Chapter II

Growth of Scheduled Commercial Banks in India
CHAPTER II
GROWTH OF SCHEDULED COMMERCIAL BANKS IN INDIA

2.1 Introduction

Scheduled Commercial Banks, which account for nearly 95% of the total deposits of Indian banking system, play a vital role in financial intermediation. The public sector banks, comprising the State Bank of India, including its subsidiaries, and the Nationalised Banks (excluding RRBs) account for nearly 70% of the total number of over 55,537 Commercial Bank branches in the country after merger. Though the Indian banking system registered commendable progress in terms of geographical and functional coverage, its performance in terms of operational efficiency and viability still leaves considerable room for improvement. Hence, this chapter is devoted to the study of the growth of Scheduled Commercial Banks in India during the pre-reform period (Period-I 1975 to 1990) and post reform period (Period-II 1991 to 2005) with the following Hypothesis:

"The growth rate of Scheduled Commercial Banks and the reform process in Banking Sector are independent of each other"

The growth of Scheduled Commercial Banks were analysed with the following variables:

a) Demand Deposits,

b) Term Deposits,

c) Total Investment,

d) Total Advances,

e) Interest Earned,

f) Non-interest Income,

g) Interest Expended,

h) Non-interest Expenses,

i) Employee's Cost,

j) Net Profit After Tax, and

k) No. of Branches.
To analyse the above variables, CV, 't' Test, ANOVA and AGR were used. Each variable was analysed in the following dimensions:

i) Consistency,

ii) Significance between periods,

iii) Significance between groups, and

iv) Progress.

2.2 Demand Deposits

Current accounts are transaction accounts and hence are offered to business firms. Due to the ease which the business firms have in depositing and withdrawing funds from this account, it actually facilitates cash management for the firms. There will be no requirement of advance notice to withdraw the amount. It being an operating account, the customer can easily withdraw funds from the current accounts using cheque facility. However, banks do require the account holder to maintain a certain amount of minimum balance continuously. In some cases, depending on the credibility of the customer, the bank may allow the deposit holder to overdraw from the current account. As the account enables easy liquidity, the deposit in this account does not earn any interest. Although these accounts are non-interest bearing liabilities of the bank, they are not expense free, as they generate processing cost. To cover these costs, the banks usually collect service charges related to account activity or account balances or both.

The growth of a bank is mainly due to increase in deposits. The increased deposit increases the business, resulting in higher profit, i.e., higher the deposit, higher the advances, leading to higher spread. The following Table analyses the consistency and significance of Demand Deposits between pre-reform period (1975 to 1990) and post reform period (1991 to 2005).
### TABLE 2.1

DEMAND DEPOSITS—CONSISTENCY LEVEL

(Amount in Rs. Crores)

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>CV %</td>
<td>Mean</td>
<td>CV%</td>
<td>Mean</td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>5,526.53</td>
<td>68.35</td>
<td>38,751.80</td>
<td>44.57</td>
<td>22,139.17</td>
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<tr>
<td>2</td>
<td>NSB</td>
<td>7,996.13</td>
<td>71.01</td>
<td>49,393.73</td>
<td>41.92</td>
<td>28,694.93</td>
</tr>
<tr>
<td>3</td>
<td>FB</td>
<td>729.20</td>
<td>85.27</td>
<td>9,698.00</td>
<td>71.83</td>
<td>5,213.60</td>
</tr>
<tr>
<td>4</td>
<td>OSCB</td>
<td>657.67</td>
<td>39.58</td>
<td>13,765.47</td>
<td>98.82</td>
<td>7,211.57</td>
</tr>
<tr>
<td>5</td>
<td>All</td>
<td>14,909.53</td>
<td>68.82</td>
<td>1,11,609.00</td>
<td>51.96</td>
<td>57,340.14</td>
</tr>
</tbody>
</table>

Source: Data compiled from Statistical Tables Relating to Banks in India, R.B.I., Mumbai, Issues of relevant years.

** Significant at 1% level

As per Table-2.1 the average Demand Deposits of SBI group during Period-I was Rs.5,526.53 crores. This increased to an average of Rs.38,751.80 crores during Period-II. In case of NSB group the average Demand Deposits during Period-I was Rs.7,996.13 crores. This increased solidly to Rs.49,393.73 crores during Period-II. With regard to FB group the average Demand Deposits during Period-I was Rs.729.20 crores and Rs.9,698.00 crores during Period-II. Hence, during Period-I, the CV of SBI group, NSB group and FB group was 68.35%, 71.01% and 85.27% respectively which went down to 44.57%, 41.92% and 71.83% respectively during Period-II. The average Demand Deposits of OSCB group was Rs.657.67 crores with a CV of 39.58% during Period-I. This increased steeply to Rs.13,765.47 crores with a CV of 98.82% during Period-II. It can be seen that during Period-I the CV percentage was lower when compared to Period-II, thereby indicating a greater fluctuation in Demand Deposits during Period-I in OSCB group alone. When all the bank groups are combined together and analysed, it can be found that during Period-I, the CV was greater (68.82%) than during Period-II.
It also indicates a greater fluctuation in Demand Deposits during Period-I generally. SBI group, NSB group, FB group, OSCB and All Bank Groups combined record a CV of 94.35%, 89.92%, 127.83%, 160.39% and 97.88% respectively during the entire study period. An overall study period of different groups also shows that there was greater stability during Period-II.

Hence, the CV results indicate a greater consistency in Demand Deposits during Period-II with the lone exception of OSCB group.

Table 2.1 also shows the Demand Deposits status of SBI group, NSB group, FB group, OSCB group and All Bank Groups combined standing at 't' values of 7.28, 7.74, 4.97, 3.73 and 6.34 respectively. All the 't' values are greater than the table value of 2.763 at 1% level of significance. This indicates that there is a significant difference in the average Demand Deposits of all the four bank groups between Period-I and Period-II.

<table>
<thead>
<tr>
<th>Table 2.2</th>
</tr>
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</table>

DEMAND DEPOSITS/PER EMPLOYEE — ANALYSIS BETWEEN GROUPS

<table>
<thead>
<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum of Squares</td>
<td>df</td>
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<tr>
<td>Between Groups</td>
<td>241.14</td>
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</tr>
<tr>
<td>Within Groups</td>
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<td>56</td>
</tr>
<tr>
<td>Total</td>
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<td>59</td>
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</table>

** Significant at 1% level

(Amount in Rs. Lakhs)

<table>
<thead>
<tr>
<th></th>
<th>Period-I</th>
<th>Period-II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td>SBI</td>
<td>2.26</td>
<td>1.08</td>
</tr>
<tr>
<td>NSB</td>
<td>1.78</td>
<td>0.81</td>
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<tr>
<td>FB</td>
<td>6.34</td>
<td>4.96</td>
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<tr>
<td>OSCB</td>
<td>1.29</td>
<td>0.55</td>
</tr>
<tr>
<td>All Groups</td>
<td>2.91</td>
<td>3.23</td>
</tr>
</tbody>
</table>
In the above Table one way ANOVA Test is made use of to test whether considerable variations exist among the four group of banks in their average Demand Deposits per Employee. The ANOVA test helps to arrive at the fact that the calculated 'F' ratio value is 12.03 during Period-I and 17.35 during Period-II, which is found to be significant at 1% level. This reflects that the mean Demand Deposits per Employee varies significantly among the four group of banks during Period-I and Period-II. The mean Table shows that the FB group has earned the highest Demand Deposits per Employee (Mean = Rs.6.34 lakhs per employee) and OSCB group has earned the lowest Demand Deposits per Employee (Mean= Rs.1.29 lakhs per employee) during Period-I. It can also be inferred from the above mean Table that the maximum Demand Deposits per Employee (Mean= Rs.72.69 lakhs per employee) has been earned by the FB group and the lowest Demand Deposits per Employee (Mean Rs.9.57 lakhs per employee) has been earned by NSB group during Period-II.

This points to the fact that the mean Demand Deposits per Employee varies drastically among the selected groups of banks during Period-I and Period-II.

**TABLE 2.3**

**DEMAND DEPOSITS—PROGRESS**

(In percentage)

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR, Period-I</td>
<td>19.43</td>
<td>19.42</td>
<td>19.00</td>
<td>14.96</td>
<td>18.56</td>
</tr>
<tr>
<td>AGR, Period-II</td>
<td>10.98</td>
<td>10.39</td>
<td>18.50</td>
<td>27.57</td>
<td>12.60</td>
</tr>
<tr>
<td>AGR, Overall</td>
<td>15.06</td>
<td>14.75</td>
<td>18.74</td>
<td>21.48</td>
<td>15.48</td>
</tr>
</tbody>
</table>

The growth of Demand Deposits status is analysed in Table-2.3. According to the Table, during Period-I, the AGR of SBI group, NSB group, FB group, OSCB group and All Bank Groups combined stood at 19.43%, 19.42%, 19.00%, 14.96% and 18.56% respectively, thereby showing that only for OSCB group there was an increase in the AGR during Period-II. The overall period AGR also reflects that the AGR during Period-II was lesser than the overall period AGR for all the four bank groups except OSCB group. The same result is also reflected by the result of All Bank Groups combined.
AGR of Demand Deposits did not increase during Period-II in all bank groups with the lone exception of OSCB group.

2.3 Term Deposits

Under the Fixed Deposit Scheme, a lump sum amount is deposited for a fixed term during which the amount cannot be withdrawn. However, the interest that is paid on monthly / quarterly / half-yearly / annual basis will provide liquidity to the depositor as it can be withdrawn during these periods. The vital role to increase the financial performance is based on the rational utilization of the Term Deposits.

### TABLE 2.4
TERM DEPOSITS—CONSISTENCY LEVEL

(Amount in Rs. Crores)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>CV %</td>
<td>Mean</td>
<td>CV%</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>11,228.00</td>
<td>73.15</td>
<td>1,34,822.10</td>
<td>67.86</td>
<td>73,025.07</td>
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<tr>
<td>2</td>
<td>NSB</td>
<td>28,846.07</td>
<td>80.44</td>
<td>2,67,281.10</td>
<td>59.05</td>
<td>1,48,063.60</td>
</tr>
<tr>
<td>3</td>
<td>FB</td>
<td>1,503.80</td>
<td>101.89</td>
<td>30,082.07</td>
<td>42.24</td>
<td>15,792.93</td>
</tr>
<tr>
<td>4</td>
<td>OSCB</td>
<td>2,246.47</td>
<td>46.65</td>
<td>74,827.47</td>
<td>93.47</td>
<td>38,536.97</td>
</tr>
<tr>
<td>5</td>
<td>All</td>
<td>43,824.33</td>
<td>77.25</td>
<td>5,07,012.80</td>
<td>65.21</td>
<td>2,45,049.00</td>
</tr>
</tbody>
</table>

Source: Data compiled from Statistical Tables Relating to Banks in India, R.B.I., Mumbai, Issues of relevant years.

** Significant at 1% level

Table 2.4 reveals that with SBI group and NSB group FB group and All Bank Groups combined, the average Term Deposits during Period-I was Rs.11,228.00 crores, Rs.28,846.07 crores, Rs.1,503.80 crores and Rs.43,824.33 crores respectively. The corresponding CV was 73.15%, 80.44%, 101.89% and 77.25% respectively. During Period-II the average Term Deposits increased to Rs.1,34,822.10 crores, Rs.2,67,281.10
crores, Rs.30,082.07 crores and Rs.5,07,012.80 crores respectively. The CV recorded a decrease with 67.86%, 59.05%, 42.24% and 65.21% respectively during Period-II. This indicates a lesser fluctuation of Term Deposits in the above mentioned groups during Period-II. This clearly indicates more stability during Period-II when compared to Period-I with the lone exception of OSCB group. The average Term Deposits of OSCB group was Rs.2,246.47 crores during Period-I indicated a CV of 46.65%. This went up steeply during Period-II with an average Term Deposits of Rs.74,827.47 crores and a CV of 93.47%. It indicates a firm stability during Period-I. The CV result of Term Deposits reflected greater stability during Period-II in different bank groups with the exception of OSCB group.

Table 2.4 affirms the Term Deposits situation of the four groups taken for study. The 't' values of term deposits stands at 5.21, 5.79, 8.65, 4.02, and 5.04 for SBI group, NSB group, FB group, OSCB group and All Bank Groups combined respectively. These 't' value levels are greater than the table value of 2.763 at 1% level of significance. This proves that there is significance in the average Term Deposits of all the four bank groups between Period - I and Period- II.
TABLE 2.5
TERM DEPOSITS/PER EMPLOYEE — ANALYSIS BETWEEN GROUPS

<table>
<thead>
<tr>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Sum of Squares</td>
<td>df</td>
<td>Mean Square</td>
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<tr>
<td>Between Groups</td>
<td>735.72</td>
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</tr>
<tr>
<td>Within Groups</td>
<td>2,403.92</td>
<td>56</td>
</tr>
<tr>
<td>Total</td>
<td>3,139.64</td>
<td>59</td>
</tr>
</tbody>
</table>

** Significant at 1% level

(Amount in Rs. Lakhs)

<table>
<thead>
<tr>
<th>Group</th>
<th>Period-I Mean</th>
<th>Period-I SD</th>
<th>Period-II Mean</th>
<th>Period-II SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI</td>
<td>4.51</td>
<td>2.42</td>
<td>46.98</td>
<td>33.70</td>
</tr>
<tr>
<td>NSB</td>
<td>6.21</td>
<td>3.57</td>
<td>52.49</td>
<td>35.51</td>
</tr>
<tr>
<td>FB</td>
<td>12.95</td>
<td>12.19</td>
<td>227.40</td>
<td>103.44</td>
</tr>
<tr>
<td>OSCB</td>
<td>4.39</td>
<td>2.12</td>
<td>106.75</td>
<td>85.35</td>
</tr>
<tr>
<td>All Groups</td>
<td>7.01</td>
<td>7.30</td>
<td>108.40</td>
<td>100.95</td>
</tr>
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</table>

The average Term Deposits per Employee among the four groups of banks is compared in the above Table. To arrive at a reasonable solution one way ANOVA test is applied. The ANOVA result clearly indicates that the calculated 'F' ratio value is 5.71 during Period-I and 20.67 during Period-II which is found to be significant at 1% level. This reveals that the mean Term Deposits per Employee varies substantially among the chosen four groups of banks during both the periods. It can be understood from the mean Table that the highest Term Deposits per Employee (Mean = Rs.12.95 lakhs per employee) is earned by the FB group and the lowest Term Deposits per Employee (Mean = Rs.4.39 lakhs per employee) is earned by OSCB group during Period-I and maximum Term Deposits per Employee (Mean = Rs.227.40 lakhs per employee) has been earned by the FB group and the lowest Term Deposits per Employee (Mean Rs.46.98 lakhs per employee) has been earned by SBI group during Period-II.
This points to the fact that the mean Term Deposits per Employee varies drastically among the selected groups of banks during Period-I and Period-II.

### TABLE 2.6

**TERM DEPOSITS— PROGRESS**

(In percentage)

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR, Period-I</td>
<td>20.27</td>
<td>22.68</td>
<td>20.88</td>
<td>15.35</td>
<td>21.19</td>
</tr>
<tr>
<td>AGR, Period-II</td>
<td>17.34</td>
<td>14.36</td>
<td>15.78</td>
<td>29.85</td>
<td>16.51</td>
</tr>
<tr>
<td>AGR, Overall</td>
<td>18.75</td>
<td>18.38</td>
<td>18.24</td>
<td>22.85</td>
<td>18.77</td>
</tr>
</tbody>
</table>

The Term Deposits status is analysed in Table 2.6. According to the Table during Period-I, the AGR of SBI group, NSB group, FB group, OSCB group and All Bank Groups combined stood at 20.27%, 22.68%, 20.88%, 15.35% and 21.19% respectively, thereby showing that only for OSCB group there was an increase in the AGR during Period-II. The overall period AGR also reflects that the AGR during Period-II was lesser than the overall period AGR for all the four bank groups except OSCB group.

AGR of Term Deposits indicates lower growth rate during Period-II in all the four bank groups with the exception of OSCB group.

#### 2.4 Total Investment

The nature and type and quantum of the investment portfolio are determined by a host of factors, viz, the RBI’s liquidity requirements, the individual bank’s investment policy, the credit pressure, the general level of funds available in the banks, etc. The volume and direction of the investment portfolio depends upon the availability of bank funds. If the credit needs are heavy and banks are confronted with shortage of funds, they are bound to encash some of their investments and vice-versa. In such a case an attempt is made to liquidate such investments and to maximize the return on the alternative uses of funds. The investment portfolio consists of the following categories:
• Government Securities,
• Shares,
• Debentures and Bonds,
• Subsidiaries and Joint Ventures,
• Approved Securities, and
• Other Investments.

The reduction in SLR and CRR, and the effective move to market related yields at the auctions on Government Securities have thrown up new investment opportunities. The RBI has been a marginal buyer of the primary auctions, and in the net, has been a large seller of securities. At the same time, a challenge has been posed to banks regarding their determination of an optimal mix of investment and lone portfolio with minimal risk and uncertainty. Large amount of funds are now available with banks, which can be deployed, in a wide variety of short term and long term instruments. But there will be uncertainty as a result of interest rate changes. This had made 'market risk' an important factor to be reckoned with. The selection of investment portfolio would also reflect impact of maturity pattern of liabilities of banks. Once the secondary market in Government dated securities develops, liquidity of these investments will provide greater flexibility to banks in managing their investment portfolio.

**TABLE 2.7**

**TOTAL INVESTMENT — CONSISTENCY LEVEL**

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>CV%</td>
<td>Mean</td>
<td>CV%</td>
<td>Mean</td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>7,779.20</td>
<td>77.37</td>
<td>1,11,175.87</td>
<td>74.67</td>
<td>59,477.53</td>
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<td>NSB</td>
<td>15,353.47</td>
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<td>64.82</td>
<td>1,00,038.80</td>
</tr>
<tr>
<td>3</td>
<td>FB</td>
<td>885.20</td>
<td>85.89</td>
<td>23,045.60</td>
<td>58.54</td>
<td>11,965.40</td>
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<td>4</td>
<td>OSCB</td>
<td>1,197.27</td>
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<td>103.00</td>
<td>24,458.03</td>
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<td>5</td>
<td>All</td>
<td>25,215.13</td>
<td>79.27</td>
<td>3,66,664.40</td>
<td>72.03</td>
<td>1,72,792.34</td>
</tr>
</tbody>
</table>

Source: Data compiled from Statistical Tables Relating to Banks in India, R.B.I., Mumbai, Issues of relevant years.

