

Atmanirbhar India

COVID-19: Turning Crisis into Opportunity



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“

This vision of India – turning crisis into opportunity – is going to prove equally effective for our resolve to build a self-reliant India.

”



**Prime Minister
Shri Narendra Modi**

COVID-19: Impact

The COVID-19 Pandemic has claimed over 320,000 lives (beginning of December 2019 and May 19, 2020) and has infected more than **4.9 million** people in 180 countries. During this time, India has reported more than **100,000 COVID-19** cases and over **3,000 casualties**.

- First detected in China in Nov 2019, COVID-19 has spread rapidly, bringing the world to a halt
- Total reported cases at **+4.9 million**, total casualty at \approx 320,000, total recovery at +1.9 million
- Around 10 COVID-19 vaccines are various stages of testing and development

- **COVID-19 has disrupted human/goods traffic, likely to cost the global economy US\$8.8 trillion**
- **India is working on vaccines, plasma therapy, drug therapeutics, medical devices for COVID-19**
- **India has supplied essential medicines to over 123 countries and set up a SAARC COVID-19 fund**
- **India is partnering globally on COVID-19 R&D, medical supplies including trade of key commodities, exchange of information**



Measures Taken: India

Health Related Steps taken so far for COVID containment

Announced measures amounting to ₹150 billion

- Released to states – ₹41.1 billion
- Essential items – ₹37.5 billion
- Testing labs and kits – ₹5.5 billion
- Insurance cover of ₹5 million per person for health professionals

Leveraging IT

- Roll out of **e-Sanjeevani** Tele-Consultation Services
- Capacity Building: Virtual learning modules – iGOT platform
- Arogya Setu: Self assessment and contact tracing

Protection to Health Workers

- Amendment in Epidemic Diseases Act
- Adequate provision for PPEs
- From zero to > 300 domestic manufacturers
- PPEs (5.1 million), N95 masks (8.7 million) HCQ tablets (110 million)

Preparing India for future Pandemics

- Infectious Disease hospital blocks envisaged in all districts
- Strengthening lab networks
- Encouraging Research
- Implementation of National Digital Health Mission

₹20 trillion reforms to attract investments

Equivalent to around 10% of India's GDP, **₹20 trillion (~US\$265 billion)** has been budgeted helping make India an ideal destination for trade and investment

- Land, Labor, Liquidity, Laws, amongst other reforms
- These reforms to strengthen the cottage industries and MSMEs that employ millions of Indians - the foundation of a consumer economy.
- Strong focus on key sectors including **Agriculture, Health, Education and FDI**
- The package aims to empower labourers and farmers, who have been working even amid the COVID-19 crisis
- **Demand side push:** This package to help improve the economic strength of India's middle class
- Intention of boosting global socio-economic leadership by facilitating business and start-ups
- The package seeks to create **improved opportunities for foreign traders and investors**
- The proactive measures assert the **Government's commitment** towards delivering economic prosperity in uncertain times.

These timely measures also show how India is being predicted to emerge as an exception while the world slips into an economic recession due to the pandemic.

Human-centric Globalisation

The idea of 'self-reliance' has evolved with respect to the ongoing debate of Human-centric Globalisation against Economy-centric Globalisation. Herein, India's fundamental thinking provides a ray of hope to the world. Our country does not advocate self-centric arrangements when it comes to self-reliance. India's self-reliance is ingrained in the happiness, cooperation and peace of the world.

- PM Modi

A self-reliant India will stand on 5 Pillars.

- **Economy** that brings Quantum Jump rather than Incremental change
- **Infrastructure** that asserts the identity of a prosperous modern India
- System, driven by **technology**, to fulfill the dreams of the 21st century
- **Demography** of the democracy is source of energy for self-reliance
- **Demand** strengthening by empowering the demand-supply ecosystem

Focus on credit provision, infrastructure, access to market, skill development, and to produce job creators

Incentivising Business and investment focussed growth

Investment and
trade enabling
reforms



Driving Growth in post-COVID World

Policy Reforms to fast-track Investment

- Fast track Investment Clearance through Empowered Group of Secretaries (EGoS)
- Project Development Cell in each Ministry to prepare investable projects, coordinate with investors and Central/ State Governments
- Ranking of States on Investment Attractiveness to compete for new investments
- Incentive schemes for Promotion of New Champion Sectors such as Solar PV manufacturing; Advanced cell battery storage, etc

