



**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)/ [ubioatnng@gmail.com](mailto:ubioatnng@gmail.com)/ [suryanarayananram@gmail.com](mailto: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,

31st May , 2017

News of Interest 31st MAY

### MOTIVATIONAL QUOTES

“GOOD, BETTER, BEST. NEVER LET IT REST. 'TILL YOUR GOOD IS BETTER AND YOUR BETTER IS BEST. “

ST. JEROME

### HIGHLIGHTS

1. PFC IN THE RED AS NPAS RISE 300%
2. LENDERS DISCUSS NPA RESOLUTION WITH RBI
3. NORMS TO PROTECT CUSTOMER IN FRAUDULENT TRANSACTION SOON: RBI
4. 'CUSTOMERS COULD MIGRATE THEIR ACCOUNT IF BANKS MISUSE AUTONOMY'
5. 'MAKE BANK STATEMENTS LESS CRYPTIC'
6. NEW ONE RUPEE NOTES TO BE IN CIRCULATION SOON

Business Standard

#### 1. PFC in the red as NPAs rise 300%

Financier reported a quarterly loss of Rs 3,409 cr; FY17 profits fell by 65% to Rs 2,126 cr

Shreya Jai

The stressed assets of the power sector's key financier, Power Finance Corporation (PFC), increased by 300 per cent to Rs 30,718 crore, pushing the company in the red for the first time.

The PFC reported a quarterly loss of Rs 3,409 crore in the fourth quarter of the previous financial year (2016-17). For FY17, its profit fell by 65 per cent in a year to Rs 2,126 crore.

The percentage of gross non-performing assets (NPAs) to total loan assets stood at 12 per cent in FY17. In FY16, it was 3.15 per cent. In its annual report, the company said its profit was muted because of higher provisioning on account of bad loans and a rise in restructured assets.

Thermal power projects constitute the largest pie of NPAs, of which most are state power generating companies, classified as bad debt by the PFC owing to delays in commissioning of projects and unrealised income, said officials.

Six assets worth Rs 18,234 crore were classified as NPAs, stated the company. "The profit-before-tax for the year ended March 2017 decreased by Rs 3,954 crore on account of these NPAs."

The company, however, told its investors, it expected 80 per cent of NPAs to get upgraded in 2018.

With power distribution companies under restructuring, the slow repayment of loans has also hit the PFC. Of Rs 48,693 crore of loan repayment to be made by discoms, Rs 10,574 crore was pending as of March 2017.

At Rs 1.33 lakh crore, the PFC along with state-owned Rural Electrification Corporation (REC) is the largest lender to state electricity boards, which are now cumulatively battling debt exposure of Rs 4 lakh crore. The new-fangled Ujwal DISCON Assurance Yojana (UDAY) aims to restructure this debt by floating sovereign guaranteed bonds at market rates. It also restricts future borrowings by the states from these lenders and banks till their respective discoms turn around financials and operations.

Sector experts said the loans given to discoms were under restructuring. At the same time, there were no big-ticket projects for the PFC. "It is now a discounted fact that the PFC would continue to reel under poor paybacks till the discoms turn around. As for the generation projects, there are no takers for the stalled units and growth in conventional generation is more or less stagnant," said a Delhi-based analyst.

In FY17, the PFC sanctioned loans for three government sector coal-based project totalling Rs 11,000 crore and three solar power projects worth Rs 1,121 crore.

As for the portfolio of independent power projects based on conventional fuel, close to 18-20 GW capacity is without any power purchase agreement. In the past five years, no generation project has achieved financial closure, according to market data. The PFC said in its concall that the new coal allocation policy would help improve the situation for private sector generation projects.

## **2. Lenders discuss NPA resolution with RBI**

While there is a sense of urgency, but it's too early to set timelines for the resolution  
[Abhijit Lele](#)

Lenders saddled with large stressed accounts began discussions with the Reserve Bank of India (RBI) on the resolution process.

A senior banker said preliminary discussions were part of the RBI's interaction with stakeholders for resolution of big stressed accounts.

