



## THE IMPACT OF DEPOSIT MOBILISATION BY BANKS IN INDIA DURING POST REFORM PERIOD

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### **Abstract**

*The present study is an attempt to identify the impacts of deposits level of scheduled commercial banks in India, using simple correlation and simple multiple regression analysis. The results suggest that determinants such as Index number of Infrastructure Industries, Exports and imports growth, Deposit rates, Gross Domestic Savings have significant impact on deposits.*

### **Introduction**

A strengthening financial system has been one of the central issues facing developing economies. Savings play a crucial role in the growth and development process. In other words, the most important factor for a country's investment is indeed its own savings. The 1997 Asian financial crisis has recognized the importance of the mobilization of domestic savings for economic growth in developing countries. This is because sound financial systems serve as an important channel for achieving economic growth through the mobilization of financial savings, putting them to productive use. Funds mobilized by intermediaries like banks were having monopoly in mobilizing public savings with the instrument of deposits. Deposits are the main source of funds for banks. The bulk of the total liabilities of a banking company comprise deposits. The volume of deposits with a particular bank indicated not only the confidence, which the public reposes in it but also its ability to assist the economic activities and growth and development of a country. The banking system is the driving force for all economic activities.

The liberalization policy introduced in India since 1991. Following the M.Naraimham I committee submitted its report in November 1991 and thus begun the era of banking sector reforms in India further push to the reform process accordingly, the committee on Banking Sector Reforms (Narasimham Committee II ) was constituted. The committee submitted its report in April 1998. In pursuing the objective of further improving the soundness of the Indian Banking system. The Liberalization of the economy has resulted into the availability of large number of alternative products/financial services.

In the present study, the impacts of deposit mobilization of Scheduled Commercial banks have been studied. It is not only important to banks for evolving and efficient deposit mobilization schemes, but also important to the central bank of the country for formulating a proper monetary policy since bank deposits form apart of monetary aggregate on which the central bank wants to have control. Hence this study tries has attempt to assess the magnitude of variables influencing bank deposits and analyze the role of macro and micro variables facilitating the development of banking industry.

### **Review of Literature**

Sudinharon *et.al.*, (2006) study investigated the structural determinants of deposits level of commercial banks in Malaysia, using co integration techniques. The results suggested that determinants such as rates of profit of Islamic Bank, rate of interest on deposits, base lending rate, Kuala Lumpur Composite Index, Consumer Price Index, money supply and Gross Domestic Product have significant impact on



deposits. It was also found that in most cases, customer of conventional system behaves in conformity with the saving behavior theories. The process of financial liberalizations has intensified competition between financial institution, thus forcing commercial banks to compete for deposits in various forms. A wide range of savings issue has been investigated, but the studies on saving determinants have attracted the maximum attention.

SakthiSrinivasan and Devi Lakshmi (2006) assessed the saving habit of individual and the awareness of people towards post office saving scheme. The data was collected from Karumathampati panchayat which was considered to be a semi-rural area. The sample size was taken as 291. The analysis depicted that the majority of 34.7 percent of respondents were of business class 27.1% were salaried people and 25.1percent comprised of housewife. The analysis discloses that most of the respondents (38.7%) were not aware of the postal saving schemes. The study recommend to the post office should be computerized and more staff members are to be appointed. The interest rates have to be increased for the deposit schemes. There must be a change in the infrastructure facilities of post office and the staff should be more hospitable.

Ramkrishanvyas and Arunadhade (2007) found out the impact of the arrival of new private sector banks on the performance of SBI based on parameters such as profitability, performance, operating efficiency and productivity. The study analyzed the performance of the SBI on these four parameters and each parameter was again divided into financial ratios, which are then evaluated by statistical t-test to ascertain the significant differences. t-test results (proved by accepting the null hypothesis) indicated that the entry of private sector banks did not have any impact on the performance of the SBI in Madhya Pradesh. The statistical tests applied on the banks data are statistical mean, standard deviation and t-test.

HemalPandya and ChetanaParmar (2010) adopted the Tobim's Q and Return on Capital Employed (ROCE) as bank performance indicators Multiple regression analysis results showed that board governance variable like board committees and board of directors and women directors and are statistically significant to performance for banks where government has considerable stake. In addition, government banks are older and also have better market valuation than private banks.

HareshBarot (2010), his study the major objective is to the impact of financial sector reforms Indian economy with specific reference to banking sector considering certain definite key economic indicators. This study found that the financial sector reform has had a considerable impact on banking sector to mobilize financial savings. The restructuring of the banking sector and liberal entry and exit policies resulted in dynamic growth of banks.

Biresh K Sahoo and AnandadeepMandal (2011) studied the performance of Banks in India: Post transition Period (1997-2005). The productive performance, scale elasticity, efficiency and capacity utilization parameters were calculated using the non parametric technique of Data Envelopment Analysis (DEA). It was found the positive trend of the reform process is visible through the increase in technical efficiency over the years of post transition period. The cost efficiency parameters stated that the nationalized banks are yet to exercise their cost minimizing principles compared to the other banks. It was also found that the mean efficiency scores of the Indian banks, in general, and of the bigger banks, in particular, have improved considerably during the course of the study period.



## Objectives of the Study

The study aims at achieving the following objectives

1. To examine the impact of bank deposits on macro economic variables.
2. To examine the impact of bank deposits on micro variables.

## Research Methodology

The study is based on secondary data and analytical nature. The deposits of all the Scheduled Commercial Banks (SCBs) have been taken into consideration. The required secondary data have been collected from various issues banking statistics, published by Reserve Bank of India (RBI). The required literature and data have been collected from various journals, books and relevant websites. This study covers a period of 10 years from 2002 to 2012. Statistical tools such as Standard Deviation, Co-efficient of Variation, Simple Correlation analysis, Simple linear Multiple Regression have been used for analysis of data.

## Results and Discussion

### Impact of Deposits on Macro Economic Variables

An attempt has been made to study the relationship between deposits and macro variables. For this purpose, Karl Pearson's Simple Correlation Analysis and Simple Regression Analysis have been applied. The following macro variables have been selected to study the extent of determinants of deposit mobilization.

1. Real GDP growth
2. Rate of Inflation (Whole Sale Price Index)
3. Index Number of Infrastructure Industries
4. Index number of Agricultural Production (All Crops)
5. Index Number of Industrial Production
6. Exports
7. Import Growth
8. Centre's Fiscal Deficit
9. Gross domestic Savings
10. Annual Average of BSE 100 Index
11. Annual Average Rate of Gold
12. Call/Notice Money Rates
13. Deposit rates - 1 to 3 years
14. Deposit rates - Over 3 years up to 5 years
15. Deposit rates - Above 5 years

The aggregate deposits of scheduled commercial banks have been taken as independent variable. The analysis is based on secondary data on the selected macro economic variables and also aggregate deposits for the study period of 2003-04 to 2012-13. The results of correlation analysis are shown in Table 1.



**Table 1-Relationship Between aggregate deposits and macro economic variables**

Variables	Correlation Co-efficient	P value	Inference
Real GDP growth	-0.27	0.39	Not significant
Rate of Inflation (Whole Sale Price Index)	0.34	0.21	Not significant
Index Number of Infrastructure Industries	0.99	0.00	Significant
Index number of Agricultural Production (All Crops)	0.49	0.07	Not significant
Index Number of Industrial Production	0.55	0.42	Not significant
Exports	0.98	0.00	Significant
Import Growth	0.99	0.00	Significant
Centre’s Fiscal Deficit	0.85	0.00	Significant
Gross domestic Savings	0.97	0.00	Significant
Annual Average of BSE	0.88	0.00	Significant
Annual Average Rate of Gold	0.89	0.00	Significant
Call Notice Money Rates	0.72	0.00	Significant
Deposit Rates - 1 to 3 Years	0.77	0.00	Significant
Deposit Rates – 3-5 Years	0.91	0.00	Significant
Deposit Rates – Above 5 Years	0.93	0.00	Significant

Note : \* significant at 1 per cent level

It is observed from Table 1 that while mobilization of deposits is having statistically significant negative correlation with real GDP income. To study the impact of deposit mobilization on selected macro economic variables which are significantly related with aggregate deposits, Simple linear regression analysis has been applied. The aggregate deposits have been taken as an independent variable. Index number of infrastructure industries, Exports, Import Growth, Centre’s Fiscal Deficit, Gross domestic Savings, Annual Average of BSE 100 Index, Annual Average Rate of Gold, Call/Notice Money Rates, Deposit rates - 1 to 3 years, Deposit rates - Over 3 years up to 5 years and Deposit rates - Above 5 years has been taken as dependent variables. Simple average of 10 years (from 2003-04 to 2012-13) data has been taken. The results are shown in Table 2.

