



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

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Dear Comrades,

5th January, 2019

News of Interest 5th Jan

MOTIVATIONAL QUOTES

**“DON'T BE AFRAID TO GIVE UP THE GOOD AND GO FOR GREAT” – STEVE
PREFONTAINE**

HIGHLIGHTS

- 1. NO LIABILITY IF PPI CUSTOMERS REPORT FRAUD WITHIN THREE DAYS, SAYS RBI**
- 2. DISBURSEMENT BY HFCS, NBFCS TO SLOW DOWN IN H2FY19, SAYS ICRA**
- 3. RECAPITALISING BANKS: GOVERNMENT INFUSED RS 51,533 CRORE INTO PUBLIC SECTOR BANKS B DECEMBER, 2018**
- 4. PARLIAMENTARY PANEL ASKS RBI TO REVIEW CAPITAL NEEDS FOR BANKS**
- 5. NO CASE OF PENSION, GRATUITY FUND DIVERSION AT PNB: JAITLEY**

Business Standard

**1. No liability if PPI customers report fraud within three days, says
RBI**

A payments expert said this was already a process; only the window of reporting the fraud had been increased

Nikhat Hetavkar

The Reserve Bank of India (RBI) has absolved customers using prepaid instruments of liabilities arising out of a fraud if the incident is reported within three days. This is same as the rules for bank frauds.

Prepaid payment instruments (PPI) comprise mobile wallets, prepaid payments cards, and paper vouchers such as Sodexo.

If it is a third-party breach, where the transgression is neither on the part of the PPI issuer nor the customer but elsewhere in the system, the customer will have

no liability if they report it within three days. For banks, the rules are already in place, but the latest notification expands the ambit of customer protection.

A payments expert said this was already a process; only the window of reporting the fraud had been increased.

If the fraud is reported within four to seven days, the liability will be the "transaction value or Rs 10,000 per transaction, whichever is lower". Considering PPIs are loaded typically with less than Rs 10,000, this means a delay of three days will mean that the user will have to incur the full loss.

"It is a step in the right direction and means that wallets are being treated on a par with banks and cards. This would offer liability protection and would boost consumer confidence," said Bipin Preet Singh, chief executive officer, Mobikwik. If the fraud or error is reported after seven days, the board-approved policy of the PPI will prevail. The central bank's move aims to extend the limited liability of customers of payment entities not covered by the previous guidelines.

"As a measure of consumer protection, it has been decided to bring all customers to the same level with regard to electronic transactions made by them," said the central bank in December.

"In cases where the loss is due to negligence by a customer, such as where he/she has shared the payment credentials, the customer will bear the entire loss until he/she reports the unauthorised transaction to the PPI issuer. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the PPI issuer," the RBI said.

"The highest volume of frauds in the payments space is due to negligence on the part of the customer, where she shares her credentials unknowingly and it is misused. There needs to be a strong push towards customer awareness," said the executive quoted above.

However, he added there had been a few sophisticated high-value frauds on a larger organised level that involved SIM skimming, etc.

To facilitate reporting, PPI issuers will have to provide customers with "24x7 access via website/SMS/email/a dedicated toll-free helpline," the guidelines said. There should also be a direct link on the PPI issuers' website.

Once complaints are lodged, the customer should be provided with an "auto response" to acknowledge the receipt of the complaint.

"The communication systems used by PPI issuers to send alerts and receive their responses thereto shall record time and date of delivery of the message and receipt of customer's response, if any." This is to ascertain the liabilities of the customer. The PPI issuer will have to immediately work on the complaint to curtail any further unauthorised use.

Depending upon the timing of the complaint lodged, the notional amount defrauded, or decided as a liability, should be reversed to the customer's prepaid account within 10 days of the complaint.

This has to be done "without waiting for settlement of insurance claim", even if such reversal breaches the maximum permissible limit applicable to that category of PPI. The credit would be value-dated.

