

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:1553  
ANSWERED ON:02.12.2005  
BASAL- II GUIDELINES  
Tripathy Shri Braja Kishore

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government proposed to introduce Basal-II guidelines for banks ;
- (b) if so, whether such guidelines will encourage merger and take over of banks ;
- (c) if so, the details in this regard ;
- (d) whether small, medium institutions, farmers and villagers will face hurdle in getting loans from banks after issue of such guidelines;  
and
- (e) if so, the steps taken by the Government in this regard ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a)to(c) Yes, Sir. As per extant instructions, the commercial banks in India will start implementing Basel II norms with effect from 31st March 2007. Mergers and acquisitions in the banking industry are generally dictated by market dynamics. Banks which operate with capital above the minimum levels as stipulated under

Basel II have an edge over the other banks to the extent that they would be able to seize an opportunity for merger / acquisition, as and when it is available.

(d) No, Sir.

(e) Does not arise.