



# A Study On The Growth Of Banking Industry In Assam With Reference To Branch Expansion And Credit Deposit Ratio

**Ranju Kumar Bharali**

**Research Scholar**

**Mahapurusha Srimanta Sankardeva Vishwavidyalaya  
Nagoan, Assam**

**Dr Ajit Debnath**

**Associate Professor**

**Dept of Economics  
MSSV, Nagoan**

## **Abstract**

Banks and other financial institutions are an important part of economic infrastructure of a region. Rapid development of a region depends upon rapid expansion of banking facilities. The banking facilities in North East India in general and Assam in particular were very inadequate. However during last few years there has been expansion of bank offices in the region more particularly in Assam. Along with the expansion of bank branches there is increase in deposit and credit disbursement during last few years. This paper makes an attempt to analyse the growth of schedule commercial bank in the state, district wise distribution of deposit and credit and the status of credit deposit ratio. The paper is based on secondary sources of data which includes annual reports of commercial banks and RBI, Economic Survey of Assam and Statistical Handbook of Assam.

**Key Words:** Commercial Bank, Deposit, Credit, Credit Deposit Ratio.

## **Introduction:**

Banking and other institutional financing facilities are an important part of economic infrastructure of a region. Rapid economic development calls for rapid expansion of banking facilities. The growth of banking and institutional credit system in Assam has been tardy. The availability of banking facilities in Assam was quite inadequate few years back. Over the past few years, there has been an expansion in the number of bank offices in Assam as in other parts of the country. But the progress is taking place at a slow pace thus showing only marginal improvements as compared to other states of the country which have progressed rapidly in expansion of banking facilities.(Dhar,2007)

Thus it was only during the recent past there has been expansion of bank offices in the region more particularly in Assam. Along with the expansion of bank branches there is increase in deposit and credit disbursement during last few years. With this background, this paper makes an attempt to study the growth of schedule commercial bank in the state, district wise distribution of deposit and credit and the status of credit deposit ratio.

## Objective and Methodology:

The study has been taken up with the following objective:

- 1) To assess the growth of schedule commercial bank in the state.
- 2) To assess the district wise distribution of deposit and credit and the resultant credit deposit ratio.

The study is analytical in nature based on secondary sources of data which includes annual reports of commercial banks and RBI, Economic Survey of Assam and Statistical Handbook of Assam.

## Analysis and Discussion:

- 1) **Growth of Schedule Commercial in Assam:** The table-1 shows the comparative growth of schedule commercial bank in Assam and India as a whole. The growth is shown for a period 12 years from 2010 to 2021.

**Table-1: Growth of Scheduled Commercial Banks in Assam & India**  
(as on 31st March, 2021)

Year	Number of Offices*		Deposits (Rs. in Crore)		Credit (Rs. in Crore)	
	Assam	India	Assam	India	Assam	India
2010	1434	83997	49545	4601926	18311	3345619
2011	1504	89110	59101	5426510	21053	4076868
2012	1574	96059	67455	6174147	25171	4821527
2013	1682	104647	77730	7051332	28576	5506496
2014	1861	115822	85069	8028220	31713	6264290
2015	2047	125863	97378	8900111	35911	6878472
2016	2177	132587	103794	9659968	42671	7520929
2017	2276	137770	122307	10751439	48776	7927003
2018	2289	139240	134643	10750614	57307	7825359
2019	2348	141756	147203	12558671	65070	9818367
2020	2889	148904	166270	13750146	70658	10449562
2021	2925	150207	175579	15439970	81870	11035347

*\*Reporting Offices Only*

*Source: Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks, March 2010 to March 2021 of RBI*

The above table indicates the following points:

- 1) As on 31<sup>st</sup> March, 2021 a total number of 2925 banking offices of schedule commercial banks were functioning in the State. Of which 48.9 percent were in rural areas, 28.6 percent were in semi-urban areas and 22.4 percent in urban areas (shown in Table-3). The share of SCB branches in Assam is less than two percent of the total SCB branches, at all-India level and this indicates the low coverage of banking services. However, it is seen from the table that over the period from 2010 to 2021 the compound annual growth of bank branches in Assam has been 6.69 percent which is higher than the all-India growth of 5.43 percent.
- 2) The Credit-Deposit Ratio (CDR) of the schedule commercial banks in State was 46.63 percent as per the quarterly statistics released by the RBI whereas, that of All-India was 71.47 percent in the year.
- 3) The facility of Automated Teller Machine in the State was 3887 as against 235588 at All India Level as on 31st March, 2021.
- 4) Although compound annual growth of deposits in Assam (12.19 percent) had been higher than the all-India level (11.63 percent), the share of the State's deposit in all-India total in 2021 was merely 1.14 percent.
- 5) Similarly for credit compound annual growth in Assam (14.59 percent) had been higher than the all-India level (11.46 percent), but the share of the State in all-India total was only 0.74 percent.

This clearly indicates the low rate of deposit mobilization as well as credit absorption in the State compared to the all-India level.

- 2) **District-wise number of scheduled commercial banks in Assam:** The Table-2 shows the distribution of bank offices, gross deposit, gross credit and their ratio in different districts of Assam for the year 2021-22

**Table-2: District-Wise Distribution of Aggregate Deposit & Gross Bank Credit in Assam, 2021-22**  
(Rs. in Crore)

District	Scheduled Commercial Banks				All Regional Rural Banks			
	No. of Reporting Offices	Deposit	Credit	Credit Deposit Ratio	No. of Reporting Offices	Deposit	Credit	Credit Deposit Ratio
1	2	3	4	5	6	7	8	9
Kokrajhar	52	3136	1393	44.4	11	308	110	35.7
Dhubri	81	3191	1812	56.8	12	362	121	33.4
Goalpara	65	2403	1259	52.4	12	344	138	40.1
Barpeta	117	4873	3091	63.4	19	647	256	39.6
Morigaon	66	1883	1331	8.9	12	248	140	56.5
Nagaon	164	6353	4219	66.4	36	839	308	36.7
Sonitpur	129	6116	3503	57.3	26	551	244	44.3
Lakhimpur	87	2981	2426	81.4	20	392	230	58.7
Dhemaji	43	1629	1180	72.4	9	264	118	44.7
Tinsukia	148	7986	3729	46.7	14	231	120	52.2
Dibrugarh	181	12288	5134	41.8	17	312	164	52.6
Sivasagar	98	5155	2822	54.7	13	339	135	39.8
Jorhat	135	8035	4276	53.2	15	342	157	45.9
Golaghat	115	3818	2635	69.0	26	545	207	38.0
Karbi	62	2238	1282	57.3	31	534	430	80.5
Anglong								
Dima Hasao	28	1205	383	31.8	10	170	92	54.1
Cachar	163	9730	4203	43.2	23	677	150	22.2
Karimganj	85	4242	1464	34.5	17	422	98	23.2
Hailakandi	43	1842	766	41.6	9	240	73	30.4
Bongaigaon	58	3360	1906	56.7	9	275	93	33.8
Chirang	30	1539	699	45.4	7	186	82	44.1
Kamrup	161	5676	4330	76.3	19	554	261	47.1
Kamrup Metro	432	74928	29642	39.6	16	906	227	25.1
Nalbari	80	3025	1912	63.2	17	496	224	45.2
Baksa	53	1372	820	59.8	13	292	161	55.1
Darrang	68	2406	1581	65.7	15	382	179	46.9
Udalguri	46	1584	1126	71.1	12	254	149	58.7
Biswanath	48	1666	1053	63.2	8	204	71	34.8
Charaideo	31	1222	501	41.0	10	232	101	43.5
Hojai	45	2623	1046	39.9	3	58	17	29.3
Majuli	12	301	179	59.5	-	-	-	-
South Salmara	14	405	168	41.5	-	-	-	-
W K	22	321	274	85.4	16	134	143	106.7
Anglong Assam	2962	18953	92145	48.6	477	11740	4999	41.5

Source: Statistical Handbook, Assam

The distribution of bank branches (as on 31.3.2021) across the districts shows that only ten districts in the State have more than 100 numbers of bank branches. In other words, banking network coverage is not up to the mark in the State. Among the districts Kamrup (M) has the highest number (432) of bank branches and Majuli has the lowest number (12) of bank branches. On the other hand credit deposit ratio is highest in Karbi Anglong District (85.4 percent) and lowest in Morigaon District (8.9). Thus there is wide disparity in the distribution of banking facilities in the state.

**Credit-Deposit of Scheduled Commercial Banks:**

Of the total 2925 SCB branches as on 31<sup>st</sup> March 2021 (shown in Table-1), 49 percent are in rural areas, 28.6 percent are in semi-urban areas and 22.4 percent are in urban areas of the State. Table-3 shows Deposit and Credit of SCBs in the State.

