

## 10 PUBLIC SECTOR BANKS TO BE MERGED

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

The fourth merger is of Indian Bank and Allahabad Bank. This, too, would lead to a doubling of the size of the business and also lead to a huge potential for scaling up due to the complementary networks of the two banks.

“There will be no retrenchment due to these mergers, as was shown in the case of the Bank of Baroda merger also,” Ms. Sitharaman said. “The employees received the best of the employee benefits and the admin staff was redeployed for business.”

Following all these mergers, the country will have a total of 12 public sector banks, half of which — Punjab National Bank, Canara Bank, Union Bank of India, Indian Bank, State Bank of India, and Bank of Baroda — will be able to compete at a global level, the Finance Minister said.

Bank of India and Central Bank of India will both be able to expand their national presences, she said, while Indian Overseas Bank, UCO Bank, Bank of Maharashtra, and Punjab and Sind Bank will be able to strengthen their regional focus.

The government did not give the date by which these mergers are to be completed, as that decision will be taken following further consolidation with the relevant banks.

Apart from the mergers, Ms. Sitharaman also announced a number of smaller reforms to the boards of the banks aimed at improving their efficiency and accountability. In order to make the management accountable to the boards of the banks, a board committee would be made in charge of appraising the performance of officers of the rank of general managers and above, including the managing director.

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