Indian Financial System

Banking Awareness Guide- I

CONTENTS

Overview of Indian Financial System

Introduction

The financial system of a country is an important tool for economic development of the country as it helps in the creation of wealth by linking savings with investments. It facilitates the flow of funds from the households (savers) to business firms (investors) to aid in wealth creation and development of both the parties. The institutional arrangements include all condition and mechanism governing the production, distribution, exchange and holding of financial assets or instruments of all kinds. There are four main constituents of the financial system as follows:

1. Financial Services
2. Financial Assets/Instruments
3. Financial Markets
4. Financial Intermediaries

Financial Services

Financial Services are concerned with the design and delivery of financial instruments, advisory services to individuals and businesses within the area of banking and related institutions, personal financial planning, leasing, investment, assets, insurance etc. These services includes

- **Banking Services:** Includes all the operations provided by the banks including to the simple deposit and withdrawal of money to the issue of loans, credit cards etc.

- **Foreign Exchange services:** Includes the currency exchange, foreign exchange banking or the wire transfer.
- **Investment Services:** It generally includes the asset management, hedge fund management and the custody services.
- **Insurance Services:** It deals with the selling of insurance policies, brokerages, insurance underwriting or the reinsurance.
- Some of the other services include the advisory services, venture capital, angel investment etc.

Financial Instruments/Assets

Financial Instruments can be defined as a market for short-term money and financial assets that is a substitute for money. The term short-term means generally a period of one year substitutes for money is used to denote any financial asset which can be quickly converted into money. Some of the important instruments are as follows:

- **Call /Notice-Money:** Call/Notice money is the money borrowed on demand for a very short period. When money is lent for a day it is known as Call Money. Intervening holidays and Sunday are excluded for this purpose. Thus money borrowed on a day and repaid on the next working day is Call Money. When the money is borrowed or lent for more than a day up to 14 days it is called Notice Money. No collateral security is required to cover these transactions.
- **Term Money:** Deposits with maturity period beyond 14 days is referred as the term money. The entry restrictions are the same as that of Call/Notice Money, the specified entities not allowed to lend beyond 14 days.
- **Treasury Bills:** Treasury Bills are short-term (up to one year) borrowing instruments of the union government. It's a promise by the Government to pay the stated sum after the expiry of the stated period from the date of issue (less than one year). They are issued at a discount off the face value and on maturity, the face value is paid to the holder.
- **Certificate of Deposits:** Certificates of Deposits is a money market instrument issued in dematerialised form or as a Promissory Note for funds deposited at a bank, other eligible financial institution for a specified period.
- **Commercial Paper:** CP is a note in evidence of the debt obligation of the issuer. On issuing commercial paper the debt is transformed into an instrument. CP is an unsecured promissory note privately placed with investors at a discount rate of face value determined by market forces.

Financial Markets

The financial markets are classified into two groups:

Capital Market:

A capital market is an organised market which provides long-term finance for business. Capital Market also refers to the facilities and institutional arrangements for borrowing and lending long-term funds. Capital Market is divided into three groups:

- **Corporate Securities Market:** Corporate securities are equity and preference shares, debentures and bonds of companies. The corporate security market is a very sensitive and active market. It can be divided into two groups: primary and secondary.
- **Government Securities Market:** In this market government securities are bought and sold. The securities are issued in the form of bonds and credit notes. The buyers of such securities are Banks, Insurance Companies, Provident funds, RBI and Individuals.
- **Long-Term Loans Market:** Banks and Financial institutions that provide long-term loans to firms for modernization, expansion and diversification of business. Long-Term Loan Market can be divided into Term Loans Market, Mortgages Market and Financial Guarantees Market.

Money Market

Money Market is the market for short-term funds. The money market is divided into two types: Unorganised and Organised Money Market.

- **Unorganized Market:** It consists of Money lenders, Indigenous Bankers, Chit Funds, etc.
- **Organized Money Market:** It consists of Treasury Bills, Commercial Paper, Certificate Of Deposit, Call Money Market and Commercial Bill Market. Organised Markets work as per the rules and regulations of RBI. RBI controls the Organized Financial Market in India.

Financial Intermediaries

A financial intermediary is an institution which connects the deficit and surplus money. The best example of an intermediary is a bank which transforms the bank deposits to bank loans. The role of the financial intermediary is to distribute funds from people who have extra inflow of money to those who don't have enough money to fulfil the needs. Functions of Financial Intermediary are are as follows:

- **Maturity transformation:** Deals with the conversion of short-term liabilities to long term assets.
- **Risk transformation:** Conversion of risky investments into relatively risk free ones.
- **Convenience denomination**: It is a way of matching small deposits with large loans and large deposits with small loans.

Financial Intermediaries are divided into two types:

Depository institutions: These are banks and credit unions that collect money from the public and use that money to advance loans to financial customers.

Non-Depository institutions: These are brokerage firms, insurance and mutual funds companies that cannot collect money deposits but can sell financial products to financial customers.

Conclusion

Indian Financial System accelerates the rate and volume of savings through provision of various financial instruments and efficient mobilization of savings. It aids in increasing the national output of the country by providing funds to corporate customers to expand their respective business. It helps economic development and raising the standard of living of people and promotes the development of weaker section of the society through rural development banks and co-operative societies. These are the important facts about Indian Financial system.

History of Banking In India: Key Points To Remember

Introduction

Banking in India has a very long history starting from the late 18 th century. The origin of modern banking started from 1770 in the name of "Bank of Hindustan" by English agency 'House of Alexander & Co' in Kolkatta however it was closed in 1832. Further in 1786 "General Bank of India" was started and it failed in 1791.

Presidency Banks

These banks were funded by the presidency government at that time.

The 3 presidency banks were

- Bank of Bengal- Established in 1806
- Bank of Bombay - Established in 1840
- Bank of Madras - Established in 1843

These three presidency banks were re-organized and amalgamated to form a single entity named “Imperial Bank Of India” on 27 th January ,1927. It was later transformed into “State Bank Of India” in 1955.

Some Of The Old Banks:

- **Allahabad Bank** was established in 1865 at Allahabad(Uttar Pradesh). It is the oldest joint stock bank of our country functioning till today.
- **Oudh Commercial Bank** was established in 1881 at Faizabad(Uttar Pradesh).It is the First limited liability Bank in India and also first joint stock bank by Indians.However it failed in 1958.
- **Punjab National Bank** was established in 1895 at Lahore(pakistan) and it was also the first bank to be managed solely by Indians.

Impact of “Swadeshi” Movement

Due to the “Swadeshi” movement many banks were established between 1906 to 1911. Many local bussinessmen and strong political figures of India funded the banks for Indian community. Some of the banks that were established are as follows:

Name of the Bank	Establishment Year
Canara Bank	1906
Bank Of India	1906
Corporation Bank	1906
Indian Bank	1907
Bank Of Baroda	1908

“The Reserve Bank Of India”

- RBI was established on 1st April ,1935 in accordance with the provisions of the RBI act,1934.
- It was established under the recommendations of the“Hilton Young Commission”also known as “Royal Commission On Indian Currency And Finance”.
- Initially it was setup in Calcutta and permanently moved to Mumbai in 1937.
- Initially the RBI was started with private share holder’s fully paid up capital of Rs.5 crores.
- It also acted as central banking institute for Mynmar till 1948 and till 1947 for Pakistan.
- The RBI was nationalized on 1st January, 1949 in accordance with the RBI(Transfer to Public Ownership)act,1948.
- It empowered RBI to act as central banking institution to control monetary policy of Indian Rupee and to control,regulate,monitor,inspect banks in the country as mentioned in the 2nd schedule of RBI act1934.

Subsidiaries Of Rbi

- Deposit Insurance and Credit Guarantee Coporation(DICGC)was set up in 1978.
- National Agriculture and Rural Development Bank(NABARD) was set up in 1982.
- National Housing Bank was set up on 1988.
- Bharatiya Reserve Bank Note Mudran Private Limited(BRBNMPL) was set up in 1995.

State Bank Of India

- The State Bank Of India was formerly known as “Imperial Bank Of India” during the British rule.
- It was established on 1st July,1955 under the recommendations of “Gorwala committee”.
- It was nationalized on 2nd June,1956 with majority of its share taken by the Government of India.
- The SBI acts as an agent where the Reserve Bank Of India has no branch offices.
- It has 5 associate banks,State Bank of Bikaner & Jaipur, Hyderabad, Mysore, Patiala and Travancore.

Banking Sector Reforms From 1786 To 1991

We will divide it into 3 Phase for better understanding, are as follows:

1.First Phase: 1786 To 1969.
2. Second Phase: 1969 To 1991.
3.Third Phase: After 1991 i.e. Reformatory Phase.

First Phase: 1786 To 1969 (Early Phase Of Banking System In India)

- The first Bank of India i.e. the General Bank of India was established in 1786 named as Bank of Hindustan and Bengal Bank.
- The British East India Company established three banks are as follows:

1. Bank of Bengal was established in 1809
2. Bank of Bombay was established in 1840
3. Bank of Madras was established in 1843

- These three banks are Independent Banks and these units are called as Presidency Banks.
- These three Banks i.e. Bank of Bengal, Bank of Bombay, Bank of Madras were amalgamated in 1920 and the Imperial Bank of India, a bank of private shareholders, mostly Europeans were established.
- Allahabad Bank was setup, exclusively by Indians in 1865.
- Punjab National Bank i.e. PNB was established in 1894 with its Headquarters in Lahore at the time of establishment but now its headquarters at New Delhi.
- Between 1906 and 1913, a few banks were established during these periods i.e. Bank of India, Central Bank, Bank of Baroda, Canara Bank, Indian Bank and Bank of Mysore.

- The Reserve Bank of India Came into existence in 1935 under RBI Act 1934.
- To streamline the functioning and activities of commercial banks, the Government of India set up with the Banking Companies Act,1949 which was later changed the name to Banking Regulation Act, 1949.

Second Phase: Banking Sector Reforms From 1969 To 1991

- In 1955, Government of India nationalised the Imperial Bank of India and started offering extensive banking facilities, especially in rural and semi-urban areas.
- The Government of India constituted the State Bank of India to Act as the principal agent of the RBI and to handle banking transactions of the Government of India and the State Governments all over the country.
- Mainly 7 Banks owned by the Princely states were nationalised in 1959 and they became subsidiaries of the State Bank of India. In 1969 there are 14 Commercial Banks in the country which were nationalised.
- In the phase of banking sector reforms, 7 more banks were nationalised in 1980. With this, 80% of the banking sector in India came under the government ownership.

New Phase Of Banking Sector Reforms (After 1991)

- This Phase is also known as Reformatory Phase, This phase plays a vital role for the Growth of Economy
- In this phase, many more products and facilities in the banking sector have been introduced as part of the reforms process.
- In 1991, under the chairmanship of M Narasimham, a committee was incorporated, which worked for the liberalisation of banking practice due to the various problem identified in Indian Banking System.
- Major Problems were Identified by Narasimham Committee are Direct Investment Programme, Direct Credit Programme, Interest rate structure, Modifications of Banking Systems, Transparency problem with Indian Banks, etc.
- In this phase, the country is flooded with foreign banks and their ATM stations. Efforts are being put to give a satisfactory service to customers of Banks.
- In this phase, CORE banking, Phone Banking, Internet banking & Electronic transactions are introduced. The entire system became more convenient and swift.
- The Narasimham Committee I (1991) was set up to rejuvenate the Indian financial health of commercial banks and to make functioning the banking sectors in an efficient and profitable way. This committee was set up to study the problems with Indian Banks & to suggest some recommendations for improvement in the efficiency and productivity of the financial institutions.
- In 1998 the Government of India appointed one more committee under the chairmanship of M. Narasimham to review the progress and design a programme for further strengthening the financial system of India if needed.
- The Narasimham Committee II (1998) placed greater importance on structural measures and improvement in standards of disclosure and leaves of transparency. This committee basically appointed by Government to focus on various areas such as Capital Adequacy, Merger & Amalgamation of Banks, Bank legislation, Review of Banking Laws etc.

- This committee i.e. Narasimham Committee I & Narasimham Committee II submitted its report in 1991 & 1998 with major Recommendations, these are as listed below:

Major Recommendations Of Narasimham Committee I

- Lowering Cash Reserve Ration i.e. CRR & Statutory Liquidity Ration i.e. SLR
- Capital Adequacy Norms in Banking
- Deregulation of Interest Rates in Banking Sectors
- Recovery of Debts i.e. NPA (Non-Performing Assets)
- Classification of Assets
- Access to Capital market
- Local area banks
- Restructuring of Banks
- Transparency measures in Banking Sectors
- Supervision of banks
- Competition with New Private Sector Banks i.e. Entry of Private Banks
- Licensing of Banking Branches
- Income Recognition
- Allowing Foreign Banks

Major Recommendations Of Narasimham Committee II

- New areas in Banking Sectors
- New Instruments in Banking system
- Bank ownerships
- Risk management
- Customer service
- Universal Banking in India
- Narrow Banking in India
- Strengthen with technology
- Increase in FDI limit
- Information Technology development
- Merger and Amalgamation
- Strict Guidelines for Anti-Money Laundering
- Increase of inflow credit
- Setting up of Credit Information Bureau

Banking And Financial Reforms In India

Introduction –

Broad Based reforms touching Every Sector :

- Financial Sector

- Monetary and Fiscal Policy
- Capital Market
- Foreign Exchange Market
- Money & Government securities market
- Banking Reforms

In Early 1990 S

Financial Repression :

- Extensive Regulation
- Administered Interest rates
- Directed Credit Programmes
- Weak Banking structure
- Lack of proper accounting & Risk management system
- Lack of transparency in operations
- Pre-exemption of resources from the banking system by the government to finance its fiscal deficts
- Excessive structural and micro regulation that inhibit financial innovations and increased transactions costs
- Poorly developed debt and money market
- Outdated technologies and institutional structures that made the capital market and the rest of the financial system highly inefficient .
- Government regulated th price at which firms could issues equity , the rate of interest which they could offer on their bonds , and the debt equity ration that was permissible in diferent Industries
- Working capital management was even more constrained with detailed regulations on how much inventory the firms could carry or how much credit they could give to their customers
- Working capital was financed almost entirelyby banks at interest rates laid down by central banks
- Working capital was related more to the credit needs of the borrower than creditworthiness.

Major Contours of Reforms

- Removal of existing financial repression
- Creation of an efficient , productivity and profitability sector
- Enabling the process of price discovery by the market determination of interes rates that improves allocativeefficient of resources
- Providing operational and functional autonomy to institutions
- Preparing the financial system for increasing international competition
- Opening the external sector in a calibrated manner
- Promoting financial stability in the wake of domestic and external shocks

Major Sector of Reforms

- Banking Sector
- Monetory Sector
- Financial Sector
- Forex Market

Growth Phases in Banking Sector

In over five decades since dependence , banking system in India has passes through five distinct phase .

