



Protection Of Labour Rights In Mergers And Acquisitions In The Indian Banking Sector : Legal Issues And Challenges

¹Lisa Marie Chittilappilly, ²Dr Vipin Das R V,

¹Fifth year Law Student, ²Assistant Professor(Law),

¹School of Law,

¹Christ (Deemed to be University), Lavasa, Pune , India

Abstract: The research analyzes how mergers and acquisitions (M&A) affect labour rights in the Indian banking sector. The research explores legal challenges and issues that occur from complex transactions in the Indian banking sector transactions. The study examines the key legislative frameworks including the Industrial Disputes Act, 1947, which specifies rules about transfer of employment and compensation; the Contract Labour (Regulation and Abolition) Act, 1970 which discusses implications for contract workers in M&A scenarios and the Payment of Gratuity Act, 1972 which highlights the challenges in safeguarding employee entitlements during mergers. Additionally, the paper evaluates, The Reserve Bank of India guidelines to demonstrate banking sector applications of regulatory requirements and employee protection. Through a comprehensive analysis of various M&A schemes within the banking sector, the efficacy of these frameworks is assessed, drawing on case laws that illustrate judicial interpretations and outcomes related to employees' rights during the mergers. The data collected from the employees regarding M&A effects is analysed to provide insights into the real world and practical implications of these legal provisions. The study focuses on key challenges, including job security, compensation disputes and the adequacy of existing labour laws in addressing these M&As in the Banking sector. By synthesizing legal analysis with these data, this paper aims to contribute to a deeper understanding of labour rights protection with respect to Banking mergers and acquisitions in India and gives recommendations for enhancing the legal framework to better safeguard employee interests during these transformative processes.

Keywords - mergers and acquisitions, labour rights, schemes, employees, amalgamation

I. Research Objectives

- 1) To analyse the effect of banking mergers in India.
- 2) To analyse the legal provisions related to Banking mergers in India.
- 3) To examine relevant case laws and conduct a case study analysis of specific bank Mergers in India.
- 4) To analyse the merger schemes and practices among various banks in India.
- 5) To analyse the challenges and labour rights of the employees in the banking sector

II. Methodology

A methodology adopted for this research combines doctrinal and non-doctrinal studies whose presentation includes descriptive and analytical elements and explanatory insights. The analysis explores bank merger laws through historical and descriptive research methods that focus on legislation and case laws dealing with banking mergers. The research studies the current regulatory and statutory systems in force. The research draws its primary material from legal statutes together with RBI guidelines, and secondary materials come

from books in addition to scholarly articles, journals, and law reviews. Evaluations of public and private sector merger bank schemes help to assess the economic and social merger impact on employees. The legal implications regarding banking mergers, together with their effects on employees, are evaluated through the experiences of various employees.

III. Introduction

With the process of liberalization and the reforms driven by the desire to induce financial stability, M&A activities in the Indian banking sector become important. However, these are transactions that aim to improve the performance of finances or operations, but they affect labour rights as there are concerns of job insecurity, changes in employment terms, and disputes over compensation.

III.a. Meaning of Mergers or Amalgamation

Consolidating two companies into one exists in the definition of a merger, which is commonly seen as a new company being created. The Companies Act, 2013 as well as the Income Tax Act, 1961 do not define mergers for that purpose, however, merging implies integration of assets and liabilities in a single business structure. The Income Tax Act just defines amalgamation as a merger of one or more companies into another company or making a new company. Amalgamation conditions are that the amalgamated company should have possession of all the properties and liabilities, along with at least three-fourths of the shareholders of the merging company being the shareholders of the amalgamated company. Example: In the case of Companies A merging with B to form Company C, A and B are no longer independent (A and B disintegrate while forming Company C). To take advantage of the goodwill of one merging company, the newly formed entity may retain the former's name.

III.b. Meaning of Acquisition

An acquisition happens when one company buys more than 50% ownership stakes and control of another firm. That is, generally, is to buy stocks or assets of the target company. The target company does not need the approval of shareholders of the acquirer to gain decision authority. There would be goals of growing the market value, financial or technical assistance, and increasing the market presence by acquisition.

IV. Legal Provisions Governing Mergers and Acquisition of Banks

IV.a. Amalgamation of Banking Companies

Under Section 44A of the Banking Regulation Act, 1949, India is concerned with the amalgamation of banking companies and the procedure of the voluntary merger is set down. First, pursuant to this provision, the boards of directors of the merging banks must approve a draft scheme description, for example, asset and liabilities valuation, shareholder compensation, and the conduct of the due diligence. After reviewing this draft, the bankers present it to shareholders of both banks separately to pass their resolutions by a majority of the shareholders present themselves or through a proxy. Fair valuation of assets, determination of swap ratios by independent valuers, compliance with RBI ownership policies, alignment of the board composition with regulatory guidelines and the level of capital adequacy ratios formed the critical factors. If approved by shareholders, the scheme has to be submitted to the Reserve Bank of India (RBI) for final approval, binding on all the parties. The dissenting shareholders have the right to claim compensation as decided by the RBI.

RBI issued master directions in 2016 to simplify the mergers among private sector banks and NBFCs. In these merger guidelines, a draft merger scheme is agreed to by the board of directors, after that, one would require a majority shareholder vote to approve. Under Sections 232–234 of the Companies Act, 2013, additional approval of the National Company Law Tribunal (NCLT) is needed for such mergers involving NBFCs and banks. The fair swap ratios, the proper due diligence and the financial stability of the surviving entity post-merger are subjected to evaluation by the RBI. These guidelines are purely aimed at private sector banks and point to public sector mergers where necessary.

IV.b. Amalgamation of Nationalized Banks

Section 9 of the Banking Companies (Acquisition and Transfer) of Undertakings Act, 1970/1980 states that the Central Government is authorized to frame schemes by virtue of the act. It outlines the specific powers that the Central Government has with respect to this. Without limitation, the envisaged scheme may cover different aspects within the scope of these powers. It could entail the reconstitution of any corresponding new bank into two or more separate corporations, the amalgamation of any corresponding new bank with either another corresponding new bank or another banking institution, and the transfer of the entire or partial undertaking of a corresponding new bank to another corresponding new bank. The reconstitution of a bank into multiple corporations, amalgamation between banks, and transfer of assets and liabilities amongst banks are possible schemes. It aims to improve the efficiency of operations, deal with financial stress and bring banking structures in line with broader economic goals. This provision grants executive power to the Central government to favour systemic stability over market-driven motives in the case of public sector banks. The Central Government plans and implements these schemes, which are able to catalyse structural changes and realignments within the banking sector for the efficient functioning and management of banking Institutions.

