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RBI Financial Inclusion Strategy draws the wrong conclusions from its analysis | Editorial

 **Rupam Roy**, General Secretary, All India Bank Officers' Confederation

The RBI recently released the National Strategy for Financial Inclusion 2025-30, a five year plan supposedly to further the saga of making finance accessible to the people. It also carried a review of the earlier plan period of 2019-24 which was purportedly aimed at “broadening, deepening, and accelerating financial inclusion”, “promoting financial literacy”,



“consumer protection”, “economic wellbeing, prosperity, and sustainable development”.

The 2019 document says, ‘NSFI underscored that financial exclusion leaves the disadvantaged and low- income segments of society with no choice other than informal options, making them vulnerable to financial distress, debt, and poverty, and ultimately leading to several multi-dimensional physical, socio-cultural, and psychological barriers and deprivations. Hence, it warranted attention from the policy makers for effective action.’

The overall pitch of the new plan document, as can be expected, is of course

celebratory. It claims that in the last five years financial literacy has grown significantly and the number of financial literacy programmes has steadily increased. The increase in financial distress, debt and poverty is ignored. Increase in wealth equality does not find a place.

The report also spoke of steady improvement in the Financial Inclusion (FI) Index on all three counts - access, usage, and quality. It said that "in 2024, most of the increase in the FI Index came from higher usage of financial services, indicating deeper financial inclusion." What such numbers however tend to hide is the fact that we have "achieved" this so called inclusion by shrinking bank branches and turning to precarious one person units called Bank Mitras or Business Correspondents (BCs).

The total number of banking outlets in villages has increased from 5.97 lakh in March 2019 to 15.98 lakh in March 2024. This includes BCs. But as per RBI Annual Report 2025, as of Dec 2024 there are 1723303 Business Correspondents including 367712 Urban BCs. What about bank branches? Where are the figures going wrong?

BCs were introduced to work in unbanked areas but today you can see their outlets just opposite the bank branch which they serve. To reduce bank staff this is done.

As on March,24 there were 84859 Public Sector branches, 134694 ATMs, 44691 Private Bank Branches and 79884 ATMs.

ATMS are not branches which cater to all services including credit. What is needed is at least doubling of bank branches with focus on rural and semi urban areas. They alone can bring financial inclusion by providing adequate credit. As on March 2024, NBFCs provide 24.5% of the credit by Scheduled Commercial Banks which is 13.6 % of the GDP as per RBI annual report. 48% of their borrowings are from Banks and Financial Institutions and they charge huge interest of 24% and above to borrowers. Is this financial inclusion?

What they hide is rural credit has been on the decline. What they hide is that the shrinking bank branches have given way to the mushrooming of private NBFCs, MFIs, and loan apps that are modern day money lenders with their exorbitant interest rates and inhuman recovery practices. When these agents preying on the poor are celebrated as agents of "financial inclusion", the real casualty are common people, the poor and the vulnerable who are left with no safe and affordable access to credit. As per RBI's own report today nearly 85% of all loans under 50,000 rupees are provided by NBFCs, including housing finance companies and fintech firms.

Beyond the hyperboles, if one reads through, it is interesting to note that the Strategy document itself acknowledges the real challenges in the path of meaningful financial inclusion. An all-India survey on the functioning of Business Correspondents (BCs) was conducted by the Bank between January and March 2024 through its regional offices. The survey found that an overwhelming share (63%) of BCs operate in rural areas. A major concern is



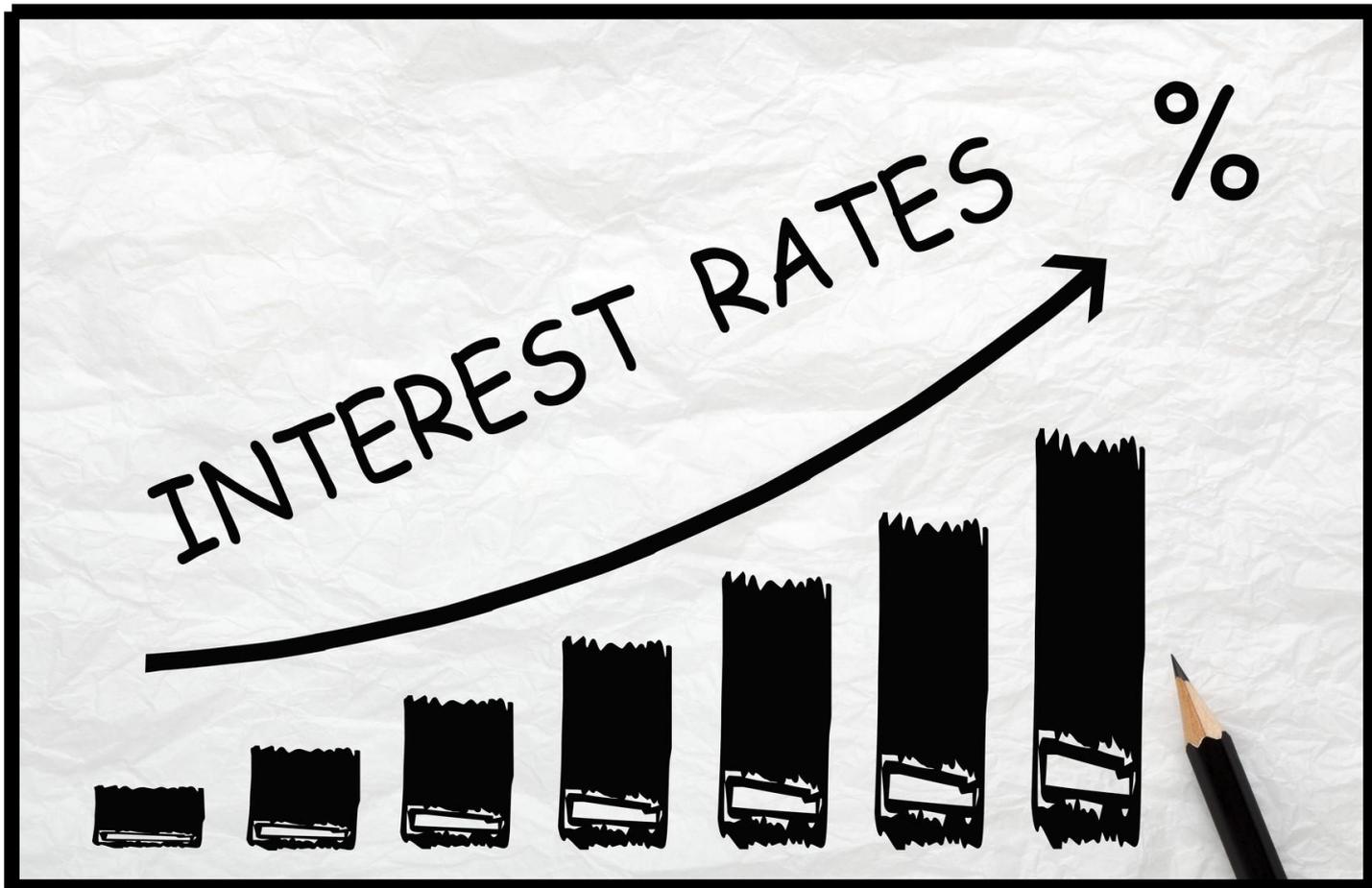
the number of non-dedicated BC outlets, where banking is not the primary activity, leading to poorer access and lower quality of services—especially in areas where BCs are the only link to formal banking. Again, most BCs are largely confined to cash-in/cash-out and remittance services, with only a few offering savings, deposits, insurance, pensions, credit, or KCC/GCC facilities. Thereby the absence of brick-and-mortar branches and proposer staff has meant fewer access to credit services. Also, the absence of minimum service standards, uniform signage, and clear bank linkage makes it difficult for customers to know their entitlements and for banks

to effectively monitor performance. The low participation of women as BC agents further limits outreach and trust within communities.

The document itself acknowledges that a significant proportion of BC outlets are inactive or closed, with BCs often clustering near markets or bank branches rather than serving remote habitations, undermining equitable access. Irregular and inadequate remuneration, particularly the lack of a fixed pay component, has contributed to low motivation, service apathy, and at times unethical practices. Accountability is further weakened by BCs working for multiple banks simultaneously, creating confusion over responsibility for customer service. Transparency and trust deficits are evident in the non-display of service fees, instances of unauthorized charges, lack of standardized transaction confirmations in local languages, and poor visibility of grievance redress mechanisms. These issues are aggravated by connectivity problems, limited interoperability, and practices such as transaction splitting. The question is, with such structural flaws can the BC model serve to be the foundation of inclusive banking at the last mile?

Again, if this was the supply side problem identified by the document, it also identifies “regularity and sustenance of income” as a key demand-side impediment particularly for people hailing from relatively lower income groups. Falling wages, decreasing incomes and lack of decent jobs leaves people largely with low paying precarious jobs that leaves them with hardly any income. In the household segment, personal, education, and home loans were the most sought-after forms of credit, but nearly half of those seeking loans were unable to get them. The main reasons cited were lack of awareness about loan procedures, absence of a nearby bank branch, and lack of collateral, in that order.

Sadly even after the above observations, as far as the path forward for the next five years is concerned, the strategy note yet again prescribes more of the same instead of drawing any fundamental lessons. It speaks of incentivising BCs, expanding their scope of operations and strengthening their remuneration structure. Instead of coming to terms with the fact that there is no alternative to more public sector bank branches and adequate staffing if we are to truly actualise the ideals of financial inclusion.



In their absence the vulnerable population will remain easy prey for private MFIs, NBFCs and Fintech farms that charge usurious rates and deploy terrible recovery practices in the name of last mile credit.

The following prescription of CBDC when a RBI Dy Governor is talking against stablecoins and Crypto Currency is surprising.

‘Programmable CBDC to Facilitate Targeted Credit Flow and Expand Access Programmability feature in Central Bank Digital Currency (CBDC) could help in tying up the end use. For example, agriculture credit by banks using CBDC can be programmed to ensure its use only at input store outlets. Similarly, for MSMEs etc., programmability may take care of the issue of diversion of funds and ensure optimum utilisation. This may help in ensuring the end-use which banks have to continuously grapple with across the globe.’

Another prescription of SROs about which we had written in our editorial is again promoted now by saying, ‘Self-Regulatory Organisation (SRO) in the fintech sector (SRO-FT), microfinance sector and other domains may

endeavour to promote the extension of responsible, suitable, and affordable financial products/services and adoption of financial inclusion policies by their member entities, by incorporating suitable provisions in the code of conduct for members.'

This has been a disaster and continue to be a disaster. The real financial inclusion can take place only by at least doubling public sector banks, branches and staff.



G20 Johannesburg: A Rare Moment of Political Will



 **Debrief by Jayati Ghosh** on 4th December 2025 (Transcribed)

The G20 Summit is often seen as a self-declared club of the world's most powerful countries. Over the past 20 years, it has delivered concrete results only on a few occasions. The most notable were the coordinated response to the 2008 global financial crisis and the 2013 decision to address flaws in the global taxation system. Outside these moments, the G20 has struggled to act in meaningful ways. Developing countries, in particular, have found it difficult to push their priorities onto the agenda, largely because G7 countries tend to resist issues central to the Global South.

These limits are even sharper when a developing country hosts the summit. For such hosts, the challenge is often not to secure agreement, but simply to get key concerns acknowledged in official discussions. Issues like debt, inequality, high costs of capital, and development finance are routinely sidelined. Against this background, South Africa's presidency of the 2025 G20 Summit in Johannesburg marked a clear break from past practice.



South Africa built on the approach taken earlier by Brazil, using the G20 platform to raise issues that are usually ignored. This was done in the face of strong resistance. The United States signaled early on that it intended to undermine the Johannesburg summit. Its shifting position on participation ended in a boycott, publicly justified by unfounded claims of “white genocide” in South Africa. The real reason lay in South Africa’s firm position on Israel and Palestine, including its decision to take Israel to the International Court of Justice over the situation in Gaza.

These developments created serious diplomatic challenges. The US insisted that no formal resolution should be adopted if it was absent. Within South Africa and among other countries, there was debate over whether to settle for a chair’s statement, a weaker option that would have avoided confrontation. South Africa chose instead to push for a resolution, a decision that led to difficult and prolonged negotiations.

Objections came from several countries. Saudi Arabia opposed the use of the word climate. Russia objected to the phrase “all gender,” arguing that it implied recognition of transgender identities. Argentina rejected references to women or women’s rights. Some delegations also reported direct pressure from Washington, including phone calls urging them not to support the resolution. Overcoming these objections required compromise, careful drafting, and sustained effort by the Sherpas leading the talks.

The outcome was unusual. President Cyril Ramaphosa announced the resolution in his opening statement rather than at the end of the summit, reducing the scope for last-minute disruption. Many delegations openly supported the move. Argentina’s objections were noted, but the resolution stood. This firm stance changed the mood in the room, and several governments that had previously deferred to US pressure, including some European countries, fell behind the presidency.

The Johannesburg summit also stood out for its scale and inclusiveness. While the G20 formally includes 19 countries and the European Union, South Africa invited many additional leaders. In total, 48 countries were represented.

The African Union participated as a member for the first time, and several preparatory meetings were held across African countries. This gave Africa a stronger collective voice and reinforced the summit's African character. Although critics dismissed the expanded gathering as a "G110," it added to the summit's legitimacy and reach.

One of the most important outcomes of the summit was its focus on inequality. An expert committee was formed late in the process and given very limited time to produce a report. Despite this, the committee proposed setting up an international panel on inequality. The reasoning was straightforward. Inequality today is an emergency on par with climate change. While poverty remains serious, the more destabilizing trend is the extreme concentration of wealth and power at the top.

The proposed panel would not carry out new research. Instead, it would bring together existing studies, examine the quality of available data, identify the main drivers of inequality, and assess which policies worsen or reduce it. The aim is to create a trusted, evidence-based resource for policymakers, civil society, and global institutions, similar to the role played by the IPCC on climate change.

The response to the proposal was stronger than expected. At the Sherpas' meeting, there was little opposition and some positive engagement. At the leaders' meeting, several heads of government referred to the report and supported the idea of an independent panel. Backing came not only from South Africa, Brazil, and Spain, but also from the African Union, the European Council, and the United Nations. The UN indicated that it was open to supporting and possibly hosting the initiative.

While some governments remained cautious, the level of support suggests that the panel could begin as a plurilateral effort under a UN umbrella. With continued advocacy and follow-up, it has the potential to shape global debates and policy on inequality.

