

Banks in India - Different Types of Banks in India

- Banks are financial institutions which perform deposit and lending functions. There are various types of banks in India and each is responsible to perform different functions.
- The bank takes deposit at a much lower rate from the public called deposit rate and lends money at a much higher rate called lending rate.
- Banks can be classified into various types. Given below is the bank types in India:-
 - [Central Bank](#)
 - [Cooperative Banks](#)
 - [Commercial Banks](#)
 - [Regional Rural Banks \(RRB\)](#)
 - [Local Area Banks \(LAB\)](#)
 - [Specialised Banks](#)
 - [Small Finance Banks](#)
 - [Payments Banks](#)

Functions of Banks

- The major functions of banks are almost the same but the set of people each sector or type deals with may differ. Given below the functions of the banks in India:
- Acceptance of deposits from the public
- Provide demand withdrawal facility
- Lending facility
- Transfer of funds
- Issue of drafts
- Provide customers with locker facilities
- Dealing with foreign exchange
- Apart from the above mentioned list, various utility functions also need to be performed by the various banks.

Central Bank

- The [Reserve Bank of India](#) is the central bank of our country. Each country has a central bank which regulates all the other banks in that particular country.
- The main function of the central bank is to act as the Government's Bank and guide and regulate the other banking institutions in the country. Given below are the functions of the central bank of a country:
 - Providing guidance to other banks
 - Issuing currency
 - Implementing the monetary policies
 - Supervisor of financial system
- In other words, the central bank of the country may also be known as the banker's bank as it provides assistance to the other banks of the country and manages the financial system of the country, under the supervision of the Government.

Cooperative Banks

- These banks are organised under the state government's act. They give short term loans to the agriculture sector and other allied activities.
- The main goal of Cooperative Banks is to promote social welfare by providing concessional loans
- They are organised in the 3 tier structure
- Tier 1 (State Level) – State Cooperative Banks (regulated by RBI, State Govt, NABARD)
 - Funded by RBI, government, NABARD. Money is then distributed to the public
 - Concessional CRR, SLR is applicable to these banks. (CRR- 3%, SLR- 25%)
 - Owned by the state government and top management is elected by members
- Tier 2 (District Level) – Central/District Cooperative Banks
- Tier 3 (Village Level) – Primary Agriculture Cooperative Banks

Commercial Banks

- Organized under the Banking Companies Act, 1956
- They operate on a commercial basis and its main objective is profit.
- They have a unified structure and are owned by the government, state, or any private entity.
- They tend to all sectors ranging from rural to urban
- These banks do not charge concessional interest rates unless instructed by the RBI
- Public deposits are the main source of funds for these banks

- The commercial banks can be further divided into three categories:
- **Public sector Banks** – A bank where the majority stakes are owned by the Government or the central bank of the country.
- **Private sector Banks** – A bank where the majority stakes are owned by a private organisation or an individual or a group of people
- **Foreign Banks** – The banks with their headquarters in foreign countries and branches in our country, fall under this type of bank

Commercial Banks in India

Public Sector Banks	Private Sector Banks	Foreign Banks
State Bank of India	Catholic Syrian Bank	Australia and New Zealand Banking Group Ltd.
Allahabad Bank	City Union Bank	National Australia Bank
Andhra Bank	Dhanlaxmi Bank	Westpac Banking Corporation
Bank of Baroda	Federal Bank	Bank of Bahrain & Kuwait BSC
Bank of India	Jammu and Kashmir Bank	AB Bank Ltd.
Bank of Maharashtra	Karnataka Bank	HSBC
Canara Bank	Karur Vysya Bank	CITI Bank
Central Bank of India	Lakshmi Vilas Bank	Deutsche Bank
Corporation Bank	Nainital Bank	DBS Bank Ltd.
Dena Bank	Ratnakar Bank	United Overseas Bank Ltd
Indian Bank	South Indian Bank	J.P. Morgan Chase Bank
Indian Overseas Bank	Tamilnad Mercantile Bank	Standard Chartered Bank
Oriental Bank of Commerce	Axis Bank	There are over 40 Foreign Banks in India
Punjab National Bank	Development Credit Bank (DCB Bank Ltd)	
Punjab & Sind Bank	HDFC Bank	
Syndicate Bank	ICICI Bank	
Union Bank of India	IndusInd Bank	
United Bank of India	Kotak Mahindra Bank	
UCO Bank	Yes Bank	
Vijaya Bank	IDFC	
IDBI Bank Ltd.	Bandhan Bank of Bandhan Financial Services.	

Regional Rural Banks (RRB)

- These are special type of commercial Banks that provide concessional credit to agriculture and rural sector.
- RRBs are established in 1975 and are registered under a Regional Rural Bank Act, 1976.
- RRBs are joint venture between Central government (50%), State government (15%) and a Commercial Bank (35%).
- 196 RRBs have been established from 1987 to 2005.
- From 2005 onwards government started merger of RRBs thus reducing the number of RRBs to 82
- One RRB cannot open its branches in more than 3 geographically connected districts.

Local Area Banks (LAB)

- Introduced in India in the year 1996
- These are organized by the private sector
- Earning profit is the main objective of Local Area Banks
- Local Area Banks are registered under companies Act, 1956
- At present, there are only 4 Local Area Banks all which are located in South India

Specialised Banks

- There are certain banks which are introduced for specific purposes only. Such banks are called the specialised banks. These include:
- Small Industries Development Bank of India (SIDBI) – Loan for a small scale industry or business can be taken from SIDBI. Financing small industries with modern technology and equipments is done with the help of this bank
- [EXIM Bank](#) – EXIM Bank stands for Export and Import Bank. To get loans or other financial assistance with exporting or importing goods by foreign countries can be done through this type of bank
- National Bank for Agricultural & Rural Development ([NABARD](#)) – To get any kind of financial assistance for rural, handicraft, village and agricultural development, people can turn to NABARD.
- There are various other specialised banks and each possess a different role in help develop the country financially.

Small Finance Banks

- As the name suggests, this type of banks look after the micro industries, small farmers and the unorganised sector of the society by providing them loans and financial assistance. These banks are governed by the central bank of the country.
- Given below is the list of the Small Finance Banks in our country:
- AU Small Finance Bank
- Equitas Small Finance Bank
- Jana Small Finance Bank
- Northeast Small Finance Bank
- Capital Small Finance Bank
- Fincare Small Finance Bank
- Suryoday Small Finance Bank
- Ujjivan Small Finance Bank
- Esaf Small Finance Bank
- Utkarsh Small Finance Bank

Payments Banks

- A newly introduced form of banking, the payments bank have been conceptualised by the Reserve Bank of India. People with an account in the payments bank can only deposit an amount of upto Rs.1,00,000/- and cannot apply for loans or credit cards under this account.
- Options for online banking, mobile banking, issue of ATM and debit card can be done through payments bank. Given below is a list of the few payments bank in our country:
 - Airtel Payments Bank
 - India Post Payments Bank
 - Fino Payments Bank
 - Jio Payments Bank
 - Paytm Payments Bank
 - NSDL Payments Bank
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Bibliograhya

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