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INTRODUCTION

1.1 Introduction: Problem to be investigated

Every country, whether developed or developing has economically advanced as well as backward regions. The co-existence of economically developed and relatively depressed States and regions in a country is known as regional inequality or regional imbalance. The problem of regional imbalances has become more serious and grave in developing countries like India; economic disparities have become impediments in the path of economic development in India. One of the main objective of economic development is to reduce the inter-State disparities or variations and bring all the regions, States, districts and talukas at par. But this target cannot be achieved unless the inter-State disparities in Industry, agriculture and service sector are reduced to the desired level. Hence the first task is to identify and assess the extent and direction of the inter-State variations in the concerned sector.

In fact, inspite of more than fifty-five years of economic planning (with the first Five-Year Plan introduced in the year 1951-56) the pattern of regional development of the Indian economy is far from being a balanced one. Our country is characterized by a few States being relatively more developed and many others are economically backward. It is only through balanced regional development that the benefits of economic growth can reach to all the persons living in different States and regions of the country.

The balanced banking development implies a harmonious development of all the States and regions in banking infrastructure. But it does not imply that the rate of banking development of all the regions or States should be equal and uniform. It simply means that the difference in banking development of different States/Union Territories should be minimized and reduced to the lowest possible level.
Among the various factors determining the economic growth for the development of a State, capital is of supreme importance. It is regarded not only as central to the process of development but also as strategic. In modern economy, banks are considered not merely as dealers in money but also leaders of development. They are not only the storehouses of the country’s wealth but also the reservoirs of the resources necessary for economic development. From this point of view, balanced banking development of the key to economic growth and the role of commercial banks in achieving balanced regional development can hardly be overemphasized.

With the process of liberalization, globalization and privatization, with the introduction of the second -generation reforms the major financial sector reforms in India, the regions and the States which are able to exploit the benefit of these reforms quickly, may enhance greater speed and degree of banking development. The tempo and the extent of such a change vary from State to State. Therefore, it would be interesting and valuable to study:

i) To what extent banking development has been achieved in India during the liberalization period?

ii) What changes have occurred in banking development in India during the liberalisation era?

iii) What is the progress of banking development in India during the liberalization period?

iv) Has the growth or progress and the change in banking development in India occurred evenly during the liberalized period?

v) What are the variations in the levels of banking development in India during the liberalized period?

vi) Whether the disparities in banking development in India during the liberalization period being reduced or not? If yes, then to what extent?

vii) What are the causes of variations in the levels of banking development in India during the liberalization period?

This study seeks to answer some of these questions. Therefore, the Statement of Problem is “A study of inter-State variations in Indian banking development in the era of liberalization”.

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1.2 Significance of the Study:

Banking is a multi-dimensional phenomenon measured by means of various banking indicators such as branch expansion, deposit mobilization, credit deployment and others. Several studies have been conducted for the measurement of levels of economic development together with its various counter-parts like agriculture, Industry and overall infrastructure development. However, there are very few comprehensive attempts were made to measure the levels of banking development with reference to scheduled commercial banks in different States/Union Territories of India after reforms of banking. Balanced regional development has been an important objective in India since the planning era and even today, its relevance has not been lost. Hence, a detailed and elaborate study in this regard, examining and analyzing the nature, extent and measure of regional banking development in India would be of considerable relevance to the policy makers and planners in our country as also this study covers the liberalisation period. The review of literature indicates that there are several studies conducted for appraising the commercial banking development at an all-India level on aggregate or on urban-rural basis and a few studies covering a majority of the States/Union Territories of India or only a few of them. Most of the studies done so far have focused on a few selected years and concentrated on a limited number of indicators of banking development such as branch expansion or deposits and/or credits in the form of different indicators.

