

BOB to advance ₹12K cr to MSMEs

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Bank of Baroda (BoB) will lend up to ₹12,000 crore to micro, small and medium enterprises (MSMEs) under the government's 100 per cent credit guarantee scheme, the public sector lender said on Saturday.

The government had last week announced a ₹3-trillion fund for MSMEs as part of the ₹20-trillion economic revival package. Under the scheme, the government will offer 100 per cent guarantee on loans.

Bank and finance companies can extend emergency credit line of up to 20 per cent of their outstanding credit as of February-end.

Sanjiv Chadha, managing director and chief executive office, BOB, said the size of the pool of borrowers (with turnover of up to ₹100 crore and loans up to ₹25 crore) is nearly ₹60,000 crore. Therefore, the bank can target up to ₹12,000 crore of lending.

"There are very few clients who would have the strength to survive this crisis without assistance, particularly MSMEs. If the banks reach out now, they are reaching out not only to help the clients or the employment they generate but also to help themselves," Chadha said in a virtual media interaction.

On the use of the moratorium option by borrowers, he said the bank had an opt-out clause as against opt-in. It means the moratorium was available to all, except the NBFCs. About 65 per cent of customers by value have availed of the moratorium, which was announced by the RBI for three months on March 27 and extended for three more months on Friday.

The number may come down as the activity levels come back to normal and people start paying their instalments, it said.

On granting the moratorium to NBFCs, Bhasin said "the bank is engaging with them and trying to see how it can craft solutions which can be more useful to them. We are now considering (the moratorium) on a case-by-case basis". Regardless of the category of borrowers — whether it is an NBFC, an MSME, an industrial borrower or a home borrower — the bank will assess the genuine requirements and extend the moratorium accordingly.

Therefore, when it comes to NBFC borrowers, particularly smaller ones whose dependence on some banks would be a little larger and where there is no access to an alternative source of funding, the decision becomes simpler decision, he said.