

Govt may notify merger of 10 PSBs to 4 lenders this week

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The government is likely to notify the merger of 10 public sector banks to create four big lenders later this week, as they have completed the groundwork for the same, two people familiar with the development said.

After it is notified, the respective bank boards will meet to give their customary final approval and fix the all-important swap ratio for the mergers.

"We are expecting the government to notify the merger this week," United Bank of India managing director Ashok Kumar Pradhan said.

The banks will need to follow regulatory formalities to protect the interest of minority shareholders.

"Valuation of each of the merging banks has been done on the basis of half-yearly results of the current fiscal year as well as on the future guidance," one person familiar with the matter said.

MOVING FORWARD

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BCCL

Each bank had its own valuers and harmonisation of valuation for the merging partners has also been done.

The government announced the mega merger on August 30 last year.

Punjab National Bank, Oriental Bank of Commerce and United Bank of India will be amalgamated to create the country's second-largest lender in terms of business size and branch network. PNB is the anchor bank for this merger.

Likewise, Union Bank of India is anchoring the merger of itself with Andhra Bank and Corporation Bank. In other two-way mergers, Canara Bank and Syndicate Bank will become one, while Indian bank and Allahabad bank will be clubbed.

All the mergers are likely to come into effect from April this year.

The non-anchor lenders in the mega merger exercise had requested the government for new names and logos, unlike in the Bank of Baroda-Dena Bank-Vijaya Bank exercise, wherein the logos of all three lenders have been retained.

“Our bank has also requested the government for a name to capture the bank's national identity after merger. In future, it's the brand which makes the people move,” Pradhan said.

ET reported earlier that Indian Bank was likely to retain its name after the merger with Allahabad Bank given its pan-India appeal. The government may follow the same logic for the Union Bank of India-led merger.

(Economic Times)