CHAPTER-V

ACTIVE UNIONISTS

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THEIR

OPINIONS

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CHAPTER V.

UNIONISTS AND THEIR OPINIONS

"Every time strike was called, the Management Increased the Pay Packet, Yet strikes continued, but workers were demanding for better working Conditions and not increase in the wages"
- the Bank Magazine.

Photo-V-3 Procession for better work conditions and against privatisation.
The request was made to the selected Union Leaders of different groups and of different cadres to contribute their opinion about the on-going issues in the Indian Banking Industry like, Privatisation Policy, Banking Sector Reforms, Voluntary Retirement Scheme and on possible measures to make PSCBs more efficient, so as to expect from the banks to contribute further more. The opinions of few such persons are presented with the comments at the end, which supports the objectives of the study -

[1]
President,
Corporation Bank Officers' Organisation [AIBOC]
and Employee Director,
Mangalore.

On Privatisation:

The justification for privatisation is two pronged: to augment capital and to improve the efficiency.

In the early days of liberalization RBI interdicted capital Adequacy Ratio (CRA) concept. This proposal arose out of the Basle Committee recommendations. For Indian conditions where the government undertook 93% of the Banking Business and the banks were owned by the government the level of capital was not (and even now is not) relevant. Where the banks are in the private sector the safety of the depositors; money necessitates adequate capital base. When the owner is the government the safety of depositors' money is guaranteed. There was therefore no need to adopt the concept of capital adequacy to the state owned banks in our country.
The second argument that efficiency will improve if the banks are privatized is not borne by experience. There are highly successful, efficient undertakings fully owned by the government – Kundermuch Iron Ore Co. Ltd., Konkan Railway Corporation Ltd, BHEL, Madras Refineries Ltd. are a few examples. In banking industry itself there are excellent performers. In contrast, there are mismanaged concerns in the Private sector – many have landed up in BIFR. In the banking industry between 1985 and 2000 as many as 13 banks failed. The private owners owned all of them.

Efficiency is therefore ownership neutral

**On Government Policy on banking sector reforms:**
In the name of reforms the government has turned the clock back so far as banking is concerned. Banks in the post 1969 era were instruments and catalysts of economic change; they contributed to employment generation, reduction of geographical imbalance mobilization of savings in rural areas and purveyed credit to vast sections of needy society.

There were deficiencies like political interference, lack of autonomy and absence of professional management in banks. These did affect the working of the banks.

In the reforms era the emphasis has shifted from social banking to commercial (profit oriented) banking. The capital adequacy norms, the new asset classification rules, closing down of loss making rural branches, emphasis on profit generating loans and dilution of the priority sector lending – have all given a new orientation to the banking sector. New banks – both Indian and foreign, are allowed to operate. The shift from the developmental goal to profit maximization goal is good in high income, well-developed economy. In a poverty-ridden economy suffering from
unemployment and inequality banks should continue to discharge social responsibility.

Although government speaks about reforms, it refuses to concede autonomy to the banks. Even today the PSCBs are to work as departments of the Ministry of Banking. The Boards and the Management’s have no real autonomy on critical matters.

**On Voluntary Retirement Scheme:**

The voluntary Retirement scheme has been interdicted in the PSCBs on the plea that the banks are overstaffed. The assessment of overstaffing is based upon crude productivity average of dividing the total business by the number of employees on the rolls of each bank. Incomparable are compared like the productivity of foreign banks and new generation banks with the productivity of PSCBs. PSCBs are required to undertake business, which is not mandatory to other banks. Rural branches account for nearly half the total number of bank branches. To run one branch a minimum of 3 employees are necessary. They undertake lead Bank responsibility in all the districts of the country, they have sponsored Regional Rural banks, and they operate Currency Chest’s and self-employment training centres – all these involve lending, which is not reflected in the productivity. Their social lending responsibility and the unrestricted freedom to open savings bank accounts add to the workload. These features are not there in the foreign and private banks. Therefore the yardstick of productivity is unrealistic.

That there was overwhelming response to VRS is a reflection on the Human Resources Management in banks. If the bank jobs are best why did so many opt for VRS? The reality is there is great deal of frustration and demoralization among the employees. VRS came as a golden opportunity to
escape from this suffocating and demoralizing environment. Demoralization is due to the continued stagnation, too frequent cross-country transfers affecting family and education of children, the threats of accountability for even procedural lapses and increasing workload. That is why in spite of protests and advice by the union leaders more than a lakh employees have opted for VRS.

The post VRS scenario will be very oppressive to the bank employees. While they will be compelled to work overtime to cope with the work, which was done by the retirees, the service conditions will not change. The working conditions and the threats of accountability will be the major demotivators. Then the Bank Managements have to introduce measures to keep the morale high through better incentives, assured career path and fair treatment if such steps are not taken, more number of senior officers will look for future Voluntary retirement Schemes; younger officers will look for greener pastures affecting the quality of existing manpower.

**On Measures to make P S C Bs more efficient:**

The government must retain the ownership over PSCBs. The problems like poverty, unemployment, and economic inequality can be addressed more effectively when the state has effective control over vast financial resources mobilized by the banks.

The government should only lay down the policy relating to branch expansion, credit deployment and resource mobilisation. The management must have full autonomy to operate within the policy framework given by the government.
The boards of directors should comprise professionals and have full freedom to manage the banks. The banking policy should be from time to time placed before and reviewed by Parliament.

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[2]

Com. Tarakeswar Chakraborty,
AIBEA General Secretary, Kolkatta.

[From interview report]

On Privatization of Public Sector Commercial Banks, Why the Unions oppose it:

Now that the Vajpayee government has decided to dilute its stake in public sector banks as a prelude to their eventual privatization, bank employees are apprehensive about what this will mean for the future of their sector. Com. Tarakeswar Chakraborty, general secretary of the All India Bank Employees Association tells Rajesh Ramachandran that privatization will only enable those who owe large sums to these banks to eventually get their debts cancelled.

While referring to privatization of nationalised banks, the Government had said no one could acquire more than one percent of a bank's shares. In the light of this statement, is it correct to say that those who owe huge amounts of money could take over the banks via privatization?

This is just a hoax. Suppose I am holding one percent share of bank, what prevents me from having shares in the name of my wife, children,
neighbors and kith and kin or the like. There are private sector companies in India, which are controlled by promoters with just five percent shares. One has to understand the basic thing; hardly any one purchases a bank's share for its dividend. Those who purchase the shares of banks do so to gain control over the banks, so that the people's deposits mobilized through the banks will be in their control and they can utilise the deposits in their self-interest to build up private empires.

After privatisation, will the bank defaulters be able to write off loans they themselves owe to the banks?

Yes, with the money they owe to these banks the defaulters will purchase shares and become directors. Then they will write off the loans secretly and silently. For, in the private sector, everything is private.

But the government insists checks and balances will ensure the public sector nature of the banks will be protected...

I had told the finance minister that this is a myth and a lie. To start with, the government will have only 33 percent of shares and the remaining 67 percent would be in the private sector. As the scheme envisages 10 directors will be from the private sector and a maximum of five directors, the government will appoint including the chairman. In which case, the chairman will have to implement the decision of the board where the private sector will have a majority. For that matter, the chairman being a government appointee is nothing extraordinary since even in a private
sector bank, the chief executive is appointed with Reserve Bank of India approval.

The government says it does not have money and hence for the banks to remain in business and maintain the required capital adequacy ratio of nine percent, they have to be privatised. Do you agree with this?

Even without privatisation, the banks would be able to meet the requirement of additional equity out of their own profit if the bad loans are recovered and the level of bad debt brought down to manageable levels of three to four percent. World wide, the system is to build reserves and not necessarily to go to the market to raise resources. But in our case, our profits are being wasted in writing off bad loans. They are not being added to the reserves, which in turn would have to take care of the need for more resources. It also has to be borne in mind that the capital adequacy ratio is no guarantee of the health of a bank. In the recent bank failures in Japan, South Korea and Malaysia, most of the failed banks had Capital Adequacy Ratio's (C A R's) ranging over 20 percent. The touchstone of health is not C A R but bad debts. So the effort should be to recover loans.

There has always been a complaint that public sector banks are unfriendly to their customers the private sector banks are pro-active in servicing customers.

This is totally untrue. The Banking Services Recruitment Board through a highly competitive selection process recruits bank employees. If five lakh apply and two lakh appear for the examination and 5000 are interviewed,
only 2000 get through finally. Thus bank employees constitute the cream of the country’s educated youth. To condemn all of them as unfriendly or arrogant is mere character assassination with a deliberate purpose of maligning the public sector.

Do not forget that the doors of public sector banks are open to everybody—including the poorest of the poor—whereas private bank customers constitute a small elite. The experience is different when you deal with a few customers and when you deal with thousands. While private banks primarily do cash handling and cheque clearing, public sector banks render a variety of services. Unlike private banks with a few branches in metros, the public sector banks with branches all over the country particularly in villages, service all kinds of people. Their activities range from making small denomination drafts to be sent to all kinds of small places to giving loans to people below the poverty line. While private sector banks do ‘class banking’, public sector banks do ‘mass banking’, linked to the complaint of unfriendliness is the allegation of lack of efficiency. Won’t banks be more efficient if they are in the private sector and thus geared up for competition?

This argument comes from an assumption that efficiency is linked with the ownership of the company. When a public sector bank clerk handles 200 cheques a day, his counterpart in the private sector does 20. The volume of transactions in a public sector bank is many times higher than a private bank. Doesn’t this show efficiency? Efficiency has nothing to do with
ownership. Competition is also not dependent on ownership, Grindlays' merge with Standard Chartered' is not based on competition but an elimination of competition.

It is said, the unions are always against technological upgradation like computerization, etc. It is certainly not.

This is absolutely wrong. We have allowed all technological applications in the banks. Our union is influential even in foreign banks in India and we deal with the management of foreign banks. In fact, on March 27, 2000, we gave unfettered control to the management to introduce technology. We have agreed to shift banking and Sunday banking to give customers better service.

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[3]
Com. Ratan Roy,
Vice-President, Bihar, AITUC

WHO IS MORE EFFICIENT?
Public or Private Sector judge by yourself.

There is a general conception that public sector enterprises are inefficiently managed and full of corruption. In comparison, the private sector enterprises are more efficient and corruption free.

In a recent study of the comparative analysis of public sector and private sector managements, the standing conference of public enterprises (SCOPE) has given the following facts, which are revealing.
Over 90% cases referred to Board of Industrial and Financial Reconstruction (BIFR) during the period upto April’ 1999 were from private sector thus showing the sickness in this sector.

Of the 35644 casers referred to BIFR, private sector cases numbered 3412 while only 232 cases were from state and central sector undertakings during the same period, the SCOPE said in its study on ‘Performance of Public & Private escorts’.

It goes on to say that even in cases declined by BIFR the study presented a similar picture, as 994 cases were from private sector and only 65 cases were from government (both centre and state) side during the corresponding period.

Noting that a large number of sick units were a legacy of private sector, the study said, “the taken over enterprises acquired at the direction of governments from time to time and not adequately supported by the government of modernization and revisal had badly damaged the image of public sector”

Pointing that the accumulated bad loans involved in the cases referred to BIFR exceed Rs. 10,000 crores, it said that many had taken recourse to BIFR mainly to seek shelter from tax authorities and creditor banks.

The present BJP government at the center is highly biased against the public sector and all praise for private sector and doing all it can do hand over the profit making public sector units to private hands as is evident from BALCO [Bharat Aluminium Company] deal.
MASS BANKING - on the verge of extinction,

Begins Class Banking with Privatisation?

From the goings on in the arena of much vaunted “Banking Sector Reforms” Emulation of the positive gains of mass banking, is gradually losing its relevance. Attention of even common customers of banks is sharply diverted to the honey-toned campaign about the magic wand of modern technology and so called excellent customer service. Even small businessman, a pensioner, a student and peasant whose visit to the bank premises is generally conditioned by time bound programme, having no occasion to be hasty or restless, is also at present guided by such systematic campaign towards crying foul against bank men’s performance. Hardly few amongst them have the occasion to express their discomfort at automatic deduction of penalty euphemistically termed as incidental charges (I/C) to the extent of Rs. 10/- to Rs. 20/- on the plea of a fall in balance or return of a cheque. Similarly, they also find no occasion to accuse computer programming even when transaction is dislocated even for abnormal period of time owing to a snag in the system. Very often, their wrath is directed against the workforce who is not in any way, responsible for such dislocation.

Of late, technology upgradation has emerged as priority number one in the process of reform. Even banks which failed to make payment of the arrear to its staff ostensibly on the premise of its poor health, had to earmark whopping figure of a few hundred crores of rupees even in a single financial year on this head. The programme of technology upgradation too fails to cater to the growing need of better customer service because of inherent shortcomings in the infrastructure. The stark reality is such that the persons in the helm of affairs do not seem to be bothered about
customer's service. Vital departments like Term Deposit, Dispatch etc. are left unmanned for days together for which ultimately, the customers suffer.

At present, the issue of Voluntary Retirement Scheme (VRS) for bank employees has come to the limelight. When the government cleared the VRS, the target was to reduce 10% of the staff strength. This was presumably to remove the so-called 'flab'. About nine lakh bank employees had been recruited not for nothing. Nor was it without any justified assessment. The Human Resources Development (HRD) Department in the public sector banks had employed such a big contingent of staff on the basis of proper assessment. Public sector banks with their sixty thousand odd branch mechanism are rendering service to a huge multitude of common people. While, the R R Bs service is being rendered even to the poorest of the poor in flood and draught prone areas, Green and white revolution in our country go to the credit of public sector banks. In fact, it was the basic ideology behind nationalization of banks.

Unfortunately, the process of achieving the commanding heights of the economy is being reversed since 1991. Keeping pace with its programme of total mechanization. Indian Banks Association (IBA) is frantically moving forward to implement VRS in banks. A section of the banks staff, being guided by purely personal considerations has responded to the programme. Once the scheme started the response exceeded banks' expectations. Mr Devi Dayal, Special Secretary, Banking Department, Ministry of Finance, is now hoping about 25%. Upto January 31, 2001, over lakh bank employees have applied for VRS. While it is 13.59% in United Bank of India, 13.70% in UCO and 12.55% in Indian bank, it is surprisingly 16.77% in bank of Maharashtra, 12.01% in BOI, 16.49% in Punjab & Sindh Bank, 8.9% in PNB and 17.24% in Syndicate Bank, even in SBI known for its most enviable financial position, it is a modest 14.35% (source: Business Standard).
SBI management is paranoid to a considerable extent. Out of 33,000 applications it is faced with the aberration to give good-bye to as many as 22,000 officers. Needless to say that net profit of the banks is sure to be down to considerable extent because of the extra outlay of the VRS package. Already PNB net has dipped to 11 per cent (Rs. 314.52 crores) on VRS provision. “Pro-rata requirement of Rs. 321.00 crores on account of VRS expenditure has been taken into account for arriving at quarterly and cumulative results for December’ 2000”, PNB Chairman who happens to be the Chairman of IBA too, said in a statement.

Meanwhile, most of the nationalised banks have already started VRS. Subsidiaries to SBI and only a few of the public sector banks are also to follow suit given the government directive. About 1,04,000 applicants at the initial stage, if treated as an indication, it is a clear testimony to the fact that substantial numbers of existing work force in banks will exit through this door of VRS. Naturally, the works casualty will be the customer service, as government's declared policy is no recruitment against the posts to be vacated by VRS scheme. Technology up gradation can take care of only limited number of account holders and that too, for specific areas in urban and semi-urban branches. This is “class banking”, the captains of business and industries had been talking about. Mass banking nourished and developed through nationalization will face the worst ever offensive. Agriculture- the basic foundation of the socio-economic development of the mass of Indian people will remain neglected. Banking in India is totally different from that in advanced capitalist countries. We have a vast population 45-46 per cent of which live below poverty line. Branch expansion with needed complement of manpower was actually adopted for social progress. This developmental and social banking in the rural and semi-urban areas will suffer severe setback if there is such an exodus of people.

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BANKING SECTOR REFORMS -
CHALLENGES BEFORE TRADE UNIONS.

It was indeed a challenging job when reforms in our industry were introduced. We wholeheartedly welcomed the same. In fact, we demanded such reforms. We wanted the ownership pattern of our industry to be altered. We went on strike actions on this demand. We gave full support to the Government when the reforms were introduced. But that was 32 years ago in the year 1969. Banking reforms were introduced. Ownership pattern from private sector changed to public sector. The State became the authority to decide the policies of the industry. The late Mrs. Indira Gandhi, Prime Minister succinctly described the State Policy as one that would ensure eradication of inequality between man and man and development equally in all areas. That was the purpose for which banks were taken over and the enormous savings of the people were to be ploughed back to achieve that purpose.

The state rightly decided on limitless expansion of our network. There are more number of banks in India than railway stations. Banking has now become a household word, as that was the State's policy. Bankers from Europe and US have openly admitted that such a vast network as we have built up here is not possible to achieve in their own countries.

The State also decided that while profit is necessary, profits alone couldn't be the only goal. Out of this concept the massive priority sector lending surfaced. An illiterate villager wearing no chappals [footwear] and no shirt
can walk into the portals of a bank and ask for credit for purchase of seeds or fertilizers. A tailor, an auto rickshaw driver, a condiment manufacturer, a cycle rickshaw driver could all ask for credit. The usurious grip of the rural moneylender was loosened. Undoubtedly, millions were benefited by this State sponsored credit policy in our industry.

Infrastructure industries, gigantic in nature took huge credit, the green revolution and white revolution and lakhs of SSI Units developing all became a reality.

As on date, the savings of the people that has come to our industry has already crossed Rs. 900,000 crores.

The state represented through RBI policy had its control over the deployment of these huge funds. SLR, CRR and other regulatory norms helped in its own way. A good chunk of our resources were also available for adjusting of budgetary deficits.

The question arises as to why such an industry under the garb of reforms are now being handed over to the very looters of our industry through moves of privatization.

After the Second World War, a new world socialist system emerged. Along with that, a new world socialist market was created parallel to the capitalist market. For around four decades, the world market remained divided. Suddenly, this situation ended with the disappearance of the socialist system. During this period, the nations were also divided into three categories viz. industrialized nations, socialist nations and nations of the third world. These 3rd world countries were free to bargain with both the world markets as per requirement of their own national interest. The 3rd world countries endeavored to build independent self-reliant national
economy. They demanded a new international economic order based on equal trade practices. But when one of the markets viz. The socialist market collapsed, the capital market arose with the ongoing globalisation unchallenged. They felt victorious and became more aggressive.

Their instruments are the Trans National Corporations. These are not charitable societies. So also the IMF, the World Bank and WTO are not philanthropic organisations where free services are available for the poor. These are in fact commercial organizations to earn profit, more profit and super profit. The prescription of structural adjustment from time to time was therefore aimed to dismantle the self-reliant independent national economy of the 3rd world. The purpose is also clear viz. to utilize the cheap labour and raw materials of the 3rd world and produce goods and again sell it back in the same 3rd world region where the market is very vast for finished goods. In this process, inevitably the 3rd world countries will become dependant on the industrialized nations. The 3rd world markets will be flooded with cheap goods and indigenous industries manufacturing them in the 3rd world will be snuffed out. There after, there is no other way except to depend upon the markets and the products of the industrialized nations. There are enormous evidences to prove the above developments in many countries today. This is the impact of globalization.

Widely published studies by ILO and UNO Agencies reveal the above position and also establish that unabated price rise and poverty are increasing steadily.

It should be noted that for sometime the developing nations would be the gainers. But when unemployment increases, price rise is uncontrolled, consumers in the vast rural, semi urban and urban markets will find themselves unable to consume and purchase. There will be no market with 70% of the people in our country eventually becoming poor and poorer.
The Industrial Policy resolution adopted by our Parliament in '1956 is now given up and the new economic policy adumbrating the above development since 1991 have come to stay. We see with our own eyes the purchasing power of the rupee, the purchasing power of the people, decreasing day by day. Working in organised sector, we may not feel that extent due to our index linked DA and other fringe benefits. But imagine millions of our people in the unorganized sector and their incapacities rising day by day. They are deprived of the fruits of the so-called globalisation. Per capita income is decreasing. Even the talk of jobless growth is now proving to be non-growth.

All these will eventually generate social tension, regional separatism, imposed terrorism, increased violence and crime.

It is with this background we must understand reforms in the banking industry. As a natural corollary to the commitment made by our rulers to the IMF, World Bank and also to WTO, the foremost issue was to open up the financial sector for privatization. In this century, conquest of a country by another through military means is not possible. There cannot be one more East India Co. to colonise India. The new economic policy therefore is a covert means for a new type of colonization which ensures unfettered entry of Trans National Corporations and free market for all foreign products, disregarding our country's own industry, its productive capacities etc. The financial sector now being opened will naturally take over and control all the savings of the people, which is otherwise the wealth of the nation.

The wealth of a country is based on savings and surplus money. These are broadly in four financial institutions- Insurance, Pension Funds, Banks and Mutual Funds. Between these, these 4 segments in between broadly
account for the total wealth of a country. If some one can own and have an
effective control over these financial institutions, the economy of the
country naturally comes under their control. This you must understand is
what is the new novel colonialism. Once the economy comes under the
control of these forces, it will not be far away from the subjugation of the
political sovereignty.

We are actually facing this situation. During the last 2-3 years, one after
another all financial institutions are being opened up for foreign capital.
Licenses were given in the last few years for new private sector banks to
come up. Some of them are already having 10-15% of foreign equity. Two
days ago, the Central cabinet has permitted foreign equity in banks upto
49%. When the disinvestments process is completed, the present public
sector banks, which will come under private sector, may also have foreign
equity up to 49%. At that time, the government holding will be one third of
the total equity only. **Whatever assurances our Government may give to
day, do not forget that one-third owner is only a one third owner eventually.
If a financial institution is having 49% equity, with the connivance of another
2% equity from the private sector side, foreign sectors can even control our
banking system at a later date.**

In such a situation, all the noble ideals and interest of the common man in
enjoying credit facilities from public sector banks will slowly vanish.
Deunionisation will also become the order of the day. Outsourcing the
many services that we are now rendering within the bank building will
surface. Labour as dominant segment will disappear.

Nor-Profitable branches will not be allowed to operate for the sake of
banking facilities for the rural and semi urban people. The network we
have built almost in every street in metropolitan towns will also disappear.
With profit as the only motive, all non-profitable operations of our industry
as a social obligation to the people will not be allowed to continue. Priority sector lending will become causality.

Urban banking, metropolitan technological innovative banking, paperless banking, banking transactions at mind boggling speed, banking at your home only, services made available by contractual outside agencies will all become the order of the day. The poor money saver who goes to the branch to remit Rs. 10 or Rs. 20, the low-level credit needy person, all these will not be welcomed. Even the network in urban areas will eventually shrink. The moneylenders will again take charge ...the green revolution will become a Sahara desert. These are not pictures we are painting. These are happening elsewhere. Here also the role of the Trade Unions has to be understood.

Since the last few years, the Trade Union has been conducting an unheard of campaign viz. the exposure to the public, about the limitless loot within our industry, by the very industrial tycoons, who have taken the depositors money as loans. In 1987 and later, on three more occasions and very recently in March 2000, the Trade Unions have taken out gigantic morchas to the Parliament not on economic issues of the worker but on the health of the banking industry demanding action against bank defaulters. The AIBEA handed over to the President of India a bulky volume containing the list of bank defaulters running over to Rs. 58,000/- crores on 8/03/2000. 

As on date, the figure has come to Rs. 80,000 crores and together with interest will easily cross the mind-boggling figure of Rs. 100,000 crores representing credit given and not being repaid.

The trade Union as a patriotic role has published the names of the bank defaulters. You will find therein Cabinet Ministers at the Central and State Level, past and the present, MP's and M L A's past and the present,
industrial magnates and several members of the apex bodies of Chambers of Commerce etc.

The RBI stipulated certain norms to classify these defaulters as willful defaulters. These are people who divert the loan amount for non-productive private purposes, who disown the default of their own group of companies or who took loans through misleading, fraudulent documentation procedures. Our Trade Unions have published the names of these willful defaulters, from RBI, records. Knowing these are willful defaulters, neither the Government nor the RBI, is doing anything.

What is our role? Our Unions are demanding that the list of defaulters should be published and made available not only to the Parliament but to the people of India. Willful defaulters, our unions have demanded, should be treated as criminals. Bank default after a period of say 5 years for Rs. 10 lakhs and above should be made a cognizable offence with a non bailable arrest warrant issued to the Company owners. Our Unions have asked for Central Banking Audit Commission on the lines of the Comptroller and Auditor General of India Operations. We want the establishment of a Central banking Commission. We demand stricter supervision in the banks and accountability of banks, RBI and Managements particularly in the area of NPA we have asked for full transparency in the balance sheet of banks and deletion of the Secrecy Act.

As a prelude to the ensuing process of selling the family silver viz. handing over public sector banks to the private sector, a VRS Scheme was introduced. We opposed it. Our reasons were simple. During the last 12 years practically there has been no recruitment in our industry and on an average it was less than 0.75% each year. During this period, the RBI data reveals that in house transactions in our industry there gone up by 23
times. Our expansion has been enormous. *In such an industry from where you discovered the surplus staff.*

It is unfortunate that many succumbed to the human avarice and greed of taking a few lakhs of rupees and vacated their jobs, which as per the scheme cannot be filled up. Each bank was directed by the government to prepare a manpower planning to identify the surplus position and then only introduce the VRS to that extent only. One or two banks have correctly identified the no surplus position and have not introduced the VRS. But all others were in a great hurry. Unscientific manpower planning was undertaken; the scheme of VRS was widely circulated. A cut off date was fixed and over 1,25,000 employees in all cadres have taken their fat compensation cheques and have left. Now the bank management's are in a quandary. In many branches they could not carry on the daily routine activities. They are contemplating large-scale promotions, which means more expenditure. They are asking for massive deployment of the workmen staff from center to center without taking into account the unimaginable human problems it will create. At the higher level, Executives are demanding filling up of the vacancies of the higher executive posts by themselves, earlier vacated by VRS executives. A huge expenditure of around Rs. 8000 crores has been incurred. Eventually, from where the funds will come?, Will it not affect the profits position of the industry, and what was achieved? The staff strength might have come down but the price paid is very heavy.

I have a grand daughter aged 18 years. It was very difficult to find a groom. Many boys rejected her. When I had a look at her, I noted she was around 70 Kgs. in weight. I told her to slim down, run, diet, exercise and reduce the weight. She came down to 55 Kgs. Next day I sold her in the marriage market. Perhaps this is what our rulers planned to reduce the staff strength making the industry slim, trim and lean and then sell it in the
market for the private sector owners including the looters. Unfortunately the present owners forgot that the exercise has costed too much. Today who is going to be punished for the guilt of those who undertook the manpower planning exercise, recommended VRS and now facing problems as to how to administer the Branches?

This again is an example about how the industry is under pressure from forces outside the country.

Now the role of the Unions in this adventure or rather misadventure of handing over our banks to the private sector under the garb of banking reforms is very crucial. A Bill has been introduced. Some Committee of the Parliament is processing it. It will now be taken up perhaps in the next session. However, before the end of the year, the privatization bill will be discussed, debated, argued, scenes will be created, Parliament's work will be suspended, the pit before the speaker's podium will be captured, slogans will be shouted, noisy scenes will be created, but in the end there is every possibility that the bill might be passed in view of the seen and unseen, visible and non visible, hidden stick of the IMF and World Bank that will thrash the rules of this country if the industry is not privatized. The rulers of to day as well as the rulers of yesterday cannot escape the commitments. They have made outside the country to sell this precious family silver to the thieves who have already stolen a part of it.

But when this happens, the aspirations of millions of our poor people who 32 years ago welcomed bank nationalization, as a second revolution will be dashed. Here again the role of Trade Union as in the context of these second banking reforms becomes paramount and more pertinent.

We salute the BALCO workers. Though small in number, located in one area they proved that they could oppose privatization of their Company
through a strike lasting 67 days. They could not continue because they were isolated. The impact of the closure of this company has not affected the common people. It was only paper news. Perhaps in their wisdom they came to an agreement and called off the agitation.

The role of our Unions in our industry now comes in a candid way. Can we stop this negative process? Yes, we can. We can through the traditional methods of trade union protest, including indefinite strike actions. First, total trade union unity, which is now available and operating is very necessary. In this trade union unity, of all unions of all cadres with different colours and beliefs coming together, our premier union AIBEA has to play a pragmatic, pivotal and pertinent role. Unity today is priceless. There is no substitute for trade union unity. It is difficult to keep it unbroken. It will be possible if we educate our members about the dangers of job security going away and deunionisation-becoming order of the day once we are privatized.

Banking industry is the oxygen of the economy of this country. The great Pundit Jawaharlal Nehru as Prime Minister in 1954 on the 9th December, a day before the first indefinite strike call was given then by AIBEA, admitted in the parliament that an indefinite strike in banking will result in India's economy getting a set back and India may take 50 years to recover from that. That was in 1954, with around 2000 bank branches operating. Today with a network of 65,000 bank branches and a million staff running it with a daily cash transaction of a few billion rupees with 800 clearing houses transacting 10 million cheques per day, indefinite strike in banking industry will be a catastrophe of limitless consequences. It is something like Brahma Astha. Trade Unions are not at all eager of itching to unleash it unless we are pushed into it.
It is here, our people, our society, our illiterate masses, our large scale banking beneficiaries in the rural, urban and metropolitan centers, our agricultural landholders, our small shop owners, our auto-rickshaw and cycle rickshaw drivers, our ladies manufacturing pappads, our tailors, our taxi drivers, our SSI industry owners and millions of such beneficiaries of public sector banking, should be educated and organized to protest our banks being handed over to the private sector. It is to them our trade unions should approach and lean very heavily for their support. In other words, our struggle against privatisation as a consequence of banking reforms should be made a mass movement, a people's struggle. It is the society that should take up this matter. Our Trade Unions have a very significant role in educating the masses. They should be told that the struggle and our role are not for economic demands, not for merger of DA or for wage revision. It is not even to some extent for our own job security. The struggle is to prevent the ordinary people of India for being looted, and again pushed into the abyss of poverty. In fact, pushing back repulsing and checkmating the privatization moves of our industry should be treated as a 3rd revolution, a 3rd struggle for economic independence of our people. This then is the role and an unforgettable role, a historic role, a patriotic role our members and our unions have to play in the coming days.

I am very confident this role will be played, the war drums will be beaten with responsive and responsible degrees of patriotism, keeping in mind, that the bank employees and our unions are struggling to maintain the sovereignty of this great nation of ours for whose independence our forefathers have given their lives.

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NEW ECONOMIC POLICIES AND THEIR IMPACT ON OUR COUNTRY:

1. After independence, the Planning Commission was set up in 1950 under the Chairmanship of Pundit Jawaharlal Nehru and India ushered in the era of Economic Planning with the beginning of the First Five-Year Plan in '1951. The objectives of planning are a) Economic Growth – to raise the National and percapita income; b) self-reliance – to reduce dependence on foreign aid; C) employment generation; d) promoting Social Justice—removal of poverty and reduction in inequalities of income and wealth. It blends the virtues of the socialist and capitalist economic systems. Democratic socialism, being bed rock, it is a mixed economy and development oriented.

2. The Public Sector played a significant role in the rapid economic development of India by providing strong infrastructure, modern technology economies of scale and employment generation. It has been a potent factor import substitution and export promotion thus, making India more self-reliant in many areas.

3. The Imperial Bank was nationalized in 1955 and was renamed as State Bank of India. State Bank of India has seven subsidiaries. Fourteen Private Banks were nationalized in July 1969 and six more in April 1980.
The Bank Nationalization was in pursuance of the constitutional mandate, to establish welfare state and a forward step towards achieving growth with justice. Private Commercial Banks had facilitated the concentration of economic power in a few hands because a small number of powerful shareholders could determine the pattern of allocation of funds based on their selfish interests. They preferred to operate in Urban Areas thus neglecting the rural requirements of finance for agriculture, small industries and trade. These Banks could not mobilize adequate resources as they failed to mobilize the savings of the people from villages and small towns. These banks did not facilitate the implementation of the objectives of planning and were merely guided by the short-term objective of profit maximization.

