

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2645
ANSWERED ON:11.03.2011
FISCAL STIMULUS
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Will the Minister of FINANCE be pleased to state:

- (a) the details of benefits from fiscal stimulus package flowing in the Indian economy, sector-wise;
- (b) whether the Government plans to revise fiscal stimulus;
- (c) if so, the details thereof and the reasons therefor; and
- (d) the policy of the Government in this regard for the remaining-period of the Eleventh Five Year Plan?

Answer

The Minister of State in the Ministry of Finance (Shri Namo Narain Meena)

(a): Government announced three stimulus packages in 2008-2009 and various measures 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. As a result, there were signs of turn-around both in the domestic and the export fronts since the 3rd quarter of 2009-10. Exports growth moved to positive trajectory since October, 2009 and the growth is continuing since then.

(b) to (d): Keeping in view the financial and overall economic constraints / implications, and` based on well calliberated analysis, some of the concessions have been reduced or withdrawn by the Government.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 23ra 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); and 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; Biouses etc of other fibers; Others under cotton yarn, fabrics & made-ups).

(iv) Limiting the benefits under Income Tax Act to Export Oriented Units & Software 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.