



ALL

INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION

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

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Dear Comrades,

17th November , 2016

News of Interest 16th Nov

QUOTE OF THE DAY: "CORRECTION DOES MUCH, BUT ENCOURAGEMENT DOES MORE."- JOHANN WOLFGANG VON GOETHE

1. INCREMENTAL STRESS ON BANK BOOKS COMING DOWN, SAYS RBI OFFICIAL
2. COOPERATIVE BANK EMPLOYEES PLANNING TO PROTEST AGAINST RBI
3. INTEREST RATES TO COME DOWN BY 1% IN 3-6 MONTHS: KAMATH
4. MAHARASHTRA MULLS PANEL TO TACKLE DEMONETISATION
5. BANKS MAY HIRE RETIRED STAFF TO DEAL WITH CASH RUSH: GOVT
6. ARE JAN DHAN ACCOUNTS BEING USED TO RE-ROUTE BLACK MONEY?
7. NOW, AN INDELIBLE MARK TO STOP MULTIPLE NOTE SWAPS
8. DIGITAL MONEY GAINING CURRENCY

Business Standard

1. Incremental stress on bank books coming down, says RBI official

Public sector bank executives said the fall in addition was small but reflected gradual changes due to a slew of steps to control NPA slippage

[Abhijit Lele](#)

Small signs of moderation in asset quality pressure on [banks](#) are becoming visible, going by the dip in the amount of loans that got added to the pool of gross non-performing assets (GNPAs) in the quarter ended September.

This addition moderated to about Rs 40,000 crore, from Rs 47,000 crore in the June quarter, first of the current financial year, according to a review of results for 37 listed [banks](#) (from both the public and private sectors).

N Vishwanathan, deputy governor, Reserve Bank of India, said: "The basic way we are looking at is that the increment (in stress) is coming down. We are seeing the trend across sectors."

NPAs for these listed [banks](#) totalled Rs 6, 49,719 crore at end-September, up from Rs 6, 09,333 crore at end-June. The pool of bad loans at the end of 2015-16 (March 31) was Rs 5, 59,600 crore for the 37 banks.

Public sector bank executives said the fall in addition was small but reflected gradual changes due to a slew of steps to control [NPA](#) slippage and support borrowers facing temporary liquidity problems.

State Bank of India head [Arundhati Bhattacharya](#) said the outlook for resolution of stressed accounts was improving. Recent amendments to the rules for restructuring schemes like 5/25 will aid recoveries and resolution, she said. SBI's pool of gross NPAs was Rs 1, 05,782 crore (7.14 per cent) at end-September. At end-June, this was Rs 1, 01,541 crore.

Vishwanathan said the deadline for [banks](#) to clean up their balance sheet remained March 2017. However, new RBI governor Urjit Patel had said last month that firmness would be tempered by pragmatism in dealing with bank NPAs, so that the economy did not feel there was lack of credit to support growth.

2. Cooperative Bank employees planning to protest against RBI

Demonetisation will take a toll on the Public Distribution System, says P Balakrishnan, general secretary, All India cooperative bank employee's federation

Gireesh Babu

Around one lakh employees representing a majority of the cooperative [banks](#) across the country are expected to protest against the Reserve Bank of India's (RBI's) decision restricting majority of the cooperative [banks](#) from dealing with the Rs 500 and Rs 1000 notes which has been demonetised last week. The employees might look at various options including strike to protest, according to union leaders.

Total deposits of all the cooperative [banks](#) in the country would be around Rs 10 lakh crore, said P Balakrishnan, general secretary, All India Co-operative Bank Employees Federation.

A meeting of the Federation held in [Vijayawada](#) has decided to conduct protests in bank premises across the country, alleging that the operations

has already come to a standstill and it is going to affect the distribution of essential commodities through Public Distribution System (PDS) since they have run out of cash.

These institutions, which are responsible to procure commodities for PDS, said that they did not receive any money from the Central Co-operative and they are not able to meet their customer requirements also. Almost 60% of the population depends on the [PDS](#) for supply of essential commodities and this is expected to hit because of the lack of notes for transaction, he added.

Of all cooperative banks, only urban cooperative [banks](#) and the state cooperative [banks](#) has been allowed to exchange the old Rs 500 and Rs 1000 notes while others including the industrial and primary agricultural cooperative [Banks](#) has been ignored when it comes to the demonetisation move, alleged Balakrishnan.

"This is murder of all the cooperative [banks](#) by the Reserve Bank of India (RBI) itself. Against this action of RBI, the cooperative bank employees will go for a demonstration on November 18 in the bank premises. Other methods of agitation will follow," he said.

The total deposits of all the cooperative [banks](#) is more than Rs 10 lakh crore, including Central Cooperative [Banks](#) which has a deposit of over Rs 3.5 lakh crore and Urban Cooperative [Banks](#)(Rs 4 lakh crore), primary cooperative and agricultural bank etc.

In Tamil Nadu, the cooperative [Banks](#) has been providing more than Rs 2.60 lakh crore by way of advances. There are around 16,000 employees including the primary agricultural cooperative [banks](#) in the State, he added.

3. Interest rates to come down by 1% in 3-6 months: Kamath

Every hard step has some pain, which explains the current scenario, says K V Kamath

Press trust of India

[Demonetisation](#) of high value notes will have a positive impact on liquidity and will bring down the [interest rates](#) by one per cent in the next three-six months, said seasoned banker and [New Development Bank](#) (NDB) chief K V Kamath.

"What I am looking at is... good monsoon, inflation coming down, and in the last quarter, there has been a 70-basis point reduction in headline interest rates, and with this (demonetisation), we would see a further drop in [interest rates](#) between now and say, three-six months, of another percentage point," he said.

Welcoming the move to withdraw the notes, Kamath said this in a medium-term, in a year or so, will have a salutary effect on interest rates. He reasoned that it will suck out liquidity from the system, which should have

another positive impact on inflation. Unaccounted money coming out of the system will have a positive impact on inflation, he said, adding that the combined impact of all these would lead to at least 1 per cent cut in the interest rate. He added that every hard step has some pain, which explains the current scenario.

Meanwhile, the government has taken various steps to ease pressure, including raising daily withdrawal limit from bank counters and ATMs as well as hiking the amount of old and now defunct currency notes that can be exchanged.

4. Maharashtra mulls panel to tackle demonetisation

The sub-committee will take stock of the steps taken so far by the state and also recommend measures to ease inconvenience to the people

Press Trust of India

The Maharashtra government will set up a Cabinet sub-committee to recommend measures to avoid inconvenience to people due to demonetisation.

The decision was taken at the weekly Cabinet meeting chaired by Chief Minister Devendra Fadnavis on Tuesday.

The sub-committee will take stock of the steps taken so far by the state and also recommend measures to ease inconvenience to the people.

“The Cabinet meeting reviewed the situation arising out of the Centre’s move to scrap Rs 500 and Rs 1,000 currency notes,” an official in the Chief Minister’s Office said.

In another decision, the Cabinet also cleared 500 Mw wind energy projects through open access connectivity out of the 3,500 Mw being generated outside the state.

It was also decided to conduct a second survey of waqf properties in the state.

Financial Express

5. Banks may hire retired staff to deal with cash rush: Govt

Praising commendable work done by the banking fraternity, it said banks may plan and support the officers and employees working in late hours, particularly the safety and security of women employees, with arrangements for food and conveyance.

By: [FE Online](#)

The finance ministry today asked banks to consider hiring retired employees to deal with the current crisis risen going on at banks across the country. Govt advised the staff to consider engaging retired people to ease pressure on existing staff. The financial services department of the finance ministry, in a letter written to Indian Banks' Association (IBA), said it should look into issues, particularly employment of retired bank staff and payment of remuneration and instruct the banks suitably at the earliest.

"In the event of extra business hours implemented to cope up with the situation, banks may require to make deployment plan of staff on shift basis so that the same person does not work for continuous long hours," it said.

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6. Are Jan Dhan accounts being used to re-route black money?

G NAGA SRIDHAR

Is the Prime Minister's Jan Dhan Yojana (PMJDY) coming in handy for painting black money white?

Going by the initial indications in some locations, it appears to be so. As on November 2, there were 25.45 crore accounts opened under PMJDY with a balance of ₹45,302.48 crore. Of these, 23.37 per cent are zero-balance accounts.

"There is some sudden traction in cash deposits in Jan Dhan accounts. As per norms, they can deposit any amounts with proper KYC (know your customer). So, it cannot be stopped but only watched. We are concerned

over Jan Dhan shielding black money," a top executive of a leading public sector bank told *Business Line*.

The modus operandi is simple. People from financially weaker sections are being identified and are being given handsome commission to deposit amounts up to ₹2.5 lakh in their accounts.

Normally, the non-KYC customers of Jan Dhan can deposit up to ₹50,000 while with minimum KYC, it can go up to ₹1 lakh. Higher amount of deposits with complete details can be used like a normal savings bank account for depositing any amount.

Another trend is to provide money to place in fixed deposits of up to ₹1 lakh for 45 days or little beyond which can later be withdrawn in new currency, say bankers.

"We are keeping a watch on these accounts and deposits beyond ₹50,000 in rural areas. In addition, members of self-help groups (SHGs) have been asked to put higher amounts in their personal accounts instead of group account for higher accountability," V Narsi Reddy, Chairman, Andhra Pradesh, Grameen Vikas Bank, said.

Same is the case with many other banks too. "We have been asked to report higher transactions in Jan Dhan accounts ranging from ₹2 lakh to ₹10 lakh by the Finance Ministry. But it is done at a lower level. We have no recourse yet to stop this black to white conversion," a senior official at Andhra Bank said.

There is no central data available yet to arrive at a concrete number. It will take some more days to arrive at the quantum of increase in PMJDY accounts.

SURABHI

To prevent black money hoarders from approaching many banks for exchanging their unaccounted cash, the government has decided to mark customers swapping the old notes with indelible ink.

"Unscrupulous elements and some syndicates have been trying to convert their black money to white and are organising groups to go to bank branches for changing currency notes," said Economic Affairs Secretary Shaktikanta Das on Tuesday.

