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Dear Comrades,

28th March , 2017

News of Interest 28th MAR

Motivational Quotes

“You can't cross the sea merely by standing and staring at the water. “

Rabindranath Tagore

Highlights

1. AADHAR CAN'T BE MADE MANDATORY FOR SOCIAL WELFARE SCHEMES, SAYS SC
2. RBI LIKELY TO GO FOR STATUS QUO AT APRIL REVIEW: ANALYSTS
3. INCOME TAX RETURNS: FROM NPS, HEALTH TO SECTION 80C, HERE ARE TOP 5 LAST-MINUTE TAX SAVING INVESTMENT OPTIONS
4. SUPREME COURT REJECTS BANK'S PLEA FOR EXCHANGE OF RS 371 CR SCRAPPED CURRENCY
5. KARNATAKA BANK INSTALLS 10,000 POS TERMINALS 3 YEARS AHEAD OF SCHEDULE
6. KVB BAGS 'BEST SMALL BANK' AWARD
7. GOVT KICKS OFF LISTING PROCESS OF GIC, NEW INDIA ASSURANCE

Business Standard

1. Aadhaar can't be made mandatory for social welfare schemes, says SC

Bench observed that government can make scheme compulsory for services like opening of bank accounts

MJ Antony & PTI

The Supreme Court clarified on Monday that the Aadhaar card cannot be made mandatory for welfare schemes, reiterating its stand on the issue for the past two years.

The Bench, presided over by Chief Justice J S Khehar, observed that the government can make the scheme compulsory for other services like opening of bank accounts or

filing income tax returns. He made these observations when some petitioners who had challenged the scheme wanted an early hearing of their cases. Their main objection is that information collected in the card was available to third persons, and they might misuse them. It was against the right to privacy. Senior counsel Shyam Divan also pointed out that it was being enforced in all sectors and this might even amount to contempt of court.

The Bench also said a seven-judge Bench needed to be constituted for authoritatively deciding a batch of petitions challenging the Aadhaar scheme on grounds, including that it infringes on the Right to Privacy of citizens.

Delinking act

The apex court on August 11, 2015, had said Aadhaar card will not be mandatory for availing benefits of govt's welfare schemes

On October 15, 2015, however, it had lifted its earlier restriction and permitted the voluntary use of Aadhaar cards in welfare schemes

Recently, the govt had linked Mid-Day Meal Scheme with Aadhaar

The Bench also said a seven-judge Bench needed to be constituted for authoritatively deciding a batch of petitions challenging the Aadhaar scheme

It, however, expressed inability in setting up of the seven-judge Bench saying it would be decided at a later stage.

The apex court on August 11, 2015 had said that Aadhaar card will not be mandatory for availing benefits of government's welfare schemes and barred the authorities from sharing personal biometric data collected for enrolment under the scheme. However, on October 15, 2015, it had lifted its earlier restriction and permitted the voluntary use of Aadhaar cards in welfare schemes that also included MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act), all pension schemes and the provident fund besides ambitious flagship programmes like 'Pradhan Mantri Jan-Dhan Yojana' of the National Democratic Alliance government. A five-judge Bench, headed by then Chief Justice H L Dattu, had also put a caveat in its interim order for the Centre and said, "We also make it clear that Aadhaar card scheme is purely voluntary and not mandatory till the matter is finally decided by this court, this way or the other way."

2. RBI likely to go for status quo at April review: Analysts

As against a RBI target of 5%, the CPI inflation for March came in at 3.7 per cent in February

Press Trust of India

The Reserve Bank is likely to opt for status quo despite the March 2017 inflation number being much below the targeted level at next month's policy review, analysts said today.

"Although the CPI inflation is likely to significantly undershoot the March 2017 target, we do not expect a repo rate cut in the upcoming policy review in April 2017, with the Monetary Policy Committee firmly focused on the medium term target of 4 per cent," rating agency Icmra's managing director Naresh Takkar said.

Apart from the challenge of getting inflation down to 4 per cent which was flagged by Governor Urjit Patel at the last review, one of the biggest factors influencing the analysts seems to be the shift in the policy stance to neutral.

"The RBI surprised with a shift to a neutral stance in February. Rates will remain on hold at April's review," analysts at Singaporean lender DBS said.

As against a RBI target of 5 per cent, the CPI inflation for March came in at 3.7 per cent in February. It, however, is expected to rise further.

The medium term target for the RBI is to get inflation down to 4 per cent level.

Icra said it expects the CPI number to rise up to 4.5 per cent for March, as the favourable base continues to fade.

However, the agency's call of a status quo is driven by "greater emphasis on bringing inflation in a durable manner to 4 per cent".

DBS also said for the first time, the wholesale price based inflation has raced past the CPI and added that food inflation will be the most important aspect to watch out for.

