



COVID-19

IMPACT ON INDIAN INDUSTRY ISSUES AND SUGGESTIONS

MARCH 23, 2020

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Section A – Overview: Impact of Covid-19 on Indian Industry

The Indian economy has been experiencing significant slowdown over the past few quarters. In the third quarter of the current fiscal, the economy grew at a six-year low rate of 4.7%. Investment and consumption demand had been languishing and a number of stimulus measures have been taken to bring back the economy on a growth path. There was a strong hope of recovery in the last quarter of the current fiscal. However, the new coronavirus epidemic has made the recovery extremely difficult in the near to medium term. The outbreak has presented fresh challenges for the Indian economy now, causing severe disruptive impact on both demand and supply side elements which has the potential to derail India's growth story.

Demand Side Impact - Tourism, Hospitality and Aviation are among the worst affected sectors that are facing the maximum brunt of the present crisis. Closing of cinema theatres and declining footfall in shopping complexes has affected the retail sector by impacting consumption of both essential and discretionary items. Consumption is also getting impacted due to job losses and decline in income levels of people particularly the daily wage earners due to slowing activity in several sectors including retail, construction, entertainment, etc. With widespread fear and panic now increasing among people, overall confidence level of consumers has dropped significantly, leading to postponement of their purchasing decisions. Travel restrictions have severely impacted the transport sector. Hotels are seeing large scale cancellations not only from leisure travellers but even business travellers as conferences, seminars and workshops are getting cancelled on a large scale.

Impact on Financial Market - Greater uncertainty about the future course and repercussion of Covid-19 has also made the financial market extremely volatile, leading to huge crashes and wealth erosion, which in turn is impacting consumption levels. One of the major slides in the domestic equity markets was seen on March 12, when following the trend of the global equity markets, both the BSE Sensex and NSE Nifty crashed by more than 8% in a single day. The BSE Sensex dropped over 2,919 points – its biggest one-day fall in absolute terms while the NSE Nifty dropped by 868 points. An estimated Rs 10 lakh crore of market cap was reportedly wiped off due to this single day fall. The fall has continued till date as investors resorted to relentless selling amid rising cases of coronavirus. On March 19, Indian equity markets again plunged to new low. Sensex closed 581 points lower at 28,288 and Nifty fell 205 points to end at 8,263. With equity markets likely to remain volatile in future as well, further wealth erosion of investors is expected.

Supply Side Impact - On the supply side, shutdown of factories and the resulting delay in supply of goods from China has affected many Indian manufacturing sectors which source their intermediate and final product requirements from China. Some sectors like automobiles, pharmaceuticals, electronics, chemical products etc. are facing an imminent raw material and component shortage. This is hampering business sentiment and affecting investment and production schedules of companies. Besides having a negative impact on imports of important raw materials, the slowdown in manufacturing activity in China and other markets of Asia, Europe and the US is impacting India's exports to these countries as well.

Impact on International Trade - China has been a major market for many Indian products like sea food, petrochemicals, gems and jewellery etc. The outbreak of coronavirus has adversely impacted exports of these items to China. For instance, the fisheries sector is anticipated to incur a loss of more than Rs 1,300 crore due to fall in exports. Similarly, India exports 36% of its diamonds to China. The cancellation of four major trade events between February and April is likely to cause an estimated loss of Rs 8,000-10,000 crore in terms of business opportunity for Jaipur alone.¹ India also exports 34% of

¹ <https://www.indiatoday.in/magazine/the-big-story/story/20200323-an-economic-coronary-1654645-2020-03-13>

its petrochemicals to China. Due to exports restrictions to China, petrochemical products are expected to see a price reduction.

According to UNCTAD, India's trade impact due to coronavirus outbreak could be about US\$ 348 million. India is among the top 15 countries that have been affected most as a result of manufacturing slowdown in China that is disrupting world trade. For India, the overall trade impact is estimated to be the most for the chemicals sector at 129 million dollars, textiles and apparel at 64 million dollars, automotive sector at 34 million dollars, electrical machinery at 12 million dollars, leather products at 13 million dollars, metals and metal products at 27 million dollars and wood products and furniture at 15 million dollars. As per UNCTAD estimates, exports across global value chains could decrease by US\$ 50 billion during the year in case there is a 2% reduction in China's exports of intermediate inputs.

India's Growth Projections Revised Down

Given the challenges that the businesses and people are facing currently, the Indian economy is most likely to experience a lower growth during the last quarter of the current fiscal. In case the spread of corona virus continues, growth may remain subdued in the first quarter of FY 20-21 as well. Most multilateral agencies and credit rating agencies have therefore revised their 2020 and 2021 growth projections for India keeping in view the negative impact of coronavirus-induced travel restrictions, supply chain disruptions, subdued consumption and investment levels on the growth of both global and the Indian economy.

ADB² - ADB has estimated that Covid-19 outbreak could cost the Indian economy alone between US\$ 387 million and US\$ 29.9 billion in personal consumption losses. The projections have been made by ADB under four different scenarios: best-case, moderate-case, worse-case and a hypothetical worst-case. Under the best-case scenario if the outbreak is contained and the precautionary measures are put on halt after two months from late January, the impact on India will be limited to about US\$ US\$ 387 million worth of decline in retail sales. Similarly, in a moderate case, the losses will be about US\$ 640 million while in a worse-case scenario when the precautionary measures continue for six months, personal consumption expenditure in India can decline by US\$ 1.2 billion.

OECD³ - As against the forecast made in November 2019, OECD has revised down India's growth forecast by 110 basis points to 5.1% for 2020-21 and by 80 bps to 5.6% for 2021-22. OECD has also warned that global growth in 2020 could come down by 50 bps as compared to what was projected in November last year.

Fitch Ratings⁴ - Fitch has also cut its forecast for India's economic growth to 4.9% for 2019-20 from 5.1% projected earlier, as it expects weak domestic demand and supply chain disruptions due to the coronavirus outbreak to affect the manufacturing activities adversely.

Moodys⁵ - Moody's Investors Service has revised down its growth forecast for India to 5.3% for 2020 from its earlier estimate of 5.4% made in February.

S&P Global Ratings – S&P has lowered India's economic growth forecast to 5.2% for 2020 as against 5.7% projected earlier.

² <https://www.livemint.com/news/india/coronavirus-outbreak-in-india-could-cost-the-economy-29-9-billion-adb-11583480504316.html>

³ <https://www.livemint.com/news/india/india-s-growth-could-be-the-next-casualty-of-the-coronavirus-outbreak-11583175486263.html>

⁴ <https://www.financialexpress.com/economy/growth-pangs-fitch-cuts-indias-fy20-gdp-growth-forecast-check-revised-estimate/1886220/>

⁵ <https://economictimes.indiatimes.com/news/economy/indicators/coronavirus-moodys-cuts-india-growth-forecast-to-5-3-for-2020-on-dampened-domestic-demand/articleshow/74551392.cms>

Key Findings of FICCI's Industry Survey to Assess Impact of Coronavirus

FICCI has attempted to assess the immediate impact of coronavirus on businesses across the country through conducting interactive sessions and survey amongst the industry members. The survey reveals that besides the direct impact on demand and supply of goods and services, businesses are also facing reduced cash flows due to slowing economic activity which in turn is having an impact on all payments including to those for employees, interest, loan repayments and taxes.

According to the survey results [details are annexed] –

- A significant 53 per cent of Indian businesses indicate the marked impact of the Coronavirus pandemic on business operations even at early stages.
- The pandemic has significantly impacted the cash flow at organisations with almost 80 per cent reporting a decrease in cash flow.
- The pandemic has had a major impact on the supply chains as more than 60 per cent respondents indicate that their supply chains were affected. The companies also highlighted that they are closely monitoring the situation and expect the impact of the pandemic on supply chain to worsen further.
- Organisations have brought in a renewed focus on hygiene aspects concerning the pandemic. Almost 40 per cent have put in place stringent checks on people entering their offices and disinfection. Nearly 30 per cent organisation have already put in place Work-from-Home policies for their employees.
- Nearly 42 per cent of the respondents feel that it could take upto 3 months for normalcy to return.

While for some of the sectors, the work from home proposition is posing implementation challenges as it has a direct bearing on the business operations. This is particularly true for manufacturing units where workers are required to be physically present at the production sites, and services sector like banking and IT where lot of confidential data is used, and remote working can enhance security threat. Hence companies operating in these sectors are finding it difficult to implement work from home facility without compromising with their day to day operations.

The industry members have also shared suggestions on possible actions that the government and RBI can take to contain the spread of coronavirus in India and mitigate the immediate concerns of the Indian companies. The following section details out the challenges that members of Indian industry are facing either due to decline in consumption demand or due to supply chain disruptions owing to closure of factories in China, and the suggestions received from the industry to address their present concerns.

Section B – Policy Interventions Required by RBI and Government

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

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

Industry Suggestions for RBI

- 1) Bring down the cost of funds further through reduction in policy rates (say, by ~ 100 basis points)
- 2) Maintain liquidity at surplus levels and provide special liquidity support for any companies / NBFCs / banks that come under strain due to intensifying risk aversion in financial markets or due to large demand shock.
- 3) Enable Credit and support easier credit facilities to effected sections of the businesses that operate on very short financial cycles and will be forced to stop production / trading for financial wants. Government / RBI should direct banks not to stop disbursement of loans under the expectation of project delays due to COVID-19.
- 4) Increase credit limits for all regular banking accounts by 25 percent across the board.
- 5) Furthermore, flexibility needs to be given to the banking system to reschedule payment terms without the need for provisioning.
- 6) The monthly repayment of loans for corporates and EMI's in case of individuals for all types of loans should be deferred by six months. The amounts can be back-ended and added towards the end of the tenure of the loan.
- 7) The payment of monthly interest on loans can be deferred by six months and the amount deferred can be paid back in four instalments in the subsequent twelve months.
- 8) The Corporate bond and commercial paper market are suffering illiquidity. RBI may take some steps to intervene, either directly or through the commercial banking system, to ensure that adequate funds flow into this market. In the US, the Fed has stepped in to directly buy commercial paper, a strategy that it last used in the financial crisis of 2008.
- 9) Increase Drawing Power (DP) – by (a) asking banks to take weightage of 1.5X for current assets instead of 1.00X OR (b) asking banks to remove the margin of 25% for a period of 6 months to a year in the DP calculations.
- 10) Direct banks to look at a limited window of next 6 months for GCP (General Corporate Purpose) loans limited to maximum of say 15% of existing credit limits as an addendum to the current credit limits as of end Dec 2019.

- 11) IBC to be suspended for a short period for aviation and hotel sector as they are under severe duress.
- 12) Give MSMEs across the board interest rate subvention at 3 per cent, on standard loans (i.e. those that are healthy and not NPA's).
- 13) So far, no guidelines are available on handling of Cash, which could be strong source of spreading of the virus. Necessary directions may be issued and digital payments must be aggressively promoted.
- 14) Since usage of cash can be a source of virus spread, there is a need to give a renewed thrust on promoting digital payments and digital banking. RBI and Government must reinstate subsidies for digital payments for transaction below Rs 2000 immediately.
- 15) For fintechs [Regulated entities of RBI], the Aadhar based E-KYC authentication needs to be immediately implemented as this will help them continue with their business and support financial inclusion. The importance of usage of CKYC registry should be highlighted by the RBI in its master circular. Simplification of the usage of video-KYC is also required and must be taken up immediately.
- 16) Banks have been classified as essential services that will continue operations. Similar consideration should be accorded to Fintechs and other allied banking service providers that work with banking partners.
- 17) To ensure cash flows for meeting working capital requirement, RBI should instruct banks not to restrict working capital credit to MSMEs.

Industry Suggestions for Government

- 1) Not paring down government's capital spending plans despite any shortfall in tax collections. In current times, it would be appropriate to relax fiscal deficit targets in order to support growth.
- 2) Substantial increases in public health spend is needed to ensure adequate supplies to deal with COVID-19: masks, gloves, medical kits for the health workers, medicine, health centres, more hospitals etc.
- 3) Special release of funds should be made for the healthcare sector as players are making all efforts to support the government in this hour of crisis and are seeing substantial loss due to stoppage of international traffic.
- 4) Increase overdraft facility to state governments from the RBI. Pay the pending GST compensation immediately.
- 5) After the global financial crisis, India had cut excise duties sharply, which helped the revival of demand for the industry. Such measures (on GST) may be needed again if global economy slips into recession and India's growth falls below 4%. The GST Council may get into discussions to prepare itself for such situation. Now is the time to reduce the GST rates and widen the net to include electricity, petro-products, real estate.
- 6) Ensure all pending payments to vendors are cleared immediately by the government departments. GST refunds should be cleared at the earliest.

- 7) Since a large number of informal workers could lose their jobs especially in the retail, hospitality, travel, construction sector, the government can consider giving incentives for employers to keep the workers, while the corona virus problem tides over. Germany did this in 2008 when employers were paid incentive to NOT fire workers.
- 8) Relax factory compliances to enable the industry to continue operation with a much lesser workforce over longer work / shift hours but in a healthier environment. This will directly contribute to the governments call on social distancing. Further, while health concerns obviously take precedence and decision to lockdown localities should be taken if necessary, some thought needs to be given as regards continuous process industries where a 2-week lockdown will result in an outage of 1-2 months depending upon the industry.
- 9) Provide income support to low income families through DBT. PM Kisan is already doing it for farm households. Support farmers through higher MSP and also those who have lost output due to unseasonal rains. Need to kickstart a lot of relief programs just like drought relief.
- 10) Constant communication at district level for response planning is a must. Any early communication of planned measures and joint planning with industry will help avoid shock to supply chains at a local level.
- 11) Shipments from China have started to arrive; however, the ships are not being allowed to unload their goods in India due to fear of contagion. Government should find ways to facilitate the safe and fast unloading of shipments in India. Work out mechanism to reduce quarantine delays at ports.
- 12) GST Returns/Procedures: The deadlines for paying taxes every month (i.e. 20th) to be deferred; filing of returns extended; All show-cause notices/ enquiries may be suspended including those relating to excise.
- 13) Levy of penalties for late filings / payments like late filing of Bill of Entries, late filing of Import General Manifest (IGM) etc needs to be leniently viewed (waiving penalties).
- 14) Compliances under Companies Act: The deadlines for declaration of financial results (31st May), filing of returns with ROC & Others etc to be extended, as audits also would be affected, leave alone preparation of financial statements.
- 15) Allow for 30-60 days grace period in utility and statutory payments for businesses without impacting credit history.
- 16) Direct Taxes:
 - Tax payments for Q1, 2020-21 should be deferred by a quarter.
 - Carry forward period of MAT may be increased by a year or two from 15 to 17 years.
 - Personal taxation: Additional deduction may be given for salaried employees at a flat rate, for incurring additional expenditure on the Corona preventive measures.
- 17) Operation of other services: It may be noted that the governments directed closure of malls, gyms, clubs etc. But certain services like Banking cannot be restricted. Special incentives to those employed in these sectors as well as to the companies, to be thought of.

- 18) The employers need to continue paying salaries for this period, but this can be adjusted in OT working and Sundays working once production restarts so that the economic loss is minimized. The normal 10-day period for holidays to be given to workers will not apply when making this adjustment.
- 19) It is important that goods vehicle transporting food items in particular are allowed access and no entry times zones within the cities can be relaxed for them. Also, in many cities there is shut down of shops that is taking place, the same needs to be managed in such a way that consumers still have access to be able to purchase the same. It could include announcing time when these will be open.
- 20) For QIPs there is a need to suspend the minimum floor rule to energize the primary market.
- 21) All statutory time limits under the Central and State Acts (for example filing of revised income tax returns buy 31-03-2020) falling during the period from 01-03-2020 to 31-05-2020 should be extended by 90 days without any adverse consequence of interest or penalty.
- 22) Announce tax holidays for projects if private sector announces any investment now (say in next two months). It is also essential to link the tax holiday with an early completion date of such projects to incentivize an early investment & expeditious implementation.
- 23) For government projects, announce implementation of some major projects which are in clearance stage or stalled. Though it will result in business for stakeholders/suppliers say at least one year from now, it will keep the sentiment positive.
- 24) Possibility of renegotiating oil purchase contracts should be considered, which have been signed/closed in last couple of months in order to take advantage of low crude price.
- 25) Suggestions for supporting and protecting workers
 - One-time payment by transfer of Rs. 5000/- to daily wage earners' Jan Dhan accounts (below the poverty line) to meet the daily needs in view of loss of wages due to lock down.
 - Cash handouts be provided for low income earners
 - US has proposed to give \$1,000 cheques (allocated \$250 billion) – could support 250 million people out of total population of 329 million
 - Hong Kong - \$1,284 to every adult
 - Singapore - Cash handouts - S\$100-300 for 21+
 - Australia - one-off \$750 payment to social security, veteran and other support recipients
 - With harvesting season about to start, Government may consider special provisions to support MNREGA workers [through upfront payments] and other extension services including agri machinery providers.
 - Mandate operating norms to ensure social distancing
 - Define Social distancing requirements for operations clearly based on the best available advice (industry can support with available expertise).
 - All establishments permitted to operate under the advisory must be mandated to operate within the norms of social distancing & any entity found to be in violation of the face shall face the consequences.
- 26) Suggestions for facilitating Imports

- CBIC may issue direction to all Customs Stations, Port & Airports in the country to clear the consignments on the basis of soft copies without insisting for originals, as there is considerable delay to get the original documents through couriers because of Covid 19. If required, the originals can be submitted at a later date.
 - Ministry of Shipping may also give a direction to Major Port Trusts and Pvt. Boards to waive of the demurrage period of containers or extend the free period to clear the cargo from docks in view of the Covid 19 and the difficulty faced by exim trade.
 - Directions may be issued by DGFT to Shipping lines to waive off container detention charges for a reasonable period to the containers affected by the Covid 19 issue.
 - Availability of containers is a problem as containers are locked in China. Government should improve the port handling mechanism so that this delay is compensated.
 - Penalty for not meeting 'Minimum Guaranteed Tonnage' (MGT) at major ports should be waived.
- 27) In case of essential goods, wherever certification is required from external agencies, self-certification should be allowed as due to COVID fear many such agencies which provide certification are not working. USA has also taken similar policy stance.
- 28) Ensure continuum in implementation of on- going projects of Government and PSUs.
- 29) Defer revenue expenditure & announce capital expenditure. Announce implementation of some major projects which are in clearance stage or stalled. Though it will result in business for stakeholders/suppliers say at least one year from now, it will keep the sentiment positive.
- 30) Critical that for Indian Railways contracts the force majeure clause should apply in view of supply chain, logistics and travel getting impacted and that no liquidated damages should be levied on suppliers for shortfall in deliveries due till March 2020 and beyond till the situation improves. This is critical as all major supplies for Indian Railways contracts is due in Jan -March quarter. This will also impact quarter from April -June as sub-components would not arrive by Feb / March.
- 31) The Government of India and the state governments have, in their engagements with the public & in their notifications, have permitted the operation of establishments dealing with essential items and services, like health & medicine, banking, milk & bakery, grocery and food etc. For this initiative of the Government to be successful it is imperative that the supply chain supporting these essential items and services be allowed to operate within the norms of social distancing which is the best precaution against COVID-19. In the absence of any advisory permitting the manufacturers, transporters and suppliers of these essential items to operate, the industry is likely to face supply chain disruption of enormous magnitude. It is imperative, therefore, that the enforcement officials on the ground and the district administrations be strengthened by additional advisory permitting the supply chain supporting manufacturing, warehousing and transporting these essential items to operate.
- 32) Extended shift timings (12 hours) should be permitted without overtime. By this approach, if 'x' people normally enter factory premises then only 2x will enter each day instead of 3x; moreover, weekly working hours will remain the same and no pay cut will take place.
- 33) Issue additional advisory permitting operation of establishments to manufacture, store, transport and distribute items related to essential items. This will include raw material, packaging material, manufacture and logistics. These establishments may be required to give a

self-undertaking that the commodities services that they deal with are of essential nature. Any false declaration can be penalized under the law.

- 34) Provide clear guidelines to enforcement officials on enforcement mechanism which will help achieve the balance between essential and non-essential items. For want of this clarity, the industry is facing shut down instructions from local officials even for products and services that are meant for smooth operation of essential items / services.
- 35) Permitting one-time restructuring of loans that are impacted by Corona Virus.
- 36) Government can look at providing higher contributions to EPF in manufacturing in addition to the benefit already given for new workers as announced in Union Budget few years back. This will also ensure continuity in employment. For industries manufacturing essential goods, even higher contribution over and above that may be provided across the board.
- 37) Special incentives to be provided to health services industry that is closely working with government in this cause but losing revenue earned from overseas patients due to ban of foreign travel.
- 38) RoDTEP should be operationalized immediately and export incentives given to affected sectors.
- 39) Any pending incentives, drawbacks, etc should be fast-tracked.
- 40) Supply chains are resuming activity, there is likely to be a rush for port berths and clearances. Definite times lines for sanitising the cargo, berthing, unloading and clearance of cargo as well as transportation to factories must be put in place. Demurrage charges need to be waived. Penalty for not meeting 'Minimum Guaranteed Tonnage' (MGT) at major ports should be waived.
- 41) In case of emergency, airlifting of specific products need to be catered for.
- 42) Extend subsidies for utilities bill payments –
 - reducing rents for industrial units through reduction/ exemption of land use taxes (China)
 - subsidy for electricity, water bills (Singapore)
- 43) Relaxation of norms for existing loans - For all present corporate loans which will get impaired due to COVID, government and regulator should relax the norms and allow a specified time window for the borrower and the lender to re-work the terms of loan based on the cash flow. Furthermore, the loan accounts should be classified as 'standard' so that no provisioning is needed for the same.
- 44) Government should advise all central and state government agencies to expeditiously clear all outstanding payments to contractors and businesses
 - All outstanding tax refunds must be settled at the earliest. Any tax-related dispute must be resolved expeditiously so that the payments get released.
 - Huge sums of money are stuck in arbitration awards given for several infrastructure projects which have got dragged into High Courts and Supreme Court leading to inordinate delays. Government should honour the arbitration awards and instead of further litigation, should release the payments so that business and industry will get liquidity to tide over the present crisis.

- 45) The restriction on the manufacturing and movement of the food items and groceries across the state and district borders should be allowed. This will help to meet the demand of the consumers for food and also to reduce the panic among the population due to low availability of the products.
- 46) The restriction on the manufacturing of the food products will have a direct impact on the farm produce and farmers. The Government should take in consideration the interest of the farmers community since fresh produce is likely to arrive soon and if there is no demand from food manufactures it will badly impact the farmers.
- 47) Issuance of the advisories at the central and state level are creating interpretation issues and leading to mixed enforcement. Central government should advise state government and ensure issuance of uniform guidelines and advisories across the country.
- 48) Healthcare items and food products must be included in the list of essential commodities and the same must be clearly communicated to all state and district level authorities so that the supply and transportation of these items is not hindered and last mile delivery to consumers is ensured.

Section C – Exemptions from and Extensions for Select Statutory Compliances

Request for Immediate Tax Measures to be announced by the Government amidst outbreak of COVID-19

There has been tremendous turmoil in economic situation in India and world-over, because of outbreak of Corona virus ('COVID-19'), which has severely impacted businesses & continues to do so. Many countries are closed throughout the Globe, because of the pandemic. Companies and taxpayers across India, have asked their teams to completely work from home. All of this has made it extremely inefficient and in fact not possible for the taxpayers to comply with various tax compliances due under the Income Tax, GST Laws, Customs Laws etc. for example payment of tax and filing of returns, while working from remote locations.

In the current scenario, we earnestly request for the following tax measures to be immediately announced by the Government –

- All tax compliances having deadlines in the month of March to April, 2020 to be extended to June 30, 2020.
- Extension for due date of GST returns under section 39 of CGST Act, 2017 due in the month of March and April and payment of tax by at least three months.
- All scheduled hearings (including responses to 133(6) notices issued under the Income Tax Act, 1961) should be automatically postponed.
- Appeal filing dates should be extended or circular to be issued regarding automatic grant of condonation for delayed filings.
- Waiver of interest on delayed payments of taxes viz Advance Tax, TDS etc which are falling due on 15th March onwards.
- The payment timeline under Vivad se Vishwas should be extended from March 31, 2020 to June 30, 2020. Extend the due date of March 31, 2020 for payment of disputed tax to a reasonable date, say June 30, 2020, thereby giving the taxpayers sufficient time to evaluate the Vivaad Se Vishwas Scheme, file the application and make necessary arrangements for payment of taxes in these times of severe liquidity crunch.
- Removal of mandatory pre-deposit of 20% of tax demand for grant of stay by the Income Tax Appellate Tribunal ('ITAT').
- GST holiday for a year for the most impacted sectors like aviation, Travel and Tourism sector including tour packages and reservation services rendered by travel agencies.
- Both TDS provisions under Section 194O and TCS under section 206C of the Income Tax Act proposed in the Budget 2020 should be rolled back.
- Mandatory submission of PAN under Liberalised Remittance Scheme (LRS) of RBI on spending in foreign currency towards foreign travel should be done away with.
- Deferment of Income tax and GST payments and returns for at least six months for the most affected sectors like aviation, tourism etc.
- Due date of filing revised income tax return for financial year 2018-19 be extended; extension for filing of application of APA for transactions starting from 1st April, 2020, filing TDS return, etc.

Other relaxations required for smooth functioning of the businesses

- The normal functioning of companies has been disrupted due to the restrictions imposed to contain COVID19. In order to tide over the current situation, the current Financial Year be extended upto 30 April 2020. However, in case the situation worsens, the Financial Year be extended by 3 or 6 months as may be considered appropriate based on developments over the next week.

- While SEBI has exempted listed companies from observing the maximum stipulated time gap between two meetings for the meetings held or proposed to be held between 1st December 2019 and 30th June 2020. Similar exemption is required under section 173 of the Companies Act, 2013.
- Relax the procedural requirements for convening and conducting VC meeting under rule 3 of the Companies (Meetings of Board and its Powers) Rules, 2014, for a period of 6 months as companies may not be able to strictly follow such guidelines due to various restrictions being implemented as part of COVID-19 containment measures.
- In case where General Meetings have been convened by corporates to be held between 23 March 2020 and 30 April 2020; allow such companies to transact matters through postal ballot. Requirement of 30-day notice of postal ballot should also be waived.
- Companies are also finding it difficult to ensure compliance with the requirement of filing documents on MCA portal in view of current restrictions. Accordingly, an additional period of 30 days should be provided to ensure timely compliance (without any penalties being imposed).
- Shareholders' requests to Companies and their Registrar and Transfer Agents (based on KYC and other paperwork) are also difficult to execute within the stipulated time, hence ticking of the clock may be stopped for such actions. These include requests for dematerialization, duplicate shares, etc.
- Transfer of funds to IEPF and such other time bound corporate actions are also getting delayed due to difficulty in closure of accounts. Timelines need to be appropriately relaxed.
- Filing of Form FC-GPR with RBI relating to allotment of shares to persons resident outside India cannot be accomplished within the prescribed time as documents are required to be uploaded along with the form.

Section D – Sectoral Impact and Suggestions

Agriculture & Food Processing

Agriculture and allied activities sector is likely to be adversely hit by the Coronavirus scare. In fact, the poultry sector is already being affected severely. The poultry sector which is the fastest growing sub-sector of India agriculture eco-system and where the country has created a foothold at the global level (India is the third largest producer of eggs and fifth largest producer of broilers) is already facing losses to the tune of 150-200 crore each day. The social media has been spreading misinformation by correlating Coronavirus infection to consumption of meat and poultry products. This has caused enormous destruction in demand for poultry products and the prices realized by farmers have crashed to Rs 10-15 per kg – whilst the production cost of about Rs 70 - 80 per kg.

Furthermore, the prices of several commodities including soybean, maize and chana have fallen. Once the rabi crop will start arriving in the market from second week of April, mandis are going to see large gatherings of farmers. There is a need to ensure preventive measures to avoid the spread of virus in rural areas.

Suggestions

- Government should mount an enthusiastic media campaign to counter the rumors being spread on social media regarding consumption of poultry products.
- Government may also consider giving direct assistance to poultry farmers through direct benefit transfer so that they are compensated to some extent for the losses incurred by them.
- Given the extensive interactions and concentration of people in agri-mandis, steps must be taken to regulate the entry and exit of people in agriculture mandis.
- Given the good rabi season, the supply of agri products in the markets is expected to be sizable and government must ensure that the agri-products are procured and stored well in time. The 'bhawantar scheme' can be used for this purpose more effectively.
- Payments due to various agencies dealing with Central and State Governments should be released on a priority basis. This will help ensure liquidity in the trading system in rural areas.

Agro-chemicals

Suggestions

- In order to ensure short and medium-term food sufficiency and to protect farmers' income, the government must put pesticides and other agriculture inputs under the exempted list so that the manufacturing, imports, logistics and retailing of these inputs should not be unintentionally gets disrupted. The farmer is greatly dependent on all such inputs for growing crops and for their sustainability.
- The support needed from the government is to kick start local production of Intermediates and technical grade products which will help country to be self-reliant but also can help increasing exports to global markets. In this regards measures to incentivize and / or financially support backward integration by Indian companies for production of Technical grades and intermediates should be taken up.

Automobiles⁶

China accounts for 27% of India's automotive part imports and major global auto part makers such as Robert Bosch GmbH, Valeo AS and ZF Friedrichshafen AG have factories located in the Hubei province. Owing to the closure of the factories of these companies, there has reportedly been a delay in the production and delivery of vehicles like Bharat Stage Four (BS-IV) compliant models. These models can now be produced and sold until the end of March this year.

Moreover, the situation has become more precarious after the decision of the Chinese government to limit all shipments by sea until further notice. Since air shipments are not suitable for Auto Components and forging industries, the Indian OEMs are finding it difficult to plan production beyond the available inventory. According to a report released by the Fitch Solutions recently, vehicle production in India is likely to contract by 8.3% in 2020 following an estimated 13.2% decline in 2019. Covid-19 will also make the transition to Bharat Stage Six (BS VI) emission norms difficult which is scheduled from 1st of April 2020

Uncertainty surrounding the coronavirus has also impacted the demand for vehicles as consumers have been postponing their vehicle purchase decisions. The Federation of Automobile Dealers Association (FADA) has expressed concern over the availability of BS-VI vehicles which has been impacted due to COVID-19 situation in China. This has made the transition difficult for the sector and hence the March 2020 outlook is negative.

Suggestion

- Fiscal stimulus be given to the industry by adopting "Cash for Clunkers" scheme for the sector to that can provide the required incentives to consumers to exchange their old vehicles for new, more fuel-efficient vehicles. This can help in increasing the demand for automobiles in the country.

Aviation

Aviation is amongst the worst affected sector amidst the Covid-19 crisis that has taken the scale of a pandemic. According to the International Air Transport Association, airlines globally can lose in passenger revenues of up to US\$ 113 billion due to this crisis. Airfares have also come under pressure due to nearly 30% drop in bookings to virus affected destinations. As a result, airfares to such destinations have fallen by 20-30%.

Domestic traffic growth is also gradually being affected with domestic travellers postponing or cancelling their travel plans. Some companies have reported more than 30% drop in domestic travel this summer compared with last year. Airfare in the popular domestic routes have been reduced by 20-25% and airfares are expected to remain subdued for the summer season as well. According to the data available with the Ministry of Civil Aviation, nearly 585 international flights have been cancelled to-and-from India between February 1 and March 6 because of the outbreak of coronavirus. Cash reserves of airline companies are running low and many are almost at the brink of bankruptcy. Moreover, the crisis could lead to loss of many jobs. Already, some airlines have asked many of their staff/ employees to go on leave without pay. The airline industry needs an urgent bailout from the Government.

⁶ <https://www.businesstoday.in/sectors/auto/another-blow-to-indias-auto-sector-this-time-due-to-coronavirus/story/397125.html>
<https://www.pharmaceutical-technology.com/features/coronavirus-affected-countries-india-measures-impact-pharma-economy/>

Suggestions

- Loans, loan guarantees and support for the corporate bond market by the Government or Central Bank, either directly to the airline or to commercial banks that may be reluctant to extend credit to airlines in the present situation in the absence of such a guarantee. The corporate bond market is a vital source of cash, but the eligibility of corporate bonds for central bank support needs to be extended and guaranteed by Government to provide access for a wider range of companies.
- Tax relief: Rebates on payroll taxes paid to date in 2020 and/or an extension of payment terms for the rest of 2020, along with a temporary waiver of ticket taxes and other Government-imposed levies.
- Financial aid in terms of reduction in airport charges, overflight fees, taxation on passengers on security, temporary reduction of excise duty on ATF etc.
- Financial aid to deal with the higher expenses incurred to prevent the spread of the disease such as screening of passengers and disinfection.
- Suspend invoking of bankruptcy under IBC for companies in aviation sector.
- Bring ATF under the ambit of GST to provide long-term relief to airlines, as well as rebates on landing, parking and housing charges.
- Temporary abolishment of Royalties that are in the nature of pass-through to the airlines
- Support from government for additional manpower, sourcing of the critical personal protective equipment sanitizers etc. where there is an acute demand in the market and there is supply constraint.
- Relief in cost incurred by airport developers in terms of revenue share given to AAI under OMDA guidelines, for a period till the traffic situation improves to near pre-outbreak levels.

Cab Aggregators

The steps to reduce social distancing for flattening the disease spread curve have had an unintended consequence and led to a significant reduction in driver earnings across 60 Indian cities. Drivers' earnings have witnessed a fall of approximately 25%. Most vehicles on the aggregator's platforms are financed, with the average EMI being Rs 15,000 per month. With monthly gross revenues of around Rs 50,000 to 60,000 and net incomes (after costs and EMIs) ranging from Rs 18,000 to 25,000 for a 4-wheeler vehicle, the 25% reduction in gross earnings translates to almost 40% reduction in net incomes (most costs like EMIs are fixed). If gross revenues go down by 50%, it could lead to an almost 85% reduction in net incomes for driver partners, with many taking home a mere Rs 3,000. Against this background, following suggestions should be considered:

Suggestions

- Deferment of EMI payment (Extension of tenure) to banks & other financiers for a period of 6 months from March 2020. Interest payment should be continued to help manage the income of banks and NBFCs while avoiding NPAs of borrowers and helping them maintain their ratings.
- Provision of microloans of upto Rs 50,000 at concessional rates (DRI) to each driver-partner.

Capital Markets

Currently there is a need to ensure flow of funds to the industry through the primary markets and hence certain rules need to be tweaked to make this easier. Some measures are also required to stem the volatility in the market.

Suggestions

- Alternate day trading holiday or reduced trading hours daily to contain corona spread.
- Extend deadline for announcing audited results from May 31st to June 30th.
- Extend accounting period to April 30th for FY 2020 (will need to work jointly with MCA)
- Ban short selling in markets
- The deadlines for declaration of financial results (31st May), filing of returns with ROC & others etc to be extended, as audits would be affected due to current scenario, leave alone preparation of financial statements.
- All pricing guidelines such as floor price for QIP, Preferential Allotment, Takeover code etc. to be reviewed in view of the current market condition and relaxed.
- All limits on size and pricing to be relaxed for buyback and takeover code to facilitate support to the market
- New set of guidelines required for a very quick solution for any stress or potential stress situation. This will include relaxation from pricing, open offer etc.
- Evaluate putting restrictions on open future position by Institutional investors to avoid volatility in markets.

Chemicals and Petrochemicals

Suggestions

- Pharmaceuticals and healthcare sectors have heavy dependency on chemicals and petrochemicals sector for sourcing of raw materials. For example, Paracetamol is the key API & requires supply and further processing from both Crude Oil and Bulk Chemicals. Key raw material ingredients include Benzene, Sulphur (obtained from Crude Oil), Caustic, Chlorine, Hydrogen, Nitric Acid, Sulphuric Acid, Acetic Anhydride (manufactured as Bulk Chemicals). Another example being polymers used in medical products such as blood and intravenous bags, kidney dialysis & blood transfusion equipment, cardiac catheters, endotracheal tubes, artificial heart valves etc. These industries operate in a highly integrated manner to support the value chains and hence should be exempted from any restriction during lockout periods.
- Free Movement of Chemicals and Petrochemicals (C&PC) Goods in Lockdown/Restricted Periods. It is to be noted that the manufacturing sites for these industries are located in different regions/states/districts, so the interstate movement of these chemicals is very critical to ensure that the end APIs/products is manufactured. It is requested that in this pandemic situation, a national policy should be framed to allow manufacturing and interstate material movement of chemicals, petrochemicals and pharmaceuticals and it should be exempted from any restrictions. The trucks transporting these chemicals can have an additional label of "Essential Commodity" for ease of movement of these goods. This will ensure that each state/ district does not decide their own policy and the chemical and pharmaceutical industry doesn't have to deal with various local authorities and pharmaceutical industry manufacturing is not interrupted.
- Need of key government Interventions. We need to kick start local production of intermediates and technical grade products which will help country to be self-reliant but also can help increasing exports to global markets. Global crude oil prices have been hitting the ground for some time now. Further, the oil demand collapse from the spreading coronavirus looks increasingly sharp. This fall has already started impacting petrochemical manufacturers as prices of key PCs, building blocks, almost entire value chain have gone down creating trouble for manufacturers. Since there is expectation of a major disruption in industrial production in general, the demand for downstream chemicals could be limited. Therefore, Industry strongly recommends below steps and initiatives for the Govt of India to ensure that supplies are uninterrupted and rather situation can be leveraged to develop capacities.

- Most of the C&PC plants are continuous in nature and are directly or indirectly part of the pharmaceutical/healthcare/hygiene care/drinking water supply chain and hence all chemical plants should be considered part of the essential services and manufacturing, storage and material movement should be exempted from any restriction during lockout periods. It is important to have this as an integrated national policy and immune from state/district level policies.
- Movement of goods - Government should ensure the quicker movement of the C&PC cargo within the country without any state border control during lockout periods. Clearances at ports to be fast tracked as well with quicker custom clearances.
- Trade-policy measures - Govt may have to relook at various FTAs and revisit Anti- Dumping duties on various products to avoid a scenario where low-quality products will be dumped in the country and domestic players will suffer hugely. While China has quite lower exports as compared to pre COVID-19 period, the production in China is being increased. With increasing stockpiles, China may dump the material in the nearest easily accessible market – India. In deserving cases necessary duty protection may be given. Export subsidies may be accorded quickly to boost exports.
- Financial norms amelioration: In the critical situation today, sufficient time should be given for taking care of the repayment obligations of loans. Additionally, Industry should have easier access to loans for their capital requirements. Government should consider offering easier loan repayment terms or extended tenures and tax breaks for companies
- Faster environmental clearances - Strong need to develop process to get ECs expeditiously (maximum 30 days) to ensure quick ramping up of facilities.
- Quality control measures - In view of the surge in inferior quality imports from China, Korea and ASEAN region, government should have REACH like legislation to protect interest of Indian consumers and producers.

Consumer Durables & Electronics

India imports 45% completely built units of consumer durables from China. In addition to finished products, India also import nearly 70% of the components for television, and other consumer durable products such as air conditioners, refrigerators, and washing machines. Due to supply disruption, sales of these items are likely to be hampered. Also, Chinese suppliers have reportedly increase the prices of some components by more than 2%, and prices of TV panels by more than 15%.⁷ Hence, it is anticipated that prices of these consumer durable items will see a price increase in the range of 3-5%.

Suggestions

- The requirements of newly implemented QCO are such that the authorities need to visit the factory for audit and considering the current restrictions this may get delayed and may impact the current mandate of compliance by June 2020. This should be deferred for all applicable items.
- Need to work on demand expansion. Timing of GST increase on Mobiles could have been at a later date. Nevertheless, we expect serious consideration on shifting TV/ ACs from 28% to 18% to fuel the demand.
- The focus of “Make in India” should shift from “Reduce dependence on China” to “How to utilize Taiwan/ Japan/ Korea” to create partnerships into component manufacturing and enabling the SME sector.
- Duty on inputs of components such as Motors/ Compressors need to be studied and lowered to enable local manufacturing of components.

⁷ <https://www.forbes.com/sites/krnkashyap/2020/03/04/indias-economy-feels-the-pain-of-the-coronavirus-outbreak-in-neighboring-china/#6b6bec54d7cc>

- A serious consideration of Africa market to enable a long-term Export/ Indian industry expansion in those markets. As we know Chinese companies have been already making investments to set up a footprint into Africa for few years. We need to create a clear plan to not miss that bus as those markets will be large in about a decade.

Defence

As per law all defence contractors need to close their sales and book of accounts as on 31 March 2020. However due to disruptions in supply chain as a result of lockdown/ slowdown of manufacturing activities in countries battling the COVID-19 pandemic production activities of Indian primes and their Tier 2/3 suppliers have stopped or reduced considerably.

Even that equipments which have been assembled / tested and ready for dispatch as exports are held up due to lockdown of airspace and/or request of deferment of deliveries by customers. Since, such equipment / stores cannot be dispatched, the dispatch / sales values are reduced substantially and this affecting considerably the top and bottom lines of Companies performance in the Balance Sheets. This dropping down of sales figures will have adverse effects for considerable period, as most of the RFPs / Tenders ask for Performance Figures for earlier 3 years. To tide over the above problem –

Suggestions

- Government of India can help Indian industries by extending the current financial year to have 15 months, i.e., from 01 April 2019 to 30 June 2020.
- MoD/Service HQs/Workshops/Dockyards/Log Depots/Hospitals to clear all pending bills on vendors, already cleared by the SHQs, up to 80% of billing amount on pre audit basis by 31 March 2020. Detailed scrutiny of correctness of bill etc deferred to May 2020. This would require urgent infusion of additional funds. At an estimate 5% of the Budgeted Revised Capital expenditure and maybe 10% of Revenue expenditure on stores/equipment etc. would be necessary. Payments to other PSUs such as Indian Oil maybe deferred if funds at premium.
- All DPSUs and OFBs to immediately clear all outstanding dues and bills of vendors, preference to SMEs by 31 March 2020.
- No temporary/outsource employees, workers and staff at DPSUs/MoD/OFB establishments to be laid off. Granted leave and salary adjustments may be done later.
- All salaries/pensions to be credited on 01 April with no TDS. March TDS to be deducted w.e.f. salary/pension for June 2020 in 4 instalments.
- All RFPs/RFI/EoI/Tender responses due until 31 March 2020 to be extended to 01 May 2020. RFP responses require employees to come to work and cannot be done from home.
- Enhance powers for local procurement of provisions, medicines, fuel by 16.66% (2 months) to subordinate authorities.

E-commerce

With a view to prevent community spread of Covid-19, the Government has issued advisory for social distancing and isolation by asking corporates to allow work from home to their employees. Moreover, several State Governments have imposed city lockdown as a preventive measure. Given the likelihood of such lockdowns being extended to several regions across the country, there could be unintended consequences on the e-Commerce industry as some of their operations get disrupted. This could affect the e-commerce business, especially at a time when there is a surge in demand for home delivery of goods under present circumstances. While there is a need to ensure safety of all citizens, it is suggested that unintended consequences of any lockdown on the e-commerce industry be looked into.

Suggestions

- A new scheme for loss making e-commerce companies to get GST refund.
- New regulation of TDS collection by every e-commerce player effective 1st April 2020 to be deferred till the time economy recovers from the current crisis.
- Waive-off late fee and interest, if any, in case of non-filing of returns on-time for the time being.
- GST on essential items such as masks, sanitizers, essential drugs should be brought down to zero % (for limited period).
- Any Executive Order or Section 144 restrictions and curfew restriction should include the exemption of warehouses and logistics & delivery facilities and services of e-commerce operators as an essential business exemption. This should include the essential services vendors and third parties that support these essential delivery services. All warehouses, sort centres, delivery centres, delivery associates of the Ecommerce operators should be exempt from any restrictions including the curfew restrictions.
- Similarly, any restrictions on transport of goods may be exempted for the sector.
- A Central guidance be issued to all States and other ground agencies implementing these orders clarifying the exemptions.

Countries including the US, Italy, Spain, France, Germany, and the U.K – have issued specific e-commerce exceptions, recognizing that e-commerce plays an essential role in ensuring people can continue to receive necessary items (groceries, household goods, etc.) during the shutdown period.

Education and Skills

An unprecedented situation has developed where multiple sectors have been affected in different ways. Educators, Administrators, service providers, parents and students around the world are feeling the extraordinary ripple effect of the novel coronavirus as schools shut down amidst the public health emergency. With the coronavirus spreading rapidly across Asia, Europe, the Middle East, and the United States, countries have taken swift and decisive actions to mitigate the development of a full-blown pandemic. In the past two weeks, there have been multiple announcements suspending attendance at Schools and Universities. In a matter of weeks, coronavirus (COVID-19) has changed how students are educated around the world. Those changes have given us a glimpse at how education could change in the long term. On the demand side, ILO report says that coronavirus pandemic could trigger a global economic crisis and destroy up to 25 million jobs around the world if governments do not act fast to shield workers from the impact. The nature of employment is bound to impact skill development ecosystem as well.

The FICCI Task Force on assessing the impact of Covid-19 on Education (K-12, Education Technology & Higher Education) and Skill Development suggests following recommendations for the Government to consider:

K-12 Perspective

Schools around the country have been impacted by Covid19, facing closures that could last several weeks that too during the crucial period of academic year ending. With ICT infrastructure not being uniformly pervasive in India across regions and types of schools, only a small percentage of schools are equipped to provide access to online education. Public schools and low-fee private schools especially are likely face a larger impact on teaching and learning, owing to heavy reliance on brick and mortar means of delivering lessons. In many countries around the world, including India, schools are switching to an on-line mode of

educating children. This has got varying degree of success. Given the situation, this seems to be an effective mode. This could also have a long term and permanent change in K-12 pedagogy.

The added challenge in a country like India is that of an added economic burden posed on the parent to provide childcare, in the absence of school provided mid-day meals. Private schools that have the means and resources on the other hand, could try to minimize impact on teaching-learning, however, are likely face financial constraints owing to delayed fee payments. Considering these risks and challenges, it is extremely crucial to secure core of teaching-learning practices at schools, and ensure social support to the most feasible extent, particularly given the uncertainty over school re-opening dates under current circumstances.

Suggestions

Non-fiscal

- Leveraging platforms such as DIKSHA, and more localized virtual communities such as the 'WhatsApp communities of practice' to achieve teaching-learning objectives as well as for awareness creation and sensitization:
 - Equipping teachers to bridge learning gaps, undertake remedial classes when school sessions begin
 - Sensitize communities to ensure physical and mental well-being: Sensitize parents and children about Covid19, in order to minimize their anxieties and fear and provide guidance on ways they can avoid getting and spreading the disease.
- CBSE and other boards to consider alternate ways of grading/assessing instead of indefinitely postponing the Board Examinations; aggregating scores of examinations already conducted, and allowing students to pass could be considered With government considering deferment of Census, its impact on school learning outcomes (owing to common practice of teachers doubling as enumerators), is to be carefully considered at the time of Census planning. This may pose as an added burden when teachers are already looking to regain lost time.
- Create a detailed contingency plan, undertake rigorous academic planning and syllabus prioritization for AY 2020-21 factoring current backlogs and a delayed start to Academic Year. For e.g., considering holding board exams in month of April 2021 instead of March, factoring for added time of remedial learning in students preparing for high-stake examinations, planning of school calendar, holidays and similar activities.
- Continuing the mid-day meal system through distribution to homes of students, provision of vouchers for meals in areas where home distribution is not possible
- There is a huge number of contract teachers who will be affected, should there be longer time of closure. It's important to ensure there is no panic in this teaching/ academic community, insecurity of job loss.
- Create a public service awareness campaign targeting schools once they re-open to address the spread of any new infections and enhance their preparedness
- Ramp up free online resources work for self-study and as aids for teachers. Special package for preparing faculty to teach and assess on-line. Off-line modules (perhaps weekly) for Parents to be sent by school on-line team
- Set-up an 'on-line pedagogy team' (OLPT) in schools
- Appeal to Govt. and local administrators (and even to local cable operators) for a separate TV channel
- Start School you-tube channels that can be easily reached (and device agnostic) to all students.
- Have audio – conference calls (initially will be difficult, but people do adjust to new normal)
- Mobile (which is ubiquitous) channel for assessments – including on-line / real time assessments

- Provision for Schools with technology and resources should expand their offering to students of less privileged schools as CSR
- In the long-term, undertake measures to upgrade ICT infrastructure, broadband connectivity, equip educators, so that loss of learning in future can be minimized through remote learning

Fiscal

- Exemptions on GST for lease, construction, any other services including technology
- Time to reinvest capital gains on sale of property, machinery etc. can be extended to enable better liquidity
- Provide subsidies to education technology players, encouraging them to make remediation both accessible and sustained to a wide audience
- Provide loans to low-fee private schools for ICT and broadband upgradation
- Short-term loans at lower interest targeting parents for school fee payment

Higher Education – Perspective

As seen across the globe, Higher education in India is affected with universities and colleges shut down to contain the spread of the virus. To ensure continuity in learning, most Higher Education Institutions (HEIs) are transitioning to online classes and digital learning. However, except for a few HEIs, most HEIs are not fully geared to implement online learning, with constraints around availability of digital content, technology and delivery capabilities. The impact of the novel corona virus outbreak is also expected to impact admissions to HEIs in the coming academic year. Admissions exams scheduled to be conducted in the months of April and May are likely to be rescheduled. Further, there are uncertainties around reopening of the institutions for the next academic session. Placements, internships for students could also be affected with companies delaying the onboarding of students. HEIs could also face challenges with respect to fee collection in the coming academic session thereby affecting their working capital and cash flow requirements. The outbreak is also expected to have far reaching consequences such as decreased global mobility of students (both inbound and outbound), difficulty in recruiting faculty.

Suggestions

Non-Fiscal

- Currently, up to 20% of the courses can be offered online to students. The percentage of courses that can be offered online can be increased to ensure continuity of learning
- Empanel on-line education providers (e.g. Coursera, EdX, Swayam) and courses – whose credit scores can be acceptable in lieu of regular courses
- Universities should be encouraged to create content in the form of videos, documents to spread awareness about the virus. For example, in the UK, FutureLearn has teamed up with the experts at the London School of Hygiene and Tropical Medicine to open a free online course on preventing the spread of COVID-19.
- Given the uncertainties over the next academic calendar, delays in conducting admissions exams, HEIs can consider multiple admissions cycles for some of their programs.
- In the long term, Universities and colleges should have robust operating procedures and policies to ensure continuity of operations in the wake of such emergencies

Education Technology – Perspective

At the backdrop of Covid-19 outbreak, most schools across the country have closed down to avoid an outbreak amongst students. Such an emergency measure, though safeguarding the health of the child,

may have a negative impact on the academic progress and as a country, we need to ensure that this virus does not damage any child's learning and health. To ensure continuity in education, it is only technology enabled educational institutions which can ensure that learning doesn't stop by implementing live classes where teachers can continue to take classes from their homes and students can participate in such classes from the comfort of their own homes. Organisations like Extramarks Education, Khan Academy and Byju's are already providing their services to various education institutions. Educationists are of the view that it is time that the Government should take certain policy measures which can boost the Edtech sector. An enabling environment can facilitate them in managing financial crunch in the current situation. The need of the hour is to encourage education institutions to work out ways and means to integrate technology in their teaching - learning process. It can be an effective tool for assessments as well.

Suggestions

Non-Fiscal

- Free internet high-speed bandwidth
- Allocate more bandwidth (spectrum) for Ed-tech providers
- Accept / agree on equivalence of courses with universities

Skill Development – Perspective

Most of the businesses cannot afford to put capacity building on hold. Whether the effort is reskilling at the business-unit level or a company-wide aspirational transformation, companies will have to consider critical workplace learning, even as they move rapidly to put employee safety first. To continue enabling and delivering value-creating efforts, most of the firms may consider and expand virtual learning/skilling. Digital and virtual learning programs were already on the rise before COVID-19 struck and it may further act as an effective tool for training & skilling.

In the current skill-training ecosystem, candidates who are from economically weaker sections and have enrolled in short-term courses are most vulnerable to the present situation. They need to be supported with 3-6 months duration online courses. It is also important to note that current situation is bound to impact employment scenario and hence it's important to build entrepreneurial competencies through short-term online courses. Simple but effective videos of agencies like Khan Academy, Upgrad etc. (*Do it Yourself modules*) should be encouraged for short term skill training programs. Such videos also help in imparting some basic entrepreneurial skills to a segment of people who may lose their jobs at this hour of crisis.

Suggestions

Non-Fiscal

- A regulatory framework needs to be developed for effective collaboration with NSDC, Industry Associations, SSCs and Edtech companies to devise effective ways of online training
- 3-month online entrepreneurial modules at minimal or no cost along with IIE and NIMI
- Creating awareness about COVID, options for e-skilling during the shutdown by mobilizing anganwadi workers, people trained in community healthcare programs and medical students
- Incentivise health related courses – offer it free to qualified youth
- Training providers to offer their trainers' time for e-content development and e-training delivery – pay-outs under the govt. schemes (such as PMKVY) to be linked with number of contact hours established
- Theoretical learning component (under the apprenticeship schemes) to be taken up – online courses to be offered by the training providers

Fiscal

- Repayment holiday for the service providers who have availed financial assistance from banks, NBFCs, NSDC
- Financial support, social protection measures (paid leaves, free medical care) and tax relief for MSME sector and low-income earners
- Fast-track release of funds to skill training organisations to ensure continuity of organisations & training

Financial Services & Fintech

Fintech is emerging as a backbone for the banking industry and can play an increasingly important role especially at a time when RBI is laying focus on promotion of Digital Banking. Measures are required to support the fintech sector to enable players to provide support to the banking sector at the current juncture.

Suggestions

- Since usage of cash can be a source of virus spread, there is a need to give a renewed thrust on promoting digital payments and digital banking. Government must reinstate subsidies for digital payments for transaction below Rs 2000 immediately.
- Government must announce status-quo ante on MDR.
- For fintechs, NBFCs, AMC, SEBI RIA, PFRDA POS etc. [Reporting entities], the Aadhar based E-KYC authentication needs to be immediately implemented as this will help them continue with their business and support financial inclusion. MoF has already given a notification to this effect, but the same is still to be implemented.
- The importance of usage of CKYC registry should be highlighted by the RBI in its master circular. There should be an explicit mandate from RBI regarding CKYC being equal to full KYC and asking lenders to launch CKYC by April 10, 2020 for paper-less onboarding of customer accounts. Banks and NBFCs (RBI Mandate) and KRAs (SEBI Mandate) must upload data into CERSAI CKYC database to increase current 20 crore CKYC data to 50 crore CKYC data asap.
- Increase in limits for loan accounts permitted under OTP based e-KYC on-boarding as well as inclusion of credit cards. Lending through OTP-based e-KYC authentication under RBI KYC Master Direction is capped at Rs 60,000. Time is right to revise the limits upwards to at least Rs 6 lakhs in the KYC Directions and Guidelines in respect of loans permitted through OTP-based e-KYC. This will enable a hassle-free process to borrow small ticket size loans for both retail consumers and SMEs. Similarly, issuance of credit card accounts should also be allowed via this process and there should be an explicit mention to include credit cards under the OTP based e-KYC authentication process in the RBI KYC Master Direction.
- RBI should mandate launching Video KYC across all lenders by April 10, 2020 and simplifying prescriptive requirements such as bank officer on other side and encouraging collaborative solutions for Video KYC between Banks and FinTechs.
- Banks have been classified as essential services that will continue operations. Similar consideration should be accorded to Fintechs and other allied banking service providers that work with banking partners.
- Borrowers must be encouraged to pay interest instead of EMIs for the time being as this will help the income of both banks and NBFCs as well as ensure borrowers don't default and see a dip in rating.
- Relaxation of data privacy norms based on self-declaration is important for maintaining continuity of business especially when work from home is being implemented.
- In the insurance sector, there is a need to make the entire process of issuance and servicing of policies digital including through plugging the KYC gaps.

Healthcare

For the first time, we are experiencing an unprecedented global pandemic. The Healthcare sector is at the epicentre of this challenge, and the private sector has risen to the occasion, by offering to the Government all the support it needs, be it testing support, preparing isolation beds for the treatment of COVID-19 positive patients or deploying equipment and staff in identified nodal hospitals.

While the private healthcare sector is fully prepared for every eventuality, it is also a reality that, unlike other sectors, the sector is facing a twin-burden:

- (a) Investing additional manpower, equipment, consumables and other resources to ensure 100% preparedness for safety in the hospital(s) and eventual treatment of patients, if needed
- (b) Experiencing a sharp drop in OP footfalls, elective surgeries and international patients

Considering that the loss of business for hospitals is expected to continue for the foreseeable future (at least 3-6 months), and the fact that the sector's costs are predominantly (~80%) fixed, it is expected that there will be losses and severe impact on cash flows. It is imperative that the sector gets some relief, both in terms of costs and cash flows, to ensure that there is no large-scale disruption or impact on stakeholders like employees and vendors. To that end, the following suggestions may be considered by the government.

Suggestions

- Zero-rating / 5% GST: This has been a long-standing request from the sector and will bring maximum relief at a time like this. Government may consider zero rating of health care services, which will not only ensure that the credit chain is intact but also ensure that the input taxes are not loaded into the cost of healthcare services. As an alternative, the Government may please consider levying a concessional GST of 5% on healthcare services delivery. This option would result in unlocking of the differential input credit and will ease costs for all healthcare providers including nursing homes, clinics and hospitals. The Government could also consider extending the exemptions available for the education sector to healthcare.
- Immediate release of 100% Central and State Government dues to the sector under various schemes such as CGHC, ECHS, State Schemes etc
- At least 50% rebate on the current Commercial Rates of Power currently being paid by hospitals, to ensure sustenance of business
- Extension of time for a period of three years needs to be provided under the EPCG scheme for fulfilment of existing export obligations for the healthcare sector given that international patient traffic flow has completely stopped and it would take a considerable period of time for the same to return to the pre- COVID 19 incidence levels.
- Six to nine months' moratorium on all working capital, principal, interest payments on loans and overdrafts, bringing in liquidity and allowing for business continuity.
- Short-term interest-free loans for rebuilding business, and to ensure smooth hospital operations without supply-chain disruptions
- Delay in discharging social security liabilities and remittance of TDS may be condoned without any penal action for the next 6 months
- Receipts on Healthcare services provided to Insurance /PSU / Government referred patients be made TDS exempt, which will help save release significant cash flows
- Deferment of advance tax payments at the Central Government level

Health Insurance

Suggestions

Policy Interventions

- Insurance should be added as part of essential services: In order to continue to render services to the claimants, Industry requests the Government to declare the Call Centre Services, The TPA Services and the claims handling departments if outsourced of Insurance Companies to be declared as ESSENTIAL SERVICES also so that any clamp down on Offices for shutting down would not be applicable to the aforesaid departments / partners. This will help keep pace in rendering services to customers along with Hospitals.
- All Insurance Companies are required to submit various returns to IRDAI on Monthly/Quarterly/Annual basis and have strict timelines. In view of the thin attendance in Offices and the shutdowns being declared, the return filing timelines may be extended by 60 Days.
- Govt is requested to allow Companies NOT to follow diminution and impairment guidelines on investments in view of the extraordinary circumstances prevailing in the financial markets.

IT and ITeS Services

Suggestions

- DoT has relaxed policy for Work from Home (WFH). Still there are many regulations which are applied, like requirement for OSP license to take calls of PRI / fixed line number at home. Government may consider removing the clause that mandates for a license to enable people to work from home.
- The essential nature of the services of IT-ITES industry has been recognized in many State policies including Andhra Pradesh, Karnataka, Maharashtra, Telangana. Moreover, ESMA (Essential Services Maintenance Act) itself includes in its definition of essential services such services connected with continuity of the “Essential Service” per se. The IT-ITES industry provides key functionalities to many essential services, including:

- Healthcare and Insurance (prior approval of treatment etc)
- Government services (Tax administration, e-Governance, Cloud, Passport services etc.)
- Provision and support to end customers for utilities (gas, electricity etc)
- Maintenance and support for communication infrastructure (cell network support, ISP equipment support etc)
- Transportation (trucking, shipping, air cargo, etc for getting essential aid / medicines in a pandemic)
- Banking (KYC / AML support, KYC database updating without which suspicious transactions might pass through the banking systems)

Livestock Sector

Livestock market plays a very crucial role for the day to day trading of livestock all over the country to support dairy which is mostly fragmented. Important to keep in mind that it is very difficult for a farmer to hold on to a spent buffalo even for a day. The farmer needs cash to feed and get fodder for his milching buffaloes which is largely generated through selling of his spent buffalo(s).

Suggestions

- In this supply chain, it is important to ensure working of the integrated meat export units, movement of livestock, veterinary services, quality testing and sampling, export documentation, refer cargo movement should be allowed for meat meant for both domestic and export purposes.
- Export duty on raw buffalo hides be removed in order to help sustain the Indian meat industry keeping in mind the scenario wherein there are less export orders and high operational cost.

Media & Entertainment

Suggestions

Radio sector

- Government should enhance spending on advertising on radio for spreading the messages and updates related to COVID-19.
- Government must also defer statutory payments that radio companies must make to the government – quarterly license fees, Prasar Bharati fees.

Live Events

- Release with immediate effect all Tax refunds that are due including income tax and TDS to cover the cost of salaries/ daily wages etc. for those infected by COVID 19 and unable to return to work.
- Collateral free line of credit to be used for employees' salaries and statutory dues.
- Moratorium of payback on loans, interest for a period of 9-12 months.
- Pay all dues to companies who have executed work orders in this segment for the Government of India, public sector and for State Governments.
- Zero or minimal interest loans to be made available by the department of MSME for the financial year 2020.
- Government-initiated projects should replace the need of Bank guarantees with Corporate guarantees.
- Loans to be provided for loss-making companies against future contractual work.
- Government may announce that insurance companies should come out with products that insure future events and activities against Covid 19 or similar medical/biological disasters in addition to existing to cover the cost of salaries/ daily wages of employees laid off for a period of 90 days at least natural disasters. South Korea has moved ahead in this direction.

Multiplexes

- Provide interest free loans for 3 years with one-year moratorium to Multiplexes immediately to help it tide over this period of crisis and prevent any kind of default on Salaries, Electricity dues, loans & interest repayments etc. Based on the average annual operating expenditure of Rs. 1.5 Cr per screen, a loan amount of Rs. 25 Lakhs per screen may be the base for computing the total loan amount for all the impacted screens in the Industry, considering 2 months of complete shutdown/ disruption.
- Exemptions on all taxes - including GST, Show Tax, Local Body Entertainment Taxes and Property Taxes - for 1 year from the date of resumption of normal cinema operations
- Considering Electricity is a major operational expense, we would request you to consider a waiver on the Minimum Demand Charges and electricity duty on Electricity for a period of one year.
- Provide assistance to cinemas by reimbursements of Employee Salaries for the non-operational period to the extent of 75% for non-operational period.

News Broadcast

- Those catering to the news broadcasting services must be exempted from the general rules of quarantine and free movement and from restrictions in performing their duties and obligations in ensuring and enforcing citizen's right to be informed and updated.

In UK, all retail, hospitality and leisure businesses will be exempt from paying business rates for the 2020/21 tax year, regardless of their size or rateable value. Additionally, a £25,000 grant will be provided to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value between £15,000 and £51,000. Similar measures can be considered in India.

Medical Devices

India imports a variety of consumables, disposables and capital equipment including orthopaedic implants, gloves, syringes, bandages, computed tomography and magnetic resonance imaging devices from China. Due to the current crisis in China, the medical device manufacturers across India are finding it difficult to source important raw materials and electronic components from Chinese factories. Even though some of the factories in China have restored operation, shortage of some critical electronic parts and raw material still exists. This is adversely affecting the margins and profitability of Indian companies importing medical devices and small components to manufacture finished products. This can also put upward pressure on prices of medical devices in the short term.⁸

Suggestions

Fiscal Relief

- Mid-term reduction of GST for two quarters on all medical devices, which are either 5 percent or 12 percent to nil, for next two quarters to support the fight against COVID 19.
- Government should clear all outstanding and timely payment for upcoming procurements from Govt Institutions in current crisis, which will go a long way in supporting med-tech companies.
- Withdraw Health Cess Ad Valorem from Medical Devices
- Clarity on exemption of joint / spine for BCD exemption.

Policy Interventions

- Allow preferential clearance of Medical devices/ spare parts/ raw materials in airports and seaports. Huge back log is expected post international flight landing restrictions which will result in delaying Customs Clearance.
- Allow manufacturing sites/ distribution CFA of medical device/ Pharmaceuticals/ diagnostic companies as well as distributors' offices to be open in all location.
- Fast track regulatory approval for diagnostic kits and new drugs identified for COVID 19 (eq. hydroxy chloroquine is now approved by USFDA for COVID).
- India to explore other available testing technologies beyond RT PCR to enhance access in masses.

⁸ <https://www.globaldata.com/coronavirus-to-impact-import-dependent-medical-devices-industry-in-india-says-globaldata/>

MSME

MSMEs are likely to be severely impacted if the lockdown continues for a longer duration in wake of the Coronavirus epidemic. A large number of MSMEs could incur business losses and also face severe cash flow disruption, which in all likelihood will have an adverse effect on the livelihood of several people working in this sector.

Given the severity of the crisis, it is important to ensure health safety of MSME workforce, especially those involved at shop floors. Additionally, from economic perspective, it is extremely important to ensure the flow of money into the working capital of such enterprises otherwise there will be a risk to survival of these enterprises.

Suggestions

- To prevent the spread of coronavirus in MSME industries, it is essential that a guideline for preventive measures and infection control is disseminated across all enterprises at the earliest.
- All payments and dues by central and state government undertakings to the MSMEs should be cleared at the earliest. GST refunds should be cleared at the earliest. This will ensure availability of working capital for such enterprises.
- Further, all the receivables of MSMEs either from the government or from third parties should be converted into one-year commercial paper to be subscribed by banks under special refinancing window of RBI.
- Special package to corporates by extending subscription to bonds / commercial papers to the extent of the 3 months expenditure (expenditure means fixed cost such as salaries, administration expenses, losses in operation etc.) with a tenor of 3 years to be subscribed by banks under special refinancing window of RBI with an interest rate of 2% over repo rate.
- Give MSMEs across the board interest rate subvention at a higher rate of 3%, on standard loans (i.e. those that are healthy and not NPA's).
- MoF, through RBI, should give directive to the Banks for continued support to SME sector, especially service sector, for automatic renewal for a year of credit limit sanctions being processed from March onwards, till present scenario improves, without change in commercial terms.
- SEBI to issue Advisory to the Rating Agencies not to downgrade SME sector from March onwards, till present scenario improves. Those downgraded by one notch, should be restored to original ratings, which should be reassessed after one year. In UK, authorities have agreed to consider the rating just before the COVID impact.
- Provide a Wage Subsidy to MSMEs, especially in the Manufacturing sector, to the extent of 50% for all registered workers for a period of 9 months.
- Cash grant be provided to small businesses (like in Australia). In UK also small businesses will be provided with a one-time grant of 10000 Pounds to meet the ongoing business costs.

Pharmaceuticals

The Indian pharma industry has been a world leader in generics both globally and in domestic markets contributing significantly to the global demand for generics in terms of volume. Made in India drugs supplied to the developed economies such as the US, EU and Japan are known for their safety and quality.

In recent years, India has seen increasing competition from China, which it has been able to leverage due to its inherent cost advantage, manufacturing intermediates and APIs at a cost much lower than

those in India which has resulted in a gradual increase in API imports from China to India and this in turn has led to killing of domestic manufacturing capacity for certain key APIs and their advanced intermediates.

Today, India's large import dependence on China (nearly 70% by value) has become a significant threat to India's healthcare manufacturing and global supply chain. While Indian Pharma Companies over a time period have steadily migrated up the value chain to focus on value-added formulations with higher margins, but this over dependence on China has increased the threat to the nation's health security as some of these critical APIs are crucial to mitigate India's growing disease burden.

Any disruption in supply chain of APIs can result in significant shortages in the supply of essential drugs in India. Some of the critical APIs for high-burden disease categories such as cardiovascular diseases, diabetes and tuberculosis are listed in the National List of Essential Medicines (NLEM). In fact, the current market is largely dependent on China for many antibiotic APIs manufactured by the fermentation route such as penicillin, cephalosporins and macrolides. The increased dependency of low-cost API is mainly attributed to China's extensive efforts towards developing economies of scale, easing regulations for bulk drug manufacturers, availability of low-cost utilities, building process efficiencies and supporting manufacturers in the form of subsidy, low taxes and fiscal incentives.

India has significantly lost out on the API manufacturing owing to the inadequate Government support and API focused infrastructure coupled with complexity in getting approvals for setting up a manufacturing plant, delayed pollution clearances, high cost with low availability of utilities, regulatory and price control regime are some of the key challenges faced by the bulk drug industry.

Given the nature of this dependence, suitable interventions from the Government and Industry are required.

Suggestions

- Seamless co-ordination between Centre and State Authorities to facilitate approval processes so that business conducive regulatory environment exists
- Increase competitiveness of Indian players by providing low cost utilities, incentives for manufacturing critical APIs and restrict price control regime
- Utilize existing capacities by providing fund for technology upgradation and leverage PSUs for manufacturing critical APIs
- Identify critical APIs with high diseases burden categories and provide financial incentives to Industry for manufacturing critical and complex APIs
- Ensure supply chain by signing MoU with some friendly nations
- Incentivise investment and increase Government grants in research and development (R&D)
- Develop scientific talent pool and create centres of excellence with collaboration of academia and industry
- Declare API as a strategic sector
- Cluster development approach to establish bulk drug parks. Clusters can provide various advantages such as economies of scale and common infrastructure such as effluent treatment plant, testing laboratories, R&D center etc.

Power

The corona virus outbreak is expected to have an impact on power demand and in fact the latest data for the first two weeks of March 2020 has already reported a negative growth (-3.6%) in power consumption. The consumption had noted a 10.8% growth during the month February 2020. Press

reports indicate that power demand was growing favorably in the first week of March but has been contracting ever since. The decline coincides with the measures being undertaken across the country to contain the spread of corona virus through closure of malls cinemas etc. This is expected to adversely impact the revenue flow of discoms which already have dues of about Rs 90 000 crore from various government institutions. In light of the current situation, it is urged that the:

Suggestions

- Central government considers giving the States a capital injection to pay power generating companies, if necessary, by relaxing state fiscal limits.
- Restructuring of loans to power companies should be considered. Given the current situation, it is possible that the 10/12 assets revived recently will once again turn bad, hence requires regulatory forbearance.
- Government should advise banks not to stop disbursing loans in anticipation of possible delays in project implementation.

Private Security Services

Private Security Industry employs more than 50 lacs workers and operates 12,000 cash vans that manage currency supply in the country, as outsourcing agency of banks. Similarly, Cleaning & Hygiene services industry has close to 40 lac workers. This force of almost 1 crore trained personnel is engaged as first line of defence for lacs of offices, public transport, hospitals, RWAs and other establishments in the fight against Corona Virus. Private Security Workers are carrying out fever check outside thousands of customer establishments and ensuring use of masks, sanitisers etc apart from maintain access control and material movement in buildings, factories, hospitals, colonies and other such places. Cleaning and pest control staff is handling deep cleaning, fumigation, washroom and public place hygiene efforts for lacs of premises across India.

As an industry, this sector is facing service disruption as State Government orders are NOT counting these services as “critical services”.

Suggestions

- In order to avoid disruption of services, Central government orders and circulars need to categorise Private Security workers, Cash Logistics workers and Cleaning / Facility Management workers as “critical services”. Just like government employed healthcare, sanitation and law enforcement workers.
- Further, government may consider offering incentives to employers for not downsizing blue-collar workforce.

Publishing

The publishing industry is going through a very tough phase. Major literary festivals and fairs around the world have been cancelled. Author tours, signings and bookstore appearances have also been scrapped. Schools are closed and examinations have been postponed. On top of the likely consumption slowdown, production has been hit. Authors, publishers, creative functionaries and booksellers are struggling to confront and limit the financial fallout. Many fear store closures and potential disruptions to warehouse and distribution centres, as well as possible paper shortages and a decline in printing capacity.

The industry is suffering primarily as the major demand of the publishing material arise in the month of February to April, and currently the things are on the verge of standstill. Publishers and the other actors in the publishing ecosystem are contributors to many facets of knowledge economy, from early childhood to school, to higher education and to research space. The following measures may be considered to support the publishing industry.

Suggestions

- Provide subsidy on paper for printing of schoolbooks and newspapers as import of pulp from China and other countries have been impacted. A subsidy on paper will enable industry user to spread the messages, advisories and precautions to be taken with regard to limiting spread of COVID-19 in a larger manner.
- Government could advice banks that there could be a delay in interest and instalment payments to the banks by publishers and allied service providers. Banks could give them more time to pay interest and instalment without paying charges, treat them as regular accounts and allow them some grace period.
- Request to provide 6 months of relaxation on principal, interest payments, loans and overdrafts, to bring in liquidity.
- Provision of Government backed low cost loan or credit on attractive terms which would help MSMEs to pay rents, salaries and other immediate expenses.
- Medium size businesses could be offered a small loan with interest waiver for the first 6 months.
- Reduction of interest rate by 3% would result in more working capital.
- School education content could be open for private publishers at all grades, thus adding variety and diversity.
- Government could consider increasing the research funds.

Real Estate & Construction

The year 2019 was a difficult one for the real estate sector, which continues to struggle with a funding crisis in the midst of issues plaguing the NBFC and banking sector. The situation has been exacerbated by the economic slowdown resulting in poor housing demand. There have also been structural changes in the industry, as a fallout of events like demonetisation and the introduction of the RERA and the GST in the last few years. The industry was hoping to recover from this prolonged slowdown in 2020. The health contagion of COVID-19 disease, however, has the potential to put some brakes on India's real estate market, given the anticipated slump in demand.

The outbreak of coronavirus has not had a major impact on the domestic real-estate market so far. However, a prolonged impact of the coronavirus may not have a favorable impact on the prospects of the real estate industry.

The sector is taking all possible measures to mitigate the impact of n-Covid19 on business such as deferring the house registrations, moderating sales targets in alignment with the current realities etc. Some other measures that could be extended from the Government include

Suggestions

- IT department may provide time concessions for paying various taxes. This will help the industry in managing overall cash flows.
- The RBI should come up with steps to contain the possibility of debt defaults in these extraordinary circumstances

- A large number of companies will see sharp slump in demand, hence a debt restructuring scheme, any form of extension of debt repayment etc will be much required
- Sharp cut in policy interest rate to improve economic sentiments
- Moratorium period to be exercised as due to cash flow issues it will be difficult to repay the loans on time

Other Measures

- Unorganised Workers: Industry should plan out a process for them as they will be the most affected ones. One plan could be to increase the number of hours to 10 hours & 3 days minimum work for all.
- Construction workers Cess: Government may consider to utilise labour cess fund and pay to all the construction workers from the cess collected every year which is about INR 96,000 crores.
- Large basement facilities in unoccupied buildings can be used as makeshift hospitals/ isolation facilities if required.

Renewable Energy

India imports nearly 80% of its solar cells requirement from China. Indian players are facing uncertainty regarding the supply of solar panels from China. Delay in supply of solar panels beyond the available inventory with the manufacturers is impacting timely completion of solar projects resulting in a force majeure situation. The Finance Ministry has issued a circular stating that the current situation of COVID-19 should be treated as Force Majeure for solar projects. However, the Ministry of New and Renewable Energy (MNRE), SECI and State Governments have not yet issued any circular with respect to the same. This is creating confusion in the renewable energy industry. Moreover, the Renewable Energy Industry is a capital-intensive industry where availability of liquidity is important. The current outbreak of coronavirus has affected the liquidity of the renewable energy companies due to the impact on supply chain.

Suggestions

- MNRE, SECI and State Government should declare the present situation in the renewable sector as Force Majeure for Solar Projects.
- Power purchase bills raised by Renewable Power Suppliers to SECI/ NTPC should be paid within 15 days instead of 30-45 days, which will help in easing the liquidity of renewable energy players
- Disbursement of Term Loans for project construction should continue. Government should direct the banks not to stop disbursement of loans under the expectation of project delays due to COVID-19.
- Ways should be explored for safe unloading of shipments from China into India. Shipment from China has started to arrive, however, the ships are not being allowed to unload their goods in India due to fear of contagion. Government should find ways to facilitate the safe unloading of shipments in India.

Retail

The outbreak of Coronavirus is having a severe impact on people, economy and business. As responsible corporates, all retail players are adopting necessary preventive actions to ensure safety of their employees and customers. The end objective is to ensure easy and uninterrupted availability

of essential food and grocery products at affordable prices so that people don't panic. During these critical times, it is imperative for all stakeholders to come together.

Given the widespread effect of COVID, business across sectors is looking gloomy, impacting economy at large. Shutting down of malls has severely hurt business for all retailers. This could lead to major job losses as companies won't be able to sustain this for too long.

Suggestions

- Reduce GST on essential food and grocery items and also waive off 0.1% TCS provisions that will be effective April 1, 2020 till we tide over this crisis.
- There should be a moratorium on TDS for all service providers.
- For consumer items to be readily available in the market it is essential that the manufacturing facilities be kept open under the strictest of safety and hygiene guidelines.

This will give some respite to the organizations by easing cash flows at a time when business is on a steep downturn and also help avoid massive job cuts and closure of businesses.

Sports

Indian Sports sector has suffered substantially due to the inevitable impact of the coronavirus. Event cancellations raise a host of practical considerations, such as potential refunds, exchanges etc., particularly in relation to interested parties like sponsors, broadcasters, and ticketholders who may have committed significant money to events now subject to cancellation due to the coronavirus. According to the global advisory firm Duff & Phelps, the brand Indian Premier League (season 12) valued at INR 514 billion in 2019 will see a value erosion of INR 15,124-26,467 million if the BCCI goes in for a truncated tourney with empty galleries and INR 52935-75,622 million if the season is cancelled. Cancellation will incur loss to the tune of 90000-100000 million INR to BCCI, broadcaster, franchises, players, etc.

India exports, nearly 60 percent, a major chunk of the domestic sports manufacturing to US and European nations. With these top destinations for exports being declared the new epicentre for the COVID-19 pandemic, new and ongoing orders are bound to bear the brunt.

Many stakeholders like Leagues/Teams, Governing Bodies, Athletes, Sponsors, Broadcasters, Manufacturers etc. will likely face issues relating to contracts, insurance, employment, sales, operations etc.

Apart from the economic impact, a lockdown situation leading to inactivity has a significantly negative impact on the nation's physical activity levels.

In view of the above, industry would like to make the following suggestions.

Suggestions

- Force Majeure, which may grant relief to a party from liability for failure due to the scenario beyond their control, should be given particular attention as the COVID-19 situation is somewhat unique that includes the naturally occurring component (the virus itself) and the government action components (including postponements, cancellations, and other measures put in place in response to the outbreak).

- Contract Extension, the parties may continue to keep the contract in force for an additional year, with all of the same terms of the current contract agreement. The FICCI survey on Impact of Coronavirus on Indian Businesses states that the expected time to normalcy is six months. With majority of the current season lost, extending contract by a year may be desirable in order to continue a productive working arrangement, and overcome the negative impact borne by the outbreak.
- A compensation package may be developed for the contracted sports professionals who are rendered jobless during the inactive period.

Textiles

India imports US\$ 460 million worth of synthetic yarn and US\$ 360 million worth of synthetic fabric from China annually. The country also imports over US\$ 140 million worth of accessories like buttons, zippers, hangers and needles. India does not have the domestic supply base to cater to such a huge demand of these raw materials.⁹ Chinese textiles factories were shut down after the outbreak of coronavirus. In case the outbreak continues, Indian garment manufacturers would have to look for alternatives sources, including local sourcing. This may increase the cost of finished goods by 3-5%. In addition to this, both quality and cost may have adversely impact due to this change.

India also exports 20-25 million kg of cotton yarn a month to China. There has been a drop in cotton yarn prices in the domestic market as traders have anticipate a decline in demand from China due to the current situation. Moreover, textiles exports have also been impacted due to the spread of Covid-19 in Europe, UK and the US, which are the main markets for Indian garments. Inventories have piled up as many foreign buyers have put their purchases on hold. Also, many of them are deferring their payments for goods which have been shipped already. If the condition continues to remain same, exporters may have to cut production which will impact jobs as well.

Suggestions

- Include cotton yarn and fabrics under RoSCTL, IES & MEIS benefits with immediate effect to prevent job losses for lakhs of people in the handloom, power-loom and spinning sectors.
- Extend soft loan equivalent to Government dues pending in the books of individual textile units that could be adjusted soon as the Government clears the dues (TUF subsidy, RoSCTL, MEIS, GST refund, etc).
- Enhance IES benefit for all textiles and clothing exports to 5%.
- The import of finish goods in India should be discouraged for next 3-6 months. So that the unutilized production capacities can be used to fulfil the domestic demand.
- Reduced air freight charges for the incoming material from global sources and also for the export of ready goods to buyers to mitigate the losses to Indian manufacturers.
- Term loan payments should be deferred for six months along with the interest payments on term loan by the banks.
- For the year April 2020 to March 2021, either a) make GST payable after receipt of payment instead of raising of Invoice or b) allow some flexibility in the payment of GST dues.
- A 90 days extension for payment of Employers' contribution of PF and ESIS
- Government should also release pending payments to companies like subsidies or dues against orders before March 31.
- Help create alternate production base in India for materials which are primarily sourced from China. Though this would not have any short-term impact to the current situation but would help to create a self-reliable economic system for India for any future situations.

⁹ <https://economictimes.indiatimes.com/industry/cons-products/garments/-/textiles/indian-textile-and-apparel-industry-to-be-affected-due-to-coronavirus-attack-in-china-cmai/articleshow/74223014.cms>

- Ensure no punitive action by NCLT for delays of repayments etc. till 31st December 2020.

Tourism, Hospitality & Medical Value Travel¹⁰

With large scale cancellation of travel plans by both foreign and domestic tourists, there has been a drop in both inbound and outbound tourism of about 67% and 52%¹¹ respectively since January to February as compared to the same period last year. Of all the segments of the hospitality sector, the Meetings, Incentives, Conferences and Exhibitions — popularly known as MICE segment — has been hit the most.¹² Some of the major international business events have also been cancelled including tech events such Mobile World Congress (MWC), Google I/O, and Facebook's F8 event, which has led to huge economic losses.¹³

The tourism industry expects the situation to further deteriorate in March and in the forthcoming summer season i.e. April-June. Usually, the number of Indian travellers to both domestic and international destinations peak during the months of March and April. However, this time around nearly 90% bookings of hotel and flights for the peak time have been cancelled. Cruise bookings for destinations such as Thailand, Singapore and Malaysia have also been cancelled by travellers in huge numbers. According to the Indian Association of Tour Operators (IATO), the hotel, aviation and travel sector together may incur loss of about Rs 8,500 crore due to travel restrictions imposed on foreign tourists by India for a month. This is also expected to have a negative impact on jobs in the industry.

Medical Value Travel business has also been affected deeply.

Suggestions

- The removal of fees for any upcoming licenses and permit renewal for the hospitality and travel industry across states. Hotels pay a hefty bar license in addition to many taxes like property taxes. The validity period of these taxes and licenses be extended by at least one year without further payments.
- Restoration of SEIS scrips for duty credit of 10% to Tourism, Travel & Hospitality Industry.
- TDS under section 194O and TCS on overseas packages should be rolled back: Both TDS under Section 194O and TCS on sale of Overseas Tour Packages under Section 206(1G) of the Income Tax proposed in the Budget 2020 should be rolled back.
- PAN under LRS: Mandatory submission of PAN under Liberalized Remittance Scheme (LRS) of RBI on spending in foreign currency towards foreign travel should be done away with.

Transport & Logistics

The outbreak of coronavirus has had an impact on transport and logistics sector as well. The transport sector revenues have been affected and are likely to be further impacted with the slowdown in economic activities due to the urban lockdown across several states, combined with the supply disruptions caused globally.

¹⁰ <https://www.indiatoday.in/india/story/indian-travel-industry-suffers-losses-as-high-as-rs-200-crore-due-to-coronavirus-outbreak-1651733-2020-03-02>

¹¹ <https://www.thehindubusinessline.com/economy/tourism-industry-stares-at-300-m-loss/article31025324.ece#>

¹² <https://www.thehindubusinessline.com/economy/tourism-industry-stares-at-300-m-loss/article31025324.ece>

¹³ <https://gadgets.ndtv.com/mobiles/news/mwc-cancellation-facebook-f8-google-event-caused-half-billion-direct-loss-2189821>

Public transport, including metro and railways have also seen a downfall in passenger traffic amidst the government advisory for social distancing and work from home.

Suggestions

- Shipments from China have started to arrive; however, the ships are not being allowed to unload their goods in India due to fear of contagion. Government should find ways to facilitate the safe and fast unloading of shipments in India. Work out mechanism to reduce quarantine delays at ports.
- Reduce / subsidise freight rate for railways.
- Suspending/ reducing of port fee and other logistics fees over the next few months to help revive the imports and exports.

Shipping

- All PSUs and Major Ports of India using Indian ships for services be directed to pay the charter hire or freight charges to Indian companies without any delays whatsoever.
- Ensure that Indian ships carrying critical coastal cargo such as Crude Oil and Finished Petroleum Products such as Petrol, Diesel and Kerosene are providing priority berthing at Indian ports in order to ensure smooth supply chains.
- Ensure unhindered supply of Bunkers, spare parts, stores, food, medicine, water and other supplies to Indian ships at Indian ports and terminals.
- Ensure standard SOPs for boarding of Repair crew and Vetting and certification surveyors to provide assistance to ships in need (subject to compliance with health requirements)

Railways

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

Electric Vehicles

- Add EV financing to priority sector lending.

Section E – Sectors / establishments to be kept out of purview of ‘Curfew’

- Pharmaceuticals
- FMCG
- Food processing
- Medical Devices
- All oil and gas companies / operators / establishments, etc. in upstream, midstream, and downstream
- Ports
- Insurance including Health Insurance
- Pharmacies
- Non-Bank Finance Companies / Housing Finance Companies
- Healthcare establishments including diagnostic centres
- Petrol Pumps
- E-commerce and home delivery agents for different services food, groceries etc.
- Kirana stores and general merchants including shops for food items, fruits, vegetables etc.
- Private Security Agencies
- Power generation
- DISCOMS, Water Utilities, Power Load Dispatch Centres
- IT, ITeS and telecom services
- Electricians, mechanics, horticulture workers, drivers, ATM technicians
- Banking services including allied banking services offered by fintech players
- Aggregator services – such as ride hailing services
- Agri-extension services workers and MNREGA workers
- Supply / production chain of essential inputs like Seeds and Agro-Chemicals for production, logistics and warehousing requirements of farmers for Kharif season
- Courier services
- Sanitation services
- Cargo transportation services
- Factories producing essential goods e.g. FMCG, medical supplies etc.
- Other manufacturing units in areas affected by COVID-19 can be allowed staggered working hours
- Areas there are no cases of COVID-19 may be allowed to function normally

Companies must ensure that all protective and preventive measures are strictly adhered to and supplies of gloves, sanitisers, masks are made available to the employees and workers.

