

CHAPTER - VIDISTRIBUTION PATTERN OF BANK DEPOSITS - BANK GROUPWISE

The ownership pattern of banks is bound to have significant influence on deposit mobilisation. This chapter attempts to analyse such relationship with reference to period 1969-1985.

The scheduled commercial banks in India according to ownership pattern can be divided into five categories as follows :

- 1) State Bank of India and its eight associated banks
 - 2) Nationalised Banks 20
 - ~~3) Regional Rural Banks (RRBs) 173~~
 - 4) Other Scheduled Commercial Banks 34
 - 5) Foreign Banks* 17
- (Numbers related to December 1984)

The first three categories comprise the public sector banking system and last two categories belong to the private sector banking system.

The classification of deposits as per bank groups is examined with reference to the following objectives :

- 1) To measure the growth rates of deposits of each bank group,
- 2) to assess the share of each bank group in total deposits,

* Business related to only Indian Union

- 3) to compare the performance of each bank group in term of deposit mobilisation per branch,
- 4) to make an inter-group comparison of deposits per account.

Growth in Deposits

The following table presents the growth rates of bank deposits for each bank group over the period 1969-1985.

Table No. 6.1 - Bank groupwise Distribution of Deposits, Offices and Accounts

(1969-1985)

Sr. No.	Bank Groups	Compound Growth Rates per Annum (in percentage)		
		Amount of Deposits	Number of Offices	Number of+ Accounts
1.	2.	3.	4.	5.
1	SBI and its associates	18.4	09.3	17.1
2	Nationalised Banks	19.5	11.4	14.9
3	RRBs	90.5	93.7	32.3
4	Other Scheduled commercial banks	20.8	07.3	10.4
5	Foreign Banks	10.4*	-	-
	All India	19.0	12.0	15.5

N.B. (1)- The growth rate of RRBs is in respect of the period 1975-1985

(2) * Related to the period 1969-1984

(3) + Related to the period 1972-1985

Source - Appendix - VI.1 2,3,

The above table reveals a very high compound growth rate for RRBs whereas the growth rate for other categories ranged between 18 to 21 percent. However, the high growth rate of RRBs was largely due to a very low base.

The high growth rate of RRB is not worthy in the context of relatively low growth rate of RRB accounts. The deposit growth of SBI was more than double compared to the growth rate of their offices. The growth rate was nearly the same in case of amount and accounts of SBI, and the growth in number of accounts was a little lower than that of the amount in case of nationalised banks.

Bank Groupwise Shares in Total Deposits

To examine from another angle, inter-group comparison is made of the distribution pattern of bank deposits.

The following table presents the comparative picture of bank groupwise shares of offices, deposits, accounts and amount, at two points of time viz. 1969 and 1985.

Table No. 6.2 - Bank Groupwise Share of Offices, Deposits, Accounts and Amount

		(in percentage) (1969-1985)					
Sr. No.	Bank Groups	1969			1985		
		No. of offices	No. of* account	Amount of deposits	No. of offices	No. of acc-ount	Amount of deposits
1	2	3	4	5	6	7	8
1	SBI and its associates	29.5	20.7	27.2	20.2	24.8	29.2
2	Nationalised Banks	52.3	64.4	57.3	47.9	60.0	61.3
3	RREs	N.A.	N.A.	N.A.	23.5	07.0	01.5
4	Other Scheduled Commercial Banks	16.8	14.9	06.3	08.4	08.2	08.0
5	Foreign Banks	01.4	N.A.	09.2	N.A.	N.A.	N.A.

* 1972

Source - Appendix - VI.2/5 & 9

The above table reveals that there was a 2 percent increase in share of SEI and other scheduled commercial banks and 4 percent increase in the share of nationalised banks in the total deposits over the period. In case of foreign banks data for 1985 is not available. However, in 1984, their share was reported at 2.5 percent of the total deposits which was amounted to a drastic reduction from their share of more than 9 percent in 1969. In 1985, the share of nationalised banks was more than double that of SEI. Thus, about 92 percent of deposits were mobilised by ^{the} public sector banks. SEI's share in deposit was satisfactory in view of its share in accounts and offices, whereas in case of nationalised banks, the share in deposit amount was almost the same as that of accounts. Further,

it's share in the offices was half of the total offices. RRB's share of 2 percent in deposits compared very unfavourable with nearly 24 percent share in offices and 7 percent in deposit accounts. Finally, the share of other scheduled commercial banks in deposit account and amount was commensurate with their share in offices.

Inter Group Comparison of Deposits per Branch and per Account

A truly comparative picture of deposit mobilisation emerges when deposits per branch and per account are compared between two points of time.

Table No. 6.3 - Inter Group Comparison of deposits per Office and per Account

Sr. No.	Bank Groups	1969		1985	
		Per Branch (Rs. in lacs)	Per Account (Rs.)+	Per Branch (Rs. in lacs)	Per Account (Rs.)
1.	2.	3.	4.	5.	6.
1	SBI and its associates	55.31	3135	230.86	4449
2	Nationalised Banks	65.70	2117	204.13	3855
3	RRBs		576	9.92	787
4	Other Scheduled Commercial Banks	22.59	2587	151.33	3661
5	All India.....	59.99	2398	159.41	3771

+ 1972

Source - Appendix - VI.1, 2, 3

The per branch deposits increased by more than 4 times in case of SBI and more than 3 times in case of nationalised banks between 1969 and 1985, whereas in case of RRBs the growth was very moderate (37 percent).

Similarly, the position of SBI and nationalised banks is superior in terms of deposits per account compared to the other two bank groups and the all India average. However, all the bank groups reported sizeable increase in deposits per account over the period 1972 to 1985.

In sum, RRBs have failed in mobilisation of deposits. Considering their nearly 24 percent share of total bank offices in 1985, their share in deposits accounts and amounts was very poor. There is an urgent need for increasing efforts in this direction both in terms of policy emphasis and implementation. On the other hand, bank group emerged as the most important bank group with more than 60 percent share of deposit accounts and amount against 50 percent share in total offices. However, in per branch and per account comparison, the SBI group's performance was far superior to the nationalised bank group.