

Bank unions on all-India strike today against consolidation plans

Services at public sector banks are expected to be hit with employee unions going on a nationwide strike against bank consolidation, inadequate capital support for banks

Alekh Archana



The government is looking to reduce the number of public sector banks to 10-15, through a series of mergers and acquisitions. Photo: Mint

Services at public sector banks are expected to be hit on Tuesday with employee unions going on a nationwide strike.

The employees are protesting against the proposed consolidation of public sector banks, inadequate capital support for banks and loan defaults by large borrowers. The strike has been called by the United Forum of Bank Unions (UFBU), an umbrella body of nine unions including the All Indian Bank Officers Confederation and All India Bank Employees' Association (AIBEA).

C.H. Venkatachalam, general secretary of AIBEA, said in a statement on Monday that nearly 1 million bank employees across all 21 public sector banks will go on strike.

The strike is likely to impact State Bank of India as two of its unions have decided to participate, the bank had informed exchanges on Saturday.

“Banks are cutting savings deposit rates, but at the same time, they are losing interest because of the pile of bad loans, mainly due to large loan defaults. Only customers are getting burdened because of this,” Venkatachalam said.

Unions are demanding that banks should not write off non-performing assets (NPAs) and that wilful default be declared a criminal offence.

Share

Gross bad loans of banks rose over 24% year-on-year to Rs7.79 trillion at the end of June. Of this, Rs6.83 trillion belongs to public sector banks.

The unions are demanding adequate capital support to banks instead of pushing them to raise funds from private players, as this would result in dilution of government's stake.

The unions are also protesting against the government's move to consolidate public sector banks.

The government is looking to reduce the number of public sector banks to 10-15, through a series of mergers and acquisitions, *Mint* reported on 21 August, citing Sanjeev Sanyal, principal economic adviser at the finance ministry.

A.K. Nayak, chief labour commissioner, met the representatives of UFBU and Indian Banks' Association. However, there was no agreement over the demand, and unions decided to go on strike, Venkatachalam said.

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