Monthly Policy Review
May 2020

Highlights of this Issue

COVID-19 in India: number of cases cross 1,90,000 by end-May (p. 4)
As of May 31, 2020, there were 1,90,535 confirmed cases of Coronavirus disease 2019 (COVID-19) in India. Of these, 91,819 had been cured/discharged and 5,394 persons have died.

National lockdown extended till June 30 with several relaxations from June 8 (p. 4)
District authorities may identify containment zones where movement will be restricted, except for essential activities. In other areas, restrictions will be relaxed in a phased manner. Night curfew to apply from 9PM to 5AM.

GDP estimated to grow at 4.2% in 2019-20; growth of 3.1% in Q4 (p. 2)
GDP growth (at constant prices) in the January-March quarter was lower than the 5.7% growth in Q4 of 2018-19. Growth in all sectors, except agriculture and mining decreased from Q4 of 2018-19.

CGA released the provisional data on central government accounts for 2019-20 (p. 2)
Fiscal deficit was at 4.6% of GDP, 22% higher than the 2019-20 revised estimate. Gross tax revenue decreased by 3.4% over 2018-19. However, centre’s net tax revenue increased by 2.9% as devolution to states fell by 14.5%.

Certain announcements made under the Aatma Nirbhar Bharat Package (p. 5)
A special economic package of Rs 20 lakh crore (equivalent to 10% of India’s GDP) was announced. This includes measures by RBI, incentives for MSMEs and relief packages for poor people including migrants and farmers.

RBI announces further measures to ease financial stress caused by COVID-19 (p. 6)
The repo rate has been further reduced from 4.4% to 4%, reverse repo rate to 3.35% and MSF to 4.65%. The 3-month moratorium on term loans announced earlier is extended by another three months till August 31, 2020.

Domestic passenger train and air travel services resume gradually (p. 8)
Domestic passenger train travel resumed partially on May 12, 2020, with more trains set to resume from June 1, 2020. Domestic air travel resumed on May 25, 2020.

Supreme Court issues interim orders on movement of migrant labourers (p. 7)
The Court observed that there have been lapses in the process of registration, transportation and in providing food and shelter to migrant workers. It issued certain interim directions including providing free food and transport.

Data Access and Knowledge Sharing Protocol released for Aarogya Setu application (p. 7)
The protocol specifies guidelines for data collection, storage and sharing of data with other entities. Data collection should be minimised to the extent necessary; collected data should be processed in a fair and transparent manner.

Mandatory washing of coal in thermal power plants removed (p. 14)
The Environment Protection Rules, 1986 were amended to remove the requirement for certain coal-based thermal power plants to only use coal with ash content up to 34%.

Auction of coal and lignite blocks for commercial sale on revenue sharing basis (p. 11)
A new methodology for auction of coal and lignite blocks for the purpose of commercial sale was approved by the Cabinet. The bidders will be required to bid for a percentage share of revenue payable to the government.

Operational Guidelines for Swatch Bharat Mission (Grameen) Phase II notified (p. 15)
The aim of the second phase is to sustain the open defecation free status of villages and to improve the levels of cleanliness in rural areas through solid and liquid waste management.
Macroeconomic Development

Madhunika Iyer (madhunika@prsindia.org)

GDP estimated to grow at 4.2% in 2019-20; growth of 3.1% in Q4

Provisional estimates suggest that the annual Gross Domestic Product (GDP) growth for 2019-20 is 4.2% at constant prices.1 This is estimated to be lower than the 6.1% growth in 2018-19. GDP grew at 3.1% in the fourth quarter of 2019-20, over the corresponding quarter of 2018-19. This is lower than the 4.7% growth in the third quarter of 2019-20 and the 5.7% growth in the fourth quarter of 2018-19. Figure 1 shows the quarterly trend of GDP growth over the last two financial years.

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

![GDP Growth Chart]

Sources: Ministry of Statistics and Programme Implementation; PRS.

GDP growth across economic sectors is measured in terms of Gross Value Added (GVA). Growth in all sectors except agriculture and mining is expected to decrease in the fourth quarter of 2019-20 over the corresponding quarter of 2018-19.1 Growth in manufacturing and construction is expected to be negative in the fourth quarter of 2019-20, decelerating further from the third quarter.1 Table 1 provides details on sectoral growth in GVA.

Table 1: Growth in Gross Value Added across sectors in Q4 of 2019-20 (%; year-on-year)

<table>
<thead>
<tr>
<th>Sector</th>
<th>Q4 2018-19</th>
<th>Q3 2019-20</th>
<th>Q4 2019-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>1.6%</td>
<td>3.6%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Mining</td>
<td>-4.8%</td>
<td>2.2%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2.1%</td>
<td>-0.8%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Electricity</td>
<td>5.5%</td>
<td>-0.7%</td>
<td>4.5%</td>
</tr>
<tr>
<td>Construction</td>
<td>6.0%</td>
<td>0.0%</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Services</td>
<td>8.7%</td>
<td>5.7%</td>
<td>4.4%</td>
</tr>
<tr>
<td>GVA</td>
<td>5.6%</td>
<td>3.5%</td>
<td>3.0%</td>
</tr>
<tr>
<td>GDP</td>
<td>5.7%</td>
<td>4.1%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

Note: GVA is GDP without taxes and subsidies, at constant prices (2011-12 base year).
Sources: Ministry of Statistics and Programme Implementation; PRS.

The Ministry of Statistics and Programme Implementation is responsible for the collection and publication of statistical data. The Ministry notes that data collection is affected due to COVID-19 and the lockdown imposed by the government. It further adds that the estimates published for the fourth quarter and the year 2019-20 are based on available data and are likely to undergo revision.1

Industrial production fell by 3.8% in the fourth quarter of 2019-20

The Index of Industrial Production (IIP) contracted by 3.8% in the fourth quarter (Jan-Mar) of 2019-20, as compared to the same period in 2018-19.2 This was driven by negative growth in the manufacturing sector which has a 78% weightage in calculation of IIP. Manufacturing production contracted by 5.8% in the fourth quarter of 2019-2020 over the fourth quarter in 2018-19. However, the mining sector (14% weightage in IIP) saw an increase of 4.4% in this quarter and the electricity sector grew by 2.2%. In 2019-20, IIP grew at -0.7% over 2018-19. Figure 2 shows the change in industrial production during the fourth quarter of 2019-20.

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

![IIP Growth Chart]

Sources: Ministry of Statistics and Programme Implementation; PRS.

Finance

CGA releases provisional data on central government accounts for 2019-20

Suyash Tiwari (suyash@prsindia.org)

The Controller General of Accounts (CGA) released provisional data on the central...
government’s accounts for the financial year 2019-20.\(^3\) Table 2 compares the provisional accounts of the government for 2019-20 with the revised estimates for the year as presented on February 1, 2020. Key highlights include:

- The government spent Rs 26,86,362 crore in 2019-20, which is 0.5% less than the revised estimate for 2019-20. The reduction was almost entirely in capital expenditure.
- Receipts (other than borrowings) were estimated to be Rs 19,31,706 crore, but stood 9.4% lower at Rs 17,50,727 crore.
- Fiscal deficit in 2019-20 was 22% higher than the revised estimate at Rs 9,35,635 crore. This is equivalent to 4.6% of GDP, higher than the estimate of 3.8% of GDP.

**Table 2: Provisional accounts of the central government for the year 2019-20 (Rs crore)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Revised 2019-20</th>
<th>Provisional 2019-20</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditure</td>
<td>26,96,552</td>
<td>26,86,362</td>
<td>-0.5%</td>
</tr>
<tr>
<td>Revenue</td>
<td>23,49,645</td>
<td>23,49,618</td>
<td>0.0%</td>
</tr>
<tr>
<td>Capital</td>
<td>3,48,907</td>
<td>3,36,744</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Total Receipts (without borrowings)</td>
<td>19,31,706</td>
<td>17,50,727</td>
<td>-9.4%</td>
</tr>
<tr>
<td>Tax revenue (net)</td>
<td>15,04,587</td>
<td>13,55,686</td>
<td>-9.9%</td>
</tr>
<tr>
<td>Non-tax revenue</td>
<td>3,45,514</td>
<td>3,26,221</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Disinvestment</td>
<td>65,000</td>
<td>50,304</td>
<td>-22.6%</td>
</tr>
<tr>
<td>Other receipts</td>
<td>16,605</td>
<td>18,316</td>
<td>10.3%</td>
</tr>
<tr>
<td>Fiscal Deficit</td>
<td>7,66,846</td>
<td>9,35,635</td>
<td>22.0%</td>
</tr>
<tr>
<td>As % of GDP</td>
<td>3.8%</td>
<td>4.6%</td>
<td></td>
</tr>
<tr>
<td>Revenue Deficit</td>
<td>4,99,544</td>
<td>6,67,511</td>
<td>33.6%</td>
</tr>
<tr>
<td>As % of GDP</td>
<td>2.4%</td>
<td>3.3%</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Controller General of Accounts; Union Budget 2020-21; PRS.

Table 3 compares the tax revenue of the central government in 2019-20 (as per the provisional accounts) with the revised estimates for the year. While the gross tax revenue in 2019-20 was 7.1% lower than the revised tax estimate, the central government’s net tax revenue was 9.9% lower than the revised estimate.

**Table 3: Tax revenue in 2019-20 (Rs crore)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Revised 2019-20</th>
<th>Provisional 2019-20</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross tax revenue</td>
<td>21,63,423</td>
<td>20,09,882</td>
<td>-7.1%</td>
</tr>
<tr>
<td>GST</td>
<td>6,12,327</td>
<td>5,98,825</td>
<td>-2.2%</td>
</tr>
<tr>
<td>Corporation tax</td>
<td>6,10,500</td>
<td>5,56,876</td>
<td>-8.8%</td>
</tr>
<tr>
<td>Income tax</td>
<td>5,47,000</td>
<td>4,80,341</td>
<td>-12.2%</td>
</tr>
<tr>
<td>Other taxes</td>
<td>3,93,596</td>
<td>3,73,840</td>
<td>-5.0%</td>
</tr>
<tr>
<td>Tax revenue (net)</td>
<td>15,04,587</td>
<td>13,55,686</td>
<td>-9.9%</td>
</tr>
<tr>
<td>Devolution to states</td>
<td>6,56,046</td>
<td>6,50,677</td>
<td>-0.8%</td>
</tr>
</tbody>
</table>

Sources: Controller General of Accounts; Union Budget 2020-21; PRS.

**Change over 2018-19:** While the government’s expenditure increased by 16% in 2019-20 over the previous year, its receipts (other than borrowings) increased at a rate of 5% and borrowings/fiscal deficit increased by 44%.

In 2019-20, gross tax revenue decreased by 3.4% over the previous year, primarily due to a 16.1% decrease in corporation tax revenue. However, the central government’s net tax revenue increased by 2.9% as devolution of central taxes to states decreased by 14.5%.

**Central government increases its market borrowings target for 2020-21 by 54%**

Suyash Tiwari (suyash@prsindia.org)

The central government increased its gross market borrowings target for the financial year 2020-21 from Rs 7.8 lakh crore to Rs 12 lakh crore.\(^4\) This is an increase of 54% over the budget estimate and is equivalent to 1.87% of the GDP estimated in the 2020-21 budget. The government has revised its borrowings target upwards on account of the COVID-19 pandemic.

**Cabinet approves modifications in the Partial Credit Guarantee Scheme**

Anurag Vaishnav (anurag@prsindia.org)

The Union Cabinet approved modifications to the Partial Credit Guarantee Scheme to expand the coverage of the scheme.\(^5\) The scheme was announced in the Union Budget 2019-20 and approved by Cabinet in December 2019.\(^6\) Under the scheme, a government guarantee (covering initial losses of 10% of the value of the assets or Rs 10,000 crore, whichever is lower) is given to public sector banks (PSBs) for buying high-rated pooled assets from financially sound non-banking financial companies (NBFCs) or housing finance companies (HFCs).

Under the expanded scheme, the government will also provide PSBs with a guarantee for covering up to 20% of first loss for the purchase of Bonds or Commercial Papers issued by NBFCs and Micro Finance Institutions (MFIs). The minimum rating for such bonds or commercial papers should be AA or below (including unrated paper with initial maturity of up to one year).

The government expects that the guarantee will help NBFCs, MFIs and HFCs continue with capital formation in small and medium enterprises, and help mitigate adverse effects of COVID-19. The scheme was originally valid till June, 2020. It will now be valid till March 31, 2021, or till such date by which Rs 10,000 crore
worth of guarantees are provided by the government, whichever is earlier.

Cabinet approves extension of Pradhan Mantri Vaya Vandana Yojana

Anurag Vaishnav (anurag@prsindia.org)

The Union Cabinet approved the extension of the Pradhan Mantri Vaya Vandana Yojana for a period of three years up to 31st March, 2023. The scheme aims to provide social security for persons above 60 years of age to protect them against a future fall in their interest income due to uncertain market conditions. Under the scheme, an assured interest return is guaranteed by the insurer. The difference between return generated by the insurer and the assured return is borne by the government of India as subsidy on an annual basis.

For 2020-21, the assured rate of return will be 7.4%. This will be revised every year. The scheme can be purchased at a minimum purchase price of Rs 1,56,658 for a yearly pension of Rs 12,000. For monthly pension pay-out option, the minimum purchase price will be Rs 1,62,162 for a monthly pension of Rs 1,000.

COVID-19

As of May 31, 2020, there were 1,90,535 confirmed cases in India. Of these, 91,819 had been cured/discharged and 5,394 persons 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 has announced several policy decisions to contain the spread, and financial measures to support citizens and businesses who would get affected. For details on the major notifications released by centre and the states, please see here. Key announcements made in this regard in May 2020 are as follows.

Lockdown extended till June 30 with several 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. Since then, the lockdown has been extended four times, with the latest extension till June 30, 2020. These measures have been issued under the provisions of the Disaster Management Act, 2005. The Act sets up national and state-level Disaster Management Authorities and gives these authorities powers for the effective management of disasters.

The revised lockdown guidelines allow district authorities to risk profile certain areas as containment zones based on the parameters prescribed by the Ministry of Health and Family Welfare. The lockdown will continue to remain in force in containment zones, and movement of persons will not be allowed except for medical emergencies and for supply of essential goods and services. States may also identify buffer zones (outside containment zones) where district authorities may impose additional restrictions.

In areas outside containment zones, all activities will be permitted, except for certain restrictions. These restrictions will be lifted in a phased manner based on Standing Operating Procedures issued by the Ministry of Health and Family Welfare. In Phase-I (starting from June 8), the following places will be re-opened: (i) religious places, (ii) hotels, restaurants and other hospitality services, and (iii) shopping malls. In Phase-II, a decision for re-opening educational institutions will be taken in July based on consultation with states. In Phase-III, the following activities will be allowed based on further assessment: (i) international air travel, (ii) metro rail, (iii) theatres, gyms, auditoriums and similar places, and (iv) large congregations such as social, political, or religious functions.

Further, all intra-state and inter-state movement of persons and goods will be freely permitted, unless states assess otherwise. Details of any movement restrictions decided by states must be given wide publicity in advance. Movement of goods between India and neighbouring countries (based on treaties) will also be permitted. Travel by trains, domestic air travel and international movement of persons from India and to India will continue to be regulated by Standard Operating Procedures issued in this regard.

Movement of people will remain prohibited between 9 pm in the evening and 5 am in the morning, except for essential activities.

States may impose further restrictions or prohibitions in areas outside containment zones, based on their assessment of the situation. However, they cannot dilute the restrictions imposed by the central government.

The guidelines also 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.
Announcements made under the Aatma Nirbhar Bharat Abhiyaan package
Aditya Kumar (aditya@prsindia.org)

In light of the COVID-19 pandemic, a special economic package of Rs 20 lakh crore (equivalent to 10% of India’s GDP) was announced by the Finance Minister.\(^\text{12}\) The aim of the package is to prepare the country for the tough competition in the global supply chain and to empower the poor, labourers, and migrants who have been adversely affected by the pandemic and the lockdown. Table 4 below shows components of the economic package.

Table 4: Break-up of stimulus from Aatma Nirbhar Bharat Abhiyaan package

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (in Rs crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stimulus from earlier measures</td>
<td>1,92,800</td>
</tr>
<tr>
<td>Business including Micro, Small and Medium Enterprises (MSMEs)</td>
<td>5,94,550</td>
</tr>
<tr>
<td>Poor people including migrants and farmers</td>
<td>3,10,000</td>
</tr>
<tr>
<td>Agriculture and allied sectors.</td>
<td>1,50,000</td>
</tr>
<tr>
<td>Other sectors such as: coal and mineral, defence, civil aviation, power, social infrastructures, space, atomic energy</td>
<td>48,100</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>1,295,400</strong></td>
</tr>
<tr>
<td>RBI Measures (Actual)</td>
<td>8,01,603</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>20,97,053</strong></td>
</tr>
</tbody>
</table>

Source: Presentations made by Union Finance Minister Ms. Nirmala Sitharaman under Aatmanirbhar Bharat Abhiyaan; PRS.

Some key initiatives under various sectors announced under the package are as follows:

**Government Reforms:**

- **Increase in borrowing limits:** The borrowing limits of state governments will be increased from 3% to 5% of Gross State Domestic Product (GSDP) for the year 2020-21. The increase beyond 3.5% of the GSDP will be conditionally linked to reforms on - universalisation of ‘One Nation One Ration card’, ease of doing business, power distribution, and urban local body revenues.\(^\text{12}\)

- **Privatisation of Public Sector Enterprises (PSEs):** A new PSE policy has been announced. The policy is aimed at privatisation of PSEs, except the ones functioning in certain strategic sectors. A list of strategic sector PSEs will be notified by the government at a later stage. In strategic sectors, at least one PSE will remain, but private sector enterprises will also be allowed.\(^\text{13}\)

**Business (including MSMEs):**

- **Collateral free loans:** Collateral free loans up to three lakh crore rupees will be provided to all businesses. These loans will be provided through banks and Non-Banking Financial Companies (NBFCs).\(^\text{14}\)

- **Change in MSME definition:** The Micro, Small and Medium Enterprises Development Act, 2006 will be amended to change the MSME definition. As per the proposed definition, investment limit will be increased for MSMEs. A new criteria of annual turnover will be introduced. The turnover limit for micro, small and medium enterprises will be Rs 5 crore, Rs 50 crore, and Rs 100 crore, respectively.

- **Reduction in tax rates:** The rates of Tax Deduction at Source for the non-salaried specified payments made to residents and Tax Collected at Source will be reduced by 25% from the existing rates. This will apply from May 14, 2020 to March 31, 2021.

**Agriculture and allied sectors:**

- **Support to farmers and infrastructure:** Key initiatives in the sector to support farmers and infrastructural developments include (i) concessional credit worth two lakh crore rupees for 2.5 crore farmers, (ii) fund of one lakh crore rupees for development of agriculture infrastructure projects, and (iii) additional fund of Rs 30,000 crore to meet the crop loan demand through NABARD and Rural Banks.

- **Amendment to the Essential Commodities Act, 1955:** The Essential Commodities Act, 1955 will be amended to deregulate food items including cereals, edible oils, oilseeds, pulses, and onions for attracting investments and enabling competition in the sector.

**Migrant Workers:**

- **One nation one card:** Under the scheme of One Nation One Card, the migrant workers will be allowed to access the Public Distribution System (Ration) from any Fair Price Shop in India by March 2021.\(^\text{15}\)

- **Affordable Rental Housing Complexes (ARHC) for Migrant Workers / Urban Poor:** The migrant labour/urban poor will be provided living facilities at affordable rent under Pradhan Mantri Awas Yojana.

**Civil Aviation:**

- **Efficient airspace management:** Restrictions on utilisation of the Indian Air Space will be eased allowing optimal
utilisation of airspace, reduction in fuel use, and time to save about Rs 1,000 crore per year for the aviation sector.

- **Public Private Partnership (PPP) model for airports:** World-class airports will be built through PPP model to enable private sector investment of around Rs 13,000 crore in 12 airports.

**Defence:**

- **Increase in FDI limit:** FDI limit in defence manufacturing under automatic route will be increased from 49% to 74%.
- **Make in India:** A list of weapons/platforms will be released which will be banned for import based on a year wise timeline. Further, the government has planned to improve the autonomy, accountability and efficiency in Ordnance Supplies by corporatisation of Ordnance Factory Board.

**Energy:**

- **Liquidity support for distribution companies (discoms):** A liquidity support of Rs 90,000 crore will be provided to power discoms in the form of funds from Power Finance Corporation and Rural Electrification Corporation. Discoms will also be provided with state government guaranteed loans exclusively for discharging their liabilities to power generation companies.16 Rs 50,000 crore will be spent on infrastructure development for evacuation of coal.

**Housing and Social Sector:**

- **Credit Linked Subsidy Scheme for Middle Income Group (MIG):** The Credit Linked Subsidy Scheme for Middle Income Group (annual income between Rs 6 lakh and Rs 18 lakh) will be extended by one year up to March 2021.
- **Support to real estate sector:** COVID-19 will be treated as an event of “Force Majeure” under Real Estate Regulatory Authority (RERA) by states/union territories and their Regulatory Authorities. An extension of six months will be given on registration and completion dates of all registered projects. This is for projects expiring on or after March 25, 2020 without individual applications.
- **Allocation for MGNREGS:** Additional Rs 40,000 crore will be allocated under MGNREGS. This increases the Union Budget allocation for MGNREGS from Rs 61,500 crore to Rs 1,01,500 crore (65% increase) for 2020-21.

For a detailed summary of the package, please see [here](#).

**RBI announces additional measures to ease financial stress caused by COVID-19**

*Anurag Vaishnav (anurag@prsindia.org)*

The Reserve Bank of India (RBI) has announced several additional measures to ease the financial stress caused by COVID-19 disruption.17,18 The measures include further reduction in repo rate, further extension of moratorium on loans, and measures to support import and exports. These are elaborated below:

- **Policy Rates:** The repo rate (the rate at which RBI lends money to banks) was reduced from 4.4% to 4.25%. The reverse repo rate (the rate at which RBI borrows money from banks) was reduced from 3.75% to 3.35%. 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 4.65% to 4.25%. The accommodative stance of monetary policy (loosening or expansion of money supply) will be continued in order to revive growth and mitigate the impact of coronavirus on the economy.

