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Dear Comrades,

10th August , 2016

News of Interest 28th Nov

QUOTE OF THE DAY

“CHANGE WILL NOT COME IF WE WAIT FOR SOME OTHER PERSON OR SOME OTHER TIME. WE ARE THE ONES WE’VE BEEN WAITING FOR. WE ARE THE CHANGE THAT WE SEEK. “

BARACK OBAMA

- 1. ALL STEPS BEING TAKEN TO EASE GENUINE PAIN OF HONEST CITIZENS, SAYS RBI GOVERNOR URJIT PATEL**
- 2. ATMS, BANKS DISPENSED 19 LAKH FAKE NOTES IN LESS THAN 4 YEARS**
- 3. OPPOSITION TO TAKE NOTE BAN BATTLE TO STREETS TODAY**
- 4. U.P. ACCOUNTS FOR BULK OF NEW JAN DHAN DEPOSITS**
- 5. TRADE UNIONS DEMAND USE OF BANNED NOTES TILL CRISIS EASES**
- 6. RS 32,631 CR DEPOSITED IN POST OFFICES SINCE DEMONETISATION**
- 7. INDIA'S RURAL ECONOMY HIT HARD AS INFORMAL LENDING BREAKS DOWN**
- 8. I-T DEPT ASKS IDS DECLARANTS TO PAY TAX BY NOV 30**

Times of India

1.All steps being taken to ease genuine pain of honest citizens, says RBI Governor Urjit Patel

PTI

Breaking his silence over the **demonetisation** issue, **RBI Governor Urjit Patel** on Sunday said the central bank is monitoring the situation on a daily basis and taking all necessary actions to "ease the genuine pain of citizens". The RBI is trying to normalise the things as early as possible, he said.

Urjit Patel also said the RBI has announced an incremental CRR (Cash Reserve Ratio) of 100 per cent "because of the large increase in deposits of banks on account of the

return of Rs 1,000 and Rs 500 notes" and the decision would be reviewed immediately once the government issues adequate quantum of MSS (Market Stabilisation Scheme) bonds which they have promised to do.

In an exclusive interview to PTI, Patel said the situation arising out of the decision to withdraw Rs 500/1,000 notes is being monitored on a daily basis and the printing presses have started to rebalance the production of new notes towards Rs 100 and Rs 500 bills.

He also urged the people to start using cash substitutes like debit cards and digital wallets, saying it will make transactions cheaper and easier and in the long term, it will help India "leapfrog into a less cash-use economy at par with more developed nations."

"We are also urging banks to make a big push with PoS (Point of Sale) machines with traders so that debit card use becomes more prevalent," he said.

Giving details of the steps being taken by RBI, he said, "Both RBI and government have been getting the printing presses to work at capacity to get the new notes available to meet demand.

"The RBI is interacting with the banks every day. They are telling us that the situation is gradually easing. The queues in branches and ATMs are shorter and the markets are starting to function, and there are no reported shortages of daily items of consumption.

"Also, about 40-50,000 people were deployed to refit the ATMs. Currency is available and banks are working in a mission mode to lift currency and take them to their branches and ATMs. The staff members of all banks have worked very hard, and we all owe them our gratitude," Patel said.

"Having said that, it is important to regularly review the situation, and taking the required decisions to ease the genuine pain of citizens who are honest and who have been hurt. There are no precedents on this subject at this scale and we have to be reactive to the situation.

"People have asked why the new currency introduced was different in size and thickness from the old. This is because the new currency has been designed to make it hard to counterfeit. When you are going to make a change of this magnitude, you need to get the best standards in place," Patel said.

2. ATMs, banks dispensed 19 lakh fake notes in less than 4 years

[Arun Dev](#) | TNN

Over the last three and a half years, 19 lakh counterfeit notes of different denominations worth Rs 14.97 crore were dispensed by ATMs and banks across the country, reveals an RBI report on 'detection of fake Indian currency through bank channel'. The RBI doesn't attribute any real value to the notes, which continue to exchange hands, as they are not legal tender, and calls it notional.

A denomination-wise analysis shows that 5.42 lakh fake Rs 100 notes worth Rs 54.21 crore, 8.56 lakh Rs 500 notes worth Rs 42.8 crore and 4.7 lakh Rs 1,000 notes worth Rs 47 crore were dispensed through banking channels.

In October 2008, an LIC employee got nine fake notes of Rs 500 denomination when he withdrew Rs 5,000 from a Canara Bank ATM near reservation counter at the city railway in Bengaluru. When Raju, who had gone to the station to book tickets for Belgaum, gave one of the notes at the reservation counter, the clerk pointed out that it was fake. Raju protested, saying he had just withdrawn the money and produced the withdrawal slip. A senior police officer said that in cases an ATM has dispensed a

single fake note, banks often keep it. But, when a machine dispenses up to four counterfeit notes in a single transaction, a consolidated report must be sent to police at the end of the month.

"If five or more counterfeit notes are dispensed in a single transaction, FIRs should be lodged," the officer added.

RBI guidelines mandate that banks should have currency checking machines to establish the genuineness of the notes. Before accepting deposits or loading cash into ATM machines, the currency must be checked using these machines.

The outsourcing and shortage of manpower, is often blamed for the mistakes, where checking the authenticity of notes take a backseat. Instead of a thorough check, banks often resort to random tests on the cash sorting machines, a source said. "While mandatory training to bank staff to identify fake notes have been recommended. These notes end up in the banking system," the officer added.

3. Opposition to take note ban battle to streets today

TNN

Opposition parties, including Congress, are set to hit the streets on Monday against the Modi government's decision to scrap high value currency notes.

The JD(U), however, **decided not to be a part of the proposed all India protest** (Jan Aakrosh Diwas) as Bihar chief minister Nitish Kumar has supported the demonetisation move.

Trinamool Congress, Left parties including CPM, AAP, Bahujan Samaj Party (BSP) and Samajwadi Party (SP) have declared that they will be part of the protest.

Meanwhile, Congress took pains to emphasize that it had not given a call for a bandh on Monday. Accusing BJP of spreading misinformation, Congress said it **had not called for a 'Bharat bandh' (shutdown) but only sought to observe 'Jan Aakrosh Diwas'** by holding country-wide protests against the move.

The clarification came on a day when PM Narendra Modi took a swipe at his opponents by saying that instead of organizing bandhs, they should have joined the fight against black money.

Taking a dig at the Modi government, Congress party spokesman Jairam Ramesh said the country was already shut from November 9, the day after Modi announced **the demonetisation move**.

The bandh call given by CPM units in party-ruled Tripura and Kerala and erstwhile stronghold West Bengal has failed to find support from other parties opposing demonetisation, with West Bengal CM Mamata Banerjee, the leading light of the protest against invalidation of notes, vowing to oppose it.

The CPM, however, said it has left it to state units to chalk out the mode of protest in their respective jurisdictions. It said it will protest across the country against the "anarchy demonetisation has caused in the country and the consequent mounting agonies of the vast majority of our people, particularly the poor and the marginalized sections".

Even as she attacked CPM for unilaterally giving the bandh call and failed to persuade Nitish to join the anti-demonetization protest she has been spearheading, Mamata Banerjee did not relent on her attack on the Centre.

The Trinamool chief reacted sharply to Modi for **his advice to people to shift to cashless transactions** on Sunday and said 'Mann ki Baat' broadcast was a "misuse" of the government machinery as it has now become 'Modi ki Baat'. "Modiji, you have

finished India's economy and growth. We don't trust you or your mismatched wrong technology which you are advertising for. We want technology and progress. But no section of society is to be left out and tortured while doing this (demonetisation)," Banerjee said in a statement.

After days of confusion arising from the utterances of its spokespersons and the presence of senior party leader Sharad Yadav in a protest march against demonetisation, JD(U) came out unambiguously in favour of demonetisation. "JD(U) will not be part of any agitation against demonetisation including the dharna by Mamata Banerjee in Patna," party general secretary K C Tyagi said.

Business Line

4. U.P. accounts for bulk of new Jan Dhan deposits

AJ VINAYAK

Prime Minister Narendra Modi's pet project – PMJDY or Pradhan Mantri Jan Dhan Yojna – has been in news post-demonetisation of ₹500 and ₹1000 currency notes in the country.

Almost 14 days after demonetisation, PMJDY accounts have seen additional deposits of ₹27,198.1 crore.

This means the deposit amount witnessed a growth of around 60 per cent in the fortnight after November 9.

UP tops in share

Of the total ₹72,834.72 crore deposit amount in PMJDY accounts, Uttar Pradesh has a major share of ₹11,781.05 crore, followed by West Bengal at ₹8,840.50 crore, Rajasthan at ₹6,104.23 crore, and Bihar at ₹6,088.84 crore.

The deposit amount has doubled in at least two States. Karnataka and Gujarat have seen an increase of 112.49 per cent and 111.07 per cent in deposit amounts from November 9-23 respectively.

It is not that all the States witnessed a growth in deposit amount post-demonetisation. In fact, Mizoram saw a dip of ₹1.35 crore in deposit amount.

New accounts

Around 16.47 lakh new accounts were added post the demonetisation move.

Of this, a bulk of share came from States such as Uttar Pradesh (22.51 per cent), Maharashtra (17.47 per cent), West Bengal (9.50 per cent), Bihar (8.1 per cent) and Madhya Pradesh (7.66 per cent). These States added more than 1 lakh accounts in a fortnight.

In fact, Jammu and Kashmir as well as Union Territories such as Andaman and Nicobar Islands, and Daman and Diu, saw a dip in the number of accounts post-demonetisation. Though the number of accounts has decreased by 47,734 in Jammu and Kashmir, the deposits went up by ₹383.36 crore.

Zero balance

Though the country had 23.24 per cent zero balance accounts of the total accounts till November 9, it went down further to 22.94 per cent by November 23. The

percentage of zero-balance accounts was maximum in Chhattisgarh with, 33.19 per cent and minimum in Chandigarh with 12.46 per cent.

The zero-balance accounts remained below the 20-per-cent range in Goa, Himachal Pradesh, Kerala, Meghalaya, Puducherry, Punjab, Rajasthan, Sikkim, Tripura and West Bengal. It remained above 30 per cent in Jammu and Kashmir, Mizoram and Nagaland.

J&K marginally better

However, in the State of Jammu and Kashmir, the percentage of zero-balance accounts came down from 36.67 per cent as on November 9, to 32.95 per cent as on November 23.

5. Trade unions demand use of banned notes till crisis eases

OUR BUREAU

Expressing grave concern over the death of 74 persons, including a number of bank employees, after the Centre's demonetisation move, 10 Central trade unions, barring the RSS-backed Bharatiya Mazdoor Sangh, have demanded continuation of banned ₹500/1,000 notes till the currency shortage eases. They have also sought compensation for those who have died.

At a joint meeting last week, the unions flayed the poor implementation of the move for "sudden cancellation" of 85 per cent currency in circulation, causing "huge loss of livelihoods to self-employed street vendors, small traders and daily wagers who are an integral part of the vast informal sector workforce in the country, and also non-payment of wages to workers of small factories owing to the currency problem."

Noting the "unimaginable stress and long hours of work" for bank employees attending to people in long queues, the unions said the government should take "concrete and effective" action against black money, which is being generated through evasion and non-payment taxes, unfair and speculative business practices, including money created in the country stashed away in foreign banks.

"Nothing has been done yet in that direction," said the unions, including INTUC, AITUC, CITU, SEWA and HMS.

Condemning the "insulting and insensitive comments by some Union Ministers, including the Prime Minister," the unions termed the government's "prescription" for using credit card and other forms of plastic currency to the suffering millions as a "cruel joke".

They called for country-wide protests on the issue.

6. Rs 32,631 cr deposited in post offices since demonetisation

PTI

People have deposited Rs. 32,631 crore in nearly 1.55 lakh post offices across the country following demonetisation of Rs. 500/1000 currency notes.

The post offices have also exchanged about Rs. 3,680 crore of old currency notes between November 10 and 24, Department of Posts Secretary B V Sudhakar told PTI.

"From November 10 to November 24, we have exchanged 578 lakh notes of value of about Rs. 3,680 crore. If you look at the deposits, 43.48 crore old Rs. 500

and Rs. 1000 notes were accepted as deposits, and their value is about Rs. 32,631 crore," he said.

As many as 1.55 lakh post offices — about 1.30 lakh in rural areas and the rest 25,000 in urban and semi—urban areas — are playing a "prominent role" in the entire exercise, he added.

During the same period, Rs. 3,583 crore was withdrawn from post offices, Sudhakar said.

Following demonetisation of Rs. 500 and Rs. 1000 notes from midnight of November 8, people rushed to banks and post offices to deposit or exchange old currency notes. Serpentine queues were seen in front of banks, ATMs and post offices with people lining up to get valid currency notes.

Those without postal savings accounts were also permitted to exchange the old notes up to a certain limit in the post offices by producing their identity cards.

While the window of a fortnight to exchange these currency notes over—the—counter at banks and post offices ended on November 24, the old notes can be deposited in bank accounts until December 30.

Asked about the break-up for exchanges, withdrawals, deposits made in rural versus urban areas post demonetisation, Sudhakar pointed out that nearly 88 per cent of post offices are in rural areas and the rest in urban locations, and accordingly majority of the transactions too may have been in rural areas.

"It really depends on the demand... Even urban area locations such as Sansad Marg post offices in New Delhi, has seen high volume of exchanges...depending on the demand, disbursements vary, and hence one cannot exactly say... But based only on composition of post offices, we can say that more would have been in rural areas," he said.

Sudhakar said the Department has made special arrangements to ensure that cash reaches rural post offices.

Sudhakar said the entire situation was being monitored through control rooms at directorate and each state down to the level of subdivisions.

"It was micro—monitored up to village level...every hour we were taking feedback...The crowd was intense, and there was a sudden surge so we had to pull all staff for this work," he said adding that staff worked for extended hours till 8 pm.

People up can deposit old Rs. 500 and 1,000 notes in Post Office Savings Account at present, he said, adding such notes cannot be deposited in other schemes like fixed deposits, monthly income scheme and recurring deposits.

"Earlier we were accepting deposits in all saving account that is savings bank, recurring deposits, monthly income schemes and even certificates. Now we are accepting only in the savings bank account so that is the restriction in all 1.55 lakh post offices," he said.

7. India's rural economy hit hard as informal lending breaks down

REUTERS

Life was good for Mitharam Patil, a wealthy money lender from a small village in Maharashtra.

Small-time financiers like Patil would typically lend cash to farmers and traders every day, providing a vital source of funding for a rural economy largely shut out of the banking sector, albeit at interest rates of about 24 per cent.

All that came crashing down on November 8, when Prime Minister Narendra Modi banned 500 and 1,000 rupee banknotes, which accounted for 86 per cent of currency in circulation.

The action was intended to target wealthy tax evaders and end India's "shadow economy", but it has also exposed the dependency of poor farmers and small businesses on informal credit systems in a country where half the population has no access to formal banking.

Patil was stuck with 700,000 rupees of worthless cash. He can also only withdraw up to 24,000 rupees from his account every week, barely enough for his own personal needs given he also works as a farmer.

That is bad news for farmers and traders who had come to depend on Patil, despite his high interest rates, given that bank branches are located far from the village, while the process to obtain loans is long and cumbersome.

It may also hurt India's economy, as the informal sector accounts for 20 per cent of gross domestic product and 80 per cent of employment. The country is due to report July-September GDP on Wednesday.

"Sowing of winter crops has been started and farmers badly need money. But I couldn't lend (to) them due to restrictions on withdrawal," Patil said.

BORROWERS CAN'T PAY MONEY BACK

Some farmers and small businesses say India's informal credit system has ground to a virtual halt, despite government measures to steer more funds to them, including 230 billion rupees in crop loans.

Not only are money lenders struggling to lend, they are also struggling to get paid.

Saumya Roy, CEO of Vandana Foundation, a micro finance firm, said it has encountered difficulties in collecting payments from borrowers, which will have a knock-on effect on how much they can lend to others.

"We can't go on lending and suffer losses," she said.

"How can we force people to pay back when they don't have money to buy food. How will they pay us?"

The paralysis exposes the slow progress India has made in extending banking to wider segments of the population, a key initiative under Modi.

The government has taken steps, including announcing zero balance accounts for poor people, but growth of bank branches have been low as margins are slender for most lenders.

In 2001, India had 5.3 bank branches per 100,000 people in rural areas. Today that stands at only 7.8 branches, according to Reserve Bank of India data.

Even if farmers or small businesses are willing to go through the process of obtaining a bank loan, which includes filling out forms and several visits to the branch, bank officials say they are too focused now on getting cash out to devote time to small loans.

"We can't allocate manpower to scrutinize farm loan documents," said a manager in a rural branch of State Bank of India.

For some analysts, the breakdown in the informal credit sector points to a government that has failed to grasp how the cash economy impacts ordinary Indians.

"It is this lack of understanding and not appreciating the importance of the cash economy in India on the part of the government that has landed the country in such an unwarranted situation today," said Sunil Kumar Sinha, an economist and director of public finance at India Ratings.

8. I-T dept asks IDS declarants to pay tax by Nov 30

PTI

With the last date for payment of tax instalment under IDS drawing close, the Income Tax Department today warned declarants that non—payment of first instalment by November 30 will make declarations invalid.

The Income Disclosure Scheme (IDS), which was open from June to September, provided a one—time opportunity to domestic black money holders to disclose wealth and come clean by paying 45 per cent tax and penalty.

The first instalment of tax of 25 per cent is due to be paid by November end, to be followed by another instalment of 25 per cent by March 31, 2017. The remaining amount will have to be paid to the exchequer by September 30, 2017.

"The first instalment of tax under the IDS is now due...

Non payment of the instalment will render your declaration under IDS 2016 invalid," said the Income Tax Department advertisement.

Under the scheme, as many as 64,275 declarants disclosed an amount of Rs. 65,250 crore. This would yield Rs. 29,362 crore in taxes to the government.

The average declaration per declarant comes to around Rs. 1 crore.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**