

Demand for central funds from Kerala

941. SHRI ABDUL WAHAB: Will the Minister of FINANCE be pleased to state:

- (a) whether Government of Kerala is facing scarcity of funds in financing plan and capital expenses;
- (b) whether Central Government has received any request from Kerala Government for financial help; and
- (c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ARJUN RAM MEGHWAL): (a) Fourteenth Finance Commission (FFC) took a comprehensive approach to the assessment of expenditure needs by taking both Plan and non-Plan expenditure in the revenue account and recommended biggest ever increase of 10% in the share of States in net proceed of shareable pool of Union taxes from 32% to 42%. Further, for the States assessed to be in post-devolution revenue deficit, FFC recommended grants to eleven States including Kerala.

Accordingly, in 2015-16, the devolution of taxes and Finance Commission (FC) recommended grants to State of Kerala increased to ₹ 12691 crore and ₹ 5171 crore respectively as compared to tax devolution of ₹ 7926 crore and FC grants of ₹ 1694 crore in 2014-15, which was the last year of the award period of Thirteenth Finance Commission. The State of Kerala had therefore received a total increase of ₹ 8242 crore in 2015-16 over 2014-15 on account of tax devolution and FC grants enabling the State to have extra fiscal space and to allow the State to greater autonomy in design and financing of schemes as per their need and local requirements. Further, in view of the preponderance of Centrally Sponsored Schemes (CSS) being interventions in key sector of national importance, the Government of India has retained about 30 CSS with the revised sharing pattern. Hence the adequate mechanism exists for transfer of Central resources to the States including Kerala for financing of Plan and Capital expenditure.

- (b) The recent request received from the State of Kerala for enhancement of borrowing limit to tide over the pay revision requirement has been addressed within the ambit of recommendation of Fourteenth Finance Commission.

Amalgamation of SBI Banks

942. DR. PRADEEPKUMAR BALMUCHU: Will the Minister of FINANCE be pleased to state:

- (a) whether Government is planning to merge all the State Bank subsidiaries into a single Bank, if so, the details thereof, and the reasons therefor;

(b) whether the Association of Bank Employees has expressed their objections to the said merger, the reasons therefor;

(c) whether the Banks have called for Nation-wide strike against this move of Government, the details thereof; and

(d) the stand of Government in view of the Employees Union's strike and the steps being taken by Government to counsel the Unions to explain the advantages of the merger, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SANTOSH KUMAR GANGWAR): (a) The Central Government has sanctioned the proposal of State Bank of India (SBI) u/s 35(1) of SBI Act, 1955 to enter into negotiations with Subsidiary Banks of SBI for acquiring the businesses including the assets and liabilities. The reasons for merger are *inter-alia* to achieve scale economy by lowering operational cost, reduce vulnerability to geographical concentration risk, supervision risk and compliance risk.

(b) SBI has informed that the Association of employees of SBI have not expressed any objection to the merger. Association of Bank Employees of Associate banks do have objection to the said merger. The reason cited are *inter-alia* dominant lenders in the state economy, loss of identity of the Associate Banks on account of merger. Incidentally Association of officers in Associate Banks have not voiced their opposition to the merger.

(c) SBI has informed that the employee association of Associate Banks has called for strike on 12-13 July, 2016 which was deferred.

(d) SBI has informed the interest of employees of the subsidiary banks will be protected as the pay and allowances offered to the employees / officer of the merging banks shall not be less than the overall pay and allowances that they would have drawn in the merging bank. The subsidiary banks and SBI are in the process of consulting / addressing all the stakeholders including bank employees union/ representative of Associate banks.

Increase in rate of growth

†943. SHRI PRABHAT JHA: Will the Minister of FINANCE be pleased to state:

(a) whether the rate of economic growth has improved significantly during the past two years and at present it is more than estimation;

(b) if so, the details thereof;

†Original notice of the question was received in Hindi.