



Performance Evaluation of Canara Bank in India: Trend Analysis of Deposit Mobilisation and Fund Deployment

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Abstract

Deposit mobilisation and the deployment of mobilised resources through advances are the twin pillars of bank intermediation, and the manner in which a bank manages this asset–liability interface has a direct bearing on its financial soundness. This study analyses the trend in deposit mobilisation and deployment of funds of Canara Bank, a leading Indian public sector bank, by examining its deposits and advances over the ten-year period FY 2015–16 to FY 2024–25 — a period spanning the amalgamation of Syndicate Bank with Canara Bank effective 1 April 2020. The study is based entirely on secondary data drawn from the audited Balance Sheets and Schedules annexed to the Annual Reports of Canara Bank, with the FY 2014–15 Annual Report used additionally as the base-year reference for computing opening-year growth. Total deposits, the deposit mix (demand, savings and term deposits), the CASA ratio, the cost of deposits, deposits per branch and per employee, total advances and the Credit–Deposit Ratio were examined using Year-on-Year growth rates, Compound Annual Growth Rate (CAGR), descriptive statistics, Pearson correlation and simple linear regression. Total deposits grew from ₹4,79,791.56 crore to ₹14,56,883.18 crore (CAGR 13.13 per cent) and total advances from ₹3,24,714.82 crore to ₹10,49,155.02 crore (CAGR 13.92 per cent), with the amalgamation year producing a discrete, one-time structural jump rather than an organic acceleration. Deposit growth and advances growth were found to be strongly and significantly correlated ($r = 0.95$, $p < 0.01$), and simple regression confirmed deposit growth as a statistically significant predictor of advances growth ($R^2 = 0.91$, $p < 0.01$). The Credit–Deposit Ratio remained within a disciplined band of 63.22 per cent to 72.74 per cent throughout, indicating sound liquidity management even as the balance sheet nearly tripled. The findings carry direct practical implications for the Bank's deposit-mobilisation strategy, CASA rebuilding, branch and employee productivity, and credit-deployment planning in the post-merger phase.

Keywords

Bank amalgamation; CASA ratio; Canara Bank; Credit–Deposit Ratio; deposit mobilisation; fund deployment.

1. Introduction

The intermediation function of commercial banks can be carried out by means of two interconnected activities, collection of excess deposits from surplus units and allocation of these funds as advances to deficit units. The efficiency of this dual function has a direct impact on a bank's profitability, liquidity, long-run solvency, and continues to engage the interest of researchers, regulators and bank managements (Alam, Rabbani, Tausif, & Abey, 2021).

Traditionally, deposits have been divided into two categories: demand deposits, savings and term deposits, and the percentage of low-cost current and savings account deposits (CASA) to total deposits is considered one of the most important determinants of a bank's cost of funds and NIM. The advances, in turn, constitute the main income-generating use of these funds and the ratio of advances to deposits



(Credit–Deposit Ratio, CDR) is used as an indicator of the intensity of credit creation and the liquidity position of banks (Bawa, Goyal, Mitra, & Basu, 2019).

Founded in 1906 and nationalised in 1969, Canara bank is one of the oldest and largest Public Sector Banks (PSBs) in India. The operating environment has undergone a significant transformation from 1st April 2020 with the merger of Syndicate Bank with Canara Bank under the PSB consolidation scheme introduced by the Government of India. This merger added a lot of deposits, branches and employees to the bank almost overnight, and any assessment of the institution's performance for the decade should consider this structural change as an anomaly instead of assuming it to be a continuous trend (Das & Chakrabarti, 2023).

In this context, the present study examines the trends of deposit mobilisation and deployment of funds in Canara Bank by analysing the deposits and advances of the Bank for five pre and five post-merger years of FY 2015-16 to FY 2024-25 based on the secondary data collected from the audited Balance Sheet and Schedules (Deposits, Advances, Interest Expended) attached to the Canara Bank's Annual Reports for the respective years. The rest of the article discusses the literature that is relevant (Section 2), identifies the research gap (Section 3), defines the objective, scope and methodology (Section 4-6), presents the data analysis and interpretation (Section 7), and reports the findings, suggestions and conclusion (Section 8-10).

2. Literature Review

Panigrahi and Maharana (2015) conducted a study to compare the performance of Bank of Baroda and Axis bank in the mobilisation of deposits in the city using trend analysis and growth-rate analysis of the deposits of both the banks in terms of demand, savings and term deposits for six years. The study identified that both banks showed a gradual rise in total deposits, with term deposits being the key factor, and that targeted deposit-mobilisation campaigns were key to maintaining deposits growth; it was also limited to a single city and did not include fund-deployment measures.

