MICROFINANCE INSTITUTIONS NETWORK

Media Visibility Report - Quote on RBI providing additional liquidity support to MFIs

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Quote on RBI providing additional liquidity support to MFIs

Publication	The Hindu Business Line
Edition	All Editions
Date	18th April, 2020
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RBI's move on liquidity welcome, but questions on moratorium remain

Banks to take call on extension to NBFCs, HFCs

SURABHI

Mumbai, April 17

The slew of announcements by the Reserve Bank of India on Friday seem to have addressed a majority of concerns of non-banking finance companies and micro finance players on getting liquidity for further credit flow although it did not resolve the issue of extending a moratorium to them.

Sources close to the development said banks may take a call on whether or not to extend the moratorium to NBFCs and MFIs. The Indian Banks' Association may discuss the issue in the coming days.

Formal directive

Bankers said they too have been awaiting clarity from the RBI on the issue. "We are not averse to extending the moratorium but we were hoping for a formal directive from the regulator," said a banker.

"The RBI announcements on liquidity have taken care of about 60 per cent to 70 per cent of concerns of NBFCs. We are also working to get a better understanding," said Mahesh Thakkar, Director General, Finance Industry Development Council.

FIDC has written to IBA asking them to advise banks on allowing moratorium on payment of interest and principal due between March and May 2020 for NBFCs which apply for it. It has also sought guidance on providing liquidity support under TLTRO and various schemes like term loans for on-lending for priority sector, as has been permitted by the RBI.

CARE Ratings said many NBFCs and housing finance companies are in talks with their banks to avail the moratorium, however, it is not an automatic decision from the banks and there may be a differential behaviour by banks.

The real challenge comes post the moratorium period, when the lockdowns end by May and businesses start to operate, it may take some time for collection efficiencies to reach normal levels, it noted.

Krishnan Sitaraman, Senior Director, Crisil Ratings, said the fact that no formal announcement was made on applicability of bank loan moratorium to NBFCs is a dampener for them.

"The twin funding measures announced by RBI will definitely provide some relief to NBFCs, HFCs and MFIs who have been providing moratorium on their loans to borrowers but were facing uncertainty in obtaining moratorium on their bank loans," he said, noting that the TLTRO as well as the ₹50,000 crore refinancing window will help them access funds.

Harsh Shrivastava, CEO, MFIN, said it will help the small and medium NBFC MFI's to support the bottom of the pyramid customers. VP Nandakumar, Managing Director and CEO of Manappuram Finance, said the size of the TLRTO may have to be increased going forward.

Publication	Statesman
Edition	Delhi
Date	18th April, 2020
Page No.	8

Industry hails RBI measures

STATESMAN NEWS SERVICE
KOLKATA/NEW DELHI, 17 APRIL

The calibrated steps announced by the Reserve Bank of India today will strengthen India's financial system, especially the operations of NBFCs and MSMEs, and refuel economic growth sooner than later, the PHD Chamber of Commerce and Industry said.

"The reverse repo rate, cut by 25 bps from 4 per cent to 3.75 per cent under LAF, is appreciable as it will make it unattractive for banks to passively deposit funds with the RBI and instead lend it to productive sectors," PHDCCI president D K Aggarwal said in a Press statement.

Indian Chamber of Commerce while welcoming RBI's 25 bps reverse repo cut, said: "Making the reverse repo rate at 3.75 per cent while the repo rate remains at 4.4 per cent, further increases the symmetry between the two and nudged more and more banks to increase lending and investment."

The chamber highly appreciates the new lifeline to NBFCs by way of a TLTRO (targeted long term repo operations) of Rs 50,000 crore, which would help them to lend to the micro segments of each sector in the economy, it said.

Commenting on fresh RBI measures, EEPC India chairman Ravi Sehgal said relaxations and forbearance given by the RBI on loans would help the industry and the exporting units, particularly in the small and medium enterprises (SME) segments.

