

## **India Fights Against COVID-19: Economic Relief Package**

In continuing its fight against the economic havoc wreaked by the COVID-19 pandemic Hon'ble Finance Minister of India, Mrs. Nirmala Sitharaman announced on 26<sup>th</sup> March 2020, a series of measures to deal with the economic distress, amidst the 21 day lockdown announced by Hon'ble Prime Minister of India on 24<sup>th</sup> March, 2020 to deal with the situation.

Readers will recall the alert published by BSC editorial team on 24<sup>th</sup> March, 2020, wherein we had discussed about various economic measures announced by the Government that included extension of tax deadlines, easing minimum balance norms for savings account, and increasing threshold of insolvency filing to Rs 1 crores from Rs 1 lakh.

### **Key takeaways from FM's Announcement:**

#### **A. Special Medical Insurance Scheme-**

FM announced a Rs 50 Lakhs insurance cover per person for frontline health workers involved in managing the COVID-19 outbreak. A Government document said that any health professional who while treating COVID-19 patients meets with some accident, then he/she would be compensated with an amount of Rs 50 lakh under the scheme. Safai karamcharis, ward-boys, nurses, paramedics, technicians, doctors and specialists and other health workers would be covered by this special insurance scheme. This is very welcoming step taken by the Government in its relentless fight to ensure fearless eradication of the COVID-19 pandemic in India by the "Angels dressed in white coat"

#### **B. PM Gareeb Kalyan Scheme- Package of Rs. 1.7 Lakh Crores**

The Finance Minister announced a package of Rs. 1.7 Lakh Crores to take care of poor, workers and those who need immediate help under the current lockdown period. This must – needed package will include both cash transfer and food security for the needy, which will ameliorate the economic hardship faced by the poor and marginalized people

1. **Food Security** - Under the Pradhan Mantri Gareeb Kalyan Ann Yojna (PMGKY), which is a part of the relief package, at least 80 crores poor people will be covered. Under this scheme, an additional 5 Kg Cereals (Rice or Wheat) over the 5 Kg they already get along with 1 Kg Pulses per household will be given to 80 Crores individuals for next 3 months. The Government will spend Rs. 45,000 crores for undertaking these measures.
2. **Cash Transfer** - Persons who will be covered - Farmers, MNREGA, Poor Widows, Poor Pensioners, Poor Handicap, Women having Jan Dhan Accounts, Ujwala Scheme Beneficiaries, Women in Deen Dayal Upadhyay Schemes, Construction Workers.

- **For Farmers** – Farmers are already receiving Rs. 6,000 annually under Kisan Samman Nidhi. Out of this, Rs. 2,000 will be given upfront now. First installment of Rs. 2,000 of PM Kisan will be given in first week of April. Around 8.69 Crores farmers will get immediate benefit out of it.
- **For MNREGA** - Increase in wage rate from Rs. 182 to Rs 202 amounting to increase of Rs 2,000 per worker leading to benefitting 5 crores people.
- **For Old Aged People, Disabled and Widow** - An ex-gratia amount of Rs 1,000 for next three months available in two installments. It will benefit 3 Crores widows and senior citizens.
- **Women Jan-Dhan Account Holder** - Ex-gratia amount of Rs 500 per month for next 3 months. It will benefit 20 Crores women.
- **Ujjwala Scheme Beneficiary** – Free LPG cylinders to 8.3 Crores BPL families for next 3 months.
- **Women Self-Help Group 63 Lakh SHG** - Under the Deen Dayal National Livelihood Mission, collateral free loan will be given up to Rs 20 lakhs from Rs 10 lakhs earlier. This will have impact on 7 Crores holders through 63 lakh SHGs.
- **Organized Sector** – GoI has decided to pay the EPF contributions of employer and employee for three months (effective immediately) of any company where 90 per cent of staff get less than Rs 15,000 as salary a per month. And for the benefit of 80 Lakh employees, EPFO regulation will be amended to allow non-refundable advances of 75% of EPFO account balance or equivalent to 3 month of wages, whichever is less. Under this package, the Government proposed to pay 24 per cent of their monthly wages into their PF accounts for next three months. A total of Rs 5,000 Crores has been allocated for this purpose. This will benefit 4.8 Crores workers registered with EPFO.
- **Construction Workers** - State government have been directed to use the welfare fund for building & construction laborers which has around Rs 31,000 Crores to help those, who are facing economic disruption because of the lockdown.

It is widely expected that another relief package for the industrial sector, in particular may be on the anvil. The Confederation of Indian Industry (CII) lobby group, had sought a stimulus of about 1% of the GDP or Rs 2 lakh Crores, has sought a three-month moratorium on all loans and said all repayment obligations should be suspended for this period. Readers will also recall, that during their last press meeting, held on 24<sup>th</sup> March, 2020, the Hon'ble FM had announced the following key measures for banking and fisheries sector.

### **1. Banking sector** –

a. Debit Card Holders can withdraw cash from any bank ATM for free for next 3 months upto 30<sup>th</sup> June 2020.

- b. Complete waiver of minimum balance requirement fee for next 3 months upto 30<sup>th</sup> June 2020.
- c. Bank Charges for digital trade transactions will be reduced for all trade finance consumers.

**2. Fisheries sector -**

- a. Import permits for shrimp stock, that would have expired from 1<sup>st</sup> March 2020 to 15<sup>th</sup> April 2020 would be extended by 3 months.
- b. Delay up to 1 month in the arrival of consignments would be condoned i.e. would not be considered as a delay.
- c. Rebooking of quarantine cubicles for cancelled consignments in aquatic quarantine facility would be allowed.
- d. Verification of documents and Grant of NOC would be done in 3 days instead of 7 days.

**Glossary**

PM – Prime Minister

FM- Finance Minister

PDS – Public Distribution System

MNREGA - Mahatma Gandhi National Rural Employment Guarantee Act

BPL – Below Poverty Line

SHG – Self Help Group

GoI – Government of India

EPF – Employee Provident Fund

CII - Confederation of Indian Industry

# PM Gareeb Kalyan Scheme: A relief amidst COVID-19

A scheme of Rs. 1.7 lakh crores by the GOI

## Key highlights:

