



Aatmanirbhar Bharat 3.0



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Aatmanirbhar Bharat

An Introduction

The Aatmanirbhar Bharat Abhiyan stimulus package is an initiative announced by the Finance Minister. The stimulus package is expected to:

- Provide investment support to multiple sectors of the economy
- Boost employment growth within the country.
- Foster self-sufficiency within all sectors of the economy.

The first stimulus package was announced in May 2020, the second in October 2020 and the third on November 12, 2020.



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The third stimulus package announced by the Finance Minister on November 12, 2020 has been designed to increase employment opportunities, support multiple sectors through Production-Linked Incentives (PLIs) as well as extension of the Emergency Credit Line Guarantee Scheme (ECLGS) to non-MSMEs as well.



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The new Scheme is being launched to incentivise the creation of new employment opportunities during the COVID recovery phase. With an overall allocation of **US\$ 4.8 bn**, the Aatmanirbhar Bharat Rozgar Yojana has been bifurcated into Incentives for employee-beneficiaries as well as incentives for establishments.

Eligibility for Employee-Beneficiaries

- New Employees earning monthly wages less than **USD 202.29 with any EPF compliant organisation.**
- EPF member Employees with the above monthly wage but with a COVID related break in employment from **01.03.2020 to 30.09.2020 and with a rejoining date on or post 01.10.2020**

Eligibility for Establishments

With the operational time limit of June 30, 2021, the Scheme covers the following types of establishments :

- Establishments adding a minimum of two employees to their reference base of 50 employees.
- Establishments adding a minimum of five employees to a reference base of more than 50 employees.
- Subsidy to be extended to all new employees of establishments registering with EPFO after the scheme is operational.



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Central Government Subsidies

The Central Government Subsidies will be effective for a two-year period for new employees starting from October 1, 2020.

- In the case of organizations employing up to 1000 employees, the government subsidy will cover EPF contribution to be made by the employer and the employee (12% each), totalling 24% of wages.
- In the case of organizations employing more than 1000 employees, the government subsidy will cover the Employee contribution, i.e. 12% of the EPF wages.
- The subsidy support is to be credited to the Aadhar seeded EPF Account of the eligible employee.



Extension of the Emergency Credit Line Guarantee Scheme

The scheme was initially introduced during the first installment of the Aatmanirbhar Bharat initiative and was applicable only to MSMEs. The revised scheme ECLGS 2.0 is aimed at providing much needed relief to stressed sectors by helping entities sustain employment and meet liabilities, and will be applicable to MUDRA borrowers, business enterprises and individual loans for business purposes, besides MSME units. With the extended operational time limit of March 30, 2021, 100% guaranteed collateral-free additional credit will be utilized at capped interest rates by:

- Entities in the **26 stressed sectors** (identified by Kamath Committee) and the healthcare sector, with an outstanding credit between **USD 6.74 mn and USD 6.74mn** as on February 29, 2020
- Entities covered under the existing scheme with an outstanding credit of **USD 6.74 mn**.
- Entities to be up to **30 days past due** (SMA 0) as of February 29, 2020

- Additional credit up to **20% of outstanding as of February 29, 2020**
- Currently, there is no upper ceiling in place for annual turnover.

Under the existing scheme, **USD 27.64 bn has been sanctioned to 6.1 mn borrowers, and USD 20.49 bn has already been disbursed till date.**

Tenor of additional credit to be 5 years with a one year moratorium on principal repayment.



Manufacturing Production-Linked Incentives for Multiple Sectors



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The scheme initially applied to three sectors namely:

- (i) Mobile Manufacturing and specified Electronic Components,
- (ii) Key Starting Materials, Active Pharmaceutical Ingredients, and Drug Intermediaries,
- (iii) Medical Devices .

As many as **10 champion sectors** have now been identified for Production-Linked Incentives in order to boost the competitiveness of domestic manufacturing, and to give a significant boost to Economic Growth and domestic employment. The sectors and the corresponding allocation will be as follows:

Sector	PLI Allocation Amount (in USD)
Advance Cell Chemistry Battery	2.44bn
Electronic/Technology Products	0.67bn
Automobiles & Auto Components	7.69bn
Pharmaceutical Drugs	2.02bn
Telecom & Networking Products	1.62bn
Textile Products	1.42bn
Food Products	1.47 bn
Solar PV Modules	0.61bn
White Goods including LED and ACs	0.82bn
Speciality Steel	0.84bn
Total Amount	19.6bn



Rs 180bn Additional Allocation towards the PM Awas Yojana - Urban

Over and above the Budget estimates for 2020-21, the Government of India has allocated **USD 2.43 bn** towards the Prime Minister Awaas Yojana – Urban (PMAY-U):

The expected impact of the allocation will be as follows:

- Completion of 1.8mn houses and the grounding of 1.2mn houses.
- Creation of 7.8mn additional jobs
- Increase the demand for steel (2.5 mnMT) and Cement (13.1 mnMT)



Support for Construction, Infrastructure and Real Estate Sectors

The initiative will provide end-to-end support towards the construction and real-estate sectors as follows:

Support for the Construction Sector (relief to contractors by reducing locking up of capital and cost of BG)

- Performance security on contracts brought down to 3% from the current industry standard of 5-10%.
- This to be extended to current contracts and expanded to Public Sector Enterprises.
- Bid Security Declaration to replace the current system of EMD for tenders.
- Relaxations under General Financial Rules until December 31, 2021.

Support for the Real Estate Sector (help in clearing the unsold inventory)

- Increase in the permitted differential between circle rate & agreement value from 10% to 20% (under section 43CA) from the date of the announcement to 30th June 2021 for only primary sale of residential units of value up to USD 0.269mn

A 20% Consequential Relief to be allowed to homebuyers under Section 56(2)(x) of IT Act for residential units valued upto USD 0.269 mn.

- The requisite amendment will be made in the IT Act in the due course of time.



Equity Infusion in NIIF Debt Platform



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A Debt Platform consisting of the NBFC Infra Finance Company and the NBFC Infra Debt Fund has been instituted by the NIIF Strategic Opportunities Fund

- The Government is to invest USD 809mn as equity, in addition to USD 270mn invested by NIIF. The remaining equity is to be raised through private investors.
- A debt amount of USD 12.75bn will be raised by the NIIF AIFL (AA rating) and IFL (AAA rating).
- The Debt Platform is expected to provide infrastructure project financing of about USD 14.83bn by 2025.





Incentives for the Agriculture Sector and Rural Employment

The stimulus package provides for the following measures:

- **USD 8.77 bn** has been provided for ensuring timely availability of quality fertilizer to farmers during the crop season.
- **140 mn farmers** are expected to benefit from this initiative.
- An additional **outlay of USD 1.34 bn** will be allocated towards the PM Garib Kalyan Rozgar Yojana in the current financial year.





Boosting Exports, Industrial and Capital Expenditure

As part of initiatives aimed at promoting project exports, a sum of **USD 404 mn to be released to EXIM Bank** through the Lines of Credit under the IDEAS scheme.

An additional budget outlay of **USD 1.37 bn** to be provided towards Capital and industrial expenditure:

- Industrial infrastructure
- Industrial incentives
- Domestic Defence Equipment
- Green Energy





Providing R&D Grant Towards COVID-19 Vaccine Development

An allocation of **USD 121 mn to the Department of Biotechnology**, for Covid Suraksha Mission has been made. This will add greater impetus to the development of the COVID-19 vaccine in India.





Conclusion



The **USD 35.74 bn Aatmanirbhar Bharat 3.0 stimulus package** is aimed at sustaining the economic revival and growth initiated by the Aatmanirbhar Bharat 1.0 and 2.0 stimulus packages, thereby enabling an all-round growth within the economy by :

- Facilitating an increase in employment generation.
- Transforming India into a manufacturing hub through enhanced competitiveness in champion sectors.
- Bolstering GDP growth in India.
- Catalysing the recovery of the MSME, Healthcare, Construction / Infrastructure, Real Estate and other stressed sectors.
- Supporting the Agricultural sector and boosting the rural economy.

Thank You



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