

## CHAPTER VII

### **PERFORMANCE OF SAMPLE BRANCHES OF MURSHIDABAD GRAMIN BANK**

#### **7.1 Introduction**

The main objective of setting up of the Regional Rural Banks (RRBs) was to help or assist the potential development of agriculture and rural economy through providing credit and other facilities to the poor people of rural area well in time and on reasonable terms. All RRBs in the State of West Bengal as well as overall India had attempted to fulfill this basic objective by opening large number of branches with various measures. By 2001, there were 196 RRBs with 14,311 branches covering 427 districts in the country. While in West Bengal, there are 9 RRBs with 871 branches covering 18 districts (Statistics on RRBs, 2001).

Murshidabad Gramin Bank (MGB), the youngest RRB in West Bengal was established on Nov 17, 1984 under Regional Rural Bank Act., 1976 with a view to cater to the credit needs of small and marginal farmers, agricultural labourers, artisans, small entrepreneurs of the district of Murshidabad. As on 31 March, 2002, with 172 staff members and the network of 40 branches, the bank occupies the premier status in the development Banking of the districts.

The overall performance of the bank depends largely on the performance of its branches because branches constitute the basic operational units where business gets transacted. On the other hand, the performance of a branch depends on many factors such as socio-economic condition, level of income generation, the nature of economic activity, availability of infrastructural and marketing facility, scope of non-fund based business in that area where the branch operates, willingness of the people, the efficiency of the staff of the branch etc. These factors measure the level of resource mobilization, size of loan, recovery performance, profit or loss etc. of the bank. On the basis of these indicators we can classify the branches of RRBs into various homogeneous groups to judge their performance, financial or other wise. But, the classification of the branches into exact homogenous group is not possible due to different socio-economic and other conditions prevailing in different areas. So, we have considered only recovery percentage of the branches over the 10 year-

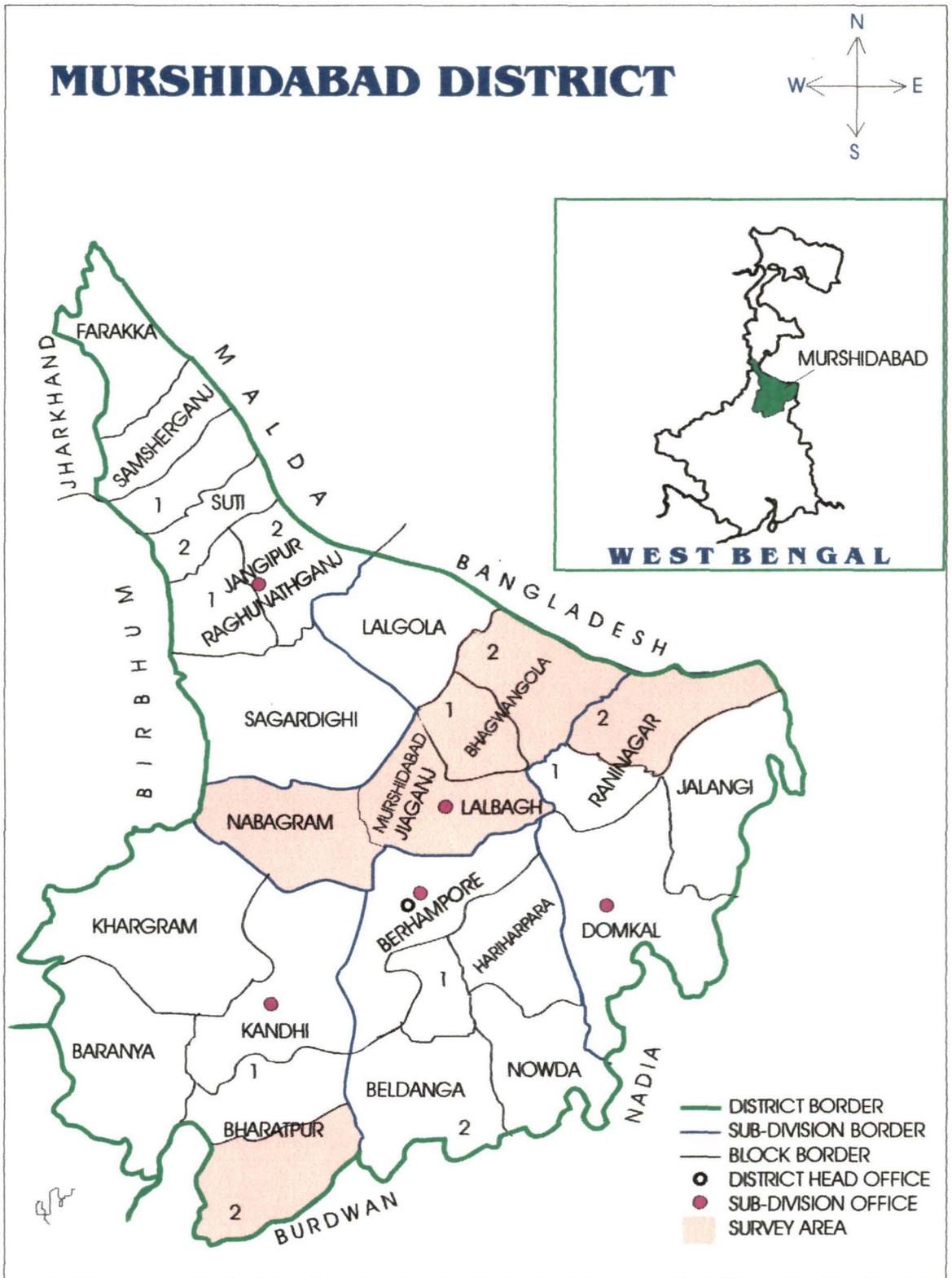


Fig. 7.1 Map of the District of Murshidabad Showing the Study Area

period from 1992-93 to 2001-02, to classify the branches into three categories, viz., good branches, satisfactory branches and poor branches.

## **7.2 Methodology**

Various quantitative<sup>1</sup> and qualitative<sup>2</sup> indicators of development, which might consider only one or two aspects of growth, can measure the efficiency of business organization and hence it would be difficult to arrive at a conclusion on the overall performance of the organization. To overcome this difficulty, an attempt was made to classify branches based on recovery percentage only over the 10-year period which could incorporate the aspect of performance and group the branches as good, satisfactory and poor branches.

In this connection, out of 40 branches of Murshidabad Gramin Bank we had selected six branches from different areas of the Murshidabad district. After a great deal of discussion and deliberation with the officials of Head Office of Murshidabad Gramin Bank and based on their experience in the field of banking, among six selected branches, two good performance branches, two satisfactory performance branches and two poor performance branches were identified.

### **7.2.1 Good Branches (Polsanda and Ransagar)**

The branches are defined as good performance branches if their average recovery rate over the 10-year period between 1992-93 and 2001-02 was 50% or above. The average recovery rate of Polsanda and Ransagar branches were 50.1% and 53.8% respectively during that period. Among the six selected branches, the total ranks<sup>3</sup> of recovery percentage of these two branches over the same period were 22 and 20 respectively (computed from the Table 7.10). Both the branches- Polsanda and Ransagar were established in 1989 and are located at Nabagram block and Murshidabad-Jaiganj Block respectively.

### **7.2.2 Satisfactory Branches (Kalukhali and Shaikh Para)**

The branches, Kalukhali and Shaikhpara are grouped under the satisfactory category because their average recovery rate over the 10-year period from 1992-93 to 2001-02 was above 40% and below 50%. The corresponding figures of these two branches were 42.1% and 49.7% respectively during that period. On the other hand, the ranks of these branches were 33 and 32 respectively at the same time (computed from Table 10). In 1987 and 1986 the branches Kalukhali and

Shaikhpara were established which are located at Bhagwangola-II and Raninagar II blocks respectively.

### **7.2.3 Poor Branches (Ranitala and Shalinda)**

The branches, Ranitala and Shalinda are considered as poor branches because their average recovery rate over 10-year period from 1992-93 to 2001-02 was below 40%. For these two branches the average recovery rates were 34.2% and 27.1% respectively during that period. The total ranks of these banks over that period of 10 years were 48 and 55 respectively (computed from Table 7.10). These branches were established in the years 1988 and 1989 and are located at the blocks Bhagwangola-II and Bharatpur-II respectively.

## **7.3 Branch-wise Growth of Deposits**

The financial performance of any branch of RRBs is also dependent on the growth of deposits. Because the growth of deposits lead to the volume of business (total productivity) as well as per-staff productivity. It was found that the growth rate of deposits varied among the various branches and varied also in different types (break-up) of deposits (Savings Bank deposits, Current Deposits and Term Deposits). The six tables below (Tables 7.1 to 7.6) pertaining to six selected branches are presented below which revealed many important information regarding the trend and pattern of deposits of those branches.

### **7.3.1 Growth of Deposits of Polsanda Branch**

The details regarding the Savings Bank Deposits, Current Deposits and Term Deposits as well as total deposits of Polsanda branch during the 10 year-period from 1992-93 to 2001-02 are presented in Table 7.1 which reveals the various information about the said deposits.

The total amount of Savings Bank Deposits of Polsanda branch increased from Rs.20.37 lakhs in 1992-93 to Rs.107.04 lakhs in 2001-02, exhibiting 5.25 folds growth during the period between 1992-93 and 2001-02. Excepting the year 1995-96, in every year during that period the growth rate of Saving Bank Deposits over the previous period was positive.

