

In Yes Bank crisis, you can't miss the ugly realities of India's private sector lenders

 theprint.in/opinion/in-yes-bank-crisis-you-cant-miss-the-ugly-realities-of-indias-private-sector-lenders/379432

March 12, 2020



Rana Kapoor, founder Yes Bank Ltd. | Photo: Anindito Mukherjee | Bloomberg

Text Size:

The recent moratorium imposed on India's fourth-largest private lender Yes Bank by the Reserve Bank of India has brought the travails of the private sector banks in India into sharp relief. Yes Bank is no ordinary bank. With a bulky Rs 2.4 trillion loan book and Rs 2.27 trillion of deposit base (up to March 2019), it is, what is sometimes called, a systemically important entity. As an RBI-regulated deposit-taking institution with a sizeable number of depositors and shareholders, Yes Bank has a special public profile. Till recently, it was part of both Sensex and Nifty.

So far, the response of the RBI has been to publish a [draft resolution plan](#). There are suggestions that very soon — possibly by the end of this week — the moratorium on withdrawals could be lifted. By bringing in an entity like the State Bank of India (SBI) — for all practical purposes a sovereign proxy — and by providing a liquidity backstop, the policymakers believe they can restore the confidence of the depositors.



Loaded: 0.57%

However, for a variety of reasons, it won't be an easy task. Given that the RBI Act is quite conservative in terms of the assets that the RBI can take on its balance sheet, any credible commitment to depositors may require legislative action.

Subscribe to our channels on [YouTube](#) & [Telegram](#)

Support Our Journalism

India needs fair, non-hyphenated and questioning journalism, packed with on-ground reporting. ThePrint – with exceptional reporters, columnists and editors – is doing just that.

Sustaining this needs support from wonderful readers like you.

Whether you live in India or overseas, you can take a paid subscription by clicking [here](#).

Support Our Journalism

- Tags
- [Private sector banks](#)
- [Reserve Bank of India](#)
- [State Bank of India](#)
- [Yes bank](#)
- [yes bank crisis](#)