

advance to strengthen the States to deal with the pandemic. State Governments have been allowed additional borrowing limit of up to 2 per cent of Gross State Domestic Product (GSDP) for the year 2020-21. As against the additional borrowing limit of 2% of GSDP, consent for borrowing of 0.50 per cent of GSDP amounting to ₹ 1,06,830 crore has been issued to the States to raise Open Market Borrowing (OMB) during the year 2020-21, of which ₹ 15,394 crore has been issued to Maharashtra.

(c) Government has been holding regular consultations with industry representatives and relevant stakeholders to tackle disruptions in supply chains caused due to COVID-19, augment domestic production in existing markets and to further enable supply to new markets. Ministry of Health and Family Welfare launched an information platform named AarogyaPath to ensure production and delivery of critical healthcare items in the wake of supply chain disruptions. The Government assessed the impact of COVID-19 pandemic on the availability of Active Pharmaceutical Ingredients (API), intermediates and Key Starting Materials (KSM) and has increased focus on schemes that promote domestic manufacturing of Bulk Drugs viz., Production Linked Incentive (PLI) scheme and scheme for Promotion of Bulk Drug Parks, which are expected to attract substantial investments, increase domestic production of KSMs and APIs and reduce the country's import dependence to a large extent. Department of Fertilizers (DoF) continuously monitors end to end details of fertilizers through its Integrated Fertilizer Management System (iFMS) and takes every effort to strengthen supply from domestic units as well as from imports, when required.

The phased relaxation of the lockdown, supported by the enabling policies of the Government, has resulted in much higher level of activity June onwards. This is evident in growth of high frequency indicators like PMI Manufacturing, index of eight core industries, E-way bills, Kharif sowing, power consumption, railway freight, cargo traffic, fertilizer sales, passenger vehicle sales. These developments augur well for easing of supply chain disruptions and faster revival of the economy.

Monetary policy review during COVID-19 pandemic

1024. SHRI B. LINGAIAH YADAV: Will the Minister of FINANCE be pleased to state:

(a) the details of the review of the monetary policy since the COVID-19 pandemic and its impact on the economy and various sectors compared to the last three years;

(b) the corrective measures taken in this regard so far; and

(c) the norms worked out by KV Kamath-led panel for debt rejig, debt resolution plan to help borrowers, lenders through banks, cap on loan against gold hike and slew of measures announced and the results yielded so far?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANURAG SINGH THAKUR): (a) and (b) The Monetary Policy Committee (MPC) has cut the policy repo rate by 115 basis points since February 2020 and the repo rate now stands at 4 percent. Simultaneously, the reverse repo rate has been cut by 155 basis points since February 2020. Moreover, as a corrective measure, Reserve Bank of India announced liquidity augmenting of Rs.9.7 lakh crore since early February 2020. This has helped to ease domestic financial conditions, reduce borrowing costs as seen in decline in weighted average lending rates (Table 1), moderation in yields on borrowing through financial markets and improve transmission.

Table 1: Decline in Banks' Weighted Average Lending Rate (WALR) (Basis points)

Period	WALR - Outstanding Rupee Loans	WALR - Fresh Rupee Loans
March-July 2020*	-40	-74

*: Latest data on WALRs is available upto July 2020.

Source: RBI.

(c) K.V. Kamath led panel submitted the report of "Expert Committee on Resolution Framework for Covid-19 related stress" and the recommendations given by the expert committee were broadly accepted by the RBI on September 7, 2020. The report noted that only those borrowers which were classified as standard and with arrears less than 30 days as at March 1, 2020 are eligible under the Framework. Resolution Framework may be invoked not later than December 31, 2020 and needs to be implemented within 180 days of invocation. Resolution process shall be treated as invoked once lenders representing 75% by value and 60% by number (Majority Lenders) agree to invoke the same. Inter-Creditor Agreement (ICA) is to be signed by all lenders within 30 days of invocation. Lenders who have signed ICA, have to make provision, higher of 10% or Income Recognition and Asset Classification (IRAC) norms. Lenders who have not signed ICA, to make a provision higher of 20% or as per IRAC norms, upon expiry of 30 days from invocation. The residual tenor of the loan may be extended by maximum 2 years with or without payment moratorium. For aggregate exposures greater than Rs. 100 crores, an Independent Credit Evaluation to be obtained from any one Credit Rating Agency authorised by RBI.

The committee recommends the following financial parameters to be considered while considering the Resolution Plan- Total Outside Liability / Adjusted Tangible Net Worth (TOL / Adjusted TNW); Total Debt / EBIDTA; Current Ratio; Debt Service Coverage Ratio (DSCR); Average Debt Service Coverage Ratio (ADSCR). The report also gave sector specific parameters which are given in the Statement (*See below*).

