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Growth has, however, slowed in some sectors and markets seem to be levelling off after nearly 5 periods of significant acceleration.

# Government mulls merger of Bharatiya Mahila Bank into State Bank of India

By [Dheeraj Tiwari](#), ET Bureau | Updated: Nov 28, 2015, 04.43 AM IST [Post a Comment](#)

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NEW DELHI: Bharatiya Mahila Bank (BMB) may be absorbed by State Bank of India if a plan being considered by the government is accepted, said two officials aware of the matter. This would considerably reduce the scope of the United Progressive Alliance regime's move to establish a lender dedicated solely to women. The bank was set up in 2013 to promote women's entrepreneurship, access to financial services and empowerment.

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Bharatiya Mahila Bank has not been able to make much of a dent in the market. Total advances stood at Rs 446 crore at September-end, strengthening the view that a standalone bank for such a specific need is not justified at such a level of operations, especially since the Narendra Modi government has made a strong push on the financial inclusion front with the Pradhan Mantri Jan Dhan Yojana.

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"We have kickstarted various schemes to bring people, irrespective of gender, into the financial fold," said one of the officials cited above, adding that specific needs were being addressed.

"For example, the Mudra Yojana is aimed at promoting entrepreneurship and all banks are making efforts towards that," he said, referring to the government's Micro Units Development & Refinance Agency initiative. "There is no case for a bank aimed at a specific cause."

More than one bank has shown interest in taking over BMB given it has no bad loans on its books and has a network of 84 branches, said the second official. Deposits amounted to Rs 920 crore in September.

"It will be a clean merger and will boost the acquiring bank's balance sheet besides adding to its low-cost deposits," said the official. BMB's current and savings accounts (CASA) amounted to Rs 110 crore at the end of September. An outright closure of the bank will be unacceptable to Congress, which heads UPA, some experts pointed out, since it was a plan that emanated from top echelons of the party. The solution being considered by the government may be seen as the less painful alternative, they said.

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The merger proposal sparked a predictably sharp reaction from the Congress party. "This merger is tantamount to abolishing the concept of the Mahila Bank altogether," Congress spokesperson Randeep Surjewala said. "It reflects a retrograde anti-women stance followed by the Modi government on multiple fronts including a drastic reduction in the Budget of the women and child development ministry, particularly the ICDS (Integrated Child Development Scheme) scheme. The current decision is one more step in that direction."

The last merger among public sector banks was the merger of State Bank of Indore with SBI in 2010. One of the options is to merge BMB with another bank but retain the branches as specialised ones catering primarily to women.

The government is also not keen on pumping in additional resources to help the fledgling bank meet regulatory requirements, given that it needs to infuse funds into older institutions to meet norms.

"As BMB grows, it will have capital requirements. Already, we are financially stretched with our bank capitalisation programme," said one of the officials, adding that the government has asked banks to explore consolidation options and look at areas of commonality.

### ET VIEW

Merger is sensible

Consolidation of banks, guided by commercial considerations, makes sense. To start with, gender was really not a good basis to license a bank. India's first women's bank, at best, was seen as one more bank to promote financial inclusion. However, with the RBI licensing new and innovative forms of banks, the logic of keeping a small women's bank afloat is weak. Globally, too, the experience with women's banks has not been happy. Their businesses were not unviable. What is warranted now is a speedy merger of the Mahila Bank with the SBI. Women's empowerment calls for more than banking.

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