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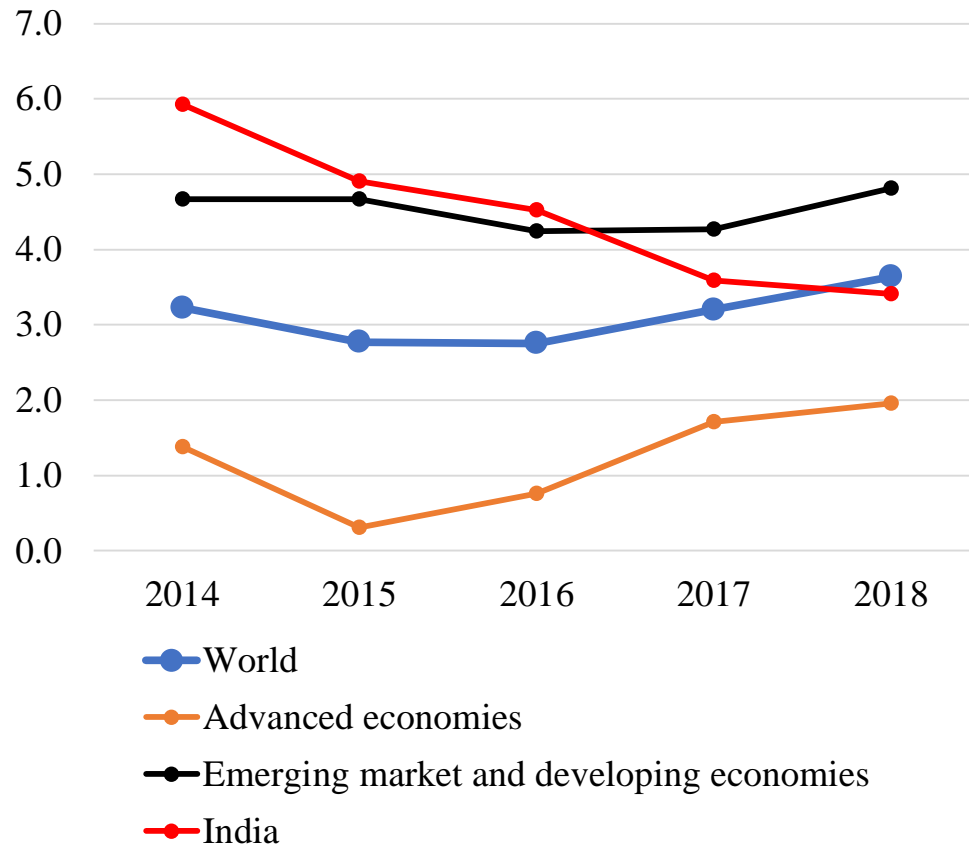
Measures to Boost Economic Growth