RBI announced various other liquidity and monetary measures to support the economy including increasing the permissible loan to value ratio for loans against pledge of gold ornaments and jewellery for non-agricultural purposes from 75 per cent to 90 per cent upto March 31, 2021. The Government has constituted an Expert Committee for making an overall assessment of the impact of waiving of interest and waiving of interest on interest on the COVID-19 related moratorium on the national economy and financial stability.

Statement

The details of sector specific parameters

Sectors	TOL/ ATNW	Total Debt/ EBITDA	Current Ratio	Average DSCR	DSCR
1	2	3	4	5	6
Auto Components	≤ 4.50	≤ 4.50	≥ 1.00	≥ 1.20	≥ 1.00
Auto Dealership	≤ 4.00	≤ 5.00	≥ 1.00	≥ 1.20	≥ 1.00
Automobile Manufacturing*	≤ 4.00	≤ 4.00	--	≥ 1.20	≥ 1.00
Aviation**	≤ 6.00	≤ 5.50	≥ 0.40	--	--
Building Materials - Tiles	≤ 4.00	≤ 4.00	≥ 1.00	≥ 1.20	≥ 1.00
Cement	≤ 3.00	≤ 4.00	≥ 1.00	≥ 1.20	≥ 1.00
Chemicals	≤ 3.00	≤ 4.00	≥ 1.00	≥ 1.20	≥ 1.00
Construction	≤ 4.00	≤ 4.75	≥ 1.00	≥ 1.20	≥ 1.00
Consumer Durables / FMCG	≤ 3.00	≤ 4.00	≥ 1.00	≥ 1.20	≥ 1.00
Corporate Retails Outlets	≤ 4.50	≤ 5.00	≥ 1.00	≥ 1.20	≥ 1.00
Gems & Jewellery	≤ 3.50	≤ 5.00	≥ 1.00	≥ 1.20	≥ 1.00
Hotel, Restaurants, Tourism	≤ 4.00	≤ 5.00	≥ 1.00	≥ 1.20	≥ 1.00

1	2	3	4	5	6
Iron & Steel Manufacturing	≤ 3.00	≤ 5.30	≥ 1.00	≥ 1.20	≥ 1.00
Logistics	≤ 3.00	≤ 5.00	≥ 1.00	≥ 1.20	≥ 1.00
Mining	≤ 3.00	≤ 4.50	≥ 1.00	≥ 1.20	≥ 1.00
Non Ferrous Metals	≤ 3.00	≤ 4.50	≥ 1.00	≥ 1.20	≥ 1.00
Pharmaceuticals Manufacturing	≤ 3.50	≤ 4.00	≥ 1.00	≥ 1.20	≥ 1.00
Plastic Products Manufacturing	≤ 3.00	≤ 4.00	≥ 1.00	≥ 1.20	≥ 1.00
Port & Port Services	≤ 3.00	≤ 5.00	≥ 1.00	≥ 1.20	≥ 1.00
Power Generation	≤ 4.00	≤ 6.00	≥ 1.00	≥ 1.20	≥ 1.00
Transmission	≤ 4.00	≤ 6.00	≥ 1.00	≥ 1.20	≥ 1.00
Distribution	≤ 3.00	≤ 6.00	≥ 1.00	≥ 1.20	≥ 1.00
Real Estate***					
- Residential	≤ 7.00	≤ 9.00	≥ 1.00	≥ 1.20	≥ 1.00
- Commercial	≤ 10.00	≤ 12.00	≥ 1.00	≥ 1.20	≥ 1.00
Roads****	—	—	—	≥ 1.10	≥ 1.00
Shipping	≤ 3.00	≤ 5.50	≥ 1.00	≥ 1.20	≥ 1.00
Sugar	≤ 3.75	≤ 4.50	≥ 1.00	≥ 1.20	≥ 1.00
Textiles	≤ 3.50	≤ 5.50	≥ 1.00	≥ 1.20	≥ 1.00
Trading —Wholesale@	≤ 4.00	≤ 6.00	≥ 1.00	Instead Interest coverage Ratio ≥ 1.70	
Others not specified above	To be decided by lenders			≥ 1.20	≥ 1.00

Note:

*No threshold has been prescribed for Current Ratio due to the "just in time inventory" business model for raw materials and parts, and finished goods inventory is funded by channel financing available from the dealers.

**DSCR thresholds have not been prescribed since most of the airline companies work on refinancing of debt as a financing strategy. Consequently, average DSCR threshold is also not prescribed.

Considering the typical nature of Real Estate projects, the parameters to be considered at project level rather than at entity level.

****In the roads sector, the financing is cash flow based and at SPV level where the level of debt is decided at the time of initial project appraisal. The working capital cycle in this sector is also negative. Accordingly, ratios like TOL / ATNW, Debt/EBITDA and Current ratio may not be relevant at the time of restructuring in this sector.

@Most of the companies in the sector do not use long term debt for funding their operations and are unlisted. Hence DSCR and average DSCR may not be relevant for the sector.

Source: Report of Expert Committee on Resolution Framework for Covid-19 related stress.