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Panel on cards to find out banks for mergers

By [Dheeraj Tiwari](#), ET Bureau | Updated: Apr 29, 2016, 04.03 AM IST

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NEW DELHI: A 10-member committee is being set up by the government to identify suitable candidates as it seeks to push consolidation among state-run banks, which number 27 including five subsidiaries of [State Bank of India](#).

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The proposed committee will have senior executives along with representation from the [Reserve Bank of India](#), a [finance ministry](#) official said. "The idea is to identify candidates for both mergers and acquisitions.

There are some banks which had in the past evinced interest to take on smaller entities, so that will also be discussed," the official said, requesting not to be identified.

Earlier this month, finance minister [Arun Jaitley](#) had told ET that there is political will in the country for professionalising the management of public sector banks, going in for consolidation, having board-governed banks and more competition from private sector, and running state-run banks as private sector entities. The proposed committee will also look at mergers from the perspective of creating one or two large banks by merging smaller banks.

"Any consolidation among public sector banks has to be done keeping in view factors such as geography and technology platform, besides human resource issues. The committee will look into these matters," the official said.

Jaitley had said in March after the second annual banking conclave, Gyan Sangam, that as part of the strategy for consolidation of banks, an experts' group would be constituted immediately to look into all the issues. "The bankers' themselves have supported the proposal of consolidation of banks in order to have strong banks rather than having numerically large number of banks," he had said.

The latest M&A transaction in public sector banks was the takeover of State Bank of Indore by State Bank of India in 2010. SBI took over State Bank of Saurashtra in 2008.

"In the past senior management of the banks, and the unions also, have been reluctant on consolidation, so the government should set up a time frame for the committee to give recommendations," a senior executive of Punjab National Bank said.

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