

Banks offer emergency salary, biz loans

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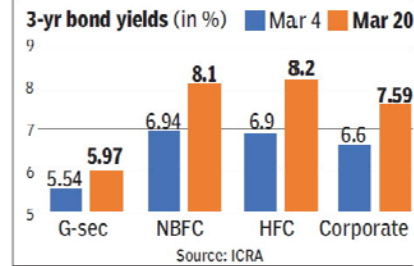
Chennai/Mumbai: State-owned banks have taken the initiative with loan offerings aimed to minimise the current slowdown's impact on individuals and small businesses. SBI was the first to launch a Covid Emergency Credit Line, which allowed borrowers to avail up to 10% of their existing fund-based limits (subject to a maximum of Rs 100 crore). These loans have a moratorium of six months and could be repaid in the next six months at a concessional rate of 7.25%.

The Chennai-headquartered Indian Bank on Wednesday announced five special Covid emergency loan schemes for its customers from salaried class, pensioners, self-help groups, MSMEs and lar-

ge corporates. The bank's customers can avail a salary loan of up to 20 times of their last drawn monthly gross salary, with an upper limit of Rs 2 lakh. For senior citizens, an emergency pension loan that is 15 times their monthly pension, with an upper limit of Rs 2 lakh, can be borrowed. This one comes with a 5-year loan tenor and zero concessional interest or charges.

Indian Bank MD and CEO Padmaja Chunduru said, "We have made these loans repayable over a longer period to give them flexibility in operations until business is back on track again. With salaried class and the pensioners, it is more a line to meet their immediate requirements (medi-

SIGNS OF CREDIT SQUEEZE



cal) and other expenditure."

Union Bank of India MD & CEO Rajkiran Rai said that his bank was also allowing borrowers whose cash flows are hit by the Covid-19 lockdown to avail up to 10% of their existing working capital limit at reduced interest rates.

Bank of Baroda has introduced a Baroda Covid Emergency Credit Line, which pro-

vides additional funding of up to 10% of sanctioned limits. The interest rate for corporate borrowers would be a 1-year marginal cost of funding lending rate of 8.15% without the standard premium. For MSMEs, the rate of interest would be at the Baroda Repo Linked Lending Rate of 8%.

Bank of India has launched a Covid Emergency Support Scheme for businesses. Under this, corporates can avail up to 20% additional credit on their existing current working capital limit. Individuals can get a personal loan, which is up to three times their last drawn salary. Those with home loans can draw additional amount as emergency loans.