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Title: Need to review the proposal to merge the State Bank of Travancore with State Bank of India.

SHRI M.B. RAJESH (PALAKKAD): I would like to raise the issue of merger of associate banks with the SBI. There is a move to merge seven associate banks with SBI. The merger of two associate banks – State Bank of Sourashtra and State Bank of Indore has already taken place. The employees of these banks have protested strongly and there has been strikes in last September and December and now again the employees are going on strike. State Bank of Travancore (SBT) is an associate bank which is also going to be merged with the SBI. The headquarters of this bank based in Kerala is the only public sector bank in which the Kerala Government have equity ownership and catering to the needs of lakhs of people of Kerala. During 60s when several banks collapsed in Kerala, SBT had taken over six such banks along with lakhs of customers and employees. Farmers, small traders, small industrialists and self-employment seekers are heavily dependent on this bank. The treasury business of Government of Kerala is also being conducted by SBT. Whenever Government of Kerala and public sector enterprises have issued bonds and securities, SBT has invested in them and then only other banks has invested. If we consider the education loans distributed in the State, the contribution of SBT is far ahead of other banks while the other public sector banks are reluctant to extend loans. SBT is maintaining the highest deposit ratio and is having a total of 706 branches, Rs. 3290 crore in deposits and has advanced Rs. 27332 crores. These facts and figures show that SBT is having a crucial role in the economy of Kerala. If the merger happens, this will be going to adversely affect the economy of the Kerala. Further, various national and international studies have proved that merger of banks will not increase the competitiveness and efficiency of banks as claimed by the Government. The argument that the merger and consolidation will reduce the risk of the financial stability is also not true. The mergers have always been accompanied by the closure of rural branches, retrenchment of employees and outsourcing of banking jobs. Hence, it is found that the mergers are not isolated moves but part of the policies of globalization. In fact, we don't need the merger but the expansion of banking services in our country.

Hence, I urge upon the Government not to proceed with the bank's merger.