IV. c. Power of the Reserve Bank to apply to the Central Government for suspension of business by a banking company and to prepare a scheme of reconstitution or amalgamation

Section 45 of the Banking Regulation Act, of 1949 gives the RBI the power to intervene in banks that are unstable either financially or in the mismanagement and which are a threat to depositor's interest or public confidence. Moratoriums on withdrawals, the appointment of administrators to run operations, replacing directors, and suggesting amalgamation, and reconstruction are some of the powers the RBI can exercise. For example, in 2020, when the Yes Bank crisis happened, the RBI imposed a moratorium, appointed an administrator and allowed a rescue plan by the State Bank of India involving investments. Similarly, in the 2019 Punjab and Maharashtra Cooperative (PMC) Bank crisis, the RBI restrained withdrawals, suspended the board and started an investigation of fraudulent loans. These interventions would also aptly serve as a testament to the RBI being a guardian to systemic risks and aggrieved depositor interests.

IV. d. Amalgamation of SBI Associate Banks

The State Bank of India Act, of 1955 is the statute that lays down the procedures for the foundation, administration and operations of the State Bank of India (SBI) as a statutory organisation. Secondly, it gives power to the Central Government in consultation with the Reserve Bank of India (RBI) to regulate the functions and cast its eye on SBI's subsidiaries. This Act has a pivotal provision, namely, in Section 35, which gives the Central Government the power to order the transfer of assets and liabilities of certain other banking companies to SBI. In particular, Section 35(2) affords the legal standing to the amalgamations by providing the Central Government a means to permit such transfers by way of a structured procedure that is not subject to the usual cumbersome steps under general corporate law. Under this provision, no sanction to the amalgamation or transfer of a bank may be given unless prior consultation has been exchanged with the RBI to guarantee regulatory compliance and banking sector stability. An amalgamation barring State Bank of India under Section 35(2) was noted in SBI with the companies, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore in 2017. This enabled the consolidation of these banks in SBI on an expeditious basis and increased operational efficiency, elimination of duplications, and strengthening SBI as a global banking entity. In the process, mergers were processed without the procedural delays so common with standard mergers by way of the Central Government's order under section 35(2), allowing the transfer of undertakings directly in accordance with RBI guidelines. This legal framework has played an instrumental role in enabling the consolidation and reforming of the public sector banking system within India.

V. Analysis of Amalgamation Schemes of Banking Companies & Nationalised Banks and SBI Associate Banks in India

V. a. Analysis of Amalgamation Scheme of Banking Companies

A 'banking company' is defined under the Banking Regulation Act, 1949, as any company transacting the business of banking in India. Section 44A was introduced by the Banking Laws (Amendment) Act of 1950 in the Banking Regulation Act 1949 to give the Reserve Bank of India (RBI) power to approve amalgamation schemes between banking companies. This analysis refers to the amalgamation schemes of Centurion Bank of Punjab Ltd with HDFC Bank Ltd, Ing Vysa Bank Ltd with Kotak Mahindra Bank, and Fincare Small Finance Bank Ltd with AU Small Finance Bank Ltd.

Laws Involved and Regulating Authorities

Under the schemes, the schemes involve the application of Section 44A of the Banking Regulation Act 1949, Section 5(c) of the Banking Regulation Act 1949, RBI guidelines of 2016, 2009, as well as stock exchange listing regulations and the Companies Act of 1956, 2013. Reserve Bank of India and the Securities Exchange Board of India (SEBI) are the regulators.

Objective and Transfer of Undertaking Clause

The objective of the amalgamation schemes is to leverage complementarities between branch networks, product offerings and customer spaces. The entire undertaking of the transferor bank, namely, its assets and liabilities, is transferred to the transferee bank on the effectiveness of the scheme. This includes movable assets, licences, permits and contractual obligations. The corresponding legal proceedings between the transferor bank and the transferee bank are transferred to the transferee bank.

Clause Regarding Employees

According to the scheme, terms and conditions of employment in the transferor bank are not less favourable than those in the transferee bank and without any interruption, a smooth transition of employment is ensured from the transferor bank to the transferee bank. Such existing funds and schemes, for example, provident funds and gratuity funds, are also transferred. It also discusses what it will do with Employee Stock Options (ESOs), that is, what the Transferee Company will have to do with respect to ESOs (as opposed to with respect to other stock options originally granted by the Transferor Company) and specifically how the Transferee Company must issue stock options to eligible employees for which it will be obligated to offer terms that are no less favourable than the Transferor Company ESOP scheme.

Share Capital and Accounting Treatment

In fact, the share capital is specified in the amalgamation schemes of both banks. Treatment is on the 'Pooling of Interest Method' where the Balance Sheet of the Transferor Bank will be closed, and the balance sheet of the Transferor Bank will be audited. But in case of any discrepancy in the accounting policies, then it is addressed according to the relevant accounting standard.

General Terms and Conditions, Sanction, and Implementation

The offices or premises will not be shut until after the date of the Scheme, and from the time of the approval of the Scheme to the Effective Date, business operations for the period involved will be conducted in the ordinary course. The Transferor Bank is obliged to invite a director of the Transferor Bank to serve on the Board of the Transferee Bank. For the applications of the sanction and implementation of the Scheme, including the dissolution of the Transferor Company, the direct filing of same with the RBI is promptly made. RBI's order proves conclusively that all statutory requirements are fully complied with.

Modifications, Amendments, or Withdrawals

The banks have the liberty to carry out changes that the RBI or any other relevant authority approves in the event of modifications pending RBI sanction.

Observations

The schemes are very detailed in terms of the transfer of assets and liabilities and the continuation of contractual obligations. Employee rights are specifically covered, as well as ESOs. Accounting treatment follows the "Pooling of Interest Method", and the share capital is explicitly defined. The general terms and conditions govern the establishment of conducting business operations in accordance with the applicable laws.

Conclusion

Amalgamation schemes for private sector banks have a structured approach of consolidation of financial entities under the Banking Regulation Act, 1949 and as per guidelines of RBI and SEBI. Amalgamation schemes are driven by a commitment towards regulatory adherence, the transparency and safety of stakeholders' interests and the approval by RBI is a reflection of the rationale behind aiming at industry amalgamation.

V.b. Analysis of Amalgamation Scheme of Nationalised Banks

Definition and Governing Laws

A "nationalised bank" is defined under Section 3(1) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980. These banks are amalgamated as per Section 9 of the same Act and subject to regulatory regulation by Reserve Bank of India (RBI) and Central Government.

The analysis refers to the following schemes Amalgamation Schemes:

- Amalgamation of Andhra Bank and Corporation Bank into Union Bank of India Scheme, 2020.
- Amalgamation of Oriental Bank of Commerce and United Bank of India into Punjab National Bank Scheme, 2020.
- Amalgamation of Allahabad Bank into Indian Bank Scheme, 2020.

Scheme Structure

The networks that appear in the Official Gazette of India, are short, title, commencement and date, and definitions (involved Acts and annexures, mentioning of the transferor and transferee banks).

Transfer of Undertaking

They set out what is an undertaking that is transferred by the transferor bank to the transferee bank. Those include interests, powers, rights, titles, estates, construction, tangible and intangible assets, cash balances, properties (movable and immovable), business, goodwill, copyrights, capital, investments, cash, reserve funds, special status, liberties, special permits, approvals, permissions, incentives, loans, concessions, grants, borrowing, subsidies, concession and all related documents. Moreover, it includes all of the transferor banks' borrowings, liabilities, and obligations. These assets of the Transferor Banks, movable or transferable by manual delivery, constructive delivery or endorsement and delivery will automatically transfer to the Transferee Bank without any further conveyance document. The Transferee Bank shall acquire movables of the Transferor Banks, acquire immovable assets of the Transferor Banks and enjoy the rights and bear the responsibility for such immovable assets as payment of ground rent, taxes and other obligations. The schemes mean that undertakings automatically pass to the transferee bank without additional deeds or consents. Legal proceedings such as existing contracts, permits, licences, intellectual property rights and tax benefits also get transferred.

Employee Provisions

Terms and conditions of the employees of the transferor banks are approved by the Board of Transferee Bank, and they become employees of the transferee bank. For employees not continuing with the Transferee Bank, they will be treated as superannuated and will be entitled to superannuation benefits. The same benefits will be transmitted to retired employees of the Transferor Banks from the Transferee Bank.

Dissolution of Boards

From the commencement date, the Boards of the Transferor Banks are dissolved. As a rule, managing directors are not entitled to receive a salary and other allowances in the event of their ceasing to hold the position of a full-time director (including managing director). Transferor Banks have their entire share capital cancelled automatically, and shares are delisted from stock exchanges.

Share Exchange Ratio

Through exchange ratio share, shareholders of the Transferor bank are going to get how share from the transferee bank, and it is done so that the current shareholders of an acquired company hold an equivalent worth share in the new company shares after their valuation by an independent accounting firm, fair opinion, and also completed audit committee. Shareholders may, however, point out the Share Exchange Ratio.

General Observations

The Central Government and RBI's framework reflects the comprehensive approach in which the schemes are published in the official gazette of India. It gives a structured approach that the stakeholders and the public can understand. Nevertheless, there are no explicit details regarding transferor banks' specific assets in the schemes.

V. c. Amalgamation of SBI and Its Associate Banks

The State Bank of Saurashtra was the first to be merged under the State Bank of India (SBI) in 2008 and then the State Bank of Indore in 2010. The largest consolidation happened on April 1, 2017, when SBI merged with five associate banks State Bank of Bikaner and Jaipur (SBBJ), State Bank of Mysore (SBM), State Bank of Travancore (SBT), State Bank of Hyderabad (SBH) and State Bank of Patiala (SBP) as well as Bharatiya Mahila Bank. Under Section 35(2) of the State Bank of India Act, 1955, the Central Government can pass the necessary approval for the formation of any acquisition by SBI.

Legal Framework

As per Section 35(2) of the SBI Act and other laws, including the Banking Regulation Act, 1949, General Clauses Act, 1897, Income Tax Act, 1961 (for tax implication) and Industrial Disputes Act, 1947 (for protecting employee rights) governance of the merger. Therefore, it was under the regulatory oversight of the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI) to comply and transparency.

Scheme Overview

Part of this merger was that all assets, liabilities, rights and obligations of associate banks were transferred and vested automatically into SBI without any additional document. Licences, permits, contracts, loans, investments and legal proceedings were freely moved from movable to immovable properties. SBI employed employees by absorbing them into SBI without any reductions in pay or benefits and continuity of welfare schemes.

Share Exchange Ratio

Secondly, the share exchange ratio played a very important part in the merger. For instance: Every 10 equity shares of SBI were exchanged for 28 equity shares for SBBJ shareholders. The 10: 1 ratio of share exchange was applied to SBT and SBM shareholders where 22 equity shares were given for every 10 shares held. Fairness was made possible by compensating fractional entitlements in cash.

Impact on Banking Sector

All the above happened as a result of the merger, which brought into being India's largest banking institution with an asset base of over ₹37 trillion (USD 555 billion), over 22,500 branches, and a customer base of over 50 crore. It helps SBI to be more competitive, operationally and resource, and globally. Consolidation also helped raise the reduction of non-performing assets (NPAs) as well as government subsidies for the recovery of bad debt.

Observations

The merger was strategically sound as it allowed for the creation of a large-scale financial institution; however, increased disclosure on the valuation methods being used on assets would have increased stakeholder confidence. In addition, there was also the process of independent valuation to ensure fair compensation to shareholders. The rights of the employees were well protected in the transition.

VI. Challenges in Protecting Labour Rights During Banking Mergers in India

1. Legal and Regulatory Challenges

Banking mergers in India face significant legal hurdles due to outdated labour laws and regulatory gaps. Industrial Disputes Act, of 1947, curbs employee transfers without consent and hence makes redeployment during mergers difficult under Indian labour laws. More uncertainty is caused by judicial delays as labour disputes tend to drag on for several years. When the Bank of Baroda merged with Vijaya-Dena, the trade unions protested against the merger as they feared job losses and work conditions that were not suited to them. In addition, the Reserve Bank of India (RBI) tends to put operational efficiency before any considerations regarding job losses due to the closures of branches, for instance, on employees and locals.

2. Human Resource and Organizational Challenges

In fact, mergers usually result in job cuts and forced transfer of employees, which negatively disrupt employees' lives. For instance, the merger of the State Bank of India with its associated banks led to the process of over 6,000 employees under the Voluntary Retirement Scheme (VRS). A third challenge comes in cultural integration as work cultures vary and this leads to workplace conflicts and resentments between employees of two merging entities. Uncertainty about roles and responsibilities leads to a rise in stress and anxiety levels. Promotions are also delayed with career progression, and the recruitment levels are reduced, which affects younger job seekers.

3. Economic and Social Impacts

That process often leads smaller banks' employees to wage gaps with employees from larger merging banks. Merged entities have to rely on their financial resources to bear the pension liability from older banks. The branch closures escalate the situation as they also reduce employee retention and prevent customers from accessing banking services in rural areas where banking services in the local communities are vital.

4. Systemic Challenges

After a merger, labour issues get worse with increased dependence on technology in banking. Banks resort to automation to lay off their people because the banks have adopted digital tools like the AI systems therefore, there is no programme of reskilling and eventually, the employees lack the preparedness. Across the country,

labour refuses to yield, with strikes that show worker discontent is rooted in job and working conditions during mergers.

5. Recommendations for Reform

To solve these challenges legally, the reforms should take mandatory consultation with employees during mergers and fast-track courts to dispense disputes within time frames. Such HR initiatives as culture audits and phased training programmes can ease the conflict at the workplace and help workers familiarise themselves with the new roles and tech. This means that banks must provide reasons why they should merge by submitting labour impact assessments and that there should be tripartite committees overseen by union management and government representatives in the case of a transition. Counselling services, stress management workshops and equitable severance packages for VRS participants are just some of the supportive programs that should be offered to employees during mergers for fair treatment.

