

CHAPTER - VDISTRIBUTION PATTERN OF DEPOSITS - STATEWISE

As noted earlier, bank deposits constitute significant proportion of savings and financial assets of the country. Further, the spreading of commercial bank branches to the rural and semi-urban areas provided an opportunity for monetisation of the country side. For achieving viability of these new branches, it is absolutely necessary that effort should be made for deposit mobilisation which is one of the two important functions. Further, bank deposits contribute a substantial part of national resources for economic development. All these factors make it pertinent for each region/state to put in maximum efforts in deposit mobilisation.

This chapter presents spatial analysis of bank deposits in the country in the post bank nationalisation period. The specific objectives of the analysis are :

- 1) To measure the growth of bank deposits in each state;
and
- 2) To make inter-state comparison of bank deposits.

Statewise Growth

The growth of deposits is measured over the period 1969 and 1987. The following table presents the statewise growth rates.

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Table No. 5.1 - Statewise Growth Rates of Deposits
(1969-1987)

Sr. No.	Name of States	Compound Growth Rate per Annum (in percentage)
1.	2.	3.
1	Haryana	22.0
2	Jammu & Kashmir	23.1
3	Punjab	20.2
4	Rajasthan	21.6
5	Assam	20.6
6	Bihar	21.0
7	Orissa	23.2
8	West Bengal	17.0
9	Madhya Pradesh	22.0
10	Uttar Pradesh	20.5
11	Gujarat	16.6
12	Maharashtra	17.2
13	Andhra Pradesh	22.3
14	Karnataka	18.9
15	Kerala	21.1
16	Tamil Nadu	19.3
	All India.....	19.2 ²

Source - Appendix V.1

The above data reveals that only four states had the growth rate below the national growth rate of 19.20 percent. They were West Bengal, Gujarat, Maharashtra and Karnataka. This can be attributed to a relatively higher base in the first three states; as indicated by the following table. But, the low rate in Karnataka is a matter for further inquiry.

- 1 - This growth rate is calculated, using simple compound growth rate formula, and hence will not tally with growth rate on P.

Inter-State Variations

The inter-state variations in deposits are analysed on the basis of four parameters :

- 1) Share in total deposits
- 2) Deposits per capita
- 3) Deposits per branch
- 4) Deposits per account

The statewise data for all the four variables is compared at two point of time viz., December 1969 and December 1987.

It would be in fitness of things to expect a decline in inter-state variations in deposits over the period.

The following table presents the amount of deposits and their shares in total deposits for each state as on December 1969 and 1987.

Table No. 5.2 - Statewise Share in Total Deposits
(1969-1987)
(Rs. in lacs)

Sr. No.	State	1987			1969		
		Rank	Amount	% age to total	Rank	Amount	% age to total
1.	2.	3.	4.	5.	6.	7.	8.
1	Maharashtra	1	2144027	18.0	1	122977	23.9
2	Uttar Pradesh	2	1224724	10.3	4	42560	8.3
3	West Bengal	3	1198984	10.0	2	71225	13.8
4	Tamil Nadu	4	754414	6.3	5	31321	6.1
5	Gujarat	5	731058	6.1	3	45906	8.9

Contd....

Table No. 5.2 contd.

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1.	2.	3.	4.	5.	6.	7.	8.
6	Andhra Pradesh	6	652816	5.5	9	17305	3.4
7	Punjab	7	632537	5.3	7	23036	4.5
8	Karnataka	8	578497	5.0	6	25522	5.0
9	Bihar	9	575398	4.8	8	18608	3.6
10	Kerala	10	476015	4.0	10	15272	2.9
11	Madhya Pradesh	11	455298	3.8	11	12638	2.5
12	Rajasthan	12	316563	2.7	12	9355	1.8
13	Haryana	13	228796	2.0	13	6410	1.2
14	Assam	14	138237	1.2	14	4778	0.9
15	Orissa	15	153016	1.0	15	3596	0.7
16	Jammu & Kashmir	16	113148	0.9	16	2670	0.5

N.B. (i) For other years, please refer
Appendix - V.1

(ii) Year end December

(iii) States having less than 1 percent
share in total deposits are
excluded from the analysis.

Source - Appendix - V.1

In December 1987, Maharashtra accounted for highest proportion of bank deposits (18%), Uttar Pradesh was a low second with West Bengal closely following. On the other hand, Jammu & Kashmir came last in the rank with around 1 percent share. The amount of deposit per State varied from Rs.1131 crores to Rs.21440. Comparing the rank structure in the two years 1969 and 1987, it is revealed that Maharashtra occupied the first rank in both the years. Uttar Pradesh rose from fourth to second rank and West Bengal & shifted from second to third. Further, Gujarat slid from third position to fifth position and Tamil Nadu went up from fifth to fourth rank. Among the last four states, Jammu & Kashmir was at the bottom and Haryana at the

thirteenth position in both the years. Assam and Orissa exchanged their positions over the period.

Hence, it can be concluded that there were no significant changes in the rank structure between 1969 and 1987. On the whole the difference between the State with highest and lowest shares decreased over the period as shown in above table, indicating a reduction in spatial inequalities. This statement is further substantiated when the degree of inequality is estimated by using the statistical technique of rank co-efficient of variation. Rank co-efficient of variation declined from 0.96 in 1969 to 0.65 in 1987.

Per Capita Deposits

The second parameter of deposit per capita gives a better comparative picture of inter-state variation in deposits. The following table presents the statewise data.

Table No. 5.3 - Statewise Deposits per Capita
(Amount in Rs.)

Sr. No.	Name of States	1987		1969	
		Rank	Deposit	Rank	Deposit
1.	2.	3.	4.	5.	6.
1	Punjab	1	3765	4	160
2	Maharashtra	2	3414	1	252
3	West Bengal	3	2196	3	163
4	Gujarat	4	2144	2	177
5	Jammu & Kashmir	5	1886	8	67
6	Kerala	6	1867	7	73
7	Haryana	7	1774	9	65

Contd.....

Table No. 5.3 Contd.

1.	2.	3.	4.	5.	6.
8	Karnataka	8	1559	5	89
9	Tamil Nadu	9	1559	6	81
10	Andhra Pradesh	10	1220	11	41
11	Uttar Pradesh	11	1104	10	48
12	Rajasthan	12	923	12	37
13	Madhya Pradesh	13	872	14	32
14	Bihar	14	823	13	33
15	Assam	15	695	15	31
16	Orissa	16	580	16	17

Source - Appendix - V.1

The above table reveals that in the first quarter, there was internal changes in ranks in 1987 compared to 1969.

The per capita deposits ranged from Rs.580 in Orissa to Rs.3765 in Punjab in 1987. This figures were substantially higher compared to the corresponding figures in 1969, which indicates an all round success in deposit mobilisation over the period.

Deposits per Branch

Statewise deposits per branch reflects the efforts at the branch level for deposit mobilisation.

The following table presents statewise distribution of deposits per branch in December 1969 and December 1987.

Table No. 5.4 - Statewise Deposit per Branch
(Rs. in lacs)

Sr. No.	State	1987		1969	
		Rank	Amount	Rank	Amount
1.	2.	3.	4.	5.	6.
1	Maharashtra	1	428.12	2	102.74
2	West Bengal	2	338.89	1	133.63
3	Punjab	3	309.31	6	56.32
4	Gujarat	4	234.39	7	55.11
5	Haryana	5	192.91	10	33.74
6	Tamil Nadu	6	188.93	14	28.37
7	Kerala	7	173.47	13	29.83
8	Uttar Pradesh	8	161.81	8	52.74
9	Jammu & Kashmir	9	155.21	3	102.69
10	Andhra Pradesh	10	153.93	15	28.00
11	Karnataka	11	144.70	12	30.03
12	Assam	12	137.41	5	56.88
13	Bihar	13	134.97	4	60.42
14	Madhya Pradesh	14	118.69	9	35.01
15	Rajasthan	15	115.62	16	23.80
16	Orissa	16	85.92	11	32.40
All India.....			218.67		58.33

