

Deposits Mobilization by Commercial Banks: A Study of Southern Region

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Abstract

The present study is deposit mobilization of commercial banks a study with special reference to the Southern Region in India. Deposit mobilization is an integral part of banking activity. A deposit is the life blood of a banking institution. In this paper an attempt is made to evaluate the growth rate and Compound Annual Growth Rate in deposit mobilization of scheduled commercial banks in the Southern Region of India during the period from 2005-2006 to 2014 - 2015. Southern Region includes Andhra Pradesh, Karnataka, Kerala, Tamilnadu, Lakshadweep, Pondicherry and Telangana. The banks offer as various deposit schemes to the public which include Current Deposit, Saving Deposit and Term Deposit.

Keywords: RBI, Deposit, Mobilization, Commercial Banks, Southern Region

INTRODUCTION

The scheduled commercial banks are those banks which are included in the second schedule of RBI Act 1934 and which carry out the normal business of banking such as accepting deposits, giving out loans and other banking services. A commercial bank is a type of financial institution that provides services such as accepting deposits, making business loans, and offering basic investment products. Commercial bank can also refer to a bank, or a division of a large bank, which more specifically deals with deposit and loan services provided to corporate large or middle-sized business - as opposed to individual members of the public or small business.

Current accounts are basically meant for businessmen and are never used for the purpose of investment or saving. These deposits are the most liquid deposits and there are no limits for number of transactions or the amount of transactions in a day. Most of the current accounts are opened in the names of firm or company accounts.

Saving accounts are none of the most popular deposits for individual accounts. These accounts not only provide cheque facility but also have lot of flexibility for deposits and withdrawal of funds from the account. Most of the banks have rules for the maximum number of withdrawals in a period and the maximum amount of withdrawal, but hardly any bank enforces these.

Fixed deposit or Term deposits schemes with a wide range of tenures for periods from 7 days to 10 years. There are also popularly known as FD accounts. However, in some other countries these are known as Term Deposit or even called Bond.

REVIEW OF LITERATURE

Selvaraj N & Balaji Kumar P (2015) In the study entitled "A study on the Deposit Mobilization Pattern

of the Dindigul District Central Co-Operative Bank Limited”. The researcher made an attempt to study the Trend Coefficient, CGR and C.V in deposit mobilization pattern of the Dindigul district central cooperative bank limited during the period of from 1995-1996 to 2014- 2015. The Compound Growth Rate (CGR) was calculated from using simple regression analysis. The study found that positive relationship between deposits and loans and advance of the bank, the more deposits should be mobilized so as to lend more which in turn brings more revenue to the bank.

Dr (Smt.) Rajeshwari M.Shettar (2014) In the study entitled A case study on Union Bank of India's deposit mobilisation and socio economic impact. The researcher made an effort to investigate the Socioeconomic Impact and the Trend in Growth Rate of Deposit Mobilisation: A Case Study of Union Bank of India from 1999–2000 to 2011–2012. The entire deposit was used to calculate the trend in growth rate. According to the survey, Union Bank of India has seen a tremendous increase in the mobilisation of all types of deposits.

S.Venkateshan (2012) In the study entitled “ An Empirical Approach to Deposit Mobilization of Commercial Banks in Tamilnadu”. The researcher made an attempt to study the trend and growth in deposit mobilization of Scheduled Commercial Banks in Tamil Nadu during the period from 1999-2000 to 2008-2009. The Compound Growth Rate (CGR) and Linear Growth Rate (LGR) were calculated from using simple regression analysis. The study found that, there has been a remarkable growth in mobilization of all kinds of deposits in Scheduled Commercial Banks in Tamil Nadu on the Whole.

Objectives of the study

- To know the different deposits growth in Commercial Banks
- To study the growth of deposits in Southern Region.

