



COVID-19 relief measures by Reserve Bank of India

In wake of the raging COVID-19 pandemic in the country the Reserve Bank of India (RBI) has come up with several relief measures to support the stakeholders in the challenging times listed as under:

Resolution Framework 2.0: Resolution of COVID-19 related stress of Micro, Small and Medium Enterprises (MSMEs)

Eligibility Criteria:

Opportunity to avail relief measures under this resolution framework will be available to borrowers meeting the below eligibility conditions:

- The borrower is classified as a micro, small or medium enterprise as on 31st March 2021 in terms of the Gazette Notification S.O. 2119 (E) dated 26th June 2020.
- The borrowing entity should be registered under GST on the date of implementation of the restructuring unless the borrower is exempt from **GST registration**. This shall be determined on the basis of exemption limit as on 31st March 2021.
- If the borrower is not registered in the **Udyam Registration Portal**, such registration shall be required

to be completed before the date of implementation of the restructuring plan.

- The aggregate exposure, including non-fund-based facilities, of **all lending institutions** to the borrower do not exceed **INR 25 crore** as on 31st March 2021.
- The borrower's account should have been a '**standard asset**' as on 31st March 2021.
- The borrower's account should not have been restructured in terms of the earlier MSME restructuring circulars issued by RBI.

Relief Measures:

With the objective of alleviating the potential stress to MSME borrowers, the following set of measures were announced vide Resolution Framework 2.0 dated 05-05-2021:

- The restructuring of the borrower account has to be invoked by **30th Sep 2021** and for this purpose, the restructuring shall be treated as invoked when the bank and the borrower agree to proceed with the efforts towards finalising a restructuring plan.
- The decision to invoke the restructuring under this facility shall be taken by each lending institution independent of similar decisions taken by other

lending institutions, if any, having exposure to the same borrower.

- In respect of restructuring under this scheme asset classification of borrowers classified as **standard** may be retained , in case the account had slipped into the NPA category between 01st April 2021 and date of this restructuring it may be upgraded to ‘standard asset’.
- As a one-time measure RBI allows the banks to review the working capital (WC) Sanctioned limits and / or DP based on its reassessment of the working capital cycle, reduction of margins, etc. without the same being treated as restructuring for borrowers which were
- restructured in terms of the MSME restructuring circulars issued earlier by RBI under the first wave of COVID-19.
- The decision with regard to above shall be taken by lending institutions by 30th September 2021.
- The reassessed sanctioned limit or DP shall be subject to review on a half yearly basis and the renewal / reassessment at least on an annual basis.
- It will be the prime responsibility of the lending institutions for satisfying themselves that the borrower’s case qualifies for relief on account of the economic fallout from COVID-19.
- The banks shall be subject to subsequent supervisory review with regard to their justifiability on account of the economic fallout from COVID-19.

For availing facility of these relief measures you may contact your banker for further details.

Refer to link for sources below.

[Circular for RESOLUTION FRAMEWORK – 2.0 for MSMEs](#)

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