



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,

23rd January , 2017

NEWS OF INTEREST 23RD JAN

MOTIVATIONAL QUOTES

“NEVER GIVE UP, FOR THAT IS JUST THE PLACE AND TIME THAT THE TIDE WILL TURN”.

HARRIET BEECHER STOWE

- 1. NSDL TO SEEK FINAL RBI GO-AHEAD FOR PAYMENTS BANK**
- 2. COOPERATIVE BANKS BARRED FROM ACCEPTING DEPOSITS UNDER TAX AMNESTY SCHEME**
- 3. BUDGET 2017: INCOME TAX PAYER FRIENDLY BUDGET EXPECTED; ARUN JAITLEY MAY PROVIDE SOPS TO BOOST HOUSING SECTOR**
- 4. CORPORATE RESULTS: IN Q3, EARLY BIRDS FLY IN WITH LOW PROFITS**
- 5. CENTRE PUSHES FOR FINGERPRINT MONEY TRANSACTIONS THROUGH AADHAAR PAY**
- 6. RESTRUCTURED EDUCATION LOANS NOT TO BE TREATED AS NPAS: RBI**
- 7. SME LOAN PORTFOLIO TO WITNESS 15% GROWTH: LVB MD**
- 8. PRINTING COST: ₹3 FOR ₹500 NOTE, ₹3.5 FOR ₹2,000**

Business Standard

1. NSDL to seek final RBI go-ahead for payments bank

The new payments bank will be a separate entity housed within the 20-year-old securities depository

Press Trust of India

The leading depository NSDL on Friday said it will be applying "very soon" for the final licences to launch a payments bank and hopes to roll out the new entity over the next three months.

"We have complied with all the requirements for the final licence and will be making the final application for the payments bank very soon," Managing Director and Chief Executive GV Nageswara Rao told reporters here.

He said the company will adhere to the February deadline for seeking the final nod from the Reserve Bank and hopes to launch the bank in three months from now.

The new payments bank venture will be a separate entity housed within the 20-year-old securities depository and will be led by an independent team starting with a chief executive, Rao said.

The leadership team has been identified and will be announced shortly, he said, but declined to give any further information about the new venture.

Claiming that NSDL, which successfully introduced the dematerialisation of shares in the country, is the true fountainhead of digitisation in the financial world, Rao said the payments bank will continue to leverage on the best technology has to offer.

NSDL are one among 11 entities which have been given an in-principle nod by the RBI to start payments banks with an 18-month window to apply for the final nod.

Three have withdrawn from the race midway, while Airtel has already launched its bank. Others, including SBI- RIL and Vodafone, are at various stages of launching or applying for the final nod.

Rao was speaking on the sidelines of an event to mark the 20th anniversary of NSDL.

Addressing the event, Sebi Chairman UK Sinha flagged cyber security as the biggest challenge for the financial markets in the days ahead. Citing a recent instance of a breach, he asked the depository companies to be more watchful.

2. Cooperative banks barred from accepting deposits under tax amnesty scheme

A move that comes amidst the I-T department uncovering anomalies post demonetisation

Press Trust of India

The government has barred cooperative banks from accepting deposits under the new tax amnesty scheme Pradhan Mantri Garib Kalyan Yojana (PMGKY), a move that comes amidst the Income Tax department uncovering anomalies post demonetisation.

After junking old Rs 500 and Rs 1,000 notes, the Centre had come up with an amnesty scheme for holders of unaccounted cash by asking them to pay 50% tax and parking one-fourth of it in a no-interest bearing four-year deposit.

This deposit could be made with any banks. But now cooperative banks have been barred from accepting such deposits. The PMGKY scheme is open until March 31.

"Application for the deposit in the form of Bonds Ledger Account shall be received by any banking company, other than Co-operative Banks, to which the Banking Regulation Act, 1949, applies," the government said while amending the notification for PMGKY, 2016.

Under the scheme, holders of unaccounted cash willing to avail the offer will have to first pay the tax amount and then fill up a challan form provided by the bank for availing the four-year deposit scheme.

The authorised banks have to electronically furnish the details of deposit to the Revenue Department on the next working day to enable information verification of the deposit before accepting the declaration under the PMGKY.

Full confidentiality of the data would be ensured by the RBI and authorised banks.

The amendment to the notification comes after the I-T department spotted irregularities in deposits of cooperative banks following demonetisation.

The I-T department's investigation revealed that deposits in the books of certain cooperative banks were in excess of the physical holding of the now-defunct 500 and Rs 1,000 rupees currency notes.

Initially, cooperative banks were allowed to take deposits of old currency notes and as per estimates, about Rs 16,000 crore was deposited. But six days into demonetisation, the RBI barred these banks from exchanging old currency notes or accepting deposits.

Financial Express

3. Budget 2017: Income tax payer friendly budget expected; Arun Jaitley may provide sops to boost housing sector

FM may provide tax sops to boost demand in housing sector

Published:

This time Budget will be announced one-month in advance, instead of the traditional practice of declaring it on last day of February. The whole idea of advancing Budget is to complete the spending plans and tax proposals before beginning of the new financial year.

Post-demonetisation, Budget is likely to be taxpayer-friendly. The upcoming budget will slash down the income-tax and corporate tax rates to boost consumption and investment that has been severely hit due to demonetisation.

You may also expect a hike in tax-slabs from R2.5 lakh to R4 lakh for individuals, HUFs, etc., and from R3 lakh to R5 lakh for senior citizens.

The finance minister in his Budget Speech, 2015 has indicated that the rate of corporate tax will be reduced from 30% to 25% over the next four years. Beginning was made in the last Budget wherein the rate of corporate tax has been reduced to 29% for companies having turnover up to R5 crore. Thus, the upcoming Budget is likely to reduce the corporate tax from 30% to 28%. Lower taxes may encourage people to show their real income and discourage generation of black money.

FM may provide tax sops to boost demand in housing sector. Under the existing regime, Section 80C provides for overall deduction of R1.5 lakh for all payments, like principal amount of housing loan, insurance premium, contribution to PF, etc. This upcoming Budget is likely to provide additional deduction for payment of principal amount of housing loan. In the last budget, the government had allowed additional deduction of interest of R50,000 under Section 80EE for new housing loan sanctioned during April 1, 2016 to March 31, 2017. This time-limit is likely to be increased by another one-year.

Equalisation Levy, popularly known as 'Google tax' was introduced to tax digital advertisement services of non-residents. Currently it covers online advertisements and provision of digital advertising space or facilities. This levy is likely to be expanded to tax other transactions like downloading of songs, movies, books, software and online sale of goods or services.

Start-ups are likely to get tax benefits in the upcoming Union Budget, 2017. Currently, start-ups enjoy tax holiday period of three years. That tax holiday period

may be increased from three to seven years to help them meet the cash-crunch in the initial phase.

Recently, the government had announced that rate of presumptive income under Section 44AD will be decreased from 8% to 6% for payment received via digital means for FY 2016-17. It is likely that rate of presumptive income will also be decreased for professionals on similar lines under Section 44ADA.

Post-demonetisation, there might be genuine spurt in turnover of small dealers merely due to acceptance of payments via digital means. They shall have to get their accounts audited if their turnover exceeds R1 crore in FY17. Thus, the government may also increase the turnover limit of tax audit for FY17 from R1 crore to R1.5 crore.

Under the existing regime the tax treatment of NPS (National Pension System) is not on a par with the tax treatment of EPF (Employee Provident Fund) and PPF (Public Provident Fund). Under the existing regime, EPF and PPF have EEE (exempt-exempt-exempt) status. However, the NPS has EET (Exempt-Exempt-Tax) status, i.e, tax will be levied only at the time of withdrawal. This Budget may provide status of EEE to NPS at par with the status of EPF and PPF.

4. Corporate results: In Q3, early birds fly in with low profits

Rising input costs hurt margins n Higher other income boosts bottomline

By: FE Bureau

With prices of raw materials on the rise, corporates are feeling the pinch. Total expenditure for the first lot of companies, that have reported results for the three months to December, jumped 13% year-on-year, the highest in several quarters.

