



## Key highlights of measures taken by the RBI to tackle COVID-19 crisis vide RBI's Governor's address on 17 April 2020.

### A) Liquidity Management

1. Targeted Long-Term Operations (TLTRO) 2.0 – The TLTRO for an aggregated amount of Rs. 50,000 Cr would be a relief to NBFC / MFI sector where much needed credit will be provided.
2. Refinancing Facilities for All India Financial Institutions (AIFIs) - The refinance facility for INR 50,000 crores at the RBI's repo rate will help NABARD, SIDBI, and NHB in raising resources from the market. They play an important role in meeting the long-term funding requirements of agriculture and the rural sector, small industries, housing finance companies, NBFCs and MFIs.
3. Liquidity Adjustment Facility: Fixed Rate Reverse Repo Rate – The reduction of the Fixed rate reverse repo rate under LAF by 25 basis points i.e. from 4.0 percent to 3.75 percent will encourage banks to deploy the surplus funds in investments and loans in productive sectors of the economy.
4. Ways and Means Advances for States – The increase in the WMA limit by 60% will provide greater comfort to the states for undertaking COVID-19 containment and mitigation efforts, and to plan their market borrowing programs better.

### B) Regulatory Measures

1. Asset Classification - To ensure a healthy banking system that is adequately provisioned, RBI has asked banks to maintain higher provision of 10% on all the above accounts that are under standstill. This will be helpful for lending institutions to protect downgrading standard overdue accounts.
2. Distribution of Dividends - Stoppage on scheduled commercial banks and cooperative banks to make further dividend payouts from profits pertaining to the financial year ended March 31, 2020 will conserve capital and ensure that banks remain robust for supporting the economy.
3. Liquidity Coverage Ratio – The reduction of LCR from 100% to 80 % will address the systemic liquidity issues through a slew of monetary and market operations.
4. NBFC Loans to Commercial Real Estate Projects – The relief given to the NBFC's to further extend the commencement of commercial operations to the commercial real estate projects will provide relief to NBFCs as well as the real estate sector.