

Atmanirbhar Bharat Scheme



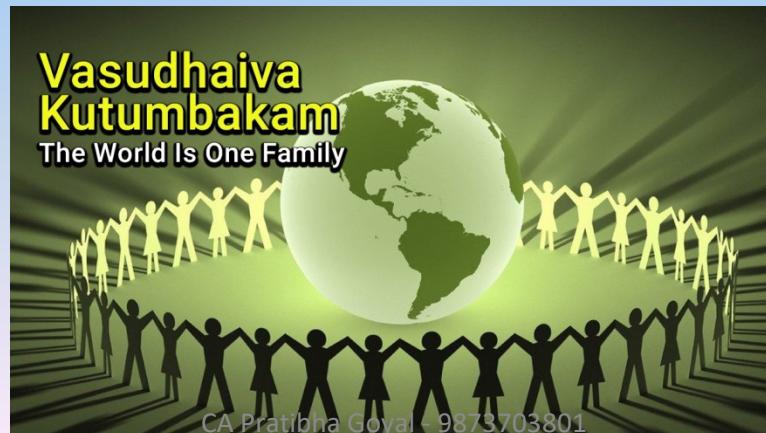
Special Economic Package of Rs. 20 Lakh Crores

- Announced by our Hon'ble PM **Mr Narendra Modi**
- Package Distribution announced by our Hon'ble FM **Mrs Nirmala Sitaraman**

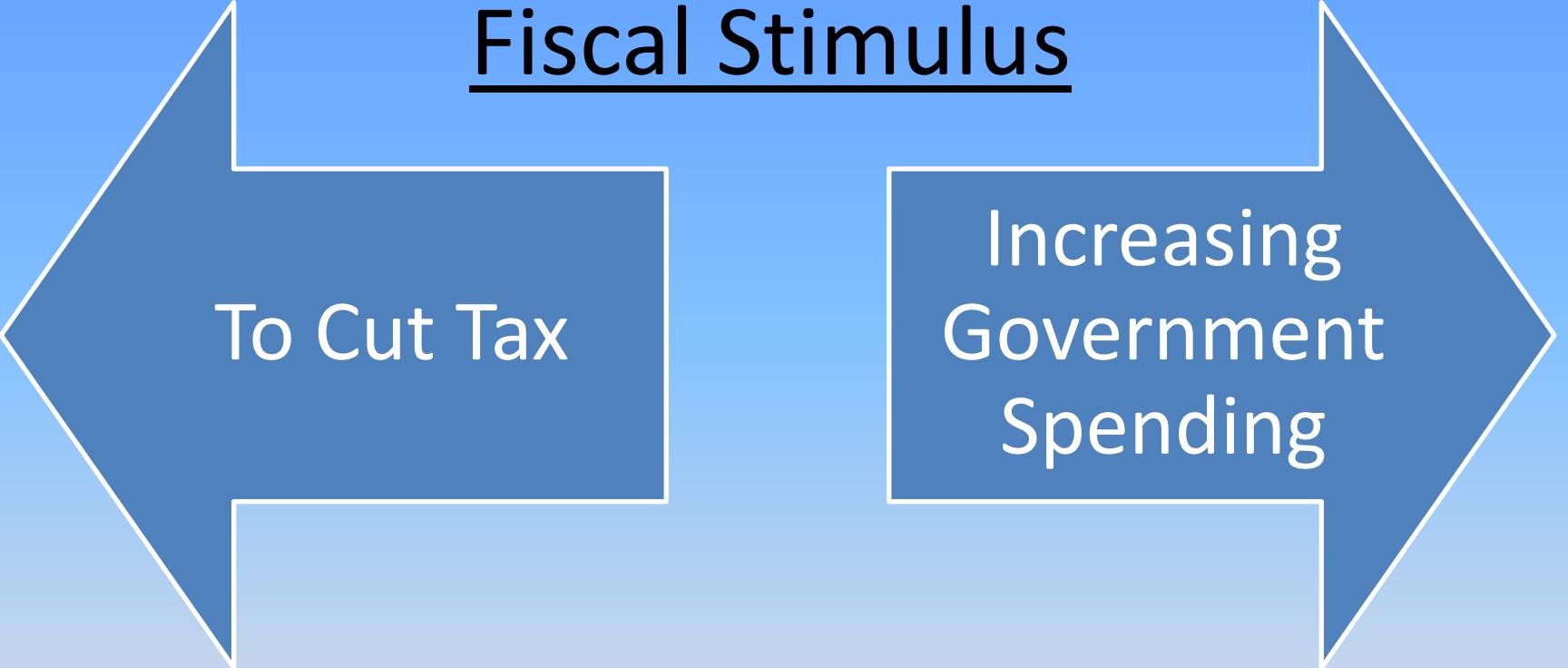


Reason

- आत्मनिर्भर भारत अभियान – Self Reliant Economy & not Self Centred Economy
- To Boost up the Economy
- To Provide Fiscal Stimulus in Indian Economy



Fiscal Stimulus



To Cut Tax

Increasing
Government
Spending

- Many Scheme like Ujjawala Yojna, Swaccha Bharat Abhiyan etc.
- Better Ease of Living

Why CA Should understand the Package

- CA contribution in Nation Building
- COVID-19 – An Opportunity for CA
- To Explain the information to clients
- MSME Registrations
- Better interpretation of Law
- Changes in TDS Return
- Changes in Due Dates



Understanding the Long Term Plan



Economy –
Quantum Jumps,
not incremental
changes



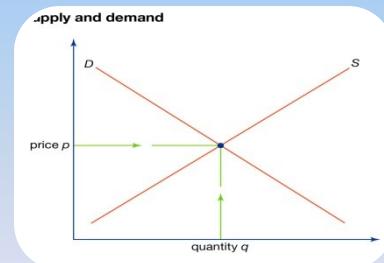
Infrastructure –
Modern India



System –
Technology Driven



Vibrant
Demography



Demand – Full use
of Power & Supply

Economy is Always good when demand & Supply are in Equilibrium

- Excess Demand
- Inflation – Rise in prices without increase in Output & employment is not good
- Results in Inequality
- Excess Supply
- Price Reduction
- Losses
- Unemployment

Need of Hour – What we need?



Supply
Chain
Reforms for
Agriculture



Rational Tax
System



Simple &
Clear Laws



Capable
Human
Resource



Strong
Financial
System



Major Steps Taken

- Reforms

Bring Market Liquidity



- To help Poor, Distribution of Food Grains

Vulnerable Section



- To Help, MSMEs Middle Class

Boost



8 Sectors Covered



Coal



Defence



Minerals



Airports



Air Space
Management



Power
Distribution



Space



Atomic Energy

14 Measures Taken – to uplift Economy

6 are for MSMEs

2 are related with EPF

2 are related with NBFC & MFI

1 for Discom

1 for contractor

1 for Real Estate

3 Tax Measures



सत्यमेव जयते

GOVERNMENT OF INDIA



MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES

Steps taken to uplift MSME Sector

- Businesses/MSMEs have been badly hit due to COVID19
- need additional funding to meet operational liabilities
- buy raw material and restart business
- 45 lakh units can resume business activity and safeguard jobs.
- *Super Important – Raise Demand & Increase Supply*



Steps taken to uplift MSME Sector



Provide Liquidity

Help Stressed
MSME

Promote MSME
having Potential

Provide Liquidity to MSME Sector

- Rs 3 lakh crore Emergency Working Capital Facility for Businesses, including MSMEs
- Emergency Credit Line to Businesses/MSMEs from Banks and NBFCs up to **20% of entire outstanding credit as on 29.2.2020**
- Borrowers with up to **Rs. 25 crore outstanding and Rs. 100 crore turnover** eligible



Provide Liquidity to MSME Sector

- Loans to have **4 year tenor with moratorium of 12 months** on Principal repayment
- Interest to be capped
- **100% credit guarantee** cover to Banks and NBFCs on principal and interest
- Scheme can be availed till **31st Oct 2020**
- **No guarantee fee, no fresh collateral**



Uplift Stressed MSMEs

- Stressed MSMEs need equity support
- GOI will facilitate provision of **Rs. 20,000 Cr. as subordinate debt**
- Two lakh MSMEs are likely to benefit
- Functioning MSMEs which are NPA or are stressed will be eligible
- Govt. will provide a **support of Rs. 4,000 Cr. to Credit Guarantee Fund Trust for Micro & Small enterprises.**



