



ALL INDIA BANK EMPLOYEES' ASSOCIATION

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MERGER OF 3 BANKS UNWARRANTED

The Government has today announced its decision to merge three Banks viz. Bank of Baroda, Dena Bank and Vijaya Bank into one single Bank. This is not a surprise altogether as this is part of this Government's agenda to consolidate the Banks. But in India what we need is expansion of Banks and not consolidation and merger of Banks.

Firstly, there is no evidence that merger of Banks would strengthen the Banks or make it more efficient. 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.

Banking industry today is facing only one major problem, which is the alarming increase in bad loans.

Year	Gross NPA
31-3-2014	2,29,278 cr
31-3-2015	2,80,481 cr
31-3-2016	5,41,972 cr
31-3-2017	6,86,750 cr
31-3-2018	8,95,600 cr

What is needed is tough measures to recover the bad loans. Already, the Government's policy of Insolvency and Bankruptcy Code to resolve NPAs is resulting in huge haircuts for the Banks. 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 on account of bad loans and provisions for bad loans. 21 PSBs put together, as on 31-3-2018, the total Operating Profit was Rs. 155,565 crores but due to provisions for bad loans to around Rs. 270,000 crores, there is a net loss of Rs. 85,000 crores.

Thus, when recovery of bad loans and taking criminal action on all those involved in the scams is the top priority, the Government, as a camouflage, is going for the merger of the 3 Banks to divert the attention from alarming bad loans.

The total bad loans in the 3 Banks, BOB, Dena Bank and Vijaya Bank is around Rs. 80,000 crores. Merger of these Banks will not help to recover the bad loans. On the other hand, the focus will be shifted to merger issue and that is the game plan of the Government.

We strongly oppose the decision of the Government and demand it to be reviewed and re-examined.

**C.H. VENKATACHALAM
GENERAL SECRETARY**