

Vijaya, Dena banks to merge with BoB today

NEW DELHI, March 31: In a first three-way amalgamation, Vijaya Bank and Dena Bank will merge with Bank of Baroda (BoB) from April 1 to create the third largest lender of the country.

As a result, branches of Vijaya Bank and Dena Bank will function as BoB outlets from tomorrow onwards.

"Customers including depositors of Vijaya Bank and Dena Bank will be treated as customers of Bank of Baroda with effect from April 1, 2019," the Reserve Bank of India (RBI) had said in a statement on Saturday.

To make the merger a smooth af-

fair, the government last week decided to infuse Rs 5,042 crore in BoB to enhance its capital base to meet additional expenses.

According to the Scheme of Amalgamation, shareholders of Vijaya Bank will get 402 equity shares of BoB for every 1,000 shares held. In the case of Dena Bank, its shareholders will get 110 shares of BoB for every 1,000 shares.

The government in September last year announced the first-ever three-way consolidation of banks in India, with a combined business of Rs 14.82

lakh crore, making it the third largest bank after State Bank of India (SBI) and ICICI Bank.

The announcement of the three-way merger was among several reform initiatives undertaken by Financial Services Secretary Rajiv Kumar to make public sector banks (PSBs) healthy, robust and globally competitive.

As part of the reform process, the government had also announced transfer of majority 51 per cent stake in IDBI Bank to Life Insurance Corporation (LIC) in August last year to transform the Mumbai-based lender.

Besides, the Department of Financial Services made a record capital infusion of Rs 1.06 lakh crore in the PSBs in the current fiscal. As a result, five public sector banks including Bank of India, Corporation Bank and Allahabad Bank were out of the prompt corrective action framework of the RBI earlier this year. Non-performing assets (NFAs) have shown negative trend in 2018-19 and have reduced by Rs 23,860 crore between April-September 2018.

Following the merger, the number of PSBs will come down to 18. - PTI