Pai (2006) analyzed the inter-regional trends of deposits and credit in Indian bank groups and noted significant regional differences in deposits growth rates, where the metropolitan and urban centres have led the way over the semi-urban and rural centres; the study was descriptive and ratio-based and predates the current era of digital-led deposit mobilization and PSB consolidation.

Kaur (2012) did an empirical assessment of the performance of public sector banks in India based on the selected financial ratios such as deposit growth and credit growth which did not show the trend behaviour of an individual bank over a long period of time (being cross sectional in nature).

Bawa, Goyal, Mitra, and Basu (2019) designed a detailed model of financial ratios comprising 31 financial ratios, including the liquidity and credit-deployment ratios, to study the non-performing-asset behaviour of the Indian banks, and proved that the liquidity ratios, like CDR, have additional explanatory power in addition to the profitability ratios.

Chavda, Mistry, and Deshpande (2022) compared the financial performance of public and private sector banks in India using ratio analysis, including the CDR and investment ratios, and found that private banks generally sustained a higher and steadier CDR than public sector banks over the study period, which the authors linked to differences in risk appetite and balance-sheet composition between the two ownership groups.

In U.S. Bank Mergers, Cornett, McNutt and Tehranian (2019) showed that merged banks saw a temporary decline in operating performance right after the merger, but overtime they become better as the integration process evolves, which is directly applicable to the interpretation of the first few years after the Indian PSB mergers.

Jallow, Mas-Ballesté and Wójcik (2022) undertook a meta-analysis of bank mergers and acquisitions in emerging markets and found that merger performance is not uniform and depends on the nature of the integration, the extent of regulatory support, the relative size of the two banks and that they should be careful not to generalise their results over countries or banks.



Das and Chakrabarti (2023) conducted an early analysis of the efficiency dynamics of Indian public sector banks after the amalgamation exercise in 2019–2020 and observed mixed results of efficiency gains in the first two years, with growth in balance-sheet variables (such as deposits, advances, branches and staff strength) being larger than the growth in operating efficiency of the anchor banks, including Canara Bank.

3. Research Gap

From a conceptual point of view, most of the studies related to the Canara-Bank have approached the deposits and advances as inputs, instead of considering them as the main object of their study on trend and relation. From a methodological perspective, there were only a few studies that used only one bank and tried to synthesize growth analysis, CAGR and descriptive statistics in a single integrated framework and formally test the significance of the growth trend and the deposit–advances relationship. As far as the study period is concerned, most of the studies on deposit-mobilisation by Indian PSBs either have been done before the amalgamation of Syndicate Bank or are only a partial study of the amalgamation of the Syndicate Bank in April 2020. A separate study of the trend of mobilisation of deposits and deployment of funds of the bank by the bank over a period of 10 years including FY 2024–25 is not readily available in the literature. These conceptually and methodologically based gaps are addressed in the present study, which further includes those relating to the period and bank specific dimension.

4. Objectives of the Study

To analyse trends in deposit mobilisation and deployment of funds by examining the deposits and advances of Canara Bank during the study period FY 2015–16 to FY 2024–25.

5. Scope of the Study

The study is limited to the standalone (bank-only) basis and not includes the inter-bank comparison. It covers the ten financial years FY 2015–16 to FY 2024–25, permitting identification of pre-merger (FY 2015–16 to FY 2019–20) and post-merger (FY 2020–21 to FY 2024–25) sub-periods. The variables discussed are total deposits, total demand deposits, total savings deposits, total term deposits, CASA ratio, cost of deposits, deposits per branch and deposits per employee, total advances and the Credit–Deposit ratio. The findings are limited to the information provided in the audited Balance Sheet and its Schedules and in the branch/employee-strength disclosures in the Annual Reports and should be applied with caution to other banks.

6. Research Methodology

This study is undertaken by analytical and descriptive research design with only secondary data taken from the annual reports of Canara Bank covering the years 2015-16 to 2024-25 from the Balance Sheet and Schedules of the bank that include Schedules – Schedule 3 (Deposits), Schedule 9 (Advances) and Schedule 15 (Interest Expended) along with the disclosures on branch network and employee strength. The FY 2014-15 Annual Report was further used as a reference, only as the opening-balance year, to calculate the FY 2015-16 Y-o-Y growth rate and cost of deposits for FY 2015-16, which is the first year of the study period; FY 2014-15 is not the analytical year itself. All numbers are in ₹ crore, and are standalone numbers of Canara Bank.

