

A COMPARATIVE STUDY ON LOANS AND DEPOSITS SCHEMES OF NATIONALISED BANK AND CO-OPERATIVE SOCIETY WITH SPECIAL REFERENCE TO MATHUR CO-OPERATIVE URBAN SOCIETY LTD, PALAKKAD DISTRICT

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Abstract: A bank is an institution which deals with money and credit. The co-operative societies are an important constituent of the Indian financial system. The co-operative society is a financial entity which belongs to its members, who are at the same time the owners and the customers of their banks. The present study was focused on loan and deposit scheme of co-operative society and SBT. The Mathur co-operative urban societies provide loans and deposits to its members or non agricultural people. The SBT bank is a nationalised bank and is purely focused on commercial activities. Its loan and deposit schemes are mainly meant for all level of people because of commercial nature.

Keywords: Co-operative society, Loans, Deposits

INTRODUCTION

Today banks are part and parcel of daily life. Banks meet the needs and requirements of farmers and businessmen, entrepreneurs, governments and other segments of society. Banks contribute to speed up the economic growth of a country by mobilizing scarce financial resources for productive purposes. Hence, banking is the fundamental basis of economic, industrial, agricultural development of an economy. Banks have influenced economies and politics for centuries. Historically, the primary purpose of a bank was to provide loans to trading companies. Banks provide funds to allow business to purchase inventory and collected those funds with interest when the goods are sold.

In the beginning of the 18th century, East India company launched a few commercial banks on modern lines. The first Indian bank named Bank of Hindusthan was started in 1770 at Kolkata. Later on, East India Company started three presidency banks with government participation. These were the Bank of Calcutta, the Bank of Bombay and the Bank of Madras. These banks were given the right of note issue in their respective regions. A number of banks failed during first half of the 20th century. This insisted the need for an institution to regulate and control the banking industry in the country. As a result, the Reserve Bank of India was established in 1935. Fourteen banks were nationalized in June 1969.

Co-operative banks are a group of financial institutions organized under the provisions of the co-operative societies Act. Co-operative banks function on the basis of the principle of co-operation. The main objective of the banks was to promote the habits of thrift and self help among the low and middle income groups of the society. The main features is the, it has no profit motive.

OBJECTIVES OF THE STUDY

- To know various types of loans and deposits provided by Nationalized bank and co-operative society
- To make a comparative study on loans and deposit schemes of nationalized banks and co-operative society.

RESEARCH METHODOLOGY

The study was descriptive in nature. Secondary data were used for the purpose of the study. Secondary data were collected from the internal records of the society and from various journals, magazines, books and websites.

LOANS AND DEPOSIT SCHEMES OF SBT

Deposit schemes

A. Fixed deposit schemes

1. Term deposit account with automatic re-investment of the accrued interest at quarterly compounding till maturity of the principal. No interim withdrawal of interest and therefore investment multiplies.
2. Loans upto 90%, with interest 1% above the deposit rate.
3. Existing term deposit accounts can freely be converted to special term deposit account vice versa.
4. Minors above the age of 0 can deposit upto 2 lakh in their names independently.
5. Ideal for maximum returns, long term investment with safety and liquidity.
6. Premature withdrawal permitted with applicable penalty.

B. Unit Deposit schemes

1. Amount deposited is held in units of Rs.1000/- each.
2. Account can be opened with 1000 and thereafter in multiples of Rs.1000/-.
3. The salient features of the scheme is that it allows the depositor to withdraw the deposit penalty in multiples of Rs.1000/- without breaking his entire.
4. It can be opened as either term deposit or special deposit accounts and interest payments are as applicable to those scheme.

C. Variable deposit schemes

1. Loans, premature withdrawal and nomination facilities are available.
2. Recurring deposit scheme for a period of 120 months, offers flexibility in the amount monthly remittance.
3. One remittance per month .No instance on regular monthly payments.
4. Interest credited to account half yearly.
5. No penalty for delayed remittance but if the number of remittance is less than 10 per year Rs.10/- will be levied as penalty.
6. Ideal for persons whose monthly saving s vary from month to month and for those seeking flexibility in remittance.

LOANS SCHEMES

- **Housing loans**

Loans for construction, purchase, repair , renovation, alteration of house , purchase of land or purchase of land with building or apartments.

- **Car loan**

Loans for purchase of cars for salaried or regular income earners-48 times net monthly income.

- **Education loan**

For pursuing professional or technical higher studies in India /abroad in specified courses approved by the bank. Max.Rs.10 lakh(India) and Max.Rs.20 lakh (abroad)

- **SBT Career loan**

Loans to individuals or employed who undertake a course of training or skill development India or abroad in specified courses approved by the bank.

- **Prasanthi loan**

To provide finance to pensioners in order to meet their various short term consumption needs. Max.Rs.1.5 lakhs.

- **SBT gold loan**

Loans to individuals against pledge of gold ornaments and articles. Max.Rs.10lakhs.

- **SBT Gold Over Draft**

Advance to individuals as overdraft against pledge of gold ornaments and articles. .Max.Rs.10lakhs.

AGRICULTURAL FINANCE

- **KISAN CREDIT CARD SCHEME**

Running cash credit account sanctioned to agriculturists with ATM cards/ cheque facility for crop production for a period of five years. In addition to consumption credit, small investment credit requirement (like purchase of farm equipment, consumption expenses etc) are also included. Limited is based on the extent of the land and crops, stepping upto the limit @10% ,every year is permitted upto 5th year.

- **AGRICUTURAL GOLD LOAN**

To enable farmers to meet their short term agricultural credit needs for crop production and allied activities, quantum of the loan depends on the advance value of gold pledged and extent of land cultivated.

- **PROCEDURE MARKETING LOANS**

Schemes for financing warehouse receipt issued by central and state warehousing corporations to save farmers from distress sale of their produce, traders in spices and agricultural products.

- **KARSHAKASUHRUTH**

A debit swap scheme to relieve the farmers forum the clutches of money lenders, maximum amount of loan is Rs.50000/-. The loan will be given as agricultural term loan to be repaid within a period of five years in half yearly installments.

- **PLANTATION AND HORTICULTURE**

Long term and short term are available under plantation and horticulture schemes. Term loans can be sanctioned for cultivation of rubber, Tea, Pepper, Cardamon ,coconut, coffee etc. The cost of cultivation includes the expenses from planting to yielding stage.

LOANS AND DEPOSIT SCHEMES OF CO-OPERATIVE SOCIETY

DEPOSIT SCHEMES

- **FIXED DEPOSIT**

Fixed deposits are also known as time deposits. Money is deposited in this account for a specific period of time. It cannot be withdrawn before the expiry of that period. The rate of interest given to fixed deposit is higher than other types of deposits.

- **NTHYA NIDHI DEPOSIT SCHEME**

This deposit scheme was introduced by Mathur Co-operative bank to its members. In this deposits scheme they accept small sums of money from the members for a particular period. This is more useful to farmers, daily wage earners of the rural area to meet their short-term needs. The interest allowed to this deposit scheme is 5%.

- **SAVINGS BANK DEPOSITS**

Savings accounts are meant for non trading customers. It is generally beneficial for those middle income groups and small income groups of people like small traders, artisans, daily wage earners etc. In this account certain restrictions are imposed for the withdrawal of the deposits. This is introduced for promoting saving habits and thrift among the members.

LOAN SCHEMES

- **NON AGRICULTURAL MEDIUM TERM LOAN**

This loan is provided to meet the non agricultural needs of the non agricultural needs of the members such as employment loans, assistance to start cottage industries etc. The repayment period of the loan is 5years. The amount allowed to the members is upto 1 lakhs. The security pledged by the members against this loan is land.

- **PERSONAL LOAN**

The personal loan is granted by the co-operative society in a separate account known as personal loan account. The amount sanctioned is either paid or credited in the account of the customers.

- **GOLD LOAN**

The gold loan granted against gold ornaments as security. The gold loan is granted against the gold ornaments not more than 70% of the market value. This is a good assistance to the members. If the loan amount is not repaid the members get a recovery notice 3 times otherwise the property is set for auction.

OTHER SERVICES

Subsidy

The bank provides subsidies to the farmers for purchasing implements, fertilizers etc .The bank act as intermediary between farmers and Supply Co by collecting and selling the farm producer.

MMBS (Member mutual benefits schemes)

This is the scheme like mutual fund. The members pool large sum of money together interest and put into profitable government security and take profit of it.

Festival markets

The bank set forth festival markets in the festive occasions to help the customers by providing good quality products at reasonable price such as onam markets, ramzan kit, Christmas markets etc.

Namma stores

The Namma stores are open under the guidance of bank for providing quality goods at reasonable price and sell goods at subsidy rate.

Results and Discussions

Comparative analysis of SBT and co-operative society with regard to the following points are described below:-

- **Objectives**

The main objective of Co-operative society is to provide chief credit to its members on Co-operative basis and to encourage thrift and saving habit among its members. In the case of SBT, it has excelled in the areas of rural housing, education loan to the needy students, finance to self help groups and retail banking.

- **Loans**

The Co-operative society usually provides gold loan, personal loan on agricultural medium term loan, SBT bank provide housing loan, suvidha loan, SBT career loan, gold loan, car loan, home loan, education loan etc. This shows that Co-operative society give importance to gold loan, personal loan, non-agricultural loan for industrial improvement in the rural sector were as SBT focuses on home loan, education loan, vehicle loan etc.

- **Deposits**

The Co-operative society provides fixed deposits, saving bank deposits and Nithyanidhi deposits. In the case of SBT it provides fixed deposits, saving deposit, recurring deposit, Aiswarya special deposit scheme, pravasi aiswarya special deposit scheme.

- **Mutual funds**

The mutual fund of the Co-operative society is known as member mutual benefit scheme. Members pool large sum of money together and they invest it into profitable Govt.securities and take profit out of it. The SBT mainly focused on 3 mutual funds such as fixed maturity plan investment, systematic plan and gold fund.

- **Festival markets**

The co-operative society set for the festival markets at festival occasion to help the customer by providing goods and quality products at reasonable price such as Onam, Christmas, ramzan kit etc. In the case of SBT it provides various loans to purchase vehicles and house on a special discount as partners with vehicle companies.

- **Agricultural finance**

The Co-operative society only focuses on non-agricultural medium term loans. But SBT provide various kinds of agricultural loan, agricultural gold loan, Kisan credit cards scheme, Kisan gold card scheme etc.

- **Security**

In co-operative society the security is land and personal security. The SBT is focused on collateral security, land and personal property as mortgage against the loans.

CONCLUSION

The present study revealed the loan and deposit schemes of co-operative society and State Bank of India. In co-operative banks documents required for loans as well as deposit is low. In the case of SBT required documents and its interest for loan is very high. The co-operative society provides high interest on deposit when compared to SBT bank.

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A large, light blue watermark logo is centered on the page. It features a stylized lightbulb shape with a circular top and a semi-circular base. Inside the circle, there are three vertical lines of varying heights, each ending in a small circle. Overlaid on the bottom part of the lightbulb is a dark grey rectangular box containing the letters 'IJRTI' in a bold, white, sans-serif font.

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