

THE CANARA BANK OFFICERS' ASSOCIATION (Regd.)



Registered under Trade Unions Act, 1926 at Mumbai.
(Affiliated to AINBOF)

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“Don’t allow public sector banks to wither away. We require public sector banks but focused, purposeful, limited and competitive public sector banks. Enable them to compete but not on same measurement of performance.” – Y V Reddy

Dear Canpals,

On this **55th Bank Nationalisation Day**, I express my heartfelt wishes to all the present and former employees of Public Sector Banks for their tireless dedication and contribution to the banking sector. On this auspicious day of Bank Nationalization, we celebrate to re-affirm inside ourselves and to remind external agents the ideology behind Nationalization and the benefits reaped by the nation as a result of it. It is a time to reflect on the immense impact you, as bankers, have had on our nation's progress and development.

On **19th July 1969**, our former Prime Minister Smt.Indira Gandhi nationalised 14 of the biggest commercial banks incorporated in India, with the objective of promoting economic development, generating public confidence in banking system of the country and avoiding concentration of economic power in few hands.

After nationalization, PSBs expanded their wings and *reached every nook and corner of our Country*, thereby provided easy access to the Banking Gateway for every Indian Citizen. The astounding success of both the Green Revolution and the White Revolution was possible because of the monetary support of nationalised banks whose

primary objective at the time was social upliftment and not profits. Also, as per Government's directives, the PSBs financed various infrastructure projects in the nation which had long gestation periods and was not conducive to the capital structure of banks. In spite of all these restraints it is to be noted that most PSBs always clocked substantial operating profits.

Lately, the performance of PSBs was outstanding and the asset quality of PSBs has improved significantly with gross NPAs at 4.97% and net NPAs at 1.24% in March 2023, which is the lowest in a decade. During FY 2022-23, PSBs earned a record aggregate net profit of around ₹1.05 lakh crore, which is the highest in a decade. Strengthened by high capital adequacy of 15.53% CRAR, clean balance sheets supported by a healthy provision coverage of 90.68% and improved resilience, PSBs are well positioned to support the credit needs of the productive sectors of the growing economy. With such a strong financial health, PSBs could withstood any macroeconomic shock in the future.

This strong balance sheet of PSBs is attributed to the tremendous hard work and sacrifice of each and every PSB employee, despite all the odds. With moderating inflation, rising forex reserves and tremendous support from PSBs, the economy of our country is on the path of sustained growth.

The fundamentals of PSBs are very strong, which is evident from the exemplary growth in every banking parameter, despite the pandemic waves and protracted global hostilities. While private sector entities sink one by one domestically and globally, Indian PSBs are turning very strong due to the very nature of our value system, vision and mission of serving the nation.

PSBs now play a key role in the economic development of the nation. With **Service** as the prime motto, PSBs cater the economic needs of all the priority sectors. The MSME and agriculture sectors are being enormously supported by the PSBs. Also, new entrepreneurs are encouraged by PSBs and adequate financial support is being provided, thereby assisting the economic prosperity of the country.

When PSBs have such a strong Balance Sheet & fundamentals, what is the need to privatise them?

All the 3 PSBs that were placed under PCA turned around within three years and are on the path of continuous profitability. At present, the basic requirement is to provide **autonomy to PSBs**, which will help them to do further wonders. With the motto of serving the nation, PSBs are way ahead in protecting the economic safety of our country. The compensation of our PSBs from the entry level to the highest level needs an overhaul. PSB employees need to be compensated matching to the Risk, Responsibility, transferability and Accountability.

Privatisation is not the panacea for the PSBs because of the following major reasons:

- 1) **Financial Inclusion:** PSBs have played a vital role in promoting financial inclusion in India. They have been instrumental in reaching out to rural and underserved areas, providing banking services to people who might not have access to formal banking. Privatisation could potentially lead to a focus on profit-making and urban-centric services, neglecting the financial needs of marginalized sections of society.
- 2) **Stability and Regulation:** PSBs are more stable due to their strong fundamentals, especially during times of economic crisis. Privatizing them could reduce this stability, potentially impacting the overall financial system. Additionally, the regulatory framework for private banks might require strengthening to ensure they operate in the best interest of the public.
- 3) **Social Objectives:** PSBs serve the social objectives of the government, such as providing subsidized loans to priority sectors like agriculture, small businesses, and education, implementing government schemes like PMJJBY, PMSBY, PMFBY, PMJDY, etc. Private banks may be driven more by profit motives and might not be as inclined to fulfill these social obligations.

- 4) **Risk of Monopoly:** Privatisation might lead to consolidation in the banking sector, increasing the risk of monopolies or oligopolies. A lack of competition could result in reduced options for consumers, leading to higher fees and lesser benefits for customers.
- 5) **Control and Accountability:** The government has a certain level of control over PSBs, which can be advantageous in aligning their policies with national objectives. In Privatisation, this control may shift to private shareholders and there might be concerns about transparency and accountability.
- 6) **Impact on the Economy:** PSBs have been significant contributors to financing infrastructure projects and development initiatives in the country. Privatisation might alter lending priorities, affecting sectors crucial for the nation's economic growth.

So, now why not we think on the lines of further nationalizing all private sector Banks in India which will supplement in strengthening our economy.

The most disheartening fact about the current scenario is that despite PSBs proving their continued importance and relevance repeatedly, the central government is still steadily moving forward with its policy of privatization of PSBs. We have to understand that privatization of PSBs will effectively ensure that the banking sector which is the key behind all other sectors of economy, loses its social face and decisions will be made based on market forces, like other profit oriented enterprise. Ceding control of the banking industry to private players would be tantamount to exposing the economy of our country to manipulation by few vested interests. Such a day would indeed be a sad day for our country and our economy.

With so much at stake, it is our prime duty and moral responsibility not just as banking professional but also as responsible, patriotic citizens of our country to ensure that the public sector nature of the banking industry is preserved.

My Dear Canpals, PSBs are built over the trust of public which forms their crux and cannot be uprooted at any cost. Let us be proud to be a part of Public Sector Bank. Our contribution to our Mother Bank will directly impact our country's economy in numerous ways.

When serving our customers, always remind yourself that you are serving your brothers and sisters. So, service with smile! Let us rededicate ourselves to the development of our Banking sector, thereby supporting our Nation's Development by making it a self-reliant economy.

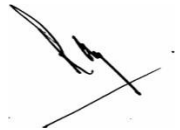
Once again, I convey my whole hearted wishes to all my dear Canpals on the occasion of **55thBank Nationalisation Day**.

You care for the bank and CBOA cares for you!

Flaw-Free banking! Fraud-Free Bank!

Discipline in CBOA! Development in Canara Bank!

Yours sincerely,



RAVI KUMAR K
General Secretary