



Steps To Spur Economic Growth

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The Finance Minister has announced a **number of measures to help reignite the slowing economy.**

The primary reasons for this slowdown include **weak consumption** (e.g. reduction in auto sales, housing sales etc.) and a **deteriorating global environment** (US-China trade war, Brexit etc.).

Measures To Boost Export Sector

Export promotion : Steps taken so far	
Export promotion measures taken in last few years	<ul style="list-style-type: none">• Interest Equalization Scheme (IES) on pre and post shipment rupee export credit introduced from 1.4.2015 providing interest equalisation at 3% to exporters on 416 lines and for all MSME exporters.• The IES rate increased to 5% for MSME exporters with effect from 2.11.2018 and merchant exporters were covered under the scheme with effect from 2.1.2019.• India's rank in World Bank 'Ease of doing business' ranking improved from 142 in 2014 to 77 in 2018, with the sub-rank in 'Trading across borders' moving up from 122 to 80.• "Trade Infrastructure for Export Scheme (TIES)" launched with effect from 1st April 2017 to address the export infrastructure gaps in the country.• Comprehensive "Agriculture Export Policy" launched on 6th December, 2018 with an aim to double farmers' income by 2022• "Transport and Marketing Assistance" (TMA) scheme launched in 05th March 2019 for mitigating disadvantage of higher cost of transportation for export of specified agriculture products.• Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) covering export of garments and made-ups notified on 7.3.2019 providing refund of duties/taxes at higher rates.

- **Use of Information and Communications Technology (ICT):** Number of measures have been announced to leverage technology to promote exports.
 - **Fully electronic refund module** for a quick and automated refund of **Input Tax Credits (ITC)** will be implemented by end September 2019.
 - ITC means deducting the tax paid on inputs from the tax payable on the final output.
 - An **Online "Origin Management System"** for exporters to enable them to obtain **Certificates of Origin – CoO** will be launched.
 - Certificate of Origin** is an instrument which establishes evidence on the origin of goods imported into any country. These certificates are essential for exporters to prove where their goods come from and therefore stake their claim to whatever benefits goods of Indian origin may be eligible for in the country of exports.
 - **Technology will be further leveraged** to further **reduce "Time to export"** - through seamless process digitization of all export clearances (port/airport/customs, etc) and elimination of offline/manual services.
- **Remission of Duties or Taxes on Export Product (RoDTEP):** It will replace the **Merchandise Exports from India Scheme (MEIS)**, which is not compliant with world trade rules.
 - The new scheme will be implemented from 1st January 2020 and will more than adequately incentivize exporters than existing schemes put together.
 - The **Merchandise Exports from India Scheme (MEIS)** was introduced in the Foreign Trade Policy (FTP) 2015-20 w.e.f. 1st April 2015 with the objective to offset infrastructural inefficiencies and associated costs involved in exporting goods/products which are produced /manufactured in India including products produced/manufactured by MSME Sector.
- **Export Financing:** To increase bank credit to exporters, the Export Credit Guarantee Corporation (ECGC) will expand the scope of its Export Credit Insurance Scheme (ECIS) to provide a **higher insurance cover to banks** that are lending working capital for exports.
 - Credit flow to exporters has come down by 35%.
 - At present banks are covered for 60% of what they lend to exporters for working capital. With the new move, it is expected to be increased to 90%.
 - It would also enable a reduction in the overall cost of export credit including interest rates, especially to MSMEs.
 - Effective monitoring of export financing** will be done by the Department of Commerce.
 - Export finance refers to financial assistance extended by banks and other financial institutions to businesses for the shipping of products outside a country or region.
 - Priority Sector Lending (PSL) norms for export credit have been examined** and enabling guidelines are under consideration of RBI.
 - This will release an additional Rs. 36,000 - 68,000 crores as export credit under the priority sector.
- **Effective Use of FTAs: Free Trade Agreement (FTA) Utilisation Mission**, headed by a Senior officer in the Department of Commerce, will be set up, to work exclusively with export houses to utilise concessional tariffs in each FTA.
- **Mega Shopping Festivals:** To boost exports, **Dubai- like annual mega shopping festivals** in India will be organized in 4 places across March 2020. These will focus on four themes: Gems & Jewellery, Handicrafts/Yoga/Tourism, Textiles and Leather.

Measures To Boost Housing Sector

- **Increasing Bank Credit for Homebuyers:**
 - The **External Commercial Borrowing (ECB)** guidelines will be relaxed to facilitate financing for home buyers who are eligible under the **Pradhan Mantri Awas Yojana**.
 - The interest rate on house building advances will be lowered and linked with the 10 Year Government Security yields.
- **A Special Window Fund**, to provide last mile funding to non-NPA (**Non-Performing Assets**) and non- NCLT (**National Company Law Tribunal**) projects in the affordable and middle-income category.
 - The government will contribute up to Rs 10,000 crores alongside other investors including LIC and private banks.

Steps taken so far

- **Affordable Housing - Additional deduction** up to Rs. 1.5 lakhs for interest paid on loans borrowed up to 31st March, 2020 for purchase of house valued up to Rs. 45 lakh.
- **Banks to launch Repo rate /external benchmark linked loan products**
 - Reduced EMI for housing loans by directly linking Repo rate to interest rates
- **Support to NBFCs/HFCs**
 - More credit support for purchase of houses, vehicles, consumption goods.
 - Additional liquidity support to HFCs Rs. 20,000 Cr by NHB thereby increasing it to Rs. 30,000 Cr.
 - Partial Credit Guarantee scheme for purchase of pooled assets of NBFCs/ HFCs upto Rs 1 lakh Cr - to be monitored at highest level in each bank
- Establish an organisation to provide Credit Enhancement for infrastructure and housing projects
- Requirement for creation of a Debenture Redemption Reserve (DRR) of outstanding debentures in respect of listed companies, NBFCs and for HFCs removed.
- **Pradhan Mantri Awas Yojana – Gramin (PMAY-G)** aims to achieve "Housing for All" by 2022:Eligible beneficiaries to be provided 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).

Source: PIB