Source - Appendix - V.2

The study of the above table reflects that Maharashtra & West Bengal occupied the first two ranks in both the years. Whereas Punjab and Gujarat progressed from sixth and seventh to third and fourth ranks respectively over the period. Similarly, Haryana, Tamil Nadu and Kerala progressed from 10th, 14th and 13th to fifth, sixth and seventh ranks respectively. Uttar Pradesh maintained its position in both the years. On the other hand, three states viz. Bihar, Madhya Pradesh, Orissa from the last quarter

progressed and occupied positions in the middle quarters, whereas Orissa slid down from eleventh to sixteenth rank over the period.

Deposit per branch in the top most states increased from Rs.134 lacs to Rs.428 lacs and in the bottom most states from Rs.32 lacs to Rs.86 lacs.

Deposits per Account

Lastly, statewide deposits per account are given in the following table for the period 1972-1985.

Table No. 5.5 - Statewise Deposits per Account
(Amount in Rs.)

Sr. No.	State	1985		1972	
		Rank	Amount	Rank	Amount
1.	2.	3.	4.	5.	6.
1	Maharashtra	1	5726	1	3336
2	West Bengal	2	4852	3	3055
3	Punjab	3	4426	6	2447
4	Gujarat	4	4127	10	2155
5	Jammu & Kashmir	5	3848	8	2211
6	Bihar	6	3329	2	3250
7	Assam	7	3219	5	2461
8	Haryana	8	3206	11	1976
9	Uttar Pradesh	9	3007	7	2335
10	Rajasthan	10	2879	12	1771
11	Andhra Pradesh	11	2874	14	1582
12	Kerala	12	2874	15	1555
13	Madhya Pradesh	13	2819	9	2160
14	Orissa	14	2636	4	2477
15	Tamil Nadu	15	2532	13	1655
16	Karnataka	16	2103	16	1080
	All India.....		3771		2373

N.B.: Data figures for account is available only
Source - Appendix - V.3 for 1972 to 1985.

The maximum amount of deposits per account was in Maharashtra and the minimum was in Karnataka in both the years. From the top quarter two states slid down over the period, i.e. Bihar from second to sixth and Orissa from fourth to fourteenth ranks. On the other hand, Punjab went up from sixth to third and Gujarat from tenth to fourth.

In the last quarter, Tamil Nadu and Karnataka remained their in both the years, whereas Madhya Pradesh slid down from ninth to thirteenth. The noted change was in rank of Orissa which moved from the first to the last quarter.

Conclusion

The above analysis reveals that the growth rate of bank deposits in three fourth of the major 16 States was above the national growth rate. Only in four States viz., West Bengal, Gujarat, Maharashtra and Karnataka, the growth rate was lesser than the national average. The reason for the low rate in the first three states was mainly relatively higher base. But, low rate in Karnataka is a cause for concern.

The inter-state variation in deposit declined over the study period as indicated by the fall in the rank co-efficient of variations. Hence, the null hypothesis is rejected.

The statewise share in 1987 in total deposits ranged from less than one percent in Jammu & Kashmir to 18 percent in Maharashtra. Only three states viz. Maharashtra, Uttar Pradesh and West Bengal accounted for more than 38 percent of total deposits.

The rank structure in first and last quarters remains almost the same over the period.

The per capita deposits ranged from Rs. 580 in Orissa to 3765 in Punjab in 1987 considering the per capita deposits also there were minor inter-rank changes in the first and last quarters.

Considering the per branch deposits, Maharashtra moved up from second to first rank over the period, whereas Orissa slid down from eleventh to last rank (16th). Sizeable movement in rank structure is noticed over the period.

Lastly, in the per account deposits amount once again Maharashtra topped both in 1972 and 1985 and Karnataka slid down from 14th to 16th rank. In this parameters also substantial change in ranks of states is noticed over the period.