A policy of planned and systematic branch expansion by commercial banks was a significant development in the sphere of banking industry after nationalization. Concentration of branch network and credit disbursement in the urban areas had resulted in the uneven spread of institutional credit in different parts of the country. To rectify the regional imbalance in credit expansion the Gadgil Committee recommended the "area approach," later evolved as the Lead Bank Scheme. It was felt that without planned expansion of banking institutions in rural areas, balanced development of district economy, which is the main objective of Lead Bank Scheme cannot be realized. Therefore, with a view
to bring about greater mobilization of deposits and larger deployment of investible funds in priority sectors like agriculture and small scale industries, the banks are being actively encouraged by the Reserve Bank of India to undertake branch expansion in rural and semi-urban areas.¹

In the Co-operative sector, the Group has recommended that the establishment of new primary urban co-operative banks should be deliberately encouraged. The committee further argued for establishing a new type of rural primary bank or converting the existing multipurpose credit societies into banks.² According to the committee the plan of location of branches or establishment of new units at particular places have the two-fold objectives of (a) making institutional credit available at many places throughout the district and (b) establishing agencies capable of distributing such credit to all classes.³ All these amply indicate that for the development of rural economy, the substitution of money lenders by credit agencies like co-operative banks and branch expansion by nationalized banks is an urgent necessity. This would provide not only cheap and easy credit but also mobilise rural savings.

¹ Report of the Study Group of the National Credit council, P-A.47.
² Ibid., p-64.
³ Ibid., p-64.
On the other hand, there is a case to argue that large-scale deposit mobilization by nationalized Banks may lead to siphon off rural deposits to urban areas. It is proved beyond doubt that due to their managerial efficiency and thrive for funds, deposit mobilization by nationalized banks require less experience and skill than processing of credit proposals and lending in rural areas. Furthermore, an increase in rural deposits and the slow pace of the increase in rural credit lend credibility to such an allegation. What matters is, therefore that the small deposit mobilized in rural areas should properly be distributed in the regions itself. In this regard, the Union Finance Minister called on the nationalized banks to ensure that all the needs of the rural areas were met and till this was done, deposits mobilized in rural areas were not to be utilized elsewhere.

On the basis of the above note, one can derive the following conclusions:

1. Higher per capita credit is positively associated with greater number of credit institutions in a region.
2. Higher per capita deposits in a region is positively associated with greater number of credit institutions in the region.
3. Greater the difference between the number of credit institutions among the regions, greater will be the

---

difference in per capita credit and deposits between these two regions; and (4) Higher the credit deposit ratio, better will be the deployment of bank funds in different sectors of a region.

This chapter, therefore, intends to study the above hypotheses on the basis of data for all the districts of M.P. A broad framework of the analysis is as follows. The first part deals with the assumptions, methodology and analysis of the data to test hypothesis (i) and (ii). The second part pertains to the methodology and analysis of data to test the hypothesis (iii); in the third part a study has been made to test the hypothesis (iv) and in the fourth part, regional concentration in deposit and advances has been studied.

* * *

I

It is assumed that the number of credit institutions is an independent variable and is the result of deliberate policy of branch expansion by nationalized banks and co-operative banks. That part of per capita credit and deposits is taken into account which is due to these credit institutions. Credit provided and savings mopped up by other agencies like money lenders and traders have been kept out of

* Reference to the paper by Dr. Shri Prakash: per capita income & occupational structure—a study of inter-district variations in M.P., (Read at the Seminar on Sagar Division Economic Problems & Prospects) is acknowledged gratefully.
consideration. Thus the scope of the study is limited to credit advanced and deposits mobilised by commercial banks and co-operative banks and credit societies. Here a region denotes a district.

The method of Rank correlation has been used to test the hypothesis (i) that there is positive association between \( X_1 \), the number of credit institution per lakh of population in a district, and \( X_2 \), the per capita credit in the district and (ii) the association between \( X_1 \), the number of credit institutions per lakh of population in a district, and \( X_3 \) per capita deposits in a district. All the 43 districts of Madhya pradesh have been ranked in the descending order of absolute magnitude of the number of credit institution per lakh of population, per capita credit and per capita deposits. This is shown in table No. LIV. As the ranks were tied, the following formula of Spearman's Rank correlation coefficient has been used to calculate the coefficient of correlation \( \rho \):

\[
\rho = \frac{1/6(N^3-N) - (T_x + T_y) - \Sigma d^2}{\sqrt{\left( \frac{1/6(N^3-N) - 2T_x}{\left( \frac{1}{6(N^3-N)-2T_y} \right)^{1/2}} \right)}}
\]

Where \( N \) = number of observations
\( d \) = difference of the ranks

\( T_x = \frac{1}{12} (t^3-t) \) where \( t \) is the number of tide ranks is X series. \( T_y \) is also defined similarly. \( \rho \) is

Spearman's correlation co-efficient.

The rank correlation co-efficient between $x_1$ and $x_2$ and $x_1$ and $x_3$ was found to be +0.71 and +0.51 respectively. The correlation co-efficients were tested for significance with $t$-distribution. The distribution for samples tends to normality as $n$ increases. Hence the significance of observed values of $\rho$ were tested in the $t$-distribution by entering tables with $t = p \sqrt{\frac{n-2}{\sqrt{(1-p)}}}$ and $v = n-2$. The values of rank correlation co-efficients and shown below.

<table>
<thead>
<tr>
<th>Rank correlation between,</th>
<th>Rho</th>
<th>D.F.</th>
<th>t-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. No. of credit institu-</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>tions per lakh of</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>population in a district</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and per capita credit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in a district.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>($x_1$ and $x_2$)</td>
<td>0.71</td>
<td>41</td>
<td>5.4558</td>
<td>0.01 %</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>level</td>
</tr>
<tr>
<td>2. No. of credit institu-</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>tions per lakh of</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>population in a district</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>and per capita deposit</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>in a district.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>($x_1$ and $x_3$)</td>
<td>0.51</td>
<td>41</td>
<td>3.796</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
6 Ibid., P. 455.
The correlation coefficients between the number of credit institutions and per capita credit, and the number of credit institutions and per capita deposits are found to be significant even at 0.1% level of significance. It is observed that the numerical value of first coefficient between $X_1$ and $X_2$ is almost 1.4 times the value of the second coefficient. This shows closer association between the number of credit institutions and per capita credit provided by credit institutions.

II

In order to test the hypothesis (iii) the following notations have been used.

$Y_i - Y_j = t_{ij}$, $L_i - L_j = t_{ij}$

where $Y_i$ denotes per capita credit in the districts

($i, j = 1, \ldots, 43, i \neq j$)

$L_i$ denotes the number of credit institutions per lakh of population in $i^{th}$ district

($i, j = 1, \ldots, 43, i \neq j$)

$d_{ij}$ denotes the difference between per capita credit of $i^{th}$ and $j^{th}$ districts.

($i, j = 1, \ldots, 43, i \neq j$)
\(D_{ij}\) denotes the difference between the number of credit institutions of \(i^{th}\) and \(j^{th}\) districts.

\[(i, j = 1, \ldots, 43, \ 1 \neq j)\]

If \(Y_i > Y_j\) and \(L_i > L_j\) then \(d_{ij}\) and \(D_{ij}\) will have respectively positive signs, otherwise this will have negative signs. If \(d_{ij}\) and \(D_{ij}\) have the same signs the difference are unidirectional and if they have different signs then the differences are opposite directional.

Positive sign of \(d_{ij}\) and \(D_{ij}\) shows that excess of per capita credit in the \(i^{th}\) district and \(j^{th}\) district is due to excess of credit institutions per lakh of population in \(i^{th}\) district over \(j^{th}\) district. Negative signs of \(d_{ij}\) and \(D_{ij}\) would mean that smaller per capita credit in \(i^{th}\) district over \(j^{th}\) district is due to lesser number of credit institutions in \(i^{th}\) district over \(j^{th}\) district. Thus if \(d_{ij}\) and \(D_{ij}\) move together the hypothesis that the number of credit institutions and per capita credit will move together cannot be rejected. If the signs of \(d_{ij}\) and \(D_{ij}\) are different then the difference in per capita credit and the number of credit institutions in \(i^{th}\) and \(j^{th}\) district cannot be explained in terms of their different levels of the number of credit institutions.

There will be 43 \(C_2 = 903\) values each for \(d_{ij}\) and \(D_{ij}\) which are tabulated in the form of triangular matrices \(d\) and \(D\). On the basis of these matrices \(d\) and \(D\) another matrix \(C\) is prepared. If both the elements
$d_{ij}$ and $D_{ij}$ of the matrices $d$ and $D$ have same signs then a plus (+) sign is put for the element $C_{ij}$ of the matrix $C$. The elements of the matrix $C$ provide the test for hypothesis (iii) under consideration. Smaller number of positive signs in the rows of matrix $C$ will mean that the differences are not unidirectional and there is a greater probability of the rejection of the hypothesis (iii) and greater the number of positive signs the greater will be the probability of not rejecting the hypothesis, the consideration.

Thus the differences between the number of institutions per lakh of population of a specified district from those of the remaining 42 districts are calculated to form a $43 \times 43$ triangular matrix $D$. Similarly differences between per capita credit of a specified district from those of the remaining 42 districts are calculated to form $43 \times 43$ triangular matrix $d$. On the basis of these two matrices $D$ and $d$ another matrix $C$ is prepared as explained above.

The total number of unidirectional and opposite directional differences in each of the 43 rows of the matrix $C$ were counted. Then the total number of unidirectional difference as a proportion of the total number of entries in a given row were calculated. These are given in the columns 2, 3 and 4 of table No. LV.

The distribution of signs in the rows of matrix $C$ is assumed to be binomial with a probability of 0.5. This constitutes the null hypothesis there as the a
alternative hypothesis is that positive per capita credit difference are associated with positive differences in the number of credit institutions per lakh of population and the negative per capita credit difference are associated with negative difference in the number of credit institutions per lakh of population. Rows that contain less than 10 non-zero differences have not been considered as in these cases the number of observations are very few. The results of sign test applied to test the hypothesis (iii) shows that null hypothesis is rejected in 30 out of 33 cases which is almost 90 per cent of the total number of cases considered. The region of rejection of the alternative hypothesis is again concentrated among the rows having less than 18 observations. The alternative hypothesis is rejected in only 10 per cent of the total number of cases. Thus the hypothesis under consideration gets a fair measure of approval.

Similar sign test was applied to test the hypothesis that greater variability in per capita deposits is associated with greater variability in the number of credit institutions per lakh of population in a district. The results obtained on the basis of sign test are given in columns 5, 6 and 7th of the table No. III. Here also the null hypothesis is rejected in 30 out of 33 cases which is almost 90 per cent of the total number of cases considered. The alternative hypothesis is rejected in only 10 per cent of the total number of cases.

The above analysis thus shows that there is a positive association between the number of credit
institutions in a region and the amount of per capita credit and deposits in the same region. Also greater the variability in the number of credit institutions per lakh of population among the different districts greater are the per capita credit and per capita deposit differences among the districts.

In this context, it can be pointed out that deposit mobilization and credit disbursement are two functions which are inter-related. This is one of the most significant factors which contributes to the success of an agency which deals with the problem of rural credit. A study group of the National Credit Council, therefore, has emphasized that these two functions are in-separable since a credit operation should itself be an occasion for and assist in the accretion of deposits. However, the co-operative credit institutions could not mobilize the small savings of the farmer in the rural areas to strengthen their financial structure. Nationalized banks, on the contrary, with their managerial skill and efficiency, were expected to perform this function more satisfactorily. The above mentioned study proved that an increase in the number of bank branches in the state was also followed by an increase in per capita credit and deposits.

III

The ratio of credit to deposits in used as an indicator to measure the extent of utilization of funds
mopped up from different sectors of a region. Large scale deposit mobilization with-in a sector which follows a more or less proportionate scale of credit disbursement in the same sector can be pointed out as a sign of better deployment of bank funds among different sectors of a region. On the contrary a poor credit deposit ratio in a sector always indicate "the massive drainage" of financial resources from one sector to other which may lead to sectoral imbalances. This phenomenon will be particularly true in the case of the "credit scarce" rural areas of the economy.

On the basis of the above note, the ratio of credit to deposits in the rural areas for the 45 districts were found out for three years. These ratios were classified into five categories and all the districts were grouped against their respective categories. The districts were further classified into those which are above state average and those below state average and grouped against their respective lead banks.

The foregoing analysis revealed the fact that there were 19 districts in the state those maintained a credit deposit ratio below 25 per cent in the year 1972. However, their number declined to 13 in 1974. Still it is significant to note that districts like Bilaspur, Cwalior, Narasinghpur and Chattarpur to be continued in the lowest strata along with the backward districts like Bastar, Ethind, Panna, Sidihi, and Surguja etc.

* The term "Credit" is used here for advances only, bills discounted and purchased are not included.
Ratio of advances to deposits for rural areas of 45 districts of Madhya Pradesh is shown in table No. LVI. Names of districts at various levels of credit deposit ratio are given in table No. LVII.

There were 14 districts in 1974 whose credit deposit ratio was above 75 per cent as against three in 1972. Out of this as many as in 8 districts it was above 100 per cent by the end of 1974. However, the number of districts whose ratio was below the state average were as higher as twenty six in 1972. In 1974, the number reduced to 23 which was not a significant development after all.

While the districts were grouped against their respective lead banks, the following facts could be revealed. Out of the 17 districts allotted to the Central Bank of India, 8 districts were below the state average in the year 1972. Neither it could improve the position in 1974 nor it was found that in Bulaghat, Betul and Sagar, the credit deposit ratio fell below the state level, which was above the average in 1972. It can also be pointed out that in Bhind, Chhindwara, Gwalior and Narsinghpur, the ratio of credits to deposits was below 25 per cent in 1974.

As far as the State Bank of India is concerned, the performance of all the seven lead districts were below the state average both in 1972 and 1974. Majority of the districts assigned to the bank are tribal or backward might be a hurdle that cannot be overlooked in this regard.
Out of this ten lead districts of the Bank of India, 9 were above the state average by the end of 1974 as against six in 1972. The credibility attributed to the bank is again noted for which in four districts the ratio was even above 100 per cent. While four out of the remaining districts belonged the category 50 per cent to 75 per cent, one district fell under the range between 75 per cent and 100 per cent.

In two out of three districts assigned to the Dena Bank, the ratio of credit to deposit was below 50 per cent till the end of 1974. Meanwhile, two among the total of three lead districts of the State Bank of Indore maintained above 75 per cent credit deposit ratio during the same period. In all the two districts allotted to the Union Bank of India, Sidhi and Rewa, the ratio was below 25 per cent at the end of 1974.

The other lead banks working in the state, namely, Punjab National Bank, Bank of Baroda and Allahabad Bank were given one district each, of which the former two lead districts were having a ratio above 75 per cent, while the latter marked it as below 50 per cent and below the state average. No. of districts classified on the basis of State average, according to Lead Bank Group-wise are given in table No. LVIII.

It can be further pointed out that, the percentage of Agricultural advances to deposits was on an average of 6.7 per cent in Bhopal-Indore zone; 7.6 per cent in Chhattisgarh zone, 8.5 per cent in Gwalior zone, 6.3%
in Jabalpur zone; 13.2 per cent in Vindhyā zone and 4.0 per cent in Tribal zone. However, the percentage was as low as 0.7 per cent in Mandla, 3.7 per cent in Rewa and 3.9 per cent in Jhabua. At the same time, even advanced districts like Indore, Bilaspur and Gwalior also maintained comparatively low percentage of agricultural advances to deposits. It was 0.5 per cent in Gwalior, 2.4 per cent Indore and 4.1 per cent in Bilaspur. The percentage was highest as 42.5 per cent in Chhatarpur followed by 41.7 per cent in Shajapur, 38.8 per cent in Khargone, 27.8 per cent in Narsinghpur, 25.4 per cent in Dhar, and 16.3 per cent in Rajmandgaon.

Districts under each zones and their respective percentages in Agricultural advances to deposits are given in table No. LIX.

In this context it can be pointed out that in the districts where the credit deposits ratio and the percentage of agricultural advances are very low are having comparatively poor infrastructure facilities when compared to the other districts in the States. For example, in Mandla, Bastar, Shahdol, Sidihi and Surguja, the percentage of net area irrigated to net area sown was as low as below 2 per cent against the State average of 8.06 per cent. Similarly net irrigated area per cultivator was also below the State average of 0.18 hectares in almost all the districts. In the case of transport facilities the above mentioned districts were placed below the State average of 3.96 Kms in National Highway and P.W.D road length per 100 sq.kms. of area.
Low credit deposit ratio in the rural areas of the advanced districts can be explained due to the flow of credit to the industrially advanced urban centers from the rural areas. An increase in the credit deposit ratio of the urban areas in these districts further attributes to such an argument. Therefore taking all these aspects into consideration, the state Government expressed its concern over the low credit deposit ratio in the State level Co-ordination Committee, in November 1977.

IV

Different regions of a developing economy are generally found to be at different levels of development. Various production activities mainly get concentrated in comparatively developed regions. Modern commercial banking also try to concentrate in those developed regions especially in the urban and semi-urban areas of an economy. In rural areas, where people have low saving capacity and less banking habits, the commercial banks consider if less profitable to branch out. However, with the development of agriculture and a consequent rise in the income of a section of the farmers, the banks find it worthwhile to open branches in the developing regions. This

* Reference to the paper by Dr. Shri prakash and Rajan,P.
phenomenon generally results in the concentration of banking activities in these regions. It is assumed that, higher the inequalities among the regions in respect of other developmental activities, greater will be the concentration in banking activities among these regions. It is further pointed out that the regional inequalities tend to sharpen in the initial stages of development, but as the growth process matures, inequalities start diminishing under the impact of push and pull factors.  

One of the objectives of nationalization was to diffuse commercial banking industry and thereupon to a more even dispersal of deposits and advances of these banks between the backward regions of the economy. In this part, therefore, an effort has been made to throw light on the magnitude of concentration in deposits and advances of the banks among different regions and between rural, semi-urban and urban centres of Madhya Pradesh and how it varies over a period of time.

The degree of concentration in deposits and advances can be measured by using the Gini-Hirschman's coefficient of concentration ratio.  

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7 Dr. Shri Prakash and Radhakrishnan, C: Economic Development and Regional Inequalities in M.P.", forthcoming Productivity.

9 The coefficient was first developed by Corrado Gini in a slightly different form and later developed by Albert O. Hirschman. It was used to measure the geographical concentration of trade in National Power and Structure of Foreign Trade by Hirschman.

cont...
following formula has been used in this study.

\[ CR = 100 \sqrt{\frac{1}{n} \sum_{i=1}^{n} \left( \frac{x_i}{x} \right)^2} \]

where \( x_i \) denotes the share in advances/deposits of \( i \)th district and \( x \) stands for the total advance or deposits in the state.

Similarly, regional concentration in deposits and advances for rural, semi-urban, and urban areas can separately be found out in order to assess the degree of diversification of deposits and advances between these centres. In this respect \( x_i \) is taken as deposits/advances in rural/semi-urban/urban areas of \( i \)th district and \( x \) is the total of rural/semi-urban/urban deposits or advances in the state.

The coefficient will be lower if larger is the number of districts and more evenly the deposits or advances are distributed among these districts. On the other hand, the highest possible coefficient will be 100, when all the deposits/advances go to a single district. Therefore, if 'n' is the number of districts where deposits/advances are potentially distributed among the regions, the lowest value of the concentration ratio (CR) is

\[ \frac{100}{\sqrt{n}} \]

Michael Michalcy used it to measure the commodity concentration in export and import trade in his book *Concentration in International Trade*.
In this case all the districts have equal share of the deposits/advances.

