

# **Finance Minister Smt. Nirmala Sitharaman announces relief package of Rs 6,28,993 crore to support Indian economy in fight against COVID-19 pandemic**

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- **Rs 1.1 lakh crore loan guarantee scheme for COVID affected sectors.**
- **Additional Rs 1.5 lakh crore for Emergency Credit Line Guarantee Scheme.**
- **Credit Guarantee Scheme to facilitate loans to 25 lakh persons through Micro Finance Institutions (MFIs).**
- **Financial support to more than 11,000 Registered Tourists/ Guides/ Travel and Tourism Stakeholders.**
- **Free one month Tourist Visa to first 5 lakh tourists.**
- **Extension of Aatma Nirbhar Bharat Rozgar Yojana till 31st March 2022.**
- **Additional subsidy of Rs. 14,775 crore for DAP & P&K fertilizers.**
- **Extension of Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) – Free food grains from May to November, 2021.**
- **Rs. 23,220 crore more for public health with emphasis on children and paediatric care/paediatric beds.**
- **21 varieties of bio-fortified crop for nutrition, climate resilience and other traits to be dedicated to the nation.**
- **Revival of North Eastern Regional Agricultural Marketing Corporation (NERAMAC) with package of Rs 77.45 crore.**
- **Rs. 33,000 crore boost for project exports through National Export Insurance Account (NEIA).**
- **Rs. 88,000 crore boost to Export Insurance Cover.**
- **Rs. 19,041 crore For Broadband to each Village through Bharat Net PPP Model.**
- **Extension of Tenure of PLI Scheme for Large Scale Electronics Manufacturing till 2025-26.**
- **Rs 3.03 lakh crore for Reform-Based Result-Linked Power Distribution Scheme.**
- **New Streamlined Process for PPP Projects and Asset Monetization.**

Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman here today announced a slew of measures to provide relief to diverse sectors affected by the 2nd wave of COVID-19 pandemic. The measures announced also aim to prepare the health systems for emergency response and provide impetus for growth and employment. Union Minister of State for Finance & Corporate Affairs Shri Anurag Singh Thakur; Finance Secretary Dr T.V. Somanathan; Secretary, DFS, Shri Debashish Panda and Secretary, Revenue, Shri Tarun Bajaj were also present during the announcement of relief package.

A total of 17 measures amounting to Rs. 6,28,993 crore were announced. These included two measures announced earlier, i.e. the additional Subsidy for DAP & P&K fertilizers, and extension of Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) from May to November, 2021.

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The measures announced today can be clubbed into 3 broad categories:-

**Economic Relief from Pandemic**

**Strengthening Public Health**

**Impetus for Growth & Employment**

**Economic relief from Pandemic**

Eight out of 17 schemes announced here today aim at providing economic relief to people and businesses affected by the COVID-19 pandemic. Special focus is on health and reviving travel, tourism sectors.

### **1.10 lakh crore Loan Guarantee Scheme for COVID Affected sectors**

Under this new scheme, additional credit of Rs 1.1 lakh crore will flow to the businesses. This includes Rs 50,000 crore for health sector and Rs 60,000 crore for other sectors, including tourism.

The health sector component is aimed at up scaling medical infrastructure targeting underserved areas. Guarantee cover will be available both for expansion and new projects related to health/medical infrastructure in cities other than 8 metropolitan cities. While the guarantee cover will be 50% for expansion & 75% for new projects. In case of aspirational districts, the guarantee cover of 75% will be available for both new projects and expansion. Maximum loan admissible under the scheme is Rs. 100 crore and guarantee duration is up to 3 years. Banks can charge a maximum interest of 7.95% on these loans. Loans for other sectors will be available with an interest cap of 8.25% p.a. Thus the loans available under the scheme will be much cheaper compared to the normal interest rates without guarantee of 10-11%.

### **Emergency Credit Line Guarantee Scheme (ECLGS)**

The government has decided to expand the Emergency Credit Line Guarantee Scheme (ECLGS), launched as part of Aatma Nirbhar Bharat Package in May, 2020, by Rs 1.5 lakh crore. ECLGS has got a very warm response with Rs 2.73 lakh crore being sanctioned and Rs 2.10 lakh crore already disbursed under the scheme. Under the expanded scheme, limit of admissible guarantee and loan amount is proposed to be increased above existing level of 20% of outstanding on each loan. Sector wise details will be finalized as per evolving needs. The overall cap of admissible guarantee is thus raised from Rs. 3 lakh crore to Rs. 4.5 lakh crore

### **Credit Guarantee Scheme for Micro Finance Institutions**

This is a completely new scheme announced today which aims to benefit the smallest of the borrowers who are served by the network of Micro Finance Institutions. Guarantee will be provided to Scheduled Commercial Banks for loans to new or existing NBFC-MFIs or MFIs for on lending upto Rs 1.25 lakh to approximately 25 lakh small borrowers. Loans from banks to be capped at MCLR plus 2%. Maximum loan tenure will be 3 years, and 80% of assistance to be used by MFI for incremental lending. Interest rates will be at least 2% below maximum rate prescribed by RBI. The scheme focuses on new lending, and not on repayment of old loans. MFIs will lend to the borrowers in line with extant RBI guidelines such as number of lenders, borrower to be member of JLG, ceiling on household income & debt. Another feature of the scheme is that all borrowers (including defaulters upto 89 days) will be eligible. Guarantee cover will be available for funding provided by MFIs to MFIs/NBFC-MFIs till March 31, 2022 or till guarantees for an amount of Rs. 7,500 crore are issued, whichever is earlier. Guarantee

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will be provided upto 75% of default amount for upto 3 years through National Credit Guarantee Trustee Company (NCGTC)

No guarantee fee to be charged by NCGTC under the scheme.

### **Scheme for Tourists guides/ stakeholders**

Another new scheme announced today aims at providing relief to people working in tourism sector. Under new Loan Guarantee Scheme for COVID-affected sectors, working capital/personal loans will be provided to people in tourism sector to discharge liabilities and restart businesses impacted due to COVID-19 pandemic. The scheme will cover 10,700 Regional Level Tourist Guides recognised by Ministry of Tourism and Tourist Guides recognised by the State Governments; and about 1,000 Travel and Tourism Stakeholders (TTS) recognized by Ministry of Tourism. TTS's will be eligible to get a loan upto Rs. 10 lakh each while tourist guides can avail loan upto Rs 1 lakh each. There will be no processing charges, waiver of foreclosure/prepayment charges and no requirement of additional collateral. Scheme to be administered by the Ministry of Tourism through NCGTC.

### **Free one month tourist visa to 5 lakh tourists**

This is another scheme aimed at boosting the tourism sector. It envisages that once Visa issuance is restarted, the first 5 lakh Tourists Visas will be issued visa free of charge to visit India. However, the benefit will be available only once per tourist. The facility will be applicable till 31st March, 2022 or till 5 lakh visas are issued, whichever is earlier. Total financial implications of the scheme to the government will be Rs 100 crore.

### **Extension of Aatma Nirbhar Bharat Rozgar Yojana (ANBRY)**

Aatma Nirbhar Bharat Rozgar Yojana was launched on 1st Oct, 2020. It incentivises employers for creation of new employment, restoration of loss of employment through EPFO. Under the scheme, subsidy is provided for two years from registration for new employees drawing monthly wages less than Rs. 15,000 for both Employer's and Employee's share of contribution (total 24% of wages) for establishment strength upto 1,000 employees; and only employee's share (12% of wages) in case of establishment strength of more than 1,000. Benefit of Rs. 902 crore has been given to 21.42 lakh beneficiaries of 79,577 establishments under the scheme till 18.06.2021. The government has decided to extend the date of registration under the scheme from 30.6.2021 to 31.03.2022.

### **Additional Subsidy for DAP & P&K fertilizers**

Additional subsidy to farmers for DAP and P&K fertilizers was announced recently. Details of the same were furnished. Existing NBS subsidy was Rs. 27,500 crore in FY 2020-21 which has been increased to Rs. 42,275 crore in FY 2021-22. Thus, the farmers will benefit by an additional amount of Rs. 14,775 crore. This includes Rs. 9,125 crore additional subsidy for DAP and Rs. 5,650 crore additional subsidy for NPK based complex fertilizer.

Free food grains under Pradhan Mantri Garib Kalyan Yojana (PMGKY) from May to November, 2021

In the last Financial Year, the government has spent Rs. 133,972 crore under PMGKY to ameliorate the hardships faced by the poor due to economic disruption caused by COVID-19 Pandemic. The scheme was launched initially for the period from April to June 2020. However, keeping in view the need for continuous support to the poor and the needy, the scheme was extended till November 2020. In the wake of the second wave of COVID-19 pandemic, the scheme was relaunched in May 2021 to ensure food security of poor/vulnerable. Five kg of food grains will be provided free of cost to NFSA

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beneficiaries from May to November 2021. Estimated financial implications of the scheme will Rs 93,869 crore, bringing the total cost of PMGKY to Rs 2,27,841 crore.

### **Strengthening Public Health**

Rs. 23,220 crore more for public health with emphasis on children and paediatric care/paediatric beds

Besides supporting the health sector through credit guarantee scheme, a new scheme for strengthening public health infrastructure and human resources with outlay of Rs. 23,220 crore was also announced. The new scheme will focus on short term emergency preparedness with special emphasis on children and paediatric care/paediatric beds. An outlay of Rs. 23,220 crore is earmarked for the scheme to be spent in the current financial year itself. Under the scheme funds will be available for short-term HR augmentation through medical students (interns, residents, final year) and nursing students; increasing availability of ICU beds, oxygen supply at central, district and sub-district level; availability of equipment, medicines; access to tele-consultation; strengthening ambulance services; and enhancing testing capacity and supportive diagnostics, strengthen capacity for surveillance and genome sequencing.

**Special attention has been paid by the Government to provide impetus for growth and employment. For this the following eight schemes were announced: -**

#### **Release of Climate Resilient Special Traits Varieties**

Earlier focus on developing higher yield crop varieties lacked attention towards nutrition, climate resilience and other traits. In these varieties, concentration of important nutrients was far below required level, and they were susceptible to biotic and abiotic stresses. ICAR has developed bio-fortified crop varieties having high nutrients like protein, iron, zinc, vitamin-A. These varieties are tolerant to diseases, insects, pests, drought, salinity, and flooding, early maturing and amenable to mechanical harvesting also developed. 21 such varieties of rice, peas, millet, maize, soyabean, quinoa, buckwheat, winged bean, pigeon pea & sorghum will be dedicated to the nation.

#### **Revival of North Eastern Regional Agricultural Marketing Corporation (NERAMAC)**

North Eastern Regional Agricultural Marketing Corporation (NERAMAC) was established in 1982 to support farmers of North-East in getting remunerative prices of agri-horticulture produces. It aims to enhance agricultural, procurement, processing and marketing infrastructure in North-East. 75 Farmer Producer Organisations/Farmer Producer Companies are registered with NERAMAC. It has facilitated registration of 13 Geographical Indicator (GI) crops of North-East. The company has prepared business plan to give 10-15% higher price to farmers by-passing middlemen/agents. It also proposes to set up North-Eastern Centre for Organic Cultivation, facilitating equity finance to entrepreneurs. A revival package of Rs 77.45 crore will be provided NERAMAC.

Rs. 33,000 crore Boost for Project Exports through National Export Insurance Account (NEIA)

National Export Insurance Account (NEIA) Trust promotes Medium and Long Term (MLT) project exports by extending risk covers. It provides covers to buyer's credit, given by EXIM Bank, to less credit-worthy borrowers and supporting project exporters. NEIA Trust has supported 211 projects of Rs 52,860 crore in 52 countries by 63 different Indian Project Exporters till March 31, 2021. It has been decided to provide additional corpus to NEIA over 5 years. This will enable it to underwrite additional Rs. 33,000 crore of project exports.

**Rs. 88,000 crore boost to Export Insurance Cover**

Export Credit Guarantee Corporation (ECGC) promotes exports by providing credit insurance services. Its products support around 30% of India's merchandise exports. It has been decided to infuse equity in ECGC over 5 years to boost export insurance cover by Rs. 88,000 crore.

**Digital India: Rs. 19,041 crore for Broadband to each Village through BharatNet PPP Model**

Out of 2,50,000 Gram Panchayats, 1,56,223 Gram Panchayats have been made service ready by 31st May, 2021. It is proposed to implement BharatNet in PPP model in 16 States (bundled into 9 packages) on viability gap funding basis. For this, an additional Rs. 19,041 crore will be provided. Thus, total outlay under BharatNet will be enhanced to Rs. 61,109 crore. This will enable expansion and upgradation of BharatNet to cover all Gram Panchayats and inhabited villages.

**Extension of Tenure of PLI Scheme for Large Scale Electronics Manufacturing**

PLI scheme provides incentive of 6% to 4% on incremental sales of goods under target segments that are manufactured in India, for a period of five years. Incentives are applicable from 01.08.2020 with base year as 2019-20. However, the companies have been unable to achieve incremental sales condition due to- disruption in production activities due to pandemic related lockdowns; restrictions on movement of personnel; delay in installation of relocated plant and machinery; and disruption in supply chain of components. Therefore, it has been decided to extend the tenure of the scheme launched in 2020-21 by one year i.e. till 2025-26. Participating companies will get option of choosing any five years for meeting their production targets under the scheme. Investments made in 2020-21 will continue to be counted as eligible investments.

**Rs 3.03 lakh crore for Reform-Based Result-Linked Power Distribution Scheme**

Revamped Reforms-Based, Result-Linked power distribution scheme of financial assistance to DISCOMS for infrastructure creation, up-gradation of system, capacity building and process improvement was announced in the Union Budget of 2021-22. It aims at state specific intervention in place of "one size fits all". Participation in the scheme is contingent to pre-qualification criteria like publication of audited financial reports, upfront liquidation of State Government's dues/subsidy to DISCOMS and non-creation of additional regulatory assets. Under the scheme, it is aimed to provide assistance for installation of 25 crore smart meters, 10,000 feeders, 4 lakh km of LT overhead lines. Ongoing works of IPDS, DDUGJY and SAUBHAGYA will also be merged in the scheme. Total outlay for the scheme is Rs. 3,03,058 crore, out of which the Central Government's share will be Rs. 97,631 crore. The amount available under the scheme is in addition to the allowed additional borrowing of 0.5% of Gross State Domestic Product which will be available to the States annually for the next four years subject to carrying out specified power sector reforms. The amount of borrowings available this year for this purpose is Rs 1,05,864 crore.

**New streamlined process for PPP Projects and Asset Monetization**

Current process for approval of Public Private Partnership (PPP) projects is long and involves multiple levels of approval. A new policy will be formulated for appraisal and approval of PPP proposals and monetization of core infrastructure assets, including through InvITs. The policy will aim to ensure speedy clearance of projects to facilitate private sector's efficiencies in financing construction and management of infrastructure.

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The following table is the financial detail of the economic relief package announced today:

Scheme	Period	Amount (Rs. In cr.)	Remarks
<b>Economic Relief from Pandemic</b>			
Loan Guarantee Scheme for COVID Affected Sectors	2021-22	1,10,000	
Emergency Credit Line Guarantee Scheme (ECLGS)	2021-22	1,50,000	Expansion
Credit Guarantee Scheme for Micro Finance Institutions	2021-22	7,500	
Scheme for tourist guides/stakeholders	2021-22	-	Covered under loan guarantee scheme
Free One Month Tourist Visa to 5 Lakh Tourists	2021-22	100	
Extension of Atma Nirbhar Bharat Rozgar Yojana	2021-22	-	
Additional Subsidy for DAP & P&K fertilizers	2021-22	14,775	
Free food grains under PMGKY from May to November, 2021	2021-22	93,869	
<b>Health</b>			
New Scheme for Public Health	2021-22	15,000	Scheme outlay- Rs 23,220 Cr; Central Share- Rs 15,000 Cr
<b>Impetus for Growth &amp; Employment</b>			
Release of Climate resilient special traits varieties	2021-22	-	
Revival of North Eastern Regional Agricultural Marketing Corporation (NERAMAC)	2021-22	77	
Boost for Project Exports through NEIA	2021-22 to 2025-26	33,000	

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<b>Boost to Export Insurance Cover</b>	2021-22 to 2025-26	88,000	
<b>Broadband to each village through BharatNet PPP Model</b>	2021-22 to 2022-23	19,041	
<b>Extension of Tenure of PLI Scheme for Large Scale Electronic Manufacturing</b>			Time extension
<b>Reform Based Result Linked Power Distribution Scheme (Budget Announcement)</b>	2021-22 to 2025-26	97,631	Scheme outlay – Rs.3,03,058 Cr; Central Share – Rs.97,631 Cr.
<b>Total</b>		<b>6,28,993</b>	