*Significant at 1% level*
Table 2.7 which gives details pertaining to Total Investment shows a similar pattern as shown in Table 2.4. SBI group, NSB group, FB group and All Bank Groups combined enjoyed greater stability during Period-II with the exception of OSCB group which had greater stability during Period-I. The CV of SBI group, NSB group, FB group and All Bank Groups combined was 77.37%, 82.22%, 85.89%, and 79.27% respectively for Period-I and 74.67%, 64.82%, 58.54% and 72.03% respectively for Period-II. The overall period CV was 131.42%, 120.02%, 122.59% and 128.96% respectively. As earlier, the OSCB group enjoyed stability during Period-I, with a CV of 53.14% during Period-I, 103.00% during Period-II and an overall period CV of 169.87%.

The CV analysis reflected greater stability of Total Investment during Period-II, with the exception of OSCB group and it enjoyed greater stability during Period-I.

The ‘t’ values of SBI group, NSB group, FB group, OSCB group and All Bank Groups combined stood at 4.81, 5.45, 6.35, 3.67 and 4.99 respectively. All the ‘t’ values are greater than the table value of 2.763 at 1% level of significance. Hence there is significant difference existing in the Total Investment of all the four bank groups between Period-I and Period-II.
To find out the variations in the average Total Investment per Employee among the chosen groups of banks, one-way ANOVA test is carried out. This determines the difference that exists between the bank groups in their average Total Investment per Employee. The ANOVA result as seen in Table 2.8 reflects that the calculated ‘F’ ratio value is 7.75 during Period-I and 14.83 during Period-II which is found to be significant at 1% level. This brings out the fact that there is significant variation in the mean Total Investment per Employee among the chosen groups. The mean Table shows that during Period-I the lowest Total Investment per Employee (Mean = Rs.2.34 lakhs per employee) has been earned by the OSCB group and the maximum Total Investment per Employee (Mean = Rs.7.67 lakhs per employee) has been earned by the FB group. During Period-II,
FB group has had the highest Total Investment per Employee (Mean= Rs.174.26 lakhs per employee) and NSB group has had the lowest Total Investment per Employee (Mean = Rs.36.42 lakhs per employee). This shows that the mean Total Investment per Employee differs substantially among the four groups of banks during Period-I and Period-II.

**TABLE 2.9**

TOTAL INVESTMENT — PROGRESS

(In percentage)

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR, Period-I</td>
<td>21.55</td>
<td>22.35</td>
<td>17.94</td>
<td>16.64</td>
<td>21.29</td>
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<td>AGR, Period-II</td>
<td>18.97</td>
<td>16.69</td>
<td>22.76</td>
<td>31.44</td>
<td>18.66</td>
</tr>
<tr>
<td>AGR, Overall</td>
<td>20.22</td>
<td>19.42</td>
<td>20.44</td>
<td>24.29</td>
<td>19.93</td>
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</tbody>
</table>

Table 2.9 reflects the growth rate with regard to Total Investment of selected bank groups during the study period. The average growth rate (AGR) during Period-I for SBI group, NSB group, FB group, OSCB group and All Bank Groups combined was 21.55%, 22.35%, 17.94%, 16.64% and 21.29% respectively. This became 18.97%, 16.69%, 22.76%, 31.44% and 18.66% respectively during Period-II. Thereby there was an increase in the AGR of FB group and OSCB group during Period-II. The overall period AGR remained at 20.22%, 19.42%, 20.44%, 24.29% and 19.93% respectively. Thereby it showed that the AGR for Period-II was less than the overall period AGR except in FB group and OSCB group.

2.5 Total Advances

The advances made by the commercial banks are an important source of revenue to commercial banks and also one of their basic functions.

The growth of the study period is shown in the following Table:
Table 2.10 meant to analyse the Total Advances of various bank groups during the study period shows that SBI group, NSB group, FB group, OSCB group and All Bank Groups combined showed an average Total Advances of Rs.15,420.60 crores, Rs.28,459.60 crores, Rs.1,842.67 crores, Rs.2,220.27 crores and Rs. 47,943.13 crores respectively during Period-I. The CV during same period was 74.69%, 71.76%, 80.02%, 40.88% and 71.34% respectively. The Table also indicates an average Total Advances of Rs.1,19,036.00 crores, Rs.2,15,924.93 crores, Rs.31,817.00 crores, Rs.62,854.40 crores and Rs.4,29,632.73 crores with a CV of 59.14%, 66.42%, 64.65%, 107.11% and 70.01% respectively during Period-II. This indicates greater consistency during Period-II with the exception of OSCB group. The overall period CV of SBI group, NSB group, FB group, OSCB group and All Bank Groups combined was 107.60%, 113.45%, 124.30%, 172.20%, and 112.22% respectively confirms the consistency of Period-II with the exception of OSCB group.

The CV reflects the greater consistency of Total Advances in all the four bank groups during Period-II, with the lone exception of OSCB group which had more consistency during Period-I.
The ‘t’ values of Total Advances stands at 5.63, 5.01, 5.63, 3.49, and 4.88 for SBI group, NSB group, FB group, OSCB group and All Bank Groups combined respectively. These ‘t’ value levels are greater than the table value of 2.763 at 1% level of significance. This proves that there is significance in the average Total Advance of all the four bank groups between Period-I and Period-II.

**TABLE 2.11**

TOTAL ADVANCES/PER EMPLOYEE — ANALYSIS BETWEEN GROUPS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum of Squares</td>
<td>df</td>
<td>Mean Square</td>
<td>‘F’</td>
</tr>
<tr>
<td>Between Groups</td>
<td>1,257.27</td>
<td>3</td>
<td>419.09</td>
<td>10.42</td>
</tr>
<tr>
<td>Within Groups</td>
<td>2,251.88</td>
<td>56</td>
<td>40.21</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3,509.15</td>
<td>59</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** Significant at 1% level

(Amount in Rs. Lakhs)

<table>
<thead>
<tr>
<th>Group</th>
<th>Period-I</th>
<th></th>
<th>Period-II</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td>SBI</td>
<td>6.20</td>
<td>3.41</td>
<td>41.40</td>
<td>26.22</td>
</tr>
<tr>
<td>NSB</td>
<td>6.27</td>
<td>2.96</td>
<td>42.62</td>
<td>32.20</td>
</tr>
<tr>
<td>FB</td>
<td>16.02</td>
<td>11.70</td>
<td>238.79</td>
<td>155.52</td>
</tr>
<tr>
<td>OSCB</td>
<td>4.34</td>
<td>1.88</td>
<td>87.91</td>
<td>79.71</td>
</tr>
<tr>
<td>All Groups</td>
<td>8.21</td>
<td>7.71</td>
<td>102.68</td>
<td>119.55</td>
</tr>
</tbody>
</table>

In Table 2.11, to assess the variation of Total Advances among the four groups of banks one way ANOVA Test is applied. The ANOVA result reflects that the calculated ‘F’ ratio value is 10.42 for Period-I and 16.18 for Period-II, which is found to be significant at 1% level. This shows that the mean Total Advances per Employee differs
substantially among the four groups of banks. From the mean Table it can be assessed that FB group has earned the highest Total Advances per Employee (Mean= Rs.16.02 lakhs per employee) and OSCB group has earned the lowest Total Advances per Employee (Mean = Rs.4.34 lakhs per employee) during Period-I and the FB group has made the highest Total Advances per Employee (Mean = Rs.238.79 lakhs per employee) and SBI group has made the lowest Total Advances per Employee (Mean= Rs.41.40 lakhs per employee) during Period-II.

**TABLE 2.12**

**TOTAL ADVANCES — PROGRESS**

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR, Period-I</td>
<td>20.69</td>
<td>19.67</td>
<td>17.73</td>
<td>14.63</td>
<td>19.38</td>
</tr>
<tr>
<td>AGR, Period-II</td>
<td>13.92</td>
<td>15.02</td>
<td>19.50</td>
<td>30.91</td>
<td>16.24</td>
</tr>
<tr>
<td>AGR, Overall</td>
<td>17.19</td>
<td>17.27</td>
<td>18.64</td>
<td>23.05</td>
<td>17.76</td>
</tr>
</tbody>
</table>

Table 2.12 reflects the growth rate with regard to Total Advances of the selected bank groups during the study period. The average growth rate (AGR) during Period-I for SBI group, NSB group, FB group, OSCB group and All Bank Groups combined was 20.69%, 19.67%, 17.73%, 14.63% and 19.38% respectively. This became 13.92%, 15.02%, 19.50%, 30.91% and 16.24% respectively during Period-II. Thereby, there was an increase in the AGR for FB group and OSCB group during Period-II. The overall period AGR remained at 17.19%, 17.27%, 18.64%, 23.05% and 17.76% respectively. Thereby it showed that the AGR for Period-II was less than the overall AGR except for FB group and OSCB group.

The AGR of SBI group and NSB group decreased during Period-II, and FB group and OSCB group increased during Period-II.

**2.6 Interest Earned**

Interest from lending constitutes the most important item of earnings. The rates of interest on lending vary and depend on a number of factors like the size of loan, the type
of loan, its maturity period, and the security offered and cost of granting loan. Interest rates are regulated by RBI and revised from time to time in accordance with the changing economic conditions. However, individual banks have control over fixing these rates with the RBI regulations.

