



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

163/4, Kutchery Road, Mylapore, Chennai - 600004

E mail i.d: aiubparf@gmail.com/ ubioatnng@gmail.com/ suryanarayananram@gmail.com

Com. P.B. Thomas Chairman Thiruvananthapuram M: 09447177456	Com. B.B. Yadav Vice Chairman Sangli M: :098811 91110	Com. Nitin Desai President Ahmedabad M: 097277 60641	Com. S. Bagchi Working President Kolkata M: 0983081586	Com. N. Govindarajulu General Secretary Chennai M: 09841089111
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Dear Comrades,

26th March , 2019

NEWS OF INTEREST 26TH MAR

QUOTE OF THE DAY

“CHALLENGES ARE WHAT MAKE LIFE INTERESTING AND
OVERCOMING THEM IS WHAT MAKES LIFE MEANINGFUL”. – JOSHUA MARINE

HIGHLIGHTS

1. 'REGULATORY SANDBOX' NORMS FOR FINTECH FIRMS IN 2 MONTHS:
SHAKTIKANTA DAS
2. GOVT MOVES NCLT SEEKING IMMUNITY FOR DIRECTORS OF IL&FS SUBSIDIARIES
3. CREDIT AND DEBIT CARDS MAKE FOR OVER HALF OF ELECTRONIC PAYMENTS
VOLUME: RBI GOVERNOR
4. PSBS HAVE KEPT PUBLIC INTEREST IN MIND, SAYS JAITLEY ON DECISION
REGARDING JET AIRWAYS
5. 'OVER 12,000 CASES FILED AFTER IMPLEMENTATION OF IBC, SETTING UP OF
NCLT'

Business Standard

1. 'Regulatory sandbox' norms for fintech firms in 2 months: Shaktikanta Das

Das said the RBI encouraged banks to explore new alliances with fintech firms as it could be pivotal in accelerating the agenda of financial inclusion

Somesh Jha

The central bank is set to issue guidelines for a 'regulatory sandbox' for financial technology (fintech) firms within two months, Reserve Bank of India Governor Shaktikanta Das said on Monday.

A sandbox approach provides a secure environment for fintech firms to experiment with products under supervision of a regulator. "Such frameworks should address associated risks while keeping in mind the growth requirements of this sector... A regulatory sandbox would benefit fintech companies by way of reduced time to launch innovative products at a lower cost," Das said.

The RBI governor said consultations with stakeholders will be initiated in the next fortnight and guidelines will be issued within two months. Das was speaking at a fintech conclave organised by the NITI Aayog here on Monday.

Das said an appropriate fintech regulatory and supervisory framework was required "to safeguard the interest of all the stakeholders".

The concept of a regulatory sandbox or innovation hub for fintech firms was mooted by a committee headed by then RBI executive director Sudarshan Sen. The panel, which submitted its report in November 2017, had called for a regulatory sandbox to help firms experiment with fintech solutions, "where the consequences of failure can be contained and reasons for failure analysed".

"If the product appears to have the potential to be successful, it might be authorised and brought to the broader market more quickly. Finally, if concerns are unearthed while the product is in the sandbox, appropriate modifications can be made before the product is launched more broadly," the committee had said.

Das said the RBI encouraged banks to explore new alliances with fintech firms as it could be pivotal in accelerating the agenda of financial inclusion. "We have to strike a subtle balance between effectively utilising fintech while minimising its systemic impacts. By enabling technologies and managing risks, we can help create a new financial system which is more inclusive, cost-effective and resilient," he said.

Das pointed to a global survey which ranked India, with 1,218 fintech firms, second in terms of fintech adoption, with an adoption rate of 52 per cent. He said the risks for fintech products may arise from cross-border legal and regulatory issues, adding data confidentiality and customer protection are major areas that needed to be addressed.

At the same event, Department of Economic Affairs Secretary Subhash Chandra Garg said that one shouldn't "overshoot" the data privacy issue. "We have to be careful in defining data protection laws. If you exclude data from the reach of fintech firms or make its use cumbersome and costly, we will run into a danger of missing the fintech revolution," Garg said.

