Monthly Policy Review
January 2021

Highlights of this Issue

Budget Session 2020 of Parliament commences (p. 2)
The session will have 33 sitting days and will be held in two phases. Ten of the pending Bills have been listed for consideration and passing. Further, 20 Bills are listed for introduction, consideration and passing.

Economic Survey 2020-21 tabled in Parliament (p. 4)
In 2021-22, nominal GDP and real GDP is estimated to grow by 15.4% and 11%, respectively.

President’s Address highlights key achievements of the government (p. 2)
The address outlined major policy achievements and objectives of the government in the management of COVID-19 and key sectors of the economy including agriculture, manufacturing, infrastructure, and energy.

GDP estimated to contract by 7.7% in 2020-21 (p. 5)
As per the First Advance Estimates, GDP (at constant prices) is estimated to contract by 7.7% in 2020-21. Growth in all sectors, except agriculture, and utilities, is expected to be negative.

Covishield and Covaxin vaccines approved for restricted use in emergency situations (p. 3)
The Central Drugs Standard Control Organisation approved two vaccines: (i) Covishield presented by the Serum Institute and (ii) Covaxin developed by Bharat Biotech, for restricted use in emergency situations.

National lockdown extended till February 28, 2021 (p. 3)
Lockdown will continue in containment zones. Outside these, all activities will be allowed except certain activities (such as large gatherings), which will be subject to Standard Operating Procedures issued by ministries and states.

Supreme Court stays implementation of three central farm laws enacted in 2020 (p. 6)
It noted that staying implementation may alleviate the hurt feelings of farmers and encourage them to come to the negotiating table with confidence and good faith. It also constituted an expert committee for negotiations.

Consumer Price Index inflation was 6.4% in the third quarter of 2020-21 (p. 5)
CPI inflation decreased from 7.6% in October to 4.6% in December 2020. Food inflation decreased from 11% to 3.4% between October and December. WPI inflation averaged 1.4% in this period.

Unique Health Identifier Rules, 2021 notified under the Aadhaar Act, 2016 (p. 7)
The Unique health ID will be based on Aadhaar authentication and will be voluntary. It will be used to integrate health data under various health IT applications implemented by the Ministry of Health and Family Welfare.

MCA releases Report on Pre-packaged Insolvency Resolution Process (p. 11)
The pre-packaged insolvency resolution process would provide an alternate resolution framework under IBC. It would allow debtors and creditors to prepare a plan for resolution of stress prior to insolvency filing.

J&K Reorganisation (Amendment) Ordinance promulgated (p. 8)
The Ordinance merges the existing administrative cadre of Jammu and Kashmir with the AGMUT cadre (i.e. the administrative cadre of Arunachal Pradesh, Mizoram and Goa, and all the union territories).

Atmanirbhar Bharat Rojgar Yojana notified (p. 13)
The central government will pay PF contribution (of both employers and employees) for new employees for two years. However, for establishments with more than 1,000 employees, it will only fund the employees’ contribution.
Parliament

Shruti Gupta (shruti@prsindia.org)

Budget session 2021 of Parliament commences

The Budget Session of Parliament commenced on January 29, 2021. The session will have 33 sitting days and will be held in two phases. The first phase will be held from January 29, 2021 to February 15, 2021, while the second phase will be held from March 8, 2021 to April 8, 2021.¹

The session started with the President’s address to both Houses of Parliament. The Finance Minister will present the Union Budget on February 1, 2021. The report of the 15th Finance Commission is also expected to be tabled.

Currently, 36 Bills are pending in Parliament. Of these, 10 have been listed for consideration and passing. These include the DNA Technology (Use and Application) Regulation Bill, 2019, the Factoring Regulation (Amendment) Bill, 2020, and the Maintenance and Welfare of Parents and Senior Citizens (Amendment) Bill, 2019. Further, 20 Bills are listed for introduction, consideration and passing. These include the Competition (Amendment) Bill, 2021, the Arbitration and Conciliation (Amendment) Bill, 2021, and the Jammu and Kashmir Reorganisation (Amendment) Bill, 2021.

For details of the legislative agenda of the session, please see here.

President’s Address highlight key achievements of the government

The President of India, Mr. Ram Nath Kovind, addressed a joint sitting of both Houses of Parliament on January 29, 2021. He outlined the major policy achievements and objectives of the government in his address. Key highlights of the address include:

- **COVID-19**: India is conducting the world’s largest COVID-19 vaccination programme. Both vaccines under the programme have been produced domestically. A network of 2,200 labs was developed and thousands of ventilators, Personal Protective Equipment kits, and test kits are being manufactured domestically.

- **Economy**: Between April and August 2020, foreign direct investment of USD 36 billion was made in India.

- **Health**: Under the Ayushman Bharat scheme, 1.5 crore poor people have received free treatment of up to five lakh rupees and saved Rs 30,000 crore.

- **Agriculture**: Three farm Bills: (i) the Farmers’ Produce Trade and Commerce (Promotion and Facilitation) Bill, (ii) the Farmers (Empowerment and Protection) Agreement on Price Assurance, and (iii) the Essential Commodities (Amendment) Bill were passed. MSP has been increased to at least 1.5 times the cost of production.

- **Manufacturing**: 29 Central labour laws were amalgamated into four Labour Codes that were passed. Production Linked Incentive Scheme worth Rs 1.5 lakh crore is being implemented in ten manufacturing sectors of India.

- **Employment**: Garib Kalyan Rojgar Abhiyan was launched in six states and 50 crore man-days of employment were provided to returnee migrant labourers.

- **Security**: Additional forces have been deployed at the Line of Actual Control to protect the sovereignty of India.

- **Infrastructure**: The National Infrastructure Pipeline worth Rs 110 lakh crore is being implemented across the country.

- **Energy**: Since 2013-14, India’s renewable energy capacity has grown by 2.5 times, and solar energy capacity has increased 13 times. Further, a fourth of India’s energy production comes from renewable sources.

- **Women**: Under the Jan Dhan scheme, Rs 31,000 crore has been transferred to accounts of women. Under the Ujjwala scheme, 14 crore gas cylinders have been given free of cost to women beneficiaries.

For a summary of the President’s address, please see here. For an analysis of previous year’s President’s address (2020), please see here.

COVID-19

As of January 31, 2021, there were 1,07,20,048 confirmed cases of COVID-19 in India.² Of these, 1,04,23,125 had been cured/discharged and 1,54,274 persons had died.² As of January 31, 2021, 37,44,334 individuals have been vaccinated.² For details on the number of daily cases in the country and across states, 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 the centre and the states, please see here. Key announcements made in this regard in January 2021 are as follows.

**Two vaccines approved for restricted use in emergency situations**

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Based on recommendations of a Subject Expert Committee, the Central Drugs Standard Control Organisation (CDSCO) gave restricted emergency approval to two vaccines. These include: (i) Covishield, presented by the Serum Institute of India, Pune, and (ii) Covaxin, developed by Bharat Biotech in collaboration with the Indian Council of Medical Research and the National Institute of Virology, Pune.

The use of Covishield has been approved in emergency situations subject to regulatory conditions. The Committee recommended that Covaxin be used in clinical trial mode to have more options for vaccines, especially in case of infections by mutant strains.

The CDSCO also permitted Cadila Healthcare Ltd. to conduct phase-three trials of its Novel Corona Virus-2019-nCov-Vaccine.

The vaccination drive was rolled out on January 16. Priority will be given to healthcare workers and frontline workers (numbering three crore persons), followed by those above 50 years of age as well as younger persons who have co-morbidities (about 27 crore persons).

**Lockdown extended till February 28**

Saket Surya (saket@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 twelve times, with the latest extension till February 28, 2021. Key features of the latest guidelines include:

- **Surveillance and containment**: The lockdown will continue to remain in force in containment zones, demarcated by district authorities, after considering guidelines issued by the Ministry of Health and Family Welfare (MoHFW). Within containment zones, containment measures prescribed by MoHFW must be followed.

