

<p><b>Benchmarks &gt;</b>  <b>Nifty</b> <span style="color:red">CLOSED</span>                  11,023.25 <span style="color:green">74.95</span></p>		<p><b>NSE Gainer-Large Cap &gt;</b>  <b>General Insurance C...</b>                  178.65 <span style="color:green">9.55</span></p>		<p>Mutual Fund of the week  <b>SBI Small Cap Fund Direct-Growth</b>                  ★★★★★</p>	<p>5Y RETURN  <span style="color:green">18.73%</span>                  INVEST NOW</p>	<p>Stock Analysis, IPO, Mutual Funds, Bonds &amp; More                  Market Watch</p>
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# Finance Minister Nirmala Sitharaman announces mega merger, 10 PSBs amalgamated into 4 entities

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In a major reform measure, the Central government on Friday announced the merger of 10 public sector banks (PSBs) into four entities, which includes the amalgamation of Oriental Bank of Commerce and United Bank of India with [Punjab National Bank](#).

According to Finance Minister [Nirmala Sitharaman](#), Canara Bank and Syndicate Bank will be merged into one entity, while Union Bank of India, [Andhra Bank](#) and Corporation Bank will be amalgamated into a single entity.

Similarly, Indian Bank and [Allahabad Bank](#) will become one entity.

The Finance Minister further said that the Bank of India and Central Bank of India would remain independent.

After the amalgamation, only 12 PSBs will be left in India from the 27 earlier.

Consequent to the merger, Punjab National Bank will become the second largest PSB in India with a total business of Rs 17.5 lakh crore.

Additionally, the total business of the merged entity of Canara Bank and Syndicate Bank will be Rs 15.20 lakh crore. It will become the fourth largest PSB in the country.

**Here are the key points regarding these mergers:**

Consolidated **PNB+OBC+United Bank** to be 2nd largest PSB with **Rs 18 lakh crore business** and 2nd largest branch network in India. Scale, nationwide & global presence, and high CASA to drive growth.

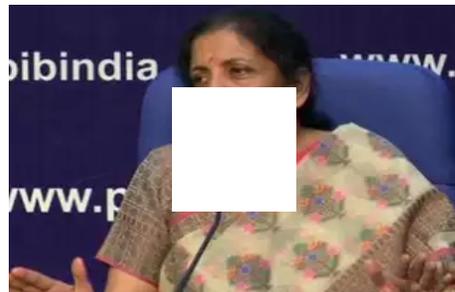
Consolidated **Indian & Allahabad Banks** to be 7th largest PSB with Rs 8.08 lakh crore business. Strong scale benefits to both with business doubling. High CASA & lending capacity combined in consolidated bank.

Consolidated **Union+Andhra+Corporation Banks** to be 5th largest PSB with Rs 14.6L Cr. business & 4th largest branch network in India. Strong scale benefits to all 3 with biz becoming 2 to 4½ times that of individual bank.

**Who got what: 10 PSBs will get a total of Rs 55,250 crore.**

- Punjab National Bank -- Rs 16,000 crore
- Union Bank of India -- Rs 11,700 crore
- Bank of Baroda -- Rs 7,000 crore
- Canara Bank -- Rs 6,500 crore
- Indian Bank -- Rs 2,500 crore
- Indian Overseas Bank -- Rs 3,800 crore
- Central Bank of India -- 3,300 crore
- UCO Bank -- Rs 2,100 crore
- United Bank of India -- Rs 1,600 crore
- Punjab & Sind Bank -- Rs 750 crore

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"We shall continue with 2 banks which will have national presence - Bank of India with Rs 9.3 Lakh Crores of business size and Central Bank with Rs 4.68 Lakh Crores of business size, " said Finance Minister Nirmala Sitharaman.

She further added that "Indian Bank with (merge) Allahabad Bank, they will be the seventh largest Public Sector Bank with business of Rs 8.08 lakh crores."

"Union Bank of India, with Andhra Bank and Corporation Bank shall become the fifth largest public sector bank now, Sitharaman added.

Nirmala Sitharaman further added that, "Canara Bank with (merge) Syndicate Bank, they will be the fourth largest Public Sector Bank with business of Rs 15.20 lakh crores."

She said the creation of next-generation banks was imperative for India to become a US dollar 5 trillion economy in the next five years.

Sitharaman further asserted that the NPAs of banks have come down due to the measures taken by the government to strengthen the financial sector.

"The NPAs have come down from Rs 8.65 lakh crore in December 2018 to Rs 7.90 lakh crore now," she added.

In the previous term of the Modi govt, five associate banks and [Bharatiya Mahila Bank](#) were merged with State Bank of India (SBI). Moreover, Dena Bank, Vijaya Bank were also merged with Bank of Baroda which came into effect from April 1, 2019.

In May this year, global news agency [Reuters](#) had reported that the new government may look to merge government run Punjab National Bank (PNB) with two other PSU banks including Oriental Bank of Commerce, Andhra Bank and Allahabad Bank.

According to the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980, the government must consult the Reserve Bank of India (RBI) before planning of merger plan.

Union Cabinet on Wednesday eased [foreign direct investment](#) (FDI) norms for various industries such as single-brand retail, coal mining, contract manufacturing and digital media.

It allowed 100 per cent foreign direct investment (FDI) via automatic route in coal mining and ancillary activities.

The Cabinet also approved export subsidy for 60 lakh tonnes of sugar, providing relief to sugarcane farmers, Union Environment Minister Prakash Javadekar said at the media briefing.

Last Friday, Sitharman had unveiled a slew of measures ranging from a rollback the additional surcharge on foreign portfolio investors (FPIs) and domestic investors which she had introduced at the Union Budget in July, to immediate recapitalisation of public sector banks (PSBs) and a bouquet of measures to ease a taxpayers' woes.

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