



## **A STUDY ON THE DEPOSIT MOBILIZATION OF THIRUVARUR URBAN CO-OPERATIVE BANK**

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### **Abstract:**

*The term Urban Co-operative Banks (UCBs), though not formally defined, refers to primary cooperative banks located in urban and semi-urban areas. These banks, till 1996, were allowed to lend money only for non-agricultural purposes. This definition does not hold today. These banks were traditionally centered around communities, localities work place groups. They essentially lent to small borrowers and businesses. Today, their scope of operations has widened considerably.*

### **Background of UCBs:**

The origins of the Urban Cooperative banking movement in India can be traced to the close of nineteenth century when, inspired by the success of the experiments related to the cooperative movement in Britain and the cooperative credit movement in Germany such cooperation, mutual help, democratic decision making and open membership. Cooperatives represented a new and alternatives approach to organisation as against proprietary firms, partnership firm's and joint stock companies which represent the dominant form of commercial organization. The first known mutual aid society in India was probably the 'Anyonya Sahakari Mandali' organised in the erstwhile princely State of Baroda in 1889 under the guidance of Vithal Laxman also known as Bhausahab Kavthekar. Urban co-operative credit societies, in their formative phase came to be organised on a community basis to meet the consumption oriented credit needs of their members. Salary earners societies including habits of thrift and self help played a significant role in popularizing the movement, especially amongst the middle class as well as organized labour. From its origins then to today, the thrust of UCBs, historically, has been to mobilize savings from the middle and low income urban groups and purvey credit to their members – many of which belonged to weaker sections.

### **Objectives of the Study:**

The following are the objectives of the study is

1. To study the origin of Urban Co-operative Banks in India.
2. To understand the types of deposits offered by the Urban Co-operative Bank.
3. To study the position of deposit mobilization of the Thiruvarur Urban Co-Operative Bank
4. To offer suitable findings, suggestions and conclusion.

### **Methodology:**

The study is based on secondary data only. Secondary data is collected from the records, ledgers and annual audit reports of the Thiruvarur Urban C o-operative Bank.

### **Period of the Study:**

The study is covered a period of ten years from 2004-05 to 2013-14.

### **Limitations of the study:**

1. The study covers only the deposit mobilization of Thiruvarur urban Co-operative Bank and not compared with other similar banks.
2. The period of the study is taken for only ten years, from 2003-04 to 2012-13.

3. 2014 - 15 is not included in this study due to non-availability of data.

### **Type of Deposits:**

The deposits mobilized by the Thiruvarur Co-operative Urban Bank is broadly divided into three categories, namely,

1. Fixed deposits which include
  - A. Recurring Deposits
  - B. Reinvestment deposits
2. Current Deposits
3. Saving deposits

### **1. Fixed Deposits:**

In this category are included the deposits with the bank for a fixed period which is specified at the time of making the deposit. Such deposits are, therefore, called Fixed Deposits or Term Deposits. A Fixed Deposit is repayable on the expiry of a specified period, chosen by the depositor to suit his purpose and to enable him to get back the money as and when he needs it. For example, if a person intends to utilise his money for any purpose after a few years, he may deposit it for 3, 5 or 6 years, whereas if his purpose is to meet some urgent need in the near future, the fixed deposits may be made for 3, 6 or 9 months. Fixed deposits have grown in importance and popularity in India during recent years. These deposits constitute more than half of the total bank deposits.

### **Opening and Operation of a Fixed Deposit Account:**

For opening a fixed deposit account a depositor is required to fill in an application form wherein he mentions the amount of the deposit and the period for which deposit is to be made. He also gives his specimen signature. A Fixed deposit Receipt is thereafter issued to the depositor, acknowledging the receipt of the sum of money specified therein, to be repaid at the expiry of the period mentioned therein along with interest at the specified rate. Reserve bank of India has made it absolutely necessary to indicate on the Fixed Deposit Receipt the date of receipt, the period for which the deposit has been accepted and due date, are also the applicable rate of interest.

### **Payment of Interest:**

Though interest is payable at the maturity of the fixed deposit receipt, banks usually pay interest quarterly or half-yearly also at the request of the depositor. The interest earned during the said quarter/half year is paid to the depositor in cash or is credited to his Savings A/c. The rate of interest on Fixed deposit is given by the Thiruvarur urban co-operative bank is as follows,

<b>Tenure of Deposit</b>	<b>Rate of Interest</b>	<b>For senior Citizen</b>
From 30 days to 90 days	6.0%	
From 91 days to 180 days	8.0%	
From 181 days to 364 days	9.0%	9.25%
From 12 months to till 24 months	9.5%	9.75%
From 25 months to till 36 months	9.25%	9.50%
From 37 at or above	9.0%	9.25%

### **Fixed Deposit Amount**

(Rs. In Lakhs)

<b>Year</b>	<b>Amount</b>	<b>Increase/Decrease in Rs.</b>	<b>% of Growth</b>
2004 - 05	4794.80	-	100.00
2005 - 06	4544.86	-249.94	94.79
2006 - 07	4615.28	-179.52	96.26

2007 – 08	4685.19	-109.61	97.71
2008 – 09	5438.90	+644.10	113.43
2009 – 10	6475.99	1681.19	135.06
2010 – 11	6543.46	1748.66	136.47
2011 -12	6121.64	1326.84	127.67
2012 – 13	6469.83	1675.03	134.93
2013 – 14	7960.99	3166.19	166.03

**Source:** Bank Records

From the above table shows that the fixed bank deposit of the bank for the study period of ten years from 2004-05 to 2013-14. It was inferred that the decreasing trend in the early stage but hereafter the year 2008-09 an increasing trend of the deposits to the study period.

**Recurring Deposit:**

A variant of the savings bank deposits is the recurring deposit or cumulative deposit account introduced by banks in recent years. This account is intended to inculcate the habit of saving on a regular as an inducement is offered in the form of comparatively higher rate of interest. A depositor opening a recurring deposit account is required to deposit an amount chosen by him, generally a multiple of Rs. 5 or 10, in his account every month for a period selected by him. The period of recurring deposit varies from bank to bank. Banks open such accounts for periods ranging from 1 to 10 years.

**Re-investment Plan:**

This is just like fixed deposits with the difference that deposits are accepted for a fixed period ranging between 12 and 120 months and interest, though calculated periodically, is payable at the time of maturity. This plan provides for the re-investment of interest also. The minimum share amount is Rs. 1000 and no maximum limit. Rate interest on these deposits is 0.5% up to 36 months and 0.75% to above 36 months. At the time of introductory this scheme, it is named as Kamathenu Re-Investment Plan in Thiruvarur Urban Co-operative Bank. But, now it called as Re-Investment Scheme.

**Savings Deposit:**

A savings bank account is means for the people of the lower and middle classes who wish to save a part of their current incomes to meet their future needs and also intend to earn an income from their savings. The banks, therefore impose certain restrictions on the savings bank account and also offer a reasonable rate of interest; the need of keeping cash reserves against such deposits is comparatively larger than the fixed deposits but smaller as against the current deposits because of the restrictions on the number of the restrictions on the number of withdrawals.

**Payment of Interest:**

The RBI prescribes the rate of interest payable by the banks on deposits maintained in savings accounts. At present the rate of interest on savings deposits is 4%. The above rate of interest is payable irrespective of whether cheque facility is extended or not. The minimum amount is Rs.250 and the maximum amount is unlimited.

**Savings Deposit Amount**

(Rs. In Lakhs)

Year	Amount	Increase/Decrease In Rs.	% of Growth
2004 – 05	968.23		100.00

2005 – 06	972.11	3.88	100.40
2006 – 07	1122.77	154.54	115.96
2007 – 08	1193.03	224.80	123.21
2008 – 09	1433.46	465.23	148.04
2009 – 10	1590.89	622.66	164.30
2010 – 11	1677.26	709.03	173.22
2011 -12	1877.57	909.34	193.92
2012 – 13	1819.20	850.97	187.89
2013 – 14	1836.16	867.93	189.64

**Source:** Bank Records

The above shows that the savings bank deposit of the bank for the study period of ten years from 2004-05 to 2013-14. It indicates that an increasing trend of the savings bank deposit of the bank when compared to the base year. It was noted in the year 2010-11 the amount of savings deposit is higher than the all the year.

**Current Deposit Account:**

A Current Account is a running and active account, which may be operated upon any number of times during a working day. There is no restriction on the number and the amount of withdrawals from a current account. Current accounts suit the requirements of big businessman, joint stock companies, institutions, public authorities and public corporation, etc., whose banking transactions happen to be countable on every working day.

**Current Deposit Amount**

(Rs. In Lakhs)

Year	Amount	Increase/Decrease In Rs.	% of Growth
2004 – 05	67.26		100.00
2005 – 06	72.21	4.95	107.35
2006 – 07	54.26	-13.00	80.67
2007 – 08	53.00	-14.26	78.80
2008 – 09	80.96	13.7	120.37
2009 – 10	64.78	-2.48	96.31
2010 – 11	46.25	-21.01	68.76
2011 -12	38.84	-28.42	57.75
2012 – 13	54.19	-13.07	80.57
2013 – 14	40.02	-27.24	59.50

**Source:** Bank Records

The above table shows that the amount of current deposits account received by the bank for the study period of ten years from 2004-05 to 2013-14. It indicates that a decreasing trend every year during the study periods when compared to the base year 2004-05.

**Total Deposit Amount**

(Rs. In Lakhs)

Year	Fixed Deposits	Savings Deposits	Current Deposits
2004 – 05	4794.80	968.23	67.26
2005 – 06	4544.86	972.11	72.21
2006 – 07	4615.28	1122.77	54.26
2007 – 08	4685.19	1193.03	53.00
2008 – 09	5438.90	1433.46	80.96

2009 – 10	6475.99	1590.89	64.78
2010 – 11	6543.46	1677.26	46.25
2011 -12	6121.64	1877.57	38.84
2012 – 13	6469.83	1819.20	54.19
2013 – 14	7960.99	1836.16	40.02
Mean	5765.094	1449.068	57.177
SD	1134.415	361.1095	13.8883
CV	19.68	24.92	24.29
2016-2017 Least Squares	8655.86	5128.04	32.11

**Source:** Bank Records

From the above shows that the total amount of deposits received by the bank during the study period 2004-05 to 2013-14. It was inferred that an increasing trend of the fixed deposit and savings deposit of the bank when compared to the base year.

The statistical tools of mean, Standard Deviation, Co-efficient Value and method of least squares were used to find out the performance of the bank. It was inferred that the mean value of fixed deposits, savings deposits and current deposits is 5765.09, 1449.06 and 57.17 respectively. Likewise, SD value is 1134.42, 361.10 and 13.88 for the above deposits. In the year 2016 – 17, the expected fixed deposits is 8655.86, savings deposits is 5128.04 and current deposits is 32.11 by analysing method of least squares with the past year deposits of the bank.

**Findings:**

- The decreasing trend in the early stage but hereafter the year 2008-09 an increasing trend of the deposits to the study period.
- In the year 2008 – 09 the fixed deposits of the bank was increased thereafter year the amount of deposits was increased rapidly.
- An increasing trend of savings bank deposits when compared to the base year.
- The decreasing trend of current account deposits when compared to the base year.

**Suggestions:**

- The bank should concentrate more on current account holders to offer new deposit schemes to the business man to boost up the current deposits.
- The bank may offer attractive incentives and compliments to those who invest additional deposits with the bank.
- Increased efforts to be taken by this bank to attract more savings bank deposits.
- The bank must provide better customer services like ATM facilities, credit cards, Debit cards, traveller cheques, etc. to attract more customers.

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