

# Credit Deposit Ratio of Commercial Banks in India: with special reference to Bihar

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**Abstract:** It is the ratio of how much a bank lends out of the deposits it has mobilised. It indicates how much of a bank's core funds are being used for lending, the main banking activity. A higher ratio indicates more reliance on deposits for lending and vice-versa.

CD ratio helps in assessing a bank's liquidity and indicates its health - if the ratio is too low, banks may not be earning as much as they could be. If the ratio is too high, it means that banks might not have enough liquidity to cover any unforeseen fund requirements, may affect capital adequacy and asset liability mis-match. A very high ratio could have implications at the systemic level.

Expressed as a percentage, CD ratio is computed as under:-

$$\text{Credit Deposit Ratio} = \frac{\text{Total Advances}}{\text{Total deposit}} * 100$$

The study has carried out with a purpose to present the performance of public sector banks through the c-d ratio in last decades by classifying credits and deposits along with the percentage. The current study is an attempt to find out the various factors that justify the performance of commercial banking in Bihar through c-d ratio.

In the current scenario the credit-deposit (C-D) ratio of the banking system remained around 78 per cent, it was significantly higher at 90.3 per cent for PVBs as at end-March 2016.

**Keywords:** - Per capita Deposits and Credits, CD ratio of Schedule Commercial Bank, CD Ratio of Districts

## Introduction

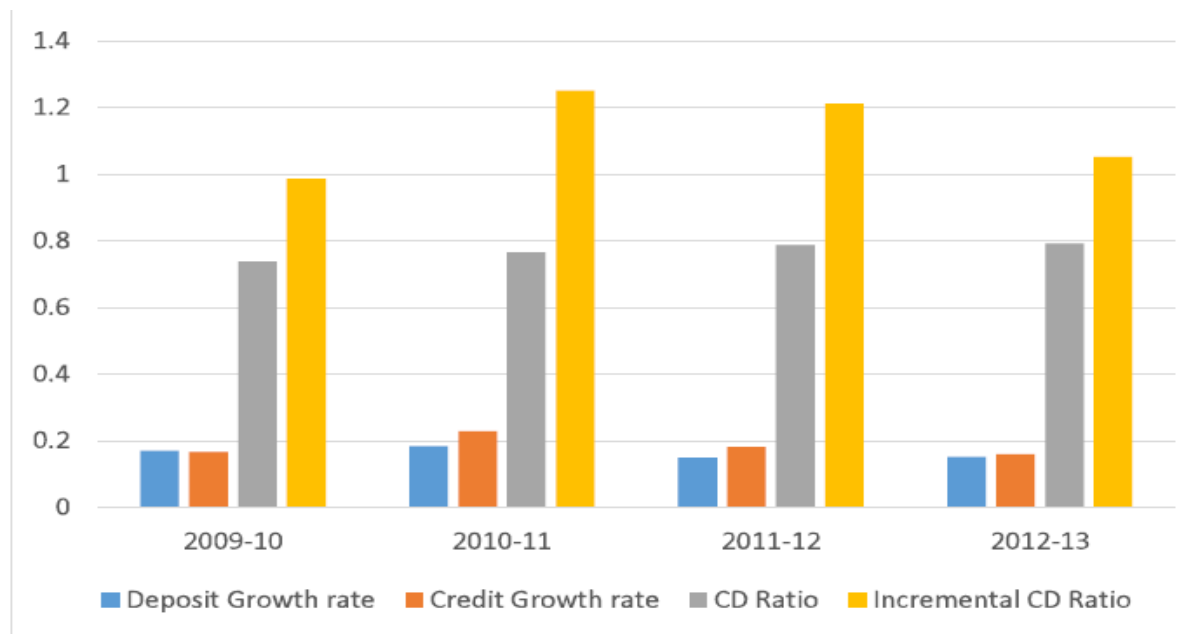
The CD ratio gives the first indication of the health of a bank. A very high ratio is considered alarming because, in addition to indicating pressure on resources, it may also hint at capital adequacy issues, forcing banks to raise more capital. Moreover, the balance sheet would also be unhealthy with asset-liability mismatches. For a developing economy like India, it is essential to have comprehensive financial intermediaries and commercial banking sector that efficiently collect the savings accessible from the public and disburse credit to the productive and demanding sectors in a well-organised manner. The role of financial intermediaries and banking sector in mobilising deposits and paying credits to various sectors of an economy leads to sustaining growth of the economy. Hence, the quality of functioning of the banking sector in turn marks the performance and productivity of other sectors of the economy. The banking

system in India has evolved to deliver a diversified, efficient and competitive financial system with primary objective of improving the allocation of resources with better operational flexibility. The Reserve Bank of India (RBI) has time and again stimulated the banking sector to expand its financial coverage in the country. The credit-to-deposit (CD) ratio is the fraction of loan assets generated by banks from the deposits received. Higher the ratio, the higher the loan assets are created from the deposits, hence leading to more income generation options for the banks. CD ratio reveals the efficiency with which the commercial banks are able to mobilise the deposits received. The banks in India have to maintain a certain portion of deposits as reserves with RBI through the Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) window. Only after that banks have available funds to mobilise for loans to various sectors. However in the past few years the banking sector has provided credit beyond that limit, either by borrowing from the other banks and RBI or by infusing funds from capital and reserves and surplus. The overall CD ratio of the banking sector has remained on the higher side for many quarters now. But what has concerned RBI is the Incremental Credit - Deposit Ratio (ICDR). It is the measure of the growth in credit provided as a portion of growth in deposits generated. When ICDR goes beyond 100 percent it can be inferred that the growth of credit is not keeping pace with the growth in deposits. This has bothered RBI as the banks are unable to generate sufficient deposits to fund their credits.

