

'TMB will never become an acquisition target'

by [Shubhank Gupta](#) on September 8th 2010 and filled under [Banking](#)

Tuticorin-headquartered Tamilnad Mercantile Bank (TMB) says it would not become a target of acquisition with the new banking licences. In a quick chat on the sidelines of a conclave on 'fuelling India's growth-inclusive banking for inclusive growth' organised by the Times Group in Chennai, G Nagamal Reddy, managing director and chief executive of TMB spoke about the banking industry and his bank. Excerpts: There is a lot of talk about consolidation in the banking sector. What is your view on this? Consolidation is bound to happen but over a period of time. It may take a few years as there is lot of opposition from employees of various banks. But without consolidation, the banking industry cannot survive the competition that we are facing, especially after liberalisation. When it comes to Tamilnad Mercantile Bank, we want to grow organically. With new banking licences, there is a speculation that banks such as TMB can become a target of acquisitions. Your take on this? Definitely not TMB! TMB will never become a target of acquisition because of its good history and track record. With new licences coming, I don't think there will be any interest in taking over existing banks. Those who are interested would always take up new licences. So there is no threat for Tamilnad Mercantile Bank here. What about credit growth? We are expecting 30% credit growth this year. We see more growth coming from the retail and MSME segment. The key trend right now is that FD rates are going up and are expected to rise even more in the coming quarters. So will small banks like yours have to pay more? We are already giving higher rates when compared to other banks and we know how to manage it. Depending on the situation, we keep adjusting the rates.

TMB had teething issues with the board. Has that been sorted out now? The issue with the board has still not been resolved. The case is still going on in the Bombay High Court. RBI is still having control and monitoring the activities of the bank. What about your expansion and recruitment plans? We already have permission from the board to open 20 branches immediately. We plan to apply for another 30 more branches. We want to have at least 50 branches by the end of this year. Wherever we have opened branches, we have seen a lot of business coming in. On the recruitment front, we have already hired around 400 clerks and some officers. We are looking at adding 100 more to our rolls by end of this year. The board of Tamilnad Mercantile Bank has proposed three names, all retired bankers, for the CEO's post to the Reserve Bank of India and your name also features in the list? I don't wish to comment on that.