- **Compliance with SOPs**: In areas outside containment zones, certain activities will only be allowed based on Standard Operating Procedures (SOPs) issued by various ministries. These include: (i) international air travel, as decided by the Ministry of Civil Aviation in consultation with the Ministry of Home Affairs (MHA), (ii) cinema halls and theatres, subject to SOPs issued by the Ministry of Information and Broadcasting in consultation with MHA, (iii) swimming pools, subject to SOPs issued by the Ministry of Youth Affairs and Sports in consultation with MHA, and (iv) religious, political, sports, educational and cultural gatherings, subject to SOPs issued by the respective state.

- **COVID appropriate behaviour**: States must take steps to promote COVID-19 appropriate behaviour (e.g., wearing masks and social distancing). The guidelines continue to mandate directives for COVID-19 management in workplaces and public spaces. These measures include: (i) compulsory wearing of face cover in public spaces and workplaces, and (ii) staggering of work hours in all workplaces.

- **Restrictions on trade**: 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).

**SOP for operation of flights from the United Kingdom issued**

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The Ministry of Health and Family Welfare issued Standard Operating Procedure (SOP) for the operation of flights between the United Kingdom (UK) and India between January 8, 2021 and January 30, 2021. The SOP applies to the limited flights permitted for movement by the Director General of Civil Aviation (DGCA). This is in response to a new variant of SARS-CoV-2 virus detected in the UK. An earlier SOP issued in December 2020 provided for the actions required at the point of entry in the country, such as compulsory RT-PCR tests for all international passengers travelling through UK between November 25, 2020 and December 23, 2020. Key features of the SOP are:

- **Limited flights**: Flight movement to and from the UK will be allowed only from international airports in: (i) Delhi, (ii) Mumbai, (iii) Bengaluru, (iv) Hyderabad, and (v) Chennai. Flight operations between the UK and India can only be conducted by eligible airlines after permission from the DGCA. DGCA will also ensure that airlines do not allow any passengers to travel from the UK to India through a transitory airport of a third country.
Testing and isolation: All passengers coming from the UK must: (i) submit a self-declaration form online at least 72 hours before scheduled travel, (ii) carry a negative RT-PCR test report, and (iii) undertake a self-paid RT-PCR test upon arrival at Indian airports. Those tested negative will be advised to quarantine at home for 14 days.

Passengers who test positive must be isolated in an institutional isolation facility based on directions issued by state health authorities. Positive samples must also be sent to the Indian SARS-CoV-2 Genomics Consortium Labs to detect new variant of SARS-CoV-2.

As of January 4, 2021, 38 samples have been tested positive with the new variant.9

International passenger flight ban extended till February 2021

Aditya Kumar (aditya@prsindia.org)

The Director General of Civil Aviation (DGCA) announced that the ban on scheduled international commercial passenger flights to and from India will be extended till February 28, 2021.10 Earlier these flights were banned till January 31, 2021.11 These restrictions will not apply to international all-cargo operations and flights specially approved by DGCA. International scheduled flights may be allowed on selected routes on a case-to-case basis.

Validity of air fare limits for domestic flights extended

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The Ministry of Civil Aviation extended the validity of air fare limits to March 31, 2021.12 Further, the Ministry reduced the minimum threshold for the number of tickets of a flight to be sold at mid fare (fare between the minimum and the maximum fare) to 20%. To facilitate the partial operation of domestic flights amid the COVID-19 pandemic, the Ministry had specified sectors based on flight duration, and fixed the minimum and maximum fare on these sectors in May 2020.13,14 Earlier, the air fare limits were valid till February 24, 2021 and at least 40% of tickets in a flight were required to be sold for fare lower than the mid fare.15

Environment Impact Assessment Notification, 2006 amended

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In light of the impact of the COVID-19 pandemic, the Ministry of Environment, Forest and Climate Change amended the Environment Impact Notification, 2006.16 The amendments specify that the period between April 1, 2020 to March 31, 2021 will not be accounted in calculating the validity period of: (i) prior environmental clearances, and (ii) terms of reference. For example, mining projects have 30 years of validity of the clearance.17 The period specified by the amendment will not be accounted for in the 30 years validity of clearance for mining projects.

All projects, prior to commencing any construction or related activities (such as modernisation and expansion), are required to obtain a clearance from the concerned regulatory authority (Ministry of Environment, Forest and Climate Change or the State/Union Territory Environment Impact Assessment Authority). This clearance from the regulatory authority is called prior-environmental clearance. These projects include: (i) mining of minerals, (ii) coal washeries, and (iii) thermal power plants.17

While conducting the environment impact assessment for granting the clearance to projects, the regulatory authority may give instructions to the applicant for addressing relevant environmental concerns identified in the process. These instructions are called terms of reference.

Macroeconomic Development

Economic Survey 2020-21 tabled in Parliament

Aditya Kumar (aditya@prsindia.org)

The Finance Minister, Ms Nirmala Sitharaman tabled the Economic Survey 2020-21 on January 29, 2021.18 Key highlights of the survey include:

- **Gross domestic product (GDP) and fiscal deficit:** In 2021-22, nominal GDP and real GDP is estimated to grow at 15.4% and 11%, respectively. In 2020-21, GDP is expected to decline by 7.7% in 2020-21 as compared to the growth of 4.2% in 2019-20. Between April-November 2020, the fiscal deficit was 135.1% of budget estimate (higher than the 114.8% of budget estimate during the same period in 2019).
- Current account surplus: In the first half of 2020-21, the current account surplus was 3.1% of GDP. The survey expects current account surplus to be at least 2% of the GDP by end of 2020-21. If achieved, this will break a 17-year trend of current account deficits. The surplus is due to reduction in merchandise imports and lower expense on travel services, which led to a higher decline in current payments (30.8%) as compared to the decline in current receipts (15.1%).

- Sectoral growth: In 2020-21, the agriculture sector is estimated to have a growth rate of 3.4%. The industry sector and services sector are estimated to decline by 9.6% and 8.8%, respectively in the year.

- Expenditure on public health: The survey notes that India has one of the highest levels of out-of-pocket expenses as a share of total health expenditure (65%). The survey observes that increasing the spending on public health from 1% of GDP to 2.5-3% of GDP will help in reducing the out-of-pocket expenses from 65% to 30%

- Sovereign Credit Rating: The survey noted that the sovereign credit rating does not reflect India’s fundamentals in terms of GDP growth, inflation, among others. It observed a bias in ratings against emerging economies like India and China. Credit rating maps the probability of default, reflecting the willingness and ability of a borrower to meet debt obligations. Poor sovereign credit ratings have an adverse impact on the inflow of foreign investments.

GDP to contract by 7.7% in 2020-21

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As per the First Advance Estimates, Gross Domestic Product (GDP) (at constant 2011-12 prices) is estimated to contract by 7.7% in 2020-21 over 2019-20.¹⁹ In the first and second quarter of 2020-21, GDP contracted by 23.9% and 7.5% over the corresponding quarters of 2019-20.²⁰,²¹ GDP growth was 4.2% in 2019-20.

Figure 1: Growth in GDP (% annual)

![Figure 1: Growth in GDP (% annual)](image)

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

GDP across economic sectors is measured in terms of Gross Value Added (GVA). Only agriculture and utilities (such as electricity and water supply) are expected to record positive growth in 2020-21. The sectors expected to contract the most are trade and hospitality, construction, mining, and manufacturing. Table 1 provides details on sectoral growth in GVA.

