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The name associated with excellence

Guess paper MAINS 2019

ASPIRE IAS



"The Name Associated with Excellence"

GUESS PAPER SERIES

SESSION - 22

DATE- 7 September 2019

BANK MERGER & RECAPITALIZATION

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Prob:- NPA ↑
Capital ↑
Poor Working Culture ↑
SLR ↓
Corruption ↑

BANKS

We TALKS about MERGER OF BANKS

- 1- NARASIMHAM — 3-4 I.N BANK
8-10 NATION WIDE
High Regional Centre
- 2- P J NAYAK
- 3- Economic Survey.
- 4- Gagan-Saugam.

Eg:- Dena Bank + Vijaya + BOB
SBI

RATIONALE:-

- Lower return on the Capital employed by the go.
- Reduce Recapitali burden.
- Cutting Cost & acquiring efficiency.
- To inc the RISK taking capabilities.
- To reduce Gov Shelding
- BASEL-III (CAR)
- BAD LOAN PROBLEM.

Bank Merge / Recapitalization.

Benefits:- Banks can gear up for I.N Standards.

- ✓ PSB can expand their Coverage.
- ✓ Work Culture / Progt Std. ↑
- ✓ More Products / Quality.
- ✓ Less interference.
- ✓ Reduction in Cost of doing business.
- ✓ Tech ineffic Reduces.
- ✓ Central Gov Burden Rec
- ✓ SLR / CAR ↑
- ✓ Diversify RISK MANAGEMENT

ive:- Burden on STRONG BANKS

- TEC integration Prob
- Customer Retention Prob.
- Human Res issue - Adoption
- Impact NPA Cosmetically.
- Against regional banking requirement.
- Monopolistic Behaviour.

GUESS PAPER - 22
UPSC

Recapitalization

2.11 trillion. — 1.35 trillion
76000 → Budget + Mkt Instruments

Recent Budget:- 70000 Crore.

Basis:- Indradhish Provision
BASEL-III
Asset Quality Review.

fine:- Lending Capacity ↑
Revival of Capital inv Cycle.
Twin Balance Sheet Prob Resolved.
Regulatory Capital Requirement
NPA ↓ | Bank Reform
Mgt ↑ | Future Gov can disinv in Better Price.

ive:-

- Fiscal deficit
- Only address Symptom NOT ROOT CAUSE.
- Bank become dependent
- Boost Conow / Poor W. Culture.
- Poor Utilization of H. Industry Tax Regs.
- Cycle of Bad Lending Slowed down.

WAY:- Bank Board Reform.
Str Reform.
Merge.

JAI HIND
☺

Feasible
Eco off
IBRACK

TO SOLVE the PROB of NPA
✓ Liqui
✓ Mgt
✓ GROWTH
NATIONAL INV FUND