CHAPTER-III

FINANCIAL RESOURCES OF RRBS OF KANPUR REGION

The sources of funds of banks are limited. The chief of all the possible and permissible sources are share capital, deposits and borrowing form the people in their area of operation. The major sources of funds for an Regional Rural Bank are:

  i) Share Capital

  ii) Deposits

  iii) Borrowings

SHARE CAPITAL:

Share Capital is the amount contributed by the shareholders for the business of the bank and it is, for the purpose of profitability, considered as cost free. If the share capital is unlimited then there is no need for outside funds and the interest cost of funds will be nil. But such a situation does not exist.
AUTHORISED CAPITAL:

The authorised capital of each RRB was Rs. One Crore in the beginning but now it is Rs. Five Crore divided into five lakhs fully paid up shares of Rs. 100/- each, provided that the Central Government, after consultation with the National Bank and the Sponsor Bank, increase or reduce such authorised capital. But, however, the authorised capital shall not be reduced below Rs.25.00 lakhs (twenty five lakhs of rupees) and the shares shall be in all cases, fully paid up shares of Rs.100/- each.

ISSUED CAPITAL:

The issued capital of each RRB shall in the first instance, be such as may be fixed by the Central Government, but on this behalf it shall in no case be less than Rs.25.00 lakhs (twenty five lakhs of rupees) or exceed one crore of rupees. The share capital is subscribed in the ratio of 50:15:35, by the Central Government, concerned State Government and Sponsor Bank respectively.

The Board of Directors of RRBs may increase the issued capital, after consultation with the Reserve Bank and with the prior approval of the Central Government where such additional capital is issued, such capital shall also be
subscribed in the same proportion as is specified in sub-
section 2, i.e. in the ratio of 50:15:35.¹

**DEPOSITS:**

Deposit is an important factor determining the growth of the bank. It depends upon the saving capacity of the areas where the banks are operating, as well as upon the facilities to save. The RRBs of the region have successfully mobilised the deposits of their areas. In the early stages the bank had introduced so many deposit schemes viz. ‘Dainik Bachat Yojana’ (Daily Saving Scheme), ‘Saving Bank Deposits’, Recurring Deposits, fixed deposits reinvestment, Kalptaru deposits etc.

In the beginning the banks had to face so many difficulties in mobilising deposits from the rural areas due to the fact that people were fearful of the drawbacks of ‘Chit-Fund’, operating in the area of the region. Further, the banks were not in the position to mobilise deposits from the big farmers and ex-landlords. Thus the bank introduced ‘Daily Bachat Yojana’ to provide better services to the people of the areas concerned viz., to small businessman,

traditional artisans etc. In this way the banks have made efforts to increase the saving capacity of the rural people through their different scheme.

**BORROWINGS AND REFINANCE:**

Borrowings may be by way of –

1) Refinance from higher financing agencies for loans and advances granted and

2) Short term / Adhoc / Bridge / Interim loans / Accommodation.

Refinance is by way of reimbursement of loans and advances already made, whereas loans/accommodation is availed from Sponsor Bank for tiding over temporary difficulties. So we will concentrate more on refinance.

The major refinancing agencies for RRBs are National Bank for Agriculture and Rural Development (NABARD) and Sponsor Bank. The other agencies are SIDBI and IDBI. These agencies at present extend refinance at interest rates ranging from 5.0% to 9.5% depending upon the purpose and quantum of refinance.
FINANCIAL ANALYSIS OF RRB'S OF KANPUR REGION

Kanpur Kshetriya Gramin Bank, Kanpur

Kanpur Kshetriya Gramin Bank, Kanpur was established on 27th February, 1980 and has almost completed the two decades of its existence, under Section 3(1) of RRB Act, 1976 and is included in the second schedule of RBI Act, 1934. Head Office of the Bank is situated at Kanpur Nagar. The area of operation of the KKGB are in two districts namely Kanpur Nagar and Kanpur Dehat having 7 tehsils and 20 blocks. (Annexure – 1). It is the largest RRB sponsored by Bank of Baroda having 104 branches (in 1995), 4 area offices to achieve the corporate goal of reducing the losses as also strengthening the nearby branches 14 chronic loss making and stagnate branches were merged with the adjacent branches reducing the number from 104 to 90.
### TABLE 3.1
**FINANCIAL POSITION OF KKGB, KANPUR**

