



# SELF-RELIANT INDIA MOVEMENT

MAY 13, 2020

**VINAY & KESHAVA LLP**  
CHARTERED ACCOUNTANTS

**Batgach**  
& AFFILIATES  
A NETWORK APPROVED BY ICAI

# SELF-RELIANT INDIA MOVEMENT

## DAY 1

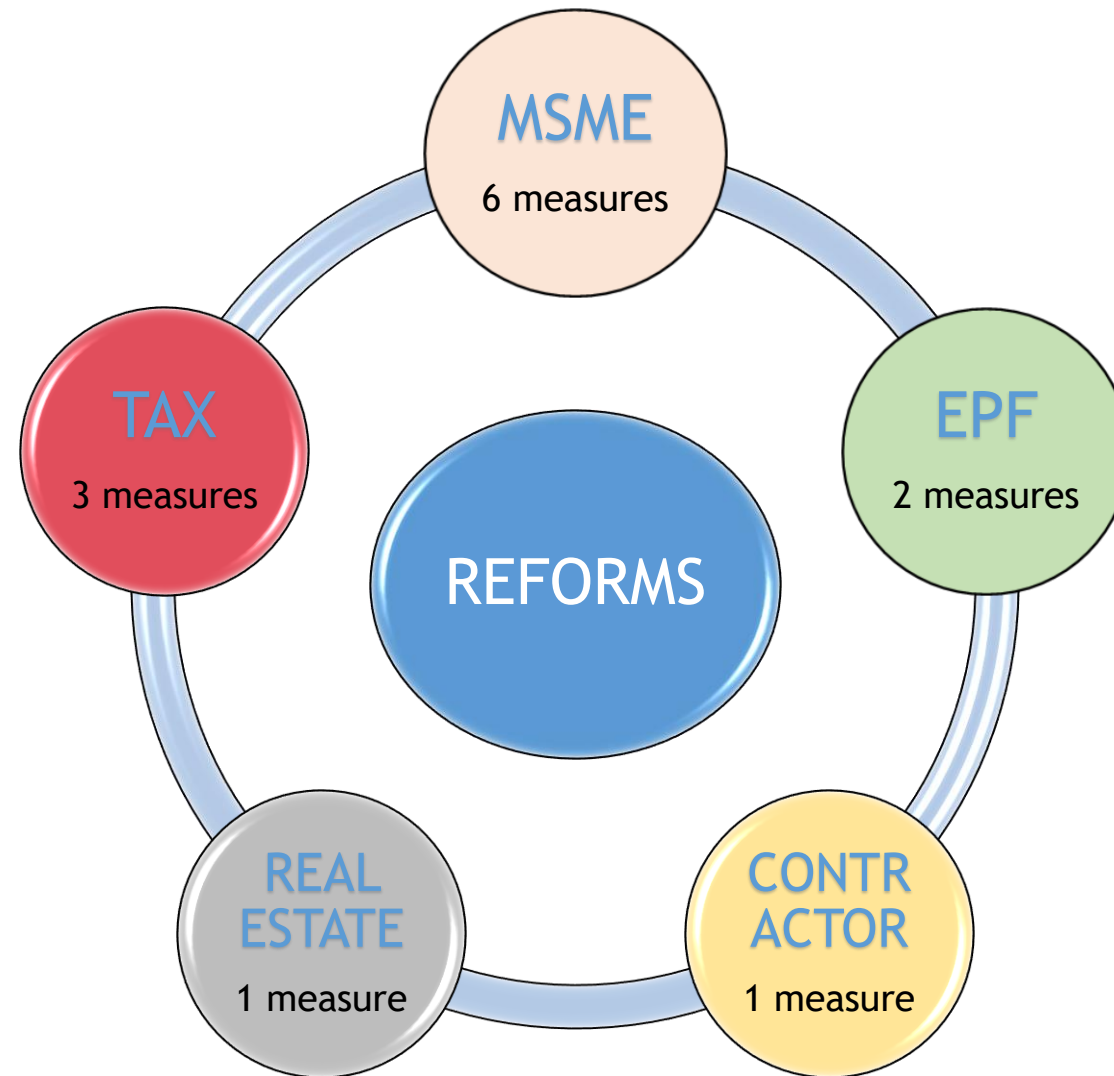
# KEY HIGHLIGHTS FROM FM'S SPEECH

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Union Finance Minister Nirmala Sitharaman on May 13, 2020 addressed the media and shared the details of INR 20 lakh crore economic stimulus package that was announced by Prime Minister Modi on May 12, 2020 to battle the coronavirus crisis. Following are the key highlights announced to boost the economy: -

