

**A**  
**PROJECT REPORT**  
**ON**  
**“LOANS & ADVANCES”**  
**AT**

**DENA BANK, DEOLA.**

*-: Submitted By:-*

( \_\_\_\_\_ )

**MBA-II (finance)**

*-: The Research Guide:-*

**Prof. \_\_\_\_\_.**

**For The Academic Year**

20 -20

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(Institute Name)

20 -20

## ACKNOWLEDGEMENT

The satisfaction of completion of any successful task is incomplete without mentioning the name of people who made it encouragement crowned our efforts with success.

I have a pleasure in submitting the project report & I take this opportunity to express my sincere gratitude to all those who have helped me in this completion of this project report.

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## Declaration

I, Mr. \_\_\_\_\_, student of MBA (20 -20 ),studying in (Institute name) hereby declare that project report titled “LOANS & ADVANCES” is an independent analysis work done by me as a part of MBA curriculum , University of Pune ,under the guidance of Prof. \_\_\_\_\_.

This project report has not been submitted for an award of any degree of this or any other management institute.

Place: \_\_\_\_\_  
Date: \_\_\_\_\_

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INTRODUCTION

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## 1.1 OBJECT OF THE PROJECT

Today's successful professionals & manager know that self awareness is crucial vantage point from which to improve individual & organizational effectiveness .The summer project, Which is the first & crucial step towards the development of future managers.

This summer training helps students identify the capabilities & thereby make needed adjustments. Although there is difference in each students levels of proficiency, the real focus is on suggesting ways for student to further sharpen there strengths, competencies & all related abilities for becoming effective professionals, managers & leaders.

The approach to introducing students to organizational environment is to move the individual to the group to the organizational level. However, this view is integrated through 3 aspects i.e. educational, individual & organizational.

The prime educational object behind the project is to make students familiar with the working environment & to make understand the students that, the way in which theoretical aspects is applied into practice.

The individual object of the project is to work effectively, efficiently using his/her creativity as well as knowledge for self development.

The organizational perspective is to generate new ideas through fresh talents & can utilize them for implementing the future strategies.

## **OBJECTIVE OF THE PROJECT**

- 1) To study the functions of bank.
- 2) To study the concept of loans and Advances.
- 3) To study the various types of loan and advances.
- 4) To study the documents required for loans sanctioning procedure.
- 5) To study the charging of securities.

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## 1.4 RESEARCH METHODOLOGY

### Methodology

The procedure by which researchers go about their work of describing, explaining & predicting phenomenon are called methodology.

Methodology means a particular set of methods used for collecting the information pertaining to the objective of the project.

All methods for research are fact finding mission. Methodology is defined as “study of methods by which we gain knowledge, it deals with the cognitive processes imposed on research by the problems arising from the nature of its subject matter”.

#### 1] Secondary data

- i. Data available in Bank.
- ii. Reference books: - The theoretical part of the project is taken with the help of reference books.
- iii. Internet: - referring various web sites collects the theoretical part, advance details, current trends.

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**PROFILE OF THE ORGANIZATION**

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## **HISTORY OF BANK**

Dena Bank was founded on 26th May, 1938 by the family of Devkaran Nanjee under the name Devkaran Nanjee Banking Company Ltd.

It became a Public Ltd. Company in December 1939 and later the name was changed to Dena Bank Ltd.

In July 1969 Dena Bank Ltd. along with 13 other major banks was nationalized and is now a Public Sector Bank constituted under the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970. Under the provisions of the Banking Regulations Act 1949, in addition to the business of banking, the Bank can undertake other business as specified in Section 6 of the Banking Regulations Act, 1949.

### **Milestones**

One among six Public Sector Banks selected by the World Bank for sanctioning a loan of Rs.72.3 crores for augmentation of Tier-II Capital under Financial Sector Developmental project in the year 1995.

One among the few Banks to receive the World Bank loan for technological upgradation and training.

Launched a Bond Issue of Rs.92.13 crores in November 1996.

Maiden Public Issue of Rs.180 Crores in November 1996.

Introduced Tele banking facility of selected metropolitan centers.

Dena Bank has been the first bank to introduce:

Minor Savings Scheme.

Credit card in rural India known as "DENA KRISHI SAKH PATRA".

Drive-in ATM counters of Juhu, Mumbai.

