

An Analysis of Service Rendered by Srivilliputhur Primary Agriculture Co-Operative Society

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Abstract

Srivilliputhur Primary Agriculture Co-operative Society (SPACS) was established in the year 1966 by A.Sundarajan, the founder of SPACS. The Society was registered on 29th October 1966. Then it makes its commencement on 31st October 1966. At present Mrs.Z.TajNoor is the special officer in the society and R.S.Govidan is the secretary of the society. It is located near N.G.O.colony, opposite to Lions Matriculation Secondary school in Srivilliputhur. The deposit branch office located at North Car Street, Srivilliputhur. The main object of the society is to provide the financial assistance to farmers, since the society is located near cultivable lands. It is easy for the agriculturists to approach the society for obtaining various types of agricultural loans. 18 villages and more than 2100 agricultural family members are being benefited under SPAC society. SPAC society is providing finance for 29 acres cultivable land. At the beginning of the year 2011-2012 at 6127 members getting loan from the society and then 1132 members were benefited under SPACS during the end of the year. At the present 12 members are working in the SPAC society. Sugarcane, paddy, banana, coconut, chilly, groundnut and cotton is the major crops cultivated in the area under SPAC society.

OBJECTIVES OF SPACS:

- To trace the history and growth of Srivilliputhur Primary Agricultural Co-operative Society.
- To analyze the deposit mobilization and credit management of Srivilliputhur Primary Agricultural Co-operative Society.
- To summarize the findings of the study and offer suitable suggestions for the improvement of the SPACsociety.

SERVICE RENDERED BY SPACS:

The Service Rendered by SPACS are mainly consisting under the services:

- ✚ Accepting Deposits and
- ✚ Advancing Loans

1. Accepting Deposits

The first and foremost services provided by SPACS is that it accepts the deposits from its members and provides nominal interest to them for the amount deposited. Normally Co-operative Society provides extra ½% interests along with the actual interest for the deposits deposited by the members as compared to that of the commercial banks.

✓ Fixed Deposits

Fixed deposit is also known as term deposit under fixed deposits account certain sum of money is deposited in the Society for a specified time period which ordinarily varies from 3months to 5months with a fixed rate of interest. The minimum time period provided by the society for the fixed deposit is 46 days–90 days. The maximum duration for fixed deposit account in the society is 2 years. The following Table 1.1 shows the fixed deposit position of the SPAC Society during the past ten years from 2001-2002 to 2010-2011.

Table 1.1 Fixed Deposit position of SPAC Society

(₹incrores)

Year	Fixed Deposit	Total Deposit	% of fixed Deposit to Total Deposit
2001 – 02	417.08	952.36	43.79
2002 – 03	629.09	1181.6	53.24
2003 – 04	685.03	1296.57	52.83
2004 – 05	709.19	1377.24	51.49
2005 – 06	774.32	1549.62	49.97
2006 – 07	816.25	1645.46	49.61
2007 – 08	896.52	1758.73	50.98
2008 – 09	981.20	1966.08	49.91
2009 – 10	918.30	1964.91	46.73
2010 – 11	1238.53	2753.03	44.99
Average			49.35

Source: Audit Report of SPAC Society.

The above Table 1.1 indicates the fixed deposit mobilized by the SPAC and percentage of fixed deposit to total deposit during the past ten years from 2001-2002 to 2010-2011. The fixed deposit mobilization is showing a fluctuating trend. Which range from 43.79% to 53.24%. During the year 2001-2002 percentage of fixed deposit to total deposit is 43.79%, which increased to 53.24% during the year 2002-2003. After which the percentage of fixed deposit to total deposit started reducing slightly reaching 49.61% during 2006-2007. It is conclude that on an average the SPAC society mobilized 49.35% of fixed deposit during the past ten years.

✓ **Saving Bank Deposits**

Saving Bank accounts are opened for the purpose of encouraging the saving habit. The main advantage of saving bank account is its high liquidity and safety. SPAC society provided 3 ½% interest for the depositors on saving bank account. The minimum balance to be maintained in this account is Rs.100. The following Table 1.2 shows the saving deposit position of the SPAC Society during the past ten years from 2001-2002 to 2010-2011.

Table 1.2 Saving Deposit position of SPAC Society

(₹incrores)

Year	Saving Deposit	Total Deposit	% of Savings Deposit to Total Deposit
2001 - 02	526.54	952.36	55.29
2002 - 03	541.98	1181.6	45.87
2003 - 04	600.38	1296.57	46.31
2004 - 05	760.35	1377.24	55.21
2005 - 06	654.58	1549.62	42.24
2006 - 07	813.89	1645.46	49.46
2007 - 08	845.10	1758.73	48.05
2008 - 09	966.13	1966.08	49.14
2009 - 10	1025.31	1964.91	52.18
2010 - 11	1492.15	2753.02	54.20
Average			49.795

Source: Audit Report of SPAC Society.

