

# THE FEDERATION OF BANK OF INDIA OFFICERS' ASSOCIATIONS

(REGD.No.7364)

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Circular No.: 2013/37

Dated: 17.10.2013

**Dear Comrade,**

We reproduce, hereunder, Circular No. 2013/48 issued by General Secretary, AIBOC for your information and circulation among all members.

## **QUOTE:**

Our members must have come to know from the press statements that RBI is all set to unveil banking sector reforms, which would allow foreign banks to enter Indian market in a big way and even contemplate taking over Indian banks. Sh. Raghuram Rajan, Governor, Reserve Bank of India has made categorical statements about his thinking and the urgency which is depicted in his statements, is really a cause of concern. All India Bank Officers' Confederation has very clear view that Licenses to new private Banks and foreign banks is not in the interest of our economy and common man of this country. Same views are being professed by all other constituents of UFBU and Central Trade unions in our country. There were sharp reactions from banking fraternity to the policy statement made by RBI Governor on the issue of Foreign Banks. We have sent letter to the Governor of RBI on 15<sup>th</sup> Oct, 2013, expressing our clear views. On behalf of all its constituents, United Forum of Bank Unions has also issued a press statement opposing Foreign Banks. We reproduce hereunder the contents of our letter and press statement of UFBU for your information and circulation:

## **QUOTE:**

Ref:GS/RBI/GOV/2013/2

Dated: 15/10/2013

Sri Raghuram Rajan,  
Governor, Reserve Bank of India,  
Mumbai.

Dear Sir,

Re: Your observation before Washington Audience  
on facilitation of entry of foreign banks to India

We had the occasion to go through your assertions in the aforesaid assembly a few days back. As red cloud in the Western horizon is generally precursor to hail storms, we are seriously disturbed to note the

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implications of your magnanimous call to the Foreign Banks to enter the country either by opening a branch or a subsidiary with the final intent to take over Indian Banks. We the several lacs of Employees and Officers consider ourselves to be real stake-holders of the Banking Industry, and do not restrict our vision only up to the tips of the nose but stretch up to the horizon. Our relationship with our Banks is not restricted to selling our labour and getting the value thereof but it is far beyond that in as much as the interest of Nationalized Banks and the Countrymen are inter woven with each other. We are, therefore duty bound to play the role of the faithful watch dog of the system.

Indian Banking sector has been enjoying the trust of common masses of the country over the years and with more than 70 lacs crores of hard earned public money. 80% of the banking activities of this country are being undertaken by Public Sector Banks, Regional Rural Banks (sponsored by PSBs) and old generation Private sector Banks who are also working like public sector Banks. Apart from doing normal Banking activities, these Banks have to undertake tremendous pressure of different works which otherwise were supposed to be done by Government departments. Even in the face of all such hazards, Indian Banks proved its mettle by displaying comfortable insulation against the great economic crisis of 2008. Timely achievement of the targets of financial inclusion and direct benefit transfers schemes is yet another feather in the cap of our Banking system. Several economic experts of the country and abroad have, on record, praised the role of Indian Banks. Chairperson of UPA and our Prime Minister remembered Mrs. Indira Gandhi with due reverence for her foresighted act of Nationalisation of the Banks in India.

In contrast to the fact that Indian Banks can cope with the aspirations of the Government and countrymen, foreign Banks are not insulated against internal/external threats. It has been established beyond doubt that Foreign Banks failed to prove their intrinsic strength in the face of the Economic crisis of 2008. Banks after Banks have evaporated in the blue sky and State had to come forward to bail them out. With such credence, how can they come to our country as a savior of the system?

Many instances are evident before us in several countries where Foreign Banks have entered with great allurements (increasing rate on deposit and lowering down interest rate on loan) dismantling the indigenous banking and making the country totally dependent on foreign desires. Liberalisation of our regulations to permit entry of foreign banks with an option to take over the existing banks looks like a horror dream to us. Government declares the policy; RBI frames the guide lines and the ultimate heat of it comes upon the numerous branches of the Banking sector.

In view of this background, we express our concern and convey our dismay over your proposals on the foreign banks. Instead, we demand that all existing private sector banks and foreign banks should be nationalized in the wider interest of our countrymen. We hope that you would consider our view with due seriousness.

With greetings,

Yours faithfully,  
Sd./=  
(HARVINDER SINGH)  
**GENERAL SECRETARY**

**UNQUOTE**

**PRESS STATEMENT ISSUED BY UNITED FORUM OF BANK UNIONS**

**QUOTE: UFBU opposes attempts to hand over Banks to Foreign Banks**

Our attention has been drawn to the statement made by Shri Raghuram Rajan, Governor, Reserve Bank of India in Washington two days ago that RBI will soon announce certain reform measures in the banking sector that will allow foreign banks to enter India in a big way and would even enable them to take over our Banks. He has further stated that he will allow them near 'national treatment'.

On behalf of one million bank employees under the banner of United Forum of Bank unions and representing the 9 banking sector trade unions of employees and officers, we strongly oppose any such move on the part of the Reserve Bank of India. In India, our Banks are dealing with the huge, hard-earned savings of the common people and it is most undesirable to allow Foreign Banks to take over our domestic Banks. The obvious objective of the foreign banks coming to India is to earn profit and hence the precious savings of our people would be diverted to risk-prone business and speculative business. While the profit earned by them would be expatriated, any possible loss would be dumped on our shoulders to bear it. Moreover, there are frequent reports of foreign banks deviating from the laid down regulations of our country. In the past, some of these foreign banks were also involved in scams and strictures were passed by the JPC report, etc. Further, these foreign banks have never been guided by priority sector lending and social lending nor do they have a single branch in any rural area in our country.

Our public sector banks are the mainstay and backbone of our economy and every effort should be taken to strengthen our Banks rather than hand them over to these foreign Banks.

We strongly denounce the proposals of the RBI Governor and if any steps are taken in this regard, bank employees would be constrained to express their protest through campaigns and agitational actions including strikes.

**UNQUOTE**


We call upon all our comrades to pull their socks up and prepare for bigger struggle ahead on Salary Revision and anti employees and anti common man policies of the Government and RBI.

With revolutionary greetings,

Yours faithfully,  
Sd./=  
(HARVINDER SINGH)  
**GENERAL SECRETARY**

**UNQUOTE**

With Comradely greetings,

Yours comradely,  
  
(HARVINDER SINGH)  
**GENERAL SECRETARY**