

Publication	Date	Headline
The Economic Times	13-04-2020	No 3-month relief for NBFC's, ready to help on case to case basis: PNB
Link:	<a href="https://economictimes.indiatimes.com/industry/banking/finance/banking/no-3-month-relief-for-nbfc-ready-to-help-on-case-to-case-basis-pnb/articleshow/75112173.cms">https://economictimes.indiatimes.com/industry/banking/finance/banking/no-3-month-relief-for-nbfc-ready-to-help-on-case-to-case-basis-pnb/articleshow/75112173.cms</a>	

## No 3-Month Relief for NBFCs, Ready to Help on Case-to-Case Basis: PNB

**Gaurav Noronha  
& Deepshikha Sikarwar**

**New Delhi:** Banks are ready to help out non-bank lenders on a case-by-case basis in the wake of the Covid-19 crisis, though there is no automatic window available to them to delay loan repayments, Punjab National Bank managing director SS Mallikarjuna Rao said. He said there could be a bad loan issue if the lockdown persisted for long.

PNB has offered a respite on ₹4 lakh crore of loans to borrowers under the three-month moratorium on repayments announced by the Reserve Bank of India, Rao told ET.

The bank has also started three new categories of emergency-funding under a Covid window: a scheme for kisan credit-card holders with an immediate loan of up to ₹50,000; personal loans equal to three months' average salary with a cap of ₹3 lakh to the salaried class, which could be repaid in three years; and a 10% top-up on current outstanding for bigger accounts of both individuals and businesses.

### **HELP FOR NBFCs**

According to Rao, there are

two categories of NBFCs. One is those that have managed to tide over their asset-liability mismatch issues from the earlier liquidity crunch by using the long-term funding — targeted longer-term refinancing operations (TLTRO) — that banks had provided over the past year and a half. The second group comprises those that have overcome the asset-liability issue to a certain extent, but still face some consistency issues.

"That window (TLTRO) will give some element of comfort to NBFCs which are running professionally well, having tided over the problem of the earlier asset-liability mismatch," Rao said. But the second group may have a little difficulty compounded by the Covid-19 impact, he said, adding: "So, they need to be addressed on a case-to-case basis, to understand what is the problem."

**Some NBFCs have overcome asset-liability issue to a certain extent, but still face consistency issues... They need to be addressed on a case-to-case basis, to understand what is the problem**

**SS MALLIKARJUNA RAO, MD, PNB**



Publication	Date	Headline
The Hindu Business Line	13-04-2020	"Economy will bounce back from crisis"
Link	<a href="https://www.thehindubusinessline.com/money-and-banking/economy-will-bounce-back-strongly-from-covid-19-says-pnb-chief/article31321681.ece">https://www.thehindubusinessline.com/money-and-banking/economy-will-bounce-back-strongly-from-covid-19-says-pnb-chief/article31321681.ece</a>	

## BANKING ON HOPE

The economy will bounce back from the Covid-19 crisis, says

SS Mallikarjuna Rao, MD & CEO, PNB **p14**



# 'Economy will bounce back from the crisis'

KR SRIVATS

New Delhi, April 12

For the 18-crore customers of the newly-amalgamated Punjab National Bank — which has Oriental Bank of Commerce (OBC) and United Bank of India under its fold from April 1 — it is business as usual, said Ch SS Mallikarjuna Rao, Managing Director & CEO, PNB. The three-way amalgamation, despite the Covid-19-induced lockdown, has got off to a smooth start for the customers, although footfalls in branches have dropped, Rao told *BusinessLine* in an interaction. Excerpts:

### How has the merger with OBC and United Bank played out in the current Covid-19 times?

There are three dimensions to this merger — business integration, technology integration and human integration. Business integration

has already happened — all three banks have provided similar products and services; human integration will take place and there could be a spillover of one month from the planned date of April 30. Technology integration was anyway milestone-based, and planned to be over by December 2020. Amalgamation has gone off well. For customers, it is business as usual, though footfalls have dropped at the branch level, due to the lockdown.

### At what stage is the human integration?

We had planned human integration by April 30. There may be a spillover of a month. Transfer of various leaders in the field that were to happen between April 15 and 30 may get postponed by 30 days. We had planned massive restructuring of the



*For customers of the newly-amalgamated bank, it is business as usual, though footfalls have dropped at the branch level, due to the lockdown*

**SS MALLIKARJUNA RAO**  
Managing Director & CEO, PNB

bank in terms of circle offices, zonal offices and processing centres. They are going to be operationalised from May 1 because of Covid-19, provided the pandemic impact and lockdown taper off.

### Do you think Covid-19 will

### badly affect the economy?

I feel the economy will bounce back strongly from Covid-19. This is a wonderful opportunity for domestic MSMEs to play a critical role and bring down the cost of production for manufacturers of finished goods.

### How are you helping farmers and MSMEs in solving cash-flow mismatch in such crisis times?

Over the last 10 days, PNB has come up with four schemes to help farmers, special help groups, individuals in the salaried class and corporates tide over the cash crunch that they may face now. For Kisan Credit Card holders, we are giving emergency credit funding of 25 per cent of existing credit limit up to ₹50,000. Based on a simple request letter, we are crediting it to them to tide over their cash problems. Similarly, for SHGs, we are providing ₹5,000 per member and

maximum ₹1 lakh per group. For personal loans, we are providing three times the monthly average salary up to ₹3 lakh. All this can be repaid in 36 months. We are increasing working-capital limits by 10 per cent for corporates.

### Small and medium NBFCs are anguished that banks like yours could be tight-fisted in extending RBI announced moratorium...

I don't agree that banks will be risk-averse. They (NBFCs) also need to put their house in order. The liquidity window is open to NBFCs through the RBI-announced TLTRO. We are also open to look at their requirements on a case-to-case basis. We have made available a two-page application on our corporate website. Small and medium NBFCs need to engage with banks rather than having a dejected opinion that banks will not give them credit.



Publication	Date	Headline
Indian Express	12-04-2020	Planned for credit growth of 8%, now we'll have to see how COVID impacts and it may be around 6%
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INTERVIEW WITH MD & CEO, PUNJAB NATIONAL BANK

## 'Planned for credit growth of 8% ... now we'll have to see how COVID impacts and it may be around 6%'

HAVING COMPLETED the merger with Oriental Bank of Commerce and United Bank of India and navigating through merger challenges, Punjab National Bank (PNB) is now required to support its borrowers and carry out direct benefit transfers and other government schemes for the benefit of the poor, amidst the coronavirus pandemic. Speaking on the eve of PNB's 126th foundation day, SS MALLIKARJUNA RAO, MD and CEO, told SANDEEP SINGH that the bank is comfortable on financial and capital adequacy fronts for now. Stating that while the bank had earlier planned for a 8 per cent credit growth in FY21, the COVID-19 impact may limit it to around 6 per cent. Excerpts:

### How is the moratorium relief working out for customers?

RBI has given moratorium for three instalments and we have passed it automatically to all customers. Among other things, we are looking at the fact that the daily cash withdrawal requirements are met and electronic transactions go through. We are seeing that the money is going to Jan Dhan account holders under direct benefit transfer.

In the last week, we have released four new schemes. For Kisan Credit Card holders, additional funding of 25 per cent of their limit or Rs 50,000, repayable in periods. For self help groups, we are releasing funds of up to 5,000 for each member or Rs 1,00,000 for the group, and this is also repayable in three years. We are also giving personal loan equivalent to three months of average monthly salary up to a maximum of Rs 3 lakh, which again is repayable in three years. Then, we have another scheme for big customers which is additional working capital funding. Now, we are reaching out to them for utilisation of funds.

### How is the pace of PMJDY withdrawal?

Till yesterday, around 15 per cent had taken it. It has gained pace over the last 2-3 days, both at ATMs and through banking correspondents. We are following certain measures to maintain social distancing and to avoid crowding.

### Do you see any uptick in credit growth?

Our credit growth happened till second week of March and it was 3 per cent year-on-year. We were running negative till December 2019. We don't expect in-



"Our credit growth happened till second week of March and it was 3 per cent year-on-year. We were running negative till December 2019"

SS MALLIKARJUNA RAO

vestment or other demand in the first half of the fiscal and expect the investments to pick up in the second half onwards.

### How are you positioned both on capital and risk front? Would you require any fresh capital from the government?

No, we don't need capital from the government. As of December 2019, PNB's capital adequacy ratio was 14.04 per cent, and at the end of March 2020, we expect it to be around 13 per cent, which is sufficient enough. RBI has recently decided to defer the implementation of the last tranche of 0.625 per cent of the capital conservation buffer by six months from March 31 to September 30. So I don't think we will be breaching the common equity tier 1 (CET1) level or capital to risk assets ratio (CRAR). It will be much more than what is required by regulation.

In September, we got Rs 16,000 crore because of which the capital adequacy is there. In December, we took Rs 1,500 crore as tier 2 and we have asked the government to permit for additional tier 1 for anywhere between Rs 3,000-4,000 crore. We also have more headroom in tier 2 to the extent of Rs 1,500-2,000 crore. We are planning these two in the first half of this fiscal.

As far as QIP is concerned, which we are planning in H2, we will assess after the first combined balance sheet is out after the end of June quarter. That will be the first balance sheet that will give us the position of CRAR. Originally we planned for a credit growth of

8 per cent and now we will have to see how COVID impacts and it may be around 6 per cent. Considering that, we will plan for QIP or other means in H2. The quantum we will finalise after June quarterly result.

### Why are banks not extending moratorium to NBFC term loans?

It has not been extended automatically because the other window of targeted long-term repo operations (TLTRO) is working. Already RBI has come with two biddings and whatever fund we get from TLTRO bidding, we will be required to invest in bonds or CPs of the companies. Out of that, 50 per cent is earmarked for primary issuances and 50 per cent for the secondary market. Suppose a MF (mutual fund) has invested in NBFC and the MF is having a liquidity problem, we can purchase from the secondary market. Besides, NBFCs can also come in the fourth window that I spoke earlier about — the emergency credit facility regarding working capital.

### While state-owned banks are passing on rate cuts to customers, private banks do not seem to be so prompt. Why this stark divergence?

If you look at the repo linked lending rates, it is mandatory for banks. When RBI cut the repo rate by 75 basis points last month, this got automatically transferred to retail and MSME borrowers beginning April 1. I don't think there is any option for private sector lenders to not pass on that. However, in case of MCLR linked rates, the reductions are not unexpected lines. We have already reduced 30 basis points from April 1. RBI is talking to everybody.

The paradoxical position is that in spite of that, their credit growth is much higher.

### Can you see a reason to that?

I think that because of the settlement of cases under the IBC process, the loan outstanding has gone down. Suppose if Rs 10,000 crore is settled, while the amount received is only Rs 5,000 crore (50 per cent haircut), but the loan outstanding is reduced by Rs 10,000 crore. Majority of the IBC accounts are in public sector banks and private banks have few. So, the credit growth of public sector banks should be understood more intrinsically with the outstanding that gets reduced because of the settlements.

Publication	Date	Headline
Business Standard	12-04-2020	COVID led to 4k-cr fresh bad loans on our books: PNB MD
Link:	<a href="https://www.business-standard.com/article/finance/covid-19-crisis-led-to-rs-4-000-cr-fresh-npas-pnb-md-ceo-mallikarjuna-rao-120041101346_1.html">https://www.business-standard.com/article/finance/covid-19-crisis-led-to-rs-4-000-cr-fresh-npas-pnb-md-ceo-mallikarjuna-rao-120041101346_1.html</a>	

## COVID LED TO 4K-CR FRESH BAD LOANS ON OUR BOOKS: PNB MD

Punjab National Bank's (PNB's) integration with Oriental Bank of Commerce and United Bank of India came at a time when the country was under lockdown. On the eve of PNB's 126th Foundation Day, the bank's managing director and chief executive officer, **SS MALLIKARJUNA RAO**, tells **Somesh Jha** how coronavirus has impacted customer outreach programmes related to the amalgamation.



