

# Can we bank on our banks?

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## The Government must clear concerns around the FRDI Bill



To say that there is panic among retirees, pensioners and those dependant on interest earned from fixed deposits would be an understatement. Call it an occupational hazard of working in a business newspaper, but in the south Delhi colony where I live I am constantly confronted by the elderly who ask me if their money is safe in the bank. Would they lose their deposits if their bank go commercially unviable and a “bail in” is ordered by the government?

Depositors’ fears have suddenly been fuelled by a proposed legislation — the controversial draft Financial Resolution and Deposit Insurance (FRDI) Bill 2017 — which has a provision for such a “bail in.” Of course, the Prime Minister’s recent assurance that deposits in banks would be safe has assuaged

some concerns. But there are many who wonder why Clause 52 in the Bill (which provides for seizing depositors’ and shareholders’ money) has not been struck down if the PM is indeed serious about protecting depositors’ interests.

That there has been no clarity forthcoming on what has become a dal and roti issue is foreboding. Bank officials, on their part, have been ambiguous. They say money is safe for now but they cannot discount the possibility of such a bail in happening in the future. To make matters worse, pushy mutual fund salespersons have been declaring banks as risk prone and hence no longer a safe zone for investments.

The only hope, depositors feel, rests with the Joint Parliamentary Committee which is studying the Bill. But unfortunately, there is no guarantee that its recommendations will be taken seriously by the Government. The Government needs to spell out where it stands on the FRDI Bill and also the risks the citizenry runs by depositing their savings in banks—both private and government-run. Like Aadhaar the matter cannot be left to speculation and cloaked in ambiguity.

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