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## Economic Measures to Boost Economy

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Recently, the Finance Minister had announced a slew of economic measures, which not only seek to revive economic growth (through fiscal stimulus) but also promised to end tax terrorism.

- These measures were brought in the backdrop of the economic slowdown in India
- The slowdown was also reflected by the major international economic institution which downgraded India's growth forecast,  
For example, Moody's Investors Service pared India's growth estimate from 6.8% to 6.2% in the current fiscal year.

Economic Measure	Effect
<ul style="list-style-type: none"><li>• <b>Extra Surcharge</b> that was announced in <b>Budget 2019</b>, on any capital gain from the sale of shares has <b>been scrapped</b>.</li><li>• The highest surcharge will thus be restored to the pre-budget level of 15%.</li></ul>	This will <b>check the outflows of FPIs</b> as the shares worth over Rs 22,000 crore were sold in July and August 2019.
The Government will expedite <b>capital infusion of Rs 70,000 crore</b> for public sector banks announced in the budget 2019.	It will help <b>banks to lend</b> to firms and buyers, boosting demand for homes and automobiles.
<b>Banks will</b> be asked to link their loan rates to the central bank's repo rate Currently, the repo rate is 5.4% vs SBI's 1-year MCLR of 8.25%.	It will check <b>incomplete transmission of monetary policy</b> and help buyers to get loans cheaper and faster.

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**Angel Tax** on startups has been withdrawn.

**Startups will be relieved** as the angel tax had made it difficult to attract new funding.

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**National housing board will extend additional liquidity** of Rs 20,000 crore to 7 housing finance companies, bringing the total support to Rs 30,000 crore.

- This will help developers starved of funds to complete their stuck projects.
- It will also alleviate the plight of buyers, waiting for years to get their homes.

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Violation of provisions related to **corporate social responsibility (CSR)** will not be treated as a criminal offence but a civil liability.

The government is in **favour of penalties rather than prosecution**, as the earlier provision could attract a jail term of up to three years along with a fine.

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- **Micro, small and medium enterprises** will get their GST refunds in 30 days.
  - The MSME Act will be amended to move towards a single definition.

- This will ease liquidity for MSMEs who often have to wait for long to get GST refunds.
- A single definition will remove ambiguity and improve the ease of doing business.

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**Non-banking financing companies (NBFC)** will be allowed to use a bank's Aadhaar-authenticated know-your-client (KYC) data for lending to customers.

- NBFCs will be able to access the KYC of customers and onboard them faster.
- Customers will get loans quicker while those lenders will be able to improve their efficiency.

- These economic measures are being dubbed as mini-budget.
- These are based on the ideology of reform, perform and transform, as highlighted by the Indian Prime Minister.

**Source: TH**