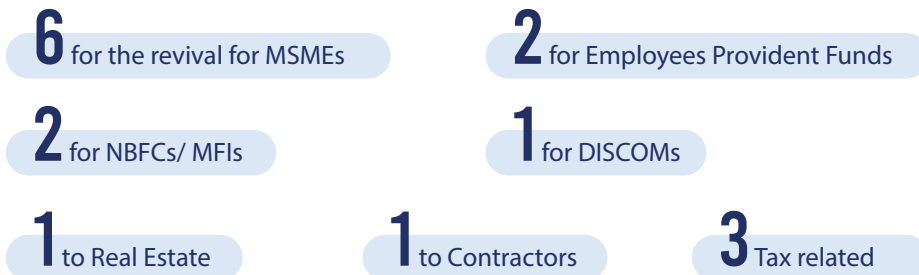


**KEY TAKEAWAYS OF
MEGA STIMULUS PACKAGE**



Finance Minister Nirmala Sitharaman unveiled the details of first tranche of 20 Lakh Crore Relief package aimed for uplifting the economy battered due to lockdown to combat the spread of the COVID-19. The key measures to uplift the economy has been provided to various sectors.



FOR MSMEs

• Existing and Revised Definition of MSMEs

Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Manufacturing Enterprises	Investment < Rs. 25 Lacs	Investment < Rs. 5 cr.	Investment < Rs. 10 cr.
Service Enterprises	Investment < Rs. 10 Lacs	Investment < Rs. 2 cr.	Investment < Rs. 2 cr.

Revised MSME Classification			
Criteria : Investment And Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment < Rs. 1 cr. And Turnover < Rs. 5 cr	Investment < Rs. 10 cr. And Turnover < Rs. 50 cr	Investment < Rs. 20 cr. And Turnover < Rs. 100 cr



• **COLLATERAL – FREE AUTOMATIC LOANS WORTH \$40B TO BOOST LIQUIDITY**

- To meet the operational liabilities built up, to buy raw material and restart business Emergency Credit Line to business/MSMEs will be provided from Bank and NBFC for up to 20% of the entire outstanding credit as on 29.02.2020.
- Borrowers with up to Rs. 25 crore outstanding and Rs.100 crore turnover eligible.
- Loan to have 4 year tenor with moratorium of 12 months on Principal repayment
- Interest to be capped
- 100% guarantee cover to banks and NBFCs on principal and interest
- Scheme can be availed till 31st Oct 2020 with no guarantee fee and no fresh collateral.

• **SUBORDINATE DEBT TO STRESSED MSMEs**

- Government of India will facilitate provision of Rs. 20,000 Cr as subordinate debt to MSMEs (Including those which are NPA or are stressed)
- Promoters of MSME will be given debt by banks, which will be then infused as capital by the promoter.
- Government will provide a support of Rs. 4000 Cr to CGTMSE which then will provide partial Credit support to banks.

• **EQUITY INFUSION**

- To encourage MSMEs to get listed on Stock Exchange Fund of Funds with Corpus of Rs.10,000 Cr will be set up.
- FoF will be operated through Mother Fund and few daughter Funds which will help leverage Rs. 50,000 Cr of funds at daughter level funds.
- Equity Funding will be provided for MSMEs with growth and potential viability.

• **GLOBAL TENDERS TO BE DISALLOWED**

- A step towards Self – Reliant India and to support Make in India, global tenders will be disallowed in Government procurement tender for up to Rs. 200 cr.

• **E MARKET LINKAGES**

- A step to eliminate trade problems of marketing and liquidity due to COVID 19 e market linkage for MSMEs is to be promoted which will replace trade fairs and exhibitions



FOR EMPLOYEES PROVIDENT FUND

• EPF SUPPORT FOR BUSINESS & WORKERS OF RS. 2500 CRORES

- Under Pradhan Mantri Garib Kalyan Package payment of 12% of employer and 12% employee contributions made into EPF provided for the month of March, April and May 2020 will now be extended by 3 salary months of June, July and August 2020.

• EPF CONTRIBUTION REDUCED

- In order to provide more take home salary and to give relief to employers in payment of Provident Fund, statutory PF Contribution of both employer and employee will be reduced to 10% each from existing 12% each for all establishments covered by EPFO for next 3 months.
- This scheme will be applicable for workers who are not eligible for 24% EPF support under Pradhan Mantri Garib Kalyan Package and its extensions.
- This will provide liquidity of Rs. 6750 Crore by benefitting 6.5 Lakh establishments and 4.3 crore employees for 3 months.

FOR NBFCs/HFCs/MFIs

• SPECIAL LIQUIDITY SCHEME FOR NBFCs/HFCs/MFIs

- Investment of Rs.30000 crore under Special Liquidity Scheme will be made in both primary and secondary market transactions in Investment grade debt paper of NBFCs/HFCs/MFIs.
- Securities will be fully guaranteed by Government of India and will provide support to raise money in the debt markets.

• PARTIAL CREDIT GUARANTEE SCHEME 2.0

- Existing Partial Credit Guarantee Scheme to be extended to cover borrowings such as primary issuance of Bonds/ CPs of such entities.
- First 20% of loss will be borne by the Guarantor i.e., Government of India.
- This scheme will result in liquidity of Rs.45,000 cores.



FOR DISCOMs

• **Rs. 90,000 CR. LIQUIDITY INJECTION FOR DISCOMs**

- Power Finance Corporation/ Rural Electrification Corporation to infuse liquidity of Rs. 90,000 cores to Power Distribution Companies against receivables.
- Loans will be given against State guarantee for exclusive purpose of discharging liabilities to Power Generation and Transmission Companies.

FOR CONTRACTORS

• **RELIEF TO CONTRACTORS**

- Extension of up to 6 months (without cost to contractors) to be provided by all Central Agencies. It covers construction/works and goods and services contracts. It also cover obligations like completion of work, intermediate milestones, extension of concession period of PPP contracts.

FOR REAL ESTATE

• **RELIEF UNDER RERA**

- Ministry of Housing and Urban Affairs will advise States/ UTs and their Regulatory Authorities to the following effect
- Treat COVID – 19 as an event of “Force Majeure” under RERA
- Extend the registration and completion date suo moto by 6 months for registered projects expiring on or after 25th March 2020 without individual applications. (Will be extended by another 3 months, if needed)
- Issue fresh ‘Project Registration Certificates’ automatically with revised timelines.
- Extend timelines for Statutory Compliances under RERA.



RELIEF UNDER INCOME TAX

• TDS/TCS RATE REDUCTION

- Tax Deduction at Source (TDS) for non-salaried specified payments made to residents and rates of Tax Collection at source (TCS) for the specified receipts shall be reduced by 25% of the existing rates and will be applicable from tomorrow i.e 14th May 2020.
- Payment for contract, professional fees, interest, rent, dividend, commission, brokerage etc. shall be eligible for this reduced rate of TDS.

• OTHER DIRECT TAX MEASURES

- All pending refunds to charitable trusts and non- corporate business & professions including proprietorship, partnership, LLP and Co-operatives shall be issue immediately. It is presumed that the refunds to be issued will be without adjustments against outstanding tax demands as envisaged under section 245 of the Income Tax Act 1961.
- Due date of all income tax return for FY 2019-20 has been extended from 31st July 2020 and 31st October 2020 to 30th November 2020.
- Tax Audit due date has been extended from 30th September 2020 to 31st October 2020.
- Date of assessments getting barred on 30th September 2020 extended to 31st December 2020 and those getting barred on 31st March 2021 extended to 30th September 2021.
- Due date of Vivad se Vishwas Scheme for making payment without additional amount will be extended to 31st December 2020.



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