The above Table 1.2 shows that the saving deposit mobilized by SPAC society and percentage of saving deposit to total deposit during the past ten years from 2001-2002 to 2010-2011. The saving deposit mobilization is showing a fluctuating trend, which range from 55.29 percentage to 42.24 percentage. During the year 2001-2002 percentage of saving deposit to total deposit is 55.29 percentage which decreased to 42.24 percentage during the year 2005-2006. It is concluded that on an average the SPAC society mobilized 49.795 percentage of saving deposit during the past ten years.

✓ **Recurring Deposits**

Recurring deposits, a specific amount is invested by the customer on monthly basis for a fixed rate of return. These deposits have a fixed tenure and at the end of the specified period, the principal amount as well as the interest rate earned during that period is returned to the investor. Every recurring depositor shall pay his monthly deposit before the end of the calendar months to which it relates. If he fails to pay, he shall be charged a fine by the society. The SPAC society provides interest rate of 12.5% for 2 years deposits and 15% interest

for deposits above 2 years. The following Table 1.3 shows the recurring deposit position of the SPAC Society during the past ten years from 2001-2002 to 2010-2011.

Table 1.3 Recurring Deposit position of SPAC Society

(₹ in lakhs)

Year	Recurring deposit	Total deposit	% of Recurring deposit to Total deposit
2001 – 02	8.74	952.36	0.92
2002 – 03	10.53	1181.6	0.89
2003 – 04	11.16	1296.57	0.86
2004 – 05	13.47	1377.24	0.98
2005 – 06	14.95	1549.62	0.96
2006 – 07	15.32	1645.46	0.93
2007 – 08	17.11	1758.73	0.97
2008 – 09	18.75	1966.08	0.95
2009 – 10	21.30	1964.91	1.08
2010 – 11	22.34	2753.02	0.81
Average			1

Source: Audit Report of SPAC Society.

It could be observed from Table 1.3 that the percentage of recurring deposit to total deposits collected by the SPAC society showed a mixed trend ranging from 0.81 percentage to 1.08 percentage. The highest percentage of SPAC society's recurring deposit was 1.084 percentage in 2009-2010 and the lowest percentage of recurring deposit SPAC society was 0.81 percentage in 2010-2011. It is concluded that on an average the SPAC society mobilized 0.935 percentage of recurring deposit during the past ten years.

2. Advancing Loans

SPAC society is providing various types of loans at nominal rate of interest to its customer. It comes to the reuse of the people at the time of pressing need of money by issuing various kinds of loans. When a service provider makes an advance in a lump sum, the whole of which is withdrawn and is supposed to be repaid generally wholly at one time is called loan.

SPAC from the year 1978 provided only agricultural loans and jewel loans. Later from 1979 it started the various loans provided by SPAC include marginal farmer's loan, small scale industry loan, self help group loan, consumer article loan.

✓ Marginal Farmers Loan

Marginal farmer's loan is mainly issued to help the weaker section of the farmer's category. The amount of loan given to marginal farmers depends upon the type of crop that is to be cultivated by them. The Government of Tamil Nadu has fixed amount of the loan to be issued to the various crops and accordingly the society issues the loan to the farmers. The farmer has to keep the acre value of crops as security in order to obtain this loan. The rate of interest charged by SPAC society for this loan is 9%. The following Table 2.1 shows the Marginal farmer loan of SPAC during the past ten years from 2001-2002 to 2010-2011.

Table 2.1 Marginal Farmers Loan position of SPAC (₹ in lakhs)

Year	Marginal Farmers Loan	Total Loan	% of Marginal loan to total loan
2001 – 02	4.65	154.47	3.01
2002 – 03	9.37	162.55	5.76
2003 – 04	9.84	183.94	5.35
2004 – 05	10.59	192.31	5.51
2005 – 06	2.06	211.83	0.97
2006 – 07	4.71	215.91	2.18
2007 – 08	4.97	181.28	2.74
2008 – 09	5.61	163.79	3.43
2009 – 10	19.78	276.41	7.16
2010 – 11	20.75	320.80	6.47
Average			4.258

Source: Audit Report of SPAC society.

Table 2.1 shows the marginal farmers loan provided by SPAC society during the past 10 years 2001-2002 to 2010-2011. The percentage of marginal farmers loan to total loan is showing a fluctuating trend, which ranges from 3.01 percentage to 5.51 percentage. During the year 2001-2002 the percentage of marginal farmers

loan to total loan is 3.01 percentage which highly increased to 5.51 percentage during the year 2004-2005. It is concluded that on an average the SPAC Society provided 4.258 percentage of marginal farmers loan during the past ten years.

