

Chapter VI

Performance of the Sample Branches.

Introduction

Branches constitute the basic operational units where business gets transacted. The overall performance of the bank therefore, depends largely on the performance of its branches.

The performance of a branch depends upon the nature of economic activity, availability of infrastructural and marketing facility, socio-economic condition, scope of non-fund based business in that area where a branch operates. The efficiency of the staff of the branch and its age are also important factor. This demands the classification of the branches into many homogeneous groups to judge their performance, financial or otherwise. However, the classification into exact homogeneous group is not possible due to different socio-economic and other conditions prevailed in different areas.

Methodology

The problems and the business volume of the branches varied widely due to their different area of operation with different socio-economic condition. Thus, the drawing of the Sample at simple random basis will not serve our basic objective of studying their nature of problems and prospect. Hence, for the purpose of our study stratified sampling method has been adopted. With this end in view the branches are grouped into three different categories considering their location and volume of business (deposits and credit). Then samples are drawn from each group to include each type of branch in the Sample. These groups are : urban, semi-urban and remote rural or simply rural branches.

The urban branches : The branches are defined as urban if located in Municipal/Corporation area and if their volume of business are more than Rs. 70 Lakh as on Dec. 1986.

Semi-urban branches : The branches are termed as semi-urban if located in small town of different categories outside minicipal area with business volume of less than Rs. 70 Lakh as on Dec. 1986.

Remote Rural Branches : A Branch is considered as remote rural or simply rural if its business volume is less than Rs. 5 Lakh in the intial year of our study or on the date of its opening. In this list branches opened after 1986 also included to see its trend in comparision with others opened before 1986.

The branches selected are three from each group plus two additional branch from the list of semi-urban branches to give their due weightage. Thus, total sample taken are 11 out of the 111 branches of the bank. The Sample branches are :

URBAN - Coochbehar, Hakimpara and Alipurduar. These branches were established during 1980-81 and are located at the centre of district Coochbehar, sub-division Siliguri and Alipurduar of Darjeeling and Jalpaiguri district respectively, where the branches of Commercial Banks are operating.

SEMI-URBAN - Nishiganj and Baburhar (Nil)of Coochbehar district, Atharakhai and Dr. Graham's home of Darjeeling district and Salsalabari of Jalpaiguri district. These branches were established during 1980-84 except Nishiganj which was established in 1977 and one of the two oldest branch of the bank.

RURAL - Paharpur and totopara are within the jurisdiction of Jalpaiguri district and Thaneswarhat of Coochbehar district. First two were established during 1984-85 while the third one was in 1988. Among the branches Totopara is remotest one to serve the Totos, the world rare caste, total number of whose is only 708 (1981 census).

This section examines the performance of the selected branches in the area of deposits, credit, recovery and financial taking into account some qualitative aspects as well those based on the field survey data of the said sample of eleven

branches of the bank. The analysis covers the period 1986-96, after allowing the average minimum time for reaching the level of full scale operation.

The first section of this chapter examines the growth of deposits, credit and recovery performance. While in the second section the financial performance of the branches are analysed with the help of productivity and profitability ratios.

SECTION - 1

(A) Growth of Deposits: A Comparative assessment.

Urban branches : Table 6.1.1 indicates that the growth rate varied between the branches. The growth was 2.5 to 3 times for two branches as against 6 times for the other maintaining an average of 3.8 times during the course of our study 1986-96. The average deposit of these branches was recorded at Rs 106 lakh with S.D of Rs 55.7 lakh during 1986-91 and it increased to Rs 212.9 lakh with S.D of Rs 115.7 lakh during 1992-96.

Semi-urban branches : There has been a wide variation in the growth and volume of deposits of these branches. The growth rate varied from 5.7 to 21.9 times. Nishiganj branch, has a growth rate of about 22 times, the highest among the branches. The rate of Dr. Graham's branch was also very high. It jumped from about 9.7 times in 1995 to 21.9 times in 1996 due to its re-location in a town area in that year. The other three branches recorded an average growth of 7.4 times during whole period of study.

The average deposit of these branches was much lower than the average of urban branches. During 1986-91 the average deposit was Rs 29.3 lakh with S.D of Rs 15 lakh as against the average of Rs 90 lakh with S.D of Rs 45 lakh during 1992-96.

Rural branches : The deposits of these branches were very minimum. During 1986-91 the average deposit was Rs 6 lakh with S.D of Rs 2.1 lakh and increased to Rs 24.2 lakh with S.D of Rs 16.9 lakh during 1992-96. The re-location of paharpur branch in a near by development centre has increased its growth rate to 25.4 times as against average growth rate of 7.9 times for the other two branches.

It has therefore been observed that though the volume of deposits of the urban branches was much higher, the growth rate was much lower than other branches and also from the bank average.

Composition of Deposits

In the composition of deposits as depicted by the table 6.1.2, the share of saving deposit of the urban branches was recorded at 47.4 percent with S.D of 15.5% with a downward trend. The share of term deposit was 21.5 percent (S.D of 9.95%) with an upward trend.

The percentage share of the saving deposits on the otherhand, of the four semi-urban branches was 44.3 with S.D of 13.96 recording also a **downward** trend except for Graham's branch which showed an upward trend. The share of term deposit for the same four branches was 26.1% (S.D of 11%) recording a mixed trend.

The saving deposit of the rural branches showed a persistently dominant , the share of which was 67.2% with S.D of 6.8% recording a down ward trend. While the share of term deposit was 29.6% (with S.D of 6.5%) recording an upward trend.

The K.S.P deposit of the bank (term) was a very popular and accounted for 21.5% of the deposits of urban and 17.3% of semi-urban branches showed a downward trend due to lack of interest and fixation of upper limit of the number of account by the bank on ground of increasing workload and at the instance of some fraud case by the collecting agents.

The share of current & call deposit was about 4% for the urban branches and it was less than one percent for all other branches.

B. Growth of Credit

It appears from the table 6.2 that the credit of the urban branches is increased by 2-3 times lower than bank average of 4 times. The average credit for these branches increased from Rs. 45 lakh with S.D of Rs 9.3 lakh during 1986-91 to Rs. 71.3 lakh with S.D of Rs. 26.6 lakh during 1992-96.

The growth rate of the 4 semi-urban branches was 2.4 to 3.7 times, little more than the urban branches but also lower than the bank average. The average credit of the semi-urban branches during 1986-91 was 33.6 lakh with a wide variation (S.D 21.9 lakh) and increased to Rs 61.3 lakh with S.D of Rs 34.0 lakh during 1992-96.

The growth of another semi-urban branch and 2 rural branches was varying between 4.8 to 8.2 times and it was as high as 39.5 times for another rural branch(Thaneswarhat). The growth of credit during 1991-92 was negative for most of the branches due to Agricultural & Rural Debt Relief Scheme (ARDRS) of 1990. The average credit of the rural branches was Rs. 5.2 lakh and increased to Rs.20.5 lakh with a variation of Rs 12.8 lakh.

Thus, it appears that the credit deployed by the most of the urban and semi-urban branches during the recent period were very negligible and far behind the expectation. The growth rate of the rural branches however was much better in comparison with other branches and from the bank average.

C. Credit Deposit Ratio (C/D ratio)

The table 6.2 also reveals that the C/D ratio of the urban branches continued to decline during the period under reference. The ratio decreased from average 65 in 1986 to 34 in 1996 with a wide variation and was much lower than the bank average of 159-57 during the same period. This ratio of the three semi-urban branches decreased from 143 to 43 and was similar to bank average. For the other two semi-urban branches the ratio decreased from average 248 to 105 more than the bank average. The ratio of the two rural branches decreased from 173 to 65

whereas, it increased from 43 in march 1989 to 200 in march 1996 for (Thaneswarhat).

Thus there has been a sharp fall of the C/D ratio of all the sample branches except the thaneswarhat branch. But the fall in the ratio was much higher for the urban branches than those of the semi-urban and rural branches.

D. Recovery Performance

The real recovery performance (i.e. recovery from lending activities /other than recovery from House Building loan (HBL) to staff and demand loan against term deposit (DLTD) which are recovered by way of deduction from the salary of the staff concern or from the respective account of the deposit holders) is presented in table 6.3. It has been clear while collecting data from the branches that of the total recovery a good percentage is recovered from HBL to staff and DLTD and included with the recovery performance.

It can be seen from the table 6.3 that the average percentage of recovery to demand from lending activities of the urban branches decreased from 17.7 (with S.D of 4) during 1986-91 to 6.4 (with S.D 5.2) during 1992-96. The recovery of the two urban branches was just 3.4 percent.

The recovery percentage of the semi-urban branches on the otherhand, decreased from average 15 (with S.D of 9.2) to 12.6 (with S.D of 8.2). The percentage of the two semi-urban branches was 7.4 and 5.1 during the same period.

It also appears from the table that the performance of the some rural branches in the recoveries of dues was comparatively better than those of the urban and semi-urban branches. Thaneswarhat branch which was established in 1988 showed highest recovery performance. The average recovery performance of which during 1992-96 was 54 percent as against 95 percent during the initial years of its establishment. The average recovery of the other two branches was 26 (with S.D of 13) and 15.7 percent (with S.D of 2.3) during the same period. The percentage of recoveries

however, are slightly better if recoveries from HBL & DLTD are included in it as appears from the table.

Thus, it is observed that there has been a wide variation in the recovery performance of the branches. The performance of the urban branches was the worst followed by the semi-urban branches. The better performance of some rural branches was mainly due to the initiatives and interest of the concern branch staff and panchayat member. It can therefore be inferred that there is scope to improve the performance even in the present scenario by taking appropriate initiatives and interest by the member of the panchayat and the bank staff as has been the case for one rural branch. The huge non-performing advances of the branches, which is increasing every year, have been an important contributor to the loss or poor profitability position of the branches.

Section - II

Financial Performance of the sample branches

A. Productivity and Profitability Ratios

Productivity and profitability ratios of the sample branches are presented in table 6.4.

Business per staff.

There has been a wide variation in the volume of business per staff of the sample branches. The urban branches recorded an average business per staff of Rs.19.8 lakh varying from Rs. 16.4 lakh to Rs. 26.1 lakh during 1986-91 (S.D of Rs. 5.4 lakh) as against Rs 29 lakh varying from Rs.24.6 to Rs 37.4 lakh during 1992-96 (S.D Rs. 7.22 lakh).

The average business per staff of the three semi-urban branches was recorded at Rs. 13.7 lakh varying from Rs. 12.2 to Rs 14.8 lakh as against Rs. 6.8 lakh for

another two branches during 1986-91. (Average of all Rs 10.9 with S.D Rs 4.3 lakh.) During 1992-96 the average business of the same three branches was reached to Rs. 27.3 lakh and Rs. 16.4 lakh for the other two branches. The average of all was Rs.22.9 lakh with S.D of Rs 6.4 lakh. The average business per staff of the two rural branches was recorded at Rs. 4.0 lakh and Rs 14.7 lakh during the same period. The business of one of the most remote branch was recorded at Rs 2.6 and 6.0 lakh only. The average business of all rural branches together was Rs 3.5 lakh with S.D of Rs 0.83 lakh during 1986-91 and increased to Rs 11.8 lakh during 1992-96 with S.D of Rs 5.2 lakh.

Advance per staff

The average advance per staff of urban branches during 1986-91 was about Rs. 6 lakh as against Rs. 5.6 lakh for semi-urban and Rs. 2 lakh for the remote and rural branches. During 1992-96 the average advances increased to Rs. 7.5 lakh for the urban branches and Rs. 9.4 lakh and 5.4 lakh respectively for semi-urban and rural branches, with a wide variation.

Deposit per staff

The average deposit per staff on the otherhand, of the urban, semi-urban and rural branches during 1986-91 were recorded at Rs 13.8 lakh, Rs 5.4 lakh and Rs. 1.1 Lakh respectively as against Rs. 21.6 lakh, Rs. 13.6 lakh and Rs 6.4 lakh respectively for the branches during 1992-96. This variation was mainly due to the locational advantages of the urban and semi-urban branches for better economic activities than rural branches and initiative and interest of the branch staff concern.

