

Five associate banks to merge with SBI from April 1

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With the merger of all the five associates, SBI is expected to become a lender of global proportions with an asset base of Rs 37 trillion (Rs 37 lakh crore) or over \$555 billion, 22,500 branches and 58,000 ATMs.

The merger of State Bank of India's five associate banks with the parent will become effective in the new fiscal year, the government said.

In gazette notifications published on Thursday, the government said the entire undertakings of these five banks shall stand transferred to and vested in [State Bank of India](#) BSE -0.41 % from April 1, 2017.

Separately, [SBI](#) informed stock exchanges about the effective date of the merger.

The Union Cabinet earlier this month approved the merger of State Bank of Bikaner & Jaipur, [State Bank of Mysore](#) BSE 1.36 %, [State Bank of Travancore](#) BSE 1.27 %, [State Bank of Patiala](#) and State Bank of Hyderabad with SBI.

The merger will create a bigger SBI that will account for nearly a quarter of all outstanding loans in the country. The combined entity will have a network of nearly 23,000 branches, further increasing the dominance of the country's largest bank.

Two of the five associate banks — State Bank of Patiala and State Bank of Hyderabad — are unlisted. Among the listed ones, SBI holds a 75 per cent stake in State Bank of Bikaner & Jaipur, 90 per cent in State Bank of Mysore and 79 per cent in State Bank of Travancore.



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The government had earlier said the SBI-associate merger was an important step towards strengthening the banking sector through consolidation of public sector banks.

The merger is likely to result in recurring savings, estimated at more than Rs.1,000 crore in the first year, through a combination of enhanced operational efficiency and reduced cost of funds, the government had earlier said.

SBI's shares closed 0.5 per cent lower at Rs 270.50 Thursday, on a day when the Bombay Stock Exchange gained 0.1 per cent.

The listed subsidiaries closed almost flat, or lower. Officers and employees of the associate banks, with the exception of board members and executive trustees, will become employees of SBI after the merger.