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Market Watch

SBI sees around Rs 60K crore repayment getting deferred: Rajnish Kumar

BY PTI | MAR 27, 2020, 06.41 PM IST

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MUMBAI: [State Bank of India](#), which controls nearly a quarter of the banking system, on Friday said it sees Rs 50,000 to 60,000 crore of its repayment getting deferred following the three-month moratorium on term [loans](#) announced by the [Reserve Bank of India](#).

The [RBI](#) move is aimed at providing borrowers some relief to borrowers, who are affected by the impact of [lockdown](#) on account of COVID-19.

"Our term loan book is fairly large and I think Rs 2-2.5 trillion gets paid every year, so for three months it would be Rs 50,000-60,000 crore," the bank's chairman [Rajnish Kumar](#) told reporters.

In the seventh bi-monthly monetary policy announced today, the RBI allowed a repayment moratorium for three months on all term loans outstanding as on March 1, 2020.

It would be applicable for all commercial banks, including regional rural banks, small finance banks and local area banks, co-operative banks, All-India Financial Institutions, and NBFCs, including housing finance companies and micro-finance institutions.

"With this EMIs or the term loan instalments will get shifted by three months," he said.

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The RBI also announced a deferment of three months on payment of interest in respect of working capital loans sanctioned in the form of cash credit or overdraft.

"It gives banks flexibility to reassess the working capital limit, to reduce margins if they require.

"I have never seen such a situation before because I have never witnessed the entire country under a lockdown for 21 days. Obviously, when we are in such an unusual situation, the response also has to be unusual and unorthodox," Kumar said.

The outbreak of coronavirus has impacted almost 75 per cent of the sectors and the measures announced by the RBI and the government will benefit everyone.

"From IBA side, we are thankful to the RBI for announcing such measures which was necessary and it will help in kick-starting the economy as soon as the lockdown period is over," he said.

He also clarified that none of the banks are closing down or reducing the number of branches.

"All bank branches are functional. There is a close coordination with the local authorities and wherever there is a situation, for example, a branch has been quarantined because of the district collector's order, then that is a different situation," Kumar said.

He also applauded the effort of employees of all the banks who are providing essential services to their customers.

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