



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION

(Affiliated to All India Bank Pensioners & Retirees Confederation – AIBPARC)

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Dear Comrades,

8th June , 2018

News of Interest 8th JUN

MOTIVATIONAL QUOTES

'DO YOUR WORK WITH YOUR WHOLE HEART, AND YOU WILL SUCCEED - THERE'S SO LITTLE COMPETITION.'

'ELBERT HUBBARD

HIGHLIGHTS

1. VIDEOCON CASE: ICICI BANK, KOCHHAR MISS SEBI DEADLINE, ASK FOR MORE TIME
2. RBI TO SET UP PUBLIC CREDIT REGISTRY TO MAKE CREDIT MARKET MORE EFFICIENT
3. RBI REDUCES INTEREST RATE ON UNCLAIMED DEPOSITS BY 50 BPS TO 3.5%
4. HUSBAND CANNOT USE WIFE'S DEBIT CARD, SAYS COURT
5. FOOTFALLS INTO BANK BRANCHES DROP TO 20%

Business Standard

1. Videocon case: ICICI Bank, Kochhar miss Sebi deadline, ask for more time

Showcause notice had given time to respond till Thursday

Shrimi Choudhary

ICICI Bank and its managing director and chief executive officer, Chanda Kochhar, have sought more time to respond to a show-cause notice served by the Securities and Exchange Board of India (Sebi).

According to sources, they have written to the regulator, requesting it to share documents on the basis of which the notice was served. The deadline to respond to the notice was Thursday.

"Sebi issued a 12-page show-cause notice to ICICI Bank and Chanda Kochhar on May 23. The notice, however, did not have adequate documents

to support the allegations. Before filing an appropriate reply, evidence of alleged contravention of securities laws needs to be examined by the recipients," said a person privy to the development.

ICICI Bank refused to comment on the issue.

The regulator in its notice alleged violations of the code of conduct because Chanda Kochhar reportedly had not disclosed the conflict of interest arising out of business dealings among ICICI Bank, Videocon and NuPower Renewables, led by her husband, Deepak Kochhar.

All listed companies and their key managerial staffs are required to follow a code of conduct and should also comply with all securities norms.

On April 17, the regulator had initiated a preliminary enquiry into whether the bank's board was aware of the conflict of interest and also the stance of the independent directors when the board had approved the loan. Besides, the regulator sought an explanation on lapses in disclosures of business dealings involving Deepak Kochhar.

In an official response to Sebi, ICICI Bank had furnished all the relevant documents and the mode of transactions involving the bank, Videocon, NuPower and Deepak Kochhar. Sources said Sebi found inconsistencies in the reply submitted to it. It has initiated adjudication proceedings against ICICI Bank and its chief.

The bank has ordered an independent inquiry into Sebi's allegations. Chanda Kochhar, who is on annual leave, is expected to resume office on June 15. Given the timing, there has been speculation that she might have been nudged to take leave to ensure an independent probe.

Sources said the bank might inspect the evidence and then decide on the course of action.

Legal experts said ICICI Bank and Chanda Kochhar could file a settlement plea with Sebi under its consent mechanism to resolve the case. A consent application can be filed within 60 days of being served a show-cause notice.

In the notice, Sebi has asked ICICI Bank if its shareholders and board members were apprised of the Central Bureau of Investigation (CBI) probe in relation to the alleged quid pro quo in the loan that the Bank provided to the Videocon group and Videocon's investment in NuPower Renewables.

The CBI had registered a preliminary enquiry in February and had named Deepak Kochhar and Videocon group Chairman Venugopal Dhoot. Soon after the CBI move, ICICI Bank had on March 28 told the bourses that its board had reviewed the bank's internal processes for credit approval and found these to be robust. ICICI Bank Chairman MK Sharma had said the board had "full faith and confidence" in Chanda Kochhar.

2. RBI to set up Public Credit Registry to make credit market more efficient

The move follows recommendations by a high-level task force on Public Credit Registry for India, with Yeshwant M Deosthalee as chairman

[Nikhil Hetvakar](#) & [Advait Rao Palepu](#)

The Reserve Bank of India (RBI) has decided to set up a Public Credit Registry (PCR), which would be an extensive database of credit information for India, accessible to all stakeholders.

The PCR will be introduced in a modular and phased manner. An Implementation Task Force is being constituted by RBI to help design and undertake logistics for the next steps in setting up of the PCR, said the RBI in its Statement on Developmental and Regulatory Policies.

