

CHAPTER : 3

Deposits and Advances of Kolhapur Zilla Magasvargiya Vidut Karmachari Sahakari Patsanstha Maryadit Kolhapur

- 3.1 Introduction
- 3.2 Deposit
- 3.3 Types of deposit
- 3.4 Recurring deposit
- 3.5 Kayam Deposit
- 3.6 Fixed Deposit
- 3.7 Damduppat Deposit
- 3.8 Building Deposit
- 3.9 Sanghthan Deposit
- 3.10 Member Retirement Deposit
- 3.11 Advances Performance
- 3.12 Break up of loans of Patsanstha
- 3.13 Growth of loans and advances
- 3.14 Sanctioning of loans
- 3.15 Supervision and recover of laons

Chapter : III

DEPOSITS AND ADVANCES OF KOLHAPUR ZILLA MAGASVARGIY VIDUT KARMACHARI SAHAKARI PATSANSTHA MARYADIT KOLHAPUR

3.1 Introduction :

Before passing the Maharashtra Co-operative Societies Act in the year of 1960, the financial needs of people were largely met by the private moneylenders and the local Sahukars. They were sucking the blood of common and poor people by charging exorbitant revised rate of interest. After passing of the Act co-operative credit societies were established and they started to fulfill the credit needs of lower and middle income group people. The co-operative credit societies succeeded in attracting the common people and middle class people. The main object was to inculcate the habit of thrift among members. Separate co-operative credit societies were formed for the employees, farmers etc.

The Kolhapur Zilla Magasvargiy Vidut Karmchari Sahakari Patsanstha Maryadit Kolhapur has been providing credit to its members. Its resources comprise mainly of share capital, reserves, deposits and borrowings.

3.2 Deposits :

The success of any credit society largely depends on the amount of deposits which it is able to collect. Interest should be paid regularly, at rates fixed in the bye-laws and revised by the board of directors from time to time.

Table 3.1 shows the total deposits mobilized by the patsanstha during the period from 2000-2001 to 2004-2005.

Table No. 3.1
Deposits mobilization by patsanstha

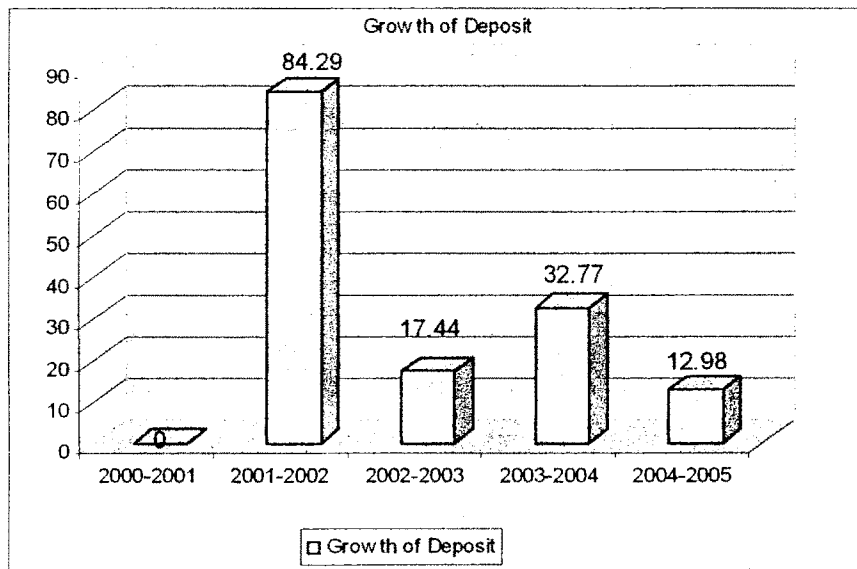
(Rs.in lakhs)

<i>Year</i>	Total Deposit	Growth	% of Growth
2000-2001	43.55
2001-2002	80.26	36.71	84.29%
2002-2003	94.26	14.00	17.44%
2003-2004	125.16	30.89	32.77%
2004-2005	141.41	10.68	12.98%

Source: Compiled from annual reports of the patsanstha

Table No. 3.1 shows the total deposits mobilized by the patsanstha during the period form 2000-2001 to 2004-05.

Graph No.3.1
Growth of Deposits



Above graph shows a continuous upward trend of deposits of the Kolhapur Zilla Magasvargiya Vidut Karmachari Sahakari Patsanstha Maryadit Kolhapur. The deposits stood at Rs.43.55 lakhs. The deposits thus increased nearby by one crore rupees during this period.

3.3 Types of Deposits:

There are seven different types of deposits namely Recurring Deposit, Kayam Deposit, Mudabandh Deposit, Damduppat Deposit, Member Retirement Deposits which are refundable and Sanghthan Deposit, Building Deposit which are non-refundable. These deposits supported the patsanstha's transactions. Increasing deposits is an indicator of good performance. One of the novel deposit scheme 'Member Retirement Deposit' was started by the patsanstha. At the time of retirement every employee gets a large amount in form of provident fund, gratuity etc. from the M.S.E.B. and those employees who are the members of the patsanstha can put lumpsum amount in members retirement deposit scheme. The rate of interest on this deposit is 15 percent and this scheme is well respond by majority of retired employees.

The patsanstha accepts recurring deposits. In this scheme the member can invest per month for a period of 5 years from Rs.10 to Rs.100 .. Recurring deposit scheme is available only to members of patsanstha. Under the recurring deposit schemes facility is available to members. This scheme help to save money on regular basis. Damduapt deposit scheme was launched for a period of 54 months with a minimum investment of Rs.1000.. Latter the period was increased to 84 months.

The patsanstha has following different types of deposit scheme.

Table No. 3.2

Types of deposits of Patsanstha

Sr.No.	Types
1	Recurring Deposit
2	Kayam Deposit
3	Mudatbandh Deposit
4	Damduppat Deposit
5	Building Deposit
6	Sanghthan Deposit
7	Member Retirement Deposit

Source: Records of the patsanstha.

Building Deposit and Sanghthan Deposits are collected from the regularly and amount per month is Rs.20 each. These deposits are non-refundable. Building deposits are used for construction / purchase building and sanghthan deposits are use for Magasvargiya Vidut Karmachari Sanghthan – Nagpur.

3.4 Recurring Deposit :

Recurring deposit scheme is very popular in all co-operative credit societies. Recurring deposit scheme is characterized by monthly contribution and cumulative interest. This recurring deposit scheme attracts the salary earners and motivates them to deposits their money in this scheme. The period of recurring deposit ranges from 6

months to 6 years. Depositors can put an amount from Rs.10 to Rs.100. per month. This scheme is affordable to every member. Following table gives details of recurring deposits.

Table No. 3.3

Recurring Deposits of Patsanstha.

(Figures in Lakh Rs).

Year	Amount of Deposit
2000-2001	10.47
2001-2002	14.12
2002-2003	11.37
2003-2004	12.48
2004-2005	13.93

Source: Compiled from annual reports of the

patsanstha

Table No. 3.3 shows the year wise recurring deposits position. The recurring deposit was Rs.10.47 lakhs in the year 2000-2001.It increased to Rs.13.93 lakhs in the year 2004-2005. Except for the year 2002-2003 the amount of recurring deposit shows an increasing trend..

3.5 Kayam Deposit :

Kayam Deposit is another type of deposit scheme. This scheme is available only to members of patsanstha. Non-members cannot participate in the Kayam Deposit scheme as per the patsanstha is bye-laws.Share contribution in excess of prescribed share holding limit is automatically transferred to this account. The share holding

limit was Rs.20,000 and it was increased by the end of 2004 –2005 to Rs.50,000 .

Table No. 3.4

Kayam Deposit of Patsanstha

(Rs in lakhs)

Year	Amount
2000-2001	...
2001-2002	...
2002-2003	4.32
2003-2004	4.27
2004-2005	3.72

Source: Compiled from annual reports of the patsnastha

Table 3.4 shown the amount of Kayam deposit. There were no deposit in this category in the year 2000-2001. and 2001-2002. Later on, from 2002-2003, the deposit is seen but is showing a decreasing trend. The amount has been reduced from Rs.4.32 lakhs in 2002-2003 to Rs.3.72 lakhs in 2004-2005.