(1995-96 TO 1999-2000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Authorised Capital</th>
<th>Share Capital</th>
<th>Deposit</th>
<th>Reserves Surplus*</th>
<th>NABARD</th>
<th>Sponsor Bank</th>
<th>Total (6+7)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-96</td>
<td>500.00</td>
<td>75.00</td>
<td>13122.18</td>
<td>-</td>
<td>2008.77</td>
<td>108.60</td>
<td>2117.37</td>
</tr>
<tr>
<td>1996-97</td>
<td>500.00</td>
<td>100.00</td>
<td>17457.33</td>
<td>1868.99</td>
<td>2348.91</td>
<td>168.60</td>
<td>2517.51</td>
</tr>
<tr>
<td>1997-98</td>
<td>500.00</td>
<td>100.00</td>
<td>20687.23</td>
<td>2339.98</td>
<td>2735.73</td>
<td>195.16</td>
<td>2930.89</td>
</tr>
<tr>
<td>1998-99</td>
<td>500.00</td>
<td>100.00</td>
<td>25199.38</td>
<td>2801.32</td>
<td>2810.06</td>
<td>193.44</td>
<td>3003.50</td>
</tr>
<tr>
<td>1999-2000</td>
<td>500.00</td>
<td>100.00</td>
<td>29518.41</td>
<td>3140.68</td>
<td>2774.41</td>
<td>187.72</td>
<td>2962.13</td>
</tr>
</tbody>
</table>

Source: Compiled from annual reports of KKGB, Kanpur.

In the initial stages of the establishment, the bank's authorised capital was Rs.100.00 lakhs, the share capital was Rs.25.00 lakhs as shown in the table no. 3.1. In the year 1995-96, the authorised capital and the share capital of KKGB, Kanpur enhanced to Rs.500.00 lakhs and Rs.75.00 lakhs respectively, the authorised capital remained the same up to 1999-2000, i.e. Rs.500.00 lakhs but the share capital rose to Rs.100.00 lakhs in the year 1996-97 and this amount of the capital remained unchanged till 1999-2000.

The deposit amount of the bank was Rs.13122.18 lakhs in 1996. There was an increase of 33.03% in the deposited
amount i.e. from 13122.18 lakhs in 1996 to Rs.17457.33 lakhs in 1997. During 1997-98, the deposit rose to Rs.20687.23 lakhs with an increase of 18.50 % as against the previous year. The deposit again increased by 21.81 % during 1998-99 over previous year and during 1999-2000 it rose to Rs.29518.41 lakhs i.e. an increase of 17.14 % as against 1998-99. The total deposits showing an increasing trend from the year 1995-96 to the year 1999-2000. This shows the popularity of the KKGB, Kanpur.

There was no reserve and surplus during 1995-96 but in the year 1996-97 the KKGB, Kanpur had an amount of Rs.1868.99 lakhs for its reserve and surplus. It rose to Rs.2339.98 lakhs on 31st March, 1998. The increasing trend of reserve and surplus continued till the end of March, 2000 and ultimately rose to Rs.3140.68 lakhs against Rs.2801.32 lakhs at the end of March, 1999 registering growth trend since 1997.

In 1996, the total borrowing of KKGB, Kanpur was 2117.37 lakhs, comprising Rs.2008.77 lakhs (94.87 %) from NABARD and remaining Rs.108.60 lakhs (5.13 %) from Sponsor Bank.

In 1996-97, the amount of the borrowing rose to Rs.2517.51 lakhs an increase of 18.90% over previous year. The borrowings of the bank for 1997 comprise 93.30 %
(Rs.2348.91 lakhs) from NABARD and remaining 6.70% (Rs.168.60 lakhs) from Sponsor Bank. During 1997-98 the total borrowings of the bank rose to Rs.2930.89 lakhs an increase of 16.42% as against 1997. The total borrowing again increased by 2.48% during 1998-99, but during 1999-2000 the amount decreased to Rs.2962.13 lakhs as against Rs.3003.50 lakhs during 1998-99, which means that the amount of borrowing decreased by 1.38% during 1999-2000, which comprised of Rs.2774.41 lakhs (93.66%) from NABARD, Rs.187.72 lakhs (6.34 %) from Sponsor Bank and the total borrowing stood at Rs.2962.13 lakhs during 1999-2000.

Avadh Gramin Bank, Lucknow

Avadh Gramin Bank, Lucknow was established on 7th June, 1977 and has completed 25 years of its existence. Head Office of the Bank is situated at Lucknow. The bank covers three districts namely Lucknow, Unnao and Hardoi of the state of Uttar Pradesh.

