

Small developers to benefit from fifth tranche of economic package

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The 5th and last tranche of the Rs 20-lakh crore economic package announced today can help smaller local developers to tide through the unprecedented coronavirus crisis to some extent, and give them some time to get their business on track.

In a big relief to the struggling SMEs and MSMEs from going under insolvency in current times, Finance Minister Nirmala Sitharaman announced today that any debt incurred during the Covid-19 crisis for a company will be excluded from the default category under IBC. Additionally, she announced that no fresh insolvency will be initiated for one year, so impacted businesses can focus on survival and recovery for this period.

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“The 5th and last tranche of the Rs 20-lakh crore economic package announced today can help smaller local developers to tide through the unprecedented coronavirus crisis to some extent, and give them some time to get their business on track. In this last tranche, the FM focussed on measures pertaining to MNREGA, businesses, and steps to improve the ease of doing business, among others,” said Prashant Thakur, Director & Head – Research, ANAROCK Property Consultants.

This measure, along with the previously-announced sops such as extension of loan moratoriums and extension of RERA deadlines, can come to the rescue of smaller local developers who are particularly impacted by the funding crunch and low sales.

Dr. Harish Sharma, Executive Director, REPL, said, “The economic package announced by the government will not only give a big push to

the economy but will also infuse positivity among businesses in the country. The first tranche provided the much-needed liquidity support to the MSMEs and a breather to the real estate sector, the second tranche while focusing on migrant workers, street vendors and farmers provided an impetus to the housing sector by extending CLSS and promising affordable rental accommodation to migrants and urban poor. And the last tranche by the FM again brings in positive vibes for corporates as well as MSMEs as no fresh insolvency proceeding will be initiated up to one year which would allow them to work fearlessly.”

Apart from this, decriminalization of Companies Act involving minor technical and procedural defaults will also benefit the corporates at large. These reforms will not only give confidence to the existing corporates but will also ensure the ease of doing business in the country and, therefore, make India ‘Self Reliant’ in the long term.