

Submission to
GOI on business
recommendations in
relation to COVID-19

UK India Business Council

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UKIBC SUBMISSION ON BUSINESS RESPONSE TO COVID-19

This submission has been prepared by the UK India Business Council in consultation with our members and clients working in the UK-India trade and investment corridor.

With the widespread spread of Coronavirus (COVID -19), nations across the globe are now each facing most critical issues of economic and regional instability within their respective territories.

COVID-19 is up-ending of the established economic consensus of increasingly global trade with consequentially interconnected supply chains. COVID-19 is increasingly impacting businesses and economies – within states, within countries, within regions and globally. This is challenging the status-quo with significant implications on the sustainability of businesses and employment globally and within India.

In short, COVID-19 is creating a “new economic normal” and one where will not go back to a “status quo ante” once this crisis has passed.

India is not immune to these changes. The immediate negative impact for the Indian economy is being reflected by the recent steep declines in stock prices and in the value of the Indian rupee versus USD - notwithstanding the short-term positive impact for India through declining global energy prices.

UK companies are and remain committed/ embedded in India and continue to believe in the India story. And they understand that COVID-19 is global problem which is being dealt with by individual countries in different ways.

Of course, the Indian public faces the immediate threat and, as such, must be supported and protected. And that should be the immediate focus of the Government.

COVID-19 is a problem which, with the correct response and vaccines etc, is finite. UKIBC applauds the measures announced in support of the Indian population. Looking forward we are confident that the Indian Government will continue to adopt a similarly supportive role as has been seen in other major economies across the globe albeit nuanced by the local domestic imperatives

At the same time, UKIBC is convinced there are longer term benefits for India in the post COVID-19 trade environment.

As a business focussed organisation, UKIBC believes that business plays a critical role in India's post COVID-19 environment. The great strides India has achieved in the World Banks' Ease of Doing Business Rankings form the foundations of the Indian post COVID-19 recovery. Notwithstanding the immediate turmoil, UKIBC is convinced there are longer term benefits for India in the post COVID-19

trade environment. Specifically, India is uniquely poised to benefit from post COVID-19 risk diversification amongst global supply chains.

Business, and UK business, in particular are willing to play their part. Appropriate intervention by Government accompanied by statements in support of the role of business would create a positive and collaborative atmosphere which would energise industry to step forward.

We live in an interconnected world. Already, multiple sectors in India are experiencing disruption in the global supply chain and routine operations. Companies are keen to streamline operations of the essential sectors such as healthcare, utilities, food and drink, digital infrastructure, financial and transportation. This will need intervention by the Government and liberalisation within India.

In recognition of the need for special measures to minimise the impact of the pandemic on the industry and economy, UKIBC welcomes the various steps taken by Government of India over the last few days. The welfare support announced by the Finance Minister and the monetary measures outlined by the RBI are greatly appreciated by the industry. And UKIBC would advocate further measures from the Government to support industry. Such measures focusing on minimising disruption in the supply chain by way of reduced compliances and increasing credit flow. These would be major additional factors in stabilising the situation.

Against this backdrop, UKIBC, in consultation with its members and clients has identified some regulatory issues being faced by them and which we would like to present to you with an aim to help ease doing business in the wake of the pandemic and minimise the adverse effects on the health of the industry and economy.

COVID-19 will sadly impact India in the short term – as it is impacting many economies across the world. Though looking through this crisis, as we must, UKIBC believes it offers India an opportunity to reconfigure its economy in a way to position itself to lead the global economic recovery out of this crisis.

KEY CONCERNS / ASKS

- States and districts are inconsistent with whether to treat insurance as an essential service like banking (even with a skeleton staff on a roster system). For those that have included insurance as exempted, the processes and rules to prove to police that this is the case are variable and less than operationalised at this time. Accordingly, exempt companies would like a solution that is clear and is accepted/recognised by the authorities and the police so that exempt employees can go to the office (on a staggered and skeleton basis) from time to time can do so safely.
- 3-month window for the accounts which were supposed to be classified as an NPA on 31st March 2020.
- NPA settled in the FY 2019-20 with the last date of final payment as 31st March 2020 should be extended with 180 days to be accounted as 30.09.2020 though with interest at 9% per annum.

- All suites filed in DRT/DRAT (Tribunal of recovery) should be extended for 90 days so that upcoming cases from 15th April 2020 shall not be delayed due to overburden.
- A special window to be given to MSME for funding (with strict monitoring of all the accounts).
- It is to be understood that the asset quality of the NPA accounts will be compromised to at least 30-50 percent because there will be a sharp decline in real estate prices which will result in extra benefit to the borrower/defaulters. Therefore, the businesses recommend that the period for repayment be extended and an entire FY 2020-21 to be considered.
- Consider relaxing timelines for all statutory labour law filings and related license renewals. Also recommended that government shift to a “deemed approval” format instead of approval format during this disrupted period. This will ensure simple and quick approval of licenses unless specific objection/information is received instead of waiting for approvals.
- Extension of SEZ Act. As of now, all direct tax benefits for SEZs are set to abolish effective March 31st, 2020.
- While Government of India has already extended deadlines for GST, temporary relief from GST for essential commodities would be valuable.
- Speedy refund processing – speedy processing of various tax and duty refunds will ensure businesses have necessary working capital and reduce debt.

FOCUS - Banking sector

Reserve Bank of India (RBI)

Topic	Relaxation requested
Payments	Implementation timelines for RBI Circular dated 17Mar20 on “Guidelines on Regulation of Payment Aggregators and Payment Gateways” to be revised/ delayed.
Payments	Have a time-bound plan to re-start Aadhar based E-NACH. E-NACH with debit card, net banking and video calling has its limitations and is not as scalable as Aadhar based E-NACH. In the current scenario it is highly imperative to restart Aadhar based NACH to avoid disruptions in new mandate registrations.
Markets	RBI to act as counterparty of last resort for borrowing of G-Secs via repo to fund short sales. Especially important in the current context as staff work from home and as the recent and proposed LTRO and TLTRO schemes will result in locking up excess SLR. Earlier communication from PDAI to the RBI has cited the MAS as an example of a regulator that permits this.
Markets	RBI to act as counterparty of last resort in FX markets in view of the stressed liquidity.
Markets	To consider rationalization of FX market working days and hours to minimize the risk to staff travelling to and from office

Markets	Given (a) the evolution of FX vols market over the last few years, and (b) the administrative requirements associated with benchmark submission which become logistically more difficult in remote working scenario, the structure and the need of the daily FX vols benchmark submission should be reconsidered.
Priority Sector	To permit Moratorium on Loans announced by RBI to be extended similar treatment to Pass Through Certificates for the purposes for Priority Sector Lending (PSL)
Priority Sector	To defer PSL compliance deadline by three months as the current Priority Sector Lending Certificates (PSLC) liquidity is very limited and foreign banks have limited other deployment opportunities
Priority Sector	Relax PSL target requirements during recovery period of FY20-21 to support Corporates and Retail lending, as urban segments more acutely affected by factory shutdowns/ supply chain impact.
KYC	<ul style="list-style-type: none"> • Waive Certification on ID&V documentation during lockdown • Extend list of certifiers to those as per FATF guidelines • Issue equivalency guidelines on Officially Valid Documents for foreign nationals • Address proof to include utility bills, municipal/council tax receipts (instead of deemed OVD for 3-months for limited purpose of address verification) • Remove additional requirement of photograph for UBOs & 'those authorized to transact' given that the Proof of Identify document is a photo ID • Remove 7 jurisdiction restriction outside India wherein UBO identification not required for companies listed on stock exchange
Loans and Advances	Circular Board resolutions be allowed for borrowing. This is a key requirement as many clients want an increase in limits and difficult for them to organize a board meeting in person

Ministry of Finance (MOF)

Topic	Relaxation requested
Stamp Duty	Defer implementation of new stamp duty rules from 01 April 2002 to 01 June 2020
Direct Tax	Budget 2020 proposal to tax dividend income in the hands of recipient. The ask is for the postponement of the applicability date from 01Apr20 to 01 June 2020 onwards.
Direct Tax	Tax incentive/ holiday for interest on Bank deposit. Small savings are in form of fixed deposits which will suffer with rate decline. This will help in Deposit flow to banking sector and in turn provide liquidity for onward credit supply.

Securities and Exchange Board of India (SEBI)

Topic	Relaxation requested
FPI	Extend deadline for implementation of CAF from 04 April 2020.
Capital Markets	Temporarily provide flexibility to all issuers to use fast track mechanism under rights issue / FPO irrespective of eligibility
Capital Markets	Relax requirements for board / shareholder meetings – board meetings should be compulsorily through circulation / telecom / VC; shareholder votes should be compulsorily through e-voting

Capital Markets	In case of QIP / pref issue to institutional investors, the price floor to be reset to last closing (like in case of block window) instead of existing floor price formula, subject to shareholder approval
Capital Markets	For pref issue to promoters / non-institutional investors, VWAP over a smaller period to be considered (e.g. 1-2 week) subject to shareholder approval
Capital Markets	Exempt open offers under 3(2) i.e. acquisition of >5% in a single fiscal year, thereby waiving off the 5% creeping limit

Government of India (GoI)/ State Governments

Topic	Relaxation requested
Logistics	Corporate Courier service (referred to as express courier) needs to be treated as essential service else exports/imports from/to the country will get severely impacted. For e.g. DHL is not working and hence trade documents cannot be received/sent."
Customs	Custom clearance for a shipment of laptops for our ITES facilities serving banking sector in India and globally. We have an emergency shipment from China landing in Delhi, followed by clearance to transport them to our offices in Hyderabad, Bengaluru, Visakhapatnam, Kolkata and Chennai.
Cargo	Ship desktop and laptops from our offices in Pune to Hyderabad and Bengaluru by air
Employees	Allow a small number of our employees and support staff to work from the office and travel within the city. This is particularly needed in Hyderabad, Bengaluru and Visakhapatnam to get employees to the office to take desktops to their homes. If we are given this allowance even for five days, we can get all staff (in small numbers at a time) to the office and equip them to work from home.

