

**CIRCULAR NO. 41 /2020**

**DATE : 12.03.2020**

**TO,  
ALL MEMBERS**

**AIBOC DENOUNCES THE PROPOSED BAIL OUT OF YES BANK**

We reproduce hereunder the text of the AISBOF circular No. 41 dated 12.03.2020 , the contents of which are self-explicit.

With warm greetings

**(Ajit Kumar Mishra)  
GENERAL SECRETARY**

**OUR UNITY : ZINDABAD-ZINDABAD  
S.B.I.O.A : ZINDABAD-ZINDABAD**

**TEXT**

**AIBOC DENOUNCES THE PROPOSED BAIL OUT OF YES BANK**

We reproduce hereunder the text of AIBOC Circular No.2020/26 dated 06/03/2020 contents of which are self-explanatory for information of the members.



**(Soumya Datta)  
General Secretary**

**AIBOC DENOUNCES THE PROPOSED BAIL OUT OF YES BANK**

We have issued a press release today on the captioned subject, text of which is appended. We request all our affiliates and state units to circulate it amongst their connections in print and electronic media for its wide circulation.

With greetings,

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

**Text of the Press Release dated 06.03.2020**

**PRESS RELEASE**

**AIBOC DENOUNCES THE PROPOSED BAIL OUT OF YES BANK**

ALL INDIA BANK OFFICERS' CONFEDERATION (AIBOC), the largest supervisory cadre trade union in the banking industry of the country, having a membership of over 3.20 lakh officers, strongly denounces the proposed move of bailing out the beleaguered Yes Bank, the fourth largest private sector bank of the country apparently by SBI and others.

We are reminded of 2004 when the Global Trust Bank, another private sector bank was taken over by the Oriental Bank of Commerce as per diktat of the government. The striking similarity in the high flyer profile of the CEOs of both the private Banks and the much-hyped market capitalisation at the bourses is worth recapitulating. This is, therefore, not something new or innovative as a solution for the crisis. Rather it raises a question if lessons were really learnt from previous experiences. Whether the regulators had formulated any plans to avoid such catastrophes in the first place is a point to ponder. If not, then who takes responsibility is the next question.

Coming to the matter of intervention of SBI to bail out Yes Bank as reported in the media, it is difficult to fathom the logic behind it. SBI has just come out from the aftermath of a messy and lengthy process of amalgamation of its five subsidiary banks, in spite of sharing a lot of synergy with them. Now, if it has to or it is forced to take the Yes Bank under its fold, then that will surely sound warning bells all around. But then such decisions must have been taken by the executives and approved by the Board, which does not have any representation from the workmen and officers. Such direction is presumably forced upon the members of the board.

On one hand, we find that the Indian Banker's Association is dragging their feet with inordinate delay in settling the bipartite wage negotiations with the employees and officers represented by the recognized unions pleading lack of funds to meet the wage bill and the aspiration of employees, officers and retirees, while on the other hand, we find huge corporate NPAs being written off in a routine manner and without compunction. And now, with bailouts of their competitors in the private sector, the whole financial infrastructure is being seriously compromised.

The private sector –players basically are overhyped entities generally operating at the whims or fancies of individuals at the behest of vested interest groups. Their business model of reckless, unethical and aggressive growth is laced with an assumption of high-risk assets and possible multiple violations of norms and guidelines which makes the whole system vulnerable. Yet as the going gets good, these persons are unfortunately deified by the media with the help of a certain amount of organised promotion activities and the image of a fast-growing so called efficient company is projected from all available platforms. But in the financial world, it is very difficult to sit upon inherently risky positions for a considerable period of time and therefore the sins of omissions and commissions catch up with these high flyers at some point in time. We have recently seen the heads of the two top private sector Banks being ingloriously and unceremoniously unseated from their positions after long spells of role model stature. So, it will be quite moronic to assume that everyone in the system responsible for monitoring,

regulating and disciplining these private sector Banks are innocently unaware of what happened in Yes Bank.

The problem is compounded by the general insensitive approach of the government towards the PSU sector and revival of the PSU banks with a long-term vision and nurturing approach. The recent decision to merge the PSU Banks is one such retrograde step in the wrong direction. This move is contemplated to facilitate the privatisation of these banks through the merged entity as well as to shrink the space of PSBs and yield the ground to the private players. It may be noted that the PSU funds are in effect public money owned by the people of India and to squander them on privately owned companies is a most unwarranted method of financial governance.

Further, the hardship faced by the depositors and the general public in accessing their funds is a matter of deep consternation. Time and again we find such limitations being placed on withdrawal of deposits from banks as a routine knee jerk measure without appreciating how much inconvenience it places the common depositor in. There is now a deep insecurity amongst the public about bank deposits. Without trying to address the basic reasons and create an atmosphere of trust in the banking system, such moves are just patchwork repairs to the torn fabric. Instead of strengthening the PSU sector and nurturing it to robust health to enable it compete with the private sector and global competitors such bailouts are nothing but siphoning of funds to cover up inefficiency, recklessness and avarice of the corporate predators. We also believe that the time is ripe to look deep into the affairs of private sector banks. As they are not within the ambit of CVC, CBI and the Regulatory restrictions as PSBs are, issues of fair practice, governances, non-disclosure and pushing dirt under carpets are imminent. All India Bank Officers' Confederation (AIBOC), the largest Association of supervisory cadre of banking industry of the country demands that private sector banks be put into stricter scrutiny to protect the customers. Else, many more failures may haunt the country and affect millions of small depositors, who are lured to them with the much hyped promised of better customer service, professionalism, technology et al.

We, therefore, strongly and vehemently protest against the bailout of these new generation Private Sector Banks by the PSU Banks and wish to place our apprehension on record in the public domain to warn the depositors, account holders, customers and the general citizens of the risks and dangers involved, not only to these Banks but to the whole financial system of the nation. It is dire need of the hour that country needs to garner, utilise and harness the capital to achieve Government's dream of \$ 5 Trillion economy and this is only possible by strengthening Public Sector Banks.

Sd/-  
(Soumya Datta)  
General Secretary