3.6 Fixed Deposit :

The fixed deposit scheme is one of the most significant schemes introduced by the Kolhapur Zilla Magasvargiy Vidut Karmchari Sahakari Patsanstha Maryadit Kolhapur. The deposits are accepted for a fixed term and on the expiry of this term they are repaid along with interest.

Table No. 3.5
Mudatbandh Deposits of Patsanstha
(Rs. in lakhs)

Year	Amount
2000-2001	28.92
2001-2002	55.18
2002-2003	64.37
2003-2004	90.12
2004-2005	96.03

Source: Compiled from annual
Reports of the Patsanstha

Table 3.5 shows that Mudatbandh deposits increased from Rs.28.92 lakh in the year 2000-2001 to Rs.96.03 lakh in the year 2004-2005. These deposits were collected from members and non-members. This deposit is an important element of total deposits of patsanstha.

3.7 Damduppat Deposit :

The name 'Damduppat' explains the characteristic of this scheme. This scheme was launched to double the amount within a prescribed period. Initially under this scheme the amount could double up in a period of 4 year and 6 months and the minimum investment limit was of Rs.1000. In the year 2002-2003 the period was increased to 5 years and 6 months and in 2003-2004 the period was 6 years. In the year 2004-2005 the period was further increased to 7 years. The Damduppat scheme is available to patsanstha members and non-members also. Table no.3.7 shows the amount collected under Damduppat deposit scheme by the patsanstha.

Table No. 3.6

Amount collected under Damduppat deposit scheme

(Rs. in lakhs)

Year	Amount of Deposit
2000-2001	2.54
2001-2002	8.81
2002-2003	13.30
2003-2004	16.00
2004-2005	25.52

Source: Compiled from annual reports of the patsanstha

Table 3.6 shows the amount of Damduppat deposit scheme. It was Rs.2.54 lakhs in the year 2000-2001, increased to Rs.25.52 lakhs in the year 2004-2005. The deposit had increased by 10 times. This was an indication of the trust shown by the depositor in the patsanstha. The Damaduppat deposit accounted for 18 percent of total deposit in the year 2004-2005.

3.8 Building Deposit :

The Building Deposit is a separate scheme from demand deposit, fixed deposit etc. It is generated by patsanstha for a particular object i.e. construction/ purchase the building. The pasasnstha had collected an amount of Rs.0.89 lakh under the building deposit scheme. This deposit is compulsory to all members. It is a non-refundable deposit.

3.9 Sanghthan Deposit :

Sanghthan deposit is another type of non-refundable deposit. It is compulsory for every member to pay Rs.20 per month from his salary towards this deposit. The deposit is collected for contributing to the expenses of the backward class M.S.E.B. employee organization at Nagpur. This organisation conducts various social and other activities for its members. The patsanstha collected an amount of Rs. 0.16 lakh at the end of the year 2003-2004.

3.10 Member Retirement Deposit :

The backward community employees of M.S.E.B. get the patsanstha membership. Every employee gets retired from the service of M.S.E.B. after a prescribed service period. After retirement he gets a large amount in the form of provident fund, gratuity in one lump-sum amount.. This huge amount can be invested in the patsanstha under 'member retirement deposit scheme.' This scheme was started in the year 2003-2004. The amount of deposits under the scheme was Rs.1.30 lakhs at the end of the year 2004-2005.

3.11 Advances Performance : (Loan Policy)

The patsanatha grants loans to its members under three schemes viz. General loan, Emergency loan, and Mortgage loan. General loan is given for a period of 40 months and the amount of loan is 35 times of net salary with a maximum of Rs. 2 lakhs. At present interest at the rate of 13 percent is charged on the General loan. The loan is sanctioned on the security of the salary certificate. It is therefore very easy way of getting loan from the patsanstha.

The General Loan is given for various purposes such as expenses of marriage and education expenses of children of members, construction or purchase of house property. Thus members are relieved of the tension of raising funds for these purposes.

The emergency loan is granted to meet the urgent needs of members like the expenditure on medical treatment. The limit of emergency loan is Rs.50,000 and it is repayable in 10 monthly installments. Interest at 10 percent is charged on the amount of emergency loan. This scheme helps the members to meet their urgent requirement of funds.

The patsansta also gives Mortgage loans for purchase of equipments like television set, computers, furniture, other household goods and vehicles. The amount of loan is equal to the cost of goods to be purchased. This loan carries interest at the rate of 13 percent p.a. and is repayable in 40 monthly installments.