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# 'Covid-19 led to ₹4K-cr fresh NPAs'

Punjab National Bank's (PNB's) integration with Oriental Bank of Commerce (OBC) and United Bank of India (UBI) came at a time when the country was in lockdown to mitigate the impact of the coronavirus disease (Covid-19). On the eve of PNB's 126th foundation day, the bank's Managing Director and Chief Executive Officer **SS MALLIKARJUNA RAO** tells **Somesh Jha** about the pandemic's impact on customer outreach programmes related to the amalgamation. Edited excerpts:

### Which sectors have been most affected by Covid-19?

We have seen an impact on apparel and textiles, auto and auto components, aviation, tourism, and financial sectors — including non-banking finance companies (NBFCs), building and construction. We do not have huge exposure to aviation, except Jet Airways, which is already a non-performing asset (NPA). The micro, small and medium enterprises (MSME) segment will have a problem. In the apparel sector, the issue is that they import raw material from Bangladesh, manufacture it here and export. It will take more for them to come back to normalcy and their accounts will be under stress.

### What is your outlook?

There can be an impact on profitability as there will be more NPAs. There will be some slippage, which will have to be accounted for and it will impact profitability. I am expecting that things will improve from October 1. So, there will be an impact of 6 months.

### How long can we afford a lockdown?

It is not a question of affordability. We will continue to support our customers in the crisis, but there will be an impact on the credit off-take.

### How have your targets changed for this year?

We had planned for credit growth of 8 per cent, but because of Covid-19 it will be around 6 per cent. On NPAs/slippages, we are keeping our fingers crossed to see how the first two quarters pan out. We have seen an impact of ₹4,000 crore, majority of which are MSMEs and retail accounts, for the bank in March, which otherwise wouldn't have

But by and large, it's been extremely smooth.

### Can the operations of branches be rationalised during lockdown?

In some parts, it can be done, but our branch operational ratio right now is 92-95 per cent across the country.

### How are you preparing for lockdown extension?

As far as banks are concerned, there are no problems as we have sufficient cash; we are calibrating branch activities, too. The impact is on amalgamation. Effective April 1, certain activities, such as customer and employees' outreach, human resource deployment, which we had planned to complete by April 15-30, will be pushed back by a month.

### Were some product launches also delayed?

As of today, all our products have been harmonised. Even though database is different for three banks, we have customised. For example, human deployment, changing of the name boards, which was to start from April 1, has been postponed by a month.

**"THERE WILL BE SOME SLIPPAGE, WHICH WILL HAVE TO BE ACCOUNTED FOR AND IT WILL IMPACT PROFITABILITY. I AM EXPECTING THAT THINGS WILL IMPROVE FROM OCTOBER 1"**

### How have many customers availed the three-month moratorium on loan repayment?

We have given the facility to all borrowers, except NBFCs. Opting out is automatic if customers pay the money. So far, loans outstanding of around ₹4 trillion, out of the total ₹7.5 trillion, have been postponed for the merged entity (PNB).

### Is the bank helping its borrowers in any way to deal with the situation?

We have released four new products: For farmers — 25 per cent of their



impressing upon such borrowers that since additional demand for interest is not there for March, April and May, the overdue amount as of March 1 can be paid till May 31 so the account remains standard. Because of the lockdown, we are trying to reach out to such borrowers by April 30.

### How many such borrowers are there?

The SMA-2 accounts, outstanding as of March 1, that have become NPAs for PNB till March 31 are to the tune of ₹2,000 crore and for the combined entity, are around ₹4,000 crore. This wouldn't have happened if the Covid-19 pandemic hadn't hit the country. But quarterly slippages would not be high. This loan amount of ₹4,000 crore has the potential for



Publication	Date	Headline
AsomiyaKhabar	12-04-2020	Punjab National Banks's 126 <sup>th</sup> Foundation Day, today
Link:	<a href="https://www.assamiyakhabor.com/publishfinal/asset/guwahati/current/12.html">https://www.assamiyakhabor.com/publishfinal/asset/guwahati/current/12.html</a>	

