



**PROJECT REPORT ON
LOAN & ADVANCES
IN
BANK OF MAHARASHTRA**

**(BANKING & INSURANCE)
SEMESTER VI T.Y.BBI, 2023-24**

**University of Mumbai for partial completion of the Degree
BACHELOR OF COMMERCE (BANKING&INSURANCE)**

BY

RUTUJA RAJESH SHINDE

**UNDER THE GUIDANCE PROF. KISHORE CHAUHAN
JNAN VIKAS MANDAL MEHTA DEGREE COLLAGE**

DECLARATION

I the undersigned **Ms. RUTUJA RAJESH SHINDE** here by, declare that the work embodied in this project work titled “**LOANS &ADVANCES IN BANK OF MAHARASHTRA**”, forms my own contribution to the research work carried out under the guidance of **KISHORE CHAUHAN** is a result of my own research work and has not been previously submitted to any other University for any other Degree/ Diploma to this or any other University.

Wherever reference has been made to previous works of others, it has been clearly indicated as such and included in the bibliography.

I, here by further declare that all information of this document has been obtained and presented in accordance with academic rules and ethical conduct.

Certified by
PROF.KISHORE
CHAUHAN

Student's Signature
RUTUJA SHINDE

ACKNOWLEDGMENT

To list who all have helped me is difficult because they are so numerous, and the depth is so enormous.

I would like to acknowledge the following as being idealistic channels and fresh dimensions in the completion of this project.

I take this opportunity to thank the **University of Mumbai** for giving me chance to do this project.

I would like to thank the **Principal, Dr. B.R. DESHPANDE** for providing the necessary facilities required for completion of this project.

I take this opportunity to thank our coordinator **KISHORE CHAUHAN** for his moral support and guidance.

I would also like to express my sincere gratitude towards my project guide **KISHORE CHAUHAN** whose guidance and care made the project successful.

I would like to thank my **College Library**, for having provided various reference book and magazines related to my project.

Lastly, I would like to thank every person who directly and indirectly help me in the completion of project especially **My Parents and Peers** who supported me throughout my project.

ABSTRACT

The ability of the banking industry to achieve the socio-economic objectives and in the process bringing more and more customers into its fold will ultimately depend on the satisfaction of the customers. We have a strong belief that a satisfied customer is the foremost factor in developing our business.

We felt a need at Bank of Maharashtra that in order to become more customer friendly the Bank should come out with charter of its services for the customers. Citizens' Charter concept was considered as a base instrument to fill this need and accordingly this document was prepared. This document was made in consultation with the users and highlights Bank of Maharashtra's commitments towards the customer satisfaction, thus ensuring accountability and responsibility amongst its officials and staff. This charter for customers not only explains our commitment and responsibilities along with the redressal methods but also specifies the obligation on the part of customers for healthy practices in customer-banker relationship.

This is not a legal document creating rights and obligations. The charter has been prepared to promote fair banking practices and to give information in respect of various activities relating to customer service.

We wish to acknowledge the initiative taken by the Ministry of Finance, Government of India and Ministry of Administrative Reforms and Public Grievances for encouraging us to bring out this charter.

We maintain constant consultations with our clientele through various Seminars, Customer Meets, etc., to evaluate, improve and widen the range of service to customer. However, all our customers are requested to keep us informed of their experiences about the various services rendered by the Bank and feel free to comment on this charter. We intend to bring it out in many more Regional in subsequent years.

TABLE OF CONTENTS

S.No	Topic	
1.	EXECUTIVE SUMMARY.....	1
2.	INTRODUCTION.....	2
	• About the Industry.....	3
	• Range of Product and Services.....	4
	• Rules and Regulations.....	5
	• Swot Analysis ().....	6-9
3.	RESEARCH METHODOLOGY.....	10
	• Research objectives.....	10
	• Data sources.....	10
	• Primary data.....	10
	• Secondary data.....	10
	• Questionnaire design / formation.....	10
	• Sample design /sample element / unit.....	10
	• Extent.....	11
	• Time frame	11
	• Sampling frame.....	11
	• Limitations of research.....	12
4.	COMPANY PROFILE.....	13-73
5.	DATA ANALYSIS AND INTERPRETATION.....	74-82
6.	CONCLUSIONS AND FINDINGS	83-85
7.	RECOMMENDATIONS.....	86-87
8.	BIBLIOGRAPHY	88-89
9.	ANNEXURE	90-91

EXECUTIVE SUMMARY

This report is a part of my eight weeks on the job winter training started from 10th Jun.07 till 10th Aug. 2007 at **BANK OF MAHARASHTRA**, New Delhi. I have been appointed here as a management trainee to get the on job field experience about the marketing and sales of the Life Time Pension II plan of ICICI Prudential Life Insurance Company Limited.

It was difficult to get appointment from the person whom I know because of their busy schedule.

Since the project had to be completed within seven weeks, it was too short a time to convert the prospective buyers into customers.

Since the study involved a through analysis of the insurance market and relative study of various players offering the similar products and that of similar, it required a dedicated labor in term of both time and effort. Since the curriculum did not permit more time, the study had to be very limited.

INTRODUCTION

ABOUT THE INDUSTRY

BANKING INDUSTRY IN INDIA

Banking Industry in India has always revolved around the traditional function of deposits and credit. Their role had been defined as to assist the overall economic growth with majority of share being controlled by the Government of India in most of the banks. But with the process of liberalization, and the technological revolution the banking industry has also undergone tremendous change in the last 5 years. The market, which was largely controlled by the public sector banks, has now been facing stiff competition not only from foreign players but also from the new generation private sector banks. The rules of the game have been changing with the RBI introducing new norms to make banks more accountable and to adopt the practices followed worldwide.

Most of the banks have now been trying to function on the concept of a Universal Bank. Apart from the traditional functions of a commercial bank, they are taking steps to build themselves into a one stop financial center wherein all the financial products would be available. Banks have started catering to the retail segment to improve their deposit portfolio. In order to have a maximum share in this segment, most of the banks have been introducing new products. The delivery channels have also been shifted from branches to ATMs, phone banking, net banking etc.

Banks traditionally involved in working capital financing have started offering consumer loans and housing loans. Some of the banks have started offering travel

loans as well. Retail financing is the other area where the banks have started to concentrate. The loan formalities too have been relaxed to a great extent and sanctioning time has been speeded up.

Structure of Indian Banking Industry

HISTORY OF BANKING INDUSTRY

Banks are the most prominent and very important part of the financial economy of India. The performance of banks is completely linked to the

political and economic goals. The structure of the Government Banking system has undergone numerous change since independence. Two phases of nationalization, introduction of Regional Rural Banks in 1975 (to focus on rural spread on banking) and permission to new private banks to set up operations since 1993-94 are some of the major changes undergone.

Banking Industry in India has always revolved around the traditional function of deposits and credit. Their role had been defined as to assist the overall economic growth with majority of share being controlled by the Government of India in most of the banks. But with the process of liberalization, and the technological revolution the banking industry has also undergone tremendous change in the last 5 years. The market, which was largely controlled by the public sector banks, has now been facing stiff competition not only from foreign players but also from the new generation private sector banks. The rules of the game have been changing with the RBI introducing new norms to make banks more accountable and to adopt the practices followed worldwide.

Most of the banks have now been trying to function on the concept of a Universal Bank. Apart from the traditional functions of a commercial bank, they are taking steps to build themselves into a one stop financial center wherein all the financial products would be available. Banks have started catering to the retail segment to improve their deposit portfolio. In order to have a maximum share in this segment, most of the banks have been introducing new products. The delivery channels have also been shifted from branches to ATMs, phone banking, net banking etc.

Technology has become an important medium of not only attracting new customers but also in retaining them. The new generation private sector banks have made a strong presence in the most lucrative business areas in the country because of technology upgradation. While, their operating expenses have been falling as compared to the PSU banks, their efficiency ratios (employee's productivity and profitability ratios) have also improved significantly.

**KEY INDUSTRY STATISTICS OF SCHEDULED
COMMERCIAL BANKS**

(Rs bn)

	2015	2016	2017	2018
Total deposits	7140	8132	8729	9928
Demand	1174	1273	1266	1347
Time	5966	6859	7463	7498
Total bank credit	3688	4358	4667	4779
Food	168	256	320	373
non-food	3520	4102	4347	4399
Investments	2545	3088	3332	3347
govt. sec	2232	2784	3023	3038
other approved sec	313	304	309	314
Cash in hand	43	53	53	57
Balance with RBI	635	574	631	656
Cash-Deposit ratio	9.50%	7.70%	7.80%	7.80%
Investment-Deposit ratio	35.70%	38%	38.20%	38.20%
Credit-Deposit ratio	51.70%	53.60%	53.50%	53.50%

Banks traditionally involved in working capital financing have started offering consumer loans and housing loans. Some of the banks have started offering travel loans as well. Retail financing is the other area where the banks have started to concentrate. The loan formalities too have been relaxed to a great extent and sanctioning time has been speeded up.

Mergers and Acquisitions have also started playing their role in the banking industry where lots of players are trying to consolidate their position. The recent merger of HDFC Bank with Times Bank and ICICI Bank with Bank of Madura are important steps in this direction. In recent times, most of the new private sector banks have shown interest in inducting a foreign partner in their operations.

Most of the banks are also planning to enter the insurance business and are in the process of identifying their strategic partners. Since most of the banks already have an extensive distribution network, this new business should result in substantial

revenues. But with most of the top league players planning to enter this business, the more efficient and pro active players would be able to take a lead.

THE INDIAN BANKING INDUSTRY CAN BE BROADLY CLASSIFIED INTO:

- **PUBLIC SECTOR BANKS**

The Indian Banking industry is largely dominated by the public sector banks. These banks till the early 90s were involved in the traditional banking business of deposits and credit lending. They performed a supportive role in the overall growth of the economy. While most of these banks used to focus on the growth of balance sheet, profitability was not a significant factor in the competition. In most of the banks, the government has a holding of 100% whereas in the few banks, the stake has fallen because of a public issue in the post liberalization period. The government is proposing to bring out a bill wherein its share in all these banks would stand reduced to 33% from the current levels.

STRUCTURE OF GOVERNMENT BANKING INDUSTRY

The Government Banking Industry can be broadly classified into:

- Government Sector Banks

The Government Banking industry is largely dominated by the public sector banks. These banks till the early 90s were involved in the traditional banking business of deposits and credit lending. They performed a supportive role in the overall growth of the economy. While most of these banks used to focus on the growth of balance sheet, profitability was not a significant factor in the competition. In most of the banks, the government has a holding of 100% whereas in the few banks, the stake has fallen because of a public issue in the post liberalization period. The government is proposing to bring out a bill wherein its share in all these banks would stand reduced to 33% from the current levels.

The public sector banks have a strong distribution network all over the country. But the strength of the earlier periods has now become a concern for these banks. As compared to the tech-equipped distribution network of

Most of these banks are now coming out with a VRS to bring down their number of employees and improve the efficiency ratios.

The public sector banks still control a major share in the banking operations of the country. Their inefficiencies have been exposed only when the market was thrown open for competition and new players started eating up their share. But given their size and the strong network, most of these banks can change their perception. The recent thrust on reduction of government stake, VRS, NPA settlement schemes etc. have been some of the steps in this direction. Since the growth of the economy is largely dependent on the performance of these banks, even with the growth of new private and foreign players, these banks will have an important role to play.

The Banking system is an integral part of the Indian financial framework and is governed by the Banking Regulation Act of India, 1949. The Indian banking industry can be classified into two major categories viz. scheduled banks and non-scheduled banks. Scheduled banks comprise commercial banks and the now infamous co-operative banks.

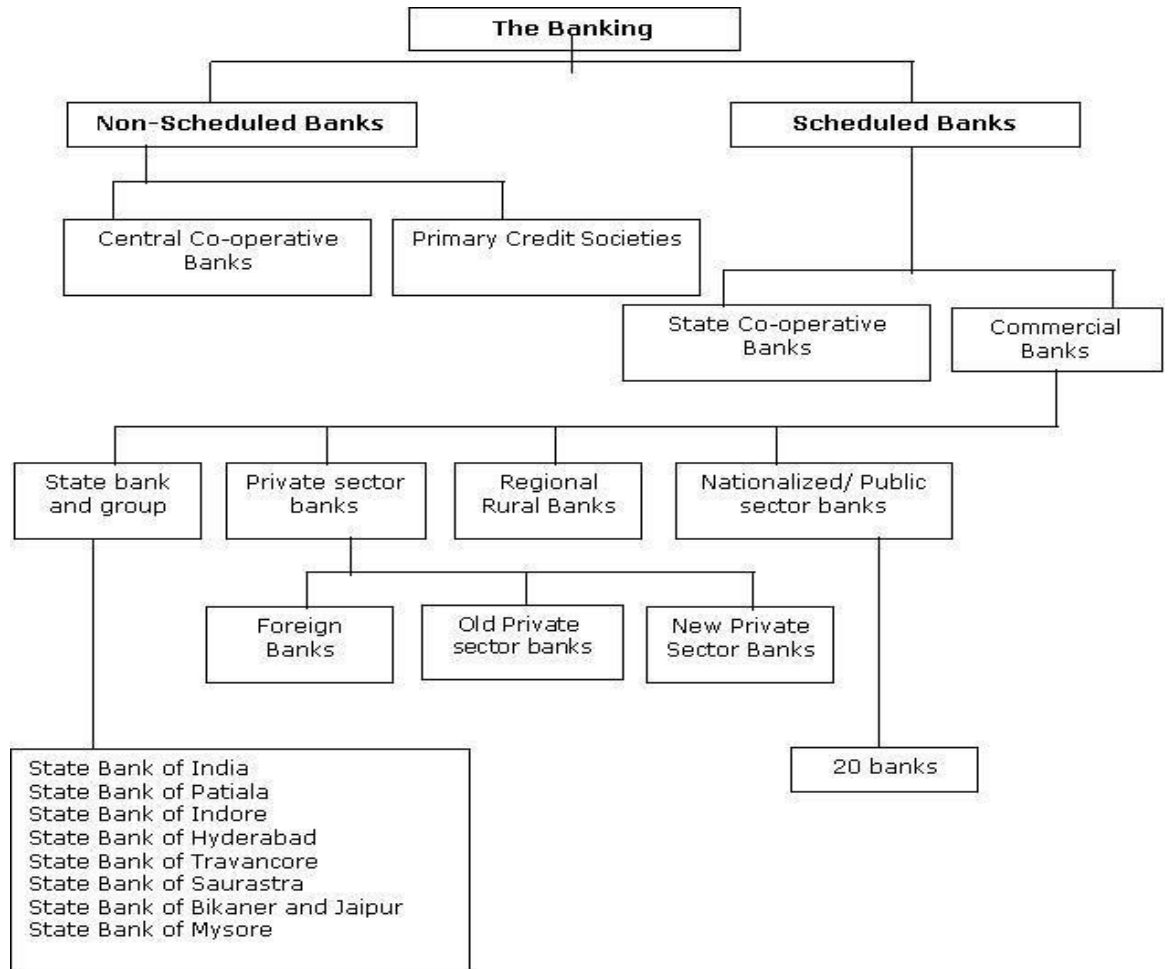
In terms of ownership, commercial banks are further classified into four sub-categories including the public sector banks, the State Bank of India and its group banks, regional rural banks and private sector banks (both domestic and foreign). These banks have over 67,000 branches spread across the country.

SEGMENTATION

The traditional roles of banks include taking deposits, lending money to the public, transferring of money, undertaking trustee business, safe-keeping and transacting government business. They channel a sizeable share of household savings to the public sector and private sector. However, in recent years, with increased diversification banks are playing a diverse role by including services like draft facilities, payment of telephone and electricity bills, forays into insurance, portfolio advisory services, credit

cards, e-banking, phone banking and ATMs. The industry can be segmented along the following lines,

STRUCTURE OF THE BANKING INDUSTRY



RANGE OF PRODUCT AND SERVICES

PRODUCTS OF BANK OF MAHARASHTRA.

- Home Loans
- Personal Loans
- Car Loans
- Two Wheeler Loans
- Commercial Vehicle Loans
- Loans Against Securities
- Farm Equipment Loans
- Construction Equipment Loans
- Office Equipment Loans
- Medical Equipment Loans

RULES AND REGULATIONS

RBI BANKING

The Reserve Bank of India is the central banking institution. It is the sole authority for issuing bank notes and the supervisory body for banking operations in India. It supervises and administers exchange control banking **rules and regulations**, and administers the government's monetary policy. It is also responsible for granting licenses for new bank branches. 25 foreign banks operate in India with full banking Licenses. Several licenses for private banks have been approved. Despite fairly broad banking coverage nationwide, the financial system remains inaccessible to the poorest people in India.

