

Atmanirbhar Bharat Abhiyan – Bold reforms for a Vibrant Bharat

13 May 2020



Growth drivers



Key pillars

1. Economy
2. Infrastructure
3. Technology-driven systems
4. Demographics
5. Demand



Focus areas

1. Land
2. Labour
3. Liquidity
4. Law



Possible impact

1. Improve ease of doing business
2. Integrate global value chain

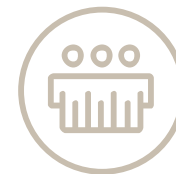


Desired outcome

1. Spur growth
2. Build self-reliant India



Key announcements



- INR 3 lakh crore collateral-free loan for micro, small and medium enterprises (MSMEs)
- Change in definition of MSMEs
- Only Indian companies to bid for government tenders of up to 200 crore
- Provident Fund (PF) contribution reduced for both employers and employees
- INR 90,000 crore one-time liquidity infusion for Power Distribution Companies (DISCOMs); benefits to reach customers via reduced electricity bills
- Six-month extension to all contractors working on government projects
- COVID-19 to be treated as a force majeure
- TDS rate reduction of 25% (between 14 May 2020 and 31 March 2021)
- Deadline for IT returns extended until 30 November 2020
- Vivad se Vishwas Scheme extended until 31 December 2020

Relief package focus area	Value (INR crore)
MSME	370,000
PF	9,250
NBFC/MFI	75,000
DISCOMs	90,000
Taxation	50,000
Pradhan Mantri Garib Kalyan Package	170,000
Emergency Health Response Package	15,000
Special Refund and Drawback Disposal Drive	18,000
RBI CRR reduction	137,000
RBI's TLTRO	150,050
RBI's refinance for NABARD, SIDBI and NHB	50,000
RBI's SLF	50,000

MSMEs



Collateral-free automatic loans

- INR 3 lakh worth of collateral-free automatic loans for MSMEs
- MSMEs with INR 25 crore outstanding loans or annual turnover is over INR 100 crore will be eligible
- Loans can be availed until October 2020 with a four-year tenure and 12-month moratorium
- 100% credit guarantee to banks and NBFCs
- 45 lakh units to benefit; will be able to resume operations and safeguard jobs

Stressed MSMEs

- INR 20,000 crore as subordinate debt for stressed MSMEs
- Two lakh MSMEs (non-performing assets/stressed) to be eligible
- INR 4,000 crore support to CGTMSE

FoF for MSMEs

- INR 50,000 crore equity infusion for MSMEs through fund of funds (FoF)
- INR 10,000 crore corpus through mother and daughter fund framework
- Assist MSMEs expand their capacity and get listed on primary stock exchanges

Limit global competition

- Global tenders to be disallowed in government procurement up to INR 200 crore
- Necessary amendments of General Financial Rules will be effected

Post-COVID

- E-market linkages to be provided across industries to make up for lack of trade fairs
- Within the next 45 days, all receivables of MSMEs will be cleared by the GOI and CPSEs



MSMEs (Contd.)



Revised MSME definition

- Definition of MSMEs revised
- Investment limits revised upwards
- Additional criteria of turnover introduced
- Distinction between manufacturing and service sectors eliminated; both the sectors to enjoy same benefits
- Necessary amendments to the law will be made

Existing MSME classification

Old criteria: Investment in plant and machinery or equipment

Classification	Micro	Small	Medium
Manufacturing enterprises	Investment < INR 25 lakh	Investment < INR 5 crore	Investment < INR 10 crore
Service enterprises	Investment < INR 10 lakh	Investment < INR 2 crore	Investment < INR 5 crore

Revised MSME classification

New composite criteria: Investment and annual turnover

Manufacturing and services enterprise	Investment < INR 1 crore Turnover < INR 5 crore	Investment < INR 10 crore Turnover < INR 50 crore	Investment < INR 20 crore Turnover < INR 100 crore
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Employee Provident Fund (EPF)



Relief to EPF

- INR 2,500 crore EPF support to ease financial stress
- Relief expected to benefit 3.67 lakh establishments and 70.22 lakh employees
- Government support towards EPF contribution extended by three months (June, July and August)
- Government to support PF for firms with 100 staff members, 90% of which earn less than INR 15,000

Increase in take home salaries

- Statutory PF contribution for both employers and employees reduced from 12% to 10% for establishments covered under EPFO for June, July and August
- For state public sector undertakings (PSUs), government will continue to pay 12%, while staff will pay 10%
- Relief to cover 6.5 lakh establishments and 4.3 crore employees

NBFCs, HFCs and MFIs



Improvement in NBFC liquidity

- INR 30,000 crore special liquidity scheme to be launched
- Under this, investments to be made in both primary and secondary market transactions as well as investment grade debt paper of non-banking finance companies (NBFCs), housing finance companies (HFCs) and micro finance institutions (MFIs)
- Scheme to complement Reserve Bank of India (RBI)/government measures to augment liquidity
- Securities to be fully guaranteed by government

Partial Credit Guarantee Scheme 2.0 for NBFC

- INR 45,000 crore liquidity infusion through a Partial Credit Guarantee Scheme 2.0 for NBFCs
- NBFCs, HFCs and MFIs with low credit rating require liquidity to do fresh lending to MSMEs and individuals
- First 20% of loss to be borne by the government
- AA-rated paper and below, including unrated paper, eligible for investments, especially MFIs

DISCOMs



Improve monetary flow

- Power Finance Corporations and Rural Electrification Corporation will infuse INR 90,000 crore to DISCOMs against receivables
- Loans will be given against state guarantees to discharge liabilities of DISCOMs to Gencos
- All outstanding dues of state governments to be liquidated

Relief for consumers

- Central Public Sector Generation companies will give rebate to DISCOMs; benefits to be passed on to end-users
- DISCOMs to offer digital payment facility to consumers



Contractors



Improve cash flow

- All central agencies to provide no-cost extensions to contractors for up to six months
 - To cover construction work and goods and services contracts
 - To cover obligation of completion of work, intermediate milestones, etc. as well as extension of concession period
- Bank guarantees to be released partially by government agencies to ease cash flow issues



Real Estate



Boost cash flow

- COVID-19 will be considered as force majeure under Real Estate (Regulation and Development) Authority (RERA)
- Registration and completion date suo moto to be extended by six months for all registered projects expiring on or after 25 March 2020. This can be extended by regulatory authorities by up to three months, if required
- Fresh project registration certificates to be issued with revised timelines
- Various statutory compliance timelines under RERA to be extended





Release liquidity

- Liquidity of up to INR 50,000 crore through reduction in tax deducted at source (TDS) and tax collected at source (TCS) rates applicable from 14 May 2020 until 31 March 2021
- Rate of TDS for non-salaried specified payments made to residents and rates of TCS for specified receipts to be reduced by 25%
- All payments for contract, professional fee, interest, rent, dividend, brokerage, commission etc. to be eligible for this rate reduction

Direct tax measures

- Pending refunds to charitable trusts and non-corporate businesses and professions to be immediately issued
- Due date of all IT returns extended to 30 November 2020 and tax audit extended to 31 October 2020
- Date of assessments getting barred on 30 September 2020 extended to 31 December 2020 and those getting barred on 31 March 2021 extended to 30 September 2021
- Payment period for Vivad se Vishwas Scheme without additional amount extended to 31 December 2020

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