NSE

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COVID-19 policy response: Rs1.7trn fiscal push, Rs3.74trn liquidity boost

The RBI's Monetary Policy Committee (MPC) in a rescheduled policy review meeting from March 31st -April 3rd to March 24-27th decided to cut the repo rate by a steep 75bps to record low of 4.4%, to minimise the economic shock caused by COVID-19 pandemic. The MSF (Marginal Standing Facility) and Bank rate stand reduced to 4.65%. The MPC has reduced reverse repo rate by 90bps to 4%, thereby making it unattractive for banks to park money with the central bank. That said, this is still 75bps higher than the post-GFC low of 3.25%.

Besides cut in key policy rates, the MPC has also announced a slew of measures to a) Inject adequate durable and systemic liquidity: Rs 1trn targeted long-term repo operations (TLTROs) to be invested in corporate bonds, commercial papers and non-convertible debentures, 100bps cut in Cash Reserve Ratio (CRR) to record low of 3%, reduction in minimum daily CRR requirement from 90% to 80%, increase in Marginal Standing Facility (MSF) limit from 2% of Statutory Liquidity Ratio to 3%, b) Make debt servicing easier: 3-month moratorium on instalment payments on term loans, deferment of three months on interest payment and reduced margins on working capital facilities, deferment of implementation of Net Stable Funding Ratio (NSFR) and capital conservation buffer by six months, and c) Reduce volatility in the forex market by permitting banks to participate in the offshore rupee market market w.e.f. June 1st. The liquidity measures announced today, coupled with LTROs/OMOs worth Rs 2.8trn already conducted over the last couple of months, would result in cumulative liquidity infusion of 3.2% of GDP. In this note, we take a quick look at measures announced by the Government as well as the RBI and compare them with similar monetary and fiscal measures announced by major global economies (page 9-11).

These monetary measures have come over and above the Rs1.7trn (0.8% of GDP) relief package announced by the Government yesterday largely comprising of cash transfers and food security to poor and migrant workers, insurance for health workers and relief measures for women self-help groups. That said, the fiscal support thus far has been relatively underwhelming, particularly when compared with other countries, and needs to be expanded to affected industries as well. Even as the extent of economic and social implications of COVID-19 is difficult to ascertain at this point (Moody's expects FY21 GDP growth for India at 2.5%), the coordinated fiscal and monetary push, coupled with preventive actions taken thus far including the 21-day nation-wide lockdown, should help mitigate the shock. *Fingers crossed!*

- **MPC bites the bullet with a 75bps cut in repo rate:** In the rescheduled policy review meeting, the RBI's Monetary Policy Committee (MPC) reduced the policy repo rate by a steep 75bps to 4.4%—the lowest ever, following the footsteps of other global central banks to mitigate the adverse impact of COVID-19 pandemic on the economy and financial markets. With this, the MSF and Bank rate stand reduced to 4.65%. The MPC has reduced the reverse repo rate by a higher 90bps to 4%—75bps higher than the post-GFC low with an aim to encourage banks to lend rather than park the money with the central bank. This has resulted in the widening of the LAF corridor from 50bps to 65bps.

MPC reduced repo/MSF/ Bank rate by 75bps to 4.4%/4.65%/4.65% and reverse repo rate by 90bps to 4%.

- **Incremental liquidity measures worth Rs3.74trn**: Besides cut in key policy rates, the MPC also announced a slew of measures to provide adequate durable and systemic liquidity. These include: a) Targeted Long-term Repo Operations (TLTROs) of up to three years for a cumulative amount of up to Rs1trn at a floating rate linked to the policy repo rate. The banks would have to deploy liquidity availed under TLTRO in investment grade corporate bonds, commercial papers and non-convertible debentures equally distributed between primary and secondary market, thereby reducing liquidity premia on these instruments which has surged owing to redemption pressures. b) Reduction in Cash Reserve Ratio: The MPC reduced the CRR from 4% to record-low of 3% of net demand and time liabilities w.e.f. March 28, 2020 for a period of one-year, thereby releasing durable liquidity worth Rs 1.37trn. The minimum daily CRR requirement has also been cut from 90%

MPC announces measures viz. TLTROs, CRR cut, MSF limit expansion to inject additional liquidity worth Rs3.74trn.

Total liquidity infusion since Feb 2020 to rise to 3.2% of GDP.

to 80% until June 26, 2020, thereby reducing reporting pressures on banks. c) Expansion of borrowing limit under Marginal Standing Facility (MSF): As an additional liquidity relief to banks, the MPC expanded the overnight borrowing limit under the MSF window from current 2% of SLR to 3%, translating into additional liquidity injection of Rs 1.37trn. These three measures together, coupled with Rs 2.8trn worth of liquidity injected through LTROs/OMOs over the last couple of months, would lead into cumulative liquidity infusion of 3.2% of GDP.

- **Debt servicing and monetary transmission made easier**: Besides liquidity measures, the RBI also announced several measures to make debt servicing easier, particularly for viable businesses and troubled borrowers who have been severely affected by disruptions caused by COVID-19 pandemic as well as improve monetary transmission. These include a) Moratorium on term loans: All lending institutions are permitted to allow a three-month moratorium on payment of instalments on term loans outstanding as on March 1, 2020 without resulting in asset classification downgrade. b) Easier working capital financing and servicing: Lending institutions are permitted to allow a deferment of three months on interest payment on working capital facilities sanctioned in the form of cash credit/ overdraft. Lending institutions may also recalculate drawing power of borrowers on cash credit/overdraft by reducing margins and/or reassessing working capital cycle. These would not result in asset classification downgrade or an adverse impact on the credit history. c) Deferment of implementation of Net Stable Funding Rate (NSFR): The implementation of 100% NSFR as per the Basel Committee guidelines has been deferred by six months to October 1, 2020. d) Deferment of last tranche of Capital Conservation Buffer (CCB): The implementation of the last tranche of CCB of 0.625% has been deferred by six months Sep 30, 2020.

The RBI made debt servicing and monetary transmission easier for businesses by permitting banks to offer 3-month moratorium on term loans/ working capital facilities and defer implementation of NSFR and CCB by six months.

- **Banks allowed to participate in the NDF market to reduce rupee volatility**: The RBI, in consultation with the Government, has decided to permit banks operating International Financial Services Centre (IFSC) Banking Units (IBUs) to participate in the offshore rupee derivative market (NDF market) w.e.f. June 1, 2020, thereby improving depth and price discovery in the forex market, consequently reducing undue volatility.

- **Government provides Rs1.7trn fiscal boost; more in the offing:** These monetary measures have come over and above the Rs1.7trn (0.8% of GDP) relief package announced by the Government yesterday, coined as the PM Garib Kalyan Package, largely comprising of cash transfers and food security to poor and migrant workers, insurance cover to health workers and relief measures for women self-help groups. That said, the fiscal support thus far has been relatively underwhelming given that some of these measures are not new (PM Kisan spending) but just front-loaded, and some (wage hike under MGNREGA) may not translate into an immediate relief in the wake of a nation-wide lockdown. As such, we expect the Government to come out with more relief measures for more affected sectors of the economy.

Government announced Rs1.7trn relief package yesterday for poor sections of the society but seems insufficient.

More is expected with special focus on affected sectors due to COVID-19.

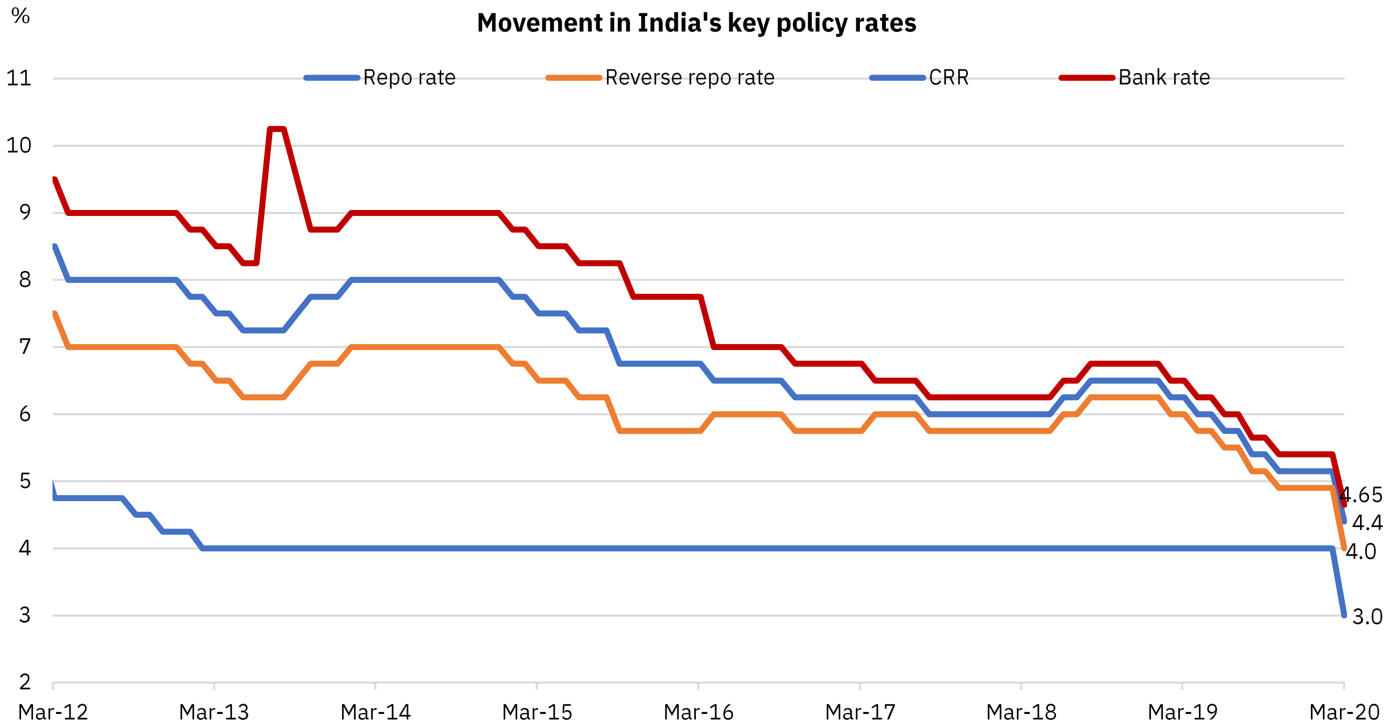
Even as the extent of economic and social implications of COVID-19 is difficult to ascertain at this point (Moody's expects FY21 GDP growth for India at 2.5%), the coordinated fiscal and monetary push, coupled with preventive actions taken thus far including the 21-day nation-wide lockdown, should help mitigate the shock.