Table 7.1 also shows that the amount of Current Deposits was very low during the same period, it rose from Rs.0.21 lakhs in 1991-92 to 12.51 lakhs in 2001-

02. But, during that period the growth of Term Deposits was remarkable. The amount of Term-Deposits increased from Rs. 20.04 lakhs in 1992-93 to Rs. 241.11 lakhs in 2001-02, showing a rising trend and exhibiting 12.03 folds growth over the 10 year period of 1992-93 to 2001-02. Consequently, the amount of total deposits rose from Rs. 40.62 lakhs to Rs. 360.66 lakhs, indicating a rising trend and revealed 8.88 folds growth during that period.

**Table 7.1 : The Detailed Position of Deposit Growth of Polsonda Branch of MGB .**

(Rs. in lakh)

| Years     | Savings Bank      | Current Deposits  | Term Deposits     | Total Deposits    |
|-----------|-------------------|-------------------|-------------------|-------------------|
| 1992-93   | 20.37             | 0.21              | 20.04             | 40.62             |
| 1993-94   | 28.93<br>(42.02)  | 0.31<br>(47.62)   | 23.69<br>(18.21)  | 52.93<br>(30.31)  |
| 1994-95   | 38.40<br>(32.73)  | 0.09<br>(-70.97)  | 31.97<br>(34.95)  | 70.46<br>(33.12)  |
| 1995-96   | 34.25<br>(-10.81) | 0.07<br>(-22.22)  | 42.75<br>(33.72)  | 77.07<br>(9.38)   |
| 1996-97   | 41.31<br>(20.61)  | 0.06<br>(-14.29)  | 62.43<br>(46.04)  | 103.80<br>(34.68) |
| 1997-98   | 59.81<br>(44.78)  | 0.63<br>(950.00)  | 88.64<br>(41.16)  | 149.08<br>(31.77) |
| 1998-99   | 68.56<br>(14.63)  | 1.88<br>(198.41)  | 126.01<br>(42.16) | 196.45<br>(31.77) |
| 1999-2000 | 83.36<br>(21.59)  | 3.31<br>(76.06)   | 164.60<br>(30.62) | 251.27<br>(27.91) |
| 2000-01   | 93.31<br>(11.94)  | 4.40<br>(32.93)   | 201.52<br>(22.43) | 299.23<br>(19.09) |
| 2001-02   | 107.04<br>(14.71) | 12.51<br>(184.32) | 241.11<br>(19.65) | 360.66<br>(20.53) |

Source : Data collected from respective Branch and Head Office of MGB.

Notes : Figures in parenthesis are the percentages of growth over the previous year.  
 '-' sign indicates the negative growth.

It could be seen from Table 7.1 that the growth rate of Savings Banks Deposits over the previous year was the highest in the year 1997-98 at 44.78% while it was negative in the year 1995-96 at 10.81%. The maximum variation was found in the case of growth of Current Deposits. It was 198.41% in 1998-99, but only 32.93% in 2000-01.

The growth of Term Deposits over the previous year was the highest in 1996-97 at 46.04% on the other side it was the lowest in 1993-94 at 18.21% over the 10-year period between 1992-93 and 2001-02 as given in Table 7.1. This table also shows that the growth rate of total deposits over the previous year was the highest in 1997-98 at 43.62% due to the increase of Savings Bank Deposits and Term Deposits, whereas it was the lowest in 1995-96 at 9.38% only due to the negative growth over the previous year of Savings Bank Deposits.

It is also notable that the share of Term Deposits to the total deposits increased from 49.34% in 1992-93 to 66.85% in 2001-02, whereas the share of SB Deposits declined from 50.15% to 29.68% during that period (computed from Table 7.1).

**Table 7.2 : The Detailed Position of Deposit Growth of Ransagar Branch of MGB .** (Rs. in lakh)

| Years     | Savings Bank      | Current Deposits | Term Deposits     | Total Deposits    |
|-----------|-------------------|------------------|-------------------|-------------------|
| 1992-93   | 6.34              | 0.01             | 7.02              | 13.37             |
| 1993-94   | 7.55<br>(19.09)   | 0.01<br>(0.00)   | 9.41<br>(34.05)   | 16.97<br>(26.93)  |
| 1994-95   | 12.15<br>(60.93)  | 0.01<br>(0.00)   | 18.07<br>(92.03)  | 30.23<br>(78.14)  |
| 1995-96   | 16.19<br>(33.25)  | 0.01<br>(0.00)   | 31.98<br>(76.98)  | 48.18<br>(59.38)  |
| 1996-97   | 13.78<br>-(14.89) | 0.05<br>(400.00) | 47.26<br>(47.73)  | 61.09<br>(26.80)  |
| 1997-98   | 18.28<br>(32.66)  | 0.01<br>(80.00)  | 70.67<br>(49.53)  | 88.96<br>(45.56)  |
| 1998-99   | 18.33<br>(0.27)   | 0.03<br>(200.00) | 89.25<br>(26.29)  | 107.61<br>(20.96) |
| 1999-2000 | 28.76<br>(56.90)  | 0.02<br>(33.33)  | 91.63<br>(2.67)   | 120.41<br>(11.89) |
| 2000-01   | 27.00<br>-(6.12)  | 0.01<br>-(50.00) | 106.82<br>(16.58) | 133.83<br>(11.15) |
| 2001-02   | 36.32<br>(34.52)  | 0.08<br>(700.00) | 122.53<br>(14.71) | 158.93<br>(18.76) |

Source : Data collected from respective Branch and Head Office of MGB.

- Notes : 1. Figures in parenthesis are the percentages of growth over the previous year.  
2. '-' sign indicates the negative growth.

However, it was found that the growth over the previous year of Savings Bank (SB) Deposits and Term Deposits was reasonable in every year over that 10- year

period excepting 1995-96 which indicates the rising trend of income of the rural people. This was achieved by increasing the number of deposits accounts.

### **7.3.2 Growth of Deposits of Ransagar Branch**

During the period of 10 years from 1992-93 to 2001-2002, the information regarding Savings Bank (SB) Deposits, Current Deposits and Term Deposits as well as total deposits of Ransagar Branch of MGB is given in Table 7.2 which revealed the following :

The total amount of SB Deposits of Ransagar branch stood at Rs. 6.34 lakhs in 1992-93 and it rose to Rs. 36.32 lakhs in 2001-02, showing a mixed trend and indicating 5.73 folds growth during the period from 1992-93 to 2001-02. In every year during that period the amount of Current Deposits was very low. It increased from Rs. 0.01 lakhs to Rs. 0.08 lakhs only during that period.

In 1992-93, the total amount of Term Deposits of the bank was Rs. 7.02 lakhs and it increased to Rs. 122.53 lakhs in 2001-02, showing a rising trend and indicating 17.45 folds growth during the period from 1992-93 to 2001-02. Mainly, due to the increase in Term Deposits the total deposits of the bank increased from Rs. 13.37 lakhs in 1992-93 to Rs. 158.93 lakhs in 2001-02, exhibiting a continuous rising trend and indicating 11.89 folds growth during that period as shown in Table 7.2.

Besides, the Table 7.2 shows that the growth of SB Deposits over the previous year was the highest in 1994-95 at 60.93% , followed by the year 1999-2000 at 56.90% while the growth rate of Current Deposits of the bank over the previous year could not affect the total deposits largely because its amount was very low, compared to Term Deposits and SB Deposits.

During the period from 1992-93 to 2001-02 in every year the share of Term Deposits to the total deposits was higher and it increased from 52.51% in 1992-93 to 77.10% in 2001-02. But the share of SB Deposits to the total deposits decreased from 47.42% to 22.85% during the same period (computed from Table 7.2) ,

**Table 7.3 : The Detailed Position of Deposit Growth of Kalukhali Branch of MGB.**

(Ra. In lakhs)

| Years     | Savings Bank       | Current Deposits  | Term Deposits     | Total Deposits    |
|-----------|--------------------|-------------------|-------------------|-------------------|
| 1992-93   | 7.66               | 0.57              | 10.04             | 18.27             |
| 1993-94   | 7.98<br>(4.18)     | 0.01<br>-(98.25)  | 10.33<br>(2.89)   | 18.32<br>(0.27)   |
| 1994-95   | 8.92<br>(11.78)    | 0.97<br>(9600.00) | 7.02<br>(64.76)   | 26.91<br>(46.89)  |
| 1995-96   | 12.60<br>(41.26)   | 1.17<br>(20.62)   | 25.55<br>(50.12)  | 39.32<br>(46.12)  |
| 1996-97   | 13.49<br>(7.06)    | 0.02<br>-(98.29)  | 32.99<br>(29.12)  | 46.50<br>(18.36)  |
| 1997-98   | 19.15<br>(41.96)   | 0.53<br>(2550.00) | 49.68<br>(50.54)  | 69.36<br>(49.16)  |
| 1998-99   | 14.43<br>-(24.65)  | 0.05<br>-(90.57)  | 65.51<br>(31.86)  | 79.99<br>(15.33)  |
| 1999-2000 | 33.10<br>(129.38)  | 2.25<br>(4400.00) | 96.71<br>(47.63)  | 132.06<br>(65.10) |
| 2000-01   | 109.35<br>(230.36) | 4.27<br>(89.78)   | 118.15<br>(22.17) | 231.77<br>(75.50) |
| 2001-02   | 61.45<br>-(43.80)  | 0.23<br>-(94.61)  | 156.75<br>(32.67) | 218.43<br>(5.76)  |

Source : Data collected from respective Branch and Head Office of MGB.

