CHAPTER XX

A Repository

We Remember Our Immortal Comrades and Pioneers of Bank Employees Movement.

BEFI Foundation Conference – held on October 14-15,1982 at Calcutta :

Report placed by Naresh Paul

"We welcome you to this Foundation Conference of Bank Employees Federation of India. We greet you all – delegates, fraternal delegates and observers – for the bold decision you have taken in your respective Unions, Associations and Federations to help building this Central Trade Union Organization of bank employees of the country, freeing yourselves from the influence of other organization which indulge in policies and practices alien to working class.

HOMAGE

Before we proceed let us pay Homage to the innumerable martyrs, in our country and abroad, who have laid down their lives for the cause of the working people, in the struggle against oppression by opposite class forces and for national liberation.

MOVEMENT FOR PEACE

What we meet at this conference what comes uppermost in our mind as a conscious contingent of the working people all over the world is the lurking danger of another World War, the menace of devastating nuclear weapons and the scheming of the war-mongers led by U.S. Imperialism. They have brought the danger to our doorsteps by setting up bases at Diego Garcia, by providing sophisticated military aid to a neighbouring country. These attempts at military conflaggeration at different parts of the world by forces of imperialism and their cohorts unless stopped and prevented, the human race will fast reach

a stage of extinction. Against these war efforts, people everywhere are mobilizing themselves. Biggest Anti-war demonstrations and rallies are taking place even inside the countries spearheading war-manoeuvres. In our country too the movement is gaining ground. Apart from joining the programmes with others in respective regions, the bank employees in large number also took part in the Central Rally and March in Delhi on 4th October 1982 with distinct section from our constituent units. We have to carry forward. Peace is imperative to save human civilization. Peace is essential to isolate the imperialists.

CERTAIN EVENTS – INTERNATIONAL

The urgency of this will be clear from the events in West Asia. Prolonged Iran-Iraq War has diverted their respective attention from reconstruction of their countries and welfare of the people. With impunity Israel is committing barbarous crime on Palestinians against their rightful claim for a homeland. The massacre perpetrated reminds one of what the Nazis did before and during the Second World War. South Africa continues undeterred in its pursue of racism and earned conflicts with adjoining Namibia. In South American countries, the US imperialists and their CIA have been systematically carrying in on their witch-hunt and criminal activities against forces of liberalization.

Side by side we find how the World Bank and the International Monetary Fund are being utilized by the Imperialists to economically ruin the under developed countries in the name of 'Aid'. The terms and conditions dictated by the so called aid givers force the borrowing countries to accept price hike, restrictions on rights, to free trade, checks on developmental planning, induction of multi nationals and foreign private capital to fleece the people and in the process lower the living standard instead of betterment.

While the World capitalist system is in the grip of a severe economic crisis in each and every economically advanced country, unemployment is alarmingly on the rise, production declining and they are making every endeavour to pass on the burden to the weaker nation in a desperate attempt to save the system itself, the contrast is witnessed in countries within the Socialist Orbit. Barring any casual exception, the economy, social and political systems of the socialist world provide the contrast. There is no such crisis, no unemployment, no use of price rise. The welfare of the people is on an ever increasing track. The countries of this system are extending wide assistance to the weaker and developing countries without any fetters. That is why the capitalist world, the imperialists are in a continuous manoeuvre – economic and military – against the socialist countries. That is why their attempts to drive a wedge between the third world countries and the socialist ones. In this background, the recent measures to re-establish friendly relations between our country and the neighbouring China and Bangladesh are welcome indeed.

ECONOMIC & POLITICAL DEVELOPMENTS IN THE COUNTRY

Being a part of the working class movement, we cannot be oblivious of the situation around us in the country just as we are concerned with developments elsewhere. The ruling classes having tied the country to a policy of capitalist path of development when capitalism as a system has become decadent, it is but natural that our economic and political environment will be in the grip of the inherent crisis. Despite several five-year plans, the economy is so severely damaged that there is little scope to retrieve it unless a severe shake-up forces a change. To subserve their class interests, the planners, as true representatives of big capital and landlords, have neglected

the common man. Monopolists have the upper hand in policy making. In an underdeveloped country like ours with a large unemployed population, labour intensive industrialization is a must; but, the prospects have been pruned. Whatever productive capacity is available is not fully utilized. Misusing public funds from banks as well as from the exchequer by way of subsidies, the big capital turns industries sick, close them down and yet go scot-free. Unemployment goes up. Ours is basically an agrarian economy with more than 75 percent of the population in rural areas. Unless the feudal order is broken by radical land reforms and the purchasing power of rural masses, the peasantry, is enhanced there is little scope for an expanded internal market. Instead of moving in that direction, the ruling classes are resorting to more and more deficit financing, imposition of ever-rising tax burden on the people to fatten themselves. Consequence, unabated price rise for consumer articles while the peasantry, the producers of food grains and industrial raw materials like jute, cotton, sugarcane, etc., not only do not get a fair return, in some cases even the cost of production is not met due to manipulations of the industrialists. Unable to make a way out, the Govt. is resorting to more and more borrowings with all its adverse effects. The recent colossal single loan agreement with IMF with all the attached humiliating strings has further eroded the economic life. The overall foreign debt hovers around Rs. 25000 crores and every year in the name of debt-servicing thousands of crores of rupees are drained away on interest alone. Naturally all these influence their economic policies and planning. The workers are subjected to wage squeeze, denial of bonus, retrenchment, etc. In cumulative effect, the extent and intensity of pauperization of the masses has widened and deepened. Below the poverty line population is anywhere between 50 and 70 per cent.

Groaning under such a distressing situation, the common people, the workers, the peasantry, the small traders and others in various walks of life are revolting and manifesting their anger through strike actions, bandhs and various other forms of agitation in protest. Instead of making amends in their policies, the ruling classes and their Govt. have further intensified the attacks. The NSA, the ESMA, the recent Industrial Relations Bills are measures to sharpen their weapons for ruthless suppression of any revolt, literally take away whatever rights for industrial actions the working class has achieved so far through relentless struggle and immeasurable sacrifices.

The ruling classes know well that their attempts will not ultimately succeed. Wider masses are getting disillusioned about their policies. In the political field they are, therefore, planfully proceeding to remove even the veil of parliamentary democracy, to the path of authoritarianism. The move for a Presidential form of Govt. is a measure in that direction. The Parliament is sought to be converted into a superfluous entity. The manner in which the Ministries in State after State are changed at the dictates of the leader of the ruling party at the Centre shorn of elementary norms of democracy is clearly indicative of the trend.

Howsoever overwhelming might their attacks be, these cannot be the last word. Attacks invariably breed resistance. The more the repression, the more the defiance. With courage and fighting mood, the people are on the march. The organised working class is moving. So are the peasantry, the youth and the students.

Despite being organised under different banners it has become clear to the working class that this massive offensive

of the ruling classes and their Govt. has to be met by united steps, united struggles. Formation of the National Campaign Committee in June last year with all the central trade union organizations (except the one appendage to the ruling party) and almost all the all-India federations of industrial workers, office employees which are not affiliated to any of the Central bodies is the product of that realization. Our Bank Employees Federation in West Bengal is also a participant. The BEFI will now have to join this united platform of co-ordinated movement and struggle against the attacks.

While the Government at the Centre and in most of the States run by the capitalists, landlord parties irrespective of sign-board are losing credibility by their own professions and practices. In sharp contrast have emerged Left Front Governments in certain states like West Bengal and Tripura. Composed of trusted and tested leaders of the working people, these Left Front Governments help growth of the democratic movements, they have unleashed peoples' initiative by measures of decentralizing powers, ensured minimum wages for agricultural workers, provided substantial rights to share-croppers, conferred full trade union rights to State Govt. employees hitherto unknown since the days of imperialist regime. Despite resource constraints, they have made education free upto higher secondary level, provided for some cash relief to the unemployed, bestowed old age pensions to non-earning village poor and widows though the amount may be small, established thousands of primary schools in their endeavour to eradicate illiteracy. It is significant that in Left-Front ruled States the police are not allowed to interfere in democratic movements. These Governments have refused to apply draconian anti-people legislations of the Central Govt. We the bank employees will remember with gratitude in the wake of agitation in 1979 when the Central Govt. threatened actions against us and an Ordinance was promulgated in respect of Reserve Bank employees, these Governments declared publicly that such directives and provisions would not be implemented in these states while arrests, police actions etc were a feature in other states. The difference between the two distinct sets of Governments is an eye-opener. The people all over the country are thus witnessing the performance of an alternative to the so-long-seen exploiting and repressive governments run by capitalist-landlord parties. It is, therefore, obvious that the ruling classes at the Centre and their set up in other states will strive hard for the containment of these governments so that their influences do not spread in other regions. On our part it would be our constant endeavour to carry the message of this alternative political set up to every corner of the country and campaign and work for its protection and defense.

POSITION IN BANKS AND OTHER FINANCIAL INSTITUTIONS

Banking and other financial institutions are important mechanisms through which capitalist system operates to serve their class interest. As a trade union of the workers of these institutions we cannot allow ourselves to be mere wage-earners. We must not remain indifferent and have to go deep into the working of these institutions which thrive and grow with hard earned deposits from a multitude of common man but their resources are fully exploited by big business and the vested interests against the common man. Nationalisation of banks by itself does not remove this character. It depends on whom rests the policy making authority. Ownership being with Central Government, the classes which hold that political power decide the policy. However much the Boards of Directors may be

filled with economists, technical specialists or even employee directors, these are illusory inasmuch as they have to work within the framework of formulations given by the Government. With monopolists and vested interests having dominant say in the planning and policy formulation of a Government, whose anti-people credentials we have experienced, it is but natural that the vast resources of banks and financial institutions will be made use of to sub-serve them.

By July 1982, bank deposits had grown to the tune of Rs. 46,000/- crores, the advances sanctioned accounted for Rs. 31,000/- crores. An analysis shows that while only 11% or so of these advances has gone to small borrowers below Rs. 10,000/- each constituting more than 90% of the account holders, the lion's share of about 23% has been grabbed by less than 300 beneficiaries all over the country with amounts of more than Rs. 5 crores each.

How far the credit needs of rural areas have been met from the banking system? About Rs. 3.000 crores which is about 7% of gross deposits. While the rural masses have contributed Rs. 5.200 crores as deposits, more than Rs. 2.000 crores out of that have been shifted to non-agricultural sectors.

Similarly, we find that there is no proper dispersal of advances to various regions of the country. When the all India average of the ratio of advances to deposits is around 66.6%, the allocation for certain regions is as high as 70% to 81% whereas for certain others (like the north-eastern) it is as low as 40%. Obviously, this shows that wherever the big business have their operations, bank resources have been diverted there ignoring the needs of weaker areas. The prospects of a balanced economic development of different parts of the country have thus been thwarted.

This apart, how bank finance is misused by industrialists is evidenced by more than Rs. 1,700/- crores lying outstanding as loans to sick industries. Money taken for an industry is diverted to other fields. The particular establishment is made to fall sick, closure is declared and workers lost jobs. In course, the loans are treated by the bankers as bad, ultimately written off and not shown in the balance sheets. The accumulated bad debts, according to an estimate, may well be in the region of Rs. 2.000 to Rs. 2.500 crores. Is it not a calculated fraud on public funds?

As a class conscious trade union in banking industry we cannot keep our eyes shut in this respect. It is necessary to be watchful and unearth these misdeeds of the bankers-big business collaboration and to expose them in the interests of the people.

Besides the commercial banks, a new set of financial institutions has been operating for the last seven years. They are the Gramin Banks. By now as many as 117 of them, each confined mainly to one district, have been established with a work force of nearly 25.000. On the plea of low cost banking, the wage level of these colleagues in bank employees fraternity has been kept much lower in comparison. Not only that there is no all India uniformity in their pay structure there are no common service conditions. Under the banner of All India Regional Rural Bank Employees Association (AIRRBEA) they have organised themselves since 1978 and are in sustained struggle for betterment. Like in other banks, here too AIBEA has set itself to break their solidarity by forming splinter organization. A sizeable number of delegates and observers at this conference have come from these banks to join the wider

consolidation. Being close and within the rural masses, the Gramin Bank employees' trade union movement can well associate itself with the Kisan movement and by the very nature of their job can help freeing the rural poor from the clutches of the money lenders and other sharks.

In the field of banking, Co-operative banks form another branch. Like the commercial banks, these also are in the grip of vested interests though of a smaller variety. Resultantly, the employees and the customers are equal sufferers.

DEMANDS AND COUNTER DEMANDS

With the expiry of the period of last bipartite settlement in the banking industry in August 1982, we are very much concerned with shape of things to emerge. Scanning the last three such settlements, we have seen how on every occasion the negotiations on behalf of employees have surrendered vital interests. If matters are left to them, the outcome brooks no speculation.

The Government has already declared its policy. Bureau of Public Enterprises has dished out that any wage revision must not raise the overall load to more than 10%. This means superannuation and fringe benefits as well as the element of bonus will be encompassed within this limit. There is again the Boothalingam Committee's recommendation of value per point dearness allowance i.e. Rs. 1.30 for every point rise in consumer price index number which means Rs. 5.20 for each block of 4 points instead of 1.58% of pay.

Over a period of last 20 years, by application of the Tribunal Awards followed by bilateral settlements, there has been substancial erosion in basic pay and dearness allowance taken together.

To check the downward trend in real wages, marked by unprecedented price-rise and acceptance in practice of the theory of wage ceiling by AIBEA and NCBE leaders in shape of no dearness allowance for pay beyond Rs. 1.000, it is imperative that the erosion has to be made good and full neutralization of rising cost of living ensured. The ruling power's policy of passing on the burden of economic crisis created by them on the wage-earners has to be resisted.

As reported in the Press, the AIBEA and NCBE leaders have already had preliminary talks with bankers. While AIBEA has worked out a formula that ultimately fits in with Government policies, the NCBE is understood to have set up a negotiating team and left the entire matter to its discretion. The Press has also indicated that in the preliminary meet, a Sub-committee was constituted by two representatives each from IBA, AIBEA and NCBE to consider and take a final decision on the modalities of large scale mechanization and computerization of banks' work. The bankers are understood to have demanded an agreement on this as well as on their other proposals like additional workload on those getting special pay for higher responsibility and voluntary abandonment of service etc. before commencing negotiations on employees' economic demands. The question of service abandonment assumes importance in context of the events in oil companies and some foreign banks operating here when sophisticated machines were introduced and jobs transferred to computers. Employees were subjected to voluntary retirement prematurely. These reports etc. hold out ominous portents before bank employees of the country.

With their policies of class collaboration and no struggle as witnessed over the years, the co-partners of surrender deals with bankers will try to drag the bank employees to the caprice-altar of bankers and the Government. Here lies the responsibility and task of the Bank Employees Federation of India. The anticipated mischief of AIBEA and NCBE leaders has to be foiled if bank employees' genuine interests are to be protected.

This conference will have to frame the policies and formulate the demands-charter keeping in view the basic issues and needs of the situation.

Our new organization has tremendous tasks before it. A struggle is imminent and all preparations therefor have to be made.

WHY THE NEW ORGANISATION

With the bitter experience since the days of first bipartite settlement, wide sections of bank employees all over the country, who earlier had implicit faith in AIBEA, became disgusted with the leaders' line of no-struggle, collaboration with management and the Government and their divisive activities. For expressing dissenting voice, the leadership of AIBEA removed thousands of them and disaffiliated union after union. Thousand others withdrew from its membership. In several States and in individual banks they organised themselves into independent union. Still some others, in a mood of frustration and under a misguided belief, joined INBEC without perhaps realizing that an organization sponsored by the ruling circles and that too during the Emergency – cannot serve the cause of the working class, bank employees included. INBEC severed its link with INTUC no sooner there was a change of Government at the Centre from Congress to Janata, but in effect this did not signify any qualitative variation. Within a short span of time, a substantial portion of its members became disillusioned. Several thousands left NCBE and formed independent unions. Some more thousands are in the process of leaving.

With exit of Janata and re-entry of Congress at the Central Government, INTUC leaders have been posted as directors in the nationalized banks. The INBEC has made its re-appearance and is being nursed by them.

In every bank and in every region of the country there is, therefore, a quest for an alternative all-India forum and naturally so. As a step in that perspective, the independent unions and eight state-level federations which developed during the past two years met at Delhi last month with a view to co-ordinating the activities. And, they unanimously resolved to build up BEFI. The ninth State body has come up soon thereafter in Delhi.

Let us have a view in retrospect. By democratic functioning of the unions and the apex body, unified understanding on policy matters and close fraternity with other sections of the working class, by waging militant struggles – made possible by developing solidarity – as well as by presenting the class approach before Tribunals imposed by the Government, there were marked advances on wages, service conditions and in other spheres. Bank employees rallied under AIBEA.

But what is the experience thereafter? From the time the phase of tribunalisation was over with Desai Award and the period of bi-partite negotiations started, the leaders of AIBEA drifted to the quagmire of class collaboration, capitulated before the bankers and the Government. By agreement they authorized wide-spread mechanization for almost every type of a bank's work with a commitment that no union or employee will be entitled to raise any objection, conceded wide scope to management to victimize employees even on slightest plea, and in partnership with NCBE during third bipartite concurred with wage-freeze policy by accepting lowered-down rate of dearness allowance and a ceiling, agreed to imposition of larger work-load and so forth.

In trade union functioning, they gagged democracy. Their attitude towards other sections of the working people is manifested when they welcomed and extended whole hearted support to Emergency when the ruling classes imposed it to suppress the working class and throttle democracy. They abstained from the anti-wage freeze Convention in Delhi in August 1974 and in spite of being a party to the unanimous resolution for nationwide strike on 14th September 1979 adopted at Bangalore Convention, they withdrew bank employees from participating in it except in few States where their dubious policy did not work.

Having all these in the background, the BEFI will have to meet the quest for an alternative.

ON ORGANISATION

This being our Foundation Conference, our primary task will be to develop BEFI on the correct lines of a class conscious trade union organization. A trade union is not merely an agency for somehow to get some economic concessions realized for its members. It is an organization of the working class. No doubt economic demands are to be fought for and won but it has also a role to play to the battles against the anti-working class, anti-people policies of the ruling classes. The trade union movement of bank employees and that of other office employees cannot be different. To win a demand or earn a right, whether in a particular unit of an industry or the industry as a whole, often it becomes necessary to resort to struggles. Such struggles can be successful through united actions. Success of a struggle is not always measured by achievements alone, the question is whether, faced with a situation where the workers' interests are affected, the Union puts up a fight or allows the other side to go unchallenged. The first step, therefore, is to build-up this unity. Formation of a union does not by itself lead to that unity. Employees have to be drawn into the collective life of the union, to have their say and involvement in the Union's affairs and policies. Payment of subscriptions alone or periodic participation in union elections does not signify involvement. It is, therefore, imperative to ensure democratic functioning at every level of the organization. Expression of differing views must not be a taboo nor acted against in any manner. Always there should be endeavours to arrive at decisions through collective wisdom. We must follow these principles carefully. These will help to develop trade union consciousness in the members and strengthen unity, so vital for the movement and struggles. Otherwise, there is every risk of bureaucratic trends, creeping in, leading to union 'bossism'. The leaders become body and soul of the entire organization keeping the members in a state of mute observers. Careerists hunt the Union. Individuals or a coterie become supreme. Unions turn as private reserves of the leaders who resort to any measure, howsoever foul, to retain power and position. In the process, anti-working class tendencies grow, members are systematically taken away from common movement, and ultimately the organization is carried to the platform of class collaborations. Most of the delegates, fraternals and observers present at this conference have had the taste of these developments inside AIBEA and NCBE. We have to be watchful and encourage members to be vigilant so that BEFI and its constituents never fall a victim to these vices.

The strength of a union is not determined by number of its members alone. Trade Union consciousness is the beginning. Members are to be raised to the level of consciousness of being a component of the working class. Each movement and every struggle of the working class bring experiences and lessons. We have to take note of them and disseminate among the members. Being bank employees we are not immune from attacks planned and perpetrated by enemies of the working class and their agencies. We have, therefore, to consciously join the other sections of the working class and participate in common programmes and struggles.

Every year thousands of new recruits are entering the banks. They do not bring with them the experiences of trade union movement and lessons derived. They are to be equipped with the history of bank employees' movement and the wider history and movement of the working class of which we constitute an integral part. The new colleagues add to the membership strength of the union. They are to be made aware of their role in day-to-day life of the union as also in situations of confrontation with bankers or the Government.

In the struggle against exploitation and oppression, unity is the only weapon in our armoury. The ruling classes, therefore, try their utmost to bit at this unity by creating conflicts on caste, communal and regional basis. How much damage this has done and is doing to our movement and organization in different regions and institution will be understood from the current experiences. We have to constantly fight against these diversionary and disruptive tactics to maintain unity.

