

RBI GOVERNOR PRESS CONFERENCE HIGHLIGHTS

CORONA PANDEMIC RELIEFS ANALYSIS OF RBI GOVERNOR PRESS CONFERENCE AS ON 17-04-2020

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OBJECTIVE OF ANNOUNCEMENT

- **To Maintain Adequate Liquidity System**
- **To Facilitate Credit Flows**
- **To Ease Financial Stress**
- **To Enable Smooth Functioning of Market**



LIQUIDITY MEASURES

- Reserve Repo rate under LAF (Liquidity adjustment facility) reduced by 25bps from 4% to 3.75%
- Policy Repo Rate remain unchanged at 4.40% and the Marginal Standing Facility Rate and the Bank Rate remain unchanged at 4.65%
- TLTRO 2.0 to pump in additional Rs. 50,000 crore to begin with in tranches of appropriate sizes
- Minimum 50% of the amount to go to small and mid-sized NBFC and MFIs



REFINANCE FACILITIES

Special Refinancing facilities of Rs. 50,000 crore for NABARD, SIDBI, and NHB to address sectoral credit need as below;

- Rs. 25,000 crore for NABARD for refinancing regional rural banks (RRBs), Co-operative banks and micro finance institutions (MFIs).
- Rs. 15,000 crore to SIDBI for on-lending /refinancing.
- Rs. 10,000 crores to NHB for supporting housing finance companies (HFCs).
- Advance will be charged at prevailing RBI Repo rate.

WAYS AND MEANS ADVANCES TO STATES

- Increase an WMA limit by 60% over and above the limit as of March 31, 2020.
- Facility to be available till September 2020.
- Insolvency Resolution which have not been resolved then on all such loan of NPA-20% additional provision has to be created.
- IMF has projected a growth rate of 7.4% in 2021-22
- Fresh Currency of 1.4 lakh crore has been issued to banks from March to April 12 so than no ATM GO DRY
- Forex Reserve of India is 476 Bn \$ as on 10th April.

REGULATORY MEASURE

- **Assets Classifications**: For all accounts for which lending institutions decide to grant moratorium or deferment, assets classification stands till from March 1, 2020 to May 31,2020.
- 10% provision require on standstill account
- **Distribution of Dividend**: No Dividend pay outs by Scheduled Commercial banks and Cooperative banks from profits of F.Y.20
- **Liquidity Coverage Ration (LCR) requirement**: LCR requirement for scheduled commercial bank brought down from 100% to 80% with immediate effect by October 2020 and April 2020.

Thank You



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