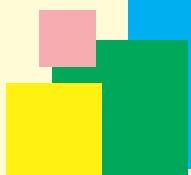


आत्मनिर्भर भारत

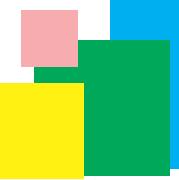
GOVERNMENT'S RS 20 LAKH CRORE
ECONOMIC PACKAGE

Atmanirbhar Bharat - Stimulus Package -1



Prime Minister Narendra Modi on May 12 had announced a fiscal stimulus of Rs 20 lakh crore to spur growth and build a self-reliant India on the five important pillars of economy, infrastructure, technology-driven systems, demography and demand. Finance Minister Nirmala Sitharaman addressing press conference on May 13, outlined the first tranche of the contours of India's massive Rs 20 lakh crore fiscal stimulus announced by Prime Minister Narendra Modi. The package, worth about 10 per cent of India's GDP, is touted as being among the largest in the world. However, the point to note is that Fiscal Implication in the current year is likely to about 0.1 % of the GDP. The announcement was aimed at easing the stress in sectors such as Micro, Medium and Small Enterprises (MSMEs), Power Discoms and Real estate. The package announced by the finance minister is effectively designed to be impactful, yet not burden government finances. The Finance Minister's announcements also aimed at improving the sagging morale of India's workforce, facing the brunt of a sluggish economy and muted corporate earnings. Undoubtedly, the policy bouquet unveiled by the Government is well-structured, suitably targeted, within logical fiscal limits but still having the utmost impact. Now with these announcements, the real estate sector is expected to receive a new lease of life mostly from challenges emanating from liquidity and demand challenge. Besides, on the lockdown related impact on labour shortage and construction delays, extension of registration and completion date of real estate projects under RERA by 6 months will provide some relief to the sector. The power distribution companies are facing unprecedented cash flow problems and are unable to pay the power generators, and the announcement of one-time emergency liquidity infusion of Rs 90,000 crore via PFC and REC will support the sector immensely. A good chunk to MSME Sector will not only help MSMEs in increasing their business and operations, but also will be a step towards a self reliant India or **Aatmanirbhar Bharat**, while also supporting the '**Make In India**' initiative.

Bottom line-the details of the upcoming relief package will be key as these will show how much of the amount will be immediate fiscal relief measures (like direct cash transfers) and how much will be in the form of possible tax breaks, deferred payments or liquidity infusion measures.



MSME & Banks

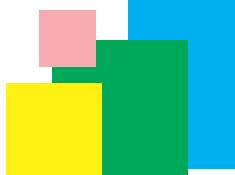
COMMENTS

- Collateral free loan of Rs 3 lakh crores for MSMEs. This will benefit 45 lakh units so that they can resume work and save jobs.
- Rs 50,000 crore equity infusion through Mother fund-Daughter fund for MSMES that are viable but need handholding. A fund of funds with corpus of Rs 10,000 crore will be set up to help these units expand capacity and help them list on Markets if they choose.
- For stressed MSMEs, Subordinate debt provision of Rs 20,000 cr has been announced for 2 lakh MSMEs. It will benefit those which are NPAs or stressed MSMEs.
- Definition of MSMEs has been revised to allow MSMEs to aim for expansion and not lose benefits. Also, there'll be no distinction between manufacturing & services sector MSMEs.
- Global tenders will be disallowed up to Rs 200 crore for government contracts.

IMPACT

Positive

- The decision taken by the government would provide enough liquidity to the sector.
- This is likely to help MSMEs to expand business size and capacity.
- Funds of Funds with corpus of 10,000cr will be set up to provide equity funding for MSMEs . It may also encourage MSMEs to get listed on the stock exchanges.
- Banks will also get positive impact as the business of the bank would increase and help to improve other income as well as CASA ratio.
- Bank may be major beneficiaries such as Indian Bank, PNB and SBI.



Consumer Durable and Consumer Staple

COMMENTS

- A liquidity relief of Rs.2,500 crore EPF support is being given to all EPF establishments.
- EPF contribution will be paid by Govt. of India for another 3 months till August and will benefit more than 72 lakh employees.
- A reduction of 25% of existing rates of Tax Deducted at Source (TDS) & Tax Collection at Sources (TCS) from tomorrow till March 31, 2021. This will release Rs 50,000 crores.

IMPACT

Positive

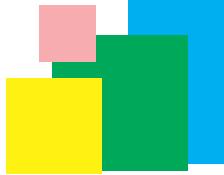
- This would help to improve purchasing power of the individual which may further support to consumer durable sector and also may help to improve demand.
- Companies that may get benefit are Havells, Dixon technologies, Lloyd etc.

NBFC and Financial Institution

- Rs 30,000 crore special liquidity scheme for investing in investment grade debt paper of NBFCs, HFCs and MFIs. These NBFCs are those that are also funding MSMEs. These will be fully guaranteed by government of India.
- Rs 45,000 crore partial credit guarantee scheme 2.0 for NBFCs. The first 20% loss will be borne by the guarantor that is government of India.

Positive

- Liquidity would improve then HFI, MFIs and NBFCs can able to lend more money .
- Companies such as LIC housing Finance, M&M finance, Ujjivan etc would get benefit.



Power

COMMENTS

- For Discoms, a one-time emergency liquidity injection of Rs 90,000 crore against all their receivables. The states will guarantee it.

IMPACT

Positive

- It is positive for power generation companies such as SJVN, Power Grid, NTPC, Torrent power etc.



Real estate and construction

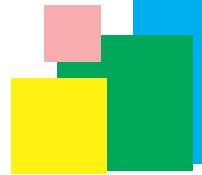
- An extension of up to 6 months (without costs to contractor) to be provided by all Central Government Agencies like Railways, Ministry of Road Transport & Highways, Central Public Works Dept.
- On real estate, urban development ministry will issue advisory to states/UTs so that the regulators can invoke force majeure. The regulators can suo moto extend completion/ registration dates for six months for projects expiring on or after March 25, 2020.

Positive

- It is a good news for Real estate and construction companies such as DLF, Omaxe, SOBHA, Capacite Infraprojects, KNR Construction, PNC infratec etc



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