

# Monthly Policy Review

## July 2022

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### Highlights of this Issue

#### [Monsoon Session 2022 begins; 32 Bills listed for passing \(p. 2\)](#)

The Monsoon Session began on July 18, 2022 and it is scheduled to have 18 sittings. 24 Bills are listed for introduction including the Trafficking of Persons (Protection, Care and Rehabilitation) Bill, 2022.

#### [Three Bills passed by Lok Sabha \(p. 2\)](#)

Lok Sabha passed the Family Courts (Amendment) Bill, 2022, the Indian Antarctic Bill, 2022, and the National Anti-Doping Bill, 2021.

#### [Retail inflation was 7.3% in the first quarter of 2022-23 \(p. 2\)](#)

Consumer Price Index inflation was 7.3% in the first quarter (April-June) of 2022-23 over the corresponding quarter in 2021-22. Since January 2021, CPI inflation has been higher than the upper tolerance level of 6%.

#### [Cabinet approves revival plan for BSNL worth Rs 1.64 lakh crore \(p. 4\)](#)

The revival plan is expected to enable BSNL to upgrade the quality of existing services, roll out 4G services, and restructure its liabilities. This is expected to enable BSNL to earn profits from 2026-27.

#### [Draft amendments to certain environmental Acts released \(p. 10\)](#)

The draft amendments seek to decriminalise certain violations such as discharging effluents in a sewer and emitting pollutants in excess of standards, and seek to exempt industrial plants from certain requirements.

#### [DoT invites comments on a new legal framework for the telecom sector \(p. 5\)](#)

Department of Telecommunications observed that the current telecom laws were enacted long before India's independence. In light of the evolution in technology, there is a need to update the legal framework.

#### [Comments invited on the draft Merchant Shipping \(Amendment\) Bill, 2022 \(p. 9\)](#)

The draft Bill expands the category of ships which may be registered under the Act and decriminalises certain offenses. It allows part-ownership of Indian ships as may be notified by the central government.

#### [Standing Committee submits report on Mediation Bill, 2021 \(p. 6\)](#)

The Mediation Bill seeks to promote mediation and mandates pre-litigation mediation. The Committee recommended reconsidering mandating pre-litigation mediation, and introducing it in a phased manner.

#### [Standing Committees submit reports on various subjects \(p. 8\)](#)

Reports on reviewing education standards, examination reforms, reservation of SC/ST students in higher education institutions, and implementation of metro rail projects were submitted.

#### [Aviation regulations for persons with disabilities amended \(p. 12\)](#)

The amended regulations specify that airlines shall not refuse flight to passengers on the basis of a physical or mental disability, or reduced mobility. A doctor may be consulted to ensure that the person is fit to fly.

#### [Compulsory levying of service charge prohibited; Delhi HC stays the guidelines \(p. 9\)](#)

The Central Consumer Protection Authority issued guidelines prohibiting restaurants and hotels from automatically adding service charge to the bill. Delhi HC stayed the guidelines.

#### [SEBI issues regulatory framework for social stock exchange \(p. 4\)](#)

The framework allows non-profit and for-profit social enterprises to raise funds through a social stock exchange. Funds may be raised by issuing zero coupon zero principal instruments and donations through mutual funds.

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August 1, 2022

## Parliament

Tanvi Vipra ([tanvi@prsindia.org](mailto:tanvi@prsindia.org))

### Parliament's Monsoon Session 2022 commences

The Monsoon Session of Parliament commenced on July 18, 2022. It is scheduled to have 18 sittings and conclude on August 12, 2022.<sup>1</sup> 32 Bills are listed for consideration and passing. These include the National Anti-Doping Bill, 2021, the Wild Life (Protection) Amendment Bill, 2021, the Indian Antarctic Bill, 2022, and the Weapons of Mass Destruction and their Delivery System (Prohibition of Unlawful Activities) Amendment Bill, 2022. Of the 32 Bills listed for passing, 24 are listed to be introduced during the session. These include the Insolvency and Bankruptcy Code (Amendment) Bill, 2022, the Trafficking of Persons (Protection, Care and Rehabilitation) Bill, 2022, the Press and Registration of Periodicals Bill, 2022, and the Mines and Minerals (Development and Regulation) Amendment Bill, 2022. One Bill has been introduced in Parliament so far, i.e., the Family Courts Bill, 2022.

Lok Sabha has passed three Bills, which include: (i) the Family Courts (Amendment) Bill, 2022, (ii) the Indian Antarctic bill, 2022, and (iii) the National Anti-Doping Bill, 2021. In Rajya Sabha, discussion on the Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Amendment Bill, 2022 was started but did not conclude.

For more details on the legislative agenda for the Monsoon Session 2022, please see [here](#).

## Macroeconomic Development

Tushar Chakrabarty ([tushar@prsindia.org](mailto:tushar@prsindia.org))

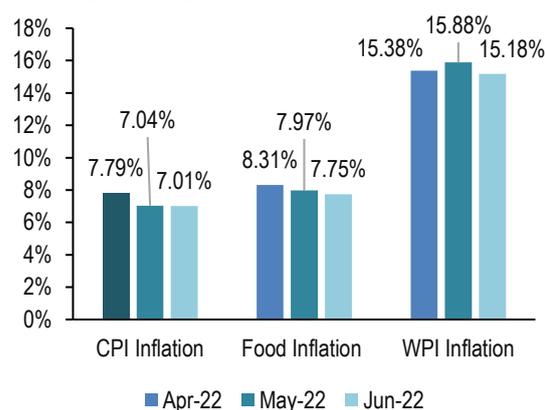
### Consumer Price Index inflation was 7.3% in the first quarter of 2022-23

Consumer Price Index (CPI) inflation (base year 2012) was 7.3% in the first quarter (April-June) of 2022-23 over the corresponding quarter in 2021-22.<sup>2</sup> This was higher than CPI inflation of 5.6% in the first quarter of 2021-22 and 6.3% in the fourth quarter (January-March) of 2021-22. Since January 2021, CPI inflation has been higher than the upper tolerance level of 6% under the inflation-targeting framework.<sup>3</sup>

Food inflation averaged 8% in the first quarter of 2022-23 which was higher than 4.4% in the corresponding quarter of 2021-22. Food inflation was 6.3% in the fourth quarter of 2021-22.

Wholesale Price Index (WPI) inflation (base year 2011-12) was 15.5% in the first quarter of 2022-23 as compared to 12% in the first quarter of 2021-22.<sup>4</sup> WPI inflation was 13.9% in the fourth quarter of 2021-22.

**Figure 1: Monthly inflation in Q1 of 2022-23 (% change, year-on-year)**



Sources: MoSPI; Ministry of Commerce and Industry; PRS.

