



Progress of Deposits in Chaitanya Godavari Grameena Bank after merger.

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KEYWORDS	

1. Introduction:

Regional rural banks (RRBs) were introduced as one more source of rural credit, particularly for economically and socially marginalised sections of the society. Although cooperative and commercial banks have reasonably recovered the geographical area and disbursed credit, it alleged that the former were dominated by the rural rich while the latter urban bias. Against this backdrop, RRBs came in to being. As a sequel to the recommendation of a committee, RRBs were restructured in the country. During 2006, Chaitanya grameena bank was merged with Godavari grameena bank. The resultant entity is known as Chaitanya Godavari Grameena Bank (CGGB). An attempt is made in this article to review the performance of it in terms of growth of deposits, deposit mix, cost of deposits, deposit amount per branch, per employee and per capita, targets and achievements and credit-deposit ratio (CDR) after merger.

2. Genesis:

CGGB was formed with the merger of Chaitanya and Godavari Grameena Banks with effect from 01.03.2006. The operational area of CGGB is spread over Guntur, East Godavari and West Godavari districts in the state of Andhra Pradesh (AP). The bank is with 158 branches. Of which, 90 are in Guntur district, 37 East Godavari and 31 West Godavari district and one extension counter in Guntur district. Out of them, 98 are rural, 45 semi-urban and 15 urban. The authorised capital of the bank is Rs.500 lakhs divided into 5 lakh fully paid shares of Rs.100/- each. The paid up capital is Rs.200 lakhs, contributed by Govt of India, Andhra Bank and Govt of A.P. in the ratio of 50%, 35% and 15% respectively.

3. Deposit mobilisation:

Deposit mobilisation is one of the important variables, which determine the pace of growth of any financial institution. It depends upon the savings ability and investment habit of the people of the area in which the bank operates. The CGGB has introduced several types of deposit schemes keeping in view the poorer sections in its operational area. The deposits have attracted small depositors in a big way. Their encouraging response has resulted in an impressive trend in the progress of deposits.

3.1. Trend in deposits:

The aggregate number of deposit accounts of the CGGB which stood at 389,843 in 2007 has progressively increased to 1,099,076 by the end of 2015 (see Table 1). The year to year changes are noticeable. The increment was in the range of 6.18 – 28.68 per cent. The deposits mobilised have gradually increased from Rs. 35,669.36 lakhs in 2007 to Rs. 218,620.95

lakhs in 2015. Like accounts, there are variations in the early increase of amount. The level of addition was in the range of 18.45 – 42.19 per cent during the period. On an average, per year, number of accounts and amount stood at 648,849.56 and Rs. 94,868.07 lakhs sequentially. In the case of amount, coefficient of variation (C.V.)

Table 1: Trend in Deposit Mobilisation of CGGB during 2007-15 (Rs. lakhs)

Year	Accounts	% of change	Amounts	% of change
2007	389,843	-	35,669.36	-
2008	439,192	12.66	43,119.90	20.89
2009	491,266	11.86	53,801.93	24.77
2010	533,672	8.63	64,092.91	19.13
2011	566,658	6.18	75,915.46	18.45
2012	610,379	7.72	94,941.16	25.06
2013	785,446	28.68	113,894.93	19.96
2014	924,114	17.65	153,756.00	35.00
2015	1099,076	18.93	218,620.95	42.19
Average	648,849.56		94,868.07	
S.D.	238,355.70		59,497.57	
C.V. (%)	36.74		62.72	
CGR (%)	12.21		22.32	
't' cal	8.17**		4.78**	

Note: S.D. : Standard deviation

C.V. : Coefficient of variation

CGR : Compound growth rate **: Indicates significant at 1 per cent level

Source: Relevant Annual Reports of Chaitanya Godavari Grameena Bank.

was 62.72 per cent indicating more variability and less consistency as compared to accounts (36.74 per cent). The compound growth rate (CGR) in amount (22.32 per cent) is higher than that of accounts (12.21 per cent). Both are significant at one per cent level.

3.2. Deposit mix:

Among the deposits, savings deposits ranked first in terms of accounts while term deposits in amount (see Table 2). The former were in the order of 83.01 – 85.54 per cent whereas the latter in the

Table 2: Structure of Deposits in CGGB during 2007-15 (Rs. lakhs)

Year	Accounts			Amounts		
	Current deposits	Savings deposits	Term deposits	Current deposits	Savings deposits	Term deposits
2007	6,265 (1.61)	327,387 (83.98)	56,191 (14.41)	1,968.95 (5.52)	11,678.24 (32.74)	22,022.17 (61.74)
2008	5,804 (1.32)	369,799 (84.20)	63,589 (14.48)	1,579.99 (3.66)	13,012.35 (30.18)	28,527.56 (66.16)
2009	5,611 (1.14)	409,676 (83.39)	75,979 (15.47)	1,353.98 (2.52)	16,426.00 (30.53)	36,021.95 (66.95)
2010	7,113 (1.33)	442,993 (83.01)	83,566 (15.66)	1,076.82 (1.68)	20,595.65 (32.13)	42,420.44 (66.19)
2011	9,666 (1.71)	478,532 (84.45)	78,460 (13.85)	2,597.00 (3.42)	29,022.69 (38.23)	44,295.77 (58.35)
2012	8,406 (1.38)	514,455 (84.28)	87,518 (14.34)	2,358.15 (2.48)	39,192.17 (41.28)	53,390.84 (56.24)
2013	10,813 (1.38)	671,864 (85.54)	102,769 (13.08)	4,452.29 (3.91)	37,974.93 (33.34)	71,467.71 (62.75)
2014	13,107 (1.42)	790,246 (85.51)	120,761 (13.07)	5,450.79 (3.55)	46,229.41 (30.07)	102,075.80 (66.39)
2015	13,326 (1.21)	939,500 (85.48)	146,250 (13.31)	7,670.45 (3.51)	57,451.10 (26.28)	153,499.40 (70.21)
Average	8,901.22 (1.39)	549,383.56 (84.43)	90,564.78 (14.18)	3,167.60 (3.36)	30,175.84 (32.75)	61,524.63 (63.89)
S.D.	3,006.62	207,309.31	28,478.91	2,228.72	16,057.29	42,175.56
C.V. (%)	33.78	37.73	31.45	70.36	53.21	68.55
CGR (%)	8.75	12.43	11.21	16.31	19.37	24.08
't' cal	8.88**	7.95**	9.54**	4.26**	5.64**	4.38**

Note: Figures in brackets indicate the percentage to total

S.D. : Standard deviation **C.V. :** Coefficient of variation
CGR: Compound growth rate **** :** Indicates significant at 1 per cent level

Source : As in Table 1

level of 13.07 - 15.66 per cent. In the case of amount, the savings deposits were in the frequency of 26.28 - 41.28 per cent and term deposits 56.24 - 70.21 per cent. The current deposits came last in both the accounts and amount. In accounts, their proportion was 1.14 - 1.71 per cent and amount 1.68 - 5.52 per cent. On an average, per year, current deposits, savings deposits and term deposits stood at Rs. 3,167.60 lakhs, Rs. 30,175.84 lakhs and Rs. 61,524.63 lakhs respectively. The C.V. in the aforesaid was 70.36 per cent, 53.21 per cent and 68.55 per cent serially. The CGR was 16.31 per cent, 19.37 per cent and 24.08 per cent sequentially. These are significant at one per cent level.

The number of savings deposit accounts is relatively more because of the compulsion that every person has open an account, the moment he becomes borrower. It infers that the bank has introduced deposit oriented loaning schemes. The current deposits have declined in terms of accounts while negligible decrease in amount. The term deposits though ranked second in respect of accounts occupied the first place in amount. The current deposits are comparatively not significant. The increasing importance of term deposits in terms of amount may be attributed to such factors as increased level of income of the public in the operational area; improved economic standards; change in the attitude of public; declining trend in the prices of real estate, etc. Thus, the bank possesses a greater long - term deposit base. This has resulted in stability in deposit mobilisation and lending. It is so because these deposits give necessary time for advancing loans. The change in deposit mix is a sign of healthy growth of the CGGB in the matter of deposit accretion.

3.3. Share of demand deposits:

The current and savings deposits are demand deposits. The demand deposits have increased to Rs. 65,121.55 lakhs during 2015 from Rs. 13,647.19 lakhs during 2007, recording an

increase of 4.77 times (see Table 3). Similarly, the accounts of these have raised from 952,826 during 2015 to 333,652 during 2007, registering the increase of 4.77 times. The percentage of demand deposit in total deposit amount was 38.26 per cent in 2007 vis-à-vis 29.79 per cent in 2015. Whereas the percentage of these in terms of accounts was 85.59 per cent in the former 86.69 per cent in the latter. There is a declining trend with to and fro changes. On an average, per year, demand deposits stood Rs. 33,343.44 lakhs and 558,284.78 in amount and accounts sequentially. The C.V. is the highest in amount (54.24 per cent) as

Table 3: Demand & total deposits of CGGB during 2007-15 (Rs. lakhs)

Year (1)	Demand deposits		% of col. (2) to total deposit account (4)	% of col. (3) to total deposit amounts (5)
	Accounts (2)	Amounts (3)		
2007	333,652	13,647.19	85.59	38.26
2008	375,603	14,592.34	85.52	33.84
2009	415,287	17,779.98	84.53	33.05
2010	450,106	21,672.47	84.34	33.81
2011	488,198	31,619.69	86.15	41.65
2012	522,861	41,550.32	85.66	43.76
2013	682,677	42,427.22	86.92	37.25
2014	803,353	51,680.20	86.93	33.61
2015	952,826	65,121.55	86.69	29.79
Average	558,284.78	33,343.44		
S.D.	210162.19	18,086.26		
C.V. (%)	37.64	54.24		
CGR (%)	12.37	18.96		
't' cal	7.97**	5.53**		

Note : **S.D. :** Standard deviation

C.V. : Coefficient of variation

CGR : Compound growth rate **** :** Indicates significant at 1 per cent level

Source: As in Table 1

compared to accounts (37.64 per cent). The CGR was 18.96 per cent and 12.37 per cent in the former and latter respectively, which are significant at one per cent level.

3.4. Per branch, employee and per capita deposits:

The average deposits per branch were Rs. 857.13 lakhs in 2007 as compared to Rs. 2,645.60 lakhs in 2015 (see Table 4). There is a gradual increase in it without any decrease. The amount of deposit per employee has increased progressively from Rs. 216.10 lakhs to Rs 698.63 lakhs during the aforesaid period. A similar trend exists in per capita deposits. These have constituted Rs. 9,149.67 in

Table 4: Deposit per Branch, Employee and Per Capita in CGGB during 2007-15

Year	Amount per		
	branch (Rs. lakhs)	employee (Rs. lakhs)	capita (Rs.)
2007	857.13	216.10	9,149.67
2008	1,028.75	259.37	9,818.01
2009	1,220.42	316.41	10,951.69
2010	1,295.61	338.13	12,009.79
2011	1,530.06	425.01	13,397.05
2012	1,808.74	480.12	15,554.46
2013	2,013.03	567.55	14,500.67
2014	2,371.58	730.90	16,638.21
2015	2,645.60	698.63	19,891.34
Average	1,641.21	448.02	13,545.65
S.D.	613.12	186.23	3,484.05
C.V. (%)	37.36	41.57	25.72
CGR (%)	13.34	13.93	9.01
't' cal	8.03**	7.21**	11.66**

Note: S.D. : Standard deviation
C.V : Coefficient of variation
CGR : Compound growth rate
 ** : Indicates significant at 1 per cent level
Source: As in Table 1

2007 while Rs. 19,891.34 in 2015. On an average, per year, amount per branch, per employee and per capita deposits stood at Rs. 1,641.21 lakhs, Rs. 448.02 lakhs and Rs. 13,545.65 respectively. The degree of variation was least in per capita deposits (25.72 per cent) followed by per branch (37.36 per cent) and per employee, (41.57 per cent). The CGR was 9.01 per cent, 13.34 per cent and 13.93 per cent in the aforesaid respectively. These are significant at one per cent level.

3.5. Cost of deposits:

Another factor, which determines the size of deposits, is the rate of interest. If the rate of interest were high, the number of deposit accounts would be more. A high rate of interest encourages a large number of deposit accounts, which consequently results in deposit amount. It is through deposit mobilisation that banks enlarge their resource base. Deposits mobilised by the CGGBs play a key role not

Table 5: Cost of Deposits in CGGB during 2007-15 (Rs. lakhs)

Year	Interest paid on deposits	Average deposits	Cost of deposits (%)
2007	1,641.40	30,295.39	5.42
2008	2,251.58	37,642.46	5.98

2009	2,934.26	45,151.53	6.50
2010	3,714.11	54,607.84	6.80
2011	3,905.71	62,798.34	6.22
2012	5,251.96	75,007.20	7.00
2013	6,910.45	89,255.27	7.74
2014	9,534.18	118,739.43	8.03
2015	13,419.91	170,299.80	7.88
Average	5,507.06	75,977.47	
S.D.	3853.65	44776.59	
C.V. (%)	69.98	58.93	
CGR (%)	26.30	21.15	
't' cal	4.29**	5.09**	

Note: S.D. : Standard deviation
C.V : Coefficient of variation
CGR : Compound growth rate ** : Indicates significant at 1 per cent level
Source : As in Table 1

only as an important source of fund but also an instrument of promoting savings and banking habit among the rural people. The interest paid on deposits has increased to Rs. 13,419.91 lakhs during 2015 from Rs. 1,641.40 lakhs during 2007 i.e. an increase of 8.18 times (see Table 5).The interest has gone up as to increase in the size of amount. The cost of deposits was 5.42 per cent in 2007 as compared to 7.88 per cent in 2015. There is a mixed trend during the period. On an average, per year, interest paid on deposits was Rs. 5,507.06 lakhs. The degree of variation was 69.98 per cent. The CGR was 26.30 per cent, which is significant at one per cent level.

