

Industry needs urgent help to survive, and we request the following support from RBI

1. Cash injection: Mandate banks to give ad-hoc working capital loans of 30% additional limits so that critical payments like salaries and wages can be made

While RBI has increased liquidity, banks are not willing to lend as working capital lines have been exhausted and they do not want to take risks as cash flows for businesses will be impacted for the next 4-5 months. In order to help banks lend to this sector, we request that the RBI steps in and partially guarantees loans to **highly Stressed sectors like Textiles & Apparels and Organised Retail**. Banks must be mandated to give loans, preferably with an interest subvention of 3-5% up to 30% of working capital. This needs to be done for both large companies and MSMEs as they are co-dependent on each other. The loans are required only for a period of 12 months from disbursement date.

2. Extension of the moratorium from 3 months to 6 months

Demand at retail will take much longer to stabilize. Since the announcement of the 3 months moratorium effective March 1st, the lockdown has continued uninterruptedly and as of now stands extended up to May 31st and in case of Malls opening dates remain uncertain. Even when the retail shops are allowed to open, the volumes will be much lower than earlier. Further the industry is sitting on huge inventory positions that will take a much longer time to liquidate. **In light of the above, RBI should extend the moratorium from 3 months to 6 months.**

3. One time restructuring window with the Banks for deserving accounts

Business will remain uncertain for the next 9-12 months and hence companies will need their loans recast to tide over this period. For banks to support the industry through this period, a one-time restructuring window can be allowed where banks can restructure loans without the need to provision them as NPAs. In order to ensure that this is not misused, the restructuring can be limited to companies which were regular in their loan payments till 1st Feb 2020 and which have a positive net worth.

4. Allow one-time re-setting of Term Loans and/or Lease Rental Discount (LRD)

The Mall/Shopping Complex and standalone market property owners have obtained Lease Rental Discounting (LRD) loans against cash flows upon pledge of the Lease Rental Agreement with Retailers. Banks are asking the Mall owners to raise the invoice on Retailers. If the invoice is not raised the LRD account would go into default as NPA and Banks would be required to provision for such accounts.

Retailers find themselves in a very tough situation. Due to the national lockdown, they were not allowed to operate the stores and therefore have nil revenue for the period. Further, they have paid salaries and wages. Now they are expected to arrange funds for the lease rentals.

With a proposed continuing social distancing requirement, consumption is expected to remain subdued for the next 9-12 months. If retailers are expected to continue operations, the underlying rental agreement have to be reset for next 12-18 months. **Thus, it is imperative that RBI allows one time, resetting/rescheduling of the existing LRD against such properties.**

If these supports are not provided, many stores will have to be closed down in the 2-3 months causing a permanent loss to the financial system and significant loss of employment.