## MISSION & VISION

### Mission

Dena Bank will provide its

**Customers** - premier financial services of great value,

**Staff** - positive work environment and opportunity for growth and achievement,

**Shareholders** - superior financial returns,

**Community** - economic growth

### Vision

Dena Bank will emerge as the

**most preferred Bank of customer choice**

in its area of operations, by its

**reputation and performance**

## ORGANIZATIONAL STRUCTURE



# **DEFINATION OF THE BANK**

## **DEFINATION**

Bank means which accept the deposits for the purpose of lending or investment of deposit of money from the public re-payable on demand or otherwise withdrawal by cheque, draft, or order or otherwise.

## **TYPES OF THE BANK**

### **COMMERCIAL BANK**

Commercial bank is the most important type of banking, as much that the term "Term bank" When used unqualified by any objectives it is taken to mean a commercial bank. These banks perform important function of accepting deposit & granting loans to Traders, Industrialists etc. for short period.

### **CO-OPERATIVE BANK**

In the first category fill in primary co-primary co-operative bank which are small size units organized sector which operate both in urban & town urban center. They finance small borrowers in industrial & Trade sector besides professional & salaried classes.

## CENTRAL BANK

In every country, there is a central bank which has to performed various function like note issue, banker's bank government bank etc. R.B.I is the central bank of our Indian established on 1 April 1935.

## FOREIGN BANK

The bank established abroad are called as 'Foreign Bank' In India this Foreign Banks perform various banking functions like accepting deposits granting loans,& rendering other banking service. They are very useful in the international trade in many ways.

## INTERNATIONAL BANK

They are really a close by themselves .International bank for reconstructions & development (IBRD) Asian development Bank (ADB) International finance corporations (IFC) are some such bank their aim is to help the smooth performance of international financial transaction, economic development of the countries & to have international monetary co-operation.

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**ANALYSIS AND INTERPRETATION**

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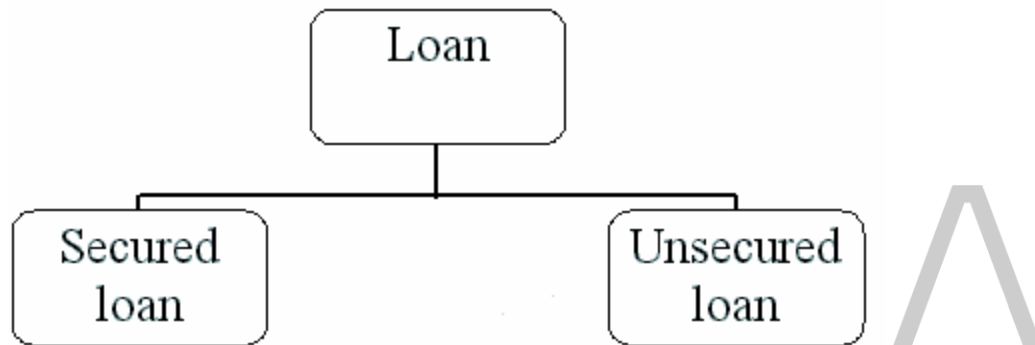
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## LOANS AND ADVANCE'S

### LOANS AND ADAVANCES'S

There are 2 types of loans & Advance's

1. Secured loan
2. Unsecured loan



1. Housing loan.
2. Auto loan.
3. Mortgage loan.
4. Consumer durable.
5. Loans for traders.
6. Kisan gold credit card scheme.

1. Educational loan.
2. Personal loan.
3. Senior citizen Pensioner loan.
4. Loans against Rent Receivable.



7. Crop loan.

## **AN OVERVIEW ABOUT LOANS AND ADVANCES**

### **INTRODUCTION:-**

One of the primary functions of the commercial bank with the object of making profit. Although commercial bank are governed status; it can be consider as one of the business organization they cannot keep deposit collected with the primary object of landing & making a profit out of the interest received and paid .

The business is to deal in money & provide finance to needy people as the deposits are collected two forms.

- 1) Primary deposits.
- 2) Derivatives deposits.(deposits derived out of lending process)

These deposits have to be employed profitability, but the banker is not having a free channel in employing his funds. He has to do the job lending well within the frame bank of status government policy & guidelines issued by the monetary authorities of the country (RBI IN INDIA) in the process he may not make good profit.

Where there is high degree of bad debit

Take for example, the banks which have to serve the segment where economic condition is very poor. Particularly in case of nationalized banks. It is the policy of the government to lend to the priority sections like agriculture or self employment schemes.

In this segment of bank operation the bank cannot make profit. How ever in order to increases profits. They have to employ funds in business &Industrial sector. These they have to strike a balance.