There is a paucity of detailed studies of inter-state experience in banking development in India during the liberalization period which have examined the nature, extent and measure of disparities and patterns of regional change state-wise as well as at an all-India level comprehensively. Thus, there is a need to undertake such a detailed and comprehensive study of commercial banking development covering a majority of the States/Union Territories of India as well as an all-India composite study so as to get a clear picture of balanced banking development in the liberalisation era. This study can be useful to the policy-makers and Government Authorities to take significant policy decisions with regard to the problem of regional disparities in scheduled commercial banking development. There are inter-regional and inter-
sectoral variations. There is an unequal distribution of wealth, banks can work as catalytic agents of growth by following the right kind of policies in their working, which can be done by opening new branches in backward areas, by collecting funds from developed regions and channelizing these funds towards the backward areas; in this way, banks can bring about more balanced regional development. Hence, it would be of great interest to know whether or not, there has been an even and balanced development of banking during the liberalization and post-liberalization era.

1.3 Objectives of the Study:

The objectives of the study are as follows:

i) To measure the extent of the banking development in India during the liberalization period,

ii) To study and analyze the extent and direction of Inter-State variations in banking development in India during the liberalization period,

iii) To measure the Inter-State variations in banking development in India during liberalization period,

iv) To identify the spatial level of banking development in India during the liberalization period and to find out the high, moderate, low and very low banked State/Union Territory in India during the liberalization period,

v) To find out the level of State/Union Territory in terms of high, moderate, low or very low level.

1.4 Hypothesis of the Study:

The present study is based on the following hypothesis:

i) The progress of banking development during the liberalization period was uneven.

ii) The inter-State disparities in banking development were wide during the liberalization period.

iii) The level of banking development in India was uneven and wide.

iv) Functional banking development was uneven and it reflects inter-State disparities in banking development.
1.5 Research Methodology:

The methodology adopted for studying and analyzing the inter-State variations in banking development in India is as follows:

1.5.1 Scope and Period of the Study:

Commercial banks are the most important constituents of the Indian financial system. In view of the limitations of the cooperatives and the regional rural banks in India and taking into account the large and growing gap in the fulfilment of the credit needs of development of agriculture, industry and allied activities, the Government encouraged commercial banks to offer more and more credit to the priority and other sectors. Commercial banks include scheduled commercial banks as well as non-scheduled commercial banks, with the former being subjected to certain statutory requirements such as minimum paid up capital. The basic changes in the structure of commercial banking since nationalization are characterized by the dominance of the scheduled commercial banks and their expanding role in public sector banking. Considering this significance of the scheduled commercial banks, in the context of this study, only scheduled commercial banks are included in the scope of this study.

The branches of all foreign banks in India, co-operative banks and non-schedule commercial banks have been excluded from this study and the data of some states were not available during the initial few years namely Uttarakhand, Jharkhand and Chhattisgarh and hence not studied separately but included in their counterparts of Uttar Pradesh, Bihar and Madhya Pradesh respectively as they were a part of the latter respectively before they were formed as a separate State/Union Territory.

The study covers the period 1992-2007. (i.e. 16 years). 1992 is considered because since then the era of banking liberalisation was started. This is a 3-point time study namely 1992, 2000 and 2007. This is referred here as 1992-2007 study period.
1.5.2 Research Design:

The adopted research design is presented in Chart 1.1

Chart 1.1 Research Design

Chart 1.1 shows the research design adopted in the present study by the researcher which is briefly listed as under:

1) Scanning the literature on the subject.
2) Discussing with academicians and Bank officials
3) Discussing with Professionals and experts in this field
4) Observing facts and figures published in various material
5) Analysis and interpretation of statistical data with the help of statistical techniques.

The above five steps were adopted by the researcher in the completion of the present study called as research design or procedure.
1.5.3 Sources of Data:

The present study is mainly based on secondary data and to some extent on primary data.

1. Primary Data

The primary data was collected by means of:

- Discussions with Bankers
- Discussions with Academicians specialised in regional development economics
- Discussion with Professionals
- Observation

2. Secondary Data

The secondary data was collected mainly from the articles/journals/books published by

- Publications of the Reserve Bank of India, and
- Private Agencies, and
- Semi-Government Authorities, and
- Government Authorities

Since the reliability of the results obtained is circumscribed by the reliability of data used in the study, it is indispensable to describe the nature and sources of data used in the computation of different levels of development. The data relating to the scheduled commercial banking development has been taken chiefly from the following publications of relevant years.