4. Accomplishments:

The target in deposit mobilisation was fixed at Rs. 33,500 lakhs in 2007 vis-à-vis Rs. 178,500 lakhs in 2015 (see Table 6). The amount actually mobilised was Rs. 35,669.36 lakhs and Rs. 218,620.95

Table 6: Targets and Achievements of CGGB in Deposit Mobilisation during 2007-15 (Rs. lakhs)

Year (1)	Target (2)	Actual (3)	% of col. (3) to col. (2) (4)
2007	33,500	35,669.36	106.48
2008	40,000	43,119.90	107.80
2009	50,000	53,801.93	107.60
2010	64,500	64,092.91	99.37
2011	80,000	75,915.46	94.89
2012	90,000	94,941.16	105.49
2013	113,800	113,894.93	100.08
2014	136,000	153,756.00	113.06
2015	178,500	218,620.95	122.48
Average	87,366.67	94,868.07	
S.D.	48,081.68	59,497.57	
C.V. (%)	55.03	62.72	
CGR (%)	20.43	22.32	
't' cal	5.45**	4.78**	

Note: S.D. : Standard deviation
C.V : Coefficient of variation
CGR : Compound growth rate ** : Indicates significant at 1 per cent level
Source : As in Table 1

lakhs in the former and latter respectively. The percentage of achievement was 106.48 in 2007 as compared to 122.48 in

2015. The year 2015 achieved the highest accomplishment. The targets were under fulfilled in certain years such as 2010 (99.37 per cent) and 2011 (94.89 per cent). On an average, per year, targets and actual deposits stood Rs. 87,366.67 lakhs and Rs. 94,868.07 lakhs serially during the period. The C.V. in the actual deposits was the highest at 62.72 per cent followed by targets (55.03 per cent). The CGR was 22.32 per cent in actual deposits and 20.43 per cent in targets. These are significant at one per cent level. The CGR in actual deposits is more than that of target. The targets were over fulfilled due to the fact that there were fixed at low level or the bank might have put in concerted efforts.

5. Credit-deposit ratio:

With a growth in branch network, there has been a steady increase in the deposits. Similarly, there is a remarkable progress in the growth of advances outstanding. The outstanding advances were Rs. 40,615.27 lakhs in 2007 vis - à - vis, Rs. 199,383.56 lakhs in 2015, recording an increase of 4.91 times. (see Table 7). The CDR was 113.87 per cent in 2007 as compared to 91.20 per cent in 2015. In

Table 7: Credit Deposit Ratio of CGGB during 2007-15 (Rs. lakhs)

Year	Deposits	Outstanding advances	Credit-deposit ratio (%)
2007	35,669.36	40,615.27	113.87
2008	43,119.90	48,438.52	112.33
2009	53,801.93	57,256.42	106.42
2010	64,092.91	66,764.11	104.17
2011	75,915.46	84,741.34	111.63
2012	94,941.16	114,872.95	120.99
2013	113,894.93	143,772.94	126.23
2014	153,756.00	185,380.57	120.57
2015	218,620.95	199,383.56	91.20

Source : As in Table 1

the mean time, there are ups and downs. The CDR was welcome during the period leaving 2015. This is so because the credit deployed is less than the deposit in the year. In the remaining 8 years, funds raised from external sources were deployed in its operational area in addition to locally moped up deposits.

6. Conclusion:

There is a rapid progress in the growth of deposits in both the terms of accounts and amount. There is a notable increase in per capita, per employee and per branch deposits. The bank has achieved a satisfactory progress due to opening of branches and sustained efforts of employees. This has resulted in broad based deposit mix. The cost of deposits has gone up with ups and downs. The targets were overfulfilled in almost all the years. There is a progress in CDR with to and fro changes. The bank has made concerted efforts to mobilise saving of rural public by bringing them into the banking fold. Thus, it has built up a special image and landmark in deposit mobilisation.

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