



Volume 1 | Issue 19 | 15 May 2026

Imminent fuel price and repo rate hike: Impact on the most vulnerable can be high | Editorial

 **Rupam Roy**, General Secretary, All India Bank Officer's Confederation



The RBI Governor has said clearly that if the crisis in the Gulf is to continue for longer period of time then it would only be a matter of time before the government will pass on some of the price increases. And the fuel price rise hike has already commenced for diesel and petrol. Such increases would have a ripple effect as far as inflation is concerned. Such a hike would not stop at the petrol pump. Most freight transport in India relies on diesel, and fuel price hikes feed through the entire supply chain within days, translating into higher prices for groceries, transport, and everyday goods, which are ultimately borne by the consumer. Coupled with the El Niño weather conditions that threaten to increase food and industrial costs we are looking at the prospect of another

bout of inflation that will be burning people's meagre savings.

A recent HSBC report said these combined shocks may force the Reserve Bank of India to raise interest rates twice during the current financial year to contain inflationary risks which means more expensive bank loans in the coming days. The impact that this scenario as it unfolds may have on the economy is worrying. While the super rich can certainly buy lesser gold and indulge in lesser foreign vacations or destination weddings (accounting for outflow of merely \$16 to \$18 billion), but the actual burden of the price hike that seems imminent would be of grave consequence on the poor. After all, how many in our country can actually afford to work from home? And finally, to curb consumption at the level being expected could in fact end up reducing our GDP.

It is in moments like this that one appreciates the value of a goods manufacturing based economy rather than just a service exporting one. It is in such moments that one realises the value of a robust domestic economy that can consume in scale and has a strong rights based social security basket. But for any of these to materialise one needs public sector institutions that invest beyond profit motive and instead prioritise self-reliance. And for that we need public sector financial institutions that can withstand global headwinds while channelising resources to national and people's priorities. We need a workforce in these institutions that are adequate to this heightened expectation.

If we truly value self-reliance, we would strengthen the public sector institutions instead of handing them over to private hands. Sadly we appreciate the value of public sector only when we are in crisis, as was the case during the global recession of 2008. And we tend to forget their worth on a sunny day giving in to the temptations of so called “efficiency”, “competitiveness” and “ease of business”.

ECONOMIC INEQUALITY AND WHAT NEEDS TO BE DONE

 **Prabhat Patnaik (Senior Economist)**

There has been an enormous increase in income and wealth inequality in India since the adoption of neoliberal economic policies. According to the Paris-based World Inequality Database, the share of the top 1 percent of the population in the country's national income which had been around 12 percent in 1951 and had declined to 6 percent in 1982, has increased to almost 23 percent in 2022-23, which is the highest level attained in the previous 100 years! The share of the top 1 percent in the country's wealth in 2022-23 is estimated to have been 40.1 percent!

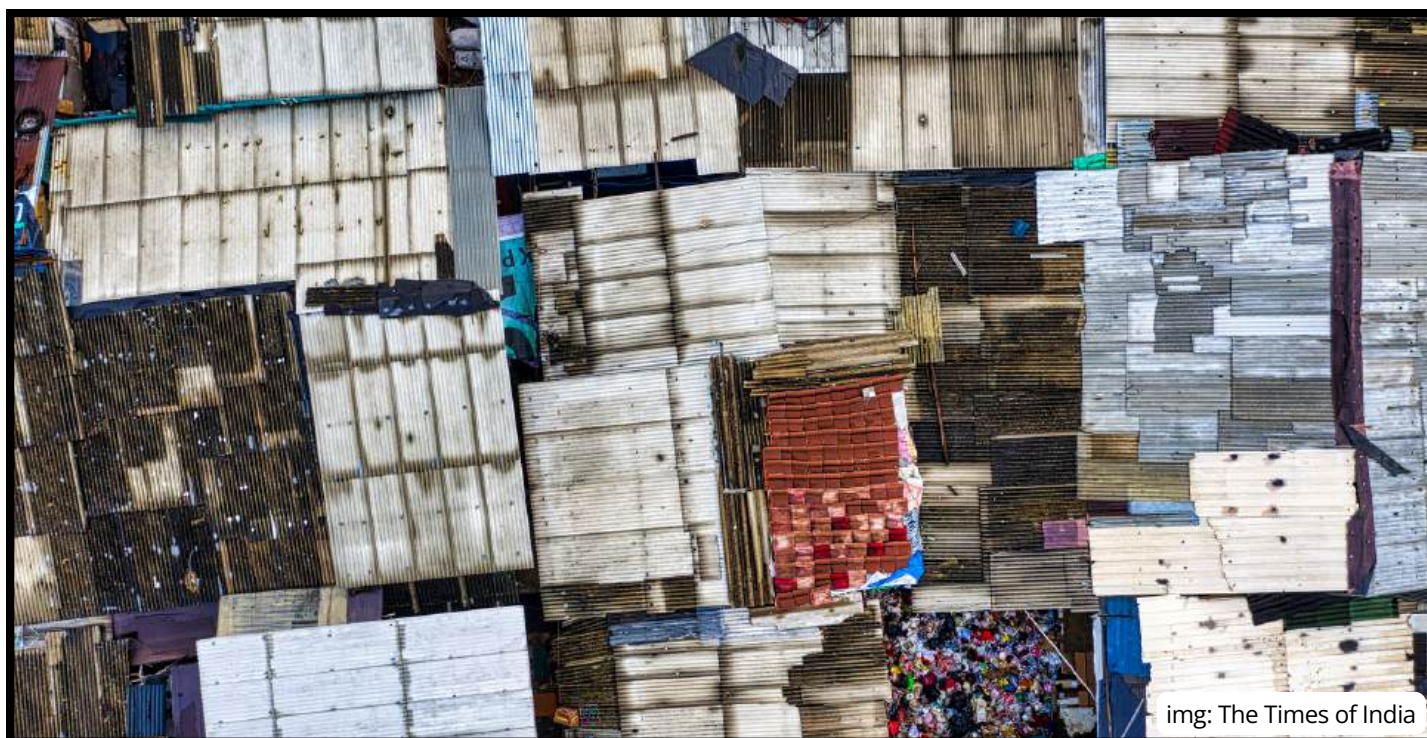
In fact this increase in income inequality has been accompanied by an increase in absolute poverty defined in nutritional terms, as it originally was by the Indian Planning Commission: the proportion of rural population not having access to 2200 calories per person per day, the benchmark set by the Planning Commission, which had been 58 percent in 1993-94 had increased to 68 percent in 2011-12, and over 80 percent in 2017-18; this was so striking that the government withdrew the data



from the public domain and changed the method of data collection (which makes comparison with the 2022-23 figures difficult). The corresponding figures for urban India where the nutritional benchmark was fixed at 2100 calories, were 57 percent in 1993-94 and 65 percent in 2011-12 (U.Patnaik: Exploring the Poverty Question, Tulika Books 2025).

Growing inequality is not a phenomenon confined to India alone; it is a global phenomenon under neoliberalism. This is because under neoliberalism while capital becomes globally mobile, workers are not, and trade unions continue to be organized on a national basis; this asymmetry reduces their bargaining strength so that real wages everywhere fall behind labour productivity. Workers in advanced capitalist countries in other words are made to compete against workers in third world countries who are located amidst vast labour reserves bequeathed from colonial times and hence earn a near-subsistence wage; since the magnitude of these labour reserves relative to the work-force in the third world does not diminish, but on the contrary increases, despite the global mobility of capital, income inequality grows over time.

The fact that such massive increases in income inequality are inimical to democracy is now almost universally accepted, including even in speeches



at the Davos summit where the world's rich are abundantly represented. There is however a deeper link between growing inequality and the choking of democracy that is less recognized. Since the poor consume a much larger proportion of their incomes than the rich, any shift of income from the poor to the rich, such as what growing inequality represents, entails a reduction in aggregate demand in the world economy and also within countries. This leads to a tendency towards stagnation and further accentuates unemployment, which not only makes the conditions of the working people even worse, but also induces big capital to seek to preserve its hegemony by forming an alliance with neo-fascist forces.

