



ALL INDIA BANK PENSIONERS' & RETIREES' CONFEDERATION



(A.I.B.P.A.R.C.)

**C/O BANK OF INDIA OFFICERS' ASSOCIATION
(EASTERN INDIA BRANCHES)**

BANK OF INDIA, KOLKATA MAIN BRANCH

23A, NETAJI SUBHAS ROAD, KOLKATA – 700 001

Mobile : 9674188524, E-mail : aibparc2@gmail.com

Senior office bearers

PRESIDENT:

SHRI K.V. ACHARYA,
MOB - 9868220338

GENERAL SECRETARY

SHRI S. SARKAR
MOB – 9674188524

TREASURER

SHRI A. N. MUKHERJEE
MOB- 9830302997

WORKING PRESIDENTS:

1. SHRI K.B. BALLUR
MOB – 9481101106

2. SHRI P.S. PATKI
MOB – 8805607239

3. SHRI C. G. YADAV.
MOB – 9440528806

4. SHRI
S.B.C. KARUNAKARAN,
MOB – 9444772016

SR. VICE PRESIDENTS:

Shri M.R. GOPINATH RAO
MOB – 9886309244

Shri R.S. TRIVEDI
MOB – 9825049640

SHRI P.V.L.N. SHARMA
MOB - 9440779797

SHRI R. K. SHARMA
MOB - 8171461116

SHRI RAM PAL
MOB – 9784405801

SHRI S. KUPPUSWAMI
MOB- 94443 15928

SHRI TOM. THOMAS
MOB – 9447661680

Circular 40--21.

Date: 07.08.2021.

For circulation among members of the Governing Council, State Secretaries, Special Invitees, Advisors, Affiliates and Members.

Dear Comrade,

Sub: Fight against privatization of nationalized banks.

Members are aware that AIBPARC has already given a call to take part in all agitational programmes of UFBU if situation at the particular place is conducive to elder citizens in the pandemic situation. It has also been conveyed that our organization will declare programmes of its own after expected normalisation of situation.

In the given situation, We came across a Circular of ARISE, our Affiliate in IOB, where a strong case has been made out against privatization of Nationalised Banks by a letter addressed to The Chief Minister of Tamilnadu, Parliamentarians and eminent personalities dated 6 th August, 2021. Although the letter contains a few paragraphs which are IOB--Specific, still We have decided to reproduce the letter which will provide us lot of food for thought which is an abject necessity of the hour to build up our conviction and resolve to fight. We know that different Banks are and will be in future facing similar types of threats and the organizations operating in such Banks will be finding the paper to be an effective model for waging a battle against privatization. We sincerely expect that members will find it useful.

With best wishes and regards,

Suprita Sarkar
General Secretary.

Encl: As stated.



Association of Retired IOB's Employees (ARISE)

Regn. No. SL. No. 243 / 2003

Regd. Office : No. 6/4, III Lane, 1st Floor, M.K. Amman Koil Street, Mylapore, Chennai - 600 004

© 24670419 - Email : ksrengarajan@eth.net

6th August, 2021

AN APPEAL TO THE HON'BLE CHIEF MINISTER OF TAMIL NADU, PARLIAMENTARIANS & EMINENT PERSONALITIES

Dear Sir/Madame

Save Public Sector – Save Economic Justice - Save Social Justice Save Indian Overseas Bank Not rob Peter to pay Paul

We, the Association of Retired IOB's Employees (ARISE), a registered organization, represent the retirees of Indian Overseas Bank, a prestigious bank that has been playing a major role in transformation of the society, especially in every nook and corner of Tamilnadu. All that transformation brought by IOB and other public sector banks throughout the length and breadth of the country is under assault due to flawed notions of governance that *government's business is not business*. Such notions are antithetical to the very preamble of our Constitution that declares us a SOCIALIST Republic. The preamble that reads, "*WE, THE PEOPLE OF INDIA, having solemnly resolved to constitute India into SOVEREIGN SOCIALIST SECULAR DEMOCRATIC REPUBLIC and to secure to all its citizens: JUSTICE, social, economic and political;...*" is not an empty rhetoric stringing together ornamental words of no consequence but is a solemn pledge of great sanctity, the bedrock on which this republic rests and hence an inalienable integral part of the Constitution. *The preamble is the soul of this nation.*

Only SOCIALISM enables a State to have control over resources and means of production so as to ensure Justice, social, economic and political. We being a Socialist Republic, Socialism is the basic feature of our Constitution. 'Right to property' as fundamental right in Art 19 was found anachronistic to this basic feature and hence changed to a mere constitutional right in Art 300A. This basic feature of a Socialist republic is further amplified and emphasized in Directive Principles of the Constitution declaring in Art 38 that a social order in which justice, social, economic and political, shall inform all the institutions of the national life and the State shall *endeavour to eliminate inequalities in status, facilities and opportunities*, in Art 39 that the ownership and control of the material resources of the community are so distributed as best to subserve the common good and that the operation of the economic system does not result in the concentration of wealth and means of production to the common detriment, in Art 43A that steps shall be taken to secure the participation of workers in the management of undertakings, establishments or other organisations engaged in any industry, and in Art 46 that the State shall promote with special care the educational and economic interests of

the weaker sections of the people, and, in particular, of the Scheduled Castes and the Scheduled Tribes, and shall protect them from social injustice and all forms of exploitation. Only with a view to achieving the above directive principles and rightly holding finance as public utility and not yet another business, financial institutions in Life insurance, Banking and General insurance were nationalized in succession and India witnessed great success in this endeavour to translate the above directive principles into reality. This journey in the right direction is sought to be abandoned in violation of the Preamble and directive principles of the Constitution to the great detriment of common good. Rather what the Constitution expressly ordained against is passionately followed by the ruling class like a possessed person. *Should not the above directive principles reflecting the basic feature of the Constitution be our nation's priority and pursued vigorously?* Can we enact a law like privatization that negates the directive principles, especially the above directive principles that form the basic feature of our Constitution?

Through verbal gymnastics, the neo-liberal class like a *pied piper* is leading the entire society to financialize and commodify each and every activity of humanity without distinguishing basic human needs as human rights and hence entitlements of every citizen and that equality means not merely a mechanical 'equal opportunity' but also concomitant 'equal accessibility and 'equal affordability.' Through verbal jugglery, the basic human needs that are human rights began to be maliciously ridiculed as freebies and '*To be avoided privileges*' and the public utilities that served best these human needs as human rights are sought to be converted into predatory *business entities* through privatization.

Public Sector banks have been serving the basic human right of equal opportunity by enhancing accessibility and affordability to the marginalized and under-privileged and have been securing social and economic justice to them in employment and credit dispensation. With nationalization of banks, bank failures became a thing of the past giving great relief to the common depositors. This security to common depositors is lost by privatizing banks. Public sector banks are rendering yeoman service in providing finance to meet the *basic human needs* through infrastructure financing and the much wanted *affordability* through their social sector lending programs. Public Sector banks are synonymous with their ubiquitous service till the last mile with branches everywhere, even in places never visited by any outsider other than Public Sector bank employees. They transformed the economic landscape of the country in a silent revolution that served the common good.

In the name of Market economy, not merely the economy but the whole society itself is sought to be transfigured, nay, disfigured into a heartless market society by aping the failed model of USA in spite of that country witnessing ever shrinking middle class, a broken criminal justice system resulting in world's largest prison population, a mere 1/3 of the population having college education that too with huge student debts, millions rendered homeless, income inequality getting unconscionably high and the private banks short changing the poor public while serving to enrich the rich through finance capitalism leaving industrial capitalism high and dry. This failed model impoverishing the ordinary working people and enriching the top 1% promotes consolidation to create monopolies but curtails trade unions to deny the power of monopsony to the workers. This failed model is getting replicated here in India through amending or repealing all protective and progressive laws on land, labour and capital and introducing retrograde laws like Insolvency and Bankruptcy Code (IBC) that is forcing banks to settle mega corporate debts through heavy hair-cuts (of even 70% to 95% write off of the Principal itself). The present Non-performing Assets (NPA) problem of the Public Sector banks is the making of the government's policy of easy access to credit and easy exit now through IBC to the Corporate class. It is the government's policy of shutting down exclusive development institutions and introduction of universal banking and its other policies

through RBI on Credit and statutory reserves that forced public sector banks to extend easy and cheap money to the corporate class through successive relaxations regarding eligibility and promoters' contribution and successive reduction in interest rate. Still the problem of corporate NPAs that arose mostly on account of funding *industrial capital* can be overcome through government recapitalization which is merely a quantitative easing exercise (mere printing of capital bonds). Instead, the NPA problem is turned into a pretext to make the government exit banking business by privatizing public sector banks to serve the cause of finance capitalism which is nothing but casino capitalism and rentier capitalism that transfers wealth from the poor to the rich without any productive activity and without generation of new assets/wealth. Privatizing banks because of NPA is nothing but throwing the baby with the bath water.

As you are well aware, the Banking system has been an important vehicle of channelizing the public savings into mainstream economic activity. The relatively high rate of savings in our country has made it easy to successive Governments to focus on the developmental economy, more particularly after the social control of major banks in the year 1967 followed by nationalization of 14 major commercial banks in 1969 and 6 more in 1980. The private promoters who caused hundreds of bank failures and defeated social control that forced nationalization in 1969 and 1980 are back with vengeance to devour public sector banks to the detriment of common good.

The imminent threat of privatization in insurance and banking is reportedly more on account of desperation to mobilize resources to meet deficits than on account of the government's open posture *that Government's business is not business*. The government advocating privatization because of losses' that allegedly prove inefficiency of public sector, ignore the harsh fact that it is only the private corporate sector that has caused the NPA losses to banks. The promoters of these failed private sector may take any number of avatars to float further new corporate to carry on business as usual while the government unmindful of the fate of all stake holders wants to quit the business of banking merely to pay for the default of the private sector. It is nothing but robbing Peters, the public sector banks to pay Pauls, the defaulting corporate.

The news that the first tranche of privatization is likely to commence with our bank (IOB) is traumatizing. Though retired from service, we cannot acquiesce to our bank getting privatized and losing its proud heritage, soul and substance to become a clog in the wheel of market economy. The bank that scripted thousands of life-changing stories in mass banking being forced to chart its course in a market driven territory will be painful to its workforce that is committed to society at large. All are clueless about the parameters for selection of banks for privatization. All IOBIANS remain puzzled about the need to privatize IOB when its operating profit never went below industry average proving the efficiency of its workforce and the bank has since turned the corner to post net profits and the bank is not caught in any major scam or held accountable for gross mismanagement. The long memorable association with Indian Overseas Bank and its many milestones make us irreconcilable to the selection of IOB for privatization.

Headquartered in Chennai and having the largest network of its branches in Tamilnadu IOB has intertwined its destiny with the progress of Tamilnadu and its natives here and abroad. No wonder IOB became the natural choice to become the Convenor of State Level Bankers Committee which responsibility it discharged commendably. This responsibility offered innumerable opportunities to IOB's workforce to fully identify with Tamilnadu in successfully translating the schemes of the State into reality. The rich experience the workforce gained made them enviable professionals in development and social banking. The commitment and work ethos inculcated by the bank alone

made IOB the only bank to have branches (initially as extension counters) in all the District Court complexes in Tamilnadu. We are also the primary bank in the Central Secretariat of Tamilnadu, banker to Chennai Corporation, TNEB, TN Slum Clearance Board etc. This patronage by all wings of the Government bears testimony to the way we have integrated into the State and remain the pride of Tamilnadu. Our bank has uplifted lakhs of people from the abyss of poverty, upgraded thousands of MSMEs and farmers to the next level and aided numerous students to pursue higher education and turn into successful professionals. The spin-off benefits to the nation and economy from all this financial assistance cannot be ignored while assessing the performance of Indian Overseas Bank. While many banks hesitated to venture beyond their backyard, our bank opened branches overseas having significant presence of Tami diaspora exhibiting its resolve to serve the natives of Tamilnadu wherever they are. The journey we travelled is best exemplified by our bank's unrivalled record of getting chosen as *Numero Uno* on more occasions though IOB started as the smallest bank among the first 14 nationalized banks in 1969. It deserved this commendation as it was the first to introduce 'Consumer Credit (for consumer durables considered necessary and not luxury), Jewel loans, Off-shore banking, computerize branch banking and total branch automation and still remains the only public sector bank that used its own banking software and declared the highest bonus to its employees in two consecutive years, an unbroken record till date.