Figure 1: Changes in key policy rates

Key rates	Previous value	Current value
Repo Rate	5.15%	4.4%
Reverse Repo Rate	4.9%	4.0%
Marginal Standing Facility (MSF) Rate	5.4%	4.65%
Bank Rate	5.4%	4.65%
Cash Reserve Ratio (CRR)	4%	3%
Statutory Liquidity Ratio (SLR)	18.5%	18.5%

Source: RBI

Figure 2: Policy repo rate slashed by 75bps to 4.4%; reverse repo rate by 90bps to 4%



Source: RBI, CMIE Economic Outlook, NSE.

Figure 3: A snapshot of monetary policy statements in FY20 thus far

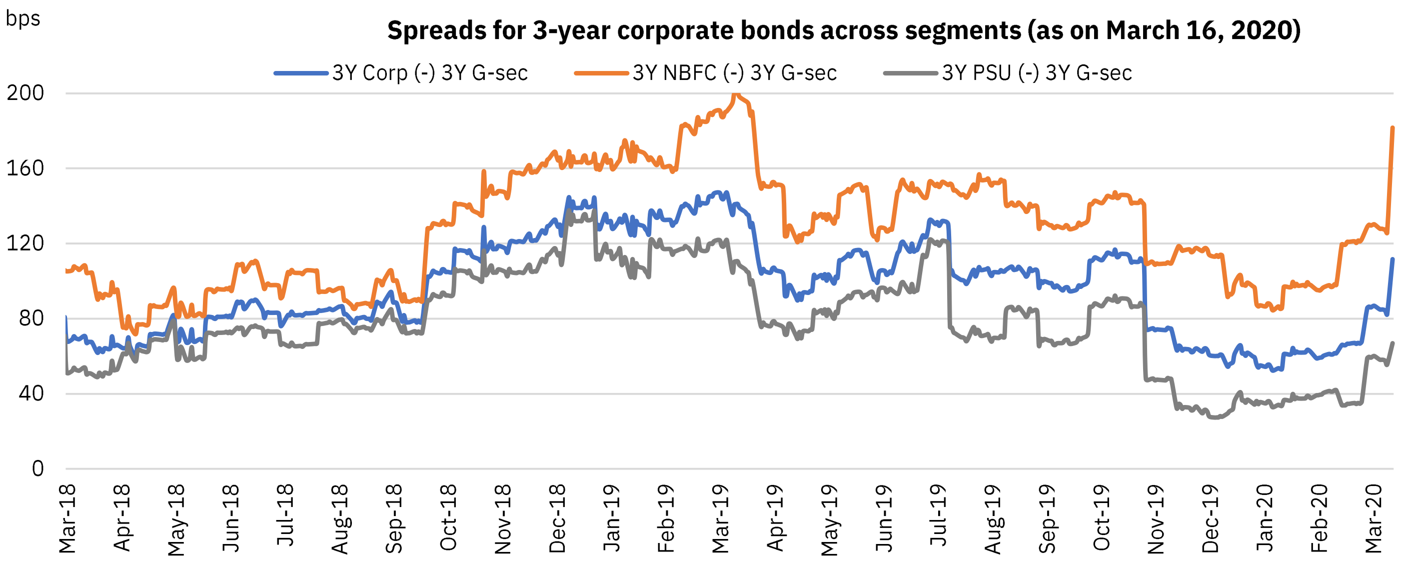
	April 2019	June 2019	August 2019	October 2019	December 2019	February 2020	March 2020
Global growth	Global activity remains soft. Bond yields in Germany/ Japan feel further into the negative zone, with central banks signalling softer stances.	Global economic activity has been losing pace after a marginal improvement in Q12019, reflecting further slowdown in trade and mfg. activity.	Global economic activity has slowed down further amidst elevated trade tensions and geo-political uncertainty. Bond yields have declined sharply.	Trade/geo-political tensions continue to weigh on global growth. Central banks became more accommodative with inflation remaining below targets across major DMs/ EMs	Global activity has remained subdued, though some signs of resilience are becoming visible. Trade concerns have abated.	Global economic activity has remained slow-paced but is getting differentiated across geographies. US-China trade relations have improved	Global economic activity has come to a standstill due to COVID-19, reflecting rising possibility of recession in large parts of the global economy.

Domestic growth	Growth fell for 3rd qtr. in a row in Q3FY19. Output gap remains negative, with the economy facing headwinds on the global front. FY20 GDP est. cut from 7.4% to 7.2%.	Growth impulses have weakened, with a sharp slowdown in investment and consumption demand. FY20 GDP est. cut from 7.2% to 7.0%.	Growth outlook remains bleak, with both consumption and investment remaining weak, even as lower input costs augurs well for growth. FY20 GDP est. cut from 7.0% to 6.9%.	High-frequency indicators point to continued weakening of manufacturing and services sector activity. FY20 GDP growth forecast slashed from 6.9% to 6.1%.	Economic activity has weakened further, and output gap remains negative. FY20 GDP growth forecast cut sharply from 6.1% to 5%.	Economy continues to be weak and the output gap remains negative. Some high-frequency indicators have turned around, but their sustainability is uncertain.	FY20 GDP growth of 5% at risk due to COVID-19. Consumption has been hit the most. Anecdotal evidences suggest adverse impact on services such as trade, tourism and airlines.
Inflation	Lower-than-expected core inflation imparting downward bias to headline CPI. Surge in crude oil prices since the last policy is a risk. CPI inflation est. cut to to 2.4% in Q4FY19, 2.9-3.0% in H1FY20 and 3.5-3.8% in H2.	Inflation remains below the target even after accounting for the expected transmission of the past two rate cuts. CPI inflation est. revised to 3.0-3.1% in H1FY20 (2.9-3.0% earlier) and 3.4-3.7% in H2 (3.5-3.8% earlier).	Inflation has evolved in-line with RBI's projected trajectory and is expected to remain within 4% over next 12-months. Headline inflation estimated at 3.1% for Q2FY20 and 3.5-3.7% for H2FY20.	Inflation trajectory remains benign; to remain within 4% target over next 12 months. Q2FY20 forecast raised from 3.1% to 3.4% amid near-term pressures from crude/veg prices. H2 est. retained at 3.5-3.7%.	CPI inflation surged in Oct on higher food inflation. Expected to remain elevated in the near-term. H2FY20 inflation forecast raised from 3.5-3.7% to 4.7-5.1%.	Inflation overshot RBI's target by 70bps in Q2 and surged further on higher onion prices. Expected to remain elevated in the near-term. Avg. inflation in 2020 expected at 5%.	Demand shock from COVID-19 and collapse in crude oil prices bode well for inflation, partially offset by heightened volatility in financial markets.
Liquidity	Liquidity turned into deficit in Feb-Mar due to build-up of govt. cash balances. Liquidity needs were met through OMO purchases. WACR remained broadly aligned with the policy repo rate.	Liquidity turned into surplus in early June after remaining in deficit during April-May due to restrained govt. spending. WACR traded 6bps above the repo in April and 6bps lower in May.	Liquidity was in surplus in June/ July on return of currency to banking system, drawdown of excess CRR, OMO buying/fx operations by RBI. WACR was traded 14bps lower than repo in July.	Liquidity was in surplus in Aug/Sep despite an expansion of CIC and forex operations by RBI. WACR traded below the repo rate by an avg. of 8bps in August and 6bps in Sep.	Liquidity remained in surplus despite festival-led demand. WACR traded below the repo rate by an avg. 8bps in Oct and 10bps in Nov.	Liquidity remained in huge surplus in Jan. WACR traded below the repo rate by an avg. 10bps in Dec and 19bps in Jan.	Systemic liquidity has remained in huge surplus. RBI undertook measures such as 'operation twist', LTROs and OMOs to inject long-term liquidity.
Transmission		Transmission of cumulative cuts of 50bps in Feb/April 2019 was 21 bps to the weighted average lending rate (WALR) on fresh rupee loans.	Transmission has improved marginally with WALR on fresh rupee loans falling by 29 bps during the current easing phase so far (February-June 2019)	Transmission has remained staggered and incomplete. WALR on new loans has come down 29bps during Feb-Aug 2019 vs. policy cut of 110bps.	Transmission has been swift in money markets but weak in credit market. 'New loans' WALR has fallen by 44bps vs. 135bps cut in policy rates.	Transmission has been swift in money/corp. bond markets and has picked up in credit market as well. WALR on 'New loans' has fallen by 69bps and by 13bps on old loans during Feb-Dec'19	The five tranches of LTROs conducted thus worth Rs 1.25trn as well as measures announced today should boost monetary transmission.
Rate action	-25bps. Repo: 6.0%; Reverse Repo: 5.75%	-25bps. Repo: 5.75%; Reverse Repo: 5.5%	-35bps. Repo: 5.4%; Reverse Repo: 5.15%	-25bps. Repo: 5.15%; Reverse Repo: 4.9%	No change. Repo: 5.15%; Reverse Repo: 4.9%	No change. Repo: 5.15%; Reverse Repo: 4.9%	Repo: -75bps to 4.4%; Reverse repo: -90bps to 4%.
Stance	Neutral	Accommodative	Accommodative	Accommodative	Accommodative	Accommodative	Accommodative

