How do we Keep Paying Wages, Wonders Stricken Industry

By Our Bureaus

New Delhi | Gurgaon | Mumbai | Bengaluru | Kolkata | Pune | Chennai:

Industries, big and small, are increasingly finding it difficult and, in some cases, impossible to comply with the government’s directive that worker’s wages must continue to be paid through the unending economic crisis. The rules. Falling or zero revenues that aren’t compensated by measures such as loan forgiveness, and the absence of any governmen support, making it more difficult for businesses to sustain operations. In addition, many industries are facing challenges in obtaining loans or extending existing loans due to the economic downturn and uncertainty.

And industry is also asking whether government directions, such as the Minimum Wages Act, are being implemented consistently. In some cases, there have been reports of industries not complying with these directions, leading to concerns about the fairness of the system.

The situation is particularly challenging for small and medium-sized enterprises (SMEs), which are the backbone of the Indian economy. These businesses are facing unprecedented pressures, with many struggling to pay salaries and wages to their employees.

The Indian government has been proactive in providing financial relief to businesses, with measures such as the Prime Minister’s Garib Kalyan Yojana and the Credit Guarantee Scheme for micro and small enterprises. However, these initiatives have their limits, and businesses need more support to weather the current economic crisis.

In conclusion, the situation is dire for many industries and businesses in India, and urgent action is needed to provide financial relief and support to workers, particularly in sectors such as retail, hospitality, and transportation, where employees are facing the brunt of the economic downturn.

‘Need Govt Help for Welfare Obligations’

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Most employers agree with the government that wage earners should not be made victims in this crisis. But they are asking whether their cash flows can get extra official help to fulfill welfare obligations.

Deepak Sood, secretary general of the ASSOCHAM, said “pressure is mounting on working capital and industry expects ‘banks to extend their helping hand beyond RBI forbearances’ and a ‘large fiscal package’.”

The smaller industries, facing more cash flow problems, are more direct in their response. S. Singh, who runs a plastic tanks manufacturing unit in Baddi, Himachal Pradesh, was categorical: “The government can say anything. Will they pay the salaries? I will have to fire 20% of my workforce... We work on thin margins.”

MSMEs and SMEs are in a really tough spot. Chandra Kant Saraf, president of the SME Chamber of India, said: “I fear that after two months, 500,000-700,000 MSMEs will close down... we need more government help.”

He added that most small units will be able to pay salaries for at most a month. Smaller e-commerce players are in a similar position. Vendors that sell ‘essentials’ items that are becoming hit hard say they can pay wages at most till the lockdown lasts. Raja Anand, who sells imitation jewellery on Flipkart and Amazon, said, “I’ve decided to pay my employees full salary for April. However, I will start struggling if the lockdown extends.”

RESTAURANTEURS STRUGGLING

Restaurateurs are willing to pay salaries for a month, but working capital difficulties mean they can’t extend it without direct government support. Karan Tanna of Ghost Kitchens, a cloud kitchen platform, said: “Everyone intends to pay staff salaries, but lack of rent relief from landlords and negligible government support means we can’t carry on.”

In some cases, even the promise of wages and benefits are not getting workers to attend because of the expectation that full wages will be paid even without showing up for work.

“We have committed extra incentives... yet workers are not willing to report for work because they are shielded by government directions,” said a top official at one of India’s largest food companies. A large retailer said half his workforce is not turning up. A leading biscuits manufacturer based in the East said worker absenteeism has led to zero production in the past 10 days.

The business head of a large FMCG company said: “The government order on paying salaries during the lockdown means workers are staying home.”

The executive of a leading FMCG firm said the company was evaluating legally if the government’s notice to pay full wages to labour during the lockdown was an order or a request.

MANUFACTURING'S CONSTRAINTS

Manufacturing, another large employer, is also looking up against a cash flow constraint. Rishi Bagla, president of a medium-sized engineering company based in Maharashtra, said: “Workers have to be paid salaries at a time when companies have no revenues for a month. Nobody can compensate for this in the short run. The government has to look into cash flow.”

Jyotiraditya Scindia, minister of aviation, said: “The government is looking at amending the rules for availing of unemployment benefits under the Employment and Training Act.”

J. Thulasidharan, president of the Indian Cotton Federation, was even more pessimistic: “About 95% of the industries will not be able to pay 100% wages for the lockdown period. We do not have the liquidity, having lost the peak season...”

The Indian Disputes Act, we are bound to pay 50% of the salary to workers for the layoff period caused due to some calamines. If we get some financial support from banks or government, some mills might be able to pay the remaining salaries later.

Satish Koshti, who represents the powerloom industry of Ichalkaranji in Maharashtra, said: “Most of us have no money to pay workers by paying them enough money to get food and other essentials. Paying full wages will be each mill owner’s decision.”

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Residential Realty Sector Stares at Major Liquidity Crunch

Fresh sales, collections from already sold units may slow down, creating cash flow gaps

Mumbai: Sluggish sales over the past few months due to the Covid-19 pandemic are expected to pose major liquidity and financing challenges for thousands of builders focused on the residential real estate sector across the country.

The segment, exposed to affordable housing, was already under pressure, generating negative cash flows from operations that resulted in higher leverage and increased refinancing risks for the builders. Over the last two years, smaller developers had raced to sell land plots, joint ventures, and alliances with bigger peers to overcome this challenge, but now even the large developers are reviewing their growth strategies given the grim economic outlook.

“The biggest worry for the already weak and credit-strained residential real estate sector is that it is likely to see increased cash flow gaps and liquidity pressures during the course of the year, as new sales and residential demand may take a further hit on account of the economic fallout from the pandemic,” said Harsha Sudham, associate director at India Ratings and Research.

According to Sudham, new sales and collections from already sold units could also slow down as housing finance companies, as well as banks, become more selective and tighten their home loan disbursement criteria.

Lending risk for the developers could increase as lenders’ risk aversion to the sector increases.

Due to widening cash flow gaps, smaller developers will struggle to service debt and interest payments and may have to bear existential crises for those who do not have new project funding lines, balance sheet liquidity or exposure from diversified operations.

Industry experts are of view that the change in business environment, led by supply-demand pattern and financing squeeze, would result in one partnership and different power equations.
Govt may borrow ₹40k crore as cash-strapped states seek funds

RELIEF MEASURES Move aimed at compensating states for their revenue shortfall under GST regime, say officials

MADHYA PRADESH
- ₹10,000 crore to Gujarat, ₹16,000 crore to UP, ₹6,000 crore to others.
- Immediate release.
- Full payment within a month.
- Complete reimbursement of all claims within three months.

MAHARASHTRA
- ₹50,000 crore with additional ₹20,000 crore for states reeling under heavy debt burden.
- Immediate release.
- Complete reimbursement of all claims within three months.

WEST BENGAL
- ₹3,000 crore for GST compensation.
- ₹2,000 crore for central government’s expenses.
- ₹1,000 crore for the state government’s expenses.

RAJASTHAN
- ₹3,000 crore, ₹1,000 crore added for GST compensation.
- ₹4,000 crore for other purposes.

CHHATTISGARH
- ₹1,000 crore for GST compensation.
- ₹2,000 crore for other purposes.

BIHAR
- ₹2,000 crore for GST compensation.
- ₹3,000 crore for other purposes.

ODISHA
- ₹1,000 crore for GST compensation.
- ₹2,000 crore for other purposes.

PUNJAB
- ₹3,000 crore for GST compensation.
- ₹5,000 crore for other purposes.

Most of the states asked the Centre to reduce their borrowing limits, and demanded additional grants. The Centre has already released ₹60,000 crore to the states for GST compensation.

The government is considering the proposal for the Delhi–Haryana–Jammu–Kashmir corridor. The corridor will connect Delhi to Jammu, and the corridor is expected to be completed by 2023.

The Centre has also decided to provide a special package worth ₹10,000 crore to the states for the months of March and April. The package includes ₹5,000 crore for GST compensation, ₹2,000 crore for other purposes, and ₹3,000 crore for the states’ fiscal deficit.
Assocham for $120-bn stimulus
RBI rate cut, liquidity infusion only a ‘short-term fix,’ it says

PRESSTrustofIndia
NEWDELHI

Industry body Assocham on Thursday urged the government to roll out a $100-$120 billion stimulus package to help revive all sectors of the economy, that has been battered by the COVID-19 outbreak and the subsequent nationwide lockdown.

Stressing that the Reserve Bank’s decision on key policy rate cut and measures to infuse liquidity could just be seen as a ‘quick short-term fix,’ Assocham secretary general Deepak Sood said the government would need to do much more.

“This could include the Central government making use of the current scenario, wherein the gloom of deflation as well as recession, and lack of any inflation threat in the economy, to put together the stimulus package,” said Mr. Sood.

India also stands to gain about $50 billion in fuel import bill due to the fall in global crude prices, he said. Assocham said the government may go in for temporary suspension of the Fiscal Responsibility and Budget Management Rules Act.
Centre should do more to revive economy

The RBI’s announcement on key rate cuts and measures to infuse liquidity could just be seen as a quick short term fix, and the central government would need to do much more in the immediate future amid coronavirus lockdown to put economy back on track. It should put together a stimulus package of about $100 to 120 billion.

- Assocham Secretary General Deepak Sood
Firms find logistics a hurdle to deliveries

Indian companies, which are grappling with the disruption in manufacturing caused by the nationwide lockdown, will have to contend with another big challenge for weeks and months, the delivery of products including food and medicines, industry officials said.

Prime Minister Narendra Modi has indicated that the lockdown will be eased gradually from mid-April, but the domestic industry is staring at a huge shortage of truck drivers and loaders, with many workers having returned to their hometowns after the lockdown was announced.

“We think that about 40% of drivers are not available for trucks in the industry at present. This may not change dramatically. If people have crossed borders, it is virtually impossible to get them back,” said Vineet Agarwal, senior vice-president, Associated Chambers of Commerce and Industry of India (Assocham), who heads the logistics company TCL, in an interview.

“The second thing to consider is the supply side. That many of these companies don’t have inventories and fast-moving consumer goods companies are working at 60% of capacity because they are not getting employees,” he said. Restrictions on border movement are adding to the difficulties, Meena said.

Even after workers return, the fear of infections due to the coronavirus outbreak would likely involve a mammoth effort at rebuilding confidence and educating them about hygiene practices, including the use of sanitizers and face masks, besides the importance of washing hands frequently.

The foundation of the industry will have to be rebuilt through the use of things such as pallets—a flat wooden container structure that can be used by forklifts to minimize points of touch.

“Given the prevailing and dynamic situation, it is inevitable that some disruptions are likely to take place when there is a balance to be maintained between delivery of essential products, even as norms such as restricted movement and social distancing is followed by the frontline warriors,” said an ITC spokesperson.

“Inter-state and local truck movement has been severely impacted together with the challenge of shortage of manpower in factories. Localized solutions with help from communities around the factories are being explored and implemented. We believe it will take a few more days for the entire ecosystem and processes to be streamlined for movement of essential goods,” he added.

ITC, which makes Asli-vaad atta (wheat flour), Sunfeast biscuits and Safari antiseptic liquid, soaps, and sanitizers, said it was trying to work with local authorities to ensure the continuity of services with a minimum number of people.

“We have progressively obtained permissions in some states, availability of trucks continues to be the biggest challenge at the moment,” the spokesperson added.

Online grocery chain Grofers said though it has resumed operations in 100% of cities, it continues to cap fresh orders once it reaches maximum capacity for servicing them in a given location.

Even after workers return, it will be a mammoth task to educate them about hygiene practices.
Offtake could slump by up to 35% this year

Housing sales may fall but prices won't

SANGEETHA G
CHENNAI, APRIL 3

Despite projections of housing sales dropping by up to 35 per cent this year, real estate players are trying to hold the property rates at current levels while giving away discounts and offers to sweeten the deals.

Residential property sales is projected to drop to 1.70 lakh to 1.96 lakh units across top seven cities against 2.61 lakh units in 2019, a drop of 25 to 35 per cent.

The Covid-19 scare has badly hit residential real estate business and the sector has come to a standstill. With a screeching halt to site visits, discussions, documentation and closures, the early indicators depict that the sector is likely to face a tough time for the next few quarters. The sector's recovery has also been pushed further away by at least a couple of years.

However, realtors are putting up a brave front and assert that they will withstand price pressures. Denying reports that the sector could witness a steep fall in prices in coming quarters, Niranjan Hiranandani, president, Naredco and Assocham, said: “The 21-day lockdown translates into no work at sites, no walk-ins so consequently, no sales-and logically, no change in price-points.”

Assuming that post the lockdown, we will get back to normal life, the 21-day break in business and commercial activities will have created a gap, filling which will take time and how long is anyone’s guess,” added Hiranandani.

"Housing prices will remain stagnant since demand in this scenario is not influenced by prices but by perceived safety of site visits," said Anuj Puri, chairman of Anarock Property Consultants.

Ritesh Mehta, senior director and head, west India (residential services), JLL India, too, finds that none of the developers have gone down on card prices.

According to Schnnil Gautam, head of marketing and growth, Housing.com, the real estate sector has been weathering tougher times for the past few years. It has seen a drop in sales post demonetisation and the implementation of the RERA. The IL&FS debacle and the consequent NBFC crisis have not been kind to the sector either:

"Property prices have remained stable even during the tougher times. Real estate developers have been offering discounts and incentives though," he said.

Some severely stressed developers will try to sweeten deals with lower rates, but these are not corrections but project level discounts, added Puri.

The real estate sector is also relieved by the fact that the unsold inventory has come down from their peak levels and will remain stable as the new launches are also equally affected.

According to an Anarock report, new launches may witness a 25-30 per cent decline in 2020- from 2.37 lakh units in 2019 to anywhere between 1.66 lakh-1.78 lakh units. Hence, unsold inventory this year will largely remain stable, with single-digit annual decline of around 1-3 per cent.
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Empowered group joins forces with private sector, UN & NGOs

Panel opens dialogue on production of health gear and PPEs

SPECIAL CORRESPONDENT
NEW DELHI

The government on Sunday said it had set up an empowered group, chaired by NITI Aayog CEO Amitabh Kant, to undertake discussions with the private sector and international organisations on actions planned and challenges faced in dealing with COVID-19.

The empowered group, constituted on March 29, has already had several rounds of meetings with U.N. agencies, the World Bank, the Asian Development Bank, the civil society organisations and development partners, and industry associations, such as the CII, FICCI, ASSOCHAM and Nasscom, on "their contribution to the response, their plans for the coming weeks and the issues they are facing, and their expectations from the government".

Since March 30, the panel has conducted six meetings.

Mr. Kant has also reached out to over 92,000 NGOs/civil society organisations, appealing to them to assist the government in identifying hotspots, deputing volunteers and caregivers to deliver services to the elderly, persons with disabilities, children, transgender persons and other vulnerable groups and create awareness about prevention and combating stigma. He has also requested them to provide shelter to homeless, daily wage workers and urban poor families and set up community kitchens for migrants.

"The committee has opened up cross-sectoral dialogue within the private sector and start-ups to encourage collaboration among them to produce health equipment and PPEs," the release said.
NEW DELHI: Industry body Assocham on Sunday said it has urged the government as well as RBI to increase the limit of contact-less payments on PoS machines to Rs 5,000 from the current Rs 2,000 in view of coronavirus outbreaks.

In a statement, the chamber said inter-operability of digital transactions is among the other recommendations it has made to the finance ministry and RBI for further boosting digital payments, which is “playing a savior” amidst the lockdown.

“The objective is to help the government further push adoption of digital payments among the masses and merchants so as to advance and maintain social distancing in this critical scenario. These times have drawn attention to the safety and cleanliness of basic activities,” said Assocham Secretary General Deepak Sood in the letters to the Finance Minister and RBI Governor. Further deployment of technology platforms like UPI, IFSC, SWIFT Code can be effectively used for money transactions, which may include remittances to Indian students studying in some of the countries, worst affected by Covid-19 outbreak, he said.

For facilitating trade, the chamber said e-payments should be facilitated for all the channels by issuing Bharat QR code. Besides, all cards, newly issued or re-issued, should be activated with Domestic Card Not Present (CNP) and contact-less transaction options, it added. Currently, transactions up to Rs 2,000 using contact-less cards through tap and pay mode are allowed without PIN.

"In view of the ongoing pandemic situation, transactions up to Rs 5,000 may be considered without the requirement of PIN, irrespective of whether the card is a contact-less card or not," the chamber said. The increase in contact-less transaction limit may be considered for a limited period of 6 months, it added.
MeitY Seeks Ideas on IT Act Revamp

Reaches out to all stakeholders for inputs

Megha Mandavia
@timesgroup.com

Bengaluru: The government has started inter-departmental and industry consultations to revamp the Information Technology (IT) Act, 2000 to stay on top of the various technological advances in the social media, e-commerce, cybersecurity and digital payments space. The Ministry of Electronics and IT (MeitY) has reached out to stakeholders for inputs, including the Ministry of Home Affairs and Department of Telecom for their inputs, a senior government official told ET.

Following MeitY’s ask, the Department for Promotion of Industry and Internal Trade has written to industry bodies for feedback. Industry lobby group National Association of Software and Service Companies (Nasscom), Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), and ASSOCHAM received an email from DPIIT last week. ET has reviewed a copy of the email.

DPIIT, in an email sent last week, asked industry bodies to share inputs and suggestions pertaining to the amendment of the IT Act, 2000, including studies, committee reports, court advisories and global best practices.

In February, Union Minister for Electronics and IT Ravi Shankar Prasad disclosed the plan to revamp the IT Act, citing shifts in technology since the last decade.

In a note, Nayantara Dutt, Deputy Director, e-Commerce Policy at DPIIT, said that though the Act was last amended in 2008, recent technological innovations such as social media, digital services, ecommerce services, artificial intelligence, machine learning, smart devices, Internet of Things and blockchain have changed the digital ecosystem significantly. "While on one hand, these innovations have provided opportunities for growth and efficiency gains, on the other, they also pose significant challenges. Accordingly, the IT Act, 2000 needs to be amended in order to address such upcoming and future opportunities as well as challenges," Dutt added.
Govt proposal to hold auditors responsible for defaults draws flak

Rajeev Jayaswal

NEW DELHI: Industry has opposed the government’s proposal to hold auditors responsible for pre-empting potential defaults by companies they inspect, and asked the ministry of corporate affairs (MCA) not to place restrictions on the Big Four global audit firms—PwC, KPMG, Deloitte and EY—on grounds of oligopoly, people with knowledge of the matter said.

The industry has proposed that the government instead help domestic auditors build capabilities, the people said, requesting anonymity. PwC, KPMG, Deloitte and EY, formerly known as Ernst & Young, operate in India through a network of domestic chartered accountant firms.

To ensure auditors’ independence and enhance their responsibilities, MCA in February invited suggestions from stakeholders on proposed legal change. The Associated Chambers of Commerce and Industry of India (Assocham), the Federation of Indian Chambers of Commerce and Industry (Ficci), Confederation of Indian Industry (CII) and American Chamber of Commerce in India (Amcham) recently submitted their feedback to the government, a government official said, requesting anonymity.

Spokespersons for the MCA, PwC, KPMG, Deloitte, EY, Amcham did not respond to emailed queries. Ficci, CII and Assocham confirmed that they had submitted their views to the government.

In a discussion paper, the government highlighted the oligopoly of the four global auditors and the need to build the capacity of home-grown Indian firms at par with global organisations.

“The majority of large global corporations use the ‘Big Four’ accounting firms for auditing their financial statements. Such audit market concentration of listed firms is characterised by an oligopoly of ‘Big Four’ audit firms and would result into inadequate degree of competition in large-company audits,” the paper said.

The official mentioned above said the government’s purpose was to create a robust advance warning system that would help check defaults like those by Infrastructure Leasing and Financial Services Ltd (IL&FS), Dewan Housing Finance Corporation (DHFL) and Punjab and Maharashtra Cooperative Bank (PMC Bank) that took place recently.

CII didn’t agree with the government’s view. “Based on published information only 20% of the top 1,000 listed companies are audited by the Big 4 firms and the remaining 74% are audited by other firms,” it said in its submission to the government.

Commenting on the matter, Assocham president Niranjan Hiranandani said, “The economic concentration on audit of the Big 4 is because they are internationally recognised names for audit quality.

If a company wants to get FII [foreign institutional investment], FPI [foreign portfolio investment] or PE [private equity] investor’s equity or debt—want audits done by internationally recognised names.”

Some of the Big Four have been in the profession for over 100 years, said PR Ramesh, former chairman of Deloitte India. “While they were always the large firms even several decades ago, they have further expanded over the years through mergers to become their current size. What is required here is a need to encourage consolidation of other firms. There are a number of medium-sized firms who can become equally big,” he said.

