required and necessary guidelines to the locker holders.

**Goals:**

- To emerge as the best Co-operative society of the district and state.
- To mobilize Deposits of Rs. 100 crore and to increase our other purpose loans and advances to Rs 80 crores and to increase our branch network to 10 branches in near future.
- To achieve best co-operative society in district.
- To provide best class of financial services to the fishermen community.

**1.5. PRODUCTS AND SERVICES:**

Beejady Co-operative Society Ltd, provides various products and service to the customers, they are as follows:

□ **Deposits:**

Beejady Co-operative Society offers four types of deposits namely savings, recurring, fixed, and pigmy deposits account to its customers. Co-operative societies are takes excess or extra

money from the public as deposits. They reserve money, which have been collected and interest will be given on those deposits.

The main operations of the bank (customer service)

### **Deposit Products:**

1. Savings for individual and small and mutual help groups.
2. Fixed deposit which is a secured way to earn high rate of return for individuals and Small help groups.
3. Recurring deposit scheme which inculcates saving, rewarding & recurring habits of the customers and self help groups.
4. Pigmy deposit scheme which provide customers to deposit their daily savings through deposit agent.

### **Loan Products:**

1. Long term loan, vehicle loan (only for purchase of new vehicle).
2. Housing loan scheme: which provides for purchase of ready built house / flat, construction of house, purchase of a sites & construction of house there on, undertaking repairs renovation, up gradation, creation of addition & for taking over of High liability from other recognizing finance companies & banks.
3. Jewel loan: customer taking the loan by depositing their jewellery as a security. Amount is given by the bank on the basis of 80% of value of the gold.
4. Other purpose loan: this is a type of loan given by the society to the customer for the purpose of fishing; the maximum amount of loan is Rs.10000, At the rate of 15% p.a interest.
5. Self Help group loan : the loan is given to the self help groups through nationalised banks(Corporation Bank) by the society.
6. Other loans from government's schemes through corporation bank, upto Rs.500000 is given to self help groups through corporation bank.

## **1.6. Profile Area of Operations**

Beejady Fishermen's Co-operative Society Ltd is operating in three various places in the town. Presently it has 2 branches in Koteshwara and Kundapura. The head office is located at Beejady.



SL.NO.	BRANCHES	DATE OF STARTED
1	Beejadi(Main Branch)	8-11-1960
2	Koteshwara	11-7-2014
3	Kundapura	29-5-2013

### **1.7. Infrastructure facilities**

The head office of Beejadi Fishermen co-operative society is located in Beejadi. It has total 3 branches including 1 main branch. The head office located in Beejadi has got all the basic requirements which are required to carry out the banking activities. Not only the head office but 2 branches have got such facility. The bank is equipped with advanced CCTV camera system. Core banking system is implemented in branches, which is limited to some transaction only.

The Society has planned to introduce following facilities in future;

- Online tax account system
- Internal and mobile banking
- Funds transfer
- Structural Financial Messaging System
- RTGS
- Internal of the Bank
- Corporate Cash Management Service
- Core banking solutions
- Retail lending and monitoring software.

### **Ownership Pattern:**

The society is completely controlled by president, vice president and the directors, only RBI can interfere in the rules regulations of the bank. The bank consists of a president, vice president and 12 directors.

### **Board of Directors:**

1. Shri Annayya Puthran.(President)
2. Shri Nagesh ( VicePresident)
3. Shri B. Prakash G.Poojary

4. Shri Shekar Kanchan
5. Smt. Ratna
6. Smt. Janaki
7. Shri Venkatesh
8. Shri B Shivaram Amin
9. Shri Raghavendra
10. Shri Shekar Tingalaya
11. Shri Raju Marakala
12. Shri Gopal
13. Shri Ashok Poojary
14. Shri Manjunath Kundar

### **1.8. Competitors Information**

As the Beejady Fishermen Co-operative Society is the rural co-operative society it is facing competition from the commercial bank which undertakes a large number of banking services. Since the rural co-operative societies are localised and do not have network of bankers and not in a position to meet all the banking services.

Therefore, the institution like government, public sector undertakings and the co-operative banks or society are facing competition from the commercial bank.

The lists of the competitors of Beejady Fishermen Co-operative Society are given below:

- Union Bank of india
- Axis Bank
- Syndicate bank
- Karnataka Bank
- Devabandhu Credit Co-operative Bank.
- K M Co-operative Society
- Koteshwara credit co-operative society
- S. K. Goldsmith credit co-operative society
- Kome agricultural co-operative society
- Vijaya Bank
- Corporation Bank.
- SBI.

- IDBI Bank.
- Kavradi Agricultural Co-operative society.
- Canara Bank.
- Bank of India.
- Indian overseas bank

### **1.9. SWOT Analysis**

SWOT Analysis of Beejady Fishermen Co-operative Society is made in order to understand the position of the bank in a better version.

#### **Strengths:**

- Brand name:  
Beejady Fishermen co-operative society has a vast experience in the co-operative banking industry for more than 50 years.
- Aggressive Marketing:  
The Beejady Fishermen co-operative society has variety of financial products, with a recent strategy to push its product.
- Focuses on all type of customers:  
The bank targets not only on the fishermen society but also its provide service to customers related to other society also.
- Large range of products and services.
- Bank provides all nomination of facility for its customers.
- Lower rate of interest on Jewellery loan, other purpose loan in all the branches of the bank.
- Loyal Membership.
- Good reputation and positive image.
- Committed, competent and hardworking and well trained staffs.
- Credit facilities are accessible and conditions not stringent. Experienced management and skilled staffs.
- Favourable and attractive interest rates.
- Friendly co-operation between its members and customers.

**Weakness:**

- Lack of Technology.
- No presence outside district.
- The Beejady fishermen co-operative society does not have branch India and does not have branch outside Udupi.
- Lack of professional management.
- No ATM facilities and net banking facility.
- Manual handling and maintenances.
- Members are not able to do self-appraisal of projected investments.
- Lack of business and finance skills.
- Number of branches are lesser compared to its competitors.

**Opportunity:**

- Introduction of mobile banking facility to its customers
- Regulated business environment.
- Introduction of new loan products, schemes and advanced technologies.
- Expanding their branches in other area also.
- Providing adequate training to its employees.
- Introduction of other facilities such as Insurance and Mutual Fund net banking, SMS banking.
- Being co-operative society it has opportunity to finance on government projects which has no default.
- Bank has the capacity to adopt new technology because of large space.

**Threats:**

- Facing a tough competition from other co-operative society and commercial banks.
- Up-gradation of technology is very far way and difficulty to adopt technology.
- Change in policies and legal frame work related to co-operative sectors and banking sectors.
- Small and limited network for operation.

### 1.10. Future Growth and Prospects:

The Beejady fishermen co-operative society desires to increase its operation by setting up its branches all over the district and state.

- Technological based plans and action in the future.
- Improving the banks services through technology.
- Increasing the quality of services to their clients.
- Improving the standard of living of the fishermen's.
- To increase its branches all around the district and taluk.
- To offer different types of deposit scheme and service to increase the employees welfare.
- To provide training facility to all employees and agent of the bank.
- To conduct co-operative groups and self help groups meeting and solve their problems and also take suggestions by the customer.
- To increase the recovery rates to gain more margin or profit.
- To maintain E-Banking and SMS banking.
- To provide mobile banking facility to its customer and self help group.
- To open its branches in Udipi districts

### 1.11. Financial Statement

**Table 1.11.1 : Table showing Interest on Fixed Deposits of Beejady FCS Ltd.:**

Details	General	Senior Citizen
3 Months	8.5 %	9.0%
6 Months	9.0%	9.5%
1 Year	10.0%	10.5%
2 Year	10.5%	11.0%
3 Year	11.0%	11.5%
7 Years	Double	Double

**Table 1.11.2 : Table showing Interest on Savings Account:**

Upto Rs. 200000	4.00
Rs. 200000 to 5000000	5.00
Rs. 5000000 and above	6.00

**Table 1.11.3: Table showing Profit and Loss Account for last 5 Year(Amount in Rupees)**

<b>Particulars</b>	<b>Amount as on 31.03.2014</b>	<b>Amount as on 31.03.2015</b>	<b>Amount as on 31.03.2016</b>	<b>Amount as on 31.03.2017</b>	<b>Amount as on 31.03.2018</b>
<b>INCOME</b>					
Revenue from operations	106651.36	142426.59	175392.93	141503.93	224442.58
Interest Revenue	5385665	9171756	17969119	13241488	20785729
Other Income	1201354	1280908	1439704	2002390	2050894.5
<b>TOTAL REVENUE</b>	<b>6693670.36</b>	<b>10595090.59</b>	<b>19584215.9</b>	<b>15385381.9</b>	<b>23061066.08</b>
<b>EXPENSES</b>					
Interest Paid	3199220	5921540	12145578	5373290	9798829
Employee salary expenses	819892	1252410	2304376	2017504	2505134
Other expenses	1142790	1430138	1685408	1996010	1721968.13
Depreciation expenses	228573	341831	627369	509650	664778
Government Loan Expenses				3000000	4000000
Other loan repayment					500000
Finance and other costs	156470	125000	291823	247250	336319
<b>TOTAL EXPENSES</b>	<b>5546945</b>	<b>9070919</b>	<b>17054554</b>	<b>13143704</b>	<b>19527028.13</b>
<b>PROFIT FOR THE YEAR</b>	<b>1146725.36</b>	<b>1524171.59</b>	<b>2529661.93</b>	<b>2241677.93</b>	<b>3534037.95</b>

