

RBI governor meets private bank chiefs over measures to ease Covid pain

Updated at May 25, 2021 18:34 IST

The Reserve Bank of India (RBI) governor and deputy governors met with the MD & CEOs of a few private sector banks on Tuesday to discuss the economy and the implementation of the RBI measures to ease the economic pain of Covid.

Credit flows to different segments of the economy, particularly to small borrowers, micro small and medium enterprises, as well as monetary policy transmission and liquidity scenario were discussed.

Last week, the governor had met public sector bank chiefs on the same theme. The bankers then had demanded a second restructuring option for those already restructured last year, and to allow them to carry on with asset classification as standard in case a company falls sick temporarily even after the first round of restructuring.

Lenders had also sought that time a lower level (about five per cent) as provision for such accounts, as against the 10 per cent applied last year. Keeping in mind the stress in the system, banks have been making much higher provisions than regulatory norms.

The private sector bankers also had similar demands as their public sector counterparts, according to a source.

The RBI governor asked the banks to quickly and swiftly implement the measures announced by RBI on May 5, 2021 in earnest, the RBI said in a statement.

"He also advised the banks to ensure continuity in provision of various financial services including credit facilities to individuals and businesses in the face of challenges brought on by the pandemic. He also urged them to continue focussing on efforts to further strengthen their balance sheets proactively," the RBI statement read.