

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES
RAJYA SABHA

UNSTARRED QUESTION NO. 2309

TO BE ANSWERED ON THE 16TH MARCH 2021/ PHALGUNA 25, 1942 (SAKA)

Sectors under TLTRO

2309. SHRI JYOTIRADITYA M. SCINDIA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the RBI has decided to bring several stressed sectors identified by the Kamath Committee within the ambit of sectors eligible for Targeted Long Term Repo Operations (TLTRO);
- (b) if so, the details thereof;
- (c) whether Government has taken other steps also to promote liquidity in the economy; and
- (d) if so, the details thereof?

ANSWER

THE MINISTER OF STATE FOR FINANCE

(SHRI ANURAG SINGH THAKUR)

(a) and (b): Yes sir. As per input received from Reserve Bank of India (RBI), under On Tap TLTRO scheme, initially 5 sectors were announced on 21.10.2020. Following the announcement in its Statement on Developmental and Regulatory Policies on 4.12.2020, the RBI brought 26 stressed sectors identified by the Kamath Committee under the ambit of the sectors eligible for the On Tap TLTRO scheme with effect from 11.12.2020 in addition to the five sectors announced earlier under the scheme.

(c) and (d): Government and RBI have taken various steps to promote and augment liquidity in the system which includes *inter alia* the following:

- (i) RBI conducted long-term repo operations to provide durable liquidity at policy repo rate for 1-3 years to augment credit flows to productive sectors. Under this facility, market participants availed Rs 1.25 lakh crore.
- (ii) Two 6-month US dollar/INR sell and buy swap auctions were conducted during March 2020 providing liquidity amounting to US\$ 2.7 billion.
- (iii) RBI injected Rs 0.90 lakh crore through fine-tuning variable rate repo operations.
- (iv) Under TLTRO 1.0, market participants availed an amount of Rs 1 lakh crore and liquidity availed under the scheme by banks are deployed in investment grade corporate bonds, commercial paper, and non-convertible debentures including of Mutual Funds(MFs) and non-banking financial companies (NBFCs).
- (v) TLTRO 2.0 was announced to further augment the scheme providing adequate system level liquidity as well as targeted liquidity provision to sectors and entities experiencing liquidity constraints. Market participants availed an amount of Rs 0.13 lakh crore.
- (vi) Cash reserve ratio (CRR) of banks was reduced to 3% from 4% of their net demand and time liabilities (NDTL) which released primary liquidity of about Rs 1.37 lakh crore uniformly across the banking system.
- (vii) Bank's limit for borrowing overnight under the marginal standing facility (MSF) was raised to 3% of NDTL from 2% allowing them to avail additional liquidity of Rs 1.37 lakh crore under the Liquidity Adjustment Facility (LAF) window at the reduced MSF rate.
- (viii) With a view to easing liquidity pressures on MFs, Special liquidity facility for mutual funds (SLF-MF) of Rs.0.50 lakh crore was opened.
- (ix) Total Credit Limit for Standalone Primary Dealers was temporarily enhanced from Rs 2,800 crore to Rs 10,000 crore.
- (x) Special Refinance Facility of Rs 0.75 lakh crore was announced for NABARD, SIDBI, NHB and EXIM Bank.
- (xi) RBI conducted net Open Market Operations for Rs 3.45 lakh crore between 1.3.2020 and 26.2.2021 including purchase of State Development Loans.
- (xii) The Government of India approved Special Liquidity Scheme (SLS) of Rs 30,000 crore to improve liquidity position of NBFCs (including MFIs)/HFCs. Under the Scheme, RBI injected liquidity by subscribing to government guaranteed special securities issued by a Special Purpose Vehicle in the form of SLS Trust.
- (xiii) The RBI announced the On Tap TLTRO scheme on 9.10.2021 for up to Rs 1.0 lakh crore at repo rate with end-use guidance and on 5.2.2021 also permitted banks to provide funds NBFCs for incremental lending to specified sectors.
- (xiv) In order to ease the liquidity position at the level of individual institutions, the LCR requirement for banks reduced from 100% to 80%.