**Table 1.11.4:Balance Sheet of Beejady FCS Ltd for the last 5 Years(Amount in Rupees)**

<b>Particulars</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
<b>Capital and Liabilities</b>			
Share capital			
A class shares	25,49,499.00	48,68,752.00	70,23,545.00
C class shares	1,24,760.00	1,11,740.00	1,36,320.00
<b>Reserves and Surplus</b>			
Profit and Loss account	11,46,725.36	15,24,171.59	22,41,677.93
Depreciation fund	6,64,808.40	9,35,318.45	14,48,468.45
other reserves	35,33,318.00	56,74,053.00	88,46,303.00
transfer to general reserve	24,33,011.40	31,02,331.76	38,39,044.43
Loans From other banks	20,60,000.00	68,24,360.00	2,20,000.00
Donation Funds	1,88,910.00	1,88,910.00	1,88,910.00
Suspense Account	3,17,541.44	6,82,219.04	3,26,762.00
Other liabilities	9,42,511.41	6,60,131.41	11,31,356.41
Deposits	510,54,932.07	773,20,988.07	1179,06,775.07
<b>Total</b>	<b>650,16,017.08</b>	<b>1018,92,975.32</b>	<b>1433,09,162.29</b>
<b>Assets</b>			
Furniture and Fixtures	12,05,398.00	23,20,176.00	32,14,169.00
Other safety equipments	75,137.00	75,137.00	75,137.00
land and Buildings	3,26,652.93	13,29,017.98	36,77,307.00
doubtfull Assets	3,62,271.40	2,62,050.00	2,60,000.00
Cash in hand	4,55,350.00	10,23,784.00	4,59,906.00
Cash at bank	18,34,944.55	20,16,702.32	24,59,983.61
Investment	168,59,765.00	141,34,131.40	238,07,198.40
Loans and Advances	438,72,943.00	807,15,831.00	1091,16,400.00
Other Assets	23,555.20	16,145.62	2,39,061.28
<b>Total</b>	<b>650,16,017.08</b>	<b>1018,92,975.32</b>	<b>1433,09,162.29</b>

(Amount in Rupees)

Particulars	2016-17	2017-18
<b>Capital and Liabilities</b>		
Share capital		
A class shares	80,32,863.00	86,57,999.00
C class shares	1,85,345.00	2,14,545.00
<b>Reserves and Surplus</b>		
Profit and Loss account	25,29,661.93	35,34,037.95
Depreciation fund	20,75,837.45	27,40,615.45
other reserves	119,90,128.00	145,59,356.00
transfer to general reserve	48,48,089.36	78,84,262.17
Loans From other banks	2,20,000.00	2,20,000.00
Donation Funds	1,88,910.00	1,88,910.00
Suspense Account	82,701.00	4,05,336.00
Other liabilities	18,36,474.41	26,52,635.41
Deposits	1313,31,540.08	1492,52,234.69
<b>Total</b>	<b>1633,21,550.23</b>	<b>1903,09,931.67</b>
<b>Assets</b>		
Furniture and Fixtures	32,57,109.00	33,29,562.00
Other safety equipments	75,137.00	75,137.00
land and Buildings	40,10,608.98	42,70,608.98
doubtfull Assets	85,424.20	74,166.00
Cash in hand	5,92,048.00	10,06,026.00
Cash at bank	63,12,142.63	82,61,123.29
Investment	184,89,845.40	322,04,062.40
Loans and Advances	1302,23,856.00	1410,87,673.00
Other Assets	2,75,379.02	1,573.00
<b>Total</b>	<b>1633,21,550.23</b>	<b>1903,09,931.67</b>



## Ratios

### 1. Current Ratio:

Current Ratio is used to determine the short term financial situation of any particular firm or organisation. In other words, it also measures the organization's small term solvency; it discloses the rupee of current assets available for each rupee of current liability. Apparently, more the current ratio, the more protected are the shorten creditors and vice versa. The Standard current ratio of the firm is normally 2:1 (current assets twice of current liabilities).

The formula is used to compute the current ratio:

Current Ratio = Current Asset/Current Liability

**Table 1.11.5 : Table showing Current Ratio of Beejady FCS Ltd**

Year	Current Assets	Current Liabilities	Current Assets/ Current Liabilities
2013-14	461,63,237.55	510,54,932.07	0.9042
2014-15	837,56,317.32	773,20,988.07	1.0832
2015-16	1120,36,289.60	1179,06,775.10	0.9502
2016-17	1372,28,046.60	1313,31,540.10	1.0449
2017-18	1503,54,822.30	1492,52,234.70	1.0074

### ANALYSIS & INTERPRETATION:

Beejady FCS Ltd Current Ratio in the year 2013-14 is 0.9042 , then it was increased to 1.08 and also decreases in the year 2015-16 to 0.95, after it was moved to 1.04 and 1.00 in the year 2016-17, 2017-18. So it shows society is in good solvent position and also shows good performance and proper utilisation of inventory of the society.

## 2. Net Profit Ratio:

Net Profit Ratio discloses the effectiveness of the management of the firm. It established the connection between the sale and net profit after tax. This ratio indicates the overall measure of particular firms' productivity.

Net Profit Ratio = Net Profit After all tax/Sales\*100

**Table 1.11.6 : Table showing Net Profit ratio of Beejady FCS Ltd**

Year	Net Profit	Net Sales	Net Profit Ratios (%)
2013-14	11,46,725.36	66,93,670.36	17.13
2014-15	15,24,171.59	105,95,090.59	14.39
2015-16	25,29,661.93	195,84,215.96	12.92
2016-17	22,41,677.93	153,85,381.93	14.57
2017-18	35,34,037.95	230,61,066.08	15.32

### Data Analysis:

In the year 2013-14 the net profit ratio is 17.13, then it was decreased in both the year 2014-15 and 2015-2016 to 14.39 and 12.92, after it was increased to 14.57 and 15.32 in 2016-17 and 2017-18, it shows society's net profit is good and increased from year to year.

### 3. Fixed Assets Turnover Ratio

The assets turnover ratio evaluates how well a company is using its assets to yield income.

This ratio can be computed as follows:

Fixed Asset Turnover Ratio = Net Sales / Fixed Assets

**Table 1.11.7 : Table representing Fixed Assets Turnover Ratio of Beejady FCS Ltd**

Year	Net Sales	Fixed Assets	Net sales / Fixed Assets
2013-14	66,93,670.36	16,07,187.93	4.16
2014-15	105,95,090.59	37,24,330.98	2.84
2015-16	195,84,215.96	69,66,613.00	2.81
2016-17	153,85,381.93	73,42,854.98	2.10
2017-18	230,61,066.08	76,75,307.98	3.00

#### Data Analysis:

In the year 2015-16 the asset turnover ratio of the society is 4.16 and it goes on decreasing to 2.84, 2.81, 2.10 in 2014-15, 2015-16, 2016-17 then it moves increased to 3.00

## **CHAPTER-2**

### **THEORETICAL BACKGROUND OF THE STUDY**

## **2.1 THEORETICAL BACKGROUND OF THE STUDY**

### **Introduction to Credit Risk Management**

Credit is a valid agreement in which a borrower or receiver receives something of worth now and agrees to refund the lender at some later time with consideration.

Credit also refers to an book-keeping entry that either decrease assets or increases the liabilities and equities on the firms balance sheet.

Risk management is the process or technique of identifying, assessing and controlling threats and problems to an entity's capital and earnings.

In the world of finance, management of risk refers to the exercise, it involves identifying possible risks in advance, scrutinize them and taking a preventative steps to decrease the risks.

Every bank and co-operative banks/society desires to establish well-organized risk adjusted return on capital methodologies, and to come up with cutting edge portfolio credit risk management systems. usually the primary risk of any financial institution has been risk of credit arise during lending or investing. like financial institution entered in new markets and traded new products/services, other risks such as market risk began to complete for management's concentration. In the most recent decades financial institution have well prepared tools and methodologies and techniques to deal with market risk.

### **Meaning of Credit**

The word "**Credit**" is derived from the Latin word "**CREDO**", it means that trust between the buyer and a seller. **Credit** is the faith which allows one party to offer resources (money) to another party when the second party does not give money back the first party immediately, but promise either to pay back or return those resources at a later time.

A **Credit** in an accounting sense," it is branch of the most essential concepts in accounting, indicating a side of each individual transaction recorded in any of the accounting method".

The term credit has its line set in the Latin word 'creditum' meaning to facilitate which is loaned or entrusted" which also come from Latin word "Crederere" which means to " trust or entrust".

## **Forms of Credit:**

1. Long-term Loan
2. Cash credit
3. Purchase Bills
4. Bank Guarantee

## **Meaning of Risks**

A risk is a threat of damage, loss, liability, injury or any other negative incidence that is caused by external or internal vulnerabilities, and that may be avoided by using pre-emptive action.

“A risk is a circumstance involving exposure to danger, expose to danger, loss or harm”.

## **Types of Risk in Banks**

- A. Credit Risk
- B. Operational Risk
- C. Market Risk

### **A. Credit Risk:**

It means failure to refund the money back, by a borrower to the creditor or lender.

Not able to repay loan amount, at maturity by a borrower to the lender which leads to loss to the lender or creditor is called loss of credit, for borrower it is the only loan amount but for a bank, it is an assets. Credit loss rise results to non performing assets (NPA)

### **B. Operational Risk:**

Centralised computer failure in banks or failure of internal processes in banks is called operational risk.

Risk that is occurred due to failure in core banking solution or failure of internal processes of the institution is called risk of operation.

### **C. Market Risk:**

Due to market activities, sometimes banks share goes down (assume ICICI share down by 60 points, this is also a risk of market for ICICI).

This means the sudden drop in the price of the share which is connected or linked with the investments of bank in a market. Such risk is called “**Market Risk**”

### **Credit Risk:**

Credit risk is the probable danger of loss, it is resulting from a borrower’s failure to pay off a loan or meet contractual obligation.

Traditionally, credit risk refers to the threat that a lender may not take back or receive the owed principal and interest, which result in an stoppage of cash flows and increased cost for collections.

### **Types of credit risk**

A credit risk can be classified into subsequent ways/steps.

1. Credit default risk: The risk of losses appearing from a debtor being unlikely to repay its credit obligations in full or the debtor is more than 90 days past due on any (material credit) credit obligation is called credit default risk.
2. Concentration risks: The risk of loss connected with any single exposure or any group of exposure with the potential to create large enough losses to threaten a bank’s core business operation.
3. Country risk: The risk situated from a sovereign state freezing foreign currency payments, or when it default on its obligations, this risks is associated with the country’s macro-economic performance and its political constancy.

### **Factors affecting credit risk:**

- Efficiency of workers and employees in the banking credit
- Banks credit policy and guidelines
- Instructions of the central bank (RBI)
- Labour relation

### **Internal elements influencing the banks or co-operative bank in terms of risk:**

- Inefficiencies in banks credit strategies
- Lack of risk pricing systems and methods
- Absence and lack of credit audit system
- Inefficiency or Inadequacy characterized loaning limits for credit panels/advance officers.
- Excessive reliance on guarantee without discovering and identifying its quality.
- Ineffective maintenance and arrangement of observing of records.

### **Ways to Minimizing or lowering of Credit Risk**

1. Thoroughly check a new customer's credit information and records.
2. Building a long trusted relationship with customers.
3. Establish credit limits for new customers.
4. Banks must ensure that credit agreements with customers are clear.
5. Use political and credit risk insurance.
6. Use factoring service or appoint factoring service provider.
7. Develop a standard methods and process for handling overdue accounts.
8. Use deposit insurance schemes
9. Diversification of banks products and services.

### **Credit Risk Management:**

Credit risk management is the practices of mitigating organisations losses by understanding the adequacy of bank capital and loan loss reserves at a particular period. This is process that has long been a challenge for all the fiscal institution.



## **Principles or important elements of credit risk management**

### **1. Establishing an suitable credit risk environment by the board.**

Board have to create an environment which makes the process of controlling the credit much smoother and effective. A periodical review of the credit related policy should made by the directors and necessary changes should implement by the board.

### **2. Operating and working under a sound credit granting practice.**

Banks must operate within sound, well-defined and structured credit-granting criteria. Before granting of the credit to customer, the documents related to the customer and the collateral properties are collected and analysed and valued. Further by taking the information and advice of the legal advisor the extent of amount to be lent is decided.

### **3. Maintaining an appropriate credit administration, measurement, evaluation and monitoring process.**

Banks must have in place a structure and method for the in progress administration of their different credit risk-bearing portfolios. Proper administration and regular monitoring of the customer in order to understand and know the use of the amount lent to him. If any misuse of fund is found then the customer can be held liable and the credit sanctioned gets cancelled.

### **4. Ensure proper controls over credit risk.**

Banks should set up a system of independent, ongoing assessment of the bank's credit risk administration process and the results of such review should be communicated openly to the board of directors and senior executive and authorities. Minimise and control the risk involving in the credit is the main and foremost aim of the bank. The periodical review has to be made by the officers and the result of such review needs to be communicated to the higher authorities for making corrective actions.

### **5. Identifying and establishing the task of supervisor.**

Supervisors must require that banks have an successful system in place to identify, measure, control and monitor credit risk as part of an overall approach to(credit risk) risk management. Supervisors should conduct a independent appraisal of a bank's strategies, techniques, policies, rules, measures and practice related to the granting of credit to customers and the ongoing management of the portfolio.

## **Credit Risk Management Process:**

The 8 steps of credit risk management, the following 8 steps should consider before lending credit to customer.

- 1. Know your customer:** Bank should collect the information about customer before lending and maintain a close relationship with them.
- 2. Analyse non financial risk :** banks should understand customers businesses by analysing non financial risk, and considerate of the economic and industry factor that influence a clients company's financial stability and financing desires.
- 3. Understanding the numbers:** There are so many benefits and risk associated with establishing banking relationships, as a lender banks should understand the numbers and reason for borrowing.
- 4. Structure the deal and understand the business:** Banks should identify the underlying borrowing cause and recognize both primary and secondary repayment source available, the next further action is to loan structuring.
- 5. Price the deal:** Bank's investment and lending divisions in conjunction with the ALCO will set loan pricing and service fees strategies which should determine appropriate pricing to the deal.
- 6. Present the deal:** the deal information should communicate and presented with higher officers.
- 7. Close the deal:** Closing the deal take place after the examination, structuring and pricing of the loan has been completed by the bank. Close the deal involves loan disbursement and collecting final
- 8. Monitor the relationship:** banks should conduct periodic reviews, ratings of the credit and maintain the relationships with customer after lending loan to them.

**The Following process explains the steps that are taken before lending any credit:**

- **Appraisal of Credit:**

Before lending credit to any customer, the information and data related the soundness and viability of that particular customer needs to be gathered and it should be properly analysed. In any case the customer proved not to have any soundness in his incomes and capacity of repayment then the loan can be rejected at any time.

- **Sanctioning of credit:**

A proper guidelines for the sanction of credit needs to be prepared and maintained. Only after the customer is proven with adequate incomes, capacity to repay the loan the further procedure takes place. Customer needs to follow the rules and regulation; procedure and guidelines related to the credit that he is availing. Customers are needed to know the terms and conditions of the particular bank and the type of the loan and credit terms.

- **Collecting the documents related to credit:**

Financial institution or banks collects the data or information regarding the properties or the collateral securities against which the loan is raised. Analyse and calculate the real worth of such collateral securities or assets and understands the legality of those assets or properties.

- **Administration of credit:**

Financial Institutions be required to guarantee that their credit portfolio is efficiently managed that is, in advance understandings are correctly prepared, re-establishment notification are sent deliberately and records identified with credit are timely revitalized. An establishment may assign its organization's credit capacity to an office or to assign workers in credit operations, contingent upon the volume and multifaceted nature of its credit portfolio.

- **Loan amount Disbursement:**

Loan amount can be discharged to the customers after the offer given by the particular bank is duly signed and authorised by the customer and its one copy is returned to the banks or particular financial institution. Loan amount, collateral securities, insurance any on such collateral securities or documents everything should be in favour of such institution.

- **Having a proper control over the individual credit and monitoring and analysing it by time to time:**

Continuous monitoring of the individuals loan amount whether the loan granted is utilised, properly and fully to its purpose or not. The decision of granting loan is correct or wrong can be identified and analysed. If any other loss arises out of such credit, how much amount of credit loss can be expected is to be ascertained.

- **Maintaining a credit portfolios:**

The basket of the credit created should be properly well maintained in order to identify and analyse the loss making units in the portfolio. Of Such loss making units needs to be properly administered and measures and methods to recover from such losses can be identified.

- **Classifying the types of credit;**

Credit which is making high amount of profit and earnings and also which is incurring losses, which needs to be identified and classified, analysed for further valuation. The loss making credits amounts of loans should be reduced in future course and the reasons for such losses should determined and certain corrective and possible measures are implemented. Where the profit earning units need to be pulled further with the intention of making further huge profits.

- **Facing the problems related to the recovery of credits or loans:**

In case the credits lent cannot be recovered, loss will arises in such situation. Further the necessary changes relating to the credit terms is should introduced to improve the quality of the credit policies and strategies used to control the risk arising out of the credit.

## 2.2. Literature Review

1. **Danjuman, Ibrahim, Kola, Ibrahim Abdullateef, Magaji, Badiya Yusuf, Kumshe & HauwaModu (2016)** explained about the topic of credit risk management and satisfaction of the customer. It shows the direct connection between credit risk management plus customer need fulfilment and there is no need for banks authority to pay concentration to other factor that contributes towards the consumer satisfaction other than granting of credits to customer. Bank needs to focus and concentrate on its credit policy in order to make more profits.
2. **Ahmed, Sufi Fizan, Malik & QaisarAli (2015)** Assessed the credit risk administration and advance execution of mini and micro scale banks. The consequences of the examination are demonstrating that there is a positive connection and relation between the credit term and execution of advance. While, there is a positive and direct connection between gathering approach and control of credit risk however they are insignificantly affecting the advance of banks.
3. **Chahal H, Kaur Sahi G & Rani A (2014)** investigated a theoretical model to be used further in understanding the procedure credit risk management method of different banks in an economy by taking into account of less developed or under developed financial sector. It found that the component of credit risk management system is change in commercial banks operating in a very less or under developed economy from those in a very highly developed economy. This gives an implication to the environment where bank carries their operation.
4. **Hameeda Abu, Hussain, Al Ajmi & Jasim (2012)** examined the administration of risk practices followed by the ordinary banks and find that the risk level and type of risk confronted by bank are high in case of traditional banks. Therefore, nationwide, residual and settlement, operational, risks are seen to be more if there must be an event to occur in traditional banks.
5. **Olaf Weber (2012)** scrutinizes the combination of environmental risks into the credit management. The qualitative and quantitative analysis made suggests that Canadian commercial banks, credit unions and export development Canada should manage environmental related risks in credit management in order to avoid and minimise the financial risk.

- 6. Olaf Weber, Ronald W Scholz & Georg Michalik (2010)** found that correlation between companies or banks environmental and financial performance exists. Banks pay sustainable attention or focus to the role that criteria pertaining to environmental orientation and sustainability play a crucial role in the process of credit risk management. It shows that sustainability criterion can be used to identify the debtor's monetary performance and develop the predictive validity in the steps of credit ranking.
- 7. Sensarma, Rudra & Jaydev M (2009)** develop a novel method for taking a glance at banks financial related aspects that is from the risk management point of view. This inspection helps in creating, drafting outline scores of risk management capacities of banks. As risk management is appeared to be an imperative determining factor of stock return of banks, bank ought to adjust all around planned instrument to control all the credit risk and push the stock comes back to another level.
- 8. Bodla B S Verma & Richa (2009)** analysed that for the Credit Risk Administration, a large portion of the banks are discovered playing out a some performances like studying and examining about industry and market, occasional credit calls, intermittent plant visits, creating MIS, credit scoring what's more, yearly audit of records. In any case, the banks in India are refusing or neglecting the utilization of subsidiaries items as risk supporting device. It has prepare that regardless of division and range of bank, Credit Risk Management systems in India is on the privilege way and it is completely in light of the RBI's rules issued in such manner.
- 9. Abul Hassan (2009)** assess the degree to which Islamic Banks in Brunei Darussalam adopt and uses risk management techniques and procedure or methods and carries out the risk management practice in dealing with various type of risks, happening at the time of transaction. There exist risks such as foreign exchange risk, credit rate risk and operating risk, systematic and unsystematic risk and other risk. It result that Islamic banks are practically efficient in facing and managing the risk.
- 10. Weber,Olaf, Fenchel, Marcus, Scholz & Roland W (2008)** examined the reconciliation of natural risks into credit risks administration procedure, methods and techniques of banks and identifying the huge contrasts in incorporating environmental risks and problems between banks that are signatories of UNEP proclamation by the banks on the earth and sustainable advancement in coordinating environmental risks and banks that had not consented to this arrangement so far could be found.

- 11. Evan Gatev, Schuermann & Philip E Strahan (2007)** scrutinize the liquidity risk that the banks are facing which is attributed to transactions deposits and their potential to spark runs. Instead of that transaction, deposits help banks to hedge liquidity risk from loans that are not used. Banks stock return volatility move high with the commitments made that are lying unused but only for the banks with low level of transaction deposits.
- 12. Hussein A & Hassan Al Tamimi (2007)** examined the level and method of risk management techniques and tools used by banks when it considers the different kinds and level of risks faced by banks are compared by taking look into the questionnaire prepared for the two sets of bank. It can be concluded that commercial banks have to face more foreign exchange risk, operating risk and credit risk and other risk. It shows that some significant relationship between the foreign and national banks.
- 13. Ali Fatemi & Iraj Fooladi (2006)** analysed and evaluated the on-going practices and methods for managing the credit risk in the financial institution. Only similar to half of the financial institutions are capable of facing counterparty migration risk. Minority banks uses either the proprietary or the seller based models for handling the risk. Such models can be utilised for managing and handling the non-traded credit portfolios.
- 14. Norbert J & Zenios, Stavros A & Jobst, (2006)** found that spread risks and interest rate risks are vital variables which won't broaden away in a substantial portfolio constructing and particularly when top notch instruments are considered. Bank should focus and concentrate on limiting such risks keeping in mind the end goal to attain long run development in the business level.
- 15. Jose M Pastor & Lorenzo Serrano (2006)** examine the efficiency and the credit risk of the major banks in the euro area using one stage parametric stochastic procedure which allows one to identify whether the behaviour towards risk of the banks in the Euro area was more cautious during the period of analysis. The result indicates that the adjustment for risk is more important in the time of profit efficiency but not in case of cost efficiency.
- 16. Alfred Lehar (2005)** found and identified a new method to determine and observe and analyse the risk in the banking system which can help the commercial banks. Standard methods, tools and regulators are required by the banks to manage their internal risks which are applied at the level of banking system to measure the risk of a regulators portfolio. Larger and more profit earning banks will have a lower systematic risk only for banks that are lacked by regulatory capital requirements

- 17. A Sinan Cebenoyan & Philip E Strahan (2004)** examined and evaluated that how dynamic administration of bank credit risk exposes through the advance deals advertise which influences capital structure, loaning, advantage or benefit and risk. Banks that rebalance their advance portfolio exposures by both purchasing and offering credits, banks that utilization the advance deals showcase for administration purposes as opposed to modify or alter their property of advances in the bank. It advocates that banks that enhance and increase their capacity to oversee acknowledge risk may work for more prominent use and may loan more cash to unsafe borrowers.
- 18. Bagchi (2003)** examined the subject of credit risk management in banks, risk recognition, risk measurement, risk analysis, risk monitoring, risk control and risk audit as a basic consideration for credit risk management and gave conclusion that proper credit risk architecture, policies and framework and method of credit risk management, credit rating system, monitoring and control contributes in the success of credit risk management system of the banks.
- 19. Julpa Jagtainsi, George Kaufman & Catharine Lemieux (2002)** analysed or examined regardless of whether the government wellbeing is seen by market as it is stretched out past, Stores to bank deposit and even the deposit of bank holding organisations. Its outcome give confirm that both bank and bank holding organizations securities are evaluated and analysed by the auxiliary market in connection shockingly chance for less promoted backers recommending that proposition obliging banks to issue obligation may enhance advertise and valuable in regulatory discipline.
- 20. Ferguson (2001)** Analyzed and researched the concepts, models and judgment, theories related to subject credit risk analysis and management. The author finally concluded that proper risk modelling gives a formal systematic and disciplined route for firms to measure and identify changes in the riskiness of their portfolio and helped them in designing and make a proper strategic framework and direction for managing changes in their risk.



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

Title of study: **“A Study on the Credit Risk Management at the Beejady Fishermen Co-operative Society Limited, Beejady”**

### **3.1. Statement of the problem**

The profits of the Bank and co-operative bank are totally dependent on loans and advances which lead to both economic, industrial and firm growth. When the borrowers fail to repay the payment for the amount borrowed by him, the credit risk for the banks will increase. For all the banks, loans and advances are the essential source of credit risk exists during the operations of the bank. Bank are progressively meet credit risk in different budgetary instrument other than advance, including acknowledgment, interbank exchanges, exchange financials, remote trade exchanges, currency related fates, swaps, securities, equities, options and in the expansion of duty and ensures, and the settlement of transactions and etc.

Therefore, there is a need to study the reasons and situations for the credit risk and the process to manage or minimize the credit risk.

### **3.2. Need for the study**

There is a need to understand the risk involved in lending the credit to the borrower by the banks and co-operative society to make sure that the loan lent will not be set as a default. And to find out the necessary, best possible measures that how the banks can minimize the risk involved in its lending. The various aspects the bank needs to analyze while lending the loan in order to reduce and control its loan's risk and maintain the profitability.

### **3.3. Objectives of the Study:**

- To study various number of loans and advances offered by Beejady Fishermen Co-Operative Society Limited, Beejady
- To analyze the credit risk associated with lending at Beejady Fishermen Co-Operative Society Limited, Beejady
- To understand various credit risk management strategies adopted by Beejady Fishermen Co-Operative Society Limited, Beejady
- To offer suggestions to BFCS Ltd. based on the study.

### **3.4. Scope of the Study:**

First and foremost, is to understand and recognise the significance of the task played by risk management department pretended by risk administration office as well as practices when the banks lend cash to its borrowers and customers.

### **3.5. Research Methodology**

#### **3.5.1. Research Design**

It is a structure and tool which guides and directs the research to be conducted. It provides an outline add blueprint for the purpose of collecting and careful examination of information. It helps in regulating a solution to the problem and including new information and data.

“Analytical Research Design” is used in the project study because the study and the inferences are prepared based on the analysis made for the secondary data collected using Analytical Techniques in drawing inference.

#### **3.5.2. Sources of Data**

The information and data gathering i.e. the idea for the project has been gathered remembering the targets of the project study and based on the needs, important data has been found.

#### **Secondary Data**

This is reviewing or evaluation of relevant information, which is already collected at the time of study and making conclusion based on information collected.

The secondary data used in the study are:

1. Annual Report of the Fishermen Co-operative Society Beejady Ltd.
2. Financial records and information of the Fishermen Co-operative Society Beejady Ltd.
3. Journals and Text books .
4. Government and Co-operative society Websites.

### **3.5.3. Sampling Design**

Last five years financial reports of the society are used for the study i.e. 2013 to 2017.

### **Tools and Techniques**

- The collected data has been tabulated and analysed and also shown in the way of various graphs, diagrams and interpretation
- Personal interview and discussion with employees and customer have been carried at informally with Beejady society.

### **3.6 Limitations of the Study:**

- The study was just limited to 6 weeks
- Only a particular society is considered.
- Some of the data and information is confidential in nature and couldn't be disclosed for the review and analyses.