- Evolutionary Phase (Prior to 1950)
- Foundation Phase (1950 - 1968)
- Expansion Phase (1968 – 1984)
- Consolidation Phase (1984 – 1990)
- Reformatory Phase (Since 1990)

Banking Reforms in India

- The Indian banking sectors is an important constituent of the Indian financial system .
- The banking sectors plays a vital role of promoting business in urban as well as in rural areas in recent years .
- Without in India can not be considered as a healthy economy.
- For the past three decades India's banking system has several outstanding achievements to its credit .

NPA's Have increased since 2011 after a steady decline in 2000's

Non Performing Assets (NPA)

- NPA is any asset of a bank which is not producing any income .
- A lone or lease that is not meetig its stated principle and interest payments
- Bank Usually classify as nonperforming assets any commercial loans which are more than 90 days overdue and any consumer loans which are more than 180 days overdue .
- For agricultural laons , if the interest and/or the instalment or principle remains overdue for two harvest seasons , it is declared as NPA's

- But , this period should not exceed two years . After two years any unpaid loan/instalment will be classified as NPA

Types of NPA

- SUB-STANDARD - NPA Less than 12 Months
- DOUGHTFUL – NPA more than 12 months
- LOSS ASSETS – When Bank or its auditor have identified the loss , but it has not been written off .

Reasons For Such A Situation -

- EXTERNAL REASON – Global Economic Slowdown
- INTERNAL REASON – Indiscriminate lending and poor recovery

External Reasons

- Reasons related to the corporate sector
- The global economy has also slowed down
- Continuing uncertainty in the global markets has lead to lower exports of various products like textiles , engineering goods , leather , gems , etc .
- A hurt Corporate sectoris finding it difficult to pay loans .

Other Factors

- The ban in mining projects , delay in environment related permits affecting power , iron and steel sector , volatility in prices of raw material and the shortage in availability of power .
- Bank in india are highly regulated . Priority sector lending (PSL) is one of these regulations which require the bank to give a certain % of their loans to certain sectors of society
- The sluggish legal system (Judiciary in India) and lack of systematic and constant efforts by the banks make it difficult to recover these loans from corporate and non-corporate .

Internal Factor

- Indiscriminate lending by some state owned banks during the high growth period (2004-2008) is one of the main reasons for the deterioration in assets quality .
- Bankers say there is a lack of rigour in loan appraisal systems and monitoring of warning signals at state run banks
- Poor recovery and use of coercive technique by banks in recovering loans

Impact Of Npa's –

There are several impacts due to high NPA :-

- The higher is the amount of NPA , the weaker will be the bank revenue stream
- NPA assets act as dead weight on the balance sheet
- As the NPA of the bank will rise , it will bring a scarcity of funds in the Indian Security Market.
- Few banks will be willing to lend if they ane not sure of the recovery of their money
- The shareholder of the banks will lose of money as banks themselves will find it tough to survive in the market
- This will lead to a crisis of confidence in the market .
- The price of loan , i.e the interest rates will shoot up
- Shooting of interest rates will directly impact the investors who wish to take loans for setting up infrastructure , industrial projects , etc .
- This will hurt the overall demand in the indian economy
- Finally it will lead to lower growth rates and higher inflation because of the higher cost of capital
- This trend may continue in a vicious circle and deepen the crisis .

Prevention –

- **Conservatism :**
- Bank needs to be more conservative in granting loans to sector that have traditionally found to be contributors in NPA
- The infrastructure sector , instead of getting loan from the banks can be funded from Infrastructure Debt Funds (IDFs) or other specialized funds for infrastructural development in the country .

Improving Processes

- The credit sanctioning process of bank needs to go much more beyond the traditional analysis statement and analysing the history of promoters
- For example , banks rely more on the information given by credit bureaus . However , it is often noticed that several defaults by some corporate are not registered in their credit history

Reformatory Phase (1991 Onwards)

Reasons for the formation of the reforms :-

- Continued financial profilacy of the Government coupled with close monitoring and control
- Decline in productivity and profitability

- Economic crisis of 1991
- Economic suffered from serious inflationary pressures , emerging scarcities of essential commodities and breakdown of fiscal discipline .

First Phase Of Reforms (1991)

- The Narsimhan committee I appointed to restore the financial health of commercial banks and to make their functioning efficient and profitability
- Recommendation aimed at changes according to greater flexibility to bank operations .
- The committee submitted its report in November 1991 with 23 recommendations.

Implemented Recommendations

- Lowering SLR & CRR
- Prudential Norms
- Capital Adequacy Norms
- Recovery of Debts
- Deregulation of Interest Rates
- Competition from New Private Sector Banks .
- Phasing out of Directed Credit
- Access to Capital Market
- Local area banks
- Supervision from commercial banks

Second Phase Of Reforms (1998)

- The committee of placed greater importance on structural measures and improvement in standards of disclosers and levels of transparency
- Recommendations of NARASHIMHA COMMITTEE II

Implemented Recommendations –

- New areas
- New instruments
- Risk managements
- Customers service
- Universal banking
- Information technology
- Increase in FDI limit

Impact On Indian Banking Sector

- Intense competition
- Lowered pre-emptions
- Broadening the ownership base of PSB's
- Value Added Services.

Technology Related Measures

- INFINIT a the communication backbone for the Financial Sector / Banking sector
- Negotiated Dealing System (NDS) for screen based trading in Government securities
- Real Time Gross Settlement (RTGS) System

Monitory Policy Reforms

- Twin objectives of Maintaining price stability & Ensuring availability of adequate credit to productivity sectors
- Use of broad money (M2) as an intermediates target has been deemphasized and a multiple indicator approach has been adopted
- Development of multiple instruments to transmit liquidity and interest rate signals in the short terms in a flexible and bi-directional manner
- Increase of the inter-linkage between various segments of the financial market including money , government security and forex markets
- Open market operations (OMO) to deal with overall market liquidity situation especially those emanating from capital flows
- Introduction of Market stabilization Scheme (MSS) as an additional instruments to deal with enduring capital inflows without affecting short-term liquidity management role of LAF
- Introduction of Liquidity Adjustment Facility (LAF) , which operates through repo and reserve repo auctions Liquidity Adjustment Facility (LAF)
- To nudge overnight interest rates within a specific corridor
- To de-emphasize targeting of banks and focus increasingly on interest rates
- Reducing the cash reserve ration (CRR) without loss of monetary control

Capital Market Reforms –

Secondary market Regulations :

