

ALL INDIA BANK OFFICERS' CONFEDERATION



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To All Affiliates (Please Circulate)

**AIBOC CONGRATULATES BANKMEN FOR THEIR MASSIVE & SPONTANEOUS
PROTESTS ACROSS THE COUNTRY AGAINST THE AMALGAMATION PLAN OF
BANK OF BARODA, VIJAYA BANK & DENA BANK**

The entire nation witnessed a spontaneous outburst of protests from the bank employees yesterday against the regressive announcement of amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank made by Union Finance Minister, Shri Arun Jaitley on 17th September, 2018 evening. The demonstrations were massive across the country covering the State Capitals, District Headquarters, Divisional Towns and even in remote parts. The overwhelming response of our comrades in the program at such a short notice deserves our effusive congratulations. Comrades, the battle has just begun. We have to fight the battle with the same spirit of participation in the coming days to defeat the ill motives of the Government and its advisors in floating the regressive idea of amalgamation of the 3 banks.

We failed to fathom the logic provided by the Government in making this retrograde announcement that defies accepted understanding of commercial operations. Non-Performing Assets are a challenge to the banks. There is also slowdown in the economy post demonetization and introduction of GST. Global economic environment is uncertain reflected by an increase in oil prices and depreciation in rupee value. All these economic variables along with relaxation in lending norms have contributed to the growth of NPA in Indian banking system.

AIBOC has consistently demanded publication of the name of the corporate wilful defaulters who are basically responsible and have contributed to the piling up of NPAs. AIBOC was always advocating for adopting stringent legal measures to recover the dues from such crony corporate defaulters. We are aware that some of the corporate swindlers were allegedly 'allowed' to flee the country, which has affected the finances of the bank as well as hampering the momentum of recovery procedures.

Government's own response by introducing Insolvency and Bankruptcy Code (IBC) have failed to produce the desired results. Of the 28 cases that has been referred to National Company Law Tribunal (NCLT), only 3 has been settled till date involving sacrifice of the banking system to the tune of thousands of Crores of rupees by way of 'Haircuts'.

AIBOC strongly believes that inherent problem of Indian Banking as it is today cannot be addressed by arithmetical amalgamation of Balance Sheet figures. There are umpteen number of examples world over to establish this belief. Strangely, the Balance Sheet of a bank like Vijaya Bank is merged with that of Dena Bank and Bank of Baroda, which will not resolve any of their problems. On the contrary, it will prove to be inimical to a healthy balance sheet as SBI experience had already proven. Officers in Dena Bank are implementing a Turn-Around Plan with missionary like zeal, handicap though they are, by a blanket ban on advances imposed by a Reserve Bank of India diktat. What is initiated as a measure to stifle Dena Bank has now been extended to other 2 banks viz. Vijaya and Bank of Baroda.

A key factor to consider is whether the merger of PSBs would result in substantial value addition in the combined entity or result in value diminution. The large size of a combined Balance Sheet cannot just be a conclusive indicator. It is worth asking as to whether the proposed amalgamation would make better sense in resolving the current unconscionable levels of NPAs or serving the agenda of squeezing the Public Sector Banking space to allow private players to operate in resultant vacuum. Government action is all the more intriguing as it is issuing licenses to a number of private players to open new shops while it is talking of consolidation in Public Sector Banking space.

AIBOC demands for immediate withdrawal of this regressive proposal of merger of Bank of Baroda, Vijaya Bank and Dena Bank. AIBOC commits that its members will ensure the revival of these Banks on the basis of the agreed viable Turn-Around Plan wherever the same is required. But it will not stop from taking the battle out on the streets and exploring all alternatives to thwart the offensives meant to weaken the Public Sector Banking in the country and for reversing the ill-motives of the Government of India as manifested through the proposed amalgamation. All our affiliates and State Units are advised to be in readiness to implement the various action plans being drawn in true spirit of militant legacy of AIBOC which will be advised in due course.

Comrades, due to our efforts the FRDI Bill has not seen the light of the day. Let us involve all stakeholders to put up another gallant effort to save PSU Banks.

#SavePSUBanks

#StopMerger

Public Sector Banks belong to billions and billions of citizenry of this country; and not to billionaires.

**Soumya Datta
General Secretary**