



# STATE BANK OF HYDERABAD STAFF ASSOCIATION

(Regd. No.269)

Central Office: Gunfoundry, Hyderabad – 500 001

Phone: 040-66661941, 23387696, 23387-396,300,262,217 Fax: 040-23387509

e mail : [sbhsahyd@gmail.com](mailto:sbhsahyd@gmail.com) - website – [www.sbhsa.org](http://www.sbhsa.org)

**CIR. NO. SA-CO/22/2013**

**dated: 18.09.2013**

## **ALL THE MEMBERS:**

**Dear Comrades,**

We reproduce hereunder the CIRCULAR dated: 8<sup>th</sup> September 2013, issued by our National Organization – AIBEA for your information.

With Greetings,

Yours Comradely,

(JAGDISH M BHAVTHANKAR)  
GENERAL SECRETARY

## **TEXT OF AIBEA CIRCULAR:**

### **PRIVATE SECTOR BANKS UNIONS' CELL**

**CIRCULAR TO ALL UNITS AND MEMBERS  
OF PRIVATE SECTOR BANKS**

**8<sup>th</sup> September, 2013**

Dear Comrades,

- ◆ **March on to All India Strike on 25<sup>th</sup> September, 2013**
- ◆ **Be alive to the dangers of Take-overs, Mergers & Acquisitions**

**Units are aware that AIBEA has given the call for All India Strike on 25<sup>th</sup> September, 2013** to protest against the ongoing banking reforms, mergers, closure of Associate Banks for takeover by SBI, new Bank Licensing Policy to permit corporate houses to start their own Banks, etc. We are sure that all our units and members are taking every effort to make this strike a total success.

The strike call assumes special significance in the private sector Banks, particularly the first generation private Banks. These private Banks have been in existence for so many years and have been contributing in their own way for the economic activities of the country besides serving their customers. Traditionally, these private Banks have been confined to certain geographical areas with their limited branches and resources. But in the last two decades of opening up the banking sector, these private Banks have come under lot of pressure. They had to compete with the second generation private Banks which had all the encouragement and blessings of the Government. And, wherever they tried to copy and compete, they got into problems and lost their identity and got merged with some second generation private Banks. In the recent years we have seen how Banks like Sangli Bank, Bank of Rajasthan, Bank of Madura, Lord Krishna Bank, etc. were gobbled up by 'big brothers'. We have also seen the conditions of the employees of these Banks after such takeovers. Our Unions in these Banks have also been killed with vengeance ( except our Lord Krishna Bank Employees Union) so as to have freedom to harass and exploit the employees forcing them to resign and leave the jobs.

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We have also seen the exit or takeovers of Banks like Global Trust Bank, Times Bank, Bank of Punjab, Centurion Bank, etc. Recently we have seen how Dhanalakshmi Bank, in the name of becoming modern like the 'big brothers', got into serious problems reaching the brink of collapse. This Bank is still not out of danger.

**Thus banking reforms have only brought problems and pressures for the first generation private Banks.**

Private Banks have also become vulnerable to invasion by FDI. In the private Banks, FDI has increased alarmingly. Thanks to the struggles and strike actions by AIBEA, the attempts of the Government to delete Section 12 (2) of the Banking Regulations Act to remove the ceiling on voting rights have been thwarted and was able to seal the voting rights at 26%. But we find that the pressures are still continuing. Very recently we have seen the proposal of the Federal Bank to increase the FDI in their Bank from 50% to 65%. In Vysya Bank, we have seen how it became ING Vysya Bank and now slowly becoming ING with more emphasis on insurance business than banking operations. About the second generation private Banks, the less said the better. The FDI in these Banks is very high, in some cases touching the thresh-hold limit of 74%.

The decision of the Government to give banking license to corporate and business houses will further add to the pressures on the first generation private Banks. They will become more and more vulnerable and susceptible for takeovers and acquisitions. They will be under more and more pressure for competition. They will find very difficult to survive and perform under all these pressures. That is why AIBEA has decided that all the private Banks should be brought under public sector.

Comrades, the coming period will be full of challenges for us. Unless we are alert and vigilant and fight back these challenges, events may overtake us. Hence let us participate in the strike on 25<sup>th</sup> September with full unity, strength and vigour. Let us make the strike a total success in our Banks.

**Onward to 25<sup>th</sup> September STRIKE.**

With greetings,

Yours Comradely,



**P.P. VARGHESE  
CONVENER**

**PRIVATE SECTOR BANKS UNIONS' CELL**

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