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Nainesh Shah
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Jayesh Shah
Ajay Ashar

HON. SECRETARY
Pritam Chivukula

TREASURER
Munish Doshi

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Sandeep Raheja
Navin Makhija
Rasesh Kanakia
Shahid Balwa
Subodh Runwal

HON. JT. SECRETARIES
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Pratik Patel

JT. TREASURERS
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Tejas Vyas

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Rajesh Prajapati
Dr. Harshul Savla

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Gautam Ahuja
Deepak Gundecha

INVITEE MEMBERS
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Digant Parekh
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Naman Shah
Ricardo Romell
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Dharmesh Jain
Vyomesh Shah
Paras Gundecha
Pravin Doshi

Mohan Deshmukh
Mofatraj Munot
Rajnikant Ajmera
Late G. L. Raheja
Late Lalit Gandhi
Late Babubhai Majethia

CREDAI-MCHI UNITS

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Ajay Ashar

PRESIDENT, KALYAN DOMBIVLI
Shrikant Shitole

PRESIDENT, MIRA VIRAR CITY
Ashit Shah

PRESIDENT, RAIGAD
Kiran Bagad

PRESIDENT, NAVI MUMBAI
Vijay Lakhani

Ref. No. MCHI/PRES/20-21/013

September 14, 2020

To,

Expert Committee to Assist Government for Assessment of Relief to Bank Borrowers

Chairman's office

State Bank of India

State Bank Bhavan, Madame Cama Road,

Nariman Point,

Mumbai, 400021

Sub: Submissions of representations behalf of CREDAI - MCHI

Respected Sir,

We take this opportunity to thank you for being part of a special committee formed by Government of India to examine issues regarding waiver of interest and interest on interest on Covid-19 related moratorium.

Confederation of Real Estate Developer Associations of India (CREDAI) is the apex body of real estate developers in India with more than 20,000 members and presence in 210 cities across 21 states. CREDAI plays an important role in policy formulation by representing the views of its members to various Ministries at regular intervals. CREDAI also works on a social development agenda focused on welfare of construction workers through its skill development initiative and encourages its members to take up environment friendly construction practices.

Resting with our letter is our detailed representation, which is without prejudice to our rights and contentions before the Hon'ble Supreme Court in Writ Petition (C) No. 568 of 2020, which you are requested to consider favourably.

We will be more than happy to provide you with further documents / information which you so require.

Thanking you,

Yours Faithfully,
For CREDAI-MCHI



Deepak Goradia
President
(M: 7045908378)



Pritam Chivukula
Hon. Secretary
(M: 9819900555)

Encl: As above

REPRESENTATION ON BEHALF OF CREDAI – MCHI TO THE EXPERT COMMITTEE TO ASSIST
GOVERNMENT FOR ASSESSMENT OF RELIEF TO BANK BORROWERS



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1. REAL ESTATE SECTOR & CREDAI – MCHI

- 1.1 Real Estate sector contributes about 5-6% of the GDP of India alongwith being the second largest employer of the country which employs almost 50% - 60% of migrant labor across the industry as well as the ancillary industries attached to it. Real Estate sector is a catalyst / focal sector to revive the Indian economy.
- 1.2 Approximately 270 [two hundred and seventy] ancillary industries are dependent on the Real Estate Sector. List of ancillary industries that are dependent on the Real Estate Sector annexed as “**Enclosure – 1**”.
- 1.3 According to the RBI as on 27th March, 2020, the Gross Bank Credit to the Real Estate Sector was about INR 92,63,134 Crore, out of which:-
 - (a) INR 2,27,770 Crore is deployed towards commercial real estate; and
 - (b) INR 13,38,964 Crore is deployed towards housing as a priority sector.
- 1.4 Confederation of Real Estate Developers’ Associations of India [“**CREDAI**”] is the apex body of real estate developers and represents more than 20,000 members spread across 21 states of India with 220 city level chapters across India.
- 1.5 CREDAI – MCHI is the Maharashtra chapter of CREDAI and it consists of members from the real estate industry in Mumbai Metropolitan Region [“**MMR**”]. It is the recognized body of the real estate industry by the Housing Ministry, Government of India with a membership of over 1,400 leading real estate developers in Mumbai.
- 1.6 In the event an adequate relief package is not made available to the real estate industry, it will have a cascading effect on all the associated entities, businesses, employment sustainance and generation etc. and also the economy as a whole including on the following:-
 - (a) the vision of the Hon’ble Prime Minister of India, under the Pradhan Mantri Awaaz Yojna – Housing for All, which is based on public private partnership model, where members of CREDAI - MCHI are core participants would be severely impacted where about 83.63 lakh houses are to be constructed and handed over to economically weaker sections;
 - (b) there will be a huge job loss for migrant labors, most of which are daily wage earners, whose survival depends on survival of real estate sector. As per available statistics, the real estate industry only in MMR engages 2,08,780 workers/employees labourers directly and through the ancillary industries the number is much larger. Fate of these laborers and their family members are at stake which will be permanently impaired if the real estate sector is not bailed out.

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- (c) in Maharashtra, in 2017 there were about 2,05,57,046 slum dwellers, which as on date would have at least doubled. They currently live in unhygienic and unsafe conditions. Moreover, there are about 1,481 slum schemes currently ongoing where fate of about 3,40,102 eligible slum dwellers is at stake. The dreams of these slum dwellers of living in sanitable conditions will be completely shattered and the mission of Government of India of "Slum free India" will be severely impacted. All socially beneficial projects like slum rehabilitation projects, reconstruction of dilapidated buildings and provision lower economic group housing would be directly affected;
 - (d) Government of India and in the case of CREDAI – MCHI specifically the State of Maharashtra has in last five years earned huge revenues in the form of GST and stamp duty and registration charges. The estimated incomes for next 5 [five] years will be negligible if the real estate sector is not given a financial assistance platform to sustain the aftermath of the disaster and extended lockdown;
 - (e) there are about 25,270 projects registered with MahaRERA and about 20,000 projects are still under construction which will yield about 5,00,000 houses in MMR. The prospects and fate of these 5,00,000 flat buyers will be jeopardized and permanently impaired with the downfall of real estate sector. The dreams of a home for all these flat purchasers some of whom have invested their lifetime savings will be shattered;
 - (f) INR 15,66,734 Crore of GDP is at stake if real estate sector dies. Considering the economy where there are virtually no takers of a real estate project because of issues which the sector was already facing and ones which have emanated due to the pandemic and lockdown the stressed assets market would collapse resulting in opportunists and hostile take overs at the costs of the lending institutions. Inadequate or no measures to bailout the sector would result in the financial exposures.
 - (g) finally, if long awaited relief is not given to this sector in form of broader loan restructuring as well as additional top up funding for ongoing real estate projects, the projects would remain incomplete depriving the home buyers of their delivery, the bankers would be under stress to recover their advances of the housing loans as well as loans to developers, and lastly also put the developers in tremendous financial stress.

2. CONTINUING IMPACT OF THE COVID - 19 PANDEMIC i.e. NATIONAL DISASTER AND LOCKDOWN ON THE REAL ESTATE SECTOR

- 2.1 In view of the COVID-19 pandemic and the nationwide lockdown, members of CREDAI - MCHI were prohibited from carrying on free trade and business as guaranteed under Article 19(1)(g) of the Constitution of India.
- 2.2 Since March, 2020, all activities of the real estate / construction industry have come to a grinding halt as opposed to certain other industries which were allowed to operate [with or without restrictions] during the lockdown. Thus, rights guaranteed under Article 21 of the Constitution of India stood infringed as due to the lockdown source to earn livelihood stood impaired.
- 2.3 Section 13 of the Disaster Management Act, 2005 casts a statutory obligation on the Government of India to ensure that adequate relief / assistance is provided owing to the national disaster and in particularly in unprecident situations such as the present wherein the businesses / construction and other allied activities are intermittently / not functioning. In fact, Section 72 of the Disaster Management Act, 2005 provides that the Disaster Management Act, 2005 will override any other law or any instrument in force.
- 2.4 Whilst some restrictions have been recently lifted by Government of India and the State of Maharashtra, such purported relaxations have made no practical difference for Real Estate sector to restart its business and commence construction activities and effect sales. In other words, even now the situation for Real Estate sector is practically the same as it were at the beginning of the lockdown. A chart showing the various restrictions in place and other difficulties since March, 2020 for the Real Estate sector to commence its business is annexed as “**Enclosure – 2**”.
- 2.5 In fact, RBI has in its Montory Policy Committee Meetings held on (a) 24th, 26th & 27th March, 2020, (b) 20th to 22nd May , 2020 and 4th August, 2020 to 6th August, 2020 itself admitted the fact that the real estate sector has been one of the worst hit sectors owing to the lockdown and that the impact of the lockdown is expected to last until end of fourth quarter of FY 2020-2021 the RBI Governor admitted tha the timeline of the effect of the disaster / pandemic on the economy cannot be predicted at all even now.
- 2.6 Significantly, the estimates of Gross Value Added at Basic Prices for Q1 in FY 2020-21 show a percentage drop of 50.3% from Q1 of the previous year – which is the worst change for any sector. Press Note on Estimates of Gross Domestic Product for the First Quarter [April – June] 2020-2021 is annexed as “**Enclosure – 3**”.
- 2.7 In these circumstances, CREDAI - MCHI apprehends / estimates the following:-
 - (a) inability to restart businesses till the end of third quarter of FY 2020-21;

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- (b) the approximate loss of employment in the real estate industry to be about 29% during FY 2020 - 2021;
 - (c) resumption of only 20 - 25% of construction activities in the present quarter of FY 2020 - 21 and eventually reaching upto to only about 60% during the fourth quarter of FY 2020 - 21;
 - (d) sales in the real estate sector would be reduced by over 40% in FY 2020 - 21;
 - (e) the consumer sentiment would continue to be at its all-time low throughout FY 2020 - 21 because approximately 20% – 30% consumers of the real estate industry have lost their jobs and the pay across most industries has been only 10% – 30%;
 - (f) the lack of confidence for the migrant labourers to return back to Mumbai will keep construction activities virtually halted; and
 - (g) the revenue stream of the members of CREDAI - MCHI would remain impacted because even as per RBI the recovery in economic activities is expected to begin in the third quarter of FY 2020 - 21 and gain momentum in the fourth quarter of FY 2020 - 21 if the demand gradually rises.

2.8 The precarious situation has adversely effected not only over 1400 members of CREDAI - MCHI but also the 270 ancillary industries dependent on the real estate industry.

3. EXTENSION OF MORATORIUM AS WELL AS WAIVING OF INTEREST AND INTEREST ON INTEREST DURING COVID-19 MORATORIUM

- 3.1 RBI COVID-19 Policies i.e. Statement dated 27th March, 2020 along with the Notifications dated 27th March, 2020, 17th April, 2020 and 23rd May, 2020 [**"Moratorium Policy"**] have not only been inadequate but also largely illusory due to the discretion granted to the lending institutions thus the percentage of account who have taken benefits under the Moratorium Policy as declared by lending institutions does not reflect the right picture of pain in the economy. The period of moratorium was extended till 31st August, 2020 by the Notification dated 23rd May, 2020.
- 3.2 Under the Statement and Notification dated 27th March, 2020, the lending institutions were 'permitted' to allow a moratorium of three months on payment of installments in respect of all terms loans outstanding as on 1st March, 2020 even if overdue.
- 3.3 Instalments include (a) principal and/or interest components, (b) bullet repayments; (c) EMIs and (d) credit card dues, falling within 1st March, 2020 to 31st August, 2020.
- 3.4 RBI permitted lenders to allow a moratorium upto 31st August, 2020 for all term loans falling overdue between 1st March, 2020 to 31st August, 2020, these continued to accrue interest. Therefore, whilst the working and earning abilities of the home buyers as well as developers were prohibited due to the lockdown, they are required to continue to bear the huge burden of interest which gets compounded. Business have also been made to bear other expenses such as wages and salaries during the lockdown period which is practically difficult.
- 3.5 As construction is carried on, money is recovered from purchasers as per progress of work . This money is used to service the loans, project expenses and other expenses. However, with no construction activity during the lockdown, and slow activity for the foreseeable future, there has been no recovery [revenues] to meet the interest on loans and other expenses. Due to stoppage in construction work lending institutions have stopped disbursing home loans to flat purchasers even for work which is already completed.
- 3.6 Deferment in payment of interest does not provide adequate relief to the borrowers inasmuch as it is an admitted position that the lockdown has had an adverse impact on the real estate industry which would take atleast another 6 [six] months to achieve normalcy or even more with the continuing surge in the Covid – 19 cases on a daily basis.
- 3.7 Pertinently, several lending institutions have refused to disburse home loans to customers in view of the impact of the national disaster / pandemic on their financial profiles. Therefore, even in cases where the members of CREDAI – MCHI completed/or would complete construction milestones, they would be unable to recover monies from the customers.

- 3.8 The source of revenue for everyone in the Real Estate sector has dried up, even such borrowers cannot continue servicing the interest component of their loans indefinitely and the benefit of waiver of interest should be extended to them as well.
- 3.9 The lending institutions on one hand are opposing grant of any relief to the borrowers on the ground of alleged losses suffered by them due to the Moratorium Policy notified by RBI. However, as per the recent news reports, both nationalized and scheduled banks such as State Bank of India, Bank of Maharashtra and HDFC Bank have reported increase in profits in the first quarter of FY 2020-21. News reports are annexed as “**Enclosure – 4**”.
- 3.10 In fact that the lending institutions are also not immediately passing on the benefit of reduction in repo rates by RBI citing contractual terms where many loans have been agreed on MCLR [internal reference rate for banks fixed by RBI], and the benefit of reduction in repo rates will only be passed on at the end of current financial year or when the next renewal is due as the right to pass on such benefits is also discretionary as per lenders. Banks are marking up interest to about 3.25% to 4.20% for home loans over and above the repo rate [which is currently at 4%], which constitutes 81% to 105% of repo rate.
- 3.11 Income of banks is not restricted to banking activities. In fact revenues arising from non-banking activities is far more. Even, during lockdown, non banking activities continue to yield income for banks.
- 3.12 The rates offered by lending institutions to fixed depositors is about 2.75% to 4% for tenure ranging from 7 days to 3 years. While there has been sharp reduction in the interest rates offered to depositors and reduction in repo rates, banks have not reduced any lending rates which currently is in the range of 15% to 18%. Thus, RBI policies have in fact resulted in increasing the spread [difference between the borrowing and lending rate] of the banks at which they were operating prior to the pandemic. On the contrary banks have also parked their surplus funds with RBI at a reverse repo rate of 3.35% from April 2020. As on May 5, 2020 INR 8.53 trillion was parked by banks under the reverse repo rate with RBI. While they have charged us a much higher amount against the debt given to the sector. This imbalance in the cost of funds as compared to earnings in lending, in times when the entire world is writing off earnings is unheard of and is extremely harsh as a stand. No sector has made earnings equivalent to its earlier trajectory and banking and financial services is the only sector which is getting 100% protection towards its earnings even when the entire world is at loss. This will make it extremely tough for businesses to survive.
- 3.13 It is submitted that it is equally obligatory on the lending institutions to partake in economic recovery and not to profiteer at the costs of borrowers. Given the present situation, the lending institutions must not lose sight of the fact that the Fitch Ratings report in October, 2019 estimated around \$10 billion of real estate sector loans to be up for repayment during the first half of the year 2020 [which would also include the lockdown period] and in the event Government of India and the lending institutions do

not adopt a pragmatic approach, the defaults in the real estate sector will seriously imperil the health of the lending institutions.

3.14 There is no change in circumstances or situation much less a sight of normalcy from the the situation that persisted / existed during March, 2020 to August, 2020 in fact the number of Covid – 19 cases are on a steep surge. It was clear that whilst on one hand the RBI [under the pressure of lending institutions] did not want to extend the Moratorium Policy beyond 31.08.2020, on the other hand the RBI was not ready with the parameters for the resolution framework much less implementation thereof. The entire issue is in a twilight zone without any final direction or immediately effectively implementable pathway either from the Respondents or the lenders.

3.15 It is thus imperative that:

- (a) interest and interest on interest for a period from 01st March, 2020 to 31st August, 2020 on all loans and advances given to all borrowers engaged in real estate sector who are not declared as NPA as on 29th February, 2020, shall be waived;
- (b) the Moratorium Policy be extended by the RBI *till 31st March, 2021* or until complete normalcy is achieved, whichever is earlier,
- (c) during the extended Moratorium Period i.e. from 01st September, 2020 to 31st March, 2021 or until normalcy is achieved, which ever is earlier, simple interest may be charged by lending institutions at a rate which is equivalent to the rate of interest offered by banks for fixed deposits and is required to be capitalized by banks. The reduced interest so charged shall be capitalised by increasing the residual tenure of loans; and
- (d) the Government of India formulates a policy for giving financial assistance to those adversely affected by the actions of Government of India from end March, 2020 owing to the national disaster / pandemic.

4. ILLUSORY AND ARBITRARY COVID-19 RESOLUTION FRAMEWORK INTRODUCED BY RBI AND THE SECTOR WISE FINANCIAL PARAMETERS SUGGESTED BY THE EXPERT COMMITTEE FORMED BY RBI ARE ONEROUS AND INEFFECTIVE

- 4.1 RBI has announced the RBI Covid-19 Resolution Framework vide Circular dated 6th August, 2020 read with Circular dated 7th September, 2020 whereunder:-
- (a) lenders are permitted to implement a resolution plan in respect of eligible corporate exposures under a window provided under the RBI [Prudential Framework for Resolution of Stressed Assets] Directions, 2019 dated 7th June, 2019 [**Prudential Framework**]; and
 - (b) only those borrowers whose accounts were classified as standard but not in default for more than 30 days with any lending institutions as on 1st March, 2020 and continue to be so till the date of invocation are eligible for restructuring.
- 4.2 The RBI Covid-19 Resolution Framework is *ex-facie* arbitrary, discriminatory inter alia for the following reasons:-
- (a) the Prudential Framework does not restrict its applicability to only those borrowers whose accounts are classified as 'standard'. Under the Prudential Framework, restructuring is contemplated for any "account in default". The definition of "default" is also wide and not restricted to only 'standard' or SMA – 0 accounts. However, under the RBI Covid-19 Resolution Framework, the eligibility has been restricted only to borrowers, whose accounts were standard but not in default more than 30 days i.e. SMA – 0 category and continues to be so **until the date of invocation** of resolution process;
 - (b) similarly, under the Moratorium Policy, eligibility for availing the moratorium was not linked to the classification of accounts as per the Prudential Framework. Thus, all installments payable between 1st March 2020 to 31st May 2020, **even if overdue**, were eligible for grant of moratorium. However, under the RBI Covid-19 Resolution Framework, eligibility for onetime restructuring is restricted to borrowers, who accounts were standard but not in default more than 30 days i.e. SMA – 0 category and continues to be so until the date of invocation of resolution process;
 - (c) there is thus no change in circumstances, accounts for which moratorium was granted / eligible, for e.g. SMA – 1 and SMA – 2, would immediately turn NPA in the month of September / October 2020 on account of failure to pay the aggregate instalment which stands compounded and enforcement of securities by the lending institutions;
 - (d) despite no change in circumstances, from 1st September, 2020, lenders are able to forthwith recover and enforce security, and de-classify / downgrade borrower's account leading upto NPA in cases where borrowers becoming ineligible for restructuring;

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- (e) the lending institutions may also contend, as they have in respect of the Moratorium Policy, that RBI Covid-19 Resolution Framework is also discretionary and thereby even go after borrowers who are entitled for restructuring;
 - (f) those borrowers who are unable to pay their accumulated instalments on and from 01.09.2020 considering that hardships / restrictions still continues to subsist, their loan account will be downgraded to either SMA – 1 or SMA – 2 or even NPA, as the case may be. Consequently, as RBI Covid-19 Resolution Framework is made applicable to only those accounts which remain standard i.e. SMA – 0 until the date of invocation of resolution process they will lose out on opportunity of one time restructuring under the RBI Covid-19 Resolution Framework;
 - (g) furthermore, the RBI Covid-19 Resolution Framework, is presently not implementable since it mandates 10% additional provisioning which is being brought in for each account which goes under the RBI Covid-19 Resolution Framework. The additional provisioning would not only add onto 3-4% additional interest burden on the loan accounts but also dissuade all lenders to take up accounts under the RBI Covid-19 Resolution Framework and make projects unviable due to additional cost burden;
 - (h) the RBI Covid-19 Resolution Framework circular mandates consent of 75% of the lenders of a borrower and a duly executed ICA which in itself is cumbersome and until all 75% of the borrowers agree to invoke the resolution process there is completely uncertainty as to the fate of the accounts of the borrowers and until such time the account can slip into SMA-1 and SMA-2 which shall make it ineligible to apply for RBI COVID-19 Resolution Framework;
 - (i) borrowing in real estate sector is generally for or against specific project / property where each project / property is mortgaged and receivables are hypothecated to specific Lender. Hence even if there are multiple projects under one borrower entity, each project generally has separate credit facility arrangement with concerned lender and underlying receivables are not shared amongst different lenders, unlike other sectors. Many qualifying conditions laid down in the RBI Covid-19 Resolution Framework are borrower centric and not credit facility centric. Whereas it ought be credit facility / project centric and accordingly ICA and related provisions and also other borrower centric conditions should not be applicable.
 - (j) the sole suggestion in relation to the real estate sector made by the Expert Committee formed by the RBI i.e. to consider the financial parameters at project level rather than entity level has been rejected by the RBI in its Circular dated 7th September, 2020;
 - (k) project wise assement of one time restructuring entitlement and not borrower wise is the only answer to make the resolution framework for Real estate sector more meaningful. The project

wise restructuring would also ensure that the monies are being utilized towards completion of the particular project and hence would also a protective umbrella over the lenders and the buyers.

- (l) the Expert Committee formed by the RBI had also suggested that certain prescribed ratios [viz. TOL / ATNW and Total Debt / EBITDA] were to be achieved by FY 2023 and rest of the ratios had to be achieved each year basis the FY 2020 – 2021. RBI has rejected the suggestion and has made all ratios applicable to be maintained from March, 2022 on a yearly basis and TOL / ATNW to be maintained from the date of implementation of the resolution, thereby making it impossible for the borrowers to achieve the same upfront;
- (m) owing to the fact that the RBI Covid-19 Resolution Framework is only applicable to accounts who are classified as standard / SMA - 0 and continue to be so until invocation, in the absence of any moratorium and till such the lending institutions formulate specific parameters and/or further policies are notified, the accounts of borrowers including the members of CREDAI – MCHI would have been downgraded to SMA – 1 or SMA – 2 leading upto NPA, and consequently wouldn't be entitled to benefits under the RBI Covid-19 Resolution Framework;
- (n) the RBI Covid-19 Resolution Framework is presently illusory and cannot be viewed as a substitute to the Moratorium Policy, much less as permanent solution / alternative, particularly when there is steep surge in the Covid-19 active cases on a day to day and it is important to note is that individual banks and financial institutions need to get their individual board approvals towards the same before any borrower can apply for relief under the same, timelines of which across institutes are unknown;
- (o) RBI ought to have also considered cases for resolution under RBI Covid-19 Resolution Framework which have already been declared as NPAs since current market trend and sentiments will lead in only hostile or opportunistic take overs and erosion in value of assets. As on date by the Prudential Framework, RBI has withdrawn all the framework of resolution of stressed assets and Insolvency & Bankruptcy Code, 2016 [**IBC Code**] remains the only mode stressed assets are dealt with;
- (p) the Notification dated 5th June, 2020 suspending IBC Code recognizes that there may not be enough resolution applicants to rescue corporate debtors who may default in discharging their debt obligation. Also, it merely prohibits initiation of CIRP for defaults arising on or after 25th March, 2020 for six months, which will expire on 25th September, 2020. Explanation to section [prohibition in initiation of CIRP] clearly provides that it will NOT apply to any default committed before 25th March, 2020;

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- (q) a separate fund or similar structure such on the lines SWAMIH fund for the real estate sector must be made implemented for projects by banks, i.e., to bring about a change from the loan funding to a more effective and constructive cash flow funding structure. Such measures are mandated in the present situation to ensure minimal suffering and loss;
 - (r) as per available data as on the last quarter of FY 2019 – 2020 about 3,774 cases went under the IBC Code out of which only 43% [1,604 cases] has seen light at the end of the tunnel either by way of resolution, liquidation etc. Out of these resolved cases 57% has resulted in liquidation and mere 221 cases resulted in successful resolution plan. As such, IBC Code has failed to yield its desired result and with the ongoing pandemic chances of resolution has become bleaker;
 - (s) moreover, in this situation, assets of corporate debtor will not fetch its maximum value. Thus, current situation demands one time restructuring of even cases which have been declared as NPA; and
 - (t) if the RBI Covid-19 Resolution Framework is not implemented across board without any classification, it would not afford just and adequate relief to the members of CREDAI – MCHI.

5. SUGGESTIONS TO MITIGATE FINANCIAL CONSTRAINTS OF THE REAL ESTATE SECTOR AND MEASURES TO BE ADOPTED IN THE CURRENT SITUATION

- 5.1 The Moratorium Policy be made mandatory and extended by the RBI from 1st September 2020 until 31st March, 2021 or complete normalcy is achieved, whichever is earlier. During the extended period lending institutions may charge simple interest at a rate which will be equivalent to rate of interest offered by banks on fixed deposit. The interest so charged for extended moratorium period be capitalised by extending the residual tenure of loans.
- 5.2 All borrowers in the real estate sector must be granted reliefs as set out in Para 3.16 hereinabove, inter alia, borrowers which were not declared as NPA till 01st March, 2020 should be extended the benefit of interest waiver and interest on interest waiver, as the case may be till 31st August, 2020 or till complete normalcy is achieved or or till the Resolution Plan under RBI Covid - 19 Resolution Framework is approved [if invoked], whichever is earlier.
- 5.3 In the event, if found necessary the Government of India ought to monetise the lending institutions to reduce the burden, if any, by reason of interest waiver and interest on interest waiver.
- 5.4 Additional source of finance in nature of grant of additional loans, working capital facilities, Guaranteed Emergency Credit Line and construction finance etc. be made available.
- 5.5 Mandatory all lending institutions to pass on the benefit of reduction of repo rates by RBI to all loans and facilities granted by all lending institutions including but not limited to homes loans / construction loans etc.;
- 5.6 Prohibit change in credit rating, valuation of security and classification of status of loans till 31st March, 2021 or till complete normalcy is achieved or or till the Resolution Plan under RBI Covid - 19 Resolution Framework is approved [if invoked], whichever is earlier.
- 5.7 RBI Covid-19 Resolution Framework to be simplified, broadbased and implemented across board without any classification so that the true object of bailing out the borrowers under stress [precipitated by the national disaster / pandemic / fore majeure event] and supporting the revival of the Indian economy / its GDP through its focal sector i.e. real estate can be seamlessly achieved.
- 5.8 Currently, India is seeing the worst possible slump in its GDP due to the sharpest fall in this quarter due to the effect of this pandemic. The fiscal shortfall has not been compensated in India (2%) as compared to other nations such as Brazil, which is an emerging economy and has more or less the same impact of the pandemic (7.5%). A fiscal push/support is severely needed from the Government of India/RBI is these times by way of a more self-sufficient and effective credit package to this real estate industry. A comparison chart of the country wise stimulus packages against their respective GDPs is annexed as **"Enclosure - 5"**.

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- 5.9 Banks / lenders be directed to extend additional credit for completion of the ongoing project under the resolution framework even if the financial parameters are stressed for the project as long as the lenders are able to recove their debt to the maximum extent possible. Because, resolution framework having inadequate funding mandate or depending on liquidation process under IBC will still be futile and would not provide any solution to any stake holder in the entire chain.

Sr. No.	Industries affected
1	Block Biding Mortar
2	Fillers
3	Ready Mix Plaster
4	Sealants
5	Tile Adhesive
6	Civil Works
7	Cement Based Coverings
8	Industrial Floors
9	PU Floors
10	PVC Floors
11	Wooden Floors
12	Paintings
13	Alu Window & Doors
14	Alu Window Profiles
15	Door Frames
16	Door Shutters
17	Engineered Wood Frames
18	Fire Doors
19	Flush Doors
20	FRP Doors
21	Laminated Doors
22	Metal Doors
23	Moulded Panel Doors
24	UPVC Profiles
25	UPVC Windows
26	Veneer Doors
27	Wooden Doors
29	Pipes & Fittings
32	Tanks
33	Indoor Furniture
34	Luxury Furniture
35	Outdoor Furniture
36	Fire Control Systems
37	Security System
38	Surveillance Camera
39	Boiler Automation
40	Building Automation
41	Electric Vehicle Charging Infrastructure
42	Home Automation
43	Solar Power Generation
44	Welding Automation
45	Glass Indsutry
46	M S Steel
47	Plates & Sheets
48	RMS
49	Rolled Steel
50	Steel Wires & Cables
51	Structural Steel
52	TMT Steel
53	Basin Tops & Vanity Counters
54	Bath Accessories
55	Sanitary
56	Wires and Cables
57	Control Gears
58	Distribution Panels & Boards
59	Generators
60	Pumps & Motors
61	Switches & Sockets
62	Electronic Products
63	Architectural Hardware
64	General Hardware
65	Marble
66	Natural Stones
67	AAC Blocks
68	Bricks
69	Concrete Blocks

70	Paver Blocks
71	Plaster
72	Elevators
73	Escalators & Moving Walks
74	Parking Systems & Material
75	External Duct Cladding
76	HVAC Systems
77	Cement
78	RMC
79	ACP
80	Aluminium Facades
81	Facade Material
82	Facade Panels
83	Metal Facades
84	Railing Material
85	Furniture Industry
86	Wall Covering
87	Wardrobes
88	False Ceiling
89	Ceramic Tiles
90	Glass Tiles
91	Mosaic Tiles
92	Vitrified Tiles
93	Admixture
94	Bonding Agents
95	Coatings
96	Construction Chemicals
97	Resin & Hardeners
98	Fitness Equipments
99	Jacuzzi
100	Playground Equipments
101	Pool Accessories
102	Swimming Pools
103	Architectural Lightings
104	Decorative Lightings
105	Indoor Light Fittings
106	Outdoor Light Fittings
107	Block Boards
108	Laminates
109	Plywood
110	Veneers
111	Ceilings
112	Form work
113	Cubicals
114	Crane & Pulleys
115	Laminate sheets
116	Door hinges
117	Pipe connectors
118	Sanitary
119	goods lift
120	car parking
121	Gates
122	grills
123	chain blocks
124	pre fabricated buildings
125	gypsum board
126	Scaffoldings
127	Parking shed
128	Brokers
129	Construction material Selling Portals
130	Housing Portals
131	Banks / HFC / NBFC's
132	International Property Consultant
133	Lawyers and Solicitors
134	Road Works
135	Grinding wheels
136	Convenor system

137	safty jackets
138	belt convener
139	work tables
140	Material handling equipments
141	Water treatment systems
142	water treatment plants
143	welding equipments
144	air compresors equipments
145	hydraulic machines
146	hydraulic components
147	chemical storage tanks
148	proces vesels
149	air filters
150	air purfiers
151	electric drills
152	cutting machines
153	Tapping machines
154	sewing machines
155	sewing machines parts
156	distilation units
157	chemical process pumps
158	cooling towers
159	tube heat exchangers
160	bending machines
161	shaping machines
162	generator rental services
163	wire mesh
164	aluminium mesh
165	powder Coating
166	glass industries
167	fabricators
168	fastners
169	brass inserts
170	land scaping servies
171	landscape design
172	land scape development
173	fountains
174	manhole covers
175	floor drains
176	everlast composites
177	mesurment instruments
178	Energy Meter
179	data logger
180	Solar panels
181	solar street lights
182	solar inverter
183	blowers
184	air ventilators
185	cooling fans
186	electrical contractors
187	electrical wire servcies
188	calibrating services
189	Balancing services
190	temperatur indicators
191	Scrap industries
192	couplings
193	step ladders
194	industrial tools
195	insulators
196	mica sheets
197	cuting wheels
198	fap discs
199	polishing wheels
200	drill chucks
201	Strainers
202	Third party marketing servcies
203	Architectures

204	contractors
205	Real estate cleaning services
206	Packers and movers
207	Carpentry services
208	Repair Services
209	Rope industries
210	trollers
211	Stamping Machines
212	Material Provider services
213	Transport services
214	Finance Services
215	Constrution Funding
216	Retail home provider
217	Sofas
218	Water dispensers
219	magnet seprators
220	Home Furnitures
221	Handicraft decoratives
222	beds
223	chair
224	tables
225	display stands
226	Jib cranes
227	wall putty
228	modulalr kitchens
229	storage cupboards
230	Aluminium Sections
231	rubber wheels
232	wheel caster
233	roll up standees
234	roll up display
235	promotion table
236	ERP Systems
237	IT Services
238	Broad band services
239	electricity providers
240	pesticides
241	water treat ment chemcials
242	chemical compunds
243	glycerine
244	plant growth regulators
245	epoxy coatings
246	precison job works
247	bearings
248	Property Developements
249	lawn care
250	mobile app developmets
251	online real estate marketing
252	rental portals
253	agency business
254	wall papers
255	polishing services
256	door mats
257	waste disposal business
258	securty guards
259	commercial space renting
260	commercial real estate agent
261	tools indutries
262	pre construtions cleaners
263	interior decorators
264	pluming business
265	planting
266	Heating systems
267	Swiming pool constuctions
268	Gardners
269	playing equipments
270	Designers

ENCLOSURE-2

TIMELINES OF LOCKDOWN RESTRICTIONS

DATE	AUTHORITY	REGULATION OF CONSTRUCTION ACTIVITIES	REGULATION OF OFFICES	REGULATION OF INTER DISTRICT/ STATE TRAVEL
20.03.2020	MCGM	All private and corporate establishments shut down	All private and corporate establishments shut down	Restrictions imposed on movement within isolation and quarantine centres declared by the MCGM.
23.03.2020	Government of Maharashtra	All offices, factories, commercial establishments etc. were directed to be shut.	All offices, factories, commercial establishments etc. were directed to be shut.	All State borders sealed. Transport services suspended. No movement was allowed till 31.03.2020 except for essential goods and services.
24.03.2020	Government of India, MHA	Commercial and private establishment were directed to be shut for a period of 3 weeks from 25.03.2020.	Commercial and private establishment were directed to be shut for a period of 3 weeks from 25.03.2020.	All transport services suspended. No movement was allowed for a period of 3 weeks from 25.03.2020.
13.04.2020	Government of Maharashtra	Commercial and private establishment were directed to be shut for a period of 3 weeks till 30.04.2020.	Commercial and private establishment were directed to be shut for a period of 3 weeks till 30.04.2020.	No movement was allowed till 30.04.2020.
14.04.2020	Government of India, NDMA		Commercial and private establishment were directed to be shut for a period of 3 weeks from 03.05.2020.	No movement was allowed for a period of 3 weeks from 03.05.2020.
15.04.2020	Government of India, MHA	Construction allowed where workers were available at the site.	All industrial and commercial activities were prohibited except for those specially allowed.	No movement was allowed till 03.05.2020.
01.04.2020	Government of India, NDMA	Staggering of work/ business hours.	Staggering of work/ business hours.	<ul style="list-style-type: none"> Inter-state movement of passenger vehicles with mutual consent of States. Intra-state movement of passenger vehicles as decided by the States.
02.05.2020	Government of Maharashtra	Only in-situ construction [where workers were available at site] in urban areas.	Private Offices in the area excluding the area of all Municipal Corporations within the Mumbai Metropolitan Area, Malegaon Municipal Corporation, Pune Municipal Corporation and the Pimpri Chinchwad Municipal Corporation could operate offices with 33% strength.	No movement was allowed till 17.05.2020 with effect from 04.05.2020, except movement for medical purposes or for activities allowed by the MHA.
17.05.2020	Government of India, NDMA		Staggering of work / business hours was to be followed in workplaces.	Interstate travel only allowed in areas except containment zones with the mutual consent of States / Union Territories.

17.05.2020	Government of Maharashtra	Only in-situ construction [where workers were available at site] in urban areas.	Private Offices in the area excluding the area of all Municipal Corporations within the Mumbai Metropolitan Area, Malegaon Municipal Corporation, Pune Municipal Corporation and the Pimpri Chinchwad Municipal Corporation could operate offices with 33% strength.	No movement was allowed till 31.05.2020, except movement for medical purposes or for activities allowed by the MHA.
30.05.2020	Government of India, MHA		Staggering of business hours and shifts to encouraged.	No restrictions on interstate travel. However, States were given the authority to place restrictions on inter-state movement.
31.05.2020	Government of Maharashtra	Construction sites allowed to remain open and operational.	Private Office to operate with 10% capacity from 08.06.2020.	Inter-district movement of buses was not allowed in certain districts. Inter-state movement of buses regulated.
29.06.2020	Government of India, MHA	All activities permitted. However, States given liberty to impose restrictions basis their assessment.		
29.06.2020	Government of Maharashtra	Construction sites [Public/ Private] allowed.	Private Office to operate with 10% capacity or 10 persons whichever is higher.	Intra district bus service will be allowed with maximum 50% capacity. Inter-district movement to be regulated. Inter-district movement in MMR region for office permitted.
29.07.2020	Government of India, MHA	All activities permitted. However, States given liberty to impose restrictions basis their assessment.		
29.07.2020	Government of Maharashtra	Construction sites [Public/ Private] allowed.	Private Office to operate with 10% capacity or 10 persons whichever is higher.	Intra district bus service will be allowed with maximum 50% capacity. Inter-district movement to be regulated. Inter-district movement in MMR region for office permitted.
31.08.2020	Government of Maharashtra Order extending the lockdown till 30.09.2020.		Private Offices to operate with 30% capacity subject to a Vigilance Officer being appointed in every office to ensure that norms of social distancing, wearing of masks is strictly followed.	Interstate Movement allowed.

PRESS NOTE ON

ESTIMATES OF GROSS DOMESTIC PRODUCT FOR THE FIRST QUARTER (APRIL-JUNE) 2020-2021



**NATIONAL STATISTICAL OFFICE
MINISTRY OF STATISTICS & PROGRAMME
IMPLEMENTATION
GOVERNMENT OF INDIA**



**National
Accounts
Division**

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GOVERNMENT OF INDIA
MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION

Dated 9 Bhadrapada, 1942 Saka
31st August, 2020

PRESS NOTE

**ESTIMATES OF GROSS DOMESTIC PRODUCT FOR THE FIRST QUARTER
(APRIL-JUNE) OF 2020-21**

The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation has released the estimates of Gross Domestic Product (GDP) for the first quarter (April-June) Q1 of 2020-21, both at Constant (2011-12) and Current Prices, along with the corresponding quarterly estimates of expenditure components of the GDP.



2. GDP at Constant (2011-12) Prices in Q1 of 2020-21 is estimated at ₹ 26.90 lakh crore, as against ₹ 35.35 lakh crore in Q1 of 2019-20, showing a contraction of 23.9 percent as compared to 5.2 percent growth in Q1 2019-20. Quarterly GVA at Basic Price at Constant (2011-12) Prices for Q1 of 2020-21 is estimated at ₹25.53 lakh crore, as against ₹ 33.08 lakh crore in Q1 of 2019-20, showing a contraction of 22.8 percent.

3. GDP at Current Prices in the year Q1 2020-21 is estimated at ₹ 38.08 lakh crore, as against ₹ 49.18 lakh crore in Q1 2019-20, showing a contraction of 22.6 percent as compared to 8.1 percent growth in Q1 2019-20. GVA at Basic Price at Current Prices in Q1 2020-21, is estimated at ₹35.66 lakh crore, as against ₹44.89 lakh crore in Q1 2019-20, showing a contraction of 20.6 percent.

4. Estimates of GDP along with GVA at Basic Price by kind of economic activity, Expenditures on GDP at Constant (2011-12) and Current Prices, as well as percentage change and rates of expenditure components of GDP for Q1 2018-19 to 2020-21, are given in Statements 1 to 4.

5. The first quarter estimates are based on agricultural production during Rabi season of 2019-20 (which ended in June 2020) obtained from the Department of Agriculture, Cooperation & Farmers' Welfare; estimates of production, mainly in the form of production targets for Milk, Egg, Meat and Wool for Livestock Sector from the Department of Animal Husbandry & Dairying and Fish production data from the Department of Fisheries.

6. Index of Industrial Production (IIP); monthly accounts of Union Government Expenditure maintained by Controller General of Accounts (CGA) and of State Government expenditure maintained by Comptroller and Auditor General of India (CAG) for the period April-June 2020-21 have been used. Performance of key sectors like Transport including Railways, Road, Air and Water Transport etc., Communication, Banking and Insurance during the period April-June 2020-21 has been taken into account while compiling the estimates.

 भारतीय मानक ब्यूरो BUREAU OF INDIAN STANDARDS	 IS/ISO 9001 QMS	National Accounts Division	IS/ ISO	9001: 2015 CERTIFIED
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Performance of the corporate sector during April-June 2020-21 based on data received from BSE/NSE has been taken into account.

7. Percentage change in the main indicators used in the estimation are listed below:



S. No.	Indicators	Q1 2019-20	Q1 2020-21
1	Production of Coal	2.6	-15.0
2	Production of Crude Oil	-6.8	-6.5
3	Production of Cement	1.0	-38.3
4	Consumption of Steel	5.0	-56.8
5	Total Telephone Subscribers	1.5	-2.0
6	Sales of Commercial Vehicles	-9.5	-84.8
7	Cargo Handled at Major Sea Ports	1.7	-19.8
8	Cargo Handled at Airports	-6.5	-57.2
9	Passengers Handled at Airports	-0.6	-94.1
10	Railways		
	(i) Net Tonne Kilometers	0.7	-26.7
	(ii) Passenger Kilometers	-2.2	-99.5
11	Aggregate Bank Deposits	10.4	9.6
12	Aggregate Bank Credits	11.9	5.6
13	LIC Premium - Non-Linked	35.6	-14.7
14	LIC Premium - Linked	-3.7	20.9
15	CPI General Index	3.1	6.6
16	IIP		
	(i) Mining	3.0	-22.4
	(ii) Manufacturing	2.4	-40.7
	(iii) Electricity	7.3	-15.8
	(iv) Metallic Minerals	17.9	-43.3
17	WPI		
	(i) Food Articles	7.0	2.5
	(ii) Minerals	18.3	-1.2
	(iii) Manufactured Products	1.5	-0.03
	(iv) All Commodities	2.7	-2.3

8. With a view to contain spread of the Covid-19 pandemic, restrictions were imposed on the economic activities not deemed essential, as also on the movement of people from 25 March, 2020. Though the restrictions have been gradually lifted, there has been an impact on the economic activities as well as on the data collection mechanisms. The timelines for filing statutory returns were also extended by most regulatory bodies. In these circumstances, the usual data sources were substituted by alternatives like GST, interactions with professional bodies etc. and which were clearly limited.

9. The data challenges in the case of other underlying macro-economic indicators like IIP and CPI, used in the estimation of National Accounts aggregates, will also have implications on these estimates.

10. Estimates are therefore likely to undergo revisions for the aforesaid causes in due course, as per the release calendar.

11. The next release of quarterly GDP estimates for the quarter July-September, 2020 (Q2 of 2020- 21) will be on 27.11.2020.

