

## GOVERNMENT STIMULUS MEASURES

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### Stimulus for farmers, real estate, migrants and vendors

The second stimulus is worth Rs 3.2tn out of which farmers have got benefit of Rs 2.3tn in the form of higher credit allocation. Real estate sector will see incremental spending of Rs 700bn. Migrants and vendors will benefit from foodgrain allotment and credit to restart operations. Government has also streamlined changes to labour code to cover all workers under minimum wages and national floor on minimum wages. This should boost wages and is positive for consumption. We await the remaining set of measures of Rs 3.8tn.

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**Farm sector, migrants and vendors to benefit:** Government today announced Rs 2tn (1% of GDP) concessional credit boost to 25mn farmers through Kisan Credit Card scheme. Additional funding of Rs 300bn to NABARD for farmers for emergency funding through RRBs and Co-op Banks. This is over and above Rs 900bn already provided to NABARD. Centre will spend Rs 35bn on provision of free foodgrains for 80mn migrant workers for the next 2 months. In addition to this, Rs 50bn allocated to 5mn street vendors as initial working capital for re-starting operations.

**Boost to affordable housing:** Government has announced Rs 700bn stimulus to affordable housing through extension of Credit Linked Subsidy Scheme (CLSS) for MIG till Mar'21 from Mar'20 earlier. Apart from this, government also launched affordable rental housing complexes (ARHC) for migrant workers, which will also boost demand for these units. Till now under PMAY-U, pace of construction of houses has picked up with 3.3mn completed houses compared with 2.6mn a year back. For Shishu loans covering loan upto Rs 50,000, government has provided relief of Rs 15bn.

**Labour codes changes:** Government announced universalisation of minimum wages to all workers from current 30% along with national wage floor thus reducing wage parity. Annual health check-ups for all workers along with extension of ESIC coverage for all workers in establishments with 10 or more workers has also been proposed.

**Today's stimulus at Rs 3.2tn:** Today's announcement totalled Rs 3.2tn. Out of Rs 20tn, Rs 16.2tn has been detailed out. The remaining Rs 3.8tn will be announced in the coming days.

#### KEY HIGHLIGHTS

- Focus on migrant workers, street vendors and small farmers.
- Affordable housing and real estate sector too receive a boost.
- Overall stimulus announced till date stands at above 8.1% of GDP.



## Detailed announcements

- Migrant workers not covered under NFSA to be provided 5kgs of grains per person and 1kg Chana per family per month for 2-months. The cost of the scheme is estimated to be Rs 35bn and will be borne by the Central government.
- Apart from this, to ensure that migrant workers can access the PDS from any fair price shop in the country the government plans to launch the “one nation one ration card” scheme. About 670mn beneficiaries are expected to be covered under this by Aug’20. Further, 100% national portability will be achieved by Mar’21.
- Government has announced a special credit facility of Rs 50bn for about 5mn street vendors. Under this, the street vendors can avail working capital loans starting from Rs 10,000.
- To promote employment generation, funds totalling about Rs 60bn will be allocated from the Compensatory Afforestation Management and Planning Authority (CAMPA) Fund.
- To support housing demand, government has announced Rs 700bn stimulus to affordable housing through extension of the Credit Linked Subsidy Scheme (CLSS) for Middle Income Group (MIG) with 0.6-1.8mn annual income, till Mar’21 (from Mar’20 earlier). Under this scheme, 0.25mn MIGs will be benefitted. This will also boost employment and prove to be beneficial for the construction sector through linkages.
- Government has also launched affordable rental housing complexes (ARHC) for migrant workers. Government funded housing will be used for the same. For this purpose, State government agencies, manufacturing units and industries will be incentivised.
- Further boost to MUDRA loan has been given pertaining to Shishu loans whose portfolio size is currently Rs 1.62tn and covers loan upto Rs 500bn. Government has provided relief of Rs 15bn. This will be done through interest subvention of 2% for prompt payers for a period of 12months. This is in addition to the moratorium already announced by RBI, thus stimulating credit demand.

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