Nationalisation of commercial banks in 1969 has marked a new era of progress in Indian Banking. After Nationalisation the commercial banks approach of lending shifted from the security oriented lending to purpose oriented lending and need based credit. The nationalisation of commercial banks brought various new policies to supply credit to previously neglected small borrowers. It was alleged that loans and advances of these banks were not purpose-oriented but person or collateral oriented, and hence the banks could afford to neglect the needy and weaker sections of community. To overwhelm this constraint caused by such pattern of banking, nationalisation was, therefore considered an immense and imperative measure.

Since the nationalisation the planned development has brought about a speedy and radical change in the banking structure. As a result the commercial banks to-day have identified themselves as change agents. The progress achieved by them in the branch expansion deposit mobilisation and credit deployment has marked a headway. Nationalisation of the commercial banks is twenty five years old whether this progress has been serving the ends inview is a debatable issue. In otherwords, whether the nationalisation justified the fact that the banking system has touched the lives of millions, inspired by social purpose. And it is noteworthy to know that the banking system has been subserving the national priorities and objectives; and what more can be done to peep into the future challanges.

The present study proposes to examine the progress of the banking sector and its performance during 1969-94. The study examined the aspects namely the branch expansion deposit mobilisation and credit deployment, rural-urban banking pattern and public Vs Private Sector commercial banks. Further, the priority sector credit as well as weaker section credit is studied in relation to the norms laid down by the Reserve Bank of India. the present study seeks to give a balanced view based on the authenticated data on the progress and performance of the commercial banks since the nationalisation.
The report of this study is presented in five chapters. In the first chapter, introduction of Banking System is discussed. Organisation and Management of Commercial Banks highlighted in the second chapter. The progress of banking sector and its evaluation and priority sector credit are analysed in the third and fourth chapters respectively. Summary of the conclusions and a few suggestions are offered in the last chapter.