

ALL INDIA BANK OFFICERS' CONFEDERATION

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



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CIRCULAR No. 2014/32

Dated: 03/04 /2014

TO ALL AFFILIATES/MEMBERS

Dear Comrades,

Re: WE OPPOSE "IN-PRINCIPLE" BANK LICENCES ISSUED BY RBI

Our members might have come to know from media that The Reserve Bank of India has granted "In-principle" bank licences to "Infrastructure Development Finance Company" and microfinance lender "Bandhan Financial Services Ltd.", ignoring the opposition not only from Bank officers and employees and many others but also in utter disregard to the advice of the standing committee on Finance headed by Sh. Yashwant Sinha. The action of the RBI has come on the very next day of Election Commission giving a go-ahead to the RBI.

Soon after coming to know of the decision of the RBI, we have sent our protest vide letter ref. 2014/RBI/19 dated 02/04/2014, text of which is appended below. We shall chalk out our future course of action in consultation with other constituents of U.F.B.U.

With warm greetings,

Yours comradely,

(HARVINDER SINGH)
GENERAL SECRETARY

TEXT OF OUR LETTER TO THE GOVERNOR RBI

Ref: 2014/RBI/19

Dated:02/04/2014

Sh. Raghuram Rajan,
Governor, Reserve Bank of India,
Mumbai

Sir,

We are extremely dismayed over the news of your according in principle approval to M/s. IDFC and Bandhan Financial Services for opening new banks. The undue haste displayed in this regard leads every one to suspect the motive behind the action. We stoutly oppose the move and register our strongest protest against this hasty and ill-conceived move fraught with grave danger for the Indian economy in general and banking sector in particular.

We had time and again pleaded with you to desist from this disastrous and anti-people measure for various reasons, including in view of the large-scale misuse of public funds by private banks run by corporate houses before their nationalization, and the scope for further concentration of wealth in the hands of a few corporate houses in the country as well as misuse of public savings for private purposes. In recent times the Public Sector banks had to bail out many private banks rendered sick by the profligacy and incompetence of their managements. How Global Trust Bank, which was launched with much fanfare, collapsed under corporate greed is a recent history and for reasons best known to them. It is really sad that those concerned have refused to draw proper lessons.

The standing committee on Finance headed by Mr.Yashwant Sinha had categorically expressed itself against the policy formulated to issue banking license to industrial houses. The committee observed that banking being highly leveraged business, involving public money and public welfare, it would be more in the fitness of things to keep industry and banking separate. The committee was also apprehensive that industrial/business houses may not be geared to achieve the national objectives of financial inclusion and priority sector lending. The panel also dubbed the criteria formulated as 'ambiguous'. In view of such clear-cut contrary view points from the standing committee, it would have been prudent on your part to keep the decision in abeyance at least till a new government assumes office after election .

We once again lodge our strongest protest and request you to hold in abeyance further follow-up actions. We also once again reiterate our demand that the move to grant license to new private banks be dropped altogether to safe guard the long term interest of our country.

Thanking you,

Yours faithfully,
Sd/-
(HARVINDER SINGH)
GENERAL SECRETARY