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Highlights of the year

COVID-19
As of March 31, 2022, 4.3 crore cases, and 5.2 lakh deaths had been reported in India. COVID-19 vaccination was gradually opened up for various groups of citizens. From January 10, 2022, precautionary doses started being administered to priority groups who had already received two doses of vaccines. In March 2022, all persons over 60 years of age were made eligible for precautionary doses. Children above 12 years of age are also eligible for vaccine doses.

Macroeconomic Development
In 2021-22, India’s real GDP was estimated to grow by 8.9% over the low base of the previous year. The RBI kept all policy rates unchanged. In March 2022, retail inflation stood at 7% and wholesale price index inflation at 15.1%.

Finance
Parliament passed Bills to allow interim payment of bank deposit insurance and nullify retrospective taxation imposed in 2012. National Monetisation Pipeline was launched to monetise assets of the central government and public sector enterprises. The government sold its shareholding in Air India. RBI revised guidelines on ownership and corporate structure of private banks.

Industry
Production Linked Incentives were announced in several sectors such as textiles, automobiles, and electronic manufacturing.

Agriculture
The Farm Laws were repealed. The Union Cabinet approved the National Mission on Edible Oils – Oil Palm scheme which seeks to increase the production of crude palm oil in the country and decrease the dependence on imports.

Home Affairs
Parliament passed a Bill to allow data such as fingerprints, retina scans, and biological samples from convicts and arrested persons for the purposes of investigation of crime. Lok Sabha passed a Bill to unify three municipal corporations of Delhi.

Law and Justice
Parliament passed a Bill to link electoral roll data with Aadhaar. The Tribunal Reforms Bill, 2021, which abolished certain appellate bodies and transferred their functions to existing judicial bodies, was also passed. A Bill which mandates mediation in civil cases was introduced.

Information Technology
The Joint Parliamentary Committee submitted its report on the Personal Data Protection Bill, 2019 which sought to protect personal data. It recommended that the Bill should protect all kinds of data, personal or non-personal.

Shipping
The Marine Aids to Navigation Bill, 2021 and Inland Vessels Bill, 2021 to provide for developing, maintaining, and managing aids to navigation, and regulating navigation of inland vessels across India were passed.

Road Transport
The Central Motor Vehicles Rules, 1989 were amended to provide registration benefits against scrapped vehicles, enable electronic monitoring of roads, and mandate fire safety features in buses. The Motor Vehicle Accident Fund was established, and Compensation Scheme for Hit and Run accident victims was notified.

Power
The Ministry of Power notified the Green Hydrogen Policy which seeks to facilitate the transition from fossil fuels to green hydrogen/green ammonia. The Ministry of Power released revised guidelines and standards for charging infrastructure for electric vehicles (EVs).

Health
Parliament passed laws to regulate assisted reproductive technology and surrogacy. Laws on National Commissions for Indian System of Medicine and Homoeopathy and NIPER were amended. Ayushman Bharat Health Infrastructure Mission and Digital Mission was launched.

Social Justice
Table 1: Bills passed by Parliament from April 2021 to March 2022

<table>
<thead>
<tr>
<th>Short Title</th>
<th>Sector</th>
<th>Key Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Election Laws (Amendment) Bill, 2021</td>
<td>Law and Justice</td>
<td>Links electoral roll data with Aadhaar ID, allows for updation of rolls four times a year, and makes some provisions gender neutral.</td>
</tr>
<tr>
<td>The Tribunals Reform Bill, 2021</td>
<td>Law and Justice</td>
<td>Dissolves certain existing appellate bodies and transfers their functions to High Courts, and provides for the appointments and service conditions of Chairpersons and members of Tribunals.</td>
</tr>
<tr>
<td>The High Court and Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2021</td>
<td>Law and Justice</td>
<td>Clarifies that increase in pension at ages 80, 85, 90, 95, and 100 years of age will apply when retired judges complete such age.</td>
</tr>
<tr>
<td>The National Institutes of Food Technology, Entrepreneurship and Management Bill, 2019</td>
<td>Agriculture</td>
<td>Provides NIFTEM at Kundli, Haryana and IIFPT at Thanjavur, Tamil Nadu with the status of Institute of National Importance.</td>
</tr>
<tr>
<td>The Coconut Development Board (Amendment) Bill, 2021</td>
<td>Agriculture</td>
<td>Changes the composition of the Coconut Development Board to make the post of the Chairman a non-executive one and create a separate post of Chief Executive Officer.</td>
</tr>
<tr>
<td>The Assisted Reproductive Technology (Regulation) Bill, 2020</td>
<td>Health</td>
<td>Regulates Assisted Reproductive Technology (ART) services and banks. Also specifies conditions for gamete donation and storage.</td>
</tr>
<tr>
<td>The Surrogacy (Regulation) Bill, 2019</td>
<td>Health</td>
<td>Regulates surrogacy and constitutes the National and State ART and Surrogacy Boards to regulate surrogacy clinics.</td>
</tr>
<tr>
<td>The National Commission for Indian System of Medicine (Amendment) Bill, 2021</td>
<td>Health</td>
<td>Specifies that all powers exercised and functions performed by the Board of Governors (constituted under the 1970 Act) will be deemed to have been done under the 2020 Act and will continue to remain in force.</td>
</tr>
<tr>
<td>The National Commission for Homoeopathy (Amendment) Bill, 2021</td>
<td>Health</td>
<td>Specifies that all powers exercised and functions performed by the Board of Governors (constituted under the 1973 Act) will be deemed to have been done under the 2020 Act and will continue to remain in force.</td>
</tr>
<tr>
<td>The National Institute of Pharmaceutical Education and Research (Amendment) Bill, 2021</td>
<td>Health</td>
<td>Declares six new NIPERs as institutions of national importance, and sets up a Council to coordinate the activities of all NIPERs.</td>
</tr>
<tr>
<td>The General Insurance Business (Nationalisation) Amendment Bill, 2021</td>
<td>Finance</td>
<td>Allows government shareholding in all PSU general insurance companies to be brought under 51%.</td>
</tr>
<tr>
<td>The Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill, 2021</td>
<td>Finance</td>
<td>Amends the Deposit Insurance and Credit Guarantee Corporation Act, 1961 to provide depositors time-bound access to their insured deposit amount, if they are restricted from accessing their deposits.</td>
</tr>
<tr>
<td>The Limited Liability Partnership (Amendment) Bill, 2021</td>
<td>Finance</td>
<td>Converts certain offences into civil defaults. Also defines small LLP, provides for the appointment of certain adjudicating officers, and establishment of special courts.</td>
</tr>
<tr>
<td>The Factoring Regulation (Amendment) Bill, 2020</td>
<td>Finance</td>
<td>Amends the Factoring Regulation Act, 2011 to allow all NBFCs to engage in the factoring business.</td>
</tr>
<tr>
<td>The Narcotic Drugs and Psychotropic Substances (Amendment) Bill, 2021</td>
<td>Finance</td>
<td>Corrects a drafting error in the Act.</td>
</tr>
<tr>
<td>The Insolvency and Bankruptcy Code (Amendment) Bill, 2021</td>
<td>Corporate Affairs</td>
<td>Provides for Pre-packaged Insolvency Resolution Process for MSMEs. Debtor will initiate the insolvency resolution and retain the management of the company during the process.</td>
</tr>
<tr>
<td>The Juvenile Justice (Care and Protection of Children) Amendment Bill, 2021</td>
<td>Women and Child Development</td>
<td>Amends the Juvenile Justice Act, 2015 to allow the district magistrate (including additional district magistrate) instead of civil courts to issue adoption orders.</td>
</tr>
<tr>
<td>The Delhi Special Police Establishment (Amendment) Bill, 2021</td>
<td>Personnel</td>
<td>Permits extension of the term of the Director of the CBI up to five years.</td>
</tr>
<tr>
<td>Bill</td>
<td>Committee</td>
<td>Description</td>
</tr>
<tr>
<td>---------------------------------------------------------------------</td>
<td>-----------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>The Central Vigilance Commission (Amendment) Bill, 2021</td>
<td>Personnel</td>
<td>Permits extension of the term of the Director of Enforcement up to five years.</td>
</tr>
<tr>
<td>The Essential Defence Services Bill, 2021</td>
<td>Defence</td>
<td>Allows the central government to prohibit strikes, lock-outs, and lay-offs in units engaged in essential defence services.</td>
</tr>
<tr>
<td>The Dam Safety Bill, 2019</td>
<td>Water Resources</td>
<td>Provides for the surveillance, inspection, operation, and maintenance of specified dams across the country.</td>
</tr>
<tr>
<td>The Inland Vessels Bill, 2021</td>
<td>Transport</td>
<td>Replaces the Inland Vessels Act, 1917 and introduces a uniform regulatory framework for inland vessel navigation across the country.</td>
</tr>
<tr>
<td>The Marine Aids to Navigation Bill, 2021</td>
<td>Transport</td>
<td>Replaces the Lighthouse Act, 1927 and provides a framework for developing, maintaining, and managing marine aids to navigation.</td>
</tr>
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<td>Transport</td>
<td>Replaces the Lighthouse Act, 1927 and provides a framework for developing, maintaining, and managing marine aids to navigation.</td>
</tr>
<tr>
<td>The Airports Economic Regulatory Authority of India (Amendment) Bill, 2021</td>
<td>Transport</td>
<td>Empowers the central government to group airports and notify the group as a major airport.</td>
</tr>
<tr>
<td>The Constitution (One Hundred and Twenty-seventh Amendment) Bill, 2021</td>
<td>Social Justice and Empowerment</td>
<td>Amends the Constitution to allow state governments and union territories to prepare and maintain their respective list of socially and educationally backward classes.</td>
</tr>
<tr>
<td>The Constitution (Scheduled Tribes) Order (Amendment) Bill, 2021</td>
<td>Social Justice and Empowerment</td>
<td>Updates the list of Scheduled Tribes for state of Arunachal Pradesh.</td>
</tr>
<tr>
<td>The Commission for Air Quality Management in National Capital Region and Adjoining Areas Bill, 2021</td>
<td>Environment</td>
<td>Provides for the constitution of a Commission for better co-ordination, and resolution of problems related to air quality in the National Capital Region and adjoining areas.</td>
</tr>
<tr>
<td>The Central Universities (Amendment) Bill, 2021</td>
<td>Education</td>
<td>Provides for the establishment of a Central University in the union territory of Ladakh.</td>
</tr>
</tbody>
</table>

Note: The Bills listed do not include the Finance Bill and Appropriation Bills.
Sources: Relevant Bills; Bulletins of Lok Sabha and Rajya Sabha; PRS.
COVID-19

On March 11, 2020, The World Health Organisation (WHO) declared COVID-19 to be a global pandemic.1 The first case of COVID-19 in India was confirmed on January 30, 2020.2 As of March 31, 2022, there were 4.3 crore confirmed cases in India.3 Of these, 4.25 crore (99%) had been cured/discharged and 5.2 lakh (1.2%) persons had died.3 For details on the number of daily cases in the country and across states, please see here.

The central government continued announcing policy decisions to contain the spread of COVID-19, and financial measures to support citizens and businesses who have been affected due to the COVID-19 induced lockdowns. The COVID-19 vaccination was gradually opened up for various groups of citizens. For details on the major notifications released by the centre and the states, please see here.

COVID-19 vaccination

Booster shots

From January 10, 2022, precautionary doses started being administered to priority groups who had already received two doses of vaccines.4 These included: (i) health care workers, (ii) front line workers, and (iii) persons aged 60 years or above with co-morbidities (on doctor’s advice). The precautionary dose is being provided after completion of nine months from the date of administration of the second dose. In March 2022, all persons over 60 years of age were made eligible for precautionary doses.

Oral anti-viral drug

In December 2021, the Drugs Controller General of India (DCGI) granted emergency use authorisation for restricted use to an anti-viral drug, Molnupiravir, for COVID-19.5 Molnupiravir is an anti-viral drug produced by Merck. It will be manufactured by 13 companies for treatment of adult patients.5 It is the first anti-viral drug for COVID-19 to be granted approval in the country.

Table 2: Phases of vaccination drive in India

<table>
<thead>
<tr>
<th>Date</th>
<th>Target group for vaccination</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 8, 2021</td>
<td>Dry run conducted in 615 districts across 33 states and union territories with focus on hard-to-reach districts</td>
</tr>
<tr>
<td>January 16, 2021</td>
<td>Vaccination initiated for priority group including healthcare and frontline workers</td>
</tr>
<tr>
<td>March 1, 2021</td>
<td>Vaccination initiated for: (i) all people over the age of 60, and (ii) people older than 45 years with co-morbidities*</td>
</tr>
<tr>
<td>April 1, 2021</td>
<td>Vaccination initiated for all people over the age of 45</td>
</tr>
<tr>
<td>May 1, 2021</td>
<td>Vaccination initiated for all people over the age of 18</td>
</tr>
<tr>
<td>June 21, 2021</td>
<td>Centralised procurement of vaccines and provision of free vaccines for all adults established</td>
</tr>
<tr>
<td>January 2022</td>
<td>Vaccination initiated for 15-18 age group; Precautionary doses for priority groups</td>
</tr>
<tr>
<td>March 2022</td>
<td>Vaccination initiated for 12-14 age group; precautionary doses for all above 60 years</td>
</tr>
</tbody>
</table>

Note: *Co-morbidities include heart diseases, respiratory ailments, and lymphoma; Priority group includes healthcare and frontline workers, and persons aged over 60 years with co-morbidities.

Sources: Press Information Bureau, Ministry of Health and Family Welfare; PRS.

Table 3: Status of COVID-19 vaccines (as of March 2022)

<table>
<thead>
<tr>
<th>Company</th>
<th>Name</th>
<th>Clinical Stage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bharat Biotech</td>
<td>COVAXIN</td>
<td>received emergency use authorisation; market approval granted</td>
</tr>
<tr>
<td>Serum Institute of India/ICMR</td>
<td>Covishield</td>
<td>received emergency use authorisation; market approval granted</td>
</tr>
<tr>
<td>Dr Reddy’s Laboratories and Sputnik LLC</td>
<td>Sputnik-V, Sputnik light</td>
<td>received emergency use authorisation</td>
</tr>
<tr>
<td>Zydus Cadilla</td>
<td>ZyCoV-D</td>
<td>received emergency use authorisation</td>
</tr>
<tr>
<td>Biological E</td>
<td>CORBEVAX</td>
<td>received emergency use authorisation</td>
</tr>
<tr>
<td>Moderna</td>
<td>mRNA-1273</td>
<td>received emergency use authorisation</td>
</tr>
<tr>
<td>Johnson and Johnson</td>
<td>Janssen</td>
<td>received emergency use authorisation</td>
</tr>
<tr>
<td>Bharat Biotech</td>
<td>BBV154</td>
<td>Phase 1 ongoing</td>
</tr>
<tr>
<td>Gennova Biopharmaceuticals Limited</td>
<td>HGCO19</td>
<td>Phase 1/2 ongoing</td>
</tr>
</tbody>
</table>

Sources: COVID-19 Vaccines under trial in India, Indian Council of Medical Research, Ministry of Health and Family Welfare; PRS.
States/UTs permitted to discontinue containment measures

In March 2022, the Ministry of Home Affairs permitted all states/UTs to discontinue issuing orders under the National Disaster Management Act, 2005 for containment of COVID-19. This was done due to the steep decline in the number of COVID-19 cases, low daily positivity rate, and increased capacity of states/UTs for managing the pandemic. Since March 2020, the Ministry had been issuing orders for containment measures under the 2005 Act. In February 2022, the Ministry had issued an order for gradually opening economic activities based on a risk assessment.

Advisories by the Ministry of Health and Family Welfare on containment measures (such as using face masks, and observing COVID appropriate behaviour) continue to apply. States/UTs may take prompt and proactive action at the local level if they observe a surge in cases.

Scheduled international flights resumed

In March 2022, the Directorate General of Civil Aviation (DGCA) issued a notification to resume scheduled commercial international flights. In March 2020, due to the onset of the COVID-19 pandemic, scheduled international flights were suspended. The ban had been extended several times since then.

Government resumed tourist visas for foreigners coming to India

In October 2021, the Ministry of Home Affairs resumed issuing fresh tourist visas for foreigners coming to India by chartered flights could obtain tourist visas from October 15, 2021. Foreigners entering India by flights other than chartered aircraft could obtain fresh tourist visas from November 15, 2021.

In April 2020, on account of the COVID-19 pandemic, all visas granted to foreigners (except diplomatic, official, UN/international organisations and other categories) had been suspended. Later, in October 2020, foreigners were allowed to avail all categories of Indian visa (such as business visa or medical visa), except tourist visa for entry and stay in India.

Second Phase of COVID-19 Emergency Response and Health Systems Preparedness Package approved

In July 2021, the Union Cabinet approved the second phase of the COVID-19 Emergency Response and Health System Preparedness Package. The first phase of the scheme was announced in March 2020. The second phase of the scheme aimed to accelerate health system preparedness for early detection, prevention, and management of COVID-19 with focus on paediatric care. Financial outlay for the second phase was Rs 23,123 crore for the year 2021-22. This included: (i) Rs 15,000 crore under central share, and (ii) Rs 8,123 crore under state share.

Key measures announced in the year include:

- **Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY):** In March 2022, the Union Cabinet approved the extension of PMGKAY till September 2022. The scheme was first announced in March 2020 as part of the relief package for the poor in light of the COVID-19 pandemic and lockdown. The scheme was operational during March-November 2020. In April 2021, the scheme was reintroduced, for the May-June 2021 period, and was then further extended till March 2022. Under the scheme, every month, five kilograms of ration is provided free of cost to persons from poor families. Benefits are provided to all beneficiaries in addition to their existing food grain entitlements under the National Food Security Act, 2013.

- **Credit Guarantee scheme for subordinate debt (CGSSD):** In June 2020, due to the COVID-19 pandemic, the Ministry of Micro, Small, and Medium Enterprises (MSME) had launched the Credit Guarantee Scheme for Subordinate Debt. Under this scheme, the central government aimed to provide guarantee cover worth Rs 20,000 crore on loans to promoters of stressed MSMEs, for investment as equity. As per original norms, the scheme was to remain in operation till March 2021, but was further extended till March 2022.

- **Under this scheme, promoters of stressed MSMEs (which have become non-performing assets as on April 30, 2020) are given credit equal to 15% of their stake (equity plus debt) or Rs 75 lakh, whichever is lower. Promoters will infuse this amount in the MSME as equity to enhance the liquidity and maintain the debt-equity ratio. There will be a moratorium of seven years on repayment of principal. The maximum tenure for repayment will be ten years. The scheme is being operationalised through the Credit Guarantee Fund Trust for Micro and Small Enterprises.**

- **Emergency Credit Line Guarantee Scheme:** The Ministry of Finance extended the timeline of Emergency Credit Line Guarantee Scheme
In June 2021, the Reserve Bank of India (RBI) announced various measures to mitigate the impact of COVID-19:

- **Liquidity support for contact-intensive sectors**: On-tap liquidity window of Rs 15,000 crore will be made available to banks to provide fresh lending support to entities in contact-intensive sectors such as tourism, transport, and beauty parlours. Under this scheme, banks can borrow money for a period of up to three years at the repo rate. The scheme was available till March 2022.

- **Support to SIDBI**: RBI will extend a special liquidity facility of Rs 16,000 crore to the Small Industries Development Bank of India (SIDBI) for on-lending or re-financing to MSMEs through certain novel models. The facility will be available at the prevailing repo rate for one year.

- **Resolution framework for stressed assets**: In May 2021, RBI announced a new framework for restructuring of loans to individuals, small businesses, and micro, small, and medium enterprises (MSMEs). Borrowers with aggregate exposure of up to Rs 50 crore were allowed to avail this framework. Earlier, the limit was of up to Rs 25 crore.

RBI announced various measures to mitigate the impact of COVID-19

In June 2021, the Reserve Bank of India (RBI) announced the following key measures to mitigate the impact of the second wave of COVID-19:

- **Liquidity support for contact-intensive sectors**: On-tap liquidity window of Rs 15,000 crore will be made available to banks to provide fresh lending support to entities in contact-intensive sectors such as tourism, transport, and beauty parlours. Under this scheme, banks can borrow money for a period of up to three years at the repo rate. The scheme was available till March 2022.

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**Aarogya Setu Data Access and Knowledge Sharing Protocol, 2020 extended up to May 2022**

In May 2020, the Ministry of Electronics and Information Technology had released the Aarogya Setu Data Access and Knowledge Sharing Protocol, 2020 in reference to the Aarogya Setu mobile application (app). The Protocol was originally applicable up to November 10, 2020, and was later extended for another six months, up to May 10, 2021. Last year it was further extended for another 12 months, i.e., up to May 10, 2022.

The Aarogya Setu 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 app to protect personal data of individuals.

**Resumption of MPLAD scheme approved**

In November 2021, the Union Cabinet approved the resumption of the Member of Parliament Local Area Development Scheme (MPLADS) for the remaining part of 2021-22, till 2025-26. Under the scheme, each Member of Parliament (MP) may recommend developmental work of up to five crore rupees annually, in his constituency. In 2021-22, each MP was allowed to recommend works of up to two crore rupees. Between 2022-23 and 2025-26, each MP may recommend works up to five crore rupees annually. Total outlay on the scheme during 2021-26 is estimated to be Rs 17,417 crore.

In April 2020, Union Cabinet had approved the suspension of the scheme for financial years 2020-21 and 2021-22. Following this, Parliament passed amendments to: (i) the Salary, Allowances, and Pension of Members of Parliament Act, 1954 to reduce the salaries of MPs by 30%, and (ii) the Salaries and Allowances of Ministers Act, 1952, to reduce the sumptuary allowance of Ministers by 30%. This was aimed to supplement resources to manage the COVID-19 pandemic.

For an analysis of the amendments Bills, see here.

**Guidelines for the PM CARES for Children Scheme released**

In October 2021, the Ministry of Women and Child Development notified guidelines for the PM CARES for Children Scheme. The scheme seeks to ensure comprehensive care of children who have lost their parents to the COVID-19 pandemic. The scheme provides assistance to the child until he
reaches 23 years of age. Key features of the scheme are:

- **Eligibility:** Children who lost both parents, surviving parent, or legal guardian due to the COVID-19 pandemic will be eligible to enrol in the scheme. Such children must be below 18 years of age on the date of death of parents during the pandemic. The period of the pandemic that is being considered for this purpose is from March 11, 2020 till December 31, 2021.

- **Support to children:** The scheme supports the child in four ways - education, financial support, health insurance, and rehabilitation. This includes: (i) rehabilitating the child with their next of kin or placed in foster care or a Child Care Institution, (ii) creating a corpus of Rs 10 lakh on attaining the age of 18, to give a monthly stipend to the children for the next five years, (iii) enrolling all children as beneficiaries under Ayushman Bharat scheme, and (iv) providing Anganwadi services for pre-school education, admission to the nearest middle school or support for obtaining education loan for higher studies.  

- **Implementation Mechanism:** The Ministry of Women and Child Development will implement the scheme in coordination with the state and district nodal agencies. The state government departments dealing with the Child Protection Services scheme of their respective state will be the nodal agency at the state level. The District Magistrates will be the nodal authority at district level to execute the scheme.
Macroeconomic Development

State of the Economy in 2021-22

In 2021-22, India’s real Gross Domestic Product (GDP) was estimated to grow by 8.9% over the low base of the previous year. In 2020-21, GDP was estimated to contract by 6.6%. In 2019-20, India’s real GDP grew by 3.7%.

Table 4: Gross Value Added (GVA) across sectors at constant prices (growth in percentage year-on-year)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2019-20</th>
<th>2020-21</th>
<th>2021-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>5.5%</td>
<td>3.3%</td>
<td>3.3%</td>
</tr>
<tr>
<td>Mining</td>
<td>-1.5%</td>
<td>-8.6%</td>
<td>12.6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-2.9%</td>
<td>-0.6%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Electricity &amp; other utility services</td>
<td>2.2%</td>
<td>-3.6%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Construction</td>
<td>1.2%</td>
<td>-7.3%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Services</td>
<td>6.3%</td>
<td>-7.8%</td>
<td>8.6%</td>
</tr>
<tr>
<td>GVA</td>
<td>3.8%</td>
<td>-4.8%</td>
<td>8.3%</td>
</tr>
<tr>
<td>GDP</td>
<td>3.7%</td>
<td>-6.6%</td>
<td>8.9%</td>
</tr>
</tbody>
</table>

Note: Data for 2019-20, 2020-21, and 2021-22 are second revised estimate, first revised estimate, and second advance estimate, respectively. GVA is measured at base prices (2011-12).

Sources: Central Statistics Office, MOSPI; PRS.

- In 2021-22, nominal GDP (at prices including inflation) is estimated to be Rs 236 lakh crore, as against Rs 198 lakh crore in 2020-21, an increase of 19.4%. In 2020-21, nominal GDP was 1.4% lower as compared to 2019-20.

- The per capita income in 2021-22 is estimated to be Rs 1,49,848 (at current prices), an increase of 18.1% over 2020-21. In 2020-21, per capita income was 4% lower as compared to 2019-20.

Inflation trends in 2021-22

Consumer Price Index (CPI) measures the change in prices of items at the retail level. The CPI inflation rate was 7% in March 2022, significantly higher than the 4.2% in April 2021 (year-on-year). The CPI basket includes items commonly consumed by households such as food articles, fuel, clothing, housing, and health services. Food and beverages have a share of 46% in the CPI basket. Food inflation rate was 7.7% in March 2022, significantly higher than 3.1% in April 2021.

The Wholesale Price Index (WPI) measures the average change in the prices of commodities for bulk sale at the level of the early stage of transactions. WPI inflation rate was 14.5% in March 2022, significantly higher than 10.7% in April 2021.

Industrial Production in 2021-22

The Index of Industrial Production (IIP) looks at the volume of production in manufacturing, mining, and electricity sector. The IIP assigns a weight of 78% to the manufacturing sector, 14% to the mining sector, and 8% to the electricity sector. Table 5 depicts the growth rate in IIP during 2021-22. Note that high growth rate observed between April 2021 and August 2021 was over a low base of the previous year due to the lockdown in 2020.

Table 5: IIP Growth rate (in %, year-on-year)

<table>
<thead>
<tr>
<th>Month</th>
<th>2021-22</th>
<th>2020-21</th>
<th>Annualised Change from 2019-20 to 2021-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>April</td>
<td>133.5%</td>
<td>-57.3%</td>
<td>-0.2%</td>
</tr>
<tr>
<td>May</td>
<td>27.6%</td>
<td>-33.4%</td>
<td>-7.8%</td>
</tr>
<tr>
<td>June</td>
<td>13.8%</td>
<td>-16.6%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>July</td>
<td>11.5%</td>
<td>-10.5%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>August</td>
<td>13.0%</td>
<td>-7.1%</td>
<td>2.4%</td>
</tr>
<tr>
<td>September</td>
<td>4.4%</td>
<td>1.0%</td>
<td>2.6%</td>
</tr>
<tr>
<td>October</td>
<td>4.2%</td>
<td>4.5%</td>
<td>4.3%</td>
</tr>
<tr>
<td>November</td>
<td>1.0%</td>
<td>-1.6%</td>
<td>-0.3%</td>
</tr>
<tr>
<td>December</td>
<td>0.7%</td>
<td>2.2%</td>
<td>1.4%</td>
</tr>
<tr>
<td>January</td>
<td>1.5%</td>
<td>-0.6%</td>
<td>0.4%</td>
</tr>
<tr>
<td>February</td>
<td>1.7%</td>
<td>-3.2%</td>
<td>-0.8%</td>
</tr>
</tbody>
</table>

Sources: MOSPI; PRS.

Balance of Payments in 2021-22

The Balance of Payments account reflects the transactions of a country with the rest of the world. It consists of the current account (exports of goods and services, remittances, and dividend payments) and the capital account (flow of funds through equity investments and borrowings). The surplus of the capital account is generally used to finance the current account deficit (CAD). India recorded a CAD of 1.2% of GDP during April-December.
In comparison, during April-December 2020, India had recorded a current account surplus of 1.7% of GDP. Trade deficit increased from USD 60.4 billion in April-December 2020 to USD 135.6 billion in April-December 2021. During the year April-December 2021, foreign exchange reserves increased by USD 63.5 billion.

**Table 6: Balance of Payments in 2021-22 (April to December) (USD billion)**

<table>
<thead>
<tr>
<th></th>
<th>Apr-Jun</th>
<th>Jul-Sep</th>
<th>Oct-Dec</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Account</td>
<td>6.4</td>
<td>-9.9</td>
<td>-23.0</td>
</tr>
<tr>
<td>Capital Account</td>
<td>25.7</td>
<td>40.4</td>
<td>23.2</td>
</tr>
<tr>
<td>Errors and Omissions</td>
<td>-0.2</td>
<td>0.7</td>
<td>0.3</td>
</tr>
<tr>
<td>Change in reserves</td>
<td>31.9</td>
<td>31.2</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Sources: Reserve Bank of India; PRS.

**Monetary Policy Decisions**

The Monetary Policy Committee (MPC) of RBI did not change its position through 2021-22:

- The repo rate (the rate at which RBI lends money to banks) remained unchanged at 4%.43
- The reverse repo rate (the rate at which RBI borrows money from banks) remained unchanged at 3.35%.43
- The marginal standing facility rate (under which banks can borrow additional money) and bank rate (at which RBI buys or rediscouts bills of exchange) also remained unchanged at 4.25%.
- The MPC continued with its accommodative stance of monetary policy throughout the year to revive growth on a durable basis.

**Economic Survey 2021-22 presented**

The Finance Minister, Ms Nirmala Sitharaman tabled the Economic Survey 2021-22 in January 2022.44 Key highlights of the Survey include:

- **Gross Domestic Product (GDP):** The Survey estimates real GDP growth of 8-8.5% in 2022-23. Growth in 2022-23 is expected to be supported by widespread vaccine coverage, gains from supply-side reforms, robust export growth, and availability of fiscal space to increase capital spending. In 2021-22, India’s real GDP is estimated to grow by 9.2%. Note that according to the first revised estimate, GDP is expected to contract in 2002-21 by 6.6% against the earlier estimate of contraction by 7.3%.45
- **Debt:** Central government debt has increased from 49.1% of GDP in 2019-20 to 59.3% of GDP in 2020-21. This is due to increased borrowings on account of COVID-19. Central government debt is expected to follow a declining trajectory with economic recovery. At the end of March 2021, the central government’s total outstanding liabilities were at Rs 117 lakh crore. Total liabilities of the central government include debt taken against the Consolidated Fund of India (public debt) and liabilities in the public account. Public debt accounted for 89.9% of total liabilities.
- **MGNREGS:** Data on demand for work under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) indicates: (i) MGNREGS employment peaked during the nationwide lockdown in 2020, (ii) demand for MGNREGS has stabilised after the second COVID-19 wave, and (iii) aggregate MGNREGS employment is higher than pre-pandemic level. During the second COVID-19 wave, demand for MGNREGS reached a maximum of 4.59 crore persons in June 2021.

For a PRS summary of the Survey, see here.

**Finance**

**Union Budget 2022-23 presented**

The Finance Minister, Ms. Nirmala Sitharaman, presented the 2022-23 Union Budget in February 2022.46 Key highlights of the Budget include:

- **Expenditure:** The government proposes to spend Rs 39,44,909 crore in 2022-23, which is an increase of 4.6% over the revised estimate of 2021-22.
- **Receipts:** The receipts (other than borrowings) in 2022-23 are expected to be Rs 22,83,713 crore, which is an increase of 4.8% over the revised estimate of 2021-22.
- **GDP growth:** The government has estimated a nominal GDP growth rate of 11.1% in 2022-23 (i.e., real growth plus inflation). In 2021-22, GDP was estimated to grow at 14.4%, which was revised upwards to 19.4% according to Second Advance Estimates.47
- **Deficits:** Revenue deficit in 2022-23 is targeted at 3.8% of GDP, lower than the revised estimate of 4.7% in 2021-22. Fiscal deficit in 2022-23 is targeted at 6.4% of GDP, lower than the revised estimate of 6.9% of GDP in 2021-22.
- **Tax proposals:** Income from the transfer of cryptocurrencies and non-fungible tokens will be taxed at the rate of 30%. Earlier, the
surcharge on Long Term Capital Gains (LTCGs) on listed equities and equity mutual funds was capped at 15%. The surcharge on other LTCG was 25% if total income was between two crore rupees and five crore rupees, and 37% if it was above five crore rupees. As part of budget proposals, these have been capped at 15%.

- **Policy proposals:** Other policy proposals announced in the Budget include: (i) Special Economic Zones Act, 2005 will be replaced with a new legislation, (ii) spectrum auctions will be conducted to facilitate the rollout of 5G mobile services within 2022-23, and (iii) battery swapping policy for electric vehicles will be implemented.

### Table 7: Union Budget 2022-23 (in Rs crore)

<table>
<thead>
<tr>
<th>Items</th>
<th>Actuals 2020-21</th>
<th>Revised 2021-22</th>
<th>Budgeted 2022-23</th>
<th>% change (RE 2021-22 to BE 2022-23)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditure</td>
<td>35,09,836</td>
<td>37,70,000</td>
<td>39,44,909</td>
<td>4.6%</td>
</tr>
<tr>
<td>Total Receipts (excluding borrowings)</td>
<td>16,91,545</td>
<td>21,78,911</td>
<td>22,83,713</td>
<td>4.8%</td>
</tr>
<tr>
<td>Fiscal Deficit (net borrowing)</td>
<td>18,18,291</td>
<td>15,91,089</td>
<td>16,61,196</td>
<td>4.4%</td>
</tr>
<tr>
<td>Fiscal Deficit as % of GDP</td>
<td>9.2%</td>
<td>6.9%</td>
<td>6.4%</td>
<td>-</td>
</tr>
<tr>
<td>Revenue Deficit</td>
<td>14,49,599</td>
<td>10,88,352</td>
<td>9,90,241</td>
<td>-9.0%</td>
</tr>
<tr>
<td>Revenue Deficit as % of GDP</td>
<td>7.3%</td>
<td>4.7%</td>
<td>3.8%</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: RE: Revised Estimates; BE: Budget Estimates. Sources: Union Budget 2022-23; PRS.

For an analysis of the Union Budget 2022-23 and the expenditure of 15 major Ministries, see [here](#).

**Parliament passed Bill to allow interim payment of bank deposit insurance**

The Deposit Insurance and Credit Guarantee Corporation (Amendment) Bill, 2021 was passed by Parliament in August 2021. The Bill amended the Deposit Insurance and Credit Guarantee Corporation Act, 1961. The Act established the Deposit Insurance and Credit Guarantee Corporation (DICGC) to provide insurance for bank deposits and guarantee credit given by banks and financial institutions. The Bill provides depositors with time-bound access to their insured deposit amount, in case they are restricted from accessing their bank deposits.

Under the Act, DICGC is liable to pay the insured deposit amount to depositors of an insured bank. Such liability arises when an insured bank undergoes: (i) liquidation (sale of all assets on closing down of the bank), (ii) reconstruction or any other arrangement under a scheme, or (iii) merger or acquisition by another bank, i.e., transferee bank. Once DICGC makes the payment to the depositors, the liquidator or the insured or transferee bank (as the case may be) becomes liable to repay the same amount to the DICGC. Key features of the Bill include:

- **Interim payment to depositors:** The Bill adds that DICGC will be liable to pay the insured deposit amount to depositors on an interim basis. The liability will arise on the date the depositors are restricted from accessing their bank deposits. This liability will arise if such restrictions get imposed under any order or scheme under the Banking Regulation Act, 1949. This will also apply if such order or scheme is made before the enactment of the Bill, but the business of the insured bank remains suspended at the time of enactment.

- **Timeline for interim payment:** The Bill mandates DICGC to pay the insured amount to the depositors within 90 days from when such liability arises. The date on which DICGC becomes liable to pay the depositors may be extended by an additional 90 days. The extension may be given if RBI finds it expedient for finalising a scheme for the reconstruction, arrangement, merger, or acquisition of the insured bank.

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

**Parliament passed Bill to nullify retrospective taxation imposed in 2012**

The Taxation Laws (Amendment) Bill, 2021 was passed by Parliament in August 2021. The Bill amended the Income Tax Act, 1961 (IT Act) and the Finance Act, 2012. The 2012 Act had amended the IT Act to impose tax liability on the income earned from the sale of shares of a foreign company on a retrospective basis (liability applicable to any transactions done before May 28, 2012). The Bill nullified this retrospective basis for taxation. Key features of the Bill include:

- **Tax on income earned from the sale of shares outside India:** Under the IT Act, non-residents are required to pay tax on the income accruing through or arising from any business connection, property, asset, or source of income situated in India. The 2012 Act clarified that if a company is registered or incorporated outside India, its shares will be
The Limited Liability Partnership (Amendment) Bill, 2021 passed by Parliament

The Limited Liability Partnership (Amendment) Bill, 2021 was passed by Parliament in August 2021. The Bill amended the Limited Liability Partnership Act, 2008. The Act provides for regulation of Limited Liability Partnerships (LLP). LLP is an alternative corporate body form to traditional partnership firms. Under LLP, a partner's liabilities are limited to their investment in the business. Key features of the Bill include:

- Certain offences decriminalised: The Act specifies the manner of operations of LLPs. Earlier, the Act provided that violating these requirements will be punishable with a fine (ranging between Rs 2,000 and five lakh rupees). These requirements include: (i) changes in partners of the LLP, (ii) change of registered office, (iii) filing of statement of account and solvency, and annual return, and (iv) arrangement between an LLP and its creditors or partners, and reconstruction or amalgamation of an LLP. The Bill decriminalised these provisions and imposed a monetary penalty.

- Punishment for fraud: Under the Act, if an LLP or its partners carry out an activity to defraud their creditors, or for any other fraudulent purpose, every person party to it knowingly was punishable with imprisonment of up to two years and a fine between Rs 50,000 and five lakh rupees. The Bill increased the maximum term of imprisonment from two years to five years.

- Small LLP: The Bill added the provisions for the formation of a small LLP where: (i) the contribution from partners is up to Rs 25 lakh (limit may be increased up to five crore rupees by the central government through notification), and (ii) turnover for the preceding financial year is up to Rs 40 lakh (may be increased up to Rs 50 crore). Central government may also notify certain LLPs as start-up LLPs.

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

Factoring Regulation (Amendment) Bill, 2021 passed by Parliament

The Factoring Regulation (Amendment) Bill, 2021 was passed by Parliament in July 2021. The Bill amended the Factoring Regulation Act, 2011 to widen the scope of entities which can engage in the factoring business. Factoring is a business where an entity (referred as factor) acquires the receivables of another entity (referred as assignor) for an amount. Key features of the Bill include:

- Change in the definition of receivables: The Act defined receivables as the monetary sum which is the right of a person under a contract (all or part of the sum or the undivided interest in the sum). This right may be existing, arise in the future, or contingent arising from use of any service, facility, or otherwise. The Bill amended the definition of receivables to mean any money owed by a debtor to the assignor for toll or for the use of any facility or services.

- Change in the definition of factoring business: The Act defined a factoring business as the business of: (i) acquisition of receivables of an assignor by accepting assignment of such receivables, or (ii) financing against the security interests of any receivables through loans or advances. The Bill amended this
definition to define factoring business as acquisition of receivables of an assignor.

- **Registration of factors:** Under the Act, no company could engage in factoring business without registering with the Reserve Bank of India (RBI). For a Non-Banking Financial Company (NBFC) to engage in a factoring business, its: (i) financial assets in the factoring business, and (ii) income from the factoring business should both have been more than 50% of the gross assets/net income (or more than a threshold notified by RBI). The Bill removed this threshold for NBFCs to engage in the factoring business.

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

**Report of the Standing Committee on the Bill**

The Standing Committee on Finance (Chair: Mr. Jayant Sinha) examined the Bill and submitted its report in February 2021.  It recommended that the Bill be amended to mandate the listing of receivables from central and state governments on the Trade Receivables Discounting System (TReDS) platform. This would ensure payments pending from the government to MSMEs are made available on a timely basis. It also recommended integrating the TReDS platform with the GST e-invoicing portal to enable automatic uploading of all GST invoices and real-time access to invoices. It noted that this would add a layer of authenticity making the TReDS platform attractive for factors, and improve the flow of credit to MSMEs.

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

**Factoring regulations released by RBI**

In January 2022, the Reserve Bank of India (RBI) issued the Registration of Factors (Reserve Bank) Regulations 2022 and the Registration of Assignment of Receivables (Reserve Bank) Regulations, 2022. These regulations were issued under the Factoring Regulation Act, 2011. Key features of the regulations include:

- **Criteria for NBFCs:** A company seeking registration as NBFC-Factor shall have a minimum net owned fund of five crore rupees or as specified by RBI. Such an entity must ensure that its: (i) financial assets in factoring business are at least 50% of its total assets, and (ii) income derived from factoring business is at least 50% of its gross income. Existing NBFCs classified as investment and credit companies (such as in the business of asset financing) can apply for registration to undertake factoring business. Further, such companies should have total assets of at least Rs 1,000 crore, and should not be accepting or holding public deposits.

- **Registration of transactions:** TReDS should be registered in a central registry by the TReDS on behalf of the factor within 10 days. TReDS is an electronic platform for facilitating the financing of trade receivables of micro, small and medium enterprises.

**General Insurance Business (Nationalisation) Amendment Bill, 2021 passed by Parliament**

The General Insurance Business (Nationalisation) Amendment Bill, 2021 was passed by Parliament in August 2021. The Bill amended the General Insurance Business (Nationalisation) Act, 1972. The Act nationalised all private companies undertaking general insurance business in India. The Bill provides for a greater private sector participation in the public sector insurance companies regulated under the Act. Key features of the Bill include:

- **Government shareholding threshold:** The Act required that central government’s shareholding in (i) General Insurance Corporation, (ii) National Insurance, (iii) New India Assurance, (iv) Oriental Insurance, and (v) United India Insurance should be at least 51%. The Bill removed this threshold.

- **Change in definition of general insurance business:** The Act defined general insurance business as fire, marine or miscellaneous insurance business. It excluded capital redemption and annuity certain business from the definition. Capital redemption insurance involves payment of a sum of money on a specific date by the insurer after the beneficiary pays premiums periodically. Under annuity certain insurance, the insurer pays the beneficiary over a period of time. The Bill removed this definition and, referred to the definition provided by the Insurance Act, 1938. Under the Insurance Act, general insurance business includes capital redemption and annuity certain insurance.

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

**Amendments to regulations on registration of Indian insurance companies notified**

In July 2021, the Insurance Regulatory and Development Authority of India, notified amendments to the Insurance Regulatory and Development Authority (Registration of Indian Insurance Companies) Regulations, 2000. The amendments required certain key management persons of an Indian insurance company with
foreign investment to be Indian citizens. It also added some requirements for such companies with foreign investment in excess of 49%.

These amendments are aimed at harmonising the provisions with the Insurance (Amendment) Act, 2021. The 2021 Act increased the limit on foreign investment in an Indian insurance company from 49% to 74%, and removed certain restrictions on ownership and control. Key amendments to the 2000 regulations include:

- **Independent directors**: The amendments specify that an Indian insurance company with more than 49% foreign investment should have at least 50% independent directors on its board. If the chairperson of the board is an independent director, then a minimum of one-third board positions must comprise independent directors.

- In an Indian insurance company with any foreign investment, a majority of its directors, key management persons, and at least one person among the chairperson of the board, managing director or chief executive officer shall be a resident Indian citizen.

**General reserve**: An Indian insurance company with more than 49% foreign investment must retain at least 50% of the net profit in general reserve. This will apply if, in a financial year, it pays dividend on equity shares, and the solvency margin in that year for the insurer is less than 1.2 times the control level of solvency. Solvency margin is the excess of assets over liabilities of an insurance company. Regulatory action may be taken if a company breaches control level of solvency.

**Bill correcting drafting error in NDPS Act, 1985 passed by Parliament**

The Narcotic Drugs and Psychotropic Substances (Amendment) Bill, 2021 was passed by Parliament in December 2021. It replaced the Narcotic Drugs and Psychotropic Substances (Amendment) Ordinance, 2021. The Bill amended the Narcotic Drugs and Psychotropic Substances Act, 1985 (NDPS Act) to correct a drafting error. The Act regulates certain operations (such as manufacture, transport, and consumption) related to narcotic drugs and psychotropic substances.

Under the Act, financing certain illicit activities (such as cultivating cannabis or manufacturing narcotic drugs) or harbouring persons engaged in them is an offence. Persons found guilty of this offence will be punished with rigorous imprisonment of at least ten years (extendable up to 20 years) and a fine of at least one lakh rupees.

In 2014, the Act was amended and the clause number of the definition for such illicit activities was changed. However, the section on penalty for financing these illicit activities was not amended and continued to refer to the earlier clause number. The Bill amended the section on penalty to change the reference to the new clause number. This amendment will be deemed to have been in effect from May 1, 2014 (i.e., when the 2014 amendments came into effect). Note that the Bill was brought in after the High Court of Tripura in a judgment, directed such an amendment in the NDPS Act.

**National Monetisation Pipeline launched**

In August 2021, NITI Aayog released the plan for monetisation of assets of the central government and public sector enterprises, called the National Monetisation Pipeline (NMP). Asset monetisation entails a limited period license/lease of a government-owned asset to a private entity for an upfront or periodic payment. The asset will be handed back to the government after the contract period. The ownership of the assets will continue to be with the public sector. The pipeline estimated aggregate monetisation potential of about six lakh crore rupees between 2021-22 and 2024-25. 15% of the assets with an indicative value of Rs 0.88 lakh crore were to be monetised in the year 2021-22. Key details of the plan include:

- **Sectors**: Assets included under the NMP are from various sectors such as roads, railways, power, and telecom. The list includes only brownfield (existing) infrastructure assets of the central government and the central public sector enterprises. Assets of state governments are envisaged to be included in the NMP in due course.

**Table 8: Sector-wise monetisation pipeline (in Rs crore)**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Monetisation Value</th>
<th>% share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>1,60,200</td>
<td>26.8</td>
</tr>
<tr>
<td>Railways</td>
<td>1,52,496</td>
<td>25.5</td>
</tr>
<tr>
<td>Power Transmission</td>
<td>45,200</td>
<td>7.6</td>
</tr>
<tr>
<td>Power Generation</td>
<td>39,832</td>
<td>6.7</td>
</tr>
<tr>
<td>Telecom</td>
<td>35,100</td>
<td>5.9</td>
</tr>
<tr>
<td>Warehousing Assets</td>
<td>28,900</td>
<td>4.8</td>
</tr>
<tr>
<td>Mining</td>
<td>28,748</td>
<td>4.8</td>
</tr>
<tr>
<td>Natural Gas Pipelines</td>
<td>24,462</td>
<td>4.1</td>
</tr>
<tr>
<td>Petroleum Pipeline</td>
<td>22,504</td>
<td>3.8</td>
</tr>
<tr>
<td>Aviation</td>
<td>20,782</td>
<td>3.5</td>
</tr>
<tr>
<td>Urban Real Estate</td>
<td>15,000</td>
<td>2.5</td>
</tr>
<tr>
<td>Ports</td>
<td>12,829</td>
<td>2.2</td>
</tr>
<tr>
<td>Stadia</td>
<td>11,450</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,97,503</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: NITI Aayog; PRS.
Monetisation models: The NMP allows various models for asset monetisation including: (i) direct contractual approach involving concession/contract between a public entity and identified private sector developer/investor (includes public private partnership models), and (ii) structured financing models for long-term fund generation through capital markets or through a pool of investors (includes infrastructure investment trusts, real estate investment trusts).

Cabinet approved setting up of National Land Monetisation Corporation
In March 2022, the Union Cabinet approved the setting up of the National Land Monetisation Corporation (NLMC). The NLMC will undertake the monetisation of surplus land and building assets of central public sector enterprises (CPSEs). NLMC will be wholly owned by the central government with an authorised share capital of Rs 5,000 crore. It will also own, hold, manage, and monetise surplus land and building assets of CPSEs under closure and the surplus non-core land assets of CPSEs under strategic disinvestment. NLMC will advise and support CPSEs and other government entities in the identification of surplus non-core assets and monetise them for maximum value realisation.

The board of directors of the entity will consist of senior central government officers and eminent experts. Professionals will be hired from the private sector for NLMC on a contract basis. Further, the entity will be under the administrative control of the Department of Public Enterprises.

Complete sale of equity shareholding of Government in Air India approved
In October 2021, the Cabinet Committee on Economic Affairs (CCEA) approved the bid placed by Talace Pvt Ltd (subsidiary of Tata Sons Pvt Ltd) for the sale of 100% equity shareholding of Government of India in Air India. The winning bid (Rs 18,000 crore) was for 100% shares of Air India along with its shareholdings in Air India Express (AIXL) and Air India SATS Airport Services Pvt Ltd. The transaction does not include non-core assets such as land and building (valued at Rs 14,718 crore), which will be transferred to the government’s Air India Asset Holding Limited (AIAHL). The reserve price (minimum price) of the bid was Rs 12,906 crore.

Air India had accumulated debt of around Rs 60,000 crore up to January 2020. Out of this, Tata Sons will take over a portion of the debt of Air India, while the rest is transferred to AIAHL. Since 2012, the central government has infused Rs 30,500 crore in the airline.

### Table 9: Timeline of complete sale of equity shareholding of government in Air India

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Developments</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2017</td>
<td>Process for sale commenced with in principle approval from CCEA.</td>
</tr>
<tr>
<td>March 2018</td>
<td>Expression of interest for sale of 76% of shareholding in Air India was released; no bids were received.</td>
</tr>
<tr>
<td>January 2020</td>
<td>The process was reinitiated; transfer of management control and sale of 100% shares of Air India was proposed; seven expressions of intent were received.</td>
</tr>
<tr>
<td>March 2021</td>
<td>Request for proposal and share purchase agreement were issued.</td>
</tr>
<tr>
<td>October 2021</td>
<td>CCEA approved bid submitted by subsidiary of Tata Sons Pvt Ltd</td>
</tr>
</tbody>
</table>

Sources: Press Information Bureau; PRS.

Cabinet approved strategic disinvestment of Central Electronics Ltd and IDBI Bank
In November 2021, the Union Cabinet empowered group of ministers approved the sale of the government’s entire shareholding in Central Electronics Ltd (CEL) to Nandal Finance and Leasing Pvt Ltd for Rs 210 crore. CEL is a central public sector enterprise under the Department of Scientific and Industrial Research. In October 2016, the Union Cabinet had given in-principle approval for the strategic disinvestment of CEL. The transaction was expected to be completed within the financial year 2021-22.

The Union Cabinet gave its in-principle approval for strategic disinvestment in the IDBI Bank, along with the transfer of management control in May 2021. Presently, the central government and Life Insurance Corporation of India (LIC) own 45.48% and 49.24% equity, respectively in IDBI Bank. LIC’s board also passed a resolution to reduce its share in the bank and relinquish its management control, taking into consideration price, market outlook, statutory stipulation, and the interest of policy holders. The extent of respective shareholding to be divested by the government and LIC will be decided at the time of structuring of the transaction, in consultation with the Reserve Bank of India.

100% foreign investment permitted in disinvestment-bound PSUs in the petroleum sector
In October 2021, the Ministry of Finance notified amendments to the Foreign Exchange Management
(Non-debt Instruments) Rules, 2019. Earlier, the 2019 Rules allowed up to 49% foreign investment under the automatic route for public sector undertakings (PSUs) involved in petroleum refining. The amendments increased the foreign investment under automatic route to 100% for those PSUs which have received in-principle approval for strategic disinvestment from the central government. Under the automatic route, investment by a person resident outside India does not need prior approval from the Reserve Bank of India or the central government.

Guidelines for privatisation, closure of non-strategic CPSEs released

In December 2021, the Department of Public Enterprises (DPE) released guidelines to implement the New Public Sector Enterprises (PSE) policy for central public sector enterprises (CPSEs) in non-strategic sector.77 In February 2021, the new PSE policy was released which categorised most CPSEs into strategic and non-strategic sectors.78 Defence, banking, power, and petroleum were some of the strategic sectors while the remaining sectors were classified as non-strategic. CPSEs in non-strategic sectors are to be privatised or closed. Key features of the guidelines include:

- **Identification and approval**: DPE will identify CPSEs in the non-strategic sectors for closure or privatisation. This will be decided in consultation with: (i) concerned administrative ministries/departments, (ii) NITI Aayog, (iii) Department of Expenditure, and (iv) Department of Investment and Public Asset Management. After identification, DPE will prepare a note for securing in-principle approval from the Cabinet Committee on Economic Affairs (CCEA). If a CPSE is identified for closure, the process has to be completed within nine months of getting the in-principle approval from CCEA.

- **Procedure for closure**: The concerned ministry/department will work out the details of the closure of CPSEs. This includes: (i) estimation of budgetary support needed to finance the closure, (ii) updating records of movable and immovable assets of the CPSE, and (iii) estimation of dues payable to secured creditors, central government, and employees. Once the formalities are completed, the board of directors of the CPSE will file the application for the removal of its name from the register of companies.

Scheme for promotion of digital payments through RuPay debit card and BHIM-UPI notified

In December 2021, the Ministry of Electronics and Information Technology notified a scheme to incentivise acquiring banks for the following types of digital payments: (i) point of sale and e-commerce transactions using RuPay debit cards, and (ii) low-value person-to-merchant BHIM-UPI transactions (up to Rs 2,000).79 The scheme was to be available for one year from April 1, 2021.79 Acquiring bank is the financial institution that maintains a merchant’s bank account. Under the scheme, acquiring banks were to be paid a percentage of the value of a transaction at a specified rate (see Table 10).80 Incentives were provided at a lower rate for merchants under the specified industry programmes which include government, insurance, mutual fund, railways, hospital, and fuel. To be eligible for incentives, a bank was required to achieve at least: (i) 10% year-on-year growth in the number of RuPay debit card transactions, and (ii) 50% year-on-year growth in the number of BHIM-UPI transactions, in 2021-22.80 For calculating growth, transactions other than person-to-merchant transactions were to be considered. The total estimated outlay on the scheme is Rs 1,300 crore.79

<table>
<thead>
<tr>
<th>Merchant Category</th>
<th>PoS and eCom transaction through RuPay Debit Card</th>
<th>Person to Person to Merchant BHIM-UPI (up to Rs 2,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specified industries</td>
<td>0.15% capped at Rs 6</td>
<td>0.15%</td>
</tr>
<tr>
<td>Other than specified industries</td>
<td>0.40% capped at Rs 100</td>
<td>0.25%</td>
</tr>
</tbody>
</table>

Note: PoS refers to point of sale; eCom refers to E-commerce. Sources: Notification No. 24(1)/2020-DPD-Part (2), Ministry of Electronics and Information Technology, Gazette of India; PRS.

Ministry of Finance released instructions on procurement and project management

In October 2021, the Ministry of Finance released instructions to reform public procurement and project management.81,82 Key features of the instructions include the following:

- **Selection of contractor**: Alternative methods for selection of contractors were permitted for improving speed and efficiency in project execution. In certain cases, quality parameters can be given weightage during evaluation of the proposal under a quality cum cost-based selection. This was provided as an alternative to traditional L1 (lowest bidder) system.
Accepting single bids: The Ministry noted that some procuring entities assume that tenders which attract a single bid are not acceptable. This leads to re-tendering which has costs and leads to execution delays. In cases when only a single bid is submitted, the process should be considered valid if: (i) the procurement was satisfactorily advertised and sufficient time was given for submitting bids, (ii) the qualification criteria were not unduly restrictive, and (iii) prices (of items being procured) are reasonable in comparison to market values.

Stalled contracts: When a contractor abandons/stops work mid-way, engaging a new contractor takes considerable time. Procuring entities should devise methods to deal with such contracts. However, for issuing single/limited tender (open to a single or limited supplier), at least 20% of the work should have been billed by the contractor who has abandoned the work.

Payment to contractors: Delay in payments to contractors leads to delay in project execution, cost overruns, and disputes. To avoid this, 75% of the eligible due payment must be made within 10 working days of the submission of the bill. The remaining payment is to be made within 28 working days of the bill submission.

GST Council formed Groups of Ministers to rationalise rates and reform IT system

In September 2021, the GST Council constituted two Groups of Ministers (GoMs) on GST rate rationalisation and system reform.83,84 The terms of reference and composition of the GoMs are:

Rate rationalisation: The GST Council noted the need for rationalisation of GST rates, including correction of the inverted duty structure. Inverted duty structure arises due to a lower tax rate on the output than the rates on its inputs. The rationalisation aims to simplify the rate structure, reduce disputes related to classification of goods and services, and enhance revenue. The GoM shall: (i) review supply of goods and services exempt from GST to expand tax base and ensure seamless availability of input tax credits, (ii) recommend suitable rates to eliminate inverted duty structure as far as possible, (iii) recommend changes in tax slab rates as may be needed to garner required resources, and (iv) review the rate slab structure, including special rates, and recommend rationalisation measures required for a simpler rate structure.

The GoM consists of the representatives of Karnataka (as the Convenor), Bihar, Goa, Kerala, Rajasthan, Uttar Pradesh, and West Bengal. The GoM was required to submit its report in two months, with the roadmap for implementation of changes in the short and medium term. The report has not been submitted as of April 2022.

GST system reforms: The Council noted the need to introduce information technology (IT) based reforms, including checks and balances, in the GST IT system to minimise evasion and ease compliance. The GoM shall recommend: (i) changes in business processes and IT systems to plug revenue leakage, by reviewing the IT tools available with tax officers, (ii) use of data analysis for better compliance and revenue augmentation, and (iii) mechanisms for better coordination among the central and state tax administrations, along with the timelines for all the changes recommended.

The GoM consists of the representatives of Maharashtra (as the Convenor), Andhra Pradesh, Assam, Chhattisgarh, Delhi, Haryana, Odisha, and Tamil Nadu. The GoM will submit its recommendations to the Council from time to time and review implementation of the reform measures.

Cabinet approved guarantee for security receipts issued by National Asset Reconstruction Company Limited

In September 2021, the Union Cabinet approved government guarantee of Rs 30,600 crore to back security receipts issued by National Asset Reconstruction Company Limited (NARCL).85 NARCL has been set up by banks to aggregate and consolidate stressed assets for their subsequent resolution. Public sector banks will maintain 51% ownership of the entity. NARCL will acquire stressed assets of about two lakh crore rupees. The worth of each of the stressed assets will be more than Rs 500 crore. It will acquire these assets by paying 15% in cash and issuing security receipts for the remaining 85%. The government guarantee on these security receipts will be valid for five years. The guarantee will cover the shortfall between the face value of the security receipts and the actual realisation. Liquidation or resolution of a stressed asset is mandatory to invoke a guarantee. NARCL has to pay a guarantee fee which will increase with time. According to the government, since there will be a pool of assets, it is reasonable to expect that the realisation of several assets will be more than their cost of acquisition.
**SEBI revised regulatory framework for promoter and promoter group**

In August 2021, the Securities and Exchange Board of India (SEBI) reviewed the regulatory framework for promoter, promoter group and group companies under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018. Key changes are:

- **Promoter**: SEBI noted that in recent years, several businesses with diversified shareholding and professional management are getting listed. Many of such businesses are non-family owned and/or do not have a distinctly identifiable promoter group. The 2018 regulations defined promoter as a person who has: (i) been named as such in the offer document or in the annual return of the issuer (company issuing securities), (ii) control over the issuer (directly or indirectly), or (iii) in whose advice or directions the board of directors of the issuer is accustomed to act. SEBI gave in-principle approval to shift from the concept of promoter to ‘person in control’ or ‘controlling shareholders’.

- **Lock-in of promoters’ shareholding**: Under the 2018 framework, minimum promoters’ contribution of 20% was locked in for three years from the date of commencement of commercial production or date of allotment in Initial Public Offer (IPO), whichever is later. This was reduced to 18 months from the date of allotment in IPO/further public offering in issues involving: (i) only an offer for sale (used by promoters to reduce their shareholding), (ii) only raising of funds for matters excluding capital expenditure, or (iii) both, fresh issues and offers for sale for matters other than capital expenditure. In these cases, the promoter shareholding in excess of minimum promoter contribution shall be locked-in for a period of six months instead of the existing period of one year.

- **Lock-in for other persons**: Under the 2018 framework, the pre-IPO capital held by persons other than promoters was locked in for one year from the date of allotment in the IPO. The lock-in period was reduced to six months.

**SEBI permitted voluntary separation of chairperson and MD/CEO position in listed companies**

In February 2022, the Securities and Exchange Board of India (SEBI) allowed for a voluntary separation of the role of chairperson and managing director (MD)/chief executive officer (CEO) in listed companies. Earlier, by April 1, 2022, the top 500 listed companies had to mandatorily ensure that the chairperson of the board is a non-executive director and is not related to the MD or CEO. SEBI noted that the compliance level among the top 500 listed companies which was 50.4% in September 2019 had only improved to 54% as of December 31, 2021. SEBI noted that expecting the remaining companies to comply with the provision by the deadline would be a tall order. The decision to make the provision voluntary from mandatory was taken due to: (i) unsatisfactory level of compliance, and (ii) constraints posed by the prevailing pandemic. The decision would also enable companies to plan for a smoother transition.

**SEBI notified revised framework for regulatory sandbox**

In June 2020, the Securities and Exchange Board of India (SEBI) had introduced a framework for regulatory sandbox. A regulatory sandbox provides an environment which allows market participants to test new financial technology solutions (products, services or business models) with customers in a controlled environment. The framework provided for: (i) eligibility criteria for testing in regulatory sandbox, (ii) regulatory exemptions, (iii) process for approval and revocation, and (iv) rights of users. All entities registered with SEBI are eligible for testing in the sandbox. In June 2021, SEBI notified a revised framework for regulatory sandbox. Key changes of the framework include:

- **Stages of testing and eligibility**: The revised framework adds that there will be two stages of sandbox testing: (i) at stage-I, the applicant will test with a limited set of users, and (ii) at stage-II, the applicant will test with a larger set of users. Cap on maximum users at these stages will be specified by SEBI on a case-to-case basis.

- **Application for stage-I will be evaluated based on criteria such as**: (i) need for testing and relaxation, (ii) benefits to users or securities market as a whole, (iii) testing readiness, and (iv) safeguards to mitigate potential risks. An applicant will be eligible for stage-II testing after completing a minimum of 90 days in the regulatory sandbox testing. Eligibility criteria for stage-II include: (i) adequacy of progress at stage-I, (ii) risks observed at stage-I, (iii) user feedback, and (iv) ability to deploy the solution on a broader scale.

- **Rights of users**: The earlier framework required the applicant to: (i) make users aware of the risks of using the solution, (ii) ensure
that users participating in the sandbox have the same protection rights as the ones in the live market. The revised framework adds that: (i) positive consent of the users will be necessary at both stage-I and stage-II, and users will have the right to revoke consent, (ii) the applicant shall take liability/indemnity insurance of an adequate amount and period to safeguard the users participating in the sandbox.

**SEBI amended the framework for issuing of shares**

In December 2021, the Securities and Exchange Board of India (SEBI) approved amendments to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The 2018 Regulations provide the framework for public issue of shares. These amendments were approved based on the recommendations of the Primary Market Advisory Committee. Key changes include:

- **Funds for inorganic growth:** Before the amendments, companies issuing an initial public offer (IPO) could earmark up to 25% of the fresh issue size for general corporate purpose (GCP). GCP includes identified purposes for which no specific amount is allocated. In a consultation paper issued in November 2021, SEBI had observed that certain companies are proposing to raise fresh funds through IPO for inorganic growth initiatives. The target of these initiatives are not identified by the issuer company, unlike the GCP.

- The amendments changed this to provide that issuer companies cannot keep aside more than 35% of the amount being raised for GCP and future inorganic growth. This would apply to proposals for inorganic growth without an identified acquisition or investment target. This limit will not apply if the proposed acquisition or strategic investment object has been identified.

- **Share sale in IPO:** The amendments added certain conditions on sale of pre-IPO shareholding. In case of IPO by issuers without a track record, shares offered for sale by shareholders, individually or with persons acting in concert, must not exceed 50% of their pre-issue shareholding. This will apply if such persons held more than 20% of the pre-issue shareholding. If the pre-issue shareholding is less than 20%, then the shares offered for sale must not exceed 10% of such shareholding. Issuers without a track record are those who do not meet certain criteria fixed by SEBI such as net tangible assets of at least three crore rupees in preceding three years and average operating profit of at least Rs 15 crore during preceding three years.

- **Lock-in for anchor investors:** Under the 2018 Regulations, shares allocated to anchor investors were locked in for 30 days from the allotment date. Anchor investors commit money upfront to inspire confidence in the public issue. As per the approved amendments, 50% of the portion allocated to anchor investors will be locked in for 90 days from the date of allotment. This came into effect from April 1, 2022.

**SEBI notified regulations to streamline delisting of equities from stock exchanges**

In June 2021, the Securities and Exchange Board of India (SEBI) notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, superseding Regulations notified in 2009. Delisting of equity shares refers to the permanent removal of equity shares of the company from the trading platform of a recognised stock exchange. A delisting offer is made by an acquirer of a company. The 2021 Regulations seek to streamline the process of delisting of equity shares from stock exchanges in India. Key features include:

- **Initial public announcement:** The 2021 Regulations mandate the acquirers to make an initial public announcement to all the stock exchanges on which the shares of the company are listed. Further, stock exchanges must disclose this information to the public.

- **Time bound mechanism:** The 2021 Regulations specify maximum time limits for approval of delisting offer by the Board of Directors, shareholders, and stock exchanges.

- **Company obligations:** The Board of Directors must constitute a committee of independent directors to provide recommendations on a delisting offer by an acquirer. The Committee’s recommendations, along with the internal voting pattern, shall be communicated with newspapers, stock exchanges, and the offer Manager. The acquirers shall appoint a non-associate merchant banker as an offer Manager.

**Details of the scheme for retail investment in government securities released**

In July 2021, the Reserve Bank of India (RBI) released details of the Retail Direct Scheme which has been designed as a one-stop solution to facilitate investment by individual investors in government securities. The facility was
announced by RBI in February 2021 to improve ease of access for retail investors to government securities market.\textsuperscript{97} The investors are required to open and maintain a Retail Direct Gilt account (an account for government securities) with the RBI. The scheme provides investors access to primary as well as secondary market of government securities. Key details of the scheme include:

- **Types of securities:** For the purposes of this scheme, government securities include treasury bills, dated securities, sovereign gold bonds, and state development loans.

- **Eligibility:** In order to register under the scheme and maintain a Retail Direct Gilt account, investors must complete requirements related to know-your-customer. The scheme will also be open to non-resident retail investors who are eligible to invest in government securities under the Foreign Exchange Management Act, 1999. No fee will be charged for opening and maintaining Retail Direct Gilt account with RBI. No fee will be charged by the Clearing Corporation of India Limited for submitting bids in primary auction.

**RBI released revised guidelines on ownership and corporate structure for private banks**

In November 2021, the Reserve Bank of India (RBI) released the revised guidelines on extant ownership guidelines and corporate structure for Indian private sector banks.\textsuperscript{98} In November 2020, RBI had released a report by an internal working group on the subject.\textsuperscript{99} The revised guidelines are from a list of recommendations made by the working group. Key changes include:

- **Promoters’ shareholding:** The limit on promoters’ shareholding in the long run of 15 years from the date of commencement of business will be raised from 15% to 26%. The promoter can choose to bring his stake to below 26% after an initial lock-in period of five years. There will be no cap on the promoters’ shareholding in the initial five years since the commencement of business.

- **Capital requirements:** The initial net worth required for setting up a new universal bank will be increased from Rs 500 crore to Rs 1,000 crore. For small finance banks (SFBs), this will be raised from Rs 200 crore to Rs 300 crore. For urban co-operative banks transitioning to SFBs, this will be raised from Rs 100 crore to Rs 150 crore which has to be raised to Rs 300 crore in five years. The revised limits will apply to those entities who apply for banking license after the release of these guidelines.

- **Non-operative financial holding company (NOFHC):** NOFHC will continue to be the preferred structure for all new licenses to be issued to universal banks. It will be mandatory in cases where the individual/promoting entities have other group entities promoters. Banks currently under the NOFHC structure will be allowed to exit from the same if they do not have other group entities.

**RBI revised prompt corrective action framework for banks**

In November 2021, the Reserve Bank of India (RBI) revised the prompt corrective action (PCA) framework for banks issued in April 2017.\textsuperscript{100} The PCA framework provides for supervisory intervention to restore the financial health of a bank. Under the earlier framework, RBI made supervisory intervention when the bank breached certain thresholds related to capital, asset quality, profitability, and leverage (using borrowed funds for investment and growth).\textsuperscript{101} Under the revised framework, profitability related parameters were removed. Certain changes were also been made in risk thresholds for various parameters. The revised framework came into effect from January 1, 2022.

**RBI released scale-based regulatory framework for NBFCs**

In October 2021, the Reserve Bank of India (RBI) released a scale-based regulatory framework for non-banking financial companies (NBFCs).\textsuperscript{102} RBI noted that over the years, many NBFCs have become important in the financial system. Hence, there was a need to align the regulatory framework with changing risk profile of NBFCs. The framework covered different aspects of regulations of NBFCs including capital requirements and governance standards. The guidelines will be effective from October 1, 2022. Key features of the framework include:

- **Scale-based classification:** NBFCs have been divided into four layers based on their size, activity and perceived risks.

- Government-owned NBFCs will be placed in the base or middle layer. NBFCs in the middle and upper layers have to comply with stricter regulations for various parameters such as capital and provisioning for assets.
RBI released prompt corrective action framework for NBFCs

In December 2021, RBI released the prompt corrective action (PCA) framework for non-banking financial companies (NBFCs). The PCA framework enables supervisory intervention and requires the supervised entity to implement measures for restoring its financial health. RBI noted that NBFCs have grown in size and have substantial interconnectedness with other segments of the financial system. The PCA framework seeks to strengthen the supervisory tools applicable to NBFCs. The framework will be effective from October 1, 2022. It will be reviewed after three years of being in operation. Key features include:

- **Applicability**: The framework will apply to all deposit-taking NBFCs (excluding government companies), and all non-deposit taking NBFCs in: (i) middle layer (asset size of at least Rs 1,000 crore), (ii) upper layer (NBFCs identified by RBI as warranting enhanced regulatory requirement), and (iii) top layer (NBFCs contributing to a substantial increase in the potential systemic risk). The framework will not apply to certain non-deposit taking NBFCs such as government companies and housing finance companies.

- **Monitoring of NBFCs**: NBFCs will be monitored based on certain metrics under the framework. For both deposit and non-deposit taking NBFCs, capital and asset quality would be the key areas for monitoring. For core investment companies (under non-deposit taking NBFCs), RBI will also monitor leverage (ratio of assets to capital) in addition to the above two metrics. NBFCs will be generally placed under PCA based on audited annual financial results and/or supervisory assessment of the RBI.

- **Corrective actions**: Once an NBFC is placed under PCA, it will be subject to certain mandatory and discretionary actions based on its risk threshold. Mandatory actions include: (i) restriction on dividend distribution/remittance of profits, (ii) promoters/shareholders to infuse equity and reduce leverage, and (iii) restriction on branch expansion. Discretionary actions include: (i) RBI recommending promoters/shareholders to bring in new management/board, (ii) submission of proposals to raise more capital, (iii) preparation of plan to reduce stock of non-performing assets, and (iv) restrictions in borrowings from debt market.

### Changes to regulations on prepaid payment instruments notified

In May 2021, RBI notified changes to the regulations on Prepaid Payment Instruments (PPIs). PPIs include mobile wallets and prepaid cards such as meal cards. Key changes include:

- **Interoperability**: Interoperability is now mandatory for full-KYC (which requires in-person verification) PPIs. Interoperability will allow fund transfer between PPIs issued by different issuers. It is enabled through card networks (for PPIs in the form of cards) and UPI (for PPIs in the form of electronic wallets). UPI or the Unified Payments Interface is an instant payment system developed by National Payments Corporation of India. Interoperability was to be enabled by March 2022.
- **Balance limit**: The maximum limit on the balance of full-KYC PPIs has been raised from one lakh rupees to two lakh rupees.

- **Cash withdrawal**: Earlier, cash withdrawal was allowed only for full-KYC PPIs issued by banks. Cash withdrawal has been allowed for full-KYC PPIs of non-bank issuers as well.

**RBI permitted card-on-file tokenisation**

The Reserve Bank of India (RBI) permitted card-on-file tokenisation services in September 2021. Card-on-file is the storage of actual card details by entities involved in the card payment transaction chain such as merchants, payment gateway, and payment aggregators. The card-on-file services are aimed at enabling increased convenience to customers for future transactions. However, RBI noted that availability of such details with multiple entities increases the risk of card data being stolen. Further, as per an earlier circular of RBI in 2019, no entity in card transaction chain other than card issuers and card networks are allowed to store actual card details from January 1, 2022. Tokenisation is one of the techniques to address the above concern. It replaces actual card details with a code or token, which is unique for a combination of card, token requestor, and merchant.

The card issuers are allowed to offer card tokenisation services for the cards issued or affiliated to them. The tokenisation of card data will be done with explicit customer consent by requiring additional factor of authentication. The card issuers have to provide customers with a facility to view the list of merchants in respect of whom card-on-file tokenisation has been opted by him, and de-register any such token. Merchants also have to provide an option to the cardholder to de-register the token.

Note that in January 2019, RBI had permitted card networks to offer card tokenisation services to any third-party app provider for use cases such as contactless transactions, in-app payments, QR code-based payments, or token storage mechanisms. The permission was given for device-based tokenisation. It had also specified certain requirements for ensuring safety and security of card tokenisation services, and grievance redressal. These requirements also apply to the card-on-file tokenisations.

**e-RUPI launched by National Payments Corporation of India**

The National Payments Corporation of India, in August 2021, launched a voucher-based payments system to promote cashless transactions called e-RUPI. It functions as a pre-paid digital voucher which the beneficiary may access or get on their phone in the form of a message or QR code. The vouchers may be redeemed at any centre that accepts it. e-RUPI does not require the beneficiary to have a bank account. The beneficiary need not own a smartphone or have an internet connection to access the voucher. In February 2022, RBI increased the cap on amount for e-RUPI vouchers from Rs 10,000 to one lakh rupees per voucher. Further, it also allowed the use of e-RUPI multiple times (until the amount of the voucher is completely redeemed).

**RBI issued directions for regulating microfinance loans**

In March 2022, the Reserve Bank of India (RBI) issued the RBI (Regulatory Framework for Microfinance Loans) Directions, 2022. A microfinance loan is a collateral-free loan given to households with an annual income of up to three lakh rupees. This will be irrespective of the end-use mode of application/processing/disbursal of the loan. Regulated entities under these directions include: (i) commercial banks, (ii) urban cooperative banks, and (iii) non-banking financial companies. The directions came into effect from April 1, 2022. Key features include:

- **Repayment obligations**: Each regulated entity must have a policy regarding the limit on the repayment of monthly loan obligations of a household as a percentage of the household’s monthly income. This will be subject to a maximum limit of 50% of the monthly household income. While computing loan repayment obligations, all outstanding loans of the household have to be taken into account.

- **Pricing of loans**: Regulated entities must also have a policy on the pricing of microfinance loans. Such policy should include: (i) a well-documented interest rate model for determining an all-inclusive interest rate, (ii) delineation of components of interest rate (such as cost of funds, risk premium), and (iii) ceiling on the interest rate. Interest rates and other charges should not be extortionary and will be subject to scrutiny by the RBI. Any penalty for delayed payment will apply to the overdue amount and not the entire loan amount. Any change in interest rate/charges must be informed to the borrower in advance and must be effective only prospectively.

- **Recovery of loans**: Each regulated entity has to formulate a mechanism for identifying borrowers facing repayment related difficulties. Recovery will be made at a
designated place decided mutually by the borrower and the regulated entity. The regulated entity or its agent must not engage in harsh methods for recovery which include: (i) use of threatening/abusive language, (ii) harassing friends and relatives of the borrower, and (iii) publishing the name of the borrowers.

**Trade credit insurance guidelines revised**

In September 2021, the Insurance Regulatory and Development Authority of India (IRDAI) issued the IRDAI (Trade Credit Insurance) Guidelines, 2021. The 2021 guidelines replace the Guidelines on Trade Credit Insurance, 2016. Trade credit insurance protects businesses against the risk of non-payment for goods and services by buyers. The revised guidelines came into force on November 1, 2021. Key features of the revised guidelines include:

- **Policy for banks:** The 2016 guidelines prohibited the issuance of the trade credit insurance policy to banks or financiers or lenders. It also stipulated that such policies should not cover factoring (financing of trade receivables), reverse factoring, and bill discounting. The revised guidelines allow for the issuance of trade credit insurance policies to banks or financial institutions and factoring companies. Such policies may cover losses on account of non-receipt of payment from a buyer due to certain risks. These risks include commercial risks (such as insolvency of buyer, rejection by buyer post-delivery) or political risks (war, operation of a law restricting transfer of payments), against the bills/invoices purchased or discounted.

- **Basis for coverage:** The 2016 guidelines provided for the sale of a trade credit insurance policy to a seller only on whole credit turnover basis covering all buyers. Whole credit turnover basis means a trade credit insurance policy that covers all trade credit receivables of all buyers pertaining to a seller. The seller was allowed to take credit insurance cover for a particular segment, product or country. The 2021 guidelines have expanded the scope of the coverage to include individual buyers for micro and small enterprises and project covers.

**IRDAI notified guidelines for surety insurance contracts**

In January 2022, the Insurance Regulatory and Development Authority of India (IRDAI) notified the IRDAI (Surety Insurance Contracts) Guidelines, 2022. A surety contract is a contract to perform the promise, or discharge the liability of a third person in case of his default. The person who gives the guarantee is called the surety, the person on whose default the guarantee is given is called the principal debtor, and the person to whom the guarantee is given is called the creditor. The guidelines promote and regulate the development of the surety insurance business. The guidelines come into force from April 1, 2022. Key features of the guidelines include:

- **Conditions for insurers:** Only Indian insurance companies can undertake the surety insurance business. General insurers have to adhere to certain conditions for undertaking surety insurance business such as: (i) solvency margin (excess of assets over liabilities of an insurance company) of at least 1.25 times of specified control level of solvency, (ii) underwritten premium in a financial year from surety insurance business should not exceed 10% of the total gross written premium, subject to a maximum of Rs 500 crore, and (iii) board approved underwriting philosophy on surety insurance business.

- **Eligible parties:** Surety insurance contracts may be offered to both government and private infrastructure projects. The guarantee limit should not exceed 30% of the contract value. These contracts may only be issued to specific projects and not clubbed together for multiple projects. Surety insurance contracts must not be issued when the underlying assets/commitments are outside India.

**IRDAI released guidelines on product structure for cyber insurance**

In September 2021, the Insurance Regulatory and Development Authority of India (IRDAI) released guidelines on the product structure for cyber insurance. Cyber insurance means insurance for businesses and individuals against cybercrimes. The guidelines addressed the gaps in cyber insurance coverage. Key recommendations under the guidelines include:

- **Classification of cyber-attacks:** IRDAI noted that only the targeted intrusions into a person’s system are classified as cyber-attacks. It recommended that insurers may classify any form of unauthorised access as a cyber-attack.

- **Extent of insurance coverage:** IRDAI noted that the cyber insurance policies in India did not cover sim-jacking (unauthorised control over a phone number), card cloning, skimming (theft of information from a cardholder) and bricking (damage to computer hardware due to a cyber-event). It recommended that insurers may offer coverage for such losses.
Further, it noted that presently the insurance products either do not cover or provide very small coverage for online shopping frauds. Such frauds may involve buyer not receiving the goods or the seller not receiving payment for the goods sold. It suggested that insurers may offer limited coverage for such losses.

- **FIRs for cyber frauds**: Filing of the first information report (FIR) is necessary when filing a claim for cyber insurance. IRDAI noted that filing FIRs is a hassle for individuals. It recommended that for claims up to five thousand rupees, the insurers may consider an e-complaint lodged with the National Cyber Crime reporting Portal.

**RBI issued directions for securitisation of standard assets**

In September 2021, the Reserve Bank of India (RBI) issued the Reserve Bank of India (Securitisation of Standard Assets) Directions, 2021.¹¹⁶ Securitisation refers to transactions where credit risk in assets is redistributed by repackaging them into tradable securities. These securities have different risk profiles which can then be accessed by investors of various classes. The directions sought to regulate securitisation transactions involving: (i) scheduled commercial banks, (ii) all India term financial institutions, (iii) small finance banks, and (iv) all non-banking financial companies. The Guidelines on Securitisation of Standard Assets, 2006 were repealed.¹¹⁷ Key features of the 2021 directions:

- **Ineligible assets**: Lenders cannot undertake securitisation activities in certain types of assets including: (i) re-securitisation exposures (securitisation exposure where at least one of the underlying exposures is a securitisation exposure), (ii) structures where short-term instruments are issued against long-term assets, and (iii) restructured loans and advances.

- **Issuance and listing**: The minimum ticket size for issuance of securitisation notes will be one crore rupees. Any offer of securitisation notes to at least 50 persons in an issuance is required to be listed.

- **Minimum retention requirement (MRR)**: MRR aims to ensure that original lenders have a continuing stake in the performance of securitised assets.

**Table 12: Types of loans and MRR value**

<table>
<thead>
<tr>
<th>Loans</th>
<th>MRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying loans with original maturity of up to 24 months, residential mortgage-backed securities</td>
<td>5% of book value of loans being securitised</td>
</tr>
<tr>
<td>Underlying loans with original maturity of more than 24 months, loans with bullet repayments</td>
<td>10% of book value of loans being securitised</td>
</tr>
</tbody>
</table>

Sources: RBI (Securitisation of Standard Assets) Directions, 2021; PRS.

- **Payment priorities**: Priorities of payments for all liabilities in all circumstances should be clearly defined at the time of securitisation. Further, appropriate legal comfort regarding their enforceability should be provided.

**SEBI issued risk management framework for mutual funds**

In September 2021, Securities and Exchange Board of India (SEBI) issued risk management framework (RMF) for mutual funds.¹¹⁸ Mutual funds pool funds from investors to invest in financial assets like stocks and bonds. The framework included certain practices and procedures that must be followed by all mutual funds for risk management. The 2021 circular replaces the earlier circular on risk management system for mutual funds issued in 2002.¹¹⁹ All asset management companies (AMCs) were to comply with the provisions of the 2021 circular by January 1, 2022. Key features of the framework include:

- **Risk management**: All AMCs must establish a RMF for their mutual fund business. The RMS should be: (i) structured, efficient, and timely, (ii) an integral part of the mutual fund’s governance framework, and (iii) customised to both AMC’s and the scheme’s risk profiles. Every AMC must identify specific risks to cover within the RMF on an ongoing basis. There should be a dedicated internal auditor at the level of the AMC for auditing the RMF. The internal auditor should audit both the scheme level risks (investment risk and credit risk) and company level risks (operational risk and outsourcing risk).

- **Governance**: There should be dedicated risk officers for key risks such as investment risk and compliance risk. In addition, AMC should have a chief risk officer who will be responsible for the overall risk management of the mutual fund operation. The AMC and its trustees should mandatorily have separate risk management committees which will undertake
annual review of RMF at both the company and the scheme level.

RBI released report of working group on digital lending

In November 2021, the Reserve Bank of India (RBI) released a report of the working group on digital lending including lending through online platforms and mobile applications. The report was released in November 2021. The report noted that the pandemic-led growth of digital lending has led to the need for protecting consumers from unethical practices. Key recommendations of the working group include:

- **Law banning unregulated lending**: Central government may consider bringing a legislation to prevent illegal lending activities through the Banning of Unregulated Lending Activities Act. The law would apply to all entities not regulated/authorised by RBI for undertaking lending business.

- **Self-Regulatory Organisation (SRO)**: The working group recommended that an SRO for digital lending applications/lending service providers can be set up. RBI may provide general guidance and recognise such an SRO in respect to RBI regulated entities and their outsourced agents.

- **Technology safeguards**: Compliance with prescribed baseline technology standards should be a pre-condition for offering digital lending by regulated entities and lending service providers providing support to them. Each digital lending application should have publicly available policies regarding data storage, its usage and privacy. Data should be stored in servers located in India. Further, data should be collected from the borrower with explicit consent.

Report of the expert committee on asset reconstruction companies released

In November 2021, the Reserve Bank of India (RBI) released the report of the Expert Committee (Chair: Mr. Sudarshan Sen) to review the working of asset reconstruction companies (ARCs) for public feedback. ARCs take over stressed assets from financial institutions (such as banks) and focus on recovering the dues from such assets. The Committee noted that the performance of ARCs has been lacklustre.

Between 2003-04 and 2012-13, banks and other investors could recover only 14% of the dues in stressed assets sold to ARCs. The Committee identified various reasons for the sub-optimal performance of ARCs which include: (i) vintage non-performing assets being passed on to ARCs, (ii) non-availability of additional funding for stressed borrowers, and (iii) difficulty in fund raising by the ARCs.

Key recommendations of the Committee include:

- **Sale of stressed assets**: The Committee recommended that sale of stressed assets by lenders to ARCs should happen at an earlier stage. This would allow for optimal recovery by ARCs. For assets of Rs 100 crore and above, which are in default, lenders’ resolution plan should explicitly evaluate sale/auction of such assets to ARCs as an option for resolution. The Committee proposed creating an online platform for sale of stressed assets.

- **Transfer and resolution of assets**: Currently if 75% of lenders, by value, decide to accept an offer given by an ARC, it will be binding on the remaining banks. The Committee has recommended reducing this threshold to 66%. Additionally, under the current framework, the ARCs have to formulate a resolution plan within six months of acquiring financial assets. The Committee recommended increasing this period to one year.

- **Financial institutions**: The scope of financial institutions from which ARCs can acquire financial assets should be expanded to include: (i) alternative investment funds (they are privately pooled investment vehicles), (ii) foreign portfolio investors, and (iii) asset management companies.

NITI Aayog released a discussion paper on digital banks

NITI Aayog released a discussion paper on digital banks in November 2021. Digital banks rely on the internet rather than physical branches to offer their services. NITI Aayog noted that incumbent commercial banks have inefficient business models. Digital banking services can serve underbanked small businesses and enhance trust among retail consumers. The paper provides a template for the regulatory framework for digital banks. Key recommendations include:

- **Licensing digital banks**: The paper recommended introducing a restricted digital bank license. The applicant getting this license will enlist in a regulatory sandbox of the Reserve Bank of India (RBI) and commence operations. The regulatory sandbox will offer certain relaxations to enlisted entities and facilitate experimentation. RBI will monitor the licensee based on certain metrics. If the
performance in the sandbox is satisfactory, the RBI can give the licensee a full stack digital bank license. Full stack digital banks are fully functional banks that can issue deposits and give loans.

- **Conditions for digital bank license:** A bank with a restricted license may be required to bring in minimum paid-up capital of Rs 20 crore. A full stack digital bank licensee should have minimum paid-up capital of Rs 200 crore. Further, one or more controlling persons of the applicant entity must have an established track record in adjacent industries such as e-commerce. Digital banks should have access to all key infrastructure enablers such as UPI and ATM schemes.

**SEBI released framework for operationalising gold exchange**

In January 2022, the Securities and Exchange Board of India (SEBI) released the framework for operationalising gold exchange in India. The instrument for trading in gold exchange will be referred to as Electronic Gold Receipts (EGR). New and existing recognised stock exchanges can launch and deal in EGRs. The transaction will be divided into three tranches: (i) conversion of physical gold into EGR, (ii) trading of EGR on stock exchanges, and (iii) conversion of EGR into physical gold. EGR will be created at the behest of the depositor/owner of the gold. The vault manager, who receives the physical gold for conversion into EGR, will ensure that no EGR is created without corresponding physical gold in its vaults. The stock exchanges will allow trading of EGRs on a continuous basis. At the time of redemption, the vault manager will deliver the gold to the beneficial owner and extinguish the EGR.

**SEBI approved the framework for social stock exchange**

In September 2021, the Securities and Exchange Board of India approved the framework for creation of social stock exchange (SSE) for fundraising by social enterprises. SSE will be a separate segment of existing stock exchanges. Entities that may participate in SSE include non-profit organisations and for-profit social enterprises which have social intent and impact as their primary goals. Eligible non-profit organisations may raise funds through equity, bonds, mutual funds, social impact funds and development impact bonds after registering with SSE. Audit of social impact will be mandated for social enterprises raising funds/registered on SSE.

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**Corporate Affairs**

**Bill to regulate the professions of CA, CWA, and CS passed by Parliament**

The Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Bill, 2021 was passed by Parliament in April 2022. The Bill amended the Chartered Accountants Act, 1949, the Cost and Works Accountants Act, 1959, and the Company Secretaries Act, 1980. The three Acts provide for the regulation of the professions of chartered accountants, cost accountants and company secretaries, respectively. The Bill seeks to strengthen the disciplinary mechanism under these Acts and provide for time bound disposal of cases against members of these professions. The Standing Committee on Finance submitted its report on the Bill in March, 2022. Key features of the Bill include:

- **Registration of firms:** Under the Acts, members of these professions are required to register with the respective institutes. As per the Bill, firms will also be required to register with the Institutes by making an application to the respective Councils of the Institutes. The Councils must maintain a register of firms containing details such as pendency of any actionable complaint or imposition of penalty against the firms.

- **Disciplinary Directorate:** Under the Acts, the respective Councils of the three Institutes must constitute a Disciplinary Directorate, headed by a Director (Discipline) who is an officer of the Institute. Further, each Directorate must also include at least two Joint Directors.

- Under the Acts, on receiving a complaint, the Director arrives at a prima facie opinion on the alleged misconduct. Depending on the misconduct, the Director places the matter before the Board of Discipline or the Disciplinary Committee. The Bill amended this to empower the Directorate to independently initiate investigations against members or firms. The Director must decide whether a complaint is actionable within 30 days of receiving such a complaint. If the complaint is actionable, the Director must submit a preliminary examination report to the Board or the Committee (as the case may be), within 30 days. Under the Acts, a complaint could be withdrawn if permitted by the Board or Committee. The Bill provides that a complaint filed with the Directorate will not be
withdrawn under any circumstances.

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

**Report of the Standing Committee on the Bill**

The Standing Committee on Finance, while examining the Bill, recommended that the Coordination Committee set up under the bill should be chaired by an eminent person from industry, business or finance. The Bill designated the Secretary of the Ministry of Corporate Affairs as the head of the Coordination Committee. The Committee noted that the qualification and licensing of accountants in US, UK, and Canada is done by multiple bodies. In India, ICAI has statutory monopoly power over the whole profession. It observed that multiple bodies, on the lines of advanced countries, are needed to promote healthy competition and improve the credibility of financial reporting.

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

**Bill providing Pre-Packaged Insolvency Resolution passed by Parliament**

The Insolvency and Bankruptcy Code (Amendment) Bill, 2021 was passed by Parliament in August 2021. The Bill amended the Insolvency and Bankruptcy Code, 2016, which provides for a time-bound process for resolving the insolvency of corporate debtors (within 330 days) called the Corporate Insolvency Resolution Process (CIRP). The Bill introduced an alternate insolvency resolution process for Micro, Small, And Medium Enterprises (MSMEs), called the pre-Packaged Insolvency Resolution Process (PIRP). It replaced the Ordinance promulgated in April 2021. Key features of the Bill include:

- **PIRP initiated by debtor:** While CIRP can be initiated by both creditors and debtor itself, PIRP may be initiated only by the debtor. For initiating PIRP, the debtor needs to obtain the approval of financial creditors who represent at least 66% of the financial debt. The debtor should have a base resolution plan in place before seeking approval from its financial creditors. During PIRP, the management of the company will remain with the debtor.

- **Minimum default amount:** Application for initiating PIRP may be filed in the event of a default of at least one lakh rupees. The central government may increase the threshold of minimum default to up to one crore rupees through a notification.

- **Proceedings under PIRP:** The debtor will submit the base resolution plan to the resolution professional within two days of the commencement of PIRP. A committee of creditors will be constituted within seven days of the PIRP commencement date to consider the base resolution plan. The committee may provide the debtor with an opportunity to revise the plan. The Resolution Professional (RP) may also invite resolution plans from other persons. Alternative resolution plans may be invited if the base plan: (i) is not approved by the committee, or (ii) is unable to pay the debt of operational creditors (claims for provision of goods or services).

- A resolution plan must be approved by the committee (with at least 66% of the voting shares) within 90 days from the PIRP commencement date. The resolution plan approved by the committee will be examined by the National Company Law Tribunal. If no resolution plan is approved by the committee, the RP may apply for the termination of PIRP. The authority must either approve the plan or order termination of PIRP within 30 days of receipt. Termination of PIRP will result in the liquidation of the debtor.

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

**Cross-border insolvency framework released for public comments**

In November 2021, the Ministry of Corporate Affairs, invited comments on cross-border insolvency framework under the Insolvency and Bankruptcy Code, 2016. Cross-border insolvency involves a situation where an insolvent debtor has assets and/or creditors in more than one country. In October 2018, the report of the Insolvency Law Committee on Cross Border Insolvency had proposed a legal framework for cross-border insolvency. The Ministry had proposed to enact the framework as suggested in the report along with some modifications. Key features of the framework are:

- **Debtors covered under the framework:** The Committee had recommended to apply cross-border insolvency framework only to corporate debtors. The Ministry proposed to also include personal guarantors to corporate debtors under cross-border insolvency. The adjudicating authority for fresh cross-border insolvency proceedings for personal guarantors may be the debt recovery tribunal (DRT). Any appeals from DRT decisions may be filed with the Debt Recovery Appellate Tribunal.

- The Ministry proposed that cross-border insolvency provisions will not be applicable to the pre-packaged insolvency resolution process (PIRP). PIRP is an alternate insolvency...
resolution process currently available only for micro, small, and medium enterprises. The cross-border insolvency framework will not apply to financial service providers.

- **Adjudicating authority:** Cross-border insolvency proceedings with respect to corporate debtors having registration in India will be dealt by the National Company Law Tribunal (NCLT). Cross-border applications regarding any person incorporated with limited liability outside India may be dealt with by the principal bench of the NCLT.

**Standing Committee submitted report on implementation of the IBC**

In August 2021, the Standing Committee on Finance (Chair: Mr. Jayant Sinha) submitted its report on the implementation of the Insolvency and Bankruptcy Code, 2016 (IBC). IBC provides for a time-bound process for insolvency resolution of corporate debtors. Key observations and recommendations by the Committee include:

- **Implementation of IBC:** The Committee noted that since the implementation of the IBC, between 2017 and 2020, the average time to resolve insolvency reduced from 4.3 years to 1.6 years. The Committee observed that low recovery rates with delay in resolution process point towards a deviation from the original objectives of the Code. For instance, haircuts (amount in dues forgone) of up to 95% were seen during the resolution process. The Committee recommended strengthening creditor rights, and benchmarking haircuts based on global standards.

- **Delays in National Company Law Tribunal (NCLT):** The Committee noted that 13,170 IBC cases involving nine lakh crore rupees are pending before the NCLT. 71% of these cases have been pending for more than 180 days. To address this delay, the Committee recommended: (i) creating dedicated benches for matters related to IBC, (ii) accepting applications by defaulters within 30 days of filing, and (iii) filling in vacant positions within NCLT.

- **PIRP for all:** The Committee recommended that Pre-Packaged Insolvency Resolution Process (PIRP) introduced for Micro, Small, and Medium Enterprises (MSMEs) should also be extended to corporates, after due review. PIRP can only be initiated by the debtor, with prior approval of unrelated financial creditors. The debtor continues to manage the company during PIRP, unlike Corporate Insolvency Resolution Process.

- **MSMEs:** The Committee noted that MSMEs were negatively impacted by the COVID-19 pandemic. It observed that under the current mechanism, they are considered as operational creditors, whose claims are addressed after secured creditors. The Committee recommended instituting additional protections for MSMEs, keeping the current economic situation in mind.

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

**Commerce and Industry**

**Production Linked Incentive schemes approved for automobile and auto components, and AC and LED lights**

The central government notified the Production Linked Incentive (PLI) schemes for: (i) Air Conditioners (ACs) and LED lights in April 2021, and (ii) automobiles and auto components in September 2021. Under PLI schemes, companies receive incremental incentives on the sale of products manufactured in India.

**Air Conditioners and LED lights**

Under the scheme, the central government will provide an incentive of 4% to 6% on incremental sales of goods (i.e., ACs, LED lights, and their components) manufactured in India, for a period of five years. The five years will be counted subsequent to the base year and one year of gestation period. A company manufacturing any of these items is required to make a minimum amount of investment in plant and machinery (as prescribed for that item) to receive the incentive. The incentive will be provided to companies witnessing a minimum level of increase in sales, as prescribed for that item, for a period of five years. Preference will be given to companies manufacturing core components and components or sub-assemblies which are not presently manufactured in India in a sufficient capacity. Rs 6,238 crore was approved for the scheme for the period 2021-29.

**Automobiles and auto components**

The scheme requires the selected companies to make new domestic investments every year to be eligible for incentives in that year (between Rs 250 crore-2,000 crore over five years). Considering 2019-20 as the base year, companies will receive incentives on products manufactured domestically in a year. The incentive will be at the rate of: (i) 13%-16% for vehicle manufacturing, and (ii) 8%-11% for component manufacturing, depending on the range of sale value. An additional incentive of 5% will be provided for manufacturing battery
electric and hydrogen fuel cell vehicle components.\textsuperscript{139,140,141}

The scheme is applicable for the manufacturing of: (i) electric battery and hydrogen fuel cell vehicles, other notified advanced automotive technology vehicles, and (ii) advanced automotive technology components and vehicle aggregates. The scheme will be available for all vehicle segments – personal, passenger, commercial, and those for military use. The total estimated outlay of the scheme is Rs 25,938 crore over five years.\textsuperscript{138}

**Textiles**

In September 2021, the Ministry of Textiles notified the Production Linked Incentive (PLI) Scheme for Textiles.\textsuperscript{142} The scheme aims to promote through incentives the production of certain man-made fibre apparel and fabrics, and ten segments of technical textiles products. Technical textiles are new-age textiles with a definite functionality, manufactured using natural or man-made fibres (such as Kevlar or Spandex), that find application in sectors such as healthcare, automobiles, sports, and defence.\textsuperscript{143}

The scheme is valid up to 2029-30. The total expenditure under the scheme will be Rs 10,683 crore. The scheme has two parts with different incentive structures for producing the notified products. Only a manufacturing company registered in India is eligible to participate in the scheme. To avail the incentives under both parts of the scheme, a company should meet the twin criteria of minimum investment and turnover (see Table 13). The first two financial years (2022-23 and 2023-24) will be considered as a gestation period, after which a participating company is expected to achieve the minimum turnover.

**Table 13: Eligibility criteria for participation and incentives under PLI Scheme for Textiles**

<table>
<thead>
<tr>
<th>Part</th>
<th>Minimum investment (Rs Crore)</th>
<th>Minimum turnover (Rs Crore)</th>
<th>Incentive on turnover in year 1\textsuperscript{11}</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>300</td>
<td>600</td>
<td>15%</td>
</tr>
<tr>
<td>2</td>
<td>100</td>
<td>200</td>
<td>11%</td>
</tr>
</tbody>
</table>

Note: *Expenditure on plant, machinery, equipment and civil works (excluding land and administrative building cost) is counted as investment.* \textsuperscript{11} Year 1 is the financial year 2024-25. Sources: Ministry of Textiles; PRS.

The incentives under the scheme will be available for a period of five years (2025-26 to 2029-30). In the first year (2025-26), incentive will be provided on attaining the minimum turnover through manufacture and sale of the notified products. Incentives in subsequent years will be provided on achieving an increase of at least 25% in turnover, over the immediate previous year. The incentive rates in these subsequent years, will reduce by 1% every year. Companies that achieve the investment and performance targets a year early will be eligible for the incentives one year in advance (i.e., between the financial years 2024-25 and 2028-29).

**Tenure of the PLI scheme for electronics manufacturing extended by one year**

In April 2020, the Ministry of Electronics and Information Technology had notified the Production-Linked Incentive (PLI) scheme for large-scale electronics manufacturing.\textsuperscript{144} Under the scheme, eligible companies receive incentives on incremental sales of products manufactured domestically (over 2019-20 as the base year). The scheme is applicable for the manufacturing of mobile phones and specified electronic components including semiconductor devices (transistors and diodes) and sensors. Earlier, the scheme was to be implemented for five years between 2020-21 and 2024-25. In September 2021, the Ministry extended the tenure of the scheme by one year, i.e., till 2025-26. However, no additional outlay has been budgeted for this extension. The approved outlay of Rs 38,601 crore for the five-year period will be re-worked for the six-year period.\textsuperscript{144}

**Initiatives to promote the semiconductor and electronic display industry notified**

In December 2021, the Ministry of Electronics and Information Technology notified various initiatives for the promotion of the semiconductor and electronic display industry.\textsuperscript{145} These are aimed at promoting higher domestic value addition in electronics manufacturing. Key details are as follows:

- **Design-linked incentive scheme:** Under this scheme, support will be provided to 100 domestic companies of semiconductor design (covers the design of integrated circuits, chipsets, system on chips, systems, and semiconductor-linked design). Incentives include: (i) product design linked incentive of up to 50% of the eligible expenditure, and (ii) product deployment linked incentive of 4%-6% on net sales turnover for five years.\textsuperscript{146} The scheme was to be open for applications for three years from January 1, 2022.

- **Incentive schemes for manufacturing:** Three separate schemes have been notified for the promotion of the manufacturing of semiconductors, electronic displays and related components. Fiscal support of up to 50% of the project cost will be provided for setting up
fabrication plants for electronic displays and semiconductors.\textsuperscript{147,148}

- Fiscal support of up to 30% of the capital expenditure will be provided for setting up: (i) fabrication plants for compound semiconductors, silicon photonics, and sensors, and (ii) facilities for the post-fabrication stage including assembly and testing.\textsuperscript{149} The scheme will be open to applications for three years.

- **India Semiconductor Mission:** An independent and specialised Mission has been set up as the nodal agency for the implementation of the schemes on the semiconductor and display ecosystem.

- **Semi-Conductor Laboratory (SCL):** The Ministry will take the requisite steps for the modernisation and commercialisation of SCL, an autonomous body under the Department of Space.\textsuperscript{150} SCL is engaged in research and development in the area of microelectronics to meet strategic needs.

The total outlay on the above programmes is estimated to be Rs 76,000 crore.\textsuperscript{145}

**Remission of Duties and Taxes on Exported Products scheme notified**

In August 2021, the Directorate General of Foreign Trade notified the guidelines and rates for the scheme for Remission of Duties and Taxes on Exported Products.\textsuperscript{151} Key features include:

- **Applicability:** The scheme is available for all exports from January 1, 2021, except for certain categories of products: (i) exports originating in other countries but trans-shipped through India, (ii) exports subject to minimum export price or export duty, (iii) products manufactured/exported by 100% export-oriented units, and (iv) products manufactured/exported by units in free trade zones, export processing zones or special economic zones.

- **Types of levies covered:** The scheme provides for refund of, currently unrefunded: (i) duties/taxes/levies on exported products, at the central, state and local levels, including cumulative indirect taxes on goods and services used in the production of the exported product, and (ii) indirect duties/taxes/levies in respect of the distribution of exported products. The rates mentioned under the scheme cover 8,555 product categories.

**Retail and wholesale trade activities to be eligible for classification as MSMEs**

In July 2021, retail and wholesale trade activities were included back in the list of activities eligible for classification as Micro, Small, and Medium Enterprises (MSMEs) under the MSME Development Act, 2006.\textsuperscript{152} In June 2017, these activities were excluded from this list.\textsuperscript{153} Enterprises are classified as MSMEs based on composite criteria of annual turnover, and investment in plants, machinery, or equipment.\textsuperscript{154} The Ministry of MSMEs notified that the benefits to retail and wholesale trade MSMEs will be restricted to priority sector lending only. Under priority sector lending, banks (and foreign banks with at least 20 branches) are required to devote 40% of net bank credit for certain priority sector areas such as agriculture and MSMEs.\textsuperscript{155} In general, MSMEs receive benefits such as interest subsidy on loans, credit guarantee, capital subsidy for technology upgradation, and protection against delayed payment.\textsuperscript{156}

**India and UAE sign Comprehensive Economic Partnership Agreement**

In February 2022, India and the United Arab Emirates (UAE) signed the Comprehensive Economic Partnership Agreement (CEPA), aimed at boosting the merchandise trade to USD 100 billion over the next five years.\textsuperscript{157} The agreement is expected to generate ten lakh jobs across various sectors such as pharmaceuticals, medical devices, sports, textiles, agriculture, and food products.

As per the agreement, Indian medicines will get automatic registration and market authorisation in case of their regulatory approval in developed countries such as the United States of America, European Union, and United Kingdom. Further, the agreement also specifies a permanent safeguard mechanism, which will prevent products from other countries through the CEPA route, in case of a sudden surge in imports.

**Labour and Employment**

**Draft Rules under three Labour Codes released for public consultation**

From April to June 2021, the Ministry of Labour and Employment released three draft rules for comments. The rules were issued under the Labour Codes (passed in 2020) on: (i) Industrial Relations, (ii) Social Security, and (iii) Occupational Safety.
Health and Working Conditions. The final Rules have not been notified as of April 2022.

**Draft Rules on recognition of trade unions**

The draft Industrial Relations (Central) Recognition of Negotiating Union or Negotiating Council and Adjudication of Disputes of Trade Unions Rules, 2021 were issued under the Industrial Relations Code, 2020 in May 2021. The Code provides for the registration of trade unions and negotiation unions for negotiating with the employer, resolution of industrial disputes, and conditions for lay-off and retrenchment of workers. Key features of the draft Rules include:

- **Recognising a single trade union**: As per the draft Rules, an employer must recognise the trade union with at least 30% of total workers in the establishment, as the sole negotiating union.

- **Matters for negotiation with the employer**: Trade unions may negotiate matters pertaining to conditions of service or terms of employment of workers. These include: (i) classification of grades and categories of workers, (ii) wages, including wage period, bonus, and allowances, (iii) working hours/days, and rest intervals, (iv) leave and holidays, and (v) promotion and transfer policy.

- **Trade union disputes**: The draft Rules provide the manner of applying for adjudication of disputes before Industrial Tribunals. The application should be made within one year from the date of the dispute.

**Draft Rules for constitution of technical committees under OSH Code**

These draft Rules were issued under the Occupational Safety, Health and Working Conditions Code, 2020 (the OSH Code) in April 2021. As per the draft Rules, the central government will constitute one or more technical committees to review and formulate standards, rules, and regulations under the Code. The chairman of the technical committee will be an ex-officio member or will be nominated by the central government. These committees will assist the National Occupational Safety and Health Advisory Board, which advises the central government on framing of standards, rules, and regulations under the Code.

**Draft Employee’s Compensation (Central) Rules, 2021**

The draft Code on Social Security (Employee’s Compensation) (Central) Rules, 2021 were issued under the Code on Social Security, 2020 in June 2021. The draft Rules include provisions for application for claim of compensation or settlement, and the rate of interest for delayed payment of compensation. Interest will be charged at the rate of 12% per annum, or any other rate notified by the central government, for the period of delay in payment.

For a PRS analysis of the draft Rules, see [here](#).

**Portal launched for registration of unorganised workers**

The central government launched the e-Shram portal for registration of unorganised workers in August 2021. The portal seeks to register unorganised workers, and allow them to avail social security schemes implemented by central and state governments. Registration on the portal will be free and can be done online. Registered workers will get an e-Shram card with unique universal account number, and will be able to access the benefits of social security schemes through the card. The portal will be managed by states/UTs. Every worker registered on the portal will be eligible for an accident insurance: (i) of two lakh rupees on death or permanent disability, or (ii) one lakh rupees on partial disability.

**Benefits under NPS for traders and self-employed persons to require Aadhaar**

In August 2021, the Ministry of Labour and Employment issued a notification requiring Aadhaar for availing benefits under the National Pension Scheme for Traders, Shopkeepers and Self-Employed Persons, 2019. Under the Scheme, beneficiaries are entitled to a minimum monthly pension of Rs 3,000 after attaining the age of 60 years.

Eligible beneficiaries will now be required to furnish proof of possession of Aadhaar or undergo Aadhaar authentication to avail scheme benefits. In cases where Aadhaar authentication fails, certain remedial mechanisms (including offline authentication) will be adopted. To ensure that no eligible beneficiary is deprived of benefits under the Scheme for want of Aadhaar, the Ministry will adopt a mechanism for handling exceptions. This will include: (i) providing benefits based on certain alternate identification documents, and (ii) making special arrangements for enrolment of disabled persons and senior citizens.
Consumer Affairs

Consumer Protection Rules, 2021 notified

In December 2021, the Ministry of Consumer Affairs, Food and Public Distribution notified the Consumer Protection (Jurisdiction of the District Commission, the State Commission and the National Commission) Rules, 2021 under the Consumer Protection Act, 2019. The Act provides for consumer dispute redressal commissions at the district, state, and national levels. It also specifies the pecuniary jurisdiction of the commissions at each level, based on the value of the goods and services.

According to the Ministry, as per the pecuniary jurisdiction of consumer commissions under the 2019 Act, cases that could earlier be filed in the National and State Commissions were being filed in District Commissions. This increased the workload of District Commissions significantly, leading to rise in pendency and delay in disposal of cases. Therefore, the 2021 Rules reduced the maximum pecuniary jurisdiction of the commissions at each level as follows:

Table 14: Pecuniary jurisdiction of the consumer disputes redressal commissions

<table>
<thead>
<tr>
<th></th>
<th>2019 Act</th>
<th>2021 Rules</th>
</tr>
</thead>
<tbody>
<tr>
<td>District Commission</td>
<td>Up to one crore rupees</td>
<td>Up to Rs 50 lakh</td>
</tr>
<tr>
<td>State Commission</td>
<td>More than one crore rupees, but less than ten crore rupees</td>
<td>More than Rs 50 lakh but less than two crore rupees</td>
</tr>
<tr>
<td>National Commission</td>
<td>More than ten crore rupees</td>
<td>More than two crore rupees</td>
</tr>
</tbody>
</table>

Sources: Consumer Protection (Jurisdiction of the District Commission, the State Commission and the National Commission) Rules, 2021. Ministry of Consumer Affairs, Food and Public Distribution; PRS.

Draft amendments to the Consumer Protection (E-commerce) Rules, 2020 released

In June 2021, the Department of Consumer Affairs released the draft amendments to the Consumer Protection (E-commerce) Rules, 2020 for public feedback. The 2020 Rules have been notified under the Consumer Protection Act, 2019. They apply to goods and services transacted over an electronic network. Key changes proposed are:

- E-commerce entity: The 2020 Rules define an e-commerce entity as a person who owns, operates, or manages a digital or electronic facility or platform for commerce. The draft rules specify that the following entities related to such a person will also be an e-commerce entity: (i) any entity engaged by such person for the fulfilment of orders on its platform, and (ii) any related party (defined under Companies Act, 2013) of the person.

- Restrictions on marketplace entities: A marketplace e-commerce entity is an entity which offers a technology platform to facilitate transactions between buyers and sellers. The draft rules require marketplace entities to ensure that: (i) they do not use information collected through its platform for the unfair advantage of its related parties and associated enterprises, (ii) none of its related parties and associated enterprises are enlisted as sellers for sale to consumers directly, and (iii) nothing is done by related parties or associated enterprises which the e-commerce entity cannot do itself.

- Fall back liability: The draft Rules provide that marketplace e-commerce entities will be subject to fall back liability. Fall back liability has been defined as the liability of a marketplace when a seller registered with it fails to deliver the order in a manner prescribed by the marketplace entity, which causes loss to the consumer.

- Selling practices: The draft rules prohibit e-commerce entities from organising flash sales that are organised: (i) by fraudulently intercepting the ordinary course of business using technology means, and (ii) with an intent to enable only a specified seller or group of sellers managed by such an entity to sell goods or services on its platform. A flash sale has been defined as a sale at significantly reduced prices or other attractive offers for a predetermined period.

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

Direct selling rules prohibiting promotion of pyramid schemes notified

In December 2021, the Ministry of Consumer Affairs notified the Consumer Protection (Direct Selling) Rules, 2021. Direct selling refers to the sale of goods or services directly to the end consumer, without the involvement of middlemen. The Rules were notified under the Consumer Protection Act, 2019. The Act empowers the central government to take measures to prevent unfair trade practices in e-commerce and direct selling. The Rules specify obligations of the direct selling entity and direct sellers. A direct selling entity sells goods or services through authorised people (known as direct sellers). Key features of the Rules include:
- **Applicability**: The Rules apply to: (i) all goods and services bought or sold through direct selling, (ii) all models of direct selling, (iii) all direct selling entities (including those not established in India) offering goods and services to consumers in India, and (iv) all forms of unfair trade practices across all models of direct selling. Existing direct selling entities must comply with the provisions of these rules within 90 days of notification.

- **Prohibition on pyramid schemes**: A pyramid scheme is a multi-layered network of subscribers, formed by subscribers enrolling other subscribers in order to receive any direct or indirect benefits. In such a scheme, the subscribers enrolling further subscribers occupy a higher position, and the enrolled subscribers a lower position. The Rules prohibit direct selling entities and direct sellers from promoting a pyramid scheme. Further, the Rules also prohibit enrolling any person to such a scheme in disguise of doing direct selling business.

- **Prohibition on Money circulation schemes**: A money circulation scheme refers to any scheme in which existing members are paid in some form on enrolment of new members in the scheme. The money being paid to existing members may or may not be derived from the entrance money of the new members of the scheme. The Rules prohibit direct selling entities and direct sellers from participating in money circulation scheme in disguise of doing direct selling business.

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**Agriculture**

**Parliament passed Bill to declare NIFTEMs as institutions of national importance**

The National Institutes of Food Technology, Entrepreneurship and Management Bill, 2019 (NIFTEM Bill) was passed by Parliament in July 2021. The Bill declares the following institutes of food technology, entrepreneurship, and management as institutions of national importance: (i) NIFTEM Kundli, and (ii) the Indian Institute of Food Processing Technology, Thanjavur (to be named as NIFTEM Thanjavur).

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

**Coconut Development Board (Amendment) Bill, 2021 passed by Parliament**

In August 2021, the Coconut Development Board (Amendment) Bill, 2021 was passed by Parliament. The Bill amended the Coconut Development Board Act, 1979. The Act established the Coconut Development Board for the development of the coconut industry. The Bill amended the composition of the Coconut Development Board to improve its management and administration. Key features include:

- **Functions of the board**: Under the Act, the Board may recommend measures to improve the marketing of coconut and its products in India. The Bill adds that the Board may also recommend measures for improving such marketing outside India.

- **Changes to the management**: Under the Act, the Chairman of the Board, who also functions as the Chief Executive Officer (CEO), is appointed by the central government. The Bill separates the post of Chairman and CEO.

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

**Standing Committee submitted report on the Pesticide Management Bill, 2020**

The Standing Committee on Agriculture, Animal Husbandry and Food Processing (Chair: Mr. P.C. Gaddigoudar) tabled its report on the Pesticide Management Bill, 2020 in December 2021. The Bill was introduced in March, 2020. The Bill...
replaces the Insecticides Act, 1968. It seeks to regulate the manufacture, import, sale, storage, distribution, use, and disposal of pesticides, in order to ensure the availability of safe pesticides, and to minimise the risk to humans, animals, and environment. Key observations and recommendations of the Committee include:

- **Definition of pesticides:** The Bill defines pesticides as any substance of chemical or biological origin intended for preventing or destroying any pest in agriculture, industry, public health, pest control operations, or for ordinary use. The Committee noted that such a broad definition may treat chemical pesticides (requiring stringent regulation) at par with traditional pest control measures. It recommended that the definition should specify that these pesticides must be those notified in the Schedule by the Registration Committee (which grants registration for the use of pesticides) as having the required pesticidal properties.

- **Central Pesticides Board:** Under the Bill, the central government will constitute the Central Pesticides Board to advise the central and state governments on scientific and technical matters under the Act. The Committee noted that the Board is merely an advisory body with all regulatory authority actually vested in the Registration Committee which is composed of a few technical persons. It recommended that the Board should be empowered to overlook the functioning of the Registration Committee. Further, the Registration Committee should regulate its procedure and conduct of business with the approval of the Board.

- **Registration of pesticides:** The Bill does not specify a time limit for registration of pesticide by the Registration Committee. The 1968 Act specified a time limit of 12 months for registration of pesticides. The Committee noted that registration must not be left open-ended. It recommended disposing application for registration of pesticide within two years.

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

**Minimum Support Prices for 2020-21**

The Union Cabinet approved the Minimum Support Prices (MSP) for Kharif crops in June 2021 and for Rabi crops in September 2021. In Rabi crops the MSP for wheat has been fixed at Rs 2,015 per quintal, a 2% increase over the previous year’s MSP (Rs 1,975 per quintal). Table 15 shows the change in MSP for the Rabi crops sown in 2021-22 as compared to 2020-21.

Table 16 shows the change in MSP for Kharif crops between 2020-21 and 2021-22. The MSP for paddy (common) was fixed at Rs 1,940 per quintal, which is an increase of 3.9% over the previous year’s MSP (Rs 1,868 per quintal).

**Table 15: Change in the MSP for Rabi crops between 2020-21 and 2021-22 (Rs per quintal)**

<table>
<thead>
<tr>
<th>Crop</th>
<th>MSP 2020-21</th>
<th>MSP 2021-22</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>1,975</td>
<td>2,015</td>
<td>2.0%</td>
</tr>
<tr>
<td>Barley</td>
<td>1,600</td>
<td>1,635</td>
<td>2.2%</td>
</tr>
<tr>
<td>Gram</td>
<td>5,100</td>
<td>5,230</td>
<td>2.5%</td>
</tr>
<tr>
<td>Lentil</td>
<td>5,100</td>
<td>5,500</td>
<td>7.8%</td>
</tr>
<tr>
<td>Rapeseed and Mustard</td>
<td>4,650</td>
<td>5,050</td>
<td>8.6%</td>
</tr>
<tr>
<td>Safflower</td>
<td>5,327</td>
<td>5,441</td>
<td>2.1%</td>
</tr>
</tbody>
</table>

**Table 16: MSPs approved for Kharif crops for the 2021-22 season (in Rs per quintal)**

<table>
<thead>
<tr>
<th>Crop</th>
<th>MSP 2020-21</th>
<th>MSP 2021-22</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy (common)</td>
<td>1,868</td>
<td>1,940</td>
<td>3.9%</td>
</tr>
<tr>
<td>Paddy (grade A)</td>
<td>1,888</td>
<td>1,960</td>
<td>3.8%</td>
</tr>
<tr>
<td>Jowar (hybrid)</td>
<td>2,620</td>
<td>2,738</td>
<td>4.5%</td>
</tr>
<tr>
<td>Jowar (maldandi)</td>
<td>2,640</td>
<td>2,758</td>
<td>4.5%</td>
</tr>
<tr>
<td>Bajra</td>
<td>2,150</td>
<td>2,250</td>
<td>4.7%</td>
</tr>
<tr>
<td>Ragi</td>
<td>3,295</td>
<td>3,377</td>
<td>2.5%</td>
</tr>
<tr>
<td>Maize</td>
<td>1,850</td>
<td>1,870</td>
<td>1.1%</td>
</tr>
<tr>
<td>Arhar (tur)</td>
<td>6,000</td>
<td>6,300</td>
<td>5.0%</td>
</tr>
<tr>
<td>Moong</td>
<td>7,196</td>
<td>7,275</td>
<td>1.1%</td>
</tr>
<tr>
<td>Urad</td>
<td>6,000</td>
<td>6,300</td>
<td>5.0%</td>
</tr>
<tr>
<td>Groundnut</td>
<td>5,275</td>
<td>5,550</td>
<td>5.2%</td>
</tr>
<tr>
<td>Sunflower seed</td>
<td>5,885</td>
<td>6,015</td>
<td>2.2%</td>
</tr>
<tr>
<td>Soyabeen (yellow)</td>
<td>3,880</td>
<td>3,950</td>
<td>1.8%</td>
</tr>
<tr>
<td>Sesamum</td>
<td>6,855</td>
<td>7,307</td>
<td>6.6%</td>
</tr>
<tr>
<td>Nigerseed</td>
<td>6,695</td>
<td>6,930</td>
<td>3.5%</td>
</tr>
<tr>
<td>Cotton (medium staple)</td>
<td>5,515</td>
<td>5,726</td>
<td>3.8%</td>
</tr>
<tr>
<td>Cotton (long staple)</td>
<td>5,825</td>
<td>6,025</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Sources: Ministry of Agriculture and Farmers Welfare; PRS.

**Cabinet approved nutrient-based subsidy rates for P&K fertilisers**

In October 2021, the Union Cabinet approved the nutrient-based subsidy rates for Phosphatic and Potassic (P&K) fertilisers for the period October 2021-March 2022. Under the Nutrient Based Subsidy scheme, the subsidy is provided to fertiliser manufacturers and importers for the sale of P&K fertilisers based on their nutrient content.
The existing subsidy rates for 2021-22, that were initially approved for the period May-October 2021, have been extended till March 2022.186

Note that the subsidy rate approved for 2021-22 is significantly higher than the 2020-21 subsidy rate for Phosphate (Table 17).187 It was increased in light of the sharp increase in international prices of raw materials of the Di-ammonium Phosphate (DAP) and other P&K fertilisers.188

Table 17: Nutrient-based subsidy rates for P&K fertilisers for 2021-22 (in Rs per kg)

<table>
<thead>
<tr>
<th>Nutrient</th>
<th>2020-21*</th>
<th>2021-22</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nitrogen (N)</td>
<td>18.789</td>
<td>18.789</td>
<td>-</td>
</tr>
<tr>
<td>Phosphate (P)</td>
<td>14.888</td>
<td>45.323</td>
<td>204%</td>
</tr>
<tr>
<td>Potash (K)</td>
<td>10.116</td>
<td>10.116</td>
<td>-</td>
</tr>
<tr>
<td>Sulphur (S)</td>
<td>2.374</td>
<td>2.374</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: *The 2020-21 rates were extended up to May 20, 2021. Sources: Ministry of Chemicals and Fertilizers; PRS.

Stock limits imposed on pulses, edible oils, and oilseeds

The Ministry of Consumer Affairs, Food and Public Distribution issued an order under the Essential Commodities Act, 1955 to revise stock limits on all edible oils and oilseeds till June 30, 2022, and on certain pulses till October 31, 2021.189,190 The Act empowers the central government to control the production, supply, distribution, storage, and trade of essential commodities. Stock limits are generally imposed to control the price of essential commodities when there is a sharp increase in prices.

The stock limits on pulses (except moong) were applicable in the following manner: (i) 500 Metric Tonne (MT) for wholesalers (provided there should not be more than 200 MT of one variety), (ii) 5 MT for retailers, and (iii) production during the last six months or 50% of annual installed capacity, whichever is higher, for millers. In case the stock of pulses held by an entity exceeded the prescribed limits, it had to declare them on the online portal of the Department of Consumer Affairs. The stocks had to be brought within the prescribed stock limit by August 19, 2021.

For edible oils and oilseeds, the following stock limits (see Table 18) have been imposed in all states and UTs (except Uttar Pradesh, Karnataka, Himachal Pradesh, Telangana, Rajasthan, and Bihar). In these six states, stock limits prescribed by the respective state administration will apply.

Table 18: Stock limits on edible oil and oilseeds

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Stock limits (in quintals)</th>
<th>Processor</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Retail</td>
<td>Wholesale</td>
</tr>
<tr>
<td>Edible oil*</td>
<td>30</td>
<td>500</td>
</tr>
<tr>
<td>Edible oilseeds</td>
<td>100</td>
<td>2,000</td>
</tr>
</tbody>
</table>

Note: *Stock limits also imposed on bulk consumers (30 quintals for retail outlets, and 1,000 quintals for depot). Sources: Ministry of Consumer Affairs, Food and Public Distribution; PRS.

In October 2021, the Ministry of Consumer Affairs, Food and Public Distribution issued a notification to enable states and union territories to impose stock limits on all edible oils and oilseeds till March 31, 2022, subject to certain exceptions.191

Cabinet approved the scheme National Mission on Edible Oils - Oil Palm

In August 2021, the Union Cabinet approved the scheme National Mission on Edible Oils – Oil Palm.192 The scheme seeks to increase the production of crude palm oil in the country and decrease the dependence on imports. As of 2021-21, 98% of India’s demand for crude palm oil was being met through imports. Key features of the scheme include:

- **Price assurance**: The oil palm farmers produce Fresh Fruit Bunches (FFBs) from which oil is extracted by the industry. The prices of FFBs are linked to international crude palm oil prices and, thus, subject to variations. Under the scheme, farmers will be provided an assured viability price for FFBs. The viability price will be revised every year based on the average crude palm oil prices of the last five years and the wholesale price index. Industries will also be mandated to pay a minimum price for FFBs. In case this is lower than the assured price, the difference will be met through viability gap funding. Farmers will be credited with this using direct benefit transfers. State governments adopting this will be required to enter into Memorandums of Understanding with the central government.

- **Inputs and interventions**: The scheme provides assistance for inputs (such as planting materials) and interventions in cropping. For instance, an assistance of Rs 29,000 per hectare will be provided for planting material for oil palm. Seed gardens will be provided up to Rs 80 lakh for 15 hectares of land. Further, Rs 250 will be given to farmers per plant for replanting and rejuvenating old gardens.
• **Assistance to the North-East and Andaman regions**: The scheme includes special provisions for the North-East and Andaman regions. For instance, farmers from these regions will be given an additional 2% of the price of crude palm oil as part of the price assurance. To encourage further investment, capital assistance will be given to the industries in the region based on their output capacity. Further, special provisions have been made to enable integrated farming along with terrace cultivation and bio-fencing.

The scheme will be applicable till November 2037. The scheme has a total outlay of Rs 11,040 crore, of which Rs 8,844 crore (80%) will be given by the central government, and the rest by the respective state governments.

**Amendments to Sub-Mission on Agricultural Mechanization guidelines to promote use of drones in agriculture issued**

In January 2022, the Ministry of Agriculture and Farmers Welfare issued amendments to the guidelines on Sub-Mission on Agricultural Mechanization (SMAM).\(^{193}\) SMAM, launched in 2014-15, seeks to increase the reach of farm mechanisation to small and marginal farmers and improve agricultural productivity.\(^{194}\) The amendments seek to provide financial assistance to promote the use of drones in agriculture. Key features of the amendments are:

• **Financial assistance for drone demonstration**: Farmer Producer Organisations (FPOs) will be eligible to receive a grant of up to 75% of the cost of agriculture drone for demonstration on the field. Implementing agencies not purchasing drones but hiring drones for demonstrations from Custom Hiring Centres (CHCs), hi-tech hubs, drone manufacturers and start-ups will be provided a contingency expenditure of Rs 6,000 per hectare. Contingent expenditure to implementing agencies that purchase drones for drone demonstrations will be limited to Rs 3,000 per hectare. Financial assistance and grants will be available until March 31, 2023.

• **Drone purchase**: 100% cost of the drone or Rs 10 lakh, whichever is lesser, will be provided for the purchase of drones by: (i) farm machinery training and testing institutes, (ii) Indian Council of Agricultural Research institutes, (iii) krishi vigyan kendras, and (iv) state agriculture universities. Further, 40% of the basic cost of a drone and its attachments or four lakh rupees, whichever is lesser, will be provided as financial assistance for drone purchase by existing CHCs set up by cooperative society of farmers, FPOs, and rural entrepreneurs. Agriculture graduates establishing CHCs will be eligible to receive 50% of the basic cost of drone and its attachments or up to five lakh rupees in grant support for drone purchases.

**Consultation paper on India Digital Ecosystem of Agriculture released**

In June 2021, the Department of Agriculture, Cooperation and Farmers’ Welfare released a consultation paper on Indian Digital Ecosystem of Agriculture (IDEA).\(^{195}\) The paper highlights efforts to bring digital technologies to agriculture, with a focus on increasing the incomes of farmers. Key features of the paper include:

• **Objectives**: These include to: (i) increase farmer income and profitability through access to right information, (ii) provide personalised services across the agriculture lifecycle, and (iii) build digital agriculture and precision agriculture capacities.

• **Core features**: IDEA’s core features include (i) a unique farmer ID for validation, (ii) a unified farmer service interface to handle services and transactions suited for the agricultural space, and (iii) an IDEA Architecture Repository to act as a single point reference for all source code. This will be supported by Kisan call centres, e-NAM, and Geographic Information System.

• **Implementation Framework**: IDEA is proposed to be implemented through a National Mission on Digital Agriculture. It will be supported by an advisory council. Major milestones of a three-year action plan may include (i) development of core features, (ii) development of privacy, consent management, and data sharing policies, and (iii) establishing a dedicated institution for setting IDEA standards.

**Cabinet approved continuation of various schemes under livestock sector package**

In July 2021, the Union Cabinet approved the continuation of various schemes related to animal husbandry and dairying till 2025-26, under a special livestock sector package.\(^{196}\) Under the package, all schemes of the Department of Animal Husbandry and Dairying will be merged into three categories:

• Development Programmes, which includes the Rashtriya Gokul Mission, National Programme...
for Dairy Development, and National Livestock Mission,

- Disease Control Programmes, which includes the Livestock Health and Disease Control scheme and National Animal Disease Control Programme, and

- Infrastructure Development Funds, which includes the animal husbandry and dairy infrastructure development funds.

An amount of Rs 9,800 crore has been approved for the livestock sector package for the period 2021-26.

### Nutri-smart village programme launched

In November 2021, the Ministry of Agriculture and Farmers Welfare launched a programme on Nutrition Smart Village. The initiative aims to: (i) promote nutritional awareness, (ii) inform women farmers of their legal rights, (iii) utilise traditional and local recipes to overcome malnutrition, and (iv) implement agriculture which is nutrition sensitive.

Under the initiative, 75 villages will be adopted by All India Coordinated Research Project (AICRP) and Indian Council of Agricultural Research - Central Institute for Women in Agriculture (ICAR-CIWA) with an aim to develop 75 malnutrition free villages. AICRP and Network Projects is a scheme of Indian Council of Agricultural Research for development, testing, or identification of technologies through multi-location trials. There are over 55 AICRP centres in India. These AICRP centres will adopt 5 villages each, with the remaining to be adopted by ICAR-CIWA.

### Media and Broadcasting

#### The Cable Television Networks (Amendment) Rules, 2021 notified

In June 2021, the Ministry of Information and Broadcasting notified the Cable Television Networks (Amendment) Rules, 2021 to amend the Cable Television Networks Rules, 1994. The 1994 Rules regulate registration of cable television networks in India and prescribe a Programme and an Advertising Code for broadcasters. The 2021 Rules empower the central government to prohibit the transmission of any channel or programme violating the Programme Code or Advertising Code, after providing a reasonable opportunity of being heard. The 2021 Rules provide for a three-level grievance redressal mechanism consisting of: (i) self-regulation by the broadcaster, (ii) self-regulation by an association of broadcasters, and (iii) oversight by an Inter-Departmental Committee constituted by the central government. The committee will consist of: (i) Additional Secretary from the Ministry of Information and Broadcasting (Chairperson), (ii) representatives from ministries including Women and Child Development, Defence, and External Affairs, and (iii) nominated experts.

### Guidelines for sharing of infrastructure by multi-system operators issued

In December 2021, the Ministry of Information and Broadcasting issued guidelines for sharing of infrastructure by Multi-System Operators (MSOs). MSOs are providers of cable TV services. Key infrastructure elements permitted to be shared among MSOs are: (i) headend equipment (for processing satellite signals) and transport streams for signals of TV channels, and (ii) common hardware for Subscriber Management System (SMS) and Conditional Access System (CAS) applications. CAS is used to prevent unauthorised access. Earlier, an MSO was required to install its own independent headend. The MSOs willing to share infrastructure are required to submit a joint proposal to the Ministry.