- ❖ 'Atmanirbhar Bharat Abhiyaan' - to spur growth to build a very self-reliant India.
- ❖ Five pillars of "Atmanirbhar Bharat" - Economy; Infrastructure; System; Vibrant Demography and Demand.
- ❖ Special economic and comprehensive package of INR 20 lakh crores equivalent to 10 % of India's GDP.
- ❖ Package to cater to various sections including cottage industry, MSMEs, laborers, middle class, industries, among others.
- ❖ So far, INR 52,606 crore has been transferred to 41 crore Jan Dhan account holders, INR 18,000 crore grain transfers; Ujjwala, Divyang and old age have also been benefited.

# REFORMS IN VARIOUS SECTORS



# MSME REFORMS



सूक्ष्म , लघु और मध्यम उद्यम मंत्रालय  
MINISTRY OF  
**MICRO, SMALL & MEDIUM ENTERPRISES**

# MSME - COLLATERAL FREE LOANS

## STANDARD MSMEs

- ✓ Borrowers with up to INR 25 crore outstanding and INR 100 crore turnover eligible;
- ✓ Loans to have 4 years tenure;
- ✓ Moratorium of 12 months on Principal repayment;
- ✓ Interest to be capped;
- ✓ 100% credit guarantee cover to Banks and NBFCs on principal and interest;
- ✓ Scheme can be availed till October 31, 2020;
- ✓ No guarantee fee, no fresh collateral.





# MSME - SUBORDINATE DEBT

## STRESSED MSMEs

- ✓ Two lakh MSMEs are likely to benefit;
- ✓ Functioning MSMEs which are NPA or are stressed will be eligible;
- ✓ Govt will provide a support of INR 4,000 Crores to CGTMSE;
- ✓ CGTMSE will provide partial Credit Guarantee support to Banks;
- ✓ Promoters of MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit.



# MSME - EQUITY INFUSION

## POTENTIAL MSMEs

- ✓ MSMEs face severe shortage of Equity;
- ✓ Fund of Funds with Corpus of INR 10,000 crores will be set up;
- ✓ Will provide equity funding for MSMEs with growth potential and viability;
- ✓ Fund structure will help leverage INR 50,000 crores of funds at daughter funds level;
- ✓ Will help to expand MSME size as well as capacity;
- ✓ Will encourage MSMEs to get listed on main board of Stock Exchanges.





# MSME - NEW DEFINITION

- ✓ Definition of MSMEs will be revised;
- ✓ Investment limit will be revised upwards;
- ✓ Additional criteria of turnover also being introduced;
- ✓ Distinction between manufacturing and service sector to be eliminated.

## 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.

# MSME – GLOBAL TENDERS DISALLOWED

- ✓ Indian MSMEs and other companies have often faced unfair competition from foreign companies;
- ✓ Global tenders will be disallowed in Government procurement tenders upto INR 200 crores;
- ✓ Necessary amendments of General Financial Rules will be effected;
- ✓ This will be a step towards **Self-Reliant India** and support **Make in India**;
- ✓ This will also help MSMEs to increase their business.



# MSME - OTHER INTERVENTION

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- ✓ **E-market linkage** for MSMEs to be promoted to act as a replacement for trade fairs and exhibitions;
- ✓ Fintech will be used to **enhance transaction based lending** using the data generated by the e-market place;
- ✓ Government has been continuously monitoring settlement of dues to MSME vendors from Government and Central Public Sector Undertakings.
- ✓ **MSME receivables from Government and CPSEs to be released in 45 days**

# PROVIDENT FUND CONTRIBUTION

# EPF SUPPORT FOR BUSINESS & WORKERS

- ✓ In March 2020, the Union Finance Minister announced that Government will contribute both employer & employee contribution to EPF account for 3 months ie PF payable for March to May 2020;
- ✓ This is applicable to establishments with up to 100 employees and 90 per cent of those earning less than INR 15,000 per month;
- ✓ Today it is announced that, this support will be extended by another 3 months for PF payable for the months of June, July and August 2020;
- ✓ Statutory PF contribution of both employer and employee will be reduced to 10% each from existing 12% each for all establishments covered by EPFO for next 3 months;
- ✓ This scheme will be applicable for workers who are not eligible for 24% EPF support under PM Garib Kalyan Package and its extension.



# CONTRACTORS

# RELIEF TO CONTRACTORS

- ✓ **Extension of up to 6 months (without costs to contractor) to be provided by all Central Agencies, like Railways, Ministry of Road Transport & Highways, Central Public Works Dept, etc.**
  - Covers construction/ works and goods and services contracts
  - Covers obligations like completion of work, intermediate milestones etc. and extension of Concession period in PPP contracts
- ✓ **Government agencies to partially release bank guarantees, to the extent contracts are partially completed, to ease cash flows.**

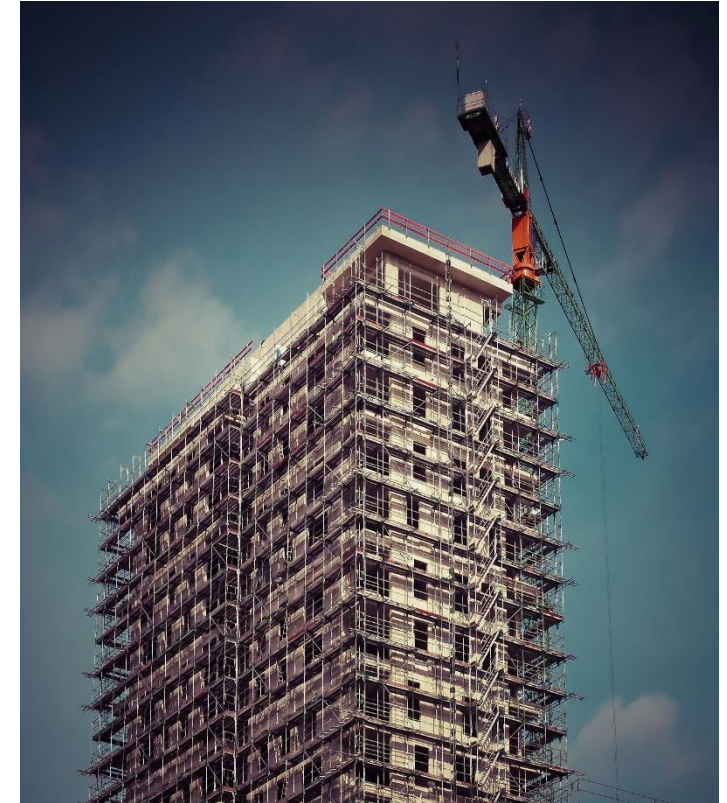


# REAL ESTATE DEVELOPERS

# RELIEF TO REAL ESTATE

## 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 and hence, need to be extended;
- ✓ Ministry of Housing and Urban Affairs will advise States/UTs and their Regulatory Authorities to the following effect: -
  - 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.
- ✓ These measures will distress real estate developers and ensure completion of projects so that homebuyers are able to get delivery of their booked houses with new timelines.



# DIRECT TAXES



# DIRECT TAXES - LIQUIDITY THROUGH TDS/TCS

- ✓ Rates of Tax Deduction at Source (TDS) for **non salaried specified payments** made to residents and rates of Tax Collection at Source (TCS) for the specified receipts shall be **reduced by 25%** of the existing rates;
- ✓ Payment for contract, professional fees, interest, rent, dividend, commission, brokerage, etc. shall be eligible for this reduced rate of TDS;
- ✓ This reduction shall be applicable for the remaining part of the FY 2020-21 ie from 14<sup>th</sup> May 2020 to 31st March, 2021;
- ✓ This measure will release Liquidity of INR 50 000 crore.



# DIRECT TAX - OTHER MEASURES

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- ✓ All pending refunds to charitable trusts and non corporate businesses professions including proprietorship, partnership, LLP and Co operatives shall be issued immediately;
- ✓ Due date of all **Income Tax Return** for FY 2019-20 will be extended from 31st July, 2020 & 31st October, 2020 to **30th November, 2020** and Tax audit from 30th September, 2020 to **31st October, 2020**;
- ✓ Date of **assessments** getting barred on 30th September, 2020 extended to **31st December, 2020** and those getting barred on 31st March, 2021 will be extended to **30th September, 2021**;
- ✓ Period of **Vivad se Vishwas Scheme** for making payment without additional amount will be extended to **31 December, 2020**.

# VINAY & KESHAHA LLP

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CHARTERED ACCOUNTANTS

We Look Forward to help you to achieve your business goals.

## VK Commerce

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