

**FORUM OF FEDERATIONS, CHAMBERS AND ASSOCIATIONS
OF INDUSTRIES OF GUJARAT**

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No./FORUM/Covid19/ 01
07th April 2020

Shri Narendra Modi
Hon'ble Prime Minister of India
Prime Minister's Office
152, South Block,
Raisina Hill,
New Delhi-110 011

COVID19: Problems faced by Industries/ Establishments and Suggestions for overcoming the same

Respected Sir,

Greetings from the FORUM – Association of Industry & Trade Bodies of Central Gujarat, with over 10000 member establishments under our fold!

While the World is going through unprecedented and testing times due to the Covid-19 pandemic, we Indians are blessed to have a leader and able decision maker in your Hon'ble self at the helm of affairs, a leader who is making all-out efforts and taking extra ordinary initiatives to successfully curb the spread of the Novel Corona Virus.

Sir, as we enter the second week of lockdown; all business establishments are realizing the incredibly heavy cost that the current situation is extracting from our economy. The time after lockdown is going to be equally, if not more tough. Unless industries and establishments are supported in an outright manner by Central and State Governments, many companies could face closures and bankruptcy in the immediate future. It may also be noted that most manufacturing in China, Italy, Spain and the USA has gone on unhindered right through this crisis and will also pose a great challenge in a shrunken market scenario

The Government has already initiated strong, timely and helpful measures to help the citizens, especially the poor and the needy, has also permitted industries of essential products and essential services to continue operations and announced some measures to support operationalization of essential activities. But it is now necessary to also provide a 'Comprehensive Relief Package' for Industries, MSME and all establishments to remain viable and to survive.

Sir, the issues faced by MSMEs and all business establishments with less than Rs. 250 crore turnover as of FY 2019-20 are enlisted below along with suggested solutions for your kind perusal and its redressal:

1. Support on Salary & Wages

For relief on wages / salaries we propose the following:

- Employers should be allowed to adjust at least 33% days of lockdown from paid leaves of Employees.
- Also, till the situation stabilizes and establishments can manage their cash flows, wages should be permitted to be paid at MANREGA norms instead of prescribed Minimum Wages for Industries & Establishments.

- Government must also grant exemption to all establishments from payment of Employee's Provident Fund, ESI, Bonus & other Statutory contributions for a period of 3 months or Government to unconditionally contribute the same for 3 months from April onwards,
- Minimum Wage / Dearness Allowance should not be increased even with or without change in Wholesale Price Index (WPI) for a period of One Year.

➤ **Distinction between Essential & Non-Essential Goods/ Services Providing Establishments**

- For Units permitted to be operated by Government and the ones that have begun operations; it is necessary for the employees to attend their work regularly.. Organisations should not be required to make payments of salaries/ wages to any employee/ labour wilfully abstaining from work. This distinction from non-essential companies is an absolute MUST as the absentee workers in this case are defeating the very purpose of essential services being made operative and will also bring down the morale of duty bound employees who are coming to work if wilfully abstaining employees / contract workers also receive the same salary/wages without work.

2. Support in Fixed Costs, Banking and Finance:

All businesses will face shortage of Working Capital and will also have to incur fixed expenses such as Salaries & Wages, Interest Costs, Electricity Costs, Insurance Premia, AMCs etc. during lockdown as well as the long period of time that will be taken for restabilising the falling economy. We thus request for a suitable RELIEF PACKAGE including the following, amongst other measures deemed suitable by the concerned Ministries:

Suggestions for Availability of Adequate Fiscal Support & Working Capital:

FISCAL STIMULUS:

- There are many expenses which business owners have to take care such as salaries, electricity bill, taxation, bank interest, GST, PF, ESIC, Property taxes and so on. Special relief measures have to be provided on these aspects to the employers.

WORKING CAPITAL SUPPORT FROM BANKS:

- All EMIs to banks and NBFCs to be put on hold for 6 months with no levy of additional interest or penal interest on delayed payment.
- Bank should offer temporary loans upto 25% of existing facility without seeking additional security (On existing security / collaterals) as per government (RBI) directives for a period upto one year.
- Stimulus given by RBI by way of CRR & Repo rate cut etc. will mean ample funds will be in the hands of banks to be made available for industry. Minimum 50 % of these funds should be earmarked by RBI's instructions to Banks for MSMEs and companies with turnover less than 250 crores.
- Extension of Letter of Credit (LCs) - Automatic Extension of all LCs falling due in April, May and June 2020 or LCs to be paid by issuing banks when due, regardless of CC level.
- Rate of Interest to be reduced by 3% for all Term and Working Capital Loans for a period of 6 months from April 01, 2020.

- The interest accrued during period of moratorium recommended by RBI to Banks should be reimbursed by Government

3. Support for Export / Import based Enterprises:

Government has issued an order advising non-charging of container detention charges on exports and imports. Shipping companies or carriers are advised not to charge, levy or recover any demurrage, storage charges, berth hire charges, ground rent or any other related charges from 22nd March to 14th April 2020.

Suggestions:

- The period must be extended upto 30th April 2020 in view of heavy congestion at the port. The clearance will take more time than usual. Also, this order should be extended for consignments **to and from airports too.**
- For Exporters who are not availing any limit with bank, a temporary measure limit may be granted based on average balance and in case of presenting confirm letter of credit from buyers at least 80% pre-shipment amount may be sanctioned without any security.
- Transportation for Movement of Goods be quickly opened and all toll booths should allow all vehicles toll free movement for minimum period of three months to facilitate faster transportation of goods and shorter turnaround times.

4. After Current Lockdown Period Ends – From April 15th Onwards:

We request that after 14th April 2020, even if lockdown is extended in certain parts, it is necessary to Consider allowing industries that are not in the hot zone and are able to ensure the health and safety of the people working there, to re-commence operations in a calibrated manner.. Starting of Manufacturing Operations may be declared by a State Order by prominent Advertisement in Newspapers with strict WHO Health and Hygiene Standards. Lot of time is wasted in permission process. All manufacturing and logistics to be permitted from 15th April onwards, except in areas considered as Hot Zones. We must look into revival of all manufacturing activity in full capacity soon for India to bounce back.

Presently, the 'Migrant worker issue' and the lack of transportation facilities have also very adversely affected the industry and there is a big shortage of workforce and low production.

Suggestions:

- The respective state governments and local authorities be instructed to issue clear permissions / **allow transportation of goods and movement of workforce.** Local administration must issue orders / appeals for workers to resume work in companies producing essential goods.
- Robust Special arrangements may please be immediately made to ensure that Migrant Workers are returning to their work places from their home towns.
- We also request for directives to the authorities to quickly normalize Port Operations, Shipping and Inland Transport, as in most countries these are still largely operational.
- Custom Officers to cooperate movements of trucks/trailers to and from Ports /Container Freight Stations. Let all be Vibrant and start movement of Goods to and from Hinterland.

Sir, the above suggestions have been compiled by taking views of the industrial fraternity members of all associations and have been put forward to your kind self with a request to kindly review the same and take necessary actions in favour of and for the betterment of the industries in our State and Country.

We pledge to support you Sir in all your endeavours to come out from this difficult global situation.

Thanking you in anticipation,

Jai Hind !

FOR AND ON BEHALF OF FOLLOWING FORUM MEMBERS:

*Mr. Manohar Chawla, President
Federation of Gujarat Industries*

*Mr. Dhankesh Patel, President,
Federation of Small Scale Industries*

*Mr. Bharat Desai, President,
Savli East Waghodia West Association of Industries*

*Mr. Deepak Patel, President,
Por Ramangamdi Industrial Estate Association*

*Mr. Vijay Shah, President,
Exim Club*

*Mr. J K Sharma, President,
Savli GIDC*

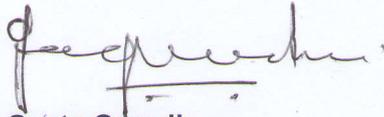
*Mr. C Y Manthrani, President,
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*Mr. Shwetanshu Patel, President,
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Smt. Geeta Goradia
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*Mr. Hemant Vadalia, President,
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*Mr. Pravin Rabadia, President,
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*Mr. Dakshesh Bangera, President,
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*Mr. J N Patel, Vice President,
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*Mr. Jayendra Shah, President,
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*Mr. Dinesh Patel, President
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*Mr. Mahendra Chaudhary, President,
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*Mr. Arjandas Jethvani, President,
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Copy to:

- 1) **Shri Vijaybhai Rupani**, Hon'ble Chief Minister, Government of Gujarat
- 2) **Smt. Nirmala Sitharaman**, Hon'ble Minister of Finance and Minister of Corporate Affairs, Government of India
- 3) **Shri Piyush Goyal**, Hon'ble Minister of Commerce and Industry, Government of India
- 4) **Shri Nitin Jairam Gadkari**, Hon'ble Minister of Road Transport and Highways and Minister of Micro, Small and Medium Enterprises
- 5) **Shri. M K Das**, IAS Principal Secretary, Industries & Mines Department, Government of Gujarat
- 6) **Dr. Rahul B. Gupta**, IAS, Industries Commissioner, Government of Gujarat