Notes : 1. Figures in parenthesis are the percentages of growth over the previous year.

2. '-' sign indicates the negative growth.

whereas the share of Current Deposits was negligible in every year during that period. Hence it may be said that the total deposits increased by the opening of more Term Deposits accounts which indicates the absence of business activity in the operational areas of that branch.

### 7.3.3 Growth of Deposits of Kalukhali Branch

The information regarding the Savings Bank (SB) Deposits, Current Deposits, Term Deposits and total deposits of Kalukhali branch of MGB during the period of 10 years between 1992-93 and 2001-2002 is presented in Table 7.3, which disclosed the following pattern :

The total amount of SB Deposits of Kalukhali branch increased from Rs. 7.66 lakhs in 1992-93 to Rs. 61.45 lakhs in 2001-02, exhibiting 8.02 folds growth during the period from 1992-93 to 2001-02. It was the highest in 2000-01 at Rs. 109.35 lakhs.

Similarly, the total amount of Term Deposits of the bank increased from Rs. 10.04 lakhs in 1992-93 to Rs. 156.75 lakhs, showing a continuous rising trend and indicating 15.61 folds growth during that time as shown in Table 7.3.

On the other hand, the amount of Current Deposits of the bank increased from Rs. 10.04 lakhs in 1992-93 to Rs. 156.75 lakh, showing a continuous rising trend and indicating 15.61 folds growth during that time as shown in Table 7.3.

But, the amount of Current Deposits of the bank decreased from Rs. 0.57 lakhs in 1992-93 to Rs. 0.23 lakhs only in 2001-02. It was the highest in the year 2000-01 at Rs. 4.27 lakhs, followed by the year 1999-2000 at Rs. 2.25 lakhs.

The growth of SB Deposits over the previous year of Kalukhali branch was the highest in 2000-01 at 230.36%, followed by the year 1999-2000 at 129.38% and it was negative in 2001-02 and 1998-1999. It was important to the branch in deposit mobilization, but the growth of Current Deposits did not affect the total deposits largely because the amount of Current Deposits was very low during the 10-year period from 1992-93 to 2001-02.

On the other hand, the growth of Term Deposits over the previous year was the highest in 1994-95 at 64.76% followed by the year 1997-98 at 50.59% and it was the lowest in the year 1993-94 at 2.89% only. While the growth rate of total deposits over the previous year was the highest in 2000-01 at 75.50% over the 10-year period from 1992-93 to 2001-02. In the year 2001-02 it was negative at 5.76%.

Table 7.3 also shows that the share of Term Deposits in total deposits was always the highest during that period. Its share rose from 54.95% in 1992-93 to 71.76% in 2001-02. While the share of SB Deposits declined from 41.93% to 28.13% during the same period. The share of Current Deposits was negligible in every year during that period.

Thus, the above analysis about the break-up of deposits of Kalukhali branch indicates that the Current Deposits did not play a significant role. The lack of popularity of Current Deposits and diminishing growth of SB Deposits indicates the absence of business activity and the popularity of Term Deposits shows that the non-business activities were seen to be dominating in the area.

### 7.3.4 Growth of Deposits of Shaikhpara Branch

The Table 7.4 shows the detailed position of Savings Bank (SB) Deposits, Current Deposits and Term Deposits of Shaikhpara branch of MGB during the period from 1992-93 to 2001-02, which exposes the following trend and pattern :

The total amount of SB Deposits of Shaikhpara branch which stood at Rs. 12.88 lakhs in 1992-93, rose to Rs. 76.11 lakhs in 2001-02, except the year 1996-97 showing a rising trend and indicating 5.91 times growth over the 10 years period of 1992-93 to 2001-02. While the Current Deposits decreased from Rs. 0.45 lakhs to Rs. 0.33 lakhs during the same time.

**Table 7.4 : The Detailed Position of Deposit Growth of Shaikhpara Branch of MGB.**

(Rs. in lakh)

| Years     | Savings Bank     | Current Deposits | Term Deposits     | Total Deposits    |
|-----------|------------------|------------------|-------------------|-------------------|
| 1992-93   | 12.88            | 0.45             | 13.51             | 26.84             |
| 1993-94   | 21.90<br>(70.03) | 0.98<br>(117.78) | 20.85<br>(54.33)  | 43.73<br>(62.93)  |
| 1994-95   | 27.34<br>(24.75) | 2.07<br>(111.22) | 31.66<br>(51.85)  | 61.07<br>(39.65)  |
| 1995-96   | 32.63<br>(19.34) | 0.48<br>(-76.81) | 58.57<br>(85.00)  | 91.68<br>(50.12)  |
| 1996-97   | 29.86<br>(-8.49) | 0.53<br>(10.42)  | 84.72<br>(44.65)  | 115.11<br>(25.56) |
| 1997-98   | 35.38<br>(18.49) | 0.89<br>(67.92)  | 113.86<br>(34.40) | 150.13<br>(30.42) |
| 1998-99   | 45.20<br>(27.76) | 0.51<br>(-42.70) | 148.21<br>(30.17) | 193.92<br>(29.17) |
| 1999-2000 | 55.13<br>(21.97) | 0.41<br>(-17.65) | 198.84<br>(34.16) | 254.39<br>(31.18) |
| 2000-01   | 68.84<br>(24.87) | 0.45<br>(7.14)   | 254.54<br>(28.01) | 323.83<br>(27.30) |
| 2001-02   | 76.11<br>(10.56) | 0.33<br>(-26.67) | 282.74<br>(11.08) | 359.18<br>(10.92) |

Source: Data collected from respective Branch and Head Office of MGB.

Notes : 1. Figures in parenthesis are the percentages of growth over the previous year.

2. '-' sign indicates the negative growth.

The notable feature of bank's deposit performance is that the amount of Term Deposits increased largely from Rs.13.51 lakhs in 1992-93 to Rs. 282.74 lakhs in 2001-02, showing a continuous rising trend and indicating 20.93 folds during the period between 1992-93 to 2001-02.

It could be seen from Table 7.4 that due to the increase in SB Deposits and mainly in Term Deposits, the amount of total deposits rose from Rs. 26.84 lakhs in 1992-93 to Rs. 359.18 lakhs in 2001-02, exhibiting a continuous rising trend and indicating 13.38 folds growth during the period from 1992-93 to 2001-02.

The growth of SB Deposits of the bank over the previous year was the highest in 1993-94 at 70.03% and it was negative in 1996-97 at 8.49%. The maximum fluctuation was found in the case of growth of Current Deposits over the previous year. It could not affect the total deposits largely because its amount was very low over the 10-year period.

Table 7.4 also shows that the growth of total deposits was the maximum in 1993-94 at 62.93% followed by the year 1995-96 at 50.12%, while the corresponding figures of Term Deposits were 85.00% in 1995-96 and 54.33% in 1993-94.

The share of Term Deposits to the total deposits increased from 50.03% in 1992-93 to 78.72% in 2001-02, while the share of SB Deposits reduced from 47.99% to 21.19% during that period. The share of Current Deposits to the total deposits was very little due to its low amount.

However, the growth of deposits of the bank was notable during the period from 1992-93 to 2001-02 due to the increase in number of deposits accounts which indicates that the level of income generation of the rural people improved during that period.

### **7.3.5 Growth of Deposits of Ranitala Branch**

The details regarding the Savings Bank (SB) Deposits, current Deposits, Term Deposits and total deposits of Ranitala branch of MGB during the 10-year period of 1992-93 to 2001-02 are given in Table 7.5, which reveal the following :

In the year 1992-93 the total amount of SB Deposits of Ranitala branch stood at Rs. 5.69 lakhs and it increased to Rs. 38.60 lakhs in 2001-02, except the year 1998-99 showing a rising trend and exhibiting 6.78 times growth during the period from 1992-93 to 2001-02.

**Table 7.5 : The Detailed Position of Deposit Growth of Ranitala Branch of MGB.**

(Rs. in lakh)

| Years     | Savings Bank      | Current Deposits | Term Deposits     | Total Deposits    |
|-----------|-------------------|------------------|-------------------|-------------------|
| 1992-93   | 5.69              | 0.01             | 13.32             | 19.02             |
| 1993-94   | 8.80<br>(54.66)   | 0.01<br>(0.00)   | 16.77<br>(25.90)  | 25.58<br>(34.49)  |
| 1994-95   | 9.49<br>(7.84)    | 0.02<br>(100.00) | 20.19<br>(20.39)  | 29.70<br>(16.11)  |
| 1995-96   | 12.31<br>(29.72)  | 0.01<br>(-50.00) | 26.80<br>(32.74)  | 39.12<br>(31.72)  |
| 1996-97   | 14.05<br>(14.13)  | 0.01<br>(-0.00)  | 28.70<br>(7.03)   | 42.76<br>(9.30)   |
| 1997-98   | 23.10<br>(64.41)  | 0.02<br>(100.00) | 41.26<br>(43.76)  | 64.76<br>(50.56)  |
| 1998-99   | 17.62<br>(-23.72) | 0.01<br>(-50.00) | 58.62<br>(42.04)  | 76.25<br>(18.44)  |
| 1999-2000 | 27.33<br>(55.02)  | 0.02<br>(100.00) | 80.10<br>(36.64)  | 107.45<br>(40.92) |
| 2000-01   | 33.64<br>(23.09)  | 0.03<br>(50.00)  | 103.77<br>(29.55) | 137.74<br>(28.29) |
| 2001-02   | 38.60<br>(14.74)  | 0.01<br>(66.67)  | 118.85<br>(14.53) | 157.46<br>(14.32) |

Source: Data collected from respective Branch and Head Office of MGB.

Notes : 1. Figures in parenthesis are the percentages of growth over the previous year.

2. '-' sign indicates the negative growth.

Similarly, the amount of Term Deposits of the bank rose from Rs. 13.32 lakhs in 1992-93 to Rs. 118.85 lakhs in 2001-02, showing a continuous rising trend and indicating a 8.92 folds growth during that period of 10 years. But there was no change in the case of Current Deposits of the bank between the two years, 1992-93 and 2001-02, during both the years the Current Deposits was only Rs. 0.01 lakh.

On the other hand, due to the increase in SB Deposits and Term Deposits the amount of total deposits rose from Rs. 19.02 lakhs in 1992-93 to Rs. 157.46 lakhs in 2001-02, showing a continuous increasing trend and exhibiting 8.28 folds growth during the period from 1992-93 to 2001-02.

Table 7.5 also shows that the growth rate of SB Deposits over the previous year was the maximum in the year 1999-2000 at 55.02%, followed by the year 1993-94 at 54.66%. It was negative in 1998-99 at 23.72%. The growth of SB Deposit was momentous to the branch because it was a most important source of

resource mobilization. But, the growth of Current Deposits over the previous year could not affect the total deposits due to its low amount.

The growth rate of Term Deposits over the previous year was the highest in 1997-98 at 43.76% , followed by the year 1998-99 at 42.04% and it was positive in every year during the period from 1992-93 to 2001-02. Consequently, the growth rate of total deposits over the previous year was also positive in every year during that period and it was the maximum in the year 1997-98.

Due to the absence of business activity, Term Deposits had contributed the highest share in total deposits in every year over the 10 year period. It rose from 70.03% in 1992-93 to 75.48% in 2001-02. But the share of SB Deposits and Current Deposits amounts was very low as shown in Table 7.5. The share of SB Deposits in total deposits decreased from 29.06% in 1992-93 to 24.51% in 2001-02. So it may be concluded that the increase in the deposits of the branch was very high due to the growth of banking habits and the general rising trend in the income of the rural people.

### **7.3.6 Growth of Deposits of Salinda Branch**

Over the 10-year period from 1992-93 to 2001-02 the information regarding Savings Bank (SB) Deposits, Current Deposits, Term Deposits and total deposits of Salinda branch of MGB is presented in Table 7.6, which discloses the following pattern :

The total amount of SB Deposits of Salinda branch which stood at Rs. 5.60 lakhs in 1992-93, it rose to Rs. 61.73 lakhs in 2001-02, exhibiting a continuous increasing trend and indicating 11.02 times growth during the period from 1992-93 to 2001-02.

Similarly, the total amount of Term Deposits of the bank increased from Rs. 16.18 lakhs in 1991-92 to Rs. 103.22 lakhs in 2001-02, except the year 2001-02 showing a rising trend and indicating 6.38 folds growth during the same period. While the amount of Current Deposits raised from Rs. 0.32 lakhs to Rs. 2.04 lakhs during that period. It was very low in every year during the period and a notable fluctuation could be found during the same period as shown in Table 7.6.

**Table 7.6 : The Detailed Position of Deposit Growth of Salinda Branch of MGB.**

(Rs. in lakh)

| Years     | Savings Bank     | Current Deposits | Term Deposits     | Total Deposits    |
|-----------|------------------|------------------|-------------------|-------------------|
| 1992-93   | 5.60             | 0.32             | 16.18             | 22.10             |
| 1993-94   | 7.92<br>(41.43)  | 0.67<br>(109.38) | 19.89<br>(22.93)  | 28.48<br>(28.47)  |
| 1994-95   | 11.32<br>(42.93) | 0.86<br>(28.36)  | 20.19<br>(1.51)   | 32.37<br>(13.66)  |
| 1995-96   | 13.23<br>(16.87) | 1.07<br>(24.42)  | 25.43<br>(25.95)  | 39.73<br>(22.74)  |
| 1996-97   | 17.21<br>(30.08) | 0.79<br>(-26.17) | 30.84<br>(21.27)  | 48.84<br>(22.93)  |
| 1997-98   | 19.08<br>(10.87) | 1.12<br>(41.77)  | 38.35<br>(24.35)  | 58.55<br>(19.88)  |
| 1998-99   | 26.81<br>(40.51) | 1.87<br>(66.96)  | 70.76<br>(84.51)  | 99.44<br>(69.84)  |
| 1999-2000 | 33.09<br>(23.42) | 1.44<br>(-22.99) | 99.08<br>(40.02)  | 133.61<br>(34.36) |
| 2000-01   | 53.23<br>(60.86) | 1.37<br>(-4.86)  | 104.43<br>(5.40)  | 159.03<br>(19.03) |
| 2001-02   | 61.73<br>(15.97) | 2.04<br>(48.91)  | 103.22<br>(-1.16) | 166.99<br>(5.01)  |

Source: Data collected from respective Branch and Head Office of MGB.

Notes : 1. Figures in parenthesis are the percentages of growth over the previous year.

2. '-' sign indicates the negative growth.

Due to increase in SB Deposits and Term Deposits the amount of total deposits increased from Rs. 22.10 lakhs to 166.99 lakhs showing a continuous rising trend and indicating 7.56 times growth at the same time.

The growth of SB Deposits of the bank over the previous year was the highest in 2000-01 at 60.86% and it was the lowest in 1997-98 at 10.87% only over the 10- year period. The growth of Current Deposits over the previous year did not play a significant role in total deposits due to its low amount.

On the other side, the growth rate of Term Deposits over the previous year was the highest in the year 1998-99 at 84.51% and it was the negative in 2001-02 at 1.16%. Consequently, the growth rate of total deposits was the highest in 1998-99 also and it was the lowest in 2001-02.

Table 7.6 also shows that Term Deposits had contributed the highest share in total deposits in every year during the period from 1992-93 to 2001-02. But,

Salinda was the only branch among the selected branches in which the share of Term Deposits in total deposits decreased during that period. Its share stood at 73.21% in 1992-93 and decreased to 61.82% in 2001-02, whereas the share of SB Deposits increased from 25.34% to 36.97% at the same time. The share of Current Deposits was very little during that period. At the end of March 2002 it was 1.22% only.

The above analysis of the deposits of the six selected branches of Murshidabad Gramin Bank (MGB) indicated that the Current Deposits had not played a significant role. The lack of popularity of the Current Deposits clearly indicated the absence of business activity and the popularity of Term Deposits showed that non-business activity was dominating more in the rural area. Probably, due to this fact the popularity of SB Deposits decreased during the period from 1992-93 to 2001-02.

Also it was observed during field investigation and interviews held with officers and other staff of the branches and Head Office of MGB that a few accounts by the local schools, Gram Panchayats, District Rural Development Agencies (DRDAs), local trusts etc. had been opened, but in such cases much success could not be achieved in getting funds of the State Government and agencies sponsored by it. The record of the co-operatives was found better in this respect in the operational areas of the RRBs because the former is more supported by the State Government than the latter. In the case of RRBs a large share of deposits was mobilized by the branches located near cities, towns and semi-towns (Bankers View).

#### **7.4 Growth of Deposits : A Comparative Assessment**

The details regarding total deposits of six selected branches of Murshidabad Gramin Bank during the period from 1992-93 to 2001-02 are presented in Table 7.7 which disclosed various facts as below :

The total amounts and growth rates of deposits of the selected branches were different and varied among them in different years. During the year 1992-93 the total amount of deposits of Polsanda branch was the highest to the tune of Rs.

**Table 7.7 : Growth of Deposits of the Selected Branches**

(Rs. in lakhs)

| Years     | Name of the Branches |                   |                   |                   |                   |                   |
|-----------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|           | Polsanda             | Ransagar          | Kalukhali         | Shaikhpara        | Ranitala          | Salinda           |
| 1992-93   | 40.62                | 13.37             | 18.27             | 26.84             | 19.02             | 22.10             |
| 1993-94   | 52.93<br>(30.31)     | 16.97<br>(26.93)  | 18.32<br>(0.27)   | 43.73<br>(62.93)  | 25.58<br>(34.49)  | 28.48<br>(28.87)  |
| 1994-95   | 70.46<br>(33.12)     | 30.23<br>(78.14)  | 26.91<br>(46.89)  | 61.07<br>(39.65)  | 29.70<br>(16.11)  | 32.37<br>(13.66)  |
| 1995-96   | 77.07<br>(9.38)      | 48.18<br>(59.38)  | 39.32<br>(46.12)  | 91.68<br>(50.12)  | 39.12<br>(31.72)  | 39.73<br>(22.74)  |
| 1996-97   | 103.80<br>(34.68)    | 61.09<br>(26.80)  | 46.50<br>(18.26)  | 115.11<br>(25.56) | 42.76<br>(9.30)   | 48.84<br>(22.93)  |
| 1997-98   | 149.08<br>(43.62)    | 88.96<br>(45.56)  | 69.36<br>(49.16)  | 150.13<br>(30.42) | 64.38<br>(50.56)  | 58.55<br>(19.88)  |
| 1998-99   | 196.45<br>(31.77)    | 107.61<br>(20.96) | 79.99<br>(15.33)  | 193.92<br>(29.17) | 76.25<br>(18.44)  | 99.44<br>(69.84)  |
| 1999-2000 | 251.27<br>(27.91)    | 120.41<br>(11.89) | 132.06<br>(65.10) | 254.39<br>(31.18) | 107.45<br>(40.92) | 133.61<br>(34.36) |
| 2000-01   | 299.23<br>(19.09)    | 133.83<br>(11.15) | 231.77<br>(75.50) | 323.83<br>(27.30) | 137.74<br>(28.29) | 159.03<br>(19.03) |
| 2001-02   | 360.66<br>(20.53)    | 158.93<br>(18.76) | 218.43<br>(-5.76) | 359.18<br>(10.92) | 157.46<br>(14.32) | 166.99<br>(5.01)  |

Source: Data collected from respective Branch and Head Office of MGB.