The complaint has to be resolved within 90 days. If the PPI issuer is not able to resolve the complaint within the stipulated period, the customer will have to be compensated "irrespective of whether the negligence is on the part of the customer or otherwise", the RBI said. Prepaid instrument volume grew by 17 per cent over the previous month and stood at 420.20 million for October last year. The value of PPI instruments for October stood at Rs 22,128 crore, a growth rate of 25 per cent over September, according to the RBI's December bulletin.

In October, the RBI issued wallet interoperability guidelines, which are expected to greatly boost both wallet transactions and digital payments as a whole.

2. Drought hits rabi acreage of pulses, coarse cereals; sowing falls by 3.41%

With rabi sowing almost 90 per cent complete and nearing its end in most parts, there is little chance of any sharp recovery in acreage

Sanjeeb Mukherjee

Sowing of rabi crops was almost 3.41 per cent less than last year during the week ended January 4 as drought in the October-December period impacted the planting of pulses, mainly gram and coarse cereals.

According to latest data from the department of agriculture, till Friday, rabi crops have been sown in around 56.44 million hectares which was around 1.99 million hectares less than the area covered during the same period last year.

With rabi sowing almost 90 per cent complete and nearing its end in most parts, there is little chance of any sharp recovery in acreage. A big drop in acreage has been seen in the case of gram due to low area coverage in Maharashtra as it has been hit by drought.

Coarse cereal acreage in the state and also in neighbouring Gujarat has seen a fall also due to low soil moisture.

The area covered under gram till this week was around 9.3 million hectares. This is around 1.13 million hectares less than last year. Of this, around 0.61 million hectares is in Maharashtra alone.

Acreage under rabi rice has also fallen by almost 25 per cent due to low rain in Tamil Nadu and Andhra Pradesh.

Between October and December 31, 2018, in the post monsoon period, the country received around 44 per cent less rain than normal. This, coupled with the drought in some parts, have impacted rabi sowing and could aggravate the distress in the farm sector.

The southwest monsoon was almost 22 per cent below normal in the Marathwada region of Maharashtra, while in north interior Karnataka, the deficit was almost 29 per cent and 37 per cent below normal in Rayalseema.

Sowing of wheat, the biggest food grain grown during the rabi season was, however, better than last.

The crop was sown in around 28.83 million hectares, which is 1.7 per cent more than the area covered during the same period last year.

Financial Express

3. Recapitalising banks: Government infused Rs 51,533 crore into public sector banks by December, 2018

By: [FE Bureau](#)

The crucial move was expected to enable 4-5 banks, including Bank of India and United Bank, to come out of the PCA framework in the coming months.

The government on Friday told Parliament it had infused a total of Rs 51,533 crore into a clutch of public sector banks (PSBs) as of end-December, slightly less than a half of the Rs 1.06-lakh-crore capital proposed to be provided to PSBs in FY19.

The finance ministry believes the worst is over for state-run banks and the recent improvement in their performance will be further bolstered by a series of infusions planned over the next few months. While the more stressed banks currently under the Reserve Bank of India's corrective regime will be given capital to just meet regulatory requirement, the relatively stronger ones will get growth capital as well.

Non-performing assets (NPAs) of PSBs dropped as much as Rs 23,860 crore in the first half of the current fiscal from a peak of `9.62 lakh crore in March 2018, in a sign that the worst is behind, financial services secretary Rajiv Kumar had said recently.

Recently, the government infused Rs 28,615 crore into seven PSBs, of which six are already under the RBI's prompt corrective action (PCA) regime through recapitalisation bonds. Bank of India got the highest amount of Rs 10,086 crore, followed by Oriental Bank of Commerce (`5,500), Bank of Maharashtra (Rs 4,498 crore), UCO Bank (Rs 3,056 crore) and United Bank of India (`2,159 crore). Earlier this fiscal, PSBs, including fraud-hit Punjab National Bank, had got Rs 22,918 crore. Last fiscal, the government had infused Rs 88,139 crore into state-run banks.

