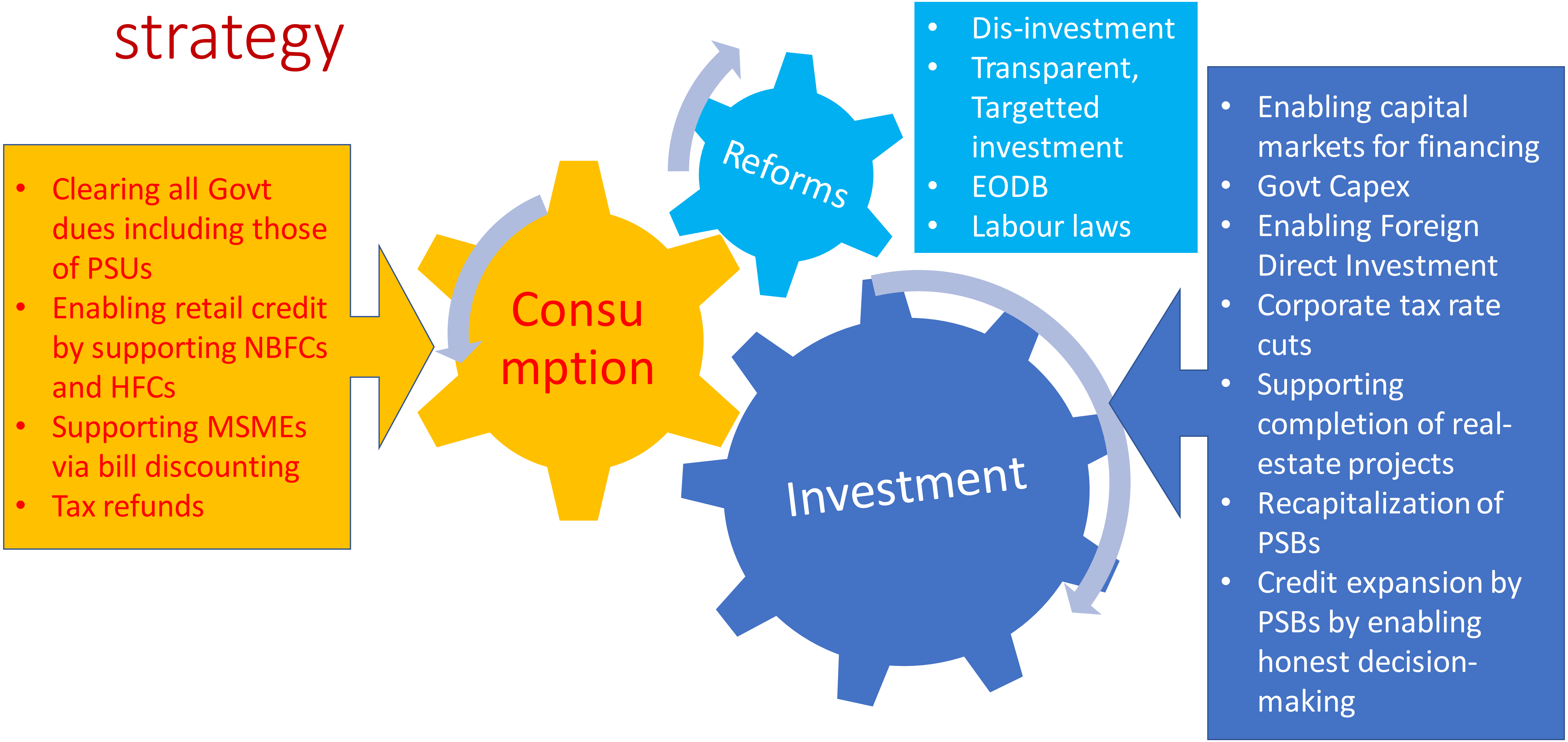
Major Interventions to Boost the Economy

Measures implement a planned economic strategy



Measures to Support Consumption

- Support to NBFCs and HFCs to support retail lending:
  - Total sanctioned support of Rs.4.47 lakh cr includes Rs.1.29 lakh cr for pool-buy-outs of assets

- Partial credit guarantee scheme for NBFCs and HFCs
  - Cabinet approval for SMA-0 borrowers; asset pools rated BBB+ or better;
  - Within two days,17 proposals amounting to Rs. 7657 Cr. Approved. Proposals amounting to Rs. 20,000 crores to be approved over next two weeks.