It is not surprising that all over the world today there is an upsurge of neofascism with a number of common characteristics that are reminiscent of 1930s fascism. These are: the emergence of a repressive state; a combination of state repression with that of neofascist street vigilantes; a close nexus between neofascists and big business; a particularly close nexus between neofascists and a newer stratum within big business; the “othering” of some hapless minority and the fomenting of hatred against it; and the promotion of a cult of the “leader” whose persona is identified with the nation and whom the people are called upon to apotheosize. From Argentina, to the U.S., Israel, Italy, Hungary, and Turkey, where neofascists are in power, these features manifest themselves in varying degrees; and neofascists constitute a powerful force knocking on the doors of power in France, Germany and U.K among others. The corporate-Hindutva alliance that currently rules India is an expression of this phenomenon.

To defeat neofascism and preserve democracy, this growth in inequality must be reversed. So obvious is the need for ameliorating the distress of the working people that the institution of “cash handouts” has now become quite common among most political formations. These however have obvious limitations: first, they are treated as a largesse, for which the recipients are supposed to be grateful, and hence are demeaning for the recipients' dignity; second, they are targeted and, as with all targeted

schemes, miss out several deserving segments; and third, they can be withdrawn at will depending on the fiscal situation.

The democratic means of reducing inequality is to introduce into the Constitution a set of universal and justiciable fundamental economic rights on a par with the civil and political rights it already provides. In fact five such rights, namely, a right to food, a right to employment, a right to free healthcare through a National Health Service, a right to free education, and a right to a non-contributory living pension and disability benefits, can be financed in India by imposing just two taxes, and that too only on the top 1 percent of the population: a 2 percent wealth tax, and a 33 1/3 percent inheritance tax (P. Patnaik and J. Ghosh's article in Nikhil Dey et al. ed. *We the People*. Penguin Random House, 2020).

Of course, imposing these taxes, not to mention bringing about changes in the real economy that can breathe meaning to these rights, would require going beyond the neoliberal regime, which would be opposed by Indian big business, the advanced capitalist world, and even an upper segment of the domestic professional class. This opposition can be overcome only if the working people unitedly rise to demand the institution of such rights and a reversal of the growing inequality.

Originally published in *The Federal* on 31st March 2026



For self-reliance we do not need austerity

 **Anirban Bhattacharya**, Centre for Financial Accountability

As several economists had anticipated, the close of the election season has been followed by calls for austerity. The Prime Minister has urged citizens to reduce spending on petroleum products and gold, revive practices from the Covid era such as work-from-home and virtual meetings, and cut back on cooking oil consumption. He described the West Asian crisis as "among the biggest crises of this decade." With state elections concluded, concerns around rising fuel costs, import burdens, a weakening rupee, and depleting foreign exchange reserves have come to the fore. The response, however, has been an appeal for "small sacrifices" and "collective responsibility" from ordinary citizens, rather than a reconsideration of corporate tax exemptions or measures to tax high-net-worth individuals.



img: Reuters

The macroeconomic situation is, admittedly, serious. Foreign exchange reserves have fallen by \$38 billion in the two months since the onset of the West Asian conflict, with crude oil prices remaining above \$100 a barrel. Yet placing the burden of adjustment on ordinary citizens - particularly those at the lower end of the income scale - raises important questions about policy priorities.

This framing is consistent with the broader thrust of recent fiscal communications. The Union Budget signalled limited near-term relief for households, while the Economic Survey drew on the philosophical distinction between *preya* (fleeting comfort) and *sreya* (enduring good) to caution against short-term remedies. The message, in effect, is one of patient endurance rather than responsive intervention.

It is also amusing to see that the message of austerity is garnished with the rhetoric of “self reliance” and *Swadeshi*. The *Swadeshi Jagan Manch* for instance has welcomed the appeal for buying domestic products and saving foreign reserves. It is worth noting the tension in invoking the language of “self-reliance” and *Swadeshi* alongside trade policy that has made significant concessions to external pressures - including accommodating tariff demands and withdrawing the digital services tax.

The free market fundamentalists have their own interest in celebrating the message of austerity. For them in fact the message ought to extend beyond the citizens and should apply on the government in its expenditure which they accuse of giving doles of subsidy and indulging in welfare spending all of which gets clubbed in the jargon of “freebies”.

What the current moment calls for is not austerity, but a strengthening of the conditions that make an economy genuinely resilient. Strong social spending, improved human development outcomes, and a broad-based domestic demand are better buffers against global headwinds than household belt-tightening. The Economic Survey itself acknowledged that countries with stable currencies tend to be distinguished by manufacturing

strength. India's trajectory over the past decade has moved in the opposite direction: between 2020 and 2025, total export growth (compounded annually) was 9.4%, while merchandise export growth stood at only 6.4% - reflecting a continued dependence on services rather than goods. Durable external and currency stability, however, ultimately rests on goods-based export capacity. Sadly, in India we are witnessing simultaneously a lost decade of manufacturing and a depleted strength of the masses to consume reeling as they are under joblessness, inflation and successive shockwaves from demonetisation to pandemic to crude oil crisis.



RBI Watch



Rising Cyber Fraud Raises Questions on Banking Accountability and Safeguards

The government's cybercrime wing, the Indian Cyber Crime Coordination Centre (I4C), has signed an agreement with the Reserve Bank Innovation Hub (RBIH) to strengthen action against online financial frauds and "mule accounts" used for illegal money transfers. Under the arrangement, data from I4C's suspect registry will be shared with banks to improve fraud detection systems such as [MuleHunter.ai](#), which is already being used across parts of the banking sector. The development comes amid growing concern over cyber fraud and banks' accountability. In a recent case, a Delhi court directed Indian Bank to refund ₹77,000 to a pensioner who lost money in an online fraud, ruling that banks cannot avoid responsibility when unauthorised transactions are promptly reported by customers. This once again spotlights whether existing safeguards, grievance systems, and accountability measures are sufficient to protect users in an increasingly digital banking system.



RBI indicates fuel price hike in near future

The RBI Governor has said clearly that if the crisis in the Gulf is to continue for longer period of time then it would only be a matter of time before the government will pass on some of the price increases. Such increases would have a ripple effect as far as inflation is concerned. such a hike would not stop at the petrol pump. Most freight transport in India relies on diesel, and fuel price hikes feed through the entire supply chain within days, translating into higher prices for groceries, transport, and everyday goods, which are ultimately borne by the consumer. Coupled with the El Niño weather conditions that threaten to increase food and industrial costs we are looking at the prospect of another bout of inflation that will be burning people's meagre savings.



Revised RBI's Calamity Framework Leaves the Vulnerable Behind

Following stakeholder feedback, the RBI has revised its relief framework for calamity-affected loans, incorporating changes such as a delayed implementation timeline, expanded disaster recognition through SDRF/NDRF, and clarity on lender-initiated relief. Yet, the framework remains deeply exclusionary. Eligibility is limited to “standard” borrowers with minimal prior stress, leaving out already vulnerable households and small businesses most affected by disasters. Write-offs and waivers have not been incorporated. The continued requirement of 5% additional provisioning may discourage lenders from proactive restructuring. By treating disasters as short-term liquidity shocks, the framework overlooks prolonged income loss and structural distress. Relief measures remain narrow and temporary, with no meaningful borrower-centric safeguards or dedicated grievance mechanisms. Overall, despite revisions, the approach missed a key opportunity to embed justice and resilience in disaster response. The RBI fails to report whether there was feedback from disaster affected communities, and has not made any special effort in this regard, rendering the exercise narrow.



RBI Warns Borrowers Against Fraudulent Loan Waiver Campaigns

The Reserve Bank of India issued a fresh advisory on May 4, 2026, cautioning the public against unauthorised campaigns promising loan waivers, a practice it had previously flagged in December 2023 but which has continued unabated. Such schemes typically involve false assurances of settling or waiving outstanding loans from banks or non-banking financial companies, with fraudsters issuing so-called debt waiver certificates that carry no legal validity and collecting money under the guise of service or legal charges, leaving victims with both unpaid loans and additional losses.

The RBI emphasised that no unauthorised individual or private entity has the power to waive loans on behalf of regulated financial institutions, and that such campaigns interfere with the normal functioning of the credit system by encouraging borrowers to believe that repayment obligations can be avoided, ultimately affecting the stability of banks and the interests of depositors. The RBI has advised borrowers to avoid transacting with any third party offering loan waivers and to contact their respective banks or financial institutions directly, and to report suspected campaigns to law enforcement agencies.



ECHOES OF THE PAST



Banking in Colonial Times: The Beginnings

As outlined in *Maladies of the Indian Banking Sector A Critical Perspective beyond NPAs* by Saumitra N. Bhaduri and Ekta Selarka, the early history of modern banking in India can be traced to the early nineteenth century under colonial rule. The establishment of the Bank of Bengal in 1809 marked the beginning, followed by the Bank of Bombay in 1840 and the Bank of Madras in 1843. These presidency banks primarily served the financial and administrative needs of the colonial state and European commercial interests. Their eventual consolidation into the Imperial Bank of India represented the first major institutional restructuring of Indian banking.



The Bombay Times,

Published on the mornings of
Saturday and Wednesday.

AND JOURNAL OF COMMERCE.

Annual Subscription, Rs. 46;
if paid in advance, Rs. 26.

VOL. I.

SATURDAY, DECEMBER 8, 1838.

NO. 11.

BANK OF BOMBAY.

NOTICE is hereby given, that a General Meeting of the Subscribers to the **JOINT STOCK BANK** will be held on Thursday next the 13th Instant, at 3 P. M. at the Office of Messrs. Dirom, Carter and Co. to consider the measures to be adopted with reference to the Charter. A copy of the revised Charter for the Bank of Bengal (upon the principles of which the Charter for the Bank of Bombay is to be granted) together with Copies of a letter from Government to the Bank Committee, and of the Resolutions to be submitted to the Meeting will be placed in the Town Hall for the inspection of the Subscribers between the hours of 12 and 4 on Tuesday and Wednesday next, the 11th and 12th instant.

R. G. LANCASTER,
Secy. to the Committee.

Alongside these, Indian-owned institutions such as Allahabad Bank and Punjab National Bank began to emerge, followed by others including Bank of India, Central Bank of India, and Canara Bank. Most of these banks were organised as joint-stock companies, privately owned and regionally concentrated, which meant their operations remained localised and closely tied to urban commercial centres and trading communities. Regulatory thinking gained prominence with the Royal Commission on Indian Currency and Finance 1926, which underscored the importance of monetary control.

The enactment of the Reserve Bank of India Act 1934 led to the creation of the Reserve Bank of India in 1935, marking a shift toward centralised oversight through instruments such as reserve requirements. Despite this, the pre-independence period was marked by instability, with several bank failures and a fragmented structure of nearly 600 banks by 1947. Overall, colonial banking remained limited in reach, commercially oriented, and largely disconnected from the credit needs of agriculture and the broader population.

Post-Independence Transition

After independence, expanding the reach of banking became an important policy objective, particularly to address gaps in rural credit. The nationalisation of the Imperial Bank of India in 1955 led to the creation of the State Bank of India, which was tasked with extending branch networks, facilitating remittances, and mobilising savings across regions. The State Bank of India Subsidiary Banks Act 1959 further integrated banks from former princely states as its associates, expanding the institutional footprint. Over time, policy attention remained focused on widening access to credit, strengthening the banking structure, and aligning financial intermediation with the broader developmental needs of the economy.

UNION UPDATES

May Day 2026: Workers March Under One Demand — Roll Back the Labour Codes

May Day 2026 in India was marked by rallies, marches, public meetings, health camps, and cultural programmes organised by trade unions, workers' groups, and Left organisations across cities including Delhi, Mumbai, Kolkata, Bengaluru, Mysuru, and Dharwad. Many events focused on demands for higher minimum wages, repeal of the new labour codes, social security for informal and gig workers, and protection of trade union rights. Several unions also linked this year's observances to ongoing nationwide protests and strikes against what they described as "pro-corporate" labour reforms and rising economic insecurity among workers.



Karnal's Two-Week Garbage Rebellion: Sanitation Workers Hold Out for Regularisation

Karnal's sanitation workers walked off the job on May 1 — on May Day itself — launching what became a thirteen-day strike. The Municipal Employees' Union's Karnal unit, led by president Raj Kumar, anchored a sit-in outside the Karnal Municipal Corporation (KMC) office. Their demands were the same ones raised for years without resolution: regularisation of contractual staff, implementation of a minimum wage of Rs 30,000, fulfilment of fire brigade workers' demands, and permanent recruitment to fill vacant posts. On May 8, workers staged 'Jhadu Uthao' marches through city markets, holding brooms as props, to explain their cause to residents. By May 13, door-to-door garbage collection workers from a private agency joined the strike in solidarity, completely halting all waste collection. Karnal had ranked third nationally in the previous Swachh Survekshan — officials now worried the ongoing strike would devastate its score when government survey teams arrived. The government still had not agreed to talks.

<https://www.tribuneindia.com/news/haryana/sanitation-workers-strike-enters-13th-day-congress-extends-support/>



CTUs Announce May 12 'Demands Day'; SBI Workers Serve Strike Notice for May 25-26

On May 6, major Central Trade Unions jointly announced a nationwide 'Demands Day' on May 12, calling for factory-gate campaigns, dharnas, and marches across India in solidarity with workers in Noida, Manesar, Gurugram, and Faridabad who have faced police baton charges, mass arrests, and surveillance since the April uprising. The unions accused the UP and Haryana governments of a "state-backed corporate offensive" against democratic labour rights and demanded a statutory minimum wage of Rs 26,000 — pointing out that even after the recent wage revisions in both states, wages remain significantly below Delhi's despite comparable living costs.

<https://www.businesstoday.in/india/story/rollback-of-labour-codes-rs26000-minimum-wage-ctus-announce-nationwide-may-12-protest-530175-2026-05-06>



SBI workers prepping for Strike in May

The All India State Bank of India Staff Federation (AISBISF) served a two-day nationwide strike notice on May 2 for May 25-26, raising 16 demands grouped around employment and staffing, wages and social protection, and governance. Among the most striking: the position of messenger has seen no fresh recruitment in 29 years. UNI Global Union called the demands reasonable and justified, noting that AISBISF had given advance notice and set out a phased programme of action — exactly what the Labour Codes now make procedurally harder for most workers to do.

<https://uniglobalunion.org/news/sbi-workers-in-india-announce-nationwide-strike-2026/>

Italy's May Day General Strike: Three National Stoppages Planned as Real Wages Hit Thirty-Year Low

Workers across Italy celebrated May Day 2026 with an all-sector general strike on May 1, disrupting travel and causing widespread flight cancellations. Two further general strikes were planned for May involving broad layers of the working class, from public sector employees and industrial workers to logistics, agriculture, and services. School workers walked out on May 6-7 against attacks on pay, worsening job insecurity, and “reforms” including standardised testing. Transport disruptions including rail, air, and local transit are expected to affect millions through May. The eruption reflects mounting anger over three decades of real wage decline in Italy, a trajectory that has continued even as the Meloni government deepens military spending commitments while cutting essential services.

<https://www.wsws.org/en/articles/2026/05/07/vmuz-m07.html>

Greece: 24-Hour General Strike Tethers Ships to Port

Greece's two main trade union federations — GSEE and ADEDY, covering private and public sectors — called a 24-hour May Day stoppage, with demonstrations held nationwide. The action halted public transport, metro, trains, and ports entirely, as the Panhellenic Maritime Federation joined the strike, tethering all ships to port. Workers demanded higher wages, stronger labour protections, and expanded social spending.

<https://www.wsws.org/en/articles/2026/05/07/vmuz-m07.html>



Dutch workers rise against Austerity

In Amsterdam, one of the largest May Day mobilisations of recent years reflected growing opposition to the right-wing coalition government's austerity agenda. Workers protested cuts on unemployment insurance, on health and social spending, and a housing crisis. Dutch transport unions are simultaneously preparing for a strike action in mid-June, in the run-up to Public Service Day on June 23.

