

Mega bank mergers

Human capital is crucial in creating synergies

P SARAVANAN / ABHISHEK K TOTAWAR

To achieve the ambitious target of making India a \$5-trillion economy and to boost economic growth, the government has decided to merge 10 public sector banks (PSBs) into four larger entities. This consolidation is expected to create fewer and stronger banks in the country.

However, there are many challenges related to human resources, integration of information technology network, books of accounts, etc, associated with these mergers. Among all, human capital is the major one and if that is not dealt with properly, the expected synergies may not be generated. Let us discuss how such potential synergies could be created especially in the context of human capital.

Organisational culture is important: Leaders must not ignore the value of the organisational culture in which people are embedded. Ask the people of said banks as to what it means to work there, and most would say that besides the monetary benefits that they earn, their organisation gives them an identity and a sense of belongingness.

We as humans have a natural way of comparing and looking at things as big or small, greater or lesser. The same is true when it comes to the scenario of a merger, where two entities meet; people would inadvertently compare and label one bank as small and other as larger. So, here the role of the leader is critical and he must step in and highlight the primary objective of the merger, which is to create a stronger entity by the consolidation of those entities which had complementary capabilities, thereby creating 'synergies'.

Communication plays a crucial role: Often, the employees of the larger entity end up treating the employees of the other entity as tenants. Leaders must clarify this that they are not tenants. In

doing so, communication is the key.

In the words of Sir Richard Branson, the founder of Virgin Group: "Communication is the most important skill a leader can possess." Padmaja Chundru, Managing Director of Indian Bank, says: "Our area of focus is HR integration... Communication with our staffs in both the banks will be our priority at this moment..."

Empirical evidence: Research across the world in this domain reflects that when it comes to mergers, effective leaders do the following:

First, they listen to what employees feel and act on what they hear.

Second, they communicate regularly and often, with utmost honesty and transparency.

Third, they build coalitions; leaders know that every organisation has some form of 'tea-time conversations' and they use this as avenues to communicate, kill rumours, and involve more employees to be a part of the change activity.

Fourth, they 'adapt'; they don't simply import best practices from other organisations, but realise the importance of adapting those practices to fit the current context.

And fifth, they need to focus on developing a shared culture; leaders know that in a marriage of equals, it would be a mammoth task to combine the two cultures, hence they emphasise on 'co-existence' of the two cultures.

To conclude, instead of pushing the two cultures to combine, good leaders know that of all the aspects, cultural transformation will be a long-term activity. In attempting to do so, they engage with their employees, encourage them to step out of their comfort zones and explain to them the importance of adopting new norms and practices.

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Environmental rights have been denuded

Adivasi communities involved in environmental justice movements to safeguard their land are increasingly losing the battle

BROTOTI ROY

INDIA IN TRANSITION

March 2019 marked the 46th anniversary of the beginning of the Chipko Andolan, which is often credited as India's first environmental justice movement. However, the history of India's environmental justice movements can be traced much further back. Early grassroots resistances to British rule, such as the Bengal peasant revolt of 1859-63 against indigo plantations, carried ecological undertones. Mahatma Gandhi's freedom movement also rang with concerns for the ecosystem and its people, who inhabited 7,00,000 villages by advocating a model of self-sufficiency and opposing industrialisation.

After Independence, there was a heavy boost to large infrastructure for nation-building, such as multi-purpose dam projects and steel plants. This impetus on rapid industrialisation ushered in a wave of environmental justice movements that fought for the preservation of water, forests, and land (*jai, jungle, jameen*), such as the Narmada Bachao Andolan, the Appiko movement, and the Silent Valley protest.

More recent movements include those against corporate giants such as Vedanta in Niyamgiri, Odisha or Thoothukudi, Tamil Nadu. These movements are often drawn out, filled with uncertainty, and involve multiple layers of injustices and inequalities. They also often include Adivasis, the indigenous population, at the forefront.

Eco movements Environmental justice movements are movements against Ecological Distribution Conflicts (EDCs). These conflicts are struggles around environmental costs and benefits due to inequalities in power and income, and are embedded in the broader context of race, class, caste, and gender asymmetries.

They can also be described as social conflicts born out of unfair access to natural resources and the unjust burdens of pollution. They have evolved in the last five decades, and in recent years are invading new spatial and symbolic spaces. EDCs are not limited to rural areas anymore, rather they are manifesting in different contexts and settings, such as conflicts against the expansion of the Mormugao Port for importing coal in Goa or protests to save the Aarey forest in Mumbai against the creation of a metro car shed in the last green space of the city.

We cannot claim to know how many ecological distribution conflicts have erupted in India over the last five decades. However, according to the Environmental Justice Atlas (EJAtlas), a world-wide inventory of environmental justice movements, India has the largest number of such movements (at about 300 reported cases of conflicts).

Forest-dwelling communities Out of these conflicts, more than 57 per cent of the reported movements from India involve Adivasi communities. This gives rise to multiple levels of oppression due to historical exclusion and marginalisation. This can be understood by analysing the intense and historic process of "othering" they have undergone, being treated as non-humans with no rights, who can be discriminated against and against whom atrocities can be committed with near impunity.

Despite that, they have continued to protest to safeguard the *jai, jungle, jameen* that sustain them, and due to these grassroots mobilisations, an important legislation was passed that asserts tribal land rights. This law, known as the Forest Rights Act (FRA), is a key piece of legislation that recognises the historical injustice meted out to Scheduled Tribes and other traditional forest dwellers. It seeks to secure traditional rights over forest land and community forest resources, and to establish demo-

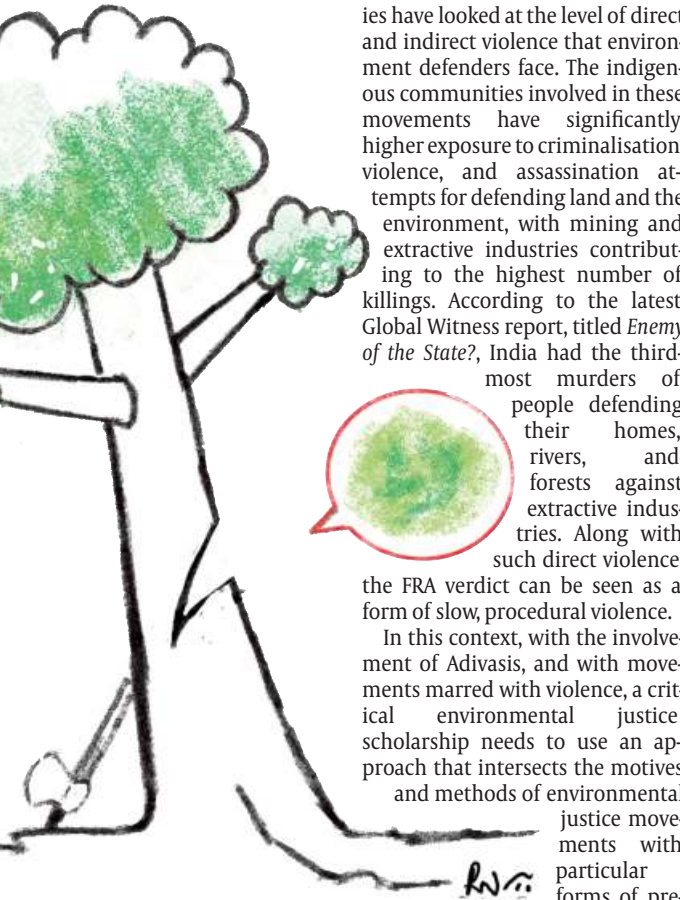
cratic community-based forest governance.

The FRA emerged as a legislative response to a national grassroots movement to record the rights of forest-dwelling communities whose rights were not recorded during the consolidation of state forests in the colonial regime. In the post-Independence period, many of these communities have been displaced for industrial and conservation projects without rehabilitation due to being labelled as "encroachers" on forest land.

The process of recognition and verification laid out in the FRA is currently the only legal process for determining the genuine right-holders and their rights on forest land. This renders the Act a very powerful tool, as companies or the state can't legally begin their projects until the recognition and verification process is complete. However, in the last 10 years, there have been multiple cases across States where the process hasn't been followed, including cases where there have been clear violations of the Act

Tribal rights A report about the effectiveness of the FRA after 10 years of its implementation found that only 3 per cent of the minimum potential of Community Forest Resource (CFR) rights have been achieved. The reasons for this poor implementation ranged from an absence of political will (at national and State levels), inability to build capacity at the Ministry of Tribal Affairs (the Central nodal agency), constant opposition at the ground level from forest bureaucracy, poor investment in the implementation and monitoring required for the rights to be granted.

On February 13, 2019, a Supreme Court verdict which would displace



an estimated 10 million Adivasis who had their FRA claims rejected, sent shockwaves across environmental justice activists and tribal communities. It led to massive mobilisations due to the violation of tribal rights in the name of conservation, and as a result, a stay order was passed on February 28 until the next hearing. This order directed States to show evidence of due process of the law being followed where claims had been rejected. Since then, the hearing has been postponed multiple times, and the Central government had been absent to defend the FRA. On the last hearing, held on September 12, all States except Sikkim had submitted their evidences, and it was decided that the final arguments would be heard on November 26.

ies have looked at the level of direct and indirect violence that environmental defenders face. The indigenous communities involved in these movements have significantly higher exposure to criminalisation, violence, and assassination attempts for defending land and the environment, with mining and extractive industries contributing to the highest number of killings. According to the latest Global Witness report, titled *Enemy of the State?*, India had the third-

most murders of people defending their homes, rivers, and forests against extractive industries. Along with such direct violence, the FRA verdict can be seen as a form of slow, procedural violence.

In this context, with the involvement of Adivasis, and with movements marred with violence, a critical environmental justice scholarship needs to use an approach that intersects the motives and methods of environmental justice movements with particular forms of pre-existing oppressions. This can be carried out by contextualising concepts of environmental justice in the local setting to understand how and why Adivasis are involved in significant numbers of environmental justice movements despite facing a disproportional brunt of violence, both direct and indirect. This would be a way to advance de-colonial environmental justice scholarship, which takes into account different types of epistemologies and experiences.

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5 THINGS to WATCH OUT for TODAY

■ **Prime Minister** Narendra Modi is likely to review the progress of 30 aspirational districts across the country. He will interact with Chief Secretaries and Secretaries on the progress made by the underdeveloped districts on various indicators. These districts come under the 'Transformation of Aspirational Districts' Programme.

■ **Madhya Pradesh** Chief Minister Kamal Nath is likely to take part in the Asian Business Leadership Forum in Dubai. For the first time in its 12-year history, the forum is dedicating the event to the guest nation — India.

■ **The financial** results of Bajaj Electricals, Bosch, Canara Bank, Cipla, Corporation Bank, EID Parry (India), Emami, Exide Industries, Fortis Healthcare, Godrej Consumer Products, Indiabulls Housing Finance, Lupin, Manappuram Finance, Radico Khaitan, Religare Enterprises, Shipping Corporation Of India, Somy Ceramics, Take Solutions, Tata Steel, Tips Industries, V-guard Industries and Voltas for the September quarter are scheduled to be announced.

■ **Diamantaire Nirav** Modi's bail application will be heard at the Westminster Magistrates' Court in London. Nirav, who is fighting extradition to India, has reportedly cited anxiety and depression in the latest application. He may appear via videolink for the hearing.

■ **The Mi** Note 10 is likely to be unveiled for the international markets. The phone is the global variant of the Mi CC9 Pro and features a 5260-mah battery and a penta-camera set-up with a 108-megapixel camera.

BAVADHARINI KS

STATISTALK

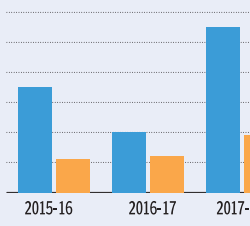
MFIs lend a hand

Despite the slowdown in bank credit and the headwinds non-banking financial companies are facing, micro finance institutions continue to grow. This is thanks to the constant flow of funds from banks, increase in market penetration and expansion to newer geographies

MFIs grow faster as NBFCs face liquidity crisis

■ Micro finance AUM growth % (y-o-y)

■ NBFC growth % AUM (y-o-y)



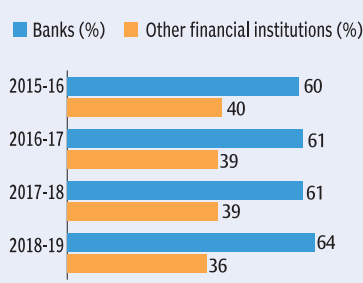
Credit to rural areas account for 75 per cent of the total asset under management of MFIs

Expansion to under-penetrated markets helps

| | Number of MFIs (as on March 2019) | Number of MFIs (as on March 2018) | AUM as on March 2019 (₹ cr) | Growth % (y-o-y) |
|----------------|-----------------------------------|-----------------------------------|-----------------------------|------------------|
| Bihar | 32 | 26 | 7,991 | 77 |
| Orissa | 25 | 20 | 7,329 | 40 |
| Uttar Pradesh | 25 | 17 | 6,086 | 30 |
| West Bengal | 19 | 13 | 5,958 | 83 |
| Tamil Nadu | 17 | 11 | 5,468 | 39 |
| Madhya Pradesh | 24 | 19 | 4,515 | 18 |
| Assam | 16 | 8 | 2,267 | 167 |
| Jharkhand | 20 | 14 | 1,887 | 53 |
| Gujarat | 19 | 14 | 1,353 | 64 |

Banks provide more funds to MFIs

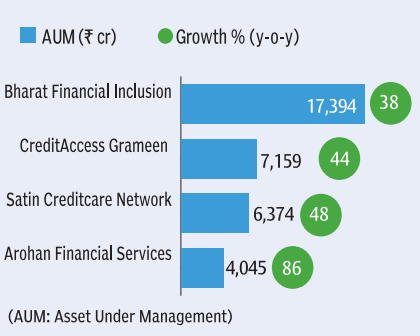
Sources of funds



Profitability improves with stability in operations

| | Net interest margin | Operating expenses | Net profitability margin | Return on managed assets |
|---------|---------------------|--------------------|--------------------------|--------------------------|
| 2015-16 | 10.1 | 6.7 | 5.4 | 2.4 |
| 2016-17 | 9.9 | 8.5 | 2.5 | 1.7 |
| 2017-18 | 10.9 | 6.5 | 4.3 | 2.3 |
| 2018-19 | 11.5 | 6.2 | 7 | 3.6 |

Top MFIs by asset under management



EASY

ACROSS

- Quality of being able to judge (11)
- Feeling like self-destruction (8)
- A jest (4)
- To redder (5)
- Hand-held string toy (2-2)
- Converse (4)
- Principal Greek god (4)
- Takes food (4)
- Back of ship (5)
- Become weary (4)
- Plant climbing-organs (8)
- Melodramatic (11)

DOWN

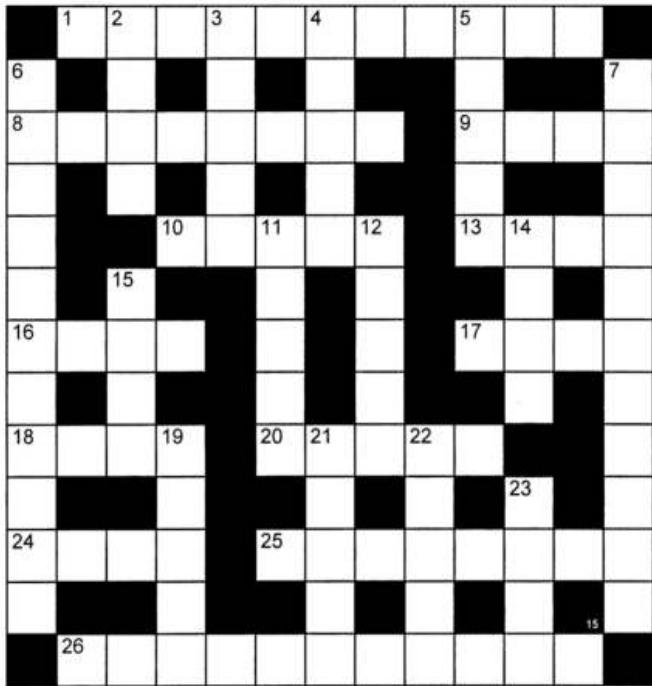
- Part of the eye (4)
- Make cold (5)
- Studies print (5)
- To relish (5)
- Selections of different types (11)
- Unrelenting (11)
- Counsels, prompts (5)
- Divide in two equally (5)
- May be entered by all (4)
- Slatternly woman (4)
- Number of wild geese in flight (5)
- Stand drinks (5)
- Wild West show (5)
- Travel authorisation (4)

SOLUTION: BL Two-way Crossword 1479

ACROSS 01. Semitone 04. Grab 08. Dot 09. Radio 10. Vow 11. Uplifts 12. Norse 13. Interviewer 17. Octet 18. Private 20. Owl 21. Vying 22. Use 23. Ease 24. Delivers

DOWN 01. Sodium 02. Motel 03. Nudes 05. Reverse 06. Bowler 07. Countering 09. Reflective 14. Nettles 15. Morose 16. Recess 18. Prime 19. Acute

BL TWO-WAY CROSSWORD 1480



NOT SO EASY

ACROSS

- One's critical faculty recent minds are turned to (11)
- Claud is one who might do himself in (8)
- A funny story in half-jest is all right (4)
- Being first a drinker, show one's embarrassment (5)
- You twice fail to finish a toy with its ups and downs (2-2)
- Conversation held in a hospital kitchen (4)
- Hellenic god who came back from Suez (4)
- The 'food' one consumes (4)
- Set out with the Navy at the back of the craft (5)
- Get dressed in the old way and get weary (4)
- Plants use them to climb out of lid with 20 (8)
- The feeling Capone had was highly dramatic (11)

DOWN

- The rainbow goddess coloured in the eye (4)
- At church with the sick, the cold will make one shiver (5)
- Is studying Asian capital among the communists (5)
- Take pleasure in New York with Joe anyhow (5)
- Selections of different kinds of nets – so smart! (11)
- Cruel about the code? Not so much! (11)
- Impulses revealed by our gestures (5)
- Healthy when about five, but must split in two (5)
- Start the innings by being exposed (4)
- She's dirty and untidy and will lust after change (4)
- Some wool starts eruption in the derm (5)
- How to deal with a free excursion (5)
- Cowboy contest, or ode composed on it (5)
- Endorsement on passport to South Africa after six (4)