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COVID-19
As of March 31, 2020, there were more than a thousand confirmed cases of COVID-19 in India. The central government announced a 21-day lockdown to contain its spread in March 2020. The PM Garib Kalyan Yojana was announced to provide relief measures of Rs 1.7 lakh crore. An Ordinance was issued to extend time limits for various compliances under taxation laws.

General Elections 2019
General elections were held to the 17th Lok Sabha. The BJP-led NDA retained its majority and formed the government.

Macroeconomic Developments
The Indian economy is estimated to grow at 5% in 2019-20. The RBI reduced the repo rate from 6.25% to 4.4% over the year. As of March 2019, retail inflation stood at 5.9% year on year, and wholesale price index inflation was at 1%, year on year.

Home Affairs
Special status to Jammu and Kashmir under Article 370 of the Constitution was repealed and the state was reorganised into the union territories of Jammu and Kashmir, and Ladakh. Parliament passed the Citizenship (Amendment) Bill, 2019. The final NRC in Assam was published (which excluded approximately 19 lakh people).

Finance
The Income Tax Act was amended to offer new tax rate options to individuals and domestic companies. The 15th Finance Commission submitted its report for the year 2020-21, after its terms of reference were amended to extend its period from 2020-25 to 2020-26.

Law and Justice
Parliament passed laws to amend the Aadhaar Act, 2016, and to provide recognition to transgender persons. The Supreme Court struck down rules which restructured the composition of tribunals.

Labour
The periodic labour force survey reported an unemployment rate of 6.1%. The Code on Wages, 2019 to regulate wage and bonus payments was passed by Parliament. The labour codes on occupational safety and health, social security, and industrial relations were introduced in Parliament.

Health
Parliament passed the National Medical Commission Bill, 2019 to regulate medical education and practice, and the Prohibition of E-Cigarettes Bill, 2019, to prohibit the production, trade, storage, and advertisement of electronic cigarettes.

Education
The Draft National Education Policy was released. The University Grant Commission identified 20 universities to be granted the status of Institution of Eminence.

Agriculture
The Pesticide Management Bill was introduced in Rajya Sabha to replace the Insecticides Act, 1968. The draft Seeds Bill was released to replace the Seeds Act, 1966. A Committee of CMs was set up to discuss measures for transforming agriculture and raising farmers’ income.

Road Transport
The Motor Vehicles (Amendment) Bill, 2019 was passed by Parliament. It provides for road safety policies, creates a road safety fund, and a road safety board, and increases penalties for various offences.

Communication and Information Technology
The Supreme Court upheld the interpretation of Gross Revenue by the government and directed telecom companies to pay outstanding dues to the DoT. The Personal Data Protection Bill, 2019 was introduced in Parliament. A committee of experts was appointed to recommend framework for governance of non-personal data.

Mining
The Mineral Laws (Amendment) Bill, 2020 was passed by Parliament. A committee was constituted to examine issues related to the revision of royalty rates.

Defence
The post of Chief of Defence Staff was created. A Department of Military Affairs was also constituted under the Ministry of Defence, which is headed by the CDS. The Supreme Court ruled in favour of granting permanent commission to women officers in the Army in its non-combat services.
### Table 1: Bills passed by Parliament from April 2019 to March 2020

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<tr>
<td>The Citizenship (Amendment) Bill, 2019</td>
<td>Home Affairs</td>
<td>Amends the definition of illegal migrant, reduces the residency requirement to obtain Indian citizenship for immigrants from three countries belonging to six religions, and empowers the central government to cancel the OCI card.</td>
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<td>The Unlawful Activities (Prevention) Amendment Bill, 2019</td>
<td>Home Affairs</td>
<td>Allows the central government to designate an individual as a terrorist, and permits the National Intelligence Agency to investigate cases.</td>
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<tr>
<td>The National Investigation Agency (Amendment) Bill, 2019</td>
<td>Home Affairs</td>
<td>Expands the jurisdiction of NIA to offences related to human trafficking, counterfeiting currency and cyber terrorism, and to investigate outside India.</td>
</tr>
<tr>
<td>The Arms (Amendment) Bill, 2019</td>
<td>Home Affairs</td>
<td>Decreases the number of licensed firearms allowed per person and increases penalties for certain offences under the Act.</td>
</tr>
<tr>
<td>The Protection of Human Rights (Amendment) Bill, 2019</td>
<td>Home Affairs</td>
<td>Amends the composition, and the term of office of Chairperson and members of NHRC.</td>
</tr>
<tr>
<td>The Special Protection Group (Amendment) Bill, 2019</td>
<td>Home Affairs</td>
<td>Provides for security cover to a former Prime Minister, and his immediate family members for a period of five years after demitting office.</td>
</tr>
<tr>
<td>The Jammu and Kashmir Reservation (Amendment) Bill, 2019</td>
<td>Home Affairs</td>
<td>Provides reservation for persons residing in areas adjoining the international border at par with those in areas adjoining Line of Control.</td>
</tr>
<tr>
<td>The Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories) Bill, 2019</td>
<td>Home Affairs</td>
<td>Merges the Union Territories of Dadra and Nagar Haveli, and Daman and Diu into a single Union Territory.</td>
</tr>
<tr>
<td>The Taxation Laws (Amendment) Bill, 2019</td>
<td>Finance</td>
<td>Amends the Income Tax Act, 1961 to provide lower tax rate options to domestic companies.</td>
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<tr>
<td>The Direct Tax Vivad se Vishwas Bill, 2020</td>
<td>Finance</td>
<td>Provides a mechanism for resolution of pending direct tax disputes.</td>
</tr>
<tr>
<td>The International Financial Services Centres Authority Bill, 2019</td>
<td>Finance</td>
<td>Establishes the International Financial Services Centre Authority to regulate International Financial Services Centres in India.</td>
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<tr>
<td>The Banning of Unregulated Deposit Schemes Bill, 2019</td>
<td>Finance</td>
<td>Bans unregulated deposit schemes including unregistered loans for business purposes.</td>
</tr>
<tr>
<td>The Chit Funds (Amendment) Bill, 2019</td>
<td>Finance</td>
<td>Increases the commission of the person conducting the chit, and the aggregate amount of chit funds which may be collected.</td>
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<tr>
<td>The Insolvency and Bankruptcy Code (Amendment) Bill, 2019</td>
<td>Corporate Affairs</td>
<td>Limits time period for completing insolvency resolution process, and specifies minimum pay-outs to operational creditors.</td>
</tr>
<tr>
<td>The Insolvency and Bankruptcy Code (Amendment) Bill, 2020</td>
<td>Corporate Affairs</td>
<td>Provides minimum threshold for home buyers to initiate the resolution process, and requires suppliers to continue supply during the process.</td>
</tr>
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<tr>
<td>The Companies (Amendment) Bill, 2019</td>
<td>Corporate Affairs</td>
<td>Re-categorises certain compoundable offences as civil defaults and transfers some approval powers from NCLT to central government.</td>
</tr>
<tr>
<td>The Consumer Protection Bill, 2019</td>
<td>Consumer Affairs, Food and Public Distribution</td>
<td>Replaces the 1986 Act to add the rights of consumers and a redressal mechanism for violations, sets up a regulator to protect their interests, and provides for product liability.</td>
</tr>
<tr>
<td>The Special Economic Zones (Amendment) Bill, 2019</td>
<td>Commerce and Industry</td>
<td>Widens the definition of a ‘person’ to include a trust or a notified entity.</td>
</tr>
<tr>
<td>The Muslim Women (Protection of Rights on Marriage) Bill, 2019</td>
<td>Law and Justice</td>
<td>Makes all declaration of talaq, including in written or electronic form, to be void and illegal.</td>
</tr>
<tr>
<td>The Supreme Court (Number of Judges) Amendment Bill, 2019</td>
<td>Law and Justice</td>
<td>Increases the number of judges in the Supreme Court from 31 to 34.</td>
</tr>
<tr>
<td>The Aadhaar and Other Laws (Amendment) Bill, 2019</td>
<td>Law and Justice</td>
<td>Introduces offline verification of Aadhaar. Allows voluntarily use of Aadhaar to establish identity for telecom and bank related KYC.</td>
</tr>
<tr>
<td>The New Delhi International Arbitration Centre Bill, 2019</td>
<td>Law and Justice</td>
<td>Establishes a centre of arbitration as an institution of national importance.</td>
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<td>The Arbitration and Conciliation (Amendment) Bill, 2019</td>
<td>Law and Justice</td>
<td>Establishes an autonomous council called the Arbitration Council of India.</td>
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<tr>
<td>The Constitution (One Hundred and Twenty-Sixth Amendment) Bill, 2019</td>
<td>Law and Justice</td>
<td>Extends the reservation for SCs and STs in legislatures by 10 years till January 25, 2030.</td>
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<td>The Protection of Children from Sexual Offences (Amendment) Bill, 2019</td>
<td>Women and Child Development</td>
<td>Provides for stringent punishment for committing sexual offences against children.</td>
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<tr>
<td>The Transgender Persons (Protection of Rights) Bill, 2019</td>
<td>Social Justice and Empowerment</td>
<td>Protects the rights of transgender persons and provides for their welfare.</td>
</tr>
<tr>
<td>The Indian Medical Council (Amendment) Bill, 2019</td>
<td>Health and Family Welfare</td>
<td>Supersedes the Medical Council of India for a maximum period of 2 years.</td>
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<tr>
<td>The Dentists (Amendment) Bill, 2019</td>
<td>Health and Family Welfare</td>
<td>Removes the representation of a certain category of dentists in Dental Councils set up under the Dentists Act, 1948.</td>
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<td>The Homoeopathy Central Council (Amendment) Bill, 2019</td>
<td>AYUSH</td>
<td>Amends the Act to increase the time period for supersession of the Central Council from one year to two years.</td>
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<tr>
<td>Short Title</td>
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<td>The Central Universities (Amendment) Bill, 2019</td>
<td>Human Resource Development</td>
<td>Establishes a new Central University and Central Tribal University in Andhra Pradesh.</td>
</tr>
<tr>
<td>The Central Educational Institutions (Reservation in Teachers' Cadre) Bill, 2019</td>
<td>Human Resource Development</td>
<td>Provides for reservation of teaching positions in central educational institutions for persons belonging to the SCs, STs, OBCs and EWS.</td>
</tr>
<tr>
<td>The Central Sanskrit Universities Bill, 2019</td>
<td>Human Resource Development</td>
<td>Converts three existing institutions into Central Sanskrit Universities.</td>
</tr>
<tr>
<td>The Constitution (Scheduled Tribes) Order (Second Amendment) Bill, 2019</td>
<td>Tribal Affairs</td>
<td>Modifies the list of STs in Karnataka to include certain communities and areas.</td>
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<td>The Right to Information (Amendment) Bill, 2019</td>
<td>Personnel, Public Grievances and Pensions</td>
<td>Amends the term, salaries, and conditions of service of RTI Commissioners.</td>
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<td>The Motor Vehicles (Amendment) Bill, 2019</td>
<td>Road Transport and Highways</td>
<td>Provides for policies on road transport and safety, compensation for road accident victims, changes licensing and registration processes.</td>
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<tr>
<td>The Airports Economic Regulatory Authority of India (Amendment) Bill, 2019</td>
<td>Civil Aviation</td>
<td>Increases the threshold for classifying major airports and exempts airports from tariff setting in some cases.</td>
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<td>The Recycling of Ships Bill, 2019</td>
<td>Shipping</td>
<td>Restricts the use of hazardous material on ships and regulates the recycling of ships.</td>
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<tr>
<td>The Mineral Laws (Amendment) Bill, 2020</td>
<td>Mines</td>
<td>Allows commercial mining of coal and removes the restrictions on end use of the mined coal for certain companies.</td>
</tr>
<tr>
<td>The Public Premises (Eviction of Unauthorised Occupants) Amendment Bill, 2019</td>
<td>Housing and Urban Affairs</td>
<td>Specifies the procedure for summary eviction of unauthorised occupants from government accommodation.</td>
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<tr>
<td>The National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Bill, 2019</td>
<td>Housing and Urban Affairs</td>
<td>Recognises the property rights of residents of certain unauthorised colonies in Delhi.</td>
</tr>
<tr>
<td>The Jallianwala Bagh National Memorial (Amendment) Bill, 2019</td>
<td>Culture</td>
<td>Removes the president of the Indian National Congress as a trustee and empowers the central government to remove nominated members.</td>
</tr>
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Coronavirus disease (COVID-19) is an infectious disease caused by a new type of virus. 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. India had its first confirmed case on January 30, 2020. 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. Of these, 124 had been cured/discharged and 35 had died. For details on the number of daily cases in the country and across states, please see here.

With the spread of COVID-19, the central government 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. The copies of the major notifications are available here.

21-day lockdown notified in the country

On March 24, 2020, 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). These measures were issued under the provisions of the Disaster Management Act, 2005. The Act 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. During the lockdown, all establishments, other than those selling or producing essential goods or providing essential services, and activities related to agricultural operations were 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) continued to remain functional. Further, certain bodies, such as the district administration, police, and defence services were allowed to operate.

The Union Home Secretary also 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.

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

The Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 was promulgated on March 31, 2020. 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 deductions or allowances under the IT Act, such as those under the Sections 80C to 80GHC 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 interest rate payable for the delayed payment will not exceed 0.75% /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).

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

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

In light of the COVID-19 pandemic, the Finance Minister announced a relief package under the Pradhan Mantri Garib Kalyan Yojana for the poor, on March 26, 2020. An amount of Rs 1.7 lakh crore has been allocated for the same. Key features of the package under the scheme were:

- Insurance cover of Rs 50 lakh for public health workers (such as doctors, nurses, paramedics and ASHA workers) who are treating COVID-19 patients. The scheme covers all health workers working in government health centres, wellness centres, and hospitals of the centre and states. The insurance cover is over and above any other insurance cover being availed by the beneficiary. As per the press release, nearly 22 lakh health workers would be covered under the scheme.

- Five kilogram 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 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 the 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**

On March 27, 2020, the Reserve Bank of India (RBI) announced several measures to address the stress in financial conditions caused by COVID-19. These include: (i) cutting policy rates, (ii) expanding liquidity in the market to ensure that financial markets 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 continue in order to revive growth and mitigate the impact of coronavirus on the economy.

- **Liquidity management:** The Cash Reserve Ratio (CRR) for all banks was 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 was 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 was 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) were 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

In March 2020, the Ministry of Health and Family Welfare 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 COVID-19 symptoms on March 17, 2020. For this purpose, the government approved certain private laboratories to test individuals for COVID-19. As of 27th March, there were 111 government testing centres for analysing samples of COVID-19. Another 11 were in the process of being operationalised. Further, there were 44 private labs offering testing in 11 states. These states are Delhi, Gujarat, Odisha, Maharashtra, Kerala, West Bengal, Uttar Pradesh, Telangana, Tamil Nadu, Karnataka, and Haryana.

- 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 the infected person, and (ii) persons with a travel history to COVID-19 affected countries who show symptoms within 14 days of their return.

- **Social distancing measures:** On March 16, 2020, the government proposed for certain interventions to be followed by state governments to ensure social distancing. These include: (i) postponing of exams and ongoing exams to be conducted only after ensuring physical distance of one meter amongst students, (ii) closure of all educational establishments (schools, universities), gyms, museums, cultural and social centres, swimming pools and theatres, and (iii) encourage private sector organisations/ employers to allow employees to work from home wherever feasible.

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

**Civil Aviation:** On March 23, 2020, the Director General of Civil Aviation banned all passenger domestic air travel within the country from March 24 till April 14, 2020. All international commercial passenger travel to and from the country was banned till 6:30 pm on April 14, 2020 (cargo and certain other flights, as specified by DGCA are exempted). All existing visas issued to nationals of any country except those issued to diplomats, officials, UN/international organisations, employment and project visas were suspended from March 13 till April 15, 2020. DGCA had also issued several travel and visa restrictions prior to the complete travel ban. These include requirement of 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. 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.

**Railways:** On March 25, 2020, Indian Railways suspended all passenger trains till April 14, 2020. However, transportation of essential commodities will continue. 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. These include medical supplies, medical equipment, and food 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, and ventilators.

**Roads:** On March 31, 2020, the Ministry of Road Transport and Highways extended the validity of expired driving licences and vehicle registration till June 30, 2020.

**Shipping:** The Ministry of Shipping released a Standard Operating Procedure for international cruise ships to handle COVID-19 at major ports of India on March 1, 2020. Under this, any passenger or crew with a travel history to any of the COVID affected countries since February 1, 2020 was not 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. 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**

On March 19, 2020, 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). This was 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. 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**

On March 23, 2020, 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. The following were specified 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.

The advisory stated 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**

On March 20, 2020, the Ministry of Electronics and Information Technology issued an advisory to all social media platforms to curb misinformation on COVID-19 on their platforms. Social media platforms are intermediaries under the Information Technology Act, 2000. 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. 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**

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. 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.

On March 25, 2020, in view of the COVID-19 pandemic, the census and updation of NPR were postponed until further orders.

Empowered Groups constituted on COVID-19

On March 29, 2020, the Ministry of Home Affairs constituted 11 Empowered Groups of Officers on taking response measures on the COVID-19 pandemic. These Groups have been empowered to delineate policies, formulate plans, and strategise operations for dealing with COVID-19, and take steps for its implementation.

Minimum threshold for initiating insolvency resolution process increased

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. On March 24, 2020, the Ministry of Corporate Affairs increased this threshold from one lakh rupees to one crore rupees. This was done to tackle the emerging financial distress faced by most companies on account of the large-scale economic distress caused by COVID-19.

EPF withdrawal limits increased

On March 26, 2020, 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. 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, on March 27, 2020. The Act provides for a contribution-based provident 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 the amount lying in the member’s PF account, whichever is lesser.

IRDAI issues guidelines on handling of claims reported under Coronavirus

On March 4, 2020, the Insurance Regulatory and Development Authority of India (IRDAI) issued guidelines on handling of claims related to COVID-19. 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 Coronavirus.

Steps announced to ease liquidity problems of discoms

On March 28, 2020, the Ministry of Power announced measures to ease liquidity problems of distribution companies (discoms). These measures were as follows:

- Central public sector generation and transmission companies should 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**

On March 31, 2020, 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.\(^45\) The extension was announced to provide continuity in the policy regime, given the current situation due to the coronavirus pandemic. Some of the key features of the Policy are:

- 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**

On March 27, 2020, the Ministry of Environment, Forests and Climate Change categorised all projects or activities related to manufacturing of bulk drugs and intermediates for addressing ailments such as COVID-19 and those with similar symptoms, to ‘B2’ category.\(^36\) ‘B2’ category projects do not require an Environmental Impact Assessment (EIA). Therefore, these projects will be exempted from the requirement of an EIA.\(^47\) This measure will be in place till September 30, 2020. Further, on March 11, 2020, the Ministry also ordered for expeditiously granting environmental clearances to projects related to active pharmaceutical ingredients and bulk drug intermediates.\(^48\)

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.\(^49\)

**Schedule of eligible activities for Corporate Social Responsibility expanded**

Under the Companies Act, 2013 certain companies are required to spend 2% of their average net profits in the last three financial years, towards their CSR policy. CSR includes projects in relation to activities undertaken under Schedule 7 of the Act (e.g., PM Relief Fund). In March 2020, the government 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).\(^50\) This includes contributions to the newly set up Prime Minister’s Citizen Assistance and Relief in emergency Situations Fund.\(^51\)

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

The Department of Science and Technology set up a Task Force for mapping of technologies to fund solutions in diagnostics, testing, health care delivery solutions and equipment supplies, on March 26, 2020.\(^52\) 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 invited proposals for protection and home-based respiratory interventions for COVID-19 patients.\(^53\) 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

On March 20, 2020, the Ministry of New and Renewable Energy announced that it will provide an extension in the deadline for scheduled commissioning of renewable energy projects. This was 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

On March 25, 2020, 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. The power generation and transmission were 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, during lockdown, curfew or any other limitation on number of people to gather in a location. These places include power plants, substations, and transmission lines.

Relaxation in terms and conditions for Other Service Providers

On March 13, 2020, the Department of Telecommunications (DoT) announced certain relaxations in terms and conditions for Other Service Providers (OSPs). OSPs are companies which provide various application services such as tele-banking, tele-commerce, call centre, and other IT-enabled services. For example, a Business Process Outsourcing company 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. They 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 the terms and conditions of the work from home facility. The penalty will be applicable for any violations by an employee 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.
### Finance and Industry

#### General Elections 2019

The elections to the 17th Lok Sabha concluded in May 2019 and the new union government was formed. The National Democratic Alliance, comprising the BJP and its allies retained its majority and formed the government. Mr. Narendra Modi was appointed as the Prime Minister. The party-wise results are summarised below.

<table>
<thead>
<tr>
<th>Party</th>
<th>Number of seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bharatiya Janata Party</td>
<td>303</td>
</tr>
<tr>
<td>Indian National Congress</td>
<td>52</td>
</tr>
<tr>
<td>Dravida Munnetra Kazhagam</td>
<td>23</td>
</tr>
<tr>
<td>Yuvajana Sramika Raithu Congress Party</td>
<td>22</td>
</tr>
<tr>
<td>All India Trinamool Congress</td>
<td>22</td>
</tr>
<tr>
<td>Shiv Sena</td>
<td>18</td>
</tr>
<tr>
<td>Janata Dal (United)</td>
<td>16</td>
</tr>
<tr>
<td>Biju Janata Dal</td>
<td>12</td>
</tr>
<tr>
<td>Bahujan Samaj Party</td>
<td>10</td>
</tr>
<tr>
<td>Others</td>
<td>64</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>542</td>
</tr>
</tbody>
</table>

Sources: Election Commission of India, General Election to Lok Sabha Results, 2019, PRS.

#### Macroeconomic Developments

### State of the Economy in 2019-20

India’s real Gross Domestic Product (GDP) at constant prices is estimated at 5% in 2019-20, compared to 6.1% in 2018-19. In 2019-20, nominal GDP (at prices including inflation) is estimated at Rs 204 lakh crore, as against Rs 190 lakh crore in 2018-19, a growth of 7.5%. The per capita income in 2019-20 is estimated to be Rs 95,706 (at constant prices), an increase of 3.9% from 2018-19.

### Inflation trends in 2019-20

Consumer Price Index (CPI) measures change in prices of items at the retail level. The CPI inflation closed at 5.9% at the end of the year in March 2020, higher than 3% in April 2019. The CPI basket includes items commonly consumed by households such as food articles, fuel, clothing, housing, and health services. Food and beverages have a share of 46% in the CPI basket. Food inflation grew from 1.1% in April 2019 to 8.8% in March 2020.

The Wholesale Price Index (WPI) measures the average change in the prices of commodities for bulk sale at the level of early stage of transactions. WPI inflation closed at 1% in March 2020, lower than 3.2% in April 2019.

The trends in CPI and WPI inflation in 2019-20 are shown in Figure 1. The CPI inflation increased gradually between months of April and January. However, WPI inflation saw a gradual decrease till the month of October. The highest rate of inflation on both indices was observed in the month of January (CPI inflation: 7.6% and WPI inflation: 3.5%). However, both CPI and WPI inflation decreased in the months of February and March as compared to the previous month.

### Trends in GDP growth over the past three years are given in Table 3.

#### Table 2: Party position after 17th general elections

<table>
<thead>
<tr>
<th>Party</th>
<th>Number of seats</th>
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<td>Bharatiya Janata Party</td>
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<td>Others</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td>542</td>
</tr>
</tbody>
</table>

### Table 3: Gross Value Added across sectors (growth in %, year-on-year)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2017-18</th>
<th>2018-19</th>
<th>2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>5.9%</td>
<td>2.4%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Mining</td>
<td>4.9%</td>
<td>-5.8%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>6.6%</td>
<td>5.7%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Electricity</td>
<td>11.2%</td>
<td>8.2%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Construction</td>
<td>5.0%</td>
<td>6.1%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Services</td>
<td>6.9%</td>
<td>7.7%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

**Note:** Data for 2018-19 is first revised estimate and for 2019-20 is second advance estimate. GVA is measured at base prices (2011-12). GDP is derived by adding taxes on products net of subsidies on products to GVA at basic prices. Sources: Central Statistics Office, MOSPI; PRS.
Industrial Production in 2019-20

The Index of Industrial Production (IIP) looks at the volume of production in the sectors of manufacturing, mining, and electricity in the economy. The IIP assigns a weight of 78% to the manufacturing sector, 14% to the mining sector, and 8% to the electricity sector. The IIP witnessed volatility through the year as shown in Figure 2. During the period between April 2019 and February 2020, overall growth rate was 0.9% (year-on-year). During this period, mining, manufacturing, and electricity sectors saw a growth rate of 1.9%, 0.6%, and 1.5% respectively.

Balance of Payments

The Balance of Payments account reflects the transactions of a country with the rest of the world. It consists of the current account (exports of goods and services, remittances, and dividend payments) and the capital account (flow of funds through equity investments and borrowings).

The surplus of the capital account is generally used to finance the current account deficit (CAD). The CAD narrowed to 1.0% of GDP in April-December 2019-20 from 2.6% in the corresponding period of 2018-19 due to a reduction in the trade deficit.

Trade deficit reduced from USD 145.1 billion in April-December 2018-19 to USD 118.9 billion in April-December 2019-20.

India’s Balance of Payments for 2019-20 is shown in Table 4 below.

Monetary Policy Decisions

The Monetary Policy Committee of RBI announces monetary policy decisions through bi-monthly policy statements. In view of the COVID-19 pandemic, the Monetary Policy Committee advanced its meeting for April 2020 to March 2020. To address the stress in financial conditions caused by COVID-19, various policy rates were further reduced in March 2020. The Committee took the following decisions over the course of 2019-20:

- The repo rate (rate at which RBI lends money to commercial banks) was reduced on four occasions between April and October from 6.25% to 5.15%. The repo rate was again reduced to 4.4% in March 2020, due to the COVID-19 pandemic.
- Similarly, the reverse repo rate (rate at which RBI borrows money from commercial banks) was reduced on four occasions between April and October from 6.0% to 4.9%. In March 2020, this rate was reduced to 4.0%.
- The marginal standing facility rate (under which banks can borrow additional money) and bank rate (at which RBI buys or rediscounts bills of exchange) were reduced in sync with the repo rate (staying 0.25% above the repo rate) through the year.

Economic Survey 2019-20 presented

Strengthening trust in market: The Survey outlined that India’s aspiration to become a five trillion-dollar economy by 2025 requires strengthening the trust in the market with pro-business policies. These policies include: (i) providing equal opportunities for new entrants, and enabling fair competition and ease of doing business, (ii) eliminating policies which unnecessarily undermine markets through government intervention, (iii) enabling foreign trade for job creation, and (iv) scaling up the banking sector to be proportionate to the size of the economy.

Banking sector: The Survey noted that India’s banking sector is disproportionately underdeveloped given the size of its economy. India has only one bank in the global top 100. Public sector banks (PSBs) account for 70% of the market share in Indian banking. However, on various performance parameters, PSBs are inefficient as compared to private banks.

In this context, the Survey suggested the following: (i) offering employee stock ownership at all levels and using financing technology to improve the efficiency of public sector banks, (ii) aggressive disinvestment of central public sector enterprises to bring in profitability, and (iii) focusing on exports of network products for creation of jobs. Network products refer to the products where production occurs across the global value chain.

For a PRS summary of the Economic Survey 2019-20, please see here.

### Finance

#### Union Budgets 2019-20 and 2020-21 presented

With the formation of the new government, the Finance Minister, Ms. Nirmala Sitharaman, presented the Union Budget for the financial year 2019-20 in July 2019. The Union Budget for 2020-21 was presented in February 2020.

#### Table 5: Union Budget 2019-20 and 2020-21 (Rs crore)

<table>
<thead>
<tr>
<th>Item</th>
<th>Budgeted 2019-20</th>
<th>Budgeted 2020-21</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditure</td>
<td>27,86,349</td>
<td>30,42,230</td>
<td>9.2%</td>
</tr>
<tr>
<td>Total Receipts (without borrowings)</td>
<td>20,82,589</td>
<td>22,45,893</td>
<td>7.8%</td>
</tr>
<tr>
<td>Fiscal Deficit</td>
<td>7,03,760</td>
<td>7,96,337</td>
<td>13.2%</td>
</tr>
<tr>
<td>As % of GDP</td>
<td>3.3%</td>
<td>3.5%</td>
<td></td>
</tr>
<tr>
<td>Revenue Deficit</td>
<td>4,85,019</td>
<td>6,09,219</td>
<td>25.6%</td>
</tr>
<tr>
<td>As % of GDP</td>
<td>2.3%</td>
<td>2.7%</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Union Budgets 2019-20 and 2020-21; PRS.

#### Union Budget 2019-20

Key highlights of the Union Budget 2019-20 are as follows:

- The government proposed to spend Rs 27,86,349 crore in 2019-20, which was 13.4% higher than the revised estimate of 2018-19.
- Receipts (other than borrowings) were expected to increase by 14.2% to Rs 20,82,589 crore.
- The nominal GDP was estimated to grow at 12% in 2019-20. Revenue deficit was targeted at 2.3% of GDP, higher than the revised estimate of 2.2% in 2018-19. Fiscal deficit was targeted at 3.3% of GDP, lower than the revised estimate of 3.4% in 2018-19.

Key policy proposals in the Budget included:

- Banking and finance: The government announced to partially guarantee Public Sector Banks (PSBs), against first 10% of loss, for funds provided in a pooled manner to NBFCs. Rs 70,000 crore was to be provided for recapitalisation of PSBs.
- Borrowings: As of July 2019, the government’s gross borrowing programme was funded entirely through domestic borrowings. The government announced that it will raise a part of its borrowings abroad in foreign currency.
- Infrastructure: The government proposed to invest Rs 100 lakh crore in infrastructure over the next five years. Between 2018 and 2030, Rs 50 lakh crore will be invested in railways through public private partnerships.

The major tax changes announced were:

- Surcharge on income tax: Earlier, a 15% surcharge on income tax was levied for...
individuals earning over one crore rupees. The surcharge was increased to 25% for individuals earning between two crore rupees and five crore rupees, and to 37% for those earning more than five crore rupees.

- Corporation tax: Earlier, companies with annual turnover below Rs 250 crore paid tax at the rate of 25%. This threshold was increased to Rs 400 crore.

- Road and infrastructure cess: The Road and Infrastructure Cess on petrol and diesel was increased by one rupee per litre. Excise duty was also increased by one rupee per litre for these products.

- Tax exemptions for electric vehicles: Tax deduction of up to Rs 1.5 lakh was allowed on interest paid on loans taken to purchase electric vehicles. This deduction would be applicable for loans sanctioned between 2019-20 and 2022-23.

In addition to changes in tax laws, the Finance Bill, 2019 amended several other laws such as the SEBI Act, the RBI Act, and the Payment and Settlement Systems Act. These included:

- Securities and Exchange Board of India Act, 1992: The Act was amended to add capital expenditure under expenses to be incurred by the General Fund maintained by SEBI. Further, a Reserve Fund was constituted which will be credited with 25% of the annual surplus of the General Fund. The remaining surplus will be transferred to the Consolidated Fund of India.

- Reserve Bank of India Act, 1934: The Act was amended to enable RBI to take several measures relating to management of NBFCs. These include changing their minimum net worth requirement, framing resolution schemes, supersession of Board of Directors, and removal of directors.

- Payment and Settlement Systems Act, 2007: The Act was amended to prohibit any bank or payments system provider from charging customers for using electric modes of payment.

For more details on the Union Budget and Finance Bill of 2019-20, see here. To read the PRS blog on the differences between the numbers in the Budget and the Economic Survey 2018-19, see here.

**Union Budget 2020-21**

Key highlights of the Union Budget 2020-21 are as follows:

- The government proposes to spend Rs 30,42,230 crore in 2020-21. This is 12.7% higher than revised estimates for 2019-20.

- Total receipts (other than net borrowings) are expected to increase by 16.3% to Rs 22,45,893 crore, owing to higher estimated revenue from disinvestments.

- The government assumed a nominal GDP growth rate of 10% (i.e. real growth plus inflation) in 2020-21. The nominal growth estimate for 2019-20 was 12%.

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

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

For an analysis of the Union Budget 2020-21 and the expenditure of the top 13 ministries, see here.

**Finance Bill, 2020 passed by Parliament**

The Finance Bill, 2020 was passed by both Houses of Parliament in March 2020. It gives 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 Act are:

- **Change in income tax rates:** The income tax rates have been changed as shown in Table 6. 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>
<thead>
<tr>
<th>Income</th>
<th>Previous tax rate</th>
<th>New tax rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upto Rs 5 lakh</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>Rs 5 lakh to Rs 7.5 lakh</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Rs 7.5 lakh to Rs 10 lakh</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Rs 10 lakh to Rs 12.5 lakh</td>
<td>15%</td>
<td>20%</td>
</tr>
<tr>
<td>Rs 12.5 lakh to Rs 15 lakh</td>
<td>20%</td>
<td>25%</td>
</tr>
<tr>
<td>Above Rs 15 lakh</td>
<td>25%</td>
<td>30%</td>
</tr>
</tbody>
</table>

- **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.

### The Taxation Laws (Amendment) Bill, 2019 passed by Parliament

The Taxation Laws (Amendment) Bill, 2019 was passed by Parliament in December 2019. The Bill replaced the Ordinance promulgated in September 2019. It amends the Income Tax Act, 1961 (IT Act), and the Finance (No. 2) Act, 2019. The Bill provides domestic companies with lower tax rate options, if they do not claim certain deductions. It also amends certain provisions regarding levy of surcharge on capital gains. Key features include:

- **22% tax rate for domestic companies:** Currently, domestic companies with annual turnover of up to Rs 400 crore pay income tax at the rate of 25%. For other domestic companies, the tax rate is 30%. The Bill provides domestic companies with an option to pay income tax at the rate of 22%, if they do not claim certain deductions under the IT Act. These include deductions for: (i) newly established units in Special Economic Zones, (ii) investment in new plants or machinery in notified backward areas, (iii) expenditure on scientific research, extension of agriculture, and skill development projects, (iv) depreciation of new plants or machinery (in certain cases), and (v) various other provisions in the IT Act under Chapter VI-A.

- **15% tax rate for new domestic manufacturing companies:** New domestic manufacturing companies can opt to pay income tax at the rate of 15%, provided they do not claim the deductions specified above. They should be set up and registered after September 30, 2019, and should start manufacturing before April 1, 2023. These will not include companies: (i) formed by splitting up or reconstruction of an existing business, (ii) engaged in any business other than manufacturing, and (iii) using any plant or machinery previously used in India (except under certain specified conditions).

- **Applicability of new tax rates:** Companies can choose to opt for the new tax rates starting the financial year 2019-20 (i.e. assessment year 2020-21). Once an option is chosen, it will apply for all the subsequent years. If companies choosing a new option do not follow certain conditions, they cannot exercise the new option for that year and subsequent years. In some cases, companies for whom the 15% tax rate option becomes invalid can opt for the 22% tax rate option.

For a PRS analysis of the Bill, please see here.

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

The Direct Tax Vivad se Vishwas Bill, 2020 was passed by Parliament in March 2020. It provides a mechanism to resolve pending disputes of income tax and corporation tax. Key features include:

- **Appellant:** The Bill defines an appellant as the person in whose case an appeal or petition, filed by him or the income tax authority, was pending before 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 as on January 31 (against an order already passed) 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 authority will determine the amount payable by the appellant against the dispute, and grant a certificate, specifying the amount payable, within 15 days. The appellant must pay this amount within 15 days and inform the authority.

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 7 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 7: Payment for resolution of disputes

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

For a PRS summary of the Bill, please see here.

International Financial Services Centres Authority Bill, 2019 passed by Parliament

The International Financial Services Centres Authority Bill, 2019 was passed by Parliament in December 2019. The Bill provides for the establishment of an authority to develop and regulate the financial services market in International Financial Services Centres in India. Key features of the Bill include:

Coverage: The Bill will apply to all International Financial Services Centres (IFSCs) set up under the Special Economic Zones Act, 2005. An IFSC provides a jurisdiction where financial products and services can be offered to residents or non-residents in a foreign currency.

Constitution of the International Financial Services Centres Authority: The Bill sets up the International Financial Services Centres Authority. The Authority will consist of nine members (including a chairperson), appointed by the central government. Two members of the Authority are to be appointed on the recommendation of a Search Committee.

Functions of the Authority: Functions of the Authority include: (i) regulating approved financial products (such as securities or deposits), financial services, and financial institutions in an IFSC, (ii) regulating any other financial products, financial services, or financial institutions in an IFSC, which may be notified by the central government, and (iii) recommending to the central government any other financial services, financial products, or financial institutions which may be permitted in an IFSC.

International Financial Services Centres Authority Fund: The Bill sets up the International Financial Services Centres Authority Fund. Grants, fees and charges received by the Authority from various sources will be credited to the Fund.

Transaction in foreign currency: As per the Bill, all transactions of financial services in IFSCs will be in such foreign currency as specified by the Authority, in consultation with the central government.

For more details on the Bill, see here.

The Banning of Unregulated Deposit Schemes Bill, 2019 passed by Parliament

The Banning of Unregulated Deposit Schemes Bill, 2019 was passed by Parliament in July 2019. The Bill provides for a mechanism to ban unregulated deposit schemes and protect the interests of depositors. It also seeks to amend three laws, i.e., the Reserve Bank of India Act, 1934, the Securities and Exchange Board of India Act, 1992 and the Multi-State Cooperative Societies Act, 2002. Key features of the Bill include:

Unregulated deposit scheme: The Bill defines a deposit as an amount of money received through an advance, a loan, or in any other form, with a promise to be returned with or without interest. Such a deposit may be returned either in cash or as a service, and the time of return may or may not be specified. Further, the Bill defines certain amounts which shall not be included in the
definition of deposits. These include amounts received in form of loans from relatives and contributions towards capital by partners in any partnership firm.

- The Bill lists nine regulators including RBI and SEBI, which oversee and regulate various deposit-taking schemes. All deposit-taking schemes are required to be registered with the relevant regulator. A deposit-taking scheme is unregulated if it is taken for a business purpose and is not registered with the regulators that are listed in the Bill.

- **Offences and penalties:** The Bill defines three types of offences, and penalties related to them. These offences are: (i) running (advertising, promoting, operating or accepting money for) unregulated deposit schemes, (ii) fraudulently defaulting on regulated deposit schemes, and (iii) wrongfully inducing depositors to invest in unregulated deposit schemes by willingly falsifying facts. For example, accepting unregulated deposits will be punishable with imprisonment between two and seven years, and a fine ranging from three to 10 lakh rupees.

For more details on the Bill, see here.

**Chit Funds (Amendment) Bill, 2019 passed by Parliament**

The Chit Funds (Amendment) Bill, 2019 was passed by Parliament in November 2019.82 The Bill seeks to amend the Chit Funds Act, 1982. The Act regulates chit funds, and prohibits a fund from being created without prior sanction of the state government. Under a chit fund, people agree to pay a certain amount from time to time into a fund. Periodically, one of the subscribers is chosen by drawing a chit to receive the prize amount from the fund. Key provisions of the Bill include:

- **Names for a chit fund:** The Act specifies various names which may be used to refer to a chit fund. These include chit, chit fund, and kuri. The Bill additionally inserts ‘fraternity fund’ and ‘rotating savings and credit institution’ to this list.

- **Presence of subscribers through video-conferencing:** The Act specifies that a chit will be drawn in the presence of at least two subscribers. The Bill seeks to allow these subscribers to join via video-conferencing.

- **Foreman’s commission:** Under the Act, the ‘foreman’ is responsible for managing the chit fund. He is entitled to a maximum commission of 5% of the chit amount. The Bill seeks to increase this to 7%. Further, it allows the foreman a right to lien against the credit balance from subscribers.

- **Aggregate amount of chits:** Under the Act, chits may be conducted by firms, associations or individuals. The Act specifies the maximum amount of chit funds which may be collected. These are: (i) one lakh rupees for chits conducted by individuals, and for every individual in a firm or association with less than four partners, and (ii) six lakh rupees for firms with four or more partners. The Bill increases these limits to three lakh rupees and 18 lakh rupees, respectively.

- **Application of the Act:** Currently, the Act does not apply to: (i) any chit started before it was enacted, and (ii) any chit (or multiple chits being managed by the same foreman) where the amount is less than Rs 100. The Bill removes the limit of Rs 100, and allows the state governments to specify the base amount over which the provisions of the Act will apply.

For a PRS summary of the Bill, see here.

**15th Finance Commission submitted report for 2020-21; terms of reference amended**

The 15th Finance Commission (Chair: Mr. N. K. Singh) was constituted in November 2017 to give recommendations for the period 2020-21 to 2024-25. The President extended the period of the 15th Finance Commission (the period for which it is required to give its recommendations) by one year, from 2020-25 to 2020-26.83 It is now required to submit two reports. The first report, consisting of recommendations for 2020-21, was tabled in Parliament in February 2020.84 The final report will consist of recommendations for the period 2021-22 to 2025-26, and is required to be submitted by October 2020. Key recommendations of the Finance Commission for 2020-21 include:

- **Devolution of taxes to states:** The share of states in central taxes is recommended to be decreased from 42% (at present) to 41% for the year 2020-21. The 1% decrease is to provide funds to the newly formed union territories of Jammu and Kashmir, and Ladakh from the share of the central government.

- **Criteria for distribution among states:** The Finance Commission also proposed revised criteria for determining the share of individual states in central taxes. Table 8 below shows the
criteria used by the Commission, i.e. parameters used and the weight assigned to each parameter.

Table 8: Criteria for devolution (2020-21)

<table>
<thead>
<tr>
<th>Parameter</th>
<th>14th FC 2015-20</th>
<th>15th FC 2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Distance</td>
<td>50.0</td>
<td>45.0</td>
</tr>
<tr>
<td>Population (1971)</td>
<td>17.5</td>
<td>-</td>
</tr>
<tr>
<td>Population (2011)</td>
<td>10.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Area</td>
<td>15.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Forest Cover</td>
<td>7.5</td>
<td>-</td>
</tr>
<tr>
<td>Forest and Ecology</td>
<td>-</td>
<td>10.0</td>
</tr>
<tr>
<td>Demographic Performance</td>
<td>-</td>
<td>12.5</td>
</tr>
<tr>
<td>Tax Effort</td>
<td>-</td>
<td>2.5</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Sources: 15th Finance Commission report for 2020-21; PRS.

For a PRS summary of the report, please see here.

**Defence and internal security:** Another amendment to the 15th Finance Commission’s terms of reference was made in July 2019. The amendment requires the 15th Finance Commission to examine if a separate mechanism for funding defence and internal security should be set up, and if so, how such a mechanism could be operationalised. In this regard, the Finance Commission constituted a Group on Defence and Internal Security in February 2020 to examine the subject. The Group consists of: (i) Mr. N. K. Singh, as its Chairman, (ii) Dr. A. N. Jha, Member, 15th Finance Commission, (iii) Secretary, Ministry of Home Affairs, (iv) Secretary, Ministry of Defence, and (v) Secretary (Expenditure), Ministry of Finance.

**Finance Commission forms groups on fiscal consolidation, agriculture exports**

The 15th Finance Commission constituted an Expert Group on agriculture exports in February 2020 and a Committee to review fiscal consolidation in March 2020. Fiscal consolidation refers to the policies aimed at reducing the government’s deficits and debt. The Committee will review the fiscal consolidation roadmap for the general government (i.e. central and state governments). Its terms of reference are:

- 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, 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. A. N. Jha, 15th 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. Sajjad Z Chinoy and Dr. Prachi Mishra.

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

**Inter-Ministerial Committee submitted report on virtual currencies and proposed draft Bill banning cryptocurrency**

A high-level Inter-Ministerial Committee was constituted in November, 2017 to study the issues related to virtual currencies and propose actions to be taken. The Committee submitted its report in July 2019. The mandate of the Committee included examining the policy and legal framework for regulation of virtual currencies. Key observations and recommendations of the Committee include:
**Virtual currencies:** Virtual currency is a digitally tradable form of value, which can be used as a medium of exchange or as stored value. It does not have the status of a legal tender. Cryptocurrency is a specific type of virtual currency, which is protected by cryptographic encryption techniques.

The Committee identified several issues with cryptocurrencies such as fluctuating prices, lack of a centralised authority, high energy and computation requirements, vulnerability to money-laundering and terrorism funding. It recommended that all private cryptocurrencies, except any cryptocurrency issued by the State, be banned in India.

**Official digital currency:** The Committee observed that an official digital currency can have several advantages over the existing payment mechanisms. These include recording of all transactions, safer and cheaper mode of distribution of currency, and cheaper payment mechanism for cross-border payments. It recommended that an open mind needs to be kept regarding introduction of an official digital currency in India. If such a digital currency is issued, RBI should be the appropriate regulator.

**Draft Banning of Cryptocurrency and Regulation of Official Digital Currency Bill, 2019:** The Inter-Ministerial Committee proposed a draft Bill which bans cryptocurrencies, criminalises activities associated with cryptocurrencies in India, and provides for regulation of official digital currency. The Bill prohibits generating, selling, transferring, issuance, disposal or use of cryptocurrency in the country. It prohibits the use of cryptocurrency as a medium of exchange, a store of value or a unit of account. It provides that cryptocurrency shall not be used as legal tender or currency in India. The Bill provides that the central government may, in consultation with the central board of RBI, approve a digital form of currency to be a legal tender.

For a PRS summary of the Report and Bill, see here.

**Supreme Court struck down RBI circular regulating virtual currencies**

In March 2020, the Supreme Court struck down a circular issued by the RBI in April 2018 with respect to virtual currencies on the grounds of proportionality. 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.

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

**Supreme Court struck down an RBI circular on stressed assets of banks**

In April 2019, the Supreme Court struck down a circular issued by the RBI dated February 12, 2018. The circular laid down a framework for restructuring of stressed assets of over Rs 2,000 crore. As per the circular, the resolution plan for such restructuring had to be implemented within 180 days from either (i) March 1, 2018 for existing defaults, or (ii) the date of first default for any subsequent defaults.

The Court held the Circular to be outside the scope of the power given to it under Article 35AA of the Banking Regulation (Amendment) Act, 2017. The Court reasoned that Section 35AA was proposed by the 2017 Act to authorise the RBI to issues directions only in relation to specific cases of default by specific debtors. It held that the RBI circular issued directions in relation to debtors in general and this was outside their scope of power. It also held that consequently all IBC proceedings initiated under the RBI circular are quashed.

Consequently, the RBI released a prudential framework for resolution of stressed assets by banks in June 2019. The framework revised the earlier circular of RBI (issued in February 2018) on resolution of stressed assets which was struck down by the Supreme Court in April 2019.

The framework states that lenders should recognise stress in loan accounts immediately on default, by classifying such assets as special mention accounts (SMA) in the following categories:

<table>
<thead>
<tr>
<th>Table 9: Special Mention Account categories</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SMA sub-categories</strong></td>
</tr>
<tr>
<td>SMA-0</td>
</tr>
<tr>
<td>SMA-1</td>
</tr>
<tr>
<td>SMA-2</td>
</tr>
</tbody>
</table>

Source: Prudential framework on resolution of stressed assets, Reserve Bank of India; June 7, 2019; PRS.
The prudential framework provides for a review period of 30 days from the day a borrower is reported to be in default. During this period, lenders may decide on a Resolution Plan or may choose to initiate legal proceedings for insolvency or recovery of the debt. Resolution Plan refers to a plan put forth to revive an entity from insolvency. Further, all lenders should enter into an inter-creditor agreement (ICA) during this Review Period in all cases where a Resolution Plan is to be implemented. Any decision agreed by the ICA by: (a) lenders representing 75% of the total outstanding credit, and (b) 60% of total lenders, shall be binding upon all lenders. The Resolution Plan shall be implemented within 180 days from the end of the Review Period.

For a PRS blog on the Court order, see here.

RBI Board accepted recommendations of the Committee to review the existing Capital Framework of RBI

The RBI, in consultation with the central government, had constituted a Committee (Chair: Dr. Bimal Jalan) to review the current economic capital framework, in November 2018. The Committee submitted its report in August 2019. The economic capital framework provides a methodology for determining the appropriate level of risk provisions and profit distribution to be made under Section 47 of the Reserve Bank of India Act, 1934. The key recommendations of the Committee were:

- Economic capital of a central bank includes its realised equity and revaluation balances. The realised equity consists of: (i) Contingency Fund, which represents provisions made for unforeseen contingencies, (ii) Asset Development Fund, which represents the amount set aside for investment in subsidiaries and internal capital expenditure, (iii) Capital and Reserve fund. Revaluation balances are unrealised gains, net losses resulting from movement of exchange rate, gold price and interest rate.

The current surplus distribution policy targets only the total economic capital. The Committee recommended that the target should also include realised equity. The realised equity (which would be required to cover monetary, financial stability risks, credit risks and operational risks) must be maintained between 5.5% to 6.5% of the RBI’s balance sheet (current target: 3% to 4%). The total economic capital should be maintained between 20.8% to 25.4% of the balance sheet (current target: 28.1% to 29.1%).

- If the realised equity is above the required levels, the entire net income of RBI will be transferred to the government. If it is lower, risk provisioning will be made to the necessary extent and only the residual net income will be transferred. This framework may be reviewed every five years.

The RBI Board accepted all the recommendations of the Committee. For 2018-19, the available realised equity stood at 6.8% of the balance sheet. This is higher than the upper limit recommended by the Committee. The Board decided to maintain the realised equity level at 5.5% of the balance sheet, and transfer the resultant excess risk buffer of Rs 52,637 crore to the government. As per the revised framework, the economic capital of RBI (as on June 30, 2019) stood at 23.3% of balance sheet, which is within the range recommended by the Committee. Hence, the Board decided to transfer the entire net income for 2018-19, that is, Rs 1,23,414 crore to the central government.

For a summary of the Committee report, see here.

Cabinet approved strategic disinvestment of six CPSEs; revised procedure and guidelines

The Union Cabinet approved changes in the procedure for strategic disinvestment of Central Public Sector Enterprises (CPSEs) in October 2019. Earlier, NITI Aayog was responsible for identifying CPSEs for strategic disinvestment and advising on the number of shares to be sold. As per the revised procedure, these functions will be performed by a Consultative Group, which consists of the Secretaries of: (i) the Department of Investment and Public Asset Management (DIPAM), (ii) the administrative Ministry, (iii) the Ministry of Corporate Affairs, (iv) the Department of Public Enterprises, and (v) CEO, NITI Aayog. The Group’s recommendations will be examined and executed by an Inter-Ministerial Group which will be co-chaired by the Secretary, DIPAM, and the Secretary of the administrative Ministry. Earlier, only the administrative Ministry was responsible for these functions.

The revised procedure will apply to cases where the financial bids have not been invited or must be invited again due to failure of previous transactions.

Subsequently, in November 2019, the Cabinet approved the strategic disinvestment of six CPSEs. Table 10 shows the details of the CPSEs and their equity shareholding approved for disinvestment. Disinvestment in all of these CPSEs was approved along with transfer of management control.
Table 10: List of CPSEs and their equity approved for disinvestment by the Cabinet

<table>
<thead>
<tr>
<th>CPSE</th>
<th>Equity for disinvestment</th>
<th>Buyer</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPCL*</td>
<td>53.29%</td>
<td>-</td>
</tr>
<tr>
<td>NRL*</td>
<td>61.65%</td>
<td>Oil and gas sector CPSE</td>
</tr>
<tr>
<td>SCI</td>
<td>63.75%</td>
<td>-</td>
</tr>
<tr>
<td>CONCOR</td>
<td>30.8%</td>
<td>-</td>
</tr>
<tr>
<td>THDCIL</td>
<td>74.23%</td>
<td>National Thermal Power Corporation (NTPC)</td>
</tr>
<tr>
<td>NEEPCO</td>
<td>100%</td>
<td>NTPC</td>
</tr>
</tbody>
</table>

Note: *BPCL disinvestment excludes its 62% shareholding in NRL, for which disinvestment is being done separately. BPCL: Bharat Petroleum; NRL: Numaligarh Refinery; SCI: Shipping Corporation; CONCOR: Container Corporation; THDCIL: Tehri Hydro Development Corporation; NEEPCO: North Eastern Electric Power Corporation. Sources: Press Information Bureau; PRS.

The Cabinet also allowed reduction in the central government’s equity in certain CPSEs to below 51%, while retaining the management control. This will be done on a case to case basis and by taking into account the shareholdings of the government and the institutions under its control. The approval was given with the aim of increasing the scale of disinvestment that can be carried out in certain CPSEs.

Cabinet approved consolidation of 10 public sector banks

The Union Cabinet approved the consolidation of 10 public sector banks (PSBs) into four PSBs in March 2020. The amalgamation will be effective from April 1, 2020. The banks to be merged are:

- Oriental Bank of Commerce and Union Bank of India to be merged into Punjab National Bank. The resultant bank will be the second largest PSB in India, with total business of Rs 17.94 lakh crore.
- Syndicate Bank to be merged into Canara Bank. This bank will be the fourth largest PSB (total business size of Rs 15.2 lakh crore).
- Allahabad Bank to be merged into Indian Bank. This will result in the fifth largest PSB (total business size of Rs 14.59 lakh crore).
- Andhra Bank and Corporation Bank to be merged into Union Bank of India. This will result in the seventh largest PSB (total business size of Rs 8.08 lakh crore).

This measure was announced by the Finance Minister in August 2019 to help achieve scale and higher capacity for PSBs.

The Finance Minister had also announced capital infusion of Rs 55,250 crore into 10 PSBs. These include Rs 16,000 crore into Punjab National Bank, Rs 11,700 crore into Union Bank of India and Rs 7,000 crore into Bank of Baroda, among others.

Preliminary Information Memorandum for disinvestment of Air India released

The Ministry of Civil Aviation released the Preliminary Information Memorandum for inviting Expression of Interest for the strategic disinvestment of Air India in January 2020. Key provisions of the Memorandum include:

- **Disinvestment:** The disinvestment will include: (i) transfer of management control and 100% shares of Air India, and (ii) Air India’s entire stake in its subsidiary Air India Express Limited (AIXL), and 50% stake in its joint venture AISATS. Air India’s interests in other companies will be transferred to a separate company, the Air India Assets Holding Company (AIAHL).

- **Debt and liabilities:** The total debt (of Air India and AIXL) will be frozen at Rs 23,286.5 crore. The liabilities retained in Air India will be equal to certain current and non-current assets, and are valued at Rs 8,771.5 crore (as on March 31, 2019). The remaining debt and liabilities of Air India and AIXL will be allocated to AIAHL. The contingent liabilities related to statutory dues and dues to the government will be indemnified by the government. Liabilities due to employees will be clarified at the Request for Proposal stage. Corporate guarantees given by Air India on behalf of Alliance Air will not be passed on to the new investor.

- **Eligibility criteria for interested bidders:** Interested bidders must have a net worth of at least Rs 3,500 crore. Besides net worth, bidders may also qualify on the basis of: (i) minimum investible funds, in the case of Funds (subject to certain criteria), and (ii) the net worth of its affiliate, for those other than Funds. Bidders may also form a consortium and bid. In this case, each member must hold at least 10% interest in the consortium and at least 10% equity share capital of the company.
Cabinet approved recapitalisation of Regional Rural Banks

In March 2020, the Cabinet Committee on Economic Affairs approved the continuation of Scheme for recapitalisation of Regional Rural Banks (RRBs) for the year 2020-21. 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%. 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.

Cabinet approved capital infusion for three public sector insurance companies

In February 2020, the Union Cabinet approved capital infusion of Rs 2,500 crore for three public sector general insurance companies: (i) Oriental Insurance Company Limited, (ii) National Insurance Company Limited, and (iii) United India Insurance Company Limited. This was done in light of the critical financial position and breach of regulatory solvency requirements by these companies. Note that the Insurance Regulatory and Development Authority prescribes a minimum solvency ratio of 150%. The solvency ratio is the excess of assets over liabilities for an insurance provider.

Cabinet approved additional capital and equity support to IIFCL

The Union Cabinet approved additional capital infusion and equity support to India Infrastructure Finance Company Limited (IIFCL) in December 2019. IIFCL is a non-banking financial company which provides long-term finance to viable infrastructure projects.

The additional equity support for the financial years 2019-20 and 2020-21 would be Rs 5,300 crore and Rs 10,000 crore respectively. This support will come either from budgetary support or the issuance of recapitalisation bonds. Further, the authorised capital of IIFCL is also proposed to be increased from Rs 6,000 crore to Rs 25,000 crore. Authorised capital is the maximum amount of shares that a company can issue as per its incorporation documents.

Cabinet approved special window fund for stalled housing projects

In November 2019, the Union Cabinet approved establishment of a special window fund for completion of stalled housing projects which are in the affordable and middle-income housing sector. The central government will infuse up to Rs 10,000 crore in the fund. Contributions from banks, Life Insurance Corporation, and others will generate a total corpus of Rs 25,000 crore. The maximum finance for any single project will be Rs 400 crore.

The fund will be set up as a category-2 alternate investment debt fund registered with the SEBI. Category-2 funds are borrowings only for meeting day-to-day operational requirements (most real estate funds fall under this category).

Affordable or middle-income housing projects include projects where the maximum carpet area of the housing unit is 200 sq m (net usable floor area excluding area covered by external walls, balcony or verandah area). Further, the cost of the project should be: (i) up to two crore rupees in Mumbai Metropolitan Region, (ii) up to 1.5 crore rupees in the National Capital Region, Chennai, Kolkata, Pune, Hyderabad, Bangalore, and Ahmedabad, and (iii) up to one crore rupees in the rest of India. There are about 1,509 housing projects comprising approximately 4.58 lakh housing units, which are in the stalled category. 90% of these stalled projects are under the affordable and mid-income segment. Note that these housing projects may include non-performing assets, or projects undergoing proceedings under the National Company Law Tribunal (except where cases are pending in the High Court or the Supreme Court).

Cabinet approved modifications to the Partial Credit Guarantee Scheme

The Union Cabinet approved modifications to the Partial Credit Guarantee Scheme in December.
The scheme was announced in the Union Budget 2019-20 and issued on August 19, 2019.116

Under the scheme, a government guarantee is provided to public sector banks (PSBs) for buying high-rated pooled assets from financially sound non-banking financial companies (NBFCs) and housing finance companies (HFCs). The government will cover the initial losses up to 10% of the fair value of assets purchased by the banks, or Rs 10,000 crore, whichever is lower.

The modified scheme will also cover NBFCs and HFCs which may have come under the SMA-0 sub-category during the one-year period prior to August 1, 2018. The SMA-0 sub-category includes accounts classified as special mention accounts with principal or interest payments due for up to 30 days. The minimum rating of the underlying asset pool being purchased by PSBs should be BBB+ as per the modified scheme.

The government expects that the guarantee support will help NBFCs and HFCs resolve their liquidity or cash flow issues. The scheme will be operational till June 30, 2020, or till such date by which one lakh crores worth of assets is bought by the banks, or Rs 10,000 crore, whichever is lower.

GST Council approved an extension of the tenure of the National Anti-Profiteering Authority by two years

The GST Council approved extension of tenure of the National Anti-Profiteering Authority by two years in June 2019.118 The National Anti-Profiteering Authority was established in November 2017 to ensure that reductions in GST rates or benefits of input tax credit are passed on to consumers by commensurate reductions in the prices of goods and services.119,120 In case the Authority finds a violation of this provision by a taxpayer, it may order (i) a refund of the excess amount charged, (ii) reduction in prices, (iii) imposition of penalty, or (iv) cancellation of GST registration of the taxpayer.121

The Central Goods and Services Tax Rules, 2017 specify that the Authority will cease to exist two years after the date its Chairman takes charge, unless the GST Council recommends otherwise. The tenure of Authority has been extended by two years (till November 2021).

Task force set up to draft new direct tax law submitted its report

The task force set up to draft a new direct tax law submitted its report in August 2019.122 The task force was constituted in November 2017 to review the Income Tax Act, 1961 and draft a new direct tax law keeping in view: (i) direct tax system prevalent in various countries, (ii) international best practices, (iii) economic needs of India, and (iv) any other connected matters. The Ministry of Finance had broadened the terms of reference of the task force in June 2019 to include: (i) anonymised verification and scrutiny, (ii) reduction in litigation and expeditious disposal of appeals, (iii) reduction of compliance burden through simplification of procedures, (iv) mechanism for system based cross-verification of financial transactions, and (v) sharing of information among departments.123

The report submitted by the task force is not available in public domain.

Ministry of Finance increased monetary thresholds for appeal by tax departments

The Ministry of Finance increased the monetary thresholds for filing appeals by the Central Board of Direct Taxes and the Central Board of Indirect Taxes and Customs in August 2019.124,125

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These thresholds are applicable for filing appeals before appellate tribunals, High Courts, and the Supreme Court. The thresholds were increased with the aim of improving litigation management by helping the departments focus on litigation of substantial value. Table 11 shows the revised limits for filing departmental appeals before the different appellate forums.

### Table 11: Monetary thresholds for filing departmental appeals (in Rs)

<table>
<thead>
<tr>
<th>Appellate Forum</th>
<th>Previous Limit</th>
<th>Revised Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appellate Tribunals</td>
<td>20 lakh</td>
<td>50 lakh</td>
</tr>
<tr>
<td>High Courts</td>
<td>50 lakh</td>
<td>One crore</td>
</tr>
<tr>
<td>Supreme Court</td>
<td>One crore</td>
<td>Two crore</td>
</tr>
</tbody>
</table>

Sources: Ministry of Finance; PRS.

In case of the Central Board of Indirect Taxes and Customs, the revised limits are applicable to appeals related to central excise and service tax (including all the pending cases). Further, the limits do not apply to cases which involve substantial point of law. These include cases where: (i) the constitutional validity of the provisions of an Act or rule is under challenge, and (ii) notification, order, instruction, or circular has been held illegal or ultra vires.

### CBDT issued revised guidelines for compounding of tax-related offences

The Central Board of Direct Taxes (CBDT) issued revised guidelines for compounding of offences under direct tax laws in June 2019. Compounding of an offence refers to settlement of prosecution case against the offender in lieu of payment of due taxes and other charges by the offender. Other charges include penalties, interest on the amount due, and compounding charges (charges required to be paid for settlement of cases).

The revised guidelines have made certain offences under the Income Tax Act, 1961 (which were compounding earlier) non-compoundable in nature, i.e. prosecution cases filed under these offences cannot be settled by payment of due taxes and other charges. These offences are: (i) removal of or dealing with books of account (or other such evidences marked for seizure) against orders of the authorised officers, (ii) refusal to give the authorised officers access to books of account or other documents which are stored in electronic form, and (iii) removal, concealment, transfer, or delivery of property to thwart tax recovery.

Further, the revised guidelines have made the following offences non-compoundable (in general):

- (i) offences against persons who have enabled others in tax evasion,
- (ii) offences related to undisclosed foreign bank account or assets,
- (iii) offences related to the Benami Transactions (Prohibition) Act, 1988, and
- (iv) offences related to the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

The revised guidelines came into effect on June 17, 2019. Applications for compounding made before this date will continue to be dealt with in accordance with the previous guidelines.

### CBDT released a report on profit attribution for taxation of non-residents

The CBDT released a report on profit attribution to Indian operations for taxation of non-residents in India in April 2019. Non-residents include: (i) persons residing in India for less than 182 days in a year, (ii) companies not registered under the Companies Act, 1956 or companies with their place of effective management outside India, or (iii) firms or associations with their management situated wholly outside India. As per the Income Tax Act, 1961, non-residents are required to pay tax on the income that they receive or accrue from their operations in India. This income is calculated based on the accounts maintained separately for such operations, or as a certain percentage of turnover, or as deemed fit by the Assessing Officer.

The report was submitted by a Committee constituted by CBDT to examine the methodology for profit attribution to operations of non-residents. Key recommendations of the Committee include:

- **Discretionary powers:** The Committee observed that the Assessing Officers have a wide discretion in determination of income of non-residents. The officers use diverse methods of attributing profits which gives rise to uncertainty and tax disputes. It recommended using a uniform rule or an objective method for this.

- **Profit attribution:** The Committee recommended a three-factor method using sales, employees, and assets for attribution of profit to an operation, where each factor has an equal weightage. Profit should be attributed to an operation by apportioning the profits derived from India using the three equally weighted factors. Profits derived from India should be calculated as a certain percentage of revenue, which is the higher of: (i) the global operational profit margin, or (ii) two percent.
• **Users:** The Committee observed that users of an operation should also be taken into account for profit attribution in cases where users contribute significantly to profits, e.g. digital companies. Users can be a substitute to assets or employees, and supplement their role in creating profits. It recommended a 10% weightage to users in cases of low and medium user intensity business models with 30% weightage each for the other three factors. For high user intensity business models, it proposed a 20% weightage to users, with 30% weightage to sales and 25% weightage each to employees and assets.

**RBI revised liquidity risk management framework for NBFCs**

In November 2019, the RBI issued guidelines on the asset liability management and liquidity coverage ratio framework for non-banking financial companies (NBFCs). An NBFC is a company which engages in the acquisition of government securities and shares, and business of loans or advances. It does not accept demand deposits and cannot issue payment instruments. Further, more than half of its assets should comprise of financial assets (investment in equity shares, securities or loans).

Liquidity risk management framework aims to ensure adequate liquidity (NBFC’s capacity to meet unexpected cash and collateral obligations without incurring unacceptable losses). This is done through high quality liquid assets (assets that can be readily sold or converted to cash, or used as collateral to obtain funds in situation of stress). The existing framework includes: (i) governance measures (such as composition of a risk management committee) and (ii) maturity profiling (measuring cash flows at different time buckets), among other measures.

The revised guidelines have also introduced Liquidity Coverage Ratio (LCR) as an added measure for liquidity risk management for certain categories of NBFCs. LCR is the ratio of the stock of high quality liquid asset to the total cash outflows of the NBFC, for a period of 30 days. As per the guidelines, all public deposit taking NBFCs and non-deposit taking (with an asset size of Rs 5,000 crore and above) will have to maintain a minimum LCR, in order to sustain acute liquidity stress scenarios (stress lasting for 30 days). These requirements (listed in Table 12) will progressively increase with time.

**Table 12: Minimum LCR requirements**

<table>
<thead>
<tr>
<th>Date from</th>
<th>NBFC Category 1</th>
<th>NBFC Category 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 2020</td>
<td>50%</td>
<td>30%</td>
</tr>
<tr>
<td>December 2021</td>
<td>60%</td>
<td>50%</td>
</tr>
<tr>
<td>December 2022</td>
<td>70%</td>
<td>60%</td>
</tr>
<tr>
<td>December 2023</td>
<td>85%</td>
<td>85%</td>
</tr>
<tr>
<td>December 2024</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Sources: RBI; PRS.

Category 1 NBFCs include all deposit taking NBFCs and non-deposit taking with an asset size of Rs 10,000 crore and above. Category 2 NBFCs include non-deposit taking NBFCs with an asset size between Rs 5,000 crore and Rs 10,000 crore. These requirements would be binding on the NBFCs from December 1, 2020.

**RBI made external benchmarking mandatory for certain categories of loans**

In September 2019, the RBI made it mandatory for banks to link all new (a) floating rate personal or retail loans (including housing and auto loans), and (b) floating rate loans to micro and small enterprises, to an external benchmark from October 1, 2019. Floating rate loans are loans with variable interest rates. Currently, the banks’ lending rates are based on either the base rate or the marginal cost of funds based lending rate.

Further, in February 2020, RBI made it mandatory for banks to link all new floating rate loans to medium enterprises to an external benchmark from April 1, 2020. Note that MSEs are enterprises where the investment in plant and machinery is up to five crore rupees, whereas a medium enterprise is an enterprise where the investment is between five to ten crore rupees.

The banks can choose from the following external benchmarks: (i) RBI repo rate (rate at which RBI lends to commercial banks), (ii) 3-month or 6-month treasury bill yield, or any other benchmark market interest rate published by the Financial Benchmarks India Private Limited. Banks are not allowed to lend below the benchmark rate.

Note that the RBI had constituted an Internal Study Group to review the working of marginal cost of funds based lending rate in 2017. In its report, the Group had observed that internal benchmarks such as the base rate and marginal cost of funds-based lending rate have not delivered effective transmission of monetary policy. It had recommended switching to an external benchmark in a time-bound manner.
RBI increased credit limit for classification of export credit under priority sector lending

In September 2019, the RBI increased the limit for classification of export credit under priority sector lending from Rs 25 crore per borrower to Rs 40 crore per borrower. Further, the existing criteria of units having turnover of up to Rs 100 crore were removed. As per current norms, export credit by domestic banks can be classified as priority sector only for units with turnover of up to Rs 100 crore.

Under priority sector lending, banks (domestic banks and foreign banks with 20 branches and above) are required to devote 40% of net bank credit for certain priority sector areas. These include agriculture, MSMEs, export credit, education, housing, social infrastructure and renewable energy.

RBI relaxed end-use restrictions for external commercial borrowings

In July 2019, the RBI, in consultation with the central government, relaxed the end-use restrictions relating to External Commercial Borrowings (ECBs) for working capital requirements, general corporate purposes and for repayment of rupee loans. ECBs are loans raised by eligible resident entities from recognised non-resident entities.

These borrowings should conform to certain restrictions for their end-use. These end-use restrictions are: (i) real estate activities, (ii) investment in capital market, (iii) equity investment, (iv) working capital purposes, (v) general corporate purposes, (vi) repayment of rupee loans and (vii) on-lending activities for the above.

Currently, ECBs for working capital purposes, general corporate purposes or repayment of rupee loans can only be availed from a foreign equity holder, and for a minimum average maturity period of five years. A foreign equity holder is an entity with 25% direct equity holding or 51% indirect equity holding or a group company with a common foreign parent. The new rules relaxed these restrictions to permit borrowings from other lenders eligible for ECBs. Under the new rules, the norms for these lenders are the following:

- Eligible borrowers can raise ECBs with a minimum average maturity period of 10 years for working capital and general corporate purposes.
- Eligible borrowers can raise ECBs with a minimum average maturity period of seven years for repayment of rupee loans raised domestically for the purpose of capital expenditure. For any other purpose, the minimum average maturity period of the ECB should be 10 years.

- Non-banking financial companies may raise ECBs for the purpose of on-lending, subject to the above conditions on the minimum average maturity period.

Corporate borrowers can avail ECB for repayment of rupee loans raised for capital expenditure in manufacturing and infrastructure sector and classified as outstanding for over 60 days, under any one-time settlement arrangement with lenders. Further, lenders may also sell these loans to eligible ECB lenders.

RBI revised supervisory action framework for Urban Cooperative Banks

In January 2020, the Reserve Bank of India revised its supervisory action framework for primary (urban) cooperative banks (UCBs) to expedite resolution of UCBs experiencing financial stress and make the framework more effective.

Under the supervisory action framework, certain triggers are identified for initiation of self-corrective action by the UCB or supervisory action by the RBI. The revised framework notified specific actions which may be initiated by the RBI when a bank is placed under supervisory action:

- Currently, a UCB may be placed under the framework if its gross non-performing assets (NPAs) exceed 10% of its advances. The revised framework specifies that a UCB may be placed under the framework if its net NPAs (i.e., gross NPAs less provisions) exceed 6% of its net advances. Further, it specifies that in such cases, the RBI may take measures such as: (i) advising the UCB to submit a board-approved plan to bring net NPAs below 6%, (ii) restricting payment of dividend without prior approval of RBI, and (iii) restricting credit facilities to sectors with high proportion of NPAs.
- A UCB may be placed under the framework if it incurs losses for two consecutive financial years (or has accumulated losses). The revised framework specifies that in such cases, the RBI may undertake actions such as: (i) prohibiting the payment of dividend, (ii) restricting capital expenditure without prior approval of RBI, or (iii) taking measures for reduction in operating or administrative expenses.
- A UCB may also be placed under the framework if its capital to risk weighted assets ratio (CRAR)
falls below 9%. As per the revised framework, in such cases, the RBI may: (i) advise the UCB to submit a board-approved plan to increase CRAR to 9% within 12 months, or (ii) seek a board-approved proposal for merging the UCB with another bank or converting itself into a credit society, among other measures.

Further, the RBI notified that UCBs having total assets of Rs 500 crore or more should report credit information on all borrowers having aggregate exposure of Rs 5 crore or more to the Central Repository of Information on Large Credits maintained by the RBI.140

RBI issued guidelines on constituting a Board of Management in Primary (Urban) Cooperative Banks

In December 2019, the Reserve Bank of India issued guidelines on constituting a Board of Management (BoM) for Primary (Urban) Cooperative Banks (UCBs).141 As per the guidelines, all UCBs with deposits of Rs 100 crore or more will be required to constitute a BoM, and obtain approval of RBI for appointing the bank’s Chief Executive Officer. The constitution of a BoM will be a mandatory condition for these banks to open a new branch or to expand their operations.

The BoM will have a minimum of five and a maximum of 12 members, with special knowledge or expertise in various fields, including accountancy, banking or law. The BoM will report to the Board of Directors of the bank. Its functions will include exercising oversight over the banking-related functions of UCBs, and assisting the Board of Directors in policy formulation.

RBI released guidelines for on tap licensing of small finance banks

The Reserve Bank of India released guidelines for on tap licensing of small finance banks in December 2019.142 On tap licensing refers to the practice of granting license throughout the year. Currently, there is no on tap licensing window for small finance banks. The current process for licensing is governed by the 2014 guidelines by RBI on licensing of small finance banks in private sector.143

Small finance banks provide credit access to small businesses and unorganised sector entities through technology and low-cost operations. The guidelines provide for:

- **Eligibility**: Non-banking financial companies, microfinance institutions and local area banks in the private sector (which are controlled by residents) can opt for conversion into small finance banks. They should have an experience of at-least five years in the area. Public sector entities, large industrial house or business groups, and autonomous bodies will not be eligible for licensing. Small finance banks will be given scheduled bank status (banks listed in the RBI Act, 1934 and eligible for borrowing from the RBI) immediately upon commencement of operations.

- **Scope of activities**: Small finance banks may accept deposits and lend to small businesses. They may also undertake financial services such as mutual funds, insurance products, and pension products, with the prior approval of the RBI.

- **Minimum capital requirements**: The minimum equity capital required for setting up a small finance bank will be Rs 200 crore (up from Rs 100 crore currently). Small finance banks should maintain a minimum capital to risk-weighted assets ratio (bank’s total capital as a percentage of its total risk weighted assets) of 15%.

- **Other requirements**: Small finance banks will be required to extend 75% of its net bank credit to sectors eligible for priority sector lending (such as agriculture, micro and small enterprises). Further, at least 50% of loans by these banks should be kept up to 25 lakh rupees, on an ongoing basis.

RBI released Enabling Framework for Regulatory Sandbox

The Reserve Bank of India released the enabling framework for Regulatory Sandbox in August 2019.144 An inter-regulatory Working Group was set up in 2016 by the RBI to review the regulatory framework in the financial technology sector.145 It had recommended introducing a framework for a regulatory sandbox to provide regulatory guidance, increase efficiency, manage risks and create new opportunities for consumers.

The sandbox provides an environment which allows market participants to test new products, services or business models with customers in a controlled environment. The objective of the sandbox is to foster innovation in financial services, promote efficiency and bring benefit to consumers. Key features of the framework include:
Eligibility: The focus of the sandbox will be on encouraging innovations amongst FinTech companies where (a) there is absence of governing regulations, (b) easing regulations enable the proposed innovation, or (c) the proposed innovation can significantly ease delivery of financial services.

In view of the above, the framework identified an indicative list of innovative products, services and technologies which could be considered for testing under the sandbox. These include retail payments, money transfer services, mobile technology applicants, data analytics, financial advisory services, financial inclusion and cybersecurity products.

The framework also provides that the FinTech company should be incorporated in India for participation in regulatory sandbox. Financial institutions constituted under a statute are also eligible. Further, the entity should have a minimum net worth of twenty-five lakh rupees as per its latest audited balance sheet.

Timeline of implementation: The sandbox process will consist of five stages spanning across 27 weeks. The stages include preliminary screening of product, test design, application assessment, testing and evaluation. The relaxations provided to the participating companies will expire at the end of this period. The implementation will be overseen by the FinTech Unit at the RBI.

In November 2019, the RBI announced the opening of the first cohort under the Regulatory Sandbox. For the first cohort, the theme of retail payments was adopted to spur innovation in digital payments. RBI has called for applications for the following products/services under the above theme: (i) offline payment solutions, (ii) contactless payments, and (iii) feature phone based payment services.

RBI released guidelines on regulation of payment aggregators and gateways

In March 2020, RBI released guidelines on regulation of payment aggregators and payment gateways in the country. 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, to be maintained thereafter.

- **Governance:** Any change in management of a non-bank aggregator should be communicated to the RBI. Further, aggregators should disclose information about their merchant, 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 the shipment of goods.

- **Others:** PAs should not give the option for ATM pin as a factor of authentication for card-not-present transactions (where the 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) cybersecurity audits, and (iii) creating a Steering Committee responsible for formulating a IT policy for regular management of IT functions.
High Level Committee submitted its report on deepening of digital payments

The High Level Committee (Chair: Nandan Nilekani) on Deepening of Digital Payments submitted its report to the RBI in May 2019. The terms of reference of the Committee included: (i) reviewing the existing status of digital payments in India, (ii) assessing the current levels of digital payments in financial inclusion, and (iii) suggesting a medium-term strategy for deepening of digital payments. Key recommendations of the Committee include:

- **Targets**: The Committee has set the following targets to be achieved in 3 years: (i) ten-fold increase in per capita digital transactions (from current 22.4 to 220 per annum), (ii) doubling the value of digital transactions as a proportion of GDP (from 769% currently to 1500%), and (iii) tripling the number of digital payment users (from estimated 10 crore currently to 30 crore).

- **Specific payment mechanisms**: Currently, merchants pay a Merchant Discount Rate (MDR) to banks for accepting payments from customers through debit (or credit) cards. The Committee recommended that MDR should be subsidised by the government and interchange fee on card payments should be reduced by 15 basis points to incentivise digital payments. It also recommended that RBI set up a committee to review the MDR on a periodic basis.

- **Direct Benefit Transfer (DBT)**: Government departments and banks must provide a dedicated grievance redressal mechanism particularly in vernacular language, for processing connectivity and authentication errors in DBT transfer. Further, validation services such as Public Financial Management System and National Payments Corporation of India should be used to reduce the incidence of transaction failure because of wrong account or Aadhaar details.

- **Government payments**: The Committee recommended that all government departments must ensure that all pay-outs are through digital means, including payments for goods and services procured, Direct Benefit Transfer, salaries and pensions.

- **Financial Inclusion**: The Committee recommended that the RBI should develop a quantitative Financial Inclusion Index to compare different areas in financial inclusion.

For a PRS summary of the report, see here.

RBI released the national strategy for Financial Inclusion

The RBI released the National Strategy for Financial Inclusion 2019-2024 in January 2020. It sets forth the vision and objectives of financial inclusion policies in India. The report refers to financial inclusion as the process of ensuring access to financial services, and timely and adequate credit for vulnerable groups and low-income groups at an affordable cost. Key observations and recommendations made by the RBI include:

- **Steps taken for financial inclusion**: The RBI noted that several steps have been taken to further financial inclusion in the country. These include: (i) Pradhan Mantri Jan Dhan Yojana (PMJDY), under which 34 crore accounts have been opened with deposits of Rs 89,257 crore, (ii) schemes such as the Atal Pension Yojana to provide pension cover to subscribing bank account holders.

- **However**, it identified certain critical gaps which remain an impediment for financial inclusion, such as: (i) inadequate infrastructure (in rural areas, far flung areas in Himalayan and north-eastern region), (ii) poor tele and internet connectivity in rural hinterland, (iii) socio-cultural barriers, and (iv) lack of market players in payment product space.

- **Strategic objectives for financial inclusion**: RBI identified six strategic objectives of a national strategy for financial inclusion: (i) universal access to financial services, (ii) providing basic bouquet of financial services, (iii) access to livelihood and skill development, (iv) financial literacy and education, (v) customer protection and grievance redressal, and (vi) effective coordination. To achieve this vision, it identified certain milestones such as: (a) providing banking access to every village (or hamlet of 500 households in hilly areas) within a five km radius by March 2020 and (b) strengthening digital financial services to create infrastructure to move towards a cashless society by March 2022.

- **Measurement of financial inclusion**: RBI recommended that financial inclusion should be measured through parameters across three key indicators. These include parameters to: (i) measure access, such as number of bank branches or ATMs for a specified population, (ii) measure usage, such as percentage of adults with a saving account, insurance or pension policy,
and (iii) measure quality of services, such as grievance redressal (through number of complaints received and addressed).

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

**Steering Committee on financial technology related issues submitted its report**

The Steering Committee on financial technology related issues (Chair: Mr. Subhash Chandra Garg) submitted its report to the Finance Minister in September 2019. The Committee was constituted in March 2018 with the objective of making financial technology related regulations more flexible and enhance entrepreneurship. Financial technology refers to technology based businesses that compete against, enable and collaborate with financial institutions. Key observations and recommendations of the Committee include:

- **Expansion of financial technology services:** The Committee took note of the emerging technologies which act as enablers for financial technology. These include: (i) data-focused technologies such as artificial intelligence, machine learning, and biometrics; (ii) operational excellence aimed technologies such as distributed ledger technology and chatbots; (iii) infrastructural enablers such as open application program interfaces; and (iv) front-end interfaces such as gamification, or augmented and virtual reality.

- To expand the scope of financial technology, the Committee recommended: (i) removing discriminatory barriers for digital payments infrastructure, (ii) use of financial technology to bolster cybersecurity, fraud control and money laundering, (iii) dematerialising of financial instruments (converting physical certificates into electronic form), and (iv) examining the suitability of allowing virtual banking in India.

- **Policy actions for promotion of financial technology:** Department of financial services and public sector banks should explore use of artificial intelligence for automating back-end processes. Further, the Ministry of MSME should collaborate with the Department and RBI to implement blockchain solutions in trade finance for MSMEs. Government should take up modernisation and standardisation of land records in the country, with a timeline to complete it in three years.

- **Administrative measures:** The Committee recommended that since financial technology is an evolving area, the government should collaborate with other countries for a shared understanding of risks and benefits. An advisory council on financial technology should be set up by financial sector regulators to bring together industry experts. Further, an inter-ministerial group on financial technology technologies should be set up for exploring potential applications of technologies that enable financial technology services.

- The Committee observed that the emergence of financial technology industry brings additional privacy and data security challenges. Further, the proposed draft Data Protection Bill, 2018 may have far-reaching implications for the growth of financial technology sector. In this regard, it recommended setting up a taskforce in the Ministry of Finance on data protection in the financial sector.

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

**Working group submitted its report on Foreign Portfolio Investors regulations**

The Working Group constituted by SEBI to review Foreign Portfolio Investors (FPI) Regulations, 2014 submitted its recommendations in May 2019. The Working Group aimed to: (i) consolidate existing circulars and operating guidelines into the FPI regulations, (ii) simplify and rationalise the existing guidelines, and (iii) liberalise in order to improve ease of doing business for FPIs. Key recommendations of the Group include:

- **Investment Restrictions:** Currently, FPIs are allowed to collectively invest up to 24% in a listed Indian company. Indian companies are allowed to increase this limit up to the sectoral cap/ statutory ceiling in their sector as per the Foreign Exchange Management Act, with the approval of Board of Directors.

- The Working Group recommended setting the default investment limit to the sectoral cap and allowing companies to reduce this limit by way of a Board Resolution.

- **KYC and simplification of documentation:** The Working Group recommended simplifying the certification and verification process for ‘Know your Customer’ (KYC). For example, currently FPIs are required to submit self-certified supporting documentation for KYC. It
also recommended making self-certification of supporting documents optional.

- **FPI registration process:** The Working Group recommended a fast-track registration process for a set of investors such as pension funds.

**SEBI released framework for issue of Depository Receipts**

The Securities and Exchange Board of India (SEBI) notified the framework for issue of depository receipts in October 2019. Depository receipts are foreign currency denominated instruments listed on an international exchange. These are instruments issued by a foreign depository and transferred to a domestic custodian (entity holding the securities). Note that, these requirements additional to the ones under the Depository Receipts Scheme, 2014.

Under the framework, only listed companies (companies registered in India and listed on a stock exchange in India) are permitted to issue securities for the purpose of issuing depository receipts. The listed companies will be subject to certain conditions. Any director or promoter of the company should not be a wilful defaulter or a fugitive economic offender, and not be debarred from accessing the capital market by SEBI. Under the framework, existing holders of securities will also be eligible to transfer their securities for issuing depository receipts. The conditions for listed companies will also apply to existing holders.

Listed companies can issue or transfer securities for the purpose of issue of depository receipts only in permissible jurisdictions. The list of permissible jurisdiction is notified by the central government from time to time. As per the Depository Receipts Scheme, 2014, permissible jurisdictions include only members of the Financial Action Task Force (for example: Japan, United States, Germany, and China). The central government amended the Depository Receipts Scheme, 2014 to include the International Financial Services Centre in India as a permissible jurisdiction under the scheme.

**SEBI released cyber security framework for KYC registration agencies**

In October 2019, SEBI released a framework on cyber security and cyber resilience for KYC (Know Your Customer) registration agencies. These are entities registered with the SEBI (under the KYC Registration Agency Regulations, 2011) which maintain KYC records of investors. SEBI noted that these agencies should have a robust cyber security and resilience framework since they perform an important role in maintaining KYC records of customers in security markets.

Cybersecurity frameworks include measures and processes intended to prevent cyber-attacks and improve cyber resilience. Cyber-attacks are attempts to compromise access or reliability of computer systems, networks and databases. Cyber resilience is the ability to prepare and respond to such attacks, continue operation during them, and recover from them. Key features of the framework include:

- **Comprehensive policy:** KYC registration agencies should formulate a comprehensive cybersecurity and resilience policy. The policy should include processes to: (i) identify critical risks, (ii) protect critical assets, (iii) detect cyber-attacks and, (iv) respond and recover from them.

- **Governance:** KYC registration agencies should designate a senior official as chief information security officer, who will: (i) assess, identify and reduce cybersecurity risks, (ii) identify appropriate standards and controls, and (iii) direct implementation of processes as per the cybersecurity policy.

- The board of such KYC agencies should constitute a technology committee comprising of experts. This committee will review the implementation of cybersecurity policy on a quarterly basis.

- **Access control:** Access to registration agencies’ systems, applications, databases should be for a defined purpose and a defined period. Physical access to critical systems should be restricted to the minimum and be monitored through controls such as CCTV cameras and card access systems.

- **Sharing of information:** Quarterly reports containing information on cyber-attacks and threats, and measures taken to mitigate vulnerabilities should be submitted to SEBI.

**DICGC increased insurance coverage for all depositors in insured banks**

In February 2020, the Deposit Insurance and Credit Guarantee Corporation (DICGC) raised the limit of deposit insurance cover for depositors in insured banks (any commercial or cooperative bank) from one lakh rupees to five lakh rupees. Deposit insurance is the insurance cover a bank depositor can claim in the event of liquidation or cancellation of a bank’s license.
**Inter-Ministerial Committee on money laundering constituted**

The Ministry of Finance constituted an Inter-Ministerial Co-ordination Committee on money laundering in October 2019. The Committee was set under the Prevention of Money Laundering Act, 2002, which allows the central government to constitute an inter-ministerial coordination committee for cooperation between relevant agencies.

The terms of reference of the Committee include: (i) operational co-operation between the government, law enforcement agencies, regulators and the Financial Intelligence Unit - India (under the Ministry of Finance), (ii) consultation among the authorities with the financial sector, (iii) to develop and implement policies on anti-money laundering or countering the financing of terrorism.

The 19-member Committee will be chaired by the Revenue Secretary. Other members of the Committee include: (i) Secretaries of the Department of Economic Affairs, the Department of Financial Services, the Ministry of Corporate Affairs, and the Ministry of External Affairs, (ii) the Chairman of SEBI, (iii) the Deputy Governor of RBI, and (iv) the Director of Intelligence Bureau.

**IRDAI released guidelines on standard individual health insurance product**

In January 2020, the Insurance and Regulatory Development Authority of India (IRDAI) released guidelines mandating all general and health insurers to provide a standard individual health insurance product. The guidelines seek to ensure: (a) standard product across industry, and (b) portability within industry for insurers.

As per the guidelines, the product will be offered for a one-year policy tenure and on indemnity basis. It will not have any add-ons or optional covers along with it. The product will have certain basic mandatory covers including: (i) hospitalisation expenses (maximum of Rs 5,000 per day), (ii) pre-hospitalisation medical expenses incurred for a period of 30 days prior to hospitalisation, and (iii) post-hospitalisation medical expenses for a period of 60 days from the date of discharge. The minimum and maximum sums insured under the policy will be rupees one lakh and rupee five lakh respectively.

**IRDAI issued guidelines on handling of claims caused by riots in North-East Delhi**

IRDAI issued guidelines on handling of claims arising in North-East Delhi caused by riots in March 2020. 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**

**Insolvency and Bankruptcy Code (Amendment) Bill, 2019 passed by Parliament**

The Insolvency and Bankruptcy Code (Amendment) Bill, 2019 was passed by Parliament in August 2019. It amends the Insolvency and Bankruptcy Code, 2016. The Code provides a time-bound process for resolving insolvency in companies and among individuals. Key features of the Bill include:

- **Initiation of resolution process**: The Code states that a financial creditor may file an application before the National Company Law Tribunal (NCLT) for initiating the insolvency resolution process. The NCLT must find the existence of default within 14 days. Based on its finding, NCLT may accept or reject the application. The Bill states that in case the NCLT does not find the existence of default and has not passed an order within 14 days, it must record its reasons in writing.

- **Time-limit for resolution process**: The Code states that the insolvency resolution process must be completed within 180 days, extendable by a period of up to 90 days. The Bill adds that the resolution process must be completed within 330 days. This includes time for any extension granted and the time taken in legal proceedings in relation to the process. On the enactment of the Bill, if any case is pending for over 330 days, it must be resolved within 90 days.

- **Resolution plan**: The Code provides that the resolution plan must ensure that the operational creditors receive an amount which should not be lesser than the amount they would receive in case of liquidation. The Bill amends this to
provide that the amounts to be paid to the operational creditor should be the higher of: (i) amounts receivable under liquidation, and (ii) the amount receivable under a resolution plan, if such amounts were distributed under the same order of priority (as for liquidation).

- **Representative of financial creditors**: The Code specifies that, in certain cases, such as when the debt is owed to a class of creditors beyond a specified number, the financial creditors will be represented on the committee of creditors by an authorised representative. These representatives will vote on behalf of the financial creditors as per instructions received from them. The Bill states that such representative will vote on the basis of the decision taken by a majority of the voting share of the creditors that they represent.

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

**IBC (Amendment) Bill, 2020 passed by Parliament**

The Insolvency and Bankruptcy Code (Amendment) Bill, 2020 was passed by Parliament in March 2020. It replaced an 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. 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. 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 analysis of the Bill, see [here](#). For a PRS summary of the Standing Committee report, see [here](#).

**Companies (Amendment) Bill, 2019 passed by Parliament**

The Companies (Amendment) Bill, 2019 was passed by Parliament in July 2019. It amends the Companies Act, 2013. Key features include:

- **Issuance of dematerialised shares**: Under the Act, certain classes of public companies are required to issue shares in dematerialised form only. The Bill states this may be prescribed for other classes of unlisted companies as well.

- **Re-categorisation of certain Offences**: The 2013 Act contains 81 compoundable offences punishable with fine or fine or imprisonment, or both. These offences are heard by courts. The Bill re-categorizes 16 of these offences as civil
defaults, where adjudicating officers (appointed by the central government) may now levy penalties instead. These offences include: (i) issuance of shares at a discount, and (ii) failure to file annual return. The Bill also amends the penalties for some other offences under the Act.

- **Corporate Social Responsibility (CSR):** Under the Act, if companies which have to provide for CSR, do not fully spent the funds, they must disclose the reasons for non-spending in their annual report. Under the Bill, any unspent annual CSR funds must be transferred to one of the funds under Schedule 7 of the Act (e.g., PM Relief Fund) within six months of the end of the financial year.

- **Commencement of business:** The Bill states that a company may not start business, unless it (i) files a declaration within 180 days of incorporation, confirming that every subscriber to the Memorandum of the company has paid for the shares agreed to be taken by him, and (ii) files a verification of its registered address with the RoC within 30 days of incorporation. If it fails to comply with these provisions and is found not to be carrying out business, the name of the company may be removed from the Register of Companies.

For a PRS summary of the Bill, see [here](https://www.legisprae.org/).

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

The Companies (Amendment) Bill, 2020 was introduced in Lok Sabha in March 2020. The Bill seeks to amend the Companies Act, 2013. Some of the amendments in the Bill were based on the recommendations of the Company Law Committee which was constituted in September 2013 to review the Act. 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 directly list classes of securities (as may be prescribed) in foreign jurisdictions.

For a PRS summary of the Bill, see [here](https://www.legisprae.org/).

**Draft Competition (Amendment) Bill, 2020 released for comments**

In February 2020, the Ministry of Corporate Affairs released the draft Competition (Amendment) Bill,
Key features of the Draft Bill include:

- **Definition of cartel**: Currently, the Act defines cartels to include an association of producers, sellers, or service providers who limit or control the production, distribution or price of goods and services. The Draft Bill amends the definition of cartels to include buyer cartels.

- **Governing body**: The Draft Bill provides for the establishment of a Governing Board. It will consist of 13 members including: (i) a Chairperson, (ii) six whole time members, (iii) two government representatives (from the Ministries of Finance and Corporate Affairs) as ex-officio members, and (iv) four part-time members. The functions of the Governing Board will include: (i) making regulations on matters relating to competition and administration of the Competition Commission of India (CCI), and (ii) entering into, amending, or cancelling contracts and memoranda on behalf of the CCI with any statutory authority or government department.

- **Settlements and commitments**: Parties under investigation for abuse of dominance or for entering into certain anti-competitive agreements (e.g., exclusive supply or distribution agreements) may submit an application to the CCI to: (i) settle the case, or (ii) offer commitments. Such an application will have to be made after the Director General (appointed for inquiries under the Act) has submitted the investigation report to the CCI and before the CCI has passed the final order. The order of the CCI accepting or rejecting the commitment or settlement application cannot be appealed.

- **Deal value thresholds**: Under the Act, acquisitions, mergers or amalgamations of enterprises are considered to be a combination if they meet certain thresholds of turnover or value of assets. A notice is required to be filed for such proposed combinations. The Draft Bill provides that the central government can specify criteria (other than those based on turnover or value of assets) to trigger a combination filing.

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

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**High Level Committee on CSR submitted its report**

The High Level Committee on Corporate Social Responsibility (Chair: Injeti Srinivas) submitted its report in August 2019. Under the Companies Act, 2013, companies above a specified net worth, turnover or profits are required to spend 2% of their average net profits in the last three financial years, towards their CSR policy. The Committee made several recommendations on the current CSR framework, ranging from its applicability to operational practices. Key recommendations include:

- **Applicability of CSR**: Currently, only companies are required to comply with CSR regulations. The Committee recommended that CSR obligations should be extended to other forms of business enterprises such as Limited Liability Partnerships and banks.

- **CSR Committees**: Under the Act, all CSR eligible companies are required to form CSR Committees. For operational ease, the Committee recommended that companies with CSR funds of below 50 lakh rupees should be exempt from this requirement.

- **Tax benefits for CSR activities**: To incentivise CSR spending, the Committee recommended that all CSR expenditure should be deductible from the taxable income of the company.

- **CSR impact studies**: It recommended that companies having CSR funds of over five crore rupees in the last three financial years, should undertake impact assessment studies for their CSR projects once in three years, and disclose the same in their board report.

- **CSR Audit**: The Committee recommended bringing CSR within the ambit of statutory financial audit. This can be done by requiring disclosure of CSR spending in the financial statements of the company.

- **Penalties for non-spending**: The Committee made certain recommendations to require companies to transfer unspent CSR funds to a separate account and spend such funds within three to five years, failing which penalties may apply. Note that the recently passed Companies Act, 2019, incorporates these changes, and imposes imprisonment in addition.
Report of the Working Group on group Insolvency released

The Working Group on Group Insolvency (Chair: Mr. U. K. Sinha) submitted its report to the Insolvency and Bankruptcy Board of India in October 2019. The Working Group was constituted to examine issues arising under The Insolvency and Banking Code, 2016 in Corporate Insolvency Resolution Processes (CIRPs) where a distressed company is linked to other group companies. Key observations and recommendations include:

- **Need for a common framework:** The Working Group noted that the Code does not have a common framework for resolving situations in which interlinked companies are going through CIRPs. In these cases, treating the insolvency of each group company in an isolated manner might be expensive, and might result in creditors realising lesser value.

- **Proposed framework:** The Working Group recommended that the definition of ‘corporate group’ include holding, subsidiary, and associate companies. The adjudicating authority may include other groups not covered in the definition. The Working Group suggested a comprehensive framework for group insolvency, that would start with a procedural coordination mechanism in the first phase.

- **Elements of the proposed framework:** Elements of the proposed framework may include: (i) a joint application against all corporate debtors who have defaulted and are part of a group, (ii) a single insolvency professional and a single adjudicating authority, and (iii) the creation of a group creditors’ committee. These may be voluntary. Exceptions may be allowed in certain cases, including those where stakeholders would get adversely affected. Cooperation, communication and information sharing among insolvency professionals, creditors’ committee, and adjudicating authorities must be mandatory.

- **Phased implementation:** The Working Group recommended that the framework for group insolvency may be introduced in a phased manner. In the first phase, only domestic companies may be covered, and only procedural consolidation mechanisms may be implemented.

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

Consultation paper on audit independence and accountability released

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

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

In this context, the consultation paper raised the following questions:

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

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

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.
In March 2020, the central government exempted certain banking companies from these provisions for a period of five years. The exemption applies to banking companies which have been placed under moratorium by the central government. Moratorium is 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.

**Rules notified for insolvency resolution of non-banking finance companies**

The Ministry of Corporate Affairs notified the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authorities) Rules, 2019 in November 2019. These Rules were issued under the Insolvency and Bankruptcy Code, 2016. The Code provides a time-bound process for resolving insolvency in companies and among individuals.

The Rules create a framework for insolvency resolution of financial service providers (FSPs) or a category of FSPs notified by the central government. Currently, the government has notified non-banking finance companies (including housing finance companies) with an asset size of Rs 500 crore or more as FSPs. The Rules state that the process for insolvency resolution, liquidation and voluntary liquidation of corporate debtors will also apply to FSPs with modifications. These modifications include:

- **Insolvency Resolution**: The insolvency resolution process can only be initiated by a financial regulator notified by the National Company Law Tribunal (NCLT). This is different from the provisions for non-financial companies which allows any financial creditor to file an application before the NCLT for initiating the insolvency resolution process of a corporate debtor.

- The NCLT will appoint an administrator proposed by the regulator to handle the insolvency resolution. Approval of any resolution plan will require a ‘no objection’ from the regulator in relation to the persons who will take over the management of the FSP. The rules provide that during the resolution process, the license or registration of the FSP cannot be suspended or cancelled.

- **Liquidation**: During the liquidation of the FSP, the license or registration of the FSP cannot be suspended or cancelled, without giving an opportunity of hearing to the liquidator. Further, if an FSP makes an application for voluntary liquidation, it will need the prior permission of the regulator.

**NCLAT bench constituted in Chennai**

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 notified the constitution of a bench of the NCLAT at Chennai in March 2020. 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.

**Ceiling on shares with differential voting rights increased**

Under the Companies Act, 2013, private companies could issue shares which had different rights as to dividends/voting in August 2019. These shares could not exceed 26% of the total paid-up equity share capital of the company. These shares are called shares with Differential Voting Rights (DVRs). The Ministry of Corporate Affairs has amended the rules notified under the Act to allow issuance of shares with DVRs up to 74%.

**Commerce and Industry**

**The Special Economic Zones (Amendment) Bill, 2019 passed by Parliament**

The Special Economic Zones (Amendment) Bill, 2019 was passed by Parliament in June 2019. The Bill replaced the Ordinance promulgated in March 2019. The Bill amends the Special Economic Zones Act, 2005, which provides for the establishment, development, and management of Special Economic Zones (SEZs) for the promotion of exports.
**Definition of person:** The Act allows a “person” to establish an SEZ. The definition of a person includes an individual, a Hindu undivided family, a company, a co-operative society, a firm, or an association of persons. The Bill adds two more categories to this definition by including a trust, and any other entity which may be notified by the central government.

For a PRS summary of the Bill, see here.

**National Institute of Design (Amendment) Bill, 2019 passed by Parliament**

The National Institute of Design (Amendment) Bill, 2019 was passed by Parliament in November 2019. The Bill seeks to amend the National Institute of Design Act, 2014, which declares the National Institute of Design, Ahmedabad as an institution of national importance. Key features of the Bill include:

- The Bill seeks to declare four National Institutes of Design as institutions of national importance. These institutes are in Andhra Pradesh, Madhya Pradesh, Assam, and Haryana.
- Currently, these institutes are registered as Societies under the Societies Registration Act, 1860 and do not have the power to grant degrees. On being declared institutions of national importance, the four institutes will have the power to grant degrees.

For a PRS summary of the Bill, see here.

**Cabinet approved changes in the FDI policy across various sectors**

The Union Cabinet approved certain amendments to the Foreign Direct Investment (FDI) policy across various sectors in August 2019. Key changes made to the policy include:

- **Coal mining:** Previously, 100% FDI under automatic route was allowed for: (i) coal and lignite mining for captive consumption by power, cement, and iron and steel plants, and (ii) coal processing (though not allowed to sell coal in open market). The Cabinet allowed 100% FDI under automatic route for sale of coal, commercial coal mining, and associated processing activities such as coal washing, crushing, and handling.

- **Contract manufacturing:** The policy allowed 100% FDI under automatic route in the manufacturing sector. In India, manufacturing activities can be conducted either by the investee entity or through contract manufacturing. However, there is no specific provision for contract manufacturing in FDI policy. In this context, 100% FDI under automatic route will be allowed for contract manufacturing.

- **Single brand retail trading:** Previously, single brand retailers with over 51% FDI were required to locally source 30% of the value of goods sold. The amendments allow for all procurements made from India to be counted towards local sourcing, irrespective of whether the goods are sold in India or exported.

- Further, the present policy requires all single brand retailers to operate through brick and mortar stores before starting trading through e-commerce. This has been amended to allow for online retail trading before the opening of brick and mortar stores. However, the retailers will be required to open stores within two years of start of their online operations.

- **Digital media:** Previously, 49% FDI through the approval route is allowed in up-linking of TV channels broadcasting news and current affairs. The amendments permit 26% FDI under approval route for uploading and streaming of news and current affairs through digital media.

- **Civil Aviation:** In March 2020, Cabinet approved amendments in FDI policy on civil aviation. 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, previously, for Air India Ltd., FDI could not exceed 49%, either directly or indirectly. It was subject to the condition that substantial ownership and effective control of Air India Ltd. has to be vested in Indian nationals. The amendments now permit 100% FDI by NRIs in Air India Ltd., under the automatic route.

**Draft amendments to the Copyright Rules, 2013 released**

The Ministry of Commerce and Industry released draft amendments to the Copyright Rules, 2013, in June 2019. The Copyright Rules, 2013, were notified under the Copyright Act, 1957. The Act defines the rights of authors of creative works such as books, plays, music, films, and other works of art, and computer software. Key changes proposed in the draft amendments are as follows:
- **Appellate Board:** The Copyright Act provided for a Copyright Board to adjudicate disputes under the Act, such as those related to assignment of copyright, and the term of a copyright. In 2017, the functions of the Copyright Board were subsumed by the Intellectual Property Appellate Board, which was set up under the Trade Marks Act, 1999. The draft amendments seek to replace references to the Copyright Board with the Intellectual Property Appellate Board.

- **Public broadcasting:** The Copyright Act allows public broadcast of literary or musical works, and sound recordings, without the consent of the owner of the copyright. In case of a public broadcast, a broadcaster is required to: (i) give prior notice to the owner of the work of its intent to publicly broadcast their work, and (ii) pay certain royalties as determined by the Appellate Board. The 2013 Rules state that separate notices must be provided for radio or television broadcast, and that the Appellate Board must determine separate royalties for radio and television. The draft amendments seek to remove references to radio and television, and state that separate notices must be provided and royalties determined for each mode of broadcast.

- **Copyright Societies:** The Copyright Act provides for copyright societies, which issue licences for copyrighted works, and collect and distribute license fees to authors. The draft amendments state that every copyright society must publish an Annual Transparency Report on its website. The Report must include information on: (i) activities in the financial year, and (ii) revenue for each category of rights administered by the society.

**National Startup Advisory Council constituted**

The central government notified the constitution of the National Startup Advisory Council in January 2020. The Council advises the government on measures needed to promote startups. Functions of the Council include: (i) promoting innovation in all sectors, (ii) reducing regulatory costs and compliance, and (iii) promoting ease of access to capital for startups.

The Council is chaired by the Minister of Commerce and Industry. Non-official members of the Council include: (i) up to 10 founders of successful startups, (ii) up to six members from industry associations, and (iii) up to six members representing interests of incubators and accelerators. They will serve a term of two years or until further orders, whichever is earlier. Ex-officio members include nominees from bodies such as NITI Aayog, Department of Revenue, and Ministry of Corporate Affairs.

**Cabinet approved scheme for Remission of Duties and Taxes on Exported Products**

In March 2020, the Union Cabinet approved the introduction of the scheme for Remission of Duties and Taxes on Exported Products. 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.

**Labour and Employment**

**Code on Wages, 2019 passed by Parliament**

The Code on Wages, 2019 was passed by Parliament in August 2019. It seeks to regulate wage and bonus payments in all employments where any industry, trade, business, or manufacture is carried out. The Code replaces the following four laws: (i) the Payment of Wages Act, 1936, (ii) the Minimum Wages Act, 1948, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976.

- **Coverage:** The Code will apply to all employees. The central government will make wage-related decisions for employments such as railways, mines, and oil fields, among others. The state governments will make decisions for all other employments.

- **Floor wage:** According to the Code, the central government will fix a floor wage, taking into account living standards of workers. Further, it may set different floor wages for different geographical areas.

- **Fixing the minimum wage:** The Code prohibits employers from paying wages less than the minimum wages. Minimum wages will be notified by the central or state governments. This will be based on time, or number of pieces
produced. The minimum wages will be revised and reviewed by the central or state governments at an interval of not more than five years. While fixing minimum wages, the central or state governments may take into account: (i) skill of workers, and (ii) difficulty of work.

- **Advisory boards**: The central and state governments will constitute advisory boards. The Boards will advise the respective governments on various issues including: (i) fixation of minimum wages, and (ii) increasing employment opportunities for women.

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

**Code on Occupational, Safety, Health and Working Conditions, 2019 introduced in Lok Sabha; Standing Committee submitted report**

The Occupational Safety, Health and Working Conditions Code, 2019 was introduced in Lok Sabha in July 2019. It applies to establishments employing at least 10 workers, and to all mines and docks. The Code replaces 13 labour laws including the Factories Act, 1948, the Mines Act, 1952, and the Contract Labour (Regulation and Abolition) Act, 1970. Key features of the Code include:

- **Duties of employers**: The Code prescribes certain duties of the employer. These include: (i) providing a workplace that is free from hazards that may cause injury or diseases, and (ii) providing free annual health examinations to certain employees.

- **Working Hours**: Work hours for different classes of establishment and employees will be provided as per rules prescribed by the government. Female workers, with their consent, may work past 7pm and before 6am, if approved by the central or state government.

- **Leave**: No employee may work for more than six days a week. Workers must receive paid annual leave for at least one in 20 days of the period spent on duty.

- **Working conditions and welfare facilities**: The employer is required to provide a hygienic work environment with ventilation, sufficient space, and clean drinking water. Welfare facilities include separate bathing places and locker rooms for male, female, and transgender employees and creches.

- **Advisory Bodies**: The central and state governments will set up Occupational Safety and Health Advisory Boards at the national and state level. These Boards will advise the central and state governments on the rules, regulations, and standards to be framed under the Code.

- **Offences and penalties**: Under the Code, an offence that leads to the death of an employee will be punishable with imprisonment of up to two years, or a fine up to five lakh rupees, or both. Further, courts may direct that at least 50% of such fine be given as compensation to the heirs of the victim.

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

In February 2020, the Standing Committee on Labour submitted its report on the Code. Key recommendations of the Committee include:

- **Definitions**: The Committee recommended that terms, such as wage, workplace, supervisor, and manager should be clearly defined in the Code.

- **Employee and worker**: The Code defines a worker as any person employed in an industry to do manual, or supervisory work, among others. It does not include persons employed as police, or supervisors earning more than Rs 15,000 per month, among others. Employee is defined as a person employed on wages by an establishment. It does not include apprentices and persons from the Armed Forces.

- The Committee observed that there was a lack of clarity as to which sections of the Code apply to employees and which to workers. For example, working conditions apply to employees whereas, the section on welfare measures applies to workers. It suggested that welfare measures apply to both employees and workers.

- **Powers of state governments**: Under the Code, the central government will be the appropriate government on matters related to establishments of the central government, major ports, and mines, among others. In all other cases, including factories and plantations, the state government will be the appropriate government.

- The Committee observed that it was unclear when appropriate government refers to state governments. It recommended clear demarcation of responsibilities between state and central governments, while maintaining that working conditions are a state responsibility.

- **Coverage**: The Committee observed that the safety of unorganised sector workers is not protected under the Code. It recommended that the
The Industrial Relations Code, 2019 introduced in Lok Sabha

The Industrial Relations Code, 2019 was introduced in Lok Sabha in November 2019. It seeks to replace three labour laws: (i) the Industrial Disputes Act, 1947, (ii) the Trade Unions Act, 1926, and (iii) the Industrial Employment (Standing Orders) Act, 1946. Key features of the Bill include:

- **Trade unions**: Under the Code, seven or more members of a trade union can apply to register it. Trade unions that have a membership of at least 10% of the workers or 100 workers, whichever is less, will be registered. Further, the central or state government may recognise a trade union or a federation of trade unions as Central or State Trade Unions respectively.

- **Negotiating unions**: The Code provides for a negotiation union in an industrial establishment for negotiating with the employer. If there is only one trade union in an industrial establishment, then the employer is required to recognise it as the sole negotiating union of the workers. In case of multiple trade unions, the trade union with support of at least 75% of workers will be recognised as the negotiating union by the government.

- **Lay-off and retrenchment**: The Code defines lay-off as the inability of an employer, due to shortage of coal, power, or breakdown of machinery, from giving employment to a worker. It also provides for employers to terminate the services of a worker, i.e., retrenchment.

- **Employers of industrial establishments with at least 100 workers are required to take prior permission of the central or state government before lay-off, retrenchment or closure of an establishment. The central or state government can modify this threshold number of workers by notification. Any person who contravenes this provision is punishable with a fine between one lakh rupees and Rs 10 lakh.

- **Resolution of industrial disputes**: The central or state governments may appoint conciliation officers to mediate and promote settlement of industrial disputes. These officers will investigate the dispute and hold conciliation proceedings to arrive at a fair and amicable settlement of the dispute. If no settlement is arrived at, then any party to the dispute can make an application to an Industrial Tribunal set up under the Code.

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

Code on Social Security introduced in Lok Sabha

The Code on Social Security, 2019 was introduced in Lok Sabha in December 2019. It replaces nine laws related to social security, including the Employees’ Provident Fund Act, 1952, and the Unorganised Workers’ Social Security Act, 2008. Key features of the Code include:

- **Social security schemes**: Under the Code, the central government may notify various social security schemes for the benefit of workers. These include: (i) an Employees’ Provident Fund (EPF) Scheme, (ii) an Employees’ State Insurance (ESI) Scheme to provide sickness, maternity, and other benefits, and (iii) specific schemes for gig workers, platform workers, and unorganised workers to provide various benefits, such as life and disability cover.

- **Gig workers are workers outside of the traditional employer-employee relationship (e.g., freelancers). Platform workers refer to workers who access other organisations or individuals using online platforms and earn money by providing them with specific services. Unorganised workers include home-based and self-employed workers.

- **Coverage and registration**: The Code specifies different applicability thresholds for the schemes. For example, the EPF Scheme will apply to establishments with 20 or more employees. These thresholds may be amended by the central government. All eligible establishments are required to register under the Code, unless they are already registered under another labour law.

- **Contributions**: Certain schemes, such as the EPF and ESI Schemes will be financed through a combination of contributions from the employer and employee. All contributions towards payment of gratuity, maternity benefit, cess for building workers, and employee compensation will be borne by the employer. Schemes for gig workers, platform workers, and unorganised workers may be financed through a combination...
of contributions from the employer, employee, and the appropriate government.

- **Social security organisations**: The Code provides for the establishment of several bodies to administer the social security schemes. These include: (i) a Central Board of Trustees to administer the EPF, EPS and EDLI Schemes, (ii) an Employees State Insurance Corporation to administer the ESI Scheme, and (iii) national and state-level Social Security Boards to administer schemes for unorganised workers.

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

**Draft Employees' Provident Funds Bill, 2019 released**

In August 2019, the Ministry of Labour and Employment released a draft of the Employees' Provident Funds & Miscellaneous Provisions (Amendment) Bill, 2019. The Bill amends the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. The Act provides for a pension fund for employees in factories and other establishments. Key amendments include:

- The Bill proposes to change the definition of ‘basic wages’ in the Act to conform with the Code on Wages, 2019, passed by Parliament in August, 2019. In the Act, wages include all compensation paid to an employee except: (i) food concessions, (ii) dearness allowance, and (iii) presents made by the employer. The Bill changes the definition of wages to include basic pay, dearness allowance, and retaining allowance. However, it does not include items such as; (i) bonuses, (ii) housing, and (iii) pension contributions by the employer.

- Currently, the Act does not provide for a limitation to initiate inquiries in to the applicability of the Act to an establishment and to determine the amount due from any employer under the Act. The Bill introduces a limitation period of 5 years to initiate an inquiry. Further, it suggests a time period of two years to conclude the inquiry.

- The Bill proposes the increase of certain fines by ten times. For example, the fine for repeat offences is currently Rs 25,000. The Bill proposes to increase this to 2.5 lakh rupees.

- Currently, the employee and employer contribution to the Employees’ Provident Fund is 10%. The Bill changes the rate of contribution from 10% to 12%. Further, the appropriate government may prescribe different rates of contribution for a specific time period and class of employee earning below a certain threshold of monthly income. No change in the employers’ contribution has been proposed.

The Bill proposes that an Employees’ Provident Fund (EPF) subscriber may opt for the National Pension System (NPS) in lieu of benefits under the Act. NPS refers to a voluntary contributory pension scheme regulated by the Pension Fund Regulatory and Development Authority. Further, the Bill proposes that an NPS subscriber may opt to return to EPF at any time.

**Annual Report of the Periodic Labour Force Survey released**

The Ministry of Statistics and Programme Implementation released the first Annual Report of the Periodic Labour Force Survey in May 2019. The Report provides annual estimates relating to various aspects of employment and unemployment at the national and state level. The report is based on data collected from 1,02,113 households between July 2017 and June 2018.

Key results of the Survey include:

- **Labour Force Participation Rate (LFPR)**: The LFPR for age 15-59 years was 53%. Of this, the LFPR for males was 80.2% and for females was 25.3%. The LFPR is the percentage of people in the population working or looking for work.

- **Worker Population Ratio (WPR)**: The WPR for age 15-59 years was 49.5%. Of this, the WPR for males was 74.9% and for females was 23.8%. WPR is the percentage of persons employed in the population.

- **Sources of employment**: As per the report, on an all-India level, 52.2% of people had their major source of income from self-employment. Further, 24.9% had their major source of income from casual labour, and 22.8% from regular wage/salary.

- **Unemployment Rate**: The all-India total unemployment rate was 6.1%. The unemployment rate was 6.2% for males, while it was 5.7% in case of females.

- Unemployment rate among urban workforce was 7.8%, while the unemployment rate for the rural workforce was 5.3%. In urban areas, unemployment rate for males was higher at
7.1%, compared to rural areas (5.8%). The unemployment rate for women was also higher in urban areas at 10.8%, compared to 3.8% in rural areas.

**Voluntary pension scheme for traders and shopkeepers notified**

In July 2019, the Ministry of Labour and Employment notified a voluntary pension scheme called the Pradhan Mantri Laghu Vyapari Maan-Dhan Yojana 2019. It intends to provide a minimum assured pension to self-employed persons. Key features of the scheme include:

- **Eligibility**: The Scheme will apply to shopkeepers, retail traders, and other self-employed persons with an annual turnover of less than Rs. 1.5 crore, between the ages of 18 and 40 years. In order to enrol, the subscriber must have a bank account and Aadhaar number. Interested persons can enrol themselves through any Common Service Centre in the country, with a pension fund administered by the Life Insurance Corporation. A Common Service Centre is an access point for delivery of essential public utility services.

- **Minimum assured pension**: Each subscriber under the scheme shall receive a minimum assured pension of Rs 3000 per month after attaining the age of 60 years. The central government will match the contribution made by the beneficiary. The government has notified different monthly contribution amounts depending upon the age of joining. For example, a person entering the scheme at 29 years of age will be required to contribute Rs 100 per month.

- **Family pension**: If the subscriber dies while receiving the pension, his spouse will be entitled to receive 50% of the pension as family pension. If he dies before the pension accrues (i.e. before the age of 60 years), his spouse may either join the scheme by paying the contribution or may exit the scheme. If they choose to exit, the spouse will receive the beneficiary’s contribution along with accumulated interest earned by the fund or interest at the savings bank interest rate, whichever is higher. If both the subscriber and spouse die, the entire corpus will be credited back to the fund.

- If the beneficiary becomes disabled prior to completing 60 years of age, his spouse may continue the scheme or exit the scheme. On exiting, the spouse will receive the beneficiary’s contribution with interest as actually earned by fund or at the savings bank interest rate, whichever is higher.

- **Exit and withdrawal**: Any person may exit the scheme under the following conditions: (i) if he exits within 10 years, his share of contribution will be returned to him along with savings bank interest, and (ii) if he exits the scheme after 10 years but prior to completing 60 years of age, he will get his share along with the accumulated interest earned by the fund or at savings bank interest rate, whichever is higher.

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**Consumer Affairs**

**Consumer Protection Bill, 2019 passed by Parliament**

The Consumer Protection Bill, 2019 was passed by Parliament in August 2019. It replaces the Consumer Protection Act, 1986. The key features of the Bill include:

- **Rights of consumers**: Six consumer rights have been defined in the Bill. These include the right to: (i) be protected against marketing of goods and services which are hazardous to life and property; (ii) be assured of access to goods or services at competitive prices; (iii) be informed of the quality, quantity, purity, standard and price of goods or services; and (iv) seek redressal against unfair or restrictive trade practices.

- **Central Consumer Protection Authority**: The central government will set up a Central Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of consumers. It will regulate matters related to violation of consumer rights, unfair trade practices, and misleading advertisements.

- **Penalties for misleading advertisement**: The CCPA may impose a penalty on a manufacturer or an endorser of up to Rs 50 lakh and imprisonment for up to five years for a false or misleading advertisement. In case of a subsequent offence, the fine may extend to Rs 10 lakh and imprisonment of up to five years.

- **Consumer Disputes Redressal Commission (CDRCs)**: CDRCs will be set up at the district, state, and national levels. A consumer can file a complaint with CDRCs in relation to: (i) unfair
or restrictive trade practices; (ii) defective goods or services; (iii) overcharging or deceptive charging; and (iv) the offering of goods or services for sale which may be hazardous to life and safety. Complaints against an unfair contract can be filed with only the State and National CDRCs. Appeals from a District CDRC will be heard by the State CDRC, and from State CDRC by the National CDRC. Final appeal will lie before the Supreme Court.

- **Product liability:** Product liability means the liability of a product manufacturer, service provider or seller to compensate a consumer for any harm or injury caused by a defective good or deficient service. To claim compensation, a consumer has to prove any one of the conditions for defect or deficiency, as given in the Bill. These include defects in manufacturing or design of a product, or negligence in providing a service to a consumer.

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

**Certain draft rules released under the Consumer Protection Act, 2019**

The Department of Consumer Affairs released certain draft rules and regulations under the Consumer Protection Act, 2019 in November 2019. The rules and regulations cover various aspects, including: (i) prevention of unfair trade practices in e-commerce (business to consumer) and direct selling, (ii) the Consumer Disputes Redressal Commissions and the Central Consumer Protection Council, (iii) members of the District and State Consumer Disputes Redressal Commissions, and (iv) mediation of disputes. Key features include:

- **Liabilities of e-commerce entities:** An e-commerce entity is prohibited from: (i) directly or indirectly influencing the price and is required to maintain a level playing field, (ii) adopting any unfair or deceptive practices that may influence decisions of consumers, and (iii) falsely representing themselves as consumers and posting reviews, or misrepresenting the quality or features of goods and services.

- **Other liabilities include:** (i) displaying terms of contract between them and the sellers, (ii) ensuring advertisements of goods and services are consistent with their actual characteristics, and (iii) ensuring personally identifiable information of customers is protected and its usage complies with the legal provisions.

- **Liabilities of sellers:** Liabilities of sellers (who advertise or sell on e-commerce platforms) include: (i) displaying all the charges associated with sale of products, such as delivery charges and taxes, (ii) stating upfront the policies regarding shipping, exchange, return, refund, and warranty, and (iii) complying with statutory provisions for display and sale of products.

- **Fee for filing complaints:** The draft rules specify the fee required to be paid for filing a complaint with the Consumer Disputes Redressal Commissions. The fee depends on the value of goods or services under the complaint and the compensation claimed. No fee is required to be paid, if such value or compensation is up to five lakh rupees. The fee ranges between Rs 200 and Rs 7,500 for complaints filed for higher values.

- **Number of members in the National Commission:** The Act provides that the National Consumer Disputes Redressal Commission will consist of at least four members. The draft rules specify that it cannot have more than 11 members, and at least one of the members must be a woman.

**Department of Consumer Affairs issued draft guidelines related to e-commerce**

The Department of Consumer Affairs released draft guidelines on e-commerce in August 2019 for protection of consumers under the Consumer Protection Act, 1986. The draft guidelines have been issued as a model framework to prevent unfair trade practices and protect consumers in e-commerce. The guidelines will be applicable to B-to-C (business to consumer) e-commerce businesses. Key features of the draft guidelines include:

- **Conditions for doing business:** E-commerce entities will be required to comply with certain conditions within 90 days from the date of notification of the guidelines. These conditions include: (i) the entity should be a registered legal entity in India, (ii) the promoters or key management personnel should not have been convicted of any criminal offence in the last five years, and (iii) required details of sellers, such as the legal name of their business, products they sell, and their contact information should be displayed on the website.

- **Liabilities of e-commerce entities:** An e-commerce entity must not: (i) directly or indirectly influence the price, thereby maintaining a level playing field, (ii) adopt any
unfair or deceptive practices that may influence decisions of consumers, and (iii) falsely represent themselves as consumers and post reviews, or misrepresent the quality or features of goods and services.

- Other liabilities of e-commerce entities include: (i) displaying terms of contract between them and the sellers, (ii) ensuring advertisements of goods and services are consistent with the actual characteristics, and (iii) ensuring personally identifiable information of customers is protected and its usage complies with the legal provisions.

- Liabilities of sellers: Liabilities of sellers (who advertise or sell on e-commerce platforms) include: (i) displaying all the charges associated with sale of products, such as delivery charges and taxes, (ii) stating upfront the policies regarding shipping, exchange, return, refund, and warranty, and (iii) complying with statutory provisions for display and sale of products.

- Grievance redressal: E-commerce entities are required to: (i) publish details of the grievance redressal process and grievance officer on website, (ii) provide facilities for filing complaints through phone, email, and website, (iii) redress complaints within one month, and (iv) facilitate convergence of the process with grievance redressal process of government (National Consumer Helpline).

**Draft amendments increasing penalty for improper use of emblems, names released**

The Department of Consumer Affairs released draft amendments to the Emblems and Names (Prevention of Improper Use) Act, 1950 in November 2019. The Act prevents the improper use of certain emblems and names for professional and commercial purposes. The draft amendments propose to increase the maximum penalty for improper use of emblems and names from Rs 500 to one lakh rupees. A higher penalty has also been specified for repeat offenders, which is either a fine of up to five lakh rupees, or imprisonment of up to six months, or both.

**Agriculture**

**The Pesticide Management Bill, 2020 introduced in Rajya Sabha**

The Pesticide Management Bill, 2020 was introduced in Rajya Sabha in March 2020. It seeks to regulate the manufacture, import, sale, storage, distribution, use, and disposal of pesticides, in order to ensure the availability of safe pesticides and minimise the risk to humans, animals, and environment. It seeks to replace the Insecticides Act, 1968. Key features include:

- **Pest and pesticide**: The Bill defines a pest as any species of animal, plant, or pathogenic agent that is unwanted, or injurious to plants, humans, animals, and the environment. A pesticide is any substance of chemical or biological origin intended for preventing or destroying any pest in agriculture, industry, public health, pest control operations, or for ordinary use.

- **Central Pesticides Board**: The central government will constitute the Central Pesticides Board to advise the central and state governments on scientific and technical matters arising under the Act. It will also advise the central government in formulating standards and best practices for: (i) pesticide manufacturers, laboratories, and pest control operators, (ii) working conditions and training of workers, and (iii) recall and disposal of pesticides. The Board will also frame model protocols to deal with poisoning cases due to pesticides.

- **Registration of pesticides**: Persons seeking to import or manufacture a pesticide for ordinary use, agriculture, industry, pest control, or public health, are required to obtain a certificate of registration for the pesticide from the Registration Committee. The Committee will be constituted by the central government, and will: (i) specify the conditions for granting a certificate and issue certificates, (ii) periodically review the safety and efficacy of registered pesticides, and amend or cancel their certificates, and (iii) notify substances which cause the same chemical or biological action as a pesticide.

- **Registration criteria**: The Committee will evaluate the information submitted in the application about the pesticide on factors such as safety, efficacy, necessity, end-use, risks, and availability of safer alternatives. It will not register a pesticide if the applicant submits false or misleading information, or if the maximum limits for the residue of the pesticide on crops and commodities are not specified under the Food Safety and Standards Act, 2006. It may also not register the pesticide if there is scientific uncertainty regarding its risks and benefits, and threats of serious and irreversible damage to
human health, other living organisms, or the environment.

For a PRS summary of the Bill, please see here.

Ministry of Agriculture released the draft Seeds Bill to replace the Seeds Act, 1966

The Ministry of Agriculture and Farmers’ Welfare released the draft Seeds Bill, 2019 in October 2019. The draft Bill seeks to regulate the quality of seeds during their production, distribution, sale, import, and export. The proposed Bill seeks to replace the Seeds Act, 1966. Key features of the draft Bill include:

- **Registration**: All varieties of seeds being sold for the purpose of sowing or planting must be registered, except farmers’ varieties. Farmers’ varieties are varieties which have been traditionally cultivated and evolved by the farmers in their fields, or are similar to varieties about which farmers have common knowledge. Seeds produced by farmers, other than those for sale under a brand name, are also not required to be registered. Transgenic varieties of seeds (which are developed by modifying the genetic composition of other varieties) can be registered only after applicants obtain a clearance under the Environment (Protection) Act, 1986.

- **Standards**: The central government may notify minimum limits of germination, genetic and physical purity, and seed health for any seed variety. Additional standards may be specified for transgenic varieties. These standards will not apply to seeds produced by farmers, other than those for sale under a brand name.

- **Compensation to farmers**: If a registered variety of seed fails to perform to expected standards (as disclosed by the producer, distributor, or vendor), the farmer can claim compensation from the producer, dealer, distributor, or vendor under the Consumer Protection Act, 1986.

- **Offences and penalties**: Persons who contravene any provision of the Bill and sell seeds which do not conform to the specified standards will be punished with a fine between Rs 25,000 and one lakh rupees. Persons furnishing false information regarding standards, misbrand seeds, or supplying seeds which are spurious or not registered, will be punished with up to one-year imprisonment, or with a fine of up to five lakh rupees, or both.

Draft National Fisheries Development Board Bill released

The Department of Fisheries released the draft National Fisheries Development Board Bill in December 2019. The National Fisheries Development Board (NFDB) was registered in 2006 under the Andhra Pradesh Societies Registration Act, 2001. It seeks to enhance the fish production in the country and coordinate the development of fisheries in a holistic manner. Key features include:

- **Re-constitution of NFDB**: The draft Bill sets up the NFDB as a body corporate and declares it to be an institution of national importance. Further, it seeks to transfer the assets, liabilities, and other rights and obligations of certain existing institutions to the NFDB. These institutions are: (i) the National Freshwater Fish Brood Bank, Odisha, (ii) the North Eastern Regional Centre, Guwahati, and (iii) the Moolapalem site of the NFDB. These bodies will continue as subsidiary units of the NFDB.

- **Board of Directors**: The NFDB will be run by a Board of Directors. It will consist of: (i) the Chief Executive of the NFDB (the Chairperson of the Board), (ii) the Joint Secretary, Department of Fisheries, (iii) seven directors from the Secretaries of the state departments of fisheries, and (iv) two subject experts.

- **Functions of the NFDB**: The functions of the NFDB include: (i) planning and promoting the development of fisheries and aquaculture, (ii) formulating schemes with the approval of the central government for development of fisheries in a sustainable manner, (iii) strengthening the fisheries infrastructure, (iv) facilitating training and skill development of stakeholders, and (v) assisting the central government in taking regulatory measures.

Standing Committee on Agriculture submitted report on the NIFTEM Bill

The Standing Committee on Agriculture (Chair: Mr. P. C. Gaddigoudar) submitted its report on the National Institutes of Food Technology, Entrepreneurship and Management Bill, 2019 in December 2019. The Bill declares certain institutes of food technology, entrepreneurship, and management as institutions of national importance. These are the National Institute of Food Technology, Entrepreneurship and Management (NIFTEM), Kundli and the Indian Institute of Food Processing Technology (IIFPT), Thanjavur.
Composition of the Board of Governors: The Bill provides for a Board of Governors, which will be the principal executive body of the institute. The Chairperson of the Board will be a distinguished person in the field of food science or technology, management, or public administration. The Committee observed that since food processing is a specialised field, the Chairperson should have a practical experience of the industry or academia. It recommended that the provision appointing public administrators as Chairperson of the Board should be removed. This would help de-bureaucratise the working of the institute and adopt industry-friendly policies. It also recommended the inclusion of a Member of Parliament in the Board similar to the Institutes of Technology Act, 1961.

For a PRS report summary, please see here.

Contract farming exempted from limits under the Essential Commodities Act

In August 2019, the Department of Consumer Affairs exempted agricultural produce purchased under contract farming from certain stock restrictions specified under the Essential Commodities Act, 1955. The Act provides for the control of production, supply, and trade of certain commodities, such as certain food items, seeds, and drugs.

Under contract farming, production is carried out on the basis of a pre-harvest agreement between buyers and producers. Post-harvest, the producers sell the produce to the buyers as per the terms and conditions of the agreement. The Department granted exemption to contract farming produce from stock limit provisions under any order made under the Act. The exemption is applicable to buyers who are registered under any of the respective state Acts pertaining to contract farming. However, the produce purchased by these buyers continues to be subject to maximum limits as specified under the respective state Acts.

APMC traders exempted from 2% tax on cash withdrawals of more than Rs 1 crore

In September 2019, the Ministry of Finance exempted traders and commission agents operating under Agriculture Produce Market Committees (APMCs) from levy of two percent tax on cash withdrawals exceeding one crore rupees. The Income Tax Act requires banks and post offices to deduct this tax from cash withdrawals in excess of one crore rupees in a financial year. The Act allows the central government to exempt certain persons or classes from levy of this tax after consulting with RBI.

Traders and commission agents who are registered under any law relating to APMC in their respective state are eligible for exemption. Further, the trader or commission agent availing this exemption is required to certify to the bank or post office that the excess cash withdrawals are for making payments to farmers for purchase of agriculture produce.

Draft National Food Processing Policy released

The Ministry of Food Processing Industries released the draft National Food Processing Policy in December 2019. The draft policy aims to develop the food processing sector and address the critical gaps hampering its growth. It also aims to increase the investment in the sector by six-fold by 2035. Key features of the draft policy include:

- **Objectives:** The objectives of the draft policy include: (i) reducing wastage at the farmers’ level to increase their income, (ii) supporting the food processing industry in creating employment opportunities, (iii) ensuring a higher credit deployment in the sector, and (iv) building infrastructure and skills to meet the demand.

- **Infrastructure development:** The draft policy seeks to incentivise the creation of supply chain infrastructure for the food processing sector. The proposed measures include: (i) identifying, developing, and promoting new agriculture processing and production clusters, and (ii) supporting the development of logistics infrastructure such as packing facilities.

- **Incentives and support measures:** The draft policy proposes various incentives that can be provided for the growth of the sector. The proposed incentives include: (i) capital investment subsidy for setting up new food processing units and technology upgradation of existing units, (ii) fiscal incentives such as lower GST rates on food products and food processing machinery, and (iii) certain electricity duty and land-related concessions.

- **Training and skill development:** The draft policy proposes various incentives for the promotion of employment, such as: (i) promoting employment welfare, (ii) facilitating farmers to set up food processing units, and (iii) promoting food processing training-cum-incubation centres. It also proposes starting new
courses and conducting research in food technology, entrepreneurship, and management.

**Department of Fisheries released the draft National Fisheries Policy**

The Department of Fisheries released the draft National Fisheries Policy in February 2020. The draft policy aims to integrate the various policies relating to different aspects of fisheries (such as inland fisheries, marine plants and animals, processing, and marketing) for its comprehensive development. Key features include:

- **Objectives:** The objectives include: (i) enhancing fish production and productivity in a responsible and sustainable manner, (ii) providing a robust regulatory framework for effective fisheries resource management, (iii) modernising and diversifying fishing practices in oceans and seas through use of science and technology, and (iv) strengthening and modernising the value chain.

- **Legal framework:** Fisheries governance will be improved to facilitate coordination among states, national agencies, and other stakeholders. Comprehensive management and regulation of fisheries resources in the Exclusive Economic Zone (EEZ) will be ensured through a national law. EEZ is the area of sea outside territorial water to which India has the exclusive rights for economic activities, and extends to 200 nautical miles from the coast of India. The central government will empower coastal state governments by delegating the powers to grant marine fishing licences for the EEZ and high seas (the area beyond EEZ).

- **Sustainability:** The central government will encourage and empower traditional and small fisher and fisher groups to undertake resource-specific deep-sea fishing to harness untapped high-value resources sustainably. The expertise of scientific institutions and fishers will be utilized to optimise fishing efforts and implement measures to check resource depletion and ensure sustainability. Comprehensive fisheries management plans will be made to conserve and sustainably manage natural fisheries resources.

- **Inter-sector coordination:** The central and state governments will take up with nodal departments such as water, irrigation, and rural development to ensure that Department of Fisheries is fittingly represented in all the committees entrusted with the management and usages of water resources. The fisheries sector requires greater attention of the government in the form of incentives such as the ones given to the agriculture sector. The scope of land use categories at the state-level needs to be increased to specifically include fisheries and aquaculture as integral components of agriculture.

**Minimum Support Prices for 2019-20**

The Union Cabinet approved the Minimum Support Prices (MSPs) for Kharif crops in July 2019, and for Rabi crops in October 2019. Table 13 shows the change in MSPs for Kharif crops between 2018-19 and 2019-20. The MSP for paddy increased to Rs 1,815 per quintal in 2019-20, a 3.7% increase from that in 2018-19.

<table>
<thead>
<tr>
<th>Crop</th>
<th>2018-19</th>
<th>2019-20</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy (common)</td>
<td>1,750</td>
<td>1,815</td>
<td>3.7%</td>
</tr>
<tr>
<td>Paddy (grade A)</td>
<td>1,770</td>
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<td>3.7%</td>
</tr>
<tr>
<td>Jowar (hybrid)</td>
<td>2,430</td>
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</tr>
<tr>
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<tr>
<td>Bajra</td>
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<td>2,000</td>
<td>2.6%</td>
</tr>
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<td>Ragi</td>
<td>2,897</td>
<td>3,150</td>
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<tr>
<td>Sunflower seed</td>
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<td>5,650</td>
<td>4.9%</td>
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<td>Soyabean (yellow)</td>
<td>3,399</td>
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</tr>
<tr>
<td>Sesamum</td>
<td>6,249</td>
<td>6,485</td>
<td>3.8%</td>
</tr>
<tr>
<td>Nigerseed</td>
<td>5,877</td>
<td>5,940</td>
<td>1.1%</td>
</tr>
<tr>
<td>Cotton (medium staple)</td>
<td>5,150</td>
<td>5,255</td>
<td>2.0%</td>
</tr>
<tr>
<td>Cotton (long staple)</td>
<td>5,450</td>
<td>5,550</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Sources: Ministry of Agriculture and Farmers’ Welfare; PRS.

In Rabi crops, the MSP for wheat increased to Rs 1,925 per quintal in 2019-20, a 4.6% increase from that in 2018-19. Table 14 shows the change in MSP for Rabi crops from 2018-19 to 2019-20.
The Terms of Reference of the Committee are:

- NITI Aayog.
- Farmers’ Welfare, and Mr. Ramesh Chand, Member,
- Singh Tomar, the Union Minister of Agriculture and
- (vii) Uttar Pradesh. It also i

Committee of Chief Ministers

Committee of Chief Ministers

Committee of Chief Ministers set up to discuss measures for transforming agriculture and raising farmers’ income

The Prime Minister had set up a High Powered Committee of Chief Ministers in July 2019 to discuss measures for transforming agriculture and raising farmers’ income. The Committee includes the Chief Ministers of: (i) Maharashtra (Convenor of the Committee), (ii) Arunachal Pradesh, (iii) Gujarat, (iv) Haryana, (v) Karnataka, (vi) Madhya Pradesh, and (vii) Uttar Pradesh. It also includes Mr. Narendra Singh Tomar, the Union Minister of Agriculture and Farmers’ Welfare, and Mr. Ramesh Chand, Member, NITI Aayog.

The Terms of Reference of the Committee are:

- Discussing measures for transforming agriculture and raising farmers’ income;
- Suggesting modalities to states for adoption and time-bound implementation of model Acts formulated by the central government relating to agricultural marketing and contract farming;
- Examining provisions of the Essential Commodities Act, 1955, which provides for control of production, supply, distribution, and trade of certain commodities;
- Suggesting changes to the Act for attracting private investment in marketing and infrastructure in the agriculture sector;
- Suggesting mechanisms for linking market reforms with centrally sponsored schemes such as National Agriculture Market (e-NAM) and Gramin Agricultural Markets;
- Suggesting policy measures for: (i) boosting agricultural exports, (ii) increasing growth of food processing sector, and (iii) attracting investment in modern market infrastructure, value chains, and logistics; and
- Suggesting measures for upgrading agri-technology to global standards, and improving the access of farmers to quality seeds, plant materials, and farm machinery from agriculturally advanced countries.

Ambit of PM-KISAN scheme extended to include all farmer families

The Union Cabinet approved extension of the PM-KISAN scheme to all farmer families irrespective of the size of their landholdings in May 2019. Earlier, only small and marginal landholder farmer families, i.e. families with total cultivable landholding of up to two hectares, were eligible for the income support of Rs 6,000 per year under the scheme. However, certain exclusion criteria under the scheme continue to apply. Certain farmer families of higher economic status are not eligible under the scheme, such as those which are: (i) institutional land holders, (ii) having one or more members as government employees, and (iii) having one or more members as income tax payers.

The revised scheme was expected to cover around two crore more farmers, increasing the coverage to around 14.5 crore beneficiaries. With this increase in coverage, expenditure on the scheme was estimated to increase from Rs 75,000 crore to Rs 87,218 crore in 2019-20.

Further, in October 2019, the Union Cabinet approved a relaxation of the mandatory requirement of Aadhaar seeding (linking bank accounts with Aadhaar) for release of funds to beneficiaries under the scheme. Earlier, Aadhaar seeding was mandated for release of funds after August 1, 2019 (except for Assam, Jammu and Kashmir, and

Table 14: MSPs for Rabi crops (Rs/ quintal)

<table>
<thead>
<tr>
<th>Crop</th>
<th>2018-19</th>
<th>2019-20</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>1,840</td>
<td>1,925</td>
<td>4.6 %</td>
</tr>
<tr>
<td>Barley</td>
<td>1,440</td>
<td>1,526</td>
<td>5.9 %</td>
</tr>
<tr>
<td>Gram</td>
<td>4,620</td>
<td>4,875</td>
<td>5.5 %</td>
</tr>
<tr>
<td>Lentil</td>
<td>4,475</td>
<td>4,800</td>
<td>7.3 %</td>
</tr>
<tr>
<td>Rapeseed and Mustard</td>
<td>4,200</td>
<td>4,425</td>
<td>5.4 %</td>
</tr>
<tr>
<td>Safflower</td>
<td>4,945</td>
<td>5,215</td>
<td>5.5 %</td>
</tr>
</tbody>
</table>

Sources: Ministry of Agriculture and Farmers’ Welfare; PRS.
Meghalaya). Since 100% Aadhaar seeding could not be completed by that deadline, the mandatory requirement was relaxed till November 30, 2019. In case of Assam, Jammu and Kashmir, and Meghalaya, the relaxation was approved till March 31, 2020.

Cabinet approved PM Kisan Pension Yojana for small and marginal farmers

The Union Cabinet approved the Pradhan Mantri Kisan Pension Yojana for small and marginal farmers in May 2019.223,224 The scheme provides farmers with a minimum fixed pension of Rs 3,000 per month on attaining the age of 60 years. It is a voluntary contribution-based scheme where the amount contributed by the farmer is matched by the central government. Farmers between the age of 18 to 40 years are eligible to start making contributions under the scheme. The scheme is funded by the central government, and is estimated to cost Rs 10,774 crore over a three-year period.

After the beneficiary’s death (after the age of 60 years), their spouse is entitled to receive 50% of the pension receivable as family pension, provided the spouse is not already a beneficiary under the scheme. If the beneficiary dies before the age of 60 years (while contributing under the scheme), the spouse has the option of continuing the scheme by making regular contributions.

Under the scheme, farmers can choose an option where the monthly contributions are directly deducted from the income support given under the PM-KISAN scheme. Alternatively, they can make their monthly contributions by registering through the Common Service Centres set up by the government in rural areas for providing e-governance services.

Cabinet approved revised guidelines for central crop insurance schemes

In February 2020, the Union Cabinet approved revised guidelines for central crop insurance schemes, namely the Pradhan Mantri Fasal Bima Yojana (PMFBY) and the Restructured Weather Based Crop Insurance Scheme.225 The aim of these revised guidelines was to address the implementation challenges related to these schemes. The crop insurance schemes provide insurance coverage to farmers for crop failure due to various risks such as calamities, adverse weather conditions, pest attacks, and other yield and post-harvest losses. Key changes approved under these revised guidelines were:

- **Voluntary enrolment:** Both the schemes have been made voluntary for all farmers. Earlier, they were mandatory for farmers who have taken crop loans (loanee farmers).

- **Flexibility to select insurance cover:** States have been given the flexibility to select additional risk covers, such as mid-season adversity, prevented sowing, post-harvest losses, and localised calamity, under both the schemes. In case of PMFBY, states can also offer specific single-risk insurance covers with or without opting for the base cover. Earlier, PMFBY did not allow states to add any risk other than the ones specified.

- **Limit on centre’s premium subsidy:** Under the schemes, farmers are required to pay insurance premium, which is a certain percentage of the sum insured (2% for Kharif crops, 1.5% for Rabi crops, and 5% for commercial and horticultural crops). Rest of the premium amount is equally paid by the central and state government in the form of premium subsidy, with no limit applicable. Under the revised guidelines, the premium subsidy payable by the central government will not be higher than: (i) 25% of the sum insured for irrigated areas, and (ii) 30% of the sum insured for unirrigated areas. For this purpose, districts with more than 50% area under irrigation will be considered as irrigated districts or areas.

- **Increase in centre’s share for the north-eastern states:** Under the two schemes, premium subsidy is equally shared by the central and state government. For north-eastern states, the central government will provide 90% of the subsidy, with remaining 10% coming from the state government.

- **Delay by states:** States will not be allowed to implement the schemes in subsequent seasons in case they considerably delay the release of premium subsidy to insurance companies beyond a prescribed time limit.

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

Cabinet approved a central scheme for formation and promotion of FPOs

In February 2020, the Union Cabinet approved the central scheme ‘Formation and Promotion of Farmer Producer Organizations (FPOs)’, which aims to form and promote 10,000 new FPOs by 2023-24.226 FPOs are farmer groups set up with the aim of using economies of scale to get better access to inputs,
marketing, technology, and credit, and thus, have a better income realisation.

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

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

**Cabinet approved export subsidy for sugar for the 2019-20 season**

The Union Cabinet approved an export subsidy of Rs 10,448 per metric tonne (MT) for sugar for the 2019-20 season in August 2019. The export subsidy covers costs incurred by sugar mills in marketing, including handling, upgrading, and processing, and transport. The subsidy has been approved for export of up to 60 lakh MT of sugar. This was done with the aim of reducing the surplus stock of sugar, which is estimated to be 162 lakh MT at the end of the 2019-20 season (starting with an opening stock of 142 lakh MT).

The subsidy amount payable to mills is given directly to sugarcane farmers, and is settled against the sugarcane dues that they owe to farmers. Subsequent balance, if any, is provided to the mills.

An expenditure of Rs 6,268 crore has been approved for providing the subsidy.

**Cabinet approved a scheme for creation of buffer stock of 40 lakh MT of sugar**

In July 2019, the Union Cabinet approved a scheme for sugar mills to create a buffer stock of 40 lakh metric tonne of sugar. The scheme requires sugar mills to create and maintain this buffer stock for a period of one year, starting August 2019. The scheme seeks to: (i) improve liquidity of sugar mills and facilitate clearing of dues of sugarcane farmers, (ii) reduce sugar inventories, and (iii) stabilise the price of sugar in the domestic market.

Under the scheme, sugar mills are provided with financial assistance equivalent to their carrying cost towards the maintenance of the buffer stock. Carrying cost is the cost that the mills would incur in stocking the sugar, including their storage and maintenance costs. The scheme is estimated to incur a cost of Rs 1,674 crore.

The Department of Food and Public Distribution may modify or withdraw the scheme anytime during the year after a review based on the market price and availability of sugar.

Note that a similar scheme for creation and maintenance of buffer stock by sugar mills was notified in June 2018, which required sugar mills to maintain a stock of 30 lakh metric tonnes of sugar for a period of one year starting July 2018.

**Cabinet approved an increase in FCI’s authorised capital to Rs 10,000 crore**

The Union Cabinet approved an increase in the authorised capital of Food Corporation of India (FCI) from Rs 3,500 crore to Rs 10,000 crore in November 2019. Authorised capital is the maximum amount of capital that can be issued by a company to its shareholders. All shares of FCI are held by the central government, and this amendment will help increase its equity base.

**Cabinet approved programme for controlling diseases among livestock**

The Union Cabinet approved a programme for controlling certain diseases among livestock in the country in May 2019. The diseases include foot and mouth disease, and brucellosis. The programme aims to control these diseases in the next five years and subsequently eradicate them.

Foot and mouth disease is an infectious disease that causes fever, blisters inside the mouth and on the feet leading to lameness, and excessive salivation, among other things. The disease could reduce milk output in cows and buffaloes by up to 100% for a period of four to six months.

Brucellosis causes early abortions and infertility in animals, and could reduce milk output by 30% during the entire life cycle of the animal. The infection could also get transmitted to humans.

To control foot and mouth disease, vaccination would be provided to: (i) 30 crore bovines (cows, bulls and...
buffaloes), (ii) 20 crore sheep and goats, and (iii) one crore pigs at an interval of six months. Further, primary vaccination would be provided to bovine calves. To control brucellosis, 3.6 crore female calves would be provided 100% vaccination coverage. The programme is completely funded by the central government. An outlay of Rs 13,343 crore has been approved for the same.

**Cabinet approved an increase in subsidy provided for sulphur-based fertilisers**

The Union Cabinet approved an increase in the subsidy provided for sulphur based fertilisers for the year 2019-20 in July 2019.\(^{231,232}\) The subsidy is provided under the Nutrient Based Subsidy scheme. Under the scheme, subsidy is provided to fertiliser manufacturers and importers for sale of Phosphatic and Potassic (P&K) fertilisers based on the nutrient content present in them. The subsidy rate for sulphur based fertilisers has been increased from Rs 2.72 per kg for 2018-19 to Rs 3.56 per kg for 2019-20.

The Union Cabinet also approved subsidy rates for other nutrients (nitrogen, phosphorus, and potash) for the year 2019-20. The subsidy rates for these nutrients remained unchanged from the previous year, and are as follows: (i) Rs 18.90 per kg for nitrogen, (ii) Rs 15.22 per kg for phosphorus, and (iii) Rs 11.12 per kg for potash. The approved rates for the year 2019-20 will be effective from the date of notification.

The cost of providing subsidy on P&K fertilisers is estimated to be Rs 22,876 crore in 2019-20.

**Cabinet approved an extension of the New Urea Policy, 2015**

In April 2019, the Union Cabinet approved the extension of the New Urea Policy, 2015 from April 1, 2019, till further orders.\(^{233}\) The New Urea Policy was released in May 2015.\(^{234}\) It seeks to increase indigenous urea production, promote energy efficiency in production, and reduce the subsidy burden on the government.

**RBI working group to review agricultural credit submitted its report**

A Working Group constituted by the RBI to review agricultural credit submitted its report in September 2019.\(^{235}\) Key observations and recommendations of the working group include:

- **Increase in share of short-term crop loans:** The Working Group observed that the interest subvention scheme for short-term crop loans has increased the share of such loans in agricultural credit from 51% in 2000 to 75% in 2018. The scheme has incentivised short-term production credit over long-term investment credit which is important for the long-term sustainability of the sector. It noted that the central and state governments need to increase their capital expenditure which will stimulate the demand for investment credit in agriculture. It recommended that banks should provide crop loans under the scheme only through Kisan Credit Cards to curb the misuse of interest subsidy.

- **Loan waivers:** The Working Group observed that since 2014-15, 10 states have announced loan waivers worth Rs 2.4 lakh crore (1.4% of the 2016-17 GDP), mostly near elections. It noted that loan waivers do not address the underlying causes of farm distress and destroy credit culture, potentially harming farmers’ interest in the medium to long term. It also noted that loan waivers squeeze the fiscal space available for productive investment in agriculture. It recommended that (i) loan waivers should be avoided, and (ii) the central and state governments should undertake a holistic review of agricultural policies and input subsidies in order to improve the overall viability and sustainability of agriculture.

- **Credit for allied activities:** The Working Group observed that allied activities (livestock, forestry, and fisheries) receive only 10% of the total agricultural credit while they contribute 40% of the agricultural output. It noted that this could be due to the lack of a proper definition for farmers doing such activities, as the Census defines a farmer based on his landholding. As a result, banks insist on land records for providing credit to such farmers. The Working Group recommended that separate lending targets should be set for allied activities and banks should not insist on land records for up to two lakh rupees of such credit.

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

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**Textiles**

**Cabinet approved creation of National Technical Textiles Mission**

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

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

- **Research**: This component will have an outlay of Rs 1,000 crore. It will promote development of: (i) fibres such as, carbon fibre, and (ii) textiles such as, geo-textiles.

- **Promotion and market development**: The Mission aims to increase the domestic market size to USD 40-50 billion by 2024 through market development and investment promotion.

- **Export**: The Mission aims to increase the annual value of exports from Rs 14,000 to Rs 20,000 crore by 2021-22, and ensure a 10% average growth in exports per year up to 2023-24. Further, an Export Promotion Council for technical textiles will be set up for coordination and promotion activities relating to exports.

- **Education**: The Mission also aims to promote technical education in higher engineering in areas related to technical textiles and its application.

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

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

In March 2020, the Cabinet Committee on Economic Affairs 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 being compensated because of its role as a sub-agent for CCI in Maharashtra for MSP operations. Further, an additional expenditure of Rs 748 crore was 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.
Cabinet approved organisational restructuring of Indian Railways

The Union Cabinet approved the organisational restructuring of Indian Railways in December 2019.

- Various Group A services of Indian Railways to be unified: The eight group A services of Indian Railways, such as Indian Railways Traffic Service and Indian Railways Accounts Service, will be merged into a single service called Indian Railways Management Service. This is in accordance with the recommendations of certain Committees constituted on railways reforms such as the Prakash Tandon Committee (1994) and the Bibek Debroy Committee (2015).

- Reorganisation of Railway Board: The Railway Board will be reorganised on the basis of functional lines of Railways. It will have a Chairman, who will act as the Chief Executive Officer. It will have four members responsible for (i) infrastructure, (ii) operations and business development, (iii) rolling stock, and (iv) finance, respectively. Some independent members in advisory role will also be appointed to the board. Currently, Railway Board consists of a Chairman and members along the departmental lines.

Railways rationalised some passenger fares and announces freight incentives

Freight incentives: The Ministry of Railways announced several measures for the freight services on Railways in September 2019. These include:

- Deferring the levy of busy season charges till further notice.
- Increasing the minimum distance required for round trip charging on container traffic from 50 km to 100 km. This is expected to reduce haulage charges by 35%.
- Giving a 25% discount in haulage charges for encouraging the movement of empty containers to ports.

Passenger fares: The Ministry also announced rationalisation of fare structure for the Humsafar trains. This included: (i) doing away with the variable fare system for these trains, (ii) reducing the base fare, and (iii) reducing tatkal charges.

The Airports Economic Regulatory Authority of India (Amendment) Bill, 2019 passed by Parliament

The Airports Economic Regulatory Authority of India (Amendment) Bill, 2019 was passed by Parliament in August 2019. It amends the Airports Economic Regulatory Authority of India Act, 2008. The Act established the Airports Economic Regulatory Authority of India (AERA). AERA regulates tariffs and other charges for aeronautical services provided at civilian airports with annual traffic more than 15 lakh passengers. Further, it monitors performance standard of services across these airports.

- Definition of major airports: The Act defined a major airport as one with annual passenger traffic over 15 lakh, or any other airports as notified by the central government. The Bill increased this threshold for major airports to over 35 lakh.

- Tariff determination: Under the Act, AERA is responsible for determining: (i) the tariff for aeronautical services at different airports every five years, (ii) the development fees of major airports, and (iii) the passengers’ service fee. It can also call for necessary information to determine tariffs and perform any other tariff-related functions, including amending the tariffs if necessary in the interim period.

- The Bill added that AERA will not determine: (i) the tariff, (ii) tariff structures, or (iii) the development fees, in certain cases. These cases include those where such tariff amounts were a part of the bid document on the basis of which the airport operations were awarded. AERA will be consulted (by the concessioning authority, the Ministry of Civil Aviation) before incorporating such tariffs in the bid document, and such tariffs must be notified.

For a PRS summary of the Bill, see here. To understand issues with the Bill, please refer to our blog here.
Aircraft (Amendment) Bill, 2020 passed by Lok Sabha

The Aircraft (Amendment) Bill, 2020 was passed by Lok Sabha in March 2020. It amends 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 central government.

- **DGCA** will carry out safety oversight and regulatory functions with respect to matters under the Bill. BCAS will carry out regulatory oversight functions related to civil aviation security. AAIB will carry out investigations related to aircraft accidents and incidents. The central government may issue directions to these authorities on matters related to their functions, if necessary in public interest.

- **Offences and penalties**: Under the Act, the penalty for various offences is imprisonment of up to two years, or a fine of up to Rs 10 lakh, or both. These offences include: (i) carrying arms, explosives, or other dangerous goods aboard an aircraft, (ii) constructing building or structures within the specified radius around an aerodrome reference point, and (iii) contravening rules notified under the Act. The Bill raises the maximum limit of fines for these offences from Rs 10 lakh to one crore rupees.

- The Bill allows for compounding of certain offences 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 is not allowed for repeat offences.

For a PRS summary of the Bill, see here.

Bids invited for strategic disinvestment of 51% stake in Pawan Hans Limited

The Ministry of Civil Aviation invited bids for strategic disinvestment of the government’s entire equity shareholding of 51% in Pawan Hans Limited (PHL) in July 2019. PHL is a public sector undertaking under the Ministry. It provides helicopter services for offshore operations, inter-island transportation, connectivity to inaccessible areas, rescue work, and tourism.

In addition to the government’s stake, ONGC has also decided to sell its entire shareholding of 49% in PHL. The successful bidder identified by the government for sale of its 51% stake will also have the option to buy ONGC’s stake in the company.

Aircraft Rules, 1937 amended

**Licensing requirements**: The Ministry of Civil Aviation amended the Aircraft Rules, 1937 in January 2020, changing the requirements for issue of licences to pilots. Under the Rules, to obtain an Airline Transport Pilot’s licence, an applicant must have satisfactorily completed at least 1,500 hours of flight time, as a pilot of an aeroplane. Of this, at least 150 hours must have been in the last 12 months. The amended rules removed this additional requirement.

The Rules also require that to obtain such licence, at least 500 hours of flight time must have been completed as pilot-in-command or as co-pilot. Of this, at least 200 hours must be cross-country flight time. The amended rules changed this minimum time requirement to 250 hours (for total time), and 100 hours (cross-country time), respectively.

Further, the applicant must have completed at least 1,000 hours of total cross-country flight time. The amended rules reduced this minimum time requirement to 500 hours.

**Use of Wi-Fi**: The Ministry also released draft Rules in September 2019, seeking to permit the use of Wi-Fi on aircrafts. Currently, the Aircraft Rules, 1937 prohibit the operation of any portable electronic device on an aircraft in flight (with certain exceptions such as pacemakers). The Pilot-in-Command may permit the use of cellular phone by passengers after a flight has landed. The draft Rules add that the pilot may also permit the use of mobile communication and internet services through Wi-Fi on board an aircraft as per the specified procedures. Such aircraft must have been certified by the Director General for such services.

National Counter Rogue Drone guidelines released

The Ministry of Civil Aviation released the National Counter Rogue Drone guidelines in October 2019.
The guidelines seek to highlight the potential threat from the unregulated use of drones, and the measures needed to mitigate such threats. Drones (for civil use) are classified by their maximum take-off weight, as follows: (i) nano (less than or equal to 250 gm), (ii) micro (between 250 gm and 2 kg), (iii) small (between 2 kg and 25 kg), (iv) medium (between 25 kg and 150 kg), and (v) large (greater than 150 kg).

Key features of the guidelines include:

- **Rogue applications**: While the illegal use of micro drones may be limited to photography and surveillance, the small to large drones may be misused for carrying explosives with surveillance capacities. Such misuses may also include: (i) delivering weapons, (ii) airspace interference, (iii) attacks on people or property, (iv) conveying signals and propaganda messages, and (v) acting as delivery systems for weapons of mass destruction.

- **Types of rogue drones**: Drones used for illicit targeting may include: (i) autonomous drones (controlled by on-board computers to navigate to a fixed target), (ii) drone swarms (several drones controlled together as one unit), and (iii) stealth drones (these can reduce their radar signature making it difficult to detect them).

- **Countering rogue drones**: An effective system to counter such drones should be able to detect and continuously track drones with certain peculiarities such as: (i) minimal infrared signatures, (ii) limited radio frequency, and (iii) low acoustic emissions. However, challenges to detecting such drones include difficulty in differentiating regular and rogue drones, and less reaction time.

- **Institutional set-up**: Multiple agencies (such as Ministries of Defence, Home Affairs, and Civil Aviation) are involved in protection against sub-conventional aerial threats. Therefore, a Steering Committee should be set up at the national level to evolve a counter rogue drone framework, and advise the concerned Ministries. The Committee will also regulate commercial civil drone applications in the country. It will include members from the: (i) Indian Air Force, (ii) Ministries of Home Affairs and Civil Aviation, and (iii) intelligence agencies. It will be assisted by an Implementation Committee for regular monitoring of threats, and implementation of the counter rogue drone measures.

**Guidelines for voluntary declaration of non-compliant drones released**

The Ministry of Civil Aviation released guidelines for the voluntary disclosure of non-compliant drones flying in India in January 2020. The Ministry had released the regulations for operation of civil drones in August 2018. These regulations provide the process for obtaining a unique identification number, unmanned aircraft operator permit, and other requirements including identification of civil drones.

The latest guidelines provide that persons in possession of drones must submit the required information to the government by January 31, 2020. On submitting such information, a Drone Acknowledgement Number and an Ownership Acknowledgement Number will be issued. These will not confer any rights to operate such drones. Ownership of drones without these numbers will invite penal action as per the applicable laws.

**Fuel throughput charges levied on Aviation Turbine Fuel rationalised**

The Ministry of Civil Aviation rationalised the fuel throughput charges levied on Aviation Turbine Fuel (ATF) by airport operators in January 2020. Fuel related charges are charged in three parts: (i) airport operator charges, (ii) fuel infrastructure charges, and (iii) into plane charges; or as a composite of all three known as fuel throughput charges. The changes approved are:

- Levy of airport operator charge or fuel throughput charge in any manner will be discontinued at all airports, airstrips, and helipads with immediate effect.

- The Ministry or the Airports Economic Regulatory Authority (as the case may be) will compensate the airport operator by suitably recalibrating other tariffs while determining airport tariffs.

**Road Transport and Highways**

**Motor Vehicles (Amendment) Bill, 2019 passed by Parliament**

penalties for violation of these provisions. The Bill provides for recall of vehicles, exempting good samaritans at an accident from any legal proceedings, regulation of taxi aggregators, and increasing penalties for various offences, among other things. Other key features of the Bill include:

- **Compensation for road accidents:** The Bill provides that the central government will develop a scheme for cashless treatment of road accident victims during golden hour. Golden hour is defined as the time period of up to one hour following a traumatic injury, during which the likelihood of preventing death through prompt medical care is the highest. The central government may also make a scheme for providing interim relief to claimants seeking compensation under third party insurance.

- **Compulsory insurance:** The Bill requires the central government to constitute a Motor Vehicle Accident Fund, for providing compulsory insurance cover to all road users in India. This fund will be utilised for: (i) treatment of persons injured in road accidents as per the golden hour scheme, (ii) compensation to representatives of a person who died in a hit and run accident, (iii) compensation to a person grievously hurt in a hit and run accident, and (iv) compensation to any other persons as prescribed by the central government. It will be credited through: (i) payment of a nature notified by the central government, (ii) a grant or loan made by the central government, (iii) any other source as prescribed by the central government, or (iv) balance of the Solatium Fund (existing fund under the Act to provide compensation for hit and run accidents).

- **Road Safety Board:** The Bill provides for a National Road Safety Board, to be created by the central government through a notification. The Board will advise the central and state governments on all aspects of road safety and traffic management including: (i) standards of motor vehicles, (ii) registration and licensing of vehicles, (iii) standards for road safety, and (iv) promotion of new vehicle technology.

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

### Several amendments to the Central Motor Vehicles Rules, 1989 notified

The Ministry of Road Transport and Highways notified several amendments to the Central Motor Vehicles Rules, 1989 through the year. The 1989 Rules provide details on licensing of drivers, construction, maintenance, and registration of motor vehicles, permits for vehicles, and control of traffic. Key amendments include:

- **Educational qualification for transport vehicle drivers:** Earlier, under the Rules, a transport vehicle driver must have passed class eight to obtain a driving licence. In September 2019, the Rules were amended to remove this requirement. As per the Motor Vehicles Act, 1988, a transport vehicle includes a public service vehicle, a goods carriage, an educational institution bus, or a private service vehicle.

- **Microdot technology:** In December 2019, the Ministry notified that motor vehicles or any of their parts that are affixed with microdot technology must comply with the prescribed specifications. Microdot technology involves spraying the body and parts of the vehicle with microscopic dots, which gives them a unique identification. This will help check the theft of vehicles and use of fake spare parts.

- **Renewal of fitness certificate:** Earlier, fitness certificates for transport vehicles were to be renewed every year. The amended Rules provide that fitness certificates for transport vehicles must be renewed within every: (i) two years for vehicles up to eight years old, (ii) one year for vehicles between eight and 15 years old, and (iii) six months for vehicles older than 15 years. The fees for conducting fitness test for issuing or renewing fitness certificate for vehicles older than 15 years was increased. Further, fitness inspection of buses will include checking provisions made for differently abled passengers or passengers with reduced mobility.

The Ministry also released several draft amendments to the 1989 Rules during the year. Key ones include:

- **National Register of Driving Licenses, and Motor Vehicles:** The Ministry released a draft notification in March 2020, to allow the central government to 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
Defective vehicles and recall: Draft amendments released in March 2020, also allow the owner of a motor vehicle, a testing agency, or any other person, as may be notified by the central government, to apply to the designated authority to designate a particular type of motor vehicle as a ‘defective motor vehicle’. These include vehicles which contain 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.

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.

Exemption to battery operated vehicles: The Ministry released a draft notification in June 2019, seeking to amend the Rules to exempt battery operated vehicles (electric vehicles) from payment of fees in certain cases. These include issue or renewal of registration certificate, or assignment of new registration mark (or number).

Fuel norms for quadricycles: The draft amendments released in December 2019 provide for mandating Bharat Stage VI (BS-VI) level emission norms for quadricycles, manufactured on or after April 1, 2020. A quadricycle is a four-wheeler, which is smaller and lighter than a passenger car. The Bharat Stage Emission Standards (BSES) are emission standards instituted by the central government to regulate the output of air pollutants from motor vehicles. BSES provides progressive standards with more stringent norms. Presently, applicable emission norms for the quadricycles is Bharat Stage IV.

Ministry of Road Transport made FASTag lanes mandatory

In order to promote digital payments and seamless passage through the toll fee plazas, in July 2019, the Ministry of Road Transport and Highways declared that all lanes in the fee plazas would become FASTag lanes by December 1, 2019. To monitor oversize vehicles, one lane could be maintained as a hybrid lane that would also accept other forms of toll fee payment. The deadline was subsequently extended to December 15, 2019.

In January 2020, these rules were relaxed for 65 NHAI toll plazas which were witnessing high cash transactions (or high traffic). In the identified plazas, up to 25% of the lanes could function as hybrid lanes.

The Ministry of Road Transport and Highways noted that toll payment on national highways through the radio-frequency identification RFID technology based FASTag had not been increasing. FASTag is a reloadable tag which enables automatic deduction of toll charges and lets vehicles pass through toll plazas without stopping for cash transactions. The tag uses RFID technology and is affixed on the vehicle’s windscreen after the tag account is active.

Toll Operate Transfer model for monetising highways amended

The Ministry of Road Transport and Highways approved certain changes in the Toll-Operate-Transfer (TOT) model for monetising National Highways in December 2019. Earlier, in August 2016, the Union Cabinet had authorised the National Highway Authority of India (NHAI) to monetise certain public funded National Highway projects. The revenue generated from this monetisation would be utilised by the central government for the future development, operation, and maintenance of highways. Changes approved include:

- Earlier, projects could be monetised if they were operational and had been generating toll revenues for at least two years after the commercial operations date. This threshold has been reduced to one year.
Depending upon the project features, NHAI may change the concession period in the range of 15 to 30 years.

The NHAI Board will approve the detailed proposal for each TOT bundle. This will include details of proposed project stretches, the proposed concession period, and the estimated concession value.

NHAI may raise long-term finance from banks by securitising the user fee receipts collected from the toll fee plazas as an alternate mode of asset monetisation.

Cabinet authorised NHAI to set up infrastructure investment trusts

The Union Cabinet authorised the National Highways Authority of India (NHAI) to set up Infrastructure Investment Trusts (InvITs), and monetise completed and operational National Highway (NH) projects in January 2020. These InvITs will be set up as per SEBI’s guidelines. The NH projects to be monetised must have had a toll collection track record of at least one year. NHAI will have the right to levy toll on such identified highways.

Each InvIT must have two special purpose vehicles: (i) to hold all the identified public funded projects to be placed in the InvIT, and (ii) to act as an investment manager in the proposed InvIT. NHAI will create a separate fund to keep all the sums received from such InvITs. The Chairman, NHAI is empowered to select the projects to be placed in the InvITs, and operationalise them.

Scheme for state-wise vehicle tracking under Nirbhaya Framework launched

The Ministry of Road Transport and Highways launched a scheme for the implementation of a state-wise vehicle tracking platform for safety under the Nirbhaya Fund Framework in January 2020. The central government has set up the Nirbhaya Fund which can be utilised for projects specifically designed to improve the safety and security of women. It is a non-lapsable corpus fund, being administered by the Department of Economic Affairs, Ministry of Finance.

Key features of the scheme include:

- **Objectives**: The proposed system seeks to enhance the safety of women and girl children. This would be achieved by equipping all public passenger transport vehicles with location tracking devices and emergency buttons to raise alerts in case of an emergency. A monitoring centre will be set up in each state/UT to monitor these calls and respond to distress calls.

- **System overview**: The proposed system will consist of a vehicle location tracking (VLT) device with emergency buttons as specified. This device will send the vehicle location, health status, alerts and other data to the monitoring centre at specified intervals. The Transport Department officials will be able to access the system and monitor the alerts at the centre.

- **Implementation**: States will notify the timelines for the installation of the VLT devices in vehicles that were registered before January 1, 2019. The VLT manufacturer will enter a unique identification number in the VAHAN database to link the VLT device with the specific vehicle.

- **Funding**: The total cost of the scheme will be shared between the centre and states as per the ratio mentioned in the Nirbhaya Framework. Funding by the Ministry will include the cost of the backend software, setting up the monitoring centres, training of officials, and cloud services for data storage.

Draft guidelines on Authorised Vehicle Scrapping Facilities released

The Ministry of Road Transport and Highways released draft guidelines for the setting up, authorisation, and operation of Authorised Vehicle Scrapping Facilities in the country in October 2019. Vehicle scrapping means dismantling vehicles at the end of their legally mandated life, usually for the reuse of certain components. Under the Motor Vehicles Act, 1988, the centre may make rules prescribing the manner of recycling of motor vehicles and parts which have exceeded their life.

Key features of the draft guidelines include:

- **Eligibility**: Eligibility guidelines for setting up an Authorised Vehicle Scrapping Facility include: (i) possession of a Consent to Establish from the state/union territory (UT) where the facility would be located, and (ii) obtaining a no objection certificate from state pollution board within six months of commencing operations. In addition, the facility should have an authorised scrapping yard to carry out the dismantling and scrapping of vehicles. Such a yard should have: (i) an adequate depollution system that removes all pollutants during the draining of fuels and...
gases, and (ii) a suitable earmarked area for dealing with waste vehicles, among others.

- Authorisation and inspections: The authorisation granted to the facility will be valid for 10 years, and can be renewed for another 10 years. The facility may be inspected by the licensing authority or a designated officer of the state/UT government. The facility will also be audited for occupational health and safety compliance, and business, environmental and labour standards.

- Criteria for vehicle scrapping: Vehicles that may be scrapped include: (i) those that have not renewed their registration certificate, or (ii) those that do not have a fitness certificate as per the 1988 Act.

- Procedure of scrapping: The vehicles will be scrapped as per the specified guidelines. After the procedure, the vehicle’s status will be updated in the national register of vehicles, and the VAHAN database.

### Shipping

**Recycling of Ships Bill, 2019 passed by Parliament**

The Recycling of Ships Bill, 2019 was passed by Parliament in December 2019. The Bill restricts the use of hazardous material on ships and regulates the recycling of ships. Key features include:

- Applicability of the Bill: The Bill applies to: (i) any new or existing ship which is registered in India, (ii) ships entering a port or terminal in India, or the territorial waters of India, (iii) any warship, or other ship owned and operated by an administration and used on government non-commercial service, and (iv) ship recycling facilities operating in India.

- Ship recycling: The Bill defines ship recycling as the dismantling of a ship at a facility to recover the components and materials for reuse, and taking care of the hazardous material produced through the process.

- Requirements for ships: Ships should not use prohibited hazardous materials as notified. The central government may exempt certain categories of ships from this requirement. The National Authority will carry out periodic surveys to verify the prescribed requirements.

This Authority will be notified by the central government to administer, supervise and monitor all activities related to ship recycling.

- Recycling facilities: Ships will be recycled only in authorised recycling facilities. An application to authorise such a facility must be submitted to the Competent Authority (which will be notified by the central government) along with a ship recycling facility management plan, and prescribed fee. Existing facilities must apply for authorisation within 60 days of the commencement of the Act. A facility will be authorised when the Competent Authority is satisfied that it follows the specified standards. The certificate of authorisation will be valid for a period as specified but not exceeding five years. Contravening these provisions will be punishable with imprisonment of up to one year, or a fine of up to Rs 10 lakh, or both.

For a PRS summary of the Bill, see here.

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

The Major Port Authorities Bill, 2020 was introduced in Lok Sabha in March 2020. 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 Vishakapatnam.

- 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) adjudicating on disputes or claims related to rights and obligations of major ports and PPP concessionaires, (ii) certain functions being carried out by the Tariff Authority for Major Ports and (iii) reviewing stressed PPP projects.

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

### Power

**Certain recommendations of the High-Level Empowered Committee on stressed thermal power projects were implemented**

The Ministry of Power had constituted a High-Level Empowered Committee to resolve issues related to stressed thermal power assets in July 2018. The Union Cabinet approved some of the Committee’s recommendations in March 2019. The Ministry released implementation details of some of these recommendations during 2019-20.

**Debt servicing of stressed thermal projects**

In August 2019, the Ministry approved a mechanism to ensure that the debt of stressed thermal power projects is serviced on priority. This will apply to projects using coal linkages under the SHAKTI policy. This policy provides for the allocation of coal linkages for the power sector in a transparent and objective manner. The Committee had suggested that the net surplus generated by the developer of the stressed power project, after meeting operating expenses, must be used for servicing debt.

As per the mechanism, all the revenues of the project will be deposited into a Trust and Retention Account (TRA). A cash flow monitoring agency will be appointed by lenders to verify actual cash flow and costs of the project. The priority order for expenditure from TRA will be as follows: (i) statutory payments including taxes and duties owed to the government, (ii) fuel cost, (iii) transmission cost, (iv) operation and maintenance expenses, (v) interest payment to lenders, and (vi) principal payment to lenders.

**Auction of coal linkage for short-term**

One of the recommendations of the Committee was to provide short-term coal linkage to power plants which do not have power purchase agreements (PPA). These short-term linkages will be provided under the SHAKTI policy. In December 2019, the Ministry released the methodology for auctioning such short-term linkages. Key features of the methodology are as follows:

- **Eligibility**: All power plants, except captive power plants, which have at least 50% untied capacity (generation capacity without PPAs) will be eligible to participate in the auction for short-term linkage.

- **Duration of linkage**: Coal linkages will be provided for consumption of coal by the power plant for a period of three months.

- **Periodicity of auction**: Auction of coal linkages will be carried out every quarter. An annual calendar will be published by the coal companies in this regard.

- **Methodology for bidding**: The coal company will conduct a competitive bidding process. The bid for the auction will include a premium above the notified price of coal.

- **Conditions on use of power**: The power generated under these coal linkages will have to be sold in: (i) the day-ahead market through power exchanges, and (ii) the short-term through a transparent bidding process using the Discovery of Efficient Energy Price (DEEP) portal. The DEEP portal is an e-bidding and e-reverse auction portal for procurement of short-term supply of power by discoms.

**Guidelines for charging infrastructure for electric vehicles revised**

In October 2019, the Ministry of Power released revised guidelines and standards for charging
infrastructure for electric vehicles. The original guidelines were released in December 2018. The key changes from the original guidelines were:

- **Safety standards**: The earlier guidelines required private charging stations (at residences and offices) to meet specified performance and technical standards. The revised guidelines also require charging stations to comply with specified safety standards.

- **Public charging stations**: The earlier guidelines required the public charging stations to install all five specified charger models. The revised guidelines require charging stations to install only one or more types of specified charger models. Charging stations for e-two/three-wheelers will be allowed to install any charger model other than the ones specified. This will be subject to the standards set by the Central Electricity Authority.

- **Standalone battery swapping facility removed**: The earlier guidelines allowed public charging stations to provide standalone battery swapping facility. This provision has been removed from the revised guidelines.

- **Ceiling on tariff removed**: The Central or State Electricity Regulatory Commissions determine the tariff for supply of electricity to the public charging stations. Earlier guidelines specified that the tariff will not be more than the average cost of supply plus 15%. This ceiling on tariff has been removed under the revised guidelines. Further, a separate metering arrangement will be made for public charging stations.

- **Central nodal agency specified**: Under the revised guidelines, the Bureau of Energy Efficiency has been specified as the central nodal agency for rolling out the public charging infrastructure in the country.

For the original guidelines summary, please see [here](#).

**Framework for a real-time market for electricity notified**

In December 2019, the Central Electricity Regulatory Commission (CERC) notified a framework for a real-time market for the trading of electricity. The real-time market will be implemented from June 1, 2020. Currently, most of the power procurement is done through long-term contracts of duration up to 25 years. Remaining procurement is through medium-term (up to five years) or short-term contracts (day-ahead markets). CERC has also developed certain mechanisms to address any additional intra-day requirements and system imbalances. Power exchanges operate intra-day energy market based on continuous trade.

Key features of the notified real-time market include:

- The real-time market will be a half-hourly market. Buyers and sellers will have the option of buying/selling bids for each 15-minute time block in the half-hourly market.

- Price discovery will be through a double-sided closed auction with a uniform price. In a double-sided auction, the trade proceeds at the price where a seller’s asking price and a buyer’s price match. Closed bid auction is one where a market participant is not aware of the bids of other participants during the auction process. A uniform price auction is a multi-unit auction in which a fixed number of identical units of a homogenous commodity are sold for the same price. A bid involves designating both the number of units desired and the price one is willing to pay per unit.

- The concept of gate closure will be applicable to the auction. This implies that no change in a bid will be allowed after a scheduled time.

