

Benchmarks >

Sensex LIVE

28,783.54 -1032.05



NSE Loser-Large Cap >

Shriram Tran Fin

621.50 -103.70



FEATURED FUNDS

Kotak Standard Multicap Fund
Regular-Growth

★★★★★

5Y RETURN

3.68 %

INVEST NOW

Stock Analysis, IPO, Mutual
Funds, Bonds & More

Market Watch

NBFCs want banks to pass on moratorium benefits

BY SALONI SHUKLA, ET BUREAU | UPDATED: MAR 30, 2020, 06.43 AM IST

Post a Comment

MUMBAI: Non-bank lenders, concerned about the 'discretion' banks would enjoy on demanding repayments through a three-month grace period, plan to approach the finance ministry and the [Reserve Bank of India](#) (RBI) on directing banks to mandatorily pass on the benefits of the [moratorium](#) to these last-mile financiers.

Big Change:
The end of Five-Year Plans: All you need to know

"The core point is that while NBFCs (non-banking financial companies) will have to give a three-month moratorium to almost all their borrowers, what is the assurance that they will also get commensurate moratorium from their lenders?" asked Raman Agarwal, co-chairman, Finance Industry Development Council, an industry body representing NBFCs. "We are presenting our case to the RBI and the Ministry of Finance for urgent redressal of our concerns."

Last week, the central bank sought to cushion both borrowers and lenders against the unprecedented disruption engendered by the [Covid-19 outbreak](#), allowing companies a three-month grace period on loan repayments. Banks will now have the discretion in deciding the limits on working capital, with Mint Road saying that no payment miss be considered a default and reported to credit information companies.

The class of borrowers that NBFCs cater to has been the worst hit due to the 21-day national lockdown. People owning auto rickshaws, tempos, e-rickshaws, small shopkeepers and the micro, small and medium enterprises have already expressed their inability to repay, and most small and mid-sized non-bank lenders that cater to such clientele will have to extend them the moratorium benefits. NBFCs are also seeking a similar 90-day moratorium on interest/principal payments due on bonds, mutual funds and commercial papers, an aspect that has been left out of the moratorium's scope.

NBFCs are concerned because banks, after the default by IL&FS in October 2018, closed their funding tap to such entities. Even the partial

credit guarantee scheme announced specifically for para banks to tide over the liquidity squeeze was only implemented after a nudge by the finance minister.



Zomato employee destroys his motorcycle after this happens!

Deepsy Site

Recommended By Colombia

“NBFCs and HFCs (housing finance companies) still remain a stable asset class and the perceived risk aversion after the IL&FS crisis will need a sharp review, given the current situation of lockdown and its deep impact on retail customers,” said Manish Jaiswal, CEO, [Magma Housing Finance](#).

(This story has not been edited by economictimes.com and is auto-generated from a syndicated feed we subscribe to.)

Stay on top of business news with The Economic Times App. [Download it Now!](#)