



# ALL INDIA BANK EMPLOYEES' ASSOCIATION

Central Office: "PRABHAT NIVAS" Regn. No.2037  
Singapore Plaza, 164, Linghi Chetty Street, Chennai-600001  
Phone: 2535 1522 Fax: 2535 8853 Web: www.aibea.in  
e mail ~ chv.aibea@gmail.com & aibeahq@gmail.com

**CIRCULAR No.28 /130/2019/31**

**18-7-2019**

**TO ALL UNITS AND MEMBERS:**

Dear Comrades,

**OUR DREAMS FULFILLED –  
MAJOR BANKS NATIONALISED  
19<sup>th</sup> JULY 1969  
GLIMPSES FROM THE PAGES OF HISTORY**

A red letter day dawned on the 19<sup>th</sup> July 1969 not only in the history of the working class, we could say at this point of time, in the very history of our nation, from various angles and consequential developments that took place, developments of far reaching historical significance to the country. For us, it was a day of supreme joy for the dreams of the founders of AIBEA were fulfilled on that day.

It was on this day, 14 major Banks in the private sector with a Deposit of over Rs.50 crores each were nationalised. In April 1969, then Deputy Prime Minister and Finance Minister Sri Morarjee Desai circulated during the AICC session at Faridabad a note which painted a picture that the Social control of the Banking Industry was almost nationalisation and the control of the RBI was very effective and therefore no further steps in this area was required.

Later at the AICC session of Bangalore, it was decided that nationalisation of our industry is a must. Heated political debate was held and high tensions prevailed at the Lalbagh glass house, Bangalore, where the session met.

On 12.7.1969, a massive demonstration was arranged by the Karnataka Pradesh Bank Employees Federation in front of Lalbagh and huge posters were displayed and brochures were circulated amongst the audience in Lalbagh. On 17.7.69 Bank employees throughout the country held demonstrations, demanding nationalisation of our Industry.

On 16.7.69, the Prime Minister Mrs. Indira Gandhi relieved Mr. Morarjee Desai of his position in the cabinet. Three days later, on 19.7.1969 the acting President Sri V.V. Giri, promulgated an ordinance announcing the takeover of 14 major Banks. Two days later, on 21.7.69, both the Lok Sabha and Rajya Sabha were convened.

All over the country, Bank employees and other trade unions hailed this decision. It was felt that the deteriorating condition of the country's economy also warranted that no longer a huge sum of Rs. 4,700 crores available in the Banking system can be allowed to be managed and

manipulated by the monopolies and industrial tycoons. Despite several proposals of the Government the Industry as it existed then had failed to checkmate the negative trends that were creeping within the Banks. A huge capital resources was in the control of a few hands. Agricultural sector and small scale industries were totally neglected.

Ofcourse the decision was partial in that Banks less than Rs.50 crores and foreign Banks continued to be in the private sector. Though it was felt that for more effective implementation of the progressive economic policies, the total control of the Industry was necessary, still many MPs felt that nationalising 14 Banks was the first major step towards this objective.

The Banks that were taken over were as follows:

- 1) Central Bank of India Ltd.,
- 2) Bank of India Ltd.,
- 3) Punjab National Bank Ltd.,
- 4) Bank of Baroda Ltd.,
- 5) United Commercial Bank Ltd.,
- 6) Canara Bank Ltd.,
- 7) United Bank of India Ltd.,
- 8) Syndicate Bank Ltd.,
- 9) Dena Bank Ltd.,
- 10) Union Bank of India.
- 11) Allahabad Bank Ltd.,
- 12) Indian Bank Ltd.,
- 13) Indian Overseas Bank Ltd.,
- 14) Bank of Maharashtra Ltd.,

The paid up capital of these 14 Banks at that time was Rs. 28.60 crores.

The reserve fund stood at Rs.38.57 crores.

Deposits of these Banks stood at Rs. 2741.75 crores.

The investments were around Rs.781.64 crores.

The total advances were Rs.1703.66 crores.

The number of employees in all cadres was around 93,000.

The ordinance envisaged that each taken-over Bank may be preserved as it was but in the form of a new corporate body, taking over the entire business of the Bank and all members of the staff, and maintaining their service conditions also as it was. The management of each corporation, the ordinance provided will be under a person to be appointed by the Central Government to be known as Custodian and Chief executive Officer. The 14 Chairman of the Banks were reappointed as Chief Executives. The old Board of Directors were all to be removed and Government to appoint a new Advisory Board, as a transitional arrangement. Compensation to shareholders was also envisaged in the ordinance. All the employees of the taken over Banks were to continue automatically, with the existing terms and service conditions.

At this juncture, it must be remembered that even as early the Karachi Congress of the Indian National Congress held before India, became independent, the founding fathers of our nation long before India became free felt that nationalisation of the Banking Industry should be one of the very first decisions to be taken by the independent Government of India. It was acknowledged that this is the one Industry whose control must vest with the Government so that the economy could be controlled and the real objective and purpose for which Banking Industry should function could be achieved.

What is this purpose? Ours is the Industry which pools and collects the savings of the people. And these savings should be available to those who need the same. As long as the Banks were in the private sector, this philosophy was never pursued. The agricultural Industry which was the largest in India and which is also the largest sector today was totally starved of any credit facilities. Rural banking and for that matter even semi-urban Banking was unknown. For generations small landlords and the agricultural peasantry were living in abject poverty, for they were always under the grip of usurious money lenders and big land lords. Small Industries never enjoyed any credit facilities from our Banks in those days. The result was the deposits growing year after year was controlled by a few industrial houses, who built up their own monopolistic empire with the resources of the people.

From the very birth of AIBEA, our slogan during each Conference and on various forums were nationalisation of our Industry. Many deputations were taken to the Government from time to time. India's first Prime Minister though professed night and day his socialist philosophy, pressed by various divisions and monopoly capital within the party, could not take this decision.

When Mrs. Indira Gandhi became the Prime Minister, the pressure within the party was very much visible for nationalisation and against also. But the unabated price rise and the open looting of the tycoons through their operations within the Industry opened her eyes also. Boldly she took the decision even though the decision itself resulted in the division of the Indian national Congress, which ruled our country right from first day of our Independence.

The ordinance was opposed by all the Federations of Chamber of Commerce, business magnates, many senior executives within the Industry and ofcourse political parties like Swathantra Party and Jana Sangh. The ordinance was challenged in the Supreme Court through writ petition 22223 of 1963 by Mr. Rustom Cavasji Cooper as depositor and shareholder and also as a Director of the Central Bank of India, by Mr. M.R.Masani M.P., of Swathantra Party and Mr.Bairaj Madhok M.P. Jana sangh.

They prayed that the ordinance must be declared unconstitutional and void and a direction should be given by the court of the Union of India not to enforce or implement the ordinance known as Banking Companies Acquisition and Transfer of undertaking ordinance of 1969. They used as arguments the note given earlier by the former deputy Prime Minister Sri

Morarjee Desai at the AICC session justifying that the existing Social Control Bill was more than enough.

Com. A.K.Gopalan M.P. and Mrs. Sushila Gopalan, veteran trade union leaders on 22.7.1969 moved petitions of intervention in defence of the ordinance.

AIBEA came to know at 12.30 p.m on 21.7.69 about the writs being filed in the Supreme Court and within two hours, AIBEA filed a petition in defence of the ordinance. AIBEA contended that the very economy of the nation will be in jeopardy if Banks were not taken over and that by an ordinance only such a decision can be implemented without damage to the cause and that even prejudice will be caused to the employees if the ordinance was stayed by an order of the court.

Com. Mohan Kumaramangalam, who later joined the central Cabinet and Sri M.K. Ramamoorthy, Senior advocates of the Supreme Court assisted by a host of junior lawyers took up our cases. The Attorney General on behalf of the Government of India also opposed the writ petitions. The court of-course gave a partial stay. The court never struck down the ordinance nor the main subjective issue viz., takeover of the Banks. The court only ordered that the Government should not remove the existing Chairman and the Government will not violate the provisions of the Banking Laws Act till the petitions were heard. Naturally the action of the Government in taking over the Banks was justified and was not set aside by the court.

But the Bankers and many senior executives at that time in the Industry deliberately misinterpreted the Supreme Court judgement, came out with celebrations as if the ordinance was struck down and in some Banks particularly in Calcutta and Bombay even the words 'limited' appearing at the end of each name plate which was earlier removed was refixed. Even the board "custodian" outside many Chairmen's room were removed and once again a name plate as Chairman was fixed.

Bank employees became furious and huge demonstrations were staged in front of those Banks. The Prime Minister was informed by a Telegram. AIBEA lawyers even contacted the lawyers of Mr. Cooper, Mr. M.R.Masani and Mr. Bairaj Madhok and threatened that contempt proceedings will be launched if the petitioners do not take steps in the right direction. AIBEA were assured by the Lawyers of the petitioners that they in turn will advise the Banks to desist from such moves.

However, the game was out, a powerful group perhaps with the support of the champions of monopolies within the cabinet were out to sabotage and take all steps necessary to reverse this historic decision. A subtle covert campaign was spread that services in the Industry will deteriorate and the public will suffer. A whispering campaign was launched amongst the employees, frightening them that service conditions will be altered, retirement age will be reduced and job security will vanish.

