



■ **AJIT GULABCHAND**
President

1st FLOOR, NO. 1, MASTER BLOCK, OPP. MADHUBAN PARK,
SHAKARPUR EXTENSION, DELHI - 110092
Tel. : 91-11-2242 2922, 2242 0758
Email : ajit.gulabchand@cfiindia.com www.cfiindia.com

26th April 2021

To,

Union Minister for Road Transport & Highways & MSME
Ministry of Road Transport & Highways
Room No. 501, Transport Bhawan,
1, Parliament Street
New Delhi-110 001

Kind Attn: Shri Nitin J Gadkari

Dear Sir,

**Sub: Relief measures to overcome the Second Wave of Covid-19 Pandemic
for MoRTH/NHAI/NHIDCL & PWD Projects**

The national calamity due to COVID-19 pandemic has affected almost all the businesses and infrastructure industry in particular has been the worst sufferer. During the lockdown, stoppage of work, interruptions in transportation of materials and difficulties in remobilization of migrant labourers affected the business of infrastructure companies. Low turnovers coupled with fixed cost towards overheads and idling of equipment has resulted in major erosion of working capital and also reduced the ability of raising fresh working capital. The second wave of COVID-19 is much more damaging and disastrous than the first wave.

Taking cognizance of the distress faced so far by the contractors during these testing times, Government of India had announced certain relief measures to counter the adverse impact of this pandemic, in order to improve contractors' liquidity. Some relief measures are already implemented by MoRTH/NHAI/NHIDCL such as Retention money / retention BG release, non-deduction of retention, PBG reduction from 5% to 3% and Schedule H relaxation. However, the relief was partly extended till June 21 only for Schedule H relaxation.

The purpose of the release of BGs are done with the intention to infuse additional working capital into the infrastructure projects/ industry to survive and revive. However, most of the banks are reducing their exposure instead of providing equivalent fresh BGs in lieu of returned BGs citing one or the other reason as most of the accounts of these infrastructure companies are in stress. Hence, the real purpose of releasing the BGs under the relief of Govt. of India has not achieved its full intended purpose.

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Since the Pandemic has spread like never before and the likely impact may be far worst that first wave, CFI request's you to consider providing relief measures as given below, till March 2022 to survive and to revive the Projects of national importance.

1. *No deduction of retention from Bills.*
2. *Relaxation of Schedule H.*
3. *Providing additional advance against excess BG available with MoRTH/NHAI/NHIDCL without Interest instead of release on request by contractor.*
4. *Waiver of interest on advances from April 20 to March 22.*
5. *Deferment of recovery towards the Mobilization, Plant & Machinery and Material Advances till March 2022.*
6. *Unfreeze of price adjustment indices immediately.*
7. *No LD or BG encashments for non-performance or delay in projects till March 2022.*
8. *Sanction EOT for minimum 12 months due to Pandemic situation.*
9. *Reduction in tax slab for construction Industry for the current financial year*

Given the dire situation, we urge that above mentioned reliefs should be given uniformly to all ongoing projects without any classification such as Performing or non- performing. You may appreciate that during the difficult times it is the weaker who needs some additional support. The above proposals will help the projects under stress to increase the turnover and to complete the projects in reasonable time and will also infuse additional working capital in these projects.

CFI members are committed to serve the nation in achieving its target of infrastructure building and your support will be an effort in right direction to achieve this common goal.

We shall be highly thankful for consideration of aforesaid requests.

With sincere regards,



Ajit Gulabchand
President , CFI

CC:

- i. **Shri Giridhar Aramane, Secretary, Ministry of Road Transport & Highways**
- ii. **Dr. Sukhbir Singh Sandhu, Chairman, National Highway Authority of India**
- iii. **Mr. Keshav Kumar Pathak, Managing Director, National Highways Infrastructure Development Corporation Ltd.**