- **Moratorium on term loans:** In March 2020, the RBI had permitted all lending institutions to grant a moratorium of three months on payment of all term loans outstanding as on March 1, 2020. This has been extended by another three months (till August 31, 2020). Such deferment will not result in downgrade in asset classification. For working capital such as cash credit or overdraft as well, lending institutions are permitted to allow a deferment of further three months on recovery of interest (till August 31, 2020).

- **Export and Import related measures:** Remittances for imports (excluding gold, diamonds or jewellery) are currently required to be completed within a period of six months from the date of shipment. RBI has extended this time period from six months to twelve months from the date of shipment for such imports made on or before July 31, 2020. A line of credit of Rs 15,000 crore will be extended to the Export-Import Bank of India to meet its foreign exchange requirements for raising funds in international debt capital markets.

- **Other measures:** Currently, the exposure limit of a bank to a group of connected
counterparties is 25% of the eligible capital base of the bank. As a one-time measure to ease difficulty in raising funds, this limit has been relaxed to 30% of capital base of bank.

**Supreme Court issues interim orders on movement of migrant labourers**

*Roshni Sinha (roshni@prsindia.org)*

The Supreme Court of India took cognisance of the problems of migrant labourers who have been stranded in different parts of the country. In its order, the Court observed that there have been lapses in the process of registration, transportation and in providing food and shelter to migrant workers. In view of these difficulties, the Court issued the following interim directions:

- **Arrangements for food:** Free of cost food should be provided to the migrant workers who are stranded at different places in the country by the concerned state governments. This information should be publicised and notified to workers who are waiting for their turn to board a train or bus. Further, for travel by train, originating states must initially provide food and water, and the Railways must provide food and water during the journey. The same facilities must be extended where migrant workers are transported by bus.

- **Payment of fare:** Fare must not be charged from migrant workers for travel by trains or bus. Railway fare must be shared by the states as per their arrangement.

- **Registration of migrant workers:** States must simplify and speed up the process of registering migrant workers and provide a help desk for registration where workers are stranded. Complete information regarding the modes of transport must be publicised to stranded workers.

- **Obligations of receiving state:** After the migrant workers reach their native place, the receiving state must provide health screening, transport and other facilities, free of cost.

- **Duties towards migrant workers found walking:** Migrant workers found walking on highways or roads must be provided transportation to their destination and all facilities including food and water.

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**Aarogya Setu Data Access and Knowledge Sharing Protocol released; app made open source**

*Anurag Vaishnav (anurag@prsindia.org)*

The Ministry of Electronics and Information Technology released the Aarogya Setu Data Access and Knowledge Sharing Protocol, 2020 in reference to the Aarogya Setu mobile application (app). The app was launched by the central government in April 2020 to enable contact tracing (identification and monitoring of persons who are at a higher risk of being infected by COVID-19) and for users to assess their own risk of getting infected.

The protocol aims to ensure secure and efficient collection and sharing of data by the application to protect the personal data of individuals. Key features of the protocol include:

- **Data collection:** Data collected by the app and the purpose for which it will be used should be clearly specified in the privacy policy of the app. Data collection should be minimised to the extent that it is required for formulating or implementing health responses. The collected should be processed in a fair, transparent and non-discriminatory manner.

- **Data storage:** The app collects data regarding: (i) demographic details of the user, (ii) location of user from time to time, (iii) data of other individuals who have come in proximity with the user, and (iv) self-assessment data. Demographic details will be stored with the government for as long as necessary, unless the user requests for deletion of their data. Location data and data of other users who have come in proximity will remain on the user's device, but it may be uploaded to the government server (shared with the government) to formulate or implement health responses. This data, along with any self-assessment data will not be stored for more than 180 days from the date of collection.

- **Sharing of personal data:** Any data collected by the app can be shared with the health ministry or health department of any state or the national (or state) disaster management authorities for formulating or implementing appropriate health responses. Data may be shared with other departments of the central or state government in a de-identified (where personal identifiers are removed or masked from the dataset) format, if required. The National Informatics Centre (developer of the app)
will maintain a list of agencies with whom such data has been shared. Data may be shared for the purpose of research in an anonymised manner (where it is not possible to identify the user to whom the data pertains to).

Violation of the protocol may lead to penalties as prescribed under the Disaster Management Act. The protocol is applicable for 6 months and maybe revised, subsequently. Further, the source code of the application has been made open source for review and collaboration for the android version of the application.23

Domestic passenger train travel resumes
Prachee Mishra (prachee@prsindia.org)

The Ministry of Railways resumed domestic passenger train travel from May 12, 2020 starting with 15 pairs of special trains.24 These are in addition to the Shramik Special Trains. These special trains had only air-conditioned classes and the fare structure was the same as the Rajdhani trains. Passengers travelling on these trains were instructed to: (i) wear face masks at the entry and during travel, (ii) arrive at least 90 minutes early at the station to facilitate thermal screening, and (iii) maintain social distancing. All passengers were advised to download and use the Aarogya Setu application.

Following this, the Ministry announced that 200 additional passenger trains will be operated from June 1, 2020 onwards.25 Key features and guidelines for these trains include:

- These trains will be fully reserved with both AC and non-AC classes. General coaches will also have reserved seating. There will be no unreserved coaches in these trains. Fares will be charged as per the corresponding class. All existing passenger quotas (for regular trains) will be permitted.
- Only online booking of tickets will be allowed. The advance reservation period will be a maximum of 30 days. Further, tatkal and premium tatkal booking will not be permitted.
- All passengers will be screened and only asymptomatic passengers will be allowed to board the train.
- Provision for pre-paid meal booking, e-catering will be disabled. No linen, blankets, and curtains will be provided inside the train.

Movement of stranded persons by special trains
Roshni Sinha (roshni@prsindia.org)

The Ministry of Home Affairs (MHA) issued Standard Operating Protocols for the movement of stranded workers by trains.26 As per the Protocols, the Ministry of Railways will permit the movement of stranded workers by trains in consultation with MHA. The Ministry of Railways will finalise the schedules for trains including the stoppages and destinations and will communicate it to states. The sending state will be required to ensure that all passengers are compulsorily screened, and only asymptomatic passengers are allowed to board the train. On arrival at the destination, the travelling passengers will have to adhere to the health protocols as prescribed by the destination state.

Domestic air travel resumes
Prachee Mishra (prachee@prsindia.org)

The Ministry of Civil Aviation announced that domestic passenger air travel will resume in a phased manner from May 25, 2020. The Ministry also released details of the guidelines for air travel to be followed by the passengers and key stakeholders (airlines, airports, security agencies, ground handling agencies, etc.).27 Key guidelines include:

- One-third of operations will be permitted for now. More flights will be added gradually in a calibrated way.
- Airlines will adhere to the fare limits prescribed by the Ministry. Fare limits have been set as per prescribed sectors. Fares range from minimum Rs 2,000 to a maximum of Rs 18,600.28 These fares are exclusive of other charges such as user development fee, and GST.
- Passengers will be required to provide a self-declaration or share their status on the Aarogya Setu app which specifies that the passenger is free of COVID-19 symptoms. Airlines will ensure that boarding passes are given to passengers only after they provide a self-declaration in the specified manner.
- Passengers with red status on the app or living in a containment zone will not be allowed to travel. If such passengers undertake air travel, they will be penalised.
- All passengers will have to do web check-in and obtain boarding passes.
- Airlines will be required to provide protection kit (three-layer surgical mask, face shield, and sanitiser) to each passenger.
- Airlines will also be required to provide the passenger manifest of each flight to the states/union territories. This manifest will include details such as passenger’s name, contact, and destination address.
- Airports will be required to earmark areas for isolation and COVID-19 testing of passengers suspected to be infected. They will also have to earmark separate areas for staff to change their PPE gear.

**UDAN flights:** The Ministry also announced the modalities for resumption of flights under the Regional Connectivity Scheme (RCS-UDAN).29 Under this, the routes that have been allowed to resume operations include: (i) all operational routes in priority areas (north-east region, hilly states and islands), (ii) all operational helicopter routes, (iii) all operational routes with zero viability gap funding, and (iv) all operational routes with up to 500 km stage length.

The Directorate General of Civil Aviation also announced the resumption of pilot proficiency and other related training for pilots to ensure that they are meeting their flying requirements.30

**Eligibility criteria for repatriation under Vande Bharat Mission**

**Prachee Mishra (prachee@prsindia.org)**

The Ministry of Civil Aviation also released the eligibility criteria for passengers purchasing tickets for flights departing from India (under the Vande Bharat Mission).31 Key criteria include:

- Prospective travellers must ensure that they are eligible to enter or transit the country for which they are purchasing the ticket.
- Persons who will be allowed to travel to destination countries include those who: (i) are citizens of that country, (ii) hold visa of at least one-year duration of that country, and (iii) Green Card or OCI cardholder.
- Some countries are allowing only their nationals to enter in (including Malaysia, Saudi Arabia, Qatar, Oman, and Philippines). Other passengers who want to travel to these countries (such as work visa or resident visa holders), may separately obtain written permission from the embassies of these countries in India, or their nearest consulates.

**Welfare scheme for seafarers announced**

**Prachee Mishra (prachee@prsindia.org)**

The Seafarers Welfare Fund Society, which is an autonomous body under the Ministry of Shipping, has announced a welfare scheme for Indian seafarers and their families who may suffer from COVID-19.32 The scheme will be effective from February 1, 2020 till December 31, 2020. Under the scheme, seafarers and their families will be provided with financial support: (i) for in-patient treatment for COVID-19 in notified hospitals, and (ii) in case of death of seafarers. The maximum financial support for medical treatment will be one lakh rupees, and in case of death would be two lakh rupees (paid to next of kin of the seafarer).

**Deadlines for payment of certain fee under the Motor Vehicles Act extended**

**Prachee Mishra (prachee@prsindia.org)**

The Ministry of Road Transport and Shipping has extended the deadline for the payment of certain licensing and registration fee required under the Motor Vehicles Act, 1988 and the Central Motor Vehicles Rules, 1989.33 These include the fee required for obtaining and renewing driving licenses, and transfer of vehicle ownership. This will not apply to the issue of registration and assignment of new registration mark for vehicles.

Under the notification, if the specified activities (licensing or registration) could not be completed due to COVID-19, the fee that was paid for the specified activities on or after February 1, 2020 will continue to be valid. Such activities must be completed by July 31, 2020. If there was a delay in payment of fee for such activities, then such fee can also be paid by July 31, 2020 without any late fee or additional fee for such delay.

**PM CARES Fund included in the list of CSR eligible activities**

**Roshni Sinha (roshni@prsindia.org)**

The Ministry of Corporate Affairs notified the inclusion of Prime Minister’s Citizen Assistance and Relief in emergency Situations (PM CARES) Fund in the list of activities eligible for Corporate Social Responsibility (CSR) under the Companies Act, 2013.34 Under the Act, companies with net worth, turnover or profits above a specified amount are required to spend 2% of their average net profits in the last three financial years towards CSR activities.
This measure will come into effect retrospectively from March 28, 2020, when the fund was setup.35

Amendments introduced for reduction of employer and employee contribution rates towards PF accounts

Roshni Sinha (roshni@prsindia.org)

The Employees’ Provident Funds Scheme, 1952, provides for a contribution-based provident fund (PF) scheme for employees in establishments.

Earlier in the month, the Finance Minister had given details of measures under the economic package of Rs 20 lakh crore announced by the Prime Minister.12 One of the announcements related to reduction in rate of contribution of employers and employees towards the PF scheme from 12% to 10% for three months. This would not apply to: (i) workers who are eligible under the PM Garib Kalyan Package announced by the Finance Minister in March 2020, and (ii) to central and state public enterprises.36

The Ministry of Labour and Employment notified provisions for implementing this measure.37 The amendment will be effective for a period of three months, starting May 2020.

Further, the Employees’ Provident Fund Organisation (set up under the administrative control of the Ministry) has also clarified that no proceedings will be initiated under the Act for any delay in payment of contributions or other charges by employers during the lockdown.38

Last date for feedback on the draft Environment Impact Assessment Notification, 2020 extended till June 30

Prachi Kaur (prachi@prsindia.org)

In March 2020, the Ministry of Environment, Forest and Climate Change had released the Draft Environment Impact Assessment Notification, 2020.39 It seeks to replace the Environment Impact Assessment Notification, 2006. It proposes certain changes to the 2006 notification such as exemption of certain projects from public consultation. These include all, construction, expansion of national highways, and modernisation of irrigation projects.39

Comments on the draft notification were invited till May 10, 2020. This has now been extended till June 30, 2020 in view of the lockdown imposed due to the COVID-19 pandemic.40

Relaxation in terms and conditions for work from home facility extended

Saket Surya (saket@prsindia.org)

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, 2020.41 This was later extended until May 31, 2020.42 These relaxations are now further extended until July 31, 2020.43

OSPs are companies which provide various application services such as tele-banking, tele-commerce, call centre, and other IT-enabled services.44 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.

Extension in grant of permission agreements for community radio stations expiring up to June 2020

Saket Surya (saket@prsindia.org)

The Ministry of Information and Broadcasting extended the grant of permission agreements for community radio stations which have expired or will expire by June 30, 2020.45 The extension has been provided as many organisations could not get their permissions agreements renewed due to the situation arisen from COVID-19.

Such agreements will be renewed for an interim period of up to October 31, 2020 on the same terms and conditions as agreed in the last agreement. The interim renewal period will be counted towards any future period of renewal.

Advisory to State Electricity Regulatory Commissions to allow online listing and hearing of petitions

Aditya Kumar (aditya@prsindia.org)

The State Electricity Regulatory Commissions (SERCs) had postponed listings and hearing of petitions due to nationwide lockdown in the
wake of COVID-19. The Ministry of New and Renewable Energy issued an advisory to the SERCs to: (i) allow online filing and listing of petitions and (ii) conduct hearings through video conferencing on urgent matters.46

Validity period for star classifications of hotels and other accommodations extended till June 30

Prachi Kaur (prachi@prsindia.org)

The Ministry of Tourism classifies hotels under the star rating system to conform to the expected standards for different classes of tourists.47 This certification is valid for five years. In light of the COVID-19 pandemic, the Ministry of Tourism has extended the validity of these certifications for hotels and other accommodations until June 30, 2020. This is for those hotels whose project classification/ reclassification have expired or is likely to expire during the period between March 24, 2020 and June 29, 2020.47

Similarly, the Ministry has a scheme of approving travel agents, tour operators, and tourist transport operators, among others. The Ministry of Tourism will allow a six month extension to all categories of tour operators and travel agents seeking approval.47 This applies if: (i) their approval expired or expires during the period of March 20, 2020 till the end of the lockdown, and (ii) they apply for renewal before expiry of their current/previous approval.