SWOT ANALYSIS (BANK OF MAHARASHTRA)

STRENGTHS:-

- a) Promoters are experienced and qualified professionals.
- b) Market driven organization.
- c) Diversified customer base.
- d) Limited exposure per client to ensure low risk.
- e) Low cost of operation.
- f) Low NPA-level.
- g) High margin of profit.

WEAKNESS:-

- a) Primary securities are not tangible.
- b) Difficult to verify the primary security.
- c) Business activity is in sensitive sector.

OPPORTUNITIES:-

Big and diverse market size

THREATS:-

Multinationals, banks and big finance companies are eyeing on the same market segment. Government policy and adhoc fiscal policy changes.

RESEARCH METHODOLOGY

- **RESEARCH OBJECTIVES**

To understand the loan & advances in the Bank of Maharashtra.

To make a comparative study among Bank of Maharashtra operating in public and private sector.

To understand the consumer behavior in respect to the service offered by different banks.

To offer the suggestions for improvement for different sectors of the bank

- **DATA SOURCES**

The research involved gathering Secondary data as well as Primary data. For the purpose two types of survey was conducted by me to collect the data -

- **PRIMARY DATA**

The approach adopted was a survey with the customers visiting the show room. Company's servicing center of Delhi and interview session with management of the company.

- **SECONDARY DATA**

In our case secondary data were collected from:

- ❖ News paper (Economic Times)
- ❖ Information Brochures.
- ❖ On the job training
- ❖ Pamphlets
- ❖ News paper (Economic Times)

- **QUESTIONNAIRE DESIGN / FORMATION**

We started off with distribution of questionnaire at various places like

Outside the Government Banks:

- **SAMPLE DESIGN /SAMPLE ELEMENT / UNIT**

The sampling plan calls for three decisions Sampling size - 100 respondents

The sample size taken was of 100 people who held bank accounts in both Government Banks.

- **DATA ANALYSIS TOOLS**

The analysis has been based on the uses of the standard statistical methods.

The data collected have been diagrammatically represented with the help of diagrams such as pie diagram which includes simple pie diagram sub divided or component pie diagrams besides using the different types of pie diagrams.

(I) PIE DIAGRAM

This diagram is used to show the break-up of a total into component parts. In all the diagrams mentioned above, different shades and designs are used to distinguish the various components and key or indexes which is given along with the diagrams to explain the difference.

(II) AREA DIAGRAM

Stacked area, displays the trend of the contribution of each value over time or categories.

All the analysis & conclusion are derived from the secondary data collected and primary information sources.

All suggestions and recommendations are based upon the conclusion derived from the study.

- **TIME FRAME**

Time given for the project was the limitation on the limits for selection of the sample data. As a result of this a detailed study could not be undertaken

- **SAMPLING FRAME**

BUSINESS CLASS

- **LIMITATIONS OF RESEARCH**

The sample size of customers and prospects is fairly small and consistent conclusions cannot be drawn on the information provided. Satisfaction being a relative term cannot be much commented on as it varies from individual to individual and can only be measured if the respondent has also experienced the services of a similar organizations in a similar sphere. One major constraints was the small sample size as it may lead to slight variations in the end result.

A few customers were either quite reluctant to part with their precious time or had problems in attaching weights and emphasis to different attributes. Customers in refinance cases were in direct contact with the dealers and were more bothered with getting the delivery of the car rather than handling the delays on availing the finance as it did not directly affect them.

There is bound to be a subjective bias in the results because of inconsistency and selective perception about the opinions of the respondents.

COMPANY PROFILE

BANK OF MAHARASHTRA

Bank of Maharashtra is a common man's bank. It was registered on 16th September 1935 with an authorized capital of R.10 lacs by a group of visionaries with the objective to serve the common man from Pune who were till then neglected by the banking system. The bank started functioning on 8th February 1936. In July 1969 when it was nationalized with 13 major other banks, the bank had developed its roots in entire Maharashtra and continued to have the support and patronage of the common man. Right from its inception, the focus of the bank has been to assist small business enterprise, traders, self-employed and other commonly known as priority sector category. After nationalization, the bank expanded rapidly in other states as well. At present the bank has 1345 branches and 38 extension counters in 20 states and 2 union territories of which 48% of branches are in rural areas and semi urban centers. The bank is rated as one of the progressive Nationalized banks that achieved autonomy in the year 1998 and continues to enjoy the status by virtue of good performance.

The bank excels in social banking having good share of priority sector lending and thus it derives strength from a large customer/clientele. The bank provides a wide range of banking services that satisfy the changing needs of depositors as well as small, medium and big/corporate borrowers as well. The bank undertakes all kinds of traditional/non-traditional banking activities including financing of export/imports and different kinds of foreign exchange transactions.

The bank is on a growth side with the total business increasing to Rs. 57,382 crore as on 31.03.2007 from Rs. 43,986 crore as on 31.03.2006 recording a growth of 30.46% whereas total income showing growth of 18.22% amounting to Rs. 2,987 crore. The net profit was recorded at Rs. 271.84 crore for the year 2006-07. Per employee business was recorded at a level of 4.05 crore for the year 2006-07. The bank excels in social banking, overlooking the profit aspect; it has a good share of priority sector lending having 46% of its branches in rural areas.

DIFFERENT TYPES OF BORROWERS AND THEIR FEATURES

One of the important cannons of sound lending is safety of funds lent. In order to ensure safety of funds, it is necessary to ensure legal resources to the borrower for recovery and repayment if funds lent. There are different types of borrowers for the banks and necessary precautions have to be taken.

INDIVIDUALS:

Any person who has completed the age of 18 years is competent to contract. However, if a guardian of his person or property is appointed by the court he becomes major on completion of age of 21.

PROPRIETARY CONCERN:

A proprietor is person who carries on business under a particular name. he is the owner of the business and wholly responsible for all the assets and liabilities of the proprietary firm.

PARTNERSHIP FIRM:

Partnership is relationship between persons who have agreed to share the profits of the business, carried by all or any one of them acting for all. A firm cannot be a partner in another firm but a limited company, which is recognized as a legal entity can be a partner in a firm.

LIMITED COMPANIES:

A public/private limited company formed and registered under the Indian companies act 1956 is an artificial person with perpetual succession brought into existence under the provisions of the companies act. Before an advance is granted to a limited liability company, copies of up to date memorandum and articles of association of the company duly certified by the secretary of the company are taken on record and its last three years published balance sheets should be obtained. It is preferable to keep the director's personal guarantee for the credit facilities granted to the company.

TRUST ACCOUNTS:

There are two type of trusts: 1) Public Trusts & 2) Private Trusts

Public Trusts maybe for charitable purpose & for religious purpose are governed by Bombay Public Trust act in Maharashtra and private Trusts are governed under Indian Trust Act. All public trusts are required to be registered with the charity commissioner who maintains separate register known as public trust register.

Before granting any credit facility to Public Trust it should be asked to obtain permission from charity commissioner to take advance form the bank and to create charge on the property of the trust.

JOIN HINDU FAMILY:

A business carried on by a Joint Hindu family is governed by the provisions of Hindu Law. The “karta” of a Joint Hindu family has implied authority to contract debts and pledge the credit of the family for the ordinary purposes of the family business. Even though, the Karta is competent to bind the family, the documents should be signed by all the major co-partners of a Joint Hindu family who have been sanctioned credit facilities by the bank.

ACCOUNT OF SOCIETIES, CLUBS, ASSOCIATIONS ETC:

Unregistered societies and clubs etc. Which are non trading institutions, have no contracting powers as they have no legal entity. They can neither be sued nor are the individual members of such institutions liable for any overdrafts as long as the members signing the cheques do so in their respective capacities and not in their individual capacities. Caution should therefore, be exercised against such account while granting credit facilities.

ILLITERATE PERSONS:

An individual who is competent to contract may not be able to read and write is still competent to contract. It is observed that most of the borrowers under different Govt. sponsor schemes are illiterate.

THE CHILDHOOD

Known as a common man's bank since inception, its initial help to small units has given birth to many of today's industrial houses. After nationalization in 1969, the bank expanded rapidly. It now has 1292 branches (as of 30th September 2005) all over India. The Bank has the

THE ADULT

The bank has fine tuned its services to cater to the needs of the common man and incorporated the latest technology in banking offering a variety of services.

OUR PHILOSOPHY

Technology with personal touch.

OUR EMBLEM THE DEEPMAL

With its many lights rising to greater heights.

THE PILLAR

Our institution- Symbolising strength.

THE DIYAS

Our Branches- Symbolising service.

The 3 M's

Symbolising

- Mobilization of Money
- Modernization of Methods and
- Motivation of Staff.

OUR AIMS

The bank wishes to cater to all types of needs of the entire family, in the whole country. Its dream is "One Family, One Bank, Maharashtra Bank".

THE AUTONOMY

The Bank attained autonomous status in 1998. It helps in giving more and more services with simplified procedures without intervention of Government.

OUR SOCIAL ASPECT

The bank excels in Social Banking, overlooking the profit aspect; it has a good share of Priority sector lending having 46% of its branches in rural areas.

OTHER ATTRIBUTES

Bank is the convener of State level Bankers committee

OUR FUTURE PLANS - VISION 2007

- To cross the Business Level of Rs.55,000/- Crores by March 2007
- 21.42% Growth in Savings Bank Deposits
- Systematic approach for reducing Net NPA level to below 1%
- 45 Branches are proposed to be opened at new business centers in North, South and Eastern parts of the country. 15 extension counters to be converted into full fledged branches.
- 23 Currency Chests to be opened.
- Consolidation of Regional Rural Banks sponsored by Bank Of Maharashtra
- Establishing ATM network of more than 345 ATMs with on-line connectivity across the country
- Extensive use of Wide Area Network-MAHANET inter-connectivity of branches by providing more customer-centric applications like Any Branch Banking Service, Demat etc.
- Computerization of remaining 583 rural and semi urban branches by providing a cost effective small branch automation solution for rendering effective customer service to rural India
- Extending RTGS facility to 368 branches
- Moving towards Core Banking Solution (CBS) by implementing in 100 branches including pilot run of 25 branches
- SHGs with special reference to agriculture to be promoted and financing be implemented so as to increase financing to small and marginal farmers

FROM THE CHAIRMAN AND MANAGING DIRECTOR

It gives me immense pleasure to interact through this Web Site of Bank of Maharashtra and I take this opportunity to share with you a few salient features of our strength. It is our ten million clientele whose valuable support and patronage facilitated the success of this well known institution.

I would like to recall and share with you that this great institution was founded way back in September 1935 by a group of dedicated persons of small means but with a great vision and wisdom.

were then not considered for credit facilities by banks. In a nutshell, the philosophy of founder fathers of the Bank, was something more than what has been emphasized about the role of Public Sector Banks in the economic upliftment of rural poor and neglected segments of the society.

Right from its inception the Bank has continued to play a vital role in carrying through this philosophy and has always been in the forefront in extending helping hand to the weakest of the weaker sections besides providing banking services to all the business, corporate, institutional and personal segments.

Down the stream over more than 70 years, banking industry has witnessed seachange and the Bank could successfully sustain and face the emerging challenges including smooth transition in the era of banking sector reforms which were initiated in the year 1992. The Bank has been continuously making profits for many years.

The overwhelming support and loyalty of ten million clientele has given us added strength from time to time and enabled this Bank to establish its network of more than 1300 branches spread over 22 States and 2 Union Territories , thus giving unique status of an All India Bank. This network is being expanded to cater to the banking needs of under banked areas. As the banking industry is undergoing rapid transformation and infusion of state-of-the-art technology in extending services is the order of the day, Bank of Maharashtra is no exception. With the ever increasing volume of business, number of clientele and their expectations of high quality service, the Bank has been adopting latest technology to render cost-effective and customer-friendly products and services without losing its "Personal Touch ".

We have an ATM network operated through VISA Debit card across the country. This network is being continuously expanded. We have embarked on a very important technological initiative viz., Core Banking Solutions which is targeted to transform our Bank totally.

It is our constant endeavour to regularly upgrade our skills and technology and we are eager to interact with as many well wishers as possible.

Recently we have started new services like Bancassurance in collaboration with LIC of India and United India Insurance Co Ltd and Foreign Inward remittances services through Western Union Money Transfer.

We hope you will find this Web Site quite useful not only to get the details relating to our various products and services but also to interact with us. Any visitor to this Web Site can obtain the latest and updated features of all products and services and can share the developments happening within the bank from time to time.

Parameter	Mar 2021	Mar 2022	Mar 2023
Total Deposits	26445.93	28844.17	26906.19
Aggregate Deposits	26171.86	28628.55	26527.43
Gross Advances	12397.72	13742.84	17079.76
Net Bank Credit	11312.08	12436.94	16872.00
CD ratio	47.37	48.00	64.39
% of Priority Sector Adv.To Net Bank Credit	44.26	40.49%	42.71%
% of Agricultural Adv. To Net Bank Credit	13.05	13.07	16.30

Total Investments	14091.95	14479.55	11354.26
Gross NPAs	954.45	961.94	944.08
% to Gross Advances	7.70	7.00	5.53
Net NPAs	288.24	280.74	334.06

% to Net Advances	2.46	2.15	2.03
Operating Profit	676.49	546.47	365.07

While I take this opportunity to extend my warm welcome to all visitors to this Web Site, I am sure that your continued support and reaction would facilitate us to offer best services both in terms of quality and cost.

Any suggestion is welcome and would be appreciated. With warm regards, I remain, M. D. Mallya

MAGIC E-MONEY

- Incorporated on 23.11.2000 and commenced business on 03.01.2001
- It is a joint-venture company floated by Bank of Maharashtra in association with Magic software Enterprises (Israel), M/s NextStep Infotech Pvt Ltd, Pune and Dena bank.
- The company caters to the I.T. related requirements of Banking & Financial Institutions in India & abroad.
- It provides solutions for Anywhere Branch Banking, Net Banking, e-Banking, Smart Card based applications, ATMs, Point of Sale (POS), Customer Relation Management (CRM), Net Connectivity, etc.

Registered Office of the
Company M/s Magic e-
money Ltd.

46, Gurukripa,
Mukundnagar, Pune-
411 037 Maharashtra,
India.

Corporate office of the
company M/s Magic e-
money Ltd., 301/302

Eden Hall,

Model colony,

Pune -411 016

Maharashtra,

India. Tel: 020-

5653024/34/44

E-mail: magicemoney@vsnl.com

Website: <http://www.magicemoney.com>

The equity capital of Magic e-money Ltd is Rs 1.00 crore and the
shareholding pattern is as under:

NextStep InfoTech Pvt Ltd

(Subsidiary of magic software Enterprises, Israel 45
%

Magic Software Enterprises, Israel 5%

Bank of Maharashtra 30%

Dena bank 15%

CEO and employees of the JV company 5%

M-SETI

M-SETI (Mahabank Self-Employment Training Institute) is an institute
established under the aegis of Mahabank Agricultural Research & Rural
Development Fund (MARDEF), a trust established by Bank of Maharashtra
and co-sponsored by the National Bank for rural development (NABARD).

The institute is recognized by the Department of employment & self-employment of Govt. of Maharashtra.

The institute trains unemployed youth from the districts of Pune, Kolhapur, Satara, Sangli, Nashik, Ahmednagar, Jalgaon, Dhule and Nandurbar. The objectives of the Institute are:

- To train the unemployed youth.
- To promote rural entrepreneurship.
- To increase self-esteem of participants and
- To help trainees in improvement, placement and counseling them for Bank facilities and their subsequent status.

The following are the training programs identified by M-SETI:

- Entrepreneurship development programmes (EDPs) on technical courses viz. two wheelers, TV and VCR and domestic appliances, repairs, motor rewinding, photography and video shooting, beauty parlor, commercial painting, tailoring etc.
- EDPs specific to the Government sponsored schemes viz. PMRY, SGSY, SJSRY, SHGs
- Information technology ; Electronic data processing, electronic data entering and computer awareness programmes.

The said training is free of cost.

MAHABANK INFO CENTRE

Mahabank Info Center is a retail banking boutique set up by Bank of Maharashtra having the following activities.

