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A Study On Growth Of Housing Finance By Some National Bank With Special Reference To Pune

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ABSTRACT

India's urban banking economic growth is a decades ago. In India, approximately 20 million members of National Bank make it the biggest National system in the world in terms of membership. It is a large industry with more than 1,850 metropolitan banks and around 40,000 lending companies. This segment is crucial given the number of people who benefit from its services. In this study the researchers wants to find out the growth of housing finance by some national bank such as kotek Mahindra bank, state bank of India, Punjab national bank and oriental bank of commerce with reference to Pune Maharashtra.

Keywords:- Indian banking, national bank, structure, strength and weakness, housing finance

INTRODUCTION

The Indian first Premier, Pandit Nehruji, saw the significance of Nationals in the development process and declared he wished to "convulse" the country with Nationals. He remained confident in his National structure, whose purpose was to enable access to institutional credit to small merchants, craftsmen, industrial workers and others, rather than resort to the personal money lender and frequently face devastating outcomes. By meeting the credit needs of persons with scarce resources in cities and semi-urban centers, NB aim the access to financial services of lower income individuals and this is crucial for equitable development in the nation.

The difficulty in a rapidly globalizing global order and expanding competition is a strategy that allows National Bank to adapt to new demands. A limited number of Nationals have become major enterprises and are able to compete, while others require help for their existence.

The power of National movement lies in group. supportive banks, especially National Bank and credit firms find it tricky to compete with major participant in the market, since they have far more resources, technology and management capabilities than National Banks. The industry as a whole must be strong for individual banks and companies to be competitive and each unit must be supported by collective strength. Urban banks should explore carefully how they can network and aggregate their resources and needs so that they may take advantage of their size while dealing with broader financial markets. Such systems and organizations exist in many countries in which the expertise and resources of the grassroots banks are provided by one powerful apex organization. The potential of this in the Indian setting might be studied. New management techniques and technology developments are equally vital to modernize the NB industry. You may also explore mobile banking to contact your customers.

Our economy's remarkable expansion, year after year in recent years, is bringing about enormous demographic shifts as well. Rapid urbanization via migration currently leads to financial exclusion of a relatively substantial portion of the population in metropolitan regions. It is a difficulty to

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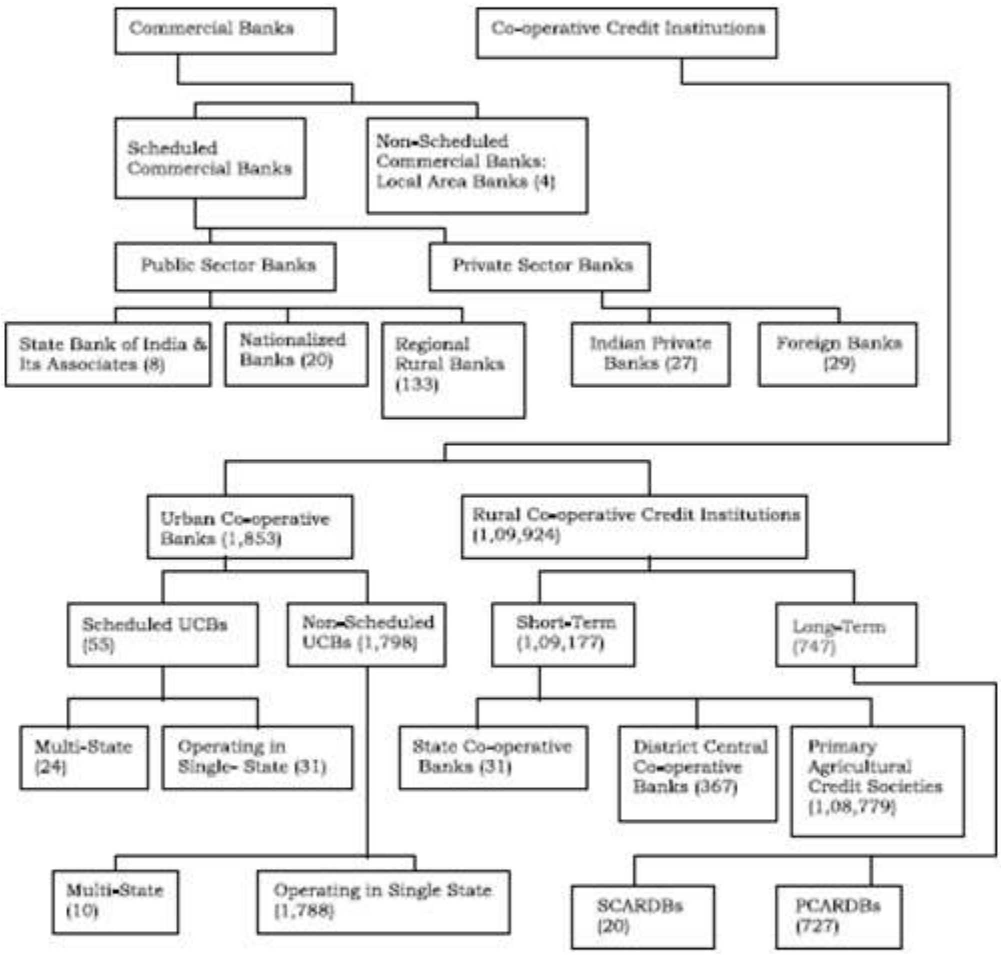
place people in an institutional framework for their financial and banking needs, but it is also an enormous potential for National Bank and credit companies. However, organizational attributes such as dedicated leadership, effective resource usage, openness in administration and membership engagement are preconditions to enable co-operatives to take advantage of potential. Improved overall management would empower and equip Nationals to become the leading vehicles of digital payments.

The credit growth rate of National banks does not maintain pace with the credit growth rate of the rest of the banking industry. In both the rural and urban sectors, the percentage of National banks looks to be falling steadily. This might have an unfavorable impact on loans for marginal farmers, craftsmen and poorer sectors of society in the long term. National banks must consequently be strengthened in order to be able to finance the least privileged sectors of society. For the National banking industry, it will also be vital to define aims and develop new tactics to attain these objectives. The main objective of the new techniques should be to improve the income levels of the recipients, to avoid a debt trap.

The National Bank (NBs) have long been renowned for their service to all its members, even the bottom rungs. NBs are devoted to promote the economic interests of their owners and consumers at the same time. NBs are referred to in the Banking Regulation Act as main National banks. The term "primary" refers to the function of the NBs as a main unit in a credit structure of three level cooperators.

STRUCTURE OF INDIAN BANKING



The word NBs refers to main National banks in urban and semi-urban regions, while not technically defined. All of banks were acceptable to money loan for non-agricultural reasons only

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until 1996. Today this difference does longer exist. These banks have generally been centred on community organizations and municipalities. In essence they loaned to small borrowers and companies. Today, their reach has substantially expanded.

It was common knowledge that national banks play essential responsibility in economic building. This has been avowed by figure of bodies. National Bank Enquiry Committee (1931) considered national banks to be obligated to assist small and medium-sized enterprises. The Mehta-Bhansali Committee (1939) proposed that companies who had met the banking standards be permitted to function banks and advocated association of all banks. Co-operative Planning Committee (1946) has pointed out that urban banks are the ideal agency for small people with often little interest from joint stock banks. The committee of inquiry into rural banking (1950), which was impressed by the cheap cost of setup and operation, advised that similar banks be established even in towns smaller than taluka.

STRENGTH OF NATIONAL BANK

1. NBs are financially self-reliant with minimal operational risk.
2. NBs account for around 10% of the total Indian banking industry resources.
3. NB members' savings were enclosed by Indian Deposit Insurance and Credit Guarantee Corporation (DICGC)
4. Credit gaps have been filled in semi-urban areas, metropolitan areas and adjacent municipalities and members gained trust/customers.
5. NBs mainly meet the credit needs of the lower- and middle-income classes, including small entrepreneurs, craftsmen, small traders/enterprises, factory workers, employees and other self-employed persons.
6. NB has higher trust of local people and has demonstrated to be a beneficial tool of economic growth, especially for individuals plagued with few resources and the culturally and financially less so.
7. The majority of NBs have been successful in fulfilling the statutory lending objective of 60% of their priority sector loans, of which 35% are for weaker sectors, while commercial banks have conceded to the difficulty of reaching the priority lending objective, even if it was set at 40%.
8. The National urban banking system has seen fantastic expansion during the previous decades and a half. The number of NBs increased from 1307 in 1991 to 1725 in 2010. Deposits have climbed from Rs. 8600 to Rs. 1.600 000, while disbursements from Rs.8003 to Rs. 98920 billion have climbed throughout the 10-year period. There are two reasons for this development, one because of the political environment which enabled them to grow in the post-1991 period and the other because of the deregulation of the rate of interest, which allowed NBs to mobilise huge deposits in conjunction with liberal policies which propelled the growth of the NBs both in terms of membership and increase.
9. No income tax deduction shall be made at source for the membership of the NBs on the interest received on the investments.

WEAKNESSES OF NATIONAL BANK

1. There is a great amount of misunderstanding in the functions of NBs due to the dual oversight of RBI (Banking Regulation Act) and Registrar of National Societies (State National Act).
2. NBs are autonomous but have a restricted operating region. They are not permitted to access the capital market and raise cash, because of their National nature.
3. Government regards NBs like other classes of National organizations and adds any red tape that poses operating challenges.
4. Personnel recruiting in NBs is not done correctly. Therefore, there are more misfits and

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unfits identified in the seats of administration. Based on reasons other than merit, NBs hire their employees locally.

5. Computerization has progressed at a rapid pace in most NBs in India, but its potential has to be increased. While the data given by the Management Information System have been implemented, the data is not utilized as a management tool.
6. In India, NBs are not submitting necessary reports and financial information to RBI on time. There is no database on the basis of entire India. In the transaction of NBs, there is a lack of transparency.
7. Political issues have a detrimental influence in hindering banks' smooth operation in many NBs.
8. Problem of recoveries of overdues owing to the government's non-National attitude.
9. In India, regional imbalances are seen in the distribution and development of NBs. Urban banking sector growth was restricted to Maharashtra, Karnataka, Gujarat and Tamilnadu. Regional discrepancies in NB development were mostly related to In these states, a National initiative was demonstrated and no equivalent cooperation leadership existed in other countries.

REVIEW OF LITERATURE

According to Piyush Tiwari (2001), one of the major reasons for India's constricted formal home finance industry is the lack of risk-sharing in the mortgage lending business in the form of secondary markets and mortgage insurance. In the absence of a secondary market, housing finance institutions are the sole risk bearers for the house loans they provide. This reduces the overall amount of house loan available. Furthermore, lenders attempt to mitigate risks by imposing higher interest rates, large prepayment penalties, and conservative debt service to income ratios. All of these issues have a negative impact on mortgage affordability.

