



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

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Dear Comrades,

26th April , 2019

News of Interest 26th APR

QUOTE OF THE DAY

"IF THE PLAN DOESN'T WORK, CHANGE THE PLAN. BUT NEVER THE GOAL". –
UNKNOWN

HIGHLIGHTS

1. **INSOLVENCY PROCESS: NCLT ASKS BANK OFFICIALS TO APPEAR IN STERLING SEZ**
2. **RBI DEPUTY GOVERNOR B P KANUNGO BATS FOR CAPITAL ACCOUNT LIBERALISATION**
3. **'ACCOUNT DEBITED BUT CASH NOT DISPENSED': THIS ACCOUNTS FOR 60% OF ATM RELATED COMPLAINTS TO RBI**
4. **NEW MANAGEMENT WORKS ON REVIVING RELIGARE ENTERPRISES**
5. **STRESSED ASSETS RESOLUTION: RBI MULLS GIVING UP TO 60 DAYS ADDITIONAL TIME FOR REPAYMENTS**
6. **DEVELOPMENTS IN FINTECH SPACE GIVE FRESH IMPETUS TO FINANCIAL INCLUSION: RBI CHIEF**

Business Standard

1. Insolvency process: NCLT asks bank officials to appear in Sterling SEZ

It also asked the bank executives to be present at the tribunal for the hearing of the matter or else the tribunal would direct an inquiry against the Committee of creditors

Subrata Panda

The National Company Law Tribunal (NCLT) on Thursday asked the committee of creditors (CoC) to file an affidavit in 24 hours, detailing the reasons for their acceptance of one-time settlement (OTS) offer from the promoters knowing that they were absconding and were involved in fraudulent activities.

It also asked the bank executives to be present at the tribunal for the hearing of the matter or else the tribunal would direct an inquiry against the CoC.

The Ministry of Corporate Affairs (MCA) had earlier objected to the tribunal's decision accepting the withdrawal of insolvency plea against Sterling SEZ by Srei Infrastructure Finance but had later stayed the decision as MCA is of the view that Section 12A of the Insolvency and Bankruptcy Code (IBC) cannot be applicable to an absconder.

The judges observed it was irresponsible on the part of the CoC to accept an OTS offer from the promoter who is absconding.

"The Bench will not hesitate to take action against banks if they fail to be present in the NCLT. CoC should have informed the Bench about all frauds conducted by Sterling Biotech founders," the judges said. The ED is trying to declare Nitin and Chetan Sandesara, promoters of Sterling group, as fugitives under the Fugitive Economic Offenders Act.

Gujarat-based Sterling SEZ is a subsidiary of Sterling Group, which owes over Rs 8,100 crore to its financial and operational lenders.

Srei Infrastructure had filed the insolvency plea against Sterling SEZ for a default of Rs 337 crore in July 2018.

A similar case is pending before at another Mumbai NCLT Bench where Andhra Bank wants to withdraw the insolvency plea against Sterling Biotech.

The tribunal in that matter had also questioned the motive of the lenders who accepted the OTS offer and were attempting to withdraw the insolvency plea against the company under Section 12A of the IBC.

The tribunal has further sought views from the government, the Enforcement Directorate, Income Tax department, Securities and Exchange Board of India, Reserve Bank of India and Central Bureau of Investigation on this matter.

The Sterling SEZ matter has been listed for April 26. Moreover, Sterling matter is also listed on April 26.

2. RBI deputy governor B P Kanungo bats for capital account liberalisation

Anup Roy

Reserve Bank of India (RBI) Deputy Governor B P Kanungo has argued in favour of revisiting India's capital control regime and letting companies invest overseas more freely to secure the country's energy and economic needs.

While the rupee can freely be converted on the current account, the central bank imposes limits in the case of the capital account. This means one cannot take out the rupee beyond a particular limit to use it overseas.

"The creation of overseas assets by resident Indians goes as a credit entry in the international investment position. Therefore, rather than looking at dividend earning, there is a need to look at value enhancement," Kanungo said at the annual conference of the Foreign Exchange Dealers' Association of India (FEDAI), in Beijing last week. The speech's copy was uploaded on the RBI's website on Thursday.

"The acquisition of strategic and economic assets, such as coalfields, oilfields, etc, is a long-term priority," he said, adding, "overseas investment can perhaps be seen as export, not of capital but of entrepreneurship".