The coefficient of regional concentration in deposits have been calculated for rural, semi-urban and urban centres separately. Concentration ratios for the year 1972 to 1975 are given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural Centre</th>
<th>Semi-urban centre</th>
<th>Urban centre</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lowest value</td>
<td>C.R.</td>
<td>Lowest value</td>
</tr>
<tr>
<td>1974</td>
<td>14.90</td>
<td>21.23</td>
<td>14.90</td>
</tr>
</tbody>
</table>

The values of the concentration ratios, as it is observed, vary from different centres of the economy and fluctuate from time to time. It denotes the different levels of regional concentration in deposits in the rural, semi-urban and urban centres of the state. The ratios are nearer to the minimum rather than the maximum values. In this case the minimum value or the lowest possible coefficient is 14.90 for rural and semi-urban centres. It is due to the fact that the economy is classified into as large as 45 regions or districts with the same number of rural and semi-urban
centres. The minimum value for urban centre is as high as 31.65 because districts with urban areas are limited to number ten. The values of the concentration ratios which are nearer to the minimum value, therefore, indicate that deposits are more equally distributed among the regions or districts. However, as it is obvious from the values of the concentration ratios, regional concentration in deposits of urban centre is comparatively higher than that of rural and semi-urban centres. Again, the values neither registered a trend increasing nor diminishing during the period under study. The ratios fluctuate year after year and stood at the level 13.58 for rural centre, 18.21 for semi-urban centre and 39.75 for urban centre in 1975 which were 19.21, 18.22 and 40.58 respectively for rural semi-urban and urban centres in 1972. Therefore, it can be pointed out that regional concentration in deposits rural, semi-urban and urban centres have not reduced considerably over a period of time.

Similarly, regional concentration in advances of rural, semi-urban and urban centres for the year 1972 to 1975 is calculated. The values of the concentration ratio are found as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Rural Centre</th>
<th></th>
<th>Semi-Urban Centre</th>
<th></th>
<th>Urban Centre</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lowest value</td>
<td>G.R.</td>
<td>Lowest value</td>
<td>C.R.</td>
<td>Lowest value</td>
</tr>
<tr>
<td>1972</td>
<td>14.90</td>
<td>25.51</td>
<td>14.90</td>
<td>21.46</td>
<td>31.65</td>
</tr>
<tr>
<td>1973</td>
<td>14.90</td>
<td>24.29</td>
<td>14.90</td>
<td>20.91</td>
<td>31.65</td>
</tr>
<tr>
<td>1974</td>
<td>14.90</td>
<td>20.27</td>
<td>14.90</td>
<td>21.20</td>
<td>31.65</td>
</tr>
</tbody>
</table>
Regional concentration in advances is also found comparatively higher in urban centre than in rural and semi-urban centres. Moreover the values of the coefficient seem to have remained more or less stable during the period under study. The ratio, which was 44.58 in 1972, is found 43.96 in 1975. Hence, it can be pointed out that the degree of diversification of advances in urban areas has neither decreased nor increased over a period of time.

In the case of semi-urban centre, the values of the concentration ratios have found fluctuating year after year. However, the ratio reached at the level 19.36 in 1975, which was 21.46 in 1972. In the year 1974, the ratio was 21.20 as against 20.91 in 1973. It indicates that regional concentration of advances in the semi-urban centre has come down, but it was not the result of a uniform trend. However, the values of the concentration ratios are found nearer to the minimum value (14.90) for all the year, indicating less degree of regional concentration.

In rural centre the values of the concentration ratios for advances have registered a trend to decrease during the period 1972 to 1975. The ratio which was 25.51 in 1972, against the minimum value of 14.90, has declined to 19.85 in 1975. Therefore, it is significant to note that the degree of concentration in advances of rural areas has diminished over time. It indicates that
the distribution of advances among the regions of rural areas began to be at a more uniform rate.

The foregoing analysis can be concluded in the following manner. Regional concentration in deposits and advances of nationalised banks was found more in urban areas than in rural or semi-urban areas. The degree of diversification of deposits and advances in urban centres was more or less stable over time. Degree of concentration in deposits and advances among the regions of semi urban areas found varying year after year, and did not marked steadiness in any direction. Regional concentration in deposits has not significantly reduced in rural areas. However, various efforts that percolate through nationalized banks, aims at a greater diversity of advances, helped in reducing regional concentration in advances of rural areas significantly. It can be further pointed out that degree of diversification of deposits in rural, semi-urban and urban centres are found more than in advances.