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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">• Extra Surcharge that was announced in Budget 2019, on any capital gain from the sale of shares has been scrapped.• The highest surcharge will thus be restored to the pre-budget level of 15%.	This will check the outflows of FPIs as the shares worth over Rs 22,000 crore were sold in July and August 2019.
The Government will expedite capital infusion of Rs 70,000 crore for public sector banks announced in the budget 2019.	It will help banks to lend to firms and buyers, boosting demand for homes and automobiles.
Banks will 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 incomplete transmission of monetary policy and help buyers to get loans cheaper and faster.

Angel Tax on startups has been withdrawn.

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

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.

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.

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