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Government of India's **mega economic stimulus package**

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INR 20 lakh crore (USD 275 Billion)

Since the COVID-19 pandemic took the world in its grips early this year, the global economic system came to a near standstill. Major economies around the world struggled to fight the twin battles of not only containing the transmission of this novel, highly contagious virus but also prevent their economic collapse owing to strict lockdowns and social distancing restrictions. This led to governments across the world rushing to support their economies and businesses through massive economic stimulus packages to offset the damage done by continuous shutdowns.

In this context, the Indian government, led by Prime Minister Narendra Modi, has been proactive in its approach against the ongoing pandemic. Putting people's lives first, the government has led by example by initially implementing a strict lockdown for over two months while at the same time announcing a slew of economic measures to support the Indian economy in these unprecedented times. Right at the beginning of the first lockdown on March 25, 2020, the government announced the first of its economic package amounting to INR 1.7 lakh crore (USD 22 Bn) targeted at helping the different sectors of the economy reeling under the pandemic's impact. This was followed by a number of announcements being made by the country's apex bank, the Reserve Bank of India (RBI).

For more details: https://invest-india-revamp-static-files.s3.ap-south-1.amazonaws.com/2020-04/GOI%20INDUSTRY%20measures%20against%20COVID%2019.pdf

Finance Minister announces a major economic stimulus package

Giving shape and form to this larger goal, Prime Minister Narendra Modi announced the launch of the *"Aatma Nirbhar Bharat Abhiyan"* (Self-Reliant India) which aims to make India self-reliant in certain crucial sectors of the economy and reform and strengthen businesses and companies to become globally competitive. This report covers a detailed analysis of the *"Aatma Nirbhar Bharat Abhiyan"* economic stimulus package announced by the Finance Minister over the course of a week in May, which clearly reveals the reform-oriented approach of the government towards various sectors of the Indian economy. This mega economic stimulus package amounting to **INR 20 lakh crore (USD 275 Bn)** is the second largest in Asia after Japan and is equivalent to 10 per cent of India's GDP. The package covered all the major sectors of the Indian economy.

Through these measures, the government not only ensured consistent support to the country's populace through various credit and welfare schemes but also came out with necessary reforms and policies to safeguard its business community. Considering this pandemic as an opportunity rather than a crisis, the government of India has been preparing strategies and action plans **not only for business continuity and sectoral revival but also re-rolling the red carpet for global investors to continue to choose India as their preferred destination for investments.**

First Tranche of the Economic Stimulus Package

Finance Minister Nirmala Sitharaman on May 13, 2020 shared further details on economic benefits under the *"Aatma Nirbhar Bharat Abhiyan"* announced by the Prime Minister. The initial 15 announcements covered relief measures across the following domains:

1. **Micro, Small and Medium Enterprises (MSMEs)**
2. **Employee Provident Funds (EPFs)**
3. **Non-Banking Financial Companies (NBFCs)**
4. **Power Distribution Companies (DISCOMs)**
5. **Relief to contractors**
6. **Real estate**
7. **Tax reforms**

Boost to Micro, Small and Medium Enterprises (MSMEs):

- **INR 3 lakh crore (USD 39 Bn) collateral-free automatic loans for businesses**, including MSMEs. Emergency credit line to businesses/MSMEs from banks and NBFCs up to 20 per cent of the entire outstanding credit as on February 29, 2020.
- **INR 20,000 crore (USD 2.6 Bn) subordinate debt for stressed MSMEs** that need equity support.
- **INR 50,000 crore (USD 6.5 Bn) equity infusion for MSMEs through a "Fund of Funds"** with a corpus of INR 10,000 crore (USD 1.3 Bn), will be set up.
- **New definition of MSMEs:** The definition of MSMEs will be revised upwards based on their investment limits and turnover size.
- **Global tendering disallowed for government procurement up to INR 200 crore (USD 26 Million).**
- **Rapid clearance of dues of MSMEs by Government of India and Central Public Sector Undertakings (CPSUs)** in the next 45 days.

Employee Provident Funds (EPFs):

- **EPF contribution from government extended for 3 months:** Applicable to the salary of June, July and August 2020, it will provide liquidity relief of INR 2,500 crore (USD 329 Mn) to 3,67,000 establishments and covers about 7.22 Mn employees.
- **EPF contribution reduced for business and workers for 3 months** amounting to a relief of INR 6,750 crore (USD 889 Mn): Central and state PSUs will, however, continue to contribute 12 per cent as employer contributions. This will provide relief to about 0.65 Mn establishments covered under EPFO (Employees Provident Fund Organisation) and about 43 Mn such employees.

Non-Banking Financial Companies (NBFCs):

- **INR 30,000 crore (USD 3.9 Bn) special liquidity scheme for NBFCs/HFCs (Housing Finance Companies) /MFIs (Microfinance Institutions):** Under this scheme, investment will be made in both primary and secondary market transactions in investment grade debt papers of NBFCs/HFCs/MFIs. Such securities will be fully guaranteed by the Indian government.
- **INR 45,000 crore (USD 5.9 Bn) partial credit guarantee scheme 2.0 for NBFCs:** First 20 per cent of loss will be borne by the guarantor, i.e., Government of India, resulting in a liquidity of INR 45,000 crore (USD 5.9 Bn).

Power Distribution Companies (DISCOMs):

INR 90,000 crore (USD 11.9 Bn) liquidity injection for DISCOMs: PFC/REC (Power Finance Companies/ Rural Electrification Corporation) to infuse liquidity of INR 90,000 crore (USD 11.9 Bn) to DISCOMs against their receivables. Loans will be given against state guarantees for the exclusive purpose of discharging the liabilities of DISCOMs to generation companies.

Relief to Contractors:

Extension of up to six months to be provided by all central agencies [like Railways, Ministry of Road Transport and Highways, Central Public Work Department (CPWD) etc.] on all contracts as well as obligations like completion of work, intermediate milestones etc and extension of concession period in Public Private Partnerships(PPP) contracts. The government agencies will partially release bank guarantees to ease cash flows as well.

Real estate:

Extension of registration and completion data of real estate projects under Real Estate (Regulation and Development) Act (RERA) by six months for all registered projects expiring on or after March 25, 2020, without individual applications. Real estate regulatory authorities can now treat COVID-19 as an event of 'Force Majeure' under RERA. They can also issue fresh 'Project Registration Certificates' with revised timelines.

Tax reforms:

- **INR 50,000 crore (USD 6.5 Bn) liquidity through Tax Deduction at Source (TDS)/ Tax Collection at Source (TCS) rate reduced by 25 per cent for** payment for contract, professional fees, interest, rent, dividend, commission, and brokerage. This reduction will be applicable till March 31, 2021.

- **All pending refunds to charitable trusts and non-corporate businesses** and professions including proprietorship, partnership, Limited Liability Partnerships (LPPs) and cooperatives will be issued immediately.
- The **due date of all income tax return for FY 2019-2020 has been extended** from July 31, 2020 to October 31, 2020.
- **Date of assessments getting barred as on September 30, 2020 extended** to December 31, 2020 and those getting barred on March 31, 2021 will be extended to September 30, 2021.
- The period of ***'Vivad se Vishwas'*** **scheme for making payment without additional amounts will be extended** to December 31, 2020.

Second Tranche of the Economic Stimulus Package

Finance Minister Nirmala Sitharaman, on May 14, 2020 through a press conference, shared further details on economic benefits under the *"Aatma Nirbhar Bharat Abhiyan"* announced by the Prime Minister. Taking a holistic approach in its fight against the pandemic, the second tranche of announcements provided relief to the following:

1. To support **migrant workers,** the Government of India has permitted the state governments to use state disaster response fund, funded by it, amounting to INR 11,002 crore (USD 1.4 Bn) for setting up shelters for migrants and providing them with food and water. Other measures are as follows:

- **Free food grain supply to migrant workers for two months**
- **Technology systems to be used for enabling migrants to access Public Distribution System (Ration) from any Fair Price Shop in India by March 2021- "One Nation, One Ration Card"**
- **Affordable Rental Housing Complexes (ARHC)** scheme under the Pradhan Mantri Awas Yojana (PMAY) for migrant labour/urban poor to provide ease of living

2. For **small businesses** to flourish, **INR 1500 crore (USD 197 Mn) interest subvention for MUDRA-Shishu loans** for small businesses fixed at two per cent for prompt payees for a period of 12 months.

3. For **street vendors,** the government will launch a special scheme within a month to facilitate easy access to credit to street vendors**. Initial working capital up to INR 10,000 (USD 132)** to benefit 5 Mn street vendors.

4. **To address the lowest strata of middle-income group** (0.6 Mn- 1.8 Mn annual income), INR 70,000 crore (USD 9.2 Bn) has been granted to boost housing sector through **extension of Credit Linked Subsidy Scheme (CLSS).** The CLSS was operationalized from May 2017, it is now extended up to March 2021 to benefit 0.25 Mn middle income families during 2020-21. Additionally, it will stimulate demand for steel, cement, transport, and other construction materials.

5. **INR 6,000 crore (USD 789 Mn) employment push for tribal workers using CAMPA funds:** Compensatory Afforestation Management and Planning Activity (CAMPA) have been set up under Compensatory Afforestation Fund Act, 2016 to benefit tribal workers.

6. For farmers:

- **INR 30,000 crore (USD 3.9 Bn) additional emergency working capital fund for farmers through NABARD** to benefit 30 Mn farmers to meet post-harvest (Rabi) and Kharif requirements
- **INR 2 lakh crore (USD 26 Bn) concessional credit boost to 25 Mn farmers through Kisan Credit Cards**

Third Tranche of the Economic Stimulus Package

Finance Minister Nirmala Sitharaman, on May 15, 2020 shared further details on economic benefits under the mission of *"Aatma Nirbhar Bharat Abhiyan"* announced by Prime Minister. Further, strengthening the base of India's economy, the third tranche of announcements provided relief to **agriculture and allied activities sector**. Some key measures are:

1. **INR 1 lakh crore (USD 13 Bn) agricultural infrastructure fund for farm gate infrastructure for farmers.**

2. **INR 10,000 crore (USD 1.3 Bn) scheme for formalization of Micro Food Enterprises (MFE)** in tandem with the vision of PM to be 'Vocal for Local with global outreach'.

3. **INR 20,000 crore (USD 2.6 Bn) for fishermen through the Pradhan Mantri Matsya Sampada Yojana (PMMSY)** leading to additional fish production of 7 Mn tonnes over five years, giving employment to over 5.5 Mn people and doubling the exports to reach INR 1,00,000 crore (USD 13 Bn).

4. **National Animal Disease Control Programme launched with total outlay of INR 13,343 crore (USD 1.7 Bn) to** ensure 100 per cent vaccination of cattle, buffalo, sheep, goat, and pig population (total 530 Mn animals) for FMD and for brucellosis.

5. **Animal Husbandry Infrastructure Development Fund of INR 15,000 crore (USD 1.9 Bn)** to support private investment in dairy processing, value addition and cattle feed infrastructure. Incentives will also be given for establishing plants for export of niche products.

6. **Promotion of herbal cultivation- INR 4,000 crore (USD 526 Mn):** One Mn hectares will be covered under herbal cultivation in the next two years which will lead to INR 5,000 crore (USD 658 Mn) income generation for farmers. **The National Medicinal Plant Board (NMPB) has supported 225,000 lakh hectare area under cultivation of medicinal plants.**

7. **Beekeeping initiatives- INR 500 crore (USD 65 Mn)** to lead to an increase in income for 0.2 Mn beekeepers and quality honey to consumers. The government will implement the scheme for infrastructure development related to integrated beekeeping development centres, collection, marketing, and storage centres, post-harvest, and value addition facilities.

8. **Operation Greens will be extended form Tomatoes, Onion and Potatoes (TOP) to all fruits and vegetables** providing **50 per cent subsidy** on transportation from surplus to

deficient markets and on storage, including cold storage amounting to INR 500 crore (USD 65 Mn).

9. **Amendments to Essential Commodities Act (ECA)** to enable better price realization for farmers, attracting investments and making agriculture sector competitive.

10. **Agriculture marketing reforms to provide marketing choices to farmers** to promote barrier free inter-state trade under the framework for e-trading of agriculture produce.

11. **Agriculture produce price and quality assurance** to attract investment in provision of inputs and know-how in the agriculture sector.

Fourth Tranche of the Economic Stimulus Package

Finance Minister Nirmala Sitharaman addressed her fourth press conference announcing the Government of India's roadmap towards *"Aatma Nirbhar Bharat Abhiyan"* on May 16, 2020. The foundation for undertaking specific sectoral initiatives is the 'Make in India' campaign that looks to bring in new ways of doing business, making sure India becomes an attractive and self-reliant market.

Formation of an Empowered Group of Secretaries (EGoS) to fast-track infrastructure investment, ranking states for investment attractiveness supplemented by creation of project development cells alongside promotion of champion sectors was emphasized on. In the update, relief measures were announced for the following industries which are new horizons of growth, unleashing new investment, boosting production, and creating jobs:

1. **Metals and Mining (Reforms for coal and minerals)**
2. **Civil aviation**
3. **Defence**
4. **Power**
5. **Space**
6. **Atomic energy**

Coal:

- **Bringing in commercial mining in coal sector with subsequent removal of government monopoly**
- **INR 50,000 crore (USD 6.5 Bn)** will be spent by the government to ensure evacuation infrastructure is being provided in the coal sector
- Making sure that using technology, land parcels are mapped using Geographic Information System (GIS) and are utilized properly. **3,376 industrial parks over 0.5 Mn hectares** have been mapped, so that potential investors can utilize them appropriately

Minerals:

- Remove distinction between captive and non-captive mines to allow transfer of mining leases and sale of surplus unused minerals, leading to better efficiency in mining and production
- Ministry of Mines is developing a **Mineral Index** for different minerals
- Rationalisation of stamp duty payable at the time of award of mining leases.
- 500 mining blocks would be offered through an open and transparent auction process
- A joint auction of bauxite and coal mineral blocks will be introduced to enhance aluminium industry's competitiveness

Civil Aviation:

- Restrictions on utilization of the Indian air space will be eased so civilian flying will be more efficient
- Airports Authority of India has awarded three airports out of six for bidding for operation and maintenance. Six more airports are in line for the second round of bidding and the third round too. Details to be announced
- Investments by the private sector in the first and second rounds of bidding will amount to INR 13,000 crore (USD 1.7 Bn)

Defence sector:

- **FDI limit in defence manufacturing under automatic route will be raised from 49 per cent to 74 per cent**
- Promotion of 'Make in India' for self-reliance in defence production
- Notify a list of weapons/platforms for ban on import with year wise timelines
- Indigenisation of imported spares
- Separate budget provisioning for domestic capital procurement
- Improve autonomy, accountability, and efficiency in ordnance supplies by corporatisation of Ordnance Factory Board
- Time-bound defence procurement process and faster decision making to be ushered.

In terms of **Maintenance, Repair and Overhaul (MRO)**, the following were the announcements:

1. The tax regime has been rationalized
2. Civil aviation engine manufacturers to set up facilities in India to boost efficiency and reduce costs
3. The defence and civil aviation sector are to converge, and attempts are being made to steer things in that direction
4. Maintenance costs will reduce

Power:

The focus of these policy reforms will be sustainability, consumer rights and promotion of the industry.

- Power distribution companies in union territories shall be privatised in line with the tariff policy soon to be announced
- Boosting private sector investment in social infrastructure through revamped viability gap funding scheme – **INR 8,100 crore (USD 1 Bn)**
- Government will enhance the quantum of viability gap funding up to 30 per cent of total project cost as viability gap funding by centre and state/statutory bodies

Space sector:

- Indian private sector will be a co-traveller in India's space sector journey
- A level playing field will be created for private companies
- Government will provide predictable policy and a regulatory environment to private players
- Future projects for planetary exploration, outer space travel to be open for the private sector
- Liberal geo-political data policy providing remote sensing data to tech entrepreneurs.

Atomic Energy sector:

- Research reactor will be shifted to Public-Private-Partnership (PPP) mode specifically to produce medical isotopes
- Facilities in PPP mode to use irradiation technology for food preservations
- Technology development cum incubation centres will be set up to foster synergy between research facilities and tech entrepreneurs

Fifth Tranche of the Economic Stimulus Package

Finance Minister Nirmala Sitharaman announced the fifth tranche of the economic package introduced for COVID-19 relief on May 17, 2020. The announcement comes under the *"Aatma Nirbhar Bharat Abhiyan".* There were seven announcements made in the fifth tranche which focused on:

1. **Generating employment through Mahatma Gandhi National Rural Employment Generation Scheme (MGNREGS)**
2. **Health, both in rural and urban areas**
3. **Boosting Ed-Tech: Technology driven education with equity post-COVID**
4. **Decriminalization of the Companies Act**
5. **Ease of Doing Business and related matters**
6. **Opening up of Public Sector Enterprise Policy for a new, self-reliant India**
7. **Rendering support to state governments**

Employment:

The largest public works programme in the world, MGNREGS, to receive INR 40,000 crore (USD 5.2 Bn) increase in allocation to provide an employment boost. This will help generate nearly 300 crore person days, in total, boosting the economy through higher production.

Health reforms and initiatives:

- **Increased investments in public health:** Increase in the public expenditure on health and investments will be made in grass-root health institutions
- **Preparing India for any future pandemics:** Infectious diseases hospital blocks, strengthening of lab networks and surveillance, encouraging research- National Institutional Platform for One Health by Indian Council for Medical Research (ICMR) and implementation of National Digital Health Mission.

Boosting Ed-Tech: Technology driven education with equity post-COVID

- **PM e-VIDYA:** DIKSHA platform for school education in states/Union Territories (UTs), one earmarked TV channel per class from 1 to 12, exclusive use of radio, community radio and podcasts, special e-content for virtually and hearing impaired, top 100 universities to be permitted to automatically start online courses by May 30, 2020
- **Manodarpan:** Psychological support for teachers, students, and families

- New national curriculum and pedagogical framework for school and early childhood and teachers will be launched
- National foundational literacy and numeracy mission for ensuring that every child attains learning levels and outcome in grade 5 by 2025 will be launched by December 2020

Decriminalization of the Companies Act:

- Minimum threshold to initiate insolvency raised to INR one crore (USD 0.1 Mn).
- Special insolvency resolution framework for MSMEs under section 240A of the code to be notified soon
- Suspension of fresh initiation of insolvency proceedings up to one year depending upon the pandemic situation
- Empowering central government to exclude COVID-19 related debt from the definition of "default" under the code for the purpose of triggering insolvency proceedings
- Decriminalization of Companies Act violations involving minor technical and procedural defaults
- Majority of the compoundable offences sections to be shifted to Internal Adjudication Mechanism (IAM) and powers of Regional Directors (RD) for compounding enhanced (58 sections to be dealt with under IAM)
- The amendments will de-clog the criminal courts and National Company Law Tribunal (NCLT)
- Seven compoundable offences altogether dropped and five to be dealt with under an alternative framework

Ease of Doing Business (EoDB) and related measures:

- Improvement in rankings in 'starting a business' and 'insolvency resolution' have contributed to the overall improvement in India's ranking on EoDB
- Direct listing of securities by Indian public companies in permissible foreign jurisdictions
- Private companies which list Non-Convertible Debentures (NCDs) on stock exchanges not regarded as listed companies
- Including the provisions of part IXA (Producer Companies) of Companies Act, 1956 in Companies Act, 2013
- Power to create additional specialized benches for National Company Law Appellate Tribunal (NCLAT)
- Lower penalties for all defaults for small companies, one-person companies, producer companies and startups

Opening-up of Public Sector Enterprise (PSE) policy for a new, self-reliant India:

- All sectors are open to the private sector while Public Sector Enterprises (PSEs) will play an important role in defined areas.
- Accordingly, the government will announce a new policy whereby:
  - List of strategic sectors requiring presence of PSEs in public interest will be notified. Number of enterprises in strategic sectors will ordinarily be only one to four; others will be privatized/ merged/ brought under holding companies
  - In strategic sectors, at least one enterprise will remain in the public sector, but private sector will also be allowed. In other sectors, PSEs will be privatized.

Rendering support to state governments

- This includes devolution of taxes (INR 46,038 crore/USD 6 Bn), revenue deficit grants (INR 12,390 crore/USD 1.6 Bn), advance release of State Disaster Response Fund (SDRF) (INR 11,092 crore/USD 1.4 Bn) funds, the release of over INR 4,113 crore (USD 541 Mn) from Health Ministry and RBI reforms for the states
- State net borrowing ceilings for 2020-21 is INR 6.41 lakh crore (USD 84 Bn) based on 3 per cent of Gross State Domestic Product (GSDP)
- 75 per cent thereof was authorized to them in March 2020 and timing is left to the states
- States have so far borrowed only 14 per cent of the authorized limit
- **Centre has decided to increase borrowing limits of states from three per cent to five per cent for 2020-21 only on the request of the states, giving the states extra resources of INR 4.28 lakh crore (USD 55 Bn)**
- A specific scheme will be notified by Department of Expenditure on the following pattern:
  - Unconditional increase of half a per cent
  - One percent in four tranches of quarter per cent, with each tranche linked to clearly specified, measurable and feasible reform actions
  - A further half per cent, if milestones are achieved in at least three of the four reform areas

Total value of the stimulus provided under *"Aatma Nirbhar Bharat Abhiyan"*:

Tranche 1:

S. No.	Item	(INR crore)
1.	Emergency W/C facility for businesses including MSMEs	3,00,000
2.	Subordinate debt for stressed MSMEs	20,000
3.	Fund of Funds for MSME	50,000
4.	EPF support for business and workers	2,800
5.	Reduction in EPF rates	6,750
6.	Special liquidity scheme for NBFC/HFC/MFIs	30,000
7.	Partial Credit Guarantee Scheme 2.0 for liabilities of NBFCs/MFIs	45,000
8.	Liquidity injection for DISCOMs	90,000
9.	Reduction in TDS/TCS rates	50,000
Sub total		**5,94,550 (USD 78.5 Bn)**

Tranche 2:

S. No.	Item	(INR crore)
1.	Free food grain supply to migrant workers for two months	3,500
2.	Interest subvention for MUDRA Shishu loans	1,500
3.	Special credit facility to street vendors	5,000
4.	Housing CLSS-MIG	70,000
5.	Additional emergency working capital through NABARD	30,00
6.	Additional credit through KCC	2,00,000
Sub-total		**3,10,000 (USD 40.5 Bn)**

Tranche 3:

S.no.	Item	(INR crore)
1.	Food Micro Enterprises	10,000
2.	Pradhan Mantri Matsya Sampada Yojana	20,000
3.	TOP to TOTAL: Operation Greens	500
4.	Agri Infrastructure Fund	1,00,000
5.	Animal Husbandry Infrastructure Development Fund	15,000
6.	Promotion of Herbal Cultivation	4,000
7.	Beekeeping initiatives	500
Sub-total		**1,50,000 (USD 19.5 Bn)**

Tranche 4 and 5:

S.no.	Item	(INR crores)
1.	Viability Gap Funding	8,100
2.	Additional MGNREGS allocation	40,000
Sub-total		**48,100 (USD 6.5 Bn)**

Overall:

S.no.	Item	(INR crore)	USD (approximately)
1.	Part 1	5,94,550	**78.5 Bn**
2.	Part 2	3,10,000	**40.5 Bn**
3.	Part 3	1,50,000	**19.5 Bn**
4.	Parts 4 and 5	48,100	**6.5 Bn**
Sub-total		**11,02,650**	**145 Bn**
1.	Earlier measures including PMGKP	1,92,800	25 Bn
2.	RBI measures (actual)	9,94,403	130 Bn
Sub-total		**9,94,403**	**130 Bn**
Grand Total		**20,97,053**	**275 Bn[1]**

[1] Conversion rate: 1 USD= INR 75.96 as on June 14, 2020

Labour Reforms

The proactiveness of the government has transcended all spheres of the economy and is creating further ripples for making India a favoured destination for businesses across the globe. In these hard times, India has begun one of the most comprehensive exercises to reform labour laws.

Bringing about transparency in the administrative procedures and converting the challenges of a distressed economy into opportunities, the labour reforms introduced will not only protect the country's labour but will also encourage industrial activity, rendering protection to investors stuck in a web of laws and red-tapism.

- Alongside mapping migrant workers scattered across the country — in relief camps, on their employers' premises, or in clusters where they reside, the government has approved a proposal for the **grant of ex-gratia monetary compensation to 1,08,714 workers** and officers of the Food Corporation of India (FCI) including 80,000 labourers who are working to supply food grains across the country
- The government has also **allowed partial withdrawals under the National Pension Scheme** to fulfil financial needs of the subscribers.
- With regards to industry, the Ministry of Labour and Employment has issued multiple advisories for the following:
  - Employers not to terminate their employees or reduce their wages.
  - Advising the states to utilize the Building and Other Construction Workers (BoCW) Cess Fund collected by Labour Welfare Boards to provide help and support to the registered unorganized construction workers.
- **20 Control Rooms** have been set up under the Office of Chief Labour Commissioner on a pan-India basis to address wage related grievances of the workers employed at the central and states level. A grace period has been given to all employers /establishments to file returns with respect to Employees' Provident Fund Organisation (EPFO), Employees' State Insurance Corporation, (ESIC), Chief Labour Commissioner (CLC), and the Directorate General of Mines Safety (DGMS).
- The Ministry of Labour and Employment has also launched a **24*7 Workers' Helpline** to address any wage-related grievances of workmen, in the backdrop of COVID-19.
- The Finance Ministry has announced an **INR 1.70 lakh crore (USD 22 Bn) package** called the *'Pradhan Mantri Gareeb Kalyan Yojana'*, targeting 800 Mn people affected by the national lockdown.

Gujarat, Madhya Pradesh, and Uttar Pradesh are the leading states that have reformed labour laws at the state level to ensure labour and industrial welfare, at large.

Gujarat

Gujarat government has decided to liberalise stringent labour laws to ensure smooth functioning of industries in the post lockdown period. The changes in labour laws were approved by the state for a time-period of 1,200 days. New industrial establishments exempted from all labour laws barring the following:

- Minimum Wages Act
- Industrial Safety Rules
- Employees' Compensation Act

Under the new ordinance, the following benefits would be rolled out:

- Factories would be allowed to work round the clock keeping in mind, the availability of labour. Under the new ordinance, the workers would be able to work 12 hour shifts instead of 8-hour shifts that were previously allowed.
- Factories with a minimum of workers will have to seek registration. Factories with 10 workers were mandated to get registered earlier. However, the new reform would free around 18,000 small units from regulations.
- Under the new ordinance, workers can work 72 hours a week instead of 48 hours a week since they can undertake 12-hour shifts. Earlier, industries had to pay double wages to employees who worked additional four hours a day.
- 100 per cent online approvals within 15 days
- 33,000 hectares to be set aside and land to be allotted in seven days. The land is available for industrial use in Khoraj, Sanand, Dahej SEZ, Dholera SEZ and other private SEZs in Gujarat.

Uttar Pradesh

The government of Uttar Pradesh, in a move to restart the economic activity and protect jobs, approved the **"Uttar Pradesh Temporary Exemption from Certain Labour Laws Ordinance, 2020"** through a Cabinet decision, in which, 38 labour laws have been suspended in the state for three years.

Only the following four laws will continue to be applicable:

- Section 5 of the Payment of Wages Act, 1936
- Workmen Compensation Act, 1932
- Bonded Labour System (Abolition) Act, 1976
- Building and Other Construction Workers Act, 1996

Madhya Pradesh

The government of Madhya Pradesh has announced some reforms in labour laws to give employers more freedom to operate and invite new industries and investors into the state considering the recent pandemic.

Some of the measures are listed below:

- Registration and license for industries, shops, and bidi manufacturers among others to be given in one day. The state has already notified changes in the Public Services Delivery Guarantee Act that will entail a fine on the authority responsible for registration and licencing these services. The applicant will receive the fine as compensation.
- Instead of an annual renewal, factory licenses will only be required to be renewed once in ten years now.
- State to give license for the entire duration of the contract rather than for a calendar year under the Contract Labour Act.
- Contractors with less than 20 employees not required to seek registration
- All provisions of the Factory Act have been given relaxations except the clause dealing with safety of workers.
- The industry owners have been given the freedom to select workers as per their convenience. The state has relaxed all other provisions of the Industrial Disputes Act except Section 25. Additionally, for industries employing less than 100 workers, the provisions of the MP Industrial Employment (Permanent Order) Act do not apply.
- The Industrial Employment Act which was earlier applicable to establishments with more than 50 workers will now be applicable only if the number of workers is 100 or more. Thus, MSMEs will now be able to hire and employ workers as per their requirements.
- Madhya Pradesh has allowed an increase in the workers shifts from the earlier eight hours to twelve hours in a day. Thus, employees will be able to work up to 72 hours in a week if they are willing to and are paid additional wages for the extra time.
- Industries can now only maintain one register and file one return, a marked decrease from the earlier 61 registers and 13 returns. Additionally, self-certification will be treated as sufficient.
- Third party inspection for industries to check harassment can now be opted for. The third-party inspectors can now register with MP Labour Commissioner.
- Small and cottage industries with less than 50 workers can only be inspected with the permission of the labour commissioner and in case someone files a complaint.
- Factory manager and trade unions can resolve disputes according to their convenience instead of going to the Labour Court due to relaxations in provisions of MP Industrial Relations Act.