As observed, the employment of funds is not an easy task. They have to strike a balance between profitability & the accepted social objectives of the country. The basic object of nationalizing the commercial banks was to provide the funds to neither to neglected sector like agriculture tiny industries & other weaker section of the society. They nearly 40% of the total commercial bank advances is in the priority sector. One may say that this has come in the way of profitability of the commercial banks. But it is social obligation on the government to develop the economy in every front & hence it is an inevitable .Lending to be made to these sectors. But still it can not ignore the profitable concept as the organization has to service for long, as major source of bank funds is the public deposit & they have to he pays the agreed interest on their money deposited with the bank.

## **SECURED LOANS**

The bank advances are broadly classified into two categories.

1. Secured loan
2. Unsecured loan

### **Secured loans**

Which have a full backing of some security or the other this is the first classification of advances & reads, loan considered good in respect of which the bank if fully secured 'Loan on mortgage' loan against deposit of little deposit of little deeds etc. are considered to be secured loans.

Secured loan means the loan that has been granted against the securities which are equal to or more than the amount advanced.

Therefore any secured loan should be equal to the advances made by the banker till such time it is cleared. Because of this, the bankers do not consider the full value of the security at the time of advance & they keep some margin for interest & other changes.

The security may be primary or collateral one. Primary security is one offered by borrower himself whereas the collateral security is deposited by a third party to secure the advance made to the customer.

Security may be by 'tangible or personal'. Tangible security is visible & can be sold or transferable ex goods documents of title of goods real estate etc are the tangible securities where as the personal securities refers to the promise of the borrowed money. In this case a promissory note is known respectable person who stands as a comobligant.

Section 5(7) of the Banking Regulation Act 1994 defines a 'secured loan advances' as a loan or advance made on the security of assets of the market value of which is not than the amount of such loan or advance.

The banks always refer to make secured advances while considering the security for advances. The banker follows certain guidelines, regarding the acceptance of security as advance. They are as follows:

1. Ready conversion
2. No encumbrance
3. Stable price
4. Safety
5. Yield on returns
6. Margin
7. Valuation
8. Other aspects such as perishable goods can be considered for only short-term advances. The banker should also get proper documentation of the little deeds in his favors.

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# 1. Dena Niwas Housing Finance Scheme

The doorway to your Dream Home

## A Loan for different needs

You can avail of Dena Niwas Home Loan to purchase a plot, construct a house, buy a ready built house or buy one under construction. The loan even helps you build an extension to your existing house or purchase a house that is up to 25 years old. Besides you can take this loan for repairs and up gradation, which includes the cost of fixtures, POP works, retiling, fittings etc.

It even gives you the option to shift an existing home loan with any other Bank or Financial Institution.

## You are eligible if:

- You are a major individual, resident or non-resident, having a regular source of income.
- Your age on the maturity of the loan is less than retirement age if you are a salaried employee & below 65 years, if you have a business.
- The total deductions do not exceed 60% of your gross income, including the loan installment of the proposed.
- Spouses/Co-applicants income can be clubbed for enhanced eligibility.

## Loan Amount:

- Up to Rs.100 lakhs for the purchase of a house.

- Up to Rs.5 lakhs for renovation/up gradation.

**Margin:**

15%

**Rate of Interest:**

10.50%

- Interest charged on daily reducing balance
- No prepayment charges
- Free debit card with insurance cover of Rs. 1 lace in case of accidental death.
- Loan limit of Rs. 100 lacks.
- Purchase of house up to 25 years old allowed.

**Repayment:**

- Up to 20 years-for the purchase of a new flat/house/construction/extension.□
- Up to 10 years- for repairs, renovation and up gradation.

**Security:**

- Simple equitable mortgage of the house/flat/apartment on which the loan is available.

**Process Fees:**

- 0.50 % of the sanctioned loan amount.

## 2. Dena Auto Finance Scheme

Take the smooth road to own your Dream Machine

Get on the right track with Dena Auto Loan and drive home your home machine.

### You are eligible if:

- You have a gross income of more than Rs. 75,000 p.a. For a two wheeler and a gross income of more than Rs. 1.50 lakhs p.a. for a car.

### Loan Amount:

- Up to Rs. 50,000/- for purchase of a new two wheeler.
- Up to Rs. 8 lakhs for purchase of a new car.

### Margin:

20%

### Rate of Interest:

12.25%

- Interest charged on daily reducing balance.
- No prepayment charges.

### Security:

Hypothecation of the vehicle purchased

**Mode of disbursement:**

Loan disbursed directly to the authorized dealer.

**Process Fees:**

- Two wheeler- Rs. 250/-
- Four wheelers- Rs. 500/-

**Repayment:**

Up to 60 EMIs



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### 3. Dena Mortgage Loan Scheme

Make your idle property work for you If you have free hold, un-encumbered, non-agricultural property, residential or commercial- you can fulfill all your needs with Dena Mortgage Loan. Be it to finance a marriage, higher education, a foreign trip or medical treatment.

You are eligible if:

- You are 21 years of age.
- You are a salaried individual, professional, self-employed, agriculturist.
- You are an income tax assess for at least 2 years.
- Your net monthly income is at least Rs. 12,000/-. Income of spouse (co-applicant) can be clubbed for enhanced eligibility.

Loan amount

- Minimum- Rs. 2 lakhs
- Up to- Rs. 100 lakhs

Margin

50%

Rate of Interest

12.25%

- Interest charged on daily reducing balance.



## Security

Equitable mortgage of the property.

## Process Fees

1% of the sanctioned loan amount.

## Repayment

Upto 120 EMIs



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## 4. Dena Consumer Durable Loan

Move up in life with Dena Consumer Durable Loan

Now, it's so easy to improve your lifestyles. And turn your home into a smart, modern one with all the conveniences you can imagine. Be it a Laptop, Washing Machine, Microwave, Fridge, TV, DVD Player, Music System, AC, Modern Furniture, Cooking Range, PC, Fitness Equipment or even a Mobile Handset. Just take a Dena Consumer Durable Loan and move up in life.

### **You are eligible if:**

You have sufficient repayment capacity. Also, your spouse's income can be clubbed to enhance your eligibility.

### **Loan amount:**

Up to Rs. 1 lakh

### **Margin:**

20%

### **Rate of Interest:**

14.25%

- Interest charged on daily reducing balance.
- No prepayment charges.

**Repayment:**

Up to 36 EMIs.

**Mode of disbursement:**

Payment will be released to the dealer against proforma invoice.

**Security:**

Hypothecation of consumer durables purchased.

**Process Fees:**

- Upto Rs. 25,000/- - Rs.250/-
- Above Rs. 25,000/- - Rs.500/-



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## 5.Dena Trade Finance Scheme

### You are eligible if:

- You are a commodity trader, stockist or dealer registered under sales tax.
- You are a permanent resident of the city.

### Loan amount:

- Minimum- Rs. 2.50 lakhs
- Up to- Rs. 25 lakhs
- Up to 20 % of your projected turnover.

In case of disruption of the working capital cycle, 40 % of collateral security can be included to calculate Drawing Power.

### Nature of Loan:

Cash Credit (hypothecation)

### Margin:

25% stock, 50% of book debts

### Rate of Interest:

13.25%

- Interest charged on daily reducing balance.
- No prepayment charges.

**Security:**

- Hypothecation of stock and book debts.
- Equitable mortgage of immovable property or any other liquid assets with market value of 100% sanctioned limit as collateral.

**Process Fees:**

1% of the sanctioned loan amount.

**Repayment:**

Revolving limit to be operated as per DP/ Sanctioned Limit.

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## **6.Dena Kisan Gold Credit Card Scheme**

### **Objective**

The scheme aims at "Whole Farm Approach" in respect of farm loans. The scheme ensures flexibility and choice in respect to the purpose, amount and timing of loan.

### **Eligibility**

- i. Farmers, irrespective, of land holdings with
- ii. Regular conduct of the existing loan accounts for last 3 years.

### **Quantum of loan**

Up to five times the average annual farm income or 50% of the value of land mortgaged as collateral security with a maximum of Rs. 5.00 lacs. Existing term loan outstanding, if any, would be deducted from the 50% value of the land or five average annual incomes so as to arrive at net eligible amount. The facility would be over and above the existing or proposed production credit limits.

### **Purpose**

Farmers are free to choose from various Investment Credit options like purchase of Milk animals, Bullock carts, and digging of well, installation of electric motor, drip/sprinkler irrigation system, laying of pipe line, Purchase of Farm Machinery such as Tractors & Farm Equipment, farm buildings/houses.

Provision for domestic needs like medical treatment, children's education and family functions etc not exceeding 10% of the limit is there.

## **Nature of facility**

Term Loans

## **Margins**

The margins at a uniform rate of 15% is to be taken under the scheme

## **Permissible Loan Amount**

Maximum loan amount available, under the scheme, is Rs. 5.00 lakh only.