**Table 2- Influence of aggregate deposits on selected macro economic variables**

Dependent variable	Constant	Regression co-efficient	R square	Adjusted R <sup>2</sup>	F Statistics
Constant	1251.89				
Index number of infrastructure industries	3651.48*	-466.473	0.999	0.935	0.829
Exports	1469.80	-2.344*	0.851	0.968	0.825
Import Growth	2648.33	0.206	0.712	0.815	3.516
Centre’s Fiscal Deficit	1086.74	-3188.396	0.954	0.937	1.927



Gross domestic Savings	1980.77	69879.737	0.816	0.720	2.084
Annual Average of BSE	209.56	28577.675*	0.963	0.818	0.781
Annual Average Rate of Gold	189.28	-32598.836	0.914	0.924	3.260
Call Notice Money Rates	194.39	-90.925	0.825	0.722	0.938
Deposit Rates - 1 to 3 Years	897.26	8.886	0.927	0.859	2.517
Deposit Rates – 3-5 Years	715.64	119.581*	0.826	0.937	3.815
Deposit Rates – Above 5 Years	834.20	-3.123*	0.907	0.920	1.937

Note: \* indicates significant at 1 per cent level

It is observed from Table 2 that there is a significant negative influence of index number of infrastructure industries, exports and deposit rates for a period of above 5 years. Annual average of BSE and deposit rates for a period of 3 to 5 years has significant and positive influence on aggregate deposits.

### Impact of deposit mobilization on profitability of the banks

Deposit mobilization is the basic pointer of performance of banks. However, the pace of growth of deposits received by the bank is influenced by several factors. In this respect, to study the impact of deposits on the profitability of scheduled commercial banks at the first stage, a simple linear regression analysis has been applied. The aggregate deposits has been taken as an independent variables and return on equity, return on assets, net interest margin to total assets, non interest margin to total assets, burden to total assets, return on investments, cost income ratio and CRAR have been taken as dependent variables. Simple average of 10 years (from 2003-04 to 2012-13) data has been taken. The results are shown in Table 3.

**Table 3 -Impact of Deposit Mobilization on Profitability Of Banks**

Variables	Constant	Regression co-efficient	R <sup>2</sup>	Adjusted R <sup>2</sup>	F Statistics
Constant	12.495				
Return on Equity	4.296	0.827	0.391	0.294	16.529*
Return on Assets	1.271	0.202	0.728	0.514	39.582
Net Interest Margin to Total Assets	3.732	-0.752	0.621	0.394	24.605
Non Interest Margin to total Assets	5.964	0.215	0.395	0.144	72.318*
Burden to Total Assets	11.994	0.856	0.422	0.278	98.628*
Return on Investments	7.568	0.619	0.561	0.469	60.465
Cost Income Ratio	6.214	0.922	0.934	0.759	69.241*
CRAR	8.951	0.759	0.857	0.632	21.908

Note : \* significant at 1 per cent level

It is observed from Table 3 that the mobilization of deposits by scheduled commercial banks has a significant positive relationship. The aggregate deposit mobilization explain 39.1 per cent in return on equity, 72.8 per cent on return on assets, 62.1 per cent in net interest margin to total assets, 39.5 per cent in non interest margin to total assets, 42.2 per cent in burden to total assets, 56.1 per cent in return on investments, 93.4 per cent in cost income ratio and 85.7 per cent in CRAR. Thus, deposit mobilization is one of the factors influencing profitability of the banks. The independent variables like credit-deposit ratio, operating expenses to total expenses, priority sector advances as a percentage of



total advances, difference between spread and burden have been taken in to account since these variables cover different dimensions of banking activities. Multiple regression analysis is used to study the influence on the profitability of Scheduled Commercial Banks.

**Impact of deposit mobilization on profitability – A Multiple Regression Analysis**

To determine the impact of deposit mobilization on the profitability of Scheduled Commercial Banks, the following independent variables have been taken into account.

- X<sub>1</sub> - Credit Deposit Ratio
- X<sub>2</sub> - Operating expenses to total expenses
- X<sub>3</sub> - Priority sector advances as a percentage of total advances
- X<sub>4</sub> - Difference between spread and burden

Based on the above, the following regression equation is developed.

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Where y = Aggregated Deposits

- X<sub>1</sub> - Credit Deposit Ratio
- X<sub>2</sub> - Operating expenses to total expenses
- X<sub>3</sub> - Priority sector advances as a percentage of total advances
- X<sub>4</sub> - Difference between spread and burden

b<sub>1</sub>...b<sub>4</sub> – Regression co-efficient

a – Intercept

b – error term

Regression equation is estimated on aggregate values of all 10 years for all Scheduled Commercial Banks in India. Regression Co-efficient are calculated using Ordinary Least Square (OLS) technique. F values are also calculated to establish the fitness of the model. The results of multiple regression analysis are shown in Table 4.

**Table 4-Impact of Deposit Mobilization On Profitability –A Multiple Regression Analysis**

Independent variables	Regression co-efficient	R <sup>2</sup>	Adjusted R <sup>2</sup>	F Statistics	Durbin Waston
Constant	0.07128* (12.943)	0.8806	0.722	491.58	2.871
Regression Co-efficient of X <sub>1</sub>	0.05499* (6.389)				
Regression Co-efficient of X <sub>2</sub>	0.02302* (8.278)				
Regression Co-efficient of X <sub>3</sub>	0.1156 (1.295)				
Regression Co-efficient of X <sub>4</sub>	0.0059 (1.038)				

Note : Figures in Parenthesis are ‘t’ values

\* Significant at 1 per cent level

It is clear from Table 4 that all the variables have a positive influence on profitability of the banks and they together explain 88.06 per cent of variation in profitability. Credit deposit ratio and operating expenses to total expenses significantly influence the profitability of the banks. Priority sector advances



as a percentage of total advances and difference between spread and burden do not significantly influence the profitability of the banks.

### **Impact of deposits on productivity of the Banks**

Productivity is a vital indicator of economic performance of an economic system. Productivity is not an end in itself. In fact, it is a mechanism for improving the material quality of life. Productivity is fundamental to progress throughout the world. It is at the heart of economic growth and development, improvements in standards of living and quality to life. Productivity is defined as the goods and services produced per unit of labour, capital or both. The ratio of output to labor and capital is a total productivity measure. In simple words, productivity is the output per unit of input employed.

The concept of productivity as applied in manufacturing industries cannot be applied as such in banking industry because it is primarily a service industry. In the field of banking, the various products are accounts, drafts, exchange remittances, cheques, travelers' cheques, credit cards, debit cards, services for guarantees, various kinds of loans like housing loan, education loan, car loan etc. identification and measurement of output in banking is very difficult exercise as it is not possible to bring various services to measure output. However, banking being an important economic activity cannot afford to loose sight of the concept of productivity. Application of the concept in the Indian Banking Industry becomes all the more difficult, as it gets associated with such diverse aspects like operational cost effectiveness, profitability, customer services, priority sector lending, mobilization of deposits, deployment of credit in rural and backward regions. Therefore, better functioning of banking sector may lead to the overall improvement of the economic. In fact, banks act as a link between those who want to save and those who want ot invest, so improvement in the productivity of the banking sector is very much needed who want to save and obviously, difficulty is not in applying the broader concept of productivity as ratio of output and input, but is in measuring output in the form of services. The concept of productivity analysis in banking sector may give misleading results, if not used carefully. Productivity at the national level is dependent on various factors like per capital income, saving habits and banking habits. In addition to it, there are regional variations which affect the productivity of various players in the banking field. So in order to have a reliable idea of productivity, it is necessary to analyze every segment, different sizes of banks and region wise positioning of banks. As in banking industry in India, volume of business became progressively imperative to secure more resources for meeting social objectives while maintaining viability of operations, business level may be preferred as being more representative of productivity.

Productivity is concerned with real resource use, output from a given set of inputs and measured as the output per unit input. This simplistic approach is useful when there is only one technology, one input and one output. However, for a firm, merely getting the maximum output from a given set of inputs is not adequate since difference technologies, different inputs and different sets of outputs from the same set of inputs are obtained. Hence, in addition to conventional measure of productivity, a “monetized value of productivity” may be a better performance measure.

Thus, an attempt has been made to study the impact of deposit mobilization on the productivity of Scheduled Commercial banks by applying simple linear regression model. The productivity is measured in terms of profit per employee, business per employee, business per branch and deposit per office. Hence, deposit mobilization is taken as independent variables and profit per employee, business per employee, business per branch and deposit per office is taken as dependent variables for



constructing the regression equations by applying Ordinary Least Square (OLS) technique. Profit per employee, business per employee, business per branch and deposit per office of all the scheduled commercial banks are regressed with deposit mobilization. Aggregate of 10 years data from 2003-04 to 2012-13 is taken for analysis. The fitted regression model is as follows:

$$Y = a + b_1x_1 + b_2x_2 + b_3x_3 + b_4x_4 + e$$

Where Y = Aggregate deposits of Scheduled Commercial Banks

x<sub>1</sub> = Profit Per Employee

x<sub>2</sub> = Business Per Employee

x<sub>3</sub> = Business Per Branch

x<sub>4</sub> = Deposit Per Office

b<sub>1</sub> ... b<sub>4</sub> – Regression co-efficients

a – Intercept

b – error term

The results of regression analysis are presented in Table 5.

**Table 5-Impact of Deposits on Productivity**

Variables	Constant	Regression co-efficient	R <sup>2</sup>	Adjusted R <sup>2</sup>	F Statistics	Durbin Waston
Constant	26.7915					
Profit per employee	11.042	0.0978	0.768	0.681	996.731	3.948
Business per employee	17.081	0.0184	0.895	0.842	743.972	2.834
Business per branch	24.068	0.0390*	0.901	0.721	805.936	3.028
Deposit per office	20.107	0.7611*	0.993	0.615	694.032	1.973

Note : \* significant at 1 per cent level

From Table 5, it is clear that all the dependent variables positively influence the deposit mobilization. Profit per employee and business per employee do not significant influence the mobilization of deposits. Business per branch and deposit per office significantly influence the mobilization of deposits. Profit per employee explain 76.8 per cent, business per employee explain 89.5 per cent, business per branch explain 90.1 per cent and deposit per office explain 99.3 per cent variation with regard to deposit mobilization.

**Impact of deposit mobilization on Capital Adequacy ratio**

An attempt is made to assess the extent of influence of deposit mobilization on capital adequacy ratio of scheduled commercial banks. The aggregate deposits mobilized by Scheduled Commercial Banks are taken as a independent variables and capital adequacy ratio is taken as a dependent variables. Based on 10 years from 2003-04 to 2012-13 data, the linear regression equation has been fitted as follows:

$$Y_1 = a + b_1x_1 + e$$

Where a = intercept

b = Slope of the line i.e., regression co-efficient of x on y

Y = Aggregate deposits

X = Capital Adequacy Ratio

The results of the regression analysis are presented in Table 6.





**Table 6 Impact of Deposit Mobilization on Capital Adequacy Ratio**

Variable	Intercept	Regression co-efficient	R <sup>2</sup>	Adjusted R <sup>2</sup>	F Statistics
Capital Adequacy Ratio	9.818* (44.83)	0.306* (7.129)	0.759	0.541	26.061*

Note : \* significant at 1 % level  
Figures in parenthesis are 't' values

It is observed from Table 6 that for one per cent increase in deposit mobilization, the capital adequacy ratio increases by 0.306 per cent which is found to be statistically significant at one per cent level. It implies that the influence of deposit mobilization of Scheduled commercial Banks on the capital adequacy ratio is positive as well as significant. The co-efficient of determination (R<sup>2</sup>) makes it clear that 75.9 per cent of the variation in the capital adequacy ratio of Scheduled Commercial Banks is accounted for by the variation in its deposit mobilization.

### Impact of deposit mobilization on Cash, Credit, Deposits and Investments of Schedule Commercial Banks in India

The data regarding credit deposit ratio, investment deposit ratio, credit + investment – deposit ratio, cash deposit ratio and CRAR analyzed. Table 7 shows the results of mean, standard deviation, co-efficient of variation and trend values.

**Table 7 -Relationship between Cash, Credit, Deposits and Investments of Schedule Commercial Banks in India**

Year	Credit-Deposit ratio	Investment Deposit ratio	(Credit + Investment) – Deposit ratio	Cash-Deposit ratio	CRAR
2003-04	54.53	51.13	105.66	6.35	12.90
2004-05	54.86	50.92	105.80	7.19	12.80
2005-06	62.69	47.26	110.00	6.43	12.32
2006-07	70.07	40.09	110.16	6.67	12.28
2007-08	73.46	35.26	108.72	7.24	13.01
2008-09	73.61	35.43	110.03	9.73	13.98
2009-10	73.86	35.67	109.53	7.32	13.54
2010-11	73.66	36.42	110.09	7.71	14.19
2011-12	76.52	34.25	110.78	8.17	14.25
2012-13	78.63	34.56	113.19	5.79	14.26
Mean	69.19	40.10	109.40	7.26	13.353
Std.Dev	8.73	6.94	2.25	1.11	0.789
CV	792.67	577.90	4865.07	651.78	1692.347
a	69.19	40.09	109.39	7.26	13.35
b	-1.511	-4.318	-5.832	-0.352	-0.571
Y	93.56	57.43	136.08	21.87	32.50

