

**DISTRIBUTION PATTERN OF DEPOSITS ACCORDING TO TYPE OF BRANCHES**

The distribution of bank deposits as per the type of bank branches assumes important in view of the fact that branches are categories according to the population of the place of location, hence such data throws light on deposit mobilisation in rural and semi-urban areas of the country wherein most of the new branches were opened during the post bank nationalisation period. The branches are categorised as per the following norms :

A rural branch is located in a centre with population upto 10,000.

A semi-urban branch is located in a centre with population of over 10,000 and upto 1 lakh.

A urban branch is located in a centre with population of over 1 lakh and upto 10 lakhs.

Lastly, a metropolitan branch is located in a centre with population of over 10 lakhs.

This chapter analyses the growth of bank deposits with reference to three categories of branches, viz. rural, semi-urban, and urban/metropolitan. The period under reference is 1972 to 1985.<sup>1</sup>

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1 Relevant data available only from the date of Publication of Banking Statistics, Basic Statistical Returns, Reserve Bank of India.

The specific objectives of the study are -

- 1) to measure the growth of deposits for each category of branch,
- 2) to compare the share of each type of branch in the total deposit accounts and amount,
- 3) to compare the deposit per account and per branch between the three categories of branches.

The thrust of branch expansion policy was in favour of opening rural and semi-urban branches during the study period. Consequently, the rural branches increased at a much higher rate than compared to the other two categories. The following table presents the growth rates of the number of bank offices, deposit accounts and amount, according to the category of branches.

Table - 7.1 Compound growth Rates (in Percentage)  
(1972 - 1985)

Sr. No.	Category of Branches	Offices	Accounts+	Amount
1.	2.	3.	4.	5.
1	Rural	14.1	20.9	26.7
2	Semi-Urban	6.7	14.5	19.1
3	Urban/Metropolitan	8.5	13.1	18.8
	All India.....	10.5	15.1	19.6

+ 1973-1985 figures

Source - Appendix - VII.1, 2, 3.

The above table indicates that offices of rural branches had a growth rate of more than 14 percent per annum which was more than double the growth of semi-urban branches

and much higher than the all India average. Similarly, growth in deposit accounts and amount of rural branches was much higher than the all India average and also higher than rates of the other two categories. However, compared to the difference in the growth rates of rural branches and other branches the difference in the deposit growth of rural branches compared to other branches relatively was lower.

The comparative analysis of deposit mobilisation by different categories of bank branches is undertaken. The proportionate share of total offices and deposit accounts and amount, number of each category of branches is compared at two points of time, 1972 and 1985. The relevant data is presented in following table:

Table No. 7.2 - Distribution of Offices, and deposits Accounts and amount according to Categories of Branches

(in percentage)

Sr. No.	Category of Branches	1972			1985		
		Offices	Accounts*	Amount	Offices	Accounts	Amount
1.	2.	3.	4.	5.	6.	7.	8.
1	Rural	36.0	14.9	6.5	54.6	27.1	13.7
2	Semi-Urban	31.4	30.2	22.4	19.9	28.2	21.1
3	Urban/Metro-politan	32.6	54.9	71.1	25.5	44.7	65.2

\* 1973

Source - Appendix - VII.1, 2, 3.

The above table reveals that rural branches as a proportion of total bank branches increased from 37 to 55 percent over the period. On the other hand, there was a

corresponding decline in the proportion of the other two categories of branches.

Consequently, the share of rural branches in the deposit accounts and amount registered a sharp increase over the period. On the other hand, there was a sharp decline in the proportion of deposit account and amount of urban/metropolitan branches, and only a marginal decline in case of semi-urban branches.

For examining the deposit mobilisation by each category of branch and changes in their performance over the period, two parameters are used, bank deposits per office and deposits per account. The following table presents the ~~relevant~~ relevant data.

Table No. 7.3 - Deposits per Branch (1972 - 1985)

(Rs. in lakhs)				
Sr. No.	Category of Branch	1972	1985	Percentage increase over the period
1.	2.	3.	4.	5.
1	Rural	10.23	39.86	290
2	Semi-Urban	40.57	169.08	317
3	Urban/Metropolitan	124.78	407.66	227
	All India.....	57.06	159.41	179

Source - Appendix - VII.1

There was a substantial increase in the average amount of deposits collected by a branch over the period as indicated in the above table.

The highest increase over the period, in average deposits per branch, was observed in case of semi-urban branches followed by rural branches. The lowest increase in deposit per branch was of the urban/metropolitan category.

As deposits per branch is a good criteria for evaluating viability of branches, it is pertinent to note that average rural branch deposit was less than a quarter of the average deposit of the semi-urban branches and less than one-tenth of deposits of urban/metropolitan branches. This data gives the clue to the low profitability of rural bank branches. It also indicates the area where deposit mobilisation in the banking system needs attention.

Comparing the amount of deposits per account, among various categories of branches present the second dimension of deposit mobilisation. The following table presents the relevant data.

Table No. 7.4 - Deposits per Account (Rs.)

Sr. No.	Category of branches	1972	1985	Percentage increase over the period
1.	2.	3.	4.	5.
1	Rural	1158	1644	42
2	Semi-Urban	1812	2822	56
3	Urban/metropolitan	3026	5506	82
	All India.....	2390	3771	58

Source - Appendix - VII.1

The above table reveals that there was a substantial increase in the average amount of deposit per account in the urban/metropolitan and semi-urban branches and relatively much smaller increase in case of rural branches.

In sum, it is observed that the performance of rural branches in terms of deposit mobilisation continued to be very poor both accountwise and amountwise compared to the other two categories of branches. In 1985, rural branches accounted for 55% of total branches and yet, had only 27 percent and 14 percent of deposit account and amount respectively. Deposits per rural branch amounted to nearly 40 lakhs compared to Rs.159 lakhs all India average. Similarly, deposit per account amounted to Rs.1644 in rural branches compared to Rs.3771 all India average and Rs.5506 for urban/metropolitan branches. Even in semi-urban branches had lesser average deposit per account compared to the all India average. Hence, much efforts are required for increasing deposit in the rural branches.