## **Disbursement**

On request, the loan amount would be transferred to the S.B. Account of the borrower and the borrower is allowed to draw the loan amount by way of either issuing cheques to the supplier or withdrawing the money in cash. Disbursement up to Rs. 50,000/- or a maximum of 10% of the limit sanctioned may not require any quotation / bill. However, disbursement beyond 50,000/- will be supported by production of Quotations, Bills and Receipts to ensure proper end use of the loan. In case of loans for purchase of tractor, Dena Bank's charge is to be registered with RTO as per the usual practice.

## **Rate of Interest**

**12.25%**

Interest rate, prevailing from time to time, will be applicable for the loans financed under the scheme.

However, farmers loyal to Dena Bank would be rewarded with the concession in rate of interest to the extent of 0.5% p.a. than what is otherwise applicable to the

agricultural loans subject to the condition that all loans of to be particular farmer-borrower should remain under "Standard Category".

The concession in rate of interest would stand withdrawn once any of the loan accounts of the borrower turns into Non Performing Assets (NPA).

### **Process Fee**

There is a concession of 50% in process fee available under the scheme and accordingly the process fee would be as under:

<b>Size of Loan</b>	<b>Process Fee</b>
Up to Rs. 50,000/-	Nil
Above Rs. 50,000/- to Rs. 5.00 lakh-	0.5% of the limit sanctioned (one time).

Beneficiaries belonging to SC/ST categories are totally exempted from levying of any process fee.

### **Supervision Charges**

Regular farmers loyal to the Dena Bank would be rewarded with the concession in respect of levying of supervision charges which are proposed to be lowered down as per details given below:

<b>Size of Loan</b>	<b>Supervision Charges</b>
(i) Up to Rs.50,000/-	Nil
(ii) Above Rs. 50,000/- to 2 lakh	Rs.25/ per quarter
(iii) Above Rs. 2 lakh to 5 lakh-	Rs.50/- per quarter.

Beneficiaries belonging to SC/ST categories are totally exempted from levying of any supervision charges.

### **Security**



**Primary-** Hypothecation of the asset created out of Dena Bank finance.

**Collateral- Mortgage**/simple charge on the agricultural land with Sub-Registrar Office. Whenever, agriculture land can be mortgaged, branches can take security of corresponding value of liquid assets like NSC, KVP, Term Deposit Receipt or assignment of LIC Policies. However security should be properly charged to the Bank.

No guarantor is required.

### **Repayment Period**

Each loan account under the scheme would have its own repayment period and maximum repayment available would be 7 years. However, maximum repayment period for tractor / farm equipment loans will be 9 years.

### **Penal Interest**

Penal interest as per existing Dena Bank policy would be applicable in case of defaults.

### **Other Guidelines**

On sanction of the facility, the borrower would be provided with an Identity Card cum Pass Book with his photograph. The pass book will have separate folios for different accounts. The facility will be valid for three years subject to yearly reviews. Any default in sub-limit/limit will render the farmer-borrower ineligible for further withdrawal. The disbursement of the facility would be as per the request of the borrower. The borrower may avail various facilities, as mentioned earlier, in phases or in.

## 7. Crop Loans

To meet cultivation expenses for various crops as short term loan.

### **You are eligible:**

All types of farmers small or marginal other.

### **Rate of Interest:**

7%

### **Processing fee:**

25000 to 2 lakh-Rs 200.

2 lakh above per lakh-Rs 200.

### **Security:**

Crop & land. Where there is an existing charge on lands or mortgage the proposed loan may also be covered by the same.

### **Selection Method:**

Service area approach.

Loan records to ascertain cultivation rights.

### **Surety:**

Two guarantors acceptable to bank.

### **Repayment:**

12 months.

## **UNSECURED LOANS**

Unsecured loans are those not covered by any security other than personal security of the debtor himself on security of one or more person. Even bills discounted are considered to be as clean loan.

While making advances against personal security the banker should be careful. He must give such loan only to those who have high credit worthiness and are capable of repaying the loan. Otherwise the banker will have to recover the loan, In case of default exercising only personal right of action of borrower.

Reserve Bank of India also diaconates clean advance & requires that such advance should from only small portion of the total advances of the bank.

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## 1.Dena Vidya Laxmi Educational Loan Scheme

The Topper for your children's Higher Education

Ensure a bright future for your children. Provide them with the best of higher education in India or abroad. Avail Dena Vidya Laxmi Educational Loan.