The news of this conference has already created a great enthusiasm among bank employees in various corners of our country. A vast responsibility has devolved on BEFI. The capitulators are to be isolated and every effort made to prevent them from doing further damage. The employees are to be freed from the influence of class collaborators.

In order to face the scheming and offensives of bankers against the employees, we have to co-ordinate our work with those belonging to officer categories who are equally being frontally squeezed by the management and organizationally subjected to disruption by the AIBEA leadership. What has come sharply before the junior officer cadres in particular is the need for developing close fraternity with workmen employees. We should move with them on principles of mutual co-operation and support.

From this Conference the resounding call of BEFI is to forge a real and purposeful unity of all bank employees, irrespective of banner and affiliation, to build united struggles for protection and advancement of their economic conditions, for defense of democratic rights and privileges, for co-ordinated actions with other sections of office employees' trade union movement, for furtherance of the cause of the working class as its inseparable part."

The Full Committee elected from the Foundation Conference of BEFI held on October 13-15,1982 :

The Conference adopted the Constitution of BEFI and elected the following office-bearers and members of the Central Committee and the General Council –

President	:	Naresh Paul
Vice-Presidents	:	Neser Ahmed Khan (Bihar) Naresh Das (West Bengal) Arjun Prasad (U.P.) Prakash Pande (Andhra)
General Secretary	:	Asish Sen (West Bengal)
Joint Secretaries	:	G.M.V. Nayak (Bombay) S.R. Bal (West Bengal) S.N. Panda (Orissa) G.K. Bhardwaj (Delhi) Uddhab Kakati (Assam)
Treasurer	:	S. Ziauddin Ahmed (West Bengal)

CENTRAL COMMITTEE MEMBERS

1. E. Radhakrishnan (A. P.)
2. M. V. Madhava Rao (A.P.)
3. A. V. S. N. Rao (Bihar)
4. B. Prasad (Bihar)
5. P. M. Mishra (Delhi)
6. Harish Sharma (Delhi)
7. R. N. Mallik (Orissa)
8. P. K. Sarangi (Orissa)

9. P. K. Choudhury (Tripura)
10. U. S. Seth (U.P.)
11. S. N. Yadav(U.P.)
12. V. V. Asai (Vidarbha)
13. Keshab Sen (W.B.)
14. Shanti Bardhan (W.B.)
15. Sudhir Choudhury (W.B.)
16. Amitava Nandi (W.B.)
17. Kalyan Sengupta (W.B.)
18. H. Divakar Shenoy (Bombay)
19. G. S. Tiwana (Punjab)
20. K. Gandotra (J & K)
21. T. A. Augustine (Kerala)
22. S. Revanna (Karnataka)
23. Basudeb Chatterjee (W.B., co-opted at CC Meeting on 16.10.82)

Special Invitee

V. Rajagopalan Nair (Tamilnadu),

Rajasthan State Unit and UBIEU were to intimate their respective names.

GENERAL COUNCIL MEMBERS

1. K. Vasudeva Rao (A.P.)
2. B. Subramanyam (A.P.)
3. D.C. Kakati (Assam)
4. P. Mohan Rao (Bangalore)
5. M. Ramprasad (Bangalore)
6. B.S. Prasad (Bihar)
7. M. G. Arun Kumar (Bihar)
8. Promod Sharan (Bihar)
9. K.S. Menon (Bombay)
10. V.V. Ranade (Bombay)
11. AD. Parasnis (Bombay)
12. K.L. Bhutani (Delhi)
13. H.S. Arora (Delhi)
14. K.V. George (Kerala)
15. K.K. Biswal (Orissa)
16. Kulamani Nayak (Orissa)
17. Digambar Das (Orissa)
18. B.V. Pai (Poona)
19. Darshan Singh (Punjab)
20. V. Rajagopalan Nair (Tamilnadu)

21. Abdul Sukkur (Tripura)
22. Anshuman Khare (UP.)
23. L.P. Nandwankar (Vidarbha)
24. Abdul Sayeed Khan (W.B.)
25. Ajit Ghosh (West Bengal)
26. Amalendu Sen (West Bengal)
27. Anil Datta (West Bengal)
28. Bibhuti Ghosh (West Bengal)
29. Chandranath Chatterjee (W.B.)
30. Chitta Roy Choudhury (W.B.)
31. D. Kanungo (West Bengal)
32. Debal Kar (West Bengal)
33. Kalyan Biswas (West Bengal)
34. Kashinath Chatterjee (W.B.)
35. Narayan Chatterjee (W.B.)
36. Niharendu Gupta (W.B.)
37. Pradip Biswas (West Bengal)
38. Pradip Chatterjee (W.B.)
39. Ramgopal Chatterjee (W.B.)
40. Samir Banerjee (W.B.)
41. Samir Dasgupta (W. B.)
42. Samir Ghosh (West Bengal)
43. Shyamalendu Sengupta (W.B.)
44. Subinoy Roy (West Bengal)
45. Tapan Das (West Bengal)

Names of seven more members – 1 from Delhi, 2 from Rajasthan, 1from U.P, 2 from West Bengal and 1 from UBIEU were awaited.

An Open Letter (addressed to the AIBEA leaders on 15th September, 1980 signed by Four of the Office-bearers and 16 Units of BPBEA (Bengal Provincial Bank Employees Association) –

AIBEA was inaugurated at the close of the year 1945 with the declared objectives of organizing the entire body of bank employees and uniting them under a common banner, for protection against the onslaughts of bankers and the ruling classes, for improvement in their conditions in various spheres-economic, social, service security, democratic rights and so forth. The adopted guidelines were to build up the organization on the principles and norms of trade union democracy and functioning and to move in unison with and as a part of the working class on common causes.

In pursuit of these objectives by adhering to the said guidelines, bank employees made worthy advances during the 20 years that followed and with collective efforts the forces inimical to our class interests were kept at a distance. The position began changing materially thereafter. More so, in course of the negotiations for and after the signing of the 1st Bi-partite Settlement in 1966. You have given a good bye to what were precious to bank employees. Your overall approach at the last General Council Meeting at Baroda (December 1979) is but the culmination of this process.

You have embarked upon anti-employees, anti working class, pro-management, class-collaborationist, undemocratic and disruptionist activities hitting at the very roots of the objectives and guidelines of the movement and organization AIBEA represented. Instances are galore; we are confining here to only some of them.

In the sphere of Wages and other Service Conditions

The period between 1949 and 1962 was an era of continuous tribunalisation; an imposed third party intervening into and deciding the wages and other matters related to employees and employers in banking industry. There was enough of it and bank employees all over the country with a unified approach, carrying the sense and reality of organizational solidarity entered the path of struggle for direct negotiated settlement with bankers. The mighty movement that ensued throughout the country opened up immense scope in 1964 for an all-round furtherance of the employees' cause. But, taking advantage of the confidence that was reposed in you, you betrayed the cause and acted in a direction retrograde to the interests of the employees. In spite of this being pointed out, you rejected every dissenting voice and went ahead with your drifting trends by subjecting the employees to the bankers' desires.

In the 1st Bi-partite Settlement (1966) you accepted mechanization as a quid pro quo for wage revision. The disciplinary chapter which was an imposition by the Sastry Tribunal (1954) was also voluntarily agreed by you for continuance through this Settlement instead of altering it to employees' advantage in spite of the backing of the movement that preceded.

In the 2nd Bi-partite Settlement (1970) you accepted standardization of pay-scales at the level of Area-ll (instead of Area-l) and agreed for clubbing of incremental stages. These two together substantially reduced the employees' justificably eligible benefits. Throughout the whole period of negotiation, there was no call for agitation against the bankers' such derogatory proposals but the moment Reserve Bank employees by their agitational actions succeeded in thwarting similar proposals, you discovered anomalies in your initialed agreement and made a show of agitation. Ultimately, however, you struck the deal without a material change.

In the 3rd Bi-partite Settlement (1979), from the very start of negotiations, you conceded package deal as a condition precedent for talks. Though demands were framed in 1974, there was no movement for their realization and when Emergency was declared, you greeted it. You broke your slumber only after the Emergency and its makers were removed from the field. Several strike actions were initiated no doubt, but the moment the Government threatened Tribunal and penal measures, the call for indefinite strike from 2nd February 1979 was withdrawn. And, in the process, an ignominious settlement, based on a lump-sum figure without any principle and whatever the bankers themselves offered, was signed with acceptance of a lower rate (1.5%) of dearness neutralization than what was existing for the last two decades and surrender to bankers' and Government's dictates for a ceiling. Bonus as an issue was completely left out. Some of the bankers' demands on restrictive practices etc. were also conceded by you as a price for getting

D.A. @ 1.58% when the Reserve Bank employees secured this, in protection of the earlier neutralization rate, by their heroic struggle defying Tribunal, Ordinance, suspensions and arrests. The rest of the bankers' demands have also been made binding on the employees, once the eye wash of an Arbitration, voluntarily agreed, okays the said demands. Curiously enough, one of your luminaries in Canara Bank has signed an agreement with the management for enlargement of the Special Assistants' duties and responsibilities when the matter is pending before even such an Arbitration.

It is not just a mistake that you took lightly of the bankers' attacks in the shape of wide mechanization, computerization etc. That you are really partners for such attacks was manifest when you acted hand in glove with the management to sabotage 93-days' exemplary continuous strike of Grindlays Bank employees, the biggest bank employees' strike in our country. This was the climax of your betrayal on this issue.

In the Sphere of the Organization

Trade Union norms and democracy are words now alien to you. The AIBEA's New Delhi Conference in 1966 was inaugurated with the blood-shed of one who dared to raise a voice of dissent.

Anybody who questions your functioning or makes any unpalatable query, he is branded as internal disrupter, hidden saboteur and so on. He incurs your wrath, is subjected to multiple types of harassments including transfer to a remote area, and what not, to atone for the guilt. Things have come to such a pass that the employees dread you more than the management.

Which issue affecting employees is to be taken up and which not, is dependent upon your prior approval. If you do not like, on political grounds or autocracy or on consideration whether one worked or not in favour of you and your men in union elections, then dismissed employees should remain dismissed as was in United Bank; or, a suspended employee should remain suspended as is in Central Bank; or, since your men desire to have some of their men to be recruited blocking entry of others, as in United Industrial Bank, there must not be any murmur against such malpractice. These are but only a few of numerous such instances.

State level Conferences whether to be held or not to be held, the deciding factor is not the provisions of the Constitution but an assessment how far you and your men will have the majority. This happened in Orissa, in Bihar, in Assam (to cite a few cases) and this is exactly what is happening in West Bengal to-day where in spite of a decision in Working Committee as far back as nine months ago, and further reminded by a sizeable number of units three months back, there is no Conference even after three years though the Constitution provides for annual Conference. What about Working Committee meetings even? How many held in a span of more than three years, three or four! During a period when employees were seething in anger for action against bankers' adamancy, the working Committee meetings were convened once in December 1977; the next in December 1978. No meeting of the General Council was held ever since the last Conference.

In Orissa, in 1969, the date of the State Conference was fixed by yourselves and all preparations were made ready accordingly but when on the day of the Conference an assessment of the delegates assembled showed that you would not be in majority, you dictated withdrawal of the Conference and threats went round to the delegates asking them to go back. Majority of them however, withstood the threat, held the Conference as scheduled and elected a State Committee but that Committee was not recognized by you nor their elected

delegates allowed to enter the next Conference of AIBEA. Those who went were bodily thrown out of the camp and their belongings scattered in the street at dead of night. An ad-hoc Committee of your choice was imposed in Orissa and representatives of that ad-hoc Committee were accepted as delegates to the AIBEA Conference.

It is not in Orissa alone, such was the dictum-oriented Conferences in Bihar, in Assam, and in several other States you know well.

Any demand for secret ballot for voting in a Conference is something to you like a red rag to the bull. In the recent Conference of the employees of United Bank at Cuttack, those who made such a demand were physically beaten out of the Conference venue.

Whether the form of State Organisation should be unitary or bank-wise is also a matter to be decided not by the bank employees of the concerned State but by you and such decision will be varying from State to State according to what will ultimately suit you in determining your retention of power. Example Uttar Pradesh, example Rajasthan, also Madhya Pradesh.

In this fashion, by throwing to winds all norms and forms of democratic functioning, you have driven out many employees and union functionaries from the organizational orbit, forced them to the fold of INBEC (now NCBE) though it was established during the Emergency you so much hailed. Thus, by your actions you ushered in division in the bank employees' movement and organization. It does not, therefore, fit in your mouth to name them as deserters and disrupters.

It is no taboo for you to hob-nob with NCBE people at the top if it suits your own selfish purposes, also to jointly participate with NCBE in the Apex body formed for customer service, but, if employees of Union Bank decide to maintain the solidarity of their All India body in tact by organizationally associating with NCBE units, wherever they are in majority and without any precondition about each other's allegiance, that is to be treated by you as an unpardonable offence and this solidarity must be broken by floating rival unions and driving out the long affiliated unions from the State Units of AIBEA, as you have done, so that Union Bank management can rule roughshod in the advantageous position of parallel unions.

Plea against United Commercial Bank employees is different but purpose is the same – disruption. From its very inception, not to-day, the Calcutta-based union in this bank had on its roll members from States other than West Bengal also as per its Constitution. But this has become a very grave offence to you now and therefore everywhere rival unions are being floated with your patronage and guidance. You started the game in Orissa, extended this to Bihar and now spread the net in West Bengal and other States.

Though no plea is available against Reserve Bank employees, but since disruption of unions you have adopted as a matter of your organizational policy, here also it has to be a must. So rival unions are being floated in Reserve Bank at different places and affiliated constituents removed from your State Federation as in Bihar and in Andhra Pradesh. Reason is apparent. They uphold the banner of struggle and succeed on issues you succumb.

Disruption is also to be in the organization of Gramin Bank employees who have formed their own unions and federated.into an All India Body; the reason is again this much that some one not to your liking happens to be their President. So, a parallel body is your contemplation.

The same very motive of disruption is prompting you now to have a separate organization for officers also despite their

having one though your past shows that you left the officers in the lurch.

In the Sphere of Common Struggle with other Working People

You are so much puffed up with your imagined high-pedestal position that you do not care to be in the common struggle with other working people. Even if you sometimes do join, the attitude is as if you are doing so as a matter of pity to the others. The Rastriya Sangram Samity was a platform for united action formed by various central trade unions and office employees' federations and it was a fighting force in the year 1966 and those followed. It happened to be a common experience, however, that whenever there was any working committee meeting of your State unit in West Bengal for implementation of the programme of that Samity, there would necessarily be a debate for days together as to the necessity to join and on occasions the programme was not implemented even after the torturous process of unending debate.

From the year 1970 you drifted farther away from common struggle. You did not even care to participate in the Anti-Wage-Freeze Convention in 1975 (Delhi) convened by various central trade unions and office employees' federations. Those were your days of honeymoon with the then Government.

Even being a participant in the Public Sector Employees' Convention in 1979, you so managed that the decision for one day's strike by that Convention was not implemented in banks except in one or two States. At Delhi, circular was issued but only to be withdrawn hurriedly.

In the Sphere of Class Outlook

Right from the middle of nineteen-sixties you have been pursuing a line of class collaboration. This crystalised from 1969 onwards.

Nationalisation of banks was a move in the proper direction but your poseur in interpreting this action of the ruling circles as if a step towards socialism betrays how far you drifted from the concepts of the working class.

As against the Trade Union demand for workers' participation in every level of an industry's management-policy making to administration, to you the adoption of a workman director in a Bank's Board is joint participation in management. Such inflated ideas of yours have percolated down to the rank and file and that is why there is a scramble to-day for being a workman director, bringing in the trail corruption also. Though we know you will be itching for pointing a finger at us but there is no scope for creating confusion. What we say here is completely distinct from what constitutes the legal determination of the representative character of a union or federation for the right to nominate a workman director.

With such non-class outlook, it was not surprising that in the report of the General Secretary placed before the Conference in 1973 you termed the demand for a wage revision as a selfish demand of bank employees. In your talks you were not even hesitant to say that wages of bank employees have reached a saturation point.

Naturally not a single word was spoken by you against the conspiracy of the ruling circles to set the rest of the common men against the white collared employees, bank employees in particular, as being **high wage islanders.**

The climax of this class collaboration was reached when you gleefully **supported the Emergency** and went to the extent of saying that the declaration of Emergency was rather belated.

The same line of class collaboration prompted you not to move at all during the period of Emergency when the bankers came with heavy hand on the employees. To the utter surprise of all, you were found to be extra enthusiast for enforcement of discipline by bank managements during the period.

The same line of class collaboration prompts you to shut your eyes to the bankers' attacks through mechanization and other job killing methods and devices.

It is to avoid class struggle that you shun joining common struggle with other working people.

We had all these years been trying to ventilate our view points through the organizational forum. But by your decision in the General Council Meeting in Baroda in December 1979 you have made it clear that any differing voice will not be tolerated within AIBEA. Actions in carry forward of that decision have also been taken. Disruption at your guidance and patronage is now well ahead for completion. All our efforts to pursue you to shift from this dangerous course have been of no avail. There is nothing in sight to indicate that you are going to retrace your steps. But since Bank employees in general are the ultimate custodians of their destiny, we are addressing this open letter to you and simultaneously bringing the same to the notice of all bank employees.

15th September 1980

Yours Comradely,

Naresh Pal	Vice President	B.P.B.E.A.
Naresh Das	Joint Secretary	-do-
Jayanta Ray	Joint Secretary	-do-
S. Ziauddin Ahmed	Asstt. Treasurer	-do-
Baren Bose	President	Allahabad Bank Employees Union
Anil Dutta	General Secretary	-do-
Amalendu Sen	President	Bank of Baroda Employees'
Kalyan Kr. Sengupta	General Secretary	Association (West Bengal)
Aloke Banerjee	President	Bank of India Employees Union
J. Ray	General Secretary	-do-
N.C. Das	President	Bank of Madura Employees
Ashis Guha	General Secretary	Association.
A. Sen	President	Corporation Bank Employees
A. Sarkar	General Secretary	Association
T. K. Ghosh	President	First National City Bank
P. J. Bhattacharya	General Secretary	Employees Association
B. N. Bardhan	President	Indian Bank Employees Union

Japan Das	General Secretary	-do-
B. B. Ghosh	President	Indian Overseas Bank
S. Bhattacharya	General Secretary	Employees Union
Manoj Bose	President	National & Grindlays Bank
Amiya Nandi	General Secretary	Employees Union
Paresh Dhali	President	Punjab National Bank Sramik
Pradip Kr. Biswas	General Secretary	Union
Ashis Sen	President	Reserve Bank Employees
Susanta Barat	Secretary	Association
Nitya Bose	President	Sonali Bank Employees
Manabendra Ganguly	General Secretary	Association
Samir Dasgupta	President	State Bank of Bikaner & Jaipur
Manas Kr. Ghosh	General Secretary	Employees Union
S.K. Choudhury	President	United Commercial Bank
Shanti Bal	General Secretary	Employees Association
Santi Bardhan	President	Union Bank Employees
N.K. Shome	General Secretary	Association (W. Bengal)
K.R. Natarajan	Vice President	Vijaya Bank Employees Union
Balakrishna Shetty	General Secretary	-do-

Text of the Letter Addressed to the Units by the General Secretary, BPBEA on 24.09.1980–

It appears from printed leaflets recently distributed amongst the Bank employees and the posters displayed that you, along with 3 other Office-Bearers and Presidents and General Secretaries of 16 Units have sponsored a so-called Convention of Bank employees on 28-9-1980 as a step to organise and form a parallel organization with some oft-repeated and wild allegations against the AIBEA and BPBEA leadership. You and your other co-sponsors have been raising such allegations and slogans for the last 15 years on every platform and forum of the organization and decisions have been taken democratically from time to time on such matters within the forums of the organization. It is clear that you have still raised the same slogans again just to use them as covers to carry out your pre-planned design to disrupt this organization and the AIBEA.

You have thus chosen to disown your responsibilities as an Office-Bearer of this Association and/or do not have any more allegiance to this Association. In other words you have voluntarily ceased to be an Office-Bearer and/or a unit of this Association.

In the circumstances we have no alternative but to make it known to the Bank employees that you have decided on your own to voluntarily severe your connections with BPBEA and AIBEA.

Reply thereto by one of the Signatory Units – Bank of Baroda Emp. Assn. W.B. on 25.09.1980

"We are not surprised to receive your letter dt.24th Sept.'80 disaffiliating us from BPBEA. We, however, give below our reaction to your said letter for your information.

1. You have no locus-standi to address us as General Secretary of BPBEA since you have constitutionally ceased to be as such after 31st March 1978 as per clause '14' of the constitution of BPBEA.
2. You are absolutely correct that we have been levelling certain charges against the leadership of AIBEA since 1966 though we hold that our charges (of yourselves being anti-struggle, class-collaborationists, surrenderists and betrayers) were all based on facts, albeit unsavory.
3. We have all along been voicing our allegations and criticism strictly within organizational forums while you have preferred to use the organizational platform to disrupt and dismantle the organization itself as is evident from your letter under reference.
4. There being no constitutionally valid leadership of BPBEA for over $2\frac{1}{2}$ years past, we, with others, took initiative to organise a convention for a thread-bare

discussion of the state of affairs and to chalk-out a detailed scheme to get rid of a State Leadership constitutionally invalid and organizationally moribund. You have for your own convenience deliberately confused leadership with organization.

5. We cannot match your wild imagination that the proposed convention is a step to form a parallel organization. It is perhaps with a view to justify the parallel organizations formed in UCO Bank, Union Bank, RBI, to name a few, by your cronies under your veiled patronage that you have resorted to such flings. Our decision to sponsor the convention was moreover taken at our General Council, the highest forum available under our constitution. It is however, unfortunate for you that our method of taking a decision does not suit your style of Trade-Union functioning.
6. In any event you have no authority to disaffiliate us. As per clause 5(c) of the constitution of BPBEA only the Working Committee is empowered to suspend/cancel affiliation of any unit and the decision of the Working Committee, as such, also required ratification of the General Council "within two months from date". We however, thank you for corroborating our allegation of yourselves being undemocratic, autocratic and authoritarian by your letter under reference. You have in your unique style of functioning, not cared to consult the Working Committee or the General Council.
7. In fine, we shall request you to re-think whether we have ceased to be a unit of BPBEA or you have ceased to be its General Secretary.

FULL TEXT OF THE DECLARATION

Adopted unanimously at Bank Employees' Convention (West Bengal) held on 28th September 1980 at Thyagaraja Hall, Calcutta–

1. During a period when bank employees were subjects of untold miseries and humiliations due to absence of any wage-norm, service security, trade union and democratic rights etc., when 'hire and fire' was literally the order of the day in the employer-employee relations in banking institutions in the country, the All India Bank Employees' Association (AIBEA) was inaugurated in November 1945.

2. The objectives of this association, the AIBEA, was to unite the bank employees all over the country under a common bond, for protection against onslaughts of the bankers and the Government, for betterment of their economic conditions, for ensuring security of service, for realizing trade union and other democratic rights, and so forth.
3. For the fulfilment of these objectives, the organization was established on sound foundations of trade union democracy and functioning.
4. In context of class relations, the bank employees being an integral part of working class, the adopted guidelines of this movement and struggle launched by the working class, to act in close co-operation and unison with the mass of working people.
5. In the initial years of formation of AIBEA, with the aforesaid objectives before them, the employees of various banks in different parts of the country got tremendous impetus and enthusiastically moved forward to build the organization effectively and in the intensity. AIBEA put its worthy marks in the history of trade union movement and struggle. It had its great impact on the opposite class forces - both bankers and their mentors in government authority.
6. To halt the militant advances of bank employees the Government imposed Tribunal after Tribunal for deciding

their wages and other service conditions. This was the state of affairs till the year 1962. The break came in 1964 when AIBEA rightly took the decision for direct struggle in pursuit of achieving demands. Following the working class approach and methods of direct struggles, bank employees created a situation that forced the bankers to sit in for bi-lateral negotiations.

7. This was a good augury, but leaders of AIBEA faltered and instead of asserting the class approach to issues that led to the struggle, succumbed to the machinations of the bankers. In return for some wage revision, they swallowed the scheme of wide-spread mechanization; they allowed retention of the pernicious provisions of tribunal award regarding 'discipline'. The great upheaval of bank employees thus got a severe set-back at the hands of the leaders. This was in 1966. Last year's glorious strike by Grindlays Bank employees – the unprecedented and the longest (November 1979 – February 1980) – brought to surface what the 1966 Bi-partite settlement on mechanization really meant. AIBEA leaders openly sabotaged the struggle by asking the Delhi unit to turn black-legs. Subsequent bipartite settlements of 1970 & 1979 exposed how following the footprints of the first bipartite settlement, these leaders one after another surrendered the basic interests of the employees at the altar of bankers and the Government. Instead of resorting to working class struggles, a conscious acceptance of a reduction in dearness neutralization rate added with imposition of a ceiling, implicit consent for work load increases widening the process of mechanizations/computerization, stricter disciplinary measures etc. through a show of voluntary arbitration are further indications of the way these leaders have done serious harm to the employees' cause. These are nothing but instances of sheer betrayal.

8. Since the time of entering the dungeon of class collaboration, these leaders have been meticulously pursuing a course of drifting away from the rest of the working class as evidenced by non-participation in the anti-wage freeze convention of all central trade unions and office employees federations at New Delhi (1975), by participation in a similar type convention at Bangalore (1979) but not implementing the unanimous decision of countrywide strike on 14th September 1979 except in one or two States.

9. A manifestation of the extent of the collaboration of these leaders with the ruling classes became known when they utilized the bank employees' platform to hail 'Emergency' of 1975.

10. Bank employees naturally became vocal against what these leaders went on doing since 1966, detrimental to the employees' vital interests. To throttle such voice of difference, these leaders started systematic removal of the exponents of the differing views from the organization, started fragmentation by floating splinter, parallel and ad-hoc bodies and unions in various banks and regions, disaffiliation of non-conformist units from State Federations; e.g. Orissa (1969), Bihar (starting with Central Bank in 1978 and onwards), Andhra (1979), Kerala (1980), Ahmedabad (1979), Union Bank (Bombay in 1976 and in other states later on), United Commercial Bank (Orissa 1972, Bihar, West Bengal, Delhi), Reserve Bank (New Delhi, Nagpur, Madras, Hyderabad, Patna, Calcutta). There are numerous such cases in different parts of the country and banks.

11. In this State of West Bengal, the State Unit of AIBEA, the Bengal Provincial Bank Employees Association, have refused to hold meetings of the Working Committee

(excepting on 3 / 4 occasions during last three years) or of General Council which did not meet even once since last BPBEA Conference in 1977, and despite a decision one year ago is not only not holding the conference long overdue, its General Secretary, who himself has failed to get elected in his base unit for the last three years, but unabashedly continuing to cling on to his position in BPBEA, has on his own chosen to announce removal of 16 constituent units and 4 office-bearers namely, a Vice-President, 2 Joint Secretaries and Assistant Treasurer from their respective positions in the BPBEA, thereby preparing ground for their expulsion from the General Council of AIBEA.

12. In spite of repeated opposition and objections raised within the forums of the organization, ever since the days of the first bi-partite settlement in 1966, these leaders of AIBEA and their protagonists in different States and banks, have not only continued but widened their role of capitulation. As a logical carry forward of this role, they have in the AIBEA General Council meeting at Baroda in December 1979 decided upon eliminating all dissenting opinion within AIBEA and its Units, to ensure and perpetuate control over the organization by their coteries. In this process, they are out to break, in every possible manner, the unity of bank employees and their organizational solidarity so as to serve the bankers and their masters more effectively.

13. Thus, in the course of last one decade and more, these leaders have forced out of the organization several scores of thousands of employees. Now, gone are the days when the name of AIBEA symbolized a united body reflecting the aims and aspirations of bank employees, functioning under democratic norms and with the ideals, principles and outlook of the working class. AIBEA is now converted into a hunting ground for opportunists, self-seekers and careerist bureaucratic trade union bosses plagued by internecine feuds within themselves as a natural sequence. Its functioning today is that of a coterie; others are either to obey or to quit and if one fails to comply with either, he has to face expulsion. Expulsion/ disaffiliation is the dominant feature against those who have refused to oblige the leaders either to obey blindly or to quit and have expressed resentment by upholding proper view-points.

14. This Convention is convinced that the AIBEA and its State bodies under such capricious leaders have ceased to be a purposeful organization and unifier of bank employees to protect and advance their genuine and vital interests. The banner of AIBEA has been molested and torn asunder beyond repair by such leaders. It is of no avail to hover around it any longer.

15. This Convention, therefore, calls upon the bank employees in the State of West Bengal to rise in condemnation of the AIBEA leaders and their proteges in every bank, to take the unavoidable decision to dissociate from AIBEA and its State organ.

16. The Unions/Associations participating in this Convention decide in favour of secession from the BPBEA, the State Unit of AIBEA.

17. This Convention resolves to initiate establishment and building up of an appropriate mass organization of bank employees which

- will eschew the path of class collaboration,
- will be guided by the principles and norms of democratic trade union functioning,
- Will forge purposeful unity of bank employees – unity for struggle – to protect and extend their class interests,

- Will work in close co-operation with and as a part of the working class,

and

- make every endeavour to undo the severe damages done to the bank employees' material interest by the capitulating coterie that grips the AIBEA and its constituent State Units.
  - in the sphere of service security, wage-erosion, mechanisation/ computerization and so forth, and
  - in the sphere of organization by resort to calculative disruption, floating of splinter unions, expulsion and disaffiliation of units which do not toe their policies.

18. In the above perspective, this Convention resolves further to set up a Preparatory Committee entrusted with the task of holding a Conference for the State of West Bengal within 3 months from now or as soon thereafter as possible.

19. The Preparatory Committee consisting of 28 members with powers to co-opt others, is authorized to raise funds, frame a draft constitution, enroll unions provisionally, decide the basis of delegations, invite representatives of bank employees' unions/associations/federations in other States with a view to setting space the process of forming an all-India Organization, and take all steps necessary in this regard.

Report of the Secretary to the Delegates at the First Conference of AIBEA held at Calcutta on 20-21.04.1946 (Delegate Session):

"In an inaugural conference like this a report of the activities is not an expected one. I, however, propose to place before you the story of the genesis of the Association. The raison

D'etre lies in the right of existence. Every student of economics knows that Banking institutions render an invaluable service to the country by helping her industries and commerce. It is only logical to infer there from that those who give their life-blood for such institutions cannot be ignored. In fact during the present decade this profession attracted a considerable number of highly educated young men on clerical and other grades. But it is a matter of deep regret that excepting a few reputed, none of the Banks have anything like a fixed scale of salary and provident fund, etc, to offer to those who are rendering honest and sincere services. In most of the Banks appointment is made to suit the convenience of the Bank in such a way that it becomes prejudicial to the interest of the employee and very frequently attempts are made to strike a bargain at each stage of recruitment. As regards stability of service, in most of the cases, it may be termed precarious especially in smaller Banks. Dismissals are very frequent, whimsical and on flimsy grounds. In short, the plight of the employees in small Banks beggars description.

I may draw the attention of all of you present to a case reported in Amrita Bazar Patrika of the 16th instant. The headlines run thus "Scenes in Destitutes, Camp Bhadrolog graduate with wife and child among inmates". The report reveals that the unfortunate gentleman is a graduate of the Calcutta University and was once a Bank Manager. In spite of these qualifications, it appears that he is unable to earn his livelihood now, it may be presumed that only because that there is no stability of service that he has been thrown out of employment. When a former manager of a Bank goes to a destitutes' camp you can well imagine the fate of a clerk under similar conditions. Moreover, the news has been reported in the Press only because the gentleman with his family could find a refuge in the destitutes' camp. It is very likely that there are many such cases which go unreported.

You will agree with me that it is absolutely essential in the interest of all of us to remove the cause that drives a man to destitution; at least such uncertainties about future must be removed. Can it be achieved by individual effort? Before answering the question we should also consider the financial and economic position of the Bank employees in general. Can we take it for granted that the case reported, is an exception to the general happy and affluent condition of the Bank employees in India. Here much a clerk can afford to spend after recreation, whether his income allows him any recreation at all. I know that you will come forward with cases when in the name of salary a pittance is doled out to them which can scarcely enable a man to hold body and soul together, not to speak of spending for recreation.

Another important factor that requires to be considered is the hours of work. Is it a case of exaggeration when an employee of a Bank complains that the hours of work in banks are so uncertain, long and oppressive that a Bank employee can not enjoy social life and it would be foolish for him to appoint time for engagement during week days as there can be no certainty whether and when he would be able to return home from his duties? It appears that the Bank employees have houses to live in but they have no business with household duties other than a mid-night meal, a mid-night sleep and a hasty meal in morning. There is a proverb in Bengalee that children of Bank employees seldom meet their father when awake as the latter leaves home office when the children are still asleep and return from duty when they had already retired to bed. Naturally, each child requires its father to be introduced to it before it can recognize him.

Other institutions enjoy more holidays than the Banks. Consequently, in majority of cases the Bank employees are overworked. Our legislators are probably under the impression that they rendered immense service to the labour through statutory control over working hours. They have yet to be reminded that the word ‘labour’ includes Bank employees though in factory legislations they have been excluded. The bank employees’ case deserves more attention than Factory-hands as the former cannot refuse labour which is the privilege of daily wage earner. The Shop and Establishment Act does not go long enough to compel Banks and Banking institutions to obey the rules. The negligible extent to which the provisions of the Establishment Act is made applicable to Banks and Banking institutions is made ineffectual by laying down the rule that no court should entertain any case unless prior approval and sanction had been given for filing of the case by the Provincial Government in that behalf. The result is the Bank employees are left without any protection as no inspection of work in Banks are undertaken by the Department created for the purpose.

Such inequities cannot be removed by individual effort. This conference will be in a position to give a start to move to these aspects. I have mentioned only some of the psychological factors that inspired the conveners of the first meeting.

Gentlemen, the third November 1945 will go down as a Red Letter Day in the History of the Trade Union Movement in India as the middle class intelligentsia decided to form an Association on that day only a few yards off this building in Mahabodhi Society Hall where representatives of different Banks of different places met under the chairmanship of Mr. Nausher Ali, Ex-Speaker of the Bengal Legislative Assembly. The strong sentiments expressed during the meeting was unheard of and bold beyond exception. The very trend of discussion indicated that the suppressed feeling of Bank employees has been gathering momentum every day. At that meeting a Provisional Committee with Sri. K.C. Neogi, M.L.A. (Central) as President was set up for arranging to convene a conference of the Bank employees, to form the All India Bank Employees' Association. I will now give a narration of the activities of that committee which has enabled us to meet here today.

In the first meeting of the Provisional Committee four Sub-Committees, namely Constitution, Publicity, Organisation and Finance Sub Committees, were formed. All these Sub-Committees functioned regularly and issued circulars addressed to all Bank employees. The Constitution Sub-Committee drafted the Constitution for the proposed All India Bank Employees' Association which was placed before and was approved by the Provisional Committee. The draft constitution as all of you are aware was circulated among the delegates immediately the inaugural session was over to enable them to go through it carefully before they assembled for its consideration after lunch in the Subject Committee. The draft constitution as amended and altered by the Subject Committee will be placed before you for consideration. The Organisation Sub-Committee helped the employees of different Banks in forming what may be called "Body of Persons" as considerable difficulties were experienced in setting up Association or Unions in the strict sense of the term. Appropriate provisions have, therefore, been made in the constitution to take cognizance of and affiliate such bodies though they may not be covered by the Trade Union Act. I have no hesitation to admit that the position is depressing but the condition of Bank employees is far more so and in fact pitiable. Nothing in this world is static and the society is moving very fast. The change itself will overtake their fear and inertia and I believe that they will suddenly find themselves thrown into the vortex of this process of change and compelled to regular unions in due course. A Reception Committee was also formed for making necessary arrangements for taking care of delegates from different parts of the country from forty eight unions of Calcutta

Banks employees and twenty five Mofussil Bank employees and also to arrange for this Conference. I trust that the volunteers have been able to assist and satisfy you.

I would like to draw your attention to the urgent problems which we shall have to face very soon and it is essential that the Association should give the correct and inspiring lead for their solution. I have already referred to the unemployment problem. Large numbers of educated youngmen are being retrenched from various offices and factories especially from Army and Allied Establishments. The problem is gradually growing in dimension. The Government being unable to provide for them may try to influence the Bank employers to employ these retrenched men at the expense of the permanent staff which will result in sowing the seeds of mutual ill-feeling between us. Greedy and unscrupulous employers are likely to take advantage to this situation by further reduction in the present Scale of Pay or cutting down Dearness Allowance and other emoluments. I think immediate determined steps should be taken by the All India Bank Employees' Association to safeguard our interests.

I have already drawn your attention to the necessity of proper legislation to regulate and check the working hours and working condition and to protect the rights of the Bank employees, but mere legislation without a machinery to enforce the provision and a determination to root out the negativism is destined to failure. Of course the best policy is self help and God helps those who help themselves. I hope that the conference will also put forward its demand for statutory safeguards.

Gentlemen, I thank you all for the patient hearing you have given to me.

UNITY IS STRENGTH AND VICTORY WILL BE OURS
Jai Hind."

In all 15 Resolutions on various Demands and Issues were moved and passed; one significant Resolution amongst them was : "Resolved – that the All India Bank Employees' Association be affiliated to the All India Trade Union Congress" (Resolution No.10).

The Committee elected from the First Conference of AIBEA –

President	Mr. K.C. Neogy, M.L.A..(Central)
Vice Presidents	Dr. D. N. Sen, MA, Ph. D. Dr. Suresh Ch. Banerjee, M.L.A. Mr. G. D. Desai (Exchange Bank of India and Africa) Mr. J. N. Sen, B.A., FRES.(Lond) (Calcutta Comml. Bank) Mr. D. M. Lahiri, M.A., B.L (East Bengal Comml. Bank)
General Secretary	Mr. R. C. Chakraborti (Bank of India)
Asst. Secretaries	Mr. Sunil Choudhury (National City Bank of New York) Mr. G. S. Rao (Bank of Baroda) Mr. Sudhin Biswas (Allahabad Bank) Mr. B. Bhattacharjee (Pioneer Bank)
Treasurer	Mr. N. C. Moitra (Hindusthan Mercantile Bank)
Asst. Treasurer	Mr. Naresh Chandra Paul (Central Bank of India)
Members	Mr. Kshiti Mohan Mukherjee (Comilla Union Bank) Mr. Indu Bhusan Das Gupta (Calcutta Commercial Bank) Mr. Manash Ranjan Roy (Hooghly Bank) Mr. Bibhuti Bhusan Basu (Imperial Bank of India) Mr. Debabrata Ghosh (Do) Mr. Benoy Lal Ghose (Pioneer Bank) Mr. Prithwish Roy Choudhury (Lloyds Bank) Mr. K. C. Mukerjee (Hindusthan Commercial Bank) Mr. R. Dutt Roy (Tripura Modern Bank) Mr. S. Banerjee (Bank of India) Mr. G. H. Dhar (Comilla Union Bank) Mr. Narayan Sarkar (United Commercial Bank) Mr. Mr. K. P. Bagchi (Murshidabad) Mr. Nagendra Kumar Choudhury (Comilla) Mr. Hrishikesh Bhattacharjee (Chittagong) Mr. Kanai Lal Roy (Burdwan) Mr. Chittaranjan Banerjee (Khulna) Mr. Sibdas Bhattacherjee (Rajshahi) Mr. B. P. Kar (Dinajpur) Mr. Benoy Roy (Mymensingh) Mr. Nirmalendu Bhattacharjee (Siliguri) Mr. Hiten Roy (Dacca)

From the above, it may be very much clear that the members of the Committee were elected from different parts of undivided Bengal alone. The Central Committee was, therefore, authorized to co-opt 12 more members from the provinces outside Bengal to look it more of an all India nature.

Leaders were also hesitant to use 'Comrade' preceding the names of the Committee elected lest it attracted more fury and attacks from the Bankers-Governments combine in those days, hence the word 'Mr.' preceded the list of names.

