PREFACE

The Indian banking system after the nationalisation has set on the path of social development and well-being of people. The underlying objectives in the nationalisation of commercial banks are wider bank credit and engulfing the banking imbalances. The banking industry, in the pre-nationalisation period, did not meet the emerging needs of economy and infact, essentially trade-oriented and served a very selective clientile of the industry. The business operations of the banking industry were thus characterised as:

Finance follows where industry leads. This have given birth to widening imbalances and aggravating the unemployment problem. To overwhelm this constraint caused by such pattern of banking, nationalisation was, therefore considered as an immense and imperative measure.

Since the nationalisation, the Indian banking industry has achieved a remarkable progress in the expansion of banking facilities, particularly in the unbanked and underbanked rural and semi-urban areas of the country, mobilisation of the surplus income of the people as savings, enlargement of credit deployment for attaining higher production, better employment avenues and promotion of the banking habit. Nationalisation
of commercial banks is twenty two years old. Has this progress been serving the ends in view, is a debitable issue. In other words, 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 challenges.

An endeavour is made in the present study to examine the progress of the banking sector and its performance during 1969-91. The study examined the aspects namely the branch expansion, deposit mobilisation, credit deployment, private versus public sector banks and the priority sector credit. It is also to study to what extent the commercial banks have achieved the performance in rural areas and to what degree the concentration of banking has weakened the urban monopoly. A study of the rural versus urban banking facilities, is every encouragement and also thrust of nationalisation. The present study is not meant to suggest undoing what has already been done or to deny unprecedented progress in the banking sector in the wake of the nationalisation. But, it seeks to give
a balanced view based on the authenticated data on the rural-urban pattern of banking development.

The report of this study is presented in four chapters. In the first chapter, the objectives and methodological issues are discussed. Some important salient features of the commercial banks are highlighted in the second chapter. In the third chapter, the progress of the banking sector is discussed with emphasis on rural and urban banking analysis. Summary of the conclusions and a few suggestions are dealt in the last chapter.