

## DEPOSIT MOBILIZATION OF PUBLIC SECTOR BANKS IN INDIA -PATTERN WISE ANALYSIS

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### **ABSTRACT**

*Capital accumulation which in turn is essential to economic growth and development. The banking sector has played an increasing important role in the financial intermediation process by mobilization savings in the process of deposits this paper studies the trend and growth of deposits of public sector banks in India .The study mainly based on secondary data and the statistical tools like mean, percentage, Compound Growth Rate (CGR), trend analysis and Analysis of Variance(ANOVA) have been used to the study. It covers a period of 10 financial years from 2003 to 2012. The findings revealed that the public sector banks recorded an increasing trend in mobilization deposits.*

**Key Words: Deposit, Deposit Mobilization, Public Sector Banks, Savings, Trend.**

### **INTRODUCTION**

Capital accumulation which in turn is essential to economic growth and development the stages of accumulation are savings and investment among them saving is most essential because it is basic requirement for investment and development so capital accumulation and economic growth is affected by the rate of savings in the economy mobilization of savings becomes all the more important in the economy when economic growth is set with in frame work of targets with maximum reliance on internal resources. In a study conducted by national institute of bank management (NIBM) it was observed that the savings and that about 75 per cent of the gross domestic savings (GDS) came from the house hold sector and approximately 45 percent of the household sector savings were kept in the form of bank deposits.

The banking sector has played an increasingly important role in the financial intermediation process by mobilizing savings in the form of deposits. Deposits are the main source of funds for banks the bank of the total liabilities of a banking company comprise deposits. One of the main functions of banks is to accept deposits from public in the form of current, savings and fixed deposits. Hence banks serve financial needs of various sections of societies, the larger volume of funds can attract, the better the position they are in to lend funds.

The organized banking system in India can broadly be divided into three categories, viz, reserve bank of India (RBI) the commercial banks and the co-operative banks. The state banks of India and its associate banks along with another 20 banks are the public sector banks. The public sector banks are the banks owned by the government the majority stake is held by the government of India. By this time about 90% of commercial banks were in the public sector and now a day's public sector banks in India for great role for collection of deposits.

It is here that public sectors banks play a crucial role for deposit mobilization among all Banks; hence, it is intended to make an attempt to study the deposit mobilization of Public sector Banks in India.

### **REVIEW OF LITERATURE**

Ramkrishanvyas and Arunadhade (2007) found out the impact of the arrival of new private sector banks on the performance of SBI based on parameters such as profitability, performance, operating efficiency and productivity. The study analyzed the performance of the SBI on these four parameters and each parameter was again divided into financial ratios, which are then evaluated by statistical t-test to ascertain the significant differences. t-test results (proved by accepting the null hypothesis) indicated that the entry of private sector banks did not have any impact on the performance of the SBI in Madhya Pradesh. The statistical tests applied on the banks data are statistical mean, standard deviation and t-test.

Anli Suresh (2010), examined the role of banks in the financial intermediation process by mobilizing savings in the form of deposits. It was suggested that the physical savings have continued to grow in tandem with financial savings of the households and the challenge for the banking sector is to convert unproductive physical savings into financial savings.

Balakrishnan and Chandramohan (2011) studied urban areas in Kozhikode district by selecting the customers of public and private sector banks. 14 public sector banks and 11 private sector banks were selected. A sample of 500 customers were selected for gathering data. They analysed the socio-economic status of sample customers of public and private sector banks and differentiated the various types of banking services utilized by the customers of public and private sector banks. They suggested that banks can observe a specific day on every month, as the day of "Customer Meet". This meeting could be utilized as an opportunity by bankers to welcome suggestions and complaints from customers.

### OBJECTIVES OF THE STUDY

The following are the main objectives of the present study

1. To study the trend and growth of public sector banks in India.
2. To analyze the pattern of deposits of public sector banks in India.

### HYPOTHESIS

Ho: There is no significant difference among deposit.

H1: There is significant difference among deposits.

### RESEARCH METHODOLOGY

The present study is mainly based on secondary data. This Study is analytical in nature. The data were collected from RBI publications and Reports and other published Journals. The relevant websites were also visited for collection of necessary literature and data. Statistical tools have been used like mean, percentage, co-variance (CV), CAGR and ANOVA. The study covers a period of 10 financial years from 2003 to 2012.

### ANALYSIS AND DISCUSSION

The deposit of public sector banks in India during study period of 10 years from 2003 to 2012 has been analysed.

**TABLE-1, TREND IN DEPOSITS PUBLIC SECTOR BANKS IN INDIA DURING 2002-2011**  
( as on 31<sup>st</sup> march) (Rs in crore)

Year	Current Deposits	Savings Deposits	Term Deposits	Total Deposits
2003	98741(10.36)	263072(27.61)	591040(62.03)	952853(100)
2004	114596(10.29)	316955(28.47)	681699(61.24)	1113250(100)
2005	132468(10.22)	375341(28.96)	788169(60.82)	1295978(100)
2006	157975(10.51)	458751(30.52)	886426(58.97)	1503152(100)
2007	196356(10.71)	524297(28.59)	1113109(60.70)	1833763(100)
2008	302926(13.08)	602926(26.04)	1409700(63.70)	2315529(100)
2009	316030(10.96)	726536(25.19)	1841892(63.85)	2884458(100)
2010	351285(10.38)	931580(27.53)	2101398(62.09)	3384263(100)
2011	438691(10.92)	1107066(27.55)	2473187(61.53)	4018945(100)
2012	407868(9.01)	1193377(26.36)	2926824(64.63)	4528069(100)

Source: Basic Statistical Returns, RBI (various issues)

Note: Figures given in parentheses indicate percentage to total

The pattern of deposits of the public sector banks during the study period is presented in table -1 the total deposits of the public sector banks was steadily increased from Rs.952853 crore in 2002-2003 to Rs.4528069 crore in 2011-12 which shows it increase nearly 5 times. Current deposits constitute more than 9 per cent of total deposits. During the study period the proportion of demand deposits of public sector banks is fluctuating trend which has varied between 9.01 per cent and 13.08 per cent. The share of term deposits of public sector banks fluctuated over the research period. Which range between 58.97 per cent and 64.63 per cent.

**TABLE-2, GROWTH OF TOTAL DEPOSITS OF PUBLIC SECTOR BANKS IN INDIA**  
(as on 31<sup>st</sup> march) (Rs in crore)

Year	Total Deposits	Increase/Decrease	Growth Rate
2003	952853	-	-
2004	1113250	160397	16.38
2005	1295978	182728	16.41
2006	1503152	207174	15.99
2007	1833763	330611	22.99
2008	2315529	481766	26.27
2009	2884458	568929	24.57
2000	3384263	499805	17.33
2011	4018945	634682	18.75
2012	4528069	509124	12.67
Mean	2383026	397246.22	
Std.Devn	1267156.63	179830.678	
CGR	78.24		

Source: Basic Statistical Return, RBI (various issues)

Table 2 indicates that the total deposits mobilized by public sector banks which stood at RS.952853 crore in march 2002 had steadily increased to 407868 crore in march 2011, it shows that the total deposits increased by 4.75 times. at the same time the growth rates of total deposits mobilized by public sector banks had varied between 12.67 percent and 26.27 percent during the period under consideration. The CGR is 78.24 per cent which is significant as its significant level is less than 0.05.

**TABLE- 3, GROWTH OF CURRENT DEPOSITS OF PUBLIC SECTOR BANKS IN INDIA**  
(as on 31<sup>st</sup> march) (Rs in crore)

Year	Current Deposits	Increase/Decrease	Growth Rate
2003	98741	-	-
2004	114596	15855	16.06
2005	132468	17872	15.60
2006	157975	25507	19.26
2007	196356	38381	24.30
2008	302926	106570	54.27
2009	316030	13104	4.33
2010	351285	35255	11.16
2011	438691	87406	24.88
2012	407868	-30823	-7.03
Mean	40906.80	33995	
Std.Devn	136061.61		
CGR	86.20		

Source: Basic Statistical Return, RBI various issues.

From table3, it is dear that the current deposits mobilized by public sector banks witnessed an increasing trend during the period of study. It stood at has 98741 crore in March 2002 and it increased to 407868 crore in March 2011. But the same time growth rates of current deposits mobilized by public sector banks had fluctuated between -7.03 per cent and 54.27 per cent. The highest growth rate of 54.27 per cent was achieved in the years 2006-07. The CGR is 826.20 per cent which is significant as its significant level is less than 0.05.

**TABLE- 4,GROWTH OF SAVINGS DEPOSITS OF PUBLIC SECTOR BANKS IN INDIA**  
(as on 31<sup>st</sup> march) (Rs in crore)

Year	Savings Deposits	Increase/Decrease	Growth Rate
2003	263072	-	-
2004	316955	53883	20.48
2005	375341	58386	18.42
2006	458751	83410	22.22
2007	524297	65546	14.29
2008	602903	78606	14.99
2009	726536	123633	20.51
2010	931580	205044	28.22
2011	1107066	175486	18.84
2012	1193377	86311	7.80
Mean	590898	84573.18	
Std.Devn	369331.13	63748.681	
CGR	68.77		

Source: Basic Statistical Return, RBI Various Issues.

