

Look beyond banks to fund infra: RBI gov

Banks risk-averse due to NPA overhang: Das

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Reserve Bank of India (RBI) Governor Shaktikanta Das on Monday asked India Inc to look beyond banks to fund infrastructure projects, saying the bad debt overhang had made them risk-averse and quite limited in what kind of exposure they would want to take on their books.

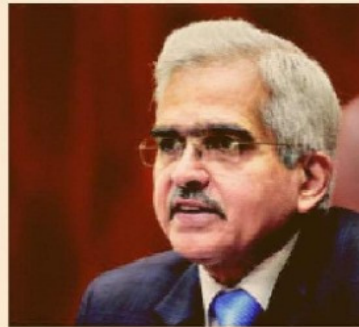
Das was interacting with industry captains at a meeting of the Confederation of Indian Industry (CII) governing council.

While highlighting the progress achieved in the infrastructure space in the past five years, he said gaps remained there and that the funding of \$4.5 trillion by 2030 — as estimated by the NITI Aayog — could not be done by banks alone.

“On financing options for infrastructure, we are just recovering from the consequences of excessive exposure of banks to infrastructure projects. Non-performing assets (NPAs) relating to infrastructure lending by banks have remained at elevated levels. There is clearly a need for diversifying financing options,” he said.

The setting up of the National Investment and Infrastructure Fund (NIIIF) in 2015 was a major strategic policy response in this direction, the governor said. However, promoting the corporate bond market, securitisation to address the stressed assets problem, and appropriate pricing and collecting user charges should continue to receive priority in policy, he added.

While the corporate bond market is dominated by AAA-rated firms, the liquidity measures offered by the RBI resulted in the issuances touching nearly ₹1 trillion in the first quarter, which is a record.



DAS-SPEAK

“A BIG PUSH TO CERTAIN TARGETED MEGA INFRASTRUCTURE PROJECTS CAN REIGNITE THE ECONOMY”

“I HAVE ADVISED BANKS AND NBFCs TO UNDERTAKE COVID STRESS TESTS AND RAISE CAPITAL AHEAD OF THE CURVE”