



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)

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Dear Comrades,

10 th August , 2018

News of Interest 10th AUG

MOTIVATIONAL QUOTES

‘LEARNING IS NOT ATTAINED BY CHANCE; IT MUST BE SOUGHT FOR WITH ARDOR AND DILIGENCE.’

ABIGAIL ADAMS

HIGHLIGHTS

1. NOTHING CALLED PARTIAL DEFAULTERS, IBC MUST APPLY EQUALLY TO ALL: RBI
2. HAVE ACCEPTED RBI DIRECTORSHIP IN PUBLIC INTEREST: SWAMINATHAN GURUMURTHY
3. BIG BOOST TO MODI’S ‘DIGITAL INDIA’; E-PAYMENTS SURGE OVER 8-FOLD IN 5 YEARS TO 2,070 CRORE
4. RETAIL LOAN IS NOT A NIRVANA, FORMER RBI DEPUTY GOVERNOR SS MUNDRA WARNS BANKERS
5. CITY UNION BANK POSTS 15% RISE IN Q1 NET PROFIT

Business Standard

1. Nothing called partial defaulters, IBC must apply equally to all: RBI

The Centre in its submission to the Allahabad High Court in July sought regulatory relief and time extension for close to dozen power projects with debt exposure of around Rs 1 trillion

Shreya Jai

The Reserve Bank of India (RBI) in its submission to the Allahabad High Court, which is hearing a case filed against the Insolvency and Bankruptcy Code (IBC), said that the resolution of stressed assets through this route

was a commercial decision taken by the central bank and creditors and it should not be thrust upon the judiciary.

“Control over company is not a divine right. If the promoters default, the creditor will take over the company and manage it. Thus, the IBC is a creditor-driven legislation,” said the RBI in its submission.

In a circular dated February 12, the central bank mandated that banks should classify even one day’s delay in debt servicing as default. The notification mandates resolution proceedings against stressed accounts to be completed in 180 days.

A petition was filed by Independent Power Producers Association of India (IPPAI) in the Allahabad High Court against the IBC proceedings of the RBI.

The Centre in its submission to the Allahabad High Court in July sought regulatory relief and time extension for close to dozen power projects with debt exposure of around Rs 1 trillion, out of a total of 34 stressed assets.

Hitting back at the Centre, the RBI said there was no recognised category such as “genuine defaulters”. The law should be applied equally to all. If it is not, then it is a violation of Article 14 of the IBC.

“In any event, it is the central government’s responsibility to issue directions and not the court’s, under Article 226,” it said, “The RBI cannot extend the timeline further, as enough opportunities have been given to promoters. It is duty-bound to resolve the issue of stressed assets in a time-bound manner.”

At the same time, the Standing Committee on Energy in its latest report on the “impact of the RBI’s new framework on resolving stress in the power sector” noted that the central bank did not consider the issues of the power sector while issuing a blanket clause on all sectors.

To this, the RBI said, “Parliamentary standing committee reports have no binding value. The amendments brought about in the Banking Regulation Act give power to the RBI to resolve the stressed assets. The RBI has passed the impugned circular in pursuance of these statutory powers. If the central government gives specific directions to the RBI, it will comply.”

The central bank also said the RBI is bound to act in a sector-agnostic manner. “It has considered all the exigencies in this regard and is an expert in this field. The classification has been done on the basis of liability and recoverability. Therefore, it has a rational nexus to the object sought to be achieved,” it said.

The next date of hearing is on Friday, when the power producers will make their submission.

2. Have accepted RBI directorship in public interest: Swaminathan Gurumurthy

Never accepted any private or PSU directorship. Not even audit of PSUs or private company, say Swaminathan Gurumurthy

Press Trust of India

The government has appointed Chartered Accountant Swaminathan Gurumurthy, also considered as an RSS ideologue, on the board of the Reserve Bank of India (RBI).

Gurumurthy, who had referred demonetisation decision as the equivalent of Financial Pokhran, is said to be associated with the Rashtriya Swayamsevak Sangh (RSS) affiliate Swadeshi Jagran Manch.

The Appointments Committee of the Cabinet has approved his appointment as non-official director on the central board of the RBI for a period of four years, an order issued by the Personnel Ministry said.

"This is the first directorship ever. Never accepted any private or PSU directorship. Not even audit of PSUs or Pvt cos. Wanted to be free to speak. But when pressure built up I am needed to do something in public interest I had to accept," Gurumurthy said in a tweet.

He is also the editor of Tamil magazine Thuglak.

In an interview in December 2016, a month after Prime Minister Narendra Modi had announced note ban, Gurumurthy had termed the demonetisation as "Financial Pokhran".

He had said when people have excess cash there is always an urge to buy things which are not necessary and that leads to "irresponsible and heartless spending".

Demonetisation would bring about a huge change, the expert had said.

"Just like Pokhran brought about a change which was unimaginable. Who would have thought America would look at India. If you had not exploded atom bomb they won't have looked at you...," he had said.

