

GROWTH OF COMMERCIAL BANKS IN ASSAM- AN ANALYTICAL OVERVIEW

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INTRODUCTION

Banking is an important part of economic infrastructure of a region. Expansion of banking facilities catalyst economic development of a region. The commercial banks in Assam play an important role for the economic boost of the state's economy. Before Nationalisation of commercial banks, the banking facilities were quite inadequate in Assam. The availability of banking facilities was quite inadequate before the Nationalisation of commercial banks. Over the last two to three decades, there had been reasonable expansion in the number of bank branches in Assam. The commercial banks have been playing a very responsible role in the upliftment of the economy of Assam after the Nationalisation of banks.

Nationalisation of commercial banks mean the taking over by the government the ownership and management of commercial banks. After independence the government of India adopted planned economic development strategy for country. The government had some objectives of planning. Commercial banks failed to help government attaining those activities. Therefore, the government of India decided to nationalised fourteen major commercial banks on 19Th June, 1969. Subsequently in April 1980, six more commercial banks were nationalised. Commercial banks were nationalised to achieve certain objectives. Some of the key objectives of bank Nationalisation are –

- To direct the funds for the need and required sectors of the economy of India.
- To spread banking facilities across the country.
- To catering funds to the priority sector.
- To develop banking habits to the masses.

After the Nationlisation of commercial banks the bank offices rapidly increased in Assam. Initially banking services were only confined to urban areas but after Nationlisation banking facilities are expanded to rural and semi urban areas.

PROGRESS OF COMMERCIAL BANKING IN ASSAM

The commercial banking system in Assam has improved and progressed appreciably after bank Nationlisation in 1969. Up to June 1969, Assam had only 74 offices of commercial banks. There was one bank branch for every one lakh ninety thousand people in Assam as against the national coverage of 65 thousand persons per bank branch. The following table shows the growth of commercial banks in Assam and a comparison with national average from 1969-2014.

Progress of commercial bank in Assam

Year	Assam		India	
	No. of bank branches	Population per bank branch(in thousands)	No. of bank branches	Population per bank branch(in thousands)
1969	95	165	10,131	53
1981	507	31	35,707	19
2014	1,861	17	118,450	10

Source-The progress of banking in Assam

The table reveals that the number of commercial bank branches in Assam increased from 95 to 507 from 1969 to 1981. This is a sharp increased of bank branches after Nationlisation of commercial bank. In 1969 population per bank coverage was one lakh sixty five thousand in Assam while the national average was fifty three thousand. In 1981 number of bank offices increased to 507 and population per bank declined to thirty one thousand. Despite the expansion of banking facilities, Assam is still far behind of national average .Further, in 2014 the bank offices in Assam increased to 1,861 and the population coverage declined to seventeen thousand per bank. Beside, the nationlised commercial banks, private banks are also opening offices in Assam of late.

Regional rural banks are also doing good job to give boost to rural economy of Assam by providing rural credit to farmers and small entrepreneurs. There are a number of regional rural banks established in Assam with the support of Public Sector Undertaking banks. The Pragjyotish Gaonlia bank, the Lakhimi Gaonlia Bank, the Cachar Gramin Bank and the Subansiri Gaonlia Bank were established with the financial support of government

of Assam and United Bank of India. One more rural bank in Assam is Longpi Dehangi Rural Bank which was set up with the support of State Bank of India. The main objectives of these regional rural banks are to improve the economic conditions of poor people living in rural areas and to boost the saving habit among the rural people. These five regional rural banks have covered all the districts of Assam. The following table shows the number of different regional rural bank offices in Assam till 1986.

Number of Regional Rural Bank (RRBs) branches in Assam

Name of RRBs	No. of branches
1. Pragjyotish Gaonlia Bank	134
2. Lakhimi Gaonlia Bank	80
3. Cachar Gaonlia Bank	40
4. Longpi –Dehangi Rural Bank	35
5. Subansiri Gaonlia Bank	32

Source- Banking in Assam-its basic features

In January 2006, four RRBs of Assam namely, Pragjyotish Gaonlia Bank, Lakhimi Gaonlia Bank, Subansiri Gaonlia Bank and Cachar Gramin Bank were amalgated in remamed as Assam Gramin Vikash Bank. So, there are two RRBs in Assam namely, Assam Gramin Vikash Bank and Longpi Dehangi Rural Bank. The Assam Gramin Vikash Bank has been doing stupendous job in rural areas of Assam. With the development of these RRBs the rural banking system of the Assam has progressed considerably in rural in recent years.

ROLE OF COMMERCIAL BANK IN THE ECONOMY OF ASSAM

Banking facilities are very important part of infrastructure of a region. The commercial banking services have been playing the key role for the economic boosting of the Assam's economy. Before 1969, commercial banks in Assam played very limited role in the economic activities of Assam. After the Nationlisation of commercial banks, there has been constant expansion of bank services in Assam along with the setting up of new branches in unbanked areas. The role of commercial bank in Assam can be summarized as follows-

- Mobilised a good amount of savings from the people of Assam through its various saving schemes.
- Provides credit to the agricultural sector at subsidized rate and.
- Provides credit to the small and medium scale industries.
- Provides small credit to micro business organization.

- Also financing self-employment programmes initiated by the state and central government from time to time.

CONCLUSION

Although the banking services in Assam have been improved by many folds after Nationlisation of banks but still it failed in many aspects. The major limitations of the banking services in Assam are-

- Many parts of the Assam are still unbanked particularly in the rural parts.
- The resource mobilization is still behind national average.
- It failed to provide sufficient credit to the agricultural sector.
- It failed to provide sufficient credit to the educated unemployment.
- Rural people in many cases still have limited access to the banking services.

It can be concluded that the expansion of banking facilities in Assam have been helped a lot for the upliftment of the economy but what has been done is not sufficient. With the advancement of technology the banking services in Assam have been growing rapidly and hopefully it will cater more services to the economy of Assam in days to come.

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