Jamal Khatri, partner and head of audit at BSR & Co LLP, said large companies naturally prefer to hire large audit firms given the size, complexity and geographical coverage of their own operations.
एसोचैम ने सरकार से संपर्क रहित भुगतान की सीमा बढ़ाकर 5,000 रु. करने का आयाम किया

उद्योग मंडल एसोचैम ने रिकार्ड को कहा कि उसने कोरोना वायरस महामारी को देखते हुए सरकार के लाभ-साथ रिश्ते को से पीएसई (प्लांट ऑफ सेल) महाराष्ट्र में जारी संपर्क विभाग (कार्टेक्स लेस) बाहर बिन फिन के भुगतान सीमा मौजूद 2,000 रुएं से बढ़कर 5,000 रुएं करने का आयाम किया है। एसोचैम ने एक बयान में कहा कि उसने लकड़ा (बंद) के दौरान कार्यकाल में नहीं झुकने दिए तथा डिजिटल लेन-देन को और बढ़ाकर देने के लिए वोल्टेल से डिजिटल लेन-देन करने का कहर किया कि भुगतान (इंटर-आपेष्टिकलटी ऑफ डिजिटल टांकेस्टेंट) की अनुमति सहीत अन्य समस्याओं से की है। एसोचैम के महासचिव दीपक सूद ने कहा कि मंगल और अधिकारियों के लिए खतरा शिखर में नहीं है, इस पहल का मस्तक सरकार की डिजिटल भुगतान को लेने को बोध बढ़ावा देने में मदद करना है ताकि इस कार्य को नियंत्रित दौरान की निदान जा सके। इससे विश्व में दूरी दूरी सीमितियों को बढ़ाए और सुरक्षित बनाने की ओर ध्यान दिलाता है। उद्योग मंडल ने कहा कि मौजूद महामारी की प्रकृति का देखने से बिन फिन के 5,000 रुएं तक के लेन-देन की अनुमति देने पर विचार किया जा सकता है।
Multiple Factors

>> From Page 1

Multiple factors seem to have come into play with various states worried about a sudden spike in the number of cases if the lockdown is lifted and social distancing norms are not properly followed.

Also, major urban economic centres crucial for a revival, such as Mumbai, Delhi, Bengaluru, Pune and Hyderabad, are the ones worst affected by the Covid-19 pandemic. These regions would still remain under lockdown even if partial relaxations are given to other areas, added an official.

Besides this, the Tablighi Jamaat episode has come as major setback to the Centre’s plans of sticking to the 21-day lockdown as nearly one-third of cases in the country are currently linked to that gathering. ET has gathered that many states are still to complete contact tracing of those associated with the Tablighi Jamaat cluster, while those who attended the gathering also need to complete the two-week quarantine.

The Centre, officials said, also feels that the supply chain of essential goods has largely normalised now, so an extended lockdown could be feasible.

Chief ministers like Ashok Gehlot and Shivraj Singh Chouhan on Tuesday said saving lives was most important and that should be the main criterion on which a decision to lift the lockdown should be taken.

BUSINESS CONTINUITY

Separately, however, the government has begun discussions with the industry on a business continuity plan that could include gradual lifting of curbs.

The industry in its submissions to the government has said that select but key sectors, including retail, essential manufacturing, large construction and infrastructure projects, should be allowed to resume operations with strict adherence to social distancing norms and other precautionary measures.

Industry body Ficci has pitched for setting up a post-Covid-19 fund with an outlay of Rs 2 lakh crore to help sectors with heavy import dependence, which have been hit the hardest.

The plan includes a three-pronged approach—ensuring safe migration of workers back to factories through special transportation, effective coordination between the Centre and state governments to avoid lapses, and selective opening after risk assessment—wary and sub-wary wise—in districts.

The industry has also suggested developing protocols covering manufacturing, exports and construction after a thorough evaluation of interlinked supply chains.

"...with shutdown of a large part of the economy and businesses coming to a standstill, the losses are rising and jobs are increasingly at risk. As the containment efforts are on war footing, India has been able to contain the spread so far and we must prepare to rebuff the economy,” said Ashok Chavan, secretary general Deepak Sood in a statement.

"For the support of MSMEs, the government should set up a Pandemic Covid Distress Fund of Rs 25,000 crore,” said DK Agarwal, president, PHD Chamber of Commerce and Industry.
Govt looks at ways to restart business ops post lockdown

BAILOUT HOPES Industry bodies expect a fiscal stimulus of at least 5% of GDP

NEW DELHI: The government is working towards getting business activity going after the lockdown is relaxed, even if in part, as companies are itching to become operational again and hoping for a stimulus package.

Although the government has not yet taken a final decision on either a complete or partial end to the lockdown, ministries have started preparing for the eventual end. Prime Minister Narendra Modi, on Monday, asked them to prepare a list of major decisions and 10 priority areas of focus once the lockdown ends, government officials said.

According to officials, a final decision on this matter is expected by the end of the week after thorough assessment of the situation on ground, and elaborate consultations with stakeholders, including state governments.

Different ministries and departments are preparing for a possible scenario of a partial exit from the lockdown that could permit some economic activities related to manufacturing and logistics, said a finance ministry official, who asked not to be named.

“Numbers of covid-19 infected people are still rising. If this continues, lifting the lockdown is unlikely. But, essential economic activities cannot be held back for long,” the official added.

A second government official said it does not make sense to continue with a complete lockdown. “Purpose of lockdown was to contain spread of the virus at stage-I, but it has surpassed that stage and community spread is clearly visible, largely because of one major event in Delhi. And shutdown of the economy for long will make recovery difficult.”

To ensure the health ministry continues to maintain that while there is limited community transmission, the number of infections do not suggest widespread community transmission of the kind seen in stage-II of an infection. Both officials agreed that stocks of essential goods, particularly food, medical equipments and medicines, are not unlimited. There is a need to ensure their uninterrupted supply, which will require efficient management of a supply chain in a sanitised environment from procurement of raw materials to distribution of finished goods through retail outlets, they explained, adding that such economic activities could be started in a contained environment in consultation with the industry.

Industry associations said the restart of industrial activities will be increasingly difficult if the lockdown continues for longer.

PHD Chamber of Commerce and Industry president DK Aggarwal wanted a stimulus package of ₹1 lakh crore. “The start will not be an easy task as it will be now from almost ground zero. At this juncture, the industry awaits full fledged support of the government with a significant fiscal stimulus to the tune of at least 5% of GDP which comes at around ₹1 lakh crore.”

The Federation of Indian Chambers of Commerce & Industry (Ficci) president Gita Reddy supported PM Modi’s strategies of hotspot cluster containment, phased opening of non-hotspot economic markets and boosting covid-19 medical support across the country. “This will instil confidence and preparation for the industry, and we stand united in extending support to the Business Continuity Plan,” she said.

The PM, on Monday, took stock of the situation in a video conference with his ministerial colleagues and senior bureaucrats.

Ranjan Banerjee, leader-Economic Advisory Services at PwC India said even a partial relaxation from the lockdown has its challenges of mitigating the risk of community transmission of covid-19. “Industry/cities will need to organise SOPs [standard operating procedures] on modes of commuting that will allow (social) distancing. Challenges around enforcing these and how visitors/customers will need to be thought through,” he said.

Associated Chambers of Commerce and Industry (ASSOCHAM) is in favour of a phased reopening to ensure that full economic activity is restored without losing the gains made during the current lockdown. “Business activity should resume at the earliest, to avoid further financial distress,” said ASSOCHAM secretary general Deepak Sood.

As per industry representatives, reorganisation of labour-intensive construction and infrastructure sector will take three months after lockdown is over.
Key sectors should be allowed to resume operations: Assocham

Setting out a comprehensive plan for gradual lifting of the lockdown, the Associated Chambers of Commerce and Industry (Assocham) has suggested that several selective key sectors of trade and industry, including retail, essential manufacturing, large construction and infrastructure projects, to name a few, should be allowed to resume operations with strict adherence to social distancing norms and other precautionary measures suggested by the Union government.

This would help mitigate the business and job loss that Indian industries are facing amid the Covid-19 outbreak, the chamber said in a communiqué today.

"Based on wide consultations with various stakeholders, including large and small businesses across different sectors, we found that there is a wide support for the measures being taken by the Centre and states for containing the global pandemic. Those engaged in the manufacture, transport and last-mile delivery have been making great efforts to meet daily essential needs of the citizens. However, with shutdown of a large part of the economy and businesses coming to a standstill, the losses are rising and the jobs are increasingly at risk. As the containment efforts are on war footing, India has been able to contain the spread so far and we must prepare to reboot the economy," said Assocham secretary-general Deepak Sood, releasing a report on "Business Continuity Measures".

The Assocham recommendations on business continuity measures are in sync with Prime Minister Narendra Modi’s holistic approach towards dealing with the situation, and also technical inputs and support of the NITI Aayog.

Rallying around the national sentiment that the country’s entire health and medical infrastructure should be massively ramped up, the chamber suggests that the entire value chain would need much larger commitment and resources. Likewise, the pharmaceutical industry which has established its presence all across the world would need to fill in the gaps of API (active pharmaceutical ingredients) towards achieving self-sufficiency in the medium term.

The Assocham report suggests that migrant labour available within states should be encouraged to pick up work based on their skill-set, to meet the sudden peak in demand when businesses reopen post the lockdown.

Meanwhile, another industry association the PHD Chamber of Commerce and Industry (PHDCCI) has suggested resuming economic activities in those districts that have not been affected by the Covid-19 pandemic after the 21-day lockdown period is over.
India Inc Seeks Booster Dose to Tide Over Covid

Our Bureau

New Delhi: India Inc has said the country needed an immediate fiscal stimulus to get the economy back on track amid the Covid-19 outbreak, and pitched for a calibrated approach to lifting the nationwide lockdown.

Industry body Assotech on Wednesday sought a stimulus package of at least $200-300 billion to overcome what it called “one of the deepest global recessions expected in the world’s history”.

Of this, $50-100 billion in cash needs to be infused in the system over the next three months to arrest loss of jobs and compensate for loss of income, Assotech secretary-general Deepak Sood said in a statement. Such an infusion would help businesses and workers tide over the challenging situation, he added.

The Confederation of Indian Industry (CII) recommended a fiscal support package of up to 2% of gross domestic product for the fiscal year that just started, in addition to the Pradhan Mantri Garibi Kalyan Yojana announced last month.

“The government should extend additional support to the people at the bottom of the pyramid through cash transfers. Support to industry could come through the banking system,” CII director-general Chandraljit Banerjee said in a statement. “Our estimates are that the economy would need a credit expansion of 14-15%,” he added.

The CII called for additional support to the lowest strata and the informal sector through cash transfers, amounting to ₹2 lakh crore to JAM (Jan Dhan-Aadhaar-mobile) account holders.
Govt grant to industry for paying salaries unlikely

Lack of fiscal space will prove a big hurdle for the Centre to announce grants for the industries to pay wages of employees unable to work because of the coronavirus (COVID-19) pandemic, according to multiple people in the know. In the past few days, industry representatives have had meetings with top government officials to deliberate upon an economic package, said sources.

“The government is not in a fiscal space. It will not be feasible to give grants in the industry to take care of its wage bills,” one of the two persons said.

The government has set up an empowered group of officials led by economic Affairs Secretary Abhijit K Mishra, to finalize recommendations on economic and welfare measures. The committee has taken inputs from the industry, said sources.

“The fiscal situation is not good, with economic growth nearing zero and revenues drying up. The fiscal deficit of state governments is high. India cannot afford to have a downgrade from rating agencies. Grants to support the wage bill look unlikely,” the second person said. The fiscal deficit of the Centre for 2020-21 (April-March) was estimated at 3.5 per cent of gross domestic product (GDP), against the budget estimate of 3.3 per cent.

For the current fiscal year, the government has pegged the deficit at 3.5 per cent of GDP, whereas the fiscal consolidation road map had pegged it at 3 per cent. The government has taken the escape clause of 0.5 per cent points for both FY20 and 2020-21.

ASSOCHAM has demanded a Rs 1.15-2 trillion package. The same economy would need Rs 200-300 billion over the next 12-18 months, according to its chief economist, PR Babbar.

Industry Wish List

- Sayi should set aside a horizon of Rs 30,000 crore, which could be used by banks.
- It should be providing Rs 2 trillion to MSMEs as a standby.
- Banks should provide additional working capital limits, equivalent to April-June wage bill of the bonafides, 40-50 per cent.
- Wages of all employees should be paid.

The country’s sovereign ratings are at the lowest investment grade by Standard & Poor’s and Fitch. Moody’s assigned India a notch above the lowest investment grade. Some countries have announced financing the wage bill of industries to prevent job losses in the economy through grants. For instance, the UK announced a bailout package for businesses worth 800 billion pounds, 90 per cent of salary of workers earning wages of up to £1,000 a month. After informal discussions with the government, industry bodies have sought help from the government through banking channels to support workers.

For instance, the Conurbation of Indian Industry has asked banks to allow providing additional working capital limits, equivalent to April-June wage bill of bonafides, backed by government guarantee, with a risk weighting of 20 per cent.

Wages should be paid with additional support of 80% of wages, with govt help and industry sharing cost.
ASSOCHAM HAS written to finance minister Nirmala Sitharaman, seeking a stimulus package of at least $200-300 billion to help the economy tide over the current crisis. Of the corpus, $50-100 billion cash needs to be infused into the system in the next three months to arrest the loss of jobs and compensate for loss of income, it said.
ASSOCHAM AND CII URGED THE UNION GOVT TO ANNOUCE A BAILOUT PACKAGE OF $200-300 BILLION ALONG WITH A HOST OF OTHER INCENTIVES FOR SMALL AND MEDIUM ENTERPRISES.

ASSOCHAM, CII CALL FOR $200-300 BN BAILOUT TO STIMULATE ECONOMY

In order to put the Indian economy back on track in the aftermath of the COVID-19 pandemic, industry lobby groups on Wednesday urged the Union government to announce a bailout package of $200-300 billion along with a host of other incentives for small and medium enterprises. India's economy is expected to slow significantly in the current financial year due to the negative impact of the pandemic on manufacturing and service industries.

Ratings agency Crisil, on 3 April, had forecast a downward revision of India's gross domestic product (GDP) growth to 3.5% for 2020-21.

According to recommendations submitted by the Confederation of Indian Industry (CII) to the finance ministry, the government should consider establishing a network of additional working capital loans from banks backed by sovereign guarantees, besides providing additional reconstruction term loans to medium and small enterprises, wherein it must offer a guarantee of up to 20% of the default.

The CII has also urged the government to consider a capital infusion of up to $30,000 crore in public sector banks to prevent a failure of the banking system. It also advised the government to go for a phase-wise revocation of the lockdown. It said manufacturing and construction activities should be allowed in a limited scale in the first phase.

Migrant workers could be issued e-passes by local authorities like the DDIs or the tehsildar, based on the industry requests, the CII said.

"Special transport could be arranged from clusters from where large numbers of migrant workers come to work, with all the safety protocols in place," it added.

Assocham, on the other hand, recommended the government to modify the FRBM Act to consider the debt-to-GDP ratio as a metric instead of fiscal deficit, and reduction in gross domestic product by 50% for the first quarter, and 25% for the entire fiscal year.

According to Deepak Sood, secretary general, Assocham, to keep up with most economies of the world, the Centre must institute stimulus measures with 10% of GDP.

The Indian economy will need a transfusion of up to $200 billion with an ability to go up to $500 billion over the next 12-18 months, he said.

"Out of the corpus, $50-100 billion cash needs to be infused in the system over the next three months to arrest the loss of jobs and compensate for loss of income. Such an infusion would help businesses and workers tide over the challenging situation," he said.
Industry lobby seeks up to $300 billion aid

Malabanan Ghosh
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NEW DELHI: In order to put the Indian economy back on track in the aftermath of the covid-19 pandemic, industry lobby groups on Wednesday urged the union government to announce a bailout package of $200-300 billion, along with a host of other incentives for small and medium enterprises.

India’s economy is expected to decline significantly in the current financial year due to the negative impact of the pandemic on manufacturing and service industries.

Ratings agency Crisil, on April 3, had announced a downward revision of Indian’s gross domestic product (GDP) growth to 3.5% for 2020-21.

According to recommendations submitted by the Confederation of Indian Industry (CII) to the finance ministry, to stage a recovery in economic activity, the Centre should help corporate entities with additional working capital loans from banks backed by a sovereign guarantee, besides providing additional reconstruction term loans to medium and small enterprises, wherein it must offer a guarantee of up to 20% of the default.

CII has also urged the government to consider a capital infusion of up to ₹30,000 crore in public sector banks to prevent the occurrence of defaults in the banking system. It also advised the government to go for a phase-wise revocation of the lockdown. It said manufacturing and construction activities should be allowed in a limited scale in the first phase.

“Migrant workers could be issued e-passes by local authorities like the BDO or the tehsildars, based on the industry requests. Special transport could be arranged from clusters from where large numbers of migrant workers come to work, with all the safety protocols in place.”

Assocham, on the other hand, recommended the government “to modify the FRBM Act to consider the debt-to-GDP ratio as a metric, instead of fiscal deficit, and reduction in gross domestic product by 50% for first quarter, and 25% for the entire fiscal year.

According to Deepak Sood, secretary general, Assocham, to keep up with most economies of the world, the Centre must institute stimulus measures with 10% of GDP. The Indian economy will need a transfusion of over ₹200 billion with an ability to go up to ₹300 billion, over the next 12-18 months, he added.

“Out of that corpus, $50-100 billion cash needs to be infused in the system over the next three months, to arrest the loss of jobs and compensate for loss of income. Such an infusion would help businesses and workers tide over the challenging situation.”
India Inc seeks economic package from Centre

PRESS TRUST OF INDIA
NEW DELHI, APRIL 8

INDIA INC has sought an economic package from the Centre to tide over the impact of the coronavirus outbreak and support small and medium businesses to keep their enterprises afloat while catering to the needs of the poor and informal sector workers.

The Confederation of Indian Industry (CII) has submitted recommendations to the government seeking an “economic package” entailing additional support to the lowest strata and the informal sector through cash transfers, amounting to Rs 2 lakh crore to Jan Dhan account holders.

Another industry chamber Assocham has also sought a “stimulus package” of at least $200-$300 billion “to thwart one of the deepest global recessions expected in the world’s history”, its secretary general Deepak Sood said.
INDIA’S fiscal response to Covid-19 is inadequate and the country needs a stimulus package of $200-300 billion (about ₹15-22 lakh crore) over the next 12-18 months to weather the impact of the pandemic, say industry bodies.

In a letter to Union Finance Minister Nirmala Sitharaman, apex industry body ASSOCHAM recommended a 16-point agenda to thwart one of the deepest global recessions expected in the world’s history. “The economy would need a transfusion of over $200 billion with an ability to go up to $300 billion. Out of the corpus, $50-100 billion cash needs to be infused in the system over the next three months, to arrest the loss of jobs and compensate for loss of income. Such an infusion would help businesses and workers tide over the challenging situation,” said ASSOCHAM secretary general Deepak Sood.

Other key recommendations include: one-time loan restructuring to all corporates assuming a principal repayment start date moving upwards from March 2021; NCLT provisions to be held in abeyance for six months; further reduction of interest rate/repo-rate by another 100 bps by the Reserve Bank of India (RBI); and a GST cut across the board by 15 per cent for three months and 25 per cent for the fiscal.

The Confederation of Indian Industry (CII) has called for a fiscal support package equivalent to 2 per cent of the GDP or about ₹4.5 lakh crore, for the industry. In addition to the ₹1.7 lakh crore the government has earmarked to ease economic distress, “However, the government should not spend all its firepower at once as we are not going to see the end of this crisis anytime soon,” CII director-general Chandrachut Banerjee said. CII also estimates that the economy would need a credit expansion of 14-15 per cent and that the RBI should extend support in the form of working capital enhancement, support for payment of wages to all industry and special reconstruction term loans for MSMEs and stressed sectors.

Calling for a phased opening up of the economy, FICCI’s secretary-general Dilip Chenoy said that the hotel, aviation and tourism sectors alone are estimated to see a combined loss of ₹1.18 trillion. While the retail sector has faced losses of up to ₹20 trillion over the past fortnight with non-food retailers reporting 80-100 per cent reduction in sales, the real estate sector is expected to see an annual decline of 25-35 per cent. FICCI has recommended bringing down the cost of funds further through reduction in policy rates by 100 basis points.
$200-300 bn stimulus needed: Assocham

New Delhi: Industry body Assocham has urged the Centre for a stimulus package of at least $200-300 billion over the next 12-18 months to support the Indian economy.

In a 10-point agenda, the industry body recommended that the Centre institute a stimulus package of at least $200-300 billion to “thwart one of the deepest global recessions expected in the world’s history”.

According to Assocham Secretary-General, Deepak Sood, the chamber believes that in keeping up with most economies of the world to institute stimulus measures with 10 per cent of the Gross Domestic Product (GDP), the Indian economy would need a transfusion of over $200 billion with an ability to go up to $300 billion over the next 12-18 months.

He stated that out of the corpus, $50-100 billion cash needs to be infused in the system over the next three months, to arrest the loss of jobs and compensate for loss of income.

“It will be critical to ensure we proceed with three objectives i.e. immediate assistance to employees and labour through direct transfers and through employers, ensuring that companies have enough cash flow to survive the down turn, and finally stimulating demand and investment to revive the economy through fiscal and tax measures,” the industry body said in a statement. Besides, the industry body requested the government to modify the FRBM Act to consider the debt to GDP ratio as a metric and not fiscal deficit.

Meanwhile, another Industry body PHD Chamber has asked the Centre to provide Rs 11 lakh crore stimulus package to mitigate the impact of the Covid-19 pandemic. PHD Chamber of Commerce and Industry President DR Aggarwal has recommended the Centre to institute a fiscal stimulus of at least 5 per cent of the country’s GDP which comes around Rs 11 lakh crore. “The government has already provided a stimulus of Rs 2 lakh crore, therefore, our expectation is for the remaining Rs 9 lakh crore in terms of various relief measures and benefits to India’s trade and industry,” Aggarwal said, as per a statement.

“A significant stimulus in the tune of 5 per cent of GDP would help the economy to grow at around 5 per cent in the current financial year 2020-21.”
NITI seeks support of over 92,000 NGOs/CSOs to tackle pandemic; hold talks with UN agencies

The UN in India has submitted plans detailing roles and activities of various agencies

OUR BUREAU
New Delhi, April 8

NITI Aayog has urged over 92,000 Non-Governmental Organisations (NGOs) and Civil Service Organisations (CSOs) to assist the Centre in the fight against Covid-19.

The Empowered Group – 6 (EG-6), headed by Chief Executive Officer of NITI Aayog, Amitabh Kant, is among the groups created by the Prime Minister for Covid-19 management. EG-6 has met half-a-dozen times during March 30-April 3.

Building collaborations

The Group has opened up cross-sectoral dialogue within the private sector and start-ups to engender collaboration to produce health equipment and PPEs.

As many as eight start-ups working in innovative healthcare solutions, 12 top industry leaders from CII, six CEOs from FICCI industry partners, 14 CEOs of top tech-based companies from Nasscom, participated and deliberated on a range of issues including PPE, ventilators and medical equipment needed, retrofitting domestic production lines to meet demand, supply chain management issues, innovative technology-led solutions, issues of certification, GST, import duties on components, issues of procurement, training, post lockdown operating procedures, etc.

The Group intends to address the issues pertaining to identification of problems, effective solutions and formulation of plans with three groups of stakeholders – the UN agencies, World Bank, Asian Development Bank, Civil Society Organisa-

UN Agencies

It has had detailed meetings with UN Resident Coordinator for India, and country heads of WHO, UNICEF, UNFPA, UNDP, ILO, UN Women, UN-Habitat, FAO, World Bank, and Asian Development Bank.

Responsibilities

Following the discussions the UN in India has built a Joint Programme Response Plan and submitted to NITI Aayog, defining their activities and deliverables in different sectors and States, where they are partnering with Union Ministries and State governments.

Other members of the group include Vijayaraghavan (Principal Scientific Advisor), Kamal Kishore (Member, National Disaster Management Authority), Sandeep Mohan Bhatnagar (Member, Central Board of Indirect Taxes and Custom), Anil Malik (Additional Secretary, Home Ministry), Vikram Doraiswami, (Additional Secretary, External Affairs Ministry), P. Harish (Additional Secretary, External Affairs Ministry), Gopal Baglay (Joint Secretary, PMO), Aishwarya Singh (Deputy Secretary, PMO) and Tina Soni (Deputy Secretary), Cabinet Secretariat along with Sanyukta Samaddar (Adviser, SDG, NITI Aayog).
India Inc urges govt for a lockdown exit strategy

Ficci submits document suggesting graded approach to normalize economic activity

Secretary General, Deepak Sood

Delhi
Govt plans strategic restart with experts

ACTION PLAN Kick-start agriculture first, suggest analysts

Rajeev Jayaswal

NEW DELHI: The government is discussing a calibrated reopening of the economy with industry associations and experts who have said a prolonged nationwide lockdown could lead to a shortfall of essential goods, and that it would not be easy to stop the economic engine altogether during the battle against Covid-19 pandemic.

Prime Minister Narendra Modi has already indicated it will not be possible to remove the lockdown completely. Many states have also recommended extending the lockdown, and Odisha and Punjab, for that matter, have already extended it. The government is expected to take a call on this after PM Modi’s conversation with chief ministers on Saturday. A spokesperson in the Prime Minister’s Office (PMO) declined to comment.

A very long period of shutdown can lead to other problems, including social unrest. Keeping this in mind, the Prime Minister has recently urged states and the Centre to formulate a common exit strategy to ensure a staggered reopening of the economy once lockdown ends,” State Bank of India’s (SBI) research publication, SBI View, said in its latest edition.

A calibrated strategy can help in rapid economic recovery when the lockdowns are lifted, it said. “The good thing is that banks have witnessed good traction in credit (term and working capital requirements) in the last 7 days of the year-end March 2020. It seems companies/ corporates are preparing themselves for a surge in demand after the lockdown period. As per our estimate, the incremental credit outflow would have been around Rs 21,000 crore in March, which the estimates for agriculture, industry, services, and personal loans are Rs 10,000 crore, Rs 5,000 crore, and Rs 6,000 crore, respectively. Clearly, the tide seemed to have turned as far as bank credit is concerned in March,”

The research paper proposed a staggered exit strategy. It suggests giving first preference to agriculture and procurements as 90% of the population is dependent on agriculture and allied activities followed by “some relaxation” in inland transport and retail trade (as it is supported by 250 million households). Next, it has proposed a limited duration opening of hotel and restaurant services, including home delivery, because they are big employers. The other crucial activity is construction, which can be allowed to start activities in districts that have no cases or limited cases of Covid-19, the publication said.

Industry executives said both the PMO and the finance ministry are working on a strategy based on their inputs.

The Federation of Indian Chambers of Commerce and Industry (Ficci) has told the government the country like India cannot afford a prolonged lockdown that lasts for months. “The exit strategy, thus, should aim towards bringing about a fine balance that on one hand normalises economic and social activity and yet contains the disease from spreading and getting out of control,” it said.

CII has called for all sanitation and hygiene, shift intervals and social distancing measures to be instituted on a self-certification basis by enterprises to start operations. At all times it is important to look at smooth movement of goods and related men and material,” CII’s director general, Chandrakant Pandey, said. Associated Chambers of Commerce and Industry of India (ASSOCHAM) secretary general, Deepak Sood, favoured a gradual exit from lockdown in select areas, with well laid out protocols for the safety of the workforce.

Without compromising on the safety of our people, the well-managed lifting of the lockdown would at least partially restore the near $3 trillion economy to its shape,” he said.

For the export sector it is a matter of survival, said Sharad Kumar Saraf, president of the Federation of Indian Export Organisations (FIEO). He said the industry is staring at job loss of about 16 million due to half the export orders being cancelled.
Battered by crisis, India Inc pins hopes on big stimulus from Centre

G BALACHANDAR

Chennai, April 10

India Inc is hoping against hope for a big stimulus package to help business enterprises and SMES battle the economic fallout and stay alive in view of the unprecedented crisis caused by Covid-19.

While admitting that protecting lives comes first, industry captains pointed out the need to protect businesses, especially smaller ones that are on the verge of closure.

"Industry wanted a stimulus earlier as the economy was slowing down in the past. This has been compounded by Covid-19. So something has to be done to revive the economy. I am sure they will do what is necessary to revive the economy," said RC Bhargava, Chairman, Maruti Suzuki India Ltd.

Most of the industries are clueless about the recommencement of business, cash flow and salary payments to staff in the coming months if the lockdown persists. Mallika Srinivasan, Chairman & Managing Director, Tractors and Farm Equipment Ltd, stated that the world economy was facing a situation akin to the Great Depression, and this time India is not insulated.

Policy measures

The package of measures so far announced has addressed the most affected sections of society. But these can only be temporary measures. Putting the economy back on the rails alone can address issues of growth and unemployment. We keenly await an economic stimulus package that will strongly boost demand in the economy and support our exporters," she said.

Srinivasan also highlighted that equally critical will be the policy measures which ensure strong procurement across the country for agricultural commodities by government, backed by good MSPs, and urgent measures to enhance and make available temporary storage and easy financing for agri inputs and machinery usage by public sector banks.

For a strong impact, the package needs to be bold and in the range of a minimum 5 per cent of the GDP, she said.

Cash infusion

Industry associations such as ASSOCHAM and others have already made a plea for a big stimulus from the government.

"Industry needs an urgent infusion of nearly $200 billion which can pump into the market in a staggered manner to retrieve the business cycle without incurring a further economic loss," said Niranjan Hiranandani, National President, NAREDCO and ASSOCHAM.

Industry captains pointed out that the main emphasis should be on protecting employment.

"The loss of time and cash will damage the industry as the Indian industry is not cash-rich and cannot sustain operations if adequate financial support is not extended by the government," said M Manickam, Chairman of Coimbatore-based Sathial Sugars.

"It will help substantially if the government initiates steps on a war footing to avert a severe economic crisis, which will be worse than the pandemic," said Vanitha Mohan, Chairperson of Coimbatore-headquartered Pricol Ltd.

As the problems are likely to continue for 2-3 quarters for MSMEs, most of them seek the government’s sustained support in the form of working capital during this period as it would help them rebuild, retain the workforce and come out of the crisis sooner.

"Most of the companies, particularly MSMEs, have paid salaries for the month of March in full. With production halted and no revenues, it will be a big hit for small businesses," according to X Ambanathan, Co-Convenor, MSME Panel, Confederation of Indian Industry-Tamil Nadu.
NAREDCO, Assocham for
$200 bn relief

SPECIAL CORRESPONDENT
MUMBAI

NAREDCO, the industry
body of real estate de-
evlopers, and industry as-
sociation Assocham, have
urged the government to
provide a relief package of
more than $200 billion,
which is about 10% of the
nation's Gross Domestic
Product (GDP), for Indian
industry.

They said the amount
could be pumped into the
economy in a staggered
manner to retrieve the bus-
iness cycle without incur-
ring further loss.

"The industry seeks
working capital to ensure
that the Indian economy
does not tank; business or-
ganisations do not default
and saddle banks with
NPAs, as also cause job
losses," Niranjan Hiranand-
dani, national president,
NAREDCO and Assocham,
said. He added, "We need a
stimulus of over $200 bil-
lion with an ability to go up
to $300 billion."
Which sectors will bounce back, which will take time

BENGALURU: Sectors that depend on people's behaviour would take the longest time to recover after the end of the lockdown period, while those curbed by the government to contain the spread of coronavirus are set for a bounce-back immediately after the restrictions are removed, say experts.

Pharma, medical and health equipment and digital companies are among those which have seen a jump in their business following the COVID-19 pandemic, they said.

Former Telecom and IT Secretary R Chandrashekhar says the companies connected with digital world and providing services which enable digital - entertainment, work and office system, among others, and logistics supply chain would do well.

"I think to some extent, there is pent-up demand for essentials, and that will also bounce back," he said.

An industry official said sectors like transportation, storage, warehousing would come back quickly once the lockdown is lifted, and those which would not bounce back anytime soon, are those which depend on people's behaviour like travel, staying in hotels, flying overseas and going to shopping malls, for example.

Post-lockdown, a senior executive in a corporate firm said, e-commerce and home delivery, both by normal retail and by e-commerce companies, would see further uptick.

"Hotel and travel, for example, will take time to come back," the executive said. "People will not like to travel unnecessarily; they will not like to stay in hotels, who knows who stayed there earlier. Tourism will take long, long time to come back. Those activities will come down dramatically." Chandrashekhar, also former Telecom Commission Chairman and ex-President, NASSCOM, told PTI: "People don't want to take risks. Those which are affected due to human behaviour will take the longest time to recover; those which are curbed by the government order alone will immediately bounce back (once lockdown is lifted)."

ASSOCHAM Secretary General Deepak Sood said the country's entire health and medical infrastructure should be massively ramped up, adding, the entire value chain would need much larger commitment and resources.

"Likewise, the pharmaceutical industry which has established its presence all across the world would need to fill in the gaps of API (Active Pharmaceutical Ingredients) towards achieving self-sufficiency in the medium term," Sood said.
India readies for calibrated opening up of economy

FROM PAGE 1

The lockdown till 30 April but chief minister Uddhav Thackeray assured that there will be relaxations in some areas and tighter enforcement of the lockdown in some other areas. Mahendra Pradeh chief minister Shivraj Singh Chauhan too was cited as saying that the next phase of the lockdown will be different from the first one ending on 14 April.

The industry department has asked the home ministry to allow certain industries to operate with reasonable safeguards, even if the government decides to extend the nationwide lockdown. The department suggested that under strict safeguards, big textile, automobile and electronics units could be allowed to work up to 25% capacity and

experts with orders in hand could be allowed to work with minimal workforce, Mint reported on Monday.

Electrical machinery, automobile, gems and jewellery units, special economic and export-oriented units may also get the relief if the proposal is accepted.

Industry body Associated Chambers of Commerce and Industry (Assocham) said on Monday that it has approached the government for an "immediate and an impactful stimulus package without getting weighed in by any possible downgrade by global rating agencies." The Assocham statement, citing its president Niranjan Hiranandani, said that considering the pain of the crisis will be felt more in coming weeks and months, it was imperative "for the government and RBI to immediately announce a major package for the industry, trade and millions of jobs."
SBI seeks loan guarantees, extension of moratorium

New Delhi: State Bank of India's chairman Rajnish Kumar has sought government guarantees to enable banks to lend to companies to expedite a post-lockdown economic recovery in the aftermath of the Covid-19 pandemic.

Addressing a webinar by Narecdo, Kumar said banks can play a critical role of intermediation by lending to corporates if the government provides them with the risk capital or extends guarantees against corporate loan defaults and the RBI gives them liquidity support for the purpose.

In his address, Kumar underlined the need to extend the moratorium on repayment of loans to six months depending on the situation from the existing three months. He said lenders, through the Indian Banks' Association, will request for raising the loan moratorium period.

Kumar said risk capital to enable banks to extend loans to corporates is the best way to go forward as banks have limited risk appetite despite their financial position having improved over the last three years. “Even if the government guarantees the incremental lending, that will be of much help.”

Kumar said that the economy needs support at multiple levels. First at the macro level to address the entire economy. Then at sector level to address most affected industries like transport, hotel, restaurants and others, and finally at micro level to address the problems faced by a specific unit.

“The banking system and public sector banks can play a critical role and the government needs to support them by providing them with the risk capital. Whether it is direct or through the guarantee route and how much obligation government can take are the subject matter of deliberation and discussion.”

A lockdown following the coronavirus pandemic has placed companies under stress and many are starved of liquidity. In most of the sectors, there is destruction of demand. In this scenario, if banks do no rollover of existing loans, many corporates are likely to default, which would lead to an increase in bad loans, forcing banks to make provisions, which in turn will erode their net worth.

Industry bodies including Assocham, FICCI and Narecdo are seeking restructuring of outstanding loans and extension of the repayment period. Besides this, industry bodies are also asking for fresh loans to re-start operations.
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**Assocham seeks stimulus**

*New Delhi:* Industry body Assocham has approached the government for an immediate and an impactful stimulus package, without getting weighed in by any possible downgrade by global rating agencies, with the three-week lockdown having impact trade and the broader economy.
Industry bodies call on govt for stimulus of up to ₹16L cr

Rajeev Jayaraman

NEW DELHI: Industry bodies redoubled calls for a financial package of ₹16 lakh crore to stabilise the economy as they supported Prime Minister Narendra Modi’s decision to extend the 21-day lockdown in India that ended on Tuesday by 19 days to May 3.

The Federation of Indian Chambers of Commerce and Industry (FICCI) Tuesday estimated the magnitude of daily losses in terms of the national slowdown at ₹40,000 crore. “It’s also expected that close to million jobs are at risk during the period April to September 2020. Hence, an urgent relief package is also critical,” FICCI president Sangita Reddy said.

In his speech on Tuesday morning announcing the extension, Modi also asked companies not to retrench people. “Show empathy to people working in your business,” he said.

But ruled by the lockdown, which has brought economic activity to a standstill, Indian industry is looking for an economic package from the government — akin to the one announced by the US, around 16% of that country’s gross domestic product (GDP), in the form of assistance to individuals, companies, and states.

“The economy needs a stimulus package of at least about ₹14 lakh crore, including around ₹2.20 lakh crore fiscalisation dues,” Reddy said.

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‘Help needed to stave off industry’s blues’

Extension of lockdown will save lives but not livelihoods without a strong rescue package, warn major industry bodies

THE 21-day lockdown extension may save lives but not livelihoods in the absence of an effective and sizeable sector-specific rescue package, say industry bodies.

All three industry bodies — Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI) and Associated Chambers of Commerce (Assocham) — have supported the calibrated opening up of economy but noted for a thumping financial package in a biweekly trade, agriculture and industries to weather the crisis caused due to Covid-19.

“The lockdown extension is a wise move, but it has economic costs. The situation may become unsustainable for the industry that is already struggling to stay afloat in the coming weeks, making it extremely important for the government to announce a larger financial package. There is not much alternative but to spend throughout the crisis to keep the economic life alive and robust,” Assocham secretary general Deepak Sood said.

The industry body he said, has submitted specific suggestions such as rollover of bank loans across the board, further slashing the interest rates, immediate amendments in the IBC Act for putting it in abeyance for at least six months and changes in the RBI rules to allow banks for liberal lending without the fear of NPA slippages. Furthermore, moratorium on EMI’s and corporate debt repayments also needs refinement at operational level.

Last week, the government had announced a ₹1.7 lakh crore package aimed at providing relief to those hit hard by the lockdown, but that’s not enough. All eyes are on an economic package that would include inter-sector specific measures for their survival.

“Estimates show that India may be losing close to ₹60,000 crore daily due to the nationwide lockdown with an estimated loss amounting to ₹74 lakh crore during the past 21 days,” said FICCI president Sangita Reddy.

CII has also submitted recommendations on the stimulus package with a special focus on MSMEs. According to CII director general Chandrajit Banerjee, there is a need for enhanced working capital, relaxed collateral norms, extended moratorium and wage support to provide relief to small and medium businesses through the Covid-19 crisis. As India entered Lockdown 4.0, exemptions have been proposed in at least 15 sectors including MSMEs with export commitments, fertiliser and seed industry for Kharif season, sectors with high degree of automation, as well as food and beverages.

RECOMMENDED

CII has proposed exemptions in at least 15 sectors including MSMEs with export commitments, fertiliser and seed industry for Kharif season, sectors with high degree of automation, as well as food and beverages.
India Inc stands by PM's 
lockdown extension call

India Inc insists on the need for a stimulus package to rebuild the economy hit hard by the COVID-19 pandemic

NEW DELHI: India Inc on Tuesday said the nationwide lockdown extension was necessary to avert a humanitarian crisis, but insisted on the need for a stimulus package to rebuild the economy hit hard by the COVID-19 pandemic.

The catastrophic effect of the lockdown on the overall economy and livelihoods of lakhs of migrant workers triggered severe concerns following which a number of state chief ministers in their video conference with Modi on Saturday sought some sort of relaxation for a number of sectors.

Late last month, the government announced a Rs 1.7 lakh crore package aimed at providing relief to those hit hard by the lockdown as well as an insurance cover for healthcare professionals handling virus infected people.

Estimates show that India may be losing close to Rs 40,000 crore daily due to the nationwide lockdown with an estimated loss amounting to Rs 7.8 lakh crore during the past 21 days," said Ficci President Sangita Reddy.

Further, it is also expected that close to 40 million jobs are at risk during the period April-Sept 2020. Hence, an urgent relief package is also critical, she said.

She observed that the Prime Minister’s directions on graded opening will help start some production activity to ensure that as soon as lockdown opens, there are no shortages faced.

CII Director General Chandrjit Banerjee said the COVID-19 curve trajectory as of now required a fitting containment response and Prime Minister’s decision for continuation of the lockdown is necessary to avert a larger humanitarian crisis.

"Prime Minister has also provided a guidance on exit from the lockdown after 20 April which helps industry plan better."

"The extension gives the government adequate preparation time to organise an orderly and safe restart of the economy as and when health conditions permit. Industry too can devise its strategies for commencing operations accordingly during this extension period," Banerjee said.

Assocham Secretary General Deepak Sood said the situation is quite challenging, but somehow, the industry is managing to stay afloat and pay salaries and other essential disbursements in the supply chain.

"However, the situation may become unsustainable in the coming weeks, making it extremely important for the government to announce an effective and sizeable package for the economy," he stated.

