How do we Keep Paying Wages, Wonders Stricken Industry

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And industry is also asking whether government directions will be included in thepara of the Workers’ Compensation Act, for example, whether the industry itself would be included in the list of industries that are required to pay wages even if the factories are closed.

‘Need Govt Help for Welfare Obligations’

From Page 1

Most employers agree with the government that wage earners should not be made victims in this crisis. But they are asking whether their cash flow 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.”
The president of the All India Bankers Association, K.K. Subramanian, said, “It is critically important that the government do not resort to renunciation” but that costs would rise.

The smaller industries, facing more cash flow problems, are more direct in their response. S Sam, who runs a plastic tanks manufacturing unit in Madhya 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. We don’t have the budget to help them. We are just in survival mode.”

Some employees hope for government help. “In the East said worker help is all we can do,” he said. “There is a possibility that we can pay them in a phased manner.”

The packaging industry faces a similar problem. J. Mahadevan, president of the Packaging Industry Association of India, said, “The government should consider providing help in the form of small payments to workers who are unable to work.”

MANUFACTURING CONSTRAINTS

Manufacturing, another large employer, is also facing up against a cash flow constraint. Rishi Bagla, president of the New Delhi chamber of commerce, said, “Workers have to be paid salaries at a time when companies have no revenues for a month. Nobody can compensate for this. The government has to ask banks to step in.”

President of All India Rice Exporters Association Vishal Sethi also stressed the need for government help—wage arrears and viability issues for small and medium enterprises. “The government needs to ensure that workers are paid in a phased manner,” he said. “We have to ensure that the government does not suffer.”

DEMAND DESTRUCTION

For large employers facing demands, the problem of paying wages is severe. Textiles, the industry that’s India’s third-largest employer, is in a quandary on how to keep paying salaries. J. Suresh, MD of Arvind Fashions, said, “Companies are not in a position to pay salaries.”

We can support workers for some time, he said. “If this lockdown extends, it will get very hard. We’re hoping for government subsidies for paying salaries.”

J. Chugh, president of the Indian Cotton Federation, was even more pessimistic: “About 95% of the industries will not be able to pay salaries for the lockdown period. We do not have the liquidity. This will last at least for three to four months.”

The government needs to take urgent action to provide relief to the industry, he said. “We are in contact with the government. The government needs to consider providing help in the form of small payments to workers who are unable to work.”

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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 last 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, known for 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 resorted to selling joint ventures and alliances with bigger peers to overcome this challenge, but even the large developers are reviewing their growth timelines given the current economic outlook.

“The bigger worry for the already weak and credit-starved residential real estate sector is that it is likely to face 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 Harsh Sohoni, associate director at India Ratings and Research.

According to Sohoni, 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.

Financing risk for the developers could increase as lender’s risk aversion to the sector increases. Due to widening cash flow gaps, smaller developers will struggle to service debt and interest payments and may prove to be at great risk for those who do not have new project funding lines, balance sheet liquidity or support from diversified operations.

Industry experts are of view that the change in business environment, led by varying demand patterns and financing squeezed, 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

Maharashtra

- ₹16,000 crore pending GST compensation to be released
- Permission to procure and manufacture PPE kit and N-95 masks
- Approval to staff安东尼 using a mass scale

Andhra Pradesh

- Increase supply of medical and safety equipment
- Release of all pending funds
-提高 fiscal deficit limit for the next financial year

Odisha

- Unemployment allowance for registered MGNREGA workers
- Funds to buy protective equipment for medical staff

West Bengal

- ₹25,000 crore grant to fight the pandemic
- ₹14,000 crore under different accounts that had not been released earlier
- Immediate release of GST compensation and cess amount
- Protectives suits for medical staff

Rajasthan

- ₹1 lakh crore grant to fight the pandemic
- ₹12,000 crore for equipment and other central financial assistance
- Moving the state to Tier I relief of up to 2% of GSDP

Chhattisgarh

- Deposit of ₹750 crore for next three months in every Jan Dhan account
- Special relief package, including advance payment and unemployment allowance, for MGNREGA workers

Bihar

- Increase fiscal deficit limit to 4% from existing 1%
- A million N-95 masks, half a million PPE kits and 10 ventilators
- Availability of medicines, medical equipment

Punjab

- Release of ₹7523.83 crore towards the states’ share of GST compensation
- 60% unemployment allowance per month for three months on 101 Centre-state sharing pattern

Most of the states asked the Centre to relax their borrowing limits, and demanded an additional grant in the aftermath of Covid-19 advance wage payments to MGNREGA workers. Bihar chief minister Nitish Kumar requested the Union government to consider raising the fiscal deficit limit for the state to take care of the crisis. A similar demand also came from the Punjab and Rajasthan governments. The state’s current fiscal deficit limit stands at 3% of GSDP (Domestic Product). West Bengal has demanded a grant of ₹15,900 crore to fight the pandemic, besides face masks, gloves, sanitisers to fight the virus and protective suits for medical staff. It also demanded that the Centre release ₹36,000 crore under different accounts that had not been released earlier. To uphold the spirit of cooperative federalism, the centre had made a minimum help from the central government to cope with the unprecedented impact of this crisis. On behalf of the state’s borrowing limit, govt had requested an interim state supply chain protocol for essential items, medicines and medical equipment, advance payment of wages to registered and active MGNREGA workers and demanded cancellation of payment of interest to the Reserve Bank of India (RBI) and other central financial institutions like SBI CMs including Thackeray also demanded immediate distribution of Coronavirus medical equipment and testing kits.

On the other hand, Naveen Patnaik of Odisha pointed to the list of the video conference with PM Modi, but he was not comfortable this week demanding employment allowance to 6.1 million MGNREGA workers in the state for the fiscal period of 324 days. He requested the Centre to allow the state to utilise ₹60,626 crore from the MGNREGS fund to provide the unemployment allowance for 324 days.

Chhattisgarh chief minister Bhupesh Baghel referred to PM Modi on Wednesday demanding the allocation of a special relief package for industries under MGNREGS. He also requested a support of ₹750 per month to all Jan Dhan account holders for the next three months. Under a relief package announced last week, the government will provide ₹1,500 per month for three months to women who hold Jan Dhan accounts.

The Union government has also received several requests for release payments that are due to private sector units.

According to industry estimates, the shortfall in payments to companies run into lakhs of crores. The Associated Chambers of Commerce and Industry of India (Assocham) estimated payment delays owed to statutory institutions to have impacted numerous projects and pay compensation worth ₹12,000 crore. In a letter to the FM, Assocham president Anil Suri said the payment delays had created a massive liquidity crunch in two ways. “One, government is taking all the cheap borrowing in the system and lending it to itself, and second, they do not release cash flow to vendors—so the liquidity crisis has increased.”
Assocham for $120-bn stimulus

RBI rate cut, liquidity infusion only a ‘short-term fix,’ it says

PRESS TRUST OF INDIA
NEW DELHI

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 in New Delhi.

Firms find logistics a challenge to delivery of products

The domestic industry is staring at a shortage of truck drivers and loaders, with many having returned to their hometowns. Involving 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 to transport goods without the need for points of touch.

“Given the prevailing and dynamic situation, it is inevitable that some disruptions are likely to take place when the平衡状态 of 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.

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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 Snehil 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 2020-2021 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 percent.
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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 care givers 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 engender 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 outbreak.

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 payment, which is “playing a savior amid 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, IFSCG, 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 six months, it added.
MeitY Seeks Ideas on IT Act Revamp
Reaches out to all stakeholders for inputs

Megha Mandavia
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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, cybercrime and digital payments space. The Ministry of Electronics and IT (MeitY) has reached out to stakeholder ministries, 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.

DPITT, in an email sent last week, asked industry bodies to share inputs and suggestions pertaining to the amendment in 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, Nayantika Dutta, 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, e-commerce services, artificial intelligence, machine learning, smart devices, Internet of Things and blockchain have changed the digital ecosystem significantly. “While on the 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,” Dutta added.
Govt proposal to hold auditors responsible for defaults draws flak

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NEW DELHI: Industry has opposed the government’s proposal to make 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 enhance their responsibilities, MCA in February invited suggestions from stakeholders on proposed legal change. The Associated Chambers of Commerce and Industry of India (Assochem), 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 indicating anonymity.

Spokespersons for the MCA, PwC, KPMG, Deloitte, EY, Amcham did not respond to emailed queries. Ficci, CII and Assochem 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, Assochem 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] investors for its equity or debt - they 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.

Jamil 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 रू. करने का आयोज किया

उद्योग मंडल एसोचैम ने रिवाज को कहा कि उसने कोरोना वायरस महामारी को देखते हुए सरकार के साथ-साथ रिजर्व बैंक से सीआरआईएस (सीआईआईपीएस) तरीकों के जरिए संपर्क विवेचना (कार्टाक लेन) बनाए जिन पैसे के भुगतान सीमा में 2,000 रूपए से 5,000 रूपए करने का आयोज किया है। एसोचैम ने एक बयान में कहा कि उसने लकड़ी के मंडल कायम साइटों इंडेस्ट्री ऑफ डिजिटल लेन-देन को और बढ़ाकर देने के लिए बॉलिस्ट इंडिया डिजिटल लेन-देन करने के लिए किसी भी भुगतान (एंट्री-एक्सपटेंशन) ऑफ डिजिटल टांबेकेन्ड लेन-देन की अनुमति प्रदान की।

उद्योग मंडल एसोचैम ने रिवाज को कहा कि उसने कोरोना वायरस महामारी को देखते हुए सरकार के साथ-साथ रिजर्व बैंक से सीआरआईएस (सीआईआईपीएस) तरीकों के जरिए संपर्क विवेचना (कार्टाक लेन) बनाए जिन पैसे के भुगतान सीमा में 2,000 रूपए से 5,000 रूपए करने का आयोज किया है। एसोचैम ने एक बयान में कहा कि उसने लकड़ी के मंडल कायम साइटों इंडेस्ट्री ऑफ डिजिटल लेन-देन को और बढ़ाकर देने के लिए बॉलिस्ट इंडिया डिजिटल लेन-देन करने के लिए किसी भी भुगतान (एंट्री-एक्सपटेंशन) ऑफ डिजिटल टांबेकेन्ड लेन-देन की अनुमति प्रदान की।

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Centre Mulls Extension After States, Experts Raise Red Flags

States worried about spike in cases if lockdown lifted; Tablighi Jamaat-related contact tracing still on

Our Political Bureau

New Delhi: The Centre is looking at extending the lockdown beyond April 14 after many states and health experts suggested such a course of action on the ground that the Covid-19 threat is still looming large.

“A lot of state governments, as well as experts, are requesting the Centre to extend the lockdown. The current guidelines are strictly keeping this direction, as per government sources said on Tuesday.

The move comes after the PM had called upon chief ministers to come up with a rescue package towards a staggered exit from the lockdown. This idea was to draw up a district-wise phased plan but many states are not yet ready as they feel implementation would be challenging, especially when Covid-19 cases are still on the rise.

The current speculation is that an extension of about two weeks until April end is under consideration. “It’s an evolving situation. The government is in talks with states and will take a final decision in the next few days,” a senior government official told ET.

Multiple Factors

>> From Page 1

Multiple factors seem to have come into play with various states worrying about a sudden spike in the number of cases if the lockdown 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 hubs would still remain under a lockdown even if partial relief is given to other areas, added an official.

Besides this, the Tablighi Jamaat episode has come as a 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 chains of essential goods has largely normalised now and 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 key sectors, including retail, essential manufacturing, large construction and infrastructure projects, 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 fund with an outlay of Rs 2 lakh crore to help sectors with heavy capital 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 government machinery to avoid lapses, and selective opening after risk assessment — ward and sub-ward 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 reboot the economy,” said Assam chamber secretary general Deepak Sood in a statement.

“For the support of MSMEs, the government should set up a pandemic Covid-19 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 eventuality after 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 II, but it has surpassed that stage and community spread is clearly visible, largely because of one massive opening in Delhi. And shutting down the economy for long will make recovery difficult,” he said.

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 III of an infection.

Both officials agreed that stocks of essential goods, particularly food, medical equipment 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 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 ₹11 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 at the tune of at least 5% of GDP which comes at around ₹11 lakh crore,” he said.

Federation of Indian Chambers of Commerce & Industry (FICCI) president Sandeep 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,” he said.

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

Ranu Ramjee, 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. “Industries will need to organise SOPs [standard operating procedures] on methods of commuting that will allow social distancing... Challenges are around enforcing these and how staggered commutes will need to be thought through,” he said.

Associated Chambers of Commerce and Industry of India (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 sectors will take three months after lockdown is over.
Key sectors should be allowed to resume operations: Assocham

 STATESMAN NEWS SERVICE
NEW DELHI, 7 APRIL

Setting out a comprehensive plan for gradual lifting of the lockdown, the Associated Chambers of Commerce and Industry (Assocham) has suggested that several selective but 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 communique 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 shutdowns 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 past 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 Assocham 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, Assocham 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 Garib 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 Chandrachut 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

SOMER BIA
New Delhi, 8 April

Lack of fiscal space will prove a big hurdle for the Centre to announce grants for 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 has limited fiscal space. It will not be feasible to give grants to 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 Amitabh Chandra, 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 on the decline and revenues drying up. Given 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 (FY21) has already surpassed the revised estimate (Rs 13.5 trillion) by Rs 860 billion till February 2021. The revised estimate was higher at 2.6 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 roadmap had pegged it at 3 per cent. The government has taken the escape clause of 0.5 percentage points for both FY20 and FY21.

INDUSTRY WISH LIST

Government has demanded a 1.15-2 trillion package

- Say govt should set aside a trunche of Rs 1-2 trillion, which could be used by banks.
- It calls for providing Rs 2 trillion to PSU loan holders.
- Banks should provide additional working capital limits, equivalent to April-June wage bill of the borrowers, at 15-20 per cent.
- Banks should extend additional loans with good guarantee up to 20-25 per cent.
- Wards should arrange a scheme for migrant workers, with pay and industry jointly

The country’s sovereign ratings are at the lowest investment grade by Standard & Poor’s and Fitch. Moody’s has assigned India a notch above the lowest investment grade. Some countries have announced financing the wage bill of industries to avoid job losses in the economy through grants. For instance, the UK announced a bailout package for businesses worth £20 billion, whereas the country would be financing 80 per cent of salary of workers running wages of up to £2,500 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 Confederation of Indian Industry has asked bailouts to allow providing additional working capital limits, equivalent to April-June wage bill of the borrowers, backed by government guarantee, with a reliance guarantee from the Reserve Bank of India. What has been particularly worrying in the industry is the fiscal stimulus by the government through a Ministry of Home Affairs (MHA) notification dated March 28, asking all employers to make payment of wages of workers ‘without any deduction’ and on ‘the 15th date’.

This is meant to last for the period during which establishments were under closure due to lockdowns.

“Even after the government’s directives, the workers are not being paid wages. The difficulty of the employers, particularly micro, small and medium enterprises and the start-ups, are completely undiscernable. The government should provide financial support to the industry and ensure workers are paid their dues,” labour lawyer advocate Ram Antulay Gupta told Business Standard.

Before the MHA’s March 29 directive, the labour and employment ministry had issued multiple advisories to the industry to not lay off or dismiss workers during the lockdown and asking them to defer from deducting wages.

Notably, the MHA order, which was issued under the Disaster Management Act, says the state governments have to issue their separate orders to implement the directive. The district magistrates and the local police are the authorities to enforce the orders, but the firms have the right to lay off workers, under the Industrial Disputes Act, through which they can pay 50 per cent of the wages to workers for three weeks, but companies employing less than 50 workers do not have to pass on this compensation.

“The government should address the lacunae in the law. Through it has rightly ensured the power under the Disaster Management Act, it should also make suitable amendments in the Industrial Disputes Act, which is the appropriate labour law to deal with such matters, to allow the pandemic to become a reason to lay off workers,” said K R Shenoy Sundar, professor of human resources management, XLRI Jamshedpur.
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INDUSTRY BODIES SEEK STIMULUS

Assocham and CII urged the Union govt to announce 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

Assocham, on the other hand, recommended the government to modify the FIDC 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 20% 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 said.

"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," he said.
Industry lobby seeks up to $300 billion aid

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 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 MUST BEEF UP ITS FISCAL RESPONSE’

Industry bodies have suggested immediate infusion of stimulus packages, policy rate cuts and collateral-free loans

SESA SEN @New Date

INDIA’s fiscal response to Covid-19 is inadequate and the country needs a stimulus package of ₹200-300 billion (about ₹1.5-2.2 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 20 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 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 Chandrajit 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 terms 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 is estimated to see a combined loss of ₹1.13 billion. While the retail sector has faced losses of up to ₹20 billion 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.

SUGGESTIONS FROM INDUSTRY BODIES

- The Confederation of Indian Industry has called for a fiscal support package equivalent to 2 per cent of the GDP.
- FICCI batted for lowering of cost of funds via more policy rate cuts by 100 bps, interest and collateral-free loans be given to MSMEs for up to 12 months.
- CII sought a relief package to ₹2.5 lakh crore.
$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 its 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.

It 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 downturn, 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 FSI Rules 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 6 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 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 Organisations and development partners and Industry associations (CII, FICCI, ASSOCHAM, Nasscom).

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 Customs), 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

In a document submitted to the government by the Federation of Indian Chambers of Commerce and Industry (Ficci) and reviewed by Mint, the body said that the course of the disease is unpredictable that policy will ‘always be evolutionary’ and will need to be reviewed daily.

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India Inc urges govt for a lockdown exit strategy

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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 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 resumption of all economic activities, according to亲密的

A calibrated strategy can help in rapid economic recovery when the lockdown is lifted, it said. “The good news is that banks have witnessed good traction in credit demand and working capital requirements in the 7 days of the week ending March 31, 2020. It seems companies are preparing themselves for a surge in demand after the lockdown period. As per our estimate, the incremental credit takeup would have been ₹21,000 crore in March which the estimates for agriculture, industry, services, and personal loans are ₹10,000 crore, ₹12,000 crore, ₹8,000 crore, and ₹2,000 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 procurement as 89% of the population is dependent on agriculture and allied activities followed by “some relaxation” in inland transport and retail trade (as it supports over 250 million households).

Next, it has proposed a limited duration opening of hotels 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 of coronavirus.