Besides Gurumurthy, the government has also appointed businessman Satish Kashinath Marathe as another non-official director on the RBI board for four years, the ministry said.

The central bank's board can be categorised into official and non official directors.

RBI Governor and a maximum of four Deputy Governors can be considered as official directors whereas there can be ten non-official directors on the board under Section 8 (1) (c) of the RBI Act, 1934.

The RBI board also comprises of a maximum of four directors, who are to be nominated by the central government, one from each of the four local boards of the central bank.

In addition to these, there is one government official (usually Financial Services Secretary) need to be nominated by the central government under Section 8 (1) (d) of the RBI Act.

Financial Express

3. Big boost to Modi's 'Digital India'; e-payments surge over 8-fold in 5 years to 2,070 crore

A target of 3,013 crore digital payments transactions has been set by the Ministry of Electronics and Information Technology in 2018-19

By: [FE Online](#)

In a big boost to government's 'Digital India' initiative, e-payment transactions recorded a significant jump to 2070.98 crore in 2017-18, Minister of State for Information Technology (IT) said in a reply to a question in Lok Sabha yesterday. In 2013-14, 220 crore e-transactions were recorded. The central government is working with different stakeholder's namely smart cities, banks, payment service providers and state to further promote the cashless payments, the minister also said in response to another question.

A target of 3,013 crore digital payments transactions has been set by the Ministry of Electronics and Information Technology in 2018-19. The ministry uses a performance scorecard and a bank ranking system to monitor and also evaluate the performance of the lenders.

During the years 2014, 2015 and 2016, 10, 18 and 26 cases were filed under debit or credit card frauds, as per the information availed from National Crime Records Bureau (NCRB). Even though the digital payment transactions have surged over the years, the fraud cases haven't climbed, the minister pointed out in the Lok Sabha.

The phone messaging app WhatsApp has been asked by the government to share the details related with the action taken by the company with respect to fake news, the minister also said in a separate reply. He also said that the central government doesn't plan to tap into the messages of the citizens. The government is taking various initiatives to raise user awareness related to cyber safety.

Meanwhile, according to the recent Reserve Bank of India (RBI) data, in 2015-16 the total frauds were 1,191. The number climbed to 1,372 the following year and increased to 2,488 in the fiscal year 2017-18. Rs 40.20 crore was the amount of money involved in the frauds in the fiscal year 2015-16. In the next fiscal figure reached to Rs 43.18 crore and it tripled in 2017-18 to Rs 149.62 crore.

Economic Times

4. Retail loan is not a nirvana, former RBI deputy governor SS Mundra warns bankers

PTI

SS Mundra, a former deputy governor of the Reserve Bank, today raised concerns over banks increasingly shifting their focus more onto retail loans than corporate loans.

Banks have seen a good portion of their corporate loan books turning dud in the recent years, taking the overall bad loans close to 12 per cent of the system.

"If every banker is searching a nirvana in retail loans then I think a word of caution is needed," Mundra said at an Assocham event here today.

He said earlier two-thirds of the lending book consisted of corporate loans while one-third was retail loans, but the trend has now reversed.

"Today, it is reversed, with one-third is corporate book and two-thirds are retail book. Though this is a shift which has taken internationally, our system is still a work in progress in this regard," the former deputy governor said.

Calling for timely recognition of bad loan problem both by banks and borrowers, he noted that there have been instances where bankers have tried to to postpone the problem and even borrowers have hidden the issue in the fear that if it is made public then there will not be any supporting hand.

"For bankers and borrowers postponing of the the bad loan problem is not a good idea," he said.

Mundra said with all the recent measures taken and the right lessons learnt, at the first sign of an asset qauality problem, it would be a good idea that stress in any account should be recognised and both the sides should sit together and find right solution.

"It would be important for all lenders to acknowledge and appreciate the fact that NPAs are the reality of a business cycle. An account becoming NPA is not a sin and no one should be afraid in telling that the account is tagged an NPA," he added.

Business Line

5. City Union Bank posts 15% rise in Q1 net profit

OUR BUREAU

Private sector lender City Union Bank (CUB) has reported a 15 per cent increase in net profit at ₹162 crore for the quarter ended June 30, 2018, against ₹140 crore in the year-ago period.

Though its operating profit was almost flat, lower provisions, on the back of stable asset quality, helped the bank post growth in bottom-line.

Its gross NPA was down marginally to 3.02 per cent as of June this year from 3.05 per cent in the prior-year quarter, while net NPA reduced to 1.70 per cent from 1.79 per cent during the same period.

CUB's operating profit was almost flat at ₹299 crore (₹297 crore). Net interest income grew 9 per cent at ₹375 crore compared to ₹342 crore in the first quarter of the previous fiscal. Net interest margin was 4.24 per cent against 4.47 per cent. Other operating income fell 5 per cent at ₹129 crore (₹135 crore).

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**