



# **BANK EMPLOYEES FEDERATION OF INDIA**

**NARESH PAUL CENTRE**

53 Radha Bazar Lane, (1<sup>st</sup> Floor), Kolkata – 700 001

**e-mail:pradipbefi@yahoo.co.in Website: www.befi.in**

(Ph):033- 2225-4414/2236-5108 (M) 94331 44271 Fax: 033-2236-5109/2242-0690

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## **Press Statement issued on 29<sup>th</sup> June 2017 by Shri Pradip Biswas, General Secretary, Bank Employees Federation of India, at Kolkata, ON FINANCIAL RESOLUTION AND DEPOSIT INSURANCE BILL 2016**

We have given our anxious consideration to the “Financial Resolution & Deposit Insurance Bill 2016” (FRDI, in short) cleared by the Union Cabinet on 14<sup>th</sup> June 2017. If and when passed, it will be a piece of legislation for overnight closure of Banks impelling doom for crores of depositors, not to speak of lakhs of Bank employees.

Under FRDI, a “Resolution Corporation” (“Corporation” in short) would be established with only Government nominees on its board; the Board would have sweeping powers to order amalgamation, merger, liquidation and acquisition of any Bank, including SBI and other Nationalised Banks, Regional Rural Banks, Co-operative Banks and Payment Banks, any Insurance Company including the LIC and other nationalised General Insurance Companies and any Non-Banking Financial Institution if, in its opinion and judgement, the concerned institution (Bank or Insurance Company) has got “imminent” or “critical” risk to viability. The Corporation will also be authorised to hand over any such institution to another entity, public or private. The Corporation has been authorised to order discontinuation of service of the employees and/or transfer of their employment and/or reduction of their remuneration upon such “Resolution”, i.e. amalgamation and/or merger and/or liquidation and/or transfer of ownership.

FRDI envisage forthwith closure of the “Deposit Insurance and Credit Guarantee Corporation” (DICGC, in short) established in 1961, which has so far been an insurance cover for the savings of the depositors; under FRDI, deposits upto a maximum of Rupees One Lakh only will be returned to each depositor and that too in instalments as per convenience and discretion of the “Resolution Corporation” to be established.

Accepted that all is not well with the Public Sector Banks (PSBs); most of them are afflicted by Bad Debts, euphemistically called Non-performing Assets (NPA). Like normal or natural wastage in any business, Bad Debt is normal incidence in any financial institution like Banks. However, in recent years, the unholy nexus between the unscrupulous corporates, top echelons of Banks and a section of political bosses has successfully raised the level of NPA by alarming proportions; the rate of growth of NPA has increased several folds after the present NDA Government assumed power at the centre. Of the total NPA portfolio of PSBs as at present, 88.4% is the creation of the large corporate borrowers with the loan exposure of or above Rs.5 crores each; of which, 25% is accounted for by 12 large borrowers.

The present BJP Government has no political will to recover the NPAs from the defaulting corporates; instead, it is more interested to accommodate and patronise the defaulters through various subterfuge like loan-restructuring, assets-reconstruction, even write offs and outright loan-waiver. Hence it attempts to show the performance of the PSBs in poor light and then liquidate them through the new bill cleared by the Union Cabinet on 14<sup>th</sup> instant.

The draconian nature of the Bill and its impact on the safety and security of people's deposit as also that on the emoluments and the very job security of the employees are apparent and manifest on the face of it; but the most dangerous consequence is that it will take out the issue of existence or liquidation of a PSB from the domain of public debate and leave it to the whims of bureaucratic dictates. We apprehend that the process of legislating it will be speeded up after the ensuing presidential election.

BANK EMPLOYEES FEDERATION OF INDIA (BEFI) condemns the move of the Central Government in most unambiguous and unequivocal terms and calls upon the entire Bank Employees' fraternity to rise with rock solid unity, determination, courage and conviction against the anti-national FRDI.

United Forum of Bank Unions' (UFBU) meeting held yesterday at Mumbai took a serious note of this and other similar moves of the Central Government aimed at merger and privatisation of PSBs and decided to observe **ALL INDIA BANK STRIKE ON 22<sup>ND</sup> AUGUST** to be followed by a **MASSIVE DHARNA at DELHI on 15TH SEPTEMBER AND TWO-DAY STRIKE IN OCTOBER/NOVEMBER** this year.

BEFI also makes an appeal to all democratic forces and people of the country to raise their voice high to resist legislation of such a draconian law.

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To  
The News Editor/Chief Reporter,

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For favour of circulation/broadcasting/telecasting through your esteemed media,



(Joydeb Dasgupta)  
Secretary.