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## Press Note for Immediate Distribution

### Statement of Shri CH. S.S Mallikarjuna Rao, MD and CEO of Punjab National Bank on RBI Monetary Policy Announcement dated 05.05.2021

RBI has come out with a timely and proactive set of announcements for all stakeholders, including individuals, small businesses, and MSMEs, to mitigate the incipient challenges and support growth impulses at the ground level. Simultaneously, measures have been announced for the lending institutions as well as the State governments to ensure ample liquidity & credit flow support.

The On-tap liquidity of Rs 50,000 crore for covid related health care sector along with the incentives for banks like priority sector classification and higher interest on surplus liquidity window will ease access to emergency health services and reaffirms the immediate objective of preserving life and livelihood. Similarly, Special Long term Repo Operations for SFBs (SLTRO) of Rs 10,000 Crore will facilitate last-mile credit delivery to MFIs adversely impacted by the current wave of the pandemic. The announcement of the second purchase of Government Securities of Rs 35000 Crore under GSAP assures further liquidity supply.

Reopening of one-time Restructuring for individuals and MSME, incentivizing credit flow to MSME borrowers and Covid Resolution framework 2.0 will help address the uncertainties faced by the most vulnerable sections. Allowing OTR 2.0 to Individuals, Small businesses & MSMEs having aggregate exposure up to 25Cr who have not availed restructuring earlier and who were classified as standard as of 31.03.2021 is a positive step for the lending institutions with borrowers having cash flow issues due to the COVID pandemic shall get relief. Permitting individual borrowers and small businesses to modify the restructuring plan to the extent of total tenor up to 2 years shall also help such borrowers who have availed OTR 1.0 with truncated moratorium, shall ease the cash flow. Allowing reassessment of working capital cycle, margin etc., to small businesses & MSMEs restructured earlier shall help align the working capital cycle to the present business environment.

At this crucial juncture, what is comforting is the fact that RBI remains optimistic of India's resilience & post pandemic future, along with its commitment to deploy all resources in its command in a battle readiness mode.

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