Thus, it appears that the higher average business per staff of the urban branches was mainly due to higher average deposit per staff for better scope of raising such deposit than those of the semi-urban and rural branches.

B. Profitability Ratios

Income and Expenditure per staff

During 1986-91 the average income per staff of the urban branches was Rs. 1.5 lakh varying from Rs. 1.1 lakh to Rs. 2.0 lakh as against expenditure of Rs 1.0 lakh varying from Rs 0.86 lakh to Rs. 1.3 lakh. The average income per staff during 1992-96 increased to Rs. 2.15 lakh (varying from Rs. 1.7 to 2.5 lakh) as against expenditure of Rs. 1.91 lakh with a variation from Rs. 1.8 to 2.0 lakh.

Thus, the urban branches on an average were profitable mainly due to larger volume of deposits and comparatively higher non-fund based income in the form of commission and exchange.

For the semi-urban branches the average income per staff was Rs. 0.77 lakh as against the expenditure of Rs. 0.75 lakh during 1986-91. Thus, on an average these branches were also earning marginal profits during these period. During 1992-96 the average income of Rs. 1.51 lakh was lower than the expenditure of Rs. 1.68 lakh. This unfavourable operating results was mainly due to higher growth of salary & allowances and other establishment expenditure than the volume of business during these period.

The average income per staff of rural branches on the otherhand was recorded at Rs. 0.21 lakh as against expenditure of Rs. 0.39 lakh during 1986-91. This unfavourable performance was caused by lower volume of business per staff and very limited scope of non-fund based income due to locational disadvantages. During the recent years 1992-96 the situation become worst for these branches due to hike in salary & allowances and other establishment expenditure when the business volume was not increased in the same proportion. As a result the average income of Rs. 0.72 lakh per staff was quiet insufficient to cover the cost of Rs. 1.12 lakh. The limited scope of raising deposits and other non-interest income was found to be the main cause of this worst performance. However, there is scope to increase the volume of business (deposits) by relocation of some rural branches in a nearby development centre and with the positive initiative of the staff concern.

Salary per staff

The average salary per staff of the urban and semi-urban branches during 1986-91 was recorded at Rs. 0.23 lakh as against Rs. 0.20 lakh for rural branches. During 1992-96 the amount increased to Rs. 0.60 lakh and Rs. 0.55 lakh respectively for these branches. The higher salary per staff of the urban and semi-urban branch were due to composition of staff i.e. higher number of officer and senior staff in these branches than those of the rural branches. Another reason is that there is more concentration of staff in the urban & semiurban areas for better civic advantages. This thereby implies ineffective manpower planing and deployment of staff for better financial performance.

C. Trend of Income and Expenditure

Interest cost on deposits and borrowings and salaries and allowances.

Urban branches

It can be seen from the table 6.5 that the average interest cost on Deposits and borrowings of the urban branches during 1986-91 was 60.8 percent varying between 51 to 72 percent of the total expenditure (S.D. 10.7%) and decreased to 54.7 percent varying between 49 to 61 percent (S.D 5.6%) during 1992-96. The main reason for this decrease was lesser use of borrowing funds and resultant cost on it. Whereas, the salaries & allowances which was 22.8 percent of the total expenditure varying from Rs. 18.6 to 26.4 percent (S.D. 3.9%) increased to 31.6 percent during the same period (S.D. 4.1%).

Semi-urban branches

The average interest cost as percentage to total expenditure of these branches during 1986-91 decreased from 59.4 percent to 52.3 percent during 1992-96 with a wide variation. Thus, the similar trend is found for these branches also. The average

salaries on the otherhand, increased from 29.1 percent to 37.8 percent during the same period.

Rural branches

The interest cost for these branches were recorded at 32.6 percent during 1986-91 and it increased to 40.8 percent during 1992-96. This implies that these branches met their additional fund requirements by raising deposit and borrowing from head office hence, the increase of the cost. The salaries for these branches increased marginally from 50.3 percent to 51.4 percent with a wide variation during the same period.

Other establishment expenses : This expenses for the urban Branches was 16.4 percent of the total expenditure as against 11.5 percent and 17.1 percent respectively for semi-urban and rural branches with a wide variation during 1986-91. During the years 1992-96 the average share of this expenditure was 13.6 percent 9.9 percent and 7.8 percent respectively for the urban, semi-urban and rural branches with a variation.

Thus it becomes clear that for all the branches this expenses decreased in the recent years but the rural branches were in better position in the control of these expenditure.

Interest income from Deposits wit H.O. and other banks.

It is also seen from the table 6.5 that the interest income from deposits i.e. other than lending activities increased for all the urban and semi-urban branches. Whereas, it decreased for the rural branches marginally. When the interest income from advances decreased for almost all the urban and semi-urban branches as against a marginal increased of the rural branches.

For the urban branches the average interest income on deposits form other banks during 1986-91 was 38 percent of the total income and it increased to as high as 56.3 percent during 1992-96. The share of this income were 10.9 and 26.1 percent and 30.3 and 26.8 percent respectively for semi-urban and rural branches.

Interest income on Advances

The average interest income on advances during 1986-91 respectively for the urban, Semi-urban and rural branches were 53.9, 82.4 and 68.2 percent of the total income and reached to 33.0, 65.3 and 71.1 percent during 1992-96. Thus, other than rural branches this income decreases for all the branches.

Non-interest income (commission, exchange etc.)

The Average non-interest income for the urban and semi-urban branches was less than 9 percent of the total income with a wide variation. This income for the rural branches were very negligible (less than 2 percent) due to locational disadvantages.

It has therefore been observed from the analysis that the interest cost on deposit and borrowing decreased gradually for all the urban and semi-urban branches due to increase share of salary and allowances. Whereas, for the rural branches the interest cost increased. This clearly indicates that the performance of the rural branches in comparison with other in raising and deployment of funds was better. Among the branches, performance of the urban branches, were worst (table 6.1).

