



BCIC Recommendations to address the challenges of COVID 19

**No. 3/4, 3rd Floor, C Block, Unity Buildings, JC Road, Bangalore 560 002
Tel: 91-80-22223321, 24-25; Fax: 91-080-22232233; Website: www.bcic.in**

Sri T M Vijay Bhaskar, IAS
Chief Secretary to Government
Government of Karnataka
Bengaluru

Respected Sir,

Sub: BCIC Recommendations to address the challenges of COVID19 in the present economic situation

On behalf of the Bangalore Chamber of Industry and Commerce (BCIC), we are submitting herewith the Recommendations to address the challenges of COVID19 for the State in the present economic situation.

We look forward to providing further clarifications, if required, and are hopeful that you will consider these suggestions.

Thanking you and we remain,

Yours faithfully,

Devesh Agarwal President	T R Parasuraman Senior Vice President	K R Sekar Vice President
---	--	---

Copy to:

Sri Jagadish Shettar, Hon'ble Minister for Large and Medium Scale Industry, Government of Karnataka

Mr. Gaurav Gupta, IAS, Principal Secretary, Commerce & Industries Dept, Govt. of Karnataka

Mr. M Maheshwar Rao, IAS, Secretary to Government, Mines, MSME, Commerce & Industries Dept., Govt. of Karnataka

Contents

- ✓ **COVID & its Impact**
- ✓ **Sectors Affected by COVID**
- ✓ **Way-Forward**

COVID & Its Impact

I.0 IMPACT ON ECONOMY

- **Lower demand due to shut down and loss of earnings to the common man**
- **Lower demand leading to lower consumption**

2.0 IMPACT ON GLOBAL SUPPLY CHAIN

- **India has a lot of manufacturing companies in Auto, Pharma and allied sectors who are dependent on imports from other countries for inputs**
- **Due to COVID19, the global supply chain is really impacted as other countries may find it difficult to export to India and other destination**

3.0 IMPACT ON LIQUIDITY

- **Considering the fact that imports will be severely impacted leading to impact on Global supply chain and hence business would be incurring higher cost to maintain even present level of productivity;**
- **Further lack of alternative supply of inputs, raw materials could bring severe stress on production, leading to higher cost**

4.0 IMPACT ON SMALL AND MEDIUM ENTREPRISES (SMEs)

- **SMEs are already impacted due to the economic slowdown and lack of access to working capital**
- **Further in view of COVID19 impact, SMEs may face imminent closure as functioning becomes difficult owing to the high cost and also due to Lack of Working Capital facilities. Hence SMEs need more attention and bail out under the present circumstances.**

5.0 LOSS OF SALARY AND WAGES FOR THE WORKMEN

- **Due to the shutdown of service sectors and possible shutdown of Manufacturing / Infrastructure sectors, the employees/daily wage earners / temporary workers / casual labourers will be severely impacted leading to loss of jobs and loss of earnings.**

6.0 INCREASE IN MEDICAL COST

- **Non-availability of essential medical kits like Sanitizers, Ventilator Masks, etc the common man would be severely impacted**
- **This may also lead to spreading of COVID19 in a faster pace as it would impact community at large.**

7.0 SPURT IN PRICES OF ESSENTIAL PRODUCTS / GROCERIES

- **Due to the shutdown in the last two-weeks and possible shutdown in the future, in the event of COVID19 not being contained, some of the intermediaries may try to hoard food items / vegetables / groceries and other essential items and may force higher price on commodities which is beyond the reach of the common man**

8.0 STRESS ON MEDICAL / HEALTH / INFRASTRUCTURE

- **Due to COVID19 and with the existing ailments of some of the aged people, the State would face stress on health infrastructure leading to chaos and non availability of sufficient medical facilities for treatment to common man.**
- **Hence, the Government should focus on protection to common man in the form of medical kit / treatment and availment of essential medicines.**

Sectors Impacted by COVID

9.0 SECTORS IMPACTED BY COVID 19

- **TRAVEL & HOSPITALITY (including Airlines, Tour operators, Hotels and other allied sectors)**
 - ✓ Due to continued restrictions on travel, these sectors may face deep fall in the revenue generation
 - ✓ With fixed costs remaining high, this would definitely have an adverse effect on the sector
- **SMEs**
 - ✓ Due to increased cost of production and lack of working capital, SMEs would be severely impacted

9.0 SECTORS IMPACTED BY COVID19 (Contd/-...)

- **MANUFACTURING**

- ✓ Due to impact on the global supply chain and lack of alternate supply, higher cost of production may lead to liquidity crisis in the absence of adequate working capital from banks and financial institutions

- **IT/ITES**

- ✓ Due to COVID19, global organizations may scale down on IT budgets and also may postpone the Technology advancements, the IT and Tech sector may have an adverse impact

- **RETAIL**

- ✓ Due to shutdown or the possible lockdown, the “Footfalls” has become zero in various shops / malls due to which the retail sector would witness a sharp decline in sales leading to accumulation of higher inventory thus leading to erosion of margins leading to liquidity crisis.

WAY FORWARD

.

WAY FORWARD

I.0) Agri Sector: Eliminate middlemen and allow farmers to direct access to market

- **Government to support Farmers to facilitate direct selling across country**
- **Considering the crisis which may lead to shortfall, government should make efforts to eliminate middlemen by dismantling APMC and allow farmers directly to sell products across the Country. For this the Government should support creation of warehouses on a war-footing basis to support supply chain. Also the Government should encourage setting of digital portal and allow farmers to use digital portal to sell products.**

WAY FORWARD (contd/-..)

2.0) Setup Corona Fund

- Government of Karnataka to setup Corona Fund inviting Corporate and individual to contribute;
- GoK could reach out to Corporate Tax Payer to contribute to “Corona Fund” as a part of Contribution under Corporate Social Responsibility. (CSR) Under the Companies Act 2013, every Company can contribute 2% of profits under CSR scheme to permitted activities under Schedule VII. The Companies are required to contribute by 31st of March of 2020 for the current fiscal year.
- For contribution from an individual, tax deduction could be considered under 80G.

2.1) The “CORONA FUND” would help the government to mobilize resources to protect the

- Loss of daily wage earners
- To provide medical kits/Soaps/Sanitizers/face masks for poor people, health workers and Sanitation Workers etc.
- To meet the increased cost of medical aid for COVID Victims
- To give support for Increased Cost of Insurance
- To subsidize PM Ayushman Bhava Insurance
- To support the families of COVID victims
- To supply food products at subsidized rates to poor and common people

WAY FORWARD (contd/-..)



3.0) Increased access to working capital from banks

- **Most critical issue under the present circumstances is the availability of liquidity and prevention of liquidity crisis**
- **Businesses providing complete support to government at this critical juncture and the government should help Business by allowing banks to provide funds to all business at a lower rate of interest**
- **Central government should take steps on the lines of US Interest rate cut, by requesting RBI to reduce interest rates immediately**

WAY FORWARD (contd/-..)

4.0) Decrease in diesel and petrol rates

- **The price of the petrol and diesel rates is high, though Global price on Diesel and Price has come down by 10\$. Hence the increased cost of Petrol/Diesel poses severe stress on the supply chain cost and thus leading to higher cost of manufacturing and possible closure or lock down of SMEs and Manufacturing Units.**
- **Under these circumstances, government should reduce diesel / petrol price and further should not increase the price for another 6 months which would allow business / common man to gain stability under the challenging circumstances.**

WAY FORWARD (contd/-..)

5.0) Moratorium on GST / Income Tax payments

- In view of the liquidity challenges and possible liquidity crisis, the government should introduce deferment of GST payment
- In other words, the business could be allowed to pay the GST collected till second quarter of 2020, after 30th September 2020. The Business could have a deferment plan by which the GST collected till 2nd Quarter 2020 be deposited from 30th September to 31st March 2021.
- Extension of Vivad se Vishwas Scheme – Recently the Government of India has introduced Vivad Se Vishwas Scheme by which the tax payers are required to deposit the tax under the scheme by 31st March 2020. The government should consider extending the scheme till 30th June 2020.
- Further Ministry of Finance could advise respective Pr. CCIT / Commissioners not to enforce collection of Taxes in respect of normal demands and extend stay of collection of taxes for a period of 3 to 6 months till the situation improves.

WAY FORWARD (contd/-..)

6.0) Auto Sector

- **Government to consider extending the time schedule of changing over of BS4 to BS6 till Sept 2020**

7.0) Extension of Insurance coverage

- **The premium on existing Insurance policies for all categories of individuals / businesses to be extended to cover all the risk arising out of CONVID without any additional premium**
- **Further, any insurance policies expiring on March 31, 2020 should be renewed automatically allowing the policy holder to pay the premium within 90 days as huge payment of premium would affect liquidity**

8.0) Supporting Digital Transactions

- **In view of the recommendations by the Government on social distancing and possible lockdown, digital transactions is the only source of doing business, Government should further provide possible financial and tech support to this initiative**

WAY FORWARD (contd/-..)

9.0) Pharma Sector

Government should support and encourage indigenous manufacturers of Sanitizers, Mask, Respiratory Ventilators on war-foot basis during this critical time

Owing to the huge requirement, Government should consider fulfilling the present requirement arising out of the crisis in the nation

**Ex: M/s. Pharmed (SterloMax Hand Disinfectant and Sanitizer)
M/s. Skanray Technologies (Specialized Medical Ventilators)**

WAY FORWARD (contd/-..)

Manufacturing Sector

On our part we assure the Government that all possible measures will be put in place to keep at bay the COVID19 virus.

The factories can have leaner workforce (where ever possible), segregation of zones in factory premises, ensure the use of Thermal Guns to screen workforce at the entry and exit points. They will also ensure proper medical kits/masks and precautionary medications will be placed at all prominent points so that employees can use them.

If situation warrants shutting up manufacturing industries, as lives of human are more precious than material value, we urge the Government to issue a notification that companies can ask the employee base to compensate the closure period accordingly in the coming months.

OPPORTUNITIES

Due to the challenges posed by COVID19, most of the global organizations are looking for alternate destinations for manufacturing / services sector.

Hence it is the right time for Karnataka to position itself in the forefront in view of the abundant advance technology and skilled manpower available

BCIC OFFICE BEARERS



Mr. Devesh Agarwal
President, BCIC and
Managing Director
Jesons Technologies

Mob: 9845014501
Email: devesh.bcic@jairamdas.com



Mr. T R Parasuraman
Senior Vice President, BCIC and
President and Wholetime Director
Toyota Industries Engine India

Mob: 9538800006
Email: sriram@tiei.toyota-industries.com



Mr. K R Sekar
Vice President, BCIC and
Partner
Deloitte Haskins & Sells LLP

Mob: 9845204631
Email: krsekar@deloitte.com

ABOUT BCIC



The **Bangalore Chamber of Industry and Commerce (BCIC)** is the apex Chamber of Industry and Commerce representing large and medium industry in the State of Karnataka. BCIC plays an active and important role in promoting trade and investment in the State and has an excellent domestic and international network with MoUs with the leading Chambers of Commerce across the globe. The Chamber represents all segments of industry which includes Manufacturing, Aerospace Aviation, IT, Bio-tech, Pharma, Engineering, Garments, Food Processing, Steel and Services. The Chamber has been awarded the **Gold Standard by NABET** for adopting quality standards and is also affiliated at the national level with ASSOCHAM. **(Website: www.bcic.in)**

The Chamber has constituted Expert Committees on Aerospace and Aviation, Agro & Food Processing, Banking, Finance & Corporate Affairs, Direct Taxes, Industry-Institute Interface (3i) , Energy, Environment & Water, Industry 4.0, Human Resources, ICT, Indirect Taxes, Infrastructure, Manufacturing, Start-Up and Economic Affairs, Tourism, Women Leadership & Empowerment being Chaired by the Industry Captains. These Committees discuss topical issues that need to be addressed by the Industry, in addition to organizing Seminars and workshops, on relevant topics, to enhance the overall levels of awareness and engagement with our members.



Thank You