

The Reserve Bank of India Hon'ble Governor Shri Shaktikanta Das made an announcement on May 05 2021, as a new coronavirus wave threatens a nascent economic recovery. Following are some of the key takeaways of the announcements as the central bank stands in battle readiness:

**RBI will continue to monitor the emerging COVID-19 situation and deploy all resources and instruments at its command, especially for the citizens, business entities, and institutions beleaguered by the 2nd wave.**



#### Loan restructuring

RBI announces loan resolution framework 2.0 for individuals, small businesses and MSMEs.



#### Loan restructuring

Small borrowers up to ₹25 crores, not taken restructuring earlier, were standard as of March 2021 and will be considered for restructuring until September 30, 2021. Those availing resolution 1.0 can have residual tenure extended to two years. Lenders can review working capital sanction limits for those availing 1.0.



#### Lending to MFIs

Small finance banks on-lending to microfinance institutions (MFIs) would be categorised as a priority sector amid the ongoing COVID-19 pandemic. This facility for small finance banks will be available till March 31, 2022.

Small finance banks will be allowed to on-lend to smaller microfinance institutions of asset size up to ₹500 crores

**As per the RBI, the disruption in manufacturing units so far is minimal, sales of consumer goods are rising in double digits in January-March**



#### Local containment to sustain demand

Localised and targeted containment measures enable businesses and households to adopt; hence, the effect on aggregate demand is expected to be moderate compared to last year.



#### Park surplus liquidity

Banks will also be eligible to park surplus liquidity with RBI to the extent of the COVID-19 loan book.



#### Supporting battle against COVID-19

On-tap liquidity of ₹50,000 crores at repo rate is being opened till March 31, 2022. Under the scheme, banks can support entities, including vaccine manufacturers, medical facilities, hospitals, and patients. Such lending will get priority sector classification till repayment or maturity.

**The global economic outlook is highly uncertain and clouded with downside risks. Financial markets regained ground on COVID vaccine optimism.**



#### Improving forex reserves

Forex reserves stood at US\$588 billion as of March 30, 2021, which gives us the confidence to deal with global spillovers.



#### Sustained rural demand

The forecast of a normal monsoon by IMD is expected to sustain rural demand and overall output in 2021-22 while also having a soothing impact on inflation pressures. A normal monsoon forecast should also help contain food price inflation.