

Monthly Policy Review

February 2020

Highlights of this Issue

[Second phase of Budget Session commences and Union Budget presented \(p. 2\)](#)

The second phase of the Budget Session commenced on March 2, 2020 and will last until April 3, 2020. Further, the 2020-21 Union Budget was presented. The government proposes to spend Rs 30,42,230 crore in 2020-21.

[Gross Domestic Product grows at 4.7% in the third quarter of 2019-20 \(p. 2\)](#)

The GDP grew at 4.7% in the third quarter of 2019-20, over the corresponding period a year ago. The growth estimate for the second quarter was revised upward to 5.1%.

[The Direct Tax Vivad se Vishwas Bill, 2020 introduced in Lok Sabha \(p. 3\)](#)

The Bill provides a mechanism for resolution of pending tax disputes. Under the mechanism, the appellant is required to pay a specified amount to resolve disputes, with an additional amount payable after March 2020.

[Supreme Court rules in favour of permanent commission to women in the Army \(p. 14\)](#)

The Court directed that at the stage of opting for the grant of permanent commission, women officers shall be entitled to same choices as their male counterparts. The judgement applies to all non-combat services of the Army.

[Committee reports on Occupational Safety Code and Surrogacy Bill submitted \(p. 6, 9\)](#)

Recommendations on the Occupational Safety Code include clear indication of the powers of the state government. The report on the Surrogacy Bill suggested that any willing mother should be allowed to act as a surrogate.

[Adhoc Committee on issue of pornography and its effect on children submits report \(p. 10\)](#)

Recommendations include: (i) the term sexually explicit should be clearly defined, (ii) 'grooming' of children should be considered an offence, and (iii) awareness campaigns on cyber bullying should be initiated.

[Draft Competition \(Amendment\) Bill, 2020 released for comments \(p. 8\)](#)

Key provisions include: (i) expanding the definition of cartels to include buyer cartels, (ii) provisions for settling cases with the Competition Commission of India, and (iii) establishment of a Governing Board.

[Cabinet approves revised guidelines for central crop insurance schemes \(p. 10\)](#)

Enrolment under the schemes has been made voluntary for all farmers. Flexibility will be given to states to select additional risk covers and offer single-risk insurance with or without opting for the base cover.

[Department of Fisheries releases the draft National Fisheries Policy \(p. 11\)](#)

The Policy integrates the various policies on fisheries for its holistic development. Comprehensive management and regulation of fisheries resources in the Exclusive Economic Zone will be ensured through a national law.

[Ease of Living Index and Municipal Performance Index 2019 launched \(p. 14\)](#)

These indices will assess the quality of life of citizens in 100 Smart Cities and 14 other million plus cities. The assessment will be across various indicators such as quality of life, economic ability and sustainability.

[Draft Battery Waste Management Rules, 2020 released for public feedback \(p. 15\)](#)

The Ministry of Environment, Climate and Forest Change released the Draft Battery Waste Management Rules, 2020, under which certain responsibilities have been specified for manufacturers and dealers of batteries.

[DICGC increases insurance coverage for all depositors in insured banks \(p. 4\)](#)

The Deposit Insurance and Credit Guarantee Corporation has raised deposit insurance cover for depositors in insured banks from one lakh rupees to five lakh rupees.

March 2, 2020

Parliament

Anya Bharat Ram (anya@prsindia.org)

Second phase of Budget Session commences

The first phase of the Budget Session lasted from January 31st to February 11th (seven sitting days). The second phase of the Budget Session commenced on March 2, 2020 and will last until April 3, 2020 (24 sitting days).

The legislative agenda for the Budget Session included 14 Bills for consideration and passing and 28 Bills for introduction, consideration and passing. Of these, three Bills were introduced in Lok Sabha. These include: (i) the Aircraft (Amendment) Bill, 2020, (ii) the Direct Tax Vivad se Vishwas Bill, 2020, and (iii) the Institute of Teaching and Research in Ayurveda Bill, 2020. Further, the Constitution (Scheduled Tribes) Order (Second Amendment) Bill, 2019 was passed by both Houses.

In Lok Sabha, the demand for grants of six ministries will be discussed. These include: Ministry of Railways, Ministry of Health and Family Welfare, and Ministry of Tourism. Rajya Sabha will discuss the working of five ministries including: Ministry of Rural Development, and Ministry Law and Justice.

For details of the legislative agenda during the session, see [here](#). For an analysis of the expenditure of the top 13 ministries, see [here](#).

Union Budget 2020-21

Anya Bharat Ram (anya@prsindia.org)

Union Budget 2020-21 presented

The Finance Minister, Ms. Nirmala Sitharaman presented the 2020-21 Union Budget.¹ Key highlights from the Budget include:

- The government proposes to spend Rs 30,42,230 crore in 2020-21. This is 12.7% higher than revised estimates for 2019-20.
- Total receipts (other than net borrowings) are expected to increase by 16.3% to Rs 22,45,893 crore, owing to higher estimated revenue from disinvestments.
- The government has assumed a nominal GDP growth rate of 10% (i.e., real growth plus inflation) in 2020-21. The nominal growth estimate for 2019-20 was 12%.

- Revenue deficit is targeted at 2.7% of GDP, which is higher than the revised estimate of 2.4% in 2019-20.
- Fiscal deficit is targeted at 3.5% of GDP, lower than the revised estimate of 3.8% in 2019-20.

Table 1: Budget 2020-21 (in Rs crore)

Items	Revised 2019-20	Budgeted 2020-21	% change
Total Expenditure	26,98,552	30,42,230	12.7%
Total Receipts (without borrowings)	19,31,706	22,45,893	16.3%
Fiscal Deficit (borrowings) % of GDP	7,66,846 3.8	7,96,337 3.5	3.8%
Revenue Deficit % of GDP	4,99,544 2.4	6,09,219 2.7	22.0%

Sources: Budget at a Glance, Union Budget 2020-21; PRS.

Besides the overall financial outlay, the budget also provides details of tax proposals in the Finance Bill. In this budget, a new option of lower income tax rates has been proposed. Other proposals include changes to the payment of the dividend distribution tax, introduction of a ceiling on deductions for social security contributions, and a change in the determination of residence within the country.

For an analysis of the Union Budget 2020-21 and the expenditure of the top 13 ministries, see [here](#).

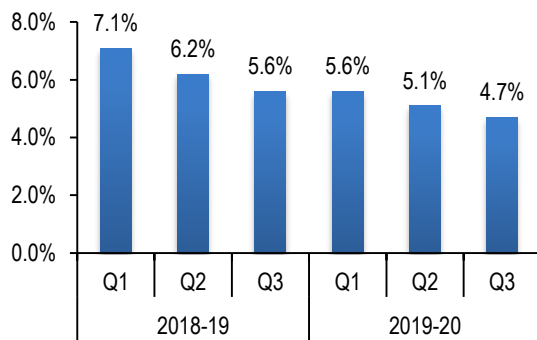
Macroeconomic Development

Gayatri Mann (gayatri@prsindia.org)

GDP grows at 4.7% in the third quarter of 2019-20

The Gross Domestic Product (GDP) (at constant prices) of the country grew at 4.7% in the third quarter (October-December) of 2019-20, over the corresponding period a year ago.² The year-on-year growth rates for the first two quarters were revised upwards: Q1 to 5.6% (from 5%), and Q2 to 5.1% (from 4.5%), mainly due to a downward revision of the base year. The quarterly trend is shown in Figure 1.

