

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:875  
ANSWERED ON:04.03.2005  
MERGER OF CO- OPERATIVE BANKS  
Chowdhury Shri Adhir Ranjan;Nikhil Kumar Shri

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

- (a) whether it is a fact that the RBI has been actively considering to issue guidelines for the merger and acquisition in the cooperative banking sector;
- (b) if so, the facts and details thereof;
- (c) whether it is also a fact that many cooperative banks have shown interest for their merger to ensure better protection to depositors;
- (d) if so, the details in this regard;
- (e) the reaction of the Government in this regard and the steps taken by the Government to ensure that small investors in cooperative banks are fully protected ?

**Answer**

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

- (a) and (b): Reserve Bank of India(RBI) has issued guidelines on merger and amalgamation for urban co-operative banks on February 2, 2005.
- (c) and (d): RBI has received expression of interest from some banks, and concerned banks have been advised to submit concrete proposals in accordance with the new guidelines issued by the RBI.
- (e): While considering the merger/amalgamation proposals/ the RBI will confine its approval to the financial aspects of the merger taking into consideration the interests of the depositors and financial stability.