



ALL INDIA BANK EMPLOYEES' ASSOCIATION

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TO ALL UNITS AND MEMBERS:

Dear Comrades,

When we are on the eve of the 50th Anniversary of Bank Nationalisation, we were searching some archives for information on this major political decision that was taken. We could get the newspaper item published in The Hindu 50 years ago, on 10th July, 1969.

Nationalisation of banks was the consistent demand of AIBEA right from its inception in 1946. This was also the persistent demand of the Communist Party of India. In the 1960s when the country was facing acute economic problems, particularly, drought in rural areas, when the ruling party was losing power in many States, Madam Indira Gandhi took the bold decision to nationalise 14 major Banks despite opposition from stalwarts like Morarji Desai and others.

The rest is history by now and we are celebrating the 50th Anniversary of Bank Nationalisation.

50 YEARS AGO - From the Archives

P.M. wants selective bank take-over

THE HINDU
10th July, 1969

The Prime Minister, Mrs. Indira Gandhi, sprung a major surprise to-night [July 9] by sending a note to the Congress Working Committee – through a special messenger from Delhi – more or less associating herself with the Leftist demand for bank nationalisation.

When the Working Committee was discussing the draft on economic policy, prepared by Mr. C. Subramaniam and Mr. Sadiq Ali, the Prime Minister's note was received spelling out her broad approach to problems of agriculture, industry and financial institutions.

Mrs. Gandhi did not plead for bank nationalisation as such but expressed the view that the suggestion for selective nationalisation of some of the major banks was worth considering in the context of the larger economic objectives of the Congress Party.

The Prime Minister's note was not considered in detail by the Working Committee since there was not enough time before the members adjourned for the dinner given in their honour by the Mysore Pradesh Congress Reception Committee.

But it will be discussed at length in Mrs. Gandhi's presence when the Working Committee meets again to-morrow night.



Smt. Indira Gandhi, the then Prime Minister, while announcing nationalisation of banks on 19th July, 1969 said:

“..... public ownership and control of the commanding heights of economic and its strategic sectors were considered an essential aspect of the new social order being built up in India. Financial Institutions are amongst the most important levers that any society has at its command for the achievements of its social and economic objectives. The nationalisation of major banks was a significant step in the process of public control over the principal institutions for the mobilisation of people's savings and canalising them towards productive purpose. The Government believes that this step would help the most effective mobilisation and deployment of national resources so that the national objectives would be realised with greater degree of success.”

The Banking Companies (Acquisition and Transfer of Undertakings) Bill, 1969, clarifying the objective and reasons for bank nationalisation, mentioned as under:

“The Banking System touches the lives of millions and has to be inspired by large social purposes and has to subserve national priorities and objectives, such as rapid growth in agriculture, small industries and exports, raising of employment levels, encouragement of new entrepreneurs and the development of the backward areas. For this purpose, it is necessary for Government to take direct responsibility for the extension and diversification of banking services and for the working of the substantial part of the banking system.”

	1969	2019
No. of Branches	8200	90,765
Branches in rural and semi urban areas	NIL	54,872
Priority sector loans	NIL	40 %

	Deposits	Loans
15th Aug. 1947	Rs 1019 crores	Rs 424 crores
1969	Rs 5,000 crores	Rs 3,500 crores
2019	Rs 127 lac crores	Rs 85 lac crore

Nationalised Banks have come a long way under public sector. But much more needs to be done to achieve the goals and objective of nationalisation. Unfortunately, instead of strengthening the public sector banks to achieve these laudable aims, the present day agenda is to pursue banking reforms like privatisation and amalgamation of banks. Banks are increasingly coming under the clutches of the big business. Our Banks are made to bleed and record losses because of the corporate defaulters.

Banks belong to the nation. The money belongs to the people. Hence our slogan 'People's money for people's welfare and not for corporate loot'.

It is our patriotic duty to strain every nerve to resist all the retrograde attempts of banking reforms and fight for policies that would strengthen our Banks.

With greetings,

Yours comradely,



**C.H.VENKATACHALAM
GENERAL SECRETARY**