

Penetration and Growth of Banking in Punjab during Post Reforms Era

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Abstract

The present paper is related to penetration and progress of public sector and private sector banks in Punjab. For the purpose of study secondary data has been collected from Statistical Abstract of Punjab, Agenda Paper on State Level Bankers' Committee Meetings, District Credit Plans for various districts related to various years; and various web sites. The period from 1990-91 to 2007-08 has been chosen for the study. The scope of study covers the data of public and private sector banks in Punjab. It is found from the study that the both the type of banks grew drastically after banking sector reforms but the branches, deposits and advances of private sector banks increased at a faster rate than that of public sector banks. The share of rural branches in total branches of both the public and private sector banks decreased during the study period. Also, the disparity in growth of deposits and advances of private sector banks was greater than that of public sector banks. Deposits and advances of both the type of banks were distributed unevenly in different districts of Punjab. The tendency for deposits and advances in banks was found to be higher in developed districts than backward districts. The volume of business of public sector banks was more in rural and semi-urban areas while that of private sector banks was more in urban areas. The credit-deposit ratio of public sector banks presented a more dismal picture than private sector banks in Punjab. It is suggested to increase the attention of both the public and private sector banks on rural masses.

Keywords: Banks, Public sector, Private Sector, Punjab

JEL Classification: G21

1. Introduction

Punjab is one of the most prosperous and successful states in India. It has earned the title for itself being India's bread basket because of its fertile soil and abundant water supply. Its geographical area is 50,362 sq. km. (1.53 per cent of total area of the country) having a population of 243.59 lac census 2001). It has 4 divisions, 20 districts, namely, Amritsar, Bathinda, Faridkot, Fatehgarh Sahib, Firozpur, Gurdaspur, Hoshiarpur, Jalandhar, Kapurthala, Ludhiana, Mansa, Moga, Muktsar, S.B.S. Nagar, Patiala, Sangrur, Barnala, S.A.S. Nagar, Rupnagar and Tarn Taran; 77 sub divisions, 77 tehsils, 76 sub tehsils, 141 blocks, 143 towns, 14 cities and 12278 inhabited villages (Government of Punjab, 2009). The overall economy of Punjab has shown a growth rate of 6.40 per cent during 2008-09 against the national growth of 6.72 per cent. Gross State Domestic Product at 1999-00 prices was Rs. 97,178.67 crore and Per Capita Income at 1999-00 prices was Rs. 33,198 in 2008-09. The share of Punjab in Gross Domestic Product of India was 3.18 per cent in 2006-07 against 3.28 per cent in 2005-06 (Government of Punjab, 2009).

All the three sectors of the economy have contributed significantly to the achievement of rapid growth in the state income. The contribution of primary sector in GDP at 1999-00 prices has declined from 37.54 per cent to 29.87 per cent, that of secondary sector increased from 22.75 per cent to 26.22 per cent, and that of tertiary sector increased from 39.71 per cent to 43.91 per cent from 1999-00 to 2008-09 (Government of Punjab, 2009). This shows the reduced dependence of Punjab's economy on primary sector.

Banking

Banking is one of the important segments of the service sector in Punjab economy and acts as the backbone of the economy. Punjab has been declared as a surplus state in terms of availability of banking facilities in the state (Pasricha, 1993). The state has well spread branch network of commercial banks and co-operative banks. At the end of March 2008, there were 2565 branches of commercial banks, 219 branches of Regional Rural banks and 805 branches of co-operative banks. On December 2010, Punjab Government has declared banking and finance as one of the public utility services (Parkash, 2010).

Punjab is one of the richest and outperforming state in the country. Therefore, an attempt has been made in this chapter to study the performance of public and private banks of Punjab in terms of branches, deposits, credit, volume of business and credit deposit ratio for the period between 1990-91 and 2007-08.

Objectives of the Study

- (1) To study bank group-wise branch expansion in Punjab.
- (2) To study bank group-wise, detailed bank-wise and district-wise deposit mobilisation and credit deployment in the state.
- (3) To analyse bank group-wise business volume in the state.

(4) To examine bank group-wise credit-deposit ratio in the state.

(5) To give suggestions on the basis of the study.

Research Methodology

For the purpose of study secondary data has been collected from Statistical Abstract of Punjab, Agenda paper on State Level Bankers' Committee Meetings, District Credit Plans for various districts and various years and various websites related to Punjab. The study concentrates on post-reforms era. The period from 1990-91 to 2007-08 has been chosen for the study. The scope of study covers the data of public and private sector banks in Punjab. Statistical tools like simple percentage, growth rate, exponential growth rate, co-efficient of concentration and co-efficient of variation have been used in the study.

Post Reforms Scenario of Commercial Banks In Punjab

Branch Expansion

After initiation of several measures for liberalizing the banking system, there has been significant increase in the number of bank branches in Punjab. More liberalized policies related to branch expansion and entry of many new private sector banks into the system, resulted into increase in branches of both public and private sector banks in Punjab.

Table 1 Population-wise Branches of Public Sector Banks in Punjab

Year	Rural & Semi-urban Branches	% Share of Total Branches	Urban Branches	% Share of Total Branches	Total Branches	Growth Rate %
1990-91	1447	74.90	485	25.19	1932	-
1991-92	1474	75.86	469	25.90	1943	0.57
1992-93	1481	75.45	482	24.79	1963	1.03
1993-94	1480	73.56	532	26.26	2012	2.50
1994-95	1504	74.13	525	26.00	2029	0.84
1995-96	1469	71.80	577	27.52	2046	0.84
1996-97	1547	72.15	597	26.60	2144	4.79
1997-98	1552	70.90	637	18.62	2189	2.10
1998-99	1576	70.67	654	29.53	2230	1.87
1999-00	1482	65.98	764	33.16	2246	0.72
2000-01	1580	69.51	693	30.49	2273	1.20
2001-02	1559	68.29	724	31.71	2283	0.44

Year	Rural & Semi-urban Branches	% Share of Total Branches	Urban Branches	% Share of Total Branches	Total Branches	Growth Rate %
2002-03	1588	68.42	733	31.58	2321	1.66
2003-04	1536	65.95	793	33.12	2329	0.34
2004-05	1602	67.85	759	32.15	2361	1.37
2005-06	941	39.94	1415	46.44	2356	-0.21
2006-07	935	37.93	1530	48.11	2465	4.63
2007-08	964	37.58	1601	48.11	2565	4.06
Growth Rate (%)	1.57		6.69		-1.84	

Source: Compiled and calculated from Agenda Paper on State Level Bankers' Committee Meetings from 1990-91 to 2007-08.

Table 1 highlights that total branches of public sector banks had negative growth rate of 1.84 per cent during 1990-91 to 2007-08. The growth was greatest, i.e., 4.79 per cent in the year 1996-97 and it was negative in few years. Branches of public sector banks in urban areas of Punjab grew at higher rate (6.69 per cent) than rural and

semi-urban areas (1.57 per cent) during the study period. It can be seen from the table that the share of rural and semi-urban branches to total branches decreased from 74.81 per cent in March 1991 to 51.89 per cent in March 2008; and that of urban branches increased from 25.19 per cent to 48.11 per cent during the study period.

Table 2 Population-wise Branches of Private Sector Banks in Punjab

Year	Rural & Semi-urban Branches	% Share of Total Branches	Urban Branches	% Share of Total Branches	Total Branches	Growth Rate %
1990-91	2	16.67	10	83.33	12	-
1991-92	2	16.67	10	83.33	12	0.00
1992-93	2	15.38	11	84.62	13	8.33
1993-94	4	30.77	9	69.23	13	0.00
1994-95	6	40.00	9	60.00	15	15.38
1995-96	5	33.33	10	66.67	15	0.00
1996-97	12	54.55	10	45.45	22	46.67
1997-98	29	74.36	10	25.64	39	77.27
1998-99	12	30.77	27	69.23	39	0.00
1999-00	28	53.85	24	46.15	52	33.33
2000-01	25	48.08	27	51.92	52	0.00
2001-02	33	49.25	34	50.75	67	28.85
2002-0H3	36	50.00	36	50.00	72	7.46
2003-04	60	48.39	64	51.61	124	72.22
2004-05	85	50.30	84	49.70	169	36.29
2005-06	105	55.85	83	44.15	188	11.24
2006-07	135	60.54	88	39.46	223	18.62
2007-08	139	54.30	117	43.66	256	14.80
Growth Rate (%)	30.83		18.06		22.36	

Source: Compiled and calculated from Agenda Paper on State Level Bankers' Committee Meetings from 1990-91 to 2007-08.

Table 2 shows that total branches opened since banking sector reforms by private sector banks increased with the growth rate of 22.36 per cent. The branches of private sector banks increased with maximum annual growth rate of 77.27 per cent in the year 1997-98. Branches of private sector banks grew at impressively greater rate (30.83 per cent) in rural and semi-urban areas than urban areas (18.06 per cent) during 1990-91 to 2007-08. The table also indicates that share of rural and semi-urban branches increased remarkably from 16.67 per cent to 54.30 per cent, and that of urban branches decreased from 83.33 per cent to 43.66 per cent during the same time period.

