CHAPTER - III
PROFILE OF THE PRIMARY AGRICULTURAL CO-OPERATIVE BANK, KARIPPATTI.
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3.1 INTRODUCTION

The co-operation banking structure is pyramidal or federal in character. At the base, that is, at the village level, there is a primary credit society upon which the whole edifice of co-operative credit is based. These societies are federated at the district level into a central society called the Central Co-operative Bank. At the state level, the district banks are federated into an apex bank. The apex or state co-operative bank in its turn is closely linked with the National Bank for Agriculture and Rural Development, which provides considerable financial assistance to co-operative credit structure. This is the set-up in regard to short-term financing. The urban, co-operatives however, do not exactly fit into this federal structure. The long-term credit structure at the moment consists of two tiers; there are primary land mortgage banks at the base and central land mortgage banks at the top. In some states central land development banks operate through their Branches. There are, in addition, a few industrial banks operating at the state or district level. A chart given on next page brings out the structure of the co-operative structure.

It is a merit of this set-up that; though the institutions at the different levels are connected with each other by the bond of affiliation, they are, in financial and legal terms, distinct entities, each
serving a set of specific purposes which justify its existence as an independent unit. Together, these institutions constitute an effective machinery functioning as balancing centers within the movement and supplementing the internal financial resources by borrowing from outside. Accordingly, the assist in supplying agricultural credit in the volume required, supervising its use and effecting its recovery on due dates. At the same time, the fact that the structure is federal in character and that the institutions at the different levels are independent legal entities also implies that the strength of the chain depends upon the strength of each of the links.

A study group of the National Credit Council presided over by Dr.D.R.Gadgil, has stated. “The Co-operative banking system is an integrated one and, because of its three-tier structure, has been enabled to extend credit to agriculturists, artisans and small men in general. The three-tier system also allows a rationalized flow of resources from the metropolitan centres to the villages and combines this with fairly low costs of operations”.

CO-OPERATIVE CREDIT STRUCTURE

- AGRICULTURAL CREDIT SOCIETIES
  - SHORT TERM & MEDIUM
    - STATE CO-OPERATIVE BANKS
      - CENTRAL CO-OPERATIVE BANKS
        - PRIMARY AGRICULTURAL CREDIT SOCIETIES
        - GRAIN BANKS

- NON-AGRICULTURAL CREDIT SOCIETIES
  - LONG TERM
    - STATE CO-OPERATIVE BANK
      - STATE INDUSTRIAL CO-OPERATIVE BANKS
        - CENTRAL INDUSTRIAL BANKS
      - PRIMARY NON-AGRICULTURAL CREDIT SOCIETIES
        - OF WHICH
          - EMPLOYERS CO-OPERATIVE CREDIT SOCIETIES
          - URBAN CO-OPERATIVE BANKS
3.2 AGRICULTURAL CREDIT SOCIETIES

Agricultural Credit Societies are the kernel of the co-operative movement in India. They are the very foundation stone of the co-operative credit structure and constitute by far the largest number of co-operative institutions in India. The objects of these societies show a good deal of variation. Most of them have, however, been organized with a view to provide credit facilities and to inculcate the habit of thrift and economy among their members. Most of these societies were originally formed on Raiffeisen model, though, recently, there have been certain significant deviations from the orthodox principles. The essential elements of a Raiffeisen society inter alia are; a restricted area of operation, unlimited liability, gratuitous Management and permanent indivisible reserve fund. Most significant deviations are in respect of liability, area of operation, honorary management and participation of the government in the society as a shareholder. These deviations have been regarded as revolutionary and they mark a complete break from the Raiffeisen model.

3.3 ORIGIN

Karippatti Primary Agricultural Co-operative Bank was Registered on the basis of Co-operative Act on 16.03.1917 and it functioned on 02.04.1917 and it fulfills needs, Karippatti Primary
Agricultural Co-operative Banks includes two villages area of operation and it control Karippatti, Karumapuram ration shops and kerosene bank functions perfectly.

The power of Primary Agricultural Co-operative Bank underlying the Special Officer and functions properly.

3.4 OFFICE ORGANISATION FUNCTION

\[\text{Special Officer} \quad \rightarrow \quad \text{The Secretary} \quad \rightarrow \quad \text{Manager} \quad \rightarrow \quad \text{Cashier} \quad \rightarrow \quad \text{One Chief Writer} \quad \rightarrow \quad \text{Office Assistance}\]

3.5 MEMBERS AND SHARE CAPITAL:

Primary Agricultural Co-operative Bank consist two type of members

i) ‘A’ Class Members

ii) ‘B’ Class Members
‘A’ Class members has to pay as the share amount and will become a member to the society, by this they can enjoy the power of voting and they can receive any types of loan by the bank.

‘B’ Class members are Namesake members to the society and have to pay Rs.5% and they are able to receive only jewel loan.

3.6 FUND POSITION

Central Co-operative Bank provides more funds to the Primary Co-operative Bank and this bank functions with the share capital of the government and the received the share capital from the public.

3.7 DEPOSITS

Fixed Deposit:

If the customers feel that is amount has not been expensed for certain period he can protect that amount by the fixed deposit in this bank and the interest given the amount if the banks knows that amount will be a fixed deposit for certain period and facilitates to give loan from that amount to others.

Due period and Interest:

1. From 15 days to 45 days 4.5%
2. From 46 days to 90 days 5.5%
3. From 91 days to 180 days 6%
4. From 181 days to 364 days 6.5%
5. From 1 year to 2 years 7%
6. From 2 years to 3 years 8%
7. Above 3 years 8 3/4%

Recurring Deposit:

The process of depositing a certain amount for every month and after that and end of the period receiving the amount with interest.

