



**ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION**  
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)  
163/4, Kutchery Road, Mylapore, Chennai - 600004  
E mail i.d: [aiubparf@gmail.com](mailto:aiubparf@gmail.com)/ [ubioatngr@gmail.com](mailto:ubioatngr@gmail.com)/ [suryanarayananram@gmail.com](mailto:suryanarayananram@gmail.com)

---

<b>Com. P.B. Thomas</b> Chairman Thiruvananthapuram M: 09447177456	<b>Com. Nitin Desai</b> President Ahmedabad M: 097277 60641	<b>Com. S. Bagchi</b> Working President Kolkata M: 0983081586	<b>Com. N. Govindarajulu</b> General Secretary Chennai M: 09841089111
---	--	--	--

---

Dear Comrades,

13th December , 2017

**News of Interest 13th DEC**

**MOTIVATIONAL QUOTES**

**“TO BE TRUSTED IS A GREATER COMPLIMENT THAN BEING LOVED. “**  
**GEORGE MACDONALD**

**HIGHLIGHTS**

- 1. RBI LIKELY TO EXTEND NCLT DEADLINE FOR SECOND NPA LIST**
- 2. PNB RAISES RS 5,000 CRORE VIA QIP TO FUND EXPANSION PLAN**
- 3. FRDI BILL: BANK UNION THREATENS STRIKE IF IT IS NOT AMENDED**
- 4. FORGET CREDIT RATING, YOUR SOCIAL MEDIA POSTS MAY DECIDE WHETHER YOU WILL GET A LOAN OR NOT**
- 5. NEW MDR COULD DISCOURAGE SMALL RETAILERS FROM ADOPTING DIGITAL PAYMENT PLATFORMS, SAY EXPERTS**

**Business Standard**

**1. RBI likely to extend NCLT deadline for second NPA list**

Jaiprakash Associates, Jayaswal Neco, Videocon may not land at the insolvency court if RBI extends deadline beyond Dec 13

Abhijit Lele & Dev Chaterjee

Lenders to companies figuring on the Reserve Bank of India's (RBI) second list of non-performing loans expect some leeway in terms of time to firm up resolution plans or take these units to bankruptcy court.

This could result in cases such as Jaiprakash Associates, Jayaswal Neco Industries and Videocon Industries staying out of the National Company Law Tribunal (NCLT).

"The resolution for these cases is a complex task and reports from rating agencies on these cases have just started coming now. These reports will form the basis to decide between resolution or the NCLT option. The processing would need time," a senior executive with a Mumbai-based public sector bank said.

"It made little sense to bunch up cases, and that too in close succession, after the first list was prepared in June," he added. Bankers claim that substantial progress has been made in some cases such as Jaiprakash Associates, a company listed on the second list. It had sold the cement business to UltraTech Cement last year as part of a restructuring package.

Sajjan Jindal, chairman of JSW group, questioned why existing promoters of the second list of defaulters were being allowed to participate in the debt restructuring. "If so, why differentiate in the earlier NCLT cases to debar legitimate promoters in bidding process?" he said about the 12 stressed cases sent to the NCLT by the RBI.

"Uniform evaluation criteria should be specified upfront for all stressed cases under the NCLT. This will bring transparency to bid evaluation process and will help avoid litigation," he said.

According to rating agency ICRA, the second list of 29 cases has accounts from diverse sectors. The total exposure of lenders to these cases is about Rs 1.15 lakh crore. Most of the cases are likely to be referred to the NCLT under the Insolvency and Bankruptcy Code

Sources say lenders are looking at various options for Videocon Industries' debt resolution, and that they may not drag it to the insolvency court.

Meanwhile, some lenders are seeing a hope of a possible extension from a central bank communication. "Our interpretation of the RBI's recent communication is that the deadline for the second list could be extended till the end of December," said a public sector banker. The RBI spokesperson could not confirm or deny this development.

The extra time will help lenders complete the restructuring plan at a few companies on the RBI's second list. A senior banker said that there was a strong chance that restructuring could be completed soon in case of Jayaswal Neco too. However, bankers also said that a large number of cases from the second list would be referred to the insolvency court.

Not everyone is pleased with the extension of the deadline. A corporate lawyer said that by not sending these cases to the NCLT, lenders are sending a wrong message to investors and the earlier 12 companies can now approach the courts seeking the same treatment.

