

Covid-19 lockdown: IT Industry body Nasscom seeks relief for startups, SMEs

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- It requested the government to consider rental subsidy for workspaces used by startups
- Nasscom has measures like extension of tax payment deadline

NEW DELHI: IT industry body Nasscom has urged the Government to provide relief measures to startups that are under severe stress due to the Covid-19 pandemic as project delays and tight liquidity threaten to disrupt businesses.

"We request that the government consider rental subsidy for workspaces used by start-ups which are regulated/owned/managed by government agencies," Nasscom said in a statement.

Nasscom has suggested a host of measures ranging from extension of tax payment deadline to temporary refund of GST collected as loan. It has requested the government for a blanket suspension of all deadlines, including tax payment deadlines and filing deadlines, until at least 4 weeks post lifting of lockdown.

To tide over the liquidity crunch created by the pandemic and ensure timely payment of salaries to employees, Nasscom suggested that banks should provide an overdraft facility/interest free and equity convertible funding to startups. Such facilities should cover for equivalent to three months' salary for a maximum period of two years without any collaterals, the statement said.

Nasscom has also demanded a one-time provident fund (PF) opt out option for employees. It is very likely that startups will not be able to provide for any salary increments to their employees in the current financial year due to a subdued business environment.

The government can consider providing an option to the employees for a one-time PF opt-out option for the next financial year and both the employee and employer contributions towards the PF should be transferred directly to the employee, it said. This will result in an increase in the take home pay of the employees. This move will be beneficial for the employees in the lower salary bracket and would lead to a higher take home pay for a majority of the startup workforce.

Making Corporate India Comply

The industry body has also suggested disbursement of pending payments/invoice receivables for small and medium enterprises (SMEs). “The working capital of SMEs businesses is already stressed and the pandemic has further aggravated the situation. As an immediate relief, all government departments and large corporations must be directed to release all pending payments and invoice receivables raised by the MSMEs within 15 working days, Nasscom said.

Among other measures, Nasscom said interest rate of all existing loans, disbursed by banks and financial institutions to SMEs, should be reduced by 3%.