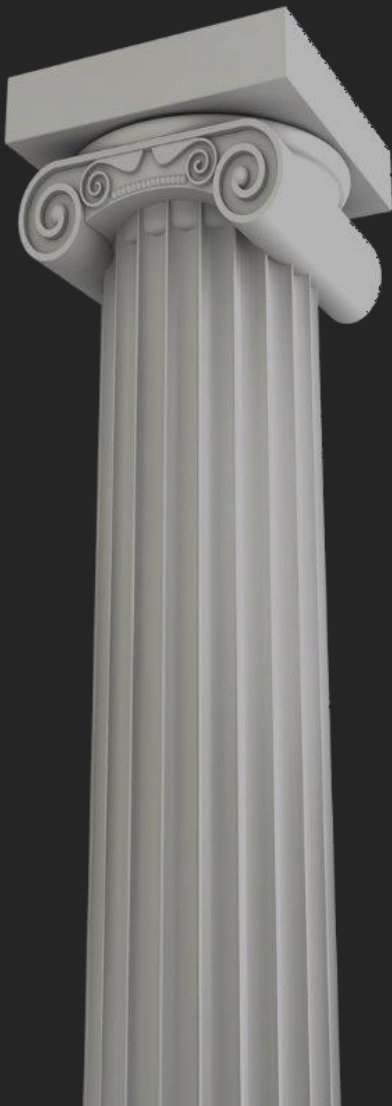


# AATMANIRBHAR BHARAT

## FIVE PILLARS OF SELF RELIANT INDIA



### ECONOMY

That will bring a quantum jump and not incremental change

### INFRASTRUCTURE

That will herald a modern India

### SYSTEM

Technology-driven to fulfil dreams of 21st century

### VIBRANT DEMOGRAPHY

That will strengthen our capacity further

### DEMAND

Optimum usage linked with supply chains

## BRIEF BACKGROUND

Aatma Nirbhar means self-dependent. Coronavirus pandemic and the nationwide lock down has resulted in a severe blow to the Country's economy. In a bid to revive it, Indian Government announced a stimulus package of ₹20 lakh crores. This financial package will help to revive every branch of the Indian economy, from demand, supply chain to manufacturing.

"The Atma Nirbhar Bharat Abhiyaan is designed on 5 pillars - economy, infrastructure, technology driven systems, demography and demand. Factors of production have now been redefined: land, labour, liquidity and law."

Details of this economic package have been announced by the Finance Minister Nirmala Sitharaman in several tranches between May 13 and May 17.

## OVERVIEW OF ATMANIRBHAR BHARAT ABHIYAN ECONOMIC PACKAGE – BREAKING THE NUMBERS

S.no	Item	INR crs	INR crs
<b>A.</b>	<b>A. Breakup of measures vide announcements made between 13th May &amp; 17th May:</b>		
1	Part 1 - Announcements made on 13-05-2020	5,94,550	
2	Part 2 - Announcements made on 14-05-2020	3,10,000	
3	Part 3 - Announcements made on 15-05-2020	1,50,000	
4	Part 4 & 5 - Announcements made on 16-05-2020 & 17-05-2020	48,100	
	<b>Sub-total (A)</b>	<b>11,02,650</b>	<b>11,02,650</b>
<b>B.</b>	<b>Earlier measures:</b>		
1	Revenue lost due to tax concessions since March 22nd 2020	7,800	
2	Pradhan Mantri Garib Kalyan Package	1,70,000	
3	PM's announcement for Health sector	15,000	
	<b>Sub-total (B)</b>	<b>1,92,800</b>	<b>1,92,800</b>
<b>C.</b>	<b>RBI Measures (viz., interest rate cut, moratorium on loan repayments, etc)</b>	<b>8,01,603</b>	<b>8,01,603</b>

# KEY TAKEAWAYS OF ECONOMIC PACKAGE ANNOUNCED

<p>Part 1 – MSME, Direct tax, EPF, NBFC measures</p> <p>INR 6 lakh cr (apprx)</p>	<ul style="list-style-type: none"> <li>» Expanding scope by amending MSME definition</li> <li>» Emergency working capital facility</li> <li>» Reduced EPF rates for 3 months, reduction in TDS rates</li> <li>» Liquidity injection for DISCOMs and special Liquidity for NBFC</li> <li>» Extension of registration &amp; project completion date under RERA</li> </ul>
<p>Part 2 – Migrant workers, farmers and Poor</p> <p>INR 3 lakh cr (apprx)</p>	<ul style="list-style-type: none"> <li>» Additional credit through Kisan Credit Cards</li> <li>» Additional Emergency working capital for farmers</li> <li>» Affordable rental housing complexes for Migrant workers</li> <li>» Boost to housing sector through extension of Credit linked subsidy scheme for middle income group</li> </ul>
<p>Part 3 – Agriculture</p> <p>INR 1.5 lakh cr (apprx)</p>	<ul style="list-style-type: none"> <li>» Funding to Agriculture Infrastructure Projects for farm-gate infrastructure for farmers</li> <li>» Formalisation of Micro Food Enterprises</li> <li>» Funds to fishermen through PMMSY</li> <li>» Set up of Animal Husbandry Infrastructure Development Fund</li> </ul>
<p>Part 4 – New Horizons of Growth</p> <p>INR 8,100 crs</p>	<ul style="list-style-type: none"> <li>» Boost to private sector investment in Social Infrastructure (Viability Gap funding scheme)</li> <li>» Private sector participation in space activities</li> <li>» Efficient airspace management for Civil Aviation</li> </ul>
<p>Part 5 – Government reforms &amp; enablers</p> <p>INR 40,000 crs</p>	<ul style="list-style-type: none"> <li>» Increase in allocation for MGNREGS</li> <li>» Health reforms and technology-driven education initiatives</li> <li>» Exclusion of COVID-19 related debt from purview of 'default' for triggering insolvency</li> <li>» Decriminalization of Companies Act defaults</li> </ul>

We have provided below details of key measures announced..

## ATMA-NIRBHAR BHARAT ABHIYAN – SUMMARY OF KEY MEASURES ANNOUNCED BY HON'BLE FM BETWEEN MAY 13 AND MAY 17

### 1) Micro, Small and Medium Enterprises (MSMEs)

#### a. Amendment in definition:

- No distinction between manufacturing sector and service sector
- Increased investment limits and inclusion of turnover criteria

Existing MSME Classification				
Sector	Criteria	Micro	Small	Medium
Manufacturing	Investment in Plant & Machinery or Equipment	< INR 25 Lac	< INR 5 Cr	< INR 10 Cr
Services		< INR 10 Lac	< INR 2 Cr	< INR 5 Cr
Revised MSME Classification				
Sector	Criteria	Micro	Small	Medium
Manufacturing	Investment limit	< INR 1 Cr	< INR 10 Cr	< INR 20 Cr
& Services	Turnover limit	< INR 5 Cr	< INR 50 Cr	< INR 100 Cr

This amendment to the definition can be considered as a boon to many companies and MSME sector at large.

### b. Funding :

**Debt based:** Rs. 3 lakh crores Collateral-free automatic loans for business, MSMEs<sup>1</sup>

Quantum	upto 20% of outstanding credit as on <b>29th February 2020</b>
Eligibility (all conditions to be met)	Upto 25 Crores outstanding credit Turnover upto 100 Cr Standard accounts
Tenure	4 years Moratorium : 12 months on principal repayment
Collateral	No fresh collateral required
Guarantee	100% credit guarantee on principal and interest
Validity	Scheme can be availed til 31st October 2020

### Equity based :

Subordinate debt for stressed MSMEs	INR 20,000 Cr impact
	Banks to provide subordinate debt to promoters of MSMEs
	Quantum: equal to 15% of existing stake, Maximum: 75 Lacs
Equity infusion through FoF	INR 50,000 Cr impact
	Government to set up corpus fund of INR 10,000 Cr with 1:4 leverage

<sup>1</sup> Clarification is yet to be obtained in relation to loans/ credit not outstanding on 29 February 2020.

### c. Market Promotion & other :

- » Disallowance of government tenders upto 200 Crores for foreign players
- » E-Market linkage
- » Receivables from Government and CPSEs to be released in 45 days

## 2) Direct Tax measures

### a. Due dates extension :

- Income-tax Returns: Due date of ALL Income-tax returns for FY 2019-20 will be extended from 31<sup>st</sup> July, 2020 & 31<sup>st</sup> October, 2020 to **30<sup>th</sup> November, 2020**;
- Tax Audit: Due date for Tax Audit extended from 30<sup>th</sup> September, 2020 to **31<sup>st</sup> October, 2020**;
- Scrutiny Assessments: Due date for tax scrutiny assessments getting time barred on 30 September, 2020 extended to **31<sup>st</sup> December, 2020** and those getting barred on 31<sup>st</sup> March, 2021 will be extended to **30<sup>th</sup> September, 2021**, and
- Vivad se Vishwas Scheme: Period of VSV scheme for making payment without additional amount **extended to 31<sup>st</sup> December, 2020**.

### b. Liquidity measures :

- » TDS / TCS rate reduction: To increase liquidity in the hands of persons deducting / collecting taxes, the rates of TDS for non-salaried specified payments made to residents and rates of TCS for specified receipts shall be reduced by 25% of the existing rates. The reduced rates shall be applicable from 14<sup>th</sup> May, 2020 to 31<sup>st</sup> March 2021. This measure to release liquidity of INR 50,000 cr
- » For example, for certain 194C payments, the current rate of TDS is 2%. The revised rate i.e. 1.5% shall be applicable from 14<sup>th</sup> May, 2020.
- » Refunds: All pending refunds to charitable trusts, non-corporate businesses and professionals including proprietorship, LLP and Co-operatives shall be issued immediately.

## 3) Employee Provident fund measures

### a. Reduction in PF limit to 10%:

- » To increase the net take home salary to employees and also to give relief to employers in payment of provident fund dues, the statutory PF contribution of both employer and employee is reduced to 10 each from existing 12% for all establishments for the next three months (except Central Government and Public Sector Undertakings)

### b. Payment of PF contribution by Government under PMGKY extended till August 2020:

- » Under Pradhan Mantri Garib Kalyan Yojana (PMGKY), provident fund dues (both employer and employee) has been paid by Government in case of eligible establishments\* for the months March to May 2020. This benefit is extended for further period of three months i.e. till August 2020.

*\*Eligible establishments include employers having employment up to 100 and whose 90% of the employees were getting wages less than INR 15,000*

#### 4) Other Key Measures

- a. INR 45,000 crs - Extension of **Partial Credit Guarantee Scheme** for NBFCs to cover **borrowings** such as primary issuance of Bonds / CPs of such entities. First 20% of loss shall be borne by the Government.
- b. INR 30,000 crs – Special Liquidity Scheme for NBFCs / HFCs / MFIs
- c. INR 90,000 crs – Liquidity injection for DISCOMs. Loans to be given against State guarantees for exclusive purpose of discharging liabilities of Discoms to Gencos
- d. Relief to Contractors – Extension of up to six months by Central agencies (viz., Railways, etc.) to comply with contract conditions. This covers construction works and goods and service contracts. Government agencies to partially release bank guarantees to ease cash flows.
- e. Extension of Registration and Completion Date of Real Estate Projects under RERA
- f. The second part of the stimulus package focused on migrant workers, small traders, small farmers, etc. The Government has announced free food grain supply to migrants for 2 months with an outlay of INR 3,500 crs
- g. A national portability of ration cards – One nation, One ration card was announced.
- h. The third tranche of stimulus amounting to approx INR 1,50,000 crores was focused on farming and related activities viz., fishing, etc.
- i. Financing facility to the tune of INR 1,00,000 crores has been announced for funding Agriculture Infrastructure projects at farm-gate & aggregation points.
- j. Further, the Government has announced that the Essential Commodities Act will be suitably amended to deregulate prices of cereals, edible oils, oilseeds, etc
- k. The last two tranches of economic stimulus dealt mostly with structural reforms. These reforms were focused on coal, minerals, defense production, civil aviation, power distribution, space, etc .
- l. The Government has opened doors for start ups in the Space sector to use resources of ISRO
- m. Further, the Government has added INR 40,000 crores for MNREGA

## 5) Key Takeaways

Various measures have been introduced as part of the package, with an aim towards revival of the Indian Economy. Which will intum play a major role in making India Self – Reliant.

However there are many open areas to be addressed on execution front. Relevant notifications to give effect to the implementation of measures announced, are awaited.

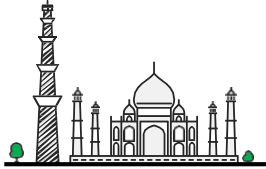
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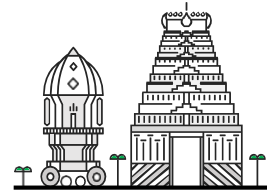
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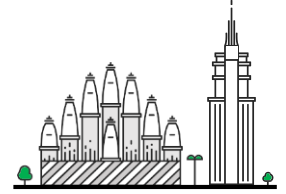
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# Thank You



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