

SOME OBSERVATIONS ON THE RECOVERY OF ADVANCES -
THE INDISPENSABLE OTHER SIDE OF THE SAME COIN

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Though financial institutions especially Banks normally face the recurrent problems of loan defaults or delinquencies the problem appears to be acute now. This has been occasioned by not concentrating on the avoidable defects which are found in the way advances are treated from the pre-sanction stage to the ultimate recovery or retrieval of the funds. In this paper an attempt is made to explore the reasons for such a lamentable position.

The data is obtained from published and unpublished reports and field observations. The methodology adopted is to discuss the role of the Bank as an intermediary, and to stress the erosive effects of non-recovery of loans on its function as a custodian of deposits.

Among the findings and suggestions are the -

Dychotomy in financial accounting

Faliure to gauge the proponent and ensure imposition of maximum safeguards at the proper stages for funds to be lent.

Stages at which recovery is to be ensured.

Adhocism or innovations counter to basic principles and non-observation of basic tenets and norms.