Here Is Why India’s One Million Bank Employees Are on Strike

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More than 12 lakhs (1.2 million) bankers working in around 10,300 branches around India are on a one-day nationwide strike today protesting against the policies adopted by the government towards the sector. Around 12 lakh financial instruments valued around Rs 7,300 crore would not be cleared. The strike is organized by the United Forum of Bank Unions (UFBU), which is an umbrella body of nine unions, including All India Bank Officers’ Confederation (AIBOC), All India Bank Employees Association (AIBEA) and National Organisation of Bank Workers (NOBW).

Among the 17-point charter of demands, the main demands are relating to government’s denial of adequate capital to public sector banks thus creating conditions for privatization, AIBEA said in a statement.

> “Privatization of banks would mean privatizing the Rs 80 lakh crore of common people’s money available in our banks. This is dangerous for the country and our people. Privatisation of banks would also result in denial of loans to priority sectors like agriculture, rural development, education, etc“, AIBEA added.

Other demands include no write-off policy for non- performing assets (NPAs) of corporate loans, declaring wilful default of loans as criminal offence and implementation of recommendations of Parliamentary Committee on recovery of NPAs, AIBEA **General Secretary C H Venkatchalam** said.

This is not the first time the Bankers have gone to strike. As we reported last year, when the entire nation was busy in the #JNUrow in the ongoing debate on tolerance, a very important development with major consequences to everyone in the country had seemingly gone unnoticed. It was during this time that the Indian government announced a series of major banking reforms, including lowering its stake in state-owned banks to a staggering 51 per cent. The announcement was met with nationwide resistance from the bankers. It should be understood that this is not a case of just the banks.

Just before the Demonetisation move was announced even BSNL employees held a nation-wide protest against the privatization of BSNL. The day the BSNL employees went on strike the “government approved an ambitious plan to sell loss-making state-owned companies, subsidiaries and select manufacturing plants to strategic buyers, setting the stage for the return of privatisation after more than a decade”. Touted under what is called as the **Strategic Sale of PSUs**, there is a wholesale privatization of what is termed as distressed assets (state units) underway. Maybe it's just a coincidence that this historic plan was approved when the entire nation was busy fighting foreign spies infiltrated SIMI terrorists.

Across the country farmers, traders, retailers and even a section of the press have been raising their voices against these policies. Although the Indian government has repeatedly claimed the support of 125 crore Indian for the Demonetisation drive, there has been a massive wave of protests and violence against it across the country. It is to paint a rosy picture of India to the international financiers that these events were largely not given its due attention by the mainstream media. We have already exposed these claims in our recent report here Demonetisation & GST Myths Exposed By Parliamentary Committee Report & Statistics.

The NPA Scam

According to a report by Credit Suisse published in October 2015, the total amount of money owed to the state-owned banks alone was calculated to be Rs 3.04 lakh crore. Here's a list of the top 10 companies with the largest debt. Here is a simple explanation of how the scam works as explained in our Global War on Cash Series.

Most of these loans are classified in banking books as Non-Performing Assets (NPAs). In simple terms, an asset is tagged as non-performing when it ceases to generate income for the lender, meaning these loans became unrecoverable bad loans. But wait, when the companies themselves are making good profits how could their loans be termed NPAs?

According to the Comptroller and Auditor General (CAG) of India **Shashi Kant Sharma**, a significant part of NPAs amount to fraudulently obtained advances and a large part of these loans may now be irretrievable as they are likely to have been transferred abroad. He also said that in recent times, there have been frauds against institutions, frauds committed against banks, especially public sector banks that are struggling. NPAs do not just reflect badly in a bank's account books, they adversely impact the national economy.

So what has the Government been doing about this? Well, simply writing it off the books. Government has been writing off such corporate debts in lakhs of crores of rupees under what is called 'revenue forgone' now known by a new fancy name 'revenue impact of tax incentives'. Data presented by **Santosh Kumar Gangwar** in a question answered in Rajya Sabha on 2nd August 2016 show the extent of such revenue foregone in 2015-16 – this is estimated to be Rs 6.11 trillion.

According to the 'Revenue Forgone Statement' corporate companies on an average get tax waiver of Rs 7 crore every hour or Rs 168 crore every day or Rs 5.32 lakh crore every year. It's close to three times the amount said to have been lost in the 2G scam. About four times what the oil marketing companies claim to have lost in so-called "under-recoveries" in 2012-13. In the nine years from 2005-06 to 2013-14, the corporate karza maafi amounted to Rs 36.5 lakh-crore. That, in case you like the sound of the word, is Rs 36.5 trillion. This is how the richest 1% of Indians get to own 58.4% of the country's wealth.

Now this debt write-off is also a major fraud and has been continuing on a regular basis since a long time. Even the Supreme Court has reprimanded RBI whose responsibility it is to keep a watch on this and ordered it to share the list of major defaulters which RBI didn't had any information on.

So where has all the money gone? The US Department of Commerce estimates that each $1 billion in trade deficit translates to about 13,000 to 19,000 lost jobs for Americans – meaning that every $1 billion sucked out of India will stabilize atleast 13,000 jobs in the US. How many jobs would RS 36.5 trillion that the govt. wrote off save? Roughly around 80 lakh American jobs, enough to sustain entire US economy with job/wage guarantee multiplier effects setting in. This same 80 lakh jobs it was promised in 2011 will be created in India instead by FDI in Retail. No one asked from where the money for investment would come from when the entire US-EU economies themselves were running bankrupt? *(read our special report on Demonetisation & the Global War on Cash to understand how this works)*

PARA – A New Central Bank For Strategic Sale Of India

To resolve the issue of Large Stressed Loans there is a push to privatize the public sector banks by creating a Central Bad Bank along the lines of the US TARP (Troubled Assets Relief Program) termed here as the PARA (a centralized Public Sector Asset Rehabilitation Agency). The only difference is that while TARP was designed to bailout the bankrupt banks and companies and were taken over by the US government, PARA in contrast is designed to sell-off the state owned units to those same companies and banks that went bankrupt in 2008.

The idea is mooted by the deputy governor of Reserve Bank of India, **Viral Acharya**. Before appointed as the deputy governor Acharya was a professor at the New York University Stern School of Business. It is here that Mr. Acharya came up with the idea published in the co-authored research paper that analyzed "the precarious condition of public sector banks" in India. The paper found that "the onus of remedying this situation through radical reform lies primarily with the Government." In conclusion the paper recommended a fix: *Privatize public sector banks or reallocate their assets*.

According to Acharya,

> "Banks in India haven't typically failed except for small banks here and there. But the trouble is that a public sector bank cannot under the current statute be sold to a private sector bank."

It is here that PARA comes into picture. PARA would provide a mechanism to create a government-driven asset reconstruction company – a Bad Bank, where banks can park their stressed assets and be merged or picked up by private players.

Now with traditional Indian businesses at a standstill and government units stressed out the hedge-vulture funds are already circling India to pick up their prizes. Under the Strategic Sale of PSUs, there is a wholesale privatization of what is termed as distressed assets (state units) underway.

What is taking place today is the greatest transfer of public wealth into private hands in the history of this world. Contrary to a myth long popular in the West and now espoused by the East it's been the poor of the world that finance the rich not the other way round. At the end it was the decades of hard earned public money that was sucked to bail out the ailing Indian banking system that in turn would bailout and stabilize the bankrupt Western-European economies and corporations.

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