

India	
Containment	<ul style="list-style-type: none"> - January 30, First confirmed case and contract tracing - February 5, International travel ban on high-risk regions - February 21, Public information campaign - March 13, First confirmed death - March 18, Nationwide school closure - March 25, Nationwide lockdown goes into effect (initially for 21 days and further extended) - April 9, Open public testing - April 20, Certain businesses in low-risk areas to resume activity - April 29, Inter-state movement of stranded people, including migrant workers - May 4, Graded relaxation in orange and red zones - May 12, Train services resume - May 25, Domestic air travel resume - May 30, Phased reopening of most activities across the country - From July 1, almost all activities are permitted, outside of containment zones - However, the national 'unlocking' has been accompanied by a large number of local lockdowns (e.g. Guwahati, Thiruvananthapuram, Pune, Bengaluru) - Over 75,000 new cases were confirmed on 27 August alone. Meanwhile, the cumulative number of COVID-19 tests conducted has reached nearly 39 million, according to the Union health ministry. - August 29, 'Unlock 4.0' guidelines allows gatherings of up to 100 people - September 30, 'Unlock 5.0' guidelines allow state governments to decide on reopening schools; cinemas to open with 50% seating capacity; ceiling on congregations extended to 200 people <p>2021</p> <ul style="list-style-type: none"> - January 3, emergency use authorization to the AstraZeneca vaccine and the Covaxin, both manufactured domestically - January 16, vaccination begins
Fiscal	<p><u>Central government actions</u></p> <p>March 24, Emergency health investment of \$2 billion (0.1% of GDP), including for testing facilities, PPE, isolation beds, ICU beds and ventilators.</p> <p>March 26, Fiscal stimulus of \$23 billion (0.8% of GDP) comprising: in-kind (food; cooking gas) and cash transfers; insurance coverage for healthcare workers; and wage support to low-wage workers. By April 17, over \$4.8 billion transferred using DBT, including \$1.3 billion in the bank accounts of about 200 million women beneficiaries.¹</p> <p>May 8, MoF increases borrowing target for FY2020-21 (April 2020-March 2021) to \$160 billion (5.5% of GDP), or about 55% more than budgeted. On May 11, yield on the benchmark 10-year bond rises 20 bps to 6.17%, biggest jump since Feb. 2017.</p> <p>May 12, Prime Minister announces a relief package of \$270 billion (10% of GDP), which includes previously announced fiscal measures and RBI's liquidity</p>

¹ <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1616022#.XpwdhGXoNJw.whatsapp> In FY 2019-20, 427 schemes under 56 ministries made use of DBT. In total, \$34 billion in funds were transferred.

	<p>injection of around 4% of GDP.</p> <p>May 13-17, in relation to PM's speech, Finance Minister announces:</p> <ul style="list-style-type: none"> - New measures targeting businesses (about 2.7% of GDP), including various financial sector measures for MSMEs and NBFIs and liquidity injection for electricity distribution companies (see the monetary policy section). - Expanding support for poor households, especially migrants and farmers (about 1.5% of GDP), mainly in the form of concessional credit to farmers and a credit facility for street vendors and an expansion of food provision for non-ration card holders (mainly migrants). - Targeted support for the agricultural sector (about 0.7% of GDP), mainly in the form of support for rural infrastructure development. <p>October 12, fiscal stimulus package of \$10 billion to stimulate consumer demand and short up public investment, including interest-free 50-year loans to state governments for infrastructure spending.</p> <p>Various tax relief measures. For instance, in June, the GST Council halves the interest rate charged on overdue filings of small businesses.</p> <p>Various State-level measures to cope with reduced revenue collections and increased demand for public expenditures to fight the epidemic, including: pay cuts for elected representatives and government officials; budget allocations to contingency funds; enhanced spending authority of heads of departments; and relaxed procurement laws and regulations to facilitate emergency spending.</p> <p>Taken together, India's fiscal measures fall under two broad categories:</p> <ol style="list-style-type: none"> 1. direct spending (2% of GDP) and foregone/deferred revenue (0.3% of GDP) whose details are explained above. 2. below-the-line measures designed to support businesses and shore up credit provision to several sectors (4.9% of GDP), including: <ul style="list-style-type: none"> - Credit support to businesses (1.9% of GDP), - poor households, especially migrants and farmers (1.6% of GDP), - distressed electricity distribution companies (0.4% of GDP) - agricultural sector (0.7% of GDP). <p>This entails various financial sector measures for MSMEs and non-bank financial companies, concessional credit to farmers, and credit facility for street vendors. Agricultural sector support is mainly for infrastructure development.</p> <p>2021</p> <p>February 1, the central government submitted its budget for fiscal year 2021/22, which included expansion of health and welfare spending, including funding for vaccination programmes. (Rs. 350 billion).</p> <p>NSO's advance estimate shows GDP growth was negative 8% in FY2020/21.</p>
Monetary and financial	<p>March 16, RBI announces \$4 billion swap to provide liquidity to foreign exchange market, increases limit for FPI investment in corporate bonds, removes restriction on non-resident investment in Central government securities (effective April 1).</p> <p>March 27, RBI reduces the repo and reverse repo rates by 75 and 90 bps respectively; announces liquidity measures (worth 1.8% of GDP).</p>

