

LOCKDOWN LEEWAY**BoB: 65% customers availed moratorium**

FE BUREAU
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THE SECOND-LARGEST public-sector lender, Bank of Baroda (BoB), has provided moratorium to 65% of its customers by value, its managing director and CEO Sanjiv Chadha told reporters in a briefing on Saturday. The bank also said loans worth ₹60,000 crore are eligible for micro, small and medium enterprises (MSME) credit guarantee scheme announced by the government. The Cabinet had earlier approved additional funding of up to ₹3 lakh crore to MSMEs through the introduction of emergency credit line guarantee scheme.

Sanjiv Chadha also said moratorium figures of other public sector banks should not be very different. SBI on Friday, however, said that around 20% of borrowers have availed the moratorium. For availing moratorium, BoB had provided an 'opt out' policy for its customers, other than non-banking financial companies (NBFCs). 'Opt out' policy means

moratorium was provided by default to borrowers, and those who wish to repay needed to contact the bank. "Moratorium to NBFCs on a case-to-case basis is considered by us," Chadha said. NBFCs have very diverse funding ways... therefore this segment may not be most suited for moratorium," he added.

NBFCs face liquidity challenge in the near term as they were providing moratorium to its customers, but many lender banks were considering their request only on a case-to-case basis. SBI chairman Rajnish Kumar on Friday had said the bank would continue to adopt a selective case-by-case process in extending moratorium to non-bank lenders. Reserve Bank of India on Friday had announced extension of moratorium to borrowers by three months till August 31.

On a question of requirement of raising capital, Sanjiv Chadha said the bank had already approached the board to raise capital even before the Covid-19 crisis.

Continued on Page 13

BoB: 65% customers availed moratorium

"Most of the capital we thought would be required for growth...now, in these circumstances, it is quite possible that the proportion of growth may come down a little bit and we need to build capital buffers possibly..." However, he also mentioned that his bank is well capitalised for now and they do not see any imperative need to raise capital for few months. "If we were to sequence the whole capital raising, whenever that happens, it is very possible that additional tier 1 (AT1) bonds may come up first," Chadha said. RBI had earlier ordered to completely write down AT1 bonds worth ₹8,400 crore as per the reconstruction plan for Yes Bank. Sanjiv Chadha said, "We presume the market may normalise after the Yes Bank episode."

"Majority of clients believe things should start coming back to normal from September, and remaining 30-40% by December," Chadha said, quoting an internal assessment of the bank. He said the opening of air travel is a 'watershed' moment. "It is a very very strong signal from the government...that it is ready to take some measured risk to make sure that the economy gets back on track," he said.