



**State Finances: Assessing Near-Term Prospects**  
*Shubhada Rao & Garima Kapoor*

**United Bank of India: The Turnaround Story**  
*Deepak Narang*

**Consolidation of State Bank of India:  
Trigger for Merger and Acquisition among Banks**  
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*Articles*

**1. State Finances: Assessing Near-Term Prospects**

*– Shubhada Rao & Garima Kapoor*

India's federal polity is passing through a historic phase in which the states have come to occupy a prominent position in shaping the country's growth prospects. With the central government strongly promoting the idea of cooperative and competitive federalism, India's future growth is likely to be determined by the dynamism of its federal structure. Promoting both cooperative and competitive federalism has been an overarching theme of the present government. While cooperative federalism encompasses the Centre's cooperation with states, competitive federalism involves competition between the states. The Niti Aayog talks of competitive federalism act as a catalyst to achieve the objective of cooperative federalism.

Reinforcing its cooperative federalism agenda, the government last year took on board the recommendations of the 14th Finance Commission (FFC). With states now receiving a higher share of tax devolution from the Centre i.e. 42% as against 32% earlier, along with greater flexibility in expenditure, their role in driving regional growth momentum has been enhanced. Against this backdrop, we bring to you the second edition of state finances' report. Our maiden publication was centred on the 14th Finance Commission recommendations and their impact on state finances. In the current report, we move a step ahead and try to assess key factors such as Pay Commission, state elections and UDAY that are likely to impact state finances in India.

**2. United Bank of India: The Turnaround Story**

*– Deepak Narang*

There was a time when the United Bank of India was trapped in its worst operational phase ever with an accumulation of non-performing assets that seemed to go beyond control. In fact, the Reserve Bank of India had put a ban on any further lending and this had grounded the bank's business to a halt. The resignation of its chairman and managing director on February 20, 2014 and the negative media reports were raising doubts about the bank's survival. At that point, the author was given the responsibility of managing its affairs and try and salvage both the fortunes and the reputation of the bank. Working with the objective of doing so within a short and strict deadline, the author and the bank's staff nevertheless turned an impossible scenario into a rewarding reality. The article spells out the strategies employed to achieve this turnaround

**3. Consolidation of State Bank of India: Trigger for Merger and Acquisition among Banks**

*– R S Raghavan*

In mid-2016, the Union Cabinet of the Government of India cleared a proposal for the merger of associates of State Bank of India (SBI) with parent SBI and the government-owned Bharatiya Mahila Bank, thus probably triggering a significant movement towards banks' consolidation and rationalisation in the days to come. This move is likely to pave the way for a bank from India to figure in the global scenario of ranking, in terms of business volume, for the first time. The paper highlights the salient features and explores the impact of consolidation. The key areas of concern in consolidation and probable solutions are put forward. This consolidation exercise is likely to have a far-reaching impact on the Indian banking landscape.