<table>
<thead>
<tr>
<th>Sector</th>
<th>FAE 2019-20</th>
<th>PE 2020-21</th>
<th>FAE 2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2.8%</td>
<td>4.0%</td>
<td>3.4%</td>
</tr>
<tr>
<td>Mining</td>
<td>1.5%</td>
<td>3.1%</td>
<td>-12.4%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2.0%</td>
<td>0.03%</td>
<td>-9.4%</td>
</tr>
<tr>
<td>Electricity</td>
<td>5.4%</td>
<td>4.1%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Construction</td>
<td>3.2%</td>
<td>1.3%</td>
<td>-12.6%</td>
</tr>
<tr>
<td>Trade</td>
<td>5.9%</td>
<td>3.6%</td>
<td>-21.4%</td>
</tr>
<tr>
<td>Financial services</td>
<td>6.4%</td>
<td>4.6%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Public services</td>
<td>9.1%</td>
<td>10.0%</td>
<td>-3.7%</td>
</tr>
<tr>
<td>GVA</td>
<td>4.9%</td>
<td>3.9%</td>
<td>-7.2%</td>
</tr>
<tr>
<td>GDP</td>
<td>5.0%</td>
<td>4.2%</td>
<td>-7.7%</td>
</tr>
</tbody>
</table>

Note: GVA is GDP without taxes and subsidies, at constant prices (2011-12 base year). FAE is First Advance Estimates, PE is Provisional Estimates.

Sources: Ministry of Statistics and Programme Implementation; PRS.

The Ministry of Statistics and Programme Implementation (MOSPI) noted that the lockdown measures imposed to contain the spread of COVID-19 has impacted data collection activities.¹⁹ The data may undergo sharp revisions.

Consumer Price Index inflation was 6.4% in the third quarter of 2020-21

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Consumer Price Index (CPI) inflation (base year 2011-12) was 6.4% in the third quarter of 2020-21 (October to December 2020) over the corresponding period in 2019.²² Inflation was 5.8% in the third quarter of 2019-20 (corresponding quarter of the previous year). Inflation was 6.9% in the second quarter of 2020-21 (previous quarter).

Food inflation decreased from 11% in October 2020 to 3.4% in December 2020, averaging 7.9% for the third quarter of 2020-21. This is lower than the inflation of 10.7% in the third quarter of 2019-20 and the inflation of 9.7% in the second quarter of 2020-21.

Wholesale Price Index (WPI) inflation was 1.4% in the third quarter of 2020-21, higher than inflation of 1.1% in the third quarter of 2019-20.
and higher than inflation of 0.4% in the second quarter of 2020-21.\textsuperscript{23}

**Figure 2: Monthly inflation in Q3 of 2020-21** (% change, year-on-year)

<table>
<thead>
<tr>
<th></th>
<th>Oct-20</th>
<th>Nov-20</th>
<th>Dec-20</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPI inflation</td>
<td>7.0%</td>
<td>6.6%</td>
<td>4.3%</td>
</tr>
<tr>
<td>Food inflation</td>
<td>11.9%</td>
<td>3.4%</td>
<td>3.3%</td>
</tr>
<tr>
<td>WPI inflation</td>
<td>9.1%</td>
<td>1.3%</td>
<td>1.6%</td>
</tr>
</tbody>
</table>

Note: Food inflation is inflation in the Consumer Food Price Index as defined by the Ministry of Statistics and Programme Implementation. Source: Ministry of Statistics and Programme Implementation; Ministry of Commerce & Industry; PRS.

### Agriculture

**Supreme Court stays implementation of three central farm laws enacted in 2020**

The Supreme Court stayed the implementation of the following central farm laws until further orders: (i) the Farmers’ Produce Trade and Commerce (Promotion and Facilitation) Act, 2020, (ii) the Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020, and (iii) the Essential Commodities (Amendment) Act, 2020.\textsuperscript{24} The three farm laws were enacted in September 2020 and came into force from June 5, 2020. They collectively seek to: (i) facilitate barrier-free trade of farmers’ produce outside the markets notified under the various state APMC laws, (ii) define a framework for contract farming, and (iii) impose stock limits on agricultural produce only if there is a sharp increase in retail prices.\textsuperscript{25,26,27}

Petitions have been filed before the Supreme Court: (i) challenging the constitutional validity of the three farm laws, (ii) supporting the constitutional validity of the laws and their benefits to farmers, and (iii) challenging the blockade created by farmers (protesting against the laws) near the borders of Delhi as it infringes the fundamental rights of others to move freely and carry-on business. The Supreme Court noted that after several rounds of negotiations between the central government and farmers’ organisations (to resolve the issues raised by the farmers), no solution seems to be in sight.

The Supreme Court noted that the constitution of an expert committee to negotiate between the farmers’ organisations and central government may create a congenial atmosphere and improve the trust and confidence of the farmers. It also noted that a stay of implementation of the three farm laws may alleviate the hurt feelings of the farmers and encourage them to come to the negotiating table with confidence and good faith.

The Supreme Court passed an interim order to: (i) stay the implementation of the three laws until further orders, and (ii) constitute an expert committee to listen to farmers’ grievances with the laws and the government’s views, and make recommendations. It appointed four members to the committee: (i) Mr. B.S. Mann, National President, Bhartiya Kisan Union and All India Kisan Coordination Committee (resigned), (ii) Dr. P.K. Joshi, Director for South Asia, International Food Policy Research Institute, (iii) Dr. Ashok Gulati, Agricultural Economist, and (iv) Mr. Anil Ghanwat, President, Shetkari Sanghatana.\textsuperscript{28} The committee is required to submit its report to the Supreme Court within the two months.

For a PRS analysis of the farm laws, see here.

**Cabinet approves the Minimum Support Price for copra for the 2021 season**

The Union Cabinet approved the Minimum Support Price (MSP) for copra for the 2021 season.\textsuperscript{29} The MSP for milling copra has been increased by 3.8%, from Rs 9,960 per quintal to Rs 10,335 per quintal. The MSP for ball copra has been increased by 2.9%, from Rs 10,300 per quintal to Rs 10,600 per quintal.

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

**Draft rules released to regulate certain animal husbandry procedures**

The Department of Animal Husbandry and Dairying released the draft Prevention of Cruelty to Animals (Animal Husbandry Practices and Procedures) Rules, 2020 for public comments.\textsuperscript{30} The Rules prescribe the manner for the treatment of animals during certain animal husbandry procedures, with the aim to prevent infliction of unnecessary pain. These procedures include branding (marking animals for identification), castration, dehorning (removing an animal’s horns or horn producing cells), and nose-roping (attaching a rope to nose to control movement).
The Rules require administration of sedatives, analgesics, or anaesthetics, as prescribed by a registered veterinarian, before carrying out such procedures. Animals must be blindfolded and humanely handled during these procedures. In case of branding, alternative identification methods such as ear-tagging, tattooing, and use of radio frequency identification devices will be preferred for identification of the animal. The Rules prohibit preliminary veterinary aid, such as vaccination and dressing of wounds, without the supervision of a veterinary practitioner registered with the State Veterinary Council.

The Rules also prescribe the manner for carrying out euthanasia of animals. It defines euthanasia as a ‘good death’ under which the animal should be unconscious without pain or suffering prior to the cessation of vital signs, including cardiac and respiratory arrest and, ultimately, the loss of brain function. It will be carried out under the following circumstances: (i) when the central or state government finds any animal which is so diseased that it can spread the disease, in order to control such disease, and (ii) if the veterinary officer certifies that the animal is mortally or so severely injured or in such a physical condition that it would be cruel to keep it alive.

Comments on the draft Rules are invited till March 9, 2021.

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Health

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The Unique Health Identifier Rules, 2021 notified

The Ministry of Health and Family Welfare notified the Unique Health Identifier (UHID) Rules, 2021. The Rules have been issued under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016. The Act provides for targeted delivery of subsidies and services to individuals residing in India by assigning them unique identity numbers, called Aadhaar numbers. The Ministry aims to create UHID for identification and authentication of beneficiaries in various health IT applications implemented by the Ministry. UHID will facilitate the integration of health data and the creation of electronic health records for citizens. Key features of the Rules are:

- **Creation of UHID:** Aadhaar authentication will be used for establishing the UHID. Creation of UHID is voluntary. Health services will not be denied in the absence of UHID. The Ministry may require additional documents for the creation of UHID through an order.

