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Market Watch

Rs 6.45 lakh crore worth loans sanctioned by PSBs during March 1-May 15

BY PTI | MAY 19, 2020, 01.33 PM IST

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State-owned [banks](#) have sanctioned about Rs 6.45 lakh crore worth loans to various sectors including MSME, [agriculture](#) and retail between March 1 and May 15 when businesses were reeling under the impact of COVID-19 crisis.

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Loans sanctioned at the end of May 8 stood at Rs 5.95 lakh crore.

"Loans worth over Rs 6.45 lakh crore were sanctioned by [PSBs](#) during March 1 – May 15 for 54.96 lakh accounts from MSME, Retail, Agriculture & Corporate sectors; A notable increase compared to the Rs 5.95 lakh crore sanctioned as of May 8," Finance Minister [Nirmala Sitharaman](#) said in a tweet.

"Public Sector Banks sanctioned over Rs 1.03 lakh crore as emergency credit lines & working capital enhancements in the period March 20 to May 15, which is a substantial increase over the Rs 65,879 crore that had been sanctioned up to May 8," she said.

State-owned banks 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.



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Besides, banks have offered a 3-month moratorium on loan repayment till May 31 as per the RBI guidelines. With the government extending the nationwide lockdown up to May 31, the [Reserve Bank of India](#) (RBI) is likely to extend the moratorium on repayment of loans for three more months, according to experts.

It is high time that businesses are given at least one quarter of business operations before asking them to start addressing the loan obligations, said Indiforward's Executive Director Abhishek Chauhan. An additional three-month moratorium by RBI is absolutely necessary both in the interest of businesses and the financial sector, he added.

In March, RBI had allowed a three-month moratorium on repayment of all term loans due between March 1, 2020 and May 31, 2020.

"With the lockdown now extended up to May 31, we expect RBI to extend the moratorium by three months more," SBI's research report Ecowrap said.

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