## Finance

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### Financial Services Institutions Bureau set up to recommend appointments to board personnel of financial services institutions

The Ministry of Finance constituted a Financial Services Institutions Bureau (FSIB).<sup>5</sup> The FSIB will recommend persons for appointment as whole-time directors and non-executive chairpersons on the boards of financial services institutions. Financial services institutions include public sector banks and public sector insurers. FSIB replaces the Banks Board Bureau which had a similar mandate. Key details regarding FSIB are as follows:

- **Functions:** Apart from recommending persons for appointment as directors and chairpersons, FSIB will advise the central government on: (i) desired management structure of financial services institutions, (ii) formulation and enforcement of a code of conduct and ethics for directors in financial institutions, (iii) help such institutions in developing business strategies and capital raising plan, and (iv) evolve training programmes for management personnel.
- **Composition:** FSIB will have a part-time chairperson, four ex-officio members and six part-time members nominated by the central government. The ex-officio members include: (i) secretary of the Department of Financial Services, (ii) secretary of the department of public enterprises, (iii) chairperson of the Insurance Regulatory and Development Authority of India, and (iv) a deputy governor of the Reserve Bank of India. The nominated members will be chosen from among former bankers, former regulators, academicians, and businesspersons.

## RBI allows international trade settlement in Indian rupees

The Reserve Bank of India (RBI) has allowed invoicing, payments and settlement of exports and imports in Indian rupees.<sup>6</sup> This has been done to: (i) promote global trade with emphasis on exports from India, and (ii) support the increasing interest of the global trading community in the Indian rupee. Before putting the new mechanism in place, authorised dealer banks have to seek approval from RBI. For invoicing under this arrangement, all exports and imports will be denominated and invoiced in rupee. The exchange rate between currencies of two trading partners may be market determined.

## RBI announces measures to liberalise foreign exchange inflows

The Reserve Bank of India (RBI) announced a series of measures to liberalise inflows of foreign exchange in India.<sup>7</sup> The RBI noted that due to volatility in financial markets and a rise in demand for the US dollar, the currencies of emerging market economies are depreciating. Key measures include:

- **Exemption from statutory deposits:** Prior to July 1, 2022, banks were required to include all foreign currency non-resident bank [FCNR(B)] and non-resident (external) rupee (NRE) deposits under net demand and time liabilities (NDTL). NDTL is used to calculate the proportion of deposits that banks have to maintain under the cash reserve ratio (CRR) and the statutory liquidity ratio (SLR). CRR is the amount of cash reserve that banks have to maintain with RBI. SLR is the amount of deposits that banks have to mandatorily invest in certain assets such as gold and government securities. The RBI has now exempted incremental foreign currency deposits, mobilised from July 1, 2022 up to November 4, 2022, from CRR and SLR requirements.
- **Interest on deposits:** Earlier, interest rates on FCNR(B) deposits were subject to a ceiling which is determined based on a benchmark interest rate. Similarly, interest rates on NRE deposits could not be higher than those on domestic rupee term deposits. Between July 7, 2022 and October 31, 2022 banks interest rate changes related to FCNR(B) and NRE deposits will be exempt from these regulations.
- **FPI investment in debt:** Investment channels for foreign portfolio investors (FPI) in government securities and corporate bonds include: (i) Medium Term Framework (MTF), and (ii) Fully Accessible Route (FAR). Under FAR, FPIs can invest in specified government securities without any investment ceilings. The current list of specified securities include all central government securities with 5-year, 10-year, and 30-year tenor. The RBI has now expanded this list to include all new

government securities issued with tenors of seven years and 14 years. Under MTF, for both corporate debt and government securities, a maximum of 30% FPI investment can be in instruments with residual maturity of less than a year. Investments made in government and corporate debt by FPIs will be exempted from this limit up to October 31, 2022.

## RBI releases revised regulatory framework for urban co-operative banks

The Reserve Bank of India (RBI) released a revised regulatory framework for urban co-operative banks (UCBs).<sup>8</sup> The regulatory framework has been revised based on the recommendations of an Expert Committee. Key features include:

- **Categories of UCBs:** UCBs will be categorised into four tiers.

**Table 1: Categorisation of UCBs**

Category	Parameter
Tier 1	All unit UCBs, salary earner's UCBs (irrespective of deposit size), and other UCBs with deposits up to Rs 100 crore
Tier 2	Deposits between Rs 100 crore and Rs 1,000 crore
Tier 3	Deposits between Rs 1,000 crore and Rs 10,000 crore
Tier 4	Deposits more than Rs 10,000 crore

Sources: RBI; PRS.

- Tier 1 UCBs operating in a single district should have a minimum net worth of two crore rupees. All other UCBs should have a minimum net worth of five crore rupees.
- **Capital requirements:** The minimum capital to risk-weighted asset ratio for tier 1 UCBs has been retained at 9% while for UCBs in other tiers it has been increased to 12%. This has been stipulated as these UCBs currently do not maintain any capital provisions for operational risks. Banks that do not currently meet the revised capital norms will have to do so by March 31, 2026, in a phased manner.
- **Branch expansion:** UCBs that are financially sound and well managed will be allowed to open new branches up to 10% of existing branches at the end of the previous financial year. This will be allowed under an automatic route. The process for branch expansion under the prior approval route will be simplified.

## RBI issues a discussion paper on climate risk and sustainable finance

The Reserve Bank of India (RBI) issued a discussion paper on climate risk and sustainable finance.<sup>9</sup> RBI noted that uncertainty related to climate-related risks can threaten the safety and resilience of individual regulated entities (such as banks). Regulated entities should manage the risks and opportunities arising from

climate change and environmental degradation. The discussion paper noted there is an increasing need for the financial system to move towards green financing.

The paper identified various risks related to climate-related issues. These include: (i) physical risks (economic costs and financial losses from events related to climate change), and (ii) transition risks (arising from adjustment to a low-carbon economy). Physical risks can impact the expected cash flow of regulated entities as loan exposure may come under stress due to extreme weather events. Transition risks may lead to a decline in the value of assets which are based on older technology as innovations are developed focussing on cleaner energy.

The discussion paper has sought views on: (i) immediate priorities in policy disclosure on climate risk, (ii) way forward for the regulatory framework, (iii) integration of climate considerations in lending and investment by regulated entities, (iv) form and timeline for a disclosure framework.

Comments are invited until September 30, 2022.

### [SEBI issues consultation paper on regulatory framework for bond trading platforms](#)

The Securities and Exchange Board of India (SEBI) issued a consultation paper on regulatory framework for online bond trading platforms.<sup>10</sup> Debt securities can be issued either through public issuances or on private placement. For privately placed debt securities, certain issuances have to be mandatorily made through an electronic platform. Presently, qualified institutional buyers (such as banks) and non-institutional buyers are eligible to bid for debt securities on the electronic platform. However, while a substantial number of debt securities are issued through private placement, there is no participation of non-institutional buyers.

SEBI observed that this could have led to the advent of several online bond platforms in the past two to three years. Such online platforms sell debt securities to primarily non-institutional investors. SEBI noted that these platforms do not come under any regulatory purview. Under the proposed regulatory framework, these bond platforms would be registered as stock brokers with SEBI or should be run by SEBI registered brokers. They would be allowed to offer the buying/selling of only listed debt securities with a six-month lock-in period from the allotment date.

Comments have been invited by August 12, 2022.

### [SEBI issues regulatory framework for social stock exchange](#)

The Securities and Exchange Board of India (SEBI) notified the regulatory framework for social stock exchange (SSE).<sup>11</sup> Key features include:

- **Entities eligible to raise funds:** Non-profit and for-profit social enterprises can raise funds through

SSE. A social enterprise should be engaged in specified activities which include: (i) eradicating hunger, poverty, malnutrition, and inequality, (ii) promoting education, employability, and livelihoods, (iii) promoting health care and making available safe drinking water, and (iv) promoting livelihoods for rural and urban poor. Such enterprises should target underserved or less privileged population segments or regions with lower performance in development priorities. Certain entities such as corporate foundations, political or religious organisations, and professional or trade associations will not be eligible to be categorised as a social enterprise.

- **Instruments of fund raising:** Not-for-profit organisations may raise funds through: (i) issuing zero coupon zero principal instruments to institutional and non-institutional investors, and (ii) donations through mutual funds. Zero coupon zero principal instruments will have no coupon payment or principal repayment on their maturity. They will have a minimum issue size of one crore rupees. For-profit social enterprises can raise funds through: (i) issuing equity shares, and (ii) issuing debt securities.

### [SEBI issues consultation paper on bringing mutual funds under insider trading regulations](#)

The Securities and Exchange Board of India (SEBI) issued a consultation paper on bringing mutual fund dealings under the prohibition of insider trading regulations.<sup>12</sup> SEBI observed that in certain cases, a few key personnel of mutual funds redeemed their holdings in schemes while being privy to price-sensitive information. However, such information was not communicated to the unit holders of the schemes. Currently, units of mutual funds are outside the purview of regulations to prohibit insider trading. SEBI has proposed to define an insider as a connected person or a person in possession of unpublished price sensitive information. SEBI has invited comments on whether: (i) dealing in mutual fund units should be brought under the ambit of prohibition of insider trading regulations, and (ii) Association of Mutual Funds in India or all asset management companies should have platforms where generally available information is made accessible for unit holders.

## [Communications](#)

*Saket Surya (saket@prsindia.org)*

### [Cabinet approves revival plan for BSNL worth Rs 1.64 lakh crore](#)

The Union Cabinet approved a revival plan for BSNL worth Rs 1.64 lakh crore.<sup>13</sup> The plan is expected to enable BSNL to: (i) upgrade the quality of existing

services, (ii) roll out 4G services, and (iii) restructure its liabilities. This in turn is expected to help it become financially viable and earn profit from 2026-27. Key features of the revival plan are:

- **Financial support:** The government will provide financial support for various purposes: (i) allotment of spectrum worth Rs 44,993 crore through equity infusion, (ii) Rs 22,471 crore for capital expenditure, (iii) Rs 13,789 crore as viability gap funding for commercially unviable rural wireline operation done during previous years (2014-20), (iv) conversion of dues of license fees and spectrum usage charges worth Rs 33,404 crore into equity, and (v) further funds for settling dues of GST, license fee, and spectrum usage charges.
- The authorised share capital of BSNL will be increased from Rs 40,000 crore to Rs 1,50,000 crore in lieu of statutory dues, provision of capital expenditure, and allotment of spectrum. BSNL will re-issue preference shares worth Rs 7,500 crore to the central government. Holders of preference shares get a priority in dividend payments. Further, the central government will provide guarantee for long-term loans worth Rs 40,399 crore.
- **Merger of BSNL and BBNL:** The Bharat Broadband Network Limited (BBNL) will be merged with BSNL. BBNL is a public sector undertaking set up to create and manage the optical fibre infrastructure under the BharatNet scheme.<sup>14</sup> The BharatNet scheme was launched in 2011 to provide broadband connectivity to 2.5 lakh gram panchayats through optical fibre.<sup>14</sup> The BharatNet infrastructure will continue to be a national asset, and accessible on a non-discriminatory basis to all telecom service providers.<sup>13</sup>

### Comments invited on a new legal framework for the telecom sector

The Department of Telecommunications released a consultation paper on 'Need for a new legal framework governing telecommunication in India'.<sup>15</sup> The Department observed that the current laws were enacted long before India's independence. In light of the evolution in technology, stakeholders have highlighted the need to update the legal framework. Key proposals under the consultation paper include:

- **Scheme of extant laws:** Under the Indian Telegraph Act, 1885, the central government has the exclusive privilege to establish and maintain telecommunication. It may grant a license to other entities to carry out these activities. Further, the Indian Wireless Telegraphy Act, 1933 requires a license to possess wireless communication apparatus. The consultation paper noted that the exclusive privilege of government in case of telecom is well recognised under various jurisdictions. A new law should build upon the

same basic framework. The law should enable the central government to prescribe standards. It should address the requirements for public safety, public emergency, and national security.

- **Spectrum management:** The consultation paper proposes to provide for spectrum management under the new law. It noted that currently, spectrum management is done through a combination of policies and court orders. As a result, there is a need to bring regulatory clarity on this subject.
- **Right of Way:** Effective right of way is a key requirement for establishing telecom network. Hence, the new law should provide for the regulation of the right of way and dispute resolution relating to it.
- **Universal Service Obligation Fund (USOF):** USOF has been set up under the Telegraph Act to provide access to quality information and communication technology services to people in rural and remote areas. The consultation paper proposes to expand its scope to include research and development, and promotion of employment and training activities.
- **Company affairs:** The new law should address issues of continuity of service, and utilisation of unutilised spectrum in the event of insolvency of telecom companies (where a company is unable to repay its debt). Further, it should simplify the process for mergers and acquisitions in the sector.

Comments are invited until August 25, 2022.

### Cabinet approves a project to provide 4G services in uncovered villages

The Union Cabinet approved a project for the provision of 4G mobile services in 24,680 uncovered villages.<sup>16</sup> It also has a provision to include 20% additional villages on account of factors such as rehabilitation, new settlements, and withdrawal of services by existing operators. The total cost of the project is expected to be Rs 26,316 crore. This includes the cost of operation for five years.

The project will be funded through Universal Service Obligation Fund (USOF). USOF has been set up to provide access to quality information and communication technology services to people in rural and remote areas.<sup>17,18</sup> Resources for USOF are raised through levies on the revenue of service providers under various telecom licenses.

## Sports

*Omir Kumar (omir@prsindia.org)*

### Lok Sabha passes National Anti-Doping Bill, 2021 with amendments

The National Anti-Doping Bill, 2021 was passed by Lok Sabha with amendments incorporating some changes recommended by the Standing Committee on Sports.<sup>19</sup> The Bill seeks to prohibit doping in sports and provides for constituting the National Anti-Doping Agency as a statutory body.<sup>20</sup> Doping is the consumption of certain prohibited substances by athletes to enhance performance. 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.
- The Committee noted that the Bill does not make distinction between minor and adult athletes. It recommended that the distinction between a minor and adult athlete should be made in the Rules to ensure a protective mechanism for minor athletes. The amendment adds that anti-doping rules will also apply to: (i) 'other persons' participating or involved in sport, and (ii) persons specified as 'protected persons' by the central government as per the prescribed manner. As per World Anti-Doping Agency Code, a protected person is: (i) below the age of 16, or (ii) below the age of 18 and has not participated in any international competition in open category, or (iii) lacks legal capacity as per their country's legal framework.
- **National Anti-Doping Agency:** Currently, anti-doping rules are implemented by the National Anti-Doping Agency, which was established as a society. The Bill provides for constituting this National Anti-Doping Agency as a statutory body. It will be headed by a Director General appointed by the central government. Functions of the Agency include: (i) planning, implementing, and monitoring anti-doping activities, (ii) investigating anti-doping rule violations, and (iii) promoting anti-doping research.

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

## Law and Justice

### The Family Courts Bill passed by Lok Sabha

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The Family Courts (Amendment) Bill, 2022 amends the Family Courts Act, 1984.<sup>21,22</sup> The Act allows state governments to establish Family Courts. The central government is empowered to notify dates for the Act to come into force in different states. The governments of Himachal Pradesh and Nagaland have set up Family Courts in their states under the Act. However, the central government has not extended the application of the Act to both these states.

#### Application of Act in Himachal Pradesh and Nagaland:

The Bill extends the application of the Act to the state of Himachal Pradesh, with effect from February 15, 2019, and to the state of Nagaland, with effect from September 12, 2008. The establishment of Family Courts in both the states will be retrospectively valid from these dates. All actions taken under the Act in both the states, including the appointment of judges, and orders and judgments passed by the Family Courts, will also be deemed valid retrospectively.

### Standing Committee submits report on Mediation Bill, 2021

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The Standing Committee on Personnel, Public Grievances, Law and Justice (Chair: Mr. Sushil Kumar Modi) submitted its report on the Mediation Bill, 2021.<sup>23</sup> The Bill was introduced in Lok Sabha in December 2021. It seeks to promote mediation (including online mediation) and provide for enforcement of settlement agreements resulting from mediation. Key observations and recommendations of the Committee include:

- **Pre-litigation mediation:** The Bill mandates parties to attend at least two mediation sessions. A cost may be imposed on them if they fail to attend the sessions without reasonable cause. The Committee observed that by mandating pre-litigation mediation, parties will have to wait for several months before being allowed to approach a court or tribunal. This may result in delaying of cases. The Committee recommended reconsidering mandating pre-litigation, making it optional and introducing it in a phased manner. The Bill also provides that pre-litigation mediation will be applicable to matters pending before a tribunal. The Committee noted that there is lack of clarity as to how such matters can come under the purview of pre-litigation mediation.
- **Timeline for mediation:** Mediation process must be completed within 180 days, which may be extended by another 180 days. The Committee recommended

reducing it to 90 days with an extension of 60 days.

- **Confidentiality in proceedings:** Parties in a mediation proceeding are required to keep information relating to the proceedings confidential. The Committee noted that there is no punishment/liability for breaching confidentiality. It recommended that the Bill should provide for a provision for cases of breach of confidentiality.
- **Registration of agreements:** The Bill provides for mandatory registration of mediated settlement agreement. The Committee recommended leaving registration to the discretion of the parties.

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

## Earth Sciences

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### Lok Sabha passes Indian Antarctic Bill, 2022

The Indian Antarctic Bill, 2022 was passed by Lok Sabha.<sup>24</sup> It seeks to give effect to the Antarctic Treaty, the Convention on the Conservation of Antarctic Marine Living Resources, and the Protocol on Environmental Protection to the Antarctic Treaty. It also seeks to protect the Antarctic environment and regulate activities in the region. Key features of the Bill are as follows:

- **Applicability:** The provisions of the Bill will apply to any person, vessel or aircraft that is a part of an Indian expedition to Antarctica under a permit issued under the Bill. Areas comprising of Antarctica include: (i) the continent of Antarctica, including its ice-shelves, and all areas of the continental shelf adjacent to it, and (ii) all islands (including their ice-shelves), seas, and air space south of 60°S latitude.
- **Central committee:** The central government will establish a Committee on Antarctic Governance and Environmental Protection. The Committee will be chaired by the Secretary of the Ministry of Earth Sciences. 10 members, not below the rank of joint secretary, will be nominated from various Ministries and organisations such as defence, external affairs, National Centre for Polar and Ocean Research, and National Security Council Secretariat. In addition, two experts from Antarctic environment and geo-political fields will be nominated by the central government.
- The functions of the Committee include: (i) granting permits for various activities, (ii) implementing and ensuring compliance of relevant international laws for protection of Antarctic environment, (iii) obtaining and reviewing relevant information provided by parties to the Treaty,

Convention, and Protocol, and (iv) negotiating fees with other parties for activities in Antarctica.

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

## Power

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### Renewable purchase and energy storage obligations notified for the 2022-30 period

The Ministry of Power notified trajectories for renewable purchase obligation (RPO) and energy storage obligation (ESO) for the 2022-30 period (as shown in Table 1).<sup>25</sup> RPO refers to the obligation of power distribution companies to procure a minimum percentage of power from renewable sources. ESO refers to the obligation to source a minimum percentage of power from wind or solar with/through energy storage facility. The Electricity Act, 2003 empowers the Ministry of Power to prescribe a long-term growth trajectory of RPO in consultation with the Ministry of New and Renewable Energy.<sup>25</sup>

**Table 2: Trajectory for Renewable Purchase Obligation and Energy Storage Obligation**

Year	Renewable Purchase				Energy Storage
	Wind	Hydro	Other	Total	
2022-23	0.8%	0.4%	23.4%	24.6%	-
2023-24	1.6%	0.7%	24.8%	27.1%	1.0%
2024-25	2.5%	1.1%	26.4%	29.9%	1.5%
2025-26	3.4%	1.5%	28.2%	33.0%	2.0%
2026-27	4.3%	1.8%	29.9%	36.0%	2.5%
2027-28	5.2%	2.2%	31.4%	38.8%	3.0%
2028-29	6.2%	2.5%	32.7%	41.4%	3.5%
2029-30	6.9%	2.8%	33.6%	43.3%	4.0%

Sources: F. No. 09/13/2021-RCM, Ministry of Power; PRS.

Key conditions with regard to meeting these obligations include:

- **Wind and Hydro RPO:** Of the total RPO, a certain percentage must be met from wind and hydro sources. For wind RPO, only power procured from projects commissioned after March 2022 will be taken into account. For hydro RPO, only power procured from large hydro projects commissioned after March 2019 will be taken into account. Imported hydro power will not be considered for RPO.
- **Powers of state commissions:** The state electricity regulatory commissions may specify RPO and ESO over and above the target specified by the Ministry.

## Education

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### Report on Reviewing Higher Education Institutions submitted

The Standing Committee on Education, Women, Children, Youth, and Sports (Chair: Dr. Vinay P. Sahasrabudde) submitted its report on ‘Review of education standards, accreditation process, research, examination reforms and academic environment in Deemed/Private Universities/other Higher Education Institutions’.<sup>26</sup> Key observations and recommendations of the Committee include:

- **Higher Education Commission of India (HECI):** The National Education Policy (NEP), 2020 provides for the creation of HECI as a principal regulator for higher education. The Committee observed that a Bill to provide for HECI is under drafting stage. It recommended that while creating HECI, aspects related to specifying jurisdiction, independence and protection of stakeholder interest should be considered. Instead of having parallel regulatory authorities for higher education, a simplified hierarchy having the final say in implementation should be constituted.
- **Examinations in state universities:** The Committee noted that state universities face issues in conducting examinations. These issues include: (i) question paper leak, (ii) rampant cases of copying, and (iii) student examiner nexus. It recommended that accreditation of the institution’s exam management should be considered. Adoption of digitisation of the examination process may be incentivised.
- **Social sciences and technical education:** The Committee recommended the experiment of providing humanities courses in technology institutions and assess its impact on the institution. Further, social science/humanities/art modules should be included in the technical education.

## Social Justice

*Tanvi Vipra (tanvi@prsindia.org)*

### Committee submits report on reviewing status of SC/STs in AIIMS

The Committee on Welfare of Scheduled Castes and Scheduled Tribes (Chair: Dr. Kirit Premjibhai Solanki) presented its report on ‘Role of Autonomous Bodies and Educational Institutions in the socio-economic development of Scheduled Castes and Scheduled Tribes, with special reference to implementation of reservation policy in the All India Institute of Medical

Sciences (AIIMS)’.<sup>27</sup> Key observations and recommendations of the Committee include:

- **Filling vacancies:** The Committee observed that out of 1,111 faculty positions at AIIMS, 275 posts of Assistant Professors and 92 posts of Professors are vacant. It observed that despite being eligible and competent, SC/ST aspirants are not inducted as faculty even at initial stages. The Committee noted that SC/ST ad-hoc Junior Resident Doctors with work experience were not selected for regular filling of vacancies on grounds that there were no suitable candidates. It recommended filling all vacant positions in three months and ensuring that reserved faculty posts are not kept vacant for more than six months. Seats in super speciality courses should be reserved to ensure that SC/ST candidates undergo specialised training.
- **Monitoring Evaluation System:** The Committee observed that SC/ST MBBS students fail at the first, second, or third stage of their professional exams, despite their sincere efforts. These students score well in written exams, but perform poorly in practical exams. This underlines a bias against SC/ST students. The Committee recommended developing an examination monitoring system to avoid such biases. It also recommended involving SC/ST faculty in exam evaluations.
- The Committee observed that examiners tend to ask students their names in order to understand their caste status. It recommended students to write exams using fictitious code numbers to prevent unfair assessment.
- **SC/ST members in the General Body:** The Committee observed that there are no SC/ST members in the General Body of AIIMS. It recommended including SC/ST members in the General Body to make them a part of the decision-making process in policy matters.

## Health

*Tushar Chakrabarty (tushar@prsindia.org)*

### Comments invited on the draft Drugs, Medical Devices, and Cosmetics Bill, 2022

The Ministry of Health and Family Welfare invited comments on the draft Drugs, Medical Devices, and Cosmetics Bill, 2022.<sup>28</sup> Currently, the Drugs and Cosmetics Act regulates the import, manufacture, distribution, and sale of drugs, cosmetics, and medical devices.<sup>29</sup> The draft Bill aims to ensure quality, safety, efficacy, and clinical trial of new drugs and the clinical investigation of investigational medical devices.

Key features of the draft Bill include:

- **Medical devices Advisory Board:** The draft Bill seeks to constitute a Medical Devices Technical Advisory Board to advise central and state governments on matters pertaining to medical devices. The Board will consist of ex-officio members, government representatives, nominated members, and experts. The Board will be chaired by the Director General of Health Services.
- **Clinical trial:** Under the draft Bill, prior permission by the central licensing authority (Drugs Controller General) is required to conduct any clinical trial for a new drug. Any person who conducts a clinical trial without obtaining prior permission will be liable for a maximum penalty of five lakh rupees.
- **Online pharmacies:** The draft Bill seeks to regulate online pharmacies. It prohibits any person to sell, stock, or distribute any drug by online mode without a license or permission. It allows the central government to make regulations and restrictions for online sale of drugs.

Comments on the draft Bill are invited till August 22, 2022.

## Consumer Affairs

### Consumer Protection Authority prohibits compulsory levying of service charge; Delhi HC stays the guidelines

*Omir Kumar (omir@prsindia.org)*

The Central Consumer Protection Authority (CCPA) issued guidelines prohibiting restaurants and hotels from automatically adding service charge to the bill.<sup>30</sup> The CCPA observed that a tip or gratuity is given at the discretion of the consumer. It also noted that the component of service is included in the price of food and beverages offered i.e., pricing of the product covers the goods and services component. There is no restriction on hotels and restaurants to set the prices of food and beverages. According to CCPA, charging anything other than the said price of the product, along with applicable taxes, amounts to unfair trade practices under the Consumer Protection Act, 2019.<sup>31</sup> If service charge is levied or the consumer is coerced into paying it, a complaint may be filed to the National Consumer Helpline or Consumer Commission.

The Delhi High Court stayed the guidelines on grounds that levying service charge may not amount to unfair trade practices under the Consumer Protection Act.<sup>32</sup> The Act defines unfair trade practice as adopting an unfair method or deceptive practice for promoting the sale, use, or supply of goods or services.<sup>31</sup> The Court clarified that service charge may be levied but must be prominently displayed on the menu or other places where it may be expedient. Further, such a charge

cannot be levied in case of takeaways.

### Standing Committee submits report on Quality Control Cells

*Tushar Chakrabarty (tushar@prsindia.org)*

The Standing Committee on Food, Consumer Affairs, and Public Distribution (Chair: Mr Sudip Bandyopadhyay) presented its report on 'Quality Control Cells (QCCs)'.<sup>33</sup> Key observations and recommendations of the Committee include:

- **Need for more QCCs:** QCCs are responsible for ensuring the quality of the central pool of foodgrains stock from procurement to distribution. Presently, there are 11 QCCs in the country. The Committee noted that the number of QCCs is inadequate. It recommended setting up more QCCs to address the issue of quality control comprehensively and prevent losses due to damaged foodgrains. The Committee also recommended the Department of Food and Public Distribution to coordinate with the Ministry of Finance to make sufficient allocation of funds for setting up of more QCCs in the country.
- **Grievance redressal:** The Committee noted that there have been numerous complaints of beneficiaries getting inferior quality of foodgrains. Further, it observed that helpline numbers have been ineffective in solving day-to-day problems of the beneficiaries. The Committee recommended streamlining the functioning of these helpline numbers. It also recommended: (i) independent surprise visits and inspections at fair price shops by the department of food and public distribution or any independent agency, (ii) CCTV monitoring of fair price shops to monitor the distribution and diversion of PDS items at these shops.

## Shipping

*Tushar Chakrabarty (tushar@prsindia.org)*

### Comments invited on the draft Merchant Shipping (Amendment) Bill, 2022

The Ministry of Ports, Shipping, and Waterways invited comments on the draft Merchant Shipping (Amendment) Bill, 2022.<sup>34,35</sup> It proposes to amend the Merchant Shipping Act, 1958.<sup>36</sup> The Act aims to foster the development and ensure efficient maintenance of the Indian mercantile marine. It also provides for the registration, certification, safety, and security of Indian ships. Key features of the draft Bill include:

- **Applicability:** The Act prescribes certain conditions for registration of Indian ships. This is only applicable to sea-going ships fitted with mechanical means of propulsion. The draft Bill

widens the applicability of the Act by removing the words ‘mechanical means of propulsion’.

- **Indian ships:** The Act specifies certain conditions for a ship to be deemed as Indian. The ship must be fully owned by: (i) a citizen of India, or (ii) a company/body established under any central or state act with its principal place of business in India, or (iii) a co-operative society under the Cooperative Societies Act, 1912 or any other related law. The draft Bill allows part-ownership of the ship as may be notified by the central government. It expands the definition of Indian citizen to include non-resident Indians and overseas citizen of India. Further, it seeks to replace the ownership of ships by co-operative societies to include any other person or body which may be notified by the central government.
- **Registration:** All ships must be registered under the Act, unless it does not exceed 15 tons net and is employed solely in navigation on the coasts of India. The draft Bill specifies that all Indian ships must be registered under the Act. However, registration is not mandatory for ships which are solely owned by an overseas citizen of India. Further, the vessels registered under the Coasting Vessels Act, 1838 must be re-registered under the Act within one year.
- **Decriminalisation:** The Act specifies penalties for certain offences which are applicable to any person who contravenes any provision of this Act. The draft Bill decriminalises certain offenses listed in the Act. These offences include fraudulent altering of certificate of discharge, or fraudulently using a forged discharge certificate.

Comments on the draft bill are invited till August 7, 2022.

## Environment

### Amendments to Plastic Waste Management Rules, 2016 notified

*Omair Kumar (omir@prsindia.org)*

The Ministry of Environment, Forest and Climate Change notified amendments to the Plastic Waste Management Rules, 2016 under the Environment Act, 1986.<sup>37,38,39,40,41</sup> The Rules lay down standards for manufacturing and selling material (such as bags and packaging material) produced from plastic. The Rules also specify the framework for plastic waste management. Key features of the amendments include:

- **Biodegradable plastics:** The amendments add that before marketing or selling, manufacturers/sellers of biodegradable plastics should obtain a certificate from the Central Pollution Control Board (CPCB).

Further, biodegradable plastics should conform to standards notified by Bureau of Indian Standards and certified by the CPCB. The amendments define biodegradable plastic as plastic (other than compostable plastic) that undergoes degradation by biological processes without leaving residue harmful to the environment.

- **Environmental compensation:** The amendments add that environmental compensation will be levied on persons not complying with the provisions of the Rules as per guidelines notified by CPCB.
- **Implementations of Rules in UTs:** State Pollution Control Board (SPCB) and Pollution Control Committee (PCC) are responsible for enforcing the Rules in UTs. The amendments adds that the Central Pollution Control Board will also be responsible for enforcing the Rules in UTs.
- **Registration of manufacturers:** Manufacturers of carry bags, recycle plastic bags, or multi layered packaging must obtain registration from the SPCB or the PCC of the UT. The amendments provide that such manufacturers will have to obtain registration from: (i) SPCB/PCC of the UT if operating in one or two states or UTs, or (ii) the CPCB, if operating in more than two states or UTs.

### Draft amendments to the Environment and Forest Acts released

*Tanvi Vipra (tanvi@prsindia.org)*

The Ministry of Environment, Forest and Climate Change released draft amendments to the Indian Forest Act, 1927 (Forest Act) and the Environment (Protection) Act, 1986 (Environment Act).<sup>42,43</sup> The Forest Act provides for protecting and managing forests.<sup>44</sup> The Environment Act specifies environmental safety requirements by regulating emission of environmental pollutants.<sup>45</sup> The key changes proposed by the draft amendments are-

#### *Amendments to the Forest Act, 1927*

The draft amendments seek to decriminalise minor violations, compound smaller offences, and reduce the compliance burden on citizens.

Under the Forest Act, certain activities are prohibited and penalised with a fine up to Rs 500, imprisonment up to six months, or both. These activities include (i) trespassing in a reserved forest, (ii) damaging reserved trees (iii) causing damage due to negligence in felling of trees, and (iii) kindling a fire. The draft amendments decriminalise such activities i.e., the punishment will only attract a fine up to Rs 500.

#### *Amendments to the Environment Act, 1980*

- **Decriminalising offences:** Certain activities under the Act are penalised with imprisonment up to five years, fine up to one lakh rupees, or both.

Continuous violation attracts a fine up to Rs 5,000 for each day. Prohibited activities include: (i) discharging environmental pollutants in excess of specified standards, (ii) handling hazardous substances without adequate safeguards, and (iii) not allowing central government to investigate an offence. The draft amendments decriminalise offences under the Act and provide a fine ranging from five lakh rupees to five crore rupees. In cases where the damage by the violator is greater than the penalty, they will be required to pay a fine equal to the damage. A fine ranging from Rs 50,000 to five lakh rupees (each day) will be imposed for continuous violation. Failure to pay the penalties will attract a fine up to Rs 10 crore, imprisonment up to three years, or both.

- **Penalty for government departments:** The draft amendments seek to penalise government departments who violate any provisions of the Act. The punishment includes a fine of up to two lakh rupees for each violation.
- **Adjudicating officer:** The draft amendments add that the central government will appoint an Adjudicating Officer to conduct an inquiry into a violation and impose a penalty. Appeals against the decisions of the Officer will lie with the National Green Tribunal.
- **Environment Fund:** The draft amendments provide that the central government may establish an Environmental (Protection) Fund. Penalties collected under the Act will be credited to the Environment Fund.

### Draft amendments exempting industrial plants from certain requirements released

Tanvi Vipra ([tanvi@prsindia.org](mailto:tanvi@prsindia.org))

The Ministry of Environment, Forest and Climate Change released draft amendments to the Water (Prevention and Control of Pollution) Act, 1974 (Water Pollution Act) and the Air (Prevention and Control of Pollution) Act, 1981 (Air Pollution Act).<sup>46,47</sup> The Acts specify activities such as discharge of effluents in sewers, streams, or in the air (in excess of prescribed standards) as unlawful.<sup>48,49</sup> The draft amendments seek to rationalise penalties for certain violations. Key features of the draft amendments include:

- **Exempting certain industrial plants from requirements:** Under the Air Pollution Act, establishing or operating an industrial plant, without approval from the state board, is prohibited in an air pollution control area. The state government may declare an area in the state as an air pollution control area. Similarly, under the Water Pollution Act, discharging effluents in streams, wells, sewers, or land is prohibited (without permission from the State Board). The draft amendments seek to allow the central

government to exempt certain categories of industrial plants from these requirements. Additionally, the central government shall issue guidelines that regulate the state board’s authority to grant or refuse approvals.

- **Decriminalisation of certain offences:** For certain violations, the draft amendments seek to impose only a fine. Under the Air Pollution Act, violations such as industry emissions exceeding prescribed standards are penalised with a fine and imprisonment of up to six years. The draft amendment penalises such violation with only a fine between one lakh rupees and one crore rupees. Similarly, under the Water Pollution Act, violations such as damaging property that belongs to the state or central board, or allowing polluting matter to enter streams, seek to be decriminalised.
- **Rationalisation of certain penalties:** For certain violations under the Air Pollution Act, such as establishing or operating an industrial plant in an air pollution control area, the penalty is a fine up to Rs 10,000, or imprisonment up to three months, or both. The draft amendments seek to increase the penalty with a fine up to five crore rupees, or imprisonment up to three years. Under the Water Pollution Act, penalties for violations such as discharging effluents into a stream, well, or sewer, include imprisonment up to six years, and a fine without the amount specified. The draft amendments seek to impose a fine of up to five crore rupees.
- In cases where the damage caused is higher than the penalty imposed, the party shall pay a fine equal to the damage. Table 3 looks at the change in penalties of certain violations under the Air Pollution Act.

