

Performance of Scheduled Commercial Banks in India and Mandya District: Recent Trends

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Abstract: *Banking services is broadly spread on overall countries. More people are utilizing the banking benefits as well as other services. It's very easy to conduct transactions through cheques drawn by or paid in by banking customers. Now-a-days, banking sector acts as a backbone of the modern business. Finance institution receives money from those who are want to save in the form of deposits and it lends money to those who in need of it. The customers primarily use these banks for basic utilities such as keeping current accounts, savings accounts, certificates of deposit and for loans which are available at low rate of interest.*

Keywords: *Scheduled commercial banks in India: Deposit, Credit, Employment and Investment.*

I. Introduction

An established banks authorized by the government accept deposits, pay interest, clear cheques, makes a loan, act as an intermediary in financial transactions and provide other financial services to its customers. A bank is the place where they accept the deposit from people and lend loans and charge interest and performs agency functions and also provide certain facilities like providing lockers facilities etc. The Indian banks used to provide financial facilities to industrial sector. The definitions of bank vary from country to country. Under English common law a banker is a defined as a person who is carries on the business of banking. Banker includes a body of persons, whether is incorporated or not. Who are carrying on the business of banking? Banking business means the business of receiving money on current or deposit account, paying and collecting cheques drawn by or paid in by banking customers.

Finance is the life of trade, commerce and industry. Now-a-days, banking sector acts as the backbone of the modern business. Development of any country depends upon the banking system. A bank is a financial institution which deals with the deposits and advances and other related to services. Finance institution receives money from those who are gone to save in the form of deposits and it lends to money those who are in need of it. Oxford dictionary defines a bank as "an establishment for custody of money, which it plays out on customer's order".

Objectives:

- To study the functions of scheduled commercial banks in India
- To study the performance of the scheduled commercial banks in Mandya district

Methodology

On the basis of the above mentioned objectives, the following methodology will be adopted in this article. This has been analyzed under various sub headings as follows.

Data Sources:

This study is purely based on the secondary data. The secondary data is collected from the published articles, books, documents, theses, periodicals, newspapers, internet sources. This secondary data is related to the commercial banks in Mandya district. In Mandya district commercial bank implement development related to services. The bank is a sub sector of service sector activities.

Scheduled Commercial Banks in India

Indian banks can be broadly classified under the two heads- commercial banks and co-operative bank while commercial banks including (Public sector banks, Private sector banks, foreign banks and Regional rural banks) account for an overwhelming share of the banking business, co-operative banks also play an important role. RBI was established on April 11, 1935. It is the main pillar of Indian economy. The RBI uses monetary policy to create a financial stability in India and is charged with regulating the country's currency and credit systems. The primary function of this establishment is to regulate the issuing of bank notes to ensure secure

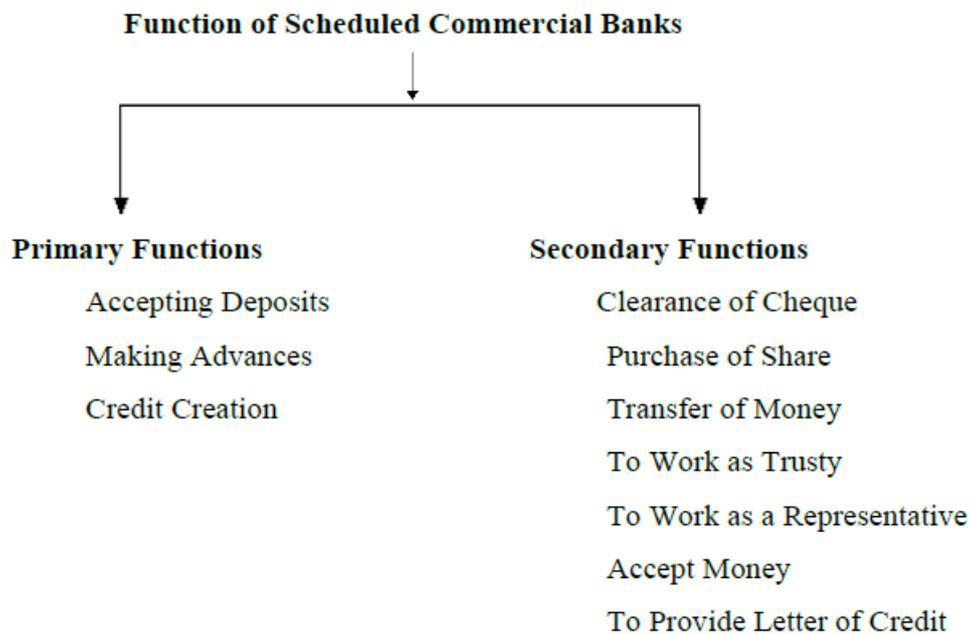
monetary stability in India. RBI is called the leader of banks. Now followed discuss the about the scheduled commercial banks in India.