- **Use of UHID by entities:** Entities will be permitted to provide users with an option to use Aadhaar voluntarily for creation of Health ID and share health information under various health IT applications.

- **Requesting entity:** The Ministry of Health and Family Welfare will be the requesting entity for the purpose of providing Aadhaar authentication services for UHID. The requesting entity includes agencies and persons who submit Aadhaar number along with demographic or biometric information to the centralised Aadhaar database for authentication.

Draft amendments to Cigarette and Other Tobacco Products Act, 2003 released

The Ministry of Health and Family Welfare released draft amendments to the Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply and Distribution) Act, 2003. The Act regulates the sale, production, and distribution of cigarettes and other tobacco products in India. Key amendments proposed include:

- **Licensing:** The draft amendments propose that production, supply, sale and import of any cigarette or tobacco products will require a license, registration, or permission from the central or state government.

- **Advertisement:** Definition of an advertisement is proposed to be expanded from visible representations and oral announcements to include all audio and video publicity. The draft amendments also include social media and the internet among mediums for circulation of advertisements.

- **Restrictions on sale and trade:** The minimum age for sale of tobacco products is proposed to be increased from 18 years to 21 years. Trade and commerce of cigarettes or tobacco products without sealed original packaging will be prohibited.

- **Illicit tobacco products:** The draft amendments prohibit the production, supply, sale and import of illicit cigarettes or tobacco products. Contravening this provision will be penalised with: (i) a fine of up to one lakh rupees, or imprisonment up to two years, or both, in case of manufacture, supply or import, and (ii) a fine of up to Rs 50,000, or imprisonment up to a year, or both, in case of distribution or sale.
Enhanced punishment: The draft amendments also propose to increase several penalties. For example, the maximum penalty for selling cigarettes to underage person will be increased from Rs 200 to one lakh rupees. This will be in addition to imprisonment of up to seven years. The Act currently does not provide for imprisonment for this offence.

Home Affairs

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J&K Reorganisation (Amendment) Ordinance promulgated

The Jammu and Kashmir Reorganisation (Amendment) Ordinance, 2021 was promulgated.34 It amends the Jammu and Kashmir Reorganisation Act, 2019. The Act provides for the bifurcation of the state of Jammu and Kashmir (J&K) into the Union Territory of J&K and Union Territory of Ladakh. Key features of the Ordinance include:

- Merging of administrative cadres: The Act specifies that the members of the Indian Administrative Service, the Indian Police Service and the Indian Forest Service serving in the state of J&K would continue to serve in the two union territories, based on allocation decided by the central government. Further, in future, postings of officers in the two union territories would be from the Arunachal Goa Mizoram Union Territory (AGMUT) cadre. The AGMUT cadre covers the three states of Arunachal Pradesh, Mizoram and Goa, as well as all the union territories.

- The Ordinance amends these clauses to provide for the merger of the existing cadre of J&K with the AGMUT cadre.

- Application of provisions on elected legislatures: The Act provides that Article 239A of the Constitution, which is applicable to the union territory of Puducherry, shall also apply to the union territory of J&K. Article 239A provides for the constitution of the union territory of Puducherry with: (i) a legislature, which may be elected, or partly nominated and partly elected, or (ii) a Council of Minister.

- The Ordinance states that in addition to Article 239A, any other provision of the Constitution which refers to elected members of a legislative assembly of a state and is applicable to the union territory of Puducherry, will also apply to the union territory of J&K. For instance, this may include Article 54 of the Constitution (also applicable to Puducherry) which states that the President will be elected by an electoral college consisting of the elected members of Parliament and state legislative assemblies.

For a PRS summary of the Ordinance, see here.

Ayushman CAPF scheme launched

The Ministry of Home Affairs launched the “Ayushman CAPF” scheme. The scheme is applicable to personnel and dependants of the Central Armed Police Forces (CAPF).35,36 CAPF refers to the seven central police forces including the Assam Rifles, Border Security Forces, Central Reserve Police Force, and the National Security Guard. Under the scheme, serving CAPF personnel and their dependents will receive cashless healthcare services through the Ayushman Bharat PM-JAY IT platform. The Ayushman Bharat scheme aims to provide a cover of five lakh rupees per family per year to 10.7 crore families (no cap on family size and age) belonging to the poor and all vulnerable portions of the population.35

In addition to cashless services, the scheme will also provide a 24x7 call centre, online grievance management system, real-time monitoring dashboards, and fraud and abuse control systems.

Finance

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IRDAI seeks feedback on linking motor insurance premium with traffic violations

The Insurance Regulatory and Development Authority of India (IRDAI) released the Report of the Working Group to examine and recommend linking of motor insurance premium with traffic violation for public feedback.37 The Group was constituted in September 2019.38 Key recommendations of the Group include:

- Traffic violation premium: The Group recommended that insurers add traffic violation premium to motor insurance. When a new vehicle is insured, it will attract no traffic violation premium, even if the owner of the vehicle has a history of traffic violation. For a second-hand vehicle, traffic violation premium will reset to zero and build according to traffic violations after the transfer of ownership.
**Traffic violation points:** Traffic violation premium will be based on traffic violation points. Points will be calculated on the basis of frequency and severity of traffic offences. Points range from 10 for wrong parking, to 100 for drunk driving. Enhanced penalties will be levied for repeat violations. For example, if a vehicle has three offences of wrong parking, then the total violation points will be 60 (10 points for the first offence, 20 points for the second offence, and 30 points for the third offence).

**The Group also recommended the amount of premium to be charged for two and three-wheelers, and four-wheelers, for various levels of traffic violation points.**

**Length of impact:** Traffic violation history will affect the motor insurance premium for two years. If a vehicle does not cause any violation for two years, the violation history will be reset to zero.

**Technical infrastructure:** The Insurance Information Bureau of India (IIB) already collects data on insured vehicles from insurance companies. The IIB will coordinate with the traffic police of various states to capture traffic violation data. IIB will then calculate violation points and share the data with the insurers. It will also store the data on violation points for two years.

**Pilot:** NCT of Delhi will link motor insurance premium with traffic violations for one year on a pilot basis.

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**IRDAI constitutes a Health Insurance Advisory Committee**

The Insurance Regulatory and Development Authority of India (IRDAI) constituted a Health Insurance Advisory Committee. The Committee consists of 10 doctors and other healthcare experts.

The Terms of Reference of the Committee include: (i) examining the availability of health insurance products and recommend suitable products, (ii) examining existing health insurance product structure in terms of policy conditions to protect the interest of policyholders, and (iii) developing a strategy on treatment protocol or rate structure to improve the affordability of health insurance in India.

The term of the Committee is one year.

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**SEBI releases discussion paper on ownership norms for stock exchanges**

The Securities and Exchange Board of India (SEBI) released a discussion paper on ownership norms to facilitate new entrants to set up stock exchanges and depositories. The paper identified the market concentration by a single entity in both the stock exchange and depository space and the need for competition as a reason for review of ownership norms. Key changes proposed by the paper include:

- **Resident individuals/domestic institutions:** Promoter setting up a new stock exchange or depository may hold up to 100% shareholding, which should be brought down to either 51% or 26% in 10 years. Similar limits will apply for persons acquiring shareholding in an existing stock exchange or depository. Acquisition of more than 25% shareholding will require SEBI approval. Currently, individuals (whether resident or foreign) cannot have more than 5% shareholding. While certain institutions, domestic or foreign (such as stock exchanges, banks) can hold up to 15%, other institutions cannot hold more than 5%.

- **Foreign individuals/entities:** Foreign individuals/entities from certain jurisdictions can set up a stock exchange or depository with up to 49% shareholding. The shareholding must be brought down to either 26% or 15% in 10 years. Similar limits will apply for foreign persons acquiring shareholding in an existing stock exchange or depository. Acquisition of more than 25% shareholding will require SEBI approval. Combined holdings of all foreign residents cannot exceed 49%, which is in line with the existing norms.

- **Qualification of promoter:** Domestic and foreign promoters applying to set up a stock exchange or depository must ensure (i) no conflict of interest, (ii) at least 50% of ownership consists of persons having five years or more experience in capital markets or technology related to financial services.

Comments on the paper are invited by February 5, 2021.

**RBI releases discussion paper on a revised regulatory framework for NBFCs**

The Reserve Bank of India released a discussion paper on Revised Regulatory Framework for NBFCs for stakeholder feedback. The paper noted that while regulation of non-banking finance companies (NBFCs) is less rigorous than regulation for banks, recent stress in the sector and the systemic risk to financial stability posed by NBFCs requires a revision of the regulatory framework. Currently, all NBFCs have to adhere to minimum capital requirement. Further,
deposit taking NBFCs and non-deposit taking NBFCs that are classified as systemically important, have to meet certain norms (such as for capital adequacy), and governance standards.

Key changes proposed by the paper include:

- **Scale-based regulation**: The paper proposes a pyramid structure for regulation. The base layer (BL) corresponding to non-systemically important non-deposit taking NBFCs will have the least regulatory intervention. The middle layer (ML) will consist of systemically important NBFCs, and deposit-taking NBFCs. The upper layer (UL) will contain those systemically important NBFCs with large potential of systemic risk which can impact financial stability. The top layer of the pyramid will remain empty unless the regulator identifies specific NBFCs as posing an extreme risk.

- **Base layer**: The paper proposes raising the threshold for classification of NBFCs as systemically important from asset size of Rs 500 crore to Rs 1,000 crore. NBFC-BL will be regulated as non-systemically important NBFCs, with a few changes (since NBFCs with asset size up to Rs 1,000 crore will be classified as non-systemically important). In addition, NBFC-BL will be required to: (i) classify accounts overdue for 90 days as non-performing assets, down from 180 days, (ii) constitute a Risk Management Committee, and (iii) appoint a qualified Board with experience in retail lending in a bank/NBFC.

- **Middle layer**: Regulatory structure for systemically important NBFCs and deposit-taking NBFCs will apply to NBFC-ML. In addition, NBFC-ML must: (i) appoint auditors for a uniform tenure of three years without reappointment, (ii) appoint a functionally independent Chief Compliance Officer, and (iii) restrict lending to directors, among others.

- **Upper layer**: NBFC-UL will be identified once a year based on size, leverage, interconnectedness, complexity, and nature of activity. Once a NBFC-UL is identified, it will have to meet enhanced regulatory requirement for four years from its last appearance in the upper layer.

- In addition to strengthening governance, the regulatory framework for NBFC-UL requires (i) mandatory listing and related disclosures to be implemented gradually, and (ii) implementation of large exposure framework as applicable to banks. The large exposure framework for banks prescribes limits on exposures to counterparties to manage concentration risk. For example, sum of all exposures of a bank to a single counterparty cannot exceed 20% of the bank’s capital.

Comments on the paper are invited till February 22, 2021.

**IRDAI releases Report on cyber liability insurance for public feedback**

The Insurance Regulatory and Development Authority of India (IRDAI) released the Report of the Working Group to study cyber liability insurance for public feedback. Cyber insurance policies currently exist for individuals and businesses, and cover theft of funds, data restoration due to malware, cyber ransom, among many others.

The Group studied the state of cyber liability insurance and identified the need to tackle ‘silent insurance’. Silent insurance is when a policy does not explicitly include or exclude coverage. Policies not designed to cover related losses could end up paying such claims. Further, the Group noted the importance of insurance cover for individuals, and the need for creating awareness regarding the same.

The Group also made certain recommendations to enhance cyber insurance cover. Insurance must cover the bricking cost which is the cost of hardware (computer, server) damaged in a cyber event (in addition to cover for damage to data). The Group also recommended that insurance cover must remove reference to targeted intrusion by attackers, and provide cover as long as intrusion is unauthorised. Current policies cover targeted intrusion and not cyber-attacks that are directed at multiple users.

Comments on the Report are invited by February 9, 2021.

**RBI constitutes a Working Group on digital lending**

The Reserve Bank of India (RBI) constituted a Working Group on digital lending, including lending through online platforms and mobile apps. The Group will be headed by the Executive Director, RBI, and will have five other members (internal as well as external members).

The Terms of Reference of the Group include: (i) evaluating digital lending activities and assess standards of outsourced digital lending activities by RBI regulated entities, (ii) identifying risks posed by unregulated digital lending to financial stability, and consumers, (iii) suggesting regulatory changes to promote orderly growth of
digital lending, and (iv) suggesting measures for enhanced consumer protection.

The Group has been advised to submit its report within three months.

Corporate Affairs
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MCA amends the Corporate Social Responsibility Policy Rules

The Ministry of Corporate Affairs (MCA) issued the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021. These rules amend the 2014 Rules, issued under the Companies Act, 2013. Under the Act, certain companies are required to spend 2% of their average net profit in the last three financial years towards CSR. Key features of the Rules include the following:

- **Registration**: A company can undertake CSR: (i) by itself, or in conjunction with a trust or society established by the company, or (ii) through an entity, trust or society established by the central or state government, or (iii) through a registered trust or society with a track record of at least three years of similar activities. The latest rules require every entity undertaking CSR activities to register itself with the central government with effect from April 1, 2021. This requirement will not apply to projects undertaken before the implementation of these Rules.

- **CSR expenditure**: The 2014 Rules provide that expenditure undertaken on activities specified under the Act will count towards CSR expenditure. These include eradicating hunger, promoting education, contribution to the PM’s national relief fund. The 2021 Rules add that CSR funds may be spent for creation or acquisition of capital asset, which can be held by: (i) a trust or society with a CSR registration number, (ii) beneficiaries of the CSR project, (iii) public authority.

- **Impact assessment**: Companies whose CSR obligation is greater than ten crore rupees will have to prepare an impact assessment report for all CSR projects where expenditure is greater than one crore rupees. Expenditure on impact assessment may be counted as CSR expenditure provided it does not exceed 5% of the total CSR for that financial year or fifty lakh rupees, whichever is lower.

- **Disclosure and reporting**: The Rules require publication of additional disclosure regarding CSR activities on the company website and in the annual report. In addition to the CSR policy, the website must disclose the composition of the CSR Committee, and projects approved by the Board. In addition to reporting on CSR expenditure in the current financial year, the annual report must contain an impact assessment (if applicable), and details regarding ongoing CSR projects undertaken within the previous three years.

MCA releases the Report on Pre-packaged Insolvency Resolution Process

The Ministry of Corporate Affairs (MCA) released the Report of the Sub-Committee of the Insolvency Law Committee on Pre-packaged Insolvency Resolution Process for public feedback. Pre-packaged Insolvency Resolution Process (pre-pack) is a restructuring plan which is agreed to by the debtor and financial creditors prior to insolvency filing, and then sanctioned by the court on an expedited basis. Pre-pack would provide another option for resolution of financial stress (default) for corporate debtors under the Insolvency and Bankruptcy Code, 2016 (IBC). The IBC currently provides for the Corporate Insolvency Resolution Process (CIRP) which is a supervised insolvency resolution framework. Key features of the pre-pack include:

- **Availability of pre-pack**: The Committee recommended that pre-pack should be available to all corporate debtors, with phase-wise implementation. In the first phase, it may be available for defaults of between one lakh and one crore rupees, and defaults occurring during COVID-19, for which CIRP is not available. Eventually, pre-pack could be used to resolve pre-default stress.

- **Initiation**: Pre-pack may be initiated only by a corporate debtor, in contrast to CIRP where it may be initiated by either the debtor or the creditors. The initiation of pre-pack must be approved by a simple majority of financial creditors, and shareholders.

- **Process**: Once pre-pack is initiated, a base resolution plan is formulated. The plan may be submitted by the debtor or another person arranged by financial creditors. The formal process is triggered once the plan is submitted to the Adjudicating Authority. Any plan must then be approved by a 66% majority vote by a committee of financial and operational creditors. If the base plan is not approved, the creditors may invite plans to challenge the base plan.
Issues involving mostly objective determinations, be decriminalised. These offences will be treated under an In-house Adjudication Mechanism framework, instead of being treated as criminal offences. Such offences relate to non-disclosure of information by partners in the LLP.

- **Offences maintaining status quo:** The Committee recommended retaining fines for offences which involve an element of fraud, deceit, injury to public interest, and any wrongful dealings.

- **Ease of doing business:** Recommendations to promote ease of doing business include: (i) introduction of a definition of Small LLP with lower compliance and lower penalties, and (ii) permission to LLPs to issue non-convertible debt (currently they can only raise equity).

Comments on the Report are invited by February 2, 2021.

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**Commerce & Industry**

*Madhunika Iyer (madhunika@prsindia.org)*

**New central sector scheme for the industrial development of J&K**

The Cabinet Committee on Economic Affairs approved a Central Sector Scheme for Industrial Development of Jammu & Kashmir. The scheme provides incentives for new and existing businesses to undertake investment. The central government operates certain schemes for the industrial development of the Special Category States, such as North-East states, Jammu and Kashmir, Himachal Pradesh, and Uttarakhand. Note that an industrial development scheme for Jammu & Kashmir was notified in 2018, and is valid up to March 31, 2021. Key features of the new scheme include:

- **Capital investment incentive:** New and existing manufacturing and service sector industrial units with investment up to Rs 50 crore will be provided incentive for investment. For units located in Zone A, incentive of up to 30% of the investment value (capped at five crore rupees) will be provided. For units in Zone B, it will be 50% (capped at Rs 7.5 crore). Districts in Jammu and Kashmir are classified into Zones A and B respectively based on the degree of industrialisation.

- **Capital interest subvention:** New and existing industrial units will be given
interest subvention of 6% for a maximum of seven years for loans of up to Rs 500 crore. The loan availed must be used for investment in plant and machinery, construction of the building, and other durable physical assets.

- **Working capital interest incentive:** Existing units will receive interest subvention of 5% on working capital loan for a maximum of five years. Incentive received will be capped at one crore rupees.

The government has proposed an outlay of Rs 28,400 crore over the period 2020-21 to 2036-37 for this scheme.

**Government notifies Startup India Seed Fund Scheme**

The Ministry of Commerce and Industry notified the Startup India Seed Fund Scheme for 2021-25. The scheme will provide financial assistance for startups across all sectors for proof of concept, prototype development, product trials, market entry, and commercialisation. The scheme will have a corpus of Rs 945 crore which will be distributed to startups through grants to incubators.

- **Eligibility:** Startups must: (i) be recognised under the Startup India program, (ii) not be older than two years (at the time of application), (iii) not have received more than ten lakh rupees monetary support under any other central or state government scheme, (iv) have a scalable business idea that uses technology. Startups creating solutions in health, education, financial inclusion, defence, among others will be given preference. A startup will receive seed funding only once.

- **Eligibility for incubators:** Incubators must be a legal entity operational for at least two years, and must not be disbursing seed fund using funding from a third-party private entity. Incubators must have at least five startups undergoing incubation if the incubator is assisted by central or state government. If not, it must have at least 10 startups undergoing incubation, and have been operational for at least three years.

- **Expert Advisory Committee:** An Expert Advisory Committee will select incubators for allotment of grants of up to five crore rupees, which will be released in instalments based on achievement of milestones. The Committee will also monitor the implementation of the scheme.

- **Disbursement of funds:** Incubators will disburse seed fund to startups in the following manner: (i) up to Rs 20 lakh as a grant for proof of concept or product trials, disbursed on the achievement of milestones, (ii) up to Rs 50 lakh as investment through debt instruments for commercialisation.

- **Incubator Seed Management Committee:** Each incubator will constitute an Incubator Seed Management Committee to select startups. The Committee will consist of representatives from the incubator, the state government startup nodal team, a venture capital fund, academia, and entrepreneurs.

**Labour and Employment**

**Aatmanirbhar Bharat Rojgar Yojana notified**

*Saket Surya (saket@prsindia.org)*

The Employees’ Provident Fund and Miscellaneous Provisions Act, 1952 provides for a contribution-based employee provident fund (EPF) scheme in certain establishments. The Ministry of Labour and Employment notified the “Aatmanirbhar Bharat Rozgar Yojana” to subsidise such provident fund contributions.

- **Applicability:** The central government will pay EPF contribution for new employees for two years (up to June 30, 2023). For establishments with 1,000 or less employees, the government will cover EPF contribution of 24% (12% each for the employer and the employee). For others, the government will only cover the employee’s contribution.

- **Eligibility criteria for employees:** The scheme will be applicable to new employees earning less than Rs 15,000 per month and engaged between October 1, 2020 and June 30, 2021. New employees include: (i) employees who were not working in any establishment and did not have a Universal Account Number (UAN) prior to October 1, 2020, and have been allotted UAN thereafter, or (ii) any EPF member possessing UAN who left employment between March 1, 2020 and September 30, 2020 (and whose exit is recorded in UAN).

- **The UAN** is a unique member number allotted by EPFO (under the 1952 Act). Benefits under the scheme will not be available to employees whose employers are already availing benefits under the Pradhan...
Draft Model Standing Orders under Industrial Relations Code, 2020 released
Aditya Kumar (aditya@prsindia.org)

The Ministry of Labour and Employment invited comments on draft Model Standing Orders for the manufacturing, mining, and service sectors. The draft Orders were issued under the Industrial Employment (Standing Orders) Central Rules, 1946, to replace the current model standing orders under the Industrial Employment (Standing Orders) Central Rules, 1946, to replace the current model standing orders under the Industrial Employment (Standing Orders) Central Rules, 1946. Key highlights of the draft Orders include:

- **Probation period:** A worker needs to complete a probationary period to qualify as a permanent worker. The draft Orders seek to increase the probation period from three months to six months.
- **Notice period for change in shifts:** The draft Orders seek to reduce the notice period for changes in shift (such as change in timings, discontinuation or restarting of shifts) from two months to 21 days.
- **Payment of wages:** The draft Orders specify that wages of workers must be credited directly in their respective bank accounts. The intimation of payment will be sent through digital channels (such as SMS and email) or by issuing a wage slip. Currently, the wages of workers in mines are paid directly to them in presence of an authorised witness.
- **Work from home:** The draft Orders formalise the culture of work from home for workers in the service sector. Work from home may be allowed for periods determined by the employer based on mutual agreement.
- **Complaints committee:** The draft Orders add that a complaint committee must be constituted to act as the inquiring authority for complaints of sexual harassment. The Committee must consist of: (i) a woman as the Chairperson, and (ii) a member from a non-government organisation or any other body familiar with issues of sexual harassment (such as nominees from state or national level human rights commission, or commission for women).