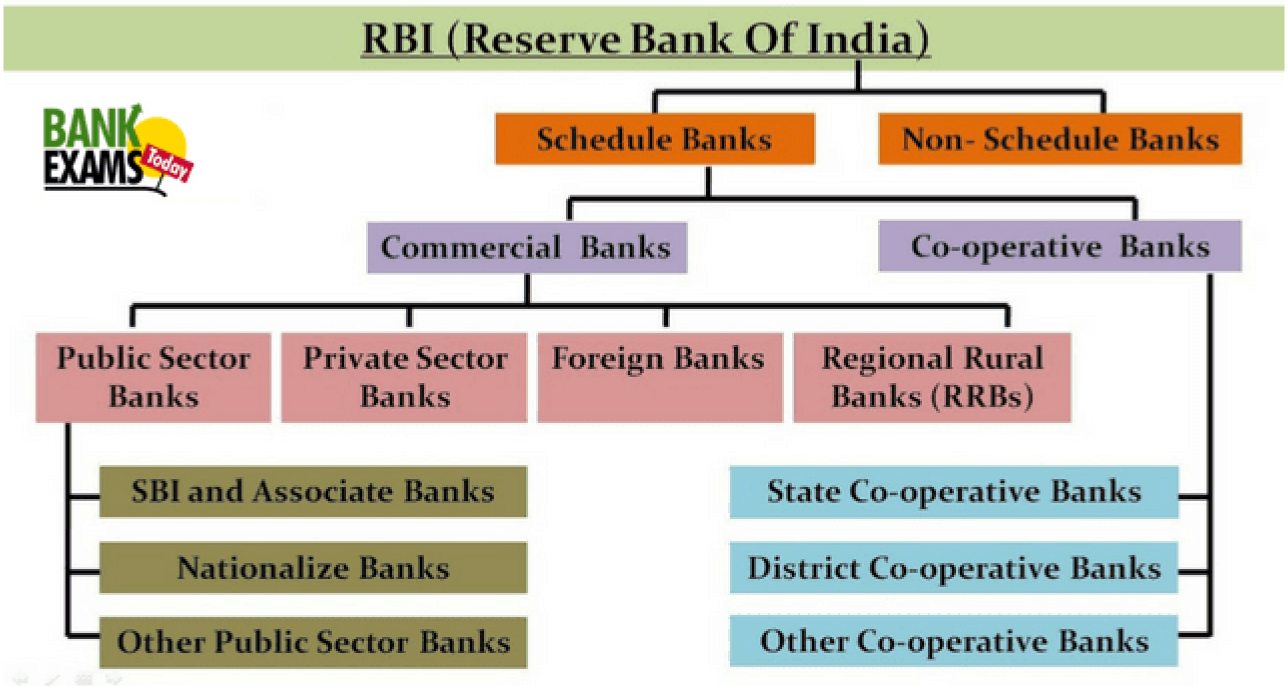
- Capital adequacy and prudential regulation were introduced for brokers , and other intermediaries
- Dematerilization of Scrips was initiated with the creation of legislative framework and the setting up of the first depository
- Settlement period was reduced to one weak
- Carry forward trading was banned
- Tentative move were made towards a rolling settlement system.

Our View Point

- Financial system in India , through a measure , gradual , caution and steady process has undergone substantial transformation
- Reasonably sophisticated , diverse and resilient system through well – sequenced and coordinated policy measures aimed at making the Indian financial sectors competitive , efficient , and stable
- Efficient monetary management has enabled price stability while ensuring availability of credit to support investment demand and growth in the economy .
- The multi-pronged approach towards managing capital account in conjuction with prudent and cautions approach to financial liberalisation has ensure financial stability in contrast to the experience of many developing and emerging economies
- Monetary policy and finance sector reforms in India had to be fine tuned to meet the challenges emanating from all global and domestic shocks
- Viewed in this light , the success in maintaining price and financial stability is all the more creditworthy .
- The overall objective of maintaining price stability in the context of economy growth and financial stability will remain.

Structure of Indian Banking System With Diagram

Banking System in India or the Indian Banking System can be segregated into three distinct phases:



A. Early Phase Of Indian Banks, From 1786 To 1969

The first bank, namely Bank of Bombay was established in 1720 in Bombay. Later on, Bank of Hindustan was established in Calcutta in 1770. General Bank of India was established in 1786. Bank of Hindustan carried on the business till 1906.

<u>First Joint Stock Bank with limited liability established in India in 1881 was Oudh Commercial Bank Ltd.</u>

East India Company established the three independently functioning banks, also known by the name of "Three Presidency Banks" - The Bank of Bengal in 1806, The Bank of Bombay in 1840, and Bank of Madras in 1843. These three banks were amalgamated in 1921 and given a new name as Imperial Bank of India. After Independence, in 1955, the Imperial Bank of India was given the name "State Bank of India". It was established under State Bank of India Act, 1955.

In the surcharged atmosphere of Swadeshi Movement, a number of private banks with Indian managements had been established by the businessmen from mid of the 19th century onwards, prominent among them being Punjab National Bank Ltd., Bank of India Ltd., Canara Bank Ltd, and Indian

Bank Ltd. The first bank with fully Indian management was Punjab National Bank Ltd. established on 19 May 1894, in Lahore (now in Pakistan).

B. Nationalization Of Banks And The Banking Sector Reforms, From 1969 To 1991:

The number of banks in India in 1951 was the highest – 566. In 1960, RBI was empowered to force the compulsory merger of the weak banks with the strong ones. This led to a reduction in the number of banks to 89 in 1969.

On July 19, 1969, 14 major banks were nationalized.
On April 15, 1980, another six banks were nationalized and thus raising the number of nationalized banks to 20.

C. New Phase of Indian Banking System, With The Reforms After 1991:

On the suggestions of Narasimha Committee, the Banking Regulation Act was amended in 1993 and thus the gates for the new private sector banks were opened.

In 1993, New Bank of India was merged with Punjab National Bank. "Industrial Development Bank of India (IDBI)" - was established as a Development Bank in 1964 - by an act of Parliament. It was given the status of a scheduled bank in September 2004 by RBI.

Bharatiya Mahila Bank Ltd – all women's bank was established in 2013. It is based in New Delhi. Its first branch started its operations on November 19, 2013. The inauguration was done by former Indian Prime Minister S. Manmohan Singh.

The Present Structure Of Indian Banking System Is As Follows:-

Reserve Bank of India is the central bank of the nation and all Banks in India are required to follow the guidelines issued by RBI. The present structure includes:

1. Public Sector Banks:

These include:

Currently, there are 27 Public Sector Banks in India including 19 Nationalized Banks (14+6 – 1 New Bank of India merged with PNB in 1993 + SBI which is not a nationalized bank + Five Subsidiaries of SBI + IDBI + Bharatiya Mahila Bank – established under Parliament of India Acts).
State Bank of India and its 5 Associate Banks, together called State Bank Group (The names of the 5 Associate Banks are: State Bank of Travancore (SBT), State Bank of Patiala (SBP), State Bank of Hyderabad (SBH), State Bank of Mysore (SBM) and State Bank of Bikaner and Jaipur (SBBJ). The Union Cabinet approved the merger of the five subsidiaries; and Bharatiya Mahila Bank Ltd with SBI on June 15, 2016, and the merger is in progress.

SBI AND ITS ASSOCIATES (NOW ALL THE 5 ASSOCIATES MERGED WIH SBI

- State Bank of Patiala
- State Bank of Bikaner & Jaipur
- State Bank of Mysore
- State Bank of Hydrabad
- State Bank of Travancore
- Earlier, State Bank of Indore and State Bank of Saurashtra already been merged with SBI.

OTHERS

- Other Nationalised Banks........................19
- Other Public Sector Banks.........................1
- IDBI and Bhartiya Mahila Bank..................1
- (BMB also now merged with SBI)

TOTAL PUBLIC SECTOR BANKS 21

After merger of 5 Associate Banks and BMB with SBI there will be 21 Public Sector Banks.
Total commercial Banks ....87 (before merger93)

PUBLIC SECTOR BANKS (21):

1. SBI
2. Allahabad Bank
3. Bank of India
4. Bank of Baroda
5. Bank of Maharashtra
6. Canara Bank

7. Central Bank f India
8. Corporation Bank
9. Dena Bank
10. Indian Bank
11. Indian Overseas Bank
12. OBC
13. Punjab & Sind Bank
14. Punjab National Bank
15. Syndicate Bank
16. UCO Bank
17. Union Bank of India
18. United Bank of India
19. Vijaya Bank

OTHER PUBLIC SECTOR BANK

1. IDBI

2. BMB (merged with SBI)
Regional Rural Banks (RRBs): Previously these were 196 Regional Rural Banks sponsored by 27 State Cooperative Banks. As on 31st March 2013 due to mergers, their number has come down from 196 to 64. The numbers of branches of RRBs are 17856 as on 31 March 2013 covering 635 districts throughout the country. Notably, currently, there are 664 districts in India.

