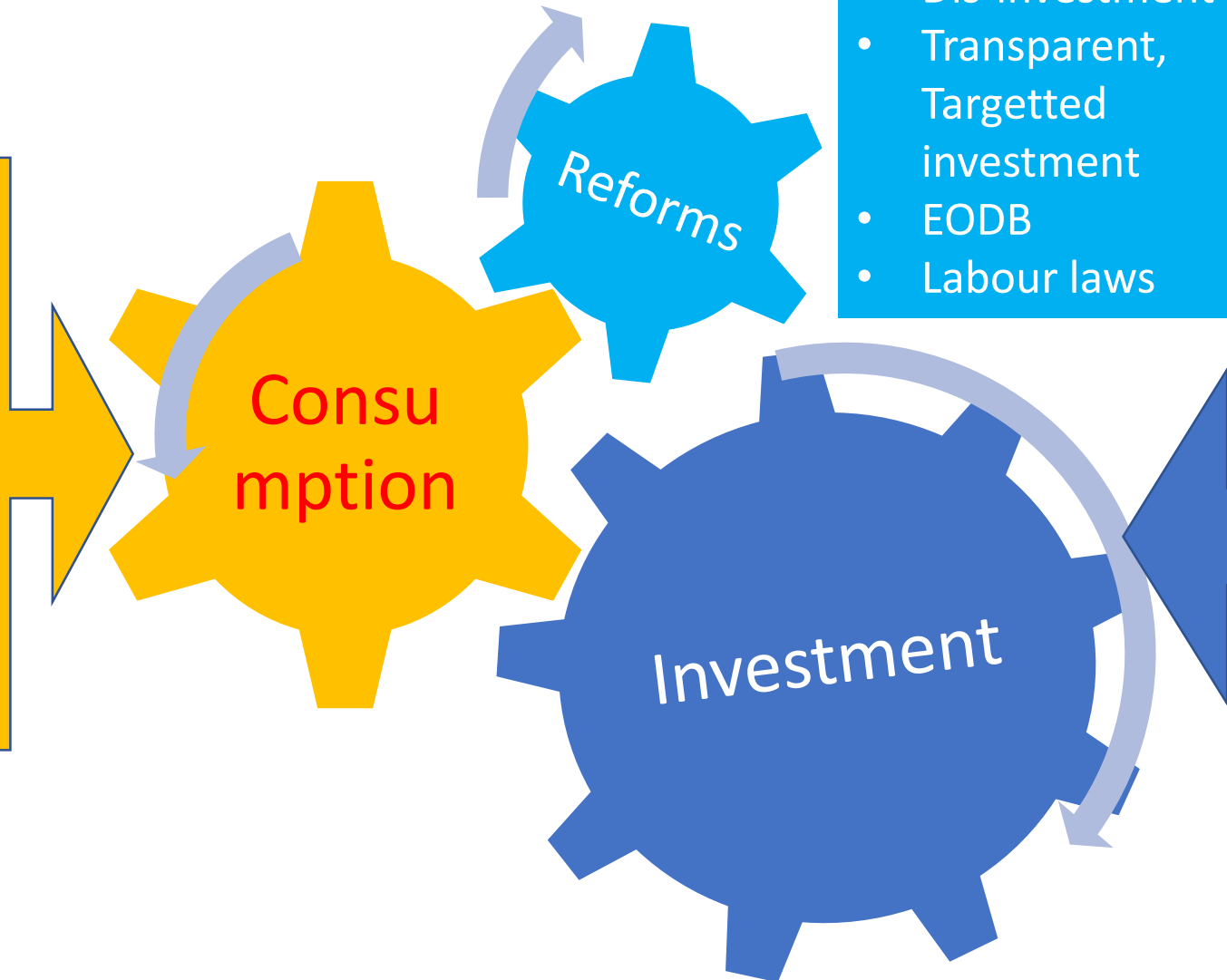


# Major Interventions to Boost the Economy

# Measures implement a planned economic strategy

- Clearing all Govt dues including those of PSUs
- Enabling retail credit by supporting NBFCs and HFCs
- Supporting MSMEs via bill discounting
- Tax refunds



- Dis-investment
- Transparent, Targetted investment
- EODB
- Labour laws

- Enabling capital markets for financing
- Govt Capex
- Enabling Foreign Direct Investment
- Corporate tax rate cuts
- Supporting completion of real-estate projects
- Recapitalization of PSBs
- Credit expansion by PSBs by enabling honest decision-making

# 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 27<sup>th</sup> Nov 2019
- ❑ MSME Bill Discounting: 5.06 lakh bills (Rs. 12,698 Cr.) till 15<sup>th</sup> 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 5<sup>th</sup> 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 4<sup>th</sup> 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

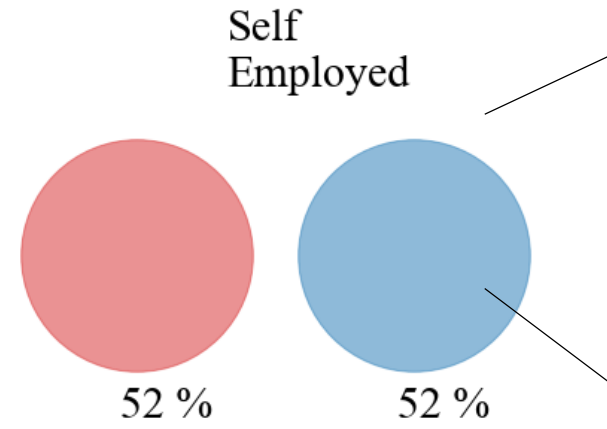
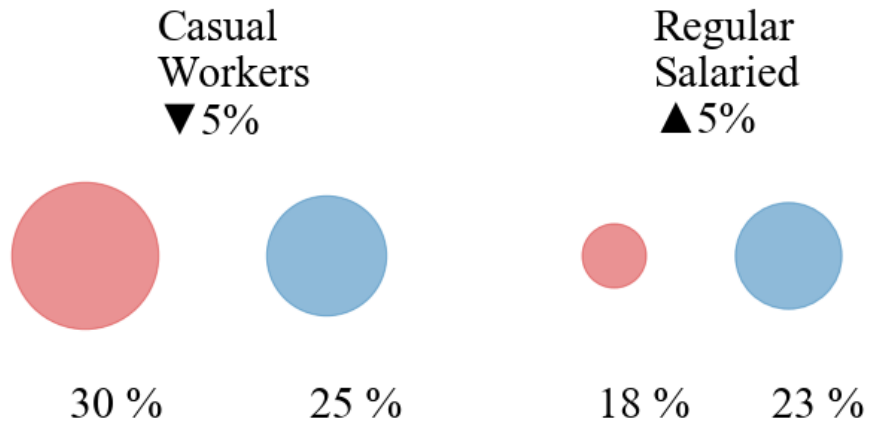
# Measures to improve ‘Ease of Doing Business’

- ❑ India has jumped to 63<sup>rd</sup> 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

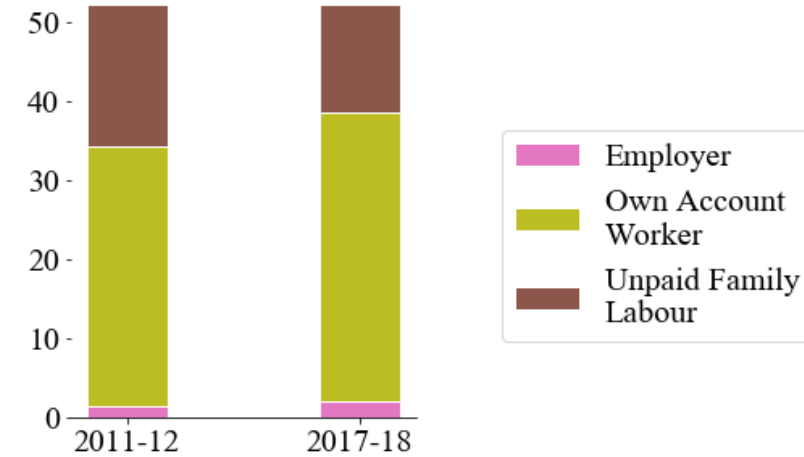
# Ease of Doing Business: Reform in Labour Laws

- ❑ 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 28<sup>th</sup> 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 11<sup>th</sup> 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

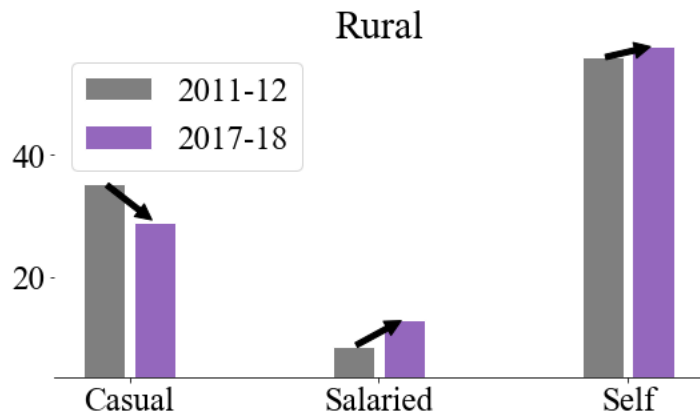
# Status of Employment (%) 11-12 vs. 17-18



Self Employed by Type

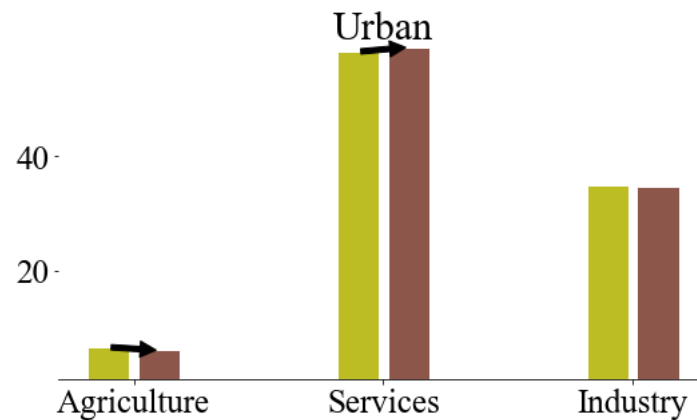
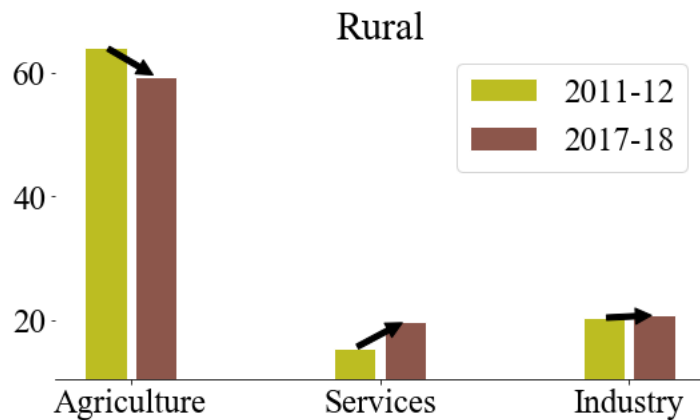
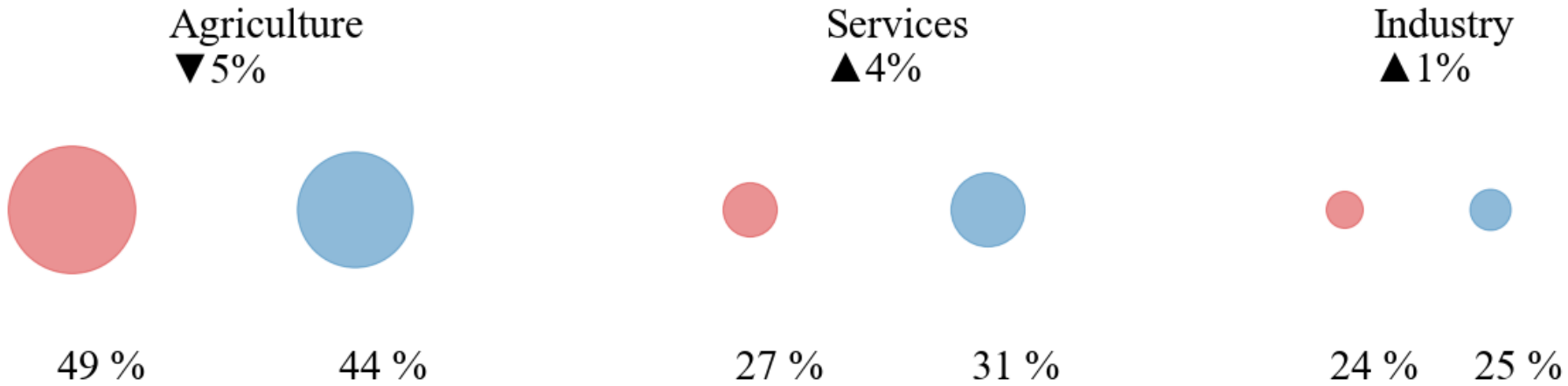


