

# Monthly Policy Review

## March 2020

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### Highlights of this Issue

#### [COVID-19 in India: number of cases cross the 1,000 mark by end-March \(p. 2\)](#)

Coronavirus disease 2019 (COVID-19) is an infectious disease caused by a new type of virus. As of March 31, 2020, there were more than a thousand confirmed cases in India.

#### [21 day lockdown announced by the central government to contain COVID-19 \(p. 2\)](#)

The lockdown is effective from March 25, 2020. During this period, all establishments, other than those selling or producing essential goods, providing essential services, and discharging certain state functions, have been closed.

#### [Government announces COVID-19 related relief under PM Garib Kalyan Yojana \(p. 3\)](#)

Measures include insurance cover of 50 lakh rupees for health workers, 5 kg of wheat or rice and 1 kg of pulses to poor families, and increase in MNREGA wages. 1.7 lakh crore rupees has been announced for the relief package.

#### [Ordinance issued to extend time limits for various compliances under taxation laws \(p. 2\)](#)

The Ordinance provides relaxations, such as extension of time limit and waiver of penalty, in view of the spread of the coronavirus pandemic. It also makes donations to the PM CARES Fund eligible for 100% tax deduction.

#### [RBI cuts rates, injects liquidity, provides relief for borrowers \(p. 4\)](#)

RBI cut repo rate to 4.4%, CRR to 3% and MSF to 4.65%. It increased the amount available under MSF to 3% of NDTL. It also permitted banks and NBFCs to give moratorium on interest and principal payments.

#### [Budget session of Parliament ends; Parliament passes 12 Bills in the session \(p. 2\)](#)

Bills passed by Parliament include the Insolvency and Bankruptcy Code (Second Amendment) Bill, 2020, the Minerals Laws (Amendment) Bill, 2020, and the Direct Tax Vivad se Vishwas Bill, 2020.

#### [Finance Bill passed by Parliament to provide new personal income tax rate option \(p. 9\)](#)

Certain deductions under the Income Tax Act cannot be claimed with the new option. The Bill also changes the definition of residence for certain NRIs, and taxes the recipient of the dividend income, instead of the company.

#### [SC strikes down RBI directive on prohibition from dealing in virtual currencies \(p. 11\)](#)

The RBI circular (April 2018) prohibited entities regulated by it from dealing in virtual currencies. The Court held that the RBI did not provide enough evidence that virtual currencies have negatively impacted the banking system.

#### [Companies \(Amendment\) Bill, 2020 introduced in Lok Sabha \(p. 13\)](#)

Key provisions include: (i) removal of penalties for certain offences, removal of imprisonment in certain offences, and reduction of fines in others, (ii) option to set off unspent CSR funds against obligation in subsequent years.

#### [Amendments to certain Rules under the MMDR Act, 1957 notified \(p. 17\)](#)

The Ministry of Mines notified amendments in certain rules to give effect to provisions regarding the transfer of clearances and auction of certain mines under the Mineral Laws (Amendment) Act, 2020.

#### [Draft Defence Procurement Procedure, 2020 released by Ministry of Defence \(p. 22\)](#)

The Draft Defence Procurement Procedure (DPP) 2020 revises the DPP-2016. It introduces leasing as a new mode of acquisition. Further, it increases the indigenous content requirement for different categories of acquisition.

#### [Draft Environment Impact Assessment notification, 2020 released \(p. 24\)](#)

The draft notification exempts certain projects from public consultation. These include all building and construction projects, inland waterways, expansion or widening of national highways, and modernisation of irrigation projects.

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**April 1, 2020**

## Parliament

*Prachi Kaur (prachi@prsindia.org)*

### Budget Session 2020 of Parliament concludes

The budget session of Parliament was held from January 31, 2020 to March 23, 2020, with a recess from February 12 to March 1, 2020.<sup>1</sup> The session was scheduled to end on April 3, 2020. However, considering the public health emergency situation due to the Coronavirus outbreak, Parliament adjourned sine die on March 23, 2020.

19 Bills were introduced during the session. These included the Banking Regulation (Amendment) Bill, 2020, the Companies (Amendment) Bill, 2020, the Medical Termination of Pregnancy (Amendment) Bill, 2020, and the Aircraft (Amendment) Bill, 2020.

Parliament passed 12 Bills (including the Finance and Appropriation Bills). Bills that were passed include the Insolvency and Bankruptcy Code (Second Amendment) Bill, 2020, the Minerals Laws (Amendment) Bill, 2020, and the Direct Tax Vivad se Vishwas Bill, 2020.

For more details on legislative business taken up during the Budget Session 2020, please see [here](#). For details on the functioning of Parliament during the session, please see [here](#).

## COVID-19

For details on the number of daily cases in the country and across states, please see [here](#). For details on the major notifications released by centre and the states, please see [here](#).

Coronavirus disease 2019 (COVID-19) is an infectious disease caused by a new type of virus.<sup>2</sup> The disease originated in Wuhan, China and has since spread globally. On March 11, 2020, the World Health Organisation declared the COVID-19 to be a global pandemic.<sup>2</sup> The first confirmed case in India was on January 30, 2020.<sup>2</sup> Since then, there has been a consistent rise in the number of cases within the country. As of March 31, 2020, there were 1,397 confirmed cases in India.<sup>2</sup> Of these, 124 had been cured/discharged and 35 had died.<sup>2</sup> 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. Key announcements made in this regard are as follows:

## 21-day lockdown notified in the country

*Roshni Sinha (roshni@prsindia.org)*

To contain the spread of COVID-19, the National Disaster Management Authority (NDMA) directed the central and state governments, as well as various State Disaster Management Authorities (SDMAs) to take measures to ensure social distancing for 21 days (with effect from March 25, 2020).<sup>3</sup> These measures were issued under the provisions of the Disaster Management Act, 2005. The Act sets up the NDMA and SMDAs and provides certain powers to these authorities for the effective management of disasters.

The Union Home Secretary issued guidelines to all states and union territories on the enforcement of the 21-day lockdown.<sup>4,5,6,7,8</sup> During the lockdown, all establishments, other than those selling or producing essential goods or providing essential services, and activities related to agricultural operations have been closed. Essential goods include items such as food, medicine, and electricity. Essential services include banking services, telecommunications, and pharmaceuticals. Transportation of all goods (whether essential or non-essential) will continue to remain functional.<sup>8</sup> Further, certain bodies, such as the district administration, police, and defence services will continue to operate.

The Union Home Secretary further directed all state/union territory governments, as well as various State/Union Territory Disaster Management Authorities to issue orders to their District Magistrates or Deputy Commissioners, and Senior Superintendent of Police (SP), SP, or Deputy SP to: (i) ensure adequate arrangements of temporary shelter and food for the needy, including stranded migrant workers, (ii) relocate migrant workers who have moved out to reach their home town, to the nearest shelter home, and to quarantine them for at least 14 days, and (iii) direct employers to pay wages during the lockdown, and to ensure landlords do not demand rent from workers for one month.<sup>9</sup>

### Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance issued

*Suyash Tiwari (suyash@prsindia.org)*

The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 was promulgated.<sup>10</sup> The Ordinance provides certain relaxations, such as extension of time limit and waiver of penalty, in relation to certain specified laws. These include the Income Tax Act, 1961 (IT Act), some Finance Acts, and the Prohibition of Benami Property Transactions Act, 1988. The

Ordinance provides these relaxations in view of the spread of the coronavirus pandemic in India. Key features of the Ordinance include:

- **Extension of time limits:** The Ordinance extends the time limits, falling during the period March 20, 2020 to June 29, 2020, for compliance or completion of certain actions under the specified laws. The government may extend this period by a notification.
- These actions include: (i) issuing notices and notifications, completing proceedings, and passing orders by authorities and tribunals, (ii) filing of appeals, replies, and applications, and furnishing documents, and (iii) making any investment or payment for claiming certain deductions or allowances under the IT Act, such as those under the Sections 80C to 80GGC of the IT Act, or those which the government may notify.

The Ordinance extends the time limit to complete or comply with such actions to June 30, 2020, or such other date after June 30, 2020 which the government may notify. The government may notify different dates for the completion of different actions.

- **Interest and penalty:** Payment of any tax, made after the due date (due between March 20, 2020 and June 29, 2020), but before June 30, 2020 (or any further date specified by the government), will not be liable for prosecution or penalty. The rate of interest payable for the delay in payment will not exceed 0.75% per month.
- **Donations to PM CARES Fund:** The Ordinance amends the IT Act to provide that donations made by a person to the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) will be eligible for 100% deduction, while calculating his income under the Act.
- **GST compliances:** The Ordinance amends the Central Goods and Services Tax Act, 2017 to allow the central government to notify extension to the time limit for various compliances and actions under the Act. Such extension would be based on the recommendations of the GST Council. This can be done only in the case of actions which cannot be completed or complied with due to force majeure (such as war, epidemic, or a natural calamity).

## Government announced measures under Pradhan Mantri Garib Kalyan Yojana to provide relief against COVID-19

Anurag Vaishnav ([anurag@prsindia.org](mailto:anurag@prsindia.org))

In light of the COVID-19 pandemic, the Finance Minister announced a relief package under the Pradhan Mantri Garib Kalyan Yojana for the poor.<sup>11</sup> An amount of Rs 1.7 lakh crore has been allocated for the same. Key features of the package under the scheme are:<sup>11,12</sup>

- Insurance cover of Rs 50 lakh for public health workers (such as doctors, nurses, paramedics and ASHA workers) who are treating patients of COVID-19. The scheme will cover all health workers working in government health centres, wellness centres, and hospitals of the centre and states. As per the press release, nearly 22 lakh health workers would be covered under this scheme. The insurance cover will be over and above any other insurance cover being availed by the beneficiary.<sup>13</sup>
- Five kilograms of wheat or rice and one kilogram of preferred pulses will be provided for free every month to poor families for the next three months. This will be over and above the current entitlements under the National Food Security Act. As per the press release, 80 crore individuals will be covered under this scheme.
- 20.4 crore women account holders under the Pradhan Mantri Jan Dhan Yojana will get Rs 500 per month for next three months. Further, eight crore poor families will be given three gas cylinders free of cost over the next three months.
- The first instalment of Rs 2,000 due in 2020-21 under the PM-KISAN Yojana will be advanced and paid in April, 2020.
- Central government will pay 24% of monthly wage for the next three months into the Provident Fund accounts for certain wage-earners. These will be done for people earning below Rs 15,000 per month in businesses having less than 100 workers.
- Wages under the Mahatma Gandhi National Rural Employment Guarantee Scheme will be increased from Rs 182 to Rs 202 per day.
- Centre will direct state governments to utilise the funds available under District Mineral Fund for medical testing, screening and other requirements for treatment and prevention of spread of COVID-19. Further, states will also be directed to utilise funds under the Building and other Construction

Workers Welfare Fund to provide assistance and support to workers.

### **RBI announces measures to address the financial stress caused by COVID-19**

Anurag Vaishnav ([anurag@prsindia.org](mailto:anurag@prsindia.org))

The Reserve Bank of India (RBI) has announced several measures to address the stress in financial conditions caused by COVID-19.<sup>14,15,16</sup> These include: (i) cutting policy rates, (ii) expanding liquidity in the market to ensure that financial markets and institutions are able to function normally, and (iii) relief to borrowers in repayment of loans. Key measures are detailed below:

- **Policy Rates:** The repo rate (the rate at which RBI lends money to banks) was reduced from 5.15% to 4.4%. The reverse repo rate (the rate at which RBI borrows money from banks) was reduced from 4.9% to 4.0%. The marginal standing facility rate (the rate at which banks can borrow additional money) and the bank rate (the rate at which RBI buys bills of exchange) were reduced from 5.4% to 4.65%. The accommodative stance of monetary policy will be continued in order to revive growth and mitigate the impact of coronavirus on the economy.
- **Liquidity management:** The Cash Reserve Ratio (CRR) for all banks has been reduced from 4% to 3% till March 26, 2021. 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). The daily required minimum CRR balance has been also reduced from 90% to 80%, till June 26, 2020. Further, the RBI will conduct auctions of targeted term repos of up to three years tenor.
- Under the marginal standing facility (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). The borrowing limit for MSF has been increased from 2% of NDTL to 3% of NDTL till June 30, 2020. These steps are expected to inject a total liquidity of Rs 3.74 lakh crore.
- **Relief to borrowers:** All banks and financial institutions (including NBFCs) are permitted to grant a moratorium of three months on payment of all term loan instalments (including agricultural, retail and

crop loans) and interest on working capital loans (such as overdraft facilities), which are due between March 1, 2020 and May 31, 2020. Such deferment will not result in a downgrade in asset classification.

### **COVID-19 testing laboratories opened; social distancing measures proposed**

Anya Bharat Ram ([anya@prsindia.org](mailto:anya@prsindia.org))

The Ministry of Health and Family Welfare has released several advisories and notifications addressing: (i) citizens, (ii) hospitals, (iii) state governments/ departments/ Ministries, and (iv) employees. Key notifications include:

- **Testing laboratories:** The Indian Council of Medical Research allowed for free of cost diagnosis to all individuals with COVID19 symptoms.<sup>17</sup> For this purpose, the government approved certain private laboratories to test individuals for COVID-19. As of 27<sup>th</sup> March, there were 111 government testing centres for analysing samples of COVID-19.<sup>17</sup> Another 11 were in the process of being operationalised. Further, there were 44 private labs offering testing in 11 states. These states are Delhi, Maharashtra, Kerala, West Bengal, Uttar Pradesh, Telangana, Tamil Nadu, Odisha, Karnataka, Haryana, and Gujarat.<sup>18</sup>
- The Ministry laid down guidelines for those who may be tested at these laboratories. These include: (i) close contacts of those who have tested positive for COVID-19 and then develop respiratory symptoms within 14 days of contacting infected person, and (ii) persons with a travel history to COVID-19 affected countries who show symptoms within 14 days of their return.<sup>19</sup>
- **Social distancing measures:** The government also proposed for certain interventions to be followed by state governments to ensure social distancing. These include: (i) closure of all educational establishments (schools, universities), gyms, museums, cultural and social centres, swimming pools and theatres, (ii) postponing of exams and ongoing exams to be conducted only after ensuring physical distance of one meter amongst students, (iii) encourage private sector organisations/ employers to allow employees to work from home wherever feasible.<sup>20</sup>



## Domestic and international travel banned; issue of visas suspended

Prachee Mishra ([prachee@prsindia.org](mailto:prachee@prsindia.org))

**Civil Aviation:** The Director General of Civil Aviation has banned all passenger domestic air travel within the country from March 24 till April 14, 2020.<sup>21,22</sup> All international commercial passenger travel to and from the country has been banned till 6:30 pm on April 14, 2020 (cargo and certain other flights, as specified by DGCA are exempted).<sup>23</sup> All existing visas issued to nationals of any country except those issued to diplomats, officials, UN/international organisations, employment and project visas are suspended from March 13 till April 15, 2020.<sup>24</sup>

DGCA had also issued several travel and visa restrictions prior to the complete travel ban. These include requiring a minimum of 14 days' quarantine for persons travelling to India from China, Iran, Italy, South Korea, Japan, France, Germany, Spain, UAE, Qatar, Oman and Kuwait.<sup>24</sup> Those who travelled to EU countries, European Free Trade Association, Turkey, UK, Afghanistan, Philippines, and Malaysia post February 15, 2020 were not allowed to travel to India from March 18, 2020 onwards.<sup>25</sup>

**Railways:** Indian Railways has suspended all passenger trains till April 14, 2020.<sup>26</sup> However, transportation of essential commodities will continue.<sup>27</sup> Railways has also made railway parcel vans available for quick mass transportation for e-commerce entities and other customers including state governments to transport certain goods.<sup>28</sup> These include medical supplies, medical equipment, food, etc. in small parcel sizes. Further, the Ministry of Railways announced that Railways' manufacturing capacity will be harnessed to help deal with COVID-19. Production facilities available with Railways can be used to manufacture items like simple beds, medical trolleys, PPE like masks, and ventilators.

**Roads:** The Ministry of Road Transport and Highways extended the validity of expired driving licences and vehicle registration till June 30, 2020.<sup>29</sup>

**Shipping:** The Ministry of Shipping released a Standard Operating Procedure for international cruise ships to handle COVID-19 at major ports of India.<sup>30</sup> Under this, any passenger or crew with a travel history to any of the COVID affected countries since

February 1, 2020 will not be allowed to enter any Indian port till March 31, 2020. International cruise ships will be allowed only in the ports where thermal screening is available. The Directorate General of Shipping also issued instructions to all major and minor ports for dealing with COVID.<sup>31</sup> As per these instructions, the Master of all ships must determine health of passengers before arrival as per WHO guidelines. If the declaration of health given by Master is found to be incorrect then he may be prosecuted.

## Export of ventilators, masks, sanitizers, and certain medicines prohibited

Saket Surya ([saket@prsindia.org](mailto:saket@prsindia.org))

The Ministry of Commerce and Industry has prohibited the export of: (i) ventilators (including any artificial respiratory apparatus or oxygen therapy apparatus or any other breathing device), (ii) surgical masks, (iii) textile raw material used for making masks and coveralls, (iv) sanitizers, and (v) hydroxychloroquine and its formulations (used to treat malaria).<sup>32,33,34</sup> This has been done to ensure supply within the country. Further, the Ministry released a notification prohibiting the export of specified active pharmaceutical ingredients (API) and formulations made from these APIs.<sup>35</sup> These include: (i) paracetamol, (ii) erythromycin salts, (iii) vitamin B1, B6, and B12, and (iv) neomycin.

## Advisory for operational continuity of print and electronic media

Saket Surya ([saket@prsindia.org](mailto:saket@prsindia.org))

The Ministry of Information and Broadcasting issued an advisory to all state governments and union territories to ensure operational continuity of print and electronic media in view of the threat of COVID-19 outbreak.<sup>36</sup> The advisory specifies the following as critical infrastructure:

- printing presses and distribution infrastructure of newspapers and magazines,
- TV channels,
- FM Radio networks,
- networks of broadcasting and cable operators, and
- news agencies.

It states that in the view of restrictions being imposed for containment of COVID-19, all operators of such critical facilities as well intermediaries should be permitted to remain operational. Further, the smooth supply and

distribution chain should be facilitated. Movement of accredited staff and vehicles related to such operations should be allowed. Availability of electricity and other logistics should also be ensured.

### **Advisory to curb misinformation on COVID-19 on social media platforms**

*Saket Surya (saket@prsindia.org)*

The Ministry of Electronics and Information Technology issued an advisory to all social media platforms to curb misinformation on COVID-19 on their platforms.<sup>37</sup>

Social media platforms are intermediaries under the Information Technology Act, 2000.<sup>37</sup> Under the Information Technology (Intermediary Guidelines) Rules, 2011, such intermediaries are required to inform their users not to deal with information that may affect public order and is unlawful in any way.<sup>37</sup>

The advisory urges the platforms to:

- initiate awareness campaign for the users not to upload/circulate any false information that may create panic among the public,
- take immediate action to disable/remove such content on a priority basis, and
- promote the dissemination of authentic information as far as possible.

### **Census and NPR postponed till further orders**

*Roshni Sinha (roshni@prsindia.org)*

In December 2019, the Union Cabinet had approved proposals to: (i) conduct the Census of India 2021 throughout the country, and (ii) update the National Population Register (NPR) in all parts of the country, except the state of Assam.<sup>38</sup> The Census was to be conducted in two phases: (i) a house listing and housing census between April and September 2020, and (ii) population enumeration in February 2021. The NPR was to be updated along with the house listing and housing census (except in Assam). The NPR is a register of the usual residents in the country. Usual residents refer to those who have either resided in a local area for the past six months or more, or intend to reside in that area for the next six months or more.

In view of the COVID-19 pandemic, the census and updation of NPR have been postponed until further orders.<sup>39</sup>

### **Empowered Groups constituted on COVID-19**

*Roshni Sinha (roshni@prsindia.org)*

The Ministry of Home Affairs constituted 11 Empowered Groups of Officers on taking response measures on the COVID-19 pandemic.<sup>40</sup> The Groups have been empowered to delineate policies, formulate plans, and strategise operations for dealing with COVID-19, and take steps for their implementation.

### **Minimum threshold for initiating insolvency resolution process increased**

*Roshni Sinha (roshni@prsindia.org)*

The Insolvency and Bankruptcy Code, 2016 (IBC) provides a time-bound process to resolve insolvency among companies. The Code allows the creditors of the company to initiate an insolvency resolution process, if the amount of default by the debtor company is at least one lakh rupees. The Ministry of Corporate Affairs has increased this threshold from one lakh rupees to one crore rupees.<sup>41</sup> This has been done to tackle the emerging financial distress faced by most companies on account of the large-scale economic distress caused by COVID 19.<sup>42</sup>

### **EPF withdrawal limits increased**

*Roshni Sinha (roshni@prsindia.org)*

Under the relief package, the Finance Minister announced that employees' provident fund regulations will be amended to allow non-refundable advances from the Provident Fund accounts of employees.<sup>41</sup> Following this, the Ministry of Labour and Employment amended the Employees' Provident Funds Scheme, 1952, notified under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.<sup>43</sup> The Act provides for a contribution-based provide fund (PF) scheme for employees in establishments with 20 or more employees. The Scheme provides for the establishment of PF accounts under the Act for employees working in such establishments.

As per the amended scheme, in areas declared to be affected by an epidemic or pandemic, the PF Commissioner can permit a member to seek a non-refundable advance from his PF account. The permitted amount would be three months' salary or 75% of amount lying in the member's PF account, whichever is lesser.

## IRDAI issues guidelines on handling of claims reported under Coronavirus

Anurag Vaishnav ([anurag@prsindia.org](mailto:anurag@prsindia.org))

The Insurance Regulatory and Development Authority of India (IRDAI) issued guidelines on handling of claims related to COVID-19.<sup>44</sup> The guidelines provide that insurers should ensure that cases related to COVID-19 are expeditiously handled wherever hospitalisation is covered in a product. The insurance policy should settle the costs of medical expenses during the treatment, including treatment during the quarantine, as per the terms and conditions of the policy and existing regulatory framework.

Further, all claims reported under COVID-19 must be reviewed by the claims review committee thoroughly before rejecting the claims. IRDAI also advised insurers to design specific products to cover the costs of treatment for Corona Virus.

## Steps announced to ease liquidity problems of discoms

Saket Surya ([saket@prsindia.org](mailto:saket@prsindia.org))

The Ministry of Power announced measures to ease liquidity problems of distribution companies (discoms).<sup>45</sup> These are as follows:

- Central public sector generation and transmission companies will continue the supply and transmission of electricity to a discom even if it has large outstanding dues.
- Central Electricity Regulatory Commission should provide a moratorium of three months to discoms for clearing dues to generation and transmission companies. No late payment charges will apply.
- State governments may issue similar directions through their respective state electricity regulatory commissions.
- Discoms are required to provide payment security to generation companies. The payment security requirement will be reduced by 50% till June 30, 2020.

## Foreign Trade Policy 2015-20 extended up to March 2021

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The Ministry of Commerce and Industry announced an extension of the Foreign Trade Policy, applicable for the period 2015-20, by one year, i.e., up to March 31, 2021.<sup>46</sup> The extension has been announced to provide continuity in the policy regime, given the current situation due to

the coronavirus pandemic. Following are some of the key features of the Policy:

- All export promotion schemes, except the Service Exports from India Scheme (SEIS) will be available till March 31, 2021. The decision on continuation of SEIS will be notified later.
- Exemption from payment of GST and compensation cess on certain imports will continue during this period.

Some immediate relief measures were also announced by the Ministry under the Policy to support trade and industry. These include:

- automatic extension of six months in the validity period of certain import and export authorisations from the date of its expiry (applies to authorisations expiring between February 1, 2020 and July 31, 2020),
- extension in the time allowed for filing various reports and returns under various provisions of the Foreign Trade Policy,
- extension of the deadline for applying for duty credit schemes and authorisations, and
- extension in the validity of letter of intent issued to export-oriented units including Biotechnology Parks and Software Technology Parks up to December 31, 2020.

## Changes in the requirement for environmental clearances and Environment Impact Assessment

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The Ministry of Environment, Forests and Climate Change categorised all projects or activities related to manufacture of bulk drugs and intermediates for addressing ailments such as COVID-19 and those with similar symptoms, to 'B2' category.<sup>47</sup> 'B2' category projects do not require an Environmental Impact Assessment (EIA). Therefore, these projects will be exempted from the requirement of an EIA.<sup>48</sup> This measure will be in place till September 30, 2020. Further, the Ministry has also ordered for expeditiously granting environmental clearances to projects related to active pharmaceutical ingredients and bulk drug intermediates.<sup>49</sup>

The Ministry also extended the validity of prior issued environmental clearances for all projects and activities which are expiring between March 15, 2020 and April 30, 2020, till June 30, 2020.<sup>50</sup>

## DST initiates mapping of technological solutions related to COVID-19

Anurag Vaishnav ([anurag@prsindia.org](mailto:anurag@prsindia.org))

The Department of Science and Technology has set up a Task Force for mapping of technologies to fund solutions in diagnostics, testing, health care delivery solutions and equipment supplies.<sup>51</sup> These solutions can be masks, protective gear, sanitisers, affordable testing kits, ventilators, or tracking and monitoring systems to contain the spread of COVID-19 outbreak. The Task Force will map technologies from research and development labs, academic institutions, start-ups and MSMEs.

Further, the Department has invited proposals for protection and home-based respiratory interventions for COVID-19 patients.<sup>52</sup> It aims to identify promising start-ups that are close to scale up, which may need financial or other help to rapidly scale up, in order to address the challenges arising due to COVID-19 pandemic.

## Deadline for scheduled commissioning of renewable energy projects extended

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The Ministry of New and Renewable Energy will provide an extension in the deadline for scheduled commissioning of renewable energy projects.<sup>53</sup> This is being done because of the disruption in the supply chain due to spread of COVID-19 in China and other countries. The pandemic will be considered a case of natural calamity and contractual provisions to provide relaxations in such circumstances will be considered. A project developer will be required to make a formal application to the specified agency. The specified agency will examine the claim and grant the appropriate extension.

## Ministries of Power and New & Renewable Energy issue advisories to state governments

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The Ministries of Power and New & Renewable Energy issued advisories to state governments to ensure operational continuity of power generation and transmission in the country.<sup>54,55,56</sup> The power generation and transmission have been classified as essential services. These advisories cover following operations: (i) inter-state transmission network, (ii) inter-state power generation network, and (iii) certain renewable energy generating stations.

These advisories requested the state governments to provide necessary permission for movement of associated workforce, vehicles, and goods at various places including power plants, substations, and transmission lines, during lockdown, curfew or any other limitation on number of people to gather in a location.

## Relaxation in terms and conditions for Other Service Providers

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The Department of Telecommunications (DoT) announced certain relaxations in terms and conditions for Other Service Providers (OSPs).<sup>57</sup> OSPs are companies which provide various application services such as tele-banking, tele-commerce, call centre, and other IT-enabled services.<sup>58</sup> For example, a Business Process Outsourcing company (BPO) is an OSP. They are required to register with the DoT for offering services in the country. The OSPs may also employ persons who work from home. OSPs are required to seek permission from DoT and provide a bank guarantee for extending the work from home facility.

With regard to the work from home facility, the following relaxations have been provided until April 30, 2020:

- Prior permission for extending work from home facility to employees is not required. However, OSPs are required to provide prior intimation to DoT before starting the work from home facility.
- The requirement of an agreement and a security deposit for work from home is exempted.
- The requirement of using secure VPN from certain authorised service providers for work from home facility is waived.

A penalty of up to five lakh rupees per work from home location will be applicable for any violation of terms and conditions of the work from home facility. The penalty will be applicable for any violations by an employee of the company or by the company.

For more details on the number of daily cases in the country and across states, please see [here](#). For details on the major notifications released by centre and the states, please see [here](#).



## Macroeconomic Development

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### Current Account Deficit at 0.2% of GDP during the third quarter of 2019-20

India's Current Account Deficit (CAD) in the third quarter (October – December) of 2019-20 reduced to USD 1.4 billion (0.2% of Gross Domestic Product) from USD 17.7 billion (2.7% of GDP) in the corresponding quarter of 2018-19.<sup>59</sup> The CAD in the previous quarter, i.e., the second quarter (July – September) of 2019-20 was USD 6.5 billion (0.9% of GDP). The year-on-year decrease in CAD was primarily due to a lower trade deficit (the difference between a country's exports and imports) of USD 34.6 billion in the third quarter of 2019-20.

Foreign exchange reserves increased by USD 21.6 billion in the third quarter of 2019-20, as compared to a depletion of USD 4.3 billion in the third quarter of 2018-19. Table below shows India's balance of payments in the third quarter of 2019-20.

**Table 1: Balance of Payments in 2019-20 (April to December) (USD billion)**

	Q3 2018-19	Q2 2019-20	Q3 2019-20
Current Account	-17.7	-6.5	-1.4
Capital Account	13.8	12.0	22.3
Errors and Omissions	0.3	0.7	-0.7
Change in reserves	-4.3	5.1	21.6

Sources: Reserve Bank of India; PRS.

## Finance

### The Direct Tax Vivad se Vishwas Bill, 2020 passed by Parliament

Suyash Tiwari ([suyash@prsindia.org](mailto:suyash@prsindia.org))

The Direct Tax Vivad se Vishwas Bill, 2020 was passed by Parliament.<sup>60</sup> 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 person in whose case any appeal or petition, filed by him or the income tax authority, was pending before the appellate forums as on January 31, 2020. These appellate forums are the Supreme Court, the High Courts, the Income Tax Appellate Tribunals and the Commissioner (Appeals). Persons eligible to file such an appeal or petition as on January 31 (against an order

passed by the assessing officer or appellate forum) are also considered as appellants.

- **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 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 an appellant for dispute resolution is determined based on whether the dispute relates to the payment of tax, or the payment of interest, penalty, or fee. An additional amount is required to be paid if such payment is made after March 31, 2020. Table 2 shows the amount payable by the appellant for dispute resolution. The shown amount will be reduced by 50% in cases where: (i) the appeal or petition was filed by the income tax authority, or (ii) an appellate forum has given the decision in favour of the appellant and the same has not been reversed by any higher appellate forum.

**Table 2: Payment for resolution of disputes**

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

### Finance Bill, 2020 passed by Parliament

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The Finance Bill, 2020 was passed by both Houses of Parliament on March 23, 2020.<sup>61</sup> The Bill seeks to give effect to the government's financial proposals for the year 2020-21. At the stage of passage in Lok Sabha, the government moved amendments to certain provisions of the Bill. Key features of the Finance Act, 2020 are:

- **Change in income tax rates:** The income tax rates have been changed as shown in Table 3. The new personal tax rates are optional and may only be availed if a person satisfies certain conditions, such as if he

does not claim certain deductions, including standard deductions, interest payment on housing loan, and deductions under Chapter VI-A. Once the new tax rate option is exercised by a person, it will be applicable for all subsequent years.

**Table 3: New personal income tax rates**

Income	Previous tax rate	New tax rate
Upto Rs 5 lakh	Nil	Nil
Rs 5 lakh to Rs 7.5 lakh	20%	10%
Rs 7.5 lakh to Rs 10 lakh		15%
Rs 10 lakh to Rs 12.5 lakh	30%	20%
Rs 12.5 lakh to Rs 15 lakh		25%
Above Rs 15 lakh		30%

- **Residence in India:** The Income Tax Act, 1961 specifies the criteria for determining the resident status of an Indian citizen or a person of Indian origin, based on which their income is taxed in India. Such a person was considered a resident if he was in India for 182 days or more in a year. For persons, who were in India for a total of 365 days in the four years preceding that year, the Finance Act reduces the minimum requirement from 182 days to 120 days. Further, the lower limit of 120 days is only applicable to persons having income of more than Rs 15 lakh (excluding the income from foreign sources). However, the Finance Act provides that any Indian citizen, with an income of more than Rs 15 lakh (excluding the income from foreign sources), will be considered as a resident of India, if he is not liable to tax in any other country or territory by reason of his domicile or residence. These provisions will be effective from the assessment year 2021-22 (i.e. FY 2020-21).
- **Dividend distribution tax:** Under the Income Tax Act, companies had to pay a tax of 15% on dividends distributed by it to shareholders. The Finance Act removes this with effect from April 2020, and provides that the dividend income will be taxable in the hands of the recipient.
- **Tax on foreign remittances:** The Finance Act provides that all remittances made outside India in excess of seven lakh rupees, under the Liberalised Remittance Scheme of RBI, will be taxable at a 5% rate. However, if the remittance is in the form of an educational loan, the tax rate will be 0.5%. This will be effective from October 1, 2020.

## 15<sup>th</sup> Finance Commission constitutes a Committee to review fiscal consolidation

*Suyash Tiwari (suyash@prsindia.org)*

The 15<sup>th</sup> Finance Commission (Chair: Mr. N. K. Singh) constituted a Committee to review the fiscal consolidation roadmap for the general government (i.e. central and state governments).<sup>62</sup> Fiscal consolidation refers to the policies aimed at reducing the government's deficits and debt. The Terms of Reference of the Committee are:

- recommending the definition of deficit and debt for the centre, overall states, general government, and public sector enterprises (for this purpose, the Committee needs to take into account all explicit and measurable liabilities, and ensure consistency between the definition of debt and deficit),
- laying down the principles for arriving at the debt of the general government and the consolidated public sector with appropriate netting to avoid double-counting,
- defining contingent liabilities, providing a quantifiable measure of such liabilities (wherever possible), and specifying the conditions under which contingent liabilities will become explicit liabilities,
- reviewing the current status of deficit and debt at different levels based on these definitions, and
- recommending the fiscal consolidation roadmap for the centre, states, and general government for the period 2021-26, and building up scenarios for public sector enterprises, based on the findings.

The Committee consists of: (i) Mr. N. K. Singh as its Chairman, (ii) Dr. Anoop Singh and Mr. A. N. Jha, 15<sup>th</sup> Finance Commission members, (iii) one representative each of the Controller General of Accounts and the CAG, (iv) Joint Secretary (Budget), Ministry of Finance, (v) Additional Chief Secretary, Tamil Nadu, (vi) Principal Secretary, Punjab, and (vii) two external experts, Dr. Sajjid Z Chinoy and Dr. Prachi Mishra.

## Cabinet approves consolidation of 10 public sector banks

*Anurag Vaishnav (anurag@prsindia.org)*

The Union Cabinet has approved the consolidation of 10 public sector banks (PSBs) into four PSBs.<sup>63</sup> The amalgamation will be effective from April 1, 2020. This measure was announced by the Finance Minister in August

2019 to help achieve scale and higher capacity for PSBs.<sup>64</sup> The banks to be merged are:

- Oriental Bank of Commerce and Union Bank of India to be merged into Punjab National Bank;
- Syndicate Bank to be merged into Canara Bank;
- Allahabad Bank to be merged into Indian Bank; and
- Andhra Bank and Corporation Bank to be merged into Union Bank of India

### Supreme Court strikes down RBI circular regulating virtual currencies

*Anurag Vaishnav (anurag@prsindia.org)*

The Supreme Court struck down a circular issued by the Reserve Bank of India (RBI) in April 2018 with respect to virtual currencies on the grounds of proportionality.<sup>65</sup> The circular prohibited entities regulated by the RBI from dealing in virtual currencies or providing services for facilitating any person or entity in dealing with virtual currencies.<sup>66</sup>

A virtual currency is a digital representation of value, which can be used as a medium of exchange, a store of value or a unit of account.<sup>67</sup> It usually does not have the status of a legal tender. A legal tender is guaranteed by the central government and all parties are legally bound to accept it as a mode of payment.

The Court held that anything which may pose a threat to the financial system of the country falls within the purview of regulatory powers of the RBI. This is irrespective of whether the activity forms part of the credit or payment system.

However, it held that the availability of power is different from the manner and extent to which it can be exercised. The Court held that the RBI did not provide any evidence that virtual currencies have negatively impacted the entities regulated by it. Further, it noted that the Inter-Ministerial Committee, constituted in November 2017, was of the opinion that a ban might be an extreme tool and would not be achievable through regulatory measures.

Considering these, the Court held that the RBI's action of prohibiting entities regulated by it from dealing in virtual currencies was not proportional and the above directive should be set aside.

### Cabinet approves recapitalisation of Regional Rural Banks

*Anurag Vaishnav (anurag@prsindia.org)*

The Cabinet Committee on Economic Affairs approved the continuation of Scheme for recapitalisation of Regional Rural Banks (RRBs) for the year 2020-21.<sup>68</sup> RRBs primarily cater to the credit and banking requirements of enterprises operating in the rural sector. In 2011, a Scheme for Recapitalisation of RRBs was approved by the Cabinet and an amount of Rs 2,900 crore was allocated for it till 2019-20.

The Scheme is aimed at improving the Capital to Risk Weighted Assets Ratio (CRAR) of RRBs. CRAR measures the bank's total available capital as a percentage of its total assets. RBI has prescribed a minimum CRAR of 9% to be maintained by all banks on an ongoing basis.

Recapitalisation will be done for those RRBs which have been unable to maintain this required CRAR of 9%. An amount of Rs 670 crore has been approved for this purpose by the central government. This will be released upon release of an equal instalment by the sponsor banks. A sponsor bank is a scheduled commercial bank which shares ownership of the RRB.

### RBI releases guidelines on regulation of payment aggregators and gateways

*Anurag Vaishnav (anurag@prsindia.org)*

The Reserve Bank of India (RBI) released guidelines on regulation of payment aggregators and payment gateways in the country.<sup>69</sup> Payment aggregators are entities that facilitate payments between merchants and customers. In this process, they receive payments from customers, and pool and transfer them to merchants after a period of time. A payment aggregator can be a bank or a non-bank entity. Payment gateways are entities that provide technology infrastructure to facilitate online payments. They do not engage in handling of funds in any manner.

The guidelines will also apply to the domestic leg of import and export related payments facilitated by the payment aggregators. However, they will not apply to cash on delivery based e-commerce models.

The guidelines provide:

- **Authorisation:** The payment aggregator should be incorporated in India. A non-bank aggregator will need to get authorisation from RBI under the Payment and Settlements Systems Act, 2007. Existing

non-bank aggregators must apply for this authorisation by June 30, 2021.

- **Capital requirements:** Existing aggregators should have a minimum net worth of Rs 15 crore by March 31, 2021 and a net worth of Rs 25 crore by March 31, 2023. New aggregators should have a minimum net worth of Rs 15 crore at the time of application for authorisation, and a net worth of Rs 25 crore within three years, which should be maintained thereafter.
- **Governance:** Any change in management of a non-bank aggregator should be communicated to the RBI. Aggregators should also disclose information about their merchant policies, grievance redressal and privacy policies on their website.
- **Account management:** Non-bank aggregators should maintain the amount collected by them in an escrow account of only one scheduled commercial bank. Where a merchant is responsible for delivery of goods/services, the payment to the merchant should not be later than one day after the date of intimation by the merchant to the intermediary about shipment of goods.
- **Others:** PAs should not give the option for ATM pin as a factor of authentication for card-not-present transactions (where transaction does not require the card to be physically presented at that point).

The KYC guidelines issued by the RBI will apply to all aggregators. The RBI also made various technology-related recommendations for data and information security which will be mandatory for aggregators and recommended for payment gateways. These include: (i) ensuring latest encryption and data security standards, (ii) cyber security audits, and (iii) creating a Steering Committee responsible for formulating a IT policy for regular management of IT functions.

### IRDAI issues guidelines on handling of claims caused by riots in North-East Delhi

Anurag Vaishnav ([anurag@prsindia.org](mailto:anurag@prsindia.org))

IRDAI issued guidelines on handling of claims arising in North-East Delhi caused by riots.<sup>70</sup> The guidelines provide that the insurers should: (i) nominate a senior officer who will act as the nodal officer for coordinating settlements of all claims in the affected areas, (ii) initiate immediate steps for quick registration of claims, and (iii) engage surveyors immediately in affected areas to ensure all claims are assessed and settled within 15 days. The insurers are

required to submit information relating to such claims on weekly basis.

## Corporate Affairs

### IBC (Amendment) Bill, 2020 passed by Parliament to replace the Ordinance

Suyash Tiwari ([suyash@prsindia.org](mailto:suyash@prsindia.org))

The Insolvency and Bankruptcy Code (Amendment) Bill, 2020 was passed by Parliament.<sup>71</sup> It replaces the Ordinance promulgated in December 2019 to amend the Insolvency and Bankruptcy Code, 2016. The Code provides a time-bound process to resolve insolvency among companies. Key features of the Bill include:

- **Threshold for certain creditors for initiating resolution process:** The Code allows the creditors to initiate an insolvency resolution process, if the amount of default by the debtor is at least one lakh rupees. The Bill adds an additional requirement for certain classes of financial creditors for filing an application. These classes include real estate allottees and security or deposit holders represented by a trustee or agent. The application by these creditors should be filed jointly by at least 100 such creditors or 10% of their total number, whichever is less.
- **Liabilities for prior offences:** The Bill states that once NCLT approves a resolution plan for an insolvent company, it will not be liable for any offence committed prior to the commencement of the insolvency resolution process. The Bill also provides it immunity from actions against its property (such as attachment, confiscation, retention, or seizure) for such offences. The immunity will be given only if the resolution plan results in a change in the management or control of the company. Officers in default or persons associated with the company and directly or indirectly involved in the offences will continue to be liable for them.
- **Supply of critical goods and services not to be discontinued:** The Bill mandates that the supply of goods and services considered critical by the resolution professional for the company cannot be discontinued during the moratorium period (the period during which NCLT prohibits persons from taking certain actions against the corporate debtor, such as filing or continuation of suits, execution of court orders, or recovery of property). This provision applies to goods and services that



are considered critical to protect and preserve the value of the company and manage its operations as a going concern. Suppliers of critical goods and services can stop supplying: (i) if the company has not paid dues arising from the supplies during the moratorium period, or (ii) in certain other circumstances as may be specified.

The Standing Committee on Finance (Chair: Mr. Jayant Sinha) had submitted its report on the Bill on March 4, 2020, before Parliament passed it.<sup>72</sup> The Committee recommended that the provision mandating supplies of critical goods and services should be deleted from the Bill. It noted that although the provision aims to make the IBC process smoother, with the hope of reviving the company, suppliers cannot be burdened with overly restrictive conditions, to do so. Note that this recommendation of the Committee was not accepted by Parliament while passing the Bill.

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

### Companies (Amendment) Bill, 2020 introduced in Lok Sabha

*Roshni Sinha (roshni@prsindia.org)*

The Companies (Amendment) Bill, 2020 was introduced in Lok Sabha by the Minister for Corporate Affairs, Ms. Nirmala Sitharaman.<sup>73</sup> The Bill seeks to amend the Companies Act, 2013. Key features of the Bill include:

- **Producer companies:** Under the 2013 Act, certain provisions from the Companies Act, 1956 continue to apply to producer companies. These include provisions on their membership, conduct of meetings, and maintenance of accounts. Producer companies include companies which are engaged in the production, marketing and sale of agricultural produce, and sale of produce from cottage industries. The Bill removes these provisions and adds a new chapter in the Act with similar provisions on producer companies.
- **Changes to offences:** The Bill makes three changes. First, it removes the penalty for certain offences. For example, it removes the penalties which apply for any change in the rights of a class of shareholders made in violation of the Act. Note that where a specific penalty is not mentioned, the Act prescribes a penalty of up to Rs 10,000 which may extend to Rs 1,000 per day for a continuing default. Second, it removes imprisonment in certain offences. For

example, it removes the imprisonment of three years applicable to a company for buying back its shares without complying with the Act. Third, it reduces the amount of fine payable in certain offences. For example, it reduces the maximum fine for failure to file annual return with the Registrar of Companies from five lakh rupees to two lakh rupees.

- **Corporate Social Responsibility (CSR):** Under the Act, companies with net worth, turnover or profits above a specified amount are required to constitute CSR Committees and spend 2% of their average net profits in the last three financial years, towards its CSR policy. The Bill exempts companies with a CSR liability of up to Rs 50 lakh a year from setting up CSR Committees. Further, companies which spend any amount in excess of their CSR obligation in a financial year can set off the excess amount towards their CSR obligations in subsequent financial years.
- **Direct listing in foreign jurisdictions:** The Bill empowers the central government to allow certain classes of public companies to list classes of securities (as may be prescribed) in foreign jurisdictions.

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

### Draft Rules on Corporate Social Responsibility (CSR) released

*Roshni Sinha (roshni@prsindia.org)*

The Ministry of Corporate Affairs released the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 for public comments.<sup>74</sup> These rules amend a set of 2014 Rules, issued under the Companies Act, 2013. Under the Act, certain companies are required to spend 2% of their average net profits in the last three financial years, towards their CSR policy. Key features of the draft Rules include:

- **Definition of CSR:** The 2014 Rules define CSR to mean projects in relation to activities undertaken under Schedule 7 of the Act (e.g., PM Relief Fund). The draft Rules exclude activities which significantly benefit the employees of the company and their families from the ambit of permitted CSR activities. However, activities involving up to 25% of the employees of the company as its beneficiaries would be eligible for CSR.
- **CSR implementation:** Under the 2014 Rules, a company may carry out CSR activities: (i) on its own, (ii) through a charitable company (registered under the

Act), registered trust, or registered society established by the company, or (iii) through a charitable company, registered trust, or registered society set up by the government or through statute. If the Board decides to use any other charitable company, registered trust or registered society, such entity must have a three-year track record in undertaking such CSR projects. The Draft Rules replace the provision to state that the Company may only carry out CSR activities by itself, through a registered charitable company, or through an entity established by statute. These provisions will not apply to CSR projects which were approved prior to the commencement of the proposed draft Rules.

- **Monitoring by the Board:** The Draft Rules add a new rule requiring the Board of the Company to ensure that funds disbursed under CSR activities are utilised as per approved plans. It must also ensure that ongoing CSR projects are implemented within three years.
- **CSR expenditure:** The 2014 Rules specify that any surplus generated by a company through its CSR activities will not be considered as business profit. The Draft Rules add that any surplus generated from the CSR project must either be put back into the same project or transferred to the Unspent CSR Account.

Note that by a separate notification, the government has expanded the list of activities in Schedule 7 to include expenditure on activities related to COVID-19 (including on promotion of healthcare and disaster management).<sup>75</sup> This includes contributions to the newly set up Prime Minister's Citizen Assistance and Relief in emergency Situations Fund.<sup>76</sup>

Comments on the draft Rules are invited till April 10, 2020.

### **Banks under moratorium exempted from certain provisions of Competition Act, 2002**

*Roshni Sinha (roshni@prsindia.org)*

Under the Competition Act, 2002, if an enterprise acquires another enterprise, or merges or amalgamates with another enterprise, they are considered to be a combination if they are also of a certain asset size or turnover. Any enterprise proposing to enter into a combination has to notify the Competition Commission of India. Further, combinations which have an appreciable adverse effect on competition are prohibited under the Act.

The central government has exempted certain banking companies from these provisions for a period of five years.<sup>77</sup> The exemption applies to banking companies which have been placed under moratorium by the central government. Moratorium refers to the time period of up to six months during which the government can stay filing or continuation of all actions and suits against the company, and may make a scheme for its reconstruction or amalgamation.

### **NCLAT bench constituted in Chennai**

*Roshni Sinha (roshni@prsindia.org)*

Under the Companies Act, 2013, National Company Law Tribunals (NCLTs) have the power to hear any disputes involving companies, and to decide other matters, such as winding up petitions. They also hear matters under the Insolvency and Bankruptcy Code, 2016. An appeal from the order of the NCLT can be made to the National Company Law Appellate Tribunal (NCLAT).

The central government has notified the constitution of a bench of the NCLAT at Chennai.<sup>78</sup> The bench will hear appeals from the orders of the NCLTs which has jurisdiction over the territories of Karnataka, Tamil Nadu, Kerala, Andhra Pradesh, Telangana, Lakshwadeep, and Puducherry. Appeals from other NCLTs will continue to be heard by principal bench of the NCLAT located in Delhi.

### **High level Committee constituted to prepare an investigation manual for the Serious Fraud Investigation Office**

*Roshni Sinha (roshni@prsindia.org)*

A committee has been constituted to prepare a Standard Operating Procedure investigation manual for the Serious Fraud Investigation Office (SFIO).<sup>79</sup> The SFIO is a multi-disciplinary organisation constituted under the Ministry of Corporate Affairs to investigate white collar crimes. Among other things, the Committee will prepare a manual detailing the procedure and methodologies to be followed by investigating officers. It will also develop a detailed analysis of issues with respect to corporate frauds and suggest effective ways to tackle these challenges.

The Committee will be chaired by the Secretary, Ministry of Corporate Affairs and will include the following members: (i) Mr. Sanjay Shorey, Director (Legal and Prosecution), Ministry of Corporate Affairs), (ii) Mr. Balwinder Singh, Special Director, Central Bureau of Investigation (Retired), and (iii) three senior advocates and

representatives from two law universities. The Committee is required to submit the manual within forty-five of its first meeting.

## Health

*Anya Bharat Ram (anya@prsindia.org)*

### The Medical Termination of Pregnancy (Amendment) Bill, 2020 passed by Lok Sabha

The Medical Termination of Pregnancy (Amendment) Bill, 2020 was passed by Lok Sabha in March 2020.<sup>80</sup> The Bill amends the Medical Termination of Pregnancy Act, 1971 which provides for the termination of certain pregnancies by registered medical practitioners. The Bill adds the definition of termination of pregnancy to mean a procedure undertaken to terminate a pregnancy by using medical or surgical methods.

- **Termination of pregnancy:** Under the Act, a pregnancy may be terminated within 12 weeks, if a registered medical practitioner is of the opinion that: (i) continuation of the pregnancy may risk the life of the mother, or cause grave injury to her health, or (ii) there is a substantial risk that the child, if born, would suffer physical or mental abnormalities. For termination of a pregnancy between 12 to 20 weeks, two medical practitioners are required to give their opinion.
- The Bill amends this provision to state that a pregnancy may be terminated within 20 weeks, with the opinion of a registered medical practitioner. Approval of two registered medical practitioners will be required for termination of pregnancies between 20 to 24 weeks. The termination of pregnancies up to 24 weeks will only apply to specific categories of women, as may be prescribed by the central government. The central government will notify norms for medical practitioners whose opinion is required for terminating the pregnancy.

**Constitution of a Medical Board:** Under the Bill, every state government is required to constitute a Medical Board. It states that the upper limit of termination of pregnancy will not apply in cases where such termination is necessary due to the diagnosis of substantial foetal abnormalities. These abnormalities will be diagnosed by a Medical Board. Medical Boards will consist of the following members: (i) a

gynaecologist, (ii) a paediatrician, (iii) a radiologist or sonologist, and (iv) any other number of members, as may be notified by the state government. Note that, the central government will notify the powers and functions of these Medical Boards.

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

### The National Commission for Homoeopathy Bill, 2019 passed by Rajya Sabha

The National Commission for Homoeopathy Bill, 2019 was passed by Rajya Sabha in March 2020.<sup>81</sup> The Bill repeals the Homoeopathy Central Council Act, 1973. The Standing Committee on Health and Family Welfare (Chairperson: Prof. Ram Gopal Yadav) was tasked with examining the Bill and submitted its report in November 2019.<sup>82</sup> The Bill passed by Rajya Sabha incorporates certain recommendations of the Standing Committee. Key features of the Bill include:

- **Constitution of the National Commission for Homoeopathy:** The Bill sets up the National Commission for Homoeopathy (NCH). The NCH will consist of 27 members, appointed by the central government. Members of the NCH will include: (i) the Chairperson, (ii) the Director General, National Institute of Homoeopathy, and (iii) four members (part-time) to be elected by the registered homoeopathic medical practitioners from amongst themselves from the prescribed regional constituencies, among others.
- **Functions of the NCH:** Functions of the NCH include: (i) framing policies for regulating medical institutions and homoeopathic medical professionals, (ii) assessing the requirements of healthcare related human resources and infrastructure, and (iii) ensuring compliance by the State Medical Councils of Homoeopathy of the regulations made under the Bill.
- **Entrance examinations:** There will be a uniform National Eligibility-cum-Entrance Test for admission to under-graduate homoeopathy education in all medical institutions regulated by the Bill. The Bill proposes a common final year National Exit Test for the students graduating from medical institutions to obtain the license for practice. Further, there will be a uniform Post-Graduate National Entrance Test which will serve as the basis for admission into post-graduate courses at medical institutions.

For more details on the Bill, see [here](#).

## The National Commission for Indian System of Medicine Bill, 2019 passed by Rajya Sabha

The National Commission for Indian System of Medicine Bill, 2019 was passed by Rajya Sabha in March 2020.<sup>83</sup> The Bill repeals the Indian Medicine Central Council Act, 1970. The Standing Committee on Health and Family Welfare (Chairperson: Prof. Ram Gopal Yadav) submitted its report on the National Commission for Indian System of Medicine Bill, 2019 in November 2019.<sup>84</sup> The Bill passed by Rajya Sabha incorporates certain recommendations of the Standing Committee.

Key features of the Bill include:

- **Constitution of the National Commission for Indian System of Medicine:** The Bill provides for the establishment of the National Commission for Indian System of Medicine (NCISM). The NCISM will consist of 39 members, appointed by the central government. Members of the NCISM will include: (i) the Chairperson, (ii) the Presidents of the Board of Ayurveda and the Board of Unani, Siddha, and Sowa-Rigpa, and (iii) 10 members (part-time) to be appointed on a rotational basis from amongst the nominees of states in the Advisory Council.
- **Functions of the NCISM:** Functions of the NCISM include: (i) framing policies for regulating medical institutions and medical professionals of Indian System of Medicine, (ii) ensuring compliance by the State Medical Councils of Indian System of Medicine of the regulations made under the Bill, and (iii) ensuring coordination among the autonomous boards set up under the Bill.
- **Autonomous boards:** The Bill sets up certain autonomous boards under the supervision of the NCISM. These boards are: (i) the Board of Ayurveda and the Board of Unani, Siddha, and Sowa-Rigpa: They will be responsible for formulating standards, curriculum, and granting recognition to medical qualifications in their respective disciplines; (ii) the Medical Assessment and Rating Board: It will determine the process of rating and assessment of medical institutions, and (iii) the Ethics and Medical Registration Board: It will maintain a National Register of all licensed medical practitioners of the Indian System of Medicine.

For more details on the Bill, see [here](#).

## The Institute of Teaching and Research in Ayurveda Bill, 2020 passed by Lok Sabha

The Institute of Teaching and Research in Ayurveda Bill, 2020 was passed by Lok Sabha in March 2020.<sup>85</sup> 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. Key features of the Bill include:

- **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 Ayurveda 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) (iii) the Director of the Institute, (iv) Director-General, Central Council for Research in Ayurveda, (v) three experts in Ayurveda with expertise in education, industry and research, and (vi) three Members of Parliament. 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) hold examinations and grant degrees, diplomas and other distinctions and titles in education in Ayurveda and pharmacy, and (iv) maintain well-equipped colleges and hospitals for Ayurveda supporting staffs such as nurses.

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



## Cabinet approves inclusion of AYUSH Health and Wellness Centres in the National AYUSH Mission

The Union Cabinet approved the inclusion of the AYUSH Health and Wellness Centres (a component of Ayushman Bharat) in the National AYUSH Mission.<sup>86</sup> Under the Ayushman Bharat scheme, the government will upgrade 1.5 lakh existing Sub Health Centres and Primary Health Centres into Health and Wellness Centres. Of these, 10% of the centres will be operationalised by the Ministry of AYUSH. The total expenditure for operationalisation of these AYUSH centres will be Rs 3,399 crore, over a period of five years from 2019-20 to 2023-24.

## Mining

Saket Surya ([saket@prsindia.org](mailto:saket@prsindia.org))

### The Mineral Laws (Amendment) Bill, 2020 passed by Parliament

The Mineral Laws (Amendment) Bill, 2020 was passed by Parliament. It replaces an Ordinance promulgated on January 10, 2020.<sup>87</sup> It amends the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act), and the Coal Mines (Special Provisions) Act, 2015 (CMSP Act).

The MMDR Act regulates the overall mining sector in India. The CMSP Act provides for the auction and allocation of mines whose allocation was cancelled by the Supreme Court in 2014. Schedule I of the Act provides a list of all such mines; Schedule II and III are sub-classes of the mines listed in the Schedule I. Schedule II mines are those where production had already started then, and Schedule III mines are ones that were earmarked for a specified end-use. Key features are as follows:

- **Removal of restriction on end-use of coal:** Earlier, companies acquiring Schedule II and Schedule III coal mines through auctions could use the coal produced only for specified end-uses such as power generation and steel production. The Bill removes this restriction on the use of coal mined by such companies. Companies will be allowed to carry on coal mining operation for own consumption, sale or for any other purposes, as may be specified by the central government. The Bill also adds that companies are not required to possess any prior coal mining experience in India to participate in the auction of coal and lignite blocks.

- **Composite license for prospecting and mining:** Earlier, separate licenses were provided for prospecting and mining of coal and lignite, called prospecting license, and mining lease, respectively. Prospecting includes exploring, locating, or finding mineral deposit. The Bill provides for an additional prospecting license-cum-mining lease. This license will allow both prospecting and mining activities.
- **Transfer of clearances to new bidders:** Earlier, upon expiry, mining leases for specified minerals (minerals other than coal, lignite, and atomic minerals) were transferred to new persons through auction. The new lessee was required to obtain statutory clearances before starting mining operations. The Bill provides that the various approvals, licenses, and clearances given to the previous lessee will be extended to the new lessee for two years. During this period, the new lessee will be allowed to continue mining operations. However, the new lessee must obtain all the required clearances within this two-year period.

For the PRS Bill Summary, please see [here](#).

### The Minerals Concession Amendment Rules, 2020 notified

The Ministry of Mines notified the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Amendment Rules, 2020.<sup>88</sup> It seeks to amend the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016.<sup>89</sup>

The amendments propose to give effect to the provisions of the Mineral Laws (Amendment) Act, 2020. The Act provides for the transfer of statutory clearances to the new lessee of expiring mining leases for a period of two years. This provision applies to minerals other than coal, lignite, and atomic minerals. It seeks to ensure continuity of production of these minerals. Key amendments proposed include:

- **Transfer of statutory clearances:** State governments will nominate a Secretary level officer as the Nodal Officer. This officer will collect statutory clearances from the previous lessees of mines where the mining leases are expiring in March 2020. The Officer will issue the letter of intent and a vesting order to the new lessee. This vesting order will have the same terms and conditions as vested with the previous lessee. The order will be valid for a period of two years or till the new lessee gets fresh

clearances, whichever is earlier. The new lessee will be allowed to commence mining operations on the issuance of the vesting order as per the approved mining plan of the previous lessee.

- **Deadline for obtaining statutory clearances:** The new lessee will be required to apply for necessary clearances afresh within 120 days from the date of execution of mining lease. This is required for continuing mining operations beyond two years.
- **Protection against past violations:** No authority is allowed to reject the grant of any statutory clearances on account of past violations or outstanding dues of the previous lessee.
- **Minimum production level:** The new lessee must maintain production at a minimum of 80% of the average annual production of the past two years. This must be maintained for the first two years from the date of grant of the new lease.
- Appropriate actions will be initiated upon failing to meet the specified production level as per the Mine Development and Production Agreement. This is an agreement between the state government and the lessee which specifies terms and conditions for carrying out mining.
- **Auction of expiring leases:** State governments can conduct the auction of an expiring mining lease well in advance of its expiry. They must target conducting the auction at least two years before the impending expiry of the lease.

### The Mineral (Auction) Amendment Rules, 2020 released

The Ministry of Mines notified the Mineral (Auction) Amendment Rules, 2020.<sup>90</sup> It seeks to amend the Mineral (Auction) Amendment Rules, 2015.<sup>91</sup> The Rules prescribe the procedure of auction of mines. Key amendments proposed include:

- **Timeline for issuance of lease:** State governments must grant the mining lease within 15 days from the date of issue of the letter of intent. This will apply to mines that are being auctioned upon expiry of their mining leases. If the holder of the letter of intent is unable to comply with all the requirements to execute the mining lease within this period, the letter of intent may be revoked. State governments may allow an extension of up to 15 days if the

delay from the lessee is for reasons beyond its control.

- **Applicability of vesting order under certain cases:** The Mines and Minerals (Development and Regulations) Amendment Act, 2015 extended the time period of mining leases issued prior to its enactment up to: (i) March 31, 2030 in case of captive mines, and (ii) March 31, 2020 in case of non-captive mines.<sup>92</sup> In case of auction of these mines, the statutory clearances will be transferred from the previous lessee to new lessee. Further, the new vesting order will have the same terms and conditions as those vested with the previous lessee. This new order will be valid for a period of two years or till the new lessee gets fresh clearances, whichever is earlier.

## Transport

### Aircraft (Amendment) Bill, 2020 passed by Lok Sabha

*Prachee Mishra (prachee@prsindia.org)*

The Aircraft (Amendment) Bill, 2020 was passed by Lok Sabha.<sup>93</sup> 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 as specified in the Act or Rules notified under the Act (these may include civil air regulations, air safety and airworthiness standards). The BCAS will carry out regulatory oversight functions related to civil aviation security as specified under the Act (these may be for airport operators, airlines operators, and their security agencies). 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 structures within the specified radius around an aerodrome reference point, and (iii) contravening any rules notified under the Act. The Bill raises the maximum limit of fines for all these offences from ten lakh rupees 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](#).

### The Major Port Authorities Bill, 2020 introduced in Lok Sabha

Prachee Mishra ([prachee@prsindia.org](mailto:prachee@prsindia.org))

The Major Port Authorities Bill, 2020 was introduced in Lok Sabha.<sup>94</sup> The Bill seeks to provide for regulation, operation and planning of major ports in India and provide greater autonomy to these ports. It seeks to replace the Major Port Trusts Act, 1963. Key features of the Bill include:

- **Application:** The Bill will apply to the major ports of Chennai, Cochin, Jawaharlal Nehru Port, Kandla, Kolkata, Mumbai, New Mangalore, Mormugao, Paradip, V.O. Chidambaranar, and Vishakhapatnam.
- **Major Port Authorities Board:** Under the 1963 Act, all major ports are managed by the respective Board of Port Trusts that have members appointed by the central government. The Bill provides for the creation of a Board of Major Port Authority for each major port. These Boards will replace the existing Port Trusts.
- **Financial powers of the Board:** Under the 1963 Act, the Board has to seek prior sanction of the central government to raise any loan. Under the Bill, to meet its capital and working expenditure requirements, the Board may raise loans from any: (i)

scheduled bank or financial institution within India, or (ii) any financial institution outside India that is compliant with all the laws. For loans above 50% of its capital reserves, the Board will require prior sanction of the central government.