- Providing information on services provided by the bank at its various branches and specialized branches,
- Mobilizing deposits for various branches in Pune city,
- Marketing to increase ATM card base
- Directing prospective clients to respective branches for financial aid on housing, vehicle, consumer durables, education & foreign tours, etc.
- Development of business through bringing in institutional accounts.
- Image building exercises.

The Info Centre is located at: 74, Dhole Patil Road, otel Kapila Building,Pune 411 001., 79/5, Sadhana, H.K. Mandir Path Model Colony , Pune 411016 ahabank Building Gadkari Chowk, Shivaji Park adar Mumbai 400028 and can be contacted on: Tel. No .: 91-20-6141818 E-mail: bominfotic@vsnl.net

EDUCATION LOAN SCHEME

Purpose For studies in India For studies abroad Eligibility You should be an Indian National You should have secured admission to professional / technical courses through entrance test / selection process. You should have, secured admission to foreign university / institutions Amount For studies in India : Maximum Rs.10.00 lac

* For studies abroad : Maximum Rs. 20.00 lac Margin There is no margin up to Rs.4.00 lac.For loans above Rs.4.00 lac. For studies in India : 5% For studies abroad : 15%This may include own contribution as well as scholarship. Rate of Interest Click here to view the Interest Rate Security No security required upto Rs.4.00 lac loan.

Above Rs.4.00 lac securities are required to be furnished as under either singly or in combinations-Government securities, public sector bonds.Units of UTI, Shares (as per our approved list from time to time), Debentures.L.I.C. Policies. NSCs/KVPs, Banks own deposits Mortgage of land and Building The eligible securities are as above. However terms

EMI You get a repayment holiday of one year after completion of the course selected or 6 months after getting a job (after which your repayment will start). The loan is then to be repaid in 5 years after commencement of repayment. Processing Fee Nil. Expenses Considered Tuition fees, hostel expenses, purchase of books/ equipments/ instruments etc. Travel expenses for studies abroad & other essential expenses. Courses Eligible Studies in India School education including plus 2 stage of CBEC & State Education Boards. Graduation courses/Colleges under universities approved by UGC. B.A, B.Com, B.Sc. etc. Post graduation courses, Masters and PhD Professional courses, Engineering, Medical, Agriculture, Veterinary, Law, Dental, Management, Computer etc. Computer certificate courses of reputed institutes accredited to Dept.of Electronics or institutes affiliated to university. Courses like ICWA, CA, CFA etc. Courses offered in India by reputed foreign universities. Courses conducted by IIM, IIT, IISC, XLRI, NIFT etc. Evening courses of approved institutes recognized by state/ Central Govt. Other courses leading to diploma/degree etc. conducted by colleges/ universities approved by UGC/ Govt/ AICTE/ ICMR etc. Studies abroad Graduation : For job oriented professional/ technical courses offered by reputed universities. Post graduation : MCA, MBA, MS etc. Courses conducted by CIMA - London, CPA in USA etc. Documents to be Furnished Proof of being an Indian national i.e., School Leaving Certificate. Letter confirming selection through Entrance Test. Letter confirming admission to foreign university/ institutions. Brochure of the educational institution stating the amount of fees charged.

FUNDING SCHEMES

Bank of Maharashtra,,,,,,,,,,,,,

Minor Irrigation for Agriculturists scheme for purchase of various irrigation equipments. Mahabank Kisan Credit Card scheme for cultivation of crops, meeting the short-term credit needs of farmers. Farm Mechanisation for Agriculturists scheme for Purchase of Tractors/Power tillers, Harvesters, Threshers & other farm implements. Animal Husbandry scheme for

Purchase of Machinery Working Capital Requirements under Scheme for Cultivation of fruit crops-mango, Pomegranate, Grapes etc.

Scheme for providing finance to set up of Agri-Clinics/Agribusiness Centers. Scheme for Financing Farmers for Purchase of Agricultural land. Scheme for Financing Two Wheelers to Farmers Scheme for Providing Loans to Farmers for Purchase of consumer durables Scheme for Hi-tech projects in agriculture. Rural Godown Scheme (Gramin Bhandaran Yojana) for scientific storage of agricultural produce.

Minor Irrigation for Agriculturists Purpose : Digging of new wells, revitalization of existing well, purchase of oil engine, electric motor, pump set installation of pipe line, sprinkler, irrigation, drip irrigation, tube well, bore well, etc. Eligibility : Agriculturist who owns agricultural land. Amount : For new dug wells as per the NABARD Unit costs for equipments/ estimates. Repayment : Depending upon the repaying capacity 7 to 11 years. Security : Mortgage of land, Hypothecation of movable assets and guarantors. Other Terms & Conditions : Proposed well should be located in white watershed area. It should not be in dark watershed area. Mahabank Kisan Credit Card Purpose : Cultivation of crops Meeting the short-term credit needs of farmers for crop production and allied activities etc. Maintenance of farm equipments etc. Eligibility : Agriculturist who owns agricultural land Amount

: As decided by District Technical committee & limit worked out for the purpose. Security : Mortgage of land. Hypothecation of crop/Assets. Repayment : Revolving credit facility for 3 years, Coinciding with harvesting of crops-season/marketing of produce.

Other Terms & Conditions : Assured and timely availability of working capital for crop cultivation. Borrowers are covered under personal accident insurance scheme. Insurance for notified crops is available. Farm Mechanisation for Agriculturists Purpose : Purchase of Tractors/Power tillers Purchase of Harvesters Purchase of Threshers & other farm implements Eligibility : Agriculturist who owns at least 8 acres of Irrigated land. The Tractor should get at least 1500 hrs of work in a year. Amount :

Husbandry Purpose : Purchase of Cows/Bufaloes Poultry- Broiler Farm, Layers Farm, Hatchery Sheep/Goat Rearing Construction of Byre, Purchase of Machinery Working Capital Requirements. Eligibility : Agriculturist, agri. Labour and / or those who have necessary expertise. Amount : Animal cost - As per NABARD unit costs Others- as per the project. Repayment : 4 to 5 years with suitable installments. Security : Hypothecation of Animals/Plant Machinery to be purchased Mortgage of land. Other Terms & Conditions : Insurance of all animals is essential. Horticulture Purpose : Cultivation of fruit crops-mango, Pomegranate, Grapes etc. Eligibility : Agriculturist with adequate provision of irrigation Amount : As per NABARD Unit costs/ Project Security : Mortgage of land.Hypothecation of crops. Repayment : Within 15 years. Scheme for Financing Setting Up of Agri-Clinics an Purpose : Setting up of griclinics Setting up of Agribusiness Centers. Eligibility : Agriculture graduates Amount : Individuals Max. Rs 10 lakh, Group Rs 50 lakh Security : Hypothecation of Assets created out of bank loan Mortgage of land. Repayment : 5 to 10 years. Scheme for Financing Farmers for Purchase of Land Purpose : Purchase of land Eligibility : Small & Marginal farmers, share croppers/Tenant farmers. Amount : Maximum Rs 2,50,000/- Security : Mortgage of land. Hypothecation of crop/Assets. Repayment : As per the repaying capacity & incremental income. Other Terms & Conditions : Total land holding including proposed land should not exceed 5 acres.

Scheme for Financing Two Wheelers to Farmers Purpose : Purchase of two wheeler.

Eligibility : Net annual Agril. Income above Rs 50,000/- or 5 acres of irrigated land.

Amount : Max. Rs 50,000/-Security : Hypothecation of Asset. Guarantors.

Repayment : 3 to 5 years.Consumer Loans to Farmers Purpose : Purchase of consumer durables.

SECURED ADVANCES-

MODES OF CREATING CHARGE

A cardinal principle of sound banking is to ensure safety of funds lent by a banker to his customers. A banker lends his funds to persons of means,

activity for which the loan is taken. The banker, therefore, relies primarily on the character, capacity and capital of the borrower in ensuring the safety of his funds. The viability of the project and the honesty and capability of the borrower ensure to a large extent the safety of funds lent by the banker. But the banker can hardly afford to take any risk in this regard and hence reliance is placed on the tangible assets owned by the borrower. In case of default by the borrower in repaying the loan- for any reason what so ever- the banker's interests are safeguarded if he possesses a charge or right over a tangible assets of the borrower. Loans with such rights conferred upon the banker are called secured advances. Secured advances are those advances which provide absolute safety to the banker by means of a charge created on the tangible assets of the borrower in favor of the banker. In such case, the banker gets certain rights in the tangible assets over which a charge is created. There are several modes of creating a charge, e.g. lien, pledge hypothecation and mortgage. The present chapter deals with the legal provisions regarding the modes of creating charge over the tangible assets and the rights and obligations of the various parties.

LIEN

As already noted in chapter 3, section 171 of the Indian contract Act confers the right of general lien of the banker. The banker is empowered to retain all securities of the customer, in respect of the general balance due from him. The ownership of such securities is not transferred from the customer to the banker. The latter gets the right to retain the securities handed over to him in his capacity as a banker. A banker's lien is considered tantamount to an implied pledge and he gets the right to sell the securities in certain circumstances.

NEGATIVE LIEN Negative lien is to be distinguished from lien. Under the negative lien, the banker does not get the right to retain any asset of the borrower. The borrower gives a declaration to the banker that his assets mentioned there in are free from any charge or encumbrance. He also gives an undertaking that he shall not create any charge over them or dispose them of without the permission of the banker. The borrower cannot dispose

dues form the said assets of the customer. His interests are thus partly safe by securing a negative lien.

PLEDGE

Section 172 of the Indian contract act, 1872,¹ defines pledge as “bailment of goods as security for payment of a debt or performance of a promise.” The person who offers the security is called the pawner’ or pledge and the bailer is called the pawnee’ or the pledge’ or the pledge’ thus, in case of a pledge-

- (i) There should be bailment of goods; and
- (ii) The objective of such bailment should be to hold the goods as security for the payment of a debt or the performance of a promise. In other words, the bailment should be on behalf of a debtor or an intending debtor.

1. BAILMENT OF GOODS. Section 148 defines bailment as the delivery of goods from one person to another for some purpose upon the contract that the goods be returned back when the purpose is accomplished or otherwise disposed requisites of a bailment:

- (i) **Delivery of Goods.** Delivery of goods is essential for a contract of bailment. Delivery may be either physical delivery or constructive (or symbolic) delivery. Physical transfer of goods for the custody of the bailer to that of the bailer is not necessary. There may be constructive or symbolic delivery, which means anything having the legal effect of putting the goods in possession of the bailee or any person authorized by him.” fore example, If the bailee puts his own lock on the door of the go down storing the goods pledged, it would be treated as transfer of possession. Even the handing over of the key of the lock on the door of the go down amounts to delivery. Similarly, handing over of documents of title to goods like bill of lading or railway receipt, duly endorsed, will also mean delivery of the goods. If the warehouseman in the possession of the goods is authorized to hold the goods on behalf of the bailee and he accepts it the transfer of possession will be deemed to be complete. This is called delivery by

attunement. But distinction should be made between a mere custody of goods and possession which may be called judicial possession. Goods might be in the custody of a servant or a guest but they do not hold possession of the goods.

(ii) RETURN OF GOODS. To constitute a contract of bailment it is essential that the bailee should return the same goods to the bailor or dispose them according to his instructions after the purpose for which the goods were delivered is fulfilled. The deposit of money in a bank account is not bailment because **(i)** money is not goods and **(ii)** the banker is under no obligation to return the same currency notes and coins which are handed over to him at the time of making a deposit.

2. BAILMENT OF SECURITY FOR PAYMENT OF DEBT. It is essential that the bailment of the goods is done with the object to secure the payment of a debt or the performance of a promise. If the goods are left with the banker for safe custody or for any other purpose, it does not constitute a pledge. Banker for safe custody or for any other purpose, it does not constitute a pledge. Banks, therefore, take a declaration in case of pledge to safeguard their interests.

WHO CAN PLEDGE THE GOODS?

Goods can be pledged by any one who is in legal possession of the same namely,

1. The owner of the goods himself
2. The mercantile agent of the owner. According to section 178, where a mercantile agent is with the consent of the owner, in possession of goods or the documents of title to goods, any pledge made by him, when acting in the ordinary course of business of a mercantile agent, shall be as bailed as if he were expressly authorized by the owner of the goods to make the same: provided that the pawnee acts in good faith and has not, at the time of pledge, notice that the pawner has no authority to pledge”.
3. **JOINT OWNER** with the consent of other co-owner. If the interest of the pledge in the goods is to a limited extent only, he can pledge the same to the extent of his limited interest. But in such cases the rights of an innocent third party are well protected, if a second pledge is made to him.

- (a) The contract has not been rescinded before the contract of pledge is entered into.
 - (b) The pledge acts in good faith and without notice of the defective title of the pledge.
5. If a buyer leaves the goods or documents of title to goods after sale in the possession of the seller, the latter may make a valid pledge of the goods provided the pledge acts in good faith and he has no notice of the sale of goods to the buyer.

Similarly a buyer, who obtains possession of the goods with the consents of the seller, before the title of the goods passed on to the buyer, may also make a valid pledge.

6. a pledge can himself re-pledge the goods but such re-pledge will be valid only up to the extent of his interest in the goods pledged.

HYPOTHECATION

In case of hypothecation, which is another method of creating a charge over the movable assets, neither ownership nor possession of goods is transferred to the creditor but an equitable charge is created in favor of the latter. The goods remain in the possession of the borrower, who binds himself, under an agreement, to give the possession of the goods to the banker, when ever the latter requires him to do so. The charge of hypothecation is thus converted into that of a pledge and the banker or the hypothecate enjoys the powers and rights of a pledge. In *M/s Gopal Singh Hira Singh vs. Punjab national bank (A.I.R.) 1976, Delhi 115*, the Delhi high court observed that in case of hypothecation, the borrower holds the actual physical possession not in his own right as the owner of the goods but as the agent of bank. The high court, therefore, concluded that in law there was no difference between pledge and hypothecation with regard to the legal possession of the banks- the hypothecated goods are also not only constructively but actually in the possession of the bank. But to enforce its claim it is essential for the bank to take possession of the hypothecated property on its own or through the court. The bank can

enforce the security by filing a suit to this effect. If the banker fails to do so, and chooses to seek a simple money decree, the bank would be deemed to have waived its right as hypothecate. In *syndicate bank vs. official liquidator*,

Prashant engineering co. Pvt. Ltd. (1986) 59 comp. cases 301, the bank filed a suit for the recovery of money and failed to make a claim on the security. It was held that the bank ranked as an unsecured creditor along with other creditors of the company.

Eligibility:

Net annual Agril. Income above Rs 50,000/- or 5 acres of irrigated/10 acres seasonally irrigated land. Amount : Max. Rs 50,000/-, for four wheelers
Max. Rs

2 lakh. Margin : 10% Security : Hypothecation of assets. Repayment : 3 to 5 years.

Hi-tech Projects Purpose : Hi-tech projects. Eligibility : Agriculturist with knowledge of advance techniques in the farming. Amount : As per the project cost. Security: Hypothecation of goods Other collateral security. Repayment : Within 6 to 8 years. Rural Godown Scheme (Gramin Bhandaran Yojana) In India about 165.77 mill. Ha land is under agriculture, producing 526.77 mill tons of agriculture produce comprising mainly food grains, pulses, oilseeds, cotton, jute, sugarcane, etc. The agriculture production of the country has increased four fold during the last five decades. However, in spite of being self sufficient in production of food grains, the farmers are unable to obtain remunerative prices for their produce. They lack sufficient storage facilities, distributed in various parts of the country. Necessity of Godowns: To store food grains in scientific manner, minimise losses and maintain quality. To avoid damages by rats, birds, small insects etc. and deterioration in quality of the grains. Non-availability of storage facilities at the farmers,

forces them to sell their produce during the peak harvest season, when prices are the lowest depriving of remunerative prices. Benefits of Godowns: Scientific storage leads to maintain quality of food grains. In godowns, frequent spraying of insecticides and fumigation of food grains make them safe from rats, and small insects. Remunerative price is realised for food grain, stored in Godowns leading to improved income to the farmers. The farmers can expect pledge loan of 70 % against stored produced. If godown is run on commercial and professional lines by farmers Cooperative sales and purchase societies, it will lead to an increase in their incomes and help in employment generation. The time limit of this scheme is upto 30th Sept 2004.