✓ **Small Farmers Loan**

Small Farmers Loan is issued to farmers who are having lands ranging from 2 ½% acres to 5 acres. The amount of loan given to the farmers depends upon the type of crop that he is going to cultivate. The rate of interest charged by the SPAC society for this loan is 9% and it is calculated in terms of days. The following Table 2.2 shows the Small Farmerloan provided by SPACS during the past ten years from 2001-2002 to 2010-2011.

Table 2.2 Small Farmer Loan position of SPACS

(₹in lakhs)

Year	Small Farmer Loan	Total Loan	% of Small Farmer loan to total loan
2001 - 02	7.63	154.47	4.94
2002 - 03	8.16	162.554	5.02
2003 - 04	9.37	183.94	5.09
2004 - 05	2.95	192.31	1.53
2005 - 06	6.68	211.83	3.15
2006 - 07	7.18	215.91	3.33
2007 - 08	7.45	181.28	4.11
2008 - 09	18.24	163.79	11.14
2009 - 10	9.18	276.41	3.32
2010 - 11	18.74	320.80	5.84
Average			4.747

Source: Audit Report of SPAC Society.

Table 2.2 shows the small farmers loan provided by SPAC society during the past ten years from 2001-2002 to 2010-2011. The percentage of small farmers loan to total loan is showing as fluctuating trend. Which range from 4.94 percentage to 5.09 percentage during the year 2001-2002 to 2003-2004. It is concluded that on an average of the SPAC society providing the small farmers loan is 4.74 percentage during the past ten years.

✓ **Reschedule Loan**

Reschedule loan is another type of agricultural loan which is issued to the farmers at the time of continuous drought. When drought prevails to protect the farmers, Government direct the banks to reschedule the farmers loan and during drought time the farmers can make use of this loan. But the society charges 9% the rate of interest for this loan. The following Table 2.3 shows the Reschedule loan provided by SPACS during the past ten years from 2001-2002 to 2010-2011.

Table 2.3 Reschedule Loan position of SPACS

(₹in lakhs)

Year	Reschedule Loan	Total Loan	% of Reschedule Loan to Total Loan
2001 - 02	3.56	154.47	2.30
2002 - 03	4.59	162.55	2.82
2003 - 04	5.04	183.94	2.74
2004 - 05	8.93	192.31	4.64
2005 - 06	7.21	211.83	3.40
2006 - 07	5.63	215.91	2.61
2007 - 08	6.67	181.28	3.68
2008 - 09	6.47	163.79	3.95
2009 - 10	7.20	276.41	2.60
2010 - 11	5.48	320.80	1.71
Average			3.045

Source: Audit Report of SPAC Society.

Above Tale 2.3 shows the reschedule loan provided by SPAC society during the past ten years from 2001-2002 to 2010-2011. The percentage of reschedule loan to total loan showing as fluctuating trend, which range from 1.71 percentage to 4.64 percentage during the year 2001-2002 to 2004-2005, which slightly reduced from 3.95 to 1.71 percentage during the year 2008-2009 to 2010-2011. It is concluded that on an average the SPAC society provided 3.045 percentage of rescheduled loan during the past ten years.

✓ **Consumer Article Loan**

Consumer Article Loan is usually issued to the customers who wish to purchase luxurious consumer

items like T.V, refrigerator, washing machine. Till 1983, the society provided only Rs.15000 for this loan and since 1983 it started providing Rs.25000 for their customers. The duration for this loan is 3 years and the interest rate charged for the loan is 19%. In order to secure this loan, surety of two members needs to be produced by customer compulsorily. The following Table 2.4 shows the consumer article loan provided by SPACS during the past ten years from 2001-2002 to 2010-2011.

Table 2.4 Consumer Article loan position of SPACS

(₹in lakhs)

Year	Consumer Article loan	Total loan	% of Consumer Article Loan to Total Loan
2001 - 02	43.68	154.47	28.28
2002 - 03	50.47	162.55	31.05
2003 - 04	65.67	183.94	35.70
2004 - 05	67.13	192.31	34.91
2005 - 06	79.06	211.83	37.32
2006 - 07	36.12	215.91	16.73
2007 - 08	22.48	181.28	12.40
2008 - 09	12.81	163.79	7.82
2009 - 10	89.02	276.41	32.21
2010 - 11	92.27	320.80	28.76
Average			26.518

Source: Audit Report of SPAC Society.

Above Table 2.4 shows the consumer article loan provided by SPAC society during the past ten years from 2001-2002 to 2010-2011. The percentage of customer article loan to total loan shows the fluctuating trend, which range from 7.82 percentage to 37.32 percentage. During the year 2003-2004 the percentage of consumer article loan to total loan is 35.70 percentage which decreased to 32.21 percentage during the year 2009-2010. Which further decreased to 28.76 percentage during the year 2010-2011. It is concluded that on an average the SPAC society provided 26.518 percentage of consumer article loan during the past ten years.