Business does not seem to be too brisk in an economy hurt by demonetisation — net sales at cement maker UltraTech barely grew. Consequently, the ratio of inputs to net sales — for a clutch of 82 firms — has increased 230 basis y-o-y points in Q3FY17. That compares with a rise of just 41 basis points in Q2FY17 and a fall of 740 basis points and 800 basis points in Q1FY16 and Q4FY16, respectively.

The higher expenses have dented operating margins and despite a good rise in other income net profits are up just 5.33%. Had it not been for other income, profits would have stayed flat. This was particularly true for Reliance Industries which reported weaker-than-expected refining margins at \$10.8 per barrel but posted a 33% jump in other income.

Both Tata Consultancy Services (TCS) and Infosys reported a modest set of numbers suggesting the headwinds in the IT sector are strong. The impact of demonetisation was seen in the performance of companies such as Bajaj—which saw a sharp drop in the wholesale channel of 30%. The management sales said of hair oil had dropped 30% y-o-y during first two weeks post demonetisation but had picked up in December. However, Havells reported a healthy growth in top line of 13% y-o-y in a challenging demand environment.

The Havells' management incentivised dealers with trade incentives which cost it 100-150 basis points in terms of margins.

Economic Times

5. Centre pushes for fingerprint money transactions through Aadhaar Pay

Keen to push digital payments among the poor and illiterate in rural areas of the country, the government is pushing to popularise Aadhaar Pay which ensures financial transactions by just using fingerprint.

Aadhaar Pay, which is merchant version of the already in use Aadhaar-enabled payment system (AEPS), will become an alternative for all online and card transactions which require password and PIN.

The app facilitates merchants to take cashless payments from a customer who is only required to give his Aadhaar number, name of the bank (from where the money is to be deducted) and finger print for authentication. Unique Identification Authority of India (UIDAI) CEO AB Pandey said Aadhaar Pay works on any android-based phone, even a low cost one, with an attached finger biometric device.

"This ensures digital transactions which are cardless, PINless... There is no need of smartphone for the customers," he added. In order to popularise the use of Aadhaar Pay among merchants, the government has asked banks to enrol 30-40 merchants per branch so that they are able to take cashless payments from customers.

At present five banks — Andhra Bank, IDFC Bank, IndusInd Bank, State Bank of India and Syndicate Bank — have gone live over Aadhaar Pay and several banks are in the process of launching pilots on the app.

A senior official said the plan is to identify Aadhaar Pay transactions separately and to incentivise merchants for long-term sustainability and scalability of the system. As it needs a biometric device costing about Rs 2,000, the government is also working on an incentive model so that cost of the device is amortised over time and the merchants are encouraged to use it.

Rejecting security concerns over AEPS, the UIDAI CEO said transactions using Aadhaar Pay are much more secure than any other digital mode of transaction, both in terms of technology and process. Besides the merchant using the app being enrolled in the bank and the customer's bank account linked to Aadhaar, he said the biometric data get encrypted leaving little scope for any misuse. "Fingerprints can't be copied as it get encrypted. Even if any merchant or customer tries to misuse the fingerprints, he will be caught immediately as the location of merchants using the app is known to the bank," he explained.

The AEPS platform, launched in December 2012, enabled people to carry out banking transactions over hand-held devices (micro ATM) using the Aadhaar number and fingerprints. The Andhra Pradesh government has launched cashless payments at most of the price shops (FPS) and Gujarat, in partnership with CSC e-governance, has launched cashless payments using AEPS platform at over 3,000 fair price shops.

6. Restructured education loans not to be treated as NPAs: RBI

By PT

In order to encourage banks to provide education loans, RBI has said rescheduling of payment period of such loans due to unemployment of borrower will not be treated as restructured accounts for computing NPAs.

Banks may allow up to three spells of moratorium (not exceeding 6 months each) during life cycle of education loan, taking into account spells of unemployment/underemployment, "without treating the exercise as restructuring", RBI said in a letter to the Indian Banks' Association (IBA).