Development Banks: These include Industrial Finance Corporation of India (IFCI) established in 1948, Export-Import Bank of India (EXIM Bank) established in 1982, National Bank for Agriculture & Rural Development (NABARD) established in 1982, and Small Industries Development Bank of India (SIDBI) established on 2nd April 1990.

2. Private Sector Banks:

These include:

1. **Private Banks and Foreign Banks**: These include Private Banks and Foreign Banks in India. Currently, there are 23 banks operating in India in this category.
2. **District Central Co-Operative Banks in India**: As on 01.04.2016, there are 371 District Central Cooperative Banks in India with the maximum number of these located in U.P. (50) and Madhya Pradesh (38).

NEW GENERATION PRIVATE BANKS

- HDFC Bank
- ICICI Bank
- AXIS Bank
- Yes Bank

OLD PRIVATE SECTOR BANKS:

- Karur Vysaya Bank
- South Indian Bank etc.

Scheduled Banks

Those banks which are included in 2nd Schedule of RBI Act 1934. These banks should fulfill two conditions:
1.Paid up capital and collected funds should not be less than Rs.5 lacs.
2.Any activity of the Bank should not be detrimental or adversely affect the interests of the customers.

EVERY SCHEDULED BANK ENJOYS TWO PRINCIPAL FACILITIES

1.It becomes eligible for a Loan from RBI at Bank Rate.
2.It automatically acquires the membership of Clearing House.

Scheduled Banks Comprises Of:

- Commercial Banks
- Cooperative Banks

Commercial Banks are both Scheduled and Non-scheduled commercial banks regulated Banking Regulaions Act 1949. Commercial Banks works on a 'Profit Basis' and are engaged in the business of accepting deposits for the purpose of advances/loans

4 Types Of Scheduled Commercial Banks (Scbs)

I. Public Sector Banks
II. Private Sector Banks
III. Foreign Banks
IV. Regional Rural Banks

3. Foreign Banks

Which are incorporated outside India and are operating branches in India also. For example:

- UK Banks : HSBC, Barclays Banks Standard Chartered Bank Royal Bank of Scotland
- US Banks: Bank of America Citi Bank American Express

Some foreign banks are also having their representative offices in India

4. Regional Rural Banks

- RRBs were established in 1975 under RRB Act 1976.
- Main focus : Rural Area Development and elimination of money lenders.

Rrbs Are Jointly Owned By

- Govt. Of India 50%
- State Govt. 15%
- Sponsored Bank 35%
- Recommendations : Narsimham Committee
- First RRB : Pratham Gramin Bank by Syndicate Bank in Moradabad (UP).
- Regulated By : NABARD
- Minimum Capital : Rs. 5 crore

PS Lending Target Of Rrbs

75% of total outstanding advances should be to Priority Sector :

- Agriculture incl. Small & Marginal - 18%
- Weaker Sector - 15%
- MSME - 7.5%
- Education
- Housing
- Social Infrastructure
- Renewable Energy
- Others

5. Cooperative Banks

Cooperative Banks are small sized banks operating in rural and urban areas. They also perform fundamental banking activities but they are different from commercial banks.

- **Coop.** Banks are registered under Coop. Societies Act 1965 with RCS of the State.
- **Coop.** Banks are regulated by RBI under Banking Regulations Act 1949.
- **Coop.** Banks have limited products like – No ATM, Internet / Mobile Apps. Banking, RTGS/NEFT , Lesser Network of Branches etc.

Coop. Banking Structure Is Divided Into 5 Categories:

1. Primary Coop. Credit Society – Association of borrowers and non-borrowers. Funds of society are derived from members.
2. District Central Coop. Bank – Functions at District level only

3. <u>State Coop. Bank –</u> Apex Body the State Govt.
4. <u>Land Development Bank –</u> Long term loans to farmers. No deposits from public.
5. <u>Urban Coop. Bank –</u> general banking activities at State level.

6. Development Banks:

- **<u>IFCI :</u>** To cater to the long term financial needs of the Industrial Sector/Big projects.
- **<u>IDBI :</u>** for Industrial Sector now merged with IDBI Bank.
- **<u>SIDBI :</u>** Loan assistance to MFIs (Micro Finance Institutions) for onward lending to individuals/ SHG, subject to Min.Rs.50 lacs.
- Finance by MFI per borrower should not be more than Rs.60000/- and per SHG Rs.100000.

7. Exim Bank

Govt. owned institution to finance and support exports and import of goods. Planning, Promoting & Developing Exports and Imports

8. Nabard:

Promotion and development of agriculture, small scale industries, cottage and village industries, handicrafts and other allied economic activities

Different Types Of Banking: Key Points To Know

Para Banking:

- Para banking activities are defined as those banking activities which a bank performs apart from its daily activities like withdrawal or deposit of money.
- Under para banking activities banks can undertake activities either departmentally or by setting up subsidiaries.

Narrow Banking:

- This is a type of banking in which banks invest money mostly in government bonds and securities.
- This is done to avoid risk in the market.
- Banks dedicated to such type of banking are also known as Narrow Banks.

Offshore Banking

- When a bank accepts currencies of countries abroad, such an activity is known as Offshore banking
- Sometimes people require more than their local banks can offer. In such cases, they opt for Offshore banking.
- It provides financial and legal benefits like privacy and minimal taxation.

Green Banking

- Green banking promotes deployment of clean energy technologies.
- It stresses on environmentally friendly practices and aims at reducing the carbon footprint from banking activities.
- These activities seek to reduce costs of energy for ratepayers, private sector investments and other economic activities.

Retail Banking

- Retail banking is a type of banking in which direct dealing with the retail customers is done. This type of banking is also popularly known as consumer banking or personal banking
- Retail banking is the visible face of banking to the general public.

Wholesale Banking

- Wholesale banking can be referred to as the services provided by banks to organisations like Mortgage Brokers, corporate clients, medium scale companies, real estate developers and investors, international trade finance businesses, institutional customers (such as pension funds & government agencies) and services offered to other banks or financial institutions.

Universal Banking

- The recommendation of the concept of Universal Banking was done by the R H Khan committee.
- This is a type of banking in which banks are allowed to undertake all types of financial activities regarding banking or development in accordance with the statutory and other requirements of RBI, Government and related legal Acts.
- Universal Banking includes activities like accepting deposits, issuing credit cards, investing in securities, merchant banking, foreign exchange operations, etc.

Islamic Banking

- Islamic banking is a kind of banking activity which strictly follows the principles of the Islamic law (Sharia) and its application practically through the development in Islamic economics
- A better and more apt term for Islamic banking is Sharia Compliant Finance.

Unit Banking

- USA is where such type of banking was first introduced.
- In such a type of banking, all the operations are performed from a single branch.
- A customer having an account in a specified branch has to undergo all banking activities through that branch.
- Examples are Regional Rural Banks and Local Area Banks.

Mixed Banking

- Mixed banking is a type of banking in which deposits and investment activities take place simultaneously.
- It can also be described as the dual functioning of investment banking and commercial banking.

