

Monthly Policy Review

June 2020

Highlights of this Issue

[National lockdown extended till July 31 with further relaxations \(p. 2\)](#)

District authorities may identify containment zones where movement will be restricted, except for essential activities. Educational institutions to remain closed till July 31. Night curfew to apply from 10 PM to 5 AM.

[The Banking Regulation \(Amendment\) Ordinance, 2020 promulgated \(p. 9\)](#)

Key provisions include powers to RBI to: (i) frame scheme for reconstruction or amalgamation of banks without imposing moratorium, and (ii) exempt cooperative banks from certain provisions of the Banking Regulation Act.

[Ordinance to amend the Insolvency and Bankruptcy Code issued \(p. 2\)](#)

The Ordinance exempts corporate debtors from being subjected to insolvency proceedings for defaults arising during a period of six months starting from March 25, 2020 (extendable to one year by notification).

[Three Ordinances promulgated in the agriculture sector \(p. 11\)](#)

The Ordinances seek to: (i) allow trade of farmers' produce outside state APMC markets, (ii) restrict the powers of the central government to regulate food items, and (iii) provide a national framework on farming agreements.

[Government extends the PM Garib Kalyan Anna Yojana till November 2020 \(p. 5\)](#)

Under the scheme, five kg of wheat or rice and one kg of pulses was being provided for free every month to persons from poor families during April-June 2020. The extension is expected to cost around Rs 90,000 crore.

[Ministry of Finance imposes restriction on initiation of new schemes in 2020-21 \(p. 3\)](#)

The restriction has been imposed due to an unprecedented demand on public financial resources during the COVID-19 pandemic. It will not apply to the Aatmanirbhar Bharat Economic Package and any other special package.

[Current Account Surplus at 0.1% of GDP during the fourth quarter of 2019-20 \(p. 9\)](#)

India's Current Account Balance in the fourth quarter of 2019-20 recorded a surplus of USD 0.6 billion (0.1% of GDP) as compared to a deficit of USD 4.6 billion (0.7% of GDP) in the fourth quarter of 2018-19.

[Government revises classification criteria of Micro, Small and Medium Enterprises \(p. 13\)](#)

As per the revised criteria, the investment limits under the current definition (2006 Act) have been revised upwards and the annual turnover of the enterprise have been used as additional criteria for classification of MSMEs.

[Scheme for interest subvention for Shishu loans under MUDRA Yojana approved \(p. 3\)](#)

An interest subvention of 2% will be available for all Shishu loans (loans up to Rs 50,000) under the Pradhan Mantri Mudra Yojana which were outstanding as on March 31, 2020 and not classified as non-performing assets.

[Special Micro-Credit Scheme for street vendors launched \(p. 5\)](#)

Eligible beneficiaries can obtain a collateral free working capital loan with interest subsidy for one year. The scheme provides credit guarantee coverage for lenders facing default on loans provided under this scheme.

[59 mobile apps banned on the grounds of national security and public order \(p. 15\)](#)

These apps include TikTok, Shareit, UC Browser, and Mi Video Call. These apps were banned on the grounds that they engaged in stealing and secretive transmission of users' data in an unauthorised manner to cross-border servers.

[Cabinet approves the Minimum Support Prices for Kharif crops for 2020-21 \(p. 13\)](#)

The Minimum Support Price (MSP) for paddy (common) has been fixed at Rs 1,868 per quintal for the marketing season 2020-21, which is an increase of 2.9% over the previous year's MSP (Rs 1,815 per quintal).

July 1, 2020

COVID-19

As of June 30, 2020, there were 5,66,840 confirmed cases of COVID-19 in India.¹ Of these, 3,34,822 had been cured/discharged and 16,893 persons had died.¹ For details on the number of daily cases in the country and across states, please see [here](#).

With the spread of COVID-19, the central government has announced several policy decisions to contain the spread, and financial measures to support citizens and businesses who would get affected. For details on the major notifications released by centre and the states, please see [here](#). Key announcements made in this regard in June 2020 are as follows.

Lockdown extended till July 31 in containment zones with additional relaxations

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To contain the spread of COVID-19, the National Disaster Management Authority (NDMA) had imposed a 21-day national lockdown in March.² Since then, the lockdown has been extended five times, with the latest extension till July 31, 2020.³ These measures have been issued under the provisions of the Disaster Management Act, 2005. The Act sets up national and state-level Disaster Management Authorities and gives these authorities powers for the effective management of disasters.

The revised lockdown guidelines allow district authorities to risk profile certain areas as containment zones based on the guidelines prescribed by the Ministry of Health and Family Welfare to break the chain of transmission. Containment zones will be notified online by respective district collectors and states, and this information will be shared with the Health Ministry. The lockdown will continue to remain in force in containment zones, and the movement of persons will not be allowed except for medical emergencies and for supply of essential goods and services. States may also identify buffer zones (outside containment zones) where district authorities may impose additional restrictions.³

In areas outside containment zones, all activities will be permitted, except for: (i) international air travel, except as permitted by the Ministry of Home Affairs, (ii) educational institutions and coaching institutions (which will remain closed till July 31, 2020), (iii) metro rail, (iv) theatres, gyms, auditoriums and similar places, and (v) large congregations such as social, political, or religious functions. Training institutions of the

central and state government will be allowed to function from July 15, 2020 based on Standard Operating Procedures issued by the Department of Personnel and Training.

Movement of people will remain prohibited between 10 pm and 5 am, except for essential activities. The curfew will also apply to the operation of industrial units, movements of persons and goods on national and state highways, and loading and unloading of cargo.

States may impose further restrictions or prohibitions in areas outside containment zones, based on their assessment of the situation. However, no restriction may be imposed on intra-state and inter-state movement of persons and goods including those for land-border trade with neighbouring countries (based on treaties). Travel by trains, domestic air travel, and international movement of persons to and from India will continue to be regulated by Standard Operating Procedures issued in this regard.

The guidelines continue to mandate certain directives for COVID-19 management in workplaces and public spaces. These measures include: (i) compulsory wearing of face cover in public spaces and workplaces, (ii) limit on marriage gatherings of up to 50 guests, and in funerals of up to 20 persons, and (iii) staggering of work hours in all workplaces.

Insolvency and Bankruptcy Ordinance promulgated

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The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020 was promulgated.⁴ The Ordinance amends the Insolvency and Bankruptcy Code, 2016. The Code provides a time-bound process for resolving insolvency in companies and among individuals. The Ordinance exempts certain corporate debtors from being subjected to insolvency proceedings during COVID-19. Key features of the Ordinance include:

- **Initiation of insolvency resolution:** When a default occurs, creditors of the company (financial or operational) or the company itself may file an application before the National Company Law Tribunal (NCLT) for initiating a corporate insolvency resolution process (CIRP). Once the application is accepted, a Committee of Creditors (CoC) consisting of the financial creditors of the company appoints a resolution professional to present a resolution plan to the CoC. Once the resolution plan is approved, the resolution

process is required to be completed in 180 days (extendable by 90 days).

- The Ordinance exempts certain companies from the provisions on initiation of CIRP. It states that an application for CIRP cannot be filed where a default has arisen during a period of six months starting from March 25, 2020. The central government may extend this period to one year through notification. The Ordinance clarifies that no proceedings can ever be initiated for defaults during this period.
- **Fraudulent trading:** During the resolution, if it is found that the business of the company is being carried out with an intent to defraud its creditors, the NCLT can pass orders against persons involved in such business to make contributions to the assets of the company. Further, the resolution professional can apply to the NCLT for an order to direct the director or partner of the company to make such contributions if: (i) before the insolvency date, the director or partner knew or should have known that there was no reasonable prospect of avoiding CIRP, or (ii) the director or partner did not exercise due diligence to minimise the potential loss to the company's creditors.
- The Ordinance states that for companies exempted from CIRP, the resolution professional cannot file an application to the NCLT for directions against the partners or directors of the company to make contributions to the assets of the company.

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

Ministry of Finance imposes restriction on initiation of new schemes in 2020-21

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The Ministry of Finance has imposed restriction on proposals for initiating new schemes in the financial year 2020-21.⁵ It has prohibited all ministries/departments from initiating new schemes/sub-schemes, including the ones which have already received in-principle approval from the Ministry of Finance. This restriction will not apply to the schemes announced under the Aatmanirbhar Bharat Economic Package and any other special package/ announcement.⁵ The restriction has been imposed in wake of an unprecedented demand on public financial resources due to the COVID-19 pandemic.

Cabinet approves interest subvention on repayment of loans under Mudra Yojana

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The Union Cabinet approved a scheme for interest subvention (interest subsidy) of 2% for all 'Shishu' loan account borrowers under the Pradhan Mantri Mudra Yojana (PMMY) scheme.⁶ The interest subvention will be available for a period of 12 months. Under PMMY, loans for income generating activities up to Rs 50,000 are termed as Shishu loans. The scheme is aimed at helping micro and small enterprises, funded through Shishu loans, to recover from the impact of COVID-19.

The interest subvention will be available for all loans which were outstanding as on March 31, 2020 and which are not classified as non-performing assets (NPA) as per the guidelines of the Reserve Bank of India. In the case of a term loan, a non-performing asset is an account where the loan remains overdue for more than 90 days.²⁸ To incentivise regular repayment of loans, the interest subsidy would also be available for NPA accounts for the months during which they regularise their repayment and become standard (non-NPA) accounts. The Scheme will be implemented through the Small Industries Development Bank of India.

Note that the RBI, in May 2020, had extended the moratorium on term loans (which were outstanding as on March 31, 2020) till August 31, 2020.⁷ For borrowers who have been allowed a moratorium by their lenders, the Scheme will commence from September 1, 2020. For other borrowers, the scheme will commence from June 1, 2020. The cost of the Scheme to the government is estimated to be approximately Rs 1,542 crore.

RBI extends changes made to CRR and MSF in view of COVID-19

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The RBI has extended the relaxation of the minimum daily maintenance of the Cash Reserve Ratio (CRR) and the borrowing limit under the Marginal Standing Facility (MSF) for another three months keeping in mind the continuing effect of COVID-19.^{8,9} Details of the extension are as follows:

- **Cash Reserve Ratio:** CRR is the amount of liquid cash that banks have to maintain with the RBI, as a percentage of their total deposits (net demand and time liabilities). In March 2020, the RBI reduced the daily required minimum CRR balance from 90%

to 80%, till June 26, 2020.¹⁰ This has now been extended for another three months, till September 25, 2020.

- **Marginal Standing Facility:** Under the MSF, banks can borrow overnight from RBI by dipping into their statutory liquidity ratio (SLR). SLR is the ratio of liquid assets such as gold, treasury bonds and government securities to net demand and time liabilities (NDTL). In March 2020, the borrowing limit for MSF was increased from 2% of NDTL to 3% of NDTL till June 30, 2020. This has now been extended for another three months, till September 30, 2020.

Ministry of Finance extends the time limit for various compliances under tax laws

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The Ministry of Finance extended the time limit for various compliances under the Income Tax Act, 1961 (IT Act), through the powers under the Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020.¹¹ The Ordinance was issued in March 2020 to provide certain relaxations related to tax compliance, such as extension of time limit and waiver of penalty, in view of the spread of the COVID-19 pandemic.¹²

IT Act: Under the Ordinance, the time limit for undertaking certain compliances and actions, which fell due between March 20, 2020 to June 29, 2020, was extended to June 30, 2020. Such actions include: (i) issuing notices and notifications, completing proceedings, and passing orders by authorities and tribunals, and (ii) filing of appeals, replies, and applications, and furnishing documents. This deadline has been extended to March 31, 2021. The deadline of March 31, 2021 will also apply to such actions which were required to be completed during the period June 30, 2020 to December 31, 2020.

The Ordinance allows the government to notify different due dates for completion of different actions. For instance, the due date for filing return of income for the assessment year (AY) 2019-20 (i.e. the financial year 2018-19) has been extended to July 31, 2020. The due date for filing return of income for the AY 2020-21 has been extended to November 30, 2020. However, in AY 2020-21, in case of persons who have tax payment due of more than one lakh rupees (after accounting for tax already paid or deducted), 12% interest will be levied on the tax dues if the return is filed after the original due date specified under the IT Act (July 31 for individuals and October 31 for companies).

Further, any investment for claiming certain deductions from income, such as those under the Sections 80C to 80GGC of the IT Act, for the financial year 2019-20 can now be made up to July 31, 2020 (up to September 30, 2020 in case of certain capital gains deductions).

GST: The Ordinance amended the Central Goods and Services Tax Act, 2017 to allow the central government to notify an extension to the time limit for various GST-related compliances under the Act, on the recommendation of the GST Council. Accordingly, the government had specified June 30, 2020 as the deadline for completing various actions, which were earlier due during the period March 20, 2020 to June 29, 2020.¹³ This deadline has been extended to August 31, 2020.¹⁴ The deadline of August 31, 2020 will also apply to such actions which were required to be completed during the period June 30, 2020 to August 30, 2020.

Export policies revised for diagnostic kits, PPEs, sanitizers, Hydroxychloroquine

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The Ministry of Commerce and Industry revised the export policies for the following items used in the prevention, diagnostics, and treatment of COVID-19:

- **Alcohol-based sanitizers:** In March 2020, the export of all types of sanitizers was prohibited.¹⁵ In May 2020, the prohibition was lifted for all types of sanitizers except for alcohol-based hand sanitizers.¹⁶ Alcohol-based hand sanitizers have now been made freely exportable, except the ones packaged in containers with a dispenser pump, which remain prohibited.¹⁷
- **Diagnostic kits:** The restrictions on the export of diagnostic kits and laboratory reagents imposed in April 2020 have been relaxed and these items can be freely exported.¹⁸ However, the export of certain specified diagnostic kits including RNA extraction kits and reagents, and RT-PCR kits and reagents will remain restricted.¹⁹
- The export policy of certain diagnostic instruments, apparatus, and reagents has been amended from free to restricted.¹⁹ These include probes and primers specifically used for COVID-19 testing and certain types of swabs.
- **Hydroxychloroquine:** In March 2020, export of Hydroxychloroquine and its formulations was prohibited, except in certain cases. These included export to neighbouring countries which depend on

India for the drug and to countries which are severely affected by COVID-19. The prohibition on the export of the drug has been removed.^{20,21}

- **PPEs:** In January, export of Personal Protection Equipment (PPEs) including clothing and mask coveralls were prohibited.²² However, in May, prohibition on export of non-surgical and non-medical masks was lifted.²³ All PPEs can now be freely exported except the following specified items which remain prohibited: (i) all types of medical coveralls, (ii) medical goggles, (iii) all masks other than non-medical and non-surgical masks, (iv) nitrile gloves, and (v) face shield.²⁴

Special Micro-Credit Facility for Street Vendors launched

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The Ministry of Housing and Urban Affairs (MoHUA) launched the PM Street Vendor's AtmaNirbhar Nidhi (PM SVANidhi) scheme.²⁵ The scheme seeks to provide working capital loans to street vendors whose businesses were impacted by COVID-19.²⁶ Key features of the scheme are:

- **Eligibility:** The scheme is available to states which have notified rules and schemes under the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014. The Act specifies the rights and obligations of street vendors and regulates their business.²⁷ Under the Act, states are required to establish Town Vending Committees that are responsible for conducting an identification survey of vendors in their zone/ward.
- The scheme is available to street vendors in these states who are engaged in vending in urban areas as of March 24, 2020. The street vendors will be identified on the basis on the criteria: (i) vendors with a Certificate of Vending (Identity Card), (ii) vendors without a certificate, but identified in an identification survey, or (iii) vendors left out of the identification survey but issued a Letter of Recommendation by the urban local body or Town Vending Committee.
- **Loan and interest subvention:** Under the scheme, eligible street vendors may apply for collateral-free working capital loans of up to Rs 10,000 with one-year tenure from scheduled commercial banks, regional rural banks, non-banking financial companies, and micro finance institutions.

- Vendors under the scheme will also be eligible to receive an interest subsidy of 7% per annum. This subsidy will be available up to March 31, 2022 and will only be available for accounts which have not been classified as non-performing assets as per guidelines of the Reserve Bank of India. In the case of a term loan, a non-performing asset is an account or loan where an instalment of the loan remains overdue for more than 90 days.²⁸
- **Credit guarantee:** For loans under this scheme, defaults on loans of up to 5% of total loan portfolio will be fully (100%) guaranteed. For default between 5% to 15% of total loan portfolio, 75% of default amount will be guaranteed. The credit guarantee is subject to a maximum coverage of 15% of the portfolio for the year.

PM Garib Kalyan Anna Yojana extended for another 5 months, till November 2020

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The central government extended the Pradhan Mantri Garib Kalyan Anna Yojana for another five months, till November 2020.²⁹ The scheme was announced in March 2020 as a part of the relief package provided for the poor in light of the COVID-19 pandemic and the lockdown. Under the scheme, five kg of wheat or rice and one kg of pulses was being provided for free every month to persons from poor families during the period April-June 2020. The benefits under the scheme have been extended for another five months, till November 2020. These benefits will continue to be provided to all beneficiaries under the National Food Security Act and will be in addition to their food grain entitlements under the Act. The extension of the scheme for five months is expected to cost the government more than Rs 90,000 crore.³⁰

Garib Kalyan Rojgar Abhiyaan launched

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The Garib Kalyan Rojgar Abhiyaan was launched by the Prime Minister.³¹ The campaign aims to provide livelihood opportunities to migrant workers who have returned to their villages due to the COVID-19 pandemic. It also aims to create public infrastructure and assets in villages related to roads, housing, anganwadis, and community complexes, among others.

The campaign is being undertaken in 116 districts across six states. These states are Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand, and Odisha. It will be implemented

by 11 ministries of the central government including Road Transport and Highways, Mines, Environment, Railways, Petroleum and Natural Gas, Telecom, and Agriculture. The campaign will operate for 125 days (from June 20, 2020) and 25 public infrastructure works have been identified which will be taken up for completion.