**Table – 3: CREDIT & DEPOSIT OF SCHEDULED COMMERCIAL BANKS IN ASSAM**

Item	Rural		Semi-Urban		Urban	
	2020	2021	2020	2021	2020	2021
No. of Reporting offices	1404	1432	824	837	661	656
Deposits (Rs. in Crore)	34659	39220	45410	48488	86201	87871
Credit (Rs. in Crore)	18702	22271	21536	24812	30419	34786
C-D Ratio (in %)	54	56.78	47	51.17	35	39.59

Source: Reserve Bank of India

Although the rural areas have more bank branches, the share of deposit and credit is higher for the urban and semi-urban bank branches. Of the total deposit mobilisation by banks for 2021, more than 50 percent was from urban areas, 27.6 percent from semi-urban areas and 22.34 percent from rural areas. In respect of credit disbursement, the share of rural branches was 27.2 percent and the share of semi-urban and urban branches are 30.31 percent and 42.49 percent respectively as on 31-03-2021. This is because of capacity to save and invest in rural people in the State continues to be low.

The trend of CD Ratio of SCB in Assam has been less than the stipulated benchmark of 60 percent as per the RBI guideline. The State could achieve the target of only 46.63 percent as on 31-03-2021, which is however a slight improvement of previous year's position. The Table-4 shows the bank group wise deposits and credit of SCBs.

**Table-4: Bank Group Wise Distribution of Deposit and Credit of All Scheduled Commercial Banks In Assam, 2021-22**

Bank Group	No. of Reporting Offices	Deposit (Rs. in Crore)	Credit (Rs. in Crore)	Credit Deposit Ratio (%)
1	2	3	4	5
1. Public Sector Banks	1442	142478	61231	42.98
2. Private Sector Banks	815	33734	23993	71.12
3. Foreign Banks	1	162	10	6.17
4. Regional Rural Banks	481	11816	5047	42.71
5. Small Finance Banks	196	1305	1864	142.84
<b>All Scheduled Commercial Banks</b>	<b>2962</b>	<b>189530</b>	<b>92145</b>	<b>48.62</b>

Source: Quarterly Statistics on Deposits and Credit of Scheduled Commercial Banks (SCBs) in India, RBI.

The table shows that the aggregate deposits and credit as on 31-03-2021 of Private Sector Banks in Assam was 15.2 & 29.45 percent respectively and of Public Sector Banks was 77.44 & 62.59 percent respectively. Thus it is very much clear that Credit deposit ratio of Private sector bank (71.12 percent) is higher than that of public sector banks (42.98 percent).

**Conclusion:**

From the above discussion it is clear that over the period from 2010 to 2021 the growth of bank branches in Assam has been higher than all India growth. Yet the share of commercial bank branches in Assam is less than two percent of total branches at all India level. This is very low considering the share of Assam's population in the total population of India which accounts to be percent of the total population of the country. Similarly the share of state's deposit in all India total and the share of state's credit in all India total was very low in comparison to state's share in the population of the country. Therefore, financial inclusion measures to be more intensified by not only expanding the bank branches but also raising the level of deposit and credit. Again it is seen that there is wide disparity in the distribution of bank branches and banking facilities in the state. Some districts like Majuli, South Salmara, Chirang Charaidew and Karbi Anglong are highly underbanked. Setting up of bank branches and financial literacy of common people is needed in such underbanked districts. It is also observed that the number of private sector bank branches in the state is much lesser than public sector banks but the credit deposit ratio of private sector banks are far better than the public sector banks. This is mainly because private sector banks are mostly located in urban areas and these banks are more keen to give credit to its customers.

**Reference:**

Dhar,P.K.(2013), The Economy of Assam Including Economy of North East India, Kalyani Publishers , New Delhi

Dhar,P & Baruah Nissar A. (2019), Banking Penetration in Assam- A Case Study of Bongaigaon District, International Journal of Interdisciplinary Research in Science Society and Culture(IJIRSSC) Vol: 5, Issue:2

Economic Survey Assam: 2021-22, Government of Assam Transformation and Development Department Directorate Of Economics And Statistics, Assam  
Statistical Handbook Assam 2022, Directorate of Economics and Statistics, Government of Assam