However, banks would be required to maintain a higher provisioning of 5 per cent during the additional moratorium period and one year thereafter.

The RBI's response was on a clarification sought by the IBA whether the education loans with extended repayment period be treated as restructured loans.

"The facility of extended repayment period and increased number of moratorium for repayment may be extended to existing borrowers whose accounts are classified as 'standard'. " said the Reserve Bank of India.

As per RBI's Master Circular of July 2015, accounts that are restructured from April 2015 will attract higher provisioning and will be classified as NPA.

In 2013, the Department of Financial Services (DFS) had notified that if the repayments in education loans are extended due to revision in the repayment period, the same may not be treated as restructuring.

IBA had written to RBI to confirm that the notification of DFS of 2013 "holds good even now" and that banks need not treat such extended repayment period of education loans as restructuring.

IBA said the relaxation in repayment of loans is needed as "it may so happen that a borrower fails to get a good income or a job if the market has a slow-down".

On the other hand, it said, the student may not get a job, due to macroeconomic conditions, which may result in default and spoils the credit score of both the student and his parents who are usually co-borrowers.

Business Line

7. SME loan portfolio to witness 15% growth: LVB MD

OUR BUREAU

Lakshmi Vilas Bank would continue to focus on the retail and SME segment, its Chief Executive and Managing Director Parthasarathi Mukherjee said.

Speaking to reporters after inaugurating the 2-day SME Expo now underway at Suguna Kalyana Madapam in Coimbatore, he said that the 90-year-old institution has identified SME and retail as its DNA, and would therefore continue to focus on these segments.

"However, going forward, the bank would offer these in digital channels as well to add further impetus to the business," he added.

He conceded that the SME segment's growth remained reasonably flat during the third quarter of the current fiscal. "Our initial expectations were a robust growth. But we will now be comfortable even if the present growth momentum is sustained. We are targeting a 15 per cent growth," he said in reply to a question.

The bank added SME credit of Rs 2,500 crore to Rs 3,000 crore to its loan book during the last fiscal of which the loans to the MSME segment alone is said to have accounted for Rs 1,500 crore.

To yet another query on SMEs complaint about inadequate finance support from banks in general, Mukherjee said "I deal with public money; so will have to take care that I get the money back. We have been selective in lending. Again, I am not in the race; am looking at quality loan book rather than large-sized book."

On capital, he said that the bank raised Rs 168 crore at the close of the just ended calendar year. "We are comfortably placed for the next 15 to 18 months. Nevertheless, we will continue to look at quality investors to engage them."

8. Printing cost: ₹3 for ₹500 note, ₹3.5 for ₹2,000

SURABHI

It costs ₹3.09 to print a new ₹500 note, and ₹3.54 for the ₹2,000 note, according to Bharatiya Reserve Bank Note Mudran Pvt Ltd (BRBNMPL).

Responding to a November 25 query filed by *BusinessLine* under the Right to Information Act, the Bengaluru-based company said: "The selling price of the new design bank notes printed by BRBNMPL for 2016-17 is ₹3,090 per thousand pieces for ₹500 and ₹3,540 per thousand pieces for ₹2,000."

The BRBNMPL is a subsidiary of the RBI and prints currency notes on its behalf at two presses, in Mysore and Salboni, West Bengal. These are then bought by the central bank and circulated in the market. The present capacity of both the presses is 16 billion notes a year on a two-shift basis, according to its website.

It, however, did not share details on the number of such notes printed by the RBI as it "falls under the ambit of Section 8(1) (a) of the RTI Act" and is exempt. As a result, the cumulative cost of printing the new notes was not available. Earlier, in response to the same RTI, the RBI had said it does not know the cost of printing the new notes and that its other printing press, the Security Printing and Minting Corporation of India, which is printing the new ₹500 notes, had not worked out the cost.

According to the RBI's latest weekly statistical supplement, ₹9.26 lakh crore of currency was in circulation as of January 20 as against ₹17.74 lakh crore on November 4.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)
GENERAL SECRETARY**