

SCHEDULED COMMERCIAL BANKS: GROWTH TRENDS

G. Ramesh Babu¹ and CH. Harinarayana²

¹Research Scholar Dept of Commerce V.S.U.P.G Centre, Kavali,
spsr Nellore Dt Andhra Pradesh, India.

²Contract Junior Lecturer in Economics Govt. Junior College, Venkatachalam,
spsr Nellore Dt Andhra Pradesh, India.

Abstract:-Banks play an active role in the economic development of a country. Their ability to make a positive contribution in igniting the process of growth depends on the effective banking system. The banking system is an important constituent of the overall economic system. It plays a major role in mobilizing the nation's savings and in channelizing them into high investment priorities and better be described as the kingpin of the chariot of economic progress

Keywords:Commercial Banks, Deposits, Credits .

INTRODUCTION

Banking institutes have been playing a vital role in economic development of different countries in the world. An efficient and diversified banking system is a must for promoting savings and channelizing them into investment (Ross 1997) and help to achieve a faster rate of economic growth (Dilip Chandra 2007). Thus the good health of an economy is reflected in the good health of its banking system (Robert G. et al.1999). In a modern economy, banks are considered not only as the dealers in money but also the leaders of development. The banking sector is dominant in India as it accounts for more than half the assets of the financial sector. Section 5(1)(6) of the Banking Regulation Act defines "banking" as the accepting, for the purpose of lending or investment, of deposits of money from the public, Draft, order or otherwise. Section 5(1) (c) defines "banking company" as any company which transacts the business of banking in India. However, the acceptance of deposits by companies for the purpose of financing their own business is not regard as "banking" within the meaning of the act. The essential characteristics of the banking business as defined in section 5(b)of the Banking Regulation Act are acceptance of deposits from the public; for the purpose of lending or investments; repayable on demand or otherwise and withdrawal by means of any instrument whether a chequeor otherwise. From the definition, two important functions of commercial banks emerge; acceptance of deposits and lending of funds. The present study has analyzed the trend of growth of banking industry in India.

INFRASTRUCTURE DEVELOPMENT

Table 1 shows that the number of SCB's has increase from 170 in2009 to 173 in 2012. But in later years the number of SCBs has decreased due to the merger and acquisition taking place in the banking system. There has been an increase in the urban as well as rural branches from 31667 and 18969 in 2009 to 36356 and 25797 in 2012respectively. The population per office has come down from 14.5in 2009 to 12.3 in 2012 why because due to increasing E-banking system.. This table also reveals that the deposits per office have increased from 4,706 crore June 2009 to Rs. 600.9 crore in 2012. Indian banking industry has done remarkably well in developing its infrastructure

TOTAL CREDITS AND DEPOSITS

Table 2 shows the analytical results of credit and deposits by scheduled commercial banks

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operating in India. Demand deposits of SCB's have increased from Rs. 5230.85 billion crore in 2009 to Rs. 6253.3 billion crore in 2009. However, time deposits of banks have increased from Rs. 33110.25 billion crore to Rs. 52837.52 billion crore in same period. The growth of time deposits in absolute term has been more than demand deposits. Total credit of SCB's has increased from Rs. 27755.49 billion crore in 2009 to Rs 46118.52 billion crore in 2012. Deposits per capita has increased from Rs. 33471 crore in 2009 to Rs. 48732 crore in 2012, while credit deposits ratio has decreased from 72.4 to 78 during the same period. The growth of credit and deposits has there fore, been significant over the period under study.

CONCLUSION

The percentage share of rural credit has decrease from 16.2percent in 1999 to 13.37 percent in 2008. It is the matter of concern. The Indian banking industry CRAR is only 6.4 percent against 9 percent required under Basel-II norms. However, the percent share of GNPA's has gradually decreased from 14.78 in 1998 to 2.42 in 2009, which is a significant achievement of the Indian banking industry. Agriculture plays a dominant role in the Indian Economy providing.

Table 1
Infrastructure Development of SCBs in India.

Indicators	2009	2010	2011	2012
No. of Banks	170	169	169	173
Total branches	80547	85393	90263	98330
(a). Urban Branches	31667	32324	33683	36356
(b). Rural branches	18969	20740	22843	25797
Population per office(000)	14.5	13.8	13.4	12.3
Deposit per office	476.0	526.1	577.0	600.9

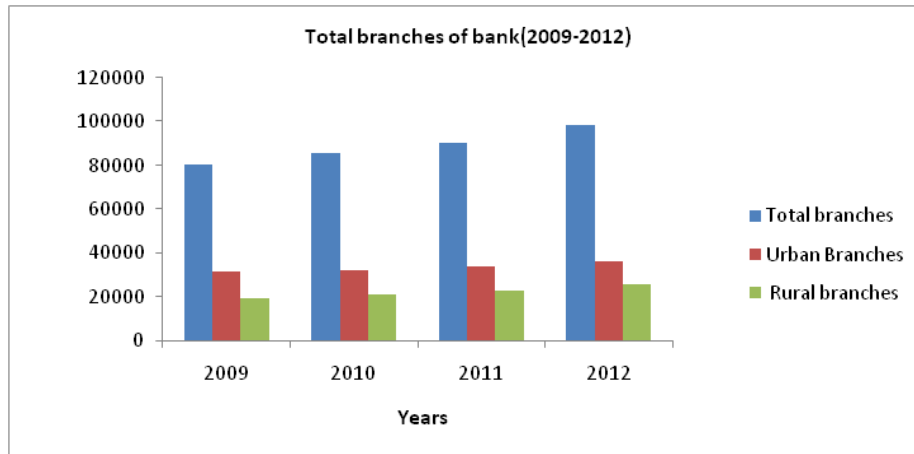
Source: Progress of commercial banking at a glance

Table 2
Total Credit and Deposits of SCBs

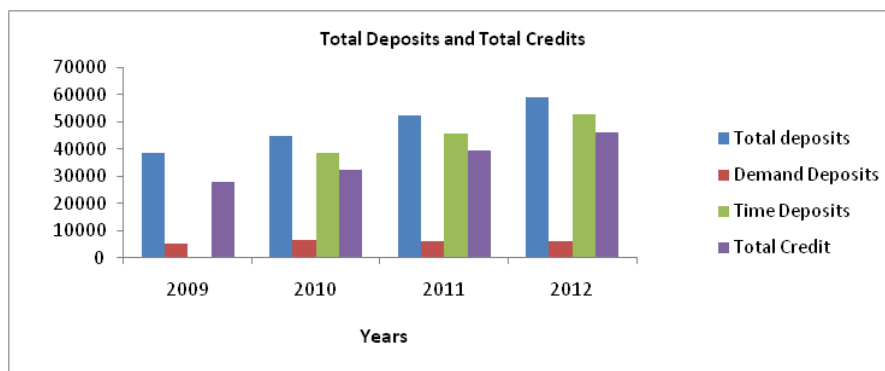
Indicators	2009	2010	2011	2012
Total deposits	38341.10	44928.26	52079.69	59090.82
(a). Demand deposits	5230.85	6456.10	6417.05	6253.3
(b). Time Deposits	33110.25	38472.16	45662.64	52837.52
Total Credit	27755.49	32447.88	39420.82	46118.52
Credit/deposit ratio	72.4	72.2	75.7	78.0
Deposit per capita(in Rs)	33471	38062	43034	48732

Source: Progress of commercial banking at a glance

Figure-1



Source: Progress of commercial banking at a glance



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G. Ramesh Babu

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