✓ **House Mortgage Loan**

House mortgage loan is the loan in which the customer obtains the finance by keeping the house as security. The society provides 50% of the value of house as loan amount. In order to obtain this loan, the customer has to produce the original house document, encumbrance certificate for the past 30 years from registration office, map of the building approved by municipality to the officer. The officer forward the encumbrance certificates to their legal advisor to check whether any encumbrance is present or not. If encumbrance is not found, customers name gets registered by the officer and the loan amount will be sanctioned. The duration for this loan is 60- months. The interest charged by the society for this loan is 13%. The following Table 2.5 shows the house mortgage loan provided by SPACS during the past ten years from 2001-2002 to 2010-2011.

Table 2.5 House Mortgage Loan position of SPACS

(₹in lakhs)

Year	House Mortgage Loan	Total Loan	% of House Mortgage Loan to Total Loan
2001 - 02	3.86	154.47	2.50
2002 - 03	6.94	162.55	4.27
2003 - 04	8.36	183.94	4.54
2004 - 05	9.33	192.31	4.85
2005 - 06	11.63	211.83	5.49
2006 - 07	12.32	215.91	5.71
2007 - 08	13.45	181.28	7.42
2008 - 09	14.66	163.79	8.95
2009 - 10	15.39	276.41	5.57
2010 - 11	16.21	320.80	5.05
Average			5.435

Source: Audit Report of SPAC society.

It is observed from the Table 2.5 that the house mortgage loan provided by SPAC society during the past ten years from 2001-2002 to 2010-2011. which shows a steady increase till 2008-2009. It has increased from 2.50 percentage in 2001-2002 to 8.95 percentage in 2008-2009. But the percentage of House mortgage loan decreased to 5.57 percentage during the year 2009-2010 which further reduced to 5.05 percentage during the year 2010-2011. It is concluded that on an average the SPAC society provided 5.435 percentage of House

Mortgage Loan during the past ten years.

✓ **Agriculture - Jewel Loan**

Agriculture-Jewel loan is issued only to a class member. For obtaining this type of loan, no share is required, no guarantor is required. The loan amount given will actually be less than the land value. The main difference between the jewel loan and the Agri-jewel loan is the interest rate charged by them. In case of jewel loan, the interest charged is 11% and in case of agriculture-jewel loan, the interest charged will be 13%. The following Table 2.6 shows the Agriculture jewel loan provided by SPACS during the past ten years from 2001-2002 to 2010-2011.

Table 2.6 Agricultural Jewel Loan position of SPACS

(₹ in lakhs)

Year	Agricultural Jewel Loan	Total Loan	% of Agricultural Jewel Loan to Total Loan
2001 – 02	15.94	154.47	10.32
2002 – 03	20.21	162.55	12.43
2003 – 04	21.72	183.94	11.81
2004 – 05	34.11	192.31	17.74
2005 – 06	42.00	211.83	19.83
2006 – 07	59.12	215.91	27.38
2007 – 08	39.14	181.28	21.59
2008 – 09	26.14	163.79	15.96
2009 – 10	11.98	276.41	4.33
2010 -11	15.66	320.80	4.88
Average			14.627

Source: Audit Report of SPAC Society

Above Table 2.6 clearly indicates the agriculture jewel loan provided by SPAC society during the past ten years from 2001-2002 to 2010-2011. The percentage of agriculture jewel loan to total loan shows a steady increase till 2006-2007. It has increased from 10.32 percentage to 27.38 percentage during the year 2001-2002 to 2006-2007. After which continuously decreased to 21.59 percentage to 4.88 percentage during the year 2007-2008 to 2010-2011. It is concluded that on an average the SPAC society provided 14.627 percentage of agriculture jewel loan during the past ten years.

SUGGESTION

- ✓ The society has to conduct large number of deposit mobilization programmes in order to mobilize more fund from the public.
- ✓ The society should make effective supervision before and after the loan was sanctioned to avoid diversion of loan for other purpose.
- ✓ The society should watch over the due dates and it should intimate the same to the members concerned. To increase deposits the society must highlight the higher rates of interest offered by them, that is, half a percent more than what is offered by the commercial banks for similar deposits.
- ✓ The society should be managed by those who are service minded and supporters of Co-operative policies.

CONCLUSION

Primary Agriculture Co-operative society in rural areas mainly finances agricultural based activities including farming, cattle, milk, and hatchery. Co-operative society takes deposits and lends money in most parts of the world. Primary Agriculture Co-operative societies are permitted to mobilize deposits from the public for issue of loans and advances. The service rendered by SPACS, clearly indicates that the society is functioning best to serve the agriculture sector. It has achieved the objective for which it was established.

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