

# ALL INDIA BANK OFFICERS' CONFEDERATION

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Circular No. 2019/47

Date: 03.09.2019

## To All Affiliates (Please Circulate)

Dear Comrade,

### MERGER OF PUBLIC SECTOR BANKS AIBOC Delegation Meets Ms Mamata Banerjee, Chief Minister, Govt. of West Bengal

Today, a delegation of AIBOC leadership called on Ms. Mamata Banerjee, Hon'ble Chief Minister of West Bengal and handed over the appended memorandum opposing the move of mega merger of public sector banks and its possible disastrous impact on the national economy. The delegation comprised of Com Biswaranjay Ray, President AIABOA; Com P Anand Rao, General Secretary AIABOA; Com Kaushik Ghosh, General Secretary UBOA; Com Shubhajyoti Chattopadhyay, President AIBOC WBSU; Com Sanjay Das, Secretary AIBOC WBSU; Com Arun Kumar Roy, Organising Secretary, AIBOC WBSU; Com Sisir Ghosh former international footballer of repute of UBOA along with the undersigned. Hon'ble Chief Minister has given a patient hearing and consented to take the issue in appropriate forum and pledged her solidarity with the ongoing movement of AIBOC.

With greetings,

(Soumya Datta)  
General Secretary

### Text of Letter No. AIBOC/2019/68 dated 03.09.2019

Ref No. AIBOC/2019/68

Date: 03.09.2019

**Ms Mamata Banerjee**

Hon'ble Chief Minister  
Government of West Bengal  
Nabanna, 14<sup>th</sup> Floor  
325, Sarat Chatterjee Road  
Howrah-711102

Respected Madam,

### Merger of Public Sectors Banks

On behalf of All India Bank Officers' Confederation (AIBOC), the largest non-political supervisory cadre organization in the banking industry, representing over 3.20 lakh Bank Officers, we convey our heartfelt greetings.

Madam, in the afternoon of 30<sup>th</sup> August, 2019, Hon'ble Union Minister of Finance and Corporate Affairs, Mrs Nirmala Sitharaman announced a mega merger plan combining **ten Public Sector Banks into four**. AIBOC has steadfastly opposed such merger on the grounds that such move of consolidation have, in fact, very little synergy in itself without addressing the real big issues that have plagued the Indian Banking Industry in particular and Indian Economy in general. We apprehend that the decision of the Central Government will further weaken the Public Sector Banking as experienced from the published financials in June 2019 of SBI & Bank of Baroda which reveal clear sign of stress on profitability and asset quality which is a fall out of unplanned moves on Bank consolidation and merger.

Apart from the cascading impact of this move, the mega merger will have on frugal state of National Economy, its impact on West Bengal Economy will be more disastrous as two of the Banks slated for merger are headquartered in Kolkata viz. United Bank of India, the convenor of State SLBC with Lead Bank responsibility in 11 Districts of Bengal along with Allahabad Bank, another major contributor to the state economy. While United Bank of India is proposed to be merged with Punjab National Bank with its head office in Delhi, Allahabad Bank will be merged with Indian Bank with its head office in Chennai, both the anchor banks have no significant exposure or penetration in West Bengal economy. If the process of merger goes through, Kolkata will remain with only one Head Quarter Bank, UCO Bank, incidentally which has been tagged as a Regional Bank in the same Press Conference without clearing the exact implication of the term Regional Banking. Such development will definitely not augur well for West Bengal Economy, which has been one of the growing economies of the country under your visionary and dynamic leadership.

As on 31<sup>st</sup> March 2019, out of 8230 brick and mortar bank branches in West Bengal, the larger shares belongs to UBI followed by SBI, Allahabad & UCO Bank. In the past, all mergers have eventually closed down substantial number of branches. In the recent merger in SBI and its Associates, and Bank of Baroda, Vijaya Bank and Dena Bank, 80 branches have already been closed in West Bengal only. The envisaged merger of UBI with PNB and Allahabad Bank with Indian Bank with consequential closure of UBI and Allahabad Bank's Head Quarters in Kolkata will ensure a regressive rationalization of bank branches in West Bengal, especially in rural and semi urban areas.

Madam, you are aware that out of the targeted credit outlay of Rs.146461 crore under annual credit plan in the State of West Bengal for F.Y. 2018-19, the Banks could achieve 93% of the target at Rs.136205 crore under close monitoring of SLBC & DLCC which worked as a major catalytic factor in the growth of the State Economy.

Out of the total annual credit outlay for F.Y. 2019-20 of **Rs.173075 crore** as set out in Annual Credit Plan adopted in 145<sup>th</sup> SLBC Meeting, the share of UBI and Allahabad Bank are respectively **Rs.31833 crore & Rs.19835 crore** representing a whopping 30% of the total outlay. We are afraid that due to policy paralysis that will follow, it may be very difficult to achieve the Annual Credit Outlay target for West Bengal by the banks in general and UBI and Allahabad in particular. In the above backdrop, the announcement of mega merger aiming at enhancing credit outflow from the banking system to lift the economy out of recession will certainly turn out to be counterproductive for the country as a whole and West Bengal in particular.

It is also surprising that Government of West Bengal, we presume, has not been consulted before initiating a major decision to merge the Lead Bank of West Bengal with a Delhi Head Quartered Bank in total disregard of its gradual improvement in its performance over the years due to the dedication of its workforce and unflinching support from your government. In case of Allahabad Bank too, the decision to merge with Indian Bank as an 'Anchor Bank' is also surprising because financials of Allahabad Bank is in no way inferior to that of Indian Bank. We doubt whether this is really a pure economic exercise or an exercise with implicit political undertone by robbing Kolkata of two Heritage Banks viz. Allahabad Bank, the oldest joint stock bank of the country and UBI, a Bank from Bengal itself.

Therefore, we beseech your kind intervention to ensure that the draconian and retrograde decision to merger these Public Sector Banks is rescinded and also urge upon your good office to lead a movement to halt the entire process of merger of Public Sector Banks, which are the lifeline of the nation.

With best regards,

Yours sincerely,

Sd/-  
**(Soumya Datta)**  
**General Secretary**  
**Mob - 9830044737**