Branches of Public Sector Banks

Table 3 indicates that branches of public sector banks increased manifold during 1990-91 and 2007-08. The increase in branches of public sector banks was maximum in the case of Corporation Bank from 2 to 21. Punjab National Bank had maximum share, i.e., 17.55 per cent and Andhra Bank had the least share (0.05 per cent share) in total branches of all the public sector banks in Punjab during 1990-91. Punjab National Bank again, contributed largest (20.35 per cent) and United Bank of India and Andhra Bank contributed the least share, i.e., 0.23 per cent to the total branches of all the public sector banks in Punjab during 2007-08. The table further presents that the co-efficient of variation regarding growth of branches was lowest in the case of Central Bank of India (2.03 per cent) and highest in Andhra Bank (68.83 per cent). All the public sector banks except only four banks had co-efficient of variation greater than state average of 8.18 per cent. It means that public sector banks had greater disparity in growth of branches over the period of reference.

Branches of Private Sector Banks

Bank-wise analysis of branches in Table 4 reveals that increase in branches of private sector banks was maximum

in the case of Centurian Bank of Punjab Ltd. from 7 to 72 during 1990-91 and 2007-08. Jammu & Kashmir Bank Ltd. was the highest contributor with 50 per cent share and Bank of Rajasthan Ltd. and Bharat Overseas Bank Ltd. were the lowest contributors (25 per cent each) to the branches of private sector banks in Punjab during 1990-91. Centurian Bank of Punjab Ltd. excelled all the private sector banks by contributing the largest share, i.e., 26.87 per cent and Bharat Overseas Bank Ltd. had minimum share (1.49 per cent share) in this respect during 2007-08. It is also evident from the table that the co-efficient of variation regarding growth of branches was lowest in the case of Capital Bank Ltd. (8.81 per cent) and highest in the case of ICICI Bank Ltd. (57.53 per cent). All the private sector banks had co-efficient of variation lower than state average of 101.97 per cent. It means that private sector banks had lesser variability in growth of branches over the study period.

Deposit Mobilisation

Deposits are the lifeblood of banking system and account for about 98 per cent of bank liabilities. Deposits of the banks indicate the saving potential of the people of any economy. The mobilisation of deposits by banks serves as the basis for capital formation and facilitates the process of economic development. Credit function is closely related with the volume of deposits and rate of return on advances. Deposits are one of the ways in which resources for the development of the economy can be enlarged. An expanded, more evenly distributed flow of savings will mean an expanded, more evenly distributed flow of investment funds throughout the nation. In India, ever since the initiation of planned economic development, more emphasis has been laid on deposit mobilisation of banks. Population-wise growth of deposits in Punjab is presented in Table 5.

Table 3 Population-wise Deposits of Public Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Deposits (Rs.)	% of Total Deposits	Urban Deposits (Rs.)	% of Total Deposits	Total Deposits (Rs.)	Growth Rate %
1990-91	605144	60.98	387171	39.02	992315	-
1991-92	711318	66.91	351822	33.09	1063140	7.14
1992-93	623708	47.55	687981	52.45	1311689	23.38

Year	Rural & Semi-urban Deposits (Rs.)	% of Total Deposits	Urban Deposits (Rs.)	% of Total Deposits	Total Deposits (Rs.)	Growth Rate %
1993-94	891597	58.17	641083	41.83	1532680	16.85
1994-95	1005643	57.66	738504	42.34	1744147	13.80
1995-96	1163954	58.33	831387	41.67	1995341	14.40
1996-97	1436947	61.62	894830	38.38	2331777	16.86
1997-98	1619647	60.74	1046792	39.26	2666439	14.35
1998-99	1979835	63.08	1158532	36.92	3138367	17.70
1999-00	2324885	62.76	1379292	37.24	3704177	18.03
2000-01	2657439	63.12	1552550	36.88	4209989	13.66
2001-02	2827571	58.67	1991828	41.33	4819399	14.48
2002-03	3194613	60.21	2111606	39.79	5306219	10.10
2003-04	3311219	58.17	2380746	41.83	5691965	7.27
2004-05	3491926	57.39	2592323	42.61	6084249	6.89
2005-06	3868476	59.52	2630971	40.48	6499447	6.82
2006-07	4498413	59.45	3068438	40.55	7566851	16.42
2007-08	5156504	58.92	3594854	41.08	8751358	15.65
Growth Rate (%)	13.85		13.84		13.78	

Source: Compiled and calculated from Agenda Paper on State Level Bankers' Committee Meetings from 1990-91 to 2007-08.

Table 3 depicts that since initiation of banking sector reforms deposits of the public sector banks increased manifold and recorded the growth rate of 13.78 per cent and semi-urban deposits had the faster growth rate of 13.85 per cent than urban deposits (13.84 per cent) during the period from 1990-91 to 2007-08. The annual growth rate

was positive in all the years of study. The share of rural and semi-urban deposits in total deposits varied between 47 per cent and 67 per cent during the study period, but fortunately, public sector banks were still tapping maximum savings of rural and semi-urban people. The share of urban deposits in total deposits varied between 33 per cent and 53 per cent during the period of study.

Table 4 Population-wise Deposits of Private Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Deposits (Rs.)	% of Total Deposits	Urban Deposits (Rs.)	% of Total Deposits	Total Deposits (Rs.)	% Growth Rate
1990-91	295	13.00	2011	87.00	2307	-
1991-92	NA	NA	2595	100.00	2595	13.00
1992-93	NA	NA	3377	100.00	3377	30.00
1993-94	433	10.00	4077	90.00	4510	34.00
1994-95	996	15.00	5781	85.00	6777	50.00
1995-96	NA	NA	5977	100.00	5977	-12.00
1996-97	10396	24.00	32759	76.00	43155	622.00
1997-98	17311	27.00	46462	73.00	63773	48.00
1998-99	23178	29.00	57697	71.00	80875	27.00
1999-00	41181	38.00	65861	62.00	107042	32.00

Year	Rural & Semi-urban Deposits (Rs.)	% of Total Deposits	Urban Deposits (Rs.)	% of Total Deposits	Total Deposits (Rs.)	% Growth Rate
2000-01	46918	38.00	76095	62.00	123013	15.00
2001-02	42760	32.00	90951	68.00	133711	9.00
2002-03	70866	44.00	90992	56.00	161858	21.00
2003-04	107793	27.00	290432	73.00	398225	146.00
2004-05	162895	30.00	375851	70.00	538746	25.00
2005-06	259322	38.00	428102	38.00	687424	28.00
2006-07	460049	50.00	466739	50.00	926788	35.00
2007-08	598082	56.00	464277	44.00	1062359	15.00
Growth Rate (%)	58.51		42.64		48.29	

Source: Compiled and calculated from Agenda Papers on State Level Bankers' Committee Meetings from 1990-91 to 2007-08.

Note: NA represents Non-Availability of data.

Table 4 presents that deposits of private sector banks increased since 1991 with the growth rate of 48.29 per cent. The maximum annual growth, i.e., 622 per cent was recorded in the year 1996-97 because of the entry of few private sector banks. The table indicates that the deposits of rural and semi-urban areas increased with the higher growth rate of 58.51 per cent followed by that of urban areas (42.64 per cent). Out of the total deposits of private sector banks, share of rural and semi-urban deposits increased from 13 per cent to 56 per cent and that of urban deposits decreased from 87 per cent to 44 per cent. This shows the increasing tendency of the private sector banks in tapping the deposits of the rural and semi-urban people at large.

Deposits of Public Sector Banks

Table 7 displays that deposits of all the public sector banks in Punjab increased manifold during 1990-91 to 2007-08. The increase in the deposits of public sector banks was maximum in the case of Corporation Bank from Rs. 726 lac to Rs. 41,079 lac during the time period. Punjab National Bank was in a position to tap the largest share, i.e., 23.17 per cent and Andhra Bank had the least share i.e., 0.06 per cent of deposits of public sector banks in Punjab during 1990-91. Punjab National Bank had largest share, i.e., 21.02 per cent share and United Bank of India tapped the lowest share, i.e., 0.10 per cent in this respect during 2007-08. It is presented in the table that the co-efficient of variation regarding growth of deposits was the highest in the case of Andhra Bank (91.07 per cent) and lowest in Central Bank of India (49.57 per cent). Twelve banks out of twenty-two public sector banks had co-

efficient of variation lesser than state average of 59.98 per cent. It means that public sector banks had lesser variation in growth of deposits over the period of time.

Deposits of Private Sector Banks

Bank-wise analysis in Table 8 reveals that deposits of all the private sector banks in Punjab increased many times during 1990-91 to 2007-08. The increase in the deposits of private sector banks was maximum in the case of Jammu & Kashmir Bank Ltd. from Rs. 573 lac to Rs. 19,715 lac during the same time period. Bharat Overseas Bank Ltd. had the largest share, i.e., 45.74 per cent and Jammu & Kashmir Bank Ltd. had the minimum share, i.e., 24.84 per cent in total deposits of private sector banks in Punjab during 1990-91. Centurian Bank of Punjab Ltd. led all the private sector bank in collecting deposits with 32.88 per cent share and least share was contributed by Bharat Overseas Bank Ltd. (0 per cent) during 2007-08. The table also explains that the co-efficient of variation regarding growth of deposits in private sector banks was the highest in the case of Bharat Overseas Bank Ltd. (96.20 per cent) and the lowest in case of ICICI Bank Ltd. (29.51 per cent). All the private sector banks had co-efficient of variation lower than state average (135.14 per cent). It means that private sector banks had lesser variability in growth of deposits over the study period.

District-wise Deposits of Commercial Banks

It is clear from Table 5 that deposits of both the banks increased manifold in all the districts of Punjab during 1997-98 and 2007-08. Inter-district disparities in deposit

mobilisation were rather pronounced. Deposits of public sector banks increased maximum in the case of Gurdaspur district from Rs. 9,187 crore to Rs. 4,30,766 crore and that of private sector banks, in the case of Hoshiarpur district from Rs. 276 crore to Rs. 32,770 crore during 1997-98 and 2007-08. Jalandhar district accounted for the largest share (35.96 per cent) and Barnala district accounted for the least share, i.e., 0.19 per cent share of deposits of public sector banks in the state of Punjab during 1997-98. Private sector banks, tapped the largest share of deposits, i.e., 31.49 per cent in Ludhiana district and the lowest per cent share in Barnala district (0.19 per cent) during the same time period. The percentage share of deposits of

public sector banks was the largest in the case of Jalandhar district (21.62 per cent) and the lowest in the case of Mansa district (0.79 per cent) during 2007-08. Similarly, the percentage share of deposits of private sector banks was the largest in the case of Jalandhar district (22.15 per cent) and the lowest in the case of Tarn Taran district (0.71 per cent) during the same time period. It is clear from the table that Jalandhar and Ludhiana districts had the leading positions while contributing towards deposits of public sector banks in Punjab, whereas Amritsar and Ludhiana districts had the leading positions in the deposits of private sector banks in Punjab during the years 1997-98 and 2007-08 except a few.

Table 5 District-wise Deposits of Commercial Banks in Punjab

(Rs.in lac)

District	Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	C (%)	V (%)
Fatehgarh Sahib	PSB (Rs.)	25696	35679	49495	55063	66588	74720	82413	91578	102443	120037	140528	43.86	
	% of PSB in Punjab	1.34	1.53	1.63	1.44	1.44	1.45	1.58	1.62	1.54	1.66	1.60		
	Pvt. Banks (Rs.)	1698	1875	2682	3753	4072	4533	5799	5601	9112	13776	18061	76.94	
	% of Pvt. Banks in Punjab	3.62	3.18	2.76	2.62	2.14	1.80	1.11	1.20	1.65	1.30	1.81		
Sangrur*	PSB (Rs.)	9365	11987	13244	154872	171063	192293	206736	21538	236747	233940	270005	71.29	
	% of PSB in Punjab	0.49	0.52	0.44	4.06	3.69	3.74	3.96	0.38	3.57	3.24	3.07		
	Pvt. Banks (Rs.)	145	265	498	535	790	933	2538	5449	9897	9421	14724	117.43	
	% of Pvt. Banks in Punjab	0.31	0.45	0.51	0.37	0.41	0.37	0.49	1.17	1.80	0.89	1.48		
Bathinda	PSB (Rs.)	62798	76582	98272	106251	116774	124593	143359	147660	236747	201208	248738	41.69	
	% of PSB in Punjab	3.28	3.29	3.24	2.78	2.52	2.42	2.74	2.61	3.57	2.79	2.83		
	Pvt. Banks (Rs.)	892	989	1052	1726	2752	3526	6673	13402	9877	23747	28490	108.89	
	% of Pvt. Banks in Punjab	1.90	1.68	1.08	1.20	1.44	1.40	1.28	2.88	1.79	2.23	2.86		
Hoshiarpur	PSB (Rs.)	62982	90273	183692	239833	371169	402254	428876	451449	488649	548601	613496	49.63	
	% of PSB in Punjab	3.29	3.88	6.05	6.29	8.01	7.83	8.21	7.97	7.36	7.60	6.97		
	Pvt. Banks (Rs.)	276	478	578	763	1650	3010	6542	9334	17229	24288	32770	120.97	
	% of Pvt. Banks in Punjab	0.59	0.81	0.59	0.53	0.87	1.20	1.25	2.00	3.13	2.28	3.29		

District	Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	C (%)	V
Gurdaspur	PSB (Rs.)	9187	19286	37858	52987	73292	93833	197832	267033	313273	359255	430766	85.65	
	% of PSB in Punjab	0.48	0.83	1.25	1.39	1.58	1.83	3.79	4.72	4.72	4.98	4.89		
	Pvt. Banks (Rs.)	628	982	1827	2696	4379	6738	8379	10937	15866	34697	53844	124.81	
	% of Pvt. Banks in Punjab	1.34	1.67	1.88	1.88	2.30	2.68	1.61	2.35	2.88	3.26	5.41		
Faridkot	PSB (Rs.)	28579	32060	39317	43313	51282	57006	60959	64791	70828	84246	97923	35.87	
	% of PSB in Punjab	1.49	1.38	1.30	1.14	1.11	1.11	1.17	1.14	1.07	1.17	1.11		
	Pvt. Banks (Rs.)	NA	NA	NA	2898	2985	3276	3933	4621	5730	7157	10835	49.09	
	% of Pvt. Banks in Punjab	NA	NA	NA	2.02	1.57	1.30	0.75	0.99	1.04	0.67	1.09		
Moga	PSB (Rs.)	29890	48961	68973	83973	109844	122421	142222	149280	173134	190418	223390	47.49	
	% of PSB in Punjab	1.56	2.10	2.27	2.20	2.37	2.38	2.72	2.64	2.61	2.64	2.54		
	Pvt. Banks (Rs.)	1758	2378	3789	4652	7484	5975	2877	8981	13391	17376	21112	75.69	
	% of Pvt. Banks in Punjab	3.74	4.04	3.90	3.24	3.92	2.38	0.55	1.93	2.43	1.63	2.12		
S.B.S. Nagar	PSB (Rs.)	129892	148491	167873	186873	200876	225183	232093	250755	260557	219762	321562	24.49	
	% of PSB in Punjab	6.78	6.38	5.53	4.90	4.34	4.38	4.44	4.43	3.92	3.05	3.65		
	Pvt. Banks (Rs.)	298	478	678	1987	2878	4966	13832	15764	19057	94769	18329	165.28	
	% of Pvt. Banks in Punjab	0.63	0.81	0.70	1.38	1.51	1.97	2.65	3.38	3.46	8.91	1.84		
Kapurthala	PSB (Rs.)	178522	228972	246791	267875	281873	309338	142951	351795	376323	424003	475713	32.49	
	% of PSB in Punjab	9.32	9.84	8.13	7.02	6.09	6.02	2.74	6.21	5.67	5.88	5.41		
	Pvt. Banks (Rs.)	6794	7637	8678	10988	15517	20235	203208	26262	33216	44298	53498	137.93	
	% of Pvt. Banks in Punjab	14.47	12.97	8.93	7.66	8.14	8.04	38.97	5.64	6.02	4.17	5.37		
Amritsar**	PSB (Rs.)	108099	169601	289062	300022	490333	564102	415272	528892	675758	504782	678165	42.55	
	% of PSB in Punjab	5.64	7.29	9.53	7.86	10.59	10.98	7.95	9.34	10.18	7.00	7.71		
	Pvt. Banks (Rs.)	8768	10920	28790	39875	48792	57627	65285	70672	15355	109988	132754	71.27	
	% of Pvt. Banks in Punjab	18.67	18.54	29.63	27.78	25.59	22.91	12.52	15.17	2.79	10.34	13.34		