International passenger flight ban extended

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The Director General of Civil Aviation (DGCA) announced that the ban on scheduled international commercial passenger flights to and from India will be extended further till July 15, 2020.³² Earlier these flights were banned till June 30, 2020.³³

These restrictions will not apply to international all-cargo operations and flights specially approved by DGCA. International scheduled flights may be allowed on selected routes on a case-to-case basis.

The DGCA also released certain guidelines related to other regulations. These include:

- **Management of airline crew:** Risk assessment for airline crew will be done by the concerned airline doctor, and testing will be advised as per ICMR guidelines.³⁴ The requirement of 14 days quarantine for the crew member will be decided on the basis of this risk assessment. If a crew member has come in contact with a COVID-19 case, home quarantine will be mandatory for them. All crew members must be advised to download the Aarogya Setu app and monitor their health status through it.
- **Recurrent dangerous goods regulations training:** The validity of certifications of all categories of dangerous goods regulations training that were expiring on or after March 20, 2020 have been extended further.³⁵ The extension will be valid up to September 30, 2020, or the revocation of the circular, whichever is earlier. This training is required for the safe transport of dangerous goods. Operators are required to maintain separate training records of such extended certificates for audit purposes.
- **Aeromedical disposition of COVID-19:** There will be two categories of aeromedical disposition of civil aircrew who have tested positive.³⁶ These are:
 - (i) *Positive Asymptomatic/ Mildly Symptomatic Aircrew:* After recovery and being declared SARS-CoV-2 negative, such aircrew will be declared fit for unrestricted flying if their clinical parameters are normal. Such declaration will be provided by a DGCA empanelled medical examiner.
 - (ii) *Positive Moderate/ Severe/ Critical Symptomatic Aircrew:* After complete clinical recovery, such aircrew must undergo a Special Medical Examination at one of the Indian Air Force Boarding Centres. They will also be required to get an opinion/ cure certificate of a Pulmonologist/ Medical Specialist. Such aircrew will be considered for unrestricted flying if their clinical and laboratory examinations reveal no findings that could cause any functional deficit.
- **Wildlife hazard management:** Airport operators are advised not to ease bird and wildlife control measures, and continue with bird and wildlife monitoring.³⁷ Attention should be given to increase of bird and wildlife activities due to reduced air traffic.

Certain categories of foreign persons permitted to travel to India

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In view of COVID-19, the Ministry of Home Affairs has prohibited international travel and relaxed it only in special circumstances, such as evacuating Indian nationals stranded abroad.³⁸

The Ministry has now relaxed travel restrictions for four categories of foreign nationals travelling to India.³⁹ These are: (i) persons entering India on a business visa (except those on B-3 visa (businesses with turnover of over Rs 10 crore) and travelling in connection with sports in a non-scheduled commercial or chartered flight, (ii) healthcare professionals, health researchers, engineers and technicians coming for technical work in Indian health sector facilities (based on invitation from a registered healthcare facility, pharmaceutical company or accredited Indian university), (iii) foreign engineering, design or other specialists travelling to India on behalf of foreign business entities located in India, and (iv) foreign technical specialists and engineers travelling for installation, repair and maintenance of foreign-origin machinery in India, on the invitation of a registered Indian business entity.

Self-declaration requirement regarding COVID-19 for air travel amended

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In May 2020, the Ministry of Civil Aviation had notified the guidelines for resumption of domestic air travel.⁴⁰ The guidelines require a passenger to give a declaration that he/she has not tested positive for COVID-19 in last two months from the date of travel. This time limit has now been reduced to three weeks.⁴⁰ A COVID-19 recovered person fulfilling the above condition will also be required to show a COVID-19 recovered/discharged certificate from any institution dealing with COVID-19 patients.

Indian Railways will refund all tickets booked on or before April 14, 2020

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The Ministry of Railways announced that all train tickets booked on or prior to April 14, 2020 for regular time-tabled trains will be cancelled.⁴¹ Passengers will be issued a refund for all these cancelled tickets.

Measures to be undertaken for providing urban transport services released

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The Ministry of Housing and Urban Affairs released an advisory for states/ union territories/ metro rail companies for providing urban transport services in view of COVID-19.⁴² The advisory suggests a three-pronged strategy which may be adopted in phases: (i) short term (within six months), (ii) medium term (within a year), and (iii) long term (one to three years). Key suggestions include:

- Encouraging and reviving non-motorised transport since most of urban trips are less than five kilometres.
- Public transport may be re-commenced. However, transmission of infection through usage of public transport should be curbed by adopting measures related to sanitisation, containment and social distancing.
- Technology may be utilised to curb the spread of virus. Enabling technologies such as Intelligent Transportation Systems, indigenous cashless and touch less payment systems, and National Common Mobility Card will reduce human interaction in the operations of public transport systems.

Validity of motor vehicle documents extended till September 30, 2020

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The Ministry of Road Transport and Highways further extended the validity of motor vehicle documents (such as fitness certificates, permits, driving license, registration, or any other concerned documents) till September 30, 2020.⁴³ Earlier, in March 2020, the Ministry had extended the validity of certain documents till June 30, 2020.⁴⁴ These include documents (i) whose validity could not be extended due to the lockdown, and which had expired since February 1, 2020, or (ii) would expire by June 30, 2020.

Categories of persons permitted to vote by postal ballot expanded

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In India, certain categories of voters are eligible to cast their vote through postal voting. Postal voting is where a voter receives ballot paper from the authority and may return his/her vote through the post. The Conduct of Election Rules, 1961 specify the categories of persons who can vote through postal ballot. These include service voters such as employees of armed forces, voters with disabilities, and senior citizens above 80 years of age.

The 1961 Rules have been amended to: (i) reduce the age limit for senior citizens from 80 years to 65 years of age, and (ii) include COVID-19 suspect or affected persons.⁴⁵ COVID-19 suspect or affected persons mean persons who are: (i) tested as COVID-19 positive by a government hospital or a hospital recognized as a COVID hospital by the government, or (ii) under home or institutional quarantine due to COVID-19 and are certified by a competent authority, as may be notified by the state government.

Guidelines issued on short term health insurance for COVID-19

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The Insurance Regulatory and Development Authority (IRDAI) has issued guidelines on introduction of short term health insurance policies to provide coverage for persons contracting COVID-19.⁴⁶ The guidelines permit insurance companies to offer COVID-19 specific short-term (between 3 and 11 months) life, health, or general insurance policies.

According to the guidelines, the policy can be offered as an individual product or a group product, but should be specific to only COVID-

19. No separate add-ons are permitted for such a policy. These guidelines will remain valid till March 31, 2021.⁴⁶

Extension of some deadlines under Companies Act, 2013

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In view of COVID-19, the Ministry of Corporate Affairs extended certain deadlines under the Companies Act, 2013.⁴⁷ These include:

- **Passing of ordinary and special resolutions:** The Act does not contain specific provisions to allow companies to hold general meetings of its shareholders through video conferencing or other audio-visual modes. The Ministry had circulated guidelines to allow meetings via video conferencing and other audio-visual means and for conducting business through postal ballot.⁴⁸ These guidelines were valid up to June 30, 2020. The Ministry extended the validity of these guidelines to September 30, 2020.⁴⁹
- **Scheme for relaxation for filing charge-related forms:** Under the Act, companies have to file various forms if any security interest is created over their properties (for example, a mortgage over the company's properties) or if the charge is modified. These forms need to be filed within 30 days of the date on which the security interest is created (extendable to 300 days on payment of additional fee). A new scheme has been launched to exclude the period from March to September 2020 from calculation of the time period for filing these forms.⁵⁰

Cabinet approves extension of tenure of the Commission constituted to examine the issue of sub-categorization of OBC

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The Union Cabinet has approved the extension of the term of the Commission set up to examine the issue of sub-categorization of Other Backward Classes (OBCs).⁵¹ The Commission was constituted in 2017 to recommend the manner in which communities in the existing list of OBCs may benefit from reservations in appointment to central government posts and for admission in central government education institutions. The term of the Commission was previously extended until July 31, 2020 because ambiguities, inconsistencies and spelling errors in the existing list of OBCs need to be cleared. However, due to the nationwide lockdown imposed on account of the COVID-19 pandemic,

the Commission was not able to perform the task assigned to it. Therefore, the term of the Commission has been extended by six months, i.e. up to January 31, 2021.

