

Financial Express

March 22, 2005

BANKING OPERATIONS PARALYSED

Banking operations across the country were paralysed on Tuesday due to the one-day strike called by the United Forum of Bank Unions (UFBU). Nearly 10 lakh officers and workmen from public sector banks, private sector banks, regional rural banks and co-operative banks did not report to work to protest against consolidation among public sector banks, hike in foreign equity participation in private sector banks from 49% to 74% and removal of 10% voting rights cap. High value clearing of cheques in Mumbai was impacted as many banks stayed away from clearing. Only 52 out of 115 banks reportedly participated in Tuesday's clearing operations. Around 4,054 cheques aggregating Rs 1,657.37 crore could be cleared against the normal daily clearing of about Rs 12,000 crore. With the public sector banks not participating in trading, volumes in the government securities volumes were thin at around Rs 700 crore against the normal daily trading volume of Rs 1,000-1,500 crore. Trading in the forex market too was affected.

Opposing reforms in the banking sector, the UFBU, an umbrella organisation of four officers unions and five workmen organisations, in a statement, said it wants expansion of bank branches in **unbanked** areas, particularly rural areas, making bank credit available to the rural sector, small and medium enterprises, and saving the banks in India from takeover by multinationals.

State Bank of India (SBI) chairman AK Purwar said the strike had affected his bank's operations. Meanwhile, in Kolkata, the 24-hour all-India bank strike convened by the UFBU paralysed banking operations. Banking operations also remained totally suspended at the regional office of the RBI. Unlike previous years' bank strikes, the protesters this year took special initiative to make the Automated Teller Machines inoperative. All the ATMs adjacent to the bank branches in the city remained inoperative following resistance from the UFBU supporters. UFBU also deputed their representatives at the offline ATMs and according to the All India Bank Employees' Association president, Rajen Nagar about 90% of the total ATMs in the city remained inoperative on Tuesday. The All-India Bank Officers' Association has contended that as India's share in the global trade was hardly 0.75%, mergers & acquisitions among PSU banks would not help the Government of India. "In fact existing PSU banks should be further bifurcated so as to enable them to control about 750 branches in 10 districts in line with the National Common Minimum Programme's objective of the district becoming the nodal point for the growth of rural India," it said. "The banking sector is controlled upto the extent of 85% by PSU banks. PSU banking has benefited all sections of society and turned the wheel from the concept of 'class banking' to 'mass banking'," said the Association. Allowing upto 74% foreign investment in the equity of private sector banks would lead to the control of huge resources and precious savings of Indians in the hands of foreigners, it added.