Notes :1. Figures in parenthesis are the percentages of growth over the previous year.

2. '-' sign indicates the negative growth.

40.62 lakhs, followed by the Shaikhara branch (Rs. 26.84 lakhs). It was also true for those branches in 2001-02, the corresponding figures were Rs. 360.66 lakhs and Rs. 359.18 lakhs respectively. But it was different from 1995-96 to 2000-01. Higher amounts of deposits of these two branches were achieved because the operation area of Polsanda branch was very large (50 villages) and Shaikhpara branch is located at semi-town area where business is relatively developed.

On the other hand, during the overall period the amounts of total deposits of Ransagar, Ranitala and Salinda branches were comparatively lower than the other three branches. At the beginning of the 10-year period from 1992-93 to 2001-02 the amount of total deposits of Kalukhali branch was very small but at the end of this period it improved largely due to the high level of growth over the previous year.

The bank recorded 65.10% and 75.50% growth over the previous year in 1999-2000 and 2000-01 respectively, though it was negative in the next year.

During the year 2001-02 the amount of total deposits of Ranitala branch was the lowest at Rs. 157.46 lakhs, followed by Ransagar and Salinda branches at Rs.158.03 lakhs and Rs. 166.99 lakhs respectively.

It could be seen from Table 7.7 that during the year 2001-02 the growth of total deposits over the previous year of Polsanda branch was the highest at 20.53%, followed by Ransagar branch at 18.76%. It was negative for Kalukhali branch at 5.76% and for the Salinda branch the corresponding figure was 5.01% only.

During the period of 10 years from 1992-93 to 2001-02, the growth of deposits of Shaikhpura branch was the highest among the six selected branches recorded 13.38 times growth, followed by Kalukhali (11.96 times) and Ransagar (11.89 times), whereas it was the lowest for Salinda branch at 7.56 times only, followed by Ranitala and Polsanda at 8.28 and 8.88 times respectively (computed from Table 7.7).

However, the growth increased in deposits of the six selected branches may be largely due to the expansion of branch development plans at the State and district levels, growth of banking habits and the general trend in the income of the rural people in recent years.

### **7.5 Growth of Outstanding Advances of the Six Selected Branches : A Comparative Assessment**

The information regarding the outstanding advances of six selected branches of Murshidabad Gramin Bank during the 10-year period from 1992-93 to 2001-02 is given in the Table 7.8, which highlights the following results :

The total amount of outstanding advances of Polsanda branch increased from Rs. 27.76 lakhs in 1992-93 to Rs. 61.85 lakhs in 2001-02, indicating 2.23 folds growth during the period between 1992-93 and 2001-02. While the corresponding figures of Ransagar branch were Rs. 13.86 lakhs and Rs. 67.02 lakhs respectively at the same period, it increased by 4.84 times which was the highest amongst the selected branches followed by the Kalukhali branch (2.64 times). The corresponding

figures of Kalukhali branch were Rs. 31.70 lakhs and Rs. 83.76 lakhs respectively during that period.

On the other hand, the amount of outstanding advances of Ranitala branch declined from Rs. 52.35 lakhs to Rs. 46.16 lakhs during that period. It is notable that among the six selected branches, the amount of outstanding advances of Ranitala was the highest in 1992-93 and the lowest in 2001-02.

It is also revealed from Table 7.8 that the amounts of outstanding advances of Shaikhpara and Salinda branches increased from Rs. 36.11 lakhs and Rs. 32.11 lakhs respectively in 1992-92 to Rs. 75.20 lakhs and Rs. 48.66 lakhs respectively in 2001-02, which recorded 2.08 folds and 1.52 folds growth respectively during that period.

**Table 7.8 : Growth of Outstanding Advances of the Selected Branches**

(Rs. in lakhs)

| Years     | Name of the Branches |                  |                   |                   |                   |                   |
|-----------|----------------------|------------------|-------------------|-------------------|-------------------|-------------------|
|           | Polsanda             | Ransagar         | Kalukhali         | Shaikhpara        | Ranitala          | Salinda           |
| 1992-3    | 27.76                | 13.86            | 31.70             | 36.11             | 52.35             | 32.11             |
| 1993-94   | 28.72<br>(3.46)      | 17.88<br>(29.00) | 34.61<br>(9.18)   | 41.08<br>(13.76)  | 59.37<br>(13.41)  | 40.04<br>(24.70)  |
| 1994-95   | 33.08<br>(15.18)     | 24.83<br>(38.87) | 37.76<br>(9.10)   | 44.70<br>(8.81)   | 65.78<br>(10.80)  | 43.16<br>(7.89)   |
| 1995-96   | 30.99<br>-(6.32)     | 31.66<br>(27.51) | 44.29<br>(17.29)  | 50.27<br>(12.46)  | 73.57<br>(11.84)  | 47.91<br>(11.01)  |
| 1996-97   | 31.54<br>(1.77)      | 43.49<br>(37.37) | 47.12<br>(6.39)   | 56.09<br>(11.58)  | 70.70<br>-(3.90)  | 54.61<br>(13.98)  |
| 1997-98   | 18.92<br>-(40.01)    | 40.33<br>-(7.27) | 31.60<br>-(32.94) | 44.78<br>-(20.16) | 30.75<br>-(56.51) | 60.16<br>(10.16)  |
| 1998-99   | 27.03<br>(42.86)     | 57.01<br>(41.36) | 34.64<br>(9.62)   | 55.15<br>(23.16)  | 24.79<br>-(19.38) | 45.00<br>-(25.20) |
| 1999-2000 | 28.70<br>(6.18)      | 52.73<br>-(7.51) | 50.90<br>(46.94)  | 61.35<br>(11.24)  | 30.37<br>(22.51)  | 46.69<br>(3.76)   |
| 2000-01   | 50.00<br>(74.22)     | 59.71<br>(13.24) | 82.46<br>(62.00)  | 72.00<br>(17.36)  | 43.89<br>(44.52)  | 52.08<br>(11.54)  |
| 2001-02   | 61.85<br>(23.70)     | 67.02<br>(12.24) | 83.76<br>(1.58)   | 75.20<br>(4.44)   | 46.16<br>(5.17)   | 48.66<br>-(6.57)  |

Source: Data collected from respective Branch and Head Office of MGB.

Notes : 1. Figures in parenthesis are the percentages of growth over the previous year.

2. '-' sign indicates the negative growth.

During the year 1997-98, the growth of advances over the previous year of every selected branch except Salinda branch was negative and in 2001-02 the picture was just the reverse.

Table 7.8 also shows that the growth of advances of Polsanda branch was the highest at 23.70% in 2001-02, but the amount of that was the highest for the Kalukhali branch.

Thus, it may be said that the Kalukhali branch had played an important role in extending credit facilities to the beneficiaries under various programmes of the Government aimed at betterment of the lot of the poor people in rural areas of Murshidabad district. In this regard the role of other branches was also significant.

### **7.6 Credit-Deposit Ratio of the Selected Branches**

Ratio between credit (advances) and deposits reveals the possibilities of utilization of the available deposits in the form of credit. Table 7.9 shows that the credit deposit (C-D) ratio<sup>4</sup> for all selected branches decreased largely, i.e., the benefits to the society through the credit disbursement by RRBs in the rural areas had declined during the period from 1992-93 to 2001-02.

The C-D ratios of Polsanda and Ransagar branches decreased from 68.34% and 103.66% in 1992-93 to 17.15% and 42.17% respectively in 2001-02, showing a mixed trend and recorded respectively 3.98 times and 2.46 times fall during the period from 1992-93 to 2001-02.

On the other hand, the C-D ratio of Ranitala branch declined largely from 275.24% in 1992-93 to 29.32% in 2001-02, recorded 9.39 times fall during that period which was the highest fall amongst the selected branches, followed by the Shaikhpara branch (6.43 times) due to lower growth rate of credit than deposit. This was caused by the poor recovery level and large amount of losses of the branches.

The Table 7.9 also shows that the C-D ratios of Salinda and Kalukhali branches decreased from 145.29% and 173.51% respectively in 1992-93 to 29.14% and 38.35% respectively in 2001-02 and recorded 4.99 times and 4.52 times fall respectively during that period.

**Table 7.9 : The Trend of C-D Ratio of the Selected Branches**

(figures in %)

| Years   | Name of the Branches |          |           |            |          |         |
|---------|----------------------|----------|-----------|------------|----------|---------|
|         | Polsanda             | Ransagar | Kalukhali | Shaikhpara | Ranitala | Salinda |
| 1992-93 | 68.34                | 103.66   | 173.51    | 134.54     | 275.24   | 145.29  |
| 1993-94 | 54.26                | 105.36   | 188.92    | 93.94      | 232.10   | 140.59  |
| 1994-95 | 46.95                | 82.14    | 140.32    | 73.19      | 221.48   | 133.33  |
| 1995-96 | 40.21                | 65.71    | 112.64    | 54.83      | 188.06   | 122.47  |
| 1996-97 | 30.39                | 71.19    | 101.33    | 48.72      | 165.34   | 111.81  |
| 1997-98 | 12.69                | 45.33    | 45.56     | 29.83      | 47.76    | 102.75  |
| 1998-99 | 13.76                | 52.97    | 43.31     | 28.44      | 32.51    | 45.25   |
| 1999-00 | 11.42                | 43.79    | 38.54     | 24.12      | 28.26    | 34.94   |
| 2000-01 | 16.71                | 44.62    | 35.58     | 22.23      | 31.86    | 32.75   |
| 2001-02 | 17.15                | 42.17    | 38.35     | 20.94      | 29.32    | 29.14   |

Source : Data collected from respective Branch and head Office of MGB.

Note : C-D Ratio = Total Deposits / Total outstanding advances X 100

During the year 2001-02 the C-D ratio of Polsanda branch (17.15%) was the lowest and that of Ransagar branch (42.17%) was the highest amongst the six selected branches.

The decreasing trend of C-D ratio implied that the benefit to the society through its credit mechanism and deposit mobilization in the context of rural areas had declined during the period from 1992-93 to 2001-02.

### 7.7 Recovery Performance of Selected Branches

It is appeared from Table 7.10 that the overall recovery performance of selected branches indicated mixed trend during the 10-year period from 1992-93 to 2001-02. Among the six selected branches the percentages of recovery of Polsanda

and Ransagar branches were good, Kalukhali and Shaikhpara branches were satisfactory and Ranitala and Salinda branches were poor during that period. The ranks over the 10-year period regarding recovery performance of good branches (Polsanda and Ransagar) were 22 and 20 and the corresponding figures of satisfactory branches (Kalukhali and shaikhpara) were 33 and 32 and for poor branches (Ranitala and Salinda) those figures were 48 and 55. It is to be noted that the lower ranks of the branches indicated good performance and vice-versa.

The recovery rate of Polsanda branch which stood at 28.00% in 1992-93 and it rose to 71% in 2003, exhibiting a mixed trend and indicating 2.54 folds growth during the period from 1992-93 to 2003. Side by side, the recovery rate of Ransagar branch improved from 33.59% to 69.66% , showing a mixed trend and exhibiting 2.07 folds growth during the same period.

**Table 7.10 : The Recovery Percentages of the Selected Branches**  
(figures in %)

| Years    | Name of the Branches |       |       |       |       |       |
|----------|----------------------|-------|-------|-------|-------|-------|
| 1992-93  | 28.00                | 33.59 | 28.06 | 28.00 | 8.00  | 20.31 |
| 1993-94  | 32.00                | 30.48 | 30.64 | 26.00 | 7.00  | 15.81 |
| 1994-95  | 26.00                | 30.30 | 26.13 | 24.00 | 9.00  | 18.38 |
| 1995-96  | 25.00                | 29.79 | 19.37 | 34.00 | 7.00  | 12.69 |
| 1996-97  | 37.00                | 54.00 | 32.00 | 14.00 | 19.00 | 16.81 |
| 1997-98  | 78.00                | 63.15 | 53.00 | 75.00 | 77.00 | 39.00 |
| 1998-99  | 62.00                | 80.42 | 52.00 | 88.00 | 66.00 | 32.76 |
| 1999-'00 | 73.00                | 78.18 | 50.00 | 85.00 | 40.00 | 30.00 |
| 2000-'01 | 69.00                | 68.80 | 63.00 | 62.00 | 52.00 | 35.00 |
| 2001-'02 | 71.00                | 69.66 | 66.00 | 61.00 | 57.00 | 50.40 |

Source : Data collected from respective branch and Head Office of MGB.

It could also be seen from Table 7.10 that the recovery rates of Kalukhali and Shaikhpara branches increased from 28.06% and 28.00% in 1992-93 to 66.00% and 61.00% respectively in 2001-02, exhibiting 2.35 folds and 2.18 folds growth respectively over the 10-year period.

On the other hand, the recovery rates of Ranitala and Salinda branches improved from 8% and 20.31% in 1992-93 to 57% and 50.40% respectively in 2001-02, showing a mixed trend and indicating 7.13 folds and 2.48 folds growth respectively during the period from 1992-93 to 2001-02.

Table 7.10 also shows that during the years 1998-99 and 1999-2000, Shaikhpara branch recorded maximum recovery rates of 88% and 85% respectively, followed by Ransagar branch at 80.42% and 78.18% respectively. But, in 2001-02 Polsanda branch recorded the maximum recovery rate of 71%, followed by Ransagar and Kalukhali branches at 69.66% and 66% respectively. Whereas Salinda branch recorded the minimum recovery rate of 50.40% at the same time.

In our field survey it was observed that there has been a wide variation in the recovery performance of the branches. The recovery performance of some branches was the worst due to mainly (i) low investment of funds resulting in low income generation of the borrowers, (ii) faulty selection of schemes, (iii) improper utilization of loan, (iv) lack of initiative of bank staff (Field Survey). Large notable amounts of non-performing assets (NPAs) had also been an important contributor to the loss or poor profitability position of the branches. On the other hand, the better recovery performance of some branches was mainly due to (i) the initiatives and interest of the concerned branch staff and Panchayat members (ii) permission to give loan into the non-target groups, (iii) Many against One (MAO) scheme and (iv) decrease in credit-deposit ratio.

## **7.8 Productivity of the Selected Branches**

The details regarding productivity<sup>5</sup> (volume of business) of the six selected branches of Murshidabad Gramin Bank during the 10-year period between 1992-93 and 2001-02 are presented in Table 7.11, which reveals the following pattern and trend :

The volume of business of Polsanda Branch which stood at Rs. 68.38 lakhs from 1992-93, increased to Rs. 422.51 lakhs in 2001-02, showing a continuous rising trend and indicating 6.18 folds growth during the period from 1992-93 to 2001-02.

The volume of business of the branch increased due to mainly increase in deposits though the amount of advances increased at the same time, but the growth rate of deposits was higher than that of advances. The growth rate of productivity over the previous year of Polsanda branch was the maximum in the year 1998-99 at 33.02%, followed by the year 2001-02 at 30.31%. It was the minimum in the year 1995-96 (4.37% only) due to negative growth of advances.

Similarly, the total amount of productivity of Ransagar branch increased from Rs. 27.23 lakhs in 1992-93 to Rs. 225.95 lakhs in 2001-02, exhibiting a continuous rising trend and indicating 8.30 folds growth during that period. The growth rate of productivity over the previous year of Ransagar branch was the maximum in the year 1994-95 at 57.99%, followed by the year 1995-96 at 45.01%. It was the minimum in the year 1999-2000 at 5.18% only due to negative growth of advances.

**Table 7.11 : Total Productivity\* (Volume of Business) of the Selected Branches**

(Rs. in lakhs)

| Year     | Name of the Branches |                   |                   |                   |                   |                   |
|----------|----------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|          | Polsanda             | Ransagar          | Kalukhali         | Shaikhpara        | Ranitala          | Salinda           |
| 1992-93  | 68.38                | 27.23             | 49.97             | 62.95             | 71.37             | 54.11             |
| 1993-94  | 81.65<br>(19.41)     | 34.85<br>(27.98)  | 52.93<br>(5.92)   | 84.81<br>(34.73)  | 84.95<br>(19.03)  | 68.52<br>(26.63)  |
| 1994-95  | 103.54<br>(26.81)    | 55.06<br>(57.99)  | 64.67<br>(22.18)  | 105.77<br>(24.71) | 95.48<br>(12.40)  | 75.53<br>(10.23)  |
| 1995-96  | 108.06<br>(4.37)     | 79.84<br>(45.01)  | 83.61<br>(29.29)  | 141.95<br>(34.21) | 112.69<br>(18.02) | 87.64<br>(16.03)  |
| 1996-97  | 135.34<br>(25.25)    | 104.58<br>(30.99) | 93.62<br>(11.97)  | 171.20<br>(20.61) | 113.46<br>(0.68)  | 103.45<br>(18.04) |
| 1997-98  | 168.00<br>(24.13)    | 129.29<br>(23.63) | 100.96<br>(7.84)  | 194.91<br>(13.85) | 95.13<br>(-16.16) | 118.71<br>(14.75) |
| 1998-99  | 223.48<br>(33.02)    | 164.62<br>(27.33) | 114.63<br>(13.54) | 249.07<br>(27.79) | 101.04<br>(6.21)  | 144.44<br>(21.67) |
| 1999-'00 | 279.97<br>(25.28)    | 173.14<br>(5.18)  | 182.96<br>(59.61) | 315.74<br>(26.77) | 137.82<br>(36.40) | 180.30<br>(24.83) |
| 2000-01  | 324.23<br>(15.81)    | 193.54<br>(11.78) | 314.23<br>(71.75) | 395.83<br>(25.37) | 181.63<br>(31.79) | 211.11<br>(17.09) |
| 2001-02  | 422.51<br>(30.31)    | 225.95<br>(16.75) | 302.19<br>(-3.83) | 434.38<br>(9.74)  | 203.62<br>(12.11) | 215.65<br>(2.15)  |

Source : Data collected from respective Branch and Head Office of MGB

Notes - 1 \* Total Productivity = Total Deposits + Total Outstanding Advances

2. Figures in parenthesis are the percentages of growth over the previous year.

3. '-' sign indicates the negative growth.

