



## **ALL INDIA BANK EMPLOYEES' ASSOCIATION**

(Central Office : Chennai)

Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001

## **ALL INDIA BANK OFFICERS' ASSOCIATION**

(Central Office : Chennai)

AK Nayak Bhavan, 14, 2nd Line Beach, Chennai-600001



CIRCULAR TO ALL UNITS

**READ AND CIRCULATE**

29<sup>th</sup> July, 2016

Dear Comrades,

- **RED SALUTES AND CONGRATULATIONS TO ALL OUR UNITS AND MEMBERS FOR MAKING TODAY'S STRIKE A GLORIOUS SUCCESS**

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Yes, comrades, with your magnificent unity and traditional militancy, all of you have made today's UFBU's call for All India Bank Strike a glorious and splendid success.

The strike action has brought the banking industry to a virtual halt and normal banking services were greatly affected and disrupted due to our strike. The strike action was necessitated to draw the attention of the Government and the people at large about the adverse implications of the banking reform measures being pursued by the Central Government.

As per reports reaching us from all over the country, the participation of our members in the strike has been very enthusiastic and overwhelming. The turn-out in the rallies and demonstrations have also been impressive and appreciable.

Firstly, Indian banking institutions are unique institutions and they thrive mainly with the hard-earned savings of the common people. Today the total deposits in the Banks are more than Rs. 116 lacs crores and this precious savings of the people has to be safeguarded and protected. That is possible only if the banks are in public sector because, in the past, our experience has been very bitter with many private banks that have mishandled people's money. Hence in the interest of the safety of the people's savings, Banks should not be privatised.

Secondly, it is only the public sector banks that cater to the needs of the priority sectors of the economy like agriculture, employment generation, poverty reduction, rural development, women empowerment, infrastructure development, education and health, etc. We see how the new private banks which are only profit making machines and devoid of any social concern. Hence privatisation of banks will be disastrous to our growing economy.

Thirdly, the Government is contemplating consolidation and merger of banks to make them bigger and globally competitive. Our Banks are not designed for global completion. They are meant to reach the common people. Further we have the sad experience of big banks collapsing in various countries including in USA causing tsunami in their financial sector. India cannot afford such risks and there is no need to embark upon such measures. We need banking expansion and not consolidation.

It is very strange that while consolidation is advocated for public sector banks, private banks are encouraged and allowed to expand. Even for Small Banks and Payments Banks, license is granted to corporate and big players.

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Fourthly, India is so far insulated from financial risks because our Banks are more regulated and the present attempts to de-regulate and liberalise our banking sector is fraught with risks which are avoidable. Are we not to learn lessons from the global financial crisis ?

Fifthly, the main challenge facing the banks today is the alarming increase in bad loans contributed chiefly by the corporate delinquents and defaulters. The only measure required is effective steps to recover these bad loans. Because these bad loans do not earn any interest, our Banks are losing an average revenue of more than Rs. 1 lac crore per year. If bad loans are recovered, the revenue will increase and Banks can increase rate of interest on Deposits, reduce service charges for the customers, and reduce rate of interest on priority sector loans. But the Government is showering all types of concession to the big defaulters at the cost of common banking public. Bad loans/NPAs are today more than Rs. 13 lac crores and except expressing concern, Government is not taking any effective measures.

Particularly, even according to our Finance Minister, there are more than 8200 willful defaulters who owe Rs. 78,000 crores. Such deliberate defaulters should be termed as criminals and criminal action should be taken to recover the money from them. But new schemes are devised and invented to help these unscrupulous borrowers.

At the same time, small borrowers are harassed and even Education Loans have been sold to Reliance ARC at deep discount by SBI in Tamilnadu and due to the pressure by the Reliance ARC, an unemployed youth committed suicide recently.

We do need banking reforms, but reforms that will make our public sector banks more vibrant to ensure a vibrant economy. We do not need reforms that will endanger the prospects of PSBs, reforms that will hand over the precious savings of the people to private hands, reforms that will reverse the clock back.

That is why oppose these retrograde banking reforms. That is why today's strike was warranted to register our protest and to make the nation aware of the implications of banking reforms. We believe we have done a bit of our duty by this successful strike.

**Congratulations to all of you for your contribution in this task.**

Our Joint Central Committee meeting of AIBEA and AIBOA is meeting at Hyderabad on 4<sup>th</sup> and 5<sup>th</sup> August, 2016 to take our struggle forward.

With greetings,



(S. NAGARAJAN)  
GENERAL SECRETARY, AIBOA

Yours comradely,



(C.H. VENKATACHALAM)  
GENERAL SECRETARY, AIBEA

MANGALORE  
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