Total Deposits: Total amount of deposits which is equal to demand deposits, savings deposits and term deposits. The CASA Ratio (%) = $(\text{Demand Deposits} + \text{Savings Deposits} / \text{Total Deposits}) \times 100$ indicates what portion of the total measure of deposits is comprised of low-cost deposits. The Cost of Deposits (%) is defined as $\text{Interest Paid on Deposits} / \text{Average Total Deposits} \times 100$, which represents the average interest cost of the deposit base for the year, where average deposits is the simple average of the opening and closing balances of deposits for the year. Deposits per Branch and Deposits per Employee are calculated by dividing Total Deposits by the number of branches and employees and are used to determine the amount of productivity in the mobilization of resources at the branch and employee levels. Total Advances, which includes bills purchased/discounted, cash credits/overdraft and



term loans (Schedule 9, Total A). The Credit –Deposit Ratio (%)= (Total Advances/Total Deposits) × 100 which indicate the intensity of credit and liquidity position.

The following statistical tools were used: (a) Growth Analysis Year-on-Year (YoY) growth rate and Compound Annual Growth Rate (CAGR); (b) Descriptive Statistics Mean, Standard Deviation and Coefficient of Variation (CV); and (c) Inferential Statistics Shapiro Wilk Test applied to the YoY growth series for testing normality, Non-parametric Wilcoxon Signed-Rank Test applied to the growth series of both deposits and advances, along with the parametric one-sample t-test, were used to test the significance of the growing trend, and Pearson correlation coefficient was employed in the growth series of both deposits and advances in tandem with simple linear regression to examine the relationship between deposit growth and advances growth. Microsoft Excel and Python (NumPy, SciPy) were used for computation.

H₁: Deposits and advances of Canara Bank is statistically significant that it is growing from FY 2015–16 to 2024–25. CAGR and log-linear trend analysis with descriptive statistics is used to test this, and correlation and regression are used to assess the relationship between deposit and advances.

Limitations: The study is based on published data from secondary sources, is restricted to one bank in total, and does not directly compare pre- and post-growth rates due to a one-time structural break after the amalgamation of the Syndicate Bank in FY 2020-21 which is addressed analytically below by calculating both full-period CAGR and merger-year effect separately.

7. Data Analysis and Interpretation

This section analyses the trends in deposit mobilisation and the deployment of funds by Canara Bank during the financial years 2015–16 to 2024–25. The analysis is based on secondary data extracted from the audited Schedules to the Balance Sheet published in the Annual Reports of Canara Bank. All monetary values are expressed in ₹ crore. The financial ratios presented in this section have been computed by the researcher using the prescribed formulas explained in Section 6; therefore, the ratio definitions are not repeated here.

7.1 Trend in Total Deposits

Table 1: Trend in Total Deposits of Canara Bank (FY 2015–16 to FY 2024–25)

Financial Year	Total Deposits (₹ Cr)	YoY Growth (%)
2015–16	4,79,791.56	1.26
2016–17	4,95,275.24	3.23
2017–18	5,24,771.86	5.96
2018–19	5,99,033.27	14.15
2019–20	6,25,351.17	4.39
2020–21	10,10,874.58	61.65
2021–22	10,86,409.25	7.47
2022–23	11,79,218.61	8.54
2023–24	13,12,366.61	11.29
2024–25	14,56,883.18	11.01

Source: Compiled from the Schedule 3 (Deposits) of the Annual Reports of Canara Bank, FY 2014–15 to FY 2024–25.

