Confederation of Indian Industry
125 Years: 1895-2020

Update – 28 March 2020

COVID-19

IMPACT ON INDUSTRY AND THE ECONOMY

ACTIONS NEEDED TO SUSTAIN CONTINUITY

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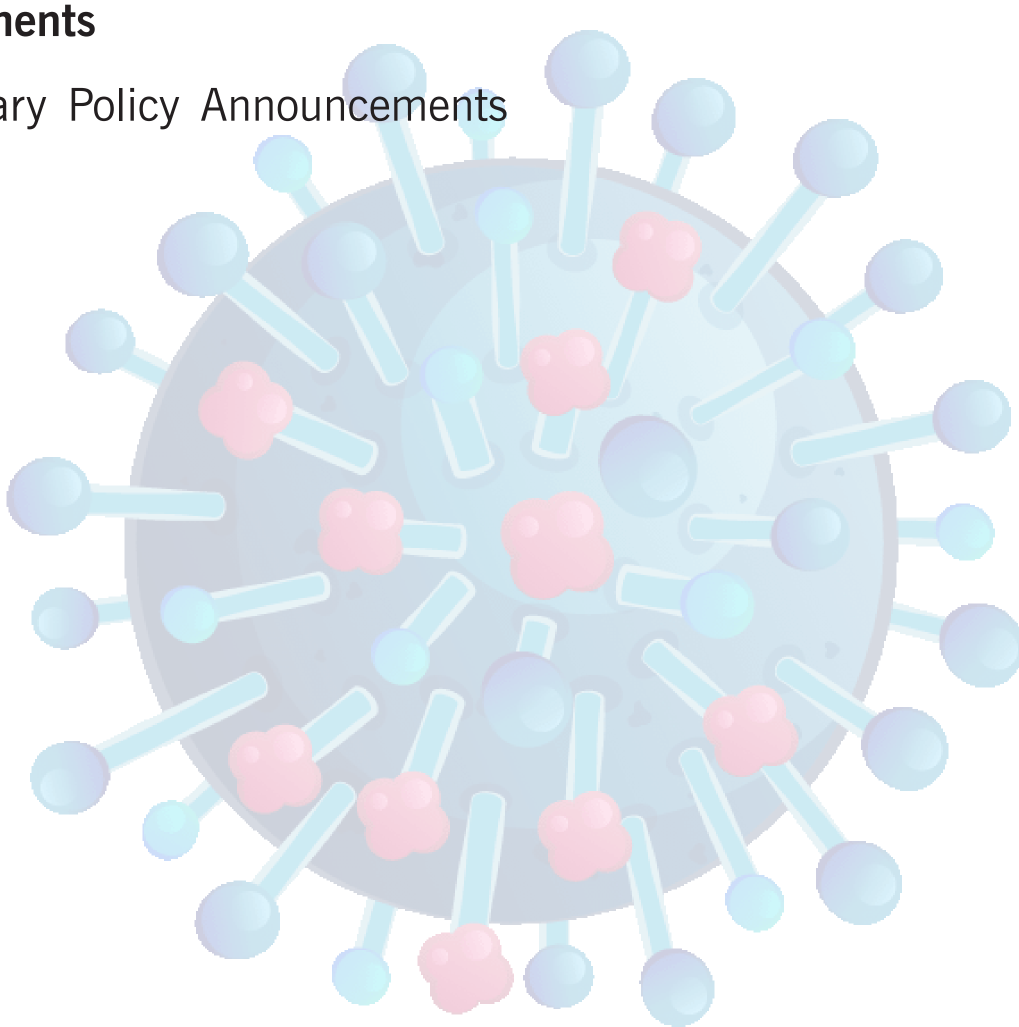

Confederation of Indian Industry

125 Years: 1895-2020

Representations as on 28 March 2020

Sectoral Recommendations: Alloy Steel Industry

I. Liquidity crisis and financial stress:

The real impact of the Covid-19 crisis would come from the demand side due to the cascading impact of the slowdown. This can eventually lead to suppressed prices and, thereby, slow the financial growth of most companies. Further, a cash flow crunch will be felt which will further restrict the capacity of steel companies to recover from this blow.

Recommendations

1. RBI should relax the provisions of Margin Money on Working Capital by allowing 100% funding on Working Capital Gap.
2. Relaxation should be given in making payment of TDS/ ESI/PF dues for further period of 15 days from its due date.
3. Release Duty draw back claim immediately without any restrictions.

