

# ALL INDIA BANK OFFICERS' CONFEDERATION

(Registered under the Trade Unions Act 1926, Registration No.3427/Delhi)

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Circular No. 2019/63

Date: 27.09.2019

**To All Affiliates (Please Circulate)**

Dear Comrade,

## **FORMATION OF A COMMITTEE OF ALL STAKEHOLDERS ON PROPOSED BANK MERGERS**

We reproduce below text of the joint letter no. 10/2019 dated 27.09.2019 of four officers' organisations addressed to the Finance Secretary, Govt. of India, on the captioned subject for your information.

With greetings,

(Soumya Datta)  
General Secretary

Text of the Joint Letter No. 10/2019 dated 27.09.2019

**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. 10/2019

Date : 27<sup>th</sup> September 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**

At the outset, we convey our sincere thanks for the audience with you on 23<sup>rd</sup> September, 2019, instilling the confidence to the entire workforce of Banking Industry that Govt. of India is keen to resolve the issues highlighted in our proposed strike call on 26<sup>th</sup> and 27<sup>th</sup> September, 2019.

02. During the course of our submission and your positive response on the captioned subject matter, formation of a committee of all stakeholders, including management of respective acquirer and acquiree banks and representatives of four officers' organisations for a meaningful discussion over the merger/amalgamation related issues. The following points may please be considered for initiating significant deliberations to benefit the nation as a whole as public sector banks remained engaged in nation building and been the fulcrum of economic progress of the nation for the past 50 years.

- a. Rationale behind the proposed 10 Banks' merger and the expected benefits that is likely to accrue to the benefits of the Banks and their customers [data, facts and figures].
- b. In what way the proposed amalgamations would ensure the following:
  - i] Whether merger would facilitate bad loan recovery [without referring to NCLT]?
  - ii] Combined position - would it improve the capital adequacy and thereby reduce the capital infusion requirement to be made by the government?
  - iii] Would it improve the Return on Assets on amalgamation?

- iv] Will the proposed merger benefit the customers / borrowers in Agriculture /MSME sectors profusely?
- v] Rationalisation of the bank branches - will it not affect the customer's direct interface with staff at the branch?
- vi] Will rationalisation trigger off major HR issues in the proposed entities [due to displacement, dislocation etc.]?
- vii] Going by the experience of merger of NBI with PNB [1993] and Global Trust Bank with OBC [2005], what would be the impact on *inter-se seniority*, promotions and resultant transfers?
- viii] Cost of upgradation on account of integration of technology and products and processes, to retain the market share.
- ix] Impact of merger of 5 Associates with SBI - w.e.f. 01.04.2017 on profit, on bad loans, on branch closures and on human assets of the Banks. Given the net NPA position of over 5% in nine out of ten banks and existing low provisioning coverage ratio of all these ten banks and also the proposed amalgamated banks - which is much lower than the desirable level of 70% indicated by RBI, will not the profitability of the combined entities further deteriorate?
- x] If the net NPA of the merged entities goes beyond the threshold level of 6%, will not the Prompt Corrective Action (PCA) restrictions be imposed by RBI on them?

We would be much obliged, if you kindly issue necessary direction for arranging preliminary discussion on the above issues at an early date.

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