- **Fixing of rates:** Currently, the Tariff Authority for Major Ports (TAMP), established under the 1963 Act, fixes the scale of rates for assets and services available at ports. Under the Bill, the Board or committees appointed by the Board will determine these rates. They may determine rates for: (i) services that will be performed at ports, (ii) the access to and usage of the port assets, and (iii) different classes of goods and vessels, among others.
- **Adjudicatory Board:** The Bill provides for the constitution of an Adjudicatory Board by the central government. This Board will replace the existing TAMP. It will consist of a Presiding Officer and two members, as appointed by the central government. Functions of the Adjudicatory Board will include: (i) certain functions being carried out by the Tariff Authority for Major Ports, (ii) adjudicating on disputes or claims related to rights and obligations of major ports and PPP concessionaires, and (iii) reviewing stressed PPP projects.

### Ministry of Road Transport notifies draft Rules to amend several provisions

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The Ministry of Road Transport and Highways has invited suggestions regarding various amendments to the Motor Vehicles Rules, 1989.<sup>95,96,97,98</sup> These Rules are notified under the Motor Vehicles Act, 1988. Key amendments proposed include:

- **National Register of Driving Licenses, and Motor Vehicles:** The central government will notify and maintain a portal for National Register of Driving Licenses, and a portal for National Register of Motor Vehicles. The portal for licenses will be a repository of electronic records containing all particulars pertaining to licenses issued and renewed in each state. The portal on vehicles will be a repository of electronic records containing all particulars related to motor vehicles registered in each state. Data on both portals will be stored in a machine readable electronic, printable, shareable form as may be notified by the central government. These records may be accessed

by such organisations as the central government may deem fit.

- **Learner's license:** The draft Rules change the manner of obtaining a learner's license as per the new provision of applying for such licenses electronically. For example, an applicant may now take a tutorial on safe driving electronically.
- **Defective vehicles and recall:** The owner of a motor vehicle, a testing agency, or any other person as may be notified by the central government may apply to the designated authority to designate a particular type of motor vehicle as a 'defective motor vehicle'. These include vehicles which contains a defective constituent part or software. If the designated authority has reasonable grounds to believe that a motor vehicle is a defective one, he may suo moto issue a recall notice to the manufacturer, importer, or retrofitter of a motor vehicle.
- Defect means a fault in any vehicle, component, or software that poses or is likely to pose undue risk to road safety, or environment. It must exist in a group of vehicles of the same design or manufacture, or items of equipment of the same type and manufacture. It must have originated at the design, manufacturing or assembly stage.
- **Testing:** All vehicle testing agencies must comply with the specified standards, specifically Automotive Industry Standard, within one year from the date of publication of such standards. The accreditation, registration and regulation of testing agencies will be as per the quality control and procedure prescribed in AIS, as notified. When a Testing Agency approves a vehicle as a type vehicle, they will issue a certificate as specified. Denial of such certificate will have to be accompanied with the reasons for such denial.

## Home Affairs

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### National Forensic Sciences University Bill, 2020 introduced in Lok Sabha

The National Forensic Sciences University Bill, 2020 was introduced in Lok Sabha by the Minister of Home Affairs, Mr. Amit Shah.<sup>99</sup>

Key features of the Bill include:

- **Establishment of the University:** The Bill establishes the Gujarat Forensic Sciences

University, Gandhinagar (established under the Gujarat Forensic Sciences University Act, 2008) and the Lok Nayak Jayaprakash Narayan National Institute of Criminology and Forensic Sciences, New Delhi, as a University called the National Forensic Sciences University at Gujarat. The Bill declares the University to be an institution of national importance. The Bill also repeals the 2008 Act. The campuses of the University will include the campuses of the two universities and any other campuses as may be notified.

- **Composition:** The Bill provides for several authorities under the University. These include: (i) the Chancellor of the University, who will be a person of eminence, (ii) the Court, which will review the broad policies and programmes of the University, (iii) the Board of Governors, which will be the principal executive body, and (iv) the Academic Council, which will specify the academic policies of the University.
- **Objectives:** The key objectives of the University include: (i) facilitating and promoting academic learning in the field of forensic science in conjunction with applied behavioural science studies, law and other allied areas to strengthen the criminal justice institutions in India, (ii) fostering research and applied applications in forensic science, applied behavioural science studies, and law, (iii) coordinating with the central and state governments to improve investigations, crime detection and prevention through research, and (iv) assisting the central government in creating and maintaining a national forensic database for criminal investigation, including DNA, fingerprints, and cyber security.
- **Functions:** The functions of the University include: (i) providing training and research and forensic science, applied behavioural science, law, and criminology, (ii) establishing and maintaining colleges, schools, and research laboratories, and (iii) prescribing courses, holding exams, and granting degrees and other distinctions.
- **Dispute and appeals:** Any student or candidate whose name has been removed from the rolls of the University and who has been barred from appearing for examinations for more than one year may appeal to the Board of Governors for review of the decision. Any dispute arising out the disciplinary action taken by the University against a student may be referred to a Tribunal of Arbitration (at the request of the student). Disputes arising out of the contract between an employee and the



University may also be referred to a Tribunal of Arbitration.

### Rashtriya Raksha University Bill, 2020 introduced in Lok Sabha

The Rashtriya Raksha University Bill, 2020 was introduced in Lok Sabha by the Minister of Home Affairs, Mr. Amit Shah.<sup>100</sup> Key features of the Bill include:

- **Establishment of the University:** The Bill establishes the Raksha Shakti University, Gujarat (established under the Raksha Shakti University Act, 2009) as a University called the Rashtriya Raksha University in Gujarat. The Bill declares the University to be an institution of national importance. The Bill also repeals the 2009 Act.
- **Composition:** The Bill provides for several authorities under the University. These include: (i) the Governing Body, to frame the broad policies and programmes of the University, (ii) the Executive Council, which will be the principal executive body, and (iii) the Academic Council, which will specify the academic policies of the University.
- **Objectives:** The key objectives of the University include: (i) providing dynamic and high standards of learning and research, (ii) providing a working environment dedicated to advancing research, education and training in the domain of policing, and (iii) promoting and providing public safety.
- **Functions:** The functions of the University include: (i) providing instructions and research in police sciences, including coastal policing and cyber security, (ii) establishing and maintaining colleges, and (iii) prescribing courses, holding exams, and granting degrees and other distinctions.
- **Dispute and appeals:** Any student or candidate whose name has been removed from the rolls of the University and who has been barred from appearing for examinations for more than one year may appeal to the Governing Body for review of the decision. Any dispute arising out of the disciplinary action taken by the University against a student may be referred to a Tribunal of Arbitration (at the request of the student). Disputes arising out of the contract between an employee and the University may also be referred to a Tribunal of Arbitration.

### Standing Committee submits report on the Constitution (One Hundred and Twenty-fifth Amendment) Bill, 2019

The Standing Committee on Home Affairs (Chair: Mr. Anand Sharma) submitted its report on the Constitution (One Hundred and Twenty-fifth Amendment Bill, 2019).<sup>101</sup> The Bill amends provisions related to the Sixth Schedule of the Constitution. The Sixth Schedule relates to the administration of tribal areas in the states of Assam, Meghalaya, Tripura and Mizoram. Key recommendations and observations include:

- **Membership:** The Sixth Schedule provides a list of ten tribal areas in Assam (3), Meghalaya (3), Tripura (1) and Mizoram (3). Each of these tribal areas constitutes an autonomous district. Each autonomous district has an Autonomous District Council (ADC). As per the Sixth Schedule, each ADC must have at least 30 members. The Bill enhances the membership of all the ADCs, except the Bodoland Territorial Council in Assam. For example, it increases the membership of the Karbi Anglong District Council in Assam from 30 to 50.
- For Assam, Mizoram and Tripura, the Committee noted that the increase is not based on any objective criteria, such as population or area. The Committee noted that the increase or decrease in the membership to the Councils should be based on some rational criteria.
- **Village and Municipal Councils:** The Sixth Schedule states that that the Governor may divide an autonomous district into autonomous regions, each consisting of a Regional Council. The administration of such districts and regions will be carried out by District and Regional Councils, respectively. The Bill amends this to additionally provide for Village Councils (for rural areas) and Municipal Councils (for urban areas).
- Further, the District Councils may make laws on various issues, including: (i) number of Village and Municipal Councils to be formed, and their composition, and (ii) their powers and functions. These provisions will not apply to Meghalaya. The Committee noted that this goes against basic democratic principles and recommended a time limit within which this exemption would be removed for Meghalaya.
- The Bill also states that all elections to the District, Regional, Village, and Municipal Councils will be conducted by the State Election Commission. These provisions will not apply for Village or Municipal Councils in Meghalaya, unless approved by the Governor.

The Committee noted the explanation by the government of Meghalaya that elections to the Village Councils are not through adult suffrage. It noted that this goes against basic democratic principles and recommended insertion of a time limit within which this exemption would be removed for Meghalaya.

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

### 37 central laws made applicable to the Union Territory of Jammu and Kashmir

The Ministry of Home Affairs notified the application of 37 central laws (with certain modifications) to the Union Territory of Jammu and Kashmir.<sup>102</sup> These include the: (i) Civil Procedure Code, 1908, (ii) Code of Criminal Procedure, 1973, (iii) Income Tax Act, 1961, (iv) Indian Penal Code, 1860, (v) Insolvency and Bankruptcy Code, 2016, (vi) Prevention of Corruption Act, 1988, and (vii) Representation of People Act, 1950.

The Order was notified under the Jammu and Kashmir Reorganisation Act, 2019 which bifurcated the former state of Jammu and Kashmir into the union territories of Jammu and Kashmir, and Ladakh.

## Defence

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### Defence Ministry releases Draft Defence Procurement Procedure 2020

The Ministry of Defence released the Draft Defence Procurement Procedure, 2020 (Draft DPP, 2020).<sup>103</sup> The DPP governs the purchase of weapons and equipment for India's defence forces. The draft DPP revises the DPP-2016 with the aim of increasing indigenous manufacturing and reducing timelines for procurement of defence equipment. Key features of the revised DPP, along with some of the major changes proposed include:

- **Leasing:** The DPP 2016 specified two modes of capital acquisition: (i) buy, and (ii) buy and make. The revised DPP has introduced 'leasing' as a new mode of acquisition. Leasing substitutes initial capital outlays with periodical rental payments. This is preferred in some situations such as where: (i) procurement is not feasible within time, or (ii) the asset is required only for a specific time.
- **Enhancement of Indigenous Content (IC):** The DPP-2016 specified five categories of

capital acquisition for the above two modes. The five categories are (explained in notes below Table 4): (i) Buy (Indian-IDDM), (ii) Buy (Indian), (iii) Buy and Make (Indian), (iv) Buy and Make, and (v) Buy (Global). The revised DPP adds a sixth category as Buy (Global-Manufacture in India). Further, it has enhanced the IC requirement in various categories of procurement. These IC requirements for the above categories are listed in Table 4.

- **Product support:** The revised DPP states that the original equipment manufacturer also needs to specify long term product support through: (i) performance based logistics (optimising support while minimising cost), (ii) comprehensive maintenance contract (onsite maintenance services including spare and labour costs), in its request for proposal.

**Table 4: Indigenous Content requirement for different categories of acquisition**

Category	DPP-2016	DPP-2020
Buy (Indian-IDDM)	40% or more	50% or more
Buy (Indian)	40% or more	50% or more
Buy and Make (Indian)	50% or more of make part	50% or more of make part
Buy and Make	Not specified	50% or more of make part
Buy (Global-Manufacture in India)	Category not present	50% or more
Buy (Global)	Not specified	30% or more

Note: IC is the percent of cost of indigenous content (in design, development or manufacturing) of contract value. Make part refers to manufacturing portion of the contract. Categories: (i) Buy (Indian-IDDM) refers to the procurement of products from an Indian vendor that have been indigenously designed, developed and manufactured; (ii) Buy (Indian) refers to the procurement of products from an Indian vendor; (iii) Buy and Make (Indian) refers to an initial procurement of equipment from an Indian vendor in a tie-up with a foreign vendor, followed by transfer of technology; (iv) Buy and Make refers to an initial procurement of equipment from a foreign vendor, followed by transfer of technology; (v) Buy (Global-Manufacture in India) refers to a purchase from a foreign vendor where the 50% IC value can be achieved in make through a subsidiary of the vendor; (vi) Buy (Global) category refers to outright purchase of equipment from foreign or Indian vendors.

Comments on the draft DPP are invited till April 17, 2020.

## Women and Child Development

Anya Bharat Ram ([anya@prsindia.org](mailto:anya@prsindia.org))

### The Protection of Children from Sexual Offences Rules, 2020 notified

The Ministry of Women and Child Development notified the Protection of Children from Sexual

Offences Rules, 2020.<sup>104</sup> The Rules were notified under the Protection of Children from Sexual Offences Act, 2012. The Act protects children from offences such as sexual assault, and pornography. Key features of the Rules include:

- **Definitions:** The Rules define the certain terms such as expert, and special educator. Expert refers to a person trained in mental health, medicine, child development, or other relevant discipline, who can facilitate communication with a child who is unable to communicate due to trauma, disability, or other vulnerability. Special educator refers to a person trained in communication with children with disabilities such as learning or physical disabilities.
- **Role of police:** Under the Rules, if a police officer receives information of the commission of an offence under the Act against a child, the officer must: (i) file a First Information Report, (ii) arrange medical care for the child, if necessary, (iii) arrange for a medical examination, (iv) ensure samples are sent for forensic testing, and (v) ensure that the child or their parent/guardian has access to counselling and legal aid.
- **Compensation:** The Act provides for Special Courts to hear cases related to sexual offences against children. The Rules provide that such a Court may recommend a compensation award for the child in cases where the accused is convicted, or acquitted, and the child has suffered loss or injury as a result of the offence. While determining the compensation, the Court must consider certain factors such as the type of abuse suffered, and the expenditure incurred or likely to be incurred on medical treatment for the child. The compensation will be paid by the state government within 30 days of receipt of such award.
- **Commission for the Protection of Child Rights:** The Rules specify additional functions of the National and State Commissions for Protection of Child Rights. The rules include monitoring the: (i) training of police personnel, and (ii) designation of Special Courts.
- **Entitlements of the child:** A child who has suffered sexual abuse is entitled to certain information and services including: (i) security and protection by police, (ii) free medical examination, and (iii) continuation of education.

### Standing Committee Report on issues related to safety of women submitted

The Standing Committee on Human Resource Development submitted its report on issues related to safety of women.<sup>105</sup> Key recommendations of the Committee include:

- **Strengthening of legislation:** The Committee observed that a number of laws have been framed for the welfare of women. In spite of the legislative framework in place, women continue to face inequality, discrimination and violence. The Committee recommended that laws to protect women should be strictly implemented. Some ways in which implementation of laws can be improved include: (i) filing of charge sheets within 30 days, (ii) denial of bail to accused, and (iii) trial of pending cases within six months.
- **Representation of women:** The Committee observed that crimes against women are due to their lack of representation in decision-making positions. It recommended 33% reservation for women at all levels of government.
- **Fast Track Courts:** The Committee observed the importance of the timely delivery of justice in reducing crimes against women. It noted that states such as Andhra Pradesh, Bihar and West Bengal have not given confirmation for setting up Fast Track Courts. The Committee recommended that the Department of Justice should ensure that 1,800 Fast Track Courts become operational at the earliest. Further, there should be a balanced distribution of Courts across states.
- **Human Trafficking:** The Committee observed that there is no comprehensive law for the prevention of human trafficking. It recommended that a National Anti-Trafficking Bureau should be established. It should be composed of police, NGOs, and other stakeholders. It should have the power to investigate intra-state trafficking cases, and coordinate anti-trafficking efforts with international bodies. Further, an Anti-Trafficking Relief and Rehabilitation Committee should be constituted for providing relief and rehabilitation to the victims of trafficking.
- **Nirbhaya Fund:** The Committee observed that the total amount under the Nirbhaya Fund is Rs 7,436 crore for 32 projects and schemes across India. However, only Rs 2,647 has been disbursed to the concerned bodies for implementation of the projects and schemes. It recommended that the

projects and schemes should be implemented in a timely manner and funds should be utilised effectively. Further, projects and schemes under the fund should be overseen by a Committee chaired by the Cabinet Secretary.

## Rural Development

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### MNREGA state-wise rates amended

The Ministry of Rural Development amended the state-wise wage rate for unskilled manual workers under the Mahatma Gandhi National Rural Employment Guarantee Act, 2005.<sup>106</sup> The notification will come into force for April 1, 2020. These wages were last amended in March 2019.<sup>107</sup> For example, in Andhra Pradesh the wage rate has been increased by Rs 26, from Rs 211 per day in 2019 to Rs 237 per day in 2020. In Arunachal Pradesh, the wage rate has been increased by Rs 13, from Rs 192 per day in 2019 to Rs 205 per day in 2020.

## Environment and Forests

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### Draft Environment Impact Assessment Notification, 2020 released

The Ministry of Environment, Forest and Climate Change released the Draft Environment Impact Assessment Notification, 2020.<sup>108</sup> It seeks to replace the Environment Impact Assessment Notification, 2006. It proposes certain conditions and thresholds on undertaking new infrastructure projects, and on expansion or modernisation of existing infrastructure projects. These projects include dams, mines, airports, and highways. Key features of the proposed notification include:

- **Categorisation of projects and activities:** All infrastructure projects and activities will be divided into three categories based on their potential social and environmental impacts and the extent of such impact. All projects will require prior environment clearance from the concerned regulatory authority before commencement of any construction, installation, establishment, or any such activity.
- **Exemption:** The 2006 notification defines 'public consultation' as the process by

which the concerns of local affected persons and other stakeholders are addressed and taken into account while designing the project. The draft notification exempts certain projects from public consultation. These include all building, construction and area development projects, inland waterways, expansion or widening of national highways, and modernisation of irrigation projects.

- **Violations:** The draft notification provides four ways for cognizance of environmental violations. These are: (i) application of the project promoter, (ii) reporting by any government authority, (iii) found during the appraisal by Appraisal Committee, or (iv) any violation found during the processing of application by the regulatory authority.
- Violations will be reported to the Appraisal Committee, who will assess if the cases of violation can be run sustainably under compliance of environmental norms. If the assessment is negative, the project will be shut down. Otherwise, the project will be appraised for ecological damage. These projects will have to pay a late fee and the company will have to submit a bank guarantee valid for five years. This guarantee will be equal to the amount of the remedial plan (for the ecological damage) with the state pollution control board.

Comments on the draft notification are invited till May 10, 2020.

### Environment Impact Assessment Notification, 2006 amended

The Ministry of Environment, Forests and Climate Change amended the Environment Impact Assessment Notification, 2006.<sup>109</sup> Amendments made to the notification are:

- **Transfer of environment clearance:** Certain amendments have been done to align the relevant provisions of the notification with the Mineral Laws (Amendment) Act, 2020. The Mineral Laws (Amendment) Act, 2020 provides for the transfer of statutory environment clearances (vested with the previous lessee). This transfer can be done to the successful bidder of mining leases, expiring under the Mines and Minerals (Development and Regulation) Act, 1957 and selected through auction. This will be valid for a period of two years. The Environment Impact Assessment Notification, 2006 has been amended to give effect to this provision.



- **Exemption from requirement of environmental clearance:** Keeping in mind several depositions from the traditional community, exemption from the requirement of environmental clearance has been provided in certain cases. These include: (i) extraction, sourcing, or borrowing for projects such as roads and pipelines, (ii) customary extraction of sand and ordinary earth from sources situated in Gram Panchayat for personal use or community work in village, and (iii) digging of wells for irrigation or drinking water purpose.

### Environment (Protection) Rules, 1986 amended

The Environment (Protection) Rules, 1986 provide that the central government may impose prohibition or restrictions on the location of an industry or the carrying on operations in an area. However, the government shall notify this and consider all the objections received against the notification, within 120 days from the date of its publication. The central government may then impose prohibition or restrictions on the location of such industries and the carrying on of any process or operation in an area, within 545 days.

The Ministry of Environment, Forests and Climate Change amended the Environment (Protection) Rules, 1986 to increase the period of validity of the notification relating to Ecologically Sensitive Zones & Ecologically Sensitive Areas.<sup>110,111</sup> The validity of notification has been extended from 545 days to 725 days.

## External Affairs

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### Report on the Registration of Marriage of Non-Resident Indian Bill, 2019 submitted

The Standing Committee on External Affairs submitted its report on the Registration of Marriage of Non-Resident Indian Bill, 2019.<sup>112</sup> The Bill seeks to provide for the registration of marriage of non-resident Indians. Key recommendations of the Committee include:

- **Definitions:** The Bill defines Non-Resident Indian (NRI) as a citizen of India who resides out of India. The Committee observed that the definition was vague and general. It recommended that NRI should be defined as a citizen of India who resides outside India for any purpose whatsoever, save tourism.

- **Registration of marriage:** The Bill seeks compulsory registration of marriage of NRI within 30 days of marriage. The Committee noted that the objective of mandatory registration is to confirm the travel documents and permanent residential address of an NRI. This enables the government to serve summons upon the NRI if necessary. However, the Committee observed that the information sought at the time of registration is not comprehensive. It recommended that information required should be exhaustive, incorporating details related to passport, visa or Permanent Resident Card, and address in foreign country with proof. The Committee, further suggested that there should be provision for updating the information online.
- **Impounding or revoking of passports:** The Bill seeks to amend the Passports Act, 1967. The amendment will allow the passport authority to impound or revoke the passport of a NRI spouse if it is brought to the attention of the authority that they have not registered their marriage within 30 days. The Committee observed that the direct impounding or revoking of the passport of a NRI is disproportionate, stringent, and likely to be misused. It recommended that the authority could instead issue a show cause notice, impose an exemplary fine, or issue a Look Out Notice prior to impounding or revoking the passport.
- **Issuing summons and warrants:** The Bill seeks to amend the Code of Criminal Procedure, 1973 to empower Courts to issue summons and warrants through website of the Ministry of External Affairs. If the person does not appear despite the issuance of the warrant on website, then a declaration will be uploaded and attachment of property will also be permitted. The Committee noted that the provision of attachment of property after issue of proclamation is stringent and the domain of the Court. It recommended that summons and court orders may be submitted online. However, punitive measures should be decided by the Court on a case to case basis.

## Commerce and Industry

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### Cabinet approves scheme for Remission of Duties and Taxes on Exported Products

The Union Cabinet approved the introduction of the scheme for Remission of Duties and Taxes on Exported Products.<sup>113</sup> The scheme creates a mechanism for reimbursement of taxes and duties (including central, state and local taxes) incurred in the process of manufacturing and distribution of exported products. The scheme will specifically cover those taxes and duties that are currently not being refunded under any other mechanism. An inter-ministerial committee will be constituted to determine the rates and items for which the reimbursement of taxes and duties would be provided under the scheme.

### Cabinet approves the revised Foreign Direct Investment Policy on Civil Aviation

The Union Cabinet approved certain amendments to the Foreign Direct Investment (FDI) policy on civil aviation.<sup>114</sup> At present, 100% FDI is permitted for domestic scheduled passenger airlines. For NRIs, 100% FDI is allowed under the automatic route for domestic scheduled passenger airlines, whereas for others it is up to 49%. However, for Air India Ltd., FDI cannot exceed 49%, either directly or indirectly. It is subject to the condition that substantial ownership and effective control of Air India Ltd. has to be vested in Indian nationals. The amendments permit 100% FDI by NRIs in Air India Ltd., under the automatic route.

## 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.<sup>115</sup> 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 the

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.

## Media and Broadcasting

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### Standing Committee on Information Technology submits its report on the Cinematograph (Amendment) Bill, 2019

The Departmentally Related Standing Committee on Information Technology submitted its report on the Cinematograph (Amendment) Bill, 2019.<sup>116</sup> It amends the Cinematograph Act, 1954. The Bill prohibits a person from using a recording device to make a copy or transmit a film, without written authorisation from the producer of the film. Persons who make copies of a film without authorisation will be punished with imprisonment of up to three years, or fine up to Rs 10 lakh, or both. The Committee made following observations and recommendations:

- **Need for the Bill:** Piracy of films is a punishable offence under the Copyright Act, 1957. The punishment against this offence under the Copyright Act includes imprisonment for a term between six months and three years. The Committee observed that the proposed amendment in the Cinematograph Act may not be required as such offences are already adequately covered in other existing laws. Also, the Committee expressed concerns over the effective implementation of existing provisions of the Copyright Act for tackling film piracy.
- **The minimum term for imprisonment and the minimum fine:** The Bill provides for punishment with imprisonment of up to three years, or fine up to Rs 10 lakh, or both against the specified offence. However, it does not specify either the minimum term for imprisonment or the minimum fine. The Committee recommended that the Bill should specify both a minimum term for punishment and the minimum fine.
- **The maximum amount of fine:** The Committee observed that the maximum fine

of Rs 10 lakh proposed in the Bill is insignificant and should be raised. The Committee proposed enhancing the maximum fine to a range of 5%-10% of the audited gross production costs of a film.

