

Bank staff strike against reforms, markets hit



Banking strike clouds financial reform hopes – Reuters

Bank transactions and some market operations were hit in India after about one million bank employees began a two-day strike on Wednesday to protest against reforms that will give investors more clout in the tightly controlled sector.

The strike involving mainly staff of state-run banks, who make up around 70 percent of employees in the sector, underscored the opposition to investor-friendly financial reforms that have been pending for years.

Foreign ownership of Indian public sector banks is capped at 20 percent, and some global banks have been pitching for a hike in their holding limit to expand their presence in Asia's third-largest economy by acquiring smaller regional banks.

In what is being seen by analysts as a positive step towards reform, parliament is likely in coming days to approve amendments to banking laws that include raising the limit on shareholders' voting rights in public and private banks.

India has struggled to reform and liberalise key sectors such as banking, retail and insurance, partly because of political opposition and fears of the exploitation of domestic interests by foreign investors.

VOTING RIGHTS CAP

The strike, which forced No. 1 lender State Bank of India (SBI) to halt trading in onshore spot foreign exchange markets, comes as another blow to an economy facing its worst slowdown in almost a decade.

If parliament approves the changes on Thursday, the limit on the voting rights of shareholders in private sector banks will be raised to 26 percent from 10 percent now, and to 10 percent for state-run banks from just 1 percent.

TRADING HIT, BRANCHES SHUTTERED

The United Forum of Bank Unions, which heads all nine bank employees and officers unions, said the strike had been called to oppose reforms that could ease mergers rules and allow more private capital into the sector.

It was not immediately possible to assess the financial losses due to the strike, though trading volumes in government bonds were thin at 23.6 billion rupees as against the average 40-50 billion rupees in the first hour of trade.

SBI halted trading in onshore spot foreign exchange markets as its settlement operations' staff did not show up for work, sources said.

Bank branches were shut in many cities were shut as thousands of employees, many brandishing banners, shouted slogans against the proposed reforms.

"Unless the government relents or the government gives some positive response, we are going to intensify our agitation," said J.P. Sharma, vice president of the All India Bank Employees Association.

Many public sector banks in Connaught Place, the commercial hub of the capital, New Delhi, saw only two or three employees trickle in for work early on Wednesday, while many joined their colleagues outside the branches.

Two-day nationwide bank strike from today, volumes may be hit

Indo Asian News Service, 22 Aug 2012 (ND TV)

Employees of public sector banks in India have gone on two-day nationwide strike on Wednesday opposing banking sector reforms and outsourcing of non-core activities, affecting operations.

Several private sector banks, foreign banks and ATMs, however, continued to operate normally.

PSU bank strike cripples services across the country

The Hindu

The strike call was given by the United Forum of Bank Unions (UFBU), an umbrella organisation of nine unions of employees and officers of PSU banks, protesting banking sector reforms and unilateral implementation of the Khandelwal committee report on human resources management in PSU banks. The strike has been called against government's policies of liberalisation, privatisation and globalisation.

Bank unions are demanding stringent and effective measures to recover bad loans

"The strike is on since this morning. Nearly 10 lakh employees are participating in it. This includes 24 public-sector banks, 12 private banks and 6 foreign banks," All India Bank Employees Association (AIBEA) General Secretary C H Venkatachalam told PTI.

He also said that ATM machines will work until they have the cash and thereafter those services will also be impacted.

Bank unions are demanding stringent and effective measures to recover bad loans

There are about 87,000 branches of public sector banks, employing over 10 lakh people. The PSU banks, which operate 63,000 ATMs, control about 75 per cent banking business in the country. According to reports, operations like deposit, withdrawal as well as clearing were affected in public sector banks, including the largest lender State Bank of India, due to the strike.

SBI said it is too early to assess the impact on operations as the headquarters has not received any feedback from the branches.

An official of the Corporation Bank said employees belonging to the striking unions are absent from work, impacting the operations.

Union Bank, Central Bank and Bank of India said their branches have recorded thin attendance so far.

