

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:723  
ANSWERED ON:27.02.2015  
FUNCTIONING OF STATE BANK OF SIKKIM  
Khadse Smt. Raksha Nikhil

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

(a) whether the Reserve Bank of India (RBI) has raised concern over the State Bank of Sikkim, which does not come under any regulation or Banking Regulation Act, 1949; and

(b) if so, the details thereof along with the steps taken by the Government/RBI to regulate and protect interest of the customers of State Bank of Sikkim in this regard?

**Answer**

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

(a) & (b): State Bank of Sikkim (SBS) which is carrying on the business of banking is not within the regulatory purview of Reserve Bank of India (RBI) under the Banking Regulation Act, 1949 (BR Act).

RBI has suggested the following options to Government of India for regulation of State Bank of Sikkim:

(i) If State Bank of Sikkim converts itself into a company under the Companies Act, 2013, the provisions of the BR Act, would automatically become applicable to it.

(ii) To repeal the State Bank of Sikkim proclamations, 1968 under which SBS was constituted by a Central legislation and by the same legislation transfer and vest the undertaking of SBS in a company (on the lines of the transfer of the undertaking of IDBI to IDBI Ltd.).

(iii) To carry out amendments in the BR Act making it applicable to SBS and requiring SBS to apply for banking license.