ALL INDIA BANK RETIREES' FEDERATION(REGD.)

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

SILVER JUBILEE YEAR (1994-2019)

सेवा निवृत्त हितरत

Ref. N.2019/308 **10.09.2019**

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

Dear Comrades,

Re: MERGER OF 10 PUBLIC SECTOR BANKS.

We request you to refer our circular no 2019/ 306 dated 30.082019 giving brief report immediately after announcement of merger of 10 PSBs made by the Finance Minister.

2. We note that United Forum of Bank Unions and its constituents have opposed proposed scheme of merger of 10 banks and observed protest day on 31.10.2019. No organisation representing work force can support this type of mergers affecting adversely lakhs of employees and millions of bank customers. AIBRF is not in favour of such mergers and our members and activists may participate in protest programs organized by UFBU in coming days and extend retiree solidarity and unity with work force in banking industry.

3. At AIBRF we are analyzing various aspects of proposed merger to restructure our organisational setup at AIBRF level as well as affiliates level to protect interest of retirees and to serve them in the changed scenario. We are of the view this is equally or even more important. In recent past as you know three public sector banks namely Bank of Baroda, Dena Bank and Vijaya Bank were merged. With the active involvement of AIBRF, our affiliates in these three banks responded to the occasion and formed coordination committee to work together to resolve retiree issues. We are sure we shall be able to develop meaningful and effective model of functioning jointly in the 10 banks which are proposed to be merged.

4. In this regard we below give some facts and data of the proposed merger of 10 banks for information and ready reference.

(a) Effective dates of merger in these banks is yet to be decided. All these 10 banks are listed one Indian stock exchanges will require several permissions and clearances from various authorities before merger become actual. But the way in which things are moving at various level it seems the issues is being handled with top priority and merger may become reality much earlier than expected.

(b) As for as retirees are concerned the following data are worth noting

GROUP	NO. OF PENSIONERS	NO OF F. PENSIONERS	PRE_1986	TOTAL
<u>Group No.01</u>				
Punjab National Bank	37598	8382	559	46539
Oriental Bank of Commerce	6112	1269	91	7472
United Bank of India	13464	2792	203	16459
TOTAL	**57174**	**12443**	**853**	**70470**
<u>Group No.02</u>				
Canara Bank	29593	5734	441	35798
Syndicate Bank	21577	4122	329	26028
TOTAL	**51170**	**9856**	**770**	**62396**
Group No. 03				
Indian Bank	15407	2946	240	18593
Allahabad Bank	12390	2593	185	15168
TOTAL	**27797**	**5539**	**425**	**33761**
Group No. 04				
Union Bank of India	17825	3436	273	21534
Andhra Bank	8707	1817	132	10656
Corporation Bank	3532	685	77	4294
TOTAL	**30064**	**5938**	**482**	**36484**
GRAND TOTAL	**166155**	**33776**	**2530**	**202461**

(C) This mega merger will directly affect not only employees of these banks but also more than2.02 lakhs bank retirees and pensioners.

(d) Though all the 10 banks covered under this mega merger exercise are PSBs and have uniform rules for superannuation benefits on retirement including pension benefits, but delivery system, administrative setup may differ from one bank to another.

(e) There will be large number of HR & integration issues for management of these banks. How much time one will take on the competence and capabilities of top management of these banks, But it will be time consuming exercise.

(f) In the intervening period retirees are likely to face innumerable day to day issues in receiving post - retirement benefits in particular those which are of recurring nature.

(g) Our affiliates in these banks will be required to play very crucial role in providing effective support to retirees to secure eligible benefits under new administrative setup without any hindrance. Our affiliates in these banks function under different organisational setup at present. They will be required to carry out exercise of realignment in their set up to effectively coordinate with other affiliates belonging to their group for effective coordination.

(h) Presence of our affiliates in these banks are asunder

GROUP	No of membership on 01.01.19
Group No.01	17600
Group No. 02	19600
Group No. 03	11500
Group No, 04	16800
TOTAL	65500

5. Now there is need to take required steps to develop setup for effective coordination in each group. AIBRF as an apex level body will play role of facilitator to develop set for coordination among affiliates in these banks. However basic role in this regard will have to be played by affiliates. It may be mentioned that after merger of 3 banks namely BOB, Dena and Vijaya Banks, setup for coordination in these banks have been developed under overall supervision of AIBRF. We enclose two circulars issued by AIBRF on the subject for your guidance.

6. We request our affiliates, office bearers and central committee members especially those directly affected to send their views and suggestions in this regard at the earliest. We propose to hold meeting of 10 affiliates in these banks to discuss the matter in depth and to decide future course of action.

