

Analysis of Ownership Pattern of Deposits of Commercial Banks in India

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Abstract:- This paper examines the ownership pattern of deposits of commercial banks in India. The deposits are one of the important component of the credit creation process of a bank. These are in different types like current, Saving and term deposit. Different types of banks in India like, public sector banks, private sector banks and foreign banks have different amount of deposits and theses deposits are owned by different sectors and individuals of an economy. The ownership pattern of deposits in commercial banks are classified into five categories they are government sector, private corporate sector, financial sector, household sector and foreign sector. In India the highest share of deposits in commercial banks are owned by household sector. The bank wise analysis shows that among the nationalised and private sector banks the share of household sector is the highest in total deposits. Households are the major owners of deposits in rural, urban, semi urban and metropolitan area. The deposits in various types likes current, saving, and term deposits are also owned by households. In 2018 Government sector's contribution in total deposits of commercial banks in India is 13.5 percent. Out of total deposits of commercial banks in India 10.1 percent is provided by private sector, 63 percent by household sector, 7 percent by foreign sector and 5.9 percent by financial institutions in 2018. Thus the household sectors are the major owners of deposits in commercial banks in India.

I. INTRODUCTION

Deposit mobilization is one of the most important function of a commercial bank. In the credit creation process deposit creates loans and loans in turn creates deposits, ie deposits is one of the most important factor or agent of credit creation process of a bank. The deposit mobilisation of commercial banks are from many sources. After independence especially after bank nationalization the deposit mobilization of Indian banks have increased tremendously. The performance of commercial banks in India in terms of number of banks, branch expansion, credit and deposits mobilization, credit deposit ratio, banks in

rural areas, banks per population, etc. have increased after independence. There has been a spectacular expansion of bank branches after nationalization of major commercial banks in 1969. As per RBI reports the number of branches of all scheduled commercial banks increased from 4151 in 1951 to 8262 in 1969. The number of bank branches in 2015 was 125672 and it increased to 138945 in 2017. The banking coverage in the country as a whole has also considerably improved from one office for 87 thousand people in 1951 to one office for 65 thousand people in 1969 and one for 10.3 thousand people in 2015. There has been a significant increase in the rural branches of banks since 1969. The number of branches in rural areas having population up to 10,000 has increased from 1833 in June 1969 to 33683 in March 2011 and to 48493 in March 2015. Total number of bank branches in 2017 was 49095. The share of public sector bank in rural area was 32 per cent in 2017.

II. DATA SOURCES

Major objective of the study is to examine the pattern of ownership of deposits of commercial banks in India. The study used secondary data for the analysis. The secondary data is compiled from Reserve bank of India reports on ownership pattern of deposits of commercial banks for various years.

➤ *Expansion of bank deposits and credit*

Since the nationalization of banks there has been a significant increase in the deposits of commercial banks. The deposits in the scheduled banks increased from Rs. 46.46 billion in 1969 to Rs.88989 billion in 2015. During 2017-18 period total deposit was Rs.114260.49 billion. The relative proportions of demands and time deposits have also increased after the nationalization of banks. Bank credit has also increased in the post-bank nationalization period. Over the period of 18 years before bank nationalization, total advances of scheduled banks increased from Rs. 547 crore in 1951 to Rs. 3599 crores in 1969. The advances of scheduled banks increased from Rs. 36 billion in 1969 to Rs.86254.25 billion in 2017-18.

Year	Demand Deposits	Time Deposits	Aggregate Deposits	Bank Credit
1961-62	7.86	11.31	19.17	14.08
1969-70	22.35	27.93	50.28	39.71
1980-81	77.98	301.90	379.88	253.71
1990-91	331.92	1593.49	1925.41	1163.01
2000-01	1425.52	8200.66	9626.18	5114.34
2010-11	6417.05	45662.64	52079.69	39420.83
2011-12	6253.30	52837.52	59090.82	46118.52
2012-13	6622.99	60881.55	67504.54	52604.59
2013-14	7139.21	69916.39	77055.60	59940.96
2014-15	7940.29	77392.56	85332.85	65364.20
2015-16	8889.96	84382.94	93272.90	72496.15
2016-17	12814.39	94762.17	107576.56	78414.66
2017-18	13702.82	100557.67	114260.49	86254.25

Table 1:- Deposits and Credit of scheduled commercial banks in India Rs.in Billion

Source: RBI bulletin

➤ *Bank wise total deposits of scheduled banks in India*

Bank wise total deposits of commercial banks in India for the year 2019 is given in Table.2. The total deposits of all scheduled commercial banks in India is Rs. 12639009 crores. The number of total bank offices in India is 145374 thousands in 2019. The highest number of bank office is

occupied by public sector banks, followed by private sector banks and Regional rural banks. The highest amount of deposits are mobilized by public sector banks followed by private sector banks. The public sector accounts for 63 percent of total deposits in India. 29 percent of the deposits is provided by private sector banks in India in 2019.

BANK GROUP	No. of Offices	Current		Saving		Term		Total	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
Public sector banks	91445	57971.64	522373.6	1181916	2781243	187318.6	4688932	1427206	7992549
Foreign Banks	296	579.896	170408.1	4995.578	59360.31	963.765	335575	6539.239	565343.5
Regional rural banks	22042	2770.858	10315.82	232973.7	224241	17242.36	192011.5	252986.9	426568.4
Private sector banks	29564	19544.04	485287	216626	1045334	42174.64	2086450	278344.7	3617071
Small Finance Bank	2027	143.233	1825.117	6779.336	7195.67	720.151	28455.97	7642.72	37476.76
All India	145374	81009.67	1190210	1643290	4117374	248419.5	7331425	1972720	12639009

Table 2:- Bankwise deposits of Scheduled commercial banks in India-2019

Source: RBI reports

➤ *The major sectors of ownerships of deposits by commercial banks*

The deposits in commercial banks are owned by five sector like government sector, private corporate sector, financial sector, household sector and foreign sectors in different types of banks. In each of these categories various sub classifications are also exists. The sector wise and sub sector wise classifications of deposits are given in the following Table.3. In government sector various government authorities, public sector corporations and non

departmental commercial undertaking are included. Private corporate sector includes non financial companies and non credit cooperative institutions. Financial sector includes banks and other financial institutions like insurance institutions, mutual funds etc. Household sector includes individual trust associations, educational institutions, self help groups, religious institutions, NGOs etc. The fifth sector is foreign sector which includes Nonresident Indian accounts, foreign consulates etc.

	I. Government Sector		b. Other Mutual Funds
1	1. Central & State Governments		iii) Unit Trust of India
	i) Central Government		iv) Insurance Corporations and Companies
	ii) State Governments		v) Term Lending Institutions
2	2. Local Authorities		vi) Provident Fund Institutions
3	3. Quasi-Government Bodies	10	3. Other Financial Companies @
	Of which: State Electricity Boards		i) Financial Services Companies
4	4. Public Sector Corporations and Companies		ii) Other Financial Companies
	i) Non-Departmental Commercial Undertakings		iii) Others
	ii) Others		IV. Household Sector
	II. Private Corporate Sector (Non-Financial)	11	1. Individuals (including Hindu Undivided Families)
5	1. Non-Financial Companies		i) Farmers
6	2. Non-Credit Co-operative Institutions		ii) Bussinessmen, Traders, Professional and Self-employed Persons
7	3. Others		iii) Wage and Salary Earners
	III. Financial Sector		iv) Shroffs, Money Lenders, Stock Brokers, Dealers in bullions etc.
8	1. Banks		v) Other Individuals
	i) Indian Commercial Banks	12	2. Trusts, Associations, Clubs etc.
	ii) Foreign Resident Banks (Offices of Foreign Banks in India)	13	3. Proprietary and Partnership Concerns
	iii) Co-operative Banks & Credit Societies	14	4. Educational Institutions
	a. Co-operative Banks	15	5. Religious Institutions
	b. Credit Societies	16	6. Self Help Group (SHGs)
9	2. Other Financial Institutions	17	7. Non Government Organisation (NGOs)
	i) Financial Companies	18	8. Others (Not elsewhere Classified)
	a. Housing Finance Companies		V. Foreign Sector
	b. Auto Finance Companies	19	1. Foreign Consulates, Embassies, Trade Missions, Information, Services etc.
	ii) Total of Mutual Funds (including Private Sector Mutual Fund)	20	2. Non-Residents
	a. Mutual Funds in Private Sector	21	3.Others