The salient features of the scheme are as follows : Nodal agency: Director of Marketing, Maharashtra State, Pune. Eligible Organisations: The construction /expansion of rural godown can be taken up by individuals, farmers, group of farmers /growers, partnership /proprietary firms, non government organisations, self help groups, companies, cooperative societies, Agriculture Produce Marketing Committees, Marketing Boards and Agro-Processing Corporations in the country. Assistance is also available for renovation / expansion of rural godowns (restricted to the godowns constructed by co-operatives only). Location: The construction of godown has to be made outside the limits of Municipal Corporation, with a minimum capacity of 100 MT and restricted to a maximum capacity of 10,000 MT. Credit Linked Assistance: Subsidy under the scheme is linked to institutional credit and available only to such projects which are financed by commercial Banks, Co-operative Banks, Nationalised Banks and Regional Rural Banks. Loan to the entrepreneurs, from banks for the construction of godowns would be over a period of 10 years, and should be repaid in 11 installments with a moratorium on repayment of 2 years. The construction of godown shall be completed within 15 months. Nature of the Scheme : 25% Government subsidy 25% own funds investment 50% Bank Loan If the entrepreneur possesses own land, 10% of estimated godown cost will be considered as land cost out of his own investment. Subsidy: Subsidy under the scheme shall be provided on the capital cost of the project, as below: The rate of subsidy will be 25% of the capital cost of the project. In case where the entrepreneur belongs to S.C./S.T. the rate of subsidy shall be 33.33 per cent. From 1st Oct. 2004 few changes made in by Central Govt. in this scheme are for farmers, Agricultural graduates, Co-op. societies state & central warehousing corporation are eligible for 25% subsidy & remaining can get 155 subsisy. Minimum size of godown eligible for subsidy would be 100 MT Capital cost of the project for releasing subsidy under the scheme shall be calculated as follows: For

godowns upto capacity of 1000 MT, actual cost or Rs. 2000/- per ton storage capacity, whichever is lower. For godowns exceeding capacity of 1000 MT, actual cost or Rs. 1500/- per ton storage capacity, whichever is lower. For Renovation / Expansion of Godown constructed by cooperatives with assistance

from NCDC, actual cost or Rs.500/- per tone of storage capacity, whichever is lower. Amount of subsidy calculated as above, shall be further restricted to a maximum storage capacity of 10,000 MT and further to a maximum amount of Rs. 37.50 Lakhs, for each project. Entrepreneur belongs SC/ST, maximum amount of subsidy shall be Rs. 50 Lakhs, for each project. Subsidy for the project under the scheme, shall be realised through the NABARD for project finance by the commercial, cooperative and regional rural Banks. The capacity of the godown, will be calculated 1.8 MT per sq. m. of floor area with an average height of not less than 4.5 m. Minimum capacity should be 100 MT in some cases (physical/special requirement) permission should be required from related office-for that NABARD is going to issue the guidelines for the same. Training: The training will be arranged to the officers and honorary persons for maintaining godowns, scientific storage, record etc. Proposals: Loan/ Subsidy proposals shall be prepared in Bank Proforma and proforma given by Agricultural Marketing Board, Pune along with the necessary documents. Seven copies of the proposals shall be prepared and submitted as below.

3 copies to bank

1 copy to Dist. Deputy Registrar

2 copies to Agricultural Marketing Board.

1 copy for entrepreneur.

Documents:

1. Application, 2. 7/12 Extract, 3. 8-A Extract, 4. NOC from municipal corporation 5. plan, 6. Estimate. Apart from this do-operative societies required following additional documents -

1. Board of Director's meeting resolution, 2. Audit Memo Copies, 3. Financial report of last 3 years.

The recommendation from Dist. Deputy Registrar shall be required before submitting to the above agencies. Target for Construction of Godown under this Scheme: In Maharashtra State under this scheme 5000 Godown construction

Cost of construction for 4440 Godowns through above 431.92 crore
Capacity

in M.T. 28.12 Lacs M.T. Proposal submitted to Bank 4508 nos

Number of proposal sanctioned by Bank for loan 1288 nos

Subsidy amount calculated 99.38 Crore

Minor Irrigation for Agriculturists

Purpose

Digging of new wells, revitalization of existing well, purchase of oil engine,
electric motor, pump set installation of pipe line, sprinkler, irrigation, drip
irrigation, tube well, bore well, etc.

Eligibility

Agriculturist who owns agricultural land.

Amount

For new dug wells as per the NABARD Unit costs for equipments/
estimates. Repayment Depending upon the repaying capacity 7 to 11
years. Security Mortgage of land, Hypothecation of movable assets and
guarantors. Other Terms & Conditions Proposed well should be located
in white watershed area. It should not be in dark watershed area.

CONSUMER FINANCE SCHEME

For purchase of 2wheelers-4 wheelers Consumer durables- e.g. TV/
Fridge/ Computers etc. Eligibility Salaried
persons Professionals Businessmen Margin 10% for 2-4 wheelers 10% for
loan up to Rs 50,000/- 15% for loan above Rs 50,000/- Repayment By
EMI For consumer durables-36 to 60 months For 2 wheelers- 60months
For 4 wheelers - 60 months Processing fee 0.25% of the amount of loan
with minimum Rs 100/- and maximum Rs 250/-. Other terms 1 guarantor
and hypothecation of asset. Comprehensive insurance has to be done.

HOUSING FINANCE SCHEME

Purpose

To build your own house. To purchase a new house. Renovation and
repairs of the present house. Eligibility Salaried persons with permanent

Rs 10 lakh in semi-urban and rural areas. Maximum Rs 5 lakh for repairs and renovation.

QUANTUM OF LOAN

For salaried persons-40 times of gross salary. 85% of cost of house including registration, mortgage, electricity deposit etc. Loan amount will be whichever is lower of (1) or (2) For businessmen-3.33 times of average total income of last 3 years. 85% of the cost of new house or flat/and 75% of the cost of old flat/house (not more than 10 years old) Loan will whichever is lower of (1) or (2) Max. deduction allowed - 60% of gross income. Age Criteria Min 21 years Max. 50 years for applicant in service class, subject to min 10 years of residual service.

55 years for business class. Margin Ranging up to 25% Repayment For new/old house/flat - 240 months- by EMI For repairs/renovation - 60 months-by EMI

Security Up to Rs 25,000/- one guarantor acceptable to the bank. Above Rs 25,000/- one guarantor and equitable/regd. mortgage of property or Equal amount of paper security (NSCs, FDRs of our bank etc. excluding shares). Deduction Limit 60% of gross salary including proposed loan installment.

Processing Nil

HOME CONVERSION SCHEME

Purpose To change the security (House property) for better accommodation Eligibility Salaried persons with permanent employment in Govt. Depts. or

private sector companies/establishment of repute. Professionals Businessmen Amount No maximum ceiling in metro and urban areas Maximum Rs 10 lakh in semi-urban and rural areas Maximum Rs 5 lakh for repairs and renovation. Quantum of Loan

85% of cost of house including registration, mortgage, electricity deposit etc. For salaried persons - 40 times of gross salary. For businessmen-3.33 times of average total income of last 3 years. Age Criteria Min 21 years Max. 50 years

for applicant in service class, subject to min 10 years of residual service. 55 years

for business class Margin Ranging up to 25% Repayment For new/old house/flat - 240 months- by EMI For repairs/renovation - 60 months- by EMI Processing Fee 0.25% of the amount sanctioned Security New property is

taken as security. Up to Rs 25,000/- one guarantor acceptable to the bank. Above Rs 25,000/- one guarantor and equitable/regd. mortgage of property or Equal amount of paper security (NSCs, FDRs of our bank etc. excluding shares). For full value of house property against fire and earthquake etc. with bank's clause. Deduction Limit 60% of gross income. Land Purchase Loan Purpose To purchase land for construction of house. Eligibility Salaried persons with

permanent employment in Govt. Depts. or private sector companies/ establishment of repute. Professionals Businessmen Amount No maximum ceiling in metro and urban areas Maximum Rs 10 lakh in semi-urban and rural areas Quantum of Loan Max. deduction allowed - 60% of gross income Age Criteria Min 21 years Max. 50 years for applicant in service class, subject to min 10 years of residual service. 55 years for business class Margin 30% Repayment 20 years from the date of purchase of land. Processing Fee 0.25% of the amount of loan. Security Up to Rs 25,000/- one guarantor acceptable to the bank. Above Rs 25,000/- one guarantor and equitable/regd. mortgage of property or Equal amount of paper security (NSCs, FDRs of our bank etc. excluding shares). Other Terms and Conditions Penal interest is applied @ 2% after completion of 2 years with a right of recall, if construction is not completed within this period. Repayment by EMI for the loan for land will start one month after the disbursal of the loan. An undertaking has to be given by the applicant to construct the house on the land within 2 years of purchase of land. Bridge Loan Purpose To acquire a flat where the owner intends to use the proceeds of their existing flats/houses as part of the margin or consideration. Usually there is time lag of six to nine months before the deal gets materialized and the proceeds are received. Eligibility Salaried persons with

permanent employment in Govt. Depts. or private sector companies/ establishment of repute.

Professionals Businessmen Amount No maximum ceiling in metro and urban areas Maximum Rs 10 lakh in semi-urban and rural areas Maximum Rs 5 lakh for repairs and renovation. Quantum of Loan 85% of cost of house including registration, mortgage, electricity deposit etc. For salaried persons - 40 times of gross salary. For businessmen-3.33 times of average total income of last 3

years. Max. deduction allowed - 60% of gross income. Age Criteria Min 21 years Max. 50 years for applicant in service class, subject to min 10 years of residual service.

55 years for business class. Margin 15%. The repayment capacity is assessed on the total amount of housing loan+ bridge loan.

However, EMI is taken on the Housing Loan if bridge loan is repaid within the stipulated period of 9 months.

Housing Loan & Bridge loan taken together should not exceed 65% of the proposed house.

Repayment 9 months Processing Fee 0.25% of amount sanctioned.

Security Up to Rs 25,000/- one guarantor acceptable to the bank. Above Rs 25,000/- one guarantor and equitable/regd. mortgage of property or Equal amount of paper security (NSCs, FDRs of our bank etc.

excluding shares). Deduction Limit 60% of gross salary including proposed loan installment. Other Terms and Conditions In case for any reason the old property is not sold then the entire portion of bridge loan is converted into regular housing loan. Loan for Old House Purpose To purchase old house. Eligibility Salaried persons with permanent employment in Govt. Depts. or private sector companies/establishment of repute.

Professionals Businessmen Amount No maximum ceiling in metro and urban areas Maximum Rs 10 lakh in semi-urban and rural areas Maximum Rs 5 lakh for repairs and renovation. Quantum of Loan 85% of cost of house including registration, mortgage, electricity deposit etc. For salaried persons - 40 times of gross salary. For businessmen-3.33

times of average total income of last 3 years. Max. deduction allowed - 60% of gross income. Age Criteria Min 21 years Max. 50 years for applicant in service class, subject to min 10 years of residual service. 55 years for business class Margin Ranging up to 25% Repayment For old house/flat - 240 months- by EMI For repairs/renovation - 60 months- by EMI Processing Fee Processing Fee 0.25% of amount sanctioned. Security Up to Rs 25,000/- one guarantor acceptable to the bank. Above Rs 25,000/- one guarantor and equitable/ regd. mortgage of property or Equal amount of paper security (NSCs, FDRs of our bank etc. excluding shares). Insurance For full

value of house property against fire and earthquake etc. with bank's clause.

Deduction Limit 60% of gross salary including proposed loan installment.

Other Terms and Conditions If the house or flat is more than 10 years old, the

request would be considered on merits on the following parameters

Valuation

report by approved valuer. Structural stability report by Govt. approved

structural engineer, certifying the structural stability of the house, with residual

working life of the same to be more than 30 years. Applicant's standing, past experience if any, etc.

For Individuals

Loans against deposits

If you have any term deposit with us you can in emergencies always avail of this facility which we offer.

Persons eligible Anyone who has a deposit with us. Margin As low as 10%

As high as 25% Repayment In easy installments or date of maturity of the

receipt. Guarantee No guarantors required. Loans for Professionals and Self-

Employed For Purchase of To purchase equipment/ repairs/renovation to

existing equipment, purchase of tools, working capital requirements,

acquiring/repairing business premises. Eligibility Doctors, Dentists, Chartered

Accountants, Cost accountants, Lawyers, Solicitors, Engineers, Architects,

Surveyors, Construction contractors or Management Consultants or to a person

trained/qualified/skilled in the chosen vocation/field in which employed, "the

bank extends finance under its own facilities and even under the Govt. sponsored

schemes.

Amount

Depending upon the assessed requirement considering financial viability,

repayment capacity etc.

Margin

Generally 25%, which can vary according to requirement and assessment. Repayment by EMI From short term to period generally ranging up to 5 years. Processing Fee 1% of the loan for amount above Rs 25,000/-. Security Assets created by the Loan to be charged to the bank and other collateral security. For

Entrepreneurs For the endeavouring entrepreneur who dreams of setting up an enterprise, the Bank has a number of financial schemes.

To service the industrial sector the Bank has Industrial Finance branches at Mumbai and Pune.

SSI branches at Pune, Mumbai, Krishnanagar Satara, Piraman Gujarat, Satpur Nasik and I.E. Thane.

Finance can also be availed at any other branch of the bank.

The Bank finances the Industrial Sector for setting up a unit for modernization, diversification, upgradation, expansion. Bank finance can be availed in the form of : Term Loan for acquisition of machinery and fixed assets. Working capital by way of funded Cash Credit limit .Non fund facilities in the form of Letters of Credit / Letters of Guarantee. The Bank finances Industrial Ventures under its own scheme as well as under the National Equity Fund Scheme (NFE) and Other Government Sponsored Schemes (GSS). Personal Loan Scheme

Purpose To meet any personal expenses such as medical expenses, expenses on travel/tour, Income Tax liability, expenses for family functions etc. Eligibility Salaried persons with permanent employment in Govt. Depts. or private sector companies/establishment of repute. Amount Minimum Rs 5000/- , Maximum Rs 1,00,000/-. Margin No margin i.e. 100% loan. Repayment Maximum up to 3 years by monthly-equated installments. Processing fee Up to Rs 25,000 - Rs 50/- . Rs 25,000 to Rs 1,00,000 - Rs 200/-. Security No security. Guarantor 1 acceptable guarantor. Other terms and conditions Undertaking by the employer to deduct monthly loan installment from salary is required. Standing instructions from prospective borrowers to deduct monthly loan installment from the salary account maintained with us are required. Post dated cheques of savings account maintained with us are accepted. Deduction limit 55% of gross monthly salary including proposed loan installment. Mahabank Kisan Credit Card Purpose Cultivation of crops Meeting the short-term credit needs of farmers for crop production and allied activities etc.Maintenance of farm

Mortgage of land. Hypothecation of crop/Assets. Repayment Revolving credit facility for 3 years. Coinciding with harvesting of crops- season/marketing of produce. Other Terms & Conditions Assured and timely availability of working capital for crop cultivation. Borrowers are covered under personal accident insurance scheme. Insurance for notified crops is available. Loan Scheme For Women Farm Mechanisation for Agriculturists Purpose Purchase of Tractors/Power tillers Purchase of Harvesters Purchase of Threshers & other farm implements Eligibility Agriculturist who owns at least 8 acres of Irrigated land. The Tractor should get at least 1500 hrs of work in a year. Amount As per cost of machinery Repayment 7 to 9 years. Security Hypothecation of Tractor/trolley and accessories, Mortgage of land. Other Terms & Conditions Comprehensive insurance of machinery with bank clause. Animal Husbandry Purpose Purchase of Cows/Buffaloes Poultry- Broiler Farm, Layers Farm, Hatchery Sheep/Goat Rearing Construction of Byre, Purchase of Machinery Working Capital Requirements. Eligibility Agriculturist, agri. Labour and / or those who have necessary expertise. Amount Animal cost - As per NABARD unit costs Others- as per the project. Amount Animal cost - As per NABARD unit costs Others- as per the project. Repayment 4 to 5 years with suitable installments. Security Hypothecation of Animals/Plant Machinery to be purchased Mortgage of land. Other Terms & Conditions Insurance of all animals is essential. Horticulture Purpose Cultivation of fruit crops- mango, Pomegranate, Grapes etc. Eligibility Agriculturist with adequate provision of irrigation Amount As per NABARD Unit costs/ Project Security Mortgage of land. Hypothecation of crops. Repayment Within 15 years. Scheme for Financing Setting Up of Scheme for Financing Setting Up of Agri-Clinics an Purpose Setting up of Agriclincs Setting up of Agribusiness Centers. Eligibility Agriculture graduates Amount Individuals Max. Rs 10 lakh, Group Rs 50 lakh Security Hypothecation of Assets created out of bank loan Mortgage of land. Repayment 5 to 10 years.

