

STATE BANK OF INDIA OFFICERS' ASSOCIATION

(BENGAL CIRCLE)

(Registered under Trade Unions Act 1926-Regd. No. 6908)

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To All Members (Please Circulate)

GOLDEN JUBILEE OF BANK NATIONALISATION (1969 TO 2019) **ORGANISATIONAL PROGRAMMES TO COMMEMORATE THE OCCASION**

Dear Comrades,

You are aware that the Nationalisation of 14 Banks on 19th July, 1969 has transformed the entire nation. This landmark decision taken 50 years ago, has ushered in all round economic progress and throughout the entire period Public Sector banks have been the vehicles of change and economic progress, which reached the nooks and corners of the nation.

The Public Sector Banks effectively implemented the economic policies of the government and addressed the needs of the common man. The decision to nationalise 14 banks came in the wake of skewed credit policies pursued by the banks, which only benefited a particular segment of the society. It was felt that radical changes were needed in the structure and functioning of commercial banks. In this respect, a new banking policy was initiated by the government of India in 1967 described as 'Social Control of banks'.

Therefore, on 19th July 1969, the Union Government nationalised through an ordinance 14 banks each having deposit of more than Rs 50 crore with 4350 branches. Six more banks were again nationalised on 15th April, 1980. Since nationalisation, Indian banking has grown and exhibited much diversity in size, content and structures represented by PSBs, Regional Banks, Private Banks, Foreign Banks, Small Payment Banks, Small Finance Banks and NBFCs.

Post nationalisation, there was a spurt in social lending, project finance for agriculture, more lending to small and marginal farmers, village and small scale industries. From the third decade since nationalisation, the texture of banking in India kept changing. The Narasimham Committee in the wake of the liberalisation of the economy had recommended more space for private banks to usher in a spirit of competitiveness among PSBs. IRAC norms were introduced and balance sheets built on accrued basis were given a go by. Bank's profitability and viability came to the fore front. This period witnessed the resurgence of private banking with ICICI reverse merger, HDFC Bank, UTI Bank (later renamed as Axis Bank). Retail banking and housing finance gained prominence in the lending portfolio. Micro finance institutions also made an aggressive push in the finance space. Most importantly, the Indian financial sector proved its resilience during 2008 global crisis.

The last few years have been testing time for Indian Banks as they grappled with deteriorating asset quality. The deterioration in asset quality of Indian banks can be traced to the credit boom of 2006-2011 when banks' lending grew at an average rate of over 20 per cent. Other factors that contributed were adverse macro financial environment, lax credit appraisal and post sanction monitoring standards, project delays and cost overruns. The RBI began to place state-run banks under the PCA framework for the first time in September 2016, when their NPAs soared beyond the regulatory tolerance levels. We witnessed a tug of war between Reserve Bank of India and the Union government over Prompt Corrective Action norms for the Public Sector Banks.

Many private sector banks which are pampered by the government are in crisis. We have made a strong pitch for nationalisation of private sector lenders amid allegation of corporate governance lapses, concealing of information, violation of guidelines, and nepotism. There are serious charges of corruption and nepotism in sanction of loans and repeated suppression of bad loans and under provisioning. Between 1947 and 1969, 736 private banks had collapsed and closed down due to mismanagement by private owners of these banks. Even after 1969, 36 private banks collapsed or merged with other banks.

The government would do well to start development banks to fund infrastructure projects, and thereby relieve PSBs of this exposure as it involves their funding of long term projects with short term resources. Universal banking did enough damage with banks selling more 3rd party products eyeing hefty commission instead of focussing on core business.

Shubhajyoti Chattopadhyay

General Secretary

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The enactment of the Insolvency and Bankruptcy code (IBC), 2016 and promulgation of the Banking Regulation (Amendment Act), 2017 has significantly altered the financial landscape with optimism to resolve the concerted efforts that are underway for resolution of stress in balance sheets of banks in a time bound and effective manner. But the haircuts that the PSBs are forced to take are simply colossal.

In the last fiscal, we have witnessed the amalgamation of Dena Bank and Vijaya Bank with Bank of Baroda. This was clearly a step towards 'reverse nationalisation'. It is clearly a plan to pave the way for NBFCs, Fintech Companies, Payment banks to capture the market space at the cost of Public Sector Banks. Former RBI Governors Y V Reddy, D Subba Rao and Raghuram Rajan have cautioned the government in one occasion or the other against the theory of consolidation as a panacea for the ills of the banking system.

Comrades, we cannot be a silent spectator to witness the strangulation of the PSBs. Our Confederation has given a call to observe the 50th year of Bank Nationalisation befittingly. We have to reach out to the common man and connect with our stakeholders to mobilise opinion in favour of the PSBs. **We have to defend the PSBs, the lifeline of the nation.**

Accordingly, SBIOA (Bengal Circle) has decided to celebrate the Golden Jubilee year of Banks' nationalisation in a befitting manner by connecting with more and more people intensely through various programmes with media coverage at each Region across the Circle from **12th to 19th July, 2019** as appended:

- i) **Plantation of trees**
- ii) **Raksha Bandhan, & badge wearing**
- iii) **Effecting Personal Accidental Insurance (PAI) at least 10 cases for bus conductors, hawkers and street vendors by each Regional Committee with the sponsorship of SBIOA (Bengal Circle). Let us take a small step in helping out the people, who are exposed to risks in their profession.**
- iv) **Each Regional Committee will take out General Health Insurance policy, with the financial help of SBIOA (Bengal Circle), for at least one identified individual, from the economically weaker section of the society.**

In this connection, we append also the following programmes as chalked out by All India Bank Officers' Confederation both by the National Committee and State Committee for meticulous compliance:

- a) **Human Chain at vantage points which would be attention grabber.**
- b) **All our affiliates are to change their display picture of various WhatsApp groups & Facebook pages to Golden Jubilee Logo of AIBOC (attached).**
- c) **Lectures/Seminars/Symposium may be held to propagate the importance of nationalisation and the public sector character of banks in India.**
- d) **To support other PSUs, help BSNL by taking fresh connection "each one take one".**

We look forward to meaningful and wholehearted participation of all concerned for the success of the programmes.

With comradely greetings,

Shubhajyoti Chattopadhyay
(General Secretary)

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