

ALL INDIA BANK OFFICERS' CONFEDERATION

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Circular No. 2020/29

Date:18.03.2020


To All Affiliates (Please Circulate)

Dear Comrade,

CORONAVIRUS THREAT - REVIEW OF PROPOSED BANK MERGERS

We have sent a communiqué today to the Finance Secretary, Govt of India demanding a review of the decision of proposed mergers in wake of coronavirus threat and its disastrous effect on the economy. Text of the letter is appended.

With greetings,


(Soumya Datta)
General Secretary

Text of Letter No. AIBOC/2020/13 dated 18.03.2020

Ref No. AIBOC/2020/13

Date: 18.03.2020

Shri Ajay Bhushan Pandey
Finance Secretary
Ministry of Finance
North Block, Cabinet Secretariat
Raisina Hill
New Delhi

Dear Sir,

REVIEW OF PROPOSED BANK MERGERS IN VIEW OF CORONAVIRUS THREAT AND ITS DISASTROUS EFFECT ON THE ECONOMY

Greetings from All India Bank Officers' Confederation (AIBOC), the largest supervisory cadre trade union commanding a membership of over 3.20 lakh bank officers.

At the outset, we congratulate you on your elevation as Finance Secretary of the country. We are confident that many positive developments for the good of the economy in general and banking in particular, will happen during your tenure.

Sir, we, AIBOC, has been consistently opposing the idea of the proposed amalgamation of PSU banks. Time and again, through our various letters to the authorities and communiqués in the public domain, we have pointed out how the proposed mergers of PSU banks were detrimental to the economy, more so when a global recessionary trend has firmly set in across economies. However, in spite of the industry level opposition to the proposal, the amalgamation of 10 public sector banks has been announced by the Hon'ble Finance Minister on 30.08.2019. The government has also issued the Gazette Notification on 04.03.2020, under Section 9 of the Banking Companies (Acquisition & Transfer of Undertakings) Act, 1970 / 1980, on merger of 10 Nationalised Banks into 4 mega banks, to be effective from 01.04.2020.

As it happens, the virulent outbreak of COVID-19, which has been declared as pandemic by W.H.O, has seriously affected the entire world since the beginning of this year and countries after one another are clamping down on travel, movement of goods, trading in market places, gathering in community meetings, official conclaves and so on, thereby profoundly affecting the economy and normal life of the citizens. Your attention must have been seized of the adverse effects of the novel coronavirus across the entire global economy. According to a study made by Johns Hopkins University, the novel coronavirus has infected more than 182,400 people worldwide. India has not been spared and presently we are gearing up at the national level to combat this scourge. Already public gatherings, official meetings, travel, tourism etc. have been curtailed to the barest minimum. Many educational institutions have been closed; commercial and business establishments

are encouraging their employees to work from home. All these are being advised / prompted by the government in order to contain the spread of the disease and save precious human lives.

You will surely appreciate that the banking activities also involve interacting with millions of people on a daily basis, while transacting their banking requirements, including cash transactions and other physical interfaces across the counters. There is every need to protect the vulnerable bank staff too from the possible threat of coronavirus as well as the customers using the various services by visiting the branches, offices or ATMs. A situation where the bank branches may have to keep their shutters down or severely curtail their physical interactions with customers, cannot be ruled away at this stage. In fact, it is high time that a taskforce be formed involving the government and bank functionaries to review the threat perception arising out of the pandemic and decide on the viability of the branches being kept open vis-à-vis the danger it puts the society and the country as a whole.

We believe that any pragmatic person will clearly understand how the twin events of bank mergers and COVID-19 scare will combine into a deadly cocktail to debilitate our economy. In this context, let us not forget how the decision of 'Demonetisation' in 2016 and introduction of GST in 2017 affected the manufacturing, trade and services sectors of the economy very much adversely and hastened the lowering of GDP in spite of benign global crude oil prices. Another fatal blow in the form of disruption in the banking sector will definitely set our national economy back by years, if not decades and will seriously affect the vision of \$ 5 trillion economy.

Further, we urge upon your kind consideration to appreciate that all the tasks related to the proposed merger of banks with effect from 01.04.2020 will involve thousands of our members, other employees and even many outsourced personnel on a day and night basis exposing them to the risk of being contaminated by the coronavirus. There will be the requirement of continuous synergy meetings of various steering committees at all levels to carry out various essential tasks ahead for ensuring successful operations of the amalgamated entities post merger. The employees and officers of all the ten concerned banks will face a daunting task in the next fortnight. As per our experiences of previous such amalgamation of banks, the logistics of the whole process will be quite a herculean task to accomplish.

We, therefore, urge upon your good office to take a pragmatic step in the interest of the country, its people and the economy and rescind the calamitous decision to merge the banks with effect from 01.04.2020.

With best regards,

Yours sincerely,

Sd/-
(Soumya Datta)
General Secretary