



ALL INDIA STATE BANK OF INDIA EMPLOYEES' ASSOCIATION

(Affiliated to All India Bank Employees' Association)

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To All Members/Units.

Dear Comrades and Colleagues,

Entering New Financial Year 2025-26

Amidst global uncertainties in the economy, jobs, income, on trade, finance, inter-country relations fronts, we all enter into the new financial year beginning today. We hope and wish for a more rewarding new financial year.

As Employees in the Banking Sector, we witnessed many impacting thoughts and transformative policy-positions during the bye-gone year 2024-25. With Deposit Growth lagging Credit growth, need for more Deposit Mobilisation was often stressed by the Union Finance Minister herself. Excessive financialisation with heightened credit to GDP ratio, unfettered personal finance fuelling stock markets, leading to debt-inequality was cautioned by Chief Economic Advisor to Govt. of India. Alarm bells were sounded in regard to Gold Loan practices by the RBI bringing in requisite regulatory controls. Warning siren was raised by RBI on unsecured retail personal loans and resulting stress on balance sheets. Selling / Mis-selling of third-party investment, insurance products by Banks was critically analysed by the Union Finance Minister emphasising primary focus on banking products by the Banks. Raising Cyber frauds in Banks remained concern for Ministry of Finance and RBI. Toxic Work culture, Work-life imbalance, continuing attrition of new entrants from Private Banks were serious issues that came into the limelight more. Bank's Business Models with rising number of Business Correspondents and Apprentices heightened adoption of Outsourcing were areas of concern. Concern was expressed by Supreme Court on the issue of Home Buyers not getting finished homes despite payment. The SC suspected Builder-Banker nexus and collusion. With Customer complaints in the Banking Sector reaching one crore, RBI Governor called for more care. The budget for FY 26 has proposed 'transformative reforms' in the financial sector.

From the part of AIBEA, focussed campaign were carried forward on the need for adequate manpower in the Banks in all cadres and reasonable returns to the Depositors that were urgently needed for bettering Banking Services to the People of this country. These steps if adopted would resolve many issues in Banks.

PSBs as nation-building institutions

Indian financial sector is predominantly occupied by Banks, and Public Sector Banks play a crucial role in shaping the nation's economic future. During the past several years, PSBs have performed exceedingly well in terms social banking, economic revival, financing the needs of productive sectors, businesses, and households.

While Public Sector Banks contribute significantly to India's financial ecosystem, they also face several challenges, most notably, declining deposit growth and the need for greater inclusion of underserved populations, particularly those at the middle and bottom of the economic pyramid.

To accelerate economic growth, India must move beyond basic financial inclusion and focus on the financial well-being and empowerment of its citizens. The country's workforce, particularly in agriculture and allied sectors, remains largely informal, with the majority of labourers employed in the unorganized sector. Formal credit penetration in this segment remains significantly low, but there is a growing opportunity for this informal workforce to transition into the formal banking system.

Public Sector Banks are at the heart of this transformation. By focusing on expanding access to financial services—such as savings accounts, credit facilities, and remittance services—in rural, remote, areas, PSBs can enable millions of underserved individuals to participate in the formal financial system. These efforts will not only facilitate the integration of urban populations but also empower rural citizens, helping them improve their financial circumstances over time. By offering small investment opportunities that can gradually increase in value, public sector banks can enable people to enhance their financial well-being without the burden of significant upfront payments.

Moreover, PSBs play a vital role in fostering overall financial stability. In the pursuit of developed India, the role of banking services becomes even more critical. As India moves forward, the challenge is to ensure that the economic benefits of growth reach every citizen, particularly those at the bottom of the pyramid. Transforming these populations into active economic participants will result in a direct increase in consumption, thereby contributing to sustained economic growth.

Conscious and consistent efforts by the government are needed to revive the economy and ensure that public sector banks continue to play their pivotal role. The government cannot afford to remain passive in the name of “minimum government.” Governance must not be left solely to the market or corporate entities. Public investment in productive sectors, with a development-welfare vision, is necessary for sustainable growth. The strengthening of the public sector must remain a priority, as disinvestment and strategic sales of public sector units (PSUs) could prove disastrous in the long run. Selling off public assets to the private sector may undermine the very foundations of public welfare and economic equity.

This year, SBI, country's largest Bank completes 70 years of meaningful existence. Formation of the State Bank of India in 1955 was part of India's broader economic vision and strategy following independence in 1947, aimed at transforming the financial sector to support national development. The government sought to ensure that credit was directed toward sectors crucial for economic growth, such as agriculture, small industries, rural businesses and infrastructure, rather than being concentrated in the hands of private. As India adopted a socialist-oriented economic model, nationalization allowed the government to align banking activities with its five-year plans and development goals. Nationalization also helped build public confidence in the banking system, especially in the early years after independence when financial systems were still in their infancy. Over time, the State Bank of India became the country's principal Bank, playing a key role in shaping India's economic landscape by serving over 500 million customers through its vast network of more than 22,800 branches.

It is time to analyse and realign the very purpose of bank nationalization to better serve the more than 6.4 lakh rural villages, which account for 69% of the country's population. A serious concern that needs to be addressed is that 86% of the rural population earns less than Rs. 100 a day. Additionally, 185 million potentially bankable people in rural India do not use formal banking services due to poor access or limited usage. Despite this, rural India still contributes 50% of the country's GDP. The high reliance on informal sources of lending in rural areas is a serious issue that requires immediate attention. Currently SBI operates 14 Regional Rural Banks (RRBs) also, with a total of 4725 branches spread across 214 districts. To better serve these populations, the Bank should expand its reach, educate customers, and focus more on microfinance to promote financial inclusion

On this occasion, best wishes to all our Colleagues and Comrades for a bright financial year ahead. As ever, we all shall rededicate ourselves in ensuring best of services in the Bank, to the Customers ensuring higher degree of satisfaction and appreciation, endeavoring to uphold Bank's values-STEPS with all sincerity, to safeguard the public sector character of the Banks, to serve the cause of mass-banking and socio-economic development.

AISBIEA-AIBEA shall continue its eternal vigilance and vibrancy to safeguard the Public Sector Banking systems and structures, social banking policies and practices and workforce's welfare and peace.

Warm Greetings,

Yours Comradely,



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