Names of the Units affiliated with AIBEA since foundation till mid-1947 (in a span of a little over one year)

Tripura Modern Bank Empl. Union
Employees' Union Eastern Trades
Bank Ltd.
Calcutta Industrial Bank Empl. Assn
Allahabad Bank Indian Staff Assn.
The Bank of Baroda Ltd Calcutta Staff Assn.
United Industrial Bank Employees' Association
The Chartered Bank of India, Australia
And China Local Staff Union
Bank Employees' Assn, Chittagong
Central Bank of India Empl. Assn.
Hind Bank Ltd. Empl. Union
Prabartak Bank Ltd. Employees' Association
Comilla Union Bank Empl. Assn.
Comilla Banking Corpn. Empl. Assn.
Murshidabad District Bank Empl. Assn.
The Chandpur Bank Empl. Assn.
National Security Bank Empl. Assn.
Associated Bank of India Ltd. Emp. Assn.
Pioneer Comml. Bank Empl. Assn.
Nath Bank Employees' Association
Bank Employees' Association
(P.O. Brahmanbaria, Tripura Dist.)
Bank Employees' Association, Dinajpur
Indian Bank Workers' Union, Khulna
Rajshahi District Bank Empl. Assn.
Giridih Bank Empl. Assn.
Bank of Assam Employees' Association
Girish Bank Employees' Union

Bhagalpur Bank Emp. Assn.
Habigunj Bank Employees' Assn.
United Comml. Bank Emp. Assn.
Calcutta Natl. Bank Empl. Assn.
Bank of India Ltd. Empl. Union (Calcutta Branches)
Dinajpur Bank Employees Union
Aryan Bank Employees' Assn.
East Bengal Commercial Bank Employees' Association
Hindusthan Commercial Bank Employees' Association
National Bank of India Ltd. (Calcutta Branch)Union
Pioneer Bank Employees' Union
Satkhira Bank Employees' Assn.
The Hooghly Bank Empl. Union
The Bank of Behar Ltd. Employees' Union
Mahaluxmi Bank Empl. Union
Das Bank Employees' Union
The Bank of Jaipur Empl. Assn.
Calcutta Comml. Bank Emp. Union
Noakhali Union Bank Empl. Assn.
Bank Empl. Assn. of Tripura State
Ballygunge Bank Empl. Assn.
The Siliguri Bank Empl. Assn.
The Bank Employees' Union Warrangal,
N.S. Railway. Employees Welfare Association
The Sylhet Industrial Bank Ltd.
Silchar Bank Empl. Assn.
Rajbari Bank Empl. Assn.
Comilla Bank Emplyees' Assn.
Bengal Provincial Co-op. Bank Employees' Association
Bengal Central Bank Emp. Assn.
Narayanganj Bank Emp. Assn.
Hindusthan Mercantile Bank E A

Bharat Bank Employees' Assn.
The Bank Employees' Association of Gaya
U. P. Provincial Bank Employees' Union
Imperial Bank of India Indian Staff Association (Bengal Circle)

(Source : AIBEA)

From the list of the affiliated Unions as shown above it may be clear that Bank unions were at formative stage those days. AIBEA also had no choice but to affiliate State, District, even Town based unions of even individual small banks All India Bank Federations, even State bodies were in a very embryonic stage.

AIBEA Conferences held from Preparatory Committee Meeting till 1980 (Before formation of BEFI)–

Preparatory Committee Meeting	Calcutta	3.11.1945
Foundation Conference	Calcutta	20-21.04.1946
Second ,,	Lucknow	25-26.12.1947
Third ,,	Jalandhar	29-30.09.1950
Fourth ,,	Delhi	29-30.04.1951
Fifth ,,	Lucknow	1-2.08.1953
Sixth ,,	Madras	17-19.10.1954
Seventh ,,	Bombay	14-17.10.1955
Eighth ,,	Calcutta	18-20.09.1956
Ninth ,,	Varanasi	29-31.01.1958
Tenth Conference	Bangalore	3-7.02.1959
Eleventh ,,	Hyderabad	April 1960
Twelfth ,,	Calcutta	10-13.09.1962
Thirteenth ,,	Trivandrum	9-13.02.1964
Fourteenth ,,	Delhi	27.06-01.07.1966
Fifteenth ,,	Pune	23-26.12.1968
Sixteenth ,, (Silver Jubilee Conf.)	Delhi	16-19.04.1971
Seventeenth Conference	Madras	4-7.08.1973
Eighteenth ,,	Amritsar	20-23.03.1976
Nineteenth ,,	Allahabad	23-26.11.1980

Conferences of BEFI held since its foundation in 1982

Conference	Venue	Date
Foundation	Calcutta	October 14-15, 1982
Second	Kanpur	December 20-22, 1986
Third	Madras	August 15-17, 1990
Fourth	Patna	September 24-26, 1994
Fifth	Cochin	January 23-26, 1999
Sixth	Kolkata	January 4-8, 2003
Seventh	Hyderabad	January 7-10, 2007
Eighth	Bhubaneswar	January 22-25, 2011
Ninth	Patna	February 7-10, 2015

Names of Office bearers and Advisers since 2nd Conference of BEFI :

2nd Conference held on December 20-22,1986 –

President : Naresh Paul
Vice Presidents : Nesar Ahmed Khan (Bihar)
Naresh Das (W. B.) Arjun Prasad (U.P.)
V. Rajagopalan Nair (T. N.)
Prakash Pande (Andhra)
General Secretary : Ashis Sen
Joint Secretaries : S. R. Bal (W.B.)
G. M. V. Nayak (Maharashtra)
S. N. Panda (Orissa)
P. Sadasivan Pillai (Kerala)
Uddhab Kakati (Assam)
Treasurer : S. Ziauddin Ahmed (W.B.)

3rd Conference held on August 15-17,1990 :

President : Naresh Paul
Vice Presidents : Nesar Ahmed Khan (Bihar)

		Naresh Das (W.B.) Arjun Prasad (U.P.) V. Rajagopalan Nair (T.N.) Prakash Pande (Andhra)
General Secretary	:	Ashis Sen
Joint Secretaries	:	S. R. Bal (W.B.) G. M. V. Nayak (Maharashtra) P. Sadasivan Pillai (Kerala) Uddhab Kakati (Assam) Harish Sharma (Delhi) Pradeep Sarangi (Orissa)
Treasurer	:	S. Ziauddin Ahmed (W.B.)

4th Conference held on September 24-26,1994 –

President	:	Naresh Paul
Vice Presidents	:	Nesar Ahmed Khan (Bihar) Arjun Prasad (U.P.) Prakash Pande (Andhra) Santi Bardhan (WB) Uddhab Kakati (Assam)
General Secretary	:	Ashis Sen
Secretary	:	S. R. Bal (W.B.)
Joint Secretaries	:	G. M. V. Nayak (Maharashtra) P. Sadasivan Pillai (Kerala) Harish Sharma (Delhi) Pradeep Sarangi (Orissa) K. Krishnan (Tamilnadu) Pradip Biswas (WB)
Treasurer	:	N. K. Shome (WB)

5th Conference held on January 23-26,1999 –

Advisor	:	Naresh Paul
President	:	Ashis Sen
Vice Presidents	:	Arjun Prasad (U.P.) Prakash Pande (Andhra) Uddhab Kakati (Assam)

		S.R. Bal (W.B.) B. Prasad (Bihar) M. S. N. Rao (Tamilnadu)
General Secretary	:	Santi Bardhan (WB)
Secretary	:	P. Sadasivan Pillai (Kerala) G.M.V. Nayak (Maharashtra)
Joint Secretaries	:	Harish Sharma (Delhi) Pradeep Sarangi (Orissa) Pradip Biswas (WB) K. Krishnan (Tamilnadu) S. Revanna (Karnataka) A. K. Ramesh Babu (Kerala)
Treasurer	:	N. K. Shome (WB)

6th Conference held on January 4-8, 2003 –

Advisors	:	Ashis Sen Shanti Ranjan Bal
President	:	P.S. Pillai
Vice Presidents	:	Uddhab Kakati, B. Prasad M. S. N. Rao Samir Ghosh Ashok Ghosh M. V. Madhav Rao
General Secretary	:	S. Bardhan
Secretaries	:	G. M. V. Nayak Pradip Biswas
Joint Secretaries	:	Pradeep Sarangi, K. Krishnan S. Revanna A.K. Ramesh Babu M.L. Malkotia Barun Biswas
Treasurer	:	N.K. Shome

7th Conference held on January 7-10, 2007 –

Advisors	:	Ashis Sen Shanti Ranjan Bal
President	:	P. S. Pillai

Vice Presidents	:	Santi Bardhan
		M. S. N. Rao
		Uddhab Kakati
		B. Prasad
		M. V. Madhav Rao
		Sayeed Khan
General Secretary	:	Pradip Biswas
Secretaries	:	G. M. V. Nayak
		K. Krishnana
Joint Secretaries	:	Pradeep Sarangi
		M. L. Malkotia
		A. K. Ramesh Babu
		Pranab Chowdhury
		Joydeb Dasgupta
		M. R. Shenoy
Treasurer	:	N. K. Shome

8th Conference held on January 22-25, 2011 -

Advisors	:	S. R. Bal
		S. Bardhan
President	:	A. K. Ramesh Babu
Vice Presidents	:	MSN Rao
		GMV Nayak
		B. Prasad
		Abdul Sayeed Khan
		M. R. Shenoy
		J. Guria
General Secretary	:	Pradip Biswas
Secretaries	:	K. Krishnana
		Pradeep Sarangi
Joint Secretaries	:	Joydeb Dasgupta,
		P. Venkatramaiah
		G. N. Pareekh
		C. J. Nand Kumar
		Dinesh Kakati
		Sukhomay Sarkar
Treasurer	:	N. K. Shome

All India Bank Strikes in the Industry since formation of AIBEA

1954 September 23	:	Against Modificaion of LAT Award by the Government of India
1955 January 6-7	:	For implementation of Choksi Formula for adjustment of wage cuts from future increments
1968 February 28	:	Against anti-employee provisions (Sec.36AD and 54AA) of the Social Control of Banks Bill.
1970 September 18 & 22 2 hours Strike	:	For Removal of anomalies in 2nd bipartite understanding.
1970 September 24 3 hours Strike	:	-do-
1970 September 28 4 hours Strike	:	-do-
1978 December 29-30	:	For 3rd Bipartite Wage Settlement

Strikes Called/ Participated by BEF/BEFI since 1981/1982 till introduction of the era in the name of Financial Sector Reforms –

1981	March 11	All India Public Sector Strike
1981	September 11	General Strike against ESMO
1983	September 06	**First Independent Strike by BEFI** for Recruitment, against Mechanisation, attack on employees.
1985	September 24	Strike in the Banking Industry at the call of BEFI against Indiscriminate Computerisation
1987	January 21	Public Sector Strike against Privatisation move

1987	November 27	All India Bank Strike by BEFI for inclusion in Bipartite Talks
1989	August 11	All India Bank Strike
1990	May 15	All India Bank Strike

All India Bank Strike Against IBA / Government Policies:

1991	September 6	Against Narasimham Committee Report
1992	April 30	On Demand of Pension for All
1993	March 29	Joint Strike on Pension
1993	October 4	On Demand of Pension
1994	February 17	Against Privatisation (BEFI-AIBEA-AIBOA)
1994	May 11	Against Amendment of Banking Companies (Transfer & Acquisition) Act (BEFI-AIBEA-AIBOA)
1995	August 31	On Wage Revision (AIBEA-BEFI-INBEF-NCBE)
1995	September 26-27	Joint All India Bank Strike on Wage Revision
1996	July 4	Against Local Area Private Banks
1997	August 28-29	Against IBA's Offensives by UFBU
1999	January 12	On Early Bipartite Settlement (UFBU)
1999	December 1	Strike by BEFI and AIIEA against IRDA Bill
2000	April 18	Strike in UCO, United Bank and Indian Bank Against Non-payment of Bipartite Arrears

2000	November 15	Bank Strike Against VRS and Privatisation
2000	December 21	UFBU Strike Against Disinvestment
2004	August 24	UFBU Strike For Expeditious Bipartite Settlement
2005	March 22	UFBU Strike Against Merger Move of Public Sector Banks
2006	July 28	Strike on Some Major Issues(BEFI-AIBEA-AIBOA)
2006	October 27	Strike by UFBU on Major Issues
2008	January 25	By UFBU - Pension and Early Bipartite Settlement
2008	September 24-25	By UFBU on Both the Above Demands
2009	August 6-7	By UFBU on the Same Demands
2011	August 5	Against Banking Laws, Outsourcing, Khandelwal Committee Recommendations and Demanding Recruitment
2012	August 22-23	Against Banking Laws (amendment) Bill, 2011 and Recommendations of Khandelwal Committee
2012	December 20	Strike by BEFI-AIBEA-AIBOA against Banking Laws (Amendment) Bill, 2011
2013	December 18	By UFBU for Early Wage Negotiation and Against Banking Reforms
2014	February 20-21	Do
2014	November 12	Do

(Taking 2-day Strikes on 6 occasions membership of BEFI observed 34 days strike between September 6, 1991 and December 2014, Further 4 days' Zonal Strikes at the call of UFBU on December 2 to 5, 2014).

General / Industrial Strikes Participated by the Members of BEFI in the Country Against New Economic Policy of the Central Government :

1991	November 29	All India Industrial Strike
1992	June 16	Bharat Bandh against Anti-people Policies
1993	September 9	All India General Strike against IMF-World Bank move
1994	September 29	Industrial Strike called by Central Trade Unions
1998	December 11	Industrial Strike by Natl. Platform of Mass Organisations
2000	May 11	General Strike against Government's Economic Policies
2002	April 16	Industrial Strike against Privatisation
2003	May 21	Industrial Strike against Privatisation
2004	February 24	All India General Strike at the call of the Left Central TUs (UFBU joined the Strike action)
2005	September 29	All India General Strike against anti-people policies
2006	December 14	All India General Strike at the call of the Sponsoring Committee of Central Trade Unions (UFBU joined)
2008	August 20	General Strike called by Central Trade Unions 2010 September?

2010	September 7	General Strike called by Central TUs (UFBU joined)
2012	February 28	General Strike called by Central TUs (UFBU joined)
2013	February 20-21	General Strike called by Central TUs (UFBU joined)

(Taking into account 15 days' Industrial Strikes/Bandhs etc BEFI members participated in 49 days' strikes – 34+15 –since 1991 during a span of 24 years, + 4 days' Zonal Strikes in December, 2014)

A Few of the Valuable treasures

- **Pension as Third Benefit :**

  What the employees' organisations in the Banking Industry and Financial Institution think?

  Bank Employees Federation of India Circular No 10/90 Dt. 24 March 1990 :

IBA has offered to the negotiating Unions (AIBEA/NCBE) introduction of a Pension Scheme in Banks (where it does not exist at present as a super-annuation benefit) on the Central Government pattern. But this will be in substitution of employer's contribution to Provident Fund and not as 3rd retirement benefit, as demanded by the employees. In other public sector industries such as Coal, Steel, Oil etc., the principle of pension as 3rd retirement benefit in addition to Gratuity and employer's contribution to P.F. has been accepted. In the banking industry itself pension is available to employees in State Bank, Allahabad Bank and Foreign Banks as the third retirement benefit. Yet, as it appears, AIBEA leaders are inclines to accept the IBA's proposal to introduce pension in lieu of Bank's contribution to P.F. This would divide the employees according to age group. Compared to Provident Fund, Pension would be beneficial to pretty senior employees retiring now or within the next few years, because in their cases accumulation on account of Bank's contribution to P.F. is low. But for the overwhelming number of employees who will be retiring later and those joining the banking service hereafter the benefit under Provident Fund due to higher accumulation accruing from the increased pay-structure and the recently enhanced rate of contribution (from 8.33% to 10%) would be much better than the entitlements under the pension scheme. BEFI, therefore, re-iterates its demand for pension as 3rd retirement benefit, not by surrendering Bank's contribution to P. F.

In Reserve Bank the management has unilaterally decided to introduce a pension scheme in total substitution of Bank's contribution to P.F. disregarding the disagreements of All India Reserve Bank Employees Association who have been demanding pension as 3rd retirement benefit. In LIC/GIC also AIIEA is demanding pension as 3rd retirement benefit. A common stand in the matter can be adopted by the Unions in Banks, Reserve Bank and LIC/GIC. BEFI will strive for it. In the meantime the units are requested to highlight the demand for pension as 3rd retirement benefit and give suitable reply to the canard that is being spread by interested quarters against AIRBEA to create confusion among employees.

National Confederation of Bank Employees
Why NCBE opposed to Pension Proposal of IBA

Similar views were also expressed by NCBE in their Circular NO. 4/90 of 12. O3. 90 also. To quote a few lines from their Circular - "We would not like to criticise the role of any trade union but in this case of pension, we feel that the AIBEA having withdrawn the demand of Pension during the 5th Bipartite negotiations, when we could have achieved Pension as 3rd retiral benefit has greatly damaged the cause of the Bank employees for Pension as 3rd benefit. It has damaged the cause further by accepting the proposal of I.B.A. for

introduction of the Pension Scheme against Bank's contribution to Provident Fund. The Negotiating Committee of N.C.B.E. has reiterated its demand of Pension as 3rd benefit and at the same time has asked the IBA to furnish full scheme of Pension so that the same may be placed before the National Executive Committee of N.C.B.E. as also before the Bank employees for debate.

All India Insurance Employees' Association

"Pension as a third retirement benefit has already been accepted in Sectoral institutions like COAL and SAIL with contribution by the employers. The Oil companies too have introduced pension in addition to PF. The LIC & GIC managements, with the enormous growth and prosperity, should create a Pension Fund which may have a contributory system as provided in some of the Public Sector institutions, the meeting observed." (Quoted from Insurance Worker)

All India Bank Officers' Confederation

The Government and IBA however have a closed mind on the issue. Consequently all efforts to secure a negotiated settlement on the issue of pension have failed. Bank officers and employees have waited patiently for decades in the hope that the Government would see reason and concede the demand for the most essential social security measure for them. The hopes have been totally belied. The Council is of the view that this issue can brook no further delay and that a settlement has necessarily to be forced through collective actions. (Ref: Common Bond, Vol.8 No.11, February, 1990)

MEMORANDUM SUBMITTED TO THE NARASIMHAM COMMITTEE ON FINANCIAL SYSTEM AS ON OCTOBER 1991 :

We thank the High Level Committee on Financial System for inviting our views on the subject before it.

In our opinion the financial system, which covers the banking and various other financial institutions, has over the years developed dysfunctional stresses and strains underlying the urgent need of structural reforms. Though the necessity of such reforms for the banking system received attention in the past also and as many as three Commissions, viz. Saraiya Commission, James Raj Commission and Manubhal Shah Commission had studied the matter and submitted reports, yet nothing tangible was found in practice for betterment. As a result, despite spectacular success of bank nationalization, excessive bureaucratization, ad-hocism, cheap populistic gimmicks, unhealthy and unethical competition, overlapping of functions of various institutions and lack of managerial and executive accountability have led to serious aberrations.

The situation demands an integrated review of all aspects of the financial system. But the stipulated time-frame is, in our opinion, quite inadequate for a real comprehensive study of the entire gamut in all its ramifications. We are also of the opinion that to draw correct conclusions it is necessary to have widest possible interaction with the State Governments, trade unions not only in banks but in other financial institutions and also working class and peasants' organizations, associations representing various economic interests, eminent economists etc. The recommendations of the committee should not be a tailor-made affair to accommodate any particular view point ignoring the alternatives and pushed through with undue haste.

Terms of Reference

The Committee's terms of reference are very wide, apart from being vague in many respects. This makes it difficult to other specific suggestions point by point, more so, in absence of a questionnaire. Whatever the compulsions, such short-cut approach will not help evolving an appropriate financial system

which will really conform to the national requirements and aspirations of the vast multitude of the people of our large country in her plans to develop. We say this on the basis of the experiences gathered by us as employees of banks and other financial institutions as we realize the importance of such an in-depth study. It is, therefore, considered imperative that the time-framer for finalization of the Committee's report is extended so as to enable the Committee to prepare a comprehensive questionnaire for obtaining specific information and opinion and give opportunity to all concerned some named above – to place their views for an effective interaction.

Efficiency & Effectiveness

The foremost importance of the efficiency and effectiveness of the financial system in the national economy requires no elaboration. On it depends the growth of our economy and prosperity of our people. The system has, therefore, to be responsive to the needs of the situation and conform to the national objectives and priorities, having regard to the state of the economy and living conditions of the vast millions of our people. We should not blindly imitate other countries. From this viewpoint, we are of the firm opinion that the financial system and its various components should be so re-structured as to make it a real instrument of economic progress, eradication of poverty, generation of employment improvement in the income, purchasing power and standard of living of our people with particular attention to the weaker sections living below the poverty line and removal of existing regional imbalances in spread of banking and other financial services, for balanced development of industry, agriculture and other economic activities. These should be the national objectives and priorities and the financial system should be restructured as effective means to achieve these ends.

Multiplicity of financial institutions

There are multifarious types of financial institutions now-some of them overlapping the other. In the public sector, there are institutions such as nationalized banks, regional rural banks, IDBI, ICICI, IFCI, NABARD, IRBI, DFHI, DICGC, EXIM Bank, LIC, GIC, UTI etc. At the State level there are Co-operative sector, State Financial and Industrial Development Corporations. In the private sector, there are foreign banks, small non-nationalised banks, non-banking financial institutions etc. Added to these, Mutual Funds have come into existence. It needs re-examination whether so many long-term lending institutions having activities more or less common in nature shall continue to have parallel functions or streamlined and put together to obviate overlapping.

Need to strengthen public ownership

The financial resources harnessed by these institutions are in the main contributions and deposits by wider masses of our people and therefore, they have to be utilised in a way that helps uplifting the conditions of the masses and not allowed to be cornered by a coterie. Ironically, the big business always borrows large sums from these institutions but seldom contribute funds.