Scheduled commercial banks are mainly concerned with a managing withdrawals and deposits as well as supplying short-term and long terms loans to individuals and also to business establishments. Scheduled commercial banks are by far the most widespread banking institutions in India. And also provides a major products and services in India. A scheduled commercial banks run on commercial lines, for profits of the organization.

Scheduled commercial bank is a different type of bank that is a provides a most services such as accepting a deposits, making business loans and also offering basic investment products. Scheduled commercial bank is a public sector bank it's can be refer to the bank or a division of a bank that is deals with deposits and loans from corporations or large business. In the developed country like United States in the terms scheduled commercial bank was used to distinguish it from an investment bank due to the different bank regulation. After great depression, through the Glass-Seagull Act, in the United State Congress required the commercial banks to engaged only in banking services sector activities.

Functions of Scheduled Commercial Banks

Scheduled commercial bank is being a financial institution performs diverse type of functions. This sector is a backbone of Indian economic development. Indian economic development requires the expansion of severs activities of agriculture, industry and service sector. In this three sectors service sector is growing at a faster rate in the Indian economy. Banking is the sub sector of service sector. And also this plays a very significant role in the process of economic and social transformation. In recent years with changed environment it is becoming a customer centric and widening its functions. The functions of are scheduled commercial banks can be divided into two categories, firstly primary functions and then secondary functions.



Primary Function of Scheduled Commercial Banks:

The scheduled commercial banks perform a various function of primary nature they are given below:

- **Accepting Deposits:** The commercial banks accept a various types of deposits from people especially from its clients. These deposits include current account, saving account, recurring account and fixed account etc. These deposits are accepted based on various repayment periods.
- **Making Advances:** The commercial banks provide loans and advances in various forms. It includes an over draft facility, cash credit, bill discounting etc. They also give demand and term loans to all types of clients against proper security.
- **Credit Creation:** It is the most significant function of the commercial banks. While sanctioning a loan to a customer, a bank does not provide cash to the borrower instead it opens a deposit account from where the borrower can withdraw the money. In these process commercial banks create credit money.

Secondary Function of Scheduled Commercial Banks:

Along with the primary functions each commercial bank has to perform several secondary functions too. This is also including more agency functions or general utility functions. The secondary functions of commercial banks can be divided into agency functions and utility functions.

A. Agency Functions: The various agency functions of commercial banks are

- To collect and clear the cheque dividends and interest warrant
- To make a payment of rent, insurance premium etc
- To deal in foreign exchange transactions
- To purchase and sell securities
- To act as trusty, attorney, correspondent and executor
- To accept tax proceeds and tax returns

B. General Utility Functions: The general utility functions of the commercial banks include

- To provide safety locker facility to customers
- To provide money transfer facility
- To issue traveler's cheque
- To act as referees
- To accept various bills for payment such as phone bills, gas bills, water bills etc
- To provide merchant banking facility
- To provide various cards such as credit cards, debit cards, smart cards etc.

Recent Trends of Scheduled Commercial Banks in India:

The growth of the Indian scheduled commercial banks include deposit of demand and time deposit, investment of scheduled commercial banks, maturity pattern of scheduled commercial banks, employment of scheduled commercial banks, deposit of rural and urban scheduled commercial banks and credit of rural and urban scheduled commercial banks in India.

