

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2543
ANSWERED ON:04.12.2009
BANKING CONSOLIDATION
Das Gupta Shri Gurudas;Lingam Shri P.

Will the Minister of FINANCE be pleased to state:

(a) whether some quarters have expressed their views against the proposed consolidation in the banking sector particularly in the context of the Public Sector Banks; and

(b) if so, the details in this regard and Government's reaction thereto?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a) & (b): Some quarters, including some of the Bank Employees' Unions of Public Sector Banks (PSBs), have expressed their apprehensions against the proposed consolidation in the banking sector, particularly PSBs. Some of the apprehensions are closing of bank branches, retrenchment of existing employees, regional sentiments about some particular banks, etc.

Government has not given direction to any specific bank to consider proposal for merger/amalgamation with a particular bank. Government is of the view that the initiatives for consolidation amongst the PSBs should emanate from the managements of the banks themselves with Government playing a supportive role as the common stakeholder.

In case of any merger proposal of the PSBs, Government keeps in view the interests of the stakeholders and employees of the merging banks by incorporating appropriate provisions in the terms and conditions for such merger.