ALL INDIA BANK OFFICERS' CONFEDERATION

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Circular No. 2021/75 **Date: 24.11.2021**

To All Affiliates (Please Circulate)

Dear Comrades,

BHARAT YATRA
"BANK BACHAO, DESH BACHAO" RALLY AT JANTAR MANTAR, NEW DELHI ON 30th NOVEMBER 2021

We are embarking upon a historical journey today to launch a decisive struggle to retain economic independence of the country. The government has listed the amendment bill of the Banking Companies (Acquisition and Transfer of Undertakings) Acts, 1970 and 1980 and the Banking Regulation Act, 1949 as an agenda item in the ensuing winter session of the Parliament to pave the way for privatisation of public sector banks. The war is on.

We are embarking upon **"Bharat Yatras"** from Kolkata & Mumbai to Delhi, culminating in a rally at Jantar Mantar, New Delhi on 30th November. Leaders and the activists of affiliates of AIBOC along with some academics and social activists will travel in buses from Kolkata and Mumbai meeting our stakeholders, common man, farmers, workers, activists from all segments of society, to generate public opinion against the retrograde decision. Leaders of the farmers' movement, trade unions, affiliates of UFBU, political parties and people's organisations have been invited to the "Bank Bachao, Desh Bachao" Rally.

This movement is of the people, for the people and by the people. Let us connect with the masses and demonstrate our might.

The following should be the talking points to create public opinion against privatisation.

Why to Oppose Bank Privatisation?

Bank Privatisation will Weaken the Security of Bank Deposits: Individual bank deposits in India totalled around Rs. 87.6 lakh crore as at 31st March 2021. Of this, Rs. 60.7 lakh crore, i.e. around 70% were under the custody of our PSBs. Clearly, Indian depositors prefer safety and security of the state-owned banks. Bank privatisation would remove the sovereign guarantee behind the banks and make the deposits less safe and secure. The FRDI Bill which was tabled by the Union government in 2017, but later shelved because of public backlash, was also aimed at removing the sovereign warranty / assurance behind the PSBs.

Bank Privatisation will Squeeze Credit Flow to Farmers, Small Businesses & Weaker Sections: Over 60% of the total credit to the priority sector; i.e. small and marginal farmers, non-corporate individual farmers, micro-enterprises, self-help groups and weaker sections like the SCs, STs and minorities; is provided by the 12 PSBs and the 43 Regional Rural Banks sponsored by them. Private and foreign banks have been meeting shortfalls in their 40% priority sector lending target in net bank credit by buying Priority

Sector Lending Certificates from the PSBs and RRBs. Privatisation of PSBs would adversely impact credit flow to the priority sector.

Bank Privatisation will Exclude Poor & Rural Customers from Banking: Less than 3% of the 43.8 crore PM Jan Dhan Yojana accounts have been opened by the private sector banks till date. 31% of all PSB branches are in the rural areas, while rural bank branches account for only around 20% of private sector branches. This is because private sector banks cater more to the affluent sections and disproportionately concentrate their resources in the metropolitan areas because of their narrow focus on profitability. Privatisation of PSBs will adversely impact financial inclusion.

Bank Privatisation will Bring Back Bank Failures: India did not have a single public sector bank during independence. Rather, there were over one thousand private and cooperative banks. Between 1947 and 1955, there were 361 cases of bank failures, with many depositors losing their life savings along with their faith in the banking system. That was a major reason why banks were nationalised in India. First the SBI was created through nationalisation of the Imperial Bank in 1955. Subsequently, 14 more commercial banks were nationalised in 1969 and 6 more in 1980, creating a state-dominated banking sector in the country.

With bank privatisation, the problems associated with the pre-nationalisation banking era, especially misallocation of bank credit and frequent bank failures will resurface. All the banks which have failed in the recent times, namely the Yes Bank (2020) and Lakshmi Vilas Bank (2020), or the Global Trust Bank (2004) were private sector banks. Private sector NBFCs like the IL&FS and DHFL have also collapsed in recent times. In contrast, not a single PSB has failed till date.

Bank Privatisation will Weaken the Banking Sector & Reward Crony Capitalism: Annual bank credit growth in India has fallen over the past ten years. This slowdown is mainly on account of the heavy financial losses suffered by the PSBs. Between 2011-12 and 2020-21, Rs. 29.5 lakh crore worth of Non-Performing Assets (NPAs) have accumulated in the banking system in total, with the PSBs accounting for Rs. 22.8 lakh crore, i.e. 77% of the total accretion of NPAs. Despite writing off Rs. 8.07 lakh crore worth of NPAs of PSBs between 2014-15 and 2020-21, the stock of NPAs with the PSBs still stood at over Rs. 6 lakh crore as at end-June 2021.

The losses made by the PSBs are mainly contributed by the large corporate borrowers. Over 13% of all advances made by the PSBs to large borrowers have turned into NPAs. Moreover, cases of bank frauds have increased very sharply in the recent years, with over Rs. 4 lakh crore worth fraud cases detected between 2017-18 and 2020-21. The central government has failed to bring the perpetrators of the big-ticket loan frauds to book, like Vijaya Mallya, Nirav Modi, Mehul Choksi, Jatin Mehta, etc.

Privatisation of the PSBs would imply selling the banks to private corporates, many of whom have defaulted on loans from the PSBs. The growing NPAs and frauds in the private sector banks show that these occur independent of bank ownership. Far from offering any solution to the NPA problem, PSB privatisation will only reward crony capitalism.

Bank Privatisation will Shrink Employment Opportunities, Especially for SC/ST/OBCs: PSB mergers have already set in motion the process of employee retrenchment and bank branch closures. Total employee strength of the PSBs has fallen from 8.44 lakh in March 2018 to around 7.7 lakh in March 2021. The total number of PSB branches declined by 3321 between March 2017 and September 2021. PSB privatisation will accelerate these trends, which will shrink employment opportunities for the youth, particularly for the SC/ST/OBC sections, because unlike the public sector, the private sector does not follow reservation policies for the weaker sections of the society.

Privatisation of Public Sector Enterprises: Retrograde Policy: The government's move to privatise banks is part of its policy of privatisation and 'strategic disinvestment' of almost all public sector enterprises. Since 1991, successive governments have sold government equities worth Rs. 5.30 lakh crore till date. Out of this, disinvestment and privatisation worth Rs. 3.75 lakh crore i.e. 70%, were undertaken since 2014-15, under the present government's tenure.

The ‘National Monetisation Pipeline’ developed by the NITI Aayog intends to sell off / lease public sector assets worth Rs. 6 lakh crore to private corporates in the next four financial years, from 2021-22 to 2024-25. **“Asset Monetisation” / “Unlocking Corporate Value” are the fancy words given to a word - “selling”.** The shortlisted assets include National Highways, Trains, Railway Stations, Power Generation and Transmission, Oil & Gas pipelines, Telecom infrastructure, Mines and Minerals and others. This wholesale privatisation of infrastructure assets under the garb of 'asset monetisation' is accompanying the disinvestment and strategic sale of PSEs across several sectors. This disastrous path of selling family silver is against national interest.

The Report of the 15th Finance Commission (2021-26) noted that India's general government revenue to GDP ratio at 17% is the second worst among the G 20 countries. Centre's net tax revenue to GDP ratio fell from 7.3% in 2017-18 to 6.7% in 2019-20 and 6.9% in 2020-21. Beside economic recession, the substantial cut in the corporate tax rate in September 2019 has contributed to fall in revenue mobilisation. The need for disinvestment of CPSEs would not have arisen, had the direct tax and other revenue mobilisation efforts of the government yielded results. The fact that the government is choosing the softer option of selling national assets rather than mobilising taxes from the rich and affluent sections of society, particularly the billionaires who have grown immensely wealthier through the stock market bubble, exposes its class bias.

Our Actions Points:
Let us meet the common man, customers, farmers, MSMEs, SHGs, street vendors, senior citizens, and personalities who can form an opinion. We are sure that the common man reposes colossal trust and confidence in PSBs. This is our core strength. Let us make use of all possible social media like Face Book, Twitter, WhatsApp etc. to reach out to as many as possible. Our FB Page **BankBachaoDeshBachao** has been gaining popularity consistently. Please popularize the page to generate awareness and support. Let us be visible on the streets in large numbers to voice our protest.

Please appeal to depositors, the farmers, MSMEs, Self-Help Groups, civil society organisations, farmers' and workers' unions, political parties and other stakeholders of our democracy to join and support our movement.

Every minute spent on streets opposing, mobilising opinion against privatisation is a true act of patriotism. This struggle will be etched in history that banking fraternity saved Banks for common man!

We append the details of **Bharat Yatra**. We call upon all our affiliates / state units to gather people in large numbers in all our meetings, *en route*. Please liaise with trade union fraternity at the respective centres, seek their support to attend meetings / rallies as a show of solidarity. This will certainly be demonstration of strength of common man and the working class and will send the right signal to the Government.

Together, we shall defeat the policies of privatisation. History beckons.

With revolutionary greetings,

(Soumya Datta)
General Secretary