SUMMARY

The Thesis examines the hitherto un-researched aspect of impact of banking operations activity by SCBs on the Indian economy in terms of their contribution to total output in the economy in the post banking sector reform era.

Impact of ‘banking operations activity’, as represented by the amount of deposits mobilized and credits created by SCBs, on the growth of Indian economy has been evaluated in a quantitative framework. A novel Simultaneous Equations Model has been used to gauge ‘direct’ effects of banking industry (using well defined parameters) on the various sectors in the Indian economy. The Thesis uses National Input Output tables for the Years 1998-99, 2003-04 and 2006-07 and relates an innovative method (used for the first time in analyzing impact of banking sector) of imputing ‘special final demand vector’ in matrix inverse to analyze and capture the ‘indirect’ effects of banking industry on the overall economy. The differences of the output effects of BC of all SCBs for these three years capture the impact of change in technology and bank credits. The empirical calculations yield interesting results.

The Thesis has estimated the degree and direction of inter-relation between economic growth represented by growth of per capita GDP/income and bank credit involving key variables such as deposits, savings and rate of interest at an aggregate level. Thus the research is ‘macro’ in scope.

Thesis has highlighted (1) Contribution of statistical investigation to the existing stock of knowledge; (2) Limitations and future scope of research; (3) Policy implications of the findings.

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