

44. Merger of Two Associate Banks with State Bank of India: Impact Analysis

Prof. Ashok Yaski

Principal,
Bhavan's Vivekananda College of Science,
Humanities and Commerce,
Sainikpuri

Dr. S.R. Subba Rao,

Professor
Dept. of Management Studies
Bhavan's Vivekananda College of Science,
Humanities and Commerce,
Sainikpuri

Abstract

The banking sector reforms, as a part of the financial sector reforms initiated in 1991, have resulted in liberalization which intensified competition in the banking sector, with exposure to the international arena. The Narasimham Committee on Banking Sector Reforms, constituted in 1991 and again in 1997, recommended for major changes in the Indian banking, including consolidation of banks with mergers so that they become operationally efficient at the global and domestic level, with greater viability. Bigger banks were considered to benefit in respect of products and services, rationalization of excess capacity, use of modern technology, legal strength, better credit and recovery mechanism, personnel, capital adequacy, professionalization, and diversification of risk, among other aspects.

The State Bank of India had taking over two of its associate banks, viz., the State Bank of Saurashtra and the State Bank of Indore. The paper examines the merger's impact on these