

STIMULUS PACKAGE

**KEY HIGHLIGHTS OF 4th TRANCHE OF
ECONOMIC STIMULUS ANNOUNCED
BY FM ON 16.05.2020**



Key Highlights of 4th Tranche of Economic Stimulus Measures Announced By The Government Of India (GoI) On 16th May 2020

The Union Finance Minister addressing the nation on 16th May 2020, announced the 4th Tranche of Relief Measures by ushering in policy reforms in Coal sector, Mineral sector, Defence sector, Civil Aviation sector, Power sector, social sector, Space sector and Energy sector.

A summary of Measures announced by the GoI are as under:

A. POLICY REFORMS TO FAST TRACK INVESTMENT

Particulars	Measures of the Govt.	Impact
Policy Reforms to fast-track Investment – Effort towards Atmanirbhar Bharat (Self Reliant India)	<ul style="list-style-type: none"> • Fast track Investment Clearance through Empowered Group of Secretaries (EGoS). • Project Development Cell in each Ministry to prepare investible projects, coordinate with investors and Central/State Governments. • Ranking of States on Investment Attractiveness to compete for new investments. • Incentive schemes for Promotion of New Champion Sectors will be launched in sectors such as Solar PV manufacturing; Advanced cell battery storage etc. 	—
Upgradation of Industrial Infrastructure	<ul style="list-style-type: none"> • Scheme will be implemented in States through Challenge mode for Industrial Cluster Upgradation of common infrastructure facilities and connectivity. 	—

	<ul style="list-style-type: none"> • Availability of Industrial Land/ Land Bank for promoting new investments and making information available on Industrial Information System (IIS) with GIS mapping. 	
--	--	--

B. POLICY REFORMS IN COAL SECTOR

<p>Introduction of Commercial Mining</p>	<p>Government will introduce competition, transparency and private sector participation in the Coal Sector through:</p> <ul style="list-style-type: none"> • Revenue sharing mechanism instead of regime of fixed Rupee/tonne – Any party can now bid for a coal block and sell in open market. Earlier only captive consumers were allowed to bid. • Entry norms to be liberalized – Nearly 50 blocks to be offered immediately – No eligibility conditions. • Exploration cum production regime for partially explored blocks – will allow private sector participation in exploration. • Production earlier than scheduled will be incentivized through rebate in revenue share. 	<p>—</p>
---	---	----------

<p>Diversified opportunities in Coal sector</p>	<ul style="list-style-type: none"> • Coal Gasification / Liquefaction will be incentivised through rebate in revenue share – this will assist India in switching to a gas based economy with significantly lower environment impact. • Infrastructure development of Rs. 50,000 crores 	<p>INR 500 billion (\$ 6.67 billion approx.)</p>
<p>Liberalized Regime</p>	<ul style="list-style-type: none"> • Coal Bed Methane (CBM) extraction rights to be auctioned from Coal India Limited's (CIL) coal mines. • Ease of doing business measures, such as Mining Plan simplification, will be taken. • Concessions in commercial terms given to CIL's consumers – reduction in reserve price in auctions for non-power consumers, credit terms eased, and lifting period enhanced. 	<p>—</p>

C. POLICY REFORMS IN MINERAL SECTOR

<p>Enhancing Private Investments</p>	<p>Structural reforms to boost growth, employment, technology upgradation through:</p> <ul style="list-style-type: none"> • Introduction of a seamless composite exploration-cum-mining-cum-production regime. 	<p>—</p>
---	---	----------

	<ul style="list-style-type: none"> • 500 mining blocks would be offered through an open and transparent auction process. • Introduce Joint Auction of Bauxite and Coal mineral blocks to enhance Aluminum Industry’s competitiveness. Will help aluminium industry reduce electricity costs. • Remove distinction between captive and non-captive mines to allow transfer of mining leases and sale of surplus unused minerals for better efficiency in mining and production. • Ministry of Mines is in the process of developing Mineral Index for different minerals. • Rationalization of stamp duty payable at the time of award of mining leases. 	
--	--	--

D. POLICY REFORMS IN DEFENCE SECTOR

<p>Self-reliance in Defence Production</p>	<ul style="list-style-type: none"> • ‘Make in India’ for Self-Reliance in Defence Production – will reduce huge defence import bill. • Corporatization of Ordnance Factory Board to improve autonomy, accountability and efficiency in ordnance supply 	<p>—</p>
---	--	----------

	<ul style="list-style-type: none"> • FDI limit in defence manufacturing under automatic route will be raised from 49% to 74%. • Time bound defence procurement process and faster decision making. 	
--	--	--

E. POLICY REFORMS IN CIVIL AVIATION SECTOR

<p>Reduction in flying cost – Efficient Airspace Management</p>	<ul style="list-style-type: none"> • Restrictions on utilisation of the Indian Air Space will be eased so that civilian flying become more efficient. • Expected benefit of about Rs 1000 crores in aviation sector. • Optimal utilization of airspace; reduction in fuel use, time. 	<p>INR 10,000 million (\$133 million approx.)</p>
<p>More World-class Airports through PPP</p>	<ul style="list-style-type: none"> • Airport Authority of India (AAI) has already awarded 3 airports out of 6 bid for operation and maintenance on PPP basis. • 6 more airports identified for 2nd round. Bid process to commence immediately. • Additional Investment by private players in 12 airports in 1st and 2nd rounds. • Another 6 airports will be put out for the third round of bidding. 	<p>—</p>

<p>Global hub for Aircraft Maintenance, Repair and Overhaul (MRO)</p>	<ul style="list-style-type: none"> • Tax regime for MRO ecosystem has been rationalized - Major engine manufacturers in the world would set up engine repair facilities in India in the coming year. • Convergence between defence sector and the civil MROs will be established to create economies of scale. • Maintenance cost for airlines will come down. 	<p>—</p>
--	---	----------

F. POLICY REFORMS IN POWER SECTOR

<p>Tariff policy reform</p>	<p>A Tariff Policy laying out the following reforms will be released:</p> <ul style="list-style-type: none"> • Consumer rights – DISCOMS inefficiencies not to burden consumers; prescribed standards of services; ensure adequate power; • Promote Industry – Progressive reduction in cross subsidies; time bound grant of open access; project developers to be selected competitively. • Sustainability of sector – No regulatory access; timely payment of Gencos; DBT for subsidy; Smart prepaid meters. 	<p>—</p>
------------------------------------	---	----------

<p>Privatization of Distribution in Union Territories (UTs)</p>	<ul style="list-style-type: none"> • Sub-optimal performance of power distribution & supply • Power Departments / Utilities in Union Territories will be privatized. • Will lead to better service to consumers and improvement in operational and financial efficiency in Distribution • Provide a model for emulation by other Utilities across the country. 	<p>—</p>
--	--	----------

G. POLICY REFORMS IN SOCIAL SECTOR

<p>Boosting private sector investment in Social Infrastructure through revamped Viability Gap Funding Scheme</p>	<ul style="list-style-type: none"> • Government will enhance the quantum of Viability Gap Funding upto 30% each of Total Project Cost as VGF by Centre and State/Statutory Bodies. • Total outlay expected is INR 8100 Crore • Projects to be proposed by Central ministries/state Govt/statutory entities. 	<p>INR 81 billion (\$1.08 billion approx.)</p>
---	--	--

H. POLICY REFORMS IN SPACE SECTOR

<p>Boosting Private Participation In Space Activities</p>	<ul style="list-style-type: none"> • Will provide level playing field for private companies in satellites, launches and space-based services. 	<p>—</p>
--	--	----------

	<ul style="list-style-type: none"> • Will provide predictable policy and regulatory environment to private players. • Private sector will be allowed to use ISRO facilities and other relevant assets to improve their capacities. • Future projects for planetary exploration, outer space travel etc to be open for private sector. • Liberal geo- spatial data policy for providing remote sensing data to tech entrepreneurs. 	
--	---	--

I. POLICY REFORMS IN ENERGY SECTOR

<p>Atomic Energy Related Reforms</p>	<ul style="list-style-type: none"> • Establish research reactor in PPP mode for production of medical isotopes. • Establish facilities in PPP mode to use irradiation technology for food preservation. • Link India’s start-up ecosystem to nuclear sector- Technology development cum incubation centres will be set-up for fostering synergy between research facilities and tech entrepreneurs. 	<p>—</p>
---	--	----------

For details, please refer the link below to Press release of Ministry of Finance dated 16th May 2020:

[Click Here](#)

DISCLAIMER:

The information contained herein is in summary form based on Press release dated 16th May 2020. While the information is believed to be accurate to the best of our knowledge, we do not make any representations or warranties, express or implied, as to the accuracy or completeness of this information. Reader should conduct and rely upon their own examination and analysis and are advised to seek their own professional advice. This note is not an offer, invitation, advice or solicitation of any kind. We accept no responsibility for any errors it may contain, whether caused by negligence or otherwise or for any loss, howsoever caused or sustained, by the person who relies upon it.

CONTACT US:

Head Office

57 H, Connaught Circus,
New Delhi – 110001, India
Phones: 011-2332 1418/2359

Branch Offices

C-9, Defence Colony,
New Delhi – 110024, India
Phones: 011-2464 5894

C-109, Defence Colony,
New Delhi – 110024, India
Phones: 011-2464 5895 / 5896

D-295, Defence Colony,
New Delhi – 110024, India
Phones: 011-2464 5891 / 5892

C-100, Defence Colony,
New Delhi – 110024, India
Phones: 011-2433 3253 / 3254

D-203, Defence Colony,
New Delhi – 110024, India
Phones: 011-2464 5897

Website: [Dewan P.N Chopra & Co](#)

Connect with us at:

