New Delhi, Mar 19 (PTI) To tide over liquidity issue, the Reserve Bank of India (RBI) has extended Rs 60,000-crore credit line to Yes Bank so that it meets obligation of depositors, sources said.

This is in line with assurance given by RBI Governor Shaktikanta Das on Monday saying the regulator was ready to offer liquidity if required after lifting of moratorium.

"I would like to mention that Yes Bank has enough liquidity to meet any requirement. If there is a requirement, the RBI will provide necessary liquidity support," he had said.

"Never in the history of banks (in India) have depositors lost money. The point is, depositors' money is absolutely safe," Das also said.

As per Section 17 of RBI Act 1934, the central bank can provide liquidity support to any lender in the form of loans and advances against collateral such as stocks, funds and securities (other than immovable property) in which a trustee is authorised to invest trust money by an Act of Parliament.

According to the sources, the RBI’s assessment found Yes Bank had liquidity issues but no solvency problem or any other issue.

The line of credit, however, comes with a caveat -- the first such exercise by the central bank, the sources said.

Since the RBI is the 'lender of the last resort', as per terms of arrangement, Yes Bank would have to exhaust immediate liquid assets before accessing this fund, the sources added.

On March 5, the RBI had imposed a moratorium as well as superseded the board of the then struggling Yes Bank. Deposit withdrawals were capped at Rs 50,000 per account apart from other restrictions.

Subsequently, the government on March 13 notified a rescue plan for Yes Bank, led by State Bank of India (SBI) and joined by other lenders, as it looked to shield the banking sector from a widespread crisis.

The private sector lender has got support from its largest investor State Bank of India (SBI), which holds 48.21 per cent stake in the bank.
SBI alone has invested Rs 6,050 crore into the bank. ICICI Bank and HDFC (Rs 1,000 crore each), Axis Bank (Rs 600 crore), Kotak Mahindra Bank (Rs 500 crore), Bandhan Bank and Federal Bank (Rs 300 crore each) and IDFC First (Rs 250 crore) have invested in Yes Bank.

Yes Bank's deposit base eroded by Rs 72,000 crore to Rs 1.37 lakh crore as of March 5, 2020. The same was at Rs 2.09 lakh crore as of December 31, 2019, as per data shared by the bank last Friday. PTI DP