Table-1
Percentage Share of Deposit of Scheduled Commercial Bank in India
(Billion)

Year	Demand Deposit	Percentage	Time Deposit	Percentage	Total Deposit
1990-91	331.92	17.24	1593.49	82.76	1925.41
1991-92	450.88	19.54	1856.70	80.46	2307.58
1992-93	464.61	17.30	2221.11	82.70	2685.72
1993-94	565.72	17.95	2585.60	82.05	3151.32
1994-95	769.03	19.88	3099.56	80.12	3868.59
1995-96	806.14	18.58	3532.05	81.42	4338.19
1996-97	906.10	17.92	4149.89	82.08	5055.99
1997-98	1025.13	17.13	4959.72	82.87	5984.85
1998-99	1174.23	16.45	5966.02	83.55	7140.25
1999-00	1273.66	15.66	6859.78	84.34	8133.45
2000-01	1425.52	14.81	8200.66	85.19	9626.18
2001-02	1530.48	13.87	9503.12	86.13	11033.60
2002-03	1702.89	13.29	11105.64	86.71	12808.53
2003-04	2250.22	14.96	12793.94	85.04	15044.16
2004-05	2480.28	14.59	14521.71	85.41	17001.98
2005-06	3646.40	17.29	17444.09	82.71	21090.49
2006-07	4297.31	16.45	21822.03	83.55	26119.33

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2007-08	5243.10	16.40	26726.30	83.60	31969.39
2008-09	5230.85	13.64	33110.25	86.36	38341.10
2009-10	6456.10	14.37	38472.16	85.63	44928.26
2010-11	6417.05	12.32	45662.64	87.68	52079.69
2011-12	6253.30	10.58	52837.52	89.42	59090.82
2012-13	6622.99	9.81	60881.55	90.19	67504.54
2013-14	7139.21	9.27	69916.39	90.73	77055.60

Source: Reserve Bank of India 2014

The table 1 represents the annual percentage share of demand deposit and time deposit of scheduled commercial banks in India. The table reflects two stages in the percentage share of scheduled commercial banks in India. Starting period of NEP and LPG during 1990-91 to 2000-01 and 2001-02 and 2013-14 reflects the performance of percentage share of Indian economy after NEP and LPG.

The trend of the annual share of percentage in scheduled commercial banks in the Indian economy in the first stage offers the mixed result. The annual percentage share of the demand deposit during 1990-91 and 2000-01 reveals average fluctuation for every alternative year. The share of percentage was 17.24 percent during 1990-91 which declined to 14.81 percent during 2000-01 but there is small fluctuation in the percentage for every years. Relating to time deposits the annual percentage for the same period indicates that it was 82.73 percent in 1990-91 and 85.19 percent during 2000-01. The contribution of time deposit is growing when compared to other deposit of scheduled commercial banks in India.

In the second stage, the trend of the annual percentage share of scheduled commercial banks in the Indian economy provides the mixed result. The annual percentage share for the demand deposit for the period between 2001-02 and 2013-14 is decreasing with fluctuations for every alternative year. The share of percentage was 13.87 percent during 2001-2002 which declined to 9.27 percent during 2013-14 indicating continuous decrease of its contribution to Indian bank year by year. Relating to time deposit the annual percentage share for the same period indicate that it was 82.76 percent in 2001-02 and 90.73 percent during 2013-14. The time deposit contribution to Indian scheduled commercial banks has increased in this period.

In the overall the time deposit share is increasing in the Indian scheduled commercial banks and highest percentage share is contributed by the Indian banks.