Operational guidelines provided for tourism service providers, restaurants, hotels, and home stays

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To ensure a safe and prepared approach for a post-COVID-19 revival of the tourism sector, the Ministry of Tourism provided safety and hygiene guidelines and operational recommendations for certain areas of the tourism sector.^{52,53,54,55} Some of the key features of these guidelines are:

- **Tourism Service Providers:** These include: travel agents, tour operators, tourist transport operators, and tourist facilitators and guides.⁵² The guidelines for tourism service providers specify sanitisation of office premises, hygiene protocol for office staff, declaration and medical proof of tourists before taking tourist bookings, and disinfection of vehicles prior to boarding of tourists, among others.
- **Restaurants:** Some of guidelines for restaurants include: (i) ensuring that the seating capacity is reduced by 50% and the seating style is changed to maintain social distancing, (ii) ensuring that the premises has fully functional CCTV cameras to ease tracking of infected persons, and (iii) checking the Aarogya Setu app status of every guest for allowing entry.⁵³
- **Hotels:** Guidelines for hotels cover the hotel premises, staff, and guests.⁵⁴ Some of the guidelines include: (i) ensuring all staff wears mask and hand gloves (which are changed or disinfected after handling each customer), (ii) establishing a Rapid Response Team responsible for preventing incidents, effectively managing cases, and mitigating impact, (iii) disinfecting luggage before sending it to the room, and (iv) ensuring all employees and guests download Aarogya Setu mobile application. Similar guidelines have been provided for bed and breakfasts, homestays and farm stays.⁵⁵

Delhi HC extends the deadline for feedback on the draft Environment Impact Assessment Notification, 2020

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In March 2020, the Ministry of Environment, Forest and Climate Change had released the

Draft Environment Impact Assessment Notification, 2020.⁵⁶ The draft notification seeks to replace the Environment Impact Assessment Notification, 2006. It proposes certain changes to the 2006 notification such as exemption of certain projects from public consultation. These include all building, construction and area development projects, expansion or widening of national highways, and modernisation of irrigation projects.⁵⁶

Earlier, comments on the draft notification were invited till May 11, 2020. In view of the lockdown imposed due to the COVID-19 pandemic, the Ministry had extended this deadline till June 30, 2020.⁵⁷ As per newspaper reports, the Delhi High Court has further extended the deadline to August 11, 2020.⁵⁸

For details on the Draft Environment Impact Assessment Notification, 2020, please see [here](#).

Extension in the time limit for re-import of cut and polished diamonds at zero duty

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As per the existing policy, cut and polished diamonds sent abroad for testing can be re-imported within three months (from the date of export) at zero duty.⁵⁹ In light of COVID-19, this has been revised to provide that for cases where the re-import period is expiring between February 1, 2020, and July 31, 2020, the period will be automatically extended by three months.

Macroeconomic Development

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Current Account Surplus at 0.1% of GDP during the fourth quarter of 2019-20

India's Current Account Balance (CAB) in the fourth quarter (January-March) of 2019-20 recorded a marginal surplus of USD 0.6 billion (0.1% of GDP) as compared to a deficit of USD 4.6 billion (0.7% of GDP) in the fourth quarter of 2018-19.⁶⁰ CAB in the previous quarter (October-December) of 2019-20 was a deficit of USD 2.6 billion (0.4% of GDP). The current account surplus in the fourth quarter of 2019-20 was primarily due to: (i) a lower trade deficit (the difference between a country's exports and imports) at USD 35.0 billion, and (ii) a sharp rise in net invisible receipts at USD 35.6 billion, as compared with the corresponding period of the last year.⁶⁰ Invisible receipts include receipts from trade in services (such as software and

travel services) and private transfers such as remittances by Indians employed overseas.

Foreign exchange reserves increased by USD 18.8 billion in the fourth quarter of 2019-20, as compared with an increase of USD 14.2 billion in the fourth quarter of 2018-19. In comparison, foreign exchange reserves had increased by USD 21.6 billion in the third quarter of 2019-20.

Table 1 shows India's balance of payments in the fourth quarter of 2019-20.

Table 1: Balance of Payments, Q4 2019-20 (USD billion)

	Q4 2018-19	Q3 2019-20	Q4 2019-20
Current Account	-4.6	-2.6	0.6
Capital Account	19.2	23.6	17.4
Errors and Omissions	-0.4	0.6	0.9
Change in reserves	14.2	21.6	18.8

Sources: Reserve Bank of India; PRS.

In the financial year 2019-20, CAB recorded a deficit of 0.9% of GDP, as compared to a deficit of 2.1% of GDP in 2018-19 (Table 2). In 2019-20, India's trade deficit decreased to USD 157.5 billion from USD 180.3 billion in 2018-19.

Foreign exchange reserves increased by USD 59.5 billion in 2019-20 as compared to a decrease of USD 3.3 billion in 2018-19.

Table 2: Balance of Payments, 2019-20 (USD billion)

	2018-19	2019-20
Current Account	-57.2	-24.6
Capital Account	54.4	83.2
Errors and Omissions	-0.5	1.0
Change in reserves	-3.3	59.5

Sources: Reserve Bank of India; PRS.

Finance

The Banking Regulation (Amendment) Ordinance, 2020 promulgated

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The Banking Regulation (Amendment) Ordinance, 2020 was promulgated.⁶¹ It amends the Banking Regulation Act, 1949 which regulates the functioning of banks and provides details on various aspects such as licensing, management and operations of banks. Key features of the Ordinance include:

- **Reconstruction or amalgamation without imposing moratorium:** Under the Act, the Reserve Bank of India (RBI) may apply to the central government to place a banking company under moratorium. During the

moratorium, RBI may prepare a scheme for reconstruction or amalgamation of the bank, if it is satisfied that such an order is needed to secure proper management of the bank, or in the interest of depositors, general public, or the banking system. The Ordinance allows RBI to initiate a scheme for reconstruction or amalgamation without imposing a moratorium.

- **Supersession of Board of Directors:** The Act states that RBI may supersede the Board of Directors of a multi-state cooperative bank for up to five years under certain conditions. These conditions include cases where it is in the public interest for RBI to supersede the Board, and to protect depositors. The Ordinance adds that in case of a co-operative bank registered with the Registrar of Co-operative Societies of a state, the RBI will supersede the Board of Directors after consultation with the concerned state government, and within such period as specified by it.
- **Exclusions:** The Act does not apply to certain cooperative societies, such as primary agricultural credit societies, and cooperative land mortgage banks. The Ordinance amends this to exclude: (i) primary agricultural credit societies, and (ii) cooperative societies that provide long term financing for agricultural development from the provisions of the Act if such societies do not use the words ‘bank’, ‘banker’ or ‘banking’ in their name and do not act as entities that clear cheques.
- **Power to exempt cooperative banks:** The Ordinance states that RBI may exempt a cooperative bank or a class of cooperative banks from certain provisions of the Act through notification. These provisions relate to restrictions of certain types of employment, qualifications of the Board of Directors and, appointment of a chairman. The time period and conditions for the exemption will be specified by RBI.

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

SEBI introduces framework for regulatory sandbox

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The Securities and Exchange Board of India (SEBI) introduced a framework for regulatory sandbox.⁶² A regulatory sandbox provides an environment which allows market participants to test new FinTech solutions (products, services or business models) with customers in a controlled

environment.⁶³ All entities registered with SEBI will be eligible for testing in the sandbox.

- **Criteria:** SEBI will evaluate the applicants based on criteria such as: (i) use of innovative technology, (ii) benefits to investors or markets, (iii) parameters for measurement and mitigation of risk, (iv) clearly defined grievance redressal mechanism, and (v) feasibility of deployment of the solution post testing.
- **Exemptions:** To encourage innovation with minimum regulatory compliance burden, SEBI will exempt the entities based on a case-by-case approach, depending on the FinTech solution proposed. However, no exemptions would be given from the KYC and anti-money laundering regulations.
- **Testing:** After approval, the applicant must disclose to their users that the solution will operate in a sandbox and obtain user’s acknowledgement of associated risks, before initiating testing. The maximum duration of testing is 12 months, which may be extended further. During testing, applicant must submit interim reports to SEBI with outcome/performance indicators and issues that have been identified. Upon completion of testing, SEBI will decide whether to allow introducing the solution in the market on a wider scale. Alternatively, the applicant may request an extension, or employ an exit strategy.
- **Cancellation of approval:** SEBI may, at any time, cancel the approval of a participant in certain situations, such as, if it: (i) fails to carry out risk mitigation, (ii) submits incorrect information, or (iii) undergoes liquidation.

Finance Ministry releases Draft Pension Fund (Foreign Investment) Rules, 2020

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The Ministry of Finance released the Draft Pension Fund (Foreign Investment) Rules, 2020.⁶⁴ The rules specify the quantum of foreign investment that may be permitted in pension funds in India. According to the rules, total foreign investment in equity shares by foreign investors should not exceed 49% of the paid up equity capital of the fund. Foreign investment will be permitted through the automatic route up to this limit. Note that the Foreign Direct Investment (FDI) limit for pension sector under the automatic route is capped at 49% under the FDI policy.⁶⁵

As per the rules, government approval would be necessary for foreign investment if the investing entity is from any of the bordering countries, including China. Comments on the draft Rules are invited till July 19, 2020.

RBI constitutes a working group to review ownership of private sector banks

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The Reserve Bank of India (RBI) constituted an Internal Working Group to review the guidelines on ownership and corporate structure of Indian private sector banks.⁶⁶ The Working Group will examine regulatory guidelines relating to ownership, governance and corporate structure in private sector banks, taking into account key developments over the years. According to RBI, the review will provide an opportunity to harmonise the norms applicable to banks set up at different time periods. The Committee will comprise five members, and will be chaired by the Director, Central Board of RBI.