The bank said also said the excess liquidity in the system is also a problem that needs to be addressed, but Icra said it does not see a tweaking in the cash reserve ratio.

"Policy rates have bottomed-out and are likely to be held steady in the year ahead. The next move is likely to be a hike rather than a cut," Icra said.

Financial Express

3. Income tax returns: From NPS, health to Section 80C, here are top 5 last-minute tax saving investment options

WITH just four days left for the financial year to end, those who have not yet done their tax-planning should look at a few tax-saving investment options

By: [Saikat Neogi](#)

WITH just four days left for the financial year to end, those who have not yet done their tax-planning should look at a few tax-saving investment options. Under the Income Tax Act, there are deductions from one's gross total income which can help an individual reduce his tax burden.

Investments under Section 80C

Section 80C of the Income-Tax Act entitles an individual to certain deductions from the gross total income, up to a maximum limit of R1.5 lakh. Investments in Public Provident Fund, 5-year post office national savings certificates, employee's contribution to provident fund, equity-linked savings scheme of mutual fund, five-year fixed deposits in banks or post office and premiums paid for life insurance products all come under the purview of Section 80C. Moreover, repayment of principal of housing loan and tuition fees for two children can be deducted from one's income under Section 80C.

Investment in NPS

Investment in National Pension System (NPS) is ideal for creating a nest egg. The money is invested in equity (index funds), corporate debt and government securities. For equity exposure in life cycle fund, the subscriber has the option of investing up to 25% (conservative), 50% (moderate) and 75% (aggressive). After the subscriber turns 35, the allocation to equity will gradually go down and will increase in debt paper. Tax exemption is allowed for up to R50,000 in a year under Section 80CCD,

which is over and above the benefit available on Rs 1.5 lakh under Section 80C. Under Section 80CCD(2), employer's contribution up to 10% of basic plus DA is eligible for deduction. Employer's contribution is an additional deduction as it is not part of the Rs 1.5 lakh allowed under Section 80C. So it is also beneficial for the employer as it can claim tax benefit for its contribution by showing it as business expense in the profit and loss account.

Health insurance premium

Under Section 80D, medical insurance premium of up to Rs 25,000 paid for self, spouse and children will qualify for deduction. To claim deduction, the premium has to be paid by any mode other than cash and the insurer has to be approved by the Insurance Regulatory and Development Authority of India (IRDAI). One can also claim deduction of up to Rs 5,000 for preventive health check-up of self, spouse, dependent children or parents.

Housing loan

Though not a last-minute tax-saving option, under Section 24 of the Income-Tax Act, up to Rs 2 lakh can be deducted from taxable income as interest repayment for a self-occupied house. However, this deduction is not available if the house is still under construction or if an individual has not taken possession. Also, under Section 80EE, payment of interest on home loan is available for deduction up to Rs 50,000 per annum provided the loan has been taken between April 1, 2016 and March 31, 2017. The loan amount has to be below Rs 35 lakh and the value of the house not over Rs 50 lakh.

Education loan

On education loan, an individual can claim deductions on the entire interest amount under Section 80E. The deduction on the interest paid can be claimed for self, spouse and children. One can claim the benefit for eight years in a row, beginning from the year when the interest payment starts. Parents can even claim deduction for interest paid on educational loans taken for higher studies if the child is studying abroad.

Economic Times

4. Supreme Court rejects bank's plea for exchange of Rs 371 cr scrapped currency

By PTI

The Supreme Court today dismissed the plea of Nashik District Central Cooperative Bank Ltd seeking quashing of the RBI letter barring it from exchanging Rs 371 crore it had deposited in demonetised currency.

A bench headed by Chief Justice J S Khehar dismissed the plea of the bank which said that barring of the exchange before March 31 will lead to closure of 281 branches in Nashik district.

"We have to shut down if we do not have liquidity ratio as was mandated by the Reserve Bank of India. To maintain the ratio, Rs 371 crore need to be exchanged with the central bank," senior advocate Rajeev Dhavan, appearing for the cooperative bank, said.

He said that the RBI letter which barred the bank from exchanging the demonetised currency deposited with it by customers between November 8 and November 14, 2016, should be quashed.

Dhavan said that NABARD has inspected the details of the bank deposits and to have certain liquidity ratio, the amount of demonetised currency needs to be exchanged with the RBI.

"The closure of branches of the bank will lead to serious issues as it deals mostly with agriculture loans given to farmers," he said.

Meanwhile, in another case, the apex court has also rejected the petition filed by a firm Ranu Enterprises Ltd which has been declared as a non-performing asset (NPA) to deposit Rs 10 crore in demonetised currency.

The company had sought a direction for the RBI to permit deposit of money in old currency notes.

