

Industry calls for expansion of working capital financing

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NEW DELHI: Indian industry expects a prolonged recovery period after the national lockdown is eased and is hoping for government support, especially to small and medium enterprises, to help mitigate the pain, said Vikram Kirloskar, president, Confederation of Indian Industry. Kirloskar is also the chairman and managing director of Kirloskar Systems Ltd and vice-

chairman of Toyota Kirloskar Motor.

“We believe the stimulus has to be twofold. One would be to assist and support the affected population through relief and cash transfers. This can be an additional ₹2 trillion given directly into the hands of beneficiaries. The second would be to support enterprises, especially MSMEs (micro, small and medium enterprises), to avert mass-scale closure of businesses and loss of jobs. We have suggested that this support can be extended through banks,” Kirloskar said in an interview.

“This could be in the form of extra credit limits for wage payments and interest obligations of stressed sectors. Also, additional loans are required to enable MSMEs and stressed sectors to overcome the loss of business. Expansion of working capital loans to all enterprises across the board would greatly help them address the present challenges. To be able to do this, the government could consider a fund of ₹30,000 crore for banks, which would enable a leverage of five-six times.”

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The industry body has recommended that the government limit its fiscal spending to contain the crisis at an additional 2% of the gross domestic product (GDP) over and above the allocation of ₹1.7 trillion, he said.

Kirloskar appreciated that the government had been proactively consulting the industry on a continuous basis.

“We are in a situation where we can expect a protracted recovery period. The government should consider conserving its firepower to last it over a length of time, even while providing succour to the most needy sections of society, including MSMEs, the self-employed and those at the bottom of the income strata,” he said.