As may be seen from Table 7.11, the total amount of Kalukhali and Shaikhpara branches rose from Rs. 49.97 lakhs and 62.95 lakhs respectively in 1992-93 to Rs. 302.19 lakhs and Rs. 434.38 lakhs respectively in 2001-02, except the year 2001-02 exhibiting rising trend and indicating 6.05 and 6.90 folds growth respectively during the 10-year period of 1992-93 to 2001-02. The growth of productivity of Kalukhali branch over the previous year was the maximum in 2000-01 at 71.75% due to the marked growth of deposits. While the corresponding figure of Shaikhpara branch was 25.37% during that time.

Table 7.11 also shows that the total amount of productivity of Ranitala and Salinda branches increased from Rs. 71.37 lakhs and 54.11 lakhs respectively in 1992-93 to Rs. 203.62 lakhs and 215.65 lakhs respectively in 2001-02, showing rising trend except the year 1997-98 and indicating only 2.85 and 3.99 folds growth during the period between 1992-93 and 2001-02. During the 10-year period the maximum growth rate over the previous year of Ranitala branch was 36.40% in 1999-2000 and the corresponding figure of Salinda branch was 26.63% in 1993-94, followed by the year 1999-2000 at 24.83%.

It is noteworthy that during the year 1992-93 the total amount of productivity of Ranitala branch was the highest among the six selected branches and it was the lowest in 2001-02. During the year 2001-02 the volume of business of Shaikhpara branch was the highest at Rs. 434.38 lakhs, followed by Polsanda branch of Rs. 422.52 lakhs which indicates good financial strength of these two branches.

Out of six selected branches the growth of productivity of Ransagar branch over the 10-year period from 1992-93 to 2001-02 was the highest (8.30 folds) and for Ranitala branch it was the lowest (2.85 folds only) which indicate that the financial performance of the former branch was better than the latter branch during that period.

### **7.9 Per Staff Productivity of Selected Branches**

An analysis of the per staff productivity of six sample branches showed that there had been a wide variation in the per staff productivity of the sample branches. During the year 1992-93, the amount of per staff productivity or per staff volume of business of Ranitala branch was the highest (Rs. 21.43 lakhs) due to the high level

of advances. But the corresponding figure of this branch was the lowest (Rs. 61.15 lakhs) in 2001-02 due to lower growth rates of deposits and advances.

Table 7.12 shows that the amount of per staff productivity of Polsanda branch was the highest at Rs. 126.88 lakhs in 2001-02, followed by the Shaikhpara branch and Kalukhali branch (Rs. 96.53 lakhs and Rs. 90.75 lakhs respectively) at the same time which indicates the better financial strength of these three branches than other three branches, viz., Ransagar, Salinda and Ranitala.

Over the 10-year period from 1992-93 to 2001-02 the growth of per staff productivity of Ransagar branch was the highest of 8.29 folds, followed by Polsanda branch of 6.18 folds, whereas it was the lowest in Ranitala branch (only 2.99 folds), followed by Salinda branch with 3.99 folds growth (as shown in Table 7.12).

**Table 7.12 : Per Staff Productivity\* (Business per Employee) of the Selected Branches.**

(Rs. in lakhs)

| Year      | Name of the Branches |                  |                  |                  |                   |                  |
|-----------|----------------------|------------------|------------------|------------------|-------------------|------------------|
|           | Polsanda             | Ransagar         | Kalukhali        | Shaikhpara       | Ranitala          | Salinda          |
| 1992-93   | 20.53                | 8.18             | 15.01            | 13.99            | 21.43             | 16.25            |
| 1993-94   | 24.52<br>(19.43)     | 10.47<br>(28.00) | 15.89<br>(5.86)  | 18.85<br>(34.74) | 25.51<br>(19.04)  | 20.58<br>(26.65) |
| 1994-95   | 31.09<br>(26.79)     | 16.53<br>(57.88) | 19.42<br>(22.22) | 23.50<br>(24.67) | 28.67<br>(12.39)  | 22.68<br>(10.20) |
| 1995-96   | 32.45<br>(4.37)      | 23.98<br>(45.07) | 25.11<br>(45.07) | 31.54<br>(34.21) | 33.84<br>(18.03)  | 26.32<br>(16.05) |
| 1996-97   | 40.64<br>(25.24)     | 31.41<br>(30.98) | 28.11<br>(11.95) | 38.04<br>(20.61) | 34.07<br>(0.68)   | 31.07<br>(18.05) |
| 1997-98   | 50.45<br>(24.14)     | 38.83<br>(23.62) | 30.32<br>(7.86)  | 43.31<br>(13.85) | 28.57<br>(-16.14) | 35.65<br>(14.74) |
| 1998-99   | 67.11<br>(33.02)     | 49.44<br>(27.32) | 34.42<br>(13.52) | 55.35<br>(27.80) | 30.34<br>(6.20)   | 43.38<br>(21.68) |
| 1999-2000 | 84.08<br>(25.29)     | 51.99<br>(5.16)  | 54.94<br>(59.62) | 70.16<br>(26.76) | 41.39<br>(36.42)  | 54.14<br>(24.80) |
| 2000-01   | 97.37<br>(15.81)     | 58.12<br>(11.79) | 94.36<br>(71.75) | 87.96<br>(25.37) | 54.54<br>(31.77)  | 63.40<br>(17.10) |
| 2001-02   | 126.88<br>(30.31)    | 67.85<br>(16.74) | 90.75<br>(-3.83) | 96.53<br>(9.74)  | 61.15<br>(12.12)  | 64.76<br>(2.15)  |

Source : Data collected from respective branch and Head Office.

Notes : 1 \* Per Staff Productivity = Total productivity / Total no. of Staff

2 : Figures in parenthesis are the percentages of growth over the previous year.

3 : '-' sign indicates the negative growth.

But, the growth of per staff productivity over the previous year of Kalukhali branch was the highest in 2000-01 at 71.75% due to mainly high level of deposits which was non-significant, resulting in negative results in the next year. The overall trend of growth of per staff productivity over the previous year of the two branches, viz., Polsanda and Ransagar was very significant which indicates their good financial health during that period.

#### 7.10 Profit / Loss of the Selected Branches

The information regarding profit/loss of six selected branches of Murshidabad Gramin Bank during the period of 1992-93 to 2001-02 is shown in Table 7.13, which reveals the following :

During the year 1992-93 all the branches were in losses and in next year only Polsanda branch turned to profit. Again, during the period from 1994-95 to 1996-97 all the branches incurred losses. Then, in 1997-98 four branches, viz., Polsanda, Ransagar, Shaikhpara and Ranitala had been able to earn profit and from the year 1998-99 all six branches earned profit.

**Table 7.13 : Profit / Loss of the selected Branches**

(Rs. in lakhs)

| Year    | Name of the Branches |          |           |            |          |         |
|---------|----------------------|----------|-----------|------------|----------|---------|
|         | Polsanda             | Ransagar | Kalukhali | Shaikhpara | Ranitala | Salinda |
| 1992-93 | -0.65                | -1.12    | -0.83     | -0.19      | -0.11    | -0.15   |
| 1993-94 | 0.01                 | -1.28    | -0.68     | 0.01       | -0.9     | -0.16   |
| 1994-95 | -1.13                | -2.15    | -0.86     | -1.29      | -1.21    | -0.21   |
| 1995-96 | -2.67                | -2.05    | -2.01     | -2.41      | -4.06    | -0.27   |
| 1996-97 | -1.76                | -2.42    | -1.00     | -3.65      | -5.85    | -0.38   |
| 1997-98 | 1.89                 | 0.63     | -0.86     | 2.29       | 0.38     | -0.42   |
| 1998-99 | 3.66                 | 2.13     | 2.78      | 3.85       | 1.61     | 1.99    |
| 1999-00 | 5.62                 | 3.26     | 0.96      | 8.49       | 1.68     | 3.40    |
| 2000-01 | 7.82                 | 3.61     | 4.77      | 7.03       | 3.30     | 2.80    |
| 2001-02 | 8.15                 | 6.39     | 8.74      | 7.65       | 2.53     | 3.41    |

Source : Data collected from respective Branch and Head Office of MGB

Note : '-' sign indicate the loss.

Table 7.13 shows that Polsanda branch earned the highest profit of Rs. 7.82 lakhs in 2000-01 as against Rs. 5.62 lakhs in the previous year. But, during the year 2001-02 Kalukhali branch earned the highest profit of Rs. 8.74 lakhs, followed by

Polsanda and Shaikhpara branches at Rs. 8.15 lakhs and Rs.7.65 lakhs respectively. Shaikhpara branch earned a fair amount of profit in every year from 1999-2000 to 2001-02. On the other hand, Ranitala and Salinda branches earned little amount of profit during the same period.

