

DEPOSIT PERFORMANCE OF SELECTED PUBLIC SECTOR BANKS IN INDIA

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Abstract: *The primary objective of present paper is to analyze the deposit performance of selected public sector banks in India. For the study the data from State Bank of India, Indian Bank, Canara Bank, Bank of Baroda and Oriental Bank of Commerce are taken. For the study, the researcher has collected secondary data from various sources like journals, magazines, and websites and so on. The researcher has used trend analysis and ANOVAs analysis and interpretation of data. As the study focused on deposit performance of bank, the result reveals that, State Bank of India, Indian bank and Canara Bank shows increasing trend in performance of deposits. Bank of Baroda and Oriental Bank of Commerce are showing fluctuating trend in deposit performance. In further State Bank of India have good performance of deposits, compared to other four banks.*

Key words: Public sector banks, Deposits, Financial performance, Trend.

1. INTRODUCTION

Banks were considered as a backbone to the financial system as they play an important role in economic development of a nation. Nowadays, the banking institution forms the heart of the financial structure of the country. Indian banking has made a significant progress after nationalization especially in three aspects viz., branch development, deposit mobilization, and loan maximization. Deposits are the lifeblood of all banking sectors. Bank deposits constitute an important macroeconomic variable. Banks have been and continue to remain the most powerful instrument for the collection of savings. At the micro-level, the mix of current, savings and term deposits constitute an important profit center in a bank. In spite of this, it is observed that bank deposits have received much lesser attention of researchers compared to advances of banks. However, in the recent past, the variation in the growth rate of bank deposits in India has been a matter of concern both for the planners as well as bankers. In the context of the structural changes in the economy viz., liberalization, privatization, and globalization, besides deregulation of interest rate mechanism by the Reserve Bank of India, bank deposits have emerged as an important monetary variable of the economy. The present study deals with deposit performance of selected public sector banks in India.

2. COMPANY PROFILE

The present study deals with the following five public sector banks.

A. State Bank of India

The State Bank of India, the oldest and the largest commercial bank in India, by revenue, assets and market capitalization with its present covering all time zones in the world, stands in a class by itself. It is a government-owned company established in 1955 and has its headquarters in Mumbai. As at end - March 2019, the assets of the bank stood at Rs. 3888467.07 crores and had more than 22010 branches and 43.51 crores in banking customers. SBI deals in banking and financial-related services having a presence internationally. Forbes has ranked this bank at the 216th position in its "Fortune Global 500" list which contains the names of the largest corporations all over the world in 2018. After merging with its 5 associate banks and Bharatiya Mahila Bank on April 1, 2017, this bank has accomplished in serving more than 43 crore customers through more than 26,340 branches and over 60,000 ATM facilities. The bank also enjoys an international presence with 195 offices set up in 36 countries (Thangam 2019).

B. Indian Bank

Indian Bank is an Indian state-owned bank company established in 1907. It has its headquarters in Chennai, Tamilnadu, India. It has 20,924 employees, 2900 branches with 2861 ATMs and 1014 cash deposit machines and is one of the top performing public sector banks in India. Bank's Information Systems and Security processes certified with ISO27001:2013 standard and is among very few Banks certified worldwide. It has overseas branches in Colombo and Singapore including a Foreign Currency Banking Unit at Colombo and Jaffna. It has 227 Overseas Correspondent banks in 75 countries. Since 1678, the Government of India has owned the bank (Wikipedia).

C. Canara Bank

Canara Bank is one of the largest public sector banks owned by the Government of India. It is headquartered in Bengaluru. It was established at Mangalore in 1906 by Ammembal Subba Rao Pai. It is one of the oldest public sector banks in the country. The government nationalized the bank in 1969. The Tagline of Canara Bank is "Together we can". It has 10400 branches and more than 10000 ATMs which are spread across 4467 centers. The bank also has offices abroad in London, Hong Kong, Moscow, Shanghai, Dubai, Tanzania and New York (Wikipedia).

D. Bank of Baroda

Bank of Baroda (BOB) is an Indian Multinational, public sector Banking and financial services company. It is the third largest public sector bank in India with a business mix of close to US\$225 billion. Based on 2019 data, it is ranked 1145 on Forbes Global 2000 list BoB has total assets in excess of ₹ 3.58 trillion (making it India's 2nd biggest bank by assets) a network of 9583 branches in India and abroad, and 10442 ATMs as of July, 2017. The government of India announced the merger of Bank of Baroda, Vijaya Bank and Dena Bank on September 17, 2018, to create the country's third largest lender. The amalgamation is the first-ever three-way consolidation of banks in the country, with a combined business of Rs 14.82 trillion (short scale), making it the third largest bank after State Bank of India (SBI) and ICICI Bank (Wikipedia).