- Banking Data:

1. Reserve Bank of India- Report on Trend and Progress of Banking in India, Mumbai
2. --, Statistical Tables Relating to Banks in India, Mumbai
3. --, Banking Statistics (Banking Statistical Returns), Mumbai.
4. --, Report on Currency and Finance, Mumbai
5. --, Reserve Bank of India, Monthly Bulletin, Mumbai
• Socio-Economic data:

1. --, Census of India 1991 and 2001, Government of India, New Delhi
3. Centre for Monitoring Indian Economy, Basic Statistics relating to Indian Economy.

1.5.4 Samples and Sample Size Selection:

The samples selected for this study are the bank branches which include only the scheduled commercial banks and their branches in India. Secondly, 32 states/union territories of India are taken as the sample and sample size in this study so as to give a comprehensive picture of balanced regional banking development in India. The 32 States/Union Territories covered in this study are:

1. Chandigarh
2. Delhi
3. Haryana
4. Himachal Pradesh
5. Jammu-Kashmir
6. Punjab
7. Rajasthan
8. Arunachal Pradesh
9. Assam
10. Manipur
11. Meghalaya
12. Mizoram
13. Nagaland
14. Tripura
15. Andaman & Nicobar
16. Bihar
17. Orissa
18. Sikkim
19. West Bengal
20. Madhya Pradesh
21. Uttar Pradesh
22. Dadra & Nagar Haveli
23. Daman & Diu
24. Goa
25. Gujarat
26. Maharashtra
27. Andhra Pradesh
28. Karnataka
29. Kerala
Secondly the sample size in terms of the period covers a period of three years—1992, 2000 and 2007 and is done on a yearly basis as the data for this purpose is readily available and hence can be used for effectively applying statistical tests on a uniform basis. In this study, an attempt is made to study the inter-State disparities in banking development.

For this purpose, an index of banking development has been constructed with ‘Factor Analysis’ technique. This will help us to identify the backward regions. This study broadly covers the period 1992, 2000 and 2007 since the year 1992 is the year after the reforms in the financial sector in India, which will serve as a starting point of our discussion and 2007 is the latest year for which all relevant data are available. Principal Component Analysis is used to construct Composite Indices for each variable by which the data is standardized by dividing the values by their respective means. Thereafter, a weight is assigned so that the sum of the squared projection on the composite index is at the maximum. For the purpose of this study since the period consists of three years-1992, 2000 and 2007, till the year 2000, there were only 32 States/Union Territories, thereafter three more States/Union Territories were created as new States/Union Territories which includes the States/Union Territories of Jharkhand, Uttarkhand and Chattisgarh which were previously a part of Bihar, Uttar Pradesh and Madhya Pradesh respectively. Consequently there were 32 States/Union Territories in India prior to 2000, which increased to 35 in number after 2007. However, for the purpose of uniformity, only 32 States/Union Territories have been considered throughout the study period.

1.5.5 Selected Measures and Indicators:

Taking into account the problem of data availability, the following measures and indicators of banking development have been selected:
1. **Indicators:**
   1. Bank branches per one lakh of population
   2. Deposits per branch
   3. Per capita deposits
   4. Deposits as a percentage of SDP
   5. Credits per branch
   6. Per capita credits
   7. Credit-Deposit Ratio
   8. Investment-Deposit Ratio

2. **Measures:**
   1. Factor Analysis.
   2. Principal Component Analysis

3. **1.5.6 Definition of Measures and Indicators:**

   The banking development is defined here as a differentiation in development of branch expansion, levels of deposit mobilization and the levels of credit deployment. The various selected measures and indicators are defined as under:

   1. **Indicators:**

      1) **Bank Branches per one lakh of population:** It includes the bank branches spread in a State over a period of time divided by the population of that State. This can be expressed as follows:

      \[
      a = \frac{b \times 1,00,000}{c} \quad (1)
      \]

      where,
      \[
      a = \text{Bank branches per one lakh of population} \\
      b = \text{Number of bank branches in a State} \\
      c = \text{Total Population of a State.}
      \]
2) **Deposits per branch**: Deposits are defined as the sum of savings, current and fixed deposits is called deposit. It is also known as the amount deposited by the public in banks for a short or a long period. Commercial banks accept two types of deposits viz. demand and time deposits. The deposits per branch is measured as a proportion of the total deposits of all the commercial banks in a State to the number of bank branches in that State.

It is measured as follows:

\[ \text{DPB}_i = \frac{\text{TD}_i}{\text{NB}_i} \]  \hspace{1cm} (2)

where,
- \( \text{DPB}_i \) = deposits per branch
- \( \text{TD}_i \) = Total deposits of all commercial banks in the State \( i \)
- \( \text{NB}_i \) = Number of bank branches of all commercial banks in the State \( i \)

4) **Per capita deposits**: This measure indicates the relation between the total deposits accepted by banks in a State and the total population of that State. It depicts the presence of saving habits among the population.

It is measured as follows:

\[ \text{PCB}_i = \frac{\text{TD}_i}{\text{TP}_i} \]  \hspace{1cm} (3)

where,
- \( \text{PCB}_i \) = Per capita deposits
- \( \text{TD}_i \) = Total Deposits of all commercial banks in a State \( i \)
- \( \text{TP}_i \) = Total population in that State \( i \)

4) **Deposits as a percentage of State Domestic Product**: This banking indicator seeks to measure the relation of the total deposits of banks in a State to the State Domestic Product (Net) at current prices so as to find the extent of the percent of savings kept as deposits. State Domestic Product is the total value
of goods and services produced during a period within the geographical boundaries of a State. This ratio indicates the viability of a bank and stability in its lending and borrowing policy.

It is measured as:

\[
DPS_i = \frac{TD_i}{SDP_i} \times 100 \quad \ldots \ldots (4)
\]

where,

\(DPS_i\) = Deposits as a percentage of State Domestic Product
\(TD_i\) = Total Deposits of commercial banks in a State \(i\)
\(SDP_i\) = State Domestic Product of that State \(i\)

6) Advances/Credits per branch: Secured and unsecured advances are called advances. An advance is granted either by way of overdraft upon the current account or by a loan upon a separate account or a promissory note. It measures the relation between the total advances granted by a bank in a State and the total branches of that State.

It is measured as follows:

\[
CPB_i = \frac{TC_i}{TB_i} \quad \ldots \ldots (5)
\]

where,

\(CPB_i\) = Per capita credits/advances
\(TC_i\) = Total advances/credits made by the banks in a State \(i\)
\(TB_i\) = Total bank branches in that State \(i\)

7) Per capita advances: This indicator measures the relation between total advances made by a bank in a State and the population of that State. It signifies the disbursement of credit by the banks in a State based on the population of that State.
It is measured as:

\[ \text{PCA}_i = \frac{\text{TA}_i}{\text{TP}_i} \quad \text{(6)} \]

where,

PCA \(_i\) = Per capita advances/credits

TA \(_i\) = Total advances/credits in a State \(_i\)

TP \(_i\) = Total Population of that State \(_i\)

**8) Credit-Deposit Ratio (CD ratio):** It is a proportion of loan assets created by a bank from the deposits received by it. It shows the extent of credits deployed by a bank in a State out of the deposits received in that State.

It is expressed as:

\[ \frac{C \times 100}{D} \quad \text{(7)} \]

Where,

C = Total credits deployed by the commercial banks in a State \(_i\)

D = Total deposits raised by the commercial banks in a State \(_i\)

**8) Investment-Deposit ratio:** It shows the relation between the total investments of a bank in a State to the total deposits of the banks in that State. This ratio measures the quantum of deposits not utilized as advances given, but invested elsewhere so as to earn a return. Investments by commercial banks can be in either:

i) Central and State Government securities,

ii) Securities other than Central and State Government securities, approved for the purpose of investments under the Indian Trusts Act, 1882,

iii) Shares, bonds and debentures of Indian joint stock companies,

iv) Fixed deposits with other banks,
v) Domestic Securities which are not eligible as trustee securities, such as initial contribution to the Unit Trust of India (UTI), share capital in Regional Rural Banks (RRBs) and
vi) Foreign securities and other foreign investments.

It is expressed as:

\[
\frac{I \times 100}{D} \quad \ldots \ldots (8)
\]

Where,
I = Total Investments made by a commercial bank in a State j
D = Total Deposits raised by a commercial bank in a State i

**Measures:**

The data collected is analysed and interpreted with the aid of different ratios and percentages used for this purpose. The mean (Average) and Standard deviation is computed for the all-India figures for the different periods of this study so as to compare the performance of each State/Union Territory in relation to the all-India aggregates. Further, there are States/Union Territories in the country which are highly developed with one respect but less developed with respect to another parameter. In order to capture all the aspects of banking development and to make a comprehensive analysis, a composite index of banking development is constructed taking various indicators into account.

Construction of indicators is the first step in the application of Factor Analysis. Raw data available in statistical tables cannot be straightaway used as inputs for analysis as the data do not indicate the relevant concept and are not comparable because of heterogeneous regions and also these data are measured by taking different units as the base e.g., Bank branches are measured in numbers, deposits and advances in Rupees, CD ratio in percentage and so on. As a result, these variables cannot be combined to form a composite index as they are not expressed in terms of the same units. Hence, this approach is used to make all the selected indicators comparable for all the States/Union Territories which are not homogeneous in all respects.
Then mean, standard deviation and Z-Sum is calculated by converting them into percentage first and then used for the purpose of analysis and interpretation.

For constructing Composite indices, the selected indicators must be assigned proper weights for which “Principal Component Analysis” is employed. In order to employ the technique of Principal Component Analysis, first the selected variables have been made unit free by taking deviations of the $X_{ij}$'s from their means and subsequently dividing by the respective Standard Deviations. Then, with the help of a Computer Package, rotated as well as unrotated factor loadings have been derived. The weights are assigned to selected indicators by the First Principal Factor during the period under study. The weights assigned to these indicators were not constant but were changing. While analyzing the trend of growth of development, the practice has been generally to keep the weights fixed, however, in view of the changing structure of the economy where the importance of different indicators may change positively or negatively, this type of formulation is questionable, particularly, when the focus of analysis is on measuring regional disparities. The weights of the indicators should, therefore, be allowed to vary according to their relative contribution in each year of time series analysis.

In the following formula, $X$ is the value of the Mean, $N$ is the sample size, and $X_i$ represents each data value from $i=1$ to $i=N$.

\[ \sum (X_i - \bar{X})^2 \]

The $\sum$ symbol indicates that you must add up, the sum $(x_1-x)^2+(x_2-x)^2+(x_3-x)^2+(x_4-x)^2+(x_5-x)^2 \ldots + (x_N-x^2)$. The $\sum$ symbol represents the "summation function" in mathematics.

They are calculated by using the following formulae:

(A) \[ \bar{X} = \frac{\sum X}{N} \]
(B) **Standard Deviation** = The Standard Deviation Formula represented by $S(\sigma)$ is

$$S = \sqrt{\frac{1}{N-1} \sum_{i=1}^{N} (X_i - \bar{X})^2}$$

(C) **C.V (Co-efficient of Variation)** = $\frac{\sigma_i}{X_j}$

Where,

- $\sigma_i$ is the Standard Deviation of the $i^{th}$ indicator and
- $X_j$ is the mean value of the $i^{th}$ indicator.

(D) **'Z'-Sum Technique**: For the above purpose, the **Z-Sum Technique** has been used for standardization so as to get Standardised Scores($Z$-Scores) which are calculated as follows:

$$Z_{ijt} = \frac{X_{ijt} - \bar{X}_{jt}}{\sigma_{jt}}$$

Where,

- $Z_{ijt} =$ Standardised Scores of the $i^{th}$ indicator for $j^{th}$ State in the year $t$,
- $X_{ijt} =$ Value of the $i^{th}$ indicator for $j^{th}$ State in the year $t$,
- $\bar{X}_{jt} =$ Arithmetic Mean of the $i^{th}$ indicator in the year $t$,
- $\sigma_{jt} =$ Standard Deviation of the $i^{th}$ indicator in the year $t$,
- $z = \frac{(x - \mu)}{\sigma}$
1. The variables in the z-score formula are:

\[ z = \frac{x - \mu}{\sigma} \]

- \( z \) = z-score
- \( x \) = raw score or observation to be standardized
- \( \mu \) = mean of the population
- \( \sigma \) = standard deviation of the population

The Composite Index is computed by assigning weights, which are computed as follows:

For a given year \( t \), let

\[ Y_i = \sum_{j=1}^{m} X_{ij} f_j \]

where,

- \( Y_i \) = composite index of \( i \)th region or state
- \( X_{ij} = \frac{X_{ij}}{X_i} \) (Value of the transformed indicator)
- \( X_{ij} \) = Original value of the \( j \)th indicator in the \( i \)th region in ratio scale
- \( \bar{X}_j = \frac{1}{n} \sum_{i=1}^{n} X_{ij} \) (arithmetic Mean of \( j \)th indicator)
- \( f_j \) = weight assigned to the \( j \)th indicator

The sum of the squares of the factor loadings of a principal component is called its eigen value (or latent root or character root) which is represented by \( f \) above which is corresponding to the maximum eigen value \( \xi \) of the matrix. The eigen value measures the proportion of variance explained by concerned principal component. A general way of presenting the eigen value for convenient interpretation is to express them in terms of percentage of variance explained by it, i.e. Percentage of variance explained by
The sum of the squares of the factor loadings of all the principal components extracted corresponding to a variable is called Communality ($h^2$) which explains the percentage of variance explained by the factor model.

### 1.5.7 Statistical Tools and Techniques used:

The Mean, Standard Deviation, Co-efficient of Variation, Factor Analysis and Principal Component Analysis is used as statistical tools and techniques by the researcher for this study purpose.

### 1.6 Data Interpretation and Analysis:

The data is collected by the researcher through secondary sources such as books, reports, journals and Ph.D. Thesis. The primary data was also collected by using interview methods and observations. The collected data from various sources was processed, analysed and interpreted after proper distribution and codification. Tata Institute of Social Sciences (TISS) helped in this respect. Ratios, Mean, Standard Deviation, Co-efficient of Variation, Factor Analysis and Principal Component Analysis (‘Z’-Score) were calculated as well as Tables were prepared and the same were used for analysing and interpreting the data. A comparative approach was also used as an analytical tool. Logical conclusions are drawn after interpretation and analysis of data and are presented in the respective chapters.
1.7 Limitations of the Study:

This study suffers from some limitations; first it is based on an analysis of only selected variables which may not be sufficient to show the trends in regional disparities in scheduled commercial banking development fully. Secondly, the technique and methodology selected for the study suffers from some inherent limitations and hence not relevant for making a perfect or near perfect analysis and study on regional disparities in banking development. Third, it does not cover all the aspects of commercial banking development, for instance it does not cover the sectoral aspects (like urban, semi-urban, rural development), bank –group wise (like State Bank Group, other nationalised banks etc). Also, there are a very few attempts made so far to study and analyse the factors responsible for large disparities in commercial banking development, in detail.

1.8 Chapter Scheme:

The present study is divided into the following eight chapters:

Chapter 1: Introduction and Research Methodology

The first chapter deals with problem to be investigated, objectives of the study, hypothesis, period of the study and research methodology which includes scope of the study, research design, sources of data, samples and its size and selected measures. This chapter also covers definitions of measures and indicators as well as limitations of the study and the chapter plan.

Chapter 2: Review of literature

In this chapter, an attempt has been made to screen the available literature on the topic related to this study so as to understand the research gaps in the previous studies and the current study.
The review of literature is divided into the following parts:

- Studies on regional disparities in banking development based on various indicators
- Studies of regional disparities in banking development based on different States of India,
- Studies of regional disparities in banking development Pre-WTO and Post-WTO.
- Studies of regional disparities in banking development based on: Less than three variables/indicators and more than three variables.

