



11th June, 2020 / 6253

Dr. Rahul Gupta, IAS
Industries Commissioner
Government of Gujarat
GANDHINAGAR – 382010.

Sub: Request for amendment in terms and conditions under the various incentive policies.

Ref: Gujarat State Incentive Policy-2015

Respected Sir,

For the first time since the Great Depression, both advanced economies and emerging markets are in recession due to COVID-19, hence it is truly a global crisis, and no country is spared. The cumulative loss to global GDP over 2020 and 2021 from the pandemic crisis could be around 9 trillion dollars, greater than the economies of Japan and Germany, combined.

Sir, this is a crisis like no other, and there is substantial uncertainty about its impact on Indian business houses.

For ensuring a more resilient recovery, your office will definitely look at how to architect policy reforms to facilitate faster, more resilient, and more equitable growth to overcome from this unprecedented crisis after the lockdown. But for a while we request you to emphasise on existing incentive policy and request to review existing terms and conditions and allow following relaxations under this pandemic situation for the inclusive benefit of units which had set up their operations just before the lockdown period.

In view of the above, we request you to kindly review the following terms and conditions embedded in various Government Resolutions issued by Industries & Mines Department:

1. Request for extension in timeline for submission of application:

For availing the desired incentives, enterprise is required to submit an online application within stipulated timeline as per terms and conditions mentioned in related GR. However, during the lockdown situation, it was obviously difficult for an entrepreneur to go

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physically at the factory/office and file online application on the IFP portal.

Normally, application related documents are lying at the factory / office premises and sudden announcement of lockdown for three days by Government of Gujarat on 22nd March 2020 (JANATA Curfew Day) and subsequently Hon'ble Prime Minister declared nationwide lockdown for 56 days which made it extremely difficult for them to source the requisite details and submit those information on the portal. Under this situation, many MSMEs and other Units were not able to submit the application within the stipulated time line.

2. Request for amendment in terms & conditions and modifications in module:

Normally, default in payment of due amount after the 90-days period is classified as NPA as per IFRS (International Financial Reporting Standard) and keeping in mind these norms, specific "Terms and Conditions" have been incorporated in each & every Government Resolution for interest subsidy purpose. Further, IFP portal/module has been designed accordingly and term loan account is considered as default for subsidy working purpose and interest subsidy amount calculated as "ZERO" for this default period.

However, Covid-19 pandemic has inflicted severe economic hardship on millions of households and businesses. In response to stress in the entire financial system, RBI has issued regulatory statement on 27.03.2020 & 23.05.2020 providing various relaxations to maintain liquidity in the economy.

- I. RBI has allowed a moratorium period of six months on payment of **instalment + interest** falling due between March 1, 2020 and August 31, 2020.
- II. The repayment for these accounts as also the residual tenor will be shifted across the board by six months after the moratorium period.
- III. Defer the recovery of interest applied in respect of working capital facilities during the period from March 1, 2020 up to August 31, 2020.

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In consequence to the above relaxation, RBI has taken appropriate proactive steps regarding classification of accounts and further clarified as under;

- a. The above moratorium and deferment will not be treated as concession or change in terms and conditions of loan agreement.
- b. The above measures will be treated by itself and shall not result in assets classification downgrade.
- c. The assets classification of term loans and working capital facilities against which above relief is granted is to be determined on the basis of revised due dates and revised repayment schedules.
- d. SMA and out of order status shall be evaluated considering application of accumulated interest after the completion of deferment period with revised terms.
- e. The reschedule of payment, including interest will not qualify as default for the purpose of supervisory reporting and reporting to Credit Information Companies (CICs) and these shall not adversely impact credit history.

In addition to the above, series of relaxations have been announced for mandatory compliances under various Acts by the Central & State Government and various regulatory Bodies such as the RBI, Ministry of Finance, Supreme Court of India, Central & State Governments owns Undertakings and Institutes.

Sir, in view of the above and to protect the business enterprises from current financial crisis, we request you:

- **To allow extension of timeline regarding submission of application for all kinds of incentives and other mandatory requirements like Electric duty exemption application, all other applications under various other Gujarat State owned undertakings.**

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- Request for amendment in terms and conditions of default for the above-mentioned period in the benefit of all applicants by issuing single GR for all the incentives prevailing in the State and modify IFP portal features accordingly.

We hope that your office will use its extraordinary power not only on the ground of economic crisis but also on the ground of humanity and issue much needed directives in this regard. This will be treated as great contribution by the Gujarat State Government to save lives and livelihood of Entrepreneurs, workers and all other stake holders.

With regards,

Sincerely,

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