#### Committee to review guidelines of the Journalist Welfare Scheme constituted

In September 2021, the Ministry of Information and Broadcasting constituted a committee (Chair: Mr. Ashok Kumar Tandon) to review the guidelines of the Journalist Welfare Scheme. The scheme provides financial assistance to journalists and their families in the event of financial hardships. The assistance is provided in the event of: (i) death of the journalist, (ii) disability of the journalist leading to incapability of earning a livelihood, (iii) cost of treatment of major ailments (such as cancer and paralytic attack), and (iv) serious injuries in accidents requiring hospitalisation. The Ministry noted that the review was necessitated due to: (i) loss of a large number of journalists due to COVID-19, (ii) widening of the definition of working journalists to include both traditional and digital media, and (iii) necessity for consideration of parity between accredited and non-accredited journalists under the scheme. The Committee was required to submit its report within two months from the date of its constitution.
Textiles

Seven PM Mega Integrated Textile Region and Apparel Parks launched

The Ministry of Textiles approved the establishment of seven PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks in October 2021. The parks aim to develop integrated, large-scale, and modern industrial infrastructure facility for entire value-chain of the textile industry. The parks will have dedicated area for manufacturing, utilities, logistics and commercial development. The scheme has a budgetary outlay of Rs 4,445 crore from 2021-22 to 2027-28. Key features of the scheme are:

- **Development capital support:** The scheme provides for 30% of the project cost for development of greenfield and brownfield PM MITRA Parks. Each greenfield park is eligible for a maximum support of Rs 500 crore, while each brownfield park is eligible for a maximum support of Rs 200 crore. This support is for creation of core infrastructure like developed factory sites, incubation centres, roads, power, water, workers’ hostels, warehousing, and medical facilities.

- **Competitive incentive support:** The scheme makes a provision of Rs 300 crore per park to incentivise manufacturing units to get setup early. The incentive that can be provided to manufacturing units is up to 3% of the total sales turnover on first come first serve basis. The scheme benefits will be available till the funds provided are not exhausted for the PM MITRA Park. This support is only available to those manufacturing companies which are not availing benefits of the Production Linked Incentive (PLI) Scheme for Textiles. The PLI Scheme aims to promote, through incentives, the production of certain man-made fibre apparel and fabrics, and ten segments of technical textiles products.

- **Location of parks:** State governments will be requested to submit their proposals for setting up of PM MITRA Park. To be eligible, state governments must have contiguous and encumbrance free land of at least one thousand acres. The sites will be ranked based on parameters like connectivity, power and water infrastructure, waste water disposal system, labour laws, and single window clearances.
Civil Aviation

Parliament passed the AERA (Amendment) Bill, 2021

In August 2021, the Airports Economic Regulatory Authority of India (Amendment) Bill, 2021 was passed by Parliament.\(^{208}\) It amends the Airports Economic Regulatory Authority of India Act, 2008. The 2008 Act established the Airport Economic Regulatory Authority (AERA).\(^{209}\) AERA regulates tariffs and other charges (such as airport development fees) for aeronautical services at major airports in India.

The 2008 Act designates an airport as a major airport if it had an annual passenger traffic of at least 35 lakh. The central government could also designate any airport as a major airport by a notification. The Bill adds that the central government may group airports and notify the group as a major airport.

Note that the Bill was examined by the Standing Committee on Transport, Tourism, and Culture, which did not recommend any changes to it.\(^{210}\)

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

Three advisory groups constituted under the Ministry of Civil Aviation

In July 2021, the Ministry of Civil Aviation constituted three advisory groups to address specific issues in the sector.\(^{211,212,213}\) The groups have been formed to address issues within: (i) operation and viability of airlines, (ii) modernisation and capacity of airports, (iii) cargo transportation and maintenance of operations, and (iv) skilling of human resources. All three groups will be chaired by the Minister of Civil Aviation, and include the Minister of State for Civil Aviation, the Secretary to the Ministry, and the Director General of Civil Aviation as members.

Drone Rules, 2021 and scheme to certify drones notified

In August 2021, the Ministry of Civil Aviation notified the Drone Rules, 2021.\(^{214}\) These Rules were notified under the Aircraft Act, 1934 and replaced the Unmanned Aircraft System (UAS) Rules, 2021 (that had been notified in March 2021).\(^{215}\) The 1934 Act regulates production, possession, operation, and sale of civilian aircraft in India.\(^{216}\) Key features of the new Rules include:

- **Manufacturing, import and operational requirements:** The UAS Rules mandated that any person intending to import or operate an unmanned aircraft system must obtain a certificate of manufacture and airworthiness from Director General of Civil Aviation. The Drone Rules remove the requirement of any certificate for operating or importing drones. The import of drones will be regulated by the Director General of Foreign Trade (or any other entity authorised by the central government).

- **Regulation of airspace:** Under the UAS Rules, areas where drone operations are prohibited include: (i) a five km radius around six major international airports, (ii) different areas around border, civilian and military installation of strategic significance, and (iii) notified ecologically sensitive areas. The 2021 Rules removes this list and enable the central government to publish a dynamic, machine-readable, airspace map for drone operations in India. The map will segregate the Indian airspace into red, yellow, and green zones. Prior permission will be required for drone operations in red and yellow zones.

In January 2022, the Ministry of Civil Aviation notified a Certification Scheme for UAS, under the provisions of the Drone Rules, 2021.\(^{217}\) The certification will be applicable to both imported and indigenously manufactured UAS, weighing between 250 grams and 150 kilograms. The Scheme will apply to drones flying: (i) in visual line of sight, (ii) in day and night, and (iii) below a height of 400 feet.

Krishi UDAN 2.0 scheme launched

In October 2021, the Ministry of Civil Aviation released the Krishi UDAN 2.0 scheme.\(^{218}\) The original scheme was announced in February 2020 to provide assistance to farmers to transport agricultural products over national and international routes.\(^{219}\)

The revised scheme, which was formulated with the support of AAI Cargo Logistics and Allied Services Company Limited (subsidiary of Airports Authority of India), aims to facilitate and incentivise the movement of agri-produce. It will be implemented in 29 states across the country focussing on north east and tribal regions.\(^{220}\) Key features of the revised scheme include:

- **Incentivising air transport:** Full waiver of landing, parking, navigational charges for Indian freighters at select airports.

**Infrastructure**
Concessions: States will be encouraged to reduce sales tax on airline terminal fee (fee charged for handling cargo) to 1%, as extended in UDAN flights.

Development of E-KUSHAL: E-KUSHAL (Krishi Udan for Sustainable Holistic Agri-Logistics) platform will be developed to facilitate information dissemination to all the stakeholders. This will be a single platform which will provide relevant information and will also assist in coordination, monitoring and evaluation of the scheme.

Guidelines for states to support civil helicopter operations released

In October 2021, the Ministry of Civil Aviation released ‘Heli Disha’, consisting of guidelines for states to effectively support civil helicopter operations. Issues related to operation, maintenance, and navigation of helicopters are regulated by the Civil Aviation Requirements, which are issued by the Directorate General of Civil Aviation (DGCA). The Heli Disha guidelines are general good practices, compliant with the Civil Aviation Requirements. Note that outside aerodromes, the civil administration is responsible for providing safety and security requirements for helicopter operations. An aerodrome is any limited ground or water area intended to be used for the landing or departure of aircraft. Key features are as follows:

Helipad operations: Helicopter operators need to submit an advance request for operations at a particular helicopter landing site to the owner of the helipad. The district administration only needs to be intimated about the planned helicopter operation, with no need for approval. In case the landing area is in a public area or establishment, a No Objection Certificate of the custodian of that establishment would be required.

Safety considerations: In general, the helipad of a size of 35m × 35m is adequate for all small and medium sized helicopters. The helipad must have the following navigational aids: (i) an ‘H’ painted in white of specified dimensions for easy identification from the air, and (ii) a windsock or flag indicating the direction of the prevailing winds for safe landing. In addition to the above, measures to control crowds, firefighting services and medical aid are essential for the safe operation of helipads.

Shipping

Marine Aids to Navigation Bill passed by Parliament

The Marine Aids to Navigation Bill, 2021 was passed by Parliament in July 2021. An aid to navigation is a device, system, or service, used to enhance the safety and efficiency of navigation of vessels. The Bill provides a framework for developing, maintaining, and managing aids to navigation in India. It applies to the whole of India including various maritime zones (such as territorial waters, continental shelf, and exclusive economic zone). It repeals the Lighthouse Act, 1927. Key features of the Bill include:

Management of general aids to navigation and vessel traffic services: The central government is responsible for the development, maintenance, and management of all general aids to navigation and vessel traffic services. Its powers with regard to the management of aids to navigation include: (i) establishing, maintaining, adding, altering, or removing any aid to navigation, and (ii) authorising inspection of any such aid which may affect the safety of navigation.

Training and certification: The Bill prohibits persons from operating on any aid to navigation, or any vessel traffic service unless they hold a valid training certificate. The central government will accredit training organisations for imparting training or conducting assessments of persons in the operation of aids to navigation.

Penalties: The Bill provides certain offences and penalties. For instance, intentionally causing obstruction of, reduction in, or limitation of the effectiveness of any aid to navigation will be punishable with imprisonment of up to six months, or a fine up to one lakh rupees, or both.

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

Draft Rules released

In November 2021, the Ministry of Ports, Shipping, and Waterways released draft Rules under the Bill. Under the Bill, the central government will appoint the Director General of Aids to Navigation. The draft Rules specify the duties of the Director General. These include: (i) advising the central government on matters related to marine aids to navigation, (ii) implementing international conventions related to marine aids to navigation, and (iii) advising state level authorities on local aids to navigation. Further, the Director General may also inspect local aids to navigation, and sanction various schemes related to research and development of general aids to navigation.
Bill to regulate inland vessels and their movement passed by Parliament

In July 2021, the Inland Vessels Bill, 2021 was passed by Parliament. It replaces the Inland Vessels Act, 1917. The Bill introduces a uniform regulatory framework for inland vessel navigation across India. Key features include:

- **Mechanically propelled inland vessels:** The Bill defines such vessels to include ships, boats, sailing vessels, container vessels, and ferries. For these vessels, the central government will prescribe the: (i) classification, (ii) standards of design, construction, and crew accommodation, and (iii) type and periodicity of surveys. Construction or modification of the vessels will require prior approval of an authority to be prescribed by the central government.

- **Operation:** To operate in inland waters, all such vessels must have a certificate of survey, and a certificate of registration. Vessels with Indian ownership must be registered with the Registrar of Inland Vessels (appointed by the state government). The registration certificate will be valid across the country. The certificate of survey will be granted by state governments, and will indicate the inland water zones (areas of operation demarcated by states) for such vessels. Vessels must also have an insurance policy to cover liability for death, injury, or damage caused due to their usage (including accidental pollution).

- **Database on inland vessels:** The central government will maintain an electronic centralised record of data on inland vessels. These records will include information on: (i) registration of vessels, (ii) crew and manning, and (iii) certificates issued.

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

Scheme providing subsidy to Indian shipping companies approved

In July 2021, the Union Cabinet approved a scheme providing subsidy to Indian shipping companies applying for global tenders floated by central Ministries and Public Sector Establishments for import of cargo. Rs 1,624 crore has been allocated for implementation of the scheme between 2021 and 2026. Key features include:

- **Eligibility and registration:** The conditions for eligibility are: (i) the ships must be manufactured less than 20 years before February 2021, and (ii) the companies must have been awarded the contract after the implementation of the scheme.

- **Subsidy:** Companies will be given subsidy based on the date of flagging (registration of vessels to a flag state) and manufacturing. The subsidy amount will be based on the difference between price quoted by a foreign company and an Indian vessel. The subsidy can either be a percentage of the difference in price quoted, or the actual difference, whichever is lower. The concerned Department will be provided with direct subsidy.

Road Transport and Highways

Several Rules notified under the Motor Vehicles Act, 1988

In 2021-22, the Ministry of Road Transport and Highways notified several Rules under various provisions of the Motor Vehicles Act, 1988. The Act regulates the grant of driving licenses, the registration of and standards for motor vehicles. Rules that were notified relate to: (i) road safety, (ii) compensation for hit and run victims, (iii) vehicle scrapping facilities, and (iv) various amendments to the Central Motor Vehicles Rules, 1989. Key changes in these Rules in 2021-22 are as follows.
National Road Safety Board constituted; composition and duties notified

In September 2021, the Ministry constituted the National Road Safety Board.211 The Board will advise the central and state governments on aspects related to road safety and traffic management.211

The Board is required to formulate guidelines on certain aspects for consideration of the central government. These include: (i) standards for road safety and road construction for hilly regions, (ii) a regulatory framework for commercial signage and billboards, and (iii) conducting research activities for improving crash investigation.

Scheme for compensation to victims of hit and run motor accidents notified

In February 2022, the Ministry notified the scheme for Compensation to Victims of Hit and Run Motor Accidents.212 The scheme has been formulated under the provisions of the 1988 Act. The 1988 Act specifies a minimum compensation of: (i) Rs 50,000 in case of grievous hurt, and (ii) rupees two lakh in case of death.230 In both cases, a higher compensation may be specified by the central government.230 The scheme replaced the Solatium Scheme, 1989.

In February 2022, the Ministry also constituted the Motor Vehicle Accident Fund. The Fund will provide aid to victims of road accidents through compensation, treatment for accidents, and other purposes.240,233 The Fund will be registered as a public charitable trust and have three accounts related to road safety and traffic management for commercial signage and billboards, and (iii) conducting research activities for improving crash investigation.

Table 19: Accounts under proposed accident fund

<table>
<thead>
<tr>
<th>Account</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>For insured vehicles</td>
<td>Cashless treatment of victims</td>
</tr>
<tr>
<td>Uninsured Vehicles or Hit and Run Motor Accident</td>
<td>Providing cashless treatment to victims of accidents caused by uninsured vehicles, and hit and run accident victims</td>
</tr>
<tr>
<td>Hit and Run Compensation</td>
<td>Compensation for victims of hit- and run cases, and reimbursement of claim raised by Hospital for cashless treatment</td>
</tr>
</tbody>
</table>

Sources: G.S.R. 162 (E), Gazette of India, Ministry of Road Transport and Highways, February 25, 2022; PRS.

Rules for registering and functioning of Vehicle Scrapping Facility notified

In September 2021, the Ministry notified the Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021.234 The 1988 Act empowers the central government to make rules prescribing the manner of recycling of motor vehicles which have exceeded their life.230 The 2021 Rules provide for the procedure to establish a registered vehicle scrapping facility, which would be authorised to carry out dismantling and scrapping operations. Key provisions include:

- **Registration of a vehicle scrapping facility:** The applicant (a person, society, or company) may apply for registering a scrapping facility with the government of the respective state or union territory. The applicant is required to deposit ten lakh rupees as earnest money for each proposed vehicle scrapping facility. The registration authorities must dispose the applications within 60 days from the date of application. The registration will be valid for ten years, and is non-transferable.

- **Scrapping criteria:** Eligible vehicles for scrapping include the following: (i) vehicles with expired certificates of registration, (ii) vehicles without certificates of fitness, (iii) vehicles abandoned by any enforcement agencies, and (iv) vehicles offered for scrapping after being declared as obsolete by the central or state government organisations.

In March 2022, the Ministry released draft amendments to the 2021 Rules.235 The draft amendments seek to introduce: (i) undertakings by a vehicle owner and an RVSF operator at the time of vehicle submission, and (ii) a Transfer Certificate of Deposit to ensure a digital proof of the transaction. Further, the entire process is to be linked on VAHAN, an online portal with a centralised register for vehicle data.

Central Motor Vehicles Rules, 1989 amended

In 2021-22, the Ministry notified several amendments to the Central Motor Vehicles Rules, 1989. Key amendments include:

- **Vehicle registration:** The 1989 Rules provide details for vehicle registration in India.236 The amendments made in October 2021 provide certain benefits (a registration fee waiver and motor vehicle tax concession) for vehicles registered against a deposit certificate. A certificate of deposit recognises the transfer of ownership of the vehicle from the owner to the Registered Scrapper for vehicle scrapping.237

- **Exemption for battery operated vehicles:** The amendments made in August 2021 exempted owners of battery-operated vehicles (electrical vehicles powered by rechargeable batteries) from paying fees for: (i) a new registration certificate, (ii) renewal of a registration certificate, and (iii) the assignment of a new registration mark.

- **New Bharat (BH) series registration system:** The amendments made in August 2021...
introduced the Bharat (BH)-Series vehicle registration mark, for certain individuals. A BH series vehicle is exempt from submitting a No Objection Certificate, while transferring the vehicle’s registration from one state to another. To avail this exemption, the Rules require vehicle owners to intimate the registering authority of their place of residence.

- **Electronic monitoring:** The amendments made in August 2021 introduced provisions for electronic monitoring of roads. The provisions mandate state governments to place electronic enforcement devices (like speed camera, CCTVs, speed gun, body wearable cameras) at: (i) high-risk and high-density corridors on national and state highways, and (ii) critical junctions in major cities with more than one million population. The 2021 Rules enable use of body wearable cameras by officials authorised by the respective state governments. However, the offender shall be notified that he is being recorded by the body wearable camera or the dashboard camera (which may be placed on the dashboard of a police vehicle).

- **Fire safety features in buses:** The 1989 Rules prescribe the build requirements of buses. Amendments made in January 2022 introduced fire safety requirements for long distance passenger buses and school buses. Long distance passenger buses are designed for the comfort of seated passengers, and are not intended for carrying standing passengers. The amended Rules extend the application of fire safety standards (fire detection, fire alarm, and fire suppression systems) for: (i) long distance passenger buses and (ii) the occupant compartment in school buses, manufactured after January 27, 2023.

### Implementation of PM GatiShakti National Master Plan approved

In October 2021, the Cabinet Committee on Economic Affairs approved the PM GatiShakti National Master Plan including the institutional framework for implementation, monitoring, and support mechanism for providing multi-modal connectivity (involving multiple modes of transport like roads, railways, waterways). The scheme is intended to address the issues of multimodal connectivity, through integrated planning and execution of projects. This will help in reducing logistics costs.

The implementation framework consists of: (i) Empowered Group of Secretaries (which is headed by the Cabinet secretary), to review and monitor the implementation of the scheme along with ensuring logistical efficiency, (ii) Network Planning Group (which consists of heads of network planning wings of infrastructure ministries), to assist the empowered group of secretaries, and (iii) Technical Support Unit (which consists of domain experts from infrastructure sectors), responsible for the overall integration of networks and for enhancing optimisation.

### Amendments notified in mineral auction rules to prohibit end-use restrictions for mines

In June 2021, the Ministry of Mines notified the Mineral (Auction) Second Amendment Rules, 2021 to amend the Mineral (Auction) Rules, 2015. The 2015 Rules regulate the auction of mines. The Rules permit state governments to reserve mines for a particular end-use (captive mines), based on a quota. The 2021 amendments prohibit end-use restrictions for mines to be auctioned in the future. For existing captive mines, at least 50% of the total annual production must be utilised for the specified end use. Any amount from the remaining 50%, may be sold in open market. The 2021 Rules also mandate state governments to provide the central government certain details on auction of mining leases in the state. These include: (i) details of all the areas or mines available with it for auction within 45 days, and (ii) outcome of any auction of mining lease within 15 days of the auction.

### Amendments notified in mineral exploration rules to streamline granting composite licenses

In June 2021, the Ministry of Mines notified the Mineral (Evidence of Mineral Contents) Amendment Rules, 2021 to amend the Mineral (Evidence of Mineral Contents) Rules, 2015. The 2015 Rules lay down criteria for granting: (i) a prospecting license, (ii) a mining license, and (iii) a composite license. The 2021 Rules combine the three into a single prospecting license. The 2015 Rules mandate Preliminary Exploration studies to be completed for obtaining a composite license. The 2021 amendments lower this requirement to completing Reconnaissance Survey studies, for obtaining a composite license. Both studies are involved in the estimation of quantity of mineral and its grade, but a Reconnaissance Survey is less detailed compared to a Preliminary Exploration.
Amendments in the concession rules of certain minerals notified

In November 2021, the Ministry of Mines notified the Mineral (Other than Atomic and Hydro Carbons Energy Minerals) Concession (Fourth Amendment) Rules, 2021.246 These 2021 Rules amended the Mineral (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016.247 Key amendments include:

- **Transfer of mining lease in all cases under the Act:** The 2016 Rules allowed for the transfer of mining lease or prospecting-cum-mining lease only when the lease was obtained through auction. The 2021 Rules remove this condition, and allow the transfer of any mining lease under the Act. However, such transfers will not result in a change of status of captive mine to merchant mine or vice versa. Captive mines refer to mines where the extracted minerals are owned and used by the mine owner. Merchant mines refer to mines where extracted minerals are sold in market.

- **Power to refuse surrender given to state governments:** The 2016 Rules require state governments to allow the surrender of a mining lease. The 2021 Rules empower state governments to refuse to accept the surrender of part or the whole of the mine.

- **Rate of interest payment:** The 2016 Rules allowed state governments to charge a simple interest of 24% per annum on any rent, royalty or fee from the sixtieth day after the due date. The 2021 Rules reduce the rate of interest from 24% to 12% and specify that it will be applicable on any payments that are made after the due date.

Amendments notified in mining rules to enable persons to propose blocks for grant of a composite license released

In December 2021, the Ministry of Mines notified amendments to the Minerals (Evidence of Mineral Contents) Rules, 2015 and the Mineral (Auction) Rules, 2015.248,249 These rules provide for the manner of exploration of minerals and grant of mining license, respectively.250,251 The amendments enable interested persons to propose blocks for granting prospecting license-cum-mining lease (composite license). Key details are:

- **Proposals for composite license:** As per the Evidence of Mineral Contents Rules, an area may be notified for grant of prospecting license-cum-mining lease (composite license) through an auction if: (i) a specified reconnaissance survey (identification of mineral areas worthy of further exploration) has been completed, or (ii) mineral potentiality has been identified based on available geoscience data but resources are yet to be established. Further, the amendments add that a person intending to obtain a composite license may propose suitable blocks for auction where mineral potentiality has been established based on the available geoscience data. The person will submit a proposal to the state government along with available geoscience data of the area.

- **Committee to assess mineral potentiality:** A Committee will be set up by the state government to assess the mineral potentiality of areas proposed by interested persons, as well as those identified by the state government. The Committee will consist of the following: (i) the Principal Secretary or Secretary, Mining and Geological Department of the state (as Chairman), (ii) the Deputy Director General of Geological Survey of India (as Member), and (iii) the Director, Mining and Geological Department of the state (as Member Secretary).

- **Relaxation in bid security amount:** If an area proposed by a person is put up for auction, that person will be required to submit 50% of the bid security amount.

Power

The Electricity (Rights of Consumers) (Amendment) Rules, 2021 notified

In June 2021, the Ministry of Power notified the Electricity (Rights of Consumers) (Amendment) Rules, 2021.252 These Rules amended certain provisions, related to the prosumers of solar rooftop systems, in the Electricity (Rights of Consumers) Rules, 2020.253 Prosumers refer to individuals who consume electricity from the grid and add electricity to the grid. The 2020 Rules specify the rights of consumers and obligations of electricity distribution licensee on various aspects of electricity distribution (such as providing connection, metering, and billing). Key amendments include:

- **Metering of prosumers:** The 2020 Rules specified that the regulations on grid-interactive rooftop solar photovoltaic systems and related matters must provide for: (i) net metering of loads up to 10 kW, and (ii) gross metering of loads above 10 kW. The 2021
Rules specify that the state electricity regulatory commissions must issue regulations on net metering/gross metering/net billing/net feed-in.

- If the regulations do not provide for net metering/net billing/net feed-in, the state government may allow: (i) net metering to the prosumers for loads up to 500 kilowatt (kW) or up to the sanctioned load, whichever is lower, and (ii) net billing or net-feed in for other loads. Net metering refers to a mechanism in which billing is done for net energy (energy consumed from grid minus energy added into the grid) on the basis of retail tariff.

- In case of gross metering and net billing, the consumption of energy is billed on the basis of applicable retail tariff and the energy added to the grid is accounted on the basis of feed-in tariff. The state commissions may permit gross metering for prosumers willing to sell all generated solar energy to the distribution licensee instead of availing net billing. The feed in tariff for gross metering will be decided by the concerned commissions.

- Adjustment of energy consumption or billed amount: Earlier, any energy generated by the prosumer was to be adjusted against the energy consumption or the billed amount. This depends on whether net metering or gross metering is applicable. The 2021 Rules specify that the solar energy generated by a prosumer will be adjusted against the energy consumption or the billed amount. This will be done as per the regulations notified by the state electricity regulatory commission for grid interactive rooftop solar systems.

Revised guidelines and standards for charging infrastructure for electric vehicles released

The Ministry of Power released revised guidelines and standards for charging infrastructure for electric vehicles (EVs) in January 2022. The revised guidelines and standards supersede all previous guidelines. Objectives of the revised guidelines include: (i) enabling faster adoption of EVs by ensuring a reliable, accessible, and affordable charging ecosystem, (ii) encouraging the electrical distribution system to adopt EV charging infrastructure, (iii) providing affordable tariffs for charging stations and EV owners, and (iv) generating employment opportunities for small entrepreneurs. Key features of the guidelines are:

- Charging infrastructure: Owners may charge their EVs at their residence/office using the existing electricity connection. Any individual will be free to set up a public charging station (PCS). The PCS must meet the prescribed standards and norms laid down by the Ministry of Power, Bureau of Energy Efficiency, and Central Electricity Authority.

- Location of public charging stations: There must be at least: (i) one PCS in a grid of 3 km × 3 km, and (ii) one PCS at every 25 km on both sides of roads/highways. For long-range and heavy-duty EVs, there must be at least one fast-charging station every 100 km on each side of the road/highway.

- Tariff for the supply of electricity to PCS: The tariff for the supply of electricity to a public charging station and battery charging stations will be a single part tariff, not more than the average cost of supply till March 31, 2025. A separate meter shall be installed for a public charging station to record and bill consumption as per the applicable tariff for an EV charging station. Further, the tariff applicable for domestic consumption will be applicable for domestic charging.

Timelines for the replacement of existing electricity meters with pre-paid smart meters notified

The Ministry of Power notified the timelines for the replacement of existing electricity meters with pre-paid smart meters in August 2021. Pre-paid smart meters are technologically advanced meters (with features such as automatic meter reading) with a pre-payment facility. This means that a consumer pays in advance for using the electricity. The advance payment is loaded in the meter as the balance amount, which is deducted based on the electricity usage of the consumer. Key features of the timelines include:

- Timeline for consumers: The Ministry of power specified that the existing meter of certain consumers should be replaced by a pre-paid smart meter by December 2023. These consumers include: (i) all consumers in all union territories, (ii) all electrical divisions more than 50% of consumers in urban areas, and with aggregate technical and commercial (AT&C) losses at more than 25% in 2019-20, (iii) all government offices at the block level and above, and (iv) all industrial and commercial consumers. AT&C losses account for the proportion of power procured by a discom for which it did not receive any payment due to certain technical and commercial factors (such as pilferage of power and poor collection of bills). The concerned state regulatory commission may extend the
timelines twice through notifications. The extensions must not be for more than six months at a time.

- In all other areas, the pre-paid meters must be implemented by March 2025. In areas without a communication network, the concerned state electricity regulatory commission may allow the implementation of pre-paid meters.

- **Timeline for feeders and distribution transformers:** All feeders and Distribution Transformers (DTs) are required to be provided with meters having Automated Meter Reading (AMR) or must be covered under Advanced Meter Infrastructure (AMI). AMR refers to the facility in smart meters enabling automatic reading of meters. AMI is usually a digitalised version of traditional meters.

- All feeders must be metered by December 2022. Following DTs are required to be metered by December 2023: (i) DTs in electrical divisions with more than 50% of consumers in urban areas, and AT&C losses at more than 15% in 2019-20, and (ii) DTs in other electrical divisions with AT&C losses more than 25% in 2019-20. Further, all other DTs must be metered by March 2025. Note that DTs and high voltage distribution systems with a load less than 25 kilo Volt-Ampere may be excluded.

**The Green Hydrogen/Green Ammonia Policy notified**

The Ministry of Power notified the Green Hydrogen Policy in February 2022. Various countries including India have committed to net zero targets. The Ministry noted that transition to green hydrogen/green ammonia is one of the major requirements for reduction of emissions. The Policy seeks to facilitate the transition from fossil fuels to green hydrogen/green ammonia both as energy carriers and as chemical feed stock for different sectors. Under the Policy, the Ministry of New and Renewable Energy will create a portal for carrying out all the activities related to manufacturing green hydrogen including statutory clearances to ensure ease of doing business. Key features of the Policy are as follows:

- **Renewable Energy (RE) for manufacturing green hydrogen:** Green hydrogen/ammonia (green hydrogen) manufacturers may: (i) purchase RE from a RE plant, or (ii) set up RE capacity themselves, or through any developer. Distribution companies (discoms) may also supply RE to green hydrogen manufacturers in their respective states at concessional rates. Manufacturers of green hydrogen and the RE plant will be given connectivity to the grid on a priority basis. Green hydrogen plants will be granted open access for sourcing RE within 15 days of receipt of application. Land in RE parks may be allotted to manufacturers of green hydrogen.

- RE consumed for the production of green hydrogen will be counted as a part of the renewable purchase obligation (RPO) of the consuming entity. Energy consumed beyond RPO compliance will be counted towards the RPO compliance of the discom.

- **Waiver for inter-state transmission system (ISTS) charges:** All green hydrogen manufacturers will be given a waiver for ISTS charges for a period of 25 years for projects commissioned before June 30, 2025. Further, green hydrogen manufacturers connected to the ISTS for RE will be given a priority to avoid procedural delays.

- **Storage of green ammonia:** Green hydrogen manufacturers will be allowed to set up bunkers near ports for storing green ammonia for export or use by shipping. The land for the storage will be provided by the respective port authorities at applicable charges.

**Draft National Electricity Policy, 2021 released for public feedback**

In April 2021, the Ministry of Power released the draft National Electricity Policy, 2021 for public feedback. The objectives of the draft 2021 policy include: (i) promoting clean and sustainable generation of electricity, (ii) development of adequate and efficient transmission system, (iii) strengthening of discoms, and (iv) development of efficient markets for electricity. Key features of the draft Policy are:

- **Renewable energy tariff:** The draft Policy recommended that renewable energy generation should be encouraged in India. It recommends that a two-part tariff mechanism should be adopted for certain renewable sources of energy (such as wind and solar). Two-part tariff mechanism refers to tariffs having fixed and variable charge components. It may be helpful particularly in medium or long-term procurement of renewable energy for hybrid operations.

- **Transmission:** The draft Policy recommended that the transmission projects must be classified into two categories: (i) the generator or drawing customer-specific projects (for catering to their specific needs), and (ii) system strengthening projects. The system
strengthening projects may be used for supporting transmission of power from a region with high availability of power and low demand to a region with a high demand of power and low supply.

- **Distribution**: The Policy recommended that public-private partnership model (such as franchisee and sub-licensee) should be adopted in the distribution sector. This would be helpful in: (i) improving efficiency and customer satisfaction, and (iii) reduce financial losses of distribution companies.

- **Electric Vehicle (EV) charging infrastructure**: The draft Policy noted that lack of charging infrastructure is one of the challenges in faster adoption of electric mobility. It recommends that the tariff and rules of EV charging should be fixed by the concerned state electricity regulatory commission. Further, it recommended that distribution companies should proactively identify the part of the distribution network that needs strengthening for the implementation of EV charging.

**Cabinet approved the Green Energy Corridor Phase-II scheme**

In January 2022, the Union Cabinet approved the Green Energy Corridor Phase-II scheme, aimed at augmenting intrastate transmission system to facilitate grid integration of renewable energy projects.

Under the scheme, about 10,750 circuit kilometres (ckm) of transmission lines and about 27,500 Mega Volt Ampere (MVA) transformation capacity of the substation will be added to the intrastate transmission system of seven states: (i) Gujarat, (ii) Himachal Pradesh, (iii) Karnataka, (iv) Kerala, (v) Tamil Nadu, (vi) Rajasthan, and (vii) Uttar Pradesh. The scheme will facilitate grid integration and power evacuation of about 20 gigawatts (GW) of renewable energy power projects in these states. The total estimated cost of the scheme is Rs 12,031 crore. Central financial assistance will be provided to the states at the rate of 33% of the project cost (a total of Rs 3,970 crore). The scheme will be implemented over a period of five years (2021-26).

Phase-I of the Green Energy Corridor Project was launched in 2015-16. It provided for the addition of 9,700 ckm of transmission lines and 22,600 MVA capacity of substations by 2022. Phase-I is being implemented in nine states including Andhra Pradesh, Maharashtra, and Madhya Pradesh. Phase-I is expected to achieve grid integration and power evacuation of about 24 GW of renewable energy power projects.

**National programme on high efficiency solar modules approved**

The Union Cabinet approved the National Programme on High Efficiency Solar Photo Voltaic (PV) Modules in April 2021. The programme will provide production-linked incentives to manufacturers of high-efficiency solar PV Modules. The scheme is aimed at reducing import dependence. The manufacturers under the scheme will be selected through a transparent competitive bidding process. The incentive will be provided to the selected manufacturers for five years post commissioning of the manufacturing plant. The incentive will increase with increased module efficiency and increased local value addition. The total outlay under the scheme is estimated to be Rs 4,500 crore.