The government would infuse `41,000 crore more into PSBs in the current fiscal, over and above the budgeted `65,000 crore, finance minister Arun Jaitley said last week. The crucial move was expected to enable 4-5 banks, including Bank of India and United Bank, to come out of the PCA framework in the coming months.

Kumar had recently said that non-NPA accounts overdue by 31 to 90 days (special mention accounts 1 and 2) of PSBs fell 61% over five successive quarters from `2.25 lakh crore as of June 2017 to `0.87 lakh crore by September 2018, substantially paring down credit at risk. Their provision coverage ratio has also jumped from 46.04% in March 2015 to 66.85% as of September 2018. Also, a record recovery of `60,726 crore has been effected by PSBs in H1FY19, more than double the level a year before.

Economic Times

4. Nearly 9 per cent of education loans by PSBs turned bad in FY'18

PTI|

Nearly 9 per cent of the education loans extended by public sector banks (PSBs) were categorised as non-performing assets in the last financial year, according to the government.

"As per information provided by Indian Banks' Association (IBA), NPAs of PSBs increased from 7.29 per cent as on March 31, 2016 to 8.97 per cent as on March 31, 2018," Minister of State for Finance Shiv Pratap Shukla said in a written reply to Lok Sabha.

He was replying to a question whether non-performing assets (NPAs) in education sector rose to 9 per cent during the two years period (2016-18).

Among the NPAs of PSBs under education category, the highest 21.28 per cent originated from nursing courses followed by engineering (9.76 per cent), other professions (9.49 per cent), medical profession (6.06 per cent) and MBA (5.59 per cent).

As at March 31, 2015, education sector bad loans stood at 5.7 per cent, the minister said citing IBA data.

The banks received repayment of education loans worth Rs 13,766.82 crore in 2017-18; Rs 11,548.87 crore in 2016-17; Rs 9,124.95 crore in 2015-16 and Rs 8,537 crore in 2014-15, Shukla said in response to the repayment position since 2014-15.

In a separate question about loans to micro, small and medium enterprises (MSMEs), he said more than Rs 9.06 crore was disbursed during 2017-18 across all states and union territories.

In 2016-17, the MSME sector got loans of more than Rs 7.89 lakh crore from banks, Rs 8.77 lakh crore in 2015-16 and Rs 7.76 lakh crore in 2014-15.

The minister said government and the Reserve Bank have taken several steps to ensure access of credit to MSMEs.

He also informed the House that the online lending portal with a majority ownership of 6 PSBs and financial institutions, their associate companies have been launched to provide loans of up to Rs 1 crore in 59 minutes.

Business Line

5. No case of pension, gratuity fund diversion at PNB: Jaitley

[PTI](#)

PNB said adequate funds for pension and gratuity are maintained as per the actuarial valuation report

Finance Minister Arun Jaitley on Friday said Punjab National Bank (PNB) did not engage in any misappropriation of pension and gratuity funds in the past and no amount was taken from the trusts' account.

The minister was responding to a question asked by BJP MP Kirit Somaiya if the government was aware of the misappropriation of the Employees' Pension Fund

Trust and Gratuity Fund by PNB in 2016-17, and, if so, the MP also sought details.

"PNB has informed that there is no misappropriation of funds, and that the pension fund and gratuity fund trusts are separate entities and the bank is not authorised to operate the trusts' accounts or transfer any amount from the trust," Jaitley said in a written reply to the Lok Sabha.

The bank has further said that adequate funds for pension and gratuity are maintained as per the actuarial valuation report without any exception, that the same are in strict compliance of accounting standards, Jaitley said.

PNB has informed that these funds are duly audited by the bank's statutory central auditors every year, Jaitley added.

"PNB has also apprised that no amount was taken back or withdrawn from the trusts' account. With regard to placement of the matter before the bank's audit committee of board (ACB), the bank has further apprised that the bank's annual financial accounts for the financial year 2016-17 are audited by the bank's statutory central auditors and have already been approved by the ACB and the board," Jaitley said.

The bank has also reported that it has initiated steps to further lay the reference received as well before the ACB, he said.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**