14th September 2019

Ministry of Finance, Government of India

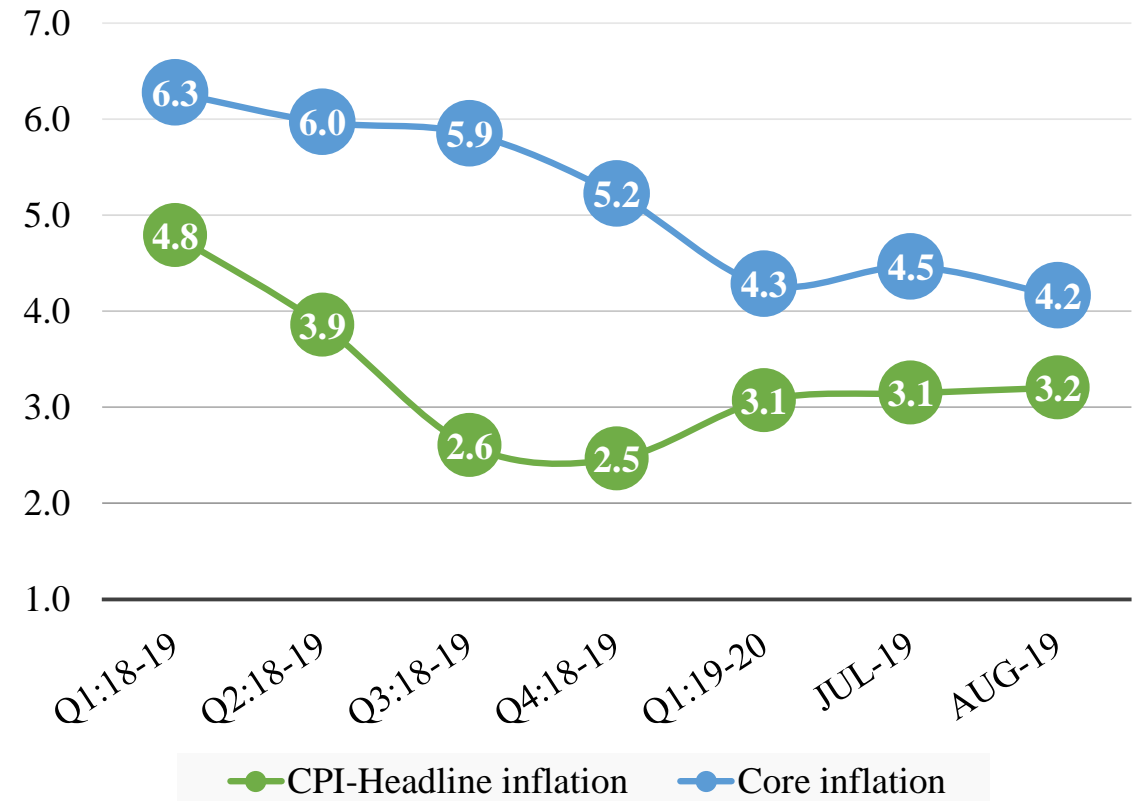
Contained Consumer Price Inflation

Consumer Price Inflation: India & World (%)



Data Source: WEO, IMF

Recent Trends of India's CPI Inflation (%)