District	Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	C (%)	V
Muktsar	PSB (Rs.)	10892	19690	28968	39789	47868	59382	64947	68037	73032	86290	99753	48.75	
	% of PSB in Punjab	0.57	0.85	0.95	1.04	1.03	1.16	1.24	1.20	1.10	1.20	1.13		
	Pvt. Banks (Rs.)	542	697	785	878	1099	2324	2725	4500	8436	12893	18294	116.94	
	% of Pvt. Banks in Punjab	1.15	1.18	0.81	0.61	0.58	0.92	0.52	0.97	1.53	1.21	1.84		
Jalandhar	PSB (Rs.)	689202	702922	878732	1090303	1198901	1298973	1314173	1381807	1456546	1663645	1902444	29.32	
	% of PSB in Punjab	35.96	30.20	28.96	28.58	25.89	25.27	25.16	24.41	21.94	23.06	21.62		
	Pvt. Banks (Rs.)	2798	4875	6893	8733	10972	28765	46235	99150	139081	224451	220453	114.10	
	% of Pvt. Banks in Punjab	5.96	8.28	7.09	6.09	5.75	11.44	8.87	21.28	25.23	21.11	22.15		
Mansa	PSB (Rs.)	15689	17862	18662	19872	29229	33329	37730	41470	42393	50515	69403	45.98	
	% of PSB in Punjab	0.82	0.77	0.62	0.52	0.63	0.65	0.72	0.73	0.64	0.70	0.79		
	Pvt. Banks (Rs.)	109	176	297	389	449	564	652	1151	1872	3030	10637	166.77	
	% of Pvt. Banks in Punjab	0.23	0.30	0.31	0.27	0.24	0.22	0.12	0.25	0.34	0.28	1.07		
Tarn Taran**	PSB (Rs.)	-	-	-	-	-	-	-	-	-	90976	71978	11.66	
	% of PSB in Punjab	-	-	-	-	-	-	-	-	-	1.26	0.82		
	Pvt. Banks (Rs.)	-	-	-	-	-	-	-	-	-	2733	7060	44.18	
	% of Pvt. Banks in Punjab	-	--	-	-	-	-	-	-	-	0.26	0.71		
Ludhiana	PSB (Rs.)	197097	290609	389077	572032	693787	808356	926575	990824	1109614	1194856	1671961	51.95	
	% of PSB in Punjab	10.29	12.49	12.82	14.99	14.98	15.73	17.74	17.50	16.71	16.56	19.00		
	Pvt. Banks (Rs.)	14789	17980	28768	48750	68574	83602	109239	136829	185469	208168	63485	71.29	
	% of Pvt. Banks in Punjab	31.49	30.53	29.61	33.97	35.96	33.24	20.95	29.37	33.64	19.58	6.38		
Barnala*	PSB (Rs.)	3609	4999	6002	8789	9793	10962	28609	39086	42989	58697	73222	88.79	
	% of PSB in Punjab	0.19	0.21	0.20	0.23	0.21	0.21	0.55	0.69	0.65	0.81	0.83		
	Pvt. Banks (Rs.)	89	197	297	489	608	839	1089	1907	3863	5541	10207	131.13	
	% of Pvt. Banks in Punjab	0.19	0.33	0.31	0.34	0.32	0.33	0.21	0.41	0.70	0.52	1.03		

District	Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	C (%)	V
Firozpur	PSB (Rs.)	39850	59063	73903	89738	109793	129803	148741	138709	159307	182166	225924	43.07	
	% of PSB in Punjab	2.08	2.54	2.44	2.35	2.37	2.53	2.85	2.45	2.40	2.52	2.57		
	Pvt. Banks (Rs.)	573	1082	1567	1798	2878	3033	5182	8383	10945	15698	26861	108.94	
	% of Pvt. Banks in Punjab	1.22	1.84	1.61	1.25	1.51	1.21	0.99	1.80	1.99	1.48	2.70		
Patiala	PSB (Rs.)	205076	243322	297315	335224	426768	429785	433033	439843	508988	550050	618830	29.85	
	% of PSB in Punjab	10.70	10.46	9.80	8.79	9.21	8.36	8.29	7.77	7.67	7.62	7.03		
	Pvt. Banks (Rs.)	5933	6780	8785	10908	12925	19083	33700	40145	48411	75531	65328	79.22	
	% of Pvt. Banks in Punjab	12.63	11.51	9.04	7.60	6.78	7.59	6.46	8.62	8.78	7.10	6.56		
Rupnagar	PSB (Rs.)	109898	126891	146891	168601	182286	203280	216421	236931	311414	145165	155526	30.12	
	% of PSB in Punjab	5.73	5.45	4.84	4.42	3.94	3.96	4.14	4.18	4.69	2.01	1.77		
	Pvt. Banks (Rs.)	878	1098	1208	1698	1892	2508	3546	2739	4501	0	10134	95.92	
	% of Pvt. Banks in Punjab	1.87	1.86	1.24	1.18	0.99	1.00	0.68	0.59	0.82	0.00	1.02		
S.A.S. Nagar**	PSB (Rs.)	-	-	-	-	-	-	-	-	-	306546	411971	14.67	
	% of PSB in Punjab	-	-	-	-	-	-	-	-	-	4.25	4.68		
	Pvt. Banks (Rs.)	-	-	-	-	-	-	-	-	-	135740	178459	13.60	
	% of Pvt. Banks in Punjab	-	-	-	-	-	-	-	-	-	12.77	17.93		
Punjab	PSB (Rs.)	1916323	2327250	3034127	3815410	4631519	5139612	5222942	5661478	6638741	7215158	8801298	40.70	
	Pvt. Banks (Rs.)	46968	58887	97172	143517	190697	251537	521434	465827	551309	1063302	995337	86.24	
	Total	1963291	2386137	3131299	3958927	4822216	5391149	5744376	6127305	7190050	8278460	9796635	43.66	
Co-efficient of Concentration	PSB	48.85	46.45	45.12	42.92	44.15	43.56	41.84	42.74	39.08	37.29	37.34		
	Pvt. Banks	55.86	54.56	57.05	55.78	54.92	55.90	60.51	53.17	52.07	47.76	40.38		

Source: District Credit Plan of various districts from 1997-98 to 2007-0

Note: * Barnala was separated from Sangrur in 2006.

**Amritsar and Tarn Taran were separated in 2004.

***S.A.S. Nagar was recognized as a separate district in 2006.

NA represents non-availability of data

There had been marginal reduction in the inter-district disparities with regard to deposit mobilisation since the co-efficient of concentration in the case of public sector

banks had shown a slight decline from 48.85 in 1997-98 to 37.34 in 2007-08, whereas in private sector banks it declined from 55.86 to 40.38 during the same period.

Credit Deployment

Credit is an important catalyst which could be used effectively to increase the ability of the people to become more productive. It is, in fact, this function of commercial banks which provides them a special status in the economic system of the country. Since the initiation of banking sector reforms, many policy measures were adopted by the banks all over India. The structure of interest rates on lending was rationalised and deregulated, resulting into increase in the credit in all the districts of Punjab. The position of the Punjab state in this respect has been displayed in the table given below.

Advances are one of the important indicators showing the

performance of the banks. They also gained momentum after banking sector reforms. It is clear from Table 10 that the advances of public sector banks in Punjab had shown the growth of 16.15 per cent only during the study period. The growth of advances of public sector banks in urban areas was recorded at 15.85 per cent and that of rural and semi-urban areas at 15.79 per cent. The table further indicates that advances of the banks in all the areas increased drastically. The share of urban advances to total advances of public sector banks increased from 43.90 per cent to 58.70 per cent and that of rural and semi-urban advances decreased from 56.10 per cent to 41.30 per cent during the period of study.

Table 6 Population-wise Advances of Public Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Advances (Rs.)	% Share of Total Advances	Urban Advances (Rs.)	% Share of Total Advances	Total Advances (Rs.)	Growth Rate %
1990-91	262861	56.10	205713	43.90	468574	-
1991-92	265905	52.47	240857	47.53	506762	8.15
1992-93	314635	57.57	231889	42.43	546524	7.85
1993-94	349891	56.19	272835	43.81	622726	13.94
1994-95	406855	53.33	356059	46.67	762914	22.51
1995-96	481102	55.98	378333	44.02	859435	12.65
1996-97	256643	27.31	683145	72.69	939788	9.35
1997-98	555737	51.93	514485	48.07	1070177	13.87
1998-99	721721	56.77	549494	43.23	1271215	18.79
1999-00	838669	56.84	636794	43.16	1475463	16.07
2000-01	918808	51.37	869831	48.63	1788639	21.23
2001-02	1160374	56.41	896813	43.59	2057187	15.01
2002-03	1225274	52.08	1127420	47.92	2352694	14.36
2003-04	1257236	47.41	1394335	52.59	2651571	12.70
2004-05	2647818	83.96	505804	16.04	3153622	18.93
2005-06	1834883	47.98	1989684	52.02	3824567	21.28
2006-07	2309274	46.27	2681470	53.73	4990744	30.49
2007-08	2538710	41.30	3608528	58.70	6147238	23.17
Growth Rate (%)	15.79		15.85		16.15	

Source: Compiled and calculated from Agenda Papers on State Level Bankers' Committee Meetings from 1990-91 to 2007-08

Table 11 reveals that advances of private sector banks in Punjab increased with the growth rate of 55.78 per cent. These advances increased manifold during the study

period. The growth rate of advances was maximum, i.e., 482.10 per cent in 1996-97 due to entry of many new private sector banks into the banking system. Advances

of the banks in rural and semi-urban areas grew with the growth of 64.26 per cent and in urban areas with 54.79 per cent during the period 1990-91 to 2007-08. The share of rural and semi-urban advances to total advances of private sector banks in Punjab increased from 2.76 per cent to 21.42 per cent and that of urban advances decreased from

97.24 per cent to 78.58 per cent. No doubt, the share of rural and semi-urban advances to total advances of private sector banks increased during the study period, but these banks focused their maximum attention on urban areas at the cost of rural and semi-urban areas.