Hina Shah (2003) highlighted that because banks have low-cost capital, they may provide home loans at lower interest rates than HFCs. She has also found that HFCs are quicker to provide loans and provide better post-loan disbursement service to consumers than banks. Small players in housing finance have trouble acquiring cash, therefore they focus on semi-urban and rural locations. Due to extremely low non-productive assets, the home finance industry is in a highly strong position in the Indian financial system.

Anita Hora (2004) noticed that banks are focusing more on house finance due to a decrease in industrial lending. Banks are giving house credit at lower interest rates due to fierce competition in the housing finance business. The R.B.I. has advised bankers not to lend below their cost of capital. She also noticed that banks have begun competing with one another and offering incentives to clients. The R.B.I. Annual Report for 2002-03 urged banks against lending rates that were lower than their PLR.

According to Jasmindeep et al. (2005), HDFC ranks first among all institutions in terms of loans sanctioned, disbursements, and loan outstanding, whereas PNB ranks bottom in terms of both loans sanctioned and disbursed. However, the compound growth rate for loans sanctioned, disbursed, and outstanding in the case of LICHFL has been the greatest.

According to Luci Ellis (2006), the combination of disinflation, deregulation, and financial innovation increases the availability of home loans, decreases the cost of money, and hence drives demand for housing through increased competition among lenders.

According to Padhi Manohar (2007), the primary causes of a home loan becoming NPA include employment loss owing to the closure of the borrower's factory or office, over-financing to the borrower, loan approval based on forged papers, and so on. He proposed that lenders adopt preventive steps such as pre-sanction evaluation, documentation and charge generation, and post-sanction follow-up to prevent fraud in home finance. Other preventive measures, such as identification of the borrower, opening of a bank account by the borrower in accordance with KYC norms, site verification of the

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existence of the property, valuation of the property, photo of the immovable property, approval of the map and cost estimates, scrutiny of the title, end-use verification of the amount disbursed, and so on, can help to avoid housing loan fraud.

Rajasekhar D. et al. (2008) investigated the expansion and structure of LICHFL's home loans in Chennai. They discovered that 54 percent of respondents favoured loan terms of greater than ten years. There was a delay in the sanction and delivery of loan funds, according to 75% of respondents. Only 7% of the sample respondents favoured fixed rates of interest, while 93 percent selected variable rates. LICHFL provides low-interest home loans, according to 34% of respondents.

Thingalaya N.K. et al. (2009) discovered that around 44 percent of the loans had a duration of 10 to 15 years and 24 percent had a maturity of more than 15 years but less than 20 years. There were very few loans with maturities ranging from 5 to 10 years. Banks' low housing loan disbursements are hampered by issues such as the lack of clear land title, difficulty in estimating repayment capacities owing to unpredictable income patterns, and so on, resulting in increased credit risks.

Rao, K.N. (2010) stated in his paper "Housing Finance – A Global Perspective" that house loans have been growing at an exponential rate in India over the previous six years. Low interest rates, tax incentives on principle and interest payments, easy liquidity circumstances, and the comfort of tangible security have all contributed to the development in house loans. The primary participants in house loan distribution are HDFC and LICHFL. Home loans are approved for up to 85% of the property's cost and for a maximum term of 20 to 30 years.

According to J.P. Sah (2011), housing is a growing problem, and it was cited in Manorama Year Book (1997) as the modern concept of housing does not limit the idea of housing merely to the provision of shelter, but it is an integral part of overall policy improvements of human settlements and economic development.

Kondru S.K. (2012) investigated the housing activity in Hyderabad as well as the finance provided by LICHFL and HDFC in Hyderabad. He examined the patterns in housing financing as reported by LICHFL and HDFC. His findings indicated that the interest rates charged by the LICHFL and HDFC are reasonable. The majority of LICHFL and HDFC borrowers seek to repay their loans in 15 years or less.

Pankaj Chadha and Vanitha Chawla (2013) examined the financial performance of six publicly traded Housing Finance Companies (HFCs) using the CAMEL model, which measures Capital Adequacy, Asset Quality, Management Efficiency, Earning Capability, and Liquidity. For statistical analysis, grouping, and tabulation, SPSS and Excel were utilised. GRUH was placed first in the CAMEL study, followed by HDFC and GIC in second and third place, respectively. Dewan Housing, Can Fin, and LICHF Ltd. were ranked fourth, fifth, and sixth, respectively.

According to Sridharan S. (2014), despite various Government of India initiatives as well as schemes of institutions such as the World Bank and its members such as the International Finance Corporation (IFC), there remains a challenge at the ground level: the simple availability or production of affordable housing projects.

According to Neha Pandey Deoras (2015), "the highest house loan tenure granted by all major lenders is 30 years." The longer the loan term, the cheaper the EMI, making a 25-30 year loan quite appealing. However, it is better to take out a loan for the shortest term possible. The interest outgo on a long-term debt is too expensive. The interest paid on a 10-year loan is 57 percent of the borrowed amount. This rises to 91 percent, 128 percent, and 167 percent if the tenure is 15, 20, or 25 years." She also states that "EMI for car loan, personal loan, and home loan should not exceed 15%, 10%, and 40% of a person's net income." In summary, the total EMI on all loans should not exceed 50% of one's net monthly income."

According to Nagar Rachana (2016), the key challenges of India's home finance business include a lack of finances, insufficient mortgage and securitization rules, unhealthy rivalry among housing finance companies, and Indians' traditional mentality, among other things. Aside from these challenges, the housing financing business has limitless development potential. The government is

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attempting to act as a facilitator by providing a variety of housing schemes for various segments of society; however, due to poor administrative control and a lack of strong will-power, most of the schemes are squeezed only up to the primary levels and never achieve their ultimate objectives.

According to Nidhi Bothra (2017), the share of capital market instruments in the entire liability profile of HFCs has steadily increased to around 40% of total long term liabilities. As a result, the cost of financing for HFCs has decreased. Leading HFCs may lower their borrowing costs to as little as 8%. The net interest margin (the difference between the cost of funds and the weighted average lending rate) may range from 2.5 percent to 3 percent, depending on the influence of higher yielding portfolio components such as loans against properties. The average interest rate offered by banks and top HFCs has nearly converged. HFCs now have capital costs equivalent to banks.

According to Bjorn Lomborg and Manorama Bakshi (2018), "there are policies that aid the urban poor, such as investment in enhanced TB screening and treatment, or improved water and sanitation access, that create several times more rupees in benefits for every rupee spent." A safe, secure house gives dignity and protection from life's shocks, and it is an essential aim for the government to achieve. However, if governments want to aid the urban poor as efficiently as possible, they should take into account all data, including economic facts."

According to Shayan Ghosh (2019), "the house loan portfolio of housing finance businesses has continued its development trajectory and has increased at a quicker rate of 18% y-o-y to 30 September 2018 as opposed to the home loan book of banks, which rose at 16% y-o-y as per Icra report." At the conclusion of the second quarter of the fiscal year 2018-19, the non-housing loan portfolio of HFCs had grown by 29 percent year on year. The average loan ticket size among HFCs was about 25 lakh. More than 80% of the house loan portfolio was in the 10 lakh-1 crore range, which had better asset quality performance as compared to lower and larger ticket sizes. According to Icra, because to restricted liquidity and severe competition, HFC lending growth may decline in the second half of 2018-19. The gross non-performing assets (NPAs) ratio was 1.3 percent as of 30 September 2018 (slightly higher than 1.1 percent as of 31 March 2018), although restricted liquidity and slowing growth might have an impact on asset quality in the non-housing loan category."

ANALYSIS

Kotak Mahindra Bank

There are substantial changes to the current financial scenario in India. The introduction of policy reforms in the Indian economy has led to economic developments in favour of the processes of liberalization, privatization and globalization (LPG). Indian banks are exposed as a result of financial sector liberalization to a new economic environment marked by increased competition and new regulatory constraints. Consequently, every area of Indian banking activity, especially governance, business character, operational style and delivery methods, has changed. The new bank generation has introduced the businesses with much needed competition, leading to improved use of technology, better customer service and unique products. In India, National Banks are part of a broad and strong framework of co-operative entities involved in manufacturing, processing, marketing, distribution, services, and banking. Co-operative banking originated in India around 1904 when official attempts were made to create new institutions based on a co-operative structure and management principles that were considered perfect for dealing with Indian-specific difficulties. Because the National Banks are based on small sums of money from normal people, they play an important role in the Indian economy. Most of them are focused with the poor. In addition, National banks help persons who cannot access nationalized banks' services.

In this context, the author feels that it is important to assess objectively the performance of the Cosmos National Bank Ltd., a famous multi-state, Pune-based NB Bank, now that there is a significant amount of time since liberalization, privatization and globalization. The aim of this research is therefore to objectively analyzed the performance of the bank between 2003 and 2021. (10 years). 10 years.

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Data are collected for this purpose from the Annual Reports published by the Bank for the period under review. Any hole in the study was completed by talking with the top management of the Bank to ensure an accurate analysis. In particular, the performance of the bank was measured on the following major factors: 2,3

Membership Growth

The membership growth is showing a progressive trend. The growthduring 2003 and 2021 is quite spectacular. (23.87%).

ORIENTAL BANK OF INDIA

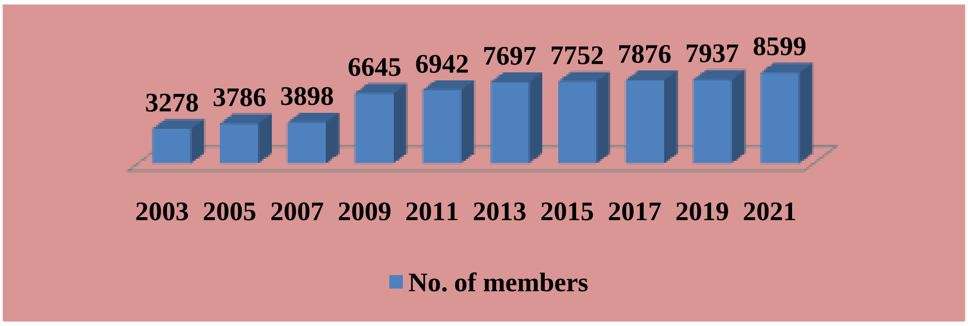
Membership Growth

The membership growth is showing a progressive trend. The growthduring the study period is quite spectacular. (209.37% since 2003)

Table 1 Growth of membership during the study period 2003-2021

	2003	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**	**2017**	**2019**	**2021**
Members	3278	3786	3898	6645	6942	7697	7752	7876	7937	8599

Source: Annual Reports of the respective banks for the covered period.



Branch Network

The branch net work has also shown fairly good increasing trend. As on 31st March 2021 there were 6 branches including the Head office at Saswad Dist. Pune. Besides this the bank has 2 ATMS in the year 31.3.2021

Table 2 Growth of branch network during the study period2003-2021

	2003	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**	**2017**	**2019**	**2021**
No. of Branches	3	3	3	3	5	4	4	5	6	7
Extension Counters	0	0	0	0	0	0	0	0	0	0
ATMs	0	0	0	4	6	5	8	7	7	8

Source: Annual Reports of the respective banks for the covered period.

Considering the age of the Bank the rate of growth of the branch network is quite normal.

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Table 3 Growth of paid up capital, reserves and other funds during thestudy period 2003-2021(Rs. In Crores)

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
Paid up capital	0.76	0.85	1.54	4.8	4.58	4.55	5.63	7.26	7.68	7.72
Reserves& other funds	5.68	1.65	1.89	156	2.66	4.49	6.30	8.31	11.57	11.43

Source: Annual Reports of the respective banks for the covered period.

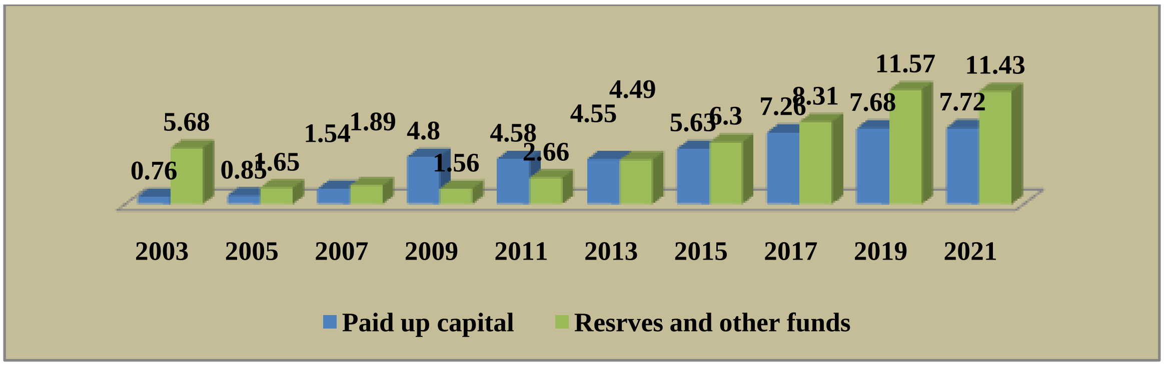

Fig. 2 Growth in Paid up Capital and Reserve Funds during thestudy period

Table 4 Growth working capital and CRAR during the study period2003-2021

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
Working capital	54.8	56.9	66.6	84.52	105.39	125.65	129.38	164.57	181.37	220.53
CRAR- %	8.96	8.93	10.22	13.51	14.41	15.68	18.62	17.28	19.08	20.96

Source: Annual Reports of the respective banks for the covered period.

Deposits Growth

There is a continuous growth in deposits which resembles with the growth rate of the other competitors. Bank should put in concerted efforts to realign the deposits reducing the high cost deposits by low/now cost depositswhich will improve the bank's profitability. Percentage of savings bank deposits as well as current deposits have been showing increasing trend, but still there is scope for further improvement.

Table 5 Growth of Total, high cost and low cost deposits during the study period 2003-2021.

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
Total deposits	34.27	52.71	69.19	78.65	105.57	109.96	109.44	186.21	175.16	184.55
% Growth in Total Deposits	**Base**	**5.34**	**17.72**	**28.12**	**29.02**	**6.59**	**6.28**	**32.44**	**35.24**	**25.24**
Savings Deposits	5.6	5.44	5.84	9.52	25.57	18.58	19.24	25.79	35.14	38.72
% to total deposits	**14.82**	**10.15**	**15.82**	**13.75**	**25.52**	**29.59**	**28.23**	**26.69**	**25.73**	**26.46**
Current Deposits	1.20	1.24	1.36	2.37	4.49	6.13	6.81	8.31	8.81	12.72

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% to total deposits	**3.40**	**5.88**	**2.19**	**3.19**	**4.83**	**6.13**	**6.52**	**6.53**	**5.63**	**6.81**
Term Deposits	43.8	45.91	55.10	63.82	71.57	72.35	78.69	115.21	117.11	137.11
% to total deposits	**83.88**	**84.07**	**85.09**	**89.16**	**78.85**	**76.38**	**74.35**	**78.28**	**72.34**	**75.83**

Source: Annual Reports of the respective banks for the covered period.

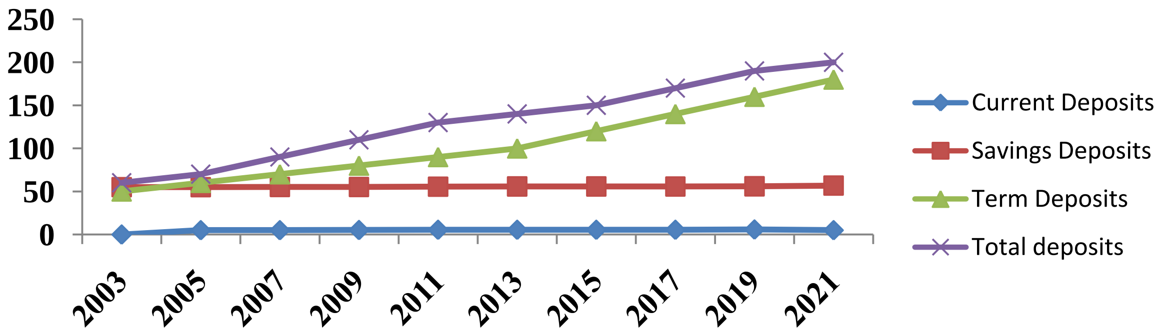

Fig. 3 Cost wise grwoth of deposits during the study period

Table 6 Growth of Total advances, Gross NPA and NET NPA duringthe study period 2003-2021.