Figure 1:

Some Relevant Bank Statistics from 2009-13, Data Source:

A Profile of Banks (2012-13), RBI



A very high CD ratio is considered alarming because, in addition to indicating pressure on resources, it also hints at capital adequacy issues, and forces banks to raise more capital. RBI has raised concerns over the current scenario as it could lead to financial instability in the banking sector gradually.

### **Objective of the study**

The purpose of the study is to present the performance of public sector banks through the c-d ratio in last decades by classifying credits and deposits. The current study is an attempt to find out the various data that justify the performance of commercial banking in Bihar through c-d ratio.

### **Literature Review**

With a view to lay down an adequate foundation for the present investigation, a brief review of the recent literature has been made in this section: Balkrishan (1987) evaluated the performance of commercial banks in reducing regional disparities in bank services during post-nationalisation period. As per findings from the study, commercial banks played an important role in decreasing the rural population served per rural branch and cropped area served by commercial bank. The indicator related to deposit mobilization did not depict a flattering picture due probably to low level of agricultural yield and agricultural development in the states. However, the indicators related to deployment of credit and Credit-Deposit ratio revealed a healthy trend. Das and Maiti (1998) analysed the movement of Credit-Deposit ratio of commercial banks in West Bengal and compared these ratios with those for a few other states. As per their findings, C-D ratio displayed a downward trend for every state. Further, there existed a considerable variation in the ratio, not only across the districts but across the different regions of a given state as well. In West Bengal, in particular, the C-D ratio remained below the all-India average. Report of the Committee of Financial Sector Plan for North-Eastern Region (NER), 2006, identified three basic issues in the NER: (i) low CD ratio, (ii) non-availability of hassle-free credit, and (iii) complexity of procedures for opening of bank accounts. The C-D ratio of the NER as a whole (as also of the individual States) was far below the national average, which was a matter of concern. To improve the C-D ratio in the region, the banks might like to consider funding of certain major infrastructure projects, particularly in the areas of toll roads, toll bridges, power plants, industrial park, SEZs, urban water supply scheme, etc. Bodla and Verma (2007) found that C-D ratio, non interest income, spread, NPA as a percentage of net advances, provisions and contingencies, operating expenses, business per employee and profit per employee are the major determinants of profitability of banking in India. Ahmad (2009) carried out a comparative study to evaluate performance of Indian banking by using parameters like credit to deposit ratio, cash to deposit ratio, investment to deposit, and secured advances to total advances of nationalized banks, foreign banks, other scheduled commercial banks and RRBs. Kulshrestha (2009) highlighted performance of Urban Co-operative Banks (UCB) at district-level in U.P. in terms of deposits and advances. As per his findings, C-D ratio of UCB has gone up during the study period, possibly due to more and more advances to priority sector and weaker sections. Uppal (2009) made an attempt to analyse trends and growth in different types of

loans. On the basis of certain parameters like cash deposit ratio, deposit patterns of scheduled commercial banks, bank's group-wise lending to sensitive sectors, sectoral deployment of gross bank credit, etc., the author proposed some strategies concerning advanced technology, skilled manpower, market research, credit quality techniques in delivering banking services to customers, etc. Ahmed (2010) examined the factors influencing *priority sector lending* by Commercial Banks. For this purpose, the author used regression analysis, considering percentage of overdue in priority sector, interest rate, performance of the banks measures with C-D ratio, branch expansion of banks, volume of business, etc., as independent variables. Of these, two of the variables, viz., mounting overdue and C-D ratio happened to be the most prominent factors affecting deployment of bank credit to priority sector. According to Hooda (2011), there existed a significant difference between the performance of Scheduled Commercial Banks (SCBs) on three financial indicators: (i) Cash-Deposit Ratio, (ii) Investment-Deposit Ratio, and (iii) Credit-Deposit Ratio. The study revealed the presence of a significant but indirect relationship between C-D ratio of SCBs and that of State Co-operative Banks (StCBs). By using different ratios (liketotal advances to total assets, borrowing to deposits, total advances to total deposits and investments to deposits), Prajapati (2011) made an attempt to identify the impact of financial sector reforms on profitability and productivity of public sector and private sector banks. Siraj and Pillai (2011) examined that vulnerability to financial crisis force banks to reduce their Credit-Deposit ratio. The authors observed that C-D ratio had an increasing trend for SBI and its associate's banks, but a declining trend for nationalized banks, other scheduled commercial banks and foreign banks. Through Credit-Deposit ratio, Shiralshetti (2012) attempted to measure the efficiency of banks in rendering services to customers. The author stressed that in order to remain highly competitive in the present environment, banking organization should fully concentrate towards the improvement of C-D ratio. All out efforts to grant credit and ensure their recovery should be made to maintain the highest C-D ratio, which is considered to be one of the most important factor to judge banking performance. Evidently, the reviewed studies point towards Credit-Deposit ratio having been used as an important indicator of the profitability and activity of commercial banks in a given area. Nevertheless, there have been inter-bank and inter-state disparities in the ratio, thereby providing a justification in favour of carrying out the present investigation.

