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Dear Comrades,

28 th December , 2018

## News of Interest 28<sup>th</sup> DEC

### MOTIVATIONAL QUOTES

“THE WILL TO SUCCEED IS IMPORTANT, BUT WHAT'S MORE IMPORTANT IS THE WILL TO PREPARE” - BOBBY KNIGHT

### HIGHLIGHTS

1. PAID MATERNITY LEAVE: FINMIN RAISES QUESTIONS OVER LABOUR MINISTRY'S MOVE
2. GOVT PLANS FINANCIAL PACKAGE FOR FARMERS; STEP COULD COST OVER RS 600 BN
3. 5 FINANCIAL TASKS YOU MUST NOT FORGET TO COMPLETE BEFORE DECEMBER 31
4. RBI SAYS IT PREFERS TO KEEP LIQUIDITY IN 'SLIGHT DEFICIT'
5. GOVT TO INFUSE RS 28,615 CR IN 7 PSBS SOON

### Business Standard

#### 1. Paid maternity leave: FinMin raises questions over labour ministry's move

After complaints that the new law may impact employment of women, the govt has framed a scheme to provide monetary incentive to companies

Somesh Jha

The finance ministry has raised questions over the labour ministry's move to seek Rs 4 billion annually towards providing subsidies to companies for passing on maternity benefits to workers.

“The finance ministry has asked the labour ministry about the need to frame such a scheme. The move to increase the maternity benefit leave was approved by the Parliament for welfare of women employees and its impact

on the industry needs to be examined carefully,” said a senior government official, requesting anonymity.

The labour ministry has sent the contours of an incentive scheme for companies that provide 26 weeks’ maternity benefit to their women workers, in line with the Maternity Benefit (Amendment) Act, 2017.

In March 2017, Parliament passed a law to increase the paid maternity leave to women from 12 weeks to 26 weeks, aimed to benefit 1.8 million workers in the organised sector. The law applies to all establishments employing 10 or more people, and the entitlement applies only up to the first two children.

But after receiving complaints from a section of the industry that the new law may impact employment of women, the government has framed a scheme to provide monetary incentive to companies.

In September this year, Labour and Employment Minister Santosh Kumar Gangwar said that “women employment is not increasing” because of the new law which took India to the third position in terms of the number of weeks for maternity leave, following Canada and Norway, where it is 50 weeks and 44 weeks, respectively.

In the proposed scheme sent to the finance ministry for approval, the labour ministry has said the incentive scheme will be applicable to women employees who are members of the Employees’ Provident Fund Organisation (EPFO) and earning less than Rs 15,000 a month. Also, the workers should have been working in an organisation for at least a year and should not be covered under the schemes run by Employees’ State Insurance Corporation (ESIC).

The scheme is proposed to be administered by EPFO, according to the labour ministry’s proposal.

In an official statement issued last month, the labour ministry said that the new law is not proving to be good in private sector, especially contractual jobs.

“There is also a wide perception that private entities are not encouraging women employees because if they are employed, they may have to provide maternity benefit to them, particularly 26 weeks of paid holiday,” the ministry had stated, adding that it received several representations on how the extended maternity leave has become a deterrent for female employees “who are asked to quit or retrenched on flimsy grounds.”

### **At the heart of the matter**

- In 2017, India increased the paid maternity leave to women from 12 weeks to 26 weeks
- A section of the industry said the law may hurt women’s employment
- The govt then came up with a scheme to reimburse firms for the increased leave

## **2. Govt plans financial package for farmers; step could cost over Rs 600 bn**

Free crop insurance and tweaking the credit schemes are also being considered as part of the relief measures

Sanjeeb Mukherjee & Arup Roychoudhury

With the 2019 Lok Sabha elections in mind, the government is looking at a sort of income support scheme for farmers, along with tweaking some existing programmes, to make them more beneficial and improve their acceptability among growers.

On account of this, the exchequer could take a hit of Rs 600-700 billion a year and the finance ministry is looking at options to share the burden with states, officials said. Free crop insurance and tweaking the credit schemes are also being considered as part of the measures.

The Central government is under pressure to do something for farmers, following the ruling BJP's defeat in three big states of Madhya Pradesh, Rajasthan and Chhattisgarh. An option to incorporate income support schemes into the ongoing umbrella programme PM-ASHAA could be considered.

Officials in the know said hectic parleys had been held on the broad contours of the proposals in the past few days among Prime Minister Narendra Modi, Finance Minister Arun Jaitley, Agriculture Minister Radha Mohan Singh and senior bureaucrats of the ministries concerned along with the new chief economic advisor, Krishnamurthy Subramanian. Some sort of consensus seems to be building towards following the Telangana model of "Rythu Bandhu" nationally but on a scaled-down version in the initial stages, targeting the most marginal farmers, initially those owning land.

Telangana Chief Minister K Chandrasekhar Rao, who pioneered the Rythu Bandhu scheme, met Prime Minister Modi recently and explained the finer points of the scheme to him. Of late, Odisha, along with BJP-ruled Jharkhand, had announced their own income-support schemes on a per-acre and per-family basis, on the lines of Rythu Bandhu.

Officials said rough estimates showed 90-110 million extremely small and marginal farmers, largely those who owned land, could be targeted nationally. However, before the national roll-out, the first phase could be started in the form of pilot in select districts.

Tenant farmers who are not part of the parent scheme could get into it at a later stage.

Officials, however, have strongly discounted any proposal of a blanket nationwide loan waiver for farmers as being demanded by the Congress on the grounds that it isn't on the agenda of the government.

They say the Prime Minister's Office (PMO) is exploring two timelines: Either to announce a package in the upcoming 2019-20 budget, to be presented on February 1, or announce something before that after the Winter Session of Parliament ends.

A number of officials are learnt to have advised the PMO to announce a package in the next three weeks.

Currently, under the flagship Pradhan Mantri Fasal Bima Yojana (PMFBY), farmers are charged a premium at the uniform rate of 2 per cent for all Kharif crops, 1.5 per cent for all Rabi crops, and 5 per cent for commercial and horticulture crops.

### **Telangana model**

- To prevent farmers from falling into a debt trap, Telangana govt started the agriculture investment support scheme 'Rythu Bandhu' on May 10
- Under the scheme, a grant of Rs 4,000 per acre is given to eligible farmers in each season (kharif and rabi) for purchase of inputs like seeds, fertilisers, pesticides, and labour as investment support
- Estimates show that 5.9 million farmers are covered under the initiative, and the total burden on the exchequer is around Rs 120 billion
- Main criticism of the scheme is that around 1.5 million tenant farmers aren't covered under it. Besides, experts say it remains to be seen whether direct income support compensates for fall in prices

"Even this could be waived to make insurance free for farmers," a senior official privy to the discussions said.

That apart, officials said another proposal being considered was expanding the ambit of short-term crop loans so that more farmers were encouraged to join the formal credit structure. Mandi receipts could be accepted as valid documents for small loans.

"The finance ministry is working on permutations and combinations as to whether the expenditure (Rs 600-700 billion) would be shared in the ratio of 70:30 between the Central government and states, or 60:40 or 50:50 as is the case with various existing programmes," the senior official commented.

Officials of other ministries said several drawbacks of the scheme had been pointed out and the highest authorities were considering them.

Meanwhile, critics say simply adopting the direct income support scheme nationally will not solve all the problems of the agriculture sector and there should be state- and crop-specific solutions.

"If the onion price crashes to Rs 1 per kg, what can a direct income support scheme like Rythu Bandhu do?" asked former agriculture secretary Shiraz Hussain.

### **Financial Express**

#### **3. 5 financial tasks you must not forget to complete before December 31**

By: [Amitava Chakrabarty](#) | Published: December 27, 2018 11:08 PM

With the end of the year 2018 on December 31, the deadlines for compliance of various activities, which you have to do, will also end.

There are 5 financial tasks which need to be completed latest by December 31, 2018.

With the end of the year 2018 on December 31, the deadlines for compliance of various activities, which you have to do, will also end.

Although there may be many things to do before the start of the New Year, there are 5 financial tasks which need to be completed latest by December 31, 2018, if you don't want to get in any trouble and also want to make the most of them. Here they go:

### **1. Replacing magnetic stripe cards with EMV chip cards**

If you are using a magnetic stripe-based debit or credit card, you need to hurry up and get your cards replaced with EMV Chip Cards by December 31, 2018. As per the Reserve Bank of India, your card /cards may get blocked by your bank once the deadline gets over, and you won't be able to use them until they get updated. Although, to meet the deadline for replacements of the cards, some banks have started sending the EMV Chip-based debit cards to their customers without waiting for their requests, but you have to make sure that your present address is there with the banks to receive the cards. There will be no problem if the address is updated, otherwise you have to update it urgently either through net banking or by visiting the bank branch.

### **2. Replacement of non-CTS cheque books**

Like magnetic stripe-based cards, non-CTS cheque books will also become redundant after December 31. So, to ensure that the cheques issued after the deadline don't get bounced, you have to get the CTS cheque books issued before December 31. As the Cheque Truncation System (CTS) eliminates the need to physically move the cheques for clearing purposes and thereby the associated cost or time required for their collection, the Reserve Bank of India (RBI) wants banks to discontinue the processing of time-taking non-CTS cheques from January 1, 2019. So, you have to hurry up and get a CTS cheque book issued before the deadline.

### **3. File ITR before Dec 31 or pay double late fee**

If you have missed the July 31 due date as well as the extended due date of August 31 to file your income tax return (ITR), you may file it till December 31 with a late fee of Rs 5,000 (Rs 1,000 for assesees having taxable income of less than Rs 5 lakh), else you have to cough up Rs 10,000 as late fee till March 31. In case you don't want to pay double late fee or face actions of non-filing of ITR, better to file it before the December 31 deadline.

### **4. Get home loan with zero processing fee from SBI**

If you are planning to buy a home, you may become a homeowner with the SBI home loan before the end of the year without paying any processing fee. So, you may save a few thousand rupees and add more zing to your New Year celebrations by accepting the zero processing fee offer from SBI, which is valid till December 31, 2018.

### **5. Buying pre-GST goods**

As the extended deadline to clear pre-GST goods will end on December 31, there will be a rush to clear the stockpile. There may be a good chance to grab pre-GST goods at a discounted rate as such goods can't be sold after the deadline.

#### **4. RBI says it prefers to keep liquidity in 'slight deficit'**

ET Bureau |

MUMBAI: Reserve Bank of India (RBI) governor Shaktikanta Das told some executives of private lenders on Thursday that the central bank would rather prefer to keep liquidity in a 'slight deficit' mode, but was open to intervening whenever there was a crunch, two people familiar with the discussions said.

"RBI heard our concerns but indicated that keeping liquidity in slight deficit is appropriate for the system and that it will deal with the issue," a banker who attended Thursday's meeting told ET on the condition of anonymity.

Leaders of private banks expressed concerns over liquidity deficit at their first meeting with the new governor amid apprehensions that the absence of better cash flows could dent credit growth in the fourth quarter.

The inter-bank system has been facing a liquidity deficit for the 11th consecutive month with the deficit now widening to around Rs 1.80 lakh crore from Rs 84,737 crore during the week ended December 14. The discussions on Thursday ranged from the impact of the NBFC crisis on banks to credit flow to SMEs and whether the private investment climate was on the mend. The governor wanted to know if there was any liquidity strain in the banking system.

The meeting was attended by more than a dozen chief executives, including Aditya Puri of HDFC Bank NSE -0.82 %, Uday Kotak of Kotak Mahindra Bank NSE -0.63 %, Shikha Sharma of Axis Bank NSE -0.31 % and Sandeep Bakhshi of ICICI Bank NSE -0.06 %. The meeting went on for an hour and a half.

It was the new governor's third meeting with bankers after taking over earlier this month. Sources said that the issue of transmission of repo rate cuts was also discussed. On the two previous occasions, Das held discussions with public sector banks.

"It was a routine meeting," an RBI official said, on the condition of anonymity.

Das assured bankers that the central bank would objectively look at the issues being discussed. His predecessor Urjit Patel was sometimes criticised for his lack of communication with important stakeholders in the financial community.

"The RBI governor's body language was nice and (he) sounded very positive," said a banker who attended the meeting. "It was a generic conversation on a whole host of issues that included the liquidity situation and the impact of the NBFC issue on banking."

RBI infused Rs 15,000 crore in the system Thursday through its open market purchase of government bonds, completing the targeted Rs 50,000-crore infusion this month, which was revised upward from Rs 40,000 crore. This was the fourth such operation since the bimonthly policy statement on December 5.

The central bank plans to inject another Rs 50,000 crore in January through the same route to meet the liquidity demand.

#### **Business Line**

#### **5. Govt to infuse Rs 28,615 cr in 7 PSBs soon**

[PTI](#)

Recapitalisation will enhance the lending capacity of PSBs and help them come out of RBI's Prompt Corrective Action framework

The government is likely to infuse Rs 28,615 crore into seven public sector banks (PSBs) through recapitalisation bonds by the end of this month, sources said on Thursday.

The amount infused will help the banks meet regulatory capital requirement, and its disbursement might take place before December 31, sources said.

Out of these seven PSBs, Bank of India is likely to get the highest amount of Rs 10,086 crore, followed by Oriental Bank of Commerce, which might get Rs 5,500 crore through recapitalisation bonds, sources added.

Other banks that are likely to receive capital infusion in this round included Bank of Maharashtra which may get Rs 4,498 crore, UCO Bank (Rs 3,056 crore) and United Bank of India (Rs 2,159 crore).

The government had earlier announced an infusion of Rs 65,000 crore in PSBs in 2018-19, of which Rs 23,000 crore has already been disbursed, while Rs 42,000 crore is remaining.

Earlier this month, Finance Minister Arun Jaitley said the government would put an additional Rs 41,000 crore in PSBs over and above what was announced earlier.

On December 20, the government sought Parliament's approval for infusion of an additional Rs 41,000 crore.

The recapitalisation, the finance minister said, would enhance the lending capacity of PSBs and help them come out of the Reserve Bank of India's Prompt Corrective Action (PCA) framework.

Eleven out of the total 21 PSBs are under the RBI's PCA framework, which imposes lending restrictions on weak banks.

These are Allahabad Bank, United Bank of India, Corporation Bank, IDBI Bank, UCO Bank, Bank of India, Central Bank of India, Indian Overseas Bank, Oriental Bank of Commerce, Dena Bank and Bank of Maharashtra.

With kind regards,

Yours Comradely,



**( N. GOVINDRAJULU )  
GENERAL SECRETARY**