**TABLE 2.13**

**INTEREST EARNED – CONSISTENCY LEVEL**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>CV %</td>
<td>Mean</td>
<td>CV%</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>2,292.47</td>
<td>85.04</td>
<td>24,550.73</td>
<td>51.09</td>
<td>13,421.60</td>
</tr>
<tr>
<td>2</td>
<td>NSB</td>
<td>4,601.67</td>
<td>84.40</td>
<td>41,608.73</td>
<td>49.57</td>
<td>23,105.20</td>
</tr>
<tr>
<td>3</td>
<td>FB</td>
<td>374.04</td>
<td>99.55</td>
<td>6,390.27</td>
<td>42.90</td>
<td>3,382.17</td>
</tr>
<tr>
<td>4</td>
<td>OSCB</td>
<td>386.53</td>
<td>62.16</td>
<td>10,451.87</td>
<td>87.01</td>
<td>5,419.20</td>
</tr>
<tr>
<td>5</td>
<td>All</td>
<td>7,654.73</td>
<td>83.99</td>
<td>83,001.60</td>
<td>53.80</td>
<td>41,524.14</td>
</tr>
</tbody>
</table>

Source: Data compiled from Statistical Tables Relating to Banks in India, R.B.I., Mumbai, Issues of relevant years.

** Significant at 1% level

Table 2.13 presents the average of Interest Earned by SBI group, NSB group, FB group and All Banks Groups combined was Rs.2,292.47 crores, Rs.4,601.67 crores, Rs. 374.04 crores and Rs.7,654.73 crores respectively with corresponding CV of 85.04%, 84.40%, 99.55% and 83.99% respectively during Period-I. This increased solidly to Rs.24,550.73 crores, Rs.41,608.73 crores, Rs.6,390.27 crores and Rs.83,001.60 crores respectively with a CV of 51.09%, 49.57%, 42.90% and 53.80% respectively during Period-II. The average Interest Earned of OSCB group was Rs.386.53 crores with a CV of 62.16% during Period-I and Rs.10,451.87 crores with a CV of 87.01% during Period-II, thereby indicating the stability of Interest Earned during Period-I. The overall period CV of SBI group, NSB group, FB group, OSCB group and All Bank Groups combined was 106.91%, 103.05%, 106.83%, 150.09% and 110.06% respectively. An overall period analysis of the study confirms that Period-II enjoyed greater stability due to moderate fluctuation, with the lone exception of OSCB group, which enjoyed stability during Period-I.
The CV results confirm the stability of Interest Earned during Period-II in all the four bank groups with the exception of OSCB group which had stability during Period-I.

The ‘t’ values of SBI group, NSB group, FB group, OSCB group and All Bank Group combined are standing at 6.79, 6.83, 8.42, 4.28 and 6.47 respectively. All the ‘t’ values are greater than the table value of 2.763 at 1% level of significance. Hence there is a significant difference existing in the Interest Earned by all the four bank groups between Period-I and Period-II.

### TABLE 2.14
INTEREST EARNED/PER EMPLOYEE — ANALYSIS BETWEEN GROUPS

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sum of Squares</td>
<td>df</td>
</tr>
<tr>
<td><strong>Between Groups</strong></td>
<td>62.42</td>
</tr>
<tr>
<td><strong>Within Groups</strong></td>
<td>137.59</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>200.01</td>
</tr>
</tbody>
</table>

**Significant at 1% level

(Amount in Rs. Lakhs)

<table>
<thead>
<tr>
<th>Group</th>
<th>Period-I</th>
<th>Period-II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
</tr>
<tr>
<td>SBI</td>
<td>0.90</td>
<td>0.60</td>
</tr>
<tr>
<td>NSB</td>
<td>0.99</td>
<td>0.61</td>
</tr>
<tr>
<td>FB</td>
<td>3.22</td>
<td>2.98</td>
</tr>
<tr>
<td>OSCB</td>
<td>0.74</td>
<td>0.45</td>
</tr>
<tr>
<td>All Groups</td>
<td>1.46</td>
<td>1.84</td>
</tr>
</tbody>
</table>
The average Interest Earned per Employee among the four groups of banks is compared in the above Table. To arrive at a reasonable solution one way ANOVA test is applied. The ANOVA result clearly brings out that the calculated ‘F’ ratio value is 8.47 for Period-I, and 33.94 for Period-II which is found to be significant at 1% level. This reveals that the mean Interest Earned per Employee varies substantially among the chosen four groups of banks. It can be seen from the mean Table that the highest Interest Earned per Employee (Mean = Rs.3.22 lakhs per employee) is earned by the FB group and the lowest Interest Earned per Employee (Mean = Rs.0.74 lakhs per employee) is earned by OSCB group during Period-I and maximum Interest Earned per Employee (Mean= Rs.48.16 lakhs per employee) has been earned by the FB group and the lowest Interest Earned per Employee (Mean = Rs.8.11 and Rs.8.50 lakhs per employee) has been earned by NSB group and SBI group respectively during Period-II.

| TABLE 2.15 |
| INTEREST EARNED – PROGRESS (In percentage) |

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR, Period-I</td>
<td>23.00</td>
<td>22.61</td>
<td>21.06</td>
<td>17.91</td>
<td>22.06</td>
</tr>
<tr>
<td>AGR, Period-II</td>
<td>14.60</td>
<td>13.11</td>
<td>15.33</td>
<td>27.20</td>
<td>14.76</td>
</tr>
<tr>
<td>AGR, Overall</td>
<td>18.65</td>
<td>17.70</td>
<td>18.10</td>
<td>22.72</td>
<td>18.28</td>
</tr>
</tbody>
</table>

The growth of Interest Earned status is analysed in Table-2.15. According to the Table, during Period-I the AGR of SBI group, NSB group, FB group, OSCB group and All Banks Group combined stood at 23.00%, 22.61%, 21.06%, 17.91% and 22.06% respectively, thereby showing that only for OSCB group there was an increase in the AGR during Period-II. The overall period AGR also reflects that the AGR during Period-II was lesser than the overall period AGR for all the four bank groups except OSCB group.

2.7 Non-interest Income

Non-interest Income is the composition of income from commission, exchange and brokerage, profit on sale of investments, profit on sale of bank fixed assets, profit on
revaluation of investments and other miscellaneous income. It also contributes to financial performance of Scheduled Commercial Banks. The growth pattern is shown in the following Table:-

**TABLE 2.16**

**NON-INTEREST INCOME — CONSISTENCY LEVEL**

(Amount in Rs. Crores)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>CV%</td>
<td>Mean</td>
<td>CV%</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>328.93</td>
<td>71.43</td>
<td>4,518.93</td>
<td>66.04</td>
<td>2,423.93</td>
</tr>
<tr>
<td>2</td>
<td>NSB</td>
<td>378.87</td>
<td>82.80</td>
<td>6,561.47</td>
<td>76.19</td>
<td>3,470.17</td>
</tr>
<tr>
<td>3</td>
<td>FB</td>
<td>870.73</td>
<td>92.76</td>
<td>1,850.67</td>
<td>68.92</td>
<td>965.70</td>
</tr>
<tr>
<td>4</td>
<td>OSCB</td>
<td>41.80</td>
<td>55.36</td>
<td>2,389.27</td>
<td>111.36</td>
<td>1,215.53</td>
</tr>
<tr>
<td>5</td>
<td>All</td>
<td>830.33</td>
<td>77.37</td>
<td>15,320.33</td>
<td>71.09</td>
<td>7,174.66</td>
</tr>
</tbody>
</table>

Source: Data compiled from Statistical Tables Relating to Banks in India, R.B.I., Mumbai, Issues of relevant years.

** Significant at 1% level

Table 2.16 which gives details pertaining to Non-interest Income reveals that the average Non-interest Income for SBI group, NSB group, FB group and All Bank Groups combined was Rs.328.93 crores, Rs.378.87 crores, Rs.870.73 crores and Rs.830.33 crores respectively with the CV of 71.43%, 82.80%, 92.76% and 77.37% respectively during Period-I. The average Non-interest Income was Rs.4,518.93 crores, Rs.6,561.47 crores, Rs.1,850.67 crores and Rs.15,320.33 crores with a CV of 66.04%, 76.19%, 68.92%, and 71.09% respectively during Period-II. It indicates the lesser fluctuation in Non-interest Income during Period-II. The average Non-interest Income of OSCB group was Rs.41.80 crores with a CV of 55.36% during Period-I and Rs.2,389.27 crores with a CV of 111.36% during Period-II and indicates less fluctuation during Period-I. The overall period CV of SBI group, NSB group, FB group, OSCB group and All Bank Groups combined for the study period was 122.85%, 135.16%, 130.91%, 181.04% and 140.07% respectively. It also showed that there was greater stability during Period-II with the lone exception of OSCB which indicated stability during Period-I.
The 't' values of SBI group (5.42), NSB group (4.78), FB group (5.37), OSCB group (3.42) and All Bank Groups combined (4.74) were more than the table value of 2.763 at 1% level of significance. Hence it witnessed a significant difference in the average Non-interest Income between Period-I and Period-II.