As on 31st March, 2000, AGB had in all 114 branches in the three districts under its jurisdiction. 54 of the Bank’s Branches are in district Hardoi, 56 Branches are in district Unnao and 4 Branches are in district Lucknow.
TABLE 3.2
FINANCIAL POSITION OF AGP, LUCKNOW
(1995-96 TO 1999-2000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Authorised Capital</th>
<th>Share Capital</th>
<th>Deposit</th>
<th>Reserves &amp; Surplus*</th>
<th>NABARD</th>
<th>Sponsor Bank</th>
<th>Other Sources</th>
<th>Total (6+7+8)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1995-96</td>
<td>500.00</td>
<td>100.00</td>
<td>17530.55</td>
<td>344.64</td>
<td>1677.71</td>
<td>135.97</td>
<td>51.66</td>
<td>1865.34</td>
</tr>
<tr>
<td>1996-97</td>
<td>500.00</td>
<td>100.00</td>
<td>21711.53</td>
<td>164.13</td>
<td>1554.58</td>
<td>172.80</td>
<td>40.59</td>
<td>1767.97</td>
</tr>
<tr>
<td>1997-98</td>
<td>500.00</td>
<td>100.00</td>
<td>27424.02</td>
<td>1049.97</td>
<td>1580.25</td>
<td>142.80</td>
<td>45.41</td>
<td>1768.46</td>
</tr>
<tr>
<td>1998-99</td>
<td>500.00</td>
<td>100.00</td>
<td>33893.86</td>
<td>1707.65</td>
<td>1849.55</td>
<td>135.79</td>
<td>31.16</td>
<td>2016.50</td>
</tr>
<tr>
<td>1999-2000</td>
<td>500.00</td>
<td>100.00</td>
<td>39461.41</td>
<td>2433.75</td>
<td>1771.71</td>
<td>103.40</td>
<td>16.91</td>
<td>1892.02</td>
</tr>
</tbody>
</table>

Source: Compile from annual reports of A.GB, Lucknow.

The Financial position of Avadh Gramin Bank is shown in Table no. 3.2. The authorised capital of Avadh Gramin Bank, Lucknow was Rs.500.00 lakhs at the end of the year 1996, which continued to be the same upto March 1999-2000. The share capital of the bank was Rs.100.00 lakhs at the end of March 1996 and has remained to be the same till the end of March 2000.

The deposits amount of Avadh Gramin Bank, Lucknow was Rs.17530.55 lakhs on 31st March, 1996, which rose to Rs. 21711.53 lakhs on 31st March, 1997. The increasing
trend of deposit continued till the end of March, 2000 and rose to Rs.39461.42 lakhs against Rs. 33893.86 lakhs at the end of March, 1999 registering an increasing trend since 1996.

The bank has Rs.344.64 lakhs as reserve and surplus at the end of March, 1996. The amount of the reserve rose to Rs. 164.13 lakhs in the year 1996-97. Again the amount of reserve increased to Rs.1049.97 lakhs in 1997-98. The amount of reserve increased to Rs.1707.65 lakhs in 1998-99, again in 1999-2000 it rose to 2433.75 lakhs.

The total borrowing of the Avadh Gramin Bank, Lucknow was 1865.34 lakhs, which comprises of Rs. 1677.71 lakhs (89.94%) from NABARD, Rs. 135.97 lakhs from Bank of India (Sponsor Bank) and remaining Rs.51.66 lakhs (2.77%) from other institutes. In 1996-97 the amount of total borrowing decreased to Rs. 1767.97 lakhs in comparison of last year, it comprised of Rs. 1554.58 lakhs taken from NABARD, Rs.172.80 lakhs from Sponsor Bank and Rs.40.59 lakhs from other institutes. Again in 1997-98 the borrowing amount increased to Rs. 1768.46 lakhs, which comprised of Rs.1580.25 lakhs from NABARD, Rs. 142.80 lakhs from Sponsor Bank and Rs.45.41 lakhs from other sources. In the year 1998-99 the borrowing again rose to Rs.2016.50 lakhs, which comprises Rs.1849.55 lakhs.
(91.72%) from NABARD, Rs.135.79 lakhs (6.73%) from Sponsor Bank and Rs. 31.16 lakhs (1.55%) from other sources but in 1999-2000, it shows declining trend i.e. Rs.1892.02 lakhs comprises of Rs. 1771.71 lakhs from NABARD, Rs. 103.40 lakhs from Sponsor Bank and Rs. 16.91 lakhs from other sources. The maximum amount is borrowed from NABARD, then Sponsor Bank and the minimum amount is taken from other financial institutes.

**Bhagirath Gramin Bank, Sitapur**

Bhagirath Gramin Bank was established on 19th September, 1976 and has almost completed 25 years of its existence. Head Office of the Bank is situated at Sitapur. The area of operation of the Bank is only Sitapur District, having 6 Tehsils and 19 Blocks (Annexure – IV).

The Bank is providing services to its customers in district Sitapur through its network of 107 branches comprising of 5 Urban, 11 Semi Urban and 91 Rural branches as on 31st March, 2000.

Various financial statistics of B.G.B Sitapur is shown in table No. 3.3. In the initial stages of the establishment, the bank’s authorised capital was Rs.100.00 lakhs, the share capital was Rs.25.00 lakhs. During the year 1995-96, the
authorised capital and share capital of Bhagirath Gramin Bank, Sitapur remained Rs.500.00 lakhs and Rs.100.00 lakhs respectively, the authorised capital and share capital remained the same upto the year 1999-2000.