Upgradation of Industrial Infrastructure

- Scheme to be implemented in States through Challenge mode for Industrial Cluster Upgradation of common infrastructure facilities and connectivity
- Availability of Industrial Land/ Land Bank for promoting new investments and making information available on Industrial Information System (IIS) with GIS mapping
 - 3,376 industrial parks/estates/SEZs in 500,000 hectares mapped on Industrial Information System (IIS)
 - All industrial parks to be ranked in 2020-21



India invites investment: Major Sectors

Policy reforms in major sectors to facilitate private and foreign investors

- **Coal:** Introduction of commercial mining
- **Minerals:** Enhancing private sector participation in Mineral sector
- **Civil Aviation:** Ease on restriction of airspace utilisation; further opportunities for PPP model in airport development
- **Defence:** FDI limits increased from 49% to 74%
- **Space:** Indian Private Sector to be a co- traveller
- **Atomic:** Establish research reactors in PPP mode

Reforms to encourage efficiency in operations

- **Power Sector:** Power utilities to be privatised; Distribution in UTs to be opened to private sector
- **Social Projects:** VGF to be enhanced to 30% by Government
- **Education:** Technology Driven Education with equity post-COVID under PM eVIDYA programme

Agriculture: The World's Food bowl

- **Amendment of Essential Commodities Act**
- **Removing barriers to inter-state trading:** Empowering farmers to sell their produce in the market including outside APMC mandi yard
- **Facilitation of contract farming** through an enabling legal framework
- **₹1 trillion Agri Infrastructure Fund** for farm-gate infrastructure for farmers

Policy Reforms to Boost Efficiency

Public Sector Enterprise Policy for a new India

- Government to announce a new policy whereby list of strategic sectors requiring presence of PSEs in public interest to be notified
- In strategic sectors, at least one enterprise to remain in the public sector but private sector to also be allowed
- In other sectors, PSEs to be privatized (timing to be based on feasibility, etc)
- To minimize wasteful administrative costs, number of enterprises in strategic sectors to ordinarily be only one to four; others to be privatized/ merged/ brought under holding companies

Other major reforms (summary)

- Introduction of major labour reforms
- RBI relief measures to boost liquidity and ease credit and working capital costs
- Collateral free loans for Business and MSMEs, Subordinate Debt for MSMEs and equity infusion.
- Special Liquidity scheme for NBFCs/HFCs/MFIs
- Liquidity injection for DISCOMs
- Liquidity enhancement through reduction in TDS and TCS rates (reduced by 25% of existing rates) as well as other tax measures

Push for improving India's EoDB

IBC related measures

- Minimum threshold to initiate insolvency proceedings raised to ₹10 million (from ₹100,000, which largely insulates MSMEs)
- Special insolvency resolution framework for MSMEs under Section 240A of the Code to be notified soon
- Suspension of fresh initiation of insolvency proceedings up to one year depending upon the pandemic situation
- Empowering Central Government to exclude COVID 19 related debt from the definition of “default” under the Code for the purpose of triggering insolvency proceedings

Decriminalisation of Companies Act Defaults

- Decriminalization of Companies Act violations involving minor technical and procedural defaults
- Majority of the compoundable offences sections to be shifted to internal adjudication mechanism (IAM) and powers of RD for compounding enhanced The Amendments will de-clog the criminal courts and NCLT
- 7 compoundable offences altogether dropped and 5 to be dealt with under alternative framework

Other Measures for Corporates

- Direct listing of securities by Indian public companies in permissible in foreign jurisdictions
- Private companies which list NCDs on stock exchanges not to be regarded as listed companies
- Including the provisions of Part IXA (Producer Companies) of Companies Act, 1956 in Companies Act, 2013
- Power to create additional/ specialized benches for NCLAT
- Lower penalties for all defaults for Small Companies, One person Companies, Producer Companies & Startups

