

FM helms review meet of NBFCs & SCBs; urges reaching out to eligible borrowers

By TIOL News Service

NEW DELHI, SEPT 04, 2020: THE

Union Minister for Finance & Corporate Affairs Ms Nirmala Sitharaman held a review meeting with the heads of Scheduled Commercial Banks and NBFCs through Video Conferencing yesterday to review their state of preparedness for implementation of the loans resolution framework for COVID-19 related stress. During the meeting, Ms Sitharaman impressed upon the lenders that as and when moratorium on loan repayments is lifted, borrowers must be given support and COVID-19 related distress must not impact the lenders' assessment of their creditworthiness. During her interaction, the Finance Minister focused on -

- Lenders immediately putting in place Board-approved policy for resolution, identifying eligible borrowers and reaching out to them
- Quick implementation of a sustained resolution plan by lenders for revival of every viable business

The Finance Minister also emphasised that Resolution schemes must be rolled out by lenders by 15 th September, 2020, and a sustained media campaign to create awareness be carried out thereafter. She advised lenders to ensure that regularly updated FAQs on the resolution framework are uploaded on their websites in Hindi, English and regional languages, and also circulated to their offices and branches.

The lenders assured that they are ready with their resolution policies, have started the process of identifying and reaching out to eligible borrowers, and that they will comply with the timelines stipulated by the Reserve Bank of India (RBI).

The Ministry of Finance has also been engaging with RBI to ensure that the lenders are assisted by RBI in the resolution process.

The Finance Minister also reviewed the progress made by various lenders under ECLGS, PCGS 2.0 and Sub-ordinate Debt Schemes announced as part of the 'Aatmnirbhar Bharat Abhiyaan', and advised lenders to try and extend the maximum possible relief to borrowers before the festive season. An amount of Rs. 1.58 lakh crore has been sanctioned as on 31.8.2020 under ECLGS, out of which more than Rs. 1.11 lakh crore has also been disbursed. Under PCGS 2.0, Bonds/CPs of Rs. 25,055.5 crore have been approved for purchase by Public Sector Banks so far, out of which Rs. 13,318.5 crore amounting to more than 53% of the portfolio pertains to Bonds/CPs rated below AA-. The Scheme has thus been a crucial intervention for lower rated Bonds/CPs.

The Finance Minister appreciated the efforts of banks and NBFCs during the lockdown in effective implementation of the Pradhan Mantri Garib Kalyan Yojana and the Aatmnirbhar Bharat related measures. The Finance Minister also exhorted the lenders to proactively respond to needs of companies and businesses, as well as those of individual borrowers, and to spearhead the efforts for rebuilding businesses desperate for help owing to COVID-19 related distress.