We find no ground to entertain the instant petition under Article 32 of the Constitution of India. The writ petition is accordingly dismissed," the bench said while also disposing of the pending interim applications of the company.

Business Line

5. Karnataka Bank installs 10,000 PoS terminals 3 years ahead of schedule

OUR BUREAU

The demonetisation of specified bank notes in November and the thrust on migration to digital channels for transactions seem to have helped Karnataka Bank reach its target for installing point-of-sale (PoS) terminals three years in advance.

Post-demonetisation, the number of PoS terminals of the bank increased by 5,500 across the country. As on March 27, the bank had installed a total of 10,000 PoS terminals at merchant establishments in the country.

The bank has been offering PoS services since 2011. This service enables merchant establishments accept card payments. P Jayarama Bhat, Managing Director and Chief Executive Officer of the bank, said that the bank had installed around 4,500 PoS terminals at merchant establishments prior to demonetisation. However, the bank added nearly 5,500 PoS terminals in the last five months. He said the bank has crossed the target set by the Finance Ministry on installation of PoS terminals.

One of the reasons for this achievement is demonetisation and migration towards digital channels of payment, he said.

"Reaching the 10,000 PoS mark is a very satisfactory feeling, which also amounts to fulfilling one of the goals set under 'KBL Vision 2020'," Bhat said.

The Chief General Manager of the bank, Mahabaleshwara MS, told *Business Line* that the 'KBL Vision 2020' document had set a target of installing 10,000 PoS terminals by 2020.

"We achieved that target by March 2017 itself. Having reached that, now we are aiming for 20,020 PoS installations by 2020," he said.

PoS terminals across the banking industry get four hits a day on an average. However, the PoS terminals of Karnataka Bank get around nine hits a day, Mahabaleshwara said.

The bank is also providing 'PoS Manager', an Android mobile app, to help merchants monitor and keep track of their transactions, besides providing an interface with the bank and the service provider for further information, he added.

6. KVB bags 'best small bank' award

OUR BUREAU

Karur Vysya Bank has been adjudged the 'Best Small Bank for 2016' (balance sheet size of less than ₹1-lakh crore).

K Venkataraman, Managing Director, KVB, received the award from Sudhir Munguntivar, Minister of Finance and Planning, Government of Maharashtra, at a function in Mumbai. This is the eighth award won by KVB in the current fiscal.

7. Govt kicks off listing process of GIC, New India Assurance

SURABHI

Moving ahead with plans to list State-owned general insurers, the Finance Ministry has sought bids from merchant bankers to manage the listing of General Insurance Corporation of India (GIC) and New India Assurance Company (NIA).

Though it has not decided the quantum of stake it would sell in each of the insurers through the initial public offer (IPO), sources said it was likely to be about 10 per cent each.

The Department of Investment and Public Asset Management (DIPAM) on Monday floated request for proposals (RFPs) for appointing book running lead managers (BRLMs) for the IPO of the two insurers.

Both firms are fully owned by the Government of India.

"The size of the IPO, and the structure, shall be decided by NIA in consultation with the selected BRLMs, legal advisers, and subject to regulatory requirements," it said, adding that the deadline for submitting bids is April 19. The appointment is likely to be made by the end of next month.

Announcing a similar strategy for the GIC listing, DIPAM said all bids should be submitted by April 18.

A part of the share sale will also be reserved for employees of the two insurers. Eligible employees and retail investors are also expected to be offered shares at a discount in the IPO.

Depending on market conditions, the government plans to list the two insurers in the first half of the fiscal.

Finance Minister Arun Jaitley had in Union Budget 2016-17 proposed listing all five public sector general insurers — GIC, NIA, United India Insurance, Oriental Insurance and National Insurance — to improve transparency in their functioning.

In January this year, the Cabinet Committee on Economic Affairs had approved the proposal and in line with market regulator SEBI's listing requirements, it had said the shareholding of these public sector general insurers "will be divested from 100 per cent to 75 per cent in one or more tranches over a period of time."

Budget estimates

Of the ₹72,500 crore estimated from disinvestment in the 2017-18 Budget, the government expects about ₹11,000 crore to come from the listing of these general insurers.

The five general insurers were set up during the 1970s after then government's decision on nationalization.

Incorporated in 1972, GIC has authorized share capital of ₹1,000 crore and paid-up share capital of ₹430 crore. It's had a net worth of ₹38,281 crore as on March 31, 2016.

Founded in 1919, NIA, as on March 31, 2016, had authorized and paid-up capital of ₹300 crore and ₹200 crore, respectively. Its net worth stands at ₹28,895 crore.

With kind regards,

Yours Comradely,



(N. GOVINDRAJULU)
GENERAL SECRETARY