Monthly Policy Review
July 2020

Highlights of this Issue

National lockdown extended till August 31 with several relaxations (p. 2)
District authorities may identify containment zones where only essential activities will be permitted. Educational institutions to remain closed till August 31. Gymnasiums and yoga institutes can re-open from August 5.

National Education Policy 2020 released (p. 6)
The Policy recommends: (i) redesigning the current school education curriculum to bring early childhood care and education within the scope of school curriculum, and (ii) setting up a single regulator for higher education.

Retail inflation was 6.5% during the first quarter of 2020-21 (p. 6)
Consumer Price Index inflation decreased from 7.3% in April 2020 to 6.1% in June 2020. Food inflation decreased from 10.5% in April to 7.9% in June. Wholesale Price Index inflation was negative in first quarter of 2020-21.

Standing Committee on Labour submitted its report on the Code on Social Security (p. 6)
Recommendations include: (i) insertion of firm financial commitments and definite time frame to achieve universal social security for all workers, and (ii) creating a compact administrative structure and unified registration platform.

Report of the Committee on Non-Personal Data Governance Framework released (p. 8)
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Railways invites private participation for the operation of passenger train services (p. 11)
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Operational guidelines for a Special Liquidity Scheme for NBFCs and HFCs notified (p. 8)
RBI notified eligibility conditions for NBFCs and HFCs to qualify for the scheme. The scheme is available to registered NBFCs and HFCs subject to performance criteria relating to NPAs, profitability and capital adequacy.

Government imposes restrictions on procurement from neighbouring countries (p. 9)
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UGC issues revised guidelines for conduct of examinations in universities (p. 2)
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Certain Rules notified under the Consumer Protection Act, 2019 (p. 10)
The Rules provide for the composition and manner of appointments of the regulator, the consumer commissions, and advisory bodies, trade practices of e-commerce entities, and mediation of disputes.

Draft rules notified under Code on Wages and Transgender Persons Act, 2019 (p. 7, 10)
The draft Transgender Persons Rules provide for issuance of certificate of identity, and welfare measures for transgender persons. The draft Code on Wages Rules prescribe the ceiling on work hours in a normal working day.

Cigarettes and other Tobacco Products Amendment Rules, 2020 notified (p. 13)
The Rules remove the requirement of certain warning labels and change the requirement for pictorial health warnings on the packaging of tobacco products. These Rules will come into force from December 2020.
COVID-19

As of July 31, 2020, there were 16,38,870 confirmed cases of COVID-19 in India.1 Of these, 10,57,805 had been cured/discharged and 35,747 persons had died.1 For details on the number of daily cases in the country and across states, please see here.

With the spread of COVID-19, the central government has announced several policy decisions to contain the spread of the disease, and financial measures to support citizens and businesses who have been affected due to the lockdown. For details on the major notifications released by centre and the states, please see here. Key announcements made in this regard in July 2020 are as follows.

**Lockdown extended till August 31 with additional relaxations**

*Roshni Sinha (roshni@prsindia.org)*

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

The revised lockdown guidelines allow district authorities to demarcate certain areas as containment zones based on guidelines issued by the Ministry of Health and Family Welfare (MoHFW). Containment zones will be notified online by respective district collectors and states. The lockdown will continue to remain in force in containment zones. In such zones, movement of persons will not be allowed except for medical emergencies and for supply of essential goods and services. States may also identify buffer zones (outside containment zones) where new cases are likely. District authorities may impose additional restrictions in buffer zones.3

In areas outside containment zones, all activities will be permitted, except for: (i) international air travel, except as permitted by the Ministry of Home Affairs (MHA), (ii) educational institutions and coaching institutions (which will remain closed till August 31, 2020), (iii) metro rail, (iv) theatres, auditoriums and similar places, and (v) large congregations such as social, political, or religious functions. Yoga institutes and gyms will be allowed to function from August 5 based on Standard Operating Procedures issued by MoHFW. Further, Independence Day celebrations will be allowed based on instructions issued by MHA.4

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

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

**Revised guidelines and SOP issued for conduct of examinations in universities**

*Anurag Vaishnav (anurag@prsindia.org)*

The University Grants Commission (UGC) has issued revised guidelines on the conduct of examinations in universities.5 UGC had earlier (in April 2020) issued guidelines proposing to conduct examinations in universities in July 2020.6 The revised guidelines state that universities are required to complete the examinations by the end of September 2020. They may conduct examinations in offline, online, or a blended (online +offline) mode. Further, the guidelines provide:

- If a student is unable to appear in the examination conducted by the university, the student must be provided an opportunity to reappear. This provision will only be applicable for this academic session.

- Students in final year or final semester who have backlog should compulsorily be evaluated by conducting examinations. For intermediate semester/year students, the universities may conduct examinations, after making an assessment of their level of preparedness, residential status, spread of the pandemic, and other factors.

Further, the Ministry of Human Resource and Development has issued a standard operating procedure (SOP) for the conduct of examinations (including examinations in universities and other
scheduled examinations such as IIT-JEE and NEET).7 The SOP states:

- In case there is a restriction on movement, admit/identity cards issued to the students should be treated as passes. The same should be instructed to local authorities.

- Examination centre walls, floors, doors, gates should be sanitised; sanitisers bottles should be provided. Thermal screening and face masks for students to be ensured.

- Ensure physical distancing in seating arrangement, minimum distance between two students should be two meters. Students with symptoms of fever, cold or cough should be made to sit in a separate room or given a chance to appear later.

- All entry and exit points should be opened to avoid crowding at any single place.

**Guidelines for digital education in schools issued**

Anurag Vaishnav (anurag@prsindia.org)

The Ministry of Human Resource and Development has issued guidelines for digital education in schools.8 The guidelines prescribe steps that can be taken by schools for digital learning, and recommend a cap on the duration and number of online classes in a day for students. Key features of the guidelines include:

- **Modes of learning:** Households must be categorised based on the availability of digital infrastructure through a survey by schools. Three modes of digital education can be chosen from: (i) online education (where computer/smartphone with internet connection is available) through a video conferencing tool and a learning management system where assignments can be shared, (ii) partially online mode (where computer/smartphone is available but internet connection is not available) through providing students with resources via a pen drive/offline mobile transfer along with instruction through phone calls, and (iii) offline mode (where digital infrastructure is lacking) through making use of television and All India Radio.

- **Steps for digital education:** The teacher should devise a comprehensive plan based on factor such as: (i) number of students in class, (ii) availability of digital devices, (iii) learning styles of children, (iv) nature of subject, (v) nature of assessments, (vi) cyber safety, and (vii) children with special needs. Class-wise instant messaging groups may be formed for communication with teachers, parents and students. Representatives of parents should be involved in laying down the modalities of planning.

- **Maximum screen time:** For classes 1 to 8, online classes may be undertaken for not more than two sessions of 30-45 minutes each. For classes 9 to 12, online classes may be undertaken for not more than four sessions of 30-45 minutes each. Schools should not engage teachers for more than 2-3 hours of online activities in a day.

**Revised guidelines for handling and disposal of waste generated during treatment of COVID-19 patients released**

Aditya Kumar (aditya@prsindia.org)

The Central Pollution Control Board released revised guidelines for handling, treatment, and disposal of waste generated during treatment, diagnosis, and quarantine of suspected and confirmed COVID-19 patients.9 The initial guidelines were issued in March 2020 and are applicable to healthcare facilities, quarantine facilities, sample collection centres, laboratories, State Pollution Control Boards, and Urban Local Bodies (ULBs), among others.10 The revised guidelines add the following features:

- **General solid waste:** Solid waste should be collected separately. Solid waste includes wrappers of medicines and syringes, empty bottles of disinfectants, and left over food. The wet and dry solid waste bags should be handed over to authorised ULB waste collectors on daily basis for final disposal. Compostable bags should be used for collecting wet waste.

- **Biomedical waste:** Used masks, tissues and toiletries of COVID-19 patients must be treated as biomedical waste. Segregation of biomedical waste and general solid waste should be done at the point of waste generation in wards or isolation rooms to ensure occupational safety.

- **Collecting and transporting waste:** Proper personal protective equipment (PPE) should be provided to the staff involved in collecting general solid waste and biomedical waste. The PPE includes three layer masks, splash proof gowns, heavy duty gloves, gum boots, and safety goggles. General solid waste and biomedical waste should be transported separately in dedicated carts and vehicles.

- **Responsibilities of ULBs:** ULBs are required to ensure daily collection of
general solid waste in securely tied bags from quarantine centres, home-care, and hospitals. In case of disposal in landfills, a dedicated area should be identified for the purpose. The bags in landfills should be covered daily with soil or stabilized water after sprinkling lime or bleaching powder.

- **Disposal of PPEs:** The masks and gloves in general households used by people other than COVID-19 patients should be treated as general solid waste. The same applies for PPEs from general public at commercial establishments, shopping malls, institutions, and offices. These should be cut to prevent reuse and kept in a paper bag for a minimum of 72 hours prior to disposal.

**Working Group constituted to study feasibility of a pandemic risk pool**

Madhunika Iyer (madhunika@prsindia.org)

The Insurance Regulatory and Development Authority of India (IRDAI) constituted a Working Group to study and make recommendations on the formation of a pandemic risk pool. The Group will be headed by the Executive Director, IRDAI and will include eight other members.

Risk pool is a form of risk management practiced by insurance companies. To protect against large or hard-to-place risks from events like a nuclear event or a terror attack, insurance companies form a pool and contribute money to it. If such an event occurs, any connected insurance claims will be covered by the pool. The pandemic risk pool is expected to provide a long-term solution to address the risks to insurance companies from pandemics. Some risks of COVID-19 include business interruption losses without material damage loss, and loss of employment, which may result in losses beyond the capacity of one party (i.e., the government, insurers or reinsurers).

The Terms of Reference of the Working Group are: (i) to study the need for setting up a pandemic risk pool, (ii) recommend the structure and operating model for the pool, and (iii) examine other matters relevant to the subject. The Working Group is required to submit its report within eight weeks.

**Export policy for PPE revised**

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The Ministry of Commerce and Industry revised the export policy for Personal Protection Equipment (PPE). In January 2020, the export of PPE (including clothing and mask coveralls) was prohibited. The restrictions were partly eased in May and June.

The latest notification provides that: (i) export of certain medical coveralls, masks and gloves remain prohibited, (ii) export of medical coveralls for COVID-19, medical goggles, and certain surgical masks is restricted, and (iii) face shields and all masks other than non-medical masks can be freely exported.

**India announces temporary arrangements for air travel with USA, France and Germany**

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The Ministry of Civil Aviation announced creation of transport bubbles with USA, France, and Germany. A transport bubble refers to temporary arrangements between two countries for restarting commercial passenger services while regular international flights remain suspended due to the COVID-19 pandemic. This implies that in addition to Indian carriers, the carriers from USA, France, and Germany will be permitted to operate services between India and their respective countries.

- **Inbound flights:** All carriers operating inbound flights into India are allowed to carry stranded Indian nationals and foreigners. The foreigners include diplomats and overseas citizenship of India card holders, who are eligible to enter India as per the Ministry of Home Affairs.

- **Outbound flights:** For outbound flights from India to USA, all carriers are permitted to carry Indian nationals who are permitted to travel abroad (as per the Ministry of Home Affairs) and have a valid US Visa. For flights from India to France or Germany, carriers are permitted to carry: (i) Indian nationals traveling to the European Union (EU), (ii) seamen of foreign origin, and Indian origin seamen subject to clearance from the Ministry of Shipping, and (iii) stranded EU nationals/residents, foreign nationals traveling to EU transiting through France or Germany or spouses of these persons.

**Extension of validity of limitations on domestic flight operations**

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The Ministry of Civil Aviation extended the limitations on domestic flight operations. Domestic civil flight operations were partially
resumed with certain limitations in May 2020. Only one-third of operations were permitted and the airlines were to adhere to the fare limits prescribed by the Ministry. These limitations were valid till August 24, 2020 which has now been extended to November 24, 2020.

**Extension of validity of sector classification and air fare bands for domestic flight operations**

Aditya Kumar (aditya@prsindia.org)

The Ministry of Civil Aviation extended the sector classification and air fare bands for domestic flight operations. To facilitate partial operation of domestic flights amid the pandemic, the Ministry had specified sectors based on flight duration, and fixed the minimum and maximum fare on these sectors in May 2020. The minimum and maximum fare limit were set at Rs 2,000 and Rs 18,600, respectively (exclusive of other charges such as GST). These were valid till August 24, 2020. This has now been extended to November 24, 2020.

**Extension of validity of registration certificates for import of drugs**

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The Ministry of Health and Family Welfare extended the validity of registration certificates for the import of drugs for sale or distribution in India. This is to ensure that the supply of drugs is not affected. The extension will be valid till January 27, 2021. It will be applicable for existing registration certificate holders who have applied for renewal of registration before the expiry of their existing certificate.

**Persons stocking and selling hand sanitizer exempted from the requirement of sales license**

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The Ministry of Health and Family Welfare exempted persons stocking or selling hand sanitizer from the requirement of obtaining a sales license, required under the Drugs and Cosmetics Act, 1940, and the Drugs and Cosmetics Rules, 1945. This is to ensure availability of hand sanitizer during the COVID-19 pandemic. Note that provisions in the 1945 Rules regarding stocking and selling of drugs after the expiration date will continue to apply.

**Scheme for payment of employer contribution in PF accounts extended**

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The Employees’ Provident Funds Scheme, 1952, provides for a contribution-based provident fund (EPF) scheme and pension (EPS) scheme for employees in establishments. In March 2020, the Finance Minister had announced a relief package under the Pradhan Mantri Garib Kalyan Yojana. Under the package, the central government will pay 24% of monthly wage for the next three months into the provident fund accounts for certain wage-earners towards EPF and EPS entitlement. These will be done for people earning below Rs 15,000 per month in establishments with up to 100 workers.

The Ministry of Labour and Employment had notified a scheme for implementing this measure for a period of three months, starting from March 2020. This scheme has been extended for a period of three months (June to August).

**Relaxation in terms and conditions for work from home facility extended**

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In March, the Department of Telecommunications (DoT) had granted certain relaxations in the terms and conditions for work from home facility applicable to Other Service Providers (OSPs) till April 30, 2020. This was later extended until July 31, 2020. These relaxations have now been further extended until December 31, 2020.

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 (BPO) is an OSP. They are required to register with the DoT for offering services in the country. The OSPs may also employ persons who work from home. OSPs are required to seek permission from DoT and provide a bank guarantee for extending the work from home facility.

