

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:736
ANSWERED ON:25.11.2011
CAPITAL OF BANKS
Kishor Shri Kamal

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has increased the capital of banks in the recent past;
- (b) if so, the details thereof, bank-wise and the reasons therefor;
- (c) whether the Government has proposed any provision in the Banking (Amendment) Bill in this regard;
- (d) if so, the details thereof;
- (e) whether the Government has any proposal to merge smaller banks into one big bank; and
- (f) if so, the details thereof alongwith the steps taken / being taken by the Government in this direction?

Answer

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

(a): The Government has not increased the authorized capital of banks in the recent past.

(b): Does not arise.

(c) & (d): The Government has introduced the Banking Laws (Amendment) Bill, 2011 in the Lok Sabha in March, 2011. The said Bill seeks to inter-alia further amend the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 and the Banking Companies (Acquisition and Transfer of Undertakings), Act, 1980. The said Bill seeks to enable the Central Government to increase the authorized capital of any nationalized bank in consultation with the Reserve Bank of India. This would facilitate in increasing the authorized capital of any nationalized bank without being limited by the current ceiling of a maximum of three thousand crores of rupees.

(e) & (f): The current policy of the Government on consolidation leaves the initiative for consolidation to come from the managements of the banks themselves. While examining any merger proposal, Government keeps in view the interest of the stakeholders and employees of the merging banks.