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**Statement 1: Quarterly Estimates of GVA at Basic Prices in Q1 (April-June) of 2020-21
(at 2011-12 Prices)**

(₹ in crore)

Industry	April-June (Q1)				
	2018-19	2019-20	2020-21	Percentage Change Over Previous Year	
				2019-20	2020-21
1. Agriculture, Forestry & Fishing	4,27,177	4,39,843	4,54,658	3.0	3.4
2. Mining & Quarrying	88,634	92,807	71,209	4.7	-23.3
3. Manufacturing	5,61,875	5,78,936	3,51,396	3.0	-39.3
4. Electricity, Gas, Water Supply & Other Utility Services	74,998	81,628	75,877	8.8	-7.0
5. Construction	2,49,913	2,62,828	1,30,750	5.2	-50.3
6. Trade, Hotels, Transport, Communication & Services related to Broadcasting	6,09,330	6,30,860	3,34,284	3.5	-47.0
7. Financial, Real Estate & Professional Services	7,57,850	8,03,322	7,60,491	6.0	-5.3
8. Public Administration, Defence & Other Services	3,87,589	4,17,483	3,74,656	7.7	-10.3
GVA at Basic Prices	31,57,366	33,07,707	25,53,320	4.8	-22.8

**Statement 2: Quarterly Estimates of Expenditures on GDP in Q1 (April-June) of 2020-21
(at 2011-12 Prices)**

(₹ in crore)

Item	April-June (Q1)				
	2018-19	2019-20	2020-21	Rates of GDP (%)	
				2019-20	2020-21
1. Private Final Consumption Expenditure (PFCE)	18,89,008	19,92,967	14,61,164	56.4	54.3
2. Government Final Consumption Expenditure (GFCE)	3,93,709	4,18,249	4,86,636	11.8	18.1
3. Gross Fixed Capital Formation (GFCF)	10,82,670	11,32,195	5,99,192	32.0	22.3
4. Change in Stocks (CIS)	64,131	67,328	53,336	1.9	2.0
5. Valuables	41,080	51,347	4,645	1.5	0.2
6. Exports	6,86,695	7,08,546	5,67,961	20.0	21.1
7. Imports	8,08,933	8,25,788	4,92,286	23.4	18.3
8. Discrepancies	10,803	-9,576	8,908	-0.3	0.3
GDP	33,59,162	35,35,267	26,89,556	100.0	100.0
GDP (Percentage change over previous year)		5.2	-23.9		

**Statement 3: Quarterly Estimates of GVA at Basic Prices in Q1 (April-June) of 2020-21
(at Current Prices)**

(₹ in crore)

Industry	April-June (Q1)				
	2018-19	2019-20	2020-21	Percentage Change Over Previous Year	
				2019-20	2020-21
1. Agriculture, Forestry & Fishing	6,55,799	7,12,222	7,52,768	8.6	5.7
2. Mining & Quarrying	98,202	1,04,945	61,586	6.9	-41.3
3. Manufacturing	6,64,844	6,94,993	4,21,746	4.5	-39.3
4. Electricity, Gas, Water Supply & Other Utility Services	1,13,836	1,24,751	1,18,150	9.6	-5.3
5. Construction	3,24,955	3,50,920	1,70,611	8.0	-51.4
6. Trade, Hotels, Transport, Communication & Services related to Broadcasting	7,58,987	8,06,915	4,24,739	6.3	-47.4
7. Financial, Real Estate & Professional Services	9,74,229	10,56,866	10,10,899	8.5	-4.3
8. Public Administration, Defence & Other Services	5,65,871	6,37,682	6,05,507	12.7	-5.0
GVA at Basic Price	41,56,723	44,89,292	35,66,006	8.0	-20.6

**Statement 4: Quarterly Estimates of Expenditures on GDP in Q1 (April-June) of 2020-21
(at Current Prices)**

(₹ in crore)

Item	April-June (Q1)				
	2018-19	2019-20	2020-21	Rates of GDP (%)	
				2019-20	2020-21
1. Private Final Consumption Expenditure (PFCE)	26,52,987	28,77,927	21,72,892	58.5	57.1
2. Government Final Consumption Expenditure (GFCE)	5,52,100	6,04,299	7,26,278	12.3	19.1
3. Gross Fixed Capital Formation (GFCF)	13,18,447	14,22,545	7,41,057	28.9	19.5
4. Change in Stocks (CIS)	76,913	84,723	69,854	1.7	1.8
5. Valuables	47,431	55,479	5,740	1.1	0.2
6. Exports	8,70,374	9,26,505	7,68,037	18.8	20.2
7. Imports	10,63,713	11,20,793	6,89,734	22.8	18.1
8. Discrepancies	96,685	67,544	14,070	1.4	0.4
GDP	45,51,224	49,18,228	38,08,193	100.0	100.0
GDP (Percentage change over previous year)		8.1	-22.6		

SBI Q1 takeaways: Bank sees no major hit on profitability due to Covid-19 going ahead

Synopsis

Here are the key takeaways from SBI's June quarter earnings.



Net interest income (NII) for the quarter came in at Rs 26,641 crore, up over 16 per cent from the year ago period.

NEW DELHI: State **Bank** of India (**SBI** **NSE 1.65 %**), India's largest lender by asset size, reported a Street-beating bottomline boosted by one-time gain and higher interest income even as provisions spiked as Covid-19 raged throughout India.

Encouraged by the numbers and high provision coverage, the company is confident that the ongoing health crisis will not have any impact on its earnings.

How much did the company earn?

SBI reported 81 per cent jump in net profit at Rs 4,189.34 crore, nearly double of corresponding quarter last year and lifted by proceeds of Rs 1,539.73 crore from selling stake in its life insurance arm. Net interest income (NII) for the quarter came in at Rs 26,641 crore, up over 16 per cent from the year ago period.

Excluding the exceptional item, profit growth was around 14 per cent. A large part of the profit was eaten away by provisions.

How much did the bank provide for contingencies?

The bank kept aside a total Rs 12,501.30 crore during the quarter, less than Rs 13,495.08 crore provisions made in the March quarter, but higher than Rs 9,182.94 crore in the same quarter last year.

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The bank has made a provision of Rs 1,836 crore on account of Covid-related contingencies. The bank also put aside Rs 1,614 crore during the quarter to pay arrears to employees once wage revision comes into effect.

It added that by the end of June the lender has provided for 95.67 per cent of accounts under insolvency.

What is the situation on bad loans?

Gross net bad loans are at 5.44 per cent of all assets, down 209 bps compared to the same quarter last year and 71 bps sequentially. Net bad loans ratio is at 1.86 per cent, down 121 bps and 37 bps, respectively.

The bank said provision coverage ratio has improved to 86.32 per cent, up 698 bps YoY and 270 bps QoQ while slippage ratio for the quarter has declined to 0.60 per cent from 2.83 per cent as at the end of Q1FY20.

What could be the impact of Covid-19 on the bank's financials?

The bank said though the challenges continue to unfold, it is gearing itself on all fronts to meet the same. It does not expect any major impact on its financials and balance sheet.

“Major challenges for the bank would arise from extended working capital cycle and waning cash flows. Despite these conditions, there would not be any significant impact on the liquidity and profitability of the bank,” SBI said.

What do analysts say?

“Prima facie, the numbers look decent enough for SBI. I think my sense is the most important thing is to look at the management's commentary so that will be of more importance rather than just the numbers so let us wait for management call,” said Rahul Shah of Motilal Oswal Financial Services.

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Business Standard

Bank of Maharashtra reports 25% jump in Q1 profit on higher interest income

The lender had reported a profit after tax of Rs 81 crore in the year-ago same quarter and Rs 58 crore in the quarter ended March 31, 2020

Press Trust of India | Mumbai July 23, 2020 Last Updated at 20:58 IST



Provision coverage ratio (PCR) increased to 85.62 per cent as on June 30 as against 81.24 per cent last year. The increase in PCR is mainly on account of Covid-19 provision.

State-owned Bank of Maharashtra on Thursday reported 24.69 per cent jump in net profit at Rs 101 crore for June quarter 2020-21 helped by healthy interest income and lower operating cost.

The lender had reported a profit after tax of Rs 81 crore in the year-ago same quarter and Rs 58 crore in the quarter ended March 31, 2020.

The profit in the quarter was on account of growth in net interest income (NII) and reduction in operating cost, Managing Director and CEO A S Rajeev told reporters.

NII increased to Rs 1,088 crore during the quarter from Rs 997 crore in the year-ago period.

Net Interest Margin stood at 2.43 per cent as against 2.59 per cent.

Gross non-performing asset (NPA) stood at 10.93 per cent as against 17.90 per cent while net NPA was at 4.10 per cent compared to 5.98 per cent.

Fresh slippages in the period were Rs 77 crore. Recoveries and upgradation stood at Rs 156 crore.

Provision coverage ratio (PCR) increased to 85.62 per cent as on June 30 as against 81.24 per cent last year. The increase in PCR is mainly on account of Covid-19 provision.

During the quarter, the lender made Covid-19 related provision of Rs 275 crore. It holds a cumulative provision of Rs 425 crore related to Covid-19 as on June 30, 2020, which is more than minimum required by the RBI.

Rajeev said of the total loan book, Rs 16,481 crore is under moratorium. Close to 24 per cent of customers have availed moratorium on term loans as announced by RBI.

The bank has fully provided for wage settlement announced by the Indian Banks Association (IBA) on Wednesday. IBA and bank employees union have agreed for an annual wage hike of 15 per cent for around 850,000 bank employees, effective from November 2017. Total deposits grew by 10.11 per cent to Rs 152,987 crore and gross advances rose 3.86 per cent to Rs 96,621 crore.

Capital adequacy stood at 13.21 per cent with common equity tier 1 ratio of 10.23 per cent as on June 30, 2020.

The lender is looking to open 200 new branches by end of this year, with 50 by September-end.

Its scrip ended at Rs 11.87, up 2.15 per cent on BSE on Thursday.

Home > Earnings > HDFC Bank Profit Rises 20% To ₹ 6,659 Crore In June Quarter

HDFC Bank Profit Rises 20% To ₹ 6,659 Crore In June Quarter

HDFC Bank's net interest margin - a key measure of a lender's profitability - remained unchanged at 4.3% in the April-June period.

Earnings | Edited by Sandeep Singh (with inputs from Reuters) | Updated: July 18, 2020 1:29 pm IST

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HDFC Bank's net interest margin stood at 4.3% in the June quarter



HDFC Bank on Saturday reported a net profit of ₹ 6,658.62 crore for the quarter ended June 30. That marked an increase of 19.58 per cent compared to the corresponding period a year ago, driven by higher interest income and lower costs. In a regulatory filing to stock exchanges, HDFC Bank - the country's largest private sector lender by market value - said its net revenue (net interest income plus other income) stood at ₹ 34,453.28 crore in the April-June period, up 6.46 per cent compared to quarter ended June 30, 2019.

HDFC Bank said its net interest income (NII) - or the difference between earned and interest paid - increased 17.84 per cent to ₹ 15,665.42 crore

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June quarter.

Its net interest margin - a key indicator of a bank's profitability - stood at 4.3 per cent in the April-June period, unchanged from the previous quarter.

The lender's asset quality worsened on a sequential basis. HDFC Bank's gross non-performing assets - or bad loans - as a percentage of total loans came in at 1.36 per cent in the first quarter of 2020-21, as against 1.26 per cent in the quarter ended March 31, 2020, and 1.40 per cent in the quarter ended June 30, 2019.

HDFC Bank reported a 48.89 per cent increase in total provisions and contingencies - money set aside by the bank to account for potential defaults - to ₹ 3,891.52 crore in the first quarter of current financial year.

ALSO READ

HDFC Bank said it continues to hold provisions against the potential impact of COVID-19 in excess of Reserve Bank of India-prescribed norms "based on the information available at this point in time".

The lender warned of higher defaults and a potential rise in provisions.

"The continued slowdown may lead to a rise in the number of customer defaults and consequently an increase in provisions there against," it said.

On Friday, HDFC Bank shares had ended 3.46 per cent higher at ₹ 1,099.15 apiece on the BSE, outperforming the benchmark Sensex index which climbed up 1.50 per cent.

HDFC Bank

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Enclosure 5

Country Wise Stimulus Packages against the GDP's										
Sr No	Name Of Country	GDP 2019	Total Relief Given		Credit Enhancement		Gvt Spending		Tax Relief	
			Amount (bn \$)	%	Amount (bn \$)	%	Amount (bn \$)	%	Amount (bn \$)	%
1	China	6.10%	881	6.20%	29	0.20%	673	4.80%	180	1.30%
2	Russia	1.30%	40	2.50%	12	0.70%	25	1.50%	4	0.20%
3	Indonesia	5.00%	54	4.90%	17	1.50%	28	2.50%	9	0.80%
4	Australia	1.90%	139	10.10%	12	0.90%	122	8.90%	5	0.30%
5	India	5.00%	154	5.20%	67	2.30%	79	2.70%	8	0.30%
6	South Africa	0.20%	25	6.90%	7	1.90%	15	4.10%	3	0.80%
7	Saudi Arabia	0.30%	20	2.60%	5	0.70%	15	1.90%	0	0.00%
8	Turkey	0.90%	32	4.30%	30	4.00%	2	0.30%	0	0.00%
9	Italy	0.30%	290	14.60%	202	10.20%	73	3.70%	16	0.80%
10	UK	1.40%	384	14.00%	220	8.00%	146	5.30%	18	0.70%
11	France	1.50%	272	10.00%	208	7.70%	61	2.20%	3	0.10%
12	Germany	0.60%	958	24.80%	594	15.40%	290	7.50%	75	1.90%
13	USA	2.30%	2907	13.60%	554	2.60%	1851	8.60%	502	2.30%
14	Canada	1.70%	164	9.50%	29	1.70%	131	7.60%	4	0.30%
15	Brazil	1.10%	159	8.60%	47	2.50%	109	5.90%	4	0.20%
16	Argentina	-2.20%	21	4.80%	4	0.90%	15	3.50%	2	0.40%
17	Japan	0.70%	938	18.20%	503	9.80%	434	8.40%	0	0.00%
18	South Korea	2.00%	146	9.00%	91	5.60%	52	3.20%	3	0.20%

Source:

CSIS G20 COVID-19 Fiscal Relief Tracker, CSIS Economics Program, Last Updated June 29, 2020

Data focus on major, national, discretionary responses in G20 countries and thus do not reflect the full extent of support deployed by these countries in response to Covid-19, such as monetary and regulatory tools (rate cuts, repurchase operations, quantitative easing), automatic spending mechanisms, and additional support from subnational government.

Data include tax cuts and cancellations in tax relief but do not assign a monetary value to tax deferrals.

Data below reflect 100% "fiscal cost" for guarantees, map data assign 50% "fiscal cost" for guarantees

Data updated through June 29, 2020