E. Oriental bank of India

Oriental Bank of Commerce (OBC) (1943-2020) was an Indian public sector bank. Headquartered at Gurgaon, Haryana, has 2390 branches and 2625 ATMs across India. Rai Bahadur Lala Sohan Lal the first Chairman of the Bank, founded OBC in 1943 in Lahore. The Bank has witnessed

many ups and downs since its establishment. The bank was nationalised on 15 April 1980. At that time OBC ranked 19th among the 20 nationalised banks. On 1 April 2020, the bank along with United Bank of India has been merged with Punjab National Bank, making it as the second largest public sector bank in India (Wikipedia).

3. REVIEW OF LITERATURE

TTR Mohan and SC Ray (2004) studied the comparison of performance of public, private and foreign banks, using physical quantities of inputs and outputs, and comparing the revenue maximisation efficiency of banks during 1992-2000. The Researcher found PSBs performed significantly better than private sector banks but no differently from foreign banks. The conclusion points to a convergence in performance between public and private sector banks in the post-reform era, using financial measures of performance.

Sunil Kumar and Rachita Gulati (2010), conducted a research to analyse the efficiency, effectiveness, and performance of 27 public sector banks (PSBs) operating in India. The empirical results revealed that high efficiency does not stand for high effectiveness in the Indian PSB industry. In addition to that, a positive and strong correlation between effectiveness and performance measures has been noted. Further, on the efficiency front, State Bank of Travancore appears as an ideal benchmark, while State Bank of Bikaner and Jaipur, and State Bank of Mysore emerge as ideal benchmarks on the effectiveness front.

According to IA Pawar, MP Nayak (2013), The new generation of PSBs brought about a paradigm shift in service standards and set new bench marks in terms of application of new technology, speed in the delivery of services. Author reveals that, as per the RBI's latest report 'Trend and Progress of Banking in India, PSBs have made far happier customers when compared to their counterparts in the private sector and PSBs rule the roost in customer satisfaction. And because of this the public sector banking witnessed accelerated growth in their profitability by containing operation expenses after the reforms. The asset quality of banking sector improved which was reflected in the decline in net non-performing assets (NPA) as a percentage of loans and advances.

A Korde and K Laghate (2015) conducted a research that focused on impact of training on the performance of selected two Public Sector Banks, i.e. Bank of Baroda and Union Bank of India. The study was based on the secondary data. The data related to certain important parameters from April 2008-09 to March 2012-13 is analyzed to find out as comparison between both the banks. The authors arrived to the conclusion that the bank which has invested more in training is able to perform better than the bank which invests comparatively less in the area of training and especially in the area of HR and NPA related training. Thus Bank of Baroda has an upper hand in various parameters as compared to Union Bank of India. The authors opined that there is a need to take a detailed research in this area and also a comparative study between some of the Public and Private Sector Banks.

In the words of A Thangam (2018), the fundamental function of a banker is accepting money as a deposit from the public (Customer) and deploying the same using loans (Advances) and investments. Deposits are the key to the bank's potential growth. Total deposits have increased substantially overtime. The bulk resource employed by the modern banker consists of borrowed money- large deposits- which are lent out as profitably as is consistent with safety. One of the greatest strength of bank is its level of customer deposits which also enables it to achieve a lower cost of funds than the cost of alternate source of funds.

Thangam (2020) analyzed the bank manager's perception of non-performing assets in State Bank of India in Madurai Module. The researcher had used random sampling method to identify the respondents for the present study. The researchers were used primary data for the study. The data was collected through well-prepared questionnaire from the state bank managers. The researcher has used percentages and factor analysis. As per the analysis, the researcher found the results for the causes of Non-Performing Assets (NPAs) and minimizing the NPAs of State Bank of India to strict control is to be monitoring and loan processing. It will be searched the credit worthiness of the borrower and minimizing the political interference and taken necessary steps periodically for outstanding of loan.

4. OBJECTIVE OF THE STUDY

- To analyze the deposit performance of selected public sector banks in India

5. METHODOLOGY

For the study, the researcher has collected secondary data from various sources like journals, magazines, and websites and so on. The researcher has used trend analysis and Anova analysis and interpretation of data.

6. DATA ANALYSIS AND INTERPRETATION

Table 1: Deposits Performance of State Bank of India

(Rs. In Crore)

Deposits	State Bank of India	Increase/ Decrease	Trend
Mar-15	1576793	--	1465038
Mar-16	1730722	153929	1829518
Mar-17	2044751	314029	2193999
Mar-18	2706343	661592	2558480
Mar-19	2911386	205043	2922960
Mean	10969995		10969995

Source: Secondary Data; Calculated

Table 1, reveals that the State Bank of India Deposits was increasing Rs. 1576793 crore in March 2015 to Rs. 2911386 crore in March 2019. This is a highest value of deposits is Rs.2911386 crore in the year of March 2019. The trend value of that period is Rs. 2922960 crore in March 2019.

