

# Covid relief: RBI allows loan recast upto Rs 50 crore

ET [economictimes.indiatimes.com/small-biz/sme-sector/covid-relief-rbi-allows-loan-recast-upto-rs-50-crore/articleshow/83227425.cms](https://economictimes.indiatimes.com/small-biz/sme-sector/covid-relief-rbi-allows-loan-recast-upto-rs-50-crore/articleshow/83227425.cms)

Saloni Shukla

**The regulator had earlier announced resolution framework 2.0 under which maximum exposure of Rs 25 crore for MSMEs as well as non-MSME small businesses, and loans to individuals for business purposes could be recast if they faced.**

MUMBAI: The Reserve Bank of India (RBI) Friday announced doubling of loan restructuring limits for struggling small companies to Rs. 50 crore as the impact of the second Covid wave continues to ravage that segment of the country's complex business value chain.

“Based on a review, it has been decided to enhance the exposure threshold to Rs 50 crore,” RBI Governor Shaktikanta Das said in the post-policy statement. “The categories of borrowers to whom the lending institutions have aggregate exposure of not more than Rs 50 crore as on March 31, 2021, and which have not been restructured earlier under any of the specified restructuring frameworks, shall be eligible to be considered for resolution under Resolution Framework 2.0.”

On May 5, the regulator had announced resolution framework 2.0 under which maximum exposure of Rs 25 crore for MSMEs as well as non-MSME small businesses, and loans to individuals for business purposes could be recast if they faced COVID-19 related stress and business disruption.

Since then, several banks and non-bank lenders have been demanding widening of the scope to cover more businesses. The latest announcements are expected to increase consumption demand and aid incremental economic activity.

“RBI's move to enhance the overall recast exposure is expected to help more MSMEs, non-MSMEs and individuals who have taken loans but have been impacted by the pandemic,” said Pankaj Sharma, CEO, Religare Fininvest. “This will help bring down systemic risks in the banking system.”

Casting the net wide should lower delinquency rates.



RBI monetary policy: Key measures announced for Covid-battered hospitality sector

"RBI's move to expand the coverage of borrowers under recast is expected to help a larger number of MSMEs, non-MSMEs and individuals who have taken business loans and this will reduce the delinquency rates," said Anshuman Panwar, co-founder, Creditas Solutions. "This is a huge relief to small business owners reeling under the stress caused due to the second wave of Covid."

As per the scheme, only those accounts which are classified standard as on March 31, 2021 can be restructured. Also, customers who have already received relief under previous restructuring schemes would not be eligible.

As part of the recast scheme, banks can extend the tenor of the loan by up to two years and also offer a moratorium. Also, accounts that were restructured last year can be given a moratorium of up to two years if that has not been provided. The scheme would have to be invoked by September 30 and implemented within 90 days of invocation.

In Video: [RBI monetary policy: Key measures announced for Covid-battered hospitality sector](#)

Watch ETRise Top MSMEs Ranking Digital Felicitation Ceremony. [Visit](#)

**RBI policy boost, separate liquidity window for hotels, transport, tourism**

---