The salary & allowances cost on the otherhand, increased at a constant rate for all the branches. However, the growth rate of it of the urban branches of 38.6 percent during the period 1992-96 over the preceding period 1986-91 was much higher than the growth rate of 6.2 percent for the semi-urban and 2.2 percent of the rural branches. This also indicates that the growth of business (deposit & advance) of the urban and semi-urban branches were far behind the growth of salary & allowances and it was worst for the urban branches.

The other establishment expenses though decreased in the recent years for all the branches, the rate of decrease of the rural branches of 60.7 percent during 1992-96 over the preceding 1986-91 was above the rate of 17 and 14 percent respectively of urban and semi-urban branches. This indicates that the rural branches were in a better position in the control of this expenditure.

The decrease of interest income from advances as against increase of income

from deposit from other bank of the urban and semi-urban branches also indicates that the performance of these branches in the deployment of credit were far behind the expectation and also indicates that they prefer in keeping the funds with head office or other bank for earning interest income without any risk and effort.

The urban branches even could not utilised the recent scope in the earning of non-fund based income by way of commission and exchange.

D. Factors of viability-some field observations

A survey of the sample branches revealed a virtual absence of profit planning before the adoption of DAP (development action plan) during 1994-95. Until recently, the recovery planning was also absence for the branches. The primary responsibility for such planning rests with the head office where a conspicuous dearth of professionalisation and management in a true functional sense was observed. Most of the branches had their profits or losses as residual elements of their financial performance.

At the branch level, an operational flexibility to achieve better profitability is restricted. The credit port-folios of the branches is significantly determined by the sectoral profile and occupational distribution of their area of operation. Within the limitation, however, whatever flexibility was available could not be utilised by the branches to enhance profitability. Branches' credit port-folios remain concentrated in the traditional activities providing low and sticky rate of return which in the face of rising cost of deposits and transaction costs pushed the branches to and below their break-even levels.

The recent policy guidelines offering more operational flexibility for lending to non-target and non-priority sector at a higher rate interest also could not be utilised by most of the branches due to lack of professional skill and initiative and interest of the branch staff concerned and also due to risk of non-recovery as has been indicated by the branch managers.

The quantum of credit flow is the predominant determinant of revenue and profitability. In the initial years, high credit-deposit ratio particularly for the rural and semi-urban branches in the face of high credit concentration led to the heavy growth of overdue credit and in turn affected the growth of credit in the subsequent years. Hence, the interest income on advances as percentage, to total income decreased for all the urban and semi-urban branches.

The growing problem of recovery poor quality of credit, ineffective management planning and control system (discussed in separate chapter VII) lower margin, lower productivity of staff and increasing establishment cost have led to the poor performance of the branches.

The financial performance analysis brings to fore the conclusion that attempt should be made to ensure viability to increase the margin of interest by better management of funds, increase of staff productivity; better recovery, control of establishment cost by prudent and efficient planning and management of their operation. So that the margin afforded by the monetary policy is not offset by available increases of costs.

Summary

The foregoing analysis has brought to focus on the following conclusions.

1) The growth rate of deposit of the urban branches (average 3.8 times) were far behind the growth of semi-urban (11.6 times) and rural branches (13.8 times) and also from the bank average of 12.2 times during the course of our study.

2) In the composition of deposits, percentage share of saving deposits decreased for all the branches as against increase of term deposit. The saving deposit of the rural branches showed a persistently dominant, share of which was 67.2% varying between 51-89 percent as against 24-58 percent (average 44.3%) for semi-urban and average 47.4% for the urban branches. The share of term deposit on the otherhand, respectively for the rural, semi-urban and urban branches were 29.6%, 26.1% and 21.5% (average).

3) There has been a wide variation in the volume of deposits of the branches. The average deposit of the urban branches were the highest, Rs. 190 lakh, as against Rs 74 lakh and Rs. 22 lakh respectively for the semi-urban and rural branches. The better performances of urban and semi-urban branches were mainly due to locational advantages in these areas with better economic activities.

4) The credit deployment of the urban and semi-urban branches in the recent years were very negligible and far behind the expectation. The growth of credit of seven urban and semi-urban branches were recorded only 2 to 3.7 times as against 5 to 8 times of the two rural and one semi-urban branches. One of the sample rural branches recorded a growth of 39.5 time during the period of its operation (Thaneswarhat branch).

5) There has been a sharp fall in the C/D ratio of the branches except one rural branch (Thaneswarhat) which has maintained an upward trend in this ratio. This fall in the ratio for urban branches, was from average 65 to 34 as against a fall from 170 to 69 for the semi-urban and rural branches.

6) The urban branches should worst performance in the recovery of their dues follower by semi-urban and rural branches. The better performance of the rural branches in the recoveries of their dues was due to the initiative and interest of the staff concern and the support from the panchayat member. The average recovery of the urban branches decreased from 17.7 percent of the demand (excluding HBL,SL & DLTD) during 1986-91 to 6.4 percent during 1992-96 as against 15 percent to 12.6 percent of the semiurban with a wide variation and 26 percent to 15.7 percent for the two rural branches. Whereas, the recovery of the Thaneswarhat branch decreased from average 95 to 54 percent during its period of operation. Thus, the huge non-performing advances which was in increasing trend have been the important contributor to the loss of branches.

7) A wide variation in the volume of business per staff of the sample branches has also been observed. The average business per staff during 1986-91 was Rs.19.8 lakh for the urban branches as against Rs. 10.9 lakh for semi-urban and Rs. 3.5

lakh for rural branches. During 1992-96 the average business were Rs.29 lakh, Rs. 22.9 lakh and Rs 11.8 lakh respectively for the urban, semi-urban and rural branches. This higher average per staff of the urban branches were mainly due to higher average deposits per staff for better scope for these branches. The very small amount of business per staff of some remote rural branches (Totopare & other, where the business is Rs less than 5 lakh) demand their relocation in a comparatively better development areas.

8) The urban branches on an average were profitable mainly due to larger volume of deposit and resultant ^{increase of} interest income from such deposit. Thus, the average income per staff of Rs 2 lakh was higher than average expenditure of Rs 1.5 lakh for these branches. The average expenditure per staff for most of the semi-urban and rural branches during 1992-96 on the otherhand, was much higher than the income. The unfavourable operating results of these branches during these period were mainly due to higher growth of salary & allowances and other establishment expenditure than the growth of business during these period and very negligible proportion of non-fund based income.

For the semi-urban branches the average expenditure of Rs 1.21 lakh was marginally higher than income of Rs 1.14 lakh. Whereas, for rural branches the expenditure per staff was much higher Rs. 0.76 lakh than income of Rs. 0.47 lakh.

9) The growth rate of salary & allowances cost of the urban branches of 38.6 percent during 1992-96 over the preceding period 1986-91 was much higher than the growth rate of 29.9 percent for the semi-urban and 2.2 percent of the rural branches (expressed as percentage to total expenditure table 6.5). This indicates concentration of staff in the urban branches and implies ineffective manpower planning and their deployment. The average growth rate of business per staff of the urban branches on the otherhand, was much lower (47 percent) than the growth rate of 110 percent for the semi-urban and 237 percent fro the rural branches during the above mentioned period. This also indicates lack of initiative of the staff of the urban branches in raising the volume of business.

10) The interest cost on deposit and borrowing decreased gradually for all the urban & semi-urban branches, whereas, it increased for the rural branches. For the urban and semi-urban branches it decreased from average 60.1 percent of the total expenditure during 1986-91 to 53.5 percent during 1992-96. For the rural branches it increased from 32.6 to 40.8 percent. Thus, the rural branches were in better position in the raising and deployment of credit.

11) The interest income from deposits with other bank i.e. other than lending activities increased for all the urban and semi-urban branches. Whereas, it decreased marginally for the rural branches in the recent years. Thus, the interest income from lending activities decreased at a constant rate for the urban and semi-urban branches as against a marginal increase of the rural branches. This also proves the better performance of the rural branches in deployment of credit.

12. The absence of Profit and recovery planning until recently; Lack of professional skill of the branch staff for lending to non-priority and non-target group at a higher rate of interest, lower productivity, mounting overdues, lack of sufficient interest & initiative of the staff, heavy growth of salary & allowances, very limited scope of earning non-interest income and inefficient management have led to the poor performance of the branches.

Table No. 6.1.1

Growth of Deposits (Index No.) of the selected Branches

Rs. in lakh

	<i>Cooch Behar(1980)</i>		<i>Hakimpara(1980)</i>		<i>Alipurduar(1981)</i>		<i>Nishiganj(1877)</i>	
	<i>Deposits</i>	<i>Index No</i>	<i>Deposits</i>	<i>Index No</i>	<i>Deposits</i>	<i>Index No</i>	<i>Deposits</i>	<i>Index No.</i>
	<i>Rs.</i>		<i>Rs.</i>		<i>Rs.</i>		<i>Rs.</i>	
Dec 86	167.4	100	42.6	100	40.0	100	12.4	100
Dec 87	138.2	82.5	57.5	135	53.2	133	17.6	142
March 89	198.3	118.5	79.2	186	70.2	176	26.9	217
March 90	182.0	108.7	98.5	231	84.0	210	39.8	321
March 91	164.6	98.3	119.9	281	94.6	237	47.9	386
March 92	242.0	144.5	117.7	276	91.0	228	59.6	480
March 93	227.6	136.0	129.5	304	102.1	255	75.3	607
March 94	409.9	244.8	168.3	395	128.4	321	105.1	848
March 95	419.7	250.7	202.9	476	125.0	312	120.5	972
March 96	414.1	247.4	261.8	614	155.2	313	271.1	2186
Average								
86-91	170.0		79.5		68.4		28.9	
92-96	342.6		176.0		120.3		126.3	
Total of								
Urban branches								
(Average)								
86-91	106.0							
(S.D)	(55.7)							
92-96	212.9							
(S.D.)	(115.7)							

Table No. 6.1.1 (Contd.)

Growth of Deposits (Index No.) of the selected Branches

	<i>Rs. in lakh</i>							
	<i>Atharkhai Br.(1980)</i>		<i>Salsalabari(1983)</i>		<i>Baburhatnil(1981)</i>		<i>Dr. graham's(1877)</i>	
	<i>Deposits</i>	<i>Index No</i>	<i>Deposits</i>	<i>Index No</i>	<i>Deposits</i>	<i>Index No</i>	<i>Deposits</i>	<i>Index No</i>
	<i>Rs.</i>		<i>Rs.</i>		<i>Rs.</i>		<i>Rs.</i>	
Dec 86	26.9	100	14.1	100	15.7	100	3.9	100
Dec 87	33.1	123	18.0	128	29.8	190	4.8	123
March 89	43.3	161	26.0	184	40.4	257	5.3	136
March 90	55.1	205	39.1	277	47.0	299	6.6	169
March 91	65.7	244	43.8	311	62.3	397	6.9	177
March 92	83.3	309	42.3	300	72.7	463	9.4	241
March 93	105.1	390	44.7	317	94.7	603	12.9	330
March 94	123.2	458	55.8	396	110.9	706	22.3	572
March 95	146.6	545	62.6	444	121.5	774	34.2	877
March 96	177.1	658	79.6	565	157.8	1005	59.9	1536
Average								
86-91	44.8		28.2		39.0		5.5	
92-96	127.0		57.0		111.5		27.7	
Total of Semi-urban branches (Average)								
86-91	29.3							
(S.D)	(15.0)							
92-96	90							
(S.D)	(45)							

Table No. 6.1.1 (Contd.)

Growth of Deposits (Index No.) of the selected Branches

Rs. in lakh

	<i>Totopara Br.(1984)</i>		<i>Paharpur(1985)</i>		<i>Thaneswarhat(1988)</i>	
	<i>Deposits</i>	<i>Index No</i>	<i>Deposits</i>	<i>Index No</i>	<i>Deposits</i>	<i>Index No</i>
	Rs.		Rs.		Rs.	
Dec 86	2.1	100	NA	NA	-	-
Dec 87	2.5	119	NA	NA	-	-
March 89	3.5	167	2.8	100	3.5	100
March 90	6.2	295	6.4	129	8.1	231
March 91	6.0	286	8.4	300	13.0	371
March 92	8.7	414	17.8	636	13.3	380
March 93	7.7	367	25.8	921	13.9	397
March 94	7.9	376	44.8	1600	16.9	483
March 95	12.0	571	55.3	1975	22.5	643
March 96	15.4	733	71.2	2543	29.5	842
Average						
86-91	4.0		5.9		8.2	
92-96	10.3		43.0		19.2	
Total of Rural branches (Average)						
86-91	6.0					
(S.D)	(2.1)					
92-96	24.2					
(S.D)	(16.9)					

Source : Computed from data collected from respective Branch & H.O.

Table No. 6.1.2

**Composition of Deposits expressed in Percentage share to total Deposits.
Average during 1986-96 (G.M.)**

<i>Urban branches</i>	<i>Saving Deposits</i>	<i>Term</i>	<i>K.S.P.</i>	<i>Current</i>
Cooch Behar	66.7	16.1	12.1	2.4
Alipurdura	38.1	18.8	31.4	7.4
Hakimpara	41.9	25.1	26.0	3.9
Total Average	47.4	19.7	21.5	4.1
(S.D)	15.5	4.6	9.95	—
Semi Urban				
Nishiganj	56.2	28.4	15.0	0.2
Baburhat (Nil)	46.9	35.3	15.2	1.4
Atharakhai	27.4	12.6	53.2	1.6
Salsalabari	53.3	36.5	7.4	1.5
Dr. Grahani Br.	44.8	50.8	Nil	—
Total Average	44.3	26.1	17.3	0.9
S.D.	13.96	11.0		
Rural Branches				
Paharpur	68.6	34.2	Nil	0.5
Totopara	60.4	33.5	Nil	1.7
Thaneswarhar	73.8	22.6	Nil	0.3
Total Average	67.2	29.6	Nil	0.6
S.D.	6.8	6.5		

Source : Computed from data of respective branches.

Table No. 6.2

Growth of Credit, CD ratio of the sample branches

Rs. In Lakh

Years	Cooch Behar Branch			Hakimpara Branch			Alipurduar Branch			Nishiganj Branch		
	Adv. out-standing Rs.	Index No	CD ratio	Adv. out-standing Rs.	Index No	CD ratio	Adv. out-standing Rs.	Index No	CD ratio	Adv. out-standing Rs.	Index No	CD ratio
Dec 86	43.9	100	26	36.6	100	86	33.5	100	84	-	-	-
Dec 87	46.8	107	34	37.1	101	65	32.7	98	61	-	-	-
March 89	56.7	129	29	44.2	121	56	39.7	119	57	38.7	100	143
March 90	58.8	134	32	47.0	128	48	44.4	133	53	42.2	109	106
March 91	69.8	159	43	49.2	134	41	34.2	102	36	29.9	77	62
March 92	76.0	173	31	53.2	145	42	36.5	109	39	28.7	74	48
March 93	78.9	180	34	57.2	156	44	45.3	135	44	42.0	109	56
March 94	101.4	231	25	60.1	164	36	52.5	157	41	48.1	124	46
March 95	126.2	287	30	58.3	159	29	55.7	66.3	45	66.4	172	55
March 96	125.2	285	30	75.8	207	29	66.9	200	43	107.8	279	40
Average												
1986-91	55.2			48.2			36.9			36.9(6.3)		
1992-96	101.5			60.9			51.4			58.6(30.7)		
Total of urban branches												
(Average)												
86-91	45.0(9.3)											
92-96	71.3(26.6)											

Note : Figures in brackets are respective S.D.

Table No. 6.2 (Contd.)

Rs. In Lakh

Years	Atharkhai (1980)			Salsalabari (1983)			Baburhari(Nil)(1983)			Dr. Graham's		
	Adv. outst-anding Rs.	Index No	CD ratio	Adv. outst-anding Rs.	Index No	CD ratio	Adv. outst-anding Rs.	Index No	CD ratio	Adv. outst-anding Rs.	Index No	CD ratio
Dec 86	30.8	100	114	13.0	100	92	50.2	100	319	7.1	100	178
Dec 87	34.7	113	105	14.3	110	79	56.8	113	190	6.9	97	144
March 89	45.3	147	104	15.6	120	60	65.6	131	162	9.0	127	170
March 90	54.7	178	99	18.2	140	47	73.4	146	156	12.9	182	195
March 91	43.8	142	67	13.5	104	31	75.5	150	121	14.4	203	213
March 92	45.3	147	54	14.2	109	34	81.9	163	106	22.4	315	239
March 93	55.3	180	52	19.3	148	43	97.7	195	103	29.5	415	228
March 94	61.0	198	49	27.9	215	50	110.5	220	100	39.8	560	333
March 95	62.1	202	42	36.4	280	58	126.4	252	104	53.4	752	156
March 96	75.9	246	43	48.0	369	60	172.6	344	109	60.7	855	101
Average												
86-91	41.9(9.4)			14.9			64.3			10.1		
92-96	59.9(11.1)			29.2			117.8			41.2		
Total of Semi-urban branches												
(Average)												
86-91	33.6 (with S.D. 21.9)											
92-96	61.3 (with S.D. 34.0)											

Table No. 6.2 (Contd.)

Rs. In Lakh

Years	Totopara Br. (1984)			Paharpur (1985)			Thaneswarhat (1988)		
	Adv. outst- anding Rs.	Index No	CD ratio	Adv. outst- anding Rs.	Index No	CD ratio	Adv. outst- anding Rs.	Index No	CD ratio
Dec 86	2.7	100	128	3.9	100	217	-	-	-
Dec 87	3.2	119	128	6.4	164	267	-	-	-
March 89	3.7	137	106	9.4	241	335	1.5	100	43
March 90	4.4	163	71	11.8	303	184	3.9	260	48
March 91	3.5	130	58	7.6	195	90	7.3	487	56
March 92	3.9	144	51	10.2	263	49	12.2	813	91
March 93	5.9	219	77	14.8	379	57	22.8	1520	163
March 94	7.6	281	96	19.7	505	44	30.8	2053	182
March 95	9.1	337	76	23.6	605	43	42.5	2833	188
March 96	13.0	841	84	32.1	823	45	59.2	3947	200
Average									
1986-91	3.5 (0.6)			7.8 (3.0)			4.2 (2.9)		
1992-96	7.9 (3.4)			20.1 (8.4)			33.5 (18.1)		
Total of Rural branches (Average)									
86-91	5.2 (2.3)								
92-96	20.5 (12.8)								

Source : Computed from data collecttd from the respective bank & H.O.

Note : Figures in brackets are respective S.D.

Table No. 6.3

**Recovery Performance of the selected branches
percentage of recovery to Demand**

Years	Hakimpara (1980)		Cooch Behar (1980)		Alipurduar (1981)		Baburhat (Nil)(1983)	
	<i>Inc.HBL, SL,DLTD</i>	<i>Exl. HBL, SL,DLTD</i>						
86	34.2	28.4	20.1	16.8	28.5	23.6	NA	NA
87	39.5	30.8	24.5	19.9	26.5	18.6	7.5	5.9
89	37.0	27.2	19.8	14.9	29.5	19.6	NA	NA
90	30.7	9.5	16.6	11.6	32.4	13.9	NA	NA
91	22.5	9.1	18.3	7.1	47.3	19.5	15.5	13.4
92	25.8	8.2	23.2	4.7	44.1	15.5	8.3	3.6
93	20.3	5.8	17.7	4.0	42.2	14.0	18.1	8.6
94	11.3	2.3	25.8	2.7	37.3	9.1	6.8	4.5
95	19.6	2.6	22.0	2.0	40.4	12.0	13.9	7.8
96	12.7	2.3	39.1	2.9	42.0	12.6	7.4	2.3
Average (GM)								
86-91	-	21.1	-	13.26	-	18.8	-	9.0
92-96	-	3.7	-	3.11	-	12.4	-	4.8
Average of the Urban Branches During								
1986-91	17.7 (S.D. 4)							
92-96	6.4 (S.D. 5.2)							

Table No. 6.3 (Contd.)

Years	Nishiganj (1977)		Dr. Grahamis (1984)		Salsalabari (1983)		Atharakhai (1980)	
	<i>Inc.HBL, SL,DLTD</i>	<i>Exl. HBL, SL,DLTD</i>						
86	15.3	14.8	76.6	72.9	27.1	19.8	15.9	11.1
87	13.5	12.8	30.1	28.5	NA	NA	17.1	10.6
89	11.5	10.1	18.5	16.8	28.4	16.5	28.3	9.4
90	8.0	5.7	20.2	18.2	27.6	15.7	2.8	0.6
91	20.5	17.5	NA	NA	45.7	34.9	32.0	9.0
92	22.0	16.8	NA	NA	24.0	14.3	51.5	18.0
93	23.7	13.6	58.9	NA	22.6	7.9	17.3	4.7
94	44.6	26.5	35.8	NA	22.6	14.9	15.9	3.2
95	45.2	34.5	27.5	10.3	18.2	9.7	15.7	3.7
96	47.4	37.4	41.3	32.1	23.0	8.8	24.0	4.7
Average (GM)								
1986-91	-	11.4	-	28.2	-	20.6	-	5.7
92-96	-	23.7	-	18.2	-	10.2	-	5.4
Average of the Semi Urban Brnaches								
1986-91	15 (SD 9.2)							
92-96	12.6 (sd 8.2)							

Table No. 6.3 (Contd.)

**Recovery Performance of the selected branches
percentage of recovery to Demand**

Years	Paharpur (1985)		Thaneswarhat (1988)		Totopara (1984)	
	<i>Inc.HBL, SL,DLTD</i>	<i>Exl. HBL, SL,DLTD</i>	<i>Inc.HBL, SL,DLTD</i>	<i>Exl. HBL, SL,DLTD</i>	<i>Inc.HBL, SL,DLTD</i>	<i>Exl. HBL, SL,DLTD</i>
86	62.8	62.6	-	-	20.4	20.1
87	49.3	48.5	-	-	17.9	16.4
89	22.7	21.5	100	100	18.4	12.9
90	12.7	11.4	99.1	99.0	27.0	19.8
91	74.1	73.9	88.3	86.8	NA	15.9
92	48.4	44.2	81.7	78.5	NA	15.5
93	34.1	26.4	76.4	73.1	NA	NA
94	13.8	9.9	56.8	54.5	NA	NA
95	17.5	9.4	57.8	55.5	NA	NA
96	20.1	14.4	28.7	26.8	NA	NA
Average GM						
1986-91	-	35.3	-	95.0	-	16.8
92-96	-	17.3	-	54.1	-	14.0*
Average of the Two Rural Branches						
1986-91	26 (SD 13)					
1992-96	15.7 (SD 2.3)					

Source : Computed from data of the respective branches

* as per interview

Table No. 6.4

Productivity and Profitability Ratios of the Sample Branches

Rs. In Lakh

Branch	Avg. Deposit per Staff		Avg. Advance per Staff		Avg. Business per Staff		Avg. Income per Staff		Avg. Exp. per Staff		Avg. Salary per Staff	
	During		During		During		During		During		During	
	86-91 Rs.	92-96 Rs.	86-91 Rs.	92-96 Rs.	86-91 Rs.	92-96 Rs.	86-91 Rs.	92-96 Rs.	86-91 Rs.	92-96 Rs.	86-91 Rs.	92-96 Rs.
Cooch Behar	19.7	28.8	6.4	8.6	26.1	37.4	2.0	2.5	1.30	2.0	0.24	0.55
Hakimpura	10.6	18.7	5.8	6.5	16.4	25.2	1.10	1.7	0.91	1.8	0.21	0.56
Alipurdura	11.0	17.3	6.0	7.3	17.0	24.6	1.4	2.2	0.86	1.9	0.23	0.69
Total urban	13.8	21.6	6.1	7.5	19.8	29.1	1.5	2.15	1.0	1.9	0.23	0.60
Br. (Average)												
S.D	5.14	6.3	0.31	1.06	5.44	7.22	0.46	0.40	0.24	0.1	0.02	0.08
SEMI URBAN BRANCHES												
Nishiganj	7.1	21.1	7.1	9.7	14.2	30.8	0.92	1.8	0.96	1.9	0.27	0.61
Atharakhai	7.6	17.0	7.2	8.1	14.8	25.1	0.92	1.64	0.77	1.7	0.24	0.62
Salsalabari	6.0	11.4	3.2	5.9	9.2	17.3	0.68	1.51	0.64	1.7	0.21	0.60
Baburhat (Nil)	4.6	12.5	7.6	13.5	12.2	26.0	0.99	1.53	0.83	1.6	0.18	0.59
Dr. Grahani Br.	1.5	5.8	2.8	9.7	4.3	15.5	0.35	1.07	0.55	1.5	0.23	0.63
Total	5.4	13.6	5.6	9.4	10.9	22.9	0.77	1.51	0.75	1.68	0.23	0.61
semi-urban												
Br. (Average)												
S.D	2.45	5.8	2.37	2.78	4.31	6.38	0.26	0.27	0.16	0.15	0.03	0.02
RURAL BRANCHES												
Totopara	1.4	3.4	1.2	2.6	2.6	6.0	0.17	0.38	0.35	0.80	0.20	0.48
Paharpur	1.3	10.9	2.5	5.0	3.8	15.9	0.26	0.94	0.44	1.44	0.19	0.65
Thaneswarhar	2.8	5.0	1.4	8.6	4.2	13.6	0.20	0.84	0.39	1.12	0.21	0.53
Total	1.07	6.4	1.7	5.4	3.5	11.8	0.21	0.72	0.39	1.2	0.20	0.55
Rural												
Br. (Average)												
S.D	0.78	3.95	0.7	3.02	0.83	5.18	0.05	0.30	0.05	0.32	0.01	0.09
SD between												
Urban, semi-												
Urban, Rural												
branches	6.47	8.03	2.41	2.0	8.2	8.8	0.65	0.69	0.31	0.40	0.02	0.03
Average of all	6.76	12.5	4.47	7.43	11.4	21.3	0.83	1.44	0.71	1.57	0.22	0.59

Source : Computed from data of year ending P & L A/C & B/S of the respective branches.

Table No. 6.5

**Trend of Income & Expenditure of the Sample branches in broad heads only
(Express as Percentage to total)**

Branch	Expenditure as % to total expenditure						Income as % to total income						Net operating Results Rs. (average)	
	Interest on Deposits & Borrowings		Salaries & Allowances		Other Expenses		Int. on Deposits from other Bank		Int. on Advances		Other Income		6-91	92-96
	86-91	92-96	86-91	92-96	86-91	92-96	86-91	92-96	86-91	92-96	86-91	92-96		
Cooch Behar	72.2	60.7	18.6	27.9	9.2	11.4	57.0	64.5	39.5	29.9	3.5	5.6	+624	+700
Hakimpara	59.2	54.0	23.4	30.9	17.4	15.1	32.1	62.3	67.3	36.9	0.6	0.8	+141	-119
Alipurdura	51.0	49.5	26.4	36.1	22.6	14.4	24.9	42.2	54.8	32.1	20.3	25.7	+292	+226
Total	60.8	54.7	22.8	31.6	16.4	13.6	38.0	56.3	53.9	33.0	8.1	10.7	352	269
Br. Average														
S.D	10.7	5.6	3.9	4.1	6.8	1.97	16.8	12.3	13.9	3.6	10.6	13.2	247	411
SEMI URBAN BRANCHES														
Nishiganj	67.8	60.0	26.7	33.2	5.5	6.8	4.5	40.7	91.0	48.9	4.5	10.4	+9	-50
Baburhat (Nil)	71.2	56.0	22.1	37.7	6.7	6.3	2.5	2.4	91.0	88.4	6.5	9.2	+130	-60
Atharakhai	49.3	42.9	30.1	36.8	20.6	20.3	7.8	40.8	91.3	58.5	0.9	0.7	+81	-25
Salsalabari	53.8	53.4	32.2	38.4	14.0	7.8	25.4	41.6	55.3	37.7	19.3	20.7	+16	-28
Dr. Grahani Br.	54.9	49.1	34.3	42.8	10.8	8.1	14.2	4.9	83.6	92.9	2.2	2.2	-74	-175
Total	59.4	52.3	29.1	37.8	11.5	9.9	10.9	26.1	82.4	65.3	6.7	8.6	+32.4	-67.6
semi-urban														
Br. Average														
S.D	9.5	6.6	4.8	3.4	6.1	5.9	9.3	20.5	15.5	24.4	7.4	8.0	77.5	61.8
RURAL BRANCHES														
Paharpur	39.9	46.2	43.8	46.5	16.3	7.3	9.3	39.3	89.8	60.0	0.9	0.7	-60	-182
Totopara	31.9	30.6	53.6	61.4	14.5	8.0	23.2	31.2	74.2	64.4	2.6	4.4	-56	-124
Thaneswarhar	26.0	45.5	53.4	46.4	20.6	8.1	58.5	9.8	40.6	88.9	0.9	1.3	-57	-113
Total	32.6	40.8	50.3	51.4	17.1	7.8	30.3	26.8	68.2	71.1	1.5	2.1	-57.7	-139.7
Rural														
Br. Average														
S.D	7.0	8.8	5.6	8.6	3.1	0.44	25.4	15.2	25.1	15.6	1.0	2.0	2.1	37.1
Grand	50.9	49.3	34.1	40.3	15.0	10.4	26.4	36.4	68.2	56.5	5.4	7.1	108.9	20.6
Average														
SD	15.9	7.4	14.4	10.1	3.1	2.9	14.0	17.2	14.3	20.5	3.5	4.5	215.3	218

Source : Computed from data of year ending P & L A/C & B/S of the respective branches.