

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1383
ANSWERED ON:04.03.2011
WITHDRAWAL OF STIMULUS PACKAGE
Shantha J.

Will the Minister of FINANCE be pleased to state:

- (a) whether Government is considering withdrawal of the stimulus package that was given to tide over the impact of global recession;
- (b) if so, the details thereof and reasons therefor;
- (c) whether the Government had held any consultation with experts in this regard; and
- (d) the present position of the Government on the issue?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (Shri Namo Narain Meena)

(a) to (d): Government announced three stimulus packages and various measures were taken under Foreign Trade Policy FTP, 2009-14 and thereafter as an immediate relief to the domestic industries including the export sectors in the wake of impact of global economic slowdown. Keeping in view the financial and overall economic constraints / implications, and based on well callibrated analysis, some of the concessions have been reduced or withdrawn by the Government.

Measures, undertaken in this directions include:-

(i) Withdrawal or reduction of incentives under Vishesh Krishi and Gram Udyog Yojana for some of the products on 23rd August, 2010.

(ii) Extension of most popular exporter friendly Duty Entitlement Pass Book (DEPB) scheme for only six months upto 30.6.11.

(iii) Moderating the sectoral spread of interest rate subvention benefit to limited need based sectors. Now the facility has been allowed to limited sectors till 31.3.2011 viz Handlooms, Handicrafts, Carpets, SMEs, Leather (only one Tariff line i.e., for Leather gloves instead of earlier entire leather group of 182 tariff lines), Jute yarn, Engineering goods (allowed only to 54 tariff lines against a total tariff lines of 3600); jand Textiles (allowed only on exports of Terry towel; Unbleached other polyester fabrics; Cotton shirts hand crocheted; Suits of cotton; Suits of wool / fine animal hair; louses etc. of other fibers; Others under cotton yarn, fabrics & made-ups).

(iv) Limiting the benefits under Income Tax Act to Export Oriented Units & Software s Technology Parks of India till 31.3.2011. No further extension has been allowed.

(v) Partial roll back of the central excise duty concessions in the Budget, 2010-11.

(vi) To make available adequate liquidity with the banks during the global economic slowdown in 2008-09, RBI reduced the Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Repo and Reverse Repo rates. Now RBI has rolled back the rates over a period of time.