METHODOLOGY

The present study was mainly based on secondary data. The secondary data have been used to analyze the deposit mobilization of commercial banks. The required secondary data were collected from RBI website. This study covers a period of 10 years, from 2005-2006 to 2014 -2015

SCOPE OF THE STUDY

The present study confined to the Southern Region in India, which are included Andhra Pradesh, Karnataka, Kerala, Tamilnadu, Lakshadweep, Pondicherry and Telangana

ANALYSIS

1. Growth rate
2. Compound Annual Growth Rate

Table 1: Trends In Growth Rate Of Andhra Pradesh State

Years	Deposits Mobilization (Millions)			Rate of Growth (%)		
	Current deposit	Saving deposit	Term deposit	Growth of current Deposit	Growth of saving Deposit	Growth of term deposit
2005-2006	134426.3	340688.8	696860.9	-	-	-
2006-2007	168180.0	407441.1	836271.9	25.10	19.59	20.00
2007-2008	214583.0	491090.2	1080799.4	27.59	20.53	29.24

2008-2009	261491.4	578103.7	1343905.8	21.86	17.71	24.34
2009-2010	303143.9	685077.5	1504414.8	15.92	18.50	11.94
2010-2011	346826.4	847611.8	1732698.8	14.40	23.72	15.17
2011-2012	330217.4	944797.3	2176755.1	-4.78	11.46	25.62
2012-2013	370068.0	1091600.6	2472731.2	12.06	15.53	13.59
2013-2014	386830.7	1243808.4	2779346.7	4.52	13.94	12.39
2014-2015	203242.7	589335.1	1093702.8	-47.45	-52.61	-60.64
Mean	271901	721955.5	1571749			
SD	88569.71	300303.5	706663.5			
CAGR	4.70%	6.28%	5.14%			

Source: Secondary Data

Table 1 shows that the number of current deposit accounts in 2005-2006 was 134426.3 million it has a growth of 25.10% in 2006-2007 but has shown a fluctuation in growth in the following years and a CAGR of 4.70% at the same time “Saving Deposit” and “Term Deposit” show a gradual decrease in growth rate but the CAGR of saving deposit is 6.28% Followed by term deposit 5.14%. One more thing can be noticed here that the growth a current deposit has tow negative figure (-4.78),(-47.45) during the periods of 2011-2012 and 2014-2015. Saving deposit and term deposit has a negative figure (-52.61)(-60.24) during the period of 2014-2015. Shows there the current deposit, saving deposits, term deposit in bank decreased drastically in that period of showing an unfavorable environment for the banks.

Table 2: Trends in Growth Rate of Karnataka State

Years	Deposits Mobilization (Millions)			Rate of Growth (%)		
	Current deposit	Saving deposit	Term deposit	Growth of current deposit	Growth of saving deposit	Growth of term deposit
2005-2006	148183.7	348854.2	836726.2	-	-	-
2006-2007	225345.7	419740.4	1067208.5	52.07	20.31	27.54
2007-2008	236791.6	500299.6	1358997.2	5.07	19.19	27.34
2008-2009	278561.3	598352.8	1687601.8	17.63	19.59	24.17
2009-2010	363700.4	762608.2	1771441.2	30.56	27.45	4.967
2010-2011	380760.0	927605.7	2166039.4	4.69	21.63	22.27
2011-2012	391481.0	1030190.6	2676372.8	2.81	11.05	23.56
2012-2013	424629.6	1194026.1	3003578.3	8.46	15.90	12.22
2013-2014	468622.3	1388184.1	3512280.4	10.36	16.26	16.93
2014-2015	561385.3	1556909.6	4224621.3	19.79	12.15	20.28
Mean	347946.1	872677.1	2230487			
SD	125310.8	417744	1104583			
CAGR	15.95%	18.08%	19.71%			

Source: Secondary Data

Table 2 shows that the number of current deposit accounts in 2005-2006 was 148183.7million it has a growth of 52.07% in 2006-2007 but has shown a fluctuation in growth in the following years and a

CAGR of 15.95 at the same time “Saving Deposit” and “Term Deposit” show a gradual decrease in growth rate but the CAGR of saving deposit is 18.08% Followed by term deposit 19.71%. One more no negative growth rate in Karnataka state.

Table 3: Trends In Growth Rate Of Kerala State

Years	Deposits Mobilization (Millions)			Rate of Growth (%)		
	Current deposit	Saving deposit	Term deposit	Growth of current deposit	Growth of saving deposit	Growth of term deposit
2005-2006	60998.4	234638.1	508713.9	-	-	-
2006-2007	80869.1	263973.8	611723.9	32.57	12.50	20.24
2007-2008	77076.2	303807.0	718308.7	-4.69	15.08	17.42
2008-2009	76488.4	412821.5	861882.4	-0.76	35.88	19.98
2009-2010	95644.5	486698.3	938624.1	25.04	17.89	8.90
2010-2011	112762.1	549046.3	1047555.1	17.89	12.81	11.60
2011-2012	100866.7	612110.6	1292622.3	-10.54	11.48	23.39
2012-2013	214774.9	687926.4	1464282.8	112.92	12.38	13.28
2013-2014	178963.4	801415.1	1835551.3	-16.67	16.49	25.35
2014-2015	235953.5	905232.6	2142807.6	31.84	12.95	16.73
Mean	123439.7	525767	1142207			
SD	62845.18	228791.5	537451.6			
CAGR	16.22%	16.19%	17.32%			