Maximum Rs 2,50,000/- Security Mortgage of land.Hypothecation of crop/Assets. Repayment As per the repaying capacity & incremental income. Other Terms & Conditions Total land holding including proposed land should not exceed 5 acres. Scheme for Financing Two Wheelers to Farmers Purpose

Purchase of two wheeler. Eligibility Net annual Agril. Income above Rs 50,000/- or 5 acres of irrigated land. Amount Max. Rs 50,000/- Security Hypothecation of Asset.Guarantors. Repayment 3 to 5 years. Consumer Loans

to Farmers Purpose Purchase of consumer durables. Eligibility Net annual

Agril. Income above Rs 50,000/- or 5 acres of irrigated/10 acres seasonally irrigated land. Amount Max. Rs 50,000/-, for four wheelers Max. Rs 2 lakh. Margin 10% Security Hypothecation of assets. Repayment 3 to 5 years. Hi-tech Projects

Purpose Hi-tech projects. Eligibility Agriculturist with knowledge of advance techniques in the farming. Amount As per the project cost. Security Hypothecation of goods Other collateral security. Repayment Within 6 to 8 years. SSI Charter To provide professional, efficient, courteous, diligent and

speedy services in the matter of retail lending. Simplified and bilingual applications for Credit Facilities to SSI Units are made available Loan Application complete in all respect duly receipted and acknowledged. Time Norms for disposal of loan applications:a. Upto Rs.25,000 2 weeksb. Over Rs.25,000 and upto Rs.5.00 lakhs 4 weeksc. Over Rs.5.00 lakhs 8 - 9 weeks No Collateral Security for advances upto Rs.25.00 lakhs to SSI units having good track record and financial position. Loans sanctioned without collateral security

/ third party guarantee are covered under Credit Guarantee Scheme floated by CGTSI for SSI. For covering the advances under Credit Guarantee Funds Scheme, a Guarantee Fee @ 2.50% of credit facility sanctioned for a period of 5 years (borne by bank) and Annual Service

Fee @1% of outstanding amount as on 31st March every year is payable (50% of the annual service fee borne by the Bank)

To reduce the Entrepreneurs dependence on Term lending Institutions, composite loan upto Rs.50.00 lakhs is sanctioned to SSI Units. Loan quantum: Minimum 20% of projected annual sales turnover (Nayak Committee norms)

Comfortable Margin option is available as under: Upto Rs.25,000 NIL
Above Rs.25,000 25%

Finance is made available at most attractive rate of interest*. Size of the Advance Interest Rates effective 1.8.2003 (BPLR 10.75%) Cash Credit / WC limits /Term

Loans –SSI Advances Upto Rs 25,000	PLR (-) 2.50	8.25>	Rs 25,000	and
upto Rs 1 lakh.	PLR (-) 2.00	8.75>	Rs 1 lakh and upto Rs 2 lakhs	PLR
10.75>	Rs 2 lakhs and upto Rs 10 lakhs	PLR (+) 1.00	11.75	Rs 10
			>	
lakhs and upto Rs 50 lakhs	PLR (+) 1.50	12.25>	Rs 50 lakhs	PLR (+)
2.00	12.75	(subject to change from time to time)	Option is also provided	

to SSI units to select either size wise Rate of Interest or rate of Interest as per Credit Rating. Thereby Units with the better rating get the finance at cheaper rate. Laghu Udhyami Credit Card: Hassle free credit upto Rs.10.00 lakhs is provided through this Card. Mahabank Artisan Credit Card: Credit upto Rs.2.00 lakhs - to Artisans. Considering the nature of the activity, Cash disbursement is allowed. Mahabank GOLD CARD SCHEME For Exporters

Mahabank GOLD CARD SCHEME FOR EXPORTERS Objective of the Scheme :

To provide better terms of credit including rates of interest to all eligible exporters, including those under small and medium sector, compared to those extended to other exporters by the Bank.

All exporters, including those under small and medium sectors, would be covered under the scheme provided:

1. Their accounts are classified as "STANDARD" continuously for 3 immediately preceding years.
2. Their names do not figure in RBI's defaulter list / caution list and

they have not been blacklisted by ECGC.

3. There are no overdue in pre-shipment export credit.
4. They have not run up losses continuously for 3 immediately preceding years.

Benefits to Exporters :

1. Limits will be sanctioned in-principle for 3 years, with a provision for renewal, subject to satisfactory compliance with the terms and conditions of sanction stipulated by the Bank.
2. A standby limit to the extent of 20% of the assessed limit will be made available to the Gold Card holders for meeting urgent credit needs for executing sudden orders.
3. Requests for Packing Credit in Foreign Currency (PCFC) from Gold Card holders will be given priority.
4. PCFC will be extended at a rate not exceeding LIBOR + 75 basis points.
5. Rate of interest will be 0.25% lower than the rate applicable for normal exporters. (The extant interest rate of the Bank for pre-shipment credit up to 180 days and post-shipment credit up to 90 days is 8 %. Gold Card holders shall be charged an interest rate of 7.75 % for these credit facilities for a like tenor.)
6. Rate of interest applicable for up to 90 days on post-shipment export credit, (in the extant case 8 %, 7.75 % for Gold Card holders), will be extended for a maximum period of 365 days.
7. In case of unanticipated export orders, norms for inventory will be relaxed taking into account the size and nature of export order.
8. Service charges stipulated for Gold Card holders will be 25% lower than the charges recovered from other exporters.

Tenure :

The Gold Card will be issued for a period of 3 years and will be automatically renewed for a further period of 3 years provided no adverse features, irregularities are noticed in the account.

In case of any misuse of the card or observance of any violation of terms and conditions, the Bank shall have the right to recall the Card any time.

Time

Sanction of fresh / enhanced credit limit	25 Days
Renewal of existing credit limits	15 Days

Requests for credit under Gold Card Scheme is to be made as per the simplified loan application form for export credit (please see Annexure B in Downloads) along with Annexure I to IV as applicable, together with further details if necessary, for assessment of credit limit under Gold Card Scheme.

AUGUST 24, 2007

BOND PRICES FALL BY 10 PAISE (BL-6)

Bond prices fell by around 10 paise reacting to the looming political uncertainty of the Left withdrawing its support to the govt. The 7.49%-10 year-2017 paper opened at Rs.97.15 (7.91% YTM) and ended at Rs.97.07 (7.93% YTM), against the previous close at Rs.97.20% (7.91% YTM).

CALL RATES STEADY (BL-6)

The inter-bank call rates closed lower at 6.20-6.25% on Thursday, against the previous close of 6.10-6.25%.

FARM LOANS UP TO RS.50 K MAY GET SERVICE TAX WAIVER (BL-6)

Small and marginal farmers availing agriculture loans up to Rs.50,000 need not pay any service charge and need not deposit land documents at bank branches. These are some of the recommendations of the group set up by the Reserve Bank of India to examine the procedure and processes of agriculture loans. For loans exceeding Rs.50,000, the service charge should not exceed 0.25% of the loan limit per annum, said the group's report.

BANKS, PDS TO REPORT INTEREST RATE SWAP TRADES FROM AUG.30 (BL-6)

Banks and primary dealers will have to report all trades in the over-the-counter (OTC) interest rate derivatives market, starting from Aug.30.

- The Reserve Bank of India today issued circular asking banks to report their interest rate swap trades and forward rate agreements on the reporting platform, which has been developed by Clearing Corporation of India Ltd.

PSU INSURERS TOLD TO HAVE CIS SYSTEM BY SEPT. (BL-6)

The Finance Ministry has asked public sector insurance companies, both general and life, to begin implementation of Core Insurance Solution by Sept. CIS is identical to Core Banking Solution and is intended to completely network all the branches of the insurance companies. Currently only private sector insurers are fully networked. Bank of China's sub-prime assets (BL-6)

Bank of China has said that it has almost \$9.7 billion of securities backed by US sub-prime loans, the largest holding announced by any Asian bank.

ING VYSYA BANK PLANS 50 NEW BRANCHES (BS-7)

The private sector ING Vysya Bank is planning to open 50 new branches across the country, including five in Maharashtra, during the current fiscal year. The Bank has set the target of 50% growth in business and expects to triple it in the next three years.

The bank has 474 branches (including extension counters) across the country, including 23 in Maharashtra.

SYNDICATE BANK TO RAISE \$125 MILLION (BS-II-2)

Syndicate Bank is firming up plans to raise \$125 million in the current fiscal through innovative perpetual bonds to boost its tier-I capital. The Manipal-headquartered bank is expected to get the board approval next month.

BANKS TO START NEW PENSION PLAN (BS-II-3)

In the first step towards introducing a pension scheme based on defined contribution, public sector banks have in-principle decided to introduce such a scheme for new recruits in the officer cadre. The cost of servicing the present “defined benefit” pension scheme has been mounting, with banks having to make provisions to the extent of 32% of the employee’s annual salary.

Under the new defined contribution scheme, banks would have to contribute only 10% of the employee’s salary, including dearness allowance.

NEW PRIORITY SECTOR LENDING (BS-II-3)

The Reserve Bank of India has issued revised priority sector guidelines for regional rural banks to increase lending under financial inclusion. The banks will have to ensure that 60% of their advances are towards priority sectors such as agriculture, small industries and retail trade.

Of the total priority sector advances, at least 25% (that is 15% of the total advances) should be advanced to weaker sections of the society.

RBI PANEL REPORT SUGGESTS OPTIONAL CROP

INSURANCE (FE-II)

A RBI working group report has suggested that the compulsory crop insurance schemes for farmers may be made optional. The working group

was set up to examine the procedures and processes of ‘agricultural loans’ especially for small and

marginal farmers under the chairmanship of CP Swarnkar and submitted its report in April 2007.

GLOBAL ECONOMY

MITTAL, TOTAL TO SET UP RS.30K-CR AP REFINERY(FE-1)

Steel Czar L.N.Mittal plans to team up with total SA of France and Hindustan Petroleum corpn. Ltd. to set up a mega Greenfield refinery-cum-petrochemical project at the proposed petroleum, chemicals & petrochemicals investment region near Visakhapatnam in Andhra Pradesh.

CHINA ACCUSES US OF BREAKING WTO RULES (FE-2) MORE BUSINESSES COME UNDER SERVICE TAX NET (FE-4)

- Master circulars issued by the Central Board of Excise and Customs bring in a degree of consistency and clarity in the service tax laws.
- Taxable amount of new profiles will not go up, but, individual tax accounts with the revenue departments to be maintained.

ARTICLES & INTERVIEWS

JAPAN’S ECONOMY : STILL JUST AS CRAZY AS EVER – BY

DAVID PILLING (BS-11)

COMPARING MONETARY POLICIES (FE-6)

China’s rate hike shows how much it’s like India – and yet how unlike China’s rate hike is a typical response of a central bank struggling to harmonise all three elements of the impossible trinity.

HOW FAR WILL THE CRISIS SPREAD ? (ET-12)

With the contagion spreading beyond the subprime segment, the world’s capital markets are in a churn. The issue now is that of risk and how to price it, says Saumitra Chaudhuri.

FINANCIAL MARKET

markets. Analysts expect the markets to stay bearish in the near term until the US financial markets stabilize. The benchmark 7.49%-10 year-2017 paper slipped to Rs.96.45 as against Rs.96.70 at Tuesday's close.

BLOODBATH IN THE MARKETS (BS-1)

The global stock rout hit domestic stocks hard today with the Sensex Diving to its second biggest fall ever, after foreign funds continued their selling spree. Foreign funds net sale of stocks today stood at Rs.3,108 Cr., making their net sales this month Rs.8,284.57 Cr. (\$2.07 billion).

BANKING

COMMERCIAL REALTY LOANS TURNING COSTLIER (BL-6)

The credit squeeze is still some distance away, but banks, particularly, those in the public sector, have pushed up lending rates to commercial realty up lending rates to commercial realty above the current benchmark prime lending rates (BPLR). Bankers said PSBs were pricing their loans to commercial realty upwards of 13%. PSBs currently have BPLRs ranging between 12.75 and 13.5%. The move was taken to safeguard bank's bottom lines.

IDBI TO GO AHEAD WITH INSURANCE VENTURE PLANS (BL-6)

IDBI intends to step up its retail business, which now constitutes a small part of its overall exposure. This, in future, is expected to become a bigger contributor, its balance sheet size currently stands at over Rs.1,00,000 Cr. There is a plan to rationalize branches as well, the IDBI chief said with reference to the 450-plus branches in its network.

BANKS MUST IMPROVE STAFF SKILLS TO CURB MONEY

LAUNDERING : KPMG (BL-6)

Banks in India and other Asia-Pacific countries must improve skills of their staff to curb money laundering activities, as training programmes are unsophisticated and the laws outdated, consultancy firm KPMG has said in a report.

ANDHRA BANK PLANS INSURANCE FORAY (BL-6)

Andhra Bank is proposing to enter into insurance, following the realization that the sector is lucrative for both life and non-life insurance providers. It intends to team up with others for its foray into the sector, Dr. K. Ramakrishnan, CMD, indicated. The bank is also working on stepping up its overseas operations, which at the moment pertains to Dubai.

SBI FUNDS TIES UP WITH DENA BANK (BL-6)

SBI Funds Management Pvt. Ltd, the investment managers for SBI Mutual Fund, has tied up with Dena Bank to enhance the fund's reach.

UNION BANK TO BRING HAWKERS UNDER ITS FOLD (BS-II-3)

Union Bank of India will bring banking service to the doorsteps of over 2.5 lakh hawkers in Mumbai by partnering with their association and FINO Fintec, a micro finance institution. At the first instance, the bank will issue biometrics smart cards and open savings a/cs for ease of transactions.

PNB TO REVIEW HOLDINGS IN JOINT VENTURES (BS-II-3)

Punjab National Bank the third largest public sector bank is reviewing the shareholding patterns of all its existing joint ventures. PNB has three operational joint ventures with the US-based Principal Financial Group and a 20% holding in Nepal's Everest Bank.

BANKS REV UP ANTI-LAUNDERING DRIVE. (BS-II-3)

ICICI INSURANCE ARM A STEP CLOSER TO FDI (FE-1)

Finance Minister P. Chidambaram has asked the Foreign Investment Promotion Board to consider giving ICICI Bank conditional approval to bring foreign investors into ICICI Financial Services, the holding company for the bank's insurance ventures.

BANKS KEEP TABS ON LENDING RATES (FE-II)

The bankers after reducing the deposit rates are now keeping watch on lending rates which may come under pressure as the credit offtake has shown signs of faster expansion.

FIIS INCREASE STAKE IN PRIVATE BANKS

(FE-II)

As global sub-prime tremors have been building up in the global market and threatening profitability of several leading banks, foreign institutional investors have been building up their stakes in Indian banks. Clearly, the private sector banks have been the favourite with the FIIs. Their stake in private banks has grown faster than that in public sector banks in the month of June. Out of 17 private bank stocks, 11 banks saw an increase in FIIs stake.

INDIAN ECONOMY

RUPEE FALLS ON GLOBAL WORRIES, EQUITY SELL-OFF

(BL-6)

The rupee was extremely volatile on Thursday and closed about 60 paise lower at 41.36/37 against Tuesday's close of 40.7450 /7550, following a sell-off in the domestic stock market.

The rupee had opened at around 41 levels on Thursday. It had touched levels of 41.20 in June this year. Following the sub-prime crisis in the US and sharp fall in other Asian markets, foreign investors are pulling out of assets such as the Indian rupee, said dealers.

ARTICLES & INTERVIEWS

TURBULENT MARKETS NOT A CAUSE FOR PANIC

(BS-11)

The developments will facilitate a restoration of the markets closer to their fundamental valuations, says R. Ravimohan.

AUGUST 18, 2007

FINANCIAL MARKET

SUBPRIME CRISIS DENTS METAL, BANKING & PSU

SHARES MOST (FE-I)

The banking sector stocks were the second highest to be hit. The BSE Bankex was hit by 8.4% or was down 624 points to close at 7,351 points.

The analysis said that the sub-prime crisis has hit the investors' sentiments towards the banking stocks. There has been an impression in the market that the subprime crisis may affect credit off-take in the financial market.

