



Circular No.13/VII/2021
June 25, 2021

TO
ALL UNITS / STATE COMMITTEES

Comrades,

**ALL THE WRONG TURNS.
MOVES OF PROPOSED PRIVATISATION OF PUBLIC SECTOR
UNDERTAKINGS/BANKS SHOULD BE DEFEATED.**

The Government at the centre is hell bound to sell the family silver ie Public Sector undertakings and also the Banks, to mobilise to fill the coffers with Rs.1.75 lacs crores, by hook or by crook. Our Nation is passing through one of the worst times in the history of Health emergency as well as economic emergency.

2. The Banking workforce, as Front Line Warriors(FLW), the recognition accorded by the Parliamentary Committee, encountered precarious situations and discharged their duties to the best of their abilities, in carrying relief measures extended by the Government, in various forms. During this period the number of deaths of the workforce, was hovering round 1500, leave alone the family members affected by the dreaded disease, which has new variant character. The second wave is yet to be brought to rest, in the meanwhile, the sudden development in its spread is also causing concern.

3. **Industries are struggling to perform.** The industrial growth is faltering. Value of Index of Industrial Production is certainly discouraging. The data rolled out by couple of expert studies provide that the situation is not comfortable. The migrants who had to get back to their natives in the first wave time, there also spread has increased due to non adherence to social distancing and other protocols specified by the health ministry.

4. As per the information available, a meeting of **Committee of Sub-ordinate Legislation Lok Sabha, was to meet four Institutional heads in the fourth week of April,2021**, which was postponed. The points references are:

- a. ***Examinations of Regulations formed under Section 19 of Banking(Acquisition & undertakings) Act 1970***
- i) ***The administrative/management Structure of the Bank and its overall functioning.***
- ii) ***The capital Structure of Banks.***

5. The budget presented in the Parliament categorically expressed privatisation of two public sector banks and also of Insurance Company. The banks that are not in the radar of the Government, so far are:

[1.] Bank of India, [2.] UCO Bank [3] Bank of Maharashtra, [4].Punjab & Sind Bank, [5].Central Bank of India and [6.] Indian Overseas Bank.

Out of the six banks, IOB and CBI are under Prompt Corrective Action classification of RBI, where restrictions on lending as well as on Branch expansion have been imposed. The performance indicators are also not promising, as per print media.

6. The huge bad loans in IDBI Bank, owned by LIC and Government of India, to a tune of 97% of the equity, is in the process of forced exit from the present category. This Institution, established by the Act of Parliament in 1964 as Developmental Financial Institution(DFI)facilitated to provide infrastructure finance to develop the nation its economy. But the owners are seldom bother about the legacy of this great Institution and its contributory role. The top four bad loan accounts constitute nearly 13500 crores out of the total bad loan amount of Rs 50000 crores. The role of NCLT and the IBC mechanism are not worth mentioning.

7. NCLT FAVOURS THE DEFAULTERS AND DECISION CAUSE A BIG HOLE IN THE BANKS PROFITABILITY: (sample study)

The loans lent to 7 borrowers namely: **[1].** Essar, **[2.]** Bhushan Steels, **[3]** Jyothi Structures **[4].** Electro Steel, **[5].** Ispat, **[6.]** Alok Industries and **[7]** Videocon availed a total sum of **Rs 2,21,320 crores as loan &**

NCLT gave remission ranging from 94% to 23%. The total loss suffered by banks is Rs.124184 crores ie 56% waived.

8. Punjab and Haryana High Court's Observations:

The bench consisting of Hon'ble Justice Jitendra Prasad and Hon"ble Justice Vivek Puri,observed that:

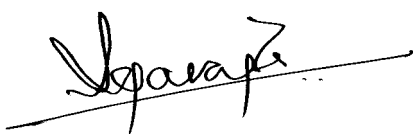
"Privatisation is not the panacea for all its ills, Public Sector undertakings were created by Government of India to make a self sufficient Nation."

" To achieve this ideal of the Constitution as wished about, by one of the makers of this country, especially in a precarious times that we live in, it becomes imperatives upon the administration to safeguard such Institutions that protect the livelihood.

9. **THE WAY FORWARD:** The bill, is likely to be placed, before the Parliament, in the ensuing session. If we have collectively conducted a Public Campaign and made the Government(NDA 1.0) to withdraw the **FRDA bill**, with the same force, we should make all out efforts to stir up the citizen's of the country to stand along with us to make the present rulers to reverse their approach of selling the family silver instead of taking severe actions against the loan defaulters. **The only course available to the workforce to Save Public Undertakings /Banks is to Struggle unitedly with the beneficiaries of the Public Sector Banking.**

10. We concentrate in our campaigns, which is restricted due to covid-19 second wave not to get disturbed with the print media reports appearing in different dates in different parts of the country.

Yours Comradely



/S.NAGARAJAN/
GENERAL SECRETARY