	<p>April 1, RBI creates a facility for State governments' liquidity needs; relax export repatriation limits.</p> <p>April 17-20, RBI reduce the reverse repo by 25 bps and announce additional liquidity measures, including special refinance facilities for rural banks, housing financing companies and SMEs (0.2% of GDP).</p> <p>April 20, Securities and Exchange Board reduces the required average market capitalization of public shareholding and minimum period of listing.</p> <p>April 27, RBI announces liquidity facility for mutual funds (regulatory benefits extended to all banks on April 30).</p> <p>May 13, the government announces measures targeting businesses:</p> <ul style="list-style-type: none"> - A collateral-free lending program with 100 percent guarantee - Subordinate debt for stressed MSMEs with partial guarantee - Partial credit guarantee scheme for public sector banks on borrowings of NBFIs, housing finance companies, and micro finance institutions - A Fund of Funds for equity infusion in MSMEs - SPV to purchase short-term debt of the eligible NBFIs and housing finance companies <p>May 22, RBI reduces the repo and reverse repo rates by 40 bps, and announces further regulatory easing:</p> <ul style="list-style-type: none"> - Extension of the loan moratorium and support for working capital financing by another three months (through end-August) - Increase in the large exposure limit from 25% to 30% of bank capital - Relaxation of some of the norms for state government financing - Credit support to the exporters and importers - Extension of the tenor of the small business refinancing facilities <p>June 4, RBI extends the benefit under interest subvention and prompt repayment incentive schemes for short-term agricultural loans until end August.</p> <p>June 21, RBI directs banks to assign zero percent risk weight on the credit facilities extended under the emergency credit line guarantee scheme.</p> <p>August 6, RBI permits banks to restructure existing loans to MSMEs classified as 'standard' without a downgrade in the asset classification, and announces a resolution plan for corporate and personal loans which recently came under stress.</p> <p>September 22, the Parliament adopts the amendment to the Indian Bankruptcy Code, with no insolvency cases until March 25, 2021.</p> <p>October 9, RBI announces that the risk weights for new housing loans sanctioned until March 31, 2022 will not be linked to the size of the loan, while they will remain linked to the LTV ratios.</p> <p>October 16, RBI announces open market operations of state government securities</p> <p>Taken together, RBI has provided cumulative liquidity injections of 5.9% of GDP through September. Since March 2020, RBI reduced the repo and reverse repo rates by 115 and 155 basis points to 4 and 3.35 percent respectively, and the cash reserve ratio by 100 basis points. RBI pursued active open market operations, purchasing and selling government securities at the same time.</p>
--	--

	<p>2021</p> <p>January 8, RBI announces a phased resumption of operations under the revised liquidity management framework, including variable rate reverse repo auction.</p>
Trade measures ²	<p>Restrictive:</p> <ul style="list-style-type: none"> • April 4: India has restricted the export of 26 pharmaceutical ingredients and the medicines made from them, including paracetamol. • Indian rice traders have suspended signing new export contracts amid the nationwide lockdown. However, there is no move by the government to ban exports. • September 16: Diagnostic kits can be exported in a limited monthly quota. June 10: Exports restriction on certain diagnostic instruments. • India is set to ban imports on over 100 items of military equipment in order to make the economy more self-reliant amid the coronavirus crisis (measure under investigation). <p>India prohibits the export of all varieties of onion except those cut, sliced or in powder form in order to avoid shortages during the pandemic. October 29, 2020: The Directorate General of Foreign Trade (DGFT) notified that the export of onion seeds is prohibited with immediate effect.</p> <p>Liberalizing:</p> <ul style="list-style-type: none"> • April 17: India lifts export ban on certain exports of formulations made from Paracetamol. Limited exports to some countries are allowed. • In view of delays of shipments due to COVID-19, one-time relaxation is provided through extension of validity of automatic registration number generated under SIMS for imports of iron and steel. • Decrease of import tariffs (from 10% to 5%) on medical or surgical instruments and apparatus and exempted from the health access. • Temporary exemption from import tariffs of certain medical supply products (status unknown). <p>In order to ease the supply of ventilators, the government temporarily lifts an import ban (status unknown).</p>

² <https://www.macmap.org/covid19>

<p>SME measures (last update 22 January 2021)</p>	<p>Deferral of tax payment:³</p> <ul style="list-style-type: none"> SMEs with an annual turnover of less than INR 50 million can defer payments of goods and services tax for a certain period of time without being charged any interest, fines or late fees. SMEs whose annual turnover exceed INR 50 million also can defer payments of goods and services tax for a certain period, but they have to pay interest, and their interest rate was reduced from 18 to 9 per cent. <p>Other fiscal support:</p> <ul style="list-style-type: none"> The due date for filing of income tax return for financial year 2019-2020 is extended from July 31, 2020 and October 31, 2020 to November 30, 2020. Also, the date for tax audit is extended from September 30, 2020 to October 31, 2020.⁴ <p>Loan support:⁵⁶</p> <ul style="list-style-type: none"> All retail loans were exempted from the cash reserve ratio to reduce funding costs. Emergency Credit Line Guarantee Scheme: In February, the government launched a package of INR 3.75 trillion for MSMEs, including the provision of an unsecured loan of INR 3 trillion. The revision in definition and eligibility criteria for MSMEs, which raised the ceiling to avail the scheme from INR 1 trillion to INR 2.5 trillion, has helped many small businesses in taking advantage of the government's scheme. This scheme is valid until 31 October 2020⁷⁸. On June 21, the RBI directed banks to assign zero per cent risk weight on the credit facilities extended under the Emergency Credit Line Guarantee Scheme. On April 1, the Reserve Bank of India (RBI) established special refinancing facilities for rural banks, housing finance companies, and SMEs, which account for approximately 0.2 per cent of GDP. On April 17, the RBI launched fresh Targeted Long-Term Repo Rate Operations (TLTROs) for an amount of INR 500 billion. At least 50 per cent of the amount availed was dedicated to small-and-medium-sized non-bank financial institutions and microfinance institutions. Thus, this measure aimed to help maintain healthy cash flow to MSMEs.⁹ On April 17, the RBI announced special refinance facilities amounting to INR 500 billion to All-India Financial Institutions (AIFIs) to meet sectoral credit needs.¹⁰ On May 13, the government launched an emergency credit line of collateral-free loans worth USD 40 billion to resume business activity and safeguard jobs.¹¹
---	--

³ <https://www.india-briefing.com/news/india-extends-tax-compliance-deadlines-offset-covid19-impact-19956.html/>

⁴ [https://www.indiatoday.in/business/story/nirmala-sitharaman-on-msme-receivables-1677616-2020-05-13#:~:text=The%20government%20and%20Central%20Public, on%20Wednesday%20\(May%2013\).&text=Over%2047%2C000%20people%20in%20India, according%20to%20central%20government%20data.](https://www.indiatoday.in/business/story/nirmala-sitharaman-on-msme-receivables-1677616-2020-05-13#:~:text=The%20government%20and%20Central%20Public, on%20Wednesday%20(May%2013).&text=Over%2047%2C000%20people%20in%20India, according%20to%20central%20government%20data.)

⁵ <https://www.indiatoday.in/magazine/the-big-story/story/20200622-hoping-against-hope-1688261-2020-06-13>

⁶ <https://www.indiatvnews.com/fyi/how-many-zeros-in-20-lakh-crore-modi-relief-package-coronavirus-pm-modi-616777>

⁷ <https://www.financialexpress.com/industry/banking-finance/modi-govts-guarantee-free-loans-for-msmes-these-psu-banks-offer-maximum-credit-to-small-businesses/2044285/>

⁸ <https://www.federalbank.co.in/emergency-credit-line-guarantee-scheme>

⁹ <https://bfsi.economictimes.indiatimes.com/news/policy/what-does-tltro-2-0-mean/75195913>

¹⁰ [https://www.financialexpress.com/economy/rbi-to-provide-rs-50000-crore-refinance-facility-to-aifis/1931999/#:~:text=The%20Reserve%20Bank%20of%20India, National%20Housing%20Bank%20\(NHB\).](https://www.financialexpress.com/economy/rbi-to-provide-rs-50000-crore-refinance-facility-to-aifis/1931999/#:~:text=The%20Reserve%20Bank%20of%20India, National%20Housing%20Bank%20(NHB).)

