



A lending hand

The RBI has signalled it is aware of the burden on healthcare providers during this period.

Relief package to health care industry

1. The Reserve Bank of India's move to step in and join the fight against the second wave of the pandemic through the announcement of measures aimed at alleviating any financing constraint for those impacted, including the healthcare sector, State governments and the public, is a welcome and timely intervention.
2. The furious pace at which new COVID-19 infections and fatalities have been mounting in recent weeks has not only overwhelmed the nation's health infrastructure but has begun to significantly impair economic activity, just as the economy appeared to have turned the corner from last year's debilitating contraction.
3. Stressing that it is imperative to both save lives and restore livelihoods, RBI proposed a calibrated response, mooted a ₹50,000 crore term liquidity facility to boost credit availability for ramping up COVID-related health-care infrastructure and services.
4. Lenders have been urged to expedite lending under this 'priority sector' classified scheme to entities including vaccine manufacturers, hospitals, pathology labs, suppliers of oxygen and ventilators, importers of COVID-related drugs and logistics firms.
5. And although Mr Das said the scheme would also cover patients requiring treatment, he failed to spell out how those most in need of financial assistance to cover their surging medical bills could borrow the funds.
6. In directing the flow of credit to the sector most in focus at the moment, the RBI has signalled it is cognisant of the burden on healthcare and allied providers.
7. However, how much lending capital-stressed banks would be willing to write into their 'COVID loan books' remains to be seen.

Small industries:

The central bank's focus on small borrowers including unorganised businesses and MSM enterprises, both through the enhanced provision of credit via small finance banks and a fresh resolution framework for existing borrowings, is also heartening as these economic participants were already among the worst-hit during the last year's contraction.