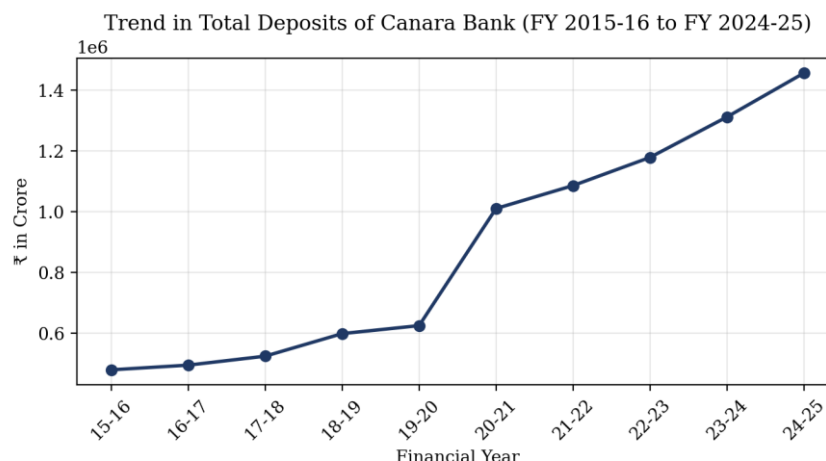


Figure 1: Trend in Total Deposits of Canara Bank

Total deposits grew from ₹4,79,791.56 crore (FY 2015–16) to ₹14,56,883.18 crore (FY 2024–25), a CAGR of 13.13 per cent. The series exhibits a period of steady organic growth of 14.15 per cent annually till FY 2019-20 followed by a large jump of 61.65 per cent in FY 2020-21 due to the incorporation of the Syndicate Bank into ICRA and then a steady growth of 7-11 per cent thereafter. Even with the merger year excluded, the underlying deposit-mobilisation (DM) momentum of the Bank, as measured by the average growth rate of organic sales, has, at best, modestly improved since the merger a positive business-relevant message that the enlarged post-merger DM franchise is being actively leveraged for the mobilisation of retail resources rather than just absorbed.

7.2 Deposit Mix and CASA Ratio

Table 2: Deposit Mix and CASA Ratio of Canara Bank (FY 2015–16 to FY 2024–25)

FY	Demand (₹ Cr)	Savings (₹ Cr)	Term (₹ Cr)	CASA Ratio (%)
2015–16	19,827.36	1,03,714.85	3,56,249.35	25.75
2016–17	22,580.97	1,27,167.64	3,45,526.63	30.24
2017–18	24,983.85	1,42,051.03	3,57,736.98	31.83
2018–19	23,273.93	1,51,534.87	4,24,224.48	29.18
2019–20	26,457.55	1,69,748.99	4,29,144.63	31.38
2020–21	49,373.36	2,81,528.37	6,79,972.85	32.73
2021–22	52,918.53	3,15,916.47	7,17,574.25	33.95
2022–23	47,761.59	3,18,819.10	8,12,637.92	31.09
2023–24	64,026.33	3,28,378.78	9,19,961.50	29.90
2024–25	77,914.96	3,37,135.42	10,41,832.80	28.49

Source: Compiled from the Schedule 3 (Deposits) of the Annual Reports of Canara Bank, FY 2014–15 to FY 2024–25.

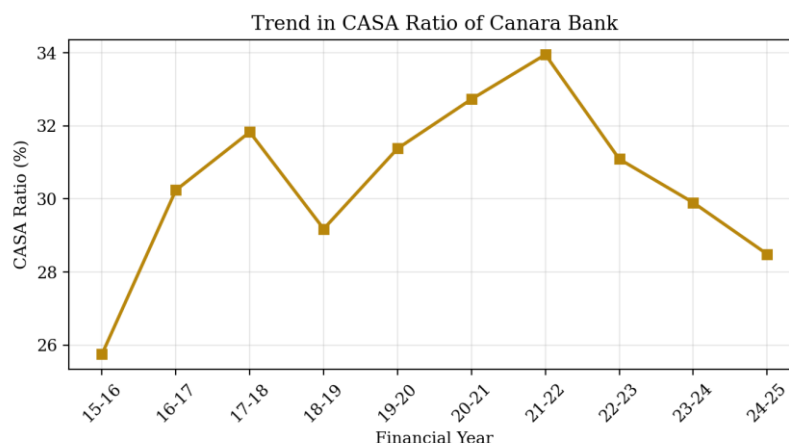


Figure 2: Trend in CASA Ratio of Canara Bank

Demand and savings deposits grew much faster than term deposits (CAGR 16.42 per cent and 13.99 per cent respectively) than term deposits (CAGR 12.66 per cent) and that led to a rise in CASA ratio from 25.75 per cent in FY 2015–16 to a high of 33.95 per cent in FY 2021–22, aided by the merger-related CASA addition from Syndicate Bank, before moderating to 28.49 per cent by FY 2024–25, consistent with the system-wide trend (Varier, 2024). The CASA ratio is the most concrete indicator in this study to take action for the Bank's retail-liabilities strategy, as a higher ratio will result in lower funding cost (Section 7.3).

7.3 Cost of Deposits

Table 3: Cost of Deposits of Canara Bank (FY 2015–16 to FY 2024–25)

FY	Interest on Deposits (₹ Cr)	Average Deposits (₹ Cr)	Cost of Deposits (%)
2015–16	32,350.02	4,76,815.83	6.78
2016–17	29,560.08	4,87,533.40	6.06
2017–18	27,136.16	5,10,023.55	5.32
2018–19	30,098.46	5,61,902.57	5.36
2019–20	33,520.94	6,12,192.22	5.48
2020–21	42,096.96	8,18,112.88	5.15
2021–22	39,742.70	10,48,641.92	3.79
2022–23	48,790.22	11,32,813.93	4.31
2023–24	66,281.65	12,45,792.61	5.32
2024–25	75,709.51	13,84,624.90	5.47

Source: Compiled from Schedule 15 (Interest Expended) and Schedule 3 (Deposits) of the Annual Reports of Canara Bank.

