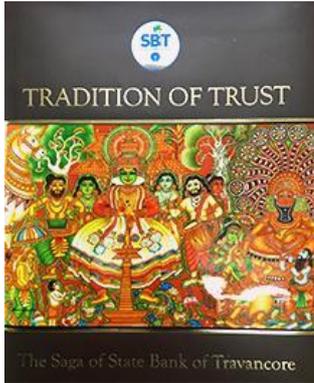


## The life & times of a 'Kerala' bank

Vinson Kurian



*Banking history repeats itself, says commemorative book on SBT*

Thiruvananthapuram, October 21:

It is often said that the only lesson you can learn from history is that it repeats itself. It cannot be truer in the case of the banking sector, if what is retold in a commemorative book — brought out to celebrate 70 years of existence of State Bank of Travancore (SBT) — is any indication.

The book launch coincides with an unexpected turn of events — SBT readying to sign off into history with its proposed merger with SBI. This has plenty of precedents, one gets to learn from the book. Authored by JPN Thampi, T Balakrishnan and KT Rajagopalan, former SBT officials, it looks at banking as it evolved in Kerala.

*Tradition of Trust — The Saga of State Bank of Travancore* draws a striking parallel between the current upheavals in the industry and the vicissitudes of the 1930s and 1940s.

There's no telling if bankers then nursed a grim sense of foreboding on what would unfold half-a-century later in the banking sector.

The book takes the reader through the stickiness of loans, auditing blues, solvency concerns, loan write-offs, mergers and acquisitions, not to mention bank closures, through the 1930s and 1940s.

As early as in 1931, a number of loans with what was then called Bank of Travancore had gone sticky, most of them having been extended to Travancore government officials.

The government had to make provisions in the State budget in 1938 to write off its own interest-free deposits of ₹2.5 lakh with the bank. An enquiry committee would later throw light on the system that prevailed in the 1920s and make a plea for government support. On August 26, 1937, Travancore National Bank merged with Quilon Bank Ltd to form Travancore National and Quilon Bank (TNQB) with a view to 'avoiding competition and synergising the strengths of the two prominent Travancore-based banks.'

But the entity unravelled for a variety of reasons. Suspension of activities of TNQB in June 1938 dealt a crushing blow to public confidence and set off an inevitable domino effect.

This is what ultimately led the rulers of Travancore to float the idea of starting a full-fledged commercial bank with 'investment of and control by' the government. Thus, Travancore Bank was registered on September 12, 1945, which SBT would observe as its foundation day.

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