### Research Methodology

The study has been conducted with reference to the data related to Public Sector Banks (SBI and Nationalized Banks) operating in India. The public sector banks have been studied with the belief that they hold largest market share of banking business in India. In this study secondary data was used and the sample size of the study was from 2001 to 2011. The data for the study purpose has been taken mainly from 'Statistical Table relating to Economic Survey published by State government.

### STATE PROFILE:-BIHAR

The present state of Bihar is the result of a bifurcation exercise of the erstwhile undivided Bihar in November 15, 2000. It stretched between latitude 24° 20' 10" N to 27° 31' 10" N and longitude 82° 19' 50" E - 88° 17' 40" E. The recognized state has an area of 94,163 km<sup>2</sup>. It is part of Gangetic plain and is drained by the two major rivers Ganga and Gandak. It is situated in eastern part of India making international border with Nepal from northern side. The present Bihar makes its state's boundary with Jharkhand and West Bengal from southern and eastern side respectively, while state makes its western boundary with Uttar Pradesh. Before bifurcation of the state Orissa and Chhattisgarh were also neighbouring states. A population of 83.0 million, of this rural population is 89.5% and urban 10.5%. It is the 3rd largest state of India in terms of population. The state accounts 8.07% of India's total population, but has only 2.9% of its total area.

BANK WISE BARNCH, ATM,ATM CARD AND POS STATUS AS ON 31.12.2017					
SL	BANK NAME	BRANCH			
		Rural	Semi-Urban	Urban	Total
1	STATE BANK OF INDIA	365	373	229	967
2	CENTRAL BANK OF INDIA	243	109	88	440
3	PUNJAB NATIONAL BANK	372	112	87	571
4	CANARA BANK	91	75	77	243
5	UCO BANK	140	51	39	230
6	BANK OF BARODA	103	72	63	238
7	UNION BANK OF INDIA	52	65	41	158
8	BANK OF INDIA	169	108	68	345
9	ALLAHABAD BANK	127	56	61	244
10	ANDHRA BANK	8	8	30	46
11	BANK OF MAHARSHTRA	0	2	11	13

12	CORPORATION BANK	9	15	19	43
13	DENA BANK	11	9	25	45
14	INDIAN BANK	18	19	27	64
15	INDIAN OVERSEAS BANK	15	20	25	60
16	ORIENTAL BANK OF COM	11	18	22	51
17	PUNJAB AND SIND BANK	0	1	15	16
18	SYNDICATE BANK	19	13	32	64
19	UNITED BANK OF INDIA	36	28	28	92
20	VIJAYA BANK	4	15	18	37
21	IDBI	20	20	30	70
22	ICICI BANK	9	32	56	97
23	FEDERAL BANK	0	3	5	8
24	JAMMU KASHMIR BANK	0	0	1	1
25	SOUTH INDIAN BANK	0	0	1	1
26	AXIS BANK	13	45	49	107
27	HDFC BANK	3	39	53	95
28	INDUSIND BANK	4	3	22	29
29	KARNATAKA BANK	0	0	1	1
30	KOTAK MAHINDRA	0	9	6	15
31	YES BANK	0	0	3	3
32	BANDHAN BANK	28	28	26	82
<b>TOTAL COMMERCIAL BANK</b>		<b>1870</b>	<b>1348</b>	<b>1258</b>	<b>4476</b>
33	STATE CO-OP. BANK	168	65	57	290
<b>TOTAL COOPERATIVE BANK</b>		<b>168</b>	<b>65</b>	<b>57</b>	<b>290</b>
34	MADHYA BIHAR GRAMIN BANK	550	106	46	702
35	BIHAR GRAMIN BANK	263	98	15	376
36	UTTAR BIHAR GRAMIN BANK	639	349	44	1032
<b>TOTAL REGIONAL RURAL BANK</b>		<b>1452</b>	<b>553</b>	<b>105</b>	<b>2110</b>
<b>TOTAL FOR BIHAR</b>		<b>3490</b>	<b>1966</b>	<b>1420</b>	<b>6876</b>

### Deposits and Credits

#### Per Capita Deposits and Credits of Scheduled Commercial Banks

Table 5.2 shows the deposits and credits of scheduled commercial banks in Bihar vis-à-vis other states and their shares in the total deposits and credits in the country. From this table, it is seen that there has been significant growth in total deposits in Bihar over the previous year by Rs. 14,800 crore. Simultaneously, the expansion of credit in 2009-10 has also remarkably Improved the credit had expanded by Rs 5400 crore compared to only Rs 2751 crore in 2008-09. In 2008-09, the expansion of credit was only by 15 percent of the additional deposits collected during that year. In 2009-10, the expansion of credit was as much as 36 percent over the previous year. But while Bihar's share in the total deposits of scheduled commercial banks remained the same in these two years at 2.2 percent, its share of credit has improved marginally from 0.83 percent to 0.87 percent.

**Table 5.2**  
State wise Deposits and Credit of Scheduled Commercial Banks in India (March 31)

State	Deposits				Credits			
	Amount (in Rs. crore)	Percent share in total	Amount (in Rs. crore)	Percent share in total	Amount (in Rs. crore)	Percent share in total	Amount (in Rs. crore)	Percent share in total
	2009		2010		2009		2010	
Haryana	87204	2.21	109577	2.38	53617	1.88	69067	2.06
Punjab	120667	3.06	133571	2.9	79064	2.77	94980	2.84
Rajasthan	91914	2.33	107021	2.33	73680	2.58	94408	2.82
Bihar	86653	2.2	101452	2.2	23624	0.83	29025	0.87
Jharkhand	55513	1.41	64826	1.41	17789	0.62	22329	0.67
Orissa	70626	1.79	83446	1.81	35856	1.25	44361	1.33
West Bengal	228649	5.81	276704	6.01	138969	4.86	169698	5.07
Chhattisgarh	39437	1	48417	1.05	21018	0.74	25540	0.76
Madhya Pradesh	100971	2.56	119335	2.59	57957	2.03	71358	2.13
Uttar Pradesh	264369	6.71	314778	6.84	111185	3.89	134015	4.01
Uttarakhand	45162	1.15	42395	0.92	11575	0.41	14328	0.43
Gujarat	187906	4.77	216470	4.7	118684	4.15	141316	4.22
Maharashtra	1004898	25.52	1224329	26.6	912368	31.93	995343	29.75
Andhra Pradesh	217453	5.52	249467	5.42	212178	7.43	262286	7.84
Karnataka	256709	6.52	291655	6.34	196719	6.88	224359	6.71
Kerala	135173	3.43	150619	3.27	81612	2.86	95785	2.86
Tamil Nadu	246992	6.27	285337	6.2	268963	9.41	321418	9.61
All India	3937337	100	4601924	100	2857526	100	3345618	100

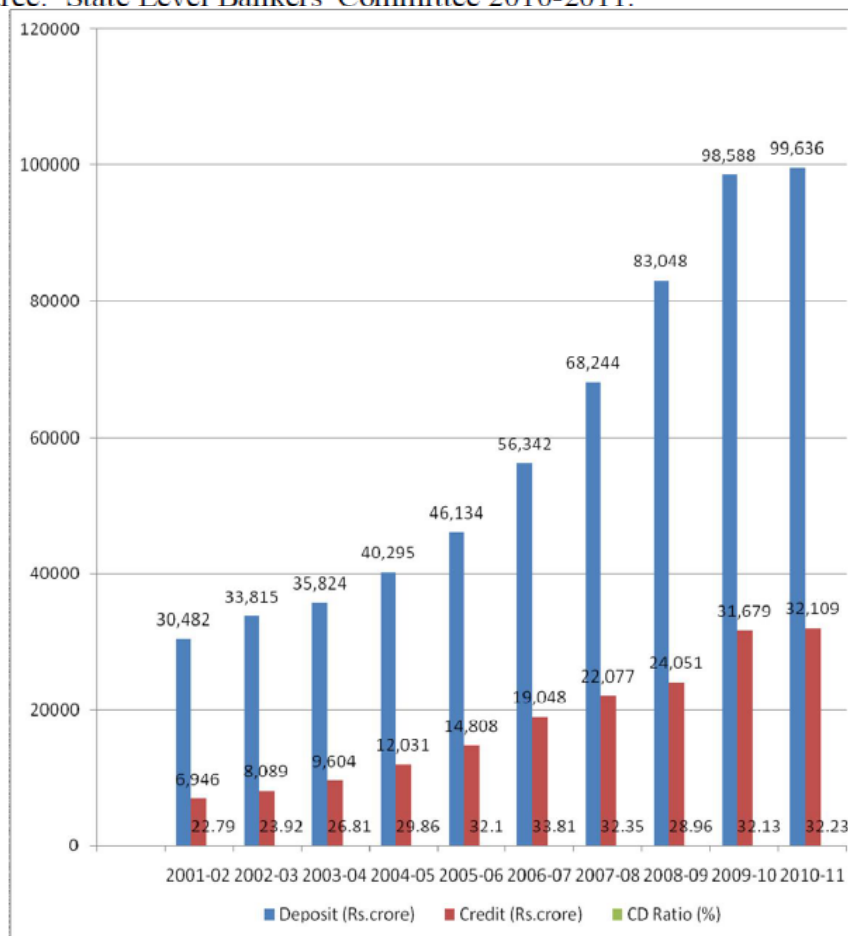
Source: Statistical Tables Relating to Banks in India, 2009-10, RBI

The per capita deposits and credits of scheduled commercial banks in the major Indian states are shown in Table 5.2. It may be noted that both in terms of per capita deposit and per capita credit, Bihar ranks the lowest among the major Indian states. The population served by a bank office in Bihar also remains the highest in the country. While the per capita deposit of Bihar has increased significantly in 2009-10 by Rs. 1406, compared to an increase of Rs. 1437 the year before, the increase in per capita credit was only one-fourth of this, i.e. by Rs 103 compared to an increase of Rs 63 one year back. The credit flowing into any economy depends on its absorption capacity which in turn is determined by the physical infrastructure, but banks still need to take much more pro-active measures in increasing the credit flow by opening more branches in the unbanked areas, and relaxing some of their stringent credit norms. It has been noted earlier that the expansion of bank branches in Bihar in 2009-10 has been skewed in favour of urban and semi-urban areas, which already had relatively better banking facilities.