- **Nature of offence:** The Committee noted that the punishment for the specified offence in the Bill does not mention the nature of the offence (as to whether it is bailable or non-bailable). The Committee recommended that the Ministry should consider specifying the nature of the offence in this clause to remove any ambiguity.
- **Fair use provision:** Fair use permits limited use of copyrighted material without having to first acquire permission from the copyright holder. The Committee noted that while the Copyright Act, 1952 covers fair use, the Cinematograph Act, 1954 does not. Hence, it recommended that the Bill should have a fair use provision. Such a provision will provide adequate safeguards to persons using short clips of films for non-commercial purposes (e.g. for sharing on social media).

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

## Textiles

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### Cabinet approves reimbursement of losses under MSP operations for cotton during 2014-15 to 2018-19

The Cabinet Committee on Economic Affairs has approved an expenditure of Rs 313 crore for reimbursing the losses to Cotton Corporation of India (CCI) (Rs 311 crore) and Maharashtra State Co-operative Cotton Growers Marketing Federation Limited (MSCCGMFL) (Rs 1.6 crore). The losses were made on sale of cotton procured under minimum support price (MSP) operations during the cotton years 2017-18 and 2018-19. MSCCGMFL is also being compensated because it was acting as a sub-agent for CCI in Maharashtra for carrying out MSP operations.<sup>117</sup>

Further, an additional expenditure of Rs 748 crore has been approved for reimbursing the losses to CCI (Rs 687 crore) and MSCCGMFL (Rs 60 crore) on sale of cotton procured under MSP operations during the cotton years 2014-15 and 2015-16.

## Agriculture

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### Standing Committee submits report on the subject 'System of Fertilizer Subsidy'

The Standing Committee on Chemicals and Fertilizers (Chair: Ms. K. Kanimozhi) submitted its report on the subject 'System of Fertilizer Subsidy'.<sup>118</sup> The central government provides subsidy to fertilizer manufacturers and importers so that farmers can buy them at affordable prices. Key observations and recommendations of the Committee include:

- **Change in the subsidy policy:** The Committee noted that fertilizer subsidy resulted in a tremendous growth of agricultural productivity, which was necessary for food security of the huge population of the country. However, it has also led to negative effects such as over-use of fertilizers, their imbalanced use, and soil degradation. The Committee observed that the government is studying the existing subsidy regime and possible mechanisms which can improve the policy further. In this context, NITI Aayog has circulated its draft report to various stakeholders.
- The Committee noted that any drastic change in the existing fertilizer subsidy policy would have a huge bearing on the country's food security. It recommended that: (i) any such drastic change must be effected only after an in-depth study and wider consultations with all stakeholders (including the concerned central and state government departments, fertilizer industry, and farmers and their associations), (ii) no hasty decision should be taken, (iii) interests of small and marginal farmers should be kept in mind, and (iv) best international practices should be carefully studied. It also recommended that education and awareness of farmers about balanced use of fertilizers should be an integral part of the policy.
- **Direct subsidy to farmers:** The Committee observed that many fertilizer manufacturing plants are operating with very old technology and systems, and not at their highest efficiency. The government bears the cost of their inefficiency in the form of higher subsidy. The Committee recommended that the companies should be set free to manufacture, supply, and sell fertilizers as per their own system. A farmer should have the choice of buying from various brands of fertilizers, while getting the subsidy directly in his bank account.

Such a system will push manufacturers to produce and sell fertilizers in the most cost-effective manner, and push the inefficient ones out. It also recommended that the government should set out a clear and firm roadmap to switch to a system where farmers directly get the subsidy and the manufacturing and importing of fertilizers is set free to the market forces.

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

### Cabinet approves the Minimum Support Price for copra for the 2020 season

The Union Cabinet approved the Minimum Support Price (MSP) for copra for the 2020 season.<sup>119</sup> The MSP for milling copra has been increased by 4.6%, from Rs 9,521 per quintal to Rs 9,960 per quintal. The MSP for ball copra has been increased by 3.8%, from Rs 9,920 per quintal to Rs 10,300 per quintal.

National Agricultural Cooperative Marketing Federation of India (NAFED) and National Cooperative Consumers' Federation of India Limited (NCCF) will continue to be the central nodal agencies responsible for procurement of copra in the coconut growing states.

## Communications

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### TRAI releases recommendations on the enhancement of scope of Infrastructure Provider Category-I registration

The Telecom Regulatory Authority of India (TRAI) released recommendations on the enhancement of the scope of Infrastructure Provider Category-I (IP-I) registration.<sup>120</sup> Infrastructure Providers own, establish and maintain telecom infrastructure and lease, rent or sell these to telecom service providers (TSPs). Telecom tower companies are registered under this category.

Currently, IP-I registration holders are allowed to provide passive infrastructure. Passive Infrastructure Sharing involves sharing of non-electrical and civil engineering elements of telecom networks. These include right of way, tower sites, towers, poles, room for equipment, power supply, and air conditioning facilities.

The consultation paper had sought to widen the scope of IP-I registration holders by allowing provisions for sharable active infrastructure and providing end-to-end bandwidth through leased lines to TSPs. This is to facilitate the faster

rollout of active infrastructure elements at competitive prices. Active Infrastructure Sharing involves sharing electronic network elements. It includes base stations, access node switches, antenna, and the management system for fibre networks.

Following are some of the key recommendations of TRAI on the enhancement of the scope of the IP-I registration:

- **Additional network elements to be allowed:** IP-I registration should also allow owning, establishing, maintaining and working all infrastructure items, equipment, and systems required for establishing: (i) Wireline Access Network, (ii) Radio Access Network, and (iii) Transmission Links. There will not be any limitation on the use of technology. Necessary license for owning wireless equipment under the Indian Wireless Telegraphy Act, 1933 can be provided to IP-I registration holders. However, the registration will not provide for certain core network elements such as switch and switching centres.

Hence, the enhanced scope of IP-I registration will include: (i) right of way, (ii) duct space, (iii) optical fibre, (iii) tower, (iv) antenna, and (v) base station, among others.

- **Eligibility for accessing infrastructure of IP-I companies:** Service providers with a valid authorisation from the central government for providing telecom services will be allowed to lease, rent or purchase infrastructure from IP-I companies. The infrastructure can be provided on mutually agreed terms and conditions which are fair, reasonable and non-discriminatory.

## Electronics and Information Technology

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### Union Cabinet approves schemes for the promotion of electronics manufacturing

The Union Cabinet approved the following schemes for the promotion of electronics manufacturing in the country.<sup>121,122, 123</sup>

- **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.<sup>121</sup> 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%-6% to certain companies on incremental sales of goods manufactured in India over the base year, as may be defined. The incentive will be available for five years from the base year. The total cost of the scheme is estimated to be Rs 40,995 crore.

- **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.<sup>122,124</sup> Under the erstwhile EMC scheme, 20 Electronics Manufacturing Clusters (EMCs) and three Common Facility Centres (CFCs) were approved.<sup>122</sup>
- The scheme will provide financial assistance for setting up of both EMCs and CFCs. The EMCs and CFCs will provide world-class infrastructure along with common facilities and amenities to the electronics systems design and manufacturing sector. The scheme will enable the availability of ready infrastructure for electronic manufacturing in the country. The total cost of the EMC 2.0 Scheme is estimated to be Rs 3,762 crore over a period of eight years.
- **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.<sup>123</sup> The capital expenditure on plant, machinery, equipment and technology including research and development will be covered under the scheme. The segments to be covered under the scheme include: (i) mobile electronics, (ii) consumer electronics, (iii) medical electronics, and (iv) telecom equipment. The total cost of the scheme is estimated to be Rs 3,285 crore.

## New and Renewable Energy

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### Atal Jyoti Yojana Phase-II extended upto March 2021

Atal Jyoti Yojana Phase-II has been extended up to March 31, 2021. The scheme was launched in December 2018.<sup>125</sup> As per the original timeline, the scheme was valid until December 2019.

The scheme provides for the installation of solar street lighting systems in specified areas. Under the scheme, 75% of the cost is borne by the central government and the balance 25% is provided through the Member of Parliament Local Area Development Fund (MPLAD).<sup>126</sup> Under the Phase-II of the scheme, a total of 3.04 lakh solar street lights are to be installed.

<sup>1</sup> Parliament vital stats, March 23, 2019, <https://www.prsindia.org/sites/default/files/PRS%2017LS%20Budget%202020%20Vital%20Stats.pdf>.

<sup>2</sup> Ministry of Health and Family Welfare website, last accessed on March 31, 2020, <https://www.mohfw.gov.in/index.html>.

<sup>3</sup> Order No. 1-29/2020-PP, National Disaster Management Authority, March 24, 2020, <https://mha.gov.in/sites/default/files/ndma%20order%20copy.pdf>.

<sup>4</sup> Order No. 40-3/2020-DM-I(A), Ministry of Home Affairs, March 24, 2020, <https://mha.gov.in/sites/default/files/MHAorder%20copy.pdf>.

<sup>5</sup> “Guidelines on measures to be taken by Ministries/Department of Government of India, State/Union Territory Governments and State/Union Territory Authorities for containment of COVID-19 Epidemic in the Country”, Ministry of Home Affairs, March 24, 2020, <https://mha.gov.in/sites/default/files/Guidelines.pdf>.

<sup>6</sup> Second Addendum to Order No. 40-3/2020-DM-I(A), Ministry of Home Affairs, March 24, 2020, [https://mha.gov.in/sites/default/files/PR\\_SecondAddendum\\_27032020.pdf](https://mha.gov.in/sites/default/files/PR_SecondAddendum_27032020.pdf).

<sup>7</sup> “Consolidated Guidelines on the measures to be taken by Ministries/Departments of Government of India, State/Union Territory Governments and State/Union Territory Authorities for containment of COVID-10 Epidemic in the Country, as notified by the Ministry of Home Affairs on 24.03.2020 and

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<sup>9</sup> Order No. 40-3/2020-DM-I(A), Ministry of Home Affairs, March 29, 2020, <https://mha.gov.in/sites/default/files/MHA%20Order%20restricting%20movement%20of%20migrants%20and%20strict%20enforcement%20of%20lockdown%20measures%20-%202029.03.2020.pdf>.

<sup>10</sup> The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020, Gazette of India, Ministry of Law and Justice, March 31, 2020, <http://www.egazette.nic.in/WriteReadData/2020/218979.pdf>.

<sup>11</sup> “Finance Minister announces Rs 1.70 Lakh Crore relief package under Pradhan Mantri Garib Kalyan Yojana for the poor to help them fight the battle against Corona Virus”, Press Information Bureau, Ministry of Finance, March 26, 2020.

<sup>12</sup> “Monetary and Fiscal policy response by Government of Indian and Regulators”, Department of Economic Affairs, Ministry of Finance, March 27, 2020, <https://dea.gov.in/sites/default/files/India%20economic%20p>

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<sup>13</sup> “Pradhan Mantri Garib Kalyan Package: Insurance Scheme for Health Workers Fighting COVID-19”, Press Information Bureau, Ministry of Health and Family Welfare, March 29, 2020.

<sup>14</sup> Seventh Bi-Monthly Policy Statement 2019-20”, Press Release, Reserve Bank of India, March 27, 2020, <https://rbidocs.rbi.org.in/docs/PressRelease/PDFs/PR2129F5E23A447E0F4A00955429716C53F5A2.PDF>.

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<sup>17</sup> Government Approved Laboratories by ICMR, Ministry of Health and Family Welfare, March 27, 2020, [https://icmr.nic.in/sites/default/files/upload\\_documents/Govt\\_COVID19\\_Testing\\_Lab\\_27032020.pdf](https://icmr.nic.in/sites/default/files/upload_documents/Govt_COVID19_Testing_Lab_27032020.pdf).

<sup>18</sup> Private Approved Laboratories by ICMR, Ministry of Health and Family Welfare, March 27, 2020, [https://icmr.nic.in/sites/default/files/upload\\_documents/Private\\_Labs\\_27032020.pdf](https://icmr.nic.in/sites/default/files/upload_documents/Private_Labs_27032020.pdf).

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<sup>28</sup> “Indian Railways to run Special Parcel Trains for carriage of essential items in small parcel sizes during the complete lockdown in fight against COVID-19”, Press Information Bureau, Ministry of Railways, March 29, 2020.

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