

RECOMMENDATIONS IN THE WAKE OF COVID-19



INDIA[®]
SME
FORUM

RECOMMENDATIONS IN THE WAKE OF COVID 19



18th April 2020

The India SME Forum, India's Largest non-profit, initiative for Micro, Small and Medium Entrepreneurs, with over 86470 members including 7038 Women Entrepreneurs, is striving hard to support enterprises throughout India in this crucial hour when the COVID 19 Crisis has taken a heavy toll of the loss of livelihoods of millions of Micro Entrepreneurs.

At India SME Forum, we have setup eight focussed task forces for select industry sectors on priority basis, which are tasked with conducting a dialogue, identifying and documenting ground challenges and working on a roadmap to help sustain the MSMEs from the particular industry sectors and support them to restore their businesses.

Dairy & Marine Industry | Food Processing Industry | Textiles & Leather | People Services & Facilities Management | Logistics & Transportation | IT & ITES | Pharma, Ayush & Biotech | Automotive and Engineering

We request an urgent economic intervention in the form of an Economic Rejuvenation Package for Manufacturing, Trading and Service Provider MSMEs, provided the enterprise doesn't retrench any contractual or permanent workers, which will directly benefit over **6 Crore Enterprises** and indirectly their **22 Crore employees**.

Suggestions for MINISTRY OF FINANCE:

Banking Related

Working Capital Ad-hoc Enhancement & CGTMSE loans

All MSMEs availing working capital limits from Public Sector Banks, should be immediately offered an adhoc enhanced working capital limit of 25% on request through a simple online enhancement application form

- Enterprises which have no finance facilities from PSU banks, should be offered Adhoc Working capital Loans, disbursed on request, up to a maximum of Rs. 25 lakh or an amount equal to 3 months of their last financial years turnover, whichever is lower, to be covered under the Ministry of MSME's collateral coverage scheme – CGTMSE, on an online portal like PSB loans in 59 minutes.

- On an online portal like PSB loans in 59 minutes, Women owned and run enterprises which have no finance facilities from PSU banks, should be offered Adhoc Working capital Loans, disbursed on request, up to a maximum of Rs. 30 lakh or an amount equal to 4 months of their last financial years turnover, whichever is lower, to be covered under the Ministry of MSME's collateral coverage scheme – CGTMSE

A subvention of 3 % on interest rates may be offered on all loans to the MSME sector

GST Related :

Subvention or Relief on GST rates to MSMEs registered with the Ministry of MSME

- A rebate of 50% on GST Rates as applicable for the commodities/ services to all Manufacturing & Service Sector MSMEs, registered with the MSME Ministry's Udyog Adhar.
- The benefit should be given for at least two years, starting from March 2020, to all enterprises with a turnover less than 25 Crores.
- This rebate will make them competitive as well as offer a better sustenance roadmap and will also enable the MSMEs to rejuvenate and revive their enterprises after the COVID 19 situation.
- For MSMEs with turnover higher than 25 crores, GST rates on all commodities and services except capital assets and luxury goods maybe reduced or a subvention offered by 25% for MSMEs

Deferment of all ST & GST litigations, penalties, upto 6 months, to enable entrepreneurs to focus on reorienting and rejuvenating their businesses.

Process GST refunds immediately to help liquidity and cash flows.

INCOME TAX :

IT refunds to be immediately processed.

Tax Credit

- Government should allow a tax credit equivalent to an average of 3 months of salaries paid to workers in the last 3 financial years, to serve as an employment Incentive, which can be availed by the enterprise in part or full in any FY, for upto 3 years, for all registered MSMEs.

Payment of advance taxes / TDS / Income tax maybe deferred by 6 months

Deferment of litigation on IT cases, tribunals for 6 months to enable entrepreneurs to focus on business recovery

RBI :

Restructuring of outstanding loans may be allowed with restructuring of upto atleast 2 years.

Each branch could be given a target of at least 10 cases or more under Standup India to help marginal and women entrepreneurs

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Deferment of EMI payments with interest waiver on Working Capital loans, Term Loans, Housing loans, Personal Loans, Credit Card payments, until June 2020, without levying any compound interest or penalties. EMIs to start from July 2020 onwards.

Basis the credit history of the Company, its turnover for last 3 years and their history of tax payments banks should offer AD-Hoc, short term loans to MSMEs, which can be covered under CGTMSE loans or Standup India.

Uppercap under Mudra Loans maybe raised to 25 lakhs to help liquidity

Banks maybe directed to take a lenient view of MSMEs which maybe turning NPA or having disrupted cashflows, and should not be prejudiced and not adopt a biased approach and attitude towards such MSMEs. Such MSMEs maybe declared NPA only after 180 days, post start of operations of such MSMEs.

Offer bill discounting facility with nominal rate of interest owing to thin margins.

Interest subvention scheme for Exporters may be extended for another 2 years

Processing of Loans may be done at minimal processing fee / bank charges

RBI may allow a moratorium on interest for Q1 for the year 2020-2021

Insurance Regulatory and Development Authority of India

Grace Period for deemed continuity of all kinds of insurance policies Even though for income tax purposes the cut-off date for insurance policies has been extended to 30/6/20, the insurance MSMEs may be directed to allow a grace period till 30/6/20 so that no policy whether medical insurance or otherwise is discontinued due to late payment of premium during this period.

Suggestions for MINISTRY OF CORPORATE AFFAIRS:

There should be a provision for extending the closing of Financial Year 2019-20 for all forms of MSME enterprises, Partnerships, Proprietorships, LLP, Private Limited or Limited, NGOs, by at least 6 months

Deferment of all litigations at ROC for upto 6 months and extension of the MSMEs Fresh Start scheme till March 2021.

Suggestions for MINISTRY OF LABOUR:

Allow 30% - 50% cut in wages of workmen and employees of MSMEs in shutdown / lockdown state, as these employees are not spending on conveyance and other routine daily expenses of commuting to office, communication etc. Alternatively MSMEs maybe allowed to layoff upto 30% of present staff or as per the requirement of the Employer.

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Enterprises maybe allowed to pay only Basic + HRA component from the salary, however, the Employer need to be compensated / reimbursed / incentivised to paying wages during shutdown.

An amount equivalent to the company's contribution for PF made in the last financial year should be waived for PF in the upcoming period. The Waived PF amount and ESIC liability till June end maybe used for paying wages offered to employees as salary in hand.

Workers refusing to work in essential services factories due to mandatory rule of payment of wages during lockdown, be allowed to be terminated.

All litigations regarding labour, PF, ESIC etc maybe deferred for 6 months

Tangible incentives related to MSMEs with more than 100 employees.

The relief measures have to be easy to access and provide relief in true sense and must be directly credited to the Company on the basis of Company records and must not be subject to many conditions.

Unclaimed reserves of EPF & ESIC maybe used to offer stimulus package / Relief package towards salaries/wages being paid by Entrepreneurs during lockdown period.

Suggestions for MINISTRY OF CONSUMER AFFAIRS:

Monthly Utility bills including Electricity, Water etc. to be charged at nominal rates and the payment due date may be deferred by 45 days. Also No penalty / late fee may be levied.

Commercial Office rentals for April 2020 maybe directed to be reduced by 50 % for the period of the lockdown.

Electricity Power Bill should be generated based on actual consumption with no Minimum Charges during the period of the lockdown.

There maybe a 25% subsidy offered on Electricity Power Bills for Financial Year 2020-21

Suggestions for MINISTRY OF MSME:

Immediate instructions maybe issued to large companies and corporates and Govt establishments for immediate release of delayed payments of MSMEs without unjustified deductions and reduction of the credit period for payments to MSMEs to 15 days under the MSME Act.

A dedicated MSME Capital Support Covid -19 Equity Fund maybe created, for rejuvenating the industry and helping in Import Substitution.

Undertake a nationwide COVID-19 economic impact assessment for the MSMEs and losses incurred sectorwise.

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Tool rooms and Technology Centres under the MoMSME may be reoriented for developing and enhancing import substitution items and undertaking capacity building for Exports.

Incentive schemes to be planned towards prioritising import substitution.

Chairman : Mr. Prahlad Kakar Vice Chairman : Dr. J. S. Joneja

President : Mr. Vinod Kumar DG : Ms. Sushma Morthania

Governing Board :

Mr. T. R. Bajalia, Mr. Ravinder Bhan, Mr. Sunil Alagh, Mr. Durbar Ganguly

SECTORAL TASKFORCE SUGGESTIONS

TASKFORCE FOR LOGISTICS & TRANSPORTATION SECTOR

Chairman : Mr. Ashish Seth Co Chairs : Mr. Sunil Krishnan & Mr. Amitesh Singh

Suggestions for GST Related :

Full exemption from GST is requested for all exporters on billing of both freight and ancillary services in foreign currencies. Currently only freight is exempted from GST.

Suggestions for DGFT :

Waiver of demurrage charges, warehousing / storage charges at all airports and seaports during the lockdown period as well as a month post lockdown.

Suggestions for Ministry of Road Transport

Waiver of toll charges for all supply chain vehicles across the country for next 6 months.

Suggestions for Ministry of Shipping & Ports

Post lockdown, priority should be given to exporters as per their cut off dates of the vessel. This can be monitored via Form-13 (given by the carriers mentioning the cut-off date).

Priority should also be given to importers with cargo, in order to evacuate the containers from port and CFS, and allow them to move out of the area to avoid traffic jam situations.

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All these should be monitored by senior level traffic officers in close coordination with the port authorities.

No BL (Bill of Lading) surrender charges to be levied by shipping lines.

The district level officers should be well informed on advisories released and process of issue of permits. Nodal officers should be appointed at ground level to issue permits for operation at harbours, taking into consideration size of harbours.

Fast Track Implementation process of import clearances at Ports with adequate availability of personnel. Provide relief in terms of payment of detention and other clearance charges occurring due to delay in clearances.

TASKFORCE FOR AYUSH & PHARMA SECTOR

Chairman : Mr. Arun Prakash Co Chairs : Dr. Smita Naram & Dr. Rajagopal

Suggestions for GST Related :

Cost of quality and testing is very high for MSME Ayush industry. In order for the Ayush sector to gain access to the global markets and to increase its acceptance in the domestic markets expenditure incurred on testing and evaluation in accredited laboratory and testing agencies must get 100% tax benefit.

GST on testing and evaluation of quality parameters must be waived. It can also be extended to those with in-house facilities at predetermined rates.

Reduce the GST for sanitation and disinfection chemicals and its raw materials by 50% or zero%. Further, Government may permit part payments of GST.

GST maybe be exempted on essential medicines, consumables and devices for treatment of COVID patients.

Allow Indirect tax reliefs/ exemptions/ waivers like - recoup amount equivalent to ineligible GST credits paid on procurements.

Equalize GST rates for both proprietary or patented products and Generic or Classical drugs to 5%.

GST departments should not reclassify products that are already licensed as Ayush drugs by a competent licensing authority under any other category like cosmetics or food supplements with higher GST resulting in needless tax demand and disputes.

Waiver in GST amount maybe granted to the extent of an amount equivalent to and average of one month GST paid by the company in the last financial year.

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Penalties and late payment interest on GST maybe waived till Sept 2020.

GST payment liability to be made quarterly instead of monthly till one year.

Deferment of GST payment dates

Ministry of Commerce & Industry

Undertake a COVID-19 economic impact assessment for hospitals and laboratories

Suggestions for DGFT :

Customs Duty maybe be exempted on essential medicines, consumables and devices for treatment of COVID patients.

Excise departments should not reclassify products that are already licensed as Ayush drugs by a competent licensing authority under any other category like cosmetics or food supplements with higher GST resulting in needless tax demand and disputes.

Duty Waiver for products imported for R&D / innovation of products to be used for the treatment of infectious diseases like COVID and any other unknown diseases .

Export incentives must be hiked for all pharma and ayush products.

Impose tariff barriers on Chinese imports and reduce dependency on one country.

Suggestions for Ministry of Ayush :

Government procurement of Ayush products must be stepped up. All systems of Ayush other than Ayurveda like Siddha must be permitted to place their products in Ayush hospitals and CGHS across the country. Preference or quota must be reserved for MSMEs.

AYUSH MSMEs have several star products but SMEs are not able to showcase and present it at International platform due to lack of fund and resources, need support for export market expansion and to foray and explore new global markets

A movement or initiative by name *BUILD IMMUNITY SAVE COMMUNITY* must be taken up with AYUSH Ministry front-ending the initiative.

Enter into MOUs with as many countries as possible for approval for registration and marketing of Ayush drugs in their country containing a select list of plant species or of products and formulations sold in India for more than ten years without any adverse effects reported. This will boost export of products as Ayush drugs and increase visibility elsewhere. There will be huge interest in immune boosting and stress relief products.

License renewal fees may be waived off for the current year.

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MSMEs who have been there for more than three decades in Life-Sciences and health care sectors should be given green channel/ hand holding for getting manufacturing licenses and other regulatory requirements for development of essential tools for diagnostics / public health and safety such Diagnostic kits, protective n safety tools, disinfectants etc. at a short period (15 days) so that these can be offered to the country quickly reducing our dependence on outside.

TASKFORCE TEXTILES SECTOR

Chairman : Mr. Sanjay Jain Co Chairs : Mr. Bhavan Vora & Mr. Mukesh Bhargava

Suggestions for RBI

Provide 3% interest subvention beyond March 31, 2020 including products such as quilts and cotton shopping bags for Reimbursement of State and Central Taxes and Levies.

All banks may be given clear directions to make application for Mudra Loan online & all rejections should be with a clearly defined reason - this will help retailers pay to manufacturers.

Banks should provide moratorium for at least 6 months for repayment of principal and interest amounts and exempt raw materials from anti-dumping duty and customs duty.

Provide 30% additional working capital term loan (WCTL) with 3% interest subvention without any additional collateral and margin money; provide one year moratorium without any interest and 36 months for the repayment of WCTL with applicable interest;

Convert all L/Cs payments maturing from 22 March 2020 to 31 May 2020 into Term Loan which is payable monthly over a period of 24 months;

Packing Credit period for existing loans and export bill realization maybe be extended by six months;

Exempt all dyes & chemicals, intermediaries, spares, accessories, etc., from Customs and Anti-Dumping Duty

Since no remittance is coming from foreign buyers, the bills that presented to the banks start getting mature resulting in crystallization of the bills by the bank.

Crystallization of export bills may be kept in abeyance for the next six months;

Already many exporters have booked forward contracts in anticipation of payments to be received from their foreign buyers but due to this contingency, none of the bills are being

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honored by the buyers. Hence, the forward contract tenure may be extended by postponing the maturity date so that the same will get crystallized only when the bills are actually paid by the buyers;

Suggestions for Ministry of Textiles :

Ministry may include all the textiles & clothing products, fibre to apparel/made-ups, including technical textiles in the textile value chain under RoSCTL, IES & MEIS benefits with immediate effect; extend 5% additional ad-hoc export incentive and 5% IES benefit for 3 years

MSMEs must be provided with contract protection for 6 months from the current Clients, i.e., clients should mandatorily continue with the contracts for 6 months till September.

APMCs must start cotton auction immediately. Movement of raw cotton from farmer to APMC/ Ginner must be unrestricted.

It is suggested that the scheme for reimbursement of taxes and levies be extended for cotton yarn and fabric exports.

There should be 100% subsidy on the cost of materials & services incurred for the Sanitisation & Medical Facilities provided at the Industrial unit or Working premises.

The Ministry should start working on urgent strategy to reduce over-dependence on any single country.

Suggestions for DGFT :

Refund all the pending statutory and export claims including RoSL, RoSCTL, Duty Drawback.

Suggestions for Ministry of Labour :

Contribution by Govt. for the 3 months Provident Fund is formulated under caveat of below 100 employees. As many SME MSMEs does not come under ambit of such scheme

Waive the payment of EPF and ESI contributions (both employer and employee) for three months; would reduce the burden for all stakeholders; would increase the take home pay.

Direct ESI to continue to extend all the benefits until March 2021

ESI may extend life insurance cover against Covid-19 to all the textile industry workers. Textile Industry being a continuous process and predominantly export oriented industry.

Compulsory leave without pay to be enhanced from 3 days to 7 days per month for various categories or workers / employees as the unit will be working with lesser workforce.

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Relax factory compliances to enable the industry to continue operation with a much lesser workforce over longer work shift of up to 10 hours without OT.

Two work shifts of 10 hours each maybe permitted

DAIRY & FISHERIES TASK FORCE

Chairman of the Taskforce : Mr. Shivkant Sidnal

Co Chair : Dr. Manoj Sharma

Suggestions for GST Related :

During such disastrous scenario, farmers should get back the GST refund as an immediate support.

GST Refund should be released as early as possible, enabling more cash in MSMEs to handle the crisis.

In general, to produce one kg shrimp, cost of production is 300 INR. Farmers pay 12 to 18 percent GST on feed, health and disinfectant around 25 to 30 INR per kg. These GST burdens should be removed for the farmers.

Suggestions for RBI :

MSME to be offered interest rate subvention, on standard loans.

During similar situation in 2006 when there was massive bird flu attack on the poultry sector, Government of India has provided relief measure to the poultry sector by announcing Interest Subventions and increasing Credit duration to the Poultry Industry for a limited time period. Relief package for Poultry sector should be provided in Covid-19 crisis too, as this situation is even worse.

Government may also consider giving direct assistance to poultry farmers through direct benefit transfer so that they are compensated to some extent for the losses incurred by them.

Non-collateralized loans at low cost should be allowed in the short term to take care of salary payments. These loans may be given against confirmed purchase orders.

Animal financing with every acre of land by the bank model, may be adopted to promote the dairy sector.

Suggestions for Ministry of Commerce & Industry

Transport & Marketing Assistance should be extended to Marine products exports also.

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Indian Government supports DEPB and MEIS scheme to exporters worth 3500 crore. Farmers are the main backbone of the aqua economy. The export benefit should be shared among farmers considering deemed exporters status.

Promotion scheme for shrimp and fishes on the model of NECC to support domestic market and consumption. This will help farmers to a very big extent. Today the shrimp farming industry is highly vulnerable due to over dependency on export market.

Suggestions for MINISTRY OF ANIMAL HUSBANDRY, DAIRYING & FISHERIES

Farmers should be given seed subsidy. Mechanism can be worked out with seed/feed suppliers.

There should a bio gas plant for every 50 animals per farm.

Dairy research, a skill development centre should be in every block level with Govt and Industry collaboration.

Cattle Food should be in standardized form to improve productivity.

Immediate steps need to be taken to focus on the aqua industry to generate food production and employment. One hectare can produce 5 tons of quality animal protein and can employ 40 people. Aquaculture is the very important rural activity providing huge employment and livelihood opportunities to coastal and inland fishers.

Availability and movement of ice for chilling process: Request to allow movement of ice and diesel to avoid wastage and spoilage. Fish and seafood are subject to spoilage; however, unlike others the spoilage process begins immediately, harbour rate. Therefore, ice plays a very crucial role in preservation of fish by chilling process. Use of ice prolongs the shelf life of fish and its availability is imperative.

Controlled auctioning of fish stock may be allowed. A committee should be formed for controlling process of controlled auctioning. Such auctioning could be undertaken under supervision of police authorities and local leaders at harbour. This arrangement can ensure that some trade can be operationalized at harbours on daily basis.

All the grants/incentives are being received by Govt. of India from World Bank. It is further passed on to State Co-operatives through NDDB (National Dairy Development Board). No such grants/incentives are available to Private Sector to provide MSP (Minimum Support Price) to the milk producers. The States of Haryana and Rajasthan are already giving support price to the producers by Rs. 4/- per litre. This MSP is given through the Co-operative Federations. This kind of discrimination is ultimately causing slow pace of farmers' growth who are also in organized sector attached with private Sector and having surplus milk in the market. The private Sector is kept in lurch when it has to compete with Coop. by bearing huge losses.

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Soliciting government intervention, to rescue the private milk industry and grant necessary compensation / subsidy thereof. Due to low demand, there is a problem of disposal of stock and the rates of the products have slashed down. Steep fall in the rate of these products, amounts to huge losses.

There should be a common facility centre setup, where farmer clusters can develop their other standardized dairy products like butter, cheese, ghee in good packaging with industry collaboration. All subsidies/grants sanctioned by Central/State Governments should be released as early as possible.

Waiver be granted for testing fees by EIA for 1 year.

TASK Force- Food Processing Industries

Chairman Mr. R. S. Choyal Co Chairs: Mrs. Manisha Dhattrak & Mr.Suresh Bherwani

Suggestions for GST

GST on Transportation of Food Supplies should be postponed to 6 Months.

Transportation of essential goods such as indigenous edible oils should be exempted from GST tax.

Indigenous edible oils, Oil Seeds and Oil Cake should be taxed in Zero % (0%) category instead of the present tax slab of 5%

To ensure availability and supply of essential food item at a reasonable price, GST on essential food items should be reduced to zero.

Fruit and Vegetables Processing Sector can't avail of input credit on 60% items. However, while selling they have to pay for 100% GST. The existing rate applicable to this sector needs to be reviewed and lowered.

MSMEs pay 18% GST for Wheat Biscuits & Wafer Wheat Biscuits. Raw materials used approx 97%. GST credit from (1) Maida use approx 65% GST rates 0% (2) Sugar use approx 22% GST rates 5% (3) Vegetable Oil use approx 10% GST rates 5%. Average maximum GST credit in raw material 2.5% to 3%, the final product burden is 15%. So recommended maximum GST rate in biscuits is 5%

There should be 50% cut in GST through deficit financing to strengthen the demand in the economy

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Mandi Tax of 1% on Oilseeds should be exempted with immediate effect as because it will help farmers to realize better price and also help the consumers to get edible oil at a reasonable price.

Concerned authorities to dispense with all duties/taxes not subsumed under GST instead of reimbursement under RoDTEP scheme to save time and procedures

Suggestions for RBI :

Special finance possibilities are required to support modernization and upgrade the existing production facilities to World-class level

2% subsidy on interest rate for MSME CC limit as declared by Modi government is till date not disbursed by banks.

Requirement of interest subvention at 3% for all industry and at 5% for MSMEs

A credit line to the tune of 40% of turnover may be considered

In order to boost demand, Retail finance could be made available at subsidized interest rates

For loan against shares, no fresh margin should be asked for next 3 months

Special Fund under NABARD for providing additional assistance to the Food Processing industry to cater to domestic market as there's a liquidity crisis being faced by the units

Procurement package should be considered for perishables in the form of soft loans or as a percentage of their turnover as tax credit

The working hours of the banks should be extended as exporter MSMEs are dealing with international markets making it difficult for them to carry out the necessary transactions. Banks should be allowed to run in different shifts with necessary staff maintaining social distancing.

A special package may be announced by the Government of India for the tea industry as the industry of West Bengal & Assam have faced losses upto Rs 2000 crores and 100 million kg of tea has already been damaged because these states did not permit estates to operate.

Farmers/ fisherman related to aqua-culture should be included in PM KISAN Yojana for F.Y 2020-21 so that they could be benefitted with the direct payment of INR 6000 / year.

Banks should be instructed to clear Letter of credit / cash against consignments with priority.

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Suggestions for MINISTRY OF COMMERCE & INDUSTRY :

Transport Assistance scheme of APEDA can be relooked at to provide financial assistance to exporters. Waive off the requirements APEDA returns for this year.

Government of India has to withdraw all the export restriction imposed on all types of edible oils as well as Mustard Oil.

The incremental exports should be made tax-free for the next one-year basis last year

Reduction in import duty on procurement of raw material

Concerned authorities to dispense with all duties/taxes not subsumed under GST instead of reimbursement under RoDTEP scheme to save time and procedures

Deployment of clearing agents and loading/unloading labours at the port to ship the ready cargos.

Suspension of pre-shipment inspection requirement should be considered basis the track record of a company for 1 or 2 months.

Advisories should be issued for exporters / importers as they are not considered as essentials in most of the states and thus they don't get necessary documents to operate

Process of obtaining certificate of origin and the Phyto-sanitary certificates should be made online as the courier services aren't being allowed due to lockdown.

Surveyors should be allowed in the factories. Additionally, documents should be allowed to be submitted online as most countries are accepting pdf scans.

Incentives under MEIS scheme should again be made at 7% from current 5% for at least F.Y 2020-21

Scrips needs to be monetised to provide liquidity to exporters. Exporters on export of products gets incentives as accumulated points which are subsequently adjusted against duties and taxes etc

Control over transportation services and cost will impact the prices of all materials. This has to be monitored thoroughly.

Ecommerce and home delivery segment should be provided with certain benefits by the government so that people focus more on getting products delivered and avoid visiting markets soon after the lockdown is complete. This will be benefit end-user and business will also feel encouraged

Vehicle transporting food items are allowed easy access without any time restriction. Effective Pass and Single window approvals for food processing units, as they fall under essential goods. Expedite the process of the Centralised E-passes to MSMEs having supply

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chain at national level so as to avoid confusion and delays at the state level. Establish a single window nodal agency in the state to resolve issues faced by Industry across various departments/areas such as Police, District Administration, Labour, Transportation etc. Extension can be issued in the validity of e-passes already issued to the workers and employees engaged in essential services till 3rd May, 2020.

Introduction of e-way bills/ e-pass for movement of the all essential and non-essential goods on the roads for smooth operations and subsequent checks by the concerned enforcement agencies. Passes should be issued expeditiously by the local authorities facilitate movement of truck drivers, cleaners, workers to their respective places of work.

Permission can be provide to allow interstate and intrastate movement of the trucks carrying short shelf life products to the retail outlets and sell them at discounted prices with priority without any hassles.

Advisory should be issued to allow curfew passes for transporters engaged in migration of bees. Employees/workers/labourers engaged in manufacturing, operations and logistics of essential goods and other exempted categories should be allowed to commute if they carry the authorisation letter from the company or have valid identity cards across the all the states and UT's in India. Permission to allow operations of Cold Storage and warehousing with an enabling support system for Interstate movement of goods and personnel related to above categories being respected uniformly by all the state/UT Governments

GOI/MHA circulars related to food processing industries and transporters are not being implemented on ground in NE states. Rice millers are not able to procure paddy leading to rice shortages in the region

Suggestions for MINISTRY OF AGRICULTURE

Private MSMEs, Individuals, Corporate, FPOs, SHGs, cooperatives, etc. should be allowed to buy directly from farmers at negotiated prices.

Implementation of eNAM should be pushed for direct procurements from the farmers to avoid further distress to farmers and industry

Bee-keepers may be allowed to purchase sugar in bulk quantities for feeding it to bees, however ensuring norms don't encourage hoarding.

Special focus should be given to crops to be sowed in the upcoming sowing season with timely intervention/assistance to avoid further distress to farmers.

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Suggestions to THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION

Issue uniform advisory for the smooth operation of Food processing Industry and its entire value chain during the lockdown period and to create awareness amongst official engaged such as DM/ SDM/ SDO/ Ration Adhikari/ Police officials positioned at state borders etc.

FCI has enough stock of rice, wheat and other crops, as Honourable Minister of MSME said, GOI is arranging bids for Grain release, here we suggest, there should be a system for small FPI as they are not able to fight these bids and they should be enrolled without hassle to get the material directly from the FCI.

