



Ref. No. 4/GOI/0132/3

11.04.2020

To,
Shri Nitin Gadkari
Hon'ble Minister
Ministry of MSME,
Government of India

**SUBJECT: REGARDING IMPACT OF LOCK DOWN DUE TO COVID-19 PANDEMIC ON MSME'S
AND SUGGESTED MEASURES RELATED TO LABOUR MINISTRY**

Sir,

We refer our earlier letter no. 4/GOI/0110 dated 25th Mar 2020 submitted to Hon'ble Labour Minister , Government of India with a copy to you regarding impact of lock down due to Covid-19 pandemic on MSMEs at that time and suggestions thereon . (Copy of the letter is attached herewith for your ready reference).

In the continuation of our earlier letter, we would like to submit for your kind information that the situation has deteriorated further . The latest position as on date alongwith some additional important suggestions are being submitted as follows:

- MSMEs has somehow paid the salary till 31st March 2020 to their employees, but since the lock down period has now been extended to 30th April 2020, MSME will not be in a position to pay the salary of their employees for the month of April and onwards due to break in supply chain and lack of cash inflow. Therefore, it is requested that the either government should pay the salaries of the employees working in the MSME industries for the month of April 2020 and beyond if the lock down is further extended as has been done in other countries like Canada Government is bearing 90% and UK government is bearing 80% of the employees' salary Or MSME should be allowed to give only the subsistence allowance in lieu of wages to the extent of Rs 3000/- to their employees, which can meet the expenses of their basic needs Or the binding of paying minimum wages should be suspended for next six months. Apart from this , we would appreciate if any other solution to the problem is found out in the best interest of the MSME's and that of the Labour / employees.
- As per the ESI Schemes there is a provision that the government bears 70% of the wage as medical benefit of the employees who are covered under ESI. Therefore, you are requested to kindly pay 70% wages to the workers for the lockdown period for the unit who are covered under ESI. It is also requested that employees who are not covered under ESI should also be paid in similar manner. It is after all a medical emergency and ESIC is having surplus of Rs 84000 Crore which is contributed by the workers and their employees only. There cannot be a better utilization of this surplus as it is required in today's situation.



INDIAN INDUSTRIES ASSOCIATION

AN APEX BODY OF MICRO, SMALL & MEDIUM ENTERPRISES

(IN THE SERVICE OF MSME SINCE 1985)

- Pradhan Mantri Garib Kalyan Yojana (PMGKY) is providing a relief to MSME sector workers to help them tide over the national lock down. Under PMGKY the Central Government has announced a scheme that they will pay EPF contribution of both employer and employee (12 percent each) of the monthly wages for the next 3 months for such industries who are having upto 100 employees.

But there is a clause in PMGKY that if 90% or more of such employees earning monthly wages less then Rs.15000/-, then only they will eligible to get the benefit of this scheme. Due to this rule, the purpose of this scheme is being defeated, due to which many MSME employees will not be able to take advantage of this scheme, because the MSME have many office executives/Managers who get more than Rs. 15000/- salary but they also need the benefit of this scheme.

Keeping in view of the above problems, it is requested to amend in PMGKY and implement it for all employees.

Since All MSMEs will be under massive cash flow stress, these measures are going to give a lifeline for them to be able to survive .

I hope you will be kind enough to appreciate our suggestions and requests you to advise Ministry of Labour Govt of India for immediate action for the survival of MSMEs in this time of great difficulty.

Thanks

Pankaj Kumar

National President IIA