



R. Rajagopalan
President

P.S Ponnappa & B. Senthilnathan
Vice-Presidents

Arvind M Adhi
Treasurer

P. Arulanandan
Secretary

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Date: 09.04.202

To Through E-mail

Shri. Piyush Goyal,
Minister of Commerce and Industry
Department for Promotion of Industry and Internal Trade,
Udyog Bhawan,
New Delhi 110011

Email: officeofmr@gov.in

Respected Sir,

Sub: Memorandum to the Central govt on Covid-19 related relief measures for Industries in Hosur affected by the Lockdown declared under the Disaster management act and its aftereffects.

Hosur Industries Association (HIA) is the apex body representing the interests of Industries in Hosur. There are over 2500 small, medium and large industrial units in Hosur covering a range of Industries such as Granite, Automobiles, Pharma, Watches and Jewellery, Garments, FMCG etc. These units provide employment to over Rs.2.50 lakh people. Some of the large Industries in Hosur include – Ashok Leyland, TVS Motors, Titan, Nerolac, Terex Corporation, TTK Prestige, VST Motors, Hindustan Lever, BATA etc. The presence of a well-developed Automobile Industry has also led to an eco-system of small and ancillary units like Component suppliers, sheet metal fabrication units, Tool rooms, and job work units in the small and medium sector. SIPCOT Industrial estate, Hosur, promoted by the government of Tamil Nadu is the third largest Industrial estate in Tamil Nadu after Sri Perumbudur and Perundurai. GST Collections of Hosur range (Central, State and IGST) amounted to approximately Rs.1500 crores for the financial year 2018-19. The Annual turnover of the Industries in Hosur is more than Rs.15000 crores.

Member industries (Except in the pharma and certain other notified sectors) have been forced to shut down their plants because of the current lockdown till 14th April 2020. Most sectors have witnessed a slowdown during the financial year 2019 – 20 and the current lockdown has worsened the situation. There is urgent need for a relief package for the industry so that they can manage their cash flows during the current lockdown and the subsequent disruptions that would follow. It is anticipated that it would take at least six months for operations to stabilize, provided the epidemic is contained and factories could be opened after the lockdown ends on 14th April 2020. The GDP growth forecast for the current fiscal year 2020-21 is not very bright with most agencies pegging the growth at 4.0 – 4.5%

The reliefs must address not only the cash flow cash flow problems that Industries will face because of the Lockdown and Industrial slowdown but must also ensure reasonable margin so that promoters are not forced to shut operations because of unviability arising from reduced demand. MSMEs have been put to hardship by the abrupt closure and many have not been able to pay their workers the wages for the lockdown period in March. It is feared that without support from the government, MSMEs will be in no position to pay the wages for the month of April 2020 in line with the directions from the central and

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state governments. Accordingly we seek the following financial reliefs from the Central and state governments to tide over this difficult situation.

| Nature of Relief | Description | Period for which it must extend | Govt providing the relief |
|-------------------------|---|---|----------------------------------|
| Employee cost | <p>1. Reimbursement of wages for the period of current and any further lockdown that may be imposed. Since this is an epidemic, the entire wages for the lockdown period could well be considered as ESI leave and wages of all workers enrolled under ESI could be paid from the ESI Corpus. For those not enrolled under ESI, 50% of the salaries for all lockdowns imposed to control the current epidemic could be reimbursed by the govt.</p> <p>2. Suspension of Social security (PF and ESI) contributions for a period of 6 months- Employee as well as employer contribution</p> | <p>1. For the period during which units are shut because of the epidemic.</p> <p>2. April to Sept 2020.</p> | Central Govt |
| Indirect taxes - GST | <p>1. 50% Tax deferral for the period from April to Dec 2020 with the deferred amount being paid in equal installments from January 2021 to Sept 2021</p> <p>2. Permitting Units to take full credit of input tax without the current restrictions and adjusting the excess credit availed if any before 31st March 2021.</p> <p>3. Speedy processing and credit of GST input tax refunds arising out of Inverted duty</p> | <p>April to Dec 2020.</p> <p>April to January 2021 March with full input credit reconciliation by March 31st 2021.</p> | Central and state govt. |

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| | <p>structure and Zero rated turnover (Exports)</p> <p>3. Central govt to freeze the excise duty on fuel and furnace oils at current levels (as on 1st April 2020) and pass on benefits of reduction in fuel prices to the customers</p> | Financial year 2020-21 | |
| Interest cost | <p>1. 5% reduction in the interest applicable to all fund based working capital limits in for the period Apr – Sept 2020. Also extension of the moratorium on interest and principal amount of loans upto Sept 2020.</p> <p>2. A working capital term loan (WCTL) equal to 20% of the existing working capital limit for all borrowers with working capital limits of upto Rs.75.00 crores or turnover of Rs.500.00 crores without additional collateral. Such borrowings to be repaid within 24 months in 3 installments beginning after 6 months from the date of drawal. The loans to bear concessional interest of 2% less than the existing interest rate for the borrower</p> | <p>1. April to Sept 2020.</p> <p>2. 24 months from date of sanction.</p> | Central Govt |
| Trade policy | <p>1. All existing Export incentives under the current policy to be continued for a period of 1 year. Drawback to be released to exporters on monthly basis without delays.</p> <p>2. Extra 5% MEIS / RoSCTL for MSME units for exports effected during the current financial year.</p> <p>3. Period of export obligation under duty exemption</p> | Financial year 2020-21 | Central Govt. |

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| | schemes like EPCG to be extended by 6 months. | | |
| Others | <ol style="list-style-type: none"> 1. Deferring implementation of BIS VI emission norms for new vehicles since most vehicle makers have huge stocks of BIS IV vehicles and also people would not be having purchasing power to afford the higher priced BIS VI norms compliant vehicles. 2. Waiver of toll on national and state highways for a period of 6 month. 3. Enforcing strict enforcing of sourcing norms from MSMEs by PSUs and GOVT Departments. 4. Implementation of the Hosur – Chennai defence corridor project to improve business prospects for the MSME sector. 5. Expenditure incurred by industries on measures to combat the Covid 19 epidemic including donations to NGOs, Govt and Non Govt organizations to be allowed as business expenditure under the Income tax act to encourage industries to contribute generously for relief activities. 6. Promote Dedicated hostels / accommodation for migrant workers in Industrial clusters to provide better living conditions. Industries can also be encouraged to contribute to this from their mandatory CSR spend obligations. | | |

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We are aware that the government finances would be under strain because of the current situation. But unless the relief measures are considered and sanctioned on a war footing, many industries would be forced to close and there would be widespread unemployment. These reliefs would enable the Industries in Hosur to withstand the current difficulties and make a significant contribution to nation building through industrial output and revenues to the government from the next financial year.

Yours truly,

For **HOSUR INDUSTRIES ASSOCIATION,**



R. Rajagopalan,
President

Cc to

1. Dr. Guruprasad Mahapatra, Secretary, Department for Promotion of Industry and Internal Trade, Ministry of Industry & Commerce, New Delhi {secy-ipp@nic.in }
2. Prime Minister Office (PMO) <https://www.pmindia.gov.in/en/interact-with-honble-pm/>
3. Hon. Finance Minister, Smt. Nirmala Sitharaman, New Delhi, appointment.fm@gov.in
4. Thiru Edappadi K. Palaniswami, The Hon'ble Chief Minister of Tamil Nadu, Chennai{
cmcell@tn.gov.in}
5. Thiru M.C. Sampath, Hon. Minister for Industries, Steel Control and Special Initiatives, TN Govt, Chennai.
6. Thiru Benjamin, Hon. Minister for Rural Industries, TN Govt, Chennai.
7. Shri. N. Muruganandam, IAS., (Principal Secretary to Government) Dept. Of Industries, Govt. Tamil Nadu {Email: indsec@tn.gov.in}
8. Dr Rajendra Kumar, IAS (Principal Secretary to Government)Micro , Small and Medium Enterprises Department. {sindsec@tn.gov.in }