



ALL INDIA BANK EMPLOYEES' ASSOCIATION

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TO ALL OUR UNIONS & MEMBERS:

Dear Comrades,

Cat is out of the bag ?

For the past two days, a news items published in a section of the media is in wide circulation regarding some reported move on privatisation of some of our Banks as well as to permit more and more private capital into the banking sector. There is no authenticity about the origin of the news or confirmation of any such development. Hence we need not circulate these newspaper clippings which may result in avoidable confusion in the minds of employees.

Unhidden Agenda: However, while we can ignore this news items for the present, we cannot ignore the agenda of the Government which is known to all of us. In the name of banking reforms measures, the Government wants de-nationalisation, privatisation and handing over the public sector Banks to the private corporate vested interests. This agenda is not hidden and by now it is the avowed policy approach of the Government.

Unwarranted mergers: We have observed how ruthlessly, the Government pursued their policy of mergers and amalgamation of Banks, though there was absolutely no need and hence it was unwarranted. What they have achieved through these mergers is also a question mark. We all know that these mergers are only a prelude to their long term agenda of privatisation.

Double Standards: Similarly, there is the orchestrated propaganda that public sector banks are inefficient and tax payers' money should not be used to bail them out any longer. But the same protagonists did not utter a single word when SBI's money/public money was openly used to bail out the private sector Yes Bank. This is the double-standard of these people who deliberately criticise public sector Banks.

Bad Loans – Huge fraud on the Nation: Take the issue of bad loans /NPAs. Who are main culprits? Everyone knows that it is the private sector, especially the big business and Corporates who are the major defaulters. Why there is no hue and cry when these bad loans are being written off in favour of these Corporates. Only recently, RBI confessed that as on 30-9-2019, Rs. 68,607 crores were written off by Banks in favour of top 50 Corporate defaulters. The advocates of privatisation did not utter a single word about the delinquency of these private Corporate borrowers.

See where the hard-earned Profits Go ? In fact, we all know that in the last ten years, from 2009 to 2019, Rs. 10,96,627 crores have been transferred from Operating Profits of Public Sector Banks towards provision for bad loans. Out of these Provisions, Rs. 6,94,037 crores have already been written off. All these beneficiaries are from private sector. Why there is no murmur about this loot of tax payers' money.

Wilful Defaulters are Criminals – Why No Action ? In the Parliament, the Government, in its written reply, has stated that there are 9331 Wilful Defaulters (all are private Corporates) who together owe Rs. 1,22,018 crores to the Banks. Wilful default is nothing but deliberate cheating. Still no criminal action is being taken on these cheaters. Why the campaigns of privatisation do not open their holy mouth on this ?

IBC is Indulgence to Badloan Culprits: The main headache in the Banks today is the alarmingly mounting bad loans. What is needed is strong and stringent measures to recover the bad loans. But Government does not talk of 'recovery'. They advocate 'Resolution'. Their mechanism is IBC – Insolvency and Bankruptcy Code.

But all of us know that under IBC, in the name of RESOLUTION the sacrifice and haircut is huge. IBC is a beautiful laundry where bad loans gets resolved and the corporate defaulters are relieved without any pain at the cost of the Banks and public money.

| BORROWER | LOAN DUE | RESOLVED AT | HAIRCUT | PURCHASED BY |
|---------------------|-----------|-------------|---------|-------------------|
| ALOK INDUSTRY | 30,200 CR | 5,052 CR | 83 % | RELIANCE |
| MONNET ISPAT | 11,478 CR | 2,892 CR | 75 % | JSW |
| ELECTROSTEEL | 13,958 CR | 5,320 CR | 62 % | VEDANTA |
| JYOTHI STRUCTURE | 8,179 CR | 3,691 CR | 55 % | HNI's |
| BHUSHAN STEEL | 57,505 CR | 35,571 CR | 38 % | TATA |
| ESSAR | 54,000 CR | 42,000 CR | 23 % | ARCELOR MITTAL |

Bank Nationalisation was a historic necessity: Everyone knows why the private Banks were nationalized in 1969. It was because the private banks did not come forward to support the priority needs of the development of the economy. In 50 years, PSBs have done so much for our country.

PSBs are the Nilkant Mahadev by eating the poison of private banks' inefficiency: Everyone knows what is the reason why so many private Banks were put on moratorium and merged with public sector banks in the last three decades. It is the sheer mismanagement by those private sector Banks.

India needs strong, vibrant public sectors banks now more than ever. Public Sector Banks are nation building institutions. If there are any attempts to alter it or to reverse the clock back, AIBEA will react appropriately. Let us be on guard.

Yours comradely,

**C.H. VENKATACHALAM
GENERAL SECRETARY**