CALL ZOOMS TO 50%, RE SWINGS WIDELY ON GLOBAL CONCERNS. (FE-I)

The inter-bank call rates zoomed to 50% after opening at the previous day's level of 6.2%. On the reporting Friday, bankers thought the need for funds would be scarce and gave away most money cheap at 6% in early trades. Dealers said banks ended up placing surplus funds under the 6% reverse repo deals with the Reserve Bank of India.

FED DISCOUNT RATE CUT OPENS INDIA GATE FOR FOREIGN FUNDS. (ET-6)

While global market sentiment may improve, rate differential between India and US will widen now, and more dollar funds could enter India.

BANKING

VIJAYA BANK MAY FLOAT INSURANCE COMPANIES (BL-6)

Vijaya Bank is mulling to float life and non-life insurance cos. Following the bank's decision to pull out of its insurance joint venture – PNB Principal Insurance Advisory Co. P. Ltd. – with the Punjab National Bank and the Principal Financial Group of the US.

ICICI BANK HAS ROLE IN 79% OF OUTBOUND M&A DEALS

(BL-6)

ICICI Bank said on Friday that it has participated in 79% of the total outbound Indian merger and acquisition deals in terms of value in the first six months of the current year.

HDFC BANK FINE-TUNES RECOVERY STRATEGY (BL-6)

A sudden escalation in the number of incidents involving forceful re-possession of assets from loan defaulters has led HDFC Bank to debunk what are being seen as popular myths stemming from some of the trends concerning both lenders and borrowers.

BATTLE AGAINST MONEY LAUNDERING DEEPENS (ET-6)

Banks have intensified their battle against money laundering worldwide. They have raised their spending by nearly 60% over the past three years to put robust anti-money laundering systems in place. The cost of fighting money laundering has risen

for banks, as they have become increasingly engaged in the struggle against criminality.

INDIAN ECONOMY

CORE SECTOR INDUSTRIES' GROWTH SLOWS TO 5.3%

(BS-1)

A decline in the production of crude oil coupled with a slowdown in the output of other products pulled down the growth rate of six key infrastructure industries to 5.3% in June compared with 7.7% a year ago.

The growth of the six infrastructure industries, which have a combined weight of 26.7% in the index of industrial production, during the April-June quarter was also slow at 6.9% as against 7.4% in the first quarter of 2006-07, according to Govt. data released today.

GLOBAL ECONOMY

US FED CUTS 'DISCOUNT WINDOW' RATE BY 50 BPS (BL-3)

The US Federal Reserve said it had cut its discount window rate by 50 basis points to 5.75% citing "increased uncertainty" in the financial markets.

The Fed moved to lower the overnight interest rate it charges members banks for loans in a bid to help soothe the US Banking system which has been stressed in the past week by a credit crunch linked to the distressed housing market.

RUPEE TANGOS WITH SENSEX ON ROLLER-COASTER RIDE

(BL-6)

The forex market reflected the volatility of the equity market on Friday with the rupee falling to lows last seen in April this year, said dealers. The rupee closed slightly higher at 41.33/34 against Thursday's close of 41.36/37.

JAPANESE BANK'S SUB-PRIME LOSSES (BL-6)

Japan's eight major banking groups have so far disclosed losses totaling 20 billion yen on investments and lending related to US sub-prime mortgage loans, including both realized and paper losses.

AUGUST 22, 2007

FINANCIAL MARKET

BOND PRICES RECOVER

(BL-6)

Bond prices recovered by around 15 paise as inter bank call rates showed signs of cooling. Prices were range-bound during the day but ended higher than Friday's close as call rates eased to 6.10-6.20%. The 7.49%-10 year-2017 paper opened at Rs.96.75 (7.98% YTM) and closed at Rs.96.89 (7.95% YTM) against the previous close at Rs.96.72% (7.98% YTM).

STATE GOVTS' BORROWINGS GET MORE EXPENSIVE (BL-6)

State Govt.s' market borrowings just got more expensive due to a decline in liquidity surplus. The last round of borrowings through state development loans saw the average spreads over ten year sovereign papers rising to about 45 basis points.

YIELDS DROP ON FED RATE CUT EXPECTATIONS (FE-II)

Financial markets are speculating the Fed may cut its benchmark federal funds rate ahead of its next policy meeting in September. US Treasuries were stronger on Tuesday, with short-dates bonds racking up a ninth session of robust gains. The Fed cut its discount rate – the rate at which banks can borrow funds from the central bank

– by half a percentage points to 5.75% on Friday and signaled a willingness to take more action to cushion the economy from the credit troubles.

BANKING

BANK OF INDIA TO REVAMP CREDIT CARDS BUSINESS

(BL-6)

Bank of India is looking at revamping its credit card business and is considering the options of having it either in-house or floating a subsidiary or roping in another bank to enhance its business from this segment. The bank's credit card base currently is about 7 lakhs.

ICICI BANK IN PACT WITH KOREA EXIM BANK (BL-6)

ICICI Bank on Tuesday signed an agreement with Export-Import Bank of Korea for a line of credit of \$200 million here. ICICI Bank would use the funds to meet the

foreign currency requirements of corporates having business connections with Korean companies.

CENTRAL BANK OF INDIA HIKES DEPOSIT RATES (BL-6)

Central Bank of India has increased the interest rates on domestic term deposits of maturity of 180 days and above by 50 to 100 basis points with immediate effect, said a press release from the bank.

CANARA BANK'S NEW SCHEMES (BL-6)

Canara Bank has launched two new schemes for high net worth individuals. A bank release said that the schemes branded as SB Gold (savings bank a/c) and Can-Premium (current Account) come with value added services that include free debit / credit cards, Internet / telebanking facilities, issue of demand drafts at concessional charges and concessional electronics funds transfer facilities and name-printed cheque books.

'HIGHER CREDIT OFFTAKE BY INFRASTRUCTURE SECTOR IN LAST 2 YEARS' (BL-6)

Led by roads and ports, power and telecom sectors, credit disbursement by banks to the infrastructure sector has grown in the last two years at 43% and 36%, respectively, according to industry chamber Assocham. The chamber conducted a study covering financial years 2000 to 2007 on sectors such as iron and steel construction, petroleum, power, telecommunication, roads and ports.

P. CHIDAMBARAM CLEARS HOLDING COMPANY FOR INSURANCE & MUTUAL FUND SUBJECT TO RBI CLEARANCE – ICICI BANK FACES STIFF RBI TEST (BS-II-1)

Finance Minister, P. Chidambaram today approved the proposal of ICICI Bank, the country's second largest lender, to set up a holding company for insurance and mutual fund businesses, but the proposal could hit a roadblock at the RBI. The approval follows clearance from the Foreign Investment Promotion Board subject to a nod from the RBI, which is still to take a view on such a holding structure for banks to own insurance ventures.

SBI LIFE TO BRING RETAIL LOANS UNDER ONE HEAD (BS-II-2)

SBI Life Insurance will revamp its offerings in the credit life range by bringing all retail loans under one umbrella.

BORROWERS TO BE GRADED TO HELP BANKS CURB DEFAULTS (BS-II-1)

India's credit bureau, set up by Citigroup Inc, ICICI Bank Ltd. and other lenders, will begin grading 100 million borrowers from November to help banks curb defaults and credit worthy customers pay lower interest rates. The Credit Information Bureau (India) Ltd. will evaluate ages, salaries and existing loans.

BANK OF MAHARASHTRA GETS AWARD (FE-II)

Bank of Maharashtra has been awarded the trophy for second best performance in the State of Maharashtra. The bank has plans to form 15,000 SHGs and Credit linkage of 10,000 SHGs with a financial outlay of additional Rs.75 Cr. during the current financial year. So far, the bank has financed 15348 SHGs with an outstanding credit of Rs.76.76 Cr., out of which Rs.52.54 Cr. is disbursed to 11495 women SHGs.

BOI TO BOOST FY 08 BIZ TARGET BY RS.10K CR.(FE-II)

NPAs of 25 PSBs up 10.7%, GNPA's decrease 1.6% in Q1 -(FE-III)

Some PSBs are trying to recover the NNPA's as per the RBI schemes as well as their own recovery schemes. State Bank of Indore (-43.2%), Indian Bank (-39.6%), Bank of India (-38.5%), Union Bank (-26.8%) and Dena Bank (-22.3%) have reduced their NNPA's in the first quarter of this fiscal.

INDIAN ECONOMY

REVERSE BOOK-BUILDING FOR DELISTING PRICE

LIKELY TO STAY (ET-9)

‘RELIANCE MONEY, MOTILAL OSWAL TOP BROKING FIRMS’ (FE-8)

Reliance Money, which started its operations in April 2007, leads the tally on online security.

GLOBAL ECONOMY

CHINA HIKES INTEREST RATES (BL-6)

China’s Central Bank has announced that it would raise interest rates for the fourth time this year in an effort to curb inflation that last month climbed to its highest level in over a decade. The benchmark lending rate will rise by 0.18% points and the benchmark deposit rate will go up by 0.27% points. China’s main bank lending rate will now be 7.02%.

INTEGRATED REGIME FOR MINING FDI PROPOSED (FE-1)

This means companies bringing in FDI in one of these areas would be able to invest in the other two areas without having to obtain separate Govt. permission for each activity. However, the changes will not be applicable for companies operating in sectors like coal and atomic minerals.

RUSSIA ON GROWTH PATH DESPITE INFLATION (FE-8)

Industrial production peaked this summer, growing at a rates of 10.9% year-on-year in June, Contrary to Govt. forecasts, however, inflation has continued to rise despite the appreciation of the rouble, which continues to grow stronger against the backdrop of increasing imports and a declining export surplus.

RE GAINS ON TALKS OF FED RATE CUT (FE-II)

The dollar looked less attractive and demand was thin, leading to the dollar weakening and rupee strengthening.

ARTICLES & INTERVIEWS

WHAT NOW ? – THE SUB-PRIME CRISIS IS UNLIKELY TO AFFECT INDIA MUCH, SAYS AKASH PRAKASH (BS-11) UNDERESTIMATING INVESTMENT & GROWTH (ET-14)

Adjusted for error, the investment rate already exceeds the Eleventh Plan target rate. Thus India's

FINANCIAL MARKET

BONDS REVERSE TREND; FII EXIT HAS LITTLE EFFECT ON FORWARD PREMIA BL-14)

- Bonds reversed their slide last week as markets shrugged off the US sub-prime effects and focused on domestic developments.
- In August, so far, FIIs have sold the equivalent of Rs.50,000 Cr. of equities for bailing out their sub-prime exposures back home. As a result, FIIs have been actively buying dollars.
- Besides, deposit growth was accelerating powered by frenetic resource mop-up efforts. Deposits have grown at around 25%. In addition, there were also large coupon flows of Rs.11,000 Cr.
- During the week, another Rs.7,000 Cr. was also raised by way of dated securities as part of the Govt. borrowing programme. The 7.27% 2013 was priced at 7.87% and the 7.99% 2017 was priced at 7.91% respectively at the auction.
- At last week's 91-day Treasury Bill auction, the cut-off yield firmed to 6.81%, up from 6.73% the previous week. The weighted yield firmed to 6.77% from 6.65%.
- Clearly this indicated that yield expectations were on the ascent. Similarly, the yield on the 182-day T-bill yield rose to 7.47%.

SECONDARY MARKET PLAYERS OUTSTRIP IPO COS(FE-1)

Crisil had done an analysis of returns posted by secondary market companies and IPO companies by comparing them with returns over a long period of 6 years (2001-2006). The study reveals that 68% of the 440 secondary market companies

outperformed the broader market – S7P CNX 500 index – compared with 33% of

the 223 IPO firms.

Banking

PNB TO FOCUS ON ‘NPA ADMINISTRATION’ (BL-14)

Punjab National Bank is working out a programme to cut its non-performing assets, which is currently among the highest in PSU banks. Dr.K.C.Chakrabarty, who took over as CMD of the bank in June, has given top priority to this programme, which he described as “NPA administration.”

CORPN. BANK EXTENDS COMPASSION SCHEME TO CURRENT A/CS (BL-14)

Enthused by response to the ‘Corp. Compassion’ scheme where the Corporation Bank donates Rs.10 to underprivileged children for every savings account opened, the bank has decided to extend it to Current A/cs opened during the next five weeks starting Monday. In a limited period of 70 days during the campaign period, over 3.6 lakh customers opened a Savings Bank account.

BANK OF MAHARASHTRA CASHES ON HINDI (ET-4)

M.D.Mallya, CMD, Bank of Maharashtra received the Rajbhasha Puraskar from Dr.Y.V.Reddy, Governor, RBI at the RBI Central Office in Mumbai, Bank of Maharashtra bagged the third prize in the ‘Reserve Bank of India Bilingual House Magazine competition.’

CBI REVISED INTEREST RATES ON DEPOSIT MOBILIZATION (ET-4)

Central Bank of India has made upward revision of interest rates by 50 to 100 basis points on domestic term deposits for maturity periods of 180 days and above with effect from 21st Aug.2007. Accordingly the Bank has revised for

180 days to less than 1 year at 7.25% from 6.75%

1 year to less than 2 years at 8.25% from 7.25%

2 years to less than 3 years at 8.50% from 7.50%

ALLAHABAD BANK'S ROAD-SHOW ON DEPOSIT

MOBILIZATION(ET-4)

UNION BANK OF INDIA GETS GLITZY WITH ANNUAL

REPORT (ET-4)

ARTICLES & INTERVIEWS

LEARNING FROM THE FINANCIAL CRISIS (BL-8)

Let not the experience of the sub-prime crisis lead the RBI to put blocks in the way of adequate credit growth in the Indian economy provided it is for the right purposes, properly supervised and monitored. The role of the RBI has to be to nurture growth as well as stability. This is the abiding lesson that one takes away from the sub-prime crisis, says S. Venkitaramanan.

MONSOONS AND AGRICULTURAL PROSPECTS (BS-12)

Based on DRIP values, agriculture GDP will grow at 3.2-3.6% in 2007-08, says Dharmakirti Joshi & Parul Bhardwaj

AUGUST 23, 2007

FINANCIAL MARKET

BOND YIELDS DOWN 4 BPS (BL-6)

Bond prices rose by 31 paise and the yield on the 10-year paper fell by four basis points. The 7.49%-10 year-2017 paper opened at Rs.96.90 (7.95% YTM) and closed at Rs.97.20 (7.91% YTM) against Rs.96.89% (7.95% YTM).

CALL RATES STEADY (BL-6)

The inter-bank call rates closed at 6.10-6.25% on Wednesday, against the previous close of 6.10 – 6.20%.

RBI ANNOUNCES AUCTION OF RS. 3,500 CR. (BL-6)

The Reserve Bank of India has announced an auction of Rs.3,500 Cr. through Treasury Bills, of which Rs.2,500 was the Market Stabilisation Scheme amount. The cut-off price was Rs.98.33 (YTM 6.8121%). The cut-off yield in the previous week's auction was at 6.7292%.

SEBI FOR MF ENTRY LOAD WAIVER

(FE-1)

Rs.600-Cr annual corpus to take a hit; distributors say it's bad for business.

FOREX INFLOWS PUSH UP RUPEE, LIQUIDITY IMPROVES

(BS-II-2)

BANKING

REALTY GOT PLENTY OF BANK MONEY LAST FISCAL (BL-

6)

The real estate sector grabbed bank money last year like never before. Of course, the bulk of the money was given to the housing loan borrowers. Higher property prices and higher interest rates, especially towards the last quarter of the last fiscal, also saw higher levels of banks' exposure to the real estate sector.

UNITED BANK TIES UP WITH SYBASE

(BL-6)

The Kolkata-based United Bank of India has entered into a partnership with mobile content firm Sybase 365, under which Sybase will provide SMS enquiry services for the bank's customers across the country.

+ICICI PRU AMC IN TIE-UP WITH UBI (BL-6)

ICICI Prudential AMC has tied up with United Bank of India for the distribution of its mutual fund schemes across India, a statement said. UBI will now distribute ICICI Prudential mutual fund products through 182 branches across the country.

SYNDICATE BANK, FITCH IN PACT

(BL-6)

Syndicate Bank has entered into a Memorandum of Understanding with credit rating agency Fitch. A bank release said that the MoU would facilitate access for small and medium enterprises to reliable rating services to enhance credit acceptance. The rating would be used for evaluating infrastructure, corporate and other loan exposures of Syndicate Bank.

