



Mrunal's Economy Win21 Updates For UPSC & Other Competitive Exams

Pillar#1D: Insurance Pension Financial Inclusion

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15 1D: INSURANCE, PENSION & FINANCIAL INCLUSION

15.1.1 LIC's Disinvestment (2020, विनिवेश)

- Ref Win20 Series Handout#1. Same things repeated in Budget-2021

15.1.2 Employees' State Insurance Corporation

- 1948: Employees' State Insurance Act → 1952: ESIC corporation (ESIC) setup under Labour Ministry. (कर्मचारी राज्य बीमा निगम, श्रम मंत्रालय)

ESIC applicability?	BEFORE	ATMANIRBHAR Reform (2020)
any establishment with 10/> employees	Compulsory	Compulsory (अनिवार्य)
If establishment less than 10 workers → but it's a hazardous industry e.g. (firecrackers, toxic chemicals, acid)	Voluntary (स्वैच्छिक/वैकल्पिक)	Compulsory (खतरनाक उद्योगों के मजदूरों का क-रा-बी-नि में पंजीकरण अनिवार्य)
If establishment less than 10 workers → Non-hazardous industries	Voluntary	Voluntary

- Who are ESIC subscribers? Employee in above establishment, with monthly salary less than ₹21,000/-
- Who pays ESIC premium? “x%” of employee's wages+ “y%” from employer's side.
- What is X and Y? not imp unless preparing for ESIC/Insurance Exams. Similarly, factoids like ESIC vision-2022 to enrol 100 million workers. not IMP 4 UPSC
- Budget-2021: we'll expand this to cover more workers. But exact details yet to be disclosed.

An ESIC subscriber gets following benefits:

- 1) Medical insurance for the worker and his family from day#1 of joining (स्वास्थ्य बीमा)
- 2) Maternity Benefit to women employees (मातृत्व लाभ)
- 3) Monthly payment to family, if worker dies by employment related injuries.
- 4) Sickness benefit: partial wages during medical leave. (बीमारी प्रसुविधा)
- 5) Monthly payment on disability (विकलांगता मासिक भुगतान)



- 6) Unemployment allowance if involuntary loss of employment- through the scheme 'Atal Bimit Vyakti Kalyan Yojna'. (अनैच्छिक रूप से उसकी नौकरी चली गई तो बेरोजगारी भत्ता)

Project Panchdeep	digitization and automation of ESIC processes by WIPRO (2017)
Project Arrow	Modernization of India Post (2008) डाक विभाग का आधुनिकीकरण

15.1.3 Gen Insurance → Corona Warrior ₹50 lakh cover (2020-March)



⇒ ATMANIRBHAR → PM Garib Kalyan → ₹50 lakh accident insurance scheme cover for health workers involved in managing the Coronavirus such as doctors, nurses, paramedical staff, ASHA workers etc.

- If corona illness death / corona duty related accidental death (like **mob lynching & stone pelting**) = family gets ₹50 lakhs.
- If corona led illness but recovered AND NOT DIED = no ₹ given to anyone. (bcoz presumed that health worker will get free treatment in Government hospital)

⇒ Age limit? None. (आयु मर्यादा)

⇒ **Company?** New India Assurance, a public sector general insurance company.

⇒ **Who pays premium?** Ministry of Health and Family welfare

⇒ **Duration?** Upto 2020-September then Government extended it for another 6 months. (Although govt may extend it longer, dynamically changing information. Don't loose sleep)

15.1.4 SARAL JEEVAN BIMA-Standardized term Life Insurance policy

For customer, presently it is difficult to compare the term life insurance products because

⇒ fancy names like "Reliance Digi-Term", "Tata maharakshak supreme lump-sum", "i-protect" etc.

⇒ Their internal eligibility conditions also differ greatly. For some of the policies' maximum entry age = 45 years, 55 years 65 years.

⇒ Some of them over extra benefits like free medical treatment, while some do not.

So, IRDAI ordered, "@Life insurance companies, you continue above products, but additionally, You also have to launch a standardized term-life Insurance policy named 'Saral Jeevan Bima' from January, 2021.

Condition	Minimum	Maximum
Age limit	18	65
sum assured	₹5 lakh	₹25 lakhs

Benefit? It will help the customers compare policies of different companies more easily. for example:

Hypothetical number (काल्पनिक आंकड़े)	SBI-LIFE	HDFC-Life
Annual Premium for 5 lakh cover →	₹500	₹600



Annual Premium for 25 lakh insurance cover→	₹2500 per year	₹2400 per year (If you buy bigger than more discount like Unacademy!)
How many Insurance claims cleared upon the death of clients?	94%	99%

15.1.5 🧐👤 Gen→ Health Insurance → Corona Kavach vs Rakshak



Figure 1: है कोई स्वास्थ्य बीमा पॉलिसी जो कोरोना के भारी हॉस्पिटल बिल से 'रक्षा' करवा दे मेरी?!

2020: IRDAI issued guidelines for the general insurance & health insurance companies to launch standard health policies against Covid-19, with following standard names:

	🧐👤🛡️ Corona Kavach	🧐👤🛡️ Corona Rakshak
Compulsion	Gen. insurance & health insurance companies have to compulsorily launch this	optional for company to launch this policy (अनिवार्य नहीं है वैकल्पिक)
Type	" Indemnity " = upto actual cost in treatment, subject to max limit. so, if ₹5 lakh ki policy= ⇒ Actual treatment cost 2 lakh → company pays only 2 lakh ⇒ Actual treatment cost 7 lakh→ company pays max 5 lakh	⇒ Fixed Benefit Plan ⇒ Fixed amount of money if subscribers gets Corona. Irrespective of actual treatment cost.
Coverage	₹50,000 to ₹5 lakh	₹50k to 2.5 lakh
Premium	Decided by an individual company. but the company will have to keep it uniform across all States/UT.	same as left column
Age	minimum age 18 to maximum 65. (dependent younger children are also covered, but they can't 'subscribe' by themselves.) Subscribers' min. age=18 years.	same as left column

🏠👤 further the technical details / differences = poor cost:benefit for UPSC exam.# 🧐 थोड़ा-पढ़ो-आगे-बढ़ो

15.1.6 🧐👤🏠/👤🏠/🏠 Ayushman Bharat: PM Jan Arogya Yojana (PMJAY)

So, Ayushman Bharat launched in Budget 2018, with two components:

- A) 1.5 lakh Primary Health Care Centers (PHC) to be transformed into Health & Wellness Centres (स्वास्थ्य और कल्याण केंद्र). Free drugs, checkup, mother-child care etc.



- **B) National Health Protection Scheme (AB-NHPS) → Later renamed 'PM Jan Arogya Yojana (PMJAY)'**

- ⇒ launched with Motto "Swasthya Aapka, Saath Hamara" from Ranchi, Jharkhand (2018).
- ⇒ A FREE insurance cover upto ₹ 5 lakh **per family**, per year for secondary and tertiary hospitalization.
- ⇒ All pre-existing disease covered from day 1. Pre and post hospitalization & medicine expenses.
- ⇒ Implementation by National Health Authority (राष्ट्रीय स्वास्थ्य प्राधिकरण)
- ⇒ NHA is an 'attached (adjunct) office (संलग्न कार्यालय)' with health ministry (स्वास्थ्य मंत्रालय). i.e. Health Ministry only looks after parliamentary matters like replying in question hour, tabling annual reports etc. thus giving NHA more freedom in day to day functioning. (रोजाना कार्यों में मंत्रालय की दखल कम)

15.1.7 PM-JAY Sub-schemes in 2020-21

1. **PM SEHAT (Social Endeavour for Health and Telemedicine) 2020-Dec** जम्मू कश्मीर के सभी निवासियों
 - a. **BEFORE:** 6 lakh families of the J&K getting Ayushman Bharat Scheme. (= poor family selected through socio economic caste census 2011)
 - b. **AFTER PM SEHAT:** All residents of J&K (=21 families, rich-poor everyone) eligible for ₹5 lakh health insurance of PM-JAY scheme. Even if they are traveling outside Jammu Kashmir, in other parts of India, they can avail treatment at PM-JAY-walli hospitals.
2. **Ayushman CAPF scheme (2021-Jan) केंद्रीय सशस्त्र पुलिस बल**
 - a. Joint initiative of Home Ministry & National Health Authority
 - b. 7 central armed police forces (CAPF) namely, Assam Rifles, Border Security Force (BSF), Sashastra Seema Bal (SSB), Central Reserve Police Force (CRPF), Central Industrial Security Force (CISF), National Security Guard (NSG), and Indo-Tibetan Border Police (ITBP)
 - c. Their Personnel & their family members to be covered in under PM-JAY health Insurance.

15.1.7.1 ES21 on PM-JAY (कुल मिलाकर घी-दूध की नदियां बह रही हैं-आर्थिक सर्वेक्षण)

- ⇒ ES21 analysed the health outcomes of West Bengal (Which did not implement PM-JAY scheme) and its neighbouring States - Bihar, Assam and Sikkim (Who have implemented the PM-JAY scheme) between 2015-2019. And found out W.Bengal has lagged behind them on various health indicators, including Family planning and HIV/AIDS.. पश्चिम बंगाल की तृणमूल सरकार ने प्रधानमंत्री जन आरोग्य योजना नहीं लागू की इसलिए वह स्वास्थ्य में पिछड़ी रह गई और बिहार आसाम और सिक्किम आगे बढ़ गए क्योंकि उन पड़ोसी राज्यों में इस योजना का अमल हुआ है
- ⇒ PMJAY also helped increasing awareness regarding Family planning and HIV/AIDS. (परिवार नियोजन और एचआईवी की जागृति भी बढ़ी है)



- ⇒ During the Corona lockdown → Many of the surgical procedures were postponed due to infection fear, Transportation lockdown, Financial hardships= so PM-JAY claims reduced.
हालांकि कोरोना के चलते बहुत सारी सर्जरी/शल्य क्रिया को स्थगित किया गया था
- ⇒ Still Poor people continued to avail dialysis in PM-JAY. = Proves success and reliance of the scheme. लेकिन गरीब लोग फिर भी डायलिसिस करवाने आते ही रहे जिससे साबित होता है कि गरीब लोग इस योजना में विश्वास रखते हैं

15.1.8 Clinical Trial Liability Insurance

- ⇒ Type: General Insurance Cover
- ⇒ Objective: Protect the pharmaceutical company From legal expenses/Lawsuits, if a volunteer patient suffers damage/death in clinical trials. (गर कोई स्वयंसेवक रोगी नैदानिक परीक्षणों में क्षति / मृत्यु।)

15.1.9 Bharat Griha Raksha & other: Standardized home/factory insurance policies

- IRDAI ordered @General Insurance companies to sell 1) Bharat Griha Raksha, 2) Bharat Sookshma Udyam Suraksha 3) Bharat Laghu Udyam Suraksha from 1/4/2021 onwards.
- **Type?** Standard Fire and Special Perils (SFSP) Policy.
- **Beneficiaries?** protect homes and factories of micro, small and medium enterprises (MSMEs).
- **What damages are covered?** fire, natural catastrophes, riot, strike/hartal, malicious damages, terrorism,, overflowing water tanks etc upto ₹50 crores.

15.1.10 General Insurance → Cyber Insurance (साइबर बीमा)

- It covers the losses related to malware attack, phishing and data, identity theft, ransom payment demand made by the hackers, data restoration costs, business interruption losses due to cyberattacks. The loss of reputation, damage to mental health etc.
- Corona lockdown → home-from-home through computer → demand for such policies .
- Bajaj Allianz and HDFC ERGO are notable general insurance companies offering such products.

In India, under cyber insurance for individuals, which of the following benefits are generally covered, in addition to payment for the loss of funds and other benefits? (UPSC-Prelims-2020 SetB.Q90)

1. Cost of restoration of the computer system in case of malware disrupting access to one's computer
2. Cost of a new computer if some miscreant wilfully damages it, if proved so
3. Cost of hiring a specialized consultant to minimize the loss in case of cyber extortion
4. Cost of defence in the Court of Law if any third party files a suit

Answer Codes: [a] 1, 2 and 4 only [b] 1, 3 and 4 only [c] 2 and 3 only [d] 1, 2, 3 and 4

15.1.11 eIA: e-Insurance account

- ⇒ Shares/Bonds are stored digitally in DEMAT accounts. (More in Pillar#1C)
- ⇒ Similarly, Insurance policies can be stored digitally in e-Insurance accounts e.g. NSDL's National Insurance Repository (NIR). (बीमा दस्तावेजों को डिजिटल रूप से संग्रहित करना)
- ⇒ Benefit? convenience to customers especially when he has purchased insurance policies from different companies e.g. Vehicle insurance, fire insurance, Health Insurance, Life Insurance. He



can easily track their expiry date online renewal of subscription etc. in one portal. (सदस्यता का ऑनलाइन नवीनीकरण आसान बनाता है)

15.1.12 Insurance progress indicators (बीमा प्रगति संकेतक)

Table 1: figures are not important

As per ES21	Insurance penetration (%: बीमा प्रवेश) =Premium divided by GDP	Insurance Density (\$:बीमा घनत्व) =Premium divided by population
Life (2019)	2.82% Improving but in zigzag fashion. (2014-2019)	\$58 Improving but in zigzag fashion. (2014-2019)
Non-Life (2019)	0.94% Improving but zigzag fashion. (2014-2019)	\$19 Improving steadily(2014-2019)

For India, these indicators are low compared to Malaysia, China, Thailand & many other developing countries due to aforementioned challenges.

15.1.13 FDI limits in Insurance sector? (बीमा क्षेत्र में प्रत्यक्ष विदेशी निवेश की सीमा)

⇒ Foreign Direct Investment (FDI) is the (more than 10% equity / share) investment made by a foreign entity into an Indian company, with the objective to get involved in the management / production of that Indian company. (किसी विदेशी इकाई द्वारा एक भारतीय कंपनी में 10% से ज्यादा शेयर निवेश करना उसे कहते हैं प्रत्यक्ष विदेशी निवेश)

⇒ e.g. 2018: Walmart-USA bought 77% shares in Flipkart-India @\$16 billion. (More on FDI

Pillar#3A)

FDI limits in insurance sector→	Present	Proposed Budget-2021
Insurance company itself	49%	74% **
Insurance intermediaries e.g. agent/broker, surveyor/loss-assessor, third party administrators (hospital who give treat to health insurance clients)	100%	N/A. (because already max limit allowed)

** Budget-2021: announced to amend Insurance Act, 1938 to FDI limit from 49% to 74% in Insurance Companies. With following safeguards: हालांकि कुछ शर्तों के साथ

⇒ the Majority of Directors on the Board and key management persons must be Resident Indians.

बोर्ड ऑफ डायरेक्टर तथा कंपनी प्रबंधन के वरिष्ठ पदाधिकारियों में बहुमति भारतीय निवासी होने चाहिए

⇒ Atleast 50% of Directors must be Independent Directors. कम से कम आधे डायरेक्टर स्वतंत्र डायरेक्टर चाहिए

⇒ Certain % of profits must be retained as general reserve. मुनाफे का कुछ प्रतिशत सामान्य आरक्षित निधि के रूप में अलग से रखना होगा.

15.1.14 Should we FDI beyond 49% in insurance companies? (क्या सीमा बढ़ाएँ?)

yes we should raise FDI limits (हां बढ़ाई जाए)	No, we shouldn't raise FDI
Indian insurance companies will get additional capital from Foreign investors = this can help mitigating above challenges.	Foreign investors will put pressure on Indian insurance companies to generate more profit. So



yes we should raise FDI limits (हां बढ़ाई जाए)	No, we shouldn't raise FDI
<ul style="list-style-type: none"> - They can expand overseas, mobilize money from Bangladesh/Kenya's insurance clients etc. & invest it in Indian economy. (विदेशों का पैसा भारतीय अर्थतन्त्र में लाना) - IRDAI prescribes "Investment pattern", there is ombudsman for customer complaints. - Further, Companies Act has norms for independent directors, auditing, whistleblower protection, CSR. So, apprehension that foreign investors will cause mischief = unlikely. (निगरानी/नियंत्रण के पर्याप्त प्रावधान हैं, कंपनियों के लिए बदमाशी करना मुश्किल) - Budget-2021 too has mentioned safeguards. - China, Thailand, Indonesia et al FDI limits in insurance sector. We should also follow their path. 	<ul style="list-style-type: none"> - investment in junk bonds that offer higher return → Collapse. (तुरंत मुनाफा कमाने की चाह में ज्यादा जोखिम वाले बॉन्ड में निवेश) - Insurance company may reject insurance claims for frivolous reasons to increase its profitability to keep foreign investors happy. (मुनाफाखोरी के लिए बीमा दावों को अस्वीकार करना)

15.2 MRUNAL'S FULL LENGTH ECONOMY COURSE FOR UPSC PRELIMS & MAINS

- ⇒ I'm also pleased to announce, my next ONLINE batch for Economy for UPSC Civil Service Exam covering both Prelims and Mains topics of Economy.
- ⇒ Night batch, Rapid revision handout, easy to understand powerpoints, weekly quiz
- ⇒ **Coupon Code:** Mrunal.org for 10% discount
- ⇒ **Registration Link:** <https://unacademy.com/@mrunal.org>

Mrunal's Course: UPSC Prelims & Mains General Studies → Economy

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- so even working professional can attend
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- Access via Mobile, Tablet, Laptop, PC
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Course Medium (माध्यम)

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21.5 MINIMUM ALTERNATE TAX (MAT: न्यूनतम वैकल्पिक कर)

Figure 4: मेरा मुनाफा शून्य है! मुझे बड़ा दो मासिक! IT Dept: तुमको तो बिल्कुल ही नहीं बड़ोयेगा!

- Some industrialists use tax-deduction-exemptions-deprecations and accounting tricks to become "Zero Profit Companies" & escape paying Corporation Tax. So,
- Budget-1996 (Chidambaram) introduced 18.5% MAT on book profit using a different type of formula. (What was the formula, not important).

Zero profit Company's location	%MAT on its book-profit
Outside GIFT city International Financial Services Centre (IFSC) (More in Pill#3)	15%
Inside GIFT city	9%

- AMT (Alternative Minimum Tax): Concept similar to MAT but for Non-Corporate assesses e.g. Individual or Hindu Undivided Family (HUF) or Cooperative Society who are earning more than ₹"xx" lakh but not paying direct tax. Howmuch/why/NOTIMP
- Both MAT and AMT subjected to + surcharge + cess.

21.6 DIVIDEND DISTRIBUTION TAX (DDT: लाभांश वितरण कर)

Reliance Industries Limited

1997: FM Chidambaram started to levy DDT on a shareholder's dividend income. In reality, company (=source) will cut that much ₹ ₹ portion from shareholders' dividend, & directly deposit that ₹ ₹ to the govt, as DDT.



16 → (31) PENSION (पेंशन)

16.1.1 ATMANIRBHAR Reforms in EPFO (March to August)

EPFO →	worker	Boss	ATMANIRBHAR Reform
Small firm (up to 100 workers)	12%	12%	⇒ Total 24% goes to EPFO ⇒ PM Garib Kalyan → Government to deposit this 24% deposit from its own pocket upto certain months. (सिर्फ कुछ महीनों के लिए)
Large firm (more than 100 workers)	12% 10%	12% 10%	⇒ Govt will not deposit ₹ from its own pocket for large firm (e.g. Reliance or Tata who've more than 100 workers.) ⇒ In such large firms workers and boss have to deposit ₹ from their own pocket into EPFO. ⇒ But, government has their % from 12+12=24% to 10+10=20% (so that worker and boss will be left with more money to spend in their hands= shopping/demand = economic revival). This is (10%) valid from May to July'2020. (सिर्फ कुछ महीनों के लिए)

above thing is not important ANYMORE, for two reasons 1) Temporary measure 2) Government came up with new scheme. So, only remember single line, "during lockdown, Government temporary provided relief to the EPFO contributions for workers and their employers." (तालाबंदी के दौरान सरकार ने ईपीएफओ- अंशदान में अस्थाई रूप से मजदूर और मिलमालिकों को रियायत दी थी)# थोड़ा-पढ़ो-आगे-बढ़ो

16.1.2 Atmanirbhar Bharat Rozgar Yojana= Subsidy from Central Govt in EPFO contribution

It was launched during the Atmanirbhar Bharat 3.0 package(November 2020)

Beneficiary eligibility: Worker's Monthly wages upto ₹15,000 AND

- A) Fresh EPFO-Worker got new job in an EPFO registered firm** OR
- B) Past EPFO-Worker had lost job between March1 to Sept30 of 2020, BUT got a job on/after October1, 2020 in an EPFO registered firm**

****Which EPFO registered firms are eligible for this scheme? (कौन सी इकाई में नौकरी लेनी होगी)**

- ⇒ If it is an old firm, it may have to hire minimum 2-5 new employees Only then the government will give a scheme benefit. (अगर मालिक ने कम से कम इतने मजदूरों को नौकरी पर नहीं रखा तो योजना का लाभ नहीं मिलेगा)
- ⇒ If it is a newly registered firm after "X" date, then no such conditions. etc
- ⇒ But this much terms are not important for IAS exam.

Entitlement: यह योजना में फायदा क्या मिलेगा

EPF scheme	worker (मजदूर)	Boss (मालिक)
if the firm has up to 1000 employees	12% of wages → Govt to contribute to EPFO	12% → Govt to contribute to EPFO (सरकार देगी)



if the firm has >1000 employees	12% of wages → Govt to contribute to EPFO	12%: Boss to contribute from his pocket. Govt will not contribute. (सरकार नहीं देगी)
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Benefit? Formal Job creation, more money in worker's hand → demand ↑ → Post corona economy Revival. (औपचारिक रोजगार सृजन, तथा मजदूर के हाथ में ज्यादा पैसा आएगा जिससे बाजार में मांग में बढ़ोतरी)

31 Scheme validity?

⇒ Scheme registration open till June 2021.

⇒ Registered worker will continue to receive benefit for two years. e.g. if registered in January 2021 → then ₹ upto January 2023.

Note: for faster revision I have used the term worker and boss (मजदूर और मालिक) But, in real mains exam, you should write employee and employer/Entrepreneur (कर्मचारी और नोकरीदाता / उद्यमी)

16.1.3 EPF Provident Fund Interest Rate

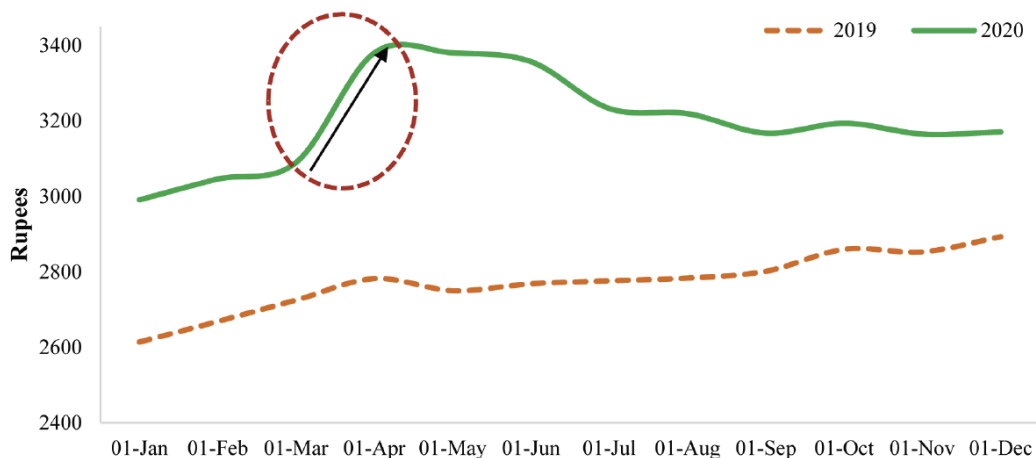
2005 – 2010	2010	2011	2012	2013-15	2015	2016	2017	2018	2019	2020
8.50%	9.50%	8.25%	8.50%	8.75%	8.80%	8.65%	8.55%	8.65%	8.50%	8.50%

17 (Financial Inclusion) → FINANCIAL INCLUSION (वित्तीय समोवेशन)

17.1.1 Pradhan Mantri Jan Dhan Yojana (प्रधान मंत्री जन धन योजना)

⇒ 2020: ATMANIRBHAR → PM GaribKalyan → ₹500 per month to 20 crore women Jan Dhan accounts for three months. (महिलाओं के जन धन बैंक खातों में 3 महीनों के लिए थोड़ी-थोड़ी रकम जमा की गई)

⇒ ES21: average balance in PMJDY ↑ ↑ increased during the April-June 2020– indicative of the [1] Money transfer by govt [2] precautionary savings by the accountholders. However, as the economy revived, the balances have ↓ decreased, pointing towards ↑ increased expenditures on consumption.



17.2 Financial Inclusion: CREDIT (LOANS: ऋण)

17.2.1 MSME: Definition changed in ATMANIRBHAR (2020)

- 2006: Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 gave definition of micro, small and medium enterprises



- 2020: ATMANIRBHAR → MSME ministry changed the definition as following: निवेश और कुल बिक्री के हिसाब से उद्योगों को वर्गीकृत किया जाएगा. विनिर्माण (mfg) और सेवा (services) क्षेत्र के उद्योगों के लिए एकसमान व्याख्या।

💡 **Note:** This handout only deals with 'loan' component of MSME. For other MSME issues/challenges, refer (More in 📖 Pillar#4B → MSME)

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. 50 cr. and Turnover < Rs.250 cr.

👉 in above image, read "<" sign as "NOT MORE THAN (से अधिक नहीं)"

Investment: निवेश annual turnover: वार्षिक कारोबार

17.2.2 🏠🔧🏢🏠 MSME Non-NPA borrower → ECLGS 1.0

ऋण अदायगी गारंटी -उन उद्योगों के लिए जिनके लोन-खाते अभी एनपीए/अनर्जक परिसंपत्ति की श्रेणी में नहीं है

⇒ Corona Lockdown → MSME business hurt → need loans to restart business → Emergency Credit Line Guarantee Scheme (ECLGS: आपातकालीन क्रेडिट लाइन गारंटी योजना). This scheme will expire in 31/3/2021 (originally deadline was shorter, but later extended under Atma-Nirbhar 3.0 but



⇒ 🧐 Eligibility?

- MSME with a turnover upto ₹100 crore. Mudra borrowers are also covered.
- Previous outstanding loan account can't be more than ₹25 crores, and can't be not an NPA. (It may be a regular, SMA0 or SMA1 account, as on 29/2/2020).

⇒ **Loan Amount?** 20% of the outstanding loan.

⇒ **Loan Tenure?** 4 Years (मियादी/समयकाल)

⇒ **Loan Interest?** 9.25% (Bank), 14% (NBFC).

⇒ **Collateral?** Not required. (गिरवी कुछ भी नहीं रखना होगा)



⇒ If the borrower doesn't repay loan principal or interest → Credit guarantee covered by NCGTC (National Credit Guarantee Trustee Company Limited), a company under the Dept of financial services in FinMin.


17.2.3 MSME Non-NPA borrower → ECLGS 2.0 (Atma-Nirbhar 3.0)

It was launched during the Atmanirbhar Bharat 3.0 package (November 2020)

Eligibility? (Two conditions must be fulfilled simultaneously)

- 1) MSME as well as Non-MSME (large) firms operating in
 - (a) Healthcare sector (स्वास्थ्य क्षेत्र) OR
 - (b) 26 stressed sectors Identified by RBI is KV Kamath committee (e.g automobiles, tourism, cement, gems and jewellery etc तनावग्रस्त क्षेत्र) AND
- 2) Its outstanding loans are > ₹50 crore - upto ₹ 500 Crore (as on 29.2.2020)

Benefit?

- ✓ Extra 20% loans against outstanding loans. (जितना कर्जा बकाया है उसके सामने 20% अतिरिक्त कर्ज दिया जाएगा)
- ✓ Interest Rate not explicitly mentioned in Press-Statement. (योजना की प्रेस विज्ञप्ति में स्पष्ट रूप से खुलकर नहीं बताया, तो हमने खुद से गूगल सर्च मारने की कोई जरूरत नहीं है#  थोड़ा-पढ़ो-आगे-बढ़ो)
- ✓ Repayment tenure of above loan: 5 years including 1 year moratorium on principal repayment. (5 साल में कर्ज चुकाना होगा और उसमें भी 1 साल तक मूलधन चुकाने पर रोक)

17.2.4 MSME NPA borrower → Subordinate Debt (गौण ऋण)

ऋण अदायगी गारंटी- उन आर्थिक तनावग्रस्त उद्योगों के लिए जिनके लोन-खाते पहले से एनपीए श्रेणी में आ चुके हैं।

⇒ **Beneficiary?** MSME whose loan account is in NPA/ stressed category. लघु/

⇒ Such stressed MSME to be given subordinate loan Upto ₹75 lakhs to revive business.

⇒ **Tenure/Interest?** Not clearly mentioned.

⇒ If the borrower doesn't repay loan principal or interest → Credit guarantee by CGTMSE (Credit Guarantee Trust for Micro and Small enterprises, an org funded by SIDBI + Govt).

17.2.5 MSME Loans: FM tells Bankers not to fear 3C

⇒ Public Sector Banks' officers are worried that if loans given to MSME turn NPA then 3Cs will harass them unnecessarily: (बेवजह परेशान किया/सताया जाता है)

- Central Bureau of Investigation (CBI: केंद्रीय जांच/अन्वेषण ब्यूरो),
- Central Vigilance Commission (CVC: केंद्रीय सतर्कता आयोग)
- Comptroller and Audit General (CAG: नियंत्रक एवं महालेखा परीक्षक)

⇒ So, FM Nirmala.S has assured PSBs- don't worry and give loans to eligible borrowers.

17.2.6 MSME → Equity infusion via Fund of Funds (निधियों की निधि)

⇒ Govt will set up a Fund of Funds with ₹10,000 crore.


⇒ This FoF will invest in daughter funds (who'll supply ₹40k cr from their funds). So, total 10k+40k=50k equity funding/infusion to MSME. (इक्विटी के रूप में कंपनी में जान फूंकना)





17.2.7 NBFC → Mudra (2015, 100% SIDBI subsidiary)

- Micro Units Development & Refinance Agency. (सूक्ष्म इकाई विकास एवं पूनः वित्तपोषण एजेंसी)
- **Objective?** provides indirect lending via SCB, RRB, Cooperative Banks, MicroFinance Inst & other NBFCs. (अनुसूचित वाणिज्य बैंक क्षेत्रीय ग्रामीण बैंक सहकारी बैंक गैर बैंक वित्तीय कंपनियों द्वारा परोक्ष रूप से कर्ज देता है)
- **Ownership?** It's wholly owned by SIDBI, and also receives the funding from PSL-shortfalls via RBI, and budgetary support via Department of Financial Services.
- **Beneficiary?** Micro Enterprises from Agri-allied sectors, mfg & service sector who are not registered under the companies act = Non-corporate type. (जिन्होंने कंपनी कानून में पंजीकरण नहीं करवाया)


17.2.8 Mudra Loans → Shishu Loans pe 2% Interest subvention

- ⇒  ATMANIRBHAR-2020: **Shishu loan borrowers** = 2% Interest subvention (ब्याज-अदायगी में सरकारी-मदद) IF they're prompt payees (=repaying the loans regularly).
- ⇒ This offer is valid for 12 months.

17.2.9 Stand Up India Scheme, 2016 (उत्तिष्ठ भारत)

- **Boss?** FinMin's Dept of Financial Services (वित्तीय सेवा विभाग)
- **Objective?** Each SCB bank branch to give Greenfield Loans between ₹10 lakh and ₹1 Crore to at least 1 SC/ST and atleast 1 Woman entrepreneur with tenure upto 7 years.
- **Collateral?** Bank can ask collaterals. If loan without collaterals, then Credit Guarantee Fund for Standup India (CGFSI) operated by NCGTC.
- **(Full) Budget-2019:** this scheme extended till 31/3/2025.
- **Margin money** = is the amount of money that a bizman has to arrange by himself from his own pocket/savings for the given biz-project. Remaining amount is given as a loan by the bank.
-  Budget-2021: 1)  margin money requirement from 25% to 15%. 2) Agriculture related biz projects also eligible

17.2.10 Self-help group (स्व-सहायता समूह) → Credit

-  ATMANIRBHAR → PM GaribKalyan → Women Self Help Groups (SHGs) to be given ₹20 lakh collateral free loans. Further,
- Government will procure masks and sanitizers prepared by SHG = ₹₹ income for poor families.
- These SHG are given additional 10-15k rupees as Revolving funds (RF: परिक्रमण निधि), if they're holding – regular meetings, regular savings, and maintenance of proper books of accounts etc. ATMANIRBHAR = RF fund disbursement will be done through PAISA webportal.

17.2.11 Street vendors's AtmaNirbhar Nidhi Scheme (SVANidhi)



- ⇒ Boss? Ministry of Housing and Urban Affairs- आवास और शहरी मामलों का मंत्रालय
- ⇒ Pradhan Mantri Street Vendor's AtmaNirbhar Nidhi Scheme (PM SVANidhi)



- ⇒ Street Vendors will be given ₹10,000 loan via banks, NBFCs, Micro Finance institutions. (सड़क विक्रेता/फेरीवाला को बैंक, गैर-बैंक वित्तीय संस्थान, सूक्ष्म वित्त संस्थान से कर्जा मिलेगा)
- ⇒ Loan Tenure: 1 year. Repayment to be done on a monthly basis.
- ⇒ Loan Interest? approx @7.25% & if vendor repays in timely fashion → govt will give 7% interest subsidy in his bank account. (फेरीवाला ने रुण अदायगी नियमित रूप से की तो ब्याज में सरकार राहत देगी)
- ⇒ Scheme Valid till: 2022-March.

17.2.12 🏠 ATMANIRBHAR → 🧑🏫 Workers' Social security (2020)

- ⇒ Annual health check-up for all employees. (स्वास्थ्य जांच)
- ⇒ Govt's Social security schemes will be extended to Gig workers and platform workers (गीग प्रणाली के श्रमिक e.g. Zomato delivery boys, Urbanclap beautician, uber taxi drivers etc.)
- ⇒ Central Government's Building and Other Construction Workers Act, 1996: → workers contribute ₹₹ to a fund held by the State Government → they get pension after retirement/accident compensation etc. 🏠 ATMANI → PM GaribKalyan → State Governments ordered to use this ₹₹ for helping construction workers during Corona.
- ⇒ Portability of social security benefits to migrant workers. E.g. If a construction worker deposits a premium in Gujarat building workers welfare fund → Afterwards he returns back to home state Odisha, he will get pension from there. (सामाजिक सुरक्षा लाभ की सुवाह्यता- अपने वतन वापस जाए तो भी लाभ मिलते रहे)

📖 NEXT UPDATE Pillar#2: Budget, Taxation, GST, 15th FC, Fiscal Deficit, Subsidies, Disinvestment

17.2.13 🎓 Optional Subject Coaching: Learned from Renowned Senior Teachers of Delhi!

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- ⇒ 🎫 Coupon Code: Mrunal.org for 10% discount
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