



ALL INDIA BANK OFFICERS' ASSOCIATION

CENTRAL OFFICE
2nd Floor, 109/10, Angappa Naicken Street,
CHENNAI - 600 001



Ph: 25265511 / Mobile: 98406 45081 Fax: 044-25249081 / e-mail : aiboa.hq@gmail.com Website: www.aiboa.org

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16th July 2025.

TO

ALL STATE COMMITTEES/AFFILIATED UNITS:

Comrades,

56TH ANNIVERSARY OF BANK NATIONALISATION BEWARE OF INVASION OF FOREIGN CAPITAL INTO THE BANKING SYSTEM

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19TH July 1969, was a watershed in the annals of the financial system of our Nation. The then Prime Minister of the Country took a bold step to initiate the process of **mass banking** through the process of nationalization of **14 banks** and subsequently another **6 banks** in April 1980. The said exercise caused a political turmoil too.

2. The benefits accrued to the citizens of our country are countless during this period. A common man can enter the bank branches to avail the requirements according to his priority. Followed by this, in the year 1975, in order to benefit the rural masses, 196 Regional Rural Banks were established. As on today, when we look at the developments, there is a deep sense of caution to protect the Indian Banking System from the encroachment of private as well as foreign banks.

3. In the recent past, one of the old Private Sector Banks established in a small town in the southern part of the country was taken over by a foreign bank having its Head Quarters at Singapore (Lakshmi Vilas Bank taken over by DBS). The next one waiting for such a move may be IDBI Bank Ltd. The Government of India is contemplating to off-load it's as well as the shares of LIC to the extent of 60% to a foreign investor. The crisis ridden YES Bank which was bailed out by State Bank of India (13.19%) by contributing a substantial sum as an Equity is already on the radar of the Japan based SUMITOMO MITSUI BANKING CORPORATION. The other banks contributed for the bail-out operation are Axis Bank, Bandhan Bank, Federal Bank, HDFC Bank, ICICI Bank, IDFC First Bank and Kotak Mahindra Bank (6.81%). The Japan based bank is approaching the controller of the Banking System for enhancement of the Equity participation to the extent of 26%. The sanction is awaited.

4. It is not out of place to mention here that the foreign shareholding in the Public Sector Banks is as follows:

State Bank of India	11.07%
Bank of Baroda	9.43%
Union Bank of India	7.25%
Punjab National Bank	5.66%
Bank of India	3.53%

Reserve Bank of India is examining the foreign shareholding norms including the voting rights. As on date, voting rights in PSBs is capped at 10% of the shareholders other than the Central Government. Financial Institution can take up to 15% stake. Individuals and non-financial institutions are capped at 10%. The move is aiming to open up foreign share-holding in Public Sector Banks to higher percentage. It is pertinent to mention here that in private sector banks, 74% of foreign investments is permitted by RBI.

5. Prior to the strike on 9th July 2025, a ministerial group held a meeting on 8th July 2025 to finalize the appointment of Transaction Advisors to dilute Government Stakes in 5 public sector banks. The move lays the ground work for off-loading stake in **Bank of Maharashtra (86.46%), Indian Overseas Bank (96.38%), UCO Bank (95.39%), Central Bank of India (93.08%) and Punjab Sind Bank (98.25%)**. Appointment of advisors is the most critical step in the dis-investment pipeline. They help to navigate legal complexities, structure branches and prepare the offer document. The present Government is in a fast-forward move to bring the reforms in the Banking sector and reducing its stake and likely to opt for a phased marked link approach. It is a testing time for the Government to assess the market appetite for a smooth transition. The said advisors will work with DIPAM and DFS to conduct due-diligence, structure the transaction and initiate the steps for dis-investment. Merchant Bankers are being shortlisted to support the exercise.

AIBOA, having sensed the Government's approach, projected the issues for the two days' strike on March, 24 & 25, 2025 opposing the process of disinvestment exercise in IDBI as well as the above 5 PSBs. Hence it is our duty to preserve, protect and promote public sector banks in the national interest as well as to provide employment opportunities to the educated youths.

Hail the Nationalisation and halt the entry of foreign capital.

Yours Comradely,



S. NAGARAJAN
GENERAL SECRETARY

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Mangaluru
17.07.2025



(Suresha Hegde S.)
GENERAL SECRETARY

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