Source: RBI, NSE

Figure 4: Credit spreads for thee-year corporate bond across issuer categories

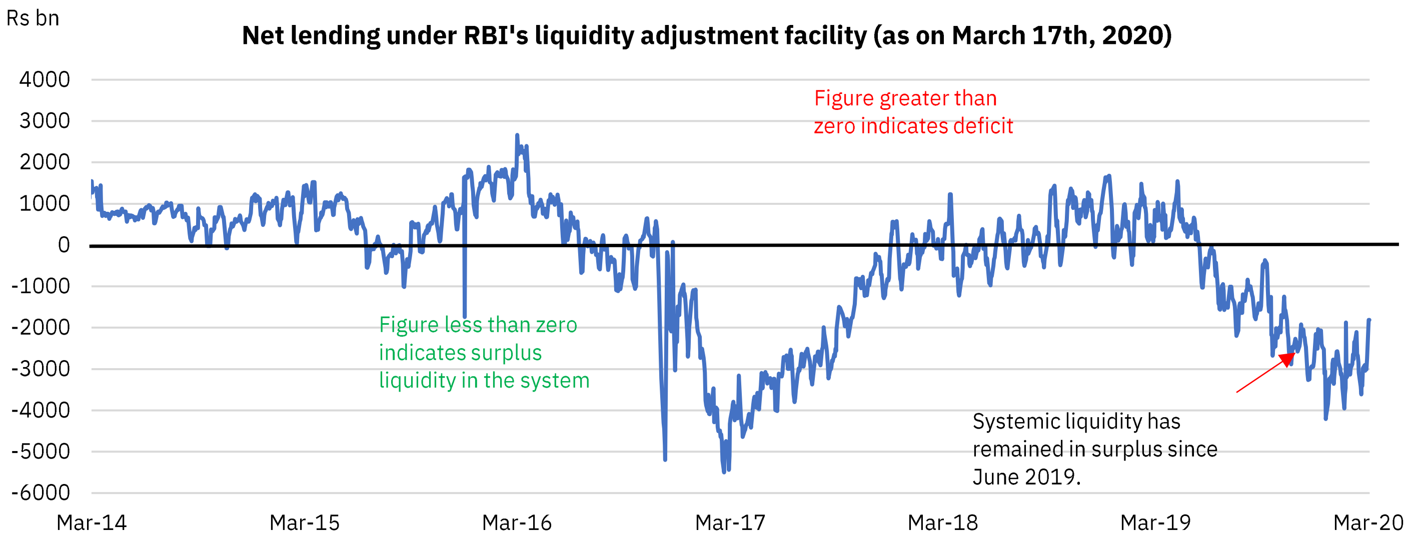
Liquidity premia on corporate bonds have shot up across issuer segments thanks to sustained FPI selling (net outflows at Rs529bn in March thus far), drop in trading activity, redemption pressures and increasing risk aversion.



Source: Bloomberg, NSE

Figure 5: Net lending under RBI's Liquidity Adjustment Facility

Systemic liquidity has remained in surplus since June and has averaged at Rs2.86trn in March thus far.



Source: Bloomberg, NSE

Figure 6: Total Long-term Repo Operations (LTROs) announced thus far

Date	Tenor	Notified amount (Rs bn)	Bids received (Rs bn)	Amount alloted (Rs bn)
17-Feb-20	3-year	250.0	1,944.1	250.4
24-Feb-20	1-year	250.0	1,231.5	250.2
02-Mar-20	3-year	250.0	1,719.7	250.3
09-Mar-20	3-year	250.0	488.6	250.2
18-Mar-20	3-year	250.0	271.0	250.1
27-Mar-20	3-year	250.0	605.0	250.1
Total		**1,500.0**	**6,259.9**	**1,501.3**

Source: RBI, NSE

Details of Rs 1.7trn fiscal boost under Pradhan Mantri Garib Kalyan Yojana

Following the unprecedented announcement of a nation-wide lockdown for 21 days, the Government announced a Rs 1.7trn fiscal boost under the "Pradhan Mantri Garib Kalyan Yojana" on March 26th to fight against the immediate economic stress from the COVID-19 pandemic and preventive lockdown. The relief package is primarily focused towards mitigating financial stress of farmers, households below poverty line, daily labourers, health workers and small and medium scale industries in the unorganised sectors. Key highlights of the package are as follows:

- **Insurance scheme for health workers fighting COVID-19:** The Government announced an insurance scheme for all health workers including doctors, nurses, paramedics, technicians, specialists, safai karamcharis and ward-bods entailing a compensation of Rs5mn. This policy is estimated to cover around 2.2m health workers across all government health centres, wellness centres and hospitals.
- **Direct cash transfer to the farmers:** Disbursement of the first instalment of Rs2000 of the total cash transfer of Rs6000/year under the PM Kisan Yojana to nearly 87mn farmers would be front-loaded to April, translating into a total disbursement of Rs160bn.
- **PM Garib Kalyan Yojana:** Some of the new measures announced under this scheme include a) Transfer of an ex-gratia payment of Rs500/month for the next three months to 204mn women account holders under the PM Jan Dhan Yojana, entailing a total disbursement of Rs310bn, b) distribution of free gas cylinders to 80m poor families for the next three months, with an expenditure of Rs130bn, c) the Government would bear the entire 24% provident fund contribution of both employer and employee for the next three months for people earning less than Rs15,000/month in businesses having less than 100 employees, translating into total spending of Rs50bn, d) distribution of one-time additional amount of Rs1000 in two instalments over a period of three months to 30mn senior citizens, persons with disabilities and widows, e) MGNREGA wages increased from the current Rs182 to Rs202 w.e.f. April 1st, 2020, benefiting nearly 136.2mn families with a cost of Rs56bn.
- **Benefit to low-wage earners in organised sectors:** The Government would bear the entire 24% provident fund contribution of both employer and employee for the next three months for people earning less than Rs15,000/month in businesses having less than 100 employees, translating into total spending of Rs50bn. Besides, the Government has also allowed workers to draw up to 75% non-refundable advance from credit in the EPFO account or three-month salary, whichever is lower.
- **Food security measures:** Around 800m poor families will get additional 5kg rice/wheat per person—double of what they are currently entitled to as well as 1kg pulses per family per month during the next three months free of cost.
- **Benefit to women self-help groups:** Women who are organised through self-help groups (SHGs) can get up to Rs2mn (vs. Rs1mn earlier) collateral-free loans which is estimated to benefit around 68.5m households.
- **Augmented state spending on medical testing:** The Government has also urged states to use the funds available under the District Mineral Fund (total amount accrued stood at Rs359bn as of January 2020) for supplementing and augmenting medical testing, screening and other activities. States have also been asked to utilise the Rs310bn available under the Building and Construction Workers Fund to support construction workers.