Chain Banking:

- Chain banking is a type of banking which is a group of minimum 3 banks held together by a group of people to carry out effective banking activities.
- Instead of having a holding company the bank functions independently.
- The revenue is maximised since there is no overlap of activities.

Relationship Banking

- In such a type of banking, the the major needs of the customers are understood by the bank and accordingly banking services are provided to the individual.
- Banks get to know if the customer is credit worthy since they have to gather information about its customers.

Correspondent Banking

- In more than 200 countries, this type of banking is prevalent and is considered the most profitable way of doing business.
- In such a type of banking, the bank does not have a physical presence or any limitations in the permission of operations.
- It acts as a banking agent for a home bank.

Payment and Settlements Systems In India

The Reserve Bank of India is the central bank of India, acts as a regulator of the financial system. In India, Payment and Settlement are regulated by **''The Payment and Settlement Systems Act, 2007''** Which provides the authority to RBI for all payment and settlement related matters. This act also provides the legal basis for 'netting' and 'settlement finality'.

Under this act two regulations have been made by RBI, One is, **Board for Regulation and Supervision of Payment and Settlement Systems (BPSS) 2008.** This committee is formed by the central board of directors of RBI. It deals with exercising its powers, the constitution of subcommittees and advisory committees for payment and settlement related matters.
Another one is **Payment and Settlement Systems Regulations, 2008.** It deals the issues like the form of application for authorization for commencing on a payment system and grant of authorization, payment systems, furnishing of returns, documents, the furnishing of accounts and balance sheets by systems provider etc.

CCIL- Clearing Corporation Of India Limited –

- It is an agency which will extend guaranteed settlement for trades done or reported on NDS in government securities including Treasury Bills.
- This is used to remove the effect of credit risk faced by the members who buy securities and sell securities.
- CCIL provides the additional comfort of improved risk management practices through daily marking to market of collateral, maintenance of daily margins by members and through a guarantee fund.
- Settlement through CCIL will be done on Delivery Versus Payment II (DVP II) mechanism. It refers to the settlement of securities on the gross basis while funds will settle on the net basis.

NEFT –National Electronic Funds Transfer

- It facilitates, funds can be transferred electronically from any bank branch to another having an account with any other bank branch in the country.
- It operates in hourly batches that mean funds transferred in hourly batches – there is eleven settlement from 9 am to 7 pm on week days and five settlements from 9 am to 1 pm on Saturdays.
- There is **no minimum or maximum** on a number of funds that could be transferred using NEFT.
- **IFSC –Indian financial system code** is an alphanumeric code that uniquely identifies a bank-branch participating in the NEFT system to route the messages to the destination bank or branch.
- 11 digit codes with first 4 alpha characters representing the bank and the last 6 numeric characters represent the branch.The 5th character is 0.

RTGG – Real Time Gross Settlement

- It facilitates fund transfer from one bank to another on real time and on the gross basis.
- Without bunching with any other transactions, this fund transfer facilitates one to one basis without any waiting period.
- This is the fastest possible money transfer system and this system is meant for large value transactions. The minimum amount to be remitted through RTGS is 2 lakh. There is no upper limit for RTGS transactions.
- Fund transactions available from 9.00 hours to 16.30 hours on weekdays and from 9.00 hours to 13.30 hours on Saturdays for settlement.

EFT –Electronic Funds Transfer

- By this money can transfer from account to account of any bank branch to any other bank branch in places where EFT services are offered.
- EFT system presently covers all the branches of the public sector banks and scheduled commercial banks.

HVC- High-Value Clearing

- To facilitate faster clearing of large value cheques (of the value of rupees one lakh and above) RBI introduce HVC, covering selective branches of banks for same day settlement.

CTS- Cheque Truncation System

- It is a Cheque clearing system. Clearinghouse sends the electronic image of the cheque and related information to the paying branch to eliminate the flow of physical cheque. It speeds up the process of collection of cheques.
- It provides more secure transactions.
- Reduces the scope for clearing related frauds or loss of instruments in transit.
- Lowers the cost of collection of cheques.
- Removes the reconciliation related and logistics-related problems thus benefiting the system as the whole.

ECS – Electronic Clearing Service

- This uses a series of electronic payment instructions for transfer of funds instead of paper instruments.
- ECS-Credit – This enables companies to pay interest or dividend to a large number of beneficiaries by the direct credit of the amount to their bank accounts.

- ECS- Debit – This facilitates payment of charges to utility services such as loan instalments, electricity bill and payment of insurance premium, directly by debit to the customer's account with a bank.

NECS-National Electronic Clearing Service

- It facilitates credits to bank accounts of multiple customers against a single debit of remitter's account.
- NECS (Debit) - launched to facilitate multiple debts to destination account holders against a single credit to the sponsor bank.
- The system has a pan India characteristic leveraging on CBS of member banks, facilitates all CBS bank branches to participate in the system.

NPCI -National Payment Corporation Of India

- The objective of this newly established company promoted by banks in India is to build robust and state of the art national level retail electronic payment system infrastructure in the country.
- NPCI was incorporated in December 2008 and the certificate of commencement of business was issued in April 2009.

First in Banks: Banking History

- **First bank in India**- Bank of Hindustan (1770)
- **First Bank managed by Indians**- Oudh Commercial Bank
- **First Bank with Indian capital**- Punjab National Bank (Founder of the Bank is Lala Lajpat Rai)
- **First Foreign Bank in India** – HSBC
- **First bank to get ISO certificate** – Canara Bank
- **First Indian bank outside India** –Bank of India
- **First Bank to introduce ATM** – HSBC (1987, Mumbai)
- **First Bank to have joint stock public bank (Oldest)** – Allahabad Bank
- **First Universal bank** – ICICI (Industrial Credit and Investment Corporation of India)
- **First bank to introduce saving account** – Presidency Bank (1833)
- **First Bank to introduce Cheque system** – Bengal Bank (1833)
- **First bank to give internet banking facility** – ICICI
- **First bank to sell mutual funds** – State Bank of India
- **First bank to issue credit cards** - Central Bank of India
- **First Rural Regional Bank (Grameen Bank)** – Prathama Bank (sponsored by Syndicate Bank)
- **First bank to get 'in principle' banking license** – IDFC and Bandhan Bank
- **First Bank to introduce merchant banking in India** – Grind lays bank
- **First bank to introduce block chain technology** – ICICI
- **First bank to introduce voice biometric** – Citi Bank
- **First bank to introduce robot in banking service**- HDFC

Miscellaneous Points:

- **Largest public sector bank in India – State Bank of India**
- **Largest private sector bank in India – ICICI**
- **Largest foreign bank in India – Standard Chartered Bank**
- **Bank with more branches in India – State Bank of India**

Present 5 Associates of SBI :

- Bank of Travancore
- Bank of Patiala
- Bank of Bikaner and Jaipur
- Bank of Hyderabad
- Bank of Mysuru

Banking And Financial Committees In India

Committee	Areas
YH Malegam committee	Monitor Bad Loans
Revamps Expert Panel	Market Infrastructure Institutions
Jaitley-led Panel	Inspect the merger proposals of state-owned banks.
M Vinod Kumar Panel	Review of GST laws
Arbind Modi-led Panel	Simplify Income Tax Laws
AK Bhuchar Committee	Coordination Between Term Lending Institutions And Commercial Banks
B Eradi Committee	Insolvency And Wind Up Laws
Wanchoo Committee	Direct Taxes
YV Reddy Committee	Reforms In Small Savings
B Sivaraman Committee	Institutional Credit For Agricultural & Rural Development
A Ghosh Committee	Frauds & Malpractices In Banks

Abid Hussain Committee	Development Of Capital Markets
Adhyarjuna Committee	Changes In NI Act And Stamp Act
G Sundaram Committee	Export Credit
Gadgil Committee (1969)	Lead Banking System
James Raj Committee	Functioning Of Public Sector Banks
Jankiramanan Committee	Securities Transactions Of Banks & Financial Institutions
JV Shetty Committee	Consortium Advances
K Madhav Das Committee	Urban Cooperative Banks
Kalyanasundaram Committee	Introduction Of Factoring Services In India
Kamath Committee	Education Loan Scheme
Karve Committee	Small Scale Industry
Godwala Committee	Rural Finance
B Venkatappaiah Committee	All India Rural Credit Review
BD Shah Committee	Stock Lending Scheme
BD Thakar Committee	Job Criteria In Bank Loans (Approach)
Bhagwati Committee	Unemployment
Bhagwati Committee	Public Welfare
Bhave Committee	Share Transfer Reforms
Bhide Committee	Coordination Between Commercial Banks And SFC's
Bhootlingam Committee	Wage, Income & Prices
C Rao Committee	Agricultural Policy
CE Kamath Committee	Multi-Agency Approach In Agricultural Finance
Chatalier Committee	Finance To Small Scale Industry
Chesi Committee	Direct Taxes
Cook Committee (On Behalf Of BIS – Under Basel Committee)	Capital Adequacy Of Banks
D R Mehta Committee	Review Progress And Recommend Improvement Measures Of IRDP
Damle Committee	MICR

WS Saraf Committee	Technology Issues In Banking Industry
Y H Malegam Committee	Disclosure Norms For Public Issues
Dandekar Committee	Regional Imbalances
Dantwala Committee	Estimation Of Employment
Dave Committee	Mutual Funds (Functioning)
Dharia Committee	Public Distribution System
A Ghosh Committee	Final Accounts
DR Gadgil Committee	Agricultural Finance
Goiporia Committee	Customer Service In Banks
GS Dahotre Committee	Credit Requirements Of Leasing Industry
GS Patel Committee	Carry Forward System On Stock Exchanges
Hathi Committee	Soiled Banknotes
Hazari Committee (1967)	Industrial Policy
SS Kohli Committee	Rationalization Of Staff Strength In Banks
SS Tarapore Committee	Capital Account Convertibility
Dutta Committee	Industrial Licensing
A C Shah Committee	NBFC
A Ghosh Committee	Modalities Of Implementation Of New 20 Point Programme
G Lakshmi Narayan Committee	Extension Of Credit Limits On Basis Of Consortium
IT Vaz Committee	Working Capital Finance In Banks
J Reddy Committee	Reforms In Insurance Sector
KB Chore Committee	To Review The Symbol Of Cash Credit Q
Khanna Committee	Non-Performing Assets
Khusrau Committee	Agricultural Credit
KS Krishnaswamy Committee	Role Of Banks In Priority Sector And 20 Point Economic Programme
L K Jha Committee	Indirect Taxes
LC Gupta Committee	Financial Derivatives
Marathe Committee	Licensing Of New Banks

ML Dantwala Committee	Regional Rural Banks
Mrs. KS Shere Committee	Electronic Fund Transfer
P R Nayak Committee	Institutional Credit To SSI Sector
P Selvam Committee	Non Performing Assets Of Banks
Pendarkar Committee	Review The System Of Inspection Of Commercial, RRB And Urban Cooperative Banks
PC Luther Committee	Productivity, Operational Efficiency & Profitability Of Banks
PD Ojha Committee	Service Area Approach
Nadkarni Committee	Improved Procedures For Transactions In PSU Bonds And Units
Nariman Committee	Branch Expansion Programme
Narsimham Committee	Financial System
Omkar Goswami Committee	Industrial Sickness And Corporate Restructuring
Pillai Committee	Pay Scales Of Bank Officers
RK Talwar Committee	Customer Service
RK Talwar Committee	Enactment Having A Bearing On Agro Landings By Commercial Banks
R Jilani Banks	Inspection System Of Banks
Rajamannar Committee	Changes In Banking Laws , Bouncing Of Cheques Etc.
Tandon Committee	Follow Up Of Bank Credit
Tandon Committee	Industrial Sickness
Thakkar Committee	Credit Schemes To Self Employed
Mahadevan Committee	Single Window System
Mahalanobis Committee	Income Distribution
Rakesh Mohan Committee	Petro Chemical Sector
Shankar Lal Gauri Committee	Agricultural Marketing
SK Kalia Committee	Role Of NGO And SHG In Credit
SL Kapoor Committee	Institutional Credit To SSI
Ram Niwas Mirdha Committee (JPC)	Securities Scam

Rangarajan Committee	Computerization Of Banking Industry
RS Saria Committee	Agricultural Finance And Cooperative Societies
Raghavan Committee	Competition Law
Raja Chelliah Committee	Tax Reforms
Rajamannar Committee	Centre-State Fiscal Relationships
Rangarajan Committee	Public Sector Disinvestment
PR Khanna Committee	Develop Appropriate Supervisory Framework For NBFC
Purshottam Das Committee	Agricultural Finance And Cooperative Societies
Rashid Jilani Committee	Cash Credit System
Ray Committee	Industrial Sickness
RG Saraiya Committee (1972)	Banking Commission
PL Tandon Committee	Export Strategy
RH Khan Committee	Harmonization Of Banks And SSIS
Vaghul Committee	Mutual Fund Scheme
Varshney Committee	Revised Methods For Loans (>2 Lakhs)
RK Hajare Committee	Differential Interest Rates Scheme
S Padmanabhan Committee	Onsite Supervision Function Of Banks
S Padmanabhan Committee	Inspection Of Banks (By RBI)
Venketaiya Committee	Review Of Rural Financing System
Samal Committee	Rural Credit
SS Kohli Committee	Willful Defaulters
SS Nadkarni Committee	Trading In Public Sector Banks
SC Choksi Committee	Direct Tax Law
RN Malhotra Committee	Reforms In Insurance Sector
RN Mirdha Committee	Cooperative Societies
RV Gupta Committee	Agricultural Credit Delivery
Sodhani Committee	Foreign Exchange Markets In NRI Investment In India
SS Kohli Committee	Rehabilitation Of Sick Industrial Units

Sukhmoy Chakravarty Committee	To Review The Working Of Monetary System
Tambe Committee	Term Loans To SSI
Thingalaya Committee	Restructuring Of RRB
Tiwari Committee	Rehabilitation Of Sick Industrial Undertakings
UK Sharma Committee	Lead Bank Scheme (Review)
Usha Thorat Panel	**Financial Inclusion**
Vipin Malik Committee	Consolidated Accounting By Banks
VT Dehejia Committee	To Study Credit Needs Of Industry And Trade Likely To Be Inflated
Vyas Committee	Rural Credit

Groups & Committees By Rbi

Groups & Committees	Chairmen
Working Group to Assess Tax Risks of Migrating HNIs	**Sushil Chandra**
Working Group on Benchmark Prime Lending Rate (BPLR)	**Deepak Mohanty**
Working Group on Surveys	**Deepak Mohanty**
High Level Committee to Review Lead Bank Scheme	**Usha Thorat**
Working Group to Review the Business Correspondent Model	**P Vijaya Bhaskar Rao**
High Level Group on Systems and Procedures for Currency Distribution	**Usha Thorat**
G20 Working Group on Enhancing Sound Regulation and Strengthening Transparency	**Dr. Rakesh Mohan and Mr Tiff Macklem**
Committee on Financial Sector Assessment	**Dr. Rakesh Mohan**
Working Group on Savings for the Eleventh Five Year Plan (2007-08 to 2011-12)	**Dr.Rakesh Mohan**
Internal Technical Group on Seasonal Movements in Inflation	**Dr. Balvant Singh**
Working Group to Examine the Procedures and Processes of Agricultural Loans	**C P Swarankar**
Task Force on Empowering RRB Boards for Operational Efficiency	**Dr. K.G. Karmakar**

