The institution of commercial bank is a widely prevalent one in modern market economies. The importance of banking as the nerve centre of economic development cannot be over-emphasised. Banking industry has acquired a key position in mobilising resources for economic development of a country. It is rightly said that banks are the life and blood of an economy's industry, trade and agriculture. The history of commercial banking in India dates back to the year 1870, when the first commercial bank namely 'The Bank of Hindoostan' was set up. The organised banking in regulated form however, started in 1921 when the Imperial Bank of India was constituted under a special act. Of late the concept of banking has enormously widened from merely acceptance of deposits and loaning of funds, banks have taken up development oriented and need based financing. They have shifted from age old conservative old policies to modern banking practices with emphasis on regional development and supervised credit which brings dynamism and innovations in their activities.

Infrastructure plays a crucial role in the development of an economy, particularly in under-developed countries. Among the infrastructure, banks occupy a prominent place as they provide the very essential finance which lubricates well the wheels of development. Realising the important position of banking institution to the economy and to direct the banks on development trajectory, the government of India brought fourteen scheduled commercial banks under its ownership along with its own State Bank of India. Historically commercial banks in India followed trade and industry. Consequently, banking business tended to be concentrated in cities of industrial and commercial significance, and rural
areas were badly neglected. Correction of these imbalances was one of the major objectives of nationalisation of the commercial banks in 1969. In the larger interest of a viable and cohesive federal policy, it is essential that regional disparities in the level of development are contained within tolerable limits. Credit being a scarce and critical input in economic processes, the banking system has an important role to play in contributing to a reduction in regional disparities.

After nationalisation of banks, the banks have made phenomenal progress both in quantitative and qualitative terms. The massive expansion in branches, the rapid growth in deposits and advances is quite phenomenal and unprecedented.

More than a period of two decades has passed since the major banks were nationalised. It is high time to know whether the regional disparities with respect to commercial banking services among different states have narrowed down or not. The transition from class banking to mass banking is not simply a revolutionary rhetoric, but a positive step towards the introduction of innovative social banking. Thus, it is important to find out that how far the scheduled commercial banks have moved towards one of their social objective i.e. reduction of regional disparities. It is important to study that what has been the contribution of commercial banks towards lifting the curtain of regional imbalances in the country.

The present study is an attempt to evaluate the dimensions of regional disparities in commercial banking services in India, since 1975. The study starts with a note on a theoretical background of regional disparities. The First Chapter also contains an account of the reasons and
extent of regional disparities in India. Apart from it, the role of commercial banks in economic development has also been discussed. In the Second Chapter of the study a detailed review of literature on the extent of disparities in commercial banking services is reported. Research design of the present study on Dimensions of Regional Disparities in commercial banking services forms the Third Chapter. In the Fourth Chapter of the study, extent of disparities in commercial banking services in rural areas has been discussed. The extent of disparities with respect to different indicators of banking development have been discussed. The states have been grouped into four groups on the basis of their level of rural banking development. In the Fifth Chapter extent of regional disparities in commercial services in semi-urban areas has been analysed with respect to different indicators of branch expansion, deposit mobilisation and credit deployment. In this chapter also states have been grouped into different categories on the basis of their level of semi-urban banking development. Similarly in the Sixth Chapter the extent of disparities in commercial banking services in the urban-metropolitan areas of different states has been studied. In the Seventh Chapter, extent of disparities in commercial banking services in the different states has been discussed. In this chapter also the states have been grouped into different categories on the basis of level of overall banking development. Finally, summing up the findings of the study and concluding remarks find place in the last chapter of the present study.

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