



## Aatmanirbhar Bharat Abhiyan Summary Report

*Overall package amounts to 10% of India's GDP*

# Aatmanirbhar Bharat Abhiyan: Executive Summary

The COVID-19 pandemic caught the world unaware and unprepared for the unprecedented impact of the contagion. The crisis has now transformed from a health emergency to an economic one as well. As the essential national lockdowns were implemented across the world, to contain the spread of infection, business activity came to an almost standstill. In India, more than 60 per cent economic activities shut down<sup>1</sup>, as 1.3 billion people were placed under lockdown. However, as the lockdown extended, the fear of infection and health concerns started giving way to the fear of income loss affecting the workforce and the fear of survival overwhelming many businesses.

The Government of India's INR20 lakh crore economic package aims to support the country through the unfolding crisis and also realign its focus for future growth, by offering a package equivalent to 10% of the country's GDP. The focus of the measures is also on structural reforms announced as part of this package showcase the country's focus on strengthening the India opportunity, by becoming 'aatmanirbhar'. The call to drive local businesses is geared towards developing the domestic market to cater to the demand of the consumption-driven economy and reducing dependence on imports. At the same time, the country intends to strengthen its manufacturing ecosystem to Make in India, for India and the world.

To ensure the most vulnerable segments were not left untended, the Indian Government and Reserve Bank of India announced various relief measures. The Government infused INR1.7 lakh crore to provide insurance coverage and rations to the vulnerable, along with direct cash transfers. The coverage of this economic package has started to blur the lines between the urban poor and the rural poor, providing support to both. This welcome step will go a long way in driving equitable support to the vulnerable, removing the boundary of location. The initiative of formalizing the informal sector, such as facilitating institutional credit for street vendors, can form a bedrock of a targeted benefit management system.

The Government has announced measures to boost the rural economy of India. With thousands of migrants returning to home states, there is an opportunity for the country to push for the transformation of the rural sector. The recent announcements focused on giving more power to the farmers and enhancing measures for segments such as animal husbandry, fisheries and bee-keeping. The cluster-based approach announced for Micro Fund Enterprises and the push towards demand-based farming would help develop a robust agri-market in India. Effective implementation of the agri reform, especially around APMC is likely to have significant impact from the Government's vision of doubling farmers income.

Since the lockdown was extended, Indian industry has been seeking support to tide over the crisis and prepare of the new normal. Many large companies may feel that they have not received any direct P&L support, but given the fiscal situation, the Government has bet on creating long-term market demand and addressing supply side constraints in the short term. The measures announced provide much-needed liquidity for MSMEs although they may fall short of the direct fiscal benefit. Immediate and quick action on infusing liquidity to MSME can help address some of the concerns. While the industry expected more direct intervention, the Government focus on making structural changes such as changing of an MSME has brought parity with global standards, specially in terms of definition.

The consolidation and potential disinvestment of PSEs in strategic sectors is another strategic step that will allow Indian PSEs to consolidate, scale and leverage stronger balance sheets to operate at global scale. It would also allow achieving larger disinvestment targets for the Government. However, experience does suggest merger of two PSEs has not always been smooth. Integration of culture and cadre will be crucial. The consolidation has to go beyond financial consolidation to yield the intended benefits.

Enhancing the fiscal space will help states raise money. India would have to be careful of public sector crowding out private capital need. There is an urgent need to evolve a national consensus on the future path to fiscal consolidation that should include capping the non-merit spending both at state and central level.

The Indian Government has announced various structural reforms, which will support long-term growth across sectors. These reforms would go a long way in positioning India as a favorable alternate destination for manufacturers looking to de-risk their supply chains. The formalization of the unorganized sector through the issue of appointment letter and extension of ESIC coverage when combined with proposed new labour codes will create an effective labour effective market. The introduction of the 'One Nation-One Ration Card' marks the digitalization of the public food grain distribution system, enabling ease of access to essentials. With more than 3,300 industrial parks/estate/SEZs to be mapped on the industrial information system and ranked, industrial cluster up-gradation would lead to enhanced competitiveness.

To push the agenda of self-reliance, the Government has also facilitated private sector participation across industries, even ending the Government's monopoly in the coal sector. This move is expected to improve productivity and increase technology infusion. The reforms across mining, power, defence and civil aviation, focus on enhancing private sector participation. The impact of these reforms will take effect in the medium-term but will go a long way in providing impetus to the India economy and job market. New growth horizons have also been considered to enhance India's progress in segments such as space and atomic energy.

Economic Package focused primarily on the supply-side measures, aimed at restoring businesses and facilitating the various segments of society. It is to be seen how the demand side of the ecosystem will be balanced. The pace and effectiveness of implementation would determine the impact of these well intended steps.

# Economic Package: The Math

Measures	Amount (INR)	Remarks
Pradhan Mantri Garib Kalyan Yojana, Health Sector announcements and Revenue lost due to tax concessions since March 2020	1.92 lakh crore	The stimulus from earlier measures announced and the liquidity infused by RBI is around <b>INR9.94 lakh crore</b>
RBI Measures	8.01 lakh crore	
<b>Vulnerable Section of the Society</b>		
Free Food Grain	3,500 crore	Government has announced several measures for the poor and farmers. Creating a liquidity of <b>INR2.80 lakh crore</b> which is approximately <b>1.2% of India's GDP</b> .
Interest subvention on Sishu Loans	1500 crore	
Additional Working Capital Funding through NABARD	30,000 crore	
Concessional credit through KISAN Credit Card	2 lakh crore	
Easy access to credit for Street Vendors	5,000 crore	
Additional MGNREGS allocation	40,000 crore	
<b>Business &amp; MSMEs</b>		
Collateral-free automatic loans for MSMEs	3 lakh crore	Through various measures announced by the government for Business and MSMEs, a liquidity of <b>INR 5.05 lakh crore</b> is created which is approximately <b>2.2% of India's GDP</b> .
Subordinate debt provision for stressed MSMEs	20,000 crore	
Fund of Funds for Viable MSMEs	50,000 crore	
EPF Support for business & workers & Reduction in EPF rates	9,550 crore	
Special Liquidity Scheme for NBFCs/HFCs/MFIs	30,000 crore	
Partial Credit Guarantee Scheme 2.0	45,000 crore	
25% deduction for TCS and TDS rates	50,000 crore	
<b>Agriculture &amp; Allied Sectors</b>		
Strengthening the Farm Gate Infrastructure	1 lakh crore	Finance Minister has announced a relief package of <b>INR 1.50 lakh</b> for the Agriculture and allied sectors which is approximately <b>0.67% India's GDP</b> .
Scheme for Micro Food Enterprises	10,000 crore	
Pradhan Mantri Matsya Sampda Yojna (PMMSY)	20,000 crore	
Animal Husbandry Infra Development fund	15,000 crore	
Promotion of Herbal Cultivation	4,000 crore	
Bee keeping and Top to Total	1,000 crore	
<b>Housing, Real Estate &amp; Social Infra</b>		
Credit Linked Subsidy Scheme	70,000 crore	Total liquidity infused of around <b>INR 78,100 crore</b> .
Viability Gap funding for social infra	8,100 crore	
<b>Power Sector</b>		
Liquidity Injection for DISCOMs through PFC/REC	90,000 crore	The sum of <b>INR 90,000</b> crore would be utilised by state DISCOMs to discharge liabilities to State Gencos.
<b>Total</b>		<b>20,97,053 crore</b>
<b>Additional Announcements, where monetary value was provided</b>		
Infrastructure development for coal	50,000 crore	Over the course of last 5 days, government has announced these additional measures as well.
National Animal disease control programme	13,343 crore	
Employment of Adivasis and Tribal through CAMPA funds	6,000 crore	

Government of India has announced various measures providing immediate relief to the most vulnerable sections of the society and has also announced measures through liquidity infusion to ease the stress amidst the unfolding crisis. The Government has also announced some long-due structural reforms, which will help drive economic growth. Government has provided an outlay in the range of INR1.5 lakh crore to INR4 lakh crore and thus has created **overall liquidity potential of INR20.97 lakh crore in the system. This is approximately 10% of India's GDP**



# Economic Package: Key focus areas

## Vulnerable Segment



Overall Impact

Provide immediate sustenance

Focus Period

Immediate to Short term

Several key measures have been announced by the government in the past few days that pertain to helping the vulnerable sections of society, who have been severely impacted by the economic slowdown as a result of the pandemic. The people in this vulnerable section include migrant workers, farmers, street vendors and other rural & urban poor. Although these measures are relatively short-term, they are essential to protect these populations immediately and aim to provide them with access to food, restoring or generating employment, and helping them settle down in the post-pandemic world. These are critical steps towards supporting those who really make up the backbone of our economy and will be essential in economic activities in the coming days. Since the chain is as strong as its weakest link, and we are only as safe as the weakest section of our society, it becomes imperative to protect and safeguard the vulnerable.

### Key Announcements

- **For Migrant Workers: Free Food Grain supply for non card holders (INR 3500 crore)** – 5 KG per person wheat or rice and 1 Kg Pulse per family for next 2 months. It is expected to benefit 8 crore farmers. To be implemented by State Govt.
- **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.
- **MGNREGS allocation** increased by INR40,000 crore. Expected to boost the rural economy through higher production
- **2 % Interest Subvention** for 12 months on Mudra Yojana (Shishu Loans – INR 50,000 or less) involving INR. 1500 crore. 3 crore people are likely to benefit.
- **Street Vendors (INR5,000 Cr.)** – to get easy access to credit of up to INR 10,000. To benefit 50 lakh vendors. would be launched within next 3 months.
- **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).
- **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 2.5 crore farmers to benefit** – Concessional credit of INR2 lakh crore. To include fisheries and animal husbandry.
- INR6,000 crores 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

## Agriculture



Overall Impact

Align towards doubling farmer income

Focus Period

Medium to long term

Agriculture and allied sector contributes 16% of the Indian GDP and the primary sector employs about 53% of the population. This would go a long way in reviving the primary sector which would ensure food safety and reignite the rural economy. The Finance Ministry has announced key reforms to strengthen the agriculture sector, giving more power to the farmers. The reforms touch the entire value chain of agriculture, preventing wastage and allowing quality produce to reach the market. The institutional reforms backed by the administrative support and the push towards demand-based farming is what makes it impactful.

### Key Announcements

#### Infrastructure Strengthening and Capacity Building

- **Strengthening the Farm Gate Infrastructure** – Fund of INR 1 lakh crore for cold chains, grains to rage and allied works.
- **Micro Food Enterprises** – INR10,000 crore for boosting local products for global gains. It will benefit around 2 lakh enterprises. This scheme will help the unorganized MFEs in technical upgradation for meeting FSSAI standards.
- **Pradhan Mantri Matsya Sampda Yojna (PMMSY)** Expected to provide employment to 55 lakh people. The scheme will have a total outlay of INR20,000 crore. Will lead to integrated, sustainable, inclusive development of marine and inland fisheries, plug critical gaps in fisheries value chain. Double exports to Rs 1 lakh crore.
- A National Animal disease control programme for food and mouth disease and Brucellosis launched with a total outlay of INR13,343 crore. Will Provide 100% vaccination of all cattle (nearly 53 crore animals). **Animal Husbandry Infra Development Fund** – INR15,000 crore fund for Dairy Infra. Aims to support Pvt. Investments in cattle feed investments.
- **Promotion of Herbal Cultivation (INR4,000 crore)** – Expected to generate INR 5,000 crore income for farmers. 10,00,000 hectares of land to be covered in the next two years. National Medicinal Plants Board will be the implementation agency.
- **Bee Keeping Initiatives (INR500 crore)** – To benefit 2 lakh beekeepers. This will help in fighting the problem of disappearing bee population, reducing dependence on imports for wax, which is used in various industries.
- **Top to Total (INR 500 Crore)** – It will be for a period of 6 months as a Pilot. The existing scheme (Operation Greens) is extended beyond the current crops of tomatoes, onions and potatoes. 50% subsidy to be provided for transportation and 50% subsidy for storage.

#### Administrative Reforms

- **Amendment to Essential Commodities** – Deregulation of Potato, Onions, Cereals and oil seeds, No stock limit will be applied to value chain participants, food processors & exporters. Exceptions will only be invoked in case of emergencies.
- **Additional Choice to farmers**: Central Law to be brought in to allow farmers to sell produce at an attractive price, to remove inter-state barriers and provisions for e-sale of products.
- **Central Mechanism for Predictable Price** – Bolstering the standard mechanism for farmers to get a predictable quantity or price for the sale of produce, prior to sowing of crops. A legal framework will be introduced to allow farmers to engage with food processors, aggregators, etc.

# Economic Package: Key focus areas

## MSMEs

Overall Impact

Creating future ready  
MSME ecosystem

Focus Period

Immediate to Short term

MSMEs the second largest employer in the economy, contributing ~30% of India's GDP and close to half of the country's total exports, have been disrupted due to the pandemic. The government has taken several measures to protect and restore the MSME sector, which will have a positive impact and form the foundation for the future growth. Several changes have been made to the MSME sector that will transform it over the next several years. The accelerated clearance of dues will provide immediate relief. The redefined landscape, expanded eligibility and banning of global tender routes for government procurement up to INR200 crore will be impactful in bolstering the sector

### Key Announcements

#### Liquidity and credit infusion:

- INR 3 lakh cr worth of collateral free automatic 4-year tenure loans with a 10-month moratorium period announced - validity of offer till October 31, 2020
- INR 20,000 cr worth of subordinate debt announced and expected to benefit almost two lakh stressed MSMEs
- Fund of fund being created with a corpus of INR 10,000 cr to infuse INR 50,000 cr equity into potential and viable MSMEs
- The Government along with all CPSEs will clear all payables of MSMEs within the next 45 days

#### Expansion in coverage and scope:

- Definition of MSMEs has been changed with (a) upward revision in investment thresholds for each category of small, micro, min i(b) Additional criteria based on turnover introduced for the classification under each category
- For government procurements, tenders up to INR 200 cr will no longer be on global tender route
- E-linkages to trade fairs would be provided for all MSMEs

## Tax and EPF

Overall Impact

Improving cash flow

Focus Period

Immediate to Short term

In line with the 'Atmanirbhar Bharat' or 'Self Reliant India' vision, announcements on progressive Tax and EPF reforms aims to increase liquidity and reduce the cost burden on the citizens. The measures intend to provide immediate relief to business and employees by providing additional working capital to recover from the lowered economic activity due to the pandemic.

### Key Announcements

#### Income Tax

- Liquidity of INR 50,000 crore: 25% deduction for TCS and TDS rates for the FY Year 20-21
- All pending refunds to be issued immediately to charitable trusts and non corporate businesses & professions including proprietorship, partnership, LLP and Co-operatives
- Due date of all income-tax return for FY 2019-20 will be extended from 31st July, 2020 & 31st October, 2020 to 30th November, 2020
- Tax audit dates will change from 30th September, 2020 to 31st October, 2020
- Date of assessments getting barred on 30th September, 2020 extended to 31st December, 2020 and those getting barred on 31st March, 2021 will be extended to 30th September, 2021

#### EPF

- INR 2500 crore EPF Support for Business & Workers for 3 more months. This will provide liquidity relief of INR 2500 crore to 3.67 lakh establishments and for 72.22 lakh employees
- Statutory PF contribution of both employer and employee will be reduced to 10% each from existing 12% each for all establishments covered by EPF Of or next 3 months. It will be applicable for workers who are not eligible for 24% EPF support under PM Garib Kalyan Package and its extension.

# Economic Package: Key focus areas

## Real Estate, Housing & Social Infrastructure

Overall Impact

Driving construction demand

Focus Period

Short to Medium term

*The measures taken under RERA will give a much needed breather to real estate developers, struggling with the delayed construction work and will invoke trust of home buyers for delivery of their dream homes. The viability gap funding will help remodel indigent social infrastructure. The worst hit from this crisis is minimum wage/migrant workers. Affordable rental housing and credit linked subsidy will form a bedrock for the efforts to reduce migrants plight and encourage them to resume their jobs.*

### Key Announcements

- Covid-19 to be treated as 'force majeure' under RERA. Suo-moto extension of registration and completion date by six months (can be extended up to 3 months) and issuance of fresh 'project registration certificates' for all registered projects expiring on or after March 25 without individual applications
- VGF of INR 8,100 crores to encourage private investment in social projects. Quantum of VGF is extended up to 30% of project cost.
- 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. Manufacturing units, industries, institutions and Government organizations can set up affordable rental housing on their own land with incentives
- Credit Linked Subsidy Scheme (INR 70,000 crore) to be extended up to March 2021. Additional 2.5 lakh families to benefit including lowest Strata of the Middle-income Group (INR 6-18 lakh yearly income)

## Defence

Overall Impact

Making 'Make in India' count

Focus Period

Medium to Long term

*The announcements for the defence sector are targeted to efficiently increase indigenization by developing domestic capabilities and corporatization of Ordinance Factory Boards (OFBs). Unshackling of defense procurements, through provision of an assured catalogue of weapons and platforms for domestic manufacturers, will also encourage self-reliance. The increase in FDI limits to 74% could pave the way for enhanced investment in the sector and also drive the agenda of import substitution.*

### Key Announcements

- DMA will create a list of defense procurement items (to be revised annually) that will be banned from importing.
- Priority for components and products indigenized within India for military platforms.
- Special budget provision for domestic procurement in defense
- OFB to be corporatized
- FDI limit to be raised from 49% to 74% under the automatic route, but with required security clearances
- GSQRs to be made more realistic along with an overhauling of tried and testing procedure
- Emphasis on time bound defense procurement

## Civil Aviation, Space and Atomic Energy

Overall Impact

Opening air, space and beyond

Focus Period

Medium to Long term

*With more airports being privatized under the PPP model, and civil air routes to be rationalised, there is an emphasis on with shorter travel time and saving of fuel. This would improve connectivity and coverage. Further, it would facilitate development of 6 economies of the cities/states of the proposed airports. The Government has also reiterated its commitment to placing India on the world map for space and atomic energy sectors by opening them up to private sector participation. These reforms focus on enabling innovations by providing infrastructure support to private players, to test their products.*

### Key Announcements

- Civil air routes to be rationalised, with optimal use of air space, leading to shorter travel time and saving of fuel
- 6 Airports to be auctioned on PPP basis. Investment of INR13,000 crores is expected from the private sector. AAI will get a down-payment of INR2,300 crore. Another 6 airports will be identified for the third round
- Aircraft component repairs and airframe maintenance to increase to INR2,000 crore from INR 800 crores. Convergence between defense and civil aviation MRO
- Level playing field for private companies in satellites, launches and space based services
- Opening up of planetary exploration and outer space travel for the private sector.
- Private companies will be able to use ISRO's facilities and knowledge to enhance their capabilities.
- Liberalization of geo-spatial data policy

# Economic Package 2.0: Key focus areas

## Coal & Mineral

Overall Impact

Digging deep for impact

Focus Period

Medium to Long Term

*By opening up the closed coal sector to private players, the Government has ended its monopoly in the domain, enabling an improvement of productivity in the sector. The structural reforms are aimed at boosting economic growth and employment creation. Private sector participation can help infuse technology especially in mining and exploration. The liberalized regime is expected to help the sector to grow manifold.*

### Key Announcements

#### Introduction of Commercial Mining in Coal Sector

- Commercial Mining will be introduced in Coal Sector, A revenue sharing mechanism will be brought in instead of regime of fixed Rupee/tonne. Any party can bid for a coal block and sell in the open market.
- Entry norms will be liberalized. Nearly 50 Blocks will be offered immediately. There will not be any eligibility conditions, only upfront payment with a ceiling will be provided

#### Diversified Opportunities in Coal Sector

- Coal Gasification / Liquefaction will be incentivized through rebate in revenue share. This will result in significantly lower environment impact and also assist India in switching to a gas-based economy.
- Infrastructure development of Rs. 50,000 crore will be done for evacuation of enhanced Coal India Limited's (CIL) target of 1 billion tons coal production by 2023-24 plus coal production from private blocks. This will include Rs 18,000 crore worth of investment in mechanized transfer of coal (conveyor belts) from mines to railway sidings. This measure will also help reduce environmental impact.

#### Liberalized Regime in Coal Sector

- Coal Bed Methane (CBM) extraction rights will be auctioned from Coal India Limited's (CIL) coal mines. Concessions in commercial terms given to CIL's consumers (relief worth Rs 5,000 crore offered).

#### Mineral Sector Reforms

- In the Mineral sector, 500 mining blocks would be offered through an open and transparent auction process. Joint Auction of Bauxite and Coal mineral blocks to enhance Aluminum Industry's competitiveness
- Stamp duty will be Rationalized, payable at the time of award of mining leases

## Power

Overall Impact

Supporting Discoms, enabling potential reforms

Focus Period

Short to Medium term

*The already stressed power sector which is an essential input for the growth of various industries, saw some relief with introduction of structural reforms as part of the economic package. The 'Tariff Policy Reform' and the 'Privatization of Distribution in Union Territories' shall improve the sector's performance and enhance transparency to the processes, reduce theft and bring in more competitiveness and efficiency. The reforms would empower the consumer by giving them the right 24/7 power and are expected to reduce operational (Aggregate Technical & Commercial) losses by 10-15%.*

### Key Announcements

- PFC/REC to infuse liquidity of Rs 90,000 cr to DISCOMs against receivables. Central Public Sector Generation Companies shall give rebate to Discoms which shall be passed on to the final consumers (industries)
- Tariff Policy Reform: Tariff Policy laying out reforms in 3 sectors.
  - **Consumer Rights:** DISCOM inefficiencies not to burden consumers and DISCOMs to ensure adequate power; load-shedding to be penalized
  - **Promote Industry:** Progressive reduction will be made in cross subsidies. Generation and transmission project developers to be selected competitively
  - **Sustainability of Sector:** Timely payment of Gencos should be made. DBT should be used for subsidy transfer.
- Privatization of Distribution in Union Territories
  - Power Departments / Utilities in Union Territories will be privatized. This will lead to better service to consumers and improvement in operational and financial efficiency in Distribution. This will also provide a model for emulation by other Utilities across the country

# Economic Package 2.0: Key focus areas

## Social sector

Overall Impact

Bringing focus to social development

Focus Period

Medium to Long Term

*The initiatives announced under the economic package add another dimension to the health and education sector reforms. The pandemic has exposed the vulnerability in the health and education system. Increased resources and focus on both will not only play an important role in economic growth and investment in human capital, but also prepare us for any future pandemics/crisis. Themes like telehealth and digital education offer a significant opportunity for the future transformation of the Indian economy.*

### Key Announcements

#### Health Infrastructure

- Public expenditure on health infrastructure to be increased. Additional measures will be implemented to make health infrastructure ready for any future pandemics by strengthening of lab networks, infectious diseases hospital blocks and encouraging research

#### Education

- PM eVIDYA program for multi-mode access to digital/ online education to be launched. Top 100 universities to start online courses by 30 May 2020
- Manodarpan – An initiative for psychological support for teachers, students and families to be launched
- New National Curriculum and Pedagogical framework will be launched for early childhood and teacher.

## Business environment

Overall Impact

Building on momentum

Focus Period

Short to Medium Term

*The announcements focus on making the business environment more conducive in coming months. This will further strengthen the initiatives undertaken for improving Ease of Doing Business and thereby increase the contribution of the private sector participation towards to GDP. The easing of compliances will help businesses focus on operations and growth, post lockdown.*

### Key Announcements

#### IBC related measures

- Debt related to Covid-19 not to be included in default under the code
- Suspension of fresh insolvency proceedings up to one year depending upon the pandemic situation
- Special insolvency framework for MSMEs to be notified
- Minimum threshold to initiate insolvency proceedings to be raised to INR1 crore from INR1 lakh

#### Companies Act

- Decriminalisation of Companies act violations involving minor technical and procedural defaults
- Majority of the compoundable offences sections to be shifted to internal adjudication mechanism (IAM)
- 7 compoundable offences to be dropped and 5 to be dealt with under alternative framework

#### EoDB for corporate

- Direct listing of securities by Indian Public companies in permissible foreign jurisdictions

#### Public Sector Enterprise

- Need for a new coherent policy – all sectors are open to the private sector while PSEs will still play an important role.
- Strategic Sectors to be notified – at least one enterprise will remain in the public sector but private sector will also be allowed (up to 4-5 private companies at max)

## State finances

Overall Impact

Incentive to reforms

Focus Period

Short to Medium Term

*States have been assuming greater responsibility in governmental spending in the country. State finances were already stressed with reduced tax collections and outstanding GST payments. The unfolding pandemic led to revenue shortfall leading to lower spending by states, thereby reducing capital outlay. With the increased borrowing limit for the states, they will be able to revive capital expenditures. This will give states an opportunity to revive their economies.*

### Key Announcements

- Borrowing limits of states have been increased from 3% to 5%. This will provide extra resources to states by INR4.28 lakh crore.
- Increase from 3% to 3.5% is an unconditional increase
- Increase from 3.5% - 4.5% will be released in 4 tranches (0.25% each). Each tranche will be linked to a state specific reform like One Nation One Ration Card, EoDB, Power Distribution and ULBs related
- Further 0.50%, if milestones are achieved in 3 out the 4 reforms mentioned



# About Primus Partners

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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.

## Contributed to the report



Nilaya Varna  
Co-Founder & MD



Aarti Harbhajanka  
Co-founder & MD



Devroop Dhar  
Co-founder & MD



Charu Malhotra  
Co-founder & MD



Kanishk Maheshwari  
Co-founder & MD



Anurag Singh  
MD



Nikhil Dhaka  
Vice President



Pooja Ahluwalia  
Vice President



Amit Dugar  
Vice President



Ipsita Gauba  
Manager



Vinayak Malhotra  
Consultant

**Other Contributors**

- Ankit Nebhnani
- Gudeep Kaur
- Sagar Salunkhe

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