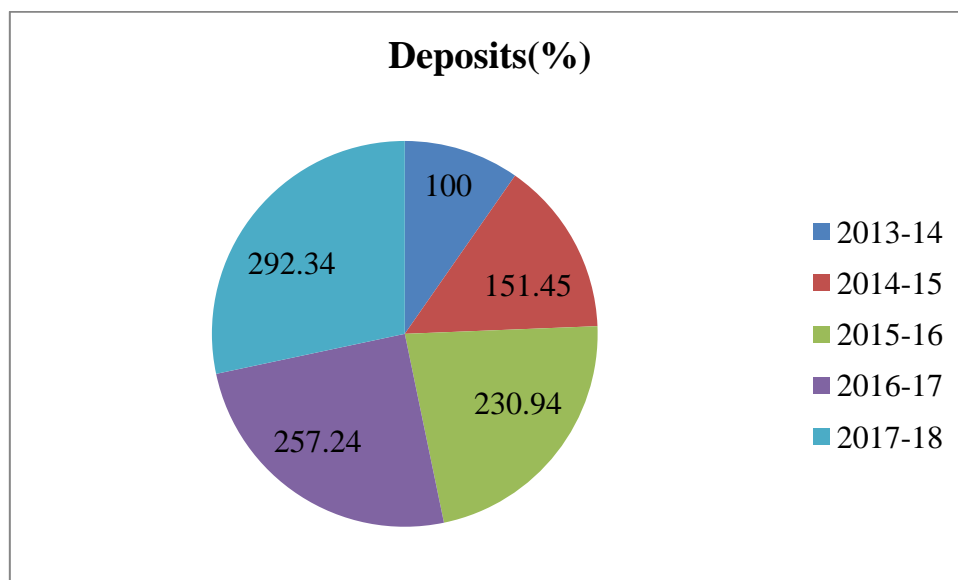
**CHAPTER- 4**  
**DATA ANALYSIS AND INTERPRETATION**

**Table 4.1** Table showing the Total Deposits of Beejady Fishermen Co-operative society Ltd.

Year	Deposits	Percentage (%)
2013-14	510,54,932.07	100
2014-15	773,20,988.07	151.45
2015-16	1179,06,775.07	230.94
2016-17	1313,31,540.08	257.24
2017-18	1492,52,234.69	292.34

*Source:* Data is used from Society Annual Reports from 2013-17

**Graph 4.1** Graph showing the Total Deposits growth with percentage BFCSL.



**Source:** Table .4.1,

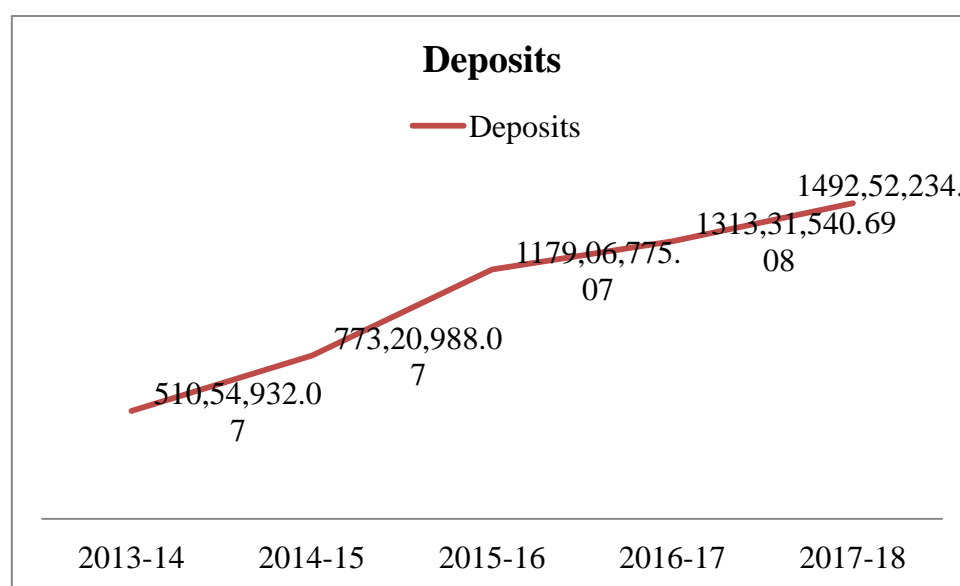
**Analysis and Interpretation:** The total deposits of BFCSL increased significantly from 2013 to 2017 can be understood by the above graph. For calculating the ratios of deposits the year 2013 is taken as the base year. In the base year the deposits in the BFCSL was Rs.510,54,932.07. which increased to Rs1492,52,234.69.. The increased deposits ratio indicates the trust of the customer towards the society.

**Table 4.2** Table showing the Growing Deposits of the Beejady FCS Ltd from 2013-2017

Year	Deposits
2013-14	510,54,932.07
2014-15	773,20,988.07
2015-16	1179,06,775.07
2016-17	1313,31,540.08
2017-18	1492,52,234.69

**Source:** Extracted from Society Annual Reports from 2013-2017

**Graph 4.2** Graph showing the Growing Deposits of the Beejady FCS Ltd., from 2013-2017



**Source:** Table .4.2

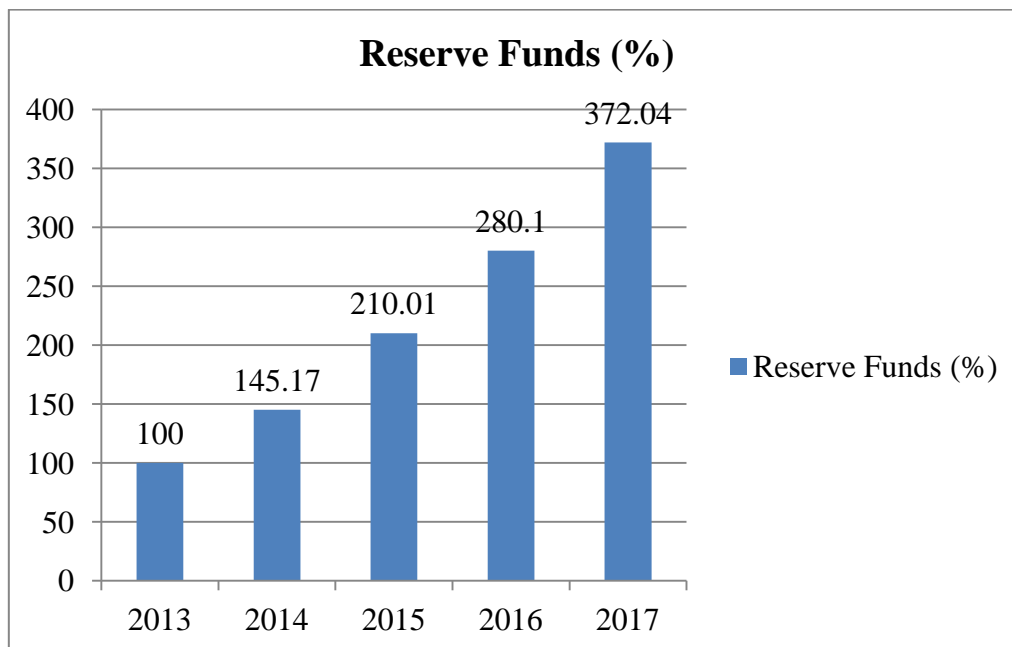
**Analysis and Interpretation:** The above graph reveals that there is a continuous and rapid growth in the deposits of the BFCSL which is a positive sign for the Society. It shows that society has increased trust among the investors. Society had Rs. 510,54,932.07 in the ear 2013 which further increased and reached to Rs. 1492,52,234.69 in 2017. Deposits are the liability for the society which is to be returned to the investors after a certain period of time or on demand of the investor.

**Table 4.3** Table Showing the Investment position of the BFCSL.

Year	Reserves and Other Funds	Percentage (%)
2013-14	68,20,047.80	100.00
2014-15	99,00,613.21	145.17
2015-16	143,22,725.88	210.01
2016-17	191,02,964.81	280.10
2017-18	253,73,143.62	372.04

Source: Extracted from Annual Reports from 2013-17

**Graph 4.3** Graph showing position of Reserves and Other Funds as percentage of BFCSL.



Source: Table .4.3

**Analysis and Interpretation:** From the above graph, it is clear that reserve and other funds invested by the Beejady Fishermen cooperative society increased gradually from 2013 to 2017. In this ratio, 2013 is taken as a base year and further calculation is performed. The percentage increase in the reserves and other funds were 100 in the base year to 145,210,280 and 372 in 2014, 2015, 2016 and 2017 respectively.



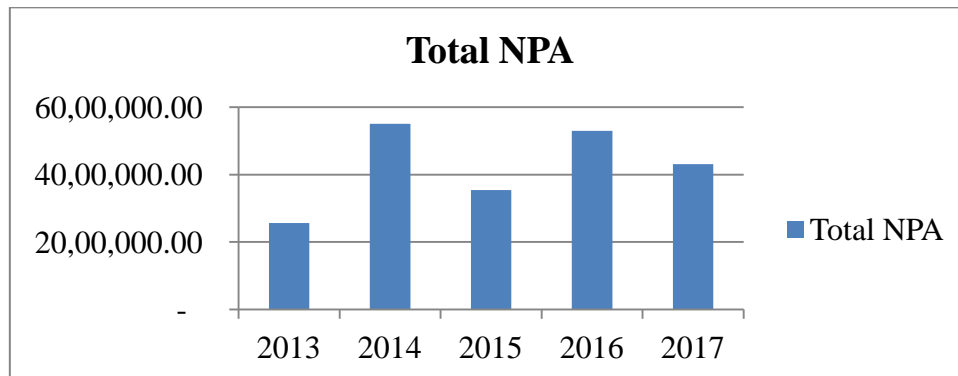
**Year wise categorization of the Non-Performing Assets at the Beejadi Fishermen Co-Operative Society Ltd.**

**Table 4.4. Table Showing the Total Non-Performing Assets 2013-17**

Particulars	Amount in Rupees				
	2013	2014	2015	2016	2017
Sub-Standard Assets	21,93,647.00	52,46,529.00	32,73,492.00	52,08,954.24	42,32,630.00
Doubtful Assets	3,62,271.40	2,62,050.00	2,60,000.00	85424.2	74,166.00
Loss Assets	-	-	-	-	-
Total NPA	25,57,931.40	55,10,593.00	35,35,507.00	52,96,394.44	43,08,813.00

*Source: Extracted from BFCSL Annual Reports from 2013-17*

**Graph 4.4 Graph Showing the Total Non-Performing Assets of BFCSL from 2013-2017**



*Source: Table 4.4,*

**Analysis and Interpretation:** Above graph represents the total Non-Performing Assets of the Beejadi Fishermen co-operative society ltd., Sub-standard asset of the society is high compared to the doubtful assets. There is no Loss asset which indicates that society is not incurring any kind of losses due to lending of money to the borrowers and members in the form of loan. From 2013-2017 NPA is fluctuating. Increase in NPA is not a good for the position of the society,

**Credit to Deposit Ratio:** Total money lent by the society that is loan to the total money received by the society in the form of deposits . Here, total loans lent by the Beejady FCSL with that of total money received in the form of deposits is taken into account.

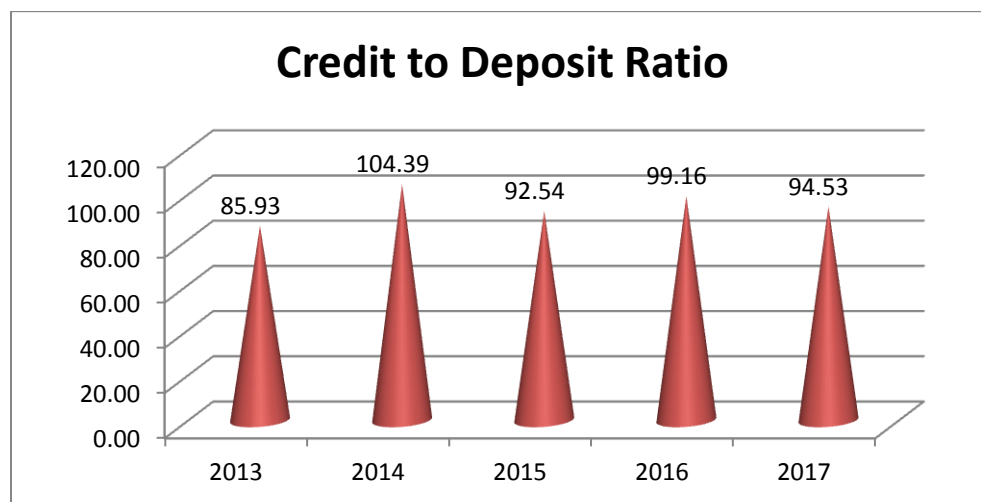
$$\text{Credit to Deposit Ratio} = \frac{\text{Loans}}{\text{Deposits}} * 100$$

**Table 4.5** Table showing the Credit to Deposit Ratio of the Beejady FCSL from 2013-2017 (Amount in Rupees)

Year	Total loan	Deposits	Credit to Deposit Ratio(%)
2013	438,72,943.00	510,54,932.07	85.93
2014	807,15,831.00	773,20,988.07	104.39
2015	1091,16,400.00	1179,06,775.07	92.54
2016	1302,23,856.00	1313,31,540.08	99.16
2017	1410,87,673.00	1492,52,234.69	94.53

*Source:* Data collected from Annual Reports from 2013-17

**Graph 4.5** Graph showing the Credit to Deposit Ratio of the Beejady Society from 2013-2017



*Source:* Table 4.5

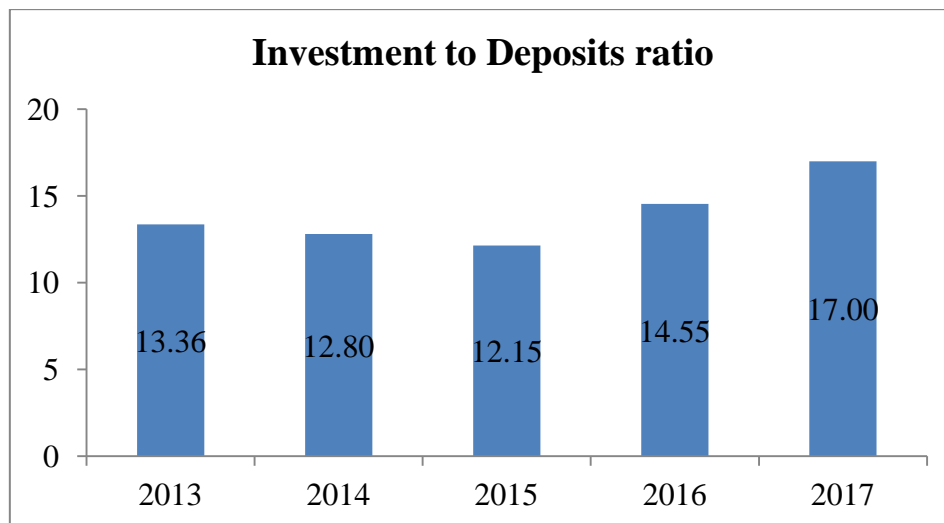
**Analysis and Interpretation:** The above graph showing that in base year credit to deposit ratio be 85.93 which increased to 104.39 in 2014 and which decreased to 92.54 in 2015 and again it increased to 99.16 in 2016 and then decreased to 94.53 in 2017. It concludes that Beejady FCS Ltd. credit to deposit ratio increased from the year 2013 to 2017.

**Table 4.6** Table showing the Investment to Deposit Ratio of the Beejady FCS Ltd. from 2013-2017

Year	Reserves and Other Funds	Deposits	Investment to Deposits ratio(%)
2013	68,20,047.80	510,54,932.07	13.35825458
2014	99,00,613.21	773,20,988.07	12.80456116
2015	143,22,725.88	1179,06,775.07	12.14750032
2016	191,02,964.81	1313,31,540.08	14.54560329
2017	253,73,143.62	1492,52,234.69	17.0001767

*Source: Data collected from Annual Reports from 2013-17*

**Graph 4.6** Graph showing the Investment to Deposit Ratio of the Society from 2013-2017



*Source: Table 4.6*

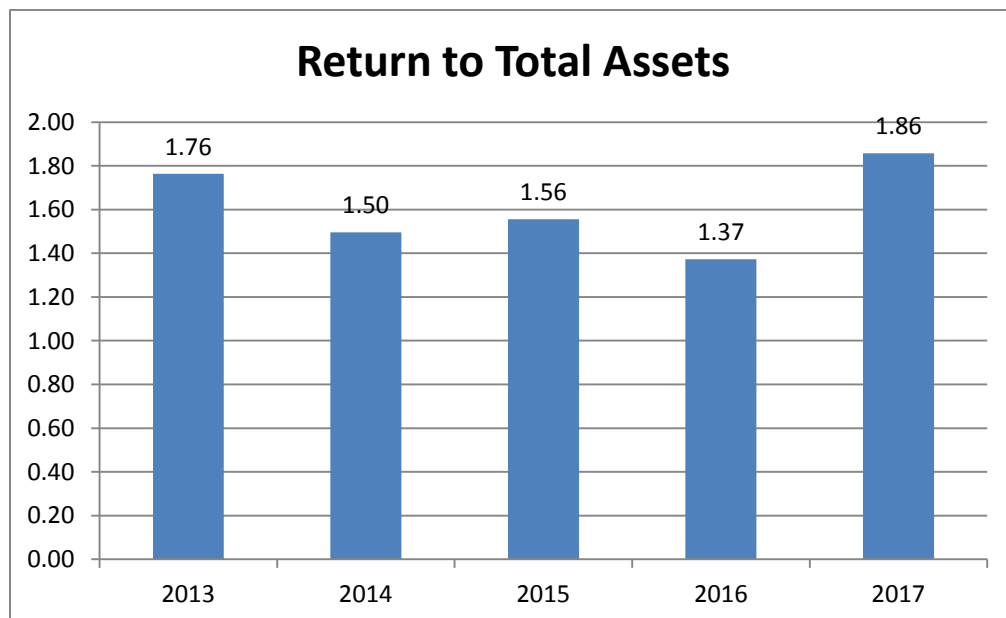
**Analysis and Interpretation:** Above graph depicts that investment made by the Beejady FCS Ltd. against the deposits made with the Beejady FCS Ltd.. Investment to deposit ratio was higher in the base year as compared to the rest of the year. From 2013 this ratio was higher and then it decreased in 2014 and 2015 and rapidly increased in 2016 and further it increased in the year 2017. It reveals that investment to deposit ratio increased from the year 2013 to 2017.

**Table 4.7** Table showing the Return on Assets Ratio of the Beejady FCS Ltd from 2013-2017

Year	Return	Total Assets	Return to Total Assets
2013	1146725.36	65016017.08	1.76
2014	1524171.59	101892975.3	1.5
2015	2229661.93	143309162.3	1.56
2016	2241677.93	163321550.2	1.37
2017	3534037.95	190309931.7	1.86

*Source: Extracted from Annual Reports from 2013-17*

**Graph 4.7** Graph showing the Return on Assets Ratio of the BFCS Ltd from 2013-2017



*Source: Table 4.7,*

**Analysis and Interpretation:** Return on assets of the Beejady FCS Ltd can be analysed by seeing the above graph. It can be understood that return on assets in the year 2017 is the highest compared to other years. In the base year 2013 return on asset was 1.76 which decreased in the year 2014 then increased a bit in 2015 and again decreased in 2016 and in 2017 it highly increased to 1.86,.