**Table 5.3**  
**CD Ratio of All Banks in Bihar**

Year	Deposit (Rs. crore)	Credit (Rs. crore)	CD Ratio
2001-02	30,482	6,946	22.79
2002-03	33,815	8,089	23.92
2003-04	35,824	9,604	26.81
2004-05	40,295	12,031	29.86
2005-06	46,134	14,808	32.10
2006-07	56,342	19,048	33.81
2007-08	68,244	22,077	32.35
2008-09	83,048	24,051	28.96
2009-10	98,588	31,679	32.13
2010-11	99,636	32,109	32.23

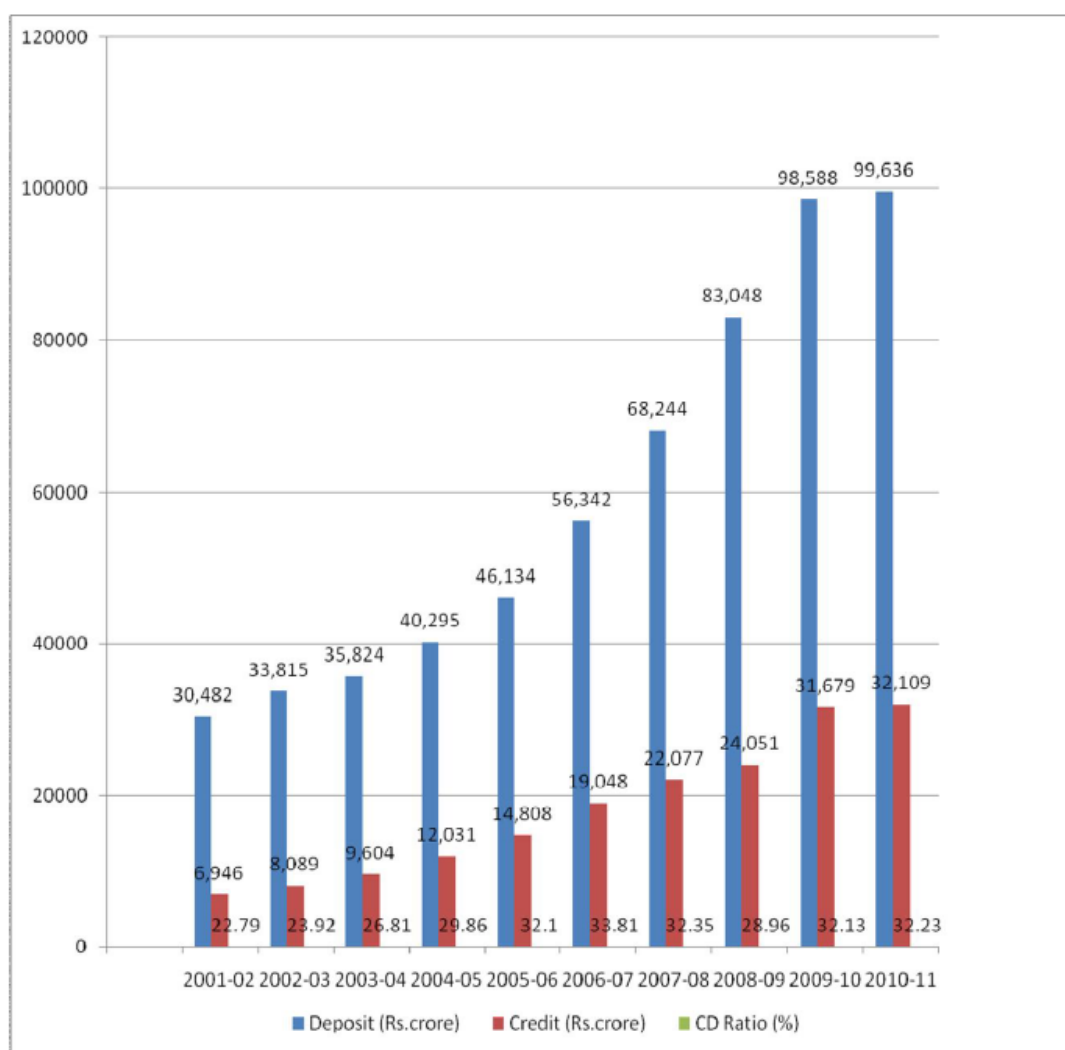
Source: State Level Bankers' Committee 2010-2011.



**Figure (1)** CD Ratio of All Banks in Bihar

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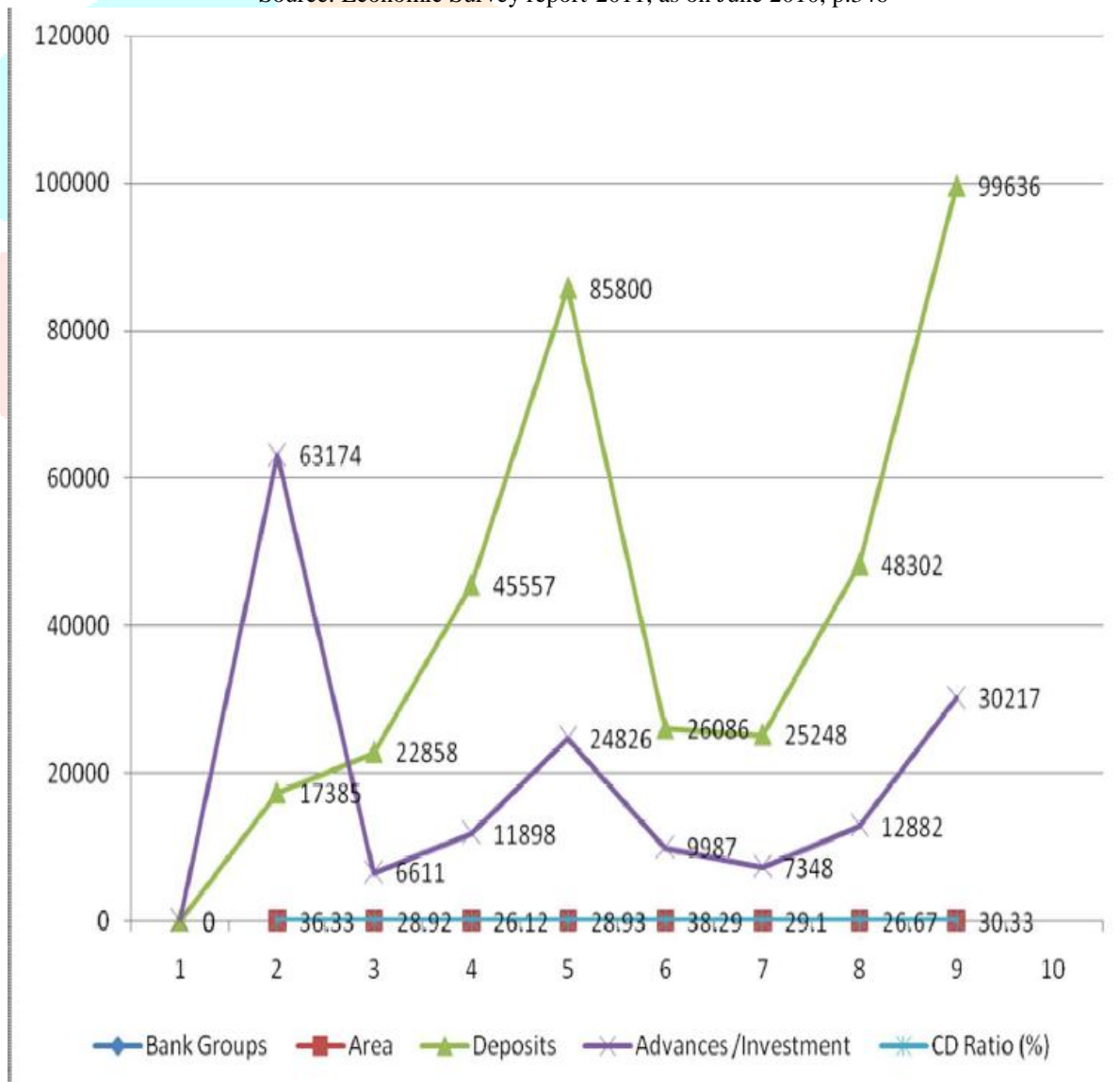
As already mentioned the CD ratio of the commercial banks depends mostly on the level of economic activity and the credit absorption capacity of a particular state and is an indicator of the involvement of the banks in the economic development of the

state. Till the 1990s, CD ratio for all banks in Bihar was one of the lowest in the country and there was no increase in the CD ratio in the state. After 2000-01, however, there has been some improvement in the CD ratio, but even in 2009-10, it is still the lowest among all the major states in the country. Further, as per the fig-1 from the year 2006-07, the ratio has fallen by almost 5 per cent to 28.96 percent in 2008-09. Since then, it has been slowly improving but still it is about 32 percent, much less than the 34 percent level achieved in 2006-07.

**Table 5.4**  
**Bank Group wise and Area wise CD Ratio in Bihar (31.06.2010)**

Bank Groups	Area	Deposits (Rs. crore)	Advances /Investment (Rs. crore)	CD Ratio (%)
Commercial Bank	Rural	17385	63174	36.33
	Semi-Urban	22858	6611	28.92
	Urban-Metro	45557	11898	26.12
	<b>Total</b>	<b>85800</b>	<b>24826</b>	<b>28.93</b>
All Bank	Rural	26086	9987	38.29
	Semi-Urban	25248	7348	29.10
	Urban-Metro	48302	12882	26.67
	<b>Total</b>	<b>99636</b>	<b>30217</b>	<b>30.33</b>

Source: Economic Survey report-2011, as on June 2010, p.346



**Fig (2)** Bank Group wise and Area wise CD Ratio in Bihar (31.06.2010)



As depicted in fig-2 on June 2010, the aggregate deposits of banks in Bihar were 85800. As on June 2010, the aggregate deposits of all banks in Bihar were Rs. 99,636 crore, against a credit of Rs 32,109 crore, giving a CD ratio of 32.23 percent, marginally above 32.13 percent achieved in 2009-10. Even before the -process of liberalization began in the early1990s, the CD ratio of Bihar used to be around 40 percent. The deposits and credits of the scheduled commercial banks in Bihar constitute 2.2 percent and 0.87 percent of the total deposits and the total credits respectively in the country, one of the lowest among all major Indian states. An adequate investment in the state is essential for productive economic activities, but at this rate, any meaningful investment will take a long time to come. Bihar's share in the total deposits of the country has declined from 2.6 percent to 2.2 percent during the last 5 years, while the share of its credit has declined from 1.0 to 0.87 percent during the same period. Instead of increasing, there has actually been a decline in its CD Ratio from a peak value of 34.38 percent in 2006-07, as already pointed out.

