

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

UNSTARRED QUESTION NO. 3581

TO BE ANSWERED ON THE 16<sup>TH</sup> MARCH 2018/ PHALGUNA 25, 1939 (SAKA)

Merger of Banks

3581. SHRI SANTOSH KUMAR: DR. RATNADE (NAG):  
SHRI MANOJ TIWARI: ADV. M. UDHAYAKUMAR:  
SHRI HARI OM PANDAY:

Will the Minister of FINANCE be pleased to state:

- (a) whether his Ministry has any proposal to merge the Government banks into four/five big banks in near future;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) the manner in which this initiative will help to grow the banking sector of the country; and
- (d) whether the Government is also considering to privatise some of the public sector banks as the Government is unable to recapitalise them and if so, the details thereof?

ANSWER

The Minister of State in the Ministry of Finance  
(SHRI SHIV PRATAP SHUKLA)

(a) to (c): 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. With a view to facilitate consolidation among the nationalised banks to create strong and competitive banks, Government has put in place an Alternative Mechanism as an approval framework for proposals to amalgamate public sector banks. No proposal is presently before the Alternative Mechanism for its consideration.

(d): Government has announced and commenced recapitalisation of Public Sector Banks (PSBs) to the tune of Rs. 2,11,000 crore over the current and next financial years. It was stated in the budget speech for Union Budget 2016-17 that the process of transformation of IDBI Bank has started and that Government will take it forward and also consider the option of reducing its stake to below 50%.

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