II. Delay in Delivery/Shortage of Raw Materials

Container shortage at major ports world over due to piling up of empties at Chinese ports disrupting Global Shipping leading to:

1. No containers/Vessels availability - uncertain delivery times
2. Ship calls dropped dramatically at Indian Ports forcing shipping lines to tranship cargoes
3. Increased freight rates

Recommendations

1. Port Authorities should relax port charges/THC/ Warfage etc till situation normalizes
2. Port Authorities to take appropriate steps to ensure all shipping lines consider major Indian ports like JNPT, Chennai, Vizag etc as their port of call to ensure no shortage of imported raw materials and spares.
3. Railways should announce special low rates for movement of Raw materials and Finished steel to help sector continue operations
4. Zero import duty for essential raw materials for steel production- scrap, coking coal, coke, ferroalloys

III. Delay in Custom Clearance / Port Congestion: Delay in delivery of goods by shipping Lines due to:

- o Delay in getting original Bill of Landings/Documents from Banks/suppliers due to non-availability of Staff at shipping line/ Customs/ Banks at Load port and Discharge port
- o Restriction on commercial flights/ Courier services
- o Port Congestion

Recommendations

1. Waiver of penalties on late filing of Bill of Entries
2. No restriction on inland movement of imported goods to avoid congestion at port
3. Round the clock custom clearance from ports
4. Allow Banks to release BRO (bank release order) to shipping lines in soft form through authorised E-mail accounts. Shipping lines to issue DO accordingly till situation normalizes.

IV. **Subdued demand:** The biggest challenge is in terms of subdued demand. Alloy steel industry supplies 80% of its total output to auto sector which has seen the subdued sales for last one and half year adversely affecting entire supply chain. The alloy steel companies are already under financial stress due to falling prices, under capacity utilisation and lower sales. They cannot bear further burden otherwise the companies need to close down.

Recommendations

1. Once the situation stabilises, focus should be given on faster execution of infrastructure projects to support the domestic investment demand.
2. In order to stimulate demand, GST on Steel should be reduced to 12% till the demand revives.
3. Alloy Steel industry supplies its 80% of production to Auto Sector. Stimulating the demand for auto vehicles will revive the demand entire supply chain. In view of this, the GST rate on vehicles should be reduced as suggested by Parliamentary panel.

V. **Boosting External Demand**

Recommendations

1. Export incentives to go upto min 10 pct of Export price. (China announced export rebate @13 pct.)
2. Interest Equalisation scheme pronounced by GOI for promoting export should not be restricted to HSN codes for large Industries. All the HSN codes should have benefited of this scheme as it is need of the time.
3. Export realisation of good exported which is currently restricted to 365 days from shipment date, should be relaxed to 550 days.

Sectoral Recommendations: Auto Components

Working Capital support

In 2019, the average components manufacturer in India took 56 days to convert working capital into revenue. With cautious buying sentiment domestically and lockdowns in major export markets, components manufacturers' days working capital is estimated to touch ~90 days. This shall render manufacturers' ability to purchase raw materials and utilities null. The situation shall be worse for medium and small firms whose solvency will be challenged. To avoid such a scenario, we request the following:

Recommendations

- Allow 10% additional overdraft on sanctioned limits
- Deferral of TDS payment from March 2020 until September 2020
- Deferral of levy Tax Collection at Source of 0.1% on sale of goods (if sale exceeds Rs. 50 lacs in the year), w.e.f. April 1, 2020 at least six months.
- Demurrage free customs clearance at airport - extend to 7 days from existing of 3 days
- Government should look into delayed payment from PSUs.
- Extend credit on Social Welfare Surcharge (SWS)
- Expenses on treatment/welfare of employees for COVID-19 should be treated as CSR
- Waive off all Fixed / Minimum Charges from Electricity Bills and no increase on Industrial Electricity Tariff across India

Improving Long term debt positions

In the current scenario of extreme sales slowdown, firms require liquidity to fund working capital in order to maintain even low production rates. Using current assets to fund operating purchases rather than servicing long term debt will help upstart the cycle of production once business as usual resumes. The following measures shall help ensure a healthy long-term debt position for manufacturers:

Recommendations

- Extend 6 months moratorium to large companies and 1 year in the case of MSMEs on loans
- Complete pass through of reduction in repo rates to the companies
- Extend 3% Interest subvention for working capital/loan requirements to the companies with Turnover less than INR 250 crores

Ensuring Safety & Well being

Lockdown will hinder certain operational necessities and to that extent, we request the following:

- Deferment of hearings - All scheduled hearings to be deferred by 3 months and no new hearings should be fixed
- Submission of bill of entry without penalty – extend to 5 days from existing 1 day
- Extension 'Vivad se Vishwas' Scheme until September 2020

Sectoral Recommendations: Automobiles Industry

The COVID -19 outbreak has happened at a very critical time for the auto industry. The industry is currently transitioning to BS VI emission norms. A grave and lasting impact on the supply chains and economy for a long duration could affect the growth of the economy. Due to supply chain disruption and the overall economic impact, the health of the industry is under severe threat. It has been estimated that each day of production stoppage at the Automobile OEMs & Component suppliers would lead to a loss of Rs 2,300 crores in automotive industry turnover.

To minimize impact of COVID 19 on the economy, including the distressed automobile sector the suggestions are as follows:

I. Immediate Steps for Social Distancing & Mobilizing Financial Resources for Medical Expenses

1) Raise Funds & Develop Facilities for Treatment and Medical Supplies for COVID 19 patients

- Government's notification on making spending for COVID 19 eligible for CSR activities is a policy in right direction.
- For raising funds for meeting needs of medical supplies and quarantining facilities, it is suggested that a COVID 19 fund, like Prime Minister Relief fund, be created and Public at large can be invited for fund raising.

2) Reduction in Social Gatherings & People Movement

- In view of the current state, CESTAT and all departmental hearings for regular matters and filing of appeals should be deferred by 3 months.
- Department should not take coercive action as Court is not operating at full scale as of now. Enough opportunities are not being made available to industry to contest the issues.
- Deferment of customs duty and GST payments until June 2020.
- Deferment of other direct tax payments from March 2020 until June 2020.

II. Continuing Economic Activity in the Distress

The lockdown currently has led to closure of all manufacturing plants, however, even before the announcement happened, the Automobile industry was working on minimizing the impact on economic activity by closing down operations at production plants in affected areas and having limited operations in other parts of the country. To ensure that the industry is not severely impacted due to ongoing Crisis, we suggest the following for procurement, logistics and testing & certification of vehicles and auto parts.

1) Development of Alternate Procurement Sources

- Acceptance of Self-Certification by OEM instead of testing & approval by Govt. agencies for meeting regulatory requirements – as is also practiced in other countries.

- Prioritized attention to new approvals for alternate materials/parts identified for testing for compliance and validation purposes, as per Central Motor Vehicle Rules at existing testing facilities in India.
- Fast track approvals by Testing Agencies to support alternate part development triggering related clearances.
- After receiving ARAI certificate of homologation, States should not insist on State level approval.
- For fast tracked acceptance of alternative raw material / components identified by OEMs, Govt. of India should consider accepting Accredited OEM Lab Reports for meeting regulatory requirements, at Vehicle Manufacturers Premises.
- Enhance & Ease fund availability to local suppliers to accelerate capacity expansion that will help in implementing identified localisation actions faster.

2) Logistics Support

- Exemption from quarantining in cases where the shipment is on transit for over 14 days.
- Designated Airlines to operate Air Cargo flights from China, Europe and the USA to cities, like Mumbai, Delhi, Chennai, Bengaluru, Ahmedabad, etc. for faster supplies of Auto Components to Manufacturers. Further, it will be helpful if a Timetable could be adhered for operating these flights. Due to non-essential nature of automobile industry imports, movement of imports from airport to plants may be delayed. We request that no demurrage charges should be levied at the airports at least for 1-month.
- Penalty waivers needed for Consignments pending customs clearances due to closure of Customs Agents' offices and only 25% Customs Staff working.
- With trucks held up in borders of various states, expired e-way bills should be considered by the government due to force majeure conditions.
- Due to lock down, vehicle movement from port to city is stopped for non-essential goods, leading to huge demurrage costs for most of the importers. Govt should allow minimum 1-month free holding of goods at the ports.
- Request to expedite and facilitate the movement of vehicles and spare parts meant for exports across international road borders (for Nepal (Raxaul, Sunauli) and Bangladesh (Petrapole)) seamlessly.