FCI should be directed for releasing some stock under Open Market Sale Scheme (OMSS) to enhance the supply of food grains

Special Mechanism development to Contactless Public Distribution Supply (PDS)

Suggestions for MINISTRY OF HEALTH & FAMILY WELFARE

North East has been heavily impacted by imports from Bangladesh and Nepal as there are no proper FSSAI check points and testing labs.

Jurisdiction of the sample collected by FSSAI or Food department should be the place of manufacturing for Micro And Small Agro-Based Industries.

Waive off the requirements of FSSAI annual return.

Blended Oil is a dangerous provision of FSSAI. Under this provision unhealthy chemically refined imported oils are sold to consumers. To ensure good health of consumers, enhance their immunity and save indigenous healthy edible oil industry. Blended Oil should be banned with immediate effect, it is also source of many diseases such as heart disease, diabetes, Blood pressure, sugar etc

Sanitisation should be done through local civic bodies. Almost all MEMEs are established within city limits and have been paying double taxes to both Industry Department and Municipal Corporations

Professional sanitization agencies should be enlisted for this work

Sanitisation Tunnels maybe setup by Health departments.

Suggestions to THE MINISTRY OF LABOUR

There in an urgent need to issue a uniform advisory to State Labour Commissioners to issue advisory in their respective state to facilitate labour availability in the states and enable institute/ industries falling under essential services to work appropriately.

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Advisory should be issued to states for labour allowed in a factory to be taken as a percentage since it varies according to size of the unit.

Employees Welfare Fund reserves may be utilized for supporting wage and salary payments to employees of MSMEs

Suggestions to the MINISTRY OF FOOD PROCESSING INDUSTRIES

PMKSY should be opened to all MSMEs operating in the food processing sector, which is presently restricted to members of Food Park and Clusters only. This will certainly generate new investment and fresh employment.

Ministry should match the demand of food clusters and ensure preservation in the cold storages in the vicinity.

The space in the warehouses and cold storages in the Ministry projects can be used for temporary storage. Further the vacant plots, yards and Silos in Mega Food Parks and Agro Processing Clusters can be used for storage of fruits, vegetables and food grains. Each Mega Food Park has Minimum 50 acres of land and each Agro Processing Cluster has minimum of 10 acres of land.

The availability of the space and Cold storage capacity may be made available along with the relevant contact numbers of the promoters and MoFPI officers to facilitate further arrangements of storage for the next 6 months.

Automation and digitalization of Food Factories to ensure less human hands interface.

Allied industries for support of Food Industries should be enlisted and must be given permissions to support the Food and FMCG industry.

Perishable crops like mango, litchi, tomato and pineapple are coming into harvest shortly and the chances of post harvest losses are very high for these crops as no buyer, exporter or domestic food processing MSMEs have liquidity or cash flow to purchase currently. Scarcity of funds for harvesting will lead to huge losses as well as miss out on the timely sowing of next season of crops.

Existing industries should be incentivized to modernize and expand to enable them to adapt to the changed world order post Covid. The MSMEs will need to build capabilities of new opportunities arising out of the shift away from the traditional manufacturing hubs like China.

Sanitization support should be given to all MSME and retail shops before restart.

RECOMMENDATIONS IN THE WAKE OF COVID 19

TASKFORCE – PEOPLE, OUTSOURCING & FACILITIES MANAGEMENT

Chairperson : Ms. Sarita Sarvria Co Chairs: Ms. Dipali Sikand & Ms. Sanaa Kazi

Suggestions for MINISTRY OF FINANCE

GST

The 18% GST on the service industry was always punitive and this is the time to moderate it. GST is billed and paid even before the payments are received from clients. GST invoiced due must not be paid if not received payment from customers.

A 50% to 100% Waiver on GST for the Facility Management Industry at least 6 months.. In the absence of input credit for much of the costs, this will come as a breather. Besides, as cash flows are stressed, it is request that tax should be collected not on accrual but after receipt, as most vendors are likely to extend and even default on payments.

A deferment for twelve months for all statutory dues such as GST, Advance Tax,

GST payments & returns for Financial Year 2020-2021 should be made quarterly for all tax payers irrespective of the Turnover limit and the constitution of the organization (i.e. Partnership, LLP, Private Ltd, Proprietorship, etc.)

Suggestions for INCOME TAX

Refund of all income tax even greater than 5 lakhs.

There should be 2 % TDS deduction for the financial year 2020

Hotel industry maybe exempted from paying service tax for next 6 months. Exemption of service tax from 1st April 30th September 30, 2020

Suggestions for RBI :

Based on CIBIL Score / previous transaction, government should provide bank guarantee / OD without collateral which will enable entrepreneurs to take the risk of investing again.

RBI must instruct all banks not to recognize MSME loan as NPA for at least 6 months for any non-payment : extend the moratorium till October

Soft Loans at reduced Interest rate from SIDBI with no collateral requirement with an EMI moratorium of 6 Months to 1 Year

Liquidity support is needed with cheaper rate of interest so that to retain employees and pay salaries on time.

The government should give incentives to employers to keep the workers.

RECOMMENDATIONS IN THE WAKE OF COVID 19

Hotels pay a hefty bar license in addition to many taxes like property taxes. The validity period of these taxes and licenses be extended by at least one year without further payments

Suggestions for MINISTRY OF COMMERCE & INDUSTRIES

All PSUs should revisit their contracts and provide work to those MSMEs which are lower than Rs.50 Cr threshold and importantly have an equitable distribution of service providers so as to address every service provider who will be hit during this period.

Force majeure in agreements used by clients to not pay salaries should be disallowed / advisory should supercede all agreements at this stage.

