

Important Banking News: 7 February 2015

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Here is today's important banking news to keep you updated and help you prepare for IBPS and other bank exams:

Important Banking News: Public Sector Banks in Race to Set Up Over 5,500 ATMs

- State-owned banks are racing against time to install more than 5,500 ATMs in the fiscal fourth quarter ending in March to meet the target for the current financial year.



- Of the 27 PSU banks, Bank of India, Canara Bank, Indian Bank, Oriental Bank of Commerce and Vijaya Bank have exceeded their planned ATM installation target while Dena Bank is yet to set up any against its target of 1,200 ATMs.
- **The public lenders have installed 10,447 ATMs so far against the total of 15,949 planned for 2015-16, quarterly data from the Finance Ministry showed.**
- SBI, the country's largest bank, has put up 3,107 ATMs as against the planned 4,000 ATMs in April-December of the current fiscal year.
- Bank of Baroda, State Bank of Travancore and State Bank of Bikaner and Jaipur are close to their target at the end of the third quarter.
- Bharatiya Mahila Bank - the youngest public sector bank - has 87 ATMs, up from 55 at the end of the last financial year.
- **At the end of December 2015, the public sector banks had a total of 1,39,366 ATMs.**
- Installation of automatic teller machines (ATMs), especially by public lenders, has been a major priority for the government to ensure financial inclusion.
- Following the budget 2013-14 announcement, these banks are required to have an onsite ATM at every branch.
- Financial inclusion aims to extend financial services to the large, hitherto unserved population of the country. In addition, it strives towards a more inclusive growth by making financial avenues available to the poor.

Important Banking News: Monetary Policy Panel Talks With Government Over: RBI

- Reserve Bank of India Governor Raghuram Rajan has said the central bank has finished negotiations with the Finance Ministry on the vexed issue of monetary policy committee, but declined to give details, saying the government will table it before Parliament through an amendment.



- "It is completed. Everything is done, certainly the discussions between us and the government," Mr Rajan told reporters from wire agencies last week when asked about the progress on MPC.
- He added that now the government has to decide on the timing of tabling the amendments to the RBI Act before Parliament.
- Mr Rajan did not get into the specifics, saying, "I think the government does not want to discuss this outside Parliament with due respect for parliamentary procedures."
- He, however, reiterated that all the discussions surrounding issues that have generated a lot of speculation are over.
- **In a recent speech, Mr Rajan had said the central bank was looking forward to the amendments to the RBI Act before migration to the inflation-targeting framework.**
- "We have absolutely no intent of departing from the inflation framework that has been agreed with the government. We look forward to the government amending the RBI Act to usher in the monetary policy committee, further strengthening the framework," Mr Rajan had said.
- The representation of nominees from the government as well as the RBI in the committee, which will set the rates, has been an issue of intense speculation after Mr Rajan said in August that he did not want the veto on rates to be with the central bank governor.
- **"If we continue to retain the veto, it does not change the situation, it maintains the status quo," he said, referring to the current practice where the central bank governor can overrule the advice of the technical advisory committee.**
- The RBI joined a growing list of central banks in the world with inflation targeting as an explicit objective by signing an agreement with the government last February.
- The agreement was signed after a committee, headed by Deputy Governor Urjit Patel, recommended a shift to this practice.