

No proposal before Govt to merge PSBs, says Shukla

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New Delhi, January 3:

There is no proposal for merger of public sector banks before the Central government, Parliament was informed on Wednesday.

This is even as the government had already put in place an approval framework for proposals to amalgamate nationalised banks.

The Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980 provide that the Central Government, in consultation with the RBI, may make a scheme for amalgamation of any nationalised bank with another nationalised bank or any other banking institution, Shiv Pratap Shukla, Minister of State for Finance, said in a written reply to a Rajya Sabha question on merger of public sector banks.

Increased expectations

Ever since SBI's merger of associate banks with itself in April last year, there are increased expectations of consolidation among public sector banks. The desire for consolidation among public sector banks has only gone up given the weak asset quality of such banks.

According to Reserve Bank of India data, gross non-performing assets (GNPA) of all banks as on September 30,2017 wasRs. 7,90,649 crore. The GNPA of public sector banks was 87.25 per cent of the total GNPA of all the banks.

(This article was published in the Business Line print edition dated January 4, 2018)