COVID-19

IMPACT ON INDUSTRY AND THE ECONOMY

ACTIONS NEEDED TO SUSTAIN CONTINUITY
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Regulatory and Compliance Recommendations as on 1 April 2020
ECONOMIC IMPACT OF COVID-19

RECOMMENDATIONS FOR EASING OF DOING BUSINESS

1. INTRODUCTION

CII welcomes various measures being undertaken by the government of India, state governments, RBI, among others, to ease the stress of businesses during the situation arising from the outbreak of COVID-19 and the consequent nation-wide lockdown. These measures have been helpful in providing some relief to businesses during this challenging time.

Ensuring continuity and sustainability of businesses amid the Corona virus crisis is extremely important. Their continuity and sustainability are currently vital for maintaining the uninterrupted supply chain of goods and services in the county, besides continuance of the payments of remuneration to employees.

When the situation in the county is changing fast and myriad issues relating to doing business keep cropping up, it becomes important to collect such feedback regularly and share with authorities for resolution. It is in this endeavour that the CII has started this series of note on suggesting measures for easing doing business during the lockdown period. The first note of the series was submitted to government on 26th March. Several recommendations of the note found place in the announcements of measures by the Hon’ble Finance Minister of India and the RBI Governor. Recommendations were also considered by other authorities in the Central and state governments.

Continuing with the series, the present note, based on the feedback from industry of numerous nature and types located in different parts of the country, provides an update on the new issues / recommendations in the context of doing business environment during the ongoing lockdown in the country.

2. KEY ISSUES / RECOMMENDATIONS

1. Easing compliances for payments of bills, duties, GST etc.

   - The government may consider providing auto extension of e-waybills for all the trucks carrying raw material and finished goods, which have got stranded at various locations due to sudden implementation of lock down in the country. The expiry of such e-waybills should not be treated as violation of statute and the suppliers/purchaser should not be penalized.

   - In view of the current lock down, the assessees are unable to process the bills of service providers for payment. Accordingly, there is a possibility of a lot of assessees unable to meet the GST payment under reverse charge within 60 days. For services availed in February-April, 2020, additional time of 60 days (over and above the original 60 days) may be allowed to the assessees for discharging GST liability under Reverse Charge.
Given the current situation, many small vendors will find it difficult to manage their businesses and may resort to non-payment of GST collected from the buyers. This has a risk of loss of input tax credit to the buyer. Therefore, GST Council may allow companies to make payment of GST on behalf of the suppliers to ensure compliance and avoid risk of losing input tax credit and working capital blockage.

- Due date for payment of local levies and taxes, including pollution tax/water charges/electricity duties / municipal taxes etc., may be extended and additional 60-day time post resumption of operation should be allowed to all assesses.

- The government of India may mandate all states to allow companies to pay their electricity bills for the months of March and April till 30th May, 2020, without any late payment charges. Further, no fixed electricity charge for April should be levied on industrialists and shop keepers. They may be charged only for their actual electricity usage.

2. Facilitating Trading Across Borders

- In view of suspension of operations due to current lockdown, organizations are unable to send the export documents for the consignments exported over the past few days. Hence, the government should allow operation of some courier companies to deal with exigencies.

- There are some items which are imported without payment of customs duty on submission of bond with the Customs authorities. Due to sudden announcement of lockdown and suspension of operations, submission of bonds by the importer to Customs would get delayed.
  - Government may allow clearance of such consignments on provision basis to be regularized by submission of bond subsequently.
  - Similarly, bond limit available with Customs Authorities of one port should be allowed to be utilized for import of consignment at some other port as the importers are facing difficulties in submission of fresh bonds due to lock down.

- The government may take the necessary precautions to address the shortage of truck drivers, customs brokers, customs officers.

- The Panchayats and police staff may be instructed to allow staff to get to work without any harassment.

- Currently, the interstate borders which are closed to road traffic, should be opened for easy passage of consignment carrying vehicles.

- The last mile connectivity of railways needs to be improved.

- It is essential to enable operations of process laboratories which needs continuous operation to maintain their hygiene/efficiency/performance. With necessary safeguard measures, the government may allow round-the-clock permission for maintaining
continuous operation and make available Police curfew passes.

- Following are some key issues being faced at Nhava Sheva Port, which need to be resolved:
  - Container Freight Stations are open, but no movement of cargo is possible as labour, surveyors & CFS staff are absent. Workers are not able to reach CFS because of curfew restrictions.
  - Port terminal is fully operational, but hardly any movement of containers is witnessed due to lack of transportation facilities.
  - Movement of cargo from factory to CFS is also being delayed as interstate borders and inter-district borders are sealed.
  - Customs are available with minimal staff.
  - Cargo in transit is being halted by local authorities / police, facing great difficulty in reaching Nhava Sheva.
  - The activities of export carting, export stuffing, or warehousing have stalled.
  - Empty containers are not being released due to shutting down of container yards/depot.
  - Containers which are picked up are advised not to move towards Maharashtra as borders are sealed.

- The following measures at pan-India level need to be taken to smoothen the functioning of the customs:
  - Order must be passed to direct shipping companies not to change detention, damage in lockdown period.
  - No Ground rent must be charged by CFS.
  - Customs can allow CHA to temporarily put cargoes from container to bonded warehouse, so that detention and demurrage charges can be avoided.
  - Shipping companies may be asked to accept e-documents and not insist for originals for the time being.

- While Container Freight Stations (CFS) are functional with 50% staff working from home, following challenges are being faced:
  - Police intervention and intermittent obstruction are not allowing CFSs / TTs to ply on road.
  - Tahsildar / Gram Panchayat have issued directives to CFSs to close down their facilities and are advising workers not to report for work.
  - There has been a huge exodus of TT drivers who have fled to their hometowns.
  - With curfew across the state and sealing of district borders, several TTs are stuck at various locations, causing shortage.
The government may allow seamless movement of IT cargo from airports to respective companies and cancel demurrage charges at airports for next 3 months.

3. **Extend timeline for filing appeals**
   
   Due date for filing appeals for matters under litigation should be extended by up to 60 days post lifting of lockdown order and resumption of operation.

4. **Facilitative banking provisions**
   
   a. Current default in Principal and Interest repayment by the corporates should not be recorded/impacted in CIBIL score or in any other credit reporting monitoring systems/agencies.
   
   b. RBI has significantly reduced the interest rate and increased the liquidity in the systems. Commercial Banks and NBFC should be asked to pass on the full benefits to borrowers immediately.

5. **Ensure better network connectivity**
   
   As most of the employees are working from home during the lockdown period, the government may introduce the following steps in terms of network connectivity to allow smooth business operations:
   
   a. As there is a shortage of dongles, laptops, desktops, UPS for work from home, such items should be categorized as essential/critical commodity as most of this is imported and required for business continuity.
   
   b. Ensure continued power supply in residential areas during the lock down period.
   
   c. Need to develop public hotspots in residential areas as a back-up internet connectivity when other services are not working.
   
   d. Since existing service providers cannot overnight increase bandwidth by putting cell towers, optic cables etc., they should be encouraged to operate their authorized bandwidth close to 100%.

6. **Encourage non-cash transactions**
   
   Cash transactions in current environment expose parties on both sides (seller as well as buyers) to a high degree of risk of virus infection and affect the doing business. It is, therefore, important to encourage the use of cards and online payments for making transactions. This may be achieved through:
   
   i. Increased limits on credit cards / debit cards for online usage.
   
   ii. All cards, newly issued or re-issued, should be activated with contactless transaction options.
   
   iii. Transactions up to Rs 5,000/- may be considered without pin as opposed to the current
limit of Rs 2000/ to avoid the need for physical contact with POS devise.

- Where the POS does not have the facility of processing contactless transactions, there should be no need for entering a PIN in a dip transaction, for whatever limit is set for contactless non-PIN transactions. This would also thus prevent contact with the POS device.

- All cards, newly issued or re-issued, should be activated for online transactions immediately by default for domestic transactions with an option of the customer only calling to opt-out.
CII would like to commend and congratulate the Ministry of Corporate Affairs (MCA) for proactively spearheading initiatives for dealing with the COVID-19 pandemic. It is commendable how each arm of the Government is working to ensure that the crisis is dealt with in a concerted manner. The initiatives of MCA in continually announcing measures for easier compliance by corporates are noteworthy.

The MCA Circular allowing conduct of business in Board meetings by way of video conferencing will ensure that corporate actions and work carry on unhindered. Announcing moratorium from 1st April to 30th September in respect of any ROC filing, waiving additional fees, relaxing mandatory requirement of holding two board meetings with a gap of 120 days upto 30th September, relaxing requirement of Independent directors meeting, relaxing non-compliance of minimum residency are all big reliefs to the companies. Further, for IBC, increasing the threshold from Rs. 1 lac to Rs. 1 crore in this current situation where companies will not be able to perform their contractual obligations because of their suppliers’ non-performance and disruption of supply chain caused by Covid-19 pandemic will protect companies from going into litigations under IBC, also it is a big relief for the MEMEs.

With the unprecedented times facing industry and corporates, there is a need to relax few more provisions that may not be able to be complied with, given the lockout and work from home scenario due to COVID-19.

Key provisions are submitted below for consideration

Allowing Companies to pass circular resolutions for restricted matters without the requirement of conducting a Board meeting for approving such matters for a period upto June 30, 2020

Section 179(3) of Companies Act, 2013 read with Rule 8 of the Companies (Meeting of Board and its Powers) Rules, 2014, provides certain matters to be dealt with by the Board of Directors only by means of resolutions passed at meetings of the Board and these matters cannot be passed by circular resolution.

These matters relate to:
(a) to make calls on shareholders in respect of money unpaid on their shares;
(b) to authorise buy-back of securities under section 68;
(c) to issue securities, including debentures, whether in or outside India;
(d) to borrow monies;
(e) to invest the funds of the company;
(f) to grant loans or give guarantee or provide security in respect of loans;

(g) to approve financial statement and the Board’s report;

(h) to diversify the business of the company;

(i) to approve amalgamation, merger or reconstruction;

(j) to take over a company or acquire a controlling or substantial stake in another company;

(k) to make political contributions;

(l) to appoint or remove key managerial personnel (KMP);

(m) appointment of internal auditor and secretarial auditor;

Apart from the above, there are also other provisions across the Companies Act, 2013 and Listing Regulations which require companies to approve certain matters at a Board meeting only and such matters cannot be taken up by circular resolutions.

**Appointment of Directors**

As per Section 161(4), a director can appointed by the company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, in default of and subject to any regulations in the articles of the company, be filled by the Board of the company at a meeting of the board which shall be subsequently approved in the immediate next general meeting.

As per the above provision, a director in casual vacancy can be appointed by passing resolution in Board meeting and not by resolution by circulation.

In view of the Covid-19, MCA has recently relaxed the mandatory requirement of holding physical meeting and allowed board meetings through video conferencing till 30th June vide Companies (Meeting of Board and its powers) Amendment Rules, 2020, on matters under Section 173 read with Rule 4. However, these matters only include approval of financial statements, board reports, prospectus, audit committee meetings to approve financial statements and approval of matter relating to amalgamation etc.

These matters do not include appointment of director in casual vacancy under Section 161(4). Hence, keeping in view of the difficulties in holding board meeting amid the nationwide lockdown, MCA may relax the mandatory requirement of holding meeting in case of appointment of Director including Independent Directors in Casual Vacancy.

**Meetings through Video Conferencing**

The Companies (Meeting of Board and its Powers) Rules, 2014 provides for various compliances for meetings held through video conferencing. It provides that the Chairperson of the meeting and the company secretary, if any, shall take due and reasonable care to:

• safeguard the integrity of the meeting by ensuring sufficient security and identification procedures;
• to ensure availability of proper video conferencing or other audio-visual equipment or facilities for providing transmission of the communications for effective participation of the directors and other authorised participants at the Board meeting;
• to record proceedings and prepare the minutes of the meeting;
• to store for safekeeping and marking the tape recording(s) or other electronic recording mechanism as part of the records of the company at least before the time of completion of audit of that particular year;
• 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 audio-visual means;
• to ensure that participants attending the meeting through audio visual means are able to hear and see the other participants clearly during the course of the meeting:

The mandatory requirement of holding meetings of the Board of the companies within prescribed interval provided in the Companies Act (120 days), 2013, has been extended by a period of 60 days till next two quarters i.e., till 30th September. However, some companies may have imminent business to carry on.

The Prime Minister has announced complete lock down for 21 days. As such, it may not be possible even for the IT staff to go to office to facilitate recording of the VC proceedings and as such it would be very challenging for the Directors and Company Secretaries to arrange recording of VC proceedings in the absence of IT and Support Staff.

Besides, many of the Directors and Company Secretaries are staying in small apartments with their family members and all family members are also at home.

Hence, they will find it difficult to confirm that no person other than them are attending or having access to the proceedings of the meeting through VC and such other requirements as per Rule 3 of Companies (Meeting of Board and its Powers) Rules, 2014.

In these circumstances, it will be convenient for the directors to act on a Circular Resolution instead of attending a meeting through VC or electronic means. Circular Resolution will allow directors sufficient time to go through the relevant supporting documents and then approve the matters placed before the Board.

There are too many meetings required by all corporates specifically this being a year end and the challenges in merely arranging a good quality VC itself from home is hugely challenging. Now with a complete lockdown, it may not be possible even for the IT and administrative staff to go to office to facilitate recording of the VC proceedings and as such it would be very challenging for the Directors and Company Secretaries to arrange recording of VC proceedings in the absence of IT and Support Staff. Hence, MCA may temporarily also dispense the requirement of recording. Also, many of the Directors do not have the required bandwidth to join video conferencing from their homes and are suggesting they join on audio call. Hence, instead of VC, it is suggested that
audio also be temporarily permitted for meetings. The requirement of various affirmations that no person other than them are near them who may and such other requirements as per Rule 3 of Companies (Meeting of Board and its Powers) Rules, 2014 may also be relaxed. Directors may be allowed to digitally sign Director Disclosure documents which are due to be signed on or before 31st March 2020 or before 1st meeting of the next quarter.

Few other issues with respect to meetings that need to be resolved include:

- Secretarial Standard 4.1.3 provides that in case a director is attending a Board / Committee meeting through electronic mode, his/her attendance is to be recorded in the attendance register and authenticated by the Company Secretary.

  The Act requires maintenance of registers at the Registered Office of a company. Since the offices are closed because of Covid, in case all directors and the Company Secretary are attending the meeting through electronic mode, relaxation may be given from this requirement.

- Section 118 provides that minutes shall be entered in the Minutes Book within thirty days from the date of conclusion of the Meeting.

  Since the minutes book is kept at the registered office, it may not be possible to enter the minutes in the minutes book within thirty days from the date of the meeting due to lockdown of offices. This requirement may be waived.

- Section 118 read with Rule 25 of the Companies (Management and Administration) Amendment Rules, 2016 provides that in the case of minutes of proceedings of a meeting of the Board or of a committee thereof, by the chairman of the said meeting or the chairman of the next succeeding meeting.

  Also, in the case of minutes of proceedings of a general meeting, by the chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of that chairman within that period, by a director duly authorised by the Board for the purpose.

  In case of the meetings conducted during the Covid 19 lockdown period, where all directors are attending the meeting through audio visual means, it would not be possible to print the minutes and send it to the chairpersons of Board / Committees for signing, so, the Chairman of the meeting cannot practically sign the previous meeting meetings. It may suffice to only note the previous meeting minutes and signing may be done subsequently.

- To allow companies to keep documents and registers in electronic form also and for online access of registers, etc., by members, and online access of books of accounts by directors.

