# ALL INDIA BANK OFFICERS' CONFEDERATION

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

**6th Floor, E-Block, Samriddhi Bhavan, 1, Strand Road, Kolkata -700 001**

**c/o State Bank of India Officers' Association (Bengal Circle)**

**Phone: (033) 2210-1234, Fax: (033) 2210-2210**

**e-mail: aiboc.sectt@gmail.com**
**soumyadatta.aiboc@gmail.com**
**website: www.aiboc.org**


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## PRESS RELEASE

**AIBOC Expresses its outright opposition and strong anguish over the decision of Privatisation by the Central Govt.**

All India Bank Officers' Confederation (AIBOC), the apex body of the bank officers' trade union movement in the country having membership of over 3.20 lakh officers of the industry, expresses its outright opposition to and strong anguish over the decision of wholesale demolition of Public Sector Enterprises of India as elaborated by the Union Minister of Finance and Corporate Affairs while unveiling Hon'ble Prime Minister's "Atma Nirbhar Bharat" package over the past five days. The announcements have come as a major disappointment to the country's citizenry. The economic package contains very little in terms of a fiscal stimulus and apparently tries to exaggeratedly inflate the package size by adding liquidity infusion measures with that of fiscal measures, which is not only misleading also technically fallacious. Most disturbingly, Hon'ble Finance Minister has announced in unambiguous terms its intention to privatise Public Sector Enterprises and assets across sectors, which far from promoting economic self-reliance will destroy the very foundation of our national economy.

In view of the severe post Coronavirus pandemic crisis which has hit economies across the globe, AIBOC had demanded a substantial fiscal package to be financed through an expansion of the fiscal deficit. The government has the option of issuing special Covid-19 bonds and borrow money directly from the Reserve Bank of India at a low interest rate, which has been advised by several eminent economists. It is disquieting that this reasonable course has not even been considered by the Government despite the severity of the crisis.

The Finance Minister has rather relied on further liquidity infusion and chided the public sector banks for parking the funds back with the RBI, which arises out of her apparent lack of understanding of the ground realities. What the banks lack today is not liquidity but the willingness of the borrowers to borrow and spend/invest, because of the deficiency of aggregate demand. Credit off-take would increase only when investment and consumer spending rises. Given the recessionary trends, this would first require public investment and spending, which is why a fiscal stimulus is an absolute need of the hour. Only a substantial surge in the public investment and spending can ensure crowd-in funding through the route of private investment.

As evident from the pictures emerging across the country, poor people, especially the migrant workers, are facing acute shortage of cash and huge decline in purchasing power. Making a direct cash transfer of at least Rs. 7500/- per household alongside food entitlements would have gone some way in providing meaningful relief to this worst affected disadvantaged and needy section of the society. The government has plainly refused to increase the paltry cash transfers of Rs 1000 to 2000 to restricted beneficiaries, which were announced in the initial PM Garib Kalyan Yojana package. We fail to comprehend how purchasing power can be generated in the economy if the workers are not compensated for their income loss during the lockdown. It is most worrisome that several State Governments are suspending labour laws to increase working hours and intensify labour exploitation, rather than providing just and timely support to the distressed working class. This is nothing but a prelude to the impending Code on Occupational Safety, Health & Working Conditions (OSH&WC),

which, *inter alia*, is going to propose empowerment of the States as 'appropriate authority' to notify working hours of the labourers in near future.

The mounting pressure being laid on the banks to deliver credit to MSMEs and various other sectors in a demand-deficient economy will invariably lead to a severe deterioration of the credit and asset quality of the banks. The PSBs already have a very large stock of legacy NPAs, which originated from the lending spree after the previous global recession of 2008-09. With the government offering credit guarantees for only a small fraction of the credit it is expecting the banks to extend to various sectors, NPA ratios are likely to shoot through the roof by next year and PSBs will be forced to absorb those losses in their balance sheets. We feel that that the government should provide direct capital subsidy to the MSMEs and other sectors transparently rather than pressurising and burdening the banks.

The most retrograde part of the Finance Minister's announcements relates to the wholesale privatisation of PSUs. While the "strategic sectors" where at least one PSU would be permitted have not been notified yet, it is already clear that many of the 244 operating CPSUs have been targeted for privatisation. The experience of the attempted privatisation of the Air India has already shown that even suitable buyers are not available as on date. It is noteworthy that the same Air India has however continued to provide yeoman service in ferrying stranded Indian citizens from foreign countries fighting with all oddities during this difficult period of the spread of the dreaded Coronavirus. The country will certainly raise its unequivocal resentment and strong opposition against the wholesale privatisation of these glorious islets of our national treasure.

Given that the banking sector is likely to feature as one of the strategic sectors, AIBOC is alarmed at the Finance Minister's announcement: "To minimize wasteful administrative costs, number of enterprises in strategic sectors will ordinarily be only one to four; others will be privatised / merged / brought under holding companies". This indicates the intent of the Government to further pursue merger and privatisation of the Public Sector Banks and launch an all-out attack against the bank employees and officers.

AIBOC will go to any extent to thwart implementation of such anti-people policy of the Government.

**Soumya Datta**
**General Secretary**