

# New banking giant: Govt to merge BoB, Dena & Vijaya

**'Our Banks Must Be Globally Competitive'**

TIMES NEWS NETWORK

**New Delhi:** The government on Monday unveiled the merger of three state-run banks — Bank of Baroda, Dena Bank and Vijaya Bank — to create India's third largest lender, setting off consolidation in the nationalised banking space after years of discussion.

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The decision was taken by a ministerial panel comprising Union finance minister Arun Jaitley, railway minister Piyush Goyal and defence minister Nirmala Sitharaman late Monday afternoon and announced less than an hour later. "Aspirations of the fastest growing economy

**WILL BE 3RD LARGEST LENDER**

Top 5 Banks	Deposits (₹ cr)	Advances (₹ cr)	Number of Branches
1. SBI	27.1 lakh	20.5 lakh	22,414
2. HDFC Bank	7.9 lakh	6.6 lakh	4,787
3. ICICI Bank	5.6 lakh	5.1 lakh	4,867
4. BoB	5.9 lakh	4.3 lakh	5,467
5. PNB	5.5 lakh	4.1 lakh	6,983
Vijaya Bank	1.6 lakh	1.2 lakh	2,136
Dena Bank	1.1 lakh	65,581	1,874

**BoB + VIJAYA + DENA WILL BE:**

- No. 2 in Deposits (₹ 8.6 lakh cr)**
- No. 3 in Advances (₹ 6.1 lakh cr)**
- No. 2 in Branches (9,477)**

have to be supported by stronger and globally competitive banks, with increased choices to the stakeholders. The boards of Vijaya Bank, Dena Bank and Bank of Baroda have been advised by the alternate mechanism (the ministerial panel) to consider the proposal (for consoli-

dation)," financial services secretary Rajiv Kumar said at a press conference.

The dates for the board meetings have not been fixed yet as the banks will await a formal communication from the government. But officials said the process will take six months or so including share-

holder, regulatory and government approvals. The board approvals are seen as a formality after which the details of the share swap ratio will be worked out. The financial services secretary also assured the banks of providing capital till the deal was completed. The name of the new entity is yet to be decided, Jaitley said, adding that jobs would be protected.

This is the fourth major restructuring in the financial sector initiated by the Narendra Modi government. It kicked off with the merger of State Bank of India's five associate banks with their parent along with the Bharatiya Mahila Bank.

Then, the government announced the merger of three state-run general insurers, while allowing LIC to acquire a majority stake in troubled lender IDBI Bank.

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## Jobs will be protected, FM assures bank staff

While announcing the amalgamation of BoB, Dena and Vijaya Bank, Jaitley sought to assure employees that their jobs will be protected and service conditions won't be diluted. "No employee will face a service condition that is in any way adverse to his present ones. On the contrary, the SBI experience has been that among the merging and new entities, the best of the service conditions continue to apply to all of them," the minister said.

The government believes that the merger will improve the operational synergy of the three banks and is part of a plan to create larger Indian lenders instead of smaller entities vying for the same business.

Public sector players have been grappling with a mounting pile of NPAs or bad loans and several of them are in the red and have seen massive doses of equity infusion from the Centre to stay afloat. In fact, Dena Bank is amongst the weakest in the country with its fragile financial position forcing RBI to impose restrictions on its lending.

The announcement comes at a time when the Indian economy is facing global headwinds with a weak rupee and higher oil prices adversely impacting the current account deficit.