



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. Nitin Desai
President
Ahmedabad
M: 097277 60641

Com. S. Bagchi
Working President
Kolkata
M: 0983081586

Com. N. Govindarajulu
General Secretary
Chennai
M: 09841089111

Dear Comrades,

27th February, 2017

News of Interest 27th FEB

MOTIVATIONAL QUOTES

“{OPPORTUNITY DOES NOT KNOCK, IT PRESENTS ITSELF WHEN YOU BEAT DOWN THE DOOR.”

KYLE CHANDLER

1. PSU BANKS THREATEN TO GO ON STRIKE ON FEB 28
2. HSBC FACES TAX FRAUD PROBE IN INDIA, OTHER COUNTRIES
3. WILL WORKERS RECEIVE 8.65% INTEREST ON PF THIS FISCAL?
4. BANKS STILL LEVYING CARD FEE ON FUEL PURCHASES
5. GOVERNMENT WARNS BANKS OVER NON-ACCEPTANCE OF PMGKY TAX

Business Line

1. PSU banks threaten to go on strike on Feb 28

PTI

Operations at public sector banks may be hit on Tuesday as most unions under the aegis of UFBU have threatened to go on strike to press for various demands, including accountability of top executives in view of mounting bad loans in the banking sector.

Most of the banks, including SBI, PNB and BoB, have already informed their customers that the functioning of branches and offices will be impacted if the strike takes off.

Functioning of private lenders like ICICI Bank, HDFC Bank, Axis Bank and Kotak Mahindra Bank is expected to be normal except for delay in cheque clearances.

The United Forum of Bank Unions (UFBU) is an umbrella body of nine unions, but two of the Bharatiya Mazdoor Sangh affiliates — National Organisation of Bank Workers and National Organisation of Bank Officers — are not part of the stir.

The conciliation meeting before the chief labour commissioner on February 21 had failed to break the logjam as the bank management represented by the Indian Banks Association did not agree to the demands and put conditions, All India Bank Employees' Association (AIBEA) General Secretary C H Venkatachalam told PTI.

All attempts to find a solution to the demands raised by the unions yielded no results and hence, UFBU decided to proceed with the proposed strike on February 28, he said.

Unions are also opposed to the proposed labour reforms of the government and outsourcing of permanent jobs in the banking sector.

Some of the demands include compensation for employees and officers for extra hours of work put in following demonetisation in November and early initiation of process of next wage revision of bank employees.

They have also demanded adequate recruitment in all cadres, stringent measures to recover bad loans and accountability of top executives. Besides, they have pitched for criminal action against wilful defaulters.

UFBU, who claims the membership of nearly 10 lakh across banks, also requested the government for cost reimbursement of demonetisation to banks.

As many as 27 public sector banks control 75 per cent of the total business.

2. HSBC faces tax fraud probe in India, other countries

OUR BUREAU

In a fresh disclosure, British bank HSBC said that it was being investigated by tax and law enforcement agencies around the world, including India, the US, France and Belgium, for alleged tax evasion, money laundering and unlawful cross-border banking solicitation.

The bank has set aside \$773 million to deal with the financial impact of these investigations.

"Various tax administration, regulatory and law enforcement authorities around the world, including in the US, France, Belgium, Argentina and India, are conducting investigations and reviews of HSBC Private Bank (Suisse) SA (HSBC Swiss Private Bank) and other HSBC companies in connection with allegations of tax evasion or tax fraud, money laundering and unlawful cross-border banking solicitation," the bank said in its annual report. "As at December 31, 2016, HSBC has recognized a provision for these various matters in the amount of \$773 million. There are many factors that may affect the range of outcomes, and the resulting financial impact, of these investigations and reviews. Due to uncertainties and limitations of these estimates, the ultimate penalties could differ significantly from the amount provided," it added.

India investigations

In February 2015, Indian tax authorities issued summons and a request for information to an HSBC company in India. In August 2015 and November 2015,

HSBC companies received notices alleging that the Indian tax authority had sufficient evidence to initiate prosecution against HSBC Swiss Private Bank and an HSBC company in Dubai for allegedly abetting tax evasion of four different Indian individuals and/or families.

HSBC Swiss Private Bank and the HSBC company in Dubai have responded to the show-cause notices.

Business Line had earlier reported that a scrutiny report by the RBI on the processes followed by HSBC's India unit had revealed a number of inconsistencies in banking operations, including allowing a decoy customer to open a dubious account.

The RBI had concluded that HSBC may have possibly encouraged Foreign Exchange Management Act (FEMA) breaches by allowing certain customers to bank with offshore private banking locations despite not qualifying for the same.

3. Will workers receive 8.65% interest on PF this fiscal?

SURABHI
ADITI NIGAM

As the fiscal inches closer to the end, the Finance Ministry is yet to give a final stamp of approval to the Labour Ministry's decision to give 8.65 per cent return to workers on their retirement savings in 2016-17.

For over two months, the issue has been volleying back and forth between the Finance Ministry and the Employees' Provident Fund Organisation (EPFO).

