

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 696
TO BE ANSWERED ON: 17.09.2020

REVIVAL PACKAGE FOR MSMEs

696. SHRI KANUMURU RAGHU RAMA KRISHNA RAJU:
SHRIMATI KANIMOZHI KARUNANIDHI:
SHRI MALOOK NAGAR:
SHRI D.K.SURESH:
ADV. A.M. ARIFF:
SHRIMATI SARMISTHA SETHI:
SHRI BENNY BEHANAN:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government has initiated providing credit support to the MSMEs in the country in view of the economic slowdown occurred due to recent lockdown clamped to control the COVID-19 in the country and if so, the details thereof;
- (b) the total quantum of assistance provided by the Government for the MSME Sector as part of Covid Relief Package, State-wise;
- (c) whether any form of moratorium is provided for MSMEs who availed institutional credit and which are established within 3 years, if so, the details thereof and if not, the reasons therefor;
- (d) whether the Government has announced any special package for the revival of the affected MSMEs and if so, the details thereof;
- (e) whether the Government has initiated any studies on the impact of the demonetization, GST implementation and COVID-19 pandemic separately on the MSMEs in the country and if so, the details thereof;
- (f) the number of workers who lost jobs due to the lock down in the MSME sector and number of MSMEs shutdown or closed due to COVID-19 lockdown; and
- (g) the details of the Government's recovery plans specifically to address the issues of the MSME sector?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI NITIN GADKARI)

(a) to (d): As per RBI's Covid-19 Regulatory Package dated March 27, 2020, RBI had permitted moratorium of three month on payment of all installments/ interest falling due between March 1, 2020, and May 31, 2020. RBI, again, on May 22, 2020, had extended moratorium on repayment of loans/ interest for another 3 months till August 31, 2020, along with Asset Classification standstill during this period. (Total 6 months moratorium starting from March 1, 2020). In addition, RBI vide its notification dated August 6, 2020, on restructuring of advances related to MSME sector, has extended the one-time restructuring window upto March 31, 2021, for the existing loans to MSMEs upto Rs. 25 crore, classified as 'standard' as on 1.3.2020, without a downgrade in the asset classification.

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Further, as per RBI's notification dated August 6, 2020, on Resolution Framework for COVID-19-related stress, in respect of eligible corporate exposures exceeding Rs. 25 crore, the Resolution framework permits lenders to allow moratorium up to two years, as per their Board approved policy, depending on the merits of the case.

Moreover, under the Atma Nirbhar Bharat package, Government of India has announced Emergency Credit Line Guarantee Scheme (ECLGS) which will help the MSMEs in reviving their units. The credit facility under the ECLGS is extended as additional working capital term loans (in case of Banks and FIs) and additional term loan (in case of NBFCs) to SMA-0 and SMA-1 accounts of eligible category of borrowers. The package also includes Credit Guarantee Scheme for Subordinate Debt (CGSSD) which seeks to provide credit facility through lending institutions to the promoters of stressed MSMEs viz. SMA-2 and NPA accounts that are eligible for restructuring as per RBI guidelines on the books of the Lending institutions. The promoter would infuse the credit in the MSME as quasi equity or sub-debt.

(e) to (g): No formal studies has been conducted by the Government on the impact of the demonetization, GST implementation and COVID-19 pandemic separately on the MSMEs in the country. However, the Ministry of MSME held a number of consultations with various MSME / Industry association of the country. During the deliberation, certain problems were highlighted by the stake holders this included need for easy finance, more liquidity, moratorium on loans.
