

Money Management and Financial Intermediation

July 24, 2019

Source: PIB, Economic Survey 2018-19

- Banking system improved as **NPA ratios declined and credit growth accelerated.**
- **Insolvency and Bankruptcy Code led to recovery and resolution of significant amount of distressed assets** and improved business culture.
 - Till March 31, 2019, the CIRP yielded a resolution of 94 cases involving claims worth INR1, 73,359 crore.
 - As on 28 Feb 2019, 6079 cases involving INR2.84 lakh crores have been withdrawn.
 - As per RBI reports, INR 50,000 crore received by banks from previously non-performing accounts.
 - Additional INR 50,000 crore “upgraded” from non-standard to standard assets.
- Benchmark policy rate first hiked by 50 bps and later reduced by 75 bps last year.
- Liquidity conditions remained systematically tight since September 2018 thus impacting the yields on government papers.
- **Financial flows remained constrained because of the decline in the equity finance** raised from capital markets and **stress in the NBFC sector.**
 - Capital mobilized through public equity issuance declined by 81 per cent in 2018-19.
 - Credit growth rate y-o-y of the NBFCs declined from 30 per cent in March 2018 to 9 per cent in March 2019

