Govt working on creation of Rs 1-lakh cr fund: Gadkari

NEW DELHI, April 25: The Centre is working on a scheme to address the issue of delayed payments to MSMEs wherein a Rs 1-lakh crore dedicated fund will be created to reimburse outstanding payments owed by Central and State government undertakings as well as major industries, Union Minister Nitin Gadkari said on Friday.

The minister said he is devising the scheme to set up the fund and the proposal will be placed before the Cabinet for approval once the Finance Ministry gives its go-ahead.

“We have decided to set up a fund of Rs 1-lakh crore. We will insure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity, payment-receiving entity and banks against this fund, for the payments due to MSMEs that are stuck with the PSUs, Central and State governments, and major industries,” Gadkari said.

The Minister for MSME and Road Transport and Highways said the fund will impart relief to the micro, small and medium enterprises (MSMEs) sector to a certain extent.

He said the corpus will be a mobile fund that will help increase liquidity in the market.

While commenting on delayed payments to MSMEs, Gadkari said all efforts should be made to make payments immediately, and all government departments have been given directions in this regard.

Addressing a webinar, Gadkari also said he has mooted a proposal to Labour Minister Santosh Gangwar to make use of the amount of Rs 80,000 crore lying with the ESIC to tide over the immediate crisis faced by the MSMEs, as the pressure of delayed salaries and wages is mounting.

The proposal will have to be examined by the Finance Ministry and the Prime Minister’s Office (PMO), he said.

Besides, the minister said all national highways have been reopened.

“We have informed State governments and collectors that we have opened up all national highways and till Thursday, about 55-60 per cent transport movement had started. I hope we would soon be able to normalise it,” he added.

Gadkari said he would talk to State Transport and Public Works Ministers to ascertain if there are any specific issues being faced with regard to road transport, even as ports have also been opened up with essential workmen at the JNPT, Mumbai.

Interacting with representatives of Assocham via video-conferencing, the minister asked the industry chamber to explore a technical joint venture through investment of capital between Indian industry and major global corporations.

Gadkari also suggested the industry body to compile investment data regarding companies from the US, the UK and other nations present in China and invite them to set up businesses in India.

The minister said he is willing to monitor this initiative to expedite all the required permissions in this regard.

Besides, Gadkari said he would take up the issue of expediting GST and income tax refunds with Finance Minister Nirmala Sitharaman to ease MSMEs’ liquidity issue.

“I am also going to recommend to the Finance Minister that since computerised systems are in place for GST and income tax refunds, why can’t we expedite the system and process refunds within 8 days,” he said. – PTI