

The **Atmanirbhat Bharat Stimulus Package** announced by the Government of India is a conglomeration of steps for revival of economy which is at standstill amid the coronavirus pandemic. Under the Atmanirbhar Bharat Package a sum of Rs 20 Lakh crore, which is considered as the 10% of India's GDP has been announced as an economic relief package for reviving the economy by the Finance Minister Nirmala Sitharaman.

Atmanirbhar Bharat stimulus package: Economic Relief Package

The Union Finance Minister has announced a Rs 20 Lakh crore economic package, also known as Atmanirbhar Bharat Stimulus Package to deal with the COVID-19 pandemic. This economic package has been given in five tranches.

What is an Economic Stimulus Package?

- It is a package of tax rebates and incentives employed by the governments of varied countries to stimulate the economy and save their country from a financial crisis.

Significance

- The idea behind a stimulus package is to supply tax rebates and boost spending, as spending increases demand, which results in a rise employed rate which successively increases income and hence boosts spending.
- This cycle will continue until the economy recovers from collapse.

Background

- One such stimulus package was employed by the United States in 2008 during the time of the worldwide recession, which was aimed toward increasing employment and recovery of the US economy.
- **India too used its first stimulus package in 2008 to make sure the security of bank deposits and stability of the economic system.**
- The government took necessary steps to infuse liquidity into the banking industry.
- In an attempt to infuse liquidity into the banking industry, RBI reduced the CRR also as repo and reverse repo rates.
- Also, the issues faced by non-banking financing companies were addressed.

Overview of the Economic Stimulus Package

- The first tranche of the economic package focused extensively on supporting Micro, Small & Medium Enterprises that have been worst hit by the lockdown to contain the spread of coronavirus in the country.
- The second tranche focused on measures for economic revival focuses on migrant workers, small farmers, tribals and street vendors.
- The third Tranche focused on to strengthen Infrastructure Logistics, Capacity Building, Governance and Administrative Reforms for Agriculture, Fisheries and Food Processing Sectors.

- The fourth tranche consisted of a set of reforms for the coal, minerals, defence production, civil aviation, power distribution, space and atomic energy sectors.

First Tranches of Economic Package

- The first tranche of the **Atmanirbhar Bharat Abhiyan** announced by Prime Minister Narendra Modi package **includes the ongoing Pradhan Mantri Garib Kalyan Yojana**, meant to support the poorest and most vulnerable communities during the pandemic, as well as several measures taken by the **Reserve Bank of India** to improve liquidity.

Details of the economic package:

For salaried workers and taxpayers:

- Some relief was provided in the form of an extended deadline for income tax returns for the financial year 2019-20, with the due date now pushed to November 30, 2020.
- The rates of tax deduction at source (TDS) and tax collection at source (TCS) have been cut by 25% for the next year.
- While statutory provident fund (PF) payments have been reduced from 12% to 10% for both employers and employees for the next three months.

NBFCs get attention:

- The amount of ₹3 lakh crore of this package has been allocated for collateral-free loan schemes for businesses, especially micro, small and medium enterprises (MSMEs).
- This emergency credit line will ensure that 45 lakh units will have access to working capital to resume business activity and safeguard jobs.

Employees Provident Fund Support for business and organised worker

- This scheme introduced as part of Pradhan Mantri Garib Kalyan Yojana under which Government of India contributes 12% of salary each on behalf of both employer and employee.
- The Employees' Provident Fund will be extended by another 3 months for salary months of June, July and August 2020.

Tax-related measures

- There is a reduction in Rates of **‘Tax Deduction at Source’ and ‘Tax Collected at Source’**.
- The TDS rates for all non-salaried payment to residents, and tax collected at source rate will be reduced by 25 percent of the specified rates for the remaining period of FY 20-21.

For Micro, Small and Medium Enterprises (MSMEs)

- A total ₹50,000 crore equity infusion is also planned, through an MSME fund of funds with a corpus of ₹10,000 crore.
- **The definition of an MSME is being expanded to allow for higher investment limits and the introduction of turnover-based criteria.**

These are:

- **Micro Industry:** Investment is less than 1 crore and Turnover is less than 5 crore.

- **Small Industry:** Investment is between 1-10 crore and Turnover is between 5-50 crore.
- **Medium Industry:** Investment is between 10-20 crore and Turnover is between 50-100 crore.

Existing and Revised Definition of MSMEs

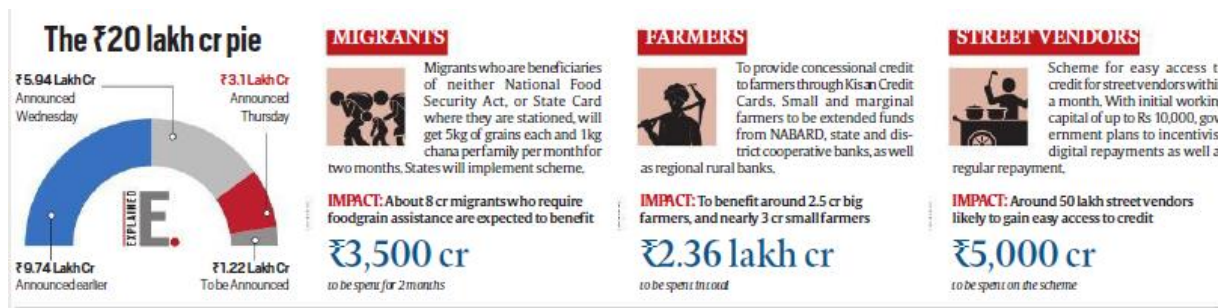


Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment < Rs. 25 lac	Investment < Rs. 5 cr.	Investment < Rs. 10 cr.
Services Enterprise	Investment < Rs. 10 lac	Investment < Rs. 2 cr.	Investment < Rs. 5 cr.

Revised MSME Classification			
Composite 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.

Second Tranches of Economic Package

- The second tranche help to measures to ameliorate the hardships faced specifically by migrant labourers, street vendors, migrant urban poor, small traders self-employed people, small farmers and housing, amid COVID-19.



Key measures announced For Migrant Labours

- There are free foodgrains for an estimated eight crore migrant workers for the next two months at a cost of ₹3,500 crores.

- Those migrant labourers who are not under the ambit of National **Food Security Act (NFSA)** or without a ration card in the State/UT in which they are stranded at present will also get **5kg of wheat/rice** and **1 kg chana** for 2 months, free of cost.

Affordable Rental Housing Complexes for Migrant Workers and Urban Poor Scheme

- This scheme helps the migrant workers and urban poor to provide ease of living at an affordable rent.
- It will also provide social security and quality life to migrant labour, urban poor, and students etc.
- There will be a pilot scheme for portability of ration cards will be extended to 23 states covering 83 per cent of PDS population by August 2020.
- By March 2021, One Nation One Ration Card to cover all beneficiaries will be done.

For Middle Income Group

- The **Credit Linked Subsidy Scheme** for Middle-income Group will be extended up to March 2021 which will suppose to be benefitting **2.5 lakhs middle income families** during 2020-21.
- The central government will also provide **Interest subvention of 2% for prompt payees for 12 months** to MUDRA Shishu loanees, who have loans below Rs 50,000 which will provide relief of about **Rs 1,500 crore** to Shishu MUDRA loanee.

For Street vendors

- There is a new special scheme will be launched for the street vendor within a month to facilitate easy access to credit to Street vendors, who are amongst the most adversely impacted by the present situation.
- The bank credit facility for initial working capital up to Rs. 10,000 for each enterprise will be extended under this new scheme.
- It will also cover urban as well as rural vendors doing business in the adjoining urban areas.

For Farmers

- **NABARD** will extend additional re-finance support of **Rs 30,000 crore** for meeting crop loan requirements of Rural Cooperative Banks and RRBs.
- It will help around 3 crore farmers to meet their post-harvest and current crop requirements.
- The additional provision to provide concessional credit to **PM-KISAN** beneficiaries through **Kisan Credit Cards** including Fisherman and Animal Husbandry worth corpus of **Rs 2 lakh crore**.

For Employment Generation

- Under **Compensatory Afforestation Management & Planning Authority (CAMPA)** a corpus of approximately **Rs 6,000 crore** of funds will be used for **Afforestation and Plantation** works, including in urban areas creating job opportunities in urban, semi-urban and rural areas and also for Tribals.

- For returning migrants who have no means of livelihood back in their home village State governments had been directed to enrol them under the Mahatma Gandhi National Rural Employment Guarantee Act (**MGNREGA**).
- There is about 14.6 crore person-days of work have been generated under the scheme till May which is 40-50% higher than the preceding year.

Third Tranches of Economic Package

- The third tranche of the stimulus package also included plans to strengthen infrastructure in food processing, fisheries, animal husbandry, horticulture, herbal cultivation and beekeeping with total funding of ₹50,000 crore, including funds allocated earlier in the budget.


Booster dose

The third tranche of the measures announced under the **Atmanirbhar Bharat Abhiyan** focuses on agriculture and allied activities

- Funds worth **₹1 lakh crore** to be given to agricultural cooperative societies, farmer producer organisations and

- start-ups for boosting farm-gate infrastructure
- **₹10,000 crore** for formalisation of micro-food enterprises; cluster-based farming approach to be followed
- **₹20,000 crore** for fishermen under PM Matsya Sampada Yojana; expected to pave way for additional fish production of 70 lakh tonnes over 5 years
- **₹13,000 crore** drive to achieve 100% vaccination of cattle, buffalos, sheep, goats and pigs

- **₹15,000 crore** boost for animal husbandry infrastructure
- **₹4,000 crore** for promotion of herbal cultivation; 10 lakh hectares to be covered
- **₹500 crore** for beekeeping initiatives
- Essential Commodities Act, 1955, to be amended to de-regulate **cereals, edible oils, oilseeds, pulses, onion and potato**
- Marketing reforms to be undertaken to provide adequate choice for **farmers to sell produce** at prices of their choice



A farmer carries strawberries after harvesting them in Srinagar on Friday. • NISSAR AHMAD

Measures announced for improving agricultural infrastructure

a. Micro Food Enterprises

- The scheme will help in promoting the government's vision: 'Vocal for Local with Global outreach' will be launched to help 2 lakh MFEs who need technical up-gradation to attain FSSAI food standards, build brands and marketing.
- The focus will be on women and SC/ST owned units and those in Aspirational districts and a cluster-based approach (e.g. Tomato in Karnataka, Mango in UP, Chilli in Andhra Pradesh, Orange in Maharashtra etc.) will be followed.

b. Pradhan Mantri Matsya Sampada Yojana (PMMSY)

- The Union government will launch this yojana for integrated, sustainable, inclusive development of marine and inland fisheries.
- The focus will be on Islands, Himalayan States, North-east and Aspirational Districts.

c. Operation Greens

- It is run by the Ministry of Food Processing Industries (MOFPI) which was earlier only for the tomatoes, onion and potatoes now **will be extended to all fruits and vegetables**.

d. Animal Husbandry Infrastructure Development Fund

- This fund will be set up with an outlay of Rs.15, 000 crore to support private investment in Dairy Processing, value addition and cattle feed infrastructure.

e. National Animal Disease Control Programme

- It is disease Control Programme for Foot and Mouth Disease (FMD) and Brucellosis launched to ensure **100% vaccination** of cattle, buffalo, sheep, goat and pig population for Foot and Mouth Disease (FMD) and brucellosis.

f. Beekeeping initiatives

- The Government will be implemented a scheme for Infrastructure development related to Integrated Beekeeping Development Centres, Collection, Marketing and Storage Centres, Post-Harvest & value Addition facilities among others.

g. Contract Farming

- The government will consider introducing a law on contract farming under the Contract Act of 1872 to enable farmers to directly engage with processors, aggregators, large retailers and exporters in a fair and transparent manner

Measures for Governance and Administrative Reforms for Agriculture Sector:

a. Amendments to Essential Commodities Act

- The government will amend the Essential Commodities Act to deregulate agriculture food stuffs including cereals, edible oils, oilseeds, pulses, onions and potato.

b. Stock limits will be imposed under very exceptional circumstances like national calamities, famine with a surge in prices.

- Further, **No such stock limit** shall apply to processors or value chain participants, subject to their installed capacity or any exporter subject to the export demand.

c. Agriculture Produce Pricing and Quality Assurance:

- The Government will finalise a facilitative legal framework **to enable farmers to engage with processors, aggregators, large retailers, exporters** etc. in a fair and transparent manner.
- Risk mitigation for farmers, assured returns and quality standardisation shall form an integral part of the framework.

Fourth Tranches of Economic Package

The fourth Tranche of Comprehensive Economic packages under Atma Nirbhar Bharat Abhiyan will provide structural reforms across eight sectors.

Breaking down walls

Finance Minister Nirmala Sitharman announced a set of structural reforms across sectors as a part of the efforts to boost a sagging economy



COAL

Commercial mining on a revenue sharing basis to be introduced. Companies in the private sector will be allowed to carry out exploration



MINERALS

Composite exploration-cum-mining-cum-production regime for minerals to be announced. 500 mining blocks will be auctioned



DEFENCE

A list of weapons/platforms for ban on import will be notified. FDI limit in manufacturing under automatic route to be raised to 74%



CIVIL AVIATION

Restrictions on utilisation of the airspace will be eased so that flying becomes efficient. Now, only 60% of the airspace is freely available



POWER

Power departments/utilities and distribution

companies in U.T.s to be privatised. It will be in line with the tariff policy which is to be announced



SPACE

Privatisation to be introduced. Planetary exploration, outer space travel to be opened to the private sector



ATOMIC ENERGY

Research reactor in PPP mode to be set up for the production of medical isotopes



Structural reforms announced during fourth tranches

- The reforms have been announced in the **eight sectors** of Coal, Minerals, Defence production, Civil Aviation, Power Sector, Social Infrastructure, Space and Atomic energy.

The details are as follows:

COAL SECTOR

- **Introduction of Commercial Mining in Coal Sector**
- Introduction of competition, transparency and private sector participation in the Coal Sector through:
 - A revenue sharing mechanism instead of regime of fixed Rupee/tonne where any party can bid for a coal block and sell in the open market.
 - There will be exploration-cum-production regime for partially explored blocks against earlier provision of auction of fully explored the coal blocks.
 - This will allow private sector participation in exploration.
- The Coal Gasification / Liquefaction will be incentivised through rebate in revenue share.
- This will result in significantly lower environment impact and also assist India in switching to a gas-based economy.

Mineral Sector

Enhancing Private Investments

- Introduction of a seamless composite exploration-cum-mining-cum-production regime.
- In this there are total 500 mining blocks would be offered through an open and transparent auction process.

- The Joint Auction of Bauxite and Coal mineral blocks to enhance Aluminum Industry's competitiveness will be introduced to help Aluminum industry reduce electricity costs.

Policy reforms in Mineral Sector

- There will be now distinction between **captive and non-captive mines** to allow transfer of mining leases and sale of surplus unused minerals, leading to better efficiency in mining and production shall be removed.

Mineral Index for different minerals.

- Ministry of Mines is within the process of developing a Mineral Index for various minerals.
- There will be rationalization of stamp duty payable at the time of award of mining leases.

Defence Sector

Enhancing Self Reliance in Defence Production

- 'Make in India' for Self-Reliance in Defence Production will be promoted by notifying a list of weapons/platforms for ban on import with year wise timelines, Indigenization of imported spares, and separate budget provisioning for domestic capital procurement.
- This will help reduce huge Defence import bill and also improve autonomy, accountability and efficiency in Ordnance Supplies by Corporatisation of Ordnance Factory Board.

Policy Reforms in Defence Production

- **Foreign Direct Investment limit in the Defence manufacturing under automatic route will be raised from 49% to 74%.**
- There will be time-bound defence procurement process and faster decision making will be ushered in by setting up of a Project Management Unit (PMU) to support contract management.
- The realistic setting of General Staff Qualitative Requirements (GSQRs) of weapons/platforms and overhauling Trial and testing procedures.

Civil Aviation Sector

Efficient Airspace Management for Civil Aviation

- Restrictions on utilization of the Indian Air Space will be eased so that civilian flying becomes more efficient.
- This will lead to optimal utilization of airspace; time, reduction in fuel use, and will have positive environmental impact.

More World-Class Airports through PPP

- These are six more airports have been identified for 2nd round bidding for Operation and Maintenance on Public-Private Partnership (PPP) basis.

Global hub for Aircraft Maintenance, Repair and Overhaul

- The tax regime for **Maintenance, Repair and Overhaul (MRO)** ecosystem has been rationalized.
- The Aircraft component repairs and airframe maintenance to increase from Rs 800 crore to Rs 2,000 crore in three years.
- It is expected that major engine manufacturers in the world would set up engine repair facilities in India in the coming year.

- The convergence between Defence sector and the civil **Maintenance, Repair and Overhaul** will be established to create economies of scale; this will lead to maintenance cost of airlines to come down.

Power Sector

- Power Finance Corporation and the Rural Electrification Corporation will infuse liquidity in the DISCOMS to the extent of Rs 90000 crores in two equal instalments which will be used by DISCOMS to pay their dues to Transmission and Generation companies.

Space Sector

- The private sector will be allowed to use Indian Space Research Organisation facilities and other relevant assets to improve their capacities.
- The future projects for planetary exploration, outer space travel etc shall also be open for private sector.
- There will be liberal geo-spatial data policy for providing remote-sensing data to tech-entrepreneurs.

Atomic Energy

- Research reactor in PPP mode for production of medical isotopes shall be established to promote welfare of humanity through affordable treatment for cancer and other diseases.
- Facilities in PPP mode to use irradiation technology for food preservation – to compliment agricultural reforms and assist farmers shall also be established.

It will help to minimise wasteful administrative costs, number of enterprises in strategic sectors will ordinarily be only one to four; others will be privatised/ merged/ brought under holding companies.

Support to State Governments

- The Central government has decided to increase the borrowing limits of States from 3% to 5% for 2020-21 only.
- It is particularly important given that GSDPs are likely to contract when States are at the frontline of containment and relief operations which will give States extra resources of Rs. 4.28 lakh crore.
- The part of the borrowing will be linked to specific reforms (including recommendations of the Finance Commission).
- **Reform linkage will be in four areas:**
 - Universalisation of One Nation One Ration card
 - Ease of Doing Business
 - Power distribution
 - Urban Local Body revenues.

A specific scheme is going to be notified by Department of Expenditure on the subsequent pattern-

- a. Unconditional increase of 0.50%.
- b. 1% in 4 tranches of 0.25%, with each tranche linked to clearly specified, measurable and feasible reform actions.
- c. Further 0.50% if milestones are achieved in at least three out of four reform areas.

Fifth and Last Tranches of Economic Package

The fifth and last Tranche will be provided to measures towards Government Reforms and Enablers help in providing employment, support to businesses, Ease of Doing Business, and State Governments as well sectors such as Education and Health.

Final dose
The fifth tranche of the economic package under the Atmanirbhar Bharat Abhiyan was announced on Sunday

Health	States
<ul style="list-style-type: none">Public spending to be increased; more health and wellness centresInfectious diseases hospitals and public health labs to be set up in all districts	<ul style="list-style-type: none">Borrowing ceiling raised from ₹6.41 lakh crore (3% of GDP) to ₹10.69 lakh croreOnly a quarter of this hike is unconditional; rest are linked to reforms in specified areas
Disinvestment	Unemployment
<ul style="list-style-type: none">Public sector firms in non-strategic sectors to be privatisedNo more than four public sector undertakings to remain in 'strategic' sectors; to be notified soon	<ul style="list-style-type: none">MGNREGS allocation hiked by ₹40,000 crore to fund 300 crore person daysAimed at giving migrants who have returned home an income option
Industry	
<ul style="list-style-type: none">Fresh insolvency proceedings suspended for a year, eligible loan size to be hiked from ₹1 lakh to ₹1 croreCOVID-19 related debt not to trigger defaults; firms can list abroad directly	

For MGNREGS to provide employment boost

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

Health Reforms & Initiatives

- The Public Expenditure on Health will be increased by investing in grass root health institutions and ramping up Health and Wellness Centres in rural and urban areas.
- The setting up of Infectious Diseases Hospital Blocks in all districts and strengthening of lab network and surveillance by Integrated Public Health Labs in all districts & block level Labs & Public Health Unit to manage pandemics.
- **National Institutional Platform for One health by Indian Council of Medical Research will encourage research and implementation of National Digital Health Blueprint under the National Digital Health Mission.**

Technology Driven Education with Equity post-COVID

PM eVIDYA

- It is a programme for multi-mode access to digital/online education to be launched immediately.

Manodarpan initiative

- It is an initiative for psycho-social support for students, teachers and families for mental health and emotional well-being to be launched immediately as well.
- A new National Curriculum and Pedagogical framework for school, early childhood and teachers will also be launched.
- National Foundational Literacy and Numeracy Mission will be launched in December 2020 for ensuring that every child attains Learning levels and outcomes in grade 5 by 2025.

Enhancement of Ease of Doing Business through Insolvency and Bankruptcy Code, 2016 related measures

- The minimum threshold to initiate insolvency proceedings has been raised to Rs. 1 crore (from Rs. 1 lakh, which largely insulates MSMEs).
- A special insolvency resolution **framework for Micro, Small and Medium Enterprises under Section 240A of the Code will be notified soon.**
- The suspension of fresh initiation of insolvency proceedings up to one year, depending upon the pandemic situation.
- It'll be empowering Central Government to exclude COVID 19 related debt from the definition of "default" under the Code to trigger insolvency proceedings.

Decriminalisation of Companies Act defaults

- The decriminalisation of Companies Act violations involving minor technical and procedural defaults such as shortcomings in CSR reporting, inadequacies in Board report, filing defaults, delay in holding of Annual general meeting.
- The Amendments will de-clog the criminal courts and National Company Law Tribunal (a quasi-judicial body).
- Seven compoundable offences altogether dropped and five to be dealt with under alternative framework.

Ease of Doing Business for Corporates

Key reforms include:

- a. Direct listing of securities by Indian public companies in permissible foreign jurisdictions.
- b. Private companies which list NCDs on stock exchanges not to be regarded as listed companies.
- c. Including the provisions of Part IXA (Producer Companies) of Companies Act, 1956 in Companies Act, 2013.
- d. Power to create additional/ specialized benches for NCLAT
- e. Lower penalties for all defaults for Small Companies, One-person Companies, Producer Companies & Start Ups.

Public Sector Enterprise Policy for a New, Self-reliant India

The government will announce a new policy whereby -

- a. In strategic sectors, at least one enterprise will remain in the public sector but private sector will also be allowed.
- b. In other sectors, PSEs will be privatized (timing to be based on feasibility etc.)

c. It will help to minimise wasteful administrative costs, number of enterprises in strategic sectors will ordinarily be only one to four; others will be privatised/ merged/ brought under holding companies.

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