

## **STIMULUS PACKAGE**

**KEY HIGHLIGHTS OF 5<sup>th</sup> TRANCHE OF  
ECONOMIC STIMULUS ANNOUNCED  
BY FM ON 17.05.2020**



## Key Highlights of 5<sup>th</sup> Tranche of Economic Stimulus Measures Announced By The Government Of India (GoI) On 17<sup>th</sup> May 2020

The Union Finance Minister addressing the nation on 17<sup>th</sup> May 2020, announced the 5<sup>th</sup> 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
<b>Increase in allocation for MGNREGS to provide employment boost</b>	<ul style="list-style-type: none"> <li>• The GoI under its existing rural employment program under Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGS), allocated additional INR 40,000 crores.</li> <li>• This will address the need for creating jobs including for returning migrant workers in Monsoon season as well.</li> <li>• Will potentially boost the rural economy.</li> </ul>	INR 40,000 crores

### B. HEALTH REFORMS AND INITIATIVES

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

<p><b>Technology Driven Education with Equity post COVID</b></p>	<ul style="list-style-type: none"> <li>● PM eVIDYA - A programme for multi-mode access to digital/online education to be launched immediately.</li> <li>● Manodarpan - An initiative for psychosocial support of students, teachers and families for mental health and emotional wellbeing to be launched immediately.</li> <li>● New National Curriculum and Pedagogical framework for school, early childhood and teachers will be launched.</li> <li>● National Foundational Literacy and Numeracy Mission for ensuring every child attains Learning levels and outcomes in grade 5 by 2025.</li> </ul>	<p>—</p>
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**D. REFORMS FOR EASE OF DOING BUSINESS**

<p><b>IBC related measures</b></p>	<ul style="list-style-type: none"> <li>• Minimum threshold to initiate insolvency proceedings under Insolvency and bankruptcy code (IBC) raised to INR 1 crore (from INR 1 lakh, which largely insulates MSMEs).</li> <li>• 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.</li> <li>• Empowering Central Government to exclude COVID 19 related debt from the definition of “default” under the IBC for the purpose of triggering insolvency proceedings.</li> </ul>	<p>—</p>
<p><b>Decriminalisation of Companies Act defaults</b></p>	<ul style="list-style-type: none"> <li>• Decriminalisation of Companies Act violations involving minor technical and procedural defaults.</li> <li>• 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.</li> <li>• 7 compoundable offences removed and 5 offences to be dealt with under alternative framework.</li> </ul>	<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><b>Public Sector Enterprise Policy for a New, Self-reliant India</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Accordingly, government will announce a new policy whereby:             <ul style="list-style-type: none"> <li>○ List of strategic sectors requiring presence of PSEs in public interest will be notified.</li> <li>○ In strategic sectors, at least one enterprise will remain in the public sector but private sector will also be allowed.</li> <li>○ In other sectors, PSEs will be privatized (timing to be based on feasibility etc.).</li> <li>○ 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.</li> </ul> </li> </ul>	<p>—</p>
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**F. REFORMS FOR STATE**

<p><b>Supporting State Governments and promoting state level reforms</b></p>	<ul style="list-style-type: none"> <li>• 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 lakh crores.</li> <li>• Borrowing will be linked to specific reforms to ensure promotion of welfare of migrants, increased job creation through investment, promotion of urban development etc.</li> <li>• 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.</li> </ul>	<p>—</p>
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**ECONOMIC STIMULUS PROVIDED BY GoI AT A GLANCE**

S.No	Measures	INR (Crores)
<b>STIMULUS FROM EARLIER MEASURES</b>		
1.	Revenue lost due to tax concessions since Mar 22nd 2020.	7,800
2.	Pradhan Mantri Garib Kalyan Package (PMGKP)	1,70,000
3.	PM's announcement for Health sector	15,000
<b>STIMULUS FROM TRANCHE 1</b>		
1.	Emergency W/C Facility for Businesses, incl MSMEs	3,00,000

2.	Subordinate Debt for Stressed MSMEs	20,000
3.	Fund of Funds for MSME	50,000
4.	EPF Support for Business & Workers	2,800
5.	Reduction in EPF rates	6,750
6.	Special liquidity Scheme for NBFC/HFC/MFIs	30,000
7.	Partial credit guarantee Scheme 2.0 for Liabilities of NBFCs/MFIs	45,000
8.	Liquidity Injection for DISCOMs	90,000
9.	Reduction in TDS/TCS rates	50,000
<b>STIMULUS FROM TRANCHE 2</b>		
1.	Free Food grain Supply to Stranded Migrant Workers for 2 months	3,500
2.	Interest Subvention for MUDRA Shishu Loans	1,500
3.	Special Credit Facility to Street Vendors	5,000
4.	Housing CLSS-MIG	70,000
5.	Additional Emergency Working Capital through NABARD	30,000
6.	Additional credit through KCC	2,00,000
<b>STIMULUS FROM TRANCHE 3</b>		
1.	Food Micro enterprises	10,000
2.	Pradhan Mantri Matsya Sampada Yojana	20,000
3.	TOP to TOTAL: Operation Greens	500



4.	Agri Infrastructure Fund	1,00,000
5.	Animal Husbandry Infrastructure Development Fund	15,000
6.	Promotion of Herbal Cultivation	4,000
7.	Beekeeping Initiative	500
<b>STIMULUS FROM TRANCHE 4 &amp; 5</b>		
1.	Viability Gap Funding	8,100
2.	Additional MGNREGS allocation	40,000

**OVERALL ECONOMIC STIMULUS PROVIDED BY ATMANIRBHAR BHARAT PACKAGE**

<b>S.No</b>	<b>Particulars</b>	<b>INR (Crores)</b>
1.	Part 1	5,94,550
2.	Part 2	3,10,000
3.	Part 3	1,50,000
4.	Part 4 & 5	48,100
	<b>Sub-total</b>	<b>11,02,650</b>
5.	Earlier Measures incl PMGKP	1,92,800
6.	RBI Measures	8,01,603
	<b>Sub-total</b>	<b>9,94,403</b>
<b>GRAND TOTAL</b>		<b>20,97,053</b>

*Source - Presentation of details of 5th Tranche announced by Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman on 17 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 17<sup>th</sup> May 2020:**

[Click Here](#)

**DISCLAIMER:**

*The information contained herein is in summary form based on Press release dated 17<sup>th</sup> May 2020. While the information is believed to be accurate to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of this information. Reader should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, invitation, advice or solicitation of any kind. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.*

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