



**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](mailto:aiubparf@gmail.com)/ [ubioatnng@gmail.com](mailto:ubioatnng@gmail.com)/ [suryanarayananram@gmail.com](mailto: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,

28th September, 2017

### News of Interest 28.09.2017

#### MOTIVATIONAL QUOTES

“SOME MEMORIES ARE UNFORGETTABLE, REMAINING EVER VIVID AND HEARTWARMING!”  
JOSEPH B. WIRTHLIN

#### HIGHLIGHTS

1. LAKSHMI VILAS BANK GETS BOARD NOD TO RAISE RS 800 CR VIA RIGHTS ISSUE
2. RBI MAY OPT FOR STATUS QUO IN NEXT POLICY: SBI REPORT
3. PERFORMING PSU BANKS LIKELY TO GET CAPITAL PUSH
4. BANK DEPOSITS DOWN □41,670 CR IN FORTNIGHT ENDED SEPT 15
5. RBI MAY OPT FOR STATUS QUO IN NEXT POLICY: SBI REPORT

#### Business Standard

##### 1. Lakshmi Vilas Bank gets board nod to raise Rs 800 cr via rights issue

Capital Raising Committee to determine the terms and conditions of the issue

T E Narasimhan | Chennai

Lakshmi Vilas Bank (LVB) is planning to raise funds through rights issue. The bank's Board of Directors' approved on Wednesday the financial entity's proposal to raise funds by way of issue of equity shares on rights basis to existing shareholders of the LVB for an amount of up to Rs 800 crore.

The Board has authorised the Capital Raising Committee to determine the terms and conditions of the rights issue, including the rights entitlement ratio, the issue price, issue size, record date, timing of the issue and other related matters- all of which shall be decided in consultation with the lead manager of the rights issue.

The bank is moving away from large corporate and has decided to grow its SME and retail portfolios, where a stronger focus will be lent to gold loans, home loans and SME credit, among others.

At present, the corporate portfolio accounts for around 51 per cent and the bank wanted to bring it down to 47-48 per cent by the end of the current financial year.

Lakshmi Vilas Bank has surpassed the Rs 50,000-crore business mark and has set a target to double it in next three years.

Financial Express

## **2. RBI may opt for status quo in next policy: SBI report**

The Reserve Bank is likely to maintain status quo on key lending rate in its October 4 policy decision as it is "stuck in a conundrum" of low growth, mild inflation and global uncertainties, a SBI report said today

By: [PTI](#) | New Delhi |

The Reserve Bank is likely to maintain status quo on key lending rate in its October 4 policy decision as it is "stuck in a conundrum" of low growth, mild inflation and global uncertainties, a SBI report said today. The Monetary Policy Committee of the Reserve Bank reduced the key interest rate (repo) by 25 basis points to 6 per cent in August. The committee is scheduled to come out with next bi-monthly monetary policy decision on October 4.

With country's growth falling to a 3-year low of 5.7 per cent in the April-June quarter of 2017-18, the industry is demanding further cut in the repo rate.

"On the eve of the forthcoming monetary and credit policy, the central bank is stuck in a conundrum of low growth, mild inflation, saving financialisation and external uncertainties. This will make the job difficult for the RBI on October 4," the SBI Ecowrap in the report titled 'RBI caught in a bind: Expect status quo on October 4, 2017'.

It said that against the background of flexible inflation targeting, the obvious question that arises is choosing between – the move towards the 4 per cent inflation target swiftly or staying in the inflation band.

"In hindsight if the central bank move towards the 4 per cent target in January 2018 as was suggested earlier, there would be limited room for rate cut in forthcoming policies," it said, adding "for the record, we expect a status quo in the October policy".

Retail inflation was 3.36 per cent in August and wholesale inflation was 3.24 per cent.

The report said there are other challenges too, like an uncertain global environment and weak growth. "In particular, the external environment looks a little bit wobbly compared to what it was at the beginning of 2017," it said.

As per the report, a notable feature of current capital flows is the continuing importance of external debt.

Total external debt stocks of developing countries (including India) and economies in transition are estimated to have reached \$7.1 trillion in 2016, an overall increase of 80 per cent since 2009. "No wonder, the rupee is currently witnessing depreciation pressures," the SBI study said.

Further, there has been a financialisation of savings post demonetisation as gross financial savings has increased from 10.9 per cent of gross national disposable income (GNDI) in 2015-16 to 11.8 per cent of GNDI in the last fiscal, a climb of 90 bps.

"This has, however, also introduced a behavioural shift in public preference for time deposits of banks that has an interesting implication," the report said.

A shift to time deposits from a bank's perspective is resulting in higher cost of funds, making it imperative to cut deposit rates to negate any possible increase in MCLR.

"However in a developing country like India, a cut in deposit rates beyond a point is challenging for banks as they have to balance the twin objective of ensuring adequate interest to depositors and a fair lending rate for the borrowers," the report said.

Economic Times

### **3. Performing PSU banks likely to get capital push**

By *Dheeraj Tiwari*, ET Bureau

The government plans to give "growth capital" to performing state-run banks as it looks to encourage credit disbursement for private investment.

An assessment is being carried out and adequate capital will be provided to performing state-run banks to push credit growth, a senior finance ministry official told ET.

"Banks have said they are aiming to achieve around 8% increase in their lending books, based on their size and operations," said the official, who did not wish to be identified.

While the government has only budgeted Rs 20,000 crore for bank capital infusion till 2018-19, it is looking at all options to increase this amount. "Various options including capital bonds are being looked at to provide this extra support," the official said.

According to the latest Reserve Bank of India data, gross lending by all commercial banks stood at more than Rs 69.45 lakh crore in July 2017, a growth of just 4.7% over the previous year

"We are looking at both consolidation and strengthening," Jaitley had said, adding the government would rather have strong banks merging with strong banks than weak banks merging with weak banks.

A finance ministry official said that non-performing lenders will be further pushed to consolidate their business, increase recoveries and finally look for merger with other banks. The government has sought details from banks on their non-core assets and the other steps that they are taking to raise capital from the markets.

"We have observed that some banks are reluctant to lend even in those sectors where stress levels have significantly come down," the minister had said. With resolution steps in place, it is time that bankers focus on supporting viable projects, he said.

Bankers have informed the government that largely provision requirement for about 41 accounts that have been identified for resolution through bankruptcy code will be in the range of Rs 20,000-25,000 crore.

Business Line

### **4. Bank deposits down □41,670 cr in fortnight ended Sept 15**

OUR BUREAU

Unattractive interest rates may be prompting bank depositors to look elsewhere for better returns.

Reserve Bank of India data show that deposits with all scheduled banks declined by ₹41,670 crore in the fortnight ended September 15. As on this date, total deposits stood at ₹1,09,98,419 crore.

Banks may not be too worried by this development as the avenues to deploy the resources raised via deposits are very limited in view of the slowdown in the economy, say economists.

The weighted average term deposit rate of scheduled commercial banks in the country has declined to 6.81 per cent in June 2017 from 8.64 per cent in December 2014, RBI data showed.

### **Lending up**

During the reporting fortnight, credit extended by banks went up by ₹9,393 crore. As on September 15, bank credit stood at ₹80,24,407 crore.

In sync with the decline in deposits during the reporting fortnight, banks' investments in central government securities too shrunk by ₹13,184 crore.

Banks are required to invest 20 per cent of the deposits they mobilise in Central and State government securities.

## **5. RBI may opt for status quo in next policy: SBI report**

PTI

The Reserve Bank is likely to maintain status quo on key lending rate in its October 4 policy decision as it is "stuck in a conundrum" of low growth, mild inflation and global uncertainties, a SBI report said today.

The Monetary Policy Committee of the Reserve Bank reduced the key interest rate (repo) by 25 basis points to 6 per cent in August. The committee is scheduled to come out with next bi-monthly monetary policy decision on October 4.

With country's growth falling to a 3-year low of 5.7 per cent in the April-June quarter of 2017-18, the industry is demanding further cut in the repo rate.

"On the eve of the forthcoming monetary and credit policy, the central bank is stuck in a conundrum of low growth, mild inflation, saving financialisation and external uncertainties. This will make the job difficult for the RBI on October 4," the SBI Ecowrap in the report titled 'RBI caught in a bind: Expect status quo on October 4, 2017'

It said that against the background of flexible inflation targeting, the obvious question that arises is choosing between — the move towards the 4 per cent inflation target swiftly or staying in the inflation band.

"In hindsight if the central bank move towards the 4 per cent target in January 2018 as was suggested earlier, there would be limited room for rate cut in forthcoming policies," it said, adding "for the record, we expect a status quo in the October policy".

Retail inflation was 3.36 per cent in August and wholesale inflation was 3.24 per cent.

The report said there are other challenges too, like an uncertain global environment and weak growth.

"In particular, the external environment looks a little bit wobbly compared to what it was at the beginning of 2017," it said.

As per the report, a notable feature of current capital flows is the continuing importance of external debt.

Total external debt stocks of developing countries (including India) and economies in transition are estimated to have reached USD 7.1 trillion in 2016, an overall increase of 80 per cent since 2009.

"No wonder, the rupee is currently witnessing depreciation pressures," the SBI study said.

Further, there has been a financialisation of savings post demonetisation as gross financial savings has increased from 10.9 per cent of gross national disposable income (GNDI) in 2015-16 to 11.8 per cent of GNDI in the last fiscal, a climb of 90 bps.

"This has, however, also introduced a behavioural shift in public preference for time deposits of banks that has an interesting implication," the report said.

A shift to time deposits from a bank's perspective is resulting in higher cost of funds, making it imperative to cut deposit rates to negate any possible increase in MCLR.

"However in a developing country like India, a cut in deposit rates beyond a point is challenging for banks as they have to balance the twin objective of ensuring adequate interest to depositors and a fair lending rate for the borrowers," the report said.

With kind regards,

Yours Comradely,



**(N. GOVINDRAJULU)**  
**GENERAL SECRETARY**

