Give loan to eligible borrowers without fear of CBI, CVC and CAG

Part of: GS-III- financial assistance (PT-MAINS-PERSONALITY TEST)

Banks should not be scared to extend loans as 100% guarantee is being given by govt. Nirmala Sitharaman told CEOs and MDs of public sector banks. Finance Minister said banks have been asked to extend loans automatically to eligible borrowers without fear of 3Cs -- CBI, CVC and CAG.

Important Points

- She said clear instructions have been given in a meeting with CEOs and MDs of public sector banks and financial institutions that the banks should not be scared to extend loans as 100 per cent guarantee is being given by the government.
- In case of default, the individual bank or official will not be hauled up.
- If a decision goes wrong, and if there is a loss, the government has given 100 per cent guarantee now. It is not at all going to be on the individual official and on the bank, and therefore without fear they should take this automatic route in the sense, everybody eligible for additional term loan and additional working capital should be given.
- As part of the ?20.97 lakh crore comprehensive economic package, the government announced the Emergency Credit Line Guarantee Scheme (ECLGS) worth ?3-lakh crore for the MSME sector, hit hard by the coronavirus crisis.
- It is being said that the genuine bonafide decisions in the banking sector are being impacted because of the worry of undue harassment by 3Cs--Central Bureau of Investigation (CBI), Central Vigilance Commission (CVC) and Comptroller and Audit General (CAG).

When asked about criticism about leaving many critical sectors including hospitality, auto and civil aviation in the economic package, Sitharaman said the government has not taken a sectoral approach but a holistic approach. "Except agriculture and the power sectors where reforms would be undertaken, other than that I have not come up with any sectoral reference. What has now become to be called as MSME package, it includes MSME, and also aims at touching others (sectors) too so the sectors that you are referring to can also benefit through this,"