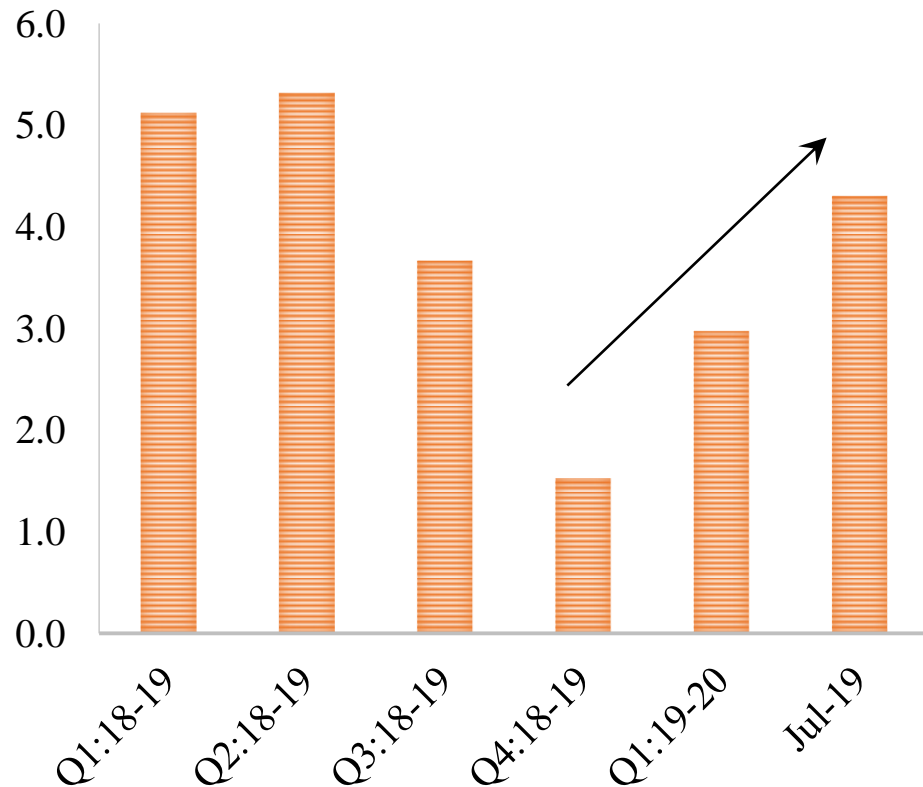


Note: Core excludes food and fuel

Data Source: MoSPI

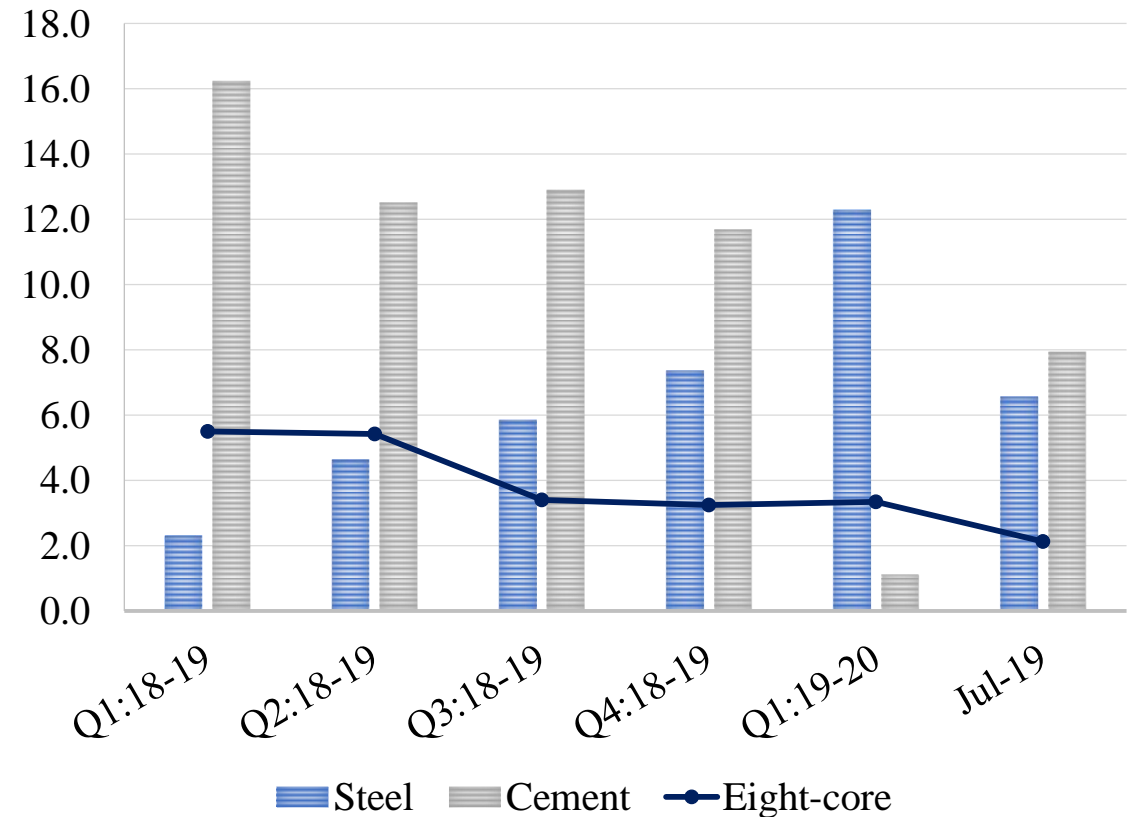
Industrial Production: Signs of Revival

Growth of Index of Industrial Production (%)