The Johannesburg G20 did not remove the structural limits of the forum. But it showed that clear leadership can widen participation, withstand external pressure, and place urgent issues firmly on the global agenda. In doing so, South Africa demonstrated that the G20 need not remain a closed space for the powerful, and that inequality, debt, and development can no longer be treated as secondary concerns in global economic governance.



Why the IMF Gave India's GDP Data a 'C' Rating?

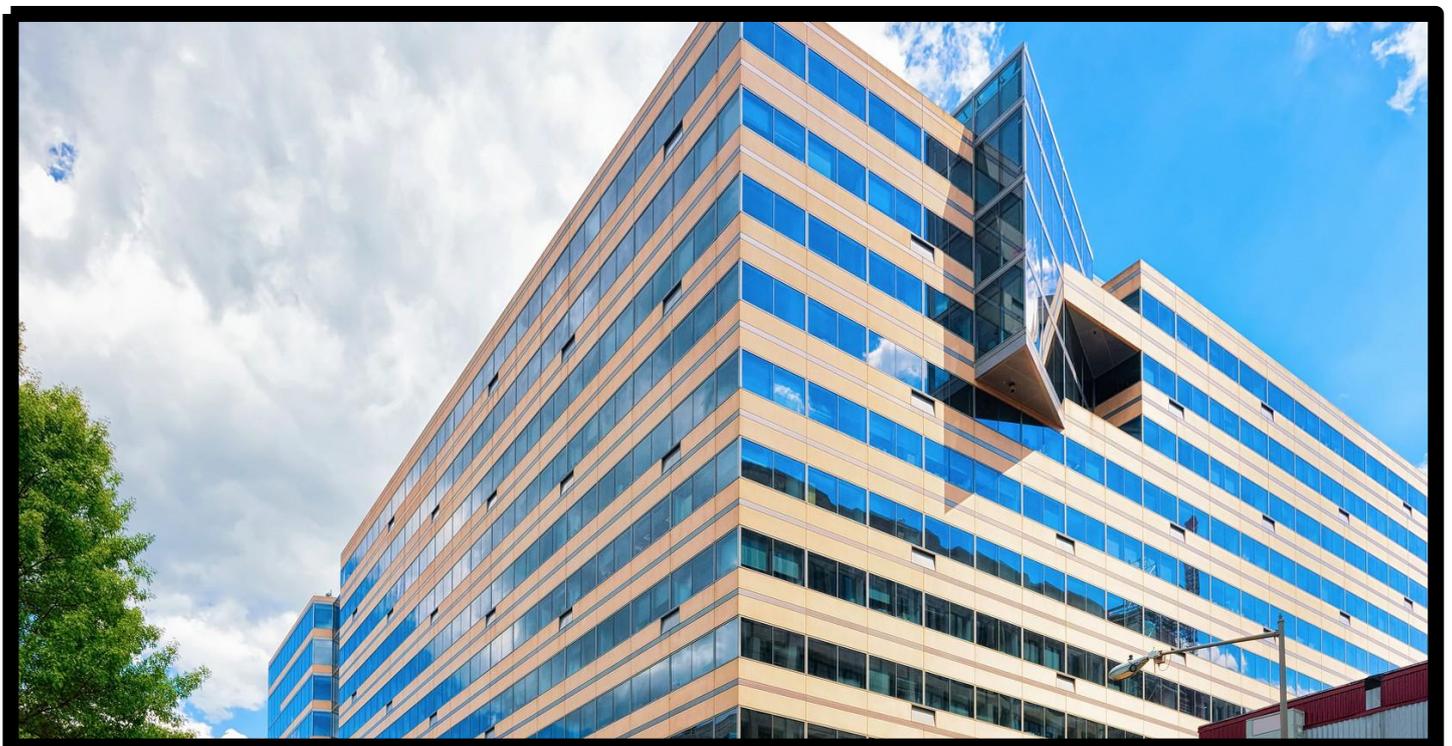
 **Arun Kumar**, Senior Economist



When the International Monetary Fund recently assigned India's GDP data a "C" rating, it was not passing a political judgment. It was flagging a statistical credibility problem that has been building for over a decade. Far from being sudden or surprising, this assessment reflects a long series of unresolved concerns about the way India measures growth—especially in an economy where nearly half of output and most employment still lie outside the organised sector.

A Decade of Doubts

The credibility of India's GDP estimates began to weaken with the shift to the 2011–12 base year series. This revision was questioned by several economists, and notably, even the government initially hesitated to accept it.



A committee set up to review the data concluded that growth during the UPA years was higher than during the NDA years—an outcome the government rejected.

Subsequently, the task of recalculating growth rates was handed to NITI Aayog, an institution not mandated to produce official GDP series. Its alternative estimates claimed higher growth under the NDA, but these too were contested. Former Chief Economic Adviser Arvind Subramanian argued that GDP growth had been overestimated by about 2.5 percentage points during this period.

What followed were a series of statistical shocks that further eroded confidence in official data. During demonetisation, nearly 300,000 of the 1.8 million registered companies were struck off as shell firms, yet GDP figures showed no corresponding adjustment. A later survey of the services sector revealed that 35% of firms could not be physically located at their registered addresses—raising serious questions about the reliability of enterprise-level data feeding into national accounts.

The government then chose not to release the 2017–18 Consumer Expenditure Survey, reportedly because it showed a fall in consumption. Around the same time, it also withheld employment data indicating that unemployment had reached a 45-year high. The postponement of the 2021 Census further compounded these problems, leaving population-dependent surveys anchored to outdated demographic baselines. Taken together, these episodes point not to isolated errors but to a systemic weakening of India's statistical architecture.

The Unorganised Sector Blind Spot

The most serious flaw in India's GDP estimation lies in how it treats the unorganised sector, which accounts for roughly 45% of GDP and the overwhelming share of employment. India relies on what are known as benchmark estimates. In a benchmark year, the ratio between the organised

and unorganised sectors is calculated. In subsequent years, this ratio is projected forward using high-frequency data, which largely comes from the organised sector. This method implicitly assumes that the relationship between the two sectors remains stable. That assumption has been profoundly violated over the last decade.

The unorganised sector has absorbed repeated shocks: demonetisation, a poorly implemented GST, the NBFC crisis, and finally the COVID-19 pandemic. Each of these disproportionately hurt small, informal businesses. Yet the GDP methodology continued to proxy the declining unorganised sector using the rising organised sector. In effect, a shrinking sector was being statistically lifted by a growing one. Particularly the unorganised non-agricultural sector—relies almost entirely on projections from past benchmarks. This makes current estimates highly vulnerable to error.

Evidence of Overestimation

There is ample scattered evidence of this mismeasurement. In the trade sector, India's second-largest employer, organised e-commerce platforms are growing at 20–40%, while neighbourhood kirana stores—the backbone of the unorganised economy—are in decline. Similar patterns are visible in textiles, leather, FMCG, luggage manufacturing, and other labour-intensive industries.

Based on such evidence, estimates suggest that the unorganised non-agricultural sector may be contracting by 5–9%, even as official GDP data reports growth of around 6%. This implies a possible error of over 10 percentage points in a segment that is central to employment and livelihoods. That's a huge gap between the illusion and reality.

The IMF of course has its own agenda. Its policy prescriptions in fact to a large extent is also the reason behind many of the precarities we witness in the economy today. The politics of rating and their implications is a different question, but as far as the questions raised about the credibility of our GDP figures is concerned, well many of us have been raising the concerns quite independently for years now.



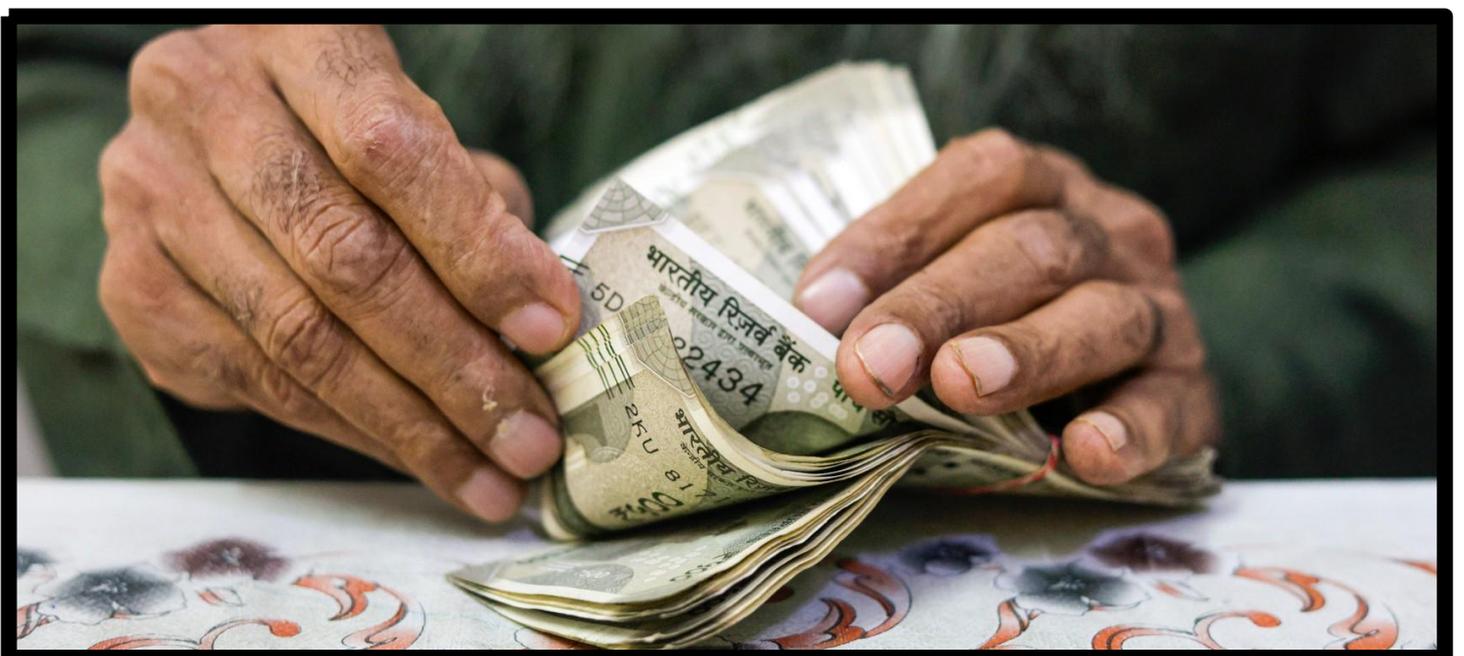
RBI Forward Looking Survey & Inflation

The RBI released the Forward Looking Survey results and in both urban and rural consumer confidence surveys the current employment situation seem to be going South. While in rural areas the employment sentiments stay in positive realm, it shows deterioration from last round, in urban areas the negative sentiments in fact has further deepened in the current period. While price levels in both urban and rural areas show slight improvement within the negative realm, spending data shows that while in positive realm, it still has fallen compared to last round. Falling spending despite remarkably low inflation in the present times is curious. While some call such periods of low inflation a "goldilocks phase", but it may mean bad news for say farmers who are now getting lesser prices. After all, inflation is not always a bad thing. The RBI's inflation target band is between 2% and 6%, with 4% as the comfort level. It's a range designed to ensure price stability without choking demand or growth. At 0.25%, India's inflation is well below this range. But ultra-low inflation doesn't necessarily mean prosperity. It could also reflect stagnant consumer demand.



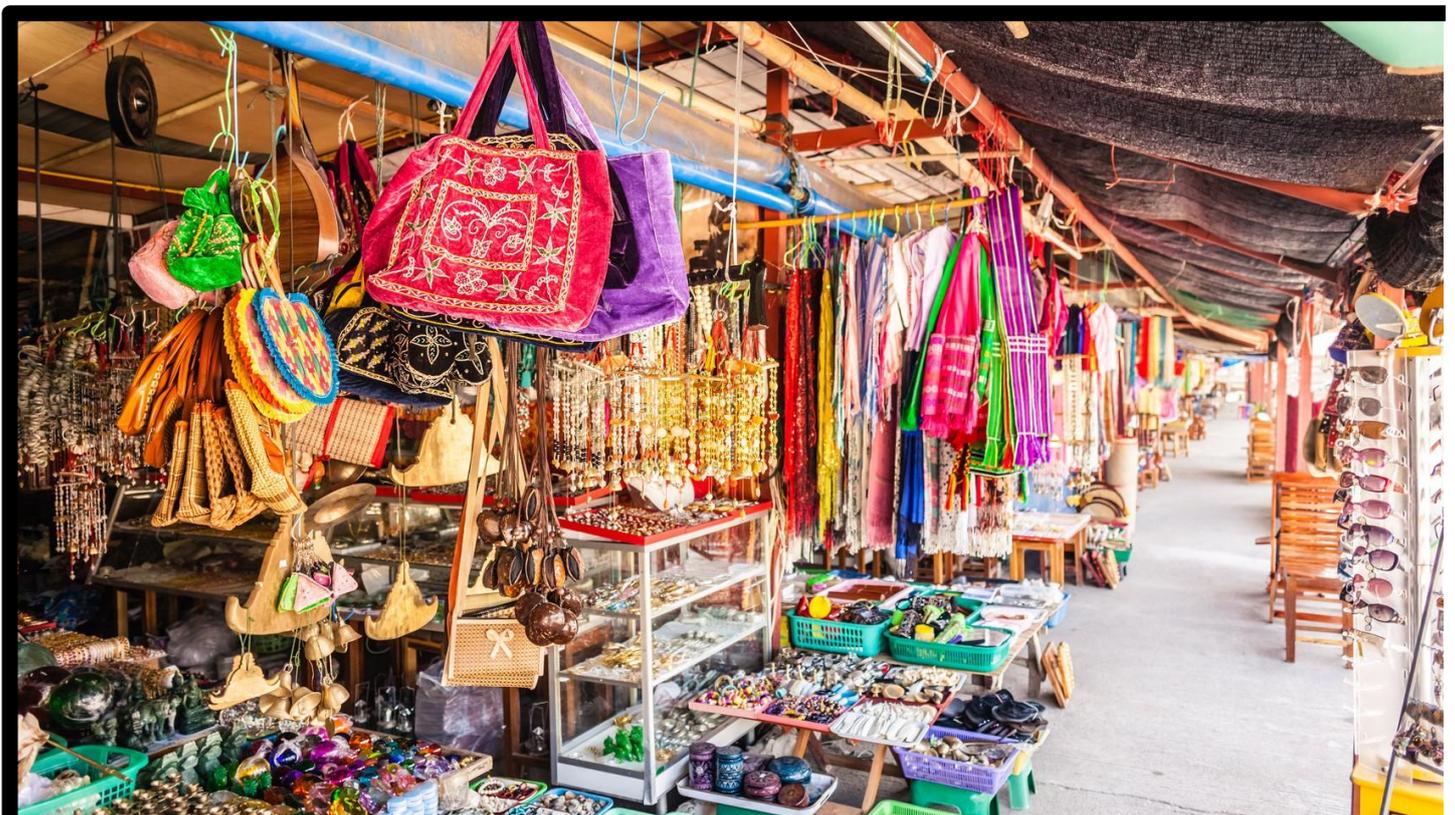
Business Correspondents not the best path forward for financial inclusion

The RBI's National Strategy for Financial Inclusion (NSFI) 2025–30 projects a celebratory narrative of progress, citing improvements in the Financial Inclusion Index and greater usage of financial services during 2019–24. However, these gains obscure deeper structural problems. Financial inclusion has increasingly relied on shrinking bank branches and the expansion of precarious Banking Correspondents (BCs), even as rural credit has declined. This vacuum has been filled by NBFCs, MFIs, and fintech loan apps that function as modern moneylenders, charging high interest rates and employing harsh recovery practices. Strikingly, nearly 85% of loans below ₹50,000 are now provided by NBFCs. The Strategy document itself acknowledges serious flaws in the BC model—non-dedicated outlets, limited services, poor oversight, weak remuneration, low participation of women, and high inactivity. On the demand side, irregular incomes, lack of nearby branches, and absence of collateral exclude many borrowers. Yet the proposed path forward merely doubles down on BCs, instead of recognising the necessity of expanding well-staffed public sector bank branches for genuine financial inclusion.



When Growth Runs on Loans: Reading the RBI's Latest Rate Cut

At its meeting in early December 2025, the Reserve Bank of India's Monetary Policy Committee decided to cut the key interest rate by a small margin to support the economy. The repo rate, which influences loan and deposit rates, was reduced by 0.25 percentage points to 5.25 per cent, while the overall policy stance was kept unchanged. The decision was mainly driven by a sharp fall in inflation, especially food prices, which pushed overall inflation to unusually low levels. The RBI also noted that the economy is growing at a healthy pace, supported by agriculture, investment and domestic demand, even though some slowing is expected ahead. However, from a household perspective, the rate cut raises concerns. Consumption is increasingly being driven by borrowing rather than rising incomes, with household debt levels climbing steadily. Credit from exploitative sources such as loan apps, MFIs, NBFCs, may encourage more spending in the short term, but it also risks deepening financial stress for families already relying on loans to maintain consumption. Without stronger income growth and job creation, lower interest rates alone may prop up demand by adding to household debt, rather than addressing the underlying weakness in consumption.



ECHOES OF THE PAST



How Rural Credit Crunch Played a Role in the Birth of the State Bank of India

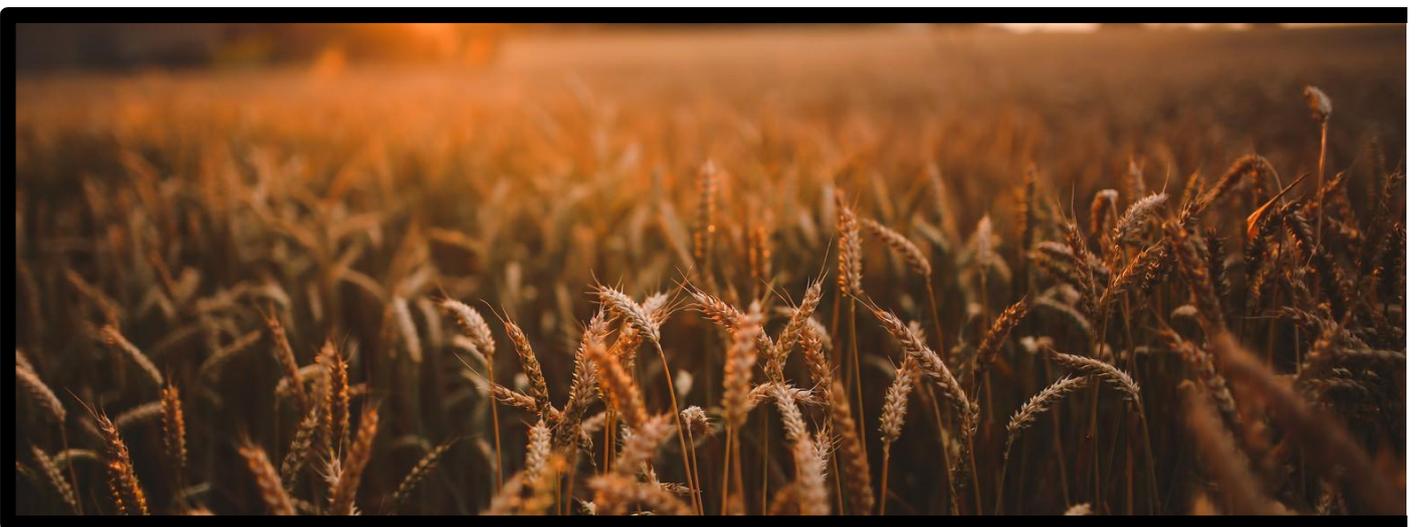
In the early years after Independence, India's rural economy faced a deep and persistent credit crisis. Agriculture employed the majority of the population, yet formal banking institutions had little presence in villages. Rural households depended largely on moneylenders and traders, often at exorbitant interest rates, reinforcing cycles of indebtedness and poverty. Addressing this imbalance became a central concern for the new Indian state, eventually shaping the creation of the State Bank of India (SBI), India's largest bank in terms of capital and customers.

To systematically examine this problem, the Reserve Bank of India appointed a Committee of Direction to conduct the All India Rural Credit Survey. The Survey, completed and published in 1954, was the first comprehensive national assessment of rural credit conditions. Its findings were stark. Institutional sources—cooperatives, commercial banks, and government agencies—provided only a small share of rural credit, while non-institutional lenders dominated. The Survey highlighted not only the inadequacy of credit flow but also the structural neglect of rural areas by existing commercial banks.

The Committee of Direction concluded that piecemeal reforms would not be sufficient. Cooperative institutions were weak and unevenly spread, while commercial banks remained urban-oriented and profit-driven. The Survey emphasised that rural credit had to be treated as a developmental responsibility of the state, closely linked to agricultural production, marketing, and rural infrastructure. Without this integration, credit would fail to translate into sustained rural development.

These conclusions were prepared by the RBI-appointed body and reported in the press at the time . The proposals stressed that rural credit could not operate in isolation; it needed institutional backing, coordination with cooperatives, and a strong central banking presence capable of reaching villages. This thinking marked a shift away from the colonial banking legacy, which had prioritised trade and urban finance over agriculture.

One of the most significant recommendations of the All India Rural Credit Survey was that the Imperial Bank of India should be transformed into a state-associated institution with a clear mandate to serve rural and agricultural needs. The Committee argued that only a large bank with government participation could mobilise savings on a national scale and channel them toward priority sectors neglected by private finance. This recommendation directly laid the groundwork for the reconstitution of the Imperial Bank.



In 1955, acting on these findings, Parliament enacted the State Bank of India Act, converting the Imperial Bank into the State Bank of India. SBI was envisioned not merely as a commercial entity but as an instrument of planned development. Its responsibilities included expanding branches in rural and semi-urban areas, supporting cooperative credit structures, and increasing the flow of agricultural finance.

Thus, the formation of the State Bank of India was not an isolated institutional reform. It was the outcome of a rigorous, RBI-led investigation into rural credit, conducted by the Committee of Direction and published in 1954. The Survey's diagnosis of rural financial exclusion and its call for decisive state intervention made clear that addressing rural credit was central to India's broader economic transformation.



Integrated Scheme Of Credit To Rural Areas Proposed

RESERVE BANK BODY REPORT

MAJOR reorganisation of co-operative credit, agricultural marketing and a sector of commercial banking for the benefit of the rural areas, and especially the smaller cultivator and handicraftsman, is recommended in the report on the All-India Rural Credit Survey published by the Reserve Bank.

Emphatically rejecting the more orthodox positions of previous committees, the committee in charge of the survey advocates an effective partnership of the State in both co-operation and banking as the only means by which the weaker rural producer can be freed from the shackles of powerful interests and helped to develop in strength and prosperity. Among the many important proposals made by the committee is the establishment of a State Bank of India in which the major interest will be held by the Government of India and the Reserve Bank. Into this institution are to be fitted, by amalgamation, a number of banks, including the Imperial Bank, which even now are associated in different degrees with the policies of the State.

600 VILLAGES COVERED

The survey was conducted under the auspices of the Reserve Bank. The field inquiries covered 1,27,343 families in 600 villages selected in 75 districts all over the country. Investigations were also held in several other rural and urban places which were the centres of marketing or seats of administration.

To this study of rural credit and allied economic activities on a hitherto unprecedented scale, was added a careful analysis of the views which the committee had elicited from experienced officials and non-officials. The committee consisted of Mr. A. D. Gorwala (chairman), Prof. D. R. Gadgil and Mr. E. Venkatappaiah (members) and Dr. N. S. R. Sastry (member-secretary).

RURAL CREDIT SOURCES

Poor Facilities

Among the more startling revelations of the survey is the magnitude of the inadequacy of Government and co-operatives as sources of rural credit. At the current level of borrowing, which makes little allowance for the planned increase of agricultural production, the all-India figure for the loans obtained by the cultivator from all sources may be broadly placed at Rs 750 crores per annum. Out of this amount, the Government supplied as little as 3.3 per cent, and co-operatives the equally insignificant proportion of 3.1 per cent.

Even more disturbing is the fact that, of this very little, the larger part went to the bigger agriculturists and only a minor fraction percolated to the smaller cultivator. Most co-operative societies lent on the security of land, and neglected as "non-creditworthy" those who could not offer such security.

In other respects too, such as ensuring the productive purpose of loans, Government finance and co-operative system—with rare exceptions—failed to come up to the standard of a satisfactory system of rural credit.

The survey reveals that the private creditor—the professional money-lender, the agriculturist money-lender, and the trader—still reign supreme in the field of rural credit, supplying 70 per cent, or more of the total requirements. Although he meets a felt need which the State itself has not so far unduly exerted itself to fulfil, the money-lender, who is also often the trader, is certainly no help to larger production or more equitable distribution of rural wealth. While as money-lender he charges exorbitant interest wherever he can, as trading creditor, he has a grip over the processing and marketing of the produce of the cultivator. He and others like him have a virtual monopoly of credit and

economic power in the village; and, what is important, they have besides all the support they can derive from a whole series of financially powerful urban institutions, such as indigenous bankers, commercial banks, trading concerns and import and export firms. People of this kind have not only opposed co-operative enterprise by various methods of unfair competition, wherever it suited them to do so, but have in some instances even succeeded in entering the co-operatives and controlling them to their own advantage.

Pitted against forces of this kind, it is no wonder that co-operative credit has failed to make any but the most insignificant progress. While the private interests of trading-money-lender, themselves strong derived further strength from the whole superstructure of urban trade and finance, the co-operative societies, whether of credit, processing or marketing, have had little help from the federal structure of co-operation which in many cases was no more than a reflection of the weakness and want of organisation at the bottom.

CO-OPERATION TO BE AIDED

Expansion Of Credit

Although co-operative credit has on the whole failed, as it could not help failing, in these conditions, the committee believes that there is no alternative to the co-operative form of association in the village for the proper promotion of agricultural credit and development. Co-operation must, therefore, be enabled to succeed. The Integrated Scheme of Rural Credit is designed to create the conditions necessary for such success.

One of the features of the scheme is major State partnership in co-operative institutions at different levels of the organisation. Along with such partnership by State Governments is envisaged a greater collaboration between those Governments and the Reserve Bank, and very considerable financial assistance from the Reserve Bank. In consultation with the Bank, each State would prepare a phased plan of co-operative development. The share capital of State co-operative banks and land mortgage banks would be expanded on the basis of 51 per cent of the shares being held by the State, similar partnership through the apex institutions is provided for in the central banks and even larger-sized primary institutions.

Wherever necessary, funds for such participation are to be provided by long-term loans made by the Reserve Bank to State Governments out of a National Agricultural Credit (Long-term Operations) Fund to which the Bank would make an initial allocation of Rs 5 crores, and further annual allocations of Rs 5 crores. The fund would be utilised also for making medium-term loans to the State co-operative banks and long-term loans to land mortgage banks, as also for purchasing "special development debentures" connected with specific projects of irrigation.

Closely related to this is the scheme for the planned development of co-operative marketing and processing on the one hand and storage and warehousing on the other, again on the basis of major State partnership at different levels. A planning and financing body, in the form of a National Co-operative Development and Warehousing Board is to be set up by the Government of India and an annual allocation of Rs. 5 crores made to it in connection with two funds—(a) the National Co-operative Development Fund and (b) the National Warehousing Development Fund. From these funds long-term loans would be advanced or subsidies given to the State Governments and to cer-

tain institutions. The State Governments would be concerned with the extension of co-operative marketing, co-operative processing, etc.

The development of storage and warehousing would be the special function of a statutory body called the All-India Warehousing Corporation, supplemented by State Warehousing Companies, in all of which the State, i.e. the Central Government and the State Governments, would have the predominant interest.

In recommending the establishment of a State Bank of India, the committee extends the concept of State partnership to an important sector of commercial banking. The bank would have a country-wide network of branches provided by the amalgamation of different "State-associated" banks, including the Imperial Bank. As a strong, integrated, State-sponsored institution, it would be able to provide vastly extended remittance facilities for co-operative and other banks, and thus stimulate the further development of those banks.

SET-UP OF NEW BANK

Sound Business Lines

Moreover, in its loan operations, in so far as these have a bearing on rural credit, the State Bank of India would follow a policy which, while not deviating from the canons of sound business, would be in effective consonance with national policies. According to the committee's recommendation, the amalgamating banks are to be: the Imperial Bank, the State Bank of Saurashtra, the Bank of Patiala, the Hyderabad State Bank, the Bank of Bikaner, the Bank of Jaipur, the Bank of Rajasthan, the Bank of Baroda, the Bank of Indore, the Bank of Mysore and the Travancore Bank.

The share capital of the new bank so constituted would be expanded; the additional shares, which would be non-transferable and eligible for restricted dividends, would be allotted exclusively to the Reserve Bank and the Government of India. These two together would then hold 52 per cent of the total share capital. While effective State control would thus be assured, the committee emphasises that the essentially autonomous and commercial character of the institution should be safeguarded.

The State Bank would be expected to follow a programme of rapid expansion of branches to district headquarter places and to even smaller centres, but any losses arising from such expansion are to be met from an "Integration and Development Fund" created within the institution out of the dividends payable to the Central Government and the Reserve Bank and of further contributions made by both these as and when necessary. There is, therefore, to be no reduction in the scope for earning profits, normally available for distribution among private shareholders.

The General Report now published forms Volume II of a series of three volumes. The other two volumes are the Survey Report and the Technical Report. These are yet to be released. Besides containing the recommendations very briefly outlined above, the General Report gives the Committee's observations and suggestions on a number of other aspects of policy connected with rural credit, such as the stabilization of agricultural prices, the control of village roads and the organisation of the administrative set-up in so far as it is related to rural development.

A very important part of the committee's proposals is coded with the training of personnel. The committee draws attention to the need for right selection and right training and emphasizes the supreme importance of building up a body of workers, official and non-official, who, in implementing the programmes of the Government, would not only be skilled honest and efficient, but also, and in particular, be sympathetic in their understanding of rural conditions and responsive in their endeavour to fulfil rural needs.





Union updates

Sanitary Workers Protest Against Privatisation Outside Madurai Collectorate

Sanitary workers and members of welfare associations staged a protest outside the Madurai Collectorate on Monday opposing the privatisation of sanitation services and demanding job permanency. The demonstrators urged the Tamil Nadu government to halt the outsourcing of sanitary workers across corporations, municipalities, town panchayats, and village panchayats, and to ensure minimum wages. T. R. Krishnan, secretary of the Rural Development Workers Association, stated that repeated demands had been ignored, leaving workers across administrative levels adversely affected. CITU sanitation workers' union general secretary Balasubramaniam highlighted that privatisation had weakened institutional channels for grievance redressal. Protesters were detained and later released in the evening.

Source: Times of India

Date: 8 Dec 2025

Link:<https://timesofindia.indiatimes.com/city/madurai/sanitation-workers-protest-against-privatisation/articleshow/125841377.cms>

Trade Unions plan massive strike against the Labour Codes

Several central trade unions in India are planning a general strike in February to protest the government's new labour codes, which they argue weaken worker rights, job security, and trade union powers. The unions—aligned with opposition parties—are mobilising members nationwide and are likely to be joined by the Samyukta Kisan Morcha in supporting the strike. They oppose provisions allowing fixed-term jobs and other changes they see as favouring employers over workers. The action aims to pressure the government to reconsider or withdraw the controversial labour reforms.

Source: The hindu

Date: 9 Dec 2025

Link: <https://www.thehindu.com/news/national/trade-unions-plan-february-general-strike-against-labour-codes/article70377082.ece>

Construction workers in Trichy demand welfare measures

Construction workers in Trichy, led by the Tamil Nadu AITUC Construction Workers' Union, protested outside the district collector's office demanding better welfare measures. They urged the government to legally guarantee a ₹6,000 monthly pension, expedite disbursement of the already approved ₹2,000 relief, and provide housing for eligible workers while increasing the house construction subsidy to ₹10 lakh. Demonstrators also raised concerns about irregularities involving agents at welfare board offices and called for limits on migrant worker entry, arguing it affects local employment. Hundreds of construction labourers participated in the protest to press these long-pending demands.

Source: Times of India

Date: 27 Nov 2025

Link: <https://timesofindia.indiatimes.com/city/trichy/construction-workers-protest-demand-welfare-measures/articleshow/125876649.cms>

Anganwadi and Mid-Day Meal Workers Protest in Mandi Over Pay and Rights

Following a nationwide call by the National Federation of Scheme Workers, hundreds of anganwadi workers, helpers, and mid-day meal workers staged a demonstration outside the Mandi district headquarters on Monday. Workers from multiple blocks protested long-pending demands, citing stagnant honorariums, delayed payments, and rising inflation. They alleged increasing privatisation of welfare schemes and exclusions caused by digitalisation measures. The protesters demanded implementation of Supreme Court directions on social security benefits, timely honorarium payments, and recognition as workers under labour law. A memorandum outlining these demands was submitted to the Prime Minister through district authorities. Union leaders warned of intensified protests if grievances remain unaddressed.

Source: Tribune India

Date: 11 Dec 2025

Link: <https://www.tribuneindia.com/news/himachal/hundreds-of-anganwari-mid-day-meal-workers-protest-in-mandi/>





ASHA workers protest in Karnataka

Around 4,000 ASHA workers from across Karnataka held a “Belagavi Chalo” march in Mysuru on December 10, representing nearly 42,000 ASHA workers in the state. About 100 workers from Mysuru district joined the protest. Organised by the Karnataka Rajya Samyuktha ASHA trade union, the march demanded a fixed monthly honorarium of ₹10,000, coverage under EPF and ESI, the reinstatement of 2,000 dismissed ASHA workers, and a reduction in workload. Protesters also asked for smartphones with reliable network access for data entry and the release of the ₹1,000 honorarium promised by the state government.

Source: Deccan Herald

Date: 10 Dec 2025

Link:<https://www.deccanherald.com/india/karnataka/ashas-to-take-out-belagavi-chalo-to-press-state-govt-to-fulfill-promises-3825671>

Anti-Government Protests Intensify Across Bulgaria Ahead of Euro Adoption

Large-scale protests have erupted in Sofia and cities across Bulgaria, targeting the government of Prime Minister Rosen Zhelyazkov amid political instability and planned euro adoption on January 1. Demonstrators projected slogans demanding resignation, fair elections, and an end to oligarchic control onto parliament. The protests coincide with an upcoming no-confidence vote, the sixth since the government took office in January. Although the government withdrew its 2026

euro-denominated budget following public opposition to proposed tax hikes, demonstrations have continued, reflecting deep dissatisfaction with governance, judicial delays, and persistent political fragmentation.

Source: Reuters

Date: 11 Dec 2025

Link:<https://www.reuters.com/world/thousands-rally -again-bulgaria-demand-governments-resignation-2025-12-10/>

Nationwide Strike Across Italy Targets Meloni Government's Budget.

A national strike called by Italy's largest trade union, CGIL, disrupted transport, schools, and public services across the country in opposition to Prime Minister Giorgia Meloni's 2026 budget. The union estimated that 61 percent of public and private sector workers participated, with more than 500,000 people attending rallies in major cities. Unions criticised planned increases in defence spending and demanded greater investment in healthcare, education, wages, and pensions. The government defended the budget as fiscally responsible, despite ongoing labour unrest and signs of declining public support.

Source: Reuters

Date: 12 Dec 2025

Link:<https://www.reuters.com/world/thousands-strike-march-italy -against-melonis-budget-2025-12-12/>



Greek Farmers Escalate Protests Over Delayed Aid and Rising Costs

Greek farmers staged nationwide demonstrations, disrupting operations at the regional port of Volos and blocking major highways and border crossings to protest delays in farm aid payments and high production costs. The protests follow a shortfall of over €600 million in European Union and state payments, slowed by audits linked to a corruption scandal involving fraudulent subsidy claims. Farmers, particularly from flood-hit Thessaly, say compensation has been inadequate and delayed. While the government has promised additional aid and urged an end to blockades, demonstrations have continued across the country.

