Introduction

The horizon of commercial banking in India that enlarged with nationalization has further widened with the implementation of the banking sector reforms in the year 1922-93. Banks are now increasingly identifying themselves with national problems and thereby trying to bring about social and economic transformation in the country. To quote Bhabha “Banking is the kingpin of the chariot of the economic progress. As such its role in expending the economy of a country like India can neither be underestimated nor overlooked”

The banking system is an important part of any economy. It is one of the many institutions that impinges on the economy and effect its performance. Economists have expressed a variety of opinions on the effectiveness of the banking systems in promoting or facilitating economic development. As an economic institution, the bank is expected to be more directly and more positively related to the performance of the economy that most non-economic institutions. Banks are considered to be the mart of the world, the nerve center of the economies and finance of a nation and the barometer of its economic perspective. They are not merely dealers in money but are in fact dealers in development.

Bank’s main function is to mobilize idle savings for the purpose of lending to productive activities. The old scenario of economic growth as a function of land, capital, labour, technology and entrepreneurship has been modified. The new face of economic growth is that it is a function of savings rate, return on investment and cost of intermediation. Banking plays a important role on these factors. Bank plays a vital role as a backbone of a nation’s financial system, performing manifold functions through Liquidity, Maturity, and Risk transformation.

Role of public sector banks in India

Public sectors banks are banks where a majority stake (more than 50%) is held by a government. The shares of these banks are listed on stock exchanges. There are total of 27 public sectors banks in India nationalized banks+6 state Banks group (SBI+ 5 associates)+1 IDBI Bank (other public sector Indian bank)= 26 PSBs +1 recent BhartiyaMahila Bank.
In the Indian financial system, commercial banks are the major mobilisers and disburbers of financial resources. They have an all pervasive role in the growth of a developing country like India. The role of banks in accelerating the economic development of a country like India has been increasingly recognized following the nationalization of fourteen major commercial banks in July 1969 and six more banks in April 1980. With nationalization, the concept of banking has been undergone significant changes. Banks are no longer viewed as mere lending institutions. They are to serve the society in a much bigger way with a socio-economic development oriented outlook. They are specially called upon to use their resources to attain social upliftment and speedier economic development.

To achieve the varied objectives of nationalization, the nationalized banks have introduce innovative schemes in the mobilization of resources as well as its disbursement. Nationalization resulted In a comprehensive programme of branch expansion, innovations in mobilization of saving, lending to priority sectors and weaker section of the society and so on.

ROLE OF CANARA BANK IN INDIA:

Ammembal Subba Rao Pai, a philanthropist, established the Canara Hindu Permanent Fund in Mangalore, India, on 1 July 1906. Canara Bank is an Indian state-owned bank headquartered in Bangalore, Karnataka. The bank changed its name to Canara Bank Limited in 1910 when it incorporated. The bank was nationalized in 1969. Canara Bank's first acquisition took place in 1961 when it acquired Bank of Kerala. Bank of Kerala had been founded in September 1944 and at the time of its acquisition on 20 May 1961 had three branches. The second bank that Canara Bank acquired was Seasia Midland Bank (), which had been established on 26 July 1930 and had seven branches at the time of its takeover. The RBI had ordered Canara Bank to acquire G. Raghumathmul Bank, in Hyderabad. This bank had been established in 1870, and had converted to a limited company in 1925. At the time of the acquisition G. Raghumathmul Bank had five branches. The merger took effect in 1961. Later in 1961, Canara Bank acquired Trivandrum Permanent Bank. Trivandrum Permanent Bank had been founded on 7 February 1899 and had 14 branches at the time of the merger.
Next, Canara Bank acquired four banks in 1963: the SreePoornathrayesaVilasam Bank, Thrippunithura, Arnad Bank, Tiruchirapalli, Cochin Commercial Bank, Cochin, and Pandyan Bank, Madurai. SreePoornathrayesaVilasam Bank had been established on 21 February 1923 and at the time of its acquisition it had 14 branches. Arnad Bank had been established on 23 December 1942 and at the time of its acquisition had only one branch. Cochin Commercial Bank had been established on 3 January 1936, and at the time of its acquisition had 13 branches.

The Government of India nationalized Canara Bank, along with 13 other major commercial banks of India, on 19 July 1969. In 1976, Canara Bank inaugurated its 1000th branch. In 1985, Canara Bank acquired Lakshmi Commercial Bank in a rescue. This brought Canara Bank some 230 branches in northern India.

In 1996 Canara Bank became the first Indian Bank to get ISO certification for “Total Branch Banking” for its Seshadripuram branch in Bangalore. Canara Bank has now stopped opting for ISO certification of branches.

As of December 2014, the bank had a network of 5641 branches and more than 7000 ATMs spread across India. The bank also has offices abroad in London, Hong Kong, Moscow, Shanghai, Doha, Dubai and New York.

Canara Bank established its International Division in 1976. In 1983, Canara Bank opened its first overseas office, a branch in London. Two years later, Canara Bank established a subsidiary in Hong Kong, Indo Hong Kong International Finance. In 2008-9, Canara Bank opened its third foreign operation, this one a branch in Shanghai. Later Canara Bank established a branch each in Leicester and Bahrain, and converted its Hong Kong subsidiary into a branch. It also has a representative office in Sharjah. Together with SBI, Canara Bank established a joint venture in Moscow, Commercial Bank of India LLC. Canara Bank provides the general manager and the branch managers for Al Razouki Intl Exchange Co (LLC), which a number of business leaders and Non-Resident Indians established in 1981 in the United Arab Emirates to facilitate remittances to India by tourists and NRIs.
Since 1983, Canara Bank has been responsible for the management of Eastern Exchange Establishment, Doha, Qatar, which Abdul Rahman M.M. Al Muftah had established in 1979. Canara Bank opened its seventh overseas branch in New York, USA on 10 June 2014.