

## Central Bank of India to raise Rs.6 bn for capital base

The Central Bank of India plans to raise Rs.5 billion to Rs.6 billion in the current fiscal to boost its capital base, a top official said here Monday.

'The current capital to risk (weighted) asset ratio (CRAR) of the bank is 10.42 percent. We plan to take it to more than 11 percent by March 31, 2009,' said bank chairman and managing director H.A. Daruwalla.

Speaking on the sidelines of the Banking Conclave 2008 on 'Towards Sustainable Economic Growth: Evolving Strategies of India Banks', she said: 'We are expecting 20 percent growth in loan and 23 percent deposit growth in 2008-09.'

Last fiscal the growth in loan and deposit stood at 38 percent and 33 percent respectively.

Daruwalla said: 'There are two main challenges for the Indian banks this fiscal.'

The first is successful and effective implementation of agricultural debt waiver and relief scheme announced by the government and ensure that the farmers under this scheme get fresh finance.

The second important challenge faced by the banks is the compliance with Basel II norms, which would entail raising adequate capital to meet the additional requirements under Basel II and also to maintain capital adequacy ratio of 10-11 percent.

She added that factors like cost management, recovery management, technical upgradation, risk management and corporate governance were the few things that would help Indian banks remain competitive and enhance its soundness.

With the inflation touching 14-year high, Daruwalla said: 'Given the uncertainties surrounding the international financial markets, the expected continuance of high price of oil, food, metal, commodities etc, it is feared that the double digit inflation would remain for quite some time.'

The bank would sit for an assets and liabilities committee meet Wednesday to decide on the interest rates.

The present public lending rate of the bank is 13 percent.

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