

Atmanirbhar Bharat Abhiyaan

Stimulus of 20 Lakh Crore
(Part I)



Initiatives towards MSMEs

Definition of MSMEs

- Finance Minister Nirmala Sitharaman on Wednesday announced revisions in the definition of Micro Small and Medium Enterprises (MSMEs)
- Earlier the MSMEs were defined on the basis of investments put in, now the revised definitions will also include turnover of the company
- No more distinction between Manufacturing and Service MSMEs
- MSMEs will now be called Micro units if they have investments up to Rs 1 crore and turnover of less than Rs 5 crore
- For an MSME to be defined as a Small unit, its investment limit has been raised from Rs 5 crore to Rs 10 crore with a turnover of less than 50 crore
- Enterprises with investments up to Rs 20 crore with a turnover of less than Rs 100 crore will now be called Medium units

Existing vs Revised classifications

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.

Others Relaxations

- Collateral Free Automatic Loan for MSMEs (avail upto 31 Oct 2020)
 - MSMEs having a loan up to Rs 25cr & turnover up to Rs 100cr will be covered in this scheme
 - Loan will be for 4 years with a moratorium of 12 Months
 - Interest rate rate to be capped
 - 100% guaranteed by Central Government
 - A loan of Rs 3 lakh cr will be given under this scheme helping around 45 lakh units

- Rs 20,000 cr will be infused as Subordinate Debt for stressed MSMEs
 - 2 lakh SME will get benefit from this
 - Government will provide Rs 4,000 cr to CGTSME Trust
 - Promoters will be given debt to be infused as equity

- A Fund of Fund to be created
 - Rs 50,000 cr will be infused as equity to standard MSME
 - Will help them to expand their capacities and to be ger listed

- Tenders up to Rs 200 cr relating to government procurement will not be Global Tenders any more
- E-Market Linkage will be provided to all MSMEs due to less possibility of trade fares
- All central government outstanding will be cleared within 45 Days by government help of all MSMEs



Initiatives towards EPF

Employee Provident Fund (EPF)

- Rs 6,750 crore liquidity support to businesses
- EPF Payment was paid by government for the month of March, April and May 2020
- Now extended by another 3 months
- Statutory PF contributions of 24% (12% + 12%) will be paid by government of India
- Applicable for organizations with 90% workers with salary of Rs 15,000 per month and with more than 100 employees
- Statutory PF contribution reduced from 12% to 10% for private organizations



Initiatives towards NBFCs

Initiatives towards Taxes

Income Taxes

- Rs 50,000 crore liquidity through TDS / TCS rate reduction
- Non - salaried TDS and TCS rates reduced by 25% from existing rates
- Payment for contracts, professional fee, interest, rent, dividend, commission, brokerage etc. shall be eligible for reduced rates
- This will be effective from today and will remain till March 31, 2021
- All pending refunds will be issued immediately to all charitable trusts and non-corporate assesses even above 5 lakhs
- For AY 2020-21, the Income Tax Return (ITR) dates extended to November 30, 2020
- Tax audit due date extended to October 31, 2020
- Assessments getting barred on September 30 extended to December 31, 2020 and March 31, 2021 extended to September 30, 2021
- Vivad se Vishwas Scheme for tax payments without any interest or penalty deadline extended to December 31, 2020

Other Initiatives

DISCOMs, Contractors & Real Estate

- Power Distribution Companies (DISCOMs) not able to pay the power generation Companies
- Plummeted revenues, unprecedented cash flows & demand reduction being the reason
- A special fund created for Rs 90,000 cr to pay all outstanding of power generation companies
- PFC / REC to infuse the money to discharge liabilities of Discoms to Gencos and benefits also needs to be passed to consumers
- Extension of up to 6 months will be given to all government contractors of Railways, Roads, Other departments
- Government agencies will partially release bank guarantees to the extent of work completed
- Using the Force Major Clause, the project registration will be extended by 6 months automatically
- Completion dates of existing projects to be extended automatically by 6 months by government authorities



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Thank You!!

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