

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:809  
ANSWERED ON:12.11.2010  
MERGER OF BANKS  
Singh Smt. Meena

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

- (a) whether the State Bank of India (SBI) is contemplating to get approval of the Government for merger of five of its associate banks;
- (b) if so, the details thereof;
- (c) whether the Government has any proposal under consideration for the merger of other regional banks alongwith their associate banks; and
- (d) if so, the details thereof alongwith the time by which such banks are likely to be merged?

**Answer**

The Minister of State in the Ministry of Finance (SHRI NAMO NARAIN MEENA)

(a) to (d): Based on the proposal received from the State Bank of India (SBI) for acquisition of the State Bank of Saurashtra and State Bank of Indore, Government accorded sanction to SBI under Section 35(2) of the State Bank of India Act, 1955, for acquisition of the banks by SBI which were notified by the Government on 13.08.2008 and 28.07.2010 respectively.

Government has not received any other proposal from State Bank of India / any other Public Sector Bank for merger. The current policy of the Government on consolidation leaves the initiative for consolidation to come from the management of the banks themselves with Government playing a supportive role as the common shareholder. No directive on consolidation among the public sector banks, including the SBI group, has been issued by the Government and RBI. The Boards of banks thus have to take a decision in this regard based on the synergy levels of merging / consolidating entities. While supporting any merger proposal, Government keeps in view the interests of the stakeholders and employees of merging banks.