Figure 1: GDP growth (in %, year-on-year)



Sources: MOSPI; PRS.

GDP growth across economic sectors is measured in terms of Gross Value Added (GVA). The growth rate of combined GVA by all sectors decreased from 5.6% in the third quarter of 2018-19 to 4.5% in the third quarter of 2019-20. In comparison to the third quarter last year, the growth rate of GVA decreased for all sectors, except agriculture, mining, and services. It increased from 2% to 3.5% for agriculture, and from -4.4% to 3.2% for mining. The growth in services sector remained the same at 7.4%. Details on sectoral GVA growth are given in Table 2.

Table 2: Gross Value Added across sectors in Q3 of 2019-20 (% growth year-on-year)

Sector	Q3	Q2	Q3
	2018-19	2019-20	2019-20
Agriculture	2.0%	3.1%	3.5%
Mining	-4.4%	0.2%	3.2%
Manufacturing	5.2%	-0.4%	-0.2%
Electricity	9.5%	3.9%	-0.7%
Construction	6.6%	2.9%	0.3%
Services	7.4%	7.3%	7.4%
GVA	5.6%	4.8%	4.5%
GDP	5.6%	5.1%	4.7%

Note: GVA is GDP without taxes and subsidies, at basic prices (2011-12 base year).

Sources: MOSPI; PRS.

The government also released the second advance estimates of the GDP growth in 2019-20. The GDP (at constant prices) is estimated to grow at 5% in 2019-20. This is estimated to be lower than the 6.1% growth rate estimated for 2018-19.

Repo and reverse repo rate unchanged at 5.15% and 4.90% respectively

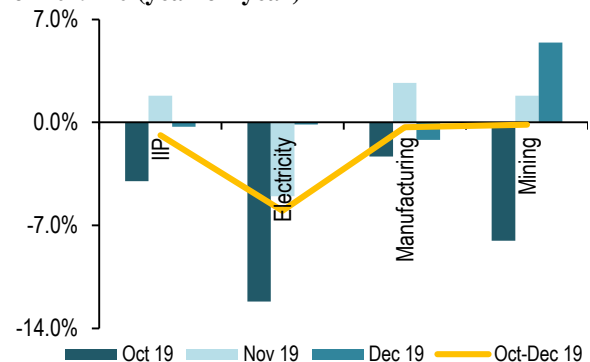
The Monetary Policy Committee (MPC) released its sixth Bi-Monthly Monetary Policy Statement of 2019-20.³ The policy repo rate (the rate at which the Reserve Bank of India (RBI) lends money to banks) remains unchanged at 5.15%. Other decisions of the MPC include:

- The reverse repo rate (the rate at which RBI borrows money from banks) remains unchanged at 4.9%.
- The marginal standing facility rate (the rate at which banks can borrow additional money) and the bank rate (the rate at which the RBI buys bills of exchange) remain unchanged at 5.4%.
- The MPC decided to continue with an accommodative stance of monetary policy.

Industrial production declined by 0.9% in the third quarter of 2019-20

The Index of Industrial Production (IIP) declined by 0.9% in the third quarter (Oct-Dec) of 2019-20, as compared to the same period in 2018-19.⁴ The electricity sector declined by 6%, whereas the manufacturing and mining sectors declined by 0.3% and 0.2%, respectively. Figure 2 shows the year-on-year growth in industrial production, overall and across sectors, for the third quarter of 2019-20.

Figure 2: Growth in IIP in the third quarter of 2019-20 (year-on-year)



Sources: MOSPI; PRS.

Finance

The Direct Tax Vivad se Vishwas Bill, 2020 introduced in Lok Sabha

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The Direct Tax Vivad se Vishwas Bill, 2020 was introduced in Lok Sabha.⁵ The Bill provides a mechanism for resolution of pending tax disputes related to income tax and corporation tax. Key features of the Bill include:

- **Appellant:** The Bill defines an appellant as the income tax authority, or the person, or both, whose appeal is pending before any appellate forum (the Supreme Court, the High Courts, the Income Tax Appellate

Tribunals, or the Commissioner (Appeals) as on January 31, 2020.

- **Resolution mechanism:** The Bill proposes a mechanism under which an appellant can file a declaration to the designated authority to initiate resolution of pending direct tax disputes. The last date to file the declaration will be notified by the central government. Based on the declaration, the designated authority will determine the amount payable by the appellant against the dispute and grant a certificate, containing particulars of the amount payable, within 15 days. The appellant must pay this amount within 15 days and inform the designated authority. The amount paid will not be refundable.
- **Amount payable for resolution:** The amount payable by the appellant for resolution of disputes is determined based on whether the dispute relates to payment of tax, or payment of interest, penalty, or fee. An additional amount is required to be paid if such payment is made after March 31, 2020. Table 3 shows the amount payable by the appellant for dispute resolution.

Table 3: Payment for dispute resolution

Disputes relating to	Payable before March 31, 2020	Additional amount payable after March 31, 2020
Payment of tax	Amount of disputed tax (any interest or penalty associated with such tax will be waived)	(i) 10% of the amount of disputed tax, or (ii) interest and penalty relating to that tax, whichever is lower
Payment of fee, interest, or penalty	25% of the amount under such dispute	Another 5% of the amount under such dispute

- Once the designated authority issues the certificate, appeals pending before the Income Tax Appellate Tribunals and the Commissioner (Appeals) will be deemed to be withdrawn. In case of appeals or petitions pending before the Supreme Court and High Courts, the appellant is required to withdraw the appeal or petition.

For a PRS Bill summary, see [here](#).

15th Finance Commission constitutes Groups on defence and internal security, and agriculture exports

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The 15th Finance Commission (Chair: Mr. N. K. Singh) has constituted two Groups on defence and internal security, and agriculture exports in pursuance of its terms of reference.^{6,7}

Group on Defence and Internal Security: This Group will examine if a separate funding mechanism for defence and internal security should be set up, and if so, the manner of operationalising it. It consists of: (i) Mr. N. K. Singh, as the Chairman of the Group, (ii) Mr. A. N. Jha, Member, 15th Finance Commission, (iii) Secretary, Ministry of Home Affairs, (iv) Secretary, Ministry of Defence, and (v) Secretary (Expenditure), Ministry of Finance.

Expert Group on Agriculture Exports: This Group will suggest performance-based incentives for states for the period 2021-22 to 2025-26, with the aim of increasing agriculture exports and promoting crops that can enable high import substitution. Other terms of reference are: (i) assessing export and import substitution opportunities for Indian agricultural products and suggesting appropriate measures, (ii) recommending measures for higher farm productivity, value addition, and waste reduction, and strengthening logistics infrastructure, and (iii) identifying impediments for private investment along the value chain and suggesting appropriate policies and reforms. The Expert Group is required to submit its recommendations within three months.

DICGC increases insurance coverage for all depositors in insured banks

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The Deposit Insurance and Credit Guarantee Corporation (DICGC) has raised the limit of deposit insurance cover for depositors in insured banks (any commercial or cooperative bank) from one lakh rupees to five lakh rupees.⁸ Deposit insurance is the insurance cover a bank depositor can claim in the event of liquidation or cancellation of a bank’s license.⁹

Cabinet approves capital infusion for three public sector insurance companies

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The Union Cabinet has approved capital infusion of Rs 2,500 crore for three public sector general insurance companies: (i) Oriental Insurance Company Limited, (ii) National Insurance Company Limited, and (iii) United India Insurance Company Limited.¹⁰

This was done in light of the critical financial position and breach of regulatory solvency requirements by these companies. Note that the Insurance Regulatory and Development Authority prescribes a minimum solvency ratio of 150%.¹¹ The solvency ratio is the excess of assets over liabilities for an insurance provider.¹²

RBI releases draft framework for authorisation of new umbrella entity for retail payment systems

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The Reserve Bank of India (RBI) has released the draft framework for authorisation of a pan-India New Umbrella Entity for retail payment systems.¹³ This body will be authorised to operate payment systems, under the Payments and Settlements Act, 2007.

The body will be responsible for: (i) setting up, managing and operating new payment systems in the retail space, (ii) identifying and managing risks such as settlement, credit, liquidity and operational risks, (iii) monitoring domestic and international developments related to retail payment systems, and (iv) enhancing awareness about payment systems.

The body will be setup with a minimum paid-up capital of Rs 500 crore. Any entity holding more than 25% of the paid-up capital will be considered as a promoter. No single promoter shall have more than 40% investment in the paid-up capital.

RBI makes external benchmarking mandatory for floating rate loans to medium enterprises

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The Reserve Bank of India (RBI) has made it mandatory for banks to link all new floating rate loans to medium enterprises to an external benchmark from April 1, 2020.¹⁴ Floating rate loans are loans with variable interest rates. Currently, the banks' lending rates are based on internal benchmarks such as either the base rate or the marginal cost of funds based lending rate. A Study Group of RBI (2017) had observed that internal benchmarks such as the base rate and marginal cost of funds-based lending rate have not delivered effective transmission of monetary policy.¹⁵ It recommended switching to an external benchmark in a timely manner.

In September 2019, RBI had mandated banks to link all new floating rate loans to micro and small enterprises (MSEs) to an external benchmark.¹⁶ Note that MSEs are enterprises where the investment in plant and machinery is up to five crore rupees, whereas a medium enterprise is an enterprise where the investment is between five to ten crore rupees.¹⁷

For external benchmarking, the banks can choose from the following rates: (i) RBI repo rate (rate at which RBI lends to commercial banks), (ii) three-month treasury bill yield published by the

Financial Benchmarks India Private Limited (FBIL), (iii) six-month treasury bill yield published by FBIL, or (iv) any other benchmark market interest rate published by the FBIL. Banks are not allowed to lend below the benchmark rate.

Transport

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Aircraft (Amendment) Bill, 2020 introduced in Lok Sabha

The Aircraft (Amendment) Bill, 2020 was introduced in Lok Sabha.¹⁸ It seeks to amend the Aircraft Act, 1934. The Act regulates the manufacture, possession, use, operation, sale, import and export of civil aircrafts, and licensing of aerodromes. Key provisions of the Bill include:

- **Authorities:** The Bill converts three existing bodies under the Ministry of Civil Aviation into statutory bodies under the Act. These are: (i) the Directorate General of Civil Aviation (DGCA), (ii) the Bureau of Civil Aviation Security (BCAS), and (iii) the Aircraft Accidents Investigation Bureau (AAIB). Each of these bodies will be headed by a Director General who will be appointed by the centre.
- The DGCA will carry out safety oversight and regulatory functions with respect to matters under the Bill. The BCAS will carry out regulatory oversight functions related to civil aviation security. The AAIB will carry out investigations related to aircraft accidents and incidents. The central government may issue directions to these authorities on matters related to their functions, if necessary in public interest.
- **Offences and penalties:** Under the Act, the penalty for various offences is imprisonment of up to two years, or a fine of up to Rs 10 lakh, or both. These offences include: (i) carrying arms, explosives, or other dangerous goods aboard an aircraft, (ii) constructing building or structures within the specified radius around an aerodrome reference point, and (iii) contravening rules notified under the Act. The Bill raises the maximum limit of fines for these offences from Rs 10 lakh to one crore rupees.
- The Bill allows for the compounding of certain offences under the Act or rules under the Act. These include: (i) flying to cause danger to any person or property and (ii) the

contravention of any directions issued by the Director General of any of the three bodies. Offences may be compounded by the Director Generals as prescribed by the centre. Compounding of offences is not allowed in case of repeat offences.

For a PRS summary of the Bill, see [here](#).

Health

Select Committee on the Surrogacy (Regulation) Bill, 2019 submits report

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The Select Committee on the Surrogacy (Regulation) Bill, 2019 (Chair: Mr. Bhupender Yadav) submitted its report.¹⁹ Surrogacy is the practice where one woman carries the child for another with the intention of handing over the child after birth. Key observations of the Committee are:

- **Commercial vs. altruistic surrogacy:** The Bill prohibits commercial surrogacy and allows altruistic surrogacy. Altruistic surrogacy involves no compensation to the surrogate mother other than the medical and insurance expenses related to the pregnancy. The Committee recommended a surrogacy model based on compensation rather than altruistic surrogacy.
- The compensation must take care of the losses suffered by the surrogate mother in terms of health and wages. The Committee observed that surrogacy has been considered as an economic opportunity by the women from economically weak backgrounds. By banning commercial surrogacy, the Bill ignores the fact that altruistic surrogacy is also exploitative.
- In this regard, the Committee recommended that surrogacy could be classified on the basis of the specific intention with which a woman agrees to be a surrogate mother. The intention could be to either: (i) render a paid service and make money, or (ii) do it for altruistic reasons.
- **Implications of the surrogate being a ‘close relative’:** Under the Bill, the surrogate can only be a ‘close relative’ of the intending couple. The Committee noted that the criteria of being a ‘close relative’ potentially restricts the availability of surrogate mothers and may affect persons in genuine need. Hence, it recommended deleting the definition of ‘close relative’ and allowing any willing woman to act as a surrogate mother.

- **Five year waiting period:** Under the Bill, the intending couple can undertake a surrogacy arrangement following the inability to conceive after five years of unprotected coitus or other medical conditions preventing conception. The Committee observed that the requirement of a five year waiting period is too long particularly in conditions like absent uterus, removal of uterus due to cancer, and medical conditions where normal pregnancy is ruled out.
- The Committee recommended removing the definition of infertility from the Bill and the five year waiting period. It recommended that any couple who have a medical condition (could be either or both members of the couple) which necessitates gestational surrogacy, should be allowed to undertake surrogacy. Gestational surrogacy is a practice where a surrogate mother carries a child for the intending couple through implantation of embryo in her womb and the child is not genetically related to the surrogate mother.

For a PRS report summary, see [here](#). For an analysis of the Bill, see [here](#).

Cabinet approves Assisted Reproductive Technology Regulation Bill, 2020

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The Union Cabinet approved the introduction of the Assisted Reproductive Technology Regulation Bill, 2020.²⁰ The Bill seeks to regulate assisted reproductive technology services in the country. Assistive reproductive technology (ART) means all techniques that attempt to obtain a pregnancy by handling the sperm (the oocyte) outside the human body and transferring the gamete (the embryo) into the reproductive tract of a woman. This includes in-vitro fertilisation, intrauterine insemination, and gestational surrogacy.

Note that, a copy of the Bill is not available in the public domain. As per the press release, the Bill sets up a National Board to regulate ART services by: (i) laying down a code of conduct to be observed by persons working at clinics, and (ii) setting the minimum standards of physical infrastructure, laboratory and diagnostic equipment, and expert manpower to be employed by clinics and banks.

Further, the Bill provides for a National Registry and Registration Authority to maintain a central database of all ART Banks and clinics. The Bill also proposes a stringent punishment for those practising sex selection, sale of human embryos

or gametes, and running organisations for such unlawful practices.

Draft Drugs and Magic Remedies (Objectionable Advertisements) Amendment Bill, 2020 released

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The Ministry of Health and Family Welfare released the draft Drugs and Magic Remedies (Objectionable Advertisements) (Amendment) Bill, 2020.²¹ The Bill amends the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 which controls the advertisement of certain drugs in India. Key amendments proposed include:

- **Prohibition on advertisement of certain drugs:** The Act prohibits advertisements of drugs and remedies that claim to have magical properties, and makes doing so an offence. As per the Act, advertisement is prohibited for drugs for 54 diseases, disorders and conditions.
- The draft Bill adds 24 more diseases and disorders to this schedule. These include: (i) drugs or treatment for enhancing sexual performance, (ii) fairness of skin, (iii) premature ageing, and (iv) improvement in height of kids and adults.
- **Penalties:** Under the Act, the first conviction is punishable with imprisonment of up to six months, and a fine. A subsequent conviction may result in imprisonment of up to a year, and a fine.
- The draft Bill proposes to increase the penalties. For the first conviction, the punishment will be imprisonment of up to two years and a fine up to Rs 10 lakh. For any subsequent conviction, the imprisonment may extend to five years with a fine of up to Rs 50 lakh.

Comments on the draft Bill have been invited within 45 days from February 3, 2020.

Ministry notifies medical equipment used on humans or animals as ‘drugs’

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The Ministry of Health and Family Welfare recently notified all medical equipment intended for use on human beings or animals as ‘drugs’ under the Drugs and Cosmetics Act, 1940.²² This will come effect from April 1, 2020.

As per the notification, all devices including all instruments, apparatus, appliances and implants, used alone or in combination for several

purposes will be covered. These purposes include: (i) diagnosis, prevention, monitoring, or treatment of any disease, (ii) investigation, replacement, or modification of the anatomy, and (iii) supporting or sustaining life will.

In addition, the Ministry notified the Medical Devices (Amendment) Rules 2020 which provide for mandatory registration of medical devices.²³ The notification also provides timelines by when all medical devices of varying risks should be registered.

AYUSH

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Institute of Teaching and Research in Ayurveda Bill, 2020 introduced

The Institute of Teaching and Research in Ayurveda Bill, 2020 was introduced in Lok Sabha.²⁴ The Bill seeks to merge three Ayurveda institutes into one institution by the name of Institute of Teaching and Research in Ayurveda. The Bill declares the Institute to be an institution of National Importance.

- **Merger:** The existing institutes which will be merged into the Institute are: (i) the Institute of Post Graduate Teaching and Research in Ayurveda, Jamnagar, (ii) Shree Gulabkunverba Ayurved Mahavidyalaya, Jamnagar, and, (iii) the Indian Institute of Ayurvedic Pharmaceutical Sciences, Jamnagar. The proposed Institute will be situated in the campus of Gujarat Ayurved University, Jamnagar.
- **Objective of Institute:** The Bill states that the object of the Institute will be to: (i) develop patterns of teaching in medical education in Ayurveda and pharmacy, (ii) bring together educational facilities for training of personnel in all branches of Ayurveda, (iii) attain self-sufficiency in postgraduate education to meet the need for specialists and medical teachers in Ayurveda, and (iv) make an in-depth study and research in the field of Ayurveda.
- **Composition of Institute:** The Bill provides that the Institute will consist of 15 members. These include: (i) the Minister of AYUSH, (ii) Secretary and technical head of Ayurveda, Ministry of AYUSH, (iii) Secretary, department of health, government of Gujarat, (iv) the Director of the Institute, (v) Director-General, Central Council for Research in Ayurveda, (vi) three experts in Ayurveda with expertise in education,

industry and research, and (vii) three Members of Parliament. The Director of the Institute of Post Graduate Teaching and Research in Ayurveda, Jamnagar will be appointed as the first Director of the Institute. Further, the Bill states that there will be a Governing Body of the Institute, which will exercise powers and such functions of the Institute, as specified.

- **Functions of Institute:** The functions of the Institute will include: (i) provide for undergraduate and postgraduate teaching in Ayurveda (including pharmacy), (ii) prescribe courses and curricula for both undergraduate and postgraduate studies in Ayurveda, (iii) provide facilities for research in the various branches of Ayurveda, (iv) hold examinations and grant degrees, diplomas and other distinctions and titles in education in Ayurveda and pharmacy, and (v) maintain well-equipped colleges and hospitals for Ayurveda supporting staffs such as nurses.

For a PRS Bill summary, see [here](#).

Education

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Cabinet approves the Indian Institutes of Information Technology Laws (Amendment) Bill, 2020

The Union Cabinet approved the introduction of the Indian Institutes of Information Technology Laws (Amendment) Bill, 2020.²⁵ The Bill seeks to amend the Indian Institutes of Information Technology Act, 2014, and the Indian Institutes of Information Technology (Public-Private Partnership) Act, 2017.

The Bill declares five Indian Institutes of Information Technology (IIITs) set up under Public Private Partnership mode in Surat, Bhopal, Bhagalpur, Agartala, and Raichur as Institutions of National Importance. Currently, these institutes are registered as Societies under the Societies Registration Act, 1860 and do not have the power to grant degrees or diplomas. On being declared Institutions of National Importance, the five institutes will be granted the power to grant degrees such as Bachelor of Technology, Master of Technology, and Ph.D.

Corporate Affairs

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Draft Competition (Amendment) Bill, 2020 released for comments

The Ministry of Corporate Affairs released the draft Competition (Amendment) Bill, 2020 for public feedback.²⁶ In July 2019, a Competition Law Review Committee (Chair: Mr. Injeti Srinivas) submitted its report recommending amendments to the Competition Act, 2002. The Draft Bill proposes several amendments to the Act based on the recommendations of the Committee. Key features of the Draft Bill include:

- **Definition of cartel:** Currently, the Act defines cartels to include an association of producers, sellers, or service providers who limit or control the production, distribution or price of goods and services. The Draft Bill amends the definition of cartels to include buyer cartels.
- **Governing body:** The Draft Bill provides for the establishment of a Governing Board. It will consist of 13 members including: (i) a Chairperson, (ii) six whole time members, (iii) two government representatives (from the Ministries of Finance and Corporate Affairs) as ex-officio members, and (iv) four part-time members. The functions of the Governing Board will include: (i) making regulations on matters relating to competition and administration of the Competition Commission of India (CCI), and (ii) entering into, amending, or cancelling contracts and memoranda on behalf of the CCI with any statutory authority or government department.
- **Settlements and commitments:** Parties under investigation for abuse of dominance or for entering into certain anti-competitive agreements (e.g., exclusive supply or distribution agreements) may submit an application to the CCI to: (i) settle the case, or (ii) offer commitments. Such an application will have to be made after the Director General (appointed for inquiries under the Act) has submitted the investigation report to the CCI and before the CCI has passed the final order. The order of the CCI accepting or rejecting the commitment or settlement application cannot be appealed.
- **Deal value thresholds:** Under the Act, acquisitions, mergers or amalgamations of enterprises are considered to be a

combination if they meet certain thresholds of turnover or value of assets. A notice is required to be filed for such proposed combinations. The Draft Bill provides that the central government can specify criteria (other than those based on turnover or value of assets) to trigger a combination filing.

Comments on the Draft Bill are invited till March 6, 2020.

Consultation paper on audit independence and accountability released

The Ministry of Corporate Affairs released a consultation paper to recommend amendments to existing laws in order to enhance audit independence and accountability.²⁷ Comments on the paper are invited till March 15, 2020.

The paper identified five threats to auditor's independence. These are: (i) self-interest threat due to the auditor's reliance on the fee from the client, (ii) self-review threat if the auditor is auditing his own work, (iii) advocacy threat if they promote the client, (iv) familiarity threat if the auditor had a long or close relationship with a client or employer, and (v) intimidation threat if the auditor's objectivity is hampered due to intimidation by the client. In this context, the consultation paper raised the following questions:

- How to address the economic concentration caused by an oligopoly of the "Big 4" audit firms in India;
- Whether the number of audits under one audit firm/auditor should be reduced, and whether the number of partners under one audit firm should be reduced or fixed;
- Whether audit firms should be prohibited from providing non-audit services to clients;
- Whether joint audit should be mandatory for bigger companies, and if so, what should be threshold for these companies;
- The Ministry also proposed a 'Composite Audit Quality Index' to improve accountability of auditors and audit firms. Suggestions were invited on what qualitative and quantitative parameters should be included in such an index, how they should be measured, and which companies should this be mandated for.

Labour and Employment

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Standing Committee submits report on Occupational Safety, Health and Working Conditions Code, 2019

The Standing Committee on Labour submitted its report on the Occupational Safety, Health and Working Conditions Code, 2019.²⁸ The Code subsumes and replaces 13 existing labour laws relating to health, safety and working conditions.

- **Definitions:** The Committee recommended that terms, such as wage, workplace, supervisor, and manager should be clearly defined in the Code.
- **Employee and worker:** The Code defines worker as any person employed in an industry to do manual, or supervisory work, among others. It does not include persons employed as police, or supervisors earning more than Rs 15,000 per month, among others. Employee is defined as a person employed on wages by an establishment. It does not include apprentices and persons from the Armed Forces.
- The Committee observed that there was a lack of clarity as to which sections of the Code would apply to employees versus workers. For example, sections on working conditions apply to employees whereas, the section on welfare measures applies to workers. It suggested that welfare measures should apply to employees and workers.
- **Powers of state governments:** Under the Code, the central government will be the appropriate government on matters related to establishments of the central government, major ports, and mines, among others. In all other cases, including factories and plantations, the state government will be the appropriate government. The Committee observed that it was unclear when appropriate government refers to state governments. It recommended clear demarcation of responsibilities between state and central governments, while maintaining that working conditions are a state responsibility.
- **Work hours:** Under the Code, maximum work hours will be notified by the appropriate government. The Committee recommended that the Code should provide for a maximum of eight hours of work per day.
- **Coverage:** The Code covers all establishments with ten or more workers, and all mines and docks. The Committee observed that the safety of unorganised sector workers is

not protected under this Code. It recommended that the Code should include a mechanism to notify provisions for unorganised sector workers.

- **Hazardous processes and substances:** The Committee recommended that the list of hazardous processes should be increased in line with developed countries.

For a PRS report summary, see [here](#).

Social Justice and Empowerment

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Adhoc Committee on the issue of pornography on social media and its effect on children submits report

The Adhoc Committee of the Rajya Sabha (Chair: Mr. Jairam Ramesh) constituted to study the issue of pornography on social media and its effect on children and society, submitted its report.²⁹ Key recommendations of the Committee include:

- **Definitions:** The Protection of Children from Sexual Offences Act, 2012 defines child pornography as any visual depiction (such as photographs or videos) of sexually explicit conduct involving a child. The Committee recommended that the definition of child pornography should be expanded to also include written material and audio recordings. Further, it recommended that ‘sexually explicit’ should be defined in the Act.
- Grooming is the process of building a relationship with a child to facilitate sexual contact with the minor. The Committee recommended that grooming should be defined and considered a form of sexual harassment in the Protection of Children from Sexual Offences Act, 2012.
- **Exceptions for possessing child pornography:** The Committee recommended that minors should not be prosecuted for possessing or exchanging indecent pictures of themselves under certain conditions. Further, it recommended exceptions for possession of child pornography in the case of: (i) reporting it to authorities, and (ii) investigation.
- **Responsibilities of intermediaries:** The Committee recommended that responsibilities of intermediaries (such as internet service providers and search engines) should be clearly outlined. These responsibilities

include: (i) reporting and removing child sexual abuse material, and (ii) reporting identities of persons accessing child porn.

- **Social Media:** The Committee recommended measures that social media sites may take to protect minors. These include: (i) age restrictions, and (ii) banning of users posting content related to child exploitation.
- **Awareness:** The Committee recommended that awareness campaigns should be initiated by the centre on issues such as: (i) early signs of child abuse, and (iii) cyber bullying.
- **Authorities:** The Committee recommended that the National Commission on Protection of Child Rights should deal with issues related to child pornography. Further, State Commissions on Protection of Child Rights should be constituted in each state.

For a PRS report summary, see [here](#).

Law and Justice

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Cabinet approves constitution of the 22nd Law Commission for three years

The Union Cabinet approved the constitution of the 22nd Law Commission of India for a period of three years.³⁰ It will consist of: (i) Chairperson, (ii) four members, (iii) Secretaries of the Legislative Department and the Department of Legal Affairs, as ex-officio members, and (iv) up to five part-time members.

The Commission’s responsibilities will include: (i) identifying laws which are no longer relevant, (ii) recommending laws which are necessary to implement the Directive Principles of State Policy, (iii) giving its views on subjects referred to it by the government, and (iv) revising central laws of general importance to simplify them.

Agriculture

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Cabinet approves revised guidelines for central crop insurance schemes

The Union Cabinet approved revised guidelines for central crop insurance schemes, namely the Pradhan Mantri Fasal Bima Yojana (PMFBY) and the Restructured Weather Based Crop Insurance Scheme, with the aim of addressing the existing implementation challenges.³¹ The

crop insurance schemes provide insurance coverage to farmers for crop failure due to various risks such as calamities, adverse weather conditions, pest attacks, and other yield and post-harvest losses. Following are the key changes proposed under the revised guidelines:

- **Voluntary enrolment:** Both the schemes have been made voluntary for all farmers. Earlier, they were mandatory for farmers who have taken crop loans (loanee farmers).
- **Flexibility to select insurance cover:** States have been given the flexibility to select additional risk covers, such as mid-season adversity, prevented sowing, post-harvest losses, and localised calamity, under both the schemes. In case of PMFBY, states can also offer specific single-risk insurance covers with or without opting for the base cover. Earlier, PMFBY did not allow states to add any risk other than the ones specified.
- **Limit on centre's premium subsidy:** Under the schemes, farmers are required to pay insurance premium, which is a certain percentage of the sum insured (2% for Kharif crops, 1.5% for Rabi crops, and 5% for commercial and horticultural crops). Rest of the premium amount is equally paid by the central and state government in the form of premium subsidy, with no limit applicable. Under the revised guidelines, the premium subsidy payable by the central government will not be higher than: (i) 25% of the sum insured for irrigated areas, and (ii) 30% of the sum insured for unirrigated areas. For this purpose, districts with more than 50% area under irrigation will be considered as irrigated districts or areas.
- **Increase in centre's share for the north-eastern states:** Under the two schemes, premium subsidy is equally shared by the central and state government. For north-eastern states, the central government will provide 90% of the subsidy, with remaining 10% coming from the state government.
- **Delay by states:** States will not be allowed to implement the schemes in subsequent seasons in case they considerably delay the release of premium subsidy to insurance companies beyond a prescribed time limit.

The revised guidelines will be effective from the Kharif season 2020-21.

Cabinet approves a central scheme for formation and promotion of FPOs

The Union Cabinet approved the central scheme 'Formation and Promotion of Farmer Producer

Organizations (FPOs)', which aims to form and promote 10,000 new FPOs by 2023-24.³² FPOs are groups of farmers set up with the aim of using economies of scale to get better access to inputs, credit, technology, and marketing, and thus, have a better income realisation.

The minimum number of farmers required to form an FPO will be 300 in plain areas and 100 in north-eastern and hilly areas. This may be revised with the approval of the Union Agriculture Minister. Priority will be given to formation of FPOs in the aspirational districts, with at least one FPO in each block of these districts. FPOs will be promoted under the concept 'One District One Product' to promote better processing, marketing, branding, export, and specialisation.

Under the scheme, each FPO will be provided support for a period of five years from its year of inception. An amount of Rs 6,865 crore has been approved for the scheme. Equity grants will be provided to FPOs to strengthen their equity base. Further, credit guarantee funds of up to Rs 1,500 crore will be set up for providing a suitable guarantee cover for loans granted by financial institutions to FPOs.

Tree implementing agencies will form and promote FPOs, namely Small Farmers Agri-Business Consortium (SFAC), National Cooperative Development Corporation (NCDC), and NABARD. States can also nominate the implementing agency for their state in consultation with the Department of Agriculture, Cooperation and Farmers Welfare.

Draft National Fisheries Policy released

The Department of Fisheries released the draft National Fisheries Policy.^{33,34} The policy aims to integrate the various policies relating to different aspects of fisheries (such as inland fisheries, marine plants and animals, processing, and marketing) for its comprehensive development. Key features of the draft policy include:

- **Objectives:** The objectives include: (i) enhancing fish production and productivity in a responsible and sustainable manner, (ii) providing a robust regulatory framework for effective fisheries resource management, (iii) modernising and diversifying fishing practices in oceans and seas through use of science and technology, (iv) strengthening and modernising the value chain, and (v) generating gainful employment and entrepreneurship opportunities leading to higher income of fishers and fish farmers and improvement of their living standards.

- **Legal framework:** Fisheries governance will be improved to facilitate coordination among states, national agencies, and other stakeholders. Comprehensive management and regulation of fisheries resources in the Exclusive Economic Zone (EEZ) will be ensured through a national law. EEZ is the area of sea outside territorial water to which India has the exclusive rights for economic activities, and extends to 200 nautical miles from the coast of India. The central government will empower coastal state governments by delegating the powers to grant marine fishing licences for the EEZ and high seas (the area beyond EEZ).
- **Sustainability:** The central government will encourage and empower traditional and small fisher and fisher groups to undertake resource specific deep-sea fishing to harness untapped high-value resources sustainably. The expertise of scientific institutions and fishers will be utilized to optimise fishing efforts and implement measures to check resource depletion and ensure sustainability. Comprehensive fisheries management plans will be made to conserve and sustainably manage natural fisheries resources.
- **Inter-sector coordination:** The central and state governments will take up with nodal departments such as water, irrigation, and rural development to ensure that Department of Fisheries is fittingly represented in all the committees entrusted with the management and usages of water resources. The fisheries sector requires greater attention of the government in the form of incentives such as the ones given to the agriculture sector. The scope of land use categories at state level needs to be increased to specifically include fisheries and aquaculture as integral components of agriculture.

Cabinet approves a revised limit for interest subsidy under the DIDF scheme

The Union Cabinet approved an increase in the maximum limit on interest subsidy provided under the scheme Dairy Processing and Infrastructure Development Fund (DIDF).³⁵ The Fund has been set up to provide subsidised credit to the dairy sector (including milk cooperatives and unions, and milk producer companies) for improving their milk procurement system. The credit given can be used to make investments for setting up the infrastructure and equipment required for testing, storing, processing, and manufacturing milk and milk-based value-added products. Under the scheme, NABARD raises funds from the market and provides credit at an

interest rate of 6%. The government provides interest subsidy to NABARD on such credit, which is equivalent to the difference between the 6% rate and the interest rate at which NABARD borrows from the market. This interest subsidy is subject to a maximum limit of 2%, and the rest of the borrowing cost is borne by beneficiaries. The Cabinet has increased this maximum limit on interest subsidy from 2% to 2.5%. The funds approved for providing interest subsidy has been increased from Rs 864 crore to Rs 1,167 crore. Further, credit under the scheme was proposed to be given till 2019-20, which has now been extended till 2022-23.

Second advance estimates of production of crops released for the year 2019-20

The Ministry of Agriculture and Farmers' Welfare released the second advance estimates of production of foodgrains and commercial crops for the year 2019-20.³⁶ Table 4 gives a comparison of the second advance estimates for 2019-20 with the production in the year 2018-19. Following are some of the highlights:

- Foodgrain production in the year 2019-20 is estimated to increase by 2.4% as compared to 2018-19. The increase is largely due to a 2.2% growth in the production of cereals. Rice and wheat production are estimated to increase by 0.8% and 2.5%, respectively.
- In 2019-20, the production of coarse cereals is estimated to increase by 5.1%, and that of pulses is estimated to increase by 4.3%.
- The production of oilseeds is estimated to increase by 8.5% in 2019-20. While soyabean production is estimated to increase by 2.7%, groundnut production is estimated to see a much higher increase of 22.6%.
- The production of cotton is estimated to increase by 24.4% in 2019-20. Sugarcane production is estimated to decrease by 12.7% to 354 million tonnes in 2019-20.

Table 4: Second advance estimates of crop production in 2019-20 (million tonnes)

Crop	Final 2018-19	2nd advance estimates 2019-20	% change over 2018-19
Foodgrains (A+B)	285.2	292.0	2.4%
A. Cereals	263.1	268.9	2.2%
Rice	116.5	117.5	0.8%
Wheat	103.6	106.2	2.5%
Coarse Cereals	43.1	45.2	5.1%
B. Pulses	22.1	23.0	4.3%
Gram	9.9	11.2	12.9%
Tur	3.3	3.7	11.1%
Oilseeds	31.5	34.2	8.5%
Soyabean	13.3	13.6	2.7%
Groundnut	6.7	8.2	22.6%
Cotton*	28.0	34.9	24.4%
Sugarcane	405.4	353.8	-12.7%

*million bales of 170 kg each.

Sources: Directorate of Economics and Statistics, Ministry of Agriculture and Farmers' Welfare; PRS.

Jal Shakti

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Cabinet approves Swachh Bharat Mission (Grameen) Phase-II

The Union Cabinet approved the Phase II of the Swachh Bharat Mission (Grameen) [SBM (G)].³⁷ The programme will focus on Open Defecation Free (ODF) Plus, which includes ODF sustainability and solid and liquid waste management. It will be implemented by states as per the operational guidelines issued to them by the central government.

Phase-II will be implemented from 2020-21 to 2024-25 with an outlay of Rs 1,40,881 crore. Of this, Rs 52,497 crore will be allocated from the budget of the Department of Drinking Water and Sanitation. The remaining amount will be generated from funds under MGNREGS and other revenue generation models for solid and liquid waste management.

Under the program, incentive of Rs 12,000 for construction of individual household toilet to eligible households will continue. Financial assistance to gram panchayats for construction of community managed sanitary complex at village level will be increased from two lakh rupees to three lakh rupees, per complex.

The solid and liquid waste management component of ODF Plus will be monitored on the basis of output-outcome indicators for four key areas, which are: (i) plastic waste management, (ii) bio-degradable solid waste management (including animal waste management), (iii) greywater management, and (iv) fecal sludge management.

Textiles

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Cabinet approves creation of National Technical Textiles Mission

The Cabinet Committee on Economic Affairs, approved the National Technical Textiles Mission.³⁸ Technical textiles are textiles manufactured for technical performance and functional properties rather than aesthetic characteristics. They have applications in areas such as railway tracks and bullet proof jackets.

The Mission will be implemented over a period of four years, from 2020-21 to 2023-24 with a total outlay of Rs 1480 crore. Key components of the Mission include:

- **Research:** The Mission will promote research into the development of: (i) fibres such as, carbon fibre and nylon fibre, and (ii) textiles such as, geo-textiles and biodegradable textiles. This component will have an outlay of Rs 1,000 crore.
- **Promotion and market development:** Indian technical textiles consist of approximately 6% (USD 16 billion) of the USD 250 billion global technical textiles market. The Mission aims to increase the domestic market size to USD 40-50 billion by 2024 through market development and investment promotion.
- **Export:** The current annual value of exports of technical textiles is approximately Rs 14,000 crore. The Mission aims to increase the annual value of exports to Rs 20,000 crore by 2021-22, and ensure a 10% average growth in exports per year up to 2023-24. Further, an Export Promotion Council for technical textiles will be set up for effective coordination and promotion activities relating to exports.
- **Education:** The Mission also aims to promote technical education in higher engineering in areas related to technical textiles and its application.

Science and Technology

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Cabinet approves constitution of an empowered technology group

Union Cabinet has approved constitution of a 12-person empowered technology group.³⁹ The group will be chaired by the Principal Scientific Advisor to the government of India.

The group will be responsible for: (i) advising government on research on emerging technologies, (ii) mapping technology and technology products, (iii) developing roadmap for indigenisation for selected technologies, (iv) advising government on its technology supplier and procurement strategy, and (v) encouraging government departments to develop in-house expertise in emerging technologies such as data science and artificial intelligence.

Defence

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SC rules in favour of permanent commission to women in the Army

The Supreme Court has ruled in favour of granting permanent commission to all women officers in the Army in its non-combat services.⁴⁰

The services in the Army are broadly classified into: (i) combat arms, (ii) combat support arms, and (iii) services. Currently, women officers are eligible to work in all non-combat services through a Short Services Commission (SSC, for a tenure of 14 years). In February 2019, the Ministry of Defence granted Permanent Commission to SSC women officers in ten services of the Army, such as Signals, Engineers and Army Aviation.

The Court observed that a woman officer who has worked for 14 years does not get pension or retirement benefits. Further, it found that submissions made by the government discriminate against women, as they are based on stereotypes and socially ascribed gender roles.

The Court directed that at the stage of opting for the grant of permanent commission, women SSC officers shall be entitled to same choices at the same terms as their male counterparts. Further, SSC women officers who are granted permanent commission will be entitled to all consequential benefits including promotion and financial benefits. The Court granted the government three months' time to implement the order. Note

that the judgement does not apply to combat services of the Army.

Housing and Urban Affairs

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Ease of Living Index and Municipal Performance Index 2019 launched

The Ministry of Housing and Urban Affairs launched two assessment frameworks: the Ease of Living Index 2019, and the Municipal Performance Index 2019.⁴¹ These indices will assess the quality of life of citizens in 100 Smart Cities and 14 other million plus cities.

The Ease of Living Index 2019 will assess ease of living of citizens across three categories: quality of life, economic ability and sustainability. These are further divided into 14 categories across 50 indicators. Under this assessment, a Citizen Perception Survey is also being conducted, which will capture the citizens' perception about the quality of life in their cities.

Under the Municipal Performance Index 2019, the performance of municipalities will be assessed based on five categories. These are service, finance, planning, technology and governance. These have been further divided into 20 sectors which will be evaluated across 100 indicators.

The data across cities will be collected and collated by nodal officers. According to the Ministry, such assessment will help municipalities in better planning and management, filling the gaps in city administration, and improving the livability of cities for its citizens.

Minority Affairs

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Waqf Properties Lease (Amendment) Rules, 2020 notified

The Ministry of Minority Affairs notified the Waqf Properties Lease (Amendment) Rules, 2020.⁴² The 2020 Rules amend the Waqf Properties Lease Rules, 2014. The amendments were notified under the Waqf Act, 1995. The Act regulates the management of waqfs (property donations under Muslim law). Key aspects of the amendments include:

- **Procedure for long leases:** In cases where a

waqf property is to be leased for more than a year, bids for the property must be published in a leading national newspaper. The 2014 Rules stated that advertisements are required only for properties with rental income of more than Rs 1,000 per month. This is amended to require advertisements only for properties with rental income of more than Rs 3,000 per month, as on June 3, 2014.

