

**GROWTH RATE AND GROWTH PATTERN OF SELECTED PUBLIC SECTOR BANKS IN INDIA****\*M.KAVITHA****\* Research Scholar, Department of Commerce, Bharathiyar University, Coimbatore, India.*****ABSTRACT***

*A good bank is not only the financial heart of the community, but also one with an obligation of helping in every possible manner to improve the economic conditions of the common people. A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities. The data is fully based on secondary data collected from the balance sheet of the selected public sector banks. Three objectives are framed for this analysis. The statistical tools applied for this study are trend analysis, mean, standard deviation, coefficient of variation, compound annual growth rate. Though this study these banks, by earning at least a nominal profit, have to serve the economy through extension of advances and safeguard the interest of their investors by providing the expected return on their investment in banks. These forces the public sector banks not only to increase their earnings but also to create surplus out of their banking activities.*

*Keywords: Banks, Deposit, Financial, Interest, Investment, Profit, Surplus.*

## **INTRODUCTION**

A good bank is not only the financial heart of the community, but also one with an obligation of helping in every possible manner to improve the economic conditions of the common people. A bank is a financial intermediary that accepts deposits and channels those deposits into lending activities. Banks are a fundamental component of the financial system, and are also active players in financial markets. The essential role of a bank is to connect those who have capital (such as investors or depositors), with those who seek capital (such as individuals wanting a loan, or businesses wanting to grow). Banks play an important role in the economic development of every nation. They have control over a large part of the supply of money in circulation. Through their influence over the volume of bank money, they can influence in nature and character of production in any country. Economic development is a dynamic and continuous process. Banks are the main stay of economic progress of a country, because the economic development highly depends upon the extent of mobilization of resources and investment and on the operational efficiency of the various segments (i.e. Trade, Industrial Development, and Agriculture) of the economy. Thus, in the modern economy, banks have become a part and parcel of all economic activities in India.

“Banks are not just the storehouse of the country’s wealth but are the reservoirs of resources necessary for economic development”.

## **ORIGIN OF THE WORD “BANK”**

The name bank derives from the Italian word banco "desk/bench", used during the Renaissance by Jewish Florentine bankers, who used to make their transactions above a desk covered by a green tablecloth. However, there are traces of banking activity even in ancient times , which indicates that the word 'bank' might not have necessarily come from the word 'banco'.

In fact, the word traces its origins back to the Ancient Roman Empire, where moneylenders would set up their stalls in the middle of enclosed courtyards called macella on a long bench called a bancu, from which the words banco and bank are derived. The earliest evidence of money-changing activity is depicted on a silver drachm coin from ancient Hellenic colony Trapezus on the Black Sea, modern Trabzon, and c. 350–325 BC, presented in the British Museum in London.

## **OBJECTIVES OF THE STUDY**

The major objective of the study is to analyze the growth rate and growth pattern of selected public sector banks in India. The following are the specific objectives of the study.

- 1) To enlighten on the establishment and achievements of selected public sector banks.
- 2) To measure the growth rate and growth pattern of the selected public sector banks.
- 3) To offer suggestions for improving the growth of the banks.

### **LIMITATIONS OF THE STUDY**

- i) The study is fully based on the secondary data collected from the balance sheet of the banks.
- ii) The financial data obtained is restricted to ten years, so the growth of the bank was not making in depth.

### **SCOPE OF THE STUDY**

This study confines itself to the issues relating to the growth rate and growth pattern of the bank with regard to its growth, profitability and liquidity for the period of ten years that is from 2001-2010. The findings may be helpful for the bank to improve their performance in future.

### **SELECTED PUBLIC SECTOR BANKS IN INDIA**

The term “public sector banks” is used commonly in India. This refers to banks that have their shares listed in the stock exchanges NSE and BSE and also the government of India holds majority stake in these banks. They can also be termed as government owned banks. Following Public Sector Banks are selected for the study.

- **BANK OF INDIA**
- **INDIAN BANK**
- **INDIAN OVERSEAS BANK**
- **CANARA BANK**
- **UNION BANK OF INDIA**
- **STATE BANK OF INDIA**

### **GROWTH RATE OF SELECTED PUBLIC SECTOR BANKS**

Growth rate of selected public sector banks is measured by using trend analysis, deposits and advances of selected public sector banks are taken as parameters to find out the growth rate of selected public sectors banks.