**Table 4.8** Table showing Gross NPA to Gross Advances Ratio of Beejady FCS Ltd from 2013-2017

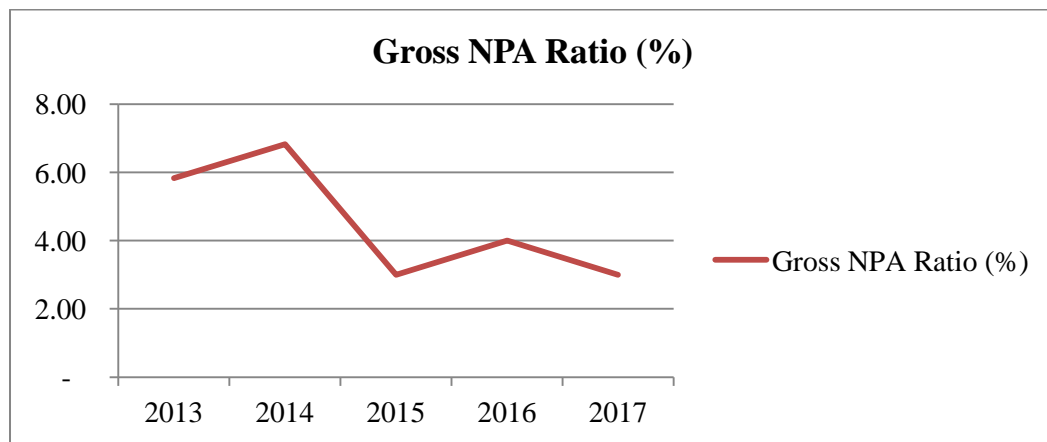
$$\text{Gross NPA to Gross Advances Ratio} = (\text{Gross NPA}) / (\text{Net NPA}) * 100$$

(Rupees in Lakhs)

Particulars	Gross NPA	Gross Advances	Gross NPA Ratio (%)
2013	25.58	438.73	5.83
2014	55.11	807.16	6.83
2015	32.73	1091.16	3
2016	52.09	1302.24	4
2017	42.33	1410.88	3

Source: Extracted from Annual Reports 2013-2017

**Graph 4.8** Graph showing Gross NPA to Gross Advances Ratio of Beejady FCS Ltd from 2013-2017



Source: Table 4.8

**Analysis and Interpretation:** The above graph shows the gross NPA against Gross loans lent by the society. It discloses the amount to which the loan lent by the Beejady FCS Ltd stands as NPA. Beejady FCS Ltd, gross NPA against Gross loan is increased in 2014 and highly decreased in 2015 then it increased little in 2016 then further decreased in 2017 which is a good sign for the society. Society must continuously focus on its credit policies in order to reduce the amount of loans turning as NPA.

### Net Non-Performing Assets Ratio:

$$\text{Net Non Performing Assets Ratio} = \frac{\text{Net NPA}}{\text{Total loan}} * 100$$

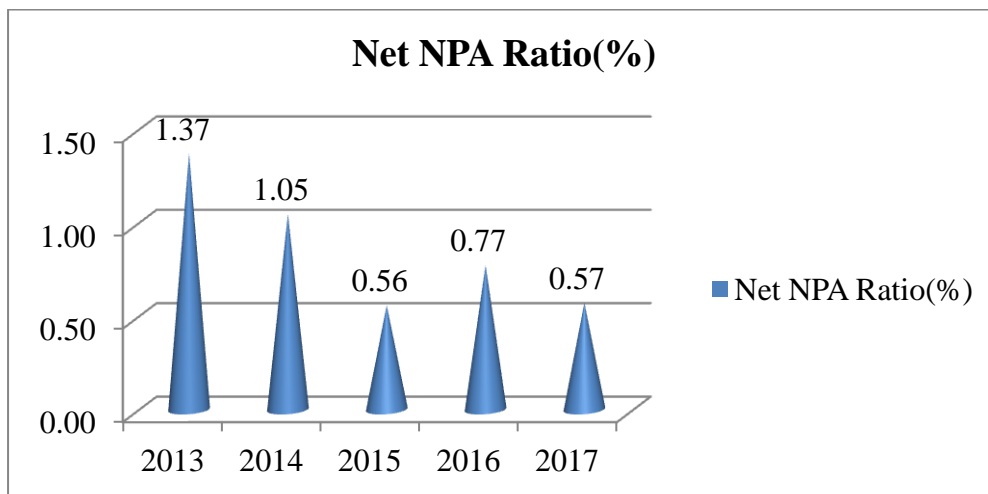
**Table 4.9** Table showing the Net NPA against the Total Advances from 2013- 2017

(Amount in Lakhs)

Year	Net NPA	Net Advances	Net NPA Ratio(%)
2012	6.02	438.73	1.37
2013	8.46	807.16	1.05
2014	6.09	1091.16	0.56
2015	10.08	1302.24	0.77
2016	8.06	1410.88	0.57

Source: Data Used from Annual Reports 2013-2017

**Graph 4.9** Graph showing the Net NPA against the Total Advances of the Beejady FCS Ltd from 2013-2017



Source: Table 4.9,

**Analysis and Interpretation:** The above graph shows the increase in Net NPA of Beejady FCS Ltd from the year 2013-2017. It was 1.37% in 2013 which decreased to 0.57% in the year 2017. The decrease in net NPA of the society shows which is a good sign for the Beejady Fishermen Co-operative Society Ltd.. Society can take certain measure to reduce the amount of NPA.

### Sub-Standard Assets ratios

$$\text{Sub – Standard Assets Ratio} = \frac{\text{Total Sub – standard Assets}}{\text{Gross NPA}} * 100$$

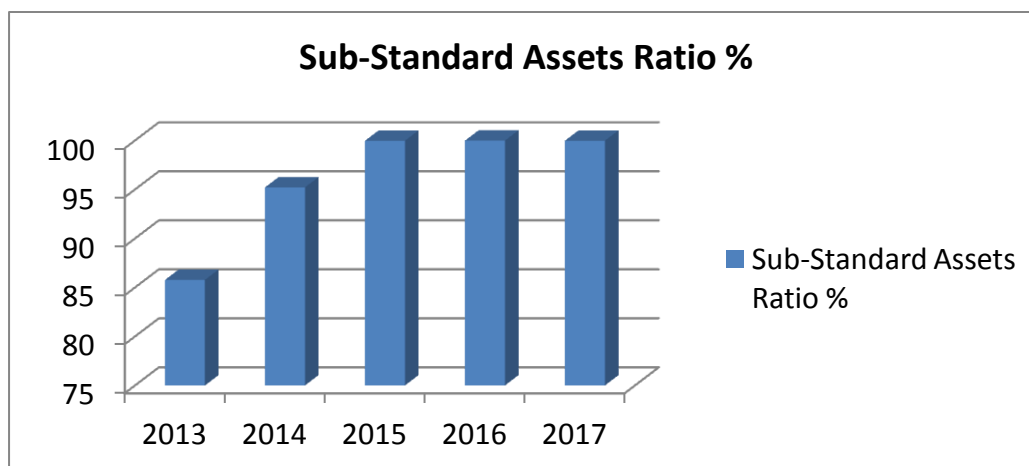
**Table 4.10** Table showing the Sub-standard Assets ratio from 2013-2017

(Amount In Lakhs)

Year	Sub- standard assets	Gross NPA	Sub- Standard Assets Ratio %
2013	21.94	25.58	85.77013292
2014	52.47	55.11	95.20958084
2015	32.73	32.74	99.96945632
2016	52.08	52.09	99.98080246
2017	42.32	42.33	99.97637609

*Source: Extracted from Annual Reports from 2013-17*

**Graph 4.10** Graph showing the Sub-standard Assets ratio of the society from 2013-2017



*Source: Table 4.10*

**Analysis and Interpretation:** The Sub-standard assets ratio of Beejady FCS Ltd was 85.77% in the year 2013 then which was increased to 95.20% in 2014 and further increased in 2015 and in the year 2016 and 2017 it was showing the constant trend i.e., 99.96 and 96.98% and 99.97% respectively. Hence, it indicates the negative impact for the bank demonstrating a reduced amount of recovery of the Sub-standard as compared to that of last years.

### Doubtful Assets Ratio:

$$\text{Doubtful Assets Ratio} = \frac{\text{Total Doubtful Assets}}{\text{Gross NPA}} * 100$$

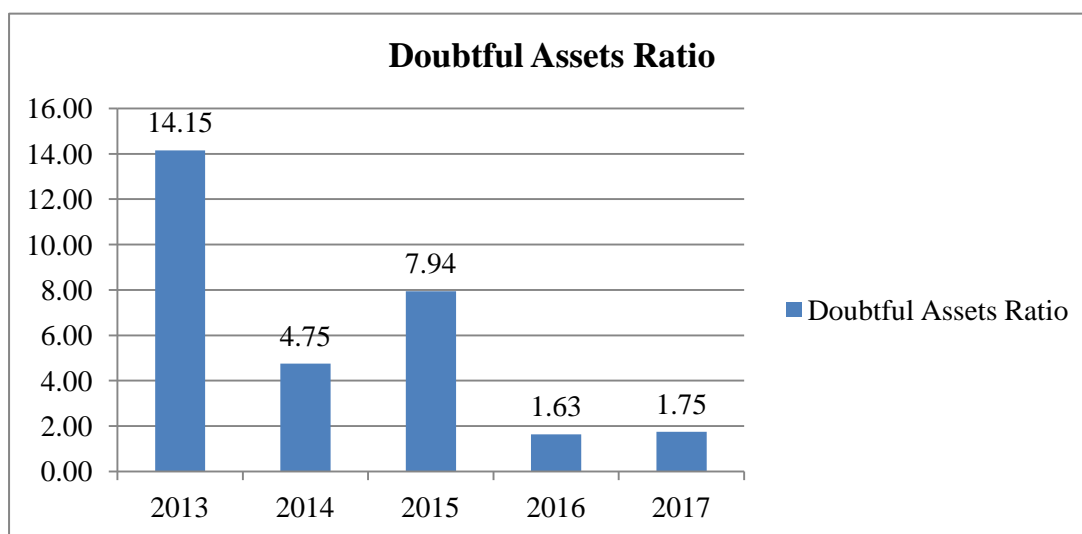
**Table 4.11** Table showing the Doubtful Assets Ratio of the Society from 2013-2017

(Amount in Lakhs)

Year	Total Doubtful Assets	Gross NPA	Doubtful Assets Ratio(%)
2013	3.62	25.58	14.15
2014	2.62	55.11	4.75
2015	2.6	32.74	7.94
2016	0.85	52.09	1.63
2017	0.74	42.33	1.75

*Source: Extracted from Annual Reports from 2013-2017*

**Graph 4.11** Graph showing the Doubtful Assets Ratio of the BFCS Ltd.,from 2013-2017



*Source: Table 4.11*

**Analysis and Interpretation:** The doubtful Assets Ratio in the year 2013 was 14.15%, in the year 2014 it was reduced to 4.75% and increased in the year to 2015 is 7.94% then reduced in 2016 to 1.63 and just increased to 1.75% continued with the same trend in the 2014 and in 2016 it was increased to 23.92%, this shows society is not using proper methods to recovery the doubtful assets. And society is under increased credit risk so society should implement proper recovery techniques.