7. We below give news items appearing in papers on the likely impact on the proposed merger for your reference.

With Warm Greetings

Yours Sincerely,

(S.C.JAIN)
GENERAL SECRETARY

NEWS ITEMS ON MERGER OF 10 BANKS

1. With 27 public sector banks, including the second largest PNB, being merged and reduced to 12, almost every other individual who has a savings account or fixed deposit with a public sector bank is likely to be impacted.

2.The finance minister in the press conference here today said that the 27 public sector banks existing in 2017 will be reduced to 12 after the mergers announced are implemented.

Here is how you are likely to be impacted:
3. Get ready to change your cheque books as the various banks get merged. While the existing cheque books may remain valid for sometime, ultimately they will be replaced with the cheque books of the merged entity.
remain valid for sometime, ultimately they will be replaced with the cheque books of the merged entity.

4.You would have given your bank account numbers and IFSC codes for various financial transactions -- auto credit of dividends via ECS, auto-credit of salary, auto debit of various bills/charges etc. Unless these accounts are seamlessly merged into the financial system of the new merged bank, you would be required to change the details of your bank given for these purposes. A couple of years, when five associate banks of State Bank of India (SBI) were merged, IFSC codes and names of 1,300 branches ..

5.Credit/debit cards issued by the merging banks may have to be exchanged for those of the merged entity although the former are likely to remain valid for the interim period to ensure no disruption in services.

6. Paperwork and keeping financial trail of fixed deposits made will increase a bit as these will be transferred into the merged bank.

7. It is, however, not clear what will happen to the interest rates of those deposits..

8.Shareholders of the publicly listed banks will be impacted. How much the respective shareholders will be impacted will be known once the swap ratios are announced.

9. A plus point is that the branch network would become larger so access to bank branches would become easier provided the merged entity does not shut down all branches of merging banks. The combined entity of Punjab National Bank, Oriental Bank of Commerce, and United Bank of India will become the second largest PSU bank ..

10.There is a section of accountholders who will not impacted by these mergers. Sitharaman said that Bank of India, Central Bank of India will continue as is. Indian Overseas Bank, UCO Bank, Bank of Maharashtra and Punjab and Sindh Bank will also continue to operate as is.

11.With every passing day, India’s economic indicators are turning a little bleaker. The situation is bad enough to warrant using the word “crisis,” arriving just as the government’s fiscal ammunition is spent.

12.The announcement Friday of 5% GDP growth in the June quarter showed the economy growing at its weakest pace in six years. On Sunday, the top six car makers reported a 29% drop in August sales, The Rs 98,200 crores ($13.7 billion) collected in August via the goods and services tax, the main tax on consumption, was the smallest in six months.

13.This adds pressure on the central bank — both to cut its policy rate and to ensure that commercial lenders pass them on to borrowers. To the extent that the more inefficient state-run banks are a drag on credit, New Delhi said Friday that as many as 10 of them will be merged into four.
. Whether folding one weak bank into another will make the combined entity any stronger remains to be seen. What’s clearer is that these lenders will spend the next six months on integration. Putting their balance sheets to work may take a backseat. Pending consolidation, the lenders might also be hesitant to issue new bank guarantees, especially to private-sector bidders for road projects. Thus, one of the few areas where there’s new investment may be affected, especially with a sharp rise in debt levels of the government agency that gives out the contracts.

14.A hefty injection of Rs 55,250 crores of taxpayers’ money into the merged banks will only help them provide for the bad loans that will get lumped together. Capital for growth remains elusive. State Bank of India, the largest lender, will require Rs 15,000 crores in the current fiscal year, according to ICRA Ltd., an affiliate of Moody’s Investors Service.

15.The benefits will only be evident in a few years. The new round of consolidation will bring down the number of state-run banks to 12 from 27 just a few years ago. These lenders will have no choice but to become more competitive because they’ll have to price consumer loans by linking them to the central bank’s policy rate.

16.Since they aren’t very good at lending against cash flows, the government wants them to originate loans together with non-bank financiers. Currently, even the shadow banks are stressed. Over time, though, this should help boost the underwriting standards of state-controlled lenders. Credit flows to smaller firms, which supply goods and services to larger companies, will improve aking the most of vendor finance will require plugging India into global supply chains first. By offering the likes of Apple Inc. and Ikea less restrictive access to its billion-plus population, New Delhi is hoping for long-term sourcing wins from the rapidly deteriorating trade relations between Washington and Beijing.

.