



Federation Of Bank Of India Staff Unions

(Regd. Number 9385)

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Circular No: GS/2018

Date:16.12.2018

To,
All Office Bearers,E.C.Members,
General Secretaries of Affiliated Units
& Members.

Dear Comrade, **MARCH ON TO 26TH DEC. ALL INDIA STRIKE BY 10 LACS EMPLOYEES AND OFFICERS UNDER THE BANNER OF UNITED FORUM OF BANK UNIONS**
MERGER OF BANKS IS UNWARRANTED BECAUSE IT IS NOT BENEFICIAL TO THE ECONOMY AND PEOPLE AT LARGE, IT WILL ALSO AFFECT THE INTERESTS OF EMPLOYEES

We reproduce bellow AIBEA Circular on captioned subject. We urge upon all to participate in ALL INDIA STRIKE as per call given by UFBU.

With greetings

Comradely Yours


(Dinesh Jha 'Lallan")
General Secretary

TEXT OF AIBEA CIRCULAR

Mergers are not new to AIBEA. In the lasts 50 years, since 1969, nearly 50 Banks have been merged including public sector Banks - New Bank of India, State Bank of Saurashtra, State Bank of Indore, SBH, SBT, SBM, SBP and SBBJ. Hence AIBEA is not afraid of mergers. But we are opposing merger of Banks, because it is not warranted. It is not helpful either to the economy, or to the Banks, or in addressing the problems faced by the Banks, or to customers, or to the borrowers, or to the employees and officers.

Why merger of Banks are unwarranted ?

- Compared to many countries of the world, banking density is relatively low in India and hence there is huge scope and need for expansion of banking industry. There is no need for consolidation.
- There are thousands of villages where banks have not reached. There is huge exclusion of people. Hence Banks need to be expanded. There is no need for consolidation.
- The number of Banks in USA with just 323 million populations is far far more than Banks in India with a population of 1.35 billion. India is not overbanked. There is no need for consolidation.
- Because banking has not reached all people, Government launched Jan Dhan Yojana. Now they have launched Jan Dhan Yoja II. This means we are yet to reach all sections of people. So we need to expand banking services. Mergers will result in shrinkage of banking. Hence there is no need for mergers.

- Mergers are proposed to make our Banks bigger to cater to increasing demands for large-sized loans. Bigger the loan, higher the risk. Already Banks are suffering from corporate default. Hence Banks should not be made bigger by merging them. Hence mergers are not needed.
- Government argues that Banks would become stronger by mergers. There is no evidence to this conclusion. Last year 6 Banks were merged with SBI with this argument. But SBI has not become any bigger. Rather, problems of SBI have become bigger. Thus Banks will not automatically become big by merger of Banks.
- The earlier belief that 'too big to fail' has become a myth now after the US banking crisis. Big Banks have collapsed like pack of cards. Thus big banks mean bigger risk. India cannot afford to take such risks. Hence mergers and making our banks big is to be avoided.
- Mergers are proposed so as to resolve the problems faced by the Banks. Bad loans are the main problem facing the Banks. Can anyone believe that merger will result in recovery of bad loans. Obviously not. Hence it is also a wrong presumption.
- To resolve the problem of bad loans facing the Banks, Government should take tough measures to recover the bad loans. Instead of that, the Government is trying to divert the attention and focus by resorting to merger of banks which is unwarranted.
- Merger of banks and consequent issues arising from such mergers will put the issue of bad loans in the backburner. Hence Banks will further suffer.
- Another argument is that Banks would become globally competitive by mergers and creating big Banks. All global Banks operate with much higher capital levels like \$ 60 B, \$ 70 B, etc. Even if all Banks in India are merged into one Bank, even then we cannot match these global banks in terms of their capital strength. Hence mergers would not make our Banks equal to those global banks.
- Mergers will surely result in closure of branches, whereas we need branch expansion to make banking accessible to all. Mergers and branch expansion are anti-thesis.
- Mergers also would result in surplus staff. This would affect our job security. When we need more job security, mergers will endanger job security.
- Banking expansion will result in more employment both directly and indirectly. But by merger of Banks, future employment is virtually pre-closed. In India we need more jobs for our young people. Mergers are anti-employment.

**WE DEMAND
STOP MERGER OF BANKS
START RECOVERY OF BAD LOANS
DON'T DIVERT NATION'S ATTENTION
DEAR COMRADES, MAKE 26TH DEC. STRIKE A TOTAL SUCCESS**

With greetings,

Yours Comradely,



**C.H. VENKATACHALAM
GENERAL SECRETARY**

Co-op. Banks and RRBs are exempted from this strike action.

Since this will be a strike action by all employees, officers, Managers, etc. branches will remain closed and hence watch and ward staff/Armed Guards need not be exempted from the strike. If, however, any branch or office will be kept open under contingent circumstances like Branch Manager being Scale IV or V officers, etc., in such situations, watch and ward staff may be exempted.