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**Dear Comrades,**

**18 th July , 2016**

**News of Interest 18th July**

**QUOTE OF THE DAY**

**“PEOPLE MAY HEAR YOUR WORDS, BUT THEY FEEL YOUR ATTITUDE”**

**. JOHN C. MAXWELL**

- 1. BANKS CAN'T GET 'BLANKET RELIEF' FROM CBI, CVC ACTIONS: RAGHURAM RAJAN**
- 2. NO 'IMMEDIATE PLANS' TO WRITE TELL-ALL MEMOIR**
- 3. ADB SAYS DEVELOPING ASIAN ECONOMIES TO GROW 5.6 % IN 2016**
- 4. HDFC MASALA BONDS ISSUE TO PAVE WAY FOR OTHERS: NOMURA**
- 5. AS GOLD REGAINS SHEEN, MUTHOOT FINCORP EYES 25% JUMP IN VOLUME**
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- 7. PUNJAB & SIND BANK PAYS RS 53 CRORE DIVIDEND TO GOVERNMENT**

**Business Standard**

### **1. Banks can't get 'blanket relief' from CBI, CVC actions: Raghuram Rajan**

Banks have sought immunity from 'unnecessary oversight' from agencies on decisions related to loans

Press Trust of India

Amid clamour among bankers for immunity from action by agencies like Central Bureau of Investigation (CBI) and Central Vigilance Commission (CVC), Reserve Bank Governor Raghuram Rajan has disapproved “blanket relief” but wants the decisions on loans given after appropriate due diligence to be protected.

“I think everyone has respected the need that where they take actions based on appropriate due diligence, on proper application of mind, given the situation, they should have some freedom to take actions... Otherwise, we will not get the kind of clean up, the kind of putting over-leveraged projects back on track that the economy needs,” Rajan told a select group of journalists here.

At the recent meeting of the Banks Board Bureau, the state-owned banks sought immunity from “unnecessary oversight” from agencies such as the CBI and

the CVC on decisions related to loans that are taken collectively.

"As long as somebody has invested the effort in taking the right decision, they shouldn't be held responsible based on which way the decision (goes)... Sometimes, you know, uncertainty creates the possibility that a decision turns out wrong," Rajan said.

Best decisions taken under given circumstances should be respected, the outgoing RBI governor added.

"To my mind, this new group that has been created to examine the process by which the decision was made, will try and give them comfort on that. Beyond that, it's not clear to me that anybody can give a blanket guarantee," he added.

Rajan stressed on a need for an appropriate balance. "As a society we have to reach that (balance), which is that we have to respect the decision that were made, so long as they were made in the right spirit, given the information that was available at that time," he said.

## **2. No 'immediate plans' to write tell-all memoir**

Rajan, accused by critics of keeping interest rates too high and often seen as being critical of the government and its policies, said he plans to write on "academic issues" after leaving the Reserve

Press Trust of India

Outgoing Reserve Bank of India (RBI) Governor Raghuram Rajan, known for his outspoken ways, has no "immediate plans" to write a tell-all memoir on his experiences as the central bank head, unlike his predecessor Duvvuri Subbarao, whose tell-all memoir has just come out.

Rajan, accused by critics of keeping interest rates too high and often seen as being critical of the government and its policies, said he plans to write on "academic issues" after leaving the Reserve Bank.

Subbarao, who served as RBI governor for five turbulent years between 2008 and 2013, in his just-released book — Who Moved My Interest Rate? — has written about several occasions when he felt pressure from the then finance ministers P Chidambaram and Pranab Mukherjee to cut interest rates. He also said "there is a price to pay, of course, for not falling in line", referring to the government's refusal to accept his recommendations in appointment of deputy governors. While a tussle has been noticed between the RBI governor and the government for years, it is said to have escalated in recent years.

Financial Express

## **3. ADB says developing Asian economies to grow 5.6 % in 2016**

The Asian Development Bank said Monday it had cut its 2016 growth projection for developing economies in Asia and the Pacific to 5.6 percent, down from its earlier forecast of 5.7 percent, but added that the economies' performance will remain solid and help offset softness from the US economy and near-term market shocks from Britain's vote to exit from the European Union.

By: Associated Press

The Asian Development Bank said Monday it had cut its 2016 growth projection for developing economies in Asia and the Pacific to 5.6 percent, down from its earlier forecast of 5.7 percent, but added that the economies' performance will remain solid and help offset softness from the US economy and near-term market shocks from Britain's vote to exit from the European Union.

The Manila-based lender's report said the growth forecast for 2017 of 5.7 percent made in March remains unchanged.

"Although the Brexit vote has affected developing Asia's currency and stock markets, its impact on the real economy in the short term is expected to be small," said Shang-Jin Wei, the ADB's chief economist.

"However, in light of the tepid growth prospects in the major industrial economies, policy makers should remain vigilant and be prepared to respond to external shocks to ensure growth in the region remains robust."

China, the world's second-biggest economy, is on track to meet earlier growth projections of 6.5 percent in 2016 and 6.3 percent in 2017, with the government expected to continue fiscal and monetary stimulus measures to support its targets.

For East Asia as a whole, despite muted activity in Hong Kong and South Korea, growth forecasts are unchanged at 5.7% in 2016 and 5.6% in 2017, the report said.