¹¹ <https://www.bbc.com/news/world-asia-india-52640807>

	<ul style="list-style-type: none"> • The RBI has provided relief to both borrowers and lenders and extended it through end-August. • On June 1, INR 200 billion subordinate debt for stressed MSMEs have been approved. this will benefit 200,000 stressed MSMEs.¹² • On June 12, the GST council announced that it would halve the interest rate charged on overdue filings of small businesses. • On August 6, the RBI permitted banks to restructure existing loans to MSMEs classified as “standard” (as of March 1, 2020) without a downgrade in the asset classification. The restructuring of the borrower account is to be implemented by March 31, 2021. Banks are required to maintain additional provision of five per cent over and above the provision already held by them for accounts restructured. <p>Deferral of loan repayment:</p> <ul style="list-style-type: none"> • On March 27, the Reserve Bank of India (RBI) allowed companies to suspend repayments for three months of all instalments falling due between March 1, 2020 and May 31, 2020¹³. On May 22, the loan moratorium has been extended until August 31, 2020.¹⁴ • On March 27, lending institutions have permitted to defer the recovery of interest applied in respect of all working capital facilities during the period between March 1, 2020 to May 31, 2020¹⁵. An extension of the interest moratorium until the end of August 2020 has been announced.¹⁶ <p>Other financial support:</p> <ul style="list-style-type: none"> • The Securities and Exchange Board of India raised the debt default threshold from INR 100,000 to INR 10 million to reduce the possibility of bankruptcy for smaller businesses. • The Business-Support Package: financial sector measures for micro, small, and medium-sized enterprises and non-bank financial companies. • In March 2020, the government announced that it will pay the Employees
--	---

¹² <https://www.oneindia.com/india/govt-to-infuse-rs-20-000-crore-subordinate-debt-for-stressed-msmes-3097735.html>

¹³ https://www.thehindubusinessline.com/money-and-banking/rbi-allows-rescheduling-of-term-loans-and-working-capital-facilities/article31184583.ece?__cf_chl_captcha_tk__=2bc0220729c57e4a021252118497d02d9440b3c4-1598348116-0-AV6DfEdEdY_mxUICvX6KOciaWiGETxIEAtZn1muDZwiwcPG61eE2gmBb49TC45ohLzX9ohpEWW6CWhz3cHPdhTT4EMRy0orz3PX6vC3kmaVQp4jf3z_Y_eNqRKRbQ0K4p4XqGaCCcXLfVj3cf2cs3CzxUhklBGjDM-hast896LWasNnHZNmfDlxEvo4B9JYLx4rPyicgxNT-Ub-N2HWqVKJwnGy5RWaXV9UUDNyY4WtkS3aPRhLkm7OJlyJ6urNpoidYK_w5wQZl6hXMIUZVZgqnIBX9wEb0sla_8o9MZiZbLZblEIXqVgqhnJzl0nkhNRILed_ussLuwrnN3IEESsHxoPfe4YKJJpg54j5kC7ndjl0J6nQinHSTdZ0DntSL1CWPbGFTSMh1HFksw9DGkTiBFUPo-f3liQeOKhRUHctzqvPaS6y2dmaoIJzm6AeRO09u_LHF43BJNnBlq5sxxYvRiuPrkJRu6HVO6M7gpYrofokvyERfwTzutTYD7-KyWmKwWPKGCovIFwkrRNJ4e23y7g2-7yAlmZMXu32h5x6A7m1id9JoAod3rxMFC6igJXFULxTBrH5Fif_d8glhjmUV-KuFaojLZQcRIEVPZMPVAg1xD589qkl1_KCdtMGw

¹⁴ <https://economictimes.indiatimes.com/wealth/borrow/rbi-extends-emi-moratorium-for-another-three-months-on-term-loans-heres-what-it-means-for-borrowers/articleshow/75883777.cms>

¹⁵ <https://www.thehindubusinessline.com/money-and-banking/rbi-allows-rescheduling-of-term-loans-and-working-capital-facilities/article31184583.ece>

