ADB pledges $2.2 bn to ramp up health infra, help MSMEs

INDIVJAL DHASMANA
New Delhi, 10 April

The Asian Development Bank (ADB) will provide India $2.2 billion (around ₹16,000 crore) to help the country ramp up health infrastructure and bolster micro, small and medium-sized enterprises (MSMEs) facing hardships because of the coronavirus-related lockdown.

"The ADB is committed to supporting India's emergency needs. We are now preparing $2.2 billion in immediate assistance to the health sector and to help alleviate the economic impact of the pandemic on the poor, informal workers, MSMEs and the financial sector," its president Masatsugu Asakawa said.

CORONAVIRUS PANDEMIC

He said the ADB assistance will be increased, if needed. "We will consider all financing options available with us to meet India's needs, including emergency assistance, policy-based loans, and budget support to facilitate swift disbursement of ADB funds," Asakawa said. The ADB is also engaged with the private sector to meet its financing needs during this period.

The ADB president on Friday called Finance Minister Nirmala Sitharaman to discuss the issue and assured support to India in its fight against the coronavirus disease (Covid-19) pandemic. Sitharaman is also governor of the ADB.

Asakawa commended India's decisive response to the pandemic, which included a national health emergency programme, tax and other relief measures provided to businesses, and a $23-billion economic relief package announced on March 26 to provide immediate income and consumption support to the poor, women, and workers affected by the three-week nationwide lockdown.

Weakening global economic growth is causing disruptions in India's trade and manufacturing supply chains, along with the slowdown in tourism and other economic activities. This is straining a large number of MSMEs, and the livelihood of formal and informal labourers across the country.

Asakawa said the policy measures announced by the government will provide the much-needed relief and stimulus to the most vulnerable people as well as businesses and become a basis for faster recovery.

On March 18, the ADB had announced an initial package of approximately $6.5 billion to address the immediate needs of its developing member countries, including India, as they respond to the pandemic. The ADB said in a statement that it stands ready to provide further financial assistance and policy advice whenever the situation warrants.

Earlier, the World Bank committed $1 billion in emergency funding to India.

ILLUSTRATION: BINAY SINHA

THE ADB SAID THE ASSISTANCE WILL BE INCREASED, IF NEEDED. THE ADB IS ALSO ENGAGED WITH THE PRIVATE SECTOR TO MEET ITS FINANCING NEEDS DURING THIS PERIOD

You can withdraw part of NPS for Covid

PRESS TRUST OF INDIA
New Delhi, 10 April

The Pension Fund Regulatory and Development Authority of India (PFRDA) on Friday said NPS subscribers will now be allowed partial withdrawal for covering expenses related to treatment of Covid-19.

In a circular addressed to all stakeholders and subscribers under the National Pension System (NPS), the PFRDA said, "In view of the decision of the Government of India, which has declared Covid-19 as a pandemic, it has been decided to declare Covid-19 as a critical illness which is life threatening in nature." The partial withdrawals shall be permitted to fulfil financial needs of the subscribers, if required to him/her against the request placed for partial withdrawals towards treatment of the illness of subscriber, his legally wedded spouse, children, including a legally adopted child or dependent parents, as per the regulations, the PFRDA said in the circular.

The PFRDA said the facility of partial withdrawal will not be applicable for Atal Pension Yojana subscribers

The PFRDA clarified that the facility of partial withdrawal will not be applicable for Atal Pension Yojana (APY) subscribers.

NPS and APY are the two flagship pension scheme run by the PFRDA. Whereas the NPS is for the central, state governments, autonomous bodies and companies, APY is mainly meant to cater to the pension needs of those employed in the unorganised sector.

The majority chunk of India's workforce is employed into the unorganised sector.

As on March 31, the total number of subscribers under NPS and APY stood at 34.6 million. Of this, the number of APY subscribers were 21.1 million, according to the data from the PFRDA.

EPFO settles ₹280-cr withdrawal claims

PRESS TRUST OF INDIA
New Delhi, 10 April

Retirement fund body EPFO on Friday said it has settled 137,000 provident fund withdrawal claims worth ₹280 crore to provide relief to subscribers during the lockdown.

"The Employees Provident Fund Organisation (EPFO) has processed about 137,000 claims across the country disbursing an amount of ₹279.65 crore under a new provision especially formulated by amending the EPF Scheme to help subscribers fight Covid-19," a labour ministry statement said.

According to the statement, remittances have already started taking place. EPFO has settled these claims in the past 10 days.

The system as it stands today is processing all applications which are fully KYC (know your customer) compliant within less than 72 hours.

Members, who have applied for claims in some other category, can also file for claim to fight the pandemic and depending upon the KYC compliance condition of each member, every effort is being made to settle claims at the earliest, the ministry said.

The provision for a special withdrawal from the EPF scheme to fight Covid-19 pandemic is part of the PMGKY scheme announced by the government and an urgent notification on the matter was made to introduce a para 68 L (3) of the EPF scheme on March 28, 2020. Under this provision, non-refundable withdrawal to the extent of the basic wages and dearness allowances for three months or up to 75 per cent of the amount standing to member's credit in the EPF account, whichever is less, is provided. The member can apply for lesser amount also. This, being an advance, does not attract income tax deductions, the ministry said.

Anticipating the huge surge in demand, the EPFO came out with a completely new software which has been developed from scratch and a receipt module for on-line receipt of the claims was introduced within 24 hours and deployed on March 29, 2020.

Further, the application was required to be in electronic form to curtail any physical movement in view of social distancing. It was decided to introduce a system of settling claims in auto mode directly by the system in respect of all such members whose KYC requirements were complete in all respects.

Tax dept gives fresh relief to companies on lower TDS

INDIVJAL DHASMANA
New Delhi, 10 April

The Income-Tax Department has provided further relief to companies seeking lower tax deducted at source (TDS) or tax collected at source (TCS).

The Central Board of Direct Taxes (CBDT) had recently extended the validity of certificates issued for lower TDS or TCS for three months — till June 30 this year — in light of the disruptions caused by the coronavirus disease (Covid-19).

Now, the department has said that threshold would be taken afresh for the financial year 2020-21 (FY21) even if the validity of past certificates has been extended by three months.

Explaining the issue, Amit Maheshwari, partner, AKM Global, said the companies that think their TDS or TCS would be more than their total tax liability opt for deducting tax at lower rates to avoid the process of refunds later and smoothen their cash flow.

For this purpose, they have to disclose their income and profits for the year to the department. The department then issues certificates to the entities from which they purchase goods or sell services to deduct lower TDS or TCS. Now that amount will be calculated again from FY21 even as the validity of past certificates has been extended by three months.

Had there been no change to the old amount, there was fear that it would have been exhausted soon in FY21.

"The CBDT has clarified certain situations where there were issues regarding extension of validity of 2019-20 certificates for FY21. The deduction limits would be applied afresh for FY21," said Amit Maheshwari, partner, AKM Global.

The board also clarified that even if the certificates were issued for part of FY20, these will be valid till June 30.

ED seizes 5 luxury cars of Wadhawans

These were used by DHFL promoters to travel amid nationwide lockdown

SHRIMI CHOUDHARY
New Delhi, 10 April

According to the ED order, DHFL promoters Kapil (*pictured*) and Dheeraj Wadhawan were the owners of the vehicles

The Enforcement Directorate (ED) on Friday confiscated five high-end vehicles belonging to Dewan Housing Finance's (DHFL's) promoters in connection with the money laundering probe against them in the YES Bank case.

These luxury cars were used by the Wadhawan brothers to travel to their farmhouse in Mahabaleshwar, a hill station in Maharashtra, during the 21-day nationwide lockdown imposed to curb the spread of coronavirus disease (Covid-19).

According to the ED order, DHFL promoters Kapil and Dheeraj Wadhawan were the owners of the vehicles. "Investigation revealed that these vehicles are proceeds of crime in terms of provisions of the Prevention of Money Laundering Act (PMLA)," the order said.

The order has been sent to the Satara Superintendent of Police for execution as the Wadhawan duo has been placed under quarantine there.

Central agencies could not reach the brothers for questioning in the YES bank matter as they managed to escape the city along with 21 family members despite the lockdown.

Sources say the Wadhawans were staying at a rental house near Khandala when the lockdown was announced. After that, they moved to escape ED and Central Bureau of Investigation (CBI) probe. The rental house was allegedly taken by them to escape arrest in the matter.

According to the CBI, the Wadhawan brothers were "absconding" since the beginning of the probe. "Searches were conducted at the premises of these accused in early March but none of them were available. Therefore, in order to secure their presence, the notices were being issued to them, and even then they avoided joining the investigation," said a CBI official.

Subsequently, a non-bailable warrant was issued by a special court of CBI on March 17 against them, but they did not appear before the CBI or the court. On Thursday, the central agency received information about the brothers' location, after which CBI reached out Satara police and asked them to not release the duo, CBI said.

The brothers have been under central agencies' radar in connection with three cases — the PMC Bank case, property dealings with gangster Iqbal Memon, and the YES Bank case.

Case against DHFL promoters for violating lockdown norms

An offence has been registered against DHFL promoters Kapil and Dheeraj Wadhawan and 21 others, including their family members, for travelling to a hill station in violation of prohibitory orders, officials said.

The offence under relevant sections of the IPC and the Disaster Management Act, one of them related to disobedience of lawful order, was filed at the Mahabaleshwar Police Station in Satara district of Maharashtra, they said.

All of them have been sent for institutional quarantine and a probe is on, said an official.

Probe against IPS officer who 'helped' them travel

The Maharashtra government sent senior IPS officer Amitabh Gupta on compulsory leave and initiated a probe against him for allegedly helping the Wadhawans travel.

Gupta, special principal secretary in the Home Department, had allegedly given the Wadhawans a letter which facilitated the travel.

Home Minister Anil Deshmukh tweeted "as per discussion with CM (Uddhav Thackeray), Gupta has been sent on compulsory leave". PTI

Ficci calls for dynamic exit policy

SUBHAYAN CHAKRABORTY
New Delhi, 10 April

Even as the government assesses the economic fallout of a proposed extension of the curbs, the Federation of Indian Chambers of Commerce & Industry (Ficci) said the country can't afford a prolonged lockdown.

While arguing in favour of maximum social distancing, Ficci on Friday called for dynamic policy measures to normalise economic and social activity. Prime among them is a demand for a 'package' for migrant labourers, as well as effective steps by central and state governments to ensure their early return.

It said the Department for Promotion of Industry and Internal Trade (DPIIT) could drive the process and instill greater confidence among the labourers. For essential commodities, Ficci has proposed further relaxation in the manpower working at plants and warehouses.

It has also suggested that industry associations be allowed to submit to the Centre names of companies, their manufacturing/warehousing locations and number of people in each location by shifts.

A central administration manager for each company would be empowered to issue authorisation letters to employees along with a copy of the central letter which must be recognised by a state government.

Ficci also wants the government to institute coronavirus standards for manufacturing, for even non-essential units. The chamber has also released a long list of demands that it says is necessary to support the domestic industry ride over the economic downturn.

KEY SECTORAL DEMANDS

RETAIL: Employees rendering essential services be allowed to move based on company ID card

FMCG: Gradual start of corporate offices, end-to-end supply chain for grocery stores

E-COMMERCE: Insurance schemes for workers

HEALTH CARE: Districts and cities be stratified as high, medium and low risk

EDUCATION: Staggered opening of schools from May 1 by dividing all classes into two pools

HOTELS: Doctors and medical staff be quarantined at hotels, allowing the hotels to do business

Nasscom wants 'paid leave' reimbursed

IT and ITeS industry body Nasscom has urged the Centre to reimburse the payroll cost of employees who were on "paid leave" on account of any Covid-related lockdown measures till March 31, 2021, among other concessions and facilities.

