



BOMBAY METAL EXCHANGE LTD.

Organisation devoted to the promotion of Trade & Industry in Non-ferrous Metals All over India

April 16, 2020

To

Shri Narendra Modi
Hon'ble Prime Minister
Government of India
152, South Block, Raisina Hill,
New Delhi-110011

Respected Sir,

We introduce ourselves as one of the apex bodies of Non-ferrous Metals Trade and Industry in India having a wide spectrum of membership representing traders, SSI, MSMEs and Large Scale Industries all over the country.

We would firstly like to thank the government for taking bold, timely and necessary measures to effectively contain the rapid spread of the Covid-19. India being home to more than 1.3 billion people, it is because of this decision of imposing a nationwide lockdown that we have been able to tremendously curtail the number of people affected by this deadly virus thus saving precious human lives. It is heartening to see that schemes such as the 'PM Gareeb Kalyan Scheme' have been implemented to extend all possible help to the underprivileged and most affected, as this is the need of the hour. We have also deeply appreciated the appeal to salute our heroes, the symbolic lighting of candles and the setting up of the 'PM Cares Fund'.

As an organization committed to the welfare of its members and society at large we resolutely stand by the government's decision to extend the lockdown till 3rd May, 2020. However for that very same reason we are also deeply concerned about the extent of the economic impact this lockdown can have on Trade and Industry as it plays an important role in growth of the nation and how severely it can impact the livelihood of people. It is estimated that the lockdown could impact the economy in the range 6 to 10 lakh crores.

This crisis has come as a massive blow to Trade and Industry as it was already going through a slowdown. The Doctors and Security Personnels are on the warfront fighting against Covid-19, similarly we are the Soldiers of the Economy and we are also ready to contribute for our nation but our Trade and industry is under immense pressure with various issues faced such as payment of salaries and payment of electricity bills of offices and factories with no source of income, no clarity on any timeline for repayment of bank loans, issues related to tax payments, and withdrawal limits being capped by banks to the original limits sanctioned etc. As you have always been thinking outside the box we feel that this is the appropriate time to take measures to help boost Trade and Industry thereby ultimately helping the economy of the nation as a whole.

We would like to put forth a few recommendations for your positive consideration that we feel would help revive businesses that have been severely impacted and who would otherwise struggle to continue after the lockdown ends. Our recommendations are as below:

1. Banking and Finance –

- a) Moratorium period for repayment of principal amount and interest to the banks should be extended to a period of six months (1st April 2020 to 30th September 2020)



- b) Even though RBI has rightfully increased capital infusion, reduced repo rates by 75 basis points and provided a relief on the interest rate cycle we believe that most companies are still stressed, which is due to the banks' reluctance to commit to additional finance given the current economic scenario. We strongly recommend that both private and PSU banks be told that they are responsible for jumpstarting the economy and that they need to extend all possible help to their clients to recover from this crisis such as extending withdrawal/utilization limits by 20% without additional securities and providing attractive short term borrowing rates on new loans.
 - c) The government should provide a blanket moratorium of three months for tax payments and defer all tax payments until 30th June, 2020. Tax payments within this timeline should be deemed as timely payments and all the necessary consequences should follow accordingly. Therefore we would highly appreciate that no interest/penalty/prosecution shall apply if the payment of tax has been made by or before 30th June, 2020. This will go a long way in providing relief to taxpayers
 - d) For a period of six months, relaxation may be provided to utilize input tax credit balance to pay the RCM liability through necessary amendment in GST rules. Further, the necessary amendments may also be brought in customs so as to enable the payment of IGST on import of goods through utilization of IGST credit available in the electronic credit ledger.
 - e) We request for deferment of payment of 50% of the GST liability for the tax period from March, 2020 to June, 2020 by six months.
 - f) In view of the nationwide lockdown, the following relaxations would help to ensure uninterrupted movement of goods.
 - a. Auto extension of validity of expired e-way bills for a minimum period of three months
 - b. Waiver in penalty for the goods which are still in movement and e-way bills for the same have expired.
2. **Relief Package** – It is widely noted that countries around the world are providing massive relief packages to tide over the Covid-19 crisis. In America they have provided a relief package which is 10% of its GDP, in Germany a package which is 20% of its GDP, in UK a package which is 15% of its GDP and so on. Many countries are also providing business interruption loans and the central banks of these respective countries are taking guarantee of these loans, whereas repayment of loans are deferred by 6 months. India so far has announced a package of 1,70,000 crores or 0.71% of its GDP which is largely targeted towards workers, women and old age pensioners. While this is an extremely welcome move we urge the government to provide another relief package which is targeted towards Trade and Industry so as to avoid a massive economic crisis.
3. **Reimbursement of wages** – The extension of this benefit is specifically important for Micro and Small Scale Enterprises as majority of the industry employment is through this sector however they are not covered under ESI or PF as they employ less than 10 employees. The estimated employment by this sector stands at over 60 million people and it is beyond the capacity of businesses falling under this sector to pay salaries without any source of income. We would like to urge the government to cover at least 50% of the employees' salaries for the duration of the lockdown period. For businesses that cover employees' ESI/PF we recommend that the charges be waived off from March, 2020 to June, 2020 as they have to bear the salaries of employees despite no business income during the lockdown period



