Cabinet

Cabinet approves Mega Consolidation in Public Sector Banks {PSBs} with effect from 1.4.2020

Government transforms PSB landscape with consolidation of ten PSBs into four with effect from 1.4.2020

Amalgamations to enable creation of digitally driven consolidated banks with global heft and business synergies

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The Union Cabinet, chaired by the Prime Minister, Shri Narendra Modi has approved the mega consolidation of ten PSBs into four which include the –

(a) Amalgamation of Oriental Bank of Commerce and United Bank of India into Punjab National Bank

(b) Amalgamation of Syndicate Bank into Canara Bank

(c) Amalgamation of Andhra Bank and Corporation Bank into Union Bank of India

(d) Amalgamation of Allahabad Bank into Indian Bank

The amalgamation would be effective from 1.4.2020 and would result in creation of seven large PSBs with scale and national reach with each amalgamated entity having a business of over Rupees Eight lakh crore. The Mega consolidation would help create banks with scale comparable to global banks and capable of competing effectively in India and globally. Greater scale and synergy through consolidation would lead to cost benefits which should enable the PSBs enhance their competitiveness and positively impact the Indian banking system.

In addition, consolidation would also provide impetus to amalgamated entities by increasing their ability to support larger ticket-size lending and have competitive operations by virtue of greater financial capacity. The adoption of best practices across amalgamating entities would enable the banks improve their cost efficiency and risk management, and also boost the goal of financial inclusion through wider reach.

Further, with the adoption of technologies across the amalgamating banks, access to a wider talent pool, and a larger database, PSBs would be in a position to gain competitive advantage by leveraging analytics in a rapidly digitalising banking landscape.

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