- Government & PSU dues cleared in two stages: Upto Rs. 61,000 Crores previously
  - Dues of 32 CPSEs (Navratnas & Maharatnas) cleared by more than 60% in last two months
  - 21/32 CPSEs have set up "Online Bill Tracking" systems to reduce pendency in bill payment and reduce Accounts Payables of CPSEs permanently; Rs. 4877 Cr. Currently due

Measures to Support Consumption

- Following RBI guidelines mandating banks to link their lending rates to external benchmarks, all PSBs have introduced Repo Rate linked loan products
  - 8.18 lakh Repo linked loans (Rs. 72,201 Cr.) sanctioned till 27th Nov 2019

- MSME Bill Discounting: 5.06 lakh bills (Rs. 12,698 Cr.) till 15th Nov 2019

- Transparent One-time Settlement Policy in PSBs: 5.26 lakh (Rs. 16,716 Cr.) sanctioned

Measures to boost Investment

- Continuous liberalization has resulted in record FDI inflows: $35 billion in H1 2019-20 as against $31 billion in H1 2018-19

- Corporate tax rates cut: 15% tax lowest among peers
  - Given large market and large labour force, these tax rates make India more attractive than other countries

- Capital Expenditure (Capex) by the Government
  - 66% of budgeted Capex of Rs. 3.38 lakh Cr already undertaken
  - Indian Railways & Ministry of Road Transport and Highways projected to undertake Capex of Rs. 2.46 lakh Cr by 31.12.2019
  - Select CPSEs (32 Maharatnas and Navratnas) have undertaken Capex of Rs. 98,000 Cr till Nov 2019. Projected to undertake Capex of Rs. 60,000 Cr in the rest of the year

Measures to boost Investment

- Approval of a realty fund worth Rs. 25000 crore for stalled housing projects
  - Fund (SWAMIH) is fully operational and Investment Committee is completing due diligence on the first set of deals today
  - Necessary changes in IBC to enable the Fund's operations
  - Careful due diligence requiring coordination done in record time (6-8 weeks as against 6-8 months usually)
  - Fund has found excellent traction from 13 domestic financial institutions including HDFC, SBI, LIC. Legal documentation for Rs. 10,530 Cr. already executed
  - Process has incorporated lessons from previous episodes of careless fiscal expansion
- Credit expansion via PSBs: Rs. 60,314 Cr equity infused; Rs. 4.9 lakh cr. Disbursed
  - Rs. 2.2 lakh Cr to Corporates; Rs. 72,985 Cr to MSMEs and Rs. 39,453 Cr. to retail borrowers
- Enable and protect honest decision-making in PSBs
  - Internal Advisory Committee (IAC) in banks to classify cases as vigilance or no vigilance;
  - IAC/CVO decision to be final
  - Advisory Board for Bank Frauds set up

Key Reforms in Capital Markets to enable financing

- Law passed by Parliament for setting up unified regulator for International Financial Services.
  - This will enable capital flows by reducing regulatory and compliance burden.
  - Bring back trading of Indian financial products from off shore centres.
- Regulatory burden for equity/equity-like instruments eased through comprehensive Rules for FEMA Non-Debt Instruments
  - Will streamline the foreign investment regime
- One Unified market across the country for financial instruments through rationalisation of Stamp Duty
  - Key recommendation of H R Khan Committee to foster Development of Corporate Bond Mkt
- A revised ECB Framework has been prescribed to rationalise the scheme of foreign debt access by Indian companies
  - Includes Working Capital loans and Rupee denominated loans
  - Will enable capital raising by Indian Corporates for funding investment

Key Reforms in Capital Markets to enable financing

- A framework for debt ETF has been notified by SEBI
  - Bharat Bond ETF utilises this framework

- A framework to allow shares with Differential voting rights (DVR) enabled
  - Foster new economy by encouraging start-ups to raise funds from the market without diluting promoters' interest in the company

- Interoperability among clearing corporations has been implemented
  - Enable efficient use of capital for clients who trade on multiple stock exchanges

- Plain vanilla options in Commodities have been enabled for trading on exchanges
  - Will facilitate hedging of risks in agricultural commodities

- Norms applicable for Credit Rating Agencies have been tightened
  - Will enable further development of credit markets

