

Reserve Bank of India's (RBI) COVID-19 related stimulus

22 May 2020



A timeline of RBI's COVID-19 related relief



Measures for dealing with the COVID-19 pandemic

Second set of measures to preserve financial stability

Special Open Market Operations (OMO) of simultaneous purchase and sale of government securities

INR 50,000 crore Special Liquidity Facility for Mutual Funds (SLF-MF)

Additional measures to provide liquidity and COVID-19 related relief



22 May 2020: Key announcements



Liquidity

- Repo rate cut of 40 basis points
- Repo rate now at 4%
- Reverse repo rate at 3.35%

SIDBI

Additional 90 days for the special refinancing facility of INR 15,000 crore given to Small Industries Development Bank of India (SIDBI) for refinancing and lending

Bank group exposure limit

Group exposure limit of banks will be increased from 25% to 30%

Exim Bank

INR 15,000 crore to EXIM banks to avail US dollar swap facility. This will have a rollover facility to up to one year.

Debt and moratorium

Loan repayment moratorium extended for another three months up to 31 August 2020

Outward remittances against normal exports

In order to manage importer's operative cycle, outward remittances against normal imports into India reduced to 6 months from 12 months

Pre- and post- shipment credits

Maximum permissible period of pre- and post-shipment of credits increased from 1 year to 15 months

Voluntary retention route for Foreign Portfolio Investments (FPI)

- Voluntary retention route for FPIs
- Extension of three months
- 75% utilisation of investment limits to be met

27 April 2020: Key announcements



RBI announced INR 50,000 crore SLF-MF

- RBI decided to open a special liquidity facility for mutual funds of INR 50,000 crore
- The SLF-MF is on-tap and open-ended, and banks can submit their bids to avail funding on any day from Monday to Friday (excluding holidays). The scheme is available from 27 April 2020 until 11 May 2020 or up to utilisation of the allocated amount



23 April 2020: Key announcements



RBI announced Special OMO of simultaneous purchase and sale of government securities

- On a review of current and evolving liquidity and market conditions, the RBI conducted simultaneous purchase and sale of government securities under OMO for INR 10,000 crore each on 27 April 2020



17 April 2020: Key announcements



RBI announces second set of measures to preserve financial stability and help put money in the hands of the needy and disadvantaged

- A second set of targeted long-term repo operations (TLTRO 2.0) for an initial aggregate amount of INR 50,000 crore will be conducted
- Special refinance facilities for a total amount of INR 50,000 crore will be provided to National Bank for Agriculture and Rural Development (NABARD), SIDBI and the National Housing Bank (NHB) to enable them to meet sectoral credit needs
- Reverse repo rate has been reduced by 25 basis points from 4.0% to 3.75% with immediate effect, in order to encourage banks to deploy surplus funds in investments and loans in productive sectors of the economy
- Ways and Means Advances (WMA) limit of states and union territories has been increased by 60% over and above the limit as on 31 March 2020 in order to provide greater comfort to states for undertaking COVID-19 containment and mitigation efforts
- The payment moratorium period will not be considered while classifying assets as NPAs. The moratorium period will be excluded while considering 90-day NPA norm for accounts for which lending institutions decide to grant moratorium or deferment and which were standard as on 1 March 2020
- The period for implementation of NPA resolution plan has been extended by 90 days
- Liquidity Coverage Ratio requirement for scheduled commercial banks has been brought down from 100% to 80% with immediate effect. This will be gradually restored in two phases - 90% by 1 October 2020 and 100% by 1 April 2021
- To improve the liquidity position for individual institutions, Liquidity Coverage Ratio requirement for scheduled commercial banks has been brought down from 100% to 80% with immediate effect

27 March 2020: Key announcements



RBI announces measures for dealing with the COVID-19 pandemic

- Extension of realisation period of export proceeds
- Review of limits of WMA of states/UTs
- Implementation of counter cyclical capital buffer



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