

STIMULUS PACKAGE

**KEY HIGHLIGHTS OF 5th TRANCHE OF
ECONOMIC STIMULUS ANNOUNCED
BY FM ON 17.05.2020**

**Key Highlights of 5th Tranche of Economic Stimulus Measures
Announced By The Government Of India (GoI) On 17th May 2020**

The Union Finance Minister addressing the nation on 17th May 2020, announced the 5th and final Tranche of Relief Measures by ushering in Government reforms and enablers.

A summary of Measures announced by the GoI are as under:

A. RELIEF MEASURES TO INCREASE EMPLOYMENT

Particulars	Measures of the Govt.	Impact
Increase in allocation for MGNREGS to provide employment boost	<ul style="list-style-type: none"> • The GoI under its existing rural employment program under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGS), allocated additional INR 400 billion. • This will address the need for creating jobs including for returning migrant workers in Monsoon season as well. • Will potentially boost the rural economy. 	INR 400 billion (\$5.32 billion approx.)

B. HEALTH REFORMS AND INITIATIVES

Public Health	<ul style="list-style-type: none"> • Increased investments in Public Health: <ul style="list-style-type: none"> ○ Public Expenditure on Health will be increased. ○ Investments in grass root health institutions by ramping up Health & Wellness Centres in rural and urban areas. 	—
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	<ul style="list-style-type: none"> ● Preparing India for any future pandemics: <ul style="list-style-type: none"> ○ Infectious Diseases Hospital Blocks ○ Strengthening of lab network and surveillance ○ Encouraging Research ○ National Digital Health Mission 	
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C. EDUCATION REFORMS AND INITIATIVES

<p>Technology Driven Education with Equity post COVID</p>	<ul style="list-style-type: none"> ● PM eVIDYA - A programme for multi-mode access to digital/online education to be launched immediately. ● 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 every child attains Learning levels and outcomes in grade 5 by 2025. 	<p>—</p>
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D. REFORMS FOR EASE OF DOING BUSINESS

<p>IBC related measures</p>	<ul style="list-style-type: none"> • Minimum threshold to initiate insolvency proceedings under Insolvency and bankruptcy code (IBC) raised to INR 10 million (from INR 0.1 million, 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. • Empowering Central Government to exclude COVID 19 related debt from the definition of “default” under the IBC for the purpose of triggering insolvency proceedings. 	<p>—</p>
<p>Decriminalization of Companies Act defaults</p>	<ul style="list-style-type: none"> • Decriminalization of Companies Act violations involving minor technical and procedural defaults. • Majority of the compoundable offence sections to be shifted to internal adjudication mechanism and powers of Regional Director (RD) for compounding are enhanced. The Amendments will de-clog the criminal courts and NCLT. • 7 compoundable offences removed and 5 offences to be dealt with under alternative framework. 	<p>—</p>

**Ease of Doing
Business (EoDB)
for Corporates**

- Improvement in rankings in ‘starting a business’ and ‘Insolvency Resolution’ have contributed to the overall improvement in India’s ranking on EoDB.
- Further key reforms to include –
 - 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 National Company Law Appellate Tribunal.
 - Lower penalties for all defaults for Small Companies, One person Companies, Producer Companies & Start Ups.

E. REFORMS FOR PUBLIC SECTOR ENTERPRISE

<p>Public Sector Enterprise Policy for a New, Self-reliant India</p>	<ul style="list-style-type: none"> • Need for a new coherent policy—where all sectors are open to the private sector while public sector enterprises (PSEs) will play an important role in defined areas. • Accordingly, government will announce a new policy whereby: <ul style="list-style-type: none"> ○ 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 (timing to be based on feasibility etc.). ○ 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. 	<p>—</p>
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F. REFORMS FOR STATE

