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Subject: Memorandum on behalf of the Corrugated Packaging Industry

FEDERATION OF CORRUGATED BOX MFRS. OF INDIA

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FCBM/052/2019-20

16th April 2020

Shri Nitin Gadkariji,
Union Minister for Micro Small and Medium Enterprises,,
New Delhi

Honourable Sir,

We introduce ourselves as a Federation of Corrugated Box Manufacturers' of India, comprising around 3000 members units in the MSME sector manufacturing Corrugated Board Boxes, which are eco –friendly recyclable products, used in the packaging of all Consumer, FMCG, Garments & Textiles, Defense, Foods and Beverages, Edible Oils,, Electronics, Exports, Fresh Fruits, Vegetables, Other Horticultural produce, Milk and Milk Products, etc.

Our country , the second most populous country in the world, is facing an unprecedented situation in the midst of the Covid 2019 lockdown as state after state has been affected and nearly the entire world is in lock down.

We sincerely thank our Prime Minister Shri Narendra Modiji for leading from the front and taking timely steps by announcing the 40 day lockdown to check the spread of the dreaded virus as well as the several announcements made in the aftermath to mitigate the problems of the Farmers, Migrant Labor, poor households etc.

Our Industry is predominantly owned by self employed entrepreneurs. It is very labor intensive, employing about 5-6 lakhs of direct labor and 10-12 lakhs indirect labor.

We are facing tremendous constraints in the present scenario as most of our supply chain partners like Kraft paper Mills and suppliers of Starch/PVA adhesives, Stitching Coil and Printing Inks, etc are not operating and this has created a humungous problem in the supply of Corrugated Boxes to the Processed food Industry, Pharmaceuticals Industries, other Essential commodities and Exporters .

In this scenario, our units are facing a huge challenge due to the lock down. We will soon be running out of supplies due to the non availability of important inputs required for our production. On the one hand we will be operating at about 30% capacity which in itself is not feasible and on the other hand we will be out of supplies within the next couple of days even for supplying Corrugated Boxes to pack these essential goods.

Hence, opening of Kraft paper Mills. Duplex Board Mills, and suppliers of Adhesives, Stitching coil, Printing Ink etc is of primary importance to keep the wheels of supply chain moving.

We request the government that in addition the announcements already made, our plea as detailed below may be considered favorably and implemented without any delay

Suggestions on relief measures for Trade and Industry pertaining to Kraft Paper, Duplex Board, Corrugated Packaging , Starch/ PVA Adhesives, Printing Inks etc.

Wages, Salary Bonus, ESI and PF :

a. ESI benefit of Medical Leave :

As per the provisions of the ESI Act any insured person registered with ESIC is liable to receive salary for the medical leave of absence based on the Medical Certificate issued by a Medical practitioner registered with ESIC.

In the present lockdown due to COVID 2019 the absence of the employees may be considered as medical leave and 100% of the wages and salaries be paid to all employees who are registered under ESIC for the lock down period through DBT.

b. ESI, PF and Bonus:

Industry should be exempted from making payment/contribution towards ESI, EPF and Bonus during the entire period of the lockdown, complete or partial.

Government can consider paying the EPF contribution for a period of 9 months without the limitation of Rs 15,000/- ceiling (for 90% percent employees) and also extend the benefit for units irrespective of the number of people employed.

All the arrears of ESIC, EPF from MSME's be permitted to be paid in installments within the period of 9 months and ensure that all legal actions be dropped against the defaulting MSME's.

- c. Allow Salary and Wages to be reduced for all other employees by 30% in line with the Government's announcement of a pay cut of 30 % for the other employees for the entire period of lockdown, complete or partial.
- d. Shifts of 12 hours each should be allowed during entire period of the lockdown, complete or partial , in lieu of the social distancing and having to work with only 40 -50% staff.
- e. Industrial units employ migrant labor from other areas within the state and also from other states and since the lockdown they have migrated to their native place. Once the lockdown is lifted partially or completely, it will be an additional challenge as there will be risks associated.
We request the government to devise a package wherein an incentive be granted to the MSME's to bring back the migrant labor .

Cash Flow, Working Capital and Interest:

- a. Extend Ad hoc Working Capital –WCTL to the extent of 25-30% on the existing Working Capital limits by all Public and Private Sector banks without exception and with Interest subvention or @ 6% p.a. The same can be repaid within 36-48 months. This will ensure adequate cash flow for restarting and ensuring continuity of operations during this testing times.
- b. In respect of existing Working Capital, Term Loans etc banks have been permitted to defer the Interest and Installments for the period 1st March'20 to 31st May '20. The accumulated Interest is to be recovered immediately after 31st May '20 which is untenable.
All banks in Public or Private sector should be asked to defer the Interest and Installments till 31st Dec'20 and the same may be repaid in 9 installments over a period of 18 months at a concessional rate of 6% or interest Subvention be given by the government. Moratorium should also be extended to LC's and Bank Guarantees which will become due during the lockdown period also on the same basis.
- c. NPA norms may be changed from 90 days to 270 days for the next 2 years and Interest rates be brought down through Interest Subvention by the Government. Also a rehabilitation program be considered for the NPA stressed units.

Special Credit Linked Capital Subsidy Scheme:

- a. The due dates for filing the application under SCLCSS from financial years 17-18, 18-19 and 19-20 was 31st March'20. We request that those MSMSE's who have not been able to file their application due to the lockdown etc be allowed to do so within 30th Sep'20.
- b. Technological up gradation is the need of the hour for SME's in the upcoming scenario. We request the government to increase the CLSS subsidy to 25% from the 15% and also enhance the limit from 1Cr to 5Cr .

Compliance under GST, Income Tax etc:

- a. Government should seriously consider extending GST return filing dates for all MSME's till 31st March 2021 and remove late filing fees, penalty. Interest for late payments may be charged @ 6%.
Government should also permit payment of arrears of GST to all MSME's in installments within 31st March 2021.
- b. The GSTR -9 and GSTR-9C return filing dates be extended to 30th Sep'20.

Electricity, Water, Property Tax and other Utilities:

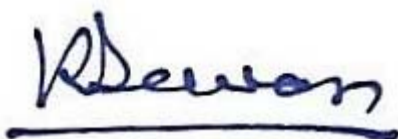
- a. State Governments should advise all DISCOMS and Water supply Boards to waive of the fixed charges for the lockdown period. Only actual consumption charges be collected for the entire lockdown period.
- b. Allow payments up to 31st July '20 without any levy of interest for all electricity/water bills payable for the period 1st March '20 till 30th June '20.
- c. State Governments should advise all Municipal Corporations to extend the due date for payment of Property Tax , Corporation Tax etc. to 31st Dec'20 .
- d. State Governments should also advise their respective State Pollution Control authorities for deferment of Compliances under the State Pollution Control Act till 31st Dec '20.

Raw Material issues:

- a. Import Consignment of waste paper should be allowed to cleared from Customs on top priority without any detention and demurrage charges.
- b. Paper should be allowed to be imported at 0% duty instead of 10% levied at present.
- c. Export of Kraft paper by Paper Mills should be strictly disallowed, especially during the lockdown period.

Thanking you.

Yours faithfully,
For F C B M of India



V.K. DEWAN
PRESIDENT

President's Office:

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