Table 7 Population-wise Advances of Private Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Advances (Rs.)	% Share of Total Advances	Urban Advances (Rs.)	% Share of Total Advances	Total Advances (Rs.)	Growth Rate %
1990-91	21	2.76	741	97.24	762	-
1991-92	NA	NA	1383	100.00	1383	81.50
1992-93	NA	NA	1843	100.00	1843	33.26
1993-94	472	29.52	1126	70.48	1597	-13.32
1994-95	675	33.23	1356	66.77	2031	27.14
1995-96	1143	53.84	980	46.16	2123	4.53
1996-97	992	8.03	11366	91.97	12358	482.10
1997-98	2061	13.23	13521	86.77	15582	26.09
1998-99	4279	15.32	23647	84.68	27926	79.22
1999-00	8701	18.40	38598	81.60	47299	69.37
2000-01	10594	21.79	38019	78.21	48613	2.78
2001-02	12169	26.35	34019	73.65	46188	-4.99
2002-03	17981	35.85	32181	64.15	50162	8.60
2003-04	27912	13.57	177738	86.43	205650	309.97
2004-05	152845	33.16	308155	66.84	461000	124.17
2005-06	133010	20.77	507331	79.23	640341	38.90
2006-07	114551	13.11	759173	86.89	873724	36.45
2007-08	191913	21.42	704241	78.58	896154	2.57
Growth Rate (%)	64.26		54.79		55.78	

Source: Compiled and calculated from Agenda Papers on State Level Bankers' Committee Meetings from 1990-91 to 2007-08.

Note: NA represents Non-Availability of data.

Advances of Public Sector Banks

Bank-wise analysis in Table 12 presents that increase in advances of public sector banks was highest in the case of Corporation Bank from Rs. 307 lac to Rs. 2,69,772 lac during 1990-91 to 2007-08. Punjab National Bank had the largest share, i.e., 24.19 per cent while Andhra Bank had the least share, i.e., 0.06 per cent in total advances

of public sector banks in Punjab during 1990-91. Punjab National Bank again remained on the top in the state in contributing the largest share, i.e., 24.96 per cent and Andhra Bank was again at the lowest position with 0.06 per cent share in advances of public sector banks in Punjab during 2007-08. The table further, reveals that the co-efficient of variation regarding growth of advances was the highest in the case of Syndicate Bank (152.70 per

cent) and lowest in Punjab & Sind Bank (61.87 per cent). Only six public sector banks had co-efficient of variation less than state average of 80.72 per cent. This shows that public sector banks had greater variation in growth of advances over the period of time.

Advances of Private Sector Banks

Table 13 shows that increase in advances of private sector banks was the highest in the case of Jammu & Kashmir Bank Ltd. from Rs. 302 lac to Rs. 17,762 lac during 1990-91 to 2007-08. Jammu & Kashmir Bank Ltd. was the largest contributor with 39.59 per cent share and Bharat Overseas Bank Ltd. was the lowest contributor with 28.29 per cent share in total advances of private sector banks in Punjab during 1990-91. ICICI Bank Ltd. took the lead with 48.28 per cent share and Bharat Overseas Bank Ltd. was at the bottom with 0.20 per cent share in total advances of private sector banks in Punjab during 2007-08. It is evident from the table that the co-efficient of variation regarding growth of advances was the highest in the case of Bank of Rajasthan Ltd. (166.72 per cent) and the lowest in IDBI Bank Ltd. (31.68 per cent). All the private sector banks except one, had co-efficient of variation lower than state average of 162.17 per cent. It means that private sector banks had lesser variability in growth of branches over the study period.

District-wise Advances of Commercial Banks

It is clear from Table 8 that advances of both the banks increased in all the districts of Punjab during 1997-98 and 2007-08. Advances of public sector banks increased maximum in the case of Jalandhar district from Rs. 10,486 crore to Rs. 6,18,025 crore and that of private sector banks; in the case of Ludhiana district from Rs. 9,412 crore to Rs. 2,902,135 crore during 1997-98 and 2007-08. Further, analysis shows that percentage share of total advances of public sector banks was the largest, i.e., 17.64 per cent in Patiala district and the lowest, i.e., 0.88 per cent in Moga district during 1997-98. Ludhiana district took the largest share, i.e., 41.35 per cent and S.B.S. Nagar and Rupnagar districts took the lowest share, i.e., 0.39 per cent of advances of private sector banks in Punjab during the same time period. The percentage share of total advances of public sector banks was largest, i.e., 37.52 per cent also in Ludhiana district and the lowest in the case of Rupnagar district (0.50 per cent) during 2007-08. Similarly, the share of total advances of private sector banks was maximum, i.e., 81.82 per cent in Ludhiana district and the lowest in the case of Barnala district (0.09 per cent) during the same time period. It is evident from the table that Amritsar and Ludhiana districts had the leading positions in availing advances of public sector banks in Punjab, whereas Ludhiana and Jalandhar districts had the leading positions in the advances of private sector banks in Punjab during the period 1997-98 to 2007-08 except a few.

Table 8 District-wise Advances of Commercial Banks in Punjab

(Rs. in lac)

District	Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	CV (%)
Fatehgarh Sahib	PSB (Rs.)	28435	30451	32111	31840	39419	43284	52599	63758	81282	105947	139881	58.59
	% of PSB in Punjab	5.78	5.76	4.52	3.32	2.94	2.57	2.07	2.35	2.43	2.49	2.27	
	Pvt. Banks (Rs.)	1465	1558	1662	1743	2071	2494	2978	1980	3419	3992	14623	104.76
	% of Pvt. Banks in Punjab	6.44	4.10	2.53	1.37	1.09	0.08	0.04	0.01	0.02	0.01	0.41	
Sangrur*	PSB (Rs.)	46253	49516	52698	74328	88042	100718	119231	142613	164774	148151	192146	44.60
	% of PSB in Punjab	9.39	9.36	7.42	7.76	6.56	5.98	4.69	5.26	4.93	3.48	3.12	
	Pvt. Banks (Rs.)	152	189	195	201	212	235	526	1308	3188	13746	22815	182.80
	% of Pvt. Banks in Punjab	0.67	0.50	0.30	0.16	0.11	0.01	0.01	0.01	0.01	0.04	0.64	

District	Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	CV (%)
Bathinda	PSB (Rs.)	23694	24563	32456	34962	48569	52496	79406	101002	132581	153841	197042	70.09
	% of PSB in Punjab	4.81	4.64	4.57	3.65	3.62	3.12	3.12	3.72	3.97	3.61	3.20	
	Pvt. Banks (Rs.)	962	993	1065	1245	1465	1648	2022	2514	13568	22547	28554	136.57
	% of Pvt. Banks in Punjab	4.23	2.61	1.62	0.98	0.77	0.05	0.03	0.02	0.06	0.07	0.81	
Hoshiarpur	PSB (Rs.)	35648	36215	38546	41369	51923	58469	70382	86490	105462	125386	145978	50.87
	% of PSB in Punjab	7.24	6.85	5.43	4.32	3.87	3.47	2.77	3.19	3.16	2.95	2.37	
	Pvt. Banks (Rs.)	836	856	915	1023	1218	2030	3475	4840	10402	17891	24622	124.84
	% of Pvt. Banks in Punjab	3.67	2.25	1.39	0.81	0.64	0.06	0.05	0.03	0.05	0.06	0.69	
Gurdaspur	PSB (Rs.)	39546	41256	42365	45968	64598	74596	94568	110546	130734	160260	206083	57.31
	% of PSB in Punjab	8.03	7.80	5.97	4.80	4.82	4.43	3.72	4.08	3.91	3.77	3.34	
	Pvt. Banks (Rs.)	2015	2356	3985	5632	6985	8496	9562	10526	11364	22361	27618	76.50
	% of Pvt. Banks in Punjab	8.85	6.20	6.06	4.44	3.68	0.26	0.13	0.06	0.05	0.07	0.78	
Faridkot	PSB (Rs.)	13517	14931	16811	18716	21881	27984	35806	35825	45788	53954	65317	51.56
	% of PSB in Punjab	2.75	2.82	2.37	1.95	1.63	1.66	1.41	1.32	1.37	1.27	1.06	
	Pvt. Banks (Rs.)	NA	NA	NA	448	592	635	1210	2098	2432	3203	7711	98.16
	% of Pvt. Banks in Punjab	NA	NA	NA	0.35	0.31	0.02	0.02	0.01	0.01	0.01	0.22	
Moga	PSB (Rs.)	4325	6548	8456	10245	32156	42114	51372	62235	75114	87848	108806	77.29
	% of PSB in Punjab	0.88	1.24	1.19	1.07	2.40	2.50	2.02	2.29	2.25	2.06	1.77	
	Pvt. Banks (Rs.)	326	589	768	986	1056	1515	698	4171	10780	13448	17248	124.66
	% of Pvt. Banks in Punjab	1.43	1.55	1.17	0.78	0.56	0.05	0.01	0.02	0.05	0.04	0.49	
S.B.S. Nagar	PSB (Rs.)	6485	7485	8459	13458	18456	23951	28029	36242	43614	55397	69353	70.40
	% of PSB in Punjab	1.32	1.42	1.19	1.40	1.38	1.42	1.10	1.34	1.31	1.30	1.13	
	Pvt. Banks (Rs.)	89	163	289	416	514	619	958	1966	6413	8365	10977	132.57
	% of Pvt. Banks in Punjab	0.39	0.43	0.44	0.33	0.27	0.02	0.01	0.01	0.03	0.03	0.31	