Savings Deposit:

Important of this account by this the poor and middle class of this society save the part of their earnings and by the interest of it there increasing their amount and utilize it for the feature use. This type of bank account will be started by all people. Like these deposits public and members are benefited.

The Rate of Interest:

Savings Deposit : 6%
Recurring Deposit : 11.5% to 13.15%
3.8 SERVICES OF THE CO-OPERATIVE SOCIETY

i) Receiving deposit from the members and non-members and sanctioning loan for the agricultural production to the members.

ii) Improving thrift and co-operative aims are issue loan to the members and other members.

The sanctioning loans may be:

Agricultural Loan, Non-agricultural Loan

iii) Distributing consuming products and agricultural instruments to the needful members. It purchasing and selling the seeds, fertilizers, festicide, insecticides and other products.

iv) It provides agricultural instruments or agricultural machines on rent to the members.

Primary Agricultural Co-operative Bank select the banking management group through election. This group consists of 11 members among them 33% women and 17% SC and Adi-dravidar should take for in the group one of them is selected as the President and another to assist him. His posting period is three years. But know government increased the period of posting to the at present
managing group. They are not paid. It is a honourable post. They have power to add and delete the members.

3.9 ISSUING LOANS BY BANKS

Primary Agricultural Co-operative Bank issue loans to the public and the members fulfil their needs. The following loans issued by the banks.

i) Crop Loan

ii) Middle-term Loan

iii) Jewel Loan

iv) Consumer Loan

v) Savings Deposit Loan

vi) Small Scale Industry Loan

vii) Self Financing Group Members Loan

**Crop Loan:**

This loan issued for short duration planting (Annual) and long duration planting (perrenial).

Short-term Crop Loan (it gives Rs.2,400) among this half of the amount will be given as fertilizer and the remaining amount as cheque.

Middle-term loan given for sugarcane planting. This is also issued as like the short-term Crop Loan.
Jewel Loan:

Primary Agricultural Co-operative Bank issued Jewel Loan to both the members and non-members. This loan can issue extremely upto one lakh on behalf of jewels to a person. The rate of interest is 12.0%. It gives Rs.250 per a gram of gold like this one person can receive one lakh as loan. It collects 3% penalty interest to the over due.

Consumer loan:

On the basis of management agreement. Consumer Loan is issue to the Government Staff Members and to the Staff of the Institution. This loan is upto Rs.10,000 and its duration is one year.

Commercial Loan:

Commercial Loan is issued to the ‘A’ Class members only.

Deposit Loan:

Deposit receipts are issued for the purpose of receiving loan from the bank by bonding the receipt for urgent needs. We can receive 75% of the deposit as loan. This loan is completed at the end of duration period and the interest of that loan is collected two percent above the rate of interest given the deposit.
**Small Scale Industrial Loan:**

Primary Agricultural Co-operative Bank issued Rs.45,000 to 9 members (Rs.5000 per head). This loan issued for the members those who are doing the business on flower, vegetables, tiffen, etc. This loan can be recovered by hundred days from them (Daily Rs.50 + interest 2.25%).

**Self Financing Group Loan:**

Self Financing Group of the bank are entered as the members of this bank can receive this type of loan. This loan issued to them from the self finance of the bank or by receiving loan from District Central Co-operative Bank and with the subsidiary of the members is given to them as the loans. The self financing group members are responsible to collect the loan.

Primary Agricultural Co-operative Bank issued short-term loan to both ‘A’ Class members and ‘B’ Class members. This loan period is 11 months.

Primary Agricultural Co-operative Bank issued medium term loan to both ‘A’ Class Members and ‘B’ Class Members. This loan period is from 5 years to 7 years.

Primary Agricultural Co-operative Bank has issued Rs.14000 to women small scale industry loan.
3.10 FUNCTIONS OF PACB

i) To help members while framing the programme of production.

ii) To lend liberally and at times even without any security to the small and landless farmers.

iii) To provide all consumption needs to small farmers.

iv) To inculcate the habit of thrift and mobilize the idle resources from the villagers.

v) To manage and supervise the utilization of loans.

vi) To procure and distribute fertilizers, seeds, pesticides and agricultural implements to the members.

vii) To supply essential consumers goods like sugar, Kerosene, Rice, etc to the members.

3.11 BOOKS MAINTAINED BY THE PRIMARY AGRICULTURAL CO-OPERATIVE BANK

1. Admission Books

2. Day Book

3. Bill Book

4. Chitta Book

5. Cash Receipt Book

6. Loan Ledger

7. Property Statement of Members
8. Jewel Loan Ledger
9. General Ledger
10. Central Co-operative Bank Loan Ledger
11. Liability Register.
12. Fertilizer Stock Book
13. Dividend Register
14. Fixed Deposit Register
15. Thrift Deposit Register
16. Despatch Register
17. Register of Closed Loan
18. Investment Register
19. Staff Attendance Register
20. Invoice File
21. Voucher File

3.12 SOURCES OF FUNDS

The Working Capital of a Primary Agricultural Co-operative Banks is composed of

a) Share Capital
b) Admission Fees and Other Fees
c) Deposits
d) Members Thrift Deposits
e) Surplus Assets or Reserve Funds

f) Loans (borrowed from Salem District Central Co-operative Bank)

g) And other extra incomes.

3.13 MEMBERS

1) The persons who attained the age more than 18 years can become the member of the society.

2) The persons doing cultivation or other related business in the place where the bank operator, can also become a member.

3) The minor persons, lunatic persons cannot become a member.

4) The person without doing cultivation business can also become a member, but for their name sake only.