Key Reforms in Capital Markets to enable financing

- Know Your Customer (KYC) norms for FPIs: In consultation with the Ministry, SEBI has approved several changes in the KYC norms for FPIs on 5th November 2019
  - Include simplified documentation requirements and exemptions for regulated entities

- Increase in statutory limit for FPI investment in a company from 24% to sectoral foreign investment limit w.e.f. 01.04.2020

- On 4th Oct 2019, RBI announced its decision to:
  - Permit USD-INR trading at GIFT IFSC and
  - Allow domestic banks to freely offer foreign exchange prices to non-residents at all times
  - Bring offshore Rupee market to domestic stock exchanges and permit trading of USD -INR derivatives in GIFT IFSC
  - Thereby enable further development of Forex market

Reforms: Disinvestment to enhance economic efficiency

- Disinvestment in non-priority areas where competitive markets have come of age
  - Enable private buyers to bring capital, technology and better management
  - Enhance productivity and thereby economic growth
  - BPCL, CONCOR & SCI

- Widening the bandwidth of disinvestment for minority stake sale:-
  - Govt. equity to be brought down below 51% in select CPSEs on case-to-case basis
  - This will increase wider public ownership of selected CPSEs

- Bharat Bond ETF to enable private participation and wider pool of financing for CPSEs

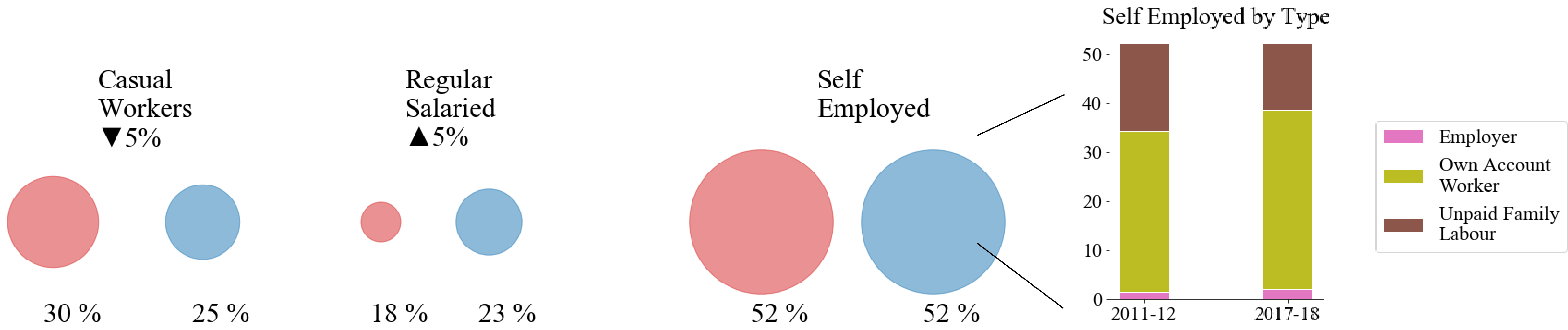
Measures to improve 'Ease of Doing Business'

- India has jumped to 63rd in World Bank's EODB rankings; IBC a primary contributor to the same
  - Ring-fencing successful bidders of stressed assets from the risk of criminal proceedings against offences committed by previous management and promoters
  - Threshold for financial creditors to prevent triggering of insolvency for small amounts
- No need for Debenture Redemption Reserve (DRR) for debentures issued by Listed companies, Banks, NBFCs and HFCs
  - Will reduce cost of issuance and help in developing the corporate bond market
- CSR violations de-criminalized and to be treated as civil offence
- NBFCs permitted to use the Aadhaar authenticated bank KYC