III. Recovery in the Immediate Term

Immediate attention is also required on dealing with the strain of the closures and anticipated loss of GDP and income of some section of our society. Economy boosters are required to revive demand and kickstart the economy. Hence, Government should immediately rollout an Economic Stimulus Package, including the following proposals of the automobile sector:

1) Generate Demand

- Temporary reduction in standard GST rate by 10% across all vehicle categories / auto components while maintaining the current product segment GST rate differential.
- Introduce Incentive based vehicle scrappage scheme to generate demand. The incentives can be in the form of 50% rebate in GST, Road tax and registration charges.
- Make fund allocation for Diesel/CNG bus procurement by STUs, over and above the allocation for electric buses under FAME 2 scheme.
- Reduction in Basic Custom Duty by 5% for 3 months for auto components– this will help to partially cover the impact of airlifting (has additional 48% cost), and cost for alternate source development.
- Customs duty to be made NIL on Rhodium, palladium and Platinum used for manufacturing Nobel Metal Solution to reduce cost of manufacturing.
- Liberal financing at low rate for vehicles. Rates can be made closer to the repo rate or interest subvention of 2% can be provided.
- Government should have special packages for severely impacted industries to help them revive, like hospitality, airlines, MSMEs, etc.
- Given weak consumer demand and high price increase on account of BS VI in commercial vehicles, option of direct subsidy may be offered to self-employed owner of vehicle category, such as Small Commercial Vehicles (SCVs). A temporary mechanism, similar to FAME, may be looked at for structuring subsidy.

2) Financial Support

- Request Govt to expeditiously release all pending payments to vehicle manufacturers and contractors of highway and infrastructure projects against past procurements by Central Govt, PSUs & State Govt agencies (e.g. STUs) to increase liquidity in the system.
- Fast track disbursement of all govt incentives / benefits to all industries.
- Ensure uninterrupted operations of the banking system while there is lock down of other parts. Otherwise it will be difficult for companies to pay salaries/wages, disbursement of cash for necessary spends etc.
- Request Government to extend the 2% MEIS incentive which is currently allowed only till 31st Mar 2020 (This may partially compensate loss of business).

IV. Deferment of Regulatory Norms

National lock down has resulted in complete disruptions in supply of essential vehicle parts from within & outside the country. Stoppage of plants for components & vehicle production, halting of R&D, validation & testing facilities have adversely impacted compliance readiness for regulations in the immediate horizon. Hence, any upcoming regulation which requires development / changes to existing product should be deferred for a reasonable time. Once the current situation improves and activities get back under control, the same can be rescheduled.

Recommendations

- Short-term Regulatory Norms

  Listed below are regulations to be implemented in the short-term for which deferment is requested:

S. No.	Regulation / AIS / IS No.	Date of Implementation	Proposed date of Implementation	Justification for Deferment
1	Feracrylum in first-aid kit (All vehicles)	1st April 2020	Till the time 3 to 4 suppliers are available in the market to cater to the demand of the entire auto industry	Issue with supply & of new parts. No alternate product & supplier available. Monopoly of supplier of Feracrylum which cannot ensure uninterrupted supply and could possibly result in compliance issues at a later stage.
2 (a)	Safety Glass as per IS 2553 (Part 2) – 2019 (Rev.1) (All vehicles)	16th September 2020	1st October 2021 (in line with proposed implementation of revised IS 2553).	CMVR draft notification proposed implementation of new standard from Oct'21, whereas QCO has advanced implementation by 1 year. Suppliers will take some time for testing, approval & marking as per new standard. Current glasses cannot meet increased VLT requirement as per IS. Hence, already IS amendment is proposed.

S. No.	Regulation / AIS / IS No.	Date of Implementation	Proposed date of Implementation	Justification for Deferment
2(b)	Quality Control Order for Safety Glass (Mandatory BIS certification and Marking)	16th September 2020	A) Exemption from the Quality control order for OEMs for: – Glasses imported as part of CBUs or for fitment on vehicles manufactured (CKD, SKD, etc.) in India or for after-sales service. – Glasses fitted on vehicles that are exempted from type approval requirements under CMVR, 1989. – Glasses imported for R&D or testing purposes Deferment of implementation for other purposes to 1st Oct 2021.	– The glasses imported/ fitted by OEMs are regulated through stringent Type Approval and Conformity of Production Regulations as per AIS 037 notified under the Motor Vehicle Act (MVA) 1988. – Such glasses are marked with the European Type Approval mark (E/e mark) and also comply with European legislation. Additionally, there are certain niche CBU vehicles which are exempted from type approval requirements in India. The glasses fitted on such vehicles comply with EEC/ECE/Japanese regulations.
3	AIS - 146: 2W Stands	1st October 2020	18 months from final notification	Supplier Development & Capacity enhancement activity is stalled as supplier is outside India.
4	AIS - 147: External Projections for 2W	1st October 2020	18 months from final notification	Necessary Die Modification / Development cannot be continued as development work is carried in overseas, for some countries.

