



Aatmanirbhar Bharat Abhiyan Economic Package 2.0 (Part 2)

Overall Welfare and Stimulus amounts to 10% of India's GDP

Economy Package 2.0

The economic relief package announcements today focused on the most vulnerable segments of the Indian society which has also perhaps suffered the most in this crisis. These measures are targeted towards the rural and urban poor who have suffered the most during the pandemic, including farmers, migrant workers, street vendors and the homeless. Today's announcements were compassionate and critical for the financial security and continuation of economic activity. We await additional announcements in the coming days, to complete the picture of Economic Package 2.0. Here is the summary of Day 2:

Relief for Migrant Workers

- **Free Food Grain supply for card and non card holders (INR3,500 crore)** – 5 Kg per person wheat or rice and 1 Kg chana or pulse per family, for next 2 months. It is expected to benefit 8 crore poor families and the initiative would be implemented by State Governments
- **One Nation-One Ration Card** – Currently, 67 crore workers get benefit which is 83% of all PDS population to be covered. March 2021 entire 100% PDS population to be covered
- **Affordable Rental Housing** for Urban poor and Migrant workers by converting government-funded housing in cities into Affordable Rental Housing Complexes (ARHC) under PPP mode through concessionaire. Manufacturing industry, other industries and institutions can set up affordable rental housing on their own land.

Relief to Poor

- **2% Interest Subvention** for 12 months on Mudra Yojana (Shishu Loans – INR50,000 or less) involving INR1,500 crore, benefitting 3 crore people
- **Street Vendors (INR5,000 crore)** – to get easy access to credit of up to INR10,000. To benefit 50 lakh vendors. Would be launched within next 3 months.

Farmers

- **Additional Working Capital Funding through NABARD (INR30,000 crore)** – To help 3 crore small and marginal farmers, to be facilitated through Corporate banks
- **Kisan Credit Card extended to 2.5 crore farmers to benefit** – Concessional credit of INR2 lakh crore. To also include workers in fisheries and animal husbandry.

Housing

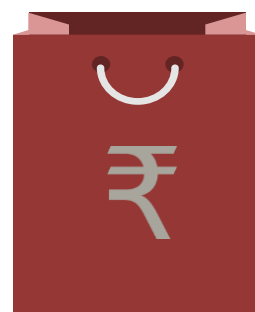
- **Credit Linked Subsidy Scheme (INR 70,000 crore)** to be extended up to March 2021. Additional 2.5 lakh families to benefit. It will include lowest Strata of the Middle-income Group (INR 6-18 lakh yearly income).

Employment creation

- INR6,000 crore worth of proposals have come from states to utilize **CAMPA funds**. Will provide employment for **adivasis and tribal groups** in forest conservation, wildlife conservation, and regeneration

Our Take on Announcements till Date

- Heartening to note that perhaps for the 1st time in India at this scale, street vendors will be facilitated with Institutional credit. The initiative of formalizing the informal sector can form a bedrock of a targeted Benefit Management System. Primus has always proposed a CHOICE framework for the same. Towards this end, One Nation-One Ration Card marks the digitalization of the public food grain distribution system
- The government announced measures to provide much-needed liquidity for MSMEs. Although the expectations were more around direct intervention, it will help boost liquidity. The revised definition of an MSME is aligned to fulfilling the Prime Minister's vision of a self-reliant or "**Aatmanirbhar**" India, as global tenders will not be allowed for government procurement up to INR200 crores. The announcements focused on the supply-side measures, aimed at restoring businesses in the MSME segment. It is to be seen how the demand side of the ecosystem will be balanced in the coming days. The Industry was also hoping to see measures aimed at unbanked MSMEs as well as expansion of the MUDRA scheme.
- Plan for a national daily wage, formalization of the unorganized sector through issue of appointment letter and extension of ESIC coverage when combined with proposed new labour codes will create an effective labour effective market.
- Impact of the initiatives can be significant but require immediate implementation.



About Primus Partners

Primus Partners has been set up to partner with clients in 'navigating' India, by experts with decades of experience in doing so for large global firms. Set up on the principle of 'Idea Realization', it brings to bear 'experience in action'.

'Idea Realization'— a unique approach to examine futuristic ideas required for the growth of an organization or a sector or geography, from the perspective of assured on ground implementability.

India is and will continue to be a complex opportunity. Private and Public sector need trusted advisory partners in order to tap into this opportunity. Primus Partners is your go-to trusted Advisory for both public and private sector organizations involved intricately with nation building, and the creation and growth of robust corporations as engines of progress.

Our core strength comes from our founding partners, who are goal-oriented, with extensive hands-on experience and subject-matter expertise, which is well recognized in the industry. Our core founders form a diverse cohort of leaders from both genders with experience across industries (Public Sector, Healthcare, Transport, Education, etc), and with varied specialization (engineers, lawyers, tax professionals, management, etc).

Primus Partners brings experience of working in more than 30 countries with private and public sector, including working with Government of India, building and leading large consulting teams at the leadership level, and creating one of the largest public sector consulting practice in India. They also represent 200 person years of experience in leading global and Indian consulting firms and the public sector.

The founding team is supported by a distinguished advisory board that includes experts with leadership experience across government, large corporate and notable civil society organisations.

Disclaimer

The report is prepared using information of a general nature and is not intended to address the circumstances of any particular individual or entity. The report has been prepared from various public sources and the information received from these sources is believed to be reliable. The information available in the report is selective and subject to updation, revision and amendment. While the information provided herein is believed to be accurate and reliable, Primus Partners Pvt. Ltd. does not make any representations or warranties, expressed or implied, as to the accuracy or completeness of such information and data available in the public domain. While due care has been taken while preparing the report Primus Partners Pvt. Ltd. does not accept any liability whatsoever, for any direct or consequential loss arising from this document or its contents.