## **CHAPTER-5**

### **SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION**

## 5.1. Findings:

- The total deposit position of the society is increased from year to year continuously. It was 100% in the year 2013-14, further it increased to 151.45% in 2014-15 and 230.94% in the year 2015-16. Then 257.24% and 292.34% in the year 2016-17 and 2017-18.
- There is a continuous increase in the revenue. It has improved from 2013-14 to 2017-2018.
- It is observed that Beejady FCS Ltd's overall Reserves is increasing from the year 2013 to 2018, it was 100% in the base year 2013-14. Then it continuously increased to 145.17%, 210.01%, 280.10% in the year 2014-15, 2015-16 and 2016-17. In the last year it was 372.04%, so it shows that Society is maintaining a good reserves in order to overcome financial problems.
- The credit to deposits ratio of the society reveals that, there is a continuous increase in the ratio and also increases in loan amount. In the year 2013-14 it was 85.93% it was reached to 94.53% in the year of 2017-18.
- The trend of return on assets has varied from different time to time. In the year 2013-14, it was 1.76%, then 1.50%, 1.56%, 1.37% and 1.86% in the year 2014-15, 2015-16, 2016-17 and 2017-18 respectively.
- The percentage of total non-performing assets has not constant, it varies from 2013-14 to 2017-18. But report shows NPA of the society is high and also there is 0% loss in NPA in all the year.
- Society is maintaining proper liquidity position in order to overcome payment risk.
- Share capital of the Beejady FCS Ltd has been increasing; it shows society is performing well.
- Modern banking facility and other service like online banking, ATM facility is not available in this society it is one of the fault.
- Society is almost depends on old procedure of data handling like manual handling. And recovery of loans by authorities takes so much time.
- Beejady FCS Ltd is performing good because of it has well brand name in the district and also it is working for developing fishermen community by providing financial and other assistance.
- The overall performance of the society is satisfactory. It has successfully improved its overall financial position. It is working in the way to strengthen its financial viability.

## **5.2. Suggestions:**

- Beejady Fishermen co-operative society Ltd should concentrate on diversifying its funds arising out from deposits in order to make proper utilisation of funds.
- Risk assessment of the customer must be made by the society while sanctioning loan to them.
- The society need to adopt the modernised technologies of banking activities.
- Employee should go through the past credit history of the customer while sanctioning loan.
- Employee should also consider the current income and assets of the borrower.
- Sanctioning authority should assess the financial performance of the customer thoroughly.
- Proper and adequate training must be given to the banking staff.
- Credit rating of the company or the customers must be updated timely.
- Society should implement and follow the credit management policies in order to avoid credit risk.
- It should also concentrate on increasing its branches in order to extend its market.
- Beejady FCS Ltd needs to reduce the interest rate of some loans.
- Conducting Board meeting every month in order to check the financial position and prepare policies and rules to minimise problems.
- The performance and reports must be regularly reviewed and analysed in order to detect errors.

### **5.3. Conclusion:**

Banking is the foundation of national economy. Banking part no more relies upon just on a conventional technique for banking. Banking industry has been treated as planned money related division in India. India's financial framework is highly influenced by terrible credits.

Credit Risk management starts with the process of giving loan to customer and comes to an end by repaying the debt amount by the customer along with interest. For managing the risk, banks or co-operative society or financial institution needs to concentrate on credit scoring and credit rating aspects which improves the steps of credit lending and also helps in identifying the credit worthiness of that financial institution. Bankers need to focus on the individual person's credit worthiness before lending loans to the individual in order to reduce the risk and loss arising from that.

All type of fishermen co-operative societies are formed for the welfare of the fishermen community, either these co-operatives are produce's co-operative, farming cooperatives or consumer cooperatives. The main object of all of the co-operative society is not to make profit but the welfare of the members and community.

- "Credit Policy" and "Credit Risk Management" of the financial institution is an endless subject and also it is difficult to cover all of the points of view inside a less period.
- Credit risk management has a very big impact on the society's balance sheet thus its assets and liability management can ensure adequate risk management. Co-operative society can restrict or force to limit the presence of non- performing assets in its balance sheet by adopting effective credit management.
- When different credits are sanctioned by co-operative society, the society has face different risk like Industry risk, Business risk and some Default risk, Because institution follow a strict measures to operate with default borrowers.
- From the discussion in this project report, it has become so clear that credit risk management subject is a complex and continuous running process and hence financial institution have to take a serious measure and approach in addressing these risk and problems. They have to be at time in complying with all the necessary steps and must employ competent persons who have the capability to face and transact with these complex matters.

- Beejady Fishermen Co-operative Society Limited is having some portions of the loans termed as Non-performing assets but it is not incurring any loss due to NPA in all the years. There is a continuously zero balance of loss assets.
- In relation to credit risk management of Beejady FCS Ltd, it has follow best methods to minimising or lowering credit risk and also has given remarkable commitments in utilising a policy related to advance and credit.
- The overall observation and study concludes that Beejady Fishermen Co-operative society is performing in a better and effected manner.
- It has well defined plans and procedures and it has a well trained employees as well and also efficiently managing credit risk management system.

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## ANNEXURE

Society Balance Sheet from 2013-14 to 2015-16

(Amount in Rupees)

Particulars	2013-14	2014-15	2015-16
<b>Capital and Liabilities</b>			
Share capital			
A class shares	25,49,499.00	48,68,752.00	70,23,545.00
C class shares	1,24,760.00	1,11,740.00	1,36,320.00
<b>Reserves and Surplus</b>			
Profit and Loss account	11,46,725.36	15,24,171.59	22,41,677.93
Depreciation fund	6,64,808.40	9,35,318.45	14,48,468.45
other reserves	35,33,318.00	56,74,053.00	88,46,303.00
transfer to general reserve	24,33,011.40	31,02,331.76	38,39,044.43
Loans From other banks	20,60,000.00	68,24,360.00	2,20,000.00
Donation Funds	1,88,910.00	1,88,910.00	1,88,910.00
Suspense Account	3,17,541.44	6,82,219.04	3,26,762.00
Other liabilities	9,42,511.41	6,60,131.41	11,31,356.41
Deposits	510,54,932.07	773,20,988.07	1179,06,775.07
<b>Total</b>	<b>650,16,017.08</b>	<b>1018,92,975.32</b>	<b>1433,09,162.29</b>
<b>Assets</b>			
Furniture and Fixtures	12,05,398.00	23,20,176.00	32,14,169.00
Other safety equipments	75,137.00	75,137.00	75,137.00
land and Buildings	3,26,652.93	13,29,017.98	36,77,307.00
doubtful Assets	3,62,271.40	2,62,050.00	2,60,000.00
Cash in hand	4,55,350.00	10,23,784.00	4,59,906.00
Cash at bank	18,34,944.55	20,16,702.32	24,59,983.61
Investment	168,59,765.00	141,34,131.40	238,07,198.40
Loans and Advances	438,72,943.00	807,15,831.00	1091,16,400.00
Other Assets	23,555.20	16,145.62	2,39,061.28
<b>Total</b>	<b>650,16,017.08</b>	<b>1018,92,975.32</b>	<b>1433,09,162.29</b>

**Society Balance Sheet from 2016-17 & 2017-18**
**(Amount in Rupees)**

<b>Particulars</b>	<b>2016-17</b>	<b>2017-18</b>
<b>Capital and Liabilities</b>		
Share capital		
A class shares	80,32,863.00	86,57,999.00
C class shares	1,85,345.00	2,14,545.00
<b>Reserves and Surplus</b>		
Profit and Loss account	25,29,661.93	35,34,037.95
Depreciation fund	20,75,837.45	27,40,615.45
other reserves	119,90,128.00	145,59,356.00
transfer to general reserve	48,48,089.36	78,84,262.17
Loans From other banks	2,20,000.00	2,20,000.00
Donation Funds	1,88,910.00	1,88,910.00
Suspense Account	82,701.00	4,05,336.00
Other liabilities	18,36,474.41	26,52,635.41
Deposits	1313,31,540.08	1492,52,234.69
<b>Total</b>	<b>1633,21,550.23</b>	<b>1903,09,931.67</b>
<b>Assets</b>		
Furniture and Fixtures	32,57,109.00	33,29,562.00
Other safety equipments	75,137.00	75,137.00
land and Buildings	40,10,608.98	42,70,608.98
doubtful Assets	85,424.20	74,166.00
Cash in hand	5,92,048.00	10,06,026.00
Cash at bank	63,12,142.63	82,61,123.29
Investment	184,89,845.40	322,04,062.40
Loans and Advances	1302,23,856.00	1410,87,673.00
Other Assets	2,75,379.02	1,573.00
<b>Total</b>	<b>1633,21,550.23</b>	<b>1903,09,931.67</b>



**ACHARYA INSTITUTE OF TECHNOLOGY**  
**DEPARTMENT OF MBA**

**PROJECT(17MBAPR407) -WEEKLY REPORT**

**NAME OF THE STUDENT: Akshay**

**INTERNAL GUIDE: Prof. Mahak Balani**

**USN: 1IA17MBA06**

**COMPANY NAME: Beejady Fishermen Co-operative Society Ltd.**

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

Company Seal

**Chief Secretary**  
**Beejady Fishermen Co-op.**  
**Society Ltd., L. No. 528**  
**Beejady, Post Koteshwara**

College Seal



HOD Signature

Head of the Department  
Department of MBA  
Acharya Institute of Technology  
G. Indiranahalli, Bangalore-560 107. 27/3