

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2641
ANSWERED ON:04.12.2009
MERGER OF STATE BANK OF INDORE
Das Gupta Shri Gurudas;Lingam Shri P.

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government propose to merge State Bank of Indore with State Bank of India;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether there is any objection from the employees against the said merger; and
- (d) if so, the details thereof and reaction of the Government therein?

Answer

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

(a) & (b): Government of India has conveyed to State Bank of India (SBI) the sanction for entering into negotiations for acquiring the business including the assets and liabilities of the State Bank of Indore. SBI has already initiated the process.

(c) & (d): 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.

While supporting any merger proposal of the public sector banks, 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.

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