



AIBEA contemplates of strike over FRDI bill if Govt proceeds further: Venkatachalam

Hyderabad, Dec 12 (UNI) C SRINIVAS

All India Bank Employees Association (AIBEA) is contemplating to go on a strike if the Union Government proceeds further on the unwarranted Financial Resolution and Deposit Insurance Bill (FRDI) which was referred to the Joint Parliamentary Committee (JPC).

AIBEA General Secretary CH Venkatachalam said on Tuesday that after the Union Cabinet approved the FRDI bill, it was later introduced in the Parliament on the last day of the last session and now it was referred to the JPC.

He said the AIBEA has already appeared before the JPC and urged upon them to reject the Bill.

The Bill has created widespread fear, apprehension and panic amongst the Depositors that the Government is contemplating to liquidate the Banks and the Deposits of the Banks will not be returned because of the Bail-in Clause of the Bill.

The AIBEA General Secretary said in the wake of the financial sector crisis in the US and other countries in 2008, the Governments there had to bail-out many failed Banks with tax-payers money and the Financial Stability Board (FSB) came up in 2009 where the G-20 countries are members.

The FSB had made framework policies and guidelines to deal with

banking financial institutions in the eventuality of their failures. India is also a part of G-20 and this FSB, he added.

Based on their guidelines, Mr Venkatachalam said the need arose to make special legislation in India and the issue was first brought to attention by Union Finance Minister Arun Jaitley in his 2016-17 budget speech.

In March 2016, a committee was set up under the chairmanship of Ajay Tyagi, Additional secretary, Department of Economic Affairs, Ministry of Finance, to draft and submit the Bill. The draft of Financial Resolution and Deposit Insurance Bill 2017 was drawn up based on the recommendations of this committee. After considering the suggestions, the Union Cabinet approved the introduction of FRDI Bill 2017 in Parliament.

Mr Venkatachalam said the FRDI Bill provides for setting up a new authority Financial Resolution Corporation (FRC) which will deal with liquidation and resolution of Banks Insurance and other financial institutions.

He said the FRC will supersede the powers of RBI and other agencies dealing with the problem at present.

Deposit Insurance Corporation (DIC) guarantees Deposits up to Rs 1 lakh per customer. This will be closed down and the FRC will decide the amount now, he said.

The top Union leader said today 2125 commercial banks and co-operative banks were covered under DIC covering total deposits of Rs 103 lakh crore. Of this, under the present scheme with the ceiling of Rs 1 lakh per customer, only Rs 30 lakh crore are covered under insurance. Balance deposits are not covered even today, he said, adding that there is a need to cover the entire Deposits of the Banks so that in a country like India, common people feel assured of their hard-earned savings and there is no threat to their deposits.

Mr Venkatachalam said, instead, FRDI Bill is talking of removing even the existing ceiling of Rs. 1 lakh. The Government should clarify on this to the people, he demanded.

In addition, the FRC has power to liquidate any Bank. The FRC can permit to use the Depositors' money to bail-in a Bank. This provision is creating doubt and panic in the minds of every one. Mr Venkatachalam reminded that in India, between 1913 to 1960, nearly 1600 private Banks failed, and closed down. Depositors lost all their money kept in the banks. Hence AIBEA took up the issue in Parliament and an amendment was made to Banking Regulations Act in 1960 by which any Bank failing will be put on moratorium and merged with another Bank. That is why since then, in the last more than 55 years, though many private banks faced liquidation, all these Banks were merged with another Bank and no Bank has been liquidated since then. No depositor has lost his/her money, he clarified. He said it is regrettable that at a time when the common people already worried about their money in the Banks due the huge bad loans and consequent write off, loss of revenue, losses being incurred by banks, etc., instead of assuring the people about the safety of their money kept in the Banks, the Government has chosen to bring this FRDI Bill which deals with possible liquidation of Banks.

Instead of taking stringent measures to recover the huge bad loans from the big corporate companies and other major defaulters and strengthening the Banks, he alleged that the Government is bringing this FRDI Bill to oblige the IMF and succumbing to the pressures of the Financial Stability Board. This Act is required for those countries where the Banks are in private hands and where the regulations on Banks on liberalized.

Hence question of liquidation of our Banks does not arise at all and hence there is no need or scope of Bail-in. Hence the entire FRDI Bill is misplaced in Indian context and wrongly timed. For India, FRDI Act is unwarranted.

"The Government should reconsider and defer the whole Bill and assure the people that their money in Banks is totally safe and guaranteed by the Government". They must take tough measures to recover the bad loans and make our banks more viable and vibrant, he added. Mr Venkatachalam said people should stop from panic and fear and fight against the wrong policy of the Government to weaken the Banks.

Withdraw FRDI Bill: Congress

THE  HINDU

BENGALURU, DECEMBER 12, 2017

Party terms it disastrous for the common man

Demanding that Prime Minister Narendra Modi and Finance Minister Arun Jaitley withdraw the Financial Resolution and Deposit Insurance (FRDI) Bill 2017, Karnataka Pradesh Congress Committee working president Dinesh Gundu Rao on Tuesday said it will affect the common man who has already been hit owing to demonetisation and Goods and Service Tax.

"I will call a meeting of Congress MPs from Karnataka and ask them to oppose the FRDI Bill when it comes up for debate in Lok Sabha and Rajya Sabha. I demand that the Prime Minister and Finance Minister withdraw it immediately," he told presspersons here.

Terming the FRDI Bill disastrous for the common man, he said: "The Bill provides for a bail-in, which allows the financial institution to cancel a liability owed by the bank or change the form of an existing liability to another security. In essence, the government is allowing these institutions to appropriate our assets and there is no recourse for the same."

"People worst affected by this will not be the rich, but the rest for whom having their money appropriated or even tied up in a fixed deposit can cause severe economic hardship," Mr. Rao said.

"We urge the Joint Committee of Parliament, which is reviewing the Bill, to kindly reconsider allowing such a draconian provision. Provisions like these will not only erode the people's trust in the financial system, but also lead to speculation, panic and fear, which could trigger a cataclysmic economic downturn like what we saw in the U.S.," he said.

Government Will Fully Protect Public Deposits in Financial Institutions: Jaitley

December 12, 2017 By India.com Business Desk



Union Finance Minister Arun Jaitley on Monday assured depositors that the government will fully protect public deposits in financial institutions. Jaitley also hinted at openness to changes in the proposed FRDI Bill which was first introduced in the Lok Sabha in August this year and currently undergoing scrutiny by a joint parliamentary committee. Seeking to allay concerns of depositors over provisions of a draft law, Jaitley said the government's massive Rs 2.11 lakh crore capital infusion plan in banks was to strengthen banks and there was no question of any lender failing.

HIGHLIGHTS

- **Rs. 2.11 lakh crore capital infusion plan in banks was to strengthen banks: Jaitley**
- **The FRDI Bill proposes to create a framework for overseeing financial institutions**

Jaitley added saying that if any such situation arises, the government will "fully protect" the deposits made by customers. Meanwhile, the finance minister said adding that the government is very clear about it. The FRDI Bill proposes to create a framework for overseeing financial institutions such as banks, insurance companies, non-banking financial services (NBFC) companies and stock exchanges in case of insolvency. Reports state that the 'Resolution Corporation' that has been proposed in the draft bill, would look after the process and prevent the banks from going bankrupt. It would do this by writing down of the liabilities which has been interpreted by many as a bail in.

As per *PTI* reports, the 'bail-in' clause in the draft legislation has been commented upon by experts as of bringing potential harm to deposits, in the form of savings accounts. The Finance Minister said that the Bill is before the joint committee of Parliament. Whatever are the recommendations of the committee, the government will consider. He said rumours are being spread about the provisions of the bill.

FRDI Bill: Four reasons why bank employees are planning a strike against it

The latest to oppose the bill is All India Bank Employees Association (AIBEA) that has planned a strike if the Centre proceeds on the proposed legislation.

December 12, 2017 FINANCIAL EXPRESS



The bill was first brought to attention by Union Finance Minister Arun Jaitley in his 2016-17 budget speech. (Image: PTI)

Since the Financial Resolution and Deposit Insurance Bill, 2017, popularly referred to as the FRDI Bill, was tabled in Parliament, it has given worries to the depositors. In response to the bill, an online petition against the Bill — “Do not use innocent depositors’ money to bail in mismanaged banks # NoBailIn” — has already been floated and it has attracted over 1,00,000 signatures by Tuesday. The government has already been forced to issue a statement saying the law is, in fact, aimed at protecting the interests of depositors in a “more transparent manner”. The latest to oppose the bill is All India Bank Employees Association (AIBEA) that has planned a strike if the Centre proceeds on the proposed legislation.

Here are the three foremost reasons for a strike opposing the FRDI bill:

1) The Bill has created widespread fear, apprehension and panic among the depositors that the government is contemplating to liquidate the banks and the deposits of the Banks will not be returned because of the bail-in clause of the Bill, reports IANS quoting AIBEA.

