



ALL INDIA UNION BANK PENSIONERS AND RETIREES FEDERATION
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Dear Comrades,

1st August , 2017

News of Interest 1st AUG

MOTIVATIONAL QUOTES

“BE FAITHFUL IN SMALL THINGS BECAUSE IT IS IN THEM THAT YOUR STRENGTH LIES. “
MOTHER TERESA

HIGHLIGHTS

1. SBI DOES A FIRST, CUTS SAVINGS RATE TO 3.5% ON DEPOSITS UP TO RS 1 CR
2. DO MEET THE EXTENDED DEADLINE OF AUGUST 5 FOR FILING ITR
3. RBI ASKS BANKS TO ENABLE ACCOUNT NUMBER PORTABILITY
4. RBI SLAPS RS 1 CRORE PENALTIES ON UNION BANK FOR KYC NON-COMPLIANCE
5. MAX INDIA PULLS OUT OF HDFC LIFE MERGER DEAL

Business Standard

1. SBI does a first, cuts savings rate to 3.5% on deposits up to Rs 1 cr

50-bps reduction may prompt others to follow

Abhijit Lele

The country's largest bank—State Bank of India (SBI) — cut interest rate on savings deposits up to Rs 1 crore by 50 basis points (bps) to 3.5 per cent per annum with immediate effect, setting the stage for other banks to follow suit.

Deposits of over Rs 1 crore will continue to earn four per cent interest per annum, SBI said in a statement.

This is the first rate revision in savings deposit rate by SBI after the Reserve Bank of India (RBI) deregulated savings bank deposit interest rate on October 25, 2011.

The rate cut in savings accounts also comes two days ahead of the RBI's monetary policy review on August 2.

Giving the rationale for the decision, Rajnish Kumar, managing director (national banking group), ABI, said low inflation and high real interest rate weighed on the bank to decide on the cut.

"It was a choice between increasing MCLR (marginal cost of funds-based lending rate) or reduce the savings bank rates. A hike in lending rates would have meant an increase in equated monthly instalments (EMIs) for retail, small and medium enterprises, and farm loans. We opted to cut savings rate, helping to maintain MCLR at the existing level," he said.

With 90 per cent of its savings deposits falling under the Rs 1-crore bracket, the bank will end up lowering its annual interest bill by Rs 4,230 crore on its latest savings deposit base of Rs 9.4 lakh crore.

For the current financial year (FY18), this works out to a saving of Rs 2,820 crore for SBI, considering four months have elapsed.

The stock market cheered the bank's decision, as SBI shares closed 4.5 per cent higher at Rs 312 per share on the BSE on Monday.

SBI said it had cut the MCLR or lending rate by 90 bps in January 2017. It did so, on the strength of huge inflows of money into current account and savings deposits, a low-cost liability base after the government demonetised old Rs 500 and Rs 1,000 notes in November 2016.

Of the deposits garnered during the currency purge, about 40 per cent continue to remain with the bank as low-cost funds.

Analysts said the bank has taken this step to protect its net interest margin when income from loans is low due to tepid demand for advances. The surplus liquidity in the system offers room to tweak rates further.

An SBI executive said, "We encourage depositors to switch to fixed deposits, which are less volatile in terms of rates and can benefit from our strong reach, distribution and franchise network." The reduction in rates was also necessary, as it was difficult to maintain MCLR at current levels, the official added.

Asked if the bank would revise both its lending and savings rate if RBI were to cut the key repo rate, an SBI executive said: "The situation is always dynamic and asset liability committee (ALCO) always takes into account the competitive situation in the market. We also have to consider that credit growth is muted."

"The interest rates are showing a softening bias. The bank's ALCO is scheduled to meet in the last week of August," Kumar added.

Two top executives of private sector banks, which offer higher rates on savings deposits, said SBI's decision would set the trend for the banking industry to lower rates. "Other public and private sector banks are expected to follow suit," said an analyst with a domestic brokerage.

SBI caters to a customer base of more than 420 million.

2. Do meet the extended deadline of August 5 for filing ITR

Only those who file it can revise returns, carry forward losses, avoid interest on unpaid taxes

Sanjay Kumar Singh

The income tax (I-T) department has decided to extend the deadline for filing tax returns till Saturday. If you have not filed your returns yet, make the most of this reprieve as there are many advantages of filing on time.

One important benefit is that you can rectify your mistakes, such as certain income not reported, deductions not claimed, etc., by filing a revised return. You can't revise your return if you file it after the due date.

Second, if you file your return late, you lose out on the benefit of being able to carry forward losses eligible for adjustment against future income. "This restriction on timely filing of return, however, is not applicable in cases where there are losses under the head 'income from house property'. Under Section 139(1), such losses can be carried forward even if return is filed after the due date," says Suresh Surana, founder, RSM Astute Consulting Group.

By filing your returns on time, you can also avoid the mandatory interest under Section 234A (for delay in filing return at the rate of one per cent per month). However, this interest charge is not applicable in cases where the entire tax liability has already been paid via tax deducted at source (TDS) or via advance tax.

By filing late, you also lose out on the benefit of a quick refund. According to the finance ministry, 90 per cent of refunds were issued within 60 days and 67 per cent within 30 days of filing the returns in 2016-17. "A prudent taxpayer should file his return within the due date to ensure quick processing and credit of refund," says Surana.

Finally, you also lose out on interest income on tax refund as it will be calculated from the date of filing. "Interest on tax refund from advance tax and TDS is calculated from April 1, and you will lose out on it if you file after the due date," says Archit Gupta, founder and chief executive officer, Clear Tax.

