

## A Study on Nationalised Bank Sector

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### Abstract

Structure of the sorted out managing an account segment in India. Quantities of banks are in sections. Managing an account in India, in the cutting edge sense, started in the most recent decade of the eighteenth century. Among the primary banks were the Bank of Hindustan, which was set up in 1770 and sold in 1829– 32; and the General Bank of India, set up in 1786 however bombed in 1791. The biggest bank, and the most seasoned still in presence, is the State Bank of India (S.B.I). It began and began filling in as the Bank of Calcutta in mid-June 1806. In 1809, it was renamed as the Bank of Bengal. This was one of the three banks established by an administration government, the other two were the Bank of Bombay in 1840 and the Bank of Madras in 1843. The three banks were converged in 1921 to shape the Magnificent Bank of India, which upon India's autonomy, turned into the State Bank of India in 1955. For a long time the administration banks had gone about as semi national banks, as did their successors, until the Hold Bank of India[5] was built up in 1935, under the Save Bank of India Act, 1934

**KEYWORDS** :Banking Sector , State Bank of India.

### INTRODUCTION

A bank is a financial institution that accepts deposits from the public and creates credit. Lending activities can be performed either directly or indirectly through capital markets. Nationalization is an act of taking an industry or assets into the public ownership of a national government. Nationalization refers to private assets being transferred to the public sector to be operated by or owned by the state.

### REVIEW OF LITERATURE

Aggarwal, (1979) has conducted a study on nationalised banks with special reference to their social obligations. The main recommendations of the study were:

- (i) providing more branch office to the public particularly in the semi-urban and rural areas and in the lead districts,
  - (ii) providing greater credit facilities to the public as well as to the priority and neglected sectors,
  - (iii) helping generation and maintenance of employment opportunities in the country,
  - (iv) financing the government securities and (v) popularizing the bill form of credit.
- Arora, S. and Kaur, S (2008) have studied the internal determinants of diversification moves by banks taking two dependent variables,

## **OBJECTIVES**

- To study the reason for nationalisation of banks.
- To analyze the awareness of nationalised banks.
- To study the impact of nationalised banks.

## **RESEARCH DESIGN**

Primary data and Secondary data was collected to study and analyse nationalised bank sectors. Data's are collected from websites, journals.

## **REASONS FOR NATIONALISATION OF BANKS**

### **Efficiency issue**

Deposits will increase because of increasing confidence in public sector bank. Increase in bank resources will lead to economics of scale. The government can appoint experienced personnel to run and manage the banks. Nationalised banks can have the main motive of public service.

### **Monetisation issue**

Commercial banks accumulate deposits from the public. Therefore, they are in a position to bring changes in the supply of money. Such an important power should not be in the private sector. It is the public sector that should have the control over money supply.

### **Socialisation issue:**

Private commercial banks may obstruct policies and may not finance public sector undertakings and above all they may discriminate against them. Therefore, the nationalisation of commercial banks will be necessary if the government wants to establish socialism.

### **Help to agriculture:**

If banks fail to assist the agriculture in many ways, agriculture cannot prosper, that too, a country like India where more than 70% of the population depends upon agriculture. Thus, for providing increased finance to agriculture banks have to be nationalised.

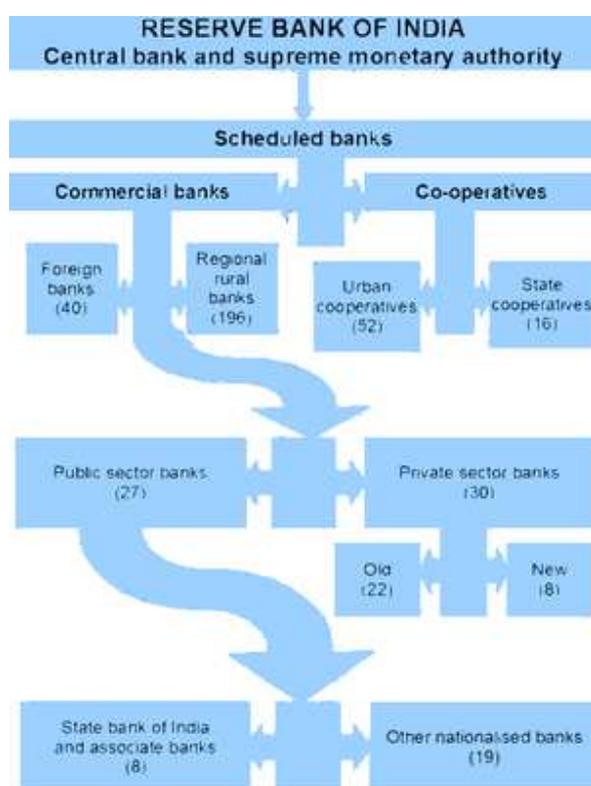
### **Greater control by the Reserve Bank**

In a developing country like India there is need for exercising strict control over credit created by banks. If banks are under the control of the Govt., it becomes easy for the Central Bank to bring about co-ordinated credit control. This necessitated the nationalisation of banks.

## **IMPACT OF NATIONALISED BANKS**

Tremendous improvement in branch expansion. It was 8262 in 1969 and raise to 30,303 in June 1979. There was 65000 population per branch in June 1969. It decline to 18000 per branch in June 1979. The inter-state disparity in the availability of bank offices declined from the highest of 4,97,000 and the lowest of 7000 persons per bank office in June 1969 to the highest of 35000 and lowest of 3000 per bank office in June 1979.

Level of deposit mobilization of Nationalized Banks rise 48% till 1979. Public sector bank advances to priority sectors increased from Rs.441 crores covering 2.6 lakhs accounts in June 1969 to Rs. 4791 crores covering 89.1 lakh accounts in December 1978. Public sector bank's advances under the differential rate of interest scheme, increased from Rs. 87.7 lakhs covering 26,202 borrower, accounts in December 1972 to Rs. 103.17 crores, covering 17.57 lakhs borrower accounts at end of March 1979.



**STUDY OF PEOPLE AWARENESS TOWARDS NATIONALISED BANKS**  
**HYPOTHESIS 1. CUSTOMER LEVEL OF SATISFACTION WITH REFERENCE TO RULE AND REGULATION TOWARDS DEPOSITS VARY WITH GENDER AGE AND EDUCATION**

Independent variable	Chi-square	P value	Significant at 5%	hypothesis
Gender	1.6573	.798464	Not significant	H0 is accepted
Education	6.2584	.7138	Not significant	H0 is accepted
age	14.02	.0028	significant	H1 is accepted

From the above table it is clear that Customer Level of satisfaction with reference to rule and regulation of nationalised banks towards deposits does not vary with gender, education but varies with age of respondents

### **FINDINGS OF STUDY**

The study reveals that both educated and uneducated people are aware of nationalised banks through media, newspapers, websites. More people are interested in depositing in nationalised banks than private ones.

### **CONCLUSION**

The study says that nationalise of banks had helped to achieve growth in many factors in profit, investment, population of more branch. Many people prefer the lock or security of nationalised banks than private banks. The regulations and schemes are more convenience and efficient in public sector banks.

### **REFERENCE**

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