



Bank fusion won't assist to restore bad loans: AIBEA

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Protest rally by All India Bank Employees' Association (AIBEA)

A top representative of the All India Bank Employees ' Association (AIBEA) said that the government's true goal in combining banks is to assist the big business as bank restructuring will not result in the recovery of enormous bad loans.

Opposing the merger of 10 public sector banks into four, C. H. Venkatachalam, General Secretary of AIBEA, in a statement issued here said in the name of banking reforms the government is enabling banks to help corporates.

Venkatachalam said that last fiscal the public sector banks posted a gross profit of Rs 150,000 crore. Owing to the provisions towards bad loans, there was a net loss of about Rs 66,000 crore.

According to him, the merger of banks will not result in the recovery of bad loans. On the contrary, the merger of five associate banks of the State Bank of India has resulted in increased bad loans.

Pointing out at the Punjab National Bank, that failed to detect the Nirav Modi fraud, Venkatachalam wondered how banks, when they become bigger, could monitor effectively.

The government on Friday announced a mega plan to merge 10 state-run public sector banks into four large entities to address economic concerns.

Modi's Bank Bailouts May Distract Focus From India Growth Slump

Bloomberg

Suvashree Ghosh September 2, 2019



(Bloomberg) -- India's biggest bank overhaul in decades may hurt the nation's bad loan clean-up and slow the lending approvals needed to reverse its economic slump.

Prime Minister Narendra Modi's government late Friday surprised observers by announcing several state bank mergers, a move it said would create larger, healthier lenders. While that may be true in the long-term, analysts predict that the efforts may be hurt by a near-term shift in management attention to aligning resources such as personnel, technology and branch networks.

"Recent precedence shows the amalgamation process takes up to six months and management bandwidth of the merging banks may get occupied," said Anil Gupta, who oversees

financial sector ratings at ICRA Ltd., the local unit of Moody's Investors Service. "The amalgamation will require harmonization of asset quality and provisioning levels among the merging banks, and may spike up the credit provisions this year."

The merged lenders, which control more than half the assets held by Indian banks, will get 552.5 billion rupees (\$7.7 billion) of capital to jumpstart the process. Still, that may not be enough to keep money flowing into the economy given India continues its struggle to contain the world's worst pile of stressed loans despite \$37 billion of handouts over three years.

Another risk is that credit growth again plummets as it did in 2016, when a shock cash ban by Modi made bankers responsible for exchanging old bills for new, leaving them no time to dispense loans. Such a slowdown would further damage an economy already growing at the slowest pace in six years.

Business may also be disrupted by strikes threatened by the banks' employee unions, who fear that the consolidation will result in fewer branches and job opportunities.

"All nine bank unions will meet on Sept. 11 in Delhi and decide a timeline of protests against the mergers, including agitation and prolonged strikes," CH Venkatachalam, general secretary of the **All India Bank Employees' Association**, the largest union covering 400,000 staff, said by phone. **The government's announcement is "diverting attention from the economic slowdown to the merger of banks," he said.**

Finance Minister Nirmala Sitharaman sprang the merger announcement just minutes before official data confirmed a fifth straight quarter of slowing economic growth, with expansion coming in at a much-weaker-than-expected 5%. Under the hood, the numbers offer more cause for concern on whether output – once adjusted for inflation -- will increase fast enough to ensure borrowers cover their interest payments.

Any more debt repayment delays or defaults risk reversing an expected recovery in India's gross bad loan ratio and worsen a widening shadow bank crisis.

The government decided to go ahead with the mergers now because the banks are almost adequately capitalized, there will be no disruption to business, and no bank employee will be hurt by the process, Finance Secretary Rajiv Kumar said in an interview.

"The idea is that supply side needs to be put in place whenever the sectoral stresses are over and demand picks up," he said, citing a roadmap offered by the earlier merger of Bank of Baroda with Dena Bank and Vijaya Bank.

That combination didn't significantly reduce bad loans, leading to investors continuing to sell Bank of Baroda shares, said Abhimanyu Sofat, head of research at IIFL Securities Ltd. The lender has lost 31% of its market value since the merger was first announced about a year ago, compared with a 1.1% gain in the S&P BSE Bankex index.

Mona Khetan, an analyst at Reliance Securities Ltd., says the latest planned mergers will help the banks scale up but issues

including personnel and non-performing debt could impact interim profitability.

“It is likely that management attention and bandwidth of the entities being merged could get split, impacting loan growth,” said Prakash Agarwal, who heads the financial institutions group at India Ratings and Research, the local unit of Fitch Ratings. ‘The current mergers may face more friction than the last one.’”

Bank staff protest PSB merger move

Hans News Service 1 Sep 2019 New Delhi:

THE
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Members of the All India Bank Employees' Association on Saturday staged a protest in New Delhi against the Centre's decision to merge 10 public sector banks into four entities.

Members of the All India Bank Employees' Association on Saturday staged a protest in New Delhi against the Centre's decision to merge 10 public sector banks into four entities. Employees of all public and private sector

banks wore black badges to work as a mark of protest to the government's decision.

Association's general secretary C H Venkatachalam said the government's move was "ill timed" and needs a review. A rally opposing it was also planned by the association, Venkatachalam said.

He alleged the merger of public sector banks would mean closure of six banks. The BJP government at the Centre had on Friday unveiled a mega plan to merge 10 public sector banks into four, to create fewer and stronger global-sized bankers as it looks to revive economic growth.

"Government may call it a merger... but six banks which have been built up over the years will disappear from banking scenario", Venkatachalam said.

There will not be single job loss due to merger of banks: Nirmala Sitharaman

PTI Chennai | September 01, 2019 BUSINESSLINE

Finance Minister Nirmala Sitharaman on Sunday allayed fears of job losses following the proposed merger of public sector banks, saying not even one employee shall be removed following the amalgamation.

"Absolutely, ill informed. **I want to assure every union** in everyone of these banks to please recall what I have said last Friday. When we spoke about amalgamation of banks I have very clearly underlined the fact that there shall not be one employee removed. Not at all", she told reporters here. She was replying to a question on the bank employees unions opposing the merger plan on the ground it would lead to loss of jobs.

Nirmala Sitharaman on Friday unveiled a mega plan to merge 10 public sector banks into four as part of plans to create fewer and stronger global-sized lenders as the government looked to boost economic growth from a five-year low. Responding to the government's plan, the All India Bank Employees Union has said the amalgamation would lead to closure of banks besides job losses.

Bank staff protest against mergers

SPECIAL CORRESPONDENT, THE HINDU,
THIRUVANANTHAPURAM, SEPTEMBER 01, 2019



Stir part of nationwide agitation against Centre's decision

Bank employees staged a demonstration before the main branch of the State Bank of India here on Saturday as part of a nationwide agitation called by the United Forum of Bank Unions against the Central government decision to merge 10 public sector banks.

Leaders of the All India Bank Employees Association, All India Bank Officers Confederation, and Bank Employees Federation of India addressed the employees.

10-bank merger

The **All India State Bank of India Employees Association (AISBIEA)**, unit of AIBEA, voiced concern over the merger of 10 banks announced by the Union Finance Minister Nirmala Seetharaman on Friday.

A pressnote quoting association general secretary K.S. Krishna said the decision had not taken into consideration the negative outcome of the merger of SBI with five associate banks.

Structural issues

The press note said the SBI merger had led to structural and service issues resulting in customer dissatisfaction and attrition, and falling credit disbursement.

Creating mega banks would not sustain and strengthen mass banking for the common customers, it said.

All India Bank Employees Association flays merger

Credit to priority sector boosted Indian economy resulting in achievements like green revolution and white revolution, industrial progress, job generation and rural development.

02nd September 2019 , ERODE



Coming down heavily on the decision to merge 10 banks, AIBEA national general secretary CH Venkatachalam termed the move ill-conceived and ill-timed. Referring to how the public sector banks have always been on the forefront of the nation-building programmes, Venkatachalam said that were it not for the nationalised banks, India would have felt the blow of 2008 economic meltdown more acutely.

Venkatachalam claimed that the merger of PNB, Canara Bank, Union Bank of India, Indian Bank, United Bank of India, Allahabad Bank, Syndicate Bank, Corporation Bank, Oriental Bank of Commerce and Andhra Bank into four consolidated institutions would sound the death knell for six banks built over the years with a very clear social and economic objective of broad-basing the economy.

Credit to priority sector boosted the Indian economy resulting in achievements like the green revolution and white revolution, industrial progress, job generation and rural development.

A BANK

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7000 BRANCHES**

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NIRAV MODI FRAUD
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**IF IT BECOMES
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ALL INDIA BANK EMPLOYEES' ASSOCIATION



Central Office: PRABHAT NIVAS

Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001

Phone: 2535 1522 Fax: 2535 8853, 4500 2191

e mail ~ chv.aibea@gmail.com

Web: www.aibea.in