



12th June, 2020/6260

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
by private banks**

Ref: Our earlier letters No.12582 & 12587 [Copies attached herewith]

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

Sir, we have vide our above letters, brought to your kind attention the issue of reluctance on part of the private banks to reduce the interest rate in proportion to the reduction in repo rate.

Sir, recently, with the reduction of 40 basis points in Repo Rate in May 2020, the new rate has now been reduced to 4.0 from the rate of 6.25 on 7th February, 2019.

Sir, in view of the COVID-2019 outbreak, there is an urgent need for banks to reduce their interest rates significantly. However, the private banks are not reducing their interest rate in proportion to repo rate reduction, even after several requests.

Sir, we therefore request you to kindly intervene in the matter and instruct RBI to issue clear mandate to private banks to pass on the benefit of the repo rate reduction to borrowers through proportionate interest rate reduction.

With Regards,

Sincerely,

Durgesh Buch
President

Encl : as above

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

Bhargav Thakkar
Vice President

Sanjeev Chhajer
Secretary

Dilip M. Padhya
Secretary (R)

Pathik S. Patwari
Treasurer

Gujarat Chamber of Commerce & Industry



ગુજરાત વેપારી મહામંડળ

ગુજરાત શ્રી કાર્યરત

8th April, 2020

/12587

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

Respected Sir,

Sub: Reduction in Repo Rate by RBI vis-à-vis reduction in lending rates by private banks

Ref: Our earlier letter no. 12582 dated 6th April, 2020 (copy attached)

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

Sir, in continuation to our letter no. 12582 dated 6th April 2020, we would like to emphasize that we have received several complaints from our members that the private banks such as HDFC Bank, ICICI Bank, Axis Bank, Kotak Mahindra Bank, Yes Bank and Standard Chartered Bank have reduced their interest rates by average 0.50% only against the repo rate reduction of 2.1% over the one-year period from 7th February 2019 to 24th March 2020.

Sir, the above mentioned private banks cater to a very large proportion of commercial borrowers and this reluctance on the part of the private banks to reduce the interest rates in proportion to the reduction in repo rate has defeated the very purpose of this initiative as benefit of this reduction is not made available to trade and industry.

Sir, in the current situation, it is all the more important that this rate reduction benefit is passed on to the trade and industry, especially the MSMEs. Only then the economy will be able to successfully face this challenging time.

We therefore humbly request your kind intervention in the matter so that the private banks are given suitable instructions to reduce their interest rates in proportion to the repo rate reduction.

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
4. **Shri Anil Mukim**, IAS, Chief Secretary, Government of Gujarat

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



6th April, 2020 /12582

ગુજરાત વેપારી મહામંડળ ૧૯૫૯ થી સર્જિત

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

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Durgesh V. Buch
President

Natubhai Patel
Sr. Vice President

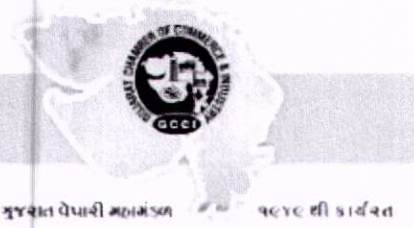
Bhargav Thakkar
Vice President

Sanjeev Chhajer
Secretary

Dilip M. Padhya
Secretary (R)

Pathik S. Patwari
Treasurer

Gujarat Chamber of Commerce & Industry



30th 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
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