While there is a sense of urgency, but it's too early to set timelines for the resolution. Banks have flagged two aspects. One is about sector-specific strategy as problems and issues are unique. The focus is on steel, power and construction sectors. Second aspect is absorbing haircuts for restructured cases. Most public sector banks, which hold most of the bad loans, are reeling under losses. The haircuts would have to be spread over many quarters, another banker pointed out.

Besides banks, the RBI is expected to hold a series of interaction with rating agencies, insolvency professionals and advisory firms.

The RBI is expected to rope in rating agencies to assess viability of debt, crystallise sustainable debt and recommend haircut lenders need to take in restructuring package for stressed assets.

The meeting was attended by heads of ICICI Bank, IDBI Bank, Axis Bank, HDFC Bank, Standard Chartered Bank and Canara Bank. Senior officials from SBI and Bank of Baroda were also present in the meeting held at the RBI.

"The focus of the meeting was on resolution of stressed loans. The RBI sought our views and suggestions to tackle the bad loan problem. This was in continuation of our past interactions with them (RBI)," a bank official said.

Financial Express

### **3. Norms to protect customer in fraudulent transaction soon: RBI**

Reserve Bank will soon come out with final guidelines on customer protection which would limit customers liability in case of unauthorised electronic banking transactions, it's deputy governor S S Mundra today said

By: PTI

Reserve Bank will soon come out with final guidelines on customer protection which would limit customers liability in case of unauthorised electronic banking transactions, it's deputy governor S S Mundra today said. Last year in August, RBI had issued draft circular on limiting liability of customers in case on fraudulent banking transactions, resulting in debits to their accounts or cards. RBI had asked comments and suggestions on the same. "Based on the feedback received from the concerned stakeholders, final guidelines (on limiting liability of customers) are expected to be issued shortly," Mundra said at a event here.

Mundra said technology is being increasingly used in delivery of banking services in recent years but it has brought in associated risk of security as is evident in few high profile cyber incidents, thefts of personal information, fraudulent use of ATMs, net banking frauds and cases of unauthorised access to banks servers. "With greater thrust on digital banking, especially in the wake of demonetisation and consequent increase in complaints relating to the unauthorised or fraudulent transactions, a need for having a comprehensive policy to limit the liability of customers cannot be overemphasised," the deputy governor said.

Mundra said the final guidelines will clearly talk about the timeline for reporting fraudulent transactions, the liability customers will have to bear in case of unauthorised transactions and the responsibilities of banks in such instances. He also asked banks to strengthen their IT security system ahead of the release of the final guidelines. "In view of the impending guidelines, it would be prudent on the part of the banks to internally tighten their IT security system and customers service delivery through the IT-enabled platform and operating procedures so that grievances are minimised," Mundra said.

He asked banks to improve their call centre services and automated response system so as to provide less hassle to customers while using them. "My experience is that you keep on navigating through the (IVR) menu and finally you need to talk to the customer service representative. It is good to use the technology, but we need to ensure that the technology is serving the intended purpose," he said.

Mundra said some of the banks have started using artificial intelligence and have done a pilot of putting a robotic assistance in the branch for guiding the customers. "I would only urge that though it is a smart move, but ensure that it also does not end

up in the same fashion as call centres or automated response system. It should be really be able to help the customers," he said.

Business Line

#### **4. 'Customers could migrate their account if banks misuse autonomy'**

OUR BUREAU

With account-number portability now within the realms of possibility, the Reserve Bank of India on Tuesday cautioned banks that if they misuse the autonomy granted to them in fixing minimum average balance or for charging for premium services, aggrieved customers could silently migrate their account to another bank in the near future.

"While banks have been granted autonomy...it should not be used as an excuse to deny service or to drive away common man," said SS Mundra, Deputy Governor, RBI.

Speaking at the annual Banking Codes and Standards Board of India conference, Mundra observed that with technological advancements in the field of payment systems, such as Unified Payments Interface (UPI), coupled with massive enrolments under Aadhaar and their linkage to individual bank accounts, account-number portability has come within the realms of possibility.

Alluding to recent instances of some banks upping monthly average balance requirement and increasing service charges, the Deputy Governor said: "As such, the prospect of an aggrieved customer silently moving her account to another bank in the near future has become very real."