Government's Relief package

Measures/Schemes	Amount (Rs bn)
PM Kisan Yojana	160
PM Jan Dhan Yojana	310
Free gas cylinders	130
PF contribution	50
Cash transfer to other sections	30
NREGA wage hike	56
Food-grain distribution	400
Pulses distribution	50
District Mineral Fund	250
Construction Workers Fund	310
Total	**1,746**

Details of compliance and statutory related reliefs for citizens and businesses

Income Tax related announcements

- Deadline for filing tax returns for FY2018-19 extended toby three months to June 30th, 2020.
- Interest rate on delayed tax payment made till June 30th, 2020 for FY2018-19 reduced from 12% to 9%.
- Reduced interest of 9% from 18% on delayed deposit of TDS till June 30th, 2020
- Deadline for Aadhaar-PAN linking extended till June 30th, 2020 from March 31st.
- Tax amnesty plan 'Vivad Se Vishwas Scheme' extended till June 30th, with no additional 10% charge.
- Due dates for issue of notice intimation/notification/approval order/sanction order/filing of appeal/applications/ any other documents extended to June 30th, 2020.
- Any compliance by the taxpayers, including investment in tax-savings instruments, capital gains for investment to claim capital gains exemption, compliance with STT law, equalisation levy law compliances, all extended to June 30th, 2020.

GST related announcements

- Deadline for filing GST returns for March, April and May 2020 extended to June 30th, 2020.
- Waiver of late fee, interest and penalty for late filing of GST returns for companies with annual turnover of less than Rs50mn. For companies with turnover higher than Rs50mn, penalty and late fee have been waived off while interest will be charged at a reduced rate.
- Date for opting out of composition scheme for FY2020-21 for small tax payers extended to June 30th, 2020.
- The time limit for any compliance under the GST laws between March 20th, 2020 and June 29th, 2020 extended to June 30th, 2020.

Customs and central excise related announcements

- Deadline for Sabka Vishwas scheme (for settling disputes under indirect tax regime) extended to June 30th, 2020 from March 31st.
- No interest fee will be charged for companies paying indirect taxes during this period.
- 24X7 custom clearance facility will be available till June 30th, 2020 for smooth EXIM trade.

Corporate affairs related announcements

- Waiver of additional fees during moratorium period from April 1st to September 30th, 2020 for late filing of documents, return statements etc., required to be filed in the MCA-21 Registry irrespective of its due date.
- Mandatory requirement for holding board meetings within a prescribed interval provided in the Companies Act 2013 extended by 60 days for the next two quarters i.e. September 30th, 2020.
- Caro 2020–a new format for issue of audit reports in case of statutory audits of companies under Companies Act, 2013–will be applicable from FY2020-21 instead for FY2019-20
- Absence of independent directions in even a single board meeting would not be treated as non-compliance under the Companies Act 2013.
- Deadline for filing declaration of commencement of business for newly incorporated companies extended to 12 months (from 6 months) from incorporation.
- Failure of compliance to minimum residency requirement of at least 182 days for a company director would not be treated as non-compliance under the Companies Act 2013.
- Deadline for maintaining a deposit reserve of 20% for deposits maturing during the FY2020-21 before April 30th, 2020 extended to June 30th.

- Deadline for investing 15% of debentures maturing during a particular year in specified instruments by April 30th, 2020 extended to June 30th, 2020.

IBC related announcements

- Threshold of payment defaults to trigger bankruptcy proceedings raised from Rs0.1mn to Rs10mn.
- Government may consider suspending Sections 7, 9, 10 of the Insolvency and Bankruptcy Code (IBC) for a period of six months after April 30th, 2020 if the situation continues to remain grim.

Banking related announcements

- Charges for ATM cash withdrawal from any bank shall be waived for the next three months for debit card holders.
- Minimum Account Balance fee for maintaining minimum bank balance shall be waived for the next three months.
- Bank charges for digital trade transactions for all trade finance consumers shall be reduced.

Import permit related announcements for fisheries

- All Sanitary Import Permits (SIPs) for import of shrimp brute stock or any aquaculture inputs which were to be expired between March 1st and 15th, 2020 shall be extended for three more months.
- Delay of one month in the arrival of imports will be condoned.
- Rebooking of quarantined cubicles in aquatic quarantine facilities in Chennai will be allowed without additional charges for cancelled consignments.
- Verification of documents and grant of NoC for quarantine shall be relaxed from seven days to three days.