**TABLE: 1- DEPOSITS****(Rs. in crores)**

YEAR	BANK OF INDIA	CANARA BANK	INDIAN BANK	INDIAN OVERSEAS BANK	STATE BANK OF INDIA	UNION BANK OF INDIA
2001	50454.07	60751.34	21856.59	27443.88	252020.33	33751.13
2002	58902.17	69133.04	25043.97	32148.58	277357.13	40296.13
2003	67350.27	77514.74	28231.35	36853.29	302693.93	46841.13
2004	75798.37	85896.44	31418.73	41557.99	328030.73	53386.14
2005	84246.47	94278.13	34606.11	46262.70	353367.53	59931.14
2006	92694.57	102659.83	37793.49	50967.40	378704.33	66476.14
2007	101142.67	111041.53	40980.86	55672.10	404041.13	73021.14
2008	109590.77	119423.23	44168.24	60376.81	429377.93	79566.15
2009	118038.87	127804.92	47355.62	65081.51	454714.73	86111.15
2010	126486.97	136186.62	50543.00	69786.22	480051.53	92656.15

**Source:** computed from the annual reports of the banks

As it could be seen in table 1, among the selected six public sector banks i.e., Bank of India, Canara Bank, Indian Bank, Indian Overseas Bank, State Bank of India and Union Bank of India, the trend value of deposits ranges from 50454.07 to 126486.97, 60751.34 to 136186.62, 21856.59 to 50543.00, 27443.88 to 69786.22, 252020.33 to 480051.53 and 33751.13 to 92656.15 respectively. It is concluded that there is an increasing trend of deposit among the selected public sector banks.

**TABLE: 2 – ADVANCES****(Rs. in crores)**

YEAR	BANK OF INDIA	CANARA BANK	INDIAN BANK	INDIAN OVERSEAS BANK	STATE BANK OF INDIA	UNION BANK OF INDIA
2001	34305.93	24818.68	6568.87	8533.58	85005.51	14128.98
2002	38378.98	32983.46	9578.57	13224.94	115780.70	20007.12
2003	42452.03	41148.23	12588.26	17916.29	146555.89	25885.26
2004	46525.09	49313.01	15597.96	22607.65	177331.08	31763.39
2005	50598.14	57477.79	18607.66	27299.01	208106.27	37641.53
2006	54671.20	65642.57	21617.36	31990.37	238881.46	43519.66
2007	58744.25	73807.34	24627.06	36681.73	269656.65	49397.80
2008	62817.30	81972.12	27636.75	41373.09	300431.84	55275.93
2009	66890.36	90136.90	30646.45	46064.45	331207.03	61154.07
2010	70963.41	98301.68	33656.15	50755.80	361982.22	67032.21

**Source:** computed from the annual reports of the banks

Table 2 shows that among the selected six public sector banks i.e., Bank of India, Canara Bank, Indian Bank, Indian Overseas Bank, State Bank of India and Union Bank of India, the trend value of advances ranges from 34305.93 to 70963.41, 24818.68 to 98301.68, 6568.87 to 33656.15, 8533.58 to 50755.80, 85005.51 to 361982.22 and 14128.98 to 67032.21 respectively. It is concluded that advances of the selected six public sector banks show an increasing trend.

### GROWTH PATTERN OF SELECTED PUBLIC SECTOR BANKS IN INDIA

This deals with the identification of growth pattern of the selected public sector banks in India. For this purpose, the first computation is based on absolute volume for the six parameters for the sample banks. The following are the six parameters used for the study.

- Interest Income
- Other Income
- Total Income
- Interest Expenses
- Total Expenditure
- Net Profit or Loss

**TABLE: 3 - GROWTH PATTERN OF INTEREST INCOME**

(Rs. in crores)

YEAR	BANK OF INDIA	CANARA BANK	INDIAN BANK	INDIAN OVERSEAS BANK	STATE BANK OF INDIA	UNION BANK OF INDIA
2001	4,736.99	4,851.74	1898.62	2,504.56	22202.26	3,315.11
2002	5316.87	5618.27	2106.49	2793.42	26138.91	3732.95
2003	5594.49	6370.56	2293.93	3170.69	29810.09	4015.68
2004	5928.22	6657.72	2531.9	3485.91	31087.02	4306.18
2005	5795.9	7006.92	2666.92	3754.1	30460.49	4516.31
2006	6031.53	7571.97	2870.66	3951.05	32428	4969.79
2007	7028.7	8711.51	3364.52	4406.28	35794.93	5863.71
2008	9180.33	11364.56	4284.65	5832.07	39491.03	7382.18
2009	12355.22	14200.74	5150.78	7968.25	48950.31	9447.3
2010	16347.36	17119.05	6830.33	9641.4	63788.43	11889.38
<b>MEAN</b>	2877.65	3168.49	1213.22	1837.88	8836.87	2177.46
<b>S.D</b>	3761.76	4023.12	1575.44	2360.90	12227.70	2806.41
<b>C.V</b>	1.31	1.27	1.30	1.28	1.38	1.29
<b>CAGR</b>	0.15	0.15	0.15	0.16	0.12	0.15

Source: computed from the annual reports of the banks

The above table reveals the interest income of the selected public sector banks. Interest Income mean value of Bank of India amounts to Rs.2877.65 crores, Canara Bank amounts to Rs.3168.49 crores, Indian Bank amounts to Rs.1213.22 crores, Indian Overseas Bank amounts to Rs.1837.88 crores, State Bank of India amounts to Rs.8836.87 crores and Union Bank of India amounts to Rs. 2177.46 crores.

It is concluded that Indian Overseas Bank records the highest CAGR (0.16) and State Bank of India records the lowest CAGR (0.12).

**TABLE: 4 - GROWTH PATTERN OF OTHER INCOME**

(Rs. in crores)

YEAR	BANK OF INDIA	CANARA BANK	INDIAN BANK	INDIAN OVERSEAS BANK	STATE BANK OF INDIA	UNION BANK OF INDIA
2001	785.54	835.68	275.14	266.20	3567.99	299.11
2002	861.91	917.79	310.00	301.67	3882.71	311.58
2003	1113.85	1428.53	501.93	531.26	4193.68	499.14
2004	1642.37	1512.13	532.68	543.45	5745.32	824.56
2005	1791.99	2072.91	747.33	819.96	7612.67	831.46
2006	1155.80	1543.83	572.44	799.56	7119.90	766.10
2007	1184.38	1377.51	531.47	728.21	7388.69	625.10
2008	1562.95	1511.80	823.06	862.76	7446.76	841.80
2009	2116.93	2308.31	1067.89	1075.46	9398.43	1232.67
2010	3051.86	2427.10	1035.44	1713.07	12691.35	1482.55
<b>MEAN</b>	506.46	405.53	222.95	290.00	2045.86	271.20
<b>S.D</b>	681.18	532.94	273.54	418.67	2783.67	374.16
<b>C.V</b>	1.34	1.31	1.23	1.44	1.36	1.38
<b>CAGR</b>	0.16	0.13	0.16	0.23	0.15	0.19

Source: computed from the annual reports of the banks

Table 4 reveals the other income of the selected six public sector banks. The mean value related other income of Bank of India amounts to Rs.506.46 crores, Canara Bank amounts to Rs.405.33 crores, Indian Bank amounts to Rs.222.95 crores, Indian Overseas Bank amounts to Rs.290.00 crores, State Bank of India amounts to Rs.2045.86 crores and Union Bank of India amounts to Rs.271.20 crores.

It is concluded that Indian Overseas Bank records the highest CAGR (0.23) and Canara Bank records the lowest CAGR (0.13).

**TABLE: 5 - GROWTH PATTERN OF TOTAL INCOME****(Rs. in crores)**

<b>YEAR</b>	<b>BANK OF INDIA</b>	<b>CANARA BANK</b>	<b>INDIAN BANK</b>	<b>INDIAN OVERSEAS BANK</b>	<b>STATE BANK OF INDIA</b>	<b>UNION BANK OF INDIA</b>
2001	5,522.53	5,687.42	2173.76	2,770.76	25770.25	3,614.22
2002	6178.78	6536.06	2416.49	3095.09	30021.62	4044.53
2003	6708.34	7799.09	2795.86	3701.95	34003.77	4514.82
2004	7570.59	8169.85	3064.58	4029.36	36832.34	5130.74
2005	7587.89	9079.83	3414.25	4574.06	38073.16	5347.77
2006	7187.33	9115.8	3443.1	4750.61	39547.9	5735.89
2007	8213.08	10089.02	3895.99	5134.49	43183.62	6488.81
2008	10743.28	12876.36	5107.71	6694.83	46937.79	8223.98
2009	14472.15	16509.05	6218.67	9043.71	58348.74	10679.97
2010	19399.22	19546.15	7865.77	11354.47	76479.78	13371.93
<b>MEAN</b>	3307.94	3461.79	1414.66	2109.64	10654.07	2426.02
<b>S.D</b>	4385.45	4463.08	1822.99	2757.59	14878.85	3149.76
<b>C.V</b>	1.33	1.29	1.29	1.31	1.40	1.30
<b>CAGR</b>	0.15	0.15	0.15	0.17	0.13	0.16

**Source:** computed from the annual reports of the banks

Table 5 reveals the growth pattern of total income. The total income mean value of Bank of India amounts to Rs.3307.94 crores, Canara Bank amounts to Rs.3461.79 crores, Indian Bank amounts to Rs.1414.66 crores, Indian Overseas Bank amounts to Rs.2109.64 crores, State Bank of India amounts to Rs.10654.07 crores and Union Bank of India amounts to Rs.2426.02 crores.

It is concluded that Indian Overseas Bank Records the highest CAGR (0.17) and State Bank of India records the lowest CAGR (0.13).

**TABLE: 6- GROWTH PATTERN OF INTEREST EXPENSES****(Rs. in crores)**

YEAR	BANK OF INDIA	CANARA BANK	INDIAN BANK	INDIAN OVERSEAS BANK	STATE BANK OF INDIA	UNION BANK OF INDIA
2001	3,443.14	3,414.47	1518.68	1,826.26	15272.58	2,358.03
2002	3663.03	3735.25	1611.29	1912.67	17756.02	2513.95
2003	3769	4550.25	1762.88	2200.62	20728.84	2679.04
2004	3892.01	4424.77	1711.52	2264.44	21109.46	2808.5
2005	3594.48	4324.57	1549.86	2154.69	19274.18	2780.07
2006	3794.64	4421.5	1567	2095.53	18483.38	2905.24
2007	4396.72	5130.01	1854.34	2339.1	20159.29	3489.42
2008	5739.86	7337.73	2412.62	3271.27	23436.82	4591.96
2009	8125.95	10662.94	3159.08	5288.79	31929.08	6360.95
2010	10848.45	12401.25	4221.82	6771.81	42915.29	8075.81
<b>MEAN</b>	1866.82	2456.22	676.56	1258.86	5792.34	1491.97
<b>S.D</b>	2474.52	3108.15	894.20	1674.86	8264.52	1924.89
<b>C.V</b>	1.33	1.27	1.32	1.33	1.43	1.29
<b>CAGR</b>	0.14	0.15	0.12	0.16	0.12	0.15

**Source:** computed from the annual reports of the banks

Table 6 reveals the growth pattern related to interest expenses of the selected six public sector banks. The mean value of Bank of India amounts to Rs.1866.82 crores, Canara Bank amounts to Rs.2456.22 crores, Indian Bank amounts to Rs.676.56 crores, Indian Overseas Bank amounts to Rs.1258.86 crores, State Bank of India amounts to Rs.5792.34 crores and Union Bank of India amounts to Rs.1491.97 crores.

It is concluded that State Bank of India and Indian Bank records the lowest CAGR (0.12) and Indian Overseas Bank records the highest CAGR (0.16).



**TABLE: 7 - GROWTH PATTERN OF TOTAL EXPENDITURE****(Rs. in crores)**

YEAR	BANK OF INDIA	CANARA BANK	INDIAN BANK	INDIAN OVERSEAS BANK	STATE BANK OF INDIA	UNION BANK OF INDIA
2001	5,349.71	5,451.38	2600.73	2,730.41	23718.7	3,512.97
2002	5926.9	6250.95	2690.5	2979.15	28417.38	3889.07
2003	6203.11	7057.7	2762.64	3471.73	31572.15	4200.69
2004	6719.58	7150.96	2875.75	3613.26	33727.34	4578.04
2005	6579.58	7741.83	3008.5	4061.3	33694.45	4635.71
2006	6847.28	8006.3	3034.61	4099.25	35243.4	5016.84
2007	7511.64	8745.81	3391.51	4351.16	38776.93	5813.62
2008	9620.11	11455.55	4347.95	5686.4	42396.48	7378.59
2009	12462.74	14944.04	5209.93	7841.37	51619.62	9292.94
2010	16391.87	17473.73	6620.46	10028.68	67358.55	11645.37
<b>MEAN</b>	2678.19	3117.97	1043.11	1779.53	9108.32	2065.55
<b>S.D</b>	3518.75	3962.49	1333.73	2340.70	12669.23	2653.67
<b>C.V</b>	1.31	1.27	1.28	1.32	1.39	1.28
<b>CAGR</b>	0.13	0.14	0.11	0.16	0.12	0.14

**Source:** computed from the annual reports of the banks

The above table reveals the total expenditure of the selected public sector banks. The mean value of Bank of India amounts to Rs.2678.19 crores, Canara Bank amounts to Rs.3117.97 crores, Indian Bank amounts to Rs.1043.11 crores, Indian Overseas Bank amounts to Rs.1779.53 crores, State Bank of India amounts to Rs.9108.32 crores and Union Bank of India amounts to Rs.2065.55 crores.

It is concluded that Indian Bank records the lowest CAGR (0.11) and Indian Overseas Bank records the lowest CAGR (0.16).

**TABLE: 8 - GROWTH PATTERN OF NET PROFIT OR LOSS****(Rs. in crores)**

YEAR	BANK OF INDIA	CANARA BANK	INDIAN BANK	INDIAN OVERSEAS BANK	STATE BANK OF INDIA	UNION BANK OF INDIA
2001	172.82	236.05	-426.97	40.34	2051.55	101.24
2002	251.88	285.1	-274	115.93	1604.25	155.47
2003	505.22	741.4	33.22	230.21	2431.62	314.13
2004	851	1018.89	188.83	416.1	3105	552.69
2005	1008.32	1338.01	405.75	512.76	4378.72	712.05
2006	340.05	1109.5	408.49	651.36	4304.52	719.06
2007	701.44	1343.22	504.48	783.34	4406.67	675.18
2008	1123.17	1420.81	759.77	1008.43	4541.31	845.39
2009	2009.4	1565.01	1008.74	1202.34	6729.12	1387.03
2010	3007.35	2072.42	1245.32	1325.79	9121.23	1726.55
<b>MEAN</b>	632.00	434.85	404.07	365.59	1575.44	360.50
<b>S.D</b>	888.14	570.05	531.32	448.47	2271.85	513.17
<b>C.V</b>	1.41	1.31	1.31	1.23	1.44	1.42
<b>CAGR</b>	0.37	0.27	-2.13	0.47	0.18	0.37

Source: computed from the annual reports of the banks

Table 8 shows the growth pattern related to the net profit or loss of the selected six public sector banks. The mean value of Bank of India amounts to Rs.632 crores, Canara Bank amounts to Rs.434.85 crores, Indian Bank amounts to Rs.404.07 crores, Indian Overseas Bank amounts to Rs.365.59 crores, State Bank of India amounts to Rs.1575.44 crores and Union Bank of India amounts to Rs.360.50crores.

It is concluded that Indian Bank records the CAGR of (-2.13) and Indian Overseas Bank Records the highest CAGR (0.47).

### SUGGESTIONS

Generally, the banks should follow the modern marketing strategies for not only increasing the number of customers but also increasing the revenue. Selected public sector banks should increase their advances through different methods. The credit-deposit proportions should be maintained properly by the selected public sector banks. The public sector banks must enhance deposit through various new methods. It increases their interest income. Also the interest income leads to high spread. The banks will increase their profitability. In this research, the selected public sector banks mobilize their deposits in a greater swing.

## CONCLUSION

The growth of the selected six public sector banks has been analyzed using different parameters. The selected public sector banks that are Bank of India, Canara Bank, Indian Overseas Bank, Indian Bank, State Bank of India and Union Bank of India are in a position to follow the rules of the Government for the social and economic development of the country. The selected public sector banks have performed well on the sources of growth rate and financial efficiency during the study period. The old private sector banks and new private sector banks play a vital role in marketing new type of deposits and advances schemes. However, these banks, by earning at least a nominal profit, have to serve the economy through extension of advances and safeguard the interest of their investors by providing the expected return on their investment in banks. These forces the public sector banks not only to increase their earnings but also to create surplus out of their banking activities. The Indian banking system faces several difficult challenges. Therefore, the banks have to re-orient their strategies in the light of their own strengths and the kind of market in which they are likely to operate on. In the perspective of this domestic and international development, the banking sector has to chart out a perfect path for the development in its own.

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