



CIRCULAR NO.12/VII/2020

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**TO
ALL UNITS / STATE COMMITTEES**

Dear Comrades,

**PRIVATISATION OF PUBLIC SECTOR BANKS.- EMERGING CHALLENGES.
WE SHALL HAVE TO FIGHT BACK THE MOVES OF THE GOVERNMENT.**

Public Sector Banks' contribution to the development of our national economy cannot be minimized at all. Class Banking was substituted with Mass Banking. The Jan- Dhan Accounts have crossed 40 crores as per the reports appearing in the print media. The role of the Public Sector Banks was marvellous. Green Revolution, white revolution, loan to small and marginalized farmers, promoting Small Scale Industries, facilitating the young students to pursue their studies inland and abroad through granting of Educational Loans were the crystal clear benefits accrued to the society at large. **The fifty years of bank nationalisation has benefited the nation to a greater extent and Public Sector Banking stood as a model for the rest of the world.**

2. In the year 2008, the subprime crisis of the United States led to a serious situation in the global financial system. The then representatives of the Government after attending the Meeting of G20 countries, when queried about the reflections of the Global Meltdown, echoed that the Indian Public Sector Banking was insulated against the global development. **The truth was the repeated resistance movements collectively taken forward by the members of the banking fraternity specifically sphere headed by the AIBEA, wholeheartedly supported by our organisation in pushing back the reform recommendations made by NARASIMHAM COMMITTEE I and II in 1992/93. We have successfully thwarted the attempt of the Government for more twenty-five years.** The Structural Adjustment Programmes (SAP) imposed by the World Bank and International Monetary Fund(IMF) normally implemented within a maximum period of three years in developing economies like our Nation. The credit of stonewalling the speed of the reform process should go to the Bank employees' trade unions only.

3. After the commencement of the reform process, the public sector banks were utilised as instruments to Save the Public Deposits with the private sector Banks which were mismanaged. The private sector Banks disappeared from the Indian Banking Map, notable amongst were: **The Nedungadi Bank Ltd, The Times Bank Ltd, Bank of Punjab Ltd, the Centurion Bank Ltd, The Global Trust Bank, Sangli Bank Ltd, Ganesh Bank of Gurdward, and United Western Bank Ltd.** The latest crisis in **YES BANK** and the global bank has to bail the Bank out **not only financially but also providing an efficient person to head the organisation as Administrator.**

4. The present Government at the centre is consistent in its approach that the Banking Industry has to be handled by Private and corporates. It was right from time immemorial but specifically from 1969. When the whole world is undergoing serious trouble with Global Health Emergency due to COVID 19 pandemic, in our Nation, the revival package announced to benefit the MSME sector, the disbursal of Rs.3,00,000 crores is through Public Sector Banks. It has been made very clear that in the Strategic Segment of various Industries, few institutions will be in the Public Sector and rest will be handed over to Private Sector.

5. In the initial announcement in print media, it was announced that Bank of Maharashtra (Western), IOB (SOUTH), and Punjab and Sind Bank (North) would be privatised as per the recommendations of Niti Aayog, which was taken up by our Organisation with the President of India. Subsequently, it was denied in the press. Then came the news that all the remaining Banks ie **Bank of India, Central Bank of India, Bank of Maharashtra, IOB, UCO and Punjab & Sind Bank would be privatised.**

6. **Now**, the information making rounds that the Government shareholding in **State Bank of India, Punjab National Bank, Canara Bank, Bank of India and Union Bank of India would be initially reduced to 51%** and the money collected from the process of disinvestment would be utilised to meet out the budget deficit. The recommendations of the Controller of Banking System ie; RBI to Government of India was that **the process should be completed between 12 to 18 months.**

7. In sum and substance, the owner of the Banking System would like to play the role of facilitator to private and corporate to take over the Public Sector Banks under their Control. The root cause for this debacle is on account of toothless recovery laws and also the failure of the NCLT to properly dispense the justice in favour of Bankers. NCLT is another Institution extending velvet hand treatment to the defaulters of Bank loan to escape from paying the dues. The assessment of RBI about the Bad loans that it will increase to 15% + in March 2021.

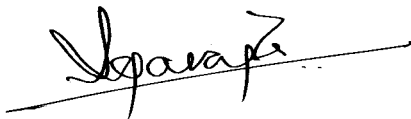
8. **The wolf is at the doorstep.** Privatisation of Public Sector Banks would lead to lot of miseries to all citizens of this country. It is the need of the hour to rise against the moves of the Government. Time is too short. **We appeal to all members of the Banking fraternity that we are to act instantly against the announcement of the swift moves of the owners.** We shall certainly coordinate with other like-minded unions in the Industry and make the protest actions culminating in direct action a resounding success.

TIMELY, UNITED STRUGGLE COUPLED WITH PUBLIC CAMPAIGN IS THE NEED OF THE HOUR

ONCE AGAIN LET US COLLECTIVELY PROVE THAT PUBLIC SECTOR BANKS ARE TO BE STRENGTHENED, PRESERVED, AND PROTECTED AS THEY ARE THE NATION BUILDING INSTRUMENTS.

MOVE ON, THE ATTACK ON PUBLIC SECTOR UNDERTAKINGS ARE TO BE REPULSED BACK. KEEP YOURSELVES IN PREPAREDNESS TO IMPLEMENT THE ORGANISATIONAL CALL.

Yours Comradely



/S.NAGARAJAN/
GENERAL SECRETARY