

# Mergers: 83 PSB branches closed

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Ahmedabad: Following merger of public sector banks into two major entities – the State Bank of India (SBI) Group and Bank of Baroda – 83 public sector bank (PSB) branches have been rationalised in Gujarat. According to the latest report by State Level Bankers' Committee (SLBC), the number of nationalized bank branches, including that of the SBI Group, have gone down by 195. The report states the number of PSB branches plunged from 5,431 branches at the end of first quarter of 2018-19 to 5,236 branches in the corresponding quarter this year.

Bankers said that a major decline is visible because of IDBI Bank being declared as a private-sector lender by the Reserve Bank of India (RBI) in March this year. "Some 112 bank branches of IDBI Bank were reclassified, which caused a major decline in the number of public-sector bank branches," said Vikramaditya Singh Khichi, convener, SLBC – Gujarat.

The remaining 83 PSB

## MANAGING BRANCHES

Bank	Branches		Difference
	Jun 2018	Jun 2019	
SBI Group	1,277	<b>1,238</b>	-39
Nationalised Banks	4,154	<b>3,998</b>	-156
Pvt Sector Banks	1,620	<b>1,947</b>	327
DCCB	1,379	<b>1,417</b>	38
RRB	769	<b>771</b>	2
Small Fin Bank	129	<b>273</b>	144
Kheti Bank	181	<b>181</b>	0

Source: SLBC Report



“Public-sector banks do have expansion plans but once the synergies are achieved post-merger, the banks would appropriately expand its branch network

**Vikramaditya Singh Khichi** | CONVENER,  
SLBC-GUJARAT

branches were rationalised as a result of mergers, said bankers. During the first quarter of 2019-20, the number of nationalized bank branches reduced by 156 whereas that for the SBI Group went down by 39.

On the other hand, the number of private sector banks have grown. SLBC report mentions that some 327 new branches of various pri-

private sector banks were added in Gujarat, in the first quarter of 2019-20.

Gujarat had some 1,620 private sector bank branches at the end of the first quarter of financial year 2018-19. The number of private bank branches grew by 20% to 1,947 branches of private banks in the same quarter of 2019-20.

In fact, private sector

banks appear to be more bullish when it comes to expansion of their bank branches. In June this year, private-sector lender, HDFC Bank announced adding 25 new bank branches in Gujarat by December this year.

Bankers say viability of operating bank branches located near one another is a concern. "The State Bank group has witnessed a merger recently. Similarly, three major public-sector lenders – Dena Bank, Vijaya Bank and Bank of Baroda – also merged since the start of financial year 2019-20. Due to this, some branches have been rationalised because one cannot have two branches close to each other," said an official.

Maha Gujarat Bank Employees Association (MGBEA), a body of bank employees, made a series of representations against mergers of banks, warning about branches having to close. "Closing PSB branches costs jobs. It will also affect implementation of government schemes, as this is largely done by PSBs," said Janak Rawal, general secretary, MGBEA.