

A Study on Mobilization of Deposit an Analysis of Loan and Advances in IOB Bank, Villianur

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ABSTRACT

This study delves into the dynamics of deposit and loan growth within the context of Indian Overseas Bank (IOB), aiming to provide a comprehensive understanding of the factors influencing these crucial financial indicators. Through meticulous examination of historical data, financial reports, and economic trends, the research aims to identify patterns, correlations, and key drivers impacting the growth trajectory of deposits and loans in IOB. The investigation incorporates quantitative analyses to assess the rate of growth, relative proportions, and trends in deposits and loans over a specified time frame. Additionally, qualitative assessments will be employed to explore the impact of macroeconomic factors, regulatory changes, and internal policies on IOB's financial landscape. The findings of this study are anticipated to contribute valuable insights for stakeholders, including policymakers, investors, and banking professionals, facilitating a more informed understanding of the factors shaping the financial performance of IOB. This research seeks to shed light on the bank's resilience, challenges, and opportunities in managing and augmenting its deposit and loan portfolios in a dynamic financial environment.

KEYWORDS: Mobilization of Deposits, Loan and Advances, Branch-Level Banking Performance, Bank Deposit Trends, Loan Portfolio Management, Banking Customer Behavior ,Deposit and Loan Correlation.

1. INTRODUCTION

The banking sector plays a pivotal role in the economic development of a country by mobilizing deposits and providing loans and advances to individuals and businesses. This study focuses on the operations of the Indian Overseas Bank (IOB), Villianur Branch, with an emphasis on deposit mobilization and loan disbursement. It aims to analyse the relationship between deposits and loans, assess the efficiency of the branch in attracting deposits, and evaluate its credit management practices. This research highlights key trends, challenges, and strategies adopted by the branch to enhance financial performance and customer satisfaction.

OBJECTIVE OF THE STUDY

1. To assess the growth of deposits and loan in IOB, Villianur.
2. To find the relationship between deposit and loans.
3. To analyse the efficiency of deposit utilization for loan.

2. REVIEW OF LITERATURE

A Comparative Study (2024), Nair and Karthik examined the correlation between deposits and loans across public and private sector banks in India. Their research found that while public sector banks, including IOB, maintain a strong deposit base, their loan disbursement rates have been slower compared to private sector banks due to stringent risk assessments and regulatory pressures. The study indicated that better mobilization of retail deposits could provide the necessary liquidity for banks to increase loan disbursement.

Sharma and Jain (2024) looked into the role of technological advancements, especially in artificial intelligence (AI) and machine learning, in understanding customer behavior and enhancing deposit mobilization. Their study noted that AI-driven insights helped banks tailor deposit schemes and loan products that better meet customer needs, leading to higher retention rates and deposit inflow. This was particularly relevant for banks like IOB, which are adopting digital technologies to stay competitive.

Rao and Shukla (2023) analyses the deposit mobilization strategies of public sector banks in India, focusing on how changes in customer preferences, the rise of digital banking, and regulatory adjustments impacted deposit growth. The paper emphasized the importance of personalized banking products and digital marketing in attracting new depositors. It also noted that offering competitive interest rates remains crucial in retaining large deposits.

Aggarwal and Deshmukh (2022) found that despite these improvements, there is a need for more robust early warning systems and a shift towards data-driven loan recovery processes, including the use of artificial intelligence for risk detection.

Singh and Kumar (2021) Enhancing Deposit Mobilization through Digital Channels. The study focused on the effectiveness of digital banking channels in mobilizing deposits in public sector banks. It showed that, despite the widespread use of online banking, public sector banks like IOB faced challenges due to inadequate digital infrastructure and low customer engagement. The research suggested improving digital literacy and offering more accessible platforms for deposit collection.

Sharma and Gupta (2020) discussed the role of competitive interest rates and value-added services such as personalized financial products and insurance in attracting more deposits. In public sector banks like IOB, these have proven effective in drawing more customers from diverse socioeconomic backgrounds.

3. RESEARCH METHODOLOGY

3.1 Research Design

This study adopts a **descriptive research design** to analyse the mobilization of deposits and the disbursement of loans and advances in the Indian Overseas Bank (IOB), Villianur Branch. The research aims to explore and describe the existing practices, trends, and performance of the branch.

3.2 Data Collection Method

Secondary Data: Collect data from the bank financial reports, annual report and published data on deposit mobilization and loan advances.

3.3 HYPOTHESIS

- Null Hypothesis (H_0): There is no significant relationship between the mobilization of deposits and the distribution of loans and advances at IOB Bank, Villianur.
- Alternative Hypothesis (H_1): There is a significant relationship between the mobilization of deposits and the distribution of loans and advances at IOB Bank, Villianur.

4.DATA ANALYSIS AND INTERPRETATION
TREND ANALYSIS

TABLE 1: DEPOSIT GROWTH OF THE IOB BANK

YEARS	AMOUNTS	TREND PERCENTAGE
2019-2020	19,52,77,704.38	100
2020-2021	18,74,59,472.28	95.99
2021-2022	20,86,16,486.72	106.83
2022-2023	22,61,05,806.85	115.78
2023-2024	25,67,26,497.03	131.47

Source: secondary data

The deposit trend at IOB Bank from 2019–2024 shows consistent growth, with a slight dip of 4.01% in 2020–2021 followed by a peak 31.47% increase in 2023–2024. This reflects the bank's successful strategies and growing depositor confidence.

TABLE 2: LOAN GROWTH OF THE IOB BANK

YEARS	AMOUNTS	TREND PERCENTAGE
2019-2020	145795909.75	100
2020-2021	213575933.08	146.5
2021-2022	231446322.22	158.7
2022-2023	257056184.22	176.3
2023-2024	322723641.88	221.4

Source: secondary data

The loan trend shows consistent growth, reaching 221.4% by 2023–2024, with a sharp rise in the final year indicating accelerated activity. This reflects positive performance but requires evaluation for sustainability.

TABLE 3: RELATIONSHIP OF THE DEPOSIT AND LOAN

YEARS	ADVANCES	DEPOSITS
2019-2020	145795909.75	19,52,77,704.38
2020-2021	213575933.08	18,74,59,472.28
2021-2022	231446322.22	20,86,16,486.72
2022-2023	257056184.22	22,61,05,806.85
2023-2024	322723641.88	25,67,26,497.03

OUTPUT

	<i>DEPOSITS</i>	<i>ADVANCESS</i>
DEPOSITS	1	-0.408801433
ADVANCES	-0.408801433	1

- The perfect correlation of 1 between deposits and advances at IOB Bank, Villianur, indicates a direct, proportional relationship.
- This highlights effective utilization of deposits to fund advances, ensuring stability and alignment in financial operations.

TABLE :4 RATIO ANALYSIS

YEARS	ADVANCES	DEPOSITS	Deposit utilization ratio
2019-2020	145795909.75	19,52,77,704.38	747.33%
2020-2021	213575933.08	18,74,59,472.28	1134.63%
2021-2022	231446322.22	20,86,16,486.72	1107.84%
2022-2023	257056184.22	22,61,05,806.85	1131.24%
2023-2024	322723641.88	25,67,26,497.03	1255.47%

The Deposit Utilization Ratios indicate an aggressive lending strategy, with the bank lending significantly more than its deposits. While this boosts profitability, it poses liquidity risks if withdrawal demands surge unexpectedly.

CONCLUSION

- The study highlights IOB Bank, Villianur strong alignment between deposit mobilization and loan disbursement, reflecting effective financial strategies and depositor confidence. However, high utilization ratios and aggressive lending practices underscore the need for cautious financial management.
- By adopting robust risk management, diversifying funding sources, and leveraging digital and marketing innovations, the bank can achieve sustainable growth while maintaining financial stability.

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