

Fin sector raises NBFC liquidity issue with FM

Discusses Concerns Ahead Of Budget

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Creation of a special liquidity window for non-banking finance companies (NBFCs), review of interest rates of small savings schemes and setting up of a panel to review bad loan provisions in the banking sector were among a clutch of demands raised by the financial and capital markets sectors in their pre-budget meeting with finance minister **Nirmala Sitharaman** on Thursday. The main areas of discussion focused on issues linked to the capital markets, the financial sector, NBFCs and alternative investment funds (AIFs), among others.

Several suggestions were submitted, including the need to infuse capital in niche and regional banks, enhancing role of the financial sector development council, and issues facing the NBFC sector. The RBI has already expressed reservation about opening a special liquidity window for the sector, but the demand has still persisted.

Enhancing financial literacy programmes and funding, incentivising agricultural marketing, setting up of a debt exchange-traded fund, domestic capability building in audit and credit rating, making available trade licence online for the MSME sector, provision to ease liquidity pressures created due to insolvency, and rationalisation of various taxes such as the security transaction tax (STT) were other measures that were suggested by the financial sector representatives.

They also demanded the setting up of a separate bond exchange as well as make corporate tax progressive so as to incentivise the MSME sector.

RBI deputy governor N S Vishwanathan, SBI chairman Rajnish Kumar, PNB and Indian Banks' Association chairman Sunil Mehta, LIC MD T C Suseel Kumar and several other top names in the sector attended the meeting. Finance secretary Subhash Chandra Garg and his team of senior officials in the finance ministry also attended the meeting.

Sitharaman is holding consultations with various groups to listen to the issues and demands ahead of the full budget of the new Modi government. The FM will present her first budget against the backdrop of a slowdown in growth. Financial markets are awaiting to see the steps that the government unveils in the budget on July 5.

