

A Study on Deposit Mobilization And Credit Development In PGBG

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Abstract- This study analyzes the deposit mobilization and credit development of Pudukkottai Bharathiar Grama Bank (PBGB) over a five-year period, highlighting its role in promoting financial inclusion and rural economic growth. The research evaluates trends in various deposit categories—savings, fixed, recurring, and current deposits—and examines how effectively these mobilized funds were converted into productive credit. Secondary data from the bank's financial statements (2019–2024) were used, supported by analytical tools such as trend analysis, comparative analysis, Credit-Deposit Ratio (CDR), and correlation.

Findings reveal steady growth in deposits, with fixed deposits holding the largest share and recurring deposits showing strong year-on-year expansion. The CDR improved significantly, indicating efficient utilization of funds for lending. A high correlation coefficient (0.995) between deposits and credit demonstrates the bank's strong financial intermediation and effective resource deployment. The study also highlights challenges such as low current deposit growth and regional limitations. Suggestions emphasize diversifying deposit products, strengthening digital banking, improving credit quality, and promoting financial literacy.

Overall, the research concludes that PBGB has achieved consistent growth in both deposits and credit, strengthening its position as a key contributor to rural development and financial stability.

Keywords- Analysis, Bank, Credit, Deposits, Financial, Mobilization, Study, Utilization

I. INTRODUCTION

Banking is a key driver of economic development, as it mobilizes savings and redirects them into productive investments. In India, Regional Rural Banks (RRBs) were specifically created to extend financial services to rural communities and reduce their reliance on informal lending sources. Among them, Paschim Banga Gramin Bank (PBGB) has played a significant developmental role since its formation

through the amalgamation of three RRBs. The bank focuses on rural growth, financial inclusion, and empowerment of weaker sections by offering savings facilities, credit products, and government-sponsored schemes. Deposit mobilization forms the foundation of its operations, helping inculcate saving habits, ensure financial stability, and provide low-cost funds necessary for lending and investment activities.

Credit development is equally important, as it supports agriculture, MSMEs, SHGs, and small rural enterprises, contributing to employment and income generation. PBGB's ability to convert deposits into productive credit reflects its efficiency and its commitment to rural development. However, challenges such as financial illiteracy, competition, seasonal incomes, and rising NPAs influence its performance. This study therefore examines the trends in deposit mobilization and credit development at PBGB, evaluates the relationship between the two, and highlights how effectively the bank contributes to financial inclusion and socio-economic progress in rural West Bengal.

II. OBJECTIVES

- To analyze the growth trends of deposit mobilized by PBGB Bank over the years.
- To examine the patterns of credit deployment across different sectors.

III. RESEARCH METHODOLOGY

Faizan Khan & Krithika J (2025) — Credit-Deposit Ratio Analysis Across Banking Sectors: A Comparative Evaluation of Public, Private, Foreign, RRBs & SCBs, IOSR Journals, Vol 16, Issue 3 (May–June 2025), pp 26-33.

Uses ANOVA and regression to show that Asset-Deposit (A/D) Ratio significantly influences C/D across bank types including RRBs; provides methodological template for deposit-credit linkage.

Thiyam Jitendra Singh (2024) — A study of how Regional Rural Banks allocate loans and advances across priority and

non-priority sectors in India, African Journal of Biomedical Research, Vol 27, No.2S (Sept) 2024.

Analyses deposits, C/D ratio and sectoral advances (priority & non-priority) for RRBs from 2017-18 to 2022-23; e.g., shows deposit mobilization track and credit deployment in rural sectors

Bandaru Srinivasa Rao et al. (2024) — Evaluating the performance of Regional Rural Banks in India: An empirical study, *Educational Administration: Theory & Practice*.30(5), 13986-13994.

Finds that RRBs experienced steady growth in deposits and advances but the Credit-Deposit Ratio (C/D) fluctuated over 1975-2022, and there is a strong positive correlation between RRB C/D and the banking industry’s C/D

Tripathi, M. (2024) — A Pan-India Financial Study of RRBs, IJIRT.

Documents post-amalgamation trends: steady deposit growth and improving CDR where credit pipelines to agri/MSME are strong.

Prabhakara, S. (2023) — Performance evaluation of RRBs in India: A systematic review, ICOM 2023 Proceedings. Synthesizes RRB literature; flags the deposit–credit balance (CDR) and NPAs as persistent concerns; calls for tech-enabled inclusion to stabilize low-cost deposits.

“Financial inclusion in West Bengal: An analytical review” (2023) — Highlights how PMJDY/DBT usage deepens account activity and deposit stickiness in West Bengal—useful for PBGB’s catchment

Das, S. (2022) — analyzes the post-merger service practices of PBGB and BGVB in India, documented in the *Rajagiri Management Journal*.

Nine-year panel (2012–2020) comparing PBGB/BGVB; shows post-amalgamation efficiency and business growth, with implications for deposit mobilization and credit deployment strategies in West Bengal.

Deb, P. (2021) — in *Ilkogretim Online* (20(1), 5387–5395), analyzes the financial performance of RRBs and notes that deposit and credit growth improved after consolidation, while cautioning that expanding credit could pressure asset quality—insights useful for assessing PBGB’s CDR.

IV. RESEARCH METHODOLOGY

Research Design:

This study uses a descriptive research design.

Data Collection:

Secondary data refers to information already collected and recorded by others for a different purpose, using sources like reports, publications, and databases. In this study, secondary data is taken from the bank’s balance sheet and profit & loss statements for five years (2020–2025) for analysis.

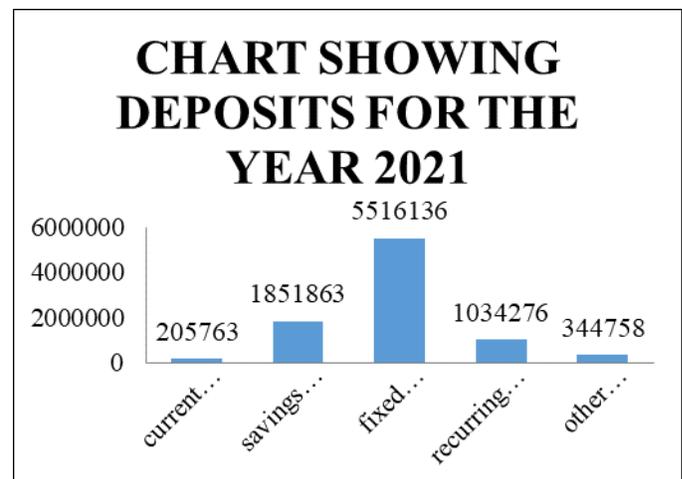
Tools for data analysis

- ❖ Trend analysis
- ❖ Credit Deposit Ratio
- ❖ Comparative Analysis

V. DATA ANALYSIS AND INTERPRETATION

1. TABLE SHOWING AMOUNT OF DIFFERENT TYPES OF DEPOSITS FOR THE YEAR 2021

Types of deposits	Amount
Current Deposits	₹ 2,05,763
Savings Deposits	₹ 18,51,863
Fixed Deposits	₹ 55,16,136
Recurring Deposits	₹ 10,34,276
Other Deposits	₹ 3,44,758
Total deposits	₹ 89,52,796



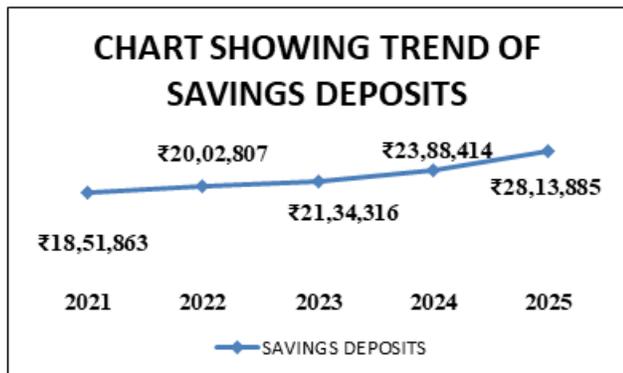
Interpretation:

From the above chart 2020–2021 shows that recurring deposits formed the largest share of total deposits, followed by fixed deposits, indicating that customers preferred

long-term and systematic savings. Current deposits also held a considerable portion, reflecting moderate business activity, while savings deposits had the lowest share, suggesting that customers shifted their funds to higher-return deposit options. Overall, the patter highlights a conservative saving behavior with emphasis on security and planned investment.

2. TABLE SHOWING TREND PERCENTAGE OF SAVINGS DEPOSITS

YEAR	SAVINGS DEPOSITS	TREND %
2021	₹ 18,51,863	100
2022	₹ 20,02,807	108
2023	₹ 21,34,316	115
2024	₹ 23,88,414	128
2025	₹ 28,13,885	151



Interpretation:

From the above chart data shows a consistent rise in savings deposits from 2021 to 2025. In 2021, the deposits stood at ₹18,51,863 crore, which was taken as the base year (100%). By 2022, deposits increased to ₹20,02,807 crore, reflecting an 8% growth. The upward momentum continued in 2023, reaching ₹21,34,316 crore, showing a 15% increase compared to the base year. In 2024, savings deposits further rose to ₹23,88,414 crore, marking a 28% rise. The most significant jump was seen in 2025, with deposits climbing to ₹28,13,885 crore, representing a 51% increase from the base year.

3. TABLE SHOWING COMPARATIVE ANALYSIS OF DEPOSITS AND LOANS FOR THE YEAR 2021-2025

FINANCIAL YEAR	DEPOSIT	LOANS	CHANGE IN DEPOSITS (%)	CHANGE IN ADVANCES (%)
2020-2021	8952.79	6791.10	-	-
2021-2022	10236.03	9137.04	+14.34%	+34.54%
2022-2023	11383.24	10909.66	+11.19%	+19.38%
2023-2024	13187.43	13221.96	+15.85%	+21.14%
2024-2025	15177.39	16268.81	+15.09%	+7.91%

Interpretation:

From the above table, it is observed that both deposits and advances of Pudukkottai Bharathiar Grama Bank have shown a steady increase from the year 2021 to 2025. Deposits grew from ₹8,952.79 crore to ₹15,177.39 crore, while advances increased from ₹6,791.77 crore to ₹16,268.81 crore. The Credit-Deposit ratio improved from 75.86% to 107.19%, indicating efficient fund utilization and strong overall growth in the bank's financial performance.

V. FINDINGS

The overall analysis indicates strong financial progress of Pudukkottai Bharathiar Grama Bank during 2021–2025. Trend analysis shows a steady and sustained rise in savings deposits, reflecting improved customer liquidity and growing confidence in the bank. Deposit composition highlights a preference for long-term and secure investment options, especially recurring and fixed deposits. Comparative analysis of deposits and loans reveals consistent year-on-year growth in both areas, with advances rising at a faster pace in several years, indicating expanding credit operations. The credit-deposit ratio increased from 75.86% to 107.19%, demonstrating efficient deployment of funds, higher credit absorption, and strengthened asset utilization. Overall, the bank exhibits stable financial health, balanced growth, and effective management of mobilized funds.

VI. SUGGESTIONS

The bank should continue strengthening its deposit mobilization strategies by promoting high-yield and long-term deposit schemes to retain customer confidence. Efforts can be made to balance the rapid growth in advances with adequate risk management to maintain asset quality. Introducing digital

banking services and customer-friendly savings products can further boost savings deposits. Additionally, monitoring the credit–deposit ratio will help ensure sustainable credit expansion without straining liquidity. Overall, adopting technology, enhancing customer outreach, and maintaining prudent lending policies will support continued financial growth.

VII.CONCLUSION

The analysis clearly shows that the bank has achieved steady and consistent growth in deposits and advances over the years.

Customers’ preference for secure and long-term savings has strengthened the bank’s financial base.

The rising credit–deposit ratio reflects efficient fund utilization and expanding lending operations.

Overall, the bank demonstrates sound financial performance and strong prospects for future growth.

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