Chambers welcome MSME relief package, want more

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Industry bodies have welcomed the government’s relief package announced by Finance Minister Nirmala Sitharaman on Wednesday.

“We particularly thank the Government for the collateral-free automatic loan which will be funded by up to Rs 3 lakh crore and benefit over 4.5 million micro, small and medium enterprises with loan tenure of four years and a moratorium one year,” R Raju, President, Karnataka Small Scale Industries Association (Kassia) said in a statement.

The subordinate debt scheme announced particularly for MSME stressed and NPA accounts will also be helpful for those units which will otherwise find it difficult to procure money for their operations.

This is said to benefit about 21 lakh MSMEs as also the fund of funds which provide equity support for eligible units, which may need hand holding in this difficult time, he said.

While the measures announced will be beneficial, everything will depend on how these are implemented on ground, particularly how the banks will provide funds to the MSMEs to revive the sector.

“While we welcome the intent of the Atmanirbhar package announced by the Finance Minister, it is grossly inadequate.

The lockdown has left the entire business community bereft of cash. If the Government does not issue mandatory directions to banks and financial institutions to lend to MSMEs instead of deploying funds into markets and government securities, we are looking at a dark future,” Devesh Agarwal, President, BCIC said.

The Govt should immediately accept recommendations to utilise the ESI funds to provide unemployment benefits to workers and defer payment of GST/VAT/TDS for businesses for 6-9 months to improve cash flow, he said.