

Banking Sector of India Today

Structure of the Organised Banking Sector in India [No. of banks are in brackets]

Banking Sector History

India: Banking in India, in the sense originated in the last century among the first bank - the Bank of Hindustan, which was established in 1770, and liquidated in 1782 and the General Bank of India established in 1786 but failed.

The largest bank, and still in existence, is the state Bank of India. The Bank of Bengal, The Bank of India, The Bank of Bombay and Bank of Madras - the three banks merged in 1921 to form the Bank of India, which upon independence, became the central bank of India in 1955.

For many years the banks had acted as guarantors, but as their successors, the Reserve Bank of India was established in 1935, under the Reserve Bank Act 1934.

The Indian Banking Act 1934 classified into Scheduled and non-scheduled banks. The scheduled banks included under the Reserve Bank Act 1934. They are further classified into Public Sector Banks (SBI and its Regional Rural Banks), Private Sector Banks, and Foreign Banks.

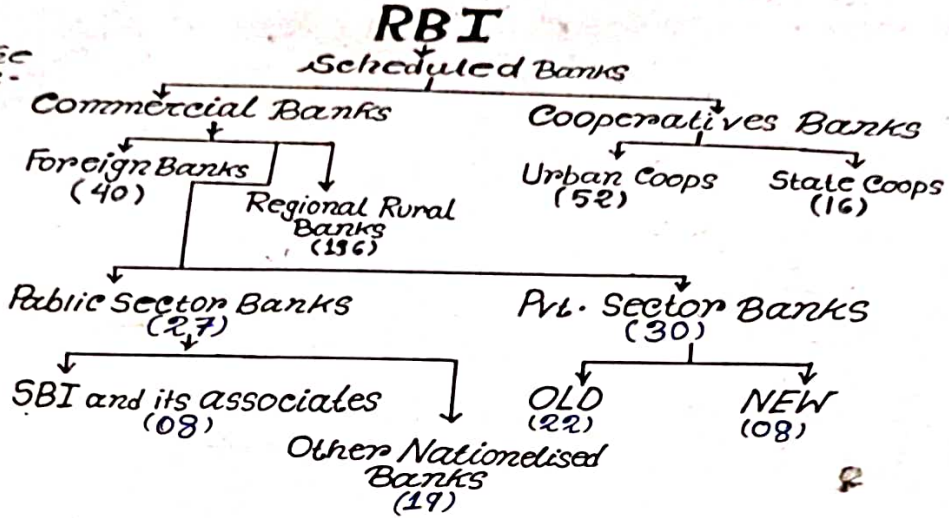
The Reserve Bank of India Act, 1934 regulates the banking system in India.

Rush to Join Banks

As foreign banks fade, investment banks are...

Global banks have... whose share...

...Mahindra Cap... Edelweiss, 03 Capital



ended up cutting cheques because of the consortium models.

Kumar said banks need to come together to deal with stressed loans and large project loans but lending in a consortium is actually a hindrance in small ticket loans.

*End Dual Control of PSU Banks: YV Reddy

India must put an end to the dual control over public sector banks that are under severe stress due to mounting sticky loans, former Reserve Bank of India (RBI) Governor Y.V. Reddy said.



Improving governance in public sector banks is more important than consolidation, Reddy said.

present RBI Governor Viji Patel has recently flagged off the issue. Saying that the central bank did not have enough powers to regulate public sector lenders. This was promptly contested by the government.

Bandhan, which started its journey three years ago, currently has 937 bank branches.