However, RBI Governor Shaktikanta Das has cited the report of the World Trade Organisation ~ the global trade is expected to decline up to 32 per cent in 2020 in the face of coronavirus forcing major economies to lock down. Under these circumstances, the merchandise exporters face the gravest of threats and would need a special package from the RBI and government, he said.

CII director-general Chandrajit Banerjee said the RBI's continued resolve to ensure that the availability of liquidity, especially for the stressed sectors, remains adequate is commendable.

Ficci president Sangita Reddy said relaxation in regulatory requirements further will help banks in dealing with the Covid-19 impact. Ficci would request the RBI that additional working capital should be mandated rather than depending on the discretion of the banks.

MFIN CEO Harsh Shrivastava stated: "The microfinance sector is highly appreciative of the RBI for acknowledging the industry concerns and for infusing liquidity of Rs 50,000 crore, a substantial part of which will help the small & medium NBFC MFIs to support the bottom of the pyramid customers."

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Page No.	9

Telangana Today

'India to see V-shaped recovery'

RBI Governor hopes the country will record a sharp turnaround by growing at 7.9% in 2021-22; says Telangana leading in sowing activity despite lockdown

PTI
MUMBAI

The Reserve Bank Governor Shaktikanta Das on Friday said there are a few slivers of brightness amidst the encircling gloom and hoped that India will stage a sharp V-shaped recovery in 2021-22 as projected by the International Monetary Fund (IMF).

Softening inflation, Das said would make available more policy space to the central bank to address risks to the growth going forward. The IMF has projected sizable V-shaped recoveries for 2021, close to 9 percentage points for global GDP. It expects India to record a sharp turnaround and resume its pre-Covid pre-slowdown trajectory by growing at 7.4 per cent in 2021-22.

The RBI Governor said, over the last three weeks, there have been a few data releases on domestic developments (including on factory output), but they are too disjointed to allow a comprehensive assessment of the state of the economy.

"Yet, there are a few slivers of brightness amidst the encircling gloom," he said, and cited his March 27 statement on continuing resilience of agriculture and allied activities on the back of all-time highs in the production of food grains and horticulture, with huge buffer stocks of rice and wheat far in excess of the buffer norms.

In a V-shaped recession, the economy suffers a sharp but brief period of economic decline followed by a strong recovery. It takes its name from the approximate shape economic data make in graphs during recessions

He further said that by April 10, pre-monsoon kharif sowing had begun strongly, with acreage of paddy – the principal kharif crop – up by 37 per cent in comparison with the last season. States such as West Bengal, Telangana, Odisha, Assam, Karnataka and Chhattisgarh are leading in sowing activity despite the lockdown. On April 15, the IMD forecast a normal south west monsoon for the 2020 season, with rainfall expected to be 100 per cent of the long period average.

The robust growth of 21.3 per cent in tractor sales up to February 2020 may provide an offset to farm labour shortage on account of the lockdown, he added. He, however noted the index of industrial production (IIP) for February showing that industrial output accelerated to its highest rate in seven months actually does not capture the impact of Covid-19.

Latest data on exports too has turned out to be much more severe than during the global financial crisis. In its February bi-monthly monetary policy, the RBI had projected the GDP growth for 2020-21 at 6 per cent. Released in late March, the RBI said the implied real GDP growth of 4.7 per cent for fourth quarter of 2019-20 in the second advance estimates of the NSO within the annual estimate of 5 per cent for the year as a whole "is now at risk from the pandemic's impact on the economy".

Labourers carry sacks filled with wheat grain at a market during the nationwide lockdown in [illegible], Rajasthan on Friday. — Photo: PTI

ATMs, BCs WORKING AT FULL CAPACITY

MUMBAI: Automated teller machines and business correspondents, who take banking services to far flung areas, are working at high capacity levels to ensure financial services reach everybody, said RBI Governor Shaktikanta Das. The comments on currency come amid media reports of a Rs 86,000 crore jump in currency circulation in March and also a greater tendency among people to withdraw to hoard cash amid the lockdown. "Regional offices of the RBI have supplied fresh currency of Rs 1.2 lakh crore from March 1 till April 14 to meet increased demand," Das said. — PTI

