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Reactions over Union FM Nirmala Sitharaman's announcements on economic package of Rs.20 lakh crore

Industry leaders give mixed reactions to announcements made today

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Various reactions have been received over Union FM Nirmala Sitharaman's announcements made at a press conference in Delhi today regarding measures for relief and credit support related to businesses, especially MSMEs to support Indian Economy's fight against COVID-19.

Highlights:

- Rs 3 lakh crore Emergency Working Capital Facility for Businesses, including MSMEs
- Rs 20,000 crore Subordinate Debt for Stressed MSMEs
- Rs 50,000 crore equity infusion through MSME Fund of Funds
- New Definition of MSME and other Measures for MSME
- No Global tenders for Government tenders of upto Rs 200 crore
- Extending the Employees Provident Fund Support for business and organised workers for another 3 months for salary months of June, July and August 2020
- EPF Contribution to be reduced for Employers and Employees for 3 months to 10% from 12% for all establishments covered by EPFO for next 3 months
- Rs. 30,000 crore Special Liquidity Scheme for NBFC/HFC/MFIs
- Rs. 45,000 crore Partial credit guarantee Scheme 2.0 for Liabilities of NBFCs/MFIs
- Rs 90,000 crore Liquidity Injection for DISCOMs
- Relief to Contractors given by extension of up to six months for completion of contractual obligations, including in respect of EPC and concession agreements
- Relief to Real Estate Projects the registration and completion date for all registered projects will be extended up to six

months.

- **Tax relief to business as pending income tax refunds to charitable trusts and non-corporate businesses and professions to be issued immediately**
- **Reduction in Rates of 'Tax Deduction at Source' and 'Tax Collected at Source' by 25% for the remaining period of FY 20-21**
- **Due Dates for various tax related compliances extended**

INDUSTRY REACTIONS

Ms. Meghna Suryakumar, Co-Founder & CEO Crediwatch

"While at the outset, several relief measures by the Finance Minister look promising, we believe their success will lie in implementation. In our view, some of the measures which should be welcomed by small businesses in India are -

(a) Global tenders barred from procurements up to Rs 200 crores - the Government's e-procurement sites have typically been flooded by large foreign players who bring unfair advantage in terms of pricing and size. MSMEs working as ancillary units (e.g. autos, infrastructure) lose the bidding on smaller deals. The move should improve the competitiveness of Indian MSMEs on government contracts. It should also see an increase in registration by MSMEs and Mid-Market businesses on such platforms.

(b) New definition for MSMEs - This has been a long pending demand from multiple industry associations. While MSMEs have tried to remain within a particular size in order to benefit from the MSME tag in the past, the new definition will promote them into growing further in size and scale.

(c) Collateral-free automatic loans - While this extends the previous loan moratorium benefits, the new terms should benefit as many as 45 lac businesses and help with working capital requirements in coming days. We believe, setting the threshold for eligibility (Rs 25 cr outstanding and Rs 100 cr turnover) is helpful but it is yet to be seen whether public sector banks will underwrite such unsecured loans at a faster pace on the back of these terms. The real-need of the hour is to move to cash-flow based lending.

(d) Equity & Subordinate Debt infusion - The need for Long term capital will increase three months from now as businesses grapple with uncertain demand and high fixed costs. In our view, the Rs 70,000 crore facility should assist stressed MSMEs in raising funds as the tide turns. While a technology-driven approach may pave a way to lower recurring costs in the future, the FM's announcements today should ease the stress of a large number of promoters, partnership firms and small private limited entities. Coupled with lower TDS and TCS rates, the cash-in-hand should be prudently used by these MSMEs in the months to come."

Ms Seema Prem, Founder and CEO, FIA Global

"The announcements on MSME brings in crucial government intervention which will certainly prove to be a much-needed booster dose in tackling the current slowdown & regaining the growth momentum. The MSME definition change, the EPFO support and the 20,000 crore support will go a long way in the future to build the economy back."

Mr. Mani Rangarajan, Group COO, Housing.com, Makaan.com and Proptiger.com

"The Government has taken the right step by extending completion deadline of all RERA registered on-going projects by six months. This will provide relief to developers, but at the same time, buyers will have to wait for possession a little longer which will in-turn impact their finances and banks. Also, the liquidity infusion to the tune of Rs 30,000 crore via special liquidity scheme and Rs 45,000 crore through partial credit guarantee scheme into NBFCs including Housing Finance scheme will help the sector in these trying times."

Mr Mohit Goel, CEO, Omaxe Ltd.

"We welcome the Government's decision to extend the timeline for project completion by six months. But more important is the decision to infuse additional liquidity in NBFCs and HFCs as that lack of funding by financial institution is a bigger issue confronting the developers. This will help both NBFCs and real estate sector."

Mr Navin M Raheja, CMD, Raheja Developers

"Providing extension of 6 months for completion of projects was indeed warranted particularly for NCR based developers considering that construction activities was also stalled in Delhi NCR in the months of October & November due to severe air pollution. In fact, for NCR based developers, the extension should be ideally by 9 months."

Manoj Gaur, MD, Gaurs Group and Chairman Affordable Housing Committee CREDAI National

"Ever since the imposition of lockdown economic activities undertook a hit and construction activities also got stalled across the country. Some construction work has now resumed, but faced with migration of labourers, it may take some time for it to gather full steam. In this context, six month extension in completion deadline is a welcome move."

Mr Pradeep Aggarwal, Founder & Chairman –Signature Global Group & Chairman - ASSOCHAM National Council on Real Estate, Housing and Urban Development

"The relief provided to the common man under EPF will help the affordable segment a great deal. The buyers of affordable fall in this category and they will be elated to get extra money at their disposal. Covid-19 situation has made everyone realise the importance of making safe investments and having a roof on one's head. With extra disposable income, these beneficiaries of the announcement made by the FM will go for

buying real estate assets.

Other announcements regarding extending the timelines under RERA authority will help a great deal in providing relief as buyers will understand the reason behind delivery date extension".

Mr Deepak Kapoor, Director, Gulshan

"Developers are dedicated towards fulfilling the promises made to the buyers. The realtor community has been focussing on delivery over last one year but this global pandemic was about to derail it. The Government has intervened at the right time and gave developers space to breath as they were also facing the problems which are faced by other industries or sectors."

Mr Amit Modi, President Elect CREDAI Western UP

"Even though the extension the registration and completion date suo-moto by 6 months for all registered projects expiring on or after 25th March, 2020 without individual will help the developers from going into default for sometime, but we still feel that specific steps required for liquidity generation in the Real Estate Sector is the real need of the hour.

There is nearly Rs 7.8 Lakh Crore with the banks at the present moment, that has been parked with the RBI at moment and it's high time that, that amount is moved from the RBI and Banks to percolate liquidity in the economy."

Uddhav Poddar, MD, Bhumika Group

"We welcome the announcements made by Hon'ble PM and FM, and hope for the speedy implementation of all of these as the economy is already in the ICU state. Real estate is one of the largest employment generators, employing a large part of migrant labour population of the country welcomes the reliefs pertaining to extension of project completion deadlines, but the main concern today is of liquidity and for that there needs to be a direct push to banks and NBFC's to lend to this sector. Overall very positive but quick implementation would be the key."

Mr Rajat Goel, JMD, MRG World

"The recent announcements made by FM Nirmala Sitharaman under the Self- Reliant India Movement have eased the developments for the real estate sector in coming months. It has treated COVID-19 as an event of 'Force Majeure' under RERA, along with extension of registration and completion date suo-moto by 6 months for all registered projects expiring on or after 25th March, 2020 without any individual applications from the developers. The liberty of extending it by another 3 months is also given to regulatory authorities. We welcome the government's measure for understanding our position in this difficult time and helping us maintain positive relations with our customers. Post- COVID scenario has been eased out for us, and we would be looking forward to complete our projects under this new timeline, with due support from RERA and Urban Ministry authorities."

Mr Prateek Mittal, Executive Director, Sushma Group

"We welcome the measures undertaken by the government to support real estate sector amidst the ongoing crisis. With the infusion of Rs 30,000 crore to the NBFCs, liquidity crunch in the housing finance will be eased off to an extent. Apart from that, now the RERA authorities will be directed towards treating COVID-19 as an event of 'Force Majeure'. This announcement has brought some relief to the developers from additional stress due to pandemic covid19."

Mr Yash Miglani, MD, Migsun Group

"The sector has been requesting government for measures that can help maintain the good image of real estate that has emerged especially after this government came with RERA. The latest 'Act of God' would have wiped out all the positive efforts made by the developers towards streamlining. In this backdrop, the announcements made by the FM will help the sector save its hard-earned image."

Mr Harvinder Singh Sikka, MD, Sikka Group

"COVID-19 has been a clarion call globally. We are very thankful for Govt. of India's proactive support to the real estate industry. Declaration of COVID-19 as an 'act of God' under regulatory authorities, pushing the dates of registration and completion suo-moto by another 6 months for the projects expiring on and after 25th March,2020 will prevent the developers from entering into defaulting. Even post-lockdown, the procurement of raw materials and presence of labour in full force will be certain setbacks leading to delay in work at construction sites. An extended timeline will provide an opportunity to developers and contractors for planning out the way forward upon understanding these situations closely."

Mr Vijay Verma, CEO, Sunworld Group

"Real estate sector has always been in a hustle of delivering projects within registered timelines, procuring timely approvals from authorities and departments. The lockdown bringing every sector to standstill added to the miseries of property market. We are grateful for the government's intervention with reduced repo rates, resuming of construction activities, the recent announcements of extended timelines for registered projects and an additional extension of 3 months for projects by RERA. They will be distressing the developers and providing assurance to the homebuyers for timely deliveries. A foresighted approach for issuing fresh 'Project Registration Certificates' automatically with revised timelines, reflects hope for a promising future."

Mr Arya Sumant, Managing Director, Eden Realty Group:

"When the lockdown was announced it was a very big step taken by the Central Government and state governments. It was understood that it will cause immense hardship to all Indian citizens but the majority of Indian citizens supported the government decision and did what was asked from them. Now the time had come for the government to reciprocate and appreciate the efforts taken by the Indian citizens which they have done by giving the largest ever package Indian economy has ever seen. What has been more important is the message communicated by the honourable Prime Minister that we have to make India great again. Together we will overcome this COVID pandemic and come out as a stronger safer and healthier nation."

Mr Abhishek Bhardwaj, Chief Marketing Officer, Shristi Infrastructure Development Corporation Ltd:

"The special package announced by PM Modi to revive the Indian economy post the COVID crisis is laudable. The focus of the package is on ease of doing business, ease of compliance, and regulation, which is indeed the need of the hour. The proposal for the extension for real estate projects under RERA is the welcome step. The treatment of coronavirus as an event of 'force majeure' under RERA, issuance of fresh project registration certificates automatically with revised timelines and extension of the registration and completion date suo-moto by 6 months for all registered projects expiring on or after 25th March 2020 without individual applications are welcome initiatives by the government for giving the real estate industry the required boost it requires."

Mr Rishi Jain, Managing Director, Jain Group:

"The government has taken cognisance of the economic impact of the COVID Virus and started its economic stimulus measures ... but more needs to be done before any major impact is seen.

Government measures towards MSME are commendable, it shows the sensitivity and feedback taking approach and must be congratulated.

It is disappointing to see no relief for the hospitality sector, the hardest-hit industry.

The relief proposed for real estate also lacks anything substantial. Hopefully, this is the first of other more substantial measures."

Mr B.L. Mittal, Founder & Executive Chairman, Sastasundar.com:

"The packages announced by the Honourable Finance Minister are in line with PM Modi's vision of 'Being Local'. The needed financial support to MSMEs is the most welcome feature. More than the financial stimulation meaning full reforms in land, labour and laws, this will have far-reaching positive impacts as it will open up the energy of India's young population."

Ms. Roma Priya, Founder of Burgeon Law

"India's MSMEs sector is the largest across the world after China. MSMEs might be considered as small investment enterprises but their contribution to the Indian economy has always been noteworthy. Our homegrown enterprises have been hit hard by the pandemic and this move by the government lays a path for liquidity infusion, thereby giving them the necessary handholding. Many of our startups are facing a crisis with the liabilities and are waiting to resume activity and engage their workforce, at least for the next quarter.

The NBFCs will get a push due to special liquidity schemes and partial credit guarantee schemes announced by the government."

Ms. Meghna Suryakumar, Founder and CEO, Crediwatch

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- (a) Global tenders barred from procurements up to Rs 200 crores - the Government's e-procurement sites have typically been flooded by large foreign players who bring unfair advantage in terms of pricing and size. MSMEs working as ancillary units (e.g. autos, infrastructure) lose the bidding on smaller deals. The move should improve the competitiveness of Indian MSMEs on government contracts. It should also see an increase in registration by MSMEs and Mid-Market businesses on such platforms.
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stress of a large number of promoters, partnership firms and small private limited entities. Coupled with lower TDS and TCS rates, the cash-in-hand should be prudently used by these MSMEs in the months to come."

Mr. Anuj Aggarwal, Co-Founder and CFO, 247around

"I believe the steps are taken in the right direction. Today's announcements are going to help a lot of companies.

Positives for us are the reduction in EPF rates for one quarter, TDS rate reduction and pending IT refunds. These all would help in creating additional liquidity in the near term.

Since MSMEs which don't have existing loans or are not stressed/NPAs fail to qualify for the emergency credit line, I believe many small enterprises would not be able to solve their current issues like paying salaries, making vendor payments and buying material etc. And this would be a disappointment for those. We are still checking the finer details and discussing it with experts.

More direct and immediate benefits could help MSMEs to kickstart business. Like support in employee wages, income tax benefits, instant loans basis GST profile without any conditions, etc."

Mr. Sandip Chhetri, COO, TradeIndia.com

"The economic package details shared by the finance minister clearly shows the focus is extensively on the MSMEs who have been worst hit due to COVID-19 pandemic. It also shows the government's intent to not only support small businesses during these unprecedented times, but also to provide them with an opportunity to avail these benefits to sustain and grow. Among them what comes first is Rs 3 lakh crore collateral-free automatic loans for businesses to meet operational liabilities, buy raw material and restart business. Without an iota of doubt, this is going to be a great relief for the lockdown-hit MSMEs in every nook and corner country. The 3 lakh crore collateral free loans with a 12-month moratorium will provide the much-needed boost to the already struggling MSMEs and will fulfil the government's mission to be 'vocal for local'. This will encourage manufacturing and will lessen our reliance on imports.

Then, in order to rescue the stressed MSMEs, the Finance Minister announced a package of Rs 20,000 crore of subordinated debt benefit. In other words, while the first measure is of general kind, this one is aimed specifically at stressed MSMEs to push their liquidity. On the other hand, in order to help potential and viable MSMEs to expand their capacity, another Fund of Funds amounting to Rs 10,000 crore has been announced. Thus, the support measures addresses all major issues related MSME credit in a comprehensive manner.

Besides, today's announcement is also remarkable in another way: it addresses a long-standing demand of the MSME sector to change the decade-old definition of the sector. As per this new definition, any firm with investment up Rs 1 crore and turnover under Rs 5 crore will be classified as Micro, up to Rs 10 crore investment and up to Rs 50 crore turnover as Small and Rs 20 crore investment and turnover under Rs 100 crore as Medium. Here again, both investment and turnover aspects are taken care of, with increase in the previous investment limits. Similarly, two other key issues facing the sector are addressed as well. First, complaints are often raised that in the government procurement process MSMEs often face unfair competition from large foreign companies, and therefore now global tenders to be disallowed in government procurement up to Rs 200 crore. Second, delayed payment is a lingering issue for the sector and to get rid of it the government now announced that the Centre and Central Public Sector Enterprises will honour every MSME receivable in the next 45 days. Thus, these two long-pending demands are met in a single stroke.

In addition, the Finance Minister said that E-market linkage will be provided for all MSMEs as a replacement for trade fairs and exhibitions during this period. Some other measures, such as a support of Rs 4,000 crore to CGTMSE; extension by another three months the scheme under which the government pays the EPF contribution of employees and employers, Rs 45,000 crore infusion to NBFC, HFCs and MFIs, etc. are going to immensely benefit the MSME sector indirectly. Overall, I think this economic stimulus will prove to be a game changer for Indian businesses".

Mr. Vikas Chaturvedi CEO Xanadu Realty

"We at Xanadu believe housing demand resurgence is the way to revive the economy. We hope and request soon our government will announce impactful measures to increase demand- be it through interest rate reductions, waiver of registration duty, tax incentives, subvention, and reduction of GST."

Mr. Kaushal Agarwal - Chairman, The Guardians Real Estate Advisory

"The Government has intended to resurrect the economy by reviving sentiment. The Rs.30,000 crores infusion in NBFC's, HFC's and micro-finance companies with the help of debt papers and additional 20% emergency credit line to businesses will directly impact the Real Estate sector and bring much required liquidity for construction and project completion. Additionally, the invoking of force majeure clause for registered real estate projects will protect the interest of developers, by extending the completion timeline by a duration of 6 months under RERA automatically. The same was much required, as a lot many developers could face challenges of aligning construction workers and labourers for the next few months as a result of their migration. The 25% TDS reduction will benefit existing homebuyers as it will leave additional money in their hands. Additionally the 3 lakh crore collateral free loans for small business and Rs.20,000 crore fund for stressed MSME's will offer respite in these testing times to major employment generating business category."

Dr Arunabha Ghosh, CEO, Council on Energy, Environment and Water (CEEW)

"More than half of the INR 5.8 lakh crore stimulus outlay announced today focused on our mammoth MSME sector. As many as 40% of India's total 450 million informal workers are employed with MSMEs. The recovery of this sector is central to our economic resurgence and the well-being of the workers. The stimulus today addressed both the demand and supply side constraints for MSMEs. The systemic focus on generating a larger market for this sector through local procurement and virtual market linkages are leaps in the right direction. This is especially critical as public procurement is likely to see a huge boost in the coming months. In order to meet this demand, a suite of financial and regulatory measures have also been offered.

The MSME sector is also the backbone of India's energy transition, and a key source of industrial emissions. Having access to capital will allow this sector to accelerate manufacturing, but in a manner that could potentially improve energy efficiency and trigger the switch to cleaner fuels. CEEW research across hundreds of MSMEs has found that access to capital and larger markets could help MSMEs move to more efficient machinery and appliances as the unit economics of the energy transition become increasingly compelling from a competitiveness point of view."

Team IIALC

"Architects from Indian Institute of Architects Ludhiana Centre (IIALC) are satisfied with union government's announcement regarding extension of last date of completion of projects by six months. It will decrease pressure from owners and construction companies. Construction sites suffering closure due to lockdown and less availability of labour shall get sufficient time to adjust and restart held up projects in such a way, so as to complete as per extended targets without any fear of fine/penalty.

RERA must be soft beyond 25th March due to start of lockdown.

Easy and more loans to MSME shall also expedite work on all fronts.

It is good step by Ministry of housing and urban development to extend dates and hope all states shall implement it immediately.

Government must also interfere to control the rising prices of cement inspite of least demand as all private players together has increased prices too much."

Mr. Rajesh Sharma, Managing Director, Capri Global Capital Ltd

"The first tranche of the economic package announced by Honorable Finance Minister shows that the government is embarking on an ambitious reform agenda to cement the Indian economy in the upcoming time. We appreciate the attention to basics like land, labour, liquidity and law where key structural reforms are needed at the moment to overlay the way for the country to become more self-reliant. The fiscal boost for micro small and medium enterprises sector has come at an opportune time to board the growth as the country is looking to become the global manufacturing powerhouse. Redefining the MSME eligibility criterion and infusion of Rs 50,000 crore equity for standard MSMEs will give an impetus to scale-up their business and draw the much-awaited growth history for the sector. We believe that more funds will reach the common man of the society through steps like liquidity easing, TDS reduction, flexibility in loan disbursements, leading to a pick-up in demand in the coming quarter. A special liquidity scheme of Rs 30,000 Cr will open up additional avenue for raising long term funds at a very competitive cost. Additionally, by providing Partial Credit Guarantee Scheme 2.0 for NBFCs of INR 45,000 Cr will support organisations like us for fresh lending and expand our book portfolio without risk of spike in credit cost for these incremental lending."