The deposit cost has been declining since the study period high of 6.78 per cent (FY 2015-16), due to the low-interest policy rate regime in place across the system during the period of COVID-19 pandemic and the improvement in CASA as a result of the merger, before rising once again to 5.47 per cent (FY 2024-25) when policy rates tightened. The fact that the lowest deposit cost coincided with the highest CASA ratio in FY 2021–22 demonstrates the inverse relationship between the two, and therefore, the Bank's Asset-Liability Management Committee should use CASA rebuilding as an immediate lever to manage funding cost in the future.

7.4 Deposits per Branch and per Employee

Table 4: Deposits per Branch and per Employee of Canara Bank (FY 2015–16 to FY 2024–25)

FY	Branches	Employees	Deposits/Branch (₹ Cr)	Deposits/Employee (₹ Cr)
2015–16	5,849	54,008	82.03	8.88
2016–17	6,083	55,717	81.42	8.89
2017–18	6,212	58,855	84.48	8.92
2018–19	6,316	58,350	94.84	10.27
2019–20	6,329	58,632	98.81	10.67
2020–21	10,416	88,213	97.05	11.46
2021–22	9,734	86,919	111.61	12.50
2022–23	9,706	84,978	121.49	13.88
2023–24	9,604	82,638	136.65	15.88
2024–25	9,849	81,260	147.92	17.93

Source: Compiled from Schedule 3 (Deposits) and branch/employee-strength disclosures of the Annual Reports of Canara Bank.

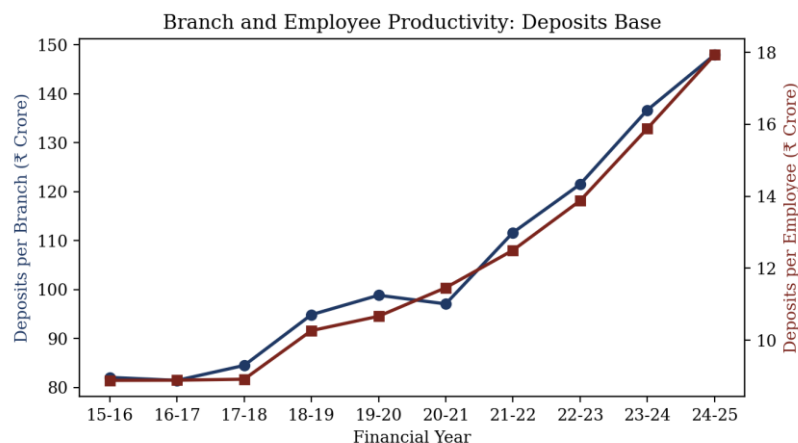


Figure 3: Branch and Employee Productivity — Deposits Base of Canara Bank

These mergers led to a significant increase in the number of branches (from 6,329 to 10,416) in FY 2020–21 and also a substantial jump in the employee strength (58,632 to 88,213), which temporarily impacted the per-branch productivity growth (₹98.81 crore to ₹97.05 crore). This was followed by the network rationalisation by cutting back from 10,416 branches to 9,604 branches by FY 2023–24, which was accompanied by a net increase of 52 per cent and 56 per cent in the deposits per branch and deposits per employee, respectively, between FY 2020–21 and FY 2024–25. This means on a medium term basis the amalgamation has provided real branch productivity and workforce productivity improvements and has helped justify ongoing rationalisation of the network where there is overlap.



7.5 Trend in Total Advances

Table 5: Trend in Total Advances of Canara Bank (FY 2015–16 to FY 2024–25)

Financial Year	Total Advances (₹ Cr)	YoY Growth (%)
2015–16	3,24,714.82	-1.61
2016–17	3,42,008.76	5.33
2017–18	3,81,702.99	11.61
2018–19	4,27,727.27	12.06
2019–20	4,32,175.20	1.04
2020–21	6,39,048.99	47.87
2021–22	7,03,601.82	10.10
2022–23	8,30,672.55	18.06
2023–24	9,31,612.83	12.15
2024–25	10,49,155.02	12.62

Source: Compiled from Schedule 9 (Advances) of the Annual Reports of Canara Bank, FY 2014–15 to FY 2024–25.