4. **Logistics** – It is imperative for the government to manage logistics so as to facilitate the safe return of the labour force to their workplaces once the lockdown has been lifted.
5. **Engagement** – Government should engage with trade unions and associations and through them reach out to the workforce to alleviate their fears so as to ensure that there isn't a mass exodus of workers leaving for their hometowns instead of re-joining the workplace once the lockdown has been lifted.
6. **Non-Receipt of Outstanding Payments** – It is observed that businesses are stressed due to non-receipt of outstanding payments from Government, Semi Government and PSU Organizations. We request your support in instructing the aforementioned organizations to release all overdue payments immediately.
7. **Filing Appeals** – Due date for filing appeals for matters under litigation should be extended by up to 60 days from the date the lockdown has been lifted.
8. **Utility Charges** – Immediate waiver of the Minimum Guarantee Clause, Fixed Charges and Maximum Demand Charges by electric, water, power and fuel companies for the entire duration of the lockdown period except for actual units consumed as well as an exemption from cess liability.
9. **Customs** – Easing of operations at ports is needed for faster turnaround and clearance of cargo. Detention charges, demurrage, ground rent, penalty of late filing of bill of entry and interest charged on late payments need to be waived off by the customs department.
10. **Refunds** – All GST and other tax refunds should be credited to businesses immediately so as to stabilise cash flow amid a liquidity crunch
11. **Export Benefits** – Immediate clearance of all export benefits to exporters including GST, Duty Drawbacks, ROSL, RoSCTL etc. including to risky exporters (against a bond).

Today, we are aware that the government needs to look into matters that comprise a wide spectrum of issues our country is facing during these challenging times and that it more importantly requires ways to generate capital to address such issues. We would like to suggest two approaches by which this can be done in the current economic scenario without causing stress to financial institutions. The suggestions are as below:

Suggestions	Explanations
1) <u>Infrastructure Bonds:</u>	Infrastructure bonds should be issued carrying an interest rate of 0% for a lock-in period of 3 years wherein source of funds for the subscription of such bonds cannot be questioned. This will act as an amnesty scheme and will in turn boost infrastructure growth thereby creating jobs for millions.
2) <u>Gold Deposits:</u>	A 2016 business standard report stated that religious trusts across India hold 4000 tonnes of gold, and at present this holding would have only increased. The Government should try and convince religious trusts to deposit their gold with the government against bonds carrying reduced interest rates for a period of 3-5 years as a goodwill gesture.
3) <u>FTA</u>	Imports under various FTAs through ASEAN routes which attract 0% duty on finished products should be suspended for a period of atleast 6 months as this will boost the Indian Industries.



Hon'ble Sir, our trade and industry currently faces tremendous uncertainty and hence we request that our problem should be seriously considered on humanitarian grounds. If the Government and the people of the nation handle this critical situation efficiently India would emerge as the leading nation in the coming future. We sincerely hope that the government would positively consider the implementation of our recommendations for Trade and Industry to ensure its sustenance and stability in the long run.

Bombay Metal Exchange stands committed and is aligned with the government to fight the Covid-19 pandemic and we are certain that as a nation we can overcome this crisis together and can emerge from it stronger and better.

Yours sincerely,

BOMBAY METAL EXCHANGE LTD.

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PRESIDENT
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CC : **Smt. Nirmala Sitaraman**
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