

**Summary of package announced by Government of India (May 2020)**

**1. Financial stimulus package**

**a. Food and relief to poor**

- i. Free ration (5 kg grains to 8 Crore people)
- ii. DBT in Jan Dhan Account
- iii. Free gas cylinders
- iv. Ex-gratia to divyang, widows, senior citizen
- v. Payment to farmers under PM-KISAN
- vi. Relief to construction workers
- vii. Portability of welfare benefits for migrant workers
- viii. One nation, one ration card
- ix. Affordable rental housing for migrant workers / urban poor
- x. Extension of ESIC to all districts
- xi. Social security scheme for unorganised workers, gratuity benefits
- xii. Provident fund contribution to be paid by government from March 2020 to Aug 2020 (for workers earning less than 15000 in units with up to 100 workers)
- xiii. Increase of Rs. 40000 cr under MNREGS (Rs. 10000 cr released already)
- xiv. Workers can get advance from provident fund account
- xv. Rs. 5000 cr special loans to street vendors
- xvi. Rs. 11000 cr released to states under State Disaster Response Fund for building shelters for migrants
- xvii. 12000 Self-help groups to produce masks and sanitizers
  1. 7200 new self-help groups formed in urban areas
  2. Revolving fund to self-help groups

**b. Health care**

- i. District mineral fund to be used for improving screening & testing facilities
- ii. 15000 cr emergency health response package
- iii. Sanjeevani tele-consulting facilities
- iv. Increase in public expenditure on health
- v. Infectious diseases hospital blocks in all districts
- vi. New platform for medical research
- vii. National digital health blueprint

**c. MSME**

- i. Loans & Guarantees
  1. Provident fund contribution to be paid by government from March 2020 to Aug 2020 (for units with up to 100 workers)
  2. Partial release of bank guarantees for government contractors
  3. 3 month Moratorium
  4. Quick settlement of payments by PSUs (within 45 days)
  5. Income tax refunds up to Rs. 5 lakhs for Companies
  6. Full Income tax refunds to be released immediately to charitable trusts, partnership, proprietorship, LLP, Cooperative societies
  7. TDS reduced by 25%
  8. Interest subvention of 2% for 12 months for Mudra-shishu loans (Rs. 1500 cr)

9. Equity investment in MSMEs with potential and viability through fund of funds of Rs. 50000 cr.
10. Subordinate debt of Rs. 20000 cr for stressed MSMEs
  - a. Bank will give loan to promoter, who will infuse the money in the business
  - b. Partial guarantee under CGTMSE
11. Emergency Credit Line Guarantee Scheme of Rs. 3 Lakh Crore
  - a. 100% guarantee coverage
  - b. For regular, SMAO & SMA 1 accounts
  - c. For existing MSMEs with loan up to Rs. 25 Cr and turnover up to Rs. 100 Cr.
  - d. Additional loan of 20% of existing limit
  - e. 4 year tenure with 1 year moratorium
  - f. No guarantee fee
  - g. Interest cap – 9.25% (banks) & 14% (NBFCs)
  - h. Scheme valid till 31<sup>st</sup> October 2020.

**d. Financial sector**

- i. Reduction in Cash Reserve Ratio by RBI
- ii. TLTRO
- iii. Increasing bank limit for Marginal Standing Facility
- iv. Refinance facility for NABARD, SIDBI & NHB at repo rate (Rs. 50000 cr)
- v. Special liquidity scheme for Mutual fund of Rs. 50000 cr
- vi. Special liquidity scheme for NBFC / HFC of Rs. 30000 cr (investment grade NBFCs / HFCs – guaranteed by Government)
- vii. Partial Guarantee Scheme (Rs. 45000 cr): first loss guarantee up to 20% (increased from 10%).

**e. Agriculture, Agro-based, fisheries, animal husbandry**

- i. Rs. 1 lakh cr Agri Infra Fund (For improvement in agricultural infrastructure such as farm gate, aggregation point, post-harvest management infrastructure)
- ii. Micro food processing enterprises
  1. Rs. 10000 cr fund for formalisation of Micro food processing enterprises (cluster based approach)
  2. 35% subsidy for machinery purchase under CLCSS
- iii. Interest subvention of 2% for dairy cooperatives
  1. Additional 2% for prompt servicing of loan repayment
- iv. Rs. 30000 emergency working capital fund for farmers
- v. Interest subvention for farmers extended till 31<sup>st</sup> May 2020
- vi. 25 lakh new Kisan Credit Cards with limit of Rs. 25000 (for farmers, fishermen, animal husbandry farmers)
- vii. Rs. 86600 cr loans to farmers (already sanctioned in March and April 2020)
- viii. Refinancing of NABARD, Cooperative Banks, RRBs done in March (Rs. 29500 Cr)
- ix. Rs. 4200 cr provided to States under Rural Infrastructure Development Fund
- x. Rs. 6700 cr sanctioned to State governments to procure agriculture produce
- xi. PM Kisan fund transfer of Rs. 18700 Cr
- xii. Payment of Rs. 6400 cr under PM Fasal Bima Yojana

- xiii. Rs. 500 cr for Tomatoes, Onions and Potatoes (50% subsidy on transportation and 50% subsidy on cold storage) for 6 months
- xiv. Rs. 4000 cr for promotion of herbal cultivation (medicinal plants)
- xv. Rs. 13343 cr for National Animal Disease Control Programme
- xvi. Rs. 15000 cr animal husbandry and infrastructure development fund
- xvii. Rs. 500 cr for bee keeping
- xviii. Boost for fisheries
  - 1. Rs. 20000 cr under Pradhan Mantri Matsya Sampada Yojana for integrated, sustainable, inclusive development for Marine, Inland, aquaculture, fishing harbours, cold chain, markets, etc.
  - 2. Sanitary import permits for shrimps extended by 3 months
  - 3. Rebooking for quarantine cubicles allowed
  - 4. Registration of shrimp hatcheries extended by 3 months (where registration was expiring)
  - 5. Marine fisheries and aquaculture will now include inland fisheries

**f. Others**

- i. Rs. 90000 cr liquidity infusion for Power Distribution Companies (loans against receivables)
- ii. Reduction in flying cost for civil aviation
- iii. World class airports
- iv. India to become global hub for aircraft maintenance, repair, overhaul
- v. Rs. 8100 cr for social infrastructure projects (gap funding so that Private sector can invest more)
- vi. Technology driven education – one nation one digital platform, one class one channel (new TV channel “Swayam Prabha”, evedya, use of radio, podcasts, etc.)
- vii. Manodarpan – psychological support for students
- viii. New national curriculum (in line with global requirements) by 2021

**2. Reforms, systems and deadlines**

- a. Change in definition of MSMEs (for both, manufacturing & service sector)
  - i. Micro – Investment up to Rs. 1 cr & turnover up to Rs. 5 cr
  - ii. Small – Investment up to Rs. 10 cr & turnover up to Rs. 50 cr
  - iii. Medium – Investment up to Rs. 20 cr & turnover up to Rs. 100 cr
- b. Fast tracking investment clearance
- c. Upgradation of industrial infrastructure (Cluster upgradation, GIS mapping of land banks, ranking of industrial parks)
- d. Streamlining processes for ease of doing businesses
- e. Decriminalisation of default under company law
- f. Formalisation of scheme for micro food processing enterprises (Seed capital, grants, training, etc.)
- g. Global tenders to be disallowed up to Rs. 200 cr.
- h. E-market linkages for MSMEs as replacement for trade fairs and exhibitions
- i. Use of fintech for e marketplace
- j. New insolvency resolution framework to be created for MSMEs
  - i. No fresh insolvency proceedings for one year
- k. Pradhan Mantri Vaya Vandana Yojana (Last date extended till 2023)
- l. Pradhan Mantri Matsya Sampada Yojana (strengthening the fisheries sector)

- m. Rs. 50000 cr for Coal sector reforms (Infrastructure development, Entry norms, revenue sharing, incentive for early production, auction process reforms, etc.)
- n. Policy reforms in mineral sector (Enhancing private sector investments, creating a mineral index, rationalising stamp duty, remove distinction between captive & non captive mines)
- o. Policy reforms in defence sector (make in India for defence, corporatisation of ordinance factory board, FDI limit to be raised to 74%, streamlining procurement process)
- p. Public sector enterprise policy
- q. Extended deadline for Income Tax returns, GST, Customs
- r. Extended deadlines for board meetings of companies. Extraordinary general meetings can be held via video conferencing.
- s. Can withdraw from ATM of any bank without additional charge for 3 months
- t. Deadline extended for commencement and completion of real estate projects (and under RERA)
- u. 6 months extension for government contractors to finish their projects
- v. Vivad se Vishwas Scheme (settlement of income tax disputes) deadline extended till 31<sup>st</sup> December
- w. Universalisation of right of minimum wages (currently applicable to only 30% workers), national floor wage, appointment letters, health check-ups
- x. Housing subsidy under CLSS (middle income group) extended till 31<sup>st</sup> March 2021
- y. Rs. 6000 cr fund for afforestation, plantation, wildlife, etc. (to help adivasis, forest dwellers)
- z. Amendments to essential commodities act
  - aa. Agricultural marketing reforms
  - bb. Tariff policy reform in power sector
  - cc. Privatisation of power distribution facilities
  - dd. Boosting private sector participation in space activities
  - ee. Atomic energy related reforms
  - ff. Amendment to Epidemic Diseases Act

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