**The Draft Indian Electricity Grid Code 2020 proposed**

In June 2019, the CERC constituted an expert group (Chair: Mr. Rakesh Nath) to review the Indian Electricity Grid Code. The Code lays down the rules, and standards to be followed by the various agencies and participants in the system to plan, develop, maintain and operate the power system. The system must be operated in the most efficient, reliable, economic and secure manner, while facilitating healthy competition in the generation and supply of electricity in the country. The Code consists of a series of sub-codes such as planning code, connection code, and operating code which provide for a particular segment of grid management.

The expert group presented its report in January 2020. The report proposed the Draft Indian Electricity Grid Code 2020 as part of the report. Following are the key features of the Draft Code:

- **Changes in Planning Code**: Earlier, the planning code was limited to transmission planning. The planning code has been overhauled to cover all aspects of power system planning including: (i) demand forecasting, (ii)
requirements of the energy storage system, and (iii) inter-state system planning. The draft code also provides for a monitoring mechanism for errors in demand forecasting.

- **Changes in Connection Code:** The connection code has been made applicable to the generators and transmission licensees. This code specifies the requirements to be fulfilled before obtaining permission for energizing a new or modified power system element for the first time.

- **Changes in Scheduling and Despatch Code:** Wind, solar, wind-solar hybrid and hydro plants will be treated as must-run power plants and will not be subjected to curtailment on account of any commercial consideration.

- Certain specified distribution companies (discoms) have been provided flexibility for scheduling power out of their basket of power purchase agreements including short-term contracts. This is to help discoms in optimising their power procurement cost.

- To enhance the flexibility of thermal generating stations for emerging scenarios of high renewable energy penetration, the compensatory mechanism for below the normative plant load factor has been rationalised.

- **Protection and Commissioning Code:** This new Code has been introduced to ensure a common grid protection philosophy among users of the grid. This Code provides provide for annual self-audit and third-party audit once in every five years.

- **Cyber Security Code:** This new Code has been introduced to provide for: (i) identification of critical information infrastructure, (ii) appointment of an information security officer, and (iii) measures to be taken for the security of such critical information infrastructure.

### Regulations for sharing of revenue derived from utilisation of transmission assets for other businesses released

In February 2020, CERC released the regulations for the sharing of revenue derived from utilisation of transmission assets for other businesses. This will apply to the inter-state transmission licensees whose transmission charges are determined by CERC.

A transmission licensee intending to undertake other business for optimum utilisation of its assets will be required to give prior intimation to CERC. The licensee will be required to furnish various information about the proposed business including: (i) nature of the business, (ii) capital investment in the business, (iii) cost and revenue model of the business, and (iv) impact on the inter-state transmission of electricity.

The licensee will be required to share such revenue with its long-term customers. A long-term customer is one who has the right to use the inter-state transmission system for a period between 12 years and 25 years. The revenue sharing will be done in the following manner:

- Where the nature of the other business is telecommunication business, 10% of annual gross revenue from the business will be shared with the long-term customers.

- For all other businesses, the revenue sharing pattern will be decided by the CERC on a case-to-case basis.

The shared revenue will be utilised towards the reduction of transmission charges payable by the long-term customers.

### New and Renewable Energy

**Ocean energy declared as a renewable energy source**

In August 2019, ocean energy including tidal energy, wave energy, ocean thermal energy conversion and marine current energy was recognised as a source of renewable energy. Accordingly, the energy produced using various forms of ocean energy will be eligible for meeting the non-solar Renewable Purchase Obligations (RPO). RPO is an obligation on certain entities to meet a part of their energy consumption by using energy from renewable sources. The total identified potential of tidal energy is about 12,455 MW. The total potential of wave energy and ocean thermal energy conversion is 40,000 MW and 1,80,000 MW respectively.

**Early regulatory approval for renewable energy projects accepted**

In July 2019, the Minister of State for Power, and New and Renewable Energy approved a proposal for early regulatory approvals for transmission schemes identified for the National Renewable Energy Mission projects. As per the commitment made under the Nationally Determined Contribution under...
the Paris Agreement on Environment, the central government has fixed a target of setting up 175 GW of renewable energy (RE) capacities in the country by the year 2022. As of December 2019, 84.4 GW of RE capacity has been commissioned. To achieve the remaining target, the Ministry of New and Renewable Energy has identified transmission schemes for around 66.5 GW of RE generation. These schemes have been given the status of ‘projects of national importance’. This will enable early regulatory approvals to these transmission projects. This seeks to ensure that the transmission work is completed by the time the RE project starts power generation.

Guidelines for the development of decentralised solar power plants released

In December 2019, the Ministry of New and Renewable Energy released guidelines for the development of decentralised solar power plants. These guidelines will be applicable to the procurement of solar power by distribution companies (discoms) from decentralised solar power plants in rural areas. This is to promote the use of solar energy and ensure the availability of affordable and reliable solar power in rural areas. Key features of the guidelines are as follows:

- **Applicability**: The guidelines will be applicable for procurement of solar power by discoms from following types of decentralised solar power plants: (i) of capacity more than 2 MW and connected to distribution sub-stations of rating 66/11 KV and higher and (ii) up to 2 MW capacity and connected to distribution sub-stations of rating 33/11 KV and below. Such projects may be installed by any individual, cooperative, or company.

- **Process for selection of generators**: The discoms will identify substation-wise solar power capacity based on factors such as average load requirement during daytime, and technical feasibility. They will conduct an open competitive bidding process for the development of solar power plants.

- **Power purchase agreement**: The discom and solar power generator will enter into a power purchase agreement for a period of 25 years. The generator will be required to make the plant operational within nine months from the date of agreement, where land and connectivity are being provided by discoms. In other cases, the timeline is 12 months. If there is a shortfall in minimum generation requirement, the generator will be liable to pay compensation to the discoms, as agreed in the power purchase agreement. All such solar power plants will be required to comply with grid regulations.

- **Coordinating agency**: A state nodal agency will coordinate with discoms, and will assist the generator with necessary clearances, and in project development activities.

Guidelines for implementation of phase-II of Grid-connected Rooftop Solar Programme announced

In August 2019, the Ministry of New and Renewable Energy announced the operational guidelines for the phase-II of Grid-Connected Rooftop Solar Programme. The objective of the phase-II of the programme is to add a capacity of 38,000 MW through rooftop solar by 2022. Out of this, a capacity of 4,000 MW is to be added in the residential sector with central financial assistance. The rest 34,000 MW will be added through other sectors including social, government, educational, PSUs and industries. In the case of sectors other than residential, central financial assistance will not be provided.

The residential sector will be provided central financial assistance as described in Table 15.

**Table 15: Central financial assistance for rooftop solar deployment in residential sector**

<table>
<thead>
<tr>
<th>Type of Residential Sector</th>
<th>Central Financial Assistance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum up to 3 kW capacity</td>
<td>40% of the applicable cost*</td>
</tr>
<tr>
<td>Between 3kW and 10kW capacity</td>
<td>40% up to 3kW and 20% up to 10 kW</td>
</tr>
<tr>
<td>Group Housing Societies/Residential Welfare Associations for common facilities up to 500 kWp (@10 kWp per house)</td>
<td>20%</td>
</tr>
</tbody>
</table>

Sources: Official Memorandum, Ministry of New and Renewable Energy; PRS.
Note: *Applicable Cost: For a given state/UT, lower of the benchmark cost of MNRE or lowest of the costs discovered under tenders.

The distribution companies will act as the implementing agency for the programme. These companies will be eligible for incentives based on the specified criteria.
Connecting old solar off-grid plants to the grid approved

In May 2019, the Ministry of New and Renewable Energy approved connecting the old solar off-grid power plants to the grid. The connections will be made in areas where reliable grid supply is now available with provision for net metering. Net metering is a billing mechanism that credits solar energy system (or plant) owners for the electricity they add to the grid. These connections will be subject to applicable regulatory provisions. The cost of such connections will be borne by the respective state government or the beneficiary departments.

Implementation guidelines for one of the components of PM-KUSUM scheme released

The Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM) seeks to provide financial and water security to farmers. Under the Component-C of this scheme, 10 lakh agriculture pumps of individual pump capacity up to 7.5 HP are to be solarised by 2022. In November 2019, the Ministry of New and Renewable Energy released guidelines for the implementation of this component of the scheme.

The Component-C of the PM-KUSUM scheme seeks to: (i) promote the use of solar energy to meet the irrigation needs, and (ii) enable farmers to earn additional income by selling surplus solar power to the distribution companies (also known as net metering). A pilot phase will be carried out with a target of installation of one lakh such agricultural pumps. Further implementation of the scheme will be based on evaluation of the pilot phase.

Key features of the guidelines are as follows:

**Implementation model:** Solarised agricultural pumps can function in two ways: (i) drawing power from the solar panel and the conventional electricity grid, and (ii) drawing power only from solar panel. Implementing agencies may choose either or a combination of the above options. The states are also allowed to devise their own system other than the given options.

**Selection of feeder:** The scheme will be implemented feeder-wise. Feeders will be selected based on load, technical losses, commercial losses, and the number of consumers.

**Financial assistance:** The central government will provide financial assistance of up to 30% of the cost of solarisation of the pump (of up to 7.5 HP).

**Tariff for power procurement:** The tariff for procurement of surplus power from farmers will be specified by the concerned state electricity regulatory commissions. The distribution companies may introduce time of day tariff (different rate at different time of day) for efficiently managing demand and supply. Smart meters will also be deployed for real-time monitoring.

**Adherence to specified standards:** Systems installed under the scheme will be required to meet the standards specified by the Ministry and the Bureau of Indian Standards (BIS).

Guidelines for the bidding process for procuring power from wind-solar hybrid projects released

In October 2019, the Ministry of New and Renewable Energy released guidelines for bidding process for procuring power from wind-solar hybrid projects. These guidelines will be applicable for long-term procurement of electricity by distribution companies from such projects through a competitive bidding process. This is in accordance with the National Wind-Solar Hybrid Policy announced in 2018. The Policy seeks to provide a framework for the promotion of large grid-connected wind-solar hybrid systems. Key features of the guidelines include:

- **Applicability:** The guidelines will apply for the following projects: (i) individual size of 5 MW and above, with minimum bid capacity of 25 MW for intra-state projects, and (ii) individual size of 50 MW and above, with minimum bid capacity of 50 MW for inter-state projects.

- The rated power capacity of one resource should be at least 25% of the rated power capacity of other resource. For example, a 100 MW hybrid project will require the smaller resource (either wind or solar) to be at least 20 MW. Storage capacity may be added to such power projects.

- **Bidding process:** The bidding process will involve the submission of a technical and a price bid electronically. The procurer (distribution company) may also opt for e-reverse auction for final selection of bidders.

- The bid will be submitted in terms of total hybrid power capacity to be procured in MW. The bidder will provide either of the following kinds of tariff-based bidding: (i) fixed tariff in Rs/kWh for 25 years or more, (ii) escalating tariff in Rs/kWh with pre-defined annual escalation, and the number of years from which such escalation...
will be provided. The bidder will be required to submit documents related to: (i) land acquisition, (ii) environmental clearances, among others.

- **Duration of agreement**: The minimum period for power purchase agreement (PPA) will be 25 years. This may be extended on mutual agreement between parties signing the PPA, subject to certain terms and conditions. Further, at the time of signing the PPA, the generator will be required to declare the annual capacity utilisation factor.

**Dispute resolution mechanism for wind/solar sector approved**

In June 2019, the Ministry of New and Renewable Energy approved the setting up of a dispute resolution mechanism for disputes between solar/ wind power developers, and the Solar Energy Corporation of India (SECI)/ National Thermal Power Corporation (NTPC). Under the mechanism, a three member Dispute Resolution Committee will be set up. The Committee members will be eminent persons located in the NCR of Delhi. This mechanism will be applicable for all solar/ wind schemes and projects being implemented by the SECI/NTPC.

The Committee will consider the following cases: (i) all cases of appeals against decisions given by SECI on extension of time requests based on the terms of contract, and (ii) all requests for extension not covered under the terms of contract. The recommendations of the Committee and the Ministry’s observations will be placed before the Minister for New and Renewable Energy to make the final decision.

**Bidding guidelines for wind power projects amended**

The Ministry of New and Renewable Energy amended the bidding guidelines for wind power projects in July 2019. The amended guidelines include:

- The timeline for land acquisition for wind power projects was extended from seven months to the scheduled commissioning date. The commissioning schedule of wind power projects has been defined as 18 months from the date of execution of the power purchase agreement (PPA) or the power supply agreement, whichever is later.

- The window for revising the declared Capacity Utilisation Factor (CUF) of the wind power project was increased from one to three years.

For any shortfall in energy corresponding to the minimum CUF, the power generator is liable to pay a penalty to the procurer. Earlier this was capped at 75% of the tariff under the PPA. Now, this penalty has been fixed at 50% of the tariff set under the PPA.

**Waiver in inter-state transmission charges for electricity generated using solar and wind energy extended**

In 2016, the Ministry of Power announced waiver of the inter-state transmission charges and losses on electricity generated using solar and wind energy. The objective of the waiver was to encourage the adoption of renewable sources of energy. Earlier, the waiver was available to solar and wind power projects commissioned up to March 31, 2022. In November 2019, this period was extended to December 31, 2022.

The waiver is available to solar and wind power projects which: (i) have entered power purchase agreements with distribution companies to fulfil their renewable purchase obligations, and (ii) have been awarded the contracts through a competitive bidding process. The waiver is available for a period of 25 years from the date of commissioning of the projects.

**State Rooftop Solar Attractive Index (SARAL) launched**

The Ministry of New and Renewable Energy launched the State Rooftop Solar Attractive Index (SARAL) in August 2019. It will rank states based on the measures adopted to facilitate rooftop solar deployment. It seeks to incentivise rooftop solar deployment by creating healthy competition among the states. SARAL will evaluate the following aspects of the development of rooftop solar in the state: (i) robustness of policy framework, (ii) implementation environment, (iii) investment climate, (iv) consumer experience, and (v) business ecosystem. In the rankings announced in August 2019, Karnataka achieved the first rank. Telangana, Gujarat and Andhra Pradesh achieved 2nd, 3rd and 4th rank respectively.
Mineral Laws (Amendment) Bill, 2020 passed by Parliament; Amended Rules notified

The Mineral Laws (Amendment) Bill, 2020 was passed by Parliament in March 2020. It replaced an Ordinance promulgated in January 2020. It amends the Mines and Minerals (Development and Regulation) Act, 1957 (MMDR Act), and the Coal Mines (Special Provisions) Act, 2015 (CMSP Act). 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 the ones that were earmarked for a specified end-use.

Key features of the Bill 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 composite 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 must 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](#).

**Consequent Amendments in Rules and Policies**

Certain Rules were amended, and a draft policy was proposed to give effect to the provisions of the Mineral Laws (Amendment) Act, 2020. The amended Rules include:

- **The Minerals Concession Amendment Rules, 2020:** In March 2020, the Ministry of Mines notified the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Amendment Rules, 2020. It amends the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016. Key amendments 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 vesting 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 due to past violations or outstanding dues of the previous lessee.

- **The Mineral (Auction) Amendment Rules, 2020:** In March 2020, the Ministry of Mines notified the Mineral (Auction) Amendment Rules, 2020. It amends the Mineral (Auction) Amendment Rules,
2015. The Rules prescribe the procedure of auction of mines. Key amendments 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. States 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. In case of auction of these mines, the statutory clearances will be transferred from the previous lessee to the 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.

**Draft methodology for auction of coal mines for sale of coal released:** In January 2020, the Ministry of Coal released a discussion paper on the draft methodology of the auction of coal mines for the sale of coal. Note that before the Act coming into force, an Ordinance with similar provisions was promulgated on January 10, 2020. In August 2019, the FDI policy was amended to allow 100% FDI in coal mining activities for the sale of coal.

The Ministry is considering auction of coal mines for the sale of coal in furtherance to the above initiatives. It also sought preferences for the mines to be considered for auction under the first tranche through the paper and published a tentative list of mines. Key features of the draft methodology are as follows:

- **Eligibility criteria:** Following entities will be eligible for participating in auction: (i) a government company, or a joint venture formed by such companies or between the central or state government; or (ii) a company or a joint venture formed by two or more companies, incorporated in India. Prior allottees who: (i) have not paid additional levy for the previously allotted mines within the specified time period, or (ii) are convicted of an offence will not be eligible to participate.

- **Bid parameter:** The bidders will bid for a percentage share of the revenue payable to the government. The floor price will be 4% of the revenue share.

- **Payments/guarantees:** The successful bidders will be required to pay the following: (i) an upfront amount of 0.5% of the value of estimated resources of the coal mines, (ii) a bank guarantee as bid security, (iii) performance security, and (iv) a fixed amount covering expenses such as the value of land and mine infrastructure, and cost of obtaining statutory clearances.

- **Flexibility in coal production:** The successful bidder will be required to produce at least 50% of the scheduled production in a year, as per the approved mine plan. The coal production must be at least 70% of the scheduled production in a three-year period.

**Committee constituted to examine issues related to the revision of royalty rates**

In January 2020, the Ministry of Mines constituted a Committee to examine feedback related to the revision of rates of royalty and dead rent for specified minerals. These minerals exclude coal, lignite, sand for stowing, and minor minerals such as granite and mica.

As per the Mines and Minerals (Development and Regulation) Act, 1957, royalty and dead rent for minerals (other than minor minerals) can be revised by the central government once during a three-year period. These rates were last revised in September 2014. Rates for minor minerals are specified by the state government. In 2018, a study group was formed by the Ministry to recommend revisions in the royalty and dead rent for major minerals (other than coal, lignite, and sand for stowing). The Ministry had received comments from stakeholders on the report of the study group. The Committee will examine the issues raised by the stakeholders.

The Committee will be chaired by the Additional Secretary of the Ministry. Members of the Committee include representatives from the Indian Bureau of Mines, and Mining Secretaries of some state governments (such as Jharkhand and Odisha). The Committee was required to submit its report within a month from the date of its first meeting.
Criteria for suspension of mining operations on the ground of sustainable mining practices relaxed

The Mineral Conservation and Development Rules, 2017 mandates mining lease holders to undertake sustainable mining practices.\textsuperscript{308} Sustainable mining refers to the development of minerals and energy resources, onshore and offshore, in a way that maximises the economic and social benefits while minimising the environmental impacts of mining.

To adopt sustainable mining practices, the Ministry of Mines prescribed a Sustainable Development Framework for mining lease holders.\textsuperscript{309} The Indian Bureau of Mines (IBM) awards a rating from one to five stars to leased mines for their efforts towards the implementation of this framework every year.\textsuperscript{310} As per the 2017 Rules, mining operations can be suspended by IBM in those mines which have not received at least four-star rating within two years of commencement of mining operations.\textsuperscript{308}

In August 2019, the Ministry of Mines amended these 2017 Rules to reduce the minimum rating requirement from four-star to three-star.\textsuperscript{311} The period for achieving the rating has been revised to four years from the date of commencement, or four years from Feb 27, 2017, as applicable.

A joint venture of NALCO, HCL and MECL to be set up for mining activities overseas for strategic minerals

In August 2019, the Ministry of Mines set up a joint venture (JV) called Khanij Bidesh India Limited (KABIL) with the participation of three central public sector enterprises. These are National Aluminium Company Limited (NALCO), Hindustan Copper Limited (HCL), and Mineral Exploration Corporation Limited (MECL).\textsuperscript{312}

The objective of KABIL is to ensure a consistent supply of strategic minerals to the domestic market and make effort towards the overall objective of import substitution. Strategic minerals are those which are critical to the economy and defence of a country but are not available in that country in commercially viable quantities. India has identified 12 such minerals including lithium, cobalt, and tin.\textsuperscript{313}

This JV will carry out identification, exploration, development, mining and processing of strategic minerals overseas for commercial use and meeting India’s requirement of these minerals.\textsuperscript{312}

The minerals will be sourced in following ways: (i) creation of trading opportunities, (ii) government-to-government collaborations with the producing countries, and (iii) strategic acquisitions or investments in the exploration of mining assets in the source countries.\textsuperscript{312}

Steel

Steel Scrap Recycling Policy released

In November 2019, the Ministry of Steel released the Steel Scrap Recycling Policy.\textsuperscript{314} The policy provides a framework to promote the establishment of metal scrapping centres for processing and recycling of steel scrap generated from various sources such as appliances and vehicles.

The policy provides guidelines for collection, dismantling and shredding activities in an organised, safe, and environment-friendly manner. It describes the roles and responsibilities of collection centres, dismantling centres, scrap processing centres, and the government as follows:

- **Collection centres**: Collection centres include individuals, local scrap dealers, and distributors engaged in the collection of scrap. The collection centres may also assist the processing centres in initial segregation and sorting of scraps. The collection centres may work closely with processing centres for compliance to the scrap specifications and codes prescribed by the Bureau of Indian Standards (BIS).

- **Dismantling and processing centres**: The dismantling and scrap processing centres will be required to adhere to the existing rules related to factories and other industrial norms. These centres will be required to comply with various regulations related to environment, pollution control, occupational safety, and management of waste including hazardous waste, among others.

- **Role of central government**: The Ministry of Steel will work towards promoting: (i) ease of doing business in setting up scrapping centres, (ii) research and development, (iii) skill development, (iv) development of quality standards, and (v) creation of a competitive market in the steel scrapping sector.

An Inter-Ministerial Coordination Committee will be set up with representation from various Ministries and Departments including: (i) steel, (ii) road transport and highways, (iii) heavy industry, (iv)
environment, and (v) labour. The Committee will monitor the operationalisation of the policy and enforcement of related regulation.

**Draft policy for promotion of greenfield investments in the steel sector published**

In December 2019, the Ministry of Steel published a draft policy for the promotion of new steel plants. The Ministry has estimated that an additional capacity of 25-30 million tonnes per annum of steel production will be required to meet the domestic steel consumption demand by 2024-25. Such capacity expansion will require setting up new plants (greenfield steel plants) with investments worth Rs 1.5 lakh crore.

The draft policy seeks to address the key challenges in setting up new projects, such as: (i) availability of land, (ii) long-term availability of iron ore at a competitive price, (iii) faster grant of statutory clearances, and (iv) incentives for a large investment. Key features of the draft policy are:

**Operating Models:** The draft policy provides the following models for providing land and iron ore mines to the new projects:

(i) **Steel CPSEs driven:** Excess land available with central public sector enterprises (CPSEs) in the steel sector and supply of iron ore from mines under such CPSEs can be leveraged for this.

(ii) **State government driven:** State governments will be responsible to identify suitable land for the project. Mines may be provided through: (i) direct auction of a mine, (ii) a specified mine may be reserved for a CPSE/state PSE and then long-term linkage (for more than 15 years) to the specified mine may be provided to the project, or (iii) a specified mine may be reserved for a state government company and the project owner may be given 26% equity in the company. A joint auction will be conducted to transfer ownership of land and mines.

**Role of the Ministry:** Key responsibilities of the Ministry of Steel under the draft policy include:

- setting up a project monitoring cell to drive completion of a greenfield project within the specified timeline, and
- ensuring prioritisation of projects for expansion of logistics infrastructure such as railways, roads and slurry pipelines.

**Draft policy for the development of steel clusters released**

In November 2019, the Ministry of Steel released a Draft Framework Policy for the development of steel clusters in the country. A steel cluster is a defined area with multiple units across the steel value chain located in proximity to each other.

The policy seeks to promote self-sufficiency, cost competitiveness, and development of small and medium enterprises in steel manufacturing. Salient features of the policy are as follows:

**Types of clusters:** The policy seeks to develop the following types of clusters:

(i) Ancillary and downstream clusters: These clusters will be developed near steel plants. Such clusters will mainly focus on ancillary units (units manufacturing parts to be used by larger industries) and fabrication units.

(ii) Value-added steel cluster: These clusters will be located near demand centres. A demand centre is a central or regional hub of shared marketing services, infrastructure, and processes. Such clusters will comprise of secondary steel industry units engaged in the production of alloys such as stainless steel and carbon steel.

**Provisions for clusters:** The clusters will be provided with: (i) logistics connectivity through railways, roadways, inland waterways, and enhanced port capacity, (ii) power supply with rationalised tariff and provisions for captive power generation, and (iii) availability of land with single window for clearance and approvals within specified timeframe.

**Eligibility for setting up cluster:** A cluster may be set up by: (i) a land-owning entity such as state government, central and state public sector enterprises, state industrial development organisations as well as private players, (ii) a non-land-owning entity with prior consent of a land-owning entity for the required land, and (iii) institutions managing existing clusters. The criteria for evaluation of an application for setting up a cluster will include employment creation, past record, implementation schedule, and value of output.
**Institutional framework:** The Ministry will create a working group and a task force for the initiation of the project. The working group will develop a detailed action plan. The task force will be responsible for the evaluation and approval of the action plan. A special purpose vehicle will be created by the Ministry for set-up and operationalisation of the cluster.

**Financial support:** Financial support from the Ministry will involve: (i) coverage of cost for planning, (ii) funding through the utilisation of existing central and state schemes, policies and funds, and (iii) funding through its own scheme from budgetary resources.

**Draft Safety Code for iron and steel sector published by the Ministry of Steel**

In August 2019, the Ministry of Steel published a Draft Safety Code for the iron and steel sector. The Ministry of Steel is to set up an Iron and Steel Safety Directorate. The Directorate will support companies in the steel sector in moving towards global best practices for occupational safety. In furtherance to this, the Ministry proposed the Draft Safety Code. The objective of the safety code is to develop a common safety standard across the steel sector. It aims to provide a basic framework to facilitate improved management of occupational safety issues at the workplace.

The safety code covers various aspects of operations in the sector including the following:

(i) fire safety,

(ii) electrical safety,

(iii) handling of materials and equipment,

(iv) cutting and welding processes, and

(v) difficult working conditions such as working at height, in confined spaces or during excavation.

The safety code will apply to the following types of entities:

(i) Integrated steel plants: Plants having all range of activities from receiving raw material to dispatch of a finished product, including auxiliary facilities like a power plant and oxygen plant;

(ii) Mini Steel Plant/ Processing Units: These include furnaces, sponge iron plant, steel foundry and forge, alloys plant, among others; and project/ construction activities in the iron and steel industry.

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**Petroleum and Natural Gas**

**Cabinet approved revised guidelines for granting authorisation to market transportation fuels**

In October 2019, the Union Cabinet approved revised guidelines for granting authorisation to market transportation fuels. Transportation fuels include motor spirit (petrol), high speed diesel, and aviation turbine fuel. Earlier, authorisation to market these fuels was only available with companies investing a minimum of Rs 2,000 crore in exploration and production, refining, pipelines, or terminals. The revised policy reduced this threshold to Rs 250 crore, and did away with the requirement of investment in these specific areas. Other salient features of the revised policy include:

- Non-oil companies are also permitted to invest in the retail sector. Companies have flexibility in setting up a joint venture or subsidiary for market authorisation.
- Authorised entities are required to set up at least 5% of retail outlets in the notified remote areas within five years of the grant of authorisation.
- Authorised entities are required to install facilities for marketing at least one new generation alternate fuel (example: CNG, LNG, biofuels, or electric charging) at the proposed retail outlet within three years of operationalisation of the outlet.

**Guidelines for sale of biodiesel for blending with diesel notified**

In May 2019, the Ministry of Petroleum and Natural Gas notified guidelines for sale of biodiesel for blending with diesel used for transportation. Biodiesel is produced from non-edible vegetable oils, acid oil, used cooking oil, or animal fat, and serves as an alternative fuel. Blending ethanol with petrol helps reduce vehicle exhaust emissions and reduces the import burden for petrolum. The National Policy on Biofuels, 2018 has set a target of achieving 5% blending of biodiesel in diesel by 2030 to promote the use of alternative and environmental friendly fuels.

The guidelines notified by the Ministry included:
Permission for retail sale of biodiesel will be granted exclusively for sale of biodiesel only and not for any mixture.

Biodiesel permitted for sale should be indigenously produced and not imported.

Separate boards in multiple languages should be displayed at the biodiesel retail outlet displaying the percentage of biodiesel allowed to be blended with diesel.

These boards should also display a clear warning that the usage of biodiesel with a percentage exceeding the prescribed percentage can cause damage to the engine.

A registration system for biodiesel manufacturers, suppliers, and sellers will be devised at the state-level.

State government authorities will have the power to carry out regular inspections of the retail outlets selling biodiesel.

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**Electronics and Information Technology**

**The Personal Data Protection Bill, 2019 introduced in Lok Sabha**

In December 2019, the Personal Data Protection Bill, 2019 was introduced in Lok Sabha.\(^{322}\) It seeks to provide for protection of personal data of individuals and establishes a Data Protection Authority for the same. The Bill defines personal data as data which pertains to characteristics, traits, or attributes of identity, which can be used to identify an individual.

The Bill has been referred to a Joint Parliamentary Committee (Chair: Mrs. Meenakashi Lekhi). The Committee is expected to submit its report by the second week of upcoming Monsoon session of Parliament. Key features of the Bill include:

- **Obligations of the data fiduciary**: The Bill sets out obligations of the entity who has access to the personal data (the data fiduciary). It states that the processing of personal data will be subjected to certain purpose, collection and storage limitations.

- **Rights of the individual**: The Bill sets out certain rights of the individual. These include the right to: (i) obtain confirmation from the fiduciary on whether their personal data has been processed, (ii) seek correction, erasure, completion or updation of personal data, or (iii) restrict continuing disclosure of their personal data, if it is no longer necessary or if consent is withdrawn. Further, fiduciaries may process personal data only if consent is provided by the individual (except in certain cases, such as, if required by a law or a court order).

- **Data Protection Authority**: The Bill sets up a Data Protection Authority which may: (i) take steps to protect interests of individuals, (ii) prevent misuse of personal data, and (iii) ensure compliance with the Bill. The Authority will be comprised of members with expertise in the field of data protection and information technology.

- **Exemptions**: Processing of personal data is exempt from the provisions of the Bill in some cases. For example, the central government can exempt any of its agencies from the provisions of the Act in interest of security of the state, public order, sovereignty and integrity of India and friendly relations with foreign states.

- Further, the Bill provides that central government may direct data fiduciaries to provide it with any: (i) non-personal data and (ii) anonymised personal data (where it is not possible to identify data principal) for better targeting of services.

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

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**Committee of Experts appointed to study regulation of non-personal data**

The Ministry of Electronics and Information Technology constituted a Committee of Experts (Chair: Mr. Kris Gopalakrishnan, co-founder of Infosys) to deliberate on a data governance framework for non-personal data.\(^{323}\) The Srikrishna Committee on data protection distinguished between personal data (which can be attributed to an individual) and community data (aggregated from multiple persons without specific individual attribution). Community data may include e-commerce data, AI training data and derived data. The Committee will deliberate on a framework for such non-personal data.

The terms of reference of the Committee include: (i) studying issues relating to non-personal data, and (ii) making specific recommendations on regulation of non-personal data.
Cabinet approved schemes for the promotion of electronics manufacturing

In March 2020, the Union Cabinet approved the following schemes for the promotion of electronics manufacturing in the country.324,325,326

- **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.324 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 2017.325,327 Under the erstwhile EMC scheme, 20 Electronics Manufacturing Clusters (EMCs) and three Common Facility Centres (CFCs) were approved.325

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 electronics 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.326 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.

### Consultation paper on Strategy for National Open Digital Ecosystems released

The Ministry of Electronics and Information Technology released a consultation whitepaper on “Strategy for National Open Digital Ecosystems (NODE)”.328 It refers to a national strategy for enabling digital governance. The key components of such an ecosystem are: (i) public digital infrastructure comprising digital platforms from the government such as Aadhaar and GST network, (ii) laws to govern the infrastructure with regard to data privacy, security, and domain-specific policies and standards, and (iii) community leveraging this infrastructure to create value for all.

An example of NODE is the eTransport Mission Mode Project under the Ministry of Road Transport and Highways.328 It comprises of two applications-Vahan and Sarathi which automate the vehicle registration and driver licensing operations, respectively. The availability of this digitised data enables this platform to provide services to various entities including citizens, automobile dealers, insurance companies, and police. Further, the platform ensures data integration with other systems such as stolen vehicle data from the National Crime Records Bureau and insurance data from Insurance Regulatory and Development Authority. It also provides interoperability with external applications such as payment gateways and DigiLocker.

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

- whether any guiding principle should be added or amended or dropped;
- challenges in migrating legacy government systems to a NODE;
- whether such NODEs should be open source, or whether open API and open standards are sufficient requirements;
- whether each NODE can have its own standard or NODEs across sectors should have common governance frameworks;
- financing models for these NODEs;
- potential risks that such systems can leave citizens vulnerable to, such as risks to data...
privacy, exclusion and having agency over the use of data;
- mobilisation of a wider community of co-creators and users; and
- effective grievance redressal mechanisms.

Communications

Supreme Court directed telecom companies to pay outstanding dues to DoT

In October 2019, the Supreme Court decided a case in relation to revenue sharing between telecom companies and the Department of Telecommunications (DoT).

Under the National Telecom Policy, 1999, telecom companies are required to pay an annual license fee in the form of a revenue share to the DoT. This license fee forms a part of the terms and conditions of the license agreement signed between the telecom company and the DoT. Since 2013, the license fee is set at 8% of the company’s adjusted gross revenue (AGR). AGR represents the net revenue after allowing permissible deductions from the Gross Revenue. AGR is arrived after subtracting certain charges and taxes from Gross Revenue, such as roaming charges passed on to other service providers and any service taxes and sales taxes included in the Gross Revenue.

Further, licensees providing mobile access services are required to pay Spectrum Usage Charges which is as a percentage of AGR. These charges vary between 3%-8% depending on the quantum and type of spectrum held by a wireless licensee.

Various telecom companies and the DoT filed a case before the Supreme Court asking it to interpret the definition of “Gross Revenue” under the license agreements. The telecom companies argued that the DoT had illegally included various elements of income in the definition of gross revenue which do not accrue from the operations under the license. These include dividend income, interest income on short-term investment, and discounts on calls. In its judgement, the Court upheld the interpretation of the term “Gross Revenue” taken by the DoT and directed telecom companies to pay all outstanding dues and penalties.

As a result, the service providers are required to pay an additional amount of Rs 92,642 crore as license fee and Rs 55,055 crore as spectrum usage charges on account of dues for years between 2003 and 2019. This amount is provisional and subject to revision for updation of interest and penalty.

In March 2020, the central government sought permission of the Supreme Court to allow telecom companies to pay the dues in annual instalments over 20 years.

Cabinet approved deferred payment of spectrum auction instalments

In November 2019, the Union Cabinet approved the deferred payment of spectrum auction instalments for telecom service providers (TSPs). TSPs will have the option to defer payments due for the years 2020-21 and 2021-22, for one or both years. The deferred payment will be spread equally in the remaining instalments to be paid by TSPs. Interest charges will be applicable as per the provisions under the terms and conditions of the spectrum allotment.

Cabinet approved revival plan for BSNL and MTNL

In October 2019, the Union Cabinet approved a revival plan for BSNL and MTNL. It seeks to address the financial distress of these PSUs, and enable them to provide quality and reliable services. Key features of the revival plan are as follows:

- Merger of BSNL and MTNL: The Union Cabinet gave in-principle approval for the merger of BSNL and MTNL.
- Allotment of 4G spectrum: 4G spectrum will be allotted to both the PSUs. The central government will fund the cost of spectrum allotment to these PSUs. It will provide Rs 23,814 crore for this purpose.
- Reduction in debt burden: The central government will provide sovereign guarantee to both PSUs for raising long-term bonds of Rs 15,000 crore. The funds raised by this exercise will be used for restructuring the existing debt, and partly meeting capital as well as operational expenditure requirements.
- Both the PSUs will monetise their assets. The funds received from monetisation will be used in meeting capital and operational expenditure.
- Reduction in salary burden: To reduce the salary burden of both PSUs, they will offer a Voluntary Retirement Scheme (VRS) to their employees, aged 50 years and above. The cost of the VRS scheme will be provided by the
central government. The employees seeking voluntary retirement under the scheme will be eligible for a one-time compensation. The funds required for this purpose are estimated to be Rs 17,169 crore. In addition, the central government will also cover costs towards pension, gratuity, and commutation of benefits.

In the 2020-21 Budget, the central government allocated Rs 37,268 crore for the revival plan.

**TRAI sought views on a new license regime based on different layers of telecom**

In December 2019, the Telecom Regulatory Authority of India (TRAI) released a pre-consultation paper on enabling unbundling of different layers of telecom through differential licensing. The current license regime does not create a distinction between different layers of telecom such as infrastructure, network, service, and application.

This implies that there is no provision for separate licenses which allow an enterprise to operate in these layers independently. It is in accordance with the National Digital Communications Policy 2018 which envisages a differential licensing regime for different layers of telecom. Such licensing system is expected to promote investments, ease of doing business, and innovation in the sector. Further, it will provide opportunities for sharing of telecom resourcing and its optimum utilization.

As per the current licensing regime, the Uniform License issued by the Department of Telecommunications does not segregate infrastructure, network and service layers. However, there is a provision for Infrastructure Provider licensing which enables unbundling of infrastructure layer. The Infrastructure Providers are entities which own, establish and maintain telecom infrastructure and lease, rent or sell these to telecom service providers (TSPs). Similarly, license for Virtual Network Operator attempts to segregate the service layer from the network layer. Virtual Network Operator is an enterprise that does not have an allocation of spectrum but can provide wireless services to customers by sharing the spectrum of the telecom service providers.

TRAI sought views on the following matters: (i) benefits and problems in having unbundled licensing, (ii) in case of unbundling, definition and scope of various layers, (iii) in case of continuation of the old system, reforms in the existing system to promote sharing and to catalyse investment, and (iv) whether existing licensees should migrate to new licensing system or the new system should exist in parallel.

**TRAI invited consultation on tariff issues in the telecom sector**

In December 2019, TRAI released a consultation paper on tariff issues in the telecom sector. The current tariff framework gives the telecom service providers the freedom to design the tariffs according to the prevailing market conditions for various telecommunication services. TRAI specifies only a few tariffs such as those for national roaming, rural telephony, and mobile number portability charges. It observed that given the concerns about the financial health of the telecom sector, certain representations have been received on the need for the regulator to fix a floor price for various telecom services.

TRAI noted that the freedom and flexibility to design tariffs based on market conditions has enabled healthy competition in the sector. However, the telecom sector requires huge capital investments for ensuring quality of service and adapting to the rapid technological changes. Hence, there is a need to ensure the financial well-being of the sector. The consultation paper sought views on the following:

- the need for regulatory intervention in tariff fixation at the current stage,
- the need for fixing a floor price despite the recent increase in tariffs by several telecom service providers,
- the need for fixing floor price for various types of services such as mobile data services and voice calls, and various customer segments such as retail customers and corporate,
- the methodology and parameters to be kept in mind while fixing the floor price,
- the need for a price ceiling to safeguard consumer interest (if a floor price is considered), and
- the methodology and parameters for determining ceiling price.

**TRAI released recommendations on the enhancement of scope of Infrastructure Provider Category-I registration**

In March 2020, TRAI released recommendations on the enhancement of the scope of Infrastructure Provider Category-I (IP-I) registration. TRAI had released a consultation paper in this regard in August
2019.338 The Infrastructure Providers are entities which 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.338 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 its scope 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.338 Active Infrastructure Sharing involves sharing electronic network elements. It includes base stations, access node switches, antenna, and the management system for fibre networks.338

The 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 be no 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, (iv) tower, (v) 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.

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

In February 2020, TRAI released recommendations on reforming the guidelines for transfer/merger of telecom licenses.539 The recommendations are aimed towards the modification in the Guidelines for Mergers and Acquisitions, 2014 issued by the Department of Telecommunications (DoT).340 In September 2019, a consultation paper was released in this regard.341

DoT can place certain conditions on merger and transfer under the above guidelines.341 In the past, the Telecom Disputes Settlement and Appellate Tribunal has granted stay on some of these conditions.341 This has caused delays in mergers and transfers being finalised. The recommendations seek to simplify and fast-track approvals for the mergers and transfers of the telecom licenses. Some of the key recommendations are as follows:

- **Time period for transfer/merger of licenses:** As per existing guidelines, the time period allowed for transfer/merger of various licenses in different service areas is one year. This time period is counted subsequent to the approval of the Tribunal. TRAI recommended that the time spent in pursuing any litigation on account of which the final approval of a merger is delayed, should be excluded while calculating the one-year period.

- **Calculation of market share:** Under the guidelines, certain restrictions are placed on merger or acquisition based on the market share of willing parties. Both subscriber base and Adjusted Gross Revenue (AGR) of each licensee are considered to determine the market share of that licensee. TRAI recommended that: (i) both number of subscribers as well as AGR should be considered for certain types of licenses such as mobile, telephone and internet services, (ii) only AGR should be considered for certain other types of licenses such as National Long Distance (NLD) service and International Long Distance (ILD) service.

**TRAI sought views on traffic management practices and multi-stakeholder body for net neutrality**

Neutrality refers to non-discriminatory access to internet irrespective of content being accessed, the user equipment being deployed, or the protocols being used.

Internet service providers may deploy various practices called Traffic Management Practices (TMPs) for managing traffic congestion in telecommunication networks. TMPs may also be required for prioritising latency-sensitive traffic. For instance, in internet telephony, it is required that audio data is delivered at regular intervals to achieve good voice quality. Irregular delivery of audio data may severely deteriorate user experience. TMPs may also involve applying some restrictions such as blocking internet traffic based on the class and nature of content.

TRAI noted that some of these may be a concern from the perspective of net neutrality and should not be applied in general, as net neutrality requires all traffic to be treated equally. Some TMPs may be necessary for specific situations such as traffic congestion. It noted that any restrictions or interventions by service providers under TMPs must be proportionate, temporary, and transparent. Hence, a framework must be adopted to determine the reasonableness of various TMPs and ensure transparency about such practices.

In view of the challenges of monitoring and enforcement of net neutrality principles, a Multi-Stakeholder Body has been envisaged by TRAI. This body may advise and support the Department of Telecommunications regarding the monitoring and enforcement of net neutrality principles. It may comprise of members representing different categories such as: (i) telecom and internet service providers, (ii) content service providers, (iii) academia and research, and (iv) civil society.

TRAI sought views on the following matters: (i) types of TMPs, (ii) reasonableness of such TMPs from the perspective of net neutrality, (iii) whether an advance list of such TMPs can be prepared or periodic update would be required, (iv) setup to detect violations of net neutrality, and (v) composition, functions, roles and responsibilities of the multi-stakeholder body.

**TRAI released recommendations on registration of Other Service Providers**

In October 2019, TRAI released recommendations on terms and conditions for the registration of Other Service Providers (OSP).\(^{344}\) OSPs are companies which provide various application services such as tele-banking, tele-commerce, call centre, and other IT-enabled services.\(^{344}\) For example, a Business Process Outsourcing company is an OSP. They avail telecom resources including telephone connectivity, internet bandwidth, and domestic and international leased lines, from authorised Telecom Service Providers. They are required to register with the Department of Telecommunications (DoT) for offering services in the country. Currently, to register, OSPs are required to pay a registration fee, and furnish various information such as certificate of incorporation, information about directors, and a note on nature of the business, among others.

These recommendations aim to address the various issues related to the registration of OSPs. The salient features of the recommendations are as follows:

- **Scope of registration:** In March 2019, TRAI had noted that advancement in technology has led to the widening of the scope of terms such as ‘other IT enabled services’. This has caused the scope of application services defined for OSP registration to become broad.\(^{344}\) There is no distinction between the service for own use and, the service for a customer or other companies.\(^{344}\) This has caused the scope of OSP definition to cover almost all IT-based services.\(^{344}\)

The following recommendations attempt to bring clarity in this regard: (i) only voice-based and outsourced OSPs will be required to register with DoT for offering services, (ii) data/internet-based OSP and OSPs with provision of services for only captive purposes, will only be required to furnish intimation, and (iii) Contact Centre Service Provider (CCSP)/Hosted Contact Centre Service Providers (HCCSP) will be required to register with DoT for offering services. CCSP/HCCSP are companies which provide the infrastructure required to set up a call centre, as a service. Multiple service centres of a single company can be registered as a single OSP.