The terms and reference of the Working Group include: (i) to suggest appropriate norms for ownership, keeping in mind the issue of excessive concentration of ownership and control in private sector banks, (ii) to review the eligibility criteria for entities to apply for a banking license, (iii) to review the norms for promoter shareholding at the licensing stage and timelines for dilution of shareholding in subsequent stages.

The Committee is required to submit its report by September 30, 2020.

RBI announces creation of Payments Infrastructure Development Fund

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The RBI announced the creation of a Payments Infrastructure Development Fund to encourage acquirers to deploy point-of-sale (PoS) infrastructure (physical or digital) in tier 3 to 6 centres and north eastern states.⁶⁷ This will be done to incentivise digitisation of payment systems in these places. According to RBI classification, tier-3 centres are areas of population below 50,000 (according to Census 2011), and tier-6 centres are areas of population of less than 5,000.⁶⁸

The RBI will make an initial contribution of Rs 250 crores to the Fund. The remaining contribution will be from card issuing banks and card networks operating in the country. The Fund will also receive recurring contributions to cover operational expenses from card issuing

banks and card networks. RBI will contribute to yearly shortfalls, if necessary. The Fund will be governed through an advisory council and managed by the RBI.

Agriculture

The Essential Commodities (Amendment) Ordinance, 2020 promulgated

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The Essential Commodities (Amendment) Ordinance, 2020 was promulgated.⁶⁹ It amends the Essential Commodities Act, 1955, which empowers the central government to control the production, supply, distribution, trade, and commerce of certain commodities. The Ordinance aims to liberalise the regulatory system and increase competition in the agriculture sector. Key features include:

- **Regulation of food items:** The Act empowers the central government to designate certain commodities (such as food items, fertilizers, and petroleum products) as essential commodities. The central government may regulate or prohibit the production, supply, distribution, trade, and commerce of such essential commodities. The Ordinance provides that the central government may regulate the supply of certain food items, including cereals, pulses, potato, onions, and edible oilseeds and oils, only under extraordinary circumstances. These include: (i) war, (ii) famine, (iii) extraordinary price rise, and (iv) natural calamity of grave nature.
- **Imposition of stock limit:** The Act empowers the central government to regulate the stock of an essential commodity that a person can hold. The Ordinance requires that imposition of any stock limit must be based on price rise. A stock limit may be imposed for agricultural produce only if there is: (i) 100% increase in retail price, in case of horticultural produce; and (ii) 50% increase in the retail price, in case of non-perishable agricultural food items. The increase will be calculated over the price prevailing one year ago, or the average retail price of the last five years, whichever is lower.
- The Ordinance provides that any stock limit will not apply to a processor or value chain participant of agricultural produce if the stock held by such person is less than the: (i) overall ceiling of installed capacity of

processing, or (ii) demand for export in case of an exporter. A value chain participant means a person engaged in production, or in value addition at any stage of processing, packaging, storage, transport, and distribution of agricultural produce.

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

Ordinance issued to regulate farming agreements signed for sale of produce

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The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020 was promulgated.⁷⁰ It provides for a farming agreement aimed at defining a framework for the protection and empowerment of farmers with reference to the sale and purchase of farm produce. Key provisions of the Ordinance include:

- **Farming agreement:** The Ordinance provides for a farming agreement aimed at facilitating farmers in selling farm produce to sponsors. A sponsor includes individuals, partnership firms, companies, and limited liability groups and societies. The agreement may be between: (i) a farmer and a sponsor, or (ii) a farmer, a sponsor, and a third party. The role and services of any third party, including aggregators (who act as intermediaries between farmer(s) and sponsor) will have to be specified in the agreement. The agreement may provide for mutually agreed terms and conditions for supply, quality, standards and price of farming produce as well as terms related to supply of farm services. These terms and conditions may be subjected to monitoring and certification during the process of cultivation or rearing, or during delivery.
- **Duration of agreement:** The minimum duration of an agreement will be one crop season, or one production cycle of livestock. The maximum period will be five years. For production cycle of more than five years, the maximum period will be mutually decided by the farmer and the sponsor.
- **Exemptions from existing laws:** Farming produce under a farming agreement will be exempted from all state Acts regulating sale and purchase of farming produce. Such produce will also be exempted from the stock limit obligations under the Essential Commodities Act, 1955 or any other law.
- **Pricing of farming produce:** The Ordinance requires the price of farming produce to be mentioned in the agreement.

It also provides details regarding payment and delivery of farming products. In case of products subjected to price variation, the method of determining their price will be provided in the farming agreement.

- **Dispute settlement:** The Ordinance provides for a three-tier system for dispute settlement. At first, all disputes must be referred to a Board for resolution. If the dispute remains unresolved after thirty days, parties may approach the Sub-Divisional Magistrate for resolution. Parties will have a right to appeal to an Appellate Authority against decisions of the Magistrate.

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

The Farmers' Produce Trade and Commerce Ordinance, 2020 promulgated

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The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020 was promulgated.⁷¹ It seeks to provide for barrier-free trade of farmers' produce outside the markets notified under the various state agricultural produce market laws (state APMC Acts). The Ordinance will prevail over the state APMC Acts. Key features include:

- **Trade of produce:** The Ordinance allows intra-state and inter-state trade of farmers' produce outside: (i) the physical premises of market yards run by APMCs and (ii) other markets notified under the state APMC acts such as private market yards and market sub-yards, direct marketing collection centres, and private farmer-consumer market yards. Such trade can be conducted in any place of production, collection, and aggregation of farmers' produce including farm gates, factory premises, warehouses, silos, and cold storages.
- **Eligibility for trade:** The Ordinance allows farmers and farmer producer organisations to engage in intra-state or inter-state trade. It also allows anyone who buys farmers' produce for: (i) wholesale trade, (ii) retail, (iii) end-use, (iv) value addition, (v) processing, (vi) manufacturing, (vii) export, or (viii) consumption.
- However, to trade in scheduled farmers' produce (agricultural produce specified and regulated under state APMC Acts), an entity must be either: (i) a farmer producer organisation, or (ii) an agricultural cooperative society, or (iii) a person having permanent account number under the

Income Tax Act or any other document notified by the central government.

- **Electronic trading:** The Ordinance permits the electronic trading of farmers' produce in the specified trade area. An electronic trading and transaction platform may be set up to facilitate the direct and online buying and selling of farmers' produce. The central government may prescribe modalities for such platforms including: (i) procedure, norms, and manner of registration, and (ii) code of conduct, quality assessments, and modes of payment.
- **No fees to be levied by states:** The Ordinance prohibits state governments from levying any market fee, cess or levy on farmers, traders, and electronic trading platforms for any trade under the Ordinance.

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

Cabinet approves Minimum Support Prices for Kharif crops for 2020-21

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The Union Cabinet approved the Minimum Support Prices (MSPs) for Kharif crops for the 2020-21 season.⁷² The MSP for paddy (common) has been fixed at Rs 1,868 per quintal, which is an increase of 2.9% over the previous year's MSP (Rs 1,815 per quintal). Table 3 shows the MSPs notified for the marketing season 2020-21, and change as compared to 2019-20.

Table 3: MSPs approved for Kharif crops for the 2020-21 season (in Rs per quintal)

Crop	2019-20	2020-21	Change (%)
Paddy (common)	1,815	1,868	2.9%
Paddy (grade A)	1,835	1,888	2.9%
Jowar (hybrid)	2,550	2,620	2.7%
Jowar (maldandi)	2,570	2,640	2.7%
Bajra	2,000	2,150	7.5%
Ragi	3,150	3,295	4.6%
Maize	1,760	1,850	5.1%
Arhar (tur)	5,800	6,000	3.4%
Moong	7,050	7,196	2.1%
Urad	5,700	6,000	5.3%
Groundnut	5,090	5,275	3.6%
Sunflower seed	5,650	5,885	4.2%
Soyabean (yellow)	3,710	3,880	4.6%
Sesamum	6,485	6,855	5.7%
Nigerseed	5,940	6,695	12.7%
Cotton (medium staple)	5,255	5,515	4.9%
Cotton (long staple)	5,550	5,825	5.0%

Sources: Press Information Bureau; PRS.

Cabinet approves the Animal Husbandry Infrastructure Development Fund

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The Union Cabinet approved the establishment of the Animal Husbandry Infrastructure Development Fund of Rs 15,000 crore, which was announced under the Aatmanirbhar Bharat Economic Package.^{73,74} The Fund aims to incentivise private investment in infrastructure for dairy and meat processing and value addition. It also covers investment made for establishment of animal feed plants.

Private companies, MSMEs, Farmer Producer Organizations, and individuals would be eligible beneficiaries, provided they contribute at least 10% of the total investment. Banks will extend loans for the balance 90% of the investment.

The central government will provide 3% interest subsidy to eligible beneficiaries on their loans. Further, beneficiaries can repay the principal loan amount over a period of six years, after the completion of the two-year moratorium period. The government will also set up a Credit Guarantee Fund of Rs 750 crore, which will be managed by NABARD. The Fund will provide guarantee for up to 25% of the loan amount for sanctioned projects undertaken by MSMEs.

