



BANK EMPLOYEES FEDERATION OF INDIA

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**Press Statement issued on 30th October 2018 by Shri Pradip Biswas,
General Secretary, Bank Employees Federation of India, at Kolkata,
ON THE RIFT BETWEEN RBI AND THE CENTRAL GOVERNMENT**

We are disgusted, rather alarmed, at the public show of rift between the Reserve Bank of India (RBI) and the Central Government in recent months.

Based on the recommendation of the Royal Commission on Indian Currency and Finance (1926), as conceptualised by Dr. B.R.Ambedkar in his famous book, "The problem of the Rupee – its origin and its solution", RBI was established in 1935 to take care of the financial troubles in the aftermath of the First World War. Since then it has been in charge of managing and regulating the currency and credit system, the monetary policy and foreign exchange reserves of the country; it also acts as the Banker to the Central and State Governments and exercises supervisory and regulatory controls over the Banking System.

True to its policy of decimating all constitutional and other public institutions to suit its political agenda, the present dispensation at the centre has been out to undermining the autonomy and authority of RBI in all conceivable ways. It all started with the formation of the Monetary Policy Committee, in 2016, with three members nominated by the Centre, so as to gag the RBI's absolute say in the matter of deciding interest rates. Then came the most ill-conceived demonetisation which, the RBI claimed to have been handed out to it by the Centre, a clear case of usurpation of authority of RBI in the matter of currency management. To make RBI fall in line, Sri Nachiket Mor, a Director on the Board of RBI, was then removed more than two years before his term was to expire; at the same time, Sri S. Gurumurthy and Sri S. Marathe, having RSS-links, were inducted into the Board much to the displeasure of the Governor. Then it has been flexing its muscles on the issues of management of Bad Loans (called NPA) of Banks and Prompt Corrective Action (PCA) thereagainst. There are tussle, also, over Special Window for Dollar Sales to Oil Companies, over funding of Non-Banking Financial Companies, over formation of a separate Payment Regulator etc. To top it all, the Centre wants the RBI to transfer its reserves to the central exchequer; while RBI has made a pay-out of a whopping Rs.30,000/- crore this fiscal, the Centre demands at least Rs.66,000/- Crore which the RBI has declined. The list is almost unending but having one single objective of decimating the Reserve Bank of India, the Central Bank of the country.

While we do not subscribe to all the decisions of RBI at all times, there is no denying that the firm intervention by RBI has saved our economy from many a crisis, the latest being the global financial meltdown of 2008; we firmly believe that undermining RBI would, in its wake, bring about a costly disaster for our economy. We, therefore, demand that the authority, autonomy and independence of RBI be further strengthened so as to enable it exercise more and stringent supervisory and regulatory control over the banking and monetary system in the best interest of our country.

To
The News Editor/Chief Reporter,

For favour of circulation/broadcasting/telecasting through your esteemed media.

(Joydeb Dasgupta)
Secretary