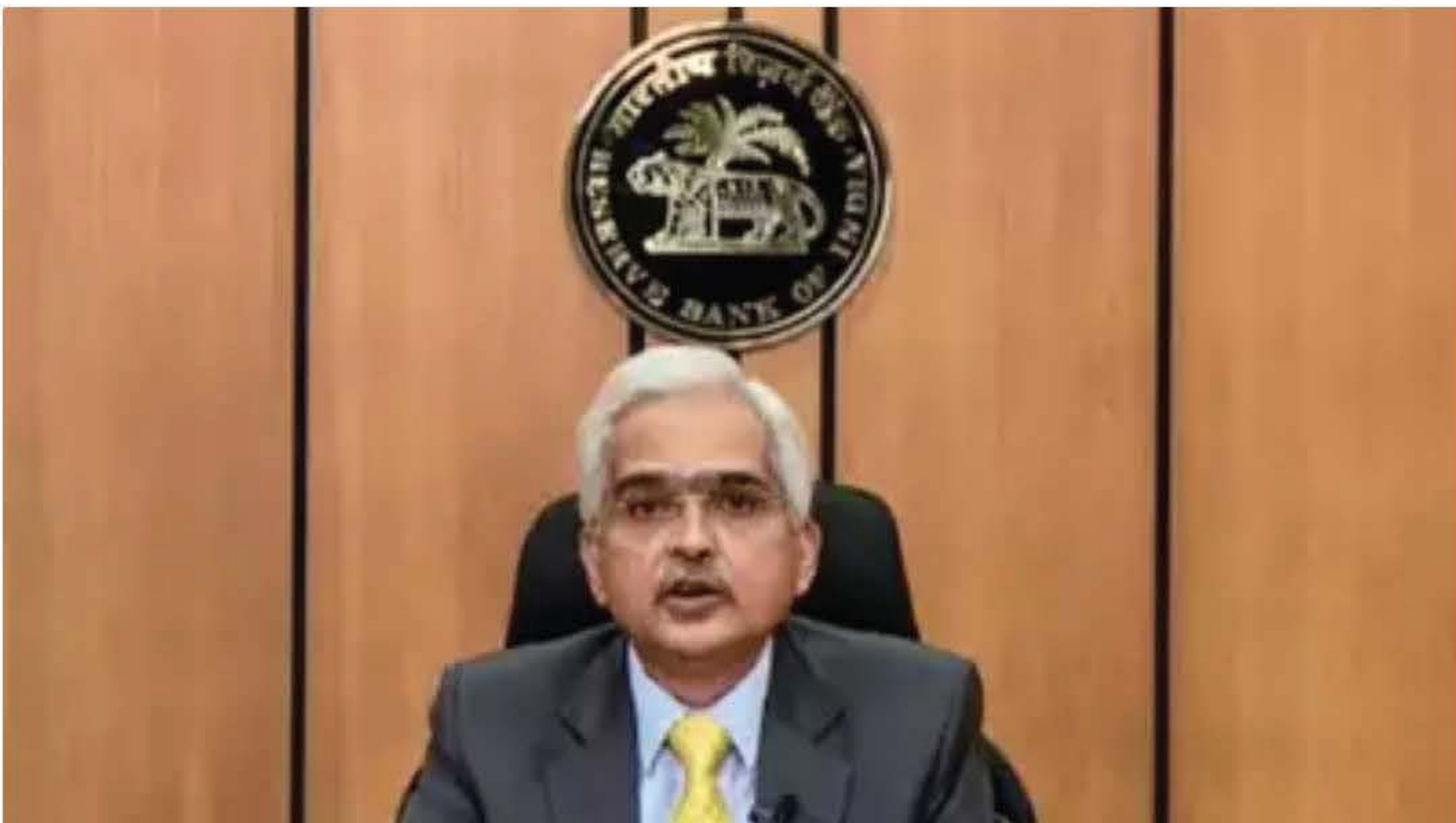


# RBI to give booster shot to Covid-hit services, MSMEs

TNN / Updated: Jun 5, 2021, 05:38 IST

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The twin moves came along with an expansion of the loan restructuring window for loans taken by individuals and MSMEs, with the eligibility limit for debt doubled to Rs 50 crore.

NEW DELHI: In a fresh round of Covid relief measures, the Reserve Bank of India nudged banks to lend to contact-intensive sectors such as hotels, restaurants, tourism, bus operators and other services by opening a Rs 15,000 crore liquidity window for the lenders. It provided another Rs 16,000 crore to SIDBI to meet the short- and medium-term credit requirements of micro, small and medium enterprises.

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The latest measures announced by RBI governor Shaktikanta Das on Friday came within a month of a separate facility being made available for the healthcare sector, with banks going ahead and offering loans to individuals.

## UP TO ₹50CR LOANS CAN BE RESTRUCTURED

<p><b>What Is New?</b></p> <p>RBI's ₹15,000 crore refinance to encourage banks to lend to service sectors and a ₹16,000 crore facility to MSMEs from SIDBI</p>	<p><b>Who Are Eligible?</b></p> <p>All contact services like hotels &amp; restaurants; tourism—travel agents, tour operators and adventure/heritage facilities; aviation ancillary services, bus operators, car repair services, rent-a-car service providers, event organisers, spa clinics, and beauty parlours</p>	
<p><b>What's The Relief For Lockdown-Hit Biz?</b></p> <p>Borrowers with loans up to ₹50 crore are eligible for loan restructuring, which allows them to delay repayment without being classified defaulters. This covers two-thirds of borrowing companies</p>		

With several banks already flush with liquidity, large lenders may not need the refinance provided by the central bank for contact-intensive services. However, for lenders it is a signal that they should extend their loans here. "Announcement of on-tap liquidity facility of Rs 15,000 crore will ensure credit flow to the contact-intensive sectors and MSMEs including hotels, tourism, aviation, etc, which have been adversely impacted," said S S Mallikarjuna Rao, MD & CEO, Punjab National Bank.

Last month, RBI had said that banks could restructure loans up to Rs 25 crore advanced to individuals and small business. The restructuring would give the borrowers more time to repay without classifying them as defaulters thus ensuring continued support from the banking system. This limit has now been increased to Rs 50 crore.

State Bank of India MD Ashwini Kumar Tewari said that since small businesses were able to avail of liquidity under the emergency line credit guarantee scheme last year, not many sought restructuring. He added that the second wave was also ebbing, which would reduce the pandemic's economic impact.

"Almost two-thirds of the CRISIL-rated mid-sized companies in the corporate sector now come under its ambit, compared with only half as per the previous threshold. Specifically, this will support companies with relatively weaker credit profiles. Three out of four companies eligible for restructuring have sub-investment category ratings, which indicates their relatively lower ability to manage liquidity shocks. Rescheduling of repayments under the scheme will help mitigate this," said Subodh Rai, chief ratings officer, Crisil Ratings.