2. RBI extends Liquidity Window for Healthcare

Prelims Syllabus: Banking

Mains Syllabus: GS-II Welfare schemes for vulnerable sections of the population by the Centre and States and the Performance of these Schemes; Mechanisms, Laws, Institutions and Bodies constituted for the protection and betterment of these Vulnerable Sections.

Why in News?

- The Reserve Bank of India (RBI) recently proposed to extend the term-liquidity facility of ₹50,000 crore offered to emergency health services by three months till June 30.

About the News:

- Last year in May, RBI had announced an on-tap liquidity window of ₹50,000 crore, at the repo rate with tenors of up to three years, to boost provision of immediate liquidity for ramping up COVID-19-related healthcare infrastructure and services in the country.
- Banks were incentivised for quick delivery of credit under the scheme through extension of priority-sector classification to such lending up to March 31, 2022.
- "In view of the response to the scheme, it is now proposed to extend this window up to June 30, 2022 from March 31, 2022 as announced earlier," the RBI said in a statement on development and regulatory policies on Thursday.
- Under the scheme, banks were expected to create a COVID-19 loan book.

What is the Significance?

- Under the scheme, banks can provide fresh lending support to a wide range of entities including vaccine manufacturers, importers and suppliers of vaccines and priority medical devices, hospitals and dispensaries, pathology labs, manufactures and suppliers of oxygen and ventilators, importers of vaccines and Covid-related drugs, logistics firms and also patients for treatment.
- Banks are being incentivised for quick delivery of credit under the scheme through extension of priority sector classification to such lending.
- These loans will continue to be classified under priority sector till repayment or maturity, whichever is earlier. "Banks may deliver these loans to borrowers directly or through intermediary financial entities regulated by the RBI.