Source: Banking Statistics, Basic Statistical Returns, RBI Various issues  
As on 30<sup>th</sup> June (1983-90), As on 31<sup>st</sup> March (1990 onwards)



From Table 7.7, it is clear that the mean, standard deviation and co-efficient of variation of credit deposit ratio are 69.19, 8.73 and 792.67 respectively. The a and b values are 69.19 and 93.56. The trend value of credit deposit ratio in the year 2030 may be 93.56 per cent.

The mean, standard deviation and co-efficient of variation of investment-deposit ratio are 40.10, 6.94 and 577.90 respectively. The a and b values are 40.10 and -4.318. The trend value of investment-deposit ratio in the year 2030 may be 57.43 per cent.

The mean, standard deviation and co-efficient of variation of credit + investment-deposit ratio are 109.40, 2.25 and 4865.07 respectively. The a and b values are 109.39 and -5.832. The trend value of credit + investment-deposit ratio in the year 2030 may be 136.08 per cent.

The mean, standard deviation and co-efficient of variation of cash-deposit ratio are 7.26, 1.11 and 651.78 respectively. The a and b values are 7.26 and -0.571. The trend value of cash-deposit ratio in the year 2030 may be 21.87 per cent.

The mean, standard deviation and co-efficient of variation of CRAR are 13.353, 0.789 and 1692.347 respectively. The a and b values are 13.35 and -5.832. The trend value of CRAR in the year 2030 may be 32.50 per cent.

To assess the relationship of credit deposit ratio, investment deposit ratio, (credit investment) deposit ratio and cash deposit ratio with deposit mobilization, a linear regression has been applied. Using credit deposit ratio, investment deposit ratio, credit investment deposit ratio and cash deposit ratio as dependent variables and deposit mobilization as independent variables, the following four regression models are fitted.

$$Y_1 = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + e$$

Where Y = Deposit mobilisation

X<sub>1</sub> = Credit Deposit ratio

X<sub>2</sub> = Investment Deposit ratio

X<sub>3</sub> = Credit Investment Deposit Ratio

X<sub>4</sub> = Cash Deposit Ratio

b<sub>1</sub> .... b<sub>4</sub> – Regression Co-efficients

a – intercept

e – error term

Regression equation is estimated on aggregate values of all 10 years for all Scheduled Commercial Banks in India. Regression Co-efficients are calculated using Ordinary Least Squares (OLS) technique. F values are also calculated to establish the fitness of the model. The results of regression analysis are presented in Table 8.

**Table 8-Influence of Deposit Mobilisation on Cash, Credit and Investment of the Banks**

Variables	Constant	Regression co-efficient	R <sup>2</sup>	Adjusted R <sup>2</sup>	F Statistics
Credit Deposit Ratio	121.89	0.956*	0.833	0.539	38.91
Investment Deposit Ratio	89.60	0.882*	0.651	0.418	13.47
Credit investment Deposit Ratio	132.71	0.715*	0.792	0.542	28.93
Cash Deposit Ratio	116.06	0.739*	0.614	0.389	30.77



Note: \* significant at 1% level

Figures in parenthesis aren't' values

It is revealed from Table 8 that the influence of deposit mobilization on credit deposit ratio, investment deposit ratio, credit investment ratio and cash deposit ratio is positive and significant. It is noted that for one per cent increase in deposit mobilization, the credit deposit ratio is increased by 0.956 per cent and is statistically significant at 1 per cent level. The F value is also significant at 1 per cent level. From this analysis, it is clear that deposit mobilization is significantly related to credit deposit ratio, investment deposit ratio, credit investment deposit ratio and cash deposit ratio.

### Conclusion

The empirical analysis showed the following interesting result: There is a significant relationship between deposits of scheduled commercial banks and macro economic variables like Gross Domestic Product, index of industrial production and whole sale price index. The Deposits continue to influence the profitability and productivity of the banks to a great extent; the capital adequacy ratio and spread of banks are also influenced by the deposits.

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