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A Study on Commercial Banks: a leaders in Economic Development

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Abstract:

The present research paper is related to a study on commercial banks as leaders in economic development of the country. The banking sector has always played an important position in the country's economy. The commercial banks play a decisive role in the development of the country. The commercial banks are acting not only as the custodian of the wealth of the country but also as resources of the country, which are necessary for the economic development of a nation. The prime role of commercial banks is to provide financial services to general public and business. The banking sector of India plays an important role in the development of Indian economy. This sector has emerged as one of the biggest drivers for India's economic development. The banking institutions involve in providing depository and transaction services. Banking sector is the major source of creating money, providing loans and other credit facilities to the clients. According to the present study the overall performance of commercial banking sector is more satisfactory and better as compared to Non-banking financial institutions.

Introduction:

The banking sector of India plays an important role in the development of Indian economy. This sector has emerged as one of the biggest drivers for India's economic development. Now a day's commercial banks in India are expanding at a rapid growth. The banking institutions involve in providing depository and transaction services. Banking sector is the major source of creating money, providing loans and other credit facilities to the clients. The commercial banks collect saving from the people and mobilize saving for investment in industrial projects and other business activities. They are providing various types of services to customers in return for payment in one form or another.

Apart from banking companies, there are number of non-banking institutions incorporated in India for definite purpose. Non-banking financial companies includes insurance companies, housing finance companies, mutual funds etc. these institutions involve in providing loans, accepting deposits, along with other services like mutual fund, insurance etc. the non-banking financial institutions also provide high interest rate to depositors which are higher than commercial banks as well as they charge high interest on loans and advances given to clients. Now a day's commercial banks and non banking institutions are trying to attract retail customer to increase their business. People in developing countries like India have low incomes but the banks encourage them to save by introducing variety of deposit schemes to suit the needs of individual depositors. They also mobilize idle savings of the few rich. By mobilizing savings, the banks

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