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## SBI announces emergency credit line in light of COVID-19

 BY [SALONI SHUKLA](#), ET BUREAU | MAR 20, 2020, 10.20 PM IST

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Mumbai: India's largest lender State [Bank of India](#) became the first bank to open an emergency credit facility for borrowers affected by the Coronavirus outbreak. In a three-page departmental circular addressed to all its chief general managers, the state-owned lender directed that a maximum loan amount of upto Rs 200 crores or 10 percent of the existing fund based working capital limits can be availed under this emergency line. The facility will be available till end of June and will be specifically aimed at MSME borrowers. These loans will be given at a flat rate of 7.25%.

“With a view to provide some degree of relief to the borrowers whose operations are impacted by Covid 19, it is decided by the Bank to make available additional credit facilities to the eligible existing borrowers by way of ad-hoc facilities i.e COVID 19 emergency credit line (CECL) to tide over the current crisis situation,” the note read.

All standard accounts which have not been classified under the category of special mention accounts 1 & 2 as on March 16 will be eligible. Existing SBI customers who have availed special loan products under the MSME category can also avail this facility. The borrowers will be able to avail the entire amount in one go and will be repayable in six instalments after a moratorium period of six months from the date of disbursement of the loan.

In light of the Coronavirus outbreak the [Indian Banks Association](#) has sought a host of relief measures from the [Reserve Bank of India](#) including an [extension](#) of 90 days in classifying accounts as non-performing assets (NPA) and deferring the installment of term loans. The bankers association has also sought allowing deferment on loan payments for a specific period, a percent cut in the cash reserve rate and a six month extension for cases which are undergoing resolution under the inter-creditor framework.

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Most analysts feel that the Coronavirus outbreak is likely to have the worst impact on small businesses.

“Growth will take a big hit and impact will be felt from 1QFY21 onwards, 4QFY20 will not see the impact much as issues started cropping only a week ago seriously in India,” said Suresh Ganpathi of Macquarie. “ NPAs in this (MSME) segment have already been running at sub 12% and are expected to rise further from current levels.”

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