

Gujarat Chamber of Commerce & Industry



ગુજરાત વેપારી મહામંડળ ૧૯૪૯ થી કાર્યરત

30th April, 2020 / 6227

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

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