Indian culture is greatly nurtured and preserved by the safety and security provided by the public sector banks, with IOB serving pan India but also having a regional focus on Tamil Nadu and global reach to serve the ethnic clientele. Towards this end, IOB even narrowed the digital divide by taking digital banking to the remotest corners of the country. The public sector structure that nurtures the Indian ethos of private savings needs to be preserved. None else can appreciate better than the leaders like you that the human resource identified, nurtured and developed for people oriented service and to work for profit with a social purpose than for profit in the account books cannot be discarded by privatizing the public sector banks like Indian Overseas Bank. Indian tradition placing great emphasis on people centric service and duty to the needy as divine duty got imbibed in the workforce of Indian Overseas Bank which was the last bank to introduce the Token System of Payment to the Customers as IOB felt that calling out a customer not by a token number but respectfully by his/her name befits the dignity of the customer. The bank that cared much for the dignity of its customers has to suffer the indignity of being selected for privatization for no conceivable reason.

Even in recent years, the role played by public sector banks has been applauded by all not only in the case of Financial Inclusion/ PMJDY but also in case of Direct Benefit Transfer under various schemes of the State and Central Government. The private sector banks' performance in opening Jan Dan Accounts was so dismal that though they have 40% market share of banking business could open hardly 3% of the total accounts under PMJDY. While the private sector banks are busy selling credit cards to shove gullible customers into a bottomless pit of debts by promoting a consumerist culture that is anathema to Indian ethos, public sector banks are working hard to lift the populace to economic well being through financial inclusion. Every public sector bank integrating into the lives of the local population exhibited diversity in their approach but unity in their purpose. This delightful diversity has been killed by mindless mergers where South India suffered the worst with 10 banks native to South India stand reduced to a mere 3. To add insult to injury, one among the three, that is Indian Overseas Bank is threatened with privatization.

Finance Minister Contradicted - The threat of privatization has come as a bolt from the blue to IOBIANS and IOB's customers not to speak of its management because only recently the Hon'ble Finance Minister while announcing the Merger Plan of Public Sector Banks has expressed her views

for keeping IOB out of the ambit of merger as IOB shall continue to have a Southern Focus with national presence.

IOB, a phoenix that can rise from ashes – IOB's rich cultural heritage of resilience to overcome any adversity has been amply proved by its ability to rise from ashes like a phoenix. This time too, IOBIANS confidently faced the PROMPT CORRECTIVE ACTION imposed by RBI based on arbitrary parameters. The bank made a come back posting Net Profit in the last financial year and opened the first quarter of current financial year too by posting a 170 percent jump in its standalone profit after tax of Rs 327 crore, helped by better recoveries. . It has made a strong case by its performance in the previous financial year itself for coming out of PCA by containing its Net NPA(3.58%), Improved Capital Adequacy Ratio(15.32%), Return on Investment, CASA(42.52%), Provision Coverage Ratio (90.34%) Q4 2021 Net Profit Rs.349.77 Crores, the annual Net Profit for the year ended 31st March 2021 being Rs.831.47 crores and other important parameters.

IOB Plays front foot - Indian Overseas Bank, the bank having strong southern roots but also well branched out PAN India and doing justice to its name with successful global operations too, is confidently poised to play front foot for many more memorable innings. This is evident from the bank's plan to come out with a follow on Public offering/ Rights issue with or WITHOUT GOVERNMENT OR QUALIFIED INSTITUTIONAL BUYERS PARTICIPATION to further improve its Capital Adequacy Ratio to meet the requirement of future business expansion.

These are clear indicators that IOB is a self-sustaining Public Sector Bank and shall not be a drain on budgetary allocation for its capital requirements.

It is in this backdrop that we wish to encroach upon your precious time and make an earnest request to consider the above and the highlights of IOB and IOBIANS given in annexe and help retain the identity and the nature of its Public Sector Character.

We, therefore humbly request you to use your good offices to prevent the privatization of IOB, the jewel in the crown of Tamilnadu and help save its present identity.

We as IOB's Senior Citizens shall feel obliged by your kind gesture.

With Regards,

Yours faithfully



S.B.C.Karunakaran
General Secretary

K.S.Rengarajan
President