Key relaxations in the terms and conditions for work from home facility include exemption from: (i) securing prior permission of DoT, (ii) using secured virtual private network (VPN) from authorised service providers, and (iii) furnishing security deposit and agreement.
Macroeconomic Development

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Retail inflation was 6.5% in the first quarter of 2020-21

Consumer Price Index (CPI) inflation (base year 2011-12) decreased from 7.3% in April 2020 to 6.1% in June 2020 (year-on-year). Food inflation was 7.9% in June, down from 10.5% in April. Wholesale Price Index (WPI) inflation (base year 2011-12) was negative for the third month in a row. WPI inflation was at negative 1.8% in June. In June 2019, CPI inflation was 3%, food inflation was 2.2%, and WPI inflation was 2%.

Figure 1: Monthly inflation declining in Q1 of 2020-21 (% change, year-on-year)

<table>
<thead>
<tr>
<th>Month</th>
<th>CPI inflation</th>
<th>Food inflation</th>
<th>WPI inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Apr-20</td>
<td>7.3%</td>
<td>6.1%</td>
<td>10.5%</td>
</tr>
<tr>
<td>May-20</td>
<td>6.3%</td>
<td>6.1%</td>
<td>9.3%</td>
</tr>
<tr>
<td>Jun-20</td>
<td>7.9%</td>
<td>3.2%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Sources: Ministry of Statistics and Programme Implementation; Ministry of Commerce & Industry; PRS.

Education

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National Education Policy 2020 released

The National Education Policy (NEP), 2020 was released. The Ministry of Human Resource Development (MHRD) had constituted a Committee for drafting the National Education Policy in June 2017. The Committee had submitted a draft NEP for public consultation in May 2019. The NEP will replace the National Policy on Education, 1986. Key aspects of the NEP include:

- **School Education**: The current structure of school education (10+2 design) will be replaced by a 5-3-4 curriculum structure corresponding to: (i) five years of foundational stage (age 3 to 8), (ii) three years of preparatory stage (age 8 to 11), (iii) three years of middle stage (age 11 to 14), and (iv) four years of secondary stage (age 14 to 18). This will bring early childhood care and education (ECCE) within the scope of school curriculum. The National Council of Educational Research and Training (NCERT) will develop the curriculum and pedagogy framework for ECCE.

- **Higher Education**: The Gross Enrolment Ratio in higher education (students enrolled as a percent of population of corresponding age group) to be increased to 50% by 2035 (from 26.3% in 2018). The undergraduate degree will be made more flexible with multiple exit options with appropriate certification. For example: students will receive a certificate after one year, diploma after two years, bachelor’s degree after three years, and bachelor’s with research degree after four years. Further, an academic bank of credit will be established for digitally storing academic credits earned from different higher education institutes.

- A national research foundation will be established for fostering research in higher education. Higher Education Commission of India will be set up as a single regulating body for higher education (excluding medical and legal education). It will have four independent verticals for: (i) regulation, (ii) standard setting, (iii) funding, and (iv) accreditation. High performing Indian universities will be encouraged to set up campuses in other countries. Similarly, selected top foreign universities will be permitted to operate in India.

The NEP also recommended that public investment in education should be 6% of GDP. For a PRS summary of the NEP, see here.

Labour and Employment

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Standing Committee on Labour submits its report on the Code on Social Security

The Standing Committee on Labour (Chair: Mr. Bhartruhari Mahtab) submitted its report on the
Code on Social Security, 2019. The Code replaces nine laws related to social security. It mandates social security for certain enterprises based on their size or wage ceilings of workers. The government may also frame schemes for: (i) unorganised workers, such as self-employed or home-based workers, (ii) gig workers, defined as those outside the traditional employer-employee relationship, and (iii) platform workers, i.e., those who access an online platform to provide services. Key recommendations include:

- **Coverage:** The Committee stated that the Code should provide a framework to achieve universal social security for all workers with a secure financial commitment and within a definite time frame. It also recommended that the government: (i) re-consider enterprise-size based thresholds, (ii) provide a model scheme prescribing “mandatory minimum entitlements” for unorganised workers across all states, (iii) provide unemployment insurance to all unorganised, building and plantation workers, (iv) re-introduce welfare funds for workers in specific industries such iron ore mines and beedi establishments, and (v) reduce required period of service to avail gratuity from five years to one year.

- **Definitions:** The Committee recommended amendments to various definitions. These include: (i) expanding “social security” to cover the nine components recommended by the International Labour Organisation (including unemployment, maternity, old-age, and medical care benefits), (ii) expanding “employees” to include anganwadi and asha workers and (iii) expanding “unorganised workers” to include gig and platform workers.

- **Administration:** The Committee noted that the Code has a fragmented delivery structure with multiple organisations administering different benefits. It recommended that the government consider inserting a compact system of governance of social security.

- **Registration:** All eligible establishments are required to register with their respective social security organisations under the Code. The Committee recommended: (i) expanding the definition of establishments to include all enterprise categories such as own account enterprises, (ii) providing for a unified registration and compliance platform, (iii) providing for a single registration authority, to administer social security for all workers.

- **Inter-state migrant workers (ISMW):** The Committee recommended: (i) creating a separate fund for ISMW, (ii) expanding their definition to include self-employed workers from another state, (iii) maintaining a national migrant worker database and linking it with the unorganised workers database.

- **Aadhaar:** Unorganised worker may register under the Code by providing their Aadhaar number. The Committee noted that Aadhaar may only be made mandatory if expenditure is incurred from the Consolidated Fund of India. It noted the Ministry’s assurance that this provision would be re-examined.

For a PRS summary of the report, see here.

**Draft Rules notified under Code on Wages, 2019**

The Ministry of Labour and Employment notified the draft Rules under the Code on Wages for public comments. These Draft Rules will apply to all central sector establishments. Key features include:

- **Calculation of minimum wage:** The Draft Rules lay down the criteria for fixing the minimum rate of wages per day for employees. These criteria include: (i) three adult consumption units per household, (ii) daily intake of 2,700 calories per consumption unit, (iii) 10% of food and clothing expenditure on rent, (iv) 20% expenditure of fuel, electricity, and miscellaneous items, and (v) 25% expenditure on education, medical requirements, and contingencies.

- **Norms for fixing minimum wage:** Minimum wages will be calculated on the basis of the geographical area of employment and the skill category of an employee. For this purpose, the central government will divide the geographical area into three categories: metropolitan (population of 40 lakh or more), non-metropolitan (between 10 lakh and 40 lakh), and rural areas (all other areas).

- **The Draft Rules categorise occupations into four skill categories: unskilled, semi-skilled, skilled, and highly skilled. The government will constitute a committee (Chair: Chief Labour Commissioner) to advise on modifications in skill categorisation of these categories of occupations.**

- **Revision of dearness allowance:** The Draft Rules state that an effort will be made to revise the dearness allowance linked to the minimum wage twice a year; before April 1 and October 1 each year.

- **Method of fixing floor wage:** According to the Code, the central government will fix a floor wage. The minimum wage must be higher than the floor wage. The Draft Rules
provide that the floor wage will be decided on the basis of minimum living standards taking into account factors such as food, clothing, and housing.

- The floor wage will be decided in consultation with the Central Advisory Board and certain state governments as the central government deems necessary. The Board will include: (i) employers, (ii) employees (equal number as employers), (iii) independent persons, and (iv) five representatives of state governments. The floor wage may be revised every five years, and periodic adjustments may be made to accommodate changes in the cost of living.

- **Work hours:** The Draft Rules state that a normal working day will constitute a maximum of eight hours of work per day, with a maximum spread over of 12 hours including rest intervals.

Comments on the Rules are invited by August 21, 2020. Please see the PRS analysis on the draft 2019 Rules here.

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**Electronics and Information Technology**

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**Expert Committee on Non-Personal Data Governance submits its report**

The Expert Committee constituted by the Ministry of Electronics and Information Technology to study various issues relating to non-personal data submitted its report.38 The Committee observed that non-personal data should be regulated to: (i) enable a data sharing framework to tap the economic, social, and public value of such data, and (ii) address concerns of harm arising from the use of such data. Key recommendations include:

- **Non-personal data:** Any data which is not personal data (data pertaining to characteristics, traits or attributes of identity, which can be used to identify an individual) is categorised as non-personal data. In terms of origin, non-personal data can be data which never related to natural persons (such as data on weather or supply chains), or data which was initially personal data, but has been anonymised (through certain techniques to ensure that individuals to whom the data relates to cannot be identified).

- Non-personal data can further be classified as: (i) Public non-personal data: data collected or generated by the government in course of publicly funded works. For example, anonymised data of land records or vehicle registration can be considered as public non-personal data. (ii) Community non-personal data: raw or factual data (without any processing) which is sourced from a community of natural persons. For example, datasets collected by municipal corporations or public electric utilities. (iii) Private non-personal data: data which is collected or generated by private entities through privately owned processes (derived insights or proprietary knowledge).

- **Non-Personal Data Authority:** This regulatory authority will be established for putting in place the framework for governance of non-personal data. It will consist of experts in fields such as data governance and technology. The Authority will be responsible for framing guidelines with respect to data sharing and risks associated with non-personal data.

- **Sharing of non-personal data:** Public data, community data or private data (limited to raw/factual data collected by a private entity) can be requested at no remuneration. Private data where the processing value add is significant may be shared based on remuneration which is fair, reasonable and non-discriminatory. Algorithms or proprietary knowledge may not be considered for data sharing. The regulator will also be responsible for adjudication in case of any data sharing disputes.

Comments on the report are invited by August 13, 2020. For a summary of the report, see here.

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**Finance**

_Madhunika Iyer (madhunika@prsindia.org)_

**Operational guidelines for Liquidity Scheme for NBFCs and HFCs notified**

As part of the Aatma Nirbhar Bharat package, the government had announced the launch of a Special Liquidity Scheme of Rs 30,000 crore to improve the liquidity position of Non-Banking Finance Companies (NBFCs), Housing Finance Companies (HFCs) and Microfinance Institutions (MFIs).39 The RBI released guidelines to operationalise the Scheme.40 Key features of the Scheme include:

- **Eligibility:** The Scheme will apply to NBFCs (including MFIs) registered with the RBI under the Reserve Bank of India Act,
1934 and HFCs registered under the National Housing Bank Act, 1987. The Scheme excludes Core Investment Companies (CICs). CICs are NBFCs whose main business is the acquisition of shares and securities. 41 CICs, among other things, are required to hold at least 90% of its net assets as investments in group companies.

- NBFCs and HFCs are required to meet certain technical criteria to qualify under the Scheme including: (i) net non-performing assets of less than 6% of total loans as on March 31, 2019, (ii) maintenance of minimum capital adequacy ratio (as specified by RBI) as on March 31, 2019, and (iii) net profit in at least one of the previous two financial years (i.e. 2017-18 and 2018-19).

- **Administration:** A Special Purpose Vehicle (SPV), set up by a subsidiary of the State Bank of India, will manage the scheme. The SPV will purchase short-term (three-month maturity), investment-grade debt instruments from the NBFCs and HFCs issued up to September 30, 2020. NBFCs and HFCs must use the funds from the SPV only to reduce existing liabilities. The SPV will seek to recover the dues under the Scheme by December 31, 2020.

**Restrictions on public procurement from certain countries**

The Ministry of Finance amended the General Finance Rules, 2017 to empower the Department of Expenditure to impose certain restrictions on procurement from countries on the grounds of national security. 42 The General Finance Rules, 2017 are a compilation of rules to be followed in matters involving public finance. 43 They are applicable to all central government ministries and departments, and to autonomous bodies.

The Department of Expenditure issued an Order under the amended Rules to impose certain restrictions on public procurement. 42 In addition to the bodies covered by the Rules, the Order will also apply to all public sector banks, central public sector enterprises, and union territories, among others. Key provisions include:

- **Restrictions on bidders:** Any bidder from a country which shares a land border with India will be eligible to bid in procurement contracts only if the bidder has prior registration with the Competent Authority. Here, the Competent Authority is the Registration Committee constituted by the Department for Promotion of Industry and Internal Trade (DPIIT).

- **Clearances for registration:** Bidders from countries which share a land border with India seeking registration with DPIIT will have to obtain political and security clearances from the Ministry of External Affairs and the Ministry of Home Affairs.

- **Certificate of compliance:** Every bidder has to submit a certificate of compliance with provisions of the Order. If the certificate from an accepted bidder is false, the contract will be cancelled and legal action would be initiated against the bidder.

- **Exemptions:** The Order will not apply to:
  (i) cases where contracts have been concluded or letter of acceptance has been issued and (ii) special cases mentioned in the Annexure to the Order. This includes procurement of medical supplies for containment of the COVID-19 pandemic.

Subsequently, the Department of Expenditure exempted bidders from countries to which the Government of India has extended lines of credit or is engaged in development projects from restrictions under the Order. 44

**SEBI notified the Investment Advisers (Amendment) Regulations, 2020**

The Securities and Exchange Board of India (SEBI) notified the Investment Advisers (Amendment) Regulations, 2020. 45 These amend the SEBI (Investment Advisers) Regulations, 2013. The amended regulations will be effective from October 1, 2020. An investment adviser is any person who advises clients on purchase or sale of portfolio management of investment products. A person (individual or institution) is restricted from providing such services unless they are registered under the 2013 Regulations. 46 Key amendments include:

- **Separation of functions:** The 2020 Regulations introduce certain restrictions on individual and non-individual advisers from functioning both as adviser as well as a distributor of investment products. Individual investment advisers cannot provide distribution services. Non-individual investment advisers may register to provide both services but must maintain an arm’s length relationship between their advisory and distribution services by providing advisory services through a separately identifiable department/division. Note that the 2013 Regulations did not prohibit advisers from providing both services to a single client.
- No fees for providing implementation services: Investment advisers can provide implementation services through direct schemes or products in the securities market. However, no consideration (such as commission and fees) can be charged for providing such services.

- Net worth requirement for registration: The 2020 Regulations raise the net worth requirements for seeking registration as an investment advisor. The limits have been amended from one lakh rupees to five lakh rupees for individual investment advisers and from Rs 25 lakh to Rs 50 lakh for non-individual investment advisers.

- Corporatisation of individual advisers: If the number of clients of individuals registered as investment advisers exceeds 150, they have to seek re-registration as non-individual investment advisers.

Social Justice and Empowerment

Anya Bharat Ram (anya@prsindia.org)

The Draft Transgender Persons (Protection of Rights) Rules, 2020 notified for public comments

The Draft Transgender Persons (Protection of Rights) Rules, 2020 were notified for public comments. The Rules are notified under the Transgender Persons (Protection of Rights) Act, 2019. The Act provides for the welfare and protection of transgender persons. Key features of the draft Rules include:

- Issuance of certificate of identity: Under the Act, a transgender person must make an application to the District Magistrate to receive a certificate of identity. To apply for a certificate of identity, the Rules require the submission of an application form and affidavit declaring the gender identity of the applicant. In the case of a minor, such application shall be made by the parent or guardian of the child. For a child in need of care and protection, the Child Welfare Committee under the Juvenile Justice Act, 2015 will submit the application.

- The certificate must be issued within 30 days. The District Magistrate will also issue a transgender identity card. The District Magistrate may issue certificates to applicants only if they have been residents of the area under his/her jurisdiction for a continuous period of twelve months on the date of application.

- Issuance of revised certificate: If a person undergoes sex reassignment surgery, a certificate by the Medical Superintendent or Chief Medical Officer of the institution in which the surgery took place, must be submitted. A revised certificate of identity must be issued indicating the gender of the person as male or female within 15 days of receipt of application.

- Appeals: If an application for certificate of identity is rejected, the applicant may appeal the decision within 60 days from the date of rejection. Appeals will be directed to the appellate authority designated by the appropriate government.

- Welfare measures: The central and state government shall formulate welfare schemes on matters such as, medical insurance, scholarships for transgender students, and affordable housing. Further, central and state governments will formulate a policy to protect transgender persons from discrimination within two years from the enforcement of the Rules.

- All educational institutions must have a committee that transgender persons can approach in case of harassment and discrimination. Further, all establishments must have an equal opportunity policy, and a complaint officer.

Comments on the Rules are invited by August 12, 2020.

Consumer Affairs

Saket Surya (saket@prsindia.org)

Certain Rules notified under the Consumer Protection Act, 2019

The Department of Consumer Affairs notified certain Rules under the Consumer Protection Act, 2019. These Rules are related to the following aspects: (i) trade practices of e-commerce entities, (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 are:

- Duties and liabilities of e-commerce entities: An e-commerce entity is required to: (i) provide an adequate grievance redressal mechanism, and (ii) state upfront
the policies regarding shipping, exchange, return, refund, and warranty. It is prohibited from: (i) manipulating or imposing unjustified prices so as to gain unreasonable profit, and (ii) discriminating between consumers of the same class or making any arbitrary classification of consumers which affects their rights under the Act.

- Marketplace e-commerce entities (entities providing a platform to facilitate e-commerce transactions) are required to: (i) include any differentiated treatment given to goods, services, or sellers of the same category in its terms and conditions, and (ii) explain main parameters determining the rank of goods, services, or sellers on its e-commerce platform.

- Sellers on the marketplace are required to also specify expiry date of goods and country of origin of goods or services. For imported products, sellers are required to provide name and details of the importer.

- Sellers on marketplace, and inventory e-commerce entities (entities also owning the inventory) cannot refuse a refund in specified cases including the delivery of damaged goods and late delivery. They are prohibited from falsely representing themselves as consumers and posting reviews or misrepresenting the quality or features of goods and services.

- Fee for filing complaints: The 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. No fee is required to be paid if such value is up to five lakh rupees. The fee ranges between Rs 200 and Rs 7,500 for complaints filed for higher values.

Comments invited on amendments to the Legal Metrology Act, 2009

The Department of Consumer Affairs has invited comments on the amendments proposed in the Legal Metrology Act, 2009. The Act establishes and enforces standards of weights and measures and regulates their trade. Key proposed amendments are:

- **Decriminalisation of certain offences:** Under the Act, certain offences are punishable with imprisonment if a person repeats the same offence. Such offences include: (i) using, manufacturing, or selling non-standard weights and measures, (ii) tampering or altering standard weights and measures, (iii) selling of non-standard packages in quantity, and (iv) manufacturing weights and measures without a licence. The proposed amendments remove the provision for imprisonment for repeat offenders and instead specify a higher fine for these offences. For instance, the maximum fine for using non-standard weights and measures is proposed to be increased from Rs 50,000 to ten lakh rupees.

The Department noted that these offences can be decriminalised since they may not necessarily involve criminal intent and may not adversely affect public interest at large. Therefore, a fine may be sufficient for these offences, instead of imprisonment. It also observed that civil liability can be imposed for offences which are of technical nature, instead of criminal liability.

- **Definition of sale:** The definition of ‘sale’ under the Act covers the transfer of property and goods. The proposed amendments expand the definition of sale to include rendering of services.

- **Penalty for selling over and above MRP:** The proposed amendments add a provision in the Act, which makes selling, distributing, delivering, or otherwise transferring pre-packaged commodity over and above its Maximum Retail Price (MRP) an offence. This will be punishable with a fine between Rs 5,000 and Rs 25,000. For repeated offences, fine may extend up to one lakh rupees.

Comments are invited by August 12, 2020.

**Transport**

**Ministry of Railways invites private participation for the operation of passenger train services**

*Saket Surya (saket@prsindia.org)*

The Ministry of Railways invited private sector participation for the operation of passenger train services over 109 Origin-Destination pair of routes through the introduction of 151 trains. These 151 trains will be in addition to the existing trains. Each of these trains will have a minimum of 16 coaches and will be designed for a maximum speed of 160 kilometres per hour. Private entities will be selected through a competitive bidding process. The concession period for the project will be 35 years. This is expected to attract an investment of about Rs
30,000 crore from the private sector. Key features of the project are:

- **Role of private entity**: The private entity will be responsible for financing, procuring, operating, and maintaining these trains. The operation and maintenance will be governed by standards specified by Indian Railways.

- **Role of Indian Railways**: The driver and guard operating these trains will be from Indian Railways.

- **Charges to be paid by private entity**: The private entity will pay following fees and charges to Indian Railways: (i) fixed haulage charges, (ii) energy charges as per actual consumption, and (iii) a share in gross revenue determined through the bidding process.

- **Performance standards**: The private entity will be required to conform to the key performance standards including punctuality, reliability, and upkeep of trains.

- **Timeline for the project**: The tenders are to be finalised by March 2021 and trains will start operating from March 2023.57

**Amendments to Central Motor Vehicles Rules, 1989 notified**

Prachee Mishra (prachee@prsindia.org)

The Ministry of Road Transport and Highways notified amendments to the Central Motor Vehicles Rules, 1989.58 The amendments provide for several technical specifications including the following:

- **M1 vehicles** (used for the carriage of passengers, comprising up to eight seats in addition to the driver’s seat) fitted with tubeless tyre and supplied with tyre repair kit as a standard item may not require a ready to use or temporary use spare wheel.

- To provide for safety of motor cycles, manufacturers should provide for: (i) pillion hand holds on the side of the motor cycle or behind the driver seat, (ii) foot rests for the pillion rider on both sides of the motor cycle, and (iii) protective design covering at least half of the rear left wheel.

**Draft All India Tourist Vehicles Authorisation and Permit Rules, 2020 released**

Prachee Mishra (prachee@prsindia.org)

The Ministry of Road Transport and Highways released draft Rules to replace the Motor Vehicles (All India Permit for Tourist Transport Operators) Rules, 1993.59 Key features of the draft Rules include:

- **Authorisation and permit**: As per the draft Rules, an authorisation is granted by the Transport Authority to enable tourist vehicles operator to ply tourist vehicles throughout the territory of India subject to payment of taxes or fees. These may be levied by the state or the union territory through which the vehicle is plying. A permit is issued by the Transport Authority to enable a tourist vehicle operator to ply tourist vehicle throughout the territory of India without payment of taxes or fee. These will be granted post an inspection of the documents to be submitted along with the application. If a decision regarding the application is not taken within 30 days of the receipt of application, the authorisation or permit will be deemed to have been granted and generated electronically. The authorisation or permit will not be transferable from one person to another, except with the permission of the jurisdictional Transport Authority.

- **Fee**: The applications will have to be accompanied with a fee. The draft Rules specify the fee for each type of tourist vehicle. For example, a tourist vehicle with capacity of less than nine persons will have to pay Rs 25,000 (annually) as fee to obtain an AC permit. The fee paid towards the authorisation or permit will be remitted to the jurisdictional state on a monthly basis.

