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#SupremeCourt bench led by Justice Ashok will today take up plea(s) seeking extension of loan moratorium owing to the pandemic alongwith sector-specific plea's.

@RBI
#loan
#loanmoratorium #ExtendMoratorium



Senior Advocate Ravindra Srivastava is making rejoinder submissions.
He says that no authority seems to be looking into the grievances of the borrowers.

Srivastava : Govt and RBI have come up with measures - for small borrowers (for loans up to 2 crores) on which I made submissions regarding discrimination.

They have shown nothing on record to prove why this was done, Srivastava says

Srivastava says that the intervention application of the IBA and the SBI circulars have been signed by the Deputy Managing Director but nowhere it has been stipulated to be a Board Approved policy.

Interest over interest is also stipulated in the Circulars which means that borrowers will have to pay a penalty for taking moratorium, says Srivastava
He adds that he is unable to understand how the RBI is holding the borrowers hands with the present policy stipulations.

26 sectors severely impacted by disaster, Kamath Committee has recognised these sectors, says Srivastava

This is a case where the National Disaster Management Authority should have come out, instead of handing over to the banks.

Srivastava: There has to be a solution to this, the power cannot ve left to the banks. Instead the RBI should be making provisions for resolution of the processes.

Bench says it will re-assemble at 2 PM.

Bench re-assembles.
Srivastava continues his rejoinder submissions.

Srivastava: Invocation stipulates a last date. Prudential norms never have a cut off date.

“But there has to be a cut off date. Otherwise how will there be invocation?” Justice Reddy asks

But this is catastrophic especially in light of the Covid stress., says Srivastava

Srivastava: NDMA has to collect empirical data and make a comprehensive policy, not arguing that there needs to be a complete waiver. There can be a partial waiver also but for this there is a need for a calibrated policy under the Disaster Management Act

Srivastava: The DMA structure as argued by Mr Salve has demolished the architecture of the DMA, with due respect. His argument has made provisions of the DMA nugatory.

Relief can be granted for loans. In policy making, national authority has to apply its mind (under Disaster Management Act) but that has not been done.

Srivastava: Not practice of My lords to rely on Articles, but I have enclosed some articles wherein one financial expert has demonstrated how the waiver of compound interest works.

Srivastava: Absolute distress prevailing at the moment. They have not been taken into account, with due regard to the Union or RBI. Huge profits being made by banks.

Srivastava concludes.

Adv Vishal Tiwari: Pursuant to Order of your lordships, I went to to making a representation. One lending institution has written to me stating that (PNB Housing) the RBI Advisory is not applicable to me.