**2.3 crore jobs**



- 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

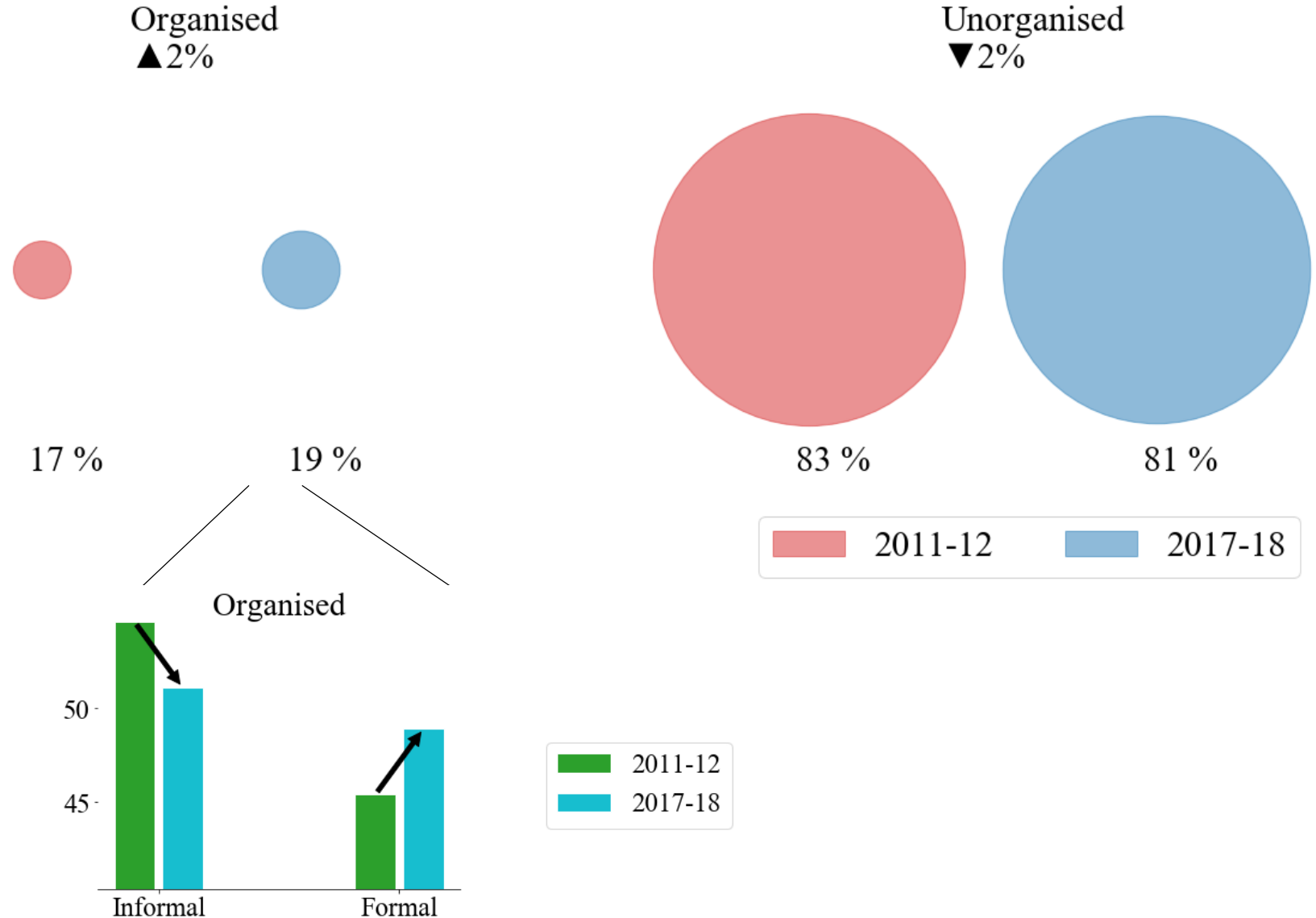
# Sectoral Distribution of Workforce



- 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
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

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