



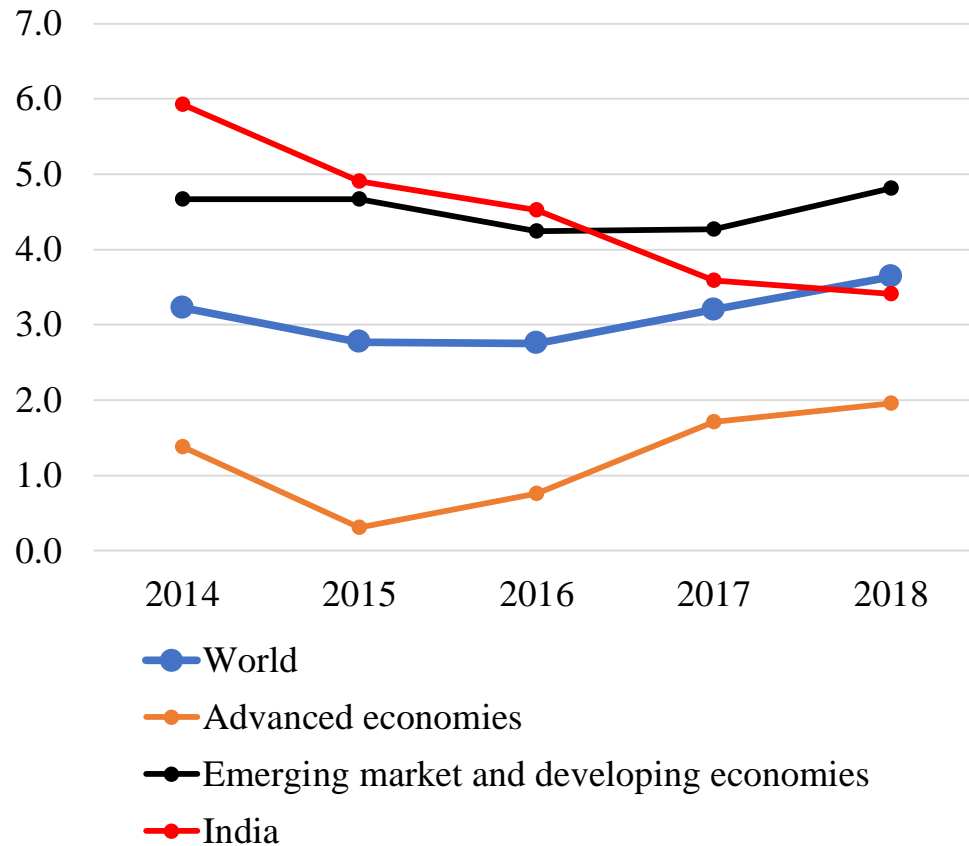
# Measures to Boost Economic Growth

14<sup>th</sup> September 2019

Ministry of Finance, Government of India

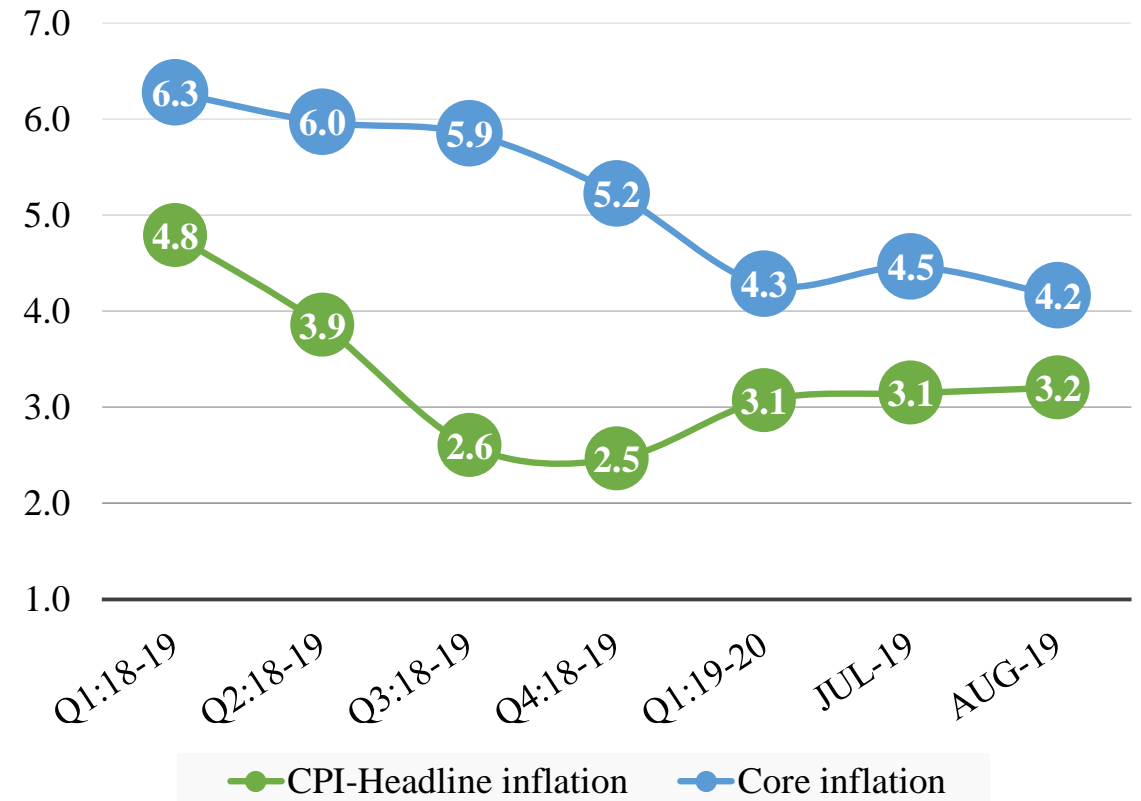