BANKS BANNED FROM PAYING DIVIDENDS

MUMBAI: The Reserve Bank debarred all commercial and cooperative banks from paying dividends to shareholders and promoter groups as the regulator fears that the Covid-driven economic shocks would continue longer and may put the health of the financial system at risk. The decision will hit the already strapped finances of the Centre, given the already falling growth rates which has brought down demand for loans and thus the profitability of banks. — PTI

BANKERS WELCOME RBI'S MEASURES

MUMBAI: The second set of measures announced by RBI got a thumbs up from bankers who welcomed the steps taken as per the evolving market conditions. SBI chairman Rajnish Kumar, who also heads industry lobby grouping IBA, called the measures as "rightful recognition to the evolving market conditions" by RBI. "Overall, the second set of package by RBI is an excellent reflection of combining the policy response and regulatory responses in the most optimal manner," he said in a statement. — PTI

RBI's measures move the ball in liquidity infusion and confidence building for financial intermediaries

— SANGITA REDDY, PRESIDENT, FICCI ACTION

Sensex soars over 986 points

MUMBAI: The BSE Sensex soared over 986 points on Friday after RBI's second batch of stimulus measures lifted sentiment amid the coronavirus gloom. After starting over 1,116 points higher, the 30-share BSE Sensex pared some early gains to end 986.11 points or 3.22 per cent higher at 31,588.72. Similarly, the NSE Nifty zoomed 273.95 points, or 3.03 per cent, to finish at 9,266.75. Axis Bank was the top gainer in the Sensex pack, surging 13.45 per cent, followed by ICICI Bank (9.89 per cent), IndusInd Bank (9.13 per cent), Maruti (7.36 per cent), TCS (5.32 per cent), Kotak Bank (4.96 per cent) and RIL (4.86 per cent).

On the other hand, Nestle India, HUL, Tech Mahindra and Sun Pharma ended in the red. — PTI

RBI's moves give breather to realty

Y V PHANI RAJ
Hyderabad

Real estate research and consultancy companies said the steps undertaken by the RBI to ease the liquidity concern of banks, NBFCs and other financial intermediaries is an acknowledgement of the liquidity issues faced by the financial system of the country as well as the industry. The decisions will help cash-starved developers.

Supporting the RBI's move, Ramesh Nair, CEO, JLL India said, "RBI's announcement will give an initial fillip to the real estate sector. The Central Bank's focus to provide credit flow to NBFCs is a key step. This will provide a boost to various real estate activities."

"As per the latest data by RBI, NBFCs outstanding credit to the commercial real estate stood at Rs 1,29,359 crore as of September 2019. The relaxation of and loan classification norms and extension of one year for commencement of projects to real estate developers by NBFCs will provide much needed relief. The refinance facility to the extent of Rs 10,000 crore to National Housing Bank is a welcome move to provide needed liquidity to housing finance companies."

The reverse repo rate cut from 4 per cent to 3.75 per cent should further push banks to lend to the productive sectors of the economy. In addition to this, RBI has also announced that loans given by NBFCs to real estate companies to get similar benefit as given by scheduled commercial banks, noted Anshuman Magazine, chairman, India, South East Asia, Middle East & Africa, CBRE.

Anuj Puri, chairman, Anarock Property Consultants said, the new measures will help accelerate the economy and facilitate bank credit flows. The reverse repo rate cut is another major step as it will definitely send out positive signals in the current times and will enable banks to lend even more.

The Central Bank's decision to ease liquidity concern of banks, NBFCs will help the cash-starved developers

Stating that the sector has got a reassurance with the RBI taking cognizance of specific problems faced by developers, Shishir Baijal, CMD, Knight Frank India said, considering the lockdown and the impact on migrant labour workforce, there will be an inevitable delay in construction activity in real estate projects. Taking note of this, the RBI has provided one-year project completion extension on asset classification for NBFC loans to commercial real estate segment.

MID TO LONG-TERM INFLATION TARGET SET AT 4 PER CENT

MUMBAI: The Reserve Bank of India, that gauges consumer price index (CPI) based retail inflation to take decisions on its bi-monthly monetary policy decisions, has set mid to long term inflation target at 4 per cent with a band of 2 per cent on either side.

Citing the National Statistical Office (NSO) data released on April 13, that showed that CPI inflation for March fell to 5.91 per cent, Das said even as it was based on data available only till March 19, it reflected that there was softening of food inflation by around 160 basis points on account of the easing of prices of vegetables, eggs, meat, fish, pulses, oils and fats, fruits and sugar. — PTI

RUPEE REBOUNDS 48 PAISE TO SETTLE AT 76.39 AGAINST US DOLLAR

MUMBAI: The Indian rupee rebounded by 48 paise to settle at 76.39 (provisional) against the US dollar on Friday, buoyed by RBI measures to prop up the economy reeling under the Covid-19 impact. At the interbank foreign exchange, the rupee opened at 76.59, and then gained further and touched a high of 76.35 against the dollar.

Meanwhile, RBI said the country's foreign exchange reserves have risen by nearly $2 billion to $476.5 billion as of April 10. The forex cover will be enough for 11.6 months or nearly a year of the country's imports. The reserves had stood at $474.66 billion for the week ended April 3, as per the last published data from RBI. — PTI

The funds made available to Nabard, Sidbi and NHB will be available for refinancing and in turn to States

KOTESWARA RAO, CONVENOR, ALL INDIA FORUM FOR SMEs

Raising of Ways and Means Advances limit will enable TS draw more liquidity of Rs 18,000 crore. Reduction of reverse repo rate leaves banks with more liquidity

KARUNENDRA S JASTI, PRESIDENT, FTCCI

The measures will help inject liquidity, incentivise credit flow and provide flexibility on regulatory forbearance

— MOTILAL OSWAL, MD AND CEO, MOTILAL OSWAL FINANCIAL SERVICES

The recognition of efforts by business correspondents will ensure that low income rural communities are supported effectively in this difficult time

SASIDHAR THUMULURI, MD & CEO, SUBHCHINTAK SOLUTIONS LTD

The microfinance sector is appreciative of RBI for infusing liquidity, which will help the small & medium NBFC MFIs

HARSH SHRIVASTAVA, CEO, MFIN

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https://www.business-standard.com/article/pti-stories/nbfcs-hail-rbi-s-additional-liquidity-support-move-to-tide-through-covid-crisis-120041701384_1.html

NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

Press Trust of India | Mumbai
Last Updated at April 17, 2020 20:08 IST

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RBI announces 3rd targeted LTRO for Rs 25,000 cr

India Inc applauds robust liquidity infusion steps by RBI

MONEY-MARKET-

Non-bank financial players have welcomed the Reserve Bank of India's decision to provide Rs 50,000 crore of additional liquidity support to the sector by conducting targeted long term repo operations (TLTRO 2.0).

Shadow banking players also hope to get more liquidity support from banks after the RBI reduced the reverse repo rate by 25 basis points to 3.75 per cent from 4 per cent.

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Outlook
THE NEWS SCROLL

17 April 2020 Last Updated at 8:08 Pm | Source: PTI

NBFCs hail RBI"s additional liquidity support move to tide through Covid crisis

Mumbai, Apr 17 (PTI) Non-bank financial players have welcomed the Reserve Bank of India"s decision to provide Rs 50,000 crore of additional liquidity support to the sector by conducting targeted long term repo operations (TLTRO 2.0).

Shadow banking players also hope to get more liquidity support from banks after the RBI reduced the reverse repo rate by 25 basis points to 3.75 per cent from 4 per cent.

The RBI on Friday said it will conduct (TLTRO 2.0) for an aggregate amount ofÂ Rs 50,000 crore, to begin with, in tranches of appropriate sizes.

The funds availed by banks under TLTRO 2.0 should be invested in investment grade bonds, commercial paper, and non-convertible debentures of NBFCs, with at least 50 per cent of the total amount availed going to small and mid-sized non-banking financial companies (NBFCs) and micro-finance institutions (MFIs).