## **2. PNB raises Rs 5,000 crore via QIP to fund expansion plan**

The sale comprised about 14 per cent of the bank's outstanding equity

Press Trust of India

Public sector lender Punjab National Bank (PNB) today said it has raised Rs 5,000 crore through qualified institutional placement (QIP) to fund expansion plan.

The bank had floated offer for raising Rs 3,000 crore with green shoe option of Rs 2,000 crore, which were fully subscribed, sources said.

The sale comprised about 14 per cent of the bank's outstanding equity.

Yesterday, the committee of directors for capital mop-up at a late evening meeting approved opening of the QIP, PNB had said in a regulatory filing on stock exchanges.

The bank had approved the floor price of Rs 176.35 per share of face value Rs 2, it said.

The board of the bank in September had given approval to mobilisation of Rs 5,000 crore through various instruments, including rights issue and private placement, during 2017-18.

Other state-owned lenders like Bank of Baroda, Bank of India, Union Bank of India Allahabad Bank and Andhra Bank have also lined up share sale.

Finance Minister Arun Jaitley in October had announced an unprecedented Rs 2.11 lakh crore two-year road map to strengthen PSBs, reeling under high non performing assets (NPAs) or bad loans.

Their NPAs have increased to Rs 7.33 lakh crore as of June 2017, from Rs 2.75 lakh crore in March 2015. The plan includes floating re-capitalisation bonds of Rs 1.35 lakh crore and raising Rs 58,000 crore from the market by diluting governments' stake.

The government equity, as per the current policy, can come down to 52 per cent in state-owned banks. Jaitley had also announced that banks would get about Rs 18,000 crore under the Indradhanush plan over the next two years.

## **Financial Express**

### **3. FRDI Bill: Bank union threatens strike if it is not amended**

All India Bank Employees Association (AIBEA) has threatened to go on strike if FRDI Bill is not amended to safeguard interest of depositors even as the government has assured that it will protect rights of customers.

By: PTI

All India Bank Employees Association (AIBEA) has threatened to go on strike if FRDI Bill is not amended to safeguard interest of depositors even as the government has assured that it will protect rights of customers

"Our banks deal with huge public money and total deposits in the banks today are more than Rs 106 lakh crore. Unlike the American and other western banks which are run with share- holders and investors' money, banks in India are run with people's hard earned savings kept as deposits," AIBEA said in a statement. Hence, safety of people's money should be the top priority, it said.

The government which brought in the Financial Resolution and Deposit Insurance (FRDI) Bill 2017 with 'bail-in' clause is created panic amongst the people about safety of their deposits in banks, it said. "AIBEA has already appeared before the Joint Parliamentary Committee and urged upon them to reject the Bill. It is contemplating a strike action against this unwarranted FRDI Bill, if the Government proceeds further (with the Bill)," it said.

Seeking to allay concerns of depositors over provisions of a draft law, Finance Minister Arun Jaitley yesterday said the government will fully protect public deposits in financial institutions even as he hinted at openness to changes in the proposed FRDI Bill introduced in the Lok Sabha in August this year. It is currently undergoing scrutiny by a joint committee of Parliament. The so-called "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.

## **Economic Times**

### **4. Forget credit rating, your social media posts may decide whether you will get a loan or not**

*By Joel Rebello*

Loan officers at Kotak Mahindra Bank are spending more time in reading your Face book posts, SMSes and payment data available in your mobile phone to decide whether to sanction a loan for you to buy a home or car, rather than relying solely on whether you repaid your credit card dues two decades ago. As banks sharpen their internal assessment of risk before lending, they are investing in analytics, data gathering and use of social media more now than on conventional tools like score from credit information bureaus, which capture borrowing behaviour.

It is not just Kotak but others too, such as HDFC Bank, Axis Bank and even state-owned banks like State Bank of India, which use social media behaviour not only for loan sanctions but also for tailoring sales pitch for products. They track data captured in Google Maps, payment to Uber cabs, or even your electricity bill payment records.

"Credit bureaus are increasingly becoming irrelevant," says Dipak Gupta, joint managing director at Kotak Mahindra Bank. "Traditionally, we have had 40% weight age to bureaus, but because there is so much data available that weight age may be 20%." In March, Kotak launched a digital savings bank account, which allows customers to save and pay using their mobile phones. Gupta said the information that the bank got through mobile phones is very useful to make credit decisions and also to prevent frauds.

"When you download my app, I take permission from you to look at your SMSes and GPS. I know what all payments you delayed, what all bills you paid, when and how much you paid, what all bank notices you got and how many you have replied to. From your GPS, I know what is your place of residence and what is your place of work, how long you have been at work, how much do you travel, all in 30 seconds. I can decide whether to give you a loan or not."