Table4 shows that the savings deposits mobilized by public sector bank recorded increasing trend during the period under study. It was rs 263072 grore in March 2002 and it increase of to 1193377 crore in March 2011. It shows the savings deposits have increased by 4.54 times. The growth rates of savings deposits mobilized by public sector bank have varied from 7.80 per cent to 28.22 per cent. The CGR is 68.77 per cent which is significant as its significant level is less than 0.05.

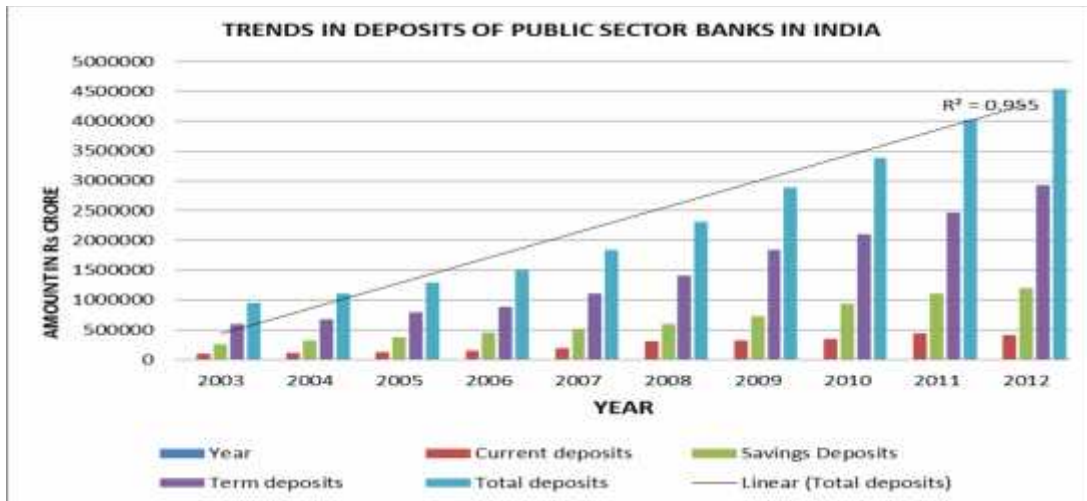
**TABLE -5,GROWTH OF TERM DEPOSITS OF PUBLIC SECTOR BANKS IN INDIA**  
(as on 31<sup>st</sup> march) (Rs in crore)

Year	Term Deposits	Increase/Decrease	Growth Rate
2003	591040	-	-
2004	681699	90657	15.34
2005	788169	106470	15.62
2006	886426	98257	12.47
2007	11133109	226683	25.57
2008	1409700	296591	26.65
2009	1841892	432192	30.66
2010	2101398	259506	14.09
2011	2473187	371789	17.69
2012	2926824	45637	18.34
Mean	2069453.67	214198	
Std.Devn	3003847.59	136965.521	
CGR	65.15		

Source: Basic Statistical Return, RBI Various Issues.

It is revealed from table 5 that the term deposits mobilized by public sector banks registered an increasing trend during the period of study. It stood at Rs 591040 cores in March 2002 and significantly increased to 2926824 cores in March 2011. It shows term deposits have increased by 49.51 times. The growth rate of term deposits mobilized by public sector bank had varied from 12.47 percent to 30.66 percent. The CGR is 65.15 per cent which is significant as its significant level is less than 0.05.

**FIGURE-1**



**TABLE-6, DEPOSITS OF PUBLIC SECTOR BANKS IN INDIA- ANOVA**

Source Of Variation	SS	df	Mean Square	F	P value	F
Between Groups	2.68	3	8.93	14.91	1.80	2.86
Within Groups	2.16	36	5.99			
Total	4.84	39				

One way ANOVA test is determined whether the different kinds of bank deposits are equal or not

The hypothesis was as follows;

Ho: There is no significant difference among deposit.

H1: There is significant difference among deposits.

Since P value is greater than 0.05 therefore difference among the various deposits (current, savings, term) of public sector banks in India during the study period 2003-2012 is not significant.

## CONCLUSION

The present study considered the deposit mobilization by public sector banks in India during the period of 10 years from 2003 to 2012. The deposits showed on increasing trend. The study indicate that there is no significant difference among the current, savings and term deposits of public sector banks in India during the study period.

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