"As a result what is happening is that the benefit of withdrawal of cash is getting restricted to a smaller number of people."

The Prime Minister's Office has been constantly reviewing the implementation of the government's decision to withdraw ₹500 and ₹1,000 currency notes

and replace them with new ₹500 and ₹2,000 notes. While the Centre is taking corrective measures to ensure smooth implementation, the Supreme Court on Tuesday heard PILs filed against the government decision.

The apex court refused to stay the November 8 notification demonetising ₹500 and ₹1,000 currency but asked the Centre to take immediate measures to alleviate the sufferings of the common man "forced" to stand in queues to withdraw his own hard-earned money.

The Attorney General said ₹3.25 lakh crore in ₹500/1,000 notes was deposited out of the ₹15 or ₹16 lakh crore in circulation. At least, ₹10 to ₹11 lakh crore is expected to come in.

Sources said that the indelible ink would be applied only on the right-hand fingers as the left is marked during elections.

From Wednesday, the government expects more ATMs to dispense ₹2,000 notes.

Das warned that deposits into Jan Dhan accounts will be monitored and appealed to such account holders to not allow anyone to deposit money in their accounts. The limit for deposits to Jan Dhan Accounts is ₹50,000.

To check the siphoning off of unaccounted wealth into gold and jewellery, the Directorate General of Central Excise Intelligence has also sent notice to jewellers seeking details of their turnover on November 7 and 8. "Any glaring exceptions will be examined," said the source.

Das stressed that there is adequate cash in the system and there is no reason for panic.

"The government is currently monitoring the situation," he said, adding that the Cabinet Secretary is also monitoring the supply of essential commodities.

Prime Minister Narendra Modi had taken a review meeting on Monday night with Finance Minister Arun Jaitley, Minister of State for Power and Coal Piyush Goyal, Cabinet Secretary P K Sinha and senior PMO and Finance Ministry officials.

To increase cash supply, the government has asked places of worship to deposit notes of smaller denominations they receive as donations. "These can then be dispensed to customers," said Das.

The government has also set up a task-force to work out measures to shift and store old currency notes from banks and post offices and another task-

force to keep a watch on fake currency and black money being deposited in the system.

A third task-force on technology has been constituted to encourage the use of e-wallets and monitor the recalibration of ATMs.

8. Digital money gaining currency

ABHISHEK LAW

Cash may not be king in India anymore. Post-demonetisation, there has been a steady rise in non-cash transactions across sectors — up to 1,500 per cent in some cases. And, it is not just mobile wallets that are seeing growth.

For example, online grocer Big Basket has seen its non-cash transactions grow, as has been the case with Spencer's Retail. Taxi aggregator services Ola and Uber too claim uptick in numbers. According to Hari Menon, Co-Founder and CEO, Big Basket, the company has seen an at least 20-22 per cent rise in transactions from November 8 onwards on a month-on-month basis.

"The numbers could have been higher, say, 30-35 per cent, had we been able to deliver all orders. In fact, order delivery times have increased because of huge demand," he told *Business Line*. Previously, non-cash (through Net banking, debit cards, credit cards and mobile wallets) to cash transactions were almost 50:50. Now, it is 80:20, that is, out of every 100 transactions, 80 are through non-cash options.

Menon maintains that it will take another 10-odd day for deliveries to normalise. "Apart from logistics issues like delivery vans, you also need to train people. We have started doing that now. In another week to 10 days it should normalise," he pointed out.

For Spencer's retail, it has been more of a mixed bag. On Wednesday and Thursday (two days after demonetisation), there was a drop in sales and number of transactions across its stores pan-India.

"However, from Saturday there has been healthy recovery, and the number of transactions has picked up significantly," a spokesperson said.

According to company sources, there has been a major jump in non-cash transactions, which are now over 80 per cent of the overall transactions.

Normally, cash to non-cash transactions in the organised retail sector is 60:40.

Mom & pop outlets

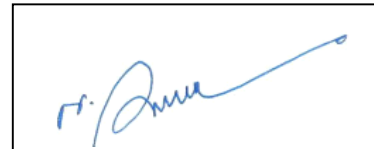
In fact, the mom-and-pop stores have found some way out. In Kolkata, for example, some small retailers are still accepting the older denominations. "I'm still accepting some old ₹500 notes, especially from people I know," Ramen Sikdar, who runs a retail store in a north Kolkata locality said. Moreover, smaller retailers have started downloading wallets, such as Paytm and Free charge, as an alternative.

Small retailers have also found ways to help themselves stock up. Across the small retail sector, credit cycles have been extended with FMCG majors stepping in to help, sources said. Multi-business conglomerate ITC, in an emailed response, said: "Given our long-standing relationship with trade partners, we continue to engage with them to discuss and resolve issues, as in the prevailing scenario to ensure availability of our products to consumers."

Interestingly, taxi aggregators Ola and Uber are also seeing a spike in their non-cash transactions, not to mention the increase in application downloads. An Ola spokesperson points out that 'Ola Money' has already seen a 15-fold growth in recharges. Uber too reiterated that it has seen a "significant uptick", but did not give numbers.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**