**TABLE 2.17**

**NON-INTEREST INCOME/PER EMPLOYEE — ANALYSIS BETWEEN GROUPS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum of Squares</td>
<td>df</td>
<td>Mean Square 'F'</td>
</tr>
<tr>
<td>Between Groups</td>
<td>4.06</td>
<td>3</td>
<td>1.35</td>
</tr>
<tr>
<td>Within Groups</td>
<td>5.08</td>
<td>56</td>
<td>0.09</td>
</tr>
<tr>
<td>Total</td>
<td>9.14</td>
<td>59</td>
<td>0.09</td>
</tr>
</tbody>
</table>

** Significant at 1% level

(Amount in Rs. Lakhs)

<table>
<thead>
<tr>
<th></th>
<th>Period-I</th>
<th>Period-II</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td><strong>Mean</strong></td>
<td><strong>SD</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Mean</strong></td>
<td><strong>SD</strong></td>
</tr>
<tr>
<td>SBI</td>
<td>0.13</td>
<td>0.07</td>
</tr>
<tr>
<td>NSB</td>
<td>0.08</td>
<td>0.05</td>
</tr>
<tr>
<td>FB</td>
<td>0.70</td>
<td>0.60</td>
</tr>
<tr>
<td>OSCB</td>
<td>0.08</td>
<td>0.04</td>
</tr>
<tr>
<td>All Groups</td>
<td>0.25</td>
<td>0.39</td>
</tr>
</tbody>
</table>

In the above Table one way ANOVA test is made use of to test whether considerable variations exist among the four groups of banks in their average Non-interest Income per Employee. The ANOVA test helps to arrive at the fact that the calculated 'F' ratio value is 14.90 for Period-I and 18.26 for Period-II which is found to be significant at 1% level. This reflects that the mean Non-interest Income per Employee...
varies significantly among the four groups of banks. The mean Table shows that the FB group has earned the highest Non-interest Income per Employee (Mean = Rs.0.70 lakhs per employee) and OSCB group and NSB group have earned the lowest Non-interest Income per Employee (Mean = Rs.0.08 lakhs per employee each) during Period-I and lowest Non-interest Income per Employee (Mean = Rs.1.31 lakhs per employee) has been earned by the NSB group and the maximum Non-interest Income per Employee (Mean = Rs.13.98 lakhs per employee) has been earned by the FB group during Period-II.

### TABLE 2.18
**NON-INTEREST INCOME — PROGRESS**

<table>
<thead>
<tr>
<th>AGR, Period</th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period-I</td>
<td>18.18</td>
<td>19.98</td>
<td>19.93</td>
<td>14.04</td>
<td>18.62</td>
</tr>
<tr>
<td>Period-II</td>
<td>20.21</td>
<td>19.85</td>
<td>23.18</td>
<td>37.33</td>
<td>21.04</td>
</tr>
<tr>
<td>Overall</td>
<td>19.23</td>
<td>19.92</td>
<td>21.61</td>
<td>26.09</td>
<td>19.87</td>
</tr>
</tbody>
</table>

According to Table 2.18, which shows the Non-interest Income position, the AGR during Period-II when compared to Period-I was more for all the four bank groups except for NSB group. In the NSB group also it was almost equal. The overall period AGR was less than the AGR during Period-II for all the four bank groups. The AGR of Non-interest Income position was better during Period-II than during Period-I.

### 2.8 Interest Expended

Interest Expenditure relates to funds based expenditure and represents the cost of funds for the banks. The major ingredients of interest paid consists of deposits, interest paid on borrowings and other interest expenses.
INTEREST EXPENDED — CONSISTENCY LEVEL

(Amount in Rs. Crores)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>CV %</td>
<td>Mean</td>
<td>CV%</td>
<td>Mean</td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>1,715.20</td>
<td>85.60</td>
<td>15,976.67</td>
<td>49.13</td>
<td>8,845.93</td>
</tr>
<tr>
<td>2</td>
<td>NSB</td>
<td>3,416.73</td>
<td>86.76</td>
<td>27,793.73</td>
<td>43.32</td>
<td>15,605.23</td>
</tr>
<tr>
<td>3</td>
<td>FB</td>
<td>229.00</td>
<td>112.04</td>
<td>3,771.67</td>
<td>40.23</td>
<td>2,000.33</td>
</tr>
<tr>
<td>4</td>
<td>OSCB</td>
<td>257.33</td>
<td>65.01</td>
<td>7,442.27</td>
<td>85.42</td>
<td>3,849.80</td>
</tr>
<tr>
<td>5</td>
<td>All</td>
<td>5,618.27</td>
<td>86.20</td>
<td>14,984.33</td>
<td>49.70</td>
<td>28,277.79</td>
</tr>
</tbody>
</table>

Source: Data compiled from Statistical Tables Relating to Banks in India, R.B.I., Mumbai, Issues of relevant years.

** Significant at 1% level

Table 2.19 meant to analyse Interest Expended in various bank groups during the study period shows that SBI group, NSB group, FB group, OSCB group and All Bank Groups combined showed an average Interest Expended was Rs.1,715.20 crores, Rs.3,416.73 crores, Rs.229.00 crores, Rs.257.33 crores and Rs.5,618.27 crores respectively during Period-I. The CV during the same period was 85.60%, 86.76%, 112.04%, 65.01% and 86.20% respectively. The Table also indicates that the average Interest Expended was Rs.15,976.67 crores, Rs.27,793.73 crores, Rs.3,771.67 crores, Rs.7,442.27 crores and Rs.14,984.33 crores respectively with corresponding CV of 49.13%, 43.32%, 40.23%, 85.42%, and 49.70% respectively during Period-II. This indicates greater stability of Interest Expended during Period-II with the exception of OSCB group which was stable during Period-I. The overall period CV of 103.23%, 96.74%, 104.74%, 148.94% and 106.71% respectively also confirms the stability of Interest Expended during Period-II with the exception of OSCB group.

The Interest Expended status of SBI group, NSB group, FB group, OSCB group and All Bank Groups combined was standing at ‘t’ values of 6.92, 7.61, 8.92, 4.38, and 6.89 respectively. All the ‘t’ values are greater than the table value of 2.763 at 1% level.
of significance. Hence there is a significant difference existing in the Interest Expended of all the four bank groups between Period-I and Period-II.

**TABLE 2.20**

**INTEREST EXPENDED/PER EMPLOYEE – ANALYSIS BETWEEN GROUPS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum of Squares</td>
<td>df</td>
<td>Mean Square</td>
</tr>
<tr>
<td>Between Groups</td>
<td>20.37</td>
<td>3</td>
<td>6.79</td>
</tr>
<tr>
<td>Within Groups</td>
<td>66.57</td>
<td>56</td>
<td>1.19</td>
</tr>
<tr>
<td>Total</td>
<td>86.94</td>
<td>59</td>
<td></td>
</tr>
</tbody>
</table>

**Significant at 1% level**

(Amount in Rs. Lakhs)

<table>
<thead>
<tr>
<th></th>
<th>Period-I</th>
<th>Period-II</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td>SBI</td>
<td>0.67</td>
<td>0.46</td>
</tr>
<tr>
<td>NSB</td>
<td>0.73</td>
<td>0.47</td>
</tr>
<tr>
<td>FB</td>
<td>1.96</td>
<td>2.06</td>
</tr>
<tr>
<td>OSCB</td>
<td>0.49</td>
<td>0.31</td>
</tr>
<tr>
<td>All Groups</td>
<td>0.96</td>
<td>1.21</td>
</tr>
</tbody>
</table>

The average Interest Expended among the four groups of banks is to be assessed and compared. Hence in Table 2.20, one way ANOVA is applied for the same. The ANOVA result makes it clear that the calculated ‘F’ ratio value is 5.71 during Period-I and 31.57 during Period-II, which are found to be significant at 1% level. This points to the fact that the mean Interest Expended per Employee varies drastically among the selected groups of banks. It can be inferred from the above mean Table that the maximum Interest Expended per Employee (Mean= Rs.1.96 lakhs per employee) has been shown by
the FB group and the lowest Interest Expended per Employee (Mean= Rs.0.49 lakhs per employee) has been shown by OSCB group during Period-I. From the mean Table it can also be assessed that FB group has shown the highest Interest Expended per Employee (Mean= Rs.28.45 lakhs per employee) and NSB group and SBI group have shown the lowest Interest Expended per Employee (Mean = Rs.5.39 lakhs and Rs.5.53 lakhs respectively per employee) during Period-II.

TABLE 2.21
INTEREST EXPENDED — PROGRESS

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR, Period-I</td>
<td>24.80</td>
<td>24.11</td>
<td>23.83</td>
<td>18.89</td>
<td>23.71</td>
</tr>
<tr>
<td>AGR, Period-II</td>
<td>12.10</td>
<td>11.10</td>
<td>13.09</td>
<td>27.02</td>
<td>12.71</td>
</tr>
<tr>
<td>AGR, Overall</td>
<td>18.23</td>
<td>17.38</td>
<td>18.28</td>
<td>23.09</td>
<td>18.02</td>
</tr>
</tbody>
</table>

Table 2.21 reflects the growth rate with regard to Interest Expended in the selected bank groups during the study period. The average growth rate (AGR) during Period-I for SBI group, NSB group, FB group, OSCB group and All Bank Groups combined was 24.80%, 24.11%, 23.83%, 18.89% and 23.71% respectively. This became 12.10%, 11.10%, 13.09%, 27.02% and 12.71% respectively during Period-II. Thereby there was an increase in the AGR only for OSCB during Period-II. The overall period AGR remained at 18.23%, 17.38%, 18.28%, 23.09% and 18.02% respectively. Thereby it showed that the AGR of Interest Expended for Period-II was less than the overall period AGR except for OSCB group.

2.9 Non-interest Expenses

One of the controllable costs available in the hands of bankers is Non-interest Expenses. It includes rent, rates and taxes, printing and stationary, advertisement and publicity, depreciation on bank's property, Director's fee, allowances and expenses, auditor's fee and expenses, legal charges, postage, telegram and telephone, repairs and maintenance, insurance and other miscellaneous expenses. The increase in the other priority expenses creates additional burden to the banks, which in turn affects the performance of banks. Hence, due care must be taken to control the Non-interest Expenses.
TABLE 2.22
NON-INTEREST EXPENSES — CONSISTENCY LEVEL
(Amount in Rs. Crores)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>CV %</td>
<td>Mean</td>
<td>CV %</td>
<td>Mean</td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>869.57</td>
<td>77.71</td>
<td>6,798.80</td>
<td>46.99</td>
<td>3,834.23</td>
</tr>
<tr>
<td>2</td>
<td>NSB</td>
<td>1,489.33</td>
<td>76.84</td>
<td>11,661.93</td>
<td>48.26</td>
<td>6,575.63</td>
</tr>
<tr>
<td>3</td>
<td>FB</td>
<td>182.53</td>
<td>73.63</td>
<td>1,967.00</td>
<td>58.26</td>
<td>1,074.77</td>
</tr>
<tr>
<td>4</td>
<td>OSCB</td>
<td>163.47</td>
<td>55.36</td>
<td>2,316.73</td>
<td>96.11</td>
<td>1,240.10</td>
</tr>
<tr>
<td>5</td>
<td>All</td>
<td>2,705.00</td>
<td>75.38</td>
<td>22,744.47</td>
<td>52.97</td>
<td>11,583.72</td>
</tr>
</tbody>
</table>

Source: Data compiled from Statistical Tables Relating to Banks in India, R.B.I., Mumbai, Issues of relevant years.

** Significant at 1% level

Table 2.22 which gives details pertaining to other expenses shows a similar pattern as shown by Table 2.19. SBI group, NSB group, FB group and All Bank Groups combined enjoyed greater stability during Period-II. The CV of SBI group, NSB group, FB group and All Bank Groups combined was 77.71%, 76.84%, 73.63% and 75.38% respectively for Period-I and 46.99%, 48.26%, 58.26%, and 52.97% respectively during Period-II. The overall period CV was 98.42%, 99.36%, 112.66% and 102.79% respectively. As earlier, OSCB group enjoyed greater stability during Period-I with a CV of 55.36% during Period-I, 96.11% during Period-II and an overall study period CV of 152.92%.

The 't' values of Non-interest Expenses stands at 7.03, 6.86, 5.99, 3.74 and 6.35 for SBI group, NSB group, FB group, OSCB group and All Bank Groups combined respectively. These 't' values level are greater than the table value of 2.763 at 1% level of significance. This proves that there is a significant difference in the Non-interest Expenses of all the four bank groups between Period-I and Period-II.
TABLE 2.23
NON-INTEREST EXPENSES/PER EMPLOYEE — ANALYSIS BETWEEN GROUPS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum of Squares</td>
<td>df</td>
<td>Mean Square</td>
<td>‘F’</td>
</tr>
<tr>
<td>Between Groups</td>
<td>17.94</td>
<td>3</td>
<td>5.98</td>
<td>19.20</td>
</tr>
<tr>
<td>Within Groups</td>
<td>17.42</td>
<td>56</td>
<td>0.31</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>35.39</td>
<td>59</td>
<td>2,857.97</td>
<td></td>
</tr>
</tbody>
</table>

** Significant at 1% level

(Amount in Rs. Lakhs)

<table>
<thead>
<tr>
<th>Group</th>
<th>Period-I</th>
<th></th>
<th>Period-II</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
</tr>
<tr>
<td>SBI</td>
<td>0.35</td>
<td>0.20</td>
<td>2.35</td>
</tr>
<tr>
<td>NSB</td>
<td>0.33</td>
<td>0.17</td>
<td>2.27</td>
</tr>
<tr>
<td>FB</td>
<td>1.59</td>
<td>1.07</td>
<td>14.75</td>
</tr>
<tr>
<td>OSCB</td>
<td>0.31</td>
<td>0.17</td>
<td>3.30</td>
</tr>
<tr>
<td>All Groups</td>
<td>0.64</td>
<td>0.74</td>
<td>5.68</td>
</tr>
</tbody>
</table>

In Table 2.23, to assess the variation of Non-interest Expenses among the four groups of banks, one way ANOVA test is applied. The ANOVA result reflects that the calculated ‘F’ ratio value is 19.20 during Period-I and 25.87 during Period-II, which is found to be significant at 1% level. This shows that the mean Non-interest Expenses per Employee differs substantially among the four groups of banks. From the mean Table it can be assessed that FB group has shown the highest Non-interest Expenses per Employee (Mean = Rs.1.59 lakhs per employee) and OSCB group has shown the lowest Non-interest Expenses per Employee (Mean = Rs.0.31 lakhs per employee) during Period-I. It can be seen from the mean Table that the highest Non-interest Expenses per
Employee (Mean = Rs. 14.75 lakhs per employee) is accounted for by the FB group and the lowest Non-interest Expenses per Employee with mean values of Rs. 2.27 and Rs. 2.35 lakhs per employee, is accounted for by NSB group and SBI group respectively during Period-II.

**TABLE 2.24**

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR, Period-I</td>
<td>18.58</td>
<td>33.11</td>
<td>15.38</td>
<td>15.56</td>
<td>32.13</td>
</tr>
<tr>
<td>AGR, Period-II</td>
<td>13.03</td>
<td>26.17</td>
<td>30.31</td>
<td>36.58</td>
<td>14.09</td>
</tr>
<tr>
<td>AGR, Overall</td>
<td>15.71</td>
<td>15.81</td>
<td>16.31</td>
<td>19.87</td>
<td>16.00</td>
</tr>
</tbody>
</table>

Table 2.24, reflects the growth rate with regard to Non-interest Expenses in the selected bank groups during the study period. The average growth rate (AGR) during Period-I for SBI group, NSB group, FB group, OSCB group and All Bank Groups combined was 18.58%, 33.11%, 15.38%, 15.56% and 32.13% respectively. This became 13.03%, 26.17%, 30.31%, 36.58% and 14.09% respectively during Period-II. Thereby there was a decrease in the AGR for SBI group, NSB group and All Bank Groups combined during Period-II. The overall period AGR remained at 15.71%, 15.81%, 16.31%, 19.87% and 16.00% respectively. Thereby, it showed that the AGR for Period-II was greater than the overall period AGR except for SBI group and All Bank Groups combined.

**2.10 Employee's Cost**

If the business of a bank consists of resource mobilization and deployment of credit, the total funds of business (interest earned) have been related to the total employee's cost (salaries, wages and other benefits). The increasing number of employees is a necessary concomitant of branch expansion. Hence, employee's cost is increasing year after year. The Khan Committee stressed the Voluntary Retirement Scheme (VRS) to cut down at least 25% of the total number of employees.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>CV%</td>
<td>Mean</td>
<td>CV%</td>
<td>Mean</td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>620.20</td>
<td>75.19</td>
<td>5,075.13</td>
<td>47.69</td>
<td>2,847.67</td>
</tr>
<tr>
<td>2</td>
<td>NSB</td>
<td>1,049.13</td>
<td>75.76</td>
<td>8,658.73</td>
<td>49.04</td>
<td>4,853.93</td>
</tr>
<tr>
<td>3</td>
<td>FB</td>
<td>55.87</td>
<td>61.81</td>
<td>677.87</td>
<td>59.23</td>
<td>366.87</td>
</tr>
<tr>
<td>4</td>
<td>OSCB</td>
<td>112.40</td>
<td>59.09</td>
<td>1,116.80</td>
<td>75.56</td>
<td>614.60</td>
</tr>
<tr>
<td>5</td>
<td>All</td>
<td>1,837.60</td>
<td>74.01</td>
<td>15,528.53</td>
<td>50.61</td>
<td>7,986.52</td>
</tr>
</tbody>
</table>

Source: Data compiled from Statistical Tables Relating to Banks in India, R.B.I., Mumbai, Issues of relevant years.

** Significant at 1% level

Table 2.25 reveals that the average Employee’s Cost of SBI group, NSB group, FB group and All Bank Groups combined was Rs.620.20 crores, Rs.1,049.13 crores, Rs.55.87 crores and 1,837.60 crores respectively with the corresponding CV of 75.19%, 75.76%, 61.81%, and 74.01% respectively during Period-I. The Table also mentioned that the average Employee’s Cost was Rs.5,075.13 crores, Rs.8,658.73 crores, Rs.677.87 crores and Rs.15,528.53 crores respectively with a CV of 47.69%, 49.04%, 59.23% and 50.61% respectively during Period-II. But the average Employee’s Cost for OSCB group was Rs.112.40 crores with a CV of 59.09% during Period-I and Rs.1,116.80 crores with a CV of 75.56% during Period-II. It can be inferred that SBI group, NSB group, FB group and All Bank Groups combined have secured greater stability during Period-II, and OSCB group have shown stability during Period-I.

The overall period CV of 99.73%, 100.90%, 115.15%, 126.75% and 102.44% respectively confirms the above interpretation.

The 't' values of SBI group, NSB group, FB group, OSCB group and All Bank Groups combined stood at 7.00, 6.82, 5.98, 4.60 and 6.65 respectively. All the 't' values
are greater than the table value of 2.763 at 1% level of significance. Hence there is a significant difference existing in the average Employee’s Cost of all the four banks groups between Period-I and Period-II.

