

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF FINANCIAL SERVICES  
LOK SABHA

UNSTARRED QUESTION NO. †3159

TO BE ANSWERED ON THE 5<sup>TH</sup> JANUARY 2018/ PAUSHA 15, 1939 (SAKA)

**Merger/Consolidation of PSBs**

†3159. SHRIMATI JYOTIDHURVE

SHRI ASHWINIKUMAR:

SHRI K. PARASURAMAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to merge/consolidate the Public Sector Banks as part of re-structuring of banking system of the country, if so, the details thereof;
- (b) whether the Government has issued official communication to the Banks asking them to start the merger process, if so, the details thereof;
- (c) whether the Government is planning a road map to implement the Narsimha Committee Report, if so, the details thereof; and
- (d) the benefits likely to be derived out of the merger/consolidation of banking system and the likely impact thereof on customers?

**ANSWER**

The Minister of State in the Ministry of Finance  
(SHRISHIV PRATAPSHUKLA)

(a) to (d): The Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980 provide that the Central Government, in consultation with the Reserve Bank of India, may make a scheme, *inter alia*, for the amalgamation of any nationalised bank with any other nationalised bank or any other banking institution. Consolidation in Public Sector Banks (PSBs) has been discussed by various committees and their reports, *viz.*, Narasimham Committee (1998), Indian Banks' Association Report (2004), Planning Commission Report (2008), Leeladhar Committee (2008) and Nayak Committee (2014). These committees recommended encouragement and promotion of consolidation within PSBs through the merger and amalgamation route. Taking note of these recommendations with a view to facilitate consolidation among the nationalised banks to create strong and competitive banks, Government has put in place an approval framework for proposals to amalgamate nationalised banks.

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