

# MSMEs get a breather for repayment of loans

Get relaxation of 180 days without being classified as 'non-performing'

OUR BUREAU

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In a relief to micro, small and medium enterprises affected by the roll-out of the Goods and Services Tax (GST), the Reserve Bank of India on Wednesday gave them a temporary breather, allowing them to delay their loan repayments by 180 days without being classified as non-performing.

"Accordingly, eligible MSME accounts, which were standard as on August 31, 2017, shall continue to be classified as standard by banks and NBFCs if the payments due as on September 1, 2017, and falling due thereafter up to December 31, 2018, were paid not later than 180 days from their original due date," said the RBI in its Statement on Developmental and Regulatory Policies, which was issued along with the second bi-monthly monetary policy statement. The facility would be available to all MSMEs with aggregate credit facilities of up to ₹25 crore, irrespective of whether they are registered under the GST or not.

Banks and NBFCs have to typ-



**A positive sign** The facility would be available to all MSMEs with aggregate credit facilities of up to ₹25 crore, irrespective of whether they are registered under the GST or not

ically classify a loan as a non-performing asset if the repayment has been delayed beyond 90 days.

The RBI, in February, extended the temporary relief through banks and NBFCs to the MSMEs to help ease their transition to the formalised sector after their registration under the GST.

The benefit will be phased out gradually, starting with those businesses that do not register under GST.

"In view of the benefits from increasing formalisation of the economy for financial stability, the 180-day past due criterion, in respect of dues payable by

GST-registered MSMEs from January 1, 2019, onwards shall be aligned to the extant norm of 90-day past due in a phased manner," said the RBI.

For entities that do not get registered under GST by December 31, 2018, the asset classification in respect of dues payable from January 1, 2019, onwards shall immediately revert to the 90-day norm, it added.

The move was welcomed and seen as a big relief to small and medium firms that are just about getting their feet back on the ground after the twin disruptions from GST and demonetisation.