- **Waiver of bank guarantee requirement:**

Currently, sharing of infrastructure between domestic and international OSPs is permitted with prior approval from DoT. The sharing is allowed only between entities of the same company. The OSPs are required to provide a bank guarantee for this purpose. 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. TRAI recommended that the requirement of bank guarantee should be waived in both cases.
TRAI extended the date for abolition of termination charges on domestic calls

Termination charges are the wholesale charges payable by the service provider of an originating subscriber to the service provider in whose network the call terminates. As per the existing regulation, termination charges for wireless to wireless domestic call is Rs 0.06 per minute.\(^{345}\) These charges were to be abolished from January 1, 2020.\(^{345}\) A consultation paper seeking views on termination of these charges was released in September 2019.\(^{346}\)

In December 2019, TRAI extended the deadline for abolition by one year, i.e., to January 1, 2021.\(^{347}\)

TRAI sought views on interconnection termination charges for international calls

TRAI released a consultation paper on review of interconnection termination charges for international calls.\(^{348}\) Interconnection between two public telecom networks allows consumers of one service provider to communicate with consumers of the other.

Interconnection Usage Charge (IUC) is the cost that a mobile operator pays to another operator for carrying through a call. IUC mainly consists of origination, termination, carriage, and transit charges. One of the components of IUC is International Transmission Charge which is the charge payable by an operator, calling from outside the country, to the access provider in the country. As per the existing regulations, the international termination charges for outgoing calls are negotiated between the domestic and foreign service providers.\(^{348}\) However, TRAI specifies a fixed and uniform rate for international termination charges for incoming calls. Currently, the specified international termination charges for incoming calls is Rs 0.30 per minute.\(^ {348}\)

In many cases, the foreign operators fix comparatively high international termination rates for outgoing calls from India.\(^ {348}\) Such high rates for termination are fixed either by their regulator or by such TSPs themselves after commercial negotiations.\(^ {348}\) Keeping this discrepancy in view, TRAI sought comments on whether the existing regime of fixed and uniform international termination charges for incoming calls should be changed. It invited suggestions on alternate mechanisms for deciding rates.

Media and Broadcasting

Draft Registration of Press and Periodicals Bill, 2019 released

In November 2019, the Ministry of Information and Broadcasting released the draft Registration of Press and Periodicals Bill, 2019.\(^ {349}\) The draft Bill seeks to replace the Press and Registration of Books Act, 1867.\(^ {350}\) Key features of the draft Bill include:

- **Applicability:** The draft Bill provides for regulation of printing presses engaged in publishing newspapers and other periodicals, and books meant for public distribution. It also provides for regulation of publishers of news on digital media. News on digital media has been defined as the news in a digitised format that can be transmitted over internet, computer, or mobile networks. News on digital media is currently not covered under the Act.

- **Regulatory Authority:** The Act provides for a Registrar of Newspaper for India (RNI). The draft Bill provides for a new authority named Press Registrar General of India. Functions of the Press Registrar General will include: (i) issuing a certificate of registration to a publication, (ii) maintaining a register of registered newspapers and other periodicals, and (iii) framing guidelines for admissibility and availability of title of a periodical. The Press Registrar General will have powers to: (i) seek information from publications, (ii) revise or suspend the registration of a periodical, and (iii) impose fine and penalty.

- **Registration of publishers:** A printing press engaged in any kind of publication will be required to furnish intimation containing certain specified information before the District Magistrate or any other specified authority. A printing press engaged in publication of periodicals will be required to register with the Press Registrar General. A publisher of news on digital media will be required to register with the Registrar of Newspaper for India. The draft Bill removes various provisions related to registration of books under the Act.

- **Criteria for government benefits:** The central and state governments may prescribe conditions under which they will issue advertisement, grants or any other benefits to the publications.

- **Offences and penalties:** Under the Act, a publisher may be subject to a punishment of Rs
Standing Committee submitted report on the Cinematograph (Amendment) Bill, 2019

In March 2020, the Standing Committee on Information Technology (Chair: Dr. Shashi Tharoor) submitted its report on the Cinematograph (Amendment) Bill, 2019. The Bill seeks to amend 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 from the producer will be punished with imprisonment of up to three years, or fine up to Rs 10 lakh, or both. The Committee made following 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, the Bill does not specify either the minimum term for imprisonment or the minimum fine. The Committee recommended that both a minimum term for punishment and the minimum fine should be specified in the Bill.

- **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, 1957 covers fair use, the Cinematograph Act, 1954 does not. Hence, the Committee 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](#).

**Accessibility standards for television programmes for persons with hearing impairment released**

In September 2019, the Ministry of Information and Broadcasting issued Accessibility Standards for television programmes for persons with hearing impairment (whether broadcast through traditional hardware or through Internet platforms). This is in accordance with the Rights of Persons with Disabilities Act, 2016. The key features of the Accessibility Standards are as follows:

**Modes for access**

- Service providers are required to provide any one or more of the following options to access specified television programmes: (i) sub-titles, (ii) open or closed captioning, or (iii) sign language. Sub-titles are usually created as translations for people who do not speak the language of the medium. Captions are the text version of the spoken language of the medium. Open captions are part of the video itself and cannot be turned off whereas closed captions can be turned on or off by a viewer.

- The sub-titles or open captioning or closed captioning is to be provided in the language of the channel or any other suitable language based on various factors including target audience and target region.

- If sign language interpretation is provided, the service providers should ensure that the hands as well as facial expressions of the signer are visible. The image of signer should appear on the right side of the screen and occupy a space no smaller than one-sixth of the entire picture.
Foreign language television programmes should have closed captions in English or any other Indian language.

The service providers will have to ensure the availability of customer service for persons with hearing impairment. Further, the government as well as service providers will be required to take steps to raise awareness about the accessibility of these programmes.

**Exemptions**

- TV channels, whose audience share across all households is less than 1% in a year, are exempted from these requirements.
- The Standards exempt certain formats of content from the accessibility requirements. These include: (i) live and deferred live content or events including sports broadcast, (ii) advertisements or teleshopping content, and (iii) live news, or events including award shows and live reality shows.

The Standards will be implemented in a phased manner. By 2025, the Standards aim to ensure that at least 50% of the content from general entertainment channels, movie-based channels and news channels will provide access service. The Standards will be reviewed every two years.

**TRAI invited consultation on reserve price for auction of FM radio channels**

In October 2019, TRAI released a consultation paper on reserve price for auction of FM radio channels. Currently, the permission for operating FM radio channels is given city-wise, and is granted through a one-time entry fee. This fee is a successful bid amount arrived at through an ascending e-auction process. In an ascending auction process, the price of a channel is determined in an open competition among bidders.

This is being done under the latest phase (Phase-III) of the FM radio broadcasting policy announced in 2011. Under the policy, a city-wise reserve price is announced before auction. This is the minimum price acceptable for sale of an item under auction. In addition, the operators also pay an annual license fee, which is equal to 4% of annual gross revenue, or 2.5% of the entry fee, whichever is higher. The phase-III policy seeks to enable setting up of private FM Radio channels in all cities with a population of more than one lakh, and certain specified cities in border areas. The Ministry of Information and Broadcasting intends to conduct the latest round of auction for FM radio channels in 283 such cities. Hence, the Ministry sought recommendations from TRAI on determining reserve prices for auction. In earlier auction rounds under phase-III, cities were divided into three categories for determining reserve price:

- **Existing cities:** the cities having FM channels allotted under the erstwhile phase-II of the FM radio broadcasting policy;
- **New cities:** all cities with a population greater than one lakh, and with no FM channels allotted under phase-II; and
- **Other cities:** specified cities in border areas with a population less than one lakh.

The consultation paper primarily discussed issues related to discount given on the bouquet, the ceiling price of channels for inclusion in bouquet, need for the formation of the bouquet by broadcasters and DPOs, variable NCF and discount on long-term subscription plans.

As per the framework introduced in 2017, consumers pay a Network Capacity Fee (NCF) which is a fixed minimum fee to keep the connection and in return, get access to a hundred free to air channels. The subscription model for pay channels involves broadcasters offering its pay channels to Distributed Platform Operators (DPOs) as: (i) a single channel, called a-la-carte channel, and (ii) a group of channels, called bouquet. The DPOs are the broadcasting and cable services distributors. The DPOs may offer the channels to consumers for subscription in the form of: (i) a-la-carte channel, (ii) broadcaster’s bouquet, and (iii) DPO’s own customised bouquet comprising of channels from one or more broadcasters.

The aim of the framework is to provide flexibility and freedom to consumers in choosing channels. However, heavy discounts offered by broadcasters on bouquets has led to: (i) adverse impact on the choice of a-la-carte channels by consumers, (ii) non-level playing field for other broadcasters, and (iii) unwanted channels as part of bouquet being pushed to consumers.

The consultation paper primarily discussed issues related to discount given on the bouquet, the ceiling price of channels for inclusion in bouquet, need for the formation of the bouquet by broadcasters and DPOs, variable NCF and discount on long-term subscription plans.
Table 16: Methodology for determining reserve price for auction of FM radio channel

<table>
<thead>
<tr>
<th>Category</th>
<th>Reserve Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing cities</td>
<td>The highest bid price received for auction of FM channel in that city under phase-II</td>
</tr>
<tr>
<td>New cities</td>
<td>Estimated price based on factors including population, per capita income, estimated FM radio listeners in the city, and average gross revenue of existing FM channels auctioned under phase-II</td>
</tr>
<tr>
<td>Other cities</td>
<td>Fixed at five lakh rupees</td>
</tr>
</tbody>
</table>

Sources: Consultation Paper on reserve price for auction of FM Radio Channels, TRAI, PRS.

TRAI sought views on following points, among others: (i) relevance of the current methodology for new and existing cities categories for next round of auction, (ii) accounting inflation in deciding reserve price for existing cities under the current methodology, and (iii) permitting use of any technology (analog, digital or both) for radio broadcasting (currently, only analog broadcasting technology is allowed).

TRAI invited consultation on interoperability of set top box

In November 2019, TRAI released a consultation paper on the interoperability of set top boxes. A set top box is a device that receives digital signal, decodes it, and displays it on television. At present, a set top box of one service provider cannot be used for accessing television broadcasting services of another service provider. Hence, if a subscriber wants to change their service provider, a new set top box has to be purchased.

Interoperability of set top box will provide consumers with the freedom to change their service provider without changing their set top boxes.

TRAI sought views on the following: (i) desirability for interoperability of set top boxes, (ii) interoperability of set top boxes between Direct to Home and cable platforms, (iii) open market availability of interoperable set top boxes, and (iv) software-based solutions for interoperability of set top boxes.

TRAI released recommendations on platform services by DTH operators

In November 2019, TRAI released recommendations on platform services offered by Direct to Home (DTH) operators. There are different types of distribution service providers of TV channels based on the technology used for distribution including DTH services, local cable operators, and Internet Protocol Television Services. All distribution service providers offer certain programs which are specific to each platform and are not obtained from satellite-based broadcasters. These programs are referred to as platform services. Platform services provide the operators with an additional source of revenue through subscription of such services as well as advertisements on these services. Unlike satellite TV channels, platform services are not subject to any specific regulations as of now. Key recommendations are as follows:

- **Definition of platform services**: Platform services have been defined as the programs transmitted by operators exclusively to their own subscribers. They do not include Doordarshan channels, registered satellite TV channels, or foreign TV channels not registered in India.

- **Registration**: The DTH operator will be required to register the platform service channel with the appropriate authority, and pay Rs 10,000 for every such channel.

- **Sharing of platform services**: The platform services provided by one operator will be exclusive to itself, and will not be shared with another operator. Violation of this provision may lead to cancellation of registration of the platform service channel which was shared.

- **Cap on number of platform services**: The total number of platform services that an operator can offer will be 3% of the total channel carrying capacity of the operator platform, or 15, whichever is higher.

- **Distinction from satellite TV channels**: The platform services will be categorised as “Platform Services” in the program guide of the TV, to distinguish from satellite TV channels.

**Science and Technology**

**Cabinet approved constitution of an empowered technology group**

The Union Cabinet approved the constitution of a 12-person empowered technology group in February 2020. The group is chaired by the Principal Scientific Advisor to the Government of India. The group will be responsible for: (i) advising the government on research on emerging technologies,
(ii) mapping technology and technology products, (iii) developing roadmap for indigenisation for selected technologies, (iv) advising the government on its technology supplier and procurement strategy, and (v) encouraging government departments to develop expertise in emerging technologies such as data science and artificial intelligence.

**Draft Scientific Social Responsibility Policy released for public consultation**

The Ministry of Science and Technology released the draft Scientific Social Responsibility (SSR) policy for public consultation in September 2019. The policy defines SSR as the ethical obligation of knowledge workers in the fields of science and technology to voluntarily share their knowledge and resources with the larger community. It defines knowledge worker as anyone involved in areas of human, social, medical, mathematical, data sciences or associated technologies. SSR will include activities such as teaching, mentoring, skill development training and workshops, setting up exhibitions, demonstrating scientific and technological solutions to local problems.

The objective of the policy is to harness the voluntary potential in the scientific community to strengthen the link between society and science. The policy directs that all central and state government ministries should plan and strategise their SSR as per their mandate. Further, every knowledge worker would be liable for at least 10 person-days of SSR per year. An SSR monitoring system should be present in each institution to assess institutional projects and individual activities, and every knowledge institution should publish an annual SSR report. The policy aims to provide necessary budgetary support to SSR activities and projects, in order to incentivise them.

**Guidelines for evaluation of nanopharmaceuticals released**

In October 2019, the Ministry of Science and Technology released guidelines for evaluation of nanopharmaceuticals in India. The guidelines intend to provide a regulatory pathway for nanopharmaceuticals in India.

Nanotechnology deals with the development and use of techniques to study materials which are in the nanoscale range (a nanometer is one-billionth of a meter). Nanopharmaceuticals is an emerging area that combines nanotechnology with biomedical and pharmaceutical science.

It has several potential applications in diagnostics and therapeutics as it can be used to improve drug delivery by better targeting to the disease site and higher efficacy.

These guidelines seek to ensure quality, safety and efficacy of nanopharmaceuticals, along with encouraging commercialisation of nanotechnology-based inventions. They do not apply to conventional drugs with products containing microorganisms or proteins, which are naturally present in the nanoscale range. Key features of the guidelines include:

- Safety requirements as specified in the Second Schedule of the New Drugs and Clinical Trials Rules, 2019 will be applicable for nanopharmaceuticals.
- A case-by-case approach to be adopted for evaluating the quality, safety and efficacy of nanopharmaceuticals as it will depend on various factors such as biological nature, availability of data on pharmaceutical ingredient.
- The rationality for the development of a nanopharmaceutical should be clearly stated. Further, the advantages and disadvantages of nanopharmaceuticals in comparison to conventional drugs should be demonstrated through studies.
Education

The Central Educational Institutions (Reservation in Teacher’s Cadre) Bill, 2019 passed by Parliament

The Central Educational Institutions (Reservation in Teachers’ Cadre) Bill, 2019 was passed by Parliament in July 2019. It replaced an Ordinance promulgated in March 2019. The Bill provides for reservation of teaching positions in central educational institutions for persons belonging to: (i) Scheduled Castes, (ii) Scheduled Tribes, (iii) socially and educationally backward classes, and (iv) economically weaker sections. The key features of the Bill include:

- **Reservation of posts**: The Bill provides for reservation of posts in direct recruitment of teachers (out of the sanctioned strength) in central educational institutions. For the purpose of such reservation, a central educational institution will be regarded as one unit. This implies that the allocation of teaching posts for reserved categories will be done on the basis of all positions of the same level (such as assistant professor) across departments. Under previous guidelines, each department was regarded as an individual unit for reservation purposes.

- **Coverage and exceptions**: The Bill will apply to ‘central educational institutions’ which include: (i) universities set up by Acts of Parliament, (ii) institutions deemed to be a university, (iii) institutions of national importance, and (iv) institutions receiving aid from the central government.

- However, it excludes certain institutions of excellence, research institutions, and institutions of national and strategic importance which have been specified in the Bill. Further, it also excludes minority education institutions.

For more details on the Bill, see here. To read the PRS blog on the Bill, see here.

The Central Universities (Amendment) Bill, 2019 passed by Parliament

The Central Universities (Amendment) Bill, 2019 was passed by Parliament in July 2019. It seeks to convert three deemed-to-be Sanskrit universities into Central Sanskrit Universities. These universities are: (i) Rashtriya Sanskrit Sansthan, New Delhi, (ii) Shri Lal Bahadur Shastri Rashtriya Sanskrit Vidyapeeth, New Delhi, and (iii) Rashtriya Sanskrit Vidyapeeth, Tirupati. The Universities will: (i) disseminate and advance knowledge for the promotion of Sanskrit, (ii) train manpower for the overall development and preservation of Sanskrit and allied subjects, and (iii) make special provisions for integrated courses in humanities, social sciences, and science.

- **Functions of the University**: Key powers and functions of the University include: (i) prescribing courses of study and conducting training programmes, (ii) granting degrees, diplomas, and certificates, (iii) providing facilities through a distance education system, (iv) conferring autonomous status on a college or an institution, and (v) provide instructions for education in Sanskrit and allied subjects.

- **Authorities**: Each University will have the following authorities: (i) a Court, which will review the policies of the University and suggest measures for its development, (ii) an Executive Council, which will be the principal executive body, (iii) an Academic and Activity Council, which will supervise academic policies, (iv) a Board of Studies, which will approve the subjects for research and recommend measures.
to improve standards of teaching, (v) a Finance Committee, which will examine proposals related to creation of posts and recommend limits on the expenditure of the University, and (vi) a Planning and Monitoring Board, which will be responsible for the overall planning and development of the University.

- **Executive Council:** The Executive Council will be responsible for all the administrative affairs of the University. The Council will consist of 15 members, including: (i) the Vice-Chancellor (appointed by the Centre), (ii) the Joint Secretary, Ministry of Human Resource Development, and (iii) two eminent academics from the field of Sanskrit or allied subjects.

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

**The Indian Institutes of Information Technology Laws (Amendment) Bill, 2020 passed by Lok Sabha**


The Indian Institutes of Information Technology (Public-Private Partnership) Act, 2017 declares certain Indian Institutes of Information Technology established under Public-Private Partnership mode as institutions of national importance. Under the Act, 15 institutes are currently incorporated as institutions of national importance.

The Bill seeks to declare 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 given the power to grant degrees.

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

**Draft National Education Policy 2019 released**

The Committee for Draft National Education Policy (Chair: Dr. K. Kasturirangan) submitted its report in May 2019. The Committee was constituted by the Ministry of Human Resource Development in June 2017. The report proposes an Education Policy, which seeks to address the challenges of: (i) access, (ii) equity, (iii) quality, (iv) affordability, and (v) accountability faced by the current education system. Key observations and recommendations include:

- **The Right to Education (RTE) Act, 2009:** Currently, the RTE Act provides for free and compulsory education to all children of the age of six to fourteen years. The Committee recommended extending the RTE Act to include early childhood education and secondary school education. This extends the coverage of the Act to all children between the ages of three to eighteen years.

- The Committee recommended that the recent amendments to the RTE Act on continuous and comprehensive evaluation and the no detention policy must be reviewed. The Policy states that there should be no detention of children till class eight. Instead, schools must ensure that children are achieving age-appropriate learning levels.

- **School exam reforms:** To track students’ progress throughout their school experience, the Committee proposed State Census Examinations in classes three, five and eight. Further, to reduce the stress levels of students, the Committee recommended restructuring the board examinations to test only core concepts, skills and higher order capacities. This would be achieved by replacing in-class final examinations with board examinations, and allow students to take the board examination across a range of subjects at the end of each semester.

- **Higher education:** The Policy recommended restructuring of higher education institutions into three types: (i) research universities focusing equally on research and teaching; (ii) teaching universities focusing primarily on teaching but conducting significant research as well; and (iii) colleges focusing only on teaching in undergraduate education.

- The Committee proposed setting up of the National Higher Education Regulatory Authority. This authority would replace the existing individual regulators in higher education, including professional education. It would ensure that all higher educational institutes have administrative, academic and financial autonomy.

For a PRS Summary of the report, see [here](#).
UGC recommended 20 institutions for the status of Institutes of Eminence

The University Grants Commission (UGC) recommended 20 higher educational institutions for the status of ‘Institutions of Eminence’ in August 2019. Of the 20 institutions, 10 are in the public sector and the remaining 10 are in the private sector. These institutions were selected on the basis of recommendations of the Empowered Expert Committee (Chair: Mr. N. Gopalaswami).

In February 2018, the UGC constituted an Empowered Expert Committee to enable 10 public and 10 private higher educational institutions to emerge as world-class teaching and research institutions i.e., as Institutions of Eminence. These institutions would be allowed greater autonomy in admitting foreign students, fixing fees, and recruiting foreign faculty, among others. Further, each public higher educational institution will get financial assistance of up to Rs 1,000 crore for a period of five years.

Note that, of the 20 institutions recommended by UGC, six institutions were already declared as Institutions of Eminence in July 2018.

Amendments to the Apprenticeship Rules, 1992 notified

The Ministry of Skill Development and Entrepreneurship released amendments to the Apprenticeship Rules, 1992 in September 2019. These rules were notified under the Apprenticeship Act, 1961. The Act provides for the regulation and control of training of apprentices. Key changes in the amendments are as follows:

- **Trainee**: The amendments state that every apprentice undergoing training in an establishment will be a trainee and not a worker. Hence, provisions of any labour laws will not apply to apprentices.

- **Size of establishments**: Under the 1992 Rules, employers having six or more workers were eligible to employ apprentices. The amendments reduce the size-limit of an establishment wanting to engage apprentices from six to four workers.

- **Further, establishments with less than 40 workers did not have a mandatory obligation to engage apprentices. The amendments make it mandatory for establishments with 30 or more workers to engage apprentices.**

### Table 17: Stipend payable to apprentices

<table>
<thead>
<tr>
<th>Category</th>
<th>Minimum amount of stipend (in Rs per month)</th>
</tr>
</thead>
<tbody>
<tr>
<td>School pass-out (class five–nine)</td>
<td>5,000</td>
</tr>
<tr>
<td>School pass-out (class 10)</td>
<td>6,000</td>
</tr>
<tr>
<td>School pass-out (class 12)</td>
<td>7,000</td>
</tr>
<tr>
<td>National/State certificate holder</td>
<td>7,000</td>
</tr>
<tr>
<td>Vocational certificate holder</td>
<td>7,000</td>
</tr>
<tr>
<td>Technician</td>
<td>8,000</td>
</tr>
<tr>
<td>Graduate</td>
<td>9,000</td>
</tr>
</tbody>
</table>

Source: Amendments to the Apprenticeship Rules 1992, Ministry of Skill Development and Entrepreneurship, 2019; PRS.

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


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...
The National Medical Commission Bill, 2019 passed by Parliament

The National Medical Commission Bill, 2019 was passed by Parliament in August 2019. The Bill repeals the Indian Medical Council Act, 1956 and provides for a medical education system which ensures: (i) availability of adequate and high quality medical professionals, (ii) adoption of the latest medical research by medical professionals, (iii) periodic assessment of medical institutions, and (iv) an effective grievance redressal mechanism. Key features of the Bill include:

- **Constitution of the National Medical Commission**: The Bill sets up the National Medical Commission (NMC). Within three years of the passage of the Bill, state governments will establish State Medical Councils. The NMC will consist of 33 members, appointed by the central government.

- **Members of the NMC will include**: (i) the Chairperson (must be a medical practitioner), (ii) Presidents of the Under-Graduate and Post-Graduate Medical Education Boards, (iii) the Director General of Health Services, Directorate General of Health Services, (iv) the Director General, Indian Council of Medical Research, and (v) nine members (part-time) to be elected by registered medical practitioners from amongst themselves for two years.

- **Functions of the National Medical Commission**: Functions of the NMC include: (i) framing policies for regulating medical institutions and medical professionals, (ii) assessing the requirements of healthcare related human resources and infrastructure, (iii) ensuring compliance by the State Medical Councils of the regulations made under the Bill, (iv) framing guidelines for determination of fees for up to 50% of the seats in the private medical institutions and deemed universities which are regulated as per the Bill.

- **Autonomous boards**: The Bill sets up four autonomous boards under the supervision of the NMC. Each board will consist of a President and four members, appointed by the central government. These boards include: (i) the Under-Graduate Medical Education Board and the Post-Graduate Medical Education Board, (ii) the Medical Assessment and Rating Board, and (iii) the Ethics and Medical Registration Board.

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

The Prohibition of E-Cigarettes Bill, 2019 passed by Parliament


- **Electronic cigarettes**: The Bill defines electronic cigarettes (e-cigarettes) as electronic devices that heat a substance, which may contain nicotine and other chemicals, to create vapour for inhalation. These e-cigarettes can also contain different flavours including all forms of electronic nicotine delivery systems, heat-not-burn products, e-hookahs, and similar devices.

- **Banning of e-cigarettes**: The Bill prohibits the production, manufacture, import, export, transport, sale, distribution and advertisement of e-cigarettes in India. Any person who contravenes this provision will be punishable with imprisonment of up to one year, or a fine of up to one lakh rupees, or both. For any subsequent offence, the person will be punishable with an imprisonment of up to three years, and a fine of up to five lakh rupees.

- **Storage of e-cigarettes**: No person will be allowed to use any place for the storage of any stock of e-cigarettes. If any person stores any stock of e-cigarettes, he will be punishable with an imprisonment of up to six months, or a fine of up to Rs 50,000 or both.

- **Once the Bill comes into force, the owners of existing stocks of e-cigarettes will have to declare and deposit these stocks at the nearest office of an authorised officer. Such an authorised officer may be a police officer (at least at the level of a sub-inspector), or an officer as notified by the central or state government.**

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

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power to grant degrees such as Bachelor of Technology, Master of Technology, and Ph.D.
The Homoeopathy Central Council (Amendment) Bill, 2019 passed by Parliament

The Homoeopathy Central Council (Amendment) Bill, 2019 was passed by Parliament in July 2019.376 It amends the Homoeopathy Central Council Act, 1973 and replaces the Homoeopathy Central Council (Amendment) Ordinance, 2019 that was promulgated on March 2, 2019. The Act sets up the Central Council of Homoeopathy which regulates homoeopathic education and practice.

- **Time period for supersession of the Central Council:** The 1973 Act was amended in 2018 to provide for the supersession of the Central Council. The Central Council was required to be reconstituted within one year from the date of its supersession. In the interim period, the central government constituted a Board of Governors, to exercise the powers of the Central Council. The Bill amends the Act to increase the time period for supersession of the Central Council from one to two years.

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

The Dentists (Amendment) Bill, 2019 passed by Parliament

The Dentists (Amendment) Bill, 2019 was passed by Parliament in July 2019.377 The Bill amends the Dentists Act, 1948. The Act regulates the profession of dentistry and constitutes: (i) the Dental Council of India, (ii) State Dental Councils, and (iii) Joint State Dental Councils.

- A register of dentists is maintained under the Act in two parts, Part A and Part B. Persons possessing recognised dental qualifications are registered in Part A and persons not possessing such qualifications are registered in Part B. The persons in Part B are Indian citizens who have been practicing as dentists for at least five years prior to a registration date notified by the state.

- **Composition of the dental councils:** Under the Act, composition of the Dental Council of India, State Dental Councils, and Joint State Dental Councils includes representation from dentists registered in Part B. The Bill seeks to remove the mandatory requirement of the representation of dentists registered in Part B in these Councils.

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

The Surrogacy (Regulation) Bill, 2019 passed by Lok Sabha; Select Committee submitted report

The Surrogacy (Regulation) Bill, 2019 was passed by Lok Sabha in August 2019 and is currently pending in Rajya Sabha.378 The Bill defines surrogacy as a practice where a woman gives birth to a child for an intending couple and agrees to hand over the child to them after the birth. Key features of the Bill include:

- **Regulation of surrogacy:** The Bill prohibits commercial surrogacy, but allows altruistic surrogacy. Altruistic surrogacy involves no monetary compensation to the surrogate mother other than the medical expenses and insurance coverage. Commercial surrogacy includes surrogacy or related procedures undertaken for a monetary benefit or reward (in cash or kind).

- **Eligibility criteria for intending couple:** The intending couple should have a ‘certificate of essentiality’ and a ‘certificate of eligibility’ issued by the appropriate authority. A certificate of essentiality will be issued upon fulfilment of certain conditions such as (i) a medical certificate of proven infertility of the intending couple, and (ii) an order of parentage and custody of the surrogate child. The certificate of eligibility to the intending couple is issued upon fulfilment of certain conditions such as: (i) the couple being Indian citizens and married for at least five years; and (ii) between 23 to 50 years old (wife) and 26 to 55 years old (husband).

- **Eligibility criteria for surrogate mother:** To obtain a certificate of eligibility, the surrogate mother has to be: (i) a close relative of the intending couple; (ii) a married woman having a child of her own; (iii) 25 to 35 years old; and (iv) a surrogate only once in her lifetime; among other things.

The Select Committee on the Surrogacy (Regulation) Bill, 2019 (Chair: Mr. Bhupender Yadav) was tasked with examining the Bill and submitted its report in February 2020.379 Key observations of the Committee were:

- **Commercial vs. altruistic surrogacy:** The Bill prohibits commercial surrogacy and allows altruistic surrogacy. Altruistic surrogacy involves no compensation to the surrogate mother other than the medical and insurance expenses related to the pregnancy. The Committee recommended a surrogacy model based on compensation rather than altruistic surrogacy. It recommended that
surrogacy could be classified on the basis of the specific intention with which a woman agrees to be a surrogate mother. The intention could be to either: (i) render a paid service and make money, or (ii) do it for altruistic reasons.

- **Implications of the surrogate being a ‘close relative’**: Under the Bill, the surrogate can only be a ‘close relative’ of the intending couple. The Committee noted that the criteria of being a ‘close relative’ potentially restricts the availability of surrogate mothers and may affect persons in genuine need. Hence, it recommended deleting the definition of ‘close relative’ and allowing any willing woman to act as a surrogate mother.

For more information of the Bill, see [here](#).

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

The Medical Termination of Pregnancy (Amendment) Bill, 2020 passed by Lok Sabha in March 2020. 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 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. Further, the central government will notify the norms for the medical practitioner whose opinion is required for termination of the pregnancy.

- Under the Act, if any pregnancy occurs as a result of failure of any device or method used by a married woman or her husband to limit the number of children, such unwanted pregnancy may constitute a grave injury to the mental health of the pregnant woman. The Bill amends this to replace ‘married woman or her husband’ with ‘woman or her partner’.

- **Constitution of a Medical Board**: The Bill 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. Under the Bill, every state government is required to constitute a Medical Board. These 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; Standing Committee submitted report**


- **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
Standing Committee incorporated certain recommendations 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.

Key recommendations of the Committee were:

- **Composition of the NCH:** The Committee observed that the strength of the NCH and the representation from states as proposed in the Bill must be increased for its effective functioning. It also noted the lack of proper representation of elected medical professionals in the composition of the NCH as 80% of the members are nominated. The Committee recommended that the total strength of the NCH be increased from 20 members to 27 members.

- **Fee regulation:** The Committee noted that states have an existing process to regulate fees charged by private medical colleges. This is done by taking into account local factors, reservation quota, and other issues prevailing in respective states. However, there is no provision in the Bill for regulation of fees of homoeopathy colleges. The Committee recommended fee regulation for at least 50% of seats in private institutions.

For more details on the Bill, see here.

**The National Commission for Indian System of Medicine Bill, 2019 passed by Rajya Sabha; Standing Committee submitted report**


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.

- **Composition of the NCISM:** The Committee observed that the strength of the NCISM and the representation from states as proposed in the Bill must be increased for its effective functioning. It noted that there were eight lakh registered AYUSH doctors in India. Of these, 56% of doctors belong to Ayurveda, 6.4% to Unani, and 1.4% to Siddha and Naturopathy. To ensure proportionate representation of doctors, it recommended increasing the representation of Ayurveda doctors from three members to six members. It recommended that the total strength of the NCISM be increased from 29 members to 44 members.

- **Appellate jurisdiction:** The central government has the appellate jurisdiction over the decisions taken by the NCISM. In this regard, the Committee stated that giving the appellate jurisdiction to the central government does not fit
into the constitutional provision for separation of powers. It recommended constitution of a Medical Appellate Tribunal for Indian System of Medicine and Homoeopathy. This Tribunal will have appellate jurisdiction over the decisions taken by the NCISM instead of the central government.

For more details on the Bill, see [here](https://www.parliamentofindia.nic.in/billdata2020-21/Bills/387.pdf).

### 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. 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 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](https://www.legisprisonline.gov.in/PRSBillSummary.aspx?id=387).

### Standing Committee submitted report on the Allied and Healthcare Professions Bill, 2018

The Standing Committee on Health and Family Welfare submitted its report on the Allied and Healthcare Professions Bill, 2018 in January 2020. The Bill seeks to regulate and standardise the education and practice of allied and healthcare professionals. Key observations and recommendations of the Committee were:

- **National Commission for Allied and Healthcare Profession:** The Bill sets up the Allied and Healthcare Council to regulate the education and practice of allied and healthcare professionals. The Council consists of 48 members, including: (i) six members representing various Departments/Ministries of the central government, and (ii) 12 members representing State Councils. Noting that the Bill aims to regulate 53 different professions, the Committee recommended replacing the Allied and Healthcare Council with the National Commission for Allied and Healthcare Professions. The Commission will consist of 57 members, including: (i) the Chairperson, (ii) 22 ex-officio members, and (iii) 34 part-time members.

- **Search Committee:** The Standing Committee recommended constitution of a Search Committee for appointment of the Chairperson, part-time members of the Commission, and members of the Regulatory Boards. The Search Committee will consist of seven members, to be nominated by the central government. The members will include: (i) the Chairperson (Cabinet Secretary), (ii) four experts with experience in the fields of allied and healthcare education, and public health, (iii) one expert from the field of management, law, or economics, and (iv) the Secretary of the Ministry of Health and Family Welfare.

- **Independent Councils:** The Standing Committee recommended constituting eight independent Councils under the National Commission for Allied and Healthcare Profession to regulate
specific categories of professions.

- **Regulatory Boards:** The Standing Committee recommended constitution of certain autonomous boards under the Commission to regulate the ethics of the allied and healthcare professionals. These boards are: (i) the Under-Graduate Allied and Healthcare Profession Board; (ii) the Post-Graduate Allied and Healthcare Profession Board; (iii) Allied and Healthcare Profession Assessment and Rating Board; and (iv) Allied and Healthcare Professionals Ethics and Registration Board.

For a PRS Report Summary, see here.

### Cabinet approved the Assisted Reproductive Technology Regulation Bill, 2020

The Union Cabinet approved the introduction of the Assisted Reproductive Technology Regulation Bill, 2020 in February 2020. The Bill seeks to regulate assisted reproductive technology services in the country. Assistive reproductive technology (ART) means all techniques that attempt to obtain a pregnancy by handling the sperm (the oocyte) outside the human body and transferring the gamete (the embryo) into the reproductive tract of a woman. This includes in-vitro fertilisation, intrauterine insemination, and gestational surrogacy.

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

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

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

The Ministry of Health and Family Welfare released the draft Drugs and Magic Remedies (Objectionable Advertisements) (Amendment) Bill, 2020 in February 2020. The Bill amends the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 which controls the advertisement of certain drugs in India. Key amendments proposed include:

- **Prohibition on advertisement of certain drugs:** The Act prohibits advertisements of drugs and remedies that claim to have magical properties, and makes doing so an offence. As per the Act, advertisement is prohibited for drugs for 54 diseases, disorders and conditions.

- The draft Bill adds 24 more diseases and disorders to this schedule. These include: (i) drugs or treatment for enhancing sexual performance, (ii) fairness of skin, (iii) premature ageing, and (iv) improvement in height of kids and adults.

- **Penalties:** Under the Act, the first conviction is punishable with imprisonment of up to six months, along with a fine. A subsequent conviction may result in imprisonment of up to a year, and a fine.

- The Bill proposes to increase the penalties. For the first conviction, the punishment will be imprisonment of up to two years and a fine up to Rs 10 lakh. For any subsequent conviction, imprisonment may extend to five years with a fine of up to Rs 50 lakh.

### The Draft National Dental Commission Bill, 2020 released for public comments

The Ministry of Health and Family Welfare released the Draft National Dental Commission Bill, 2020 for public comments in January 2020. The draft Bill seeks to repeal the Dentists Act, 1948 and provide for a dental education system which ensures: (i) availability of adequate and high quality dental professionals, (ii) adoption of the latest dental research by dental professionals, (iii) periodic assessment of dental institutions, and (iv) an effective grievance redressal mechanism. Key features of the draft Bill include:

- **Constitution of the National Dental Commission:** The Bill sets up the National Dental Commission (NDC). Within three years of the passage of the Bill, state governments will establish State Dental Councils at the state level. The NDC will consist of 30 members, appointed by the central government.

- Members of the NDC will include: (i) the Chairperson (a dental practitioner), (ii) the Director General of Health Services, Directorate General of Health Services, (iii) Presidents of the Under-Graduate and Post-Graduate Dental Education Boards, and (iv) nine members (part-time) to be elected by the registered dental
draft Bill to prohibit violence against healthcare professionals released

The Ministry of Health and Family Welfare recently released a draft Bill to address incidences of violence against healthcare professionals and damage to the property of clinical establishments in September 2019. Key features of the Bill include:

- **Prohibition of violence:** The draft Bill prohibits any acts of violence against healthcare service personnel including doctors, nurses, paramedical workers, and ambulance drivers, among others. It also prohibits any damage caused to hospitals, clinics, and ambulances.

- **Penalties:** Any person who commits violence, or abets such violence may be punished with imprisonment between six months to five years, and a fine of up to five lakh rupees. If any person causes grievous hurt to a healthcare service professional, he will be imprisoned for a period between three years to ten years, and a fine between two lakh rupees and Rs 10 lakh.

- In addition to the punishment for offences committed under the draft Bill, the convicted person will also be liable to pay compensation to the affected parties. This includes: (i) payment of twice the amount of the market value of the damaged property, (ii) one lakh rupees for causing hurt to healthcare service personnel, and (iii) five lakh rupees for causing grievous hurt to healthcare service personnel.

- **Cognizance of offences:** All offences under the draft Bill will be cognizable (i.e., a police officer can arrest without a warrant) and non-bailable. An aggrieved healthcare service professional can write to the person-in-charge of the clinical establishment to inform the police of an offence committed under the draft Bill. Further, any case registered under this draft Bill will be investigated by a police officer not below the rank of Deputy Superintendent of Police.

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

The Ministry of Health and Family Welfare recently notified all medical equipment intended for use on human beings or animals as ‘drugs’ under the Drugs and Cosmetics Act, 1940 in February 2020. This will come effect from April 1, 2020.

As per the notification, all devices including all instruments, apparatus, appliances and implants, used alone or in combination for several purposes will be covered. These purposes include: (i) diagnosis, prevention, monitoring, or treatment of any disease, (ii) investigation, replacement, or modification of the anatomy, and (iii) supporting or sustaining life will.

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

**Minimum standards for clinical establishments of allopathy and AYUSH proposed**

In July 2019, the Ministry of Health and Family Welfare released the draft Clinical Establishments (Central Government) Third Amendment Rules, 2019. These rules have been prescribed under the Clinical Establishment (Registration and Regulation) Act, 2010. As health is a state subject, this Act is applicable in all states that have adopted it. As of 2018, 17 states have adopted the Act.

The Act provides for the registration and regulation of clinical establishments and prescribes minimum standards of facilities and services. Clinical establishments include clinics, hospitals, and super speciality departments.
The draft rules propose minimum standards for different categories of clinical establishments offering allopathy and AYUSH treatments. These standards have been set across different parameters such as infrastructure, human resources, equipment, drugs, and support service required. Health facilities that do not comply with the prescribed standards, will not be granted registration.

Cabinet approved 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 in March 2020. 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.

Cabinet approved setting up of 75 new medical colleges

In August 2019, the Union Cabinet approved setting up of 75 new government medical colleges by 2021-22. These colleges will be attached with existing district hospitals with a minimum of 200 beds. For the purpose of this expansion, an amount of Rs 24,375 crore has been approved. Previously, the government had approved the establishment of 82 new medical colleges in two phases. Of these, 39 colleges have already started functioning.

Residential accommodation: The Bill defines ‘residential accommodation occupation’ as the occupation of public premises by a person on the grant of a license for such occupation. The license must be given for a fixed tenure, or for the period the person holds office. Further, the occupation must be allowed under the rules made by the central, state or union territory government, or a statutory authority (such as Parliament Secretariat, or a central government company, or premises belonging to a state).

Notice for eviction: The Bill adds a provision laying down the procedure for eviction from residential accommodation. It requires an estate officer (an officer of the central government) to issue a written notice to a person if he is in unauthorised occupation of a residential accommodation. The notice will require the person to show cause of why an eviction order should not be made against him, within three working days. The written notice must be fixed to a conspicuous part of the accommodation, in a prescribed manner.

Order of eviction: After considering the cause shown, and making any other inquiries, the estate officer will make an order for eviction. If the person fails to comply with the order, the estate officer may evict such person from the residential accommodation, and take possession of it. For this purpose, the estate officer may also use such force as necessary.

Payment of damages: If a person in the unauthorised occupation of the residential accommodation challenges the eviction order passed by the estate officer in court, he will pay damages for every month of such occupation.

For a PRS Bill summary, see here.

Housing and Urban Development

The NCT of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Bill, 2019 passed by Parliament

The National Capital Territory of Delhi (Recognition of Property Rights of Residents in Unauthorised Colonies) Bill, 2019 was passed by Parliament in December 2019. The Bill provides for recognising the property rights of residents of certain unauthorised colonies in the National Capital Territory of Delhi. Key features include:

Recognition of property rights: The Bill provides that the central government may regularise transactions of immovable properties
held by residents of certain unauthorised colonies, through notification. These transactions could be regularised based on documents including the latest power of attorney, agreement to sale, will, or possession letter. Any resident of an unauthorised colony having these documents will be eligible to obtain the right of ownership through a conveyance deed or an authorisation slip.

- **Resident**: The Bill defines a resident as a person with physical possession of property on the basis of a registered sale deed or certain other documents. This includes legal heirs of residents but does not include any tenant, licensee, or persons permitted to use the property.

- **Unauthorised colony**: An unauthorised colony is defined as a colony or development comprising of an adjoining area, where no permission has been obtained for the approval of layout or building plans. Further, the Delhi Development Authority must have had notified the colony as subject to regularisation.

- **Payment of charges**: The residents will be required to pay certain charges to obtain such ownership. These charges may be notified by the central government. Stamp duty and registration charges will also be payable on the amount mentioned in the conveyance deed or the authorisation slip.

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

**Draft Model Tenancy Act, 2019 released**

The Ministry of Housing and Urban Affairs released the draft Model Tenancy Act, 2019 in July 2019. The draft Act seeks to provide for the regulation and speedy adjudication of matters related to rental housing. It also seeks to repeal the existing state/union territories (UTs) Rent Control Acts. The final draft Model Tenancy Act will be circulated to states. States may enact a new tenancy law or amend their existing laws to align with the provisions of this Model Act.

Key features of the draft Act include:

- **Tenancy Agreement**: The draft Act provides for a tenancy agreement to be signed between the landowner and the tenant (parties). The duration of tenancy, rent payable, and revision of rent will be as agreed upon between both parties and as specified in the agreement. No person will let out or rent any premises without such an agreement. Such agreements must be registered with the Rent Authority. Details provided in the agreement will include name, address, PAN and Aadhaar numbers of the landowner and tenant, details of the premises, and the rent payable.

- **Rent Authority**: The District Collector, with prior approval of the state/UT government, will appoint the Rent Authority (at the rank of Deputy Collector). The Rent Authority, on receiving information on a tenancy agreement, must upload details of the agreement on its website. The Authority may also, on application by the landowner or tenant, fix or revise the rent, and the date from which the revised rent will apply. Appeals against the Authority’s orders will lie with the Rent Court, and must be made within 30 days from the date of the order.

- **Rent Courts**: The state government may constitute as many Rent Courts as it deems necessary. Two or more Courts can be constituted for any area. In such cases, the state/UT government may regulate the distribution of business among them. A Rent Court may consist of two members to be appointed by the state/UT government in consultation with the High Court. Appeals against a Rent Court’s orders will lie with the Rent Tribunal, and must be made within 30 days from the date of the order.

- **Rent Tribunal**: The state government may constitute as many Rent Tribunals as it deems necessary. In case an area has several such Tribunals, the state/UT government may notify one of them as the Principal Rent Tribunal. The Rent Tribunal will be headed by a Principal Appellate Member (at the level of a High Court Judge), and comprise of two other members. The Rent Courts and Tribunals will seek to dispose of a case within 60 days.

**Guidelines for urban water conservation released**

India faces the challenge of serving 17% of the world population with 4% of the world’s freshwater resources. Currently, less than 1/10th of the country’s annual rainfall is being stored. As per the NITI Aayog, India is facing a water crisis with around 50% of the population experiencing high-to-extreme water shortage. In light of this, the Ministry of Housing and Urban Affairs released guidelines for urban water conservation under the Jal Shakti Abhiyaan in July 2019. Key features of the guidelines include:
Thrust areas: The guidelines provide for four thrust areas: (i) rain water harvesting, (ii) reuse of treated waste water, (iii) rejuvenation of urban water bodies, and (iv) plantation of trees.

Coverage and timeline: The Ministry of Jal Shakti has identified 255 districts and 1,397 blocks across the country as water stressed. From these, 756 urban local bodies (ULBs) have been identified as water stressed. ULBs may carry out these activities in two phases: (i) from July 1, 2019 to September 15, 2019, and (ii) October 1, 2019 to November 30, 2019.

Funding: Cities covered under the AMRUT scheme could use the funds available through it. Cities not covered under AMRUT could utilise: (i) state funds, (ii) grants available through the 14th Finance Commission, or (iii) explore funds available through corporate social responsibility, and land monetisation, among others.

Rainwater harvesting is defined as collection and storage of rainwater from roof-tops, roadside, and open areas, which can be used further or recharged into ground water to augment water resources. ULBs may implement rainwater harvesting through various measures including: (i) enforcing such systems through building bye-laws, and (ii) establishing a rain water harvesting cell which will monitor such harvesting in the city.

To promote the reuse of treated waste water, ULBs can ensure dual piping systems in all public and commercial buildings. If the city has a sewage treatment plant, waste water from such a plant should be used for: (i) agricultural and industrial purposes, (ii) in fire hydrants, and (iii) large scale construction activities, among others.

ULBs could rejuvenate urban water bodies by various measure including: (i) cleaning water bodies through de-silting, (ii) protecting shorelines of water bodies from encroachment, and (iii) arresting the flow of domestic and industrial sewage into the water body.

Ease of Living Index and Municipal Performance Index 2019 launched


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

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

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

Draft National Urban Planning Framework released

The Ministry of Housing and Urban Affairs released the draft National Urban Planning Framework (NUPF), 2018 in April 2019. The NUPF is structured along two lines: (i) 10 core philosophical principles of urban planning, and (ii) these principles are then applied to ten functional areas of urban space and management. The framework provides recommendations on these functional areas. Key recommendations include:

City planning: Master plans should be dynamic and complemented with a strategic, action-oriented plan, and be linked to budgets. The plan must be developed with coordination and negotiation between agencies of land use, transportation, infrastructure service provision and economic development. The planning exercise should be participatory and embrace diverse resident views, including women, youth and immigrants.

Urban finance: States should set norms for cities to meet their revenue expenditure from own revenue and earmark a minimum amount for capital works. Services that can be measured and beneficiaries identifiable (such as water supply, parking), user charges should be assessed and collected.
Urban governance: Fragmentation of functions at the municipal level must be fixed by codifying the roles of Mayors, Commissioners, and Councils. The principle of subsidiarity should be used to devolve funds, functionaries and functions to different levels (ward committees/area sabhas, municipal and regional level). This principle stipulates that functions should be carried out at the smallest possible unit of governance and delegated upwards only if the smaller unit cannot perform the task.

Transportation: A Unified Metropolitan Transport Authority, with an overarching transport vision, must be created across all towns. It should also have the authority to make decisions on traffic flow planning, which is currently under the control of traffic police.

Housing: A national housing stock must be created under the NUPF in collaboration with the Ministry of Rural Development, and as per the guidelines of Pradhan Mantri Awas Yojana. Different types of property rights must be evaluated against multiple ends: (i) enabling market exchange, (ii) securing tenure, and (iii) protecting against market-induced displacement. State policies should be designed to deliver and manage rental housing.

Rural Development

Cabinet approved launch of Pradhan Mantri Gram Sadak Yojana-III

In July 2019, the Cabinet Committee on Economic Affairs approved the third phase of Pradhan Mantri Gram Sadak Yojana. The scheme aims to upgrade 1.25 lakh km of rural roads during 2019-20 to 2024-25. The estimated cost for the scheme is Rs 80,250 crore. Selection of these roads will be based on various parameters such as population served, access to market, and educational and medical facilities, among others.

Pradhan Mantri Gram Sadak Yojana was launched in 2000 with the objective of providing all-weather road connectivity to unconnected habitations of designated population size (more than 500 in plain areas and more than 250 in north-east, hilly, tribal or desert areas as per the 2001 Census).

MNREGA state-wise rates amended

In March 2020, 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. The notification will come into force for April 1, 2020. These wages were last amended in March 2019.

For example, in Andhra Pradesh, the wage rate has been increased by Rs 26, from Rs 211/day in 2019 to Rs 237/day in 2020. In Arunachal Pradesh, the wage rate has been increased by Rs 13, from Rs 192/day in 2019 to Rs 205/day in 2020.

Water Resources and Environment

The Inter-State River Water Disputes (Amendment) Bill, 2019 passed by Lok Sabha

The Inter-State River Water Disputes (Amendment) Bill, 2019 was passed by Lok Sabha in July 2019. It amends the Inter-State River Water Disputes Act, 1956. The Act provides for the adjudication of disputes relating to waters of inter-state rivers and river valleys. Key features of the Bill include:

- Under the Act, a state government may request the central government to refer an inter-state river dispute to a Tribunal for adjudication. If the central government is of the opinion that the dispute cannot be settled through negotiations, it is required to set up a Water Disputes Tribunal for adjudication of the dispute, within a year of receiving such a complaint. The Bill seeks to replace this mechanism.

- Disputes Resolution Committee: Under the Bill, when a state puts in a request regarding any water dispute, the central government will set up a Disputes Resolution Committee (DRC), to resolve the dispute amicably. The DRC will comprise of a Chairperson, and experts with at least 15 years of experience in relevant sectors, to be nominated by the central government.

- The DRC will seek to resolve the dispute through negotiations, within one year (extendable by six months). If a dispute cannot be settled by the DRC, the central government will refer it to the Inter-State River Water Disputes Tribunal.

- Tribunal: The central government will set up an Inter-State River Water Disputes Tribunal, for the adjudication of water disputes. This Tribunal
can have multiple benches. All existing Tribunals will be dissolved, and the water disputes pending adjudication before such Tribunals will be transferred to the new Tribunal.

- **Composition of the Tribunal:** The Tribunal will consist of a Chairperson, Vice-Chairperson, three judicial members, and three expert members. They will be appointed by the central government on the recommendation of a Selection Committee. The central government may also appoint two experts serving in the Central Water Engineering Service as assessors to advise the Bench in its proceedings. They should not be from the state party to the dispute.

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

**The Dam Safety Bill, 2019 passed by Lok Sabha**

The Dam Safety Bill, 2019 was passed by Lok Sabha in August 2019.\(^{410}\) The Bill provides for the surveillance, inspection, operation, and maintenance of specified dams across the country. It also provides for an institutional mechanism to ensure the safety of such dams. Key features of the Bill include:

- **Applicability of the Bill:** The Bill applies to all specified dams in the country. These are dams with: (i) height more than 15 metres, or (ii) height between 10 metres to 15 metres and satisfying certain additional design conditions.

- **Dam safety authorities:** The Bill provides for dam safety regulatory and monitoring authorities at the national and state level. At the national level, it constitutes (i) the National Committee on Dam Safety, whose functions include evolving policies and recommending regulations regarding dam safety, and (ii) the National Dam Safety Authority, whose functions include implementing policies of the National Committee, and resolving matters between State Dam Safety Organisations (SDSOs), or between a SDSO and any dam owner in that state.

- At the state level, it constitutes the (i) State Dam Safety Organisations (SDSOs), whose functions include keeping perpetual surveillance, inspecting, and monitoring dams, and (ii) State Committee on Dam Safety which will supervise state dam rehabilitation programs, review the work of the SDSO, and review the progress on measures recommended in relation to dam safety, among others.

- **Obligations of dam owners:** Dam owners will be responsible for the safe construction, operation, maintenance and supervision of a dam. They must provide a dam safety unit in each dam. This unit will inspect the dams: (i) before and after monsoon season, and (ii) during and after every earthquake, flood, calamity, or any sign of distress. Functions of dam owners include: (i) preparing an emergency action plan, (ii) carrying out risk assessment studies at specified regular intervals, and (iii) preparing a comprehensive dam safety evaluation through a panel of experts.

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

**Cabinet approved Atal Bhujal Yojana**

In December 2019, the Union Cabinet approved the Atal Bhujal Yojana which aims to improve ground water management through community participation.\(^{411}\) The scheme will be implemented in certain identified priority areas in seven states. These states are Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, and Uttar Pradesh. It will be implemented over a period of five years (2020-21 to 2024-25).

The central government will provide Rs 6,000 crore of total grants towards the scheme. 50% of this will be through a World Bank loan, to be repaid by central government. The remaining 50% will be through central assistance from regular budgetary support.

The scheme has two major components:

- **Institutional strengthening:** Institutional arrangements for sustainable ground water management will be strengthened. This includes improving monitoring networks, efficient use of available ground water through measures such as micro-irrigation, crop diversification, and capacity building.

- **Incentives:** States will be incentivised for achievements in improved groundwater management practices. These include data distribution, preparation of water security plans (through convergence of various ongoing/new schemes), and implementation of management interventions, among others.

**Cabinet approved Swachh Bharat Mission (Grameen) Phase-II**

The Union Cabinet approved the Phase II of the Swachh Bharat Mission (Grameen) in February
2020. The programme will focus on Open Defecation Free (ODF) Plus, which includes ODF sustainability and solid and liquid waste management. It will be implemented by states as per the operational guidelines issued to them by the central government.

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

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

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

Operational guidelines for Jal Jeevan Mission released by the Jal Shakti Ministry

In December 2019, the Ministry of Jal Shakti released the operational guidelines for the Jal Jeevan Mission. The Mission was approved by the Union Cabinet in August 2019 to provide functional household tap connection to every rural household by 2024. As of December 2019, out of 17.9 crore rural households in the country, about 14.6 crore (82%) households did not have household water tap connections. Key features include:

- **Institutional structure:** The Mission subsumed some on-going and new schemes to form a four tier institutional framework: (i) National Jal Jeevan Mission at central level, (ii) State Water and Sanitation Mission at state level, (iii) District Water and Sanitation Mission at district level, and (iv) Gram Panchayat and/or its sub-committees at village level. The guidelines provide the powers, functions, and a framework for the structure for different bodies working under the Missions at different levels. For example, gram panchayats will help in planning, designing, execution, operations and maintenance of village level infrastructure.

- **Funding:** The total project cost of the Mission is estimated to be Rs 3.6 lakh crore. Of this, central share will be about Rs 2.1 lakh crore. The guidelines proposed that 10% of the capital cost contribution towards water supply infrastructure should be from the village.

- **Implementation:** Every village is to prepare a village action plan which will have the following components: (i) water source and its maintenance, (ii) water supply, and (iii) grey water (waste water generated from activities such as bathing and washing) management. These plans will be aggregated at district and state levels. This will give a holistic view on projects like regional grids, bulk water supply, and distribution projects.

- **Monitoring:** The physical and financial progress of the mission is proposed to be monitored through Integrated Management Information System. Water quality monitoring and surveillance is proposed to be ensured by the Public Health Engineering Department and the local community.

India State of Forest Report, 2019 released

The Ministry of Environment, Forests and Climate Change released the India State of Forest Report, 2019 in December 2019. The report gives a forest and tree cover map for the country. Key findings of the report include:

- The total forest cover is around 21.7% of the geographical area of the country. The total tree cover is around 2.9% of the geographical area.

- There has been an increase of 0.6% of forest cover, and 1.3% of tree cover compared to the previous assessment in 2017. Mangrove cover in the country has increased by 1.1% since the previous assessment.

- The annual removal of small timber by people living in villages around forests is nearly 7% of the average annual yield of forests in the country.

- About 21.4% of the forest cover of the country is highly-to-extremely fire prone.

Table 18 shows forest cover of India in 2019.

In March 2020, the Ministry of Environment, Forests and Climate Change amended the Environment Impact Assessment Notification, 2006. Amendments made to the notification were:

- **Transfer of environment clearance:** Certain amendments were made 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 was 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 was 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.

Further, in March 2020, the Ministry of Environment, Forest and Climate Change released the Draft Environment Impact Assessment Notification, 2020. The draft notification 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 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:** 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.

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.

In March 2020, 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. The validity of notification was extended from 545 days to 725 days.

Guidelines for implementing Wetlands (Conservation and Management) Rules, 2019 released

In January 2020, the Ministry of Environment, Forests and Climate Change notified guidelines for implementing the Wetlands (Conservation and Management) Rules, 2019. The Rules constitute various bodies for conservation of wetlands and define their powers and functions. The guidelines support the state/Union Territory (UT) administrations in the implementation of the Rules by providing guidance on various management and administrative matters for wetlands. The salient features of the guidelines are as follows:

- **Role of the Wetlands Authority:** According to the Wetlands Rules, the Wetlands Authority within a state is the nodal authority for all wetland-specific authorities in a state/UT. Functions of this Authority include: (i) preparing a list of all wetlands in the state/UT and recommending wetlands for regulation under the Rules, (ii) developing a comprehensive list of activities to be regulated and permitted within the notified wetlands, and (iii) issuing necessary directions for the conservation and sustainable management of wetlands to the respective implementing agencies.

- **Integrated Management Plan:** The guidelines recommend the state/UT administration to prepare a plan for the management of each notified wetland. The plan refers to a document which: (i) describes strategies and actions for use of the wetland, (ii) gives monitoring requirements for detecting changes in the ecological character of the wetland, and (iii) ensures compliance with regulatory frameworks and policy commitments.

- **Violations:** The Wetlands Authorities are responsible for ensuring the enforcement of the Wetlands Rules and other relevant acts, rules and regulations. Undertaking any prohibited or regulated activities beyond the thresholds (defined by the state/UT administration) in the wetlands or its zone of influence, will be deemed violations under the Wetlands Rules. Violation of the Rules will attract penalties as per the Environment (Protection) Act, 1986.

**Enforcement and monitoring guidelines for sand mining released**

The Ministry of Environment, Forests and Climate Change notified the enforcement and monitoring guidelines for sand mining in January 2020. This is supplementary to the Sustainable Sand Management Guidelines, 2016 which focuses on the management of sand mining in the country. The guidelines are prepared taking into consideration of various orders issued by National Green Tribunal on matters relating to illegal sand mining.

The objectives of the guidelines include: (i) regulating sand mining in the country, (ii) preventing illegal sand mining, (iii) use of IT-enabled services and technologies for surveillance of sand mining, and (iv) ensuring post environmental clearance monitoring. Key features of the guidelines include:

- **District Survey Report:** The guidelines provide the procedure to be followed for identifying areas where mining can be allowed or prohibited. It provides guidelines for preparing a district survey report, which include: (i) preparing a report before granting a mining lease, and (ii) defining mining and no mining zones based on certain environmental and social factors.

- **Illegal Mining:** Despite all the regulatory procedures and policies, there are instances of illegal sand mining and need for regular surveillance. The guidelines suggest that sites can be monitored remotely by using unmanned artificial vehicles or drones. Drones can also be used for quantity estimation and land use monitoring. Further, the guidelines propose night surveillance of mining activity through night-vision drones. The environmental damages incurred due to illegal mining will be assessed by a committee constituted by the District Administration.

- **Environmental Clearance:** Clearance for mining is given by regulatory authorities after considering the potential environment impact. However, it has been observed that often the Letter of Intent (LoI) is granted for a location which is not feasible for environment-friendly mining. The guidelines provide that LoIs should
be granted for those locations which have the least possibility of an impact on the environment and nearby habitation.

**Draft National Resource Efficiency Policy released for public feedback**

The draft National Resource Efficiency Policy, 2019 was released by the Ministry for Environment, Forest and Climate Change for public comments in July 2019. The Policy notes that the material consumption in India has increased by six times from 1.2 billion tonnes in 1970 to 7 billion tonnes in 2015. It is expected to double by 2030, in view of rapid urbanisation, increasing population, and growing economic development. These are expected to lead to serious resource depletion and environmental degradation. The Policy seeks to enable efficient use of natural resources and promote upcycling of wastes across all sectors of the economy. Key features of the Policy include:

- **Scope**: The Policy aims to implement resource efficiency for all resources (such as air, water) and materials across all its life cycles including the stages of raw material extraction, processing, and production.

- **Guiding principles**: The Policy is guided by the principles of: (i) reduction in primary resource consumption to sustainable levels, (ii) creation of higher value through resource efficient approaches, (iii) waste minimisation, (iv) ensuring security of material supply, and (v) creation of employment opportunities and business models beneficial to the environment.

- **Authorities**: The Policy provides for the establishment of a National Resource Efficiency Authority to oversee, administer and review implementation of the Policy. Respective state governments and ministries will be responsible for developing and implementing resource efficiency strategies. An inter-ministerial National Resource Efficiency Board will be established to provide guidance on critical aspects of implementation.

- **Targets and Action Plans**: The Policy aims to achieve India’s commitments under the UN Sustainable Development Goals (SDGs) by 2030. The SDGs consist of 12 goals including doubling the rate of global rate of improvement in energy efficiency by 2030, and ensuring sustainable food production systems.

- The Policy states that the National Resource Efficiency Authority will prepare a three-year action plan, in consultation with concerned ministries, state governments, and stakeholders. Resource efficiency strategies will be developed that will lay out sector/region specific scope, targets, timelines, and action plans. The Authority will adopt these strategies into the three-year actions plans for implementation. The first Action Plan has been prepared for 2019-22.

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

The Ministry of Environment, Climate and Forest Change released a draft regulation on the use of membrane based water purification systems in February 2020. The draft regulation bans the installation and use of certain membrane based water purification systems, known as reverse osmosis (RO) systems. It seeks to amend the Environment (Protection) Rules, 1986 under the Environment (Protection) Act, 1986, which regulates protection and improvement of environment. Key features of the draft regulation include:

- **Ban on use of RO systems**: The ban is on systems subjected to conventional filtration and disinfection process or are from any source in compliance with acceptable limit for drinking water prescribed by Bureau of Indian Standard.

- **Responsibilities of commercial units**: The draft regulation puts certain responsibilities on commercial units who use RO systems to purify water. These include: (i) storing water that is lost in the purification process in safe and hygienic conditions, (ii) maintaining a record of water consumption, reject generation, reject disposal, discarded element generated, and their disposal, and (iii) submitting this record to the state pollution control board annually.

- **Responsibilities of manufacturers**: Responsibilities of RO manufacturers and producers include: (i) applying to the state pollution control board for grant of registration, (ii) providing a unique identification mark to each component manufactured for its traceability, (iii) equipping the purifiers with real time online flow to inform consumers of the total dissolved solids levels at the inlet and water outlet, and (iv) setting up authorised collection centres for collection of discarded elements from consumers or dealers.
Draft Battery Waste Management Rules, 2020 released for public feedback

The Ministry of Environment, Climate and Forest Change released the Draft Battery Waste Management Rules, 2020 in February 2020.\(^{24}\) The Draft Rules seek to replace the Batteries (Management and Handling) Rules, 2001, which provide details for handling and management of batteries under the Environment (Protection) Act, 1986. The 1986 Act regulates the protection and improvement of environment. Key features of the Draft Rules include:

- **Applicability**: These Rules will be applicable to various stakeholders involved in the life of batteries or its components, consumables, and spare parts which make the product operational. These include every manufacturer, producer, collection centre, importer, assembler, dealer, recycler, consumer, and bulk consumers.

- **Responsibilities of manufacturer and dealers**: Under the Draft Rules, responsibilities of the manufacturers and battery dealers include: (i) collecting used batteries against the new ones sold and issuing purchase invoices (when they collect used batteries), (ii) setting up collection centres by themselves or jointly at various places for collecting used batteries from dealers and consumers, (iii) ensuring safe transport of the collected batteries to the authorised/registered recyclers and (iv) filing an annual record of their sales and buyback to the state pollution control board by December 31 of every year.

Ministry of Railways banned single use plastic

The Ministry of Railways announced a ban on usage of single use plastic material from October 2, 2019.\(^{25}\) In addition, all railway vendors must avoid use of plastic carry bags. Railway staff should reduce, reuse and refuse plastic products. IRCTC will implement return of plastic drinking water bottles as part of Extended Producer Responsibility (EPR). EPR is a policy approach under which producers are responsible for the treatment or disposal of their products that are no longer deemed useful by consumers. Such responsibility may be financial, physical, or both.

Women and Child Development

The Protection of Children from Sexual Offences (Amendment) Bill, 2019 passed by Parliament

The Protection of Children from Sexual Offences (Amendment), 2019 was passed by Parliament in August 2019.\(^{26}\) The Bill amends the Protection of Children from Sexual Offences Act, 2012. The Act protects children from offences such as sexual assault, sexual harassment, and pornography.

- **Penetrative sexual assault**: Under the Act, a person commits penetrative sexual assault, if he: (i) penetrates his penis into the vagina, mouth, urethra or anus of a child, (ii) makes a child do the same, or (iii) inserts any other object into the child’s body. The punishment for such offence is imprisonment between seven years to life, and a fine. The Bill increases the minimum punishment from seven years to 10 years. It further adds that if a person commits penetrative sexual assault on a child below the age of 16 years, he will be punishable with imprisonment between 20 years to life, with a fine.

- **Aggravated penetrative sexual assault**: Under the Act, “aggravated penetrative sexual assault” has been defined to include cases where a police officer, a member of the armed forces, or a public servant commits penetrative sexual assault on a child. The Bill adds two additional grounds. These include: (i) assault resulting in death of child, and (ii) assault committed during a natural calamity, or in any similar situation.

- Currently, the punishment for aggravated penetrative sexual assault is imprisonment between 10 years to life, and a fine. The Bill increases the minimum punishment from 10 to 20 years, and the maximum punishment to death penalty.

- **Aggravated sexual assault**: Under the Act, “sexual assault” includes actions where a person touches the vagina, penis, anus or breast of a child with sexual intent without penetration. Aggravated sexual assault includes cases where the offender is a relative of the child, or if the
The Bill adds two more offences to the definition of aggravated sexual assault. These include: (i) assault committed during a natural calamity, and (ii) administrating any hormone or any chemical substance, to a child for the purpose of attaining early sexual maturity.

For more details on the Bill, see here.

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 in March 2020.427 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 certain terms such as expert, and special educator. Expert refers to a person trained in mental health, medicine, child development, or other relevant disciplines, 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.

Tribal and Minority Affairs

National Commission for Scheduled Tribes recommended including Ladakh under Sixth Schedule of the Constitution

The National Commission for Scheduled Tribes recommended the inclusion of Ladakh under the Sixth Schedule of the Indian Constitution in September 2019.428 The Sixth Schedule provides for the administration of tribal areas in specific states in the North-East.

The Commission noted that the newly created Union Territory of Ladakh is predominantly a tribal region, with a total tribal population of approximately 97%. Further, it observed that prior to the creation of the Union Territory, people in Ladakh had certain agrarian rights including land rights, which restricted the purchase of land in Ladakh by people from the rest of the country. Additionally, the Commission stated that Ladakh has several distinct cultural heritages, which need to be preserved and promoted.

In this context, the Commission recommended the inclusion of Ladakh under the Sixth Schedule, which will allow; (i) democratic devolution of powers, (ii) preservation and promotion of culture, (iii) protection of agrarian and land rights, and (iv) enhanced transfer of funds for the development of Ladakh.

Waqf Properties Lease (Amendment) Rules, 2020 notified

The Ministry of Minority Affairs notified the Waqf Properties Lease (Amendment) Rules, 2020 in February 2020.429 The 2020 Rules amend the Waqf Properties Lease Rules, 2014. The amendments were notified under the Waqf Act, 1995. The Act regulates the management of waqfs (property donations under Muslim law). Key aspects of the amendments include:
• **Procedure for long leases:** In cases where a waqf property is to be leased for more than a year, bids for the property must be published in a leading national newspaper. The 2014 Rules stated that advertisements are required only for properties with rental income of more than Rs 1,000 per month. This is amended to require advertisements only for properties with rental income of more than Rs 3,000 per month, as on June 3, 2014.

• **Reserve price:** The 2014 Rules stated that reserve price per square foot of a waqf property cannot be less than 5% per year of the market price of the property. This is amended to: (i) not less than 1% per year of the market value for hospitals, education institutions and social sector organisations, and (ii) not less than 2.5% per year of market value for commercial activities.

• **Security deposits:** The 2014 Rules stated that the security deposit will be calculated based on the length of the lease. For instance, for a lease up to one year, the security deposit was three months rent. The amendments reduce the number of months for which rent is payable as a security deposit. For example, for a lease of up to one year, the security deposit will be one month rent.

**Period of lease:** The Rules allow waqf properties to be leased for specified periods of time. The period of lease is determined based on the purpose for which the property will be used. Under the 2014 Rules, properties could be leased for use as shops for a period of five years. The amendments extend this period to 10 years. Further, the 2014 Rules stated that properties for agricultural purposes could be leased on a yearly basis, or for the life cycle of the crop grown. The amendments allow properties to be leased for agricultural purposes for three years.

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**Culture**

**The Jallianwala Bagh National Memorial (Amendment) Bill, 2019 passed by Parliament**

The Jallianwala Bagh National Memorial (Amendment) Bill, 2019 was passed by Parliament in November 2019. It amends the Jallianwala Bagh National Memorial Act, 1951. The Act provides for the construction of a National Memorial in memory of those killed or wounded on April 13, 1919, in Jallianwala Bagh, Amritsar. It creates a Trust to manage the National Memorial.

• **Composition of Trust:** Under the 1951 Act, the Trustees of the Memorial include: (i) the Prime Minister, as Chairperson, (ii) the President of the Indian National Congress, (iii) the Minister in-charge of Culture, (iv) the Leader of Opposition in Lok Sabha, (v) the Governor of Punjab, (vi) the Chief Minister of Punjab, and (vii) three eminent persons nominated by the central government. The Bill amends this provision to remove the President of the Indian National Congress as a Trustee. It clarifies that when there is no Leader of Opposition in Lok Sabha, then the leader of the single largest opposition party in the Lok Sabha will be the Trustee.

• **Term of a nominated trustee:** The Act provides that the three eminent persons nominated by the central government will have a term of five years and will be eligible for re-nomination. The Bill allows the central government to terminate the term of a nominated trustee before the expiry of his term without assigning any reason.

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

Home Affairs

Special status of Jammu and Kashmir repealed and state bifurcated into two UTs

The special status given to Jammu and Kashmir under Article 370 was repealed by the central government in August 2019. According to the Article, the power of Parliament to legislate with respect to Jammu and Kashmir was restricted to defence, external affairs, communications, and central elections. However, the President could extend other central laws, with the concurrence of the state government.

A resolution was adopted by Parliament recommending that the provisions of Article 370 be made inoperative, and that it be amended to state that all provisions of the Constitution would apply to Jammu and Kashmir. On the basis of this resolution, the President issued a notification making Article 370 inoperative.

Subsequently, Parliament passed the Jammu and Kashmir Reorganisation Bill, 2019 in August 2019. The Bill reorganises the state of Jammu and Kashmir into the Union Territory of Jammu and Kashmir, and the Union Territory of Ladakh. Key features of the Bill are as follows:

- **Reorganisation of state**: The Bill reorganises the state of Jammu and Kashmir into: (i) the Union Territory of Jammu and Kashmir with a legislature, and (ii) the Union Territory of Ladakh without a legislature. The Union Territory of Ladakh will comprise Kargil and Leh districts, and the Union Territory of Jammu and Kashmir will comprise the remaining territories of the state of Jammu and Kashmir.

- **Lieutenant Governor**: The Union Territory of Jammu and Kashmir will be administered by the President, through an administrator appointed by him known as the Lieutenant Governor. The Union Territory of Ladakh will be administered by the President, through a Lieutenant Governor appointed by him.

- **Legislative Assembly of Jammu and Kashmir**: The Bill provides for a Legislative Assembly for the Union Territory of Jammu and Kashmir. The total number of seats in the Assembly will be 107. Of these, 24 seats will remain vacant on account of certain areas of Jammu and Kashmir being under the occupation of Pakistan. The Assembly may make laws for any part of the Union Territory of Jammu and Kashmir related to: (i) any matters specified in the State List of the Constitution, except “Police” and “Public Order”, and (ii) any matter in the Concurrent List applicable to Union Territories. Further, Parliament will have the power to make laws in relation to any matter for the Union Territory of Jammu and Kashmir.

- **Extent of laws**: The Schedule lists 106 central laws that will be made applicable to Union Territories of Jammu and Kashmir and Ladakh on a date notified by the central government. These include the Aadhaar Act, 2016, the Indian Penal Code, 1860, and the Right to Education Act, 2009. Further, it repeals 153 state laws of Jammu and Kashmir. In addition, 166 state laws will remain in force, and seven laws will be applicable with amendments. These amendments include lifting of prohibitions on lease of land to persons who are not permanent residents of Jammu and Kashmir.

For a PRS summary of the Bill, see here.


Citizenship (Amendment) Bill, 2019 passed by Parliament

The Citizenship (Amendment) Bill, 2019 was passed by Parliament in December 2019. The Citizenship Act, 1955 provides various ways in which citizenship may be acquired. It provides for citizenship by birth, descent, registration, naturalisation and by incorporation of territory into India. Key features of the Bill include:

- **Definition of illegal migrants**: The Act prohibits illegal migrants from acquiring Indian citizenship. Illegal migrants are those foreigners who do not have valid passport or travel documents. The Bill amends the Act to provide
that that the Hindus, Sikhs, Buddhists, Jains, Parsis and Christians from Afghanistan, Bangladesh and Pakistan, who entered India on or before December 31, 2014, will not be treated as illegal migrants.

- **Citizenship by naturalisation**: The Act allows a person to apply for citizenship by naturalisation if he has resided in India or has been in central government service for at least 11 years before applying for citizenship. For Hindus, Sikhs, Buddhists, Jains, Parsis and Christians from Afghanistan, Bangladesh and Pakistan, the Bill reduces the residency requirement from 11 years to five years.

- **The provisions on citizenship for illegal migrants will not apply to the tribal areas of Assam, Meghalaya, Mizoram, and Tripura, included in the Sixth Schedule to the Constitution. These tribal areas include Karbi Anglong (in Assam), Garo Hills (in Meghalaya), and Tripura Tribal Areas District. Further, it will not apply to the “Inner Line” areas notified under the Bengal Eastern Frontier Regulation, 1873. In these areas, visits by Indians are regulated through the Inner Line Permit. Since December 2019, the Inner Line includes: (i) Arunachal Pradesh, (ii) Manipur, (iii) Mizoram, and, (iv) notified areas of Nagaland. In the same month, Nagaland notified Dimapur under the Inner Line, in addition to the rest of the state.**

- **Cancellation of registration of OCIs**: Overseas Citizens of India (OCIs) are entitled to some benefits such as a multiple-entry, multi-purpose lifelong visa to visit India. The Act provides that the central government may cancel registration of OCIs on certain grounds. These include: (i) if the OCI has registered through fraud, or (ii) if within five years of registration, the OCI has been sentenced to imprisonment for two years or more. The Bill adds one more ground for cancellation, that is, if the OCI has violated the provisions of the Act or of any other law notified by the government.

For details on the Bill and a PRS analysis, see [here](#).

**Unlawful Activities (Prevention) Amendment Bill, 2019 passed by Parliament**

The Unlawful Activities (Prevention) Amendment Bill, 2019 was passed by Parliament in August 2019. It amends the Unlawful Activities (Prevention) Act, 1967. The Act provides special procedures to deal with terrorist activities, among other things. Key provisions of the Bill include:

- **Who may commit terrorism**: Under the Act, the central government may designate an organisation as a terrorist organisation if it: (i) commits or participates in acts of terrorism, (ii) prepares for terrorism, (iii) promotes terrorism, or (iv) is otherwise involved in terrorism. The Bill empowers the central government to designate individuals also as terrorists on the same grounds.

- **Approval for seizure of property**: Under the Act, an investigating officer is required to obtain the prior approval of the Director General of Police to seize properties that may be connected with terrorism. The Bill adds that if the investigation is conducted by an officer of the National Investigation Agency (NIA), the approval of the Director General of NIA would be required for seizure of such property.

- **Investigation**: Under the Act, investigation of cases may be conducted by officers of the rank of Deputy Superintendent or Assistant Commissioner of Police or above. The Bill also empowers the officers of the NIA, of the rank of Inspector or above, to investigate cases.

- **Insertion to schedule of treaties**: The Act defines terrorist acts to include acts committed within the scope of any of the treaties listed in a schedule to the Act. The Schedule lists nine treaties, including the Convention for the Suppression of Terrorist Bombings (1997), and the Convention against Taking of Hostages (1979). The Bill adds the International Convention for Suppression of Acts of Nuclear Terrorism (2005) to the list.

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

**The National Investigation Agency (Amendment) Bill, 2019 passed by Parliament**

The National Investigation Agency (Amendment) Bill, 2019 was passed by Parliament in July 2019. The Bill amends the National Investigation Agency Act, 2008. The Act provides for a national-level agency to investigate and prosecute offences listed in a schedule (scheduled offences). Further, the Act allows for creation of Special Courts for the trial of scheduled offences.

- **Scheduled offences**: The schedule to the Act specifies a list of offences which are to be investigated and prosecuted by the NIA. These
include offences under Acts such as the Atomic Energy Act, 1962, and the Unlawful Activities Prevention Act, 1967. The Bill seeks to allow the NIA to investigate the following additional offences: (i) human trafficking, (ii) offences related to counterfeit currency or bank notes, (iii) manufacture or sale of prohibited arms, (iv) cyber-terrorism, and (v) offences under the Explosive Substances Act, 1908.

- **Jurisdiction of the NIA:** The Act provides for the creation of the NIA to investigate and prosecute offences specified in the schedule. The officers of the NIA have the same powers as other police officers in relation to investigation of such offences, across India. The Bill states that in addition, officers of the NIA will have the power to investigate scheduled offences committed outside India, subject to international treaties and domestic laws of other countries. The central government may direct the NIA to investigate such cases, as if the offence has been committed in India. The Special Court in New Delhi will have jurisdiction over these cases.

- **Special Courts:** The Act allows the central government to constitute Special Courts for the trial of scheduled offences. The Bill amends this to allow the central and state governments to designate Sessions Courts as Special Courts for such trials.

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

### Arms (Amendment) Bill, 2019 passed by Parliament

The Arms (Amendment) Bill, 2019 was passed by Parliament in December 2019. The Bill amends the Arms Act, 1959. It decreases the number of licensed firearms allowed per person and increases penalties for certain offences under the Act. It also introduces new categories of offences.

Key features include:

- **License for acquiring firearms:** The Bill reduces the number of permitted firearms from three to two. This includes licenses given on inheritance or heirloom basis. The Bill provides a time period of one year to deposit excess firearms. The Bill also increases the duration of a firearm license from three years to five years.

- **Increase in penalties:** The Bill enhances the punishment for various offences. For example, the Act specifies the punishment for: (i) dealing in un-licensed firearms, (ii) shortening or converting a firearm without a licence, and (iii) importing or exporting banned firearms. The punishment for these offences is between three years and seven years, along with a fine. The Bill increases the punishment to between seven years and life imprisonment, along with a fine.

- **New offences:** The Bill adds new offences. These include: (i) forcefully taking a firearm from police or armed forces, punishable with imprisonment between 10 years and life imprisonment, and a fine, and (ii) using firearms in a celebratory gunfire which endangers human life or personal safety of others, punishable with imprisonment of up to two years or fine of up to one lakh rupees, or both.

- The Bill also defines offences committed by organised crime syndicates and illicit trafficking. Possession of firearms or ammunition by a member of a syndicate, in violation of the Act, will be punishable with imprisonment between 10 years and life, along with a fine. This punishment will also apply to anyone dealing in un-licensed firearms, converting a firearm without license, or importing or exporting firearms without license, on behalf of a syndicate. Illicit trafficking is punishable with imprisonment between 10 years and life, along with a fine.

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

### Protection of Human Rights (Amendment) Bill, 2019 passed by Parliament


- **Composition of NHRC:** Under the Act, the chairperson of the NHRC is a person who has been the Chief Justice of the Supreme Court. The Bill amends this to provide that a person who has been the Chief Justice of the Supreme Court, or a Judge of the Supreme Court will be the chairperson of the NHRC.

- The Act provides for two persons having knowledge of human rights to be appointed as members of the NHRC. The Bill amends this to allow three members to be appointed, of which at least one will be a woman. Under the Act, chairpersons of various commissions such as the
National Commission for Scheduled Castes, and National Commission for Scheduled Tribes, are members of the NHRC. The Bill includes the chairpersons of the National Commission for Backward Classes, the National Commission for the Protection of Child Rights, and the Chief Commissioner for Persons with Disabilities as members of the NHRC.

**Chairperson of SHRC:** Under the Act, the chairperson of an SHRC is a person who has been the Chief Justice of a High Court. The Bill amends this to provide that a person who has been the Chief Justice or a Judge of a High Court will be the chairperson of an SHRC.

**Term of office:** The Act states that the chairperson and members of the NHRC and SHRC will hold office for five years or till the age of seventy years, whichever is earlier. The Bill reduces the term of office to three years or till the age of seventy years, whichever is earlier.

**Powers of Secretary-General:** The Act provides for a Secretary-General of the NHRC and a Secretary of an SHRC, who exercise powers as may be delegated to them. The Bill amends this and allows the Secretary-General and Secretary to exercise all administrative and financial powers (except judicial functions), subject to the respective chairperson’s control.

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

**The Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories) Bill, 2019 passed by Parliament**

The Dadra and Nagar Haveli and Daman and Diu (Merger of Union Territories) Bill, 2019 was passed by Parliament in December 2019. The Bill provides for the merger of the Union Territories (UTs) of Dadra and Nagar Haveli, and Daman and Diu into a single UT. The Bill makes consequential amendments including retaining the representation in Lok Sabha, the jurisdiction of the High Court of Bombay, and provisionally allotting all officials of the two UTs to the merged UT.

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

**The Jammu and Kashmir Reservation (Amendment) Bill, 2019 passed by Parliament**

The Jammu and Kashmir Reservation (Amendment) Bill, 2019 was passed by Parliament in July 2019. The Bill amends the Jammu and Kashmir Reservation Act, 2004 and replaced an Ordinance promulgated in March 2019. The Act provides for reservation in appointment and promotions in state government posts, and admission to professional institutions for certain reserved categories. Professional institutions include government medical colleges, dental colleges, and polytechnics. Key features of the Bill include:

- **Extension of reservation:** The Act provides for reservation in appointment and promotions in certain state government posts to persons belonging to socially and educationally backward classes. It defines socially and educationally backward classes to include persons living in areas adjoining the Actual Line of Control. The Bill amends this to include those persons living in areas adjoining International Border, within the ambit of this reservation.

- **Exclusion from reservation:** The Act states that any person whose annual income exceeds three lakh rupees or other amount as notified by the state government, would not be included within socially and educationally backward classes. However, this exclusion does not apply to persons living in areas adjoining the Actual Line of Control. The Bill states that this exclusion will not apply to persons living in areas adjoining the International Border also.

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

**Special Protection Group (Amendment) Bill, 2019 passed by Parliament**

The Special Protection Group (Amendment) Bill, 2019 was passed by Parliament in December 2019. The Bill amends the Special Protection Group Act, 1988. The Act provides for constitution and regulation of the Special Protection Group (SPG) for providing security to the Prime Minister, former Prime Ministers, and their immediate family members. Key features of the Bill include:

- **Under the Act, the SPG provides security to the Prime Minister and his immediate family members. It also provides security to former Prime Ministers and their immediate family members for a period of one year from the date on which they cease to hold the office. Beyond this period, the SPG security is provided based on the level of threat as decided by the central government. The threat must: (i) emanate from a military or terrorist organisation, and (ii) be of a grave and continuing nature.**
The Bill amends this provision to state that the SPG will provide security to the Prime Minister, and members of his immediate family residing with him at his official residence. It will also provide security to any former Prime Ministers, and his immediate family members residing with him at the residence allotted to him. This security will be provided for a period of five years from the date on which he ceases to hold the office of Prime Minister.

The Act stipulates that if the SPG security is withdrawn from a former Prime Minister, it will also be withdrawn from his immediate family members, unless the level of threat faced by the immediate family member warrants such security. The Bill removes this condition to state that if the SPG security is withdrawn from a former Prime Minister, it will also be withdrawn from his immediate family members.

For a PRS summary of the Bill, see here.

National Forensic Sciences University Bill, 2020 introduced in Lok Sabha

The National Forensic Sciences University Bill, 2020 was introduced in Lok Sabha in March 2020. 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 in 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.

For a PRS summary of the Bill, see here.

Rashtriya Raksha University Bill, 2020 introduced in Lok Sabha

The Rashtriya Raksha University Bill, 2020 was introduced in Lok Sabha in March 2020. Key features of the Bill include:

- **Establishment of the University**: The Bill establishes the Rashtriya Raksha University, Gujarat (established under the Rashtriya Raksha 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 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 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.

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

**Standing Committee submitted its report on the Constitution (One Hundred and Twenty-fifth Amendment) Bill, 2019**

In March 2020, the Standing Committee on Home Affairs (Chair: Mr. Anand Sharma) submitted its report on the Constitution (One Hundred and Twenty-fifth Amendment) Bill, 2019. 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 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 the 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 Meghalaya government that elections to the Village Councils are not through adult suffrage. It noted that this goes against basic democratic principles and recommended a time limit within which this exemption would be removed for Meghalaya.

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

**Cabinet approved conduct of Census 2021 and updation of National Population Register**

In December 2019, the Union Cabinet 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.

The Census will 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 will 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. 449,450 On March 25, 2020, in view of the COVID-19 pandemic, the census was postponed until further orders. 451

Amendment issued to the Foreigners (Tribunals) Order, 1964 and NRC in Assam published

Between June 2019 and September 2019, the Ministry of Home Affairs issued amendments to the Foreigners (Tribunals) Order, 1964. 452,453 The Order provides for the creation of Tribunals to adjudicate on whether an individual is a foreigner. A foreigner is anyone who is not a citizen of India. The key amendments were:

- **Reference of matters to Tribunals:** Under the 1964 Order, the central government could refer the question of whether an individual is a foreigner, to the Tribunal. The amendment states that in addition to the central government, a (i) state government, (ii) union territory administration, or (iii) district magistrate may also refer such matters to the Tribunal.

- **Appeal process for National Register of Citizens in Assam:** Any person whose name has been excluded or incorrectly included in the National Register of Citizens (NRC) in Assam can register a complaint with the Local Registrar of Citizen Registration. 454 Appeals against decisions of the Registrar can be made to the Tribunals constituted under the Order. Note that in August 2019, the Rules were amended to extend the timeline for appeal from 60 days to 120 days. 455

The amendments state that an individual who files an appeal must provide a copy of the rejection order received from the NRC authorities. Following this, the Tribunal must issue a notice to the District Magistrate to produce NRC records within thirty days of the notice. The final order of the Tribunal, which will determine whether the individual is eligible for inclusion in the NRC, must be given within 120 days of the production of records. If the Tribunal rejects an appeal, it must give a clear finding as to whether the individual is a foreigner under the Foreigners Act, 1946.

- If the individual does not file an appeal, then a reference on the question of whether the individual is a foreigner, may only be made by the District Magistrate.

Note that in August 2019, the final National Register of Indian Citizens in Assam was published on August 31, 2019. The list leaves out 19,06,657 persons. 456

Amendments to FCRA Rules notified

In September 2019, the Ministry of Home Affairs notified amendments to the Rules under the Foreign Contribution (Regulation) Act, 2017. 457 The Act regulates the acceptance of foreign contribution or foreign hospitality by certain individuals and organisations. Key amendments to the Rules include:

- Under the Act, eligible entities (i.e. with a definite cultural, economic, educational, religious or social programme) seeking foreign contribution are required to apply for a Certificate of Registration. If such a Certificate is not obtained, eligible entities may apply for prior permission from the central government for receiving foreign contribution from a specific source and for a specific purpose.

- The Rules specify the forms to apply for a certificate of registration or to apply for prior permission. The Amendments additionally require every office bearer and key functionary of such an entity to submit an affidavit confirming that they have fulfilled all the conditions for grant of Certificate under the Act. These conditions include that they have not been prosecuted for religious conversion, or for creating communal tension and disharmony.

- Under the Rules, personal gifts of a market value of up to Rs 25,000, are not considered as “foreign contribution” under the Act. The Amendments increase the threshold from Rs 25,000 to one lakh rupees.

- The Act prohibits acceptance of hospitality from a foreign source (e.g. foreign governments or corporations) for certain categories of persons (including legislators, judges, and government and PSU employees), unless the person obtains prior permission from the central government. However, prior permission for receiving foreign hospitality is not required if an individual contracts a sudden illness abroad. In such a case, the Rules require the individual to notify the government within 60 days of receiving the hospitality. The Amendments reduce the reporting time from 60 days to one month. Note
that the Act contained a reporting timeline of 30 days from receiving the hospitality.

**Nagaland declared as a disturbed area under AFSPA**

The Ministry of Home Affairs declared the entire state of Nagaland to be a ‘disturbed area’ under the Armed Forces (Special Powers) Act, 1958 (AFSPA), for a period of six months from December 30, 2019. The AFSPA empowers the Governor of the state, or the central government, to declare any part of the state as a ‘disturbed area’. In a disturbed area, armed forces officers have certain special powers. These include the power to open fire at any individual for violating laws which prohibit: (i) the assembly of five or more persons, or (ii) the carrying of weapons.

**AFSPA application modified for certain police stations in Arunachal Pradesh**

The Ministry of Home Affairs withdrew the application of the Armed Forces (Special Powers) Act, 1958 (AFSPA) from the jurisdiction of four police stations in Arunachal Pradesh in April 2019. These police stations are: (i) Balemu and Bhulukpong districts in West Kameng district, (ii) Seijosa in East Kameng district, and (iii) Balijan in Papumpare district.

In October 2019, the Ministry of Home Affairs extended the application of the Armed Forces (Special Powers) Act, 1958 (AFSPA) in three districts of Arunachal Pradesh (i.e., Tirap, Changlang, and Longding). It also extended the area under the Act to include the area falling under the jurisdiction of four police stations.

These police stations are: (i) Namsai and Mahadevpur stations in Namsai district, (ii) Roing station in Lower Dibang Valley district, and (iii) Sunpura station in Lohit district.

**Committee appointed on implementation of Assam Accord**

The High-Level Committee for implementation of clause six of the Assam Accord was appointed in July 2019. Note that the Committee had been approved by the Union Cabinet and constituted in January 2019. The Assam Accord was signed on August 15, 1985. Clause six of the Accord states that the appropriate constitutional, legislative, and administrative safeguards will be provided to protect the cultural, social, and linguistic identity of the Assamese people. The Committee will consist of 13 members and will be chaired by Justice (Retd) Biplap Kumar Sharma, former Judge, Guwahati High Court.

The Terms of Reference of the Committee include: (i) examining the effectiveness of actions taken to implement clause six of the Accord, (ii) assessing the appropriate level of reservation of seats in the Assam Legislative Assembly and local bodies for the Assamese people, and (iii) suggesting measures to protect Assamese and other languages of Assam.

**Trade along Line of Control suspended**

The Ministry of Home Affairs issued orders to suspend trade along the Line of Control (LoC) in Jammu and Kashmir, with effect from April 19, 2019. Note that LoC trade takes place through two trade facilitation centres in Baramulla and Poonch districts of Jammu and Kashmir for facilitating exchange of goods between local populations across the LoC. The decision was taken based on reports received by the central government that the trade routes were being exploited for funneling illegal weapons and narcotics.

**Law and Justice**

**Aadhaar and Other Laws (Amendment) Bill, 2019 passed by Parliament**


- **Offline verification:** Under the Aadhaar Act, an individual’s identity may be verified by Aadhaar ‘authentication’. Authentication involves submitting the Aadhaar number, and their biometric and demographic information to the Central Identities Data Repository for verification. The Bill additionally allows ‘offline verification’ of an individual’s identity, without authentication, through modes specified by the Unique Identification Authority of India (UIDAI) by regulations.
Key features of the Bill include:

- **Voluntary use:** The Act provides for the use of Aadhaar number as proof of identity of a person, subject to authentication. The Bill replaces this provision to state that an individual may voluntarily use his Aadhaar number to establish his identity, by authentication or offline verification. The Bill states that authentication of an individual’s identity via Aadhaar, for the provision of any service, may be made mandatory only by a law of Parliament.

- **The Bill amends the Telegraph Act, 1885 and the Prevention of Money Laundering Act, 2002 to state that telecom companies, banks and financial institutions may verify the identity of their clients by: (i) authentication or offline verification of Aadhaar, or (ii) passport, or (iii) any other documents notified by the central government. The person has the choice to use either mode to verify his identity and no person shall be denied any service for not having an Aadhaar number.**

- **UIDAI Fund:** Under the Act, all fees and revenue collected by the UIDAI shall be credited to the Consolidated Fund of India. The Bill removes this provision, and creates the Unique Identification Authority of India Fund. All fees, grants, and charges received by the UIDAI shall be credited to this fund. The fund shall be used for expenses of the UIDAI, including salaries and allowances of its employees.

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

**The Transgender Persons (Protection of Rights) Bill, 2019 passed by Parliament**

The Transgender Persons (Protection of Rights) Bill, 2019 was passed by Parliament in November 2019. Key features of the Bill include:

- **Definition of a transgender person:** The Bill defines a transgender person as one whose gender does not match the gender assigned at birth. It includes transmen and trans-women, persons with intersex variations, gender-queers, and persons with socio-cultural identities, such as kinnar and hijra. Intersex variations is defined to mean a person who at birth shows variation in his or her primary sexual characteristics, external genitalia, chromosomes, or hormones from the normative standard of male or female body.

- **Prohibition against discrimination:** The Bill prohibits the discrimination against a transgender person, including denial of service or unfair treatment in relation to: (i) education; (ii) employment; (iii) healthcare; (iv) access to, or enjoyment of goods, facilities, opportunities available to the public; (v) right to movement; (vi) right to reside, rent, or otherwise occupy property; (vii) opportunity to hold public or private office; and (viii) access to a government or private establishment in whose care or custody a transgender person is.

- **Health care:** The government must take steps to provide health facilities to transgender persons including separate HIV surveillance centres, and sex reassignment surgeries. The government shall review medical curriculum to address health issues of transgender persons, and provide comprehensive medical insurance schemes for them.

- **Certificate of identity:** A transgender person may make an application to the District Magistrate for a certificate of identity, indicating the gender as ‘transgender’. A revised certificate may be obtained only if the individual undergoes surgery to change their gender either as a male or a female.

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

**Muslim Women (Protection of Rights on Marriage) Bill, 2019 passed by Parliament**

The Muslim Women (Protection of Rights on Marriage) Bill, 2019 was passed by Parliament in July 2019. It replaces an Ordinance promulgated in February 2019. Key features of the Bill include:

- **Offence and penalty:** The Bill makes declaration of talaq a cognizable offence, attracting up to three years imprisonment with a fine. (A cognizable offence is one for which a police officer may arrest an accused person without warrant.) The offence will be cognizable only if information relating to the offence is given by: (i) the married woman
(against whom talaq has been declared), or (ii) any person related to her by blood or marriage.

- The Bill provides that the Magistrate may grant bail to the accused. The bail may be granted only after hearing the woman (against whom talaq has been pronounced), and if the Magistrate is satisfied that there are reasonable grounds for granting bail.

- The offence may be compounded by the Magistrate upon the request of the woman (against whom talaq has been declared). Compounding refers to the procedure where the two sides agree to stop legal proceedings, and settle the dispute. The compounding terms and conditions will be determined by the Magistrate.

- **Allowance and custody:** A Muslim woman against whom talaq is declared is entitled to seek subsistence allowance from her husband for herself and for her dependent children. She is also entitled to seek custody of her minor children. The amount of allowance and manner of custody will be determined by the Magistrate.

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

**Arbitration and Conciliation (Amendment) Bill, 2019 passed by Parliament**

The Arbitration and Conciliation (Amendment) Bill, 2019 was passed by Parliament in August 2019. It amends the Arbitration and Conciliation Act, 1996. The Act contains provisions to deal with domestic and international arbitration, and defines the law for conducting conciliation proceedings. Key features of the Bill include:

- **Arbitration Council of India:** The Bill seeks to establish an independent body called the Arbitration Council of India (ACI) for the promotion of arbitration, mediation, conciliation and other alternative dispute redressal mechanisms. Its functions include: (i) framing policies for grading arbitral institutions and accrediting arbitrators, (ii) making policies for the establishment, operation and maintenance of uniform professional standards for all alternate dispute redressal matters, and (iii) maintaining a depository of arbitral awards (judgments) made in India and abroad.

- **Appointment of arbitrators:** Under the 1996 Act, parties were free to appoint arbitrators. In case of disagreement on an appointment, parties could request the Supreme Court, or the High Court, or any person or institution designated by such Court, to appoint an arbitrator.

- Under the Bill, the Supreme Court and High Courts may now designate arbitral institutions, which parties can approach for the appointment of arbitrators. For international commercial arbitration, appointments will be made by the institution designated by the Supreme Court.

- For domestic arbitration, appointments will be made by the institution designated by the concerned High Court. In case there are no arbitral institutions available, the Chief Justice of the concerned High Court may maintain a panel of arbitrators to perform the functions of the arbitral institutions.

- **Relaxation of time limits:** Under the Act, arbitral tribunals are required to make their award within a period of 12 months for all arbitration proceedings. The Bill seeks to remove this time restriction for international commercial arbitrations. It adds that tribunals must try to dispose of international arbitration matters within 12 months.

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

**New Delhi International Arbitration Centre Bill, 2019 passed by Parliament**

The New Delhi International Arbitration Centre Bill, 2019 was passed by Parliament in July 2019. It seeks to establish an autonomous and independent institution for better management of arbitration in India. Key features of the Bill include:

- **New Delhi International Arbitration Centre (NDIAC):** The Bill seeks to provide for the establishment of NDIAC to conduct arbitration, mediation, and conciliation proceedings.

- **International Centre for Alternative Dispute Resolution (ICADR):** It is a registered society to promote the resolution of disputes through alternative dispute resolution methods (such as arbitration and mediation). The Bill seeks to transfer the existing ICADR to the central government. Upon notification by the central government, all the rights, title, and interest in the ICADR will be transferred to the NDIAC.

- **Composition:** Under the Bill, the NDIAC will consist of seven members including: (i) a Chairperson who may be a Judge of the Supreme Court or a High Court, or an eminent person with special knowledge and experience in the conduct
or administration of arbitration; (ii) two eminent persons having substantial knowledge and experience in institutional arbitration; and (iii) three ex-officio members, including a nominee from the Ministry of Finance and a Chief Executive Officer (responsible for the day-to-day administration of the NDIAC).

- **Objectives and functions:** The key objectives of the NDIAC include (i) promoting research, providing training and organising conferences and seminars in alternative dispute resolution matters; (ii) providing facilities and administrative assistance for the conduct of arbitration, mediation, and conciliation proceedings; (iii) maintaining a panel of accredited professionals to conduct arbitration, mediation, and conciliation proceedings.

Key functions include: (i) facilitating conduct of arbitration and conciliation in a professional, timely, and cost-effective manner; and (ii) promoting studies in the field of alternative dispute resolution.

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

**Right to Information (Amendment) Bill, 2019 passed by Parliament**

The Right to Information (Amendment) Bill, 2019 was passed by Parliament in July 2019. It amends the Right to Information Act, 2005. Key features of the Bill include:

- **Term of Information Commissioners:** Under the Act, Chief Information Commissioner (CIC) and Information Commissioners (ICs) are appointed at the national and state level to implement the provisions of the Act. The Act states that the CIC and other ICs (appointed at the central and state level) will hold office for five years. The Bill removes this provision and states that the central government will notify the term of office for the CIC and the ICs.

- **Determination of salary:** The Act states that the salary of the CIC and ICs (at the central level) will be equivalent to the salary paid to the Chief Election Commissioner and Election Commissioners, respectively. Similarly, the salary of the CIC and ICs (at the state level) will be equivalent to the salary paid to the Election Commissioners and the Chief Secretary to the state government, respectively. The Bill seeks to amend these provisions to state that the salaries, allowances, and other terms and conditions of service of the central and state CIC and ICs will be determined by the central government.

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

**Supreme Court (Number of Judges) Amendment Bill, 2019 passed by Parliament**

The Supreme Court (Number of Judges) Amendment Bill, 2019 was passed by Parliament in August 2019. It amends the Supreme Court (Number of Judges) Act, 1956. The Act fixes the maximum number of the judges in the Supreme Court at 30 judges (excluding the Chief Justice of India). The Bill increases this number from 30 to 33.

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

**Repealing and Amending Bill, 2019 passed by Parliament**

The Repealing and Amending Bill, 2019 was passed by Parliament in August 2019. The Bill repeals 58 Acts in whole and makes minor amendments to two other laws. Key features of the Bill include:

- **Repealing certain laws in whole:** The Bill repeals 58 laws that have been listed in the First Schedule of the Bill. These include 12 Acts which are principal Acts and 46 Acts which are Amendment Acts. The principal Acts which have been repealed include: (i) the Beedi Workers Welfare Fund Act, 1976, and (ii) the Municipal Taxation Act, 1881. Note that the repeal of Amendment Acts does not have a material significance since these Amendment Acts have already been incorporated in the principal Acts.

- **Amendment of certain laws:** The Bill makes minor amendments to two Acts which relate to substitution of certain words. The two Acts are: (i) the Income Tax Act, 1961, and (ii) the India Institutes of Management Act, 2017.

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

**The Constitution (One Hundred and Twenty-Sixth Amendment) Bill, 2019 passed by Parliament**

The Constitution (One Hundred and Twenty-Sixth Amendment) Bill, 2019 was passed by Parliament in December 2019. The Bill amends provisions related to reservation of seats for Scheduled Castes (SCs) and Scheduled Tribes (STs).

The Constitution provides for reservation of seats for
SCs and STs and representation of the Anglo-Indian community by nomination, in Lok Sabha and Legislative Assemblies of states. This has been provided for a period of 70 years since the enactment of the Constitution and would have expired on January 25, 2020. The Bill extends the reservation for SCs and STs by another 10 years till January 25, 2030. The provision of seats by nomination for Anglo-Indians in Lok Sabha and State Assemblies has not been extended.

For a PRS Summary of the Bill, see here.

The DNA Technology (Use and Application) Regulation Bill, 2019 introduced

The DNA Technology (Use and Application) Regulation Bill, 2019 was introduced in Lok Sabha in July 2019.\textsuperscript{478} The Bill provides for the regulation of use of DNA technology for establishing the identity of certain persons. Key features of the Bill include:

- **Use of DNA Data:** Under the Bill, DNA testing is allowed only in respect of matters listed in the Schedule to the Bill. These include offences under the Indian Penal Code, 1860, and for civil matters such as paternity suits. Further, the Schedule includes DNA testing for matters related to establishment of individual identity.

- **Collection of DNA:** While preparing a DNA profile, bodily substances of persons may be collected by the investigating authorities. Authorities are required to obtain consent for collection in certain situations. For arrested persons, authorities are required to obtain written consent if the offence carries a punishment of up to seven years. If the offence carries more than seven years of imprisonment or death, consent is not required. Further, if the person is a victim, or relative of a missing person, or a minor or disabled person, the authorities are required to obtain their written consent.

- **DNA Data Bank:** The Bill provides for the establishment of a National DNA Data Bank and Regional DNA Data Banks, for every state, or two or more states. DNA laboratories are required to share DNA data prepared by them with the National and Regional DNA Data Banks. Every Data Bank will be required to maintain the following indices of DNA data: (i) a crime scene index, (ii) a suspects’ or under trials’ index, (iii) an offenders’ index, (iv) a missing persons’ index, and (v) an unknown deceased persons’ index.

- **Removal of DNA profiles:** The Bill provides for removal of the DNA profiles of the following persons: (i) of a suspect if a police report is filed or a court order is given, (ii) of an under trial if a court order is given, and (iii) for persons who are not a suspect, offender or under trial, from the crime scene or missing persons’ index.

- **DNA Regulatory Board:** The Bill provides for the establishment of a DNA Regulatory Board, which will supervise the DNA Data Banks and DNA laboratories. The functions of the Board include: (i) advising governments on all issues related to establishing DNA laboratories or Data Banks, and (ii) ensuring that all information relating to DNA profiles is kept confidential.

For a PRS summary and analysis of the Bill, see here.

The Maintenance and Welfare of Parents and Senior Citizens (Amendment) Bill, 2019 introduced

The Maintenance and Welfare of Parents and Senior Citizens (Amendment) Bill, 2019 was introduced in Lok Sabha in December 2019.\textsuperscript{479} The Bill amends the Maintenance and Welfare of Parents and Senior Citizens Act, 2007.\textsuperscript{480} Key features include:

- **Definitions:** In the Act, the term ‘children’ refers to children and grandchildren, excluding minors. The Bill adds step-children, adoptive children, children-in-laws, and the legal guardian of minors to the definition. Further, the Act defines a relative as the heir of a childless senior citizen, excluding minors, who possesses or would inherit his property after death. The Bill amends this to include minors represented by their legal guardians. The Act defines parents to include biological, adoptive, and step parents. The Bill expands this definition to include both parent-in-laws and grandparents.

- **Under the Act, maintenance includes provision of food, residence, and medical attendance. Welfare includes the provision of food, healthcare, and other amenities necessary for senior citizens. The Bill expands the definition of: (i) maintenance, to include provision of healthcare, safety, and security for parents and senior citizens to lead a life of dignity. (ii) welfare, to include provision of housing, clothing, safety, and other amenities necessary for the well-being of a senior citizen or parent.

- **Maintenance orders:** Under the Act, state governments constitute maintenance Tribunals
which may direct children and relatives to pay a monthly maintenance fee of up to Rs 10,000 to parents and senior citizens. The Bill removes the upper limit on the maintenance fee.

- **Offences and penalties:** The Bill increases the penalty for abandonment of a senior citizen or parent from imprisonment of up to three months to imprisonment between three and six months, and from fine of up to Rs 5,000, to Rs 10,000. The Bill also provides that failure to comply with the maintenance order by children or relatives may lead to imprisonment of up to one month, or until the payment is made.

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

**Supreme Court ruled on restructuring of Tribunals through the Finance Act, 2017**

In November 2019, the Supreme Court passed a judgement regarding various provisions of the Finance Act, 2017 that pertained to restructuring of Tribunals. The issues before the Supreme Court included: (i) whether the Finance Act, 2017 satisfies the requirements of a Money Bill under the Constitution, (ii) whether the Rules on Tribunals notified under the Act amount to excessive delegation, and (iii) whether the Rules are compatible with the Constitution and various decisions of the Supreme Court.

Certain provisions of the Finance Act, 2017 provide for the conditions of service of chairpersons and other members of Tribunals, and amend certain Acts to merge Tribunals. The Court did not decide on whether such provisions could be passed in a Money Bill and referred the issue to a seven judge bench. In particular, the reference was to interpret Article 110 of the Constitution, and to decide whether the word “only” in the definition of Money Bill means that any item other than those related to taxation or expenditure could be included.

Section 184 of the Finance Act, 2017 allows the central government to make rules regarding qualification, appointment, terms of services, and salary of chairperson, and other members of Tribunals and other authorities. The Court said that this does not amount to excessive delegation, and upheld the section.

However, the Court struck down the Tribunal, Appellate Tribunal and other Authorities (Qualifications, Experience and other Conditions of Service of Members) Rules, 2017. It held that these Rules were in conflict with the principles of the Constitution which have been settled through various judgements of the Supreme Court. For example, the Court noted that under the Rules, appointments of members of the Tribunals are largely made by the nominees of the central government, with only token representation of the Chief Justice of India or his nominee. The Court referred to its earlier judgements where it had stressed on the need for an independent system of appointment and administration of Tribunals and having similar standards of appointment, qualifications and conditions of service as any other Court.

Therefore, the Court held that these Rules amount to excessive interference of the executive in appointment of members of Tribunals and would be detrimental to the independence of the judiciary. It would undermine the principle of separation of powers between the executive and the judiciary. The Court directed the central government to reframe these rules in accordance with previous judgements of the Supreme Court related to working of Tribunals. The Court also passed an interim order that appointments to the Tribunals shall be in terms of the respective Acts before the enactment of the Finance Act, 2017.

**Supreme Court brought office of Chief Justice of India under the Right to Information Act, 2005**

In the last decade, some pleas had been filed in the Delhi High Court and with the Supreme Court’s Central Public Information Officer (CPIO) seeking details of judges’ appointments, assets and correspondences. In 2010, the Delhi High Court held that the office of Chief Justice of India will come under the Right to Information Act, 2005 (RTI Act, 2005). Consequently, the CPIO, Supreme Court filed an appeal against the decision of the Delhi High Court.

The questions before the Supreme Court included: (i) whether the office of Chief Justice of India would come under the RTI Act, 2005, and (ii) whether sharing such information would undermine judicial independence, and (iii) whether there are any exceptions to the sharing of information.

In November 2019, the Supreme Court upheld the 2010 judgement of the Delhi High Court and held that the office of the Chief Justice of India comes under the definition of “public authority” under the RTI Act, 2005. The Court further noted that while independence of the judiciary forms part of the basic structure of the Constitution, bringing the office of
the CJI under the RTI Act would not undermine the independence of the judiciary. However, the Court stressed that when public interest demands the disclosure of information, judicial independence must be kept in mind.

**SC ruling on validity of orders suspending telecom services and imposing Section 144 orders in J&K**

In January 2020, the Supreme Court ruled on petitions challenging: (i) the constitutionality of orders suspending mobile, landline, and internet services in Jammu and Kashmir since August 2019 under the Temporary Suspension of Telecom Services (Public Emergency or Public Service) Rules, 2017, and (ii) the validity of orders on the restrictions of movement and on public gatherings imposed by the District Magistrates in August 2019 under Section 144 of the Code of Criminal Procedure, 1973 (CrPC).485

The Court heard the following key questions: (i) whether the government is required to produce orders passed under the 2017 Rules and Section 144 of the CrPC, (ii) whether freedom to speech and expression, and the freedom to practice any profession, trade or business over the internet is a part of fundamental rights guaranteed under Article 19 of the Constitution, and (iii) whether the prohibition on internet access and restrictions under Section 144 of the CrPC were valid.

On the first question, the Court held that all telecom suspension orders must be produced. If the state has a privilege or public interest claim, it can redact the order to such extent. The state would need to justify any redaction.

On the second question, the Court ruled that the freedom of speech and the freedom to practice trade over internet enjoys constitutional protection under Article 19(1)(a) and (g) of the Constitution, respectively. Therefore, the restriction to these freedoms must: (i) be limited to those specified under Article 19(2) and Article 19(6) of the Constitution such as, state security, and (ii) follow principles of proportionality. These principles require a legitimate state aim, a rationale connection between the aim and restriction of liberties, and proof that the measure is the least intrusive way of achieving the aim.

Applying these principles, the Court directed for a review of existing suspension orders noting that an indefinite suspension of internet services is impermissible under the 2017 Rules. The Court also directed all concerned authorities to publish the orders, and the review committees under the 2017 Rules to review the orders every seven working days. The 2017 Rules provide for the constitution of review committees at the centre and in the states, comprising of government secretaries.

The Court also summarised the legal position in relation to the use of powers under Section 144 of the CrPC. Among others, it noted that the power under Section 144 may only be exercised when both the following conditions are met: (i) the order states the material facts based on which it is passed, and (ii) the danger presented is in the nature of an emergency, and is necessary to prevent injury or obstruction to a person. It noted that repetitive orders under Section 144 would be an abuse of power. It directed the concerned authorities to publish all orders passed in Jammu and Kashmir under Section 144.

**Supreme Court upheld disqualification of 17 Karnataka MLAs**

In November 2019, the Supreme Court upheld the decision of former Karnataka Speaker on the disqualification of 17 MLAs. However, they were allowed to contest in re-elections. In July 2019, the then Karnataka Speaker disqualified 17 MLAs till the end of the Assembly term, under the anti-defection law.486 15 of these MLAs had submitted their resignations before the decision of their disqualification. These MLAs argued that they have the right to resign and the Speaker should accept their resignations immediately as they personally informed him that the resignation is voluntary and genuine.

The questions before the Court were: (i) what is the role of the Speaker in deciding whether to accept or reject a resignation, (ii) whether the order of the Speaker rejecting resignations and disqualifying the MLAs is valid, and (iii) whether the Speaker can disqualify MLAs till the end of the Assembly term.

The Court held that the Speaker’s role with regard to acceptance or rejection of a resignation is limited to examining whether such a resignation is voluntary or genuine. It held that disqualification proceedings can be continued even if members have submitted resignations, if the act resulting in disqualification has arisen prior to the resignation. Otherwise, the object of the anti-defection law is defeated.

It upheld the order of the Speaker to the extent of disqualification of the 17 MLAs. However, it held that Speaker has no power to disqualify the members till the end of the Assembly term. The Court noted that the Constitution provides for certain sanctions for disqualified members. These include a bar from
being appointed as a Minister or holding any remunerative political post from the date of disqualification till the date of expiry of office, or re-election to the legislature, whichever is earlier.

**Supreme Court judgement on disqualifications under anti-defection law**

In January 2020, the Supreme Court directed the Speaker of the Manipur Legislative Assembly to decide a disqualification petition concerning the defection of a Member of the Legislative Assembly of Manipur from one political party to another, within four weeks.487

The case was filed in appeal against the decision of the High Court challenging the delay by the Speaker in deciding the disqualification petition. The Supreme Court held that the Speaker should decide disqualification petitions within a reasonable time period, not exceeding three months. It further observed that the role of the Speaker in disqualification petitions should be re-considered since the Speaker continues to belong to a political party. It recommended that Parliament may consider amending the Constitution to substitute the Speaker with an alternative adjudicating authority. Such an authority may be a permanent tribunal headed by a retired Supreme Court judge or retired Chief Justice of a High Court, or with any other external independent mechanism.

**Supreme Court struck down provision of Arbitration and Conciliation (Amendment) Act, 2019**

In November 2019, the Supreme Court struck down a provision of the Arbitration and Conciliation (Amendment) Act, 2019 (which amended the Arbitration and Conciliation Act, 1996).488 This provision clarified the date of applicability of an earlier amendment Act, i.e., the Arbitration and Conciliation (Amendment) Act, 2015. It stated that the 2015 Amendment Act would only apply to arbitral proceedings which started on or after October 23, 2015.

The 2015 Amendment Act introduced several changes. One of the provisions of the 1996 Act allowed a party to file an application to set aside an arbitral award (order given in an arbitration proceeding). Courts had interpreted this provision to mean that an automatic stay on an arbitral award was granted the moment an application for setting aside an arbitral award was made before a court. The 2015 Amendment Act changed this. The effect of the Amendment Act was that an arbitral award would not be automatically stayed merely because an application is made to a court to set aside the arbitral award.

However, the 2015 Amendment Act only applied to arbitral proceedings which started on or after October 23, 2015. It was not clear if it would apply to court proceedings which may have been filed after October 23, 2015 but were in connection with arbitral proceedings initiated before October 23, 2015. This provision was challenged before the Supreme Court and it was argued by various companies that in the absence of this clarity, the opposite side would continue to get an automatic stay on an arbitral award (given before October 23, 2015) even if the application to set it aside was filed after the date of the 2015 Act, i.e., October 23, 2015.

In 2018, the Supreme Court interpreted this provision to mean that the 2015 Amendment Act would apply to all arbitral proceedings initiated on or after October 23, 2015, as well as to court proceedings pending as of that date or initiated after that date.489 The Supreme Court noted that any other interpretation would result in a delay in disposal of arbitration proceedings and increase the interference of courts in arbitration matters.

The 2019 Amendment Act re-inserted this provision on the applicability of the 2015 Amendment Act. This provision was challenged before the Supreme Court. The Court held that the new provision was manifestly arbitrary and violated Article 14 of the Constitution (right to equality). The provision was enacted without referring to the 2018 judgment of the Supreme Court. Therefore, it was enacted unreasonably, without adequate basis, and contrary to the public interest sought to be promoted by the 1996 Act and the 2015 Amendment Act.

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

The Adhoc Committee of the Rajya Sabha (Chair: Mr. Jairam Ramesh) constituted to study the issue of pornography on social media and its effect on children and society, submitted its report in February 2020.490 Key recommendations include:

- **Definitions:** The Protection of Children from Sexual Offences Act, 2012 defines child pornography as any visual depiction (such as photographs or videos) of sexually explicit conduct involving a child. The Committee recommended that the definition of child pornography should be
expanded to also include written material and audio recordings. Further, it recommended that ‘sexually explicit’ should be defined in the Act.

- Grooming is the process of building a relationship with a child to facilitate sexual contact with the minor. The Committee recommended that grooming should be defined and considered a form of sexual harassment in the Protection of Children from Sexual Offences Act, 2012.

- Exceptions for possessing child pornography: The Committee recommended that minors should not be prosecuted for possessing or exchanging indecent pictures of themselves under certain conditions. Further, it recommended exceptions for possession of child pornography in the case of: (i) reporting it to authorities, and (ii) investigation.

- Responsibilities of intermediaries: The Committee recommended that responsibilities of intermediaries (such as internet service providers and search engines) should be clearly outlined. These responsibilities include: (i) reporting and removing child sexual abuse material, and (ii) reporting identities of persons accessing child porn.

- Social media: The Committee recommended measures that social media sites may take to protect minors. These include: (i) age restrictions, and (ii) banning of users posting content related to child exploitation.

- Awareness: The Committee recommended that awareness campaigns should be initiated by the central government on issues such as: (i) early signs of child abuse, and (ii) cyber bullying.

- Authorities: The Committee recommended that the National Commission on Protection of Child Rights should deal with issues related to child pornography. Further, State Commissions on Protection of Child Rights should be constituted in each state.

For a PRS report summary, see here.

**Defence**

**Cabinet approved the creation of the post of Chief of Defence Staff**

The Union Cabinet approved the creation of the post of Chief of Defence Staff (CDS) in December 2019. The post is in the rank of a four-star General. Further, a Department of Military Affairs was constituted under the Ministry of Defence, which is headed by the CDS. General Bipin Rawat was appointed as the first CDS with effect from December 31, 2019. The Department of Military Affairs deals with: (i) matters related to defence procurement, training, and staffing for the services, (ii) facilitating restructuring of military commands for optimal utilisation of resources, and (iii) promoting use of indigenous equipment.

The creation of the post of CDS was first recommended in the report of the Group of Ministers on ‘Reforming the National Security System’ (2001) to provide single-point military advice to the government. The CDS is now the permanent chairman of the Chiefs of Staff Committee.

Previously, this position was held by the senior most Chief of Staff until they retire, and therefore was not permanent. The CDS is also responsible for:

- Administering the tri-services organisations (Indian Army, Indian Navy and Indian Air Force) and act as the principal military advisor to the Defence Minister on all tri-services matters. The CDS will not exercise military command over the three service chiefs.

- Functioning as a military advisor to the Nuclear Command Authority (authority responsible for command and control of India’s nuclear weapons programme).

- Bringing inter-service cooperation in operations, logistics, transport, and communications of the three services.

- Serving as a member of the defence acquisition council and the defence planning committee.

**SC ruled in the favour of permanent commission to women in the Army**

In February 2020, the Supreme Court ruled in the favour of granting permanent commission to all women officers in the Army in its non-combat services. The services in the Army are broadly classified into: (i) combat arms, (ii) combat support arms, and (iii) services. Earlier, women officers were eligible to work in all non-combat services through a Short Services Commission (SSC, for a tenure of 14 years). In February 2019, the Ministry of Defence granted Permanent Commission to SSC women officers in ten services of the Army, such as Signals, Engineers, and Army Aviation.

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

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

The Draft Defence Procurement Procedure 2020 released

The Ministry of Defence released the Draft Defence Procurement Procedure, 2020 (Draft DPP, 2020) in March 2020. The DPP governs the purchase of weapons and equipment for India’s defence forces. The draft DPP revised the DPP-2016 with the aim of increasing indigenous manufacturing and reducing timelines for procurement of defence equipment.

The Ministry of Defence had setup a Committee to review the DPP-2016 in August 2019. The Committee was setup with the objective of revising and aligning the procedures to ensure efficient procurement process for defence equipment and strengthen the ‘Make in India’ initiative. 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 19): (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 19.

- **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), and (ii) comprehensive maintenance contract (onsite maintenance services including spare and labour costs), in its request for proposal.

Table 19: Indigenous Content requirement for different categories of acquisition

<table>
<thead>
<tr>
<th>Category</th>
<th>DPP-2016</th>
<th>DPP-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buy (Indian-IDDM)</td>
<td>40% or more</td>
<td>50% or more</td>
</tr>
<tr>
<td>Buy (Indian)</td>
<td>40% or more</td>
<td>50% or more</td>
</tr>
<tr>
<td>Buy and Make (Indian)</td>
<td>50% or more of make part</td>
<td>50% or more of make part</td>
</tr>
<tr>
<td>Buy and Make</td>
<td>Not specified</td>
<td>50% or more of make part</td>
</tr>
<tr>
<td>Buy (Global-Manufacture in India)</td>
<td>Category not present</td>
<td>50% or more</td>
</tr>
<tr>
<td>Buy (Global)</td>
<td>Not specified</td>
<td>30% or more</td>
</tr>
</tbody>
</table>

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.

Scheme for promotion of MSMEs in defence introduced

The Ministry of Defence introduced a scheme for promotion of MSMEs in the defence sector in July 2019. The scheme aims to educate MSMEs in tier II and tier III cities across the country about the requirements of the defence sector, and the provisions introduced by the government to incentivise them. This is being done through various events such as conclaves and workshops. These events also include industry and MSME presence along with the support of the Department of Defence Production. The objective of these events include: (i) providing MSMEs with relevant information about the government’s ‘Make in India’ programme, (ii) giving impetus to the defence production in the country for domestic needs and export to friendly countries, and (iii) providing knowledge to MSMEs...
active in the non-defence sector for their entry in the defence sector.

Funding for the scheme will be provided by the central government in the following manner: (i) a maximum sponsorship of Rs 2 lakh per event for national-level events, and (ii) a maximum sponsorship of Rs 1 lakh per event for state-level events. An Empowered Committee consisting of three members will be constituted to review proposals under the scheme.

**Scheme for self-certification of defence products released**

In May 2019, the Ministry of Defence introduced a scheme to allow for self-certification of defence products manufactured by the Defence Public Sector Undertakings and private vendors. Self-certification implies that the responsibility of certifying the quality of the product will be that of the vendor. Till then, defence products were subject to quality assurance carried out by the Directorate General of Quality Assurance (which is under the Department of Defence Production). According to the Ministry, the objective of the scheme is to encourage vendors to assume direct responsibility to sustain and improve the quality of products.

Vendors that are seeking self-certification status are required to apply to either the Directorate General of Quality Assurance or an authority in the Service Headquarters. Self-certification status is granted by the Directorate General of Quality Assurance, based on an assessment of the quality management system put in place by the vendor, and other parameters. The self-certification status is awarded for a period of three years. Self-certification status may be revoked in case any deficiencies in quality and reliability of the product are observed by the user. Further, it may be revoked by the Directorate General of Quality Assurance if the quality of the product is not satisfactory at any time.

**Defence Acquisition Council approved procurement of Rs 5,100 crore equipment**

The Defence Acquisition Council approved the procurement of equipment worth Rs 5,100 crore for the armed forces in January 2020. Such procurement will be made from indigenous sources. The procured equipment will include electronic warfare systems for the army designed by the Defence Research and Development Organisation, and manufactured in India.

The Council also approved the inclusion of Innovations for Defence Excellence (iDEX) in the Defence Procurement Procedure (DPP). The iDEX initiative aims to encourage technological development in defence by engaging research institutes, academia, industries, and start-ups by providing them funding or grants. The inclusion of iDEX in DPP will provide avenues in capital procurement for the armed forces to the entities engaged in iDEX.

**Creation of separate vigilance cell in army headquarters approved**

In August 2019, the Ministry of Defence approved creating a separate vigilance cell under the Chief of Army Staff. The cell includes representatives of all the three services (one colonel-level officer each from the Army, Air Force, and Navy). Earlier, there was no single agency for vigilance under the Chief of Army Staff.

Further, a special human rights section will be setup under the Vice Chief of Army Staff for enhanced focus on human rights issues. This section will be headed by an Additional Director General (Major General rank officer) directly under the Vice Chief of Army Staff. This will be the nodal point to examine any reports related to human rights violation.

**Statistics**

**Merger of CSO and NSSO into National Statistics Office approved**

In May 2019, the Ministry of Statistics and Programme Implementation approved merging of the Central Statistics Office (CSO) and National Sample Survey Office (NSSO) into a single statistics wing, known as the National Statistical Office (NSO).

The NSO will be headed by the Secretary, Ministry of Statistics and Programme Implementation. A committee will be constituted to recommend the operational steps required for the merger. Note that a proposal to create the NSO by merging the NSSO and CSO had been made earlier in July 2005.

Currently, the CSO, an attached office of the Ministry, coordinates statistical activities in the country and evolves statistical standards. The NSSO, a subordinate office (field agency) under the Ministry, conducts large scale sample surveys across diverse fields and publishes the results.
Draft National Statistical Commission Bill, 2019 released

In December 2019, the Ministry of Statistics and Programme Implementation published the Draft National Statistical Commission Bill, 2019 for public comments. The draft Bill seeks to constitute a National Statistical Commission (NSC) as the nodal regulatory body for all principal statistical activities of the country. Key features include:

- **Constitution of National Statistical Commission:** The draft Bill sets up the National Statistical Commission (NSC). The NSC will consist of nine members. These include: (i) the Chairperson, (ii) five full time members, (iii) the Deputy Governor, RBI, (iv) the Chief Statistician of India, and (v) the Chief Economic Advisor, Ministry of Finance. The Chairperson and the five full time members of the NSC will be appointed by the central government. These appointments will be based on the recommendations of a Search Committee, which will be constituted by the central government.

- **Functions of the National Statistical Commission:** The NSC will advise central and state governments, courts and tribunals on matters relating to government statistics. These include evolving national policies, legislative measures, and laying standards for statistical concepts and methodologies. It will maintain government statistics data for public distribution.

- **Statistical audit:** The draft Bill establishes the National Statistical Audit and Assessment Organization within the NSC. This division will conduct periodic statistical audit of any statistical survey being conducted by a government agency. It will be headed by the Chief Statistical Auditor, appointed by the central government.

- **National Statistical Fund:** The draft Bill constitutes the National Statistical Fund. This fund shall include resources received by the NSC through government grants, fees and charges, and any other sources decided by the central government. The fund can be used to pay salaries, allowances and other remuneration to the members, among others.

- **Inquiries, offences and penalties:** The NSC has the power to warn, caution or censure a government agency if: (i) it does not comply with the standards of statistical ethics, or (ii) any person engaged in government statistics commits professional misconduct, makes a false or misleading statement or material omission in information furnished to the NSC.

### External Affairs

**The Anti-Maritime Piracy Bill, 2019 introduced in Lok Sabha**

The Anti-Maritime Piracy Bill, 2019 was introduced in Lok Sabha in December 2019. The Bill was referred to the Standing Committee on External Affairs in December. The Bill provides for prevention of maritime piracy and prosecution of persons for such piracy related crimes. Key features of the Bill include:

- **Applicability of the Bill:** The Bill will apply to all parts of the sea adjacent to and beyond the limits of the Exclusive Economic Zone of India. Exclusive Economic Zone is the area of sea to which India has exclusive rights for economic activities such as fishing and exploration of marine resources.

- **Piracy:** The Bill defines piracy as any illegal act of violence, detention, or destruction committed against a ship, aircraft, person or property, for private purposes, by the crew or passengers of a private ship or aircraft. Such acts may be carried out on the high seas or in any place outside the jurisdiction of India. Inciting or intentionally facilitating such acts would also qualify as piracy. It also includes any other act that is considered piracy under international law.

- **Piracy also includes voluntary participation in the operations of a pirate ship or aircraft. This includes a ship or aircraft which is either: (i) intended to be used for committing any act of piracy, or (ii) has been used to commit an act of piracy, and is still under the control of the persons guilty of such act.

- **Offences and penalties:** An act of piracy will be punishable with: (i) imprisonment for life; or (ii) death, if the act of piracy includes attempted murder, or causes death. An attempt to commit, aid, abet, or procure for an act of piracy, or directing others to participate in an act of piracy will be punishable with up to 14 years of imprisonment, and a fine.

- **Designated Court:** The central government, may notify certain Sessions Courts to be Designated Courts under the Bill. It may also notify the
Key recommendations of the Committee include:
the registration of marriage of non
Registration of Marriage of Non
Dr. Shashi Tharoor
The Standing Committee on External Affairs
Non
Report on the Registration of Marriage
For
Annual Policy Review:  April 2019
are
Further, the Committee recommended that the
non
foreign national in India, or a stateless person.
It
 territorial jurisdiction of each Designated Court.
It will try offences committed by: (i) a person of
any nationality in the custody of the Indian Navy
or Coast Guard, (ii) a citizen of India, a resident
foreign national in India, or a stateless person.
Further, the Court may try a person even if they
are not physically present.
For a PRS summary of the Bill, see here.

Report on the Registration of Marriage of
Non-Resident Indian Bill, 2019 submitted
The Standing Committee on External Affairs (Chair:
Dr. Shashi Tharoor) submitted its report on the
Registration of Marriage of Non-Resident Indian Bill,
2019 in March 2020.\textsuperscript{506} The Bill seeks to provide for
the registration of marriage of non-resident Indians.
Key recommendations of the Committee include:

- **Definitions:** The Bill defines a 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 an 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 an 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 an 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 an 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.
For a PRS summary of the Report, see here.

Key agreements signed with other countries
In 2019-20, India entered into agreements with
various countries including Russia, China, Germany,
Brazil, and France.

- **Russia:** Various Indian and Russian commercial
entities signed 35 agreements in areas such as: (i)
mining, (ii) skill development, (iii) crop protection
and (iv) cooperation between the law enforcement
agencies of the two countries.\textsuperscript{509,510}

- **China:** Eight agreements were signed between India
and China for cooperation in various fields,
including: (i) human spaceflight programme, (ii)
railways, (iii) transport education, and (iv) micro,
small, and medium enterprises.\textsuperscript{511}

- **Brazil:** The Union Cabinet approved the Social
Security Agreement between India and Brazil in
December 2019.\textsuperscript{512} The agreement states that Indian
professionals and skilled workers working in Brazil
for short durations only need to make social security
payments in one of the countries. It also provides for
unrestricted payment of pensions even in cases where
workers’ residence is in the other contracting state.\textsuperscript{513}

- **France:** India and France signed four agreements in
the following areas: (i) skill development and
vocational training, (ii) promotion of solar energy,
(iii) maritime domain awareness, and (iv) cooperation
between the Ministry of Electronics and Information
Technology and ATOS, a French IT company.\textsuperscript{514}

- **Maldives:** India and Maldives signed six
agreements. These include agreements related to: (i)
health, (ii) hydrography (the measurement of seas
and coastal areas), and (iii) capacity building programme for Maldivian civil servants.515

**Kyrgyz Republic:** India and the Kyrgyz Republic signed 15 agreements for cooperation in various areas including: (i) trade and investment, (ii) health, and (iii) information technology.516

**Slovenia:** India and Slovenia signed four agreements in various areas including: (i) scientific and technological cooperation, (ii) culture, arts, education, sports, and mass media, and (iii) commerce and industry.517

**Mongolia:** India and Mongolia signed four agreements in the following areas: (i) cultural exchange, (ii) disaster management, (iii) space exploration, and (iv) animal health.518

**Brasilia Declaration released after the 11th BRICS summit**

India participated in the 11th BRICS summit held on November 14, 2019.519 After the summit, Brazil, Russia, India, China, and South Africa released a joint statement referred to as the Brasilia Declaration. The Declaration addressed strengthening global multilateral systems, economic cooperation, regional conflicts, and intra-BRICS cooperation. Key features of the Declaration include:

- **Strengthening multilateral systems:** The Declaration addressed the need for inclusivity in the multilateral system, including the United Nations, its Security Council, the International Monetary Fund, and the World Trade Organisation. Further, observing the importance of the sustainable development goals and the Paris agreement on climate change, it addressed the need for developed countries to provide resources and other assistance to developing countries.

- **Economic cooperation:** The Declaration highlighted the importance of trade between BRICS nations. Further, it observed the need for investment and infrastructure to improve trade. It condemned unilateral and protectionist measures, and recommended open markets and fair business and trade environment.

- **Regional conflicts:** The Declaration acknowledged regional conflicts in Syria, Yemen, Israel-Palestine, the Gulf region, Libya, and Afghanistan. It recognised the need for collective efforts for peaceful settlement of disputes, and the role of the UN Security Council as primarily responsible for maintaining international peace and security.

- **Intra-BRICS cooperation:** The Declaration acknowledged cooperation among BRICS nations on various subjects such as security, science, technology, industrial growth, environment, energy, finance, trade, and fighting corruption.

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