- MGT 14 needs to be filed within 30 days. If not, Company need to go for adjudication. The adjudication penalty under CA 2013 is not affordable to even big companies. To allow extension for filing all e-forms under Companies Act. This will be very big relief to corporates.

- NCLT/ RD/ ROC is levying huge penalties for compounding/adjudication applications. This is big cause of concern as many corporates has violated provisions of the Act not with intention, but with circumstances.
• The delayed Fee payable on Annual forms on daily basis (RS. 100 per day) to be removed immediately This is Big relief to Companies and LLPs.

Implementation of scheme similar to CODS (Condonation of Delay scheme) 2018 in relation to lifting of disqualification of directors. This will help companies at grass root level to work towards revival of economic activities.

E voting at shareholder meetings:
Currently under Section 108 of CA 2013 read with the Companies (Management and Administration) Rules, 2014, every company which has listed its equity shares on a recognised stock exchange and every company having not less than one thousand members is required to provide to its members facility to exercise their right to vote on resolutions proposed to be considered at a general meeting by electronic means. It is suggested that this E voting facility may also be extended to other classes of companies on a voluntary basis to enable them to approve shareholder resolutions through this mechanism.

Significant beneficial owner (SBO) disclosures
The rules and forms relating to SBO filings are currently being reviewed and are being revised by the MCA and accordingly the filings for these disclosures may be deferred until the revised rules and forms are available or till June 2020, whichever is later.

Physical presence at meetings
As per the Companies Act, the quorum requirement for conducting a shareholders’ meeting is provided under Section 103, which sets out as follows:

“103. (1) Unless the articles of the company provide for a larger number,

(a) in case of a public company,

(i) five members personally present if the number of members as on the date of meeting is not more than one thousand;

(ii) fifteen members personally present if the number of members as on the date of meeting is more than one thousand but up to five thousand;

(iii) thirty members personally present if the number of members as on the date of the meeting exceeds five thousand;

(b) in the case of a private company, two members personally present, shall be the quorum for a meeting of the company.”

Several companies (public listed companies and otherwise) that are scheduled to hold and duly conduct their shareholder meetings in April will be unable to meet the prescribed quorum of “physical presence” under the Companies Act, on account of the on-going lockdown conditions which would result in the adjournment of such meetings.

This is especially critical for public listed companies who have convened their meetings for items such as preferential allotment of shares where the approval of the shareholders would
be mandatory under the Companies Act and the SEBI regulations, and any delay in the approval could have a direct impact on potential transactions.

We would humbly request the MCA to exempt, during the period of the lock-down (i) all Indian companies from the requirement of having physical presence of members for the constitution of quorum for general meetings of companies; and (ii) consider the number of members who join a shareholders meeting and cast votes through e-voting to determine the quorum for such meetings.

**Inability to pay dividend within 30 days to few shareholders who have not recorded electronic payments:**

Section 124 prescribes the dividends announced may be paid within 30 days of the declaration. In view of the current COVID conditions, the Company may not be able to despatch the physical dividends warrants to a part of its shareholders, who have not mandated electronic payment facility. These comprise less than 1% of the total shareholders. A delay for such number of shareholders may not be considered as a non-compliance.

**Relaxation in due date of filing various forms under Companies Act, 2013 with MCA (including IEPF Authorities) for the period starting from March 1, 2020 to June 30, 2020 or such other period as may be notified by the Central Government.**

As per the medical experts, large gathering may be avoided and hence, corporates will have to close their operations for approximately the next many weeks. Further, even if the corporates ask the employees to operate from their respective homes, the following will make it difficult to ensure the compliances be done before respective due dates:

a) Obtaining original copies of the documents which are kept in the registered/ corporate offices;
b) Obtaining all the documents duly signed by the authorized signatories;
c) Scanning and attaching bulky documents without scanning machine at home;
d) Sharing the duly filled forms for approval with the authorised signatory and for certification with Practising professionals will be time consuming and will hamper the filing process;

Considering this, we request you to make a representation to MCA asking for relaxation in the due date of filing various forms under Companies Act, 2013 with MCA (including IEPF Authorities), for such forms wherein the due dates are failing within period starting from March 1, 2020 to June 30, 2020 or such other period as may be notified by the Central Government.

**All Filings (routine):**

Currently, MCA has given a relaxation for waiver of additional fees for filing of all documents, forms, statements and returns to be filed to MCA during a moratorium period of April 01, 2020 to September 30, 2020. MCA may extend the ‘due date’ of compliances instead of waiving additional fees of form filing to avoid any interpretation issue.

Especially from the standpoint of highly compliant companies which may not desire to go into
the non-compliance stage (delay in filing a form is a non-compliance even if the additional fees is waved), it is important that due date, in itself, should undergo a change.

All filings (event based):
There are certain compliances/transactions (against which even is the additional fees is waived) where the Company is not able to complete the corporate action without filing the form. MCA may kindly consider waiver in filing of forms related to the issue of share capital and debentures in order to reduce the compliance burden, for at least six months. For e.g. form filing w.r.t. capital raise viz. PAS-3 etc. to have a moratorium period of 6 months i.e. non-filing of forms before using the proceeds of a particular fund raise shall not be considered as a non-compliance. The same should also include non-filing of form for increase in authorized capital etc. Process for closure of companies to be simplified (requirement for completing all pending annual filings, compulsory wait time of 2 years before applying for closure to be relaxed, at least for companies whose business has collapsed/threatened due to the present crisis and the promoter does not see a reason to continue). All event based compliances viz. CHG-4, DPT-3, MGT-14, MGT-6, AOC-4 and MGT-7 etc. should have a moratorium period of 6 months. The MCA may also consider exemptions in filing of various forms like BEN-2, DPT-3, DIR-3 KYC, etc.

IEPF compliances viz. filing of verification reports to have a moratorium period of 6 months.

• The last date for intimation by a Director about his eligibility for appointment is March 31; this date should be extended to June 30. A Director’s KYC is required to be completed on or before June 30; this date may be extended to 30 September 2020.

• The Annual Return of Deposits and/or Outstanding Loans other than deposits is required to be filed by 30 June; this date should be extended to September 30. The Annual Return of an LLP is required to be filed by May 30 (within 60 days FY closure); the date should be extended to August 31. The Annual Return on Foreign Liabilities and Assets (FLA return) under FEMA is required to be filed or before 15th July; the date should be extended to 30 September.

General timelines
The exemptions announced so far should be made effective from March 01, 2020 instead of April 01, 2020.

CAR Form
Companies have been asked to file Form CAR for ensuring compliance with COVID Guidelines. MCA may kindly clarify specific points in addition to working from home that companies need to comply with and certify. Specific guidelines on what all needs to be complied will be useful for companies to certify compliance.

Ease of Interface with RoC
Applications for changes to Articles, Conversion from Private to Public and many other such requests may be done by the RoC with lesser complexities since online submissions and working
from home have an impact on these deliverables. RoC may help Industry on it.

**Transfer of Shares**

SH4 form for transfer of shares has been discontinued for Public Limited companies. This now requires compulsory dematerialisation of securities and transfer using the demat processes. In the current situation, the processes of opening demat accounts, dematerialisation, getting transfer forms submitted etc requires so many people interactions. The system may go back to paper form SH4 till things stabilise or at least give a relief for a period of 60 days starting immediately.

Many transactions relating to transfer of securities were planned to be executed before March 31, 2020 and now cannot be done. Relief may be given by extending the cut-off date for such transactions by at least 45 days i.e if a transaction is completed by April 30 or even May 15, it may be deemed to be completed by March 31.

**Payment of Stamp Duty**

Section 56 of the Companies Act entitles the board of directors of a company ("Board") to take on record a transfer of shares only if a proper instrument of transfer “duly stamped” and executed is presented before the Board. In case of transfer of physical share certificates, the process requires obtaining physical share transfer stamps that have to be affixed on the share transfer form, which is not feasible on account of the on-going lockdown conditions, therefore, companies are currently not able to record transfer of shares.

Additionally, for the issuance of shares under the Companies Act, the amount of stamp duty payable is adjudicated by the local stamp duty authority at its offices and once adjudicated, the requisite stamp duty is then paid by the Company. On account of the on-going lockdown, the process of adjudication of stamp duty for issuance of shares, at the offices of the authorities, is not possible to be completed and companies are therefore unable to complete the payment of stamp duty and consequently not able to duly issue share certificates to the shareholders.

The government may consider implementing an online system of payment of stamp duty and receipt of an online certificate of such payments which can be used as evidence of due payment of stamp duty both for issuance and transfer of shares. [Note: Stamp duty is both central and state subject and this may require coordination between governments]

**Renewal of Digital Signature**

Renewal of digital signatures are becoming difficult given the current restrictions. Options to extend the validity or renewal may be considered.

**CSR Spends for 2019-20**

**Extension of date** for utilisation of CSR spends beyond 31st March. The deadlines of ITR and GST has been extended to 30th June. Similarly, CSR utilisation date to be extended to 30th June.

Companies should be **allowed to carry forward at least 25% of the** obligations for current year and add that to next year’s obligations. This is more because cash availability is under stress.
Alternatively, MCA may allow companies three additional months (i.e. till June 30, 2020) for completing their mandatory CSR expenditure for the financial year 2019-20. This is because many companies would have slated certain portion of their CSR expenditure towards the end of the year and given the present circumstances, smaller companies could face difficulty in completing the formalities and disbursing the funds.

**Deviations from planned activities**

The communities where companies are implementing existing CSR interventions, may need immediate support to tide over impact of COVID 19. This may be hampered by articles of association and other CSR requirements which may not permit the required COVID 19 response. Suggest that the Government allows companies to deviate from planned programmatic interventions to make such immediate responses possible. This could be done by approval of the Board level CSR Committee

Continuity of existing programmes: Given the likely hit on profits due to disruptions and the focus on business recovery, ensuring continuity of CSR programmes within specified timelines is a challenge. It is likely that CSR resources will need to be diverted to COVID-19 response and relief over the next year. Government may allow reconfiguring the planned CSR programs by Companies as well as reconsider some of the prescriptions being proposed through CSR amendments.

**Facilitating relief to impacted communities:**

CSR implementation partners, mostly civil society organizations, are unable to do anything on Covid19 due to the lockdown. The immediate ask is for government to set up enabling mechanisms whereby such organizations are allowed to activate their work with the affected communities.

**CSR Rules Amendment Critical Issues**

- **CSR Implementation:** MCA is requested to kindly clear the ambiguity in interpreting the term any entity established under an Act of Parliament or a State legislature. Whether the term ‘entity’ may also include Society or Trusts if registered under their respective Acts i.e. Indian Trusts Act or Society Registration Act, which are also the Acts passed by the Parliament.

  Under the existing CSR Policy, CSR activities can be carried out through a trust or society as an implementing agency. This provision should be maintained. In the draft CSR Policy, carrying out CSR activities by a Company through Trust or Society is not included. Many companies today are carrying out their CSR activities through the said implementing agencies and it was found that in the FY 2017 – 2018, 29% of CSR projects (12,943 projects) were conducted through them with 52% of all CSR expenditure being made through this route (amounting to INR 6,881.64 Crores). Considering the fact that at present most of the organisations operating in the CSR implementation space are societies or trusts, they may be allowed to carry the activities of CSR under Section 135 read with Companies (CSR Policy) Rules, 2014 if they are REGISTERED societies or trusts. Withdrawing this will completely jeopardise the existing framework and ecosystem of CSR, which is undesirable. Further, since the draft rules suggest mandatory registration for implementing agencies, MCA will have complete details of these organisations so as to trace them in case of any discrepancy.
It is also not clear whether the registration of implementing agency in Form e-CSR 1 is only one time or frequent renewal is required. The same may be clarified.

It appears that the proposed changes seek micro details relating to CSR activities and are compliance heavy; thus, these appear to act against the government’s ongoing drive for ease of doing business

- The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following:
  
  (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
  
  (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4;
  
  (c) the modalities of utilization of funds and implementation schedules for the projects or programmes; and
  
  (d) monitoring and reporting mechanism for the projects or programmes.
  
  (e) Details of need and impact assessment, if any, undertaken by the company.”

For big companies with PAN India presence with large numbers of projects across geographies and thematic interventions, the Board will unnecessarily be burdened with an extraordinarily long list of projects which will compromise value addition and strategic direction by the board. Instead, as is the current situation, the Board should continue to approve thematic level plans under various clauses of Schedule VII.

(f) The date for submission of comments on the Companies (CSR Policy) Amendment Rules, 2020 may be extended to 30 June 2020

Requirement of investing 15% of debentures

For certain classes of companies there is a requirement of investing 15% of debentures maturing in a year in specified liquid funds, on or before April 30. The said due date for this requirement has now been extended till June 30, 2020 for the debentures maturing in the financial year 2020-21, as mentioned by the Hon'ble Finance Minister. We would like to take this opportunity to seek for a deferment of this provision till the next financial year i.e. to make it applicable for the debentures maturing in the financial year 2021-22. During such difficult times, companies are in need of funds for their operations and day-to-day activities including emergencies if any and imposing further financial restrictions could lead many companies in trouble. Hence the suggestion is being made.

Independent Directors Databank

This is with reference to the requirement of having all the independent directors get themselves registered on the databank created for the said purpose on or before April 30, 2020 and appearing for online proficiency test within one year from the date of such registration. We request that the requirement for registration be further extended till June 30, 2020 and that the independent directors should be allowed to appear for the online test within a period of one year from June
30, 2020 irrespective of their date of registration in the data bank.

**Liabilities of Directors**

MCA may kindly address the issue of liabilities for directors including independent directors rising out of non-compliances on account of the practical challenges due to COVID-19. They may be extended a fixed period immunity to provide them the comfort on this front.

**Operation of Stock Exchange during Lock Down Period, Causing Speculation and hurting Investor Sentiments**

Operation of stock exchanges during the lock down period is contributing to lot of speculative positions and volatility which is of concern to investors and companies in these testing times. Further due to need for physical delivery of settlement slips, people are required to move about and this goes against the spirit of work from home.

**Loans between Holding and Subsidiary Companies to be relaxed**

Under the existing rule, loan is prohibited between holding and subsidiary companies except loan to Wholly owned Subsidiary. This provision to be relaxed and loan by holding company to subsidiary company and vice versa should be allowed.

There are certain sections which require approval of the shareholders in relation to raising finance or funding group companies, etc. For example, section 185 of the Companies Act, 2013 (“Act”) requires that a special resolution is required to advance a loan to a person in whom any of the directors of the company are interested. Similarly, section 186 of the Act requires a special resolution for inter-company investments exceeding certain limits. Similarly, for rights issue and preferential issue u/s 62 and for related party transactions u/s 188 an elaborate process of shareholders’ approval is provided.

The MCA may kindly consider giving some operational ease and liquidity to companies by removing the restrictions on loans from shareholders (removing the limit on the amount that can be borrowed), loans from directors (waiving the requirement to give a declaration that they are not out of borrowed funds), simplifying inter-corporate deposits, specifically from related entities by temporarily removing restrictions imposed under sections 184, 185 and 186 of the Companies Act 2013 (requirement for prior disclosures and approvals to be temporarily suspended), simplifying the procedure for issue of share capital and debentures (temporarily suspending the criminal penalties, removing the requirement of obtaining valuation report from a registered valuer, removing the need to obtain share application money in a separate bank account, removing the requirement to file MGT-14). All such sections which require prior shareholders’ approval may partially provide a relief in terms of timelines by providing that a post-facto shareholders’ approval as sufficient enough to ratify the previous fund-raising initiatives

Any inter-company loan u/s 186(7) of the Act is needed to be benchmarked to an interest rate equivalent to a government securities with equivalent tenor. Any temporary funding by a company to its group company is the easiest by way of a loan and is not treated as a “deposit” because of
the same being an inter-company loan; however, by virtue of a minimum interest rate provision, it would place unnecessary interest burden on the P&L of the borrowing entity from its own group company and would further deteriorate the PBT of such borrowing entity. Therefore, a temporary relief should be provided so as to stipulate interest-free inter-company loans so that temporary funding could be resolved without any interest burden.

