

# (UPDATED) Atmanirbhar Bharat – 20 lakh crore stimulus package

May 19, 2020

Updated on 8th June 2020

**Manifest Pedagogy:** The Prime Minister announced 20 lakh crore stimulus package to jump start the economy. The measures not only included relief measures for the troubled sectors but also outlined a new vision for emerging India.

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[gdlr\_tab title="Updates of recent cabinet meeting"]

The meeting coincided with the completion of the first year of the Modi 2.0 government and the beginning of 'Unlock 1.0' or 'Lockdown 5.0'. A meeting of the Cabinet Committee on Economic Affairs (CCEA) was also held.

- Cabinet has approved **extension of repayment date for short term loans for agriculture and allied activities by banks** which have become due or shall become due between 1st March, 2020 and 31st August, 2020.

***For MSMEs:***

- Cabinet has approved **₹50,000 crore equity infusion for MSMEs**, the first time MSMEs are getting such support.
- This will strengthen their growth potential and will enable them to get listed on stock exchanges.
- MSME promoters will be given debt by banks which will then be infused as equity by promoters.
- Cabinet has approved **₹20,000 crore subordinate debt for stressed MSMEs**, which will benefit 2 lakh stressed

MSMEs.

- **MSMEs which are NPA or stressed will be eligible** for the stressed assets package.
- MSMEs will be encouraged to go to stock markets.
- **MSME definition has been changed** once again.



Turnover limit for medium enterprises **revised upward to ₹250 crore from ₹100 crore.**

- Cabinet has **approved MSP for 14 kharif crops** so that farmers will get 50-83% more than cost.
- Paddy MSP has been hiked by ₹53 per quintal to ₹1,868 per quintal for the 2020-21 crop year.

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## **Prime Minister's Vision**

- Call for Self-Reliant India Movement
  - **Five pillars of Atmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand**
  - Special economic and **comprehensive package of Rs 20 lakh crores, equivalent to 10% of India's GDP.**
  - It is time to become vocal for our “local” products and make them global.
  - **Focus on land, labour, liquidity and laws.**
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## **Pradhan Mantri Garib Kalyan Package**

Rs. 1.70 Lakh Crore relief package under Pradhan Mantri Garib Kalyan Yojana(PMGKY) for the poor to help them fight the battle against CoronaVirus:

- Insurance cover of Rs 50 Lakh per health worker
- 80 crore poor people given benefit of 5 kg wheat or rice per person for next 3 months
- 1 kg pulses for each household for free every month for the next 3 months
- 20 crore women Jan Dhan account holders get Rs 500 per month for next 3 months
- Gas cylinders, free of cost, provided to 8 crore poor families for the next 3 months
- Increase in MNREGA wage to Rs 202 a day from Rs 182 to benefit 13.62 crore families
- Ex-gratia of Rs 1,000 to 3 crore poor senior citizen, poor widows and poor Divyang
- Front-loaded Rs 2,000 paid to farmers under existing PM-KISAN to benefit 8.7 crore farmers
- 24 % of monthly wages to be credited into PF accounts of Building and Construction Workers for next three months for wage-earners below Rs 15,000 p.m. in businesses having less than 100 workers
- Five crore workers registered under Employee Provident Fund (EPF) to get non-refundable advance of 75% of the amount or three months of the wages, whichever is lower.
- Limit of collateral free lending to be increased from Rs 10 to Rs 20 lakhs for Women Self Help Groups supporting 6.85 crore households.
- District Mineral Fund (DMF) to be used for supplementing and augmenting facilities of medical testing, screening etc...

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[gdlr\_tab title="EPF Support for Business & Workers"]

- Under Pradhan Mantri Garib Kalyan Package (PMGKP), payment of 12% of employer and 12% employee contributions was made into EPF accounts of eligible establishments for salary months of March, April and May 2020.

- This support will be extended by another 3 months to salary months of June, July and August 2020.
- Statutory PF contribution of both employer and employee will be reduced to 10% each from existing 12% each for all establishments covered by EPFO for next 3 months.
- CPSEs and State PSUs will however continue to contribute 12% as employer contribution.
- This scheme will be applicable for workers who are not eligible for 24% EPF support under PM Garib Kalyan Package and its extension.
- This will provide liquidity of Rs 6750 Crore to employers and employees over 3 months.

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[gdlr\_tab title="Other Measures announced"]

- RBI has raised the Ways and Means advance limits of States by 60% and enhanced the Overdraft duration limits.
- Issued all the pending income-tax refunds up to ₹5 lakh.
- Implemented "Special Refund and Drawback Disposal Drive" for all pending refund and drawback claims.
- Both the above measures amount to ₹18,000 crore of refund.
- Sanctioned Rs 15,000 crores for Emergency Health Response Package
- Provided Relaxation in Statutory and Compliance matters, such as –
  - Extending last date for Income Tax Returns to June 30, 2020
  - Extending filing GST returns to end of June 2020
  - 24\*7 custom clearance till 30th June, 2020
  - Relaxation for 3 months for debit cardholders to withdraw cash free from any ATMs, etc
  - Allowing payment before 15 May, 2020 for Motor Vehicle and Health Insurance Policies

- Mandatory Board meetings extended by 60 days till 30 September
- Allowing Extraordinary General Meetings through Video Conference with e-voting/simplified voting facility

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## Measures taken by Reserve Bank of India

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[gdlr\_tab title="Developmental and regulatory policies"]

### Measures announced on March 2020:

- Reduction of Cash Reserve Ratio (CRR) has resulted in liquidity enhancement of ₹1,37,000 crores.
- Targeted Long Term Repo Operations (TLTROs) of ₹1,00,050 crore for fresh deployment in investment grade corporate bonds, commercial paper, and non-convertible debentures.
- Increased the banks' limit for borrowing overnight under the marginal standing facility (MSF), allowing the banking system to avail an additional ₹1,37,000 crore of liquidity at the reduced MSF rate.
- Announced special refinance facilities to NABARD, SIDBI and the NHB for a total amount of ₹50,000 crore at the policy repo rate.
- Announced the opening of a special liquidity facility (SLF) of ₹50,000 crore for mutual funds to alleviate intensified liquidity pressures.
- Moratorium of three months on payment of instalments and payment of Interest on Working Capital Facilities in respect of all Term Loans.

## Measures to Improve the Functioning of Markets:

These measures are intended to ease constraints on market participants and channel liquidity to various sectors of the economy that are impacted by COVID-19 related dislocations.

### Refinancing Facility for SIDBI:

- The RBI had announced a special refinance facility of ₹15,000 crore to SIDBI for on-lending/refinancing.
- Advances under this facility were provided at the RBI's policy repo rate at the time of availment for a period of 90 days.
- It has been decided to roll over the facility at the end of the 90th day for another period of 90 days.

### Investments by Foreign Portfolio Investors (FPIs) under the Voluntary Retention Route (VRR):

- The VRR introduced in March 2019 facilitates long term and stable FPI investment in debt and offers operational flexibility in terms of instrument choices and exemptions from certain regulatory requirements.
- On account of COVID-19 related disruptions in adhering to the condition that **at least 75 percent of allotted limits be invested within three months**, it has been decided that an **additional three months will be allowed** to FPIs to fulfil this requirement.

## Measures to Support Exports and Imports:

In view of the importance of exports in earning foreign exchange and in providing income and employment and of imports in bringing in essential requirements of raw materials, intermediates, finished goods and technology, measures are being taken to support the foreign trade sector.

### Export Credit:

- The RBI permitted an increase in the period of

realization and repatriation of export proceeds to India from nine months to 15 months from the date of export in respect of exports made up to or on July 31, 2020.

- It has now been decided to **increase the maximum permissible period of pre-shipment and post-shipment export credit sanctioned by banks from the existing one year to 15 months**, for disbursements made up to July 31, 2020.

#### Liquidity Facility for Exim Bank of India:

- **A line of credit of Rs. 15,000 crore to be extended to the EXIM Bank for a period of 90 days** from the date of availment with rollover up to a maximum period of one year so as to enable it to avail a US dollar swap facility to meet its foreign exchange requirements.

#### Extension of Time for Payment for Imports:

- It has been decided to extend the time period for completion of remittances against normal imports into India (except in cases where amounts are withheld towards guarantee of performance) from the prevailing six months to twelve months from the date of shipment for such imports made on or before July 31, 2020.

#### Measures to Ease Financial Stress:

##### Moratorium on Term Loan Instalments:

- On March 27, 2020, the RBI permitted all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs to allow a moratorium of three months on payment of instalments in respect of all term loans outstanding as on March 1, 2020.
- In view of the extension of the lockdown and continuing disruptions on account of COVID-19, it has been decided

to permit lending institutions to extend the moratorium on term loan instalments by another three months, i.e., from June 1, 2020 to August 31, 2020.

Deferment of Interest on Working Capital Facilities:

- In respect of working capital facilities sanctioned in the form of cash credit/overdraft, lending institutions are being permitted to allow a **deferment of another three months, from June 1, 2020 to August 31, 2020**, in addition to the three months allowed on March 27, 2020 on payment of interest in respect of all such facilities outstanding as on March 1, 2020.

Payment of Interest on Working Capital Facilities for the Deferment Period:

- Lending institutions are permitted to convert the accumulated interest on working capital facilities over the deferment period (up to August 31, 2020) into a funded interest term loan which shall be repayable not later than the end of the current financial year (i.e., March 31, 2021).

Asset Classification:

- The moratorium/deferment will not be treated as changes in terms and conditions of loan agreements due to financial difficulty of the borrowers and consequently will not result in asset classification downgrade.
- As earlier, the rescheduling of payments on account of the moratorium/deferment will not qualify as a default for the purposes of supervisory reporting and reporting to credit information companies (CICs) by the lending institutions.
- In respect of **all accounts for which lending institutions decide to grant moratorium/deferment and which were standard as on March 1, 2020**, the 90-day NPA norm shall also exclude the extended



**moratorium/deferment period.** After August 31, 2020 the normal ageing norms shall apply.

- NBFCs have flexibility under the prescribed accounting standards to consider such relief to their borrowers.

*Easing of Working Capital Financing:*

- In respect of working capital facilities sanctioned in the form of cash credit/overdraft, **lending institutions are permitted to recalculate the 'drawing power' by reducing the margins** till the extended period, i.e., August 31, 2020.
- Further, lending institutions are permitted to **reassess the working capital cycle of a borrowing entity** up to an extended period till March 31, 2021.
- Such changes in credit terms permitted to the borrowers will not be treated as concessions granted due to financial difficulty of the borrower and consequently, will not result in asset classification downgrade.

*Extension of Resolution Timeline:*

- Under the Prudential Framework, lending institutions are required to hold an additional provision of 20 per cent in the case of large accounts under default if a resolution plan has not been implemented within 210 days from the date of such default.
- Now, lending institutions are permitted to exclude the entire moratorium period i.e. till August 31, 2020 from the calculation of 30-day Review Period or 180-day Resolution Period, if the Review/Resolution Period had not expired as on March 1, 2020.

*Limit on Group Exposures under the Large Exposures Framework:*

- As per guidelines on the Large Exposures Framework, the exposure of a bank to a group of connected counterparties shall not be higher than 25 percent of the bank's eligible capital base at all times.

- Now it has been decided, as a one-time measure, to **increase a bank's exposure to a group of connected counterparties from 25 percent to 30 percent** of the eligible capital base of the bank.
- The increased limit will be **applicable up to June 30, 2021.**

#### Debt Management:

#### CSF of State Governments – Relaxation of Guidelines:

- State Governments maintain a **Consolidated Sinking Fund (CSF)** with the Reserve Bank as a **buffer for repayment of their liabilities.**
- The RBI has decided to relax the rules governing withdrawal from the CSF.
- **These relaxations to states will release an additional amount of about 13,300 crore.**
- It also enables the states to meet about 45 per cent of their redemptions due in 2020-21 through withdrawal from CSF.
- This change in withdrawal norms will come into force with immediate effect and will remain valid till March 31, 2021.

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[gdlr\_tab title="Monetary Policy Statement, 2020-21: Resolution of the Monetary Policy Committee (MPC)"]

The MPC at its meeting on May 22, 2020 decided to:

- reduce the **policy repo rate under the liquidity adjustment facility (LAF)** by 40 bps to **0 percent** from 4.40 percent with immediate effect;
- The marginal standing facility (**MSF**) rate and the **Bank Rate** stand reduced to **25 percent** from 4.65 percent;
- The **reverse repo rate** under the LAF stands reduced to **35 percent** from 3.75 percent.

## Assessment:

### Global Economy:

- Global economic activity has remained in standstill under COVID-19 related lockdowns and social distancing.
- Among the key advanced economies (AEs), economic activity contracted in the US, Euro area, Japan and the UK in quarter 1 of :2020.
- Among emerging market economies (EMEs), the Chinese economy went into a pronounced decline and activity may have also shrunk in other EMEs such as Brazil and South Africa.
- Global financial markets calmed after a turbulent period in March, 2020 and portfolio flows to EMEs revived in April.
- With the US dollar weakening, major EME currencies, which had experienced persistent downward pressure, traded with an appreciating bias.
- Crude oil prices firmed up modestly as oil producing countries (OPEC plus) agreed to cut production.
- Gold prices remained elevated on hedging demand.
- CPI inflation remained subdued across major AEs and EMEs primarily due to a collapse in oil prices and compression in demand amidst lockdowns.
- Food inflation picked up due to supply disruptions.

### Domestic Economy:

High frequency indicators point to a collapse in demand beginning March 2020 across both urban and rural segments. **Electricity consumption has plunged**, while both investment activity and private consumption suffered declines.

There saw a collapse in capital goods production and Service sector activities such as passenger and commercial vehicle sales, domestic air passenger traffic and foreign tourist arrivals also experienced sizable contractions in March. The

**only silver lining was provided by agriculture**, with the summer sowing of rice, pulses and oilseeds in the country progressing well and the rabi harvest promising to be a bumper as reflected in record procurement.

**Retail inflation moderated for the second consecutive month in March 2020 to 5.8 percent due to the easing of food inflation** from double digits in December 2019 – January 2020. In April, however, due to supply disruptions food inflation was high at 8.6 percent.

The RBI during 2020-21 (up to May 20), injected ₹1,20,474 crore through **open market operation (OMO)** purchases and ₹87,891 crore through three targeted long-term repo operation (TLTRO) auctions.

The RBI has provided ₹22,334 crore as **refinance to NABARD, SIDBI and NHB** and ₹2,430 crore to mutual funds through a special liquidity facility (SLF). Since February 6, 2020 the RBI has announced liquidity augmenting measures of ₹9.42 lakh crore (4.6 percent of GDP).

Yields on government securities, commercial paper (CP), 91-day treasury bills, certificates of deposit (CDs) and corporate bonds have softened. Though credit growth remains muted, **scheduled commercial banks' investments in commercial paper, bonds, debentures and shares of corporate bodies increased sharply.**

In the external sector, **India's merchandise trade slumped in April 2020**, with **exports shrinking by 60.3 percent and imports by 58.6 percent** respectively. While imports contracted in all 30 commodity groups in April, exports contracted in 28 out of 30 groups. The trade deficit narrowed in April 2020 to its lowest level in 47 months.

On the financing side, **net FDI inflows picked up in March 2020** to US\$ 2.9 billion from US\$ 0.8 billion a year ago. In 2020-21, **net foreign portfolio investment (FPI) in equities**

**increased. India's foreign exchange reserves have increased by US\$ 9.2 billion in 2020-21 (up to May 15) to US\$ 487.0 billion, equivalent to 12 months of imports.**

Outlook:

- With gradual relaxations in the lockdown, the supply chain would get restored and the unusual spike in food inflation in April is expected to moderate.
- **The forecast of a normal monsoon also portends well for food inflation.**
- Given the current global demand-supply balance, **international crude oil prices are likely to remain low.**
- **Volatility in financial markets could have a bearing on inflation.**
- This factor, combined with favourable base effects, are expected to **pull down headline inflation below target in Q3 and Q4 of 2020-21.**
- **Economic activity other than agriculture is likely to remain depressed** in Quarter 1 (Q1) of 2020-21.
- Although lockdown is relaxed, economic activity in Q2 may remain subdued due to social distancing measures and the temporary shortage of labour.
- **Recovery in economic activity is expected to begin in Q3 and gain momentum in Q4** as supply lines are gradually restored to normalcy and demand gradually revives.
- Due to the uncertainty about the duration of the pandemic downside risks to domestic growth remain significant.

The MPC is of the view that the macroeconomic impact of the pandemic is turning out to be more severe than initially anticipated and various sectors of the economy are experiencing acute stress. Even as various measures initiated by the Government and the RBI work to mitigate the adverse impact of the pandemic on the economy, it is necessary to ease financial conditions further.

Accordingly, all members of MPC voted for a reduction in the policy repo rate and maintaining the accommodative stance as long as it is necessary to revive growth and mitigate the impact of COVID-19 on the economy, while ensuring that inflation remains within the target.

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[gdlr\_tab title="Our previous article on the same subject"]

***Source:*** *The Hindu*

**Manifest pedagogy:** Covid-19 will have a major fallout vis-a-vis economic growth, demand and supply. It is a factor which will force structural changes in future of work, how we manage public policy and also what is a way of life.

**In news:** RBI has released the results of the 89th round of the Industrial Outlook Survey (IOS).

**Dimensions:**

- Economic disruptions caused by coronavirus
- Steps taken by RBI

**Content:**

**Economic disruptions caused by coronavirus:**

- Investors have feared that the spread of coronavirus would destroy economic growth.
- In the United States, the number of people filing for unemployment has hit a record high.
- Likewise, **oil has slumped to low prices not seen since June 2001.**
- According to the OECD estimates, **the world's economy could grow at its slowest rate since 2009** due to the COVID 19.
- A **"longer lasting and more intensive" outbreak could halve growth to 1.5% in 2020 as factories suspend their**

**activity** and workers stay at home to try to contain the virus.

- Sectors such as **tourism, aviation, hospitality and trade are the** worst hit.
- The “**supply side contagion effect**” has impacted manufacturing, agriculture and the pharmaceutical industry.
- With the likely consumption slowdown, production is also going to be hit.



- Rating agencies, both global and domestic, are unanimous that the **Covid-19 pandemic will be an economic tsunami for India.**
- On March 26, 2020 finance minister Nirmala Sitharaman has announced a \$23 billion package aimed at cushioning the disruption.
- But the **GDP growth is already at a decadal low and workers are seeing their wages erode** in recent times.
- **Moody's** has slashed its **projection for India's GDP growth** in calendar year 2020 from 5.3% to **2.5%**.
- In its **Global Macro Outlook 2020-21**, it has cited severe liquidity constraints in India's banking and non-banking sectors as a hindrance to growth.
- The **domestic ratings agency Crisil** has slashed its base case GDP growth forecast for India in financial year 2021 from 5.7% to **5.2%**.
- It has warned that if the pandemic is not contained by April-June 2020, domestic consumption and investment would be affected.
- A **recession across Asia-Pacific is predicted due to disruptions in China.**
- The overall financial system remains burdened with weak balance sheets, which has led to downside of credit growth.

**Steps taken by RBI:**

- RBI has **lowered the policy repo rate** by 75 basis points **to 4.4 percent.**
- It has directed all banks and housing finance companies **not to take instalments on long term loans for three months.** This is applicable for all term loans, including agricultural term loans, retail and crop loans.
- The **reverse repo rate has been lowered by 90 basis points.**



- Taken with the recent liquidity measures, the **liquidity infusion by RBI** is an unprecedented Rs 6.5 trillion, or **about 3.2 percent of GDP of the economy.**
- It has said that it will conduct **auctions of targeted term repos of up to three years' tenor** for a total amount of up to Rs 1 trillion.
- The cash reserve ratio (**CRR**) **has been reduced to 3 percent** of the deposit base from 4 percent earlier which would **pump in liquidity of about Rs 1.37 trillion** uniformly across the banking system.
- The requirement of **minimum daily CRR balance maintenance is reduced from 90 percent to 80 percent**, as a one-time measure till June 26, 2020.
- It has allowed **foreign branches of domestic banks to trade in the offshore non-deliverable forwards (NDF) markets** in order to “improve efficiency of price discovery.”
- Through a notification, it has **increased the Ways and Means Advances (WMA) limit** for state governments and union territories **by 30 percent** till September 30, 2020.
- The **time period for realization and repatriation of export proceeds** for exports made up to or on July 31, 2020, has been **extended to 15 months from the date of export** ( at present it is 9 months from the date of exports).
- The measure will enable the exporters to realise their



receipts from COVID-19 affected countries within the extended period and also provide greater flexibility to the exporters to negotiate future export contracts with buyers abroad.

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[gdlr\_tab title="For MSMEs"]

- Rs 3 lakh crores collateral-free Automatic Loans for Businesses, including MSMEs.
- Emergency Credit Line to Businesses/MSMEs from Banks and NBFCs up to 20% of entire outstanding credit as on February 29th, 2020.
  - Borrowers with up to Rs. 25 crore outstanding and Rs. 100 crore turnover eligible.
  - Loans to have 4 year tenor with moratorium of 12 months on Principal repayment
  - Interest to be capped
  - 100% credit guarantee cover to Banks and NBFCs on principal and interest
  - Scheme can be availed till 31st Oct 2020
  - No guarantee fee, no fresh collateral

#### **Stressed MSMEs:**

- GoI will facilitate provision of Rs. 20,000 cr as subordinate debt
- Two lakh MSMEs are likely to benefit
- Functioning MSMEs which are NPA or are stressed will be eligible
- will provide a support of Rs. 4,000 Cr. to CGTMSE
- CGTMSE will provide partial Credit Guarantee support to Banks
- Promoters of the MSME will be given debt by banks, which will then be infused by the promoter as equity in the Unit.

### **Equity infusion for MSMEs through Fund of Funds:**

- Fund of Funds with Corpus of Rs 10,000 crores will be set up.
- FoF will be operated through a Mother Fund and few daughter funds.
- Fund structure will help leverage Rs 50,000 cr of funds at daughter funds level.
- Will encourage MSMEs to get listed on the main board of Stock Exchanges.

### **Rs. 1500 crores Interest Subvention for MUDRA-Shishu Loans:**

- The current portfolio of MUDRA-Shishu loans is ~ Rs 1.62 Lakh crore (Maximum loan amount of 50,000 Rs).
- Government of India will provide Interest subvention of 2% for prompt payees for a period of 12 months.
- Relief of Rs 1500 cr to MUDRA-Shishu loanees

### **New Definition of MSMEs:**

- Additional criteria of turnover also being introduced.
- Distinction between manufacturing and service sector to be eliminated.
- Necessary amendments to law will be brought about.



### **Global tenders:**

- Global tenders will be disallowed in Government procurement tenders upto Rs 200 crores.
- Necessary amendments of General Financial Rules will be affected.

### **Other interventions:**

- e-market linkage for MSMEs to be promoted.
- Fintech will be used to enhance transaction based lending using the data generated by the e-marketplace.

- MSME receivables from Gov and CPSEs to be released in 45 days.

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[gdlr\_tab title="For NBFCs/HFCs/MFIs"]

- Government will launch a Rs 30,000 crore Special Liquidity Scheme under which investment will be made in both primary and secondary market transactions in investment grade debt papers of NBFCs/HFCs/MFIs.
- Securities will be fully guaranteed by GoI.
- Partial Credit Guarantee Scheme(PCGS) 2.0 for NBFCs – Existing PCGS scheme to be extended to cover borrowings such as primary issuance of Bonds/ CPs (liability side of balance sheets) of such entities.
- First 20% of loss will be borne by the Guarantor ie., Government of India.
- AA paper and below including unrated paper eligible for investment.
- This scheme will result in liquidity of Rs 45,000 crores.

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[gdlr\_tab title="Liquidity Injection for DISCOMs"]

- PFC/REC to infuse liquidity of Rs 90,000 cr to DISCOMs against receivables.
- Loans to be given against State guarantees for the exclusive purpose of discharging liabilities of Discoms to Gencos.

#### **Linkage to specific activities/reforms:**

- Digital payments facility by Discoms for consumers, liquidation of outstanding dues of State Governments, plan to reduce financial and operational losses.
- Central Public Sector Generation Companies shall give rebate to Discoms which shall be passed on to the final

consumers (industries).

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[gdlr\_tab title="Relief to Contractors"]

- Extension of up to 6 months (without costs to contractor) to be provided by all Central Agencies (like Railways, Ministry of Road Transport & Highways, Central Public Works Dept, etc)
- Covers construction/ works and goods and services contracts.

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[gdlr\_tab title="For Real Estate Projects under RERA"]

- Extend the registration and completion date suo-moto by 6 months for all registered projects expiring on or after 25th March, 2020 without individual applications.
- Issue fresh 'Project Registration Certificates' automatically with revised timelines.

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[gdlr\_tab title="For Direct tax"]

- The rates of Tax Deduction at Source (TDS) for non-salaried specified payments made to residents and rates of Tax Collection at Source (TCS) for the specified receipts shall be reduced by 25% of the existing rates.
- This reduction shall be applicable for the remaining part of the FY 2020-21 i.e. from tomorrow to 31st March, 2021.
- Due date of all income-tax returns for FY 2019-20 will be extended from 31st July, 2020 & 31st October, 2020 to 30th November, 2020 and Tax audit from 30th September, 2020 to 31st October, 2020.
- Period of Vivad se Vishwas Scheme for making payment without additional amount will be extended to 31st

December, 2020.

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[gdlr\_tab title="Support to Farmers & Rural Economy"]

- 3 crore farmers with agricultural loans of Rs. 4.22 lakhs crore availed the benefit of 3 months loan moratorium.
- Interest Subvention and Prompt Repayment Incentive on crop loans, due from 1st March, extended up to 31st May, 2020.
- 25 lakh new Kisan Credit Cards sanctioned with a loan limit of Rs. 25,000 cr.
- Refinancing of Rs.29,500 crore provided by NABARD, to Cooperative Banks & Regional Rural Banks in March, 2020.
- Support of Rs. 4,200 crore provided under Rural Infrastructure Development Fund (RIDF) States during March, 2020 for rural infrastructure.

#### **Additional Emergency Working Capital Funding for farmers:**

- NABARD will extend additional re-finance support of Rs 30,000 crore
- Will benefit 3 crore farmers, mostly small and marginal.
- To meet post harvest (Rabi) & current Kharif requirement in May/June
- Rs 2 lakh crore credit boost to 2.5 crore farmers under Kisan Credit Card Scheme
- A special drive to provide concessional credit to PM-KISAN beneficiaries through Kisan Credit Cards.
- Fisherman and Animal Husbandry farmers will also be included in this drive.
- Will inject additional liquidity of Rs 2 lakh crore to 2.5 crore farmers

#### **Kisan Credit Cards:**

- Special drive to be undertaken to provide concessional

credit to PM-KISAN beneficiaries through Kisan Credit Cards

- Fishermen and Animal Husbandry farmers will also be included.
- 5 crore farmers will be covered and will benefit from credit flow of about Rs 2 lakh crores.

