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# **BANKING AND FINANCIAL AWARENESS**

## **SEPTEMBER 2019: WEEK III**

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### **GOVT INCENTIVE TO BOOST EXPORTS AND HOUSING SECTOR**

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- The housing projects under the special window include **non-NPA (Non-Performing Assets)** and **non-NCLT (National Company Law Tribunal)** projects.
- Merchandise **Exports from India Scheme (MEIS)** for textiles will be replaced by the **scheme for Remission of Duties or Taxes on Export Product (RoDTEP)**.
- Textile and all other sectors will transit into RoDTEP from **January 1, 2020**, which currently enjoy incentives up to 2 per cent over MEIS.
- The **Export Credit Guarantee Corporation (ECGC)** scope will be expanded to **export credit insurance service (ECIS)**.

### **RBI ALLOWED PAYMENT BANKS TO APPLY FOR SMALL FINANCE BANKS**

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- The SFB licence to the payments banks will allow them to boost deposits and lend, that is currently **capped at Rs 1 lakh per customer**.
- The **minimum paid-up capital requirement for SFBs** is also revised by the RBI from **Rs 100 crore to now Rs 200 crore**.
- Promoter's shareholding should be a **maximum of 40% by the end of 5 years**, and within **10 years it should be down to 30%** and within **15 years it should be down to 15%** shareholding.

### **RBI SUGGEST FEDERAL BODY LIKE GST COUNCIL FOR FARMING SECTOR**

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- Banks should increase credit for consumption loans to farmers and other allied farm activities up to a sanctioned limit of **Rs 1 lakh**.
- The centre should complete updation and digitisation of land records in a time-bound manner.
- RBI had set up the **'Internal Working Group'** in February 2019 to understand the reasons for the regional disparity in agricultural credit and suggest measures.

### **GOVERNMENT SLASHED THE CORPORATE TAX RATES**

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- The tax rates are slashed by following an amendment in the **Income-tax Act 1961 and the Finance (No. 2) Act 2019**.

- The effective rate for **domestic companies** with inclusive surcharge and cess shall be **25.17%**.
- The effective rate for **new domestic companies** with inclusive surcharge and cess shall be **17.01%**.
- **Rs. 1.45 lakh crore** is the estimated total revenue foregone for the reduction in corporate tax rate and other relief.

