



Restructuring MSMEs

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In March, the RBI had launched a three-month moratorium on loans, which was extended by another three months. However, once the moratorium on loan repayments is lifted in August, MSMEs may need some large scale restructuring to ensure their survival. This is especially true for urban India where small businesses have been hit harder than in rural areas. For most MSMEs, the supply chain is disrupted, there is an acute labour shortage, and the export market is bleak. MSMEs are unable to respond appropriately to price signals and market incentives. The moratorium is only a temporary measure to alleviate their financial stress, but in the long-run, there is no alternative to a thorough internal restructuring. The post-Covid world is going to impact MSMEs massively and unpredictably. If Atmanirbhar Bharat is to become a reality, an environment needs to be created to enable MSMEs to realise their full potential.

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