**Chapter 3: Inter-State variations in Indian banking development based on bank branches in India.**

In this chapter, an attempt is made to analyze and measure the State-wise disparities in commercial banking development based on bank branch network specifically in relation to number of bank branches and bank branches per one lakh of population, so as to understand the network coverage of branches of commercial banks in each State/Union Territory of India. These variables are studied and the State-wise ranking is done by means of their ‘Z’-Score. The States/Union Territories are distributed in different class-intervals based on their ‘Z’-Score. Also, the all-India Mean, Standard Deviation, ‘Z’-Score and Co-efficient of Variation (CV) are computed so as to find the disparities in this significant variable as a part of overall banking development and comparing each State/Union Territories’ performance in relation to the all-India mean/average.

**Chapter 4: Inter-State variations on Indian banking development based on bank deposits:**

In this chapter, an attempt is made to analyze and measure the State-wise disparities in commercial banking development based on deposits (Rs. in lakhs) for each State/Union Territory of India and analysing their growth in each State/Union Territory from 1992 to 2000, from 2000 to 2007 and the overall growth from 1992 to
2007. The all-India Mean, Standard Deviation and Co-efficient of Variation (CV) is computed for each variable so as to find the disparities in this significant variable as a part of overall banking development for 1992, 2000 and 2007. Further, three indicators based on deposits of banks in India for 1992, 2000 and 2007 are studied.

The three selected indicators include:

2) Deposits per branch
3) Per capita deposits
4) Deposits as a percentage of State Domestic Product

These variables are studied and ranked State-Wise by computing their Z-Score and distributing them in one of the four class intervals and ranking them.

Chapter 5: Inter-State variations in Indian banking development based on credits/advances:

In this chapter, an attempt is made to analyze and measure the State-wise disparities in commercial banking development based on bank credits/advances (Rs. In Lakhs) by studying their growth for three years 1992, 2000 and 2007. The all-India Mean, Standard Deviation and Co-efficient of Variation (CV) is computed so as to compare each State/Union Territory’s performance with the all-India Aggregate figures. There are two selected indicators in relation to bank credits/advances which include:

1) Credits, per branch
2) Per capita credits

These variables are studied and ranked State Wise by computing their Z-Score and so as to find the disparities in this significant variable as a part of overall banking development and distributing them according to their ‘Z’-Score in different class-intervals.
Chapter 6: Inter-State variations in Indian banking development based on CD Ratio and ID ratio

In this chapter, an attempt is made to analyze and measure the State-wise disparities in commercial banking development based on two indicators of Credit/deposit Ratio (CD ratio) and Investment/Deposit Ratio (ID ratio) of banks in each State/Union Territory of India. For 1992, 2000 and 2007. The former ratio is based on credit as well as deposits whereas the latter is based on investments and deposits respectively.

These variables are studied and ranked State Wise by computing their Z-Score. The Mean, Standard Deviation and Co-efficient of Variation (CV) is computed for the all-India figures and the figure of each State/Union Territory is compared to the all-India aggregate and so as to find the disparities in this significant variable as a part of overall banking development.

Chapter 7: Inter-State variations in Indian banking development based on composite index of banking development.

In this chapter, an attempt is made to analyze and measure the State-wise disparities in commercial banking development as well as the disparities based on all-India aggregate for 1992, 2000 and 2007.

For this purpose, the composite index of banking development is computed by combining all the Indicators of this study. The State-wise composite index is compared with the all-India index so as to rank each State/Union Territory and compare their development with that of the aggregate development. Each State/Union Territory is distributed in different class-intervals according to their composite index.
Chapter 8: Conclusions and Suggestions

This Chapter summarises the findings of the study. It contains a summary of conclusions regarding each of the eight indicators and the composite index. It also contains the specific findings, general findings and suggestions are also given for improvement along with the scope for future research.