Source: Secondary Data

Table 3 shows that the number of current deposit accounts in 2005-2006 was 60998.4 million it has a growth of 32.57% in 2006-2007 but has shown a fluctuation in growth in the following years and a CAGR of 16.22% at the same time “Saving Deposit” and “Term Deposit” show a gradual decrease in growth rate but the CAGR of saving deposit is 16.19% Followed by term deposit 17.32%. One more thing can be noticed here that the growth a current deposit has four negative figure (-4.69),(-47.45) during the periods of 2011-2012 and 2014-2015. Saving deposit and term deposit has a negative figure (-52.61) (-60.24) during the period of 2014-2015. Shows there the current deposit, saving deposit, term deposit in bank decreased drastically in that period of showing an unfavorable environment for the banks.

Table 4: Trends in Growth Rate of Tamilnadu State

Years	Deposits Mobilization (Millions)			Rate of Growth (%)		
	Current deposit	Saving deposit	Term deposit	Growth of current deposit	Growth of saving deposit	Growth of term deposit
2005-2006	161657.8	375720.9	789619.6	-	-	-
2006-2007	207979.6	470574.2	945707.7	28.65	25.24	19.76
2007-2008	250059.2	552781.6	1182701.5	20.23	17.46	25.05
2008-2009	297716.7	648551.7	1508310.4	19.05	17.32	27.53
2009-2010	344872.1	801330.1	1690163.3	15.83	23.55	12.05
2010-2011	427808.1	985387.2	2009439.4	24.04	22.96	18.89
2011-2012	532487.6	1094244.6	2362471.2	24.46	11.04	17.56
2012-2013	452043.3	1210301.5	2792918.0	-15.10	10.60	18.22
2013-2014	471422.5	1355785.2	3172527.3	4.28	12.02	13.59
2014-2015	542465.8	1518544.5	3392160.1	15.06	12.00	6.92
Mean	368851.27	901322.2	1984602			
SD	135970.6031	392205.5	922137.6			
CAGR	34.09%	28.90%	27.37%			

Source: Secondary Data

Table 4 shows that the number of current deposit accounts in 2005-2006 was 161657.8 million it has a growth of 28.65% in 2006-2007 but has shown a fluctuation in growth in the following years and a CAGR of 34.09% at the same time “Saving Deposit” and “Term Deposit” show a gradual decrease in growth rate but the CAGR of saving deposit is 28.90% Followed by term deposit 27.37%. One more thing can be noticed here that the growth a current deposit has one negative figure (-15.10) during the periods of 2012-2013. Shows there the current deposit, saving deposit, term deposit in bank decreased drastically in that period of showing an unfavorable environment for the banks.

Table 5: Trends in Growth Rate of Lakshadweep State

Years	Deposits Mobilization (Millions)			Rate of Growth (%)		
	Current deposit	Saving deposit	Term deposit	Growth of current Deposit	Growth of saving deposit	Growth of term deposit
2005-2006	128.6	764.9	409.2	--	-	-
2006-2007	57.5	813.8	1192.0	-55.28	6.39	191.30
2007-2008	174.0	1183.1	1931.5	202.60	45.37	62.03
2008-2009	301.5	2150.9	2342.9	73.27	81.80	21.29
2009-2010	217.7	2328.2	1738.7	-27.79	8.24	-25.78
2010-2011	397.4	2394.6	2468.6	82.54	2.85	41.97
2011-2012	836.1	3259.7	1557.7	110.39	36.12	-36.89
2012-2013	374.3	4014.2	1795.6	-55.23	23.14	15.27
2013-2014	984.4	4644.8	1476.2	162.99	15.70	-17.78
2014-2015	944.9	5036.8	1636.3	-4.01	8.43	10.84