GROWING PAIN: BANKS KEEP MORE FUNDS ASIDE AS BAD

LOAN CUSHION (ET-9)

Even as the world is reeling under the sub prime crisis, Indian banks have registered a sharp increase – as high as 265% - in the capital they have to set aside for non-performing assets and doubtful debts in 2006-07 over

bank NPAs now account for a larger proportion of their total advances. The sub prime mortgage crisis is a result of rising defaults witnessed by financial institutions in the US who lent to borrowers with poor credit history.

NO ENTRY LOAD FOR DIRECT MF INVESTMENTS (ET-11)

Mutual Fund investors will not have to pay entry load if they invest directly with fund houses instead of routing the investment through brokers or distributors, according to a Sebi proposal. This would be primarily relevant for equity MF. Currently, all investors irrespective of whether they come through a distributor or directly are required to pay an entry load which is around 2.25% of the money invested. This charge goes towards paying the brokerage or commission of the distributor.

MORE CREDIT CARDS MEAN MORE ONLINE FRAUDS, FEEL EXPERTS. (FE-II)

MOBILE BANKING LIKELY TO BE THE NEXT BIG THING (BS-14)

50% of the respondents use mobiles for checking their bank balance. 29% think mobile banking is safe. 41% are ready to pay for services that allow them to freeze a card.

BOI TO REVALUATE ITS FIXED ASSETS (BS-II-2)

Bank of India, the large public sector bank, has decided to revalue its 50 prominent real estate properties across the country – the first such exercise since 1993 – to shore up its capital adequacy. This would add over Rs.800 Cr. to its revaluation reserves, which qualify as Tier II capital for meeting the capital adequacy requirement.

INDIAN ECONOMY

SUB-PRIME WOES : BPOS RULE OUT IMMEDIATE LAYOFFS

(BL-2)

Business Process Outsourcing players including WNS and iGATE Global Solutions

‘VISION MUMBAI’: WORLD BANK TO HELP STATE GOVT. (BS-7)

The assurance came during a meeting between World Bank’s country director for India, Isabel Guerrero and Chief Minister Vilasrao Deshmukh at the latter’s official residence here.

GLOBAL ECONOMY

BEN BERNANKE MUST AVOID GREENSPAN’S ASIA BUBBLE MESS (ET-11)

Greenspan’s culpability for the financial contagion that the US sub-prime-mortgage mess is sending Asia’s way is almost beside the point.

ARTICLES & INTERVIEWS

THE FED MUST PROLONG THE PARTY (BS-11)

Today’s credit crisis is far more than a symptom of a defective financial system, says Martin Wolf.

FINANCIAL MARKET

BOND PRICES DECLINE (BL-6)

Bond prices fell by over 5 paise on statements made by the Finance Minister about containing inflation. The 7.49%-10 year-2017 paper opened at Rs.100.68 (7.89% YTM) and closed at Rs.97 (7.94% YTM) against the previous close at Rs.97.07% (7.93% YTM).

CALL RATES STEADY (BL-6)

Call rates closed at 6.15-6.25% on Friday against the previous close of 7-7.1%.

BIDS AT AUCTION DOWN TO 7 ON TIGHT LIQUIDITY (BL-6)

The liquidity overhang is almost over and banks are now bracing up for hiking deposit rates ahead of the beginning of the peak credit season. Signs of the tightening became evident today, from the number of bids at the liquidity adjustment facility (LAF) auction shrinking to just 7. The 7 participants’ recourse to the Reverse Repurchase window of LAF was for a gross amount of Rs.12,035 Cr.

HOLDINGS OF US T-BILLS DECLINING (BL-6)

India's investment in US Treasury Securities (T-bills) dropped \$2.5 billion in June this year. According to data released by the US Treasury Dept., India's holdings were down to \$12.8 billion from \$15.3 billion in June 2006.

BNP REOPENS FUNDS THAT SPARKED CRISIS (BS-6)

BNP Paribas, which sparked a sell-off in markets this month when it announced that it would have to freeze three of its money market funds, on Thursday night said it would reopen the funds to investors.

The French bank said it had found ways of valuing the funds' underlying portfolios of asset-backed securities and therefore would allow investors to resume buying and selling their holdings in the funds next week.

SEBI OPENS FAST-TRACK ISSUE ROUTE (FE-1)

Capital markets regulator Securities & Exchange Board of India has decided to introduce a fast-track mechanism for issuing securities, which would allow listed companies to raise funds more quickly. The mechanism is similar to the one prevailing in US markets that allows companies to raise millions of dollars within hours and across various markets.

GOVT. SELLS RS.7,000 CR. BONDS (FE-II)

Centre sold Rs.5,000 Cr. of 7.27% bonds due in Sept. 2013 at a price of Rs.97.16 or 7.87% yield, the RBI said.

BANKING

'SSI SHARE IN BANK CREDIT FALLING' (BL-14)

The share of credit flow to small scale industries from public sector banks have been steadily declining since early nineties. Lending to SSI sector accounted for 16.1% of bank credit in 1991 and has declined to 8.5% in 2006, according to a report on Access to Finance, Raw Material and Marketing prepared by the National Commission for Enterprises in the Unorganised Sector.

UNION BANK TO SELECT FOREIGN ALLY FOR AMC (BS-7)

Union Bank of India will finalize a foreign partner for setting up an asset management company in the next six months. The bank is currently close to firming up the arrangement for its insurance venture with Bank of India and Dai-ichi Mutual Life Insurance Company.

INDIAN BANK TO HIKE STAKE IN NSE (FE-1)

Bank sources told FE, “There is an investment opportunity in the NSE, which will bring economic value to the bank and its shareholders. Of course, the bank will stick to the Reserve Bank of India guidelines.” The move follows Securities & Exchange Board of India and the Finance Ministry asking stakeholders not to hold more than 5% in stock exchanges. The stakeholders include persons acting in concert.

PSU BANKS HIT BY HIGH ATTRITION RATE (FE-II)

The problem of attrition seems to be very high in public sector banks. On an average 1000 people leave the public sector banks in a year, said AK Khandelwal, chairman and managing director, Bank of Baroda. He added that each large PSB may be losing 100-200 people every year though the gravity of the situation is not large. He was speaking on the sidelines of an Indian Banks Association’s human resource management conference.

RBI

RBI TO REGULATE SYSTEMS FOR PAYMENT,

SETTLEMENT (FE-4)

The govt. is set to empower Reserve Bank of India to regulate and supervise various payment and settlement systems like credit cards and national bodies such as the Clearing Corpn. of India. “We intend to bring a bill to regulate payments systems,” Finance Minister, P. Chidambaram told the Lok Sabha on Friday.

INDIAN ECONOMY

FOREX RESERVES DIP BY \$ 2.5 B ON FII OUTFLOWS (BL-1)

The country’s forex reserves fell by \$2.551 billion to \$226.445 billion for the seven days ended August 17, dipping for the second consecutive week. This was due both to FII outflows resulting from the US sub-prime loan crisis, as well as the Reserve Bank of India’s recent curbs on external commercial borrowings.

INDIA INC RAISED \$15 B VIA ECB IN 5 MONTHS (BL-6)

India companies have borrowed about \$14.97 billion through external commercial borrowings and foreign currency convertible bonds (FCCB) within a span of five months from January to May 2007. Analysts feel that the huge borrowing through ECB route was mainly due to the high rates of interest in the domestic market. "The interest rates for borrowing through EDB/FCCB was about two-three per cent lower than that offered by the domestic market," said a banking analyst.

COSTLIER FOOD PUSHES UP INFLATION RATE (BL-13)

The annual wholesale price index-based inflation rose 4.10% during the week ended August 11, marginally higher than the previous week's annual rise of 4.05%. The rise in the year-on-year inflation rate was mainly due to higher food, including fruit and vegetables products, and manufactured product prices.

FM TALKS TOUGH AS INFLATION RISES TO 4.10% (FE-4)

ECONOMY MAY SLOW DOWN IF RATES REMAIN HIGH :

ICICI (FE-II)

Kamath who was addressing a seminar organized by the Indian Banks Association further said that affordability of loans by retail customers is an issue if rates remain high. He also cautioned that credit risks have gone up by 25 to 50 basis points after the RBI restricted repatriation of funds raised by Corporates overseas in external commercial borrowings.

GLOBAL ECONOMY

'SUB-PRIME CRISIS WILL DRAG US INTO RECESSION' (BL-6)

The US economy is on the edge of recession after a severe downturn in the housing market and reports of a collapse in consumer spending, the head of the country's largest mortgage lender has said.

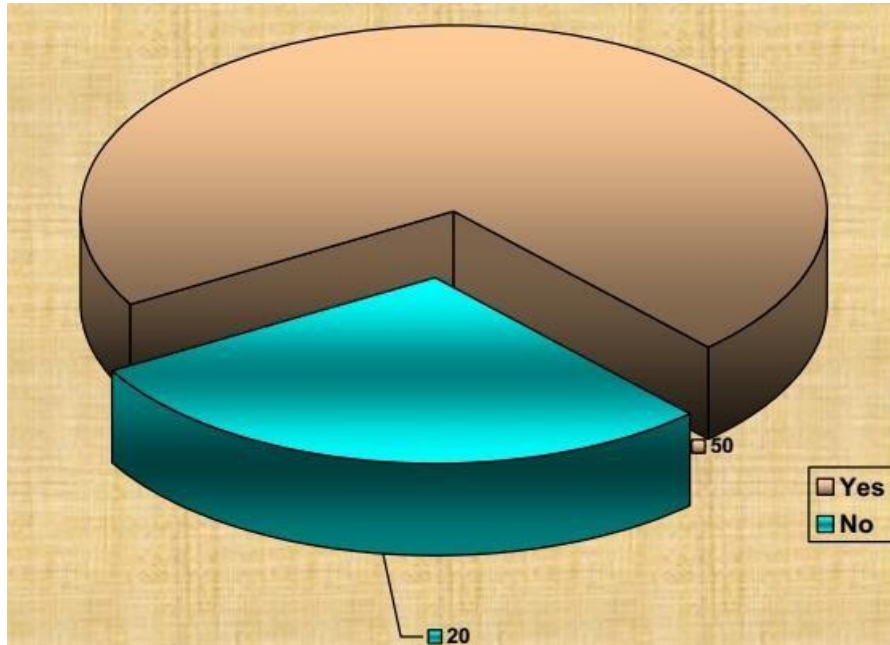
SUBPRIME CRISIS TO HIT IT/ITES BY Q1 CY08 (FE-C&M-1)

IT and IteS companies need not worry much about the sub-prime lending crisis as it will not have a major impact now. The banking financial services

DATA ANALYSIS AND INTERPRETATION

1. Do you know about Loan & Advances?

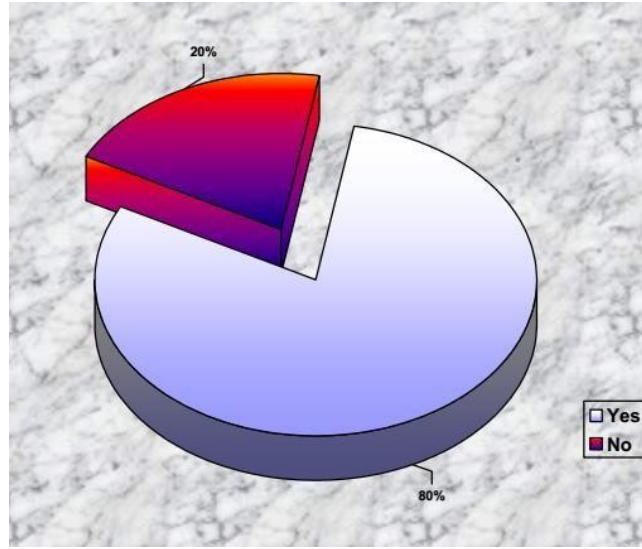
Yes	50
No	20%



Interpretation: 50% of the respondent said that they keep the Loan & Advances.

2. Have you ever opted from any Loan & Advances from Bank of Maharashtra?

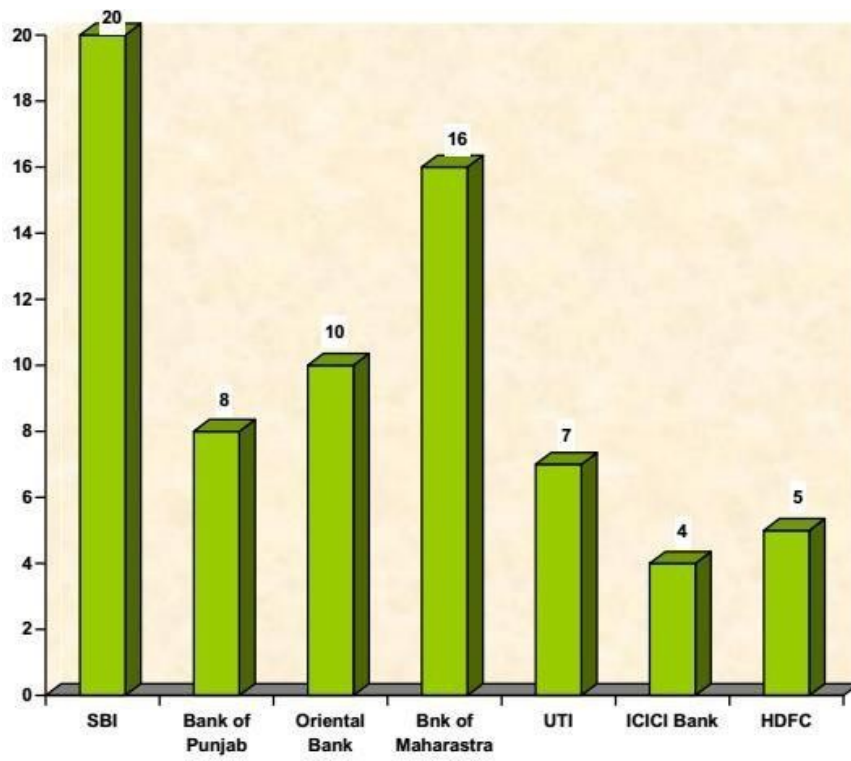
(a) Yes	40%
(b) No	30%



Interpretation: Maximum Banks products followed by PNB and then Bank of Maharashtra. So the market leader is SBI

SBI	20%
Bank of Punjab	8%
Oriental Bank	10%
Bank of Maharashtra	16%
UTI	7%
ICICI Bank	4%
HDFC	5%

If Yes, Which loa

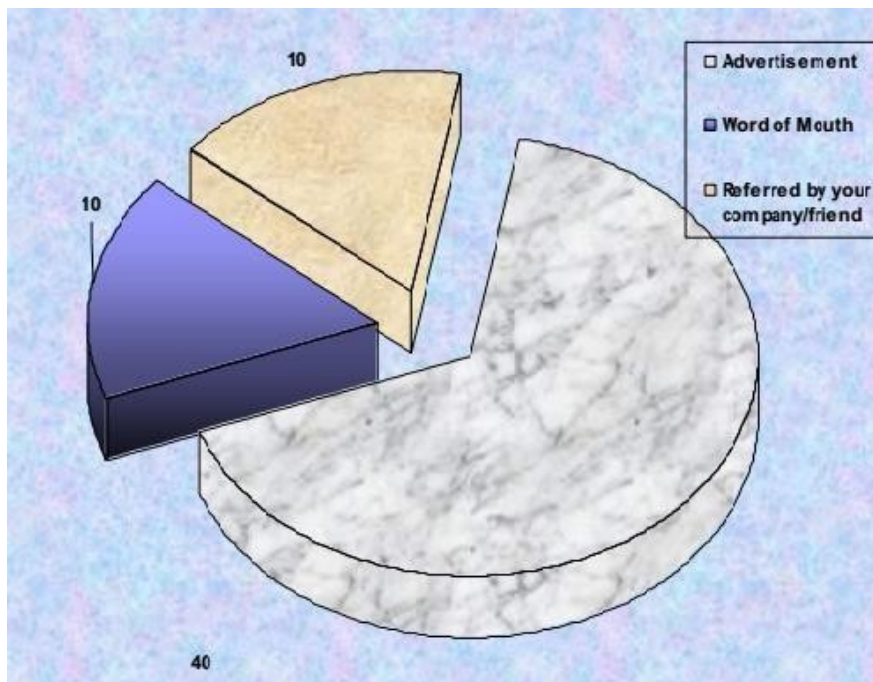


Interpretation: 51% of the respondents said that they have been keeping the product since 3-5 years. Followed by 48% of respondents said that they keep

the product for more than 5 years. And then were 41% said that they keep this product less than 3 years.

