



ALL INDIA BANK RETIREES' FEDERATION (REGD.)

D/1/ Sector C Scheme No. 71 Indore 452009

E-Mail ID sharbat_123@rediffmail.com Mobile: 8966019488

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The Office Bearers/ Central Committee Members/ State Committee Chiefs
A.I.B.R.F

Dear Sir,

Re: Merger and Privatisation of Banks

As all of you are aware, the government has announced and implemented several major steps/ big ticket reforms in the banking industry in the name of improving performance and rationalising their functioning during last seven years. Some of such steps are quoted below

- (1) Merger of five associate banks in State Bank of India
- (2) Merger of Dena Bank & Vijaya Bank in Bank of Baroda in April 2018
- (3) Merger of six public sector banks in April, 2020
- (4) Announcement for privatisation of two public sector banks during financial year 2021-2022
- (5) Establishment of NCLT and adoption of bankruptcy code to handle increasing NPA in PSBs. These steps have put undue pressure on balance sheet of banks in the form of very high haircut requiring higher provisions.
- (6) Formation of Banking Business Bureau

2. While AIBRF welcome some of the reforms in handling NPA etc. announced by the government, we totally oppose government move of merger of banks and privatisation of banks which we feel are not in the interest of national economy, anti- public and anti-labour. Banks have done exceedingly well in last 50 years during nationalisation period and has contributed significantly in making banking facilities available to common man and taking economy to new heights. Some of the facts in this regard are worth noting.

- (a) History of modern banking in India is about 150 years old
- (b) Till 1969 when 14 banks were nationalized, spread of banking in India was very limited with number of bank branches were about 5000 and aggregate deposits about 8000 crores.
- (c) In last 52 years, during nationalisation period, number of branches have gone above 1.50 lakhs and deposits to 156 lakh crores.
- (d) Banking system during nationalisation period has contributed significantly in building national economy and country becoming number one in wheat, rice and milk production at global level.
- (e) Banks have opened record more than 42.5 crores Jan Dhan accounts in last 6 years. More than 80 percent of such accounts have been opened by public sector banks.
- (f) Strengthening public sector system in banking industry is need of hours.

3. However, in view of government steps already taken on merger front and likely steps on privatisation in coming days, it is necessary for us as representatives of retirees to realign/ reposition our existing setup at the organisational level to remain effective to deal with retiree issues in the changed environment.

4. As we all know, in merger/ acquisition / take over exercise, the most affected area is HR (employees/ retirees). In three trench merger exercise carried out in public sector banks in last 6 years which have affected 19 public sector banks (13 merged banks namely 5 associate banks, Dena Bank, Vijaya Bank, United Bank, OBC, Syndicate Bank, Corporation Bank, Andhra Bank & Allahabad Bank and 6 Acquirer Banks namely SBI, Bank of Baroda, PNB, Union Bank, Indian Bank & Canara Bank), the following major HR issues affecting retiree in these banks have emerged

- (a) Substantial increase in number of retirees in acquirer banks like PNB has now 85000 retirees, Bank of Baroda about 65000 retirees, Union Bank has about 46000 retirees, Canara Bank about 54000 , in SBI about 47000 retirees of associate banks covered under pension regulations have been added. Now, issues of the retirees of such large number after merger are being handled by one management instead of multiple managements earlier. This has brought qualitative changes in composition and handling and has thrown new challenges.
- (b) The above situation has added to new dimension and new challenges in determining strength of membership of organisations affiliated to AIBRF visa vis combined strength of bank retirees under single management after the merger. The situation gets further diluted when AIBRF affiliated organisations in acquired bank is more than one. This challenge needs to be examined and addressed.
- (c) How to carry out membership drive in coming days by the existing organisations in affected banks after the merger.
- (d) How crucial is to increase membership to remain serious and creditable player to gain strength to influence management decisions on retiree issues.
- (e) Functioning of Grievance Redressal Mechanism (GRM) in acquirer banks after the merger and to accommodate representatives of existing organisations belonging to AIBRF on this forum. This is significant challenge which need to be addressed.
- (f) Smooth cultural and emotional integration of retiree organisations, retirees of merged banks and acquirer banks.
- (g) To ensure that after merger, best practices on retiree issues available either in merged banks or acquirer banks are followed by new management.

5. How to face and handle the above challenges by the organisations affiliated to AIBRF

In last 6 years when merger exercise had commenced on large scale, AIBRF has been taking up the issues from time to time with the concern affiliates for appropriate action needed to match the challenges merger issue has thrown. In case of Bank of Baroda merger, several meetings were held under the banner of AIBRF to deliberate the issue and concrete plan was drawn and implemented in this regard. Similar steps were taken in case of PNB merger and in case of Canara Bank merger, one joint meeting was held for initial discussion. In between, because of Corona Pandemic which had disrupted our functioning for last two years creating several limitations on our efforts in this regard, nothing much could be done in this area. One joint meeting of concern affiliates which was scheduled to be held in April 2020 at Indore had to be cancelled due to the pandemic.

You will kindly agree that lot of steps need to be taken in coming days at the affiliate level as well as at the apex level to respond to the situation merger has created so that we remain creditable and serious player. The following could be the steps which may be considered towards effective solution

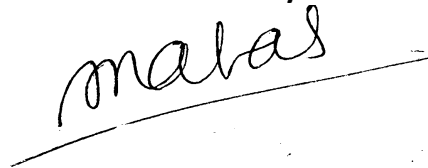
- (a) Formation of coordination committees of representatives of affiliates initially to deal with the management, identification of all India / common issues to be taken up, future membership drive.
- (b) Alternatively, formation of Federation of concern affiliates in each affected bank to deal with issues of all India nature with the bank management and other authorities.
- (c) To draw road map in time bound manner for ultimate merger of affiliates in one entity to fall in line with the government decision of merger which have already become reality.
- (d) In the intervening period to prepare broad guidelines for future membership drive in each bank after merger without creating any conflicting situation.

6. We know that this is very challenging exercise which need considerable brain storming at various levels, spirit of accepting the ground realities , need of the time, desire and willingness to accept changes etc. This may be time consuming path. But we are confident with the support and cooperation of all affiliates connecting to the problem can be resolved. We can assure that AIBRF as apex level body will continue to play its role to address the issue.

7. We call upon all office bearers, affected affiliates and other interested persons to send their suggestions to Central office on this subject. We propose to hold joint meetings on the subject to find acceptable solutions in the coming days depending on the developments on the covid front.

With Fraternal Greetings,

Yours Sincerely

A handwritten signature in cursive script, appearing to read 'mabas', is written over a horizontal line.

(S. C. JAIN)
GENERAL SECRETARY