**Rules regarding developing the transmission system and recovering inter-state transmission charges notified**

The Ministry of Power notified Rules regarding development of the transmission system and recovery of inter-state transmission charges in October 2021. Key features of the Rules are:

- **Planning the development**: The Central Electricity Authority (CEA) must prepare annual short-term plans for next five years on a rolling basis for the development of the electricity system. In addition, CEA must prepare perspective plans for the electricity system as well as the transmission system. The perspective plans for the electricity system must be prepared every alternate year on rolling basis for next ten years. Based on the plans prepared by CEA and the status of generation capacity as well as demand across India, the Central Transmission Utility must prepare annual plans for inter-state transmission system for next five years.

- **General network access**: General network access refers to the non-discriminatory access to the inter-state transmission system as requested by a designated inter-state customer. A designated inter-state customer refers to a user of the inter-state transmission system. The Rules specify that the general network access will be provided for a specific capacity and period. The Central Electricity Regulatory Commission (CERC) will regulate the manner of the general network access.

- **Inter-state transmission charges**: Any entity seeking the general network access will have to pay a one-time charge as specified by CERC. In addition, all designated inter-state
customers must pay the applicable tariff as monthly transmission charges. One-time charge will not be applicable for the existing inter-state customers with long-term access.

- The monthly charges must be paid for the sanctioned general network capacity or drawal of electricity or injection of electricity, whichever is higher. Any excess drawal or injection of electricity over the sanctioned capacity will be charged at a rate, which is at least 25% higher than the normal rate. The Central Transmission Utility will be responsible for the billing, collection, and disbursement of the transmission charges.

**Rules regarding timely recovery of costs due to change in law notified**

The Ministry of Power notified rules regarding timely recovery of costs due to change in law in October 2021. 262 The Rules apply to all generators and transmission companies. Change in law refers to the enactment or amendment or repeal of any law, which leads to changes in electricity tariffs. Key features of the Rules are:

- **Notice of impact:** The Rules specify that in case of any change in law, the affected party (a generator or a transmission company) must give three weeks’ advance notice to other party (such as distribution companies) about the impact of the change on tariffs. The affected party must provide the other party with the computation of the impact on tariffs (such as charges to be adjusted or recovered). This must be done either within 30 days from the date of the change in law or on the date of expiry of the notice period, whichever is later.

- **Timeline for approval of impact:** The affected party must share all the relevant documents with the Central or State Electricity Regulatory Commission (as applicable) within 30 days of the impact of change in law. The concerned Commission must verify the calculation and adjust the impact within 60 days from the date of receipt of the documents.

- The impact on the tariff must be adjusted or recovered in the monthly bill as part of the tariff. This may be done as a one-time charge or monthly charge or per unit basis or a combination of such charges.

**Rules to promote generation of electricity from must-run power plants notified**

In October 2021, the Ministry of Power notified rules to promote generation of electricity from must-run power plants. 263 Key features of the rules are as follows:

- **Must-run power plants:** The Rules specify that certain power plants (such as wind, solar, and hydro) which has entered into an agreement to sell electricity to any person will be treated as a must run power plant. Such a plant will not be subjected to curtailment or regulation for any commercial reasons (such as priority to procurement of cheap electricity). However, the curtailment and regulation of power from such plants may be done to ensure grid security.

- **Compensation for curtailment:** For any curtailment of power from a plant due to technical constraint or grid security, the procurer (entities buying electricity for consumption) must inform the plant in advance. In case of any curtailment of power, the procurer must pay compensation to the plant. The rate of compensation must be as per the power purchase agreement. The plant must sell the unscheduled electricity in the power exchange. The amount generated from the sale of electricity in the exchange must be adjusted against the compensation to be paid by the procurer after deducting applicable expenses. Any excess amount realised must be adjusted in subsequent months.

- **Intermediary procurers:** The intermediary procurer refers to a recognised entity which procures power from generators and sells it to distribution companies. The Rules specify that all such procurers will be considered as traders. Such procurers may procure electricity through a transparent bidding process. In case the intermediary procurer procures power from multiple generators, the weighted average of the bids of these generators will be the resultant bid rate for sale of electricity to the distribution companies. The intermediary procurer will be allowed to retain only the trading margin.

**CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2021 notified**

The Central Electricity Regulatory Commission (CERC) notified the CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2022 in March 2022. 264 The Regulations ensure that the users of the power grid do not deviate from the schedule of drawal and injection of the electricity in the grid. This is to ensure grid security and stability. Regulations will apply to all
grid-connected entities engaged in inter-state sale and purchase of electricity.

The Regulations provide that the buyer and seller will have to pay certain charges for deviating from the block time of injection and drawal, respectively. All regional load dispatch centres will have to provide the data on deviation to the Secretariat of the respective regional power Committees. The Secretariat of the Committees will issue the statement of charges for deviation to all regional entities. The concerned entity will have to pay the charges within seven days from the date of issuance of the statement of charges. A late payment surcharge at the rate of 0.04% will be applicable for each day of delay.

Guidelines to ensure cyber security in the power sector released

In October 2021, the Central Electricity Authority (CEA) released the CEA (Cyber Security in Power Sector) Guidelines, 2021. The objectives of the guidelines include: (i) creating a secure cyber ecosystem, (ii) strengthening the regulatory framework, and (iii) securing remote operations and services, in the power sector. Key features of the guidelines are:

- **Cyber security policy:** All responsible entities must formulate a cyber security policy. The responsible entities include power utilities (generation, transmission and distribution), load dispatch centres, power trade exchanges, regional power committees, and regulatory commissions. The policy must be reviewed annually by subject matter experts. The fundamental principles to be used for formulating the policy include: (i) strict isolation of operational technology systems (hardware and software for managing, monitoring and controlling industrial operations) from information technology (IT) systems, which are connected to the internet, (ii) secure channel for communication between operational technology systems, and (iii) scanning for the vulnerability of devices involved in downloading or uploading data from internet-connected IT systems.

- **Cyber security requirements:** All responsible entities must set up an information security division. The security division will be headed by a Chief Information Security Officer (CISO). All security divisions must deploy detection and prevention systems to identify behavioural anomalies in operations and IT systems. Further, the security divisions must ensure timely actions on guidelines issued by certain authorities (such as Indian Computer Emergency Response Team).

- **Phasing out of legacy systems:** All responsible entities must ensure that the IT technologies in the power sector are upgradable. All equipment nearing the end of life or which is without support from the original equipment manufacturer must be identified. A replacement plan must be proposed to the Board of Directors of the concerned responsible entity for phasing out of such equipment.

**Scheme for flexibility in generation and scheduling power through bundling with renewable energy sources revised**

The Ministry of Power revised the scheme on flexibility in generation and scheduling of power from thermal/hydro plants through bundling with renewable energy (RE) in November 2021. Bundling of power refers to a mix of electricity from renewable and thermal sources. This reduces the cost of power and helps distribution companies to meet renewable purchase obligations (RPO). RPO refers to the mandate under the Electricity Act, 2003 for distribution licensees to meet a certain minimum quantity of their power requirement from renewable sources. The scheme was initially launched in April 2018 to help the distribution licensees to meet their RPO and reduce emissions. Key features of the revised scheme are:

- **Location of renewable plants:** The scheme provides for thermal/hydro plants to procure or establish renewable generation capacity across India. The revised scheme adds that such renewable generation capacity must be located: (i) within the premises, or (ii) within 100 kilometres from the thermal/hydro plant. A renewable energy plant in the premises or vicinity of a thermal/hydro generation company may supply electricity to all plants owned by the generation company irrespective of their location.

- **Tariff determination:** If a RE plant is in the premises of a generator and the tariff of the generator is determined by the concerned electricity regulatory commission, the tariff of the RE plant must be also determined by the commission. If the RE plant is outside the premises, tariffs of the RE plant must be determined through a competitive bidding process. Any battery energy storage system for a RE plant must be set up through a competitive bidding process. No additional transmission charges will be applicable on bundling of RE with thermal/hydro power.
• **Sale of unscheduled power:** The revised scheme adds that the sale of unscheduled power (power generated but not planned for supply) from a RE plant. Such power may be sold in the market without any approval from the generator. Such power will not be accounted for under the scheme, thus, any gains or losses made from sale of power in the market will not be shared with the generator.

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### Petroleum and Natural Gas

#### Revised mechanism for ethanol procurement approved

The Cabinet Committee on Economic Affairs (CCEA) approved a revised mechanism for procurement of ethanol by public sector oil marketing companies (OMCs) under the Ethanol Blended Petrol (EBP) programme in November 2021. Under EBP programme, OMCs procure ethanol from distilleries at administered prices and sell petrol blended with up to 10% ethanol.

Under the revised mechanism, public sector oil enterprises will decide the pricing for second generation ethanol (second generation ethanol includes agriculture residues such as rice, wheat, and cotton stalks).

CCEA also approved an increase in the prices of ethanol for the supply year 2021-22 (December 2021-November 2022). These are as follows:

- The price of ethanol from sugarcane juice, sugar, or sugar syrup was increased from Rs 62.65 per litre to Rs 63.45 per litre.
- The price of ethanol from B-heavy molasses (byproduct of sugar, but still contains some sugar content) was increased from Rs 57.61 per litre to Rs 59.08 per litre.
- The price of ethanol from C-heavy molasses (end product left after sugar processing, with little sugar content) was increased from Rs 45.69 per litre to Rs 46.66 per litre.

**NITI Aayog submitted report on roadmap for ethanol blending**

The NITI Aayog released a report on ‘Roadmap for Ethanol Blending in India 2020-25’ in June 2021. The report suggested: (i) an annual roadmap for production and supply of ethanol till 2025-26, and (ii) systems for country wide marketing of ethanol. Key observations and recommendations of the report included:

- **Fuel ethanol demand projection:** The report estimated that India’s requirement of ethanol for petrol blending will increase from 173 crore litres in 2019-20 to 1,016 crore litres in 2025-26. To meet this demand, the ethanol production capacity will have to be increased from 684 crore litres in 2019-20 to 1,500 crore litres in 2025-26. This includes production capacity of: (i) 740 crore litres of grain-based ethanol, and (ii) 760 crore litres sugar-based ethanol. The report recommended that to enable roll out across India, ethanol may be supplied from surplus to deficit states based on the requirements. This will ensure uniform availability of ethanol blends in the country.

- **Ethanol blending roadmap:** The report recommended that the Ministry of Petroleum and Natural Gas should notify plan for availability of E10 fuel (blend of 10% ethanol and 90% petrol) by April 2022. Further, the Ministry should notify plan for continued availability of the fuel for older vehicles. E20 fuel should be launched in phased manner from April 2023 to ensure availability of E20 by 2025. The roll out of higher ethanol blends may be done in a phased manner, starting with the states with surplus production of ethanol.

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

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### Electronics and IT

#### Joint Parliamentary Committee on the Personal Data Protection Bill, 2019 submitted its report

In December 2021, the report of the Joint Parliamentary Committee on the Personal Data Protection Bill, 2019 (Chair: Mr. P. P. Chaudhary) was tabled in Parliament. The Bill was introduced in Lok Sabha in December 2019. It provides for the protection of the personal data of individuals and establishes a Data Protection Authority (DPA). It defines personal data as data about or relating to a natural person who is directly or indirectly identifiable. Key recommendations of the Committee include:

- **Scope of the Bill:** The Committee observed that it is impossible to clearly distinguish between personal and non-personal data (data other than personal data). As data is collected as mass data and the movement of data is also in a similar fashion, such segregation is not possible at every stage. Hence, the Bill should provide for the protection of all kinds of data.
The short title of the Bill should be changed to the ‘Data Protection Act, 2021’.

- **Exemption to state agencies:** The Bill empowers the central government to exempt the processing of personal data by a government agency from the application of any or all provisions of the Bill. Such exemption may be provided if it is: (i) necessary or expedient, and (ii) in the interests of specified grounds including national security and public order. The exemption order must prescribe procedures, safeguards, and oversight mechanisms. The Committee observed that such clauses have precedence in the form of reasonable restrictions imposed on the liberty of individuals. However, this provision may be misused. Hence, the Committee stipulates that the Bill should specify that the procedure to be followed should be ‘fair, just, reasonable, and proportionate’.

- **Data breaches:** The Bill requires a data fiduciary (a person who determines the purpose and means of processing personal data) to notify the DPA about any breach of personal data (unauthorised access or disclosure, or loss of access) where such a breach is likely to cause harm to the data principal. The Committee recommended that a data fiduciary should be mandated to report every personal data breach to DPA, within 72 hours of it becoming aware of the breach. Also, DPA should be empowered to regulate any breach of non-personal data.

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

### Aadhaar (Authentication and Offline Verification) Regulations, 2021 notified

In November 2021, the Unique Identification Authority of India (UIDAI) notified the Aadhaar (Authentication and Offline Verification) Regulations, 2021. The Regulations provide a framework for various types of entities such as government departments and banks to verify the identity of Aadhaar number holders. The 2021 Regulations replaced the Aadhaar (Authentication) Regulations, 2016. The Regulations have been notified under the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016.

- **Offline verification:** Under 2016 Regulations, the identity of the Aadhaar number holder could be verified by submitting: (i) demographic authentication, (ii) one-time pin, (iii) biometric information such as fingerprint or iris scan, and (iv) combination of two or more modes. The 2021 Regulations retain these modes and also introduce an offline method of verifying the identity of an Aadhaar number holder (called offline verification). Under this method, verification will be enabled through: (i) QR code, (ii) Aadhaar paperless offline e-KYC verification (a downloadable digitally signed document), (iii) e-Aadhaar, and (iv) offline paper-based verification.

- **Consent:** 2016 Regulations required a requesting entity to obtain the consent of the Aadhaar number holder for authentication. 2021 Regulations add that consent will also be required for offline verification. Further, 2021 Regulations require requesting entities to provide an Aadhaar number holder with the facility to withdraw consent. If the person withdraws consent, the entity is required to delete their Aadhaar data.

- **Virtual Identity Number:** The 2021 Regulations provide for an alternate identification number mapped with the Aadhaar number called Virtual Identity Number. The Aadhaar number holder may use this alternate number in place of the Aadhaar number for authentication.

### The SAMRIDH scheme to support startup accelerators launched

In August 2021, the Ministry of Electronics and Information Technology (MEITY) launched a new scheme called Startup Accelerators of MEITY for Production Innovation, Development, and Growth (SAMRIDH). The scheme provides financial support to startup accelerators helping the product-based software startups to scale. Accelerators are entities which support early-stage startups through education, mentorship, and financing. The total financial outlay under the scheme is expected to be Rs 99 crore over three years. Key features of the scheme are:

- **Financial support:** An accelerator will be provided with a budget of two lakh rupees per startup for supporting 5-10 startups in one cohort. Further, MEITY Startup Hub (MSH) will commit an investment of up to Rs 40 lakh in a startup that is part of the accelerator’s cohort (in exchange for equity). MSH is a nodal agency of the Ministry and will be the implementing agency for the scheme. Equal matching investment will have to be made by the accelerator or investors in that startup.

- **Selection procedure:** An accelerator meeting the following criteria will be eligible for support under the scheme: (i) more than three years of experience in the business of...
incubation, and should have supported more than 50 startups, of which at least 10 must have received non-public investment, or (ii) should have experience of running at least three cohorts for startups engaged in activities targeted under the scheme. The accelerator should demonstrate capabilities with regard to: (i) supporting startups for domestic and international market immersion, (ii) helping them connect with investors, and (iii) running programs in order to accelerate deep-tech software product startups.

- **Services to be provided:** The accelerator will be required to provide specified services to startups including: (i) expert assistance for market research and product positioning, (ii) mentorship through experts based on tech vertical, (iii) legal assistance on matters such as intellectual property and incorporation, and (iv) assistance in closing deals with investors.

**National Strategy on Blockchain released**

The Ministry of Electronics and Information Technology released the National Strategy on Blockchain in December 2021. Blockchain is a distributed ledger technology based on a shared ledger between various parties involved in business transactions. The data structure used in blockchain maintains an unchangeable record of transactions in a time-sequenced manner, eliminating the need for a central entity to validate transactions. The Ministry highlighted the following key challenges in the adoption of blockchain: (i) scalability and transaction speed, (ii) data security and privacy, (iii) standardisation and interoperability, and (iv) skilled manpower. Key features of the Strategy include the following:

- **National-level blockchain framework:** The Strategy proposes to create a national-level blockchain framework. Infrastructure for hosting blockchain platforms will be created across multiple zones in the country. The strategy proposes the creation of infrastructure for blockchain as a national resource and recommends offering blockchain as a service (services for building and hosting blockchain applications). The Strategy proposes to evolve an indigenous technology stack with an open Application Programming Interface (APIs). APIs enable two software systems to interact with each other. Open API means a publicly available interface for programmatic access to the software.

- **Integration with national-level services:** The following national-level services can be integrated with the blockchain framework: (i) eSign, an online service providing for instant signing of documents, (ii) ePramaan, an authentication service used to access different government applications, and (iii) DigiLocker, an online service to access various documents issued by government agencies.

- **Capacity building:** The Strategy notes that blockchain needs to be promoted by conducting short terms courses or bootcamps. It proposes to create sandbox environments for the development and testing of applications and offering virtual training. A sandbox provides a controlled environment for developers to test new products, services, and business models with customers.

**Communications**

**Cabinet approved several measures for the telecom sector**

The Union Cabinet approved several measures for the telecom sector in September 2021. These measures seek to infuse liquidity, encourage investment and competition, and reduce the regulatory burden on the telecom service providers (TSPs). Key measures include:

- **Moratorium for outstanding dues:** A moratorium of up to four years has been allowed to the TSPs on payment of: (i) dues on account of license fees and spectrum usage charges for the years between 2003 and 2019 (as per a 2019 Supreme Court Judgement), and (ii) dues for spectrum purchased in past auctions (excluding 2021 auction). TSPs may pay interest amounts arising due to deferment of payment by way of equity. The central government will have an option to get equity in place of the outstanding dues at the end of the moratorium period.

- **Rationalisation of levies:** Non-telecom revenue has been excluded from the definition of Adjusted Gross Revenue (AGR) on a prospective basis. AGR is the value of gross revenue after deduction of certain taxes and certain charges such as roaming charges from gross revenue. AGR also includes revenue from any non-telecom operations such as income from investments and income from property rent. TSPs pay a percentage of their AGR to the central as license fees and spectrum usage charges.

- No spectrum usage charges will be levied for spectrum acquired in future auctions.
Additional charges for spectrum sharing will also be removed. The interest rate applicable on late payment of dues has been reduced from October 1, 2021 (2% less than earlier). No penalty and interest on penalty will be levied on such delayed payments.

- **FDI:** 100% Foreign Direct Investment under automatic route has been permitted in the telecom sector.
- **Procedural changes:** Spectrum auctions will be held in the last quarter of every financial year. For certain clearances for telecom towers, submissions on a self-declaration basis will be accepted.

**Cabinet approved the scheme for provision of mobile services in uncovered villages**

In November 2021, the Union Cabinet approved a scheme for provisioning of 4G based mobile services in 7,287 uncovered villages of the 44 aspirational districts across five states.²⁷⁹ Aspirational districts are districts identified as the most under-developed districts across the country.²⁸⁰ The villages to be covered under the scheme are located in Andhra Pradesh, Chhattisgarh, Jharkhand, Maharashtra, and Odisha.

The estimated cost of implementation (including operational expenses for five years) of the project is Rs 6,466 crore. The project is likely to be completed by 2023. It is funded by the Universal Service Obligation Fund (USOF). USOF has been set up under the Indian Telegraph Act, 1885 to provide widespread, non-discriminatory, and affordable access to quality information and communication technology services to people in rural and remote areas.²⁸¹,²⁸² Resources for USOF are raised through a levy on the revenue of all the telecom operators under various licenses.

**Permission granted to conduct 5G trials in different locations across India**

In May 2021, the Department of Telecommunications granted permission to telecom service providers (TSPs) for conducting trials for use and applications of 5G technology.²⁸³ The trials were to be conducted on a non-commercial basis. The trial period was to be six months. Access to the experimental spectrum was granted in various bands. TSPs were also allowed to use the existing spectrum owned by them for trials. TSPs were required to also conduct trials in rural and semi-urban settings. TSPs were expected to facilitate the testing of indigenously developed use cases and equipment as part of their trials.

**TRAI released recommendations on license regime based on layers of telecom**

In August 2021, TRAI released recommendations on unbundling of different layers of telecom through differential licensing.²⁸⁴,²⁸⁵ Such a licensing system is expected to: (i) promote investments, ease of doing business, and innovation in the sector, and (ii) enable sharing and optimum utilisation of telecom resources.

Under the current framework, a Unified License is issued for providing all types of telecom services in the country. A licensee may choose services (such as access, internet, or satellite communication) to be offered within the Unified License. The Unified License regime does not create a distinction between different layers of telecom such as infrastructure, network, service, and application. Although, the following licenses have been introduced in recent years which provide for segregation to a certain extent: (i) Infrastructure Provider license, at the infrastructure level, and (ii) Virtual Network Operator (VNO) License, at the service level. TRAI noted that there is no provision for segregation of network layer under any of these licenses. Key recommendations of TRAI on differential licensing include:

- **Segregation of network layer:** A separate authorisation level called Access Network Provider authorisation should be provided within the Unified License. Access Network Providers will provide network services on a wholesale basis to service delivery operators. They will not be allowed to directly provide services to consumers under Unified License. Such network providers may obtain a VNO license to give services directly to consumers.

- **These entities will be permitted to acquire spectrum through auctions and enter into spectrum trading. They will also be permitted to share their resources with telecom service providers. If a licensee with access service authorisation under the unified license wishes to migrate to a segregated network layer and service layer regime, it will be allowed. License fees and spectrum charges applicable to network provider authorisation will be the same as those for access service authorisation.**

- **Framework for VNO:** A framework should be prescribed for requiring access network providers and unified licensees to provide wholesale services to VNOs in a transparent, fair, and non-discriminatory manner.
TRAI released recommendations on the promotion of broadband connectivity

In August 2021, TRAI released its recommendations on the roadmap to promote broadband connectivity and enhanced broadband speed.\(^{286}\) Note that National Digital Communications Policy 2018 aims to achieve provisioning of broadband for all by 2022.\(^{287}\) In light of this policy, the Department of Telecommunications had sought recommendations from TRAI on the subject. Key recommendations of TRAI are as follows:

- **Definition of broadband**: Currently, in India, a broadband connection is defined to have a minimum download speed of 0.512 Mbps (Megabits per second) to an individual subscriber. TRAI recommended raising the minimum speed to 2 Mbps.

- **Incentives to service providers**: TRAI recommended that incentives should be provided to telecom licensees to accelerate the growth of fixed-line broadband (provided to customer premises, i.e., a fixed location). The incentive should be in form of certain exemptions in the license fee for at least five years. TRAI recommended certain targets based on a net increase in fixed-line broadband subscribers to avail incentive. Cable operators interested in providing broadband services should be incentivised to establish last-mile linkage networks. Interest subvention scheme should be considered for cable operators registered as MSMEs.

- **Incentives to subscribers**: A pilot direct benefit transfer scheme should be considered for incentivising the use of fixed-line broadband services. Under the scheme, a fixed-line broadband subscriber in rural areas (with adequate fixed-line capacity but less demand) should be reimbursed 50% of the monthly subscription charges, subject to a maximum of Rs 200.

- **Enhancement in speed**: To enhance mobile broadband speed, the radio spectrum used for backhauling connectivity (high capacity lines) of cellular networks should be assigned to service providers on demand and in a timebound manner.

- **Right of way**: TRAI identified issues in right of way permissions as one of the major challenges in the creation of broadband infrastructure. It recommended that a centrally sponsored scheme should be formulated to incentivise states for reforms in the right of way permissions. Establishment of common ducts in roadways, rail, gas, and water pipelines should be promoted.

**Time period for mandatory storage of call detail records increased to two years**

In December 2021, the Department of Telecommunications amended the unified license agreement to increase the mandatory storage period for certain types of records from one year to two years.\(^{288}\) The record types include: (i) commercial records, call detail record (CDR), exchange detail records, and internet protocol detail record (IPDR) with regard to communication exchanged over the telecom network, (ii) CDR/IPDR for internet including internet telephony service, and (iii) log in/log out details of all subscribers for services such as internet access, email, internet telephony, and internet-based television. These records contain certain details about a call, SMS, or an event of internet access such as: (i) source and destination numbers in case of call or SMS, (ii) IP address and device identification number of a computer or mobile phone in case of internet access, and (iii) time and duration of communication. These requirements form part of the security conditions under the telecom licenses.

**Unified license to also cover voicemail/audio conferencing/audiotex services**

In December 2021, the Department of Telecommunications notified changes in the Unified License Framework to also include authorisation for audio conferencing/voicemail/audiotex services.\(^{289}\) Under the unified license framework, single license is issued for providing various types of telecom services including access service, internet service, and national and international long distance.\(^{290}\) Authorisation may be granted for any or all of the services covered under this framework.\(^{290}\) Earlier, a separate license was issued for audio conferencing/voicemail/audiotex services.\(^{289,291}\) Audiotex service involves automatic answering of calls and the subsequent provision of audio information to the callers.\(^{292}\) It also covers the Interactive Voice Response System (IVRS).\(^{292}\)

For existing licensees, migration to the unified license is optional.\(^{289}\) Earlier, no license fee is required to be paid under the separate license regime for the three services.\(^{293}\) License fee at the rate of 8% of the Adjusted Gross Revenue has been made applicable for the existing licensees under the separate license regime as well as new licensees for these services under the unified license framework.\(^{289,293,294}\) Adjusted Gross Revenue is the value of gross revenue after deduction of certain
taxes and charges. These changes came into effect on January 1, 2022.

**Revised guidelines for other service providers released**

In November 2020, the Department of Telecommunications had released guidelines for Other Service Providers (OSPs). The guidelines define OSPs as companies providing voice-based business process outsourcing (BPO) services. The guidelines specify norms for sharing of infrastructure, extending work from home facility, and security measures to be undertaken by OSPs. In June 2021, the Department issued revised guidelines for such service providers. Key changes include:

▪ **Classification of OSPs**: Earlier guidelines classified OSPs among domestic and foreign OSPs based on the location of the client. This distinction has been removed.

▪ **Interconnectivity**: Earlier, interconnectivity was permitted between: (i) two or more domestic centres of the same company or group of companies, and (ii) among international OSP centres. The revised guidelines allow interconnectivity between two or more OSP centres of the same company or group of companies, and unrelated companies.

**Indian Telegraph Right of Way (Amendment) Rules, 2021 notified**

In October 2021, the Ministry of Communications notified the Indian Telegraph Right of Way (Amendment) Rules, 2021. The 2021 Rules amend the Indian Telegraph Right of Way Rules, 2016 issued under the Indian Telegraph Act, 1885. The Act regulates the telecommunication sector. The 2016 Rules regulate the laying of underground and overground telegraph infrastructure including optical fibre and mobile towers. Key features of the 2021 Rules are:

▪ **Fees for establishing underground infrastructure**: The 2016 Rules provided that no fee will be charged to a licensee for establishing underground infrastructure other than those for: (i) meeting administrative expenses for examination of application, and (ii) payment of certain restoration charges. The 2021 Rules extend this provision to activities of maintaining, working, repairing, transferring, or shifting the infrastructure.

▪ **Compensation**: The 2021 Rules add that in cases where the overground telegraph line is established over an immovable property managed by a government authority, a one-time compensation shall be payable by the licensee for the value of the immovable property. Compensation will be subject to a maximum of Rs 1,000 per km of the telegraph line established.
Bill to regulate assisted reproductive technology passed by Parliament

The Assisted Reproductive Technology (Regulation) Bill, 2020 was passed by Parliament in December 2021. The Bill was examined by the Standing Committee on Health and Family Welfare. The Bill as passed incorporated the Committee’s recommendation to constitute common authorities for regulating surrogacy and assisted reproductive technology services. Key features of the Bill include:

- **Assisted Reproductive Technology (ART):** ART includes all techniques that seek to obtain a pregnancy by handling the sperm or the oocyte (immature egg cell) outside the human body and transferring the gamete or the embryo into the reproductive system of a woman. Examples include gamete donation, in-vitro fertilisation (fertilising an egg in the lab), and gestational surrogacy (the child is not biologically related to the surrogate mother).

- **Registration of ART clinics and banks:** ART services will be provided through: (i) ART clinics, which offer ART related treatments and procedures, and (ii) ART banks, which store and supply gametes. The Bill sets up the National Assisted Reproductive Technology and Surrogacy Registry, which will act as a central database with details of all ART clinics and banks in the country.

- **Conditions for ART services:** ART procedures can only be carried out with the written consent of the party seeking ART services as well as the donor. The party seeking ART services must provide insurance coverage for the donor (for loss, damage, or death). Clinics are prohibited from offering to provide a child of pre-determined sex. Further, the Bill requires checking for genetic diseases before embryo implantation.

- **National and State Boards:** The Bill provides that the National and State Boards for Assisted Reproductive Technology and Surrogacy constituted under the Surrogacy (Regulation) Act, 2021 will act as the National and State Board respectively for the regulation of ART services. Key functions of the National Board include: (i) advising the central government on ART related policy matters, (ii) formulating code of conduct and standards for ART clinics and banks, and (iii) overseeing various bodies to be constituted under the Bill. State Boards will coordinate enforcement of the guidelines for ART as per the recommendations and regulations of the National Board.

For more details on the Bill, please see here.

Parliament passed Bill to regulate surrogacy

The Surrogacy (Regulation) Bill, 2019 was passed by Parliament in December 2021. The Bill defines surrogacy as a practice where a woman gives birth to a child for an intending couple and agrees to hand over the child to them after the birth. The Bill was examined by a Select Committee of the Rajya Sabha. The Bill as passed incorporated the changes suggested by the Select Committee. Key features of the Bill include:

- **Regulation of surrogacy:** The Bill allows intending couples and women to undertake surrogacy on certain grounds. It allows altruistic surrogacy, i.e., surrogacy in which no monetary compensation is provided to the surrogate mother other than the medical expenses, insurance coverage and other prescribed expenses. Further, it penalises intending couples, intending women, and other persons for not following altruistic surrogacy.

- **Eligibility criteria for intending couple/woman:** An intending couple is one that has a medical indication necessitating gestational surrogacy. Further, an intending woman (Indian citizen, and a widow or divorcee between the age of 35 to 45 years) can also commission surrogacy. To undertake surrogacy, the intending couple or woman must obtain a letter of recommendation from the Board, as prescribed, and certificates of essentiality, and eligibility.

The certificate of essentiality will be given if the intending couple or woman fulfils specified conditions, including possessing a certificate of the medical indication necessitating gestational surrogacy from the District Medical Board. The certificate of eligibility is issued to the intending couple if they fulfil three conditions: (i) they are Indian citizens, (ii) the wife is 23 to 50 years old, and the husband is 26 to 55 years old, and (iii) they do not have any surviving child (biological, adopted or surrogate). The Board may prescribe certain additional eligibility conditions.

- **Eligibility criteria for surrogate mother:** A willing woman can act as a surrogate mother.
The surrogate mother must be: (i) a married woman having a child of her own, (ii) 25 to 35 years old, (iii) a surrogate only once in her lifetime, and (iv) possess a certificate of medical and psychological fitness for surrogacy. The surrogate mother cannot provide her own gametes for surrogacy.

For more details on the Bill, please see here.

Parliament passed Bills amending laws on National Commissions for Indian System of Medicine and Homoeopathy


These Acts replaced the: (i) Indian Medicine Central Council Act, 1970, and (ii) Homoeopathy Central Council Act, 1973. The replaced laws set up two Central Councils, of Indian Medicine and Homoeopathy, to regulate the education and practice of the Indian medicine system (includes Ayurveda, Yoga, and Naturopathy) and homoeopathy respectively. These laws had earlier been amended to provide that two Boards of Governors, constituted by the central government, would temporarily exercise the powers of these Councils till their reconstitution.

The 2020 Acts replaced these Councils with National Commissions. Since establishing the Commissions was taking time, the earlier laws were not repealed immediately with passage of the 2020 Acts, and the Boards continued to function.

In June and July 2021 respectively, the National Commissions for Indian System of Medicine, and for Homoeopathy were constituted. The earlier laws setting up the Central Councils were repealed. The 2021 Bills specified that all functions of the respective Board of Governors will be deemed to have been done under the 2020 Acts and will continue to remain in force.

For PRS summaries of the Bills, please see here and here.

Bill amending the NIPER Act passed


The Bill was examined by the Standing Committee on Chemicals and Fertilisers which made recommendations to improve the functioning of the NIPERs. Key amendments under the Bill are:

- **New institutions of national importance:** The Bill declares six NIPERs as Institutions of National Importance. These institutes are located in: (i) Ahmedabad, (ii) Hajipur, (iii) Hyderabad, (iv) Kolkata, (v) Guwahati, and (vi) Raebareli. An Institution of National Importance is an autonomous institute with the power to hold examinations, and grant degrees, diplomas, and other academic titles. Such institutes receive central government funding.

- **Establishment of the Council:** The Bill provides for a Council to coordinate the activities among all the NIPERs under the Act to ensure development of pharmaceutical education and research and maintenance of standards. Functions of the Council include: (i) advising on matters related to course duration, and admission standards in the institutes, (ii) formulating policies for recruitment, conditions of service, and fees, and (iii) examining and approving development plans of the institutes.

- **Board of Governors:** The Bill reduces the number of members in the Board of Governors for each institute from 23 to 12. The Board will be chaired by an eminent academician or professional. The ex officio members of the Board include: (i) the Director of the institute, (ii) the Secretary dealing with medical or technical education in the concerned state government, and (iii) a representative of Drug Controller General of India.

Report of the Standing Committee on the Bill

The Standing Committee on Chemicals and Fertilisers (Chair: Ms. Kanimozi Karunanidhi) submitted its report on the National Institute of Pharmaceutical Education and Research (Amendment) Bill, 2021 on August 4, 2021. Key observations and recommendations by the Committee include:

- The Bill proposed to include three Members of Parliament (MPs) as members in the Council. The Committee recommended that MPs nominated as members must have prior exposure to the medical or pharmaceutical fields. This may be mandated by amendments in the Bill or Rules under it.

- The 1998 Act required the Board of Governors of a NIPER to have at least one public person or social worker from Scheduled Caste or Scheduled Tribe. The 2021 Bill proposed to
remove this requirement. The Committee recommended reconsidering this omission. The Department of Pharmaceuticals should ensure that at least one public person or social worker from Scheduled Caste or Scheduled Tribe is included in the Board of Governors to enable social inclusion.

For more details on the Bill, please see here.

**The Medical Termination of Pregnancy (Amendment) Rules, 2021 notified**

In October 2021, the Ministry of Health and Family Welfare notified the Medical Termination of Pregnancy (Amendment) Rules, 2021. The Medical Termination of Pregnancy Act, 1971 was amended in March 2021. The 2021 Rules provide details for certain aspects of the 2021 amendments (such as functions of a Medical Board to diagnose foetal abnormalities). Key features are:

- **Functions of the Medical Board**: In 2021, the Act was amended to increase the period of the pregnancies eligible for termination from 20 weeks to 24 weeks. This upper limit will not apply to terminations due to foetal abnormalities. A state-level Medical Board will diagnose such abnormalities for approving the termination of pregnancies.

- The 2021 Rules provide that functions of the Board include: (i) examining reports of women requesting termination of pregnancy due to foetal abnormalities, (ii) deciding such requests within three days, and (iii) ensuring that the termination procedure is conducted safely within five days of the request.

- **Eligibility of women for termination of pregnancy between 20-24 weeks**: As per the 2021 amendments, termination of pregnancy is allowed for certain conditions (such as risk to life or physical or mental health of the pregnant woman). Further, the central government may notify rules on the eligibility of women for termination of pregnancy between 20-24 weeks. The 2021 Rules specify that such women include: (i) survivors of sexual assault or rape or incest, (ii) minors, (iii) mentally ill women, and (iv) women widowed or divorced during pregnancy.

**Ayushman Bharat Health Infrastructure Mission launched**

The Ayushman Bharat Health Infrastructure Mission was launched in October 2021. It seeks to strengthen the healthcare network across India within the next four to five years. Three major aspects of the Mission are:

- **Facilities for diagnostics and treatment**: The Mission aims to enable early detection of diseases through health and wellness centres. Such centres will provide medical consultation, test facilities and medicine for free. 35,000 new critical care beds will be added in 600 districts, and referral facilities (transferring patients from one health facility to another) will be provided in 125 districts.

- **Development of diagnostic network**: Integrated public health laboratories will be created in 730 districts. Block level public health units will be created in 3,000 blocks. The network for diagnostic facilities will be strengthened by using five regional national centres for disease control, 20 metropolitan units, and 15 bio-safety level labs.

- **Expansion of existing research institutes**: 80 existing viral diagnostic and research labs will be strengthened, and four new National Institutes of Virology and one National Institute for One Health will be established.

**Cabinet approved implementation of Ayushman Bharat Digital Mission**

The Cabinet Committee on Economic Affairs approved the roll-out of the Ayushman Bharat Digital Mission (ABDM) in February 2022. The National Health Authority is the implementing agency for ABDM. A budget of Rs 1,600 crore has been allocated towards ABDM for five years.

ABDM was launched by the central government in September 2021. As per the Mission, citizens will be able to create their Ayushman Bharat Health Account numbers which will be linked to their digital health records. Further, the Mission will enable interoperability within the digital health ecosystem. This means that the digital health service providers will be able to offer diverse service options on a single digital platform.

**Consultation paper issued on unified health interface**

The National Health Authority issued a consultation paper on the Unified Health Interface (UHI) in July 2021. UHI is one of the building blocks of the National Digital Health Ecosystem (NDHE). NDHE refers to the eco-system of data and infrastructure aimed at achieving universal health coverage using data systems, and health infrastructure. It also aims to ensure security, confidentiality, and privacy of health-related personal information. UHI is aimed at enabling digital health services in this eco-system. Key aspects of UHI include:
• **Architecture:** UHI will be an open protocol for digital health services. Open protocols refer to a system where a platform offering services is not owned by a single entity. This ensures diverse service options from multiple service providers on the platform. UHI will allow health service providers to achieve interoperability in delivery of digital health services. A technical expert committee will be created to formulate, design, and publish initial UHI open protocols. These will be adopted after consultation with experts and the public.

• **Governance and management:** National Digital Health Mission (NDHM) will be responsible for development, governance, and management of UHI. NDHM is the mission-based initiative for implementing the digital ecosystem for health care services in India.

### Health data retention policy proposed

In November 2021, the National Health Authority proposed the health data retention policy under the Ayushman Bharat Digital Mission (ABDM). The policy seeks to provide uniform guidelines enabling the long-term retention of health data, to help improve the quality of healthcare service delivery. Key features include:

• **Applicability and mode of data retention:** The data retention policy may be implemented in one of two ways. Under the first option, the policy must be adopted by all health facilities and associated entities (such as insurance providers and teleconsultation platforms). In this case, all modes of data retention would be acceptable. The second option is based on the opt-in mechanism, i.e., the policy will apply only to those health facilities and entities which opt for ABDM. In this case, data must be retained in electronic format.

• **Duration of data retention:** The policy proposed a minimum period of 10 years (from the last entry) for retaining the health data of in-patient, out-patient, and deceased patient. In certain cases (such as immunisation records, and register of births and deaths), data must be retained permanently.

### Pharmaceuticals

#### Guidelines for strengthening the pharmaceutical industry released

The Department of Pharmaceuticals, under the Ministry of Chemicals and Fertilisers notified guidelines for the scheme ‘Strengthening of Pharmaceuticals Industry’ (SPI) in March 2022. As part of developing pharmaceutical industries, following sub-schemes are in place: (i) Assistance to Pharmaceutical Industry for Common Facilities, and (ii) Pharmaceutical Technology Upgradation Assistance Schemes, and Pharmaceutical Promotion and Development Scheme.

The objective of Strengthening of Pharmaceuticals Industry scheme is to: (i) strengthen the existing schemes by creating common facilities, and (ii) upgrade the production facilities of small and medium enterprises up to required regulatory standards. The Department of Pharmaceuticals has combined the three sub-schemes into a single scheme with modifications in their guidelines.

**Key features of the guidelines include:**

- The scheme will have a total financial outlay of Rs 500 crore, over five years (2021-26). The three sub-schemes will be components of the 2022 scheme. A summary of the incentives in each of the sub-schemes is given in Table 20.

<table>
<thead>
<tr>
<th>Table 20: Support under SPI sub-schemes</th>
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<tr>
<td><strong>Sub-Scheme</strong></td>
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<tr>
<td>Assistance to Pharmaceutical Industry for Common Facilities</td>
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<tr>
<td>Pharmaceutical Technology Upgradation Assistance Scheme</td>
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<td>Pharmaceutical and Medical Devices Promotion and Development Scheme</td>
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 Sources: Ministry of Chemicals and Fertilisers; PRS.
Reservation for OBCs and EWS approved in All India Quota Scheme in medical education

In July 2021, the Ministry of Health and Family Welfare approved 27% reservation for Other Backward Classes (OBCs), and 10% reservation for Economically Weaker Section (EWS) in the All-India Quota Scheme from 2021-22 onwards. The scheme provides domicile-free merit-based opportunities to students for studying in medical colleges located in another state. All-India Quota consists of 15% of total undergraduate (UG) seats and 50% of total postgraduate (PG) seats in government medical colleges.

The central list of OBCs will be used for this reservation. The reservation will be provided at the UG and PG level, for students of medicine and dentistry. Note that the Central Educational Institutions (Reservation in Admission) Act, 2006 provides uniform 27% reservation to OBCs in all central educational institutions. However, this had not been extended to the All-India Quota seats of state medical and dental colleges.

Regulations for Academic Bank of Credits notified

In July 2021, the University Grants Commission (UGC) notified the University Grants Commission (Establishment and Operation of Academic Bank of Credits in Higher Education) Regulations, 2021. The Regulations establish an Academic Bank of Credits, which will digitally store student’s academic credits from all registered Higher Educational Institutions (HEIs). Note that the National Education Policy 2020 mandated the establishment of such a credit bank. Key features of the Academic Bank of Credits include:

- **Validity:** Credits obtained by students taking courses in registered HEIs will be eligible for availing Academic Bank of Credits services from academic year 2021-22 onwards. The credits earned by students shall be valid for up to a maximum of seven years. Once the credits are utilised, they will be debited from the student account. The Academic Bank of Credits will be available for all learning modes including contact, non-contact and futuristic learning modes.

- **Recognition:** The Regulations mandate the Academic Bank of Credits to facilitate credit recognition and credit redemption for all courses, chosen by the student. The opted for courses need not fall under any particular subject domain. The Regulations mandate that the credits earned and deposited with the credits bank can be used for redemption to the respective education level (certificate, diploma, degree, or Post Graduate diploma).

National Mission to achieve universal foundational literacy and numeracy by 2026-27 launched

The National Education Policy 2020 aims to achieve universal foundational literacy and numeracy in primary school by 2025. This implies that every child, by grade 3, must be able to read with comprehension, write, perform basic mathematical operations, and learn basic life skills. In July 2021, the Ministry of Education launched the National Initiative for Proficiency in Reading with Understanding and Numeracy (NIPUN Bharat) to achieve universal foundational literacy and numeracy by 2026-27.

The Mission specifies yearly targets for achieving learning outcomes at various grade levels. A five-tier structure (at the national, state, district, block, and school levels) will be in place for implementing NIPUN Bharat. The responsibilities at the national level include: (i) preparing a list of measurable learning outcomes, in each subject for each grade, and (ii) creating robust information technology systems to monitor and track progress of the mission. States would be responsible for (i) creating yearly action plans to achieve foundational literacy and numeracy targets, and (ii) ensuring availability of adequate number of teachers in each school at each grade.

In October 2021, the Department of School Education and Literacy established a National Steering Committee (chaired by the Union Education Minister) for implementation of the NIPUN Bharat Mission.

Validity period of Teachers Eligibility Test qualifying certificate extended

In June 2021, the Ministry of Education extended the validity period of Teachers Eligibility Test qualifying certificate from seven years to lifetime. Teachers Eligibility Test is one of the essential qualifications for a person to be eligible for appointment as a teacher in schools. The extension applies retrospectively from 2011.

Bill to establish a central university in Ladakh passed by Parliament

In August 2021, the Central Universities (Amendment) Bill, 2021 was passed by Parliament. It amended the Central Universities...
Key features of the Bill include:

- **Prohibition of doping:** The Bill prohibits athletes, athlete support personnel and other persons from engaging in doping in sport. Support personnel include the coach, trainer, manager, team staff, medical personnel, and other persons working with or treating or assisting an athlete. These persons must ensure that there is no violation of anti-doping rules which include: (i) presence of prohibited substances or its markers in an athlete’s body, (ii) use, attempted use or possession of prohibited substances or methods, (iii) refusing to submit a sample, (iv) trafficking or attempted trafficking in prohibited substances or methods, and (v) aiding or covering up such violations.

- **Exemptions:** If any athlete requires a prohibited substance or method due to a medical condition, they may apply to the National Anti-Doping Agency for a therapeutic use exemption.

- **Consequences of violations:** Anti-doping rule violation may result in: (i) disqualification of results, (ii) ineligibility to participate in a competition or event for a prescribed period, (iii) financial sanctions, and (iv) other consequences as may be prescribed. Consequences for team sports will be specified by regulations. Consequences for a violation will be determined by the National Anti-Doping Disciplinary Panel after a hearing.

- **National Board:** The Bill provides for the constitution of the National Board for Anti-Doping in Sports. The Board will make recommendations to the government on anti-doping regulations and ensure compliance of international commitments on anti-doping. It will oversee the activities of NADA and issue directions to it. The Board will consist of a Chairperson and two members appointed by the central government.

The Bill was referred to the Standing Committee on Education, Women, Children, Youth, and Sports (Chair: Dr. Vinay P. Sahasrabuddhe) on December 25, 2021. The Committee submitted its report in March 2022.

- The Standing Committee noted that large scale awareness is required for athletes, coaches, and medical practitioners to eliminate the prevalence of doping in sports. It recommended that a dedicated institute should be set up to undertake research, awareness initiatives, and run courses to promote anti-doping measures outlined in the Bill.

- The Standing Committee recommended that a mechanism may be laid down for selection and appointment of the Chairperson and members of the Board. This will ensure proper vetting of the person(s) appointed by the central government. Note that currently the Bill does not provide for a selection process for appointments to the Board.

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

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**Women and Child Development**

**Bill to increase minimum age of marriage of females introduced in Lok Sabha**

In December 2021, the Prohibition of Child Marriage (Amendment) Bill, 2021 was introduced in Lok Sabha.335 It amends the Prohibition of Child Marriage Act, 2006 to increase the minimum age of marriage of females.335 The Bill has been referred to the Standing Committee on Education, Women, Children, Youth and Sports. Key feature of the Bill include the following:

- **Increasing the minimum age of marriage of females:** The Act provides that the minimum age of marriage is 21 years in case of males, and 18 years in case of females. The Bill increases the minimum age for females to 21 years. It also amends certain other laws relating to marriage to increase the minimum age of marriage of females under those laws to
21 years and overrides any provision in any personal religious law or custom.

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

The Juvenile Justice (Care and Protection) Amendment Bill, 2021 passed

In July 2021, Parliament passed the Juvenile Justice (Care and Protection of Children) Amendment Bill, 2021.\(^{336}\) The Bill amends the Juvenile Justice (Care and Protection of Children) Act, 2015. The Act contains provisions related to children in conflict with law and children in need of care and protection.\(^{337}\) Key amendments include:

- **Adoption:** The Act prescribes the procedure for the adoption of children by prospective adoptive parents. This includes an adoption order from a court. The Bill amended this to empower the District Magistrate instead of the court to issue adoption orders.

- **Appeals:** Appeals against an adoption order passed by the District Magistrate may be filed before the Divisional Commissioner.

- **Serious offences:** The Act provides that the Juvenile Justice Board will inquire about a child who is accused of a serious offence. Serious offences are those for which the punishment is imprisonment between three to seven years. The Bill adds that serious offences will also include offences for which maximum punishment is imprisonment of more than seven years, and minimum punishment is not prescribed or is of less than seven years.

- **Designated Court:** The Act provides that an offence against children under the Act, punishable with imprisonment for more than seven years, will be tried in the children’s court. Other offences (punishable with imprisonment less than seven years) will be tried by any Judicial Magistrate. The Bill proposes that all offences under the Act be tried in children’s court.

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

Regulations to facilitate inter-country adoption for Hindu children notified

In September 2021, the Ministry of Women and Child Development notified amendments to the Adoption Regulations, 2017.\(^{338}\) The amendments were notified under the Juvenile Justice Act, 2015 which empowers the central government to regulate inter-country adoptions.\(^{339}\) The 2017 Regulations prescribe the procedure for adoption of Indian children by non-resident Indians (NRIs), overseas citizens of India (OCI), and foreign adoptive parents living in a country which is a signatory to the Hague Adoption Convention.\(^{340}\) The Hague Adoption Convention aims to establish cooperation among member countries to implement safeguards for intercountry child adoptions.\(^{341}\)

The 2021 amendments prescribe the procedure for all adoption cases: (i) under the Hindu Adoption and Maintenance Act, 1956 by prospective adoptive parents or adoptive parents residing outside India, and (ii) related to countries outside the Hague Adoption Convention.\(^{338}\) The Hindu Adoption and Maintenance Act, 1956 regulates adoption and maintenance for Hindus (including Buddhists, Jains and Sikhs).\(^{342}\) Key features of the 2021 amendments are:

- **Registration by CARA:** The Central Adoption Resource Authority (CARA) will register applications for inter-country adoptions concluded under the Hindu Adoptions and Maintenance Act, 1956.

- **Procedure for prospective adoption (after 2021 Regulations):** The procedure for inter-country adoptions of Hindu children applies to eligible NRIs or OCIs. Any Hindu prospective adoptive parent who habitually resides abroad and is willing to adopt an Indian Hindu child of Indian Hindu Parents who reside in India, may approach child adoption authorities in their country of residence. The adoption process involves coordination between the respective country’s child adoption authority, CARA, and the DM (of where the child resides). The process involves sponsoring application, vetting the family background report, and issue of Conformity Certificate as per the Hague Convention.

- **Procedure for registered adoption that began before the 2021 Regulations were notified:** If an adoption deed has already been executed under the 1956 Act before the commencement of the 2021 Regulations, the supporting documents of the adoption deed will be verified and forwarded to CARA by the DM. Subsequently, CARA will issue a No Objection Certificate (for Hague ratified countries). For countries outside the Hague Adoption Convention, CARA will issue a final support letter, after obtaining an acceptance letter from the country’s adoption authorities.
Social Justice and Empowerment

Constitution amended to allow states to prepare their own list of socially and educationally backward classes

The Constitution (127th Amendment) Bill, 2021 was passed by Parliament in August 2021. The Bill amends the Constitution to allow states and UTs to prepare their own list of socially and educationally backward classes. Key features of the Bill include:

- List of socially and educationally backward classes: The National Commission for Backward Classes (NCBC) was established in 1993. The Constitution (102nd Amendment) Act, 2018 gave constitutional status to the NCBC, and empowered the President to notify the list of socially and educationally backward classes for any state or UT for all purposes. The Bill amends this to provide that the President may notify such a list only for purposes of the central government. This central list will be prepared and maintained by the central government. Further, the Bill enables states and UTs to prepare their own list of socially and educationally backward classes. This list must be made by law, and may differ from the central list.

- Consultation with the NCBC: Article 338B of the Constitution mandates the central and state governments to consult the NCBC on all major policy matters affecting the socially and educationally backward classes. The Bill exempts states and UTs from this requirement for matters related to preparation of their list of socially and educationally backward classes.

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

Bills amending the lists of SCs and STs in various states

Four Bills were introduced in Parliament to amend: (i) the Constitution (Scheduled Castes) Order, 1950 (SC Order), and/or (ii) the Constitution (Scheduled Tribes) Order, 1950 (ST Order). The Constitution empowers the President to specify the Scheduled Castes (SCs) and Scheduled Tribes (STs) in various states and UTs. Further, it permits Parliament to modify these lists of notified SCs and STs.

- Arunachal Pradesh: The Constitution (Scheduled Tribes) Order (Amendment) Bill, 2021 was passed by Parliament in August 2021. The Bill amends the ST Order, 1950 to give effect to modifications proposed by the state of Arunachal Pradesh. For a PRS summary of the Bill, please see here.

- Jharkhand: The Constitution (Scheduled Castes and Scheduled Tribes) Orders (Amendment) Bill, 2022 was passed by Rajya Sabha in March 2022. The Bill includes certain communities in the list of STs in Jharkhand. Further, the Bill transfers the Bhoga community from the list of SCs to the list of STs in Jharkhand. For a PRS summary of the Bill, please see here.

- Tripura: The Constitution (Scheduled Tribe and Scheduled Caste) Orders (Second Amendment) Bill, 2022 was passed by Lok Sabha in March 2022. The Bill includes the Darlong community as a sub-tribe of the Kuki tribe in the list of STs in Tripura. For a PRS summary of the Bill, see here.

- Uttarakhand: The Constitution (Scheduled Castes and Scheduled Tribes) Order (Amendment) Bill, 2022 was introduced in Lok Sabha in March 2022. The Bill amends the SC Order and the ST Order to shift the Gond community from the Scheduled Caste list to the Scheduled Tribe list. For a PRS summary of the Bill, please see here.

Schemes launched for welfare of beggars and transgenders, and certain tribes

In February 2022, the Ministry of Social Justice and Empowerment launched two schemes. The first scheme, called Support for Marginalised Individuals for Livelihood and Enterprise (SMILE), seeks to provide welfare, social security, and rehabilitation to transgender persons and beggars. The Ministry has allocated Rs 365 crore for the scheme from 2021-22 to 2025-26. It has two sub-schemes, targeted towards the rehabilitation of: (i) transgender persons (includes components for scholarships to transgender students, skill development and livelihood, and shelter homes), and (ii) beggars (includes survey, identification, and resettlement of beneficiaries).

The Scheme for Economic Empowerment of De-notified Tribes, Nomadic Tribes, and Semi-Nomadic Tribes seeks to secure welfare of these communities. The scheme will involve expenditure of Rs 200 crore from 2021-22 to 2025-26. It has four components targeted at de-notified, nomadic, or semi-nomadic tribal communities. These are: (i) free coaching to students for civil services and professional courses, (ii) health insurance through the Ayushman Bharat Pradhan Mantri Jan Aarogya Yojana, (iii) community-level livelihoods initiative to support income generation, and (iv) financial assistance for housing through the Pradhan Mantri Awas Yojana.
Certain government establishments exempted from provisions of Rights of Persons with Disabilities Act, 2016

In August 2021, the Ministry of Social Justice and Empowerment issued a notification exempting certain government establishments from certain provisions of the Rights of Persons with Disabilities Act, 2016.350 Exemptions under the notifications are as follows:

▪ Reservation: The Act requires all government establishments to reserve at least 4% of the total vacancies for each post for persons with benchmark disabilities.351 A person is said to have a benchmark disability if they have: (i) a disability that has been defined in measurable terms under the Act, or (ii) at least 40% of a disability that has not been defined in measurable terms, as certified by a certifying authority. The notifications exempt all posts of the: (i) Indian Police Service, (ii) Delhi, Andaman and Nicobar Islands, Lakshadweep, Daman and Diu and Dadra and Nagar Haveli Police Service, (iii) Indian Railway Protection Force Service, and (iv) combattant personnel of the Central Armed Police Forces (CAPFs) from the reservation requirement.

▪ Non-discrimination: The Act prohibits discrimination against disabled persons in government employment. The notifications exempt all posts of combattant personnel of the CAPFs from this provision.

Housing and Urban Affairs

Model Tenancy Act, 2021 approved by Union Cabinet

In June 2021, the Cabinet approved the Model Tenancy Act, 2021 for adoption by state and union territory governments.352 The Model Act regulates rental properties, protects rights of tenants and landlords, and establishes a mechanism for dispute redressal.353 Since rental housing is regulated by state governments, the Model Act is a suggested framework that may be adopted (with suitable changes) by states and union territories.354 Its key features include:

▪ Tenancy agreement: The Model Act states that a written agreement must be signed between the landlord and the tenant to rent any premise. The agreement must specify details such as amount of rent payable, security deposit, and conditions for maintenance. All rental agreements must be registered with the Rent Authority within two months from date of agreement.

▪ Dispute adjudication: The Model Act proposes a three-tier mechanism for dispute redressal, consisting of: (i) Rent Authority, (ii) Rent Court, and (iii) Rent Tribunals. Rent Authorities and Rent Courts will be appointed by the District Collector after approval of the state government. The state government may establish a Rent Tribunal in each district after consulting with the jurisdictional High Court. No civil court will have jurisdiction over matters under the Model Act.

▪ Eviction: To evict a tenant, the landlord must apply to the Rent Authority seeking such eviction. The Authority may make an order for eviction on grounds including refusal or failure to pay rent, parting of possession of premises without written consent of landlord, and structural change by tenant without written consent.

▪ Sub-letting: The Model Act prohibits sub-letting unless allowed through a supplementary agreement. The landlord and tenant must jointly inform the Rent Authority within two months from the date of agreement for sub-tenancy.

For a PRS analysis of the Model Act, see here.

NITI Aayog released report on urban planning capacity reforms in India

In September 2021, NITI Aayog released a report on ‘Reforms in Urban Planning Capacity in India’,355 It constituted an Advisory Committee in October 2020, chaired by Dr. Rajiv Kumar. The report mentioned that during 2011–36, urban growth will be responsible for 73% of the rise in total population. This signifies opportunities to leverage urbanisation, while posing challenges to sustainable growth. Key observations and recommendations include:

▪ Institutional structure: The Committee noted that most states have not devolved the funds, functions, and functionalities for undertaking urban planning to the urban local government, as envisaged by the Constitution (74th Amendment) Act, 1992. Consequently, several agencies are involved in planning and infrastructure development, at both city and state levels, with overlapping functions. This has led to a lack of accountability, causing delays and resource wastage. The Committee recommended: (i) empowering mayors and standing committees to make them more
effective in urban planning and management, (ii) recruiting urban planners as advisors/fellows in the offices of the mayors by the states/UTs, and (iii) commissioning a High-Powered Committee for reviewing the urban governance structure in India.

- **Master Plans**: The Committee noted that despite most states having legal powers to prepare and notify master plans, 65% of the 7,933 urban settlements do not have any master plan. To ensure planned urbanisation, the Committee recommended implementing a five-year central sector scheme named ‘500 Healthy Cities Programme’. The scheme aims to achieve health-centric planning through convergence in spatial planning, public health, and socio-economic development.

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

**Provisions for Cooling Action Plan released**


These are an addendum to the Model Building Bye Laws, 2016 and Urban and Regional Development Plan Formulation and Implementation (URDPFI) Guidelines, 2014. The Bye Laws are mandatory in nature and seek to protect buildings against fire, earthquake, noise, structural failures and other hazards. The URDPFI Guidelines are intended to be used as a reference for planning and developing different type of towns and cities. The provisions specify certain design features to reduce cooling demand. These include: (i) building high quality tiled and white roofs (reflect 80% of the sun’s energy) as cool roofs, (ii) providing adequate natural ventilation, and (iii) building roofs and walls of adequate thickness in dry climates. The provisions also suggest that cool roofing be made mandatory for all municipal, commercial and government buildings.

- **Design features**: The provisions specify certain design features to reduce cooling demand. These include: (i) building high quality tiled and white roofs (reflect 80% of the sun’s energy) as cool roofs, (ii) providing adequate natural ventilation, and (iii) building roofs and walls of adequate thickness in dry climates. The provisions also suggest that cool roofing be made mandatory for all municipal, commercial and government buildings.

- **Orientation**: The provisions recommend that: (i) a building should be oriented from east to west along the main path of the sun, (ii) in humid climates, there should be larger distances between buildings to allow better air circulation, (iii) in arid climate, buildings should be close together, (iv) most openings (doors, windows or vents), should face north or south to reduce sun exposure, and (v) window positions should allow optimal use of daylight, but with a small surface to avoid solar radiation inside.

- **Energy conservation**: The provisions specify that information campaigns and financial incentives should be provided to promote energy efficient building designs. They also recommend the usage of multiple cooling strategies to achieve a temperature reduction greater than 2.5 degree celsius.

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### Environment

**Bill to set up a Commission for air quality management in NCR and adjoining areas passed by Parliament**

The Commission for Air Quality Management in National Capital Region and Adjoining Areas Bill, 2021 was passed by Parliament in August 2021.\(^{358}\) The Bill constitutes a Commission for better co-ordination, research, identification, and resolution of problems related to air quality in the National Capital Region (NCR) and adjoining areas. Adjoining areas are defined as areas in Haryana, Punjab, Rajasthan, and Uttar Pradesh, adjoining the National Capital Territory of Delhi and NCR, where any source of pollution may cause adverse impact on air quality in NCR. The Bill also dissolves the Environment Pollution (Prevention and Control) Authority for NCR set up in 1998. Key features of the Bill include:

- **Functions**: Functions of the Commission include: (i) co-ordinating actions by the state governments of Delhi, Haryana, Punjab, Rajasthan, and Uttar Pradesh, (ii) planning and executing programmes to prevent and control air pollution in NCR, (iii) providing a framework for identifying sources of air pollutants, (iv) conducting research and development through networking with technical institutions, (v) training and creating a special workforce to deal with air pollution, and (vi) preparing action plans for increasing plantation and addressing stubble burning.

- **Penalties**: Contravention of provisions of the Bill, or orders and directions of the Commission, is punishable with imprisonment of up to five years, or fine up to one crore rupees, or both. The Bill excludes farmers
causing air pollution by stubble burning or mismanagement of agricultural residue from the scope of these penalties. However, the Commission may collect an environmental compensation (at a rate prescribed by the central government) from farmers causing air pollution by stubble burning. Appeals against the orders of the Commission lie to the National Green Tribunal. In October 2020, a similar Ordinance was promulgated.\textsuperscript{359} The Commission was set up in November 2020.\textsuperscript{360}

For a PRS summary of the Bill, please see here.\textsuperscript{361}

**Bill amending Wild Life (Protection) Act introduced, referred to Standing Committee**

The Wild Life (Protection) Amendment Bill, 2021 was introduced in Lok Sabha in December 2021.\textsuperscript{362} The Bill amends the Wild Life (Protection) Act, 1972.\textsuperscript{363} The Act regulates the protection of wild animals, birds and plants. The Bill seeks to increase the species protected under the law, and implement the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES). Key features of the Bill include:

- **Implementation of CITES:** CITES is an international agreement to ensure that trade in specimens of wild animals and plants does not threaten the survival of the species. Under CITES, plant and animal specimens are classified into three categories (Appendices) based on threat of extinction. The Convention requires countries to regulate the trade of all listed specimens through permits. It also seeks to regulate the possession of live animal specimens. The Bill seeks to implement these provisions of CITES.

- **Rationalising schedules:** Currently, the Act has six schedules for specially protected plants (one), specially protected animals (four), and vermin species (one). Vermin refers to small animals that carry disease and destroy food. The Bill reduces the total number of schedules to four by: (i) reducing the schedules for specially protected animals to two (one for greater protection level), (ii) removing the schedule for vermin species, and (iii) inserting a schedule for specimens listed in Appendices under CITES (scheduled specimens).

- **Obligations under CITES:** Under the Bill, the central government will designate a: (i) Management Authority to grant export or import permits for trade of specimens, and (ii) Scientific Authority to advise on aspects related to impact on survival of the specimens being traded. Every person engaging in trade of a scheduled specimen must report the details of the transaction to the Management Authority. As per CITES, the Management Authority may use an identification mark for a specimen. The Bill prohibits any person from modifying or removing such identification mark. Additionally, every person possessing live specimens of scheduled animals must obtain a registration certificate from the Management Authority.

The Bill was referred to the Standing Committee on Science and Technology, Environment, Forests and Climate Change. For a PRS summary of the Bill, please see here.\textsuperscript{364}

**Bill amending Biological Diversity Act, 2002 introduced and referred to Joint Committee**

The Biological Diversity (Amendment) Bill, 2021 was introduced in Lok Sabha in December 2021.\textsuperscript{365} The Bill amends the Biological Diversity Act, 2002.\textsuperscript{366} The Act provides for the conservation of biological diversity, sustainable use of its components, and fair and equitable sharing of the benefits arising out of the use of biological resources. The Bill seeks to streamline research and patent applications, and encourage cultivation of wild medicinal plants and practice of indigenous medicine. Key amendments proposed include:

- **Access to biological resources and intellectual property rights (IPR):** Under the Act, the National Biodiversity Authority (NBA) regulates access to biological resources, and the sharing of research results on such resources. Biological resources include plants, animals, micro-organisms or their genetic material (except human genetic material), with use or value for humanity. Certain entities must seek approval from NBA for obtaining biological resources, and before applying for IPR. These entities are: (i) non-citizens, (ii) non-resident citizens, (iii) organisations not registered in India, and (iv) organisations registered in India, with any non-Indian shareholding or management. The Bill amends the last category to any foreign-controlled company registered in India. The Bill also provides that all four categories of applicants must obtain NBA’s approval before grant of IPR (and not before applying for IPR).

- Under the Act, State Biodiversity Boards (SBBs) set up by state governments advise them on conservation of biodiversity. Indian citizens and organisations registered in India must give prior intimation to the concerned SBB before obtaining any biological resource
for commercial utilisation. They must also get NBA’s approval before applying for IPR. The Bill amends this to provide that anyone who does not need approval from NBA to access biological resources must give prior intimation to the concerned SBB. Further, they must: (i) register with the NBA before the grant of IPR, and (ii) get prior approval of the NBA before commercialising the granted IPR.

The Bill has been referred to a Joint Parliamentary Committee. For a PRS summary of the Bill, please see here.

Amendments to Plastic Waste Management Rules notified

The Ministry of Environment, Forest and Climate Change notified amendments to the Plastic Waste Management Rules, 2016 in August and September 2021.365366 The 2016 Rules provide for management of plastic waste (includes recycling, and processing). Key amendments include:

- **Ban on plastic items:** The amendments impose a ban on the manufacture, sale and use of certain single-use plastic items across the country from July 1, 2022. Single use plastic items are those which are used only once before being recycled or disposed. These items include: (i) plastic cutlery (such as spoons), (ii) ear buds with plastic sticks, (iii) plastic sticks for balloons, (iv) plastic flags, (v) candy sticks, and (vi) plastic banners with thickness less than 100 microns.

- **Thickness of carry bags:** As per the 2016 Rules, the thickness of plastic carry bags (except those made up of compostable plastic) must be at least 50 microns. The amendments increase the minimum thickness of such bags to 75 microns with effect from September 30, 2021. This will further increase to 120 microns from December 31, 2022. Further, the amendments add that the thickness of non-woven plastic carry bags must be at least 60 grams per square meter (GSM). Non-woven plastic bags are those made by pressing plastic threads together by machine, which form a weave-like texture.

- **Use of recycled plastic products:** The amendments specify that products made of recycled plastic (such as carry bags) may be used for storing, carrying, dispensing, or packaging ready to eat or drink food-stuffs. The products intended to be used for such purposes must comply with applicable standards issued by the Food Safety and Standards Authority of India. Earlier, using the products made of recycled plastic for these purposes was prohibited.

Environment (Protection) Rules, 1986 amended to regulate use of water purification systems

The Ministry of Environment, Forest and Climate Change amended the Environment (Protection) Rules, 1986 to regulate the use of RO based water purification systems in October 2021.367368 The amendments will come into effect after 18 months from their publication. Key amendments include:

- **Domestic water purification systems:** Water purification systems with a capacity of up to 25 litres per hour are defined as domestic water purification systems. All manufacturers selling such systems must obtain a certification from the Bureau of Indian Standards.

- **Other than domestic water purification systems:** All users of such purification systems must apply for registration to the concerned State Pollution Control Board (SPCB) or Pollution Control Committees (PCC). All existing users of such systems must apply for the consent to operate within six months.

All entities involved in water supply must inform their consumers about the sources and quality of water. This must be done through billing instruments (such as water bills) and mass media (such as newspaper advertisements).

Validity of environmental clearance in cases of mining lease transfers revised

The Ministry of Environment, Forest and Climate Change revised the validity of the environmental clearance for mining lease transfers in July 2021.369 Earlier, in case of transfer of an expiring mining lease, the environmental clearance was deemed to be transferred to the new lessee. In such cases, the clearance remained valid till a new clearance was obtained by the new lessee.370 The new lessee was required to obtain fresh clearance within two years from the date of grant of the mining lease.

The amendments specify that in case of such transfers, the environment clearance certificate will be deemed transferred; however, it will be valid only up to its original validity period. Further, the new lessee is required to: (i) register on the PARIVESH portal, and (ii) submit an undertaking for compliance with all conditions of the transferred environmental clearance. PARIVESH is an online platform to obtain environmental, wildlife, and coastal regulation zone clearances.
Cabinet approved the continuation of ACROSS and O-SMART schemes

In November 2021, the Cabinet Committee on Economic Affairs (CCEA) approved the continuation of two schemes: (i) Atmosphere and Climate Research Modelling Observing Systems and Services (ACROSS), and (ii) O-SMART. Both the schemes were earlier available for 2017-20 and have been extended for 2021-26.

ACROSS: This scheme addresses different aspects of weather and climate services (such as forecast systems), and is implemented by the India Meteorological Department, National Centre for Medium Range Weather Forecasting, Indian Institute of Tropical Meteorology, and Indian National Centre for Ocean Information Services. The scheme provides for improved weather, climate, and other hazard related services, through various measures. The estimated cost for the scheme (along with the sub schemes) for 2021-26 is Rs 2,135 crore.

O-SMART: This scheme supports developments in technologies of oceanographic research and is implemented by various national institutes including National Institute of Ocean Technology, Centre for Marine Living Resources and Ecology, and National Centre for Coastal Research. The scheme provides for forecast and services based on continuous observation of oceans and exploratory surveys for harnessing oceanic resources. The estimated cost for the scheme for 2021-26 is Rs 2,177 crore.

Ministry issued notification on ash utilisation

The Ministry of Environment, Forest and Climate Change issued a notification on ash utilisation in December 2021. Key features of the notification are as follows:

- **Utilisation of ash**: Every coal or lignite based thermal power plant will have to ensure at least 80% eco-friendly utilisation of ash (such as fly ash) generated annually. Eco-friendly utilisation of ash includes: (i) manufacturing of bricks, and (ii) construction of roads and dams using fly ash.

- The average utilisation of ash in a three-year cycle should be 100%. The cycle period will be extendable by: (i) one year for thermal power plants with 60-80% annual utilisation of ash, and (ii) two years for power plants with annual utilisation of ash below 60%. The ash accumulated prior to the notification (legacy ash) will have to be utilised within ten years from the date of the notification.

- **Penalty for non-compliance**: If the concerned power plants are unable to utilise at least 80% ash in the first two years of the three-year cycle period, they will have to pay a fine. The fine will be one thousand rupees per ton of the unutilised ash at the end of the financial year. If 100% utilisation is not achieved at the end of the third year, one thousand rupees per ton will be imposed on the unutilised ash on which the fine had not been imposed.

- **Committee for reviewing eco-friendly ways of ash utilisation**: A Committee will be constituted to examine, review, and recommend eco-friendly ways for ash utilisation. The Committee will be chaired by the Chairman, Central Pollution Control Board, and include representatives from the Ministry of Environment, Forest and Climate Change, and the Ministry of Coal.

Water Resources

Dam Safety Bill, 2019 passed by Parliament

In December 2021, the Dam Safety Bill, 2019 was passed by Parliament. It provides for the surveillance, inspection, operation, and maintenance of all specified dams across the country. Key features include:

- The Bill applies to all specified dams in the country. These are dams with: (i) height more than 15 metres, or (ii) height between 10 metres to 15 metres, and have additional design and structural conditions.

- The Bill provides for the surveillance, inspection, operation, and maintenance of all specified dams across the country.

- It constitutes two national bodies: (i) the National Committee on Dam Safety, whose functions include evolving policies and recommending regulations related to dam safety standards, and (ii) the National Dam Safety Authority, whose functions include implementing policies of the National Committee, providing technical assistance to State Dam Safety Organisations (SDSOs), and resolving matters between state SDSOs or between a SDSO and a dam owner in the state.

- It also constitutes two state bodies: State Committee on Dam Safety, and State Dam Safety Organisation. These bodies will be responsible for the surveillance, inspection,
and monitoring the operation and maintenance of dams within their jurisdiction.

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

**Cabinet approved Ken-Betwa interlinking of rivers project**

The Union Cabinet approved the Ken-Betwa Interlinking of Rivers Project in December, 2021. The cost of the project is assessed to be Rs 44,605 crore (at 2020-21 price levels). The central government will provide Rs 36,920 crore as grant and Rs 3,027 as loan for the project, proposed to be completed in eight years. The project seeks to construct a dam and a canal linking the two rivers to transfer water from the Ken river to the Betwa river. The project will: (i) annually irrigate 10.62 lakh hectare in regions of Madhya Pradesh and Uttar Pradesh, (ii) provide drinking water to about 62 lakh people, and (iii) generate 103 megawatts (MW) of hydropower and 27 MW of solar power.

**Continuation of Pradhan Mantri Krishi Sinchayee Yojana**

The Union Cabinet approved the continuation of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) during 2021-26. The scheme was earlier applicable for 2015-20. It was later extended for a year till March 2021. The estimated cost for the scheme (along with the three components) for 2021-26 is Rs 93,068 crore.

PMKSY is an umbrella scheme consisting of two major components, the Accelerated Irrigation Benefits Programme (AIBP), and Har Khet Ko Pani (HKKP), being implemented by the Ministry of Jal Shakti. It also includes a watershed component, implemented by the Department of Land Resources, Ministry of Rural Development. PMKSY also includes the Per Drop More Crop scheme, implemented by the Department of Agriculture and Farmers Welfare. AIBP, HKKP, and the watershed component have been approved for continuation till 2026.

The scheme seeks to: (i) enhance physical access to water on farms, (ii) expand cultivable area under assured irrigation, (iii) improve on-farm water use efficiency, and (iv) introduce sustainable water conservation practices.

**Advisory issued to states to conduct water quality monitoring and surveillance**

In May 2021, the Ministry of Jal Shakti issued an advisory to states and union territories (UTs) to undertake water quality monitoring and surveillance activities. Key features include:

- **Testing:** All drinking water sources should be tested once a year for chemical contamination and twice a year for bacteriological parameters (pre and post monsoon). Funds under the Jal Jeevan Mission should be utilised for setting up laboratories, their upgradation, hiring of human resources, procuring equipment, and providing training on an urgent basis.

- **Tracking:** All water quality testing data such as sample collection and tests results should be uploaded on the Jal Jeevan Mission – Water Quality Management Information System portal. This is to ensure proper tracking and data management.

- **Number of labs:** Every state and UT should have at least one state or UT level laboratory. For bigger states or UTs, region-wise laboratories should be established to ensure that all nearby sources are tested regularly. Similarly, all districts should have a district-level laboratory. All laboratories must also receive accreditation from the National Accreditation Board for Testing and Calibration Laboratories. Additionally, all laboratories should be opened to the public to test their water samples at a nominal rate.

- **Training:** To empower the local community on water quality surveillance, five people should be identified and trained to conduct water quality tests. These people may include ASHA workers, health workers, teachers, and members from self-help groups.
Bill authorising collection of data from convicts and other persons introduced

The Criminal Procedure (Identification) Bill, 2022 was introduced in Lok Sabha in March 2022.\(^{382}\) The Bill replaces the Identification of Prisoners Act, 1920. The Act authorises the collection of certain identifiable information about specified persons such as convicts for investigation of crime. The Bill expands the ambit of such details, and persons whose details can be taken. It authorises the National Crime Records Bureau to collect, store, and preserve these details.

- **Details about convicts and other persons:**
  The Act permits the collection of photographs and specified details about convicts and other persons including fingerprints and footprint impressions. The Bill expands the list of details that can be collected. It will now include: (i) palm-print impressions, (ii) iris and retina scans, (iii) behavioural attributes such as signature and handwriting, and (iv) other physical and biological samples such as blood, semen, hair samples, swabs, and their analysis.

- **Persons whose details may be taken:** As per the Act, the following persons may be required to give photographs and specified details: (i) persons convicted of certain offences (such as offences punishable with a minimum of one year of rigorous imprisonment), (ii) persons ordered to give security for good behaviour or maintaining peace under the Code of Criminal Procedure, 1973, and (iii) persons arrested for offences punishable with at least one year of rigorous imprisonment. The Bill widens the ambit of such persons to include all convicts, arrested persons, and persons detained under any preventive detention law. Arrested persons will not be obliged to give their biological samples unless they have committed an offence against a woman or a child, or an offence punishable with a minimum imprisonment of seven years.

- **Retention of data:** The Bill requires the data collected to be retained in digital or electronic form for 75 years from the date of collection. The record may be destroyed in case of persons who: (i) have not been previously convicted, and (ii) are released without trial, discharged, or acquitted by the court, after exhausting all legal remedies.

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

**Lok Sabha passed Bill to unify three Municipal Corporations in Delhi**

The Delhi Municipal Corporation (Amendment) Bill, 2022 was passed by Lok Sabha on March 30, 2022.\(^{383}\) The Bill amends the Delhi Municipal Corporation Act, 1957 passed by Parliament.\(^{384}\) The Act was amended in 2011 by the Delhi Legislative Assembly to trifurcate the erstwhile Municipal Corporation of Delhi into: (i) North Delhi Municipal Corporation, (ii) South Delhi Municipal Corporation, and (iii) East Delhi Municipal Corporation.\(^{385}\) The Bill unifies the three corporations. Key features include:

- **Unification of Municipal Corporations in Delhi:** The Bill replaces the three municipal corporations under the Act with one Corporation named the Municipal Corporation of Delhi.

- **Powers of the Delhi government:** The Act as amended in 2011 empowers the Delhi government to decide various matters. These include: (i) total number of seats of councillors and number of seats reserved for members of the Scheduled Castes, (ii) division of the area of corporations into zones and wards, (iii) delimitation of wards, (iv) matters such as salary, allowances, and leave of absence of the Commissioner, (v) sanctioning consolidation of loans by a corporation, and (vi) sanctioning suits for compensation against the Commissioner for loss, waste or misapplication of the Municipal Fund or property. Similarly, the Act mandates that the Commissioner will exercise his powers regarding building regulations under the general superintendence and directions of the Delhi government. The Bill instead shifts these powers to the central government.

- **Number of councillors:** The Act provides that the number of seats in the three corporations taken together should not be more than 272. The 14th Schedule to the Act specifies 272 wards across the three Corporations. The Bill states that the total number of seats in the new Corporation should not be more than 250.

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

**Ministry notifies changes in jurisdiction of Border Security Force in some states**

In October 2021, the Ministry of Home Affairs notified changes in the jurisdiction of the Border Security Force (BSF) in some states.\(^{386}\) Under the
Border Security Force Act, 1968, the central government may permit BSF officers to exercise certain powers within specified areas adjoining the borders of India. Such powers include the power to search, seize, or arrest to prevent an offence or apprehend an offender under certain laws.\(^{387}\)

The notified changes relate to the powers given to BSF officers under the Passport (Entry into India) Act, 1920, the Passports Act, 1967, and the Code of Criminal Procedure, 1973.\(^{388,389,390}\)

Table 21 and Table 22 below show the notified changes.

**Table 21: Changes in states where BSF may exercise powers over specified areas only**

<table>
<thead>
<tr>
<th>States</th>
<th>Specified Areas</th>
<th>Previous</th>
<th>Amended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gujarat</td>
<td>80 km from the border</td>
<td>50 km from the border</td>
<td></td>
</tr>
<tr>
<td>Assam, Punjab, and West Bengal</td>
<td>15 km from the border</td>
<td>50 km from the border</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Ministry of Home Affairs; PRS.

**Table 22: Changes in states/UTs where BSF may exercise powers in the whole state/UT**

<table>
<thead>
<tr>
<th>Powers conferred under notification*</th>
<th>States/UTs</th>
<th>Previous</th>
<th>Amended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arrest of persons entering India without passports</td>
<td>Manipur, Tripura, Jammu and Kashmir*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arrest, search and seize against persons suspected to have: (i) left India without a valid passport, or (ii) used another person’s passport</td>
<td>Manipur, Tripura, Meghalaya, Jammu and Kashmir*</td>
<td>Manipur, Meghalaya, Mizoram, Nagaland, Tripura, Jammu and Kashmir*</td>
<td></td>
</tr>
<tr>
<td>Arrest without warrant of persons committing cognizable offences in the presence of a police officer; seizure of weapons</td>
<td>Manipur, Mizoram, Tripura, Nagaland, Meghalaya</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: *Examples of the powers given to BSF officers; not an exhaustive list. * In 1969, UTs of Manipur and Tripura and the state of Jammu and Kashmir (J&K). *State of J&K.

Sources: Respective Acts; Ministry of Home Affairs; PRS.

**Rules permitting certain persons to apply for citizenship by naturalisation noticed**

In May 2021, the Ministry of Home Affairs notified rules under the Citizenship Act, 1955 to permit certain persons to apply for an Indian citizenship by obtaining a certificate of naturalisation.\(^{391}\) The Act regulates the acquisition and determination of citizenship.\(^{392}\) It provides for citizenship by birth, descent, registration, naturalisation, and by incorporation of territory into India. The Act states that minority communities (viz., Hindus, Sikhs, Buddhists, Jains, Parsis, and Christians) from Afghanistan, Bangladesh, and Pakistan will be eligible for citizenship. Key features of the Rules include:

- **Power to register citizens:** The Rules empower the Collectors in specified districts to register persons as citizens and grant certificates of naturalisation. These districts are in the states of: (i) Gujarat, (ii) Chhattisgarh, (iii) Rajasthan, (iv) Haryana, and (v) Punjab. In case of Punjab and Haryana (barring some districts), the Secretary, Department of Home has also been empowered to register citizens and grant naturalisation certificates.

**Census Rules, 1990 amended to permit self-enumeration**

In March 2022, the Ministry of Home Affairs amended the Census Rules, 1990.\(^{393,394}\) The Rules provide details pertaining to the conduct of the Census, such as custody and disposal of census schedules, and release of the census data. Census schedules contain the questions asked as part of the census exercise. Under the Rules, census enumeration is only conducted through canvassing (i.e., census officers approach households and record persons’ answers on the schedules).\(^{395}\) The amendment allows self-enumeration, i.e., persons may fill up, complete and submit census schedules themselves. Further, the amendment also permits the census schedules to be filled in paper form or in an electronic form.

**AFSPA withdrawn from certain parts of Assam, Nagaland, and Manipur**

The Ministry of Home Affairs notified that the disturbed areas under the Armed Forces (Special Powers) Act, 1958 (AFSPA) in Assam, Nagaland, and Manipur will be reduced with effect from April 1, 2022.\(^{396,397}\) AFSPA empowers the governor of the state, or the central government, to declare the whole or part of any state as a disturbed area.\(^{398}\) In a disturbed area, officers of the armed forces have certain special powers. These include the power to open fire at individuals violating any laws which prohibit: (i) an assembly of five or more persons, or (ii) the carrying of weapons.

The reduction in disturbed areas under AFSPA in the three states is shown in the table below.
The Election Laws (Amendment) Bill, 2021 was passed by Parliament in December 2021. The Bill abolishing certain appellate bodies passed by Parliament; rules notified

The 1950 Act provides for allocation of seats, delimitation of constituencies, qualifications of voters, and preparation of electoral rolls. The 1951 Act provides for the conduct of elections, and offences and disputes related to elections. Key features of the Bill include:

- **Linking electoral roll data with Aadhaar:** Under the 1950 Act, a person may apply to the electoral registration officer for inclusion of their name in the electoral roll of a constituency. The Bill adds that the electoral registration officer may require a person to furnish their Aadhaar number for establishing their identity. If their name is already in the electoral roll, then the Aadhaar number may be required for authentication of entries in the roll. Persons will not be denied inclusion in the electoral roll or have their names deleted from the roll, if they are unable to furnish Aadhaar number due to sufficient cause (as prescribed by rules). Such persons may be permitted to furnish alternate documents prescribed by the central government.

- **Qualifying date for enrolment in electoral roll:** Under the 1950 Act, a person is qualified for enrolment in the electoral roll on January 1 of the year in which the roll is being prepared or revised. The Bill amends this to provide four qualifying dates in a calendar year (viz., January 1, April 1, July 1, and October 1).

- **Requisitioning of premises for election purposes:** The 1951 Act permits the state government to requisition premises needed or likely to be needed for use as polling stations, or for storing ballot boxes. The Bill expands the purposes for which premises can be requisitioned. These include use of the premises for counting, storing voting machines and poll-related material, and accommodation of polling personnel and security forces.

- **Gender-neutral provisions:** The Bill makes certain provisions of the 1950 and 1951 Acts gender neutral. For instance, the 1951 Act enables the wife of a person holding a service qualification (such as members of the armed forces) to vote in person or by postal ballot. The Bill replaces the term ‘wife’ with ‘spouse’.

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

### Scheme to provide health services to CAPF personnel and their dependents launched

The Ministry of Home Affairs launched the Ayushman CAPF scheme in November 2021. The scheme is a joint initiative of the Ministry of Home Affairs, the Ministry of Health and Family Welfare, and the National Health Authority. It aims to provide healthcare services to all serving Central Armed Police Forces (CAPFs) personnel and their dependents. The seven CAPFs are: (i) the Border Security Force, (ii) the National Security Guard, (iii) the Central Reserve Police Force, (iv) the Central Industrial Security Force, (v) the Assam Rifles, (vi) the Indo-Tibetan Border Police, and (vii) the Sashastra Seema Bal.

Under the scheme, health cards will be distributed to beneficiaries across all CAPFs. Beneficiaries will be able to avail cashless in-patient and out-patient healthcare facilities at all hospitals empanelled under the Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (PM-JAY) or the Central Government Health Scheme (CGHS). PM-JAY provides poor and vulnerable families with an annual health cover up to rupees five lakhs per family for secondary and tertiary care hospitalisation. CGHS provides medical care to central government employees and pensioners and their dependents.

### Law and Justice

#### Bill to link electoral roll data with Aadhaar passed by Parliament

The Tribunal Reforms Bill, 2021 was passed by Parliament in August 2021. The Bill dissolves certain appellate bodies and transfers their...
functions (such as adjudication of appeals) to other existing judicial bodies. The appellate bodies being abolished include: (i) Appellate Tribunal under the Cinematograph Act, 1952, (ii) Appellate Boards under the Trade Marks Act, 1999, the Copyright Act, 1957, and the Patents Act, 1970, and (iii) the Airport Appellate Tribunal under the Airport Authority of India Act, 1994.

The Bill replaces a similar Ordinance promulgated in April 2021. In July 2021, the Supreme Court had struck down certain provisions of the Ordinance. The Bill does not conform to the Court judgment. Key features of the Bill include:

- **Amendments to the Finance Act, 2017**: The Finance Act, 2017 merged tribunals based on functional domain. It also empowered the central government to notify rules on: (i) composition of search-cum-selection committees, (ii) qualifications of tribunal members, and (iii) terms and conditions of their service (such as their removal and salaries). The Bill removes these provisions from the 2017 Act. Provisions on the composition of selection committees, and term of office of tribunal members have been included in the Bill. Qualification of members, and other terms and conditions of service will be notified by the central government.

- **Search-cum-selection committees**: The Bill specifies separate search-cum-selection committees for central tribunals and state administrative tribunals. Chairmen of these committees will have a second casting vote in case of a tie.

- **Eligibility and term of office**: The Bill provides for a four-year term of office (subject to the upper age limit of 70 years for the Chairperson, and 67 years for members). Further, it specifies a minimum age requirement of 50 years for appointment of a chairperson or a member. In July 2021, the Supreme Court had struck down similar provisions in the Ordinance which specified a four-year term, and minimum age requirement of 50 years for appointment of members.

For a PRS analysis of the 2021 Ordinance, please see [here](#). Note that the Tribunals Reforms Act, 2021 has been challenged in the Supreme Court, since it includes provisions from the Ordinance which were struck down by the Court.

The Bill replaces a similar Ordinance promulgated in April 2021. In July 2021, the Supreme Court had struck down certain provisions of the Ordinance. The Bill does not conform to the Court judgment. Key features of the Bill include:

- **Re-appointment**: While selecting candidates for appointment in a tribunal, additional weightage must be given to the person with experience in that tribunal. Past performance of the candidate in the tribunal will be considered while deciding on re-appointment.

- **Inquiry of complaints**: On receiving a written complaint against the Chairperson or members of a tribunal, the central government will make a preliminary scrutiny. Based on the scrutiny, the government will refer the complaint to the concerned search-cum-selection committee. The committee may delegate a person to conduct inquiry on the complaint. Such person should be: (i) a Supreme Court Judge, or the Chief Justice of a High Court (for inquiries against a chairperson), or (ii) a High Court Judge (for inquiries against any member).

Parliament passed Bills allowing extension of tenure of Directors of ED and CBI

Parliament passed the Central Vigilance Commission (Amendment) Bill, 2021, and the Delhi Special Police Establishment (Amendment) Bill, 2021 in December 2021. The Bills replaced two Ordinances promulgated in November 2021. The Bills amend the: (i) Central Vigilance Commission Act, 2003, and (ii) Delhi Special Police Establishment Act, 1946. Under these Acts, the Director of Enforcement and the CBI Director are appointed by the central government, for a minimum of two years. The Bills amend the Acts to allow the extension of tenure of the Directors by up to one year at a time, till the completion of five years from the initial date of appointment.

For PRS summaries of the Bills enabling extension of tenure of the Director of Enforcement and the CBI Director, see [here](#) and [here](#) respectively.

The Tribunal, Appellate Tribunal and other Authorities (Qualifications, Experience and other Conditions of Service of Members) (Amendment) Rules, 2021 notified

The Ministry of Finance notified the Tribunal, Appellate Tribunal and other Authorities (Qualifications, Experience and other Conditions of Service of Members) (Amendment) Rules, 2021 in June 2021. The 2021 Rules amend the 2020
Bill to promote mediation introduced in Rajya Sabha

The Mediation Bill, 2021 was introduced in the Rajya Sabha in December 2021.\(^{21}\) In a mediation, parties attempt to settle their dispute outside courts with the assistance of an independent third person (mediator). The Bill seeks to promote mediation (including online mediation and community mediation), and provide for enforcement of settlement agreements resulting from mediation.

Key features of the Bill include:

- **Mediation process:** In case of civil or commercial disputes, a person must try to settle the dispute by mediation before approaching any court or certain tribunals as notified. Mediation proceedings will be confidential. A party may withdraw from the process after two mediation sessions. The mediation process must be completed within 180 days, which may be extended by another 180 days by the parties.

- **Disputes not fit for mediation:** The Bill applies to certain mediations conducted in India (including international mediation related to commercial disputes). Under the Bill, certain disputes are not fit for mediation. These include disputes: (i) relating to claims against minors or persons of unsound mind, (ii) involving criminal prosecution, and (iii) related to levy or collection of taxes. The central government may amend this list of disputes.

- **Mediators:** Mediators only assist the parties to settle their dispute, and cannot impose a settlement on them. Mediators may be appointed by: (i) the parties, or (ii) a mediation service provider (an institution administering mediation). Mediators must disclose any conflict of interest that may raise doubts on their independence. Parties may then choose to replace the mediator. Further, the Mediation Council of India established by the central government will register mediators, and recognise mediation service providers.

- **Mediated settlement agreement:** Agreements resulting from mediation will be final, binding, and enforceable in the same manner as court judgments (except agreements arrived at after community mediation). Mediated settlement agreements (besides those arrived at in court referred mediation or by Lok Adalat or Permanent Lok Adalat) may be challenged only on grounds of: (i) fraud, (ii) corruption, (iii) impersonation, or (iv) relating to disputes not fit for mediation.

Bill clarifying age to avail additional pension for High Court and Supreme Court Judges passed by Parliament

The High Court and Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2021 was passed by Parliament in December 2021.\(^{418}\) The Bill amends: (i) the High Court Judges (Salaries and Conditions of Service) Act, 1954, and (ii) the Supreme Court Judges (Salaries and Conditions of Service) Act, 1958.\(^{419,420}\) These Acts regulate the salaries and conditions of service of High Court and the Supreme Court judges.

Under the Acts, all retired judges of the Supreme Court and High Courts and their family members are entitled to pension or family pension. They are also entitled to an additional quantum of pension or family pension when they attain a certain age in accordance with a specified scale. The scale contains five age brackets (with minimum age of 80, 85, 90, 95, and 100 years), and the additional quantum increases with age (from 20% to 100% of the pension or family pension). The Bill clarifies that a person will be entitled to the additional pension or family pension from the first day of the month in which they complete the minimum age under the concerned age bracket.

For a PRS summary of the Bill, please see [here](#).
The Bill has been referred to the Standing Committee on Law and Justice. For a PRS summary of the Bill, please see here.

**Supreme Court strikes down provisions of the Constitution (97th Amendment) Act**

In July 2021, the Supreme Court read down the Constitution (97th Amendment) Act, 2011 in relation to state cooperative societies. The Act added Part IX-B to the Constitution, relating to the management of co-operative societies. It empowered state legislatures to make laws for incorporation, regulation, and winding up of cooperatives. In 2013, the Gujarat High Court had struck down the Act on the grounds that it was not ratified by half of the state legislatures under Article 368(2). It noted that since cooperative societies fall under the State List, the Act violates the Constitution in absence of such ratification.

The Supreme Court, while hearing an appeal, upheld the Gujarat High Court judgment in relation to state cooperative societies. However, the court upheld the provisions of the Act in relation to multi-state cooperative societies. The Court held that as multi-state cooperative societies exist across states/UTs, they fall under the Union List in the Seventh Schedule of the Constitution.

### Defence

**Parliament passed Bill to prohibit strikes, lock-outs, and lay-offs in essential defence services**

The Essential Defence Services Bill, 2021 was passed by Parliament in August 2021. The Bill allows the central government to prohibit strikes, lock-outs, and lay-offs in units engaged in essential defence services. Key features of the Bill include:

- **Essential defence services**: Essential defence services include any service in: (i) any establishment or undertaking dealing with production of goods or equipment required for defence related purposes, or (ii) any establishment of the armed forces or connected with them or defence. These also include services that, if ceased would affect the safety of the establishment engaged in such services or its employees. In addition, the government may declare any service as an essential defence service if stopping it would affect the: (i) production of defence equipment or goods, (ii) operation or maintenance of industrial establishments or units engaged in such production, or (iii) repair or maintenance of defence products.

- **Prohibition on strikes, lock-outs, and lay-offs**: Under the Bill, the central government may prohibit strikes, lock-outs, and lay-offs in units engaged in essential defence services. Strikes and lock-outs that are declared or commence, whether before or after the prohibition order will be illegal. Laying-off after the prohibition order will be illegal.

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

**Cantonment Land Administration Rules, 2021 notified**

The Ministry of Defence notified the Cantonment Land Administration Rules, 2021 under the Cantonments Act, 2006 in December 2021. The 2021 Rules superseded the Cantonment Land Administration Rules, 1937. The 2021 Rules provide for classification and management of land in cantonment areas. Key features of the Rules include the following:

- **General land register**: The Defence Estates Officer will maintain a general land register and a general land register plan of all lands in the cantonment which are inside and outside the civil areas. Any change in the register or its plan may be made only with the sanction of the central government.

- **Classification of land**: The Rules classify cantonment lands in three broad categories: (i) Class A land (for specific military purposes), (ii) Class B land (retained for effective discharge of duties with respect to military administration), (iii) Class C land (land under Cantonment Board including markets, slaughter houses, and water-works for supply and storage of water). Based on the use of land within these categories, different management authorities have been notified (See Table 24).
The responsibility for declassification of records lies with the respective organisations, as per the Public Records Act, 1993. According to the policy, records should ordinarily be declassified in 25 years. Records older than 25 years should be appraised by archival experts and transferred to the National Archives of India, once the war/operations histories have been compiled.

Operations of the Ordnance Factory Board transferred to seven PSUs

The central government dissolved the Ordnance Factory Board (OFB) with effect from October 1, 2021 and transferred its operations to seven new public sector units (PSUs). This was done to enhance functional autonomy, efficiency and improve growth potential and innovation. OFB was engaged in the production of arms, ammunitions, weapons, and defence equipment. It operated under the administrative control of Department of Defence Production in the Ministry of Defence.

Table 25: List of new PSUs and their functions

<table>
<thead>
<tr>
<th>PSU</th>
<th>Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Munitions India Limited</td>
<td>Manufacturing ammunition and explosives</td>
</tr>
<tr>
<td>Armoured Vehicles Nigam Limited</td>
<td>Manufacturing vehicles</td>
</tr>
<tr>
<td>Advanced Weapons and Equipment India Limited</td>
<td>Manufacturing weapons and equipment</td>
</tr>
<tr>
<td>Troop Comforts Limited</td>
<td>Manufacturing troop comfort items</td>
</tr>
<tr>
<td>Yantra India Limited</td>
<td>Manufacturing military grade components and ancillary products</td>
</tr>
<tr>
<td>India Optel Limited</td>
<td>Manufacturing opto-electronic items (such as equipment for tanks)</td>
</tr>
<tr>
<td>Gliders India Limited</td>
<td>Manufacturing parachutes</td>
</tr>
</tbody>
</table>

Sources: Department of Defence Production, Ministry of Defence; PRS.

Ministry of Defence put 108 weapons/systems in the negative import list

In May 2021, the Ministry of Defence put 108 items such as ammunitions, weapons, and various systems in the negative import list. All items put in the negative import list will be procured from indigenous/domestic sources. The 108 items put in the negative import list include complex systems, sensors, simulator, weapons, and ammunitions. The items will come under the negative import list as per the deadline specified against the item. For 49 items, the deadline is December 2021. For 21 items, the deadline is December 2022. For the remaining 38 items, the deadline is December 2023 or later (up to 2025).

Ministry of Defence approved policy on declassification of war history archives

The Ministry of Defence approved the policy on archival, declassification, and compilation of war/operations histories in June 2021. The policy aims to timely publish war histories to: (i) give an accurate account of the events and counter unfounded rumours and (ii) provide authentic material for academic research and analysis.

Under the policy, all organisations under the Ministry of Defence will transfer their records, including war diaries, letters of proceedings, and operational record books, to its History Division for proper upkeep, archival, and writing the histories. Within two years of completion of the war/operations, a committee will be constituted to compile its history, headed by the Joint Secretary of the Ministry. It will include representatives of the Services, Ministries of Home and External Affairs, and other related organisations and, if required, prominent military historians. The compilation of records should be completed within three years.

The responsibility for declassification of records lies with the respective organisations, as per the Public Records Act, 1993. According to the policy,
Note that in May 2020, under the Aatmanirbhar Bharat Abhiyaan, the finance minister had announced that a list of weapons and platforms banned for import will be released based on a year-wise timeline. In August 2020, the Ministry put embargo (ban) on import of another 101 items by putting them in the negative import list. The Ministry expects the ban on imports to give a push to self-reliance in the defence sector by boosting the domestic industry.

2 Cabinet Secretary holds high level review on Novel Coronavirus, Press Information Bureau, Ministry of Health and Family Research, January 30, 2020.


30 “Notification of the Aarogya Setu Data Access and Use Knowledge Protocol”, PRS Legislative Research.


Court on its Own Motion vs The Union of India, High Court of Tripura, Criminal Reference No. 1 of 2020, June 28, 2021, https://egazette.nic.in/WriteReadData/2021/231960.pdf.


The Inland Vessels Act, 1917, 


