

In relief for MSMEs, none to be declared NPA till March '20

TIMES NEWS NETWORK

New Delhi:

Public sector banks, along with select nonbanking finance companies, will fan out across 400 districts to provide loans to farmers, retail borrowers and micro, small and medium enterprise (MSMEs), finance minister Nirmala Sitharaman said on Thursday, as the government launched a strong bid to provide loans in the festival season.

The FM also said banks have been told not to declare any stressed loan account of MSMEs a non-performing asset until March 2020.

On the proposed credit push, she said, “They can belong to the famous RAM category which is retail, agriculture (farmers), they can also belong to MSME sectors. We are also adding those who want loans for houses, those who want vehicle loans also to come there.” She added, “The range can be anything, selfhelp groups, Mudra, vehicle loans, housing loans... any of them can come there and that day sitting there they can sort out the loan requirements.”

4th govt eco booster package likely today

The government is likely to announce a fresh set of measures on Friday to shore up economic activity in the country. Unlike the previous three “packages”, finance minister Nirmala Sitharaman will unveil the steps in Goa ahead of the GST council meeting that she will chair later in the day. [P 19](#)

NEW PUSH

PSBs, NBFCs to meet under ‘shamianas’ in 400 districts

Detailing the latest push from the government to ensure greater credit offtake, Sitharaman said banks along with NBFCs will sit under “shamianas” in a public place and fulfil the loan requirements of various groups. This, she said, was being done to enable everyone to see that banks are going out and providing credit and dispel the notion that scheduled commercial banks are sitting with liquidity.

Addressing a news conference after a meeting with bank chiefs, Sitharaman said that in the first phase, which will start next Tuesday and end on September 29, 200 districts will be covered. Thereafter, the next 200 districts will be covered between October 10 and 15. “So in two tranches, 400 districts of the country will have their neighbourhood NBFCs or NBFCs who operate in that area linked with banks and getting newer customers to come and take credit,” Sitharaman said, adding that banks have been told that for every one old customer, five new customers have to be brought in.

“That’s the thumb rule we have offered. That for every one customer who wants a loan, please give him. But for every new, who you give now, you will bring somebody fresh, somebody who has never taken a

loan from a bank should be brought and given for the category he wants,” Sitharaman said. The FM said that junior finance minister Anurag Thakur will oversee the loan programme of PSU banks.

The government is keen to ensure that credit offtake gathers pace in the festival season to help jumpstart demand for goods ranging from consumer goods to housing and retail loans. The Centre has unveiled a string of measures to counter the impact of a slowdown in economic growth that slowed to an over 6-year low of 5% in the April-June quarter triggering call for steps to take immediate steps to bolster growth.

Regarding the relief to MSMEs, Sitharaman said an existing RBI provision empowers the banks to not declare them NPA even after the 90 days. “So if there are stressed assets MSMEs, the banks have enough powers given by the RBI to not declare him NPA and work out with them if possible to restructure his loan so that he can get out of the difficult situation,” the FM said.

“We have told them that invoking that RBI issued guidelines till March 31, 2020, no stressed asset MSME will be declared an NPA,” Sitharaman said, adding that banks have also been told to sit with such MSMEs at the branch level and get the issues resolved. The FM said that she reviewed the liquidity situation with the bank chiefs and said that lenders have already gone ahead and identified NBFCs to whom they can lend straightaway.

› **Social safety net for gig workers proposed, [P 19](#)**