**TABLE 2.26**

**EMPLOYEE’S COST/PER EMPLOYEE — ANALYSIS BETWEEN GROUPS**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum of Squares</td>
<td>df</td>
<td>Mean Square</td>
<td>‘F’</td>
<td>Sig.</td>
<td>Sum of Squares</td>
</tr>
<tr>
<td>Between Groups</td>
<td>0.76</td>
<td>3</td>
<td>0.25</td>
<td>8.25</td>
<td>**</td>
<td>130.37</td>
</tr>
<tr>
<td>Within Groups</td>
<td>1.71</td>
<td>56</td>
<td>0.03</td>
<td></td>
<td></td>
<td>173.35</td>
</tr>
<tr>
<td>Total</td>
<td>2.47</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
<td>303.72</td>
</tr>
</tbody>
</table>

**Significant at 1% level**

(Amount in Rs. Lakhs)

<table>
<thead>
<tr>
<th>Group</th>
<th>Mean</th>
<th>SD</th>
<th>Mean</th>
<th>SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>SBI</td>
<td>0.25</td>
<td>0.14</td>
<td>1.75</td>
<td>0.89</td>
</tr>
<tr>
<td>NSB</td>
<td>0.23</td>
<td>0.12</td>
<td>1.69</td>
<td>0.96</td>
</tr>
<tr>
<td>FB</td>
<td>0.49</td>
<td>0.27</td>
<td>5.10</td>
<td>3.12</td>
</tr>
<tr>
<td>OSCB</td>
<td>0.22</td>
<td>0.13</td>
<td>1.64</td>
<td>0.96</td>
</tr>
<tr>
<td>All Groups</td>
<td>0.30</td>
<td>0.20</td>
<td>2.54</td>
<td>2.27</td>
</tr>
</tbody>
</table>

To find out the variations in the average Employee’s Cost per Employee among the chosen groups of banks, one-way ANOVA test is carried out. This determines the difference that exists between the various banks groups in their average Employee’s Cost per Employee. The ANOVA result as seen in Table 2.26 reflects that the calculated ‘F’ ratio value of Period-I and Period-II is 8.25 and 14.04 respectively, which is found to be significant at 1% level. This brings out the fact that there is significant variation in the
mean Employee’s Cost per Employee among the chosen groups. The mean Table shows that during Period-I, the lowest Employee’s Cost per Employee (Mean = Rs.0.22 lakhs per employee) has been indicated by the OSCB group and the maximum Employee’s Cost per Employee (Mean = Rs.0.49 lakhs per employee) has been indicated by the FB group. The mean Table of Period-II shows that the FB group has incurred the highest Employee’s Cost per Employee (Mean = Rs.5.10 lakhs per employee) and OSCB group has incurred the lowest Employee’s Cost per Employee (Mean = Rs.1.64 lakhs per employee).

**TABLE 2.27**

**EMPLOYEE’S COST—PROGRESS**  
(In percentage)

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR, Period-I</td>
<td>17.62</td>
<td>18.48</td>
<td>13.08</td>
<td>14.69</td>
<td>17.54</td>
</tr>
<tr>
<td>AGR, Period-II</td>
<td>13.53</td>
<td>13.00</td>
<td>17.66</td>
<td>18.59</td>
<td>13.66</td>
</tr>
<tr>
<td>AGR, Overall</td>
<td>15.51</td>
<td>15.64</td>
<td>15.45</td>
<td>16.71</td>
<td>15.53</td>
</tr>
</tbody>
</table>

Table 2.27 reflects the growth rate with regard to Employee’s Cost in the selected bank groups during the study period. The average growth rate (AGR) during Period-I for SBI group, NSB group, FB group, OSCB group and All Bank Groups combined was 17.62%, 18.48%, 13.08%, 14.69% and 17.54% respectively. This became 13.53%, 13.00%, 17.66%, 18.59% and 13.66% respectively during Period-II. Thereby there was an increase in the AGR for FB group and OSCB group during Period-II. There was a decrease in AGR for SBI group and NSB group during Period-II. The overall period AGR remained at 15.51%, 15.64%, 15.45%, 16.71% and 15.53% respectively. Thereby it showed that the AGR for the Period-II was lesser than the overall period AGR in SBI group and NSB group, and more in FB group, OSCB group and All Bank Groups combined.

### 2.11 Net Profit

The commercial banks are business entities dealing in money and their objective is to earn more profit, subject of course to the protection of interest of its clients so that their confidence with the banks is maintained. Therefore the banks aim at maximizing
their profits within the limits of the guidelines set by the RBI. In general, profit is defined by the surplus of revenue over cost of any business. However, the commercial banks have to make some provisions as per the RBI norms for safeguarding the interest of the clients of the banks. When these provisions are also added to the cost, the excess of earnings over the sum of the expenses and provisions, it is called net profit. This concept is used in this study and presented in the following Table:

**TABLE 2.28**

**NET PROFIT (AFTER TAX) — CONSISTENCY LEVEL**

(Amount in Rs. Crores)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>CV%</td>
<td>Mean</td>
<td>CV%</td>
<td>Mean</td>
<td>CV%</td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>32.87</td>
<td>106.84</td>
<td>2,158.13</td>
<td>88.15</td>
<td>1,095.50</td>
</tr>
<tr>
<td>2</td>
<td>NSB</td>
<td>65.80</td>
<td>111.09</td>
<td>2,355.20</td>
<td>188.50</td>
<td>1,210.50</td>
</tr>
<tr>
<td>3</td>
<td>FB</td>
<td>40.80</td>
<td>130.44</td>
<td>892.33</td>
<td>86.49</td>
<td>466.57</td>
</tr>
<tr>
<td>4</td>
<td>OSCB</td>
<td>7.67</td>
<td>78.98</td>
<td>1,175.53</td>
<td>103.64</td>
<td>591.60</td>
</tr>
<tr>
<td>5</td>
<td>All</td>
<td>147.13</td>
<td>112.97</td>
<td>6,581.20</td>
<td>123.93</td>
<td>2,754.52</td>
</tr>
</tbody>
</table>

Source: Data compiled from Statistical Tables Relating to Banks in India, R.B.I., Mumbai, Issues of relevant years.

** Significant at 1% level  NS - Not Significant

Table 2.28 shows that the average Net Profit of the NSB group, OSCB group and All Bank Groups combined was Rs.65.80 crores, Rs.7.67 crores and Rs. 147.13 crores respectively with a CV of 111.09%, 78.98% and 112.97% respectively during Period-I. The average Net Profit of Rs.2,355.20 crores, Rs.1,175.53 crores and Rs.6,581.20 crores respectively with a CV of 188.50%, 103.64% and 123.93% respectively during Period-II. Maximum variability in the CV percentage was found during Period-II, so that minimum consistency was witnessed during Period-II.

The average Net Profit of SBI group and FB group was Rs.32.87 crores and Rs.40.80 crores respectively with a CV of 106.84% and 130.44% respectively during
Period-I, and Rs.2,158.13 crores and Rs.892.33 crores respectively with a CV of 88.15% and 86.49% respectively during Period-II. Period-II enjoyed more consistency with lower CV percentage when compared to CV percentage of Period-I.

The overall CV of 155.87%, 272.41%, 147.94%, 174.79% and 207.97% also reveals that SBI group and FB group have maximum stability during Period-II, whereas NSB group, OSCB group and All Bank Groups combined have minimum stability during Period-II.

The ‘t’ values of SBI group (4.33), NSB group (1.10), FB group (4.26), OSCB group (3.71) and All Bank Groups combined (3.05) are more than the table value of 2.763 at 1% level of significance with the exception of NSB group. Hence it showed that there is a significant difference in the average Net Profit between Period-I and Period-II in all the four bank groups with the lone exception of NSB group.

**TABLE 2.29**

NET PROFIT/PER EMPLOYEE – ANALYSIS BETWEEN GROUPS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum of Squares</td>
<td>df</td>
<td>Mean Square</td>
</tr>
<tr>
<td>Between Groups</td>
<td>1.25</td>
<td>3</td>
<td>0.42</td>
</tr>
<tr>
<td>Within Groups</td>
<td>2.59</td>
<td>56</td>
<td>0.05</td>
</tr>
<tr>
<td>Total</td>
<td>3.84</td>
<td>59</td>
<td>998.98</td>
</tr>
</tbody>
</table>

** Significant at 1% level

(Amount in Rs. Lakhs)

<table>
<thead>
<tr>
<th>Group</th>
<th>Period-I</th>
<th>Period-II</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td>SBI</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>NSB</td>
<td>0.01</td>
<td>0.01</td>
</tr>
<tr>
<td>FB</td>
<td>0.35</td>
<td>0.43</td>
</tr>
<tr>
<td>OSCB</td>
<td>0.02</td>
<td>0.01</td>
</tr>
<tr>
<td>All Groups</td>
<td>0.10</td>
<td>0.26</td>
</tr>
</tbody>
</table>
The average Net Profit per Employee among the different groups of banks is compared in the above Table. To arrive at a reasonable solution one way ANOVA test is applied. The ANOVA result clearly brings out that the calculated ‘F’ ratio value is 9.01 during Period-I and 12.13 during Period-II, which is found to be significant at 1% level. This reveals that the mean Net Profit per Employee varies substantially among the chosen four groups of banks. It can be seen from the mean Table that the highest Net Profit per Employee (Mean = Rs.0.35 lakhs per employee) is earned by the FB group and the lowest Net Profit per Employee (Mean = Rs.0.01 lakhs per employee) is earned by SBI group and NSB group during Period-I. The mean Table also shows that during Period-II, the lowest Net Profit per Employee (Mean = Rs.0.50 lakhs per employee) has been earned by the NSB group and the maximum Net Profit per Employee (Mean = Rs.6.80 lakhs per employee) has been earned by the FB group.

