



Latest updates after Finance Minister Announcement on 13th May 2020 about stimulus packages to sustain the Indian economy.

List of main measures involving the Corporate Sector:

Collateral-free Automatic Loans

The Government of India has launched a new scheme to allow for Emergency Credit Lines to Businesses/MSMEs from Banks and Non Banking Financial Companies up to 20% of entire outstanding credit as on 29/2/2020. The credit lines to be provided by commercial banks will be 100% guaranteed by Government of India, with no need of fresh guarantees or collateral to be provided by the company.

Applications will be open till 31st October 2020, the scheme is eligible for current bank borrowers with up to Rs.25 crore (Euro 3 mio) outstanding and Rs.100 crore (Euro 12 mio) turnover.

Max loan tenor 4 years, with one year moratorium on principal repayment.

Subordinate Debt for Stressed MSMEs

Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit. The debt will be subordinate and granted by the Indian Government. The scheme is reserved to stressed or NPA class MSMEs.

Equity infusion for MSMEs through Fund of Funds

Incorporation of a 1.25 Euro mld Fund of Funds to support capitalisation of Indian MSMEs. The fund will provide equity funding for MSMEs with growth potential and viability. (nдр: long implementation time expected).

Global tenders to be disallowed up to Rs 200 crores (Eur 25 mio)

Government promoted tenders up to a maximum amount of Eur 25 mio will be restricted to local players. (nдр: long implementation time expected).

EPF Support for Business & Workers

The Government subsidy of 12% for employers and 12% for employees Provident Fund Contribution has been extended for 3 additional months till August 2020. The scheme is only for employees with salary less than 15,000 INR and total workers number up to 100. For all other cases, the Government has approved the reduction from 12% to 10% of EPF contributions.

TDS/TCS rate reduction

Payments for contract, professional fees, interest, rent, dividend, commission, brokerage, and all the Non Salary related payments which attract TDS, shall be eligible for a rate of tax deducted at source, reduced by 25%.

Tax measures

Due date of income-tax return for FY2019-20 will be extended from 31st July, 2020 & 31st October, 2020 to 30th November,2020 and Tax audit from 30th September,2020 to 31st October,2020.

Late payments of Income tax without any additional penalty, will be extended to 31st December, 2020.

Mumbai, 15th May, 2020