# Contained Consumer Price Inflation

## Consumer Price Inflation: India & World (%)



Data Source: WEO, IMF

## Recent Trends of India's CPI Inflation (%)

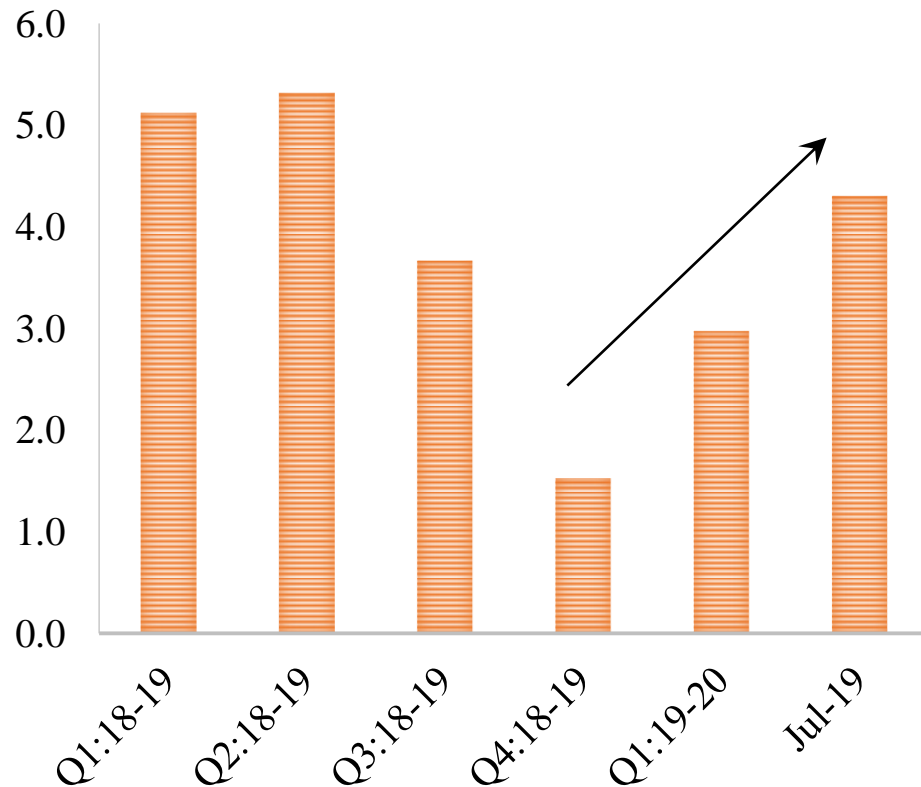


Note: Core excludes food and fuel

Data Source: MoSPI

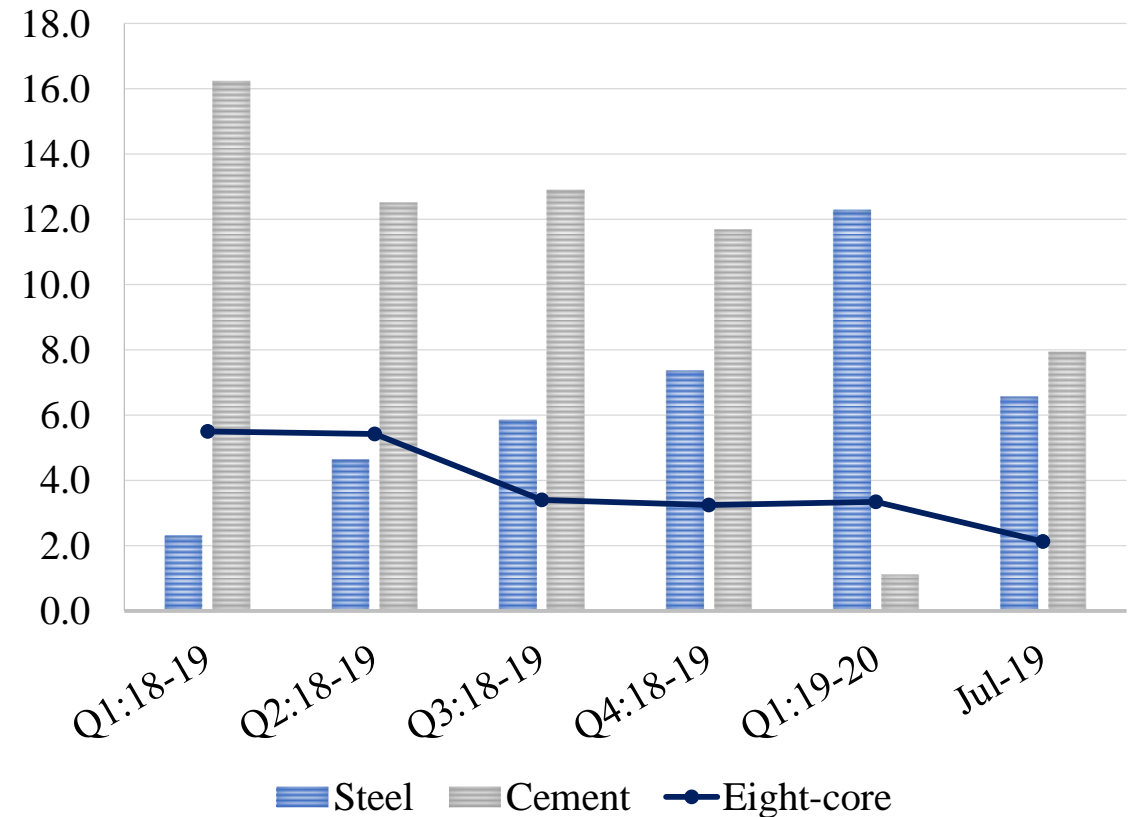
# Industrial Production: Signs of Revival

## Growth of Index of Industrial Production (%)



Data Source: MoSPI

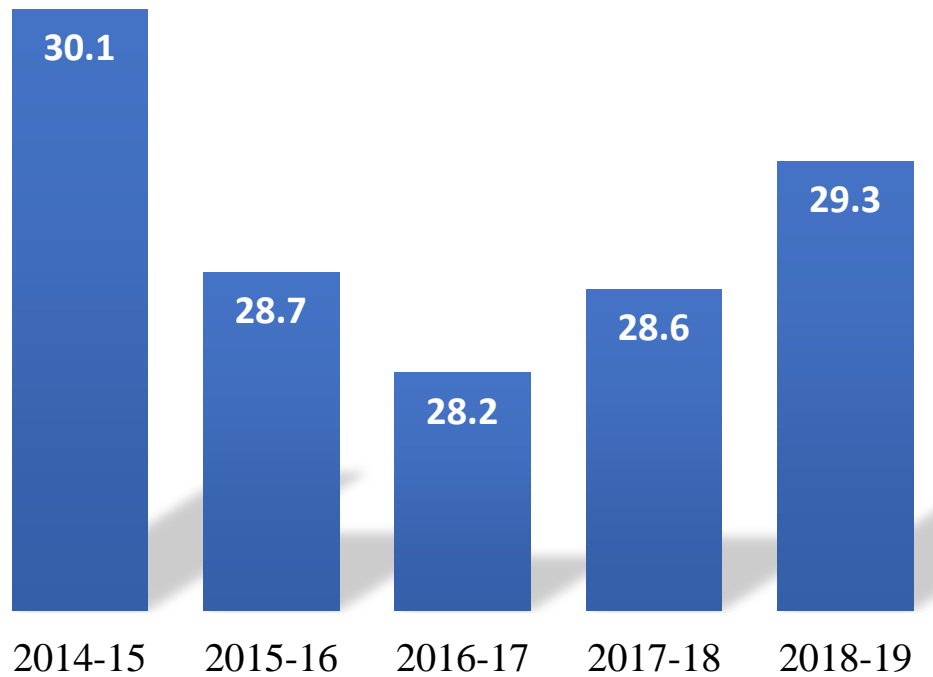
## Production Growth of Core Industries(%)



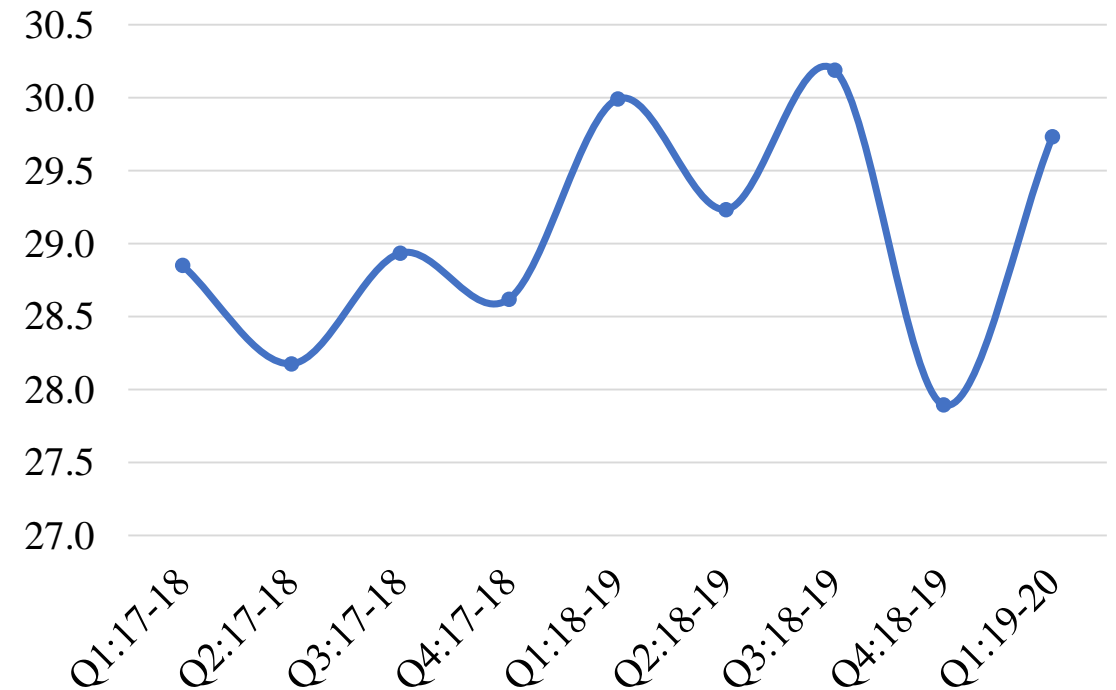
Data Source: Office of Economic Adviser, DPIIT

# Revival of Fixed Investment

**Annual Fixed Investment Rate (as % of GDP)**



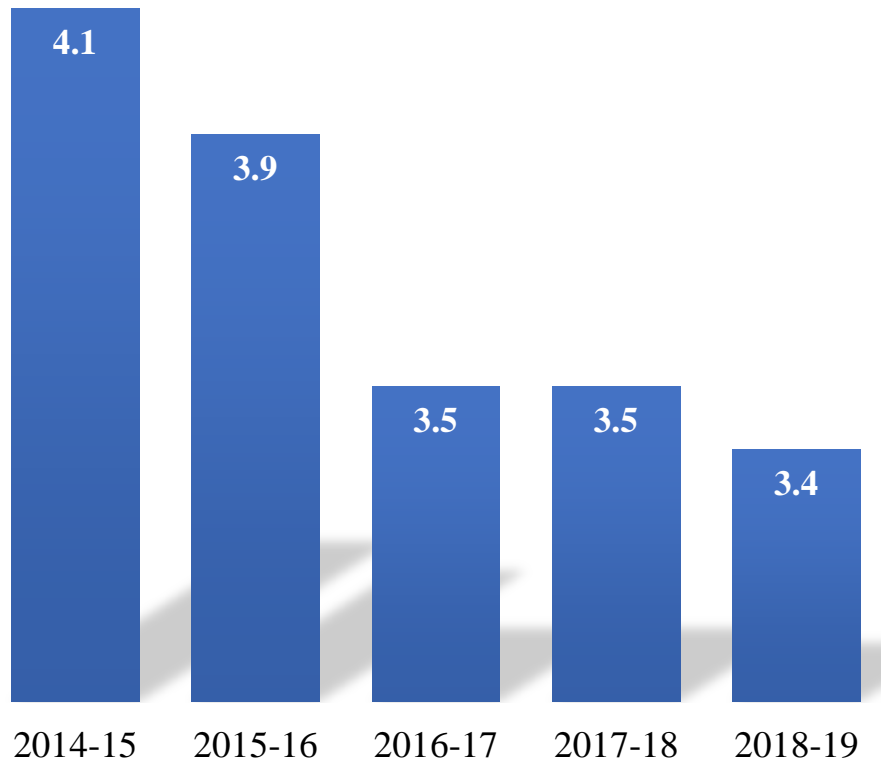
**Quarter-wise Fixed Investment Rate (as % of GDP)**



**Data Source:** MoSPI

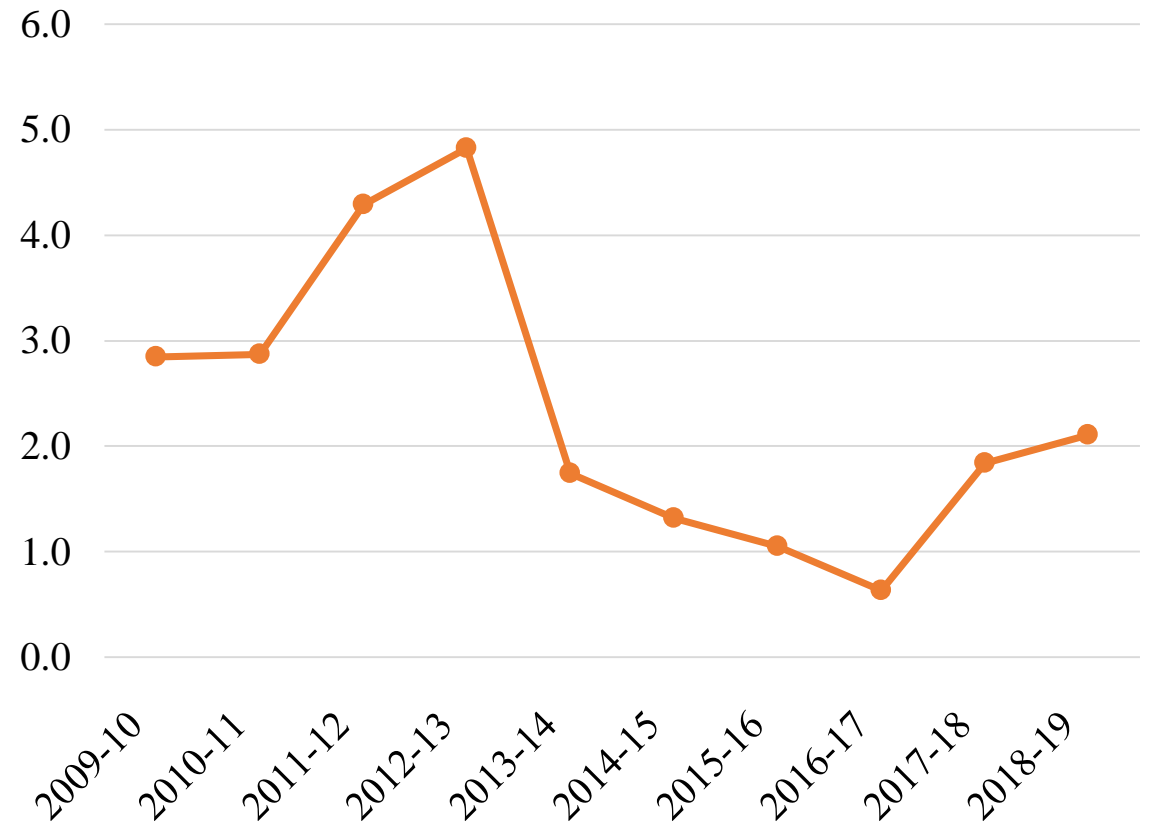
# Improving Fiscal Deficit & Contained CAD

**Fiscal Deficit to GDP (%)**



**Data Source:** Controller General of Accounts

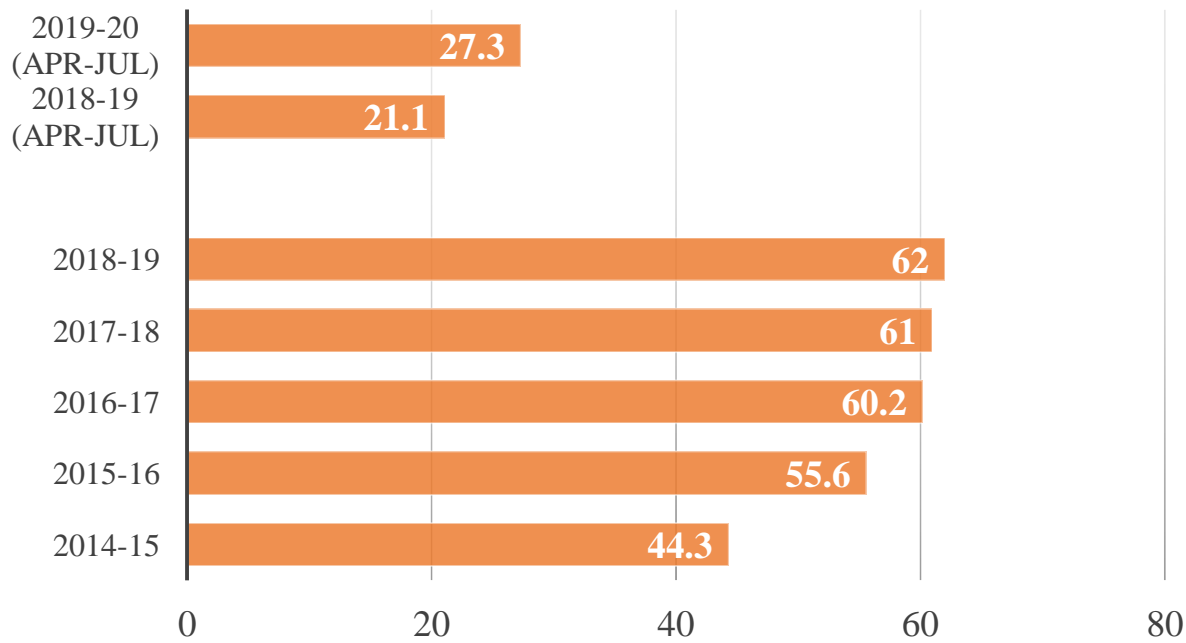
**Current Account Deficit to GDP (%)**



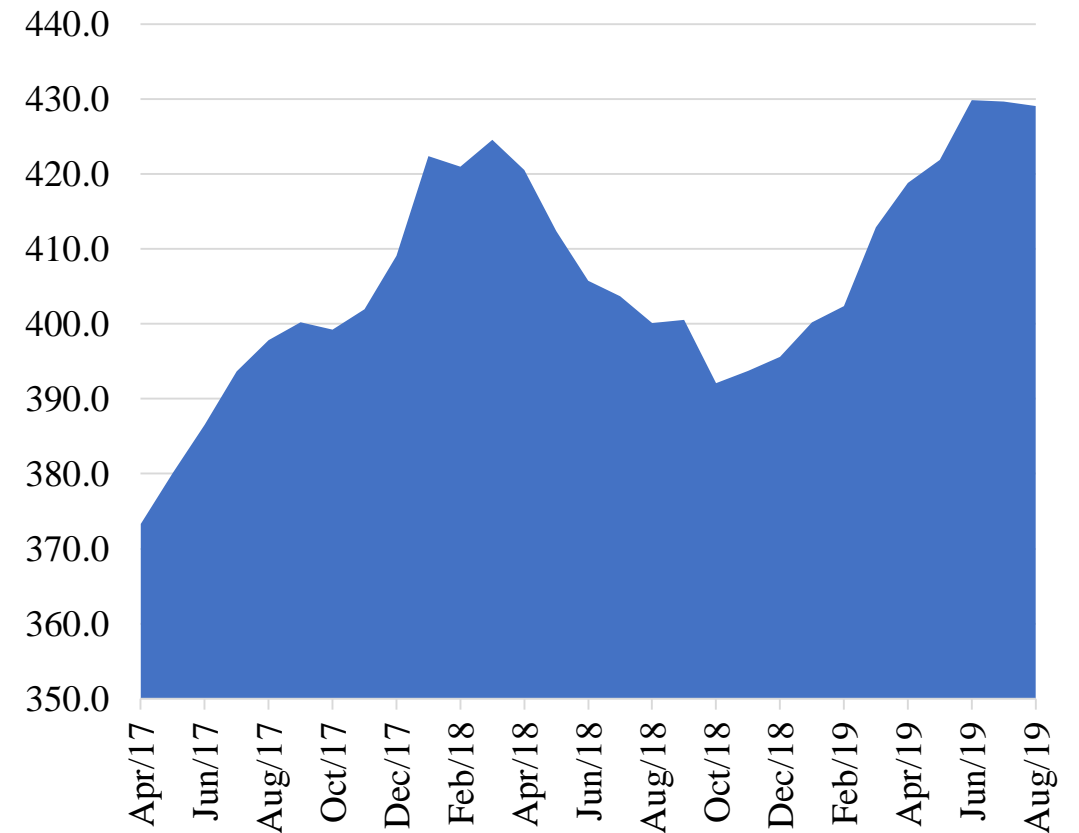
**Data Source:** RBI

# Robust FDI inflows and High Foreign Exchange Reserves

## Gross FDI Inflows (US\$ Billion)



## Foreign Exchange Reserves (US\$ billion)



Note: Gross FDI includes Equity, Reinvested earnings and other capital

Data Source: RBI

# Follow up on Announcements made

- Announcements were made on 23<sup>rd</sup> August and 30<sup>th</sup> August regarding a series of measures to enhance economic growth
- I had reported implementation of 6 of the 32 announcements relating to banking made on 23.8.2019.
- **Partial credit guarantee scheme** for banks to buy assets of NBFCs has been implemented.
- Measures being taken to **improve credit outflows** from banks
- **Transmission of interest rate cuts** are being effected by banks

# Follow up action: Faceless Assessment

- The E-assessment Scheme under section 143(3A) of the IT Act notified on 12.09.2019
- Salient Features
  - Removal of existing human interface in the assessment procedure
  - Assessment to be handled by specific functional units on the basis of automated allocation system
  - Assessment unit will be anonymous
  - All communication to be made exclusively in electronic mode
  - No personal appearance of any assessee



# Follow up action : Document Identification Number (DIN)

- Circular No.19/2019 issued on 14.08.2019
- Salient Features
  - All notices, summons, orders, communication to be issued only through systems
  - All documents to have unique DIN
  - Validation of Documents issued can be done on e-filing portal
  - Documents without DIN to be treated as non-est

Follow up action :

## Compounding of Past Offences

- Circular No. 25/2019 issued on 09.09.2019
- Salient Features
  - Compounding application can be filed upto 31.12.2019 which were not filed within prescribed time schedule earlier
  - This will reduce the existing pendency of prosecution cases before the courts

# Follow up action: Prosecution Easing Measures

- Circular No. 24/2019 issued on 09.09.2019
- Salient Features
  - Smaller taxpayers with minor procedural defaults will not be prosecuted
  - Prosecution to be launched only in deserving cases and to be commensurate to the degree of offence
  - For defaults below Rs. 25 lakhs, prosecution to be sanctioned only with the prior approval of Collegium of two CCIT/DGIT rank officers

# Measures to Boost Exports

# Export promotion : Steps taken so far

## Export promotion measures taken in last few years

- **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 1<sup>st</sup> 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 05<sup>th</sup> 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.

# New Measures to Boost Exports

## Incentives and Taxation

### 1. Extend the scheme of Reimbursement of Taxes & Duties for Export promotion

- Scheme for **Remission of Duties or Taxes on Export Product (RoDTEP)** will replace MEIS.
- Existing dispensation in textiles of MEIS + old ROSL will continue up to 31.12.2019
- Textiles and all other sectors which currently enjoy incentives upto 2% over MEIS will transit into RODTEP from 1.1.2020
- In effect, RODTEP will more than adequately incentivize exporters than existing schemes put together.
- Revenue foregone projected at up to Rs. 50,000 crores

### 2. Fully automated electronic refund route for Input Tax Credits (ITC) in GST

- **Fully electronic refund module** (FORM GSAT RFD-01) for quick and automated refund of ITC nearing completion and will be implemented by end September 2019.
- This is expected to monitor and speed up ITC refunds.

# New Measures to Boost Exports

## Export Finance

|  |   |
|--|---|
| <b>3. Expanding scope of Export Credit Insurance Scheme (ECIS) by ECGC</b>   | <ul style="list-style-type: none"><li>• Export Credit Guarantee Corporation (ECGC) will expand the scope of ECIS</li><li>• Will offer <i>higher insurance cover</i> to banks lending working capital for exports.</li><li>• <i>Premium incidence for MSMEs will be moderated suitably.</i></li><li>• <i>It is expected that the initiative will cost about Rs 1700 cr per annum.</i></li><li>• <i>This will enable reduction in overall cost of export credit including interest rates, especially to MSMEs</i></li></ul> |
| <b>4. Revised Priority Sector Lending (PSL) norms for Export Credit</b>      | <ul style="list-style-type: none"><li>• <b>Priority Sector Lending (PSL) norms for Export credit</b> have been examined and <i>enabling guidelines are under consideration of RBI</i></li><li>• <i>This will release an additional Rs. 36,000 crs. to Rs 68,000 crores as export credit under priority sector.</i></li></ul>  |
| <b>5. Effective monitoring of Export Financing by Department of Commerce</b> | <ul style="list-style-type: none"><li>• Data on Export Finance is regularly published by RBI</li><li>• <i>Export Finance will be actively monitored by an Inter Ministerial Working Group in Department of Commerce, tracked through a dashboard, reviewed with institutions and active intervention carried out.</i></li></ul>   |

# New Measures to Boost Exports

## Export Facilitation

### 6. Leverage technology to reduce “Time to Export or Turn-around time”

- Technology will be **further** leveraged **by timely completion of ongoing initiatives** to **further** reduce "Time to export" - though seamless process digitization of all export clearances (port/airport/customs, etc) and elimination of offline/manual services
- An **action plan to reduce *Time to export/turn-around time*** in airports and ports benchmarked to international standards will be implemented by Dec 2019.
- Actual turnaround times will be *published in real time* for each port and airport to push them to improve performance
- An Inter-Ministerial Group will be made accountable for this.

### 7. Annual mega shopping festivals.

- **Annual mega shopping festivals** in India will be organized in 4 places across 2020 March in 4 themes (G&J, Handicrafts/Yoga/Tourism, Textiles and Leather)



# New Measures to Boost Exports

## Free Trade Agreements

### 8. Special FTA Utilisation Mission

- **FTA Utilisation Mission**, headed by a Senior officer in Department of Commerce, will be set up
- To work exclusively with FIEO and export houses to utilise concessional tariffs in each FTA,
- Enhance awareness of preferential duty benefits among MSMEs, disseminate and facilitate compliance requirements (Rules of Origin/ Certificate of Origin, etc.) under FTAs for importers and exporters,
- Set goals for FTA utilization and put in place an effective FTA monitoring system.

### 9. Online “Origin Management System”

- **An Online “Origin Management System”** for exporters to enable them to obtain Certificates of Origin – CoO (under Rules of Origin) will be launched in the next few weeks by DGFT in collaboration with Exports Inspection Council.
- This is expected to significantly improve ease of doing business for exporters.

# New Measures to Boost Exports

## Engineering

### 10. Time bound adoption of mandatory Technical Standards

- **Time bound adoption by Industry of all necessary mandatory technical standards** and their effective enforcement to elevate the quality and performance ecosystem, enhance competitiveness and address the issue of sub-standard imports.
- A **Working Group on Standards** will be set up in D/o Commerce to work with industry to lay down a roadmap for adoption of Standards, time lines and enforcement.
- *This is expected to be a big boost in enabling Indian products overcome Non-tariff barriers in exports.*

### 11. Affordable testing and certification infrastructure

- **Affordable testing and certification infrastructure will be adequately expanded and developed in PPP mode to enable exporters to get all internationally accepted tests and certification done within India.**
- *This will reduce costs of adoption of standards and certification for Indian exporters to meet national standards of FTA partners*

# New Measures to Boost Exports

## Handicrafts

### 12. Enable handicrafts industry to effectively harness e-commerce for exports

- Special dispensation for facilitating and **on-boarding handicrafts artisans and handicraft cooperatives directly on e-commerce portals** and enable seamless exports.
- Mass enrolment of artisans across India with help of M/o Textile and organisations like TRIFED, CIE, etc.

# Measures to Boost Housing Sector

# Steps taken so far

- **Affordable Housing - Additional deduction** up to Rs. 1.5 lakhs for interest paid on loans borrowed up to 31<sup>st</sup> 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).

# New Measures to Boost Housing Sector

## 1. Relaxation of ECB guidelines for Affordable Housing.

- ECB guidelines will be relaxed to facilitate financing of home buyers who are eligible under the PMAY, in consultation with RBI.
- This is in addition to the existing norms for ECB for affordable housing.

## 2. House Building Advance

- The interest rate on House Building Advance shall be lowered and linked with the 10 Year G Sec Yields.
- Government servants contribute to a major component of demand for houses. This will encourage more government servants to buy new houses.

# New Measures to Boost Housing Sector

## 3. Special Window for affordable and middle income Housing

- A Special Window to provide last mile funding for housing projects which are **non- NPA and non-NCLT** Projects and are Net worth positive in affordable and middle income category to be set up.
- The objective is to focus on construction of unfinished units.
- GOI on the lines of NIF, can contribute to the fund while rest of the investors would be LIC and other institutions and Private capital from banks / sovereign funds / DFIs etc.
- The Fund shall be set up as a Category - II AIF trust and would be professionally run with experts from Housing and Banking Sector.
- Fund size : 10,000 crore to be contributed by GOI and roughly same amount from outside investors.

**THANK YOU**