Putting a full stop to contract revisions for next 2 years

Restoration of SEIS Scrips for duty credit of 10% to Tourism, Travel & Hospitality Industry.

Suggestions for SUGGESTIONS TO THE MINISTRY OF LABOUR

Waiver of payment and statutory compliances for Provident Fund Contributions and ESIC: Employer PF Contribution be waived off and Employer to only contribute @8.33% towards the Employees' Pension Scheme upto the statutory salary limit of Rs. 15,000/- per month for the above mentioned period of six(6) months. Government should reimburse Employer contribution for all employees upto the statutory salary limit of Rs. 15,000/- to the employers irrespective of the number of employees in the establishment for the above mentioned period of six (6) months. Government should waive the administrative charges & inspection charges under EPF & MP Act, 1952 for the above mentioned period of six (6) months.

Ensure that government takes the burden on employers share of PF, ESI payments beyond the current level of Rs.15,000 Gross salary. The current rule of 90% of employees getting not more than 15,000 Gross salary for an establishment to avail State subsidy leaves very few MSMEs benefitting from the move. The limit must be raised to at least Rs.60,000 Per Month. In case of genuine reasons for delay in payment, no interest/penalties / penalizing company or directors etc a to be levied for the above mentioned period.

PF and ESI contribution relaxation for next six months. 100% ESI and at least 50% PF

Government should defer all litigations and issues under arbitration as well as abolish penalties on late payment of ROC Filing, GST, PF, TDS, ESI etc. for MSMEs.

The Employees' Provident Fund (PF) may be relaxed for the next six (6) months viz. March, April, May, June, July & August 2020 as under – Option be given to employees to determine whether to pay Employees' PF Contribution or not, so that employees 'in-hand salary' increases

RECOMMENDATIONS IN THE WAKE OF COVID 19

Gig Workers/Daily Wagers engaged in Construction Industry, may be adequately compensated by pooling out funds from Building & Other Construction Workers Welfare Funds which has been created by sourcing funds in the form of Cess from Construction Industries.

Already the Construction Industry is impacted by the Global Slowdown and hence the said Cess should be used to pay the salaries and statutory dues of the Construction workers and also the Construction Industry should be provided with a Survival & Revival Package considering the predicament after the Country-wide lockdown over Covid-19. Additional hours to be formalised post lockdown to minimise losses (1 hr to 2 hrs)

Government may allow relaxation in statutory dues such as PF, ESI, etc with reduced employer contribution and extension of last date by 6 months. Besides, banks should give more time for the payment of instalments and interests without charging extra or considering legal proceedings.

Government should waive the administrative charges & inspection charges under EPF & MP Act

Government should be reimbursing the wages/ salaries paid to registered 'workmen' and unregistered 'other workmen'

All these years the Entrepreneurs have been contributing to different welfare funds for Labour, ESIC, EPF etc. to be able to help these workers during an unforeseen situation. We have gathered that there is a large chunk of funds lying unused and unclaimed as details given below which should be made available for the welfare of the workers who need it today under this crisis. Use the funds will come from BOCW, Cess, labour welfare funds, unclaimed PF since a decade etc. for bailout of this sector

A 6 months salaries and wages support is requested from the month of April 2020 onwards. This can be achieved by contributing in the ratio of 1: 1: 1 between the Central govt. State government and employer.

The Private Security industry is amongst the largest employer in India with 8.5 million. But the Private Security Agencies are reduced by 50%. Therefore, Private Security Services must be urgently taken care of.

A mandate must be given to all MSMEs using Facility Management Service for an Auto renewal of all contracts that were coming to an end on March 31st for at least six months to a year.

Declaring Facilities Management industry as essential services and making it compulsory for sanitation, waste management Besides, the government should give support for additional manpower, sourcing of the critical personal protective equipment sanitizers etc. where there is an acute demand in the market and there is supply constraint.

RECOMMENDATIONS IN THE WAKE OF COVID 19



Employees Welfare fund maybe utilised for supporting wages to MSMEs having Employee size less than 10

TASK FORCE – IT & ITES

Chairman : Mr. Chintamani Lele Co Chairs : Mr. Krishna Singh & Ms. Manisha Sharma

Suggestions to THE MINISTRY OF FINANCE

GST :

GST is billed and paid even before it is received from clients. GST invoiced due must not be paid if not received payment from customers. GST Should be payable only upon receipt of payments from customer. This will help IT & ITES industry in mitigating our liquidity problem as most of our income is service based and we do not have much input credit. In the current scenario delay payments are already putting pressure on our liquidity and on top of that we have to deposit GST every month which is further denting our cash position. 18% of working capital is locked due to advance payment of GST.

A deferment for twelve months for all statutory dues such as GST, Advance Tax, Custom Duties, Excise Fees etc. GST and TDS Returns for March-April-May to be relaxed till June end, as due to lockdown it is not possible to collate all transactions.

IT rates to be on par with manufacturing where it is @ 15%.

Suggestions for RBI :

CGTMSE loans limit should be increased to 5 Cr and banks should not deny loan under this scheme.

For easy facilitation of loan, 3 years of IT return should not be mandatory, it should be reduced to 1 year.

EMI Moratorium should be extended to 6 Months.

Interest waiver @ 25% to 75% for all interests on Term Loans, OD's & all type of borrowings (from 1ST April to 30th June 2020) for MSMEs with turnover less than 25 Cr to 75 Cr, instead of just Moratorium as it increases the financial burden on MSME by increasing interest cost.

Banks should be instructed to consider 10% to 25% increase in Working Capital limits for MSME MSMEs at least for 1 year period based on borrowings

Banks (Nationalized/Private/Co-op) should provide enhanced lending upto 30% of current limits for the lockdown period without additional collaterals.

