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# PIB clears India Post's Rs 800 crore proposal for payments bank

By PTI | Updated: Feb 21, 2016, 10.58 AM IST

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NEW DELHI: The Public Investment Board has approved the Rs 800-crore proposal from India Post for setting up a payments bank and it will be placed before the Cabinet within a month for final approval.

PIB, under the [Finance Ministry](#), whets the investment proposals by state-run entities.

"The PIB meeting has been held on January 19 and the proposal has been approved. The recommendations of PIB will now be placed before the Cabinet for final approval," a senior official of Department of Post (DoP) told PTI.

The department is also in the process of finalising selection of a consultant for setting up of the India Post payments bank.

It had shortlisted six consultants but only three of them submitted the bids.

The India Post payments bank will primarily target unbanked and under-banked customers in rural, semi-rural and remote areas, with a focus on providing simple deposit products and money remittance services.

The pilot for the payments bank is set to start from January 2017 and the full-fledged operations may start by March.

As many as 40 international financial conglomerates including [World Bank](#) and [Barclays](#) have shown interest to partner the postal department for setting up the bank.

The Reserve Bank has granted payments bank permit to the department, which is already into providing [financial services](#) and has 1.55 lakh branches across the country.

As per the RBI guidelines, a payments bank can offer limited services such as demand deposits and remittances.

They will not be allowed to undertake lending activities and will initially be restricted to holding a maximum balance of Rs 1 lakh per individual customer.

They will be allowed to issue ATM or debit cards as other prepaid payment instruments but not credit cards.

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