



ALL INDIA BANK OFFICERS' ASSOCIATION

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To:

ALL UNITS / STATE COMMITTEES

Comrades,

53rd NATIONALISATION DAY- 19TH JULY 2021. A DAY TO BE REMEMBERED IN THE ANNALS OF THE HISTORY

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The Nationalisation of the Banks on the 19th July 1969 was a turn of events in the annals of the political history of our Nation.

2. **Looking back** to the developments, even before the independent India was born, the Indian National Congress in its Karachi session, the founding fathers felt the need of prioritizing the steps to be taken by the Government was the Nationalisation of the Banking Industry. What was the purpose? Our Industry, which pools and collects the savings of the People and these savings, should be available to those who need the same. As long as our Industry was in Private sector, this philosophy was never pursued.

3. On **19th July 1969**, the fourteen nationalized banks had a paid-up capital of Rs.28.60 crores and reserve fund amounting to Rs.38.57 crores. The deposits with the Banks totaled Rs.2741.75 crores and had investments worth Rs.781.64 crores. Statement made in the floor of the Parliament on 29th July 1969 by the Prime Minister was:

“The financial stake of the shareholders of a bank is almost negligible. The paid-up capital and the reserves constitute hardly 2.4% of the deposits. As against a total deposit of nearly Rs.2750 crores of these banks at the end of December 31, 1968, the paid-up capital was only Rs.28.5 crores or just a little over one percent. The bank managements were thus operating almost exclusively with other people’s money.”

4. The Liberalisation, Privatisation and Globalisation (LPG) policy pursued by the then Government at the center and succumbed to the market forces had to announce one Public Sector Bank viz. **New Bank of India merger** with another Public Sector Bank **PNB ON 6th September 1993**.

5. **Reform reflection:** The process of disinvestment of Government equity started from State Bank of India in 1992-1993. The workforce was enticed to own the shares of the Bank and they were granted loan at a cheaper rate of Interest. Then followed OBC and the same exercise was carefully carried by the management.

6. **Public Sector Banks are the saviors:** Bank of Baroda, State Bank of India, Union Bank of India, Punjab National Bank, Oriental Bank of Commerce and the IDBI Bank Ltd had taken over the Private Sector banks viz: **Kashinath Seth Bank Ltd., Barelley Corporation Bank, Sikkim Bank Ltd., Banaras State Bank Ltd, Nedungadi.**

Bank Ltd., Global Trust Bank, IDBI bank ltd and United western Bank between 1995 and 2006. The common men savings in these banks was thus secured by the Public Sector Banks.

7. FINANCIAL INCLUSION EXERCISE- ROLE OF PUBLIC SECTOR BANKS: As per the latest data available, out of 42 crores accounts under Jan dhan Scheme, 40.75 crores accounts were opened by Public Sector and RRBs. Rs.1.39.864 crores is the amount collected under the above scheme. More than, half of the beneficiaries are the women. The workforce deserved congratulations for their efforts to make the scheme a successful one.

8. The role of public sector banks in moving the wheels of the economy of our nation needs no further elaboration. When the country is saddled with the health emergency, like any other frontline warriors (FLW), the workforce in the Bank stood the test of the times and implemented various measures announced by the Government from time to time. The sudden announcements of mergers of Public Sector Banks by the Hon'ble Finance Minister was bolt from the blue. The technological glitches occurred had driven the customers to other financial Institutions including Private Sector Banks. The creation of Small Banks and Payment Banks are certainly going to be like any other private Sector Banks. 'Yes Bank' bail out operation by SBI was another example in the current period.

9. COMPULSIONS OF CIRCUMSTANCES: Indian Banking System had moved into market driven competition. The dynamics of diverse markets and consumer preferences are now dictating the drivers of growth in business. With ever increasing expectations of the customers for new products and service, the Banks are forced to innovate on an ongoing basis new product and services coupled alternative delivery channels suiting to the needs of the customers using the state of art of Technology. Internet is the engine for Banking growth and e commerce shall be the preferred tool for the customers.

10. The new challenges are: change in the composition of the workforce, disruptive technology, burgeoning bad loans and Government's policy of Bank Privatization.

We hail the role played by the Public Sector during the 52 years. We are to preserve it intact.

To Conclude:

Every problem is a challenge:

Donot seek to run away from it.

Face it with courage and faith and walk like a man.

Yours comradely,



**/S.NAGARAJAN/
GENERAL SECRETARY**

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**(Suresha Hegde S.)
GENERAL SECRETARY**