



Students' ECONOMIC FORUM

A monthly publication from South Indian Bank

*To kindle interest in economic affairs...
To empower the student community...*

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MAY 2020

Theme : 342

ATMANIRBHAR BHARAT ABHIYAN

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Theme No: 342: **Atmanirbhar Bharat Abhiyan**

“When learning is purposeful, creativity blossoms. When creativity blossoms, thinking emanates. When thinking emanates, knowledge is fully lit. When knowledge is lit, economy flourishes.”
- DR. A.P.J. ABDUL KALAM

The “SIB Students’ Economic forum” is designed to kindle interest in the minds of younger generation. We highlight one theme in every monthly publication. Topic of discussion for this month is “**Atmanirbhar Bharat Abhiyan**”.

The COVID-19 pandemic has adversely affected the Indian economy and society in varied ways. Recently, the government announced an economic stimulus package of ₹ 20 lakh Cr. and big-bang systemic reforms under the Atmanirbhar Bharat Abhiyan (self-reliant India), which is the name given to the full-fledged economic stimulus package announced by the Union Government.

Atmanirbhar Bharat Abhiyan

The Atmanirbhar Bharat Abhiyan was announced in five tranches by the Union Finance Minister Nirmala Sitharaman in May 2020.

Important Facts about Atmanirbhar Bharat Scheme

1. The Prime Minister announced that an Atmanirbhar Bharat or a self-reliant India should stand on **five pillars**:
2. The 20-lakh Cr. worth package is almost **10% of the GDP** of the country.



Corona Virus Stimulus Packages: A Global Comparison

Country	Value in terms of GDP	Package Details
Japan	21.1% of its GDP	USD 1.1 trillion recovery package
United States (US)	13% of its GDP	USD 2.7 trillion package (largest in pure dollar terms)
Sweden	12% of its GDP	-
Australia	10.8% of its GDP	-
Germany	10.7% of its GDP	USD 815 billion package
India	10% of its GDP	USD 265 billion (₹ 20 lakh Cr.)
France	9.3% of GDP	-
Spain	7.3% of GDP	Euro 200 billion
Italy	5.7% of GDP	Approx. USD 815 billion package
UK	5% of GDP	£1.25 billion

3. The package emphasises on **land, labour, liquidity and laws**.
4. The package includes measures across many sectors such as **MSME, cottage industries, middle class, migrants, industry, etc.**
5. Several reforms are announced to make India a self-reliant economy and mitigate negative effects in the future.

The Tranches of the Economic Relief Package as announced by the FM

Atmanirbhar Bharat Abhiyan – Part 1

Category	Measures
MSMEs	<ul style="list-style-type: none"> The ₹ 3 lakh Cr. Emergency Credit Line announced for Business including MSME. Provision of ₹ 20,000 Cr. as subordinate debt for 2 lakh MSMEs which are stressed or deemed non-performing assets. A ₹ 50,000 Cr. equity infusion through an MSME fund of funds with a corpus of ₹ 10,000 Cr. The definition of an MSME is being expanded to allow for higher investment limits and the introduction of turnover-based criteria. Global tenders will not be allowed for government procurement up to ₹ 200 Cr. The government and central public sector enterprises will release all funds due to MSMEs within 45 days.
Employees/ tax payers	<ul style="list-style-type: none"> Extended deadline for income tax returns for the financial year 2019-20 (due date pushed to 30 Nov 2020) The rates of Tax Deduction at Source (TDS) and Tax Collection at Source (TCS) have been cut by 25% for the next year. EPF support is being extended for another 3 months. PF contributions have been reduced from 12% to 10% for both employers and employees for the next 3 months.
NBFCs	<ul style="list-style-type: none"> ₹ 30,000 Cr. Liquidity Facility for NBFC/HFCs/MFIs. ₹ 45,000 Cr. Partial Credit Guarantee Scheme 2.0 for NBFCs
DISCOMs Real Estate	<ul style="list-style-type: none"> ₹ 90,000 Cr. liquidity injection has been announced. States and Union Territories have been advised to extend the registration and completion date of real estate projects by six months.

Atmanirbhar Bharat Abhiyan – Part 2

Provision	Details
Free food grains	<ul style="list-style-type: none"> Central government to spend ₹ 3500 Cr. to provide free food grain supply to migrants and the benefit is also extended to 8 Cr. migrants who do not have ration cards or are not covered under National Food Security Act.
Credit facilities	<ul style="list-style-type: none"> Street vendors will be given access to easy credit through a ₹ 5,000 Cr. scheme, which will offer ₹ 10,000 for initial working capital. ₹ 2 Lakh Cr. of concessional credit will be extended to boost economic activities amongst 2.5 Cr. farmers through Kisan Credit Card. NABARD will provide additional refinance support worth ₹ 30,000 Cr. to rural banks for crop loans.
Subvention relief	<ul style="list-style-type: none"> Small businesses who have taken loans under the MUDRA-Shishu scheme, meant for loans worth ₹ 50,000 or less, will receive a 2% interest subvention relief for the next year.
Affordable rental housing for migrant workers/urban poor	<ul style="list-style-type: none"> Affordable rent and accommodation for migrant worker and urban poor in PM Awas Yojana Incentivising industries and institutions to develop Affordable Rental Housing Complexes on their private land. Govt. is looking to convert vacant buildings in metro cities for housing.
One Nation One Ration Card Scheme	<ul style="list-style-type: none"> 67 Cr. beneficiaries in 23 states will get covered in this scheme by August 2020.

Atmanirbhar Bharat Abhiyan – Part 3

Provision	Details
Inter-state trade	<ul style="list-style-type: none"> Plans to enact a central law to provide farmers with a choice to sell at attractive prices and Inter-state trade to be made barrier-free. E-trade of produce should be facilitated.
Contract farming	<ul style="list-style-type: none"> Facilitative legal framework to oversee contract farming. This would provide farmers with assured sale prices at the time of sowing itself and also allow private players to invest in inputs and technology in the agricultural sector.
Deregulating produce	<ul style="list-style-type: none"> The Centre will be deregulating the sale of six types of agricultural produce, including cereals, edible oils, oilseeds, pulses, onions and potatoes, by amending the Essential Commodities Act, 1955. Stock limits will not be imposed on these commodities except in case of national calamity or famine or an extraordinary surge in prices. These stock limits would not apply to processors and exporters.
Agriculture infrastructure	<ul style="list-style-type: none"> Investment of ₹ 1.5 lakh Cr. to build farm-gate infrastructure and support logistics needs for fishermen, livestock farmers, vegetable growers, beekeepers and related activities.

Atmanirbhar Bharat Abhiyan – Part 4

Sector	Provisions
Defence	<ul style="list-style-type: none"> Provisions for banning the import of some weapons and platforms to indigenise defence production. Separate budgetary provision for domestic defence procurement. This would help reduce the defence import bill and encourage domestic production. The FDI limit in defence manufacturing under automatic route will be raised from 49% to 74%. Improve autonomy, accountability and efficiency in Ordnance Supplies by Corporatisation of Ordnance Factory Board.
Minerals	<ul style="list-style-type: none"> The government monopoly on coal would be removed with the introduction of commercial mining on a revenue sharing basis. The private sector would be allowed to bid for 50 coal blocks. Private players would also be allowed to undertake exploration activities.
Space	<ul style="list-style-type: none"> A level playing field for private players will be created in the space sector, allowing them to use ISRO facilities and participate in future projects on space travel and planetary exploration. The government will ease geo-spatial data policy to make remote-sensing data more widely available to tech entrepreneurs, with safeguards put in place.
Aviation	<ul style="list-style-type: none"> Six more airports are up for auction on private public partnership mode, while additional private investment will be invited at 12 airports. Measures to ease airspace restrictions have been announced which would make flying more efficient. Rationalising of the MRO (maintenance, repair and operations) tax structure with an aim to make India an MRO hub.
Power	<ul style="list-style-type: none"> Power departments/utilities and distribution companies in Union Territories would be privatized based on a new tariff policy to be announced.
Atomic	<ul style="list-style-type: none"> Research reactors in PPP mode would be set up for the production of medical isotopes.

Atmanirbhar Bharat Abhiyan – Part 5

Provision	Details
MGNREGS	<ul style="list-style-type: none"> Additional funding of ₹ 40,000 Cr. to the scheme over and above the Budgetary Estimate
Health	<ul style="list-style-type: none"> All districts will have infectious disease hospitals while at the block-level, public health labs will be set up.
Education	<ul style="list-style-type: none"> PM eVidya programme to be launched immediately. Each Classroom from 1 to 12 will have one TV channel. Special e-content for visually & hearing impaired. Top 100 universities will be permitted to start online courses by May 30, 2020.
IBC reforms	<ul style="list-style-type: none"> Covid-related debt to be excluded from definition of default under the IBC. No fresh insolvency for next one year. Minimum threshold to initiate insolvency raised to ₹ 1.00 Cr. from ₹ 1.00 lakh earlier.
Decriminalising Companies Act	<ul style="list-style-type: none"> Violations under most of the Companies Act to be decriminalised. This will ease the burden on courts and tribunals. Seven compoundable offences under Companies Act being dropped, 5 offences to be dealt under alternative framework.
New Public Sector Policy	<ul style="list-style-type: none"> All sectors are open to the private sector while public sector enterprises will play an important role in defined areas. Govt will notify strategic areas and in them at least one PSE will remain but private sector will be allowed. In other sectors, PSEs will be privatised.
Additional resources to States	<ul style="list-style-type: none"> Centre has decided to increase borrowing limit of states from 3% to 5% for FY21. This will give extra resources of ₹ 4.28 lakh Cr. to states. This despite, states have borrowed only 14% of the limit authorised to them. 86% remains unutilised. The additional borrowing limit has been linked with initiating reforms.

The finance minister also gave a break up of how the ₹ 20 lakh Cr. was allocated among the five tranches and the previous schemes as well as the RBI measures:

Sl. No.	Item	Rs. in Cr.
1	Part 1	5, 94, 550
2	Part 2	3, 10, 000
3	Part 2	1, 50, 000
4	Part 4 & Part 5	48, 100
	Sub-Total	11, 02, 650
5	Earlier measures including PMGKP	1, 92, 800
6	RBI Measures (Actual)	8, 01, 603
	Sub-Total	9, 94, 403
	Grand Total	20, 97, 053

Conclusion

The intended objective of this plan is two-fold. First, interim measures such as liquidity infusion and direct cash transfers for the poor will work as shock absorbers for those in acute stress. The second, long-term reforms in growth-critical sectors to make them globally competitive and attractive. Together, these steps may revive the economic activity, impacted by Covid-19 pandemic and create new opportunities for growth in sectors like agriculture, Micro, Small and Medium Enterprises (MSMEs), power, coal and mining, defence and aviation etc. The economic crisis triggered by Covid-19 pandemic is much like the 1991 economic crisis, which was a harbinger of a paradigm shift via liberalisation, privatisation and globalisation. The post-Covid-19 era may usher in unprecedented opportunities provided the implementation deficit is adequately addressed.

Source: PIB

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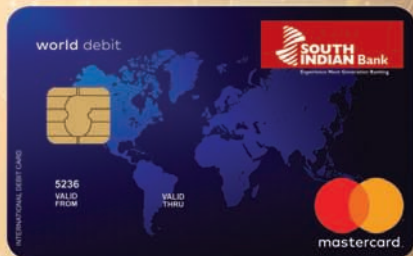
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