4. The Nationalized Banks have facilitated the process of branch expansion, the provision of banking facilities to rural areas and to small-scale industries, and have encouraged deposit mobilization. Qualitatively, banking was transformed into 'mass banking'. Common man got an access to the banks. Several schemes like IRDP; DRI; SEEUY, to assist the poor were introduced. Rural people were rescued from the clutches of village moneylenders. Finance at concessionary rates of interest was made available to small industries and agriculture. Emphasis was shifted from security to purpose and viability oriented projects. Success of green revolution ad white revolution could be attributed to the assistance provided by Nationalized Banks. Educated youth were encouraged to make
a living through self-employment. The social objectives for which the banks were nationalized were substantially fulfilled.

5. Those who are ideologically opposed to public sector started mounting criticism on Nationalized Bank. Achievements of Nationalized Banks are played down and deficiencies are blown out of proportion. When Branch expansion and Business growth have reached unmanageable proportions, Governments has not taken any steps to restructure/reorganize the Banking Industry. Certain political parties have taken unfair advantage of Loan Meals. To step up recoveries of loans, extension of Revenue Recovery Act was sought, but Government did not respond. Instead Debt Relief Act came into existence creating and adverse impact on the aspect of recovery of loans in general. The very employer i.e., Government has turn out to be a bitter critic of Nationalized Banks.

Banks are now blamed for not having posted with good profits. The objective of Bank Nationalization was not to improve profits but all round development of the society. Public Sector Banks have done substantial development Banking. The development brought about by them represents profits reaped by the society. Bank employees, having demanded nationalization of Banks infact did work with sufficient devotion and commitment to fulfill the objectives of Bank Nationalization and played significant role in making India self-reliant.

6. Is it true, that the Industrial and Economic Policy under mixed economy system with due importance to Public and Private Sectors, being followed
since Independence is not suitable to our country? No. Self-reliant development in our country is not possible without state intervention in the economy; priorities of development cannot be left to the market. What are the objectives of the New Industrial and Economic Policies being pursued since 1991? They are in fact the policies of IMF and World Bank and not at all in the interest of our country. Having incurred debts, the government is under obligation to give effect to the conditionalities of IMF and World Bank. The essence of the conditionalities is non-interference of the Government in the rights and freedoms of trade and industry, unimpeded entry of foreign capital and multinationals, and no protection of domestic industry or agriculture. We will become the suppliers of cheap labour intensive items and export primary products to help the recession hit markets of developed countries. A laissez-fair labour market would come into existence. The unemployed will be pitted against the employed, and it would become inoperative to go in for a wage freeze and if that is not politically possible then union bashing, free exit policy, hire and fire type contractual employment would be the alternatives. Location of the World Bank Office in our country and the visits of their officials to various states and their deliberations with the Chief Ministers remind us the visits of East India Company Official and their divide and rule policy in enticing the rulers of the princely states. Multinational corporations cannot evince interest in balanced regional development in our country to make it self-reliant. They are interested in good yield of their investment and look to
quick profits. Having invested huge amounts, they would like to have proper security to their establishments, and certain connected advantage. It would certainly lead to have some say in the State/District administration, which ultimately finds its way to erosion of political sovereignty.

7. There is a constitutional obligation on the part of the Government to ensure development with equity. The policies pursued so far were based on the principle of cross subsidization to deliberately provide support to the weaker sections of society. New under new policies, emphasis is shifted to profit. Banks have been forced to adopt capital adequacy norms, asset classification and provisioning norms obtaining elsewhere in the world. To maintain the required capital adequacy norms, banks have to continuously increase their profits, build reserves and improve the capital. All the activities taken up by banks now will be guided by profit motive. It strikes at the spirit of development banking envisaged at the time of Bank Nationalization.

8. The process of globalization since 1991 continues and intensifies the anti people process of development. Its aims are neither to reduce poverty and unemployment nor to provide basic needs. It would only lead to widening of the disparities in wealth and income and further impoverish the masses of the country. The policies being pursued now tend to negate the concept of welfare state in a country best with poverty and unemployment the state has to be the guardian angel of the poor and the
deprived. The teeming millions cannot be left to fend for themselves and to survive against the oppressive forces of monopolists and profiteers. The state has to step in with controls and other mechanism to maintain the balance and to ensure with controls other mechanism to maintain the balance and to ensure that fruits of labour are equitably distributed and that the economic activity is geared to balanced regional development. By these policies the country would slide back to the era of colonization. There can be no purposeful economic or political independence if all the vital sectors of the economy are eventually controlled by multinationals, which is the logical conclusion of the World Bank and IMF conditionalities.

9. Article 39 (b) and (c) of the Constitution of India Directs b) that the ownership and control of the material resources of the community are so distributed as best to sub serve the common good; c) that the operation of economic system does not result in the concentration of wealth and means of production to the common detriment. It is highly impossible to ensure implementation of these constitutional directives in the New Economics and Industrial Policy being pursued since 1991.