VII. Legal Framework Governing Labour Rights in M&As:

a) Industrial Disputes Act, 1947

Mergers and acquisitions (M&As) pose a threat to employees' rights as they see the company merging or acquiring another one, and therefore, the Act that protects employees' rights in such a case is the Industrial Disputes Act, 1947. The relevant key provisions to labour rights within M&A transactions are as follows:

1. Section 25F: Conditions for Dismissal

Section 25 F of the Act provides that no workman employed continuously for at least a year, shall be dismissed without complying with the requirements mentioned. The period of notice of termination for the workman is one month and is given in writing, including why the workman was terminated. The workman may be paid in lieu of notice compensation equal to one month's wages. This provision of the legislation prevents unfair treatment and provides safeguards for employment rights in the case of mergers.

2. Section 25FF: Compensation on Transfer of Undertaking

There is a section 25FF, which provides a right to compensation for employees if an employer transfers a business and an employee is not carried over into service. M&A transactions will receive compensation amounting to fifteen days' average pay per every full year of service, protecting employees' financial interests.

3. Section 33: Prohibition of Alteration in Conditions of Service

Section 33 prohibits employers from changing the conditions of service of an employee or relieving him from service till the pendency of an industrial dispute without the prior consent of the appropriate authority. It bars unilateral change of job terms during mergers.

4. Section 9A: Notice of Change

In Section 9A, an employer is required to inform employees of proposed changes in service conditions. Such is the case so that employees are prepared for any changes related to their employment status or working conditions and so that everything is transparent.

5. Section 25N: Conditions for Closure

Section 25N requires that a closure of an industrial establishment shall be after giving at least three months' notice and approval of the government before the date of closure. Considering the situation of mergers that

involve restructuring or closure of the established, this provision is of particular relevance because it provides the employees with adequate information and the possibility of any corrective action if required.

b)Payment of Gratuity Act, 1972

Gratuity is not only a moral benefit but an obligation provided by the Payment of Gratuity Act, 1972 towards employees on the termination of their employment in certain conditions. One of its provisions is especially important during mergers and acquisitions (M&A) to face challenges on employee entitlements.

1. Section 4: Payment of Gratuity on Termination of Employment

If the employees have served five years of continuous service prior to the termination, whether it was for superannuation, retirement, resignation, death or disability, then the employers shall be paying gratuity. In M&A scenarios, there are often disputes as to whether the former or acquiring entity should be responsible for gratuity payments. Clear agreements during negotiations are necessary to delineate who is responsible for making the payouts in gratuity.

2. Section 2A: Definition of Continuous Service

This section defines the term continuous service and provides that service rendered prior to a merger is to be accepted for gratuity calculation unless otherwise agreed in the M&A Agreement. It protects employees' rights to enjoyment of gratuity entitlement after the merger by linking it to length of service.

3. Section 13: Protection of Gratuity from Attachment

Gratuity is protected from attachment or deduction on grounds of financial restructuring or liabilities occasioned by the merger. This bears out a provision that protects employees' rights and protects them from the settlement of their servant's rights when there is a merger and combination.

4. Section 10: Nomination and Payment Upon Death

Gratuity is paid to the nominee or legal heirs of an employee in case he dies before getting his gratuity. This provision assures that entitled gratuity will continue to be received even if the family's employment was terminated on account of merger-related events such as closing or transfer.

5. Section 7: Determination of Amount of Gratuity

Gratuity is worked out by applying the rebateable formula per which the amount is determined by multiplying the last drawn salary by the period of service.

6. Section 8: Recovery of Gratuity

If the employers do not pay gratuity within the stipulated time, then employees can get it recovered from the controlling authority. Under this provision, if there are delays or disputes surrounding gratuity payments post the merger, a recourse option is provided.

c)Banking Regulation Act, 1949

Some relevant provisions related to the protection of employee rights in M&A cases in the banking sector have been inserted in the Banking Regulation Act, of 1949. Such provisions guarantee fair treatment, continuity of service as well as safety for the employee at the time of organisational change.

1. Section 44A: Procedure for Amalgamation

This section discusses how and by whom banking companies are to be amalgamated. The amalgamation must be approved by shareholders before submission to the Reserve Bank of India (RBI) on the presentation of a draft scheme specifying the terms of amalgamation. Importantly the provisions in the scheme for the protection of employees' continuity of service, remuneration, benefits and employment terms are also protected in the event of mergers.

2. Section 45: Power of RBI in Reconstruction or Amalgamation

The RBI is competent to move a case to the Central Government for drawing up schemes for the reconstruction, reconstruction or amalgamation of banking companies. In these schemes, the RBI also ensures that employees are retained and protection of their service conditions is provided.

3. Section 10: Prohibition on Managing Agents

A banking company is not allowed to employ a managing agent, and it is directly accountable to qualified management. Stable management structures also control decision-making that should not have an effect on employees in order to help prevent unwise decisions that may have a negative impact during mergers.

4. Section 45N: Special Provisions for Banking Companies Under Schemes

This part contains special provisions for the banking companies under amalgamation schemes. It makes sure that employers can transfer employees in the course of a merger without sacrificing their service benefits.

5. Section 45O: Appeals

Under such Schemes as aforesaid, employees are entitled to appeal against any decision on their employment. This provision grants a legal road for an unfair practice or decision to occur during mergers.

6. Section 10B: Banking Company to Be Managed by Whole-Time Chairman

This section takes care of professional management in banking companies in order to avoid arbitrary decisions that may harm employees' welfare during mergers.

7. Section 12B:

Deals with the acquisition of shares and shares held by the amalgamating companies during mergers for transparency of ownership changes and indirectly for forced employers to protect employees from change in governance in one go.

8. Section 36AA (RBI's power to remove managerial personnel):

This is to hold managerial personnel accountable during a process of acquisition of banks through M&A.

9. Section 45Q:

Allows RBI to inspect banking companies for their compliance with the merger scheme which safeguards any employees' rights.

d) Industrial Disputes (Banking and Insurance Companies) Act, 1949

To centralise adjudication of the industrial disputes relating to banking companies and insurance companies in operation all over the country, the Industrial Disputes (Banking and Insurance Companies) Act 1949 was enacted. This Act allows for uniformity of dispute resolution, especially in cases of merger where the employees' rights would be protected and procedural compliance.

Purpose of the Act

The Act addresses banking and insurance companies with branches in several states, raising the challenges of resolving disputes in a uniform manner. It centralises adjudication under the Central Government to make adjudication inconsistent and inconsistent at of State level. Mergers also require a centralization that resolves disputes concerning employment conditions, service continuity and benefits among various departments of the merged companies.

Important Provisions Relating to Banking Employees in Mergers

1. Section 4: Prohibition of References by State Governments:

Prohibits the State Governments from sending such industrial disputes relating to banks or insurance companies to tribunals or authorities for adjudication. It aims to end all sense of differential treatment of the employees and make them feel at ease from any branch merger; this is achieved by centralization of dispute resolution under the Central Government.

2. Section 5: Abatement of Proceedings and Centralized Reference:

Proceedings of all disputes referred by the State Governments before April 1, 1949, are treated as withdrawn from adjudication, and all such proceedings abate. These disputes are required to be referred to Industrial Tribunals constituted by the Central Government. Consistent adjudication of disputes arising from mergers of banks is guaranteed by specialised tribunals exercising jurisdiction over banking companies.

