

Types of Banks in India

Bank can be defined as a financial institution that receives deposits and grants loans. The three most common types of Banks in India includes Retail banks, investment banks, and corporate banks.

The different types of Banks in India are as follows-

- Payment banks
- Small Finance banks
- Specialized banks
- Local Area banks
- Regional Rural banks
- Commercial banks
- Cooperative banks
- Central banks

Classification of Banks

In India, all banks (be it RRB, Cooperative, or Commercial) are classified into the following two types based on the Banking Regulation Act 1949-

- **Scheduled Banks**- All the banks listed in the 2nd schedule of the RBI Act of 1934 are Scheduled Banks. Such banks have passed the eligibility criteria for getting loans on Bank rates from RB.
- **Non-Scheduled Banks**- The banks that are not listed in the 2nd schedule of the RBI Act of 1934 are non-Scheduled Banks.

Functions of Banks

The Functions of Banks in India are almost the same as each other. However, it differs in the types of deals or the group of people in each type of bank. The common functions of the banks in India are given as follows-

- It deals with the foreign exchange market.
- Provides locker facilities to the customers.
- Issues the draft.
- Fund transfer.
- Lending facility.
- Demand withdrawal facility
- Accepts the public deposits.

Different types of Banks in India

Banks deal with financial services like providing lockers, currency exchange, wealth management, etc. Here is a detailed explanation of all the types of banks in India-
Central Bank in India

The central bank of India is the Reserve Bank of India (RBI). Central banks are the regulatory body in a country that operates the country's other banks. It acts as a bank of the government that regulates and guides other banks in the country. The central bank of a country can be considered the banker's bank because it is responsible for providing functioning assistance to all the other banks under the government's supervision.

The major functions performed by the Central bank are as under-

- It Supervises the financial system of the country.
- It is responsible for implementing monetary policies.
- Central Bank of India issues currency.
- It guides other types of banks in India.

Commercial Banks in India

A commercial bank is a financial institution that performs the functions of accepting deposits from the general public and giving loans for investment to earn profit. The commercial bank offers other financial services like ATM, Demand Draft, Certificate of Deposits, etc as well.

In India, commercial Banks are those scheduled and non-scheduled commercial banks that are regulated under Banking Regulation Act, 1949.

The Commercial Banks in India are further segmented into three-

- **Public Banks in India-** The type of bank wherein Government or the central bank owns most of the stakes is called a public sector bank. Nirmala Sitaraman, the Union Finance Minister of India announced the merger of 10 public sector banks (PSBs) with four better-performing anchor banks on 30th August 2019. Hence, with effect from 1st April 2020, India has 12 Public Sector banks.
- **Private Banks in India-** The banks in which a private organization/ individual/ bunch of people owns a majority of stakes are called private sector banks. India has a total of 21 private or commercial banks as of November 2020. Lakshmi Vilas Bank was an Indian private sector bank established in 1926 in Karur, Tamil Nadu. On 27 November 2020, the bank was merged into the Indian subsidiary of DBS Bank.
- **Foreign Banks in India-** All those banks whose headquarters are present in foreign nations but have branches in India are called foreign banks. The list of foreign banks in India comprises those banks' that have their headquarters in foreign countries and their branches in our country. At present, there are 45 foreign banks in India. Foreign banks are governed by the regulations of the RBI.

The list of Commercial Banks in India is as under-

Public Sector Banks	Private Banks in India	Foreign Banks in India
IDBI Bank Ltd.	Bandhan Bank of Bandhan Financial Services	Standard Chartered Bank
Vijaya Bank	IDFC	J.P. Morgan Chase Bank
UCO Bank	Yes Bank	United Overseas Bank Ltd
United Bank of India	Kotak Mahindra Bank	DBS Bank Ltd.
Union Bank of India	IndusInd Bank	Deutsche Bank
Syndicate Bank	ICICI Bank	CITI Bank

Punjab & Sind Bank	HDFC Bank	HSBC
Punjab National Bank	Development Credit Bank (DCB Bank Ltd)	AB Bank Ltd.
Oriental Bank of Commerce	Axis Bank	Bank of Bahrain & Kuwait BSC
Indian Overseas Bank	Tamilnad Mercantile Bank	Westpac Banking Corporation
Indian Bank	South Indian Bank	National Australia Bank
Dena Bank	Ratnakar Bank	Australia and New Zealand Banking Group Ltd.
Corporation Bank	Nainital Bank	Abu Dhabi Commercial Bank Ltd.
Central Bank of India	Lakshmi Vilas Bank	American Express Banking Corp. (AEBC)
Canara Bank	Karur Vysya Bank	ANZ Banking Group Ltd.
Bank of Maharashtra	Karnataka Bank	Bank of America N.A.
Bank of India	Jammu and Kashmir Bank	Barclays Bank Plc
Bank of Baroda	Federal Bank	Credit Agricole Corporate And Investment Bank
Andhra Bank	Dhanlaxmi Bank	Doha Bank
Allahabad Bank	City Union Bank	Emirates NBD Bank (P.J.S.C)
State Bank of India	Catholic Syrian Bank	Industrial Bank of Korea

Cooperative Banks in India

Cooperative Banks in India are regulated by the state government's actions. These banks allow loans in short term to the agricultural sector and for other similar activities. They are responsible for providing concessional loans to promote social welfare. There are three tiers of Cooperative banks in India. These are-

- **State level- Tier 1:** It involves State Cooperative Banks owned by top management of elected members of the state government. These banks are regulated and funded by NABARD, State Govt., and Reserve Bank of India. The funded money is distributed to the public as loans. There is a concessional CRR of 3% and an SLR of 25% applied to such banks.
- **District level- Tier 2:** It involves District/ Central cooperative banks.

- **Village level- Tier 3:** It comprises the Primary Agriculture Cooperative banks. Small Finance Banks in India

The Small Finance Banks provide financial assistance and loans to small farmers, micro industries, and the unorganized sector of society. The central bank of India governs the working of the small finance banks. At present, there are 10 small finance banks in India. Here is the list of the small finance banks in India-

Small Finance Bank Name	Established	Headquarters
Ujjivan Small Finance Bank	2017	Bangalore
Jana Small Finance Bank	2018	Bangalore
Equitas Small Finance Bank	2016	Chennai

AU Small Finance Bank	2017	Jaipur
Capital Small Finance Bank	2016	Jalandhar
Fincare Small Finance Bank	2017	Bangalore
ESAF Small Finance Bank	2017	Thrissur
North East Small Finance Bank	2017	Guwahati

Suryoday Small Finance Bank	2017	Navi Mumbai
Utkarsh Small Finance Bank	2017	Varanasi

Payments Banks in India

Payment banks in India are a newly introduced type of bank, conceptualized by the RBI. In payment banks, an individual can deposit up to Rs.1,00,000/- in his account. However, the individual is not allowed to apply for credit cards or loans under this account. These banks allow debit cards, ATM card, mobile banking, and online banking options. Its functions are similar to any other bank, but without involving any credit risk.

The list of the Payment banks in India is as follows-

Bank Name	Established	Headquarters
Airtel Payments Bank	2017	New Delhi, Delhi
India Post Payments Bank	2018	New Delhi, Delhi

Paytm Payments Bank	2017	Noida, Uttar Pradesh
Jio Payments Bank	2018	Mumbai, Maharashtra
Fino Payments Bank	2017	Mumbai, Maharashtra
NSDL Payments Bank	2018	Mumbai, Maharashtra

Regional Rural Banks in India (RRB)

The Regional Rural Banks (RRB) was established in 1975, under the registration of the Regional Rural Bank Act of 1976. The RRB is a special type of commercial bank. It accounts for providing concessional credit to the rural and agricultural sectors. The Regional Rural banks in India are the joint ventures of the Commercial Bank (it accounts for 35%), the State government (it accounts for 15%), and the central government (it accounts for 50%).

RRBs are located in every state of the country. At present, there are 56 RRBs in India. Each RRB is sponsored by a public sector bank. Here is the list of RRBs in India as follows-

Andhra Pragathi Grameena Bank	Chaitanya Godavari Grameena Bank	Andhra Pradesh Grameena Vikas Bank	Saptagiri Grameena Bank
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Arunachal Pradesh Rural Bank	Assam Gramin Vikash Bank	Langpi Dehangi Rural Bank	Uttar Bihar Gramin Bank
Bihar Gramin Bank	Madhya Bihar Gramin Bank	Chhattisgarh Rajya Gramin Bank	Baroda Gujarat Gramin Bank
Dena Gujarat Gramin Bank	Saurashtra Gramin Bank	Sarva Haryana Gramin Bank	Himachal Pradesh Gramin Bank
Ellaquai Dehati Bank	Vananchal Gramin Bank	Jharkhand Gramin Bank	Pragathi Krishna Gramin Bank
Kaveri Gramin Bank	Karnataka Vikas Grameena Bank	Kerala Gramin Bank	Narmada Jhabua Gramin Bank
Central Madhya Pradesh Gramin Bank	Madhyanchal Gramin Bank	Vidarbha Konkan Gramin Bank	Maharashtra Gramin Bank
Manipur Rural Bank	Meghalaya Rural Bank	Mizoram Rural Bank	Nagaland Rural Bank
Odisha Gramya Bank	Utkal Grameen Bank	Puduvai Bharathiar Grama Bank	Punjab Gramin Bank
Malwa Gramin Bank	Sutlej Gramin Bank	Baroda Rajasthan Kshetriya Gramin Bank	Rajasthan Marudhara Gramin Bank
Pallavan Grama Bank	Telangana Grameena Bank	Tripura Gramin Bank	Gramin Bank of Aryavart
Allahabad UP Gramin Bank	Baroda Uttar Pradesh Gramin Bank	Kashi Gomti Samyut Gramin Bank	Sarva UP Gramin Bank
Prathama UP Gramin Bank	Purvanchal Bank	Uttarakhand Gramin Bank	Bangiya Gramin Vikash Bank
Paschim Banga Gramin Bank	Uttarbanga Kshetriya Gramin Bank	–	–

Local Area Banks in India (LAB)

Local Area Banks in India were introduced in 1966 and are registered under the Companies Act, 1956. The LAB is organized by the Private sector banks. These banks focus on earning profit. In India, there is only 4 LAB, located in South India.

Specialized Banks in India

In India, some banks are introduced to fulfill particular purposes. These are of the following types-

- SIDBI- The Small Industries Development Bank of India grants loans to small-scale businesses or industries. It is responsible for financing loans to small-scale industries to get modern technology and new equipment.
- EXIM Bank – EXIM or Export and Import Bank are used to get loans or other financial assistance with exporting or importing goods from foreign countries.
- NABARD– National Bank for Agricultural & Rural Development is the bank used to get any kind of financial assistance for agricultural development, village, handicraft, and rural people can turn to NABARD.

