



NATIONAL CONFEDERATION OF BANK EMPLOYEES

(Registered Under Trade Union Act, 1926—Registration No.B-2334)

Registered Office & Head Quarters:

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CIRCULAR No.33
TO ALL MEMBERS:

Date: 02.05.2012

PRIORITY SECTOR LENDING, FINANCIAL INCLUSION VIS-À-VIS **LOSS MAKING BRANCHES**

We reproduce hereunder the full text of UFBU Circular No.8, dated the 1st May 2012, issued by United Forum of Bank Unions, the contents of which are self-explanatory.

(M.V. MURALI)
GENERAL SECRETARY

“The Government of India is working out a plan to close the loss making branches or relocate them, down size the staff strength in rural branches, as the Public Sector Bank Branches are set up to earn profits.

2. This thinking of the Government is diametrically opposed to the very object of nationalization of Banks in 1969. Hence, we have lodged our protest against this retrograde move of the Government by addressing a letter to the Secretary, Department of Financial Services, Ministry of Finance, Government of India. A copy of the letter given below is self explicit.

3. Further developments in this regard will be informed.”

No. 1367/10/12

Date: 01.05.2012

To,

Sri D.K. Mittal

Secretary,
Department of Financial Services,
Ministry of Finance, Government of India
Jeevandeep, III Floor, Parliament Street,
New Delhi -110 001

Respected Sir,

PRIORITY SECTOR LENDING, FINANCIAL INCLUSION VIS-À-VIS LOSS **MAKING BRANCHES.**

We invite your kind attention to the news paper reports that “the Government is making efforts for evolving a new strategy for loss making branches of Public Sector Banks and Insurance Companies, which includes, relocation of branches, scaling down staff and even closure of branches as they have been set up to earn profit.”

2. This statement has come as a rude shock to all of us because it is a clear indication of Government's departure from the avowed policy of socializing the commercial banks, by using the resources mobilized from the masses for achieving socio-economic development of the country, especially amelioration of poverty, eradication of inequalities between the haves and have nots. You will agree that the Banks were nationalised in the year 1969 with the sole objective of making institutional credit accessible to hitherto neglected sectors of the economy i.e. the village artisans and craftsmen, the poor, under privileged, deprived to engage themselves gainfully. Needless to mention here that, Public Sector Banks have played a stellar role in catering to the financial needs of all the farmers, the petty, small business enterprises, small scale industries, cottage industries, artisans, the SC/ST entrepreneurs etc. This massive effort has resulted in all round growth of the Banking Industry and economic development of the under privileged. The Public Sector Banks, during the last 44 years, have contributed immensely for the economic development of the country. The Green Revolution as well as the White Revolution are mainly due to the fact that the Public Sector Banks have spanned out in the interior parts of the country by opening their branches for integrated rural development. The profitability of these branches was not the main goal. The goal was to take the banking to the door steps of the needy.

3. The Government of India gave enormous thrust for rural banking and hitherto unbanked rural places were provided with Banking services as part of putting the entire Public Sector Banks on a social path. Our rural branches and staff working in these branches have rendered a yeomen service, by strictly and sincerely following the government policies and directives. Priority Sector lending is the hall mark of Public Sector Banks.

4. In the recent past, the government of India embarked upon a policy of financial inclusion aiming at creating employment opportunities, engendering business opportunities through micro financing through Self- Help group-Bank Linkage programme etc. and the Public Sector Banks have played a very effective role in achieving the goals set before them. The Public Sector Banks have been embarking on opening of more and more number of branches in rural areas with a target of minimum of one branch for 2000 population. This naturally impedes the rural branches in making profits and closure of loss making branches tantamounts to cutting the life line of social banking assiduously nurtured by the Public Sector Banks.

5. Therefore the thinking of the government to close the loss making rural branches or relocate them is fraught with potential thereat to the social banking, depriving millions and millions of people living in the rural side access to institutional credit.

6. We therefore request you to re-visit the idea and continue to extend support to rural branches. We have the confidence that, as a champion of the poor and under privileged; you will intervene in the matter and give your green signal to the Public Sector Banks to go ahead aggressively by opening more and more branches in the rural India.

NATIONAL CONFEDERATION OF BANK EMPLOYEES::::::::::::::::::ZINDABAD !
OUR SOLIDARITY::::::::::::::::::ZINDABAD !
OUR UNITY::::::::::::::::::ZINDABAD !