But growth this year and next will be led by South Asia, which is expected to be the fastest growing sub-region, with India likely to meet its 2016 projected growth target of 7.4 percent and 7.8 percent next year, supported by brisk consumer spending and growth in the rural economy.

In Southeast Asia, growth projections for 2016 and 2017 remain unchanged at 4.5 percent and 4.8 percent. Solid performance of most economies in the sub-region for the first half of this year was driven by private consumption, except for Vietnam where a worsening drought caused a contraction in the agricultural sector.

#### **4. HDFC masala bonds issue to pave way for others: Nomura**

Private sector mortgage lender HDFC raising Rs 3,000 crore via masala bonds is expected to open the gates for other corporate peers to access this alternate source of funds, says Japanese financial services major Nomura.

By: PTI

Private sector mortgage lender HDFC raising Rs 3,000 crore via masala bonds is expected to open the gates for other corporate peers to access this alternate source of funds, says Japanese financial services major Nomura.

HDFC proposes to issue Rs 2,000-crore synthetic bonds, also known as masala bonds, with an option to retain over-subscription of up to Rs 1,000 crore. It is the first Indian public issuer of synthetic INR notes.

"The HDFC issuance is well timed given the rally in Indian bonds over the past month. Its benchmark size is large enough to ensure secondary market

liquidity," said Utpal Oza, Managing Director and Head of Investment Banking, Nomura India.

"We are confident that it will be very well received by the market and will undoubtedly open the gates for other corporate peers to access this deep alternate source of funds," Oza added.

The synthetic notes are in the nature of 'Rupee Denominated Bonds' as per applicable Reserve Bank guidelines. The bonds will bear a fixed coupon and will have a tenor of three years and one month.

"We think that this transaction will be closely followed by a number of top tier public and private corporates firming up plans to access this market," Nomura said, adding "we are in advanced discussions with a number of potential candidates and expect a robust issuance calendar in the coming months."

Economic Times

## **5. As gold regains sheen, Muthoot Fincorp eyes 25% jump in volume**

By PTI

With gold prices firming up, the country's second largest gold loan company Muthoot Fincorp is aiming to achieve over 25 per cent growth in topline business with a disbursal target of Rs 19,000 crore this year.

To further tap emerging business opportunity, Muthoot Pappachan Group-run company has also launched a special gold loan scheme called SME Gold, and has set a disbursal target of Rs 600 crore in the first year of operations, Group chairman and MD Thomas John Muthoot told PTI.

The group, with its four credit verticals -- Muthoot Fincorp (gold loans), Muthoot Capital(2-wheeler loans), Muthoot Microfin (MFI) and Muthoot Housing (affordable housing) -- has also set a disbursement target of Rs 25,000 crore this fiscal, up from Rs 18,000 crore in 2015-16, Muthoot added.

Out of this Rs 25,000-crore, they hope to achieve gold loan disbursement of Rs 19,000 crore as against Rs 15,000 crore last year.

Besides, the group aims to take microfinance book to Rs 3,000 crore this year from over Rs Rs 2,100 crore last year, two-wheeler loans to Rs 1,200 crore, from Rs 1,000 crore and the recently launched MSE lending to Rs 600 crore, Group Director George Muthoot said.

He also said they are in advanced talks with foreign private equity funds to raise around Rs 500 crore for microfinance business as it looks to broaden its diversified lending portfolio with more consumer-centric products and de-risk itself from the impact of volatile gold prices.

## **6. Bank union threatens to disclose names of 7,000 defaulters**

By PTI |

All-India Bank Employees Association (AIBEA) today threatened to make public the names of top 7,000 wilful corporate loan defaulters who have defrauded around Rs 70,000 crore.

The union also demanded filing criminal cases against these defaulters.

AIBEA General Secretary C H Venkatachalam also said around 10 lakh

employees and officials would go on a one-day strike, called by nine unions on July 29 to oppose what he calls the "anti-people banking reforms being pushed by the government."

"Wilful defaulters have taken loans for some purpose but have diverted and misused the money. There are around 7,000 big companies who are wilful defaulters and they owe Rs 70,000 crore to the system. We will reveal their names in a few days," Venkatachalam said here.

He accused the government of going soft on these big defaulters saying, "we believe the government is soft on wilful defaulters. We want to know why no criminal action is taken against them, but only civil suits are being filed against them?"

He called upon the government to declare wilful defaults as criminal offence and take criminal action and recover the money by confiscating their properties.

"Because the money belongs to the public and not the government or the banks," he said.

Venkatachalam also called for setting up fast-track debt recovery tribunals to resolve the big loan defaults so that the money is recovered fast.

"Restructuring a default loan instead of categorising it as a bad loan is a fraud and cheating the public," he added.

Opposing the entry of private players into banking system, he said encouraging such entities to open banks is a dangerous conspiracy to weaken public sector banks.

## **7. Punjab & Sind Bank pays Rs 53 crore dividend to government**

State-run Punjab & Sind Bank has paid Rs 52.60 crore dividend to the government for fiscal 2015-16.

Chairman and Managing Director Jatinderbir Singh of the bank presented a cheque of the dividend amount to Finance Minister Arun Jaitley, the bank said in a release.

In 2015-16, bank's net profit rose threefold to Rs 336 crore compared with Rs 121 crore in the previous year

Total income during the financial year increased to Rs 9,222.82 crore from Rs 9,017.30 crore.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)  
GENERAL SECRETARY**