Department of Telecom (DoT)

Topic	Relaxation requested
Time extension	Through their notification dated 13-Mar-20 (attached), the DoT has permitted relaxations in usage of telecom services till 30-Apr-20 for 'work from home' scenario. The relaxations should be continued for an extended period of time till the situation stabilizes and staff are longer required to work from home.
ISPs access	Our Internet service providers to visit staff residences to install broadband connection, in all cities where we have offices

FOCUS - Telecom sector:

The unprecedented global response to COVID-19 has shown that modern telecommunications services are a crucial stopgap in times of crisis, allowing people to flourish during immense societal disruption. This could be a watershed moment for telecom. Policymakers should be using all the tools at their disposal to incentivise the upgrading, improving and expanding of the networks. Key sector ask are enclosed below:

- Reduction in Telecom Levies: Bring down License fee from 8% to 3%

- Relaxation in payment of License Fee & Spectrum Usage Charge for immediate Q4 2019-20, and couple of quarters of 2020 without any interest payment. Necessary instructions may be issued to all the Circle Account Offices.
- Operational support for movement of Field engineers for Sites, Fibre, Tower operations, operation of critical facilities like NOC, FSO, warehouses, manufacturing and supply chain etc, includes the manpower of both TSPs as well as outsourced partners.
- Faster approvals in respect of setting up infrastructure [towers], allocation of microwave, etc.
- Availability of grid electricity/diesel on priority to ensure continued operations
- Early allocation of high capacity backhauls [E band] on temporary basis to augment capacities and meet high traffic demand.
- Priority to telecom network equipment, spares and components for clearances at the ports to ensure adequate stocks and sustain supplies.
- Allow mobile retailers selling recharges so that customers are not inconvenienced/deprived of mobile services.
- Waive license condition for remote access, whilst still ensuring compliance with related conditions such as maintaining a mirror image of remote access, capturing and storing complete audit trail, ensuring no access to Lawful Interception System (LIS), no access to monitoring of content etc. during the exemption period.
- Early introduction of a regulated floor price would be very helpful for improving sustainability of operations and ensuring continued competition and choice for consumers.
- A common framework across all States for issuing curfew e-passes for those few critical IT, networks, field and system engineers, security etc staff who need building access and to transport IT equipment.
- A common approach to what constitutes 'essential services' across telecom, IT/ITeS, bare minimum call centre work; to include international infrastructure and service support
- OSP (Other Service Provider – customer network) licensing and regulation (DoT) rules are complicated. Easement e.g. for WFH (work from home) have been put in place but the reality (per NASSCOM) is that these rules are very largely unnecessary in totality. Such OSP rules exist on top of telecoms licensing and regulation.
- Despite the Govt extending deadlines for the completion of Income Tax proceeding from 31st March to 30th June, the Income Tax Authorities are continuing to pass Notices and are refusing

to give adjournments/extensions, and are passing final orders without giving opportunity to be heard. This is contrary to the assurances given by Finance Minister.

FOCUS – Oil & Gas sector:

- Inclusion of ‘manufacturing, distribution and allied activities relating to petroleum and petroleum products’ in the list of sectors / establishments to be kept out of the restrictions imposed through various advisories. These are essential commodities under the Essential Commodities Act, 1955.
- Uninterrupted operations of all services at retail sites so as to enable service customers.
- Security and support to personnel and assets in the event of miscreants disrupting operations.
- Enabling engineering activity to continue as some work could be critical to the safety and operations of the site.
- Support free movements of vehicles carrying essential commodities/services across the state and city borders.
- Support required to accommodate the possible delays and constraints in complying to the LTO (License to Operate) activities & respective filings due to the constraints in the external eco system.
- Automatic extension of permits and licences if respective offices do not function (eg. consent for operation, hazardous waste authorisation etc).
- Relaxation in timelines where any deadline in relation to EPCG & Customs falls in March and afterwards until the situation becomes normal.
- Availability of port support at Mumbai covering fuel supply, pilot service, workers/agents, launch services, requisite passes, extension of clearances, etc.
- We would also like to work closely with the Government to ensure free movement of people across our retail outlets and global service centres so that critical infrastructure is not disrupted.
- COVID-19 readiness for offshore installations/decommissioning; support for evacuation of staff and quarantine, if required

CONCLUSION

The UKIBC and its members agree that GOI initiatives and efforts around COVID 19 are steps in the right direction and, with certain changes, will help deliver better and uninterrupted access to various essential products throughout India, while helping revive the businesses and the economy.