

COVID-19: India tax and regulatory update

Key highlights of the Indian Prime Minister's address to the nation regarding the economic stimulus in the wake of the COVID-19 pandemic

12 May 2020

The Indian Prime Minister ('the Indian PM') addressed the nation once again on 12 May 2020, which was his fifth address relating to the COVID-19 outbreak. A gist of the key matters announced by the Indian PM is given below:

1. The Indian PM announced a financial package of approximately USD 300 billion, the details of which are expected to be announced by the Finance Minister beginning from today. However, the Indian PM did mention that this package will have a special emphasis on land, labour, liquidity and laws. Accordingly, some bold reforms are expected to be announced shortly. Further, this economic stimulus is targeted at farmers, labourers, small businesses, Micro, Small and Medium Enterprises ('MSMEs'), cottage and rural industries and the middle class population.
2. The above package of USD 300 billion is nearly 10% of the Indian GDP and includes the measures announced earlier by the Indian Government and the Reserve Bank of India.
3. The Indian PM's speech was focused on the theme of a Self-Reliant India, founded on five pillars as under:
 - i. An economy poised for a quantum leap
 - ii. Infrastructure
 - iii. Technology driven systems
 - iv. A vibrant demography
 - v. Demand and supply chain
4. The Indian PM's speech emphasised on local manufacture and local markets to meet local demand. In fact, he stressed that Indian consumers should be 'vocal about local'.
5. The current nationwide lockdown, which is in its third phase, is in force up to 17 May 2020. The Indian PM indicated the extension of this lockdown and mentioned that Lockdown 4.0 would be significantly different from the current situation with the easing of several restrictions, the details of which would be announced prior to 18 May 2020.

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