3. Section 6: Powers of Central Government to Refer Disputes:

It gives power to the Central Government to transfer the dispute over an award or a decision made by a State tribunal appointed by that State, to an Industrial Tribunal for fresh adjudication. It enables scrutiny of decisions taken in mergers which may fail to offer proper extent to employee grievances, guarding employees against arbitrary rulings.

4. Section 2: Definitions

Adopts definitions of the terms such as "banking company," "award," and "insurance company," as well as "industrial dispute" as defined in the Industrial Disputes Act, 1947. Employee Protection defines disputes on employee rights during mergers as industrial disputes able to be adjudicated.

e) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

As regards banking employees, the provision of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, is extremely important in protecting their provident fund rights in M&A.

1. Section 1: Short Title, Extent, and Application

This part provides for the application of this Act throughout India so that all banking companies' employees who are eligible under this Act are within its ambit. It ensures the rights of employees during the mergers with regard to provident fund contributions.

2. Section 2: Definitions

It defines some key terms like 'employee', 'establishment', and 'provident fund' for clarity about the status to be availed PF benefits. The definitions help employees understand their entitlements when there are organisational transitions such as mergers, etc.

3. Section 2A: Establishment to Include All Departments and Branches

This section specifies that no part department or branch of an establishment is treated as a part different from the main entity. This secures uniform PF benefits for employees in all the branches of a bank during mergers to the extent of uniformity.

4. Section 3: Power to Apply Act to Establishments with Common Provident Funds

This Act may be applied, so far as is applicable, to various branches of a special provident fund where there is more than one establishment. This is especially important when employees' rights need to be protected during share mergers involving common provident funds.

5. Section 5: Employees' Provident Fund Schemes

The Central Government also has the power to frame schemes for the establishment of provident funds for unskilled employees. These schemes ensure regular contributions from employees towards PF during mergers so employees can be assured that they will be safe in terms of finances.

6. Section 17B: Liability in Case of Transfer of Establishment

This section makes an establishment liable to pay PF dues only if it is transferred from one employer to another person, be the transferee employer liable for the dues. It prevents an employee from losing accumulated benefits through ownership changes that occur as a result of mergers.

7. Section 18: Protection from Acts Done in Good Faith

Under this Act, authorities acting under it will not be subject to legal proceedings if they do so in good faith and guarantee the fulfilment of employee rights in the course of mergers. This provision provides surety that there will be no litigation if the providers follow the Act's requisites.

VIII. RBI Guidelines on Labour Considerations in Banking M&As

a) Master Circular on Branch Licensing in respect of Regional Rural Banks (RRBs)

Guidelines for the merger of branches by commercial banks (other than RRBs) are set out in the RBI Master Circular DBOD.No.BL.BC.20/22.01.001/2009-10, indicating July 1, 2009. The emphasis is on a strategic merger approach wherein banks are to conduct a cost-benefit analysis and aim for customer convenience. Mergers are usually prohibited for sole rural or semi-urban branches because they would result in leaving the area unbanked, unless for exceptional reasons due to natural calamity or adverse law and order conditions subject to the approval of the District Consultative Committee and RBI authorization. The mergers of branches in metropolitan, urban and semi-urban centres without prior approval from RBI, are permitted as long as the customers are not prejudiced. To avoid inconvenience, banks have to communicate merger details to customers of merged branches proactively and give their customers of merged branches easy access to

banking facilities as they used to. Apart from this, banks need to inform RBI about the merger in two weeks and surrender the licences of merged branches for cancellation.

b) The RBI Master Circular

Paragraph 15 on "Merger of Branches" specifically gives comprehensive instructions for commercial banks (excluding RRBs), which guarantees the efficiency of the mergers of branches in order not to affect customers' services. It requires the banks to adopt a strategic approach of adopting appropriate board-approved policies backed by cost-benefit analysis and customer convenience in evaluating mergers. Mergers are generally curtailed for sole rural or semi-urban branches on the ground that such mergers would leave the locale unbanked; provided there is clear isolation and such juristic reasoning is permitted with the approval of District Consultative Committee (DCC) and R.B.I sanction. Mergers without RBI prior approval are permitted in metropolitan, urban and semi-urban centres if they do not inconvenience the customers and do not cause disruption of services. They have to continue the banking services, communicate with the customers proactively about the merger, and comply with all various requirements such as reporting the details with the RBI and surrendering licences of the merged branches for cancellation.

c) Master Circular DBOD.No. BL.BC. 33 /22.01.001/2011-12 dated July 1, 2011

Paragraph 19 of the RBI Master Circular DBOD.No.BL.BC.26/22.01.001/2012-13, on 'Merger of Branches', stipulates detailed guidelines to ensure that commercial banks (other than RRBs) perform branch mergers without any disruption to customers. It focuses on compliance, customer satisfaction and execution. Mergers are not allowed for sole rural or semi-urban branches except under special circumstances, viz., natural calamities or adverse law and order situations and with the approval of the District Consultative Committee (DCC) and RBI authorization. The branch mergers are allowed without RBI's prior approval in metropolitan, urban and semi-urban centres, provided that they do not inconvenience customers, and they do not result in disruption of services. Customers of merging branches will have to be made to have continued accessibility to banking facilities, and the banks must proactively communicate towards the merger process and fulfil all norms, including better-reporting merger details to RBI, surrendering licences of merging branches for cancellation.

d) Master Circular on Branch Licensing – Regional Rural Banks (RRBs)

The Master Circular of the RBI relating to the branch licencing for Regional Rural Banks (RRBs), as of July 1, 2013, covers the requirements for opening/ shifting/ merging and conversion of branches. In the case of mergers, the circular allows the RRBs to merge loss-making branches to make operations more efficient. Such mergers must be done with cost-benefit analysis and did not cause any inconvenience for the customers. The guidelines advise that the merging branch or alternative banking channels continue providing banking services for the affected population. The circular is designed to give RRBs flexibility in rationalising their branch network but it amounts to the RRBs complying with the regulatory requirement and reporting to the RBI. With the provision of these, the aim is to optimise resource usage whilst still providing service to the customers.

e) RBI Master Direction – Amalgamation of Private Sector Banks, Directions, 2016

The amalgamation of private sector banks and Non-Banking Financial Companies (NBFCs) with banking companies as provided under Section 35A and 44A of the Banking Regulation Act, 1949, falls within a structured framework and in accordance with Master Direction DBR.PSBD.No.96/16.13.100/2015-16 dated April 21, 2016, issued by the RBI. For listed entities, it requires a two-thirds majority approval by the respective boards and shareholders of the amalgamations to mandate due diligence, asset valuation, swap ratios, compliance with the SEBI insider trading norms and so forth. RBI approval post-board approval, as well as prior to Tribunal clearance, is a must for NBFC bank mergers especially KYC compliance. If the RBI valuations its shares, dissenting shareholders may claim its value, and if the market values it, they may claim that the market value of shares is higher than the RBI. The directions also include procedural requirements to be followed while submitting an application, valuation report or other relevant documents to RBI. The purpose

of these guidelines is to promote efficient amalgamations and protect public interest and regulatory compliance as well.

IX. Landmark Judgments Relevant to Labour Rights in Banking M & A

1) C.K. Zafarulla and Others v. Reserve Bank of India and Others

The case deals with after amalgamation issues of the former employees of Lord Krishna Bank Limited. Following the bank's merger with Centurion Bank of Punjab and later the merger with HDFC Bank. The appellants claimed that their employment conditions were unjustly modified. They asserted that according to Sections 35A & 44A of the Banking Regulation Act, 1949, the Reserve Bank of India (RBI) should find a solution to their grievances. However, the writ appeals were rejected by the Kerala High Court, so as to come to a determination that the jurisdiction of the RBI was restricted to licencing amalgamations and giving the licence of amalgamation. Secondly, it does not cover employment-related problems; instead, it relates to matters pertaining to policy directions. The verdict affirms the Neither is RBI's regulatory arm that does not address the problems of employee grievances through any other alternative. In post-merger situations, this case emphasises the statutory constraints on the RBI's authority. It stressed the need for impacted employees to resort to other alternative legal channels.

2)The Radhey Shyam Agarwal v. Bank of Rajasthan Ltd

The case considers the validity of an inquiry into the workings of the Bank of Rajasthan after its merger with ICICI Bank. The Reserve Bank of India (RBI) gave its approval to the merger pursuant to Section 44A of the Banking Regulation Act, 1949 and thereafter, ratification was made by the Supreme Court. The inquiry has been requested by the appellant to look into the premerger activity of the transferor bank, but that has no chance whatever to be otherwise she repeated in her petition to the Company Law Board (CLB), which rejected the petition as moot, citing the definitive merger. In its appeal, the CLB's ruling stood, as was reinforced by the Rajasthan High Court, which stated that such matters previously sanctioned by the RBI and Supreme Court were subjected to post-merger inquiry into legally superfluous. The judgment affirms the conclusiveness of regulatory and judicial cross-approvals but does not think about the other implications for minority shareholders. possible complaints concerning premerger conduct. It stresses the obligation of regulatory frameworks in banking mergers.

3)All India Union Bank Officer Staff Association v. Union Bank of India

Following the merger of the bank with Andhra Bank and Corporation Bank, there was a challenge to the bank's transfer and promotion policies. Under the Transfer on Promotion Policy of the bank, the petitioner association made a claim of favouritism vis-a-vis the members of rival unions during the post-merger adjustment of the workforce. The Madras High Court upheld the bank's actions on the grounds that the transfers complied with Regulation 47 of the bank's service regulations which gives administrative discretion. The court rejected a claim of bias or arbitrariness and pointed out that the association lacked standing to challenge the individual transfer orders without evidence of concrete violation of any policy. The judgement upheld the bank's freedom of action in the area of post-merger operational requirements while cautioning the bank to be transparent and fairly treating its employees during organisational restructuring.

4)Allahabad Bank Workers' Union And Ors. vs. Union Of India And Ors.

This was a case of regularisation of daily rated peons (DRPs) on account of the merger of United Industrial Bank of India Ltd with Allahabad Bank. According to the Industrial Tribunal, in 592 cases of DRP who were employed for at least 240 days during a year, and these are prior to a specified date, they were entitled to regular employment subject to availability of work. But Allahabad Bank contested this and took a legal challenge for additional vacancies and conducted a selection examination. The Calcutta High Court upheld the Tribunal's decision, giving the bank the freedom to conduct the exams for the remaining vacancies for filling the 592 DRPs, and the bank has been directed to regularise the 592 DRPs. The judgement showed a balance of the bank's operational needs with the rights of long-tenured temporary employees under the Industrial Disputes Act. This set forth that sustained employees (employees with 240 or more days of

experience) must be prioritised to be regularised and protect the workers during the phases of mergers and amalgamations.

5) Bank Of Baroda Officers Union v. Bank Of Baroda

This case is related to a writ petition to challenge the bank's promotion policy and alterations in the APAR system during its merger with two other banks, Dena Bank and Vijaya Bank. The union claimed that the changes discriminated against officers from the merged banks, and on Articles 14, 16, and 21 of the Constitution, as well as for lack of transparency. They also took issue with the COHORT system and contended that there was inequality in the grading system of the merged entities. The Rajasthan High Court, however, overruled its previous interim order that had stayed promos, saying that the majority of (34,329) officers did not object to it and that the bank's move had lacked mala fide intent. The court held that the bank was suffering seriously from the promotions and promotions were in the interest of account holders and to serve the needs of smooth working of the bank and was allowed to go ahead with its promotion process under the challenged policies.

6) Dena Bank Employees Union v. Bank of Baroda

The case was a writ petition filed by the union to save temporary employees during the merger of Dena Bank with Bank of Baroda. This was contesting that changing the service conditions or dismissing temporary employees while an industrial dispute over their regularising in progress meant violating Sec. 33 of the Industrial Disputes Act 1947, which prohibits changes to service conditions or termination without permission when a dispute is on. The Delhi High Court had passed an order against the union, allowing only that which could cause any detrimental actions against temporary employees during the dispute. In an effort to ensure the exposure of work staff's rights during mergers as well as uphold statistical norms, it emphasised the role of the court in safeguarding employees' rights cases based on statutory provisions and, as such, maintaining the fairness and transparency in labour conflicts.

7) State Bank of India v. Associate Banks' Officers Association

The case addressed the issues presented by employees of State Bank of Saurashtra (SBS) subsequent to its amalgamation with State Bank of India (SBI). Seniority was diminished, increments were refused for the employees, and the Special Compensatory Allowance (SCA) was not reimbursed. The dispute entailed the interpretation of merger clauses and the assurance of equitable treatment for SBS workers following the merger. SBI's determination that a senior employee is affirmed by the court. The employees had acquiesced to the merger conditions, but not, by so many increments, that they decided, which ensured they got in favour of the employees on the Special Compensatory Allowance. Equivalent benefits to SBI employees. This is a case that demonstrates the equilibrium between the level of organisational efficiency and that of safeguarding employees' rights in merger situations.

8) New Bank of India Employees Union & Anr. v. Union of India & Ors.

It related to the disputes that arose due to amalgamation under Section 9 of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1980 of New Bank of India (transferor) with Punjab National Bank (transferee). The scheme thus introduced, the Central Government 2:1 scheme for the purposes of calculating the length of service for promotion and seniority was contested by both banks' employees transferor employees objected to reduced service benefits; transferee employees that it was unfair in favour of transferor staff. The scheme was upheld by the Court on the grounds it was neither arbitrary nor discriminatory since it balanced employee interests and public welfare, in that context, as the Court found that New Bank was in financial difficulties. The formula of 2:1 was considered an appropriate ratio to bring workforces together in a balanced manner, and the scheme was worked out with RBI's consultation. The Court rejected the retrospective application claims on grounds of public interest for the need for the amalgamation and validation of the government's lawful exercise of power to bring about the egalitarian resolution of equity stakeholders.

9) Indian Bank vs K. Usha & Anr.

The dispute was about the amalgamation of Bank of Thanjavur with Indian Bank with legal heirs of deceased employees wishing to get compassionate appointments under a 1982 settlement between the transferor bank and its union. Indian Bank said its claims were rejected, citing the scheme of amalgamation under Section 45 of the Banking Regulation Act, 1949, which it argued ruled out the liability to the extent of its investment with the bank. The Supreme Court ruled the High Court was correct to uphold the law whereby the transferee bank inherited all liabilities, until explicitly excluded in the scheme. Indian Bank, was bound by the 1982 settlement (a welfare measure for compassionate appointments) since the same had not been excluded. The Court stressed the contractual nature of pre-merger settlements by saying that those who were eligible under such settlements were entitled to compassionate appointments under such agreements.

10) State Bank of India Employees Union & Anr vs. State Bank of India & 2 Ors

The dispute occurred between the State Bank of India (SBI) and its employees from merged associate banks. merged associate banks. On April 1st, 2017, SBI initiated overtime wage payments for its employees after the merger process. to its employees for their work during the demonetization period (November 15, 2016, to December 16, 2016). At first instance, all SBI staff members, together with employees of their associated banks, received payment increments. The associate bank employees received payment from SBI before the bank issued orders to retrieve the funds under the pretext that those employees did not work for SBI during the relevant time. SBI employees during the relevant period. The Bombay High Court gave a decision in support of the employee workforce. The audience received wage payments following their merger, but SBI eventually began recouping them from former associate bank staff. All staff members at the associated banks originally retained their status as SBI employees so they should get the identical compensation packages that their SBI colleagues earned. counterparts. The discriminatory nature came into play through the payment withdrawal process. The Court directed SBI. The court issued a directive mandating SBI to return all payments made during the six-week recovery period while insisting that post-merger employment benefits remained without any exclusion. After the merger, all terms related to employment stayed in effect without making any differences between the multiple companies.

X. Data Analysis of Employee Experiences Following Banking Mergers

Corporation Bank Employees: Adjusting to Loss of Identity and Operational Changes

Significant alterations occurred after Corporation Bank merged with Union Bank of India (UBI) that deeply impacted employees. The merger brought about a significant effect which resulted in employees perceiving the loss of identity. Employees at Corporation Bank had survived under a distinct work environment dating back to its establishment with strong ethics, a customer-centric focus, and a commitment to operational excellence. UBI's procedures decreased employee satisfaction regarding the characteristics that previously defined both organization's post-merger implementation. The changed culture caused difficulties for personnel trying to match their work activities to the new situation with the new environment. The integration process became harder because of additional operational shifts. Corporation Bank employees, who were The Bank's employees who worked with Finacle Version 14, faced difficulties when they transitioned to UBI's legacy systems which operated with Finacle Version 13. The technological limitations caused by the reduction of software capabilities directly impact the harmonized deposit-and-loan system. The implementation of loan schemes, together with harmonization schemes, led to operational inefficiencies during the early stages of daily operations. Branch-level employees were Employees from the particular group suffered more than others because their senior management provided inadequate instructions to deal with new work approaches. The workplace demands experienced a significant increase following the merger between the institutions. The organization operated with insufficient staff, which required team members to do more work. on additional responsibilities, often without adequate support. The shift of branch heads caused work-related disruptions to established operational processes along with substantial doubts among the staff. Despite these, the employee benefits structure remained almost unchanged throughout this entire situation. Poor communication emerged as a main issue among the other crucial problems. The staff shared their experience of receiving insufficient information about the merger. not adequately informed about the merger's details.

Branch workers discovered information about the merger by public news outlets rather than through official channels. through media coverage rather than official channels. The merger was made more stressful by insufficient communication channels from the leadership. anxiety and confusion during the transition period. The number of infrastructure improvements stayed minimal because employees observed that facilities of the branches remained unchanged. amenities remained largely unchanged. Workers proposed that enhanced direction together with better communication would have yielded better results. Better strategic communication combined with intensified focus on maintaining key Corporation Bank values would probably have made the merger process smoother. The merging process became less challenging because of these measures which additionally enhanced the merged bank operation.

SBI Employees: Transitioning to Centralized Systems and Hierarchical Structures

State Bank of India (SBI) brought about major changes through its mergers with its associate banks. consolidation effort in the Indian banking sector. The integration introduced new chances for advancement of the combination of growth opportunities and harmony. It, however, brought problems for SBI workers, primarily affecting those moving from other organizations to SBI's united system. Small and regional banking staff members needed to adapt to SBI's complete centralized system after its takeover. Numerous staff had difficulties shifting from the hierarchical and bureaucratic structure at SBI, this was a significant adjustment. The associate banks maintained operational autonomy that allowed their employees to make localized decisions. The merger eliminated employee autonomy through the implementation of an expanded organizational structure. Some employees disliked the new centralized system of decision-making after it replaced the previously customized processes of the associate banks. disempowering. The merger process led to interruptions in operational workflow because systems needed integration during this period. Different business processes implemented by SBI and its associate banks resulted in prolonged operational challenges. The integration process required both time and monetary resources to create a fusion between systems. Daily work tasks became more complex at SBI because of its extensive operations structures, and employees who had moved from smaller banks faced considerable challenges. However, the strong resources and infrastructure of SBI enabled operations to become more stable over an extended period of time. time. The mergers utilized official channels at the centre to handle all communication activities. memos and announcements. The standardized communication channels maintained uniformity yet sacrificed individualized approaches to messaging. Staff at the branch level reported feeling disregarded regarding their individual concerns during communications. The majority of workers maintained stable salary subsidies while benefits remained unchanged during the financial transfer process. the transition. The improvement of infrastructure stands out most strongly in SBI's case because the company invested in many branch upgrades. The bank upgraded various branches to match its contemporary operational standards. However, employees felt that implementation would have benefited from supplementary services like training sessions and local communication initiatives. This would have further eased the transition.

Kotak Mahindra Bank Employees: Embracing Technological Advancements and Cultural Evolution

The merger between Kotak Mahindra Bank and ING Vysya Bank took place in 2015. There was a significant technological and cultural shift. Both bank staff had to deal with workplace obstacles while benefiting from implementation opportunities. The staff managed to take advantage of both challenges and opportunities because of their adjustments to the merged organizational layout and operating conditions. Kotak Mahindra Bank spent most of its merger strategy funds on technological progress. Employees in the organization encountered technological progress as an enduring operational reality. The integration of advanced IT systems. Operations became more efficient because of streamlining processes which established a modern competitive banking environment. The staff mentioned that adopting Kotak systems produced initial difficulties, although the systems eventually improved daily work methods after implementation. The initially demanding shift led employees to achieve better functioning in their everyday job tasks. The organizational shift due to cultural consolidation became dramatically visible. Kotak Mahindra's aggressive banking operations of ING Vysya ran differently from Kotak Mahindra Bank due to its retail expansion mindset, while its former strategy remained slower-paced. ING Vysya employees needed to adjust themselves to the busy and fast-moving work environment introduced during the transition. The staff members perceived this cultural transformation positively because it represented both professional advancement and market advancement possibilities. Employee salaries, together with benefits remained unchanged after the merger which brought

stability to workers. The merger delivered exceptional infrastructure enhancements as its main key component. The company dedicated substantial funding to conduct branch renovations while integrating facilities under Kotak Mahindra's organization standards. The structural enhancements in the workplace both improved work conditions while providing better services to customers. Workplace communication during the merger won high praise from staff members because it thoroughly revealed merger developments. Management followed the planned merger scheme by keeping employees informed at all times. The organization ensured both employees and customers remained fully updated about essential developments while resolving important concerns beforehand. This level of Clear communication between stakeholders functioned as the most important element toward uncertainty reduction and successful integration.

XI. Recommendations

1. The government must amend the Industrial Disputes Act of 1947 along with the Banking Regulation Act of 1949 to establish rules that require employee approval together with fair termination benefits and clear complaint processes during merger operations. The RBI must create speedy dispute resolution bodies together with requirements for banks to file employee effect reports and support strategies before they merge with the RBI. These processes must finish between six months to one year.
2. Employment transfer agreements must be legally enforced to protect employee rights including ongoing service period and benefit accruals and seniority rank maintenance. Banks should establish standardized Voluntary Retirement Scheme programs which offer inflation-adjusted payments similar to SBI's 2017 merger plan while implementing training initiatives in fields such as AI, cybersecurity and fintech through institutions like IIBF.
3. A pre-merger cultural audit such as the one conducted by Bank of Baroda in 2019 should take place for work-culture integration purposes. Post-merger institutions should apply seniority-cum-merit promotion systems while offering mental health support through counseling for their staff.
4. The process of mergers in the industry requires unions and stakeholders to join forces with regulators through committees observed in Andhra Bank-Corporation Bank integration (2020) to maintain complete transparency through public disclosure of timeline information and VRS details and role adjustments during the merger.
5. The implementation of regulatory oversight demands Competition Commission of India (CCI) to examine major mergers and both authorities require SEBI-compliant disclosures about employee risks in merger registration documents.

XII. Conclusion

In the Indian financial landscape banking mergers deliver two different impacts through better financial power while improving operational performance but simultaneously create structural disruptions that harm employee life quality. Indian banking mergers create both operational strength and organizational efficiency while causing structural changes and employment challenges to their workforce. Getting financial benefits alone will not lead to successful mergers. The success value of these mergers depends on achieving financial growth while displaying effective HRD solutions. Anti-job termination guarantees from the government need strong legal protection to be truly effective. Organizations must develop frameworks along with proactive human resource practices which focus on employee welfare. Transparent Companies must establish clear communication mechanisms while integrating cultures between different entities and developing employee progression opportunities and involving unions in decision-making. Such measures establish the foundation for making gradual personnel shifts.

Employee rights protection constitutes a mandatory ethical standard together with a strategic necessity for businesses. The development of trust among stakeholders together with long-term sustainability becomes a tactical need. sustainability in India's banking sector. The organization needs to maintain equal weight between economic considerations and social priorities. The successful management of labor rights through reconfigurations will allow India to establish itself as a leading country in these practices worldwide large-scale organizational transformations.

XIII. References

- [1] Banerjee, S. (2021, November 30). Mergers and acquisitions in the banking sector of India. iPleaders. <https://blog.ipleaders.in/mergers-and-acquisitions-in-the-banking-sector-of-india/>
- [2] Section 44A of the Banking Regulation Act 1949
- [3] RBI. (2016). Master Direction- Amalgamation of Private Sector Banks, Directions, 2016. https://rbi.org.in/Scripts/BS_ViewMasDirections.aspx?id=10364
- [4] Section 9 of the Banking Companies (Acquisition and Transfer) of Undertakings Act of 1970/ 1980
- [5] Bloomberg. (2020, March 5). India approves rescue plan for Yes Bank through SBI's capital injection: report. Indian Express .
- [6] PARAS BATRA. (2022). PMC Bank Fiasco: The Dereliction of Corporate Governance. International Journal of Law Management & Humanities , 5(5)
- [7] Section 45 of Banking Regulation Act 1949
- [8] Section 35 of the State Bank of India Act, 1955
- [9] 70 policies — State bank of India act, 1955. (2023, December 4). orfonline.org. <https://www.orfonline.org/expert-speak/42983-70-policies-state-bank-of-india-act-1955>
- [10] Section 5 (c) of the Banking Regulation Act 1949
- [11] The Amalgamation Scheme of Centurion Bank of Punjab Ltd with HDFC Bank Ltd, Ing Vysa Bank Ltd with Kotak Mahindra Bank, and Fincare Small Finance Bank Ltd with AU Small Finance Bank Ltd
- [12] Section 3(1) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970/1980
- [13] Merger of associate banks - Personal banking. (n.d.). SBI. <https://sbi.co.in/web/personal-banking/information-services/government-business/merger-of-associate-banks>
- [14] Master Circular – Branch Licensing - RRBs. (n.d.). Reserve Bank of India . <https://www.rbi.org.in/commonman/English/Scripts/Notification.aspx?Id=561>
- [15] Master Circular DBOD.No. BL.BC.21/22.01.001/2008-09 dated July 1, 2008 <https://www.rbi.org.in/commonperson/English/Scripts/Home.aspx>
- [16] Master Circular DBOD.No. BL.BC. 33 /22.01.001/2011-12 dated July 1, 2011 <https://www.rbi.org.in/commonperson/English/Scripts/Home.aspx>
- [17] Master Circular RPCD.CO.RRB.No.BL.BC.05/03.05.90/2012-13 dated July 2, 2012 <https://www.rbi.org.in/commonperson/English/Scripts/Home.aspx>
- [18] Master Direction – Amalgamation of Private Sector Banks, Directions, 2016 <https://www.rbi.org.in/commonperson/English/Scripts/Home.aspx>
- [19] Master Circular RPCD.CO.RRB.No.BL.BC.05/03.05.90/2012-13 dated July 2, 2012 <https://www.rbi.org.in/commonperson/English/Scripts/Home.aspx>
- [20] Master Direction – Amalgamation of Private Sector Banks, Directions, 2016 <https://www.rbi.org.in/commonperson/English/Scripts/Home.aspx>
- [21] WA.No. 45 of 2013 () IN WP(C).26297/2011
- [22] 2014] 41 taxmann.com 138 (Rajasthan)
- [23] W.P. No. 6346 of 2024
- [24] 1996 II LLJ 182 Cal.
- [25] S.B. Civil Writ Petition No. 14712/2020
- [26] W.P.(C) 11146/2019
- [27] (2014) 1 SCC 390
- [28] (1996) 8 SCC 407
- [29] AIR 1998 SC 866
- [30] WRIT PETITION NO. 1027 OF 2019