Part II - Supplementary Note on Impact of COVID-19 on Indian Industry Issues and Suggestions

MARCH 28, 2020

Part II - Supplementary Note from FICCI[1] on

Impact of Covid-19 on Indian Industry – Issues and Suggestions

28 March 2020

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[1] This report is in continuation of the earlier FICCI report dated 23 March 2020 and provides additional suggestions across sectors as well as covers new sectors.

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Section A – Policy Interventions Required by RBI and Government

There is an urgent need to take immediate steps to not only contain the spread of the virus but also to address the key pain areas of the industry which can help in minimising the impact of the outbreak on the Indian economy and businesses. A combination of monetary, fiscal and financial market measures is needed to help the businesses and people cope with the crisis. Therefore, to be able to frame correct actions and policy measures, it is important to understand clearly the specific problems that people, and businesses are facing currently. This alone can enable government to take appropriate measures.

The Indian Government & RBI need to support the Indian industry and economy at this juncture in different ways:

Pursuant to our earlier recommendations, announcements have been made by Finance Minister and Governor, RBI. We would like to reiterate some of the recommendations, which we believe should be considered. FICCI is appreciative of the steps announced by RBI on 27 March 2020 as well as the Economic Package announced by Finance Minister on 26 March 2020. We hope that more such measures will be taken going ahead and the measures already announced will be reviewed and if required extended in the light of developments as they happen.

Industry Suggestions for RBI

1) Bring down the cost of funds further through reduction in policy rates (say, by ~ 100 basis points)

2) Maintain liquidity at surplus levels and provide special liquidity support for any companies / NBFCs / banks that come under strain due to intensifying risk aversion in financial markets or due to large demand shock.

3) Enable Credit and support easier credit facilities to effected sections of the businesses that operate on very short financial cycles and will be forced to stop production / trading for financial wants. Government / RBI should direct banks not to stop disbursement of loans under the expectation of project delays due to COVID-19.

4) Increase credit limits for all regular banking accounts by 25 percent across the board.

5) Furthermore, flexibility needs to be given to the banking system to reschedule payment terms without the need for provisioning.

6) The economic fall out of the COVID19 will be very severe and many good companies could collapse. Therefore, to improve the cash flow of corporates - large, midsize and small-scale producers, it is recommended that all principal payments should be deferred by 6 months and should be back ended to the tenure of the loan. For example, if a person's loan has a duration of 5 years, should be given a grace of 6 months and the loan tenure automatically become of 5.5 years.

7) Similarly, for interest on a loan, payments for the next 6 months till September end 2020 be suspended and the interest so suspended can again be back ended and adjusted in last 4 interest payments to be made at the end of the tenure of the loan.

8) For all working capital loans also all interest payments should be suspended for the next 6 months till September end 2020 and to be paid back to the banks in 4 equal quarterly instalments subsequently.

9) Similarly, to save wide scale consumer defaults for people who have bought white goods, taken auto loans, home loans, etc., the EMI for the next 6 months should be suspended and again back ended to the duration of their loan.

10) The Corporate bond and commercial paper market are suffering illiquidity. RBI may take some steps to intervene, either directly or through the commercial banking system, to ensure that adequate funds flow into this market. In the US, the Fed has stepped in to directly buy commercial paper, a strategy that it last used in the financial crisis of 2008.

11) Increase Drawing Power (DP) – by (a) asking banks to take weightage of 1.5X for current assets instead of 1.00X OR (b) asking banks to remove the margin of 25% for a period of 6 months to a year in the DP calculations.

12) Direct banks to look at a limited window of next 6 months for GCP (General Corporate Purpose) loans limited to maximum of say 15% of existing credit limits as an addendum to the current credit limits as of end Dec 2019. This should be made available without asking for additional security or personal guarantee of the promoters. This additional borrowing to be repaid back to the bank in 8 quarterly instalments with one-year moratorium.

13) IBC to be suspended for a short period for all industries.

14) Give MSMEs across the board interest rate subvention at 3 per cent, on standard loans (i.e. those that are healthy and not NPA's).

15) So far, no guidelines are available on handling of Cash, which could be strong source of spreading of the virus. Necessary directions may be issued, and digital payments must be aggressively promoted.

16) Since usage of cash can be a source of virus spread, there is a need to give a renewed thrust on promoting digital payments and digital banking. RBI and Government must reinstate subsidies for digital payments for transaction below Rs 2000 immediately.

17) For fintechs [Regulated entities of RBI], the Aadhar based E-KYC authentication needs to be immediately implemented as this will help them continue with their business and support financial inclusion. The importance of usage of CKYC registry should be highlighted by the RBI in its master circular. Simplification of the usage of video-KYC is also required and must be taken up immediately.

18) Banks have been classified as essential services that will continue operations. Similar consideration should be accorded to Fintechs and other allied banking service providers that work with banking partners.

19) To ensure cash flows for meeting working capital requirement, RBI should instruct banks not to restrict working capital credit to MSMEs.

20) The time limit prescribed in the June 07 2019 Circular on Resolution of Stressed Assets, issued by the RBI should be held in abeyance for a minimum period of six months.

21) In view of the severe dislocation caused by the lock-down, request all the Banks/FIs/Lenders not to take coercive action on dishonoured cheques (PDCs) and should give a grace period of minimum six months.

22) Bank Guarantees should not be encashed as almost all industries are under Force Majeure conditions and hence an extension of minimum six months should be given.

23) To ensure continuity of management of financially stressed companies and safeguarding interests of lenders and all stakeholders, MCA should immediately suspend operation of Section 164(2) of the Companies Act, 2013 for six months.

24) It is critical to include all finance instruments associated with borrowing in the 3-month moratorium to ensure that defaults do not happen in quality companies. For example, it is a usual practice in many industries to buy goods on credit by accepting bills of exchange on either a clean basis or under a letter of credit. The suppliers of goods discount these bills with banks. In the current situation, payment of bills on the due date will not be possible. It would be critical to include all such instruments in the moratorium, which was announced on term loans and interest payments on WC loan.

Industry Suggestions for Government

1) Not paring down government's capital spending plans despite any shortfall in tax collections. In current times, it would be appropriate to relax fiscal deficit targets in order to support growth.

2) Substantial increases in public health spend is needed to ensure adequate supplies to deal with COVID-19: masks, gloves, medical kits for the health workers, medicine, health centres, more hospitals etc.

3) Special release of funds should be made for the healthcare sector as players are making all efforts to support the government in this hour of crisis and are seeing substantial loss due to stoppage of international traffic.

4) Increase overdraft facility to state governments from the RBI. Pay the pending GST compensation immediately.

5) After the global financial crisis, India had cut excise duties sharply, which helped the revival of demand for the industry. Such measures (on GST) may be needed again if global economy slips into recession and India's growth falls below 4%. The GST Council may get into discussions to prepare itself for such situation. Now is the time to reduce the GST rates and widen the net to include electricity, petro-products, real estate.

6) Ensure all pending payments to vendors are cleared immediately by the government departments. GST refunds should be cleared at the earliest.

7) Since a large number of informal workers could lose their jobs especially in the retail, hospitality, travel, construction sector, the government can consider giving incentives for employers to keep the workers, while the corona virus problem tides over. Germany did this in 2008 when employers were paid incentive to NOT fire workers. It is recommended that payments made to all temporary / casual workers for the next 3 months should be adjusted against the CSR expenditure of the companies.

8) All compliances should be pushed back by 6 weeks and non-filing of these compliances on time should not be treated in a penal manner if it is filed within extended timeline.

9) As companies will not be able to complete many financial transactions and fulfil several financial obligation that are required to close the books on March 31, 2020, it is therefore necessary to extend the Financial Year to 15 months from 31 March, 2020 to 30 June, 2020 and seek six monthly statement rather than a

March 2020 and June 2020 statement. In other words, government may seek a six-monthly Jan-June 2020 statement.

10) It is also recommended that to improve the social distancing for the next 3 months, the workers should be allowed to work for 12 hours shift instead of 8 hours for 4 days and stay at home for 3 days enabling the companies to run 2 shifts instead of 3 shifts reducing the people presence in the factories without compromising output . This will reduce the workforce required to run that facility by 33% as 3 shifts should be reduced to 2 shifts.

11) At this time when children are studying from home and everybody is working from home, we are experiencing serious bandwidth problem from all telecom companies. So extra bandwidth should be allowed for 3 months to all companies with a minimum commercial charge.

12) Relax factory compliances to enable the industry to continue operation with a much lesser workforce over longer work / shift hours but in a healthier environment. This will directly contribute to the governments call on social distancing. Further, while health concerns obviously take precedence and decision to lockdown localities should be taken if necessary, some thought needs to be given as regards continuous process industries where a 2-week lockdown will result in an outage of 1-2 months depending upon the industry.

13) Provide income support to low income families through DBT. PM Kisan is already doing it for farm households. Support farmers through higher MSP and also those who have lost output due to unseasonal rains. Need to kickstart a lot of relief programs just like drought relief.

14) Govt. of India should be liberal in increasing its fiscal deficit by at least 100 basis points and pump-prime the economy given the unprecedent situation at hand.

15) Constant communication at district level for response planning is a must. Any early communication of planned measures and joint planning with industry will help avoid shock to supply chains at a local level.

16) Shipments from China have started to arrive; however, the ships are not being allowed to unload their goods in India due to fear of contagion. Government should find ways to facilitate the safe and fast unloading of shipments in India. Work out mechanism to reduce quarantine delays at ports.

17) GST Returns/Procedures: The deadlines for paying taxes every month (i.e. 20th) to be deferred; filing of returns extended; All show-cause notices/ enquiries may be suspended including those relating to excise.

18) Levy of penalties for late filings / payments like late filing of Bill of Entries, late filing of Import General Manifest (IGM) etc needs to be leniently viewed (waiving penalties).

19) Compliances under Companies Act: The deadlines for declaration of financial results (31st May), filing of returns with ROC & Others etc to be extended, as audits also would be affected, leave alone preparation of financial statements.

20) Allow for 30-60 days grace period in utility and statutory payments for businesses without impacting credit history.

21) Direct Taxes:

    a. Income tax payment may be extended up to next quarter end (June 30) and tax payments for Q1, 2020-21 should also be deferred by a quarter.
    b. Carry forward period of MAT may be increased by a year or two from 15 to 17 years.
    c. Personal taxation: Additional deduction may be given for salaried employees at a flat rate, for incurring additional expenditure on the Corona preventive measures.

22) All tax compliances deadlines falling due on March 31, 2020 – to be extended up to June 30 without any fine / penalty.

23) Payment of GST should be allowed on net basis – 50% immediately and balance after 3 months without interest/ penalty.

