

Merger of Bank of Baroda, Dena Bank and Vijaya Bank

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The government of India proposed the merger of three bank's that is Bank of Baroda, Dena Bank and Vijaya Bank. The merger of these three banks will help to become India's third largest lender bank. Merger of these three banks will get the Market Capitalisation is Rs. 48000 crore with a business of Rs. 14.82 lakh crore and over 9,600 branches across the country.

The main purpose of this merger that two strong banks will acquire a one weak bank. This will help to create mega bank also to provide the higher lending. Bank of Baroda & Vijaya Bank these both banks reported to the RBI they have the greater earnings than Dena Bank. The individual board of these three banks they also gave the permission of merger. These three banks integrate with each other for the common Information Technology Structure which may make it work like SBI & its Subsidiaries. This will become a more positive for the shareholders of Dena Bank as compared to the shareholders of Bank of Baroda & Vijaya Bank. The government of India is also said that the government will continue to provide the capital support to the merged banks.

The largest Top lender bank that is State Bank of India (SBI) is also merged with their five subsidiaries bank & Bharatiya Mahila Bank to increase their largest banking expansion. The Union Finance Minister of India said that most of the economical banking decisions was taken to make weaker bank stronger with the merger. The merged entity will also get the better financial strength. The amalgamated entity will also increase the banking operations. Bank depends on process. If process of bank is strong then bank will also get strong. On a standalone basis Vijaya bank had a strong strength in South India while Bank of Baroda or Dena Bank they had a strength in Western India. This means that this proposed of new entity also widen their customers.

This merger helps to increase the operational efficiency with the help of large pool of staff. This will boost the business and it will also offer the more services or products. This merger will also help to lower the NPA (non-performing assets) ratio as per the new bank compared to the NPA ratios of 11.04% for Dena Bank, for Bank of Baroda Bank it is 5.40% and 4.10% for Vijaya Bank.