**Table 3: Proposed changes to certain penalties under the Air Pollution Act**

Activity	Existing Penalty	Proposed Penalty
<b>Industrial emission of pollutants in excess of standards</b>	Imprisonment between one year and six months to six years. Fine amount not specified.	Fine Rs 1 lakh to Rs 1 crore
<b>Destruction of notice put up by state board, or failure to furnish information to the board</b>	Imprisonment up to three months or fine up to Rs 10,000, or both.	Fine between Rs 1 lakh and Rs 50 lakh

- **Establishment of remediation funds:** The draft amendments seek to establish a Water Pollution Remediation Fund under the Water Pollution Act and an Air Pollution Remediation Fund under the Air Pollution Act. Penalties imposed under the Acts shall be credited to these Funds. The central government shall be responsible for administration of the Funds.

## Comments invited on the draft Public Liability Insurance (Amendment) Bill, 2022

*Tushar Chakrabarty (tushar@prsindia.org)*

The Ministry of Environment, Forest, and Climate Change invited comments on the draft Public Liability Insurance (Amendment) Bill, 2022.<sup>50</sup> It proposes to amend the Public Liability Insurance Act, 1991.<sup>51</sup> The Act aims to provide relief to the victims of accidents that might occur while handling hazardous substances. Key features of the draft Bill include:

- **Decriminalisation:** The Act specifies certain penalties for certain offenses. These include: (i) non-compliance by the owner (person who owns, or has control over handling, any hazardous substance at the time of accident) to take out insurance policies before handling hazardous substances, and (ii) non-compliance by the owner to renew the insurance policy (for an amount not less than the paid-up capital) before expiry date. Under the Act, these offences are punishable with an imprisonment of maximum six years or a fine of maximum one lakh rupees, or both. The draft Bill decriminalises these offences. It also revises the amount of the fine to a maximum of twice the premium amount of the policy.
- Under the Act, any offence by companies or government departments is also liable for criminal prosecution. The draft Bill deletes the provisions pertaining to offences by companies. For offences by government departments, the person contravening any provision (or the senior officer, if the offence occurred under his instruction) is liable to pay a maximum penalty of Rs 50,000 for each such contravention.
- **Definition of property:** The draft Bill adds the definition of property. It includes any private or public property affected or damaged by any unit or undertaking. The damage may be due to manufacture, processing, treatment, storage, or transportation of hazardous substances.

## Agriculture

*Tushar Chakrabarty (tushar@prsindia.org)*

### Committee constituted to look into various matters pertaining to agriculture

The Ministry of Agriculture and Farmers Welfare constituted a committee to look into various matters pertaining to agriculture.<sup>52</sup> These include promoting zero budget farming, suggesting strategies for diversification policy to change the cropping pattern, strengthening the agricultural marketing system, and making minimum support price more effective and transparent. The Committee includes: (i) the Chairman

(Mr. Sanjay Agarwal, former agriculture secretary), (ii) one Niti Aayog member, (iii) five central and four state government representatives, (iv) ten representatives of farmers and farmers' cooperative, and (v) three members from agricultural universities/institutions.

## Civil Aviation

### Aviation regulation for persons with disabilities amended

*Tanvi Vipra (tanvi@prsindia.org)*

The Directorate General of Civil Aviation (DGCA) amended regulations to standardise air travel conditions for persons with disabilities and reduced mobility.<sup>53</sup> The regulations have been notified under the Aircraft Act, 1934 and the Aircraft Rules, 1937. The amended regulations change certain travel conditions for people with disabilities.

The current regulations apply to: (i) Indian airline operators engaged in domestic and international travel, (ii) foreign carriers operating to and from India, and (iii) all airport operators in India. Persons with disability include people who have a physical or mental impairment such as cosmetic disfigurement, mental retardation, or diseases such as cerebral palsy, cancer, and diabetes.

The amended regulations specify that airlines shall not refuse flight to passengers on the basis of a disability or reduced mobility. In case an airline perceives that a passenger's health may deteriorate during the flight, an examination by a doctor shall be conducted. The doctor shall state whether a person is fit to fly or not. Based on the doctor's decision, the airline shall decide whether a person would be allowed to fly, and provide written reasons to the passenger.

### Requirements for diverted commercial aircraft operating in alternate routes published

*Omair Kumar (omir@prsindia.org)*

The Directorate General of Civil Aviation (DGCA) published guidelines required to be followed by commercial air transport operators during extended flying time due to a diversion.<sup>54</sup> The guidelines will be applicable to aircrafts with two or more engines. Aircrafts are directed to an alternate aerodrome (alternate route) when it is not possible or advisable to proceed or to land on the original route. Key features of the guidelines are:

- **Threshold time:** The guidelines prescribe threshold time for aircrafts flying to an alternate aerodrome. The threshold time ranges from 60 minutes to 120 minutes depending upon the type of operator and aircraft.

- **Requirements for exceeding threshold time:** No aircraft operating to an en-route aerodrome will be allowed to exceed the threshold time unless approved by DGCA. Before granting such approval DGCA will take into account certain factors which include: (i) capabilities of the operator, (ii) reliability of the aircraft, (iii) relevant information from the aeroplane manufacturer, and (iv) fuel requirements.
- **Crew Training:** All operators should formulate a training program for their flight crew to equip them to deal with operating contingencies (diversion decision making). The DGCA will periodically evaluate the training program.

### Draft Rules extending license validity for pilots and flight navigators released

Tanvi Vipra ([tanvi@prsindia.org](mailto:tanvi@prsindia.org))

The Ministry of Civil Aviation released draft amendments to the Aircraft Rules, 1937.<sup>55</sup> The 1937 Rules have been notified under the Aircraft Act, 1934.<sup>56</sup> The draft Aircraft (Amendment) Rules, 2022 extend the validity of licenses such as the commercial pilot's license. Key changes in the draft Rules include:

- **License eligibility:** Under the Aircraft Rules, 1937, the central government grants licenses to categories of personnel such as private and commercial pilots and ratings to flight instructors to operate specified planes such as aeroplanes or helicopters. The draft Rules seek to add a license requirement for operating light sports aircrafts and gyroplanes. Under the 1937 Rules, student flight navigators required a license to operate aircrafts. The draft Rules seek to remove this requirement of a license.
- **Extension of license validity:** The draft Rules seek to extend the license validity for airline transport pilots, commercial pilots, flight navigators, and flight radio operators from five years to 10 years.

