

## **Finance Minister announces Rs 1.70 Lakh Cr relief package**

The government announced a Rs 1.7 lakh crore relief package aimed at providing a safety net for those hit the hardest by the Covid-19 lockdown, along with insurance cover for frontline medical personnel. About 800 million people will get free cereals and cooking gas apart from cash through direct transfers for three months. The 21-day lockdown began on March 25.

The Pradhan Mantri Garib Kalyan Yojana includes higher wages under the Mahatma Gandhi National Rural Employment Act (MGNREGA), Rs 1,000 ex-gratia payment to nearly 30 million poor senior citizens, widows and disabled as well as insurance coverage of as much as Rs 50 lakh each for about 2 million healthcare workers battling the disease.

States have been asked to use the Building and Construction Workers Welfare Fund to provide relief to construction workers and the first installment of Rs 2,000 under the Pradhan Mantri Kisan Yojana will be frontloaded to reach 87 million farmers in April.

### **Immediately**

“We’ve immediately responded within 36 hours of the lockdown. We’ve first reached out to the poorest of the poor, who need help,” finance minister Nirmala Sitharaman said while announcing the programme on Thursday. The minister didn’t say how it will be funded.

The package will be rolled out immediately.

“We will think about the others... will gradually address if there’s more to attend to,” she said, when asked about a stimulus plan for companies, many of which have had to cease production, cut salaries or lay off employees because of the economic pain.

Industry and experts welcomed the announcements, even as the market responded positively with the Sensex closing at 29,947 points, up nearly 5% from Wednesday’s close.

“It’s a very well-defined package, reinforcing government’s intent that no one should be deprived of basic facilities in today’s stressed times,” said State Bank of India chairman Rajnish Kumar. “We are hopeful of more calibrated responses in coming weeks as the impact of the pandemic unfolds.”

Under the package, the government will provide 5 kg of wheat or rice and 1 kg of pulses free every month for the next three months. Besides, 204 million women Jan Dhan account holders will get Rs 500 per month for the next three months. MGNREGA wages will rise to Rs 202 a day from Rs 182 to benefit 136.2 million families.

The measures will benefit the most vulnerable sections of society, said ITC chairman Sanjiv Puri.

Such “critical and large-scale interventions” are the need of the hour, he said. “These timely measures... will go a long way in providing support to farmers, daily wage earners, SHG (self-help group) women and poor senior citizens during such an unprecedented situation.”

## **ORGANISED SECTOR**

The government said it will pay the entire provident fund contribution of those who earn less than Rs 15,000 per month in companies having less than 100 workers as they are at risk of losing their jobs. That amounts to 24% of basic pay--12% from the employee and 12% from the employer. This will be paid by the government for three months.

“This would prevent disruption in their employment,” a finance ministry statement said.

In addition, the Employees’ Provident Fund Regulations will be amended to include the [coronavirus](#) pandemic as grounds for allowing a non-refundable advance of 75% of the corpus or three months of wages, whichever is lower, from their accounts.

## **INDUSTRY DEMAND**

India Inc sought help for distressed businesses across sectors such as tourism, hospitality, automobiles and aviation, besides micro, small and medium enterprises (MSMEs), where cash flows are down to a trickle amid mandatory adherence to tax and statutory payments.

“We hope that the RBI will soon bring in relief measures for distressed businesses including a moratorium on debt repayments and redefinition of non-performing assets,” said Confederation of Indian Industry director general Chandrajit Banerjee.

He added that the government could be more aggressive in its spending with an overall fiscal stimulus at 2.5-3% of GDP if disruptions continue for the next three months.

“Other segments of society, who are also looking forward to measures such as EMI waivers, as also extension of loan scheme tenures among others, economic package shall be on wait and watch mode,” said Niranjan Hiranandani, president of Assocham.

*(Economic Times)*