The deposit amount of the bank was Rs.17563.80 lakhs in the year 1995-96. There was an increase of 18.92% in the deposit amount, from Rs.17563.80 lakhs in 1995-96 to Rs.20887.08 lakhs in 1996-97. During 1997-98, the deposit amount rose to Rs.25667.96 lakhs with an increase of 22.89% against the previous year’s deposits. The deposit amount again increased by 15.17% during 1998-99 over previous year and during 1999-2000, the deposit amount has increased from Rs.29563.00 lakhs as on 31st March, 1999 to Rs.32832.00 lakhs as on 31st March, 2000 registering growth of 11.06%.

It is clear from the Table No. 3.3 and that the total deposits shows an increasing trend from 1995-96 to the year 1999-2000. This shows that the Bank has succeeded in motivating and inculcating banking and saving habits for safety of the cash amongst the rural and semi urban masses.

The reserve and surplus of the Bhagirath Gramin Bank, Sitapur was Rs.1126.99 lakhs in the year 1995-96, which rose to Rs.1406.49 lakhs at the end of 1997. In 1997-98, the reserve and surplus amount decreased to Rs.157.30 lakhs in
comparison of last year. Again in 1998-99 the reserve and surplus amount increased to Rs.3646.23 lakhs which rose to Rs.5260.42 lakhs at the end of 1999-2000.

TABLE 3.3
FINANCIAL POSITION OF BGB, SITAPUR
(1995-96 TO 1999-2000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Authorised Capital</th>
<th>Share Capital</th>
<th>Deposit</th>
<th>Reserves &amp; Surplus*</th>
<th>Borrowing from other sources</th>
<th>Total (6+7)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>NABARD</td>
<td>Sponsor Bank</td>
</tr>
<tr>
<td>1995-96</td>
<td>500.00</td>
<td>100.00</td>
<td>17563.80</td>
<td>1126.99</td>
<td>1338.24</td>
<td>240.00</td>
</tr>
<tr>
<td>1996-97</td>
<td>500.00</td>
<td>100.00</td>
<td>20887.08</td>
<td>1406.49</td>
<td>1476.71</td>
<td>270.00</td>
</tr>
<tr>
<td>1997-98</td>
<td>500.00</td>
<td>100.00</td>
<td>25667.96</td>
<td>2107.30</td>
<td>1342.16</td>
<td>270.00</td>
</tr>
<tr>
<td>1998-99</td>
<td>500.00</td>
<td>100.00</td>
<td>29562.74</td>
<td>3646.23</td>
<td>1791.63</td>
<td>290.00</td>
</tr>
<tr>
<td>1999-2000</td>
<td>500.00</td>
<td>100.00</td>
<td>32382.04</td>
<td>5260.42</td>
<td>1791.32</td>
<td>315.00</td>
</tr>
</tbody>
</table>

Source: Compile from annual reports of BGB, Sitapur.

In the year 1995-96, the total borrowings of Bhagirath Gramin Bank, Sitapur were Rs.1587.24 lakhs, comprising Rs.1338.24 lakhs from NABARD and remaining Rs.240.00 lakhs from its Sponsor Bank i.e. Allahabad Bank.
During the year 1996-97, the amount of borrowing rose to Rs.1746.71 lakhs registering a growth of 10.6%. The borrowing of the Bank for 1996-97 comprises of Rs.1476.71 lakhs from NABARD and remaining Rs.270.00 lakhs from Sponsor Bank (Allahabad Bank).

During 1997-98 the total borrowing of the Bhagirath Gramin Bank were Rs.1746.46 lakhs, an increase of 1.30% against 1996-97. The total borrowing again increased by 17.64% during the year 1998-99. In this year the amount borrowed from the Sponsor Bank also increased from Rs.270.00 lakhs in 1997-98 to Rs.290.00 lakhs.

During 1999-2000 total borrowing amount were Rs.2106.32 lakhs comprised Rs.315.00 lakhs from the Sponsor Bank and Rs.1791.32 lakhs from the NABARD.

**Chhatrasal Gramin Bank**

Chhatrasal Gramin Bank was established on 30th March, 1982 and has almost completed two decades of its existence. Head Office of the Bank is situated at Orai, head quarter of district Jalaun, Uttar Pradesh. Earlier the bank was serving in two districts Jalaun and Hamirpur but after declaration of Mahoba as new district on 11th February, 1995 its area of operation has been extended to three districts.
namely Jalaun, Hamirpur and Mahoba of the state of Uttar Pradesh.

As on 31st March, 2000 Chhatrasal Gramin Bank had in all 82 branches in the three districts under its jurisdiction. The bank had 35, 30 and 17 branches at Jalaun, Hamirpur and Mahoba districts respectively.

