

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:548

ANSWERED ON:03.12.2004

MERGER OF BANKS

Das Gupta Shri Gurudas;Nair Shri P.K. Vasudevan;Reddy Shri Suravaram Sudhakar;Tripathy Shri Braja Kishore

**Will the Minister of FINANCE be pleased to state:**

- (a) whether a Committee on consolidation has been formed by Indian Banks Association (IBA) to study Public Sector Banks merger;
- (b) if so, the details thereof;
- (c) whether foreign banks are allowed to increase their stake by 10 percent each year in Indian Banks through creeping route and,
- (d) if so, the guidelines of SEBI in this regard?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) & (b): Yes. Sir. A Working Group on Consolidation in Indian banking system was constituted by IBA in July 2004 under the Chairmanship of Shri Leeladhar, the then Chairman of IBA to study legal, regulatory and other issues connected with bank merger. While, corporatisation of public sector banks was suggested as a long-term measure to facilitate consolidation, the Working Group also suggested measures that could be examined within the existing legal and regulatory framework.

(c): No, Sir.

(d): Does not arise.