He gave an example of how the proposed Personal Data Protection Bill, 2018, had categorised all financial data as "sensitive personal data", which is not the case for many European countries.

Das said he will be meeting heads of payments banks later this week to understand their issues and concerns.

2. Govt moves NCLT seeking immunity for directors of IL&FS subsidiaries

The government expects a resolution to the crisis over the next four-five months

Press Trust of India |

The government on Monday filed an application with the National Company Law Tribunal (NCLT) here, seeking immunity for the newly-appointed directors of the subsidiaries of the crippled IL&FS group from any future adverse outcomes.

It can be noted that soon after taking over the company after its defaults and appointing a new board last October, the government had sought immunity to the newly-appointed six directors of the group from any legal action against them for the past deeds of old directors.

"We are issuing a direction that for the past actions of the suspended directors or any of the officers of the company and the past wrongs of the suspended directors and its officials, no action should be initiated against the newly-appointed director, without prior approval of the tribunal," NCLT Mumbai had said in an interim order on October 5.

The government move came in after it felt that the Uday Kotak-led board should be protected from any legal hurdles in executing its task of finding a "fair value and resolution" for the debt-laden company.

Following this, the corporate affairs ministry Monday moved the Mumbai NCLT seeking protection for these directors of group entities as well from any future adverse proceedings as a precautionary measure.

Meanwhile, IL&FS has also filed an application seeking dispensation from appointing independent director on the group companies. A two-member NCLT bench of VP Singh and Ravikumar Duraisamy scheduled both the matters for detailed hearing on April 12.

The government has appointed an eight-member board headed by banker Uday Kotak to steer the IL&FS group out of the crisis after it began to default payments due to severe cash crunch since late August. The government superseded the previous board on October 1, 2018.

The government expects a resolution to the crisis over the next four-five months.

The government plea was initially rejected by the Mumbai bench but subsequently, which the government challenged in the appellate tribunal (NCLAT) which had on October 15 passed an interim order admitting the government plea.

The IL&FS group has 348 subsidiaries and together they owe over Rs 94,000 crore to a clutch of commercial banks mostly state-run lenders and other financial institutions.

The appellate tribunal also stayed any action by any party/person/bank/company etc to foreclose, recover or enforce any security interest created over the assets of IL&FS and its 348 group companies, including any action under the Sarfaesi Act.

Financial Express

3. Credit and debit cards make for over half of electronic payments volume: RBI Governor

By: [FE Bureau](#)

While the total volume of retail electronic payments witnessed about a nine-fold increase over the last five years, card payments continue to contribute more than half of such transactions by volume, Reserve Bank of India (RBI) governor Shaktikanta Das said on Monday.

The National Electronic Funds Transfer (NEFT) system handled 195 crore transactions valued at around Rs 172 lakh crore in 2017-18, growing 4.9 times in terms of volume and 5.9 times in terms of value over the previous five years. Similarly, the number of transactions carried out through credit and debit cards in 2017-18 was 141 crore and 334 crore, respectively. Prepaid payment instruments (PPIs) recorded a volume of about 346 crore transactions, valued at Rs 1.4 lakh crore. "Thus, the total card payments, in volume terms, stood at 52% of the total retail payments during the year 2017-18," Das observed.

Banks have been the traditional gateway to payment services, but with increasing technological changes, payments is no longer the monopoly of banks, Das said. "Non-bank entities are cooperating as well as competing with banks, either as technology service providers to banks or by directly providing retail electronic payment services. The regulatory framework has also encouraged this enhanced participation of non-bank entities in the payments domain," he noted.

The RBI governor added that the central bank's working group on fintech and digital banking has suggested the introduction of a regulatory sandbox or innovation hub within a well-defined space and duration to experiment with fintech solutions, where the consequences of failure can be contained and reasons for failure analysed.

"A regulatory sandbox would benefit fintech companies by way of reduced time to launch innovative products at a lower cost. Going forward, the Reserve Bank of India will set up a regulatory sandbox, for which guidelines will be issued in the next two months," Das said.