Coal

Saket Surya (saket@prsindia.org)

Auction of coal and lignite blocks for commercial sale on revenue sharing basis

The Union Cabinet approved a new methodology based on revenue sharing for auction of coal and lignite blocks for commercial sale.48 Prior to this, coal and lignite based blocks were awarded on a fixed rupees per tonne basis methodology.49 Under the new methodology, successful bidders will be required to share a percentage of revenue with the government instead of paying a fixed price per tonne of production.48

Key features of the methodology are as follows:

- **Bid parameter**: The bidders will be required to bid for a percentage share of revenue payable to the government. The floor price will be 4% of the revenue share.
- **Payment of upfront amount**: The successful bidder will be required to pay an upfront amount which will be 0.25% of the value of estimated geological reserves of the mine. The upfront amount will not be more than: (i) Rs 100 crore for geological reserves up to 200 million tonnes, and (ii) Rs 500 crore for geological reserves up to 500 million tonnes.
  - **Monthly payment**: The successful bidder will be required to make a monthly payment to the government which will be a product of: (i) percentage of revenue share, (ii) quantity of coal on which statutory royalty is payable during the month, and (iii) notional or actual price, whichever is higher.
  - **Incentives for early production and clean usage**: The successful bidder will be given a rebate in revenue share in events of: (i) early production and (ii) coal consumed or sold for gasification and liquefaction.
  - **Coal bed methane**: The methodology also permits commercial exploitation of the coal bed methane present in the lease area. Coal bed methane is a form of natural gas found near coal deposits.

Tenure of coking coal linkage

The Cabinet also approved an increase in the maximum tenure of coking coal linkage in the non-regulated sector from 15 years to 30 years.48 The non-regulated sector includes cement, steel, sponge iron, and aluminium. Coal is supplied to such sectors on a long-term basis through fuel supply agreements with coal companies.

The Coal Blocks Allocation (Amendment) Rules, 2020 notified

The Ministry of Coal notified the Coal Blocks Allocation (Amendment) Rules, 2020 to amend the Coal Blocks Allocation Rules, 2017.50 The 2017 Rules issued under the Mines and Minerals (Development and Regulation) Act, 1957 provide for terms and conditions for the auction and allotment of coal blocks.51

The amendments in the 2017 Rules have been notified to give effect to: (i) the provisions of the Mineral Laws (Amendment) Act, 2020 and (ii) auction of coal and lignite blocks for commercial sale on revenue sharing basis.52 Among other changes, the Act removed the restriction on end-use for certain coal blocks specified under the Coal Mines (Special Provisions) Act, 2015.

Key amendments to the Coal Blocks Allocation Rules, 2017 include:

- **Prices for auction or allotment**: The 2017 Rules provide for a ceiling price, floor price, and reserve price that the central
government could fix for certain types of auctions or allotments. This has been amended to provide that these prices could either be specified as a price or a percentage. This seeks to enable the allocation of coal blocks on the revenue sharing model.

- **Performance bank guarantee:** The 2017 Rules provide that successful allottee will provide a performance bank guarantee to the central government. It also enables the state government to require a performance bank guarantee from the allottee upon the grant of mining lease. This has been amended to provide that the successful allottee will be required to provide an unconditional and irrevocable performance bank guarantee upon the grant of mine opening permission. This guarantee provided to the state government will be equivalent to the performance bank guarantee submitted to the central government.

- **Specified end-use clause:** The 2017 Rules provided for allocation of certain coal mines with specified end-use such as power generation and steel production. These provisions have been removed. This is consequent to the provisions of the Mineral Laws (Amendment) Act, 2020 which removed the restriction on end-use of coal from mines specified under the Coal Mines (Special Provisions) Act, 2015.

- **Prospecting license-cum-mining lease:** Various provisions regarding allocation order under the 2017 Rules (such as issuance and cancellation) will now also cover the prospecting license-cum-mining lease for a coal block. The Mineral Laws (Amendment) Act, 2020 added the provision for a composite license which will provide for both prospecting and mining activities.

**Standard Operating Procedure for National Coal Index**

The Ministry of Coal released the standard operating procedure (SOP) for National Coal Index.53 The Index will reflect the market price of coal.54 Other uses of the Index include: (i) use as a base indicator for taxation purpose and (ii) for future calculation of upfront amount and intrinsic value of mines.54

The SOP provides that the Index will be published once in two months. The Coal Controller’s Organisation will be responsible for: (i) collecting data pertaining to coal prices, (ii) statistical validation of price data, and (iii) preparation of detailed technical note on the price movements. The Ministry of Coal will be responsible for scrutiny of data and publication of the results.

**Power**

Aditya Kumar (aditya@prsindia.org)

**Amendment in methodology for allocation of coal for short-term linkage under the SHAKTI policy**

The Ministry of Power amended the methodology for allocation of coal under the SHAKTI Policy in May 2020.55 The SHAKTI policy seeks to provide for the allocation of coal among thermal power plants in a transparent and accountable manner.56 Under the policy, short-term linkage is provided to thermal power plants. Currently, except the captive power plants, all other power plants with united capacity more than 50% (generation capacity without power purchase agreements) are eligible to participate in short term coal linkage auctions. The linkage is provided for a period of three months. The amendment will now allow all power plants not having power purchase agreements to participate in coal linkage auctions. The duration of coal linkage provided to these power plants will now be up to one year.

**Draft Guidelines and Model PPA released for implementation of off-grid solar power plants under RESCO model**

The Ministry of New & Renewable Energy has released draft guidelines and a model power purchase agreement (PPA) for implementation of off-grid solar power plants.57 The salient features of the guidelines are as follows:

**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 Renewable Energy Service Company (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 utilise the costly assets of solar PV systems effectively.
Features of solar PV plants: The guidelines provide details on features of plants in areas isolated from grid system and areas with unreliable grid connections. Some of the common features in both areas include: (i) use of energy efficient equipment such as LED lights, (ii) battery back-up to support power supply for two days in case of essential/emergency load, (iii) use of MPPT inverters, and (iv) deployment of remote monitoring systems. For the isolated off-grid systems, the system will be designed only for DC appliances wherever possible. Moreover, there will be no provision for feeding surplus power to the grid.

Central financial assistance: Central Financial Assistance (CFA) will be provided to plants in using one of the following financial models:

- **Upfront payment of CFA:** 90% of the benchmark cost will be paid upon commissioning of the plant.

- **Payment of CFA in instalments:** Under this model, 50% of the CFA will be paid at the time of commissioning. Rest of the amount will be paid in two ways: (i) rest 50% after five years, or (ii) 25% after five years and remaining 25% after ten years. The subsequent instalments will be paid at the end of the specified period or replacement of batteries, whichever is later.

**Tariff estimation:** The tariff estimation is provided for two cases: (i) in case of upfront payment of the subsidy; and (ii) in case of payment of 50% subsidy upfront and rest 50% is paid after 5 years. The tariff for first and second cases will be Rs 5.96 per kWh and Rs 9.55 per kWh respectively. The estimation is based on a representative system of 4kWp.

