

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1099  
ANSWERED ON:28.11.2014  
SMALL PAYMENT BANKS  
Chaudhary Shri P.P.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has issued any guidelines for opening small payment banks to disburse loans to farmers and Micro Small Industry;
- (b) if so, the details thereof;
- (c) whether the Government proposed to provide financial assistance for opening of such banks; and
- (d) if so, the details thereof?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) & (b): The draft guidelines on payments banks and small banks as differentiated or restricted banks were placed on the website of the Reserve Bank of India (RBI) on July 17, 2014 for suggestions and comments. RBI has received suggestions and comments on the draft guidelines during July/August 2014.

The objectives of setting up of small banks will be for furthering financial inclusion by (i) provision of savings vehicles to underserved and unserved sections of the population, and (ii) supply of credit to small business units, small farmers, micro and small industries, and other unorganised sector entities, in their limited areas of operations, through high technology-low cost operations.

The objectives of setting up of Payments Banks will be to further financial inclusion by providing (i) small savings accounts and (ii) payments / remittance services to migrant labour workforce, low income households, small businesses, other unorganised sector entities and other users, by enabling high volume-low value transactions in deposits and payments / remittance services in a secured technology driven environment.

(c) & (d): The entities eligible to set up a small bank include resident individuals with ten years of experience in banking and finance, companies and societies, Non - Banking Financial Companies (NBFCs), Micro Finance Institutions and Local Area Banks. The promoters would be required to mobilise the minimum paid up equity capital of Rs. 100 crore. The Government is not an eligible promoter.

The entities eligible to set up a payments bank include existing non-bank Pre-paid Instrument Issuers (PPIs), NBFCs, Corporate Business Correspondents, mobile telephone companies, super-market chains, companies, real sector cooperatives, and public sector entities. The promoters would be required to mobilise the minimum paid up equity capital of Rs. 100 crore. If a Government entity desires to set up a payments bank, the Government as the major shareholder of that entity may be required to contribute to minimum paid up equity capital of Rs.100 crores.