4. How did you come to know about Loans & Advances?

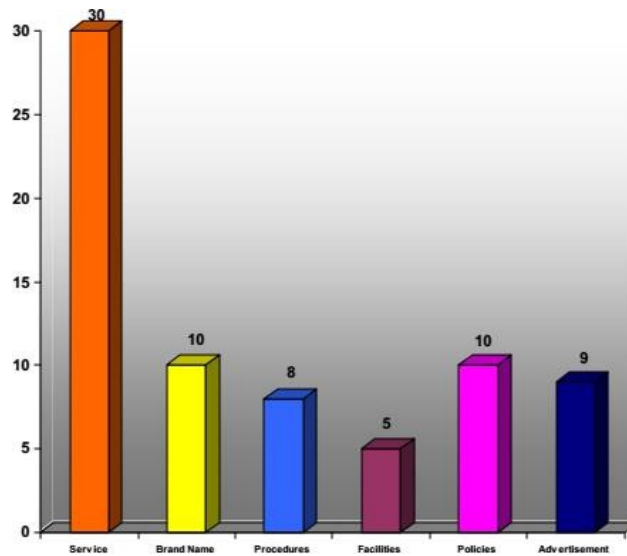
(a) Advertisement	40%
(b) Word of Mouth	10%
(c) Referred by your company / Friend	10%



Interpretation: Most of the respondents said they keep SBI followed by PNB and then uncle ICICI Bank and last but not the least Bank of Maharashtra are kept by 10% of the respondents.

5. What made you select a particular Company for the Loans & Advances?

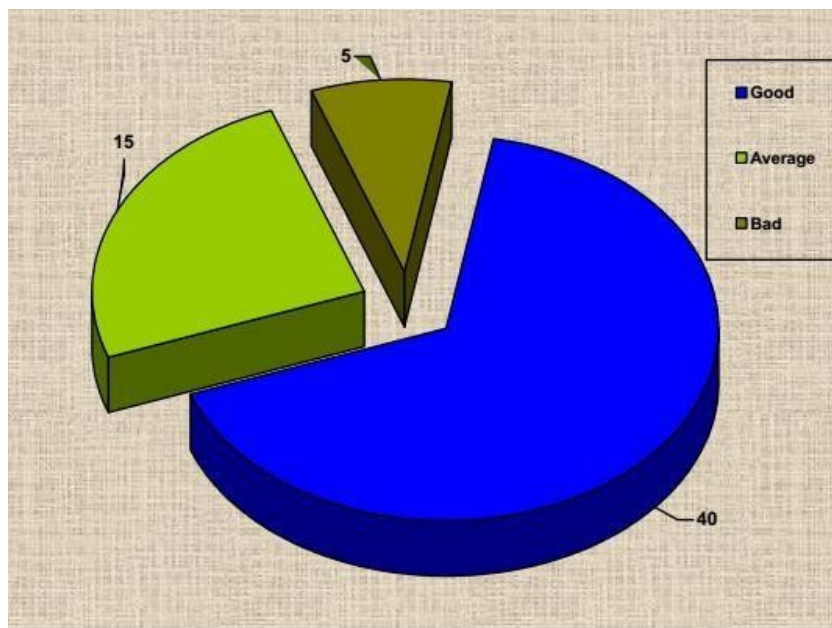
(a) Service	30%
(b) Brand name	10%
(c) Procedures	8%
(d) Facilities	5%
(e) Possible	10%
(f) Advertisement	9%



Interpretation: People keep the product due to Sales man efficiency with 30% followed by customers demand with 25% followed by profit margin with 15%.

6. **How do you like the Marketing strategy by different Loans & Advances providing Banks?**

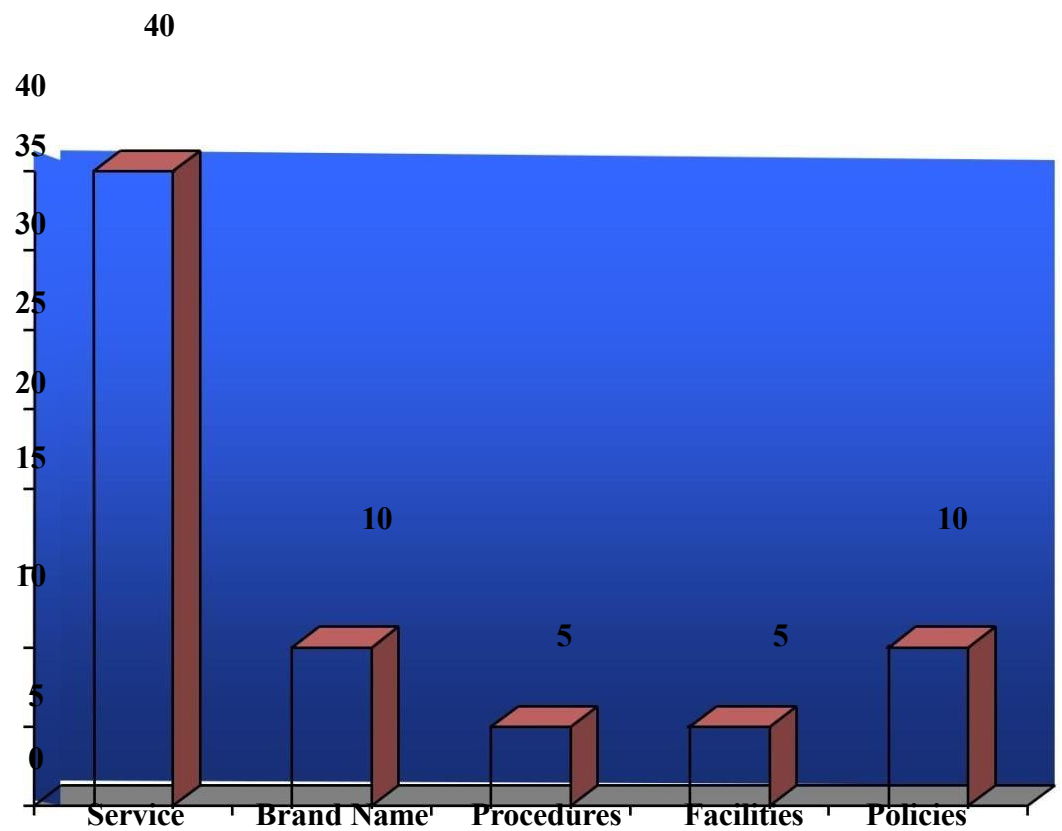
(a) Good	40%
(b) Average	15%
(c) Bad	5%



Interpretation: The turn around time is 35% of the people said that they deliver it the Good followed by 20% people said that they deliver it Average and there are only 5% of who get it the Bad.

7. What motivates you for selecting any Banks?

(a) Service	40%
(b) Brand name	10%
(c) Procedures	5%
(d) Facilities	5%
(f) Possible	10%



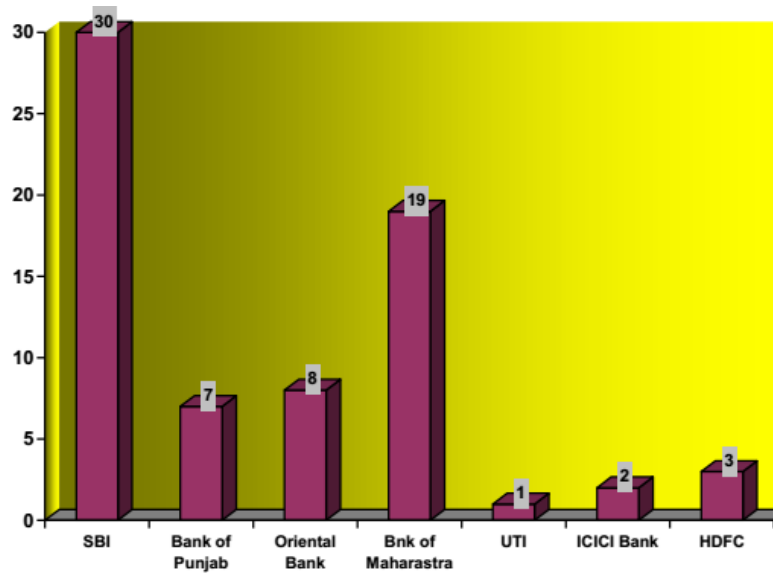
Interpretation: 45% Respondents said that the sales person from the company visit one a Service. in some of the outlet sales people visit once on fortnight. And 5% respondents said that sales people Brand name. This 5% are those whose Procedures.

8. Advantages or Comment about Loans & Advances.

- (a) Advertisement should be more on the advantages and fact rather the features.
- (b) There is a Tax saving factors while opting for Tools of loan.
- (c) Procedure should be made easier for the normal public as it consumes a lot of time and effort for providing all the documents.
- (d) Tools of loan is a need and not Luxury.

9. Which Company would you prefer if you have never applied for bank & advances?

SBI	30%
Bank of Punjab	7%
Oriental Bank	8%
Bank of Maharashtra	19%
UTI	1%
ICICI Bank	2%
HDFC	3%



CONCLUSIONS AND FINDINGS

There has been tremendous change in the tools of loan history. And with it there has been continues growth in this sector both in Indian as well as world context. The opening up of the tools of loan sector has changed the whole look of the industry. While the SBI in order to face the competition is coming with new strategies. New players like Bank of Maharashtra are leading the sector due to their strategic management and tailored made projects.

From our research also we conclude that though the awareness and people opting for SBI are more as compare to Bank of Maharashtra but the later are gaining momentum in the market day by day.

The primary reasons for buying an tools of loan possible, whether life or non-life is to protect us from vagaries of life. We do not invest in tools of loan for returns; rather we invest in it for regrettable necessities. Though a large proportion of Possible available in the country provide for returns, but nobody is looking for returns to the inflation rate. So what does tools of loan offer, perhaps peace of mind, but even that takes time, due to poor claim performance

The demand for tools of loan is likely to increase with rising per-capita incomes, rising literacy rates and increase of the service sector, as has been seen from the example of several other developing countries. In fact, opening up of the tools of loan sector is an integral part of the liberalization process being pursued by many developing countries

Tools of loan is a Rs.400 billion business in India and yet its spread in the country is relatively thin. Tools of loan as a concept has not been able to make headway in India. There has been a strong fall in tools of loan business in recent years. Furthermore, it can be observed that non-life business is not increasing as strongly as life business. On the other hand, growth fluctuations have been relatively small with growth rates varying between 1% and 5%. Loans & Advances business by contrast achieved average growth rates of 6%, although the actual rates ranged from 0% to

sensitivity of Loans & Advances to changes in the institutional and economic environment.

So let's conduct this business with utmost economy with the spirit of trusteeship; thereby making tools of loan widely popular.

This deals with the concluded aspects of the study carried out on "General perception about Loans & Advances". The basic objective is for the study is for which study was carried out has been fulfilled in the earlier chapter, based on the objective interview schedule was designed. Data collected based on schedule was analyzed and some findings have emerged.

MAJOR FINDINGS OF THE STUDY

Based on the quantitative analysis the major findings of the study have been highlighted below....

- Most of the people are satisfied with the extent of their Loans & Advances cover. They are not interested in opting for more Loans & Advances.
- People do not consider Loans & Advances as a good savings because of high interest rate.
- As Loans & Advances is a long term contract. Maximum people do not have faith on private Loans & Advances companies, they still prefer Bank of Maharashtra Loans & Advances & public limited companies.
- Because of less advertising not many people are aware about private Loans & Advances companies.
- Most of the people do not know about broker, corporate agents and banc assurance, they rely on their agents only
- The most preferred type of plan is money back. The reason being availability of funds after every five years which can be used for paying further premium, thus saving the regular income.
- Some people have no idea about what type of cover they have.
- Most of the people feel that Loans & Advances is essential but they think returns are low.
- Some people have their doubts on the credibility and long stay of private tools of loan companies.

- Advertising of the Loans & Advances product should stress on the need of security.
- Loans & Advances should be popularized as the means of securing future rather than saving tax.
- New entrants should come out with innovative riders.
- Policies should be issued quickly and with less formalities
- Other services should also be improved.
- Newspaper/Magazines and television are the most effective medium of advertising Loans & Advances.
- Loans & Advances selling bank representative should be well trained.

RECOMMENDATION

There are certain flaws existing in this working of the tools of loan industry. There are some of the recommendation we ad come up with while doing this project. It will help to make tools of loan more important sector in today's economy.

The need of the hour is to devise a comprehensive strategy that will help the firms face the challenges of the future. The financial services industry around the world over is undergoing a major transformation. It is very important that trained marketing professionals who are able to communicate specific features of the possible should sell the possible.

From our research we could find out that people are not aware about the possible and features of tools of loan. Therefore Bank of Maharashtra Tools of loan and ICICI are recommended to shed light on possible and explain the benefits, thus increasing the awareness.

The penetration of tools of loan in India is around 22%. This indicates that a vast majority of rural population is not covered. The market player needs to explore this untapped potential through their marketing and sales network. The returns of the possible are not properly managed and never given in time. So, these must be looked at.

Pricing of tools of loan products, as empirically available in India, shows that pricing is not in consonance with market realities. Loans & Advances premium is generally perceived, as being too high while general tools of loan (especially motor tools of loan) is priced too low.

Some tools of loan products, which are not available in India, should, be introduced in market. There are areas for new product development: Industry all risk possible, Large projects risk cover, Risk beyond a floor level, Extended public and product liability cover

Tools of loan companies will also had to get savvy in distribution. Enhanced marketing thus will be crucial. Already many companies have

already into 24-hour mode. These will provide services such as motor vehicle recovery. Technology will also play an important role on the market.

The lines of distinction between banks tools of loan companies and brokerages are getting blurred. The future seems to belong to financial supermarkets that will offer a host of services and products to the consumer. In the next millennium all these activities would play a crucial role in the overall development and maturity of the tools of loan industry

BIBLIOGRAPHY

- ‘Banking : The Network is the bank’, by Yogesh Sharma, Dataquest, January 31, 2006
- ‘Race will end in survival of the fittest’, The Financial Express, November 29, 2006.
- The Times of India, 26 July, 2007.
- ‘The future is in e-banking’ by Mr. K.V. Kamath (Managing Director, ICICI), April 14, 2002, Business Line.
- ‘RBI road map for banking’, The Indian Express, July 21,2007.
- Banking in India, by Dr A. K. Mishra (Professor & Chairman of Finance Group at IIM Lucknow).

Web-sites: <http://www.bankofmaharashtra.in/aboutus.asp> <http://www.bankofmaharashtra.in/chairman.asp> <http://www.bankofmaharashtra.in/bod.asp> <http://www.bankofmaharashtra.in/profile.asp> <http://www.bankofmaharashtra.in/financials.asp> <http://www.bankofmaharashtra.in/financials.asp#report> <http://www.bankofmaharashtra.in/jv.asp#magicmoney> http://www.bankofmaharashtra.in/credit_fac_edu.asp http://acts.cdacindia.com/actsonline/Website/Html_asp/Homepg/crsbroloan.asp <http://www.ficciagroindia.com/funding-schemes/bank/mahashtrabank.htm>

ANNEXURE

Questionnaire

1. Name: _____
Age : _____
2. Occupation
3. Do you know about Loan & Advances? Yes
No
4. Have you ever opted from any Loan & Advances from Bank of Maharashtra?
Y
e s
N
o
5. If Yes, Which loan or advance have you taken?
SBI
Bank of Punjab
Oriental Bank
Bank of Maharastra
UTI
ICICI Bank
HDFC

6. How did you come to know about Loans & Advances?
 - (a) Advertisement
 - (b) Word of Mouth
 - (c) Referred by your company / Friend
7. What made you select a particular Company for the Loans & Advances??
 - (a) Service
 - (b) Brand name
 - (c) Procedures
 - (d) Facilities
 - (e) Possible
 - (f) Advertisement
8. How do you like the Marketing strategy by different Loans & Advances providing Banks?
 - (a) Good
 - (b) Average
 - (c) Bad
9. Which Company would you prefer if you have never applied for bank & advances?
 - SBI
 - Bank of
 - Punjab
 - Oriental
 - Bank Bank
 - of
 - Maharastra
 - UTI
 - ICICI Bank
 - HDFC

