



BANK EMPLOYEES FEDERATION OF INDIA

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To All Affiliates/Office Bearers/CC/GC Members

Dear Comrades,

A TALE OF TWO PRIVATE BANKS

For quite some time recently, ICICI Bank and Axis Bank have been in news for gross wrong doings. These two new-generation private sector Banks have been the centre of attention of CBI, RBI and other regulators and the developments thereabout have been well documented in various press reports. It is thus neither necessary, nor possible, to recapitulate the details within the space of this circular. Suffice it to say, considerable dirty linen were hidden behind all the glitter and glamour of their decorated exteriors. As per reports, none other than the Chief Executives of the two Banks concerned were involved in the aberrations.

While there is no denying that the Public Sector Banks are seriously afflicted by the menace of Bad Loans, euphemistically called NPA, mostly caused by the unholy nexus between Corporate lords and political bosses, the two new-generation private Banks have emphatically demonstrated that they can teach a lesson or two on how to *siphon-out* public money, through institutional channels, for personal gains; in matters of mismanagement and inefficiency, private entities score much higher marks over their public sector counterparts. The problem lies not with one individual or the other heading a particular private entity but with the very system of private control over public money. That explains, alongside the problem with the two Banks now, the failure of Global Trust Bank – another much-touted new generation private Bank – only a few years ago.

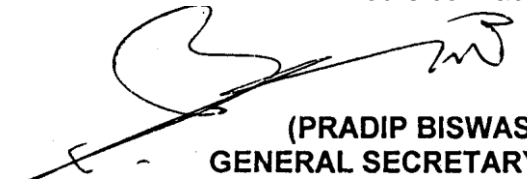
Privatisation of Public Sector Banks (PSBs) has been on the agenda of successive Governments at the centre since the advent of neo-liberal economic reforms regime in the 1990s; the present NDA Government has accelerated the rush. The newly formed Niti-Ayog and the top-bosses of RBI have been vigorously advocating the virtues of Private Sector and for Privatisation of PSBs. The present developments inside ICICI Bank and Axis Bank have squarely repelled their logic. Frequent failures of Private Banks prove, beyond an iota of doubt, that privatisation is not the cure-all for the ills of PSBs.

Having given our anxious consideration to the developments, as aforesaid, we are of considered view that all **Private Sector Banks** – whether of old or new generation, whether Indian or foreign – including the two troubled Banks named above – **should immediately be nationalised**; we demand so.

As for the weaknesses of PSBs, we demand that the supervisory and regulatory powers should further be strengthened and strict public (Parliamentary) control over them be ensured.

With greetings,

Yours comradely,



(PRADIP BISWAS)
GENERAL SECRETARY