On the country's population 80% happen to be in rural areas. The emphasis should, therefore, be on diversified use of the resources for developmental activities and to meet the credit needs of agriculture, marginal farmers, landless peasants, sharecroppers, artisans, small traders, agro-based cottage and small industries, animal husbandry, pisciculture and various other branches of rural economy which promote employment and generate income for the economically weaker sections of our people.

Our industrial establishments are mostly concentrated in a few centres. The urgency of their spread for a balanced growth in all parts of the country is very much important. A dispersal of the institutional resources should, therefore, have to be so conditioned that this purpose is fulfilled. Industrial sickness is a major problem before our economy. Timely assistance to sick industries checks stagnation and in turn helps recycling of bank funds. Judicious use of institutional credit to tackle the problem of industrial sickness should receive urgent consideration.

Bearing in mind unrecorded second-hand financial transactions and the expanse and impact of black money circulation it is considered imperative in our opinion to ensure that all types of fund mobility should be channelised through banks. 'Hawala' operations must be banned. This will not only help checking illegal financial activities but also strengthen the banking system.

The system has thus to be restructured so as to be commensurate with the above objectives. Vast expansion of banking services in post-nationalisation period to bring them within the reach of the people in remote areas is no doubt in the right direction so as to ensure the flow of credit to hitherto neglected sectors. But the concept of "consolidation" of whatever has been done bsically contradicts "mass banking" and is aimed at return to "class banking" which we oppose. Large areas are yet to be covered by bank branches. This has to be overcome by opening of more and more bank offices in rural areas so that within a period of, say seven years, there can be one office for every 7,500 population. The rapid growth of the system has no doubt created structural and managerial problems which have to be removed at the earliest and it is perfectly possible to improve the efficiency of the public-sector banks by introducing necessary changes – structural and managerial. But to advocate privatisation as the remedy is totally fallacious and should be discarded. By creating past skewiness in distribution of credit and constraints in national priorities, privatisation will not only divert the banking system of its overall developmental functions and lead to cornering of resources but will also make it vulnerable to security risks of public money as was witnessed in the recent moratorium of several private-sector banks which had to be merged with the nationalised banks.

Therefore, although confining our views mostly on the restructuring of the banking industry, we would stress that the entire financial system should be brought under public sector and strengthened. No private institution, whether foreign or Indian, should be allowed to operate and all private sector banks including the foreign ones as well as the non-banking financial institutions should be nationalised. This is our first proposition on restructuring.

Central Authority

As at present, lack of co-ordination, absence of a coherent policy, ad-hocism, overlapping of functions, hazards of bureaucratic outlook and approach dominate the functioning of the financial institutions. All these are affectng the operational efficiency and effectiveness of the financial system. To remove these ills, and for a balanced deployment of the financial resources according to national objectives and priorities our second proposition is to bring all the financial institutions under the overall control of an autonomous central authority, say, National Banking and Financial Council (NBFC).

It shall be the principal policy-making body on financial and banking affairs and issue guidelines thereof in consonance with the general policies of the Government. It shall be

answerable to the Parliament. It should be composed of representatives of the Union Government, State Governments, and also representatives of the organisations of working class and peasantry and different economic interests in a balanced manner. Its task will be to fulfil the targets set by the Planning Commission.

Reserve Bank of India

The role and functions of the Reserve Bank as the central bank of a developing country like ours should be strengthened and extended. In addition to these responsibilities, it will be the operational institution for implementation of the policies of NBFC.

Reserve Bank has to a large extent been virtually reduced to a department of the Finance Ministry with consequential vitiation of its real controlling powers. This position should be reversed, its role as adviser to the Government wth full functional autonomy should be restored with accountability to the NBFC and the Parliament.

With the ushering of the NBFC as proposed above, a separate Department of Economic Affairs of the Government should cease to be of relevance.

In the backdrop of our suggestions for reorganisation of the banking and financial system and the operation of credit policy envisaged in following paragraphs, a devolution of effective authority and powers to the Regional Boards of Reserve Bank will be necessary. In the Central and Regional Boards of the Bank there should be appropriate representation of the working class, peasants and the Banks' employees. The Regional Boards should also have representation of the concerned State Governments.

Commercial Banks

The commercial banks should be so restructured as to ensure balanced deployment of funds, removal of regional imbalances in credit-deposit ratio, elimination of excessive and unfair competition within the banking system. Such restructuring should be done after adequate consultations with the State Governments who should have a large say in the conduct of affairs of the reconstituted commercial banks operating in their respective States.

The size of the reconstituted banks should not be unwiedly. Each of them will operate in a specific geographical area and will bear the responsibility for the development of that area. Within the broad format of guidelines laid down by the NBFC and Reserve Bank each such bank will work in close co-ordination with the State Planning Authorities and should be able to respond to the local needs effectively.

Foreign Banks

The offices of foreign banks operating in India should be taken over by the reconstituted nationalised banks. Pending such take-over, foreign banks should keep 10% of their Indian deposits as capital with Reserve Bank of India. They should be debarred from doing only selective business with an eye to profit alone. They should adhere to the rules and norms of developmental banking like the nationalised banks and shall enjoy neither any relaxation nor any edge in competitiveness.

Regional Rural Banks

The Regional Rural Banks should stay to maintain continuity of credit flow to the target group, otherwise the latter will suffer and be thrown back to become victims of money lenders again. Since their establishment, the Regional Rural Banks have done a significant job in bringing institutional credit to

the rural areas of our country even in many inaccessible remote corners. The economically weaker sections of rural areas have been benefitted. The viability of these banks should not be viewed from the angle of unitwise commercial profits – it was also not meant to be so – but by measure of social assets created by alleviation of poverty of the rural masses. Their inherent weaknesses, viz. operational restrictions, nature of functions, area limitation, blocking of funds with sponsoring banks etc. can be removed by suitable re-structuring. For this, the number of these banks in a State or in a cluster of small States should be reorganized into a single entity. Shape of a central co-ordinating body specialized in rural banking may also be visualized. A part of their funds should be apportioned for advances to non-target group at commercial bank rates of interest for better profitability. The concerned State Governments should have a major say in their working and planning of loans and advances.

Overseas Banking

Overseas Banking should be entrusted to a single banking corporation which will take over the existing foreign branches of the Indian Banks.

Credit Policy and Operation

A national credit policy commensurate with the objectives should be formulated in consultation with the State Governments and all other concerned.

To enhance the flow of credit to rural areas, the credit-deposit ratio in the rural areas should be raised to remove the existing imbalance and to prevent flight of credit from rural to urban sectors. This should be adequately supported by land reforms and other programme to remove the constraints faced by the weaker sections of rural people in availing of bank credit.

Credit targets for different segments of people both in rural and urban areas should be fixed in consultation with elected representatives to the people in the local bodies.

There should be no reduction in Priority Sector advances and lending under DRI Scheme. These should be progressively raised from their present levels.

For effective monitoring and to ensure end-use-proper and timely re-cycling of bank funds, credit to big industry and trading houses should be linked to cycles of production.

In case of corporate advances, directors' personal guarantees and securities to be obtained as a matter of rule.

Conglomeration of bank branches in a particular locality has all ill effects of unhealthy competition and overheads. Therefore, each Bank branch should be given a specified area of operation to avoid overlapping.

Profitability

Profitability of banks should not be judged from the narrow commercial angle but from the viewpoint of developmental banking and its contribution to the growth of economy and social assets.

Profitability of a banking institution depends upon deposit mobilization. But the present policy of the Government tends to make bank deposits less attractive than other investments. This is not fair. To end this, interest structure on bank deposits should be suitably reversed to make them more attractive and tax incentives should be provided at par with other financial institutions. The stipulation of deduction of income-tax at source on interest on certain types of bank deposits made effective this year is causing flight of bank deposits and the decision should be reviewed.

The financial innovations like Certificate of Deposits for which the banks have to bear interest load at abnormally high rates and that too, for very short-term deposits, are seriously affecting the banks' profitability and should be abolished.

Corporate sector should not be allowed to mop up deposit directly from market or by innovations like Commercial Papers instead of seeking institutional credit, as all these affect the deposit mobilization and profitability of the banking system.

The sine qua non of bank's profitability is productivity of credit. This involves improvements in executive productivity to ensure quality of credit and judicious management of fund. This should, therefore, receive topmost attention and effective measures should be taken to check the unabated rise in the volume of non-performing assets – bad debts and sticky advances and consequential non-recycling of funds, corruption, bungling and misuse of financial powers.

To maintain proper environment of loan repayment, political gimmicks like 'loan melas' should be prohibited. Loan waiver should not be allowed except on a very selective basis and in abnormal circumstances like devastating natural calamities. No undeserving case i.e. except the financially weak among the borrowers should be considered.

Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) should be regulated by the Reserve Bank also keeping in view the profitability of the banks.

Ceiling on interest rate on call money borrowings should be re-introduced.

Mutual Funds

Mutual Funds are intended for speculative capital market operations with the attendant security risks to subscribers, most of whom are unwary and attracted buy lucrative offers. Mutual

Funds set up by banks should be positively abolished, as they do not come under purview of normal banking operation and are mechanism which causes diversion of bank deposits to capital markets. No different is the case with Mutual Funds promoted by other financial institutions like LIC or GIC etc., unless guarantee be provided by the promoters against the attendant security risks to the subscribers.

Bank's Boards of Directors and Management

The Banks' Boards should also have proper representation of the State Governments, working class/peasants organizations, different segments of economic interests in a balanced manner and employees/officers of the respective banks.

The customer service committees at the branch and administrative office levels, if made really effective for a meaningful interaction between the management and employees, can contribute much to betterment of customer service and improvement of the bank's overall performance.

Decision-making authority of the bank managements has suffered a setback due to ad-hocism and frequent bureaucratic fiats. To de-bureaucratise the system, it is suggested that the role of the banks and the managements both at macro and micro level should be clearly defined, leaving no scope of confusion, and they should be given enhanced responsibility with reasonable freedom to act and accountability for their performance within the guidelines issued.

Banking is a people oriented industry requiring skilled, motivated, resourceful and efficient bankers at the helm of the affairs. They should be capable of interacting with the developmental activities in the economy. This, however, has not received due attention so far. It is suggested that the training and HRD systems should be developed to create motivated

bankers in the correct professional mould and the executive posts should be manned by competent persons with proven integrity and efficiency on the basis of assessment and selection made either by Public Service Commission or a similar statutory body.

Systems & Methods

Appropriate changes in systems and methods as are necessary for extending banking services to and for the benefit of broad strata of people should be made, but one-sided approach keeping in view only the elitist group of customers is undesirable. Simplification of procedures for the benefit of ignorant customers is imperative.

In the name of modernization, undue emphasis should not be placed on unrestrained, unwarranted, indiscriminate massive computerisation and mechanization which is totally inappropriate in Indian conditions and we are opposed to it. Use of machines/computers should be confined to limited areas, where no alternative is available and this has to be done in consultation with an only after obtaining consent of all the unions at the industry level. Considering the magnitude of unemployment problem, optimal utilization and development of huge manpower resources available in the country should be a prime concern. This should be borne in mind and constraints like ban on recruitment should be removed.

Inspection

Reserve Bank's responsibility of inspection work, with the expertise built up over the decades, should be widened to cover all financial institutions and not confined to banks alone. The inspection reports have necessarily to be followed up and immediate steps taken as soon as irregularities are noticed in operational matters and implementation of the policy guidelines.

Such inspection reports and reports on steps taken on matters of default along with periodical reviews should be submitted to the NBFC regularly and placed on the floors of the Parliament.

Audit

While each bank will have its own internal audit and accounts apparatus, the Comptroller & Auditor General of India should have a separate wing exclusively devoted to checking of accounts of all banking institutions and entities on a continuous basis. Its reports will be forwarded to the NBFC and laid on the floors of the Parliament. This will be the audit part and completely independent of the inspections conducted by the Reserve Bank.

Vigilance

Frauds, corruption and misuse of resources in financial institutions have reached serious proportions. It is necessary, therefore, that an effective Central Vigilance Commission with sufficient manpower should be constituted exclusively for the entire financial system with jurisdiction over all banks and every financial institution with powers to enforce action against the guilty. The Commission should submit an annual report to the NBFC and that should be laid on the floor of Parliament.

Co-operative Sector and State Financial Institutions

The reconstituted banks should work in close co-ordination with the co-operative banks and State-level financial institutions.

Legislative Framework

The existing laws to be amended and simplified.

(a) to plug the loopholes which make loan recovery a time-consuming difficult process, sometimes impossible.

(b) to empower the bank authorities to directly enforce securities of defaulting borrowers for recovery of dues;

(c) to prohibit institutional finance/ credit facilities to industrialists and associate borrowers who erode the net worth of their concerns by diversion of funds for activities other than for which borrowings are made and turn the industries sick; as also to enable banking and other lending institutions to proceed for enforcement of securities of other concerns of such defaulting borrowers.

(d) To remove the secrecy clause so as to make the Balance Sheets of banks as well as of other financial institutions transparent in all respects including publication of provisions for bad and doubtful debts and debts written off, names of defaulting borrowers beyond Rs. 50 lakhs.

In conclusion, we hope and expect that our views and suggestions given above will receive due consideration of the High Level Committee. Our Federation will be glad to have an opportunity to clarify and point for which the Committee may arrange a hearing.

S. R. Bal
Joint Secretary
BANK EMPLOYEES FEDERATION OF INDIA

Calcutta,
October 31,1991

- **A Note on Pension as Third Retiral Benefit & Social Security Measure in Banks, Insurance, FI's. Views of Co-ordinating body of associations, federation of employees, officers in financial sector on pension; And various facets in the issue.**

The demand of pension as social security measure and a third retiral benefit is coming to the fore everywhere. The central trade unions are demanding this benefit for employees and workers. In a National Workshop of central public sector trade unions including AITUC, CITU, HMS, HMKP have unequivocally demanded scrapping of Bureau of Public Enterprise (BPE) circular dated 12th April 1991 which stands in the way of giving additional retiral benefit in the form of pension to employees in public sector undertakings despite the agreements between employees' unions and the managements for a contributory pension scheme in Steel, Coal and other sectors in addition to contributory Provident Fund and Gratuity benefits. The said agreements on pension envisage creation of a pension fund out of mutual additional contributions from both the employees and the managements. Though deduction from employees' salary has already started, the scheme has not been finalised yet because of the aforesaid BPE restriction. It is to be noted in this connection that the employees/officers in this sector are getting C.P.F. @ 10% on both basic pay and D.A. Eventhough D.A. in public sector undertakings is on per point basis and not on percentage basis as in the financial sector. Pensionary benefit is being sought there over and above this. The aforesaid joint meeting of central trade unions has demanded that the "the commitments given by the Steel, Coal and other industries in the Joint Committee by the managements should be honoured in full and pension scheme should be implemented without any delay. In other industries where pension committee's work is obstructed should be allowed to continue their deliberations to see that mutually acceptable scheme is worked out, as soon as possible." The said meetings has also raised the demand to increase the rates of interest of P.F. deposits and "rate of gratuity should be raised to one month's gratuity per year of service without ceiling". Other central trade unions, including INTUC, are also demanding pension as third retirement benefit. In the financial sector, the trade unions of employees and officers have joined together in the Coordinating Body to effectively

pursue this demand. The Co-ordinating Body, apart from rallying the employees and officers in support of this vital demand, have also submitted memoranda to the management and the Government with their suggestions. Despite assurance from the Finance Minister that he would be responding early, the government have chosen to maintain silence which naturally speaks to their reluctance.

On the other hand, Reserve Bank management have already introduced a Pension scheme in the line of the Central Government and in total substitution of employees' C.P.F. They have done this despite disapproval from largest trade union organisation in the RBI viz AIRBEA, which is the constituent of the Co-ordinating Body, and this scheme has been rejected by overwhelming number of employees there. IBA is also moving ahead to introduce the said scheme, bank by bank. Their idea is to make the scheme a fait-accompli before 6th bipartite negotiation begins and completely jettison the demand of pension as a third retiral benefit that is taking shape. At the same time it is also being observed that some organisations in this sector including AIBEA, AIBOA have started asking for the scheme which the IBA themselves offered in February 1990. But IBA could not pursue it then because of strong opposition from several apex level organisations like AIBOC, NCBE etc, which are now constituents of the Co-ordinating Body. Enthused by the advocacy of some unions in banking industry for Pension in lieu of C.P.F. the IBA has intensified its efforts now for a scheme which will in effect take away much more from overwhelming number of employees that it will give, whereas the universal demand is for more superannuation benefit inclusive of a meaningful pension.

Therefore, a clear perception is necessary about the rationale of the demand raised by the Co-ordinating Body, the purpose of the Bankers' move and the comparative benefits for an individual employee flowing from the existing C.P.F. scheme and the proposed pension scheme (the employees/officers will have to forego their entire CPF entitlement to be eligible for Pension). It is also unfortunate that the said organisations in their eagerness to accept the Government pension scheme and introduce it in the banking industry are not only campaigning that pension as third retiral benefit is not feasible, but are also projecting that giving away the CPF and taking pension in lieu thereof is also beneficial to all sections of employees and officers, not only for those retiring within a few years, but for perpetuity (ref : AIBEA's note in this regard). This is an astounding assertion which even the management themselves cannot claim. In a recent Administration Circular for pursuing the employees to join their Pension Scheme, the RBI management themselves have stated that "it is difficult to make any precise projection as to the superannuation package that would be available to those who are on CPF as compared to those who are on pension, as the rate of inflation, rate of return depend on several factors which do not remain static. Therefore, the decision to opt for one package in preference to the other cannot be taken solely on these projections......". Having thus admitted that they cannot say definitely which package will be beneficial for the employees in the days to come, they have only harped on "social security" aspect of pension, as if the CPF amount of the retiring employees invested in appropriate secured savings scheme do not ensure any return, or a pension scheme in addition to CPF would not be providing a better social security. In this background the assessment that the pension scheme proposed by the bankers will be beneficial for all, and several unions hurrying for it without either joining the united movement launched by the Co-ordinating Body for pension as an additional benefit without dilution of existing benefits, or without pursuing the demand

themselves independently, is really an unfortunate development, which will be very much liked by the bankers and the Government. Incidentally, it is also understood that depending on the response as regards the bankers' proposed move in the banking industry, the Government may make similar move to totally wipe out the CPF dues for the employees in public sector running to several thousands crores of rupees.

This adds another dimension to the issue. The Co-ordinating Body is, therefore, being constrained to elucidate its position clearly, and appeals to all sections of bank employees and officers to go through the same carefully, analytically and critically so as to understand the rationale of the demand of pension as third retiral benefit and support the united movement that is building up for common interest.

What are the demand and suggestions of the Co-ordinating Body?

The Co-ordinating Body have articulated their views in their memorandum to the Finance Minister dated 4th October 1991 which has been circulated widely. They are as follows:

a) For the past few years the prices of essentials of the life are going up very fast reducing the value of rupee sharply and thereby eroding the real worth of CPF balance of the employees. Therefore, when an employee retires, his CPF entitlement and the gratuity (which generally ranges from 15/20 times of the last basic pay drawn) become too meager to cater to their post-retiral needs. When rise in index and inflation is admittedly a fact of life and will continue to be like this, if not further intensified in the days to come, the superannuation benefit of the employees requires to be augmented in order to compensate the erosion of CPF balance of the employees. This is a very reasonable demand. Also the rate of interest of the P.F. balance of the employees is invariably always being kept at a lower level compared to the market rate or even compared to the rate of interest on term deposit in banks. This also depletes the CPF accumulation.

b) The erosion in CPF could have been partially taken care of had there been provision of CPF on DA of employees. But there is no such provision in financial sector as yet. Therefore, it could have been logically demanded that an additional pension scheme be introduced in the financial sector, solely contributed by the management, to compensate the above factors causing erosion, but the Co-ordinating Body having taken into consideration all aspects including the economic situation, state of affairs in banks, (which are mainly the creation of bankers themselves and wrong policy decisions of the Government) have suggested a mutually contributory pension scheme by creation of a pension fund for the employees either by (i) bringing D.A. under the ambit of P.F. @ 10% and by diversion of a portion therefrom to build up this fund, or (ii) by mutual additional contribution of the management and the employees totaling 8.33% of the basic pay of employees to constitute the fund (the rationale for 8.33% of the basic pay is that years back, in fifties, the Railways introduced pension scheme in lieu of 8.33% CPF contribution for the employees. Therefore, logically 8.33% of the basic pay can be said to be equivalent to full pension as per Central Government Scheme).

c) This pension fund can be quickly augmented by another very reasonable method i.e. by funding the gratuity entitlement for the employees. Employers' in financial sector including IBA's contention has always been that about 3% load is being taken by them on account of gratuity of the employees. That means gratuity element constitutes around 3% of the total wage bill of the employees. If this amount is kept in a separate fund annually and earn interest at the normal rate for secured investment, which is now 12% or more, this will proliferate substantially within a few years. Out of that, actual gratuity entitlement of the employees can be paid on retirement and some portion shifted to the pension fund. Or, alternatively, each year the amount equivalent to half month's basic pay of an employee can be deposited to a gratuity fund and invested in suitable secured schemes. At the end of service life of an employee it will be found that employers' contribution on this count during the service period of employees has increased manifold by accrual of interest (see chart) from which a part can be diverted to pension fund.

The co-ordinating Body strongly feel that from the Pension fund so created, it is very much feasible to pay full pension to a retiring employee/officer in addition to his normal CPF and gratuity entitlements. The fund position can be reviewed periodically and rate of contributions decided accordingly. It is obvious that the employees' contribution is bound to come down proportionately with passage of time and with more and more accumulation of funds. Incidentally, in S.B.I. where such a pension fund is in operation since long and the employees are getting pension from this fund in addition to CPF, the workmen employees are not being required to contribute to this fund from mid-fifties and the officers are not contributing from mid-sixties onwards. The fund has become self-generating. However, the employees and officers of State Bank are entitled to Gratuity as per Act which is less than the service gratuity applicable elsewhere in the banking industry. Co-ordinating Body has demanded that S.B.I. employees and officers should be brought at par in respect of gratuity entitlement with their counterparts in other banks.

The above proposal would not subject the management to any heavy financial load. The banking industry and other financial institutions have grown substantially from the seventies onwards, particularly after nationalization of banks. No. of bank branches before nationalization of major banks was about 8000, now it exceeds 60,000. The number of employees and officers prior to nationalization will be hardly around 20% of the total workforce now and it is they only who will be retiring during the coming decade and a half (naturally that number will be small), whereas the mutual contribution for pension fund from all will start flowing from right now and increase itself very quickly, as the disbursal of pension from this fund in a phased manner for 15/20 years hence will be much less, thereby ensuring a substantial accumulation in the Pension Fund. Therefore, we feel quite strongly that index-linked pension as a third retiral benefit equivalent to full pension can very well be paid to the retiring shortly and whose contribution to this fund may be small, suitable modalities can be suggested, once the basic principle for third benefit is accepted. Admittedly, their CPF balance is meager on account of a depressed basic pay for most part of their service career and less interest on P.F., as such their case should be specially considered, which has been emphasized by the Co-ordinating Body.

It has also been shown in the following pages how the basic pay of employees in this sector has gone up considerably during the past two decades because of application of the principle of merger of price-index in revision of basic pay scale. In successive settlements, the employees and officers are having a portion of their DA merged into the basic pay and getting CPF benefit out of it. Also, the rate of interest of CPF, though considerably less than the prevalent rate of interest on savings schemes, is going up with the passage of time.

On the other hand the price index also has gone up considerably and last year there has been a phenomenal increase. It is also observed that the average rise in price index for the last 20 years comes to around 40points, for last 10 years about 60 points and last 5 years about 80 points. For calculation of dearness relief on proposed pension the annual average price index rise henceforth has been taken to be 80 points. One point requires to be noted in this connection that an abnormal rise in price index is fraught with several dangers. The fourth Pay Commission Report for Central Government employees (Part II) have clearly stated “We recognize that there may be situations when the Government may not find it possible to grant relief (DR) according to the scheme recommended by us. In such situation, the restraint, if any, should apply uniformly to serving Central Government employees as well as Pensioners (Para 11.7)”.

Besides, it is justifiably being apprehended by the trade unions that if the price index continues to rise unabated at an abnormal rate, the Government may consider D.A. freeze etc., which, of course, we believe, would not go unchallenged. It is also to be noted that no allocation has been made by the government in the budget for payment of DA to its employees.

All these portend that in the eventuality of abnormal rise of price index, in the days to come, uneasy situations may arise with consequential effects. The manipulation of the government as regards computation of price-index cannot be ruled out. Hence, the future annual price rise has been projected more or less on the basis of last five years’ average i.e. 80 points per year, which can be said to be a fairly reasonable and cautious projection. Pensionary benefit for some individual cases has been calculated accordingly and this has been compared with their CPF benefits.

It is being told by some quarters that the amount an employee gets in lump as P.F. (Own contribution plus employers' contribution) is sometimes frittered away and hence it is advisable to forego CPF and take pension, even if it gives much less yield than the return flowing from investment of CPF. It is a queer logic. Admittedly, in some individual cases there may be such unfortunate developments, but should it be considered as a generality, and should a very vital decision taken on this premise alone subjecting employees to enormous loss? By and large employees on retirement invest their life-time savings of P.F. in some secured investments like the monthly payment schemes of UTI, LIC, Post Office, etc and get a secured monthly income therefrom, with the original amount kept in tact for family and survivors. After the completion of a fixed period of investment, the amount can be reinvested at a higher prevalent interest rate. Even, such schemes now a days are giving a graded rate of interest e.g. UTI currently is paying monthly return @ 14.5% per annum with proviso of higher interest of 15% later on for a scheme running for five years along with some capital appreciation too. The corresponding scheme in LIC yields 14.75% and 15.35% etc. It has also to be noted that with the rise in Price Index, rate of inflation etc, the rate of interest in secured investment it also rising. That is quite natural. Very recently the Government had to increase the interest rate for their small savings scheme from 12 to 14%. Therefore, as the price index rises and Dearness Relief (DR) of the pensioners rise accordingly, so also rises the rate of return on CPF investment. It is a fact and has to be considered for comparative analysis.

Further, future wage settlements have also to be taken into account for making a more accurate projection of comparative positions. However, one cannot make a precise forecast about

the levels of merger etc. still then basing on past experiences and pattern, some projections can and should be made to arrive at a comparative position for an employee, had he opted for pension or had he retained CPF. It will be amply clear from these calculations that for overwhelming number of employees and officers in the financial sector, the change-over from CPF to the proposed pension scheme will result in enormous loss both for the employee, for his/her family and for the posterity, whereas, the demand is for a higher benefit for all and for reasons stated earlier.

Managements' gain by elimination of CPF is palpable. We have given a chart showing the current dues of the bankers and financial institutions on account of employees' CPF. For the banking industry the figures have been updated to 31st March 1992, which comes to around Rs. 2200 crore. That shows what an enormous amount will be wiped out, if the bank managements succeed to rope in the employees for their scheme. Also, the recurring expenses for interest on the accumulated amount and fresh accruals of CPF to the extent of a few hundred crore of rupees each year will be done away within a stroke. This will be windfall for the bankers and the financial institutions at the cost of employees.

There is yet another implication. Only during last settlement the rate of deduction for CPF has been increased in the financial sector from 8.33% to 10% and hardly within a few years thereof, the entire accumulation is being sought to be taken away. Some of the organizations who stated on that occasion that they had brought a sizeable superannuation benefit for the employees by raising CPF contribution from 8.33% to 10% are unfortunately now being instrumental to take away the CPF benefit itself. Introduction of a scheme like this in the financial sector means, henceforward, the employees and officers in this sector will have to forget about CPF, not to speak of its improvement, not to speak of its linking with DA which has been demanded by all the trade unions in this sector so long. Henceforward, a benefit that the employees were enjoying will disappear completely. Also, introduction of Bankers' proposed scheme means that it will be mandatory for the new entrants. This will create an unfortunate bifurcation and trifurcation amongst the employees, and no responsible trade union organization would welcome such a position. We, therefore, appeal to all employees and officers in the financial sector to realize the importance of our demand for pension as third retiral benefit both for individual employees, collective interest and organizational interest now and in future, and act for realization thereof. **We appeal to all to join 30 April 1992 country wide strike on the demand of pension as third retiral benefit.**

20th April, 1992"

• **Ashis Sen Speaks at Rajya Sabha on 09.07.1992 –** Thank you, Mr. Vice-Chairman. The Suo motu statement given by the Prime Minister a little earlier has given us a scope to confirm what we have been demanding. The Prime Minister has accepted that there is a prima facie case existing. He has agreed for a Joint Parliamentary Committee investigation which is absolutely necessary. It is necessary to find out the involvement of political personalities who are outside the purview of the present CBI and Income Tax enquiries.

The Prime Minister has also spoken in the first paragraph that the new economic initiatives taken by the government to strengthen and accelerate the economic growth are in no way inhibited. I would like to say that the entire episode flows

from that very economic policy. The growth whether in the industrial field or agriculture field or any field for that matter has shown decelerating trend. Therefore, there is no question of strengthening the economy through this particular policy.

Today, the country is undergoing a trauma. If we look at the unprecedented criminal financial offences in the history of our country's banking and financial affairs, as an aberration, as an instance of mere system failure which the Finance Minister wanted us to believe, it cannot be construed otherwise than as an attempt to portray a scam as a sham.

Lakhs of crores of rupees are involved. Bofors, ABB deals of the Railways, appear to be a drop in the lake

How much of the stock-deal harvest has gone out of our country? I feel a Forex inquiry and investigation has to be undertaken. Yes, serious concerns have been expressed; it is true that certain steps have been taken to locate the sources. But where does the genesis lie? We are concerned with it. Can you vouchsafe that the current economic policy of the government, the policy of liberalization in every sphere, in the name of freeing the economy from the shackles of controls, checks, regulations and supervision, has no bearing on what has so far been detected? I feel it has. There is no use saying that these frauds and irregularities are not due to the financial liberalization and the Finance Minister wanted to tell us yesterday in page-9 of his statement. The behaviour of the economy is a direct fall-out of this very policy. The permissiveness within this policy has created fertile ground for this shameful scandal. In a Press interview, what did Harshad Mehta state? It is reported that he has said the new economic policy has been a boon to him. It has been a boon to him. The budget was prepared in the direction of boosting the economy in an artificial manner. The sudden creation of more and more capital which was the expectation of the Finance

Minister and the government was given too much of emphasis. But how is the Stock Exchange to be considered a handy instrument? Bank deposits are increasing by leaps and bounds, at a rapid space. But instead of using these resources for productive purposes by giving timely succour to the sick and weak industrial establishments, the Government is going ahead with reference of these cases to the BIFR for closure, exit that is retrenchment. Extensive permission for Mutual Funds, not to banks alone but to other organizations, non-banking institutions also - has resulted in large-scale diversion of bank resources. With a small amount out of these resources, say Rs.50,000/- or Rs. 1 lakh each to the small industries, they would have survived and continued to maintain the employment that they were giving. That has been ignored. And what do these Mutual Funds do? Speculations in the Stock Market. Boosting of Stock Market has become an important feature of this economic policy. Every day, new shares are floated. Huge amounts are amassed. But where does the money go? Is it applied for productive purposes? Do we find new industries coming up and old ones expanding and more employment generated? No, absolutely no. Who, then, are the beneficiaries of that artificially created boom in the market and so much of capital formation? Obviously, the fraudulent operators. When the policy, the economic policy pronounced and sought to be implemented by the Finance Minister, demands that all public-sector undertakings will have to find resources to show more profits, without any Budgetary assistance where needed, they are but prone to find channels unwelcome and shady. Nationalized banks are no exception in this connection. Disinvestment of shares by PSUs and these shares finding their way to unscrupulous hands for speculation is a pointer. The Finance Minister must have to take note of it. If he has not, then, I am asking him to note it. The State Bank of India accumulated hundreds of crores from oil-company deposits

needed to import oil. Funds, therefore, were to be deployed. But they could not be used for the purpose meant. Came in the brokers. A nexus developed with the fund managers and speculative operators. Operation gained the upper hand. They go from bank to bank. The brokers having tasted an easy access to banks' funds have travelled to foreign banks, private Indian banks; a system developed a system of fraudulent use of bank resources, fake BRs, forged bills and so forth.

I am not talking about the Bank of Karad with a small amount of capital for the sake of repetition. I am not talking about the Metropolitan Co-operative Bank. But what about the Standard Chartered and what about the Grindlays? Are we not to take care of that and see that this access to fraudulent activities is widespread and it has flowed from the very economic policies which the Government of India is trying to implement? A system has developed. The Janakiraman Committee's reports speak of collusion between the unscrupulous brokers and the bosses of banks and the financial Institutions. The banks violated the RBI guidelines. Under the cover of ingenuine inter-bank transactions, money was siphoned off to brokers' accounts. But the Committee does not say about the role of the Reserve Bank. Mr. Bhandare said that the Reserve Bank inspectors went there and detected this. There is neither a compliment nor is there accusation about the Reserve Bank's role in the matter of locating and finding the obnoxious thing that is going on in the financial system. The report mentions about the computerization of Public Debt Office (PDO) of the Reserve Bank. What I feel is that the State Bank of India, the Grindlays, the Standard Chartered banks, - all these banks are highly computerized. In spite of the computerization, how was it that the frauds could not be detected? Janakiraman has stated in his report - "Had PDO been computerized, things would have been detected earlier." Anyway, when compared with what is happening in these banks having full computerization and what Janakiraman said about the PDO, they do not go together. The report says that transactions worth Rs.3, 440 crores had no security backing. How had all this happened? It is because the managements of the banks and the Financial Institutions paid little attention to run the institutions on proper lines. They were after the direction of the Minister - profit, profit, profit - in any way they can do it, and now they say catch them and tell them that they have gone in a wrong way to make the profit. Therefore, they are guilty. This is what the Finance Minister admits, that the RBI's supervisory function was not effective. Then what was the Ministry's role in toning up this function? Why do you try to evade responsibility? What about the political interference? There is no mention about it and we have a lot to say about that. In the political field of intervention, why not speak out in how many cases the banking activities sought to be diverted in the way in which they desired? Instances will come up not on the question of scam alone. On other subjects also, I will be able to give instances - how there were political influence to siphon off banks' funds. The Reserve Bank issued a circular of caution in July 1991. But what about its follow-up? This circular was so secret that it was sent to the Chairmen of the Banks only. It was not sent to the In charges of Reserve Bank in different parts of the country who were entrusted with the responsibilities of conducting investigations or inspections. It was not effective because inspection wings were not fully utilized. There are now more than 62,000 bank branches but in the name of austerity, inspection staffs have not been increased nor are they given the required time for thorough inspection. The inspection team put in hard labour and unearthed very many misdeeds of the banks in their inspection reports. But what happens thereafter? The copies of the reports do come to the Finance Ministry. But like the Reserve Bank, the Finance Ministry also was sleeping over them because so

many important people are involved in it. Now after the securities scam, thorough inspections are being conducted. This is what the Finance Ministry said. The imperative need, therefore, is to strengthen the RBI's monitoring system. If this is not done there will be repetition of more and more scandals of this type. The Finance Minister is eloquent about the Narasimham Committees' Report.

What does this Committee say? Liberalise control over banks and financial institutions, allow foreign banks more and more to enter into our country, curtail investments in Governments securities by reducing Statutory Liquidity Ratio. Are not these recommendations detrimental to our banking and financial system? Competition between Indian Banks and Multinational foreign banks is one of the themes of the Narasimham Committee Report. Competition for what? Competition of how to excel in frauds and in fraudulent activities. That is what the Narasimham Committee has suggested. And the Finance Minister wants that to be implemented! The Narasimham Committee was appointed not for real reconstruction of our financial or banking system, but for meekly following the directives of the IMF and the World Bank in return for loans of billions of dollars leading to virtual mortgaging of our country and its economy. I know the Finance Minister will loudly say it is not so, this is our independent Economic Policy. Even what that independent Economic Policy is leading to is clear from implementing this Committee's recommendations. The developments too warrant this. I want to request the Finance Minister to have a second thought, after seeing all that have happened in recommendatory deregulations, as to whether he should like to follow these recommendations of the Narasimham Committee or he should try to put an end to them.

The Finance Minister has spoken of non-traditional banking activities. He has not stated in his statement yesterday what these non-traditional banking activities are for bolstering profits. Mutual funds? Speculative activities which are prohibited by law? The banks are prohibited from carrying out these activities by law, if I am not incorrect. Then why have they been allowed? Why have the Government and the Reserve Bank of India winked over it? Only to see that the share market, Sensex, imposters, go up? The brokers have used the SGL's for misdeeds. The Janakiraman Committee says, "If SGLs are not presented to the RBI P.D.O. how can irregularities be detected? Without going into this matter, the first thing RBI did was to suspend four tiny officers who are in no way involved in this affair. This is readily to show that the Reserve Bank is taking action, by suspending the small officers. Is it fair? Should not the Government have made known to them that this was a wrong way of investigating? Should he not have pulled up the Reserve Bank authorities for that?

I am now referring to some other aspects relevant to the scam. The Finance Minister may please apprise the House whether it is a fact that Harshad Mehta made a seminar presentation on 25th February, 1992 just before the Budget at North Block, Finance Minister's Office, before top officials about stock exchange affair and how Sensex barometers can be whipped up. He should also say whether a Member of the Planning Commission was an intermediary between Harshad Mehta and the Ministry........

SHRI DIPEN GHOSH : Ex-member.

SHRI ASHIS SEN : Ex-member, I stand corrected. To the Ministry was Mehta a licence-broker? He should have said this in a categorical term and I expect it.

My second point is that the National Housing Bank is the original source of this scandal. Is it a wholly owned subsidiary

of RBI? It is. There is no Board and Pherwani was the Chairman and he had acted as the sole proprietor. Can it be called a collective failure, as has been sought to be portrayed by the Finance Minister here in the statement and elsewhere? There was no Board. Can it be called a collective failure? Pherwani was accountable to whom? He was removed from the UTI. Why was he removed? Because of his bad credentials. Then why was he placed as the Chief of the National Housing Board and by whom? The National Housing Board is for the housing finance.

SHRI ASHIS SEN (CONTD.) : How did it operate in speculative lines? What did the Reserve Bank do to keep a watch over its subsidiary?

My third point is that it was within the Government's knowledge that there was a flash of funds in the market. Illustratively, the Janakiraman Committee Report says that between July 1991 and April 1992 the State Bank of India alone undertook, on its own investment accounts, transactions worth over Rs.27,000 crores, National Housing Bank accounted for Rs. 12,000 crores, the Standard Chartered Bank accounted for Rs. 1,055 crores and the Canbank accounted for Rs. 527 crore and so on. What was the Government doing? Is it not a fact that all RBI inspection reports were made available to the Government?

My fourth question is : Is it not a fact that the erstwhile Chairmen of the Canara Bank, Mr. N.D. Prabhu, and of the Punjab National Bank, Mr. Varshney, were on the payroll of Harshad Mehta on a fabulous amount of Rs. 1 crore to Rs.2 crore per annum, being engaged in Fairgrowth Group of companies and Mazdas to help Mehta's fraudulent operations? Why haven't they been booked and their relations' assets and properties attached? Why have the bank Chairmen been asked to go on leave and resign? Why do you allow them to go like that? When they are asked to resign they go on resigning. It clearly shows that they have got certain involvement. Why have they been simply allowed to go without being caught in the net? Why should they be allowed to go as very hon'ble citizens of the country?

My fifth point is that the Allahabad Bank Chairman, Shri R.L. Wadhwa, had resigned near about the time the scam came to surface. He resigned before the expiry of his term in 1993. Have his antecedents been critically examined before accepting his resignation or was he allowed to go smoothly so that he could not be caught? All bank Finance Limited is an Allahabad Bank subsidiary. Its affairs have been scrutinized by the RBI. I would like to know from the Finance Minister whether it has been so. Was Mr. Wadhwa's role above board when public sector undertakings' bonds were sold before they were listed in Stock Exchange to one Raheja who had close links with the Citibank earlier called City Bank of New York?

My sixth point is that Harshad Mehta's bank accounts were frozen. He was not nabbed for nearly three weeks. Why? The accounts were de frozen before taking him into custody. Does it not mean that he was given enough time to erase the evidence and smuggle out the funds? Why was it done that way? The Finance Minister may please inform the House whether the Government had a say in the matter and whether the Government had intervened because of the earlier nexus of bringing Harshad Mehta to the Finance Ministry in the North Block to find out ways and means for raising the barometer of Sensex? I would like to know whether that is one of the reasons why the Ministry tried to see that this Harshad Mehta and other good gentlemen - I will not call them rascals - have been allowed to move about scotfree.

My seventh point incidentally is that there are CBI reports against the IFCI Chairman, Shri Davar. There are a lot of

complaints against him. Why has he been allowed to gracefully resign? Why has he not been hauled up for his financial misdeeds while in office? There was an inquiry but it did not go beyond that. But I have got positive proof with me to show that this gentleman, Mr. Davar, is one of the architects of many a financial misdeed while in office in IFCI.

SHRI JAGESH DESAI : Madam, I am on a point of order.

SHRI ASHIS SEN : There is no subject for a point of order.

SHRI JAGESH DESAI : Please listen to me. You cannot make allegations against a person who cannot be present here.

SHRI DIPEN GHOSH : Harshad Mehta is there?

SHRI JAGESH DESAI : Harsad Mehta's name is there in the Janakiraman Committee Report.

SHRI ASHIS SEN : Janakiraman is a committee but Harshad Mehta is a person (Interruptions.)

SHRI G. SWAMINATHAN : Sir, I am on a point of order.

SHRI KAMAL MORARKA : Sir, a fraud has been committed in the banking system. The Chairman has been removed by this Government. It is the common knowledge of the common men on the street. (Interruptions).

SHRI G. SWAMINATHAN : Sir, I am on a point of order.

When there is a discussion we can mention the names of the persons who are involved. It is for the Hon. Minister either to defend it or accept it. The Minister to decide either to defend him or not to defend him.

SHRI ASHIS SEN : May I continue? Mr. Jagesh Desai wanted to say about the IFCI.

Sir, the BCCI scam was there in the US and England but normal business was not affected by that. But in the context of what has happened here, industries, especially the small ones, are in palpitation for want of funds. Everywhere there are worries, banks are talking to the clients of resource crunch. Government has to intervene to ensure flow of funds to the industries. Otherwise, so many lakhs of industries will go out and this Economic Policy will be fully implemented to have flowers in desert.

Some corporate giants have a vested interest in bailing out Harshad Mehta and his ilk. A powerful lobby is in the field for an operation cover-up. While we thank the print media for revealing write-ups, it is also true that in the media protective arguments are also being put forward to put the culprits behind the screen by saying that there was nothing illegal in what these criminal economic offenders have done. They have just taken advantage of the loopholes in the system. Some of these unscrupulous brokers like Bhupen Dalal and others are reportedly on the Boards of newspapers. An orchestrated campaign is being conducted against monitoring officials primarily so as to divert the attention from the criminals and shield them. I would urge upon this House and the representatives of the press to help in the location, detection and hauling up of the culprits instead of trying to cover up the people who are social criminals and who have helped in the ruination of lakhs of small investors in different parts of the country because of this scandal.

THE VICE-CHAIRMAN (SHRI M.A. BABY) : Please conclude.

SHRI ASHIS SEN : I will take only two minutes. It is relevant to point out here that the All India Reserve Bank Employees Association has demanded a probe into the properties/assets of high officials of various banks and financial institutions and called for utmost caution in selecting top officials.

The Finance Minister has proposed the setting up of a separate supervisory body under the aegis of the Reserve Bank of India. That is not a solution. The RBI inspection wing with the expertise built up over the decades has to be strengthened and follow up action ensured. Banks and financial institutions should be banned from speculative activities. Mutual funds should also be closed to save small investors. All financial institutions besides banks should be brought under the monitoring role of the country's central bank instead of allowing them to function as independent empires. In addition to RBI inspections, the Controller and Auditor General of India should have an exclusive wing for auditing banks and financial institutions. To overcome the lack of co-ordination and coherent policy, ad hocism, overlapping of functions, and for a proper and balanced deployment of resources, all financial institutions should come under the overall control of an autonomous central authority, i.e. a national banking and financial council which shall oversee them and be responsible to the Parliament.

SHRI ASHIS SEN (Contd.) : Bank Employees Federation of India (BEFI) and other trade unions in the banking industry made many constructive suggestions to the Narasimham

Committee but they were honoured by rejection. The Janakiraman Committee, the Income Tax people, the CBI sleuths are doing their job. The size and expanse of the scam are too wide and this is the direct and inevitable result of the economic policy of the Government. Ramifications are spread far and wide. Reports are in circulation that family members of high officials in the Government are employed by the involved foreign banks. All this taken together, I assert on behalf of my party that the Finance Minister should accept moral responsibility and resign. He should respond to the justified demand and set a precedent. All those officials involved in the scam, including the Governor of the Reserve Bank of India have to follow. The Prime Minister this morning spoke about a Joint Parliamentary Committee. I too want that a Committee be set up very soon and the results brought out as quickly as possible. The entire thing should be brought to the attention of the public and the House. Thank you.

MEMORANDUM SUBMITTED BY B.E.F.I. TO JOINT PARLIAMENTARY COMMITTEE ON SECURITIES SCAM :

Ref : 31/52/92 October 30, 1992

Shri Ram Niwas Mirdha, M.P.,
Chairman,
Joint Parliamentary Committee,
Parliament House
NEW DELHI-110 001

Dear Sir,

Probe into securities scam

In continuation of our letter No.31/50/92 of 28 instant, we submit herewith our memorandum for consideration of the J.P.C. Required additional copies will be handed over at Bombay on November 5, 1992, at the time of our deposition.

Thanking you,

Yours faithfully,

(A. SEN) General Secretary

30th October, 1992. Memorandum submitted by the Bank Employees Federation of India to the Chairman and Members of the Joint Parliamentary Committee enquiring into irregularities in Securities and Banking transactions.

At the outset we would like to mention that the operations in the investment portfolio of a bank are mainly handled by its Chief Executive and in some banks this is done in association with a few of his closely trusted associated. Normally, none else has any say or access in these matters. This applies equally to indigenous banks as also to foreign banks operating in our country. Other staff-officers and non-officers alike - do not get any inkling of the goings on. Even then, when the magnum scandal termed ‘securities scam’ came to light our Federation demanded a Parliamentary probe into the affairs and simultaneously alerted every staff member of banks and other financial institutions to work with a scrutinizing eye if the wrong doings and their perpetrators could be located. On the basis of efforts in that perspective we submit certain materials and our views to assist the J.P.C.

Cases of corruption, fraud and misuse of powers for that in banks and FIs are aplenty as have been known over the years. If a thorough scrutiny is made of the RBI inspection reports on various banks many more revelation will come to light. Just like the Bofors and HDW scandals concerning our Defence materials and that of Asean Brown Bovery (ABB) relating to Railways in which names of political high-ups in the Government have figured and all this within the system, here also things have happened due to collusive nexus between a set of cheats and criminals under the garb of stock Exchange

Brokers and another set of dishonest and deceitful bureaucrats and top brass of banks, financial institutions and public sector enterprises and this by misusing their position within the system itself and by utilization of their political clout. The names of many a political personage in the Govt. have come to surface. The case is, therefore, one of a conspiracy to commit frauds whether there be any system or no system. A colossal fraud of this nature cannot and must not be wished away by calling it a 'system failure'. The question is not of the system as such but a will to identify the system-violators and impart exemplary punishment to these criminal economic offenders.

The security scam, biggest in the history of the country, has rocked the nation. The irregularities and fraudulent manipulations involving banks, brokers, Mutual Funds and other financial institutions and their limitless dimension to defraud banking institutions and millions of unwary investors are staggering. We need not go into details of the transactions and it is not also necessary as the findings of the Janakiraman Committee, CBI and other investigating agencies as well as the immense materials that already are and will be at the disposal of the JPC through the examination of officials and records of the banks and other institutions would be revealing in assessing the nature of the racket with all ramifications.

We, therefore, confine ourselves to an analysis of the events surrounding the racket, the motive behind it, the methodology used and involvement of various parties.

According to Janakiraman Committee's 1st Report, there has been systematic diversion of funds from the banking system to individual accounts of certain brokers (p.9). Fraudulent devices used include transactions without BRs or holding of BRs of doubtful value i.e. without being backed by securities. This is a serious indictment of the individual banks authorities and also RBI itself for its failure to take timely action to prevent this inspite of signals received much earlier.

Janakiraman Committee has carried out its investigation for the period 1st April, 1991 to 23rd May, 1992. The irregularities reported by it cannot be taken as features for this period only. Investigation should go back to the time since when the ceiling on call money rates of 10% was removed which resulted in scramble for funds raising the rate even to the extent of 40% to 60%. JPC should take note of this and ask Janakiraman Committee itself or another Committee of experts and entrust the task to it. Secondly, to make the investigation through and further penetrating, it is necessary to examine each and every ready forward transaction by tracing it not only to individual banks' accounts, but also to Mutual Funds, other financial institutions and brokers' accounts. To unearth this is a laborious and time-consuming process no doubt but not beyond impossibility, if this task is taken in right earnest.

As pointed out in Janakiraman Committee's 1st Report (p.9) bank funds have been diverted to brokers account mainly through 3 devices :-

i) Proceeds relating to purchases of securities and other instruments by a bank or its subsidiary, have been directly or indirectly credited to brokers' accounts;

ii) ready forward transactions have been entered into by banks with brokers providing funds to the latter at rates which are presumably lower than ruling 'vyaj-badla' rates in the Stock Markets;

iii) brokers have been directly financed by banks through discounting of bills not supported by genuine transactions or by purchase of shares under 'ready-forward term.'

In this process, enormous funds were made available to individual brokers to enable them to carry out their speculative activities causing sensational rise in share prices the sensex going beyond 4000 and when the bubble burst out, the banks have been put to huge losses, which can be identified. But what about losses suffered by millions of small investors, a remedy is definitely called for.

The enormity of transactions, causing artificial boom in Stock Exchange and losses suffered by banks figures in Janakiram Committee's report. To siphon off funds from the banking system to individual brokers, Bank's chieftains have not only abused their power by entering into ready forward deals ostensively with other banks but actually to divert funds to brokers accounts, but have also resorted to issuance of fictitious BRs and SGL transfer forms having no supporting securities. Issuance of BRs for Government securities, though not permissible, is also reported thereby deviating from and making mockery of the RBI's control mechanism over such transactions. In other words, the banking norms, RBI guidelines to control speculative activities in capital market were completely set at naught with RBI authorities doing nothing to check this.

The reported size of the dealings in securities is as high as Rs. 12,25,722 crore (aggregate face value). Out of this five foreign banks alone account for 56%. This is significant. One foreign bank the Bank of America is understood to have taken the plea that international banking today is placing emphasis on investment rather than on lending. On this alibi they are trying to justify their chicanery. This is nothing but deliberate move to boost speculative activities in Stock Market.

RBI guidelines directed that all transactions between one bank and another should not be put through brokers accounts and BRs should be issued covering their own transactions only and not on behalf of their constituents but Janakiraman Committee in its 3rd report (p. 13) says that nearly two third of bank to bank transactions were through brokers. This is a

clear evidence of an unholy alliance the top brass of banks (who decide investments), their subsidiaries, NHB etc and the brokers, whether for bullish or bearish operations.

The upward sharp rise in share prices began in July 1991 on account of rivalries between market operators. This could not have sustained for long since neither the bulls nor the bears could garner on their own financial resources enough to play with the game for an indefinitely long time unless abundant resources were placed at their disposal by the banks.

Coming as it has in the wake of liberalization drive enunciated by the Government of India and the policy of giving a free hand to operation of market forces, perhaps none can say that the developments occurred without the knowledge or consent of the Government and the regulatory bodies, like the Finance Ministry and the RBI. Otherwise, despite RBI circular of July, 1991, specifically asking the banks to refrain from any irregular transactions relating to securities, shares, bonds and units, and requiring their Banks' Board of Directors to formulate investment guidelines, how these directives could be flouted flagrantly and without fear of any punitive measures is beyond explanation? The report, not yet contradicted, that Harshad Mehta through the good offices of a Planning Commission Member was granted the privilege of addressing a gathering of Finance Ministry officials just before presentation of this year's Budget to explain and enunciate 'virtues' of garnering resources through speculation in capital market shows that he enjoyed an exultant position in the estimation of the powers-that-be and policy making authorities. Can it be discounted that his views did influence the bankers and their regulators? That it did is confirmed by the Finance Minister's laundatory remarks hailing the share market boom as sign of buoyancy in economy, regardless of the fact that the spree in Stock Market activities led to unbelievable rise in share prices even of concerns which are sick or closed.

On the basis of materials available so far, the involvement of political big wigs including Ministers, Planning Commission Members and virtually docile role of RBI authorities would lead to one conclusion that the biggest ever fraud, masterminded by a handful of brokers and top executives in banks and other financial institutions had the tacit acquiescence of the Government and the RBI. After explosion of the fraud, attempts are now being made to find out scape goats within the lower level officials.

The entire episode and its magnitude (we believe that only a part of it has so far been revealed by Janakiraman Committee) is a clear exposure of the fallacy of a free-market economy devoid of any sort of control propounded and systematically put into operation by the new economic policy of the Government. The manifestation of an artificial boom in the Stock Market without having any bearing whatsoever on production process is a direct creation and fall-out of the faulty economic policies.

It is, therefore, imperative to make a full-depth scrutiny of the attitude, approach and role of the Government and the RBI in this regard and a reassessment of Government's policies for their reversal.

By this time, JPC has got enormous materials in course of the probe undertaken. Many facts are known. Even then we would like to mention certain facts which might have already attracted the Committee's attention or might not but we consider them relevant.

Ever since the present Government was installed in office it has been moving with reckless speed to demolish the 'mixed economy' structure and the public sector and replace the same by a free-for-all market abolishing whatever regulatory checks and controls exist. By a systematic campaign and action an environment is created as if there is no other way to salvage the economic crisis. Whey this is so and at whose instance? The IMF-World Bank prescriptions are indicative. The vested interests and quick money makers entered the field in a big way as reflected in the sudden, unnatural and unprecedented boom in Stock Exchange. The Government was well aware that this was pure and simple an artificial boost without having any bearing on industrial production process and this notwithstanding, their principal spokesmen went on hammering that buoyancy in economy has ushered in. This was a fillip to the stock-brokers. Associated with it was the Finance Minister's call to the banks and other Financial Institutions to show 50% additional profits in their balance sheets even though their overall performance did not warrant it. Unholy bond between the brokers and banks and Financial Institutions vastly expanded. Bureaucracy was also directly involved. The presence of king-pin stock-broker Harshad Mehta (HSM) in Finance Ministry and his discussions with top officials confirms this. JPC should investigate whether the reason for large-scale operations in gilt-edged securities by HSM and other (p.20) Janakiraman (1st report) just before announcement of higher coupon rate was a result of this combination, the secret information of the forthcoming rate-increase being leaked out.

Portfolio Management Scheme :

The colossal swindle has been practised mainly under the garb of ready forward deals and portfolio management schemes, which, as noted by Janakiraman panel, "are purely financing transactions though they take the form of purchase and sale of investments and appear to be an attempt to by pass RBI directives to banks governing direct advances by banks to brokers." (p.11 -1st report). To cover this up, rules have been bent recklessly, facts concealed, records manipulated and even forgery resorted to. Out of the transactions in securities with aggregate face value of Rs. 12,25,722 crore as reported, ready forward deals constitute more than half (51.64%). Transactions on behalf of PMS clients amount to 25.73% (Aggregate face value Rs.3,15,400 crore which were handled mainly by Citi Bank (67.84%) and Canfina (28.63%). It is, however, not clear how much of the above amount has been contributed by the PSUs under Portfolio Management Scheme. While Janakiraman Committee has meticulously prepared statistical tables in other respects, they have omitted to give classified information regarding PMS clients and the amount deployed by them. This omission is significant. Possibly Janakiraman Committee is in a fix as to how much to reveal and how much not; lest it be embarrassing for the Government or Ministries concerned. Misuse of PSD funds under PMS indicates involvement of the high ups in the concerned Ministries. Not only bureaucrats, even the name of one Minister has already figured. What about others? In any case, it is now established beyond doubt that the nexus is confined not to bankers-brokers only, but extends upto Ministerial level. This also calls to question the propriety of PSD funds being deployed for trading in Stock Exchange in the name of investment instead of using them for developmental work for which they are meant. Should this not be prohibited forthwith and the powerful political clout behind this fully exposed bringing to book everyone involved, whatever, may be the position enjoyed by him in Government or administration?

An illustrative revelation of the complicity among broker-bank officials and PSU bosses, is the episode in which Power Finance Corporation parted with almost Rs.100 crores on the basis of a fraudulently obtained letter from a junior-level officer of UCO Bank, Mamam Street Branch, Bombay. This raised doubts about complicity between the broker and the PSU. The case was referred to the CBI by the Bank and the officer was suspended. Subsequently, under the instructions of the erstwhile CMD Mr. K. Margabandhu, CBI was persuaded to drop the case. Suspension of CBI enquiry has been justified by the

Bank on the plea that continuance of CBI case was causing annoyance to the brokers.

White-Washing RBI :

Janakiraman Committee while making certain corrective recommendations (pp.48,49 1st report) for the future has tried to white-wash RBI responsibility by saying ‘the primary responsibility in this regard must remain with the bank managements which must ensure that there are adequate internal control procedures’. Also it says that ‘with 80 banks having over 60,000 branches it is virtually impossible of RBI’s inspection procedures to examine individual transaction of banks’. That this is an inconsistent, incongruous statement far away from realities is borne out by the fact that its 1st report with enough materials was published within one month of its appointment. And this is on the basis of reports received from RBI officials who carried out detailed examination of the books of banks and Financial Institutions all over the country within this period. RBIDBOD has a contingent of well trained and efficient staff with inspection expertise and they can do the job, but the top management restrict the scope of their investigation and do not take appropriate and timely action on their reports. Furthermore, the coverage of inspections also have been drastically curtailed. We understand, copies of these reports go to Finance Ministry but what action do they take.

Some Illustrations :

(a) Last year the then chief of DBOD inspected State Bank of India and pointed out serious irregularities in its securities operations. But what happened to that report? Where did it get stuck up? The inspecting officer had to leave RBI. The internal audit report of SBI (1991) also mentioned investment irregularities and gave corrective suggestions. No action was taken thereon. JPC should call for these reports which will throw light on SBI affairs on the subject.

(b) Bank of Karad's affairs for the period 1987-89 were inspected. Serious irregularities were reported by the DBOD inspector. But the report was withheld till mid-1991 and no action was taken. In desperation the inspecting officer resigned from RBI. Where did the report remain for this period?

It is understood, these reports as well as several others were in custody of the then Deputy Governor and the Executive Director who were in-charge of DBOD. Must they not explain themselves to JPC?

Foreign Banks :

During April-May 1991 a special scrutiny of investment portfolios of different banks was conducted. But, the foreign banks were kept out of this purview. Why so and under whose instructions? In context of the large involvement of foreign banks in the scam as revealed, it is relevant to fix responsibility (Media reports refer to the Deputy Governor as well as the Governor).

SGL and PDO :

That the PDO SGL operations by banks, etc., were not in proper order and there were cases of bouncing, were known to RBI but excepting certain D.O. letters addressed to offending banks, etc, no serious cognizance was taken and the matter was allowed to drift to a point of scandal. An unpardonable shirking of responsibility despite powers to book the offenders. Instead, Janakiraman Committee has spoken of absence of computerization as an alibi. Is it not irrelevant as regards bouncing of SGL transfer forms is concerned?

BRs :

Another intriguing point to note is that although BRs were

introduced long back– say since early eighties – but neither RBI nor IBA standardized the form and prescribed rules therefor till May 1991 thereby leaving enormous scope for manipulation and frauds. Is it not a serious dereliction of duties? Janakiraman Committee is totally silent about this.

RBI Circular of July 1991 :

In course of RBI investigations of several banks during April-May 1991, serious irregularities in securities transactions were detected calling for urgent deterrant actions but Deputy Governor ended his responsibility by issuance of a pious D.O. circular to all banks in July 1991. Janakiraman panel speaks of compliance reports by Banks' Boards, which ultimately turned out to be mere eye-wash, but it has no word of indictment of the Directors – Government and RBI nominees included for passing such false compliance reports without any scrutiny whatsoever of such an important matter.

National Housing Bank :

NHB is a wholly owned subsidiary of RBI. A person who was removed from UTI for dubious activities was made its Chairman without any Board of Directors. It is a large financial empire but its working and operations are not under anybody's control or inspection. How such a person could be put in charge of this institution by the Government and the RBI as the holding institution avoid their responsibility for the fraudulent activities of the subsidiary? Janakiraman Committee has virtually tried to shield the Chairman and absolve him.

Bank of Karad and Metropolitan Co-operative Bank:

These two small banks were being used as conduits by brokers and foreign and larger Indian banks. RBI inspection revealed that they were overtrading very much beyond their capacity. Some reports say that after an initial dragging of feet RBI apprehending an explosive situation felt the necessity of taking action in January 1992 but due to an advice from Finance Ministry that it will be embarrassing for the Government just before the Budget, RBI looked the other way. JPC may like to enquire what was the consideration – any political clout?

Canara Bank, Syndicate Bank, Andhra Bank :

It is understood that CBI has collected data of 300 cheques of brokers Hiten Dalal, Bhupen Dalal, Harshad Mehta, K.D. Narottam, Rajendra Bhatia aggregating an amount of Rs.10 crore passing through these banks at their Bombay offices in connection with irregular stock transactions involving top executives. The matter was not pursued. **JPC should call for these data from the CBI.** Considering the extent of involvement of Canara Bank and its subsidiaries in the scam it is imperative to cause a special investigation of all Brokers' accounts in this Bank's Town Hall Branch (Bangalore). Tamarind Lane Branch (Bombay) and Parliament Street Branch (Delhi).

