

Finance Minister announces Government Reforms and Enablers across Seven Sectors under Aatma Nirbhar Bharat Abhiyaan

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KEY HIGHLIGHTS

- ü **Rs 40,000 crore increase in allocation for MGNREGS to provide employment boost**
- ü **Increased investments in Public Health and other health reforms to prepare India for future pandemics**
- ü **Technology Driven Education with Equity post-COVID**
- ü **Further enhancement of Ease of Doing Business through IBC related measures**
- ü **Decriminalisation of Companies Act defaults**
- ü **Ease of Doing Business for Corporates**
- ü **Public Sector Enterprise Policy for a New, Self-reliant India**
- ü **Increase borrowing limits of States from 3% to 5% for 2020-21 only & promoting State level reforms**

Hon'ble Prime Minister Shri Narendra Modi announced a Special economic and comprehensive package of Rs 20 lakh crore - equivalent to 10% of India's GDP on 12th May 2020. He gave a clarion call for आत्मनिर्भर भारत अभियान or Self-Reliant India Movement. He also outlined five pillars of Atmanirbhar Bharat – Economy, Infrastructure, System, Vibrant Demography and Demand.

In her opening remarks during the 5th Press Conference here today on stimulus package to fight COVID-19 under *Aatma Nirbhar Bharat Abhiyaan*, the Union Minister of Finance & Corporate Affairs Smt. Nirmala Sitharaman referred to the vision laid out by Prime Minister Shri Narendra Modi in his address to the Nation on 12th May 2020. Quoting the Prime Minister, Smt. Sitharaman said that as a Nation, we stand at a very crucial juncture. COVID-19 Pandemic has brought a message and an opportunity. We need now to build an *Aatma Nirbhar Bharat*.

PM eVIDYA, a programme for multi-mode access to digital/online education to be launched immediately. **Manodarpan**, an initiative for psycho-social support for students, teachers and families for mental health and emotional well-being to be launched immediately as well. **New National Curriculum and Pedagogical framework** for school, early childhood and teachers will also be launched. **National Foundational Literacy and Numeracy Mission** for ensuring that every child attains Learning levels and outcomes in grade 5 by 2025 will be launched by December 2020.

4. Further enhancement of Ease of Doing Business through IBC related measures

Minimum threshold to initiate insolvency proceedings has been raised to Rs. 1 crore (from Rs. 1 lakh, which largely insulates MSMEs). Special insolvency resolution framework for MSMEs under Section 240A of the Code will be notified soon.

Suspension of fresh initiation of insolvency proceedings up to one year, depending upon the pandemic situation. Empowering Central Government to exclude COVID 19 related debt from the definition of “default” under the Code for the purpose of triggering insolvency proceedings.

5. Decriminalisation of Companies Act defaults

Decriminalisation of Companies Act violations involving minor technical and procedural defaults such as shortcomings in CSR reporting, inadequacies in Board report, filing defaults, delay in holding of AGM. The Amendments will de-clog the criminal courts and NCLT. 7 compoundable offences altogether dropped and 5 to be dealt with under alternative framework.

6. Ease of Doing Business for Corporates

Key reforms include:

- Direct listing of securities by Indian public companies in permissible foreign jurisdictions.
- Private companies which list NCDs on stock exchanges not to be regarded as listed companies.
- Including the provisions of Part IXA (Producer Companies) of Companies Act, 1956 in Companies Act, 2013.
- Power to create additional/ specialized benches for NCLAT
- Lower penalties for all defaults for Small Companies, One-person Companies, Producer Companies & Start Ups.

7. Public Sector Enterprise Policy for a New, Self-reliant India

Government will announce a **new policy** whereby -

- List of strategic sectors requiring presence of PSEs in public interest will be notified
- In strategic sectors, **at least one enterprise will remain in the public sector but private sector will also be allowed**
- In other sectors, **PSEs will be privatized** (timing to be based on feasibility etc.)
- To minimise wasteful administrative costs, **number of enterprises in strategic sectors will ordinarily be only one to four; others will be privatised/ merged/ brought under holding companies**

8. Support to State Governments

Centre has decided to **increase borrowing limits of States from 3% to 5% for 2020-21 only**. This will give States extra resources of Rs. 4.28 lakh crore. Part of the borrowing will be linked to specific reforms (including recommendations of the Finance Commission). Reform linkage will be in four areas: universalisation of 'One Nation One Ration card', Ease of Doing Business, Power distribution and Urban Local Body revenues. **A specific scheme will be notified by Department of Expenditure on the following pattern:**

- **Unconditional increase of 0.50%**
- **1% in 4 tranches of 0.25%, with each tranche linked to clearly specified, measurable and feasible reform actions**
- **Further 0.50% if milestones are achieved in at least three out of four reform areas**

The Finance Minister concluded by providing a breakup of the stimulus measures provided so far in order to become *Aatma Nirbhar Bharat*.

RM/KMN

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