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[gdlr\_tab title="For Migrants and Urban Poor during COVID lockdown"]

- The Government of India has permitted State Governments to utilise State Disaster Response Fund (SDRF) for setting up shelter for migrants and providing them food and water etc.
- The Central Government released Rs.11002 crore of its contribution in advance to all States on 3rd April, to augment funds in their SDRF.
- Hygienically prepared three meals a day provided for the residents of Shelters for Urban Homeless (SUH) during the lockdown w.e.f March 28, 2020.
- Disbursal of Revolving Fund(RF) to Self Help Groups was on-boarded on PAiSA Portal in April 2020 on a pilot basis in Gujarat and is now being rolled out across all the States in May 2020.
- 7,200 new Self Help Groups of urban poor have been formed during the period starting 15th March, 2020.
- Free Food grain Supply to Migrants for 2 months
- Migrants who are neither NFSA or State Card beneficiaries in the state they are stationed will be provided 5 kg of grains per person and 1 kg Chana per family per month for two months
- 3500 Crore will be spent on this intervention for 2 months
- Cost will be fully borne by Government of India
- State Governments responsible for implementation, identification of migrants and full distribution and

providing detailed guidelines.

### **One Nation, One Ration Card:**

- Technology Systems to be used enabling Migrants to access Public Distribution System (Ration) from any Fair Price Shop in India by March 2021.
- 67 crore beneficiaries in 23 states covering 83% of PDS population will be covered by national portability by August, 2021.
- 100% National portability will be achieved by March, 2021
- All the States/UTs will complete full FPS automation by March, 2021

### **Affordable Rental Housing Complexes (ARHC) for Migrant Workers / Urban Poor:**

- Government will launch a scheme under PMAY for migrant labour/urban poor to provide ease of living at affordable rent by,
  1. Converting government funded housing in the cities into Affordable Rental Housing Complexes (ARHC) under PPP mode
  2. Incentivizing manufacturing units, industries, institutions, associations to develop ARHC on their private land and operate;
  3. Incentivizing State Government Agencies / Central Government Organizations on the similar lines to develop ARHC and operate.

### **MGNREGS support to returning Migrants:**

- 62 crore person-days of work generated till 13th May 2020.
- Actual Expenditure till date is around Rs. 10,000 Cr
- 40-50% more persons enrolled, compared to May last year
- Average wage rate rose to Rs. 202 from Rs. 182 in last

FY

- States/UTs advised to provide works to migrant workers as per the provisions of the Act
- Government will now allocate an additional Rs 40,000 crore under MGNREGS
- Will help generate nearly 300 crore person days in total
- Planning for continuing MNREGA works in Monsoon as well: plantations, horticulture, livestock related sheds

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[gdlr\_tab title="Labour Codes – Benefits for Workers"]

- Universalization of right of minimum wages and timely payment of wages to all workers including unorganized workers – presently minimum wages applicable to only 30% of workers.
- Statutory concept of National Floor Wage introduced: will reduce regional disparity in minimum wages.
- Fixation of minimum wages simplified, leading to less number of rates of minimum wages and better compliance.
- Appointment letter for all workers, which promotes formalization.
- Annual Health Check-up for employees.
- Occupational Safety & Health(OSH) Code also applicable to establishments engaged in work of hazardous nature even with a threshold of less than 10 workers.
- Definition of inter-state migrant worker modified to include migrant workers employed directly by the employer, workers directly coming to the destination State of their own besides the migrant workers employed through a contractor.
- Portability of welfare benefits for migrant workers.
- Extension of ESIC coverage pan-India to all districts and all establishments employing 10 or more employees as against those in notified districts/areas only.
- Extension of ESIC coverage to employees working in establishments with less than 10 employees on a



voluntary basis.

- Mandatory ESIC coverage through notification by the Central Government for employees in hazardous industries with less than 10 employees.
- Social Security Scheme for Gig workers and Platform workers.
- Re-skilling fund introduced for retrenched employees.
- All occupations opened for women and permitted to work at night with safeguards.
- Provision for Social Security Fund for unorganised workers.
- Provision of gratuity on completion of one year service as against 5 years.

[/gdlr\_tab]

[gdlr\_tab title="Special Credit Facility for Street Vendors"]

- Government will launch a special scheme within a month to facilitate easy access to credit to street vendors.
- Initial working capital up to Rs. 10,000.
- Digital payments will be incentivized through monetary rewards
- Will support nearly 50 lakh street vendors
- Will provide liquidity of Rs 5000 crores

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[gdlr\_tab title="Boost to housing sector and middle-income group through extension of CLSS"]

- Credit Linked Subsidy Scheme for Middle Income Group (Annual Income: Rs 6–18 lakhs) was operationalized from May 2017.
- Government will extend the CLSS Scheme up to March 2021.
- 5 lakhs middle income families will benefit and will lead to Investment of over Rs. 70,000 Crores in housing

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## Agriculture

- Rs 1 lakh crore Agri Infrastructure Fund for farm-gate infrastructure for farmers
- Lack of adequate cold chain & Post Harvest Management infrastructure in the vicinity of farm-gate causing gaps in value chains.
- Financing facility of Rs. 1,00,000 crore will be provided for funding Agriculture Infrastructure Projects at farm-gate & aggregation points

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[gdlr\_tab title="Agriculture – Additional Steps during COVID"]

- During lockdown period Minimum Support Price (MSP) purchases of amount more than Rs 74,300 crores
- PM KISAN fund Transfer of Rs 18,700 crores
- PM Fasal Bima Yojana claim payment of Rs 6,400 crores

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[gdlr\_tab title="Animal Husbandry – Additional Steps during COVID"]

- During Lockdown, Demand for Milk reduced by 20-25%.
- 560 Lakh litre per day(LLPD) procured by cooperatives against daily sale of 360 LLPD.
- A new scheme to provide interest subvention @2% per annum to dairy cooperatives for 20-21.
- Additional 2% p.a interest subvention on prompt payment/interest servicing.

### **National Animal Disease Control Programme (NADCP):**

- NADCP for Foot and Mouth Disease (FMD) and Brucellosis

launched with a total outlay of Rs. 13,343 crores.

- It ensures 100% vaccination of cattle, buffalo, sheep, goat and pig population (total 53 crore animals) for FMD and for brucellosis.
- Till date, 1.5 crore cows & buffaloes tagged and vaccinated.

#### **Animal Husbandry Infrastructure Development Fund:**

- Aims to support private investment in Dairy Processing, value addition and cattle feed infrastructure.
- An Animal Husbandry Infrastructure Development Fund of Rs. 15,000 crore will be set up.
- Incentives to be given for establishing plants for export of niche products.

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[gdlr\_tab title="Fisheries: Additional Steps during COVID"]

- Validity of Sanitary Import Permits (SIPs) for import of Shrimp Broodstock extended by 3 months
- Condoned delay up to 1 month in arrival of Brood stock consignments
- Allowed rebooking of Quarantine cubicles for cancelled consignments with no additional charges
- Verification of documents and grant of NOC for Quarantine relaxed from 7 days to 3 days
- Registration of 242 Registered Shrimp hatcheries and Nauplii Rearing Hatcheries expiring on 31.03.2020 extended for 3 months
- Operations of Marine Capture Fisheries and Aquaculture relaxed to cover Inland Fisheries

#### **Announcements:**

- Rs 20,000 crores for Fishermen through Pradhan Mantri Matsya Sampada Yojana (PMMSY)
- Rs 11,000 Cr for activities in Marine, Inland fisheries

and Aquaculture

- 9000 Cr for Infrastructure – Fishing Harbours, Cold chain, Markets etc.
- Cage Culture, Seaweed farming, Ornamental Fisheries as well as New Fishing Vessels, Traceability, Laboratory Network etc. will be key activities.
- Provisions of Ban Period Support to fishermen (during the period fishing is not permitted), Personal & Boat Insurance
- Will lead to Additional Fish Production of 70 lakh tonnes over 5 years.
- Employment to over 55 lakh persons; double exports to Rs 1,00,000 Cr.
- Focus on Islands, Himalayan States, North-east and Aspirational Districts.

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[gdlr\_tab title="Scheme for Formalisation of Micro Food Enterprises (MFE)"]

- It is a Rs 10,000 crores scheme which aims to promote the vision of Honourable PM: **'Vocal for Local with Global outreach'**
- Unorganised MFEs units need technical upgradation to attain FSSAI food standards, build brands and marketing
- A Scheme will be launched to help 2 lakh MFEs attain above goals
- Existing micro food enterprises, Farmer Producer Organisations, Self Help Groups and Cooperatives to be supported
- Cluster based approach (e.g. Mango in UP, Kesar in J&K, Bamboo shoots in North-East, Chilli in Andhra Pradesh, Tapioca in Tamil Nadu etc.)

**Expected outcomes:**

- Improved health and safety standards, integration with

retail markets, improved incomes

- Will also help in reaching untapped export markets in view of improved health consciousness.

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[gdlr\_tab title="Promotion of Herbal Cultivation"]

- National Medicinal Plants Board (NMPB) has supported 2.25 lac hectare area under cultivation of medicinal plants.
- 10,00,000 hectare will be covered under Herbal cultivation in next two years with outlay of Rs. 4000 crore
- Network of regional Mandis for Medicinal Plants.
- NMPB will bring 800 hectare area by developing a corridor of medicinal plants along the banks of Ganga.

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[gdlr\_tab title="Beekeeping initiatives"]

- Government will implement a scheme for:
  - Infrastructure development related to Integrated Beekeeping Development Centres, Collection, Marketing and Storage Centres, Post Harvest & value Addition facilities etc;
  - Implementation of standards & Developing traceability system
  - Capacity building with thrust on women;
  - Development of quality nucleus stock and bee breeders.

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[gdlr\_tab title="From 'TOP' to TOTAL"]

- To prevent distress sale and reduction of price of perishable fruits and vegetables at the farm level Operation Greens will be extended from **Tomatoes, Onion**

**and Potatoes (TOP)** to ALL fruits and vegetables (TOTAL).

- Scheme features:
  - 50% subsidy on transportation from surplus to deficient markets.
  - 50% subsidy on storage, including cold storages.
  - Pilot for 6 months – Will be expanded and extended

Expected outcomes: Better price realisation to farmers, reduced wastages, affordability of products for consumers

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[gdlr\_tab title="Governance and Administrative Reforms"]

### **Essential Commodities Act**

- Amendments to Essential Commodities Act, 1955 to enable better price realisation for farmers.
- Agriculture food stuffs including cereals, edible oils, oilseeds, pulses, onions and potatoes to be deregulated.
- Stock limit to be imposed under very exceptional circumstances like national calamities, famine with surge in prices.
- No such stock limit shall apply to processors or value chain participants, or to any exporter subject to the export demand.

### **Agriculture Marketing Reforms**

- Farmers bound to sell agriculture produce only to Licensees in APMCs
- Such restriction of sale is not there for any industrial produce

A Central law will be formulated to provide –

- Adequate choices to farmer to sell produce at attractive price;
- Barrier free Inter-State Trade;
- Framework for e-trading of agriculture produce.

## **Agriculture Produce Price and Quality Assurance:**

- Facilitative legal framework will be created to enable farmers to engage with processors, aggregators, large retailers, exporters etc. in a fair and transparent manner.
- Risk mitigation for farmers, assured returns and quality standardisation shall form an integral part of the framework.

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## **Policy Reforms to fast-track Investment**

- Fast track Investment Clearance through Empowered Group of Secretaries (EGoS).
- Project Development Cell in each Ministry to prepare investable projects, coordinate with investors and Central/ State Governments
- Ranking of States on Investment Attractiveness to compete for new investments
- Incentive schemes for Promotion of New Champion Sectors will be launched in sectors such as Solar PV manufacturing, Advanced cell battery storage etc...

## **Upgradation of Industrial Infrastructure:**

- Scheme will be implemented in States through Challenge mode for Industrial Cluster Upgradation of common infrastructure facilities and connectivity.
- Availability of Industrial Land/ Land Bank for promoting new investments and making information available on Industrial Information System (IIS) with GIS mapping.
- 3376 industrial parks/estates/SEZs in 5 lakh hectares

mapped on Industrial Information System (IIS)

- All industrial parks will be ranked in 2020-21
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## **New Horizons of Growth**

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[gdlr\_tab title="Policy Reforms – Introduction of Commercial Mining in Coal Sector"]

- Need to reduce import of substitutable coal and increase Self- reliance in coal production.
- Government will introduce competition, transparency and private sector participation in the Coal Sector through:
  - Revenue sharing mechanism instead of regime of fixed Rupee/tonne
  - Any party can bid for a coal block and sell in the open market (Earlier, only captive consumers with end-use ownership could bid).
  - Entry norms will be liberalized
  - Nearly 50 blocks to be offered immediately.
  - No eligibility conditions, only upfront payment with a ceiling.
- Exploration-cum-production regime for partially explored blocks
- Against earlier provision of auction of fully explored coal blocks, now even partially explored blocks to be auctioned.
- Will allow private sector participation in exploration.
- Production earlier than scheduled will be incentivized through rebate in revenue-share

### **Policy Reforms – Diversified Opportunities in Coal Sector:**

- Coal Gasification / Liquefaction will be incentivised through rebate in revenue share.



- Infrastructure development of Rs. 50,000 crores
- For evacuation of enhanced CIL's target of 1 billion tons coal production by 2023-24 plus coal production from private blocks.
- Includes Rs 18,000 cr worth of investment in mechanized transfer of coal from mines to railway sidings.