- **Insurance coverage**: Every vehicle operating under the authorisation and permit must have valid insurance coverage for passenger liability as well as for the driver.

- **List of tourists**: A vehicle plying under permit must always carry a list of passengers in electronic form or in physical form. This list must contain the details of origin and the destination of each passenger. This list must be produced on demand by the authorised officers. Every tourist vehicle operator holding an authorisation and permit must maintain a record of the passengers, including journey details, for a minimum period of one year. Such records must be made available to the jurisdictional Transport Authority or any other law enforcement officer on demand. No record of the passenger should be shared with any other person, organisation, or company.
Merchant Shipping (Conditions for Carriage of Livestock) Rules, 2020 notified

Prachee Mishra (prachee@prsindia.org)

The Ministry of Shipping notified the Merchant Shipping (Conditions for Carriage of Livestock) Rules, 2020.60 These rules will apply to transport of livestock by sea, whether being imported in or exported out of the country, or if being transported from one Indian port to another. Key features of the Rules include:

- **Approval of livestock vessel**: A person can carry livestock by sea only in accordance with the livestock vessel approval. To get such approval, a ship must be registered under the Merchant Shipping Act, 1958. In case of a foreign flag ship, it must be classified as a livestock carrier by one of the recognised organisations of the Government of India. The Director General of Shipping will grant the approval. The approval will be valid for a period of five years. The Director General will also maintain and publish a list of livestock vessel approvals on the website of its Directorate.

- **Adverse weather**: Prior to sailing, the master of the ship should have the current 96 hours’ weather forecast from the Indian Meteorological Service covering both wind and sea conditions on their travel route. The master should ensure that the ship does not depart an Indian port carrying livestock if the forecast predicts unfavourable sea and wind conditions.

- **Voyage plan**: A person shall not load or allow another person to load livestock on a ship unless a voyage plan for the intended voyage has been approved by the Director General. This plan will show the intended route from the port of departure to the port of destination. It will also include a list of ports or harbours of refuge which can accommodate the ship during its intended voyage and the distances between those ports or harbours.

- **Duties of the ship master**: Duties of the master of the ship regarding the loading and care of livestock will include: (i) inspecting the ship before loading the livestock, (ii) ensuring that the loading is undertaken by competent persons, (iii) ensuring that the livestock are contained properly on board, and cared for by the crew members.

**Investment Clearance Cell (ICC) established in Ministry of Civil Aviation**

Aditya Kumar (aditya@prsindia.org)

The Ministry of Civil Aviation established an Investment Clearance Cell.61 It will be chaired by the Joint Secretary of the Ministry. The Cell will act as the single-window mechanism to expedite investment in the civil aviation sector. Terms of Reference of the Cell include: (i) accelerating investments, (ii) identifying projects which require policy interventions and faster clearances and reporting them to the Empowered Group of Secretaries, (iii) identifying policy and regulatory obstacles to investments in the sector, and (iv) adopting ways to bring states on board the institutional set-up.

**Health**

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The Cigarettes and other Tobacco Products (Packaging and Labelling) Third Amendment Rules, 2020 notified

The Ministry of Health and Family Welfare notified the Cigarettes and other Tobacco Products (Packaging and Labelling) Third Amendment Rules, 2020.62 The Rules supersede the Cigarettes and other Tobacco Products (Packaging and Labelling) Amendment Rules, 2020 notified in April 2020. The Rules amend the Cigarettes and other Tobacco Products (Packaging and Labelling) Rules, 2008 which were notified under the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003. The rules will come into force from December 2020. Key features of the Rules include:

- **Labelling**: The 2008 Rules require packages containing tobacco to reflect certain textual warnings such as “tobacco causes cancer” and “tobacco causes painful death”. The 2020 Rules removes the requirement of the warning label of “tobacco causes cancer” to be represented on the packaging.

- Further, the 2008 Rules require the packaging of tobacco products to include a pictorial health warning that covers 60% of the display area of the packaging. The 2020 Rules remove the specification of the percentage of display area the pictorial warning should cover on the packaging.
Agriculture
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Cabinet approves the central scheme Agriculture Infrastructure Fund

The Union Cabinet approved the central scheme Agriculture Infrastructure Fund.63 The Fund was announced in May 2020 under the Aatma Nirbh Bharat Economic Package.64 It aims to provide debt of one lakh crore rupees for financing post-harvest infrastructure projects at farm-gate and aggregation points (where farmers can directly or collectively sell their produce). Under the scheme, banks and financial institutions will provide debt of Rs 10,000 crore in 2020-21 and Rs 30,000 crore per year during the period 2021-22 to 2023-24 for this purpose.

Beneficiaries eligible for loans under the scheme include farmers, farmer producer organisations, agricultural credit and cooperative societies, self-help groups, start-ups, and government agencies. Under the scheme, the government will provide a 3% interest subsidy on all such loans, up to a limit of two crore rupees. The subsidy will be provided for a maximum period of seven years.

The government is estimated to incur an expenditure of Rs 10,736 crore under the scheme over a period of 10 years (2020-21 to 2029-30).

Group set up by 15th Finance Commission on Agricultural Exports submits report

The Expert Group constituted by the 15th Finance Commission on Agricultural Exports submitted its report.65 The Expert Group was constituted in February 2020 to suggest performance-based incentives for states for the period 2021-22 to 2025-26, with the aim of increasing agricultural exports and promoting crops that can enable high import substitution. The Group estimates India’s agricultural exports to grow from USD 40 billion to USD 70 billion in a few years, with an investment of USD 8-10 billion expected across the value chain.

Key recommendations of the Group include: (i) focusing on the value chain of certain crops based on their demand, (ii) creating cluster-based supply chains with focus on value addition, (iii) creating state-led export plans (i.e. business plans for these clusters), which will be funded through a combination of existing schemes, Finance Commission allocations, and private investment, and (iv) creating a robust institutional mechanism to fund and support implementation. The report of the Expert Group is not available in public domain yet.

Home Affairs
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Modalities laid down for receiving contributions from persons or institutions in the NDRF

Under the Disaster Management Act, 2005, the central government can constitute the National Disaster Response Fund (NDRF) to meet expenses for emergency response, relief and rehabilitation in situations of disasters. The NDRF may be credited with funds from the central government, or from any persons or institutions. The central government laid out modalities through which the NDRF can receive contributions or grants from any person or institution.66 The contributions can be made through physical instruments, RTGS/NEFT/UPI, or through the Bharatkosh portal of the Government of India.

Defence
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Defence Ministry sanctions permanent commission for women officers in Army

The Ministry of Defence has sanctioned the grant of Permanent Commission to women officers in the Indian Army.67 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, i.e. for a tenure of 14 years) and Permanent Commission for women officers was available only in two non-combat streams: (i) judge and advocate general, (ii) army educational corps.

The Ministry has sanctioned grant of permanent commission to SSC women officers in all ten non-combat streams of the Indian Army: (i) army air defence, (ii) signals, (iii) engineers, (iv) army aviation, (v) electronics and mechanical engineers, (vi) army service corps, (vii) army ordnance corps, and (viii) intelligence corps (besides the two existing streams above).

SSC women officers who are granted permanent commission will be entitled to all consequential benefits including promotion and financial benefits. Note that the Supreme Court had ruled in favour of granting permanent commission to all women officers in the Army in its non-combat services in February 2020.68
Defence Ministry releases draft Defence Acquisition Procedure 2020

The Ministry of Defence has released the draft Defence Acquisition Procedure, 2020 (DAP). The DAP governs the acquisition of weapons and equipment for India's defence forces. An earlier version of the draft was released for public comments in March, 2020. The draft has been revised based on the inputs received and defence reforms announced under the Aatmanirbhar Bharat Abhiyaan. The draft DAP revises the Defence Procurement Procedure, 2016 with the aim of increasing indigenous manufacturing and reducing timelines for procurement of defence equipment. Key features of the draft DAP include:

- **Leasing:** The DPP-2016 specified two modes of capital acquisition: (i) buy, and (ii) buy and make. The draft DAP has introduced ‘leasing’ as a new mode of acquisition. Leasing substitutes initial capital outlays with periodical rental payments. Leasing is preferred in some situations such as where: (i) procurement is not feasible due to time constraint, 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 1): (i) Buy (Indian-IDDM), (ii) Buy (Indian), (iii) Buy and Make (Indian), (iv) Buy and Make, and (v) Buy (Global). The draft DAP 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 1.

- **Weapons/platforms banned for import:** To promote domestic industry and to give effect to the defence reforms announced under the Aatmanirbhar Bharat Abhiyaan, the Ministry will notify a list of weapons/platforms banned for import. This list will be updated from time to time. These equipment can be procured under the Buy (Indian - IDDM), Buy (Indian), Buy and Make (Indian) (if buy quantity is zero) and Buy and Make (if buy quantity is zero) modes of procurement.

### Table 1: Indigenous Content requirement for different categories of acquisition

<table>
<thead>
<tr>
<th>Category</th>
<th>DPP-2016</th>
<th>DAP-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 (for indigenous design)</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</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 (for Indian vendor)</td>
</tr>
</tbody>
</table>

Note: IC is the percent of cost of indigenous content (in design, development or manufacturing) of contract value. 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) refers to outright purchase of equipment from foreign or Indian vendors.

Comments on the draft DAP are invited by August 10, 2020.

**DAC approves capital acquisition of equipment worth Rs 38,900 crore**

The Defence Acquisition Council (DAC) approved capital acquisition of various platforms and equipment worth Rs 38,900 crore. Of this, Rs 31,130 crore of acquisitions will be done from the domestic industry. This includes approval of Rs 20,400 crore for various equipment including ordnances, armament upgrades, and long range land attack cruise missile systems. In addition, Rs 10,730 crore has been approved for the procurement of 12 Sukhoi (Su-30 MKI) aircrafts from Hindustan Aeronautics Limited.

The DAC also approved Rs 7,418 crore for the procurement of 21 MIG-29 aircrafts from Russia and upgradation of existing 59 MIG-29 aircrafts.

**DAC delegates capital procurements of up to Rs 300 crore to armed forces**

The Defence Acquisition Council delegated procurement powers to armed forces for capital acquisitions of up to Rs 300 crore to meet their emergent operational requirements. The decision was taken in view of the prevailing situation along the northern borders.
delegation of procurement powers is expected to shrink the procurement timelines, and ensure placement of orders within six months and commencement of deliveries within one year.

Defence Ministry permits invalid pension to personnel below 10 years of service

The Ministry of Defence has allowed the benefit of Invalid Pension to armed forces personnel with less than 10 years of qualifying service. Invalid pension is granted to personnel who have been declared unfit for service on account of disability which is neither attributable to nor aggravated by their military service. Earlier, the minimum period of qualifying service for receiving invalid pension was 10 years. The benefits of this decision will only be available for personnel who were in service on or after January 4, 2019.

Power

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Guidelines for a competitive bidding process for procurement of power from a mix of renewable and thermal sources

The Ministry of Power released guidelines for the tariff-based competitive bidding process for procurement of round-the-clock power from renewable energy sources, complemented with power from coal-based thermal power sources. Bundling of renewable and thermal sources for power procurement is aimed towards addressing the intermittent nature of renewable energy.

During the hours of non-availability of renewable energy, power will be sourced from thermal power plants. The renewable energy component of the power so supplied will be accounted for the renewable purchase obligation of a distribution company (discom). The discom can procure power from such bundled sources through a tariff-based competitive bidding process. Key features of the guidelines are:

- **Applicability**: The guidelines are applicable for long term power procurement on the round-the-clock basis from inter-state transmission system (ISTS) connected renewable power projects, complemented with power from ISTS connected coal-based thermal power projects. Renewable power projects can be based on solar, wind or a combination of solar and wind. They may have an electricity storage system. The power purchase agreement (PPA) will be signed between a discom and the renewable power generator. The duration of PPA will be a minimum of 25 years.
  - The renewable power generator can tie up with one or more thermal power plant for this mechanism. The thermal power plant can offer that part of its capacity which is not under any PPA or any other power supply commitments for this purpose.
  - **Energy Mix and availability of supply**: On an annual basis, at least 51% of power must come from renewable sources. The renewable power generator is required to ensure at least 85% availability of power annually and also during the peak hours. Peak hours will last four hours and will be specified by the procurer beforehand.
  - **Bidding process**: The procurer will specify the total quantum to be contracted in power capacity terms. A bidder can bid for a part of the total quantum to be procured (subject to a minimum of 250 MW). The bidder is required to quote a composite tariff (accounting for both renewable and thermal power) for per unit of supply. The bidder will be selected based on the least quoted composite tariff. To accommodate for variation in coal prices, 25% of the composite tariff will be indexed and adjusted with the cost of domestic coal or imported coal as and when notified by the Central Electricity Regulatory Commission.

Directions for mandatory testing of imported components, equipment, and parts of the power supply system

The Ministry of Power issued directions to mandate testing of all imported equipment, components and parts, which are to be used in the power supply system and network. This will include any item for end-use or used in manufacturing or assembly or any activity directly or indirectly related to power supply system. Some of the power supply components imported by India include power transformers, reactors, insulators and circuit-breakers. The testing will check for any kind of embedded malware or trojans or cyber threat and will ensure adherence to Indian standards.

The Ministry will designate certain certified laboratories to perform the testing. Import of any equipment or component or part from specified countries will require prior permission from Indian government. For the imported equipment, component, or part from these specified countries, the testing protocol will be required to be approved by the Ministry.
Guidelines for payment of compensation in regard to Right of Way (RoW) for transmission lines in urban areas released

The Ministry of Power released guidelines for payment of compensation in regard to Right of Way (RoW) for overhead transmission lines in urban areas. In July 2016, a Committee under the chairmanship of the Additional Secretary of the Ministry was constituted to recommend these guidelines. RoW is the strip of land immediately below and adjacent to a transmission line. The compensation for RoW is given to people whose land is acquired by government for developing power infrastructure such as transmission lines.

The compensation will be applicable only for transmission lines supported by tower base of 66 kV or more and are in addition to the compensation for normal crop and tree damages. Compensation will be based on land value. Land value will be determined based on circle rate or guidelines value or stamp act rates. Key features of the guidelines include:

- **Compensation for tower base area**: The compensation for tower base area impacted severely due to installation of tower structure will be at 85% of land value. The compensation will be paid for actual base width of the tower. The tower base area refers to the area bounded by concrete as visible from outside of four legs of towers.

- **Compensation for decline in land value**: The compensation for reduction in land value in the width of RoW corridor due to transmission lines and certain restrictions will be up to 15% of land value. The compensation for diminution of land will be decided by the states. The guidelines provide for certain limitations on the RoW corridor width for compensation purposes.

- **Non-usability allowance**: There will be an additional compensation called non-usability allowance. This allowance will be up to 15% of the land value for the width of the RoW corridor.

- **Payment of compensation**: The payment of compensation will be one-time and upfront unless notified otherwise by the state. The payment of compensation, wherever possible, must be done using different digital modes of payment including Aadhaar enabled payment system (AEPS) and Unified Payment Interface (UPI).

Comments invited on the Draft Central Electricity Regulatory Commission (Power Market) Regulations, 2020

The Central Electricity Regulatory Commission (CERC) invited comments on the Draft Central Electricity Regulatory Commission (Power Market) Regulations, 2020. The Regulations provide for manner of operating exchange markets dealing in electricity including power exchanges and over-the-counter (OTC) market. Key features of the Regulations are:

- **Power exchange**: The objectives of a power exchange will be to: (i) design electricity contracts and facilitate transactions of such contracts, and (ii) facilitate extensive, quick, and efficient price discovery, and dissemination. A person seeking to establish a power exchange will need to register with CERC.

- **OTC platforms**: The objectives of the OTC platforms will be to: (i) provide an electronic platform with the information of potential buyers and sellers of electricity, (ii) maintain a repository of data related to buyers and sellers, which is to be provided to the market participants, and (iii) provide services such as advanced data analysis tools to participants. A person seeking to establish an OTC platform will need to register with the CERC. The Regulations provide for: (i) eligibility criteria and manner of registration of OTC platforms, (ii) obligations of OTC platforms, and (iv) conditions for revocation of registration.

- **Electricity Contracts**: The Regulations specify the price discovery mechanism, and the manner of scheduling and delivery of various types of electricity contracts traded in these exchange markets. These include day-ahead, real-time, intra-day, term-ahead, and contingency contracts traded in power exchanges and contracts traded in the over-the-counter market.

- **Market oversight**: The Regulations empower the CERC to order inquiry or investigation for: (i) non-compliance of statutory obligations by market participants, (ii) involvement of market participants in market manipulation, insider trading, cartelisation, and abuse of dominant position. The CERC may also intervene in situations of abnormal fluctuations in prices and volumes of trade of electricity in these exchange markets. Such interventions include imposing price caps and suspending transaction activities.

Comments are invited by August 7, 2020.
Comments invited on the Draft Central Electricity Regulatory Commission (Regulation of Power Supply) (First Amendment) Regulations, 2020

The CERC issued the Draft Central Electricity Regulatory Commission (Regulation of Power Supply) (First Amendment) Regulations, 2020. The Draft Regulations seek to amend the Central Electricity Regulatory Commission (Regulation of Power Supply) Regulations, 2010. The 2010 Regulations regulate power supply to distribution companies and entities with open access in cases of default in payment of outstanding dues or non-maintenance of letter of credit or payment security as per the contract. Power supply in such cases may be reduced or access to the transmission system may be withdrawn by the generator or the transmission licensee, respectively. Key features of the Draft Regulations include:

- **Applicability**: Currently, the 2010 Regulations apply only when there is a specific provision in the contractual agreement between beneficiaries (discoms and entities with open access) and generator or the transmission licensee. The Draft Regulations provide that it will also apply where regulation of power supply in these cases (outstanding dues or non-maintenance of payment security) is mandated by other Regulations made by CERC.

- **The Regulations will apply to a beneficiary who**: (i) has been allocated power from a central-sector generator, or (ii) gets power from inter-state generator through long term or medium-term open access, or (iii) is a user of inter-state transmission system.

- **Default in payment**: In cases of default, a generator or transmission licensee may serve a notice to the defaulting beneficiary for reducing power supply or withdrawing access to the transmission system, respectively. In case of non-payment of outstanding dues, the notice can be served only after 60 days from the due date. The Draft Regulations amends this to provide that notice can be served immediately after the due date.

Comments are invited by August 16, 2020.

Continuation of the Renewable Energy Research and Technology Development Programme approved

The Ministry of New and Renewable Energy approved the continuation of the Renewable Energy Research and Technology Development Programme for the year 2020-21. It will continue till March 31, 2021 or the date on which recommendations of the 15th Finance Commission come into effect, whichever is earlier. The programme is aimed at supporting research and development projects in different areas of new and renewable energy. Some of the areas supported under the programme are solar thermal systems, solar photovoltaic systems, biogas systems and waste to energy systems. The programme was originally approved in February 2019 for the year 2019-20 at a cost of Rs 176 crore.

Guidelines for implementing component - C of PM-KUSUM scheme amended

The Ministry of New and Renewable Energy amended the guidelines for implementation of Component-C of the PM-KUSUM scheme. The guidelines were released in November 2019. This component of the scheme seeks to solarise 10 lakh agriculture pumps of individual pump capacity up to 7.5 HP by 2022.

The selection of vendors for supplying solarised pumps is done through a bidding process. As per the original guidelines, manufacturers of solar panels and manufacturers of solar water pumps are allowed to participate in the bidding process. The amendment allows joint ventures of manufacturers of solar pumps or manufacturers for solar water pumps with system integrators to also participate in the bidding process.

Guidelines and model PPA released for implementation of off-grid solar power packs/plants under RESCO model

The Ministry of New and Renewable Energy released guidelines and model power purchase agreement (PPA) for implementation of off-grid solar power packs/plants under the Renewable Energy Service Company (RESCO) model. Key features of the guidelines are:

- **Applicability**: The guidelines apply to off-grid solar power plants with capacity up to 25kWp in areas beyond the reach of grid power and those with unreliable grid connections. The beneficiaries of these plants will be public service institutions including hostel, schools, panchayats, and police stations.

- **Implementation Model**: The plants will be made operational through a framework based on RESCO model. In this model, an external company or a government agency owns all the equipment and performs complete maintenance as well as repair.
work. The beneficiary only pays the service charge which covers the cost of providing electricity including cost of maintenance and repairs. This will help in avoiding financial challenges and effectively utilise the costly assets of solar PV systems.

- **Duration:** The vendor will install and operate the power plant with capacity up to 10 kWp for at least 10 years and those with capacity above 10 kWp for at least 15 years.

- **Features of solar PV plants:** The plants will be designed to supply a daily minimum guaranteed energy to the beneficiary. The guidelines specify features of solar power plants in areas isolated from grid system and areas with unreliable grid connections. Some of the common features include: (i) use of energy efficient equipment such as LED lights, (ii) battery back-up to support daily guaranteed energy, (iii) deployment of remote monitoring systems, and (iv) metering of supplied solar power at the point of delivery. The grid-connected plants can feed surplus power to the grid.

- **Central Financial Assistance:** 90% of the benchmark cost will be paid upfront as central financial assistance on successful commissioning of the plant. The benchmark cost will include cost of complete system, transportation of material, installation, commissioning, insurance, and annual maintenance contract period for five years.

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**Coal**

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**Rate of royalty for coal produced from commercial mining specified**

The Ministry of Coal specified the rate of royalty for coal mined for the purpose of sale (commercial mining) through an amendment in the Second Schedule of the Mines and Minerals (Development and Regulation) Act, 1957. Royalty is a payment that the lessee is required to make in proportion to the quantity of mineral extracted. The Second Schedule of the Act enlists the rate of royalty for various minerals.

The rate of royalty for the coal produced from commercial mining will be 14% over the notional price or the actual price, whichever is higher. Notional price means the price arrived at after adjusting for representative price from the National Coal Index. The Index reflects the prevailing market prices of coal. The actual price means the sale invoice value of coal after excluding the statutory dues such as taxes, levies, royalty, and contribution to the National Mineral Exploration Trust, and the District Mineral Foundation.

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