

Ref. No.: 2943/1/50

02nd April, 2020

Smt. Nirmala Sitharaman
Hon'ble Minister For Finance
Government of India
New Delhi

Dear Smt. Sitharaman Ji,

Sub : Relief to Trade & Commerce in India

We greatly acknowledge the measures taken by the Government of India to mitigate the disastrous created by the Corona outbreak in our country and particularly your ministry in announcing the various relief and stimulus packages to protect the citizens of India in these tough times. We are sure that these supportive measures will help in maintaining the business confidence and they will bravely fight the difficult situation which Indian economy is facing today.

However, it is felt that, the relief given so far by the Government and RBI needs more improvement to take care of the economy which is suffering from the slowdown, liquidity crunch & uncertainty. The present outbreak of corona virus has further deepened the trouble of the struggling economy. Government of India and Various State Governments have given different relief packages for various sectors of the economy, specially farmers in the past years. However, this time a strong stimulus package is needed for the small businesses who are the contributor of major chunk of revenue to the Government Treasury and are also the backbone of the Indian economy. The proposed stimulus may kindly include the following as part of economic package for the trade & commerce

1. Interest Burden : EMIs have been deferred for three months but also the Bank Interest on CC / OD /TL or any kind of loan should be waived for effected period of lock down. This will allow all Indians to survive with the reduced payouts and for businesses to survive the zero revenue period; Care must be taken that the interest recovery is not spread out to later months or period and similarly, Banks may restrict Interest payments on deposits to match the loss of interest on Bank Assets.

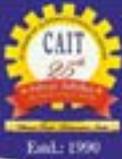
2. Employees salaries: The burden of ensuring employees see through this period (even when no revenue is accruing to the business) does lie with business but the extent of such employee salaries needs to kept such that these very businesses are in a position to reengage the workforce and the workforce is able to see through with respectable living. Accordingly, we propose: *payment by employers of 50 % of regular salaries for those earning up to Rs 15,000 per month in Gross Salaries; 30 % for those earning up to Rs 50,000 per month and 25% for those earning above Rs 50,000 per month*; All those not covered directly under employment will have to be provided for separately.

3. Rent Capping : Similar to Salaries, Residential and Commercial rents be capped at between 10-25% during this period, to allow landlords the ability to see through such period and yet allow individuals and businesses to see through the period of no revenues or low salaries.

4. Suspension of other Taxes and Levies & Compliances: The Government may waive and/or defer taxes and levies during this period so businesses may save from their cash and reserves to meet the above obligations at a time of little to no revenues. All recovery pressure by the Tax officials of direct & Indirect Tax be kept on hold for a period of 6 months.

5. Condition of force majeure: Application of a condition of force majeure if it includes COVID-19, will resolve a number of fears of business, including but not limited to demurrage at the ports for ships that remain docked or are in sand heads waiting to be docked and also for Railway Racks waiting either for loading or unloading.





6. All payments to MSME's should be maintained as per the 45 day norm. At this crucial juncture liquidity of MSME's is facing serious pressure, therefore under all circumstances this clause must be fulfilled by Government agencies to payments by the Government Departments to the traders must be made within 45 days from the date of invoice.

7. As the wholesalers & retailers of Essential commodities are also braving the Covid19 and are exposed to a large number of people during this health pandemic, they are also corona warriors as they are ensuring seamless supply of essentials throughout the country. We propose that the Govt provide the wholesalers & retailers of Essential products with 50 lakh health insurance in tune with the announcement made for the medical fraternity of the country.

8. Interest subvention @ 3% p.a. in loans to MSME may provided as a measure to improve the sustainability in the market. The present norms related to collateral security need to be relaxed in view of present economic scenario.

9. Power Bills: only actual consumption must be charged. No fixed charges to be levied for 3 months.

10. Presently, private limited companies are enjoying a concessional tax rate of 22% whereas partnership firms are chargeable to tax at a higher rate of 30%. It is requested to the tax rate of partnership firm should also be reduced to 22%.

We hope that you will find above proposal suitable & in the best interest of the Nation. We strongly believe that the above stimulus package would help in reviving the economy and most important will refuel the engines of the 70 million traders of India who have always stood in solidarity with the Government and have been extremely committed to achieve the 5 Trillion economy vision set by the Honourable Prime Minister.

Thanking you. With kind regards

Yours truly

Praveen Khandelwal

National Secretary General

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