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 that a 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 the 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 sanitisation 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 director general, Chandrjit Bajaj, said. Associated Chambers of Commerce and Industry of India (ASSOCHAM) secretary general, Deepak Sood, favoured an gradual exit from lockdown in selected 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

Delhi, 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 post. 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 Manikam, Chairman of Coimbatore-based Sakthi 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 so they would help them rebuild, retain the workforce and come out of the crisis sooner.

"Most of the companies, particularly SMES, 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 Anilkumar, 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 developers, and industry association 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 business cycle without incurring further loss.

“The industry seeks working capital to ensure that the Indian economy does not tank, business organisations do not default and saddle banks with NPAs, as also cause job losses,” Niranjan Hiranandani, national president, NAREDCO and Assocham, said. He added, “We need a stimulus of over $200 billion 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 chains 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 lock-down 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 ???

“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

demic’s incidence, is important as continuing with a fullfledged lockdown in the entire country may not be very feasible. “Some kind of opening up in areas where the pandemic’s incidence has not been much should be considered. Along with that, ensuring access to testing for infections is also very crucial,” said Kumar.

Raj Kumar, vice chairman of Federal policy think tank NITI Aayog, said in an interview published on Monday that the easing of restrictions on movement has to focus on sectors such as exports and essential commodities more broadly defined to include FMCG (fast-moving consumer goods), where demand has not been derailed by the crisis. Employment generating sectors such as real estate and infrastructure that have a multiplier effect in the economy also is a priority area to be allowed to function, with adequate safeguards, Kumar has said.

India should have a calibrated opening up of the economy, said Rajat Kathuria, director and chief executive of Indian Council for Research on International Economic Relations (icrier). The country should also ensure that not a single needy person goes hungry and get the weaknesses in the healthcare and social security architecture fixed, he said. “A calibrated opening up of the economy is something we should look at very seriously, using as much technology as possible. The best way to look at geographic areas as red, amber and green in terms of the pandemic’s impact. There is no point in opening up everything in one go and squandering the gains that we have made in controlling the pandemic,” said Kathuria.

Maharashtra has extended the lockdown till 30 April but chief minister Uddhav Thackeray assured that there would be relaxations in some areas and tighter enforcement of the lockdown in some other areas. Madhya Pradesh chief minister Shivraj Singh Chauhan 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 exporters with orders in hand could be allowed to work with minimal workforce, Mint reported on Monday.

Electrical equipment, defence, 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 impactfull stimulus package without getting weighed down by any possible downgrading by global rating agencies.” The Assocham statement, citing its president Niranjan Hiranandani, said that while 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.”

Prime Minister Narendra Modi is also expected to announce a rescue package for India in this Tuesday’s address to the nation today on the government’s approach to lifting the lockdown amid a push by businesses for a massive stimulus package.

HERE’S WHAT WE ARE STARING AT

A game plan to revive the economy

PM Modi to address the nation today on the government’s approach to lifting the lockdown amid a push by businesses for a massive stimulus package.
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 Naredco, 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 Naredco 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.
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

President, Niranjan Hiranandani
New Delhi

It is expected that close to 40 million jobs are at risk during the period April-September 2020. Hence, an urgent relief package of at least about ₹14 lakh crore is necessary, including around ₹2.20 lakh crore for MSMEs.

Rajeev Jyotish

NEW DELHI: Industry bodies redoubled calls for financial package of ₹14 lakh crore to ₹16 lakh crore to revive the economy even as they supported Prime Minister Narendra Modi’s decision to extend the 21-day lockdown 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 staring at the nation at ₹60,000 crore. “It is also expected that close to 40 million jobs are at risk during the period April-September 2020. Hence, an urgent relief package is also critical,” said president Sangita Reddy.

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 15% 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 crore, including around ₹2.20 lakh crore for MSMEs,” Sangita Reddy, who is also president of Confederation of Indian Industry’s (CII) National Council, said.

President of the CII, Vikram Kothari, said that ahead of Tuesday’s address by the Prime Minister, the expectation was that the lockdown would be lifted in phases – with retail, manufacturing, and construction activities being allowed to resume activities, at a fraction of their staff. That led to a staggered exit, but detailed plans on this are awaited.

FICCI, in a letter to the Prime Minister, said that funds available in various banks, including government institutions, are sufficient to meet the requirements of the MSMEs for the next few months.

The federation of the textile industry, particularly exporters, is “dismayed”, said the letter. “Non-availability of buffer stock of raw materials, and resultant losses for exporters will result in cancellation of orders, penalties, and market losses.”

The industry, however, endorsed Prime Minister Narendra Modi’s decision to extend the lockdown by 19 days, saying it gave the economy time to “regroup and operate optimally”.

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Government is working on creating additional capacity in hospitals and medical facilities.

The government has already given ₹1.2 lakh crore package to the industry, and the next step is expected to come from the Ministry of Finance, Finance Minister Nirmala Sitharaman, said, asking not to be identified.

Migrant woes spill on streets again

On Tuesday, the state, with 2.44 lakh, has the highest numbers in the country.

“The task of the government is to ensure that the lockdown is maintained. People who violate the lockdown will be given a chance to return home, but if they are caught, they will be penalised by the local police. Police officers are working hard to ensure that social distancing is maintained,” said State Tourism Minister and Home Minister, Kiren Rijiju.

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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

SESA SEN @NEWINDIAN

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 bold and trader, 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 line 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 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 slippage. Furthermore, moratorium on EMIs and corporate debt repayments also needs refinement at operational level.

Last week, the government had announced a ₹1.7 lakh crore package aimed to provide 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, reduced 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

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 his extension period,” Banerjee said.

Associate 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 Naveen 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

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 DIK spoke to across the country raised the pitch for state funding to help keep their employees on the payroll.

“As the number of workers are high, it is not affordable to lay them off,” said Rakesh Anand, chairman of an electronics company in Bengaluru.

“A lot of small businesses are seeing a reduction in orders and sales. The government should provide some kind of stimulus to keep the businesses viable,” said Rakesh Mahesh, director of a textiles firm in Mumbai.

Some employers appealed for a direct cash transfer to employees, while others called for a moratorium on loan payments. One employer even suggested that the government consider converting part of the wages into shares of the company.