This move follows recommendations by a high-level task force on PCR for India, with Yeshwant M Deosthalee as chairman. The task force was constituted by RBI to review the current availability of information on credit, adequacy of existing information utilities, and to identify gaps that could be filled by a PCR.

The task force, which submitted its report on April 4, 2018, recommended that a PCR should be set up by the central bank, with a view to address information asymmetry, foster access to credit, and strengthen the credit culture in the economy. "The PCR will act as a single point for mandatory reporting of all material events for each loan, regardless of the type of borrower or the value of the loan amount," said the report.

Each loan can be traced over its life-cycle and the PCR will link related ancillary credit information, which is usually produced and published outside the existing banking and financial system. This may include corporate balance sheet information, GST information, and corporate governance reports, among others.

Further, the value of having a granular repository for the credit market through a PCR is undeniable, said the report, as lenders can trace a particular borrower's complete credit history across various sources of funding. "It would help in enhancing the efficiency of the credit market, increase financial inclusion, improve ease of doing business, and help control delinquencies." the report stated. While the PCR would be a great enabler for lenders, the report also promises borrower's privacy. This information will include tax information, cases of criminal liability against a company, insolvency or bankruptcy proceedings and regulatory actions.

At present, there are various Credit Information Companies (CICs), four privately-operated ones and over three publically-promoted ones. The RBI has multiple granular credit information repositories like CRILC (Central Repository of Information on Large Credits), which is a borrower level (commercial banks only) supervisory data set that records transactions with an aggregate exposure of Rs50 million. Presently, banks and non-banking financial companies report their loan disbursement data to two separate CRILC platforms. The other RBI-promoted repository for credit information is BSR-1 (Basic Statistical Returns), which is a loan level statistical dataset focusing on the distributional aspects of credit disbursement, without any threshold limit.

The central bank will implement the PCR project in phases, with maximum coverage to be achieved in the first phase by on-boarding all scheduled commercial banks and top NBFCs that are already a part of CRILC and/or BSR-1 actively.

Most central banks around the world have CICs, and regulate their respective financial systems through public and private credit registries. In

the Indian context, RBI wishes to consolidate the multi-level credit information system that exists today.

All credit disbursements from financial institutions, borrowings from the market or external commercial borrowings, and other sources of credit are recorded over multiple systems. This results in replication of the same information across these systems, data quality issues, and reporting issues. A common PCR, with technology acting as an enabler, is aimed at solving these issues.

Financial express

3. RBI reduces interest rate on unclaimed deposits by 50 bps to 3.5%

Interest rate on unclaimed deposit amount transferred to Depositor Education and Awareness (DEA) fund has been reduced by 50 basis points to 3.5 per cent, the Reserve Bank said today

By: PTI

Interest rate on unclaimed deposit amount transferred to Depositor Education and Awareness (DEA) fund has been reduced by 50 basis points to 3.5 per cent, the Reserve Bank said today. In June 2014, RBI had specified that the rate of interest payable by banks to the depositors/claimants on the unclaimed interest bearing deposit amount transferred to the DEA Fund will be 4 per cent simple interest per annum. "The rate of interest has since been reviewed and it has been decided that the rate of interest payable by banks to the depositors/claimants on the unclaimed interest bearing deposit amount transferred to the Fund shall be 3.5 per cent simple interest per annum with effect from July 01, 2018," RBI said.

The settlement of all claims received by the banks on or after July 1, 2018 will be at 3.5 per cent, until further notice, it added. Unclaimed deposits are those which has not been claimed by depositors for a period of 10 years. Such amount is transferred by the banks to the fund for education and awareness purpose.

In case of demand from customers/ depositors whose unclaimed amount/deposit had been transferred to Fund, banks repay the amount, along with interest. In another notification, the RBI said in order to enable Systemically Important Core Investment Companies (CIC-NDSI) to act as a sponsor of InvITs, it has been decided to permit CIC-NDSIs to hold InvIT units only as a sponsor. Exposure of such CICs towards infrastructure investment trust (InvIT) shall be limited to their holdings as sponsors and shall not, at any point in time, exceed the minimum holding of units and tenor prescribed by SEBI.

Economic Times

4. Husband cannot use wife's debit card, says court

ET Online

Letting your spouse or a close relative, friend withdraw money from an ATM using your debit card can be costly. Why? According to banks, an ATM card is non-transferable and no other person apart from the account holder should use it.

Most of us are not aware of this rule and that's exactly what happened to a Bengaluru woman on maternity leave who fought a three-year-long legal battle against a bank after her ATM request was turned down.

In 2013, a Bengaluru resident Vandana gave her ATM card and PIN to her husband to withdraw Rs 25,000 from ATM. After swiping the card at one of the SBI ATMs, her husband got a slip showing the money was debited, but the couple claimed that the amount was never released.

This was done after Vandana's husband Rajesh was told by the SBI Call Centre that it was an ATM glitch and the said amount would be refunded within 24 hours. When the day passed and there were still no signs of a refund, the couple approached the bank with a formal complaint. It was then that the couple received a shock from the bank, instead of a relief.

Responding to the complaint, the SBI said that the transaction was correct and the 'ATM is non-transferable'. The case was thus closed in a few days and turned down the money claims.

After running from pillar to post and several complaints at the bank, Banking Ombudsman and Consumer Redressal forum, the couple approached the bank with a formal complaint. It was then that the couple received a shock from the bank, instead of a relief.

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After running from pillar to post and several complaints at the bank, Banking Ombudsman and Consumer Redressal forum, the couple obtained CCTV footage that showed Kumar using the ATM, but no cash being dispensed. Based on the investigation, the bank ruled that Vandana, the cardholder, is not seen in the footage and closed the case.

Meanwhile, Vandana, through an RTI, obtained a cash verification report of the ATM for November 16, 2013, which showed excess cash of Rs 25,000 in the machine. The report submitted in the court was later countered by the SBI counsel who produced a report showing no excess cash.

Before approaching the consumer forum, the couple made a final plea to the bank ombudsman who simply ruled, 'PIN shared, case closed.'

The case went on for over three-and-a-half years. Vandana said SBI should refund her money which was lost due to an ATM flaw, but the bank stood its ground, citing the rule that sharing ATM PIN with someone else was a violation. Further, the bank produced documents, including log records, showing the stated ATM transaction was successful and technically correct.

In its final verdict this year, the Consumer Court ruled that Vandana should have given a self cheque or an authorisation letter to her husband for withdrawal of Rs 25,000, instead sharing the PIN and making him withdraw the money and dismissed the case.

Business Line

5. Footfalls into bank branches drop to 20%

Banks such as State Bank of India, ICICI Bank and Punjab National Bank are reporting a sharp rise in digital transactions, especially in net banking, point of sale (PoS) and mobile banking.

As of March 2018, internet, mobile banking and PoS transactions combined stood at 37 per cent for SBI, while they were only 31 per cent in the year-ago period.

If ATM and Business Correspondents are also included it goes up to 80 per cent. With 6.10 lakh PoS terminals, SBI now commands a 20.20 per cent market share in the segment.

Demonetisation effect

There has been a surge in the number of PoS machines since demonetisation was announced by Prime Minister Narendra Modi in November 2016. Their number has gone up from 1.3 million before demonetisation to 3.2 million now and is expected to touch 5 million by the year-end, thanks to a region-specific push by banks.

For ICICI Bank, the share of digital channels such as Internet, mobile banking, PoS and call centre in total savings transactions increased by 82 per cent in the last financial year. The bank has on-boarded 250 corporates on its blockchain platform for domestic and international finance as part of its digital drive.

All this has meant declining footfalls at the branches of these banks. For example, branch-based transactions in SBI declined to 20 per cent in FY18 compared to the previous fiscal year.

A look at other banks' data on the share of digital transactions or other parameters such as increase in quantum of payments made through Direct Benefit Transfer shows that this is a common trend. For instance, Punjab National Bank reported a steep increase in Aadhaar-based DBT payments through NPCI up to March 31, 2018.

Key drivers

There are many factors driving this growth. According to R Prabhu, MD and Group CEO, Payswiff, increasing acceptance of debit cards and huge awareness among merchants on the use of debit cards/PoS machines are also driving this growth.

"Another major factor is the waiver of processing fee on use of debit cards up to ₹2,000. Unlike earlier, many retail merchants are now opening up to digital payments post-demonetisation," Prabhu said.

Jan Dhan accounts, too,, are gaining traction along with the use of RuPay Debit cards.

There were 31.73 crore Jan Dhan accounts as on May 30, 2018, while 23.94 crore RuPay cards had been issued. The total deposits in Jan Dhan accounts now stand at ₹80,717.12 crore.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY