RBIs Rs 50,000 cr kitty to help prepare for third COVID wave, say healthcare professionals

By Sulekha Nair

Mumbai citizens waiting for their dose of COVID-19 vaccine at BKC, Mumbai. Photo: Twitter/@mybmc

The Reserve Bank of India’s move to provide Rs 50,000 crore for priority lending to boost COVID-related health infrastructure and services in the country is a shot in the arm for the fight against COVID, say healthcare professionals.
The Reserve Bank of India has shown foresight by announcing flow of unhindered liquidity to the healthcare sector in order to boost production of vaccine, COVID-related medicines and ramp up oxygen supplies, said Dr Rashmi Saluja, Executive Chairperson, Religare Enterprises.

To boost provision of immediate liquidity for ramping up COVID-related healthcare infrastructure and services in the country, an on-tap liquidity window of Rs 50,000 crore with tenors of up to three years at the repo rate is being opened till March 31, 2022, RBI Governor Shaktikanta Das announced on Wednesday.

The series of RBI measures will surely help mitigate the financial distress triggered by the second wave of COVID, Saluja said. “That this special lending window of Rs 50,000 crore has been classified under priority sector lending will ensure steady flow of loans to the healthcare sector that is at the forefront of India’s valiant battle against the virus. In a bid to further encourage to lend to healthcare companies, RBI has also given incentive to banks. The decision to offer restructuring to borrowers including MSMEs with aggregate exposure of up to Rs 25 crore is also a welcome move since small entrepreneurs and individuals are the most vulnerable segments,” Saluja said.

Under the scheme, banks can provide fresh lending support to a wide range of entities, including vaccine manufactures; importers/ suppliers of vaccines and priority medical devices; hospitals/ dispensaries; pathology labs; manufacturers and suppliers of oxygen and ventilators; importers of vaccines and COVID-related drugs; logistics firms and also patients for treatment.
COVID-care priority

The government had recently written to all central ministries and public sector undertakings (PSU) to dedicate their hospital beds for COVID-19 management in States/Union Territories (UTs). According to the Health Ministry, the dedicated hospital wards/blocks have to be equipped with supportive/ancillary services including oxygen supported beds, ICU beds, ventilators, specialised CCUs (wherever available), lab/imaging services, kitchen etc., with a dedicated health workforce.

This has meant that hospitals catering to other ailments had to focus on COVID patients on a priority. Welcoming the RBI’s announcement, cardiac surgeon Dr Bejoy Kutty, Medical Director, Platinum Hospital, Mulund, said that the priority lending scheme would allow doctors and hospitals in India who are grappling with what the coronavirus is about and how to treat it. “We can be prepared for third wave too, thanks to this healthcare infra boost,” Kutty said.

Terming the RBI announcement ‘benevolent’, Vivek Talaulikar, CEO, Global Hospital, Mumbai said, “We value this announcement and I am sure this way, the next decade will be the decade of healthcare.”

Apollo Hospitals Group Joint Managing Director Sangita Reddy commended the governor for taking up these timely and appropriate steps.
Looking at the huge investment requirements and lack of access to sufficient debt funds, private enterprises have been apprehensive of scaling up. Prabhdeep Singh Founder and CEO StanPlus, said the RBI's announcement for healthcare sector has been 'a relative relief'. "This makes it possible for firms like ours to invest in state-of-the-art ambulances and reach out to even more territories across the country."

**How does this package benefit borrowers**

The RBI will lend to banks at 4 percent repo rate for a 3-year tenure for healthcare institutions—hospitals, dispensaries, nursing homes, vaccine producers, pharma companies. This opportunity is open for the banking sector for a year till for 2022. “It is a much-needed relief for the health and pharma sectors. Banks will now get some loan growth opportunities,” said Satish Kumar, Research Analyst at Choice Broking.

By making assured liquidity support at a low interest rate of 4 percent, RBI has ensured that cheap loans are available to the healthcare sector which is critical today. Contrast this credit facility to 10-year govt bond market rate, for instance, which is available at 5.99 percent or almost 6 percent interest. So if someone from healthcare sector wants to take a loan, he will not be able to borrow funds in the market at rates less than 8 -9-10 percent interest as the interest rate on risk-free 10-year government bond itself is ruling at almost 6 percent, said Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai.

The RBI's Rs 50,000 credit support will ensure that the healthcare industry is able to access funds at a low interest cost. As an additional incentive, banks are allowed to classify loans under this credit window as priority sector lending.

The total tally of COVID cases in the country has climbed to 2,06,65,148.