The patsasnthas also grants loans against the deposit of members and non-members at the rate of 13 percent p.a. The amount of loan is restricted to 80 percent of amount of deposit.

The salient features of loan schemes are shown in Table-3.7.

Table No. 3.7

Salient features of various types of loans of patsanstha

Sr. No.	Types of loan	Maximum amount (in Rs)	Period for repayment (in months)	Rate of Interest (p.a)	Security	Purpose
1	General Loan	2,00,000	40 installments	13%	Salary Certificate	Exp. Of marriage and edu. of children, construction or purchase of house property
2	Emergency Loan	50,000	10 installments	13%	Salary Certifacate	Medical
3	Loan against mortgage of goods	Equal to the price of goods	40 installments	13%	Goods	For Purchase of goods
4	Loan against deposit	80% of amount of deposit	Period of deposit	13%	Deposit amount of	Various purposes

Source: Compiled from annual reports of the patsanstha

3.12 Break up Loans of Patsanstha :

Table No. 3.8

Break up loans of patsanstha

(Rs.in lakhs)

Years	General loan	Emergency loan	Mortgage loan	Loan against deposit	Total
2000-2001	139	5	5	149
2001-2002	148	5	6	159
2002-2003	168	7	4	1	180
2003-2004	227	11	2	4	244
2004-2005	229	15	2	3	249

Source: Compiled from annual reports of the patsanstha

The General loans accounted for more than 90 percent of the total loans disbursed by the patsanstha in all the years under study. Whereas the proportion of emergency loans and mortgage loans was found to be less than 10 percent. Thus it can be concluded that the patsanstha has fulfilled credit requirements of its members in a satisfactory manner. It has also helped the members in their emergency. Loan was also granted for purchase of domestic appliances, furniture and vehicles. On the whole the loan performance of patsanstha was found to be satisfactory.

3.13 Growth of Loans and Advances :

Table 3.9 shows the amount of loans and advances outstanding at the end of the financial year from 2001 to 2005. It was Rs.1.49 crore at the end of the year 2001, increased to Rs. 2.49 crore at

the end of 2005, thus recording 60 percent increase. It can therefore be concluded that the patsanstha has met the credit requirements of its members to a large extent.

Table No.3.9

Outstanding loan of the patsanstha
(Rs.in crores)

Year	Amount
2000-2001	1.49
2001-2002	1.59
2002-2003	1.80
2003-2004	2.44
2004-2005	2.49

Source: Annual reports of the patsanstha

3.14 Sanctioning of Loans : (Advances Procedure)

Application for loan must be submitted to the patsanstha in the prescribed form. This application form is printed in simple language in Marathi and is available in the patsanstha's office. On receipt of the duly filled in loan application necessary entry is made in the register maintained for the purpose. Then the patsanstha office makes scrutiny of the application and makes necessary enquiries, if necessary. The application for emergency loan is processed by the secretary of patsanstha and the cheque is issued immediately to the applicant member. The other loan application forms are put up before the Board in their meeting for sanction. The Board then sanctions or rejects the loan application, but most of the proposals are sanctioned by board of directors.

Before issuing the cheque for loan amount necessary bond is taken. The signature of borrower, guarantors are obtained in the presence of two witnesses. The board studies the credit history of the applicant to ascertain whether the previous loans were repaid in time. It is ensured that the amount of loan applied for is within the limits prescribed and the salary certificate and other documents if any are attached to the application.

Thus it is observed that the board has formulated a rational loan policy and follows strictly the procedure laid down.

3.15 Supervision and Recovery of Loan:

Recovery of loans is an important function of the patsanstha. As per the need director body and employees of patsanstha can look after the following...

- i) **Actual use of loan** : It is seen whether the loan taken is utilized for the purpose for which it is taken. For this the patsanstha asks the borrower to submit the plan of building from the architect, utilization certificate, completion certificate and the bill of goods purchased.
- ii) Keeping a watch on operation and financial aspects of the borrowers.
- iii) Ensuing that the borrower repay the loan in time

The defaulters of this patsanstha are very less because the loan repayment is linked to the salary of the borrowers.