24) Operation of other services: It may be noted that the governments directed closure of malls, gyms, clubs etc. But certain services like Banking cannot be restricted. Special incentives to those employed in these sectors as well as to the companies, to be thought of.

25) The employers need to continue paying salaries for this period, but this can be adjusted in OT working and Sundays working once production restarts so that the economic loss is minimized. The normal 10-day period for holidays to be given to workers will not apply when making this adjustment.

26) It is important that goods vehicle transporting food items in particular are allowed access and no entry times zones within the cities can be relaxed for them. Also, in many cities there is shut down of shops that is taking place, the same needs to be managed in such a way that consumers still have access to be able to purchase the same. It could include announcing time when these will be open.

27) For QIPs there is a need to suspend the minimum floor rule to energize the primary market.

28) All statutory time limits under the Central and State Acts (for example filing of revised income tax returns buy 31-03-2020) falling during the period from 01-03-2020 to 31-05-2020 should be extended by 90 days without any adverse consequence of interest or penalty.

29) Announce tax holidays for projects if private sector announces any investment now (say in next two months). It is also essential to link the tax holiday with an early completion date of such projects to incentivize an early investment & expeditious implementation.

30) For government projects, announce implementation of some major projects which are in clearance stage or stalled. Though it will result in business for stakeholders/suppliers say at least one year from now, it will keep the sentiment positive.

31) Possibility of renegotiating oil purchase contracts should be considered, which have been signed/closed in last couple of months in order to take advantage of low crude price.

32) Mandate operating norms to ensure social distancing. Define Social distancing requirements for operations clearly based on the best available advice (industry can support with available expertise). All establishments permitted to operate under the advisory must be mandated to operate within the norms of social distancing & any entity found to be in violation of the face shall face the consequences.

33) Suggestions for facilitating Imports

a. CBIC may issue direction to all Customs Stations, Port & Airports in the country to clear the consignments on the basis of soft copies without insisting for originals, as there is considerable delay to get the original documents through couriers because of Covid 19. If required, the originals can be submitted at a later date.
b. Ministry of Shipping may also give a direction to Major Port Trusts and Pvt. Boards to waive of the demurrage period of containers or extend the free period to clear the cargo from docks in view of the Covid 19 and the difficulty faced by exim trade.
c. Directions may be issued by DGFT to Shipping lines to waive off container detention charges for a reasonable period to the containers affected by the Covid 19 issue.

d. Availability of containers is a problem as containers are locked in China. Government should improve the port handling mechanism so that this delay is compensated.
e. Penalty for not meeting 'Minimum Guaranteed Tonnage' (MGT) at major ports should be waived.

34) In case of essential goods, wherever certification is required from external agencies, self-certification should be allowed as due to COVID fear many such agencies which provide certification are not working. USA has also taken similar policy stance.

35) Ensure continuum in implementation of on- going projects of Government and PSUs.

36) Defer revenue expenditure & announce capital expenditure. Announce implementation of some major projects which are in clearance stage or stalled. Though it will result in business for stakeholders/suppliers say at least one year from now, it will keep the sentiment positive.

37) Critical that for Indian Railways contracts the force majeure clause should apply in view of supply chain, logistics and travel getting impacted and that no liquidated damages should be levied on suppliers for shortfall in deliveries due till March 2020 and beyond till the situation improves. This is critical as all major supplies for Indian Railways contracts is due in Jan -March quarter. This will also impact quarter from April -June as sub-components would not arrive by Feb / March.

38) The Government of India and the state governments have, in their engagements with the public & in their notifications, have permitted the operation of establishments dealing with essential items and services, like health & medicine, banking, milk & bakery, grocery and food etc. For this initiative of the Government to be successful it is imperative that the supply chain supporting these essential items and services be allowed to operate within the norms of social distancing which is the best precaution against COVID-19. In the absence of any advisory permitting the manufacturers, transporters and suppliers of these essential items to operate, the industry is likely to face supply chain disruption of enormous magnitude. It is imperative, therefore, that the enforcement officials on the ground and the district administrations be strengthened by additional advisory permitting the supply chain supporting manufacturing, warehousing and transporting these essential items to operate.

39) Issue additional advisory permitting operation of establishments to manufacture, store, transport and distribute items related to essential items. This will include raw material, packaging material, manufacture and logistics. These

establishments may be required to give a self-undertaking that the commodities services that they deal with are of essential nature. Any false declaration can be penalized under the law.

40) Provide clear guidelines to enforcement officials on enforcement mechanism which will help achieve the balance between essential and non-essential items. For want of this clarity, the industry is facing shut down instructions from local officials even for products and services that are meant for smooth operation of essential items / services.

41) Permitting one-time restructuring of loans that are impacted by Corona Virus.

42) Government can look at providing higher contributions to EPF in manufacturing in addition to the benefit already given for new workers as announced in Union Budget few years back. This will also ensure continuity in employment. For industries manufacturing essential goods, even higher contribution over and above that may be provided across the board.

43) Special incentives to be provided to health services industry that is closely working with government in this cause but losing revenue earned from overseas patients due to ban of foreign travel.

44) RoDTEP should be operationalized immediately and export incentives given to affected sectors.

45) Any pending incentives, drawbacks, etc should be fast-tracked.

46) Supply chains are resuming activity, there is likely to be a rush for port berths and clearances. Definite times lines for sanitising the cargo, berthing, unloading and clearance of cargo as well as transportation to factories must be put in place. Demurrage charges need to be waived. Penalty for not meeting 'Minimum Guaranteed Tonnage' (MGT) at major ports should be waived.

47) In case of emergency, airlifting of specific products need to be catered for.

48) Extend subsidies for utilities bill payments –
   a. reducing rents for industrial units through reduction/ exemption of land use taxes (China)
   b. subsidy for electricity, water bills (Singapore)

49) Relaxation of norms for existing loans - For all present corporate loans which will get impaired due to COVID, government and regulator should relax the norms and allow a specified time window for the borrower and the lender to re-work

the terms of loan based on the cash flow. Furthermore, the loan accounts should be classified as 'standard' so that no provisioning is needed for the same.

50) Government should advise all central and state government agencies to expeditiously clear all outstanding payments to contractors and businesses

a. All outstanding tax refunds must be settled at the earliest. Any tax-related dispute must be resolved expeditiously so that the payments get released.
b. Huge sums of money are stuck in arbitration awards given for several infrastructure projects which have got dragged into High Courts and Supreme Court leading to inordinate delays. Government should honour the arbitration awards and instead of further litigation, should release the payments so that business and industry will get liquidity to tide over the present crisis.

51) The restriction on the manufacturing and movement of the food items and groceries across the state and district borders should be allowed. This will help to meet the demand of the consumers for food and also to reduce the panic among the population due to low availability of the products.

52) The restriction on the manufacturing of the food products will have a direct impact on the farm produce and farmers. The Government should take in consideration the interest of the farmers community since fresh produce is likely to arrive soon and if there is no demand from food manufactures it will badly impact the farmers.

53) Issuance of the advisories at the central and state level are creating interpretation issues and leading to mixed enforcement. Central government should advise state government and ensure issuance of uniform guidelines and advisories across the country.

54) Healthcare items and food products must be included in the list of essential commodities and the same must be clearly communicated to all state and district level authorities so that the supply and transportation of these items is not hindered and last mile delivery to consumers is ensured.

55) Payment of GST Compensation Cess on Coal @ Rs 400/MT should be deferred for at least a year. This will help coal consuming domestic manufacturing industries remain in business in this challenging period.

56) Waive Oil Industry Development Cess @ 20% on all oil production for Pre-NELP blocks.

57) Government may consider use of E-way Bill to facilitate movement of essential goods across the country.

58) Extension for Statutory inspection without penalties. Statutory inspection falling due before April 15 may be carried out without any penalty / other consequential provisions. E.g. Boiler inspection, licenses for explosives, consent to operate Boiler, environmental clearances etc. Otherwise production could be halted on technical grounds.

59) Extension for License renewal. Any renewal falling due in April should be made automatic renewal for at least 1 month. Thereafter normal renewal should be taken up.

Section B – Sectoral Impact and Suggestions

Agriculture

Suggestions

1. **Ensuring effective procurement and storage of Rabi harvest**

   a. **Recommendations: Agri marketing**

- All APMC regulations should be suspended for 3 months to allow free sales of farm produce from the farm gate. Suggestions
- All stock limits should be suspended on staples such as cereals, pulses and oilseeds for 6 months. Bulk buyers like food companies, trading houses etc. should be allowed to hold stocks of staples upto any limit.
- Direct trades should be allowed on e-NAM platform freely from anywhere in the country, removing restriction of physically bringing produce to APMC.
- Extend trade finance at fixed rate not exceeding 8% to all eligible entities including FPOs, coops, SHGs etc. to enable buying from farmers and prevent distress sales.
- Given the extensive interaction and concentration of people in mandis, adequate steps must be taken to prevent the spread of coronavirus.

   b. **Recommendations: Agri warehousing.**

Area of Impact	**Likely implications**	**Recommendations**
Closure / erratic operations of Mandis coinciding with peak arrivals of the Rabi crop	-Farmers' unable to market their crop -Fall in crop prices resulting in panic sales	1) Since CWC/SWC warehouses are already full due to high carryover stocks, FCI should immediately seek Private Warehouse Service provider support to procure, storage and manage MSP stocks. 2) Government to step up MSP procurement immediately.
Private trade affected due to liquidity tightness and uncertainty	- Absence of private buying would pressurise further prices	3) Special window of working capital lines to be provided to banks/NBFCs to lend at concessional interest rates to Agri-commodity traders, Agri processing and food processing units

		4) NPA norms for Agri commodity/Agri processing and food processing/Agri logistics units to be relaxed for 3-6 months.
NAFED/FCI/CCI storage capacity/handling constraints	- With stocks in govt warehouses at peak, the inability to make further procurement at MSP in Rabi could result in collapse of crop prices and impact on farm incomes	5) FCI/NAFED/CCI to utilise private Warehouse Service Provider capacity to store at commercial terms should be at par with CWC/SWC to debottleneck storage constraints
- Deterioration in quality of key Rabi crops like Wheat, Maize and Pulses due to extended storage	- Crops like Wheat, Maize, Pulses etc need fumigation every 45 days to protect from infestation. - Need to debottleneck fumigation capacity constraints in Pest Management/Fumigation Industry	6) Current process of issuing Accredited Fumigation Operator (AFO)licenses take 3-6 months by the Plant Protection Quarantine & Storage Dept. Further, license is valid only upto 100 kms of place of issue. 7) Process of license issue needs simplification with license validity for all AFO licence holders with valid National Institute of Plant Health Management (NIPH) training certificates in their names. -100kms rule needs to be relaxed to ensure sufficient fumigation capacity

2. Ensuring supply of seeds for upcoming Kharif season:

As country is in crucial phase of harvesting of Rabi crops and sowing time for coming crops (Kharif season). Farmers may need inputs for coming season. Kharif is the main season for agricultural production.

Seeds companies undertook the largest volume of seed production in just concluded rabi season and the seed is arriving in the plants from fields right now. Seed companies are busy cleaning, processing, packaging this high volume of seeds now. It is critical for food security of the country that this whole process is seamless and does not encounter roadblock. Large scale processing & packing of seeds is happening in several factories, especially in Telangana and AP. These seeds have to be transported to nooks and corners of the country in April & May for timely planting of Kharif season by farmers. Recommendations in this regard are as below:

a. All States must classify seeds as essential items for manufacture and transportation during the lock down periods. Warehouses storing seeds should be given a green sticker for identification and should be allowed to operate without any hindrance. Any restriction may affect the availability of seeds at farmers doorstep before monsoon arrive.

b. There should be opening of green lanes/special food lanes at national and state toll booths, Check posts and on highways where seed delivery vehicles can pass unhindered, along with other agriculture produce and food items, and are not subjected to roadblocks. The special agricultural lanes will allow smooth passage of all vehicles carrying essential food commodities and agri inputs like seeds. Any restrictions on inter-state movements of other commodities and people should not affect movement of seeds. Several countries like Thailand, Philippines and China have also adopted similar measures in their effort to fight Covid- 19 virus.

c. Agri-input industry namely seeds and agrochemicals supplies are essential to ensure food production and food security. In countries like France, Italy, etc who are at 3rd or 4th stage of infections has kept production and supplies of seeds and agrochemicals in the essential category and operations are allowed. India should also keep seeds and agrochemicals operations including production and supplies in essential category to ensure food security. Protocol may be developed to ensure safety of workers.

d. April and May are the most critical months for supply of seeds and crop protection products for timely sowing of Kharif crops like Rice, maize, soybean, jowar, bajra, cotton, pearl millet etc. If this cropping window is missed, there will be serious shortages in the rest of the year. It is suggested that the seed production and crop protection product manufacturing and supply should be treated as essential services and exempted from any shut down. The industry should be encouraged to take all precautions, to prevent any spread of Covid-19 infections. Any closure would severely impact the supply of seeds and crop protection products to the farmers in coming kharif season

e. Warehouses for seeds and crop protection products must be allowed to function unhindered to allow storage and movement of seeds & crop protection products.

f. The applications for registration of crop protections products related to Kharif crop, particularly for Rice & Maize, pending before the Registration Committee (RC) in the Ministry of Agriculture, Cooperation and Farmers Welfare should be fast tracked so that manufacturing and supply lines could be put in place and strengthen well in time.

g. Recently, the Ministry of Agriculture, Cooperation and Farmers Welfare had published a draft notification banning, Tricyclazole (S.O. 531(E) Dated 31st January 2020), a crop protection product for controlling Blast disease in Rice crop. India controls 30-35% of global supply chain of tricyclazole and any ban would severely impact the availability of this product to small and marginal farmers and has the potential to cause massive disruption to rice production. In these uncertain and difficult times, any such ban would cause further disruption to supply chain and eventually to food production and, therefore, should not be resorted to.

h. State governments in close coordination with input industry associations must develop a supply chain logistics to ensure quality inputs. This will also help in avoiding spurious seeds.

3. Poultry

a. Relief package for Poultry sector should be provided in Covid 19 crisis as was extended during the massive bird flu attack in 2006.

4. Few other points:

a. Products like maize Starch, pre-gelatanised starch, maltodextrin, sulphur free liquid glucose, etc are important for manufacturing drugs, which are used by pharmaceutical companies to make formulations to fight COVID 19 and other diseases. Maize starch is a key ingredient to most Food, Feed and Pharma manufacturers in India. Government should allow food and pharma ingredient manufacturers to run operations with all necessary safety precautions.

b. According to industry sources, demand for export is dropped by 10-15% to Asian countries. Exporters are penalised if they don't ship the goods in a particular time, relaxation of shipping time would be useful, in such scenario.

c. Non-collateralised loans at low cost should be allowed in the short term to take care of salary payments. These loans can be given against confirmed purchase orders.

d. Anyone trying to exploit the difficult time either by supplying spurious or substandard products or by profiteering should be dealt under Essential Services Maintenance Act and licence of that establish should be cancelled for 2 years wither it is shop, dealer or manufactures with other legal actions.

e. MRP of the products should remain same as it was in the month of February. This is also the time to encourage good and reliable technologies because output will come in the month of August and September, at that time there will be huge demand in the world market.

Agri / Food Processing

Some of the key concerns and challenges faced by the Food Processing industries hindering continuing of uninterrupted food supply to the consumers in the current pandemic situation are:

- There have been quite a few notifications issued by different State Governments. The restrictions on manufacturing and movement are differing from State to State and these differences particularly between neighbouring states is putting all commercial activities to a complete halt even where they are not intended like those for food items.

- Further, the direction given to enforcement officials across districts are often not complementary to each other and hence actions taken are also at times not consistent.

- There is a requirement to provide clear guidelines to enforcement officials on the areas of enforcement and the mechanism which will help achieve the balance between essential and non-essential items. Though in all communications so far Food & Beverage sector has been put under essential items, however, there is no clear direction to enforcement officials regarding relaxing norms for people and vehicles engaged in this sector. Also, there are different understanding amongst officials at different levels on what constitutes "food". There is a lot of discretion used in deciding what is allowed and what is not, though notifications clearly mention all types of foods and groceries.

- In this period of crisis which is expected to continue for a long period, demand will be there for all types of food items and hence manufacturing and movement of all food items, including all processed and packaged foods, need to be allowed. This will mitigate to a large extent apparent shortages on in retail and avoid consumer panic.

- Also, restriction on the manufacturing of food products will have a direct impact on the farm produce and farmers. The Government should take into consideration the interest of the farming community since fresh produce will be coming to market on a daily basis along with many cereals/grains which are likely to arrive in this season post their harvest. If processed food industry is not allowed to manufacture, then it will have huge impact on demand of these raw produce and it will result in a glut badly impacting farmers' income.

Suggestion

1. Provide clear guidance to the enforcement authorities that "food" as mentioned in the notification, will include all food & beverage items along with ingredients and food services, so that their manufacturing, warehousing & transportation across the value chain including movement of the people involved in the process is allowed in the wider interest of the consumer.

Automotive Tyres

Suggestions

1. In view of prevailing scenario, the Natural Rubber (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) at least 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.
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), 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).
4. 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).

5. The existing requirement of obtaining No Objection Certificate (NOC) from Rubber Board of India prior to clearance of Natural Rubber import consignments be waived till 30th Sep 2020.
6. 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.
7. 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.
8. 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.
9. 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).
10. 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.
11. In prevailing situation for certain cases, 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. 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.
12. Announcement of the much-awaited Vehicle Scrappage Policy be done on priority by the Government so as to spur demand in the Auto sector.
13. Extension of timeline from 31st Mar. '20 to 30th Sept. '20 for fulfilment of Skilling and Training targets allotted under PMKVY RPL and Special Projects assigned to being undertaken by the Rubber Skill Development Council (RSDC), promoted by Industry Associations of Tyre and general Rubber Goods Sector.

Aviation

Suggestions

1. Temporary waiver of Annual Fee: As this is a Force Majeure event, as pronounced through Govt. notification, payment of Annual Fee to AAI can be waived till the event is revoked with further notification.
2. Grant to recover fixed charge and increased operating expenditure: To recover fixed cost and increased operating expenses, Govt. may give grant per passenger basis for the shortfall in passenger. This will help the airport operator meet their operational and statutory payment commitments. Globally, many countries are giving special packages for aviation sector.
3. Provisioning of an airport operator alleviation package by AERA: Alternatively, AERA may also consider a special alleviation package for the Airport operators in the next control period.

Capital Markets

Suggestions

1. The current levels of discount on QIP to be widened to 10%.
2. Compliance from Minimum Public Shareholding should be deferred currently, and companies should be allowed to breach Minimum Public Shareholding with fresh capital infusion
3. Temporarily provide flexibility to all issuers to use fast track mechanism under rights issue / FPO irrespective of eligibility.
4. Stock borrowing and lending – Ban on the stock borrowing and lending immediately. All stock lending and borrowing to be reversed in a short span of time like 3 days.
5. Corporate Governance, Reporting requirements – Relaxation of some corporate governance requirements on certain immediate topics like industrial shutdowns and temporary closure, especially for non-business critical units should be allowed. Most of these requirements, like reporting to the relevant stock exchanges etc., require board approvals and meetings which are difficult to organize presently.
6. Additional Line of credit – Along with RBI, allowing Corporate bond to be accepted as the Repo.

Corporate Laws

Suggestions

1. Extension of Financial Year

- Companies should be permitted to prepare and present financial statements for a period of 15 months i.e. for the period beginning 1st April 2019 to 30th June 2020 instead of 12 months, i.e. April 2019 to March 2020.
- Companies should not be required to prepare financial statements for the quarter ending 31st March 2020 since presentation of accounts for quarter ending 31st March 2020 would not be possible.

2. General Meetings

- Holding of general meetings, including AGMs, in the absence of physical quorum should be allowed until 30th June 2020. AGMs of some companies who closed their accounts on 31st December 2019 are scheduled in April/May and EGMs may also be required to be organised for urgent matters.

3. Board Matters

- FICCI is grateful for consideration of its request to exempt companies to hold Board and Audit Committee Meetings through Video Conference without the requirement of ensuring physical presence of directors for quorum purpose. Relaxation is requested from the following requirements under Rule 3 of the Companies (Meeting of Board and its Powers) Rules, 2014:

  - to record proceedings of the meeting;
  - to ensure availability of proper video conferencing or other audiovisual equipment or facilities for providing transmission of the communications for effective participation of the directors and other authorized participants at the Board meeting;
  - to ensure that no person other than the concerned director are attending or have access to the proceedings of the meeting through video conferencing mode or other audiovisual means

- Approval of restricted matters through Circular Resolution /Circular Notes of Board/Committee without the requirement of conducting a Board/Committee meeting for a period upto 30th June 2020 should be allowed.

4. Compliances under the Companies Act

- An additional period of 3 months should be allowed to ensure timely compliance with the requirements of Companies Act and Rules without any penalties being imposed. Examples include timely conduct of board evaluation, discharge of CSR obligation, transfer to IEPF, addressing shareholders' requests for demat etc. on a time bound basis.