2) AIBEA says that the Bill provides for setting up a new authority Financial Resolution Corporation (FRC) which will deal with liquidation and resolution of Banks Insurance and other financial institutions. This FRC will supersede the powers of RBI (Reserve Bank of India) and other agencies dealing with the problem at present. Deposit Insurance Corporation guarantees deposits up to Rs 1 lakh per customer. This will be closed down and the FRC will decide the amount now.

3) The IANS report also quotes AIBEA saying that at a time when people are already worried about their money in the banks due the huge bad loans and consequently write off, loss of revenue, losses being incurred by banks, the government instead of assuring the people about safety has chosen to bring this FRDI Bill which deals with a possible liquidation of banks.

4) The AIBEA said the question of bail-in does not arise in Indian situation as banks under liquidation are generally merged with stronger banks.

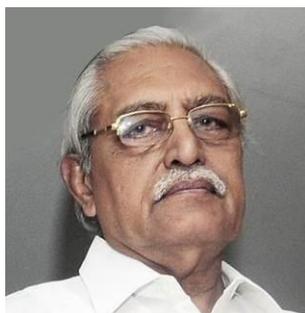
What is the FRDI Bill about?

1. The bill was first brought to attention by Union Finance Minister Arun Jaitley in his 2016-17 budget speech. The senior BJP leader had said that a systemic vacuum exists with regard to bankruptcy situations in financial firms and that a comprehensive Code on Resolution of Financial Firms will be introduced as a Bill in the Parliament during 2016-17.
2. In March 2016, a committee was set up under the chairmanship of Ajay Tyagi, additional secretary, Department of Economic Affairs, Ministry of Finance, to draft and submit the Bill.
3. The draft of Financial Resolution and Deposit Insurance Bill 2017 was drawn up based on the recommendations of this committee.
4. The finance ministry, then, gave time until 31st October 2016 to given comments. After considering the suggestions, the Union Cabinet approved to the introduction of FRDI Bill 2017 in the Parliament.
5. The Finance Ministry believes that the bill seeks to protect customers of financial service providers in times of financial distress.

6. The bill will also help to encourage discipline among the financial service providers by putting a limit on the use of public money to bail out distressed entities.
7. It seeks to decrease the time and costs involved in resolving distressed financial entities.
8. In order to strengthen the stability and resilience of the entities in the financial sector, a resolution corporation will be set up after the bill is enacted.
9. However, the FRDI Bill has received its share of criticism from various stakeholders for some of its controversial provisions including a 'bail-in' clause which suggests that depositor money could be used by failing financial institutions to stay afloat.
10. Another controversial inclusion is that the Resolution Corporation (rescue body) which is proposed under the Bill, can use your money in case the bank sinks. The bill empowers the rescue body to decide the amount insured for each depositor.

Bank unions seek House nod for raising gratuity ceiling

OUR BUREAU



C.H. Venkatachalam, General Secretary, All India Bank Employees' Association (file pic)

THIRUVANANTHAPURAM, DEC 11:

The United Forum of Bank Unions (UFBU) has demanded that a Bill be moved during the ensuing winter session of Parliament to amend the Gratuity Act and extend the upward revision in ceiling on gratuity to Rs. 20 lakh for bank employees also.

Identical letters have been forwarded to the Union Finance Minister and Union Labour Minister in this connection, C.H. Venkatachalam, General Secretary, All India Bank Employees' Association said.

"Bank unions have been demanding enhancement in the ceiling of the quantum of gratuity payable under the gratuity Act to employees and officers in banks," the letter said.

The limit has been enhanced to Rs. 20 lakh with effect from January 1, 2016, for government employees and officers. There has since been a genuine aspiration that this should be increased in the case of employees in the banking sector also.

"We learn that the amendment to the Act has been approved by the Cabinet. Since the winter session of Parliament is set to commence soon, we will be grateful if the Bill gets introduced during the session," the letter added.

AIBEA THIS DAY – 12 DECEMBER

1960	Supreme Court dismisses the petition of National & Grindlays Bank and reinstates all dismissed employees.
1972	Prolonged struggle in Federal Bank ends in settlement.
1973	No Over Time Campaign: 3rd Bipartite developments.
1993	AIBEA CC meets at Allahabad.
1998	Strike on Wage Demand - UFBU.
2006	National Dharna at Delhi, Deposit collectors Federation

AIBEA THIS DAY – 13 DECEMBER

1999	Com. Dharam Das Goswamy, former Sub Editor of Bank Mazdoor and President, All India RBI Officers' Association passes away.
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