MSME

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Government revises classification of Micro, Small and Medium Enterprises

The government notified a change in the definition of Micro, Small and Medium Enterprises.⁷⁵ Currently, MSMEs are defined under the Micro, Small and Medium Enterprises Development Act, 2006. The Act classifies micro, small and medium enterprises based on: (i) amount of investment in plant and machinery for enterprises engaged in manufacturing or production of goods, and (ii) amount of investment in equipment for enterprises providing services.

As per the revised definition, the investment limits will be revised upwards and annual turnover of the enterprise will be used as additional criteria for the classification of MSMEs. The revised investment and turnover limits are specified in Table 4 below. It will come into effect from July 1, 2020.

Table 4: Criteria used for defining MSMEs

Type	Criteria under 2006 Act		Revised criteria
	Investment (in Rs)		Investment and Turnover (in Rs)
	Manufacturing	Services	Both Manufacturing and Services
Micro	Up to 25 lakh	Up to 10 lakh	Investment: Up to 1 crore Turnover: Up to 5 crore
Small	25 lakh to 5 crore	10 lakh to 2 crore	Investment: 1 to 10 crore Turnover: 5 to 50 crore
Medium	5 to 10 crore	2 to 5 crore	Investment: 10 to 50 crore Turnover: 50 to 250 crore

Sources: MSME Development Act 2006; Gazette Notification, Ministry of Micro, Medium and Small Enterprises (June 1, 2020); PRS.

The calculation of investment in plant and machinery will be linked to the Income Tax return of the previous years filed under the Income Tax Act, 1961.⁷⁶ For new enterprises, the investment will be based on self-declaration of the promoter of the enterprise.

Information on turnover will be linked to the GST identification number (GSTIN). Exports of goods or services will be excluded while calculating the turnover of any enterprise for classification. All units with GSTIN listed against the same Permanent Account Number will be collectively treated as one enterprise for turnover and investment figures.

Credit Guarantee scheme for subordinate debt launched for MSMEs

The Ministry of MSME launched the Credit Guarantee scheme for subordinate debt, under which the government will provide a guarantee cover worth Rs 20,000 crore to promoters for investing in stressed MSMEs.⁷⁷ The scheme was announced by the Finance Minister in May 2020 under the Aatma Nirbhar Bharat Scheme.⁷⁸

Under the scheme, promoters of stressed MSMEs (which have become NPA as on April 30, 2020) will be given credit equal to 15% of their stake (equity plus debt) or Rs 75 lakh, whichever is lower. Promoters will infuse this amount in the MSME as equity to enhance the liquidity and maintain the debt-equity ratio. There will be a moratorium of seven years on payment of principal. The maximum tenor for repayment will be 10 years. The scheme will be operationalised through Credit Guarantee Fund Trust for Micro and Small Enterprises.

Trade and Commerce

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Empowered Group of Secretaries to be constituted for attracting investment

The Union Cabinet approved setting up of an Empowered Group of Secretaries and Project Development Cells in all ministries/ departments for attracting investment in the country.⁷⁹ This is expected to enhance coordination between various ministries and among the central and state government regarding investment-related policies. This is also aimed at attracting FDI inflows especially from large companies which are trying to diversify their investments into new geographies for mitigating the risks exposed by the COVID-19 pandemic.

The Empowered Group will be chaired by the Cabinet Secretary. Other members of the Group include the Chief Executive Officer of NITI Aayog and the Secretaries of the following departments: (i) Promotion of Industry and Internal Trade, (ii) Commerce, (iii) Revenue, and (iv) Economic Affairs. The Empowered Group will be responsible for: (i) ensuring policy stability and consistency in the overall investment environment, (ii) facilitating investment by top investors in a targeted manner, (iii) evaluating investment proposals put forward by the departments, and (iv) ensuring timely clearances from various departments.

The Project Development Cell under each Department/Ministry will be responsible for development of investible projects and ensuring coordination between the central government and state governments. The functions of the Project Development Cell include: (i) creating projects with all approvals and ensuring the availability of land for allocation, and (ii) identifying roadblocks in attracting investments and putting forth these issues before the Empowered Group.

Corporate Affairs

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List of CSR eligible activities expanded

Under the Companies Act, 2013 companies with net worth, turnover or profits above a specified amount are required to spend 2% of their average net profits in the last three financial years towards Corporate Social Responsibility activities. These funds must be spent towards certain scheduled activities, such as promoting education. The Ministry of Corporate Affairs

notified an additional item in the list. This includes contributions towards the benefit of the veterans in the Central Armed Police Forces and Central Para Military Forces, and their dependents, including widows.⁸⁰

Electronics and Information Technology

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59 mobile apps banned on the grounds of national security and public order

The Ministry of Electronics and Information Technology banned 59 apps on the grounds that these pose a threat to the sovereignty, integrity, defence and security of the state, and public order.⁸¹ These apps include TikTok, ShareIt, UC Browser, Mi Video Call, and Cam Scanner. Use of these apps has been disallowed in both mobile and non-mobile internet-enabled devices.

The ban has been imposed under the provisions of the Information Technology Act, 2000.⁸² The Act empowers the central government to issue directions to block public access of any information through any computer resource where it is in the interest of national security or public order. An intermediary failing to comply with the direction may be punished with imprisonment up to seven years and fine.

The Ministry noted that these apps have engaged in stealing and secretive transmission of users' data in an unauthorised manner to servers which are outside India. It noted that the compilation of such data, its mining and profiling by hostile elements can be a threat to national security. The ban on these apps has also been recommended by the Indian Cyber Crime Coordination Centre of the Ministry of Home Affairs.

India joins Global Partnership on Artificial Intelligence as founding member

India co-founded the Global Partnership on Artificial Intelligence (GPAI), an international inter-governmental initiative for responsible development and use of artificial intelligence (AI).⁸³ Other founding member countries of GPAI include USA, UK, European Union, Canada, Japan, and South Korea. GPAI seeks to support research, collaboration and applied activities in AI. It seeks to leverage the experience and diversity of participating countries for the development of AI. It will also evolve methodologies to showcase how AI can be leveraged to better respond to the present

global crisis due to COVID-19. GPAI will have a secretariat in Paris, and centres of expertise in Montreal and Paris.

Guidelines for schemes for the promotion of electronics manufacturing

In March 2020, the Union Cabinet had approved certain schemes for the promotion of electronics manufacturing.^{84,85,86} The Ministry of Electronics and Information Technology announced the guidelines for these schemes.^{87,88,89} Details of the announcements are:

- **Production Incentive Scheme for Large Scale Electronics Manufacturing:** The scheme proposes production-linked incentive in mobile phone manufacturing and specified electronics components including assembly, testing, marketing, and packing units.⁸⁴ The objective of the scheme is to promote domestic manufacturing of such electronics items and attract large investments in this area. The scheme will provide an incentive of 4% to 6% on incremental sales of goods manufactured in India over the base year.⁸⁷ The incentive will be available for five years from the base year as may be defined.⁸⁷
- **Scheme for promotion of manufacturing of electronic components and semiconductors:** The scheme will provide a financial incentive of 25% of capital expenditure for manufacturing of certain specified electronic goods.⁸⁵ The capital expenditure on plant, machinery, equipment and technology including research and development will be covered under the scheme.⁸⁸ The segments to be covered under the scheme include: (i) mobile, consumer and medical electronics, and (ii) telecom equipment.⁸⁸
- **Modified Electronics Manufacturing Clusters (EMC2.0) Scheme:** The EMC2.0 scheme will succeed the EMC scheme which was announced in 2012 and was open for application until October 2017.^{86,90} The scheme will provide financial assistance for setting up of both Electronics Manufacturing Clusters (EMC) and Common Facility Centres (CFC) and expansion of existing EMCs and CFCs.⁸⁹ The EMCs and CFCs will provide ready infrastructure along with common facilities and amenities to the electronics systems design and manufacturing sector.

Transport

Changes to ease procurement norms and improve ease of doing business announced by Railways

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The Ministry of Railways announced changes to ease procurement norms and improve ease of doing business.⁹¹ Previously, critical items like brake equipment were procured from vendors that were approved by the nominated vendor approving agencies for that particular item.⁹² For a particular item, vendors had to approach multiple vendor approving agencies and register as an approved vendor before participating in tenders for multiple Railway Units.

According to the new procurement norms, a vendor approved for an item by *any* Vendor Approving Agency of the Indian Railways shall be considered as an approved vendor by *all* Railway units for that particular item.

