



ALL INDIA BANK EMPLOYEES' ASSOCIATION

Central Office: "PRABHAT NIVAS" Regn. No.2037
Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001
Phone: 2535 1522 Fax: 2535 8853 Web: www.aibea.in
e mail ~ chv.aibea@gmail.com & aibeahq@gmail.com

CIRCULAR NO. 28 /77/2018 /40

24-9-2018

TO ALL UNITS AND MEMBERS:

Dear Comrades,

- **UNWARRANTED DECISION TO MERGE BANK OF BARODA, VIJAYA BANK AND DENA BANK**
- **CONGRATULATIONS TO ALL OF YOU FOR THE MASSIVE PROTEST DEMONSTRATIONS ON 18TH SEPTEMBER.**
- **AWAIT FURTHER PROTEST PROGRAMMES**

Units and members are aware of the decision taken by the Government proposing the amalgamation of Bank of Baroda, Vijaya Bank and Dena Bank. To express our opposition and protest against this unwarranted decision, UFBU had given the call for countrywide demonstration on 18th September, 2018.

These demonstrations and rallies were enthusiastically participated by our members in large numbers in all the States which indicated the clear disapproval of the Government's decision by the rank and file membership.

All of us are very clear that the only major problem in the Banks today is the huge and mounting bad loans and merger/amalgamation of banks is no solution to recover these bad loans. Tough action including criminal action is required against the corporate defaulters and delinquents.

Already, the Government's policy of Insolvency and Bankruptcy Code is resulting in huge haircuts for the Banks and the corporates are the beneficiaries. In Bhushan Steels, the haircut suffered by the Banks is 40%, in the case of Electrosteel it is 60% and in the case of Alok industries, it is 83% haircut. Scams like Kingfisher Mallya, Nirav Modi, Winsome Diamonds, Videocon are on the surface rocking the Banks.

Many big names are hitting the headlines about their involvement. Out of 21 PSBs, 19 Banks are in loss only on account of bad loans and huge provisions for bad loans. Entire profits earned by the Banks are eaten away by provisions for bad loans.

It is ironical that still such defaulters are given all types of concessions but the Banks which have existed for nearly a century and have greatly contributed for the country's economy, particularly after nationalisation of banks, are being treated in a whimsical manner as though these Banks are the handmaids of the Government.

We have seen the example of 5 Associate Banks merging with SBI. No miracle has happened. On the other hand, it has resulted in closure of Branches, increase in bad loans, reduction of staff, reduction in business,

etc. For the first time in 200 years, SBI has gone into loss. Total bad loans of 5 Associate Banks as on 31-3-2017 was around Rs. 65,000 crores and that of SBI at Rs. 1,12,000 crores, that is a total of Rs. 177,000 crores. Now in 2018 bad loans of SBI has increased to Rs. 2,25,000 crores. So it is clear that merger has not helped to recover bad loans.

The Government is advocating their theory that India needs large-sized Banks and hence this proposed merger. It is a tragedy that when the 10th death anniversary of Lehman Brothers is being observed this month, and the myth of "too big to fail" has been exposed, our Government is talking of large-sized Banks. Big Banks would imply big risks and Indian Banks which represents the people's money cannot afford to take such risks. We need strong banks and not big banks.

We all understand that under the Government's agenda of banking reforms, merger is only a prelude to privatisation of Banks. Hence the Government's move needs to be opposed and resisted.

Having regard to this need for further protest programme, we took up the matter with UFBU and it has been decided that in the UFBU meeting being held in Mumbai on 29th September, 2018, further programmes can be decided upon after consulting all the constituent unions.

In the meantime, it is learnt that today the Dena Bank's Board of Directors have approved the decision on merger. Hence, UFBU has decided that in the other two Banks i.e. Bank of Baroda and Vijaya Bank, if Board meetings take place to decide the merger agenda, the following programmes are to be implemented.

- i. At the place/station where the Board meeting is taking place, UFBU to hold demonstration on that day.**
- ii. On the day of the Board meeting, all employees/officers of that Bank (Bank of Baroda and Vijaya Bank) to wear black badges.**

We have forwarded the following UFBU message to all our units today :

"We congratulate all unions for the successful demonstration on 18th against proposed merger of BoB, Dena Bank and Vijaya bank. UFBU will meet on 29th to decide further programmes. In the meantime, if Board meeting of these banks are held, hold UFBU demo in the station where board meeting is held and black badge wearing by all in the concerned bank on that day."

All our unions and members are requested to take note of the above and await further programmes from UFBU.

With greetings,

Yours Comradely,



**C.H. VENKATACHALAM
GENERAL SECRETARY**