

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

UNSTARRED QUESTION NO. 3955

TO BE ANSWERED ON THE 4TH JANUARY 2019/PAUSHA 14, 194 (SAKA)

Consolidation of Banks

3955. SHRI HARIOM SINGH RATHORE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Syndicate Bank, Canara Bank, Vijaya Bank and Dena Bank have approached to his Ministry for making presentations about their merger/consolidation and if so, the details thereof;
- (b) whether the Government has asked the NITI Aayog to offer its suggestion on the issue; and
- (c) if so, the details thereof along with the stand of the Government in this regard?

ANSWER

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 (RBI), may make a scheme, *inter alia*, for the amalgamation of any nationalised bank with any other nationalised bank or any other banking institution. Various committees, including Narasimha Committee (1998) constituted by RBI, Leeladhar Committee (2008) chaired by RBI Deputy Governor, and Nayak Committee (2014) constituted by RBI, have recommended consolidation of Public Sector Banks (PSBs) given underlying benefits/synergies. Taking note of this and potential benefits of consolidation, Government, with a view to facilitate consolidation among public sector banks to create strong and competitive banks, that may serve as catalysts for growth with improved risk profile of the bank, approved an approval framework for proposals to amalgamate PSBs through an Alternative Mechanism (AM).

After consulting RBI, AM, in its meeting held on 17.9.2018, approved that Bank of Baroda (BoB), Vijaya Bank and Dena Bank may consider amalgamation of the three banks. As per information received from banks in this regard, after consideration of the amalgamation, the Boards of BoB and Vijaya Bank gave their in-principle approval and the Board of Dena Bank recommended for amalgamation. After considering banks' and RBI's inputs, AM, in its meeting held on 20.12.2018, gave in-principle approval for the amalgamation of BoB, Vijaya Bank and Dena Bank. After obtaining RBI inputs, Government has notified the scheme of amalgamation for amalgamating Bank of Baroda, Vijaya Bank and Dena Bank. NITI Aayog was not requested for suggestions on the issue.

Syndicate Bank and Canara Bank have apprised that they have not made presentations about their merger/consolidation to the Ministry of Finance.