<p>Supporting State Governments and promoting state level reforms</p>	<ul style="list-style-type: none"> • Central govt. has increased borrowing limits of States from 3% of Gross state domestic product to 5%, for 2020-21 only. This will give states extra resources of INR 4.28 trillion. • Borrowing will be linked to specific reforms to ensure promotion of welfare of migrants, increased job creation through investment, promotion of urban development etc. • 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. 	<p>—</p>
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ECONOMIC STIMULUS PROVIDED BY GoI AT A GLANCE

S.No	Measures	INR	USD (approx.)
STIMULUS FROM EARLIER MEASURES			
1.	Revenue lost due to tax concessions since Mar 22 nd 2020.	0.78 billion	10.4 million
2.	Pradhan Mantri Garib Kalyan Package (PMGKP)	1.7 Trillion	22.66 billion
3.	PM's announcement for Health sector	150 billion	2 billion

STIMULUS FROM TRANCHE 1

1.	Emergency W/C Facility for Businesses, incl MSMEs	3 trillion	40 billion
2.	Subordinate Debt for Stressed MSMEs	200 billion	2.67 billion
3.	Fund of Funds for MSME	500 billion	6.67 billion
4.	EPF Support for Business & Workers	28,000 million	373.33 million
5.	Reduction in EPF rates	67,500 million	0.9 billion
6.	Special liquidity Scheme for NBFC/HFC/MFIs	300 billion	4 billion
7.	Partial credit guarantee Scheme 2.0 for Liabilities of NBFCs/MFIs	450 billion	6 billion
8.	Liquidity Injection for DISCOMs	900 billion	12 billion
9.	Reduction in TDS/TCS rates	500 billion	6.67 billion

STIMULUS FROM TRANCHE 2

1.	Free Food grain Supply to Stranded Migrant Workers for 2 Months	35,000 million	466 million
2.	Interest Subvention for MUDRA Shishu Loans	15,000 million	200 million
3.	Special Credit Facility to Street Vendors	50,000 million	667 million
4.	Housing CLSS-MIG	700 billion	9.33 billion

5.	Additional Working Capital through NABARD	Emergency Capital through	300 billion	4 billion
6.	Additional credit through KCC		2 trillion	26.67 billion
STIMULUS FROM TRANCHE 3				
1.	Food Micro enterprises		100 billion	1.33 billion
2.	Pradhan Mantri Matsya Sampada Yojana		200 billion	2.66 billion
3.	TOP to TOTAL: Operation Greens		5,000 million	66 million
4.	Agri Infrastructure Fund		1 Trillion	13.3 billion
5.	Animal Husbandry Infrastructure Development Fund		150 billion	2 billion
6.	Promotion of Herbal Cultivation		40,000 million	533 million
7.	Beekeeping Initiative		5,000 million	66 million
STIMULUS FROM TRANCHE 4 & 5				
1.	Viability Gap Funding		81 billion	1.08 billion
2.	Additional allocation	MGNREGS	400 billion	5.32 billion

OVERALL ECONOMIC STIMULUS PROVIDED BY ATMANIRBHAR BHARAT PACKAGE

S.No	Particulars	INR (approx.)	USD (approx.)
1.	Part 1	5.95 Trillion	79.13 Billion
2.	Part 2	3.10 Trillion	41.32 Billion
3.	Part 3	1.50 Trillion	19.95 Billion
4.	Part 4 & 5	0.48 Trillion	6.38 Billion
	Sub-total	11.03 Trillion	147 Billion
5.	Earlier Measures incl PMGKP	1.93 Trillion	25.72 Billion
6.	RBI Measures	8.01 Trillion	106.77 Billion
	Sub-total	9.94 Trillion	132.50 Billion
GRAND TOTAL		20.97 Trillion	280 Billion

Source - Presentation of details of 5th Tranche announced by Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman on 17th May 2020 under Aatmanirbhar Bharat Abhiyaan to support Indian economy in fight against COVID-19.

For details, please refer the link below to Press release of Ministry of Finance dated 17th May 2020:

[Click Here](#)

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