

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
LOK SABHA

UNSTARRED QUESTION NO. 6628

TO BE ANSWERED ON THE 6TH APRIL 2018/ CHAITRA 16, 1940 (SAKA)

Merger of Banks

6628. SHRI ASADUDDIN WAISI:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has set up a panel of Ministers to oversee the complaints of merger of banks;
- (b) if so, the details thereof and time by which the panel is likely to submit its report to the Government;
- (c) whether merger of its subsidiaries with SBI has shown any positive results;
- (d) if so, the details thereof;
- (e) whether staff of the subsidiary banks are facing problems after merger; and
- (f) if so, the details thereof and steps taken or being taken by the Government to see that further merger of banks do not lead to harassment of staff in these banks?

ANSWER

The Minister of State in the Ministry of Finance
(SHRISHIV PRATAP SHUKLA)

(a) and (b): The Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980 provide that the Central Government, in consultation with the Reserve Bank of India, may make a scheme, *inter alia*, for the amalgamation of any nationalised bank with any other nationalised bank or any other banking institution. With a view to facilitate consolidation among public sector banks to create strong and competitive banks, serving as catalysts for growth, with improved risk profile of the bank, Government has put in place an Alternative Mechanism, comprised of three Ministers, as an approval framework for proposals to amalgamate public sector banks. Oversight of complaints due merger of banks is not covered in the term of reference of the Alternative Mechanism.

(c) and (d): As per inputs from the State Bank of India (SBI), the merger of SBI with its erstwhile subsidiaries had several positive results, including in terms of improvement in information technology and compliance functions of the bank, better utilisation of human resources, improved treasury management through amalgamation of six separate treasury units into one unit, enhanced market share, access to SBI's global network for the customers of the erstwhile subsidiary banks, and improved monitoring of high-value assets.

(e) and (f): SBI has informed that staff of erstwhile subsidiary banks are not facing any problem after merger.
