



ALL INDIA BANK PENSIONERS' & RETIREES' CONFEDERATION

(A.I.B.P.A.R.C.)

C/O BANK OF INDIA OFFICERS' ASSOCIATION

(EASTERN INDIA BRANCHES)

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(For circulation among all the members of the Managing Committee as well as the Governing Council of AIBPARC, Special Invitees, State Secretaries and Advisors of AIBPARC.)

Dear Comrade,

Sub : Proposed merger of Vijaya Bank, Dena Bank and Bank of Baroda.

We have sent a protest letter to Hon'ble Union Finance Minister conveying our disagreement with the decision of merger. A copy of the said letter is being reproduced for information of members.

With best wishes,

(SUPRITA SARKAR)
GENERAL SECRETARY

QUOTE :

AIBPARC/GOI/BANKMERGER/EMAIL/SPEEDPOST/2018

20th September, 2018.

**Shri Arun Jaitley,
Hon'ble Finance Minister,
Govt. of India,
New Delhi.**

Respected Sir,

Sub : Proposed Merger of Vijaya Bank, Dena Bank and Bank of Baroda.

We, an All India Organisation of Bank retirees from different nationalized banks, private sector banks, a few RRBs and several similarly placed organisations, convey our disagreement with the above decision and request you earnestly to please consider and review the decision once again and desist from pushing forward the issue further. The grounds of our disagreement are noted hereunder :-

- 1) The principal headache with which the Banking Industry is saddled today is accumulation of huge quantum of NPA for different reasons which are well known to the Government. The proposed merger can in no way show a better path for reduction of NPA level. The instance of merger of the Associate banks of SBI with SBI is an instance in point. There has been a lot of disruption in all fronts but the business results have not improved. On the contrary, losses and accumulation of NPA have gone up.
- 2) Ours is a country where unemployment is one of the greatest points of concern. Merger of banks will definitely lead to closure of branches in the name of rationalization of location; there will be surplus of manpower which may be shown the door through the path of a sugar-quoted exit policy and there will

be severe shrinkage of future manpower employment. All these are avoidable exercises in the present context.

- 3) It is a well known concept that each nationalized bank has a definite and well defined customer base over several decades and they have a sentimental and emotional attachment with the banks concerned. By merger, this sentimental chord will be snapped overnight and it might have a long term effect in a very adverse manner over the business potentiality of the merged entity. It might satisfy a section of economists and industrialists that Govt. is enthusiastically working to fulfill its reformist zeal at a time when rupee is under serious pressure but it will not do ultimate good to the economy.
- 4) The commonly propagated intentions of merger that larger banks derive efficiencies of scale, technological advantage and risk-mitigation are issues which are based on surmises and hypothesis. Our experiences in 2008 clearly show that too big an entity, too quickly it falls under a given condition of economy. The small and the medium sized banks have their own roles in the economy. They have reached the doors of the poor and the marginal segment of society and they have implemented policies of the government. It is well known that the tasks which are to be discharged by government offices have been thrown upon banks and in the process core banking operations has been seriously neglected and losses have mounted up.
- 5) Bankers cannot be held liable entirely for the present state of affairs. Although autonomy in certain areas was given, banks had to perform within the overall control and policies formulated by Union Govt. and RBI. If there is an ailment, its root cause is to be found and necessary steps are to be taken for getting it cured but merger by no stretch of imagination can act as a prescription to cure the disease.
- 6) By this proposed declaration of merger, a general message has gone to the entire industry and the total workforce that this step is not an end in itself and it is the beginning of a chain of similar such actions to follow in days to come. As a result of this, a large scale frustration and despondency might spread in some other organisations which are thinking that they are also in the pipeline. In other words, such declaration has a snowballing effect and its impact cannot be measured overnight.

We do not have any intention to make the letter unnecessarily lengthy. Our only request to you is to review the subject in a transparent and pragmatic manner and withhold the decision from implementation.

With kind regards,

Yours sincerely,

(SUPRITA SARKAR)
GENERAL SECRETARY