



**A STUDY ON THE DEPOSIT AND LENDING OPERATIONS  
OF NICHOLSON CO-OPERATIVE TOWN BANK  
LIMITED, THANJAVUR**

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**Abstract:**

The deposits and lending of money plays a major role in banking sector. The success and development of the any banks depending upon the performance of deposits and lending operations of the bank. Co-operative Urban Bank, as such, is an urban Institution, which accepts various types of deposits from the public and provides loan to satisfy their personal needs and requirements. In this study examine to understand the various deposits and lending operation of the Nicholson's Urban Co-operative Bank, Thanjavur.

**Key Words:** Deposits, Lending, Short-Term Loan & Medium Term Loan

**Introduction:**

The origin of the Urban Co-operative 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. The Urban Co-operative banks being primary co-operative credit institutions function individually as there is no separate secondary or higher tier institutions for them at district level and state level. The Urban Co-operative Banks even though as a primary Co-operative institution, their area of operation in many cases extend to more than one state. Such institution is registered under Multi State Co-operative Societies Act, 2002. In addition to this structure, there are salary earners/wage earners/employees credit co-operative societies.

**Objectives of the Study:**

- ✓ To understand the various types of deposits offered by the Nicholson Urban Co-operative Bank, Thanjavur.
- ✓ To analyse the lending operations of the NCUB.
- ✓ To offer suitable recommendations to improve the deposits and strengthen the lending operations of the NCUB.

**Methodology:**

The study is based on secondary data. The secondary data were collected from the Annual Reports, Office Records and Registers of the NCUB. Simple statistical tools may be used like Mean, SD, CV, Maximum and Minimum to analyse the data.

**Period of Study:** The study is confined to a period of five years from 2011-2012 to 2015-2016.

**Limitations of the Study:**

- ✓ This study concentrate only Deposit mobilization and lending operations of the NCUB.
- ✓ This study covers a period of five years from 2011-12 to 2015-16.
- ✓ 2016-16 data is not included due to non-availability of data.

**Types of Deposit:**

The bank borrows by accepting deposits of money from the public. These deposits are to be repaid on demand or after a fixed period. It accepts deposits for the purpose of lending mainly to traders, merchants, manufacturers and salaried people or for investment in government securities. The NCUB accepts various types of deposit depending upon the requirements of each class of customers. There are:

- ✓ Savings Deposit
- ✓ Current Account Deposit
- ✓ Fixed Deposit

**Savings Deposit:**

Savings Deposit accounts are opened mainly for the purpose of encouraging the habit of saving among the salary earners and middle class people. Savings account can be opened with a small amount of Rs. 100 and for cheque operation the amount is Rs.250 NCUB offers 4% interest.

**Current Account:**

Current account deposit forms the most important type of bank accounts. These accounts are suitable to business concerns like, businessmen, local/public authorities, government department, companies, colleges, etc. It is usually opened by businessmen. There are no restrictions for deposits and withdrawals from a current account. Since the deposits are payable on demand they are called demand deposits.

**Fixed Deposits:**

Fixed deposits form one of the most important types of bank deposit. They are opened by small investors who do not want to invest their money in risky industrial securities, but wish to deposit their money in banks and earn good and steady income. In the case of fixed deposit accounts, fixed accounts are deposited by customers for fixed periods at fixed rate of interest.

Performance of Deposits Account (Rs. In Lakhs)

Year	Fixed Deposits	Savings Deposits	Current Deposits
2011-12	6,344.60	862.94	260.26
2012-13	8,083.63	836.23	254.85
2013-14	10,052.81	976.11	290.09
2014-15	10,687.98	1,118.07	486.98
2015-16	10,534.43	1,256.97	406.12
Maximum	10,687.98	1256.97	486.98
Minimum	6,344.60	836.23	254.85
Mean	9,140.69	1,010.06	339.66
SD	1,877.77	177.23	102.56
CV			

Source: Bank Records

The above table shows that the performance of deposits during the study period from 2011-12 to 2015-16. It was observed that the deposits of the bank was increasing every year when compared to the base year 2011-12. In the year 2013-14, the amount of fixed deposit was increased at huge value and then it was increasing the minimum level

**Lending Operations of NCUB:**

The NCUB provides three different types of loans. They are,

- ✓ Short-Term Loan
- ✓ Medium-Term Loan
- ✓ Long-Term Loan

**Short-Term Loan:**

Short-term loan is usually granted for a period less than one year. The bank provides the following types of short-term loans.

- ✓ Cash credit loan
- ✓ Jewel loan
- ✓ Deposit loan
- ✓ Staff festival loan
- ✓ Micro credit to women members and
- ✓ Self-Help group loan.

Years	2010-11	2011-12	2012-13	2013-14	2014-15
Cash Credit loan	95,60,865 (3.28%)	1,48,10,266 (3.52%)	1,48,69,911 (3.46%)	1,38,33,036 (3.48%)	1,43,28,896 (3.42%)
Jewel Loan	27,09,68,892 (92.96%)	39,13,36,026 (93.01%)	39,98,97,471 (93.05%)	37,06,29,963 (93.24%)	39,28,29,616 (93.76%)
Deposit Loan	43,14,049 (1.48%)	51,75,178 (1.23%)	48,99,335 (1.14%)	43,72,511 (1.10%)	44,83,017 (1.07%)
Staff festival loan	87,446 (0.03%)	1,68,298 (0.04%)	1,71,906 (0.04%)	1,59,000 (0.04%)	1,67,589 (0.04%)
Micro credit to women members	4,95,533 (0.17%)	5,89,044 (0.14%)	6,44,649 (0.15%)	6,36,002 (0.16%)	6,70,358 (0.16%)
SHGs	60,62,987 (2.08%)	86,67,372 (2.06%)	92,82,950 (2.16%)	78,70,520 (1.98%)	64,94,090 (1.55%)
Total	29,14,89,772 (100%)	42,07,46,184 (100%)	42,97,66,223 (100%)	39,75,01,033 (100%)	41,89,73,567 (100%)

Source: Bank Records

The above data clearly explained that the short term loan provided by the bank during the study period 2011-12 to 2015-16. It clearly indicates that the jewel loan of the NCUB was increased by every year when

compared to the base year. The bank also provide loan to women members in the name of micro credit, SHGs, etc. it was also increased every year. The bank provide staff festival loan to their staff members. The total short term loan was increased every year when compared to the base year except in the year 2013-14 due to providing of jewel loan and SHGs loan to its members. Out of the Short-Term loan, Jewel loan constitutes a major part during the study period, followed by the Cash credit loan, SHGs loan, Deposit loan, Micro credit loan and Staff festival loan.

**Medium-Term Loan:**

The medium term loan is given for a period ranging from 12 months to 60 months for the purposes such as reclamation of land, building and other land improvement, purchase of livestock, machinery and sinking of wells. The bank provides medium-term loan under the following categories.

- ✓ House Mortgage loan
- ✓ Deposit loan
- ✓ Staff loan
- ✓ Government security loan
- ✓ Surety loan
- ✓ Staff provident fund loan
- ✓ Share capital loan to members

