

## The Mega Merger of Bank of Baroda, Dena Bank & Vijaya Bank

Dear Readers, this article is about amalgamation of three public sector lenders Bank of Baroda, Dena Bank and Vijaya Bank. Candidates those who are preparing for upcoming IBPS PO, Clerk 2018 and other competitive exams can make use of it.

### Introduction:

On September 17, 2018, The Indian government has announced the amalgamation of three public sector lenders Bank of Baroda, Dena Bank and Vijaya Bank. The announcement was made after a meeting of the 'alternative mechanism' set up last year to consider consolidation in the banking sector. This decision was taken by the government to take the next step in banking reform by merging three public sector lenders. This amalgamation will create a lender which will be the third largest in India after SBI and HDFC.

### Story Behind The merger of three Banks:

Vijaya Bank had approached the government to take over Dena Bank last year. Similarly Bank of Baroda had approached the government with a proposal to merge with Vijaya Bank, It seems the government took this decision after considering both proposals. The merged entity will benefit from Bank of Baroda's high capital adequacy ratio and Vijaya Bank's strong asset quality position.

### NPA Condition of These Three Banks:

Of these three banks, Dena Bank is currently under the Prompt Corrective Action (PCA) framework and has been restrained from further lending. It has a gross NPA ratio of 22 percent - among the highest across the industry. Vijaya Bank, on the contrary, is among the better performing public sector banks with a gross NPA ratio of 6.9 percent. Bank of Baroda, the largest of the three, has a bad loan ratio of 12.4 percent.

### Comparison Among India's Top Three Banks After Amalgamation:

Parameters	SBI	HDFC Bank	Amalgamated Bank
Total Business (Rs lakh crore)	47.37	15.13	14.82
Gross Advances (Rs lakh crore)	19.9	7.08	6.4
Total Deposits (Rs lakh crore)	27.47	8.05	8.41
Branch Presence	22,428	4,808	9,489
Return On Assets (%)	-0.57	0.44	-0.02
Tier -1 CET (%)	10.53	13.1	9.32
CRAR (%)	12.83	14.6	12.25
Net NPA	5.29	0.4	5.71
Employees	2,59,980	88,000	85,675