“While there is a need for a stimulus package, we also need to think about the long-term viability of the business,” said Rakesh Mahesh, director of a textiles firm in Mumbai.
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

SESA SER (New Delhi)

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 (Assocham) — have supported the calibrated opening up of economy but noted for a thumping 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,” Assochem 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 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 interim sector-specific measures for their survival.

“Estimates show that India may be losing close to ₹40,000 crore daily due to the nationwide lockdown with an estimated loss amounting to ₹74 lakh crore during the past 31 days,” said FICCI president Sanjiv 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 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 resumption 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's decision to restart economic activities in a calibrated manner.

"It is now crucial to announce a relief and economic stimulus package, which protects wage, employment and business," Ficci president Sanjiv Reddy said.

"Associated chamber 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 ease, are a kind of partial lifting of lockdown," Sood said in a statement.
need govt support to keep units open, say MSMEs

SUNIL KUMAR CHAUDHURI & T E RANGNATH
New Delhi_23_April

Micro, small and medium enterprises (MSMEs) across the country are keeping a wary eye on the government’s decision to allowswet 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 them not running, even if they manage to reopen.

The Confederation of Indian Industry (CII) has recommended focusing primarily on increasing the financing available to MSMEs with relaxed collateral norms, an extension of the RBI moratorium and wage support. It also suggested expediting fund 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 larger firms. Therefore, special, immediate, and substantive support measures are required to keep MSMEs through this crisis,” said CII Director General Chandrajit Banerjee.

To ease the liquidity crisis that most MSMEs had been facing for the last couple of months, ASSOCHAM 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 to banks between their cost of funds and the yields.

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

Suck it up

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 Tamil Nadu’s Tirupur, workers are spread across a 60-100 km radius from industrial units. The majority of workers in Uttar Pradesh’s Noida SEZ— the biggest such facility in northern India—come from nearby districts. For Gujarat’s gems and jewellery industry, 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 Parshad Kumar Saraf, president of the Federation of Indian Export Organisations (FIEO).

He said the order to allow the opening of export-oriented units in special economic zones and rural areas will reanimate 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 personnel, once a week, to collect documents from the office for submission to banks, shipping lines, courier companies,” 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 and rationing, 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.

“The latest government directive will help supplement units in the hub of textiles in Tirupur to immediately send out samples to global buyers, who can then approve their decisions and place orders for the spring-summer season,” said Raja M Shanmugham, president of Tirupur Exporters Association.
Assocham seeks stimulus package from govt

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 been hit by a severe economic downturn due to the lockdown measures put in place to contain the spread of COVID-19. While the government has been gradually easing the lockdown restrictions, many businesses are still struggling to operate.

On 20 April, the government announced a phased reopening of the economy, allowing certain sectors to resume operations. However, the process has been cautious, with only certain segments allowed to operate in a limited manner.

The government has been working closely with industry bodies and stakeholders to ease the burden on businesses. The focus has been on ensuring that measures are put in place to prevent the spread of the virus while allowing economic activity to resume.

Despite the challenges, there are signs of hope as businesses begin to adapt to the new normal. Many companies are adopting new strategies to ensure the safety of their employees and customers, and are working to maintain business continuity.

The government has been clear that the reopening of businesses will be done in a phased manner, with certain sectors allowed to operate first. As the situation improves, more businesses will be permitted to reopen.

In conclusion, while the road to economic recovery will be long and challenging, the government’s efforts to balance the need for economic activity with the prevention of the virus are commendable. By taking a cautious approach, India is taking the necessary steps to ensure a smooth transition to a new normal.
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

\[\text{President, Niranjan Hiranandani}\]

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 rabbit 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 under privileged 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 16.02 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 pandemic 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 shore up the economy.

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

The upcoming package could be roughly similar in size to the Rs 2.3 trillion package, announced by Sitharaman, in late March. That package was around 0.5 per cent of GDP, much smaller than that of most other G20 nations.

The United States’ stimulus package was pegged at 11 per cent of GDP, Australia’s at 9.7 per cent, and India’s at 3.5 per cent, according to research firm KPMG.

Industry bodies like the Assocham and the Federation of Indian Chambers of Commerce and Industry have been calling for big bang packages, ranging from Rs 2 trillion to Rs 3 trillion.

Senior government officials are saying 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 10 per cent of GDP, but rather a step-by-step approach,” a government official said.

The Centre was also aware of the deliberations within the government.

The upcoming package will be aimed at the urban and rural poor, including migrant labourers stuck in place away from their homes, those in the disaffected sections of society, micro, small and medium enterprises (MSMEs), and those hit by 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 but production units in rural areas, industrial estates, and export zones can operate 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 them public may find their way into the package.

Meanwhile, sources say given the revenue crunch that the Centre is facing, and the leaders 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 market, 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.

The economic package is crucial for most businesses to stay afloat: the government has been asked to provide a package that will help kickstart the economy. The package needs to be broad-based, covering all sectors and regions.

The government has been asked to consider a package that includes tax relief, credit guarantees, and infrastructure spending. It is also important to provide support to smaller businesses, who are the backbone of the Indian economy.

On the ground, the government has been asked to consider a package that will provide immediate relief to businesses, especially those in the tourism, hospitality, and retail sectors.

The government has been asked to consider a package that will provide immediate relief to businesses, especially those in the tourism, hospitality, and retail sectors.
Rs 1 Lakh Crore Revolving Fund Mooted by MSME Min to Ease Industry Pain: Nitin Gadkari at ASSOCHAM Webinar
## COVERAGE DETAILS

