

Announcements by Finance Ministry on 13th May 2020:

Infusion of liquidity for MSMEs, Employee Provident Fund, NBFCs, DISCOMs, Real Estate, Contractors and Direct Tax relaxations:

☺ **Collateral free Automatic additional Loans to MSME and SME up to 20% of entire outstanding credit as on 29.02.2020:**

- MSMEs having outstanding Loan upto Rs. 25 crores and Annual Turnover over Rs. 100 crores will get additional collateral-free loan for tenure of 4 years.
- No principal repayment will be required in 1st year. No guarantee fee is required to be paid and no fresh collateral to be given
- Loan application under this scheme to be made by 31.10.2020.
- Total additional loan amount that will be provided is Rs. 3 Lakh crores.
- In total, 45 lakh MSMEs stand to get benefit from this loan.

☺ **Loan to financially Stressed MSMEs, SMEs :**

- Loan in form of subordinate debt of Rs. 20,000 crores to financially stressed MSME/SME's will be granted.
- Functioning MSMEs which are NPA or are stressed will be eligible.
- In total 2 lakh MSMEs stand to get benefit from this loan.

☺ **Equity Infusion of Rs. 50,000 Crore for MSMEs**

- Due to severe shortage of Equity faced by MSMEs, Funding of Rs. 50,000 crores for infusion of equity in sound and viable MSMEs and SMEs for expansion and listing in stock market.

☺ **Change in the Definition of MSME:**

- Investment limit is revised upwards and additional criteria of turnover are introduced for MSME which is not listed on stock market. Difference between manufacturer MSME and Service MSME removed. As per new definition,
 - Investment of upto Rs. 1 crore and Turnover of upto Rs. 5 crore will be called **Micro Enterprise**
 - Investment of upto Rs. 10 crore and Turnover of upto Rs. 50 crore will be called **Small Enterprise**
 - Investment of upto Rs. 20 crore and Turnover of upto Rs. 100 crore will be called **Medium Enterprise**
- ☺ Tenders upto Rs. 200 crores in Government procurements will be local tender only and global tenders will be prohibited.
- ☺ Government, Central Departments and Central PSUs will try to pay outstanding dues to MSMEs in 45 days. E-Marketing will be promoted for MSMEs due to lack of trade fairs.
- ☺ Contribution by Government in EPF account: Government will contribute 24% (12% from employer and 12% from employee). Government has already contributed for Mar'20 to May'20. Now, Government will contribute further Rs. 2,500 crores for June'20 to August'20 for the eligible employees. This will provide liquidity relief of Rs.2500 crores to 3.67 lakh establishments and for 72.22 lakh employees.
- ☺ Liquidity availability for employer and employee – Reduction of statutory EPF contribution from 24% to 20% for certain establishments other than Government, Central Public Service Entity and State PSUs. This scheme will be applicable for workers who are not eligible for 24% EPF support under PM Garib Kalyan Package and its extension. This will provide relief to about 6.5 lakh establishments covered. Benefit Rs. 6,750 crores will be made available.

🕒 **Liquidity scheme for struggling Housing Finance Institution, NBFCs:**

Infusion of Rs. 30,000 crores via liquidity scheme for Housing Finance Institution (HFI) and NBFCs. Government will Invest in primary and secondary markets for buying debt papers of struggling NBFCs, HFI, which will be fully guaranteed by Government of India.

🕒 **Partial Credit Guarantee Scheme for Micro finance institution, HFI, NBFC:**

- Expansion of Partial Credit Guarantee Scheme: Rs. 45,000 crores by Government. Papers of NBFCs, HFCs and MFIs which are un-rated or below AA credit rated will benefit from this.
- Existing Partial Credit Guarantee Scheme to be extended to cover borrowings such as primary issuance of Bonds/CPs of such entities

🕒 **Relief for DISCOMs:**

Government will provide liquidity of Rs. 90,000 crores to DISCOMs via receivables from Power Companies for keeping cycle rolling. Ultimately, this liquidity will reach to final consumers so that the cost of electricity does not increase.

🕒 **Relief to Contractors:**

Contractors dealing with Indian Railways, NHA, Government dept – Blanket extension of 6 months (without cost to contractors) are given for complying with the conditions of contract. All types of contracts such as construction/works and goods and services are covered under this. Concession period in PPP contract also stands extended by 6 months. Further, to ease cash flow Government will release partial bank guarantee for work completed by contractor.

🕒 **Real Estate:**

Govt. to advise States to treat Covid -19 as a Force majeure event and accordingly States shall provide blanket extension to RERA registered projects for registration and completion by 6 months for registration and completion dates for all projects

expiring on or after 25th March, 2020 and fresh “Project Registration Certificates” will be issued automatically with revised timelines. Timelines for statutory compliance under RERA shall also be extended

🕒 **Direct taxes:**

- Non-Salary TDS rates stands reduced from 14th May 2020 to 31st March 2021 by 25% for all types of expenditure. Rs. 50,000 crores will be made available to tax payers due to this measure. 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 i.e. from 14th May, 2020 to 31st March,2021.
- All pending refunds for Charitable trusts, LLPs, Individuals and firms, Co-operatives shall be released immediately.
- Due date for all IT returns for FY 19-20 stands extended to 30.11.2020 and tax audit due date will be 31.10.2020.
- Date of assessment for cases which are getting barred as on 30.09.2020 is extended to 31.12.2020. Similarly, cases which will be time barred on 31.03.2021 stands extended to 30.09.2021.
- Vivad Se Vishwas Scheme stands extended to 31.12.2020 without any requirement of tax deposit.

Abbreviations

MSME	: Micro, Small and Medium Enterprises
SME	: Small and Medium Enterprises
PSU	: Public Sector Undertaking
EPF	: Employee's Provident Fund
NBFC	: Non-Banking Financial Company
HFI	: Housing Financial Institution
FI	: Financial Institution
NHA	: National Health Authority
PPP	: Public-Private Partnership
RERA	: Real Estate Regulatory Authority
TDS	: Tax Deducted at Source
LLP	: Limited Liability Partnership
IT	: Income Tax

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