

1.06.2021

Mr Anil Agrawal,
*Honorable Additional Secretary,
Department for Promotion of Industry and Internal Trade,
Ministry of Commerce & Industry
Government of India*

Subject: Seeking immediate RELIEF to save the Retail industry in India under ECLGS 3.0

Honorable Additional Secretary,
Greetings from Retailers Association of India (RAI)!

Retail businesses across the country are among the worst hit as several states have mandated lockdown of malls and shopping complexes where most of modern retailers are located. As of now, almost 80% retail stores are closed. With social distancing measures put in place and citizens being advised to stay indoors and avoid social contact, even the few stores that remain open do not have footfall.

With most stores being shut, retailers have zero revenue. They still have to pay overheads such as salaries, electricity and rentals. The cash inflow of the industry has come to a standstill, while the fixed operating costs remains intact. In normal times, retail is a sector that is solvent and enjoys high market capitalisation. This stress is purely due to the black swan event of Covid-19.

We thank the ministry for the following

- 1. Additional assistance under ECLGS 1.0** is a welcome step **and we thank the Finance Ministry** for the extension of the tenure to 5 years and for an additional assistance of 10% for those who **borrowed credit under ECLGS 1.0**. This enhancement will help a lot of small retailers who had taken benefit under ECLGS 1.0.
- 2. Including corporate retail outlets under ECLGS 2.0:** The Government had extended Emergency Credit Line Guarantee Scheme (ECLGS) through ECLGS 2.0 for the 26 sectors identified by the Kamath Committee. The expert Committee made under the chairmanship of Shri K.V. Kamath had recommended financial ratios for 26 stressed sectors which could be factored by lending institutions while finalizing a resolution plan for a borrower. **Corporate Retail Outlets is one the 26 sectors, selected by The Kamath panel under the 'Resolution Framework for Covid19-related Stress'**. It was explicitly mentioned during the announcement of ECLGS 2.0 that all these 26 sectors with outstanding credit above Rs. 50 crore and not exceeding Rs. 500 crores as on 29.2.2020 are eligible under the scheme. Many corporate retail chains were able to borrow funds up to 20% extra under the ECLGS 2.0 scheme.

RAI's Appeal: Include corporate retail outlets under ECLGS 3.0

While corporate retail outlets are supported under ECLGS 2.0, the second wave of COVID has hit the sector very badly. Non-essential retailers have been completely shut down. Their situation is similar to the hospitality sector which has also been closed.

Since that the ECLGS 3.0 has been announced for the very stressed sectors like Hospitality, which have been completely locked down, we request that the same be extended to corporate retail sector also. Since the ECLGS 3.0 scheme allows for additional limits up to 40% and has a higher cap of borrowing, affected retailers would be able to avail of this additional credit line during this crises. This, other-wise sound sector, needs the support to tide over this second phase of Covid-19. This would enable the corporate retail sector to access much needed funds and credit. The enhanced limits is the need of the hour and we hope that you would help by including corporate retail under 3.0.

Warm Regards,

For and on behalf of Retailers Association of India



Kumar Rajagopalan
CEO