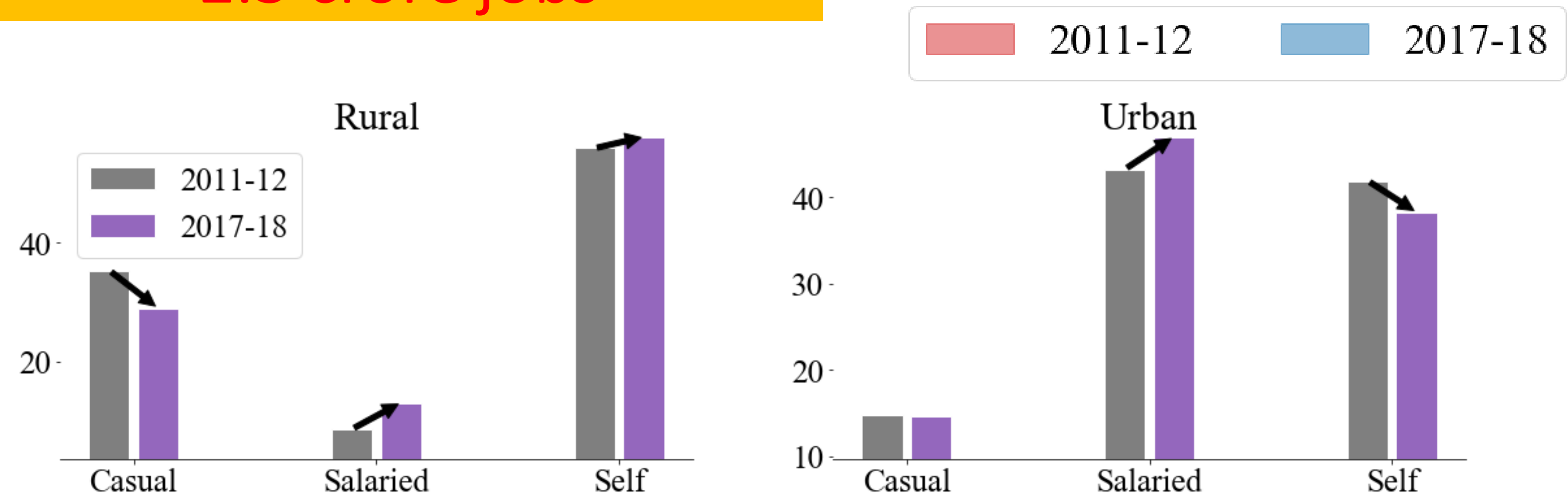
Ease of Doing Business: Reform in Labour Laws

- Code on Wages 2019 notified in August 2019
  - Subsumes four acts to transform old and obsolete labour laws into more accountable and transparent ones. Enhances ease of compliance
- Code on Occupational Safety, Health and Working Conditions Bill, 2019, introduced in Parliament in July 2019
  - 13 Central Labour Laws brought in ambit of New Code
- Industrial Relations Code, 2019 introduced in Parliament on 28th November 2019
  - Amalgamates and rationalizes three Central Labour Acts to impart flexibility to the exit provisions (relating to retrenchment etc.)
- Social Security Code Bill, 2019 introduced in Parliament on 11th December 2019
  - Enables universal security of workers
- Contribution of ESIC reduced from 6.5 percent to 4.0 percent.
- Web-based, Jurisdiction free inspections with report to be uploaded within 48 hrs

Status of Employment (%) 11-12 vs. 17-18

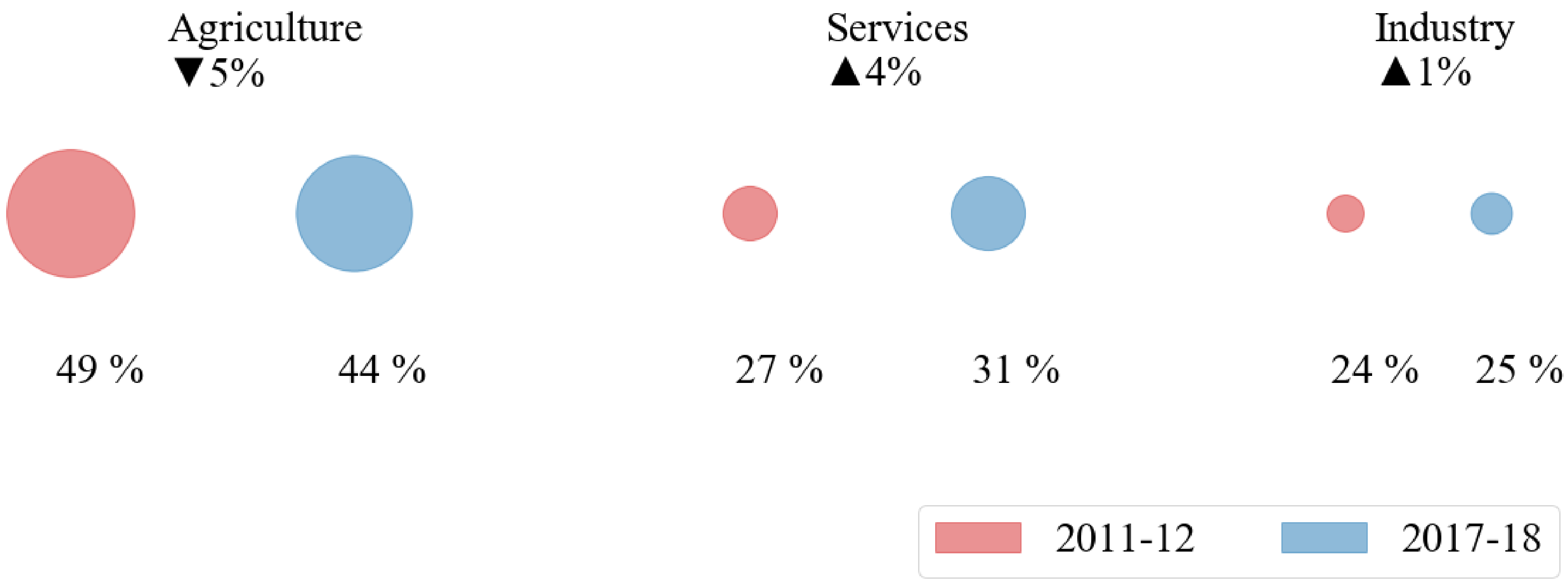


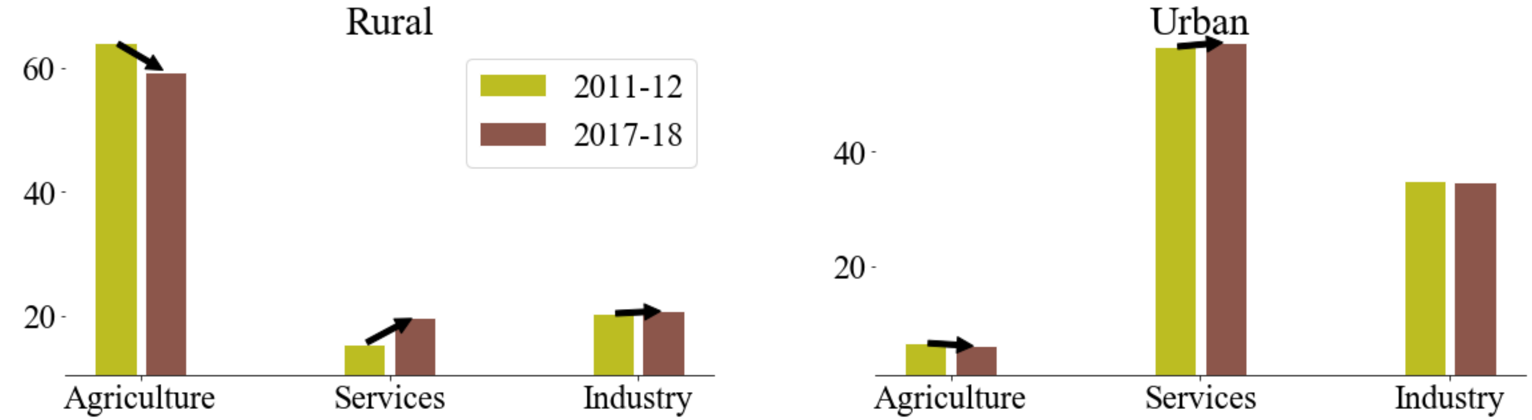
2.3 crore jobs



- Drop in casual labour driven by rural workers
- Rural: Shift from casual workers to salaried jobs & self-employed
- Urban: Shift from self-employment to salaried jobs
- Among self-employed, shift from unpaid family work to own account work

