

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2737

ANSWERED ON:17.03.2017

Merger of Banks

Baker Shri George;Charitra Shri Ram;George Shri (Adv.) Joice;Hay Prof. Richard;Mohan Shri P. C.;Mullappally Shri Ramachandran;Owaisi Shri Asaduddin;Rajesh Shri M. B.;Rao (Avnithi) Shri Muthamsetti Srinivasa;Roy Prof. Saugata;Subbareddy Shri Yerram Venkata;Teacher Smt. P.K.Sreemathi

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has approved the merger of State Bank of India (SBI) with its five subsidiaries, if so, the details thereof and the reasons therefor along with its present status;
- (b) whether detailed plan has been chalked out by SBI for staff of the subsidiaries and its branches to be accommodated with SBI along with the benefits likely to be derived by employee and subsidiaries after this move and if so, the details thereof;
- (c) whether such merger is in the pipeline in regard to other banks and if so, the details thereof along with the steps taken/being taken by the Government to ensure that employees interest of subsidiaries banks are kept in view and not harassed as was done during the merger of Pubjab National Bank and New Bank of India;
- (d) whether such merger can fix the problem of bad loans and provision of job security, welfare schemes of the existing employees and pension liability of subsidiary banks and if so, the details thereof; and
- (e) the manner in which such merger is likely to be benefited for the existing customers of the five subsidiaries?

Answer

The Minister of State in the Ministry of Finance

(a) to (e): The Cabinet in its meeting on 15th February, 2017 has approved the proposal of acquisition of subsidiary banks of SBI i.e. State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and State Bank of Travancore with State Bank of India. It shall come into effect on 1st April, 2017. The merger is aimed at economies of scale and operational efficiency leading to improved supervision process, compliance and productivity in addition to better risk management.

Detailed plans have been chalked out for re-organisation of SBI network including branches of the Associate Banks.

The aggregation of credit exposures by six entities and its oversight by one entity, post merger, imparts focus and helps in better management of the overall credit portfolio especially stressed assets.

Unified operations and efficiency improves productivity, customer service and profitability. The existing customers of Subsidiary Banks will have access to SBI global network which has presence in all the time zones.