**Power Purchase Agreement (PPA):** The draft model PPA between the contractor and the beneficiary (i.e. the public service institutions) provides for details on the design, manufacture, supply, installation, testing and commissioning of the off-grid solar PV plants in RESCO mode. The model agreement includes details on warranty, operation and maintenance of the off-grid plants.

**NTPC and ONGC to set up a joint venture for renewable energy business**

National Thermal Power Corporation (NTPC) and Oil and Natural Gas Commission (ONGC) signed a Memorandum of Understanding (MoU) to set up a joint venture for renewable energy business. The MoU provides for: (i) setting up of offshore wind and other renewable projects in India and abroad, and (ii) collaborating in fields of sustainability, e-mobility, and ESG (Environmental, Social and Governance) compliant projects.

The MoU is expected to assist NTPC and ONGC in achieving 32 GW and 10 GW of renewable energy capacity by 2032 and 2040, respectively.

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**Transport**

Madhunika Iyer (madhunika@prsindia.org)

**Draft amendments to Motor Vehicles Rules regarding compliance of emission and noise standards released**

The Ministry of Road Transport and Highways released draft amendments to the Central Motor Vehicles Rules, 1989. The draft notification suggests some changes to the certificate which provides for compliance of vehicles with air pollution standards and road worthiness.

The certificate is issued by the vehicle manufacturer or importer or registered association in case of an e-rickshaw or e-cart certifying that the vehicle meets certain prescribed standards. The proposed rules add some pollutants (such as methane, ammonia, and number of particles) whose emission levels would also need to be reported in the form.

Comments on the draft amendments are invited within 30 days from the date of publication of the draft rules, i.e., before June 10, 2020.

**Vehicles with invalid FASTag will be charged twice the toll fee**

The Ministry of Road Transport and Highways notified the National Highways Fee (Determination of Rates and Collection), Amendment Rules, 2020. It amends the National Highways Fee (Determination of Rates and Collection), Rules, 2008, which provide for payment of toll fees in cash, or through smart card, or through an on board unit with no additional charge for not using cash. The 2008 Rules were amended in 2014 to allow for payment of toll fees through FASTag (by providing for dedicated lanes for vehicles with FASTags). FASTag is a reloadable tag which enables automatic deduction of toll fees at the toll plaza.

The 2014 amendment also mandated that vehicles using the FASTag lane without a FASTag would be charged twice the toll fees applicable to such vehicles. The 2020 amendments add that vehicles with an invalid FASTag or with insufficient funds in the tag...
account to pay the toll fees, will be charged twice the toll fees applicable to such vehicles.60

**BS VI emission norms for quadricycles notified**

The Ministry of Road Transport and Highways notified the Central Motor Vehicles (Fourth) Amendment, 2020.63 The amendment provides for Bharat Stage -VI (BS-VI) emission standards and testing procedure 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 are instituted by the central government to regulate air pollutants released from motor vehicles. This notification completes the process of BS-VI for all two and three wheelers, quadricycles, passenger vehicles and commercial vehicles in India.

### Agriculture

*Suyash Tiwari (suyash@prsindia.org)*

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

The Ministry of Agriculture and Farmers’ Welfare released the third advance estimates of production of foodgrains and commercial crops for the year 2019-20.64 Table 5 gives a comparison of the third advance estimates for 2019-20 with the production in the year 2018-19. Following are some of the highlights:

- Foodgrain production in the year 2019-20 is estimated to increase by 3.7% as compared to 2018-19. The increase is largely due to a 3.6% growth in the production of cereals. Rice and wheat production are estimated to increase by 1.3% and 3.5%, respectively.
- In 2019-20, the production of coarse cereals is estimated to increase by 10.4%, and that of pulses is estimated to increase by 4.2%.
- The production of oilseeds is estimated to increase by 6.3% in 2019-20. While the production of soyabean is estimated to see a 7.7% decrease, groundnut production is estimated to increase by 38.9%.
- The production of cotton is estimated to increase by 28.6% in 2019-20. Sugarcane production is estimated to decrease by 11.7% to 358.1 million tonnes in 2019-20.

### Environment

*Prachi Kaur (prachi@prsindia.org)*

**Environment (Protection) Rules, 1986 amended to remove mandatory washing of coal in thermal power plants**

In January 2014, the Ministry of Environment amended the Environment (Protection) Rules, 1986 to mandate certain coal-based thermal power plants to only use coal with ash content up to 34% (on a quarterly basis).65 These plants included captive plants with capacity of 100 megawatts or above, and all stand-alone plants. This requirement was also based on the distance of the thermal power plant from the coal mine. The Ministry of Environment, Forest and Climate Change has amended the 1986 rules to remove this requirement.66

This was done in the light of representations by the Ministry of Power, Ministry of Coal, and Niti Aayog and to stimulate the domestic coal sector during the COVID-19 pandemic. The representations included: (i) requirement of maintaining average ash content to 34% prompts industries to import coal, leading to outflow of foreign exchange, (ii) use of washery rejects generates more pollution, (iii) coal washing process involves increased water use and effluent generation, and (iv) coal washing adversely

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**Table 5: Third advance estimates of crop production in 2019-20 (million tonnes)**

<table>
<thead>
<tr>
<th>Crop</th>
<th>Final 2018-19</th>
<th>3rd advance estimates 2019-20</th>
<th>% change over 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foodgrains (A+B)</td>
<td>285.2</td>
<td>295.7</td>
<td>3.7%</td>
</tr>
<tr>
<td>A. Cereals</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td>116.5</td>
<td>117.9</td>
<td>1.3%</td>
</tr>
<tr>
<td>Wheat</td>
<td>103.6</td>
<td>107.2</td>
<td>3.5%</td>
</tr>
<tr>
<td>Coarse Cereals</td>
<td>43.1</td>
<td>47.5</td>
<td>10.4%</td>
</tr>
<tr>
<td>B. Pulses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gram</td>
<td>9.9</td>
<td>10.9</td>
<td>9.7%</td>
</tr>
<tr>
<td>Tur</td>
<td>3.3</td>
<td>3.8</td>
<td>13.0%</td>
</tr>
<tr>
<td>Oilseeds</td>
<td>31.5</td>
<td>33.5</td>
<td>6.3%</td>
</tr>
<tr>
<td>Soyabean</td>
<td>13.3</td>
<td>12.2</td>
<td>-7.7%</td>
</tr>
<tr>
<td>Groundnut</td>
<td>6.7</td>
<td>9.4</td>
<td>38.9%</td>
</tr>
<tr>
<td>Cotton*</td>
<td>28.0</td>
<td>36.0</td>
<td>28.6%</td>
</tr>
<tr>
<td>Sugarcane</td>
<td>405.4</td>
<td>358.1</td>
<td>-11.7%</td>
</tr>
</tbody>
</table>

*million bales of 170 kg each.

Sources: Directorate of Economics and Statistics, Ministry of Agriculture and Farmers’ Welfare; PRS.
impacts water drainage pattern, water bodies, and surrounding air quality at a large scale.

The Ministry provided that the use of coal by power plants, shall be permitted without conditions with regards to ash content or distance. However, the following conditions will have to be complied with:

- **Setting up technology solutions for emission norms**: This includes: (i) complying with specified emission norms for particulate matter, as per instructions of Central Pollution Control Board, and (ii) installing appropriate technology in washeries to utilise rejects.

- **Management of Ash Ponds**: This includes: (i) complying with fly ash conditions notified by the Ministry, and (ii) installing appropriate technology solutions to optimise water consumption for ash management.

- **Transportation**: It should be ensured that a rail siding or conveyor facility is set up at or near the power plant for transportation of coal by rail or conveyor. If transportation by rail or conveyor facility is not available, it coal should be transported in covered trucks by road.

Further, the notification provides that environment clearances for projects from the year 2020-21 onwards will be dependent on fulfilling these conditions.

**Coastal Regulation Zone Notification, 2011 amended**

The Ministry of Environment, Forest and Climate Change amended the Coastal Regulation Zone Notification, 2011. The Coastal Regulation Zone Notification declares certain coastal stretches as Coastal Regulation Zone and imposes restrictions on the setting up and expansion of industries, operations and processes in this zone.

The amendment to the notification provides that certain areas of mangroves will be protected under the notification. These include mangrove areas arising due to saline water access beyond a sluice gate (constructed before February 19 1991). Therefore, these mangroves shall not be diverted for any developmental activities.

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**Water Resources**

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**Operational Guidelines for Swachh Bharat Mission Phase II notified**

The Ministry of Jal Shakti notified the Operational Guidelines for Swachh Bharat Mission (Grameen) (SBM-G) Phase II. The aim of the second phase of the scheme is to sustain the open defecation free status of villages and to improve the levels of cleanliness in rural areas through solid and liquid waste management activities. Key features of the guidelines include:

- **Components of SBM-G Phase II**: All states must develop a detailed implementation strategy based on the following components: (i) construction of individual household latrines and community sanitary complexes, (ii) works for solid waste management (biodegradable and plastic), (iii) works for liquid waste management and grey water management, and (iv) faecal sludge management.

- **Institutional Mechanism**: Committees will be set up at centre, state and village level to help in planning and facilitating the implementation of the mission. An eight-member National Scheme Sanctioning Committee will be constituted to approve state project implementation plans and the annual implementation plan for the scheme.

- **Capacity building**: Training will be provided for all stakeholders at state, district and village levels. Stakeholders will include functionaries of ASHA, anganwadi workers, self-help group members, masons, and NGOs. The training may be on various aspects of the phase, including promoting behavioural change through interpersonal communication, door to door visits, masonry work, plumbing, skills for maintenance of toilets, and other solid and liquid waste management (SLWM) activities.

- **Market linked SLWM activities**: The SBM-G Phase II will focus on commercially viable solutions to make the sanitation economy attractive to private businesses. Possible avenues of engagement for engaging private sector in rural sanitation could be: (i) providing technical assistance in developing innovative and low-cost models of latrine and SLWM infrastructure, and (ii) developing sustainable business models for operation and maintenance of community and household level sanitation infrastructure, and (iii) raising demand for
sanitation value chain products by providing market linkages and financing options to local businesses.

**Tribal Affairs**

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**Revision of Minimum Support Price for Minor Forest Produce**

The Ministry of Tribal Affairs has revised the Minimum Support Price (MSP) for 49 items classified as Minor Forest Produce (MFP). The MSP is an agricultural product price set by the central government to purchase items directly from the farmer. Some items for which the MSP has been revised include tamarind, wild honey, and neem seeds. The increase in MSP across the MFP items ranges from 16% to 66%. The revision usually takes place every three years. However, the Ministry has expedited the revision on account of the COVID-19 pandemic.

Further, an additional 23 MFP items have been classified under the MSP scheme. This increases the number of MFP items eligible for MSP from 50 to 73. Some additional items eligible for MSP include black rice, dry ginger, and cashews.

Procurement of MFP items has begun in 10 states. Further, the Ministry has provided flexibility to states to fix MSP 10% higher or lower than the MSP declared by the central government. States have appointed Van Dhan Kendras to function as primary procurement agents from haat bazaars.

**Education**

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**MHRD grants retrospective recognition to certain teacher education programmes**

The Ministry of Human Resource and Development (MHRD) has granted retrospective recognition for various teacher education programmes conducted by central and state governments. These include Bachelor of Arts, Bachelor of Education and other bridge courses being conducted by institutions. These programmes were being conducted without any formal recognition from National Council for Teacher Education (NCTE).

Note that NCTE legally grants recognition to academic institutions for conducting courses on teacher education. It is only after completing these recognized courses that a person becomes eligible for appointment as a school teacher.

Some of the government institutions had admitted students in teacher education courses which were not recognised by NCTE. Thus, their qualifications were not valid for the purposes of employment as school teachers. Note that, in 2019, the National Council for Teacher Education (Amendment) Bill was passed to allow for retrospective recognition to certain teacher education institutions.

**Defence**

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**Shekatkar committee recommendations on border infrastructure implemented**

The government accepted and implemented certain recommendations of the Shekatkar Committee relating to border infrastructure. The Shekatkar Committee was setup to enhance combat capability and rebalance defence expenditure. The Committee had submitted its report in December 2016. However, the report of the Committee has not been released in public domain in the interest of national security.

The recommendations of the Committee accepted by the government aim to speed up border road construction. These are:

- Road construction work beyond the optimal capacity of the Border Roads Organisation (BRO) will be outsourced. Engineering Procurement Contract (EPC) mode has been made mandatory for execution of all works costing more than Rs 100 crore.
- The Committee recommended that modern construction plants, equipment, and machinery should be introduced for road construction. The government has increased delegation of powers to the BRO for projects upto Rs 100 crore, for speedier procurement of new technologies.
- The Committee recommended that clearances should be obtained before commencement of the project. Adoption of the EPC mode mandates award of work only after 90% of the statutory clearances, such as forest and environmental clearances, have been obtained.
Petroleum and Natural Gas

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Working Group constituted to study port and shipping logistics management

The Ministry of Petroleum and Natural Gas has constituted a Working Group to study the current practices of ports and shipping logistics management with respect to the oil and gas industry. The terms and reference of the Group also include identifying areas of intervention for addressing bottlenecks, and envisaging future road map and policy actions for strengthening ports and shipping logistics management.

The Group will be chaired by the Joint Secretary (Refinery) of the Ministry, and includes representation from the Ministry of Shipping and PSUs in oil and gas sector such as Indian Oil, Bharat Petroleum, Hindustan Petroleum, and Gas Authority of India. It will have a tenure of three months from the date of its constitution.

Tourism

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Guidelines notified for promotion of Meetings, Incentives, Conferences and Exhibitions tourism

The Ministry of Tourism extended certain financial incentives under the Champion Sector in Services Scheme to Meetings, Incentives, Conferences and Exhibitions (MICE) tourism. The Champion Sector in Services Scheme identifies certain service sectors and aims for promoting their development, and realising their potential. These services include tourism and hospitality, medical value travel, transport and logistics, accounting and finance, and education.

This financial incentive for MICE tourism would be in the form of reimbursement of 50% of GST on hotel rooms for international participants with certain conditions. This has been done to encourage conference operators to bring more international conferences, meetings, and seminars to India. To be eligible for the incentive, conferences will be required to have a minimum of 500 participants. Further, 20% of these participants must be foreign. The incentive will be available for three years.

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6 Cabinet approves “Partial Credit Guarantee Scheme” for purchase of high-rated pooled assets from financially sound NBFCs/HFCs by PSBs, Press Information Bureau, Ministry of Finance, December 11, 2019.


25. “A Scheme to implement the PMGKY package for credit of employees’ and employer’s share of EPF and EPS contributions (24% of wages) for three months by Govt. of India”, Ministry of Labour and Employment, https://www.epfindia.gov.in/site_docs/PDFs/Circulars/Y2020-2021/SchemeCOVID-24 10032020.pdf.


