

Update on Central Government's Economic Stimulus Package

Key Measures announced is as under:

1. Support for MSMEs

A. Rs. 3 lakh crore collateral – free automatic loans for business including MSMEs

Emergency Credit Line to Businesses/MSMEs from Banks and NBFCs up to 20% of entire outstanding credit as on February 29, 2020

Major features

- ✓ **Eligibility:** Borrowers with up to Rs. 25 crore outstanding and Rs. 100 crore turnover
- ✓ **Tenor:** 4-year tenor with 12 months moratorium available on principal repayment
- ✓ Scheme can be availed till 31st October 2020
- ✓ No Guarantee fees & No fresh collateral

B. Rs. 20,000 crores Subordinate Debt for stressed MSMEs

Govt. will facilitate provision of Rs. 20,000 crore as subordinate debt for MSMEs which are NPA or are under stress.

Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the unit.

C. Rs. 50,000 crores Equity Infusion for MSME through Fund of Funds

Govt. will facilitate creation of Fund of funds having Corpus of Rs. 10,000 crore which will provide equity funding for MSMEs with growth potential and viability.

This will help to expand MSME size as well as capacity and will also encourage them to get listed on main board of Stock Exchanges.

D. New Definition of MSMEs

The definition has been revised with the investment limit revised upward, introduction of additional criteria of turnover and elimination of the distinction between manufacturing and services sector.

Existing MSME Classification			
Criteria : Investment in Plant And Machinery or Equipment			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment < ₹25 lacs	Investment < ₹5 crore	Investment < ₹10 crore
Services Enterprise	Investment < ₹10 lacs	Investment < ₹2 crore	Investment < ₹5 crore

Revised MSME Classification			
Composite Criteria : Investment And Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing And Services	Investment < ₹1 crore & Turnover < ₹5 crore	Investment < ₹10 crore & Turnover < ₹50 crore	Investment < ₹20 crore & Turnover < ₹100 crore

2. EPF Relief

- A. For June, July and August 2020, payment of 12% employee and 12% employer contribution will be paid by Government for eligible enterprises under Pradhan Mantri Garib Kalyan Package. In the earlier notification, govt. had given benefit for 3 months (April, May & June 2020). The same has been extended by another 3 months till August 2020.
- B. For establishment other than above, Statutory PF deposit limit for employee and employer contribution has been reduced from 12% to 10% for next 3 months. However, Central & State PSU will continue to contribute 12% as employer contribution.

3. Direct Tax Measures

- A. Reduction in Rates of 'TDS' and 'TCS' by 25% from existing rates for non-salaried specified payments i.e. for payments for contracts, professional fees, interest, rent, dividend, commission, brokerage etc. made to residents for the remaining period of FY 20-21 i.e. effective from 14th May 2020 till 31st March 2021.
- B. Pending refunds to charitable trusts and non -corporate businesses & professions including proprietorship, partnership, LLP and Co-operatives shall be issued immediately

C. Extension of Due Dates

- ✓ **Filing of IT return for FY 2019-2020:** Due Date for Individual Returns extended from 31st July 2020 to 30th November 2020 and for Tax Audit extended from 30th September 2020 to 31st October 2020.
- ✓ **Date of assessments:** For those getting barred on 30.09.2020 extended to 31.12.2020 and for those getting barred on 31.03.2021 will be extended to 30.09.2021
- ✓ Period of **Vivad se Vishwas Scheme** for making payment without additional amount will be extended to 31st December 2020.

4. Other Major Benefits

- A. No Global tenders for Government tenders of up to Rs 200 crore
- B. Rs. 30,000 crore Special Liquidity Scheme for NBFCs/HFCs/MFIs
- C. Rs. 45,000 crore Partial Credit Guarantee Scheme 2.0 for Liabilities of NBFCs/MFIs
- D. Rs 90,000 crore emergency liquidity injection for DISCOMs
- E. Relief to Contractors given by extension of up to six months for completion of contractual obligations, including in respect of EPC and concession agreements
- F. Relief to Real Estate Projects by extending the registration and completion date of all registered projects under RERA by six months