

ALL INDIA BANK OFFICERS' CONFEDERATION



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To All Affiliates (Please Circulate)

49TH ANNIVERSARY OF BANK NATIONALISATION REMEMBER, REVERE, PERPETUATE

It was late evening on Saturday, the 19th July 1969. It was a moment which transformed the country. The then Vice President, acting as President of India, promulgated the Banking Companies (Acquisition & Transfer of Undertakings) Ordinance, 1969, paving way for the nationalisation of 14 private banks in the country. Later, on 15th April 1980, 6 more private banks were also nationalised.

Bank nationalisation was a giant step towards achieving the principles enshrined in the Constitution and strengthening economic self-reliance. The advent of the Public Sector Banks (PSBs) transformed the banking sector by bringing about a significant expansion of banking services and ensuring financial inclusion through priority sector lending norms, which enhanced credit flow to agriculture and small industries.

Post-nationalisation, bank branches had an exponential growth as it spread to the rural and hitherto inaccessible areas. The PSBs became the drivers of the economy. The green, blue, white revolutions could be possible only because of the stellar role played by the PSBs. India achieved self-sufficiency in food grains production and the farmers and small entrepreneurs could be liberated from the clutches of money lenders to a large extent.

The total number of bank branches in India has increased from 8262 in 1969 to 143131 in March 2018. The PSBs with 90827 branches today have led the expansion of banking services in the country. There were only 1833 rural bank branches in 1969. Today there are 50815 rural bank branches, with 29181 rural branches of the PSBs.

Bank Branches in India

	Rural	Semi-urban	Urban	Metropolitan	Total
All Scheduled Commercial Banks - 1969	1833				8262
All Scheduled Commercial Banks - March 2018	50815	39919	25455	26942	143131
All Public Sector Banks - March 2018	29181	25406	17685	18555	90827

Source: Statistical Tables Relating to Banks in India, RBI

Financial liberalisation introduced in India since 1991 brought the private banks and foreign back to India. However, the PSBs have successfully competed with the private banks and could maintain 70% share of aggregate deposits and credit till recently. This could not have been possible without the hard work and perseverance of the officer's and employees of the PSBs. It was because of the dominance of the PSBs in the Indian banking sector that the Indian people could be protected from the ill-effects of global financial crisis of 2007-2008. The financial crisis was a result of corporate greed and reckless financial speculation by the MNC banks based in the advanced capitalist countries.

While 6 private banks have failed in India in the post-liberalisation period, not a single PSB has ever suffered bank failure. PSBs have always protected the deposits of the people and upheld the trust that millions of small depositors have reposed on them.

The PSBs have contributed to nation-building by financing major economic activities in the industrial, services and infrastructure sectors, more than any other financial institution. The PSBs also have a much better record in lending to the priority sectors like agriculture, MSMEs and to the weaker sections of our society, like the SC/STs, minorities and women.

The officers and employees of the PSBs worked day and night during the two months after demonetisation was implemented by the Union Government on 8th November 2016. 11 Bank officers passed away during this period.

Out of the 32 crore accounts opened under the Jan DhanYojana till date, 25.87 crore were opened in the PSBs and 5.15 crore were opened in the RRBs, which are sponsored by the PSBs. This commitment shown by the PSBs to financial inclusion is a strong vindication of the bank nationalisation decision, taken 50 years ago. As the largest representative body of the supervisory cadre, AIBOC is proud to say that, we were an integral part of progressive change and we have been instrumental in ushering in the change.

Comrades, despite the contribution of the Public Sector Banks to the Nation, it is unfortunate that Government continues with its neoliberal policies, which seeks to weaken and eventually privatise the PSBs. Mergers & Amalgamations are being contemplated in the garb of 'economies of scale', 'too many players', 'creation of world class banks' etc.

The large corporates of our country have exploited the PSBs in a big way. As per the latest Financial Stability Report of the RBI, large borrowers (above Rs. 5 crore loan accounts) are responsible for over 85% of the NPAs of the scheduled commercial banks. Gross NPAs have crossed Rs. 10 trillion (lakh crore) in March 2018, out of which Rs. 8.6 trillion worth NPAs are in the books of the PSBs. The top 100 borrowers account of Rs. 2.6 trillion worth of NPAs. Despite writing off NPAs worth Rs. 2.4 trillion in the recent years, the bad loans have kept on piling up. Provisioning for these NPAs is the main reason why the PSBs are making net losses. AIBOC has challenged the provisioning norms.

The deposit and credit growth of the PSBs have fallen sharply in the last few years both as a result of macro-economic factors as well as the policy direction of the government. The market share of private banks is increasing rapidly. This is nothing but backdoor privatisation of the banking sector in India. The Government and the RBI today are facilitating this process.

We are seeing a peculiar and contradictory situation where the PSBs have healthy operating profits, but humungous net losses! While the identified Banks have to adopt Turn Around Plan circulated by the Ministry of Finance, they are also subjected to Prompt Corrective Action (PCA) directives of RBI. PCA directives are in apparent contradiction with the parameters of Turn Around Plan. The restrictions imposed recently on the Dena Bank in extending fresh loans and freeze its recruitment is the latest example of the unreasonable nature of the RBI's PCA framework. It is nothing but an evil design of calling a dog mad to shoot it.

The PSBs are being pushed into red on account of unreasonable provisioning norms and on account of massive haircuts forced upon by the implementation of the Insolvency & Bankruptcy Code. The NPA resolution process through the NCLTs is totally non-transparent and there is widespread apprehension that the PSBs will be asked to absorb the major part of the NPAs through haircuts/provisioning. Rather than recovering NPAs from the corporate defaulters, the Government is busy placating them, while pushing their losses on to the PSBs. This has to be fought tooth and nail.

Confederation has been alive to the situation. The misadventures of the Government have always been opposed and resisted. Attempts of attack have been faced successfully. AIBOC has spearheaded the movement against the draconian FRDI Bill and we are determined to ensure that the proposed bill will not be seeing the light of the day.

Comrades, we will make a vow, take an oath to save and defend Public Sector Banks. This is for the sake of millions of our customers who have put their life's savings in PSBs and depend on the PSBs for running their honest productive activities in every nook and corner of the country. Public Sector Banks are for the one billion plus common citizens of our country and we will NOT allow them to slip into the hands of billionaires.

Let us stand united.

We call upon all our affiliates and State Units to celebrate Bank Nationalisation Day and initiate suitable plans to observe the coming year, which would be the Golden Jubilee of Bank Nationalisation, in a befitting manner.

On this significant occasion, we are releasing a special logo, which we request all our affiliates to display in all posters/banners/letterheads.

With vibrant greetings,

Yours Comradely,

A handwritten signature in black ink, appearing to read 'Soumya Datta', written in a cursive style.

(Soumya Datta)
General Secretary