The deputy governor said start-ups were using the holding company structure to invest in India because of the ease of raising capital in a foreign jurisdiction. "We, along with the government of India, shall take a relook at any misgivings about regulatory regime in this regard and take necessary corrective action."

The three preconditions needed for capital account liberalisation would be price stability, fiscal stability, and the stability of financial institutions and markets. "As we speak today, achievements in respect of the stated parameters vary. The fiscal deficit at the general government level needs consolidation. It is desirable that growth along with low inflation and fiscal prudence become well entrenched before we take quantum steps towards a more open capital account. Besides, there are signs of global headwinds, though in the distant horizons," said Kanungo.

There are nuances of capital account liberalisation, but the hierarchy for the central bank would be to encourage flows in the real sector over flows into the financial sector. "Second, equity-related capital inflows will have preference over debt inflows. Within the equity flows, direct investment flows will be preferred to portfolio flows and in so far as debt flows are concerned, preference for long-term debt and rupee-denominated debt – whether bilaterally contracted or through marketable securities – shall continue."

"The regulatory framework will continue to strive to make the on-shore derivative markets accessible to all non-residents with a rupee exposure," he said.

Kanungo's prescription

- Creating overseas assets is value enhancement
- Acquiring oil and coal fields is strategic priority
- Start-ups should operate from India
- General government deficit needs to be contained
- Policy should encourage tapping global long-term funds

Financial Express

3. 'Account debited but cash not dispensed': This accounts for 60% of ATM related complaints to RBI

By: [FE Online](#)

Ever faced a situation where bank account gets debited but ATM fails to dispense cash? If the answer is in the affirmative, you maybe interested to know that such kind of instances account for a major sub-category of the ATM related complaints received by the RBI.

'Account debited but cash not dispensed by ATMs' accounted for about 60 per cent of the total number of ATM and debit cards grievances, said the RBI report on Banking Ombudsman (BO) scheme. In total, there were 24,672 such complaints registered with the central bank.

The ATM and debit card complaints comprised over 15 per cent of the total complaints made to the RBI, the report said. It accounts to a rise of 50 per cent over last year. "The major grounds of complaints received during the year were non-observance of fair practices code (22.1%), ATM and debit card issues (15.1%), credit card issues (7.7%), failure to meet commitments (6.8%), mobile and electronic banking (5.2%)," the report said.

In FY18, the 21 offices of the BO received 1,63,590 complaints marking a surge of nearly 25 per cent as against the last year. The two office situated in New Delhi received the maximum number of complaints at 35,737. Ever faced a situation where bank account gets debited but ATM fails to dispense cash? If the answer is in the affirmative, you maybe interested to know that such kind of instances account for a major sub-category of the ATM related complaints received by the RBI.

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"Complaints received on grounds such as problems relating to pension, levy of charges without notice, loans and advances, remittance, DSA and recovery agents and mis-selling each accounted for 5 per cent or less of the total complaints received," the RBI added.

The central bank also said that over 65 per cent of the complaints were resolved by agreement through mediation.

Economic Times

4. New management works on reviving Religare Enterprises

REL said that as part of its revival plan, it has reduced overall borrowings of the group to Rs 5,852 crore from Rs 9,801 crore, as of March 2019

By *DIVYA RAJAGOPAL*

Religare Enterprises (REL) is in discussions with banks and private equity investors for debt restructuring and capital infusion, as the new management of the financial services firm — promoted earlier by Malvinder and Shivinder Singh — looks to revive it.

Milind Patel, formerly of IL&FS and Sanjay Palve, formerly of Yes Bank, are leading revival of REL that is embroiled in several cases with its former promoters. "We are putting all the efforts to revive the company with support of the existing investors," said REL managing director Milind Patel.

REL said that as part of its revival plan, it has reduced overall borrowings of the group to Rs 5,852 crore from Rs 9,801 crore, as of March 2019. All efforts are being made to rebuild business, mobilise fresh capital, retain good employees and terminate the services of unproductive and tainted employees, the management said.

REL also denied allegations by former MD Sunil Godhwani, who accused Siddharth Singh of Bay Capital and Shyam Maheshwari of SSG capital of attempting to acquire substantial stake in the company by not going for open offer in violation of rules.

Patel and Palve said these allegations are to divert attention from the investigations that are looking at fund diversion to the tune of Rs 3500 crore, allegedly by Mr Godhwani, on behalf of Singh brothers. "Not only was Sunil Godhwani paid hefty compensation from the company, he also abused his power to authorise these fraudulent loans to Singh brothers," REL said.

It also explained that all the investigations by external lawyers, internal studies and an independent investigation carried out by Sebi into the corporate loan book implicated the erstwhile promoters and management in defrauding the company.

A Sebi report released in March this year directed Religare finance to recall and recover all the monies from the promoter entities.

An email sent to Godhwani did not elicit a response till press time.

5. Stressed assets resolution: RBI mulls giving up to 60 days additional time for repayments

Against the backdrop of the Supreme Court quashing an RBI circular, issued on February 12, 2018, a revised set of rules is under works and would be released soon

PTI

The Reserve Bank of India (RBI) is working on revising the framework for resolution of stressed assets, including providing additional 60 days to borrowers to repay dues, as part of efforts to mitigate hardships faced by genuine businesses, sources said.

Against the backdrop of the Supreme Court quashing an RBI circular, issued

on February 12, 2018, a revised set of rules is under works and would be released soon, they added.

Under the RBI norms, an account is classified as a Non Performing Asset (NPA) if it is not serviced for 90 days.

The February 12 circular had mandated banks to refer an NPA account for insolvency proceedings in case a resolution is not found within 180 days. This was for accounts where the outstanding dues was at least Rs 2,000 crore.

Earlier this month, the Supreme Court quashed the circular and termed it as ultra vires.

Sources said various options are being explored for rejigging the NPA framework. One of the option is giving 30-60 days more time in addition to existing 90 days before initiating resolution process for stressed accounts, they added.

While the 90-day period for recognising an account as NPA would remain, the central bank would be looking at providing more leeway for the entities concerned to repay the loans, they said.

Sources said that providing additional time for repayment would help in mitigating hardships faced by Micro, Small and Medium Enterprises (MSMEs) to some extent.

In a report last year, the government had favoured additional 180 days to be provided for resolution of 34 stressed power projects with a view to avoiding potential value erosion of operating plants. The Supreme Court quashed the circular following a petition filed by around 70 stressed companies from the power, shipping and textiles sectors.

A Parliamentary panel was among the critics of the now impugned circular.

"Although the new guidelines have been termed as harmonised and simplified generic framework, yet they are far from being so," the Standing Committee on Energy said in its report tabled in Parliament last year.

"The committee is of the opinion that the coinage of restructuring in resolution plans is hollow without having any serious meaning or business which only reflects the blurred vision of the RBI in understanding and appreciating the problems.

"The committee expects that clarity of thought and transparency in approach should be the guiding factor to streamline and strengthen the sector squirming under ineluctable hardships," it had said.

Business Line

6. Developments in fintech space give fresh impetus to financial inclusion: RBI chief

[Our Bureau](#)

But this also raises challenges that central banks have to address, says Shaktikanta Das. Underlining the Reserve Bank of India's commitment to deepening financial inclusion in the country, RBI Governor Shaktikanta Das, on Thursday, said recent developments in fintech have given a fresh impetus to the process, but noted that they also raise challenges for central banks across the globe.

"In view of the growing significance of fintech innovations and their interface with the financial sector as well as financial sector entities, the Reserve Bank is strengthening its surveillance framework and has also issued draft guidelines on enabling framework for regulatory sandbox," said Das during his opening remarks at the 17th CD Deshmukh Memorial Lecture.

The RBI had issued a draft proposal on April 18 on regulatory sandbox for the fintech sector. "The recent emergence of fintech or digital innovations in finance is potentially a strong transformative force to shape the financial sector globally," said Das, adding that while these have helped expand financial outreach in a cost-effective manner, there are also regulatory and supervisory challenges that central banks across the globe need to address. He, however, noted that recent developments in fintech have given a fresh impetus to the financial inclusion process in the country.

"The Reserve Bank is continuously aligning its regulatory and supervisory framework so that the evolution of fintech can be leveraged to widen and ease the financial access by the excluded population," he said, adding that policy efforts have been directed in recent years to put in place a state-of-the-art national payments infrastructure and technology platform.

Meanwhile, Agustín Carstens, General Manager, Bank for International Settlements, said that central banks and financial authorities can support and promote financial inclusion by pursuing their core objectives of watching over price stability, ensuring financial stability, and reinforcing trust in the financial system and its institutions.

With kind regards,

Yours Comradely,



(**N. GOVINDRAJULU**)
GENERAL SECRETARY