The Table No. 3.4 shows the Financial position of the bank. The authorised capital of Chhatrasal Gramin Bank, Orai was Rs.500.00 lakhs at the end of March, 1996, which remained the same upto March, 2000. The share capital of the bank was Rs.100.00 lakhs at the end of March, 1996 and continued to be the same during five years i.e. upto March, 2000.

The deposit amount with the bank was Rs.6861.31 lakhs at the end of March, 1996, which rose to Rs.8335.48 lakhs at the end of March, 1997 i.e. an increase of 21.48% over previous year. The amount of deposits to the bank rose to Rs.9861.47 lakhs at the end of March, 1998 against Rs.8335.48 lakhs at the end of March, 1997 i.e. 18.30%. The deposits in 1999 and 2000 were Rs.11859.49 and Rs.13589.78 lakhs respectively. This shows increasing trend in deposits the growth rate was 20.26% in 1999 and 14.59 in the 2000 and popularity of the bank.
The reserve and surplus amount of the Chhatrasal Gramin bank, Orai was Rs.1155.12 lakhs in 1997. It remained the same during 1997-98. The amount of reserve and surplus rose to Rs.1396.94 lakhs during 1998-99 and remained the same during 1999-2000.

The borrowings of Chhatrasal Gramin Bank, Orai was 905.75 lakhs at the end of March, 1996 i.e. Rs.80.00 lakhs (8.83%) from sponsor bank and Rs.825.75 lakhs (91.17%) from NABARD. The total borrowing of the bank rose to Rs.947.21 lakhs at the end of March, 1997 with an increase of 4.58% over the previous year. The amount of borrowing was 1054.50 lakhs at the end of March 1998 against Rs.947.21 lakhs at the end of March, 1997, registering an increase of 11.33% during 1997-98. The total borrowings for the period 1997-98 comprises of Rs.948.58 lakhs (89.95%) from NABARD and Rs.106.00 lakhs (10.05%) from the sponsor bank.

Again in 1998-99 the borrowing amount increase to Rs.1174.94 lakhs, which comprises of Rs.118.00 lakhs (10.04%) from sponsor bank and 1056.94 lakhs (89.96%) from NABARD.

In the year 1999-2000, the total borrowing amount shows a declining trend Rs.985.27 lakhs as against Rs.1174.94 lakhs in 1998-99. During the year 1999-2000 the
bank had borrowed Rs.853.07 lakhs from NABARD and Rs. 132.20 lakhs from its Sponsor Bank. The Table 3.4 shows that during the five year (1995-96 to 1999-2000) the maximum amount is borrowed from NABARD and then Sponsor Bank.

**TABLE 3.4**

FINANCIAL POSITION OF CGB, ORAI

(1995-96 TO 1999-2000)

(Amount in Lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Authorised Capital</th>
<th>Share Capital</th>
<th>Deposit</th>
<th>Reserves &amp; Surplus*</th>
<th>Borrowing from other sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>6</td>
<td>7</td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1995-96</td>
<td>500.00</td>
<td>58.75</td>
<td>6861.31</td>
<td>-</td>
<td>825.75</td>
</tr>
<tr>
<td>1996-97</td>
<td>500.00</td>
<td>100.00</td>
<td>8335.48</td>
<td>1155.12</td>
<td>867.21</td>
</tr>
<tr>
<td>1997-98</td>
<td>500.00</td>
<td>100.00</td>
<td>9861.47</td>
<td>1155.12</td>
<td>948.58</td>
</tr>
<tr>
<td>1998-99</td>
<td>500.00</td>
<td>100.00</td>
<td>11859.49</td>
<td>1396.94</td>
<td>1056.94</td>
</tr>
<tr>
<td>1999-2000</td>
<td>500.00</td>
<td>100.00</td>
<td>13589.78</td>
<td>1396.94</td>
<td>853.07</td>
</tr>
</tbody>
</table>

* Includes Share Capital Deposit

Source: Compiled from annual reports of CGB, Orai.
DEPOSIT MOBILISATION

There are many a people in our society, including in our rural areas, who have surplus of resources. Others also like to sacrifice part of their current consumptions and thus save for the future. This however, would depend upon their relative abilities. Banks raise resources by collecting such surpluses and savings. This process of collecting such surpluses and savings. This process of raising resources by banks is known as "Mobilisation of Deposits". Deposits are collected by banks under different types of schemes offering various benefits to the depositors. Different schemes and types of deposit accounts have been devised by banks to suit the requirements of depositors. Broadly, the deposits may be in the form of Current Deposits, Savings Bank Deposit. The deposit liabilities of banks are categorized as time and demand liabilities depending upon the type of deposits as under:

Demand Liabilities

(i) These deposits are payable on demand or withdrawable without notice. These include deposits held in current accounts and savings bank accounts.

(ii) These are either non-interest bearing or low interest bearing deposits.
Time Liabilities

(i) These deposits are kept for specific period.

(ii) These are repayable with notice. Such deposits include fixed deposits, cash certificates, monthly deposits like cumulative deposits, daily deposits like pigmy deposits etc.

(iii) These are high interest bearing deposits.

Significance of Deposits as a Resource for RRBs

As you know, RRBs have been created to meet the credit needs of the weaker section of. However, the own funds (capital and reserves) of RRBs are very limited. Refinance support from sponsor bank, National Bank and other agencies too are available on restricted basis and are subject to certain terms and conditions. In these circumstances, the need for obtaining deposits from the public the primary source of resource for RRBs cannot be over-emphasized. The larger the amount of deposits RRBs can mobilize, the better would be their ability to lend. The amount of deposits with an RRBs shall indicate not only its ability to contribute to the development of the area by extending financial assistance for economic activities but also the level of confidence which the people repose in it. Deposits are regarded as life line of banking business. In fact, the higher level of deposits of an RRBs will indicate its
inner strength to accomplish its statutory objectives and attain viability as well.

**From Whom RRBs can Accept Deposits**

Although the lending activities of RRBs are restricted to the specified target group, there is no such restriction in respect of acceptance of deposits. Deposits may be mobilized by them from the public at large at the rate of interest as prescribed by the Reserve Bank of India (RBI) from time to time. RRBs may pay ½% more interest on deposits over and above the rate prescribed by RBI in saving deposits and term-deposits with maturity period less than 2 years. Being situated in rural areas, branches of RRBs would be able to mobilize deposits from the following:-

(i) rich farmers and other influential persons,
(ii) school teachers, staff of Govt. and Semi-Govt. organisations and others,
(iii) wholesalers, retail traders and petty shop-keepers,
(iv) persons who have undertaken economic activities with bank loan;
(v) relatives and friends of bank customers and
(vi) religious and other institutions working in rural areas.
Advantages of Bank Deposit

Persons having surplus and/or saving have several options available to them. They may keep their surplus and/or savings in cash with themselves, may invest in land and/or other properties, deposit with non-banking companies like chit funds etc. But there are certain inherent advantages in keeping funds with banks in the form of deposits and it is for this reason that bank deposits have been growing year after year at a substantially high rate. Some of the advantages of bank deposits are as under:

i) The deposits are secured. Guarantee over from the Deposit Insurance and Credit Guarantee Corporation is also available upto Rs.30,000/- for each deposit account.

ii) This provides easy liquidity of funds as the deposits can be rapid immediately or at short notice.

iii) Depositors may avail loans against their term deposits for meeting immediate requirement of money. Term deposits can also be repaid before maturity.

iv) Depositors can avail nomination facility to facilitate repayment of deposits amount to their nominee in the event of (depositors') death.
v) Speculative risks, as in many investments, can be avoided if the funds are kept in bank deposit. Besides, the amount kept in bank deposit will grow/earn interest as a steady rate as per the term of deposit.

vi) The depositors can avail several banking services from his bank branch like collection of cheques/drafts, issue of drafts, transfer of accounts, overdraft facilities etc.

**Deposit Mix**

The bank to have such a deposit mix which may provide sufficient spread (cushion) to enable it to at least meet the expenses, including salaries of staff. If this is ensured the bank will be regarded to have attained viability. If the spread is more, the bank will be in still happier situation. More of current deposits and savings bank deposits will reduce the cost of deposits and provide more spread to the bank. Contrary to this, more of term deposits will make deposits costly thereby reducing the spread. It may not be possible for bank to mobilize too much of current deposits, but it may be possible to mobilize deposits in the form of savings bank deposit.
Kanpur Kshetraiya Gramin Bank, Kanpur

The total deposit of Kanpur Kshetraiya Gramin Bank, Kanpur is composed of the current deposit, the saving bank deposit and the term deposit. The over all position of all types of deposits is clear from Table No.3.5.

In 1995-96, the total mixed deposit was Rs.13122.00 lakhs. Out of which from current accounts it amounted to Rs.518.00 lakhs and on saving accounts Rs.6401.00 lakhs and from term deposits it was Rs.6203.00 lakhs. The maximum deposits were in the saving bank deposit.

In 1996-97, total mixed deposit was Rs.17457.00 lakhs. In this year maximum deposits was on term deposit Rs.8932.00 lakhs (51% of total deposit).

In 1997-98 mixed deposits were Rs.20687.02 lakhs which shows growth of 18.50% over previous year. The maximum deposits was on term deposit 52.13%.

In 1998-99 total deposits was Rs.25199.32 lakhs, shows an increasing growth trend 21.18%. The maximum deposit remained in term deposit 53.03%.

In 1999-2000 total deposits was Rs.25199.34 lakhs. Highest deposit were in term deposit Rs.16542.23 lakhs (65.64%).
It is clear from the above analysis that every year deposits have been increased. The average growth rate of the period (1995-96 to 1999-2000) is 24.43%. However, during 1999-2000 the bank recorded a growth rate of around 17.14% in its deposits over the previous year, which was the lowest in past five years (1995-96 to 1999-2000).

This indicates that in the total growth rate percentage in deposits, major share is contributed by current and saving deposits. In fact term deposits contributed nearly one third (1/3) of the total growth rate while two third (2/3) is to be attributed to saving and current deposits. This is not a very healthy trend as it is always better that the major share should come from term deposits.

**TABLE 3.5**  
DEPOSIT MIX OF KANPUR KSHETRIYA GRAMIN BANK, KANPUR  
(1995-96 TO 1999-2000)  
(Amount in Lakhs)

<table>
<thead>
<tr>
<th>Year</th>
<th>95-96</th>
<th>96-97</th>
<th>97-98</th>
<th>98-99</th>
<th>99-2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Deposits</td>
<td>13122.00</td>
<td>17457.00</td>
<td>20687.23</td>
<td>25199.38</td>
<td>29518.41</td>
</tr>
<tr>
<td>Term Deposits</td>
<td>6203.00</td>
<td>8932.00</td>
<td>10784.49</td>
<td>13363.82</td>
<td>16542.23</td>
</tr>
<tr>
<td>Saving</td>
<td>6401.00</td>
<td>7887.00</td>
<td>9030.19</td>
<td>10807.60</td>
<td>11771.10</td>
</tr>
<tr>
<td>Current</td>
<td>518.00</td>
<td>638.00</td>
<td>872.55</td>
<td>1027.97</td>
<td>1205.08</td>
</tr>
</tbody>
</table>

Source: Annual Report of Kanpur Kshetriya Gramin Bank, Kanpur for the relevant years.
Avadh Gramin Bank, Lucknow

Table No.3.6 shows the total deposit under the various heads of Avadh Gramin Bank, Lucknow for the last five years. In 1996, on 31st March the total deposits mix were Rs.17531.00 lakhs on 569920 accounts, out of which current deposits were Rs.859.00 on 4077 accounts and on Saving Bank deposits were Rs.9201.00 lakhs on 485911 accounts and on term deposits were Rs.7474.00 lakhs on 79932 accounts. In this year the deposits and the number of accounts were maximum from Saving Bank deposits.

TABLE 3.6
DEPOSIT MIX OF AVADH GRAMIN BANK, LUCKNOW
(1995-96 TO 1999-2000)

<table>
<thead>
<tr>
<th>Year</th>
<th>95-96</th>
<th>96-97</th>
<th>97-98</th>
<th>98-99</th>
<th>99-2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Deposits</td>
<td>17531.00</td>
<td>21712.00</td>
<td>27424.00</td>
<td>33893.86</td>
<td>39461.42</td>
</tr>
<tr>
<td>Term Deposits</td>
<td>7471.00</td>
<td>10331.00</td>
<td>12411.48</td>
<td>15491.14</td>
<td>19465.85</td>
</tr>
<tr>
<td>Saving</td>
<td>9201.00</td>
<td>10522.00</td>
<td>13409.88</td>
<td>15965.57</td>
<td>16987.00</td>
</tr>
<tr>
<td>Current</td>
<td>858.88</td>
<td>858.90</td>
<td>4602.66</td>
<td>2437.15</td>
<td>3008.57</td>
</tr>
</tbody>
</table>

Source: Annual Report of Avadh Gramin Bank, Lucknow for the relevant years.

In the year 1996-97, total deposit mix were Rs.21712.00 lakhs on 579559 accounts. Out of which from current accounts it amounted to Rs.859.00 lakhs (3.96%) on saving bank deposits were Rs.10522.00 lakhs (48.46%) and
on from term deposits it was Rs.10331.00 lakhs (47.58%) with a total mix deposit growth rate of 23.85%. Again the maximum amount was contributed by saving bank deposits.

During 1997-98, total deposit mix were Rs.27424.02 lakhs on 635104 accounts which comprises of current deposits of Rs.4602.66 lakhs (16.78%), saving deposits of Rs.13409.88 lakhs (48.90%) and term deposits of Rs.12411.48 lakhs (45.26%). Again the maximum amount was in saving bank deposits. The total growth rate was 26.31% against the previous year.

In 1999 total deposit mix were Rs.33893.86 lakhs on 637348 accounts. The %age growth was 23.59% for March, 1999 against the previous year. The %age of low cost deposit i.e. Demand Deposit was 54.30 %.

