

PM CARES Fund Trust Allocates Rs. 3100 Crore for Fight against COVID-19 (13-05-2020)

PM CARES (Prime Minister's Citizen Assistance and Relief in Emergency Situations) Fund Trust decided to allocate Rs. 3100 Crore for fight against COVID-19. Out of Rs 3100 crore, a sum of approximately Rs.2000 crore will be earmarked for the **purchase of ventilators**, Rs. 1000 crores will be used for **care of migrant labourers** and Rs.100 crores will be given to **support vaccine development**.

a) 50,000 Ventilators

For augmenting the infrastructure to tackle COVID-19 cases across the country, 50000 'Made-in-India' ventilators will be purchased from PM CARES Fund at a cost of approximately Rs. 2000 Crores. These ventilators will be provided to government run COVID hospitals in all States/UTs, for better treatment of the critical COVID-19 cases.

b) Relief Measures for Migrants

For strengthening the existing measures being taken for the welfare of the migrants and poor, the States/UTs will be given a lumpsum assistance of total Rs. 1000 Crore from PM CARES Fund. This amount would be provided to the State Governments/UTs to place it at the disposal of the District Collectors/Municipal Commissioners for strengthening their efforts in providing accommodation facilities, making food arrangements, providing medical treatment and making transportation arrangements of the migrants.

c) Vaccine Development

A vaccine against COVID-19 is the most pressing need and Indian academia, start-ups and industry have come together in cutting-edge vaccine design and development. To support the COVID-19 vaccine designers and developers, an amount of Rs. 100 Crore will be given from PM CARES Fund as a helping hand to catalyse vaccine development, which will be utilized under the supervision of Principal Scientific Advisor.

About PM CARES Fund

Keeping in mind the need for having a dedicated national fund with the primary objective of dealing with any kind of emergency or distress situation, like posed by the COVID-19 pandemic, and to provide relief to the affected, a public charitable trust under the name of 'Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund' (PM CARES Fund)' was set up on 27th March 2020.

The fund consists entirely of **voluntary contributions** from individuals/organizations and **does not get any budgetary support**.

Objectives :

- To undertake and support relief or assistance of any kind relating to a **public health emergency** or any other kind of emergency, calamity or distress, either man-made or natural, including the creation or upgradation of healthcare or pharmaceutical facilities, other necessary infrastructure, funding relevant research or any other type of support.
- To render financial assistance, provide grants of payments of money or take such other steps as may be deemed necessary by the Board of Trustees to the affected population.
- To undertake any other activity, which is not inconsistent with the above Objects.

Constitution of the Trust :

- Prime Minister is the ex-officio Chairman of the PM CARES Fund and Minister of Defence, Minister of Home Affairs and Minister of Finance, Government of India are ex-officio Trustees of the Fund.
- The Chairperson of the Board of Trustees (Prime Minister) shall have the power to **nominate three trustees** to the Board of Trustees who shall be eminent persons in the field of research, health, science, social work, law, public administration and philanthropy.
- All the Trustees shall act in a pro bono capacity (i.e. free service for the public good)

Tax Exemption

Donations to PM CARES Fund would qualify for **80G benefits for 100% exemption** under the Income Tax Act, 1961. Donations to PM CARES Fund will also qualify to be counted as **Corporate Social Responsibility (CSR)** expenditure under the Companies Act, 2013. However, contributions flowing out of budgetary sources of the PSUs are not accepted.

Foreign donations

PM CARES Fund has also **got exemption under the** Foreign Contribution (Regulation) Act, 2010 and a separate account for receiving foreign donations has been opened. This enables PM CARES Fund to accept donations and contributions from individuals and organizations based in foreign countries. This is consistent with respect to Prime Minister's National Relief Fund (PMNRF). PMNRF has also received foreign contributions as a public trust since 2011.

Audits of PM CARES Fund

The PM CARES Fund will be audited by one or more qualified independent auditor(s) who will be appointed by the Trustees.

Prime Minister's National Relief Fund (PMNRF)

In pursuance of an appeal by the then Prime Minister, Pt. Jawaharlal Nehru in January, 1948, the Prime Minister's National Relief Fund was established with public contributions to assist displaced persons from Pakistan. PMNRF has not been constituted by the Parliament.

Prime Minister is the Chairman of PMNRF. Disbursements from fund are made with the approval of the Prime Minister.

The fund consists entirely of **voluntary contributions** from individuals/organizations and does not get any budgetary support.

The fund is recognized as a Trust under the Income Tax Act. All contributions towards the PMNRF are 100% exempted from Income Tax under Section 80(G).

The resources of the PMNRF are now utilized primarily to render immediate relief to families of those killed in natural calamities like floods, cyclones and earthquakes, etc. and to the victims of the major accidents and riots. Assistance from PMNRF is also rendered, to partially defray the expenses for medical treatment like heart surgeries, kidney transplantation, cancer treatment and acid attack etc.

The PMNRF is audited by an independent auditor outside the Government.

Audit by CAG

Both are public charitable funds, without any budgetary support, and therefore, neither fund comes within the purview of the CAG Audit.

What is the need for creating PM CARES Fund when the existing PMNRF could have been used to collect the money ?

Opposition leaders have questioned the need for a new PM CARES Fund, given that the PMNRF has similar objectives.

As per the PMNRF's Statement of Income and Expenditure for the year 2018-19, the balance of funds available at the end of FY 2018-19 was Rs. 3,800.44 crores. The availability of these funds further raises questions about the need for creating a new fund 'PM CARES' for tackling COVID-19 and other disasters.

Govt. has not provided any reason for this. However following may be the reasons for creating separate fund.

- PMNRF is a very old fund. Creating a new fund to fight COVID-19 and allowing micro donations would encourage more people to come forward and donate. Here people can be assured that the money will be used for fighting Coronavirus.
- PM CARES has attracted a large amount of donations. Prime minister had been making appeals to corporate houses, public figures, government officials and others to donate generously to the PM-CARES Fund. It has succeeded in accumulating a considerable amount of money so far.
- Donations to PM CARES Fund will also qualify to be counted as **Corporate Social Responsibility (CSR)** expenditure under the Companies Act, 2013 a facility not provided to PMNRF
- While, the balance in PMNRF is being shown at Rs. 3,800.44 crores, there are reports which highlight the low liquidity of only 15% of this fund, which makes it a challenge to be used in case of emergency. According to these reports, bulk of the corpus is invested in fixed deposits, state development loans etc.