District	Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	CV (%)
Kapurthala	PSB (Rs.)	21745	28476	32472	38945	45027	48394	54164	67582	82819	102668	127248	53.46
	% of PSB in Punjab	4.42	5.38	4.57	4.06	3.36	2.87	2.13	2.49	2.48	2.41	2.07	
	Pvt. Banks (Rs.)	2969	457	745	1045	1249	1766	2348	3699	10798	18937	26781	130.12
	% of Pvt. Banks in Punjab	13.04	1.20	1.13	0.82	0.66	0.06	0.03	0.02	0.05	0.06	0.76	
Amritsar**	PSB (Rs.)	74325	98452	124753	161562	184592	203873	310834	324589	339110	259736	438816	47.79
	% of PSB in Punjab	15.10	18.62	17.57	16.86	13.76	12.10	12.22	11.97	10.15	6.10	7.12	
	Pvt. Banks (Rs.)	1548	1843	2416	5421	8424	11860	14062	24587	47334	76143	132754	132.61
	% of Pvt. Banks in Punjab	6.80	4.85	3.67	4.27	4.43	0.37	0.19	0.15	0.22	0.24	3.74	
Muktsar	PSB (Rs.)	10456	15463	20459	25743	30478	34987	38610	46482	58351	68955	89597	57.73
	% of PSB in Punjab	2.12	2.92	2.88	2.69	2.27	2.08	1.52	1.71	1.75	1.62	1.45	
	Pvt. Banks (Rs.)	179	298	396	425	515	596	1036	2188	3604	7122	11372	136.40
	% of Pvt. Banks in Punjab	0.79	0.78	0.60	0.33	0.27	0.02	0.01	0.01	0.02	0.02	0.32	
Jalandhar	PSB (Rs.)	10486	14896	54763	94785	134786	204789	249045	289988	369895	442314	618025	81.46
	% of PSB in Punjab	2.13	2.82	7.71	9.89	10.05	12.16	9.79	10.69	11.07	10.39	10.03	
	Pvt. Banks (Rs.)	2169	3498	6489	10487	14458	18457	22287	39269	82370	115091	142385	112.63
	% of Pvt. Banks in Punjab	9.53	9.20	9.87	8.26	7.61	0.58	0.30	0.23	0.38	0.36	4.01	
Mansa	PSB (Rs.)	9456	12489	15496	18475	21273	23192	27674	31715	38718	45060	50865	48.14
	% of PSB in Punjab	1.92	2.36	2.18	1.93	1.59	1.38	1.09	1.17	1.16	1.06	0.83	
	Pvt. Banks (Rs.)	98	101	123	145	232	311	286	480	1015	3381	5034	153.52
	% of Pvt. Banks in Punjab	0.43	0.27	0.19	0.11	0.12	0.01	0.00	0.00	0.00	0.01	0.14	
Tarn Taran**	PSB (Rs.)	-	-	-	-	-	-	-	-	-	54736	45234	9.50
	% of PSB in Punjab	-	-	-	-	-	-	-	-	-	1.29	0.73	
	Pvt. Banks (Rs.)	-	-	-	-	-	-	-	-	-	1802	6971	58.92
	% of Pvt. Banks in Punjab	-	-	-	-	-	-	-	-	-	0.04	0.16	

District	Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	CV (%)
Ludhiana	PSB (Rs.)	71256	10545	54821	94752	245784	547477	954741	803574	1026619	1420547	2312014	100.09
	% of PSB in Punjab	14.47	1.99	7.72	9.89	18.32	32.50	37.54	29.63	30.73	33.37	37.52	
	Pvt. Banks (Rs.)	9412	24153	45231	95475	147547	3151478	7364644	16583237	21448408	31155935	2902135	135.81
	% of Pvt. Banks in Punjab	41.35	63.52	68.78	75.21	77.67	98.30	99.02	99.19	98.78	98.50	81.82	
Barnala*	PSB (Rs.)	-	-	-	-	-	-	-	-	-	47709	57026	8.90
	% of PSB in Punjab	-	-	-	-	-	-	-	-	-	1.12	0.93	
	Pvt. Banks (Rs.)	-	-	-	-	-	-	-	-	-	9673	3139	51.00
	% of Pvt. Banks in Punjab	-	-	-	-	-	-	-	-	-	0.03	0.09	
Firozpur	PSB (Rs.)	9457	14758	21478	47589	64758	79278	95482	109288	138794	163734	211970	71.38
	% of PSB in Punjab	1.92	2.79	3.03	4.97	4.83	4.71	3.75	4.03	4.16	3.85	3.44	
	Pvt. Banks (Rs.)	104	145	285	542	847	1202	1688	2288	3861	14067	23732	162.46
	% of Pvt. Banks in Punjab	0.46	0.38	0.43	0.43	0.45	0.04	0.02	0.01	0.02	0.04	0.67	
Patiala	PSB (Rs.)	86844	110623	126911	162427	199582	58454	230157	327668	405946	600181	810460	79.79
	% of PSB in Punjab	17.64	20.92	17.88	16.95	14.88	3.47	9.05	12.08	12.15	14.10	13.15	
	Pvt. Banks (Rs.)	347	624	1045	1476	2256	2256	8780	32808	51283	78704	91544	132.26
	% of Pvt. Banks in Punjab	1.52	1.64	1.59	1.16	1.19	0.07	0.12	0.20	0.24	0.25	2.58	
Rupnagar	PSB (Rs.)	9845	24592	42351	61589	71250	83541	78579	104384	139485	44729	30830	57.57
	% of PSB in Punjab	2.00	4.65	5.97	6.43	5.31	4.96	3.09	3.85	4.18	1.05	0.50	
	Pvt. Banks (Rs.)	89	199	153	236	315	454	919	834	1997	0	10924	207.47
	% of Pvt. Banks in Punjab	0.39	0.52	0.23	0.19	0.17	0.01	0.01	0.00	0.01	0.00	0.31	
S.A.S. Nagar***	PSB (Rs.)	-	-	-	-	-	-	-	-	-	160348	244741	20.83
	% of PSB in Punjab	-	-	-	-	-	-	-	-	-	3.77	3.97	
	Pvt. Banks (Rs.)	-	-	-	-	-	-	-	-	-	45497	35931	11.75
	% of Pvt. Banks in Punjab	-	-	-	-	-	-	-	-	-	0.14	1.01	

District	Year	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	CV (%)
Punjab	PSB (Rs.)	492355	528808	709948	958316	1341340	1684443	2543045	2712304	3340407	4256480	6161432	75.93
	Pvt. Banks (Rs.)	22760	38022	65762	126945	189956	3206052	7437479	16718792	21712237	31631905	3546870	134.38
	Total	515115	566830	775710	1085261	1531296	4890495	9980524	19431096	25052644	35888385	9708302	114.50
Co-efficient of Concentration	PSB	41.69	38.52	34.58	36.81	38.10	42.05	48.07	44.04	43.53	43.44	47.83	
	Pvt. Banks	56.02	63.92	69.71	73.47	75.29	93.30	94.02	94.19	93.78	93.48	76.84	

Source: District Credit Plan of various districts from 1997-98 to 2007-08.

Note: * Barnala was separated from Sangrur in 2006.

* *Amritsar and Tarn taran were separated in 2004.

*** S.A.S. Nagar was recognized as a separate district in 2006.

NA represents non-availability of data

There had been increase in the inter-district disparities with regard to advances since the co-efficient of concentration in the case of public sector banks had depicted a slight jump from 41.69 in 1997-98 to 47.83 in 2007-08 and that of private sector banks increased from 56.02 to 76.84 during the same time period.

Volume of Business

Volume of business indicates the quantum of business undertaken by the bank. It is one of the good indicators in measuring the growth of banks. Volume of business of public and private sector banks in Punjab gained momentum after banking sector reforms. The performance of banks has been displayed in Tables 15 and 16.

Table 9 Population-wise Volume of Business of Public Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Business (Rs.)	Urban Business (Rs.)	Total Business (Rs.)	Growth Rate %
1990-91	868005	592884	1460889	-
1991-92	977223	592679	1569902	7.46
1992-93	938343	919870	1858213	18.36
1993-94	1241488	913918	2155406	15.99
1994-95	1412498	1094563	2507061	16.32
1995-96	1645056	1209720	2854776	13.87
1996-97	1693590	1577975	3271565	14.60

Year	Rural & Semi-urban Business (Rs.)	Urban Business (Rs.)	Total Business (Rs.)	Growth Rate %
1997-98	2175384	1561277	3736616	14.21
1998-99	2701556	1708026	4409582	18.01
1999-00	3163554	2016086	5179640	17.46
2000-01	3576247	2422381	5998628	15.81
2001-02	3987945	2888641	6876586	14.64
2002-03	4419887	3239026	7658913	11.38
2003-04	4568455	3775081	8343536	8.94
2004-05	6139744	3098127	9237871	10.72
2005-06	5703359	4620655	10324014	11.76
2006-07	6807687	5749908	12557595	21.63
2007-08	7695214	7203382	14898596	18.64
Growth Rate (%)	14.44	14.77	14.59	

Source: Compiled on the basis of Tables 5 and 10.