Monetary measures announced by global central banks

Countries	Monetary measures
US	Fed Funds rate slashed by 150bps to 0-0.25%.
	Rate of emergency lending at the discount window for banks lowered by 125bps to 0.25% and term of loans lengthened to 90 days. Banks provided additional flexibility to use their buffers to lend.
	Reserve requirement ratios reduced to 0% w.e.f. March 26th.
	QE relaunched to support the flow of credit to households and businesses. Fed to buy at least $500bn in treasury securities and $200bn in agency mortgage-backed securities.
	Establishment of Commercial Paper Funding Facility (CPFF)—a SPV that will purchase unsecured and asset-backed CPs rated A1/P1 directly from eligible companies
	Establishment of a Primary Dealer Credit Facility (PDCF)—to offer overnight and term funding upto 90 days.
	Establishment of a Money Market Mutual Fund Liquidity Facility (MMLF)--to make loans available to eligible financial institutions secured by high-quality assets purchased from money market MFs.
	Pricing on the standing US dollar liquidity swap arrangements lowered by 25bps. Temporary dollar swap lines opened with central banks in nine new countries.
Eurozone (ECB)	New round of longer-term refinancing operations (LTROs) announced. Terms for targeted LTRO III eased during June 2020 to June 2021, coupled with reduced interest rate on TLTRO III by 25bps.
	Conditions for targeted longer-term refinancing operations (TLTRO III) eased, along with reduction in interest rate on TLTRO III, to support bank lending to businesses and households.
	Asset purchase programme expanded by EUR120bn by year end on top of EUR20/bn per month target.
	Pandemic Emergency Purchase Programme (PEPP) worth EUR750bn launched. Purchases to continue until the end of 2020 and would include all eligible asset categories.
Japan	Special Funds-Supplying Operations introduced to facilitate corporate financing. Through this, BoJ will provide loans up to value of corporate debt pledged as the standing pool of eligible collateral.
	Increase in upper limit of CP/corporate bond purchases by Yen 2trn in total.
	Increase in ETF/J-REIT purchases by 2x at an annual pace of Yen 12trn/180bn.
UK	Bank rate reduced by 65bps to 0.1%
	Increase in BoE's holdings of UK Govt. and corporate bonds by £200 bn to a total of £645 bn.
	New Term Funding Scheme introduced with additional incentives for SMEs (TFSME).
	UK countercyclical capital buffer rate reduced to 0% from 1% for at least next 12 months.
	US dollar repo operations enhanced in coordination with other central banks
	Covid Corporate Financing Facility (CCFF) launched to provide funding to businesses by purchasing CPs of up to one-year maturity.
South Korea	Base rate slashed by 50bps from 1.25% to 0.75%.
	Interest rate on the Bank Intermediated Lending Support Facility cut from 0.5-0.75% to 0.25%.
	Eligible collateral for open market operations expanded to include debentures issued by banks.
China	One-year loan prime rate cut from 4.15% to 4.05%, five-year rate cut from 4.80% to 4.75%.
	Interest rate on one-year medium-term lending facility that lends to financial institutions cut from 3.25% to 3.15%.
	Further reduction in required reserve ratios
Hong Kong	As a response to US Fed's rate cut, base rate reduced by a total of 64bps from 2% to 0.86% according to a pre-set formula.
	Countercyclical capital buffer (CCyB) reduced from 2.0% to 1.0%
Singapore	US$60bn swap facility announced with US Fed as part of coordinated central bank actions.
	Support measures announced by banks including moratoriums on repayments for affected customers, extension of payment terms for trade finance facilities and additional working capital financing
Taiwan	The discount rate, the rate on accommodations with collateral, and the rate on accommodations without collateral reduced by 25bps to 1.125%, 1.50%, and 3.375%, respectively.
	Repurchase facility operations expanded by NT$200bn ($6.6bn) at 100bps lower than the policy rate on accommodations with collateral to support credit extension to SMEs.

Indonesia	7-day reverse repo rate, lending facility rate and deposit facility rate lowered by 50bps each to 4.5%, 5.25% and 3.75% respectively.
	Reduction in FX reserve requirement from 8% to 4%.
	Reduction in rupiah reserve requirements by 50bps for banks financing export-import activity.
Thailand	Policy rate cut by 25bps from 1.25% to 1%.
	Repatriation threshold increased to US$1mn to help businesses reduce fund transfer cost and manage foreign exchange better.
South Africa	Repo rate cut by a total of 125bps in this year to 5.25%.
	Standing Facilities lending rate – the rate at which the central bank provides liquidity to commercial banks – lowered to the repo rate, from the prevailing rate of the repo plus 100bps, coupled with easing of money market operations.
Australia	Cash rate target reduced by a total of 50bps this year to 0.25%.
	Purchases of G-secs and semi G-secs to be conducted across the yield curve to target 3-year g-sec yield at 0.25%.
	Three-year funding facility announced for authorised deposit-taking institutions at a fixed rate of 0.25% up to 3% of their existing outstanding credit.
	One- and three-month repo operations to be conducted on a daily basis. Long-term repo operations to be conducted of six-months maturity or longer at least on a weekly basis.
	Temporary swap facility with US Fed for providing US dollar liquidity.
Brazil	Selic rate lowered by a total of 50bps this year to 3.75%
	Reserve requirement ratio on time deposits reduced from 31% to 25%--to release BRL49bn of the banking system reserve requirements. This was coupled with an increase in share of reserve requirements to be taken into account for Liquidity Coverage Ratio (LCR)
	Increase in share of reserve requirements to be taken into account in Liquidity Coverage Ratio (LCR)

Source: Central bank websites, NSE.

