

TELEGRAM : MILITANT



(AFFILIATED TO ALL INDIA
STATE BANK OF INDIA
STAFF FEDERATION &
N.C.B.E.)

State Bank Of India Staff Association

(REGISTERED UNDER ACT XVI OF 1926)
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Circular No.23 of 2018 **To all Units / Members,**

Date:03.11.2018

RECONSIDERATION OF THE DECISION ON PROPOSED AMALGAMATION OF BANK OF BARODA, DENA BANK AND VIJAYA BANK

We reproduce hereunder the Circular No.30 dated 02.11.2018 issued by Com.Sanjeev K.Bandlish, General Secretary, National Confederation of Bank Employees(NCBE) appending therein the contents of letter No.NCBE/AFFILIATES/2018/29 Dated 02.11.2018 addressed to Shri Arun Jaitley, Hon'ble Minister of Finance, Govt. of India, New Delhi written by Com.Sanjeev K. Bandlish, General Secretary, NCBE, for information of all our members, the contents of which is self explicit.

With revolutionary greetings,


(Pradip Kr. Baishya)
General

Secretary

"We note with great concern and anxiety the recent announcement of the Government's decision on the proposed amalgamation of Bank of Baroda, Dena Bank and Vijaya Bank.

We have been repeatedly drawing the attention of the Government and the bank managements that while the Banks are suffering from problems on account of huge bad loans, the Banks and banking staff are being painted with a black brush for no fault of them. If today, as on 31-3-2018, 19 Banks out of 21 Public Sector Banks are in Net Loss position, as everyone knows, it is only on account of the huge provisions that have been forced on the Bank because of the bad loans. Otherwise there is no major problem facing the Banks. All the Banks are earning Operating Profits and for the year ended 31-3-2018, public sector banks earned a total Operating Profit of Rs. 155,000 crores.

As Government knows, public sector banks have been doing yeomen services and are immensely contributing for the economic development of our nation. Given the present economic scenario, public sector banks have further role to play and hence banks have to be readied and equipped for this purpose. More and more branches have to be opened to make banking services available to all people. Jan Dhan Yojana has helped to open large number of bank accounts for people who were hitherto denied the same. Still Banks have to further expand and reach each and every citizen of this country.

Government is aware that banking density in India is one of the lowest when compared to many countries of the world. Hence expansion of banks is the utmost need. But the Government wants to consolidate the Banks through amalgamation and mergers. As a part of this agenda, recently Government has announced through the Alternative Mechanism that Bank of Baroda, Dena Bank and Vijaya Bank are to be amalgamated.

The reasons being advanced from the Government for this proposal is that the amalgamated Bank will become a bigger bank and thus will be more efficient in its performance.

Sir, we have the experience of the merger of 6 Banks with State Bank of India in April, 2017. 18 months have passed and we only see increased problems for SBI after the merger. Number of branches have been closed down and further closure of branches are afoot. Employees have been eased out under voluntary retirement scheme to reduce the alleged surplus staff. Fresh employment in SBI has drastically come down. There are reports that clients have switched over from SBI being not satisfied with the merger.

The bad loans of SBI have gone up steeply after merger. From Rs.177,000 crores as on 31-3-2017, the total bad loans as on 31-03-2018 has gone up to Rs.225,000 crores.

Thus, our experience is that merger of banks has not been helpful in achieving the purpose for which such mergers are undertaken. We also strongly feel the main issue confronting the Banks which is increasing bad loans, will get relegated by bringing proposals of consolidation and merger of banks to the fore.

Further, Government is aware that in many developed countries big banks have posed big risks and Governments in those countries had to bail them out through public exchequer. Hence, in India, where our Banks are dealing with huge public savings, making our Banks bigger may be an undesirable proposition.

Our Public Sector Banks have their glorious history of more than 100 years in many cases and have their own unique culture, geographical spread, special contribution to our country in different States, etc. It would be unwise to dismantle these Banks in the name of mergers and consolidation.

In view of the above, we are of the considered opinion that in India banks need to be expanded and not consolidated. We strongly urge upon the Government to reconsider its stand and rescind the proposal of amalgamation of Bank of Baroda, Dena Bank and Vijaya Bank.”

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