¹⁶ <https://www.financialexpress.com/opinion/why-rbis-measures-to-infuse-liquidity-wont-be-enough-for-recovery/2003014/>

	<p>Provident Fund (EPF) contribution both of the employer and the employee (12 per cent each) from March 2020 to May 2020 for establishments which employ up to 100 employees and if 90 per cent of whom earn up to INR 15,000 per month. This support has been extended until August 2020. On May 18, the government has notified the cut in EPF contribution by employees and employers to 10 per cent from the existing 12 per cent. The cut in EPF contribution will be applicable for the next three months.¹⁷</p> <ul style="list-style-type: none"> • In May 2020, the government has decided that global tenders will be disallowed for up to INR 2 billion. This will help MSMEs increase their business by participating in big projects.¹⁸ • On May 13, Finance Minister Nirmala Sitharaman announced that the government and Central Public Sector Enterprises (CPSEs) will clear receivables owed to MSMEs within 45 days¹⁹. Also, fintech is proposed to be used to enhance transaction-based lending data generated by the e-marketplace.²⁰ • In June 2020, the government announced a Fund of Funds for equity infusion of INR 500 billion to establish a framework to help MSMEs in capacity augmentation.²¹ • The government introduced below-the-line measures designed to support businesses and shore up credit provision to several sectors. Some of the key direct-spending measures are related to wage support to low-wage workers. <p>Employment support:²²</p> <ul style="list-style-type: none"> • In March 2020, the government announced that it will pay the Employees Provident Fund (EPF) contribution both of the employer and the employee (12 per cent each) from March 2020 to May 2020 for establishments which employ up to 100 employees and if 90 per cent of whom earn up to INR 15,000 per month. This support has been extended until August 2020. On May 18, the government has notified the cut in EPF contribution by employees and employers to 10 per cent from the existing 12 per cent. The cut in EPF contribution will be applicable for the next three months.²³ • In May 2020, the government has decided that global tenders will be disallowed for up to INR 2 billion. This will help MSMEs increase their business by participating in big projects.²⁴ • On May 13, the government launched an emergency credit line of collateral-free loans worth USD 40 billion to resume business activity and safeguard jobs.²⁵
--	--

¹⁷ <https://economictimes.indiatimes.com/wealth/invest/epf-contribution-of-private-sector-employers-employees-cut-to-10-for-3-months/articleshow/75717733.cms>

¹⁸ <https://bfsi.economictimes.indiatimes.com/news/industry/msmes-get-new-definition-and-disallows-global-tenders-for-psus-fm-nirmala-sitharaman/75724198>

¹⁹ [https://www.indiatoday.in/business/story/nirmala-sitharaman-on-msme-receivables-1677616-2020-05-13#:~:text=The%20government%20and%20Central%20Public,on%20Wednesday%20\(May%202013\).&text=Over%2047%2C000%20people%20in%20India,according%20to%20central%20government%20data.](https://www.indiatoday.in/business/story/nirmala-sitharaman-on-msme-receivables-1677616-2020-05-13#:~:text=The%20government%20and%20Central%20Public,on%20Wednesday%20(May%202013).&text=Over%2047%2C000%20people%20in%20India,according%20to%20central%20government%20data.)

²⁰ <https://www.mondaq.com/india/financing/934484/economic-relief-package-and-credit-support-for-businesses>

²¹ http://www.xinhuanet.com/english/2020-06/02/c_139105972.htm

²² <https://home.kpmg/xx/en/home/insights/2020/04/india-government-and-institution-measures-in-response-to-covid.html>

²³ <https://economictimes.indiatimes.com/wealth/invest/epf-contribution-of-private-sector-employers-employees-cut-to-10-for-3-months/articleshow/75717733.cms>

²⁴ <https://bfsi.economictimes.indiatimes.com/news/industry/msmes-get-new-definition-and-disallows-global-tenders-for-psus-fm-nirmala-sitharaman/75724198>

²⁵ <https://www.bbc.com/news/world-asia-india-52640807>

	<ul style="list-style-type: none"> • The government introduced below-the-line measures related to wage support to low-wage workers.
Other	Emergency concessional loans from IFIs. In early April, World Bank announces \$1 billion support, including \$200 million to strengthen preparedness for future outbreaks. In late April, ADB follows with \$1.5 billion, to cover health and social protection, SME finance and infrastructure finance.

Source: National sources, OxCGRT, IMF policy tracker, PFM blog.