Fiscal measures announced by global economies

Country	Fiscal measures
USA	US$8.3bn spending bill announced on March 8th, referred to as 'Phase One' of stimulus efforts, to fund research on vaccine and provide capital to state and local governments to fight the spread of virus, among others.
	National Emergency declared on March 17th. $50bn to be distributed in aid to states, cities and territories.
	'Phase Two' of the stimulus bill passed on March 18th--included free virus testing, expanded employee benefits, additional funds for Medicaid and a provision to provide paid sick leave for some affected workers
	'Phase Three' of the stimulus package worth US$1trn announced on March 19th. Some of the proposals included $500bn in direct payments, $58bn in loans and loan guarantees for passenger and cargo airlines, and $300bn in loans to small businesses with under 500 employees with loans capped at $10mn and $150bn in loans and loan guarantees to other eligible businesses.
	The Senate passed a US$2trn fiscal package on March 25th comprising of payments to tax payers, jobless benefits and business bailouts. The bill would be tabled in the House on March 27th.
United Kingdom	Fiscal stimulus totalling £30bn announced in the budget on March 11th, including welfare and business support, sick-pay changes and local assistance. This includes £7bn for businesses and families and £5bn for the National Health Service.
	Another large stimulus package for business and workers announced on March 17th. This includes unlimited loans and guarantees to support firms and help them manage cash flows. Initial funds of £330 billion in the form of guarantees, equivalent to 15% of UK GDP, will be made available.
	A three-month payment holiday to be offered to all households with difficulty paying mortgages.
Germany	Germany's state bank, KfW, to lend up to $610bn to companies.
France	A €45($ 49bn) stimulus package announced on March 17th entailing social-security tax cuts, unemployment benefits, and financial aid to small businesses. Bank loan guarantees up to €300bn (US$327bn) would also be provided.
Spain	A financial aid of €200 bn ($220 bn)--the highest ever--announced on March 17th, representing 20% of Spain's GDP. This would be targeted towards providing liquidity for businesses (€100 bn), research activities for developing a coronavirus vaccine (€30 bn), providing moratorium on mortgage payments, and guaranteeing necessities like water, electricity and internet to vulnerable households.
Italy	A $28bn package announced on March 11th to be spent in two parts. The first package worth EUR12bn was passed on March 13th and rest would be reserved for future use. Key proposals included help for workers facing layoffs, guarantees to SMEs, compensation to firms facing 25%+ decline in turnover and moratorium to business and mortgage payments.
Japan	Japan announced the first emergency economic package worth $2.5bn on Feb 29th to fight the virus. The second package worth $15bn was announced on March 10th, largely targeted towards providing funding support to SMEs and health care system and financial help to working parents staying at home.
Hong Kong	A significant fiscal stimulus package worth $15.4bn announced in the 2020-21 budget comprising of, among other things, a) US$1284 (HK$10,000) cash subsidy to all adult permanent residents, b) paying one month's rent for people living in public housing, c) cutting payroll, income, property and business taxes, d) low-interest, government-guaranteed loans for businesses, and e) extra one month allowance to people collecting old-age or disability benefits.
China	Earmarked $15.9bn on enhancing public health infrastructure to fight the virus. Funding support for virus-hit regions ramped up.
South Korea	A $9.8bn stimulus package announced targeted towards health system, subsidies to small and medium businesses and child-care subsidies.
Australia	A stimulus package of AUD17.6bn announced comprising of four parts: a) supporting business sentiment, b) providing cash flow assistance to SMEs, c) targeted support for the most severely affected sectors, regions and communities, and d) household stimulus payments
Switzerland	A financial aid of $10,5bn pledged targeted at small businesses and freelancers.
New Zealand	A stimulus package of $7.3bn announced comprising of wage subsidies ($3bn), income support ($1.7bn), business tax relief ($1.7bn) and relief for the airline industry ($360mn)
Thailand	A stimulus package worth $12.7bn announced on March 10th comprising of $4.8bn of soft loans at 2% rate, ~$1bn of lending from the security fund at 3% and tax benefits to affected people.
Indonesia	The first rescue package worth $727mn announced on February 26th to support consumer spending and tourism industry. The second emergency stimulus package worth $8bn was announced on March 8th, representing 0.8% of GDP, comprising of tax breaks to businesses ($1.4bn) and non-fiscal incentives to ease import and export activities.

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Tirthankar Patnaik, PhD	tpatnaik@nse.co.in	+91-22-26598149
Prerna Singhvi, CFA	psinghvi@nse.co.in	+91-22-26598316
Ashiana Salian	asalian@nse.co.in	+91-22-26598163
Runu Bhakta, PhD	rbhakta@nse.co.in	+91-22-26598163

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