"It (TLTRO) is a very-very favourable decision. Now, they (RBI) have specifically allotted (liquidity through TLTRO) to NBFCs, of which 50 per

Publication	India TV News
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URL: https://www.indiatvnews.com/news/india/coronavirus-crisis-covid-19-nbfc-hail-rbi-additional-liquidity-608666

NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

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PTI
Mumbai
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NBFCs hail RBI's additional liquidity support move to tide through coronavirus crisis

PTI, Mumbai, APR 17 2020, 21:10 IST | UPDATED: APR 17 2020, 21:10 IST

DH PICKS

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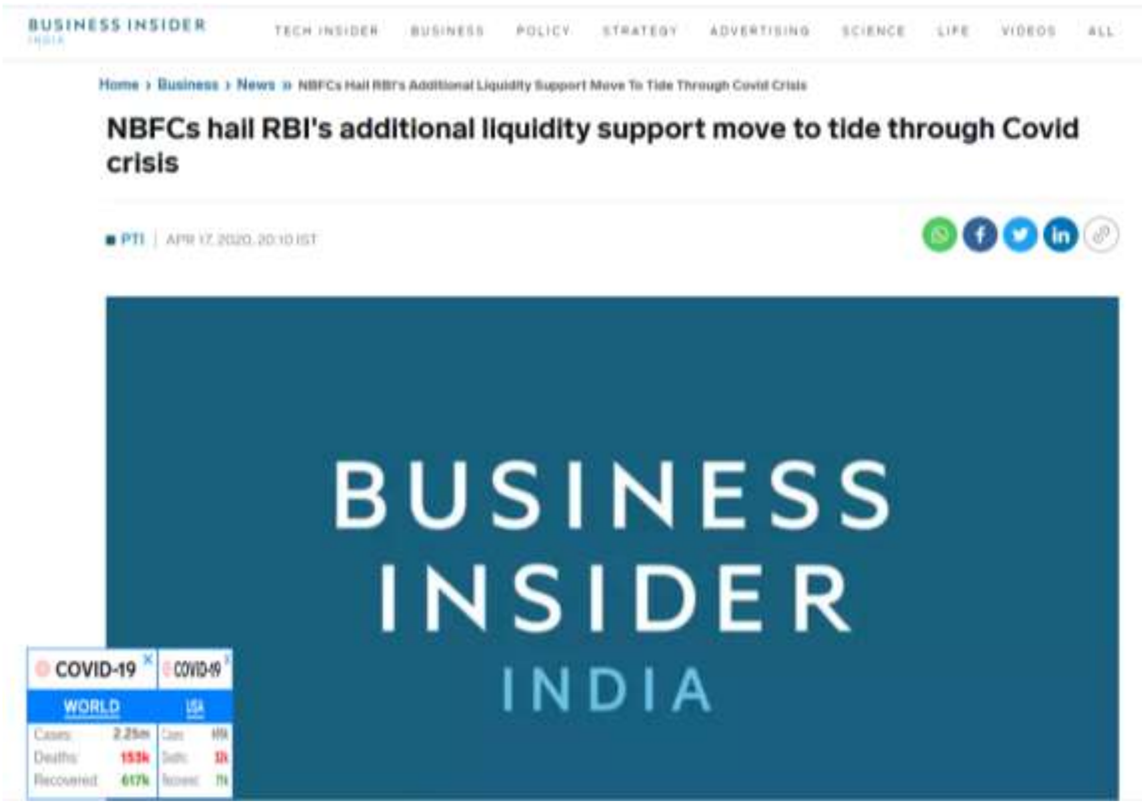
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NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

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NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

3 days ago · 3 min read

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NBFCs hail RBI's additional liquidity support move to tide through Covid crisis

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Country
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Telangana Today
Monday, April 20, 2020

RBI Governor hopes India will stage sharp V-shaped recovery in 2021-22

Softening inflation, Das said would make available more policy space to the central bank to address risks to the growth going forward

By PTI | Published: 17th Apr 2020 9:18 pm Updated: 18th Apr 2020 12:41 am