**Liquidity Support & COVID Bond**

The Government may enable rollover of maturing financial liabilities during April – June 20 quarter. In times of international stress like the present times, liquidity support to the businesses is very crucial. All loans or facilities which are coming for repayment/redemption/maturity should be automatically given a 6 months exemptions for all classification purposes. Banks can be advised to set up additional credit lines up to 35% or 40% of the present limits for its borrowers as a means to meet cash shortfall caused by the business disruption.

Companies may be allowed to raise private debts under these circumstances. This is better than diluting equity, given valuations are depressed during the crisis. These can be called Covid Bonds and can be discontinued as and when the crisis is over.

Issue of secured debentures require a full cover over principal and interest at the time of issuance of debenture. Further, such security is to be provided from the existing charge over assets of a company. In these time, the assets of a company may have deteriorated, which may lead to difficulty in providing cover from existing assets. It should be provided that a secured debenture could be issued against security of future project cash flows rather than existing assets to boost fund raising.

Govt controlled companies may release pending approved and overdue bills immediately so that working capital and liquidity constraints of companies are addressed. Invoices submission for all Govt contracts may be allowed on scanned copies. For claiming input credit and tax assessment proceedings scanned invoices with appropriate mail ids should be allowed as evidence

**Relaxation in Recognition of NPA Norms**

There may be a relaxation in NPA norms for Banks and NBFCs beyond the current prescription of 90 days overdue. Possibly 180 days threshold may be more relevant for current times. This of course will be one-time relief and can be reviewed from time to time. Many of the borrowers are genuinely cash deprived due to the business disruption and banks / NBFCs may be enabled to help these businesses tide over the current crisis.

**Relaxation in Compliance for Companies with Listed Debt Securities**

Clarification maybe provided for relaxation of financial statements disclosure requirements timelines for debt listed and unlisted companies

**Relaxation in Sectoral Group Exposure Norms**

Sectoral and group exposure norms may be given a one-time waiver for a period of Six months
Merger Related Provisions

Any merger or acquisition, including compromise with creditors (other than through IBC) requires an elaborate process of 6-7 months to seek approval from National Company Law Tribunal, in addition to various other authorities such as the Regional Director, Registrar of Companies, Official Liquidator, etc. In these times, when SMEs would be facing significant liquidity crunch, and may require merger with a larger company or financial support by another company.

Therefore, there may be a special set of rules providing for a fast track merger/ compromise, which could be resolved, say, in a months’ time. One plausible way to do it could be to do away with the NCLT approval process and having such cases being approved only by the RD in a time bound manner.

Extension of Current Financial Year

In the current scenario, any Financial Statement prepared for April 2019 to March 2020, will not give true and fair view as it does not represent one complete business cycle of the entity (virtually the entire economy is quarantine for the quarters). Hence, it is imperative to increase the given period to disclose the correct picture of business performances of the Company.

As per Accounting Standard, Financial statements are a structured representation of the financial position and financial performance of an entity. The information given in the financial statement is useful not only to government and regulatory authorities but also to the investor community which is helpful in predicting the amount, timing and certainty of future cash flows. [Ind AS 1 – Presentation of Financial Statement]

The current economic situation in India and world over has resulted in impaired valuations of all assets including commodities and financial assets. This though is a temporary phenomenon will have impact on the valuations of various assets. In terms of the extant accounting standards the reporting entities are required to reckon the valuation on the balance sheet date in the preparation and presentation of financial statements. This will eventually result in the financial statements not reflecting a true and fair value of the affairs of the reporting entities.

With the current backdrop of coronavirus, the entire economy is getting stagnated for at-least couple of quarters which are kind of missing quarters for corporates. Further, to view the annualized financial statement of any corporate entity, one has to appropriately factor the impact of current quarter.

Requirement of the for preparation and presentation of financial statement

Section 2(41) of the Companies Act, 2013, defines financial year in relation to a company or body corporate, as the period ending on the 31st day of March every year. In terms of section 129 of the Companies Act, 2013 standalone financial statement and consolidated financial statement are required to be prepared and presented for the financial year. As pointed out above, listed companies in terms of the LODR Regulations are required to submit audited financial results for the financial year. [Statutory Requirements]
In the light of the above legal requirements and the current fragile economic situation, it is submitted that Ministry of Corporate Affairs issue appropriate notifications permitting companies to prepare and present financial statements for a period of 15 months or 18 months so that the purpose and object of preparing and presenting financial statements to various stakeholders are sub-served.

Proactive steps taken by SEBI for extension of timelines for submission of financial result: In terms of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“LODR Regulations”), a listed entity is required to submit annual audited standalone and consolidated financial results along with a statement of assets and liabilities for the financial year, within sixty days from the end of the financial year along with the audit report. SEBI has extended the timeline for submission of audited financial results by one month from 31st May 2020 to 30th June 2020.

Companies are deeply impacted by the lock down and work-from-home is not the most effective or efficient means of functioning. Whilst the Ministry has been quick to recognise and ease the compliance burden by shifting the dates for certain filings and holding board meetings, it would be a great relief if MCA changes the financial year to a 15-month period ending June 30, 2020 / 18-month period ending 30 September 2020. This would give time for companies to determine inventories properly, ensuring proper cut off at year end, time for preparing the financial statements and audit thereof. The time for holding AGMs may also be suitably extended.

To give an example with respect to turnover. All Companies have to declare their Sales / Dispatch / Financial performance figures in the Balance Sheets as on 31 March 2020. However, due to reasons mentioned below Sales figures will be badly affected due to “Corona Virus” as follows:

a) Dispatch Dates of components in pipeline from abroad have been extended by various vendors abroad due to Corona Virus and closing / slowing down of their production facilities.

b) Most of the Airlines have stopped operating / cut down lifting stores in / out of foreign Countries and suspended landing in India.

c) Due to the above, production work on shop floors of the Companies and their Tier 2/3 suppliers have either stopped or slowed down considerably.

d) Even those equipments which have been assembled / tested and ready for dispatch as exports are held up due to the Customer abroad asking Indian Companies to defer dispatches and also due to stoppages of Airlines flying out of India.

e) Even for dispatches to Indian Customers (including Defence Forces), DGQA have postponed / suspended inspection / clearance of completed equipment and hence, they cannot be dispatched before end March 2020. Hence, dispatches / sales values are affected adversely.

f) Since, such equipment / stores cannot be dispatched, the dispatch / sales values are reduced substantially, and this is affecting considerably the top and bottom lines of Companies performance in the Balance Sheets.

g) This substantial reduction (to the tune of 30% or more) of sales figures will have adverse
effects for considerable period, as most of the RFPs / Tenders also ask for Performance Figures for earlier 3 years.

In the above context, we propose to seek MCA’s intervention in notifying the definition of financial year for this exceptional circumstance and increase the financial reporting period by 3 to 6 months. Thereby enabling entities to present their financial statements for the period beginning April 1, 2019 to 30th June 2020 or 30th September 2020. The time for holding AGMs may also be suitably extended.

Obtaining audited statements of overseas subsidiaries in time for the parent company’s AGM would be very difficult hence its requested to allow a one time relaxation on the requirement for audited financials till Dec 31 and use unaudited financials for consolidation. Any material changes between unaudited and audited financials can be explained on or before Dec 31 by management.

If this is done certain consequential changes in income tax act like the previous year definition for AY 20-21 should be changed to 15 months period upto June 20 and the Previous year definition for 21-22 will be 9 months from 1July 2020 ending March 31, 2021.

The pre-set tenure of Directors including Executive Directors that may end during this interim period (i) till the date of the AGM or (ii) at the AGM; may also be correspondingly extended with the extension of the AGM date.

Guidance to ICAI

The Institute of Chartered Accountants of India have issued guidance on validity of Comfort Letters issued by their members to companies planning to go IPO to 135 days from the date of the financials. MCA and SEBI have always given a time limit of 180 days. MCA may guide ICAI to temporarily amend their guidance note to 180 days.

Fair Value Accounting

Ind AS requires valuation and Fair Value accounting. In these tumultuous times Fair Value accounting may give varied results basis assessment of the situation by the individual assessor. A holistic approach has to be taken on this standard and accounting practice else financials are likely to take on unnecessary burden example – goodwill impairment etc.

Amendment in Ind AS 2 – Permissibility of LIFO method of Inventory Valuation

Prior to transition to Ind AS: Valuation of inventories in India was governed by the Accounting Standards issued by the Institute of Chartered Accountants of India. Thus, Accounting Standard -2 (AS-2) issued by the ICAI deals with Inventories. Earlier, under the Indian GAAP, LIFO Method of costing inventory was permitted and same was in line with the IAS - 2 pre- revision. The Standards in India permitted a choice of Cost formulae for valuing inventories Viz first-in, first-out (FIFO), last-in, first-out (LIFO) and weighted average.

The Ministry of Corporate Affairs (MCA) on February 16, 2015, notified Indian Accounting Standards (Ind AS) which are in lines with International Financial Reporting Standards (IFRS).
Ind AS is applicable to certain classes of companies from April 1, 2016 with a transition date of April 1, 2015. Ind AS has replaced the previous Indian GAAP prescribed under Section 133 of the Companies Act, 2013. As per Ind AS 2 - Inventories, as per paragraph 25, the cost of inventories shall be arrived at by using either the FIFO or weighted average cost formula to value the inventories at the lower of cost and net realisable value.

Accordingly, the same has shut the door on LIFO method of costing the Inventories.

**First in First Out (FIFO):**

(i) The FIFO formula assumes that the items of inventory that were purchased or produced first are sold first, and consequently the items remaining in inventory at the end of the period are those most recently purchased or produced. (Para 27 of the Ind AS 2)

(ii) Therefore, FIFO method of inventory valuation actually results in matching current revenues with historical costs, since the cost of goods sold is said to come out of opening stock and subsequent purchases in chronological order.

(iii) Cost of goods sold' (value of opening stock plus purchases minus closing stock) computed when stocks are valued on FIFO basis thus tend to be historical costs- which is out of tune with the reality.

**Last in First Out (LIFO):**

In order to arrive at realistic margins earned by trading, the cost of goods sold may be arrived at by computing current costs. Cost of goods sold would be at current costs if inventories are valued by using the LIFO formula. This is because:

(iv) The LIFO method operates under the assumption that the last item of inventory purchased is the first one sold. In other words, LIFO method of inventory valuation results in matching current revenues with current costs and not historical costs;

(v) Inventories are current assets or circulating capital;

(vi) Inventories are neither fixed assets nor Investments;

(vii) FIFO is typical of Capital Gains accounting; (Section 45(2A) of the Income tax Act 1961, where, for arriving at Capital gains from sale of shares in Demat form, FIFO shall necessarily be followed.) The method of "Matching historical costs with current revenue" which is the essence of FIFO basis of accounting, and, which is specific to accounting of Capital Gains on Fixed Assets or Investments CANNOT BE A BASIS FOR MATCHING COSTS AND REVENUE of Current assets;

(viii) A trading account is based on the premise of 'Going Concern Concept' and hence the inventories of a trader that are sold by him are intended to be replenished, for, he wants to stay in the business of trading - He purchases to sell and sells so that he can purchase anew.

(ix) So, what a trader does is to effectively sell goods at market determined prices and buy goods to replenish those that have been sold, but the delivery for sale is out of stock in
trade so that the goods stored in the Godown are refreshed every day and they are always new

(x) Thus, there are two cycles simultaneously, one of purchase and sale of goods which is at current prices & costs and another of receipt and delivery of goods which is a process of renewal of the 'expiry date' of the stock. The margin made on current assets has to be arrived at by comparing current revenues, which is a reality, with current costs and not unrealistic historical costs.

(xi) Since LIFO provides a matching of current sale prices with current costs, it ensures realistic margins, which is the prime objective of a trading account.

**LIFO and India Inc**

There are various sectors where the price volatility is quite high (recently as high as 50%), inventory is at scale (serving the entire country) and margins are thin (better for citizens of India) and collectively these industries also plays a significant role in nation building. The commodity is non-perishable and can be kept for long as a natural hedge with respect to base inventory e.g Steel, Aluminium, Cement, Copper, Zinc, lead, Refining & Marketing etc. For all the above sectors, the accounting standards allow two methodologies of inventory viz. weighted average and FIFO. Considering of the price volatility in petroleum industry, use of both the methods (FIFO and Weighted Average method) leave a considerable impact on the period earnings of the companies in case of a sudden increase or decrease in the international prices of feedstock or petroleum product prices. Let’s illustrate this with an example. Assuming that a Refinery purchases crude oil at $100/bbl & after refining it sells product at $110/bbl. (net of operating cost). In case at the beginning of the month the company has 1 mbbl inventory of crude oil at $ 100/bbl. Assuming that the procurement during the month of 1 mbbl came at a cost of $ 95/bbl. and assuming a margin of 10$ was sold ‘at $105/bbl though at current cost basis it has earned a margin of $10 mn, since the consumption happens on FIFO basis, the inventory will get valued only at $95/bbl. and hence the book profit will be reflected at only $5/bbl.

As it normally happens in oil industry, this trend of falling or increasing prices is cyclical in nature and tends to continue over several business periods (months/quarters). During this period, the companies tend to show an extraordinary loss or profit to the extent that the value of their inventory is continuously getting reduced or increased depending on the direction in which the market is moving.

In this situation, the only alternative available to the oil companies to manage the volatility in earnings is to protect the reduction in the value of inventory and consequent erosion in earnings is to resort to hedging. Since the protection is required for every period and in a falling market the hedging may become a continuous process. In this sort of an environment, LIFO acts as a natural hedge against the volatility in the market as this enables the input material to be consumed at the current cost and hence the valuation difference between the opening inventory and the current market does not impact the earnings of the current period.
The options to account for 'cost the inventory' at LIFO or FIFO or weighted average method may be made available under law of the land, to businesses, for them to choose the method that best reflect the true and fair view of their nature of business. Considering the unprecedented meltdown, the transitional impact on account of adopting LIFO shall be fully taken to retained earnings.

**Separate accounting treatment of ‘Minimum Operating Inventory’ / Base Stock**

Every Refinery has to make certain investments to maintain a minimum level of inventories of Feed Stocks and Finished Goods in order to operate the refinery. This investment is as essential to run the refinery as investment in Plant & Machinery. This minimum level of inventory always remains in the refinery like any other assets. This minimum inventory can also be referred as ‘core inventory’ or ‘minimum fill’ or ‘base stock’ to be used as a facilitation material for other inventory and to ensure smooth operation of facility. The above-mentioned inventory or base stock can only be removed when the production facilities are finally decommissioned. Currently, the above inventories are in the scope of Ind AS 2 – Inventories. However, they are of specialised nature and their movement is dependent on the existence of the business.

Ind AS 2 – Inventories, does not provide any specific guidance with respect to accounting for inventories which are held for its continued business operations i.e. Minimum operating level of inventory or Base Inventory. Hence it would be appropriate if such inventories would be measured at cost or following the principles of Ind AS 16 – Property, plant and equipment.

The minimum inventory maintained by the Oil & Gas industry for its smooth business operation is always susceptible to volatility in crude oil prices. Further, these crude oil prices depend upon global factors. In current economic environment, price war between two nations have significant impact on crude oil prices. So, one can always say that crude oil prices are not based on demand supply parameters. Hence recognising their movement for base stock inventory does not reflect true and fair view of financial statements.

Hence, considering the nature of above inventory it is inappropriate to measure them at its realizable value (lower of cost or NRV). As it has the characteristic of fixed assets which are measured at cost.

In India, Refining and Petrochemical products are measured following the guidance given in Ind AS 2 – Inventories, that is lower of cost or net realizable value. Further, as per Ind AS 2, the cost of inventories shall be arrived at by using either the FIFO or weighted average cost formula to value the inventories at the lower of cost and net realisable value.

Furthermore, as per Ind AS 2 any reduction in value of inventory has to be debited to the Profit or Loss account, which results in analysis that any gain or loss is because of Company performance. But actually, there are different aspects which affect pricing of crude oil, which are not actually attributable to performance/ decisions of companies. Application of this standard brings extreme volatility in the profit and loss account, as the inventory prices of refining and petrochemical sector (crude) is dependent upon the international factors.
Global development – Extract from IFRS agenda paper:

In the past, a similar paper on classification of core inventories as Property, Plant and Equipment (Ind AS 16) was being discussed by IFRS Interpretation Committee (Committee). The Core inventories are primarily held for making a production facility operational rather than recovering the carrying value through sale. Core inventories are necessary to bring a property, plant and equipment asset to its required operating conditions and hence shall be classified as part of PPE as per Ind AS 16. This is also supported by the IFRS interpretation committee’s accumulation of diversity of practice through its outreach and on example of public financial statement (example 1 and 2 for ‘Oil & gas industry- ‘base’ (‘cushion’) gas in storage facilities’ and ‘Oil and gas industry-pipeline fill(‘line pack’)’ respectively. This has also been deliberated by the IFRS Interpretation committee (Agenda ref 15 dated March, 2014, para 33)

Rationale:

The minimum operating level of inventory is required for the smooth operations of the business and can only be removed when the production facilities are finally decommissioned. The inventories in the pipeline of refinery, would be constantly flowing physically. At the time of removing crude for further processing from one end of pipe (i.e. refining) unless crude (raw material) is fed in the pipeline from other end, continuous flow of crude is not possible. Keeping the pipeline vacant not only delay the process of refining of subsequent batch but also critical to maintain pipeline in working condition. Hence, at any given point, a constant level of inventories, when looked at collectively, is maintained within the refinery plant.

Even though core inventories are commingled with ordinary inventories, the characteristics and intended use of a particular part of the inventories remain the same at each individual reporting date. Thus, these core inventories need to be accounted for separately. The classification based on the intended primary use, rather than on their physical form, would provide more relevant information for the users of financial statements.

As per Ind AS 2, inventories shall be measured at the lower of cost and net realisable value. In sectors like refining and petroleum, valuation methodology given in Ind AS 2 may not show proper results. In case cost model is permitted for such core inventory, there won’t be any abnormal fluctuations in profit or loss of entity.

This minimum level of stock is not held for sale in the ordinary course of business. Accordingly, it is not appropriate to determine its net realisable value, which is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Hence, not applying the general measurement treatment, this minimum level of inventory shall be measured at its original cost. This inventory shall not be subjected to any future revaluations as this may lead to improper impact on the statement of profit and loss. As this impact on the profit or loss would not be created due to the changes in day to day business operations but just by a revaluation of the inventory.
In addition to above taking the reference of Ind AS 16 – Property, plant and equipment, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management will be added to the cost of assets.

Accordingly, in case of base stock or minimum operating level of inventory which has been kept in the pipeline, as it is necessary to bring the underlying assets in its required operating conditions.

We would like to make submission; the core inventory shall be considered either as a separate category for valuation purpose and shall be accounted for at its original cost. This will enable the refining and petroleum sector to present a true and fair view of the profit and loss of the enterprise. Accordingly, the transitional impact on account of adoption of cost method shall be taken to retained earnings or Base stock more appropriately represents the characteristics of fixed assets, hence the same shall be classified as part of Property, plant and equity and will be amortised over the useful life of underlying pipeline of the company or The combined application of Ind AS 16 and Ind AS 2 enable the company to measure the base stock inventory at cost with subsequent movement in inventory prices to be transfer in / withdraw from a special reserve created for this specific purpose. Accordingly, entities will create Inventory reserve which will contain price differential for base stock inventory. Further, creation of reserve will protect Profit and Loss account from volatility in commodity prices and its impact.

Impact on Financial Statement due to Rupee Depreciation

As a result of impact of Covid-19, the rupee has significantly depreciated and there is considerable uncertainty. There would be a severe “mark-to-market” impact of translating all foreign currency liabilities to year-end foreign exchange rates. This would severely impact the P & L Account of the companies. These being unrealized notional losses may be allowed to be spread over the next 12 months so that the burden on the Profit and Loss Account is eased and the results of companies are not distorted by this unusual phenomenon.

Banning of Unregulated Deposit Schemes Act, 2019 (BUDS Act)

Relaxations which may be considered for a certain period of time under the BUDS Act:

a) Currently amounts received by way of contributions towards the capital by partners of any partnership firm or a limited liability partnership are excluded from the definition of “deposits”. Similarly, loans or deposits received from partners or employees may also be excluded from the definition of “deposits”, to increase the funds which may be available to partnerships/LLPs;

b) Currently amounts received by an individual by way of loan from his relatives or amounts received by any firm by way of loan from the relatives of any of its partners are excluded from the definition of “deposits”. Similarly loans received from others (not being relatives) may also be excluded to increase the funds which may be available to an individual /firms;

c) Currently under Section 2 (4)(l), the first proviso provides:

“Provided that if the amounts received under items (i) to (iv) become refundable, such
amounts shall be deemed to be deposits on the expiry of fifteen days from the date on which they become due for refund"

The period of 15 days could be extended to [3/6 months] beyond the expiry of the due date, to allow for extended periods to avail of the relevant monies under the BUDS Act;

**GIST OF RECOMMENDATIONS**

1. Allowing Companies to pass circular resolutions/circular notes of Board/Committee for restricted matters without the requirement of conducting a Board/Committee meeting for approving such matters for a period up to June 30, 2020.

2. “Mark-to-market” impact of translating all foreign currency liabilities to year-end foreign exchange rates being unrealised notional losses may be allowed to be spread over the next 12 months so that the burden on the Profit and Loss Account is eased and the results of companies are not distorted by this unusual phenomenon.

3. Relax the mandatory requirement of holding meeting in case of appointment of Director including Independent Directors in Casual Vacancy.

4. Relaxation in due date of filing various forms under Companies Act, 2013 with MCA (including IEPF Authorities) for the period starting from March 1, 2020 to June 30, 2020 or such other period as may be notified by the Central Government.

5. Temporarily dispense the requirement of recording of a meeting; preparation of minutes within 30 days after the meeting; signing of the minutes by the Chair etc. In addition to VC, audio calls may also be permitted for conduct of meetings.

6. Specific guidelines on what all needs to be complied with and certified will be useful for companies to certify compliance with COVID-19 Guidelines Form CAR. Also MCA may kindly clarify the last date for filing of the Form.

7. Extend the current financial year by 3 to 6 months thereby enabling entities to present their financial statements for the period beginning April 1, 2019 to 30th June 2020 or 30th September 2020. Benefit may be extended for tax purposes as well as Company Act Purposes. The Annual General Meeting is required to be held within 6 months of FY close; this may also be extended per the financial year.

8. The options to account for 'cost the inventory' at LIFO or FIFO or weighted average method may be made available under law of the land, to businesses, for them to choose the method that best reflect the true and fair view of their nature of business. Considering the unprecedented meltdown, the transitional impact on account of adopting LIFO shall be fully taken to retained earnings.

9. Meeting the CSR obligations for 2019-20: companies may be allowed to carry forward up to 25% on the obligations for current year and add that to next year’s obligations. This is more because cash availability is under stress. Also the Government may allow reconfiguring the planned CSR programs by Companies as well as reconsider some of the prescriptions being proposed through CSR amendments.
10. The date for submission of comments on the Companies (CSR Policy) Amendment Rules, 2020 may be extended to 30 June 2020.

11. MCA may kindly address the issue of liabilities for directors including independent directors rising out of non-compliances on account of the practical challenges due to COVID-19. They may be extended a fixed period immunity to provide them the comfort on this front.

12. Under the existing rule, loan is prohibited between holding and subsidiary companies except loan to Wholly owned Subsidiary. This provision to be relaxed and loan by holding company to subsidiary company and vice versa should be allowed.

13. The pre-set tenure of Directors including Executive Directors that may end during this interim period (i) till the date of the AGM or (ii) at the AGM; may also be correspondingly extended with the extension of the AGM date.

14. MSME payment obligations: The requirement to pay in 45 days, may exclude the lock down period or extend that to 90 days till 30th June 2020. The half yearly Return for MSMEs for the October-March period is required to be filed by April 30; the date should be extended to 30 September 2020.

15. Suitable Extension of time period for enabling transfer of unclaimed dividend to Investors protection fund which is due to be transferred in March/April. Time period for meeting submission deadline of filing verification report by company to investors protection fund authority in regard to any application for claiming of unclaimed shares, may be suitably extended, which is currently 30 days.

16. Some more relaxation from SEBI are also warranted: (a) Extension of time for filing promoters declarations under SEBI takeover code - due date 7th April (b) Operation of Registrar and Transfer agents (RTA) allowed by SEBI but the local authorities are not allowed them to work, which may be looked into so that RTAs can work smoothly.

17. The pandemic COVID-19 while is a global challenge faced by citizens across the world affecting wide array of industries and services, the economic slowdown and disruption of operations that have been caused due to pandemic virus may necessarily be considered as a valid ground of force majeure event and therefore, relaxation may be made from the mandatory disclosure requirement under Regulation 30 of SEBI LODR.

18. The Govt may enable rollover of maturing financial liabilities during April – June 20 quarter. In times of international stress like the present times, liquidity support to the businesses is very crucial. Banks can be advised to set up additional credit lines up to 35% or 40% of the present limits for its borrowers as a means to meet cash shortfall caused by the business disruption.

19. Relaxation in Recognition of NPA Norms: There may be a relaxation in NPA norms for Banks and NBFCs beyond the current prescription of 90 days overdue. Possibly 180 days threshold may be more relevant for current times. This of course will be one-time relief and can be reviewed from time to time. Many of the borrowers are genuinely cash deprived due to the business disruption and banks / NBFCs may be enabled to help these businesses tide over the current crisis.
20. The Institute of Chartered Accountants of India have issued guidance on validity of Comfort Letters issued by their members to companies planning to go IPO to 135 days from the date of the financials. MCA and SEBI have always given a time limit of 180 days. MCA may guide ICAI to temporarily amend their guidance note to 180 days.

21. Ind AS requires valuation and Fair Value accounting. In these tumultuous times Fair Value accounting may give varied results basis assessment of the situation by the individual assessor. A holistic approach has to be taken on this standard and accounting practice else financials are likely to take on unnecessary burden example – goodwill impairment etc.

22. Companies may be allowed to raise private debts under these circumstances. This is better than diluting equity, given valuations are depressed during the crisis. These can be called Covid Bonds and can be discontinued as and when the crisis is over.

23. To cushion companies from the severe economic impact of COVID-19, credit rating reviews by rating agencies may be extended by six months.

24. Guidelines on accounting and auditing for COVID 19 period may be prescribed.

25. Relaxation on audit requirements (like Physical verification etc.)

26. Disclosures to explain the COVID19 impact separately - For Audit report for FY 2019-20, if there may be specific guidance regarding physical verification of inventory/ assets/ cash and bank/ customer/ vendor balances to the effect that confirmation done for a later date and rolled back to 31st March 2020 will be considered as compliance of audit process.

27. Allowing company to deliver sanitizers / masks / PPEs even if the Memorandum / Article of Association doesn't mention these categories during COVID19 period.

28. Delay in getting certificates from Gratuity Trust. This will delay actuarial valuation exercise so may be addressed.

29. Delay in balance confirmation by Banks to Auditors both in Indian and overseas Banks. They may authorise the auditors to accept the screenshots and not insist of bank confirmations. Similarly, the logistical challenge for getting balance confirmations from debtors and creditors may be addressed.

30. Requirement of investing 15% of debentures maturing in a year in specified liquid funds, on or before April 30 has now been extended till June 30, 2020 for the debentures maturing in the financial year 2020-21. Since companies are under financial stress, a deferment of this provision till the next financial year may be considered.

31. Requirement for registration in ID databank be further extended till June 30, 2020 and that they be allowed to appear for the online test within a period of one year from June 30, 2020 irrespective of their date of registration in the data bank.

32. Courts are proposing to consider VC as a medium to participate in the court proceedings. It will be helpful if NCLT could also consider this.

33. With respect to IBC, issues like following timelines of an ongoing CIRP; CoC meetings; taking possession of physical assets by IRP; inability to take actions by the RP, creditors and
prospective resolution applicants / extension of time beyond 180 / 270 days' CIRP period etc may push the corporate debtor into liquidation due to the timelines – among others may need to be discussed and addressed by the Regulators.

34. Referring of new cases under IBC Code may be suspended till situation normalise. If at all it has to cover, it be restricted to reference by Banks where there is continuing defaults for longer period.

35. The Government may consider suspending Sections 7, 9 and 10 of the Insolvency and Bankruptcy Code, 2016 for a period of six months to prevent financial creditors, operational creditors and corporate applicants from filing of insolvency proceedings against corporate debtors.
Sectoral Recommendations as on 1 April 2020
Sectoral Recommendations: Financial Markets

COVID19 is having a far-reaching impact across the globe. It has sent the entire global economy – already reeling from sluggish growth – into a tizzy. Fears of a global recession is ruling the roost if, in the next few weeks, this pandemic is not brought under control.

The Government of India has done a tremendous job in proactively taking several measures, which has helped contain the spread of this virus so far. Corporate India has also been generous in supporting these measures through various methods such as, announcing work from home, factory shutdowns, provision of sanitizers and masks, health care support, and above all, a commitment to protect jobs.

However, as the crisis prolongs, it will become increasingly unsustainable for business / industries to manage liquidity and viability. One can already see emerging evidence of these which will only amplify as each day passes.

Apart from the demand-side impact, the tightening of pandemic's grip has shaken the financial markets globally as well as in India. Indian equity markets after the 2008 crisis has for the first time hit the lower circuit limit, bond yields have fallen, commodities market has become very volatile. Credit flow has also been disrupted not only because Banks are operating with skeletal staff and NBFCs are not allowed to open shutters due to the lockdown, but also because lockdown has impacted the demand of credit from corporates either for capital expenditure or expansion.

Though Ministry of Finance, SEBI and RBI have announced various measures to soothe the nerves of the investors and corporates but falling equity markets and expanding spreads in the debt market have jolted the confidence of the investors. Unprecedented times call for unprecedented and more coordinated measures.

In light of the above, CII recommends certain measures for the consideration of Government of India, SEBI and RBI, which if implemented may act as a relaxant in the over-stressed market and economy.

Requirement of Closure of Trading Window under SEBI (Prohibition of Insider Trading) Regulations, 2015 - Make Relaxation in the Time Period for the Closure

Pursuant to Paragraph 4(2) of Schedule B of SEBI (Prohibition of Insider Trading) Regulations, 2015, (“SEBI PIT Regulations”), closure of trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results.

Also, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (“SEBI LODR Regulations”) every listed entity is required to submit the annual audited financial results within 60 days of the close of the financial year i.e., on or before May 30th.

Considering the current scenario and the situation created by COVID-19, SEBI, vide its circulars dated March 19, 2020 and March 23, 2020, has granted relaxations from various compliances
Recommendation

The requirement to close the trading window for dealing in the securities of entities by their designated persons commences from the end of every quarter till 48 hours after declaration of financial results as per the SEBI PIT Regulations. Effectively therefore, the trading window for dealing in the securities remains closed for a maximum period of 62 days if the board meetings of the entities are held on May 30th. In the wake of relaxation granted by SEBI for submission of annual audited financial results till June 30, 2020, it is suggested that SEBI also considers extending the period of commencement of closure of trading window by the listed entities by a month, i.e., allowing the entities to commence their trading window closure from the end of April 2020, or from such earlier time as many be decided by the compliance officer of the entities.

In the current scenario where majority of the companies have asked their employees to work from home across the country, it is highly unlikely that the companies will be able to announce their audited financial results prior to May/June 2020. In the normal circumstances, the companies which were announcing their results in April/May were also closing their trading windows from the end of the quarter, which would have been March 2020 in the given instance. This is equally true in respect of the companies announcing their unaudited financial results if their accounting year is different than April-March. For such companies also, SEBI has relaxed the requirement to submit the results by 45 days, i.e., up to June 30, 2020.

In view of the above and considering the relaxation given by SEBI in submission of the audited financial results/unaudited financial results, it is recommended that SEBI provides relaxation for closure of trading window as well to the listed companies, by making the same applicable effective from the end of April 2020 instead of March 2020. This rationalization will also have the positive impact of allowing promoters to buy in the market, thus supporting prices which are in free fall.

Representation for Relaxation for Capital Market Transactions

Considering the impact COVID-19 already has and likely to have over the course of next few weeks, one such sector which necessitates relief from the Government of India (GoI) is – Capital Market Transactions, specifically fund-raising activities. The capital market fund raising activities are core to the financial system of the country that ensures movement of funds to those who need it, and channels the funds to productive uses which ultimately contribute to the GDP of the country.

The public fund-raising activities in India are primarily regulated by the Securities and Exchange Board of India (SEBI) and by the Ministry of Corporate Affairs through various Acts, Rules, Regulations and Guidelines. The public fund raising in India through IPO, FPO, Rights Issue etc. is subject to various eligibility norms and disclosure requirements in the Offer Documents and requires prior approval of SEBI to access the capital market. As per the latest data available on
the website of SEBI, there are 6 Issues which are yet to receive SEBI nod and as many as 15 Issues have received SEBI’s nod during last three months, of which 14 Issues are yet to open for public subscription.

The COVID-19 pandemic has directly impacted and will have impact on these issues, both on account of unstable and volatile market conditions as well as restrictions on the movement of the public on account of lockdown. This situation has forced the corporates either to delay the opening of the issue or reconsider the fund-raising plan.

Accordingly, to cope up with this situation and to provide support to the Indian corporates, the GoI should consider certain general statutory and regulatory relaxations / reliefs for the corporates accessing capital markets for fund raising, inter alia, the followings:

1. Relaxation from strict compliance of requirements of disclosure not being older than six months financial information in the offer document;
2. Reliefs to the corporates to revisit and if required, revise the objects of fund raising without seeking approval from the SEBI;
3. Reliefs to the corporates to reconsider and if required, revise the pricing and other terms of the Issue (not disadvantageous to the public) without seeking approval from the SEBI;
4. Relaxation to the corporates whose SEBI approval for the Issue is about to expire in upcoming months, to defer the Issues without seeking fresh approval from the SEBI.

**Relaxation in the pricing norms for Open Offer and Preferential Issues**

**Issue:**

The prevailing situation has led to a sharp reduction in the share prices and have eroded significant wealth of the shareholders. Indian corporates would like to ensure they have sufficient liquidity to continue with their medium and long term growth plans. However, the current pricing norms for open offers and preferential issues is expected to become a deterrent for companies to capitalize themselves, by accessing markets. This is because SEBI regulations require a minimum price based on recent historical prices. This is prescribed anticipating that markets will either be stable or go up gradually. In these times, they will choke of supply to much required capital for the company. Given the current situation of the markets, it will be imperative for SEBI to relax the pricing norms. This will benefit all the stakeholders including employees, customers and shareholders.

**Current Regulations:**

The current pricing norms for the open offer price as per “Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011” Chapter II Regulation 8 is as follows: “In the case of direct acquisition of shares or voting rights in, or control over the target company, and indirect acquisition of shares or voting rights in, or control over the target company where the parameters referred to in sub-regulation (2) of regulation 5 are met, the offer price shall be the highest of, —
(a) the highest negotiated price per share of the target company for any acquisition under the agreement attracting the obligation to make a public announcement of an open offer;

(b) the volume-weighted average price paid or payable for acquisitions, whether by the acquirer or by any person acting in concert with him, during the fifty-two weeks immediately preceding the date of the public announcement;

(c) the highest price paid or payable for any acquisition, whether by the acquirer or by any person acting in concert with him, during the twenty-six weeks immediately preceding the date of the public announcement;

(d) the volume-weighted average market price of such shares for a period of sixty trading days immediately preceding the date of the public announcement as traded on the stock exchange where the maximum volume of trading in the shares of the target company are recorded during such period, provided such shares are frequently traded;

(e) where the shares are not frequently traded, the price determined by the acquirer and the manager to the open offer taking into account valuation parameters including, book value, comparable trading multiples, and such other parameters as are customary for valuation of shares of such companies; and

(f) the per share value computed under sub-regulation (5), if applicable.”

Similarly the current pricing norms for preferential issue price as per “Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018” Chapter V Regulation 164 are as follows: - “If the equity shares of the issuer have been listed on a recognised stock exchange for a period of twenty six weeks or more as on the relevant date, the price of the equity shares to be allotted pursuant to the preferential issue shall be not less than higher of the following:

(a) the average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty six weeks preceding the relevant date; or

(b) the average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date.”

**Recommendation:**

- Investors are likely to find it difficult to invest in corporates at the current pricing norms considering there is significant difference between the floor price and current market prices. During these uncertain times, we request SEBI to relax the open offer and preferential issue pricing norms, reducing the current period of sixty trading days, for calculating VWAP in open offer price, and twenty six (26) weeks, for calculating VWAP in preferential issue price, to a shorter period of two weeks.
Review of Margins on Futures and Options

Risk management is critical in capital markets and the margining system should ensure the integrity of markets and should not result in failure of intermediaries towards their obligation to Clearing Corporations and also cause unnecessary hardships and losses to investors particularly the small ones. Risk is related to levels in the market. Hence it is common understanding that risks go up for when markets are high and go down when markets go down. It is therefore fair to believe that risk in the market at the level of 11000 was higher than at the level of 8000 all other things being equal. Our present system of margins in Nifty Futures consist of –

A. Exposure upfront margin is fixed and doesn't change based on markets; and
B. Initial margin changes daily as per present system of exchange.

The table below depicts the change in the Margins during March:

<table>
<thead>
<tr>
<th>Date</th>
<th>Nifty close</th>
<th>Exposure</th>
<th>Initial</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/3</td>
<td>11133</td>
<td>4.24</td>
<td>7.16</td>
<td>11.40</td>
</tr>
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<td>13/3</td>
<td>9995</td>
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<td>16.09</td>
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<td>20/3</td>
<td>8745</td>
<td>4.24</td>
<td>14.87</td>
<td>19.11</td>
</tr>
<tr>
<td>24/3</td>
<td>7801</td>
<td>4.24</td>
<td>21.02</td>
<td>25.26</td>
</tr>
</tbody>
</table>

Issue

As detailed in the table above, market is down from 11133 to 7801 i.e. by 30 percent and the long-term investor has paid mark to market (M to M) of 30%. In addition, the present margins have increased from 11.4% to 25.26%, i.e. more than doubled. This is therefore contrary to the normal belief that the risk of the market will come down when markets fall. While volatility has indeed increased, it must be calculated with the base price of today, rather than historical prices.

The impact of such an incongruent margining system on small investors is very negative and many investors had to square off their positions due to the increase in margins, in spite of markets going down by more than 30%. Investors lost heavily as no one could anticipate margins more than doubling, despite markets moving down so sharply.

Recommendation

We therefore recommend a dynamic margin system where the margin levels are higher when markets go up and the margins reduce when markets go down. As a simple example, if margin was 10% at a level of 10,000 NIFTY, it could go up by 1% for every 1000 increase and similarly go down 1% for a reduction of every 1000 points. As a part of this margining system there could a cap on the higher side and limits on the lower side, for instance 15% on higher side and 10% on lower side.

This system also has the advantage of the predetermination of margin levels. In the present system the margin levels are completely unknown.
Rationale

Any margining system should be clearly known to the market participants and the suggested system will have this advantage. The above example is for the long positions in the market. For short positions the dynamic margin system will work the other way-round, for example when markets go up the margins should come down and when markets come down the margins should go up. This will serve the purpose of making short selling less attractive while markets are falling. It would avoid the necessity of any action by SEBI to reduce or stop the short selling.

The above proposal will, in our view, be innovative and will align with market risk and also provide the right equilibrium between the bulls and the bears.

Immediate Minor Changes suggested in the present margining system

1. Currently margins are changed sometimes during the day as the margin files are released by the exchange, five times in a day. It is suggested that no changes in margining should be done during the market hours and all changes should be announced to be applicable from the next day onward.

2. Final margins payable by the clients are known after the margin file is received from the exchange at about 4-5pm. It is therefore difficult and presently near impossible to collect the margins from the client and pay to the exchange on the following morning. The obligation of the brokers to pay the margin should be made on T+2 day or at best in the evening of T+1.

3. Due to infrastructure problems, there are difficulties in collection of margins. There should be no penalty levied in the collection of margins for at least 2-3 days after 15th March.

4. For NRIs collection of margins cannot be done on a single day due to time differences and hence for NRI margins, payment of margin should be permitted on T+2.

Asset Reconstruction Companies

Background

COVID 19 has been declared by the World Health Organization (WHO) as a pandemic. This is a force majeure event with global implications.

We believe the most critical element of any economic measures revolve around ensuring that the credit markets continue to function well. Hence, a host of dispensations, flexibilities and measures are required to ensure that credit markets do not freeze and we are well insulated from its long term economic implications.

Asset Reconstruction Companies (“ARCs”) are a significant part of financial/credit markets and play a very important role. ARCs purchase Non Performing Loans (NPAs) across geographies all over India covering all segments including Large Corporates, MSMEs, Retail & Individual loans including Mortgages, Auto loans, etc.
ARCs not only purchase NPAs from the Banking system, they help the Companies to Restructure and Revive them by providing additional funding to these Companies (who are starved of funding). ARCs not only take the risk of buying the NPAs from the Banking system, but also act as lenders of last resort to the distressed NPA Companies. **ARCs work towards unlocking the value of NPAs in the system including SME and Retail sectors and ensuring that these survive and are able to once again stand on their own and continue to flourish.**

**Challenges faced**

a. ARCs need to raise debt capital along with equity for funding acquisition of Stressed debts (NPAs) and also for providing working capital support for restructuring the companies whose debts are acquired. RBI has also stipulated minimum Capital Adequacy Ratio of 15% for ARCs. ARCs have over the years raised both debt capital by way of bank sanction as well as from the capital market by way of NCDs. **However, after the liquidity crisis in the market post default by IL&FS, availability of bank credits to the ARCs has been stopped completely with most banks (including some existing lenders) refusing to accept ARC proposals and also reducing/ freezing the existing lines. During discussions, banks have cited regulatory inspection comments as reasons for discontinuing existing credit lines to ARCs while others have cited lack of regulatory clarity for considering credit proposals of ARCs.**

b. March is an important month for the ARCs from the perspective of closing all settlements and sale of assets with 31st March also the deadline for all payments to be received. **Due to this COVID – 19 pandemic, March has been a complete washout in this aspect as all settlements, payments etc. have been delayed and there are no visible signs of when these payments will actually materialise.**

c. Entire country is in Lockdown due to COVID – 19, including our Courts and Judicial system. This is akin to force majeure event and should be treated accordingly. The recoveries of ARCs are heavily dependent on timely judicial orders. **The pandemic has resulted in significant delays in the recoveries to ARCs due to delays in getting judicial orders/delays in hearings etc. Moreover we foresee a huge uncertainty on the opening of Judicial system and their priorities even after their opening.**

d. **Pandemic has resulted in severe damage to asset pricing:**
   i. The pandemic is resulting in a recession which is creating severe pressure on the prices and the realisibility of the assets which are put up for sale. Wherever the sale/resolution process is under the supervision of NCLT and the resolution applicants are awaiting court order, resolution applicants may cite force majeure and may not go ahead with bringing in necessary funds in the current situation.
   
   ii. Recovery by way of asset sale by the ARCs is also severely affected by this pandemic. Further the underlying assets of ARCs which were operating and are under restructuring are already stressed, this pandemic is putting further stress on these assets. All these are creating severe pressure on the cash flows of ARCs and its Asset Liability Management. Fire sale of these assets is also effecting the banks.
e. Indian economy is severely impacted by this COVID – 19 virus leading to an urgent need for re-capitalisation of the Business.

We strongly believe, the underlying stressed NPA assets of ARCs, which are under revival/ restructuring, will not survive unless we infuse more equity into them. For that ARCs itself need equity to support the underlying distressed asset.

f. ARCs are a significant part of Credit Markets and play an important role within the Credit Markets system. The distressed borrowers who are under restructuring and revival under the supervision of the ARCs are also dependent on the ARCs to provide them with working capital support. The distressed borrowers are affected more in times of emergency. Hence it is extremely important that ARC sector continues to remain operational with adequate amount of debt and equity, else it will lead to cascading social implications (job losses, insecurity etc and rising NPAs).

Recommendations

I. To ensure that ARCs themselves do not come under financial stress, we request a solution with an outlay of Rs. 10,000 crore for the ARC industry divided into two equal parts as follows:

1. Infusion of Equity through NIIF:

   NIIF or similar entities may be used to step in as equity sponsor to restore the networth and enhance credit worthiness of ARC industry by bringing in the necessary equity.

2. Special liquidity lines like TARP from Banks:

   To avoid fire sale of assets, special liquidity lines (a TARP like window) for ARCs be made available from RBI/Banks.
   
   To step in with credit line with priority returns with a time frame of 3 years.
   
   This credit line would have priority over other returns and would be repaid first with 8% interest or interest at SBI PLR. This would ensure that credit transmission happens in a timely manner.

II. A moratorium for debt servicing (principal plus interest) for at-least one quarter is a must for protecting the ARC industry. RBI has provided interest and principal moratorium for all bank borrowings. Similar moratorium is requested for all capital market borrowings of ARCs as in past most of ARC borrowing were from the capital markets.

III. Moratorium in rating surveillance for the ARCs – while rating agencies may continue to carry out their surveillance, they may be prevented from downgrading the ratings for a period of one quarter.

Enabling Greater Capital Flow for Addressing the Stress in Banks and NBFCs

SEBI may explore the option of permitting the creation of a Special Situations Funds (SSFs), which may be formed under the SEBI Alternative Investment Funds (AIF) guidelines and the Reserve
Bank of India (RBI) may permit such funds to purchase non-performing loans (NPLs) from the banks and non-banking financial companies (NBFCs).

SSFs which may be registered as AIFs should be permitted to purchase loans by removing the regulatory constraints imposed on AIFs. The purchase of predefined stressed loans from banks and NBFCs should not be equated to undertaking lending business. An appropriate regulatory framework governing the aforementioned activity will provide much needed capital to address the pressing issue of stressed loans.

I. Special Situation Funds do not conduct lending business akin to lending business undertaken by banks and NBFCs:

The proposed SSFs shall purchase specified NPLs that qualify as ‘Special Situation Assets’ from the originators or lenders. While the definition of ‘lending’ is not expressly provided, reference may be drawn to the definition of a ‘non-banking financial company’ as provided under Section 45-I(f) of the Reserve Bank of India Act, 1934 ("RBI Act"). The relevant excerpt is reproduced hereinbelow:

“(f) “non-banking financial company” means—

(i) a financial institution which is a company; 

(ii) a non-banking institution which is a company, and which has as its principal business the receiving of deposits, under any scheme or arrangement or in any other manner, or lending in any manner; 

(iii) such other non-banking institution or class of such institutions, as the Bank may, with the previous approval of the Central Government and by notification in the Official Gazette, specify;” (emphasis supplied)

A financial institution is defined under Section 45-I(c) of the RBI Act as follows:

“(c) “financial institution” means any non-banking institution which carries on as its business or part of its business any of the following activities, namely: –

(i) the financing, whether by way of making loans or advances or otherwise, of any activity other than its own; 

(ii) the acquisition of shares, stock, bonds, debentures or securities issued by a Government or local authority or other marketable securities of a like nature: 

(iii) letting or delivering of any goods to a hirer under a hire-purchase agreement as defined in clause (c) of section 2 of the Hire-Purchase Act, 1972: 

(iv) the carrying on of any class of insurance business; 

(v) managing, conducting or supervising, as foreman, agent or in any other capacity, of chits or kuries as defined in any law which is for the time being in force in any State, or any business, which is similar thereto; 

(vi) collecting, for any purpose or under any scheme or arrangement by whatever name called, monies in lumpsum or otherwise, by way of subscriptions or by sale of units,
or other instruments or in any other manner and awarding prizes or gifts, whether in cash or kind, or disbursing monies in any other way, to persons from whom monies are collected or to any other person, but does not include any institution, which carries on as its principal business,– ...” (emphasis supplied)

From the above it can be inferred that ‘lending’ means financing of any activity by making a loan or an advance, whereas, the principal business of SSFs will only entail the secondary purchase of loans from lenders with the purpose of debt settlement of the lenders.

It may be argued that para (vi) as provided above, may be applicable as one of list of activities conducted by a financial institution thereby making a SSF a financial company. However, Question 9 under Part B of the Frequently Asked Questions (FAQs) on NBFCs issued by RBI clearly exempts venture capital fund companies registered with SEBI from registration as a NBFC. A parallel can be drawn for SSFs which shall also be registered with SEBI and hence clause (vi) above may not be applicable to SSFs.

II. Rationale to enable Special Situation Funds to purchase loans

According to item no. 7 of Frequently Asked Questions (“FAQs”) issued by SEBI with regard to the SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”), it is clarified that, since AIF is a privately pooled investment vehicle, the amount contributed by the investors to the AIF shall not be utilized for the purpose of giving loans.

However, the proposed SSFs can ensure that fresh capital is directed toward “cash” settlements of loans being sold by sellers. It is the need of the hour for the banking industry to find buyers who have the capital to pay in cash since existing debt restructuring vehicles such as asset reconstruction companies (“ARCs”) have limitations on capital availability.

**Recommendation:**

SSFs should be allowed to purchase Special Situation Assets which conform to the guidelines laid down in this regard. Such funds should be permitted to purchase any of the following defined loans only –

(i) loans that are recognised as NPLs by one of more lenders or whose borrowings are classified as SMA1, SMA2 or NPA or any other definition that the Reserve Bank of India may use to describe a company in stress; or

(ii) whose borrowings are rated D by one or more rating agency; or

(iii) who has defaulted (either on payment or on covenants) to one or more creditors.

III. Special Situation Funds to get benefit of “Qualified Buyer” status

SEBI registered AIFs which are mostly structured as Trusts do not fall under the definition of “Qualified Buyers”. This qualification is important for such AIFs to be able to purchase/subscribe Security Receipts in “Cash”.

Section 2 (u) of the SARFAESI Act defines ‘qualified institutional buyers’ as follows:

“A financial institution, insurance company, bank, state financial corporation, state industrial development corporation, trustee or asset reconstruction company which has been granted
a certificate of registration under sub-section (4) of section 3 or any asset management company making investment on behalf of mutual fund or a foreign institutional investor registered under the Securities and Exchange Board of India Act, 1992 (15 of 1992) or regulations made thereunder, any category of non-institutional investors as may be specified by the Reserve Bank of India under sub-section (1) of section 7, or any other body corporate as may be specified by the Board” (emphasis supplied)

As is evident from the above definition, only RBI has the power to prescribe any investor, which is not a body corporate as a ‘qualified buyer’.

Under the framework of the SARFAESI Act, only qualified buyers can purchase security receipts (SRs) issued by ARCs, as a result of securitization of financial assets.

Further, as per the SEBI Notification No. LAD-NRO/GN/2012-13/09/17427 dated 3 August 2012 (“SEBI Notification”), only an AIF set up as a body corporate falls within the scope of ‘qualified institutional buyer’ under the SARFAESI Act and would therefore be eligible to purchase SRs issued by an ARC.

Further, as per the RBI Notification bearing no. DNBR (PD-ARC) No. 07 /ED(SS)-2018 dated 16 May 2018 (RBI Notification), only Category II and Category III AIFs can act as ‘qualified buyers’ for the purpose of the SARFAESI Act, provided certain conditions prescribed in the RBI Notification are met.

Issue

Today, most of the AIFs are set up as trusts and not as body corporates, because of the operational flexibility that a trust structure offers vis-à-vis body corporates and the proposed SSFs will be no different. The current construct of the SARFAESI Act limits the scope of investment in NPLs by restricting it to investors set-up as body corporates and completely omits AIFs as an investor in distressed debt.

Recommendation

The RBI Notification has specified that Category II and Category III AIFs are ‘qualified buyers’ under the SARFAESI Act. However, the ambiguity, whether it is meant only for Category II and Category III AIFs that are set up as a body corporate or does it include all Category II and Category III AIFs, regardless of their set-up, remains.

It is recommended that the RBI, through a clarification/notification may specify Category I, Category II and Category III AIFs or SSFs set-up as trusts and registered with SEBI under the AIF Regulations as ‘qualified buyers’ under the the SARFAESI Act.

In addition, SEBI may amend/modify the SEBI Notification to delete the phrase “which is a body corporate and”.

IV. Level Playing field for AIFs with FPIs and other foreign investors in ARCs

Issue

As per the RBI Notification, the Qualified Buyer status of a Category II and Category III AIF is conditional upon the AIF inter alia, satisfying the requirement that the AIF, which has invested in an ARC, shall not invest in the security receipts (SRs) issued by that ARC.
**Rationale:**

The RBI Notification means that SSFs which **have invested** in an ARC cannot invest in the SRs issued by that ARC. SSFs may make investments in the Debt or Equity of ARCs for strategic reasons. **RBI in any case approves all Equity investment** in ARCs. Hence, only Debt Investment by an AIF is possible in an ARC by the SSF.

Presently, some Global players who already have FPI licenses, have been approved to set up ARCs in India. Such investors not only own and control ARCs but may also invest through their own FPIs to invest in the SRs issued by such ARCs.

However, an AIF, which may have invested in the Debt of an ARC, is prohibited from investing in the SRs of such ARCs. This **does not provide a level playing field for pooled vehicles** under the AIF regime, which is actively encouraged by policy actions.

**Recommendation:**

The RBI Notification may be withdrawn and brought in sync with the previous recommendations to enable SSFs set up as AIFs to invest in SRs so that capital flows are available to address the NPL issue.

**RBI restriction on FPI investment in Mutual Funds**

As per RBI circular dated 3 February 2015, “FPIs shall not be allowed to make any further investment in liquid and money market mutual fund schemes.”

SEBI introduced scheme categorization in June-2018. Since 2015, none of the RBI circulars for FPI investments in fixed income, mention any guideline or framework about mutual funds.

It will be appropriate to modify 3rd February 2015 circular to specify, “Other than overnight, Liquid and Money Market mutual funds, all other debt oriented mutual fund schemes are eligible for FPI investments”.

**Rationale**

FPIs are allowed to invest majority of their funds in medium to long term Gilts, Bonds and other debt instruments. There is no lock-in on FPIs in terms of their holding period.

Fixed income mutual funds other than overnight, liquid and money market funds invest in similar profile.

This clarification will allow FPIs to invest in domestic mutual funds. Many FPIs who don't have active fixed income fund management want to invest in fixed income mutual funds for deployment of their surplus. Today they have to take back the money outside of India in absence of any investment opportunity. This clarification which is in line with the RBI philosophy will open an investment option for FPIs and encourage them to keep their money in India.
RBI to consider Private Placement of Government Bonds

Reserve Bank of India (RBI) to consider allowing private placement of Government Bonds for the extra amount that they are going to spend. RBI must share that news upfront, else auctions may lead to an increase in yields and refute the easing done. 10-year bond yields have not fallen commensurate to the 75-bps rate cut.

Banks to provide Working Capital Limits to brokers

Issue 1

When two settlements get combined or stock exchange / depository processing is delayed, brokers’ margins are stuck for longer than 1 day. In such cases, banks should be allowed by RBI to provide working capital limits (WCL) for stock exchange margin as they are aware that margins are blocked at stock exchanges. Banks should be able to provide this WCL since there is a clear pipeline for incoming funds next day.

Issue 2

Non-Institutional custodian trades are margined. Since brokers’ margin gets blocked on margined trades - which are high especially for pension funds and PMSs - SEBI registered stock brokers, who have complied with capital adequacy norms prescribed by SEBI and stock exchanges, should be facilitated by banks to have overnight funding facility for such trades.

As per RBI Master Circular on “Loans and Advances - Statutory and Other Restrictions” dated July 01, 2015 (as amended), banks can grant working capital to SEBI registered stock brokers in order to meet the cash flow gap between delivery and payment for delivery versus payment transactions, on behalf of institutional clients such as financial institutions, mutual funds, banks, etc. As per the circular, such working capital facilities shall be granted by banks for a short duration based on an assessment of the financing requirements in view of the cash flow gaps. We believe that the provision should be appropriately amended to include to allow banks to extend working capital facilities to SEBI registered stock brokers for meeting margin requirements for non-institutional custodian trades.

Since nowadays, pension funds are large buyers and their trades are custodian trades, which means in relation to “Other Mutual Fund and Insurance company” business, brokers' margin is used in pension funds but it is not used at exchange level for trade.

Typical trade size in such cases is Rs 200 crores and even at 25 percent exchange margin, for one trade itself, a stock broker needs an additional overnight fund of Rs 50 crores as margin. Since these are not regular trades, stock brokers cannot keep such large margins at exchange permanently.

Banks need to fund this immediately to allow for these lower levels of markets, as when mutual fund may have redemptions, etc., pension funds would be large buyers.
Other Points

1. Regulation 23(2) of the new PMS Regulations, 2020 provides that the minimum investment amount per client should be not lesser than INR 50 lakh, which was earlier INR 25 lakh. With respect to the existing clients, the new limits shall be applicable for all fresh investments or they are required to exit upon maturity of the current investments. In this regard, we request that the time period to increase the minimum investment amount be extended by 12 months or till the date of maturity, whichever is later.

2. The market expects RBI to issue cross border collateral posting guidelines, which would greatly help in better pricing for market participants in financial instruments such as derivatives. Request RBI to publish the same at the earliest so that market participants can take advantage of this.

3. Gazette notification on amendments to FEMA were issued on March 3, 2020, which were a perquisite for the liberalized Forex hedging guidelines (draft guidelines issued in Feb 2019). Request that the final guidelines be issued at the earliest.

4. The market is eagerly awaiting the guidelines on non-centrally cleared derivatives for which a discussion paper was issued in May 2016 by RBI and which were kept outside the purview of exposure limits till April 01, 2020; request if this can be taken up on priority.

5. We understand that the exemption granted to OTC derivatives from Large Exposure Framework (LEF) computation is likely to be extended for 1 more year. Request if this exemption can be issued at the earliest as the pricing for clients is being greatly affected by this.
Sectoral Recommendations: Steel

Steel industry saw a good recovery from the month of November 2019 after going through a big slowdown in demand since January 2019. By February 2020 China started showing signs of slowdown due to coronavirus outbreak but the steel production in China went up in February 2020 on YOY basis, Consequently and further aided by certain supply disruptions from Australia/Brazil, the raw material/inputs prices started soaring high and the steel prices corrected downwards by over USD50 per tonne. Any supply glut from China due to slowdown in Chinese demand may adversely impact global steel prices due to sizable share of China in global steel production, consumption and seaborne trade.

With a slowdown of all economic activities due to the nation-wide lockdown amidst steep drop in margins, the Steel Industry is likely to face huge drop in sales along with stress on margins. The entities are burdened to service debts and will not be able to even execute business plans nor do any expansions.

Some suggestion to revive the growth for the survival and sustainability of the steel industry is placed for consideration.

Short Term

1. Liquidity: Access to finance and availability of working capital
   - Interest payment on all Loans including NCDs/CPs and working capital limits should get grace period of payment for at least 90 days from the respective due date for a period of 180 days. This will assist Steel Industries to manage its cash flow. The instalment payment on term loans, NCDs should be deferred for 180 days.
   - Banks should extend on concession interest rate free additional working capital credit lines considering the nil margin to meet the shortfall in cash flows due to national lockdown to all units operating as on the date of announcement of Lockdown.
   - 20% of top up on term loan with 6 months moratorium and repayment 12 equal monthly installments thereafter.
   - Fixed charges pertaining to electricity and PNG to be waived off that accrued during the period of lock down.
   - Provide infrastructure status for steel sector to enable it to access financing in the markets at competitive rates.
   - Defer payment of import duty, GST and income tax payable during the period of lockdown for 90 days payable thereafter in 6 monthly instalments.
   - RBI introduced Large Exposures Framework (LES) which constrains the corporates to access the bank finance. The additional financing now being sought due to lockdown and its impact on Industry should be outside the purview of LES.
2. **Demand Enhancement**

With GDP growth rate being revised downward in FY21 considering sluggish economic conditions, domestic steel consumption growth is also expected to fall. This fall in demand will further get accelerated due to the slowdown in key user segments like infrastructure and auto sectors.

- Expedite implementation of Auto Scrapping Policy.
- Stepping up investments and time-bound implementation of infrastructure projects announced by the Govt.
- Imports from competing countries needs to be stopped as the current trade remedial actions are not adequate.
- Export-ready goods should be allowed to be transported due to restrictions on movement of goods.
- A package for automotive and infrastructure sector is to be considered as these are the major consuming sectors of steel.

3. **Raw Material Security: Shortage of raw materials**

- Zero import duty for essential raw materials for steel production- scrap, coking coal, coke, ferroalloys, Zinc, metallurgical limestone.
- If auctions are not completed for the expiring mines due to lockdown, those mines should be permitted to be operated by Government Owned companies such as NMDC as Custodian Under MDO concept.
- Stoppage of exports of raw materials used for steel production.
- Need extension of mine plans expiring in the Lockdown period for at least 3-4 months.

4. **Supply chain disruption due to Logistics challenges**

- Port Authorities should relax port charges/THC/Warfage etc. till situation normalizes
- Waiver of penalties on late filing of Bill of Entries.
- Waiver of container detention and ground rent charges at the ports for import and export activity.
- No restriction on inland movement of imported goods to avoid congestion at port.
- Round the clock custom clearance from ports.
- Allow Banks to release BRO (bank release order) to shipping lines in soft form (Digital) through authorised E-mail accounts. Shipping lines to issue DO accordingly till situation normalizes.
- Railways should announce special discounts (lean and long-distance discounts) for movement of Raw materials and Finished steel to help sector to sustain operations.
• Railways should extend credit of 90 days on freight payment to steel sector.
• No limit on validity of e-way bill for the period of lockdown.

5. Trade Policy
• Rules for levying anti-dumping Duty (ADD) and Safeguard Duty (SGD) must be strengthened for commodities like Steel to prevent imported products from flooding the domestic market and adversely impacting prices.
• Impose a duty on the imports equivalent to non cenvatable State and Centre Taxes, Duties & Royalties (Border adjustment Tax). Duty thus collected on imports to be utilized for Remission of Duties and Taxes Scheme for promotion of exports. Existing custom duties to be brought down by the same rate of Border Adjustment Tax.
• RODTEP rates should be announced on export steel and steel articles.

Long Term
1. Liquidity – Availability of working capital
• Steel industry is capital intensive requiring patient capital with long tenors as these projects have long gestations to generate profits. Department of Economic Affairs and RBI to examine Large Exposures Framework (LEF) guidelines to exclude steel from its purview to enable banks to lend long tenor loans to this sector. The definition of Control under LEF is subjective that constrains large Indian Corporate to borrow from Indian banks.
• RBI should advise banks to exclude exposure to NBFCs in a Corporate Group for computation of ‘Group’ exposure, as these NBFCs are regulated.
• Provide infrastructure status for steel sector to access long term capital
• Address the royalty related issues – royalty over royalty and payment of royalty @ highest grade to reduce the cost of doing business.

2. Demand Enhancement
• Ban on imports of seconds, defectives and re-rollable scrap steel, which constitute hazard to Indian consumers and also results in substitution of domestic prime quality production due to likely low market price even for standard products.
• Creation of enforcement mechanism for strict enforcement of Quality Control Order on all steel product, Imported or indigenous.
• Cut down imports in other categories, non-BIS categories, especially with non-HSN categories.
• Mandate use of standardized steel for ‘Dhaanya Lakshmi Scheme’ (grain storage) announced in Budget 2020. FCIIs to be so directed.
• Introduce Life Cycle Cost Analysis (LCCA) in project evaluation.
3. **Raw Material Security**
- Natural Gas and Electricity to be brought under the purview of GST.
- Tax break and capital subsidy for promoting use of non-coking coal-based iron and steel making.
- Earmark mines in auction for captive purpose and rationalize royalties and taxes in line with that of prevailing oversea.
- Amendment of Sec 21(5) of MMDR Act to differentiate ‘deviations from clearances’ from ‘illegal mining’.
- Allow seamless transition of concessions for unexplored areas from RP to PL to ML and renewal of Mining Leases in the interest of sustainable mining with resource stewardship.

4. **Logistics**
- Dedicated freight corridor for steel and other bulk materials.
- Completion of NW5 for facilitating steel and raw material movement.
- Rationalization of Railway Freight through reconsideration of Freight Marketing Schemes- (GPWIS: Effective Freight should be at par with normal Rly Freight, LTTC: Coal, Coke & Iron Ore Incl, SFTO & GPWIS Wagons also to be incl for LTTC, YoY Freight Inc to be revised down from 5% to 2.5%).
- Policy for laying Slurry Pipeline along Rly Line.
- Policy corrections for Slurry Pipelines along National Highways – Drain Corridors also to be allowed (for purpose of pipeline passing 1.50 – 2.00 m below surface level) in addition to the permissible Utility Corridor.

5. **Trade Policy**
- Lesser Duty Rule to be removed at the earliest possible.
- Auto-trigger safeguard mechanism to be incorporated in all existing FTAs.
- Expanding the scope of Steel Import Monitoring Scheme onto all tariff lines under Chapter 72 and Chapter 73.
- Bilateral Safeguard with auto trigger mechanism to curb excessive imports from all the existing FTA countries.
CII Recommendations and Action Taken as on 1 April 2020
COVID-19 Impact on Industry and Economy