Total advances grew from ₹3,24,714.82 crore to ₹10,49,155.02 crore, a CAGR of 13.92 per cent, marginally exceeding the deposit CAGR. Growth was mildly negative in FY 2015–16 (–1.61 per cent) and subdued in FY 2019–20 (1.04 per cent), reflecting asset-quality-driven caution among PSBs in the mid-to-late 2010s, before the merger-driven jump of 47.87 per cent in FY 2020–21. Advances growth in the three most recent years (FY 2022–23 to FY 2024–25) has averaged around 14.3 per cent per annum, indicating a sustained post-merger credit revival well beyond the immediate integration phase.

7.6 Credit–Deposit Ratio

Table 6: Credit–Deposit Ratio of Canara Bank (FY 2015–16 to FY 2024–25)

Financial Year	Advances (₹ Cr)	Deposits (₹ Cr)	CDR (%)
2015–16	3,24,714.82	4,79,791.56	67.68
2016–17	3,42,008.76	4,95,275.24	69.05
2017–18	3,81,702.99	5,24,771.86	72.74
2018–19	4,27,727.27	5,99,033.27	71.40
2019–20	4,32,175.20	6,25,351.17	69.11
2020–21	6,39,048.99	10,10,874.58	63.22
2021–22	7,03,601.82	10,86,409.25	64.76
2022–23	8,30,672.55	11,79,218.61	70.44
2023–24	9,31,612.83	13,12,366.61	70.99
2024–25	10,49,155.02	14,56,883.18	72.01

Source: Compiled from Schedule 9 (Advances) and Schedule 3 (Deposits) of the Annual Reports of Canara Bank.

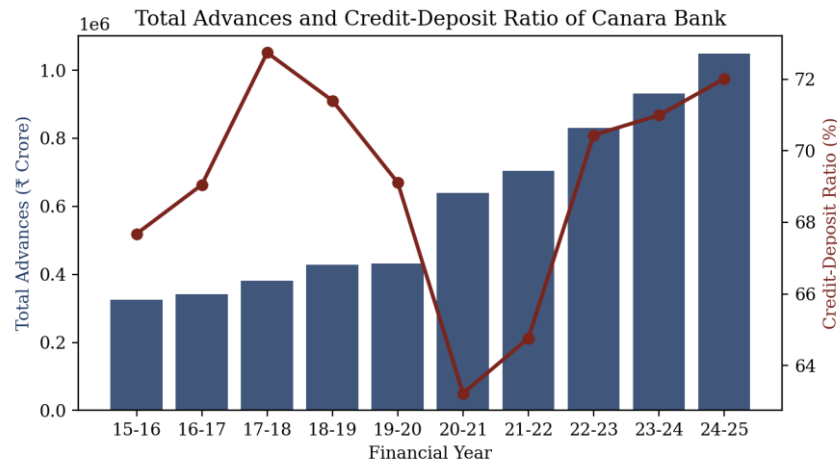


Figure 4: Total Advances and Credit–Deposit Ratio of Canara Bank

The CDR was consistently managed within a targeted range (63.22–72.74 per cent) throughout, and was the least volatile of all the indicators analysed (CV = 4.52 per cent per Table 7), despite the balance sheet increasing by almost threefold. It fell to the lowest level (63.22 per cent) in the merger year, but has been steadily on the rise since then and stood at 72.01 per cent by FY 2024–25, which proves that the Bank has prudently and gradually matched the enlarged post-merger deposit base with advances while allowing for further measured credit growth, as the CDR has never come anywhere near the conventionally observed 75-80 per cent.

7.7 Descriptive Statistics Summary

Table 7: Descriptive Statistics of Key Deposit and Advances Indicators (FY 2015–16 to FY 2024–25)

Variable	Mean	SD	CV (%)
Total Deposits (₹ Cr)	8,76,997.53	3,72,240.21	42.44
Total Advances (₹ Cr)	6,06,242.03	2,63,443.80	43.46
CASA Ratio (%)	30.45	2.32	7.63
Cost of Deposits (%)	5.36	0.90	16.79
Credit–Deposit Ratio (%)	69.14	3.12	4.52
Deposit YoY Growth (%)	12.90	17.58	136.35
Advances YoY Growth (%)	12.92	13.62	105.38

Source: Computed by the researcher.

The ratio variables — CASA ratio, cost of deposits and CDR — show much lower dispersion (CV of 4.5 per cent to 16.8 per cent) than the level variables (CV of 42–43 per cent), which provides a positive verification of the Bank's balance-sheet structure and liquidity posture have remained broadly stable despite a rise in its absolute size by nearly three times. The CV for the growth in deposits and advances are 105 per cent and 136 per cent, respectively, which are high as compared to the rest of the data. This is mainly due to one outlier (FY 2020-21) for the growth series, and if that year is excluded, the CV for the growth series for deposits and advances come down to well below 50 per cent, thereby confirming that the amalgamation is the major reason for the high CV in the growth series and not business instability.

