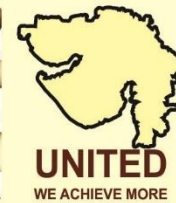


Chairman



Durgesh Buch
President

Gujarat Chamber of Commerce & Industry



**GCCI
REGIONAL
COUNCIL**

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President

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Shri Shailesh Shah
President

Zalawad Chamber of Comm. & Ind.

17th April, 2020

Smt. Nirmala Sitharaman
Hon'ble Minister of Finance
A – Wing, Shastri Bhavan
Rajendra Prasad Road
New Delhi - 110001

Sub: Suggestions for recovery of trade and industry post lockdown due to COVID-19

Respected Madam,

Greetings from GCCI Regional Council.

The Regional Council of Gujarat Chamber of Commerce and Industry is a consortium of leading Chambers of Commerce in the state of Gujarat. The Regional Council of GCCI represents the voice of the entire trade and industry fraternity of the state and works with the objective of creating a conducive business environment in the state through joint efforts.

Sir, we highly appreciate the timely initiatives taken by the Government for keeping the impact of COVID-19 pandemic under control. We also appreciate the relief measures announced from time to time by your Ministry in view of the current situation.

You would agree that trade and industry fraternity is passing through very challenging times due to this pandemic. The situation is so serious that if timely and adequate support is not provided, a large section of trade and industry, especially the small traders and industrial units, might not be able to survive.

Sir, we have therefore taken feedback from our members and have compiled key suggestions related to post-lockdown support which should be provided to the business fraternity. We are hereby sending the suggestions related to your Ministry for your kind consideration and necessary positive intervention.

We look forward to your early positive consideration of our suggestions in the larger interest of our nation's economy.

With Regards,

Sincerely,

Durgesh Buch
Chairman-GCCI Regional Council

Encl: as above

Copy to:

1. Shri Anurag Thakur, Hon'ble Minister of State, Ministry of Finance
2. Shri Ajay Bhushan Pandey, IAS, Finance Secretary, Ministry of Finance

Communication Address:

Gujarat Chamber of Commerce & Industry
Shri Ambica Mills - Gujarat Chamber Bldg.,
Nr. Mithakhali Underbridge, Ashram Road,
Ahmedabad - 380 028, (Gujarat, India)
Phone: (079) 26582301-2-3-4
Email: regionalcouncil@gujaratchamber.org

Sr. NO.	SUGGESTIONS	JUSTIFICATION
1	Bank interest for the period of Lockdown be waived. Interest for 6 months after the lockdown is lifted is to be funded and is repayable in 12 monthly instalments from the end of the six months.	This will allow to survive with reduced pay-outs to compensate the loss during zero revenue period.
2	Rent Capping be also done similar to reduced salary to 25-40%.	As during zero revenue period the rent payable is also an expense without yielding any contribution.
3	Suspension/waiver of taxes and levies during the Locked down period.	--do--
4	<p>a. (i) Soft loan equivalent to 4 months average direct manufacturing expenditure for the F.Y. 19-20 be granted and the same is to be repaid in 12 equal instalments . (ii) Reduce margin requirement towards WC Limits of MSME units NON WILLFUL DEAFALTERS (NWD) category at concessional rates, to be regularised in two years.</p> <p>b. Finance against receivables to be doubled and eligibility period be increased from 90 days to 180 days.</p> <p>In case of receivables from State Government or Central Government or from the main Contractor of any Govt. Contract the drawings against the receivable to be permitted to the extent of 85%.</p> <p>c. 50% rebate on all finance costs for the period April, 2020 to September, 2020</p> <p>(i)LC charges, (ii) BG charges, (iii)Limit renewal charges</p>	<p>This will improve the liquidity position instantaneously.</p> <p>Several units and businesses in the MSME sector are hit and will be severely affected due to loss of income and running expenses of paying factor costs like rents, power, bank interest, wages etc at the time when there are no revenues. To mitigate their cash flows and to allow them to finance these losses.</p>