<https://www.wsws.org/en/articles/2026/05/07/vmuz-m07.html>



Workers Protests intensify in Bolivia

Bolivia's political crisis has intensified as transport workers and the Bolivian Trade Union Congress launched indefinite strikes and nationwide road blockades, refusing to negotiate with President Rodrigo Paz's government and demanding his resignation. The protests, which began on May 7, have spread across the country, with peasant and agricultural workers joining in and threatening permanent road closures. The strikes are disrupting transport and affecting major cities, while protesters also oppose proposed labour law changes and fuel price hikes.

<https://www.wsws.org/en/articles/2026/05/12/irfl-m12.html>

Uruguay stands with Cuba against Trump's aggression

The Uruguay branch of the Intellectuals' and Artists' Network in Defense of Humanity condemned the US blockade and military threats against Cuba, calling on people to oppose expanding American economic, commercial, and financial sanctions on the island. The statement was prompted by what the group described as a systematic attack on Cuba's financial transactions beginning on May 1.

<https://www.wsws.org/en/archive/recent>



Workers threaten strike action in gas plant in Australia

Some workers at Woodside Energy's Karratha gas plant and Pluto LNG facilities in Western Australia are set to begin strike action after unions accused contractor UGL of suppressing wages and failing to resolve disputes over pay and working conditions. The Offshore Alliance union said negotiations had broken down, while separate talks involving workers at the Ichthys LNG facility in Darwin also failed, raising the possibility of broader industrial action across Australia's liquefied natural gas sector. The disputes are being closely watched because any disruption could affect global LNG supplies and energy markets.

<https://www.reuters.com/business/world-at-work/australia-union-says-some-workers-begin-strike-action-woodsides-gas-plants-2026-05-15/>



Bank News



RBI eases rules for outward remittances; drops prior approval for non-bank entities

May 13th, 2026, The Economic Times

Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/rbi-eases-rules-for-outward-remittances-drops-prior-approval-for-non-bank-entities/articleshow/131070108.cms>

The Reserve Bank of India has eased rules for non-bank entities facilitating outward remittances. Prior approval from the RBI is no longer required for these tie-ups. Authorised Dealer banks will now be solely responsible for compliance and customer verification. Customers will receive clear information on forex rates, costs, and credit times for their transactions.

SBI chairman says rapid rise of AI-driven lending brings new vulnerabilities for banks

May 12th, 2026, The Economic Times

Link: <https://economictimes.indiatimes.com/industry/banking/finance/banking/sbi-chairman-says-rapid-rise-of-ai-driven-lending-brings-new-vulnerabilities-for-banks/articleshow/131022619.cms>

SBI Chairman CS Setty highlighted the dual nature of digital finance growth, noting both opportunities and vulnerabilities like cyber risks and algorithmic biases. He stressed that trust must be the foundation of India's expanding financial system, emphasizing that innovation should not compromise safety or inclusion.

Big banks urge RBI to rethink uniform forex exposure cap

May 11th, 2026, The Economic Times

Link:<https://economictimes.indiatimes.com/industry/banking/finance/banking/big-banks-urge-rbi-to-rethink-uniform-forex-exposure-cap/articleshow/130998584.cms>

In recent interactions with RBI, officials of big state-owned and private sector banks have suggested a dynamic regulation on the unhedged forex exposure, by linking an institution's NOP to its size and flows, two bankers told ET.

Indian banks activate BCPs, shift West Asia staff to India amid Iran-US conflict

May 8th, 2026, The Economic Times

Link:<https://economictimes.indiatimes.com/industry/banking/finance/banking/indian-banks-activate-bcps-shift-west-asia-staff-to-india-amid-iran-us-conflict/articleshow/130918499.cms>

Indian banks are taking steps to ensure the safety of their staff in West Asia. Some banks have already moved operations to India to manage wholesale activities remotely. This comes after the government advised banks to assess risks and provide support. The situation in the region is being closely monitored, with a focus on business continuity and staff well-being.





img: ANI



All India Bank Officer's Confederation

Phone / Tel : +919957563825

Email : gs@aiboc.org



BANK beats