10. It is unfortunate that the large sections of the society do not understand the seriousness of the damage being caused to the country. Required tempo is not created in the country to invoke patriotic spirit against the new policies, instead these new policies are sold to the gullible public in a most routine way by the interested politicians with the vested interest.
11. Great responsibility lies on the Trade Unions intellectuals, professionals to study the implications of these polices and the experience of other countries that have suffered as a result of the IMF forced Structural adjustments and enlighten the people to generate a strong public opinion against the new policies. In fact, there is an urgent need to launch a struggle in the nature of the freedom movement to safeguard the economic and political independence of the Mother land.

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WFTU SUPPORTS PROTEST ACTIONS IN INDIA AGAINST PRIVATISATION :1

The World Federation of Trade Unions (WFTU) has issued the following press statement:

Statewide protest actions, demonstrations before the parliament and various other united struggles are now going on in India against the privatization policies of the government as announced in the budget proposals.

The finance Minister of India in his budget speech declared that 27 public sector undertakings would be privatized and the loss-making units sold. Further, the interest rate on provident fund (social security funds) has been reduced which will seriously affect retirement benefits. The government also announced that labour laws would be amended to allow employers to close down enterprises and to freely restore to sub-contracting. Government also wants to cut employment in government departments which will adversely affect public services and also curtail existing benefits of government employees.

A massive “sit down” protest before the Indian parliament was organized by the national trade union centers – the All –India Trade Union Congress (AITUC), the Center of Indian Trade Unions (CITU) the Hind Mazdoor Sabha (HMS) and other trade union organizations, including those affiliated with the WFTU and TUIs.

The federal government sold a profitable public sector aluminum factory – BALCO – to a private employer, ignoring even the opposition of the state government where the factory is situated. This action provoked a strike by the BALCO workers since 2 March 2001, refusing to work under a private management. Other unions in the area including those of miners, bank and insurance employees' federations have donated funds to feed the striking workers.
The national trade union centers - AITUC, INTUC, BMS, CITU and HMS - have given a call for observance of a protest day on 4th May and one day general strike throughout the country in the middle of May.

ON 16th April, there was general strike for two hours all over the country in response to a call of the national trade union centers. The wide participation in this protest action was underlined by the fact that in many centers, there was virtually a general strike.

On 25th April there was a total general strike (bandh) against privatization and anti-labour policies in the city of Mumbai and in the state of Maharashtra. Participating in the protest action were industrial and transport workers, bank and insurance employees. There was a total shut down of shops and all commercial activity. The working people and the trade unions were protesting against the policies of privatization, neo-liberal globalization and attack on the working class through factory closures sub-contracting and unfair labour practices. The joint action committee consisting of HMKP, AITUC, CITU, HMS and independent unions gave the call for the Bandh (shut down). The INTUC, Shiv Sena and BMS also appealed for success of the Bandh. This was the first time when all trade unions joined together to organize the mass protest action.
The World Federation of Trade Unions appeals to trade unions in all countries to express their active solidarity with the struggles of the trade union organization in India against privatization and against unfair labour laws and practices.

The WFTU draws attention to the important successes achieved by the united movement of trade unions and democratic forces in the struggle against privatization, recently in Mexico and Costa Rica where the governments were forced to abandon the plans to privatize the state run electricity enterprises.

COMMENTARY:

It is clear from the above information that Unions in India in all the sectors oppose the privatisation like in any other country with the fear of insecurity and harassment by the private capitalists in case the sector is privatized. The unions all over the world [WFTU] have expressed their solidarity for this cause irrespective of the any objectives of the Government. In India, the performance of public sector is under criticism because of the political interference in the day today administration and mis management.

The statements of the Union leaders expressed above also contain truth. The Public Sector Banking in India has played a very vital role in the
development of Banking and popularizing the Banking itself to the public of India in the situation when common man was fearing to transact with bank and was looking at it as a property of rich man only. He believed in early days the moneylenders and the rude forms of depositing his hard earned savings viz; hoarding underground, keeping with landlords etc. in so many circumstances it has taken his life for such reasons. It was so dear that it has costed his life whenever the moneylender changed his honesty and loyalty. It was simply unimaginable state of affairs and banking activities.

Under such conditions, not long ago but 32 years back, Nationalisation [1969] came as boon to many and particularly economically weaker sections in the society. It was better opening for the mobilisation of savings of all class of public and effective and profitable use of the surplus funds in the hands of Public for productive purposes.

The economic growth of the country was mainly because of the Public Sector Banking; it attributes the faith of every common and un-common man of all economic status. Without any doubt, now these are the vital centres of everyman's economic activity and country's valuable assets. Any measure taken in hurry will have far reaching effects and result into problems for both the public and the persons involved in continuing the system of banking.
It is equally true that after nationalisation the Government's in power utilized these organisations as toys in their hands, encouraged liberal lending, did not prescribe measures to control untoward happenings, situation of bureaucracy and corruption at the helm of affairs resulted into accumulation of bad debts [100,000crores approximately not only of common man, but all is of uncommon man's only]. This has made banks to rethink on their strategies of lending and recoveries, given the autonomy banks will certainly play well but too much of politicization is hindering their smooth functioning. The word 'autonomy' is only on paper. Now the employees are being made as scapegoats and are negatively exposed to the public as if they are the reason for this apathy.

The current policies like privatisation, VRS etc. as measures in the guise of reforms are against the interest of employees and at the cost of public service. In future, as said in the lines above there will be 'Class Banking' or 'Selective Banking', and not 'Mass Banking'. Therefore, there should be reconsideration of measures like privatisation and 100% mechanization of operations etc., is very much essential before the current progressive and peaceful banking activities are thrown out of gear.