Advisory issued for implementing Rent a Motor Cab/Cycle Schemes

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The Ministry of Road Transport and Highways issued an advisory for implementing the Rent a Motor Cab and Rent a Motorcycle Schemes.⁹³ The schemes regulate the business of renting motor cabs and motorcycles, respectively. The schemes provide for: (i) grant of license, (ii) duties and responsibilities of the hirer of motor cabs, and (iii) powers of licensing authorities.⁹⁴

Previously, persons driving rented vehicles were required to display a badge with an identification number issued by the appropriate authority. As per the advisory, the person driving the rented vehicle will not be asked for any badge if he is carrying: (i) a valid driving license or international driving permit, and (ii) a copy of the license for renting a motor cab or motorcycle. As per the advisory, a rented motorcycle will now be allowed to travel across states on payment of relevant taxes. There was a lack of clarity on the inter-state movement of the rented motorcycles under the scheme.⁹⁵

Draft amendments to the Motor Vehicle Rules released

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The Ministry of Road Transport and Highways invited suggestions regarding various amendments proposed in the Central Motor Vehicles Rules, 1989.^{96,97,98,99} These Rules are

issued under the Motor Vehicles Act, 1988. Key draft amendments include:

- **Transport with neighbouring countries:** The Ministry proposed amendments to facilitate the movement of passenger or goods vehicles with neighbouring countries as per the Memorandum of Understanding signed with them.⁹⁶ The amendments provide for: (i) eligibility condition and permit to ply transport vehicle across the border, (ii) conditions for the driver and conductor, (iii) particulars to be exhibited on the transport vehicle, and (iv) responsibilities of various entities including the transport and health departments of respective states, intelligence bureau, and state police. Comments are invited on these by July 18, 2020.⁹⁶
- **Deferment of BS-IV emission norms:** The Ministry also proposed amendments to defer compliance with BS (CEV/TREM)-IV emissions norms for construction equipment vehicles, tractors, and harvesters.⁹⁷ Currently, these vehicles have to be compliant with BS-IV by October 1, 2020. The draft Rules seek to extend this deadline to April 1, 2021. Comments are invited on these amendments by July 19, 2020.⁹⁷

Further, the Ministry has re-invited comments on certain draft amendments originally released for consultation in March 2020.^{98,99} Comments have been re-invited in light of outbreak of COVID-19. These include amendments providing for: (i) portals for National Registers of Driving Licenses and Motor Vehicles, respectively, (ii) changes in manner of obtaining a learner's licence, (iii) quality standards for testing agencies, and (iv) manner of designation and recall of defective motor vehicles. More details on these amendments can be found [here](#). Comments on these amendments are invited by July 28, 2020.

Rules notified to allow persons with mild or medium colour blindness to obtain a driving licence

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The Ministry of Road Transport and Highways notified the Central Motor Vehicles (Fifth Amendment) Rules, 2020 which allow persons with mild to medium colour blindness to obtain a driving licence.^{100,101}

The Rules amend the Central Motor Vehicles Rules, 1989 and are issued under the Motor Vehicles Act, 1988. For obtaining a licence, a certificate of medical fitness will be required to

certify that: (i) the person has been tested for colour blindness using the standard Ishihara chart, and (ii) the person is not suffering from severe or total colour blindness.

Housing and Urban Affairs

Madhunika Iyer (madhunika@prsindia.org)

Measures to create pedestrian friendly market spaces recommended

The Ministry of Housing and Urban Affairs recommended measures to create pedestrian-friendly market spaces in various cities and municipal areas.¹⁰² These measures seek to improve air quality by promoting public transportation with special focus on cycle tracks and pedestrian-friendly market spaces. Key measures include:

- **Selection of market places:** Cities with population of one million or more may select at least three market places and notify them for making them pedestrian-friendly. All other cities may notify at least one such market place. These market places may be notified by June 30, 2020.
- **Planning:** The development of the plan for pedestrian friendly market places may be done in consultation with various stakeholders. These may include vendors, municipal officers, traffic police, parking facility owners, shop owners, and consumers. Such planning may be undertaken by September 30, 2020.
- **Implementation:** The plans may be implemented in the short and long term. Short-term implementation measures include temporary and easy to install interventions such as barricades, and road closure for vehicles. Other measures include: (i) improving access through additional streets, (ii) widening footpaths, and (iii) providing dedicated cycle paths. Implementation of short-term measures may be started in the first week of October 2020. Long term permanent structures to promote pedestrianisation can be developed if such short-term measures are successful.

Mining

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New methodology notified for rationalisation of coal linkages

The Ministry of Coal notified a new methodology for rationalisation of coal linkages/swapping of coal.¹⁰³ Coal linkage is the allocation of coal mines for supply to coal consumers such as power and steel plants. Such supply of coal is facilitated through a contractual agreement between a coal company and a coal consumer. Rationalisation involves transfer of coal supply source of a consumer from one coal mine to another such that the consumer may get coal supply from mines closer to it. The objective of this exercise is to reduce coal transportation costs. Key features of the new methodology are as follows:

- **Eligibility:** Rationalisation will be achieved through bilateral arrangements between two willing consumers involving swapping of full or part of their eligible quantities. As per the earlier methodology, only consumers from power sector (power plants) were eligible. The new methodology provides that all other sectors (such as steel and cement sectors) will also be eligible. The arrangement will be allowed only between consumers within the same sector, i.e., power with power and non-regulated with non-regulated. Only non-coking coal will be considered under the methodology. Further, coal procured from e-auction schemes and captive coal blocks will not be eligible. Rationalisation can be done across domestic coal linkage and imported coal. However, any such arrangement will not be allowed between two consumers of imported coal.
- **Terms of rationalisation:** The rationalisation will be based on the quantity calculated in Gross Calorific Value equivalence. Hence, the quality of coal will also be factored. The linkage holder will continue to pay the price as per the existing contract and there will be no change in any of its commercial terms. The minimum tenure of the arrangement will be six months. The maximum term of the arrangement will be subject to the expiry of the existing contracts of the two parties, whichever is earlier.
- **Accounting of savings:** Savings from the rationalisation will be passed on to: (i) power distribution companies in the case of coal supplied under power purchase agreements, and (ii) the Indian Railways in

the case of non-regulated sector consumers (steel and cement).

Guidelines notified for auction of mineral blocks with pre-embedded clearances

The Ministry of Mines released guidelines for auction of greenfield mineral blocks with pre-embedded clearances.¹⁰⁴ For such mineral blocks, statutory clearances required to start mining operations will be obtained by state governments and will be provided to the successful bidder along with the award of the mine in the auction.

This is expected to: (i) overcome delays in starting production after the auction, (ii) improve the ease of doing business, and (iii) bring greater participation and higher rates in auctions. This scheme will be implemented by states on a pilot basis. Each state will identify at least five mineral blocks for auction with pre-embedded clearances. Key features of the guidelines are:

- **Agency for obtaining clearances:** The state government may set up a Project Monitoring Unit (PMU) for obtaining requisite clearances and approvals. The PMU will get the mining plan prepared and approved. The successful bidder will be allowed to either enhance or reduce production limit by 25%. The PMU will also obtain land rights for mining in case of both government as well as privately owned land.
- **Forest clearance:** Forest clearance is required to be obtained for diversion of forest land for non-forest purpose including mining operations. Forest clearance is provided in the form of in-principal approval and formal approval and is referred to as stage-I and stage-II approval. The PMU will only obtain stage-I clearance. The successful bidder will be required to obtain the stage-II approval after the auction.
- **Environment clearance:** The successful bidder will be allowed to either enhance or reduce production limit by 25% without being required to obtain fresh environment clearance approval.
- **Accounting of expenses:** The fees paid by PMU for obtaining clearances will be initially borne by the state government. Costs incurred by the state government for engagement of PMU and obtaining clearances will be subsequently recovered from the successful bidder for the mine.

Power

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The Guidelines and Standards for Charging Infrastructure for Electric Vehicles amended

The Ministry of Power notified amendments in the Guidelines and Standards for Charging Infrastructure for Electric Vehicles.¹⁰⁵ The original guidelines were released in December 2018 and were subsequently revised in October 2019. Key changes are as follows:

- **Tariff for electricity supply:** As per the revised guidelines, the Central or State Electricity Regulatory Commissions will determine the tariff for supply of electricity to the public charging stations as per the Tariff Policy issued under the Electricity Act, 2003. The amendments add that the tariff will not be more than the average cost of supply plus 15% unless specified otherwise by the Tariff Policy.
- **Types of charging stations:** The amendments define various types of charging stations (Table 5). These entities were not defined in the existing guidelines. The amendments provide that a Battery Charging Station will be treated at par with Public Charging Station and same tariff for electricity supply will apply to both types of charging stations.

Table 5: Definition of various types of charging stations

Entity	Definition
Public Charging Station	where any electric vehicle can get its battery recharged
Battery Charging Station	where discharged or partially discharged batteries for electric vehicles are recharged
Captive Charging Station	where vehicles owned or controlled by the owner of the charging stations are serviced
Battery Swapping Station	where any electric vehicle can get its discharged battery replaced by a charged battery

Source: Notification No. 12/2/2018-EV, Ministry of Power; PRS.

Joint Electricity Regulatory Commission constituted for union territories of Jammu & Kashmir and Ladakh

The central government has constituted a Joint Electricity Regulatory Commission for the union territories of Jammu & Kashmir and Ladakh under the provisions of the Electricity Act,

2003.¹⁰⁶ The Commission will act as the independent regulator of the power sector in the two union territories.

