



Economic Stimulus-II

 drishtiias.com/printpdf/economic-stimulus-ii

Why in News

Recently, the Union Finance Minister announced the short term and long-term measures for supporting the poor, including migrants, farmers, tiny businesses and street vendors as part of the second tranche of **Atmanirbhar Bharat Abhiyan**.

- The announced measures also form a part of the ₹20 lakh crore economic stimulus package to deal with the **Covid-19 pandemic**.
- Earlier, the **Economic Stimulus-I** was announced which includes both **liquidity financing** measures and **credit guarantees**.

Key Points

- **Free Food Grains Supply**
 - **Allocation of additional food grain** to all the States/UTs (5 kg per migrant labourer and 1 kg chana per family per month) for **two months** (May and June, 2020) **free of cost**.

This move is an extension of the **Pradhan Mantri Gharib Kalyan Yojana**.
 - **Eligibility:** Migrant labourers **not covered under National Food Security Act** (NFSA), 2013 or **without a ration card** in the State/UT in which they are stranded at present.

There are an estimated 8 crore migrant workers, housed in government and privately run relief camps across the country since the lockdown.
 - The entire **outlay of ₹3500 crore** will be borne by the Government of India.

- **One Nation One Ration Card**
 - 67 crore beneficiaries covering 83% of **Public Distribution System** (PDS) population will be covered by National portability of Ration cards by August, 2020 and 100% National portability will be achieved by March, 2021.
 - **One Nation One Ration Card** is part of **Technology Driven System Reforms** and will enable migrant workers and their family members to **access PDS benefits from any Fair Price Shop** in the country.
 - This will ensure that the people in transit, especially migrant workers can also get the PDS benefit across the country.
- **Scheme for Affordable Rental Housing Complexes for Migrant Workers and Urban Poor**
 - This scheme will be launched soon and under this, the Central Government will **provide ease of living at affordable rent.**
 - Under this:
 - Government funded houses in the cities will be converted into **Affordable Rental Housing Complexes** (ARHC) under **PPP mode (Public Private Partnerships)** through concessionaires.
- **Interest Subvention for Shishu MUDRA loanees**
 - Government of India will provide **Interest subvention of 2%** for prompt payees for a **period of 12 months** to **MUDRA Shishu** loanees, who have **loans below ₹50,000.**
 - The current portfolio of MUDRA Shishu loans is around ₹1.62 Lakh crore. This will provide **relief of about ₹1,500 crore to Shishu MUDRA loanees.**
- **Credit Facility for Street Vendors**
 - A scheme will be launched to **facilitate easy access to credit to Street vendors** and **enable them to restart** their businesses.
 - It is expected that **50 lakh street vendors will be benefited** under this scheme and **credit of ₹5,000 crore would be provided.**
 - Bank credit facilities for initial working capital up to ₹10,000 for each enterprise will be extended.
- **Extension of Credit Linked Subsidy Scheme**
 - The **Credit Linked Subsidy Scheme** for **Middle Income Group** (MIG, **annual income between ₹6 and ₹18 lakhs**) will be **extended up to March 2021.**
 - This subsidy scheme comes under the **Pradhan Mantri Awas Yojana (Urban).**
 - This will **benefit 2.5 lakhs middle income families** during 2020-21 and will lead to **investment of over ₹70,000 crore** in housing sector.
 - This will create a significant number of jobs by giving a boost to the Housing sector and will stimulate demand for steel, cement, transport and other construction materials.

- **Creating Employment using CAMPA Funds**
 - Approximately **₹6,000 crore of funds** under **Compensatory Afforestation Management & Planning Authority** (CAMPA) will be used.
 - The funds will be **utilised in** afforestation and plantation works, artificial regeneration, forest management, soil & moisture conservation works, forest protection, forest and wildlife related infrastructure development, wildlife protection and management etc.
 - Government will **grant immediate approval** to these plans which will create job opportunities in urban, semi-urban and rural areas and also for Tribals.
- **Additional Emergency Working Capital through NABARD**
 - **National Bank for Agriculture and Rural Development** (NABARD) will **extend additional re-finance support of ₹30,000 crore** for meeting crop loan requirements of **Rural Cooperative Banks** (RCBs) and **Regional Rural Banks** (RRBs).
 - This **refinance** will be **front-loaded** (uneven distribution with a greater proportion at one time and smaller ones at other time) and **available immediately**.
 - This is **over and above ₹90,000 crore** that will be provided by NABARD to this sector in the normal course.
 - This will **benefit around 3 crore farmers**, mostly small and marginal and will meet their post-harvest Rabi and current Kharif requirements.
- **Credit Boost to Kisan Credit Card Scheme**
 - It is a special drive to provide concessional credit to **Pradhan Mantri Kisan Samman Nidhi** (PM-KISAN) beneficiaries through **Kisan Credit Cards**.
 - It will inject **additional liquidity of ₹2 lakh crore** in the farm sector.
 - **2.5 crore farmers will be covered** and fisherman and animal husbandry farmers will also be included in this drive.

Criticism

- Economists say that this intervention was **too little, too late**, and that the free foodgrain provision **should have been universalised** to deal with widespread distress.
- There are 50 crore people in the country without ration cards, of which 10 crore are legally entitled to PDS grain under NFSA. Of the rest, there are many people who were managing in normal times, vegetable vendors, gig economy workers, autorickshaw drivers, who are in dire straits now. **PDS needed to be extended to all these people** at this time.
- Economists have asked the government for a **one-time cash transfer to vulnerable sections** like migrant labourers.

- There were no steps taken to extend **Mahatma Gandhi National Rural Employment Guarantee Act** (MGNREGA) employment guarantee to at least 200 days.
Currently, MGNREGA aims to provide **at least 100 days** of wage employment.

Source: PIB