



AN OVERVIEW OF GOVERNMENT'S MEASURES TO INDIAN ECONOMY DUE TO CORONA VIRUS- 19

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ABSTRACT

Coronavirus disease 2019 first identified in Wuhan, in China, in December 2019 and since then having spread globally, has been recognized as a pandemic by the World Health Organization (WHO) on 11 March 2020. India is widely affected by this pandemic. Taking into consideration its severe intensity, seen in the context of India having the highest rate of density population in the world, the Governments, both at Union and State levels, commenced necessary actions on war footing to prevent the spread of this pandemic. It was all the more so when it is known that this deadly disease has no medicinal cure. The effect of Corona virus is badly felt and noticed in the world's most developed countries India was bound to be affected not only because of its domestic slowdown but also because of international recession. Learning the lessons from other Countries India put all its machinery and material into motion to curb and/or prevent the disease. Prime Minister of India was declared to be under lockdown from the midnight of 24.03.2020, and the same continues to be so till now or at least till 31.05.2020, and lockdowns by some of the state governments. Resultantly, everything and every activity, barring the activities relating to essential supplies came to a complete grinding halt. Though the improvement in the environment due to such a lockdown was a silver lining, however the toll on economy due to this lockdown is too early to be estimated.

INTRODUCTION

Coronavirus disease 2019 first identified in Wuhan, in China, in December 2019 and since then having spread globally, has been recognized as a pandemic by the World Health Organization (WHO) on 11 March 2020. India is widely affected by this pandemic. Taking into consideration its severe intensity, seen in the context of India having the highest rate of density population in the world, the Governments, both at Union and State levels, commenced necessary actions on war footing to prevent the spread of this pandemic. It was all the more so when it is known that this deadly disease has no medicinal cure. The effect of Corona virus is badly felt and noticed in the world's most developed countries India was bound to be affected not only because of its domestic slowdown but also because of international recession. Learning the lessons from other Countries India put all its machinery and material into motion to curb and/or prevent the disease. Prime Minister of

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. The slowdown in demand, closure of production activities, fall in the global price of crude oil, ban on foreign trade, price decrease in the different restrictions on the aviation industry as also on tourism, amongst others, are bound to exert downward pressure on the inflation, thus adversely affecting the economy Corona virus had its impact in the industry in general, which has seen, not only cutting the salaries but also laying off its employees. The hotels are vacant and airlines have closed their wings. The live events



industry has also estimated a loss of more than Rs. 3000 crores. The manufacturing, an important part of any economy, suffers from total lack of clarity. Lockdown has put great stress on the supply chains of essential commodities, and therefore, many of the Indian companies have focused on the production and supply of essential items only, thereby stopping all other production activities, thereby bringing down the production graph. Likewise, the other sectors like agriculture being the primary sector and the tertiary sector are also not free from its impact. There is hardly any manpower available for the agricultural purposes in different states. Lockdowns have manifestly made the farmers difficult to take their produce for sale to the markets. Informal sector of India, the backbone of its economy, will be hardest hit in view of economic activities coming to a total standstill. These lockdowns and restrictions on commercial activities and public gatherings are necessarily likely to strongly impact domestic growth..

To minimize the effect in the economy caused by the COVID -19 outbreak, the Union Finance & Corporate Affairs Minister, announced several important relief measures taken by the Government of India, especially on statutory and regulatory compliance matters related to several sectors. The Central Government, amongst others, announced much-needed relief measures in areas of Income Tax, GST, Customs & Central Excise, Corporate Affairs, Insolvency & Bankruptcy Code (IBC) Fisheries, Banking Sector and Commerce, intended to boost the economy.

MEASURES TAKEN BY THE INDIAN GOVERNMENT

The Central Government, amongst others, has taken the following decisions in these directions:

1. The date for income tax returns for financial year 2018-2019 was Extended from 31.03.2020 to 30.06.2020.
2. The date for Aadhaar-PAN linking to be extended from 31.03.2020 to 30.06.2020.
3. GST/Indirect Tax -Those having aggregate annual turnover less than Rs. 5 Crore can file GSTR-3B due in March, April and May 2020 by the last week of June, 2020, without any interest, late fee, and penalty. Others can file their returns due in March, April and May 2020 by last week of June 2020 but the same would attract reduced rate of interest @9 % per annum from 15 days after due date. However, no late fee and penalty shall be

charged, if the compliance is made before 30.06.2020.

4. Date for filing GST annual returns of financial year 2018-2019, which is due on 31.03.2020 has been extended till the last week of June 2020.
5. Due date for issue of notice, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents, time limit for any compliance under the GST laws where the time limit is expiring between 20.03.2020 to 29.06.2020 shall be extended to 30.06.2020.
6. Payment date under *Sabka Vishwas* Scheme shall be extended to 30.06.2020. Further no interest shall be charged if the payment is made by 30.06.2020
7. Relaxations have been provided for 3 months to the debit cardholders to withdraw cash for free from any other banks' ATM for 3 months, along with waiver of minimum balance fee, reduced bank charges for digital trade transactions for all trade finance consumers.
8. No additional fees shall be charged for late filing during a moratorium period from 01.04.2020 to 30.09.2020, in respect of any document, return, statement etc., required to be filed in the MCA-21 Registry, irrespective of its due date.
9. A company have not been able to hold even one meeting, the same shall not be viewed as a violation.
10. Requirement to create a Deposit reserve of 20% of deposits maturing during the financial year 2020-21 before 30.04.2020 shall be allowed to be complied with till 30.06.2020.
11. An additional time of 6 more months has been allowed to newly incorporated companies required to file a declaration for Commencement of Business within 6 months of incorporation.
12. Non-compliance of minimum residency in India for a period of at least 182 days by at least one director of every company, under Section 149 of the Companies Act, shall not be treated as a violation.
13. Due to the emerging financial distress faced by most companies on account of the large-scale economic distress caused



by COVID 19, it has been decided to raise the threshold of default under section 4 of the IBC 2016 to Rs 1 crore from the existing threshold of Rs 1 lakh.

RELIEF FOR POOR SECTOR

The Indian 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 are expected to get free cereals and cooking gas apart from cash through direct transfers for three months. The following are the measures-

1. Ujjwala beneficiaries to get free cooking gas (LPG) cylinders in next three months.
2. Collateral-free loan doubled to ₹20 lakh to 63 lakh women self-help groups.
3. Government will pay EPF contribution, both of employer and employee, for 3 months for all those establishments with less than 100 employees out of which 90% earn less than ₹15,000 per month.
4. Ex-gratia of Rs.1,000 shall be granted to 3 crore poor senior citizen, poor widows and poor disabled.
5. Every MNREGA worker to get hike of Rs. 2,000.
6. Health workers to get medical insurance cover of Rs. 50 lakhs.
7. On 09.04.2020, the Indian Government approved a COVID-19 package worth Rs 15,000 crore to build on health infrastructure till March 2024, to be given to state governments and Union Territories to develop COVID-19 hospitals, purchase of personal protective equipment, setting up of laboratories, procurement of essential medical supplies, medicines and consumables, and for strengthening health systems.

MEASURES TAKEN BY THE RESERVE BANK OF INDIA (RBI)

The RBI, also announced a Regulatory package to mitigate the burden of debt servicing brought about by disruptions on account of COVID-19 pandemic and to ensure the continuity of viable businesses. These include the followings-

1. All commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions, and NBFCs (including housing finance companies) ("lending institutions") are permitted to grant a moratorium of three

months on payment of all instalments falling due between 01.03.2020 and 31.05.2020. The repayment schedule for such loans as also the residual tenor, will be shifted across the board by three months after the moratorium period. Interest shall continue to accrue on the outstanding portion of the term loans during the moratorium period.

2. In respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), lending institutions are permitted to defer the recovery of interest applied in respect of all such facilities during the period from 01.03.2020 upto 31.05.2020 ("deferment"). The accumulated accrued interest shall be recovered immediately after the completion of this period.
3. In respect of working capital facilities sanctioned in the form of CC/OD to borrowers facing stress on account of the economic fallout of the pandemic, lending institutions may recalculate the 'drawing power' by reducing the margins and/or by reassessing the working capital cycle.
4. Wherever the exposure of a lending institution to a borrower is Rs. 5 crore or above as on 01.03.2020, the bank shall develop an MIS on the reliefs provided to its borrowers which shall inter alia include borrower-wise and credit-facility wise information regarding the nature and amount of relief granted.
5. On 27.04.2020, RBI decided to open a special liquidity facility for mutual funds of Rs.50,000 crores which shall be used by banks exclusively for meeting the liquidity requirements of mutual funds by extending loans, and undertaking outright purchase of and/or repos against the collateral of investment grade corporate bonds, commercial papers (CPs), debentures and certificates of Deposit (CDs) held by mutual funds.
6. In view of the demands of the general public regarding opening of certain activities as also considering the condition of COVID-19 in particular areas and in order to improve the deteriorating condition of the economy, the Central Government and/or State Governments have announced certain relaxations from time to time in order to restart the economic operations, particularly relating to healthcare, agriculture and allied, as also small mohalla shops dealing with books and electric fans, services by electricians, plumbers or water purifiers etc.



CONCLUSION

The Corona Virus pandemic may directly and indirectly impact on the Indian economy. The level of GDP may further fall, more so when India is not immune to the global recession. Infact, it is believed that India is more vulnerable, since its economy has already been ailing and in a deep-seated slowdown for several quarters, much before the COVID-19 outbreak became known. The Prime Minister of India has already spoken of setting up an Economic Task Force to devise policy measures to tackle the economic challenges arising from COVID 19, as also on the stability of Indian economy. However, the concrete plans would have to be kept in place to support the economy and its recovery. As the disruption from the virus progresses globally as well as within India, it is for us to forget, atleast for the time being, all talking only about economic recovery, and instead join hands whole heartedly to tackle the outcome of COVID-19.

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