

# Hinesh R. Doshi & Co LLP

## Update on *'Atmanirbhar Bharat Scheme'*

In an attempt to provide necessary support and reviving the economy of the country in our long drawn battle with COVID-19, the Prime Minister of India, Shri Narendra Modi on 12th May, 2020 announced his vision of an “Atma Nirbhar Bharat” with Land, Labour, Law and Liquidity to be the focus of the Government

The Prime Minister announced a Rs. 20 lakh crore stimulus package, the first tranche of which was announced by the Finance Minister, today on the 13th May, 2020 This stimulus approximates to about 10% of India' GDP thereby providing ample relief and liquidity to restore the economy on our country



## A. Relief Measures to MSME's

### Part-I: Collateral Free Automatic loans

Tenure: 4 years

No repayment of principal for first 12 months

100% guarantee by Govt.

Facility can be availed till 31st October, 2020

### Part-II: Sub-ordinate debt for stressed MSME

Rs. 20,000 crore to be infused through sub-ordinate debt for MSME, facing liquidity problems

### Part-III: Funds of fund for potential and viable MSME

Rs. 50,000 crore to be infused through equity investment in potential and viable MSME's

# A. Relief Measures to MSME's

## Part-IV: Revised definition of MSME

Particulars	Existing Criteria	Revised Criteria
	Manufacturing	Service
Micro Enterprise	Investment is less than Rs. 25 lacs	Investment is less than Rs. 10 lacs
Small Enterprise	Investment is less than Rs. 5 crores	Investment is less than Rs. 2 crores
Medium Enterprise	Investment is less than Rs. 10 crores	Investment is less than Rs. 5 crores
		No Differentiation between manufacturing and service
		Investment is less than Rs. 1 crore AND turnover is less than Rs. 5 crores
		Investment is less than Rs. 10 crore AND turnover is less than Rs. 50 crores
		Investment is less than Rs. 20 crores AND turnover is less than Rs. 100 crores

# A. Relief Measures to MSME's

## Part-V: Global tenders

Global tenders for government procurement will be disallowed for up to Rs 200 crore or less. This will allow MSMEs a chance to supply for these projects

## Part-VI: E-Market facilities

Since trade fairs and exhibitions will be difficult post COVID, the Government will provide e-market facilities to enable participation of MSME's

Any funds blocked in PSU's, Govt. bodies shall be honoured by government within 45 days



## B. Tax Reliefs

### Part-I: Reduction in rate of TDS/TCS

The TDS/TCS rates shall be reduced by 25% of the existing rates. The aforementioned reduction in rates shall be applicable from 14th May, 2020 and valid till 31st March, 2021

In order to provide more funds at the disposal of the taxpayers, the rates of Tax Deduction at Source 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.

Following is an '**Illustrative**' chart comparing the old and new rates:

Particulars	Old Rate	New Rate
194C	2%/1%	1.5%/0.75%
194J	10%	7.5%
194H	5%	3.75%
194I	10%	7.5%

**Please Note: This is just an illustrative list. ALL TDS and TCS Rates are subject to 25% deduction of the existing rate**

## B. Tax Reliefs

### Part-II: Extension of Due Dates

Particulars	Existing Due Date	Revised Due Date
Filing Return by Individuals, HUF, AOP, BOI	31st July, 2020	30th November, 2020
Partner of a firm under tax audit	31st October, 2020	30th November, 2020
Company	31st October, 2020	30th November, 2020
Tax Audit	30th September, 2020	31st October, 2020

## B. Tax Reliefs

→ In addition to the above mentioned extension in filing of returns, 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 for making application under “Vivad se Vishwas Scheme” without paying additional amount stands extended till 31st December, 2020.

→ Pending refunds of non-corporates, firms, LLP, charitable trusts shall be provided immediately by the govt.

## C. Relief measures under EPF

→ In continuation with the benefit provided by the Government by EPF contribution for units having upto 100 workers for the period of March 2020 to May 2020, the Government will continue to provide the 12% contributions of both employer and employee for the period of **June 2020 to August 2020**

→ For units **NOT** covered above, the rate of PF has been reduced from **12% to 10%** for both, employer and employee

→ For Government Companies, the Government will continue to contribute 12% into the EPF account of their employees. However, the employees will have an option to contribute only 10%.



## D. Relief measures to real estate developers

Due to impact of COVID-19, Real Estate projects are exposed to the risk of defaulting the RERA Timelines and hence there was a need for extending the same

Ministry of Housing and Urban Affairs will advise States/UTs and their Regulatory Authorities to the following effect:

- Treat COVID-19 as an event of 'Force Majeure' under RERA
- 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 up to 3 months, if needed
- Issue fresh 'Project Registration Certificates' automatically with revised timelines
- Extend timelines for various statutory compliances under RERA concurrently

## E. Relief to contractors

↪ Extension of up to 6 months (without any cost to the contractor) to be provided by all “Central Agencies” such as Railways, Central Public Works Department, etc.

↪ The contracts covered here includes construction/works contract as well as goods and service contracts

↪ Covers obligations like completion of work, intermediate milestone etc. and extension of Concession period in PPP contracts

↪ In addition to the above mentioned extension, the government agencies to partially release bank guarantees, to the extent contracts are completed so as to ease cash flows

## F. Relief measures to DISCOMS

DISCOM's refer to power distribution companies. The distribution companies have huge payables to the other two sections i.e. power generation and power transmission companies which sums up to around 94,000 Crores

Power finance Corporation and Rural Electrification Corporation plan to infuse liquidity of Rs. 90000/- to DISCOM's against receivables

Central Public Sector Power Generation Companies shall give rebate to DISCOM's which shall be passed on to the final customer

## G. Relief measures to NBFC/Housing Corporate Finance/Micro Finance Institutions

### **Rs 30,000 Crore Special Liquidity Scheme:**

- Government will launch a Rs 30,000 crore Special Liquidity Scheme
- Under this scheme investment will be made in both primary and secondary market transactions in investment grade debt paper of NBFCs/HFCs/MFIs.
- Securities will be fully guaranteed by the Government of India.

### **Rs. 45,000 Crore Partial Credit Guarantee Scheme 2.0 for NBFC's:**

- Existing PCGS scheme to be extended to cover borrowings such as primary issuance of Bonds/ CPs (liability side of balance sheets) of such entities
- First 20% of loss will be borne by the Guarantor i.e. Government of India
- AA paper and below including unrated paper eligible for investment (esp. relevant for many MFIs)

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