

## ‘MIDDLE CLASS BADLY HIT, NEEDS LOAN MORATORIUM’

Relevant for: Indian Polity | Topic: Judiciary in India: its Structure, Organization & Functioning, Judges of SC & High Courts, Judgments and related Issues

A petition was filed in the Supreme Court to direct the Union government to offer a moratorium on loans for the period between June and August, stating that the pandemic has wrecked homes and is pushing the middle class into poverty.

“It is not a hidden truth that the middle class have been badly hit by the financial implications of COVID-19. The second wave has actually been worse than the first, and the death toll is just one of the indicators of its severity,” the Distress Management Collective, an NGO represented by advocate Jose Abraham, said.

The weekly extension of lockdowns for the past month-and-a-half had resulted in more people from the middle class losing their jobs, and those who have their jobs safe at the moment faced prospects of substantial salary cuts, the petition said.

### ‘Driven into poverty’

A report by the Pew Research Centre stated that about 32 million people were driven into poverty by the pandemic last year.

Loan accounts should not be classified as non-performing assets by banks and financial institutions for non-payment of monthly instalments between April and August, it said.

The petition asked the court to intervene with the Union government to roll out a financial package primarily focusing on the severely affected sections of society and also keeping in mind an imminent third wave. “Consider the grievances of scores of borrowers who have taken housing loans or loans that fall in other categories from banks...” it stated.

It referred to how work had slowed for professionals like lawyers, who have shifted back to their hometown. “The Small and Medium Enterprises [SME] sector has also been badly jolted by the second wave of the pandemic,” it said. The emergence of the second wave had come at a time when the SME sector had hardly recovered from the blow received by the first wave, it pointed out.

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