## **BUREAUS TO RESCUE**

In 2007, when Credit Information Bureau (India) (CIBIL) launched its first generic risk scoring model for banks and financial institutions, it was considered a landmark in Indian banking, which till then relied on information provided by the borrower to judge credit worthiness. Those were the days of over 30% credit growth, free credit cards and home loans as the economic boom opened up a new set of customers for bank credit, but there was little knowledge about the borrower. But in the absence of reliable credit data, many banks burnt their fingers as bad loans soured for lenders ranging from ICICI Bank, to Barclays, Citi, Standard Chartered and State Bank of India. As CIBIL and later Experian, Equifax and CRIF High

Mark built their data base, banks became more confident of lending to customers while ensuring that they kept their NPAs low. Cut to 2017, the era of mobile banking. Lenders equipped with information and insights by accessing customers' mobile phones are no longer dependent only on credit bureaus to judge credit worthiness

Lenders like Kotak and HDFC Bank are investing heavily in new forms of analysis using artificial intelligence, social media trends and mobile data.

The explosion of data brings with it a fresh set of challenges too. There are groups advocating privacy, which may limit the ability of banks to use mobile data to the fullest. It is at a stage where there are early benefits, but it is yet to completely takeover the functions of credit bureaus.

"On social media, banks are at a stage where it is adding value but this correlating will have a long way to go in yes and no situations," says Arvind Kapil, group head - unsecured, home and mortgage loans at HDFC Bank. "We are working on social media but you also have to bear in mind that privacy laws will get strengthened. We are also learning how to grow with these insights that are coming in. But at this stage, you have to invest in it."The regulator is keeping a close watch and they can't afford to be adventurous which could tie them down and limit their usefulness in future.

## **Business Line**

### **5. New MDR could discourage small retailers from adopting digital payment platforms, say experts**

PRIYANKA PANI

Retailers are opposing the Reserve Bank of India's (RBI) move to reduce the merchant discount rate (MDR) as it could make non-cash payments unattractive for smaller players.

Recently, the RBI decided to reduce the MDR from 1 per cent to 0.9 per cent, effective from January 1, in a bid to boost digital payments.

However, retailers (both big and small) feel that the MDR has actually been increased and it would indirectly increase the cost of operations for the merchants. MDR is the fee paid by the merchant to the acquiring bank (that provides the PoS devices), and a part of the fee goes to the issuing bank (that issues debit/credit cards) in the form of interchange fee.

Under current rules, MDR has three slabs — for transactions below ₹1,000, the MDR is 0.25 per cent; between ₹1,000 and ₹2,000, 0.5 per cent; and 1 per cent if the transaction value is ₹2,000 or more.

However, under the new rules, the transactions below ₹1,000 will have an MDR of 0.4 per cent, for transactions between ₹1,000 and ₹2,000, it has been increased to 0.9 per cent, while the rate for transactions above ₹2,000, it has been reduced from 1 per cent to 0.9 per cent.

Industry experts in the payment system and retailers are of the view that while this will benefit retailers with average billing size of more than ₹2,000 per transaction, the smaller players will be at loss as they will have to bear the entire cost of operations.

According to V Balasubramanian, President (Merchant and Terminal Business) at FSS, a payment technology leader, the MDR rates have been increased in the up to ₹2,000 transaction slab, where about 70 per cent of the transactions occur for any retailer.

"This will definitely discourage small retailers from using PoS machines or any digital means. It may eventually happen that the customer might end up paying the price as the retailers might raise prices to cover their cost," Balasubramanian said.

To this, Kumar Rajagopalan, President of Retail Association of India (RAI), added that the retailers might not be keen on using the PoS device and cash transactions may rise in the coming months if the rates are not revised. He further said that the association has asked the regulator to cap the MDR at ₹40 per transaction.

"We will see what all we can do to protect retailers' interest," he said, adding that "retailers make only 2-3 per cent net profit on the total turnover and on that if the MDR is increased, it is a huge cost. If the cost of operating a debit card will be higher than the cost of cash, then retailers will be forced to take cash." Rajagopalan said that the step taken by the government will be detrimental to its Digital India drive.

He also added that the government should encourage NPCI's RuPay as the only payment processing mechanism or card payment scheme. "There are too many players like MasterCard and Visa in the system. These are the players who are benefiting out of the high MDRs," he added.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)**  
**GENERAL SECRETARY**

..