Source: Reuters

Date: 10 Dec 2025

Link: <https://www.reuters.com/business/environment/protesting-greek-farmers-disrupt-port-operations-nationwide-blockades-persist-2025-12-10/>

Portugal's Workers Strike in Lisbon Against Labour Reforms

Thousands of workers took to the streets in Lisbon on Thursday as unions CGTP and UGT organised a general strike, the first since 2013, to protest proposed labour reforms. The strike targeted the government's plan to amend over 100 labour-code articles, including easing just-cause dismissals, expanding outsourcing, and limiting worker protections, which unions say favour employers and undermine workers' rights. The action disrupted public services, halted trains, closed schools, and affected hospitals, highlighting public-sector anger. Workers rallied outside parliament and in key urban areas, demanding the government reconsider reforms they argue would "dehumanise" labour and prioritise productivity over people.

Source: WSWS (World Socialist Web Site)

Date: 12 Dec 2025

Link: <https://www.reuters.com/sustainability/sustainable-finance-reporting/portugal-general-strike-stalls-transport-closes-schools-labour-reform-protest-2025-12-11/>

Starbucks Baristas Stage Nationwide Strikes Across U.S. Over Labor Contract Demands

Hundreds of Starbucks baristas walked off the job on Thursday in 34 U.S. cities, escalating a month-long strike by Starbucks Workers United. The union, representing 11,000 baristas at over 550 stores, is pushing for the coffee chain's first-ever labor contract, demanding better pay, more predictable schedules, and improved staffing levels. The strike, affecting more than 180 stores across 130 cities, began on November 13 during the company's Red Cup Day promotion and has grown as newly unionized workers joined. Starbucks stated business remained largely unaffected, while the union continues to press for meaningful negotiations to address overwork and underpayment



Source: Reuters

Date: 11 Dec 2025

Link: <https://www.reuters.com/business/world-at-work/starbucks-workers-union-expand-month-long-strike-more-cities-2025-12-11/>

Workers in Iran go on strike as food prices soar

Iran's economic crisis is deepening, with the rial plunging to about 1.2 million per US dollar and prices of essential food items reportedly tripling overnight. The worsening conditions have triggered fresh worker protests across the country. In Bandar Abbas, workers at the Madkoush Steel Company went on strike over months of unpaid wages. Similarly, workers at the ISOICO shipbuilding complex in Hormozgan stopped work to protest the non-payment of wages and insurance contributions, reflecting growing labour unrest amid accelerating inflation and currency collapse.

Source: World Socialist Web Site

Date: 11 Dec 2025

Link: <https://www.wsws.org/en/articles/2025/12/04/xglo-d04.html>

Workers join to demand disability rights in Argentina

On the International Day of Persons with Disabilities, workers, retirees, and people with disabilities marched in Buenos Aires against the Milei government's attacks on disability rights and living conditions. Protesters condemned President Javier Milei's veto of emergency legislation meant to protect disabled people, noting that despite the legislature overturning the veto, the government has failed to implement the law or allocate funds. Health workers from Garrahan Pediatric Hospital joined the rally. Pensioners, who have protested weekly since Milei took office, also opposed proposed labour reforms that weaken collective bargaining and raise the retirement age to 70.

Source: Reuters

Date: 11 Dec 2025

Link: <https://www.wsws.org/en/articles/2025/12/09/lptj-d09.html>



Bank News



SBI passes RBI rate cut benefit to borrowers, reduces lending rate by 25 bps

Dec 12th, 2025, The Economic Times

Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-passes-rbi-rate-cut-benefit-to-borrowers-reduces-lending-rate-by-25-bps/articleshow/125937580.cms>

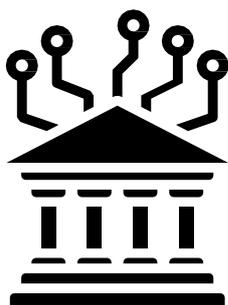
State Bank of India and Indian Overseas Bank have reduced lending rates by 25 basis points, mirroring the RBI's policy rate cut. This move makes loans cheaper for existing and new borrowers, impacting EMIs for retail, MSME, and corporate clients. MCLR and Base Rate have also been lowered.

Credit demand climbs to 11.5% as deposits lag, RBI data shows

Dec 12th, 2025, The Economic Times

Link: https://economictimes.indiatimes.com/industry/banking/finance/banking/credit-demand-climbs-to-11-5-as-deposits-lag-rbi-data-shows/articleshow/125935625.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Credit demand is increasing across India. Banks are lending more to retail and service sectors. Industrial credit is also firming up. Deposit growth is steady but slower than last year. This trend is expected to continue with a repo rate reduction. Higher disposable income and GST rationalisation are also boosting demand. Rural demand remains robust, and urban demand is recovering.



Despite the stress, big banks keep playing credit cards

Dec 12th, 2025, The Economic Times

Link:https://economictimes.indiatimes.com/industry/banking/finance/banking/despite-the-stress-big-banks-keep-playing-credit-cards/articleshow/125920391.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

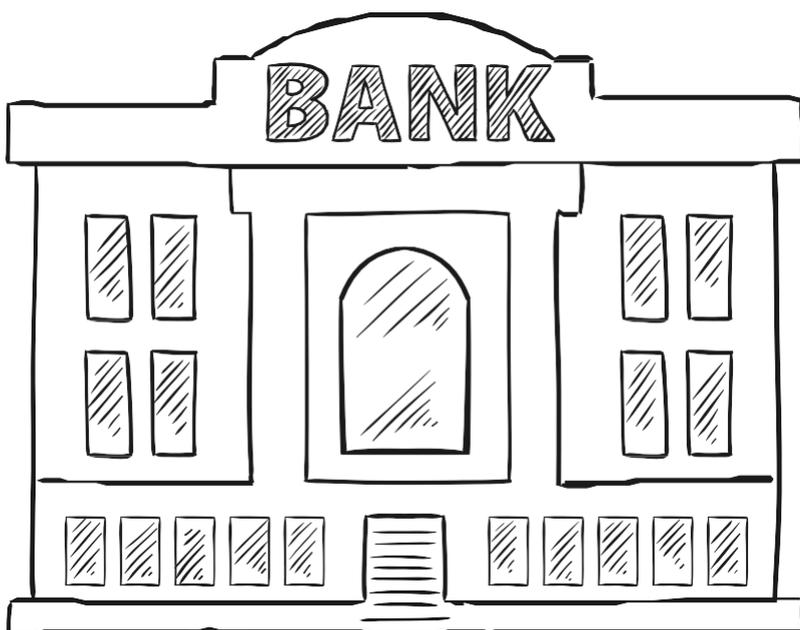
Several mid-sized lenders, including Kotak Mahindra Bank, RBL Bank, and IndusInd Bank, are slowing new credit card issuances due to ongoing sector stress and a focus on cleaning up books. This contrasts with larger banks like HDFC Bank and ICICI Bank, which continue aggressive portfolio expansion.

SBI to buy 50% stake in new fraud-fighting digital payments company IDPIC

Dec 11th, 2025, Money Control

Link: <https://www.moneycontrol.com/banking/sbi-to-buy-50-stake-in-new-fraud-fighting-digital-payments-company-idpic-article-13721998.html>

State Bank of India will acquire a 50% stake in the Indian Digital Payment Intelligence Corporation (IDPIC), a not-for-profit entity set up to combat digital payment fraud. IDPIC will act as a central platform to share real-time fraud data and use advanced technology to prevent fraudulent transactions.





REPRESENTATIONAL IMAGE

Image: KNN India



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