New and Renewable Energy

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Guidelines released for installation of innovative stand-alone solar pumps

The Ministry of New and Renewable Energy released guidelines for installation of innovative stand-alone solar pumps.¹⁰⁷ Currently, under the schemes run by the Ministry, only solar pumps meeting the specifications by the Ministry can be installed. The Ministry noted that it has received representations regarding the use of different design/software for solar pumps for better performance in a cost-effective manner. Thus, to promote innovation in technology, the Ministry has decided to permit the installation of innovative stand-alone solar pumps under its schemes in test mode. Key features of the guidelines are as follows:

- **Process for application:** The Ministry will invite application from innovators from time-to-time. Only those products which are available for testing and field trial will be eligible for participation. A cost-benefit analysis will be required along with the proposal. The Ministry will constitute an Evaluation Committee to examine the applications. The applicant will be required to submit a test report of the product. In certain cases, the Evaluation Committee may require re-testing of performance of the product of the applicant.
- **Field demonstration:** Upon the recommendation of the Evaluation Committee, the innovator will be allowed to install up to 50 solar pumps for demonstration purpose. The field demonstration will continue for at least one year. The installed pumps will be required to meet at least the existing performance standards specified by the Ministry.
- The innovator will be required to deposit a bank guarantee equivalent to the payment made to him against the installation of the solar pump. The innovator will be required to compensate for any damage caused to farmers due to the underperformance of its solar pump.
- **Adoption of technology:** On recommendations of the Evaluation

Committee, the Ministry may adopt the innovative technology and update the existing specifications after a stakeholder consultation on the same.

Validity of Waste to Energy Programme to be extended

The Programme on Energy from Urban, Industrial, Agricultural Wastes/Residues and Municipal Solid Waste has been extended up to March 31, 2021, or the date the recommendations of the 15th Finance Commission comes into effect, whichever is earlier.¹⁰⁸ The programme had ended on March 31, 2020. The programme provides financial assistance to developers for installation of waste to energy projects including biogas generation and power generation from biogas.

Environment

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Guidelines issued for Producers Responsibility under Plastic Waste Management Rules, 2016

The Ministry of Environment, Forest and Climate Change issued guidelines on uniform framework for Extended Producer Responsibility (EPR) for plastic waste management.¹⁰⁹ The Plastic Waste Management Rules, define EPR as the responsibility of a producer for environmentally sound management of a product until the end of its life.¹¹⁰ This framework is based on the premise that producers are responsible for providing financial incentives to the plastic waste collection systems and the recycling industry to collect and process plastic waste to meet the targets set by the government.

A Committee constituted to evaluate the mechanism for the implementation of EPR noted that the responsibility of waste collection and segregation is that of an Urban Local Bodies (ULB). It observed that handing over this responsibility to the producers would be inefficient. It suggested a uniform framework for EPR, which shall be based on creation of national registration and database repository. All transactions under EPR shall be governed through a web portal. Further, the Committee noted that one single model for EPR may not work for the entire country. It suggested various models for EPR compliance. These include:

- **Fee based model:** This model could be applicable to producers (including importers and brand owners) who use less quantity of

plastic (lower than a cut-off decided by the government) for packaging. They shall contribute to the EPR corpus fund at the central level. The amount to be contributed by each of the producer will be decided based on the generation of plastic waste and the efforts required and money spent by the ULB to handle plastic waste.

- **Plastic credit model:** Under this model, a producer will not be required to recycle their own packaging, but to ensure that an equivalent amount of packaging waste has been recovered and recycled to meet their obligation. Producers will be mandated to acquire evidence of recycling (plastic credit) from accredited processors or exporters.
- **Producer Responsibility Organisations:** Producers can join a Producer Responsibility Organization (PRO), which will carry out the legal requirements on behalf of their member companies. PROs will operate as a contractor service to the producers. However, the final responsibility of providing evidence of reprocessing of plastic packaging will be with the producer only.

Comments on the guidelines are invited till July 31, 2020.

Advisory issued for import and possession of exotic live species

The Ministry of Environment, Forest and Climate Change issued an advisory on import and possession of exotic live species in India.¹¹¹ Exotic live species refer to animals under the Convention of International Trade in Endangered Species of Wild Fauna and Flora (CITES). CITES is an international agreement between governments to ensure that international trade of wild animal and plant species does not threaten their survival.¹¹² India ratified CITES in 1976.¹¹³

Key features of the advisory include:

- **Voluntary Disclosure:** An inventory of exotic live species will be developed through a voluntary disclosure scheme. Such disclosure may be made by the owner or holder of the exotic live species to the respective state Chief Wildlife Warden (constituted under the Wild Life (Protection) Act, 1972) within six months from the date of the advisory. The Warden will register the stock and issue a certificate of possession within six months.
- If the disclosure of the exotic live species is made after six months, the owner or holder will be required to comply with the documentation under the existing laws.

- Any acquisition, death, trade, change of possession, or birth by the imported animal after the disclosure should be informed to the respective state Chief Wildlife Warden within 30 days of such activity.
- **Import and stock maintenance:** An importer has to apply for a license for import of exotic live species accompanied by a no-objection certificate from the respective state Chief Wildlife Warden. The importer has to take certain steps to maintain the stock of such species. These include: (i) maintaining a health card for each exotic live species imported, (ii) providing details of facilities for their housing, and (iii) ensuring that the exotic live species are not mixed or bred with indigenous animal species.

Health

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Cabinet approves establishment of Pharmacopoeia Commission for Indian Medicine and Homoeopathy

The Union Cabinet has approved the re-establishment of the Pharmacopoeia Commission for Indian Medicine and Homoeopathy (PCIM&H) as a subordinate office under the Ministry of AYUSH.¹¹⁴ It will be merged with the Pharmacopoeia Laboratory for Indian Medicine and Homoeopathic Pharmacopoeia Laboratory, which are two central laboratories established at Ghaziabad since 1975. Prior to the merger, PCIM&H existed as an autonomous organisation under the Ministry of AYUSH. After reconstitution, the PCIM&H will facilitate the uniform development of standards for AYUSH drugs and formulations, prevent duplication of drug standardization work, and promote optimal utilisation of resources, amongst others.

Women and Child Development

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Task Force set up to examine issues related to motherhood and infancy

In the Union Budget Speech for 2020-21, the Finance Minister proposed to set up a Task Force on the issues related to motherhood and infancy that would submit a report of its findings within six months.¹¹⁵ Consequently, the central government has set up a Task Force to examine

these issues.¹¹⁶ It will examine the correlation between age of marriage and motherhood with: (i) health, medical well-being, and nutritional status of mother and child, (ii) key parameters such as Infant Mortality Rate, Maternal Mortality Rate, and Child Sex Ratio, and (iii) other relevant points related to health and nutrition in this context. Further, it may suggest measures to promote higher education among women. Based on its study, the Task Force may suggest legislative changes needed to implement its recommendations. The Task Force will be headed by Ms. Jaya Jaitly and is required to submit its report by July 31, 2020.

Social Justice and Empowerment

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Nasha Mukht Bharat: Annual Action Plan (2020-21) launched

The Ministry of Social Justice and Empowerment launched the Nasha Mukht Bharat Annual Action Plan for 2020-21. The Plan will focus on the problem of drug abuse in 272 of the most affected districts of the country.¹¹⁷ The Plan will include awareness generation programmes, especially in higher educational institutions, universities, and school. Further, it will include identification of dependent populations, and treatment in hospital facilities or de-addiction centres. The Plan will be implemented by the Ministry and the Narcotics Bureau.

Youth Affairs and Sports

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Khelo India centres to be established at the state and district level

The Ministry of Youth Affairs and Sports will establish one Khelo India State Centre of Excellence (KISCE) in each state and union territory.¹¹⁸ These will train elite and Olympic level athletes. State-owned sports facilities have been identified in eight states, which will be upgraded to a KISCE. These states include Karnataka, Odisha, Kerala, Telangana, Arunachal Pradesh, Manipur, Mizoram and Nagaland. States and union territories will run

the KISCE while the central government will provide funding to upgrade the facilities.

In addition, the Ministry will establish 1,000 Khelo India Centres (KICs) at the district level, with 100 KICs to be established in FY 2020-21.¹¹⁹ Existing Sports Authority of India extension centres will be given the option of converting into a KIC. Further, past champions will be identified to establish their own academies. Grants will be provided to each KIC for remuneration of coaches, purchase of equipment, sports kits, and participation in competition and events, among others.

Space

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Cabinet approves reforms to boost private sector participation in Space

The Union Cabinet approved certain reforms to boost private sector participation in Space.^{120,121} An autonomous nodal agency called Indian National Space Promotion and Authorisation Centre will be set up under the Department of Space, as a separate vertical for permitting and regulating the activities of private industry in space sector.

The Centre will promote and guide private industries in space activities through encouraging policies and a favourable regulatory environment, with technical expertise from ISRO. It will have its own independent directorates for technical, legal, safety and monitoring for assessing the private industry requirements and coordinating the activities.

The role of New Space India Ltd. (NSIL), a public sector undertaking under the Department of Space, will be re-defined from a supply-driven model to a demand-driven model for space-based services. NSIL is the commercial arm of ISRO, currently responsible for transfer of ISRO's small satellite technology to industry, among other things. Current activities of ISRO in the areas of launch vehicle, satellite production, launch services and space-based services will be taken up by NSIL. It will execute these activities through industry consortiums. These reforms are expected to allow ISRO to allocate more time and resources for research and development.

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