



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

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Dear Comrades,

1st September, 2018

### News of Interest 1st SEP

#### MOTIVATIONAL QUOTES

‘LIFE CAN ONLY BE UNDERSTOOD BACKWARDS; BUT IT MUST BE LIVED FORWARDS.’

SOREN KIERKEGAARD

#### HIGHLIGHTS

1. RBI SKIPS MEET ON STRESSED POWER ASSETS; SBI, PNB SEEK TIME FOR RESOLUTION
2. PRIVATE BANKS LEAD DEPOSIT MOBILISATION AND CREDIT GROWTH, SAYS RBI
3. UIDAI BREATHER FOR BANKS: AADHAAR ENROLMENT TARGETS RELAXED
4. BANKS SERVING SUMMONS TO DEFAULTERS THROUGH WHATSAPP, EMAILS
5. CVC DIRECTS BANKS, INSURANCE COMPANIES TO ROTATE EMPLOYEES IN SENSITIVE POSTS

#### Business Standard

##### 1. RBI skips meet on stressed power assets; SBI, PNB seek time for resolution

The absence of an RBI representative in the crucial meeting has sent a strong signal that the central bank is in no mood to relax its deadline

Somesh Jha & Shreya Jai

The first meeting of the high-powered committee (HPC) for resolving stress in the power sector did not see any attendance from the Reserve Bank of India (RBI) on Friday. Key lenders like State Bank of India (SBI) and Punjab National Bank (PNB), however, sought more time for resolution of 9,500 MW power assets that could see about 40-50 per cent haircuts on the outstanding amount.

The absence of an RBI representative in the crucial meeting has sent a strong signal that the central bank is in no mood to relax its deadline, set via a February 12 notification, on taking the defaulting companies to the insolvency court. "The RBI representative should have been present in the meeting if we have given them a place in the high-powered committee," an official said.

The HPC is headed by Cabinet Secretary PK Sinha and has representations from the ministries of power, coal, railways and finance, and key public sector lenders. Though the committee was set up on July 29, the RBI was invited to be part of it after the Allahabad High Court's order on Monday.

Officials said SBI would urge other lenders to approve its resolution plan for close to seven assets, including those of GMR, Jaiprakash Associates, DB Power, and Coastal Energen. Lenders also told the committee that they were willing to take a haircut of 40-50 per cent on these stressed assets.

Officials said SBI would seek more time from the RBI for finalising the debt resolution plan and getting approval from all other lenders.

"Both PNB and SBI representatives apprised the committee that the debt resolution plan of these stressed assets has almost been finalised, and at least a month will be required for the transaction to take place," a source said.

PNB Executive Director LV Prabhakar and SBI Chairman Rajnish Kumar were present in the meeting, besides secretaries of various government departments.

SBI's resolution plan is called Samadhaan and it aims at taking over sustainable debt and thereafter selling the asset to some asset restructuring company. The bank has identified nine assets for the same.

The lenders also said the assets that have completion status below 50-60 per cent would be referred to the bankruptcy court directly. "It would be difficult to find resolution for these assets in such a tight deadline. Hence, they will land directly in the National Company Law Tribunal (NCLT)," said another official. There are more than 24 stressed power projects that are incomplete and will face insolvency proceedings. These projects might find it hard to get buyers.

An official said there was no discussion on utilising a legal provision that allowed the government to issue directions to the RBI since no central bank representative was present in the meeting. According to the Section 7 of the RBI Act, the central government may issue directions to the RBI as it may "consider necessary in public interest" after consultation with the RBI governor. The court had asked the Centre to take a decision on whether it wants to utilise this provision to give relief to the stressed power assets within 15 days.

Sources said the RBI's presence was necessary given the resolution scheme of Rural Electrification Corporation (REC), Pariwartan, which aims at setting up an Asset Restructuring and Management Company (AR&MC), would need approvals and time relaxation from the RBI.

"Pariwartan is a framework and would be put to use even when a project lands in the bankruptcy court. The NCLT allows any framework to be used for resolution. We would look forward to use the model of Pariwartan for several assets, as and when required or asked for," said a senior official of REC.

## **2. Private banks lead deposit mobilisation and credit growth, says RBI**

Private banks also saw higher credit growth than their public and foreign counterparts

### BS Reporters

Private banks continued to lead both deposit growth and bank credit, while their public sector counterparts showed moderate growth, according to data by the Reserve Bank of India (RBI). The aggregate value of deposits for private banks in June 2018 grew 17.3 per cent year-on-year (yoy), while that of public sector banks (PSBs) grew 3.5 per cent and foreign banks 1.4 per cent.

This was lower against a growth of 19.7 per cent yoy for private banks, 11.1 per cent for PSBs, and deceleration of 1.4 per cent for foreign banks in the June quarter last year.

