

MANTHAN EXPERTS

Aatma Nirbhar Bharat 3.0



**New Stimulus package worth
Rs 2.65 lakh Crore**

On 12/11/2020, Union Finance Minister Nirmala Sitharaman announces new stimulus package worth Rs 2.65 lakh Crore (around 15% of national GDP).

In this package, she made 12 announcements as a part of “Aatma Nirbhar Bharat 3.0”.

Key points of Aatma Nirbhar Bharat 3.0” are discussed as follows: -

1. Boost for Employment Atmanirbhar Bharat Rozgar Yojana

A new Scheme “Atmanirbhar Bharat Rozgar Yojana” is being launched to incentivise creation of new employment opportunities during the COVID recovery phase.

i) Beneficiaries (new employees) under Scheme: -

Particulars	Monthly wages
EPFO registered establishment New employees	Less than Rs. 15,000/-
EPF members (Who made exit from employment during COVID pandemic from 1-3-2020 to 30-9-2020 and are employed on or after 1-10-2020)	Less than Rs 15,000/-

ii) Eligibility Criteria for Establishments

Establishments registered under **EPFO**, if they add **new employees** they have to **take reference base of employees as in September 2020**.

Reference Base	Minimum Employees
50 Employees or less	2
More than 50 employees	5

Establishments registering with EPFO after Commencement of Scheme to get subsidy for all new Employees.

Scheme to be operational till **30th June 2021**.

iii) Subsidy Support from Central Government.

Central government to provide subsidy for 2 years in respect of new eligible employees engaged on or after **1st October 2020** at following scale:

Establishments employing	Employee's contribution	Employer's contribution	Totaling
Up to 1000 Employees	12%	12%	24%
More than 1000 Employees	12%	0	12%

The Subsidy support to get credited upfront in Aadhaar Seeded EPFO Account (UAN) of eligible New Employee.

2. Rs 3 lakh Crore Existing Emergency Credit Line Guarantee Scheme (ECLGS 1.0).

- i) Announced as part of the Atmanirbhar Bharat Abhiyaan.
- ii) The Scheme is **extended till 31st March 2021.**
- iii) Fully guaranteed and collateral free.
- iv) Additional credit up to 20% of outstanding loans as on **29.02.2020** for entities with outstanding credit up to **Rs 50 Crore** as on **29.02.2020** and annual turnover up to **Rs 250 Crore**, which were up to 60 days past due as on **29.02.2020.**
- v) Eligible entities
 - **MSME units, business enterprises, Individual loans for business purposes and MUDRA borrowers.**
- vi) Scheme update as on **12.11.2020**
 - **Rs 2.05 lakh Crore Sanctioned to 61 lakh Borrowers.**
 - **Rs 1.52 lakh Crore Disbursal.**
- vii) To be utilized for 100% guaranteed collateral free additional credit at capped interest rates to-
 - **Entities in 26 stressed sectors identified by Kamath Committee plus health care sector with credit outstanding of above Rs. 50 crore and up to Rs 500 crore as on 29.2.2020.**

- Entities with outstanding up to **Rs 50 crore** previously covered under existing Scheme.
- No upper ceiling on Annual Turnover.
- Entities to be up to **30 days past due (SMA 0)** as on **29.2.2020**.
- **Additional credit up to 20% of outstanding** as on **29.2.2020**.

viii) Tenure of additional credit under ECLGS 2.0 to be **5 years** including **one-year moratorium on principal repayment**.

ix) Scheme available till **31.03.2021**.

x) ECLGS 2.0 to be providing much needed relief to stressed sectors by helping entities sustain employment and meet liabilities. Will also benefit MSME sector, which provides goods and services to eligible entities.

3) Rs 1.46 lakh Crore boost for Atmanirbhar Manufacturing Production-linked incentives for 10 Champion Sectors.

i) Earlier, Government of India has already approved PLI scheme for **3 sectors** at a cost of **Rs 51,355 Crore**.

ii) **10 more Champion Sectors** will now be covered under the production linked Incentives Scheme to boost the competitiveness of Domestic Manufacturing.

Sector	Estimated Expenditure on new PLIs (Rs. Crore)
Advance Cell Chemistry Battery	18,100
Electronic / Technology Products	5,000
Pharmaceuticals Drugs	57,042
Telecom & Networking Products	15,000
Textile Products	12,195
Foods Products	10,683
High Efficiency Solar PV Modules	10,900
Automobiles & Auto Components	4,500
White Goods (ACs & LED)	6,238
Specialty Steel	6,322
Total	1,45,980

iii) This is expected to give a significant boost Economic Growth and Domestic Employment.

4) Rs 18,000 Crore additional outlay for PM Awaas Yojana (PMAY) – Urban.

- i) Rs 18,000 Crore will be provided over the Budget Estimates for 2020-21 for Prime Minister Awaas Yojana- Urban (PMAY-U) through additional allocation and extra budgetary Resources.
- ii) This is over and above Rs 8000 Crore already this year.
- iii) This will help 12 lakhs houses to be grounded and 18 lakhs to be completed.
- iv) Expected Additional Jobs - 78 lakhs, Steel - 25 LMT, Cement- 131 LMT.

5) Support for Construction & Infrastructure – Relaxation for Earnest Money Deposit (EMD) & Performance Security on Government Tenders.

- i) Performance security on contracts to be reduced to 3% instead of 5 to 10%
 - Will be extended to ongoing contracts, which are free of disputes.
 - Will also be extended to Public Sector Enterprises.
 - States will be encouraged to adopt the same.

ii) **EMD will not be required for tenders and will be replaced by Bid Security Declaration.**

iii) **Relaxations will be given till 31.12.2021 under General Financial Rules.**

iv) **Will give relief to contractors by reducing locking up of capital and cost of BG.**

6) Demand Booster for Residential Real Estate Income Tax relief for Developers & Home Buyers.

i) **Presently Section 43CA of the IT Act restricts differential between circle rate & agreement value @10%. Price may actually be lower than this.**

ii) **To increase the Differential from 10% to 20%, under section 43CA for the period from the date of announcement i.e. 12/11/2020 to 30/06/2021 for only primary sale of residential units of value up to Rs 2 Crore.**

iii) **Consequential Relief up to 20% shall also be allowed to buyer of these units under section 56(2)(x) of the IT Act for the said period.**

iv) **The necessary amendment to IT Act would be proposed in due course.**

v) **This measure will reduce hardships faced by both homebuyers and developers and will help in clearing the unsold inventory.**

7) Rs. 1.10 lakh crore Platform for Infra Debt Financing Rs 6,000 Crore Equity infusion in NIIF Debt Platform

i) Actual investments made by 3 NIIF funds in downstream funds, platforms and operating companies is **Rs. 19,676 Cr.**

ii) NIIF (National Investment and Infrastructure fund) strategic Opportunities Fund has set up a Debt Platform comprising an NBFC Infra Debt Fund and an NBFC Infra Finance Company.

iii) The Platform has a loan book - **Rs 8000 Crore** & deal pipeline of **Rs 10,000 Crore.**

iv) NIIF AIFL (AA rating) and IFL (AAA rating) will raise **Rs 95,000 Crore Debt** from market, including project bonds.

v) By 2025, will provide infra project financing of **Rs 110,000 Crore.**

vi) NIIF has already invested nearly **Rs 2000 Crore** In equity of the platform.

vii) **Government will invest Rs 6000 Crore as Equity.**

viii) Rest of equity will be raised from private investors.

8) Support for Agriculture Rs 65,000 Crore for Subsidized Fertilizers

- i) There is an estimated increase in fertilizer usage of **17.8%** over the actual usage in 2019-2020 of **571 lakh metric Tonnes (MT)**. The increase is on account of favorable monsoons and the resultant increase in sown area.
- ii) Fertilizer consumption, which was **499 lakh MT** in 2016-17 is expected to increase to **673 lakh MT** in 2020-21.
- iii) Increased supply of fertilizers at Subsidised rates will help **140 million farmers**.

9) Boost for Rural Employment - Enhanced outlays under PM Garib kalyan Rozgar Yojna

- i) Prime Minister Garib Kalyan Rozgar Yojna (PMGKRY) is also in progress in 116 districts. **Rs 37,543 crores** spent till date.
- ii) PMGKRY effectively dovetails various schemes including MGNREGA PMGSY etc.
- iii) MGNREGA was provided with **Rs 61,500 crore** in budget for 2020-21.
- iv) **Rs. 40,000 Crore** was additionally provided in Aatma Nirbhar Bharat 1.0.

v) As on date, **Rs 73,504 Crore** has been released under MGNREGA and **251 Crore** person-days of employment has been generated.

vi) Further additional outlay of **Rs. 10,000 Crore** will be provided for PM Garib Kalyan Rozgar Yojana in the current financial year.

vi) This will accelerate growth of the rural economy.

10) Boost for Project Exports Rs 3000 Crore EXIM Bank for Lines of Credit.

i) EXIM bank extends Line of Credit (LOC) on behalf of the Government of India, as assistance to developing countries under IDEAS scheme.

ii) Promotes Indian export by mandating recipient countries to import **75%** value of the LOC

iii) Supported projects covers Railways, power, transmission, road and transport, auto and auto components, sugar projects etc.

iv) As on date, **811** export contracts, aggregating **USD 10.50 billion** are being financed under LOCs.

v) **Rs. 3000 crore** will be released to EXIM bank for promotion of project exports through LOC under IDEAS scheme.

11) Capital and Industrial Stimulus

i) Rs. 10,200 Crore additional budget outlay will be provided towards Capital and industrial expenditure

- Domestic defence equipment
- Industrial incentives
- Industrial infrastructure
- Green energy

12) R&D grant for COVID Vaccine Development

i) Rs. 900 Crore provided for Covid Suraksha Mission for Research and Development of Indian Covid Vaccine to Department of Bio-technology.