Uplift Stressed MSMEs

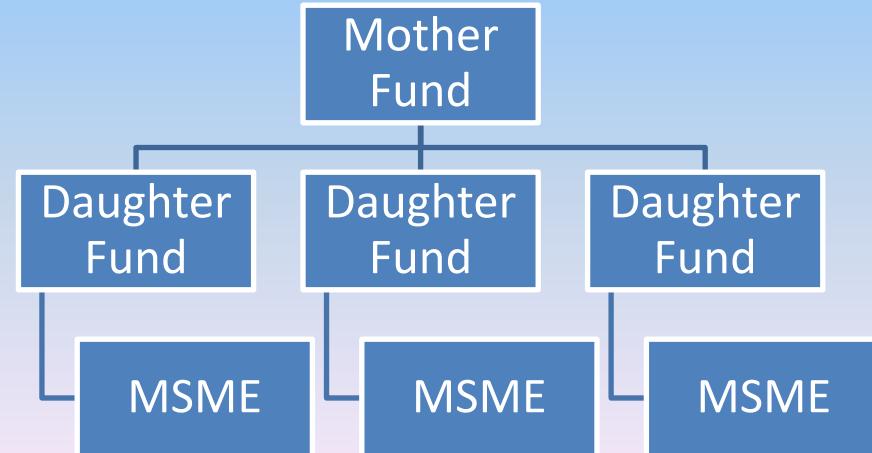
- **CGTMSE (CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL ENTERPRISES) will provide partial Credit Guarantee support to Banks**
- Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit.



Uplift MSMEs having growth potential

- Rs 50,000 Crores equity infusion through MSME Fund of Funds
- Govt will set up a Fund of Funds with a **corpus of Rs 10,000 crore** that will provide equity funding support for MSMEs.
- The Fund of Funds shall be operated through a **Mother and will have a few Daughter funds.**

Equity funding support for MSMEs



Uplift MSMEs having growth potential

- It is expected that with leverage of 1:4 at the level of daughter funds, the Fund of Funds will be able to mobilize equity of about Rs 50,000 Crores.
- Will help to **expand MSME size as well as capacity.**
- **Will encourage MSMEs to get listed on main board of Stock Exchanges.**



Change in definition of MSMEs

- Low threshold in MSME definition have created a fear among MSMEs of graduating out of the benefits and hence killing the urge to grow.
- There has been a long-pending demand for revisions.



Announcement

- Definition of MSMEs will be revised
- Investment limit will be revised upwards
- **Additional criteria of turnover also being introduced.**
- **Distinction between manufacturing and service sector to be eliminated.**
- Necessary amendments to law will be brought about.



Change in 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.

Registration in Udyog Aadhar



https://udyogaadhaar.gov.in/UA/UAM_Registration.aspx

E-Market Facility

- Earlier MSMEs got benefit due to Trade Fairs & Exhibitions
- Now all this is not possible due to COVID-19
- Therefore E-platform to be provided.
- Receivables to be cleared in 45 Days
- Technology driven platform

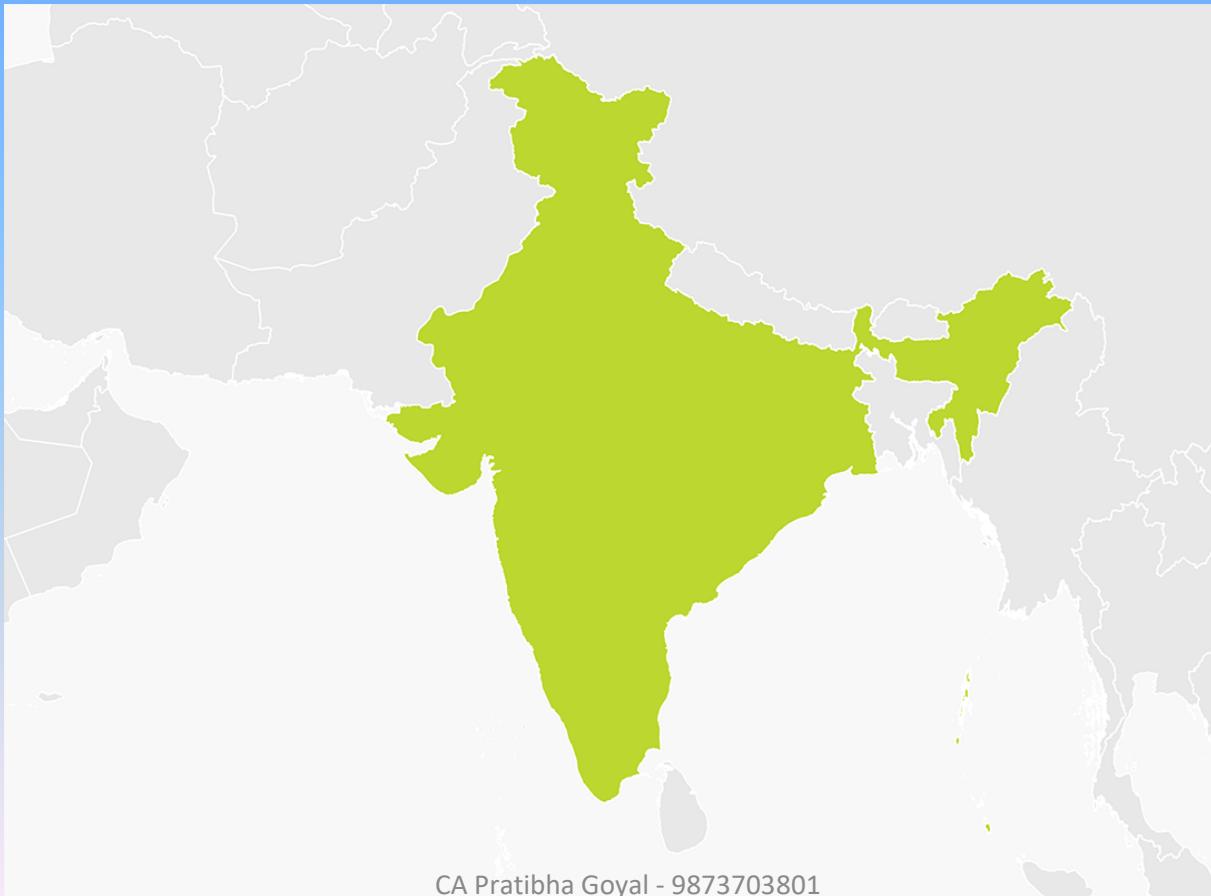


Global tenders to be disallowed upto Rs 200 Crores

- Indian MSMEs and other companies have often faced unfair competition from foreign companies.
- Therefore, **Global tenders will be disallowed in Government procurement tenders upto Rs 200 Crores**
- Necessary amendments of **General Financial Rules** will be effected.
- **Make in India**



Land Mark of Opportunities for MSME



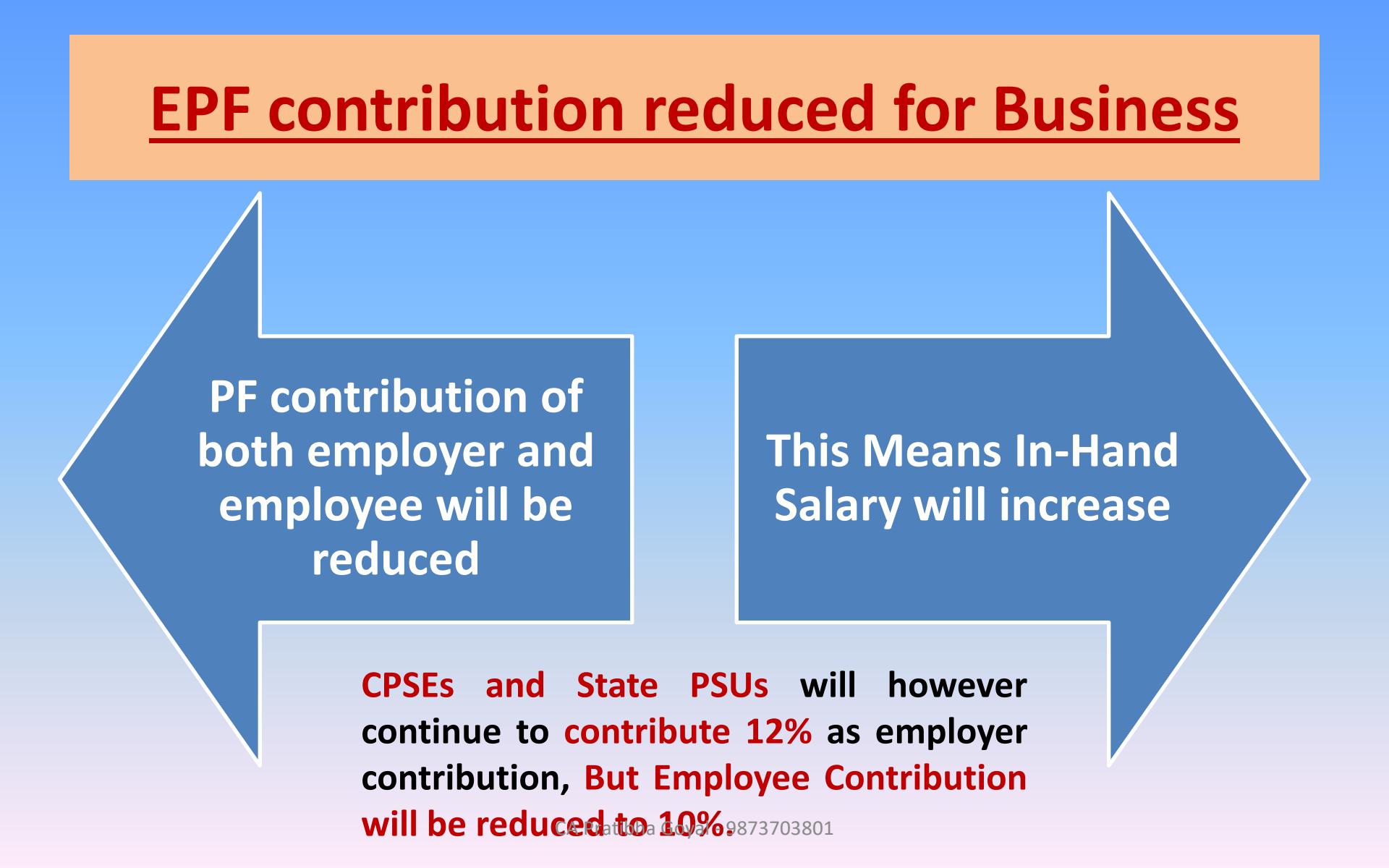
EPF contribution reduced for Business

- Businesses need support to ramp up production over the next quarter.
- It is necessary to provide more take home salary to employees and also to give relief to employers in payment of Provident Fund dues,
- Therefore, statutory **PF contribution of both employer and employee will be reduced to 10% each from existing 12%** each for all establishments covered by EPFO for next 3 months.

EPF contribution reduced for Business

- CPSEs and State PSUs will however continue to **contribute 12%** as employer contribution.
- *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 under EPFO and about 4.3 crore such employees.
- **This will provide liquidity of Rs 6750 Crore to employers and employees over 3 months.**

EPF contribution reduced for Business



PF contribution of both employer and employee will be reduced

This Means In-Hand Salary will increase

CPSEs and State PSUs will however continue to contribute 12% as employer contribution, But Employee Contribution will be reduced to 10%.

Pradhan Mantri Garib Kalyan – 3 Months Extension

- Businesses continue to face financial stress as they get back to work.
- Under Pradhan Mantri Garib Kalyan Package (PMGKP), payment of 12% of employer and 12% employee contributions was made into EPF accounts of eligible establishments.
- Criteria – Less than 100 Employees, 90% Covered below Rs. 15000

Pradhan Mantri Garib Kalyan – 3 Months Extension

- This was provided earlier for salary months of **March, April and May 2020**
- This support will be **extended by another 3 months to salary months of June, July and August 2020**
- This will provide liquidity relief of Rs 2500 cr to 3.67 lakh establishments and for 72.22 lakh employees.

Special Liquidity Scheme for NBFCs/HFCs/MFIs

- **Government will launch a Rs 30,000 crore Special Liquidity Scheme**
- Under this scheme investment will be made in both primary and secondary market transactions in investment grade debt paper of NBFCs/HFCs/MFIs
- Will supplement RBI/Government measures to augment liquidity
- Securities will be fully guaranteed by GoI

Special Liquidity Scheme for NBFCs/HFCs/MFIs

- NBFCs, HFCs and MFIs with low credit rating require liquidity to do fresh lending to MSMEs and individuals
- Existing PCGS scheme to be extended to cover borrowings such as primary issuance of Bonds/ CPs (liability side of balance sheets) of such entities
- First 20% of loss will be borne by the Guarantor ie., Government of India.
- AA paper and below including unrated paper eligible for investment (esp. relevant for many MFIs)
- This scheme will result in liquidity of Rs 45,000 crores

Rs. 90,000 Cr. Liquidity Injection for DISCOMs

- Revenues of Power Distribution Companies (DISCOMs) have plummeted.
- Unprecedented cash flow problem accentuated by demand reduction
- DISCOM payables to Power Generation and Transmission Companies is currently - Rs 94,000 cr
- **PFC/REC to infuse liquidity of Rs 90,000 cr to DISCOMs against receivables**



Rs. 90,000 Cr. Liquidity Injection for DISCOMs

- Loans to be given against State guarantees for exclusive purpose of discharging liabilities of Discoms to Gencos.
- Linkage to specific activities/reforms: Digital payments facility by Discoms for consumers, liquidation of outstanding dues of State Governments, Plan to reduce financial and operational losses.
- **Central Public Sector Generation Companies shall give rebate to Discoms which shall be passed on to the final consumers (industries)**



Relief to Contractors



- **Extension of up to 6 months** (without costs to contractor) to be provided by all Central Agencies (like Railways, Ministry of Road Transport & Highways, Central Public Works Dept, etc)
 - Covers construction/ works and goods and services contracts
 - Covers obligations like completion of work, intermediate milestones etc. and extension of Concession period in PPP contracts
- **Government agencies to partially release bank guarantees, to the extent contracts are partially completed, to ease cash flows**

Extension of Registration and Completion Date of Real Estate Projects under RERA

- Adverse impact due to COVID and projects stand the risk of defaulting on RERA timelines. Time lines need to be extended.
- Ministry of Housing and Urban Affairs will advise States/UTs and their Regulatory Authorities to the following effect:
 - Treat COVID-19 as an event of '**Force Majeure**' under RERA.
 - Extend the registration and completion date suo-moto by 6 months for all registered projects expiring on or after 25th March, 2020 without individual applications.
 - Regulatory Authorities may extend this for another period of upto 3 months, if needed
 - Issue fresh 'Project Registration Certificates' automatically with revised timelines.
 - Extend timelines for various statuary compliances under RERA concurrently.
- These measures will de-stress real estate developers and ensure completion of projects so that homebuyers are able to get delivery of their booked houses with new timelines.

Force Majeure

- **Act of God**
- unforeseeable circumstances that prevent someone from fulfilling a contract
- *Force majeure is a common clause in contracts that essentially frees both parties from liability or obligation when an extraordinary event or circumstance beyond the control of the parties*



Extension of Registration and Completion

Date of Real Estate Projects under RERA

- Act of God Applicable on Contract of Real Estate
- Project Registration will be extended Automatically
- Completion Date of Existing Project to be extended Automatically for 6 Months



TDS/TCS rate reduction

- In order to provide more funds at the disposal of the taxpayers, the rates of Tax Deduction at Source (TDS) for **non-salaried** specified payments made to residents and rates of Tax Collection at Source (TCS) for the specified receipts shall be **reduced by 25%** of the existing rates.
- Payment for contract, professional fees, interest, rent, dividend, commission, brokerage, etc. shall be eligible for this reduced rate of TDS.

TDS/TCS rate reduction

- This reduction shall be applicable for the remaining part of the FY 2020-21 i.e. from tomorrow to 31st March, 2021.
- **This measure will release Liquidity of Rs. 50,000 crore.**

- ❖ Not applicable in case of Lower Tax Deduction Certificate
- ❖ Not Applicable in case of Non-Availability of PAN

Tax Reforms

- All **pending refunds** to charitable trusts and non-corporate businesses & professions including proprietorship, partnership, LLP and Co-operatives shall be issued immediately.

Tax Reforms

Compliance	Due Date	Extension
Income-tax return for FY 2019-20	31st July, 2020 & 31st October, 2020	30th November, 2020
Tax audit	30th September, 2020	31st October, 2020
Date of assessments getting barred	30th September, 2020	31st December, 2020
Date of assessments getting barred	31st March, 2021	30th September, 2021
Vivad se Vishwas Scheme for making payment without additional amount	30 th June 2020	31st December, 2020

Practical Issues

- Can CA Firm take MSME Certification?
- Is the amendment in Definition of MSME Retrospective?
- Trading Activity Not Covered – Only Manufacturing & Service Sector are covered

Economy

- V - Shape
- U - Shape
- W – Shape
- Nike Logo

V U

W



How Work Life of CA Profession will Change

- Software on Cloud
- Audit through Computer
- Go Paperless – Less Papers
- Less Physical Visit to departments
- More Webinars – CPA Hours

Work From Home



Further Discussion - In case of Any Query please discuss on below mentioned Phone or Email id

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