- **Reserve price:** The 2014 Rules stated that reserve price per square foot of a waqf property cannot be less than 5% per year of the market price of the property. This is amended to: (i) not less than 1% per year of the market value for hospitals, education institutions and social sector organisations, and (ii) not less than 2.5% per year of market value for commercial activities.
- **Security deposits:** The 2014 Rules stated that the security deposit will be calculated based on the length of the lease. For instance, for a lease up to one year, the security deposit was three months rent. The amendments reduce the number of months for which rent is payable as a security deposit. For example, for a lease of up to one year, the security deposit will be one month rent.
- **Period of lease:** The Rules allow waqf properties to be leased for specified periods of time. The period of lease is determined based on the purpose for which the property will be used. Under the 2014 Rules, properties could be leased for use as shops for a period of five years. The amendments extend this period to 10 years. Further, the 2014 Rules stated that properties for agricultural purposes could be leased on a yearly basis, or for the life cycle of the crop grown. The amendments allow properties to be leased for agricultural purposes for three years.

Environment and Forests

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Draft Battery Waste Management Rules, 2020 released for public feedback

The Ministry of Environment, Climate and Forest Change released the Draft Battery Waste Management Rules, 2020.⁴³ The Draft Rules seek to replace the Batteries (Management and Handling) Rules, 2001, which provide details for handling and management of batteries under the Environment (Protection) Act, 1986. The 1986 Act regulates the protection and improvement of

environment. Key features of the Draft Rules include:

- **Applicability:** These Rules will be applicable to various stakeholders involved in the life of batteries or its components, consumables, and spare parts which make the product operational. These include every manufacturer, producer, collection centre, importer, assembler, dealer, recycler, consumer, and bulk consumers.
- Currently, the Batteries (Management and Handling) Rules, 2001, apply to only lead-acid batteries. The Draft Rules will cover all types batteries. It will also apply to all appliances into which a battery is, or may be incorporated. It will not apply to batteries used in certain equipment such as military equipment, space exploration equipment, and emergency and alarm systems.
- **Responsibilities of manufacturer and dealers:** Under the Draft Rules, responsibilities of the manufacturers and battery dealers include: (i) collecting used batteries against the new ones sold and issuing purchase invoices (when they collect used batteries), (ii) setting up collection centres by themselves or jointly at various places for collecting used batteries from dealers and consumers, (iii) ensuring safe transport of the collected batteries to the authorised/registered recyclers and (iv) filing an annual record of their sales and buyback to the state pollution control board by December 31 of every year.

Comments on the draft Rules are invited till April 20, 2020.

Draft regulation on use of membrane based water purification system released for public feedback

The Ministry of Environment, Climate and Forest Change released a draft regulation on the use of membrane based water purification systems.⁴⁴ The draft regulation bans the installation and use of certain membrane based water purification systems, known as reverse osmosis (RO) systems. It seeks to amend the Environment (Protection) Rules, 1986 under the Environment (Protection) Act, 1986, which regulates protection and improvement of environment. Key features of the draft regulation include:

- **Ban on use of RO systems:** The ban is on systems subjected to conventional filtration and disinfection process or are from any source in compliance with acceptable limit

for drinking water prescribed by Bureau of Indian Standard.

- **Responsibilities of commercial units:** The draft regulation puts certain responsibilities on commercial units who use RO systems to purify water. These include: (i) storing water that is lost in the purification process in safe and hygienic conditions, (ii) maintaining a record of water consumption, reject generation, reject disposal, discarded element generated, and their disposal, and (iii) submitting this record to the state pollution control board annually.
- **Responsibilities of manufacturers:** Responsibilities of RO manufacturers and producers include: (i) applying to the state pollution control board for grant of registration, (ii) providing a unique identification mark to each component manufactured for its traceability, (iii) equipping the purifiers with real time online flow to inform consumers of the total dissolved solids levels at the inlet and water outlet, and (iv) setting up authorised collection centres for collection of discarded elements from consumers or dealers.

Comments on the draft regulation are invited till March 4, 2020.

Communications

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TRAI releases recommendations on reforming the guidelines for transfer/merger of telecom licences

The Telecom Regulatory Authority of India (TRAI) released recommendations on reforming the guidelines for transfer/merger of telecom licences.⁴⁵ The recommendations are aimed towards the modification in the Guidelines for Mergers and Acquisitions, 2014 issued by the Department of Telecommunications (DoT).⁴⁶ In September 2019, a consultation paper was released in this regard.⁴⁷

DoT can place certain conditions on merger and transfer under the above guidelines.⁴⁷ In the past, the Telecom Disputes Settlement and Appellate Tribunal has granted stay on some of these conditions.⁴⁷ This has caused delays in mergers and transfers being finalised. The recommendations seek to simplify and fast-track approvals for the mergers and transfers of the telecom licences. Some of the key recommendations are as follows:

- **Time period for transfer/merger of licenses:** As per existing guidelines, the time period allowed for transfer/merger of various licenses in different service areas is one year. This time period is counted subsequent to the approval of the Tribunal. TRAI recommended that the time spent in pursuing any litigation on account of which the final approval of a merger is delayed, should be excluded while calculating the one-year period.
- **Calculation of market share:** Under the guidelines, certain restrictions are placed on merger or acquisition based on the market share of willing parties. Both subscriber base and Adjusted Gross Revenue (AGR) of each licensee are taken into account to determine the market share of that licensee. TRAI recommended that: (i) both number of subscribers as well as AGR should be considered for certain types of licenses such as mobile, telephone and internet services, (ii) only AGR should be considered for certain other types of licenses such as National Long Distance (NLD) service and International Long Distance (ILD) service.

AGR is the value of the gross revenue of a service provider after subtracting certain charges and taxes from it, such as roaming charges passed on to other service providers and any service taxes and sales taxes included in the gross revenue.

Consultation paper released on Strategy for National Open Digital Ecosystems

The Ministry of Electronics and Information Technology released a consultation whitepaper on “Strategy for National Open Digital Ecosystems (NODE)”.⁴⁸ It refers to a national strategy for enabling digital governance. The key components of such an ecosystem are: (i) public digital infrastructure comprising digital platforms from the government such as Aadhaar and GST network, (ii) laws to govern the infrastructure with regard to data privacy, security, and domain-specific policies and standards, and (iii) community leveraging this infrastructure to create value for all.

An example of NODE is the eTransport Mission Mode Project under the Ministry of Road Transport and Highways.⁴⁸ It comprises of two applications- Vahan and Sarathi which automate the vehicle registration and driver licensing operations respectively. The availability of this digitised data enables this platform to provide services to various entities including citizens, automobile dealers, insurance companies, and police. Further, the platform ensures data

integration with other systems such as stolen vehicle data from National Crime Record Bureau and insurance data from Insurance Regulatory and Development Authority. It also provides interoperability with external applications such as payment gateways and DigiLocker.

The paper outlines the following key guiding principles for a NODE: (i) openness and interoperability, (ii) reusability and shareability, (iii) ensuring security and privacy, (iv) defining accountable institutions, and (v) enabling effective grievance redressal. The paper sought comments on the following points, among others:

- whether any guiding principle should be added or amended or dropped;
- challenges in migrating legacy government systems to a NODE;
- whether such NODEs should be open source, or open API and open standards are sufficient requirements;

- whether each NODE can have its own standard or NODEs across sectors should have common governance frameworks;
- financing models for these NODEs;
- potential risks that such systems can leave citizens vulnerable to, such as risks to data privacy, exclusion and having agency over the use of data;
- mobilisation of a wider community of co-creators and users; and
- effective grievance redressal mechanisms.

Comments on the whitepaper are invited till March 31, 2020.

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