Years	2010-11	2011-12	2012-13	2013-14	2014-15
House Mortgage loan	3,23,08,869 (23.66%)	3,92,71,212 (29.32%)	5,12,19,770 (32.46%)	8,92,80,225 (41.17%)	2,21,82,194 (42.24%)
Deposit Loan	33,86,559 (2.48%)	39,37,836 (2.94%)	50,17,833 (3.18%)	90,86,328 (4.79%)	27,01,308 (5.15%)
Staff loan	27,44,752 (2.01%)	21,56,434 (1.61%)	57,75,242 (3.66%)	69,39,439 (3.20%)	15,47,351 (2.95%)
Govt. Security loan	83,98,121 (6.15%)	64,82,697 (4.84%)	57,75,242 (3.66%)	69,39,439 (3.20%)	15,78,822 (3.01%)
Surety loan	8,88,15,252 (65.04%)	8,10,73,891 (60.53%)	8,82,85,463 (55.95%)	10,42,65,076 (48.08%)	2,41,38,675 (46.02%)
Staff PF Loan	8,73,951 (0.64%)	9,77,762 (0.73%)	16,56,832 (1.05%)	2,60,229 (0.12%)	2,83,244 (0.54%)
Share Capital loan to members	27,311 (0.02%)	40,182 (0.03%)	63,117 (0.04%)	86,743 (0.04%)	20,981 (0.04%)
Total	13,65,54,815 (100%)	13,39,40,015 (100%)	15,77,93,499 (100%)	21,68,57,480 (100%)	5,24,52,574 (100%)

Source: Bank Records

The table indicates the Medium-term loan provided by the NCUB during the study period from 2011-12 to 2015-16. Out of the medium-term loan, surety loan constitutes a major share provided by the NCUB, followed by the House mortgage loan, Govt. security loan, deposit loan, staff loan, staff PF loan and share capital loan to members. The Surety loan provided by the bank increasing every year when compared to the base year. It indicates the members got huge amount of medium loan in the name of surety loan and House mortgage loan except in the year 2015-16.

**Long-Term Loan:**

The NCUB grants long-term loan only for building houses against the mortgage of such property. The loan is to be repaid by monthly instalment for the period of ten years along with 11% interest for the principal amount due on the loan. The housing loans are granted to

- ✓ Members of the NCUB AND
- ✓ Permanent employees of this sample bank.

Years	2010-11	2011-12	2012-13	2013-14	2014-15
Housing loan to Staff members	84,06,758 (43.21%)	83,84,983 (44.51%)	82,08,452 (41.02%)	2,91,25,247 (37.24%)	6,15,21,036 (23.61%)
Housing loan to members	1,10,48,827 (56.79%)	1,04,53,443 (55.49%)	1,18,02,402 (58.98%)	4,90,84,332 (62.76%)	19,90,50,908 (76.39%)
Total	1,94,55,585 (100%)	1,88,38,426 (100%)	2,00,10,854 (100%)	7,82,09,579 (100%)	26,05,71,944 (100%)

Source: Bank Records

The above data clearly indicates the Long term loan provided by the bank during the study period from 2011-12 to 2015-16. It was clearly observed that the housing loan provided to the members of the bank will get increased every year when compared to the base year 2011-12. In the year 2014-15 and 2015-16, the housing

loan provided by the NCUB was increased in double and thrice times when compared the past years. The Govt. policy emphasis the adequate infra-structure provided to the public, hence every bank advised to give more number of housing loan to the public.

**Findings:**

- ✓ The fixed deposits provided by the bank increased every year at increasing rate.
- ✓ The savings deposits and current deposits also increased. In the year 2014-15 it was increased much more.
- ✓ Out of the short term loan provided by the NCUB, the jewel loan constitutes a major role in this short term loan.
- ✓ Surety loan increased every year in the same time share capital loan to members decreased by fluctuating rate.
- ✓ In Long term loan, Housing loans provided to the bank has increasing rate in the every year when compared to the base year 2011-12.

**Suggestions:**

- ✓ The bank should concentrate more deposits received from the public because this is modern trend so many banks are comes today to give variety of offers to attract the public to meet out the competing banks, the NCUB also gives offer to attract the deposits.
- ✓ The NCUB should introduce some of attractive high rate of deposits like pea-cock re-investment scheme provided by the MCUB
- ✓ The bank may offer some free gifts like Diaries, Key chains, Hand bags, Wall clocks, Calendars, etc. to motivate them to mobilize more deposit.
- ✓ The NCUB should give more loan to the prompt repayers of loan
- ✓ The bank should give awards to the prompt repayers. It helps to encourage the regular repayers.

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