

## FM - Press Conference – IV: REFORMS IN 8 SECTORS

The 4<sup>th</sup> tranche of relief measures announcements provides a further impetus to reforms in 8 sectors - Coal, Minerals, Defence Production, Airspace management, MROs, Power distribution companies, Space sectors and Atomic energy. Major steps have been announced today in moving towards the “Self – Reliant India” motive of the Government. Highlights from the Press Conference are below:

### 1 COAL SECTOR

- ✓ Govt monopoly being removed - to be done on revenue sharing basis instead of fixed price/ton regime and commercial mining to be brought into coal sector
- ✓ More coal availability at market prices
- ✓ Entry norms to be liberalised to enable parties to participate (bid) for range of coal blocks and sell in open markets; No eligibility conditions, only upfront payment with a ceiling
- ✓ Step has been initiated to curb import of coal since India is the 3<sup>rd</sup> largest in terms of value of coal availability in untapped mines
- ✓ Incentivized gasification scheme through rebate in revenue share
- ✓ Coal bed methane to be auctioned from CIL coal mines
- ✓ ₹50,000 crores allocated for evacuation infrastructure

### 3 DEFENCE PRODUCTION

- ✓ Make in India and Self Reliance initiatives to go hand in hand
- ✓ In consultation with Dept. of Military Affairs, import of listed set of equipment to be banned and the list to be increased every year
- ✓ Items from the list to be purchased/ manufactured in India
- ✓ Separate budget provisioning to be done for Domestic Capital Procurement
- ✓ Indigenization of imported spares
- ✓ Aimed to reduce Defence import bill
- ✓ Corporatization of Ordnance Factory Board to improve autonomy, accountability and efficiency in ordnance supplies
- ✓ To be listed in stock exchange in future
- ✓ FDI through automatic route raised from 49% to 74%
- ✓ Time bound procurement process and faster decision making – A realistic setting for GSQR of weapons/ platforms will be made by setting up of Project Management Unit (PMU)
- ✓ Overhauling of trial and testing procedures

### 5 POWER DISTRIBUTION COMPANIES IN UTs

- ✓ Power Distribution Companies in Union Territories to be privatized
- ✓ To be in-line with tariff policy reforms which are soon to be announced
- ✓ DISCOMS will ensure efficient functioning and their inefficiencies will not burden consumers
- ✓ Smart Pre-Paid meters will be setup; DBT for subsidies

### 6 SOCIAL INFRASTRUCTURE PROJECTS

- ✓ India needs to ramp up its social infrastructure projects
- ✓ Govt. to shell out ₹8,100 crores for creation of such projects which will in the form of Viability Gap Funding (VGF)
- ✓ In Govt. / States/ Statutory Bodies, 20% is given as VGF
- ✓ Increase in quantum for social infrastructure projects by 10% – to give 30% Viability Gap funding

### 7 PRIVATE SECTOR TO BE CO – TRAVELLER IN SPACE SECTOR

- ✓ ISRO is the pioneer institute taking care of Indian space missions, but many private companies/ startups are also spending time and other resources on space research
- ✓ In order to provide level playing field, assets and other ISRO facilities to be made available to private players for testing and improving their capacities
- ✓ Predictable policy and regulatory environment to be provided to private players
- ✓ For future outer space travel/ planetary travel projects, the private players can work together with Govt.
- ✓ Liberal geo – spatial data Policy for providing remote-sensing data to tech-entrepreneurs to facilitate Drought prone area development work, etc.

### 2 MINERALS

- ✓ 500 mining blocks will be offered
- ✓ A seamless composite exploration, mining and production technology to be put in place
- ✓ Joint auction of necessary tools (Bauxite & Coal for Aluminium industry)
- ✓ Difference between Captive & Non captive mines being removed
- ✓ To facilitate sale of unused surplus minerals, regulations for transfer mining lease to be put into force
- ✓ Ministry of mines is in process of developing Mineral Index for different materials
- ✓ Rationalization of stamp duty payable at time of awarding mining leases

### 4 CIVIL AVIATION

#### AIRSPACE MANAGEMENT

- ✓ Optimum utilization of Airspace required since only 60% of airspace is being utilized at present which results in more time for air travel, more fuel being used
- ✓ Restrictions on use of airspace to be eased to make civil flying more efficient
- ✓ Step to help limit import of aviation fuel
- ✓ Expected to bring about a benefit of ₹1,000 crores per year

#### PPP/ AIRPORTS

- ✓ 6 more airports are up for auction – AAI to regulate on Public/ private Basis
- ✓ Expected to fetch a down payment of ₹2,300 crores to AAI
- ✓ Additional investments likely in 12 other airports where 1<sup>st</sup> and 2<sup>nd</sup> rounds are expected to get AAI ₹13,000 crores

#### MAINTENANCE, REPAIR AND OVERHAUL (MRO) HUBS

- ✓ MRO ecosystem to be set-up in India and a corresponding tax regime being worked upon
- ✓ Aircraft component repairs and airframe maintenance to increase from ₹800 crores to ₹2000 crores in three years
- ✓ Maintenance cost of airlines to come down

### 8 ATOMIC ENERGY

- ✓ Research reactor in PPP Model for Production of Medical Isotopes (used in cancer treatment)
- ✓ Establishing facilities in PPP Mode to use irradiation technology for food preservation to assist farmers and complement agricultural reforms
- ✓ Setting up of Technology development & incubation centers to link India's robust start-up system with nuclear system

### OUR VIEW

The Government's announcements are aimed towards Self – Reliance and a push towards garnering further investments in the 8 critical sectors in addition to a willingness to utilize its own resources. Measures viz., increase in FDI in defence equipment and relaxations for entry of private players in mining, Space sector echo the sentiment. Companies in various sectors such as aviation, power distribution and atomic energy are to be privatized to enable better management of these resources.

These announcements are expected to cause a ripple effect, providing a fillip to our economy through job creation, efficient systems across sectors and benefitting the MSMEs and start – ups.

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