The Central Committee of the AIBEA met on the 30<sup>th</sup> July 1969 at Delhi and reviewed the developments. It wholeheartedly welcomed the courageous step taken by the Prime Minister and hailed the nationalisation of major Indian private banks as a big victory for the

democratic movement over the forces of reaction and also a big blow to the big business.

The CC also decided to carry on the campaign for the total nationalisation of the entire industry. The AIBEA felt happy that the champion of monopoly Sri Morarjee Desai was removed from the cabinet and congratulated the Bank employees of their spontaneous jubilation expressed through hundreds of processions, rallies and meetings throughout the country.

At Trivandrum, a torch light procession at mid-night was taken out on 27.7.69. The entire Tamilnadu was flooded with posters. Two hour non-stop demonstration took place before every Bank in Karnataka. At Lucknow mid-night procession went staged in every centre. The AIBEA Central Office was flooded with a deluge of telegrams.

Com. H.L. Parwana took put a huge procession of Bankmen to the Prime Minister's house to congratulate her on behalf of AIBEA.

The Central Committee also cautioned the Bank employees against the contemplated moves of the reactionary forces their evil designs and conspiracies for reversal of nationalisation. AIBEA warned all those senior officials in various Banks, who adopted a lukewarm and negative attitude towards this decision, making sarcastic comments and also openly talking about the possible failure at a later stage of the entire Banking system if the takeover decision was implemented.

A campaign of education was launched upon throughout the country. AIBEA also demanded at this time that nominees of AIBEA should be, on the Advisory Boards or Board of Directors, as the case may be, to ensure workers participation at the apex level of the Industry, so that, they could function as watchdogs over the operations of the Bankers and ensure that the objectives for which banks were taken over was achieved.

AIBEA also called upon Bankmen throughout the country to consider from now on the Banking Industry as their own, as the property of the nation, as an instrument to transform the society and ensure a better life to the downtrodden.

The AIBEA noted around this time that various forces were maneuvering to scuttle the nationalisation of the Banking Industry by mounting a pincer attack through challenges in the court, whispering campaign against the Bank employees and the bureaucracy also trying to play down the impact of the Act.

Somehow, an attempt was being made to water down the whole effect of nationalisation by indefinitely delaying the constitution of the Board of Directors, by re-designating the ex-chairman of all Banks as Custodians and giving them unfettered discretion in pursuing the very same old policies earlier they were following, etc.

It was felt that public awareness about the dangers to the decision of de-nationalising the Banking Industry must be created. AIBEA called upon the 'Bank employees throughout the country to observe on 27.10.1969, save Nationalisation of Banks and Save Democracy Day'. Through

posters, badge wearing and mass rallies in hundreds of centres. This programme was observed with great enthusiasm.

The General Council of AIBEA met during the first week of January 1970 to consider our stand regarding nationalisation of the 14 major Banks and also the remaining Banks and to identify our tasks regarding the functioning of the nationalised sector, so as to make the decision a success. The General Council felt that in spite of repeated reminders by AIBEA, Government is not serious in carrying out the follow up measures necessary. The AIBEA, through a resolution, which was later served upon the Government and which was given wide publicity, inter alia demanded the reconstitution of the Board of Directors in all nationalised Banks with persons of integrity, so that the administration of the Banks can be democratized at all levels and that the 14 Banks should ultimately be converted into a single corporation.

The General Council also urged upon the Government to nationalise the remaining foreign Banks and Private Banks in India, induct elected representatives of employees in the Boards of Directors, reconstitute the Board of Directors of the RBI excluding bureaucrats and agents of monopolists therein, include employees representatives in the Boards of RBI, SBI and subsidiary Banks, reconstitution of the Banking Commission, scrapping of Section 34A, 36 AD, 54 AA of the Banking Regulation Act and avoid colossal expenses in maintaining different units of the commercial banks in Public Sector. The General Council felt that these were the immediate steps necessary to frustrate and defeat all attempts of vested interests and other forces who were out to maintain status quo in the functioning of the Banking Industry.

**The General Council called upon bankmen to carry out a nationwide campaign, popularising the above proposals by observing an All India Demands Week from 12th to 19th February 1970.**

With greetings,

Yours comradely,



**C.H.VENKATACHALAM  
GENERAL SECRETARY**

*In the words of Com. H.L. Parvana, Secretary of AIBEA, "this was our finest hour and a historic victory. But for the united, militant struggle, campaign, propaganda, publicity and strike actions carried on by AIBEA, this chapter on nationalisation would not have ended successfully by ensuring that the decision of the Government becoming a law, despite all opposition, obstacles and hurdles created by vested interests, monopolists and bureaucrats"*