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Market Watch

After 'Hyderabad', now 'Andhra' to slip into banking history

BY IANS | UPDATED: SEP 01, 2019, 05.37 PM IST

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After Hyderabad, it is now the turn of [Andhra Pradesh](#) to disappear from the list of public sector banks, depriving both Telugu states of their identity in the banking sector. Two years after State Bank of [Hyderabad](#) became history with its [merger](#) with the State Bank of India, it will soon be curtains down on another bank from Telugu states.

The Centre's decision to merge [Andhra Bank](#) with Union Bank of India and [Corporation Bank](#) will snap the emotional link the people of Andhra Pradesh and Telangana had with this 96-year-old bank.

With its merger with the State Bank of India (SBI), State Bank of Hyderabad (SBH) became part of the history in 2017. SBH was the identity and an integral part of the rich legacy of this historic city and one of the last remnants of the Asaf Jahi dynasty of the erstwhile Hyderabad State.

The latest move by the Centre will cut the emotional connect of Telugu-speaking people with Andhra Bank. "First it was SBH and now Andhra Bank. Telugus have lost both their banks," analyst Telakapalli Ravi told IANS. He pointed out that after bifurcation of Andhra Pradesh, Andhra Bank continued its presence in Telangana. "People had all the trust in the bank. It was another name for safety," he said.

Leaders irrespective of party affiliations in Andhra Pradesh found fault with the Centre's move and said this would hurt the sentiments of Telugu people. Two MPs of ruling YSR Congress Party and opposition Congress urged the Centre to withdraw the decision or at least retain the name Andhra Bank if amalgamation becomes inevitable.

People also took to social media to express their resentment over the merger move and shared their special bonding with Andhra Bank. It was on November 20, 1923 that freedom fighter Bhogaraju Pattabhi Sitaramayya founded Andhra Bank as a small private bank in Machilipatnam with a paid up capital of Rs 1 lakh and authorized capital of Rs 10 lakh.

After attaining the status of a scheduled bank in 1943, the bank expanded its operations beyond Andhra Pradesh to open a branch in Tamil Nadu. Following formation of Andhra Pradesh with the merger of Telangana with then Andhra State in 1956, Andhra Bank's headquarters was shifted to Hyderabad. After first phase of nationalized bank in 1969, Andhra Bank emerged as the largest private sector bank and remained so till 1980 when it was nationalised.

With its foundations rooted in the freedom struggle, the bank enjoyed a special place in the hearts of Telugu people. Since inception, it had been the main source of finance for farmers, small scale industries and weaker sections of the society.

Considered a pioneer in issuing credit cards, Andhra Bank also introduced kisan card for farmers and expanded its operations to rural and remote regions of Andhra Pradesh. With the merger, the bank will lose its identity and logo while the new entity will have its headquarters in Mumbai. The new entity is expected to emerge as the fifth largest bank with annual business of Rs 14.59 lakh crore.

Interestingly it was in early last month that Andhra Bank had announced that it returned to profit in the first quarter ended June 30, by recording a standalone net profit of Rs 51.56 crore as provisions for bad loans came down. For the full year 2018-19, the net loss was Rs 2,786 crore, against Rs 3,413 crore in the previous financial year.

According to its annual report for 2018-19, the bank had 6,687 delivery channels consisting of 2,885 branches, four extension counters and 3,798 ATMs spread over 26 states and three Union Territories. The bank had 21,403 employees as on March 31.

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Total business during the year grew by 6.95 per cent to Rs.3,98,511 crore from Rs 3,72,605 crore in 2017-18. The turnover includes Rs 2,19,821 crore deposits and Rs 1,78,690 crore advances.

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