

FM Announcement - Economy amid Covid Pandemic gets a Diwali booster

Stimulus Measures & Impact

Stimulus	Measures	Implications
LTC Cash Voucher	<ul style="list-style-type: none"> ❖ Govt. employees can opt to receive cash amounting to leave encashment + 3 times ticket fare. ❖ To buy something - items which attract GST of 12% or more. ❖ Only digital transactions are allowed. 	<ul style="list-style-type: none"> ❖ Central government employees – cost - ~ Rs. 5,675 crore. ❖ Employees of PSBs and PSUs - cost - ~Rs. 1,900 crore. ❖ Govt. expects the LTC Cash Voucher Scheme to generate additional consumer demand in the range of Rs. 28,000 crore
Special Festival Advance Scheme	<ul style="list-style-type: none"> ❖ All central govt. employees can now get an interest-free advance of Rs. 10,000, to be recovered in Maximum 10 EMLs ❖ Given in the form of a prepaid RuPay Card, to be spent by March 31, 2021 	<ul style="list-style-type: none"> ❖ Central Govt. - Rs. 4,000 crore expected to be disbursed ❖ If All state governments, opt for it another Rs. 8,000 crore is expected to be disbursed.
Interest-free 50-year loans for states	<ul style="list-style-type: none"> ❖ Special interest-free 50-year loans will be given to states for capital expenditure for Rs 12,000 crores. This has 3 parts to it: <ul style="list-style-type: none"> • Rs 2,500 crore for North East (Rs. 1,600 crore), Uttarakhand and Himachal Pradesh (Rs. 900 crore) • Rs. 7,500 crore for remaining states, • Rs. 2,000 crore will be given to those states which fulfil at least 3 out of 4 reforms spelled out in Aatma Nirbhar Bharat. 	<ul style="list-style-type: none"> ❖ Capital expenditure - money spent on infrastructure and asset creation - has a multiplier effect on the economy, it not only improves current GDP but also future GDP.
Capital Expenditure by Centre	<ul style="list-style-type: none"> ❖ An additional budget of Rs. 25,000 crore will be provided for capital expenditure of Centre on roads, defence, infrastructure, water supply, urban development and domestically produced capital equipment. 	

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