Table 3:- Sectors of ownership of deposits in commercial banks in India

Source: RBI reports

➤ *Ownership pattern of deposits in India*

Total deposits of commercial banks from different sector are given in Table. 4. The government sector contributed nearly 9.2 per cent of the total deposits in 2019 in 210 its contribution was 13.5 per cent. Non financial sector contributes nearly 14.2 per cent of the total deposits. The financial and foreign sectors contribute 6 and 7

percent respectively of the total deposits in 2019. The highest contribution comes from the household sector. The house hold sector contributes about 63.2 percent of the total deposits in 2018. The share of financial sector shows a decrease and foreign sector shows an increase in deposit over the period 2010-2018.

	2010	2012	2013	2014	2015	2016	2017	2018	2019
I. Government Sector	13.5	14.6	13.9	14.0	14.4	12.8	14.2	13.5	9.2
II. Private Corporate Sector -Non-Financial	14.8	14.6	12.4	9.9	10.1	10.8	10.3	10.1	14.2
III. Financial Sector	10.0	9.4	10	9.8	8.2	7	5.5	5.9	6.2
IV. Household Sector	58.0	58.1	59.6	59.7	60.1	61.5	63.2	63.3	63.2
V. Foreign Sector	3.7	3.3	4.1	6.6	7.2	7.8	6.8	7.2	7.1

Table 4:- Ownership pattern of total deposits by commercial banks (%)

Source: RBI reports

➤ *Ownership pattern of deposits of commercial banks on the basis of types of accounts*

Deposits are mainly classified as current, saving and term deposits. The ownership pattern of these different types of deposits are given in Table.5. From the table it is very clear that household sector contributes the major share of saving deposits of scheduled banks in India. This sector contributes nearly 84 per cent of the total deposits. Share of government sector was 11.3 and foreign sector 5.4 per cent

in 2018. In the case of term deposits also households are the major contributors followed by government sector. Compared to 2016 the term deposits of all sections shows an increase in the year 2017. The share of the current deposits among different categories also shows that the households are the major contributors followed by the private corporate non financial sector during 2010-2018 periods.

		2010	2012	2013	2014	2015	2016	2017	2018
I. Government Sector	Current	15.9	16.2	17	15.2	14.8	16	18.8	16.6
	Saving	8.6	10.7	9.8	10.4	11.3	9.8	10.3	11.3
	Term	15.1	15.9	15	15.3	15.5	13.7	15.5	14.2
II. Private Corporate Sector Non-Financial	Current	33.0	29.7	28.8	27.6	25	30.6	30.6	30.6
	Saving	0.6	1.7	1	0.6	0.7	0.6	0.8	0.6
	Term	17.0	17.3	14.4	11.3	11.7	12.4	12	11.9
III. Financial Sector	Current	8.0	10.7	11.8	11.8	11.8	15.4	10.7	13.6
	Saving	0.4	0.5	0.4	0.3	0.4	0.3	0.4	0.3
	Term	14.2	12.7	13.5	13.3	10.8	8.7	7.3	7.6
IV. Household Sector	Current	41.0	41.5	40.8	42.1	46.1	36.7	38.7	37.8
	Saving	85.2	82.8	84.8	83.6	83.1	83.7	83.6	82.4
	Term	50.2	51	52.4	52.5	53	55.6	56.5	57.1
V. Foreign Sector	Current	2.0	1.9	1.6	3.3	2.3	1.3	1.2	1.5
	Saving	5.3	4.2	4	5.1	4.5	5.6	4.9	5.4
	Term	3.4	3.1	4.6	7.6	9	9.6	8.8	9.2

Table 5:- Sector wise composition of different types of deposits (in per cent) of commercial banks

Source: RBI reports

The growth rate of current deposits is highest in financial sector during the period 2010-18 than other sectors. The current deposits of government sector and private corporate sectors show an increase during 2015-18 than 2010-14. The highest growth rate of saving deposits is in private corporate sector. It shows a growth rate of 22.36 per cent during 2010-2018 period. The growth rate of

saving deposits of households are low even though they contributes the highest share of saving deposits. Growth rate of the term deposits of various sectors shows that it is also highest in private corporate sector. Term deposits of household sector shows lower growth rate than other sectors and showed negative growth arte during 2015-18 period.

	Current			Saving			Term		
	2010-14	2015-18	2010-18	2010-14	2015-18	2010-18	2010-14	2015-18	2010-18
I. Government Sector	6.07	15.08	15.43	28.09	18.04	22.08	20.91	2.08	11.25
II. Private Corporate Sector Non-Financial	1.37	18.61	12.72	26.33	21.14	22.36	24.22	3.64	14.42
III. Financial Sector	22.69	16.37	27.22	21.56	8.89	16.85	4.88	5.99	6.73
IV. Household Sector	8.64	3.73	12.60	12.99	10.45	14.79	17.57	-6.28	2.65
V. Foreign Sector	26.87	-5.10	7.12	19.37	17.45	16.71	22.16	7.87	14.37

Table 6:- Annual average Growth rate of deposits of commercial banks in different sectors

Source: RBI reports

➤ *Trends in ownership of deposits among different population group*

Deposits mobilization from the rural area shows that the households are the major contributor to the total deposits. Nearly 90 percent are contributed by the households. The contribution of all other sections are comparatively very low in the rural area. In urban area 14.19 percent was owned by government sectors, 6 percent by private corporate sector, 4.39 percent by financial sector,

➤ *Ownership pattern of deposits by different population group*

68.78 by household sector and 7 percent by foreign sector in 2018. The highest share was provided by the household sector in urban area. In semi urban and metropolitan area also the major share was provided by household sector. 51.45 per cent of the total deposits are owned by the household sector in metropolitan area. Government sector and private corporate sectors have a deposits of 16.36 per cent and 15.91 per cent respectively in metropolitan area in 2018.

Sector of The Economy		2012	2013	2014	2015	2016	2017	2018
I. Government Sector	Rural	3	6.5	6	6.6	5.8	5.93	5.37
	Urban	7	14.8	15.7	15.9	13.9	13.77	14.19
	Semi urban	5	9.6	10.3	10.3	9.7	9.31	8.65
	Metropolitan	16.2	15.9	15.8	16.3	14.7	17.57	16.36
II. Private Corporate Sector Non-Financial	Rural	0.7	2	1.3	1.3	1.4	1.46	1.28
	Urban	2.2	7.8	6.2	6.1	6.4	6.34	5.96
	Semi urban	1.7	3.9	3.1	3	3	2.82	2.68
	Metropolitan	21.4	18.2	14.7	15.5	17	15.99	15.91
III. Financial Sector	Rural	0.9	1	0.7	0.8	0.8	0.84	0.91
	Urban	2.6	5.5	5.1	5.1	4.7	4.73	4.39
	Semi urban	1.8	3.9	2.4	2.6	2.4	1.95	1.77
	Metropolitan	13.9	14.9	15.1	12.5	10.7	7.75	8.72
IV. Household Sector	Rural	0.1	88.8	90	89.1	89.8	88.90	89.64
	Urban	0.2	67.8	67.6	66.5	68.2	68.79	68.78
	Semi urban	0.1	78.2	77.4	76.2	76.5	76.40	77.30
	Metropolitan	45.3	46.5	46.5	47.4	48.5	51.72	51.45
V. Foreign Sector	Rural	-	1.7	1.9	2.2	2.2	2.87	2.80
	Urban	-	4	5.4	6.4	6.7	6.37	6.68
	Semi urban	-	4.5	6.8	7.9	8.5	9.53	9.61
	Metropolitan	2.9	4.5	7.8	8.3	9.1	6.98	7.56

Table 7

Source: RBI reports

➤ *Ownership pattern of deposits by different scheduled commercial bank*

The share of households is 70.57 per cent in the total deposits with the nationalized bank. The share of government sector is 16.52 per cent. In 2018. The share of financial sector shows a decline over the years in the total deposits with nationalized banks. 49.09 per cent of the deposits of the private bank also comes from the household sector followed by the non financial sector in 2018. 63.32 per cent of foreign banks deposits are from the private corporate sector. Households contributes 14.53 percent in the same year. The share of govt sector shows an increasing

trend with the private sector bank since 2013. The share with foreign bank declined during the time period 2013-2018. Private corporate sector shows an increase in share with the foreign banks since 2013. Share of financial sector shows a decline with nationalized banks over the period since 2013. The share of households with nationalized banks has increased since 2013 and the share with all other types of banks shows a decline during the period 2013-2018. Households prefer nationalized banks than other banks. Private sector prefers foreign banks, financial sectors prefers private banks and foreign sector prefers, private and foreign banks in India.

➤ *Bankwise Ownership pattern of deposits of different sector in commercial banks in India*

	Banks	2013	2014	2015	2016	2017	2018
I. Government Sector	Nationalised Banks	17.90	16.30	17.6	15.23	16.19	16.52
	Private Banks	5.60	5.60	4.9	5.63	9.82	8.99
	Foreign Banks	4.20	3.20	7.8	0.20	0.81	0.21
	All scheduled Banks	13.90	14.00	14.4	12.82	14.22	13.50
II. Private Corporate Sector Non-Financial	Nationalised Banks	8.10	7.50	7.2	5.33	5.26	4.30
	Private Banks	20.30	15.60	14.9	20.22	17.66	17.69
	Foreign Banks	41.50	32.70	38	50.94	58.71	63.32
	All scheduled Banks	12.40	9.90	10.1	10.83	10.31	10.10
III. Financial Sector	Nationalised Banks	11.60	11.50	10.7	7.80	4.45	2.83
	Private Banks	14.30	14.50	8.9	10.68	10.18	13.02
	Foreign Banks	11.20	10.70	14.8	9.04	13.29	10.91
	All scheduled Banks	10.00	9.80	8.2	7.03	5.46	5.85
IV. Household Sector	Nationalised Banks	60.40	62.80	61.5	67.38	69.44	70.57
	Private Banks	51.60	50.80	55.8	50.61	51.63	49.09
	Foreign Banks	27.80	19.10	14.9	16.21	16.27	14.53
	All scheduled Banks	59.60	59.70	60.1	61.55	63.18	63.34
V. Foreign Sector	Nationalised Banks	2.00	1.90	3	4.26	4.65	5.78
	Private Banks	8.20	13.50	15.4	12.85	10.71	11.22
	Foreign Banks	15.30	34.30	24.5	23.63	10.92	11.02
	All scheduled Banks	4.10	6.60	7.2	7.77	6.83	7.20

Table 8

Source: RBI reports

III. CONCLUSIONS

The deposits are one of the important component of the credit creation process of a bank. These are in different types like current. Saving and term deposit. Different types of banks in India like, public sector banks, private sector banks and foreign banks have different amount of deposits and these deposits are owned by different sectors and individuals of an economy. This paper examined the ownership pattern of deposits of commercial banks in India. The total deposits of scheduled commercial banks in India in 2019 is 12639009 crores. Out of this 63 percent is contributed by public sector banks. 29 percent by private sector banks. Deposits in the commercial banks are owned by various government, intuitions, individuals etc. The ownership pattern of deposits in commercial banks are classified into five categories they are government sector, private corporate sector, financial sector, household sector and foreign sector. In India the highest share of deposits in commercial banks are owned by household sector. The bank wise analysis shows that among the nationalised and private sector banks the share of household sector is the highest in total deposits. Private corporate non financial sector contributes major share of deposits in foreign banks. Households are the major owners of deposits in rural, urban, semi urban and metropolitan area. The deposits in various types likes current, saving, and term deposits are also owned by households. Among different sectors the current and term deposits are the major component except in household sector. In the household sector, saving

deposits are the major type of deposits. Government sector's contribution in total deposits commercial banks in India is 13.5 percent, 10.1 percent by private sector, 63 percent by household sector, 7 percent by foreign sector and 5.9 percent by financial institutions in 2018. Thus the household sectors are the owners of the major share of deposits in commercial banks in India.

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