The Increase in the Period For Repayment Of Loans As A Huge Relief For the MSME's

Extension in tenor for repayment under ECLGS will help MSMEs-
Chairman TEXPROCIL

The Government has modified the ECLGS (Emergency Credit Line Guarantee Scheme) . Borrowers who are eligible for restructuring as per RBI guidelines of May 05, 2021 and had availed loans under ECLGS 1.0 of overall tenure of four years comprising of repayment of interest only during the first 12 months with repayment of principal and interest in 36 months thereafter will now be able to avail a tenure of five years for their ECLGS loan i.e. repayment of interest only for the first 24 months with repayment of principal and interest in 36 months thereafter. Shri Manoj Patodia , Chairman , The Cotton Textiles Export Promotion Council (TEXPROCIL) said "the increase in the period for repayment of loans to 5 years has come as a huge relief for the MSMEs who are struggling hard to get back to business from the disruptions caused by the Second wave of COVID 19 pandemic".

An additional ECLGS assistance of upto 10% of the outstanding as on February 29, 2020 to borrowers covered under ECLGS 1.0 has also been extended . Shri Manoj Patodia said , " this is a very positive measure as it will lead to an increase in the much needed cash flow for the MSMEs".

The current ceiling of Rs. 500 Cr. of loan outstanding for eligibility under ECLGS 3.0 has also been removed , subject to maximum additional ECLGS assistance to each borrower being limited to 40% or Rs.200 crore, whichever is lower. Further , the validity of ECLGS extended to 30.09.2021 or till guarantees for an amount of Rs.3 lakh crore are issued. Disbursement under the scheme permitted up to 31.12.2021. The removal of the ceiling for eligibility under ECGLS 3.0 and also the extension of the ECGLS will enable more units to take the benefits under the scheme , according to the Chairman, TEXPROCIL.