Finance Minister's third stimulus measures

Why in News?

Finance Minister Nirmala Sitharaman on 14th September 2019 presented the third round of stimulus measures to revive the struggling economy.

What are the key measures to boost Export?

- **Extend the scheme of reimbursement of taxes and duties for export promotion** - Existing dispensation in textiles of Merchandise Export from India Scheme (MEIS) + old Rebate of State Levies (ROSL) will continue up to December 31, 2019.
- Scheme for Remission of Duties or Taxes on Export Product (RoDTEP) will replace MEIS.
- Textiles and all other sectors which currently enjoy incentives up to 2% over MEIS will transit into RoDTEP from January 1, 2020.
- **Fully automated electronic refund route (form GSAT RFD-01) for input tax credits (ITC) in GST** - It is nearing completion and will be implemented by end of September 2019.
- **Expanding the scope of export credit insurance Scheme ECIS by ECGC** - Will offer higher insurance cover to banks lending working capital for exports.
- Premium incidence for MSMEs will be monitored suitably. This will enable a reduction in the overall cost of export credit.
- **Revised priority sector lending (PSL) norms for export credit (after extensive discussion with RBI)** – This'll release an additional Rs 36,000 crore - Rs 68,000 crore as export credit under priority sector.
- **Effective monitoring of export financing by the Department of Commerce** – Its inter-ministerial working group tracked through a dashboard, reviewed with institutions and active intervention was carried out.
- **Leverage technology to reduce time to export for turnaround time** - By timely completion of ongoing initiatives to further reduce time to export through seamless process digitisation of all export clearances and elimination of offline/manual services.
- An action plan to reduce time to export/turnaround time in airports and ports benchmarked to international standards will be implemented by December

2019.

- **Annual mega shopping festivals** - In India will be organised in 4 places across March 2020 in 4 themes (Gems & Jewellery, Handicrafts, Yoga, Tourism, Textile and Leather).
- **Special FTA utilisation mission** - Headed by a senior officer in the Department of Commerce will be set up.
- To work exclusively with FIEO and export houses to utilise concessional tariffs in each FTA. Set goals for FTA utilisation and put in place an effective FTA monitoring system.
- Enhance awareness of preferential duty benefits among MSMEs, disseminate and facilitate compliance requirements under FTAs for importers and exporters.
- **Online Origin Management System** - For exporters to enable them to obtain certificates of origin (COC) under Rules of origin will be launched by DGFT in collaboration with Exports Inspection Council.
- This is expected to significantly improve the ease of doing business for exporters.
- **Time-bound adoption of all mandatory technical standards** - By industry of all necessary mandatory technical standards and their enforcement to elevate quality and performance ecosystem, enhance competitiveness and address the issue of sub-standard imports.
- A working group on standards will be set up in the Department of Commerce to work with industry to lay down a roadmap for adoption of standards, timelines and enforcement.
- **Affordable testing and certification infrastructure** – To be expanded and developed in PPP mode to enable exporters to get all internationally.
- **Enable the handicrafts industry to effectively harness e-commerce for exports** - For facilitating and onboarding handicrafts artisans and cooperatives directly on an e-commerce portal and enable seamless exports.
- Mass enrolment of artisans across India with the help of Ministry of Textiles.

What are the key measures to boost the Housing Sector?

- **Relaxation of ECB guidelines for affordable housing** - To facilitate the financing of home buyers who are eligible under the PMAY in consultation with RBI.
- **House building advance** - The interest on house building advance shall be lowered and linked with 10-year G-Sec bond yield.
- **The special window for affordable and middle-income housing** - To provide last mile funding for housing projects (non-NPA and Non-NCLT) which are not worth positive in affordable and middle-income category to be set up.

- The objective is to focus on the construction of unfinished units.
- Government on the lines of NIIF can contribute to the fund while rest of investors would be LIC and other institutions and private capital from banks/sovereign funds/DFIs etc.
- II AIF trust – A fund category to be professionally run with experts from the housing and banking sector.
- Fund size Rs 10,000 crore to be contributed by the government and the roughly the same amount from outside investors.

Source: Money Control

