FINDINGS OF THE STUDY

A picture about the repayment performance of the borrowers of public and private sector banks regarding priority sector loans in Tiruchirappalli district was discussed in the previous chapter. This chapter highlights the findings of the study and gives suggestions for improving the recovery performance of commercial banks in Tiruchirappalli district. While making the analysis, the researcher has taken into consideration two aspects regarding recovery of priority sector loans, namely recovery of priority sector loans and repayment performance of borrowers as regards priority sector loans, both in Tiruchirappalli district. The main reason behind this study is that if there is 100 per cent repayment performance by the borrower, the recovery performance of the banker will automatically be 100 per cent. As recovery and repayment are two sides of the same coin, the study includes both the aspects.
Findings regarding recovery performance

The following are the findings relating the recovery of priority sector loans by both public and private sector banks:

[i] When the trend of recovery of agricultural loans is analysed, the performance of both the public and private sector banks has shown a tremendous improvement. The percentage of recovery has increased from 79.1 per cent in 2002-03 to 90.76 per cent in 2006-07 as regards the public sector banks. In case of the private sector banks, the percentage of recovery has increased from 59.1 per cent in 2002-03 to 92.02 per cent in 2006-07.

[ii] As far as recovery of agricultural loans by individual banks in Tiruchirappalli district during 2002-03 to 2006-07 concerned, the recovery performance of private sector banks is better than that of the public sector banks.

[iii] The trend of recovery of industrial loans by public sector banks is appreciable. There has been an increase in the percentage of recovery from 62.39 per cent in 2002-03 to 83.28 per cent in 2006-07. However, the recovery
performance of private sector banks regarding industrial loans is not that very encouraging. There has been a decrease in the percentage of recovery from 66.58 per cent in 2002-03 to 65.31 per cent in 2006-07. Even though, there have not been much changes between these two years, there has been wide fluctuations in the recovery performance, during the study period.

[iv] The analysis of the recovery of industrial loans by individual banks in Tiruchirappalli district during the study period reveals that the recovery performance of public sector banks is better than that of the private sector banks.

[v] The recovery performance of both the public and private sector banks have been constantly fluctuating year to year during the study period 2002-07 as far as the service sector loans are concerned. The recovery performance of public sector banks is better than that of the private sector banks. During 2005-06, the recovery performance of both the public and private sector banks is at its best when compared to all the other years.
[vi] When the recovery performance of individual banks is observed as regards service sector loans, the public sector banks have consistently performed better than the private sector banks in all the years during the study period.

[vii] It is observed from the study, that the recovery performance of both the public and private sector banks in the three sectors, viz. agricultural sector, industrial sector and service sector is statistically different and the data regarding these three sectors are drawn from different populations.

[viii] Overdues of agricultural loans, industrial loans and service sector loans in public sector banks ranges between 9.24 per cent to 37.61 per cent during the study period. This shows that the overdues are much in conformity with the general trend, which is around 40 per cent.

[ix] When the overdues of priority sector loans of public sector banks in 2002-03 is compared with that in 2006-07, there is considerable decline in the overdues.

[x] Overdues of agricultural loans, industrial loans and service sector loans ranges from 7.98 per cent to 52.07 per cent during 2002-07. The overdues of service sector loans
are relatively higher which is to be reduced as quickly as possible.

[xi] The overdues are higher for private sector banks when compared to the public sector banks.

[xii] The banks do not recruit personnel residing in the nearby rural areas. Most of the staff do not belong to the nearby local areas of the bank branches, which is one of the reasons for not making 100 per cent recovery. The policy of the banks to transfer the employees frequently also adds more fuel to fire.

**Findings regarding repayment performance of borrowers**

The following are the findings of the study:

[i] “Effect of delay in credit, like justice, is denied if delayed. Delay in credit discourages investments, diverts resources for non-productive use, tends to double the cost of production, disturbs implementation of project, diminishes economic viability of project, decrease earnings and repaying capacity of loanees, distorts employment prospects, depreciates capital value, and deteriorates ability of loanees.” ¹ It is observed from the study that
there is inordinate delay in the sanction and disbursement of loans. This is because several formalities have to be fulfilled by the borrowers prior to sanction of the loan. This results in unnecessary delay in the sanction and disbursement of the loan amount. From the borrowers, it is learnt that on an average the time taken for sanction of the loan ranges between 1 month and 2 months. Private sector banks are quick in sanction and disbursement of loan when compared to the public sector banks. 58 per cent of the private sector banks sanctioned and disbursed the loan within a period of one month while it is only 6 per cent in case of public sector banks.

[ii] The female borrowers had a better repayment performance than the male borrowers in both the public and private sector banks.

[iii] The educational level of the borrowers has influenced the repayment performance of the borrowers, which means the literates’ repayment performance was better than that of the illiterates.
[iv] It is observed from the study that both in public and private sector banks, the repayment performance of the borrowers hailing from small families were better than that of the large families.

[v] The family size has no influence on the repayment performance of the borrowers of both public and private sector banks.

[v] It is found that the marital status does not have any influence on the repayment performance of borrowers of both public and private sector banks.

[vi] From the study, it is understood that the number of earning members in the family of the borrowers does not influence the repayment performance of the borrowers of public and private sector banks.

[vii] The age of the borrowers does not influence the repayment performance of the borrowers of both public and private sector banks.

[viii] From the analysis, it is understood that the monthly income has a significant influence on the repayment performance of the borrowers of public sector banks while
it is not having any influence on the repayment performance of the borrowers of private sector banks.

[ix] It is found from the study that the occupational status has profound influence on the repayment performance of the borrowers of both public and private sector banks.

[x] Adequacy of loan has tremendous impact on the repayment performance of the borrowers of both public and private sector banks.

[xi] Lethargy on the part of the bankers results in poor repayment performance by the borrowers. In the case of public sector and private sector banks, the majority of bank officials do not visit the borrowers place and this is one of the major causes for poor repayment performance.

[xii] Borrowers opine that the private sector banks are quick in disbursing the loans when compared to that of public sector banks

[xiv] It is understood that the loan formalities to be fulfilled in case of private sector banks is not that very tedious when compared to that of public sector banks.