

**STUDY ON PREFERRED RECOVERY MODE ADOPTED BY CHHATTISGARH
RURAL BANKS IN BILASPUR DISTRICT OF CHHATTISGARH FOR LOAN
RECOVERY OF MSME'S**

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ABSTRACT:

This Paper focuses on Preferred Recovery mode adopted by Chhattisgarh Rural Banks in Bilaspur District of Chhattisgarh for loan recovery of MSME's.

KEYWORDS:

Preferred, Recovery Mode, Adopted, Chhattisgarh Rural Banks, Bilaspur, Loan Recovery, MSME's.

INTRODUCTION:

In finance the term recovery refers to collection of amount due. The normally recovery depends on the purpose, time and condition, business running process etc.

Normally loan amount will be recovered on installment basis. The manager can fix installment period on the basis of nature of their business.

Example:

-Installment fixes on salaried person on a monthly basis.

-In the agriculture sector, installment fixes on biannual basis.

Business person normally 1 year per installment.

Recovery is different from one loan to another.

-In short term loans recovery is less than 36 months.

-In medium term loans recovery is from 36 months to 84 months.

-In long term loans recovery is normally 84 months or longer.

The repayment period can extend up as per the STC act in exceptional cases, normally bank recover the loan amount from customer, easily do not give the trouble to them.

Following are the Recovery Mode Adopted by Chhattisgarh Rural Banks in Bilaspur district of Chhattisgarh for Loan Recovery of MSME's:-

1. Recovery Camps
2. Publication of defaulter list
3. Appointment of collection agents
4. Allowance to prompt payers

OBJECTIVES:

The objective of this paper is to Rank the Preferred Recovery Mode Adopted by Chhattisgarh Rural Banks in Bilaspur district of Chhattisgarh for Loan Recovery of MSME's by conducting a survey on MSME's.

RATIONALE OF THE RESEARCH PAPER:

This paper will facilitate in understanding the psychology of defaulters which will further help Chhattisgarh rural banks and other banks in determining other useful ways of Loan recovery without hampering relations with MSME customers.

RESEARCH METHODOLOGY:

1. SAMPLE SIZE- 450 out of which 200 from Micro,150 from Small and 100 from Medium Entrepreneurs

As per the secondary data collected for total number of MSMEs in Bilaspur,it is found to be 19068 Units. Thus my total sample size is 3% of total which is fairly good proportion for the research purpose.

2. SAMPLE AREA-Chhattisgarh Rural Banks with special reference to Bilaspur district
3. SAMPLING METHOD-Simple Random Sampling
4. SOURCES OF DATA-

PRIMARY DATA- Survey

SECONDARY DATA- Government Reports, Chhattisgarh Gramin Bank Annual Reports of different financial years published by MSME Ministry

5. SURVEY INSTRUMENT- Questionnaire

LIMITATIONS OF THE RESEARCH PAPER:

1. The study is limited to sample size of 450 out of which 200 from Micro, 150 from Small and 100 from Medium Entrepreneurs.
2. The study is limited to Bilaspur district
3. The study restricts itself to Chhattisgarh Rural Banks

FINDINGS:

Recovery Mode Adopted	Number of Respondents			Rank		
	Micro	Small	Medium	Micro	Small	Medium
Recovery Camps	60	80	30	2	1	2
Publication of defaulter list	20	20	50	4	3	1
Appointment of collection agents	70	40	15	1	2	3
Allowance to prompt payers	50	10	5	3	4	4
Total	200	150	100	-	-	-

INTERPRETATION:

Out of 200 Micro Entrepreneurs, Following were ranked 1, 2, and 3:-

RANK 1-Appointment of collection agents

RANK 2-Recovery Camps

RANK 3-Allowance to prompt payers

Out of 150 Small Entrepreneurs,Following were ranked 1,2,3:-

RANK 1-Recovery Camps

RANK 2-Appointment of collection agents

RANK 3-Publication of defaulter list

Out of 100 Medium Entrepreneurs,Following were ranked 1,2,3:-

RANK 1-Publication of defaulter list

RANK 2-Recovery Camps

RANK 3-Appointment of collection agents

SUGGESTIONS:

1. Organise more collection camps

2. Appoint collection agents with proper training

3. Encourage borrowers to pay by offering them time,more reduced rate of loan is repaid on time.

CONCLUSION:

The study concludes that lack of effective loan recovery mode is a major obstacle in the growth of Chhattisgarh Rural Banks in Bilaspur.

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