



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/ ubioatnng@gmail.com/ suryanarayananram@gmail.com

Com. P.B. Thomas
Chairman
Thiruvananthapuram
M: 09447177456

Com. Nitin Desai
President
Ahmedabad
M: 097277 60641

Com. S. Bagchi
Working President
Kolkata
M: 0983081586

Com. N. Govindarajulu
General Secretary
Chennai
M: 09841089111

Dear Comrades,

24 th May , 2017

News of Interest 24th MAY

MOTIVATIONAL QUOTES

“NOBODY DESERVES YOUR TEARS, BUT WHOEVER DESERVES THEM WILL NOT MAKE YOU CRY.
“

GABRIEL GARCIA MARQUEZ

HIGHLIGHTS

- 1. BAD LOANS CRISIS: RBI TO EXPAND OVERSIGHT COMMITTEE, RATING AGENCIES ROLE**
- 2. BANKRUPTCY LAW TO BE TABLED IN PARLIAMENT DURING UPCOMING MONSOON SEASON**
- 3. PAYTM PAYMENTS BANK LAUNCHED; 10 POINTS GUIDE ON WHAT IT MEANS FOR YOU**
- 4. CORPORATION BANK TO RAISE RS 3,500 CRORE**
- 5. RBI REFUSES TO DISCLOSE LIST OF LOAN DEFAULTERS**
- 6. SBI INTRODUCES CASHLESS DRIVE THROUGH TOLL PLAZAS**

Business Standard

1. Bad loans crisis: RBI to expand oversight committee, rating agencies role

Reserve Bank action plan to expand role of rating agencies

Abhijit Lele

Staying on course to resolve the bad loan problem plaguing the banking sector, the Reserve Bank of India (RBI) outlined the further steps it plans to take, such as expanding the oversight committee (OC) and its mandate, modifying existing debt recast rules, and engaging rating agencies for timely action.

The central bank will reconstitute the OC and expand the panel to include more members. The existing OC, which has two members, was constituted by the Indian Banks' Association. The RBI will now reconstitute the OC under its aegis and the two

current members will continue in the revamped panel. The larger OC could then set up benches to deal with the volume of cases referred.

The RBI will also expand the scope of cases to be referred to the OC beyond those under S4A (Scheme for Sustainable Structuring of Stressed Assets) as required currently. The RBI is also developing a framework for an "objective and consistent" decision-making process for resolution under the Insolvency and Bankruptcy Code, 2016 (IBC).

The banking regulator also sought information on the current status of the large stressed assets from the banks. It would constitute a committee comprising a majority of its independent board members to advise it in this matter. The Banking Regulation (Amendment) Ordinance, 2017, has empowered the RBI to issue directions to initiate insolvency resolutions for default under the provisions of the IBC.

The RBI is also likely to modify the guidelines on restructuring to resolve the large stressed assets in the banking system.

The RBI wants rating agencies to play a vital role in the resolution process. "With a view to preventing rating-shopping or any conflict of interest, the RBI is exploring the feasibility of rating assignments being determined by the RBI itself," the central bank's statement said. Rating agencies would be paid from a fund to be created out of contributions from the banks and the RBI.

The RBI further said the enhanced empowerment would require coordination with and the cooperation of several stakeholders including banks, asset reconstruction companies, rating agencies, and private equity firms. It will soon hold meetings with these stakeholders.

Immediately after the promulgation of the Ordinance by the government, the RBI had issued a directive bringing changes to the existing regulations on dealing with stressed assets. The statement said a corrective action plan could include flexible restructuring, strategic debt restructuring, and S4A. The consent required for approving a proposal in a Joint Lenders' Forum (JLF) has been liberalised. If an asset is to be subject to the corrective action plan, 50 per cent of the creditors in the JLF have to agree on the plan and they must account for 60 per cent (against 75 per cent earlier) of the asset by value. These changes were made to facilitate decision making in the JLF. Banks which were in a minority on the proposal backed by the JLF would have to either exit by complying with the substitution rules within the defined time or adhere to the decision. Participating banks had also been mandated to implement the decision of the JLF without any additional conditionality.

The boards of banks were advised to empower their executives to implement JLF decisions without further reference to them. Those lenders who fail to adhere to rules would face enforcement actions, the RBI had said.

2. Bankruptcy law to be tabled in Parliament during upcoming monsoon season

The law will help safeguard the interest of depositors

Press Trust of India

The government is likely to introduce in the monsoon session of Parliament a separate bankruptcy law to deal with insolvency in financial sector companies that include banks and Non-Banking Financial Companies (NBFCs).

The proposed bill will cover all financial service providers that include banks, NBFCs and microfinance institutions which have money deposited, a senior finance ministry official has said.

The law will help safeguard the interest of depositors, he added.

The Insolvency and Bankruptcy Code (IBC) 2016 was passed by Parliament last year to deal with cases of corporates or companies other than the financial sector.

"The proposed legislation for resolution of bankruptcy in financial firms are under works and our endeavour is to introduce in the upcoming monsoon session of Parliament," the official said.

"Financial firms by their nature and characteristics, have depositor money as well. So, an appropriate resolution processes for orderly winding down of financial firms is not an easy process," the official said adding, extensive consultation with various stakeholders are on to make a watertight law.

A finance ministry committee has suggested a 'resolution corporation' to expeditiously deal with issues concerning insolvency of financial institutions, including banks and insurers.

Draft code on resolution of financial firms also proposed to consolidate the existing laws relating to resolution of certain categories of financial institutions, including banks, insurance companies, financial market infrastructures, payment systems, and other financial service providers into a single legislation, and provide for additional tools of resolution to enable the resolution corporation to maintain the systemic stability in the country.

The proposed resolution corporation will contribute to the stability and resilience of the financial system by carrying out speedy and efficient resolution of financial firms in distress, providing deposit insurance to consumers of certain categories of financial services and monitoring the systemically important financial institutions.

It will also protect consumers of financial institutions and public funds to the extent possible. After enactment of the Financial Resolution and Deposit Insurance Bill, 2016, the Deposit Insurance and Credit Guarantee Corporation will be dissolved and all its functions will be carried out by the resolution corporation.

Finance Minister Arun Jaitley, in his 2016-17 budget speech, said a comprehensive code on resolution of insolvency cases in financial firms will be introduced as a bill in Parliament this fiscal.

"A systemic vacuum exists with regard to bankruptcy situations in financial firms. This code will provide a specialised resolution mechanism to deal with bankruptcy situations in banks, insurance firms and financial sector entities.

"This code, together with the Insolvency and Bankruptcy Code 2015, when enacted, will provide a comprehensive resolution mechanism for our economy," he had said.

Financial Express

3. Paytm Payments Bank launched; 10 points guide on what it means for you

For saving accounts, the Paytm Payments Bank will offer annual interest of 4 per cent and will also be setting up KYC centers across India to help customers get KYC done.

By: [FE Online](#)

Paytm on Tuesday became the third entity after Airtel and India Post to launch the Payment Bank in India. The bank claims to be India's first bank with zero charges on online transactions, no minimum balance requirement and free virtual debit card. For saving accounts, the payment bank will offer annual interest of 4 per cent and will

also be setting up up KYC centers across India to help customers get KYC done. KYC is a mandatory eligibility requirement for a Payments Bank account.

The company while announcing the launch said that the Paytm Payments Bank will be initially available on an invite-only basis. It said in a blog post, "The Paytm Payments Bank will bring a new banking model to the world where an account holder's money will be absolutely safe. Deposits will only be invested in government bonds that are used for the development of our nation."

In the first phase, the company will roll out the limited version of the banking app for its employees and associates. A request for an invite can be made by logging onto payment bank website or through the Paytm app.

In a blog post, Paytm has revealed everything one needs to know about its payment bank and more

1. Paytm Payments Bank can accept customer deposits upto Rs. 1 lakh per customer in a savings or current account and offer other banking services like Debit Cards, Online Banking and Mobile Banking. However, it cannot offer financial products of their own, but partner with other banks.

2. Paytm Payments Bank is offering savings and current accounts with a debit card and the ability to make fast and easy payments. It will also help in accessing a range of financial services such as insurance, loans, mutual funds offered by our partner banks with the seamless Paytm experience.

3. An individual's current Paytm Wallet will now move to the Paytm Payments Bank Limited in the same capacity i.e. KYC wallet as KYC wallet and minimum KYC wallet as minimum KYC wallet. One can continue to use the Paytm Wallet as before without any changes. However, if you have not used your wallet in the last 6 months and you have zero balance, you will be required to login to your wallet again to move to the Paytm Payments Bank.

4. In case a user's passbook shows older transactions being from wallet under One97, it means that since Paytm Wallet has moved from One97 Communications Ltd. to Paytm Payments Bank Limited as per the RBI directive. The transactions under 'wallet issued by One97 Communications Ltd.' are the transactions made before wallet moved to the Paytm Payments Bank.

5. The wallet will now operate under the Paytm Payments Bank and continue to exist and function in the same manner as earlier. In addition to a wallet, one will be able to open a savings or current account with payment bank and access a wide range of financial services.

6. If one doesn't want to migrate to Paytm Payments Bank, then the wallet will be closed, disabling payments using your Paytm Wallet. Thus, it is a mandatory requirement for movement to Paytm Payments Bank for all Paytm Wallet customers.

7. The Paytm wallet continues to work the same way as before and there will be no impact on your cash flows or the mode of accepting payment. The refunds will come back to the wallet as earlier. It is not mandatory to open an account with Paytm Payments Bank to use the wallet.

8. The Paytm login details continue to remain the same.

9. Withdrawing money from wallet is not allowed as per RBI policies.

10. This is just a transfer of ownership of the Paytm Wallet to a new company called Paytm Payments Bank Ltd. One will now be given an option to open a separate bank account with the payment bank. One can send money to any bank account from your Paytm Payment Bank Wallet.

Economic Times

4. Corporation Bank to raise Rs 3,500 crore

BY PTI |

Public sector lender Corporation Bank BSE -4.78 % today said its board has approved plans to raise capital up to Rs 3,500 crore.

"The board of directors at their meeting has approved for raising of capital to the extent of Rs 3,500 crore in one or more tranches with green shoe option," it said in a regulatory filing.

The banks said the fund will be raised either through allotment of equity shares on preferential basis or follow on public issue or rights issue or qualified institutions placement (QIP) or by way of additional tier-I bond or tier II bonds or debt issue.

The fund raise may also come up in a combination of these ways as per Basel III requirements.

The bank said it will determine the issue price at an appropriate time.

Corporation Bank stock closed 5.66 per cent down at Rs 53.35 apiece on BSE today.

Business Line

5. RBI refuses to disclose list of loan defaulters

PTI

The Reserve Bank of India has refused to make public the list of loan defaulters with public sector banks despite an order of the Supreme Court in 2015 to make this information public.

The case relates to an RTI application filed by activist Subhash Agrawal who had sought to know the list of people who had defaulted in the loan of Rs. 1 crore and above.

According to the government, the gross non-performing assets (NPA) of the public sector banks stood at Rs. 6.06 lakh crore as on December 31, 2016.

The RBI had denied the information citing the clauses of economic interests of the state, the commercial confidence and the information held in fiduciary capacity.

It had also cited the provisions of Section 45-E of the RBI Act, 1934, which prohibits disclosure of credit information.

On December 16, 2015, the apex court had clearly rejected these arguments of the RBI, in a matter filed by another RTI applicant, and ordered disclosure of defaulters' list, upholding a Central Information Commission (CIC) order.

Still, the Bankers' Bank cited the same arguments to deny information to Agrawal, who escalated the matter to the CIC.

During the hearing, the RBI also said the Supreme Court is hearing a matter in which reports have been sought in a sealed envelop and hence any decision should be avoided.

A two-member CIC bench gave the RBI a reprieve as it agreed to not pass any order till the pending matter, where disclosure of defaulters having dues of over Rs. 500 crore towards the banks, was decided by the apex court.

The bench, comprising Information Commissioners Manjula Prasher and Sudhir Bhargava, did not accept Agarwal's plea that a case was already decided by the Supreme Court in which clear directives have been given and is a law of land, and not a pending case.

In 2015, the apex court had stated that the RBI is supposed to uphold the public interest and not the interest of individual banks.

The RBI is clearly not in any fiduciary relationship with any bank, it had said.

"The RBI has a statutory duty to uphold the interest of the public at large, the depositors, the country's economy and the banking sector," it had said while directing the RBI to disclose the list of defaulters.

The court had said that the RBI is duty bound to comply with the provisions of the RTI Act.

"The baseless and unsubstantiated argument of the RBI that the disclosure would hurt the economic interest of the country is totally misconceived," the court had said.

The apex court had said that the facts reveal that banks were trying to cover up their underhand actions, they are even more liable to be subjected to public scrutiny.

It had passed the order of disclosure after hearing the arguments of the RBI, which had sought refuge under Section 45E of the Reserve Bank of India Act, 1934, which says disclosure of any information relating to credit information submitted by a banking company is confidential.

It had said the RTI Act, 2005, is a general provision which cannot override specific provisions relating to confidentiality in earlier legislation in accordance with the principle that where there are general words in a later statute it cannot be held that the earlier statutes are repealed, altered or discarded.

Rejecting these arguments, the apex court had ordered the disclosure of information relating to loan default and other such details sought by various applicants.

Some of these arguments, rejected by the Supreme Court, were put by the RBI before the CIC during the hearing of Agrawal's case.

6. SBI introduces cashless drive through toll plazas

G NAGA SRIDHAR

State Bank of India (SBI) has launched a cashless drive through toll plaza product for its customers here.

The product, christened SBI Fastag, is a card that works on Radio Frequency Identification (RFID) technology. Money can be loaded on the card. It is affixed on the windscreen of the vehicle and enables it to drive through toll plazas without stopping for cash transactions by allowing auto debit of toll amount from the card balance.

While formally launching Fastag, Neeraj Vyas, Deputy Managing Director and Chief Operating Officer, SBI, said the facility is currently operational in about 350 toll plazas across the national highways.

SBI Hyderabad circle has so far issued 6,300 Fastags. The system is interoperable and the same Fastag can be used across all toll plazas under the national Electronic Toll Collection programme, according to Hardyal Prasad, Chief General Manager, SBI, Telangana Circle.

The benefits of Fastag include 7.5 per cent cashback for all transactions up to March 31, 2018, easy recharge, top-up through authorised agencies, and customer care facilities.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY