

View: Stimulus 3.0 is a targeted and comprehensive package to stimulate growth and economic recovery

Feedback

Synopsis

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Agencies

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Finance Minister Nirmala Sitharaman's targeted measures announced via a comprehensive **stimulus** package on Thursday will be a booster for the Indian economy that has been hit by the Covid-19 pandemic. The 12 areas covered as part of '**Atmanirbhar Bharat 3.0**' across key sectors are well targeted, and promise to kickstart the engines of growth in the economy by bolstering demand, investments, exports and job creation.

The FM announced a fresh set of stimulus today to boost the recovery process.

The size of the stimulus under the package amounts to Rs2.65 lakh crore, taking the total stimulus announced by the GoI and RBI till date to Rs29.87 lakh crore, which works out to a significant 15% of national GDP. The package focused greatly on incentivising new employment through a slew of measures in both the formal and informal sectors of the economy.

The new scheme of 'Atmanirbhar Bharat Rozgar Yojana' is a welcome move that will create new employment opportunities and is likely to benefit crores of workers. Under the scheme, new employees under the Employees' Provident Fund Organisation (EPFO)-registered organisations will enjoy benefits, including subsidy support by way of EPF contributions. The scheme is expected to cover 65% of employees and 95% of establishments in the formal sector.

Further, the additional outlay of Rs10,000 crore under the Prime Minister **Garib Kalyan Yojana** will boost rural employment in the informal sector and encourage the growth of the rural economy. Employment will also be created through the infrastructure and **housing incentives** and spending, including 7.8 million through the **PM Awas Yojana**. These measures together have great potential to step up employment.

The industry welcomes Sitharaman's move to extend the Emergency Credit Line Guarantee Scheme (ECLGS) till March 31, 2021, to provide liquidity support to the 26 stressed sectors of the economy, including healthcare, identified by the Kamath Committee by providing collateral free and 100% guaranteed loans. The scheme, a key industry ask, will provide great relief to these resource-starved sectors that are battling severe cash crunch, by enabling them to sustain employment and meet other liabilities, till demand recovers.



To provide an impetus to domestic manufacturing and exports in the country, GoI's move to extend the earlier **Production-Linked Incentive** (PLI) scheme covering three sectors to 10 more champion sectors is expected to boost competitiveness, and encourage domestic employment.

The scheme will now cover sectors including automobile and auto components, advanced cell chemical battery, pharmaceutical drugs, food, textile, and telecom and networking products. A total outlay of Rs.1.46 crore has been earmarked under the scheme across the 10 champion sectors for the next five years.

The package of measures announced also includes much-needed relief for the housing and real estate sector. In addition to the Rs8,000 crore already announced this year for the revival of real estate and housing sector, an additional Rs18,000 crores was announced under the Prime Minister Awaas Yojana Urban (PMAY-U) that would be provided through additional allocation and extra budgetary resources. Apart from new jobs, the scheme has significant potential to create multiplier effects in the economy by promoting upstream and downstream sectors such as cement and steel in the country.

The stimulus measures also included incentives to rejuvenate the critical construction and infrastructure sectors by providing relief to contractors and boosting ease of doing business by way of measures such as relaxation of earnest money deposit (EMD) and performance security on government tenders.

Further, the finance minister's move to set up a Rs1.10 lakh crore platform for infra debt financing through equity infusion of Rs6,000 crore in the National Investment and Infrastructure Fund (**NIIF**) will ease infra financing and trigger infrastructure development. These incentives are expected to have multidimensional impact on diverse sectors.

Other critical measures announced in the package addressed specific issues across sectors and covered the main pain points of the economy. A host of measures, such as the Rs3,000 crore boost for promotion of project exports through lines of credit under the Indian Development and Economic Assistance (IDEAS) scheme; additional budget investments for capital and industrial expenditure on green energy, defence equipment, etc.; rural support through provision of subsidised fertilisers to farmers; and R&D grant of Rs900 crore to the biotechnology sector for the development of Covid-19 vaccines, would help businesses and other stressed sections to expand their activities and boost demand.

Overall, the measures announced ahead of Diwali will go a long way in supporting and reviving growth of the economy and accelerate economic recovery. Most of all, they instill confidence that the current economic challenges are being strategically addressed to help industry overcome the pandemic conditions.

(The writer is director general, Confederation of Indian Industry (CII). Views expressed are personal.)

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