

Bank of Baroda disburses Rs 2,300 crore to MSMEs under emergency credit line facility

By: PTI

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The state-owned bank launched an emergency credit line to provide funds to its existing MSME and corporate borrowers in the last week of March, soon after the lockdown was announced.



Under the scheme, the bank provides an additional line of credit of 10 per cent of the existing fund based on working capital limits, subject to a maximum of Rs 200 crore.

The MSME sector is key priority area and **Bank of Baroda** (BoB) is taking various steps, including a Rs 2,300-crore financial support, to help the sector hit hard by the coronavirus-induced lockdown, the bank's Executive Director Vikramaditya Singh Khichi said.

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In the past one month, the bank has approved 64,000

applications and about Rs 2,300 crore have been disbursed to micro, small and medium enterprises (MSMEs) to help them meet liquidity requirement, he told PTI.

Under the scheme, the bank provides an additional line of credit of 10 per cent of the existing fund based on working capital limits, subject to a maximum of Rs 200 crore.

The MSME sector was already under the stress for the past few years due to economic slowdown and their financial position got further exacerbated due to the lockdown.

The bank is looking at reassessment of working capital for the sector and after the assessment, will enhance their capital so that they have enough liquidity to undertake activity smoothly, he said.

Khichi also said the bank is encouraging MSME units to take advantage of the one-time restructuring plan announced by the Reserve Bank of India (RBI).

“The bank is promoting the one-time restructuring window extensively. Those who were hesitant to avail the restructuring window in the past are now looking at this option actively as an alternative,” he said.

With a view to provide relief to the stressed MSME sector, the RBI extended the one-time restructuring scheme by another one year till March 2021. As per the central bank's directive, the restructuring under the scheme has to be implemented by December 31, 2020.

At the end of January this year, about 6 lakh MSME units availed the one-time restructuring window of the RBI.

The MSME sector plays an important role in the growth of the Indian economy, contributing over 28 per cent of the GDP and more than 40 per cent of exports while creating employment for about 11 crore people.

As part of the handholding exercise, the bank conducted an outreach programme last week which saw MSME participation.

The important objective of outreach programme is to educate MSME borrowers about various facilities/options made available by the bank for their benefit, he said.

Further, he said the MSME borrowers were made aware of the business opportunities that are likely to arise in certain segments in the post COVID-19 scenario.

The government is very keen to ensure that the MSME industry remains in good health, as it is one of the growth engines of the economy.



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