### You are eligible if:

- You are an Indian national and have secured admission to a professional or technical course in an Indian or Foreign university.
- Simply walk in with the mark sheet of the qualifying exam. And proof of admission.

### Course Eligibility:

- Study in India:

Graduation courses, Post-Graduation courses, Masters & PhD, Professional courses.

- Study Abroad:

Graduation for professional/ technical courses offered by reputed universities;  
Post Graduation (MCA, MBA, MS)

### Loan amount:

- Up to- Rs.10 lakhs for studies in India.
- Up to- Rs. 20 lakhs for studies abroad.

**Loan takes care of:**

- Fee payable to colleges/ schools/ hostels. Examination/ Library/ Laboratory fees.
- Purchase of books, equipment, instruments and uniforms.
- Passage fare for travel abroad.
- Purchase of computers needed to complete the course.
- Any other expense to complete the course like study tours, project work, thesis etc.

**Margin:**

- Up to Rs. 4 lakhs- NIL for study in India and abroad.
- Above Rs. 4 lakhs- 5% for study in India and 15% for study abroad.

**Rate of Interest:**

13.25%

- 1% Interest concession if interest serviced during the study period.
- Simple interest charged during moratorium period.

**Process Fees:**

Nil.

**Repayment;**

Moratorium- Course period + 1 year or 6 months after getting a job, whichever is earlier.

Repayment period- 5-7 years after start of repayment.

## 2. 🏠 Dena Suvidha (Personal Loan) Scheme

Live your Dreams

Dena Suvidha is the ideal way to fulfill personal needs of your family. Be it to finance a marriage or family function. To travel or celebrates a festival. For medical treatment or educational purposes or simply a vacation even an unforeseen event. Dena Suvidha (Personal) Loan is always there for all your needs.

### **You are eligible if:**

- You are a permanent employee between 24 to 55 years having worked for at least 2 years in a Govt. or PSU/ reputed organization.
- You have a gross monthly income of at least Rs. 5,000/-. Income of any other earning member ( co-applicants) can be clubbed for enhanced eligibility.
- You can have a salary disbursement arrangement with us or provide an undertaking form your employer.

### **Loan amount:**

- Minimum- Rs. 15,000/-
- Up to- Rs. 1 lakh or 9 times the net monthly income whichever is less.

### **Margin:**

Nil.

**Rate of Interest:**

14.50%

- Interest charged on daily reducing balance.
- No prepayment charges.

**Process Fees:**

1% of loan amount

**Repayment:**

Upto 36 EMIs

**Mode of disbursement:**

By credit to your Savings Bank account.

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## **.Dena Senior Citizen Pensioners' Loan Scheme**

Life begins after retirement

### **You are eligible if:**

- You are a pensioner of the State Govt., Central Govt. or PSU.
- You are an ex-staff member with a pension account.
- Loan recovery period is not extending beyond 75 years of age.
- Your take home pension is not less than 60% of your monthly pension after deduction of the loan installment.

### **Loan amount:**

- Up to 6 months pension or rs.50,000/-, whichever is less.

### **Margin:**

Nil.

### **Rate of Interest:**

14.25%

- Interest charged on daily reducing balance.
- No prepayment charges.

### **Security:**

Nil.



**Process Fees:**

Nil.

**Repayment:**

Upto 24 EMIs

**Guarantee:**

Simple! Spouse or nominee appointed for the pension account or any other family member or third party acceptable to the bank can guarantee the account.



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## 4. Dena Rent Scheme (Finance against Rent receivables)

Good news for Landlords. Now, landlords can make their property earn more money by availing Dena Rent Scheme against their rent receivable.

### You are eligible if:

- You are a landlord- an individual, corporate, trust or anybody who has given their property on rent to banks, FIs, PSUs or reputed companies.

### Loan amount:

- Minimum- Rs. 1 lakh
- Up to- Rs. 200 lakhs

### Margin:

25%

### Rate of Interest:

13.00%

- Interest charged on daily reducing balance.
- No prepayment charges.

### Security:

Equitable mortgage of property.

### Process Fees:

0.50%

### Repayment:

Upto 60 months.

## **TYPES OF ADVANCES**

### **ADVANCES AGAINST THE GOODS:**

In the early stage of banking development bankers were not advancing much against the goods. But today banks are sanctioning loans against the security of industrial raw materials, plantation produces, minerals etc. Even people are also finding it easy to get working capital by pledging of hypothecation the goods. Nearly 65% of secured of commercial banks are against goods. The cost of cooperation of such loans is relatively clean.

### **ADVANCE AGAINST WAREHOUSE RECEIPT:**

When the goods stored in public ware house it gives an acknowledgement of accepting goods for strong purpose. This is called an ware house receipt is non transferable. But some state ware house act provides for transfer of the receipt all the central & state warehousing co-operation providing the facility for storing goods & the receipt issued by then can be pled user with the banker for securing loan while accepting ware house receipt the banker.

### **ADVANCE AGAINST DELIVERY ORDERS**

Delivery order is an instrument issued by the owners of the goods to the custodian of goods where the goods are stored or handed over to transport operator asking him to deliver full or part of the goods to the person stated in the order. These are normally issued against shipping companies or warehouse keeper. But delivery of goods for person who obtained delivery order should get the entries charged in his favor in the books of custodian otherwise their will be a chance of second delivery order being issued & the first holder there may loose the right of obtaining goods.

## PROCESS OF LOAN SANCTIONING

Borrower has to visit bank & the procedure of the bank manager take the personal interview of the borrower, where the manager see for what purpose the loan borrower wants, is borrower has open any account in other bank or not.

Application form is given to the borrower; he fills his full information correctly if the borrower writes any faculty information, bank can any take serious action.

Eligibility criteria is very important part for sanctioning loan banker has to see income earning of the borrower. No loan taken from other bank permanent addresses how borrower can repay the loan money.

Proposal is sanction by manager divisional manager, head office, the sanctioning they scrutinized the loan application.

Name of the borrower, limit sanction period security offered, terms of repayment installment, margin to be mention rate of interest.

### Procedure for sanctioning loan

1. Pre-sanctioning survey or inspection.
2. Pre-sanctioning of loan application.
3. Appraisal.
4. Sanctioning.
5. Preparation of sanction letter.
6. Acceptance of terms and conditions.
7. Preparation of loan document.

## 1. Pre-sanctioning survey or inspection :-

Loan facility is available to the borrower on the basis of security offered and on the basis of the period for which it is required. Security offered may be fixed assets as land and building, plant and machinery or equipment or it could be movable or immovable property. The banker depending upon the purposes the banker conduct a pre-sanction survey and inspection. During pre-sanction survey the banker would inspect the security offered. He would see the location of the factory or a workshop or the business premises inspect the documents and the title of the goods. See whether place has direct access from the road. Find out the distance between the branch and the location. Such a survey or an inspection helps in judging the property of customer and knowing the infrastructural facility available to him. While preparing his report for recommendation for loan, such visit helps in details.

## 2. Pre-sanctioning of loan application :-

Loan application has to prepared and handed over to the banker by the borrower. According to proposal of loan different form should be used.

Detail information for example loan for tractor, vehicle, taxi, crop loan etc. In the loan application the following details are normally furnished:

- Name of borrowers.
- Occupation.
- Purpose of loan.
- Period of loan.
- How the borrower proposes to repay the loan.
- Projection of cash generation over along period.
- Profit & Loss A/c, Balance sheet of period of loan in the form of Projection.
- Details of security offered.

The borrower uses the idea of experts to fulfill the loan application form.

### 3. Appraisal :-

Completed application submitted by borrower is normally is set of 3 or 4 copies. All managers do not have power to sanction all type of applicant and for any amount. They can sanction the application whether they can sanctioned or rejected and whether they can be recommended for sanction to higher authorities. This work is done by higher officer in the bank in appraisal the officer concern apply various method of security to find out whether the detail given in the application are true and the project holds goods.

An appraisal is examination of details given by the borrower. Period taken for appraisal least and various from a week to even six months depending upon the nature of proposal. Amount involved and technique contains in a proposal. The authorities also have their appraisal system.

### 4. Sanctioning :-

Sanctioning authority is given or vested in the hands at manager, the regional or zonal manager and the head officer. They do not communicate sanction directly to the borrower.

For sanctioning proposal there are two types of norms, it indicated by RBI and norms by the bank BIZ on the basis of its experience in dealing with a particular type of business.

### 5. Preparation of sanction letter :-

Sanction letter has following points:

- Name of borrowers.
- Limit sanctioned.
- Period.
- Security offered by borrower.
- Margin maintained.
- Term of repayable.

- Rate of repayable.
- Rate of interest.
- Stock statement to be submitted.
- Periodical interval.

## 6. Acceptance of terms and conditions by customers:

On many occasions the borrowers are too eager to receive finance from the bank. They accept the term as laid down by the bank. This sanction letter indicates that the sanction letter is acceptance by them.