According to a memorandum, covering issues related to various ministries also, submitted to the Finance Minister Nirmala Sitharaman, the apex body of the Indian IT industry also urged the government to exempt IT-ITeS establishments from payment of statutory bonus for FY21 and allow cross utilisation of SEZ and STPI locations for Business continuation Planning (BCP) scenarios.

The body requested the FM to allow expenses incurred by companies in enabling Work from Home (WFH) for its employees as an eligible business expense. PTI

Need relief or over 15 mn jobs may be lost: FIEO

SUBHAYAN CHAKRABORTY
New Delhi, 10 April

With more than 50 per cent of orders getting cancelled, the export sector is expected to see massive job losses estimated at about 15 million, unless a targeted economic relief package is announced soon, the Federation of Indian Export Organisations (FIEO) has told the government.

Global trade is expected to fall by 13-32% in 2020, said the WTO

"We are left with few orders and if factories are not allowed to work with a minimum work force to execute them timely, many of them will suffer irreparable losses and bringing them to the brink of closure as they are saddled with fixed cost, which in any case has to be absorbed by them," said FIEO President Sharad Kumar Saraf. Rising instance of non-performing assets among exporting units is also inevitable, said Saraf.

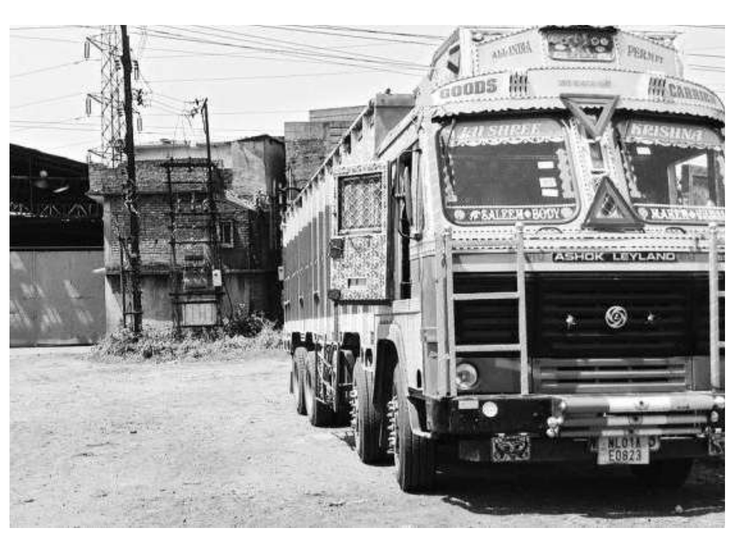
Global trade is expected to fall by 13-32 per cent in 2020 as the Covid-19 pandemic disrupts economic activity and life around the world, the World Trade Organization (WTO) said on Wednesday.

The current slump will prove to be biggest of a generation, the WTO said in its Annual Trade Statistics and Outlook Report. The report also pointed out that in 2019, 1.7 per cent of world exports originated from India, while 2.5 per cent of imports reached the country.

Saraf urged the government to immediately provide a series of financial incentives and policy changes that may allow them to reduce their losses. Prime among this is the demand to allow exports related manufacturing begin immediately with minimum work force. The industry body also wants Covid Interest free Working Capital Term Loan to be provided to exporters to cover the cost of wages, rental and utilities.

From workers to owners, Howrah feels the pinch

ISHITA AYAN DUTT
Howrah, 10 April



Along the highway, outside the factories, trucks are neatly parked. Some loaded, some unloaded — an image now consistent with the rest of India

Close to 200 units between Belgachia and the National Highway along Benaras Road in Howrah downed shutters after 5 pm on March 23, when the West Bengal government implemented lockdown measures to contain the spread of coronavirus two days ahead of the Centre.

The units, mostly small and medium, lining two sides of the road, have been closed since; the only inhabitants of the factories are security guards.

Along the National Highway, outside the factories, trucks are neatly parked. Some loaded, some unloaded — an imagery now consistent with the rest of India. In the alleys, workers who live in the vicinity are idling.

Jaladhar Singh, an employee of a spare parts unit, got his month's salary the weekend before the lockdown. That's the last time he heard from his employer. The unit in which he works employs 200-250 people; Singh doesn't get paid when there is no work. Will he get paid for the lockdown period?

He is, however, better off than Dipak Mondal, who is a contractual employee at a fabrication unit and gets paid weekly. The money is credited to his bank account. For the first week after the lockdown, Mondal got his payment; since then he has been constantly checking his phone for SMS alerts from the bank, but without luck.

Howrah is the hub of castings, machine parts, forged and assembled parts, which cater for domestic industry and the world. A back-of-the-envelope calculation would put exports from the 400-500 units in the region at ₹3,000-3,500 crore. But these are just ones that export; the number of units could be much more.

Singh and Mondal may have been hit hard, but in Howrah, lockdown measures are hurting factory owners as much. Export orders have come to a standstill, translating into huge losses for these micro, small and medium enterprises (MSMEs).

Consider this: Kailash Agarwal's company, JPK Metaliccs, makes manhole covers. They are supplied to West Asia and Europe. But now he is stuck with the material. His apprehension is that after the lockdown is lifted, orders might be cancelled. In the past one month, the loss incurred is about ₹15 lakh.

Agarwal doesn't think invoking force majeure will help. "What good will it do if the order is cancelled," he said.

JPK has about 150 contractual employees. The contractor has been given a lump sum to be paid to them. "This is not their (the workers') fault," he said.

Fear of losing orders is real. EEPC India Chairman Ravi Sehgal said there could be huge cancellations of export orders if the units did not resume work after April 15.

"China, Turkey, Brazil, and Mexico are countries where business has not been affected. In the US, too, while the country is under lockdown, industry is running. West Bengal can take the lead by allowing manufacturing units for exports, especially engineering, to resume operations with 50 per cent attendance. Howrah could be the test case."

Sehgal pointed out engineering was a sector where if supply requirements were not met, the market could go to some other country.

"April is the time when most buyers plan six months' purchase."

H K Sharma, who owns a fabrication unit called Dayal Engineers, doesn't expect business to normalise immediately even after the lockdown is lifted.

"The next two to four months will be turbulent. This is a transaction-based industry. Unless the money is back in circulation, it will not smoothen," he said, referring to the cash-flow cycle.

Dayal Engineers makes spare parts for foundries, which too are in dire straits. Unless the foundries pay, Dayal can't pay vendors who supply electrodes. It's the cycle that needs to move.

But Sharma will have to pay his workers. He has transferred khoraki, or daily allowance, directly to the accounts of his labourers. But when the unit opens, he will have to meet their demands. "I will have to arrange for money or they will go away," he said.

Santosh Upadhyay, general secretary, Howrah Chamber of Commerce & Industry (HCCI), said most accounts in Howrah would turn into non-performing assets if the government did not help.

The HCCI represents more than 1,000 traders and MSMEs, and has written to the prime minister, seeking a bunch of reliefs. Some are: Waiving interest and penalties on late filing goods and services tax and also waiving interest on term loans/working capital loans from banks for the lockdown period.

The chamber also wants the interest rate to be at a bare minimum of 6 per cent for six months. It wants the Railway Board and plants running under the government to be told not to charge interest for delayed payments on materials purchased in March.

For Howrah units, Covid has come as a new crisis, but not the first. In the past five-six years, at least 200 units have shut shop due to labour shortage and a liquidity crunch. Still, there are about 200,000 workers directly and indirectly engaged in the iron and steel units here.