RBI governor to meet heads of payments banks later this week Shaktikanta Das on Monday said he will be meeting heads of payments banks later this week to understand their issues. As many as seven payments banks have commenced their operations after the first set of licences were issued in 2015.

"I have started a process of very active engagement with stakeholders and players who are supposed to play these kind of roles. I have met (top officials) banks, cooperative banks, NBFCs and various other stakeholders. I met the (heads) small finance banks last week and later part of this week I am meeting payments banks also," he said.

Economic Times

4. PSBs have kept public interest in mind, says Jaitley on decision regarding Jet Airways

After weeks of uncertainty over the future of ailing Jet Airways, the airline's board has approved immediate fund infusion of up to Rs 1,500 crore by lenders

PTI|

Finance Minister Arun Jaitley Monday said he was happy with the lenders' decision regarding Jet Airways as the public sector banks have kept legitimate self-interest and public-interest in mind.

After weeks of uncertainty over the future of ailing Jet Airways, the airline's board has approved immediate fund infusion of up to Rs 1,500 crore by lenders as well as conversion of debt into equity.

About the developments at Jet Airways, Jaitley said this was a decision that creditors have taken and that the public sector banks have kept a legitimate self-interest and public-interest in mind.

"India needs more aircraft and airlines otherwise air fares will rise. Banks have kept self interest in mind by trying to keep it as a going entity so that they can recover their dues. I am happy with this decision," he said here.

Indian lenders, led by the State Bank of India (SBI), would become majority shareholders in the airline.

Besides, the lenders would nominate two members on the airline's board. As part of the debt resolution plan, piloted by the SBI, the carrier's founder and chairman Naresh Goyal, his wife Anita Goyal and Etihad Airways' nominee director Kevin Knight are quitting the board.

Business Line

5. 'Over 12,000 cases filed after implementation of IBC, setting up of NCLT'

PTI

As many as 12,000 cases have been filed since the implementation of the Insolvency and Bankruptcy Code (IBC) and setting up of the National Company Law Tribunal (NCLT), a senior government official said on Monday.

Asserting that the code should be the last resort, Corporate Affairs Secretary Injeti Srinivas said the NCLT has been very expeditious in disposing cases related to insolvency.

"In some of the NCLTs, the number of cases filed and the number of cases disposed off are almost the same. That means you are almost current," he noted.

Cases under the code can be taken up only after the approval from the tribunal, which has benches in different parts of the country.

Personal insolvency

Srinivas said that personal insolvency should be approached carefully and in a planned manner. "The issue of personal insolvency is an important dimension, which we have to address at the earliest.

"Today, we have approximately Rs.77 lakh crore as outstanding non-food credit. Of this, the industry accounts for about Rs.26 lakh crore and the services sector accounts for Rs.21 lakh crore. These two put together account for Rs.48 lakh crore.

"It is 70 per cent of non-food credit outstanding. We are left with 30 per cent which we need to address now," said Srinivas. According to him, there are two routes for personal insolvency – one is the insolvency process, followed by bankruptcy process – and the second one is a fresh start.

A fresh start, or a waiver of a loan, should be considered for debtors based on certain criteria such as income levels and assets, he said.

Speaking at a conference organised by industry body CII and British High Commission, Srinivas said that since the commencement of the code and setting up of the NCLT, 12,000 cases have been filed.

"(Around) 4,500 cases have been settled before resolution to a settlement amount of almost Rs.2 lakh crore. 1,500 cases have been admitted... 6,000 cases are waiting in queue," he added.

The IBC provides for time-bound resolution of stressed assets. To a query on the delay in resolving certain cases under the IBC, Srinivas observed that it would not be fair to say that cases have been lingering on.

"May be these large cases have taken more than 270 days and some may be double of that, but if you look at the size of that loan and the quantum of recovery, it is still an extraordinary sort of result.

"In (the case of) Essar, more than Rs.42,000 crore would be (recovered). That is a very big sum and involves many creditors... I think for such very large cases, there would be some amount of litigation and one year or little over one year for such a large case to be settled is not too long."

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**