7.8 Correlation Analysis: Deposit Growth and Advances Growth

Table 8: Correlation between Deposit Growth and Advances Growth

Statistic	Value
Pearson correlation coefficient (r)	0.9514
Coefficient of determination (r^2)	0.9052
p-value	< 0.001
Number of paired observations (n)	10

Source: Computed by the researcher using Python (SciPy).

The Pearson correlation coefficient of $r = 0.9514$ ($p < 0.001$) indicates a very strong, positive and statistically significant relationship between deposit growth and advances growth: years of stronger deposit mobilisation have, without exception, been accompanied by stronger advances growth, consistent with the intermediation logic that an expanding resource base enables an expanding loan book. With $r^2 = 0.9052$, roughly 91 per cent of year-to-year variation in advances growth is statistically associated with variation in deposit growth, leaving a modest role for other factors such as capital-adequacy constraints and sector-specific credit demand.

7.9 Regression Analysis and Test of Hypothesis H_1

Table 9: Simple Linear Regression Results — Advances Growth on Deposit Growth

To quantify the relationship above, advances growth was regressed on deposit growth, given by Equation (1):

$$\text{Advances Growth (\%)} = 3.4199 + 0.7368 \times \text{Deposit Growth (\%)} \quad (1)$$

Statistic	Value
Intercept (α)	3.4199
Slope coefficient (β)	0.7368
Coefficient of determination (R^2)	0.9052
F-statistic	76.38
Significance of slope (p-value)	< 0.001

Source: Computed by the researcher using Python (SciPy).

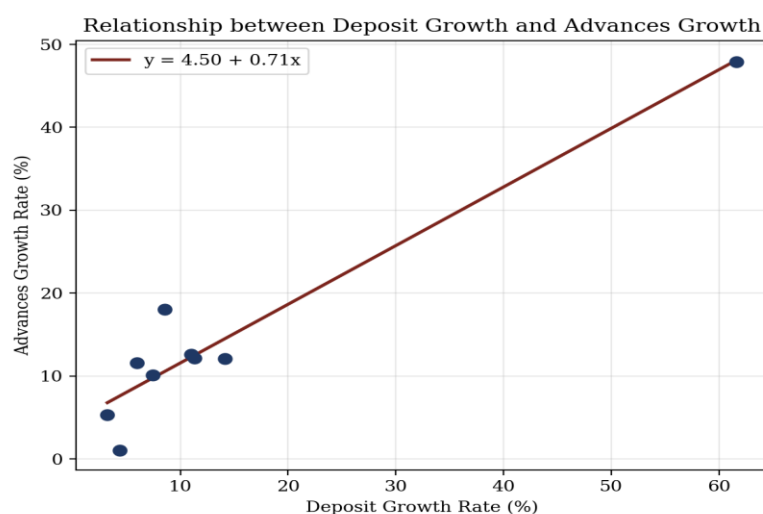


Figure 5: Relationship between Deposit Growth and Advances Growth of Canara Bank



The growth in advances is closely linked to the growth of deposits ($R^2 = 0.9052$, $F = 76.38$, $p < 0.001$) and an additional percentage point growth in deposit is associated with an additional 0.74 per cent growth in advances. The intercept of the autonomous advances growth is 3.42 per cent, reflecting the Bank's capacity to provide credit for incremental growth through borrowing, bond issuance and drawdown of investment, aside from incremental deposits. Statistically, the Shapiro–Wilk test failed to be satisfied for the two series (deposit-growth, $W = 0.586$, $p < 0.001$; and advances-growth, $W = 0.769$, $p = 0.006$) due to the outlier from the merger year and the non-parametric Wilcoxon Signed-Rank Test confirmed the growth of these two series (deposit-growth: $p = 0.0020$; advances-growth: $p = 0.0059$), as did a significant log-linear trend regression on time (deposit-growth: implied annual growth 15.05 per cent, $p < 0.001$; advances-growth: implied annual growth 15.20 per cent, $p < 0.001$). Based on this combined evidence, one may accept the Hypothesis H_1 that deposits and advances of Canara Bank have shown statistically significant growth from FY 2015–16 to FY 2024–25 and the strength of the deposit–advances link is a strong indicator for Bank management to adopt deposit mobilisation as the single strongest lever for sustaining double-digit credit growth.

