

STATE BANK OF INDIA OFFICERS' ASSOCIATION

(BENGAL CIRCLE)

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

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Circular No. 103/2022

Date : 08.07.2022

To All Members (Please Circulate)

We reproduce hereunder the Circular No. 50 dated 08.07.2022 issued by the General Secretary, All India State Bank Officers' Federation, the contents of which are self-explicit.

With revolutionary greetings,

Shubhajyoti Chattopadhyay
(General Secretary)

BANK BACHAO DESH BACHAO: CLARION CALL TO OBSERVE BANK NATIONALISATION DAY ON JULY 19, 2022

We reproduce hereunder the text of AIBOC Circular No. 2022/22, dated 08.07.2022 contents which are self-explanatory for information of the members.

(Soumya Datta)
General Secretary

Dear Comrade,

BANK BACHAO DESH BACHAO: CLARION CALL TO OBSERVE BANK NATIONALISATION DAY ON JULY 19, 2022

You are aware that a mass movement #BankBachaoDeshBachao was launched following the announcement by the Finance Minister in the last Union Budget 2021 that public sector banks will also be sold off to private players as a part of the government's policy decision for *en masse* privatisation and strategic sale of public enterprises.

02. Subsequently, the Banking Laws (Amendment) Bill, 2021, was listed for introduction, consideration, and passing in the winter session of parliament in December 2021. This Bill seeks to effect amendments to the Banking Companies (Acquisition and Transfer of Undertakings) Acts of 1970 and 1980 and the Banking Regulation Act, 1949 in order to pave the way for the privatisation of public sector banks (PSBs). Section 2B(c) of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970 states: "...the Central Government shall, at all times, hold not less than fifty-one percent of the paid-up capital consisting of equity shares of each corresponding new bank". The Union government wants to do away with this provision.

03. It was the campaign launched by the #Bank Bachao Desh Bachao movement, especially the historic *Bharat Yatra* undertaken by the AIBOC along with various stakeholders in November 2021, followed by a spontaneous countrywide 2-day strike call by UFBU that forced the Union government to retreat. The Banking Laws (Amendment) Bill, 2021, was not tabled then. After a respite, we now understand that the Union Cabinet has already paved the way to introduce the Bill in the forthcoming monsoon session of parliament, and we are to enhance our preparedness to decisively gain momentum and launch another movement.

04. It is in such a backdrop that we will be observing Bank Nationalisation Day on July 19, 2022. This occasion must be utilised by all Affiliates and State Units of the AIBOC to gear up for a country-wide resistance movement against bank privatisation. We have to organise mass awareness programmes to convey the following points:

- The Banking Companies (Acquisition and Transfer of Undertakings) Ordinance was promulgated on July 19, 1969 (the law was later enacted by parliament in 1970), nationalising fourteen of the largest commercial banks in India. The objective of bank nationalisation was to break the nexus between the banks and the big businesses that were disproportionately cornering bank finance.

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- The PSBs, created through nationalisation, led to the rapid expansion of banking networks to the rural areas and brought farmers, small businesses, and other weaker sections of society into the institutional banking ambit. PSBs have ensured the balanced flow of credit to all the productive sectors and provided stability to the banking system by preventing bank failures and speculative activities. The dominance of the PSBs insulated the Indian economy from the worst consequences of the 2008-09 financial crisis. Crucial schemes of financial inclusion like the Jan DhanYojana and MUDRA have been implemented by the PSBs much more rigorously than the other segments of the banking industry.
- PSBs account for 65% of all commercial bank deposits in India. Indian customers prefer the safety and security of their deposits offered by the PSBs. A significant number of private banks and financial institutions have failed in recent times, like the Yes Bank, Lakshmi Vilas Bank, IL&FS, and DHFL. In contrast, there is not even a single instance of bank failure in the case of PSBs. Privatisation of PSBs will remove the sovereign guarantee behind the PSB deposits and make household savings less secure.
- Merger of Public Sector Banks have brought down the number of public sector banks from 27 to 12, setting in motion the process of employee retrenchment and bank branch closures; Total employee strength of the PSBs has fallen from 8.57 lakh in March 2017 to around 7.7 lakh in March 2021. The total number of PSB branches declined by 3321 in four years, between March 2017 and September 2021. Public Sector Banks will accelerate these trends and shrink employment opportunities for the youth. SC/ST/OBC and EW sections will be deprived of the employment opportunities as the private sector does not follow reservation policies for the weaker sections.
- Over 60% of the total credit to the priority sector, i.e., small and marginal 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. Privatisation of PSBs would adversely impact the credit flow to the priority sector. Over **97%** of the **43.9 crore** PM Jan DhanYojana accounts have been opened by the PSBs and Regional Rural Banks, and only **3%** by the private banks. Driven by the profit motive, private sector banks concentrate on the more affluent sections of the population and the metropolitan/urban areas. Privatisation of the PSBs will therefore lead to the financial exclusion of weaker sections of society, particularly in the rural areas.
- Privatisation of PSBs will be a threat to social security. Banks will not make provisions to the pension fund, thus depriving the pensioners of living a life of dignity.

05. Privatisation of the PSBs would also imply selling the banks to private corporates, many of whom have defaulted on loans from the PSBs. Far from offering any solution to the NPA problem, PSB privatisation will only reward crony capitalism.

06. The total accretion of fresh NPAs between 2014-15 and 2020-21 stood at **Rs. 25.24 lakh crore**, out of which **Rs. 19.04 lakh crore** were PSBs NPAs. While only around **Rs. 4.48 lakh crore** worth of PSB NPAs could be recovered in the seven years of the regime of the present ruling dispensation, PSB NPAs worth **Rs. 8.07 lakh crore** were written off the PSB balance sheets. Another **Rs.1.04 lakh crore** was lost in bank frauds that occurred between April 2017 and September 2020.

07. Banks have been able to recover less than **33%** of the admitted NPA claims through the IBC process; only **Rs. 2.25 lakh crore** could be recovered out of **Rs. 6.84 lakh crore** worth of NPAs, till March 2022. These huge haircuts suffered by the PSBs as well as the NPA write-offs have accumulated as losses in their balance sheets.

08. After benefitting the large corporate borrowers by imposing massive haircuts and write-offs on the public sector banks, the Union government now wants to hand over the ownership of the PSBs to these unscrupulous people, who are supposedly enjoying the patronage of the ruling dispensation. We must vigorously protest against this injustice and the losses caused to the national exchequer due to the bail-out of the large private corporations.

09. AIBOC has demanded that the move to introduce the proposed Banking Laws (Amendment) Bill be stopped forthwith along with the initiatives for privatization of Public Sector. We need to popularize this focal demand through multifarious programmes and activities to observe Bank Nationalisation Day:

- Affiliates / State / District Units should immediately conduct meetings to chalk out programmes, with the central slogan, **BANK BACHAO, DESH BACHAO!**
- Programmes should be held across the country. Each District Unit should have one or the other programme. There should be a series of programmes.

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- A programme like badge-wearing should be observed continuously throughout the month.
- Ensure participation of officers with their family members/friends/relatives, customers, and every segment of society.
- The human chain at vantage points would be an attention grabber.
- Wherever possible rallies, dharnas to be organised.
- Street plays (NukkadNatak) can be organised in residential areas to spread the awareness
- Bicycle rallies can be organised where the participants would be wearing T-shirts/caps displaying our #BankBachaoDeshBachao logo.
- Marathons/Walkathons can be organised where the participants would be wearing T-shirts/Caps displaying our #BankBachaoDeshBachao logo.
- Merchandise like Masks, T-shirts, Jackets, Hoodies, Caps, Backpacks, and Coffee mugs can be distributed/sold to the public to popularize our logo and movement.
- Community service programmes are to be conducted by involving NGOs during the month to connect with society.
- Seminars/Symposium to be conducted at the State level to propagate the importance of nationalisation and preserve the public sector character of the Indian banking sector.
- Organising Gram Sabhas, cluster meeting of SHGs, farmers, Senior citizens, students etc.
- To meet lawmakers with our appeal to defeat any move to change Bank Nationalisation Act in the ensuing Parliamentary session.

These are just illustrative. Many such innovative ideas can be designed by affiliates and state units.

10. You are aware that the Facebook page www.facebook.com/BankBachaoDeshBachao/ presently has a following of over **2.20 lakh**, of which the majority are non-bankers. We are uploading new innovative content every day, which is reaching several lakh of stakeholders across the country and is an enabler in mobilizing public opinion. The engagements of the page are increasing with every passing day. Let us earnestly strive to expand the footprints and increase the likes/followers by approaching all stakeholders leveraging our vast network. Let us utilise congregations, protest meetings, social functions, organisational meetings to generate more number of likes/followers. Let us be driven by passion and obsession to increase the reach. This is a novel way to mobilize support for our movement and can be viewed as a new format of signature campaign. All of us can contribute meaningfully.

11. Let us understand that the battle against privatisation has to be waged both on the streets as well as on social media. We shall also be implementing other campaigns on Twitter and other platforms designed by our social media team. Affiliates and State Units are urged to implement the programs in letter and spirit.

Let us realise that this is a do-or-die battle. We have to wage a decisive war to protect our national assets from being grabbed by the crony corporate houses. It is now or never.

Gear UP!
Struggle Ahead!
March on Comrades!

With revolutionary greetings,

Sd/-

(SoumyaDatta)

General Secretary

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