

ALL INDIA BANK OFFICERS' CONFEDERATION



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Date: 29.01.2021

To All Affiliates (Please circulate)

Dear Comrades,

JOINT LETTER TO HON'BLE FM PRIVATISATION OF PSBS

We reproduce below the text of the Joint communique dated 29.01.2021 from the Four Officers' Organisations on the captioned subject.

With revolutionary greetings,

(Soumya Datta)
General Secretary

ALL INDIA BANK OFFICERS' CONFEDERATION (AIBOC)
ALL INDIA BANK OFFICERS' ASSOCIATION (AIBOA)
INDIAN NATIONAL BANK OFFICERS' CONGRESS (INBOC)
NATIONAL ORGANIZATION OF BANK OFFICERS (NOBO)

Date: 29.01.2021

Smt Nirmala Sitharaman ji
Hon'ble Minister of Finance and Corporate Affairs
Government of India
New Delhi

Madam,

OPPOSITION TO PRIVATISATION OF PSU BANKS

Greetings on behalf of four Officers' organisations of the entire banking industry viz. AIBOC-AIBOA-INBOC-NOBO.

We draw your kind attention to the various media reports announcing that the Union Cabinet has approved a policy to privatise public sector undertakings (PSUs), which is expected to be announced in the forthcoming Budget. Ironically, this PSU privatisation policy, which was first announced along with

the Aatmanirbhar Bharat Package in May 2020, will only weaken India's self-reliance and make us dependent on foreign and domestic private capital. The announcement made last year identified "strategic sectors" where the number of PSUs would be brought down between one and four. Banking along with insurance, steel, fertiliser, petroleum, coal and minerals etc. figure in the list of 18 strategic sectors.

02. Even after the wave of mergers in the public sector banks undertaken by the Government, the number of Public Sector Banks (PSBs) stands currently at 12. These PSBs own around 60% of the total banking assets in the country and account for 64% of all bank deposits and 60% of total loans and advances. If the proposed privatisation policy is to be implemented, it would amount to privatisation of at least 8 PSBs, which will put an end to the market dominance of the PSBs.

03. You are very much aware that it was the PSBs, created through nationalisation, which led to the growth and development of banking across the length and breadth of the country, including unbanked rural and remote areas. The dominance of the PSBs insulated the Indian economy from the worst consequences of the 2008-09 financial crisis. Crucial schemes of financial inclusion like the Jan Dhan Yojana and MUDRA have been implemented by the PSBs much more rigorously than the other segments of the banking industry. Despite the sordid saga of humongous bad-debt accumulation in the recent past, owing to big-ticket corporate debt-defaults, massive haircuts through the debt-recovery channel under the IBC and burgeoning NPA write-offs, the PSBs have registered positive operating profits year after year, which stand testimony to the hard work and efficiency of the officers and employees of the PSBs.

04. In this backdrop and at a time when the national economy is still reeling under the impact of a severe recession caused by the Covid-19 pandemic, we cannot fathom why the Union Government is keen on privatisation of PSUs in general and the PSBs in particular. It was the PSBs, Regional Rural banks and old generation private banks have successfully implemented all the schemes of the government to provide the much-needed fiscal stimulus during Covid times. The development of infrastructure can only be attributed to the contribution of PSBs in the absence of any major DFIs. It is as clear as daylight that the only beneficiaries of PSB privatisation would be those entities who still owe the state-owned banks thousands of crore in corporate debt. While private sector banks like the Yes Bank, and earlier the Global Trust Bank, NBFCs like IL&FS and DHFL, co-operative banks like Punjab and Maharashtra Cooperative Bank (PMC) etc. have witnessed failures in the recent times, the PSBs have continued to ensure financial stability and security for the depositors. Experience tells us that strengthening the PSBs is the way forward for building an efficient, robust and stable financial sector in India.

05. We consider that any proposal for privatisation of PSBs is retrograde, ill-conceived and thoroughly inimical to the national interest. Any step towards privatisation, dilution of government equity and/or further mergers and amalgamation of PSBs would face stiff resistance, not only from our organisations but also from all the major stakeholders. We urge upon your good office to kindly rescind any such privatisation proposal, if on the anvil, not only for the PSBs but for all the PSUs. The Union Government should rather initiate policy discussion on the ways and means of reforming and strengthening the PSBs

With best regards,

Yours sincerely,

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(Soumya Datta)
General Secretary
AIBOC

Sd/-
(Nagarajan S)
General Secretary
AIBOA

Sd/-
(Prem Kumar Makker)
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INBOC

Sd/-
(Viraj Tikekar)
General Secretary
NOBO