Private banks also saw higher credit growth than their public and foreign counterparts. "Private sector banks continued to record over 20 per cent credit growth yoy and foreign banks recorded double-digit credit growth on a low base; credit growth was higher for all bank groups, except Rural Regional Banks, than in the previous quarter," said the RBI.

Credit by private banks saw a growth of 22.1 per cent in June 2018, against 20.3 per cent in June last year. PSBs saw modest growth of 5.9 per cent, against 4.4 per cent in June 2017. Credit by foreign banks saw a growth of 4.8 per cent against a contraction of 1.4 per cent last year.

## **Credit to services rises sharply by 23% in July: RBI**

Non-food credit demand rose 10.6 per cent in July 2018, compared to an increase of 5.3 per cent during the same period last year, according to data by the RBI, on Friday. Non-food credit for the month of July stood at Rs 76.3 trillion. Credit growth for services remained strong at 23 per cent in July 2018, compared to an increase of 4.9 per cent in July 2017.

The services sector contributes 60 per cent to the country's total GDP. This was boosted mainly by the 40 per cent rise in credit to non-banking financial companies (NBFCs) in July 2018. This was against a contraction of 1.4 per cent in the previous year's quarter. Credit for professional services also showed strong growth of 17.1 per cent in July 2018.

Personal loans continued to grow at 16.7 per cent in July 2018, up from a growth of 15 per cent in July 2017, with consumer durables and credit cards showing strongest growth.

Credit to agriculture and allied activities increased by 6.6 per cent in July, as compared to 6.8 per cent in the same month last year.

Credit growth for the industry remained muted and increased only 0.3 per cent in July 2018 as compared to a contraction of 0.3 per cent during the same period last year. Credit to medium enterprises grew the most by 2.9 per cent over the previous year.

Credit to major sub-sectors such as infrastructure, textiles, chemical and chemical products, food processing and 'all engineering' accelerated. However, credit to basic metal and metal products; petroleum, coal products and nuclear fuels; cement and cement products; and paper and paper products, declined," said RBI

## **Financial Express**

### **3. UIDAI breather for banks: Aadhaar enrolment targets relaxed**

In a breather to banks, the UIDAI today extended till November 1 the deadline for banks to do minimum Aadhaar enrolments and updation in identified branches, according to a communication sent to banks

By: PTI

In a breather to banks, the UIDAI today extended till November 1 the deadline for banks to do minimum Aadhaar enrolments and updation in identified branches, according to a communication sent to banks. The Unique Identification Authority of India (UIDAI) has asked banks to ensure that at least eight enrolments or updation are carried out daily in each stipulated branch from November 1, 2018, to avoid financial disincentives to be applicable from July 2018.

On June 1, the UIDAI had said that stipulated bank branches with Aadhaar facility will have to ensure at least eight enrolments or updation in each branch daily from July 1, 2018, 12 per day per branch from October 1, and to 16 from January 1, 2019 onwards. The authority had outlined that non-compliance would attract financial disincentives.

Under the new deadline, the banks will have to ensure that minimum enrolment or updation be raised to 12 from January 1, 2019 and 16 from April 1, 2019, according to the UIDAI directive seen by PTI. The Aadhaar-issuing body has promised that the banks meeting the fresh targets by the revised deadline of November will not face "financial disincentives" between July and October.

"Banks who achieve the target of minimum 8 Aadhaar enrolment/updation per day per branch in the month of November 2018 will be exempted from financial disincentives up to October 2018," the UIDAI said. In case bank "fails to meet the above target of carrying out minimum enrolment/updation per day per branch, financial disincentive in respect of uncovered branches as on last day of the month will be levied from the month of July 2018 onwards," it said.

Sources said that deadline and targets had been relaxed after certain banks flagged difficulties faced by them in achieving the targets in view of natural calamities in Kerala and some other states, as well as technical problems in rolling out the enrolment facility. The banks have been mandated to set up Aadhaar enrolment and updation facilities within their premises in one out of every 10 branches.

The Bank Aadhaar Kendras are aimed at making the Aadhaar verification process of bank accounts convenient for the people, and also to have more Aadhaar centres across the country. "To further incentivise banks for setting up Aadhaar enrolment centres in their identified branches and provide convenience to their customers, it has been decided that the banks which meet the minimum Aadhaar enrolment/update targets shall continue to avail UIDAI's authentication and eKYC service free of cost," UIDAI said.

Banks not complying with minimum targets will be required to pay for UIDAI's authentication and eKYC services, it has now warned. The UIDAI has asked banks to take a series of steps to publicise the Aadhaar enrolment facility being provided at their branches. These include issuing advertisements, customer outreach through text messages, and email as well as website listing of all such centres along with total enrolment and updation done monthly in those branches.

## **Economic Times**

### **4. Banks serving summons to defaulters through WhatsApp, emails**

By *Raghav Ohri*

HDFC Bank and other lenders are using WhatsApp and email to pin down defaulters of various kinds, especially those who could slip through the cracks when more traditional means are employed. Such summonses are being served through digital means following a judgement earlier this year.

The post can get unduly delayed and addresses keep changing but phone numbers, WhatsApp IDs and email addresses are more constant, making digital notices less easy to dodge. And those two blue ticks, showing that a WhatsApp message has been read, make receipt almost impossible to deny. However, disabling 'read receipts' in the settings is one way of avoiding this.

HDFC Bank has already got 214 court summonses served through WhatsApp and email in the last two months, according to officials. These were served through courts in Tamil Nadu, Gujarat, Punjab, Haryana, West Bengal, Rajasthan, Assam, Uttar Pradesh and others.

A majority of them pertained to cheque bounce cases. The notices can be sent by the court or the bank. The method is highly effective, said a bank executive. "For long, our cases have been getting delayed simply because defaulters managed to evade receipt of summons," he said.

### **Bombay HC Ruling**

"Not only has this expedited service of summons but it has had a positive impact on the overall litigation." HDFC Bank and other lenders didn't respond to queries. The Bombay High Court had ruled in June that banks can send legal notices to defaulters through WhatsApp. Justice GS Patel's June 11 ruling was made in a case between SBI Cards & Payments Services Pvt and Rohidas Jadhav over outstanding credit card dues. Since SBI had Jadhav's mobile number, it had sent a message through WhatsApp informing him about the next date of hearing.

"For the purposes of service of notice under Order XXI Rule 22, I will accept this," Patel said. "I do so because the icon indicators clearly show that not only was the message and its attachment delivered to the respondent's

number, but that both were opened.” The court said delivery of summons, a notice to appear before a court of law, is governed by the Code of Civil Procedure, 1908. Under Order V, Rule 9(3) of the said law, a summons has to be delivered through registered post with acknowledgment due. However, if the summons cannot be delivered through post because of unavoidable circumstances, the law allows this to be done by any other means of transmission of documents, including fax and email.

In this specific case, the Bombay High Court interpreted the notice issued through WhatsApp as coming under other means of transmission of documents. Separately, a Delhi court in March had allowed a woman complainant to serve summons on her estranged husband in Australia through WhatsApp, text message or email. Mohan Jain, senior Supreme Court lawyer and former additional solicitor general of India, welcomed the move. “This is a welcome change. It is common knowledge that defaulters evade the law by using various loopholes. Making use of technology to foster the smooth process of law is not only beneficial but is also needed at a time when cases are piling up in the courts.” Delhi High court lawyer Sanjoy Ghose urged some caution.

“Like any other system, this too has its share of imperfections. This can be a complete success in a system which is fully digital. For instance, in the case of corporate entities, if the contract does not clearly spell out to which email the summons is to be served, the service will remain a matter of dispute,” he said. “The same will hold true for someone who is not tech savvy. However, digital is clearly the future and one should look forward to making amends than picking unnecessary holes in it.”

## **Business Line**

### **5. CVC directs banks, insurance companies to rotate employees in sensitive posts**

#### PTI

Probity watchdog CVC has directed all banks, insurance companies and central government departments to rotate employees working in sensitive posts to check frauds.

Citing its earlier directive in this regard, it said one of the reasons for frauds was non-implementation of the rotational policy. “It is once again reiterated that rotational transfers of officers continuing beyond three years may be strictly carried out from sensitive seats/posts,” the Central Vigilance Commission (CVC) said in a directive to public sector banks, insurance companies and central government departments.

It, however, clarified that the Commission’s advice is for change from the sensitive seat/post, and not necessarily from the station, which is to be governed by the policy of respective organisations.

The CVC had in May this year asked banks and insurance companies to effect rotational transfers in respect of those officers in sensitive posts who are continuing beyond three years.

The move assumes significance as many big ticket frauds have been reported recently from the banks. The Central Bureau of Investigation (CBI) is probing fraud of over Rs 13,000 crore allegedly involving diamantaire Nirav Modi and his uncle Mehul Choksi, the promoter of Gitanjali Gems.

"Analysis of frauds that have taken place in public sector banks as well as other organisations show that one of the reasons for such frauds was non-implementation of the rotational policy," the CVC's latest directive reads.

It has asked heads or Chief Vigilance Officers (CVOs), who act as distant arm of the Commission to check corruption, to strictly ensure that the rotational policy is implemented in their respective organisations. The CVC has also sought a compliance report from them in this regard.

With kind regards,

Yours Comradely,



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