RECOMMENDATIONS IN THE WAKE OF COVID 19

Suggestions to THE MINISTRY OF COMMERCE & INDUSTRIES

Allowing movement of IT products, peripherals and spares as this has locked up the entire industry.

Many MSME organisations from all sectors were not prepared with Business Continuity Plan in the lockdown situation and have come to standstill. Today every household is requiring multiple computing devices with good connectivity and secure access to their office environment, schools, colleges, banking, sales and marketing, business support services and IT support to international clients.

IT-SMEs only provide these last mile services, which should now be included as Essential Services, and material movement should be permitted in phased manner.

IT Service Providers should be allowed to operate following all safety and health hygiene guidelines issued by the government. Allowing operations even at 25-50% will help the SMEs from all sectors start gradually rolling.

Freight must be subsidized to encourage trade.

There should be incentive on foreign exchange earnings to the Merchant Exporters also or Merchant Export (MTT Transaction) must be added to SCIS. Incentive will be credited directly through AD Code Banks after realization of amount and regularization of Import/Export and AD Code Bank will report directly to EDPMS of all MTT Earnings.

Mandatory procurement from MSME's for all govt and PSU's procurements of IT/ITES at more than 20%. Post allocation of tender a provision of 50% Advance specifically for MSME's to deliver.

Most of SME don't get place / space in Tech-park .

3 months of commercial rent should be waived off.

Suggestions to THE MINISTRY OF LABOUR

The Full PF Contribution is limited upto 100 employees where as in IT industry, headcounts are more. It should include and must be extended to all MSMEs without restriction.

Professional Tax and Labour welfare charges should be waived-off for a year.

The IT SMEs want to honour government's request not to retrench employees and pay the salaries for lockdown period. However, it is not practical, as the IT SME work on very wafer-thin margins, and do not have reserves to sustain the disruption for months. Since the lockdown, there is no sales, no revenues and no cash flow, and it will be very difficult for many to pay the wages and the statutory overheads like PF, ESI, Bonus etc. Government

RECOMMENDATIONS IN THE WAKE OF COVID 19

should allow curtailment of salaries to 50% and waiver from statutory contributions for the lockdown period.

Minimum Wages and DA rates should be reduced for current year.

Mandatory clause of bonus payment despite whatever the company performance, should be relaxed at least for this year.

Suggestions to THE MINISTRY OF MSME

Threshold of compulsory purchase in any tender from MSME should be increased to 40% from the current 25%. Exemption of tender fees and tender EMD must be made compulsory for all State Govt./PSU/PSB tenders. Eligibility Turnover criteria is a major roadblock for MSME's to quote in mid size tenders specially from Rs. 10 Crs onwards. Turnover criteria for MSME should be 30% of tender estimated value for all tenders by default. Experience criteria should be relaxed to 50% for MSME MSMEs of the experience criteria as stated in the tenders.

Govt. should waive off EMDs/ Security Deposits /Performance Bank Gurantees etc for participating MSMEs in all state and Central govt. Tenders for a period of six months or till the situation is normalized.

TASK FORCE FOR ENGINEERING & AUTOMOTIVE

Chairman : Mr. Surendra Bajaj Co Chairs : Mr. Ajay Sood & Mr. Nagesh Basarkar

Suggestions to THE MINISTRY OF FINANCE

RBI :

Rating agency need to develop separate model for MSME sector. Most of the MSME have been rated below investment grade which affects the borrowing capacity and finance cost. Capital Adequacy norms for the banks need to be changed for MSME sectors.

Security deposit and performance guarantee requirement for the Government contract need to be modified for MSME sector. Most of the MSME sector unable to get sufficient bank limit for the Guarantee limit due to lower rating or lower collateral security. Also it limits the growth of MSME as they are unable to take further contracts. Further , the delay in release of BG from Government department cause blocking of the limit with finance cost.

Interest on credit limits for March already debited inspite of request to not debit including compound interest. The Finance related advisories are announced as relief measures but

RECOMMENDATIONS IN THE WAKE OF COVID 19

interpreted by banks differently which in no way offer any relief to any MSMEs, instead only adds to the burden.

Suggestions for MINISTRY OF COMMERCE & INDUSTRIES

Priority Custom clearance to be offered for MSME sector, as they don't have the appetite to hold on, as they have unfinished projects on their shop floor. So the critical components to complete a project must reach the MSME units. There is a huge backlog at the Customs and large MSMEs will surely prioritize their material. Government has to intervene for faster clearance for the MSME.

Smooth Movement of Goods across the state borders has to be ensured. Blocked inventory is killing a lot of small and micro units.

Ban Import of Second Hand Machinery with Rider for age and working condition. This will further push for Make In India initiative by multinationals and local talents.

European technology MSMEs are in deep financial trouble and Chinese are buying key engineering firms with govt support. Similar support is necessary for make in India initiative. Crisis is a good time to invest in technology.

Suggestions for MINISTRY OF MSME

Purchase preference for MSME Units by Government exists only in paper but not honoured by most PSU citing project specific terms and conditions. Hence in reality MSME gets hardly any real preference. Govt can now issue a stronger and stringent directive for inclusion of MSMEs.

GOI can as well issue a request or guideline to the large Private MSMEs / Corporates to give effective purchase preference to MSME units...some mode of verification or reporting of the same will ensure its not only in paper.

Provide norms for use of safety equipment for working at height for all industries. This will revolutionize modernization for Material Handling Machinery use providing impetus to push towards safety of personnel and higher productivity output.

For any further information, questions or queries please contact :

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