Next, let us turn to the procedure for verifying your returns. "Income tax returns are not considered to be valid until they are verified," says Gupta. Verification must be completed within 120 days of uploading the return.

The taxpayer can verify his return using digitally signed certificate (DSC). Those who don't have a DSC can carry out e-verification via any of the following means: Net banking (see box), Aadhaar OTP, EVC (electronic verification code) on the I-T department's website and via demat and bank account. One more option is the physical route.

To carry out e-verification via Aadhaar, your Aadhaar number and PAN card need to be linked. Go to the e-filing web site of the I-T department. Once your ITR is uploaded, choose the following option: "I would like to generate Aadhaar OTP to e-verify my return". An OTP will be sent to your registered mobile that is valid for 10 minutes. Enter it and select the submit button. You will get a message: Return successfully e-verified. Download the acknowledgement. The EVC is a 10-digit alphanumeric code that can be generated on the e-filing portal and is valid for 72 hours. To generate EVC through the bank account or demat account, these accounts need to be pre-validated.

Finally, there is the physical approach. Download the ITR-V form. Take a printout, sign in blue ink and send it to the address of the central processing centre (CPC) in Bengaluru via ordinary or speed post (not via courier). Once this document is received by the CPC, you will get an acknowledgement via SMS or email.

Financial Express

3. RBI asks banks to enable account number portability

RBI Deputy Governor S S Mundra has asked banks to work towards account number portability as it will be a far-reaching step towards enhancing competition and improving customer service

By: PTI |

Referring to the tenets of the Charter of 'Customer Rights', Mundra asked the lenders and the Indian Banks' Association (IBA) to work towards evolving a common platform. (Reuters)

RBI Deputy Governor S S Mundra has asked banks to work towards account number portability as it will be a far-reaching step towards enhancing competition and improving customer service. Speaking at the annual conference of banking ombudsmen here recently, he said banks should look forward to providing more choices to the new generation of customers who are more technology savvy. "A scenario was thus emerging wherein customers would be able to silently walk out from one institution to another, in case of any dissatisfaction with the services," RBI said in a release today, quoting Mundra.

Mundra said this will be further accentuated with the possibility of portability of accounts and urged the banks to work towards account number portability. Mundra also referred to issue of the rising trend of loss of cheques from drop boxes and the lack of alacrity shown by banks in redressing such complaints.

In such cases, the Deputy Governor suggested that the customer "must be compensated immediately". He asked the banks to look at the the possibility of setting up a common account and compensate the customers immediately from the pool, without waiting for recovery of the amount from insurance.

Referring to the tenets of the Charter of 'Customer Rights', Mundra asked the lenders and the Indian Banks' Association (IBA) to work towards evolving a common platform to provide a comparative and transparent view of various products and services.

Economic Times

4. RBI slaps Rs 1 crore penalty on Union Bank for KYC non-compliance

PTI

The RBI today said it has imposed a penalty of Rs 1 crore on state-owned Union Bank of for "non-compliance" with the directions on Know Your Customer (KYC) norms.

RBI said it had received a complaint regarding "huge cash withdrawals in certain accounts" maintained with Union Bank of India.

The penalty was imposed on July 26.

"This action is based on deficiencies in regulatory compliance and is not intended to pronounce upon the validity of any transaction or agreement entered into by the bank with its customers," the RBI added.

The central bank said it had examined the documents regarding the complaint and notice was issued to the state- owned lender.

The bank was asked to show cause "as to why penalty should not be imposed" for non-compliance with directions issued by the RBI.

The RBI said that after considering the bank's reply, oral submissions, additional information and documents, it concluded that the charge was substantiated and warranted imposition of monetary penalty.

Business Line

5. Max India pulls out of HDFC Life merger deal

PTI

Max India has withdrawn the proposed merger agreement between Max Life and Max Financial Services with HDFC Standard Life Insurance.

"The confidentiality, exclusivity and standstill agreement dated June 17, 2016, entered among the parties is not being extended further. The proposed scheme and the applications filed in this regard with stock exchanges should be kindly treated as withdrawn," Max India said in a BSE filing today.

Earlier this month, HDFC Standard Life Insurance had decided to come out with an IPO, but put on hold its proposed merger with Max Life in absence of regulatory approval.

Last month, Max India was confident of the proposed merger, saying both the parties were committed and "evaluating various options" post Irdai's denial last November to the scheme because of the complex nature of merging an insurance business with a financial entity.

At present, it said, no structure prior to an IPO of HDFC Life has been identified that satisfies shareholders' requirement.

As per the original plan, Max India was supposed to amalgamate Max Life Insurance with Max Financial Services.

Subsequently, the insurance business of the merged entity was to be demerged so that it could be transferred to HDFC Standard Life Insurance Company.

However, the whole scheme did not go down well with the Insurance Regulatory and Development Authority of India (Irdai) as it was in contravention of the Section 35 of the Insurance Act, 1938, that does not allow merger of an insurance business with a non—insurance firm.

The Section 35 of the Insurance Act, 1938, does not allow merger of an insurance firm with a non—life insurance one.

HDFC Standard Life Insurance (HDFC Life) is a joint venture in the ratio of 61.5:35 between India's biggest mortgage lender HDFC Ltd and UK's Standard Life.

Max Financial Services, promoted by the \$2 billion Max Group, is the holding company for Max Life, which is a joint venture with Mitsui Sumitomo Insurance Company. Max Financial owns 68 per cent stake in Max Life and Mitsui Sumitomo 26 per cent.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY