
**Atmanirbhar
Bharat-
Self Reliant India
Part 1 to 5**

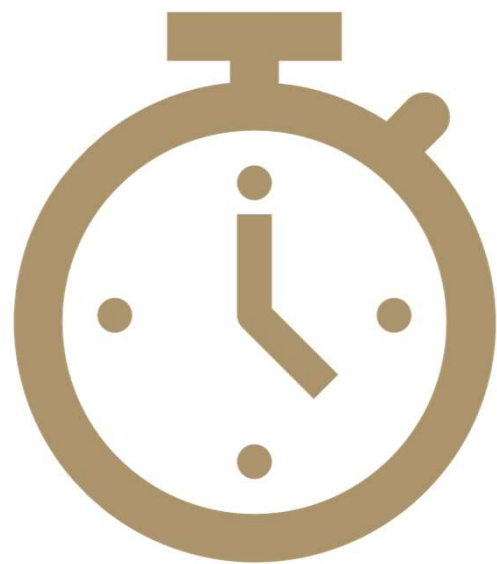
**Presentation based
on the
announcements by
the Honorable
Finance Minister-
Ms. Nirmala
Sitharaman on 13th
May 2020 to 17th May
2020**

Atmanirbhar Bharat

- Five pillars of Atmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand
- Honourable Prime Minister- announced on 12th May 2020 a stimulus package of Rs. 20,00,000 cr as a measure to revive the economy burdened by Covid-19
- The measures adding to Rs.20,97,053 cr includes:
 - Rs. 7,800 cr revenue lost due to tax concessions since March 22, 2020
 - Rs. 15,000 cr Health sector relief
 - Rs. 1,70,000 cr announced on 26th March 2020- towards PM Garib Kalyan Yojana
 - Rs. 8,01,603 cr by RBI towards measures of easing liquidity
 - Rs. 11,02,650 cr announced from 13th May 2020 to 17th May 2020

Recap of announcements in March 2020

- 24th March 2020-Measures announced to extend time limit for compliance
- 26th March 2020-Various measures under PMGKY – Rs.1,70,000 cr and Health measures Rs.15,000 cr
- 27th March 2020 and 17th April 2020-RBI- Rs.5,24,050 cr



Measures
announced to
extend time limit
for compliance

24th March 2020 and
thereafter

Time limit extended for Compliance by making changes in

Companies Act,
2013 and related

SEBI related

Income tax Act
1961 and related

Customs and
Central Excise
related

GST and related

RBI and related

IBC and related

Accounting
advisory

Others-
Commercial-
Contract- Force
Majeure

Changes in Companies Act, 2013

- Any documents, return, statements etc., no additional fees shall be charged on these for late filing during this moratorium period, 1st April 2020 to 30th September 2020 (CFSS-2020)
- Interval provided in 173 of Companies act 2013 for holding of Board meeting is 120 days – now extended by 60 days -this shall be 180 days for two quarters.
- Companies (Auditor's report) Order, 2020 shall be applicable from financial year 2020-2021
- If Independent director not able to hold meeting as per Para VII (1) of schedule IV of Companies Act-2013, the same shall not be viewed as violation, however they may share their views by Mail, telephonic or other mode of communication.

Changes in Companies Act, 2013

- Compliance of section 73 (2) (c) of Companies Act 2013 for creating Deposit repayment reserve of 20% of deposit maturing before 30th April 2020, shall extended till 30th June 2020
- Compliance of rule 18 of companies (shares capital & Debentures) rules, 2014 to invest or deposit at least 15% of amount of debenture maturing before 30th April, 2020, which has been extended till 30th June 2020.
- Declaration for commencements of business under section 10A of CA act 2013 for this more 180 days allowed.
- Minimum residency of 182 days in India on one director in India in Section 149 of CA - 2013 shall not be treated as non compliance if a director not complied with this

Changes in Companies Act, 2013

- CAR (Companies Affirmation of Readiness Towards COVID-19). Stakeholders may at their convenience file this form. It is purely voluntary as part of our contribution towards joining the movement to fight against the spread of the disease.
- As per notification issued by Ministry of Corporate affairs that spending of CSR fund for COVID-19 is eligible as CSR activity

Changes in Companies Act, 2013

Companies Fresh Start Scheme 2020- General Circular 12/2020 on 30th March 2020

Pursuant to MCA circular 11/2020 of 24th March 2020

- One time scheme for all companies to clear backlog of filing under MCA-21
- Scheme period 1st April 2020 to 30th Sept 2020
 - Only Normal fees payable in respect of the backlog documents- no addl fee
 - Option to convert inactive companies to Dormant companies- with minimal fees and filing of simple form- this will enable the company to stay relevant but reduce the compliance obligations
 - Application seeking immunity from all delayed filing under this scheme to be made in a simple CFSS form

Changes in Companies Act, 2013

Companies Fresh Start Scheme 2020- General Circular 12/2020 on 30th March 2020
Pursuant to MCA circular 11/2020 of 24th March 2020

- Withdrawal of Appeal- where the defaulting company or its officer in default has filed any appeal against any notice issue or complaint filed or an order passed by a court or by an adjudicating authority- before a competent court or authority for violation of provisions under CA 56 / CA 13, applicant shall withdraw the appeal and furnish proof to get immunity certificate
- Where appeal could not be filed in case where the last date of filing appeal against the order was between 1.3.2020 -31.5.2020- a period of addl 120 days allowed to file appeal
- In this additional period- prosecution under section 454 (8) for non compliance of order of ... so far relating to delay in filing any document, etc shall not be initiated against such ... s/ officers.

Package- CA. Aniket Talati, Talati & Talati LLP

18th May 2020

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Changes in Companies Act, 2013

Companies Fresh Start Scheme 2020- General Circular 12/2020 on 30th March 2020
Pursuant to MCA circular 11/2020 of 24th March 2020

Immunity certificate:

- Application in CFS 2020 to be filed electronically
- After the closure of scheme and after documents are taken on file
- But within period of 6 months from the date of the closure of the scheme
- Then for the documents filed under the scheme- Immunity certificate will be issued
- Not applicable where the appeal is pending before court of law and in case management disputes of the company pending before any court of law or tribunal.
- Not applicable where order imposing penalty has been passed and no appeal has been preferred

Effect of immunity: designated authority shall withdraw pending prosecution, if any, and proceedings of adjudication of penalties

Changes in Companies Act, 2013

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Changes in Companies Act, 2013

Companies Fresh Start Scheme 2020- General Circular 12/2020 on 30th March 2020
Pursuant to MCA circular 11/2020 of 24th March 2020

- Scheme not to apply to Companies where
 - Final notice for striking off u/s 248 is already initiated
 - Application for striking off has already been filed by the companies
 - Companies already amalgamated under a scheme of arrangement/ compromise
 - Applications already filed for obtaining dormant status
 - Vanishing companies
 - Where any increase in authorised capital is involved (SH-7)
 - Charge related documents (CHG-1, CHG-4 CHG-8, CHG-9)

Sr. No	Regulation	Disclosure	Due dates as per regulation	Revised Date as per Circular
1	30(1)	Continual disclosures.	7th April, 2020	June 01, 2020
2	30(2)	Continual disclosures.	7th April, 2020	June 01, 2020
3	31(4)	Disclosure of encumbered shares.	7th April, 2020	June 01, 2020

Changes in SEBI
**Compliances Specified
under SEBI (Substantial
Acquisition of Shares and
Takeovers) Regulations, 2011**

Changes in SEBI

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)

Regulation	Relating to	frequency	Due within	Due date	Extended Due Date	Period of relaxation
40 (9)	Certificate from PCS on timely issue of certificate	Half yearly	1 st month of the end of each half of the financial year	April 30, 2020	May 31, 2020	1 month
44(5)	Holding of AGM by top 100 listed entities by market cap	Annual	Within 5 months from the date of closing - financial year	August 31, 2020	September 30, 2020	1 month
7(3)	Compliance certificate in Share transfer facility	Half yearly	1 st month of the end of each half of the financial year	April 30, 2020	May 31, 2020	1 month

Changes in SEBI

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)

Regulation	Relating to	frequency	Due within	Due date	Extended Due Date	Period of relaxation
13(3)	Statement of Investors complaints	Quarterly	21 days from the end of each quarter	April 21, 2020	May 15, 2020	3 weeks
24A	Secretarial Compliance Rep	Yearly	60 days from the end of financial year	May 30, 2020	June 30,2020	1 month
27(2)	Corporate Governance Rep	Quarterly	15 days from the end of quarter	April 15, 2020	May 15,2020	1 month
33	Financial results	Quarterly/ Annual	45 days from end of quarter for quarterly results and 60 days from end of FY for Annual results	May 15 2020 & May 30,2020	June 30, 2020 & June 30, 2020	45 days & 1 month

Changes in SEBI

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR)

Regulation	Relating to	frequency	Due within	Due date	Extended Due Date	Period of relaxation
31	Shareholder Pattern	Quarterly	21 days from end of Qtr	April 21, 2020	May 15, 2020	3 weeks
19(3A) Conduct of meeting	Nomination and remuneration committee	Yearly	March 2020	March 31, 2020	June 30, 2020	3 months
20(3A) Conduct of meeting	Stakeholders relationship committee	Yearly	March 2020	March 31, 2020	June 30, 2020	3 months
21(3A) Conduct of meeting	Risk Management Committee	Yearly	March 2020	March 31, 2020	June 30, 2020	3 months

Changes in SEBI

Regulation	Relating to	frequency	Dispensation
17(2)	Conduct of meetings of Board of Directors & Audit Committee- Atleast 4 times meeting in a year	With max gap of 120 days between 2 meeting	Max gap of 120 days dispensed for meetings held or proposed to be held between 1.12.2019 and 30.6.2020.
Timeline for compliance	the maximum limits for investment in unlisted NCDs (as issued vide SEBI Circulars dated October 01, 2019 and March 23, 2020)	Investment of 15% of debt portfolio extended to Sept 30, 2020 Balance investment of upto 10% of debt portfolio extended to Dec 31, 2020	

Changes in Income tax Act, 1961 and other measures

- Aadhar- PAN linking date extended to June 30, 2020 (March 31, 2020)
- Vivaad se Vishwas Scheme extended to June 30, 2020. Additional charge of 10% that would have been levied is removed till June 30, 2020- **and now further extended to December 31, 2020**
- Due dates for issue of Notice, Approval order, Filing of appeal, furnishing of returns, return statement, applications, reports, any other document or compliance, including Investment in saving instruments or investment for roll over benefit of capital gains, wealth tax, Benami property, Black money, STT law, CTT law Equalisation levy law VSVS, where the time limit was expiring between March 20, 2020 to June 29, 2020 shall all be extended to June 30, 2020.
- For delayed payments of advance tax, self assessment tax, regular tax, TDS, TCS, Equalisation levy, STT, CTT made between March 20, 2020 and June 30, 2020 , reduced Interest rate at 9% instead of 12%/18% (i.e. 0.75% per month instead of 1/1.5% per month). No late fee/ Penalty shall be charged for delay relating to this period
- CBDT defers reporting on GST and GAAR in Tax Audit report by 1 year.

Other measures- Income tax related

- TDS / TCS rates reduced by 25% on all payments other than on Salaries. (from 14.5.2020 to 31.3.2021)
- Income tax department to immediately issue refunds where due upto Rs. 5 lakhs in each case- total 14 lakhs beneficiaries – of total refunds of Rs. 18000 cr.
- Release pending refunds to all charitable trusts and non corporate businesses and professions (Proprietorship, LLP, Partnership, Co-operatives)
- Due Date for ITR filing extended
From 31.7.2020 and 31.10.2020 to **30.11.2020**
- Tax audit report due date extended from 30.9.2020 to 31.10.2020
- Time barring assessments extended from **30.9.2020 to 31.12.2020** and those getting time barred on **31.3.2021 to be extended to 30.9.2021.**

Changes in Customs and Central Excise

- Sabka Vishwas scheme that was valid till 31-March, is extended to 30-June-2020
- No interest would be levied irrespective of amount involved
- Customs clearance would operate 24x7
- Due dates Due date for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing applications, reports, any other documents etc., time limit for any compliance under the Customs Act and other allied Laws where the time limit is expiring between 20th March 2020 to 29th June 2020 shall be extended to 30th June 2020.

Changes in GST

- Last date for March April and May returns and Composition Returns extended to 30-June 2020. (Staggered)
- Different staggering dates will be applicable, but all will end by June 30, 2020
- For companies <INR 5cr turnover: no interest or late fee will be charged
- Last date for opting composition scheme has been extended to June 30, 2020.

Changes by RBI

RBI has provide many relaxations as regulatory package via notification is no. RBI/2019-20/18, DOR.No.BP.BC.47/21.04.048/2019-20 of March 27, 2020.

- CRR reduced by 100 Bps- to 3.0 %- Reverse repo rate reduced by 75 Bps.
- Banks lending costs and rates to go down by atleast 75 Bps to 100 Bps
- Moratorium on term loans in respect of all term loans outstanding as on March 1, 2020. Accordingly the repayment schedule and all subsequent due dates, as also the tenor for such loans be shifted by 3 months. Term loans to include OD. However clarity on whether LC devolvement / BG invocation is covered is awaited.
- Deferment of interest on working capital facilities by deferment of three months on payment of interest in respect of all such facilities outstanding as on March 1, 2020. The accumulated interest for the period will be paid after the expiry of the deferment period.
- The above moratorium and deferment to be not treated as change in terms and hence not result in downgrade of asset classification.

Changes by RBI

- Time period to bring in export proceeds for exports made upto July 31, 2020 now upto 15 months instead of earlier 9 months
- Any standard overdues which are not NPA as on March 1, 2020 will not be downgraded till May 31, 2020. However banks to make additional provisions by 10% on such loans for the quarter March 2020 and June 2020 and such provisions to be available for further adjustments after June 2020 quarter
- Banks to refrain from declaring dividend for 2019-20

Changes by RBI

- Easing of working capital: Lenders advised to recalculate drawing power by reducing margins and/ or by reassessing the working capital cycle. Such change in credit terms will not be considered as concessions granted and hence not result in downgrade of asset classification.
- Credit Information companies to not to consider the above actions of Lenders as adversely affecting the credit history of the beneficiaries

Changes in financial Services

- **Relaxations for 3 months**

- Debit cardholders to withdraw cash for free from any other banks' ATM for 3 months
- Waiver of minimum balance fee
- Reduced bank charges for digital trade transactions for all trade finance consumers

Changes in FDI policy

DPIIT File No 5(5)/2020-FDI Policy dated 17th April 2020

- Any investment coming from Neighbouring Countries which share land border with India will be on Approval basis- and not under automatic route.
- Besides any existing or future FDI regarding the transfer of ownership to an entity in India, then such transfer will also be subject to Govt approval.
- This is with the intention to avoid Investment and gaining controlling interest by Chinese Enterprises into Indian Ventures whose values have eroded substantially due to Covid 19.
- Countries sharing land border: China, Bangladesh, Afghanistan, Pakistan, Nepal, Bhutan, Myanmar

Changes in IBC

- Threshold for Bankruptcy amount moved from INR 1 lakh to INR 1 crore
- Moratorium for applicability of IBC extended till 30th Sept 2020. Till that time no new cases will be admitted to avoid the Covid-stress related cases. (on 17th May 2020 this is now extended for 1 year. No new cases to be admitted to IBC for next one 1 year and there would be separate code to deal with IBC on MSME and there ould be exception to the cases affected by Covid 19 as per Atmanirbhar -5). Ordinance awaited.
- Clarification that period of lock down will not be counted in the CIRP time as well as in the Liquidation process
- Any order or interim order or stay order passed by any NCLT or NCLAT will continue to operate till the next date of hearing.

Changes in Stamp duty

- The provisions of Stamp duty on issue/ transfer of securities which were to be effective from 1st April 2020 has been pushed to 1st July, 2020

Other laws

- Various steps have been taken by notifying under other laws to provide relief
- One such step was by way of Govt funding 3 months PF of employees including the employer contribution for organisations upto 100 employees where 90% of them are drawing less than Rs. 15000 per month. This was earlier announced for March- May 2020. Now it is further extended for June to August 2020.
- Special withdrawal scheme allowing to withdraw lower of the 3 months wage 75% of the fund
- Employers get one more month to deposit March PF dues – due date of 15th April 2020- extended to 15th May 2020. (possibility of this extension available even for the April PF dues- though still not announced)



Accountancy Advisory by ICAI

Advisory is prepared by the ICAI to provide guidance to the members to evaluate various specific issues to the Companies where Ind AS is applicable and to those whom AS is applicable.

Various major areas are identified for the CA to monitor in view of the Covid- 19 impact. This list is indicative and not exhaustive.

Areas identified for Advisory

Sr	Area	Issues to be monitored and considered
1	Inventory measurement Ind AS 2 & AS 2	1. Whether write down of Inventory is necessary due to reduced movement of inventory, decline in selling price or inventory obsolescence.
2	Impairment of Non financial assets Ind AS 36 & AS 28	1. Whether there is any indication that non financial assets may be impaired 2. Whether Contraction of economic activity 3. Whether assumptions used for impairment testing require change 4. Any change in discount rate 5. Any change in market assumptions? 6. Any change in value-in-use and fair value less cost of disposal 7. Goodwill impairment?

Areas identified for Advisory

Sr	Area	Issues to be monitored and considered
3	Financial Instruments Ind AS 109 AS 13	<ol style="list-style-type: none">1. Re-evaluate Loans, trade receivables, Other receivables, Investments in Debt instruments, Financial Guarantee, Loan Commitments- Any expected Credit loss (ECL)2. ECL – requirement of Ind AS 109. Consider current as well as forecasted macro-economic conditions3. ECL may require to reduce the interest rates and expected rate of return4. Impact on fair value measurement5. Impact on the valuation of Listed investments – in case of rerating of the PE of the sector or the company6. More relevant for NBFC, ARC7. Hedge Accounting, Hedge Instruments, Forwards, Derivatives

Areas identified for Advisory

Sr	Area	Issues to be monitored and considered
4	Leases Ind AS 116 AS 19, AS 29 IFRS 16	<ol style="list-style-type: none"> 1. Businesses where the assets and operations are carried out through Leased Assets- would be most affected. 2. Identify, if there is any change in the lease agreements 3. Many businesses have called for moratorium for lease payments 4. Many businesses would have negotiated for improvement in intrinsic rate of return embedded in the lease rentals 5. Compensation by Government where the leases are provided by Govt. 6. Identify and measure if any lease arrangement has become onerous
		<ol style="list-style-type: none"> 1. IFSR 16 advisory also requires to evaluate the Covid 19 related rent concessions.- including evaluating Impairment of assets for a lease

Areas identified for Advisory

Sr	Area	Issues to be monitored and considered
5	Revenue Ind AS 115	<ol style="list-style-type: none">1. The timing of Covid 19 is critical. It has occurred in February-March and has upset business plans of many and hence revenue issues need to be evaluated2. Monitor Sales returns, volume discounts, trade discounts, impact of non-performance of annual targets3. After balance sheet date scrutiny gains a lot of importance.4. Verify movement in debtors5. EPC Contracts6. Booking advances received- like in Aviation, Hotel, IT industry7. EMD received and corresponding sales not performed8. Force majeure issues

Areas identified for Advisory

Sr	Area	Issues to be monitored and considered
6	Provisions, Contingent Liabilities and Contingent Assets Ind AS 37 AS 29	<ol style="list-style-type: none">1. Identify Onerous contracts2. Identify possible imposition of Liquidated damages, Penalty, cost to completion and other costs to identify the requirements of Provisions3. Identify all Major purchase orders / contracts/ to evaluate the possible costs and also whether options of force majeure whether exercised4. Whether costs are subject to insurance claims- whether claims filed?

Areas identified for Advisory

Sr	Area	Issues to be monitored and considered
7	Modification or termination of contracts or arrangements	<ol style="list-style-type: none">1. Employee benefits- like LWP, change and variation in terms of contracts, etc (Ind AS 19, AS 15)2. Share based payments- ESOP- modification in vesting rights if any etc. (Ind AS 102, Guidance note for AS related)3. Derivative contracts/ Financial instruments (Ind AS 109 and Guidance note on derivative contracts- AS related)4. Insurance contracts (Ind AS 104)5. Revenue from contracts with Customers (Ind AS 115/ AS7-AS9)

Areas identified for Advisory

Sr	Area	Issues to be monitored and considered
8	Going concern Ind AS 1 Ind AS 10 AS 1 AS 4	<p>This aspect will have to be examined for all the businesses. The impact analysis on the business, on the Industry and other market related information on the business segment will be very necessary.</p> <p>There will be many case to case basis- parameters which could be studied to understand the Going concern aspect.</p> <p>Besides, events occurring after balance sheet date will be very relevant to form an opinion.</p>

Areas identified for Advisory

Sr	Area	Issues to be monitored and considered
9	Income tax Ind AS 12 AS 22	Impact in context of: <ol style="list-style-type: none">1. Selection of Section 115BAA v/s the present tax incidence2. Measurement of DTA and DTL in view of the revised business plan and revised projections- vis a vis the new regime of tax applied- if any.
10	Consolidated financial Statements Ind AS 110 AS 21	<ol style="list-style-type: none">1. Impact of Covid -19 on any reporting subsidiary and its relative impact on the parent.2. Impact also on Going concern because of impact on the subsidiary or co-subsiary or the Parent3. Events after balance sheet date, Income tax, Going Concern aspects and others will all have its impact

Areas identified for Advisory

Sr	Area	Issues to be monitored and considered
11	Property Plant and Equipments (PPE) Ind AS 16 /AS 19	Covid 19 may have huge impact on the evaluation of the expected useful life and also the residual useful life of the Asset. Estimates of depreciation and disclosures may undergo change
12	Presentation of FS Ind AS 1	<ol style="list-style-type: none">1. Any breach of loan covenants2. Sources of estimation of uncertainty3. Comparative information4. Going concern and related disclosures
13	Borrowing costs Ind AS 23 AS 16	<ol style="list-style-type: none">1. Suspension of capitalisation when development of asset is suspended2. Impact of any increase / decrease in borrowing costs

Areas identified for Impact on Audit

Sr	SA	Issues to be considered for Audit
1	SA 315	Identifying and assessing risks of Material misstatement through understanding of entity
2	SA 320	Materiality in planning and performing an Audit
3	SA 540	Auditing Accounting estimates, Incl fair value accounting estimates- related disclosures
4	SA 501	Audit evidence – valuation of Inventory on other than Balance sheet date
5	SA 600	Audit of CFS- using work of another auditor
6	SA 560	Subsequent events
7	SA 570	Going concern- huge analysis required
8	SA 500	Evaluation of work of management's expert- Audit evidence

Areas identified for Impact on Audit

Sr	SA	Issues to be considered for Audit
9	SA 580	Written representations,
10	SA 700	Auditors opinion, forming an opinion, reporting on FS, modifications to the Opinion in Independent Auditors report, Emphasis of matter and other (SA 705 ®, SA 706 ®)
11	SA 701	Key Audit matters- Communicating key audit matters
12		Internal control Consideration
13	SA 505	External confirmations
14	SA 240	Risk of Fraud

Some of the Industries hugely adversely affected

Sr	Industry	Reasons
1	Aviation	World over all countries have suspended Air travel. Some Large Aviation companies have already filed for Insolvency. Resumption of the Air travel and normalisation of business is expected to take 2-3 years and it is very difficult to sustain with so thin margins under which the aviation companies operate. The fixed costs of the Aviation companies are huge. Going concern may be a huge challenge
2	Hotels	As the travel is stopped and world over there is lock down- the Hotels are going empty and hence the Hotel companies are expected to take a huge hit on their top line and also reserves. Here also Going concern may be a huge challenge

Some of the Industries hugely adversely affected

Sr	Industry	Reasons
3	Oil & Gas, Refinery	Due to lock down the Industrial activities have all come to grinding halt. The Crude Oil prices have been suffering huge set back and also volatility. The viability of the Oil, gas and refinery companies, world over is under stress.
4	Forex related	All Industries which are import heavy for their Raw Materials and which are demand elastic will have huge negative impact. The Rupee has depreciated significantly in last one quarter. Almost 7%-8% rupee depreciation has surely affected the FMCG industry where the inputs are imported

Some of the Industries hugely adversely affected

Sr	Industry	Reasons
5	Automobiles	There is complete standstill in this Industry. The demand has completely vanished. The companies don't have high EBIDTA margins and hence are severely impacted
6	Financial services	The world over all the businesses are facing acute liquidity crunch. This has hugely impacted the financial sector. The money dues are not getting received and there are possible huge defaults in various NBFC and financial sector. The cost of funds have also gone down significantly by a drop of almost 150 to 200 bps which has required all the financial sector players to revisit their business plans. This puts pressure on all financial instruments. Recently one large MF has closed its several debt schemes – is an indicative of the stress.

Some of the Industries hugely adversely affected

Sr	Industry	Reasons
7	Renewables	EPC players and manufacturers of Renewables like in Wind Mills and Solar power are also hugely adversely affected due to multiple factors like lack of demand, the sale of power yielding lower yields, competition with fossil fuel energy which is now generated at very cheap rates.
8	General trade	All trade including and more so in Consumer Durable, textiles, Electronics, and many industries have suffered due to lack of demand and poor cash flow

Some other indicators to be analysed

- Cash is the king- in these times, those who have surplus cash / treasury have decided to not to burn the cash and hence have put the capex plans on hold- to be pursued some other day
- All businesses except some select pharma companies and agro and food processing and food companies have been adversely affected.
- Those who have low fixed costs have been less affected but there is huge pressure on profitability as the volumes of business have shrunk
- Even where there are margins the cash flow is a constraint as the working capital cycle has deteriorated significantly as the average debtors holding has increase by almost 90 days over and above the present existing collection cycle.

Commercial Laws- Force majeure

- Covid- 19 will have impact on performance of all already entered Commercial contracts.
- WHO has already announced Covid- 19 as Pandemic
- GOI has issued notification in Feb 2020- Covid- 19 – is an item of force majeure event
- As Business- the issue of notice to the contracting parties of Covid-19 as force majeure event-should be ensured.

Ministry of Finance – Office Memorandum dated 19.02.2020 on Force Majeure

- “corona virus should be considered as a case of natural calamity and force majeure may be invoked, wherever considered appropriate, following the due procedure (in the Office Memorandum)”. It provides that “a force majeure clause does not excuse a party’s non-performance entirely, but only suspends it for the duration of the force majeure. The firm has to give notice of force majeure as soon as it occurs, and it cannot be claimed ex-post facto.... If the performance in whole or in part or any obligation under the contract is prevented or delayed by any reason of force majeure for a period exceeding ninety days, either party may at its option terminate the contract without any financial repercussion on either side”

PMGKY- 1



26th March 2020

PM Garib Kalyan Yojana- 1

R.1,70,000 cr

- To provide an insurance cover of Rs 50 lakhs per health worker affected by COVID-19.
- To provide free resources of 5 kg wheat or rice and 1 kg of preferred pulses for 80 crore poor people for the next three months under the PM Garib Kalyan Ann Yojana.
- 20 crore Women Jan Dhan account holders will be provided Rs 500 per month for next three months.
- Gas cylinders, free of cost, provided to 8 crore poor families for the next 3 months
- There will be an increase in MNREGA wage to Rs 202 per day 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

PM Garib Kalyan Yojana- 1

- The Central Government has given orders to State Governments to use the Building and Construction Workers Welfare Fund to provide relief to Construction Workers.
- 24% of monthly wages to be credited into their PF accounts 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, from their accounts
- 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..

RBI Measures



27th March 2020 and April 2020

RBI measures for easing liquidity-

27th March 2020 and April 2020 Rs. 5,24,050 Cr

- 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.
- TLTRO of Rs.50,000 crore for investing them in investment grade bonds, commercial paper, and non-convertible debentures of NBFCs, and MFIs.
- 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.

Summary presentation of Atmanirbhar -5 pegs RBI stimulus at Rs.8,01,603 cr

- Details for the Difference between Rs.8,01,603 cr and Rs. 5,24,050 cr announced on 27th March 2020-that is Rs. 2,77,553 cr not yet available



Atmabirbhar

-1

13th May 2020

Focus- MSME

1. Collateral Free loan worth of Rs 3,00,000 crore to **Businesses including MSMEs- so its not just for MSME but for all businesses.**

- Emergency Credit Line to Businesses. MSMEs from Banks and **NBFCs** upto 20% of **entire outstanding credit** as on 29.2.2020
- Borrowers upto Rs.25 cr outstanding and Turnover upto Rs. 100 cr eligible
- Loans to have tenor of 4 years with moratorium of 12 months
- Interest to be capped
- 100% credit guarantee cover to Banks and NBFCs on Principal and Interest
- Scheme to be availed till 31st October 2020
- No Guarantee fee- **No fresh collateral**

Focus- MSME

2. Subordinate debt provision of Rs 20000 crore for stressed MSMEs.

- Stressed MSME need equity support
- GOI will facilitate provision of Rs. 20000 cr as subordinate debt
- Functioning MSME which are NPA or are stressed will be eligible
- Govt will provide a support of Rs. 4000 cr to CGTMSE
- CGTMSE will provide partial credit guarantee support to Banks
- Promoters of MSME will be given debt by Banks, which will be then infused by promoter as equity in the Unit.

Focus- MSME

3. Funds of fund created for equity infusion worth of Rs 50000 crore for MSMEs who have viable business.

- Fund of funds (FOF) with Corpus of Rs.10000 cr will be set up
- Will provide equity funding for MSMEs with growth potential and viability
- FOF will be operated through Mother fund and few daughter funds
- Fund structure will help leverage Rs.50,000 cr of funds at daughter funds level
- Will help MSME expand & also encourage them to get listed on main board stock exchanges

Focus- MSME

4. Definition change of MSMEs. Investment limit for MSMEs revised upward. Criteria based on turnover to define MSMEs. Merged criteria of manufacturing and service MSMEs.

Existing MSME Classification- Criteria Investment in Plant and Machinery			
Investment	Micro	Small	Medium
Manufacturing	< Rs 25 lakhs	< Rs. 5 cr	< Rs. 10 cr
Services	< Rs 10 lakhs	< Rs. 2 cr	< Rs. 5 cr

New MSME Classification- Composite Criteria Investment and Annual Turnover			
	Micro	Small	Medium
Investment	< Rs 1 cr	< Rs. 10 cr	< Rs. 20 cr
Turnover	< Rs 5 cr	< Rs. 50 cr	< Rs. 100 cr

Focus- MSME

5. Government procurement upto Rs 200 crore, global tender route not allowed. Small units can participate on that tenders.
6. Government of India and CPSEs will clear all receivable within next 45 days for MSMEs.

EPF Support

- For establishments upto 100 workers of which 90% or more draw less than Rs.15000 per month- the employer and employee contribution was earlier announced to be funded by GOI for March, April and May. Now this is extended for further 3 months- June- July- August. (expected to benefit 72.22 lakh employees of 3.67 lakh establishment – with liquidity of Rs. 2500 cr) (This amount is revised to Rs. 2800 cr in the summary provided in final presentation by the GOI)
- For other establishments (other than CPSEs and State PSUs) EPF contribution for Employer and employee share will be reduced to 10% instead of 12% for 3 months- which will increase take home for employees. (expected to benefit 4.3 cr employees of 6.5 lakh establishments–with liquidity of Rs. 6750 cr)

NBFCs/HFCs/MFIs

- GOI will launch Rs.30000 cr special liquidity scheme where investment in both primary and secondary market transactions in investment grade paper of NBFC/HFC/MFI- securities will be promoted- this will increase liquidity for the NBFC/ HFC/MFI holding investment grade
- Another 45000 cr partial credit Guarantee scheme for NBFC/HFC/MFI with low / unrated paper – here it is expect to generate liquidity of Rs.45000 cr for these NFBC/HFC/MFI – GOI will bear first 20% loss in case of default

DISCOMs

- PFC/REC to infuse liquidity of Rs.90000 cr to DISCOMs against receivables
- Loans to be given against state guarantees for exclusive purpose of discharging liabilities of Discoms to Gencos
- Central Public sector generation companies to give rebate to Discoms which have to be passed on to final consumers/ industries

Contractors

- Extension **upto 6 months** (without cost to Contractors) to be provided by all central agencies like Railways, Road transport, Highways, CPWD etc
 - Cover construction of work and goods and service contracts
 - Covers obligations like completion of work, intermediate milestones and extension of concession period in PPP Contracts
- Govt agencies to release pro rata bank guarantees – pro rated to completed work- this will ease liquidity for the contractors

Real estate

- Treating Covid-19 as Force majeure under RERA
- Extend registration and completion date suo moto by 6 months for all registered projects expiring on or after 25th March 2020 without individual applications
- Regulatory authorities may extend this further by period of 3 months
- Issue fresh project registration certificates automatically with revised timelines

Issues

- The portion of announcement for the MSME seems to be a step in right direction- however the following needs to be clarified
 - MSME definition- the title says composite definition while the FM speech was either or- so if MSME has investment less than Rs.20 cr but if turnover is more than Rs. 100 cr- whether it will be eligible as MSME or not is not clear
 - The definition of Investment in the chart of MSME definition is not provided
 - For the benefits announced in this scheme- it is not clear on whether new definition will apply- because the notification for the changes are yet to happen and then the units may have to reassess based on new criteria.
 - During the speech it was mentioned that MSME did not want to expand as they risked the loss of benefits available to them as MSME and that risk was being eliminated by the new scheme. The new scheme is not yet available to identify how MSME will continue to remain MSME and will continue to get benefits of MSME even after it grows and expands its size.
- As regards PF relief for other establishments- where the intended benefit of Rs.6750 cr is calculated- this may not be realised as in most of the private establishment PF is part of CTC – so if PF is reduced from 12% to 10%- the employer will have to compensate through other means

Summary

(GOI/Bank outgo Vs. Liquidity Vs Fiscal pressure) Rs. cr

Measure	Expected outlay by GOI/ Banks for release of liquidity	Expected Liquidity in system	GOI burden/ Fiscal deficit
Collateral free loan	300000	300000	0
Subordinate debt	20000	20000	0
Equity MSME	10000	50000	10000
Definition of MSME	-	-	
Release of MSME dues	NA	NA	0
PF relief	2800	9550	0
NBFC etc	39000	75000	4000
Discoms	90000	90000	0
Tax related	-	50000	0
Refund to be released	NA	NA	0
Total	461800	594550	14000

Liquidity for MSME and businesses

- Earlier on 27th March 2020- RBI had provided with additional Emergency credit line for Covid related- in pursuance to that PSU banks had come out with various Covid related Emergency line of credit. At that time the margin and other stipulations for the working capital facilities were available to be reconsidered. However it was not collateral free.
- The announcement made on 13th May 2020 – is a collateral free- and– may be taken as additional line of credit- subject to any adverse clarification. The earlier line of credit was linked to fund based working capital- while this time the eligibility is linked to outstanding total credit on 29.2.2020- so there is difference in eligibility norms.
- The scheme announced on 27th March 2020 provided additional credit for the Standard accounts- while subsequently in the Atmanirbhar package, the stressed MSME accounts were also provided the additional credit
- We will have to wait for individual bank schemes in lieu of the above, however each client may write to its respective lender to refer to the announcement made today and request for the details of the scheme under which it can apply.

Atmabirbhar -2



14th May 2020

Farmers, street vendors, Migrant workers

Atmanirbhar -2

Package Rs.Cr	Particulars	Details
3,500	Free Food to Migrants	Free food grains supply to all migrants for the next 2 months - Migrants who are non-ration card holders (neither NFSA nor state card) will be provided 5 kg of wheat or rice per person and 1 kg of chana per family per month for the next 2 months. This is expected to benefit 8 crore migrants. The government will spend Rs 3,500 crs for this in the next 2 months while the responsibility of the implementation, identification and distribution will be with the states.

Atmanirbhar -2

Package Rs.Cr	Particulars	Details
	Migrants	National Portability of the Ration Cards – One Nation, One Ration Card: This scheme will enable migrant beneficiary to access public distribution system from any fair price shop in the country. 67 cr beneficiaries (83% of the PDS population) in 23 states will be covered by August 2020 while the balance will be covered by March 2021.

Atmanirbhar -2

Package Rs.Cr	Particulars	Details
	Migrants	<p>Affordable Rental Housing Complex for migrant workers: A scheme under the PMAY for migrant and urban poor will be launched to provide ease of living at affordable rents. This will be done by 3 ways:</p> <ul style="list-style-type: none">• converting government funded housing in the cities into Affordable Rental Housing Complexes• Incentivising manufacturing units/ industries to develop affordable rental housing complex on their private land• incentivising state government agencies/ central government organisations for the same

Atmanirbhar -2

Package Rs.Cr	Particulars	Details
1,500	Interest Subvention on Mudra Loans	The Government will provide an interest subvention scheme of 2% for prompt payees for a period of 12 months after the 3 month moratorium period (extended by the RBI) is over. This will provide a relief of Rs 1,500 crs to the Mudra-Shishu loanees

Atmanirbhar -2

Package Rs.Cr	Particulars	Details
5,000	Credit line for street vendors	The Government will launch a special within a month to facilitate working capital loan facility of around Rs 5,000 crs. The initial working capital of Rs 10,000/- per street vendor will be provided. This will benefit around 50 lakh street vendors.

Atmanirbhar -2

Package Rs.Cr	Particulars	Details
70,000	Credit linked subsidy scheme for housing	The credit linked subsidy scheme for the middle income group (Rs 6 lakhs – Rs 18 lakhs) is to be extended till March 31, 2021 and this is likely to benefit 2.5 middle income families during FY21. This will lead to an investment of Rs 70,000 crs in the housing sector. The adding of this investment of Rs.70,000 cr to stimulus package seems to be through error.

Atmanirbhar -2

Package Rs.Cr	Particulars	Details
30,000	Farmers Refinance via NABARD	NABARD will extend additional refinancing support of Rs 30,000 crs (over the current Rs 90,000 crs) to the farmers. This will benefit around 3 crore farmers

Atmanirbhar -2

Package Rs.Cr	Particulars	Details
2,00,000	Kisan Credit card	There will be a special drive to provide Rs 2 lakh crs of concessional credit to PM-KISAN beneficiaries through Kisan Credit Cards. This will also include fishermen and animal husbandry farmers and will benefit 2.5 crore families

Atmanirbhar -2

Package Rs.Cr	Particulars	Details
6,000	CAMPA Funds	(Compensatory Afforestation Management and Planning Authority) funds to be utilised for employment generation: The government will approve plans worth Rs 6,000 crs which will help the state to utilise funds for various activities like afforestation and plantation work. This in turn will help in job creation in urban, semi-urban and rural areas. The utilization of Rs.6000 cr does not seem to be part of the Stimulus package as in the summary presentation this amount has not been added in the Stimulus package.

Summary – Atmanirbhar 2

(GOI/Bank outgo Vs. Liquidity Vs Fiscal pressure) Rs. cr

Slide	Expected outlay by GOI/ Banks for release of liquidity	Expected Liquidity in system	GOI burden/ Fiscal deficit
Free food to migrants	3,500	3,500	3,500
Interest subvention on Mudra loans	1,500	1,500	1,500
Credit line to street vendors	5,000	5,000	0
Credit linked subsidy scheme Rs. 70000 cr is expected new investment in housing	NA	NA	NA
Farmers refinance via NABARD	30,000	30,000	0
Kisan Credit Card	2,00,000	2,00,000	0
CAMPA Funds- Rs.6000 cr stated	0	0	0
Total	2,40,000	2,40,000	5,000



Atmabirbhar -3

15th May 2020

Agriculture and related

Atmanirbhar -3

Package Rs.Cr	Particulars	Details
1,00,000	Agriculture Infrastructure fund	This infrastructure fund will provide funding for agriculture infrastructure projects at farm gate and aggregation points (for primary agriculture cooperative societies, farmer producer organisations, agriculture entrepreneurs) which will provide impetus for post harvesting management. The government plans to create this fund immediately.

Atmanirbhar -3

Package Rs.Cr	Particulars	Details
10,000	Micro food enterprises	The government plans to launch a scheme to formalise a market for existing micro food enterprises, farmer producer organisations and self-help groups via a cluster based approach. Under this approach, states having advantages in production of specific commodities will be promoted. This is likely to benefit 2 lakh micro size food enterprises.

Atmanirbhar -3

Package Rs.Cr	Particulars	Details
20,000	Fisheries	The government will launch the PMMSY for integrated, sustainable and inclusive development of marine and inland fisheries. Out of the total, Rs 11,000 crs will be spent on activities in marine, inland fisheries and aquaculture while Rs 9,000 crs for infrastructure (like fishing harbours and cold chains). This will lead to additional 70 lakh tonnes of fish production over 5 years, generate employment of 55 lakhs and increase exports to Rs 1 lakh crs

Atmanirbhar -3

Package Rs.Cr	Particulars	Details
13,343	National Animal Disease control programme	The government has launched this program with an outlay of Rs 13,343 crs to ensure 100% vaccination of various livestock for foot and mouth disease. This amount seems to be spent from the budgetary allocation already provided and hence not part of the overall additional expenditure and hence the Stimulus package.

Atmanirbhar -3

Package Rs.Cr	Particulars	Details
15,000	Animal Dairy infrastructure fund	The government plans to set up an animal husbandry infrastructure development fund which aims to support private investment in dairy processing, value addition and cattle feed infrastructure.

Atmanirbhar -3

Package Rs.Cr	Particulars	Details
4,000	Herbal Cultivation	The government plans to set up an animal husbandry infrastructure development fund which aims to support private investment in dairy processing, value addition and cattle feed infrastructure.
500	Beekeeping	focus on beekeeping activities which is likely to benefit 2 lakh beekeepers. The focus of the scheme will include: 1) Infrastructure Development 2) Implementation of standards 3)Capacity building 4) Development of quality nucleus and bee breeders.
500	Operation Green	Subsidy will be provided to the farmers pertaining to all fruits and vegetables as against the current scenario of subsidies for only tomatoes , onion and potato. This is a pilot scheme for 6 months and will be expanded and extended. The scheme includes: 1) 50% subsidy on transportation from surplus to deficient markets 2) 50% subsidy on storage (including cold storages)

Atmanirbhar 3

- Amendment to Essential Commodities Act – With an aim to enable better price realisation, the government plans to amend the Essential Commodities Act by deregulating a few agriculture stuffs which include cereals, edible oils, oilseeds, pulses, onions and potato. This means that only under exceptional circumstances, stock limits will be imposed on the producers of these commodities.
- Agriculture Marketing Reforms: A Central Law is being proposed to provide 1)adequate choices to farmers 2)barrier free inter state trade 3) framework for e-trading
- Agriculture produce price and quality assurance – There will be a facilitative legal framework created which will enable farmers for engaging with processors, aggregators and large retailers for assured returns and quality standardisation.

Summary- Atmanirbhar 3 (GOI/Bank outgo Vs. Liquidity Vs Fiscal pressure) Rs. cr

Slide	Expected outlay by GOI/ Banks for release of liquidity	Expected Liquidity in system	GOI burden/ Fiscal deficit
Agriculture Infrastructure fund	1,00,000	1,00,000	1,00,000
Micro food enterprise	10,000	10,000	10,000
Fisheries	20,000	20,000	20,000 (expected over 5 years)
National Animal Disease Control Rs. 13,343 cr	0	0	0
Animal Dairy Infrastructure	15,000	15,000	15,000
Herbal+bee+Operation green	5,000	5,000	5,000
Total	1,50,000	1,50,000	1,50,000

Most of the outlay is in the nature of fund and infrastructure- where the direct benefit/ liquidity is not expected to be available to individual beneficiary. Besides the duration of spending of fund is not provided.



Atmanirbhar -4

16th May 2020

Structural reforms on various sectors

Coal sector

A. Introduction of Commercial mining

- Introduction of competition transparency and private sector participation through Revenue sharing mechanism instead of regime of fixed rupee per tonne under which any party can bid for coal block and sell in the open market.
- Entry forms will be liberalized with nearly 50 blocks to be offered for bidding immediately only through upfront payment with a ceiling with no eligibility condition
- Exploration cum production regime for auctioning partially explored blocks and private sector will be allowed to participate in exploration
- Incentivize production earlier than scheduled through rebate in revenue share

B. Diversified Opportunities

- Coal gasification/ liquidation will be incentivized through rebate
- Infrastructure development of Rs. 50,000 crore for evacuation of enhanced CIL's target of 1 billion tons coal production by 2023-24
- Includes Rs. 18,000 crore worth investment in mechanized transfer of coal from mines to railway sidings

C. Liberalized regime in coal sector

- Coal bed methane extraction rights will be auctioned
- For Ease of doing business, Mining Plan simplification will be undertaken
- Concession in commercial terms to CIL's consumers. Relief worth Rs. 5,000 crore offered, reserve price in auctions for non-power consumers reduced, credit terms eased and lifting production period has been enhanced.

Minerals

- Introduction of seamless composite exploration cum mining cum production regime
- 500 mining blocks would be offered through auctions
- Introduction of Joint auction of Bauxite and Coal mineral blocks to enhance aluminum industry's competitiveness
- Remove distinction between captive and non-captive mines
- Development of mineral index for different minerals
- Rationalization of stamp duty payable

Defence Production

- For make in India for self-reliance in defense production a list of weapons/platforms will be notified for banning imports with year wise timelines
- Indigenization of imported spares
- Separate budget provisioning for domestic capital procurement
- Corporatization of Ordnance Factory Board to improve autonomy accountability and efficiency in ordnance supplies.
- **FDI limits raised from 49% to 74%**
- Time bound defense procurement process- Setting up of Project Management Unit, realistic setting of general staff qualitative requirements of weapons and platforms, and overhauling trial and testing procedures.

Civil Aviation

A. Efficient Airspace management for civil aviation

- Restriction on utilization of the Indian Air Space will be eased from current 60% -Total benefit of Rs. 1,000 crore per year for aviation sector

B. Airports through PPP

- For operation and maintenance 3 airports out of 6 bid are awarded on PPP basis
- AAI will get down payments of Rs. 2,300 crore
- Bidding Round 2 – 6 more airports identified and bidding process will commence immediately. Under 3rd round another 6 airports will be bid.
- Additional investment by private players in 12 airports expected at Rs. 13,000 crore

C. Maintenance, Repair and Overhaul (MRO) Hub

- Tax regime for MRO ecosystem has been rationalized.
- Aircraft component repairs and airframe maintenance to increase from Rs. 800 cr to Rs. 2,000 crore in 3 years
- Convergence between defense sector and the civil MROs will be established

Discoms in UTs

- Tariff policy will be introduced
 - Consumer rights – standards of service and associated penalties for DISCOMs, Load shedding will be penalized
 - Promote industry – cross subsidies will be reduced progressively, time bound grant of open access, competitive selection of generation and transmission projects
 - Sustainability of sector: no regulatory assets, timely repayment of Gencos, DBT for subsidy, smart prepaid meters
- DISCOMs in UTs will be privatized

Space

- Private sector participation will be encouraged in space sector
- Provide level playing field for private companies in satellites, launches, and space based services
- Private players will be provided predictable policy and regulatory environment.
- Private sector will be allowed to use ISRO facilities and other relevant assets
- Future projects of planetary exploration, outer space travel to be open for private sector
- Introduce liberal geo-spatial data policy for provisioning remote sensing data to tech entrepreneurs

Atomic Energy

- Establishing research reactor in PPP mode for production of medical isotopes for cancer and other diseases treatment
- Establishing facilities for food preservation using irradiation technology in PPP mode
- Setting up Technology Development cum Incubation centers

Social Infrastructure Projects under Viability Gap Funding (VGF)

- Enhance quantum of viability gap funding up to 30% of each of total project cost by centre and state/statutory bodies
- For other sectors it will continue at 20% each from GoI and state/statutory bodies
- Total outlay of Rs. 8,100 crore

Impact analysis

- **Coal sector** may get a boost as private sector can now bid at the auctions for 50 blocks.
- Imports may reduce in future
- Prices become more market oriented and supplies increase.
- Investment should increase.
- Government spending of Rs 50,000 for evacuation for coal will be over 3-5 years and will not be immediate and in any case the same would be part of the PPP projects and hence the outlay would not be on Govt a/c
- **Mining** gets a boost because now for 500 mining blocks there is an end-to-end solution for companies. Investment should increase here too.
- FDI in **Defence** increased but imports to be curbed. Companies manufacturing these products will benefit in both ways – get FDI and also have demand. Self-reliance will increase.
- Lot of opportunities for Investment into these sectors

Summary- Atmanirbhar 4 (GOI/Bank outgo Vs. Liquidity Vs Fiscal pressure) Rs. cr

Slide	Expected outlay by GOI/ Banks for release of liquidity	Expected Liquidity in system	GOI burden/ Fiscal deficit
Coal Evacuation Infrastructure	50,000	50,000	0
Civil Aviation Spending on MRO	2,000 (over 3 years)	2,000 (over 3 years)	0
Viability gap funding	8,100	8,100	Not clear if 8100 is VGF or total outlay on projects
Down Payment to AAI	2,300	2,300	0
Total	62,400	62,400	8,100

Most of the outlay is in the nature of fund and infrastructure- where the direct benefit/ liquidity is not expected to be available to individual beneficiary. Besides the duration of spending of fund is not provided and is expected to be over a period of 3 to 5 years

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) and powers of RD for compounding enhanced (58 sections to be dealt with under IAM as compared to 18 earlier).
- 7 compoundable offences altogether dropped and 5 to be dealt with under alternative framework

A field of black umbrellas with one yellow umbrella in the foreground. The text is overlaid on the scene.

Atmanirbhar -5

17th May 2020

Structural reforms on various sectors

MGNREGS

- Government will now allocate an additional Rs 40,000 crore under MGNREGS
- Will help generate nearly 300 crore person days in total
- Address need for more work including returning migrant workers in Monsoon season as well
- Creation of larger number of durable and livelihood assets including water conservation assets
- Will boost the rural economy through higher production.

Health & Education

- **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

Health & Education

- PM eVIDYA- A programme for multi-mode access to digital/online education to be launched immediately; consisting of:
- DIKSHA for school education in states/UTs: e-content and QR coded Energized Textbooks for all grades (one nation, one digital platform)
- 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: integrated with global and 21st century skill requirements
- 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

IBC related- further 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 Central Government to exclude COVID 19 related debt from the definition of “default” under the Code for the purpose of triggering insolvency proceedings.

Ease of doing business

- 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 NCLAT
 - Lower penalties for all defaults for Small Companies, One-person Companies, Producer Companies & Start Ups

Public Sector - policy changes

- 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 (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

Support to State Government

- **Fiscal deficit limit of state has been increased from 3% to 5% of GSDP only for FY21 subject to reforms. This will provide extra resources of Rs. 4.28 lakh crore to the States. •**
- **Borrowings will be partly linked to specific reforms categorized in 4 reforms –**
 1. One Nation One Ration Card, 2. Ease of doing business, 3. Power Distribution and 4. Urban Local body revenues
 - Ensure sustainability of additional debt -Promote welfare of migrants and reduce leakage in food distribution-
Increase in job creation through investment -Safeguard interest of farmers -Promote urban development, health and sanitation •
- **Steps to Increase of GSDP**
- Increase of 0.5% from 3% to 3.5% of GSDP
- From 3.5% up to 4.5% will be released in 4 tranches of 0.25% each which will be linked to measurable and feasible reform actions
- Remaining 0.5% will be allowed only after achieving 3 out of 4 above mentioned reforms.

Summary- Atmanirbhar 5 (GOI/Bank outgo Vs. Liquidity Vs Fiscal pressure) Rs. cr

Slide	Expected outlay by GOI/ Banks for release of liquidity	Expected Liquidity in system	GOI burden/ Fiscal deficit
MGNREGS	40,000	40,000	40,000
Total	40,000	40,000	40,000

Summary- 20 lakh cr (GOI/Bank outgo Vs. Liquidity Vs Fiscal pressure) Rs. cr

Announcements category	Announcement	Expected outlay by GOI/ Banks for release of liquidity	Expected Liquidity in system	GOI burden/ Fiscal deficit
PMGKY-1+ Medical+Tax	1,92,800	1,92,800	1,92,800	1,92,800
RBI measures	8,01,603	8,01,603	8,01,603	0
Atmanirbhar 1	5,94,550	4,61,800	5,94,550	14,000
Atmanirbhar 2 (Initially Rs.3,16,000 cr announced)	3,10,000	2,40,000	2,40,000	11,000
Atmanirbhar 3 (initial Rs.1,63,343 cr announced)	1,50,000	1,50,000	1,50,000	1,50,000**
Atmanirbhar 4 (initial Rs.62,400 cr announced)	8,100	8,100	8,100	8,100**
Atmanirbhar 5 (to be announced)	40,000	40,000	40,000	40,000
Total	20,97,053	18,94,303	20,27,053	4,15,900

** Note: Most of the outlay is in the nature of fund and infrastructure- where the direct benefit/ liquidity is not expected to be available to individual beneficiary. Besides the duration of spending of fund is not provided and is expected to be over a period of 3 to 5 years

Analysis of Package

- The RBI release of liquidity in the system of Rs. 8,01,603 cr is double counting as the said liquidity is available to the Banks/ NBFC for onward lending
- Majority of Stimulus package is by way of release of credit – repayable with interest
- The sectoral investments and investment in fund(s)- may have impact spread across 1 to 3 to 5 years
- The intentions seem to be providing stimulus by providing money in the system to promote consumption and investment spending
- Some sectoral changes and shift in policy of PSUs and other announcements made during press release of Atmanirbhar 3,4 and 5 are significant and are not just stimulus – but are a path breaking policy statements.

Impact and objectives of the changes

- Covid-19 is a huge Pandemic and has already adversely affected the Economy and life of people world wide. The announcement and changes in various legislations are made with the following objectives:
 - Allow business to focus on Resumption of business
 - Reduce the burden of compliance/ postpone the burden of compliance
 - Help small businesses to stay afloat without having pressure of IBC cases
 - Banking relief and moratorium to avoid the possible NPA
 - Provide cheaper funds for working capital requirements to resume the operations
 - Invest into critical sectors of economy to push expenditure and consumption spending

**New
Avenues
large to
very large
investment
options**



Coal Sector-



Mining Sector



Defence



Privatisation of
PSU-

Open issues

- **MSME definition:**

- Whether old definition or new definition will be applicable for the eligibility of the benefits under this package? Incidentally the new definition is not yet notified under the statute.
- Turnover definition was stated to be alternate- but the presentation makes it conjunction and hence it becomes restrictive condition.
- The Investment definition seems to be different from the Plant and Machinery hither to defined. Presently only identified plant and machineries are counted for calculating the limit of investment in Plant and Machinery- the same criteria should continue. If the definition is changed and if Investments will include other Plant and machineries, Utilities, Building etc, then many units will become ineligible as MSME
- If presently an MSME has turnover of more than Rs.100 cr- it should not become ineligible due to the new additional criteria of turnover added to the definition.
- Once the unit grows beyond the MSME criteria- then there should be clarity of availability of the MSME benefits for atleast say next 5 years.

Open issues

- As on 17th May 2020 the Country wide lock down is extended till 31st May 2020 and hence there is need to extend the moratorium which was earlier allowed till 31st May 2020 to be extended for further 3 months minimum – till 31st August, 2020
- Presently there is no clarity on the applicability of moratorium to the LC devolved and / or BG invoked after 29th Feb 2020- hence there is need to add that too the limits required to be under moratorium atleast till 31st August 2020
- The moratorium and extension should be without cost- there should not be any penal interest or interest on interest.

Thank you

