

FINANCE MINISTER ANNOUNCES MEASURES ON AATMANIRBHAR BHARAT 3.0

Relevant for: Indian Economy | Topic: Issues relating to Planning & Economic Reforms

Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman has announced 12 key measures, as part of Government of India's stimulus to the economy, under AatmaNirbhar Bharat 3.0. The net stimulus announced today amounts to 2.65 Lakh crore. While addressing the Press Conference here today, Smt. Sitharaman also informed that the total stimulus announced by the Government and Reserve Bank of India till date, to help the nation tide over the COVID-19 pandemic, works out to 29.87 lakh crore, which is 15% of national GDP. Out of this, stimulus worth 9% of GDP has been provided by the government.

The following are the 12 key announcements under AatmaNirbhar Bharat 3.0-

1) AatmaNirbhar Bharat Rozgar Yojana

A new scheme to incentivize job creation during COVID-19 recovery has been launched. If EPFO-registered establishments take in new employees without EPFO registration or those who lost jobs earlier, the Yojana will benefit these employees.

Beneficiaries / New Employees under the scheme would be:

Central Govt. will provide subsidy for two years in respect of new eligible employees engaged on or after 01.10.2020 at following scale:

The scheme will be effective from October 1, 2020 and operational till 30th June 2021. Certain other eligibility criteria would have to be met, and Central Government will provide subsidy for two years in respect of new eligible employees.

2) Emergency Credit Line Guarantee Scheme for MSMEs, businesses, MUDRA borrowers and individuals (loans for business purposes), has been extended till March 31, 2021.

A Credit guarantee support scheme ECLGS 2.0 is being launched for Healthcare sector and 26 stressed sectors with credit outstanding of above Rs. 50 crore and up to 500 Crores on 29.2.2020 stressed due to COVID-19, among other criteria. Entities will get **additional credit up to 20% of outstanding credit** with a tenor of five years, including 1 year moratorium on principal repayment. This scheme will be available till 31.3.2021.

3) Production Linked Incentive worth 1.46 Lakh Crore to 10 champion sectors.

10 more Champion Sectors will be covered under the Production Linked Incentives Scheme to help boost competitiveness of domestic manufacturing. This will give a big boost to economy, investment, exports and job creation. A total amount of nearly 1.5 Lakh Crore has been earmarked across sectors, for next five years. The ten sectors are - Advance Cell Chemistry Battery, Electronic/Technology Products, Automobiles & Auto Components, Pharmaceuticals Drugs, Telecom & Networking Products, Textile Products, Food Products, High Efficiency Solar PV Modules, White Goods (ACs & LED), and Specialty Steel.

4) 18,000 Crore Additional outlay of for PM Awaas Yojana - Urban

A sum of Rs 18000 cr is being provided for PMAY- Urban over and above Rs. 8000 Crore already allocated this year. This will help ground 12 Lakh houses and complete 18 Lakh houses, create additional 78 Lakh jobs and improve production and sale of steel and cement, resulting in multiplier effect on economy.

5) Support for Construction & Infrastructure – Relaxation of Earnest Deposit Money & Performance Security on Government Tenders

To provide ease of doing business and relief to contractors whose money otherwise remains locked up, performance security on contracts has been **reduced from 5-10% to 3%**. It will also extend to ongoing contracts and Public Sector Enterprises. EMD for tenders will be replaced by Bid Security Declaration. The relaxations in the General Financial Rules will be in force till December 31, 2021.

6) Income Tax relief for Developers & Home Buyers

Differential between circle rate and agreement value in real estate income tax under Section 43 CA of IT Act has been increased from 10% to 20%. This is for primary sale of residential units up to 2 Crore (from date of announcement of this scheme, till June 30 2021). Consequential Relief up to 20% shall also be allowed to buyers of these units under section 56(2)(x) of IT Act for the said period. The Income Tax relief provides incentive to middle class to buy homes.

7) Platform for Infra Debt Financing

Government will make 6,000 Crore equity investment in debt platform of National Investment and Infrastructure Fund (NIIF), which will help NIIF provide a debt of 1.1 Lakh Crore for infrastructure projects by 2025.

8) Support for Agriculture: 65,000 Crore for subsidized fertilizers

As fertilizer consumption is going up significantly, 65,000 Crore is being provided to ensure increased supply of fertilizers to farmers to enable timely availability of fertilisers in the upcoming crop season.

9) Boost for Rural Employment:

Additional outlay of 10,000 Crore is being provided for PM Garib Kalyan Rozgar Yojana to provide rural employment. This will help accelerate rural economy.

10) Boost for Project Exports

3,000 Crore boost is being provided to EXIM Bank for promoting project exports under Indian Development and Economic Assistance Scheme (IDEAS Scheme). This will help EXIM Bank facilitate Lines of Credit development assistance activities and promote exports from India.

11) Capital and Industrial Stimulus

10,200 Crore additional budget stimulus is being provided for capital and industrial expenditure on domestic defence equipment, industrial infrastructure and green energy.

12) R&D grant for COVID Vaccine

900 Crore is being provided to Department of Biotechnology for Research and Development of

Indian COVID Vaccine.

RM/KMN

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