

STATE BANK OF INDIA OFFICERS' ASSOCIATION

(BENGAL CIRCLE)

(Registered under Trade Unions Act 1926-Regd. No. 6908)

1, STRAND ROAD, KOLKATA-700 001.

Phone: 2213-0663, 2213-0154, 2213-0665 (after 5.30 P.M.), Fax : (033) 2210-1684



e-mail: sbioabengalcircle@gmail.com
www.sbioabengal.com

IP No. 500077

Circular No. 133/2019

Date : 10.10.2019

To All Members (Please Circulate)

We reproduce hereunder the Circular No. 96 dated 10.10.2019 issued by the General Secretary, All India State Bank Officers' Federation, the contents of which are self-explicit.

With revolutionary greetings,

Shubhajyoti Chattopadhyay
(General Secretary)

To all our Affiliates / Members:

FORMATION OF A COMMITTEE OF ALL STAKEHOLDERS ON PROPOSED BANK MERGERS

We reproduce hereunder the text of AIBOC Circular No.2019/66 dated 09-10-2019 contents of which are self-explanatory for information of the members.

(Soumya Datta)
General Secretary

FORMATION OF A COMMITTEE OF ALL STAKEHOLDERS ON PROPOSED BANK MERGERS

We reproduce below text of the joint letter no. 11/2019 dated 09.10.2019 of four officers' organisations addressed to the Finance Secretary, Govt. of India, on the captioned subject for your information.

With greetings,
Sd.-

(Soumya Datta)
General Secretary

Text of the Joint Letter No. 11/2019 dated 09.10.2019

ALL INDIA BANK OFFICERS' CONFEDERATION (AIBOC)
ALL INDIA BANK OFFICERS' ASSOCIATION (AIBOA)
INDIAN NATIONAL BANK OFFICERS' CONGRESS (INBOC)
NATIONAL ORGANISATION OF BANK OFFICERS (NOBO)

Ref: Joint Letter No. 11/2019

Date : 09.10.2019

Shri Rajeev Kumar
Finance Secretary
Ministry of Finance
Govt of India
New Delhi

Sir,

FORMATION OF A COMMITTEE OF ALL STAKEHOLDERS ON PROPOSED BANK MERGERS

Greetings on the auspicious occasion of Dusherra and Vijaya Dashami. You would kindly recall that we had a detailed discussion with you on various demands related to the officers and the banking fraternity, including the issues of bank mergers and wage revision, during our meeting on 23rd September 2019. We were assured that a committee of all stakeholders would be formed, including the managements of the respective 'Acquirer' and 'Acquiree' banks and representatives of four officers' organisations, for a meaningful discussion over the merger/amalgamation related issues.

Shubhajyoti Chattopadhyay
General Secretary
Mobile : 9434551152

State Bank of India Officers' Association
(BENGAL CIRCLE)

: 2 :

Subsequently, we had addressed a Joint Letter No. 10/2019 dated 27.09.2019, wherein, we had urged that the committee of all stakeholders should examine the very rationale of proposed bank mergers and in what way it can achieve the proclaimed advantages. As you are aware, there is no representation of bank officers or workmen in the board of any of the public sectors banks. Hence, when the agenda of merger was discussed in the boards of the concerned banks, our views on this matter of paramount importance went unheard. That is precisely why this committee of stakeholders should have a comprehensive discussion on the proposed merger issue.

2. Sir, you will recall that in the Gyan Sangam – I, there was a committee constituted by the experts, which recommended that the proposal of mergers of bank, should be driven by the individual banks boards, whereas the decision has been imposed on the banks by an announcement from the Government. In Gyan Sangam – II, the thrust area suggested/proposed was for recovery of bad loans, but the same has not been put into effective implementation. The route of recovery through IBC/NCLT is causing of disaster to the national economy on account of the delay and the massive haircuts.

3. We had raised the following issues related to the proposed mergers, which need to be addressed:-

- i] Whether merger would facilitate bad loan recovery, and if so, how?
- ii] How would the mergers improve the capital adequacy of the PSBs and thereby reduce the capital infusion requirement to be made by the government?
- iii] How would the mergers improve the Return on Assets of the PSBs?
- iv] How would the proposed mergers benefit the bank depositors and borrowers, especially in the agriculture and MSME sectors? What would be the impact on the customers, who are clinging to a particular bank and branch for years together or perhaps over generations?
- v] What would be the impact of the mergers on branch expansion?

We had also sought a review of the experience of the recent bank mergers, especially that of the SBI with its subsidiaries.

4. We understand that your department has addressed a letter to all the banks concerned, for forming a Joint Committee on HR/establishment issues arising from related to proposed amalgamation (Ref. F.No.6/8/2014-IR dated 4th October 2019). The letter directs the banks to constitute a Joint Committee comprising of respective Executive Directors in charge of Human Resources to address the matters flagged by the associations/unions. This is not on the lines of your assurances. Our demand has been very specific that a High-Power Committee has to be formed including all stakeholders, to examine the issue of bank mergers comprehensively, including the very rationale behind the mergers.

5. We are of the firm view that the proposed merger of Public Sector Banks needs to be revisited from every possible perspective. It is paradoxical that while the Government is permitting the NBFCs and MFIs to carry on para-banking activities, the number of PSBs and their branches are being reduced through mergers. Availability of on tap policy of licenses to open small and payment banks is contradictory. This cannot be in the interest of the PSBs, which have rendered yeoman services to our countrymen for their banking needs over the past fifty years.

6. We, therefore, again urge upon your good office to constitute a “High-Power Committee” involving representatives of our organisations to discuss the issue threadbare and also request you to halt the process of proposed PSB mergers till a comprehensive report of the committee is compiled and submitted to the authorities for their active consideration.

With best regards,

Yours sincerely,

Sd/-
(SoumyaDatta)
General Secretary
AIBOC

Sd/-
(Nagarajan S)
General Secretary
AIBOA

Sd/-
(K K Nair)
General Secretary
INBOC

Sd/-
(Viraj V Tikekar)
General Secretary
NOBO

Shubhajyoti Chattopadhyay
General Secretary
Mobile : 9434551152