## আজি পঞ্জাব নেচনেল বেংকৰ ১২৬ সংখ্যক প্রতিষ্ঠা দিবস

স্টাফ ৰিপ'ৰ্টাৰ, ১১ এপ্ৰিল : সমগ্ৰ দেশবাসীক বেংকিং সেৱা প্ৰদানেৰে দেশৰ সৰ্বসাধাৰণ জনতাৰ প্ৰিয়পাত্ৰ হৈ পৰা পঞ্জাব নেচনেল বেংকে কাইলৈ সফলতাৰ ১২৬ বৰ্ষ স্পৰ্শ কৰিব। বেংকটোৰ ১২৬ সংখ্যক প্ৰতিষ্ঠা দিবস উপলক্ষে পঞ্জাব নেচনেল বেংকৰ পৰিচালন সঞ্চালক তথা মুখ্য কাৰ্যবাহী বিষয়া চি এইচ এছ এছ মল্লিকাজুঁন ৰাও আজি বেংকটোৰ কৰ্মচাৰী আৰু গ্ৰাহকসকলক অভিনন্দন আৰু শুভেচ্ছা জ্ঞাপন কৰিছে। বেংকটোৰ মুখ্য কাৰ্যালয়ৰ পৰা আজি এক টেলিফোনিক বাৰ্তালাপত পি এন বিৰ এম ডিগৰাকীয়ে কয় যে যোৱা ১ এপ্ৰিলৰ পৰা কাৰ্যকৰী হোৱাকৈ ৰাষ্ট্ৰীয় খণ্ডৰ দুটা বেংক

ক্ৰমে ইউনাইটেড বেংক অব ইণ্ডিয়া আৰু অৰিয়েণ্টেল বেংকক পঞ্জাব নেচনেল বেংকৰ সৈতে চামিল কৰা হৈছিল। এই চামিলকৰণৰ পাছতে অসমকে ধৰি উত্তৰ-পূৰ্বাঞ্চলবাসীৰ সৈতে পি এন বিয়ে অধিক ঘনিষ্ঠ সম্পৰ্ক স্থাপনৰ সুযোগ পাইছে। কিয়নো পি এন বিৰ সৈতে চামিল হোৱা ইউনাইটেড বেংক সমগ্ৰ উত্তৰ-পূৰ্বাঞ্চলতে ব্যাপকভাৱে প্ৰসাৰিত হৈ আছে। পি এন বিৰ পৰিচালন সঞ্চালকগৰাকীয়ে এই প্ৰসংগতে কয় যে বেংকটোৰ ১২৬তম প্ৰতিষ্ঠা দিবসৰ সৈতে সংগতি ৰাখি পি এন বিয়ে এই লকডাউনৰ সময়তে গ্ৰাহকসকললৈ মুঠতে চাৰিটা বিশেষ সুবিধা আগবঢ়াবলৈ সিদ্ধান্ত লৈছে। সেই

অনুসৰি কৃষকসকলক কৃষাণ ক্ৰেডিট কাৰ্ডৰ জৰিয়তে অতিৰিক্তভাৱে ২৫ শতাংশ পৰ্যন্ত অৰ্থাৎ সৰ্বাধিক ৫০ হেজাৰ টকালৈকে ঋণ সাহায্য আগবঢ়োৱা হ'ব আৰু কৃষকসকলে তিনিবছৰৰ ভিতৰত এই ঋণ পৰিশোধ কৰিব পাৰিব। আকৌ আত্মসহায়ক গোটসমূহক ১ লাখ টকালৈকে ঋণ সাহায্য প্ৰদান কৰি গাইপতি সদস্যসকলক ৫ হেজাৰ টকাকৈ ঋণ দিব। এই ধনৰাশিও তিনিবছৰৰ ভিতৰত পৰিশোধ কৰিব পাৰিব। আকৌ ব্যক্তিগত ঋণৰ ক্ষেত্ৰতো কৰ্মচাৰীসকলক তিনি লাখ টকালৈকে ঋণ দিয়াৰ লগতে বৃহৎ ব্যৱসায় ক্ষেত্ৰলৈও বিশেষ পেকেজ আগবঢ়াবলৈ সিদ্ধান্ত লৈছে বুলি তেওঁ সদৰী কৰে।