**Table 5.5**  
**CD Ratio of the Scheduled Commercial Banks**

State	Mar-07		Mar-08		Mar-09		Mar-10
	As per Sanction	As per Utilization	As per Sanction	As per Utilization	As per Sanction	As per Utilization	As per Sanction
Haryana	56.9	68.4	60.1	67.2	61.4	74.0	63.0
Punjab	65.6	65.3	67.2	76.1	65.7	65.5	71.1
Rajasthan	82.9	90.9	82.4	100.0	80.6	87.5	88.2
<b>Bihar</b>	<b>32.4</b>	<b>49.0</b>	<b>28.2</b>	<b>45.0</b>	<b>26.8</b>	<b>26.6</b>	<b>28.6</b>
Jharkhand	32.8	33.3	35.3	40.2	32.0	35.7	34.4
Orissa	64.6	72.6	56.3	62.4	50.8	55.7	53.2
West Bengal	64.7	68.4	62.4	65.8	60.7	62.2	61.3
Chhattisgarh	50.0	58.3	49.8	66.0	46.3	52.3	52.8
Madhya Pradesh	61.8	64.6	60.1	65.9	57.4	61.9	59.8
Uttar Pradesh	45.1	50.4	43.7	52.6	42.2	46.5	42.6
Uttarakhand	26.7	32.1	26.2	31.6	25.3	28.6	33.8
Gujarat	63.7	88.4	66.5	97.8	63.7	74.6	65.3
Maharashtra	96.8	76.5	93.9	73.1	91.2	78.7	81.3
Andhra Pradesh	87.3	91.2	90.4	97.2	96.4	104.9	105.1
Karnataka	76.3	99.8	78.1	94.3	77.3	82.8	76.9
Kerala	60.9	63.8	63.4	66.4	59.7	61.7	63.6
Tamil Nadu	114.5	118.6	114.7	117.0	108.1	115.2	112.6
<b>All India</b>	<b>75.0</b>	<b>75.0</b>	<b>74.4</b>	<b>74.4</b>	<b>72.6</b>	<b>72.6</b>	<b>72.7</b>

Source: Report on Trend and Progress of Banking in India 2009-10, RBI, p.347

The CD Ratio is conventionally calculated on the basis of credit sanctions. This implies the extent to which the banks employ the deposits mobilized in a state to meet its credit demands. However, a low CD ratio based on credit sanctions would indicate the migration of deposits from one state to another, while a low CD ratio based on credit utilization would indicate the migration of credit. A comparison between these two types of ratios, therefore, assumes importance. For the country as a whole, these two ratios would evidently be identical, but the utilization ratio would be larger in respect of less developed states. The difference between these two types of ratios has narrowed down substantially in the recent years because of the massive expansion of branches, especially in rural areas, and also due to the change in borrowers' attitude to seek credit from the banks located at the places of actual utilization. From Table 5.4, it is noted that Bihar's utilization ratio had started declining from 49 percent in 2006-07 to 45 percent in 2007-08 and then dropped abruptly to 26 percent in 2008-09. The higher ratio till 2007-08 indicated a lesser migration of credit from the state in that year.

## CD Ratio of Districts

**Table 5.6**  
**District wise CD Ratio in Bihar**

District	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Patna	29.00	29.64	32.18	27.64	25.11	24.18	23.70
Kishanganj	43.43	51.66	53.17	52.77	49.10	49.85	51.19
Purnea	51.45	41.62	51.33	51.53	45.09	49.79	51.02
Saharsa	36.77	37.1	33.90	36.31	29.03	37.52	34.09
Supaul	34.90	34.84	32.38	35.66	28.16	31.99	29.54
Darbhanga	28.50	28.82	29.31	26.45	22.99	26.40	25.82
E. Champaran	38.48 40	63 43.	68 42	34 36	36.87	38.94	41.85
Gopalganj	24.92	27.45	29.12	30.19	25.68	25.65	26.79
Madhubani	34.07	33.25	32.68	30.32	25.55	28.32	26.79
Muzaffarpur	31.12	33.84	36.21	34.29	43.33	45.34	47.80
Saran	21.72	23.73	26.18	23.12	23.85	26.25	23.45
Siwan	17.35	20.10	22.07	20.68	18.78	20.08	18.54
Vaishali	26.75	29.70	31.90	32.17	28.45	30.72	30.27
W. Champaran	58.47	56.85	51.69	48.99	47.31	47.12	44.65
Katihar	69.48	59.85	58.19	55.59	43.98	45.59	46.04
Begusarai	43.66	43.72	44.95	40.32	35.59	37.83	39.64
Samastipur	36.67	37.65	38.50	36.05	37.09	39.69	40.58

Source: State Level Bankers' Committee

Table 5.6 depicts the CD ratios of all Scheduled Commercial Banks in all the 38 districts of Bihar as on June 2010. From the table, it can be seen that the CD ratios across districts show wide variation, from 19 percent in Siwan to 45 percent in neighbouring West Champaran to 51 percent in Kishanganj; it is less than the 30 percent in 17 of the state's 38 districts: Supaul, Patna, Darbhanga, Lakhiserai, Gopalganj, Madhubani, Saran, and Siwan. It is above 40 percent in 9 districts: Araria, Kaimur, Katihar, Kishanganj, Purnea, Muzaffarpur, Samastipur, East and West Champaran. However, the high CD ratios in some districts are sometimes related to high accumulated interests on previous loans and NPA of many banks including LDB and Cooperative Banks; they do not necessarily reflect the banks' willingness to increase the credit flow. Compared to 2007-08, there has also been a lowering of the CD ratio in most districts of Bihar (in 23 out of 38 districts).