According to PHD Chamber President D K Aggarwal, a significant stimulus of 7 per cent of GDP would help the economy to grow at around 5 per cent in the current financial year 2020-21, rejuvenate the businesses and refuel the economic growth trajectory of the country.

IT industry body Nasscom said the extension announcement by the government will help India to build on the containment strategy of the last three weeks and strengthen our readiness to support the post lockdown phase.

"We are also happy to note the relaxation of restrictions in green zones and hope the government will also announce the economic stimulus packages soon so that we can start focusing on rebuilding the economy. Saving lives and livelihood has to go hand in hand," it added.

Ratul Puri, Chairman Hindustan Power, said while lockdown and social distancing are the only two remedies for fighting the pandemic, there is a widespread impact on the businesses and the overall economy.

"Extension of lockdown is a well thought out and much-needed plan in wake of the threats posed by COVID-19. Prime Minister’s decision to monitor the effectiveness of implementation and then gradually offer relaxations post 20 April must be welcomed," said Naiven Jindal, Chairman, Jindal Steel & Power Limited.

The lockdown that came into effect on March 25 was to expire on midnight of April 14.
Without govt help, pay cuts inevitable: Businesses

ANNAPURNA SINGH & MAHESH RUSARAN
NEW DELHI/BENGALURU, DHNS

Prime Minister Narendra Modi’s appeal to employers to abstain from layoffs did not seem to cut much ice with small businesses. Several firms that DI spoke to across the country raised the pitch for state funding to help them retain employees on the payroll.

“How will employers pay workers if they themselves have no income and support from the government?”

An association of small and medium enterprises, ASSOCHAM, has warned against sacking employees.

“While the Centre has been proactive in its response to the COVID-19 pandemic, the government is yet to roll out any relief package for small businesses. This is because many small businesses are in the informal sector and do not have the necessary infrastructure to take on the burden of paying salaries, rent, and other expenses.”

ASSOCHAM President Pratap N. Raithatha said the government needed to provide a relief package to small businesses to help them survive.

The government’s initial relief package of Rs 1.75 lakh crore for businesses was inadequate, according to the association.

“While the government has announced a relief package of Rs 1.75 lakh crore for small businesses, it is not enough to cover the losses incurred by these businesses. The package needs to be increased to at least Rs 5 lakh crore to provide sufficient relief to small businesses.”

ASSOCHAM’s appeal is in line with the government’s efforts to help small businesses.

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ASSOCHAM’s appeal is in line with the government’s efforts to help small businesses.
TOI's #MaskIndia campaign has made the right impact.
Request everyone to use homemade mask and protect yourself as well as others.
— Manguirish Pai Raiker, ASSOCHAM chairman
‘Help needed to stave off industry’s blues’

Extension of lockdown will save lives but not livelihoods without a strong rescue package, warn major industry bodies

The 19-day lockdown extension may save lives but not livelihoods in the absence of an effective and sizeable sector-specific rescue package, say industry bodies.

All three industry bodies — Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI) and Associated Chambers of Commerce (Assotech) — have supported the calibrated opening up of economy but noted for a lumping financial package in a bid to aid trade, agriculture and industries to weather the crisis caused due to Covid-19.

“The lockdown extension is a wise move, but it has economic costs. The situation may become unsustainable for the industry that is already struggling to stay afloat in the coming weeks, making it extremely important for the government to announce a larger financial package. There is not much alternative but to spend throughout the crisis to keep the economic lifeline alive and robust,” Assotech secretary general Deepak Sood said.

The industry body, he said, has submitted specific suggestions such as rollover of bank loans across the board, further slashing of interest rates, immediate amendments in the IBC Act for putting it in abeyance for at least six months and changes in the RBI rules to allow banks for liberal lending without the fear of NPA slip-ups. Furthermore, moratorium on EMIs and corporate debt repayments also needs refinement at operational level.

Last week, the government had announced a ₹20 lakh crore package aimed at providing relief to those hit hard by the lockdown, but that’s not enough. All eyes are on an economic package that would include interim sector-specific measures for their survival.

“Estimates show that India may be losing close to 740,000 crores daily due to the nationwide lockdown with an estimated loss amounting to ₹8 lakh crore during the past 21 days,” said FICCI president Sangeeta Reddy.

CII has also submitted recommendations on the stimulus package with a special focus on MSMEs. According to CII director general Chandrajit Banerjee, there is a need for enhanced working capital, relaxed collateral norms, extended moratoriums and wage support to provide relief to small and medium businesses through the Covid-19 crisis. As India entered Lockdown 2.0, exemptions have been proposed in at least 15 sectors including MSMEs with export commitments, fertiliser and seed industry for Kharif season, sectors with high degree of automation, as well as food and beverages.
India Inc Cheers Partial Opening Up, Says it will Help Chart Exit Strategy

New Delhi: Corporate India has welcomed the home affairs ministry’s guidelines for extended nationwide lockdown till May 3, saying partial opening up after April 20 will help businesses chart out an exit strategy and lauded the decision to allow agricultural and allied activities.

The move to allow daily wage earners in the services sector to resume operations after April 20 will bring relief to the self-employed, the Confederation of Indian Industry (CII) said in a statement on Wednesday.

“The guidelines issued today are extremely relevant and give comfort to Industry about the phased restart of the economy,” said Vikram Kirloskar, president of CII.

“The government has done well to completely allow agriculture and allied activities to function during this harvesting period, with health protocols to be followed,” he said.

Other industry associations such as Federation of Indian Chambers of Commerce and Industry (Ficci) and Associated Chambers of Commerce and Industry of India (ASSOCHAM), too, welcomed the government move to restart economic activities in a calibrated manner.

“It is now crucial to announce a relief and economic stimulus package, which protects wage, employment & business,” Ficci president Sanjiv Birla said.

ASSOCHAM secretary general Deepak Sood said if the partial opening up after April 20 is implemented well and in a responsible manner, the economic activities can be restored to the extent of 30-40% “by our back-of-the-envelope calculations.”

“Industries operating in rural areas or outside the municipality limits, special economic zones and industrial townships with certain conditions, which can be fulfilled with some exceptions, are a kind of partial lifting of lockdown,” Sood said in a statement.
Need govt support to keep units open, say MSMEs

Shubhankar Chakraborty & T E Rangswami
New Delhi, 15 April

Micro, small and medium enterprises (MSMEs) across the country are keeping a wary eye on the government’s decision to allow select manufacturing units to reopen on April 20. While MSMEs in most sectors have welcomed the latest move, they argue that lack of financial support from the government might result in those firms not running, even if they manage to reopen.

The Confederation of Indian Industry (CII) has recommended focus primarily on increasing the financing available to MSMEs with relaxed collateral norms, an extension of the NRI moratorium and wage support. It also suggested expediting the disbursement of funds for MSMEs which has been under the government’s consideration and augmenting the assets of Mudra Bank.

Many MSMEs are an important part of larger supply chains and their health has a bearing on the supply chain, including large firms. Therefore, special, immediate, and substantive support measures are required to keep MSMEs running, said CII President, Gopika Srinivasan.

To assuage the liquidity crisis that many MSMEs were facing for the last couple of months, Assccham has suggested a 40 per cent government or Reserve Bank of India guarantee on fresh loans, while the balance risk premium can be made up by a huge spread available in the inter-bank market; between their cost of funds and the yield.

On Tuesday, MSME Minister Nithin Gadkari had stated during a meeting that unpaid dues of MSMEs at the central and state levels will be released at the earliest. He estimated ₹40,000-50,000 crore would be injected into the market by releasing the due payments.

Stack for away

Procedural changes have also been demanded. With the majority of rural factories having little provision of accommodating large numbers of workers, transportation remains a challenge. In the garment manufacturing hub of Tirupur, workers are spread across a 60-100 km radius from industrial units. The majority of workers in Tamil Nadu’s Tirupur, the biggest such facility in northern India, come from nearby districts. For garment and jewellery industries, the labour force originates from West Bengal. With the vast majority of the nation still under lockdown, businesses dependent on migrant labour want the government to arrange for their transportation.

We are awaiting more clarity on how workers will travel to their units. Also, with most public transportation closed, it would be foolish to think that workers can negotiate through the web of red and green zones to reach their factories,” said a senior functionary of the Federation of Indian Micro and Small & Medium Enterprises.

Unpaid orders

On the exports front, small businesses require more than just a reopening at this stage. MSME exporters are out of cash to even pay salaries, said Sharad Kumar Saraf, president of the Federation of Indian Export Organizations (FIEO).

He said the order to allow the opening of export-oriented units in special economic zones and rural areas will reinvigorate about 80-85 per cent of their manufacturing capacity. But since documents are extremely important to show proof of delivery and negotiation, exporting companies (having Importer-Exporter Code Numbers) should be allowed passes for two persons, once a week, to collect documents from the office for submission to banks, shipping lines, courier companies.

The government, he pointed out, despite the gradual opening up of most sectors, small exporters are expected to remain under immense business pressure as the lockdown came at a crucial juncture of the business cycle. Exporter’s bodies representing engineering goods, apparel, and electronics, among other sectors, have already pointed out the April-June export season is critical and 50 per cent of orders have already been lost. On the other hand, the FIEO said that realisation of payments has become difficult as increasing economic downturns have rationed, which are major markets for India, such as European Union countries, the United Kingdom and the United Arab Emirates. As a result, more than 80 per cent of export orders remain unpaid.

“Several government directives will help sampling units in the hub of textiles in Tirupur to immediately send out samples to global buyers, who can then approve the designs and place orders for the spring-summer season,” said Raja Shankar, president of Tirupur Exporters Association.
ASSOCHAM has demanded an immediate and impactful stimulus package without getting weighed in by any possible downgrade by global rating agencies. In a letter to finance minister Nirmala Sitharaman, Assocham, having assessed the ground impact of the three-week lockdown on industry, trade and the broader economy, has stressed on the need of a fiscal stimulus.
The Economy Takes Baby Steps

Government attempts to balance the need to limit the damage to the economy against the risk of the outbreak and restore India's broken supply chain.

India adopts cautious approach to reopening of businesses post 20 April

India has closed its borders and banned all international flights to contain the spread of COVID-19. The country faces a tough battle to contain the virus, particularly in densely populated cities, where the healthcare system is already under strain. The government has imposed strict lockdown measures to curb the spread of the virus, but it has also acknowledged the need to balance economic activity with efforts to limit the health crisis. The ongoing situation has raised concerns about the impact on the economy and the potential for a longer-term economic downturn.
Govt lists curbs to be eased on Apr 20

Slow testing pipeline as big a worry as kit delay

Containment zones can’t dilute restrictions

Quote Attribution: President, Niranjan Hiranandani

Edition: Delhi
**Post relaxation, ind seeks more**

**SANJAY JOG**

Mumbai

Industry bodies have welcomed the government's revised guidelines relaxing the operations of few sectors but said the administrative and enforcement agencies will have to put in place the mechanisms to facilitate the working at the ground level.

CII President Vikram Kirloskar said CII appreciates the government's move to give industry preparation time, which will help plan their future operations once it is considered safe to end the lockdown.

"The opening of manufacturing facilities in rural areas will provide a lot of relief to small enterprises and workers. The government has taken care to ensure smooth movement of the supply chain by permitting transport, warehousing, cold storage and others to operate. Facilities for truck drivers such as dhabas and repair shops will encourage truckers to return to the roads," he noted.

On the other hand, FICCI President Dr Sangita Reddy said it is now crucial to announce a relief and economic stimulus package which protects wage, employment and business.

"Given that this period coincides with the harvesting of the rabi crop, the opening up of the agriculture and allied sectors and the graded lifting of lockdown in key nonessential sectors that will alleviate the hardships being faced by the public at large and give opportunities to daily wage earners and other underprivileged sections is welcome," she opined.

ANAROCK Property Consultants Chairman Anuj Puri said considering the ongoing scenario, the move to start at least some of the construction activity on project sites, even with limited workforce, is certainly welcome.

"It will definitely help real estate to some extent. However, the fact that COVID 19 hotspots will not be able to resume activity from April 20 is a dampener for markets such as Mumbai Metropolitan Region which is highly impacted and it currently has the highest under construction residential stock of 4.64 lakh units. This accounts for 30% of the overall 15.62 lakh under construction stock across the top 7 cities," he added.

ASSOCHAM President Niranjan Hiranandani observed that the relaxation has come at the right time as the situation was very grim to keep construction workers at the site afloat.

"With the revised guidelines, the economic drivers of the country will start moving again, even as we extend the lockdown. Considering the estimated loss of Rs 26,000 crore per day to the Indian economy as a result of the lockdown, this relaxation in lifting of lockdown is a construction step, he viewed.
Stimulus 2.0 ready as PM, FM hold meeting

Prime Minister Narendra Modi, Finance Minister Nirmala Sitharaman, and senior policymakers in the Prime Minister’s Office and finance ministry met on Thursday to finalise a second stimulus package for those worst affected by the Covid-19-related nationwide lockdown.

An announcement is imminent. The Centre is unlikely to announce one “big-bang” stimulus package and instead will come up with smaller, targeted announcements, Business Standard has learnt.

This means that over the coming months, there will be a series of stimulus packages to revive the economy.

Additionally, the fiscal situation of the Centre and the states has been discussed at the highest levels of government, and there are deliberations going on regarding relaxations to the Fiscal Responsibility and Budget Management (FRBM) Act.

The upcoming package could be roughly similar in size to the ₹2.37-trillion package announced by Sitharaman in late March. That package was around 0.8 per cent of GDP, much smaller than that of most other 120 nations. The United States’ stimulus package was pegged at 11 per cent of GDP, Australia’s at 9.2 per cent, and Brazil’s at 3.5 per cent, according to data compiled by Assocham.

Industry bodies like Assocham and the Federation of Indian Chambers of Commerce and Industry have been asking for big-bang packages, ranging from ₹5 trillion to ₹10 trillion.

Senior government officials say the Centre has decided to have smaller, targeted announcements rather than one big package.

“Our approach is not one grand plan but repeated responses. Unlike other countries, there will be no single package worth 5 or 10 per cent of GDP, but rather a step-by-step approach. In times of uncertainty, we cannot expend all our resources in one go,” said an official aware of the deliberations within the government.

The upcoming package will again be aimed at the urban and rural poor, including migrant labourers stuck in places away from their homes other disadvantaged sections of society - micro, small and medium enterprises (MSMEs) and likely some of the worst-affected sectors as well.

Stimulus 2.0...

On Wednesday, the government allowed economic and industrial activity to resume in rural areas, where the harvesting season for kharif crops has begun. This has been done primarily with the intention of “rural and agricultural development and job creation”.

Prohibition will not be entirely lifted in commercial and manufacturing production units in rural areas, industrial estates, and export zones can reopen if workers stay on their premises or nearby.

The measures being finalised could include easier access to credit for MSMEs and further cash and food transfers.

There is a proposal for another hike in payments under the Mahatma Gandhi National Rural Employment Guarantee Scheme, and disbursements under the PM-KISAN scheme could be further expedited.

Some decisions the Union Cabinet took on Wednesday but have not made public may find their way into the package.

Meanwhile, sources say given the revenue crunch that the Centre is facing, and in the light of states seeking more funds to battle the pandemic, the Centre and states’ existing fiscal commitments have also been discussed at top levels of government.

The Centre is looking at multiple options, including relaxing the FRBM Act or whether the reserve bank of India should monetise the fiscal deficit or not.

According to the FRBM target, the Centre’s fiscal deficit is slated to be 3.5 per cent of GDP. Multiple experts, including former chief economic advisor Arvind Subramanian, have said the Centre should provide immediate clarity for itself, the states, and the markets, on relaxing the budgetary borrowing and fiscal targets.
Wanted: A Big, Broad Stimulus

The government is set to announce a fiscal stimulus package to revive the economy. But India Inc has its own expectations. And with good reason.

Finance minister Nirmala Sitharaman has confirmed that the government is planning to announce a fiscal stimulus package to revive the economy. The government has already announced a Rs 2.1 trillion stimulus package to mitigate the damage caused by the coronavirus pandemic. But industry leaders feel more needs to be done.

"The government has already announced a stimulus package, but it is not enough," says Ashwani Bhatia, chairman of Ashwani Bhatia Capital.

On Monday, the government is expected to announce a stimulus package. The package is likely to include measures to boost demand, such as tax cuts for small businesses, and measures to boost investment, such as infrastructure projects.

"We need a package that will boost demand," says Bhatia.

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Rs 1 Lakh Crore Revolving Fund Mooted by MSME Min to Ease Industry Pain:
Nitin Gadkari at ASSOCHAM Webinar
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Gadkari Wants ₹1 L cr Fund for Small Firms
Govt-backed mobile fund to help MSMEs clear dues

"Big Step for Small Cos
Delayed payments of MSMEs a concern for government
Scheme to be cleared by finance ministry
Formula for fund mobilisation yet to be finalised"

NITIN GADKARI
Minister for road transport and highways and MSME

New Delhi: Union minister Nitin Gadkari on Friday proposed a ₹1 lakh crore government backed fund to clear dues of micro, small and medium enterprises (MSMEs) and help them stay afloat through the crisis caused by Covid-19 outbreak in the country.

"We will create a ₹1 lakh crore fund, which will be insured by the government. Against this fund, delayed payments can be released by the banks," Gadkari, who is the minister for road transport and highways and MSME, said in an interaction with members of Assotech.

"This will be a mobile fund, and will provide much needed relief to small industries," Gadkari said.

The government is yet to work on a formula to arrive at the funding mechanism, officials aware of the matter said.

"Payment to MSMEs is an issue which is really bothering the government. One of the ideas that has been floated is to create a revolving fund to handle this issue," a government official told ET.

Responding to questions about a "relief package" for MSMEs, Gadkari said that the ₹1 lakh crore fund will help, but it is possible to mobilise it only with the approval of the finance ministry and the union Cabinet.

"The ₹1 lakh crore package is not in my hands. I am ready to insure ₹1.50 lakh crore for the fund. But only after the finance ministry's approval will it go to the Cabinet. Otherwise there will be difficulty in pushing the scheme ahead," he said.

Maintaining that industries that have been opened up should adhere to social distancing norms at all costs, Gadkari added that the government was looking to restore economic activity in all areas that have so far remained unscathed by the outbreak of coronavirus.
Working on ₹1-trn fund for MSMEs: Gadkari
Centre may tap into ₹80,000 crore of ESIC funds

SUBHABIN CHAKRABORTY
New Delhi, 26 April

The government may soon set up a ₹1-trillion revolving fund to help micro, small and medium enterprises (MSMEs) with the much-needed liquidity, MSME Minister Nitin Gadkari said on Friday.

The proposal will have to be approved by the finance ministry and the Prime Minister's Office.

During a webinar with industry body Assocham, the minister said the plan is to push liquidity through bank guarantees.

Gadkari said he has asked Labour Minister Santosh Gangwar to make use of ₹90,000 crore of funds lying idle with the Employees’ State Insurance Corporation (ESIC).

"We have decided to set up a fund of ₹1 trillion and its insurance will be paid by the government. We will fix a formula among (the stakeholders)," said Gadkari.

The minister said the government would provide a guarantee for the fund which would be mobile and keep revolving. Sources say the move comes as the MSME Ministry has been swamped with reports of small businesses across the country struggling to pay monthly wages to the labour that have managed to turn up at factories after the lockdown was partially relaxed.

Gadkari promised to look into the issue of pending dues for MSMEs. He said ₹40,000-50,000 crore could be injected into the market by releasing the due payments, sources said. The MSME Ministry is also planning a separate scheme to accord credit rating to MSMEs based on their turnover, exports, and goods and services tax (GST) payments.

However, officials have ruled out a specific scheme for exporters.

Saddled with weak domestic demand and intense competition from major international rivals, MSME exporters have sought extension of pre- and post-shipment credit tenure, interest-free loan to cover forward losses and enhancement of export benefits.

Gadkari also said he would suggest to the finance minister that refunds for GST and income tax be fast-tracked and cleared within eight working days.

On Friday, the minister also said the National Highways Authority of India would speed up and catalyse investment into the road sector. A proposal is being mooted to plan industrial clusters along the new Delhi-Mumbai Expressway.

"We have moved a proposal to the Cabinet, saying we will acquire land near highways. I am telling all our leather clusters that land and labour costs are cheap, we will provide railway, port and power connectivity. We can also bring the companies moving out of China to India and settle them in this corridor," he said.
₁-lakh-cr fund soon to help clear dues to MSMEs: Gadkari

FE BUREAU
New Delhi, April 24

THE GOVERNMENT is weighing a proposal to set up a revolving fund of ₹1 lakh crore to inject liquidity into small businesses by banks under official credit guarantee to fight the Covid-19 pandemic. MSME and transport minister Nitin Gadkari said on Friday, days after industry raised similar demand for a relief.

Speaking at an Assocham webinar, the minister said the fund will be used to clear dues owed to small businesses by state-run entities as well as industries. The Centre itself and assorted agencies owned and managed by it are estimated to owe nearly ₹5 lakh crore to corporate India and some state-run agencies like FCI. A significant portion of these dues are owed to MSMEs. Also, the big private companies owe large amounts to MSMEs.

Continued on Page 2

₁-lakh-cr fund soon to help clear dues to MSMEs: Gadkari

“WE WILL insure this fund, with the government paying the premium. We will come up with a formula for sharing the interest burden,” he said. The proposal will be sent to the Cabinet for clearance after the finance ministry gives its clearance, he said.

Gadkari also said he had asked labour minister Santosh Gangwar to utilise the ₹80,000 crore lying with the Employees State Insurance Corp (ESIC) to address the crisis faced by the MSMEs amid mounting pressure on these small businesses to pay April salaries. This proposal, too, will have to be ratified by the finance ministry and the Prime Minister’s Office (PMO), he said.

In March, Gadkari had said government and private undertakings owed MSMEs almost ₹6 lakh crore, and that the government was working on an action plan to ensure the payments were cleared in three months. MSMEs, which were already witnessing severe liquidity constraints even earlier, saw their fortune plummet further after the Covid-19 outbreak.

The government is also planning to redefine MSME, based on their annual revenue by replacing the existing definition that relied on self-declared investment on plant and machinery. This will align them better with the GST regime, besides ensuring ease of doing business, he said.
Centre working on ₹1 tn package for MSMEs

The government is working on a ₹1 trillion package to ensure timely refunds of dues to small businesses hit by the COVID-19-led lockdown, micro, small and medium enterprises (MSME) minister Nitin Gadkari said on Friday. The minister also said that the government is poised to change the definition of MSME, a proposal that is awaiting approval from the Prime Minister.

“We have decided to set up a revolving fund of ₹1 lakh crore and we will insure it and its insurance will be paid by the government. We will fix a formula among the stakeholders and provide minimum ₹1 lakh crore and the interest on the same,” Gadkari said in a video conference hosted by the Associated Chambers of Commerce and Industry of India (Assochem).

“We are in the process of finalizing the scheme and will soon send it to the finance ministry for approval. This will be one of the ways to increase liquidity,” the minister said.

Gadkari said he has also requested Finance minister Nirmala Sitharaman to fast-track the process of tax refunds and pay them within eight days of filing returns.

Several industry bodies have urged the government to create liquidity by clearing dues from government departments, public sector undertakings, as well as income-tax and GST refunds.

Gadkari also said that he has urged labour minister Santosh Gangwar to make use of ₹80,000 crore lying with the Employees’ State Insurance Corp. to tide over the immediate crisis faced by the MSMEs, as the pressure for April salaries and wages is mounting. The proposal will have to be examined by the finance ministry and the Prime Minister’s Office (PMO), he said.

The government is also set to redefine MSMEs based on their annual revenue, replacing the definition that relied on self-declared investment on plant and machinery. This is aimed at aligning them better with the GST regime and encouraging ease of doing business.
Centre working on ₹1L-cr package for MSMEs

Shreya Nandi

NEW DELHI: The government is working on a ₹1 lakh crore package to ensure timely refunds of dues to small businesses hit by the Covid-19-led lockdown, micro, small and medium enterprises (MSME) minister Nitin Gadkari said on Friday. The minister also said that the government is poised to change the definition of MSME, a proposal that is awaiting approval from the Prime Minister.

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₹1-LAKH CR FUND IN THE WORKS TO CLEAR MSME DUES

EXPRESS NEWS SERVICE
@ New Delhi

THE Centre is looking at setting up a ₹1-lakh crore revolving fund, which could be used to guarantee payment of dues of Central and state governments and PSUs besides major corporations, Union Minister Nitin Gadkari said here on Friday.

“We have decided to set up a ₹1 lakh crore fund. We will insure it with the government paying the premium,” Gadkari said. The fund will be used to clear the dues and replenished as and when the borrowed amount is actually paid by government agencies or corporates. The interest on payouts, for the period between the payout and replenishment, will be borne by the paying and receiving entities.

The minister said he would be sending the proposal to the finance ministry and, if accepted, it would go before the Cabinet soon.

Gadkari, who was speaking at a Webinar organised by industry chamber Assocham, said the fund would bring much needed liquidity to the MSME segment.

He also indicated that he had advised the labour ministry to try and use ₹80,000 crore lying with Employees State Insurance Corporation (ESIC) as reserves to help MSMEs pay wages. The ESIC normally provides medicare to insured workers and pays 70 per cent of their salaries in case they are unable to attend work due to prolonged illness.

Gadkari also said North Block has also been request- ed to fast-track tax refunds to MSMEs within eight days. Small firms struggling to survive earlier in the face of a slowdown in demand and rising debt, have been particularly badly hit by the 40-day lockdown.

Gadkari also said India should use the opportunity provided by Japan asking its firms to relocate from China. “We have moved a proposal before the Cabinet to acquire land on the sides of (earmarked) highways... We can accommodate the companies moving out of China, bring them to India and settle them in this corridor,” he added.
₹1 lakh cr fund in works to repay pending dues to MSMEs: Gadkari

NEW DELHI: The government will set up a ₹1 lakh crore fund to repay outstanding payments to MSMEs owed by the central and state government undertakings as well as major industries, Union Minister Nitin Gadkari said on Friday.

The minister said he has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

“We have decided to set up a fund of ₹1 lakh crore. We will insure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity and payment-receiving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, centre and state governments and major industries,” Gadkari said. The Minister for MSME and Road Transport and Highways said the fund will impart relief to the micro, small and medium enterprises (MSMEs) sector to a certain extent.

He said the corpus will be a mobile fund that will help increase liquidity in the market.

Interacting with representatives of Assocham via videoconferencing, the minister asked the industry chamber to explore a technical joint venture through investment of capital between Indian industry and major global corporations.

Gadkari also suggested the industry body to compile investment data regarding companies from the US, the UK and other nations present in China and invite them to set up businesses in India. The minister said he is willing to monitor this initiative to expedite all the required permissions in this regard.

Besides, Gadkari said he would take up the issue of expediting GST and income tax refunds with Finance Minister Nirmala Sitharaman to ease MSMEs’ liquidity issue.
₹1-lakh cr fund in the works to repay MSMEs’ dues: Gadkari

PRESS TRUST OF INDIA
NEW DELHI, 25 APRIL

The government will set up a ₹1-lakh crore fund to repay outstanding dues to MSMEs owed by the Central and state government undertakings as well as major industries, Union minister Nitin Gadkari said today.

The minister has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

“We have decided to set up a fund of ₹1 lakh crore. We will ensure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity and payment-receiving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, Centre and state governments and major industries,” Mr Gadkari said.

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Mr Gadkari also suggested the industry body to compile investment data regarding companies from the US, the UK and other nations present in China and invite them to set up businesses in India.

The minister said he is willing to monitor this initiative to expedite all the required permissions in this regard.

Besides, Mr Gadkari said he would take up the issue of expediting GST and income tax refunds with the finance minister to ease MSMEs’ liquidity issue.

“I am also going to recommend to the finance minister that since computerised systems are in place for GST and income tax refunds, why can’t we expedite the system and process refunds within 8 days,” he said.
Rs 1 lakh cr MSME prop

OUR SPECIAL CORRESPONDENT

New Delhi: The government is planning a Rs 1 lakh crore revolving fund for MSMEs to be used by banks to offer small units loans on credit guarantee. Union MSME minister Nitin Gadkari said.

While addressing an Assocham webinar on Friday, the MSME, road transport and highways minister said he has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

“We have decided to set up a fund of Rs 1 lakh crore. We will have to pay the premium. We will fix a formula for sharing the interest burden among the paying entity, the payment receiving entity and banks against this fund,” Gadkari said.

The minister said the fund will give relief to the micro, small and medium enterprises (MSMEs) to some extent. He said the corpus will be a mobile fund that will help to increase liquidity in the market.

On concerns raised by Assocham president Niranjan Hiranandani and senior vice-president Vineet Agarwal on the severe liquidity crunch, Gadkari said his proposals on the revolving fund and the use of the ESIC corpus would be sent to the finance ministry soon.

Gadkari said he has suggested to labour minister Santosh Gangwar to make use of the Rs 80,000-crore lying with the Employees’ State Insurance Corporation (ESIC) to tide over the immediate crisis faced by the MSMEs as the pressure for April salaries and wages is mounting. The proposal will have to be examined by the finance ministry and the Prime Minister’s Office (PMO), he added.

Road investments

Gadkari said the National Highways Authority of India (NHAI) would be speeding up and catalysing investments in the road sector. A proposal is being mooted to plan industrial clusters along the New Delhi-Mumbai Expressway under implementation. “We have moved a proposal for Cabinet that we will acquire land on the sides of the highway. I am telling all our leather clusters that land and labour costs are cheap, we will provide railway, port and power connectivity. We can also bring the companies moving out of China and bring them to India and settle them in this corridor,” he said.

Meanwhile, the government has rescheduled for next week the meeting of Prime Minister Narendra Modi, finance minister Nirmala Sitharaman and other senior officials to discuss the economic impact and response to the pandemic.
Online Coverage
Rs 1 lakh crore fund in the works to repay pending dues to MSMEs: Gadkari

Gadkari said he has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

NEW DELHI: Union minister Nitin Gadkari on Friday proposed a Rs one lakh crore government-backed fund to clear dues of micro, small and medium enterprises (MSMEs) and help them stay afloat through the crisis caused by Covid-19 outbreak in the country.

“I have prepared a scheme and I am sending it to Finance Ministry. We have decided to set up a fund of Rs one lakh crore and we will insure it and its insurance will be paid by government,” Gadkari, who is the minister for road transport and highways and MSME, said in an interaction with members of Associated of Chambers of Commerce in India (Assochem) on Friday.

“We will fix a formula among (the stakeholders) and provide minimum Rs one lakh crore and the interest on the same.”
Working on Rs 1 trn fund for MSMEs to provide liquidity: Nitin Gadkari

Move may see Govt tap into Rs. 50,000 crore worth of ESMC funds

Ruchayan Chakraborty  |  New Delhi
Last Updated at April 3, 2020 23:33 IST

The government may soon set up a Rs 1 trillion revolving fund for micro, small and medium enterprises (MSMEs) to bring in much-needed liquidity for small businesses if the Prime Minister’s Office accepts the proposal, MSME Minister Nitin Gadkari (pictured) said on Friday.

A day after he first mentioned the ambitious scheme, Gadkari on Friday fleshed out his plan at a webinar with industry body Assocham. While the minister remained mum on the details, he revealed that it involves using funds lying idle with the Employees’ State Insurance Corporation (ESIS) to help small businesses on an emergency footing. It will push in liquidity through bank guarantees for MSMEs which have borne the brunt of the ongoing coronavirus crisis.
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**Policy**

**Rs 1-lakh crore fund in the works to repay pending dues to MSMEs: Nitin Gadkari**

PTI New Delhi | Updated on April 24, 2020 | Published on April 24, 2020

The government will set up a ₹1-lakh crore fund to repay outstanding payments to MSMEs owed by the central and state government undertakings, as well as major industries, Union Minister Nitin Gadkari said on Friday.

The Minister said he has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the Finance Ministry gives its go-ahead.

“We have decided to set up a fund of ₹1 lakh crore. We will insure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity and payment-receiving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, Centre and State governments and major industries,” Gadkari said.
The government will set up a Rs 1-lakh crore fund to repay outstanding payments to MSMEs owed by the central and state government undertakings as well as major industries, Union Minister Nitin Gadkari said on Friday.

The minister said he has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

“We have decided to set up a fund of Rs 1 lakh crore. We will ensure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity and payment-receiving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, centre and state governments and major industries,” Gadkari said.
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Union minister Nitin Gadkari also said that the government is poised to change the definition of MSME. (Photo: HT)

**Centre working on ₹1 tn package for MSMEs, says Nitin Gadkari**

2 min read. Updated: 24 Apr 2020, 09:41 PM IST
Shreya Nandi

* We are in the process of finalizing the scheme and will soon send it to the finance ministry for approval. This will be one of the ways to increase liquidity, Nitin Gadkari said.

* Gadkari said he has requested FM Nirmala Sitharaman to fast-track the process of tax refunds.

The government is working on a ₹1 trillion package to ensure timely refunds of dues to small businesses hit by the covid-19-led lockdown, micro, small and medium enterprises (MSME) minister Nitin Gadkari said on Friday. The minister also said that the government is poised to change the definition of MSME, a proposal that is awaiting approval from the Prime Minister.

“We have decided to set up a (revolving) fund of ₹1 lakh crore and we will insure it and its insurance will be paid by the government. We will fix a formula among (the stakeholders) and provide minimum ₹1 lakh crore and the interest on the same,” Gadkari said in a video conference hosted by the Associated Chambers of Commerce and Industry of India.
The Minister for MSME and Road Transport and Highways said the fund will impart relief to the Micro, Small and Medium Enterprises sector to a certain extent.

The government will set up a ₹1-lakh-crore fund to repay outstanding payments to MSMEs owed by the Central and State government undertakings as well as major industries, Union Minister Nitin Gadkari said on Friday.

The Minister said he has devised a scheme to set up the fund and the proposal may be placed before the Cabinet for approval once the Finance Ministry gives its go-ahead.

“We have decided to set up a fund of ₹1 lakh crore. We will insure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity and payment-receiving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, Centre and State governments and major industries,” Mr. Gadkari said.
MANGALURU: The government would be examining a proposal for setting up a revolving fund of Rs 1 lakh crore for injecting the much needed liquidity into small businesses by banks on credit guarantee in the face of Covid-19 crisis. MSME and Road Transport & Highways Minister Nitin Gadkari said at an ASSOCHAM webinar.

Addressing the webinar, steered by top ASSOCHAM leadership and attended online by over 1500 members, Gadkari also said that he has also mooted a proposal to the labour minister Santosh Gangwar to make use of Rs 80,000 crore lying with the ESIC, to tide over the immediate crisis faced by MSMEs as the pressure for April salaries and wages is mounting.
Centre working on Rs 1 lakh crore package for MSMEs

Several industry bodies have urged the government to create liquidity by clearing dues from government departments, public sector undertakings, as well as income-tax and GST refunds.

The government is working on a Rs 1 lakh crore package to ensure timely refunds of dues to small businesses hit by the covid-19-led lockdown, micro, small and medium enterprises (MSME) minister Nitin Gadkari said on Friday. The minister also said that the government is poised to change the definition of MSME, a proposal that is awaiting approval from the Prime Minister.
The government will set up Rs 1-lakh crore fund to repay outstanding payments to MSMEs owed by the central and state government undertakings as well as major industries, Union Minister Nitin Gadkari said on Friday.

The minister said he has devised a scheme to set up the fund and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

“We have decided to set up a fund of Rs 1-lakh crore. We will ensure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity and payment-recieving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, centre and state governments and major industries,” Gadkari said.
Govt to set up Rs 1 lakh crore fund to repay outstanding dues to MSMEs: Nitin Gadkari

The government is working on a separate scheme to address delayed payments issues of MSMEs wherein a dedicated fund will be created for payments to them, says Nitin Gadkari.

Union minister for MSME and Road Transport and Highways Nitin Gadkari on Friday said that the government will set up a Rs 1 lakh crore fund to repay outstanding payments to micro, small and medium enterprises (MSMEs) owned by the central and state government entities, as well as major industries.

"We have decided to set up a fund of Rs 1 lakh crore. We will insure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity and payment-receiving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, Centre and State governments and major industries," news agency PTI quoted Nitin Gadkari as saying.
Rs 1-lakh cr fund in the works to repay pending dues to MSMEs: Gadkari

New Delhi, Apr 24 (PTI) The Centre is working on a scheme to address the issue of delayed payments to MSMEs wherein a Rs 1-lakh crore dedicated fund will be created to reimburse outstanding payments owed by central and state government undertakings as well as major industries, Union Minister Nitin Gadkari said on Friday.

The minister said he is devising the scheme to set up the fund and the proposal will be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

"We have decided to set up a fund of Rs 1 lakh crore. We will insure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity, payment-receiving entity and banks against this fund, for the payments due to MSMEs that are stuck with the PSUs, central and state governments, and major industries," Gadkari said.

The Minister for MSME and Road Transport and Highways said the fund will impart relief to the micro, small and medium enterprises (MSMEs) sector to a certain extent.

He said the corpus will be a mobile fund that will help increase liquidity in the market.

While commenting on delayed payments to MSMEs, Gadkari said all efforts should be made to make payments immediately, and all government departments have been given directions in this regard.
The government is planning a Rs 1 lakh crore revolving fund for MSMEs to be used by banks to offer the small units loans on credit guarantee, Union MSME minister Nitin Gadkari said.

While addressing an Assocham webinar on Friday, the MSME, road transport and highways minister said he has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

"We have decided to set up a fund of Rs 1 lakh crore. We will insure this fund with the government paying the premium. We will fix a formula for sharing the interest burden among the paying entity, the payment-receiving entity and banks against this fund," Gadkari said.

The minister said the fund will give relief to the micro, small and medium enterprises (MSMEs) to a certain extent. He said the corpus will be a mobile fund that will help to increase liquidity in the market.
New Delhi: Union Minister for MSME and Road Transport and Highways, Shri Nitin Gadkari today said that Government is working on a separate scheme to address delayed payments issues of MSMEs wherein a dedicated fund will be created for payments to MSMEs.

While commenting on delayed payments to MSMEs, Gadkari said that all efforts should be made to make payments immediately and all Government Departments have been given such directions.

He was speaking while interacting via video conferencing with the representatives of the Associated Chambers of Commerce of India (ASSOCHAM) on impact of COVID-19 on MSMEs.

Shri Gadkari called upon the industry that while the government has allowed certain industry sectors to start functioning, it is also needed to be ensured by industries that necessary preventive measures are taken to prevent the spread of COVID-19. He emphasized that organizations should ensure that their workers and executives are taken care of by providing food, shelter and maintaining social distancing norms.
Urged PM Modi to release all payments pending from PSUs to MSMEs: Gadkari

The Union Minister said he is in the middle of formulating a scheme of Rs 1 lakh crore to help MSMEs get their pending payments.

By Bhavya Kaushal

Union Minister for Micro, Small and Medium Enterprises (MSMEs) Nitin Jairam Gadkari said he has urged Prime Minister Narendra Modi to take steps to ensure release of all payments pending from various departments of the government, including public sector undertakings (PSUs) and Central government undertakings, to the MSMEs. This will bring liquidity in the market, he said.

The minister also said that he is in the middle of formulating a scheme of Rs 1 lakh crore to help MSMEs get their pending payments.
The government will set up a Rs 1 lakh crore fund to repay outstanding payments to MSMEs owed by the central and state government undertakings as well as major industries, Union Minister Nitin Gadkari said on Friday. He said he has devised a scheme to set up the fund and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

"We have decided to set up a fund of Rs 1 lakh crore. We will insure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity and payment receiving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, centre and state governments and major industries," Gadkari said.

The Minister for MSME and Road Transport and Highways said the fund will impart relief to the micro, small and medium enterprises (MSMEs) sector to a certain extent. He said the corpus will be a mobile fund that will help increase liquidity in the market.
The Union minister stated he has devised a scheme to arrange the fund and the proposal could also be positioned earlier than the Cupboard for approval as soon as the finance ministry provides its go-ahead.

- PTI New Delhi
- Final Up to date: April 24, 2020, 5:52 PM IST

The federal government will arrange a Rs 1 lakh crore fund to repay excellent funds to MSMEs owed by the central and state authorities undertakings in addition to main industries. Union Minister Nitin Gadkari stated on Friday. He stated he has devised a scheme to arrange the fund and the proposal could also be positioned earlier than the Cupboard for approval as soon as the finance ministry provides its go-ahead.

“We have now determined to arrange a fund of Rs 1 lakh crore. We’ll ensure this fund with the federal government paying the premium. We’ll give you a system for sharing of the curiously burden between the paying entity and cost receiving entity and banks in opposition to this fund, for the funds attributable to MSMEs that are caught with the PSUs, central and state governments and main industries,” Gadkari stated.

The Minister for MSME and Highway Transport and Highways stated the fund will impact reduction to the micro, small and medium enterprises (MSMEs) sector to a sure extent. He stated the corpus will likely be a cellular fund that may assist enhance liquidity available in the market.

Interacting with representatives of ASSOCHAM through video-conferencing, the minister requested the business chamber to discover a technical three way partnership by funding of capital between Indian business and main world companies.
Centre working on separate scheme on MSME delayed payments

Union Minister for MSME Nitin Gadkari on Friday said that Government is working on a separate scheme to address delayed payments issues of MSMEs wherein a dedicated fund will be created for payments to MSMEs.

While commenting on delayed payments to MSMEs, Gadkari said that all efforts should be made to make payments immediately and all Government Departments have been given such directions.

He was speaking while interacting via video conferencing with the representatives of the Associated Chambers of Commerce of India (ASSOCHAM) on Impact of COVID-19 on MSMEs.

Gadkari called upon the industry that while the government has allowed certain Industry sectors to start functioning, it is also needed to be ensured by Industries that necessary preventive measures are taken to prevent the spread of COVID-19.

He emphasized that organizations should ensure that their workers and executives are taken care of by providing food, shelter and maintaining social distancing norms.

He stressed that there is also need to focus on import substitution to replace foreign imports with domestic production. He urged
New Delhi, Apr 24 (PTI) The government will set up a Rs 1-lakh crore fund to repay outstanding payments to MSMEs owed by the central and state government undertakings as well as major industries, Union Minister Nitin Gadkari said on Friday.

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Interacting with representatives of Assocham via video-conferencing, the minister asked the industry chamber to explore a technical joint venture through investment of capital between Indian industry and major global corporations.
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Rs 1-lakh cr fund in the works to repay pending dues to MSMEs: Gadkari

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**News Today**

**Rs 1-lakh crore fund in the works to repay pending dues to MSMEs: Nitin Gadkari**

Published By: *The Hindu Businessline Economy* - Yesterday

The government will set up a ₹1-lakh crore fund to repay outstanding payments to MSMEs owed by the central and state government undertakings.

The minister said he has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

He said the corpus will be a mobile fund that will help increase liquidity in the market. (File image)

The government will set up a Rs 1-lakh crore fund to repay outstanding payments to MSMEs owed by the central and state government undertakings as well as major industries, Union Minister Nitin Gadkari said on Friday.

The minister said he has devised a scheme to set up the fund, and ...
One-lakh-crore fund in the works to repay pending dues to MSMEs: Nitin Gadkari

The Minister for MSME and Road Transport and Highways said the fund will impart relief to the Micro, Small and Medium Enterprises sector to a certain extent.
Government Working To Roll Out Rs 1 Lakh Crore Revolving Fund For MSMEs: Union Minister Nitin Gadkari

by Swarajya Staff  -  Apr 25, 2020, 11:10 am

The Government is set to roll out a revolving fund of Rs one lakh crore to ensure timely refunds of dues for the small businesses which have been badly hit by the COVID-19 crisis and the nationwide lockdown, reports Hindustan Times.

The development was announced by Union Minister Nitin Gadkari on Friday (24 April) during a video conference organised by Associated Chambers of Commerce and Industry of India (Assocham).

He also informed that the Government was on course to amend the definition of MSME and that the proposal regarding the same is awaiting approval from Prime
The government may soon set up a Rs1 trillion revolving fund for micro, small and medium enterprises (MSME) to bring in much needed liquidity for small businesses if the Prime Minister’s Office accepts the proposal. MSME Minister Nitin Gadkari said on Friday.

A day after he first mentioned the ambitious scheme, Gadkari on Friday fleshed out his plan in a webinar with the industry body, Assocham. While the minister remained mum on the details, he revealed that it involves using funds lying idle with the Employees’ State Insurance Corporation (ESIC) to help small businesses on an emergency footing. It will push in liquidity through bank guarantees for MSMEs, which have borne the brunt of the ongoing coronavirus crisis.
लघु उद्योगों का सहायकी बनाया चुकाने के लिए बनाया जाएगा। लाख करोड़ रुपये का फंड: गडकरी

जब भी वह कहते हैं कि यह लोगों के लिए तेजी से जमा जाते हैं, तो वह लाख-लाख उद्योगों के साथ जुड़ जाता है। उसके निर्देशों के साथ-साथ MSME के निर्माताओं को भी यह सफलता मिलती है।

लाख करोड़ उद्योगों के साथ मिलकर जमा जाते हैं, तो वह लाख-लाख उद्योगों के साथ जुड़ जाता है। उसके निर्देशों के साथ-साथ MSME के निर्माताओं को भी यह सफलता मिलती है।

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Businesses ask for more

Small businesses said though they welcomed the Reserve Bank of India’s (RBI’s) decision to address the liquidity crunch they were facing, they expected more in the way of support, considering the disruption in supply chains, lack of business, and short supply of labour, because of the nationwide lockdown.

Under pressure to facilitate the flow of more money to micro, small and medium enterprises (MSMEs), the RBI on Friday announced a targeted long-term repo operation (TLTRO) of ₹50,000 crore aimed at small and mid-sized non-banking financial companies (NBFCs) and micro finance institutions (MFIs).

In a hint that the lockdown’s impact could worsen, Union Finance Minister Nirmala Sitharaman later said the amount could be increased if needed.

“We are a bit disappointed. We expected more from the RBI on addressing the fact that banks are not respecting the latest changes in lending norms. They also continue to have significant flexibility in implementing the norms on non-performing assets (NPAs),” said Anil Bhardwaj, secretary general of Federation of Indian Micro and Small & Medium Enterprises. Banks need to be told strictly to pass on the benefits, he added.

The RBI has mandated that funds availed by banks under TLTRO 2.0 be invested in investment-grade bonds, commercial papers, and non-convertible debentures of NBFCs.

“What is more welcome is the announcement that at least 50 percent of this must go to mid and small-sized NBFCs and MFIs. The special refinance facilities to NFI, SIDBI and NABARD would also play a constructive role,” said Niranjan Hiranandani, president of Industry body Assocham.

SIDBI will come out with a product based on terms and conditions that come with the refinancing facility from RBI, said Mohammad Mufti, its chairman and managing director. The refinancing will reduce the cost of funds for SIDBI as money will come at policy repo rate, which remains at 4.4 per cent and it will pass on the benefit in the form of lower in-lending rate, he added.

Industry insiders hope the impact of the measures would be felt soon. RBI has mandated that NBFCs have to invest the funds they receive within a month of availing the loan from RBI.

The reverse repo rate cut by 25 bps from 4 per cent to 3.75 per cent is appreciable as it will make it unattractive for banks to passively deposit funds with the RBI and instead lend it to productive sectors. But we urge the government to provide an increased stimulus relief package of ₹16 trillion, which is around 7 per cent of GDP (gross domestic product) sooner than later to mitigate the impact of Covid-19 on economy, trade and Industry,” said D K Aggarwal, president of the PHD Chamber of Commerce and Industry.

Exporters want more

Exporters remain unhappy despite the latest measures. “The 90 days NPA norms to exclude moratorium on deferment period will give relief particularly to MSME units. But we again stress that government should immediately announce a comprehensive economic package for the industry to provide relief in payment of wages, statutory obligations, rental and utilities,” said Sharad Kumar Saraf, president of the Federation of Indian Export Organisations.

Saddled with weak domestic demand and intense competition from major international rivals, exporters have sought extension of pre and post-shipment credit tenure, interest-free loan to cover forward losses and enhancement of export benefits. According to a report World Trade Organisation, quoted by the RBI Governor Shaktikanta Das, global trade is expected to decline up to 32 per cent in 2020. “With China recovering from the pandemic’s impact, it would flood global markets with essential supplies. India needs to have a specific strategy that should ride on empowering exporters to deal with this challenge,” said Ravil Sehgal, chairman of Engineering Exports Promotion Council India.

Meanwhile, the Apparel Export Promotion Council on Friday requested the central bank to protect exporters from penalty on forward covers due to exchange rate fluctuations. Exporters are concerned about sharp fluctuations in currency in the past few weeks and the resultant penalty that banks charge on cancellations and exchange rate differential charges for the period for which the forward cover was booked, AEPCC Chairman A Sakhivela said in a letter to the RBI governor.
RBI measures to benefit realty

‘Reverse repo rate cut will nudge banks to lend more’

SPECIAL CORRESPONDENT
Mumbai

Players in real estate segment and analysts have welcomed the measures announced by Reserve Bank of India Governor Shaktikanta Das to infuse liquidity into the financial markets to deal with the crisis arising out of COVID-19 outbreak.

Sanjay Dutt, MD & CEO, Tata Realty and Infrastructure Ltd, said, “The RBI’s decision to slash reverse repo rate by 25 basis points and additional liquidity measures will provide some relief to the sector, which had already been dealing with its own set of issues prior to the pandemic.

“These measures are bound to encourage banks to lend more, thereby improving the credit flow and giving more purchasing power to home buyers and investors.”

Niranjan Hiranandani, president, Assocham and NAREDCO said, “For real estate, the announcement that loans given by NBFCs to real estate companies would get similar benefits as those given by the scheduled commercial banks is positive.”

NHB allocation

Anuj Puri, chairman, Anarock Property Consultants, said, “the allotment of ₹10,000 crore to the National Housing Bank is a big move for the real estate sector reeling under a liquidity crisis. It will help provide capital to HFCs and eventually provide major relief to developers battling liquidity issues in COVID-19 times.”

Manju Yagnik, vice-chairperson, Nahar Group and vice-president, NAREDCO (Maharashtra), said, “These steps would prove to be a booster dose to the economy, impacted by COVID-19.”
RBI MEASURES
Deepak Sood, secretary-general, Assocham

The whatever-it-takes approach of the RBI, to face the challenge of the health crisis that is projected to shave $9 trillion off the global economy in two years, reflects courage and responsibility. Governor Shaktikanta Das is clearly on top of the situation, navigating it in the high seas of fast-evolving challenges...
PM praises RBI; Oppn says more needed

Rajeev Jayaswal
rajeev.jayaswal@live.com

NEW DELHI: Prime Minister Narendra Modi said on Friday the second round of monetary measures by the RBI will enhance liquidity and improve credit supply. “These steps would help our small businesses, MSMEs, farmers and the poor. It will also help all states by increasing WMA limits,” he tweeted.

Finance minister Nirmala Sitharaman said the RBI took a host of steps to maintain adequate liquidity in the system, incentivise bank credit flows, ease financial stress and enable normal functioning of markets.

Experts said the move will infuse more liquidity in the banking system and bring relief to borrowers, but the central bank’s ability to shield the economy from the adverse impact of Covid-19 is limited and the government needs to come up with a major stimulus package.

“He is doing a very tightrope walk by keeping the customers alive and banks not slipping into the red. Despite limitations, RBI governor has done what was within his capacity, but the government has not yet really stepped in with policy and fiscal measures required in this unprecedented situation,” economist Pronab Sen, former chief statistician of India, said.

Nomura Global Market Research said the RBI governor had outlined measures to divert liquidity to the “have-nots” in the financial system by disincentivising banks from parking excess liquidity with the RBI and through regulatory easing measures for banks and shadow banks.

“Monetary policy will be in sync with fiscal policy, where we expect a second round of fiscal stimulus to be announced shortly following the first tranche of 0.8% of GDP [gross domestic product],” the report said. Industry, which has been concerned about an acute liquidity crunch and slump in demand even as business activities resume partially next week, is expecting a booster dose of up to ₹1.86 lakh crore from the government. At least three government officials said requesting anonymity that the finance ministry is in discussion with the Prime Minister’s Office to finalise a comprehensive stimulus package soon.

According to DK Srivastava, economist and chief policy advisor at EY India, the reverse repo rate cut and increase in the WMA limits would “facilitate increase in economic activities as the lockdown is progressively eased.” The ways and means advance (WMA) is an instrument the RBI uses to provide enhanced temporary loan facilities to cash-strapped states. As per Assocham, companies want the government to clear the ₹2.20 lakh crore owed to them by government departments and agencies.

Opposition parties urged the government to take more steps to mitigate the problems of the poor. Congress leader Anand Sharma also said the measures were “far too little” to meet the needs of industry”. 
Ind players seek more working cap

SANJAY JOSI
Mumbai

Industry players said RBI’s second financial stimulus is expected to ensure adequate credit flow to the productive sectors of the economy. However, they insist that it is not enough, and RBI needs to give mandate to the banks to provide additional working capital required for the revival after the coronavirus crisis.

FICCI President Dr Sanjita Reddy observed that the economy and industry need a heavy dose of liquidity infusion and the financial intermediaries need the confidence that the steps they take to support industry in this hour of crisis will be viewed leniently and not attract regulatory actions in terms of asset reclassification and a provisioned provisioning. She said FICCI is looking forward to RBI coming out with more such measures in one course as the requirements of the economy may grow larger.

“Overall, it has been a comprehensive set of announcements today. Of course, we were also looking forward to allowing NBFCs and MFI’s a moratorium on their loans from the banking sector as this is extremely crucial given that NBFCs and MFIs have to offer a moratorium to their borrowers. Further, on the asset quality related accounting treatment, we hope RBI will engage with the Ministry of Corporate Affairs and suitable notifications will be issued,” said Dr Reddy.

FICCI President Ashish Vaid asserted that RBI’s slew of measures will give a massive liquidity push to the economy.

On the other hand, CII Director General Chanduji Banerjee said the RBI’s move to pare the reverse repo rate by 25 bps to 3.75 per cent under the LAF is expected to discourage banks from parking their excess funds with the central bank. It can be hoped that when the monetary policy committee meets, the repo rate will also be reduced. “CII is encouraged by the buoyant optimism provided by the RBI Governor when he said that though the macro economic landscape has deteriorated severely in some areas, it is still among the handful countries projecting positive growth,” he noted.

ASSOCHAM President Niranjan Hiranandani viewed that today’s targeted liquidity transition measures aimed to improve the yield curve and incentivize banks to deploy more funding to the industry seems to be a kick-start step towards financial resilience.
RBI’s relief for non-banks to support realty, small biz

Developers Get 1 Yr More To Start NBFC Loan Repayments

Prabhakar Sinha & Mayur Shetty

New Delhi/Mumbai: The Reserve Bank of India (RBI) on Friday allowed real estate developers up to one more year to start repayment of loans availed from non-banking financial companies (NBFCs). Allowing developers to extend the official date of completion also benefits NBFCs as they can restructure loans without having to classify the borrowers as defaulters.

While banks have already been allowed to extend the completion date, NBFCs are major lenders to this segment. “According to the latest data by the RBI, NBFCs’ outstanding credit to the commercial real estate stood at Rs 1,28,359 crore as of end September 2019. The relaxation of NPA (non-performing asset) classification norms and extension of one year for commencement of projects to real estate developers by NBFCs will provide the much-needed relief to the sector,” said JLL India CEO & country head Ramesh Neel.

RBI governor Shaktikanta Das also increased the ability of NBFCs to lend by providing liquidity through the refinance route from Slab (Rs 15,000 crore) and National Housing Bank (Rs 10,000 crore). He also announced a Rs 50,000-crore funding exclusively to banks which lend to NBFCs through a targeted long-term repo operation (TLTRO 2.0) at a rate of 4.4%.

To avail this, banks must invest this in bonds, commercial papers (CPs) and non-convertible debentures (NCDs) of NBFCs. Half of these funds have to be invested according to RBI’s directions — 10% in debt issued by microfinance institutions, 15% in NBFCs with assets size of below Rs 500 crore, and 25% in NBFCs with assets between Rs 500 crore and Rs 5,000 crore.

According to Nitin Mittal, CEO of Suv, which is a platform for small and medium enterprises, Friday’s measures have the MSME segment as end beneficiaries.

Stressed borrowers who have not turned into NPA by March 1, 2020 can get the extension of three more months before the NPA definition kicks in. This means a stressed developer can repay in 180 days instead of 90 days without being labelled as an NPA.

Niranjan Hiranandani, President of Assocham and Naredco, said that the perception that authorities had focused only on saving lives and not livelihoods was dispelled on Friday. Aadhar Housing Finance MD & CEO Deep Shankar Tripathi said that standard classification status of loans as of March 1, 2020 will exclude the 90-day moratorium period from March 1 to May 31.
RBI moratorium evokes mixed reactions from developers

'May Look Attractive, But Won't Benefit The Targeted Segments Fully'

Jayan, Sivan@timesgroup.com

Chennai: The developer community has mixed reactions to the RBI announcement of moratorium benefits to those who have taken loans from NBFCs.

"From the perspective of regulatory norms to spur an economic revival, the measures announced by RBI aim to maintain adequate liquidity in the system, facilitate bank credit flow and ease financial stress," said Niranjan Hiranandani, president of Assocham and Narodco.

Many leading real estate consultants felt RBI governor Shaktikanta Das's announcement on Friday - that the three-month moratorium is applicable to NBFCs - would help real estate developers who had taken loans from such NBFCs. The RBI's liquidity support to the National Housing Bank should help real estate firms that have taken loans from Housing Finance Companies too. Even the Confederation of Real Estate Developers' Association of India felt the RBI measures would bail out the realty sector. But individual developers, during the course of the day, got feedback from NBFCs, HFCs and Alternate Investment Funds that they need not expect any moratorium. "The refrain of the NBFCs is that the RBI announcement would not help big NBFCs that have funded realty firms," said a Chennai-based developer.

The RBI has estimated the outstanding of NBFCs to the commercial real estate sector at close to Rs.3 lakh crore as of September and last year.

"Composition of borrowing pattern of NBFC and HFC comprises different segments like bank money, international borrowing, bond market and call money market. Typically, bank borrowing doesn't exceed 50% of overall borrowing of NBFC and HFC. So, even if banks give moratorium to them, the issue will remain towards the balance 50% of borrowing (beyond bank borrowing) where the moratorium does not cover and has to be serviced on time," said Shobhit Agarwal, MD, Anarock Capital Advisors.

It is pertinent to note that while the RBI has been rolling out relief packages to tide over the Covid-19 impact, SEBI, which regulates Alternate Investment Funds, is keeping silent. In view of the looming economic crisis, SEBI needs to step in before it is too late.

The RBI sops may look attractive, but would not benefit the targeted segments fully, said Prakash Challa, MD of SSPDL, a Chennai-based developer. The RBI announcement says the moratorium is for EMI payments in March, April and May. It means, one needs to make the next payment only in June. "When more than 90% of the debtors had paid their March EMI weeks before the RBI announcement on moratorium was made, where is the question of someone getting three months moratorium? In effect, someone who has taken a bank loan gets only two months moratorium," said Challa.

"This is virtual global lockdown. The government and the RBI should take a holistic view of things and see how long the impact of Covid-19 could last on the economy. Even presuming that the spread of the virus is contained in two-three months, for the economy to bounce back, it may take a year from now. If the moratorium should be meaningful, it should be for a one-year period, and more importantly banks should not be allowed to levy interest for that one-year period. When all other sectors are taking hits, how can banks alone make profits? Part of the interest burden should be borne by the bank and the balance should be compensated by the government," said Challa.

The unsettling of the migrant labour workforce on account of lockdown could delay restarting of construction activity in real estate projects. In this context, the one-year extension of the date of commencement of commercial operations of the borrowing entity, announced by the RBI on Friday, could render some help, said Shishir Bajaj, CMD, Knight Frank India. But it may not help all projects because banks are not willing to give the benefit of restructuring where the projects are nearing completion, said Challa.
Prime Minister’s move to build on lockdown gains wise: ASSOCHAM

ASSOCHAM has supported Prime Minister Narendra Modi for extending the nationwide lockdown till May 3 for saving each and every Indian from the unprecedented global pandemic, with a firm conviction that the government would soon be announcing a large and effective financial package for protecting agriculture, industry, trade with a particular focus on the MSMEs and millions of jobs, said ASSOCHAM secretary general, Deepak Sood. “Prime Minister’s decision to consolidate gains from the earlier 3-week lockdown is a wise move, even though it has economic costs, as Modi has talked about in his address to the nation. His call to the people and the state and local authorities to strictly enforce the lockdown till April 20 for qualifying to get relaxation is a double-edged tool for effective results,” Sood said.
Social Security for Gig Workers on Fast Track
Workers in unorganised sector proposed to get health insurance, pension, provident fund and unemployment benefits

New Delhi: The government has fast-tracked a plan to provide social security for gig economy workers and those in the unorganised sectors, anticipating a significant increase in their numbers as unemployment soars due to the Covid-19 crisis.

Senior officials talked with stakeholders about a scheme that will provide minimum social security including pension, provident fund, health insurance and unemployment benefits to these workers. An ordinance to this effect will be brought in soon, they said.

The move is likely to benefit millions of people, including taxi drivers associated with taxi-hailing apps, delivery persons working for ecommerce firms, day-to-day helpers available through platforms like Urban Company (earlier known as UrbanClap), besides rickshaw pullers and roadside vendors.

These segments account for nearly 90% of the country’s 500 million workforce and do not fall under traditional employer-employee relations.

The need for a dedicated scheme for gig workers was first proposed by the labour ministry in the social security code which was tabled in Parliament last year. The code is currently pending with the standing committee on labour. Sources told ET that the government will soon move a cabinet note to bring an ordinance to implement the code. “The scheme is being finalised and a cabinet note will be moved soon,” one of the officials aware of the discussions said.

The government has held several rounds of discussions since the second week of March with existing social security providers, like the Employees Provident Fund Organisation and the Employees’ State Insurance Corporation, sources said. While the financial details of the scheme are being worked out, it is expected that the kitty will be built from contribution by workers and the government, besides the employer, wherever applicable.

The government could also raising funds through imposition of some cess on the existing cess fund of Rs2,000 crore under the Building and Other Construction Workers’ Act of the labour ministry under the umbrella of Social Security Fund envisaged under the Labour Code. In January, industry body ASSOCHAM had projected that the gig economy in India would grow at a CAGR of 17% to hit gross volume of about $450 billion by 2025.
Stress to remain beyond Q1: Survey

Rajeev Jayaswal
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NEW DELHI: About 29% of 3,550 companies polled in a survey published on Wednesday plan to defer or cancel their investment plans in the aftermath of the Covid-19 pandemic, which they said, will have an impact on the economy going beyond April-June, the first quarter of the financial year, attesting to the long haul they face in returning to normal.

More than half the respondents said the measures taken by the government wouldn’t have much of an effect in countering the virus’s impact on industry, according to the findings of the survey, jointly conducted by the Associated Chambers of Commerce and Industry of India (ASSOCHAM) and consulting firm Primus Partners.

Only 11.5% of companies surveyed found the government’s measures to be “very effective.” Nearly 34% found them “somewhat effective” and 27.5% of respondents said they would have “no effect” on industry. The remaining respondents clubbed them in the ineffective category, said the survey.

Restrictions on the movement of people and goods have affected workforce capacity and disrupted supply chains, bringing economic activity to almost a standstill, the survey noted. “While most respondents don’t expect their industry to recover soon, they are also not confident of the effectiveness of measures to support industry-specific challenges at the state level,” it said.

The survey covered companies across sectors, including manufacturing, infrastructure and services, encompassing all segments—small, medium, and large. It found that lack of working capital is the biggest worry of the industry (33%), while payment of salaries with output loss was the second biggest pressure point for 27% of the respondents. When it comes to revenues, over 78% of the respondents said the impact in the April-June quarter would be the maximum.
62% industrial units plan to cut manpower

According to the survey conducted by Assocham, in partnership with business and management consulting firm Primus Partners, 3,502 small, medium and large segment industries in manufacturing, infrastructure and services sector, only 30% of the industries would like to retain their human resource for re-opening of the economy.

Over 50% of the industrial units participating in the survey are expecting more than 25% reduction in head count, over 14% units eye 11-25% manpower reduction and over 21% companies expect scaling down of up to 10% workforce.

The report says over 70% of the surveyed industrial units are of the view that the economic impact of the nationwide lockdown would also extend to the second quarter (July-September) of the financial year as the lockdown has resulted in a breakdown in the supply chains from raw material to intermediate to finished goods and transportation to the consumers.

"While most respondents don’t expect their industry to recover soon, they are also not confident of the effectiveness of measures to support their industry-specific challenges at the same level," reads the report.

Asked about the effectiveness of government measures for the industry, 34% of the participating industries felt the measures were "somewhat effective". 23% noted "no effect" and 14% found "very ineffective".

The survey found that the coming few weeks will determine the extent to which businesses will have to tighten purse strings.

Assocham secretary general Deepak Sood said, "While we expect major easing of lockdown after May 3, even if some states continue with stringent restrictions, the industry faces a long haul of challenges till the world finds a medical solution to the coronavirus pandemic."

He added that hopefully, India remains among those least-affected, aided by several factors like young population, ramp-up in health infrastructure, aided by nation-wide lockdown, though at a huge economic cost.

Out of the total 3,502 companies that participated in the survey, 48% were from manufacturing sector, 14% from infrastructure sector and 38% from services sector.
Govt on overdrive to draw up second economic package

After a series of deliberations, PM to meet FM today

ARUP ROYCHOWDHURY
New Delhi, 23 April

Prime Minister Narendra Modi and Union Finance Minister Nirmala Sitharaman will again meet on Friday to finalise a second stimulus package for industry, the poor, and farmers.

An announcement is expected within the next 24-48 hours. Friday’s meeting follows a wide range of deliberations held within the government and with eminent experts. However, there may not be a “big bang” stimulus package and the government thinking is to go for smaller, targeted announcements.

Senior officials in the Prime Minister’s Office had a videoconference with those in the finance ministry, NITI Aayog, members of the Economic Advisory Council (EAC) to the Prime Minister, and independent experts. Those who are learnt to have participated in the meeting include former Reserve Bank of India (RBI) governor Urjit Patel, EAC Chairman Bibek Debroy, EAC Member Najeeb Jung, Rbi Governor Shaktikanta Das, and Pranab Dasgupta. The meeting was attended by top officials from ministry and officials from high-level departments, including the Planning Commission, Finance, and Economic Affairs Secretaries.

On the government’s side, those who attended included Cabinet Secretary Rajiv Gauba, Principal Secretary to FM PK Mishra, Economic Affairs Secretary Anuwar Chandhok, NITI Aayog Vice-Chairman Rajiv Kumar, NITI Aayog Chief Executive Officer Amitabh Kant, Ratan Watal (also of the NITI Aayog), and Chief Economic Advisor Krishnamurthy Subramanian.

“We have got a lot of feedback from states and industry bodies from the ground and other stakeholders. There have been wide-ranging deliberations,” said a senior official.

The upcoming package will again be aimed at the urban and rural poor, including migrant labourers stuck away from their homes; other disadvantaged sections of society; micro, small and medium enterprises (MISMEs); and some of the worst-affected sectors.

Govt on overdrive...

For industry, the aim will be to provide easier and cheaper access to credit, and could also mean the Centre pumping in more money into the credit guarantee fund trust for small and medium industries.

The measures being finalised could include easier access to credit for MSMEs and further cash and food transfers. There is a proposal for another hike in payments under the Mahatma Gandhi National Rural Employment Guarantee Scheme, and disbursements under the PM-Kisan scheme could be further expedited.

The upcoming package could be roughly similar in size to the ₹1.7 trillion stimulus announced by Sitharaman in late March. That package was around 0.8 per cent of GDP, much smaller than the ones of most other G-20 nations.

The US stimulus package was pegged at 11 per cent of GDP, Australia’s at 9.7 per cent, and Brazil’s at 3.5 per cent, according to data portal Statista.

Chambers like ASSOCHAM and FICCI have been asking for big bang packages, ranging from $7 trillion to $23 trillion.

Last week, the government allowed economic and industrial activity to resume in rural areas, where harvesting for rabi crops has begun.
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**'DON'T HARASS INDUSTRY'**

**No Clause in Rules to Arrest CEOs: Centre To States**

Home secretary writes to states after meeting industry

Our Political Bureau

New Delhi: The Centre on Thursday wrote to all states, clarifying that there is "no such clause" in the April guidelines which allow a state to "take legal action, including imprisonment of a CEO" in case an employee is found to be harassing colleagues.

The letter from home secretary Ajoy Bhalla was issued to all chief secretaries after he, along with DoPT secretary Gauravpand Mohapatra, held a meeting with prominent industry representatives including those from the CII, FICCI, and ASSOCHAM.

The letter sought to address "specific apprehensions" in imprisonment of CEOs, insisting the factory premises for three months and shutting down a factory for two days for non-compliance of April 15 guidelines - which were raised by industry representatives.

I would like to clarify that there is no such clause in the consolidated revised guidelines and therefore there is no basis for such misplaced apprehensions," wrote Bhalla, adding that "these should not be misconstrued to harass the management of any manufacturing/ commercial establishment."

The home secretary further clarified that the April 10 guidelines don't "curtail any exemptions" already provided unless they fall in containment zones. "Finally, it is emphasised that subject to compliance with SOP on social distancing, no fresh licence or statutory approval is required for resumption of permitted activities during lockdown."

Three Other Issues Raised ≥ 6

Earlier in the day, Bhalla had assured industry representatives that the guidelines, issued under the 2020 Disaster Management Act, were "precautionary in nature and not meant to harass businesses. He along with Mohapatra conveyed that the government was "on the same page" as the industry in resuming economic activity.

"Criminal liability of employers in case of finding Covid-positive cases among employees has been mentioned by many industry members across states and needs to be clarified. We have seen the clarification from MHA (ministry of home affairs) yesterday. A notification or announcement that employers will not be held responsible for Covid-positive cases will add confidence," stated the CII after the meeting.

Besides the issue of using penal provisions against owners and managers in case a worker is found Covid positive, industry representatives raised three other issues.

First, since states with most business and containment account for over 55% economic activity, there should be some relaxation in standard operating procedures in these areas. On this, Bhalla said that while this is a matter of the health ministry, the government will hold inter-ministerial discussions involving all stakeholders to examine the issue.

Second, the industry wanted to know if some place in Delhi-NCR, like Noida, could be opened up for business. To this, government officials said it was for the Utter Pradesh government to decide and Centre was not in a position to overrule them.

Third, industry representatives expressed concerns regarding availability of labour and wanted to know if the Centre could intervene as workers were headed to villages. They suggested that workers should be permitted to stay within 10 km of their place of work and should be allowed to use their own transport such as two-wheelers.

This apart, the home ministry said on Thursday that economic activity was picking up in rural areas. The Centre had allowed industrial activities in rural areas and establishments from April 20. This included manufacturing, construction, storage and transport of essential items, road construction, functioning of warehousing and cold storage.
Govt allays fears of Covid action on CEOs

New Delhi: The Centre on Thursday said no legal action would be taken against the CEO of any company if an employee tests positive for Covid-19, but warned the factory be sealed.

It stressed against the misuse of the revised lockdown guidelines to harass the management of any manufacturing or commercial establishment.

In a letter to the chief secretaries of all the states and Union Territories, Union home secretary Ajay Bhalla said a few companies with manufacturing facilities had expressed fears in the media based on a misinterpretation of the guidelines.

He cited three misapprehensions:

1. The states may prosecute or imprison a CEO if a Covid-positive employee is found in the factory.
2. The factory premises will be sealed for sanitisation.
3. A factory that has failed to take precautions may be closed down for two days and allowed to operate only after full compliance.

The home secretary said it was important that all workplaces ensure social distancing and followed the health protocols notified by the government.

He said workplaces and industrial and commercial establishments were required to follow the guidelines about safe distancing prescribed in the national directives and ROCs (standard operating procedures). Any breach of these guidelines would lead to the cancellation of permissions.

He also said the government had received notifications from some states that employers were not being allowed to operate beyond the specified timings.

The home secretary said the government had issued guidelines that companies could operate beyond the specified times and that no coercive action would be taken against them.

Earlier, after their meeting with Bhalla and Mahaputra, industry representatives had said the government should issue a notification stating employers would not be held responsible if any worker tests positive after the resumption of operations in manufacturing establishments.

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Over ₹80k cr lying in ESIC may be utilised to provide relief to industry

Amrit Sagar Mittal—who is chairman of Assotech NorthEastern Regional Development Council, vice-chairman of the Punjab state planning board and vice-chairman of Sonalika Tractors—speaks to TOI’s Sanjeev Verma about the impact of coronavirus lockdown on the industry.

What is the estimated loss of industries in the northern region (Punjab, Haryana, Himachal Pradesh, Chandigarh, Jammu and Kashmir and Ladakh) during the lockdown from March 22 to May 3?
It is too early to estimate the quantum of losses. We are currently focused on helping our stakeholders in combating and mitigating the overall impact of this outbreak on the industry and on the lives of our people. Assotech is working closely with all industry and government leaders to analyse and give timely inputs and suggestions besides making industry ready for the graded opening of economy.

Given the restrictions imposed by the Union ministry of home affairs and states, what is the percentage of industries in the northern region that can restart operations immediately?
At present, we are strictly following the guidelines set by the Union and state governments and waiting for proper government instructions to restart operations. On April 11, we had recommended the graded opening of economy and we are still endorsing the same. We are glad that Union government has acknowledged and accepted our recommendations. Several states have identified green zones and hence, industry there has started functioning while following health guidelines and precautions. Punjab government has also extended the working hours for optimum utilisation for available labour in the factories that are allowed to operate.

Do you think that the industrial sector, mainly MSME sector, would be able to honour the Prime Minister’s appeal of non-retenchment and not cut salaries of their employees during lockdown?
While we are honouring the appeal by the Prime Minister. We are also seeking an urgent economic stimulus that is much needed now in the light of this global recession caused by this outbreak. Most economies of the world have already instituted stimulus measures starting with 10% of their GDP. US has done $2.2 trillion already on a GDP base of $20 trillion, with similar numbers reported by European Union, Japan, Indonesia and other nations. We at Assotech believe the steps that are needed for the working class and businesses are largely interdependent. Both are closely connected as labour is employed by the businesses—unless we do not bring businesses back—it will be hard to pay idle labour. Indefinitely, it is actually cheaper to restart the economy than to pay labour and do nothing.

What are the major changes, which you think, would be observed in the industrial sector post-lockdown?
As the lockdown period is approaching closer to deadline, several talks are on-going on the strategy of re-opening industry and economy. Assotech has formulated a calibrated approach for the re-opening of economic activities in phases, putting agriculture, export units, highly automated industries and selective construction ahead of other vital sectors, with each phase strictly adhering to the safety SOPs (standard operating procedure), which include medical fitness and testing of employees resuming work.
No CEO will be penalized if an employee tests positive: MHA

Govt clarification comes after ‘apprehensions based on wrong interpretation of guidelines’ were raised.

Union home secretary Ajay Bhalla on Thursday told states that no chief executive officer (CEO) will be penalized if employees test positive for the coronavirus at factories that have reopened in the second phase of the nationwide lockdown.

The ministry made it clear that any ‘apprehensions based on wrong interpretation of the guidelines, have been raised’.

In a letter, the ministry said that the CEO will not face legal action, including imprisonment. Factory premises will not be sealed or shut down either.

“I would like to clarify that there is no such clause in the consolidated guidelines and, therefore, there is no basis for such misplaced apprehensions,” Bhalla said in his letter.

The ministry also said the consolidated guidelines for the lockdown “should not be misused by anyone to harass the management of any manufacturing or commercial establishments”.

After the ministry issued a revised set of guidelines for the second phase of the lockdown, agricultural and industrial activities resumed on 20 April. The guidelines also specified the details of exempted activities, and associated terms and conditions.

The latest communication to states and Union territories came hours after Bhalla, along with secretary in the Department for Promotion of Industry and Internal Trade (DPIIT), Gurnam Singh, wrote to industries’ associations to allay their apprehensions.

Bhalla also told states that “it is important that all workplaces take measures to ensure social distancing and follow standard health protocols as notified by the ministry of health and family welfare as COVID-19 is a highly infectious disease”.

While the guidelines now require workplaces to maintain social distancing and hygiene norms, the home secretary said the activities allowed under the consolidated guidelines, except in containment zones, have subsumed all the earlier activities that were permitted under the earlier guidelines issued on 24 March.

“All workplaces should take measures to ensure social distancing and follow health protocols,” the secretary clarified that the consolidated guidelines issued 24 April do not curtail the exemptions already provided earlier, unless the exempted activity falls within a containment zone. Therefore, no separate or fresh permissions are required from authorities for industries already permitted to operate prior to April 15, in areas falling outside containment zones,” he said.

Earlier, after their meeting with Bhalla and Mohapatra, Industry representatives said the government should issue a notification clearly stating that employers will not be held responsible in case any worker tests positive for COVID-19 after resuming operations in manufacturing units. Industry chambers, such as CII and ASSOCHAM, attended a video conference.

The chambers also urged that within certain zones, there should be a clear demarcation of hotspots, or containment zones, as defined by the Ministry of Home Affairs, and economic activities outside containment zones may be permitted.

“Criminal liability of employers in case of finding COVID-19 positive cases among employees has been mentioned by many industry members across states and needs to be clarified. We have seen the clarification from MHA yesterday. A notification or announcement that employers will not be held responsible for COVID-positive cases will add confidence,” the CII said.

On Wednesday, the Union labour secretary had assured the industry body that companies will not be penalized if employees joining work test positive for the coronavirus.

PTI contributed to this story.
RELIANCE LIKELY FOR COVID-HIT COS

Gadkari Wants ₹1 L cr Fund for Small Firms

Govt-backed mobile fund to help MSMEs clear dues

Big Step for Small Cos

Delayed payments of MSMEs a concern for government

NITIN GADKARI
Minister for road transport and highways and MSMEs

Our Bureau

New Delhi: Union minister Nitin Gadkari on Friday proposed a ₹1 lakh crore government-backed fund to clear dues of micro, small and medium enterprises (MSMEs) and help them stay afloat through the crisis caused by "COVID-19 outbreak in the country."

“We will ready a ₹1 lakh crore fund, which will be insured by the government. Against this fund, delayed payments can be released by the banks,” Gadkari, who is the minister for road transport and highways and MSMEs, said in an interaction with members of Associated of Chambers of Commerce in India (ASSOCHAM) on Friday.

One of the ideas that has been floated is to create a revolving fund to handle this issue,” a government official told ET.

Responding to questions about a ‘relief package’ for MSMEs, Gadkari said that the ₹1 lakh crore fund will help, but it is possible to mobilise it only with the approval of the finance ministry and the union Cabinet.

“The ₹1 lakh crore package is not in my hands. I am ready to insure ₹1,500 crore for the fund. But only after the finance ministry’s approval will it go to the Cabinet. Otherwise there will be difficulty in pushing the scheme ahead,” he said.

Maintaining that industries that have been opened up should adhere to social distancing norms at all costs, Gadkari added that the government was looking to restore economic activity in all areas that have so far remained unscathed by the outbreak of coronavirus.
Working on ₹1-trn fund for MSMEs: Gadkari

Centre may tap into ₹80,000 crore of ESIC funds

SUBHAYAN CHAKRABORTY
New Delhi, 24 April

The government may soon set up a ₹1-trillion revolving fund to help micro, small and medium enterprises (MSMEs) with the much-needed liquidity, MSME Minister Nitin Gadkari said on Friday. The proposal will have to be approved by the finance ministry and the Prime Minister’s Office.

During a webinar with industry body Assocham, the minister said the plan is to push liquidity through bank guarantees.

Gadkari said he has asked Labour Minister Santosh Gangwar to make use of ₹80,000 crore of funds lying idle with the Employees’ State Insurance Corporation (ESIC).

“We have decided to set up a fund of ₹1 trillion and its insurance will be paid by the government. We will fix a formula among (the stakeholders),” said Gadkari.

The minister said the government would provide a guarantee for the fund which would be mobile and keep revolving. Sources say the move comes as the MSME Ministry has been swamped with reports of small businesses across the country struggling to pay monthly wages to the labour that have managed to turn up at factories after the lockdown was partially relaxed.

Gadkari promised to look into the issue of pending dues for MSMEs. He said ₹40,000-50,000 crore could be injected into the market by releasing the due payments, sources said. The MSME Ministry is also planning a separate scheme to accord credit rating to MSMEs based on their turnover, exports, and goods and services tax (GST) payments.

However, officials have ruled out a specific scheme for exporters.

MSME Minister Nitin Gadkari said ₹40,000-50,000 crore could be injected into the market by releasing dues

Saddled with weak domestic demand and intense competition from major international rivals, MSME exporters have sought extension of pre- and post-shipment credit tenure, interest-free loan to cover forward losses and enhancement of export benefits.

Gadkari also said he would suggest to the finance minister that refunds for GST and income tax be fast-tracked and cleared within eight working days.

On Friday, the minister also said the National Highways Authority of India would speed up and catalyse investment into the road sector. A proposal is being mooted to plan industrial clusters along the new Delhi-Mumbai Expressway.

“We have moved a proposal to the Cabinet, saying we will acquire land near highways. I am telling all our leather clusters that land and labour costs are cheap, we will provide railway, port and power connectivity. We can also bring the companies moving out of China to India and settle them in this corridor,” he said.
₹1-lakh-cr fund soon to help clear dues to MSMEs: Gadkari

FE BUREAU
New Delhi, April 24

THE GOVERNMENT IS weighing a proposal to set up a revolving fund of ₹1 lakh crore to inject liquidity into small businesses by banks under official credit guarantee to fight the Covid-19 pandemic. MSME and transport minister Nitin Gadkari said on Friday, days after industry raised similar demand for a relief.

Speaking at an ASSOCHAM webinar, the minister said the fund will be used to clear dues owed to small businesses by state-run entities as well as industries. The Centre itself and assorted agencies owned and managed by it are estimated to owe nearly ₹5 lakh crore to corporate India and some state-run agencies like FCI. A significant portion of these dues are owed to MSMEs. Also, the big private companies owe large amounts to MSMEs.

Continued on Page 2
Centre working on ₹1 tn package for MSMEs

The government is working on a ₹1 trillion package to ensure timely refunds of dues to small businesses hit by the COVID-19-led lockdown, micro, small and medium enterprises (MSMEs) minister Nitin Gadkari said on Friday. The minister also said that the government is poised to change the definition of MSME, a proposal that is awaiting approval from the Prime Minister.

