

# [The industrialisation of the country by catering](https://assignbuster.com/the-industrialisation-of-the-country-by-catering/)

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THE NEEDS AND OBJECTIVES OF NATIONALISATION The Need: Until its nationalisation in 1955, the State Bank of India, called Imperial Bank before nationalisation was the only financial institutionwhich was owned by the government.

The idea of nationalisation of privatelyowned commercial banks came about since they were not working towards thecollective goal of industrialisation of the country by catering to the socialand developmental goals. Access to credit in rural areas and for small scaleborrowers remained a distant dream even with enactment of Banking RegulationsAct of 1949 and nationalisation of SBI in 1955. Instead, large industries andestablished business houses were favoured by all banks. The process ofnationalisation took place in 2 phases one in 1969 with the nationalisation of14 banks and the next phase in 1980 covering 8 banks.

Currently there are 27nationalised banks. Another reason was the failure of 361 private banks acrossthe country in the period 1947 to 1955. The depositors in these banks ended uplosing all their money with no guarantee of any sort being provided for them.

The Objectives: The 5 most important objectives of nationalisation ofbanks as outlined in the parliament on July 21 1969 were:·      Social welfare: Need of the hour was to channel funds topeople in need.·      Control of private monopoly: Many banks were controlled byestablished businesses and families. This needed to be controlled. ·      Expansion of banking services: More branches in rural areas.

·      Develop banking habits: Develop banking habits among ruralsectors. Priority sector lending: Agriculture was deemed to be the most important sector in the Indian economy. Hence it was made sure that this sector got more importance when it came todisbursing credit.

ACHIEVEMENTSThebanking system in India has greatly improved and also progressed appreciablyafter nationalization of banks in 1969. The major achievementspost-nationalization period are given below: Developmentof the Banking IndustryLead-bankscheme: All the districts in the country are allotted to State Bank Group, privateIndian banks and nationalized banks. The lead bank is given the role of anagent of economic development in the state through expansion anddiversification of credit facilities in the district. BranchExpansion: Ithas been found that there has been a very impressive expansion of bank branchesafter the nationalization of major banks in 1969. Coveragein Rural Areas: Themain thrust of bank expansion policy in the post nationalization period hasbeen on increasing the bank facilities in rural areas. Reductionof regional imbalances: A big impact/highlight of the branch expansion policy since the nationalizationof banks have been to extend the banking facilities in the deficit and unbankedareas and to reduce the overall regional imbalances.

Expansionof bank deposits: Ever since the nationalization of banks, there has been a clear significantincrease in the deposits on commercial banks. CreditExpansion: The expansion and increase of bank credit facilities has also been greater inthe post-bank nationalization time period. Investmentin Government Securities: After nationalization, there has been asteady increase in the investment for the banks in government and othersecurities and bonds which increased from Rs. 1727 cr in March 1970 to Rs.

1738236cr in 2011. Financingof Priority Sectors: Some sectors have been differently classified as priority sectors so asto increase the impacts on those particular sectors and it has shown cleardevelopment in those sectors. Agriculturalfinance: Theproportion of credit has grown from 5. 4% in 1969 to 16. 6% in 2011.

ExportPromotion: Thenationalization of commercial banks have given a rise in export promotion. HousingFinance:  Another priority sector -Housingfinance. The public sector banks have played a crucial role in this particulararea.  Kisancredit Credit Card Scheme: This policy has gained popularity and implementation has been taken up by 27commercial banks. 334 central cooperative banks, and 187 regional rural banksup to December 2000.

The number of cards increased from 6. 1 lakhs by  March 1999 to 878. 30 lakhs by November 2009.  ECONOMIC IMPACTS OF NATIONALISATION OF BANKS IN 1969IN INDIA Nationalisationof  banks of India in 1969 was a historicstep taken by the then Prime Minister of India , Indira Gandhi so as to controlprivate monopolies and uplift the sections of society which were in need thattime.

Though the benefits of Nationalisation of banks was not much evidentduring the introductory period, it was found later that this government policyhas helped India grow economically. This has helped Indian agriculture andsmall village industries to develop economically. Also, the allocation of fundsin corporate families and private business houses was controlled through thisreform. Moreover the Nationalisation of banks has helped in expansion ofbanking in India during those times when the number of banks that wereavailable during time were limited compared to the population and needs of thecountry.

The coming years witnessed expansion and branching of these bankspenetrating the rural and sub-urban India. Further , Nationalisation of bankswere a driving force by which people started using banking services moreeffectively as money in the hands of government meant much reliable than theprevious scenario. Several schemes were implemented, one being Lead Bank Scheme(1969).

After Nationalisation there was a huge progress in commercial banks ofIndia. The economic impacts of Nationalisation of Banks in 1969 still remains adebated one. The historical implications states that it was not successfullyimplemented during that time which lead to disappointment in terms of theachievement targeted milestones which were set back then.  RESULTS TODAY After the nationalizationphenomenon started in India following changes started. There was no barrier beit be economic or social between customers and bankers, this lead to a massiveexplosion of customer base, also banks focused to improve the servicesrendered. Another after effect is the expansion or growth even to the deeprural areas without the concern for profit, this in a way created manyemployment opportunities benefitting the society.

There has been a substantialincrease in the number of branches of the bank keeping in mind the rural andsemi urban customers. The benefits of Nationalization are reaped even today inthe form of banking services. Also, all credits go to nationalization of banksfor the fast recovery from 2007 financial crisis.  CONCLUSION               Nationalised banks in Indiaworks to provide social welfare to the public. They work to direct the funds tothe underprivileged and various sectors such as agricultural sector and smallindustries for their economic development since these are the sectors thatcontribute mostly to the national income.

Nationalised banks in India helps tocontrol the private monopolies and also helps in reducing the regionaldiscrepancies. They work to provide banking facilities to the major rural areasof the country.               A major criticism about nationalisation was that somebanks were not nationalised so that the businessmen may not have suffered. Thegovernment contended that the nationalised banks had maximum deposits with themand the other banks were not in a position to influence the economy of thecountry. But there was a need to have complete control over the banks in orderto expand the economy.               After the independence, when the people of India weredeprived of banking facilities especially in the under developed regions of thecountry, it was the nationalised banks that worked to escalate the bankingfacilities across the country.

The results of nationalisation of banks in India can besummarized as follows: Ø  After nationalisation, thebanking industry in India has made major progress and provides bankingfacilities to every part of the country. Ø  The public sector bankshas played a major role in organizing, saving and extending credits mostly infavour of the weaker sections of the society. Ø  It has aroused the needfor using banking services among the rural and remote areas of the country. Ø  It has helped in the quicktransfer of funds from one place to another.

Ø  It has provided employmentopportunities for the educated youth of the country. Ø  It has made creditavailable to the people such as agricultural labours and small traders at lowinterest rate. Ø  It has helped to free therural poor from the hands of the lenders. Ø  It ensured the supply ofcredit to many industrial activities. Ø  It has ensured the use offunds for appropriate and desirable purposes in the society.

Ø  It has helped to removeregional difference in the economic development. Ø  It has helped in theimplementation of various welfare measures by the government.