Table 5.7  
CD Ratio of Commercial Banks in Bihar

Banks	No. of Branches in 2010-11	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
<b>Lead Banks</b>								
State Bank of India	657	27.58	29.19	27.10	27.99	24.72	27.17	27.76
<b>Central Bank of India</b>	<b>349</b>	<b>27.66</b>	<b>30.87</b>	<b>32.58</b>	<b>30.92</b>	<b>35.52</b>	<b>36.62</b>	<b>36.48</b>
Punjab National Bank	446	28.36	28.74	26.63	24.98	27.13	29.03	28.63
Canara bank	100	31.21	32.86	34.88	33.80	30.80	32.50	30.49
UCO Bank	179	31.37	40.42	41.21	41.10	32.52	23.96	32.04
Bank of Baroda	98	21.93	52.94	52.04	30.91	31.42	34.78	33.57
Union Bank of India	74	45.39	47.78	42.17	35.28	26.93	27.06	26.82
<b>Other Banks</b>								
Bank of India	193	22.27	30.88	33.19	33.77	30.38	35.11	35.08
Allahabad Bank	169	38.66	40.61	38.76	32.92	27.39	30.72	27.55
Andhra Bank	9	10.50	11.28	20.47	20.35	24.44	19.90	0.00
Bank of Maharashtra	4	72.12	49.92	40.29	24.21	17.18	14.78	15.74
Corporation Bank	6	10.27	16.21	8.99	NA	16.49	8.47	7.54
Dena Bank	10	21.36	25.17	24.73	21.33	18.78	10.45	12.07
Indian Bank	35	17.93	22.25	23.74	27.17	25.15	23.02	21.69
Indian Overseas bank	17	23.76	16.50	13.11	11.92	11.29	10.96	12.12
Oriental Bank of Commerce	15	55.53	33.20	50.07	41.47	37.67	28.38	33.32
Punjab and Sind Bank	0	NA	39.24	46.82	NA	NA	10.52	10.74
Syndicate Bank	27	39.47	49.06	57.37	54.23	45.27	45.46	40.78
United Bank of India	80	26.56	32.97	32.39	28.27	24.36	28.74	28.29
Vijaya Bank	8	19.41	20.89	23.19	23.43	21.64	21.20	19.86
State Bank of B&J	6	30.67	43.09	52.41	29.22	25.84	24.91	23.50
State Bank of Patiala	1	25.67	33.87	46.29	35.85	NA	76.83	83.39
State Average	2483	29.86	33.50	33.75	31.62	28.96	27.30	26.70

Source: State Level Bankers' Committee, Economic Survey, p.351, 2010-11

Table 5.7 shows the CD ratios of Public Sector Banks in Bihar. Among the Lead Banks, Central Bank of India has the highest CD ratio of 36.48 percent, as against 36.62 percent last year. Among the other nationalized banks, Syndicate Bank has the highest CD ratio of nearly 41 percent, down from nearly 45 percent in the previous year. For some banks, the CD ratios were pathetically low, like the Corporation Bank (8 percent), or the Indian Overseas Bank (12 percent). While the CD ratio in all the districts during 2009-10 was above 27 percent, CD ratios of as many as 11 nationalized banks were below 27 percent next year.

## Conclusion

In 2008-09, the expansion of credit was only by 15 percent of the additional deposits collected during that year. In 2009- 10, the expansion of credit was as much as 36 percent over the previous year. But while Bihar's share in the total deposits of scheduled commercial banks remained the same in these two years at 2.2 percent, its share of credit has improved marginally from 0.83 percent to 0.87 percent. While the per capita deposit of Bihar has increased significantly in 2009-10 by Rs. 1406, compared to an increase of Rs. 1437 the year before, the increase in per capita credit was only one-fourth of this, i.e. by Rs 103 compared to an increase of Rs 63 one year back. The credit flowing into any economy depends on its absorption capacity which in turn is determined by the physical infrastructure, but banks still need to take much more pro-active measures in increasing the credit flow by opening more branches in the unbanked areas, and relaxing some of their stringent credit norms. After 2000 01, however, there has been some improvement in the CD ratio, but even in 2009-10, it is still the lowest among all the major states in the country. Further, from the year 2006-07, the ratio has fallen by almost 5 per cent to 28.96 percent in 2008-09. Since then, it has been slowly improving but still it is about 32 percent, much less than the 34 percent level achieved in 2006-07. CD ratios of Public Sector Banks in Bihar. Among the Lead Banks, Central Bank of India has the highest CD ratio of 36.48 percent, as against 36.62 percent last year. Among the other nationalized banks, Syndicate Bank has the highest CD ratio of nearly 41 percent, down from nearly 45 percent in the previous year. So, it is required to more research on CD ratio to mobilize the fund smoothly for better performance of public sector banks.

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