Sectoral Distribution of Workforce

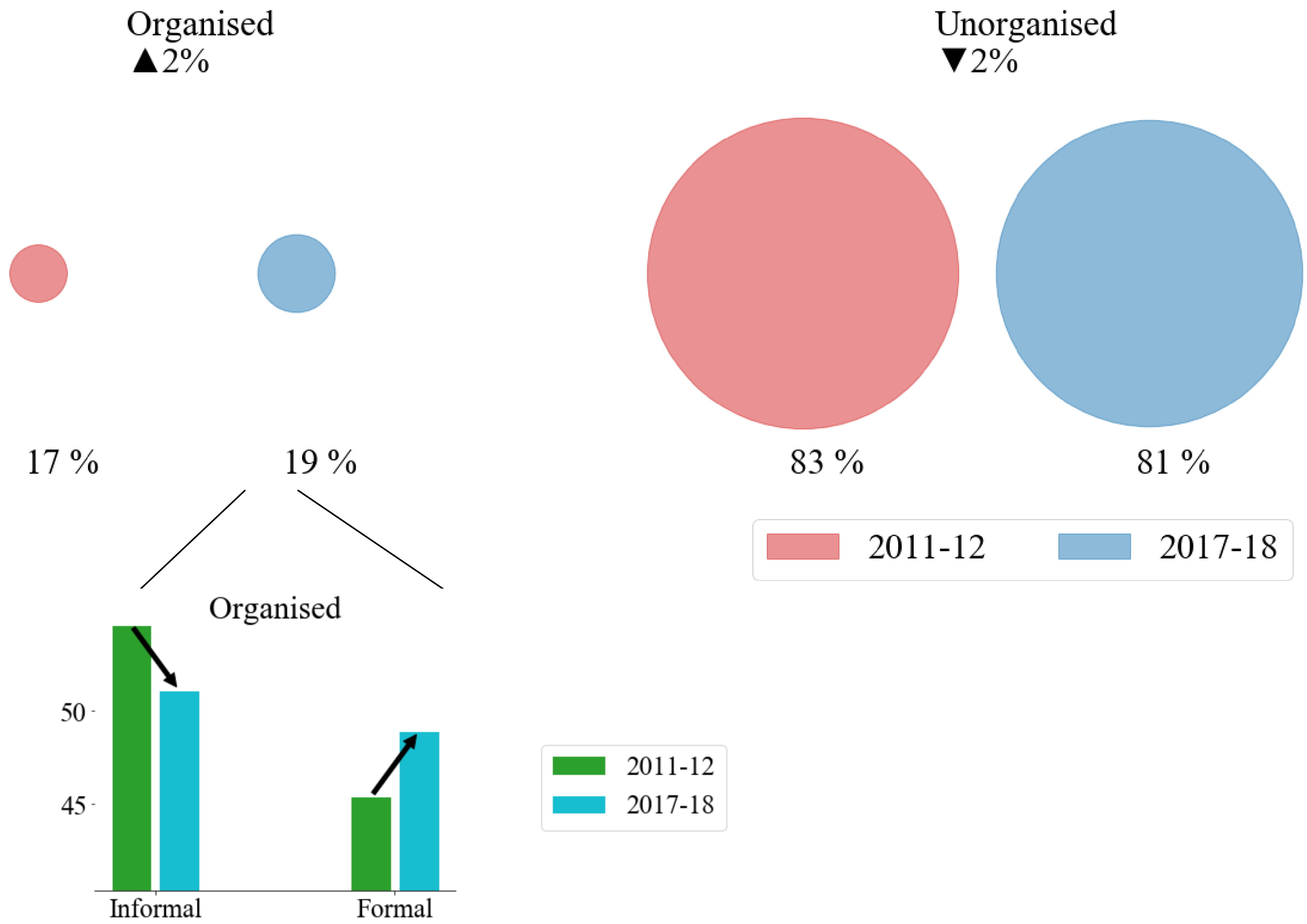




- Workers shift from agriculture to services and industry
- Shift is mainly driven by rural workers

Organized-Unorganized Sector Distribution

- Shift towards organised sector
- Within the organised sector, jobs are shifting towards formal work



Proportion of remunerative vs. less remunerative jobs

Distribution of Workers(ps+ss) in remunerative and less remunerative segments by sector in India						
Sector	**2011-12**			**2017-18**		
	Rural	**Urban**	**Total**	**Rural**	**Urban**	**Total**
Remunerative	8.61	33.55	15.22	11.90	34.86	18.47
Less Remunerative	91.39	66.45	84.80	88.10	65.17	81.53
Total	***100***	***100***	***100***	***100***	***100***	***100***

Source: NSO(2014), 68th Round and NSO(2019), Periodic Labour Force Survey Unit Record, MoSPI