5. Directors' Liabilities

- The outbreak of COVID19 has caused a significant deterioration in economic conditions for some companies and increase in economic uncertainty for others. Management would need to assess whether the current events and conditions cast a significant doubt on the company's ability to continue as a going concern. Independent directors, fearing the possible implication of being on board of such a company may wish to leave the Board. In order to address this likely situation, Independent Directors may be given regulatory forbearance to provide comfort for continuity. This should strictly be done for companies which have been impacted because of COVID. Some reference points would need to be developed to gauge this.
- As a first step, section 164(2) of the Companies Act [Disqualification of Directors] should be suspended to ensure continuity of management of financially stressed companies.

6. Vacation of Office of Executive and Non-Executive Directors

- Companies will not be able to hold AGMs as planned due to the lockdown. In some cases, cessation of term of Executive Directors could happen before AGMs are held for the current year. In such cases, renewal of term of Executive Directors should happen automatically till the date of next general meeting on the same terms. Similarly, term of an Independent Directors may end before the actual date of AGM. This should also be automatically extended uptil the date of the next general meeting.

7. Suspension of timelines under CIRP under IBC

- Due to the lockdown, RPs, CoCs, RAs, Financial Creditors may not be able to adhere all the prescribed timelines. A suspension may be allowed.

Chemicals and Petrochemicals

Suggestion

1. Consider measures to incentivize backward integration by Indian companies for production of technical grades and intermediates.

Industry is keen to invest in capacity building for products which have been imported from China till now and look forward to have the support of Government. The steps in the right direction will enable the industry to strengthen India's domestic chemical production base, which is the backbone of India's Economy. All such initiatives will require capital investment which will in turn increase employment opportunities and enhance the efforts of import substitution.

E-commerce

Suggestions

1. Government may consider use of E-way Bill to facilitate movement of goods for ecommerce.
2. Allow opening of multi-products Warehouses, Distribution Centres and Sort Centres of Ecommerce companies during the lockdown phase.
3. Allow safe movement of personnel for ecommerce activities - ECommerce company to issue a letter to employees working in warehouses and logistics operations. Personnel can show the letters and Government issued IDs (PAN/ Aadhar/ Driving licence etc). A strong coordinating mechanism be established between Central and State Governments to ensure that this guidance are percolated down to the ground level.
4. Allow necessary back-end support Centres like customer & IT support (to not operate at more than capacity 30%)
5. For movement between home, Office and home for operations & logistics & CS services, in light of public transport not being available, Ecommerce companies to issue letter to transport providers to ply these personnel from home to office. Ecommerce companies to ensure 1-meter social distancing in these as well.
6. A new scheme be introduced for loss making e-commerce companies to get GST refund.

General Insurance

Suggestions

1. Even though offices remain closed, hospitals would remain open and consequently the request for cashless facilities will continue to be coming to the Claims departments of Insurance companies as well as TPAs. In order to continue to render services to the claimants, it is required that the Call Centre Services, the TPA Services and the claims handling departments of Insurance Companies be declared as 'Essential Services' so that any clamp down on Offices for shutting down would not be applicable to the aforesaid departments. This will help companies keep pace in rendering services to customers along with Hospitals.
2. Insurance surveyors on duty (on their way to accident sites for inspection) should be treated as on ESSENTIAL DUTY and must also be exempted from Curfew etc.
3. All Insurance Companies are required to submit various returns to IRDAI on Monthly/Quarterly/Annual basis and have strict timelines. In view of the thin attendance in offices and the shutdowns being declared, the return filing timelines may please be extended by 45 Days.
4. Industry players have certain rural sector, social sector and motor third party obligations every year. Given the significant business which happens in the month of March, these norms would need to be relaxed for FY20.
5. Defer all due dates for statutory payments like PF, GST, Income Tax, any other government levies by three months. This will not only ease work pressure, but for small enterprises which rely on daily cash flow, it will mean not defaulting on these payments.
6. Certain Co-Insurance/Reinsurance balances which were to be reconciled by whatever dates that have been given may also be kindly extended by 45 days. The unreconciled / unsettled amounts beyond a prescribed period is dis-allowed and would impact the Solvency workings of the companies. In order avoid the hardships on the solvency front, relaxation may be announced by increasing the period as suggested for determining the disallowances for solvency calculations.
7. This is also the season of heavy renewals. Although the Companies are trying their best to be available to their customers/intermediaries for the reasons already stated they may not be able to complete the business underwriting. It is therefore requested that the TATs prescribed for issuance of policy documents and for Agents/Brokers, as regards collection of premium and deposit of the same needs also to be relaxed during these trying times. An intermediary, so long as he collected the premium and the renewal instructions, may be allowed to deposit the same with the Insurance Company within 15

days. Insurance Companies will ensure Fraud mitigations on this count by taking the required steps at the Company level.

8. With wide disturbances in normal working of the Insurers and employees working from home there is overall additional pressure on systems and some customers may not be able to renew their policies in time or face difficulties in online renewals. This may especially become case towards end of the month. Hence, additional period of, say 30 days, may be allowed for continued renewals without break subject to no claims being admissible during break period.
9. With reference to Expenses of Management (EOM), IRDAI is requested for forbearance in respect of those Companies which are likely to exceed EOM limits for 2019-20 before 31st March 2020. The time limit for this activity may be extended by 45 days.
10. Due to Office closures/facilities like work from home given in the state Government offices, scheduled tenders for next year may get delayed. For the current year, release of subsidy may get impacted. IRDAI may kindly consider the same and decide about its admissibility as part of AVAILABLE SOLVENCY MARGIN calculations for FY 2019-20.
11. IRDAI may consider additional time for launch of Arogya Sanjeevani till 1st June 2020.
12. In case of Individual Health Insurance policies, in case of delay in renewals of up to 60 days, the continuity benefit may be given as a special case for all the renewals falling in the months of March, April and May, 2020.
13. In order to encourage public at large to buy Health insurance in order to mitigate the impact of financial burden arising out of the health emergencies, Government may reduce the incidence of GST (say from current 18% to 5%) thereby reducing the overall cost of buying health insurance.
14. Allow individuals to purchase all tax saving instruments till April 30, 2020. (Like Health Insurance giving deduction u/s 80 D). Allow one more month for filing of tax returns for all assesses.
15. IRDAI is requested to allow Companies NOT to follow diminution and impairment guidelines on investments in view of the extraordinary circumstances prevailing in the financial markets.

Healthcare

Suggestions

1. Reduction in import duty on ventilators, testing kits and other equipment required for treatment of COVID-19 patients
2. Exemption of GST on the medicines and equipment presently being used for treatment
3. There is need for more stringent adherence of handing of Bio-Medical Waste across cities in the country
4. Further to the Ministry of Health guidelines on home quarantine, government should also issue standard guidelines for Home Healthcare Providers, as they can contribute by remote monitoring of cases by monitoring patients for symptoms in home quarantine, patients in E-ICU beyond metros, cases recovering from COVID-19 and preventing or managing relapse
5. Private sector should be included in all consultations before recommendation of any tariffs for testing or treatment

Life Insurance

The Life Insurance industry has been hit very hard considering that significant life insurance business gets down in the month of March 2020. Empirical data indicates around 30%-35% of new business gets written in the month of March. Consequently, the renewal premium collected is highest in the month of March compared to any other month of the financial year. The fallout of the lockdown has been as follows:

1. Premium collections are down.
2. Cheques are not being picked up banks and India post is also not picking up documents.
3. Despite being declared as essential services in most states, the employees are not being allowed to work or prevented from attending offices owing to strong police action.

The impact of the above is that the premium collections for all life insurers would get significantly impacted and the consequential impact on the bottom-line of the Companies unparalleled.

A recent Covid 19 global Mckinsey report states that the Insurance Sector is one of the top 5 impacted sectors measured by the average change in market cap, and the third slowest on recovery. The economic impact on India may not be different as the factors indicated are drop in premiums, persistency, fall in interest rates and like indicators.

Relief sought from IRDAI

Against the above backdrop Industry would request the Authority to provide relief to the Life insurers to enable them tide over these very difficult times and put their business and operations in order. The key items that are being requested for relief are as follows:

1. Moratorium from controlled level of solvency requirements
2. Moratorium from applying mark to market norms
3. Extension of grace period of 30 days to 60 days
4. Extension of regulatory deadlines
5. Extension of regulatory compliances
6. Forbearance from EOM regulations
7. Condonation of delays in complying with the requirement of deposit of premium collections within 24 hours of collection
8. Extension of tax break for FY 2019-20 for premiums collected post 31st March 2020
9. ULIP Maturity payouts to be treated in a more customer friendly manner
10. Short term liquidity window
11. Electronic issuance of policy without repository route
12. Force Majeure

1. **Moratorium for Life Insurance Companies for compliance with Minimum Solvency Margin Requirements**

Background

The Corona Virus pandemic has impacted all sectors of society. The financial sector specially banking, mutual funds and insurance has also get impacted with the life insurance industry has got severely impacted with reduction in new business premium and drop in renewal premium. The impact gets amplified in the life insurance industry with around 30% to 35% premium being collected in the month of March. Along with this all insurance companies have been impacted by the drop-in valuation of shares. The financial sector specially banking, mutual funds and insurance has also get impacted with the stress on Yes Bank and subsequent restructuring of the bank. All these factors have severely impacted the life insurance company's business and specifically the solvency ratio. Most of the life insurers have strong balance-sheets. However, solvency ratios worked out using current valuations would not reflect the intrinsic or real strength of the life insurers.

Suggestion

The life insurers request the Authority to provide forbearance from the solvency requirements of 150% as at 31st March 2020 and allow them to operate at a solvency ratio of 100% till 30th September 2020. As per Section 64VA (4) of the Insurance Act, the Authority is empowered to give a specified period of six months to insurance companies to meet the solvency requirement whenever a company is short of the same.

These six months would give time to the life insurers to get their balance sheets organized and come back to the controlled levels solvency.

The Authority should dispense with the requirement of reduction of fair value change at market values as on 31st March 2020 from Reserves disclosed in the Balance Sheet. In the event, disclosure is still required or insisted upon market values of investments as on 29th February 2020 before the irrational month of March 2020 (which saw a 30% sharp fall in market values of Equity Shares) may be deemed to true and fair value of the investments as at 31st March 2020.

2. **Moratorium from applying the fair value – Mark to Market - norms**

Background

Clause 6 (c), Part I, Schedule A of the Accounting Regulations requires Life insurance companies to fair value equity shares on the balance sheet date. In this case life insurers would be required to disclose fair value the equity shares, AT1 Bonds as on

31st March 2020. Similarly, FRA investments needs to be fair valued and accounted under fair value change.

Impact of the corona virus pandemic

The fair value of equity shares as on 31st March 2020, would not in fact reflect the fair value of the equity shares, instead, we use the closing market prices as at 29th February 2020, for Valuation purposes. The fall in prices in the month of March 2020 has not been determined by economic considerations. The impact of sell off, of equity shares has resulted a reduction of around 30% of the stock market indices.

Suggestion

The life insurers request the Authority to allow the fair value of the equity shares and other investments which requires fair value accounting, to be based on fair value as at 29th February 2020 to be the deemed value of such investments as on 31st March 2020.

3. Forbearance from the EOM regulations

Background

Companies are required to comply with the EOM regulations on an overall basis as well on a segmental basis. Those Companies who had projected that they would not be able to comply with the regulations for FY 2019-20 had made an application to the Authority along with providing a road map for compliance. In the given circumstances there would be a possibility of several other insurance companies not complying with the EOM Regulations aside from those who had applied for forbearance. This would be on account of the drop in new business and Renewal premiums, which would result in an increase in the actual % of expenses of management when compared with the ceilings with the Regulations on Expenses of Management.

Suggestion

Industry request the Authority to give forbearance from complying with the EOM regulations for FY 2019-20 for all Companies which apply for the same. Companies which had provided a road map for compliance should be allowed to revisit their road map for compliance.

4. Extension of Grace Period of 30 days to 60 days for all individual policyholders. Position may be reviewed after 15 days and further extensions, if deemed fit, may be granted.

Background and suggestions

Individual customers are allowed grace period of 30 days for paying their premium in the normal course. Given the circumstances the Authority is requested to allow the grace period to be extended from 30 days to 60 days for:

a. Policies which were issued in March 2020
b. Policies issued for which premium fell due in March 2020
c. Policies issued even under monthly mode

This would help the Policyholders to continue their insurance cover without any breakage.

5. Extension of regulatory deadlines

Background

The various regulations issued by the Authority from time to time have a significant number of filings after the year ends i.e. after 31st March 2020. Annexure 1 below summarizes the key filings.

Suggestion

The Authority vide their press release on 23rd March 2020 had provided additional time for the various filings. However, post the press release the Honorable Prime Minister announced a complete lock down in the country to address the corona virus pandemic. This has prompted the industry to request for additional time (as shown in Annexure

1) since the lockdown itself would end by the middle of April 2020 and thus would not allow Companies to adhere to the revised timelines as well.

6. Extension of all regulatory compliances by six months – Position may be reviewed after 6 months

Background

March is an important month for most insurers when most insurers achieve significant portion of their key performance indicators, for a given Financial Year. Achievement of Expenses of Management (EOM), Rural & Social Compliances and such other compliances, would be disrupted because of the lock down. Given the impact of the lock down on the ability of the insurers to work during the most crucial month of a financial year, it becomes difficult to review compliances as on 31st March 2020.

Suggestion

Industry requests that compliances with these regulatory requirements be skipped for this financial year i.e. FY 2019-20 and monitored quarterly from 30th September 2020 and compliances ensured by 31st March 2021.

7. Extending the Tax Break for FY 2019-20

Background

The life insurance premium in India significantly gets paid in the month of March. Based on information available almost 30% to 35% of annual life insurance premium gets paid in the month of March. With the lock down in force for almost two weeks in March 2020 a lot of customers who wanted to avail of the tax break by insuring themselves through life insurance policies are finding it difficult to do so owing to:

a. Inability to pay the premium by 31^{st} March 2020
b. Insurance companies unable to complete proposal forms & issue policies with risks incepting from 31^{st} March 2020 owing to policy issuing conditions not being fulfilled.

Suggestion

Policies issued between April 1^{st}, 2020 to 30^{th} June 2020 would be counted as policies for FY 2019-20 even though premiums have been collected after 31^{st} March 2020. These customers would be allowed tax breaks in FY 2019-20 for premiums paid till 30^{th} June 2020.

8. Condonation of delays in complying with the requirement of deposit of premium collection within 24 hours of collection for an initial period of 60 days – Position may be reviewed after 60 days.

Background

Sec 64VB of the Insurance Act 1938 requires an insurance agent collects a premium on a policy of insurance on behalf of an insurer, he shall deposit with, within twenty-four hours of the collections

Suggestion

Condonation of delays in complying with the requirement of deposit of premium collections within 24 hours of collection for an initial period of 60 days. This would remove the hardships on Insurance company employees and Distributors when they collect Premiums from Policyholders for remittance to Insurance companies.

9. **ULIPS maturity payouts**

Background

Over the years, customers have invested in ULIPs with a dual objective of protection and appreciation in the value of investments. Since investments under linked funds are marked to market on daily basis, any investment / disinvestment in the funds happens at current NAVs. Due to irrational market movement in the past one month, the fund value of the customers has significantly gone down and given an option most of the customers wouldn't want to go for redemption / disinvestment in these market conditions.

Suggestion

Since insurance companies are contractually bound to follow the process of redemption on maturity of the policy. A temporary exemption from this process with suitable flexibility to customers to withdraw the funds from the policy where maturities are becoming due in the next 3 months will significantly help customer' interest.

10. **Enabling or providing a short-term liquidity window for Life Insurance Companies to tide over the temporary liquidity crisis**

Suggestion

To meet the short-term liquidity needs, Insurers may be allowed a liquidity window to meet liquidity needs, if any. This would help Insurers in managing their cash flows better.

11. **Permit electronic issuance of policies either by email / BIT-LI (SMS) / Watsapp without using the repository route toll normalcy resumes or six months whichever is later**

Background and Suggestion

As required, PF the extract of Reg 4, sub-regulation (iii) of IRDAI (Issuance of e-insurance policies) Reg. 2016…

All policies issued in electronic form by the Insurer directly to the policyholder shall also be issued in physical form. In all such cases, copies of the proposal form, etc shall also be sent in physical form:

Provided that the Authority, on being satisfied that it is in the interests of policyholders and for orderly growth of Insurance Industry, exempts such issuance in physical form:

Provided further that such exemptions may stipulate conditions specified to be fulfilled by the Insurer.

Currently given the circumstances the industry is in the Authority is requested to permit the industry to issue policies in electronic form either by email / SMS / Watsapp without using the repository route till the normalcy resumes. In the event, the policy holders request for a paper copy the insurance company shall mail across the policy document to the policy holder in the paper form.

12. Force Majeure

Suggestion

it is also requested that IRDAI should monitor the situation and declare a "Force majeure" event in case the current situation goes on for a longer period. Beyond a point, it would be impossible for any Service Provider to comply with their obligations if the situation goes completely beyond the control of the Insurers.

ANNEXURE 1

Regulatory filing deadline for the quarter / year ended 31-March-2020.

Sr No	Reporting Description	Frequency	Due Date	Revised Date As per 23rd March Press Release	Expectation
1	Monthly BAP and New Business Premium Reporting	Monthly	5th of every month	Additional 15 days for Mar-20 reporting, so effectively 20th of April is the revised Date	15-Jun-20
2	Branch Reporting	Monthly	10 days from the end of the month	25 days from the end of the month. 25th April	30-Jun-20
3	Quarterly BAP Reporting / Public Disclosure	Quarterly	2months from the end of the quarter or 15 days from the Board Meeting	One-month extension is granted. Also, Board Meeting date is extended from 30th May 2020 to 30th Jun 2020	30-Jun-20
4	Share-holding Return	Quarterly	30 days form the end of quarter	One-month extension is granted.	30-Jun-20
5	AML Reporting	Quarterly	15 days from the end of the quarter	One-month extension is granted.	30-Jun-20

6	Health Return	Half Yearly	60 Days from the close of the Financial Year	No revised date announced	30-Jun-20
7	News Paper Publication	Half Yearly	2months from the end of the quarter or 15 days from the Board Meeting	No revised date announced	15-Jul-20
8	Annual Financial Statement and EOM Return	Annual	2months from the end of the quarter or 15 days from the Board Meeting	Board Meeting date is extended from 30th May 2020 to 30th Jun 2020	15-Jul-20
9	Annual BAP Return filing	Annual	2months from the end of the quarter or 15 days from the Board Meeting	One-month extension is granted. Also, Board Meeting date is extended from 30th May 2020 to 30th Jun 2020	15-Jul-20
10	Outsourcing Return	Annual	45 days from the close of the Financial Year	No revised date announced	30-Jun-20
11	Schedule VI – Corporate Agent Details	Annual	30 days from the close of the financial year	No revised date announced	30-Jun-20
12	Actuarial annual filing	Annual	30 days after accounts adopted by the Board of Directors	One-month extension is granted. Also, Board Meeting date is extended from 30th May 2020 to 30th Jun 2020	30th July 20

Skill development, medical education, e-learning:

Suggestions

1. GST waiver for online education and interest subsidies.
2. Impetus to online teaching & support for setting up of skill labs and simulation centres at the medical college/ teaching hospital
3. Increase the number of healthcare professionals across the gamut in our country by:
    a. Tripling the intake of nursing students from current levels- Government to consider Institutions having parent hospital beds as per INC norms (patient-student ratio of 1:5) for being eligible for enhancement of seats from 100 to 300 per annum. This will help eligible institutions to cater to the need of developing professional nurses which will bring down the demand supply gap.
    b. In medical colleges some relaxations to be considered with respect to Standard Requirements Guidelines during this period

Health Insurance

Suggestion

The Covid19 situation is truly bringing out the importance of having Health Insurance cover. Since the elderly population is more vulnerable to Covid19, therefore there is an urgent need for immediate action so that more senior citizens can avail health insurance coverage. While Ayushmaan Bharat will cover the BPL population the chunk of the middle class is left unattended and it is therefore important that more and more elderly people come under the insurance net and for this

1. Government should provide relief for GST payable and reduce it to 5% so that more people would be able to afford buying Health Insurance especially the senior citizens aged 60 and above.

Medical Devices

Suggestions

1. As essential commodities, exemption from payment of Customs Duty for Medical & Diagnostic reagents for 3 months should be allowed.
2. Create a nodal department on war footing for MSMEs where all the queries related to essential supplies for Covid19 can be directed to for immediate action.
3. Notification to be issued for procurement by government on direct basis, based on specifications and previous supply credentials, and not through HLL/tendering.
4. Enlist all the critical care medical equipment local manufacturers operating in India (Ventilators, CT, Ultra-Sound, Bed side Patient monitors, and Personal Protective Equipment) and provide emergency funding to facilitate manufacturing to address urgent demand.
5. Allow inland/air cargo transportation of essential goods like drugs and devices across the state border, as logistics companies are currently facing difficulty in crossing the borders, which are delaying supplies.
6. Due to lockdown and disruption in supply, government to allow one-month extension for order fulfilment and avoid levying any penalties on suppliers especially for public tender procurements.

Medical Value Travel

Ever year over 1 million patients come to India (including patients for modern medicines, Ayurveda and wellness), generating over 3 billion USD per annum in forex. This market is growing at 22% CAGR and was expected to reach USD 6 billion by the end of 2022, generating valuable forex, large-scale employment and profitability in our Healthcare sector.

