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Banking Awareness

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Banking Awareness For IBPS PO / SBI PO / Bank Clerical Exams

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1. Brief History of Banking in India

The origin of western type commercial Banking in India dates back to the 18th century. The story of banking starts from Bank of Hindustan established in 1770 and it was first bank at Calcutta under European management. In 1786 General Bank of India was set up. Since Calcutta was the most active trading port in India, mainly due to the trade of the British Empire, it became a banking center.

Thereafter, Three Presidency banks were set up under charters from the British East India Company- Bank of Calcutta, Bank of Bombay and the Bank of Madras. These worked as main central banks in India for many years.

- ✓ The Bank of Calcutta established in 1806 became Bank of Bengal.
- ✓ In 1921 these 3 banks merged with each other and Imperial Bank of India was formed. It is today's State Bank of India.
- ✓ The name was changed after India's Independence in 1955. State bank of India is the oldest Bank of India.

Next came Allahabad Bank which was established in 1865 and working even today. The oldest Public Sector Bank in India having branches all over India and serving the customers for the last 146 years is Allahabad Bank. Allahabad bank is also known as one of India's Oldest Joint Stock Bank.

The first Bank of India with Limited Liability to be managed by Indian Board was Oudh Commercial Bank. It was established in 1881 at Faizabad. This bank failed in 1958. The first bank purely managed by Indian was Punjab National Bank, established in Lahore in 1895. The Punjab national Bank has not only survived till date but also is one of the largest banks in India. However, the first Indian commercial bank which was wholly owned and managed by Indians was Central Bank of India which was established in 1911.

Bank of India was the first Indian bank to open a branch outside India in London in 1946 and the first to open a branch in continental Europe at Paris in 1974. Bank of India was founded in September 1906 as a private entity and was nationalized in July 1969. Since the logo of this Bank is a star, its head office in Mumbai is located in Star House, Bandra East, Mumbai.

There was a district in Today's Karnataka state called South Canara under the British empire. Four banks started operation during the period of Swadeshi Movement and so this was known as "Cradle of Indian Banking.

The above information was of the first phase of Indian banking which was a very slow in development.

The Second Phase starts from 1935 when Reserve bank of India was established. Between the period of 1911-1948, there were more than 1000 banks in India, almost all small banks. The Reserve Bank of India was constituted in 1934 as an apex Bank, however without major government ownership. Government of India came up with the Banking Companies Act 1949. This act was later changed to Banking Regulation (Amendment) Act 1949. The Banking Regulation (Amendment) Act of 1965 gave extensive powers to the Reserve Bank of India. The Reserve Bank of India was made the Central Banking Authority. The banking sector reforms started immediately after the independence. These reforms were basically aimed at improving the confidence level of the public as most banks were not trusted by the majority of the people. Instead, the deposits with the Postal department were considered safe.

The first major step was Nationalization of the Imperial Bank of India in 1955 via State Bank of India Act. State Bank of India was made to act as the principal agent of RBI and handle banking transactions of the Union and State Governments. In a major process of nationalization, 7 subsidiaries

End of Preview.

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