

COVID-19 REOPENING OF MSME

For std asset or SMA0, SMA1, SMA2 A/C as on 29/2/2020, Govt is going to provide 20% extra funds through bank by automatic route. Banks will be happy to offer as they are getting 9.25% interest which is much higher than parking in the reverse repo. Now three situations are possible for MSME

1. They conserve resources & cut cost ruthlessly. It is found that this does not yield the best result.



2. They invest aggressively for growth which also may not yield best.

3. Only those company having a balanced approach will survive and also grow. They have to continuously align long term goal and current position.



So be careful using this additional debt as market demand may not pick up or labour may not be available and with these funds, you may end up becoming NPA in next 3 years. Plan properly before taking a loan.