With the visa and travel restrictions, patient inflow has come to a sudden cessation. Even if we manage to contain the damage earlier than what other countries have faced, we would still face a damaging impact for at least 12 months, if not more.

The typical conundrum the industry faces is that the situation will take time to improve even if India controls novel Coronavirus today. While the domestic sector will benefit immediately with the improvement of the conditions in India, MVT target territories, most of which are in a very primitive stage when it comes to healthcare and public health, will still continue reeling under the impact of novel Coronavirus and are highly likely to be in restricted zone for a longer period. Because of that, India will not accept travellers from these geographies.

Moreover, while the industry's revenue has stopped, the expenses remain the same.

If a solution is not found soon, most of the companies are likely to face bankruptcy, ruining their investments and it will take over a year for the industry to reach the stage it was in till February 2020.

This will not only severely impact future forex to the country, it will also significantly impact Indian hospitals that derive 30-40% of their revenue from foreign patients.

It is therefore in the national interest to provide this industry with the necessary financial stimulus and support; and to keep it afloat till this crisis is over. This will allow the sector to immediately restart patient generation as soon as visa restrictions are lifted; it will empower the companies to build a relatively quick traction.

The fiscal damage to the MVT industry due to the novelCorona is estimated at almost US$ 2.5 billion if the corona conditions persist across the world for 6 months. This is equivalent to the revenue the sector would have generated over eight months if the business had progressed at the usual pace, without the unusual disruption caused by Covid-19.

Suggestions

1. Recognise MVT companies as an independent industry
2. The MVT Industry, driven purely by MVT companies, needs immediate financial stimulus and support. In absence of this, the sector may find it difficult to survive, resulting in immense foreseen and unforeseen forex losses, losses on account of widespread jobs and losses of multibillion USD inflow opportunities in the near future.
3. Reduce restrictions on international patients coming to India as soon as possible, with adequate measures to ensure such patients don't spread Covid-19

Mining

1. Deferring the payment of Royalties and DMF on Minerals

Issues:

- Prices of most of the minerals and metals have crashed and slumped by upto 25%.
- Under such challenging time when commodity prices are freely falling and demand is contracting, most of the miners are struggling to remain viable.
- Royalty on mineral constitutes substantial part of the cost structure for mining industry.

Suggestion

1. It is therefore requested that payments towards royalty, DMF and NMET for the mining industry should be deferred for at least 6 months till the economic situation stabilises. Lower royalty will not only save costs to the miners, it will also make manufactures of metal and thereby broader manufacturing industry more competitive in this tough time in India.

2. Waiver in production limit, mandated by Mine Development and Production Agreement**:** For Transferred and Auctioned Mining leases, Mine Development and Production Agreement (MDPA) is signed by Lessee and Respective State Government. Under this MDPA agreement, lease holders need to produce minimum production as committed on annual basis.

Suggestion

1. This mandatory production limit may be waived off due to production halt on account of COVID-19 as production is likely to be subdued due to poor economic scenario in coming months.

NBFCs

The NBFC sector is expected to be largely impacted by the downturn in economic activities on both assets and liabilities side due to COVID-19. The crisis at hand therefore requires sustainable measures and support by the Government and the RBI to enable the NBFC industry to cushion the economic shock. The industry players have already started receiving cases where the otherwise regular borrowers have expressed inability to pay their EMIs in view of shutdown of activities necessitated to fight the pandemic. This is expected to have domino effect on the lenders as well. The inability of borrowers to pay their EMIs under the current circumstances would result in the otherwise regular loan accounts to slip into higher days past due buckets, requiring recognition of such accounts as non-performing and further requiring provisioning by the lenders in accordance with IRAC norms.

In view of the recent pandemic and its consequent effect on various businesses, government and regulators may consider the following.

Suggestions

1. Moratorium of 180 days on payment of EMIs (to include both Principal and Interest components) starting from March 1, 2020. For borrowers who may have already paid the EMI for March, similar moratorium may be effective April 1, 2020.
2. The EMIs under moratorium to be repaid in EMIs commencing from the month subsequent to the month of normal end of loan tenor EMI, with interest at contractual rate.
3. This one-time moratorium driven by factors beyond human control shall not be treated as restructuring for the purpose of classification of assets or any additional provisioning.
4. Similar relaxation should be offered by banks and other institutional creditors to NBFCs as in the absence of loan repayments from end customers, NBFCs/HFCs will be hard-pressed to in-turn service their dues to banks and other institutional creditors/investors.
5. No adverse rating action from rating agencies on non-servicing of dues during this period for all loan customers. And no adverse rating action on NBFCs/HFCs for any fallout from the lockdown.
6. The Partial Guarantee Scheme (PCG), was initially notified on 10th August 2019 and the Ministry of Finance had issued press release towards the same on 13th August 2019. Since the parameters under the original scheme were not providing enough impetus to the NBFCs/ HFCs to avail the benefit under the scheme, the Government amended the scheme and issued a press release on December 11, 2019, which relaxed some parameters of PCG. However, the scheme in its present form also does not provide enough liquidity to the NBFC/ HFC industry as it allows only contracts originated on or before 31.03.2019 to

be eligible for pool buying by Public Sector Banks. This has resulted in significant limitation in pools available to be offered under PCG. The cut-off date needs to be urgently extended to 31.12.2019 or at the least to 30.09.2019.

7. A Government-led program to purchase mortgage-backed and other loan pools from NBFCs and HFCs is essential so that they can in turn make much needed credit available to business and individuals.
8. RBI circular on implementation of INDAS should be postponed to next year.
9. Government and RBI are requested to allow NBFCs not to follow diminution and impairment guidelines on investments in view of the extraordinary circumstances prevailing in the financial markets.

Oil & Gas

Suggestions

1. Imperative to provide temporary tax holiday on Cess, Profit Petroleum and Royalty

- Low oil prices benefit refineries, Indian consumers and the Government of India (it earns more revenue through increasing taxes on petroleum products). Indian economy saves over 3 lakh crores due to reduced Brent. However, for Oil & Gas producers, oil price at ~ $ 30 / bbl makes petroleum operations unviable. Companies are net cash flow negative and are confronting existential challenges.
- High taxes imposed by Government of India in the form of Cess, Profit Petroleum and Royalty hampers Companies' ability to stay cash flow positive. Due to high taxes, even in $ 30 / bbl oil price, the government makes $ 10 / bbl. Among Oil & Gas producers, private sector E&P companies are more impacted than the public sector producers as they do not pay profit petroleum. As a result, private producers pay 30% more to the government in form of taxes as compared to public sector companies.
- To make production viable and bring sustainability to Operations, it is imperative to provide temporary tax holiday on Cess, Profit Petroleum and Royalty.
- In normal scenario, upstream companies save more than Rs. 1.7 lakh crore per annum by reducing import and creating Energy Security. The upstream sector now needs to be supported for continued operations by waiving royalty/ tax / Profit Petroleum till crude normalizes. The continued operations will again support when crude recovers.

2. Inclusion of 'manufacturing, distribution and allied activities relating to petroleum and petroleum products' in the list of sectors / establishments to be kept out of the restrictions imposed through various advisories. These are essential commodities under the Essential Commodities Act, 1955.

3. Fuel Retail

a. Uninterrupted operations of all services at retail sites so as to enable service customers.
b. Security and support to personnel and assets in the event of miscreants disrupting operations.
c. Allowing the travel of staff to and from retail sites (ie not being stopped while travelling).
d. Enabling engineering activity to continue as some work could be critical to the safety and operations of the site. Movement of tanker trucks should be permitted

4. Support free movements of vehicles carrying essential commodities/services across the state and city borders.

5. Inclusion of crew supporting running servers located in the offices (especially in case of IT operations) as “essential services” to help them reach office during the lockdown situation; Relaxation of the principle of “work from home” for such staff.

6. Relaxation in maximum allowable working hours for contractors to help manage operations with skeletal contractor crew; exemption required during the current crisis scenario as well.

7. Support required to accommodate possible delays and constraints in complying to LTO (License to Operate) activities & respective filings. Automatic extension of permits and licences if respective offices do not function.

8. COVID-19 readiness for offshore installations/decommissioning; support for evacuation of staff and quarantine, if required.

9. In order to resolve supply chain issues in the oil and gas sector, supply of goods from China should be allowed at ports / airports after proper sanitization upon arrival in India.

Pharmaceuticals

Suggestions

1. In current situation, APIs shipments have started coming in for the pre-manufactured stocks which were lying at ports in China. The imports for the new manufactured stocks are expected to be received by March end or April.
2. For exports, it has been requested by the industry to remove the restrictions on export of APIs and formulations as per DGFT notice dated 3rd March 2020. DGFT has already clarified on 20th Mar 2020 that this restriction is not applicable on SEZs. Units in Domestic Tariff Area should also be allowed to continue exports of APIs and formulations. Pharma companies have assured government that they have

enough stocks to last for 2-3 months and there will be no shortage of these formulations in India amid the coronavirus outbreak.

3. In case of domestic lockdown in various states, it is requested that Pharmaceuticals being essential commodities, all activities related to manufacture /transport/ distribution should be exempted from the lockdown.
4. For exports, sufficient shipment and aviation cargo services should be ensured for exporting the pharma products during this time.

Real Estate & Construction

Suggestions

1. Preemptive medical check-ups: Industry will take best efforts for medical sanitization in alignment with the current realities. It is recommended that the Government make available doctors to conduct preemptive medical check-ups to detect the early symptoms of Covid-19 in the construction workers in residential areas/construction sites to prevent community spread.
2. Police patrol may be made mandatory in industrial clusters / project sites wherein lot of construction materials lie in open spaces to prevent loot and thefts at closed project sites and factories.
3. Solid waste management is one of the basic requirements of every human settlement especially in urban areas. In India most of the domestic waste is manually segregated which in itself is a hazardous activity. Given the current situation it has become even more dangerous. In case the virus spreads into communities of sanitation workers, situation would be difficult to contain. Arrangements need to be done at the municipality level in each town/ city to provide special protective gears to these workers along with additional financial support so that they could continue to discharge their duties.
4. COVID-19 as 'force majeure' under Section 6 of RERA:

   Section 6 of RERA on 'force majeure' provides that registration granted under Section 5 may be extended by the Authority on an application made by the promoter due to force majeure. The force majeure conditions envisaged under the Act include "war, flood, drought, fire, cyclone, earthquake or any other calamity caused by nature affecting the regular development of the real estate project". COVID 19 does get covered under any other calamity caused by nature. Hence, Government may issue an advisory to the Real Estate Regulatory Authorities in all the states to please extend the time of completion of real estate projects as well as exempt the penal charges under RERA for a period of one year.

