

Atmanirbhar Bharat - A Snapshot of Economic Packages & Reforms so far

Taxation:

- 1) Due date of all Income Tax Returns for assessment year 2020-21 is extended to 30th November 2020, and due date for tax audit is extended from 30th September 2020 to 31st October, 2020.
- 2) In order to provide more funds at the disposal of taxpayers, the rates of Tax Deduction at Source (“**TDS**”) for non-salaried specified payments made to the residents and rates of Tax Collection at Source (“**TCS**”) for the specified receipts is reduced by 25% of the existing rates. This reduction will be applicable for the remaining part of the FY 2020-21 i.e. from 14th May 2020 to 31st March 2021.

Real Estate & Infrastructure:

- 1) Ministry of Housing and Urban Affairs will issue advisories to states/UTs and their Regulatory Authorities to the following effect:
 - (a) Under RERA, COVID-19 should be treated as a ‘Force Majeure’ event;
 - (b) Extend the registration and completion date suo-moto by 6 (six) months for all registered projects expiring on or after 25th March 2020 without individual applications. Regulatory authority may extend this for a further period of 3 (three) months, if required; and
 - (c) Extend the timelines for various statutory compliances under RERA concurrently.
- 2) As a relief to the contractors, extension of up to 6 (six) months (without costs to the contractor) is provided by all central agencies for completion of contractual obligations including in respect of EPC and concession agreements.
- 3) With a view to encourage the Indian entities to participate and to boost the manufacturing, General Financial Rules (GFR) of the Govt. will be amended and global tender enquiries by foreign companies in relation to procurement of Goods and Services of value upto INR 200 crores will not be allowed.

Micro, Small, and Medium Enterprises (“MSMEs”):

- 1) **Collateral-free Automatic Loans for Businesses including MSMEs**
Businesses including MSMEs having an outstanding debt of up to INR 25 crores and a turnover of INR 100 crores, will be extended an emergency credit line in the form of term loans from banks and Non-Banking Financial Companies (“**NBFCs**”), for an amount up to 20% of its entire outstanding credit (as on 29th February 2020). Any loan availed under this scheme shall have a tenor of 4 years (with a moratorium of 12 months on principal repayment) and the Govt. of India shall guarantee 100% of the principal and interest amount of such loan. This scheme will be valid till 31st October 2020.

2) **Subordinate Debt for stressed MSMEs**

All functioning MSMEs which are non-performing or stressed will be eligible to avail a subordinate debt. INR 20,000 crores have been allocated for this purpose, of which INR 4,000 crores will be provided to Credit Guarantee Fund Trust for MSMEs for providing partial credit guarantee support to banks. Such guarantee shall be provided for loans availed by promoters of such MSMEs to be infused as equity in the said MSMEs. Such loans will be equivalent to 15% of the value of the existing stake of the promoter in the unit or INR 75 lakhs, whichever is lower.

3) **New Definition of MSMEs**

The new definition of MSMEs takes into consideration the turnover of the MSMEs, which was absent under the earlier definition. Further, the distinction between manufacturing and service sector has been done away with. As per the new definition:

- (a) Micro units are enterprises having investment of less than INR 1 crore and turnover of less than INR 5 crores;
- (b) Small units are enterprises having investment of less than INR 10 crores and turnover of less than INR 50 crores; and
- (c) Medium units are enterprises having investment of less than INR 20 crores and turnover of less than INR 100 crores.

4) **Employers and Employees**

To provide a relief to employers and employees, the statutory requirement of provident fund contribution of employer and employee is reduced to 10% from existing 12% for all establishments covered under EPFO for the next 3 (three) months.

Others:

- 1) In order to provide liquidity support, a scheme (with a total allocation of INR 30,000 crores) for investment in both primary and secondary market transactions in investment grade debt paper of NBFCs, Housing Finance Companies (“**HFCs**”) and Micro Finance Institutions (“**MFIs**”) has been announced. Such securities will be fully guaranteed by the Government of India.
- 2) The existing partial credit guarantee scheme has been extended to cover borrowings such as primary issuance of bonds and commercial papers of NBFCs, HFCs and MFIs. With an allocation of INR 45,000 crores, the Government of India shall guarantee the first 20% of the losses in relation to such securities.
- 3) Relief for small businesses under MUDRA Scheme
The Govt. has also announced the following reliefs for small businesses under the MUDRA scheme:
 - (a) Relief of INR 1500 crores to MUDRA-Shishu loanees;
 - (b) Loan moratorium has already been granted by RBI; and
 - (c) Govt. of India will provide Interest subvention of 2% for prompt payees for a period of 12 months.

- 4) For middle income group (annual Income: INR 6-18 Lakhs), the Govt. will give an INR 70,000 crores boost to the housing sector through extension of Credit Linked Subsidy Scheme for Middle Income Group which is now extended to March 2021.

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