

Gujarat Chamber of Commerce & Industry



6th April, 2020 /12582

ગુજરાત વેપારી મહામંડળ

વહીવટી કાર્યવિત

Shri Narendrabhai Modi
Hon'ble Prime Minister of India
New Delhi.

Respected Sir,

Sub: Reduction in Repo Rate by RBI vis-à-vis Bank's lending rates

Greetings from Gujarat Chamber of Commerce and Industry (GCCI).

At the outset, we would like to thank you for the relief measures taken by your good self for trade and industry especially in view of the COVID-19 outbreak, including reduction of repo rates. Sir, it is noteworthy that during the one-year period from 7th February 2019 to 24th March 2020, there has been a total percentage reduction of 2.10%.

Sr. No.	Date of reduction	Reduction in %	Repo rate in %
1	24-03-2020	0.75	4.40
2	4-10-2019	0.25	5.15
3	7-08-2019	0.35	5.40
4	6-6-2019	0.25	5.75
5	4-4-2019	0.25	6
6	7-2-2019	0.25	6.25
	Before reduction		6.50
	Total reduction in %	2.10	

Sir, however, even after this substantial reduction in the repo rates, the banks have been mostly reluctant to reduce the interest rates for commercial borrowings. This has defeated the very purpose of this initiative as benefit of this reduction is not made available to trade and industry. We have made representations earlier also to RBI and the banks regarding this problem, but no action has been taken in this matter till now.

Sir, after each reduction in the repo rate, borrowers eagerly expect the reduction in the interest rates and EMIs. This expectation is especially high in the current times due to the impact of the COVID-19 outbreak. However, we are sorry to mention that this expectation has not been met by the banks and financial institutions and trade and industry has been deprived of the benefit of this excellent initiative.

Sir, only if this benefit is passed on to the trade and industry, especially the MSMEs, then the economy will get some boost and will be able to survive and face the current challenging scenario.

We therefore request your kind intervention in the matter.

With Regards,

Sincerely,

Durgesh Buch
President

Copy to:

1. Smt. Nirmala Sitharaman, Hon'ble Finance Minister, Govt. of India
2. Shri Anurag Singh Thakur, Hon'ble Minister of State for Finance, Govt. of India
3. Shri Shaktikanta Das, Governor, Reserve Bank of India

Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

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