

# THE CANARA BANK OFFICERS' ASSOCIATION (Regd.)

Registered under Trade Unions Act, 1926 at Mumbai.

(Affiliated to AINBOF)



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***“Privatise all PSBs except SBI for now”***

***It's an absolute disbelief to hear these expressions from the renowned economists of our country.***

Respected Economists,

You seem to completely miss the broader point from your qualified vision.

For a start, kindly consider the demographics, the socio-economic profile of India, needs of different sections of our population, what kind of provisioning arrangement would address their issues, etc. According to **“World Inequality Report 2022”**, India stands out as a poor and very unequal country with the top 10% and top 1% holding respectively 57% and 22% of total income, and the bottom 50% share has gone down to paltry 13%. History of ‘market mechanism’ has taught us that concentration of capital has deep inter-linkages with the idea of prioritizing ‘numbers’ and ‘profits’ over institutions ensuring ‘social and economic equity’. It's a no brainer that this burden of social agenda has been ably shouldered by Public Sector Banks!

Our Indian Government has devised various anti-poverty schemes like NREGA, NRLM, PMAY, PMEGP, PMSBY, PMJJBY, etc. PSBs are the major vehicles used by our Government of India to achieve the objective of these schemes. In this regard, our Honourable Prime Minister announced India's Jan Dhan Yojana or National Mission for Financial Inclusion on Independence Day in 2014. On Jan 2015, the scheme entered the Guinness World Records for its dazzling pace. At the end of 2021, there were a whopping 442 million beneficiary accounts, more than 97% were with PSBs or RRBs. By mid of April 2022, Jan Dhan accounts had a net balance of almost 1.68 trillion. Yes, financial inclusion of this scale with additional resources came with some cost to PSBs in form of business sacrificed in the short-term. But PSBs have never operated with that unidirectional objective. India's pace of financial inclusion and the multi-dimensional benefits it brought is a 'case-study' for the world today!

During the Great Recession, which was the most severe economic and financial meltdown between 2007 and 2009, the global economy crumbled. Our Public Sector Banks with their pragmatic management style and commitment to the domestic economy emerged as a countervailing force protecting the economic stability of our country. Mr. O P Bhatt, the then SBI Chairman highlighted that "Many private sector and foreign banks withdrew from the market just when their clients needed them most. In contrast, Public Sector banks not only honoured their commitments but tried to their best to fill the vacuum". When in need, PSBs have always stood as a powerful force to enable the country wither any socio-economic downturn!

MSME sector is our country's largest job creator after agriculture. The recent Covid-19 pandemic had a huge impact on the MSME sector of our country. It is the PSBs which led the resurrection of the MSME sector of our country via the Emergency Credit Line Guarantee Scheme (ECLGS) and other direct and indirect interventions, which eased liquidity issues for the industry. Apart being one among the largest recruiter of the youth of this country, PSBs have been at the forefront in

contributing towards indirect job creation too through interventions across several sectors and sections of the economy. The list is endless with more such crisis situations, where the PSBs acted as Guardian Angel of our country's economy.

It is truly heart breaking that the PSBs which are the mainstay of our country's economy, are now branded as loss making. If we delve deeper, for the past few years, the operating profit of all the PSBs have shown a rising trend. As reported, the combined net profit of 12 PSBs stood at Rs 66,539 crore during FY 2021-22, a 110% increase from Rs 31,816 crore in FY 2020-21. This has to be seen through the prism of PSBs involvement in higher target-based lending, big-ticket infrastructural loans susceptible to policies and economic downturns and the magnitude of social obligations as mandated for PSBs.

Despite such circumstances, PSBs have posted an impactful Net Profit during March-2022. Under Basel - III norms, RBI has fixed the benchmark Capital Adequacy ratio at 9%. The higher a Bank's Capital Adequacy Ratio, the more likely it is to be able to withstand a financial downturn. All the PSBs have shown a comfortable CRAR of 2-3% above this benchmark as on March 2022, even in the absence of any recent capitalization by the government. With such strong fundamentals, PSBs are going to transfer a hefty Rs. 7,867 crores of dividends this year to the government, indicating better profitability, capital position improving stock of non-performing assets.

**Isn't this a display of an all-round performance by an corporate entity which has far-reaching social roles to play?**

Call for Privatization represents a parochial mindset which is asynchronous our country's ground realities! The ground realities of underlying economic and social inequalities, the ground realities of unequal opportunities, the ground realities of untapped rich demographic dividend! 'We' Bankers, when observe strike for our demands, we demand for addressing the

ground realities of our Nation, addressing the Rural Economy, addressing the marginalized sections while penetrating into the vast unbanked populace.

It is an irony that despite contributing to 97% of PMJDY accounts, 98% of PMSBY accounts, 98% of PMJJBY accounts, 90% of GECL disbursements, 98% of PMSVANIDHI accounts, PSBs are still not recognized for their service. Considering this, we request our respected economists to respond on the following:

**1) Can a single Public sector Bank alone cater to the vast and diverse needs of India?**

**2) Are PSBs not making profits and providing dividends to the shareholders along with paying taxes complying with business and professional ethics?**

**3) How pragmatic is it to use a unilateral yardstick for profit oriented financial institutions and service oriented institutions?**

**4) How sound are private financial institutions in their risk management framework?**

**5) Don't we have examples in annals of history where the image, capital and processes of private institutions have been compromised by the top few with their mala fide decisions?**

**6) If it is about non-performing assets then why not propose a improved framework for ensuring asset quality and recovery of bad loans, wherein a willful defaulter is taken to task?**

**7) Have we not witnessed events where we still struggle to recover bad loans from high profile defaulters, with banks provisioning for those assets from their profits?**

Responding to all these questions require an unbiased and detailed examination from a multi-dimensional perspective!


Discourse in favour of privatization is short-sighted and need to look beyond the idea of mere wealth creation. We need to strengthen our institutions with a long-term vision of carving a fairly equal society where we also support sections which directly may not support our credit and deposit figures. Why not together create that credible institutional framework wherein no worthy idea and no vivid dream die because of lack of funds.

**PSBs have lent its unflinching support to the idea of stronger India and will always do!**

**Flaw-Free Banking! Fraud-free banking!**

**DISCIPLINE IN CBOA, DEVELOPMENT IN CANARA BANK.**

**Yours sincerely,**



**RAVI KUMAR K**  
**General Secretary**