### **Policy Reforms – Liberalised Regime in Coal Sector:**

- Coal Bed Methane (CBM) extraction rights to be auctioned from Coal India Limited's (CIL) coal mines.
- Ease of doing business measures, such as Mining Plan simplification, will be taken.
- Mining Plan has been shortened, made amenable for loading online.
- To allow for automatic 40% increase in annual production.
- Concessions in commercial terms given to CIL's consumers (relief worth Rs 5000 cr offered)
- Reserve price in auctions for non-power consumers reduced, credit terms eased, and lifting period enhanced.

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[gdlr\_tab title="Enhancing Private Investments in the Mineral Sector"]

Structural reforms to boost growth, employment and bring state-of-the-art technology especially in exploration through:

- Introduction of a seamless composite exploration-cum-mining-cum-production regime.
- 500 mining blocks would be offered through an open and transparent auction process
- Introduce Joint Auction of Bauxite and Coal mineral blocks to enhance Aluminum Industry's competitiveness.
- Remove distinction between captive and non-captive mines to allow transfer of mining leases and sale of

surplus unused minerals.

- Ministry of Mines is in the process of developing Mineral Index for different minerals
- Rationalisation of stamp duty payable at the time of award of mining leases.

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[gdlr\_tab title="Enhancing Self Reliance in Defence Production"]

### **'Make in India' for Self-Reliance in Defence Production:**

- Notify a list of weapons/platforms for ban on import with year wise timelines;
- Indigenisation of imported spares;
- Separate budget provisioning for domestic capital procurement.
- Will help reduce the huge Defence import bill.
- Improve autonomy, accountability and efficiency in Ordnance Supplies by Corporatisation of Ordnance Factory Board.
- **FDI limit in the defence manufacturing under automatic route will be raised from 49% to 74%**
- Time-bound defence procurement process and faster decision making will be ushered in by :
  - Setting up of a Project Management Unit (PMU) to support contract management;
  - Realistic setting of General Staff Qualitative Requirements (GSQRs) of weapons/platforms;
  - Overhauling Trial and Testing procedures

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[gdlr\_tab title="Efficient Airspace Management for Civil Aviation"]

- Only 60% of the Indian airspace is freely available.
- Restrictions on utilisation of the Indian Air Space will be eased so that civilian flying becomes more efficient.

- Will bring a total benefit of about Rs 1000 crores per year for the aviation sector.
- Optimal utilization of airspace; reduction in fuel use, time.
- Positive environmental impact.

### **More World-class Airports through PPP:**

- AAI has awarded 3 airports out of 6 bids for Operation and Maintenance on Public-Private Partnership (PPP) basis.
- Annual Revenue of 6 airports in 1st round – Rs 1000 crores
- AAI will also get a down payment of Rs 2300 crores.
- 6 more airports identified for the 2nd round. Bid process to commence immediately.
- Additional Investment by private players in 12 airports in 1st and 2nd rounds expected around Rs. 13,000 crores.
- Another 6 airports will be put out for the third round of bidding.

### **India to become a global hub for Aircraft Maintenance, Repair and Overhaul (MRO):**

- Tax regime for the MRO ecosystem has been rationalized.
- Aircraft component repairs and airframe maintenance to increase from Rs 800 crores to Rs 2000 crores in three years.
- Major engine manufacturers in the world would set up engine repair facilities in India in the coming year.
- Convergence between defence sector and the civil MROs will be established to create economies of scale.

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[gdlr\_tab title="Tariff Policy Reform"]

#### **A. Consumer Rights:**

- DISCOM inefficiencies not to burden consumers

- Standards of Service and associated penalties for DISCOMs
- DISCOMs to ensure adequate power; load-shedding to be penalized

#### B. Promote Industry:

- Progressive reduction in cross subsidies
- Time bound grant of open access
- Generation and transmission project developers to be selected competitively

#### C. Sustainability of Sector:

- No Regulatory Assets
- Timely payment of Gencos
- DBT for subsidy; Smart prepaid meters

#### **Privatization of Distribution in UTs:**

- Power Departments / Utilities in Union Territories will be privatised.
- Will lead to better service to consumers and improvement in operational and financial efficiency in Distribution
- Provide a model for emulation by other Utilities across the country.

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[gdlr\_tab title="Boosting private sector investment in Social Infrastructure"]

- Government will enhance the quantum of Viability Gap Funding(VGF) upto 30% each of Total Project Cost as VGF by Centre and State/Statutory Bodies.
- For other sectors, VGF existing support of 20 % each from GoI and States/Statutory Bodies shall continue
- Total outlay is Rs. 8100 crores
- Projects to be proposed by Central Ministries / State Government/ Statutory entities.

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[gdlr\_tab title="Boosting private participation in Space activities"]

- Will provide a level playing field for private companies in satellites, launches and space-based services.
- Will provide a predictable policy and regulatory environment to private players.
- Private sector will be allowed to use ISRO facilities and other relevant assets to improve their capacities.
- Future projects for planetary exploration, outer space travel etc.. to be open for the private sector.
- Liberal geo-spatial data policy for providing remote-sensing data to tech-entrepreneurs

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[gdlr\_tab title="Atomic Energy related Reforms"]

- Establish research reactors in PPP mode for production of medical isotopes
- Establish facilities in PPP mode to use irradiation technology for food preservation
- Technology Development cum Incubation Centres will be set up for fostering synergy between research facilities and tech-entrepreneurs.

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## Health

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[gdlr\_tab title="Steps taken so far for COVID containment"]

- Already announced Rs. 15,000 crore – released to states, Essential items, Testing labs and kits.
- Insurance cover of Rs 50 lakhs per person for health professionals under Pradhan Mantri Garib Kalyan Yojana.

#### Leveraging IT –

- Roll out of e-Sanjeevani Tele-Consultation Services
- Capacity Building: Virtual learning modules – iGOT platform
- Arogya Setu: self assessment and contact tracing

#### Protection to Health Workers –

- Amendment in Epidemic Diseases Act
- Adequate provision for PPEs

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[gdlr\_tab title="Health Reforms & Initiatives"]

#### Increased investments in Public Health –

- Public Expenditure on Health will be increased.
- Investments in grass root health institutions
- Ramp up Health and Wellness Centres in rural and urban areas
- Preparing India for any future pandemics-
  - Infectious Diseases Hospital Blocks – all districts
  - Strengthening of lab network and surveillance
  - Integrated Public Health Labs in all districts & block level Labs & Public Health Unit to manage pandemics
  - Encouraging Research – National Institutional Platform for One health by ICMR
  - National Digital Health Mission: Implementation of National Digital Health Blueprint

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## Technology driven Systems – Online Education during COVID

- **SWAYAM PRABHA DTH** channels to support and reach those who do not have access to the internet.
- 3 channels were already earmarked for school education; now another 12 channels to be added.
- Provision made for telecast of live interactive sessions on these channels with experts from home through Skype.
- Also tied up with private DTH operators like Tata Sky & Airtel to air educational video content to enhance the reach of these channels.
- Coordination with States of India to share air time (4 hrs daily) on the SWAYAM PRABHA channels to telecast their education related contents.
- DIKSHA platform has had 61 crore hits from 24th March till date
- 200 new textbooks added to e-Paathshaala
- **PM eVIDYA**– A programme for multi-mode access to digital/online education to be launched immediately consisting of:
  - One earmarked TV channel per class from 1 to 12 (one class, one channel)
  - Extensive use of Radio, Community radio and Podcasts
  - Special e-content for visually and hearing impaired.
  - Top 100 universities will be permitted to automatically start online courses by 30th May, 2020.
- **Manodarpan**- An initiative for psychosocial support of students, teachers and families for mental health and

emotional wellbeing to be launched immediately.

