

## **STIMULUS PACKAGE**

**KEY HIGHLIGHTS OF ATMANIRBHAR  
BHARAT PACKAGE 3.0 ANNOUNCED  
BY FM ON 12.11.2020**



## Key Highlights of Atmanirbhar Bharat Package 3.0

The Union Finance Minister addressing the nation on 12<sup>th</sup> November 2020, announced the Atmanirbhar Bharat Package 3.0. The size of the stimulus provided by the Govt, as part of the 12 announcements made under the said package amounts to INR 2.65 Trillion (USD 35.34 Billion)

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

### 1. LAUNCH OF ATMANIRBHAR BHARAT ROZGAR YOJANA TO BOOST EMPLOYMENT

Particulars	Measures of the Govt.	Impact
<p><b>Launch of “Atmanirbhar Bharat Rozgar Yojana”</b></p>	<ul style="list-style-type: none"> <li>• Scheme launched to incentivize creation of new employment opportunities during the COVID recovery phase.</li> <li>• Scheme to be operational till 30<sup>th</sup> June 2021.</li> <li>• Under the said scheme, Govt to provide subsidy for 2 years in respect of new eligible employees engaged on or after 01.10.2020 at following scale:               <ul style="list-style-type: none"> <li>○ <b>Establishments employing up to 1000 employees:</b> Employee’s contributions (12% of Wages) &amp; Employer’s contributions (12% of wages) totalling 24% of wages</li> <li>○ <b>Establishments employing more than 1000 employees:</b> Only Employee’s EPF contributions (12% of EPF wages)</li> </ul> </li> </ul>	<p><i>INR 60 Billion (USD 800 million)</i></p>

- Subsidy support to get credited upfront in Aadhaar seeded EPFO Account (UAN) of eligible new employee.
- New Eligible employees are defined as under:
  - Any new employee joining employment in EPFO registered establishments on monthly wages less than INR 15,000/-.
  - EPF members drawing monthly wage of less than INR 15,000/- who made exit from employment during COVID Pandemic from 01.03.2020 to 30.09.2020 and is employed on or after 01.10.2020
- Eligibility criteria of Establishments as under:
  - Establishments registered with EPFO if they add new employees compared to reference base of employees as in September, 2020 as under:
    - **minimum of 2 new** employees if reference base is 50 employees or less.
    - **minimum of 5 new** employees if reference base

	<p>is more than 50 employees.</p> <ul style="list-style-type: none"> <li>○ Establishments registering with EPFO after commencement of Scheme to get subsidy for all new employees.</li> </ul>	
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## 2. EMERGENCY CREDIT LINE GUARANTEE SCHEME

<p><b>Extension of existing Emergency Credit Line Guarantee Scheme (ECLGS 1.0)</b></p>	<ul style="list-style-type: none"> <li>● ECLGS 1.0 stands extended to 31 March 2021.</li> </ul>	—
<p><b>Launch of ECLGS 2.0</b></p>	<ul style="list-style-type: none"> <li>● ECLGS 2.0 to provide much needed relief to stressed sectors by helping entities sustain employment and meet liabilities. Will also benefit MSME sector which provides goods and services to eligible entities.</li> <li>● Scheme available till 31.3.2021</li> <li>● Tenor of additional credit under ECLGS 2.0 to be <b>5 years</b>, including <b>one year moratorium on principal repayment</b></li> <li>● 100% guaranteed collateral free additional credit at capped interest rates to:</li> </ul>	—

	<ul style="list-style-type: none"> <li>○ Entities in <b>26 stressed sectors</b> with credit outstanding of above <b>Rs. 50 crore and up to INR 500 Crore</b> as on 29.2.2020.</li> <li>○ Entities with outstanding up to INR 50 crore previously covered under existing Scheme.</li> <li>○ No upper ceiling on annual turnover.</li> <li>○ Entities to be up to 30 days past due (<b>SMA 0</b>) as on 29.2.2020.</li> <li>○ Additional credit up to <b>20% of outstanding</b> as on 29.02.2020.</li> </ul>	
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### **3. ATMANIRBHAR MANUFACTURING PRODUCTION LINKED INCENTIVES FOR 10 CHAMPION SECTORS**

<p><b>Atmanirbhar Manufacturing Production Linked Incentives</b></p>	<ul style="list-style-type: none"> <li>● Govt. has already approved PLI schemes for 3 sectors: <ul style="list-style-type: none"> <li>○ Mobile Manufacturing and specified electronics components;</li> <li>○ Critical Key Starting Materials (KSM), Drug intermediates and</li> </ul> </li> </ul>	<p><i>INR 1459.8 Billion (USD 19.46 billion)</i></p>
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	<p>Active Pharmaceuticals Ingredients (API)</p> <ul style="list-style-type: none"> <li>○ Manufacturing of Medical Devices</li> <li>● 10 more Champion Sectors (Advance Cell Chemistry Battery, Automobiles &amp; Auto Components, Telecom &amp; Networking Products, Textile Products etc.) will now be covered under the Production Linked Incentives Scheme to boost the competitiveness of domestic manufacturing.</li> <li>● This is expected to give a significant boost to Economic Growth and domestic employment.</li> </ul>	
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**4. ADDITIONAL ALLOCATION TO PM AWAAS YOJANA (PMAY)**

<p><b>PM Awaas Yojana (PMAY)</b></p>	<ul style="list-style-type: none"> <li>● INR 180 billion crores will be provided over the Budget Estimates for 2020-21 for PMAY through additional allocation and Extra Budgetary Resources.</li> <li>● This is over and above INR 80 billion crores already this year.</li> </ul>	<p><i>INR 180 billion (USD 2.4 Billion)</i></p>
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## 5. SUPPORT FOR CONSTRUCTION AND INFRASTRUCTURE

<p><b>Relaxation of Earnest Money Deposit (EMD) &amp; Performance Security on Government Tenders</b></p>	<ul style="list-style-type: none"> <li>• Will give relief to contractors by reducing locking up of capital and cost of BG</li> <li>• <b>Performance security on contracts to be reduced to 3 % instead of 5% to 10%</b> <ul style="list-style-type: none"> <li>○ Will be extended to ongoing contracts which are free of disputes</li> <li>○ Will also be extended to Public Sector Enterprises.</li> <li>○ States will be encouraged to adopt the same</li> </ul> </li> <li>• EMD will not be required for tenders and will be replaced by Bid Security Declaration</li> <li>• Relaxations will be given till 31.12.2021 under General Financial Rules</li> </ul>	<p>—</p>
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## 6. INCOME TAX RELIEF FOR DEVELOPERS AND HOME BUYERS

<p><b>Demand Booster for Residential Real Estate</b></p>	<ul style="list-style-type: none"> <li>• To reduce hardships faced by both home-buyers and developers and help in clearing the unsold inventory.</li> <li>• It has been decided to increase the differential from 10% to 20% (under section 43CA) for the period from the</li> </ul>	<p>—</p>
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	<p>12<sup>th</sup> November 2020 to 30<sup>th</sup> June 2021 for only primary sale of residential units of value up to INR 2 crores.</p> <ul style="list-style-type: none"> <li>• Consequential Relief up to 20% shall also be allowed to buyers of the these units under section 56(2)(x) of IT Act for the said period.</li> <li>• Necessary amendment to IT Act would be proposed in due course.</li> </ul>	
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**7. PLATFORM FOR DEBT FINANCING & EQUITY INFUSION IN NIIF DEBT PLATFORM**

<p><b>Platform For Debt Financing &amp; Equity Infusion In NIIF Debt Platform</b></p>	<ul style="list-style-type: none"> <li>• NIIF AIFL (AA rating) and IFL (AAA rating) will raise debt from market, including project bonds.</li> <li>• By 2025, will provide infra project financing of INR 110,000 crores.</li> <li>• NIIF has already invested nearly INR 2000 crores in equity of the Platform.</li> <li>• Government will invest INR 6000 crores as equity.</li> <li>• Rest of equity will be raised from private investors.</li> </ul>	<p><i>INR 60 Billion (USD 800 million)</i></p>
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**8. SUPPORT FOR AGRICULTURE**

<b>Subsidized Fertilisers</b>	<ul style="list-style-type: none"> <li>• INR 650 billion being provided to ensure adequate availability of fertilisers to farmers to enable timely availability of fertilisers in the upcoming crop season.</li> </ul>	<i>INR 650 Billion (USD 8.67 billion)</i>
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**9. BOOST FOR RURAL EMPLOYMENT-ENHANCED OUTLAY UNDER PM GARIB KALYAN ROZGAR YOJANA**

<b>Enhanced Outlay Under Pm Garib Kalyan Rozgar Yojana</b>	<ul style="list-style-type: none"> <li>• Further additional outlay of INR 100 billion will be provided for PM Garib Kalyan Rozgar Yojana in the current financial year.</li> <li>• This will accelerate growth of the rural economy.</li> </ul>	<i>INR 100 Billion (USD 1.33 billion)</i>
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**10. BOOST FOR PROJECT EXPORTS- LINES OF CREDIT TO EXIM BANK**

<b>Line of Credit to EXIM Bank</b>	<ul style="list-style-type: none"> <li>• INR 30 billion will be released to EXIM Bank for promotion of project exports through Lines of Credit under IDEAS scheme.</li> </ul>	<i>INR 30 Billion (USD 400 million)</i>
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**11. CAPITAL & INDUSTRIAL STIMULUS**

<b>Capital &amp; Industrial Stimulus</b>	<ul style="list-style-type: none"> <li>• INR 102 billion additional budget outlay will be provided towards Capital and industrial expenditure namely:             <ul style="list-style-type: none"> <li>○ Domestic defence equipment</li> <li>○ Industrial incentives</li> <li>○ Industrial infrastructure</li> <li>○ Green energy</li> </ul> </li> </ul>	<i>INR 102 Billion (USD 1.36 billion)</i>
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**12. R&D GRANT FOR COVID VACCINE DEVELOPMENT**

<b>R&amp;D Grant for Covid Vaccine Development</b>	INR 9 billion provided for Covid Suraksha Mission for R&D of Indian Covid Vaccine to Department of Bio-technology	<i>INR 9 Billion (USD 120 million)</i>
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**Summary:**

<b>Atmanirbhar Package 3.0</b>		
<b>Particulars</b>	<b>INR</b>	<b>USD</b>
Atmanirbhar Bharat Rozgar Yojana	60 Billion	800 million
Atmanirbhar Manufacturing Production Linked Incentives	1,460 Billion	19.46 billion
PM Awaas Yojna	180 Billion	2.4 billion
Equity infusion in NIIF Debt PF	60 Billion	800 million
Subsidized Fertilisers	650 Billion	8.67 billion
PM Garib Kalyan Rozgar Yojana	100 Billion	1.33 billion
Extension of line of credit to EXIM Bank	30 Billion	400 million
Capital & Industrial Stimulus	102 Billion	1.36 billion
R& D Grant for Covid Vaccine	9 billion	120 million
<b>Total</b>	<b>INR 2.65 Trillion</b>	<b>USD 35.34 Billion</b>

**For details, please refer the link below to the PPT issued by the Ministry of Finance dated 12<sup>th</sup> November 2020:**

**<https://pib.gov.in/PressReleasePage.aspx?PRID=1672260>**

**DISCLAIMER:**

*The information contained herein is in summary form based on PPT dated 12<sup>th</sup> November 2020 issued by the Ministry of Finance. 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.*