



The Federation of Telangana Chambers of Commerce and Industry

(Formerly known as FTAPCCI)

Empowering Industry, Commerce & Trade

Registered under the Companies Act, 1956

REGD OFFICE : Federation House, FAPCCI Marg , 11-6-841, Red Hills, Hyderabad 500004, Telangana. India. Tel : 91-40-23395515 to 22 (8 lines), Fax : 91-40-23395525
e-Mail : info@ftcci.in ; website : www.ftcci.in

CIN U91110TG1964NPL001030

Karunendra S.Jasti
President

Ramakanth Inani
Senior Vice President

K. Bhaskar Reddy
Vice President

April 15, 2020

Sri Shaktikanta Das,
Hon'ble Governor
Reserve Bank of India
Central Office Building, 18th floor,
Shahid Bhagat Singh Road,
Mumbai

Dear Sri Shaktikanta Das Ji,

Greetings from FTCCI!

Covid-19 has dealt a huge blow to the Indian economy, crippling most MSMEs and businesses and sounding a death knell to small businesses which together employ more than 60% of workforce in India. We fear that many of businesses while successfully fighting the Virus may succumb to the economic pains that this pandemic has unleashed through disruptions.

We are very appreciative of the government's quick action to control the virus by announcing the 21+21day lockdown in the country. This timely action may have shown positive effect but what we request the RBI is to wage a similar battle against the ailing economy and come to the rescue of industrial and business entities. The already announced fiscal packages by the Govt and RBI such as cheaper credit and other measures provide minimal relief but actually do not alleviate the pain and suffering this disorder is going to pose to MSMEs and other businesses for many more months to come.

With disrupted lives, loss of business momentum and a huge ramp up time required for businesses to survive, we request Reserve Bank of India to further the measures to resuscitate the economy and fortify businesses to overcome the huge challenges they would face in the sphere of finance, access to finance, supply chain streamlining, workforce management and of course in retaining markets. In light of this, we request the RBI to consider, amend and pass the

following measures for assisting industrial and business establishments to cope up with the economic interruption:

1. **Loan re-construction / scheduling and Moratorium period: Request changes**

The RBI on the 27th of March has announced that companies having their term loan dues falling between March 1, 2020 and May 31, 2020 can re-schedule their loans by shifting their loan residual tenor for three months i.e. availing a 3 month moratorium period on the loans sanctioned by Banks / NBFCs subject to interest accruals during the 3 month period.

The above measure while providing no relief to income protection may even accentuate the debt burden particularly so for companies whose term loan expiry is within the next 18 months. This measure provides only a temporary relief of liquidity to the companies.

To ease the burden of debt servicing and to ensure business continuity, we request you to waive off the interest completely on all business loans during the 3 month moratorium period. We also request you to consider rescheduling the loan tenor beyond the 3 months moratorium period depending on the how the economy unfolds.

2. **RBI to impose regulation and compliance of RBI repo rate cuts by the Banks**

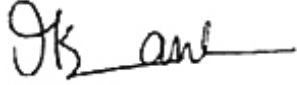
We are thankful to the RBI for reducing the repo rate by unprecedented 75 basis points from 5.3% to 4.4%. While the RBI has taken a very accommodative stance to ease the financial stress that the companies are undergoing and will continue to undergo, unfortunately the reductions in the rates are not passed on to the businesses by the banks defeating the very purpose of the policy stance taken by the RBI.

Keeping in view the extraordinary war like circumstances that we are facing and the huge negative impact that businesses would bring on the economy, we request that the RBI impose strict action for the banks to fall in line and pass on the benefit of reduction in rates to the end consumer. During these times when businesses have to cut expenditure and become efficient to survive, we expect that the banks would also become efficient in their operations and cut interest costs anywhere from 3% to 5% for both the existing and new loans. ***It is important that for businesses to keep afloat, survive and then thrive, the cost of liquidity has to be brought down.***

We earnestly request you to provide the above relief measures and provide hand holding support for at least the next six to eight months to walk our way out of this nature induced crisis and bring back the economy on to growth path. The wheels of commerce, trade and economy which at the moment have slowed down considerably must once again be propelled to gain drive; with the various relief packages serving as fuel to gain the momentum back.

Thanking you in advance for the support to industry and business

Yours sincerely,

A handwritten signature in black ink, appearing to read 'JK and', followed by a horizontal line.

Karunendra S. Jasti
President
M: 9849032244