Section F – COVID-19 Mitigation Measures Taken by Indian Companies

In wake of the coronavirus crisis and its likely impact on employees and businesses, FICCI has carried out a quick survey of industry to find out how companies are coping up with this crisis and to understand various strategies they have adopted to meet the associated challenges. Most of the companies in India are taking various precautionary measures for safety of their employees and many of them have started taking steps to mitigate the impact on their business operations, costs and revenues. These are listed below -

Precautionary measures taken by companies to prevent employees contracting the disease

- Awareness measures to educate staff on Corona Virus
 - Posters have been put up at various locations in offices
 - E-mails are being circulated to spread awareness
 - Awareness programmes are being conducted by Medical team in the shop floors / offices / townships
 - Circulation of Do's and Don't Do's List
 - Asking people to avoid public transportation
 - Spreading awareness through social media
 - Lists of hospitals where testing is available is being circulated
 - Advisory regarding no handshakes
- Sanitisation and health safety measures
 - Regularly sanitizing premises; continuous sanitization of door handles / taps being carried out
 - Making available sanitizers, soaps at relevant points (e.g. security desk, front office, washrooms and pantry space, etc.)
 - Frequency of housekeeping routines have been increased multi-fold
 - Temperature checks at entry points
 - Daily Doctor visits
 - Employees with mildest of symptoms are advised to stay at home and employees with any symptoms of covid-19 are asked to contact nearby Government Hospital for check-up.
 - Masks for floor employees made available
 - Mask, gloves, sanitizers made available to office admin staff
 - Isolation rooms provided at office complexes
- Changes made in HR practices
 - Biometric attendance discontinued
 - Employees exempted from marking attendance till 31.03.2020
 - Allowed work-from-home for employees
 - Work From Home made mandatory for all pregnant female employees and other employees with medical history
 - No Face to Face Interviews, only via zoom / skype
- Changes with respect to travel, meetings and visitors entry
 - All meetings, trainings & other employee gatherings have been stopped till further notice
 - Most meetings with vendors/ clients are being held telephonically or via video-conference
 - Official Travel is not allowed and any personal travel is required to be reported back to office
 - While some companies have stopped allowing visitors in office premises, some are doing strict monitoring of people entering the premises

- Some companies are checking travel history of visitors and asking them to fill a self-declaration form
- Face masks are being provided to visitors in some companies

Measures taken by companies to mitigate the impact of n-Covid19 on their business

- *Measures to manage sales and revenue*
 - Some companies are offering discounts on products
 - Since global orders of products like garments have been affected, companies are trying to increase sales in domestic market.
 - Some companies in freight industry are trying to find out alternative opportunities that can be explored during the post corona phase given the probable set back expected from majorly infected countries.
- *Measures related to operations/ production*
 - Companies are trying to maintain optimum production level
 - Some companies are liquidating inventory
 - Some companies are keeping high inventory of raw materials
 - Since many companies have offered Work from home option to their employees, the companies are also trying to address the cyber security concerns associated with such schemes.
 - Media companies are preparing alternate broadcast up-linking and downlinking plans in the event of quarantine situation of telecast facilities.
 - Companies are finding alternates to business travel; meetings are being held via teleconference/ video-conference.
- *Measures to manage costs and finances*
 - Some companies have reduced credit
 - Companies are curtailing overall operating costs and all non-essential expenses
 - Even some essential costs are being reduced such as marketing cost, vehicle supply cost, business development cost, customer care cost, etc.
 - New product launches are being cancelled
 - Capital investment is being deferred
 - Some companies are trying to reduce their labour/ manpower cost by sending people on unpaid long leaves, reducing workforce and through salary reduction
 - Some companies are negotiating with vendors for increased credit period
- *Relationship management with vendors and clients*
 - Companies are planning and undertaking effective communication with customers and suppliers; arrangements are also being made to review contracts in anticipation of continuation of covid-19.
 - Exporters are informing their international customers on the possible delays in supplies and requesting for extensions. They are also offering in-house stocks for alternate products with similar performance levels
 - Some exporters are looking at sourcing costlier products from Indian and other global sources to complete the orders in hand
 - Some companies are looking for alternative suppliers as well as exploring other channels of supply chain including ecommerce and home delivery
 - Some Fintech companies are encouraging banks and NBFC to keep the momentum going for discounting of invoices to support MSME businesses; they are also making available helpline for MSME enterprises to enable them to transact from home.

Section G – Economic Measures taken by Select Countries

- Top 10 countries affected by the Corona virus epidemic constitute 60% of global GDP and 40% of India's exports.
- From the beginning of the year through March 18, 2020 16 central banks have cut rates. 24 more rate cuts by central banks by mid-year: JP Morgan
- Fiscal policy is projected to add 1.3 percentage points to global GDP this year: JP Morgan

1. CHINA

Number of Cases	Share in Global GDP	Share in World Exports	Share in World Imports	Exports by India	Imports by India
81,008	17%	18%	16%	10%	19%

Fiscal Policy

- The central government issued a stimulus package for expansion of production capacity for virus-related goods and services.
- Tax deduction and fee-waiving policies issued for enterprises and taxpayers in relevant industries, including medical services, public transportation and delivery of daily necessities.
- Industries severely hit by epidemic, including transportation, catering, accommodation and tourism, as well as enterprises and individuals who donated critical medical products, also eligible for tax deductions.
- Central government provided subsidies in the form of loan payments for producers of virus-related products and for start-ups that were severely affected.
- Local governments required to guarantee and facilitate the delivery of critical medical products and daily necessities.
- Municipal governments also issued their own measures, including offering funds and credits for antivirus-related industries and businesses, reducing rental payments, and deducting taxes and fees for severely affected industries and individuals.

By March 4 2020, the Ministry of Finance arranged a total of 110.48 billion Yuan of special funds for epidemic prevention and control, 71.43 billion Yuan of which has been used. The fiscal authority also increased the 1.85 trillion Yuan of quota of newly issued local government bonds to mitigate the adverse impact of the epidemic. Between January and February, nearly 70% of the quota (approximately 1.2 trillion Yuan) of local government bonds had been issued.

Monetary Policy

- The People's Bank of China eased market credit through conventional policy instruments, including open market operations, reserve requirement ratios, loan facilities, refinancing and rediscount policies. Lending rate cut by 10 bps on Feb 10, 2020.
- Financial institutions have cut the loan rate and are providing additional credit to virus related manufacturers and the daily necessity retail and delivery sectors, as well as producers of critical medical products.
- For SMEs, the commercial banks required to roll over debt contingencies. Reducing rent, waiving fees for SMEs.
- The central bank also required commercial banks to improve the quality of services, including establishing a 'green channel' for COVID19-related businesses, and increasing e-payments and online services.
- Financial institutions offering additional credit to the trading industry for the importation of medical products from abroad.
- The China Banking Regulatory Commission (CBRC) required commercial banks to adjust personal loan repayment arrangements for housing mortgages and credit cards and delayed repayment periods.
- Local banks to adjust the repayment arrangements, extend maturity periods.
- Chinese banks have issued 107.5 billion Yuan in loans at favourable rates to small and agricultural firms
- On March 13 2020, the central bank cut the targeted reserve requirement ratio by 0.5 to 1 percentage points, releasing 550 billion Yuan of long-term funds.

Social Security Measures

- Local governments implemented policies with the goal of stabilizing employment and helping SMEs overcome threats during the epidemic. These policies include the deferment and refunding of social insurance payments.
- In some cities, such as Shanghai, those enterprises that did not lay off employees could enjoy the deduction of social insurance payments and receive subsidies for employee on-the-job training.
- Accelerating payments of unemployment insurance benefits.
- Expanding social safety nets.
- Extending social insurance payment period.

2. ITALY

Number of Cases	Share in Global GDP	Share in World Exports	Share in World Imports	Exports by India	Imports by India
47,021	2%	3%	3%	2%	1%

Fiscal Policy

- Italy has adopted an emergency decree worth €25 billion (\$28 billion) to support its economy adversely affected by the coronavirus outbreak.
- The main measures are to provide €1.15bn for the Italian health system and €1.5bn for its civil protection agency.
- The decree suspends loan and mortgage repayments for companies and families and increases funds to help firms pay workers temporarily laid off due to the lockdown.
- Other measures are expected to include one-off payments of €500 per person for the self-employed, government support for companies paying redundancy payments to their staff, a freeze on any worker lay-offs, and a cash bonus for Italians still working during the lockdown.
- Italian government has said it would provide support to Alitalia, the national carrier the state has already provided €900m in loans to since 2017.

Social Security Measures

- The decree extends parental leave, offers funds to families to pay for babysitters, and suspends all firing procedures begun after Feb. 23, 2020.

3. IRAN

Number of Cases	Share in Global GDP	Share in World Exports	Share in World Imports	Exports by India	Imports by India
20,610	1%	1%	0%	1%	1%

Fiscal Policy

- One-time cash handout to lower income classes in four stages. The government has identified those recipients of cash handouts who have no other income and will boost their income through supplementary cash transfers.
- Ministry of Economic Affairs and Finance has focused its activities on operational issues such as speeding up customs processes for items needed in the health-care sector.

Monetary Policy

- Retail sector workers and street vendors who have lost their jobs as a result of the crisis will receive an interest-free loan of 20 million rials (about \$474 at the official exchange rate). The loan will be repaid over 30 months and it is estimated that about 4 million citizens would receive this grant.

Social Security Measures

- Empowerment of single mothers through specific workshops to align the capabilities of single mothers with the existing needs in the job market. This will not translate into immediate financial support, but potentially improve the chances of the target persons to secure sustainable jobs.

4. SPAIN

Number of Cases	Share in Global GDP	Share in World Exports	Share in World Imports	Exports by India	Imports by India
19,980	2%	2%	2%	1%	0%

Fiscal Policy

- Government's plan is €100bn of state loan guarantees for business aimed at ensuring liquidity, especially for small and medium-sized companies.
- Other government commitments amount to €17bn. The whole package, including private money triggered by the loan guarantees totals to about €200bn.
- Moratorium on mortgage payments for people whose income has been hit by the crisis and a similar moratorium for utility bills.

Monetary Policy

- The Royal Decree-Law states that directors of a company which is in insolvency situation are not under the duty to request the judicial insolvency declaration. Further, any petition filed by a creditor will not be conducted until 2 months have elapsed since the cease of the state of alarm, and if a petition by the debtor is filed within such period, it will have preference in the conduction. This moratorium also applies to debtors which are under pre-insolvency situation.

Social Security Measures

- Some social security payments to be suspended and there will be €600m to help vulnerable people and those who depend on social services.

5. UNITED STATES

Number of Cases	Share in Global GDP	Share in World Exports	Share in World Imports	Exports by India	Imports by India
19,285	25%	9%	13%	17%	7%

Fiscal Policy

- On March 6, 2020, President Trump signed an \$8.3 billion spending bill, currently called "Phase One" of stimulus efforts, to fund efforts to fight the pandemic. Among other things it:

- Funded research on a vaccine
- Gave money to state and local governments to fight the spread of the virus
- Allocated money to help with efforts to stop the virus's spread overseas

- On March 13, 2020 the Democrat-controlled House of Representatives passed a stimulus bill, currently called "Phase Two" of the stimulus, which is waiting on a vote in the Republican-controlled Senate, that included, among other things:

- Free virus testing
- Expanded unemployment benefits
- Additional funds for Medicaid
- A provision requiring paid sick leave for some workers affected by COVID-19

- Also on March 13, 2020 President Trump announced a state of emergency, allowing the Federal Government to distribute up to \$50 billion in aid to states, cities, and territories.
- On March 17, 2020 Treasury Secretary announced that individual and businesses will have an extra 90 days past April 15 to pay their tax bills. It is estimated that this will free up \$300 billion in extra liquidity over this period. Individuals can delay taxes up to \$1 million and corporations up to \$10 million. Notably, tax return forms are still due April 15.
- On March 17, 2020 Secretary Mnuchin and President Trump suggested a roughly \$1 trillion stimulus package, named "Phase Three," to the Republican-controlled Senate. The package is just a proposal, many of the details are undecided, and any plan would need to be passed by Congress. Included in the proposed package were:

- \$500 billion in direct payments, including a more than \$1000 payment to all U.S. adults, excluding millionaires and billionaires
- \$50 billion in bailouts for the airline industry
- Upwards of \$500 billion for small businesses and other expenditures

- March 17, 2020 also saw Democratic leadership in the House of Representatives revise their paid sick leave proposal. In the original version, companies would be required to give workers affected by COVID-19 and qualified for the program, 2 weeks of sick leave at full pay and 10 weeks at 2/3's pay. The revised proposal limits it to 2 weeks with the next 10 only allowed for workers caring for children whose school or day care is closed down. Among other exemptions the mandate to provide paid sick leave only applies to businesses with fewer than 500 employees. It also sets up a program to reimburse the employers for sick leave pay through a tax credit.
- On March 18, 2020 the Senate Republicans approved the Phase Two stimulus package passed by the House earlier in the month without changes. Senate Majority Leader, Mitch McConnell said that the Senate will stay in session until "Phase Three" of the stimulus is passed.
- On March 19, 2020 Senate Majority Leader Mitch McConnell released a draft bill of the "Phase Three" stimulus package. The Republican plan includes the following, among other things,

- A tax credit of \$1,200 per adult and \$500 for each child for some families. The amount would be lower for people making between \$75,000 and \$99,000 a year, and none for people making over that amount. For people who pay less than \$1200 in taxes the amount goes down, down to a minimum of \$600 for the poorest people who have no federal income tax liability. And even that \$600 is dependent on making at least \$2,5000 in qualifying income.
- \$300 billion in loans to small business with under 500 employees, with loans capped at \$10 million. Part of the loan would be forgiven if the companies don't lay off any employees through the end of June.
- \$50 billion in loans and loan guarantees for passenger airlines.
- \$8 billion in loans and loan guarantees for cargo airlines.
- \$150 billion in loans and loan guarantees for "other eligible businesses" The Treasury Department has a lot of latitude to decide what falls into this category.
- The legislation would also cap compensation for "any officer or employee" of the firms receiving loans at \$425,000 a year until March 1, 2022.

- Small Business Administration will also provide capital and liquidity to firms affected by the coronavirus.

Monetary Policy

- On March 12, 2020 the Federal Reserve massively expanded reverse repo operations, adding \$1.5 trillion of liquidity to the banking system extending the amount of short term loans to banks to keep money markets (markets for very short term loans) stable and allow banks to have more cash
- On March 15, the Federal Reserve cut interest rates by a full percentage point, down to a range of 0.00% to 0.25%. The Federal Reserve restarted quantitative easing with the purchase of \$500 billion in treasuries and \$200 billion in mortgage-backed securities.
- On March 16, 2020 the Federal Reserve increased reverse repo operations by another \$500 billion.
- On March 17, 2020 U.S. Treasury Secretary Mnuchin announced that he was approving the Federal Reserve's creation of a "Commercial Paper Funding Facility," (CPFF) which allows the Fed to create a corporation which can purchase commercial paper, short-term, unsecured loans made by businesses for everyday expenses. He also authorized up to \$10 billion from the Treasury to help cover loan losses incurred under this program. The program will end on March 17, 2021 unless it is extended.
- Also on March 17, 2020 the Federal Reserve received approval to re-launch a Great Recession-era tool, the Primary Dealer Credit Facility (PDCF). Starting March 20, 2020 the PDCF will offer short-term loans to banks secured by collateral such as municipal bonds or investment-grade corporate debt. The program will run at least six months, and longer if needed.
- On March 18, 2020 the Federal Reserve announced the Money Market Mutual Fund Liquidity Facility (MMLF). This is a new program, to lend money to banks so they can purchase assets from money market funds, like with the CPFF, the Treasury is offering up to \$10 billion to cover loan losses the Fed incurs from the program. In addition, lending under the program will not affect bank capital requirements. The program is scheduled to run until the end of September. This is similar to the AMLF program launched in 2008 after the collapse of Lehman Brothers caused a major money market fund to fail.

6. GERMANY

Number of Cases	Share in Global GDP	Share in World Exports	Share in World Imports	Exports by India	Imports by India
17,742	4%	8%	7%	3%	3%

Fiscal Policy

- The government is making up to €500bn in loans available to companies hit by the coronavirus pandemic. Most of these will be provided via KfW, the state development bank. The loans will be available to all companies, from SMEs to bluechips.
- Germany will make it easier for companies to claim subsidies to support workers on reduced working hours to counter the effects of the pandemic. This is the same measure which was used to help prevent large-scale layoffs during the 2008 financial crisis.
- Expanding its programme of export credits.
- The government has also discussed having a reform to the solidarity tax (a 5.5 percent surcharge on high-income earners) apply in 2020 rather than in 2021 as previously planned.
- Increase public investments by 12.4 billion euros by 2024.
- Bavaria, a wealthy southern state that is home to big companies such as BMW and Siemens, has launched a €10bn fund to buy stakes in struggling companies.

7. FRANCE

Number of Cases	Share in Global GDP	Share in World Exports	Share in World Imports	Exports by India	Imports by India
12,612	3%	3%	3%	2%	1%

Fiscal Policy

- On March 17, 2020 French Finance Minister, Burno Le Maire announced a \$49 billion aid package that includes the following things:
 - Substantial social-security tax cuts
 - Unemployment benefits for people forced to work part time
 - A fund to help shopkeepers and the self-employed
- Guaranteeing of bank loans of up to \$327 billion to help businesses.
- The country has allowed companies to declare force majeure due to the outbreak if they cannot honour a contract with the public sector and is putting pressure on big companies to show similar leniency with subcontractors.
- Establishment of a solidarity fund to manage some of the new subsidies.

Social Security Measures

- An “exceptional and massive” mechanism to pay workers temporarily laid off by crisis-stricken businesses. Corporate tax deferrals and support payments for workers.
- Social security payments, and “sick leave” payments to parents who are not ill but have to stay at home to look after their children because schools are closed.

8. SOUTH KOREA

Number of Cases	Share in Global GDP	Share in World Exports	Share in World Imports	Exports by India	Imports by India
8,799	2%	3%	3%	1%	3%

Fiscal Policy

- Government has announced a stimulus package of 11.7 trillion won (\$9.8 billion) on March 3, 2020. Among other things, it includes:
 - Small and medium business subsidies to help companies pay workers
 - Child-care subsidies
 - Job retraining for people who have lost jobs
- Some 2.3 trillion won allocated to medical institutions and fund quarantine efforts, with another 3.0 trillion won going to small- to medium-sized businesses.
- Loans will be made on relaxed terms to affected exporters.
- 50 trillion won (\$39 billion) in emergency financing for small businesses and other stimulus measures announced on March 19 2020.
- The government will issue loan guarantees for struggling small businesses with less than 100 million won (\$78,000) in annual revenue.
- Local commercial banks and savings banks to allow loans to be rolled over for small businesses if they cannot afford to pay off the loan when it is due.

Monetary Policy

- The Bank of Korea slashed its benchmark interest rate to a record low of 0.75%. The BOK convened its first emergency board meeting since the global financial crisis on March 16, 2020 and cut the seven-day repurchase rate by 50 basis points, effective March 17, 2020.
- 10.3 trillion won in treasury bonds to be issued this year to fund the extra budget.
- Tightened rules on short-selling for three months.
- A new fund targeted at bonds could be greater than a similar, Won10tn (\$7.7bn) vehicle, set up in 2008 to help companies weather the global financial crisis. Finance Minister has said in addition to the bond fund Seoul will also expand the issuance of primary collateralised bond obligations of Won 6.7tn over three years to help

companies with low credit ratings. State lender Korea Development Bank will buy corporate bonds to provide liquidity to companies. A separate fund will also be deployed to back up the country's equities.

9. SWITZERLAND

Number of Cases	Share in Global GDP	Share in World Exports	Share in World Imports	Exports by India	Imports by India
6,113	1%	2%	1%	0%	4%

Fiscal Policy

- The Swiss government unwrapped a CHF 32 billion package of new measures to cushion the economic impact of the coronavirus, most of it aimed at helping small business survive a looming recession.
- The spending plan comes on top of CHF 10 billion in emergency aid already announced.
- The Federal Council is setting aside CHF 20 billion to guarantee bank loans for cash-strapped companies.
- It earmarked another CHF 380 million as compensation for cultural and sports events that have been cancelled because of the health threat.
- The self-employed are to be paid a compensation for loss of earnings.

Monetary Policy

- The Swiss National Bank reduced the pain for banks, raising the exemption threshold before negative interest rates applied to 30 times banks' minimum requirements from 25 times. This would save banks around 600 million francs per year.

Social Security

- Parents entitled to compensation if they need to stop working to look after children.

10. UNITED KINGDOM

Number of Cases	Share in Global GDP	Share in World Exports	Share in World Imports	Exports by India	Imports by India
4,014	3%	3%	3%	3%	1%

Fiscal Policy

- On the fiscal side, the U.K. Finance Minister announced a budget with nearly \$37 billion in fiscal stimulus on March 11, 2020. Among other things, it includes:
 - A tax cut for retailers
 - Cash grants to small businesses
 - A mandate to provide sick pay for people who need to self-isolate, and a subsidy to cover the costs of sick pay for small businesses
 - Expanded access to government benefits for the self-employed and unemployed
- On March 17, 2020 the U.K. unveiled another, larger stimulus package. It includes, among other things:
 - \$379 billion in business loan guarantees
 - \$23 billion in business tax cuts and grant funding to businesses hit worst by the virus, such as retail and hotel businesses
- All households with difficulty paying mortgages will be offered a three-month payment holiday, the first measure in what is expected to be a much bigger package.
- The UK Government and the Bank of England intend to provide access to additional funding via the COVID Corporate Financing Facility (CCFF), but only for companies which were in sound financial health before the

COVID-19 crisis. The CCFF will provide funding to businesses by purchasing commercial paper of up to one-year maturity, issued by firms making a material contribution to the UK economy.

- As part of the 2020 Budget, the Chancellor announced an extension to the planned Coronavirus Business Interruption Loan Scheme (CBILS). The next scheme will temporarily replace the Enterprise Finance Guarantee (EFG) and is set to become available in the coming weeks. As with EFG, British Business Bank will provide the scheme. CBILS will operate by allowing accredited lenders to provide eligible businesses access to loans from £1,000 to £5 million. The UK Government will then provide a guarantee for 80% of the loan value. This guarantee is provided to the lender directly rather than the business.
- All retail, hospitality and leisure businesses in England will be exempt from paying business rates for the 2020/21 tax year, regardless of their size or rateable value.
- A £25,000 grant will be provided to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value between £15,000 and £51,000. Any enquiries on eligibility and provision of the reliefs should be directed to the relevant local authority for the business.
- In addition, small businesses that benefit from small business rate relief or rural rate relief will be provided with a one-off grant of £10,000 to help meet their ongoing business costs. Such businesses will be automatically contacted by their local authorities and need not apply.

Monetary Policy

- On the monetary side, Bank of England, rolled out stimulus measures on March 11, 2020, including:
 - Lowering interest rates by 0.5%
 - Lowering capital requirements for U.K. banks, allowing them to use a reserve they call a "counter-cyclical capital buffer," which is money kept in reserve to increase banks' resistance to global financial shocks.
 - Allowing nearly \$390 billion in new loans.
- The Bank of England continued monetary stimulus with an unscheduled announcement on March 19, 2020. The BOE said it was buying \$228 worth of U.K. government bonds and corporate bonds and cutting interest rates by 0.15% to 0.1%.

What countries are doing in Europe

Measures	Countries
State loans or credit guarantees for companies	<ul style="list-style-type: none"> • Germany • France • Italy • UK • Spain
Income subsidies for affected workers	<ul style="list-style-type: none"> • Germany • France • Italy • Spain
Tax deferrals	<ul style="list-style-type: none"> • Germany • France • Spain • UK
Social security deferrals or subsidies	<ul style="list-style-type: none"> • Germany • France • Spain
Debt repayment holidays	<ul style="list-style-type: none"> • Italy • UK • Spain

Source: <https://www.ft.com/content/26af5520-6793-11ea-800d-da70cff6e4d3>

Country wise Size of Stimulus Packages

Country	Fiscal Stimulus (Approx)
China	110.5 yuan (\$15.3 billion)
Italy	€25 billion (\$28 billion)
Spain	200 billion euros (\$220 billion)

United States	\$ 2 trillion
Germany	550 billion euros (\$610 billion)
France	\$49 billion
South Korea	11.7 trillion won (\$9.8 billion)
Switzerland	CHF 32 billion
United Kingdom	\$37 billion
Australia	7.6 billion Australian dollars (\$11.4 billion)
New Zealand	12.1 billion New Zealand dollars (\$7.3 billion)
Indonesia	10.3 trillion rupiah (\$727 million)
UAE	100 billion dirhams (\$27.2 billion)
Thailand	\$17.6 billion
Malaysia	20 billion Malaysian ringgit (\$6.6 billion)
Japan	\$19.6 billion
Northern Ireland	100 million pounds
Saudi Arabia	50 billion riyals (\$13.3 billion)
Turkey	\$15.5 billion
Canada	\$82 billion Canadian (US \$56.4 billion)
Portugal	€9.2 billion (\$10 billion)

Source: Various Press Articles

Section H – Annexures

Annexure 1 - List of APIs with high dependence on China:

- Amoxicillin
- Ciprofloxacin
- Prednisolone
- Cephalexin
- Ofloxacin
- Betamethasone (Base)
- Cefixime
- Norfloxacin
- Dexamethasone
- Cefoperazone
- Clarithromycin
- Progesterone
- Sulbactam
- Chloramphenicol
- Rifampicin
- Ceftriaxone Sodium Sterile
- Erythromycin Stearate/Estolate
- Acyclovir
- Potassium Clavulanate
- Metformin
- Lopinavir
- Piperacillin + Tazobactam
- Metronidazole
- Ritonavir
- Tetracycline
- Tinidazole
- Gabapentin
- Oxytetracycline
- Ornidazole
- Oxcarbazepine
- Doxycycline
- Artesunate
- Carbamazepine
- Neomycin
- Losartan
- Aspirin
- Gentamicin
- Telmisartan
- Levetiracetam
- Streptomycin Sulphate (Sterile)
- Valsartan
- Diclofenac Sodium
- Meropenem
- Olmesartan
- Paracetamol
- Levofloxacin
- Atorvastatin
- Levodopa
- Azithromycin
- Vitamin B12, Vitamin B1, Vitamin B6 and Vitamin C
- Carbidopa
- Sulfadiazine
- Heparin
- Clindamycin Hydrochloride
- Clindamycin Phosphate

Annexure 2

Cost difference for API manufacturing in India as compared to manufacturing in China are given hereunder (Example of 7 APIs):

1. Carbamazepine

Key Raw Material sourced from China – IDB (IminoDibenzyl)

Major Chinese Suppliers – Zhejiang Jiuzhou, Zhejiang Huazhou

Prices at which key Raw Material sourced – USD 16.9/Kg

Estimated cost of manufacturing of API (including depreciation and finance cost) – USD 67/Kg

Chinese API Price to India: USD 40/Kg

Chinese API Price to Regulated Market: USD 42/Kg Chinese API Price to Rest of world: USD 44/Kg

2. Azithromycin Dihydrate

Key Raw Material sourced from China – Aza amine (Azaerythromycin)

Major Chinese Suppliers – Zhejiang Guoban, CSPC Ouyi, Zhejiang Yatai

Prices at which key Raw Material sourced – USD 100/Kg

Estimated cost of manufacturing of API (including depreciation and finance cost) – USD 147/Kg

Chinese API Price to India (IP Grade): USD 100/Kg Chinese API Price to Regulated Market: USD 120/Kg Chinese API Price to

Rest of world: USD 110/Kg

3. Losartan Potassium

Key Raw Material sourced from China – Br CMB (2-Cyano- 4-bromomethyl biphenyl)

Major Chinese Suppliers – Zhejiang Tianyu, Zhejiang Huahai

Prices at which key Raw Material sourced – USD 38/Kg

Estimated cost of manufacturing of API (including depreciation and finance cost) – USD 137/Kg

Chinese API Price to India: USD 100/Kg

Chinese API Price to Regulated Market: USD 110/Kg Chinese API Price to Rest of world: USD 98/Kg

4. Olmesartan Medoxomil

Key Raw Material sourced from China – OLJ-1 (Ethyl-4- (1-hydroxy-1-methylethyl)-2-propyl-1-H-imidazole-5-carboxylate) and CMG (4-Chloromethyl-5-methyl-1,3-dioxolen-2- one)

Major Chinese Suppliers – Zhejiang tianyu, Huanggang Luban

Prices at which key Raw Material sourced – OLJ-1 - USD 220/Kg & CMG – USD 120/Kg

Estimated cost of manufacturing of API (including depreciation and finance cost) – USD 1214/Kg

Chinese API Price to India: Not available

Chinese API Price to Regulated Market: USD 600/Kg Chinese API Price to Rest of world: USD 520/Kg

5. Oxcarbazepine

Key Raw Material sourced from China – MISB (10-Methoxy Iminostilbene)

Major Chinese Suppliers – Zhejiang Jiuzhou, Zhejiang Huazhou

Prices at which key Raw Material sourced – USD 46.3/ Kg

Estimated cost of manufacturing of API (including depreciation and finance cost) – USD 96/Kg

Chinese API Price to India: Not available

Chinese API Price to Regulated Market: Not available Chinese API Price to Rest of world: USD 110/Kg

6. Valsartan

Key Raw Material sourced from China – VAL-1 (N-(2- Cyanobiphenyl-4-yl)methyl)-L-Valine methyl ester)

Major Chinese Suppliers – Linhai Tianyu, Henan Huashang, Zhuhai Rundu

Prices at which key Raw Material sourced – USD 52.5/Kg

Estimated cost of manufacturing of API (including depreciation and finance cost) – USD 221/Kg

Chinese API Price to India: USD 145/Kg

Chinese API Price to Regulated Market: USD 220/Kg Chinese API Price to Rest of world: USD 200/Kg

7. Atorvastatin Calcium

Key Raw Material sourced from China – Amino Ketal (AMK) (4R,6R)-1,1-Dimethylethyl-6-(2-aminoethyl)- 2,2-dimethyl-1,3-dioxane-4-acetate)

Major Chinese Suppliers – Jiangsu Alpha, Zhejiang Jiangbei

Prices at which key Raw Material sourced – USD 140/Kg

Estimated cost of manufacturing of API (including depreciation and finance cost) – USD 719/Kg

Chinese API Price to India: USD 200/Kg

Chinese API Price to Regulated Market: Not available Chinese API Price to Rest of world: Not available

It may be noted that we have almost 100% dependency on China for the key raw materials for the above illustrated seven APIs.