Table-2
Percentage Share of Investment of Scheduled Commercial Banks in India (Billion)

Year	Investment in Govt Security	Percentage	Investment in other Approved Security	Percentage	Total Investments
1990-91	499.98	66.61	250.67	33.39	750.65
1991-92	627.27	69.55	274.69	30.45	901.96
1992-93	759.45	71.88	297.11	28.12	1056.56
1993-94	1012.02	76.37	313.21	23.63	1325.23
1994-95	1176.85	78.85	315.68	21.15	1492.53
1995-96	1322.27	80.24	325.55	19.76	1647.82
1996-97	1588.90	83.40	316.24	16.60	1905.14
1997-98	1869.57	85.48	317.48	14.52	2187.05
1998-99	2232.17	87.68	313.77	12.32	2545.95
1999-00	2784.56	90.13	304.88	9.87	3089.44
2000-01	3400.35	91.86	301.25	8.14	3701.59
2001-02	4111.76	93.82	270.93	6.18	4382.69
2002-03	5234.17	95.59	241.29	4.41	5475.46
2003-04	6547.58	96.63	228.30	3.37	6775.88

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2004-05	7189.82	97.27	201.72	2.73	7391.54
2005-06	7007.42	97.67	167.12	2.33	7174.54
2006-07	7760.58	98.05	154.58	1.95	7915.16
2007-08	9586.61	98.66	130.53	1.34	9717.15
2008-09	11557.86	99.09	106.24	0.91	11664.10
2009-10	13783.95	99.54	63.58	0.46	13847.52
2010-11	14971.48	99.70	44.71	0.30	15016.19
2011-12	17350.18	99.84	27.70	0.16	17377.87
2012-13	20036.53	99.88	24.52	0.12	20061.05
2013-14	22111.94	99.93	16.27	0.07	22128.21

Source: Reserve Bank of India 2014

The table 2 represents the annual percentage share of investment in government security and investment in other approved security of scheduled commercial banks in India. The table reflects two stages in the percentage share of scheduled commercial banks in India. Starting period of NEP and LPG during 1990-91 to 2000-01 and 2001-02 and 2013-14 reflects the performance of percentage share of Indian economy after NEP and LPG.

The trend of the annual share of percentage in scheduled commercial banks in the Indian economy in the first stage offers the mixed result. The annual percentage share of the investment in government security during 1990-91 and 2000-01 reveals average fluctuation for every alternative year. The investment in government security share of percentage was 66.61 percent during 1990-91 which increased to 91.86 percent during 2000-01. Relating to investment in other approved security the annual percentage for the same period indicates that it was 33.39 percent in 1990-91 and 8.14 percent during 2000-01. The contribution of investment in government security is growing when compared to other investment of scheduled commercial banks in India.

In the second stage, the trend of the annual percentage share of scheduled commercial banks in the Indian economy provides the fluctuations result. The annual percentage share for the investment in government security for the period between 2001-02 and 2013-14 is decreasing with fluctuations for every alternative year. The share of percentage was 93.82 percent during 2001-2002 which increased to 99.93 percent during 2013-14 indicating continuous increasing of its contribution to Indian bank year by year. Relating to investment in other approved security the annual percentage share for the same period indicate that it very fluctuations was 6.18 percent in 2001-02 and 0.07 percent during 2013-14. The investment in government security contribution to Indian scheduled commercial banks has increased in this period.

In the overall the investment in government security share is increasing in the Indian scheduled commercial banks and highest percentage share is contributed by the Indian banks.

Table-3
Distribution of Employees of Scheduled Commercial Banks in India. (In Numbers)

Year	Employees	Commercial Banks
1997-98	Officers	287701
	Clerks	507577
	Subordinates	228693
	Total	1023971
1998-99	Officers	290817
	Clerks	501474
	Subordinates	225199
	Total	1017490
1999-00	Officers	291389
	Clerks	494081

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	Subordinates	221161
	Total	1006631
2000-01	Officers	268239
	Clerks	451062
	Subordinates	207217
	Total	926518
2001-02	Officers	276368
	Clerks	425788
	Subordinates	199132
	Total	901288
2002-03	Officers	286880
	Clerks	419675
	Subordinates	194594
	Total	901149
2003-04	Officers	289356
	Clerks	401087
	Subordinates	191279
	Total	881722
2004-05	Officers	313863
	Clerks	396812
	Subordinates	189758
	Total	900433
2005-06	Officers	330093
	Clerks	384821
	Subordinates	185210
	Total	900124
2006-07	Officers	347662
	Clerks	366700
	Subordinates	185045
	Total	899407
2007-08	Officers	334884
	Clerks	333414
	Subordinates	170471
	Total	838769
2008-09	Officers	351841
	Clerks	342930
	Subordinates	174641
	Total	869412

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2009-10	Officers	401060
	Clerks	349360
	Subordinates	175608
	Total	926028
2010-11	Officers	470144
	Clerks	402521
	Subordinates	178220
	Total	1050885
2011-12	Officers	502938
	Clerks	481421
	Subordinates	190790
	Total	1175149
2012-13	Officers	551712
	Clerks	484975
	Subordinates	184044
	Total	1220731

Source: Reserve Bank of India 2014

The table 3 reveal that employment distribution of scheduled commercial banks during 1997-98 and 2012-13. During 1997-98 is distribution employment of officers is 287701, was clerk is 507577, subordinate was 228693 and totally was 1023971 employment. In the recent years 2012-13distribuiton employment of officers is 551712, a clerk is 484975, a subordinate is 184044 and totally 1220731 employment. Difference between both years, officers only increasing in the recent years otherwise clerks and subordinates is decreasing in recent years.

Table-4
Account Holders and Deposits in Rural and Urban Scheduled Commercial Banks in India
(Amount in Billion) (No. of Accounts in Thousands)

Year	Rural		Urban		Total	
	No of Accounts	Amount Out Standing	No of Accounts	Amount Out Standing	Total No of Accounts	Total Amount Out Standing
1991	108876	310.10	80889	491.40	189765	801.5
1992	114808	357.50	83449	552.89	198257	910.39
1993	117814	414.10	87256	639.35	205070	1053.45
1994	121299	493.31	93032	742.49	214331	1235.8
1995	109944	518.20	88828	841.29	198772	1359.49
1996	112904	613.13	88452	955.66	201356	1568.79
1997	116693	737.70	88645	1125.78	205338	1863.48
1998	120060	867.06	88536	1348.97	208596	2216.03
1999	122660	1026.97	89533	1601.81	212193	2628.78
2000	125852	1205.39	89831	1889.63	215683	3095.02
2001	131723	1394.31	92769	2178.33	224492	3572.64
2002	133000	1594.23	94622	2554.78	227622	4149.01

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2003	136733	1765.02	96099	2905.03	232832	4670.05
2004	138760	1950.82	99571	3302.96	238331	5253.78
2005	141908	2131.04	101376	3748.91	243284	5879.95
2006	139570	2260.61	106172	4308.13	245742	6568.74
2007	149663	2530.14	113422	5325.92	263085	7856.06
2008	168034	3034.23	128021	6576.99	296055	9611.22
2009	199695	3639.10	142272	8229.14	341967	11868.24
2010	224155	4203.38	152323	9449.92	376478	13653.3
2011	250254	4932.66	168037	11105.13	418291	16037.79
2012	283072	5731.86	180626	12725.92	463698	18457.78
2013	335347	6698.89	203091	14970.13	538438	21669.02

Source: Reserve Bank of India 2014

The table 4 examines the deposit of rural and urban scheduled commercial banks in India during 1991 and 2013. In the starting period of NEP and LPG is during 1991 rural no of accounts was 108816, amount outstanding was Rs. 310.10 billion, urban no of account was 80889, amount outstanding was Rs. 491.40 billion and total no of accounts 189765, and amount outstanding was Rs. 801.5 billion. In after NEP and LPG was during 2001 rural no of accounts was 131723, amount outstanding was Rs 1394.31 billion, urban no of account was 92769, amount outstanding was Rs. 2178.33 billion and total no of accounts 224492, amount outstanding was Rs. 3572.64 billion. In the recent years of NEP and LPG is during 2013 rural no of accounts is 335347, amount outstanding is Rs. 6698.89 billion, urban no of account is 203091, amount outstanding is Rs. 14970.13 billion and total no of accounts 538438 , amount outstanding is Rs. 21669.02 billion. In the rural and urban deposits is increasing amount and accounts.