- **New National Curriculum and Pedagogical framework** for school, early childhood and teachers will be launched.
  - **National Foundational Literacy and Numeracy Mission** for ensuring that every child attains Learning levels and outcomes in grade 5 by 2025 will be launched by December 2020.
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## Reforming Governance for Ease of Doing Business

- On the World Bank's Doing Business Report India is ranked 63 in 2019 from 142 in 2014.
- Government is working on a mission mode on the next phase of Ease of Doing Business Reforms relating to easy registration of property, fast disposal of commercial disputes and simpler tax regime.

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[gdlr\_tab title="Recent Corporate Law measures to boost Measures for Ease of Doing Business"]

- In the first phase of decriminalization of Company Law defaults in 2018, 16 compoundable offences were shifted to an in-house adjudication & penalty mechanism
- Integrated Web based Incorporation Form – **Simplified Proforma for Incorporating Company Electronically Plus (SPICe +)** introduced which extends 10 services of different Ministries and one State Government through a single form.
- Databank of Independent Directors launched
- Withdrawal of more than 14,000 prosecutions under the Companies Act, 2013.

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[gdlr\_tab title="Further enhancement of Ease of Doing business



through IBC related measures”]

- Minimum threshold to initiate insolvency proceedings raised to Rs.1 crore (from Rs. 1 lakh, which largely insulates MSMEs).
- Special insolvency resolution framework for MSMEs under Section 240A of the Code to be notified soon.
- Suspension of fresh initiation of insolvency proceedings up to one year depending upon the pandemic situation.
- Empowering the Central Government to exclude COVID 19 related debt from the definition of “default” under the Code for the purpose of triggering insolvency proceedings.

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[gdlr\_tab title=“Ease of Doing Business for Corporates”]

- Direct listing of securities by Indian public companies in permissible foreign jurisdictions.
- Private companies which list NCDs on stock exchanges not to be regarded as listed companies.
- Including the provisions of Part IXA (Producer Companies) of Companies Act, 1956 in Companies Act, 2013.
- Power to create additional/ specialized benches for NCLAT
- Lower penalties for all defaults for Small Companies, One- person Companies, Producer Companies & Start Ups.

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[gdlr\_tab title=“Decriminalisation of Companies Act defaults”]

- Decriminalization of Companies Act violations involving minor technical and procedural defaults (shortcomings in CSR reporting, inadequacies in board report, filing defaults, delay in holding AGM).
- Majority of the compoundable offences sections to be shifted to internal adjudication mechanism (IAM) (58

sections to be dealt with under IAM as compared to 18 earlier).

- The Amendments will de-clog the criminal courts and NCLT
- 7 compoundable offences altogether dropped and 5 to be dealt with under alternative framework

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[gdlr\_tab title="Public Sector Enterprise Policy for a New, Self-reliant India"]

- Government will announce a new policy whereby
  - List of strategic sectors requiring presence of PSEs in public interest will be notified.
  - In strategic sectors, at least one enterprise will remain in the public sector but private sector will also be allowed
  - In other sectors, PSEs will be privatized
  - To minimize wasteful administrative costs, number of enterprises in strategic sectors will ordinarily be only one to four; others will be privatized/ merged/ brought under holding companies

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## **Support already extended to State Governments**

- Devolution of taxes in April was given fully
- Revenue Deficit Grants to states (Rs 12,390 cr) given on time in April and May
- Advance release of SDRF (Rs. 11,092 cr) funds in first week of April

- Release of over Rs. 4,113 crores from Health Ministry for direct anti-Covid activities
- At Centre's request, RBI has increased Ways & Means Advance limits of States by 60%
- Number of days state can be in continuous overdraft from 14 days to 21 days
- Number of days state can be in overdraft in a quarter from 32 to 50 days.

### **Supporting State Governments:**

- States net borrowing ceiling for 2020-21 is Rs. 6.41 lakh crores, based on 3% of GSDP
- 75% thereof was authorised to them in March 2020 itself and timing is left to the States
- States have so far borrowed only 14% of the limit authorised and 86% of the authorised borrowing remains unutilized.
- States have been asking for a special increase in borrowing from 3% to 5% and the Centre has decided to increase borrowing limits of States from 3% to 5%, for 2020-21 only.
- This will give States extra resources of Rs. 4.28 lakh crores
- Part of the borrowing will be linked to specific reforms (including recommendations of Finance Commission) to:
  - ensure sustainability of the additional debt through higher future GSDP growth and lower deficits,
  - promote welfare of migrants and reduce leakage in food distribution,
  - increase job creation through investment
  - safeguard the interests of farmers while making the power sector sustainable,
  - promote urban development, health and sanitation
- **Reform linkage will be in four areas:** Universalisation of 'One Nation One Ration card', Ease of Doing Business,

Power distribution and Urban local body revenues.

- A specific scheme will be notified by Department of Expenditure on the following pattern:
    - Unconditional increase of 0.50%
    - 1% in 4 tranches of 0.25%, with each tranche linked to clearly specified, measurable and feasible reform actions
    - Further 0.50% if milestones are achieved in at least three out of four reform areas
- 

## Overall Stimulus Provided by the Government



## What have other countries done?

Due to economic turmoil caused by COVID-19, nations around the world have announced '**coronavirus stimulus packages**'.

- India's Atma-nirbhar Bharat Abhiyan (Self-reliant India Mission) is of Rs 20 lakh crore (equals to USD 265 billion).
- **Rs 20 lakh crore is not entirely in new spending** and includes the Rs 1.7 lakh crore package the government had announced in March as well as Rs 3.7 lakh crore of liquidity support by the RBI in March and another Rs 2 lakh crore in April (RBI support is equivalent to 3.5 per cent of the GDP).
- **The US has committed to the largest rescue package by any country in terms of USD 2.7 trillion** but as a percentage of GDP it trails behind Japan.



## **Facts:**

- India's stimulus value in dollar terms is higher than the GDP of 149 countries such as Vietnam, Portugal, Greece, New Zealand and Romania.
- It almost equals Pakistan's annual GDP of USD 284 billion.
- It is 1.8 times bigger than USD 147 billion in fortune of the 10 top wealthiest Indians.
- The amount is five times the personal wealth of richest Indian Mukesh Ambani.