

**CIRCULAR NO. 60 /2020**

**DATE : 03.04.2020**

**TO,  
ALL MEMBERS**

**AIBOC CONDEMNS THE AMALGAMATION OF PUBLIC SECTOR BANKS**

We reproduce hereunder the text of the AISBOF circular No. 60 dated 03.04.2020 , 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 CONDEMNS THE AMALGAMATION OF PUBLIC SECTOR BANKS**

We reproduce hereunder the text of AIBOC Circular No.2020/37 dated 01/04/2020 contents of which are self-explanatory for information of the members.



**(Soumya Datta)  
General Secretary**

Dear Comrade,

**AIBOC CONDEMNS THE AMALGAMATION OF PUBLIC SECTOR BANKS**

At a time when the country is under a lockdown to contain the deadly coronavirus pandemic and bank officers and employees are bearing great risks while providing essential banking services to the customers and implementing the Coronavirus Relief Package announced by the government, it is indeed insensitive of the Union Government to go ahead with the amalgamation of the 10 public sector banks into 4 effective from April 1, 2020. Despite our appeal to the Hon'ble Prime Minister to revisit the decision of the mega merger of the PSBs in view of the pandemic and nationwide lockdown, RBI notified the PSB amalgamations on March 28th.

AIBOC is of the firm opinion that implementation of the merger decision during this abnormal period will severely impair the normal activities of the PSBs and impose needless and avertable burdens on the bank officers and employees. Training and integration of technology platforms following the merger cannot proceed smoothly till

the time lockdown restrictions are in place. While priority should be accorded to the task of serving the distressed customers, particularly the farmers, daily wage earners, small creditors and JDY account holders at a time of lockdown and economic shutdown, the merger related activities would come in the way of such forced prioritisation made by the government, thereby infringing its own precepts of 'Break the Chain' and 'Stay Home, Stay Safe' marked with widespread publicity in media and on social media platforms. The merger process will lead to change in the lead banks in the SLBCs in several states, which may complicate HR decisions related to functioning of bank branches and business correspondents, during this difficult time. We, as the vanguard in Nation building for past several decades, are shocked and surprised to note that the Union Government and the Apex Regulator (RBI) are unmindful of these legitimate concerns.

AIBOC has, from the day one, opposed this Mega amalgamation project of merging ten PSBs into four, viz. i) of the United Bank of India and Oriental Bank of Commerce with Punjab National Bank; ii) Syndicate Bank with Canara Bank; iii) Allahabad Bank with Indian Bank and iv) Andhra Bank and Corporation Bank with Union Bank of India. The decision to merge Vijaya Bank and Dena Bank with the Bank of Baroda from April 1, 2019 was also challenged by the AIBOC in the court of law, through a writ petition, but we could not obtain a 'stay' from Hon'ble Supreme Court. However, till date the petition has not been disposed of. We have also filed a petition in Delhi High Court challenging this 'Mega Merger' decision of the Union government. But unfortunately due to the lockdown scenario, the matter did not come up for hearing. On this note, we express our sincere appreciation to all our affiliates who have been fighting relentlessly along with other stakeholders to save their esteemed organisation against the draconian decision of amalgamation.

In case of the amalgamation of Vijaya Bank and Dena Bank with Bank of Baroda, even after a period of one year from the effective date (01<sup>st</sup> April, 2019), system integration has not taken place on account of different versions of Core Banking Solution ('FINACLE 7' in E-VB and E-DB and 'FINACLE 10' in Bank of Baroda). This is a huge pain-point for all their customers, because customers of one earlier entities cannot make even simple cash deposit / withdrawal transactions in branch of another. If a customer of one bank in any of the four sets of present merger process is unable to make transactions in branch of another bank of the same set for one reason or the other (such as lack of system compatibility etc.) even at this crisis hours of limited banking activities, one of the much propagated benefits of 'Mega Merger' will be defeated *ab initio*. Moreover, the less than desired level of provisioning coverage ratio (PCR) in some of the acquirer / acquiree banks coupled with ever increasing volume of stressed assets are certainly going to increase the provisioning requirement of the amalgamated entities for at least next 2-3 financial years, thereby diminishing their overall profitability.

We strongly feel that the PSB mergers would spectacularly fail to solve the menace of NPA afflicting the PSBs and would only lead to bank branch rationalisation and retrenchments, to the detriment of the bank customers as well as bank officers and employees and ultimately affect the common man in a very adverse way.

In the golden jubilee year of bank nationalisation, the government has deliberately unleashed such a retrograde step to subvert the glorious history of the great contribution made by the public sector banks in shaping the economic mainstay of independent India and instead tread upon a path of reversing the entire process thereby paving the way for the crony corporate business houses to take over the national assets. Due to the lockdown, it is not at present possible for us to stage protest demonstrations / place our views and arguments before the judiciary. However, we strongly condemn the most unfortunate decision of the Union Government and the RBI to go for merger of public sector banks, which is highly irrational, unwarranted and detrimental to all stakeholders of our national economy. We may have lost the battle against mergers, but the war against privatisation continues.

AIBOC Zindabad!

Our Unity Long Live!

With revolutionary greetings,

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