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Market Watch

PSU banks extend support of Rs 2.56 lakh crore to stressed NBFCs

BY PTI | OCT 31, 2019, 09.30 PM IST

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NEW DELHI: The [finance ministry](#) on Thursday said public sector banks (PSBs) have extended support of Rs 2.56 lakh crore to NBFCs by way of credit and pooled buyout since September 2018 as part of efforts to provide much-needed liquidity to the sector. Further, under the partial guarantee scheme, PSBs have been accorded sanction to purchase Rs 21,580 crore worth of pooled assets as on October 16, the ministry said in a status report of various stimulus measures announced since August 23 to boost sagging economic growth which hit a six-year low of 5 per cent during the first quarter of the current fiscal.

To address the stress in the sector, Finance Minister [Nirmala Sitharaman](#) in the Budget proposed that public sector banks would purchase high-rated pooled assets of financially sound NBFCs, amounting to a total of Rs 1 lakh crore, during the current financial year.

For this, the government will provide a one-time six months' partial credit guarantee to PSBs for first loss of up to 10 per cent.

The finance minister announced several short and long-term measures to boost the economy in three phases between August 23 and September 14, it said.

Out of the total 44 measures announced, 16 have been fulfilled, it said, adding the rest of the announcements are under active consideration by relevant ministries.

Further, it said action on one out of three announcements made for the housing sector has been completed and the other two are being taken up.

In respect of GST refund to MSMEs within 30 days, it said a refund drive was organised and the tax department paid Rs 10,490 crore or 97 per cent of total pending amount of Rs 10,841 crore.

In order to spend Rs 100 lakh crore for developing modern infrastructure over five years, a Task Force under the chairmanship of the economic affairs secretary has been constituted. It will draw up a National Infrastructure Pipeline for each of the years from FY 2019-20 to FY 2024-25.

So far, 12 meetings of the Task Force have been held and deliberations with 17 ministries/departments have been completed.

The finance ministry has effected upfront release of capital to PSBs, with Rs 60,314 crore being infused in banks in September 2019 through recapitalisation bonds, including Rs 4,557 crore in [IDBI Bank](#).

With regard to boosting exports, it said the RBI issued orders on September 20, 2019 for enhancing sanction limits for eligibility of export credit under priority sector lending from Rs 25 crore to Rs 40 crore per borrower and removing overall turnover limit of Rs 100 crore.

The integrated refund module along with single disbursement has been deployed with effect from September 26, it said.

Giving details of announcements implemented, it said e-assessment scheme has been launched, relief has been given from enhanced surcharge on long-term/short-term capital gains and angel tax provisions for startups and their investors have been withdrawn.

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