PREFACE

Commercial banks since the nationalisation have achieved a landmark progress in the annals of the Indian banking. The underlying objectives in the nationalisation of commercial banks are wider bank credit and engulfing the banking imbalances. The trend in the pre-nationalisation of commercial banks was trade-oriented and urban-oriented rather social aim oriented. Where the industry leads, finance follows was the style of the commercial banks during the pre-nationalisation period. To overwhelm this constraint caused by such pattern of banking, nationalisation was, therefore, considered as 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 years old. Has this progress been serving the ends inview, is a debatable 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 1969-89. The study examined the aspects namely the branch expansion, deposit mobilisation, credit deployment, rural-urban banking pattern and public Vs private sector commercial banks. Further, the priority sector credit as well as weaker sections credit is studied in relation to the norms laid down by the Reserve Bank of India. 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 progress and performance of the commercial banks since the nationalisation.

The report of this study is presented in five chapters. In the first chapter, the objectives and methodological issues are discussed. Some important salient features of the commercial banking are highlighted in the second chapter. The progress of the banking sector and its evaluation; and priority sector credit are analysed in the third and the fourth chapters respectively. Summary of the conclusions and a few suggestions are dealt in the last chapter.