Table 15 depicts that volume of business of public sector banks in Punjab increased manifold. It increased from Rs. 1,460,889 lac to Rs. 14,898,596 lac representing the growth rate of 14.59 per cent during the period 1990-91 to 2007-08. The growth rate of business volume was the largest, i.e., 21.63 per cent in 2006-07. Volume of business of the banks grew at a little greater rate in urban areas (14.77 per cent) than rural and semi-urban areas (14.44 per cent) during the same time period. But, it is still higher in rural and semi-urban areas. This shows that banks focused their maximum attention on rural and semi-urban areas.

Table 16 reveals that volume of business of private sector banks in Punjab increased tremendously. It increased from Rs. 3,069 lac to Rs. 19,58,513 lac with the growth rate of 50.96 per cent during the period 1990-91 to 2007-08. The growth rate of business volume was maximum, i.e., 585.35 per cent in 1996-97 and it was negative (8.04) in the year 1995-96. Volume of business of the banks grew at much higher rate (58.81 per cent) in rural and semi-urban areas than urban areas (47.27 per cent) during the same time period. But, it is still higher in urban areas. This shows that banks focused their maximum attention on urban areas.

Table 10 Population-wise Volume of Business of Private Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Business (Rs.)	Urban Business (Rs.)	Total Business (Rs.)	Growth Rate %
1990-91	316	2752	3069	-
1991-92	NA	3978	3978	29.62
1992-93	NA	5220	5220	31.22
1993-94	905	5203	6107	16.99
1994-95	1671	7137	8808	44.23
1995-96	NA	6957	8100	-8.04
1996-97	11388	44125	55513	585.35
1997-98	19372	59983	79355	42.95
1998-99	27457	81344	108801	37.11
1999-00	49882	104459	154341	41.86
2000-01	57512	114114	171626	11.20
2001-02	54929	124970	179899	4.82
2002-03	88847	123173	212020	17.86
2003-04	135705	468170	603875	184.82
2004-05	315740	684006	999746	65.56
2005-06	392332	935433	1327765	32.81
2006-07	574600	1225912	1800512	35.60
2007-08	789995	1168518	1958513	8.78
Growth Rate (%)	58.81	47.27	50.96	

Source: Compiled on the basis of Tables 6 and 11.

Note: NA represents Non-Availability of data.

Functional Progress

Functional progress of the banks can be measured by calculating deposit per branch, credit per branch and volume of business per branch. Tables 17, 18, 19, 20, 21 and 22 respectively show deposit per branch, credit

per branch and business per branch of public and private sector banks in Punjab.

Table 11 Population-wise Deposit per Branch of Public Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Deposit Per Branch (Rs.)	Urban Deposit Per Branch (Rs.)	Total Deposit Per Branch (Rs.)	Growth Rate %
1990-91	418	798	514	-
1991-92	483	750	547	6.53
1992-93	421	1427	668	22.12
1993-94	602	1205	762	14.00
1994-95	669	1407	860	12.84
1995-96	792	1441	975	13.45
1996-97	929	1499	1088	11.52
1997-98	1044	1643	1218	12.00
1998-99	1256	1771	1407	15.53
1999-00	1569	1805	1649	17.19
2000-01	1682	2240	1852	12.31
2001-02	1814	2751	2111	13.97
2002-03	2012	2881	2286	8.30
2003-04	2156	3002	2444	6.90
2004-05	2180	3415	2577	5.44
2005-06	4111	1859	2759	7.05
2006-07	4811	2006	3070	11.27
2007-08	5349	2245	3412	11.14
Growth Rate (%)	15.98	6.71	12.02	

Source: Compiled on the basis of Tables 1 and 5.

Table 17 depicts that deposit per branch of public sector banks in Punjab increased from Rs. 514 lac to Rs. 3,412 lac with the growth rate of 12.02 per cent. The growth rate of deposit per branch was greatest, i.e., 22.12 per cent in 1992-93. Deposit per branch of the banks in rural and semi-urban areas grew at faster rate (15.98 per cent) than that of urban areas (6.71 per cent) during the period 1990-91 to 2007-08.

Table 18 depicts that deposit per branch of private sector banks in Punjab increased from Rs. 192 lac to Rs. 4,150 lac, representing the growth rate of 21.10 per cent during the period 1990-91 to 2007-08. The growth rate of deposit per branch was maximum, i.e., 392.28 per cent in 1996-

97 and it was negative in few years. Deposit per branch of the banks in rural and semi-urban areas grew at faster rate (23.38 per cent) than that of urban areas (20.82 per cent) during the same time period.

Table 12 Population-wise Deposit per Branch of Private Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Deposit Per Branch (Rs.)	Urban Deposit Per Branch (Rs.)	Total Deposit Per Branch (Rs.)	Growth Rate %
1990-91	148	201	192	-
1991-92	NA	260	216	12.48
1992-93	NA	307	260	20.12
1993-94	108	453	347	33.55
1994-95	166	642	452	30.23
1995-96	NA	598	398	-11.80
1996-97	866	3276	1962	392.28
1997-98	597	4646	1635	-16.64
1998-99	1932	2137	2074	26.82
1999-00	1471	2744	2059	-0.73
2000-01	1877	2818	2366	14.92
2001-02	1296	2675	1996	-15.64
2002-03	1969	2528	2248	12.64
2003-04	1797	4538	3211	42.86
2004-05	1916	4474	3188	-0.74
2005-06	2470	5158	3657	14.70
2006-07	3408	5304	4156	13.66
2007-08	4303	3968	4150	-0.15
Growth Rate (%)	23.38	20.82	21.20	

Source: Compiled on the basis of Tables 2 and 6.

Note: NA represents Non-Availability of data.

Table 13 Population-wise Advances per Branch of Public Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Advances Per Branch (Rs.)	Urban Advances Per Branch (Rs.)	Total Advances Per Branch (Rs.)	Growth Rate %
1990-91	182	424	243	-
1991-92	180	514	261	7.54

Year	Rural & Semi-urban Advances Per Branch (Rs.)	Urban Advances Per Branch (Rs.)	Total Advances Per Branch (Rs.)	Growth Rate %
1992-93	212	481	278	6.75
1993-94	236	513	310	11.17
1994-95	271	678	376	21.49
1995-96	328	656	420	11.72
1996-97	166	1144	438	4.35
1997-98	358	808	489	11.53
1998-99	458	840	570	16.60
1999-00	566	834	657	15.24
2000-01	582	1255	787	19.79
2001-02	744	1239	901	14.51
2002-03	772	1538	1014	12.49
2003-04	819	1758	1139	12.32
2004-05	1653	666	1336	17.32
2005-06	1950	1406	1623	21.53
2006-07	2470	1753	2025	24.72
2007-08	2634	2254	2397	18.37
Growth Rate (%)	17.96	8.59	14.36	

Source: Compiled on the basis of Tables 1 and 10.

Table 19 depicts that advances per branch of public sector banks in Punjab increased from Rs. 243 lac to Rs. 2,397 lac with the growth rate of 14.36 per cent. The growth rate of advances per branch was largest, i.e., 24.72 per cent in 2006-07. Advances per branch of the banks in rural and semi-urban areas (17.96 per cent) grew at greater rate than that of urban areas (8.59 per cent) during the period of study.

Table 14 Population-wise Advances per Branch of Private Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Advances Per Branch (Rs.)	Urban Advances Per Branch (Rs.)	Total Advances Per Branch (Rs.)	Growth Rate %
1990-91	11	74	64	-
1991-92	NA	138	115	81.50
1992-93	NA	168	142	23.01
1993-94	118	125	123	-13.35
1994-95	113	151	135	10.22
1995-96	229	98	142	4.53

Year	Rural & Semi-urban Advances Per Branch (Rs.)	Urban Advances Per Branch (Rs.)	Total Advances Per Branch (Rs.)	Growth Rate %
1996-97	83	1137	562	296.89
1997-98	71	1352	400	-28.87
1998-99	357	876	716	79.22
1999-00	311	1608	910	27.03
2000-01	424	1408	935	2.78
2001-02	369	1001	689	-26.26
2002-03	499	894	697	1.06
2003-04	465	2777	1658	138.05
2004-05	1798	3669	2728	64.48
2005-06	1267	6112	3406	24.86
2006-07	849	8627	3918	15.03
2007-08	1381	6019	3501	-10.65
Growth Rate (%)	27.14	31.11	27.32	

Source: Compiled on the basis of Tables 2 and 11.

Note: NA represents Non-Availability of data.

Table 20 reveals that advances per branch of private sector banks in Punjab increased from Rs. 64 lac to Rs. 3,344 lac and registered the growth rate of 27.21 per cent. The growth rate of advances per branch was maximum, i.e., 296.89 per cent in 1996-97 and it was negative in few years. Advances per branch of the banks in urban areas grew at faster rate (31.11 per cent) than that of rural and semi-urban areas (27.14 per cent) during the period under reference.

