

India Post draws up Rs 4,900-crore ATM network plan

In what could intensify competition in the banking arena, India Post has drawn up an ambitious Rs 4,900-crore plan to swamp the country with 2,800 automated teller machines (ATMs) in major centres and handheld micro-ATMs in 1.3 lakh rural branches by 2015.

Though the division under the ministry of communication has applied for a banking licence with the Reserve Bank of India, it has started the process of tying up with banks, Mastercard and Visa for rolling out its ATM services.

If the plans are implemented on time, India Post will have an outreach far superior than any single bank and would be in a better position to meet the government's financial inclusion plan.

"Irrespective of whether we get a banking licence or not, the expansion and modernisation drive will continue. We will have more than 2,800 ATMs by 2015 in major centres. In case of villages, we are planning hand-held micro ATMs in 1.3 lakh villages," an official told FE.

India Post will call a tender through request for proposal (RFP) for the micro-ATMs next month.

Last week, **India Post rolled out a pilot project with core banking solutions in three post offices in Chennai.** "All the three POs have migrated to CBS. We will keep rolling out similar facilities in other centres and by end of 2014, the entire country will be connected through CBS," the official said.

The entire expansion and modernisation drive entails an investment of Rs 4,900 crore for which cabinet approval has already been taken. The funds will come from budgetary provisions.

Over the 150 years of his existence, India Post has build the largest postal network

in the world with over 1.55 lakh post offices of which 90% are in the rural areas. Apart from postal services, it has been a major outlet for small savings, postal life insurance, money transfers, sale of mutual funds, foreign exchange and even payment of pension and wages under the MGNREGA scheme.

It's not just the reach as India Post is already one of the largest providers of financial services with a deposit base of over Rs 5.53 lakh crore of around 22 crores investors. A major drawback in the way of its expansion plan is the massive deficit that India Post is unable to wipe out.

During 2011-12, the deficit stood at Rs 5,800 crore, which was 8.5% lower than 6,346 crore in 2010-11.

Source : <http://www.financialexpress.com>