	2003	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**	**2017**	**2019**	**2021**
Total Advances	21.94	29.42	39.49	47.32	67.10	69.78	69.45	78.67	88.77	117.33
Gross NPAS%	15.15	15.92	11.82	17.10	13.79	15.16	18.51	18.02	14.11	13.61
NET NPAs %	6.5	12.71	8.91	5.73	4.99	7.57	5.98	6.28	2.85	0

Source: Annual Reports of the respective banks for the covered period.

Profits and Dividends

The bank is showing profit right from its inception but the bank'sprofit is constantly fluctuating. The bank should try to ensure that there is a steady growth in its profit. The bank may create dividend equalizationreserve to ensure stable declaration of dividend.

Table 7 Net profit and dividend paid during the study period 2003-2021

	2003	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**	**2017**	**2019**	**2021**
Net Profit	0.14	0.45	0.45	1.43	1.39	2.14	0.75	1.36	3.19	2.52
Rate of Dividend	0	0	0	10	10	10	10	10	10	10

Source: Annual Reports of the respective banks for the covered period.

Staff Productivity

The staff productivity per employee has shown substantial increaseand the bank should pursue this and try to reach the industry level highest.

Table 8 Staff productivity Per Employee Business Mix during the studyperiod 2003-2021

	2003	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**	**2017**	**2019**	**2021**

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Total Advances	22.94	25.42	39.49	48.62	64.10	65.78	65.45	78.67	99.77	127.33
Total deposits	35.27	52.71	52.19	75.65	97.57	94.96	114.44	126.21	156.16	184.55
Business mix	56.21	89.13	99.68	134.27	168.67	176.74	188.89	223.88	249.93	281.88
No. of Employees	47	55	49	45	52	53	59	56	74	79
Business mix peremployee	**1.23**	**1.68**	**2.23**	**2.74**	**3.27**	**3.43**	**2.88**	**3.48**	**3.58**	**4.33**

Source: Annual Reports of the respective banks for the covered period.

The net profit per employee has shown ups and downs over the study period. This is because of fluctuations in nonperforming assets. Bank should ensure that the NPAs are brought down to minimum level and that alongwith it some other austerity measures be taken to see that the net profit shows a continuous rise and that the per employee profit also continues to show upward trend.

Table 9 Growth of net profit per employee during the study period2003-2021

	2003	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**	**2017**	**2019**	**2021**
Net Profit	0.14	0.53	0.64	1.53	1.39	2.24	0.65	1.36	2.49	1.42
No. of Employees	49	52	49	44	52	52	55	56	75	79
Net profit per employee	**0.023**	**0.038**	**0.059**	**0.128**	**0.036**	**0.050**	**0.029**	**0.026**	**0.039**	**0.027**

Source: Annual Reports of the respective banks for the covered period.

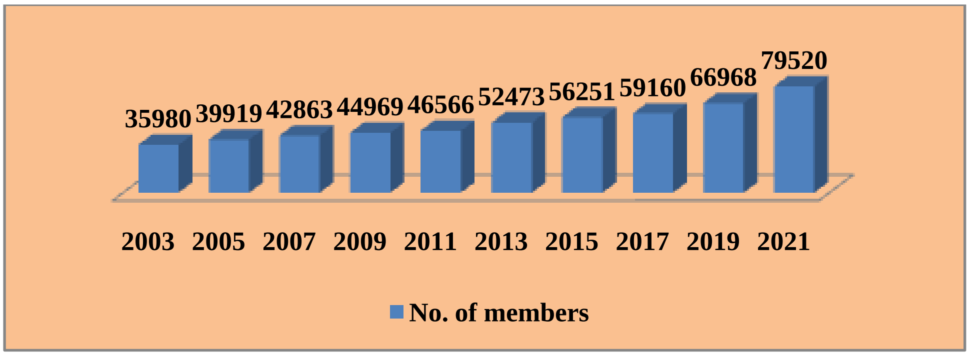
Generally small National banks are catering to the needs of the small enterprises and the middle class and this bank is also not an exception to it. Thus it is a bank of the masses in its service area.

STATE BANK OF INDIA

Table 10 Growth of membership during the study period 2003-2021.

	2003	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**	**2017**	**2019**	**2021**
Members	35980	39919	42863	44969	46566	52473	56251	59160	66968	79520

Source: Annual Reports of the respective banks for the covered period.



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Branch Network

The branch network has likewise demonstrated a steady upward tendency. As of March 31, 2021, there were 120 branches with 29 extension counters dispersed around the country. There are 29 branches in major cities throughout six states. Since 1992, this bank has merged or combined 15 weak National banks with a net work of 32 branches. As a result, the bank had access to ready-made infrastructure.

Table 11 Growth of branch network during the study period 2003-2021

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
No. of branches	42	44	45	46	66	79	88	99	116	120
Extension counters	6	5	7	14	18	12	19	18	11	31
ATMs		35	42	53	55	66	71	95	122	136

Source: Annual Reports of the respective banks for the covered period.

Growth in Paid up Capital and Reserves

There is consistent growth in paid up capital and more particularly the growth in capital during 2019-20 was quite remarkable. (180.22%). The reserves are also showing increasing trend. From the perusal of the below given table it can be seen that the business mix per employee has phenomenally grown. There should be no complacency on this score as there is still scope to step it up further and to compete with bank of its size. With greater use of technology and computerization and by pursuing business process re-engineering this can be achieved. The processes which are in duplication or redundant should be scrapped. Use of ATM will also relieve the burden on the savings counter and the existing employee can take additional work load without resorting to further recruitment.

The growth in per employee profit is a good sign. With the use of technology and computerization and the per employee profit will also increase further

Table 12 Growth of net profit per employee during the study period 2003-2021 (Rs. In lakhs)

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
Net Profit	78.00	55.00	46.00	48.00	53.45	128.86	229.77	181.58	221.04	315.58
No. of Employees	92	92	93	93	94	96	92	93	84	85
Net profit per employee	0.85	0.75	0.56	0.57	0.68	1.61	2.21	1.88	3.23	4.22

Over the study period the profit position of the bank has considerably increased which is a good sign. The bank should continue its efforts to increase the productivity of the employees, realignment of the deposits (increase CASA deposits) so that the profitability will further improve.

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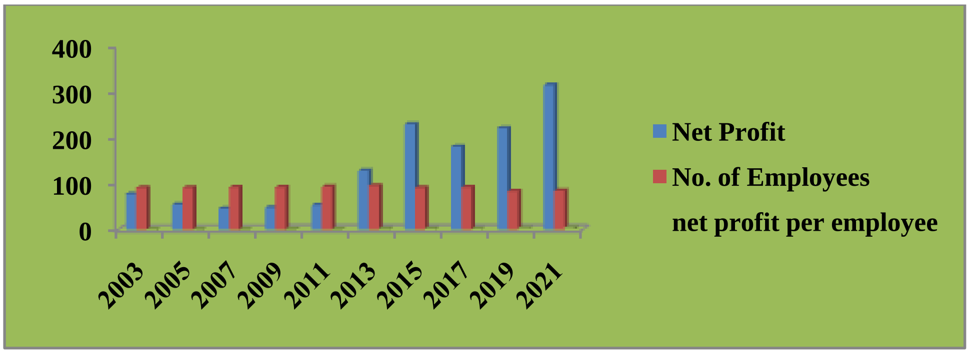

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Membership Growth

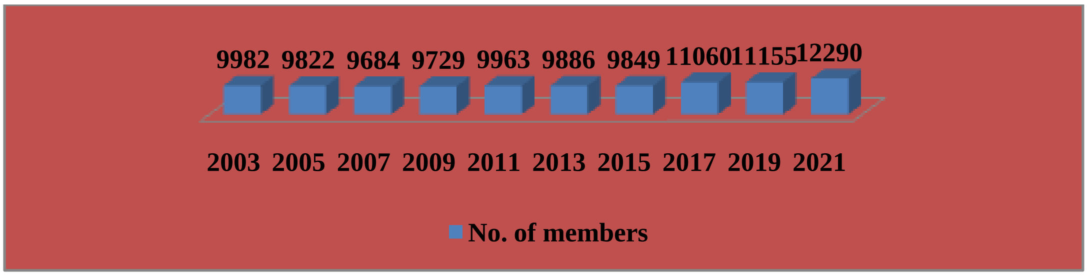
The membership growth is showing a progressive trend. The growth during the study period is normal.

Table 13 Growth of membership during the study period 2003-2021

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
Members	9982	9822	9684	9729	9963	9886	9849	11060	11155	12290

Source: Annual Reports of the respective banks for the covered period.

It seems from the above table that the growth of the members is now stagnated.



Branch Network

Table 14 Growth of branch network during the study period 2003-2021

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
No. of branches including H.O.	6	6	6	6	6	7	7	7	7	7
Extension counters	0	0	0	0	0	0	0	0	0	0
ATMs	0	0	0	0	0	0	0	0	0	0

Source: Annual Reports of the respective banks for the covered period.

The Branch net work is also stagnant.

Growth in Paid up Capital and Reserves

There is phenomenal growth in paid up capital during the study period (184.84%). The reserves are also showing spectacular increasing trend. The Reserves funds have been depleted to

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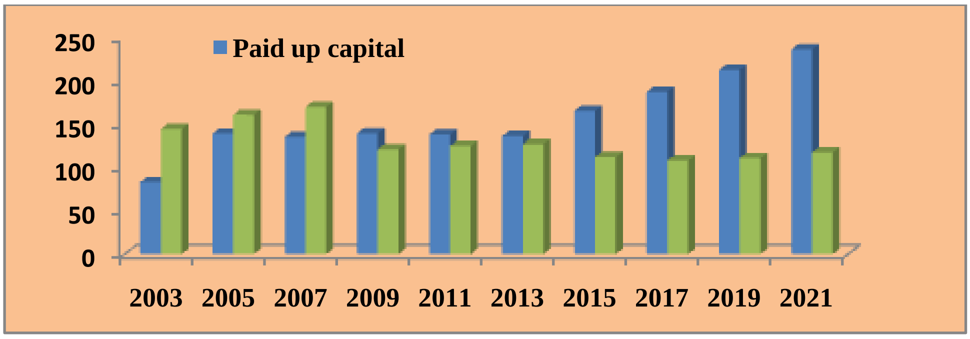
Rs.127.58 lakhs showing a minus decrease of 19.45%. This is not a happy situation. Bank should take concertedsteps to plough back profits and strengthen its reserve.

Table 15 Growth of paid up capital, reserves and other funds during the study period 2003-2021 (Rs. In lakhs)

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
Paid up capital	83.24	138.72	135.16	139.18	137.92	136.11	165.13	187.06	212.36	236.03
Reserves & otherfunds	144.19	160.64	169.57	121.13	124.85	126.95	112.28	108.23	111.01	117.58

Source: Annual Reports of the respective banks for the covered period.

The movement of paid up capital is steady, however, the growth ofreserves is uneven. Only marginal growth is recorded during 2019-2021.



Working Capital & CRAR

Table 16 Growth working capital and CRAR during the study period2003-2021

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
Working capital	9768.96	9448.99	8369.45	8511.44	7220.78	7657.78	7918.65	8876.41	11400.3	12584.8
CRAR- %	17.11	17.21	16.05	15.33	19.09	19.13	18.15	16.60	15.14	19.32

Source: Annual Reports of the respective banks for the covered period.

The growth in the working capital is normal. Bank is complying withCRAR norms since 2019-21 till date.

Deposits Growth

The cost wise deposits break of the bank is shown hereunder:

Table 4.17: Growth of Total, high cost and low cost deposits during thestudy period 2003-2021. (Rs. In crores)

	2003	2005	2007	2009	2011	2013	2015	2017	2019	2021
Total deposits	83.24	78.40	69.17	65.39	55.86	62.36	65.96	76.92	86.71	92.63
% Growth in Total Deposits	**base**	**-5.98**	**13.92**	**-6.62**	**11.14**	**6.15**	**5.96**	**26.87**	**9.94**	**9.67**
Savings Deposits	9.72	11.13	11.96	15.76	16.66	19.83	18.97	19.71	25.71	26.61

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% to total deposits	**10.60**	**13.09**	**16.07**	**21.37**	**27.06**	**29.05**	**26.12**	**24.64**	**29.87**	**28.25**
Current Deposits	1.86	3.10	4.23	5.13	5.85	5.64	5.66	7.31	7.51	5.83
% to total deposits	**2.26**	**4.00**	**6.20**	**7.96**	**10.11**	**9.19**	**8.71**	**9.62**	**9.08**	**6.43**
Term Deposits	71.66	64.17	52.98	45.50	36.35	37.89	42.33	49.90	50.49	59.19
% to total deposits	**85.14**	**83.91**	**78.73**	**72.67**	**65.93**	**66.76**	**65.17**	**67.74**	**62.05**	**64.32**

Source: Annual Reports of the respective banks for the covered period.

The growth of total deposits showed downward trends from 2003 to 2021 and since then it has picked up till 2019 There is fairly good reduction in the high cost deposits. The bank should continue its efforts to further increasing the low cost deposits.

Growth of Advances and the Quality of Advances

It has been observed that there is a matching growth in the bank's advances. The bank is putting in efforts to bring down its net NPAs and it is successful to a certain extent. It should continue its efforts to improve its credit appraisal and post disbursement supervision over credit and aim at bringing the Net NPA percentage to 0 level.

Table 18 Growth of Total advances, Gross NPA and NET NPA during the study period 2003-2021.(Rs. In crores)

	2003	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**	**2017**	**2019**	**2021**
Total Advances	44.70	32.25	26.65	28.74	25.05	29.32	33.64	38.88	45.02	53.16
Overdue	9.69	8.50	6.22	5.59	4.50	4.97	3.47	2.89	3.39	4.16
% of overdue to Total advances	22.93	23.12	24.88	25.11	19.31	19.47	13.24	14.60	9.60	9.79

Source: Annual Reports of the respective banks for the covered period.

The Advance portfolio of the bank is showing ups and downs up to 2006 and thereafter it is steadily growing. The downward trend was mainlyhigh overdues during 2003 to 2021. Thereafter, the overdue percentage has steadily fallen, which is the result of choosing the right borrower, improvement in appraisal quality and post disbursement in supervision over the advances. There is still scope for further improvement and the bank should continue its efforts in that direction.

Table 4.19: Growth of net profit per employee during the study period 2003-2021 (Rs. In crores)

	2003	**2005**	**2007**	**2009**	**2011**	**2013**	**2015**	**2017**	**2019**	**2021**
Net Profit	0.39	0.44	0.68	0.29	0.71	0.85	0.89	1.93	1.22	1.26

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No. of Employees	14	14	14	12	14	15	17	29	17	29
Net profit per employee	0.03	0.02	0.045	0.024	0.25	0.26	0.26	0.87	0.76	0.24

Source: Annual Reports of the respective banks for the covered period.

Comments on this score have already been covered in the earlier two paragraphs. It is suggested that the bank may also carry out or seek expert consultations on the costing of its products and services to ensure that right level of profitability is maintained.

CONCLUSION

In spite of the expansion of the banking sector by the private and nationalized banks in every nook and corner the National Bank have established their place in the financial market. The main reason for this situation lies in the personalized services extended by these banks. These banks are capable of meeting the small needs of the common man in an efficient manner. As the management is local, the common man finds it easier to have access to these banks which is the greatest advantage. Therefore, even after the adoption of the globalization, liberalization and privatization, these National banks made their presence inevitable. As long as these banks continue to move with the times and resort to make optimum use of modern technology and come upto the aspirations of the common man in meeting the services they need, these National bank will continue to play a vital role in the economic development of this country.

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