Concerned over the disparity in interest rates between the EPFO and other small saving schemes as well as the sustainability of its corpus, the Finance Ministry has asked the EPFO to explain the rationale behind the proposed rate of 8.65 per cent for PF deposits in 2016-17.

When asked, Central Provident Commissioner VP Joy said: "No decision has been taken so far. Consultations with the Finance Ministry are going on at this stage."

Seeks information

However, Joy admitted that the Finance Ministry has sought certain information, including details on inoperative accounts. "We are providing whatever is being asked for," he told *BusinessLine*, adding that he is hopeful that the Finance Ministry will ratify 8.65 per cent interest on EPF for 2016-17.

The return, which is lower than the 8.8 per cent rate for last fiscal, was approved by the EPFO's apex decision making body, the Central Board of Trustees, on December 20, 2016. It has to be ratified by the Finance Ministry before it can be official notified by the Labour Ministry.

"A decision on the proposal will be taken soon. The Finance Ministry has asked the Labour Ministry to respond to our questions relating to the sustainability of the corpus and status of inoperative accounts," said a senior official.

Sources said the Finance Ministry has asked the EPFO for details on the number of operative and inoperative accounts to ascertain how far it can sustain a high interest rate.

The EPF scheme had over 3.76 crore contributing members in 2015-16 with a total corpus of ₹4.01 lakh crore. However, the number of inoperative accounts had swelled up to 9.29 crore with total deposits of ₹40,865.14 crore by March 31, 2016.

Another concern is that a high return on PF deposits can cause a "distortionary impact", especially when other returns are declining. For instance, the comparable Public Provident Fund and General Provident Fund have offered interests of about 8.1 per cent so far this fiscal.

Until recently, the returns in these schemes tended to mimic each other and the EPF and the GPF offered higher returns.

Economic Times

4. Banks still levying card fee on fuel purchases

By Sanjeev Choudhary

Several banks are still imposing the transaction fee on consumers paying by debit card for fuel despite a clear instruction from the government not to do so.

Several inconvenienced customers have written to the oil ministry in the past few weeks regarding this illegal deduction, an oil ministry official said. The ministry is engaged in persuading banks with the help of the finance ministry to reverse these charges, he said.

In order to boost digital payments after demonetisation, the government had said that no bank can levy fuel surcharge or transaction fee on customers paying by debit cards. An RBI order also bars banks from levying the fee on consumers; it directs them to recover it from merchants. But the petrol pump dealers have argued that their margin was too thin to pay for fuel surcharge, which is about 2.5% plus service tax. Therefore, the government clarified that petrol pumps too would not pay the fuel surcharge and left it to oil companies to sort this out with the banks.

The current arrangement allows for the card issuing banks to submit information on daily fuel purchase transactions to oil retailers such as Indian Oil BSE -1.16 %, Bharat Petroleum BSE 0.32 % and Hindustan Petroleum BSE 3.21 % and get compensated. But according to consumers and oil ministry officials, many banks including those from the public and the private sector are still levying fuel surcharge.

The card-issuing banks usually respond to customers query on this by feigning ignorance about the government order or say they are "just keeping it as a buffer just in case the acquirer bank asks for it", according to some customers. The acquirer refers to those banks which provide the point of sales machines at petrol pumps. The machine providers usually charge for their service.

Customers said it was a mammoth task to get banks to reverse these charges. "How long can you keep calling their customer care, where most people would have no ready explanation for this," said a frustrated customer, adding that not everyone would even have the time or patience to write to government officials for this. Digital transactions have sharply risen at petrol pumps since demonetisation. Consumers paid ₹14,000 crore digitally to petrol pumps between November 9 and December 31, according to the oil ministry data. By December end, digital transactions made up nearly 30% of total sales from 10% before the demonetisation.

Financial Express

5. Government warns banks over non-acceptance of PMGKY tax

The government has warned banks of "de-authorisation" of branches if they refuse to accept taxes under the amnesty scheme PMGKY, which ends on March 31

By: [PTI](#)

The government has warned banks of "de-authorisation" of branches if they refuse to accept taxes under the amnesty scheme PMGKY, which ends on March 31. The Finance Ministry, in a communication to heads of banks which are authorised to accept deposits under the Pradhan Mantri Garib Kalyan Yojana (PMGKY), asked them to issue directions to all branches for making necessary changes in their system/software to accept the tax.

"Non-compliance of this order may be viewed seriously and may lead to de-authorisation of that branch in case of refusal to accept taxes," the ministry said.

Post demonetisation, the government came out with PMGKY under which people holding unaccounted cash can deposit them in bank accounts till March 31 by paying 50 per cent tax plus penalty. A quarter of the total sum will have to be parked in a non-interest bearing deposit for four years. The scheme opened on December 1.

There have been complaints that many banks were not accepting payments of tax under PMGKY due to lack of awareness of prescribed challan and certain technical reasons.

Accordingly, the matter was referred to Principal Chief Controller of Accounts, who issued an order directing banks to accept taxes under PMGKY or face action.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY