

Highlights of Economic Relief Package for “Aatmanirbhar Bharat Abhiyan”

Government has announced its 1st Part of Economic Relief Package for “Aatmanirbhar Bharat Abhiyan”. This package has covered mainly relief to MSME, relief to contractors by extending the work completion period, relaxation in direct tax compliance, fund infusion to NBFC, etc.

MSMEs:

1. For Standard MSMEs:

The government has come up with the automatic emergency credit facility of Rs 3 lakh crore collateral-free automatic loan for Businesses including MSMEs from banks & NBFCs upto 20% of their outstanding credit as on 29th February, 2020.

- This Loan facility would be available to those firms with **outstanding loans of Rs 25 crore** and **annual turnover upto Rs 100 crores**.
- Such loan facility would be having a **tenor of 4 years along with moratorium period of 12 months**. i.e. No repayment of principal amount has to be done upto 12 months.
- **100% credit guarantee** would be provided to banks and NBFCs on principal as well as interest.
- No guarantee fees as well as no fresh collateral required for such loans.
- Interest will be capped for such loans.
- This **scheme can be availed till 31st Oct, 2020**.

These reforms are expected to benefit 45 lakh business units in order to resume their business activities and safeguard jobs.

2. For NPA MSMEs & Stressed MSMEs:

- The government of India has announced a **Subordinated Debt of Rs 20,000 crores** which is expected to benefit about 2 lakh MSMEs.
 - The functioning of MSMEs which are NPA or are stressed would be eligible to avail this facility.
 - The government of India has announced to provide Rs 4000 crore as its contribution to Credit Guarantee Fund Trust For Micro And Small Enterprises (**CGTSME**).
 - The CGTSME will provide partial credit guarantee support to Banks in order to benefit the stressed MSMEs.
 - The promoters of the MSME will be given debt by banks, which would be infused by the promoter as equity in the unit.
-

3. For MSME having potential and which are viable:

- A fund of fund (FoF) has been created to infuse equity of worth Rs 50,000 crores in MSME.
 - Fund of Fund with corpus of Rs 10,000 crores would be set up to provide equity funding to MSMEs with growth potential and viability.
 - This FoF would be operated via a mother fund including some daughter funds.
 - Fund structure will help leverage Rs. 50,000 crores of funds at daughter funds level.
 - It will also encourage MSMEs to get listed on main board of Stock Exchanges.
- The definition of MSME has been revised by increasing the investment limit of MSME, introducing an additional criterion of turnover as well as removing the distinction between manufacturing and service sector MSME. The same is explained in below table:

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.

5. Global tenders to be disallowed up to Rs200 crores:

- Indian MSMEs and other companies have often faced unfair competition from foreign companies. Therefore, **Global tenders will be disallowed** in Government procurement tenders up to **Rs 200 crores**.
- This will be a step towards 'Self Reliant India' and support 'Make in India' thus helping MSMEs to increase their business.

6. Other interventions for MSMEs:

- E market linkages to be promoted to act as a replacement for trade fairs and exhibitions for MSMEs.
- MSMEs receivables from Government CPEs (Central Public Sector enterprises) to be released in 45 days.

Extension of Registration and Completion Date of Real Estate Projects under RERA

- Adverse impact due to COVID and projects stand the risk of defaulting on RERA timelines Time lines need to be extended.
- Ministry of Housing and Urban Affairs will advise States/UTs and their Regulatory Authorities to the following effect:
 - Treat COVID 19 as an **event of Force Majeure** under RERA.
 - Extend the **registration and completion date** suo moto by 6 months for all registered projects expiring on or after 25th March, 2020 without individual applications.
 - Regulatory Authorities may extend this for another period of upto 3 months, if needed.
 - Issue fresh '**Project Registration Certificates**' automatically with revised timelines.
 - Extend timelines for various statutory compliances under RERA concurrently.
- These measures will de stress real estate developers and ensure completion of projects so that homebuyers are able to get delivery of their booked houses with new timelines.

Direct Tax Measures

- 1 Change in Rate of TDS / TCS in case of non-salaried personnel**
 - From 14-05-2020 till 31-03-2021, TDS / TCS Rate shall be reduced by 25% from their existing rates in case of payments for contractors, professional Fees, interests, rent, commission, brokerage etc.
- 2 Extension of Due Date for filing of ITR and Tax Audit Report for FY 2019-20**
 - Due Date for filing tax audit report will be extended from 30-09-2020 to 31-10-2020.
 - Due Date for filing of Income Tax Returns will be extended from 31-07-2020 and 31-10-2020 to 30-11-2020 in all assessees.
- 3 Extension of Date of assessments**
 - Date of assessments getting bared on 30-09-2020 extended to 31-12-2020 and those getting barred on 31-03-2021 will be extended to 30-09-2021.
- 4 Extension of Date of Vivad Se Vishwas Scheme - VsVs**
 - Period for making payment without any additional amount under Vivad Se Vishwas Scheme will be extended to 31-12-2020.
- 5 IT Refunds**
 - All the pending refunds to Charitable Intuitions, non-corporate business & profession including proprietor, LLPs, Partnership and Co-operative Society shall be issued immediately.