Similar investigation should also be undertaken in respect of Brokers' accounts with other banks found to be in the scam. For an overall assessment this we consider warranted.

Allahabad Bank :

In February 1992, second round of disinvestment of PSU shares took place. Allahabad Bank made its bid for 2 out of 120 bundles of assorted shares Rs. 13.01 crore each and got them on 22 February 1992. Janakiraman report says so. Floor price per bundle was around Rs. 10 crore. Curiously enough, the Bank obtained quotations from certain brokers for sale of the shares before knowing results of the bidding and actually sold on 31 March 1992 at a pre-determined rate little over Rs. 20 crore. SBI caps bid was at Rs. 13.21 crore per bundle. Could this act of Allahabad Bank can be possible unless a nexus existed with the concerned ministry?

Pre-condition was that the shares were to be sold only after being quoted in stock exchange. But, this was grossly violated and one bundle of shares went to a relatively unknown company "YSN Shares and Securities Pvt. Ltd." A front concern of HSM, its Director, Atul Parekh is reported to be an employee of HSM's Grow More Research and Assets Management Ltd. The other bundle ultimately reached the foreign Citi Bank. Incidentally, foreign banks were not entitled to participate in the biddings but Citi Bank acquired if from the broker via Allahabad Bank, the latter circumventing the conditions of sale. What Citi Bank has done is not exposed.

Janakiraman report mentions that Allahabad Bank made a profit of Rs. 14.17 crore in the deal of 2 bundles but has not brought out the fact that had the shares been offloaded after being quoted in Stock Exchange as per guidelines, the Bank would have made several times more profit. Obviously this was done to favour the particular broker. What was the consideration? The report has winked over this aspect.

It will not be out of place to cite that the Bank's Chairman, Shri Wadhwa who made the deals resigned soon after, well ahead of end of his term to escape liability for this action and was allowed to go gracefully. The scam is evident and JPC should examine him.

UCO Bank :

What has not come to light so far is how far the banks, apart from diversion of funds to brokers for fraudulent use, have directly contributed to the spree in share market by their own investments with disastrous consequences for the Bank. An illustrative case in this regard is purchases made by UCO Bank under orders of the then CMD Mr. K. Margabandhu and 1 lac Apollo Tyres and 35,000 Mahavir Spinning Mills shares, when the prices were ruling very high, at a total cost of Rs. 7.21 crore. The value of these shares at current market price has plummeted down to Rs. 3.40 crores resulting in loss of 3.81 crore to the Bank at the moment. The bank management's reported stand before the JPC that whatever was done was to earn profits for the bank does not stand scrutiny, is a sheer untruth and should be dismissed as an attempt to cover up their shady deals contrived to help the particular broker Shri Harshad Mehta.

There may be other transactions of this nature during the period covered by Janakiraman Committee's probe, not only in UCO Bank but in other banks as well, but left unrevealed. In our opinion, for comprehensive evaluation of collusive role of the bank managements, full disclosure and scrutiny of all investment decisions made by the banks is essential. We hope, the JPC may call for relevant information from the banks including the names of the brokers through whom the transactions were put through.

Another instance which may be cited in this connection is renunciation by the UCO Bank top brass of 6,000 right shares of ICICI at nominal price in favour of brokers to enable them to reap huge profits at the cost of the bank. Similar situation may be in other banks also. The JPC may like to call for complete information in this respect. Janakiraman panel has not examined this aspect and is totally silent about such deals.

Nedungadi Bank :

It is a small bank but indulged in providing funds to speculators in a big way. Through Fairgrowth it purchased Rs.5 crore worth of National Power Transmission Corporation bonds. The entire amount was deposited with ANZ Grindlays in Fairgrowth's account. But the allotment letter was in the name of Andhra Bank Financial Services which was handling NPTC bonds issue. When the Bank asked for the scripts ABFSL refused saying it did not receive the money. The bank's Chairman made the deal and resigned thereafter. One of the

General Managers was asked by the Board to officiate. The mischief was detected by him. The other General Manager, an accomplice of the resigned Chairman, was up and doing in efforts to remove the acting Chairman. Fact, however, remains that the Bank is now in a quandary about Rs. 5 crore investment in NPTC (PSU) bonds. The said Chairman and his cohorts have to be hauled up.

Punjab & Sind Bank :

This bank, going beyond rules, has involved itself in utilising money from the Employees superannuation claims.

Indian Bank :

Though not directly related to the subject under JPC's probe, we are placing a certain case for the committee to judge the role of an erstwhile RBI Deputy Governor who was in charge of DBOD for an unusual ten long years and how banking laws were flouted during his tenure.

RBI DBOD officers inspected Indian Bank in 1989 and detected serious defaults in maintennce of SLR/CRR from 1983 onwards. The deposit liabilities were not properly computed. It was liable for penal interest. Based on the report the inspecting office asked the bank to recalculate the figures. It did not comply. The Deputy Governor superseded the instructions given to the bank and asked it to give correct figures from 1986. This too was defied. The non-compliance was acquiesced and it was advised in 1990 to show fresh figures from them onwards. Was it not a blatant protection of a faulty bank at the behest of a top echelon from payment of a large sum as penal interest for the period between 1983 and 1990 due under the law when the DBOD inspecting officers were doing their job sincerely? The missing link remains unexposed.

Investigtion of securities transactions of banks and Financial Institutions:

When the scam surfaced, CBI went into investigation. No sooner names of big personalities in financial and political arena were getting revealed, the conscientious investigator Shri Madhavan was halted and then made to go. Numerous exposures are in Janakiraman Committee's report in 3 parts. It is surprising that this committee also does not want to proceed further when the question of fixing responsibility for the malpractices, misdeeds and frauds and swindlings has come nearer. Does it want to shirk its own responsibility or is under duress lest the whole lot of participating perpetrators are exposed. The plea of simultaneous proceedings of JPC is irrelevant and unacceptable. Janakiraman Committee which has so far only collected and collected facts should be made to complete the task entrusted to it. This committee should be called upon to enquire into deals/transactions 5 years prior to 1991 and not confined to those from April 1991 only. The beneficiaries of the scam must be located, ostracised and subjected to penal action as criminals.

Some suggestions :

(a) The investigations by various agencies show that the top brass of banks in collusion with brokers have caused severe damages to banks resulting in jeopardy to depositor's interests. Janakiraman Committee has not spelt out any action against erring Executives. Why the banks and depositors should suffer for their irregular and fraudulent activities? The concerned persons should be penalised by attachment and confiscation of their assets - directly owned or 'benami', besides other punishments under the law.

(b) Banks are to be permitted to operate security transactions through approved brokers only but in no case more than 5% to 10% of total value should be allotted to any single broker or firm of brokers taking care that any combination of a shadow or front firm or individual gets more than this limit.

(c) For investment Portfolio Management, each bank must have a committee which should include a special officer from RBI and must not be left to the discretion of an individual.

(d) Mutual funds set up by banks are being used as conduits for diversion of resources for non-banking activities and fraudulent purpose. These should be abolished.

(e) From profitability point of view banks should have scope to exchange low-yielding securities for high-yielding ones by operations in their accounts in PDO(RBI) instead of resorting to brokers channels.

(f) RBI inspections should be strengthened and made more extensive, not concentrating on Advances Portfolio only. Prompt steps should be taken on adverse features.

(g) All financial institutions e.g. IDBI, IFCI, NHB, NABARD, ICICI etc., which at present are independent empires without any monitoring authority, should be brought under the control and inspection of RBI, the central bank of the country.

(h) Over and above RBI inspections, the Comptroller and Auditor General should have a separate wing exclusively devoted to checking of accounts of all banks and Financial Institutions.

(i) A Central Vigilance Commission should be set up exclusively for banks and Financial Institutions.

(j) The retiring Executives of banks, Financial Institutions and PSUs should be debarred from re-employment for five years in any financial institution in private or public sector.

(k) Recent events have brought to light certain weaknesses in performance of top-level Executivies of Reserve Bank of India in monitoring banking and related institutions. A

Committee consisting of a cross section of Members of Parliament, noted economists, experts in the fields of banking and finance should be constituted to examine working of RBI and submit periodical reports to the Parliament.

Matters for Special Consideration :

Besides issues connected with security transaction with which the JPC is presently concerned, we consider that matters relating to banks advances portfolio which too is used as a source to accommodate unscrupulous elements is also of immense importance in view of the alarming rise of bad and doubtful debts i.e., the non-performing assets. Such advances are understood to be constituting more than 20% of the total advances by a conservative estimate. According to current figure of total advance at around Rs. 1, 40,000 crore this comes to about Rs. 28,000 crore. We do not agree with the Narasimham Committee's recommendation to set up an Assets Reconstruction Fund to take over these assets at a discount as it will not solve the problem. The other recommendations of Narasimham Committee for reforms in the financial system do not also fit into the requirements of our country. The scam has proved beyond doubt the consequences of liberalization envisaged by this committee. The recommendations have to be scrapped.

What is of **immediate necessity** is that relevant laws should be amended.

(a) to plug the loopholes which make loan recovery a time-consuming difficult process, sometimes impossible;

(b) to give appropriate powers to the banks to directly take over the goods/properties hypothecated/mortgaged against loans and dispose them of for recovery of the dues;

(c) to prohibit institutional finance/credit facilities to industrialists and associate borrowers who erode the net worth of their concerns by diversion of funds for activities other than for which borrowings are made and turn the industries sick; as also to enable banking and other lending institutions to proceed for enforcement of securities of other concerns of such defaulting borrowers;

(d) to remove the secrecy clause so as to make the Balance Shets of banks as well as of other financial institutions transparent in all respects including publication of provisions for bad and doubtful debts and debts written off, names of defaulting borrowers beyond Rs.50 lakh;

(e) to provide for attachment and confiscation of assets/ properties of persistently defaulting borrowers and the detected conniving official, due legislation should be enacted as in the case of the Ordinance relating to those involved in securities scam.

Conclusion :

We fervently hope that the JPC will give due consideration to the views and suggestions given in this memorandum of the Bank Employees Federation of India.

A. SEN, General Secretary

JOINT MEMORANDUM SIGNED BY AIBEA, BEFI, AIBOA, CITU, AITUC, INTUC, UTUC, TUCC, NLO & NFITU SUBMITTED TO THE FINANCE MINISTER AT A MEETING CONVENED BY HIM ON JANUARY 29, 1994 ON NARASIMHAM COMMITTEE'S REPORT ON REFORMS IN BANKING SECTOR :

NEW DELHI 29.01.1994 Dr. Manmohan Singh Minister of Finance Government of India New Delhi

Dear Sir,

On behalf of a number of apex-level trade unions in banks and different Central Trade Unions, we express our thanks for having invited us to this meeting on banks.

We are at a loss to understand, having regard to the fact that already series of actions based on Narasimham Committee Report are in the process of implementation, whether this meeting would have any fruitful purpose. We do not know whether it is just a ritual or routine exercise. In this context, Discussion Paper appears to us as a mere information document than anything else. Any way, we would like to concisely deal with some of the basic points mentioned in the 'Discussion Paper'.

The Government Policy today, in the name of 'reforms', comprises :

i) Setting up Private Sector Banks,

ii) Entry of more Foreign Banks with unfettered freedom in the fields of Branch Expansion and Business Operations,

iii) Steady decimation of Public Sector Banks with the ultimate objective of driving them out of existence, and

iv) Large-scale closure of banks branches constituting direct attacks on jobs and job security of lakhs and lakhs employees/officers.

Doubtlessly, Public Sector Banks today are passing through a critical phase, burdened as they are with a portfolio of "Bad and Doubtful Debts", euphemistically called "Non Performing Assets" of around Rs.37,000 crore. In our considered view, the present crisis of Commercial Banking Sector must be squarely laid at the doors of the authorities who have allowed unconcealed political use of Banks and their resources. The bane of the Banking is unholy nexus between unscrupulous bankers, bureaucrats, brokers, politicians and captains of industry, trade and commerce. While huge amounts of bank credit are locked up in sick Industries, about 3/4th of total bad

debts are directly attributable to corporate sector. Instead of taking long overdue corrective and remedial measures, the Government action now amounts to handing over the Banks to the same Private Sector, responsible as they are, for wilful default of credit taken by them fraudulently or otherwise from the banking system.

The large scale changes in the Govt.'s Policy concerning the Banks and Financial Institutions is an extension of Govt.'s so-called "new economic policy" introduced since July, 1991. On the one hand, common man's life has become increasingly miserable, on the other hand joblessness today constitutes a principle plank of Govt. Policy. As our self-reliant economy and the powerful public sector is being given a go-by with virtual free-entry of foreign capital and transnational corporations, so in the core banking & financial sector too the same policy is extended. Not only foreign banks are being welcomed in our country but even foreign financial institutions are permitted to mobilize peoples' resources. Malhotra Committee Report is another step on the same lines as a result of which our Insurance business will also be shared with foreign Insurance Companies. Public Sector Banks will be increasingly privatized. Private Financial Institutions - Indian & Foreign, Mutual Funds - and others will have full freedom to mop up people's savings. Foreign Institutions, banks and individuals shall be owning banks in the country. All these steps will ultimately lead to a situation where the Govt. will hardly have any control over people's savings, national financial resources, their liquidity & use. In a country's economy, banks and financial institutions occupy a position of pre-eminence. It is unfortunate that our Govt. is acting in a manner so as to hand over the vast net-work of banking – developed by the Public Sector Banks in a span of two decades, an event without any parallel in the whole world - to Private Sector - Foreign & Indian - to the detriment of national economy and interest.

Credit to weaker sections, rural sector, agriculturists - small and marginal farmers, artisans as well as tiny and small-scale industries will be chocked up and dried. In one word, banks' resources will be absolutely at the disposal of the corporate sector, when the task of the hour is to provide more credit to the weaker and rural segments of our economy.

We are firmly opposed to setting up of any private bank in our country. What our country needs is not more banks but an efficient, professionally-run depoliticized banking system. If the country could do without any new bank for more than four decades, it does not required any new bank today.

The record of private sector banks is for everybody to see. During the last 7-8 years, about 15 private banks have failed in the different parts of the country. The Centre-stage of the "Scam" is occupied by a Private Sector Bank, The Bank of Karad Limited. Between 1960 & 1985 a number of private banks, e.g. Hind Bank Limited, Hindustan Mercantile Ltd., Jodhpur Commercial Bank Ltd., etc., etc., were got merged with one or the other bank.

We are also firmly opposed to dilution of ownership in respect of Public Sector Banks for which a Bill has been introduced in the Parliament. Those who have looted and plundered Public Sector Banks resources will now be sitting on the bankers boards themselves. Loot and plunder will thus be institutionalized.

While we stand for strengthening the capital base of banks, we do not appreciate the blind application of Basle norms evolved primarily, for private European bank whose business pattern differs widely from ours. We strongly feel that over a period of 8-10 years, appropriate capital base should be built up. Banks were in private sector till 1969 except, of course, State Bank of India and its subsidiaries. If we take out State Bank group deposits, the deposits mobilized by private sector

banks over more than 100 years was just around Rs.2500 crore. In the days of private banks, credit to weaker and rural sectors and for other nation-building activities, its role is self condemning.

We are, therefore, constrained to record our firm opposition to any private banks being set up in the country. Foreign Banks, whose rapacious role has been exposed in bold relief by JPC are being granted liberal entry and virtually unquestioned branch expansion, there is no justification for this velvet-handed treatment. Rather, there is a strong case for taking stringent penal measures against some of them as they are guilty of willful violation of all regulatory rules and laws of the country.

Branch Closures

What is most alarming is the Government's pronounced policy of branch closures. As per Government's own statement in the Parliament, 9336 branches of Public Sector Banks are "unprofitable" and "unviable". This figure will come up to around 15000 by the end of current financial year. To begin with, Government have directed through the instrument of "Memorandum of Understanding" for closure/satellisation of 600 branches in addition to elimination of one middle-level administrative tier. It is clear to us that over a period of 4/6 years, all these so called "unviable" branches would be closed down. This constitutes a direct attack on the employees/officers, jobs and job security.

The "Discussion Paper" is conspicuously silent on this vital issue. We are not prepared to buy the stock argument of re-deployment. By application of arbitrary standards, many banks have been identified by the authorities as having "surplus staff". It is totally absurd and unscientific to identify a bank's branch as profit-making or loss making. The performance of the Institution as a whole has to be taken into consideration. When so much talks are there for 'customer service', will not branch closures deprive customers of the concerned area of the bank services? Banking is a social institution and society should not be deprived of bank offices. Bank Unions are determined to oppose with all strength at disposal to fight back this offensive on public sector banks and branches, employees and their jobs in the overall national interests and economy.

In the background of the above, we are of the considered view that the following steps are immediately called for to revamp and revitalize banking system so as to make them effective instruments for accelerated social and economic growth and for attainment of objectives assigned to banks consequent upon nationalisation.

1) Restructuring of entire commercial banking sector should be immediately undertaken. 8 or 10 equal-sized banks should be brought into existence, in an atmosphere of competitiveness, each one of them being assigned a well-defined geographical area for its overall growth – Agricultural, Industrial, Job generation, Employment generation and Poverty alleviation.

2) An overseas Banking Corporation should be set up comprising of all Public Sector Bank's branches abroad.

3) Wilful default of bank's loan should be made a criminal offence.

4) List of all defaulters, say, above Rs.10 lac, should be published.

5) Banking should be brought under the scrutiny of a Standing Parliamentary Committee.

6) Inspection of banks should be more stringent, effective and independent within RBI.

7) An Independent Audit Commission of the lines of CAG should be set up. The present Audit System is in no small measures responsible for the present critical health of the banks.

8) An Independent Central Banking Vigilance Commission comprised of persons having proper knowledge of banking operations should be set up.

9) Appointments of banks' Chairmen should be done through a high-level Banking Service Commission headed by a Supreme Court Judge, with a retired Governor of RBI, an eminent economist, management expert etc. as members. Post of Executive Directors should be abolished. Initial period of bank's Chairman's appointment should be 5 years. Banks' Executives should also be selected by the same or another Commission from amongst executives from different banks. The present Directors Promotional Committee (DPC) must be scrapped instantly. Interchangeability of the executive's on promotions to scale V and above is a must. If High Court Judges are made to move from one court to another why not a bank's AGM, DGM or GM?

10) Banks' boards should be reconstituted with persons of proven integrity and commitment to Public Sector.

These are some of the suggestions which call for immediate implementation.

A reference has been made in the Discussion Paper about the merger of New Bank of India with Punjab National Bank. It has created more problems than it has solved. Not only hundreds of employees have been coercively transferred out to far-off places, the unilateral notification issued by Finance Ministry slashing down permanently Seniority of the erstwhile NBI employees/officers for all times to come poses a great danger to the bank employees and it is resented by all of them.

We do not know whether this has been deliberately done so as to make the employees averse and opposed to any mergers. This wrong step must be immediately rectified in consultation with the unions.

With kind regards,

Thanking you,

S/d

Comparative Study of Wage Agreements in Commercial Banks and in Reserve Bank since 1970

2ND BIPARTITE
BASIC PAY

R.B.I.	Commercial Bank	Differences
210	170	40
220	180	40
230	190	40
240	200	40
255	213	42
270	226	44
285	240	45
300	255	45
315	270	45
355	285	70
375	305	70
395	325	70
415	345	70
435	370	65
460	395	65
485	420	65
515	450	65
545	480	65
580	515	65
615	550	65

3rd BIPARTITE
BASIC PAY

R.B.I.	Commercial Bank	Differences
400	325	75
420	345	75
440	365	75
460	385	75
485	405	80
510	430	80
540	455	85
570	485	85
600	515	85
680	545	135
715	580	135
750	620	13
790	660	130
830	705	125
875	750	125
925	800	125
980	860	120
1040	920	120
1105	980	125
1170	1040	130

3rd BIPARTITE
BASIC PAY

R.B.I.	Commercial Bank	Differences
650	520	130
685	550	135
720	580	140
755	615	140
790	650	140
830	685	145
875	730	145
925	775	150
980	820	160
1115	875	240

1170	930	240
1225	990	235
1285	1055	230
1345	1125	220
1415	1195	220
1500	1280	220
1600	1375	225
1700	1470	230
1800	1565	235
1900	1660	240

4th BIPARTITE
BASIC PAY

R.B.I.	Commercial Bank	Differences
1155	900	255
1210	950	260
1265	1000	265
1320	1075	245
1395	1150	245
1470	1225	245
1545	1300	245
1630	1400	230
1720	1500	220
1955	1600	355
2055	1700	55
2155	1810	345
2270	1920	350
2400	2030	370
2530	2140	390
2685	2260	425
2860	2380	480
3035	2500	535
3210	2715	495
3385	2835	550

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