



Aatmanirbhar Bharat Abhiyan Economic Package 2.0 (Part 4)

Overall Welfare and Stimulus amounts to 10% of India's GDP

Economy Package 2.0

The fourth part of the economic relief package announcements today focused on driving reforms to bolster the Indian industrial ecosystem and create a competitive landscape that can enable domestic industries to match global standards. This opening up of sectors and reforms are essential to inviting private investments and liberalizing the industries through transparency to allow for autonomy, industrial growth and job creation. We await additional announcements tomorrow, to complete the picture of the Economic Package 2.0. Here is the summary of Day 4 announcements:

Coal

- **Commercial Mining** – Government's monopoly ended, by allowing private players to operate in the sector, through revenue sharing basis. Private players will be offered nearly 50 blocks on an immediate basis
- **Exploration-cum-production regime** for partially explored blocks. Production earlier than schedule will be incentivized
- **Coal gasification** to be allowed for private players
- **Coal-bed methane extraction** to happen through auction
- All these steps would enhance coal production and **INR50,000 crore** will be provided for infrastructure development

Civil Aviation

- **Airspace Management** - Civil air routes to be rationalised, with optimal use of air space, leading to shorter travel time and saving of fuel
- **6 Airports to be auctioned** on PPP basis. Investment of **INR13,000 crores** is expected from the private sector. AAI will get a down-payment of INR2,300 crore. Another 6 airports will be identified for the third round
- **MRO** – Aircraft component repairs and airframe maintenance to increase to INR2,000 crore from INR 800 crores. Convergence between defense and civil aviation MRO

Power Discoms

- **Privatization of Distribution in UTs** – Will lead to better service to consumers and improvement in operation and financial efficiency in Distribution. It will act as a model for rest of the country
- **Tariff Policy Reform** – Discoms to be penalized in case of load shedding, to increase accountability. Progressive reduction in cross subsidies. Time bound grant of open access. Progressive reduction in cross subsidies

Social Infra Projects

- **VGF of INR8,100 crores** – to provide boost to private sector investment in social projects. Government will enhance the quantum of VGF up to 30% each of total project cost

Our Take on Today's Announcements

Today's announcements continued the theme of structural reforms that the Government began from the 3rd tranche of the Economic Package 2.0.

- 3,375 industrial parks/estate/SEZs will be mapped out on the industrial information system and ranked, for industrial cluster up-gradation and enhanced competitiveness
- Major reforms announced today in mining, defence, atomic energy and space sectors focused on enhancing private sector participation, enabling improved technology infusion and boosting job creation.
- By opening up closed sector such as coal, the Government has enabled an improvement of productivity of the sector.
- Unshackling of defense procurements, through provision of an assured catalogue of weapons and platforms for domestic manufacturers, will encourage self-reliance
- These reforms will take affect in the medium-term, but will go a long way in providing impetus to the India economy and job market.

Minerals

- **Seamless composite exploration cum-mining production regime** - Expected to increase pvt. Sector participation. 500 mining blocks to be offered.
- Joint auction of related blocks will be permitted
- Distinction between captive and non captive mines to be removed
- **Mineral Index** for different minerals to be developed

Defense Production

- **Enhancing self-reliance in Defense Production** – List of weapon/platforms banned for import to be notified
- **Indigenization** of imported spares
- Earmarked allocation for **domestic capital procurement**
- **Corporatization of Ordnance Factory Board** for improvement in autonomy, accountability and efficiency.
- **FDI limit in defense manufacturing** raised from 49%, to 74%, subject to appropriate approvals
- **Time-bound Defense Procurement Process** – PMUs to be set-up to ensure no delay in procurement. GSQRs of Weapons and Platforms to be need appropriate
- **Overhauling trial and testing procedures**, to improve timelines

Space

- **Private participation in Space Activities** – To provide level playing field for private companies in satellites, launches and space based services.
- **ISRO facilities** will be allowed for private sector to improve capacities
- Future projects for planetary exploration, space travel to **be opened to boost private sector investments**
- **Liberal geo-spatial data** – Policy will be created for providing remote- sensing data to tech-entrepreneurs

Atomic Energy

- **Establish research reactor in PPP** – related to medical isotopes
- **Establish facilities in PPP mode** - Irradiation technology for food preservation. It will compliment agricultural reforms and assist farmers
- **Technology development cum incubation centers** to be set up, establishing synergies between research facilities and tech-entrepreneurs



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