



Ministry of Finance

Atmanibharta Package 3.0 launched

November 12, 2020

Relevant to all Mahindra Businesses and citizens of India

Background

- Notably, the Centre, along with the RBI, has announced several packages to soothe the effect of Covid-19 crisis. After the Covid-19 induced lockdowns, the Centre had announced Pradhan Mantri Garib Kalyan Package (PMGKP) worth Rs 1.92 lakh crore.
- Following which, the Centre came up with Atma Nirbhar Bharat Abhiyan 1.0 worth Rs 11 lakh crore. The Centre later extended the PM GKP while outlying funds worth Rs 82,911 crore for the purpose.
- The Centre came up with Atma Nirbhar Bharat Package 2.0 on October 12, while announcing measures worth Rs 73,000 crore. Besides, the RBI also announced liquidity measures worth Rs 12,71,200 crore.

What are the new introductions?

- Under the credit guarantee scheme for stressed sectors, the entities will get additional credit up to 20 percent of outstanding credit, and the repayment can be done in five years. The repayment process will be covered as 1 year of the moratorium and four years of the repayment period.
- The Centre also promised to provide subsidy by way of EPF contributions for two years in respect to newly eligible employees. This subsidy will be credited upfront in Aadhaar-seeded EPFO accounts. The government has also extended the Emergency Credit Line Guarantee Scheme for MSMEs, businesses, MUDRA borrowers and individuals (loans for business purposes) till March 31, 2021.
- Besides, the Union Cabinet also gave its approval to the Production Linked Incentives (PLI) scheme for 10 sectors on Wednesday, under which businesses will get incentives worth over Rs 2 lakh crore in 5 years. The PLI scheme intends to enhance India's manufacturing capabilities and enhance exports.

- "The Production Linked Incentive Scheme will run for the medium term, it has an immediate impact on decision-making. This, along with the major milestone decision of reducing corporate tax, has rushed in a lot of investment into the country," Sitharaman said.

FM's 12 Key announcements as part of Aatma Nirbhar Bharat 3.0

- **1) Aatma Nirbhar Bharat Rozgar Yojana**

A new scheme is being launched to incentivize job creation during COVID-19 recovery. If EPFO-registered establishments take in new employees without EPFO numbers or those who lost jobs earlier, the Yojana will benefit these employees. The scheme will be effective from October 1, 2020.

- **2) Emergency Credit Line Guarantee Scheme** for MSMEs, businesses, MUDRA borrowers and individuals (loans for business purposes), has been extended till March 31, 2021. Credit guarantee support scheme is being launched for Healthcare sector and 26 sectors stressed due to COVID-19. Entities will get additional credit up to 20% of outstanding credit; repayment can be done in five years (1 year moratorium + 4 years repayment).

- **3) Production Linked Incentive worth ₹ 1.46 Lakh Crore is being offered to 10 champion sectors.**

This will help boost competitiveness of domestic manufacturing. 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.

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

This is over and above Rs. 8000 Crore already allocated this year; will help ground 12 Lakh houses and complete 18 Lakh houses; will 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 will be reduced to 3%. EMD for

tenders will be replaced by bid security self-declaration. The relaxations will be till December 31, 2021.

- **6) Income Tax relief for Developers & Home Buyers**

Differential between circle rate and agreement value in real estate income tax is being 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). The Income Tax relief provides incentive to middle class to buy homes.

- **7) Platform for Infra Debt Financing**

Govt. will make ₹ 6,000 Crore equity investment in debt platform of National Investment and Infrastructure Fund, which will help NIIF raise ₹ 1.10 Lakh Crore by 2025 for financing infrastructure projects.

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

As fertilizer consumption is going up significantly, increased supply of fertilizers will ensure that forthcoming crop seasons will not be affected for want of adequate fertilizers.

- **9) Boost for Rural Employment:**

Additional outlay of ₹ 10,000 Crore is being provided for PM Garib Kalyan Rozgar Yojana. Funds can be used for MGNREGA or for Gram Sadak Yojana, this will help accelerate rural economy .

- **10) Boost for Project Exports**

₹ 3,000 Crore boost to be given for project exports through assistance given by India to developing countries under Indian Development and Economic Assistance Scheme (IDEAS Scheme). This will help EXIM Bank facilitate these Line of Credit development assistance activities and promote exports from India.

- **11) Capital and Industrial Stimulus**

₹ 10,200 Crore additional budget stimulus will be provided for capital and industrial expenditure on 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 activities related to COVID-19 vaccine development. This does not include cost of vaccine or logistics for vaccine distribution (whatever is required for that will be provided)

For Further Reading

1. <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1672529>
2. <https://www.drishtiiias.com/daily-updates/daily-news-analysis/measures-on-atmanirbhar-bharat-3-0>
3. https://www.business-standard.com/article/economy-policy/atmanirbhar-bharat-3-0-fm-announces-measures-to-boost-employment-120111200565_1.html
4. https://www.business-standard.com/article/economy-policy/atmanirbhar-bharat-3-0-fm-announces-measures-to-boost-employment-120111200565_1.html