

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2258

ANSWERED ON:06.08.2010

MERGER OF BANKS

Choudhary Shri Bhudeo;Choudhary Shri Harish;Kataria Shri Lal Chand;Meghwal Shri Arjun Ram ;Rajesh Shri M. B.

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

- (a) whether the Government has received proposal to merge the Bank of Rajasthan with the Industrial Credit and Investment Corporation of India (ICICI) Bank;
- (b) if so, the details thereof alongwith the time by which this merger is likely to be made effective;
- (c) whether the Employees Association of both the banks have been consulted in this regard;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the manner in which the Government proposes to safeguard the interests of the shareholders and employees of such banks?

**Answer**

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

(a) to (d): Reserve Bank of India (RBI) has recently received applications for voluntary amalgamation under Section 44A of the Banking Regulation Act, 1949 for the merger of Bank of Rajasthan with ICICI Bank Ltd. The proposal has to be examined by RBI considering all relevant aspects and taking into account the views of all concerned stakeholders, including employees of both these banks. This process may take some time.

(e): While examining any merger proposal, Government keeps in view the interests of the stakeholders, including the employees of the merging banks. The shareholders of the merging banks are allotted shares in accordance with the shares swap-ratio arrived at by valuation of such banks in compliance with the extant RBI / Securities & Exchange Board of India (SEBI) guidelines. Suitable clauses are incorporated in the scheme of amalgamation / acquisition so that the pay and allowances or the compensation to the employees of merging entities are not altered to their disadvantage.