

‘MSME package will help recast ₹1 lakh crore loans’

Will free up more resources: official

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The Reserve Bank of India's (RBI) restructuring package for small businesses announced last month will help recast ₹1 lakh crore of loans for seven lakh micro, small and medium enterprises (MSMEs), a top government official has said.

The estimate from the Department of Financial Services (DFS) Secretary Rajiv Kumar is much higher than domestic ratings agency ICRA's assessment of ₹10,000 crore.

It comes even as some banks have seen reluctance among the target MSMEs to take advantage of the scheme.

Mr. Kumar said seven lakh MSME units need res-

tructuring. "They all can be restructured till March 2020 without downgrading the asset. [As much as] ₹1 lakh crore worth loans will get restructured," Mr. Kumar said at a post-Budget meeting with industry captains.

He said the scheme would help free up additional resources which would fuel demand and create further opportunities in the industry.

"In the last few years, RBI has been doing away with various schemes for asset quality forbearance and hence, this is regressive from a credit culture point of view, given the past experiences of the banking sector with restructuring," ICRA's group head Karthik Srinivasan had said.