#### **Supervisory focus**

According to Mundra, the RBI will extensively focus on mis-selling of third-party products, especially insurance and mutual funds, instances of violation of KYC (know-your-customer) guidelines, imposition of usurious service charges during the current year's supervisory cycle.

In this regard, he mentioned that the RBI has specifically established a department for examining the instances of regulatory violations with a view to taking enforcement actions, including imposing penalties, issuing warnings and making public disclosure on the errant banks.

#### **Limiting customer liability**

Mundra said based on feedback received from stakeholders on the draft circular on 'Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions', final guidelines are expected to be issued shortly.

In view of the impending guidelines, it would be prudent on part of the banks to internally tighten their IT security systems and operating procedures so that (customer) grievances are minimised, he added.

The Deputy Governor elaborated that "with greater thrust on digital banking, especially in the wake of withdrawal of legal tender status of specified bank notes and consequent increase in complaints relating to unauthorised/fraudulent transactions, a need for a comprehensive policy to limit the liability of customers cannot be over-emphasised."

Mundra explained that technology is being increasingly used in delivery of banking services in recent years.

However, it has also brought in associated risks of security as is evident in few high-profile cyber incidents in the recent past.

“There have been several incidents of theft of personal information, fraudulent use of ATMs, net banking frauds, ATM/debit card incidents, or cases of unauthorised access to bank servers. Hence, there is an immediate need to plug all the gaps and vulnerabilities in tech-enabled service delivery,” he said.

## **5. ‘Make bank statements less cryptic’**

OUR BUREAU

Following numerous complaints from customers as well as investigative agencies — that particulars in passbooks/bank statements are quite cryptic and generally inscrutable — the Reserve Bank of India on Tuesday said it will direct banks to provide essential minimum relevant details in respect of various transactions.

Despite extant RBI guidelines that mandate recoding of intelligible particulars in the statements, SS Mundra, Deputy Governor, underscored that the narration in the passbooks/bank statements at present is difficult to decipher.

“Of late, we have received numerous complaints not only from customers but also from the investigative agencies who find it extremely difficult to understand the transactions during the course of their investigations. RBI is in the process of reiterating its guidelines to banks to provide essential minimum relevant details in respect of various transactions in the passbook/statement,” said Mundra at the annual conference of the Banking Codes and Standards Board of India.

Further elaborating on customer service in the emerging regulatory/supervisory environment, the Deputy Governor said the safety of cheques put in the cheque drop boxes as also the quality of cheque leaves (enabling printing of fake cheque leaves), is a matter of concern for RBI.

Flagging customer service to senior citizens as another area of concern, he referred to the difficulties faced by pensioners in receiving updated pension, issuance of life certificates, verification of signature, need for periodic KYC etc.

“Several grievances have also been received from nominees of deceased customers while seeking settlement of death claims,” he said.

Mundra emphasised that documents to serve as an address proof for KYC compliance continues to remain a major irritant. This despite customers being permitted to submit a simple declaration about the current address which may be different from the originally submitted address proof.

The Deputy Governor called upon banks to ease the frustration of dealing with call centres and automated response systems.

## **6. New one rupee notes to be in circulation soon**

PTI

New one rupee notes with predominantly pink-green on obverse and reverse in combination with other colours will be soon put into circulation.

The notes bearing the rupee symbol have been printed by the Government of India.

At present, one rupee coins are minted. Printing of one rupee notes was discontinued in 1994 but was re launched in 2015.

"The Reserve Bank of India will soon put into circulation currency notes in one rupee denomination," the central bank said in a statement.

The note will bear signature of Shaktikanta Das, Secretary in the Ministry of Finance. Rest other currency notes bear the signature of the RBI Governor.

The numbering will be in black at right hand bottom portion of the note.

On the reverse side, the year '2017' is mentioned. There is also representation of One Rupee coin with rupee symbol having floral design and the surrounding design consists of the picture of 'Sagar Samrat' the oil exploration platform.

"The colour of One Rupee Currency Note shall be predominantly pink green on obverse and reverse in combination with others," the RBI said.

With kind regards,

Yours Comradely,



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