Mr. Prabhat Chaturvedi, CEO, Netafim Agricultural Financing Agency Pvt. Ltd. (NAFA)

"The economic inducement announced by the Honorable Finance Minister is one of the astute impetus that will act as a major morale booster for the market and strengthen the inspiration of ambitious India. The stimulating articulation has a grand vision beyond relief and aims strongly to provide liquidity to the key sectors of Emerging India. The policymaker has laid a clear roadmap for the revival of the micro small and medium enterprises (MSMEs) sector in India which is passing through an unprecedented crisis. Redefining the MSME eligibility criterion, to include more entities, and the creation of Rs 50,000 Cr Equity "Fund of Funds" will give a tremendous boost to regular/ standard MSMEs in scaling-up their operations. As far as NBFCs are concerned, a special liquidity scheme of Rs 30,000 Cr where the government will buy investment-grade debt papers of NBFCs will be very helpful for NBFCs which are providing moratorium to their borrowers but are unable to avail the same from the lenders."

Mr. Kamal Khetan, Chairman and Managing Director, Sunteck Realty Ltd

"The Government has packed much punch in the "Atma Nirbhar Bharat" package, aimed at boosting Economy, Infrastructure, Technology, Demography and Demand. We also appreciate the attention to basics like land, labour, liquidity and law where key structural reforms are expected, paving the nation's way to a global manufacturing power house. Specifically to real estate, we believe that the attempt to infuse more liquidity as well as to extend a helping hand to the struggling projects by relaxing RERA deadlines is very timely and appropriate."

Mr. Siddhartha Mohanty, MD & CEO of LIC Housing Finance

"Government has clearly signalled its intent to reboot the economy battered by the pandemic. Treating "COVID-19" period as "Force Majeure" for real estate projects should come as a major relief for developers struggling to meet deadlines. Special Liquidity scheme of Rs.30,000cr. for NBFCs, MFIs and HFCs is additional liquidity support and availability of full government guarantee for the securities will boost confidence levels. Extending existing PCGS to these entities having low credit rating will enable them to borrow backed by Govt guarantee for first 20% loss and will provide liquidity of Rs 45000cr. In addition, liquidity measures announced for MSME sector are major initiatives. Disallowing global tender for government procurements upto RS.200 crore will boost Make in India Programme. These steps are surely in the direction of self-reliant

India, Atmanirbhar Bharat.”

Badish Jindal, National President, All Industries and Trade Forum

“Once again the government failed to understand the pain of MSME’s and this package seems just a mockery with the industries at very tough times.

The so called 20 lakh crore package of Modi seems to be like making fun of deprived industrial sector.

The change in definition of MSME’s will destroy the future of tiny sector in India, even in the bracket of 25 lacks for Micro sector the 94.9% entrepreneurs falls in the category of micro, which means that this is filled by tiny sector. but with the inclusion of big whales in this bracket of Micro all the benefits of Micro will be passed to the companies with higher investment and sales.

The government tried to show the benefit of liquidity to MSME but the fact is that to save the Banks from NPA crises the government came up with such formulas of more funding to the MSME’s & NBFC’s. Due to the crises the Industries were not in a position to clear their interests so to adjust the interests and to save the banks for increasing NPA’s the government bring this policy of fresh liquidity.

The policy of CGTSME is already there since 2006 and banks are hardly supporting the MSME’s with collateral free loans. So there are very bleak chances that industry will be able to get this benefit.

The other labour benefits are only linked to the EPFO whereas only 10% of India’s work force comes under the coverage of EPFO. In yesterday’s speech the Prime Minister modi assured to help the workers of organized and unorganized sector whereas they even failed to help the workers paying ESI since years. at the times when industry is closed and only 10% workforce is working, such announcements seems a big mimic.

The industry was burdened with the bank interest loans but nothing was announced to help the industry in this regard. The industries are already closed or performing 10 to 20% so the interest relief was a must.

All the announcements were focused to help the large scale segment and small scale was fully ignored in this so called package.

The main concern of industry was salaries to workers, interest to the banks, interest free loans for starting their businesses. Procurement by the government for promotion of industries, lower rates of taxation, exemption of direct taxes. But unfortunately the Modi once again proved that he has nothing to do with the economic and all he can do is just fake announcement to please the folk.”

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