
PART I

CHAPTER - I

INTRODUCTION.

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: INTRODUCTION :

On July 19, 1969, 14 major commercial banks in the country were nationalised. After nationalisation the banking industry in India has undergone a seachange. The changes have been multi-dimensional-structural, physical, qualitative and conceptual. Together with the State Bank of India and its seven associates which were brought under public ownership in the 'fifties, the nationalisation of 14 banks resulted in bringing about 83 per cent of banking business under the direct ownership, control and management of the public sector. Since bulk of the banking business came under public ownership, the task of attuning their functioning in alignment with national policy objectives became easy. Policy guidelines were issued to make banks increasingly public-oriented. A massive branch expansion programme with a major thrust on rural and semi-urban areas was launched by the banks. The lending policy of banks was changed entirely to increase the flow of credit to rural and semi-urban areas. Banks started providing advances to agriculture, small-scale industries and other priority sectors, which were hitherto neglected. Special credit schemes were formulated to cater to the credit requirements of small borrowers and other weaker

sections of the community, which could not get the opportunity to avail of bank credit in pre-nationalisation period. Banks were entrusted with social responsibilities. Thus the banks are coming nearer to the common man and their involvement in community development has increased further.

The present study attempts to evaluate the role of nationalised banks in rural development in terms of mobilisation of rural savings, deployment of credit, employment promotion activities and finance to the weaker sections of the community.

: RESEARCH METHODOLOGY :

A. SCOPE OF STUDY :

1) SELECTION OF UNIT :

Bank of Maharashtra, a nationalised bank, is selected for the study and its five rural branches in Kolhapur District viz. Balinge, Bidri, Bambavade, Senapati-Kapashi and Ghunaki Branches are undertaken for study.

2) SELECTION OF PERIOD OF TIME :

A period of five years from 1977 to 1981 is selected for the study purpose since most of the branches of the Bank were opened in the years 1976 and 1977.

3) SOURCES OF DATA COLLECTION :

The data required for the study are collected from various sources as follows :

- a) Records at Branches and Divisional Office of Banks.
- b) Discussions with Branch Managers and Agricultural Officer of the Bank.
- c) Questionnaire prepared for the borrowers.
- d) Library - various books and journals on banking.

4) PREPARATION OF QUESTIONNAIRE :

To collect information from the borrowers, the questionnaire was prepared. A specimen of the questionnaire is given in the Appendix.

4) SELECTION OF SAMPLE OF BORROWERS :

Out of the total number of borrowers 2,260, of all the branches under study, the author selected a sample of 200 borrowers from different categories of advances and a questionnaire was taken duly filled in from them.

B. LIMITATIONS :

The study 'Role of Nationalised Banks in Rural Development', though intended for my Ph.D. thesis, I

have confined it to for M.Phil. dissertation to only one of the nationalised banks i.e. Bank of Maharashtra with its five selected rural branches in Kolhapur district, as most of the branches of the Bank have been started in the years 1976 and 1977. As M.Phil. dissertation is required to be submitted to the University by the author within six months from the date of examination, the period of study is restricted to five years i.e. from 1977 to 1981. However, a further study of a few selected nationalised banks can be taken up as a follow-up study.

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