



# The Federation of Telangana Chambers of Commerce and Industry

(Formerly known as FTAPCCI)

Empowering Industry, Commerce & Trade

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April 15, 2020

**Shri Nitin Jairam Gadkari,**  
Hon'ble Union Minister for MSMEs  
Government of India  
Room No: 168  
Udyog Bhawan, Rafi Marg,  
New Delhi - 110011

Respected Shri Nitin Gadkari Ji,

**Sub:** Covid-19 Crisis and request for Relief to industrial and business establishments - reg

Covid-19 has dealt a huge blow to the Indian economy, crippling most MSMEs and businesses and sounding a death knell to small businesses which together employ more than 60% of workforce in India. We fear that many of businesses while successfully fighting the Virus may succumb to the economic pains that this pandemic has unleashed through disruptions.

We are very appreciative of the government's quick action to control the virus by announcing the 21+21day lockdown in the country. This timely action may have shown positive effect but what we request the Government is to wage a similar battle against the ailing economy and come to the rescue of industrial and business entities. The already announced fiscal packages such as cheaper credit and other measures provide minimal relief but actually do not alleviate the pain and suffering this disorder is going to pose to MSMEs and other businesses for many more months to come.

With disrupted lives, loss of business momentum and a huge ramp up time required for businesses to survive, we request the Government of India to further the financial and other measures to resuscitate the economy and fortify businesses to overcome the huge challenges they would face in the sphere of finance, access to finance, supply chain streamlining, workforce management and of course in retaining markets. In light of this, we request the Govt to consider, amend and pass the following measures for assisting industrial and business establishments to cope up with the economic interruption:

## 1. Govt to bear EPFO Contribution : Request amendment of eligibility criteria

The GOI on the 26<sup>th</sup> of March has announced Rs 1.70 Lakh Crore relief package under the Pradhan Mantri Garib Kalyan Yojana (PMGKY). Under this scheme, the Central Government has proposed to pay 24% of the monthly wages into EPF accounts for next 3 months. This scheme is a welcome step as it leaves the employer with some finances to tide over the crisis. But the criteria to avail the benefit makes 95% of MSMEs ineligible and provides no relief to them. We request the government to re-consider amending the eligibility criteria as follows :

- a. **Present:** Wage limit of Rs 15000 / month ; Eligible for companies with 90% of employees within Rs 15000 wage limit ; Applicable to organizations up to 100 employees

**Proposed:** We request that the government not put any restrictions on the eligibility criteria. We fervently appeal to Govt, since all industries would suffer due to COVID-19, it is not recommended to apply conditions to provide help as it is discriminatory.

***The eligibility criteria if reformed as above will help benefit all MSMEs significantly under the PMGKY scheme providing much needed breathing space in terms of cash flow management & partial relief in terms of income protection.***

## 2. Wages to Workmen to be paid under the Sickness Benefit plan of ESI act

On the 29<sup>th</sup> of March, the MHA has issued an order under Disaster Management Act, 2005 requiring payment of full wages to all employees, regular, contractual or migrant workers. The pandemic outbreak has affected all sectors (except essential services to some extent), bringing production and all business activities to a grinding halt and disabling employers from paying salaries to their employees.

Since Covid-19, a national disaster as declared by the GOI has also created a situation akin to sickness wherein the workmen are unable to attend to their duties, we request that the government amend the ESI act to pay the wages of workmen to the extent of 2 month wages or at least for the period of lockdown. The ESI Act permits payment of 70% of average daily wage for non-employment due to sickness and considering the Covid-19 pandemic as sickness, **the payment of wages from ESI Fund is both justified and warranted.**

The above measure will help companies not to divert their precious loan funds for unproductive activities like payment of wages during lockdown but use it for business continuity purposes. Importantly, the jobs of workers remain protected lest the employer resort to retrenchment for lack of finances.

***This all important relief measure of the government will not only help avoid the sudden spurt in unemployment after the lockdown but will also ensure that the revival of the economy is not compromised.***

**3. Loan re-construction / scheduling and Moratorium period: Request changes**

The RBI on the 27<sup>th</sup> of March has announced that companies having their term loan dues falling between March 1, 2020 and May 31, 2020 can re-schedule their loans by shifting their loan residual tenor for three months i.e. availing a 3 month moratorium period on the loans sanctioned by Banks / NBFCs subject to interest accruals during the 3 month period.

The above measure while providing no relief to income protection may even accentuate the debt burden particularly so for companies whose term loan expiry is within the next 18 months. This measure provides only a temporary relief of liquidity to the companies.

***To ease the burden of debt servicing and to ensure business continuity, we request the government to waive off the interest completely on all business loans during the 3 month moratorium period. We also request the government to consider rescheduling the loan tenor beyond the 3 months moratorium period depending on the how the economy unfolds.***

**4. RBI to impose regulation and compliance of RBI repo rate cuts by the Banks**

We are thankful to the RBI for reducing the repo rate by an unprecedented 75 basis points from 5.3% to 4.4%. While the RBI has taken a very accommodative stance to ease the financial stress that the companies are undergoing and will continue to undergo, unfortunately the reductions in the rates are not passed on to the businesses by the banks defeating the very purpose of the policy stance taken by the RBI.

Keeping in view the extraordinary war like circumstances that we are facing and the huge negative impact that businesses would bring on the economy, we request that the government impose strict action for the banks to fall in line and pass on the benefit of reduction in rates to the end consumer. During these times when businesses have to cut expenditure and become efficient to survive, we expect that the banks would also become efficient in their operations and cut interest costs anywhere from 3% to 5% for both the existing and new loans. ***It is important that for businesses to keep afloat, survive and then thrive, the cost of liquidity has to be brought down.***

**5. Clear all MSMEs over dues from the Government**

It was proposed by the Hon'ble Finance Minister that all dues from State Govt, Central Govt and PSUs to MSMEs shall be cleared within the next 45 days. We request the

government to expedite the same and warrant that all payments due to industries are cleared before the 30<sup>th</sup> of April. ***This essential measure will unfreeze the liquidity flow to industries and reduce the cost of funds in the near short term giving relief for achieving at least some of the planned production rates and income relief.***

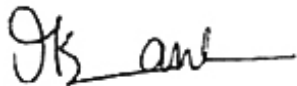
6. **The time is ripe for GST rates rationalization**

GST rate structure rationalization was on the anvil of the GST council since a long time and now the time is ripe for rationalizing the rates. We appeal the government to categorize goods under 4 rates : Nil, Five, Twelve and Eighteen percent slabs. With no exemptions or compositions and full offset of ITC, the rationalized structure will help revive large employment sectors like construction, infrastructure, auto, ancillaries and logistics.

We earnestly request the government to provide the above relief measures and provide hand holding support for at least the next six to eight months to walk our way out of this nature induced crisis and bring back the economy on to growth path. The wheels of commerce, trade and economy which at the moment has slowed down considerably must once again be propelled to gain drive; with the various relief packages serving as fuel to gain the momentum back.

Thanking you in advance for the support to industry and business

Yours sincerely,



Karunendra S. Jasti  
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