8. Findings

Total deposits increased from ₹4,79,791.56 crore to ₹14,56,883.18 crore at CAGR of 13.13 per cent, with the organic growth (excluding the effect of merger-year) around 8 per cent per annum.

- Total advances grew from ₹3,24,714.82 crore to ₹10,49,155.02 crore (CAGR 13.92 per cent), marginally outpacing deposit growth.

The deposit mix was unchanged with term deposits still the biggest component of the mix (66-74 per cent), but with demand and savings deposits expanding at a higher rate.

The CASA ratio rose from 25.75 per cent to a high of 33.95 per cent (FY 2021–22) supported by the merger, but fell back to 28.49 per cent by FY 2024–25 as a result of migration through the system to term deposits.

The cost of deposits dropped from 6.78 per cent to as low as 3.79 per cent (FY 2021–22, coinciding with the peak CASA ratio) followed by a rise to 5.47 per cent by FY 2024–25, in line with the interest-rate cycle.

Deposits per branch went up by approximately 80 per cent, and deposits per employee increased by more than double as a result of the merger, branch rationalisation and natural attrition of employees; productivity has increased at a rate faster than the rate of erosion as a result of the merger.

The increase in deposits, advances, number of branches and employees in the merged entity (Syndicate Bank) during the merger (2020) was one time and was not part of the trend growth rate.

The Credit–Deposit Ratio remained disciplined in 63.22–72.74 per cent range with the lowest coefficient of variation (CV) at 4.52 per cent, lowest among all indicators, dipped in the merger year and recovered to 72.01 per cent by FY 2024–25.

There is a very strong and statistically significant correlation between the variables of deposit growth and advances growth ($r = 0.9514$, $p < 0.001$). Regression analysis shows that the variable of deposit growth is a significant predictor of the variable of advances growth ($R^2 = 0.9052$, $F = 76.38$, $p < 0.001$). On the basis of the combined evidence presented by both CAGR analysis and log-linear trend regression as well as the significance test results (parametric and non-parametric), hypothesis H_1 is accepted.

9. Suggestions

Retail deposit mobilisation efforts should be continued, especially in semi-urban and rural areas where the increased branch size following the merger will create opportunities to increase deposits by an additional ~8 per cent, similar to the trend seen in the year prior to the merger.

Continue to focus on low cost CASA acquisition (salary account, merchant banking and digital onboarding drives) to halt the CASA moderation observed since FY 2021-22 and its impact on cost of deposits.



Where there are areas of network overlap, continue with periodic branch-viability review as the rationalisation of branches has coincided with a significant increase in productivity of deposits per branch, and in the meantime banking financial-inclusion coverage has remained in areas that are not being taken over.

Continually invest in employee training and digital-banking solutions to maintain the improvement in deposits per employee productivity that has been achieved, as staff numbers return to premerger levels through natural attrition.

Further prudent expansion of credit, especially in the retail segment, MSME and priority sector segments as CDR has come back to 72.01 per cent which has headroom before the traditionally seen range of 75–80 per cent.

Establish trend indicators before and after the merger, and monitor them separately for a minimum of five years after any future merger to ensure any performance changes can be separated from one-time merger-induced performance changes in scale variables.

10. Conclusion

Using the secondary data from Canara Bank's audited annual reports and a single integrated framework, this study applied a Year-on-Year growth analysis, CAGR, descriptive statistics, correlation and regression analysis to trace the trends in deposit mobilisation and deployment of funds for a period of ten years from FY 2015-16 to FY 2024-25.

Deposits and advances increased at a healthy compound annual rate of 13.13 per cent and 13.92 per cent respectively during the study period. The growth has been overall flat, except for a one-off big jump due to the Syndicate Bank amalgamation in FY 2020–21, which has been statistically significant. The Bank has steadfastly maintained a disciplined Credit–Deposit Ratio throughout and branch and employee-level deposit productivity has significantly improved after the initial merger-integration phase has been absorbed.

The high and statistically significant correlation between deposit growth and advances growth ($r = 0.95$; $R^2 = 0.91$) implies that continued focus on mobilising deposits – and especially on improving the CASA ratio – is likely to continue to be the single most important focus to drive Canara Bank's credit growth into the future. Even though there were frictions that could be seen in the merger-year data, the findings provide comfort that consolidation of PSBs in this instance has not affected the acquiring bank's underlying resource-mobilisation or credit-deployment discipline in the medium term. The future studies could compare the trend indicators of Canara Bank after the merger with other 2020-vintage anchor banks and add profitability and asset quality parameters to the merger's trends studied here.

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