Renewable Energy

Suggestions

1. **Exemption of container detention and demurrage charges on the cargo held up at various ports due to outbreak of COVID-19 is requested**

Shipping Lines are charging large amount to Solar Developers towards container detention charges. Similarly, port operators continue to charge demurrages for delay. India is scheduled to add 10-12 GW in this year of which 6-7 GW is planned to be commissioned in next few months. The modules for this 6-7 GW capacity have either reached the port or are in transit and will reach Indian ports soon. It may be noted that every single delay of non-clearance result in penalty of around Rs. 80 thousand per day / MW of demurrage charges. With 6-7 GW exposed to the risk, industry is looking at a penalty of Rs. 500-600 Cr (considering 10 days delay). Such an amount will erode the viability of projects completely and jeopardize the financial condition of developers.

Suggestion

Restrict shipping agencies and ports authorities from charging the high detention charges/ penalty/ demurrage charges for delays caused at Ports due to outbreak of COVID-19.

2. **Renewable Energy Projects should be granted a six-month interim blanket time extension, considering the gravity of the current situation**

MNRE has issued a circular stating COVID-19 as a Force majeure situation but this requires submission of documents to justify the delays/impact. In the current scenario, generation and submission of documentary evidence will be a herculean task for the developers and may not be sufficient to demonstrate the actual impact. It will be at the discretion of state utilities to grant time extension.

COVID-19 outbreak in China has impacted delivery of modules and inverters in India. Many of the factories in China are yet to start functioning and the cascading delay will result in overall delay of 3-6 months. Raw material and components to various domestic factories which were being supplied from China are also impacted leading to delay in domestic supplies in the last 2 months.

Over the last two weeks, the Indian Government has been taking stringent measures to maintain social distancing. As a result, the migrant labour has left the sites and in most of the projects, construction work is seriously impacted. In many states, local panchayat has advised projects to suspend construction activities and has asked labour to leave the site. It will take at least a month to resume construction in most sites after the outbreak is controlled. This will have an impact of 2-3 months

On top of this, once the good working season is over and with onset of monsoon from Mid-June onwards, construction works will be further impacted for next 2-3 months.

Suggestion

- Considering the gravity of the above situation, it is requested that a six-month interim blanket time extension be granted to the renewable energy projects.

3. Confirmation of PGCIL on extension of LTOA is awaited

Though MNRE has issued a circular stating the current situation of COVID-19 be treated as Force Majeure for solar projects, the industry is waiting to get a confirmation from Power Grid-PGCIL on extension of Long Term Open Access (LTOA) to avoid levy of additional delay charges considering force majeure.

4. Billing and Collection

Billing and collection is a challenge that the industry is currently facing due to either restrictions of movement or complete lockdown in states. It is suggested that considering the current lockdown situation, online provisional billing be accepted by Discoms/Offtakers and payment should be considered on the same to avoid working capital constraint for the developers. Once the situation eases out, reconciliation can be done later on.

Suggestion

In case the lockdown results in a reduction in power demand across the country, we request that direction should be sent to all Load Dispatch Centres that Renewable Energy under its 'must run' status in line with the Indian Electricity Grid Code 2010 should not be curtailed. In the unfortunate circumstance of RE curtailment, generators should be allowed to Bill for Deemed Generation on account of curtailment regardless of PPA conditions till this situation eases.

5. Enrolment in ALMM list by March 31, 2020

ALMM procedure should be deferred: Enrolment in ALMM list being prepared by MNRE should be deferred by one-year i.e. by 31st March 2021 since it requires MNRE officials to visit factories in China to certify the manufacturing processes. However, since traveling to China is suspended, the manufacturers in China will not be able to enroll in ALMM list which will hit the solar sector harder. As per current order by MNRE, only those manufacturers who are enrolled in ALMM list by 31st March 2020 will be allowed to participate for solar projects in India.

Restaurants

The sector is staring at unmeasurable losses, prospect of several businesses closing down and most importantly, a scary spectre of job loss to millions in the sector employing more than seven million people.

Suggestions

1. Restoration of Input Tax Credit (ITC) on GST in the sector is critically important. The Industry is plagued with a very high proportion of fixed operating expenses which makes the business in the sector very high-risk upon revenue fluctuations. Denial of ITC makes it even worse because it increases several key fixed expenses of the companies like rent on property, hiring of services etc, by a whopping 18%. This needs to be done immediately.
2. Globally, many countries are giving support to sectors that are deeply hit by coronavirus so that they can hold on to their employees in this hour of crisis. Government of India may consider similar measures.
3. General notification allowing invoking of force majeure due to the unforeseen and unprecedented global crisis caused by COVID-19 is also a major need of the hour. This will help the industry in mitigating some major fixed operating expenses, which otherwise carry the potential of taking down the entire sector and lead to mass litigation. This will help the sector in containing its losses to a certain degree.
4. Total and immediate deferment of all payments for utilities, such as electricity, water, gas etc, supplied either by state, state run corporation, PSU or private entities.
5. Expeditious settlement of claims by both public and private sector insurance companies for covers taken by businesses on loss of business due to such unforeseen circumstances.

Retail & Wholesale Business

Some of the key issues faced by the Retail and wholesale business / Cash and Carry Industry along with the suggestions are as follows:

- Disconnect between Local Administration and Municipal bodies – While the advisory clearly captures allowing food, groceries, health, hygiene and cleaning products under essential goods and services, Police is either obstructing such wholesale stores to operate or shutting down forcibly defying all orders. Some of the key states wherein this has been observed are Punjab, Delhi, UP, Maharashtra, Karnataka, AP, Telengana, West Bengal, Rajasthan and Gujarat.

  - **Suggestion:** Central Government to advise State Chief Secretaries to issue advisory to Home secretaries and Police Commissioners and District Collectors and District Magistrates to allow operations under relevant sections. It is important that the SP of police brief their beat constables the persons who are enforcing the law of the land on the ground level.

- Disruption in supply Chain - Delivery vehicles transporting fresh and grocery to kirana stores are being stopped and made to return leading to stock out situation in kirana stores. Some of the key states wherein this has been observed are Punjab, Delhi, UP, Maharashtra, Karnataka, AP, Telengana, West Bengal, Rajasthan and Gujarat.

  - **Suggestion:** Delivery vehicles of the B2B Wholesale stores transporting essential goods should be allowed. Develop an online portal to issue vehicle passes or use E-Way Bill for each of such exempted organisations and its delivery personnel.

- Interstate supplies of essential commodities not allowed at state borders leading to shortage of essential commodities. Some of the key states wherein this has been observed are Punjab, Delhi, UP, Maharashtra, Karnataka, AP, Telengana, West Bengal, Rajasthan and Gujarat.

  - **Suggestion:** Movement of essential goods should not be stopped as it will lead to significant price rise.

- Whole seller/Warehouses/Platform stocking and supplying essential grocery items are not functional as employees are not able to reach the warehouses and delivery vehicles are not allowed. Some of the key states wherein this has been observed are Punjab, Delhi, UP, Maharashtra, Karnataka, AP, Telengana, West Bengal, Rajasthan and Gujarat.

- **Suggestion:** Wholeseller/Warehouses/Platforms are an essential component of the supply chain and logistics of essential grocery and should be allowed.

➢ Challenges in the wake of expiry of permits and licenses on 31st March, 2020. Government has closed its establishment in both at the Centre and state level it has therefore become very challenging to obtain of licenses and permits.

- **Suggestion:** It is therefore recommended that all existing licenses and permits may be considered as valid 30 September 2020.

Steel

Suggestions

1. Government spending on Projects especially the Infrastructure Pipeline Projects worth around Rs 1 lakh crore must be expedited to sustain demand at necessary levels for sectors like Steel. This is important from demand generation and sentiment point of view.
2. Alloy Steel industry supplies its 80% of production to Auto Sector. Stimulating the demand for auto vehicles will revive the demand for alloy steel. In view of this, the GST rate on vehicles should be reduced.
3. Movement of steel making raw material and finished steel by railways and roadways should be considered as movement of essential item and be allowed to be undertaken both intrastate & interstate.
4. Provisions for ADD & SGD should be strengthened for commodities like steel & non-ferrous metals to prevent imported products from flooding the domestic markets, especially from China ad FTA countries.
5. Allowing essential manpower for operating handling equipment at Railway Sidings and to operate in the stockyards to facilitate handling of all incoming & outgoing consignments (for steel & non-ferrous metals).
6. Concession on railway freight for steel industry regarding raw material & finished goods movements.
7. Export incentives like (MEIS & Duty drawback) should be increased to 9% ad-valorem for steel exports to partially neutralize the domestic structural deficiencies.

Suggestions

1. Waiver / reduction of high Electricity Duty (55 paise / unit in Odisha) for CPPs of Aluminium industry
2. Re-classification of Bauxite, Alumina and Red Mud in Railway Tariffs: Bauxite is one of the critical raw materials used for production of Alumina, which is further used for production of Aluminium. But Bauxite is classified under Ores & Minerals in Class-160 as per Railway's classification of goods, while Manganese, Limestone, Coal etc were rationalized under class 145 in the year 2015. Similarly, Alumina is an intermediary product obtained from bauxite (ore) and is used to make Aluminium (metal). It is neither an ore nor a metal, but still it is classified in the same class 180, as that of Aluminium metal. Red mud (red sludge/ bauxite residue) is a waste generated during industrial production of Alumina from Bauxite Ore. It is however classified in Class 130
3. In order to support the industry during these tough times, it is therefore suggested to re-classify these commodities in the Railway Tariff Structure as below:
    - Re-classification of Bauxite from class 160 to class 145
    - Re-classification of Alumina from class 180 to class 170
    - Re-adjustment in Base Freight Rates for Red Mud from Class – 130 to Class – 100
4. To facilitate streamlined logistics operations & raw material supply chain, Aluminium and its raw materials be included in category "C" of Railway's Preferential Traffic Order as in case of Coal, Raw material for Steel Plants, Fertilizers, Petroleum, Oil & Lubricants
5. Production of Aluminium and Aluminium Products to be considered as an Essential Material: As part of various steps taken to control the spread of COVID19, most of the states have sealed the borders, not allowing any material movement other than essential items. However, aluminium is used in packaging of medicines and food which are essential items. Also, some of the aluminium products are used by defence sector. Further, since aluminium manufacturing is a continuous process, it will take about 6-10 months for restarting the operations once it is shut down. It is therefore, recommended to consider aluminium as an essential item; entailing free movement of all inputs needed for aluminium production and also of finished products. Considering that bauxite mining activities are integral part of aluminium operations, the mining operations should also be included in essential materials / services.

Textiles

Suggestions

1. Exempt all raw materials, dyes & chemicals, intermediaries, spares, accessories, etc., from anti-dumping duty and basic customs duty especially from China since they will have substantial piled up inventory.
2. Announce 6% ad hoc RODTEP for the entire value chain, which can be revised once the situation smoothens.
3. Provide a wage subsidy of up to 50% for all registered workers for the next two quarters
4. Stimulate domestic demand via pay roll incentives and/or introducing tax guard
5. For retail sector (garments) provide relief so that credit rating of brands and retailers is not adversely affected due to delays in repayment of bank loans, interest, EMI etc.

Tourism

Suggestions

1. GST rates on hospitality should be slashed for at least two or three years, since currently, large hotels are charged a GST rate of anything between 12 and 18% based on room rate charged. Now that hotels are almost empty, the GST rate should be brought down to 5 or 6%, with immediate effect.
2. Support packages to fund and support salaries of the employees in the Tourism, Travel & Hospitality industry. Globally, many countries have announced such support measures.
3. A 200% weighted exemption for twelve months on expenses to Indian companies to hold exhibitions, conference and incentives trips in India.
4. Advisory for airlines not to levy any cancellation fees and issue full refund.
5. 500 units of electricity and water usage per month are requested to be provided free of charge to tourism & hospitality units. Thereafter, it should be charged at a subsidized rate.
6. Once the situation normalizes, states should target their promotions to the domestic market across different segments, improve last mile connectivity to tourism destinations.
7. A National Tourism Taskforce of Center and States should be formed to monitor, strategise and implement a revival plan, on a continuous basis.

Suggestions

Railways

1. Classify manufacturing plants for Rolling Stock including Locomotives and plants involved in supply of parts & equipment for Rolling Stock including Locos as essential services.
2. All maintenance sheds should be classified as Essential services & availability of lube oil etc for running Locomotives to be made available.
3. Delivery extension on supply and projects under construction on grounds of force majeure should be granted.
4. Completion date of projects / purchase orders should not be insisted upon. For uniformity blanket extension without penalty or liquidated damages in-spite of contract provisions may be allowed.

Roads and Highways

1. Immediate postponement of all new bidding by NHAI until further notice
2. For projects under construction, NHAI to allow force majeure clause to be invoked (for projects under EPC, HAM and BoT)
3. For projects under operation, NHAI to allow force majeure clause to be invoked
4. Future mechanism to be put in place to defer contract premium payment wherever due to be paid to NHAI without any interest
5. Extension of contractual deadlines to be allowed for upto 90 days. Based on situation, further extension may be looked at.

Shipping/Ports

1. Currently, there is a delay in delivery of goods by shipping Lines due to delays in getting original Bill of Landings / Documents from Banks / suppliers due to non-availability of Staff at shipping line / Customs / Banks at Load port & Discharge port and also due to restriction on commercial flights / Courier services. It is thus recommended that:
    a. There should be no restriction on inland movement of imported goods to avoid congestion at port
    b. Banks should be allowed 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.

2. Extend all Port Concessions by 1 year (i.e. from 30 years to 31 years).
3. Waiver of payment of Revenue Share, Royalty, Land Lease for a period of 90 days i.e. March 20 to May 20.
4. All outstanding projects that are awaited tendering may be done so at the earliest to ensure work in the hands of the shipyard for their optional capacity utilization.
5. All outstanding payments with the Government are released actively to ensure some liquidity to tide over the crisis.

Trade Facilitation

Suggestions

1. Container shortage at major ports world over due to piling up of empties at Chinese ports is disrupting Global Shipping leading to limited availability of containers / vessels, entailing uncertain delivery times. Also, ship calls are being dropped dramatically at Indian Ports forcing shipping lines to tranship cargoes. This also leads to increased freight rates. It is thus suggested that Port Authorities should relax port charges, Terminal Handling Charges, Warfage etc. till situation normalizes.
2. Request all the Major Port Trusts to allocate suitable land adjacent to the existing terminals for storage of empties (free of cost) for a period of 60-90 days. At this moment there is a huge imbalance in the availability of empties and enough empty inventories are required to support our Exporters.
3. Request all the Major Ports to increase the discount for vessel related charges (VRC) by additional 20% over and above the prevailing discount.
4. Many States have restricted the movement of cargo. This is a force majeure situation with an impossibility to clear cargo or take delivery. Hence, the relevant authorities should direct the shipping lines and CFS not to charge detention / demurrage.
5. Owing to the uncertainty in EXIM trade, increased focus could be given to coastal trade movement. BOT Operators could be incentivized in the form of lower revenue share, free additional land, cheaper power etc. It requires a National Policy on Coastal Container Movement in a time bound manner.
6. Increase export rebates under Remission of Duties and Taxes on Export of Products Scheme (RoDTEP).
7. Waiver of interest on late payment of Customs Duty and penalties on late filing of Bills of Entry for import cargo clearance.
8. Currently, there is a delay in delivery of goods by shipping Lines due to delays in getting original Bill of Landings / Documents from Banks / suppliers due to non-availability of Staff at shipping line / Customs / Banks at Load port & Discharge port and also due to restriction on commercial flights / Courier services. It is thus recommended that:

a. There should be no restriction on inland movement of imported goods to avoid congestion at port.
b. Banks should be allowed 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.

FICCI Inputs on Compliances where extensions can be considered in the wake of COVID-19

DEPARTMENT/ACT /RULE FOR THE INSPECTION	COMPLIANCE REQUIRED
Indian Boiler Regulation 1950	Wherever permissions under the Boilers Regulations are expiring now or in the next few days, such permissions should be further granted automatically at least for next three months till June 2020
Central Ground water Authority (Constituted under section 3 (3) of the Environment (Protection) Act, 1986	Wherever existing permissions are expiring now or in the next few days, need to be automatically extended by three months subject to compliance with the existing permission, at least till June 2020
Factories Act, 1948	Various permissions and returns need to be filed under different provisions of Factories Act on regular basis. Some of these are: • Apply for the renewal of license to the Chief Inspector Director, Industrial Safety and health or other inspector within local limits. This should be automatically granted for next three months at least till June 2020 • Submit an application in case if the factory exceeds the prescribed horse power or no. of employees along with the fee difference. This should be automatically granted for next six months at least, for the Factories related to essential goods and for next three months for other Factories. • Any reviews to be done by the Chief Inspector of Factories with regard to safety, hazardous waste, to be deferred for the next three months till June 2020
State Electricity Duty Act	Quarterly return in Form B to the Electrical Inspector / Electrical Engineer to Government on or before the 15th of the succeeding month for which quarterly returns were made, date of return to be extended till June 2020
Electricity Act 2003	Periodical inspections and test of electrical installations at intervals can be deferred till June 2020
Fire Safety Act	NOCs that are expiring now or in next few days, should be automatically extended till June 2020 and for factories in Essential goods for next six months

Legal Metrology Act, 2009	Need for stamping and verifications to be deferred for next three months till June 2020
Employee Provident Funds and Miscellaneous Provisions Act, 1952	Defer at least by three months till June 2020, various requirements to file returns and hold meetings of the Board of Trustees
Employee's Compensation Act, 1923	Defer by at least three months need for furnishing any statements under the Act
Employees' State Insurance Act, 1948	Provide provisional registration on automatic basis in cases where any change in the particulars furnished in Form 01 at the time of registration of the factory/ establishment are to be notified to the appropriate Regional Office, Sub-Regional Office, Divisional Office or Branch Office.
Employment Exchanges (Compulsory Notification of Vacancies) Act, 1959	Defer the requirement of furnishing quarterly returns to the Local Employment Exchange by three months.
Apprentices Act 1961	Compliances to be deferred for next three months at least till June 2020
Contract Labour (Regulation and Abolition) Act, 1970	Compliances to be deferred for next three months at least till June 2020
Water Act, 1974 Air Act, 1981	Obtaining the renewal of consent (air & water) from State Pollution Control Board / Central Pollution Control Board. Wherever such expiration period is closer these permissions can be extended till June 2020

Environment (Protection) Act, 1986	• Renewal of authorization to be automatically granted for next three months wherever required • Submission of periodic/annual returns to Central Pollution Control Board/State Pollution Control Boards to be deferred by three months till June 2020 • Submission of annual reports wherever falling due now, to the Regional Office of the Ministry of Environment & Forest to be deferred by three months • Defer safety audits wherever required by there months and accept self-certification reports
Essential Commodities Act, 1955	Defer requirements by three months to file any certificates for end-use from consumers and furnish customer wise sales to the District Magistrate or the State Civil Supplies Authorities Provide automatic renewal for next three months for any certification of registration expiring now or in next few days.
Explosives Act, 1884	Accept self-certification and defer any inspection for three months
The Petroleum Act; 1934 and The Petroleum Rules; 2002	License for storage of class A petroleum products. Wherever such expiration period is closer these permissions can be extended for next three months
Industrial development corporation / Authority & Municipal corporation	Payment of property Tax and trade license fees. Wherever such expiration period is closer these permissions can be extended for next three months.
Department of Industrial Safety & Health, Inspector of Factories, Municipal authority	Approval of plot layout. Wherever such expiration period is closer these permissions can be extended for next three months.
Ministry of Telecommunications	License renewal for walky talkie usage. Wherever such expiration period is closer these permissions can be extended for next three months.

Solvent, Raffinate and Slop (Acquisition, Sale, Storage and Prevention of use in Automobiles) Second Amendment Order, 2006. The Essential Commodities Act; 1995 (Department of Civil Supplies)	Obtaining SLOP license after inspection. Wherever such expiration period is closer these permissions can be extended for next three months.
Prohibition & Excise (Commissioner of Prohibition & Excise)	License renewal of rectified spirit possession. Wherever such expiration period is closer these permissions can be extended for next three months.
Mines Specific Permissions	
Mines Rule 1955 - Rule 76(1)	Quarterly Return of reportable accident in Form J- defer the deadline for submission of returns by three months
Mines Rescue Rules-1985,Rule 21, Schedule Vii	Refresher training of Rescue trained person- defer the deadline for submission of returns by three months
Mines Vocational Training Rules 1966	Quarterly notice of programme of Training in Form-1 in Schedule- XII- defer the deadline for submission of returns by three months
Mines Vocational Training Rules 1966	Notice of Training Programme of Batches in Form-2 in Schedule-XII- defer the deadline for submission of returns by three months
Mines Vocational Training Rules 1966	Quarterly Progress Chart of the Training Centre in Form-7- defer the deadline for submission of returns by three months
Metalliferrous Mines Regulation 1961 - Reg 62	Submission of Updating copies of plans & sections - defer the deadline for submission of returns by three months
Reg. 88(4)	Permission for life of winding rope- Automatic approval for next three months
MMR 1961 - Reg. 4	Quarterly return in Form-II- defer the deadline for submission of returns by three months