Table-5
Rural and Urban Credits of Scheduled Commercial Banks in India
(Amount in Billion) (No. of Accounts in Thousands)

Year	Rural		Urban		Total	
	No of Accounts	Amount Out Standing	No of Accounts	Amount Out Standing	Total No of Accounts	Total Amount Out Standing
1991	32465	266.44	8094	273.69	40559	540.13
1992	34015	275.20	9358	301.29	43373	576.49
1993	32881	303.83	8009	336.13	40890	639.96
1994	32310	308.63	7349	361.75	39659	670.38
1995	29407	335.29	7534	372.73	36941	708.02
1996	28795	386.14	7035	443.97	35830	830.11
1997	27280	402.59	7454	517.96	34734	920.55
1998	26761	481.32	6903	598.04	33664	1079.36
1999	24473	539.09	6992	707.17	31465	1246.26
2000	25080	594.26	7795	795.90	32875	1390.16
2001	22511	688.82	7934	953.03	30445	1641.85
2002	25163	877.13	7661	1237.57	32824	2114.7
2003	25637	1064.79	7972	1428.74	33609	2493.53
2004	25565	1099.07	8931	1699.74	34496	2798.81

2005	29357	1604.79	10177	2123.00	39534	3727.79
2006	29054	1994.23	12919	2763.65	41973	4757.88
2007	31029	2357.04	13254	3501.94	44283	5858.98
2008	33546	3231.32	14194	4305.92	47740	7537.24
2009	33823	3096.26	14750	4985.66	48573	8081.92
2010	37074	3851.50	16242	5936.15	53316	9787.65
2011	40018	3924.49	16896	7795.16	56914	11719.65
2012	41749	4422.12	17740	8548.68	59489	12970.8
2013	45703	5239.71	20924	9877.61	66627	15117.32

Source: Reserve Bank of India 2014

In the table 5 explained the credits of scheduled commercial banks in rural and urban accounts and amount during 1991 to 2013. In the starting point of NEP and LPG was during 1991 rural no of accounts was 32465, amount outstanding was Rs. 266.44 billion, urban no of account was 8094, amount outstanding was Rs. 273.69 billion and total no of accounts 40559 , amount outstanding was Rs. 540.13 billion. In after NEP and LPG was during 2001rural no of accounts was 2251, amount outstanding was Rs. 688.82 billion, urban no of account was 7934, amount outstanding was Rs. 953.03 billion and total no of accounts 30445 , amount outstanding was Rs. 1641.85 billion. In the recent years of NEP and LPG is during 2013rural no of accounts is 45703, amount outstanding is Rs. 5239.71 billion, urban no of account is 20924, amount outstanding is Rs 9877.61 billion and total no of accounts 66627, amount outstanding is Rs. 15117.32 billion. In the rural and urban credits is increasing amount and accounts.

Table-6
Performance of Scheduled Commercial Banks of in Mandya District during 2013

District	No. of Offices	No. of Accounts	Deposit - Amount in Million	Credit- Amount Outstanding in Million
Mandya	158	1,684,499	26907.8	25663.7
Rural	97	864,388	9749.9	12791.9
Semi-urban	33	509,323	7222.8	5738.7
Urban	28	310,788	9935.0	7133.1

Source: Reserve Bank of India 2013.

The table 6 shows the scheduled commercial banks in deposits and credits on Mandya district. During 2013 scheduled commercial banks is a no of office is 158, no of accounts is 1684499, deposit of Rs. 26907.8 million and credit amount is Rs. 25663.7 million in Mandya district.

II. Conclusion

Scheduled commercial banking is promoting banking services throughout India as well as at Karnataka level, Mandya district and in some villages having good banking network in Mandya district. In terms of these services there are providing all modern services in the caution as well as is Mandya district. This sector has been the backbone of Indian economic development. The new banking services are useful to present day generation. The performance of scheduled commercial banks in terms of deposits, loans, employment generation is expanding both in urban and rural India.

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