Data Source: MoSPI

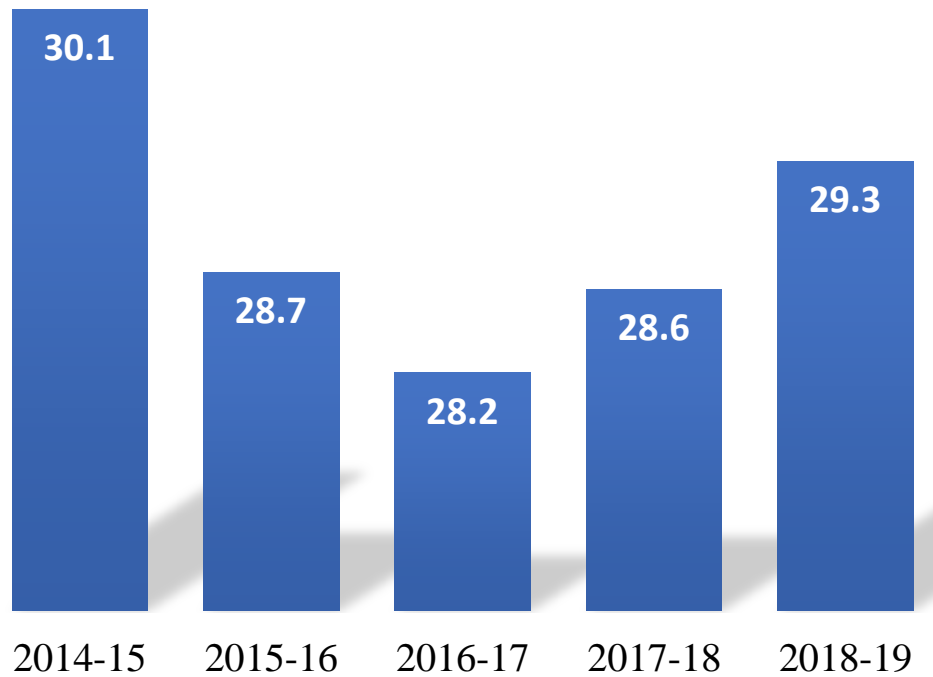
Production Growth of Core Industries(%)



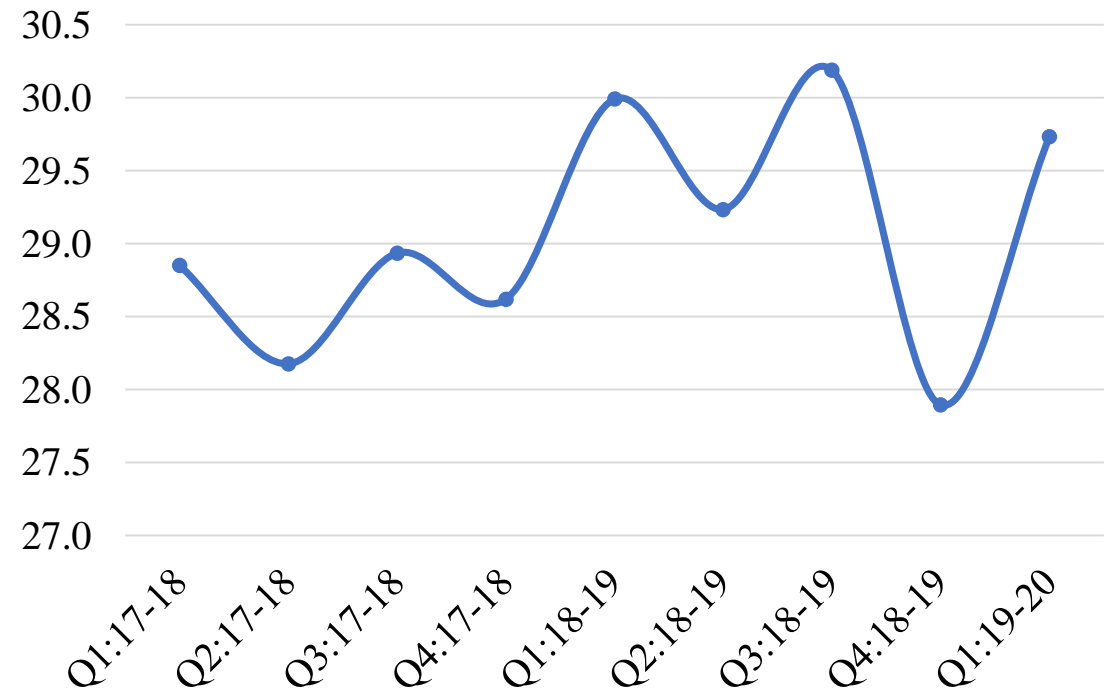
Data Source: Office of Economic Adviser, DPIIT

Revival of Fixed Investment

Annual Fixed Investment Rate (as % of GDP)



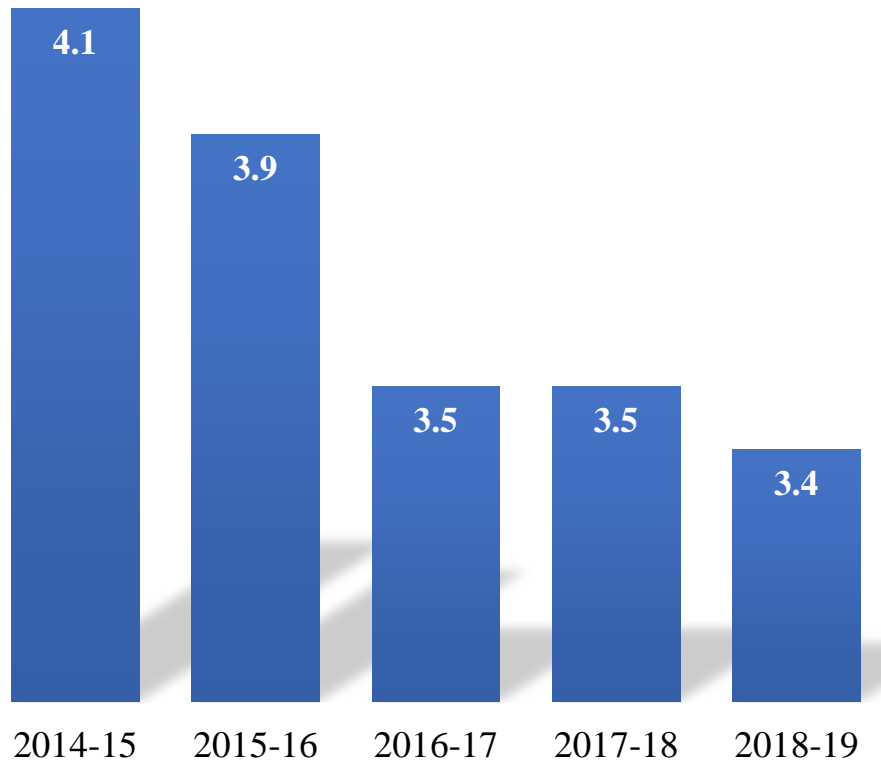
Quarter-wise Fixed Investment Rate (as % of GDP)



Data Source: MoSPI

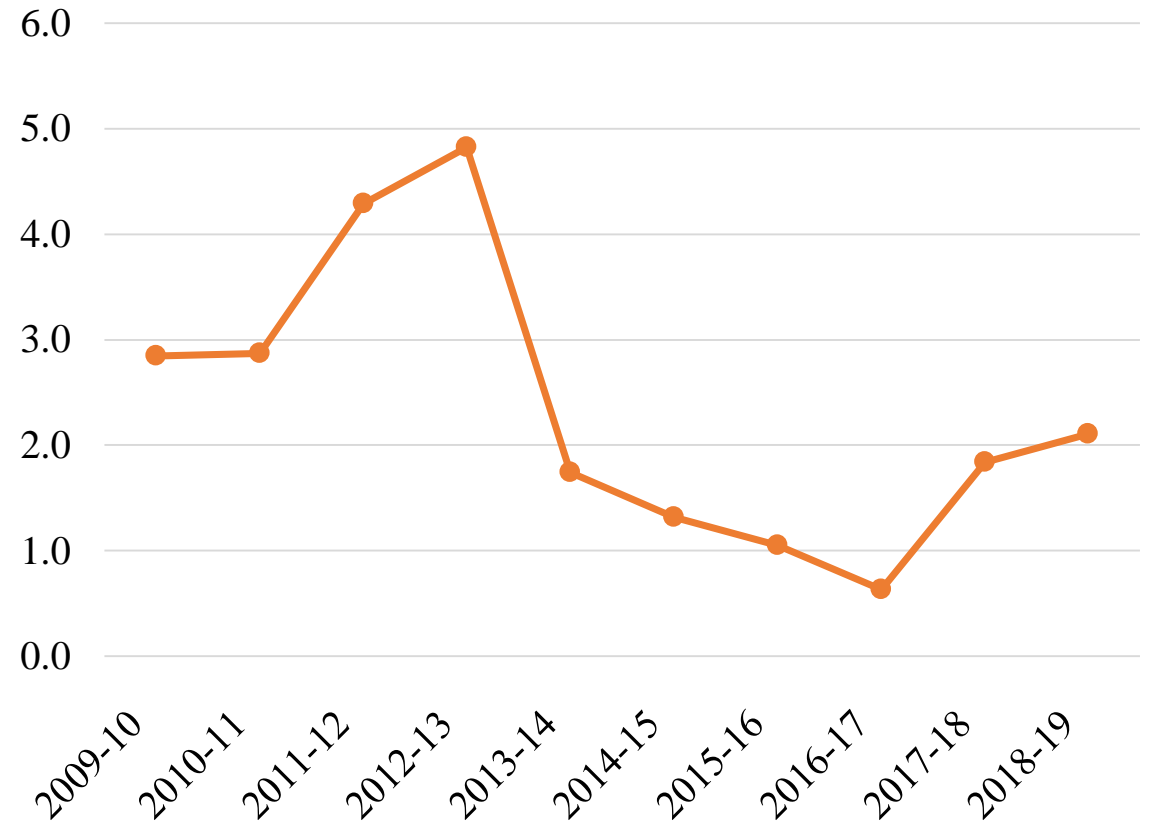
Improving Fiscal Deficit & Contained CAD

Fiscal Deficit to GDP (%)



Data Source: Controller General of Accounts

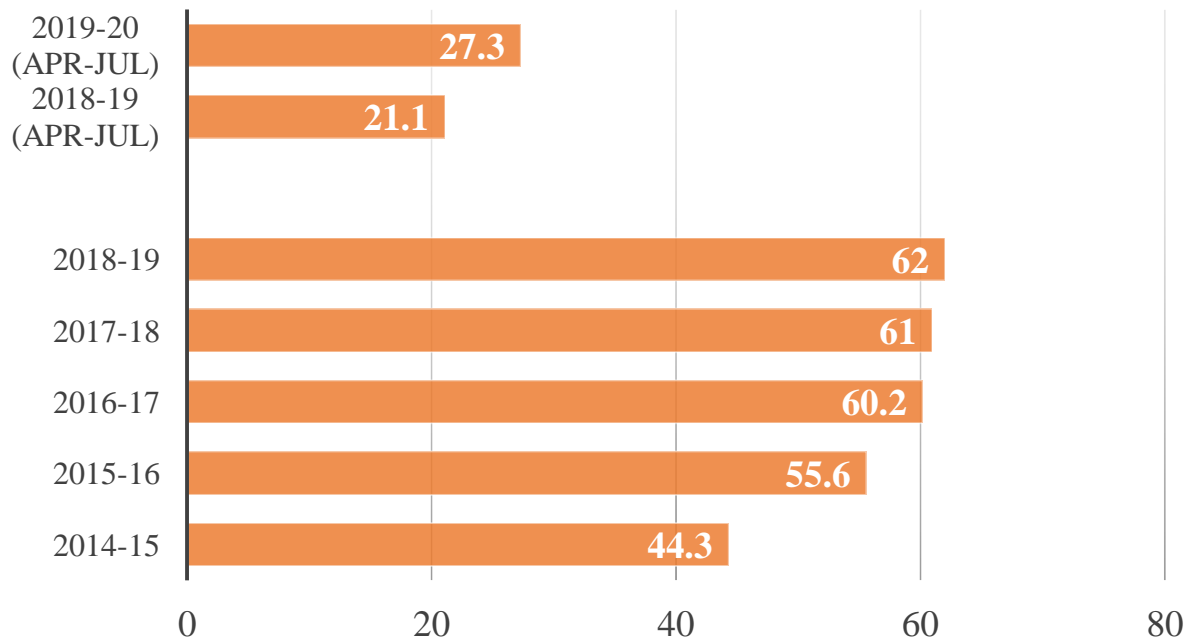
Current Account Deficit to GDP (%)



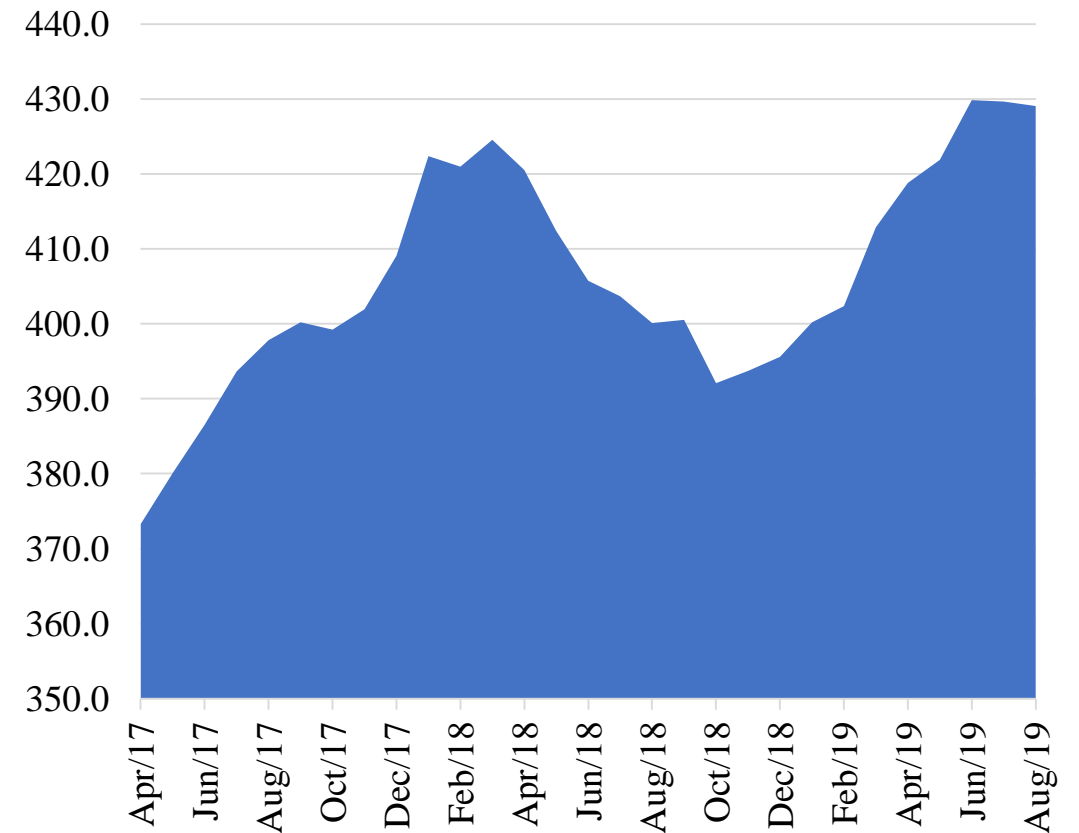
Data Source: RBI

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 23rd August and 30th 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

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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 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.

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

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

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 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).

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