### INDEX

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Date</th>
<th>Publication</th>
<th>Edition</th>
<th>Headline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25-04-2020</td>
<td>The Economic Times</td>
<td>All Edition</td>
<td>Gadkari wants Rs-1 lakh Cr fund for small firms</td>
</tr>
<tr>
<td>2</td>
<td>25-04-2020</td>
<td>Business Standard</td>
<td>All Edition</td>
<td>Working on Rs-1trn fund for MSMEs: Gadkari</td>
</tr>
<tr>
<td>3</td>
<td>25-04-2020</td>
<td>The Financial Express</td>
<td>All Edition</td>
<td>Rs 1-lakh Cr fund soon to help clear dues to MSMEs: Gadkari</td>
</tr>
<tr>
<td>4</td>
<td>25-04-2020</td>
<td>Mint</td>
<td>All Edition</td>
<td>Centre working on Rs-1 tn package for MSMEs</td>
</tr>
<tr>
<td>5</td>
<td>25-04-2020</td>
<td>Hindustan Times</td>
<td>All Edition</td>
<td>Centre working on Rs- 1L Cr package for MSMEs</td>
</tr>
<tr>
<td>6</td>
<td>25-04-2020</td>
<td>The Indian Express</td>
<td>All Edition</td>
<td>Rs-1 lakh Cr fund in the works to clear MSME dues</td>
</tr>
<tr>
<td>7</td>
<td>25-04-2020</td>
<td>Millennium Post</td>
<td>New Delhi, Kolkata</td>
<td>Rs-1 lakh Cr fund in works to repay pending dues to MSMEs: Gadkari</td>
</tr>
<tr>
<td>8</td>
<td>25-04-2020</td>
<td>The Statesman</td>
<td>New Delhi, Kolkata</td>
<td>Rs-1 lakh Cr fund in works to repay MSMEs’ dues: Gadkari</td>
</tr>
<tr>
<td>9</td>
<td>25-04-2020</td>
<td>The telegraph</td>
<td>Kolkata</td>
<td>Rs-1 lakh Cr MSME prop</td>
</tr>
<tr>
<td>S. No.</td>
<td>DATE</td>
<td>PORTAL</td>
<td>HEADLINE/LINK</td>
<td></td>
</tr>
<tr>
<td>-------</td>
<td>------------</td>
<td>----------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>24-04-2020</td>
<td>The Economic Times</td>
<td>Rs 1 lakh crore fund in the works to repay pending dues to MSMEs: Gadkari</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>24-04-2020</td>
<td>Business Standard</td>
<td>Working on Rs 1 trn fund for MSMEs to provide liquidity: Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>24-04-2020</td>
<td>The Hindu Business Line</td>
<td>Rs 1-lakh crore fund in the works to repay pending dues to MSMEs: Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>24-04-2020</td>
<td>The Financial Express</td>
<td>Rs 1-lakh cr fund in the works to repay pending dues to MSMEs: Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>24-04-2020</td>
<td>Mint</td>
<td>Centre working on ₹1 tn package for MSMEs, says Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>24-04-2020</td>
<td>The Hindu</td>
<td>One-lakh-crore fund in the works to repay pending dues to MSMEs: Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>24-04-2020</td>
<td>The Times of India</td>
<td>Rs 1 lakh crore revolving fund mooted by MSME min to ease industry pain: Nitin Gadkari at Assocham webinar</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>25-04-2020</td>
<td>Hindustan Times</td>
<td>Centre working on Rs 1 lakh crore package for MSMEs</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>24-04-2020</td>
<td>The Tribune</td>
<td>Rs 1-lakh crore fund in works to repay pending dues to MSMEs: Gadkari</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>24-04-2020</td>
<td>Business Today</td>
<td>Govt to set up Rs 1 lakh crore fund to repay outstanding dues to MSMEs: Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>24-04-2020</td>
<td>Outlook India</td>
<td>Rs 1-lakh cr fund in the works to repay pending dues to MSMEs: Gadkari</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>25-04-2020</td>
<td>The Telegraph</td>
<td>Rs 1 lakh cr MSME prop</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>24-04-2020</td>
<td>India Education Diary</td>
<td>Government Working on a Separate Scheme to Address Delayed Payments Issues of MSMEs: Union Minister Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>24-04-2020</td>
<td>Your Story</td>
<td>Urged PM Modi to release all payments pending from PSUs to MSMEs: Gadkari</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>24-04-2020</td>
<td>News18</td>
<td>Rs 1 Lakh Crore Fund in The Works to Repay Pending Dues to MSMEs, Says Gadkari</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>24-04-2020</td>
<td>News8Plus</td>
<td>Rs 1 Lakh Crore Fund in The Works to Repay Pending Dues to MSMEs, Says Gadkari</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>24-04-2020</td>
<td>SME Times</td>
<td>Centre working on separate scheme on MSME delayed payments</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>25-04-2020</td>
<td>The Arunachal Times</td>
<td>Rs 1-lakh cr fund in the works to repay pending dues to MSMEs: Gadkari</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>24-04-2020</td>
<td>Inventiva</td>
<td>Rs 1-lakh cr fund in the works to repay pending dues to MSMEs: Gadkari</td>
<td></td>
</tr>
<tr>
<td>No.</td>
<td>Date</td>
<td>Source</td>
<td>Summary</td>
<td></td>
</tr>
<tr>
<td>-----</td>
<td>------------</td>
<td>-----------------</td>
<td>-------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>25-04-2020</td>
<td>Asianet.in</td>
<td>Rs 1-lakh cr fund in the works to repay pending dues to MSMEs: Gadkari</td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>24-04-2020</td>
<td>Justdial</td>
<td>Rs 1-lakh crore fund in the works to repay pending dues to MSMEs: Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>24-04-2020</td>
<td>India News Today</td>
<td>Rs 1-lakh crore fund in the works to repay pending dues to MSMEs: Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>24-04-2020</td>
<td>Newzz</td>
<td>Rs 1-lakh cr fund in the works to repay pending dues to MSMEs: Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>24-04-2020</td>
<td>One News Page</td>
<td>One-lakh-crore fund in the works to repay pending dues to MSMEs: Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>25-04-2020</td>
<td>Swarajyamag</td>
<td>Government Working To Roll Out Rs 1 Lakh Crore Revolving Fund For MSMEs: Union Minister Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>24-04-2020</td>
<td>Ask Smarty</td>
<td>Working on Rs-1 trn fund for MSMEs to provide liquidity: Nitin Gadkari</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>25-04-2020</td>
<td>Dainik Jagran</td>
<td>Rs 1 Lakh Crore Fund In The Works To Repay Pending Dues to MSMEs, Says Gadkari</td>
<td></td>
</tr>
</tbody>
</table>


Print Coverage
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.

“**We will raise a ₹100,000 cr fund, which will be insured by the government. Against this fund, delayed payments can be released by the banks.**”

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 the Covid-19 outbreak in the country.

“Our Bureau

“We will raise 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 Associated Chambers of Commerce in India (Assocham) on Friday.

“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 ₹1.500 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

SUBHABARAN 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 assurance 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 ₹60,000-50,000 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.
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, 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.

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 fortunes 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 (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.
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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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 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 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.
₹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, 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 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.

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.

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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 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.

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 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 EEC 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.

By Manish Sadane, ET Bureau | Last Updated: Apr 24, 2020, 07:31 PM IST

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 (Assocham) 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 60,000 crore worth of ESMC funds

Bhushan Chakraborty | New Delhi
Last Updated at April 11, 2020, 22:35 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 (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.

ALSO READ
Liquidity infusion, e-project award top RoadMn revival plan after lockdown
Covid-19 impact: MSMEs require support to survive, says industry expert
Gadkari hints at further easing of Covid-19 lockdown in next 15 days
RBI may cap reverse repo rate to ensure liquidity translates into credit
Covid-19: MSMEs cautiously welcome RBI measures, exporters want more
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.

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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.
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.

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.
MAGALURU: 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-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.
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 assure 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 Bhureja Ravindra

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.
Rs 1 Lakh Crore Fund in The Works to Repay Pending Dues to MSMEs, Says Gadkari

The Union 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.

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 FSUs, 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 insure this fund with the federal government paying the premium. We’ll give you a system for sharing of the curiosity 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, centre 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
Rs 1-lakh cr fund in the works to repay pending dues to MSMEs: Gadkari

April 15, 2020

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.

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 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 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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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 23, 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 (MSMEs) 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, 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 Employee 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.
लाखू उद्योगों का सटकारी बकाया चुकाने के लिए बनाया जाएगा। लाख करोड़ रुपये का फंड: गडकरी

जोर से कहा कि यह इस संयोजन में सभी साक्षरता अनुमोदनों में लेने लायक के लिए इस प्लान की निर्माणी प्रदान के लिए दौरा है।

लाखू उद्योगों का सटकारी बकाया चुकाने के लिए बनाया जाएगा। लाख करोड़ रुपये का फंड: गडकरी

मराठी लेख, Portal Dainik Jagran

MSME Balm

Businesses ask for more

SUBRAYAM CHAKRABORTY & ABHIJIT LELE
New Delhi/Mumbai, 17 April

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 earlier 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 should 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 per cent of this must go to mid- and small-sized NBFCs and MFIs. The special refinance facilities to NBFC, SIDBI and NABARD would also play a constructive role,” said Niranjan Hiranandani, president of industry body Assochem.

SIDBI will come out with a product based on terms and conditions that come with the refinancing facility from RBI, said Mohammad Mustafa, 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 ₹6 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 or 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, AEPF Chairman A Sakhivdal 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.”

Niraj 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.

“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 5% 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 Rs 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”.

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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 observed provisioning. She said FICCI is looking forward to RBI coming out with more such measures in due course as the requirements of the economy are much larger.

“Overall, it has been a comprehensive set of announcements today. Of course, we were also looking forward to allowing NBFCs and MFIs 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.

BICU Chamber of Commerce and Industry 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 Chandan Banerjee said the RBI’s move to pare the reverse repo rate by 25 bps to 3.5% per annum 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 cautious optimism provided by the RBI Governor when he said that though the macroeconomic landscape has deteriorated severely in some areas, India is still among the handful countries projecting positive growth,” he noted.

ASSOCHAM President Niranjan Hiranandani viewed that today’s largest liquidity transfusion 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

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 1,29,359 crore as of end September 2019,” Niranjan Hiranandani, President, Assocham, said.

RBI governor Shaktikanta Das has 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 SBI, 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 NPAs as of March 1, 2020 can get the extension of three 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, said that the perception that authorities had focused only on saving lives and not livelihoods was dispelled on Friday. Aadhil Housing Finance MD & CEO Dee 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

‘RBI Sops May Look Attractive, But Won’t Benefit The Targeted Segments Fully’

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 Associated Chambers of Commerce and Industry.

Many leading real estate consultants felt RBI governor Shaktikanta Das’s announcement on Friday - that the three-month moratorium is applicable to all developers - would help real estate developers who had taken loans from 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 $5.3 billion, or about 15% of total credit to the sector as of September-end 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, the issue will remain towards the balance 50% 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 60% 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 workforce on account of lockdown could delay restarting of construction activity in real estate projects. In this context, the one-year extension of 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 its plan to provide social security for gig economy workers and those in the unorganised sector, anticipating a significant increase in their numbers as unemployment soars due to the Covid-19 pandemic. Senior officials told ET that the labour ministry has finalised a scheme that will provide minimum social security, including health insurance and unemployment benefits (conditional) 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 ride-hailing apps, delivery persons working for e-commerce 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 10% of the country’s 90 million workforce and do not fall under the traditional employment-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 said.

The government has held several rounds of discussions about the new code since March with existing social security providers, like the Employees Provident Fund Organisation and the Employees’ State Insurance Corporation, sources said. 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 raise funds through imposition of some cess under the Building and Other Construction Workers Act of the labour ministry under the umbrella 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 volumes of about $450 billion by 2020.
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, the survey said.

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

Chandigarh: Although Prime Minister Narendra Modi has appealed to the employers not to lay off or cut salaries of their employees during the Covid-19 crisis, 62% of the financial crisis-hit industries are expecting reduction in manpower, says a study.

According to the survey conducted by ASSOCHAM, in partnership with business and management consulting firm Primus Partners, of 3,502 small, medium and large segment industries in manufacturing, infrastructure and service sector, only 38% 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 20% reduction in head count, over 14% units eye 11-30% manpower reduction and over 21% companies expect scaling down of up to 30% 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 chain from raw material to intermediates 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", 21% 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 Sajid7


On the government’s side, those who attended included Cabinet Secretary Rajiv Gauba, Principal Secretary to PM PK Mishra, Economic Affairs Secretary Atanu Chakrabarty, 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 V Subramanian.

“We have got a lot of feedback from states and industry bodies from the ground and other stakeholders. There have been widespread 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 (MSMEs); 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 97 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 ₹9 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.
No Clause in Rules to Arrest CEOs: Centre To States

Home secretary writes to states after meeting industry

New Delhi: The Centre on Thursday wrote to all states, clarifying that there is “no such clause” in the April 15 guidelines which allow a state to “take legal action, including imprisonment of a CEO” in case an employee is found to have committed economic activity.

The letter sought to address specific apprehensions - imprisonment of CEOs, restrictions on 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 misconceptions,” wrote Dhalla, adding that “these should not be misconstrued to harass the management of any manufacturing/commercial establishments. Industry, on Thursday, also sought relaxation in SOP for hotspots, expressed concerns regarding resumption of permitted activities during lockdown.”

Three Other Issues Raised

Earlier in the day, Bhalla had assured industry representatives that the guidelines, issued under the 2005 Disaster Management Act, were “procautionary” in nature and not meant to harass businesses. He also noted that Mohapatra had conducted a meeting with prominent industry representatives including those from the PHDCCI and ASSOCHAM.

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Three Other Issues Raised

From Page 1

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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 tested or remained positive, nor would the factory be sealed.

It moved 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 misinterpretation of the guidelines.

He cited three misapprehensions:

- The states may prosecute or imprison a CEO if a Covid-19 positive employee is found in the factory.
- The factory premises will be sealed for sanitising.
- A factory that has failed to take precautions may be closed down for two days and allowed to restart only after full compliance.

He said the Centre would like to clarify that there is no such clause in the consolidated revised guidelines and there is no basis for such misplaced apprehensions.

The consolidated revised guidelines were announced April 11, a day after Prime Minister Narendra Modi announced the extension of the nationwide lockdown till May 3.

He had said certain industrial activities would be allowed in some areas after April 14. The guidelines stipulate that the details of such exempted activities and the associated processes and conditions.

Sections of industry, including exporters, have expressed concern about the penal provisions in the guidelines, saying they left scope for harassment by authorities.

They have suggested these fears may deter some companies from re-opening manufacturing units even with a skeletal workforce.

Bhalla’s letter came hours after he and the secretary in the department for promotion of industry and internal trade, Guruprasad Mohapatra, had spoken to industry associations to allay their fears.

In the letter, Bhalla said it was important that all workplaces followed social distancing and followed the health protocols notified by the government.

He said workspaces and industrial and commercial establishments were required to follow the guidelines about safety norms prescribed in the national directives and SOPs (standard operating procedures).

Second, the home secretary said, the activities allowed under the revised guidelines, except in the containment zones, have been allowed “to allay fears.”

In the letter, Bhalla said it was important that all workspaces followed social distancing and followed the health protocols notified by the government.

He had written to all the states and Union Territories to update “industrial and establishments and field offices” on the guidelines.

“Hence, it is clarified that the consolidated revised guidelines dated April 11 do not curtail the exemptions already provided earlier, unless the exempted activity falls within a containment zone,” he wrote.

“Therefore, no separate fresh permissions are required from authorities in areas already permitted to operate prior to April 14, in areas falling outside containment zones.”

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

Industry chambers such as CII and Assocham, which sided with the government, argued that a clear demarcation be made within red zones between containment areas and other areas, and economic activities be permitted outside the containment zones.
Over ₹80k cr lying in ESIC may be utilised to provide relief to industry

Amrit Sagar Mittal—who is chairman of ASSOCHAM Northern 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 the lives of our people. ASSOCHAM 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 of over $200 billion with an ability to go up to $300 billion with $100 billion provided immediately. $100 billion in next four months and the last $100 billion in eight months. This would increase our debt/GDP ratio from 70% to 80%. In fact, in 2002 our debt/ GDP ratio was 100%. There are over Rs 80,000 crore of funds lying with government of India in Employees State Insurance Corporation (ESIC), which may also be utilised to provide much needed relief to the industry.

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 going on on the strategy of re-opening industry and economy. ASSOCHAM has formulated a calibrated approach for the reopening 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

The chambers also urged that within the 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,” the CII said.

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

PTI contributed to this story.
Relief 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

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 raise 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 Associated 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 ₹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 uncathed 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

₹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 (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, 30 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.

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 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 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 mobile 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 the 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 use 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.
₹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 requested to fast-track tax refunds to MSMEs within eight days. Small firms struggling to survive earlier in the face of a slowdown are 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

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. The minister also said that the government is poised to change the definition of MSMEs, 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).

“The minister said that he has urged labour minister Santosh Gangwar to make use of ₹60,000 crore lying in 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 in 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 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 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.

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 wind up its operations under 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 nine 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 remedial investigations against China are a living example of the Chinese trade practices that are not getting the attention that they deserve,” 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 to meet the situation demands.

China is also known to find indirect ways to keep continue dumping when any country provides some relief to its local industry, warns Assocham. When the global growth is slowing down to negligible levels, every export-oriented country or surplus inventory 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 telecoms business, which has taken the market by 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 Vikas Shekhar Sharma,” said a second source, referring to Paytm’s founder.

Paytm, which has close ties to both Reliance and Paytm, declined to be identified as much as a 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 $500 million in the year ended March 2019.

Launched a decade ago as a platform for mobile recharging, 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 91 per cent of 1.51 billion transactions in January. Paytm was a distant third with about 0.5 per cent, according to data from payments firm Razorpay.

India’s digital payments market is expected to go more than double in size to $1.53 trillion in 2023 from $600 billion in 2019, 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 — some would call it dirty tactics — 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 is looking 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 EMI's 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 this, 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 mortgage 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 exports, 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 the Covid-19 pandemic has been a game changer, making working from home (WFH), a cheaper alternative.

Many IT/ITeS companies are now warming up to the idea of enabling a significant chunk of their workforce to work from home — be it salaried or non-salaried staff. The pandemic has fought the fires and made the case for WFH.

Sasikiran, founder of Niranjan Hiranandani, said, “WFH is not just a temporary solution — many businesses are now planning to make it permanent. In terms of the period of contractual agreements, companies can demand a monthly day to day and even hourly basis.”

Hiranandani said, “WFH is a source of change. For both companies and workers, it is a source of change. It has enabled better communication and faster decision-making. WFH has become a permanent option for many companies.”

Companies have seen a surge in remote work, but the future of WFH is uncertain. Companies are looking at ways to reduce costs and increase productivity by helping employees work from home more efficiently.

Software companies are also considering WFH as an option to reduce the density of office spaces, by up to 50% and even 40% to comply with social distancing norms.

Ajit Kumar, CEO of the Oyo Group, said that commercial offices are likely to be more spaced out as employees return to the office.