

Banks recast loans worth Rs 35,000 crore under RBI's second scheme

Retail and loans to micro, small and medium enterprises have the largest share in the two schemes combined

Abhijit Lele | Mumbai August 21, 2021 Last Updated at 01:15 IST



Banks have recast loans worth Rs 35,000 crore under the Reserve Bank of India's (RBI's) regulatory package 2.0 till June this year. This is much lower than the Rs 1 trillion of loans

restructured under the earlier package announced after Covid took hold in the country in 2020, according to CARE Ratings.

Retail and loans to micro, small and medium enterprises have the largest share in the two schemes combined.

The resurgence of the pandemic from March 2021 and the subsequent steps to contain its spread impacted economic activities and created new uncertainties.

In May 2021, the RBI came up with a restructuring scheme to alleviate the potential stress on individual borrowers and small businesses.

A majority of the restructuring has been done by public sector banks (PSBs). State Bank of India, for instance, has restricted loans worth Rs 5,246 crore in the April-June 2021 quarter (Q1FY22). This was under regulatory package 2.0. Applications for loans worth Rs 2,056 crore were pending approval.

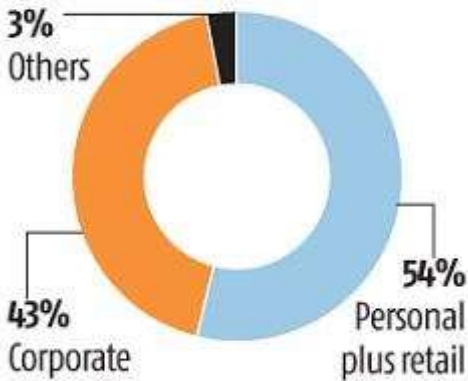
PSBs WAY AHEAD

Banking group-wise data for loans recast (in ₹ cr)



RETAIL BENEFITS MOST

Share of sectors in restructured loans (in %)



Source: CARE Ratings

The work on pending approvals — personal loans (Rs 1,781 crore) and SME (Rs 275 crore) — would be done in Q2, SBI officials said.

Bankers have said most of restructuring during the second wave was done in the April-June quarter and a little more is expected in Q2.

Resolution under this framework has to be invoked before September 30, 2021, and the plan must be implemented within 90 days from the date of invocation.

The restructuring could include rescheduling payments, and converting a portion of the debt into equity or other marketable, non-convertible debt securities issued by the borrower.