S. No.	Regulation / AIS / IS No.	Date of Implementation	Proposed date of Implementation	Justification for Deferment
5	AIS 148: Footrests for 2W	1st October 2020	18 months from final notification	Development cannot be continued as development work is carried in overseas, for some countries.
6	Form 22 for BS6 Vehicles (All vehicles)	1st April 2020	1st July 2020	Format has not been finalized yet. IT support services are not working in normal routine.
7	AIS 145: RPAS (Four wheelers)	1st April 2020	1st April 2021	Vehicle models with China supplier and now due this Corona virus effect we are not in a position to get the parts from supplier.
8	AIS 135: Fire Detection and Suppression System (FDSS) For School Buses	1st April 2020	1st April 2021	FDSS is imported from Europe and will not be able to get the parts for fitment on vehicles
9	PMP (Localization timelines) in FAME Phase 2	1. For 10 parts implementation date is 1st April 2020 2. For 3 parts the implementation date is 1st Oct 2020	1. For these 10 parts the proposed date is 1st Oct 2020. 2. For these 3 parts the proposed date is 1st April 2021.	1. Local supply chain has got affected due to restrictions in logistics. 2. Imported inventories have been held up at various ports. 3. Import of child parts has been restricted.

S. No.	Regulation / AIS / IS No.	Date of Implementation	Proposed date of Implementation	Justification for Deferment
10	Battery Waste Management Rules vide draft S.O. 770 (E) Dated 20.02.2020	TBD	6 months from final notification	Production stoppage in case of non-availability of compliant batteries with marking – few battery models available without marking with local suppliers.

For Medium and Long-term regulations, if things do not improve in the next few months, there would be a requirement for Government to relook at some of the regulations to help the industry sustain in the medium and long-term.

Sectoral Recommendations: Construction Euipment Industry

Availability of equipment and spare parts for core sectors that are critical for eg. Machines and parts for coal mining sector to maintain coal supply to the Coal fired Power Plants.

Notifying CE industry as "Essential Services" and allow the industry to operate at low capacities.

- Under the Essential Services Maintenance Act, 1981: any services dealing with the Production, supply and distribution of Coal, power, steel and fertilizers have been classified as Essential Services. Many equipment (Backhoe loaders, Hydraulic Excavators, Wheel loaders, Bulldozers, Cranes, etc) under the Construction Equipment are very critical for the above-listed sectors to remain operational and deliver the essential services to society.
- Equipment like (Hydraulic Excavators, Wheel loaders, Motor graders, Bulldozers, Surface miners etc) are important for production of coal which is the primary fuel source for Thermal Power generation. Uninterrupted power supply is very important for the medical services and facilities that could be required at large scale in case the situation worsens, hence availability of such equipment would be necessary.
- To prevent the further outbreak of the pandemic, waste management is very crucial. Equipment like Backhoe loaders, Wheel loaders, Tipper trucks and Garbage trucks are necessary to handle waste in the cities.
- In addition to new equipment, supply of spare parts and services to keep the existing equipment fleet operational for delivering the essential services in above sectors. In view of the lockdown, movement of spare parts for our customers operating in coal mines, steel plants, etc has been impacted. This is leading to a concern whether they can remain operational on a continuous basis in the crisis.

In view of the above, the government may kindly consider notifying a clarification to the respective State Governments to classify Construction & Mining Equipment manufacturing for such equipment orders and supply of services and spare parts for Mining equipment as "Essential Services" and allow the industry to operate at low capacities and also allow the movement of the goods/spare parts/ service engineers to provide uninterrupted services and supplies to their customers.

Deferment in BS-IV implementation for CEVs from 1st Oct 2020 to 1st Oct 2021

According to the notification GSR 201 (E) dated 5th March 2018, BS (CEV) - IV emission norms for Construction Equipment vehicles (CEVs) are to be implemented with effect from 1st October 2020. In the view of the current critical situation, we urge you to defer the implementation of BS (CEV)- IV emission norms for CEVs from 1st October 2020 to 1st October 2021.

Sectoral Recommendations: Tyre Industry

A. Tyre Raw Materials

1. There exists, in normal time also, a wide demand-supply gap in domestic availability of Natural Rubber (HS Code 4001), a critical raw-material for the production of tyre and other general rubber goods. In view of the prevailing scenario, the NR demand-supply is expected to further increase in the foreseeable future thereby making NR imports imperative *(from South East Asian Countries viz. Thailand, Indonesia and Malaysia)*.

   Duty Free Natural Rubber (NR) import may therefore be allowed, to the extent of gap between domestic NR production & consumption, under Tariff Rate Quota (TRQ) atleast for a period of next 1 year.

   The duty waiver would also imply a correction in the Inverted Duty Structure which exists for Tyre Industry *(as the current Customs Duty on NR is @ 25% or Rs. 30/Kg, whichever is lower, which is much higher than the rate of Duty on Tyres @ 10/15%).*

2. For imports of raw materials (under FTA/RTA), which require a Certificate of Origin, the stipulation cannot be fulfilled due to lockdown / disruption in country/ies of origin. Hence, the stipulation be kept in abeyance till normalcy is restored overseas. Till such time, self-certification by importer/exporter be permitted and accepted by the Customs authorities.

3. As normal supply chain for raw materials (RMs), both domestic and international, stands immobilised and is likely to be disrupted for multiple reasons (especially logistics issues), alternate sources of RMs will need to be looked at and supplies arranged at short notice. At present, Anti-Dumping Duty (ADD) stands imposed on Raw Materials of Tyre Industry (viz. Carbon Black/HS Code:28030010 - from China and Russia, Styrene Butadiene Rubber (SBR)/ HS Code: 400219 - from EU, Korea and Thailand, Rubber Chemicals/HS Code: 3812/3824: - from China and EU & Nylon Tyre Cord Fabric (NTCF)/ HS Code: 59021010/1090- from China).

4. To ensure that the domestic consuming Industry stays competitive, the existing Anti-Dumping / Anti Subsidy / CVD duties on major raw-materials be kept in abeyance/ be withdrawn, with immediate effect, till such time normal trade channels are restored (at least for a period of 1 year).

5. In view of the unusual circumstances and liquidity issues, Importers be allowed to import by paying 50% of Customs duty immediately and the balance after 3 months without interest/ penalty.

6. In view of the prevailing situation, due to lack of / limited staff at ports is resulting in delays w.r.t clearance of import consignments and movement of goods to manufacturing locations. It is therefore submitted that the Government may consider a waiver of all additional charges (viz., demurrage / detention / delays / other port charges by the shipping lines, etc) till the time normal trade is restored.

7. Re-export of Returnable Packing Material (e.g. Steel Pallets, Spools, Separators, etc) has to be completed with 180 days from the date of import. In view of the current situation, the Bill of entries for which the 6-month period is ending from 15th March 2020 onwards be extended for a limited period of 6 months (till 15th Sep 2020).
8. The existing requirement of obtaining No Objection Certificate (NOC) from Rubber Board of India prior to clearance of Natural Rubber import consignments waived till 30th Sep 2020.
9. For all Licences issued with Pre-Import condition for Natural Rubber (NR) from 1st October 2019 onwards, the Pre-Import condition should be waived off for the period of validity of the licence. Further for licences issued from now onwards till 30th Sept 2020, Pre-Import Condition should not be insisted upon.
10. Import consignments at Port be shifted to CFS (at nil storage / additional costs) in all such cases where local Govt advisories restrict movement of material out of Ports to manufacturing locations.
11. Existing Port Restrictions on import of Natural Rubber, permitting import only at two ports (viz. JNPT and Chennai ports) be kept in abeyance till 30th September 2020.

B. Tyre Manufacturing

1. Tyre Industry is continuous process in nature and raw material (RM) intensive. Several RMs deteriorate if the production batch is not utilised within a limited span of time. As lockdown across States has been clamped at a short notice, Tyre Industry has had no time to complete the Work in Progress (WIP). As a result, the RM batches, if not utilised for manufacturing, will go waste / adversely affect the production lines, if not completely utilised in manufacturing. Besides, it would be a colossal waste of scarce national resource, including Rubber, if manufacturing cycle is not completed. Hence, tyre plants be permitted to work with minimal / skeleton manpower to completely utilise the WIP material (normally not exceeding 7 days).

C. Tyre Import & Export

1. Customs Duty on Tyres (HS Code: 4011) be increased to 40% (from the existing level of 10/15%) so as to safeguard the domestic Tyre sector from indiscriminatory & cheaper/dumped Tyre imports. This will also address the issue of Inverted Duty structure (with duty on tyres being lower than the duty on its principal raw-material, i.e. Natural Rubber).
2. For augmenting Tyre Exports, Indian Tyre Industry be provided Special Preferential Duties/Tariffs for Tyre exports from India to its major export destinations (mainly US, Europe and Middle East).
3. In view of the prevailing scenario, the Government may direct shipping lines to give demurrage free period of 90 days for all exports from India from 1st February 2020 as the original documents may be delayed on account of non-operation of

international couriers.

4. In view of the prevailing situation, the Government may please consider the following additional suggestions/submissions to increase Tyre Exports from India:
   - Additional cash incentive of 5% to increase Exports
   - Tariff Concessions from countries where there are Duty restrictions on Tyre imports from India
   - Re-introduction of GSP benefits for Indian Exports to USA
   - Extension of the time period for regularization of the entries in Export Data Processing and Monitoring System (EDPMS) to 30th June 2020.

D. GST / Banking & Finance

1. Financial Year FY19-20 maybe extended by 3 months to 30th Jun'20 (instead of 31st Mar'20).
2. MAT/ Regular tax rate maybe halved from 17.5% to 8.8% for FY 2020-21 (AY 2021-22). Regular tax rates should also be halved similarly (from 35% to 17.5%).
3. Banks & Financial institutions should be subjected to only downward revision in interest rates. Interest rates may not be increased in the current scenario. Additional working capital loans may be made available at lower interest rates.
4. Credit Rating agencies be directed to defer the review/ fresh ratings process by atleast 1 year i.e. Apr. 2021.
5. Immediate relief may be considered (for Auto and allied sectors, including Tyre Industry) by way of allowing drawl of short-term borrowings at 50% of the applicable interest rates for a period of 1 year.
6. In prevailing situation for certain cases, <u>project implementation maybe delayed as timelines stipulated under the State Industrial Polices may not be met and hence state specific incentives may not be provided.</u> In such cases, an extension for six months maybe considered by the Government to mobilize resources, finances and successful implementation of projects and eligibility of specific incentives.
7. <u>Other/Specific Taxation / Banking related submissions</u>
   i. Statutory Compliances with regard to investment in 'liquid funds' for continuing Fixed Deposit Scheme @ 20% for deposits falling due in next 12 months maybe dispensed forthwith to increase availability of cash with the Corporates.
   ii. Certain Member companies are experiencing delay in obtaining ITC refund on zero rated supplies within the prescribed timelines stipulated by the Govt.
   iii. The order of utilization of ITC introduced from 2019 needs to be modified and the Tax payer should be allowed to utilize either IGST or CGST/SGST as per availability, so that, CGST accumulated ITC in various States can be utilized fully.

iv. 10% Restrictions of ITC imposed by way of a new Rule 36(4) of CGST Rules (for cases not reflected in GSTR 2A) of the eligible uploaded amount should be removed.

v. Guidelines for Blocking ITC by GST authorities under Rule 86A of CGST Rules may be reviewed by the Government so as to ensure minimal disruption to business operations.

vi. During these difficult times, when the entire country is almost in a lock down situation, commutation/travelling from one place to another is not possible due to curfew / Central / State Govt. directives to be obeyed. Under these circumstances, the assesses should be granted a six-month adjournment from personal hearing, appearance, submitting written explanation, filing document, filing appeal, submitting information as desired by statutory authorities.

Policy Announcements as on 28 March 2020

Fiscal Policy Announcements

Announcements by Hon'ble Finance Minister on 26.03.2020

1. Provision of Special Insurance Cover of Rs 50 Lakhs per healthcare worker fighting Covid-19.
2. 80 crore individuals to be provided double of their current entitlement free of cost for the next three months. Additionally, 1 kg of pulses (based on regional preferences) to be provided free of cost for next three months.
3. Under the PM Kisan Yojana, the first instalment of Rs 2,000 due in 2020-21 will be front-loaded and paid in April 2020.
4. PM Jan-Dhan Yojana women account holders to be given ex-gratia of Rs 500 per month for the next three months.
5. Eight Crore PM Ujjwala beneficiaries to be provided gas cylinders free of cost for the next three months.
6. For the next three months, government proposes to pay the Provident Fund Contribution – both Employees' and Employers' Contribution – of 24 per cent, for wage-earners below Rs 15,000 per month in businesses having less than 100 workers.
7. Employees' Provident Fund Regulations will be amended to include Pandemic as the reason to allow non-refundable advance of 75 per cent of the amount or three months of the wages, whichever is lower, from their accounts.
8. Ex-gratia of Rs 1,000 to be provided to senior citizens (above 60 years), widows and divyang for the next three months.
9. MNREGA wages to be increased by Rs 20 with effect from 01 April 2020.
10. Limit of collateral-free lending to 63 lakh Women Self-Help Groups (SHGs) to be increased from Rs 10 lakhs to Rs 20 lakhs.
11. A welfare fund has been created for building and other construction workers under a Central Government Act. States will be given directions for utilization of this fund to provide assistance and support to these workers.
12. State Government will be asked to utilize the District Mineral Fund (DMF) for supplementing and augmenting facilities of medical testing, screening and other requirements to prevent spread of Covid-19 and treat the affected patients.

Monetary Policy Announcements

Announcements by Governor of the Reserve Bank of India on 27.03.2020

1. The Monetary Policy Committee (MPC) voted with a 4-2 majority to reduce the policy repo rate by 75 bps to 4.4 per cent. The reverse repo rate, which sets the floor of the Liquidity Adjustment Facility (LAF) Corridor, has been reduced by 90 bps to 4 per cent. Accordingly, the Marginal Standing Facility (MSF) rate and the Bank Rate stand reduced to 4.65 per cent. It has been decided to widen the existing policy rate corridor from 50 bps to 65 bps. Under the new corridor, the reverse repo rate under LAF would be 40 bps lower than the policy repo rate, as against existing 25 bps. The MSF rate would continue to be 25 bps above the policy repo rate.
2. MPC has decided to continue with the accommodative stance as long as it is necessary to revive growth and mitigate the impact of Covid-19 on the economy, while ensuring that inflation remains within the target.
3. All commercial banks, co-operative banks, all-India Financial Institutions, and NBFCs are permitted to grant a moratorium of three months on payment of all instalments for all term loans, falling due between 01 March 2020 and 31 May 2020.
4. Lending institutions are permitted to defer the recovery of interest applied in respect of working capital facilities sanctioned in the form of cash credit/overdraft during the period from 01 Mar 2020 up to 31 May 2020.
5. The moratorium on term loans and the deferring of interest payments on working capital will not result in asset classification downgrade.
6. In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are allowed to recalculate drawing power by reducing margins and/or by reassessing the working capital cycle for the borrowers. Such changes will not result in asset classification downgrade.
7. RBI will conduct auctions of Long-Term Repo Operation (LTRO) of up to 3-year tenure of appropriate sizes for a total amount up to Rs 1 Lakh Crore at a floating rate, linked to the policy repo rate.
8. The Cash Reserve Ratio (CRR) of all banks has been reduced by 100 basis points to 3.0 per cent of Net Demand and Time Liabilities (NDTL) with effect from the reporting fortnight beginning 28 March 2020 for a period of one year.
9. The requirement of minimum daily Cash Reserve Ratio (CRR) balance maintenance has been reduced from 90 per cent to 80 per cent, effective from the first day of the reporting fortnight beginning 28 March 2020. This is a one-time dispensation available up to 26 June 2020.
10. The accommodation under the Marginal Standing Facility (MSF) has been increased from 2 per cent of the Statutory Liquidity Ratio (SLR) to 3 per cent with immediate effect. This measure will be applicable up to 30 June 2020.

11. Deferment of implementation of Net Stable Funding Ratio (NSFR) by six months to 01 October 2020.
12. Deferment of implementation of the last tranche of 0.625 per cent of the Capital Conservation Buffer (CCB) from 31 March 2020 to 30 September 2020.
13. Banks in India which operate International Financial Services Centre (IFSC) Banking Units (IBUs) are being allowed to participate in the Non-Deliverable Forward (NDF) market with effect from 01 June 2020.

Confederation of Indian Industry
125 Years: 1895-2020

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, playing a proactive role in India's development process. Founded in 1895 and celebrating 125 years in 2020, India's premier business association has more than 9100 members, from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 291 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, healthcare, education, livelihood, diversity management, skill development, empowerment of women, and water, to name a few.

India is now set to become a US$ 5 trillion economy in the next five years and Indian industry will remain the principal growth engine for achieving this target. With the theme for 2019-20 as 'Competitiveness of India Inc - India@75: Forging Ahead', CII will focus on five priority areas which would enable the country to stay on a solid growth track. These are - employment generation, rural-urban connect, energy security, environmental sustainability and governance.

With 68 offices, including 9 Centres of Excellence, in India, and 11 overseas offices in Australia, China, Egypt, France, Germany, Indonesia, Singapore, South Africa, UAE, UK, and USA, as well as institutional partnerships with 394 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.

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