Technical Group Set up to Review Legislations on Money Lending	**Shri.S. C. Gupta**
Working Group To Suggest Measures To Assist Distressed Farmers	**Shri. S. S. Johl**
Working Group on Technology Upgradation of Regional Rural Banks	**Shri G. Srinivasan**
Interest Rate Futures	**Shri V.K. Sharma**
Internal Working Group to Study the Recommendations of the NCEUS Report	**KUB Rao**
Working Group on Improvement of Banking Services in the Union Territory of Lakshadweep	**S. Ramaswamy**
Technical Advisory Group on Development of Housing Start-Up Index in India	**Prof. Amitabh Kundu**
Working Group on Defraying Cost of ICT Solutions for RRBs	**Shri G. Padmanabhan**
Working Group on IT support for Urban Cooperative Banks	**R Gandhi**
High Level Committee on Estimation of Savings and Investment	**Dr. C. Rangarajan**
Committee on the Global Financial System (CGFS) on Capital Flows and Emerging Market Economies	**Dr. Rakesh Mohan**
Working Group on Rehabilitation of Sick SMEs	**Dr. K. C. Chakrabarty**
Working Group on Improvement of Banking Services In Jharkhand	**V.S.Das**
Working Group for setting up Credit Information Bureau in India	**Shri N.H.Siddiqui**
Committee for Redesigning of Financial Statements of Non-Banking Financial Companies	**Shri V.S.N. Murthy**
Committee on Capital Account Convertibility	**Shri S.S.Tarapore**
Working Group on Compilation of State Government Liabilities	**Dr. N.D. Jadhav**
Working Group on Improvement of Banking Services in Uttaranchal	**V.S. Das**
Task Force For Diamond Sector	**A K Bera**
Working Group on Improvement of Banking Services in	**Dr. J. Sadakkadulla**

Himachal Pradesh	
Technical Group on Statistics for International Trade in Banking Services	**Shri K.S.R.Rao**
Technical Advisory Group On Development Of Leading Economic Indicators For Indian Economy	**Dr R B Barman**
Need and Use Behavior for Small Denomination Coins	**Sanal Kumar Velayudhan**
Debt Sustainability at State Level in India	**Indira Rajaraman, Shashank Bhide and R.K.Pattnaik**
Internal Group to Examine Issues Relating to Rural Credit and Microfinance	**Shri H.R.Khan**
Working Group to Review Export Credit	**Shri Anand Sinha**
Internal Working Group on RRBs	**Shri A V Sardesai**
Working Group on Cost of NRI Remittances	**P. K. Pain**
Working group to formulate a scheme for Ensuring Reasonableness of Bank Charges	**N. Sadasivam**
Committee on Fuller Capital Account Convertibility	**S.S.Tarapore**
Committee on Financial Sector Plan for North Eastern Region	**Smt. Usha Thorat**
Survey on Impact of Trade-Related Measures on Transaction Costs of Exports	**Balwant Singh**
Advisory Committee on Ways and Means Advances to State Governments	**M.P.Bezbaruah**
Working Group on Warehouse Receipts and Commodity Futures	**Shri Prashant Saran**
Internal Group to Review Guidelines on Credit Flow to SME Sector	**Shri C.S.Murthy**
Working Group on Regulatory Mechanism for Cards	**Shri R.Gandhi**
Group on Model Fiscal Responsibility Legislation at State Level	**Shri H R Khan**
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Special Group for Formulation of Debt Restructuring Mechanism for Medium Enterprises	**Shri G.Srinivasan**
Working Group on Screen Based Trading In Government	**Dr.R.H.Patil**

Securities	
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Working Group on Introduction of Credit Derivatives in India	**Shri B. Mahapatra**
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Report on Monitoring of Financial Conglomerates	**Smt.Shyamala Gopinath**
Working Group on Development Financial Institutions	**Shri N. Sadasivan**
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Working Group on Information on State Government Guaranteed Advances and Bonds	**Shri.G.Padmanabhan**
Working Group on Cheque Truncation and E-cheques	**Dr.Barman, ED**
Committee on Payment Systems	**Dr R H Patil**
Review Group on The Working of The Local Area Bank Scheme	Shri G.Ramachandran
Technical Group on Statistics of International Trade in Services	**Shri Deepak Mohanty**
Working Group for Suggesting Operational and Prudential Guidelines on STRIPS (Separately Traded Registered Interest and Principal of Securities)	**Shri M.R.Ramesh**
Working Group on Restructuring Weak Public Sector Banks	**Shri M.S.Verma**

Working Group for Working Out Modalities on Dissemination of Information in Electronic Form	**Shri Y.S.P. Thorat and Shri C.R. Gopalasundaram**
Committee on Technology Upgradation in the Banking Sector	**Dr A.Vasudevan]**
Working Group of EURO	**Shri V.Subrahmanyam**
New Monetary Aggregates	**Dr. Y.V. Reddy**
Working Group on Electronic Money	**Mr.Zarir J. Cama**
Working Group on Economic Indicators	**Dr. R.B. Barman**
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The Expert Committee on Legal Aspects of Bank Frauds	**Dr.N.L. Mitra**
Standing Committee on International Financial Standards and Codes	**Dr. Y.V.Reddy**
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Working Group on Consolidated Accounting and Other Quantitative Methods to Facilitate Consolidated Supervision	**Shri Vipin Malik**
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Inter-Departmental Group to study the Rationalisation of Current account Facility with Reserve Bank of India	**Shri K.W. Korgaonkar**
Technical Group on Phasing Out of Non-banks from Call/Notice Money Market (March 2001)	**Dr.Y.V.Reddy**
Core Group on Voluntary Disclosure Norms for State Governments	**Dr.Y.V.Reddy**
Task Force to Study the Cooperative Credit System and Suggest Measures for its Strengthening	**Shri Jagdish Kapoor**
Internal Group to Review the Guidelines Relating to Commercial Paper	**Dr.Y.V.Reddy**
High Power Committee on Urban Cooperative Banks	**Shri Madhav Rao**

Establishment Years Of Financial Institutions In India

Organization	Establishments Year
Imperial Bank of India (Now State Bank of India)	1921
Reserve bank of India (Nationalisation of RBI took place on January 1,1949)	April 1,1935
Industrial Finance Corporation of India (IFCI)	1948
State bank of India (SBI)	July 1,1955
Unit Trust of India (UTI)	February 1, 1964
IDBI	July 1964
NABARD	July 12, 1982
IRBI (Now it has been renamed as IIBIL since March 6, 1997	March 20, 1985
SIDBI	1990
EXIM Bank	January 1, 1982
National Housing Bank (NHB)	July 1988
Life Insurance Corporation (LIC)	September 1956
General Insurance Corporation (GIC)	November , 1972
Regional Rural banks (RRBs)	October 2, 1975
Risk Capital and Technology Finance Corporation Ltd.	March 1975
Technology Development & Information Co. of India Ltd.	1989
Infrastructure Leasing & Financial Services Ltd.	1988
Housing Development Finance Corporation Ltd. (HDFC)	1977

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