

Ref. No. MCHI/PRES/19-20/335

May 11, 2020

To,
Shri Rajnish Kumar
Chairman
State Bank of India

Sub: CREDAI-MCHI Suggestion regard to increase the Liquidity position in the Market

Ref: CREDA-MCHI Letter dated 30th March 2020

Respected Sir,

CREDAI MCHI, a well-respected association of builders in the MMR region, had earlier submitted its suggestion to the Bank to Revive Real Estate vide its letter dated 30/03/2020.

Sir, as you are aware, the Real Estate sector was already going through slow down since last 2-3 years due to depressed demand as a result of the on-going economic slowdown in India. The situation is further aggravated due to unprecedented Covid -19 pandemic,


We suggest the following as immediate measures to increase Liquidity position in the Market:

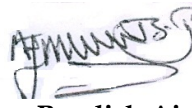
1. RBI has allowed the Banks to re-assess working capital requirement of the borrowers and grant ad-hoc enhancement in working capital limits. However, in case of Real Estate borrowers, the working capital loans to fund the projects are provided in the form of term loans. Therefore, we suggest that Top up be allowed in the existing term loans, assets back loans and loans against properties.
2. As per the Bank policies, a decline in Credit Rating of a borrower results in an increase in rate of interest irrespective of the regular payment track record of the borrower. This practice of the Bank penalises the borrower who in-spite of certain adverse reason affecting his credit rating is still making payment of the Bank dues on regular basis. In such cases, the credit rating should not be downgraded, or at least the rate of interest should not be increased than earlier sanctioned, as due to Covid -19 pandemic and many other circumstances, Credit Rating of the borrowers may remain stressed and this should not adversely affect availability of credit to such borrowers as also the terms on which credit is disbursed to such borrowers
3. Home Loans with teaser rates of interest should be re-introduced so as to attract more and more customers to avail the home loans and provide demand to the Real Estate Sector.

We trust that our above suggestions, if implemented, will generate a good amount of liquidity in the market and provide working capital funds to the needy. Kindly take the same into consideration.

Thanking you
Yours Sincerely,

For CREDAI-MCHI


Nayan A. Shah
President


Bandish Ajmera
Hon. Secretary

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Nayan A. Shah
- IMMEDIATE PAST PRESIDENT**
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- PRESIDENT-ELECT**
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