Mean	441.64	2659.1	1654.87
SD	349.11	1542.11	581.81
CAGR	24.81%	23.30%	16.65%

Source: Secondary Data

Table 5 shows that the number of current deposit accounts in 2005-2006 was 128.6 million it has a negative growth of -55.28% in 2006-2007 but has shown a fluctuation in growth in the following years and a CAGR of 24.81% at the same time “Saving Deposit” and “Term Deposit” show a gradual decrease in growth rate but the CAGR of saving deposit is 23.30 % Followed by term deposit 16.65 %. One more thing can be noticed here that the growth of current deposit has four negative figures (-55.28),(-27.79),(-55.23) and (-4.01) during the periods of 2006-2007, 2009- 2010,2012-2013 and 2014-2015. No negative figure has growth of saving deposit. Growth of term deposit has three negative figures (-25.78),(-36.89) and (- 17.78) during the periods of 2009-2010, 2011-2012, and 2013-2014. Shows there the current deposit, saving deposit, term deposit in bank decreased drastically in that period of showing an unfavorable environment for the banks.

Table 6: Trends in Growth Rate of Pondicherry State

Years	Deposits Mobilization (Millions)			Rate of Growth (%)			
	Current deposit	Saving deposit	Term deposit	Growth of current Deposit	Growth of saving deposit	Growth of term deposit	
2005-2006	3273.8	10296.1	18276.0				
2006-2007	3718.4	13504.0	21968.9	13.58	31.15	20.20	
2007-2008	4367.0	15452.2	26665.8	17.44	14.42	21.37	
2008-2009	4704.8	17899.0	32000.7	7.73	15.83	20.00	
2009-2010	6194.1	21747.0	33206.5	31.65	21.49	3.76	
2010-2011	6293.3	25962.2	36638.6	1.60	19.38	10.33	
2011-2012	6563.8	26511.1	44043.3	4.29	2.11	20.21	
2012-2013	6512.6	27477.0	48325.2	-0.78	3.64	9.72	
2013-2014	6186.5	31178.3	56571.1	-5.00	13.47	17.06	
2014-2015	7764.4	35491.8	67383.1	25.50	13.83	19.11	
Mean	5557.87	22551.87	38507.92				
SD	1448.353	8152.641	15578.2				
CAGR	10.07%	14.74%	15.60%				

Source: Secondary Data

Table 6 shows that the number of current deposit accounts in 2005-2006 was 3273.8million it has a growth of 13.58% in 2006-2007 but has shown a fluctuation in growth in the following years and a CAGR of 10.07% at the same time “Saving Deposit” and “Term Deposit” show a gradual increase in growth rate but the CAGR of saving deposit is 14.74% Followed by term deposit 15.60%. One more thing can be noticed here that the growth a current deposit has two negative figure (-0.78),(- 5.00) during the periods of 2013-2014 and 2014-2015. Saving deposit and term deposit has a no negative figures during the all periods. Shows there the current deposit, saving deposit, term deposit in bank decreased drastically in that period of showing an unfavorable environment for the banks

Table 7: Trends in Growth Rate of Telangana State

Years	Deposits Mobilization (Millions)			Rate of Growth (%)		
	Current deposit	Saving deposit	Term deposit	Growth of current deposit	Growth of saving deposit	Growth of term deposit
2014-2015	1,375	48,784	2023692.5	--	-	-

Source: Secondary Data

In the state separate from Andhra Pradesh so all deposits are minimum levels.

FINDINGS OF THE STUDY

Increase in the deposits every year of Southern Districts, Commercial Banks and effectiveness of mobilization of funds. The current deposit fluctuations in 2005 to 2015 in all Commercial Banks.

SUGGESTIONS

The banks should introduce various Deposit Schemes to attract the public. All Commercial Banks new branches in rural areas increase the deposit. All Commercial Banks to create a business or self employment to improve the per capita income and Savings/Depositing money become necessary. All commercial banks create awareness of the existence and availability of support services among the customers.

CONCLUSION

The state of Andhra Pradesh the affected deposit fluctuations during the year of 2013-2014 and there is noaffected other state of Tamilnadu, Karnataka, Kerala, Pondicherry, Lakshadweep and Telangana. It is due to there is positive relationship between deposits, loan and advance from the bank, the more deposits should be mobilized so as to lend more which in turn brings more revenue to the bank. The state of Lakshadweep the term deposit decrease al the same time saving deposit increase because new schemes for the arrival of the year.

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