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PRESS RELEASE

Text of the D.O. Letter No.453/CMO/2021, Dated 8-6-2021 of Thiru M.K. Stalin, Hon'ble Chief Minister of Tamil Nadu addressed to Chief Ministers of 12 States (Andhra Pradesh / Bihar / Chhattisgarh / Delhi / Jharkhand / Kerala / Maharashtra / Odisha / Punjab / Rajasthan / Telangana / West Bengal) on the need for moratorium on loan repayment for MSMEs and small businesses:

As you are aware, the Government of India originally undertook to vaccinate all frontline workers and the general population above the age of 45 free of cost. Subsequently, the Government of India announced departure from the earlier policy and shifted the responsibility to procure and administer vaccines to people in the age group of 18 to 45 to the State Governments. Many amongst us pointed out the fact that the most appropriate monosponic purchaser would be the Government of India. Further, considering that the Union Government also has considerably larger fiscal resources and a budget provision of Rs. 35,000 crore in the Union Budget for 2021-2022, it was further emphasized by us that the Union Government should purchase the vaccines centrally and issue them free of cost to all States. I am happy that all our collective efforts have been instrumental in convincing the Union Government and the Hon'ble Prime Minister has reversed the earlier policy yesterday.

In this context, I believe all the State Governments should again come together on the pressing issue of asymmetry in treatment of borrowers, particularly MSME units and small borrowers, during the first and second waves of Covid-19. In April/May, 2020 when the Government of India had announced the nationwide lockdown, a moratorium was offered on repayment of loans for such borrowers. However, in April-June, 2021 when lockdowns are being imposed based on local conditions by the respective States similar relief to borrowers is not being provided for. I have taken up this issue with Government

of India with a request to provide a moratorium on repayment of loans. I request all the States to write to both the Union Finance Minister and the Governor, Reserve Bank of India to prevail on them to offer moratorium on repayment of loans for at least the first two quarters of 2021-2022 to all small borrowers with outstanding up to Rs.5 crore in view of the lockdowns induced by the second wave of covid-19. The absence of such relief measures would force many businesses to close and would lead to widespread economic distress. These MSMEs and small businesses are the mainstay of our economy and employment generation.

I am confident that all of you would appreciate the import of this demand and proactively take it up with the Government of India at the appropriate level. We need to show our collective strength at this hour of great need.

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