It could also be seen from Table 7.13 that during the year 1996-97 Ranitala branch incurred the highest losses of Rs. 5.85 lakhs as against a loss of Rs. 4.06 lakhs in the previous year.

However, during the year 2001-02 all branches earned profit which indicates that the branches have been gradually able to control their expenditure and increase income. It may be concluded that all the branches achieved their economic viability by the latest years of our study.

### 7.11 Profitability Ratios of the Selected Branches

To assess the financial health of the branches of RRBs profitability ratios could be used. The details regarding the profitability ratios<sup>6</sup> of selected branches over the 10-year period from 1992-93 to 2001-02 are presented in Table 7.14 which disclosed the following main features :

**Table 7.14 : Profitability Ratios\* of the Selected Branches**

(figures in %)

| Year     | Name of the Branches |          |           |            |          |         |
|----------|----------------------|----------|-----------|------------|----------|---------|
|          | Polsanda             | Ransagar | Kalukhali | Shaikhpara | Ranitala | Salinda |
| 1992-93  | -0.95                | -4.11    | -1.66     | -0.30      | -0.15    | -0.28   |
| 1993-94  | 0.01                 | -3.67    | -1.28     | -0.01      | -1.06    | -0.23   |
| 1994-95  | -1.09                | -3.90    | -1.33     | -1.22      | -1.27    | -0.28   |
| 1995-96  | -2.47                | -2.57    | -2.40     | -1.70      | -3.60    | -0.31   |
| 1996-97  | -1.30                | -2.31    | -1.07     | -2.13      | -5.16    | -0.37   |
| 1997-98  | 1.13                 | 0.49     | -0.85     | 1.17       | 0.40     | -0.35   |
| 1998-99  | 1.64                 | 1.29     | 2.43      | 1.55       | 1.59     | 1.38    |
| 1999-'00 | 2.01                 | 1.88     | 0.52      | 2.69       | 1.22     | 1.89    |
| 2000-01  | 2.41                 | 1.87     | 1.52      | 1.78       | 1.82     | 1.33    |
| 2001-02  | 1.93                 | 2.83     | 2.89      | 1.76       | 1.24     | 1.58    |

Source : Computed from data collected from respective Branch and Head Office

Notes : 1. '-' sign indicates the loss (i.e. negative profit)

2.\* Profitability Ratio = Total Profit / Vol. of Business x 100

The profitability ratios of all branches were negative during the period from 1992-93 to 1996-97 except the year 1993-94 for Polsanda branch only. During the year 1992-93 the negative profitability ratio of Ransagar branch was the maximum amongst the selected branches due to its high losses and low volume of business.

All the selected branches showed positive profitability ratio during the period from 1998-99 to 2001-02. In the year 1997-98, out of six selected branches two branches, viz., Kalukhali and Salinda showed negative profitability ratio of 0.85% and 0.35% (as shown in Table 7.14).

Due to increase in income and control of expenditure all branches had been able to show positive profitability ratio during the last four years of the 10 year period.

Table 7.14 also shows that the profitability ratio of Kalukhali was the highest in 2001-02 at 2.89%, followed by the Ransagar and Polsanda at 2.83% and 1.93% respectively at the same time. For Shaikhpara branch it was at 1.76% as against 1.78% in the previous year.

On the other hand, the corresponding figure was the lowest in Ranitala branch at 1.24% followed by Salinda branch at 1.58% during the same year 2001-02.

Thus, the above analysis implies that the financial health of Polsanda, Ransagar, Kalukhali and Shaikhpara branches was better than other two branches – Ranitala and Salinda though the trend of growth of profitability ratio over the previous year during the period from 1992-93 to 2001-02 was mixed in all selected branches.

In the final analysis, it may be concluded that the financial performance of all selected branches was not satisfactory. They earned profit, but the amount was very little for most of the branches. However, it is notable that all branches earned profit in recent years which indicates that all of them have been able to show themselves as financially viable institutions.

## 7.12 Summary

It may be recognized that overall performance of a bank depends largely on the performance of its branches. So our above analysis is very important for the purpose of assessing the performance of MGB. The analysis has brought to focus the following results :

- (i) Out of six sample branches we have identified two good performance branches, two satisfactory performance branches and two poor branches on the basis of recovery percentage.
- (ii) During the year 2001-02, the recovery percentage of good performance branches as was above 69% and for the satisfactory branches it was between 60% to 69%, whereas, it was below 60% for the poor branches.
- (iii) The maximum fluctuation was found in the case of growth of current deposits over the previous year during the period from 1992-93 to 2001-02 for all the selected branches.
- (iv) The share of Term Deposits to the total deposits of all branches increased over the 10-year period such as this figure of Polsanda branch increased from 49.34% in 1992-93 to 66.85% in 2001-02. On the other hand, the share of Savings Bank Deposits to the total deposits reduced in all sample branches. For Polsanda branch it decreased from 50.51% to 29.68% during the same period.
- (v) For all sample branches the Current Deposits had not played a significant role for the purpose of resource mobilization.
- (vi) A few accounts of the local schools, Gram Panchayats, District Rural Development Agencies (DRDAs), local trusts etc. had been secured but much success could not be achieved in getting funds of the Government Agencies.
- (vii) During the year 2001-02 the amount of total deposits of Ranitala branch was the lowest at Rs. 157.46 lakhs, followed by Ransagar and Salinda branches at Rs. 158.93 lakhs and Rs. 166.99 lakhs respectively . While

for the Polsanda branch it was the highest at Rs. 360.66 lakhs, followed by Shaikhpara branch at Rs. 359.18 lakhs during the same year.

- (viii) Except Ranitala branch for all the sample branches the amount of advances increased during the period from 1992-93 to 2001-02.
- (ix) For each of the selected branches the trend of growth of advances over the previous year was mixed. During 2001-02, it was the highest in Polsanda branch at 23.70% followed by Ransagar branch at 12.24%, whereas, it was negative at 6.57% in Salinda branch.
- (x) Due to the lower growth rate of advances and higher growth rate of deposits the C-D ratio of every sample branch decreased largely during the period from 1992-93 to 2001-02. It was the highest in Ransagar branch (42.17%) and lowest in Polsanda branch (17.15%) in the last year of 10-year period.
- (xi) The decreasing trend of C-D ratio indicated that the benefit to the society through its credit disbursement and deposit mobilization in the context of rural area had reduced during that period.
- (xii) In 2001-02 the recovery percentage of Polsanda branch was the highest at 71% followed by Ransagar branch at 69.66%, while it was the lowest in Salinda branch at 50.40% at the same time.
- (xiii) The total amount of productivity of Shaikhpara branch increased largely, it was the highest at Rs. 434.38 lakhs in 2001-02 due to the high level growth of deposits. While it was the lowest in Ranitala branch at Rs. 203.62 lakhs.
- (xiv) During 2001-02 the growth of productivity over the previous year was the highest in Polsanda branch at 30.31% and it was negative at 3.83% in Kalukhali branch.
- (xv) Over the 10-year period from 1992-93 to 2001-02 the per staff productivity in every sample branch increased, but it was notable in Polsanda branch at Rs. 126.88 lakhs in 2001-02, whereas it was very poor in Ranitala branch at Rs. 61.15 lakhs, followed by Salinda branch at Rs. 64.76 lakhs at the same time.

- (xvi) Except 1993-94 for Polsanda branch in every year during the period from 1992-93 to 1996-97 all sample branches were in losses. From 1998-99 all these branches earned profit.
- (xvii) In the year 2001-02 Kalukhali branch earned the highest profit of Rs. 8.74 lakhs, followed by Polsanda and Shikhpara branch at Rs. 8.15lakhs and Rs. 7.65 lakhs respectively.
- (xviii) Due to increase in income and control of expenditure all branches had been able to show positive profitability ratio from 1998-99. In 2001-02 it was the highest in Kalukhali branch (2.89%) and the lowest in Ranitala branch (1.24%) . In the latest year of our study all branches achieved economic viability.

### Notes

<sup>1</sup>Quantitative indicators are the amount of deposits, the amount of advances, recovery percentage, C-D ratio, per branch and per staff productivity, the amount of profit or loss, number of staff, number of villages covered, etc.

<sup>2</sup>Qualitative indicators are age, sex, education, family size of the borrowers, efficiency of the bank personnel, management system, government support, etc.

<sup>3</sup>Lower index of the rank indicates better performance of the branches and the higher index of the rank indicates poor performance of the branches.

<sup>4</sup>Credit-Deposit ratio is the ratio between the amount of outstanding advances and deposits multiplied by hundred,

$$\text{i.e., C-D ratio} = \frac{\text{Total amount of Outstanding Advances}}{\text{Total Amount of Deposit}} \times 100$$

<sup>5</sup>Productivity or volume of Business = Total Amount of Deposits + Total Amount of Outstanding Advances.

<sup>6</sup>Profitability ratio is the ratio between the amount of profit and the volume of business multiplied by hundred , i.e.,

$$\text{Profitability Ratio (p)} = \frac{\text{Amount of Profit}}{\text{Amount of Volume of Business}} \times 100 .$$