### TABLE 2.30

**NET PROFIT—PROGRESS**

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR, Period-I</td>
<td>25.17</td>
<td>25.86</td>
<td>36.52</td>
<td>21.89</td>
<td>25.64</td>
</tr>
<tr>
<td>AGR, Period-II</td>
<td>37.15</td>
<td>-79.41</td>
<td>-15.72</td>
<td>51.78</td>
<td>3.02</td>
</tr>
</tbody>
</table>

The Net Profit status is analysed in Table 2.30. According to the Table, during Period-I the AGR of SBI group, NSB group, FB group, OSCB group and All Bank Groups combined stood at 25.17%, 25.86%, 36.52%, 21.89% and 25.64% respectively, thereby showing that there was an increase in the AGR for SBI group and OSCB group and a decrease in the AGR for NSB group, FB group and All Bank Groups combined during Period-II. The overall AGR also reflects the same result as shown above.

### 2.12 Number of Branches

With an objective of reaching the larger sections of the population, Commercial Banks in India have followed an avowed policy of massive branch expansion. More particularly with the advent of the social control measures and the subsequent nationalization of major commercial banks, public sector banks started operation in rural areas.
The rural branches are under severe financial strain on account of higher transaction cost involved in handling large number of small sized loan accounts and lower interest income as a result of concessional rates of interests on small sized loans. The lower proportion of Current Deposits in Total Deposits of rural branches has also placed them at a disadvantage vis-à-vis the branches in other population groups in regard to cost of mobilization of resources. Thus, the rapid expansion of branch network, particularly in the rural and remote areas of the country has resulted in operational problems too (i.e., cost of operations of the Bank branches).

**TABLE 2.31**

**NUMBER OF BRANCHES — CONSISTENCY LEVEL**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>CV %</td>
<td>Mean</td>
<td>CV %</td>
<td>Mean</td>
</tr>
<tr>
<td>1</td>
<td>SBI</td>
<td>9,028.80</td>
<td>22.58</td>
<td>13,268.47</td>
<td>3.66</td>
<td>11,148.63</td>
</tr>
<tr>
<td>2</td>
<td>NSB</td>
<td>20,483.53</td>
<td>30.12</td>
<td>33,073.67</td>
<td>3.52</td>
<td>26,778.37</td>
</tr>
<tr>
<td>3</td>
<td>FB</td>
<td>133.80</td>
<td>3.71</td>
<td>198.40</td>
<td>19.72</td>
<td>166.10</td>
</tr>
<tr>
<td>4</td>
<td>OSCB</td>
<td>4,565.27</td>
<td>16.55</td>
<td>4,972.20</td>
<td>15.08</td>
<td>4,768.73</td>
</tr>
<tr>
<td>5</td>
<td>All</td>
<td>34,211.40</td>
<td>23.04</td>
<td>51,512.27</td>
<td>4.70</td>
<td>42,424.76</td>
</tr>
</tbody>
</table>

Source: Data compiled from Statistical Tables Relating to Banks in India, R.B.I., Mumbai, Issues of relevant years.

** Significant at 1% level NS Not significant

Table 2.31 reveals that an average Number of Branches of SBI group, NSB group, FB group, OSCB group and All Banks Group combined was 9,028.80, 20,483.53, 133.80, 4,565.27 and 34,211.40 respectively with a CV of 22.58%, 30.12%, 3.71%, 16.55% and 23.04% respectively during Period-I and 13,268.47, 33,073.67, 198.40, 4,972.20 and 51,512.27 respectively with a CV of 3.66%, 3.52%, 19.72%, 15.08% and 4.70% respectively during Period-II.

SBI group, NSB group, OSCB group and All Bank Groups combined witnessed a lesser flexibility and greater consistency during Period-II, whereas the lone FB group had more consistency during Period-I with lesser CV percentage. While comparing with the overall period CV percentage, all the four bank groups enjoyed more stability during Period-II.
The 't' values of NSB group (7.77), FB group (6.34), and All Bank Groups combined (8.13) are more than the table value of 2.763 at 1% level of significance. Hence it showed that there was a significant difference in the average Number of Branches between Period-I and Period-II in NSB group, FB group, and All Bank Groups combined. But the 't' values of SBI group (1.99), and OSCB group (1.48) are less than the table value of 2.761 at 1% level of significance and 2.33 at 5% level of significance. Hence there is no significant difference in the average Number of Branches of SBI group and OSCB group between Period-I and Period-II.

TABLE 2.32
NUMBER OF BRANCHES/PER EMPLOYEE — ANALYSIS BETWEEN GROUPS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sum of Squares</td>
<td>df</td>
<td>Mean Square</td>
</tr>
<tr>
<td>Between Groups</td>
<td>458.03</td>
<td>3</td>
<td>152.68</td>
</tr>
<tr>
<td>Within Groups</td>
<td>66.46</td>
<td>56</td>
<td>1.19</td>
</tr>
<tr>
<td>Total</td>
<td>524.49</td>
<td>59</td>
<td></td>
</tr>
</tbody>
</table>

** Significant at 1% level

(Amount in Rs. Lakhs)

<table>
<thead>
<tr>
<th>Group</th>
<th>Period-I</th>
<th>Period-II</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Mean</td>
<td>SD</td>
</tr>
<tr>
<td>SBI</td>
<td>4.08</td>
<td>0.19</td>
</tr>
<tr>
<td>NSB</td>
<td>5.09</td>
<td>0.34</td>
</tr>
<tr>
<td>FB</td>
<td>1.20</td>
<td>0.04</td>
</tr>
<tr>
<td>OSCB</td>
<td>8.92</td>
<td>2.14</td>
</tr>
<tr>
<td>All Groups</td>
<td>4.83</td>
<td>2.98</td>
</tr>
</tbody>
</table>
To find out the variations in the Number of Branches per Employee among the chosen groups of banks one-way ANOVA test is carried out. This determines the difference that exists between the bank groups in their average Number of Branches per Employee. The ANOVA result as seen in Table 2.32 reflects that the calculated ‘F’ ratio value for period-I is 128.64 and Period-II is 484.14 which is found to be significant at 1% level. This brings out the fact that there is significant variation in the mean Number of Branches per Employee among the chosen groups. The mean Table shows that during Period-I, the maximum Number of Branches per Employee (Mean = 8.92 per employee) has been indicated by the OSCB group and the lowest Number of Branches per Employee (Mean = 1.20 per employee) has been indicated by the FB group. During Period-II, the mean Table shows that the OSCB group has operated the highest Number of Branches per Employee (Mean = 8.01 per employee) and FB group has operated the lowest Number of Branches per Employee (Mean= 1.50 per employee).

**TABLE 2.33**

NUMBER OF BRANCHES — PROGRESS

<table>
<thead>
<tr>
<th></th>
<th>SBI</th>
<th>NSB</th>
<th>FB</th>
<th>OSCB</th>
<th>All Groups</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGR, Period-I</td>
<td>5.77</td>
<td>8.10</td>
<td>1.01</td>
<td>1.35</td>
<td>6.33</td>
</tr>
<tr>
<td>AGR, Period-II</td>
<td>0.86</td>
<td>0.80</td>
<td>3.60</td>
<td>3.09</td>
<td>1.04</td>
</tr>
<tr>
<td>AGR, Overall</td>
<td>3.20</td>
<td>4.32</td>
<td>2.35</td>
<td>2.25</td>
<td>3.60</td>
</tr>
</tbody>
</table>

Table 2.33 reflects the growth rate with regard to Number of Branches in the selected bank groups during the study period. The average growth rate (AGR) during Period-I for SBI group, NSB group, FB group, OSCB group and All Bank Groups combined was 5.77%, 8.10%, 1.01%, 1.35% and 6.33% respectively. This became 0.86%, 0.80%, 3.60%, 3.09% and 1.04% respectively during Period-II. Thereby there was an increase in the AGR for FB group and OSCB group and decrease for SBI group, NSB group and All Bank Groups combined during Period-II. The overall period AGR remained at 3.20%, 4.32%, 2.35%, 2.25% and 3.60% respectively. Thereby it also reflects the same result as above.
2.13 Summary

This chapter highlights the consistency of selected variables, significance of selected variables between periods, significance of selected variables among the four groups during periods and growth of selected variables. The CV percentage of all selected variables for the study except Number of Branches in SBI group, NSB group, FB group and All Bank Groups combined indicate a greater consistency during Period-II. All variables in OSCB group, Net Profit in NSB group and Number of Branches in FB group have lesser consistency during Period-II. The ‘t’ values of all the selected variables in various bank groups with the exception of Net Profit in NSB group and Number of Branches in SBI group and OSCB group indicate that there is a significant difference between Period-I and Period-II. As per one way ANOVA test, the ‘F’ ratio value of all the selected variables varies significantly at 1% level among the four groups of banks during Period-I and Period-II. AGR of all the selected variables had grown during Period-II only in OSCB group. Total Investment, Total Advances, Non-interest Income, Non-interest Expenses, Employee’s Cost and Number of Branches in FB group had grown during Period-II. Non-interest Income and Net Profit of SBI group and Non-interest Income of NSB group had grown during Period-II.

The expected growth was not achieved by the SBI group and NSB group after reform process, whereas growth of FB group and OSCB group were significantly increased during post reform period. Thus the hypothesis “The growth rate of Scheduled Commercial Banks and the reform process in Banking Sector are independent of each other” is accepted for two bank groups viz, SBI group and NSB group and rejected for other two groups viz, FB group and OSCB group.