



ALL INDIA BANK OFFICERS' CONFEDERATION

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State Bank of India Officers' Association

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Press Release

STOP FINANCIAL RESOLUTION AND DEPOSIT INSURANCE BILL.

It's more likely than apparent now that the Govt. of India is determined and all set to put the shutter down of all the Public Sector Banks, RRBs , Co-Op. Banks and Insurance Companies. The Preamble of the above stated bill illustrates that it is to establish a framework to carry out the resolution of certain categories of financial service providers in distress, to provide deposit insurance to consumers of certain categories of financial services and for designation of Systemically Important Financial Institution of Central Govt. for resolution. The bill covers SBI, Public Sector Banks, RRBs, Co-op Banks, LIC and GIC, which are already controlled by RBI, Finance Ministry and IRDA. The aim appears to give out-and-out power to the authority which will be larger than the prevailing authorities.

The board shall consist of Chairperson, Finance Ministry, one RBI Representative from IRDA, one from PFRDA, 3 whole time members appointed by Central Govt. and two independent members to be appointed by the Central Govt. The Central Govt. will have powers to eliminate the Chairperson or any member for that matter. So, one can imagine the independence of this authority. The board will have the power higher than CBI, CVC, RBI, IRDA or any authority in the country including power to take action even before completion of an enquiry. The bill also provides for amending every act of the country related to the Financial Sector. The board will also have the powers of Insolvency and Bankruptcy code. The Central Govt. will have superior powers to liquidate this authority also. This authority will also take over the functions of Deposit Insurance and Credit Guarantee Corporation.

The most dangerous clauses are, "Notwithstanding anything contained in any other law, this Corporation / Authority will have powers to liquidate RRBs, SBI, LIC, GIC, Public Sector Banks & Co-operative Banks." It is really surprising to see why this draconian power is being vested to one authority. Though Narasimhan Committee & PJ Nayak Committee wanted to reduce Govt. shareholding below 50% in PSBs including SBI, they could not get successful to get the same implemented. Similarly, though Malhotra Committee wanted LIC to be reduced to a small company, the employees ensured that it did not materialize. In the year 2000, the NDA Govt. brought a bill in parliament to reduce Govt. share holding to 33% but the struggles of UFBU and Central Trade Unions including strikes stalled it. SBI is the biggest Bank in the country. LIC is the biggest investor in the country. Public Sector Banks, Insurance Companies, Regional Rural Banks and Co-op Banks serve the largest masses, especially from the low income and middle income strata of our society. It will not be easy to handover them to private sector as the Boards will oppose and the staff & officers will oppose as well. Moreover people of this country will oppose.

The formation of Banks Board Bureau, National Company Law Tribunal, Insolvency and Bankruptcy code and now Financial Resolution and Deposit Insurance Authority are only steps towards privatisation which is not in the interest of the country. The removal of Development Finance Institution is consequently forcing the banks to lend to infrastructure. Conversion of DFIs into Private Bank is also compelling the Banks to

lend to Telecom & Power Sector and asking them to have provision for even standard assets. Changing NPA norms every now and then and all these steps are only gimmick to blame the banks. There is an old saying which goes like “Call the Dog mad and shoot it”; the govt at the centre is also singing in the same tune. The people of our country will understand these evil designs and oppose tooth and nail. The All India Public Sector and Govt. Officers Confederation demands that the GOI, whose Cabinet has approved this bill on 14th June, 2017, immediately put an end to this ill-motivated move. We appeal to the Prime Minister to review the decision immediately as all his dream schemes like Jandhan, APY, Mudra, Standup India and Digital India will fail miserably if this bill is brought in. The entire masses will come to streets along with the officers and employees to safeguard these institutions who serve the people and are contributing to the development of the Nation since long.



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