Table 2: Deposits Performance of Indian Bank

(Rs. In Crore)

Deposits	Indian Bank	Increase/ Decrease	Trend
Mar-15	169225	--	160935.8
Mar-16	178285	9060	178506.7
Mar-17	182509	4224	196077.6
Mar-18	208294	25785	213648.5
Mar-19	242075	33781	231219.4
Mean	980388		980388

Source: Secondary Data; Calculated

Table 2, reveals that the Indian Bank Deposits was increasing Rs. 169225 crore in March 2015 to Rs. 242075 crore in March 2019. This is a highest value of deposits is Rs. 242075 crore in the year of March 2019. The trend value of that period is Rs. 231219.4 crore in March 2019.

Table 3: Deposits Performance of Canara Bank

(Rs. In Crore)

Deposits	Canara Bank	Increase/ Decrease	Trend
Mar-15	473840	--	455468.8
Mar-16	479791	5951	485005.4
Mar-17	495275	15484	514542.0
Mar-18	524771	29496	544078.6
Mar-19	599033	74262	573615.2
Mean	2572710		2572710

Source: Secondary Data; Calculated

Table 3, reveals that the Canara Bank Deposits was increasing Rs. 473840 crore in March 2015 to Rs. 599033 crore in March 2019. This is a highest value of deposits is Rs. 599033 crore in the year of March 2019. The trend value of that period is Rs. 573615.2 crore in March 2019.

Table 4: Deposits Performance of Bank of Baroda

(Rs. In Crore)

Deposits	Bank of Baroda	Increase/ Decrease	Trend
Mar-15	617559	--	592747.4
Mar-16	574037	-43522	598701.1
Mar-17	601675	27638	604654.8
Mar-18	591314	-10361	610608.5
Mar-19	638689	47375	616562.2
Mean	3023274		3023274

Source: Secondary Data; Calculated

Table 4, reveals that the Deposits of Bank of Baroda was fluctuating between Rs. 617559 crore in March 2015 to Rs. 638689 crore in March 2019. This is a highest value of deposits is Rs. 638689 crore in the year of March 2019. The trend value of that period is Rs. 616562.2 crore in March 2019.

Table 5: Deposits Performance of Oriental Bank of Commerce

(Rs. In Crore)

Deposits	Oriental Bank of India	Increase/ Decrease	Trend
Mar-15	204990	--	203898.4
Mar-16	208914	3924	209272.6
Mar-17	219339	10425	214646.8
Mar-18	207346	-11993	220021.0
Mar-19	232645	25299	225395.2
Mean	1073234		1073234

Source: Secondary Data; Calculated

Table 4, reveals that the Deposits of Oriental Bank of Commerce was fluctuating between Rs. 204990 crore in March 2015 to Rs. 232645 crore in March 2019. This is a highest value of deposits is Rs. 232645crore in the year of March 2019. The trend value of that period is Rs. 225395.2crore in March 2019.

Table 6:Deposits Performance of Selected Public Sector Bank in India

(Rs. In Crore)

Deposits	SBI	IB	CB	BOB	OBC
Mar-15	1576793	169225	473840	617559	204990
Mar-16	1730722	178285	479791	574037	208914
Mar-17	2044751	182509	495275	601675	219339
Mar-18	2706343	208294	524771	591314	207346
Mar-19	2911386	242075	599033	638689	232645
Mean	10969995	980388	2572710	3023274	1073234
Average	2193999	196077.6	514542	604654.8	214646.8

Source: Money Control

Null Hypothesis: *There is no significant difference in value of selected public sector banks deposits.*

TABLE 7:ANOVA

ANOVA						
Source of Variation	SS	Df	MS	F	P-value	F crit
Between Groups	13774979258532.2	4	3443744814633.04	48.78087	4.86E-10	2.866081
Within Groups	1411924406656.8	20	70596220332.84			
Total	15186903665189.0	24				

Source: Ms-Excel Calculation

SS – Sum of Square, DF-Degrees of freedom, MS- Means Square

Interpretation

The table value of 'F' value is greater than f critical value so null hypothesis rejected. There is a significant difference in value of selected public sector banks deposits.

7. CONCLUSION

Accepting deposits is one of the major functions of any banks, especially public sector banks. It is the first and foremost activity and other activities of bank depend on the level of deposits. As the study focused on deposit performance of bank, the result reveals that, State Bank of India, Indian bank and Canara Bank shows Increasing trend in performance of deposits. Bank of Baroda and Oriental Bank of Commerce are showing fluctuating trend in deposit performance. In further State Bank of India have good performance of deposits, compared to other four banks.

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