Social Justice & Empowerment
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Standing Committee submitted report on the Maintenance and Welfare of Parents and Senior Citizens (Amendment) Bill

The Standing Committee on Social Justice and Empowerment submitted its report on the Maintenance and Welfare of Parents and Senior Citizens (Amendment) Bill, 2019. The Bill amends the Maintenance and Welfare of Parents and Senior Citizens Act, 2007 which provides for financial security, welfare, and protection for senior citizens. Key observations and recommendations of the Committee include:

- **Care homes:** The Act prescribed establishment of at least one old age home in each district by the state government. The Bill replaces this to provide that senior citizen care homes may be set up by the central or state government or any organisation. The Committee observed that out of more than 700 districts in the country, only 482 have care homes. It recommended that the Bill should mandate at least one care home and one multi-service day care centre in each district.
- **The Bill requires state governments to designate registration and regulatory authorities for registration and monitoring of care homes and day care centres. The Committee recommended that the Bill should require state governments to designate these authorities within six months of the amendment of the Act.**
- **Healthcare for senior citizens:** The Act provides for certain facilities (provision of beds, separate queues, separate facilities for geriatric patients) for senior citizens in government hospitals. The Bill requires all hospitals, including private organisations, to provide these facilities for senior citizens. The Committee recommended that the Bill should require district hospitals to also provide adequate counselling facilities for
senior citizens. It also recommended that the Bill should require the government to set up separate geriatric health facilities, hospitals, and research centres for senior citizens in all states in a timebound manner.

For a PRS report summary, please see here. For PRS brief on the Bill, please see here.

Communications
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Comments invited on the roadmap for use of spectrum for the next 10 years
The Department of Telecommunications invited comments on the roadmap for use of radio frequency spectrum for the next 10 years. Comments were sought on following key issues: (i) changes required in current spectrum allocation methodology, (ii) ideal frequency bands for 5G, and (iii) need for spectrum over next 10 years.

Standard operating procedure released for providing telecommunication services during disasters
The Department of Telecommunications (DoT) released a standard operating procedure (SOP) for providing telecommunication services for effective mitigation and recovery during disaster and emergency. Key features of the SOP are:

- **Institutional structure for co-ordination**: Co-ordination Committees will be set up at the national and state or telecom circle level. The National Committee will issue guidelines as required for effective preparedness and response to disasters. The State Committee will coordinate and monitor all disaster-related activities at the state level. It will also oversee the sectoral requirement for rescue, relief, and restoration at the state and district level. The State Committee will establish a camp office at the respective district headquarter for the specified purpose.

- **Requirements for TSPs**: The SOP specifies certain norms to be followed by TSPs for ensuring safety and availability of physical infrastructure during disasters. It also requires all TSPs to: (i) prepare a disaster management plan, (ii) designate nodal officers at national and telecom circle level for coordination related to disaster management, (iii) set up a disaster response task force at the state level for immediate provisioning of emergency communication and restoration of services, and (iv) set up rapid damage assessment team to determine the nature and extent of the damage. TSPs may enter into memorandum of understanding among themselves for sharing specialised resources and intra-circle roaming for provisioning of services.

Education
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UGC allows institutes of eminence to set up offshore campuses
The University Grants Commission (UGC) notified amendments to regulations for Institutes of Eminence. The Institutions of Eminence scheme was launched in 2017. Under the Scheme, 10 public institutions and 10 private institutions have been declared as Institutes of Eminence. Among key changes, the regulations permit Institutes of Eminence to set up off-shore campuses (a campus outside India) and off-campus centre (a centre outside the main campus within India).

- **Off-campus centre**: Institutes of Eminence are permitted to set up a maximum of three off-campus centres in five years, subject to not more than one centre in a year. Institutions can submit their application to the Ministry detailing a 10-year vision plan and a 5-year implementation plan. Further, they should meet the following conditions in the proposed off-campus centre within a period of five years: (i) a minimum of 500 students under regular classroom mode with at-least one-third as postgraduate or research students, (ii) five postgraduate programmes, (iii) a teacher-student ratio of 1:10, and (iv) at least 60% of the faculty must be appointed at a permanent basis.

- **Off-shore campus**: Institutes of Eminence are permitted to set up off-shore campuses with the approval of the Ministry of Education and after receiving no objection certificate from the Ministry of Home.
Affairs and the Ministry of External Affairs. The Institutes must ensure that they follow the same norms and standards for admissions, curriculum, and examination as in the main campus.

The functioning of the off-campus centres and the off-shore campuses of the Institutes will be reviewed by an Expert Committee once in three years, which can recommend discontinuation of the off-campus centre/off-shore campus. Note that the National Education Policy had recommended that high performing Indian universities must be encouraged to set up campuses in other countries.68

Ministry issues guidelines for continued education of migrant children

The Ministry of Education issued guidelines for identification, admission, and continued education of migrant children.69 The guidelines aim to minimise the impact of the pandemic on school education across the country by devising a strategy to prevent dropouts.

The guidelines provide that states must carry out identification of out of school children in the six to 18 years age group through a door-to-door survey and prepare an action plan for their enrolment. Further, they must undertake measures for spreading awareness among parents and community for enrolling and attendance of children. Enrolment drives such as ‘School Chalo Abhiyan’ may be conducted.

When schools reopen, they must: (i) prepare and run school readiness modules/bridge course for the initial period so that students can adjust to the school environment and do not feel stressed, (ii) relax detention norms to prevent drop out this year, and (iii) identify students across different grades based on their learning levels.

Sports

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Ministry of Sports invites comments on the Draft National Anti-Doping Act, 2021

The Ministry of Youth Affairs and Sports has released the Draft National Ant-Doping Act, 2021 for public comments.70 The Act seeks to prohibit the offence of doping and establish a National Anti-Doping Agency for this purpose, which will subsume the existing National Anti-Doping Agency. Note that the existing Agency is set up as a registered society under the Societies Registration Act of 1860.71 Key features of the draft law provide:

- **Prohibition of doping**: The following will constitute a violation of anti-doping rule: (i) presence of prohibited substances or its markers in athlete’s body, (ii) use, attempt to use or possession of prohibited substances or methods, (iii) refusing to submit samples, among other things.

- **National Anti-Doping Agency**: The Act establishes the National Anti-Doping Agency which will subsume the existing Agency. It will be headed by a Chief Executive Officer appointed by the central government. It will be responsible for: (i) planning, coordinating, implementing and monitoring anti-doping activities, and (ii) investigating anti-doping rule violations. The Agency will constitute a disciplinary panel to issue sanctions for any anti-doping rule violations. The Agency will also have the power to collect following information regarding the athlete: (i) sex or gender, (ii) medical history, and (iii) whereabouts while in competition.

- **National Sports Ethics and Integrity Board**: The Act also establishes a Board (comprising a chairperson and two other members appointed by the central government) to provide recommendations to the government on integrity in sports and compliance of international sports conventions. The Board will have the power to issue directions to the Agency. Orders passed by the disciplinary panel of the Agency regarding anti-doping violations can be appealed to the Board.

Mining

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Draft amendments to the Minerals Concession Rules, 2016 released

The Ministry of Mines released draft amendments to the Minerals (Other than Atomic and Hydro-Carbons Energy Minerals) Concession Rules, 2016 under the Mines and Minerals (Development and Regulation) Act, 1957.72 The Act provides for the transfer of statutory clearances to the new lessee of expiring mining leases for a period of two years.73 This provision is applicable for mines of minerals other than coal, lignite, and atomic minerals. The 2016 Rules require that these new lessees must maintain production such that despatch is at...
least 80% of the average annual production of the past two years.\textsuperscript{75} This production level must be maintained for the first two years from the date of grant of the new lease. The following proposed amendments seek to further strengthen the norms for adherence to the minimum production level:

- **Action against lessee**: The 2016 Rules provide that appropriate action can be taken against the lessee if he fails to meet the minimum production requirement. The provision enabling action against lessee are proposed to be removed. Instead, if the lessee does not meet the minimum production requirement for three consecutive quarters, the state government may terminate his lease. The lease will be terminated only after giving a reasonable opportunity of being heard.

- **Payments**: The lessee is required to make certain payments including royalty which are computed as a percentage of the value of minerals despatched.\textsuperscript{75,76} The amendments specify that for lessees failing to meet the minimum production level requirement, the payments will be computed based on the value of the specified minimum production quantity. The payments will have to be made on a quarterly basis.

**Transfer of letter of intent where successful bidder undergoes insolvency proceedings**

The Ministry of Mines also invited comments on the draft amendments to the 2016 Rules to enable the transfer of letter of intent in certain cases.\textsuperscript{77} A letter of intent is issued to a successful bidder of a mining lease. The Ministry noted that the ownership of successful bidder may change as per the insolvency resolution process under the Insolvency and Bankruptcy Code, 2016 (IBC).\textsuperscript{77} Currently, the Rules do not provide for the transfer of letter of intent to the new owner of the successful bidder.\textsuperscript{77} Proposed amendments are:

- **Application for transfer**: The new owner of the successful bidder will apply to the state government for the transfer of letter of intent. The new owner must meet eligibility criteria for participating in the auction of mines as per the 1957 Act. The state government will decide on the application for transfer within 90 days. It may approve or reject the request for transfer after recording reasons in writing.

Comments on the above draft amendments are invited until February 5, 2021.\textsuperscript{77}

**Comments invited on the amendments to the Minerals (Auction) Rules, 2015**

The Ministry of Mines invited comments on the draft amendments to the Minerals (Auction) Rules, 2015.\textsuperscript{78,79} The 2015 Rules administer the auction of mines. The amendments seek to incentivise early commencement of production from auctioned mines. Under the 2015 Rules, the lessee is required to share a percentage of the value of minerals despatched with the government. The amendments provide that if the lessee commences dispatch before the scheduled date of commencement of production, he will be required to pay only 50% of the required amount for quantity dispatched before the scheduled date of commencement of production. This will apply to production in mineral blocks which have been fully explored.\textsuperscript{78}

Comments on the amendments are invited until February 5, 2021.\textsuperscript{78}

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**Transport**

**Rules for inter-country transport notified**

*Shruti Gupta (shruti@prsindia.org)*

The Inter-Country Transport Vehicles Rules, 2021 were notified by the Ministry of Road Transport and Highways.\textsuperscript{80} The Rules seek to facilitate the movement of passenger or goods vehicles with neighbouring countries as per the Memorandum of Agreement (MoA) signed with them. Four similar Rules have been issued for bus services between: (i) Amritsar-Lahore, (ii) New Delhi-Lahore, (iii) Amritsar-Nankana Sahib, and (iv) Calcutta-Dhaka.\textsuperscript{81} The 2021 Rules seek to create uniform rules for the facilitation of movement between all neighbouring countries and supersede previous rules for bus-services between countries. Key provisions include:

- **Permit**: The Rules specify the procedure for obtaining an inter-country transport permit. An application must be accompanied with requisite fees and documents including: (i) registration certificate, (ii) insurance policy, (iii) certificate of fitness, (iv) valid permits, and (v) a pollution control certificate.

- The Rules provide that: (i) passenger vehicles must have a list of passengers with details of nationality, (ii) goods vehicles must have a valid invoice or an e-way bill, among other documents, and (iii) vehicles...
carrying hazardous goods must have a valid explosive licence.

- **Duration of permit:** A permit will be valid for one year and may be renewed for five years on a yearly basis after that.

- **Crew:** Entities including the transport and health departments of respective states, intelligence bureau, and state police have responsibilities. These include coordination of medical facilities, intelligence-related issues, and security management for smooth conduct of inter-country transport service.

**Requirements for international driving permits amended**

Shruti Gupta (shruti@prsindia.org)

The Central Motor Vehicles (First Amendment) Rules, 2021 were notified by the Ministry of Road Transport and Highways. These amend the Central Motor Vehicles Rules, 1989 to change the requirements to obtain an International Driving Permit (IDP). The amendments include the following:

- **Documents required:** Currently, an application for an IDP must include several documents such as valid driving license, proof of Indian nationality, proof of passport, visa proof, and a medical certificate among others. The amendment removes the requirement of the medical certificate and visa proof.

- **Fee:** Application fee for an IDP has been increased from Rs 500 to Rs 1,000.

- **Application form details:** Currently, an applicant has to specify in their application form if he has been disqualified for obtaining a driving license, and the reasons for such disqualification. The amendment adds that the applicant must specify if he has been barred from driving in that country, along with the reasons for the same.

**Draft dredging guidelines for projects in major ports released**

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The draft dredging guidelines for major ports were released by the Ministry of Shipping. It proposes to replace the 2016 guidelines on undertaking dredging at major ports. Dredging is the process of cleaning out the bottom of water bodies to facilitate the safe movement of ships through them. This can include: (i) removing of deposited material through maintenance dredging, and (ii) deepening by removal of soil and rock strata through capital dredging. The draft guidelines seek to regulate both forms of dredging across all major ports in India. Key features of the draft guidelines include:

- **Projects:** The draft guidelines specify criteria for planning, execution, monitoring, and control of a dredging project. A dredging contractor may be chosen through bidding and nomination. A detailed project report must be maintained in a specified format to make note of components including financial viability, time plans, suitable equipment and a roadmap for implementation of the project. This is to ensure compliance of guidelines and monitor each stage of development.

- **Surveys:** Dredging must be preceded and followed by standardised surveys of: (i) bathymetry (study of underwater depth) to understand the seafloor topography, and (ii) geophysical surroundings to understand the layers of sediment and rock.

- **Environmental management:** The draft guidelines note that dredging leads to environmental disturbance. To ensure conservation and minimal damage through the project, environmental impact and risk mitigation must be considered at each stage of project formulation and consideration. For instance, while planning for a dredging project, re-use or recycling of dredged material should be prioritised. In cases of capital dredging, an Environmental Clearance is also mandatory.

**Comments invited on the draft Aircraft (Amendment) Rules, 2021**

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The Ministry of Civil Aviation invited comments on the draft Aircraft (Amendment) Rules, 2021. The draft Rules seek to amend the Aircraft Rules 1937. Key features of the draft Rules include:

- **Appeal against orders:** The draft Rules seek to reduce the period to appeal against orders of the central government from 60 days to 30 days. Further, appeals against orders of the Director General of Civil Aviation (DGCA) may be filed to the Secretary, Ministry of Civil Aviation. No appeal will be allowed against: (i) orders of the Secretary, Ministry of Civil Aviation, and (ii) orders related to investigation of incidents (such as accidents).

- **Compounding of offences:** The draft Rules specify that a person requesting compounding of offences must apply to the
DGCA. DGCA must give its decision within 60 days from the date of application (90 days under extraordinary circumstances). Compounding of offences refers to the process in which a defaulter files an application to the compounding authority requesting to condone the default.

The applicant must pay compounding amount between Rs 10,000 and Rs 25 lakh within 30 days of the date of the decision of compounding, failure to which will deem the application to have never been filed. The amount will be 200%, 300% and 400% for small (up to 50 employees), medium (50 – 100 employees), and large organisations (more than 100 employees), respectively.

- **Penalties:** The draft Rules classify violations of the Rules into various levels of severity (from 1 to 10) and specify monetary penalties for them. For example, flying an aircraft without mention of any nationality and registration marks will be a contravention of severity level 10.

The range of monetary penalties for offences in severity level 1 – 10 for: (i) individuals is Rs 10,000 to Rs 25 lakh, (ii) small organisations is Rs 50,000 to Rs 50 lakh, (iii) for medium organisations is Rs 75,000 to Rs 75 lakh, and (iv) large organisations is one lakh rupees to one crore rupees.

Comments on the draft Rules are invited until February 9, 2021.
88 CPCB/IPC-V/R/ROGW/ - Harmonization of Classification of Industrial Sectors into Red, Orange, Green, and White Categories, Central Pollution Control Board, January 12, 2021, https://cpcl.nic.in/openpdf.php?id=TGF0ZXN0RmlsZS8zMTVjMTYxMzE1MzBhNjQ0MjEyMg%3Z
89 Environment Ministry releases new categorisation of industries, Press Information Bureau, Ministry of Environment, Forest and Climate Change, March 5, 2016.

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