

CHAPTER VII

CONCLUSION

At the time of nationalisation of banks in India, concern for the priority sectors was stated as an important cause for the nationalisation. SSI, one of the important sectors of priority, claims special attention for the in depth study of its problems in view of the significant role it plays in the Indian economy. So, it was reasonably expected that the nationalised commercial banks would pay more attention to the needs of the priority sector in the post nationalisation era. The basic objectives of this study was to probe the role of nationalised banks in financing SSI and to identify factors influencing SSI credit at the state level.

We find that activities of nationalised commercial banks in the field of advancing credit to SSI have been increased to a large extent during the period of our study (Chapter II). But, regression coefficients of SSI credit as a function of TPS advances in different years did not appear as statistically significant despite enormous increase in absolute quanta.. We have tried to explain the reasons of this observation in the chapter II.

With a set of limited data, we have attempted to identify the individual bank's contribution in financing SSI sector (Chapter III). Our findings seem to indicate that relatively smaller banks paid less weightage than bigger ones. But bigger banks, in general, maintained constant weightage throughout the period and the weightage given by the smaller banks to SSI declined during the period of our study.

We have attempted to probe the issue of regional concentration of bank's finance in SSI sector in chapter IV. Relative positions of different regions with respect to SSI credit have been analysed. PCC, PCB, CDR and BOPTP have been considered. We have found that both in terms of credit deployment and deposit mobilisation, comparative position of different regions remained unaltered. We also find that the level of credit was mainly determined by the level of deposit of a particular region. North Eastern region being relatively underdeveloped, was incapable of mobilising the deposit at the level of national average and did suffer for that. Besides, we find that the CDR of this region was comparatively lower.

The variable BOPTP showed that the level of spreading banking activities was higher in Southern, Northern and Western regions. These regions also handled more accounts per thousand population than the national average. However, we did not find any stable relationship of SSI credit with the spread of banking activities in a particular region.

We have attempted to measure the inequality in distribution of SSI credit both at regional and state level. All measures of inequality showed tendency to rise over time. Analysis on the basis of these measures was supplemented by Lorenz curves.

Inequality measures in state level distribution also showed the existence of inequality. Identification of states belonging to benefit groups showed that inequality did not grow due to the emphasis given in

providing finance to the backward region, rather distributional pattern was perturbed by the interest of the region already developed. We have attempted to provide economic justification of the demand of relatively higher amount of credit for underdeveloped states on the line of the argument of weak equity axiom. Our objective was to identify determinants of SSI credit at the state level in chapter VI. We have identified urbanisation index (x_7) as the most important factor influencing SSI credit distribution. We observed insignificant influence of the variable spread of banking activities (x_6) on SSI credit. Deposit (x_3) independently played an important role in determining allocation of SSI credit at the state level. Both multiple regression analysis and principal component Analysis in chapter VI confirmed the results obtained in earlier chapter, specifically, chapter IV and chapter V.