



28<sup>th</sup> May, 2020 / 3109

**Smt. Nirmala Sitharaman**

Hon'ble Minister of Finance & Corporate Affairs,

Govt.of India

A-Wing, Shastri Bhawan

Rajendra Prasad Road

New Delhi-110 001

Respected Madam,

**Sub: Issuance of clear mandate to private sector banks for implementing RBI's suggested measures for supporting trade and industry in view of the current circumstances.**

Greetings from the Gujarat Chamber of Commerce & Industry (GCCI).

As you are kindly aware, the trade and industry fraternity is facing a situation of almost total stoppage of cash flows, cancelled orders, decreased margin and severe working capital and cash crunch due to COVID-2019 pandemic.

In such adverse time, the trade and industry fraternity expects and looks towards the banks to support them in coming out of this situation. However, it has been noticed in numerous instances that the banks, especially the private sector banks, are not honouring the advisories and guidelines issued by RBI. Due to this, the benefits of the support measures announced by your goodself do not reach down to the businesses who are in acute need of support.

Madam, in our earlier letter dated 30<sup>th</sup> April, 2020 addressed to Hon'ble Governor of RBI [ copy attached herewith], we had brought this issue to his notice and had highlighted some of the complaints/instances where the RBI advisories are not honoured and there is a clear case of non-cooperation by the banks. However, no action has been taken in the matter till now.

**Durgesh V. Buch**  
President

**Natubhai Patel**  
Sr. Vice President

**Bhargav Thakkar**  
Vice President

**Sanjeev Chhajer**  
Secretary

**Dilip M. Padhya**  
Secretary (R)

**Pathik S. Patwari**  
Treasurer



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We are in receipt of another such complaint from our Regional Chamber "The Gandhidham Chamber of Commerce & Industry" where they have highlighted few other complaints related to the private banks. The letter received from Gandhidham Chamber of Commerce & Industry is attached herewith for your kind perusal and ready reference.

Madam, we believe that this is a very serious issue which needs your immediate intervention as otherwise the businesses will not be able to survive due to non-receipt of timely support.

We strongly suggest that RBI should be instructed to issue clear mandate to the banks, [especially the private banks] with compulsory condition of strict compliance.

Thanking you in anticipation of your early positive intervention in the matter.

With regards,

**Durgesh Buch**  
**President**

Encl : As above

c.c.

**Shri Shaktikanta Das**  
Governor  
Reserve Bank of India  
Central Office Building, Shahid Bhagat Singh Road  
Mumbai-400001

**The President**  
Gandhidham Chamber of Commerce & Industry  
Gandhidham

**Durgesh V. Buch**  
President

**Natubhai Patel**  
Sr. Vice President

**Bhargav Thakkar**  
Vice President

**Sanjeev Chhajer**  
Secretary

**Dilip M. Padhya**  
Secretary (R)

**Pathik S. Patwari**  
Treasurer

# Gujarat Chamber of Commerce & Industry



ગુજરાત વેપારી મહામંડળ

વચ્ચે થી કાર્યરત

30<sup>th</sup> April, 2020

**Shri Shaktikanta Das**  
Hon'ble Governor  
Reserve Bank of India  
Mumbai.

**Sub: Issuance of clear mandate to private and public banks for implementing RBI's suggested measures for supporting trade and industry in view of the current circumstances.**

Respected Sir,

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

As you are kindly aware, trade and industry is facing severe funds crisis due to restrictions imposed in view of the COVID-19 pandemic. In such a situation, there is an almost total stoppage of cash flows, orders are getting cancelled, margins are getting squeezed and production/trade is either completely stalled or is taking place at a very slow rate.

In such challenging times, the business fraternity looks towards the banks to support them to come out of the situation and regain normalcy. However, it has come to our notice as a matter of great shock and disappointment that the banks are not honouring the advisories and guidelines issued by RBI with the objective of supporting trade and industry. The benefits of the steps taken by RBI are not passed down to the businesses. On the contrary, we are often hearing complaints from our members that the banks (especially the private banks) are holding funds in their accounts, not deducting interest rates even though there has been a continuous decrease in repo rates, showing reluctance in sanction of loans even though they are pre-approved etc. which are a clear indication of the non-cooperation by the banks in such times of need.

Sir, we believe that this is a very serious issue which needs immediate intervention by your good self as the businesses would not be able to survive in case of such incidents. We therefore request you to issue clear mandate to the public and private banks with a compulsory condition of strict compliance, so that it can be ensured that the intended benefits reach the businesses. We suggest below some points which we believe should be included in the mandate for the banks:

1. Private and public banks should be instructed to reduce the interest rates for commercial lending in line with the repo rate reduction
2. Banks should allow automatic roll-over of LCs expiring during the lockdown for a period of 90 days
3. To extend the period of the interest subvention scheme for MSMEs for the lockdown period and additional 30 days after the lockdown ends

Thanking you in anticipation of your early positive intervention in the matter.

Sincerely,

**Durgesh Buch**  
President

**Copy to: Shri S.K. Panigrahy, Regional Director, Reserve Bank of India, Ahmedabad**

**Durgesh V. Buch**  
President

**Natubhai Patel**  
Sr. Vice President

**Bhargav Thakkar**  
Vice President

**Sanjeev Chhajjer**  
Secretary

**Dilip M. Padhya**  
Secretary (R)

**Pathik S. Patwari**  
Treasurer



ESTD : 1953

## THE GANDHIDHAM CHAMBER OF COMMERCE AND INDUSTRY

Ref.No.: GCCI/K/092

27 May 2020

Anil Kumar Jain  
President  
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Shri Durgesh Buch  
President,  
Gujarat Chamber of  
Commerce and Industry,  
Ahmedabad

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Vice President  
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Aashish S. Joshi  
Hon. Secretary  
98252 25143

Jatin S. Agrawal  
Hon.Jt. Secretary  
98252 26777

Darshan A. Issrani  
Treasurer  
94269 90900

**Sub: Refusal of Private Sector Bank to implement Covid guidelines**

Dear Sir,

RBI has been meticulously bringing out notifications to ease liquidity pressure on the MSME ever since Lockdowns under the pandemic started.

However, it is brought to our Chamber's notice that Private Sector Banks like ICICI, Karnataka Bank, Axis Bank, HDFC are not adhering to the stipulations in letter and spirit. Many banks are forcing the clients to pay the Inland/Foreign Letter of Credits due immediately and are also refusing to convert the Non Fund Based LC limits into a Fund Based one as is intended in the relief measures.

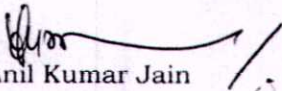
PSU Banks have extended full support to their borrowers by converting Non Fund Based Limits to Fund Based CC/Term Loans with clear cut internal guidelines for timely implementation.

However, the Private Banks are steadfastly refusing to entertain clients for the sanctioned relief often verbally saying that RBI guidelines are only advisory in nature and not mandatory.

As Supreme Court has recently observed, the stipulations from RBI need to be made **Non Discriminatory and Non-Discretionary**. Whatever is stated in RBI in its circulars need to be implemented in letter and spirit by all banks including private bank.

There is a huge amount of anger and desperation among the MSME sector, which needs to be addressed urgently.

Hope you will take quick action on this matter.

  
Anil Kumar Jain  
President



CC: Chairman, State Level Banking Committee, Ahmedabad  
Chairman, All Private Sector Banks

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