## 7. Preparation of loan documents :-

### (a) Demand Promissory Note :-

This is the most important document relating loans and advances. It contains following points:

Date of execution, pledge of execution, name of the payee bank, amount in words and figures, rate of interest, periodical intervals co-signature, signature of the executants and address of the executants.

### (b) Loan Agreement :-

These are standard pointed document running into a number of pages. They contains all the legal aspects regarding the right of the both parties and the liability of the borrower.

### (c) Letter of Waiver :-

Some bank follows the practice of obtaining a document called letter waiver. In case of dispute regarding the loan, if the bank desires to file a suit, it will have to present the demand promissory note in the court to support its claim. A letter of waiver sign by the borrower permits the banks not to present the promissory note.

## DOCUMENTS REQUIRED

1. PERSONAL SECURITY
2. LIGHT & TELEPHONE BILL
3. SALARY CERTIFICATE OR PAYMENT SLIP
4. PERMANENT ADDRESS
5. GUARANTOR
6. PHOTOGRAPHS
7. IF OTHER DOCUMENT NECESSARY

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## CONCLUSION

The study of the project reveals that The Dena Bank were in the analysis and interpretation of the project states that the bank provides various types of loans and advances to the society. The bank makes various steps in reducing loss against the loans and advances provided to the society.

As compare to the private financial organization the Dena Bank had made more efficient and valuable changes in the facilities which are to be provided to the common people with less of charges.

Different types of loans like personal loan, consumer loan, car loan, house loan, educational loan etc. are made available by the bank. In the same manner crop loan for the farmers are provided as per the NABARD AND RBI norms. The Kisan credit card facility is also made available to the farmers.

The overall study reveals that the customer connected to the DENA BANK are made over satisfied with the bank.

The DENA BANK play very important role in the development of a rural area by lending funds.

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## RECOMMENDATIONS

- 1) In today's days the demand of money are increased because the needs of human being increased.
- 2) So keep the rate of interest of loan should be decreased or keep less.
- 3) More people can afford the scheme of loan and can satisfied there needs as per there requirement.
- 4) Make process of loan more easy and convenient to understand the customer.
- 5) For the loan bank required some documents but some people can not have that Documents example for farmer can not have the document of fixed income so he can get the loan from bank. So bank can provide the options for documents.
- 6) The bank still not reached at the every level of the people. E.g. small villages take loan from the moneylenders at the high rate of interest. So bank should try to reach at small villages and other places where the people take loan from moneylenders.

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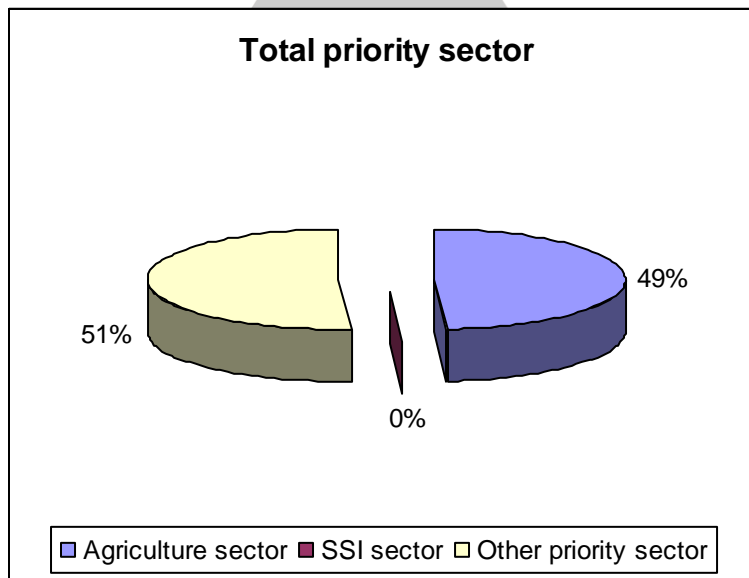
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TOTAL ADVANCES: 17,08,85,000.

TOTAL PRIORITY SECTOR (OF WHICH)

(Rs. In Crs )

Type of loan	Amount
Agriculture sector	15,02,11,000
SSI sector	00
Other priority sector	15,63,60,000



## Scheme wise disbursement of loan

Type of loan	Amount
Dena nivas	39.44
Educational loan	37.68
Dena rent	.52
Dena suvida	.642
Trade finance	20.88
Dena sr. citizen	4.32
Dena mortgage	9.78

