



ALL INDIA BANK OFFICERS' ASSOCIATION

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PRESS STATEMENT ISSUED BY S.NAGARAJAN, GENERAL SECRETARY ALL INDIA BANK OFFICERS' ASSOCIATION

MERGER OF PUBLIC SECTOR BANKS IS ANTI THESIS TO DEVELOPMENT OF OUR COUNTRY; RECOVER BAD LOANS ENACT STRINGENT LAW EXPAND PUBLIC SECTOR BANKING

All India Bank Officers' Association [AIBOA] representing the Bank officers working in Public, Private, Regional Rural Banks, Co-operative and Mutual Funds vehemently opposes the present announcement of proposed merger of Dena Bank with Bank of Baroda and Vijaya Bank by Government of India under new terminology of “**Alternative Mechanisms**” suggested by group of Ministers entrusted with the exercise.

The central nerve system of any economy is the Banking and Public Sector Banking in our country stood test of the times including 2008 Global Financial crisis.

On two counts the proposal itself needs to be revisited.

1. A Basel III norms [ie] Capital adequacy ratio stipulation is not a mandatory one to Indian context.
2. Prompt Corrective Action stipulations of Controller of Banking System [ie] Reserve Bank of India is not uniformly made applicable to Public as well as Private Sector Banks.

The proposed merger of Dena Bank having “**1872 branches**” prominently instrumental to develop “**GUJARATI**” and “**MAHARASTRA**” states of a total business mix of Rs.1,80,369 crores and employing “**13613**” staff members.

The loan portfolio is **Rs.74239 crores** and the bad loans **Rs.16841 crores**. Out of the bad loans of **RS.16841 crores** **Rs.13716 crores** is struck up with 269 borrowers. Failure to recover the bad loans from “**269 borrowers**” forced a time tested Public Sector Bank “**Dena Bank**” brought under the “**PCA**” classification by RBI.

AIBOA submitted earlier a proposal of merger of **SBI** branches with 5 Associate Banks in 5 States [ie] Kerala [**SBT**], Andhra Pradesh [**SBH**], Karnataka [**SBM**], Rajasthan [**SBBJ**] and Punjab [**SBP**] to provide level playing fields between 5 Associate Banks and State Bank of India. Ultimately, the Government of India steamrolled the merger of 5 Associate Banks with State Bank of India, thereby the accumulated NPA is around “**Rs.2 lacs crores**” in State Bank of India. The recommendations made by the Parliamentary committee on merger of Associate Banks were totally overlooked by the Government.


The Government of India put in place the process of resolution through “**IBC method**” and the next result of the exercise is permitting the “**loan defaulters**” to enjoy the best of the both worlds.

All India Bank Officers' Association [AIBOA] urges upon the “**owners of the Public Sector Banks**” to revisit the decision of recent merger of Public Sector Banks and an effective alternative is “**tighten the recovery of bad loans from wilful defaulters by enacting stringent law: Hon'ble Prime Minister of our country announced his firm resolve to recover the bad loans to the last paisa from the loan defaulters while inaugurating the Indian Post Office Payment Bank recently**”.

The whole exercise of mergers of Public Sector affects the growth and development of the states in the “**federal structure**” and also restricts the “**mass banking**” concept itself.

The past experience of mergers was painful. Our country needs bank expansion to cater the needs of 2500 people per branch of brick and martar basis.

AIBOA demands the owners to reverse the decision advocated through the alternative mechanism forthwith and ensure protecting the Nation building instrument ie; Public Sector Banks.



GENERAL SECRETARY

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