	<p>d. Quickly settle Financial Restructuring plans submitted by NON WILLFUL DEFAULTERS (NWD) categories of promoters and already under negotiations, if the same is to generate employment. Such cases may be relooked at after 31-03-2021.</p>	
5	Lump sum subsidy amounting 8% of last year quarterly average of GST Turnover.	This is towards settlement of loss occurred during the COVID19 pandemic period.
6	<p>a. Government to provide insurance to wholesalers and retailers of essential products with health insurance of Rs. 50 lakhs.</p> <p>b. Those insurance policies which are expiring during locked down period may be extended for a suitable period to cover such a period.</p>	This is on par with those providing essential service such as Medical Para-medical, Cleaning and Police staff.
7	Interest subvention @ 3% p.a. to all loans availed by MSME and relax the norms for collateral security.	This will improve the liquidity position.
8	To bring the tax rate structure of Private firms on par with corporate companies.	This will bring parity between the two sectors of Industry.
9	To waive the interest on payment of duty saved amount under EPCG scheme.	This will improve the liquidity position.
10	To allow additional 2 years of extension for completion of export obligation under EPCG scheme.	This will help to fulfil the obligations without default.
11	Bank accounts which have been sealed on account of various defaults and proceedings are pending may be allowed to be operated.	This will ease the restoration process.
12	Reduction in Income tax rates for firms in line with corporate tax reduction as	1. Most of the MSME entities have their firm constitution either as single

Suggestions for recovery of Trade & Industry post COVID-19: Ministry of Finance

	announced in the budget 20-21 and 19-20.	<p>person entity or partnership firms, the Income tax rate of such entities at present are kept higher than that of corporate tax, which should be reduced accordingly and brought at par with corporate tax.</p> <p>2. MSMEs are the severely impacted entities under the lock down, so they should be motivated to keep the momentum going, the reduced tax rate will provide them with additional cash flows for expansion.</p> <p>3. New reduced rate for firms and LLP's can also boost new investment through entrepreneurship, through improvised IRR and ROI for small firms by reducing their Tax burden.</p>
13	Reducing of GST across the board for all goods (not services) to 50% to those at the bottom of the pyramid. All companies to be penalised heavily for not passing on this benefit.	1. Reduction in GST rate will reduce the final cost of the products to the consumers, the consumers will be motivated to purchase more on account of increasing affordability.
14	<p>Remove NPA restrictions on NON WILLFUL DEFAULTER (NWD) MSME Units till 31-03-2021.</p> <p>Banks not to pursue recovery actions against NON WILLFUL DEFAULTERS till 31-03-2021. No penal charge for delayed payments of interest or instalments after 31-03-2020. Interest free moratorium till 6 months of restart after COVID.</p> <p>Extension of project completion dates of Projects wherein capital work is in progress and also relaxation of NPA norms for such projects.</p>	This will help otherwise healthy units to remain healthy.
15	Relaxation in take over norms of Nationalised banks so as to facilitate takeover of accounts and strengthen the Public Sector Banks.	
16	<p>IBC proceedings to be suspended for the year 2020-21 by taking undertaking from the borrowers and guarantors that they will not dispose of any property of the business or personal which is declared by them.</p> <p>Reference to Insolvency and Bankruptcy Act be operating creditors should not be allowed against MSME till 31-03-2021</p>	Several units and businesses in the MSME sector are hit and will be

	<i>and threshold limit of such reference be increased to Rs. 1Crore.</i>	<p>severely affected due to loss of income and running expenses of paying factor costs like rents, power, bank interest, wages etc at the time when there are no revenues. To mitigate their cash flows and to allow them to finance these losses.</p>
17	Reduction in stamp duty on all documents for creating mortgage and hypothecation and also any other documents requiring stamping related to loan documents. Token stamp duty for purchase of houses in new schemes for the year 2020-21.	
18	Property taxes to be waived upto 75%.	
19	P.F. Contribution of the employees should be waived by 75% for the year 2020-21.	
20	The no. of employees limit for P.F. Contribution to be raised to 150 employees and it should not be applicable to contractual labour.	
21	Extend the income tax benefit to all companies commencing production after 01.10.2019.	
22	Vivad se Vishwas Scheme should be simplified to focus on increased collection.	
23	Contribution towards COVID may be adjusted against future CSR obligations.	
24	<i>Incentives to be given may be linked to employment generation rather than Capital Investment incurred as in India Capital is scarce while Labour is ample. All steps to encourage employment generation should be taken.</i>	
25	<i>This is perhaps the most opportune time to bring large Agriculturist under Income Tax Net. This requires a strong political will and we are confident that thePrime Minister Shri Narendra Modiji will certainly take such a bold decision.</i>	