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Merger with associates will cut costs, improve efficiency: SBI

By PTI | Updated: May 27, 2016, 08.34 PM IST

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KOLKATA: The proposed merger of SBI with its five associate banks and Bharatiya Mahila Bank (BMB) will lead to savings, improve treasury operations and cut redundancies, its Chairman Arundhati Bhattacharya said today, pegging the cost of the merger process at around Rs 3,000 crore.

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"Overall, the merger will be positive for merged entity as it will lead to savings, improve treasury operations and do away with the redundancies," she said at a news conference here.

The five associate banks are State Bank of Bikaner and Jaipur, State Bank of Travancore, State Bank of Patiala, State Bank of Mysore and State Bank of Hyderabad.

Earlier, SBI had merged State Bank of Saurashtra and State Bank of Indore with itself.

"We have sought permission from the government to start the negotiations. We tried to assess how the merged entity will look like and there will be no impact on capital and NPAs," Bhattacharya said.

She said that BMB would bring in Rs 1,000 crore of capital while revaluation of fixed assets of the associate banks would fetch another Rs 700 crore.

To a query, she said any merger has its challenges. "We will have to take advantage of that and convert it to an opportunity," she said, adding that the cost of the merger process would be around Rs 3,000 crore.

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