Old private sector banks like Federal and Dhanalaxmi Bank also said that their branches, being run by managers of Grade IV and below, are impacted due to the strike.

Meanwhile, banking transactions came to a halt in public sector banks in Punjab and Haryana, although private banks like HDFC, ICICI continued to operate.

The impact of the strike was visible on the industrial sectors of both Punjab and Haryana as industry representatives fumed over hampering of their business activities due to the two—day long strike by bank employees.

Due to the strike, cheques worth several crores of rupees remained uncleared in the public sector banks. Several banks' asset recovery branches have even postponed the auction of loan defaulters' properties.

According to reports, striking bank employees are carrying out protest rallies and holding demonstrations at several places in Punjab and Haryana.

Congratulating the striking bank employees, AITUC and CPI leader Gurudas Dasgupta said all central trade unions were planning to take their agitation on various issues afflicting the workers to "a much higher level" in the near future.

He said the major issues being raised by the bank staffers, who were being led by a united forum of all bank unions, included their opposition to the proposed banking bill, outsourcing, allowing FDI in the sector and giving foreign investors proportional voting rights and to seek filling up of vacancies.

In spite of the employees raising these demands at various fora and with the government, there has been no official response, he said.

Over 10 lakh bank employees in Bihar strike work

Over 10 lakh bank employees today went on strike in Bihar as part of the nation-wide agitation, bank union sources said.

The branches of all public sector banks in Bihar remained closed and the clearing house could not function due to the strike by the employees, Bank Employees' Federation, Bihar BEFB) General Secretary B Prasad said in a statement.

Banking services hit in Tamil Nadu

Banking services in Tamil Nadu were hit as well as about 70,000 employees from 7,000 public sector bank branches participated in the strike.

The employees held demonstrations across the state as part of the protest, spearheaded by United Forum of Bank Unions, an umbrella organisation of nine unions of employees and officers of PSU banks.

According to C M Bhaskaran, Convenor, Tamil Nadu United Forum of Bank Unions, the government is going ahead with banking reforms and policies aimed at "diluting" the public sector banks. "Banking Laws Amendment Bill is being brought in the Lok Sabha despite our protest", he said.

Press Trust of India

Services in the public sector banks were hit as staff and officers belonging to some unions today went on a two-day strike protesting against reforms in the sector, outsourcing of non-core services to private sector and demanding pension revision among others.

Normal banking operations, including cash transactions, cheque clearances, foreign exchange dealings were affected.

Customers were depending more on the ATMs as the bank managements had made advanced arrangement for loading the machines with cash.

"Several banks, including SBI, have outsourced cash-loading business with private firms. Most of the ATMs have enough capacity," a senior SBI official said. However, the fund movement of individuals and corporates would get affected because of delays in cheque clearances.

Besides, the volumes in the government bond market and share markets were also impacted.

"The strike today has been a success all over the country. Banking services have been affected and paralysed," All India Bank Employees' Association (AIBEA) General Secretary C H Venkatachalam said in

a statement. He said employees of 24 public sector banks (PSBs) and 12 private banks participated in the strike. However, ICICI Bank and HDFC Bank services were not affected.

The impact was felt the maximum in West Bengal and eastern states, while the Shiv Sena affiliated unions in Mumbai did not participate in the strike. In the national capital the impact was significant.

Zee News

According to an official of the Indian Banks' Association (IBA), at least 90 percent of public sector bank employees and old generation private sector banks participated in the strike. Fund flows to the stock market were also affected as clearing operations were hampered. However, banking scrips ended largely unchanged in today's trade.

"The loss to the national economy on account of the 2-day strike could be around Rs 30,000 crore. Besides, employees stand to lose about Rs 300 crore due to non-payment of salary," President of All India Bank Officers Association (AIBOA) S S Shishodia said.

Unions went ahead with the strike after reconciliatory talks between them and the government failed on Tuesday. Trading in the forex market was lacklustre, as the largest player State Bank of India (SBI) did not participate.