CII Recommendations and Action Taken by Government and Regulators

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<tr>
<td>Agriculture</td>
<td>For agriculture sector, timely availability of inputs to farmers is of utmost importance and citizens depend on companies to keep supply chains secure to ensure food does not become a scarce resource. In this regard, we suggest: (i). Issue clear advisory to states to declare agri inputs and their supply chain, storage and warehousing services, cold chain, logistics &amp; related controls, agri product processing and their supply chain, as essential items/services.</td>
<td>As per MHA Circular dated No. 40-3/2020-DM-I(A), agri inputs and their supply chain, storage and warehousing services, cold chain, logistics &amp; related controls, agri product processing and their supply chain, are allowed to operate.</td>
<td>Fully accepted</td>
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<td>(ii). Allow operation of retail outlets (maybe with restricted timings) for distribution of agri inputs and farm machinery.</td>
<td>As per an addendum to the MHA Circular No. 40-3/2020-DM-I(A) dated 25 Mar 2020, shops for seeds and pesticides are allowed to operate.</td>
<td>Fully accepted</td>
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<td>Agriculture</td>
<td>To ensure seamless movement and distribution of input in reaching the farmer, we suggest the following:</td>
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<tr>
<td>Agriculture</td>
<td>Provide due permission for both interstate and within city movement for all transport vehicles, including refrigerated trucks, carrying raw material, intermediates and necessary ancillary material such as packaging material, etc.</td>
<td>As per an addendum to the MHA Circular No. 40-3/2020-DM-I(A) dated 29 Mar 2020, transportation of all goods, without distinction of essential and non-essential, have been allowed.</td>
<td>Fully accepted</td>
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<tr>
<td>Agriculture</td>
<td>While delivery of essential goods including food is included in exempt category under state advisories, companies involved in these operations are facing several challenges in catering to the customer demand. Hence, we request the government to:</td>
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<td>Issue clear instructions to the police department in all cities and interstate borders to allow movement of men &amp; material of companies engaged in serving essential needs of customers.</td>
<td>As per the MHA Circular No. 40-3/2020-DM-I(A) dated 24 Mar 2020, delivery of all essential goods including food, pharmaceuticals, medical equipment are allowed.</td>
<td>Fully accepted</td>
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<td>Asset Reconstruction Companies (ARCs)</td>
<td>In order to provide relief to distressed restructured Companies, we suggest Central/State government to - Provide relief by way of deferment of taxes / statutory dues (like GST etc).</td>
<td>Last date for filing March, April and May 2020 GST Returns (including composition returns) extended to 30th June 2020.</td>
<td>Fully accepted</td>
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| **Chemicals & Petrochemicals** | Given that this industry operates in a highly integrated model to support the value chains, we request the following –  
  (i). Allow interstate movement of chemical and petrochemical goods.                                                                                                                                                                                                                                                                                        | As per an addendum to the MHA Circular No. 40-3/2020-DM-I(A) dated 29 Mar 2020, transportation of all goods, without distinction of essential and non-essential, have been allowed.                                                                                               | Fully accepted            |
|                            | (ii). Allow trucks in transit to unload the material at the destination location or the nearest company depots, to ensure safe transportation of the highly hazardous chemicals. Trucks may have an additional label of “Essential Commodity” for ease of movement of these goods.                                                                                                                   | As per an addendum to the MHA Circular No. 40-3/2020-DM-I(A) dated 29 Mar 2020, transportation of all goods, without distinction of essential and non-essential, have been allowed.                                                                                               | Fully accepted            |
| **Defence**                | Given the current lockdown, we suggest:  
 Provide a minimum time period of 3 months for fresh RFPs/RFI/EoI/Tender responses.                                                                                                                                                                                                                 | Ministry of Defence has issued instructions for extending the submission dates for all bids and responses to all RFIs/EoIs, which were originally due in March/April 2020, to 01 May 2020.                                                                                                           | Partially accepted       |
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<td>Direct tax measures</td>
<td>The time-limit for settling the disputes by payment of 100% of disputed tax, should be extended to 15th May 2020.</td>
<td>Last date for availing ‘Vivad se Vishwas' Scheme has been extended to 30th June 2020. Earlier there was an additional charge of 10% for availing the scheme between 1st April 2020 to 30th June 2020. Now there would be no such additional charge.</td>
<td>Fully accepted</td>
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| Ease of Doing Business | In order to enhance validity of licenses / approvals / NoCs, we suggest the following:  
(i). Allow firms to operate with previously granted approvals (like Consent to Operate license, Factories Act license, etc.) for the next six months.  
(ii). Extend the validity of existing operating licences of critical permissions / licenses / NOC’s (like Trade license, Excise license, etc.) of retailers, restaurants and shopping centres for minimum of 6 months. | The validity of prior Environmental Clearances in respect of all category of projects or activities expiring between 15th March 2020 and 30th April, 2020, till 30th June, 2020 has been extended provided that such project or activity is permissible to be carried out as per other relevant extant laws & regulation during the period of such extension. | Partially accepted |
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<td>Ease of Doing Business</td>
<td>To ease the cash flow crunch faced by industries, we request the Government to:</td>
<td>As per the announcement made by Hon’ble FM on 26 Mar 2020, the government proposes to pay the Provident Fund Contribution – both Employees’ and Employers’ Contribution – of 24 per cent, for wage-earners below Rs 15,000 per month in businesses having less than 100 workers, for the next 3 months. EPFO has also allowed account holders to withdraw for specified purposes.</td>
<td>Partially accepted</td>
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<td>Contribute to Provident Fund (PF) and Employee State Insurance (ESI) for at least 3 months.</td>
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<td>Partially accepted</td>
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<td>Ease of Doing Business</td>
<td>In order to facilitate ease of doing business for MSMEs, we suggest the following:</td>
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<td>Direct banks to defer all term liabilities, without levy of penal interest, for a minimum of 6 months.</td>
<td>All banks, financial institutions and NBFCs to grant three months moratorium for payment of term loans.</td>
<td>Partially accepted</td>
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<td>Ease of Doing Business</td>
<td>In order to facilitate trading across borders, the following are suggested:</td>
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<td>(i). In order to tackle the late fee charges incurred due to delayed clearance at ports, the following steps may be undertaken:</td>
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<td>(a). Suggest CBIC to consider releasing circular stopping late filing charges of import documentation to customs.</td>
<td>Removal of demurrage charges / late payment for filing of BE in some states</td>
<td>Partially accepted</td>
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<td>(b). Mandate Airports, Ports, Custodian, CFS not to charge demurrage cost for next 15 days.</td>
<td>As per DGS order No. 07 of 2020, Shipping Lines are advised not to impose any container detention charge on import and export shipments for the period 22 Mar 2020 to 14 Apr 2020 (both days inclusive).</td>
<td>Partially accepted</td>
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<td>(c). Declare import, export and custom clearance as Essential Services and Incorporate Import-Export Cargo in Essential List.</td>
<td>The clearance of customs shipments has been declared as an ‘essential service’ to ensure that imports and exports are not affected due to the lockdown announced by Central and State authorities. The customs clearance will continue to operate 24/7, at least till 30 June 2020.</td>
<td>Fully accepted</td>
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<td>(ii). Ensure free movement of goods in containers through India’s container ports and also instruct Commissioners to ensure smooth and speedy clearance of cargo.</td>
<td>Customs across ports has started clearing the cargo speedily</td>
<td>Fully accepted</td>
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<td>(iii). Restrict physical examinations of cargo only to high-risk situations.</td>
<td>The Food Safety and Standards Authority (FSSAI) has classified clearances for imported products and functioning of notified food testing laboratories under the Essential Services during the Covid-19 outbreak.</td>
<td>Partially accepted</td>
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| Ease of Doing Business | To ease the licensing requirement for production of Sanitizer, we request the government for the following:  
(i). Allow industries to start manufacturing process of sanitizers on an urgent basis. Facilitate one-week processing of applications.  
(ii). Direct States/UTs to provide necessary permissions for storage of Ethyl Alcohol/Extra Neutral Alcohol/Ethanol to the licensed sanitizer companies. | Ministry of Consumer Affairs, Food and Public Distribution as per a recent notification has stated that necessary permissions on account of licensing and storage of ethyl alcohol/extra neutral alcohol (ENA)/ethanol may be accorded by the state government agencies to sanitizer companies up to their installed capacity without any quota restriction on supply. Further, State governments have also been asked to give permission to distilleries on a priority basis to produce sanitiser in bulk, which can then be packed and bottled. The sanitizer industry operating in states/UTs are being encouraged to work in 3 shifts and increase their production capacity. ISMA has also been directed to ensure that input material for sanitizers is available at a reasonable price. | Fully accepted             |
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<tr>
<td>E-Commerce</td>
<td>E-commerce sector is playing and will continue to play a crucial role over the next few weeks, given its role in providing buyers doorstep access to daily necessities. Hence, it is recommended that: E-commerce shipments and deliveries be treated as an essential activity, which may be exempted from any travel/transport restrictions.</td>
<td>Govt has allowed operations of e-commerce companies for delivery of essential items.</td>
<td>Partially accepted</td>
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<tr>
<td>Exports</td>
<td>Extend Moratorium on loan, interest payments, utility payments</td>
<td>All banks, financial institutions and NBFCs to grant three months moratorium for payment of term loans.</td>
<td>Partially accepted</td>
</tr>
<tr>
<td>Exports</td>
<td>Due to lockdown, the import container clearance time has gone up and has resulted in increase in shipping line demurrage and CFS charges. Also, the courier offices may or may not work during this crisis, sending the original shipping documents by courier could be difficult. We suggest: (i). Waive the demurrage and CFS charges. (ii). Waive applicable late BL fees till the clearance time comes back to normal.</td>
<td>As per DGS order No. 07 of 2020, Shipping Lines are advised not to impose any container detention charge on import and export shipments for the period 22 Mar 2020 to 14 Apr 2020 (both days inclusive).</td>
<td>Partially accepted</td>
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<td>(iii). Provide relaxations during this time to the exporter and importer by way of relaxing the requirements for originals or waive the demurrage charges resulting from delayed document receipts.</td>
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<tr>
<td>Exports</td>
<td>Amidst the current lockdown, we request:</td>
<td>As per an addendum to the MHA Circular No. 40-3/2020-DM-I(A) dated 29 Mar 2020, transportation of all goods, without distinction of essential and non-essential, have been allowed.</td>
<td>Fully accepted</td>
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<td>Allow transportation of export consignment manufactured and ready for shipment from the Manufacturer’s Factory or Warehouse to the Customs facility.</td>
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<tr>
<td>Exports</td>
<td>Continue all Export benefits as per current Foreign Trade Policy until 30th June 2020 or announcement of new Foreign Trade Policy</td>
<td>As per an announcement of the Ministry of Commerce and Industry on 31 Mar 2020, the government has decided to continue the current foreign trade policy until 31 Mar 2021.</td>
<td>Fully accepted</td>
</tr>
<tr>
<td>Fiscal Measures</td>
<td>Consider a strong fiscal stimulus to the extent of 1% of GDP amounting to Rs 2 lakh crores to be given in the hand of the needy citizens. Specifically, following measures are suggested:</td>
<td>Announcement of 1.7 Lakh Crore Package by the FM as a relief package for the poor.</td>
<td>Partially accepted</td>
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<td>(i). For more vulnerable persons above 60 yrs, it can be raised to Rs 10,000. Potential beneficiaries: 20 crore</td>
<td>Ex-gratia of Rs 1,000 to be provided to senior citizens (above 60 years), widows and divyang for the next three months.</td>
<td>Partially accepted</td>
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<td>Fiscal measures</td>
<td>Distribute one month's ration to those below poverty line and to daily wage earners using food stocks available with FCI.</td>
<td>Households to be provided double of their current entitlement free of cost for the next 3 months. Additionally, one kg of preferred pulses will also be given free of cost for the next 3 months.</td>
<td>Fully accepted</td>
</tr>
<tr>
<td>Fiscal measures</td>
<td>In addition, allow a grace period of 30-60 days for utility, statutory and GST payments for affected areas and industries.</td>
<td>Last date for filing March, April and May 2020 GST Returns (including composition returns) extended to 30th June 2020.</td>
<td>Fully accepted</td>
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<tr>
<td>Fiscal measures</td>
<td>Pressing need for leveraging on the pooled financial resources of the corporate sector to fight Covid-19. In this regard, following measures are suggested: Ear mark the spending done on Covid-19 mitigation as CSR spending of the corporates.</td>
<td>As per a notification of MCA (dated 23rd March), the spending of CSR funds for Covid-19 are eligible under CSR activity.</td>
<td>Fully accepted</td>
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<td>Food processing</td>
<td>In the present times of lockdowns and quarantines, the supply of consumer items in the markets need to be secured. Hence, our ask is the following: (i). Exempt any executive order or section 144 restrictions for the manufacturing facilities and food delivery services under an essential business exemption. (ii). Keep retail and wholesale stores selling essential /basic commodities and fresh items outside the purview of these executive orders of lockdown.</td>
<td>Letter Ref D O No. 07/DPIIT/2020-Secy dt 23rd March 2020 by Secretary, DPIIT addressed to the State Chief Secretaries: In the wake of precautions being taken by various states for prevention of COVID 19 through lockdowns and various other precautionary measures, it is seen necessary to issue clear instructions from DPIIT to State Authorities to not obstruct and call for closure of food processing units, since they manufacture food stuff and to maintain uninterrupted supply for citizens of our country.</td>
<td>Fully accepted</td>
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<tr>
<td>Indirect tax measures</td>
<td>Extend the last date for filing March, April and May 2020 GST Returns (including composition returns) to be extended to 30th June 2020.</td>
<td>Last date for filing March, April and May 2020 GST Returns (including composition returns) extended to 30th June 2020. Different staggering dates will be applicable in the same way, for different regions.</td>
<td>Fully accepted</td>
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<tr>
<td>Indirect tax measures</td>
<td>For companies having less than Rs 5 crore turnover: No interest, No late fee, No penalty to be charged.</td>
<td>For companies having less than Rs 5 crore turnover: No interest, No late fee, No penalty will be charged.</td>
<td>Fully accepted</td>
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<td>Sector</td>
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<tr>
<td>Indirect tax measures</td>
<td>For companies having turnover greater than Rs 5 crore: No Penalty or Late fee, No Interest to be charged.</td>
<td>For companies having turnover greater than Rs 5 crore: No Penalty or Late fee. No Interest for 15 days but, Interest of 9%, post that.</td>
<td>Partially accepted</td>
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<tr>
<td>Indirect tax measures</td>
<td>Sabka Vishwas Scheme for Indirect tax to be extended to 30th June 2020.</td>
<td>Payment under Sabka Vishwas Scheme for Indirect tax extended to 30th June 2020.</td>
<td>Partially accepted</td>
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<tr>
<td>Indirect tax measures</td>
<td>Customs Clearance to operate 24x7 as an essential service, till 30th June 2020.</td>
<td>During lockdown as well, Customs Clearance to operate 24x7 as an essential service, till 30th June 2020.</td>
<td>Fully accepted</td>
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</tbody>
</table>
| Logistics              | In order to ensure speedy movement of essential items, we request the government to:  
Consider the entire transport sector as an essential service. This shall enable free movement of basic foodstuff like grains, wheat, etc. across state borders under the current scenario of a complete nation-wide lockdown. | As per an addendum to the MHA Circular No. 40-3/2020-DM-I(A) dated 29 Mar 2020, transportation of all goods, without distinction of essential and non-essential, have been allowed. | Fully Accepted            |
| Monetary measures      | Reserve Bank of India also has a critical role to play in ensuring provision of adequate liquidity. In this regard, the following measures are suggested:  
(i). Immediate reduction in repo rate by a minimum 50 bps.  
(ii). Reduce Cash Reserve Ratio by 50 basis points.                                                                                                               | Reduction of policy repo rate by 75 bps.                                                                  | Fully accepted            |
<p>|                        |                                                                                                                                                                                                                       | Reduction of Cash Reserve Ratio by 100 bps.                                                                | Fully accepted            |</p>
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<tr>
<td>Monetary measures</td>
<td>Corporates are facing severe cash flow issues, to tide over them, the following measures are recommended:</td>
<td>All commercial banks, co-operative banks, all-India financial institutions and NBFCs to grant a moratorium of three months on payment of all instalments for all term loans, falling due between 01 March 2020 and 31 May 2020.</td>
<td>Fully accepted</td>
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<td>Announce a blanket moratorium on debt repayments for sixty days months. This will help the corporates to tide over their immediate cash flow issues.</td>
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<td>MSME &amp; Digital Payments</td>
<td>To overcome the Cash Flow and Working Capital challenges the government may consider the following:</td>
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<td>(i). Defer all term liabilities by banks without levy of penal interest for minimum 6 months. Extend the moratorium and restructuring period by six months.</td>
<td>All commercial banks, co-operative banks, all-India financial institutions and NBFCs to grant a moratorium of three months on payment of all instalments for all term loans, falling due between 01 March 2020 and 31 May 2020 and will not lead to asset classification downgrade.</td>
<td>Partially accepted</td>
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<td>(ii). Defer EMIs and interest on working capital, till things normalize.</td>
<td>Deferment of interest applied on working capital facilities like CC/OD between 01 Mar 2020 and 31 May 2020</td>
<td>Fully accepted</td>
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<tr>
<td>MSME &amp; Digital Payments</td>
<td>With regards to filing of GST return by MSMEs, we suggest the following measures:</td>
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<td>(i). Extend filing of monthly GST Returns (GSTR 3B) at least by a month for the period of Feb-March 2020 for MSMEs.</td>
<td>Last date for filing March, April and May 2020 GST Returns (including composition returns) extended to 30th June 2020.</td>
<td>Fully accepted</td>
</tr>
<tr>
<td></td>
<td>(ii). Provide a 60 days extension for payment of all taxes including Income Tax, GST, etc. due in the months of March, April and May.</td>
<td>Last date for filing March, April and May 2020 GST Returns (including composition returns) extended to 30th June 2020.</td>
<td>Fully accepted</td>
</tr>
</tbody>
</table>
|        | (iii). For the year April 2020 to March 2021, either:  
  • Waive penal provisions for delayed filing of returns for the entire next year. | As per MCA Circular dated 30 Mar 2020, a one-time waiver of additional filing fees has been granted for delayed filings by the companies or LLPs with the Registrar of Companies during the currency of the Schemes, i.e. during the period starting from 1st April, 2020 and ending on 30th September, 2020. | Partially accepted |
<p>| MSME &amp; Digital Payments | The impact of the lockdown on the small traders needs to be ameliorated through following measures: | | |
|        | (i). Postpone all statutory due dates for payment &amp; filing of returns and Bank EMIs to 30th June. | All banks, financial institutions and NBFCs to grant three months moratorium for payment of term loans. | Partially accepted |</p>
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<td>(ii). Extend time period for GST related filings.</td>
<td>Last date for filing March, April and May 2020 GST Returns (including composition returns) extended to 30th June 2020.</td>
<td>Fully accepted</td>
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<td>MSME &amp; Digital Payments</td>
<td>Other recommendations to alleviate the stress on MSMEs are as follows:</td>
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<td></td>
<td>(i). Extend the deadlines without penalty by at least 2 weeks for statutory tax payment and for filing reports.</td>
<td>Last date for filing March, April and May 2020 GST Returns (including composition returns) extended to 30th June 2020. SEBI/HO/CFD/ CMD1/CIR/P/2020/38 Circular dated 19 Mar 2020 extends the deadlines for filing of various reports.</td>
<td>Fully accepted</td>
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<td></td>
<td>(ii). Allow roll over of term loans, implementation of moratorium on EMI for industrial loans and faster tax refunds.</td>
<td>All banks to grant three months moratorium for payment of term loans.</td>
<td>Partially accepted</td>
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<td></td>
<td>(iii). Provide relief so that credit rating of brands and retailers is not adversely affected due to delays in repayment of bank loans etc.</td>
<td>In a SEBI Circular dated 30 Mar 2020, SEBI has asked has asked credit rating agencies (CRAs) not to consider as default any delay in payment of interest or principal loan amount arising solely due to the nationwide lockdown conditions till the period of the moratorium announced by RBI.</td>
<td>Fully accepted</td>
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<td>NBFCs &amp; HFCs</td>
<td>Prevent rating agencies to downgrade the ratings for a period of at least one quarter.</td>
<td>In a SEBI Circular dated 30 Mar 2020, SEBI has asked credit rating agencies (CRAs) not to consider as default any delay in payment of interest or principal loan amount arising solely due to the nationwide lockdown conditions till the period of the moratorium announced by RBI.</td>
<td>Fully accepted</td>
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<td>Paint</td>
<td>Finished goods which had left the plants are stuck in different parts of the country, with drivers unable to return to their hometowns. In view of this, we request the government to: Allow trucks which are in transit to unload the material at the destination location or the nearest company depots.</td>
<td>As per an addendum to the MHA Circular No. 40-3/2020-DM-I(A) dated 29 Mar 2020, transportation of all goods, without distinction of essential and non-essential, have been allowed.</td>
<td>Fully accepted</td>
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<tr>
<td>Restaurant</td>
<td>(i). Grant moratorium for repayment of all types of loans and facilities for a period of twelve months.</td>
<td>All banks, financial institutions and NBFCs to grant three months moratorium for payment of term loans.</td>
<td>Partially accepted</td>
</tr>
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<td></td>
<td>(ii). Suspend interest charged on term loan or working capital for a period of three months.</td>
<td>Deferment of interest applied on working capital facilities like CC/OD between 01 Mar 2020 and 31 May 2020.</td>
<td>Fully accepted</td>
</tr>
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<td>Retail</td>
<td>Retail sector runs the risk of mounting financial losses due to closures. To mitigate the problems, following measures are suggested:</td>
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<td></td>
<td>(i). Allow a moratorium period in repayment of bank loans, interest, EMI, etc. without levy of any penalties /penal interest.</td>
<td>All banks to grant three months moratorium for payment of term loans.</td>
<td>Fully accepted</td>
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<td>Retail</td>
<td>In order to meet the working capital requirements, the following measures are suggested:</td>
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<td></td>
<td>(i). Lowering/ waiving off the interest for next 6 months, apart from deferring govt dues such as GST.</td>
<td>Last date for filing March, April and May 2020 GST Returns (including composition returns) extended to 30th June 2020</td>
<td>Partially accepted</td>
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<td></td>
<td>(ii). Provide relaxation in filing of GST and withholding tax Returns.</td>
<td>Last date for filing March, April and May 2020 GST returns (including composition returns) extended to 30th June 2020.</td>
<td>Fully accepted</td>
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<tr>
<td>Retail</td>
<td>Ensure that credit ratings of the shopping centers are not altered due to delay of re-payments in the current scenario.</td>
<td>In a SEBI Circular dated 30 Mar 2020, SEBI has asked credit rating agencies (CRAs) not to consider as default any delay in payment of interest or principal loan amount arising solely due to the nationwide lockdown conditions till the period of the moratorium announced by RBI.</td>
<td>Fully accepted</td>
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<tr>
<td>Retail</td>
<td>It is essential to ensure that consumers continue to get access to essential items easily and not adding to further panic. Hence, manufacturing facilities must be kept open under the strictest of safety and hygiene guidelines.</td>
<td>As per No. 40-3/2020-DM-I(A) Circular of the MHA dated 24 Mar 2020, manufacturing facilities of essential items are allowed to operate.</td>
<td>Fully accepted</td>
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<tr>
<td>Retail</td>
<td>Defer the payment of Employees Contribution of PF and ESI for a period of 6 months and then arrears contribution to be payable in 12 monthly instalments.</td>
<td>As per the announcement made by Hon'ble FM on 26 Mar 2020, the government proposes to pay the Provident Fund Contribution – both Employees’ and Employers’ Contribution – of 24 per cent, for wage-earners below Rs 15,000 per month in businesses having less than 100 workers, for the next 3 months</td>
<td>Partially accepted</td>
</tr>
<tr>
<td>Retail</td>
<td>Put on hold credit ratings of individuals and corporates for 2x of the “restrictive measures”.</td>
<td>In a SEBI Circular dated 30 Mar 2020, SEBI has asked has asked credit rating agencies (CRAs) not to consider as default any delay in payment of interest or principal loan amount arising solely due to the nationwide lockdown conditions till the period of the moratorium announced by RBI.</td>
<td>Fully accepted</td>
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<tr>
<td>Retail</td>
<td>Waive off demurral's detention charges on companies if the ports decide to close.</td>
<td>As per DGS order No. 07 of 2020, Shipping Lines are advised not to impose any container detention charge on import and export shipments for the period 22 Mar 2020 to 14 Apr 2020 (both days inclusive).</td>
<td>Fully accepted</td>
</tr>
<tr>
<td>Retail</td>
<td>Following measures are suggested with respect to GST payments to tide over the current crisis:</td>
<td>Last date for filing March, April and May 2020 GST returns (including composition returns) extended to 30th June 2020.</td>
<td>Fully accepted</td>
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<td></td>
<td>(i). Waive penalty for delay in payment of taxes/filing of returns during the impacted period.</td>
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<td>(ii). Grant extension of the due dates of filing various returns.</td>
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<td>Textiles and Apparels</td>
<td>To improve liquidity and cash flow, the government may consider the following:</td>
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<td>Grant moratorium for repayment of principal and interest amount of term loans, LC and Non-LC bills falling due for the next 4 quarters.</td>
<td>All banks, financial institutions and NBFCs to grant three months moratorium for payment of term loans.</td>
<td>Partially accepted</td>
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<tr>
<td>Tourism and Hospitality</td>
<td>Lockdown was exacerbated the stress in terms of expected rise in revenues and decline in liquidity. Hence, we suggest:</td>
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<td>Sector</td>
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<td>Declaring a six to nine months’ moratorium on all working capital principle, interest payments on loans and overdrafts, without classifying them as NPAs</td>
<td>All commercial banks, co-operative banks, all-India financial institutions and NBFCs to grant a moratorium of three months on payment of all instalments for all term loans, falling due between 01 March 2020 and 31 May 2020 and will not lead to asset classification downgrade. Deferment of interest applied on working capital facilities like CC/OD between 01 Mar 2020 and 31 May 2020.</td>
<td>Partially accepted</td>
</tr>
<tr>
<td>Tourism and Hospitality</td>
<td>Availability of adequate working capital is a challenge for the sector. In wake of this, we suggest the following measures:</td>
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<td>Fully accepted</td>
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<tr>
<td></td>
<td>Deferment of GST &amp; Advance Tax payments.</td>
<td>Last date for filing March, April and May 2020 GST Returns (including composition returns) extended to 30th June 2020.</td>
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</table>
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