In the year 1999-2000 the total deposits mix of the bank stood at Rs.39461.42 lakhs on 658087 accounts. Out of which from current deposits it amounted to Rs.3008.57 lakhs and on saving Rs.16987.00 lakhs and the remaining was from term deposits Rs.19465.85 lakhs (49.33%) of the total deposits were term deposits (which were the costliest in term of interest cost). The proportion of saving deposits was 43.05%. Current deposits formed 7.62% of the total deposits. The deposit-mix was most favourable in the year 1995-96 as the percentage of term deposit was the lowest.
**Bhagirath Gramin Bank, Sitapur**

The total deposit mix of Bhagirath Gramin Bank is composed of Current Account, Saving Account and Term Deposit Account. The overall position of all types of deposits may be clear from Table No. 3.7.

**TABLE 3.7**

<table>
<thead>
<tr>
<th>DEPOSIT MIX OF BHAGIRATH GRAMIN BANK, SITAPUR (1995-96 TO 1999-2000)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>(Amount in Lakhs)</strong></td>
</tr>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td>Total Deposits</td>
</tr>
<tr>
<td>Term Deposits</td>
</tr>
<tr>
<td>Saving</td>
</tr>
<tr>
<td>Current</td>
</tr>
</tbody>
</table>

Source: Annual Report of Bhagirath Gramin Bank, Sitapur for the relevant years.

The deposit has increased from Rs.17563.80 on 31st March, 1996 to Rs.20887.08 lakhs as on 31st March, 1997. Thus registering growth of 18.92% over March 1996. During the year 1996 average deposit was Rs.17493.00 lakhs and average growth rate of deposit was 22.92%. In 1997 the total deposit was Rs.25667.96 lakhs out of which from current account it amounted to Rs.2843.99 lakhs and on saving account Rs.14361.43 lakhs and from term deposit it was Rs.7844.72 lakhs. In this year the maximum deposits were in
saving bank deposit i.e. 55.95%, it shows 22.89% total growth rate against previous year. In 1999 total deposit mix increased upto 29562.73 lakhs as against the previous Rs.256667.96 lakhs which shows 15.17% increase of the total amount. The maximum deposit was on saving bank deposit Rs.16956.23 lakhs (57.36%) then on term deposit Rs.9412.74 lakhs (31.84%).

The deposit mix has increased from Rs.29563.73 lakhs as on 31st March, 1999 to Rs.32823.05 lakhs as on 31st March, 2000 registering growth of 11.06%, highest deposit were in saving bank deposit i.e. Rs.18791.48 lakhs then term deposit Rs.10720.32 lakhs.

**Chhatrasal Gramin Bank, Orai**

The total deposit mix of Chhatrasal Gramin Bank, Orai is composed of current deposit, the saving deposit and the term deposit. The over all position of all types of deposits may be clear from Table No. 3.8.

In 1996, the total deposit mix was Rs.6861.31 lakhs on 190458 accounts. Out of which from Current deposits it amounted to Rs.638.28 lakhs and on Saving deposits Rs.3656.01 lakhs and from Term deposits it was Rs.2569.02 lakhs. In this year the maximum deposits were on saving
deposits i.e. 53.28% of total deposit. In 1997, total deposit mix was Rs.8335.48 lakhs on 194864 accounts. In this year again the maximum deposits amount were in saving bank deposit Rs.4620.93 lakhs (55.44%). It shows 19% total growth trend as against previous year. During 1997-98, total deposit mix was Rs.9861.47 lakhs on 194864 accounts which comprises 39.44% of term deposits, 5.28% of current deposits and 54.79% of saving deposits. The bank recorded a growth rate of 18.31% in its deposits over the previous year. In 1999 total deposit mix were 11859.49 lakhs on 211211 accounts. The growth rate was 20.26% over the previous year (1997-98). The percentage of low cost deposit i.e. Demand Deposit was 61.01% and term deposit was 38.99%.

TABLE 3.8

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(Amount in Lakhs)</td>
<td></td>
</tr>
<tr>
<td>Year</td>
<td>95-96</td>
</tr>
<tr>
<td>----------------</td>
<td>--------</td>
</tr>
<tr>
<td>Total Deposits</td>
<td>6861.31</td>
</tr>
<tr>
<td>Term Deposits</td>
<td>2567.02</td>
</tr>
<tr>
<td>Saving</td>
<td>3656.01</td>
</tr>
<tr>
<td>Current</td>
<td>638.28</td>
</tr>
</tbody>
</table>

Source: Annual Report of Chhatrasal Gramin Bank, Orai for the relevant years.

In the year 1999-2000 the total deposit mix of the Bank stood at Rs.13589.78 lakhs on 201548 accounts. Out of which from current deposits it amounted to 802.58 lakhs and
from saving bank deposits Rs.7386.15 lakhs and the remaining amount from term deposits Rs.5401.05 lakhs. The growth rate during the year was 14.59%. The percentage share of Demand deposits and term deposits to the total deposit mix was 60.26% and 39.74% respectively.

It is clear from the above analysis that total deposit mix shows as increasing trend as compared to its previous years.

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