Corporate Law Measures for EoDB

Recent Corporate Law measures for Ease of Doing Business

- In the first phase of decriminalization of Company Law defaults in 2018, 16 compoundable offences were shifted to an in-house adjudication & penalty mechanism
- Integrated Web based Incorporation Form - Simplified Proforma for Incorporating Company Electronically Plus (SPICe +) introduced which extends 10 services of different Ministries and one State Government through a single form
- Databank of Independent Directors launched
- Withdrawal of more than **14,000** prosecutions under the Companies Act, 2013
- Rationalization of Related Party Transaction related provisions
- Timely Action during COVID-19 to reduce compliance burden under various provisions of the Companies Act, 2013 as well as enable Companies to conduct Board Meetings, EGMs & AGMs, Rights issue by leveraging the strengths of Digital India
- In 221 resolved cases, 44% Recovery has been achieved since inception of IBC, 2016
- Admitted claims amount to **₹4.1 trillion**
- Realizable amount **is ₹1.8 trillion**
- Under IBC, 13,566 cases involving a total amount of ₹5 trillion (approx.) have been withdrawn before admission under provisions of IBC till 29th Feb 2020

India: The land of opportunities



Opportunities in Minerals, Defence

Enhancing Private Investments in the Mineral Sector

Structural reforms to boost growth, employment and bring state-of-the-art technology especially in exploration through:

- Introduction of a seamless composite exploration-cum-production regime
- 500 mining blocks to be offered through an open and transparent auction process
- Introduction of Joint Auction of Bauxite and Coal mineral blocks to enhance Aluminum Industry's competitiveness
- Ministry of Mines is in the process of developing Mineral Index for different minerals
- Rationalisation of stamp duty payable at the time of award of mining leases
- Production earlier than schedule to be incentivised through rebate in Revenue share

Enhancing Self Reliance in Defence Production

- FDI limit in the defence manufacturing under automatic route raised from 49% to 74%
- Time-bound defence procurement process and faster decision making will be ushered in by:
 - Setting up of a Project Management Unit (PMU) to support contract management
 - Realistic setting of General Staff Qualitative Requirements (GSQRs) of weapons/platforms
 - Overhauling Trial and Testing procedures
- Increased push for 'Make in India' in defence production
 - Notify a list of weapons/platforms for ban on import with year wise timelines
 - Indigenisation of imported spares
 - Separate budget provisioning for domestic capital procurement
- Improved autonomy, accountability and efficiency in Ordnance Supplies by Corporatisation of Ordnance Factory Board

For more information:

[Link](#)

Opportunities in Space, Atomic Energy

Boosting Private Participation in Space activities

Indian private sector will be a co-traveller in India's space sector journey through

- Provision of level playing field for private companies in satellites, launches and space-based services
- Provision of predictable policy and regulatory environment to private players
- Private sector to be allowed to use ISRO facilities and other relevant assets to improve their capacities
- Future projects for planetary exploration, outer space travel etc to be open for private sector
- Liberal geo-spatial data policy for providing remote-sensing data to tech-entrepreneurs

Atomic Energy Reforms

- Establish research reactor in PPP mode for production of medical isotopes – **promote welfare of humanity through affordable treatment for cancer and other diseases**
- Establish facilities in PPP mode to **use irradiation technology for food preservation** – to compliment agricultural reforms and assist farmers
- Link India's robust start-up ecosystem to the nuclear sector – Technology Development cum Incubation Centres to be set up for fostering synergy between research facilities and tech-entrepreneurs



For more information: [Link](#)

Opportunities in Civil Aviation

Efficient Airspace Management for Civil Aviation

- Restrictions on utilisation of the Indian Air Space to be eased so that civilian flying becomes more efficient (Only 60% of the Indian airspace freely available)
- Expected to bring a total benefit of about **₹10 billion** per year for the aviation sector
- Optimal utilization of airspace; reduction in fuel use, time; Positive environmental impact

More World-class Airports through PPP

- AAI has awarded 3 airports out of 6 bid for Operation and Maintenance on Public-Private Partnership (PPP) basis.
- 6 more airports identified for the 2nd round. Bid process to commence immediately
- Additional Investment by private players in 12 airports in 1st and 2nd rounds expected around ₹130 billion
- Another 6 airports to be put out for the third round of bidding.

India to become a global hub for Aircraft Maintenance, Repair and Overhaul (MRO)

- Tax regime for MRO ecosystem has been rationalized
- Aircraft component repairs and airframe maintenance to increase from ₹8 billion to ₹20 billion in three years
- Major engine manufacturers in the world are expected to set up engine repair facilities in India in the coming year
- Convergence between defence sector and the civil MROs to be established to create economies of scale

Opportunities: Commercial Coal Mining



Ministry Of External Affairs
Government Of India



Policy Reforms – Introduction of Commercial Mining in Coal Sector

- Focus on reduction of import of substitutable coal and increase self-reliance in coal production
- Government to introduce competition, transparency and private sector participation in the Coal Sector through
 - Revenue sharing mechanism instead of regime of fixed Rupee/tonne
 - Entry norms to be liberalized
 - Nearly 50 blocks to be offered immediately
 - No eligibility conditions, only upfront payment with a ceiling
- Exploration-cum-production regime for partially explored blocks
 - Fully explored coal blocks and partially explored blocks to be auctioned
 - To allow private sector participation in exploration.
- Production earlier than scheduled to be incentivized through rebate in revenue-share
- Diversified Opportunities in Coal Sector - Investment of ₹500 billion
 - Coal Gasification / Liquefaction to be incentivised through rebate in revenue share
 - Infrastructure development of ₹500 billion
- Liberalised Regime in Coal Sector
 - Coal Bed Methane (CBM) extraction rights to be auctioned from Coal India Limited's (CIL) coal mines.
 - Ease of doing business measures, such as Mining Plan simplification, to be taken
 - Concessions in commercial terms to CIL's consumers (relief worth ₹50 billion offered)

For more information: [Link](#)

Opportunities: Agriculture

“ A 1991 moment for Indian Agriculture ”

- A. Gulati, Infosys Chair Prof for Agriculture, ICRIER

Amendments to Essential Commodities Act

- Focus on better price realisation through attracting investments
- Deregulation of cereals, edible oils, pulses, onions and potatoes
- Stock limits to be imposed only under special circumstances like national calamities (eg. Famines with price rises)
- No stock limit for processors or value chain participant, subject to installed capacity or export demand
- Focus on boosting supply chain especially cold storage investment

Agriculture Marketing Reforms

- Farmers can sell to anyone, not just APMC licensees (Agriculture Produce Market Committees)
- Barrier free inter-state trade
- Framework for e-trading of Agricultural produce

Enabling Contract Farming

- Legal framework to facilitate farmer engagement with processors, aggregators, large retailers, exporters, etc.
- Risk Mitigation, assured returns, quality standardisation, to form an integral part of the framework

Empowering the Agriculture Ecosystem

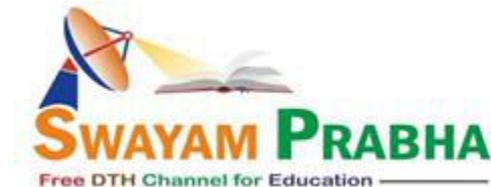
- **₹1 trillion** Agri Infrastructure Fund for farm-gate infrastructure for farmers
- **₹100 billion** scheme for formalisation of Micro Food Enterprises (MFE)
- **₹200 billion** for Fishermen through Pradhan Mantri Matsya Sampada Yojana (PMMSY)
- National Animal Disease Control Programme for Foot and Mouth Disease (FMD) and Brucellosis launched with total outlay of **₹133.4 billion**
- Animal Husbandry Infrastructure Development Fund - **₹150 billion**
- Promotion of Herbal Cultivation with **₹40 billion**
- Beekeeping initiatives with **₹5 billion**
- Operation Greens to be extended from Tomatoes, Onion and Potatoes (TOP) to ALL fruits and vegetables (TOTAL) for **₹5 billion**
- Agriculture Produce Price and Quality Assurance to be implemented

- In Union Budget 2018-19, “Operation Greens” was announced with an outlay of **₹500 billion** to promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management. Accordingly, the Ministry has formulated a scheme for integrated development of Tomato, Onion and Potato (TOP) value chain



Education: Technology Driven Systems

- **PM e-VIDYA** : multimode access to digital/online education
 - DIKSHA: QR coded energised textbooks for school education. Has already **610 million** hits since 24th March
 - Earmarked channels for education
 - Extensive use of Radio, community radio and podcasts
 - Special e-content for visually and hearing impaired
 - Top 100 Universities allowed (automatically) to start online courses
- Launch of Manodarpan (psychological support), New National Curriculum and Pedagogical Framework for school, early childhood and teachers and National Foundational Literacy and Numeracy Mission
- **SWAYAM PRABHA DTH** channels to support and reach those who do not have access to the internet. 3 channels were already earmarked for school education; now another 12 channels to be added
- Provision made for telecast of live interactive sessions on these channels with experts from home through Skype
- Also tied up with private DTH operators like Tata Sky & Airtel to air educational video content to enhance the reach of these channels
- Coordination with States of India to share air time (4 hrs daily) on the **SWAYAM PRABHA** channels to telecast their education related contents
- **200 new textbooks** added to e-Paathshaala



Building on India's Institutional Strengths



Tariff Policy & Privatisation

Tariff Policy Reform

Tariff Policy laying out the following reforms to be released:

- Consumer Rights
 - DISCOM inefficiencies not to burden consumers
 - Standards of Service and associated penalties for DISCOMs
 - DISCOMs to ensure adequate power; load-shedding to be penalized
- Promote Industry
 - Progressive reduction in cross subsidies
 - Time bound grant of open access
 - Generation and transmission project developers to be selected competitively
- Sustainability of Sector
 - No Regulatory Assets
 - Timely payment of Gencos
 - DBT for subsidy; Smart prepaid meters

Privatization of Distribution in UTs

- Power Departments / Utilities in Union Territories to be privatised. Will lead to better service to consumers and improvement in operational and financial efficiency in Distribution
- Provide a model for emulation by other Utilities across the country

Boosting private sector investment in Social Infrastructure

- Government to enhance the quantum of Viability Gap Funding upto 30% each of Total Project Cost as VGF by Centre and State/Statutory Bodies (Social Infrastructure Projects suffer from poor viability)
- For other sectors, VGF existing support of 20 % each from Gol and States/Statutory Bodies shall continue
- Total outlay is ₹81 billion
- Projects to be proposed by Central Ministries/ State Government/ Statutory entities

Boost to MSME manufacturing

- New definition of MSMEs (in terms of investment and turnover) including:
 - Investment limit to be revised upwards
 - Additional criteria of turnover also being introduced.
 - Distinction between manufacturing and service sector to be eliminated.
 - Necessary amendments to law to be brought about.
- **₹3 trillion** Collateral free Automatic Loans for Business, including micro, small and medium enterprises (MSMEs)
- **₹200 billion** Subordinate Debt for MSMEs
- **₹500 billion** equity infusion through MSME Fund of Funds

Existing and Revised Definition of MSMEs



Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment < Rs. 25 lac	Investment < Rs. 5 cr.	Investment < Rs. 10 cr.
Services Enterprise	Investment < Rs. 10 lac	Investment < Rs. 2 cr.	Investment < Rs. 5 cr.

Revised MSME Classification			
Composite Criteria : Investment And Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment < Rs. 1 cr. and Turnover < Rs.5 cr.	Investment < Rs. 10 cr. and Turnover < Rs.50 cr.	Investment < Rs. 20 cr. and Turnover < Rs.100 cr.

Relaxation in Statutory and Compliance Requirements

- Issued all the pending income-tax refunds of up to ₹500,000, immediately benefiting around 1.4 million taxpayers
- Implemented “Special Refund and Drawback Disposal Drive” for all pending refund as well as drawback claims
- Last date for IT Returns and GST extended to June 30, 2020
- 24*7 custom clearance offered till June 30, 2020
- ₹500 billion liquidity through TDS/TCS reductions
- Other Direct tax Measures
 - All pending refunds to charitable trusts and non-corporate businesses & professions to be issued immediately.
 - Date of assessments getting barred on September 30,2020 extended to December 31, 2020 and those getting barred on March 31, 2021 to be extended to 30th September,2021.
 - Period of Vivad se Vishwas Scheme for making payment without additional amount to be extended to December 31, 2020.
- Allowing payment before 15 May, 2020 for Motor Vehicle and Health Insurance Policies
- Mandatory Board meetings extended by 60 days till Sept 30
- Extraordinary General Meetings through Video Conference with e-voting/simplified voting facility
- ₹25 billion EPF support for Businesses and Workers for 3 more months
- EPF contribution reduced for Business & Workers for 3 months - ₹67.5 billion



Liquidity Enhancement: Measures by RBI

- Reduction of Cash Reserve Ratio (CRR) has resulted in liquidity enhancement of **₹1.4 trillion**
- Targeted Long Term Repo Operations (TLTROs) of ₹1 trillion for fresh deployment in investment grade corporate bonds, commercial paper, and non-convertible debentures
- TLTRO of **₹500 billion** for investment in investment grade bonds, commercial paper, and non-convertible debentures of NBFCs, and MFIs
- Increased the banks' limit for borrowing overnight under the marginal standing facility (MSF), allowing the banking system to avail additional **₹1.4 trillion** of liquidity at the reduced MSF rate
- Announced special refinance facilities to NABARD, SIDBI and the NHB for a total amount of **₹500 billion** at the policy repo rate
- Announced the opening of a special liquidity facility (SLF) of **₹500 billion** for mutual funds to alleviate intensified liquidity pressures.
- Moratorium of three months on payment of instalments and payment of interest on Working Capital Facilities in respect of all Term Loans
- Easing of Working Capital Financing by reducing margins
- For loans by NBFCs to commercial real estate sector, additional time of one year has been given for extension of the date for commencement for commercial operations (DCCO)



Promotion of State-level Reforms

- Part of the borrowing to be linked to specific reforms (including recommendations of Finance Commission) to:
 - Ensure sustainability of the additional debt through higher future GSDP growth and lower deficits
 - Promote welfare of migrants and reduce leakage in food distribution
 - Increase job creation through investment
 - Safeguard the interests of farmers while making the power sector sustainable
 - Promote urban development, health and sanitation
- Reform linkage will be in four areas: universalisation of 'One Nation One Ration card', Ease of Doing Business, Power distribution and Urban local body revenues
- A specific scheme will be notified by Department of Expenditure on the following pattern:
 - Unconditional increase of 0.50%
 - 1% in 4 tranches of 0.25%, with each tranche linked to clearly specified, measurable and feasible reform actions
 - Further 0.50% if milestones are achieved in at least three out of four reform area

Stimulus Packages	(in Billion INR)
Package 1	5,945.5
Package 2	3,100
Package 3	1,500
Packages 4 and 5	481
Sub-total	11,026.5
Earlier Measures (incl PMGKP)	1,928
RBI Measures (actual)	8,016
Sub-total	9,944
Grand total	20,970.5

For more information: [Link](#)

Support to State Governments

- Central government consistently extending support to states
 - Devolution of taxes (**₹460.4 billion**) in April was given fully as per Budget Estimates although actual revenue showed decline
 - Revenue Deficit Grants to states (**₹123.9 billion**) given on time in April and May, despite Centre's stressed resources
 - Advance release of SDRF (**₹110.9 billion**) funds in first week of April
 - Release of over **₹41.1 billion** from Health Ministry for direct anti-Covid activities
 - At Centre's request, RBI has increased Ways & Means Advance limits of States by 60%
 - Number of days state can be in continuous overdraft from 14 days to 21 days
 - Number of days state can be in overdraft in a quarter from 32 to 50 days
- States net borrowing ceiling for 2020-21 is **₹6.4 trillion**, based on 3% of Gross State Domestic Product (GSDP), 75% thereof was authorised to them in March 2020 itself and timing is left to the States
- States have so far borrowed only 14% of the limit authorised. 86% of the authorised borrowing remains unutilized.
- The Centre has increased borrowing limits of States from 3% to 5%, for 2020-21. This will give States extra resources of **₹4.28 trillion**

Thank You



Ministry Of External Affairs
Government Of India



ECONOMIC
DIPLOMACY
& STATES
DIVISION