Table 15 Population-wise Volume of Business per Branch of Public Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Business Per Branch (Rs.)	Urban Business Per Branch (Rs.)	Total Business Per Branch (Rs.)	Rural & Semi-urban Business Per Branch (Rs.)
1990-91	600	1222	756	-
1991-92	663	1264	808	6.85
1992-93	634	1908	947	17.16
1993-94	839	1718	1071	13.17
1994-95	939	2085	1236	15.34

Year	Rural & Semi-urban Business Per Branch (Rs.)	Urban Business Per Branch (Rs.)	Total Business Per Branch (Rs.)	Rural & Semi-urban Business Per Branch (Rs.)
1995-96	1120	2097	1395	12.92
1996-97	1095	2643	1526	9.36
1997-98	1402	2451	1707	11.87
1998-99	1714	2612	1977	15.84
1999-00	2135	2639	2306	16.63
2000-01	2263	3495	2639	14.44
2001-02	2558	3990	3012	14.13
2002-03	2783	4419	3300	9.55
2003-04	2974	4761	3582	8.56
2004-05	3833	4082	3913	9.22
2005-06	6061	3265	4382	11.99
2006-07	7281	3758	5094	16.26
2007-08	7983	4499	5808	14.02
Growth Rate (%)	16.58	7.58	12.82	

Source: Compiled on the basis of Tables 1 and 15.

Table 21 depicts that business per branch of public sector banks in Punjab increased manifold. It increased from Rs. 756 lac to Rs. 5,808 lac representing the growth rate of 12.82 per cent during the period 1990-91 to 2007-08. The growth rate of business per branch was largest, i.e., 17.16 per cent in 1992-93. Business per branch of the banks grew at faster rate in rural and semi-urban areas (16.58 per cent) than urban areas (7.58 per cent) during the same time period. This shows that banks focused their maximum attention on rural and semi-urban areas.

Table 16 Population-wise Business per Branch of Private Sector Banks in Punjab

(Rs. in lac)

Year	Rural & Semi-urban Business Per Branch (Rs.)	Urban Business Per Branch (Rs.)	Total Business Per Branch (Rs.)	Growth Rate %
1990-91	158	275	256	-
1991-92	NA	398	332	29.62
1992-93	NA	475	402	21.13

Year	Rural & Semi-urban Business Per Branch (Rs.)	Urban Business Per Branch (Rs.)	Total Business Per Branch (Rs.)	Growth Rate %
1993-94	226	578	470	16.99
1994-95	279	793	587	25.00
1995-96	NA	696	540	-8.04
1996-97	949	4413	2523	367.28
1997-98	668	5998	2035	-19.36
1998-99	2288	3013	2790	37.11
1999-00	1782	4352	2968	6.39
2000-01	2300	4226	3301	11.20
2001-02	1665	3676	2685	-18.65
2002-03	2468	3421	2945	9.67
2003-04	2262	7315	4870	65.38
2004-05	3715	8143	5916	21.47
2005-06	3736	11270	7063	19.39
2006-07	4256	13931	8074	14.32
2007-08	5683	9987	7650	-5.25
Growth Rate (%)	23.62	24.74	23.37	

Source: Compiled on the basis of Tables 2 and 16.

Note: NA represents Non-Availability of data.

Table 22 reveals that business per branch of private sector banks in Punjab increased tremendously. It increased from Rs. 256 to Rs. 7,650 lac with the growth rate of 23.37 per cent during the period 1990-91 to 2007-08. The growth rate of business per branch was maximum, i.e., 367.28 per cent in 1996-97 and it was negative in few years. Business per branch of the banks grew at a little faster rate (24.74 per cent) in urban areas than in rural and semi-urban areas (23.62 per cent) during the same time period, indicating that banks focused their maximum attention on urban areas.

Credit-Deposit Ratio

Credit-deposit ratio is a useful tool to assess the performance of banking sector. It refers to the proportion of the credit sanctioned by banks in a region to the deposits collected in that region. It explains the extent to which a region is benefited from bank credit out of its own deposits. Variation in this ratio indicates that certain regions/states gain more than others in terms of credit flows, thus, aggravating regional imbalances (Kondle, 1984). Generally, there has been a complaint that commercial banks divert the rural resources to urban areas. That is why, the percentage share of rural deposits in total deposits has most of the time

higher than the percentage share of rural credit in the total credit. Therefore, the banks were advised that their credit-deposit ratio in rural and semi-urban branches should be at least 60 per cent by individual banks (RBI, 1980).

Table 17 Population-wise C/D Ratio of Public Sector Banks in Punjab

Year	Rural & Semi-urban Areas (%)	Urban Areas (%)	State (%)
1990-91	43.44	53.13	47.22
1991-92	37.38	68.46	47.67
1992-93	50.45	33.71	41.67
1993-94	39.24	42.56	40.63
1994-95	40.46	48.21	43.74
1995-96	41.33	45.51	43.07
1996-97	17.86	76.34	40.30
1997-98	34.31	49.15	40.14
1998-99	36.45	47.43	40.51
1999-00	36.07	46.17	39.83
2000-01	34.57	56.03	42.49
2001-02	41.04	45.02	42.69
2002-03	38.35	53.39	44.34
2003-04	37.97	58.57	46.58
2004-05	75.83	19.51	51.83
2005-06	47.43	75.63	58.84
2006-07	51.34	87.39	65.96
2007-08	49.23	100.38	70.24

Note: Compiled on the basis of Tables 5 and 10.

Table 23 depicts that C/D ratio of the state as a whole increased from 47.22 per cent to 70.24 per cent, in rural & semi-urban fluctuated widely between 17 per cent and 76 per cent and in urban areas varied between 19 per cent and 100 per cent during the period under reference. C/D ratio in rural and semi-urban area was below national target of 60 per cent during all the years of study except 2004-05, indicating the poor performance of commercial banks in credit deployment in the state. The main reasons for this may be low credit absorption capacity due to low level of industrial development in the state, existence of a large number of small and uneconomical holdings in farm sector, and availing of limit by some big units functioning in Punjab from branches outside the state.

Table 18 Population-wise C/D ratio of Private Sector Banks in Punjab

Year	Rural & Semi-urban Areas (%)	Urban Areas (%)	State (%)
1990-91	7.12	36.85	33.03
1991-92	NA	53.29	53.29
1992-93	NA	54.58	54.58
1993-94	109.01	27.62	35.41
1994-95	67.77	23.46	29.97
1995-96	NA	16.40	35.52
1996-97	9.54	34.70	28.64
1997-98	11.91	29.10	24.43
1998-99	18.46	40.98	34.53
1999-00	21.13	58.61	44.19
2000-01	22.58	49.96	39.52
2001-02	28.46	37.40	34.54
2002-03	25.37	35.37	30.99
2003-04	25.89	61.20	51.64
2004-05	93.83	81.99	85.57
2005-06	51.29	118.51	93.15
2006-07	24.90	162.65	94.27
2007-08	32.09	151.69	84.36

Note: Compiled on the basis of Tables 6 and 11. NA represents Non-Availability of data.

Table 24 displays that C/D ratio of private sector banks in the state as a whole increased from 33.03 per cent to 84.36 per cent, in rural & semi-urban areas varied between 7 per cent and 109 per cent and in urban areas between 16 per cent and 163 per cent. C/D ratio of private sector banks in rural and semi-urban areas was below the national target of 60 per cent during the period of study except in the years 1993-94, 1994-95 and 2004-05.

Thus, the branches, deposits, advances and total volume of business of private sector banks increased at a faster rate than that of public sector banks. The share of branches of public sector banks increased in urban areas while that of private sector banks increased in rural and semi-urban areas. Also, the disparity in growth of deposits and advances of private sector banks was greater than public sector banks. Deposits and advances of the banks were distributed unevenly in different districts of Punjab. The tendency for deposits and advances in both the types of banks was found to be higher in developed districts

than backward districts. Jalandhar and Ludhiana districts contributed the most towards deposits of public sector banks in Punjab, whereas Amritsar and Ludhiana districts emerged for the private sector banks during most of the years under study. Amritsar and Ludhiana districts had the leading positions in availing advances of public sector banks in Punjab, while Ludhiana and Jalandhar districts had the leading positions in private sector banks in Punjab during most of the years under study. Inter-district disparities with regard to deposit mobilisation declined in both the types of banks. These were more pronounced with regard to credit deployment during the post-reform period. The volume of business of public sector banks was more in rural and semi urban areas while that of private sector banks was more in urban areas during the study period. The credit-deposit ratio of public sector banks presented a more dismal picture than private sector banks. The position of C/D ratio with regard to rural areas was still worse.

Suggestions

On the basis of the study conducted the following suggestions can be given:

- 1 The survey points out that share of rural branches to total branches of public and private sector banks in Punjab has decreased. Committed efforts are required on the part of banks to open more branches in rural areas so that benefits of priority sector lending programme may reach each and every person in the remote villages of Punjab.
- 2 The study highlights that there exists greater inter-district disparity regarding the performance of banks. In order to reduce this disparity, it is suggested that banks should improve their performance on emergency basis in those districts which have shown poor records. Public and private sector banks in Punjab should improve their contribution in Barnala, Mansa, Muktsar districts in terms of total deposits. They should improve their share in Moga, S.B.S. Nagar, Mansa, Faridkot and Muktsar districts in terms of total advances. They are required to take strict measures in this regard to improve their performances in these districts.
- 3 C/D ratio of both the type of banks in rural and semi-urban areas of Punjab was below national targets in all the years under study except few. That means resources in rural and semi-urban areas were being

diverted to urban areas. This can be avoided if banks make efforts to advance more and more to develop these areas only.

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