

Small Finance Banks

Objectives

Eligible promoters

Scope of activities

Capital requirement

Promoter's contribution

Foreign shareholding

Prudential norms

Transition path

Procedure for application

Procedure for RBI decisions

Operational SFBs in India

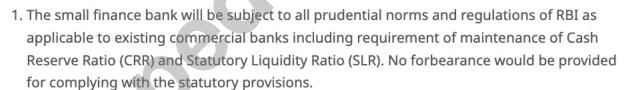
its Press Release

dated August 24, 1996



- supply of credit to small business units, small and marginal farmers, micro and small industries and other unorganised sector entities, through high technology-low cost operations.
- Resident individuals/professionals with 10 years of experience in banking and finance;
- Companies and societies owned and controlled by residents will be eligible to set up small finance banks.
- Existing Non-Banking Finance Companies (NBFCs), Micro Finance Institutions (MFIs), and Local Area Banks (LABs) that are owned and controlled by residents can also opt for conversion into small finance banks.

- The small finance bank shall primarily undertake basic banking activities of acceptance of deposits and lending to unserved and underserved sections including small business units, small and marginal farmers, micro and small industries and unorganised sector entities.
- 2. There will not be any restriction in the area of operations of small finance banks.



- 2. The small finance banks will be required to extend 75 per cent of its Adjusted Net Bank Credit (ANBC) to the sectors eligible for classification as priority sector lending (PSL) by the Reserve Bank.
- 3. At least 50 per cent of its loan portfolio should constitute loans and advances of upto Rs. 25 lakh.

- 1. An External Advisory Committee (EAC) comprising eminent professionals like bankers, chartered accountants, finance professionals, etc., will evaluate the applications.
- 2. The decision to issue an in-principle approval for setting up of a bank will be taken by the

Reserve Bank. The Reserve Bank's decision in this regard will be final.

- 3. The validity of the in-principle approval issued by the Reserve Bank will be eighteen months.
- 4. The names of applicants for bank licences will be placed on the Reserve Bank's website.



- 1. Ujjivan Small Finance Bank.
- 2. Janalakshmi Small Finance Bank.
- 3. Equitas Small Finance Bank.
- 4. A U Small Finance Bank.
- 5. Capital Small Finance Bank.
- 6. ESAF Small Finance Bank.
- 7. Utkarsh Small Finance Bank.
- 8. Suryoday Small Finance Bank.
- 9. Fincare Small Finance Bank.

RBI Guidelines for Licensing of Small Finance Banks in the Private

Sector

https://data.vikaspedia.in/short/lc?k=862Oxv9Ml8aPv7crHmuRhQ

