

Hon'ble Finance Minister Announces Big Reforms for Public Sector Banks

Big Banks Merger: India will now have only 12 PSBs, down from 24

Smt Niramala Sitharaman, Hon'ble Union Minister of Finance & Corporate Affairs announced **amalgamation of 10 public sector banks into four big banks**. After this the **total number of Public Sector Banks in the country will come down to 12 from 24 banks**. In big banks merger, the Finance Minister announced that government has decided to merge Punjab National Bank (PNB), Oriental Bank of Commerce (OBC) and United Bank; Canara Bank and Syndicate Banks; Union Bank of India, Andhra Bank and Corporation Bank; and Indian Bank and Allahabad Bank. Apart from this the government **announced Rs 55,250 crore upfront capital infusion in the PSBs**.

Key Highlights:

- PNB, OBC and United Bank to be merged. The new merged bank will be the second largest PSB in the country with Rs 18 lakh crore business and second largest branch network in India.
- Merger of Union Bank of India, Andhra Bank and Corporation Bank will create India's fifth largest PSB with Rs 14.6 lakh crore business and fourth largest branch network.
- Indian Bank and Allahabad Bank merged. The new bank will be 7th largest with Rs 8.08 lakh crore business.
- Government also announced Rs 55,250 crore upfront capital for credit growth &

regulatory compliance to support economy. PNB will get Rs 16,000 crore; Union Bank Rs 11,700 crore; Canara Bank Rs 6,500 crore; Indian Overseas Bank Rs 3,800 crore; Central Bank of India Rs 3,300 crore; Bank of Baroda Rs 7,000 crore; Indian Bank Rs 2,500 crore and Uco Bank Rs 2,100 crore.

- Big banks with enhanced capacity to increase credit and bigger risk appetite, with national presence and global reach.

According to the Finance Minister, no retrenchment has taken place post-merger of Bank of Baroda, Dena Bank and Vijaya Bank; staff has been redeployed and best practices in each bank have been replicated in others; special agencies formed to monitor loans above Rs 250 crore; eight public sector banks have launched repo-rate linked loans in the last one week; four NBFC have already found liquidity solution through a settlement with banks; Government's intention is not just to give capital but also give good governance; there is no government interference in commercial decisions of banks; gross NPA level has come down heavily; government monitoring large loans to avert frauds; sanctioning and monitoring of loans are separated and the government is taking steps to make a clear path to achieve a target of USD 5 trillion economy.

The detailed presentation by Smt. Nirmala Sitharaman, Hon'ble Union Minister of Finance & Corporate Affairs, on amalgamation of National Banks has been enclosed for your kind reference.

Please contact for any query related to this mail to Ms. Kritika Bhasin, Research Officer at kritika.bhasin@phdcci.in with a cc to Dr. S P Sharma, Chief Economist at spsharma@phdcci.in and Ms Megha Kaul, Economist at megha@phdcci.in, PHD Chamber of Commerce & Industry.

Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry



NATIONAL APEX CHAMBER

PHD House, 4/2 Siri Institutional Area
August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: spsharma@phdcci.in

Website: www.phdcci.in

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PHD CHAMBER OF COMMERCE AND INDUSTRY

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400
Fax : +91-11-2685 5450 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947

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