“We have decided to set up a revolving fund of ₹1 lakh crore and we will ensure it and its insurance will be paid by the government. We will fix a formula among the stakeholders and provide minimum ₹1 lakh crore and the interest on the same,” Gadkari said in a video conference hosted by the Associated Chambers of Commerce and Industry of India (ASSOCHAM).

“We are in the process of finalizing the scheme and will soon send it to the finance ministry for approval. This will be one of the ways to increase liquidity,” the minister said. Gadkari said he has also requested finance minister Nirmala Sitharaman to fast-track the process of tax refunds and pay them within eight days of filing returns.

Several industry bodies have urged the government to create liquidity by clearing dues from government departments, public sector undertakings, as well as income-tax and GST refunds.

Gadkari also said that he has urged labour minister Santosh Gangwar to make use of ₹80,000 crore lying with the Employees State Insurance Corp. to tide over the immediate crisis faced by the MSMEs, as the pressure for April salaries and wages is mounting. The proposal will have to be examined by the finance ministry and the Prime Minister’s Office (PMO), he said.

The government is also set to redefine MSMEs based on their annual revenue, replacing the definition that relied on self-declared investment on plant and machinery. This is aimed at aligning them better with the GST regime and encouraging ease of doing business.
₹1-lakh cr fund in the works to repay MSMEs’ dues: Gadkari

PRESS TRUST OF INDIA
NEW DELHI, 24 APRIL

The government will set up a Rs 1-lakh crore fund to repay outstanding dues to MSMEs owed by the Central and state government undertakings as well as major industries, Union minister Nitin Gadkari said today.

The minister has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

“We have decided to set up a fund of Rs 1 lakh crore. We will insure this fund with the government paying the premium. We will come up with a formula for sharing of the interest burden between the paying entity and payment-receiving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, Centre and state governments and major industries,” Mr Gadkari said.

The minister for MSME and road transport and highways said the fund will impart relief to the micro, small and medium enterprises (MSMEs) sector to a certain extent.

He said the corpus will be a mobile fund that will help increase liquidity in the market. Interacting with representatives of ASSOCHAM via video-conferencing, the minister asked the industry chamber to explore a technical joint venture through investment of capital between Indian industry and major global corporations.

Mr Gadkari also suggested the industry body to compile investment data regarding companies from the US, the UK and other nations present in China and invite them to set up businesses in India.

The minister said he is willing to monitor this initiative to expedite all the required permissions in this regard.

Besides, Mr Gadkari said he would take up the issue of expediting GST and income tax refunds with the finance minister to ease MSMEs’ liquidity issue.

“I am also going to recommend to the finance minister that since computerised systems are in place for GST and income tax refunds, why can’t we expedite the system and process refunds within 8 days,” he said.
Rs 1 lakh crore MSME prop

OUR SPECIAL CORRESPONDENT

New Delhi: The government is planning a Rs 1 lakh crore revolving fund for MSMEs to be used by banks to offer the small units loans on credit guarantee, Union MSME minister Nitin Gadkari said.

While addressing an ASSOCHAM webinar on Friday, the MSME, road transport and highways minister said he has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

“We have decided to set up a fund of Rs 1 lakh crore. We will ensure this fund with the government paying the premium. We will fix a formula for sharing the interest burden among the paying entity, the payment-receiving entity and banks against this fund,” Gadkari said.

The minister said the fund will give relief to the micro, small and medium enterprises (MSMEs) to a certain extent. He said the corpus will be a revolving fund that will help to increase liquidity in the market.

REVOLVING CORPUS

- Under consideration: A revolving fund of Rs 1 lakh crore
- Purpose: Inject liquidity into small businesses
- Feature: Fund to be insured with Centre paying the premium; interest to be shared by all stakeholders

On concerns raised by ASSOCHAM president Niranjani Hiranandani and senior vice-president Vineet Agarwal on the severe liquidity crunch, Gadkari said his proposals on the revolving fund and the use of the ESIC corpus would be sent to the finance ministry soon.

Gadkari said he has suggested to labour minister Santosh Gangwar to make use of the Rs 80,000-crore liquid with the Employees' State Insurance Corporation (ESIC) to tide over the immediate crisis faced by the MSMEs as the pressure for April salaries and wages is mounting. The proposal will have to be examined by the finance ministry and the Prime Minister’s Office (PMO), he added.

Road investments

Gadkari said the National Highways Authority of India (NHAI) would be speeding up and catalysing investments in the road sector. A proposal is being mooted to plan industrial clusters along the New Delhi-Mumbai Expressway under implementation. “We have moved a proposal for Cabinet that we will acquire land on the sides of the highway. I am telling all our leather clusters that land and labour costs are cheap, we will provide railway, port and power connectivity. We can also bring the companies moving out of China and bring them to India and settle them in this corridor,” he said.

Meanwhile, the government has rescheduled for next week the meeting of Prime Minister Narendra Modi, finance minister Nirmala Sitharaman and other senior officials to discuss the economic impact and response to the pandemic.
₹1-LAKH CR FUND IN THE WORKS TO CLEAR MSME DUES

The Centre is looking at setting up a ₹1-lakh crore revolving fund, which could be used to guarantee payment of dues of Central and state governments and PSUs besides major corporations, Union Minister Nitin Gadkari said here on Friday.

“We have decided to set up a ₹1 lakh crore fund. We will insure it with the government paying the premium,” Gadkari said. The fund will be used to clear the dues and replenished as and when the borrowed amount is actually paid by government agencies or corporates. The interest on payouts, for the period between the payout and replenishment, will be borne by the paying and receiving entities.

The minister said he would be sending the proposal to the finance ministry and, if accepted, it would go before the Cabinet soon. Gadkari, who was speaking at a webinar organised by industry chamber ASSOCHAM, said the fund would bring much needed liquidity to the MSME segment.

He also indicated that he had advised the labour ministry to try and use ₹60,000 crore lying with Employees State Insurance Corporation (ESIC) as reserves to help MSMEs pay wages. The ESIC normally provides medicare to insured workers and pays 70 per cent of their salaries in case they are unable to attend work due to prolonged illness.

Gadkari also said North Block has also been requested to fast-track tax refunds to MSMEs within eight days. Small firms struggling to survive earlier in the face of a slowdown in demand and rising debt, have been particularly badly hit by the 40-day lockdown.

Gadkari also said India should use the opportunity provided by Japan asking its firms to relocate from China. “We have moved a proposal before the Cabinet to acquire land on the sides of (earmarked) highways... We can accommodate the companies moving out of China, bring them to India and settle them in this corridor,” he added.
Centre working on ₹1L-cr package for MSMEs

Shreya Nandi
shreya.dhiffaren.com

NEW DELHI: The government is working on a ₹1 lakh crore package to ensure timely refunds of dues to small businesses hit by the Covid-19-led lockdown, micro, small and medium enterprises (MSME) minister Nitin Gadkari said on Friday. The minister also said that the government is poised to change the definition of MSME, a proposal that is awaiting approval from the Prime Minister.

“We have decided to set up a (revolving) fund of ₹1 lakh crore and we will insure it and its insurance will be paid by the government. We will fix a formula among the stakeholders and provide minimum ₹1 lakh crore and the interest on the same,” Gadkari said in a video conference hosted by the Associated Chambers of Commerce and Industry of India (Assocham).

“We are in the process of finalising the scheme and will soon send it to the finance ministry for approval. This will be one of the ways to increase liquidity,” the minister said.

Gadkari said he has also requested finance minister Nirmala Sitharaman to fast-track the process of tax refunds and pay them within eight days of filing returns.

Several industry bodies have urged the government to create liquidity by clearing dues from government departments, public sector undertakings, as well as income-tax and GST refunds. Gadkari also said that he has urged labour minister Santosh Gangwar to make use of ₹60,000 crore lying with the Employees State Insurance Corp. to tide over the immediate crisis faced by the MSMEs, as the pressure for April salaries and wages is mounting. The proposal will have to be examined by the finance ministry and the Prime Minister’s Office (PMO), he said.

The government is also set to redefine MSMEs based on their annual revenue, replacing the definition that relied on self-declared investment on plant and machinery. This is aimed at aligning them better with the GST regime and encouraging ease of doing business.
₹1 lakh cr fund in works to repay pending dues to MSMEs: Gadkari

NEW DELHI: The government will set up a ₹1-lakh crore fund to repay outstanding payments to MSMEs owed by the central and state government undertakings as well as major industries, Union Minister Nitin Gadkari said on Friday.

The minister said he has devised a scheme to set up the fund, and the proposal may be placed before the Cabinet for approval once the finance ministry gives its go-ahead.

“We have decided to set up a fund of ₹1 lakh crore. We will ensure this fund with the government paying the premium. We will come up with a formula for sharing the interest burden between the paying entity and payment-receiving entity and banks against this fund, for the payments due to MSMEs which are stuck with the PSUs, centre and state governments and major industries,” Gadkari said. The Minister for MSME and Road Transport and Highways said the fund will impart relief to the micro, small and medium enterprises (MSMEs) sector to a certain extent.

He said the corpus will be a mobile fund that will help increase liquidity in the market. Interacting with representatives of ASSOCHAM via videoconferencing, the minister asked the industry chamber to explore a technical joint venture through investment of capital between Indian industry and major global corporations.

Gadkari also suggested the industry body to compile investment data regarding companies from the US, the UK and other nations present in China and invite them to set up businesses in India. The minister said he is willing to monitor this initiative to expedite all the required permissions in this regard.

Besides, Gadkari said he would take up the issue of expediting GST and income tax refunds with Finance Minister Nirmala Sitharaman to ease MSMEs’ liquidity issue.
Industry seeks addl 10-15% duty on Chinese imports

Chandigarh: Fearing that by the time Indian industry will recover from the ongoing coronavirus pandemic, China could flood the Indian market with its products at throw away prices, the Associated Chambers of Commerce and Industry of India (Assocham) has urged the Union government to impose additional 10% to 15% import duty on all Chinese imports, except essential items, for at least six months.

Assocham has submitted that if the Centre failed to take these steps immediately, Chinese imports would either kill some of the Indian manufacturing units or damage them severely. This would further lead to serious unemployment and unsustainable damage to India’s manufacturing activities. The request for additional import duty or special customs duty has been made for all Chinese imports of Industrial products, whether originating directly from China or routed through Association of Southeast Asian Nations (ASEAN) countries.

“The huge number of trade remedy investigations against China are a living example of the Chinese trade atrocities against its trading partners,” the Assocham report mentions. It adds that it is also widely known that there are many hidden subsidies which the Chinese government provides to its manufacturing industry from time to time as the situation demands.

Assocham is also known to find indirect ways to keep continued dumping of the goods. When the Chinese government fails to curb dumping, it is evident that India does not have a policy to counter it. Hence, it is very unpredictable to say how much time would the country take to return to normal.

Revival remains unpredictable

The Union government has informed that most of the manufacturing activities in India, excluding some essential products, are now under lockdown. Transportation has been stopped and the migrant labour force has gone back to villages. Hence, it is very unpredictable to say how much time would the country take to return to normal.

Business of all traditionally exported products has been badly impacted due to transportation disruptions and slowdowns at ports, while imports are suffering no slowdown.

Agri industry is essential service

Assocham’s northern regional development council chairman Amrit Sagar Mittal, who is also vice-chairman of Punjab State Planning Board and nodal supervisor of Tractors, has given suggestions for industry revival to the Punjab government. “Since the manufacturing and particularly farm mechanism part of it, I have suggested that all support services to farming community or industry connected to farming should be given priority under essential services to revive farm economy and farmers at large,” he said.

holding country like China will be on the lookout for a demand centre like India which has been a major importer of many commodities and finished products, states the report.
Facebook-Jio Platforms deal a blow to Paytm

SANKALP PHARTIYAL & NUPUR ANAND
NEW DELHI/MUMBAI, APRIL 24

Facebook’s $3.7 billion investment in Reliance promises to be the biggest headache yet for Paytm, a SoftBank-backed pioneer in India’s digital payments market but which has been losing ground to rivals with deeper pockets.

Facebook’s WhatsApp, which has been working on gaining regulatory approval for payments services in India, is gearing up for a full rollout of those services by June, according to a source familiar with the matter. The partnership with Reliance, announced on Wednesday, will give WhatsApp an inside track on payments for Reliance’s retail unit, which aims to serve tens of millions of small shops across India. It will also be able to link up with Reliance’s telecom business, which has been hit by a storm since its launch in late 2016, and WhatsApp itself has an enormous presence in India with more than 400 million users.

"If someone would have lost sleep as the Facebook-Reliance deal was announced, it must be Vijay Shekhar Sharma,” said a second source, referring to Paytm’s founder.

The source, who has close ties to both Reliance and Paytm, declined to be identified to protect business interests.

Compared to other major players in India’s digital payments markets, Paytm is seen as more vulnerable to attack, already on the backfoot amid competition from Alphabet’s Google Pay and Walmart’s PhonePe.

While having previously attracted investments from the likes of Japan’s SoftBank, China’s Alibaba and US-based Berkshire Hathaway, it lacks its own wells of capital for funding, putting it at a disadvantage.

Paytm also remains unprofitable, with its parent firm reporting a loss of over $600 million in the year ended March 2019.

Launched a decade ago as a platform for mobile recharge, Paytm grew quickly after ride-hailing firm Uber listed it as a quick payment option. Its use swelled further in 2016 when a ban on high-value currency notes spurred digital payments.

But it underestimated the impact of a state-backed digital payment system that was rolled out in 2016. On that network, Google Pay and PhonePe together accounted for nearly 50 per cent of 1.51 billion transactions in January. Paytm was a distant third with about 10 per cent, according to data from payments firm Riserve.

India’s digital payments market is expected to more than double in size to $155 billion in 2023 from 2019 levels, according to a study by PwC and Indian industry lobby group Assocham.

Individual market share can, however, be difficult to assess. Paytm has branched out into services including insurance and gold sales, movie and flight ticketing, and bank deposits and remittances.

Paytm has long seen the threat posed by WhatsApp, and when the messaging service launched a trial of its payment services in early 2018, Sharma accused Facebook of “cheat tricks”.

Paytm was also part of a lobbying campaign against US firms over local data storage—an issue now mostly resolved but which had been an impediment to WhatsApp gaining regulatory approval. With Reliance behind it, WhatsApp’s path to final approval for the payment service is expected to be smooth.

On the one hand, the market is expanding, and sources say Paytm has seen a boost in transactions as the Covid-19 crisis pushes commerce online. But the Reliance-Facebook combination represents a Goliath-like opponent, given Reliance’s track record in decimating rivals when it entered the telecoms market with Jio Infocomm and cut-throat pricing.

“This is a formidable combination of bandwidth and platform player so it will easily shake up the payments industry,” said Ashvin Parekh, a financial consultant.

He added that in any bruising battle over digital payments, a telecom firm like Reliance’s Jio would be hard to beat as it has far more insight into consumer data habits and a greater number of stores to reach potential customers.

Paytm has raised more than $1 billion since it was founded, with the most recent infusion of $1 billion coming last autumn. But should it need more, fundraising now looks far more difficult. SoftBank, its biggest investor, has problems of its own and has backed away from pouring more funds into money-losing startups.

A recent move by India to intensify scrutiny of Chinese investments could also complicate any future fundraising efforts.

—Reuters
Individual borrowers may find it hard to repay loans on time: Assocham

With personal loans outstanding worth over Rs 25 lakh crore, industry body Assocham has flagged concerns that borrowers might find it difficult to make timely repayments and maintain their credit scores due to the coronavirus outbreak. In a report, Assocham said that having witnessed a robust year-on-year credit growth of 17 per cent at the end of February 2020, personal loans outstanding was about Rs 25.32 lakh crore. There is a grave challenge for borrowers to pay their EMIs on time without default and retain their credit scores, it noted. "As we deep-dived into the data, the areas of concern appear to be housing, credit cards, vehicle loans and education loans. Though the RBI has granted a three-month moratorium on EMIs, deferment comes at the cost of compounding of interest as the tenure gets prolonged," said Assocham Secretary General Deepak Sood.
Settle overdue tax refunds to firms immediately: Assocham

Chandigarh: Demanding immediate infusion of liquidity into the system for overcoming Covid-19 crisis, trade body Assocham has urged the Union government to settle all outstanding tax refunds of companies at the earliest.

The government has also been asked for a blanket moratorium on debt repayments for a year to save companies from insolvency. It has also been suggested to constitute a special bench for infrastructure projects on the lines of the national company law tribunal to enable speedy settlement of huge amounts stuck in arbitration awards.

There is also a demand for enhancement of the time limit of non-performing asset provision from three months to six months. The Associated Chambers of Commerce and Industry of India has suggested that the interest-free working capital loan for next six months will help overcome the Covid-19 crisis that has led to reduction in operation and a resultant cash squeeze.

It has also been urged that companies must be prosecuted to ensure that job losses do not take place. “For that, RBI must allow forbearance to the corporate houses to allow them enough time to manage their cash flows until the crisis blows over. Following what global banks are doing, RBI should issue a circular declaring a moratorium holiday for a specified period of one year,” reads the report.

The government has also been urged that all commercial electricity bills should be cut to half for the next three months and the property tax for the fiscal year 2020-21 should be reduced to half for all commercial properties.

THERE’S A NEED TO CHECK EXCESSIVE DEPENDENCE

While globalisation has enabled robust supply chains, it is critical for industries to assess over dependence on a single market. Sectors which depend on a single market for raw materials, spares and finished products would need to re-evaluate their procurement strategies.

The government should also focus on creating a policy to empower domestic trade and industry to maintain continuity in the supply chain, the trade body has said. With exports bound to suffer in the coming months and businesses across industries facing significant stress, it has been suggested to explore possibilities of domestic internal markets. At the same time, it has also been suggested that it is a great opportunity to capture more space in the international market as well as the entire global trade will take an entire new design in respect of countries exporting and importing. Therefore, to provide an impetus to Indian export, export incentives need to be increased.

COLLATERAL-FREE LENDING FOR MSMEs

The micro, small and medium enterprises (MSME) sector contributes 29% to the country’s gross domestic product (GDP) and employs over 11 crore workers. Assocham has recommended implementation of collateral free lending up to Rs 2 crore for such units. The collateral requirement may be capped at 35 to 40% for lending beyond Rs 2 crore. It has been demanded that the government should extend concessional working capital loan at 5% to MSME, equivalent to one to three months average turnover of last year. The interest payment for such financing can be adjusted over the next three years as part of GST.
Commercial office space faces crisis as companies encourage WFH

Chennai: Commercial real estate is going through one of its worst crises as Covid-19 pandemic has been a game changer, making working from home (WFH) a cheaper option for corporates.

Many IT/ITeS companies and corporates are now warming up to the idea of shifting a significant chunk of their work — be it coding or non-client-facing back-office functions — out of their offices and into their employees’ homes. WFH helps companies save on rentals, improves productivity by helping employees save time spent for commuting and finally boost employees’ well-being, says a report from realty consultant Anarock.

“Tenants will rationalise their space requirements, and the effective average monthly per-desk rentals at Grade A office spaces in some of the major business districts will be a central consideration,” said Ashish Johani, director and head, consulting, Anarock Property Consultants.

The combination of commercial segment towards real estate growth has been significant in India for close to three decades. It witnessed the slump even when residential sector was in doldrums. It has a significant role to play in the overall GDP growth too, because about 7% of the investments in infrastructure projects added in the GDP pass studies have shown. London has thrown a serious spanner in the works of this lucrative real estate segment, at least for the next two quarters,” said Lallana.

WFH, however, is not a catch-all solution — many business services and functions still require employees to work from an office setting. A large chunk of work needs constant monitoring and professional infrastructure which only an office setting can provide. Nevertheless, market dynamics are changing quickly now.

The issue could be subdued demand for coworking over the next few quarters, he said. However, coworking would revive once the pressure of pandemic eases.

“Coworking spaces are not only the most cost-effective option but also offer flexibility in terms of time period of rental agreements. Coworking spaces can be rented on a monthly, day to day and even hourly basis,” said Lallana.

In comparison, traditional offices are a source of worry for both tenants and landlords because it is difficult to visualise and plan for the post-pandemic market scenario. They are planning their hopes on governments to roll out incentives to sustain the sector, he said.

Ajit Kumar Chordia, MD, Olympia Group, said commercial buildings housing software companies may have to de-dense seating arrangements by 33% and 40% by 60% to comply with the changing scenario.

President Niranjan Hiranandani, president of NAREDCO and Assocham, felt it was too early to judge the efficacy of WFH. Once the lockdown ends, companies would be forced to evaluate the efficacy of WFH. Internet connections at homes are open to hacking, which may compromise internal data of companies. He felt that in line with the social distancing norms, companies are likely to hire more space per employee once lockdown ends.
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