



## ALL INDIA BANK OFFICERS' CONFEDERATION

(Registered under the Trade Unions Act 1926, Registration No: 3427/Delhi)

State Bank Buildings, St. Mark's Road, Bangalore – 560 001

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**CIRCULAR NO.14**

**DATE: 14.03.2013**

**TO ALL AFFILIATES /MEMBERS:**

- **PROTEST AGAINST THE NEW BANK LICENSING POLICY**
- **PROTEST AGAINST BANK LICENCE TO CORPORATE HOUSES**
- **HOLD MASSIVE DEMONSTRATIONS ON 18-03-2013**

We reproduce hereunder the UFBU Circular No.6 dated 08-03-2013 contents of which are self-explicit.

With greetings,

**(D.S.RISHABADAS)**  
**GENERAL SECRETARY**

### **TEXT**

From the UFBU we have been demanding a vibrant banking sector in our country in order to subserve the socio-economic needs and keeping the basic national economic development in mind. While the public sector banks in our country, for the past more than five decades, have immensely contributed to these social objectives, the Government has been following the policy of liberalisation and banking reforms for the past two decades. Because of this, the Government has been encouraging private sector banking and diluting the role of public sector banks in many ways. Even the equity capital contribution of the Government in the PSBs has been brought down. Recently, even the voting rights of private capital investors in PSBs have been increased 10 times from 1% to 10%. For the public sector Banks, the Government is toying with the idea of consolidation and mergers but in the case of private banks and foreign banks, they talk of further expansion and encouragement.

**2.** As a part of these reform measures, recently, at the behest of the Government, the RBI has announced their new Bank Licensing Policy by which the private industrial, business and corporate houses will be permitted to open their own Banks.

**3. Eligibility norms:** Any private sector company including Non-Banking Finance Companies can open a Bank. Total capital requirement would be Rs. 500 crores out of which, the promoter company need to bring only Rs. 200 crores which can be further reduced to Rs. 75 crores after 5 years. Foreign capital will be allowed upto 49% in these Banks which can be increased to 74% after 5 years.

**4.** In a country where we find that 100 top billionaires have a minimum wealth of Rs. 5,000 crores each and with a total wealth of Rs. 12,50,000 crores ( 250 billion \$), we can imagine the havoc they will play in the banking sector if they are allowed to enter banking business. These were the people who were owning banks in our country and who abused and misused the peoples savings for their own interests. That is why banks were nationalized in national interest. It is tragic that the government is now reversing the clock by giving them license to start their Banks.

**5.** The world over the experience is very bitter and most of the cases there have been a conflict of interest and mix up of people's savings with their own business needs. Many, sensible Economists have been pointing out the risks and dangers of corporates doing banking business and yet the Government is insensitive and is bent upon handing over banking license to them. Thus the flood-gate is sought to be opened.

**6.** Clearly, the move is not in the interest of our economy. The need is to strengthen the public sector banks and not boost private corporates into the banking sector. In consistence with our avowed policies and stand-points, UFBU opposes this<sup>1</sup> unwarranted move of the Government.

7. We need to express our protest and opposition to this move. Accordingly all our units are advised to under the following initial programme:

- **HOLDING MASSIVE DEMONSTRATIONS AND RALLIES IN ALL STATE CAPITALS AND OTHER IMPORTANT CITIES IN FRONT OF BANKS PREFERABLY BEFORE THE PREMISES OF RESERVE BANK OF INDIA WHEREVER POSSIBLE.**
- **THE PROGRAMME SHOULD BE ORGANISED JOINTLY BY THE LOCAL UNITS OF UFBU.**
- **THE DEMONSTRATION SHOULD BE HELD ON 18<sup>TH</sup> MARCH, 2013.**

8. Comrades, banks deal with people's money. It should be for the benefit of the common masses and not for private profiteering by the corporates. Rise in protest. Further programmes will be decided by the UFBU from its next meeting.

With greetings,

Yours comradely,



**(P.K.SARKAR)  
CONVENOR**