### Comments invited on draft requirements for issuing aerodrome licenses

Tanvi Vipra ([tanvi@prsindia.org](mailto:tanvi@prsindia.org))

The Directorate General of Civil Aviation (DGCA) released draft requirements for issuing an aerodrome license.<sup>57</sup> The draft requirements have been issued under the Aircraft Rules 1937. As per the Rules, an air transport service may use an aerodrome for regular landing and departure only with a valid license. Key features of the draft requirements include:

- **Licensing authority:** As per the current Rules, aerodromes are licensed for: (i) public-use, and (ii) private use categories. Public use aerodromes are meant for all individuals while private use

aerodromes are meant for individuals specifically authorised by the licensee. The draft requirements specify that for public-use aerodromes, site clearance and in-principle approval shall be granted by the Ministry of Civil Aviation as per the Greenfield Airport Policy. For private-use aerodromes, the DGCA shall grant approvals based on technical assessments.

- **Application procedure for public-use greenfield aerodromes:** The developer of the greenfield aerodrome shall apply for a license to the Civil Aviation Ministry before beginning construction.
- **Application procedure for private-use aerodromes:** As per current Rules, an applicant for a private-use aerodrome shall submit an application along with a prescribed fee to the DGCA. Permissions from the Defence Ministry, Environment Ministry, the owner of the land, and local authorities must be attached with the application. The draft regulations specify attaching an additional permission from the Ministry of Home Affairs. Such permissions will not be required for an existing government aerodrome. After the DGCA gives an in-principle clearance, the applicant will be required to submit a project report to commence construction.
- **Validity of license:** A license indicates that an aerodrome meets specifications such as management systems, operational procedures, physical characteristics, and fire-fighting services. A license will be valid for five years subject to suspension for non-adherence, and will be non-transferable. To renew a license, an application and prescribed fee has to be sent to the relevant authority at least two months prior to the expiry of the license.
- **Safety requirements:** The aerodrome operator will be required to establish and implement safety procedures for aerodrome users such as ground-handling agencies, and aerodrome maintenance agencies. Compliance with procedures will be monitored by the aerodrome operator.

Comments on the draft regulations are invited until August 28, 2022.

## Commerce

Tushar Chakrabarty ([tushar@prsindia.org](mailto:tushar@prsindia.org))

### Rules for work from home for Special Economic Zones notified

The Ministry of Commerce notified rules for work from home (WFH) for Special Economic Zones (SEZs).<sup>58</sup> These Rules have been published under the Special Economic Zones Act, 2005 and amend the Special Economic Zones Rules, 2006.<sup>59,60</sup> The SEZ

Act, 2005 provides for the establishment, development, and management of SEZs for the promotion of exports.

The 2022 rules introduce the option of work from home. A SEZ unit may grant work from home to a maximum of 50% of the total employees (including contractual employees). These employees may also be allowed to work from any place outside the SEZ. These Rules are applicable to: (i) information technology and information technology enabled services employees, (ii) temporarily incapacitated employees, (iii) employees who are travelling, and (iv) employees who are working offsite.

The period of WFH will be valid for one year on grant of permission by the Development Commissioner (DC). The DC of the SEZ may extend this period, one year at a time. The DC may also approve a higher number of employees to work from home (that is, more than 50% of the total employees).

SEZ units, where employees are already working from home, have been provided with a transition period of 90 days to seek approval for continuing WFH.

## Urban Development

*Omair Kumar (omir@prsindia.org)*

### Report on Implementation of Metro Rail Projects submitted

The Standing Committee on Housing and Urban Affairs (Chair: Mr. Jagdambika Pal) submitted its report on ‘Implementation of Metro Rail Projects - An Appraisal’.<sup>61</sup> Key observations and recommendations of the Committee include:

- **Low ridership:** Most metro projects (except Delhi and Mumbai line 1) have seen lower actual average daily ridership than what is required to breakeven. These metro projects include Bengaluru, Hyderabad, Chennai, Lucknow, and Jaipur. For

instance, in 2020-21: (i) Bengaluru metro had an actual average ridership of 0.96 lakh against the required ridership of 18.64 lakh to breakeven, and (ii) Hyderabad metro had an actual ridership of 0.65 lakh against 19 lakh required to breakeven. The Committee noted that poor performance of metro projects indicates several things such as: (i) lack of first and last mile connectivity, (ii) faulty detailed project reports, and (iii) absence of parking at stations. If metro is to be made a medium of mass transportation, commuters need to be shifted away from using private vehicles. Therefore, the Committee recommended: (i) ensuring ridership estimation (which determines the selection of the type of metro) is realistic and accurate, and (ii) taking concrete steps to increase the ridership of all metro projects.

- **First and last mile connectivity:** The Metro Rail Policy, 2017 provides that all proposals for metro rails should include proposals for feeder systems. The Committee noted that all metro networks do not have first and last mile connectivity facilities. For instance, Lucknow, Ahmedabad, and Kolkata do not have infrastructure for feeder buses. In the absence of such connectivity, projected ridership may not be achieved. It recommended that approvals for upcoming metro projects should not be given until the detailed project report has provisions for first and last mile connectivity.
- **Law governing metro projects:** The Committee observed that as more cities are taking up metro projects, there is a need to have a comprehensive law for metro projects. Currently, metro projects are governed by three central Acts. The Ministry of Housing and Urban Affairs had stated that it is drafting a Bill to replace the three existing Acts.

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

<sup>1</sup> Parliament Session Alert, July 16, 2022, [https://prsindia.org/files/parliament/session\\_track/2022/session\\_alert/Parl\\_Session\\_Alert\\_Monsoon\\_2022.pdf](https://prsindia.org/files/parliament/session_track/2022/session_alert/Parl_Session_Alert_Monsoon_2022.pdf).

<sup>2</sup> Consumer Price Index Numbers on Base 2012=100 for Rural, Urban and Combined for the Month of June 2022, Ministry of Statistics and Programme Implementation, July 12, 2022, <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2022/jul/doc202271270101.pdf>.

<sup>3</sup> CG-DL-E-31032021-226291, Ministry of Finance, March 31, 2021, <https://egazette.nic.in/WriteReadData/2021/226291.pdf>.

<sup>4</sup> “WPI-based inflation declines marginally to 15.18% for the month of June, 2022”, Press Information Bureau, Ministry of Commerce and Industry, July 14, 2022, <https://pib.gov.in/PressReleasePage.aspx?PRID=1841416>.

<sup>5</sup> CG-DL-E-01072022-236982, Ministry of Finance, July 1, 2022, <https://egazette.nic.in/WriteReadData/2022/236982.pdf>.

<sup>6</sup> International Trade Settlement in Indian Rupees (INR), Reserve Bank of India, July 11, 2022, <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/APDCN1083AC50D954814429AC4D404A9A73DDDD1.PDF>.

<sup>7</sup> Liberalisation of Forex Flows (Revised), Reserve Bank of India, July 6, 2022, <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR4814C41A388F1014C8D994DCF7B7CEAD2DD.PDF>.

<sup>8</sup> Revised Regulatory Framework for Urban Co-operative Banks (UCBs), Reserve Bank of India, July 19, 2022, <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR561388AEFDA6056474E93729F02C7140584.PDF>.

<sup>9</sup> Discussion Paper on Climate Change and Sustainable Finance, Reserve Bank of India, July 27, 2022, <https://rbidocs.rbi.org.in/rdocs/Publications/PDFs/CLIMATERISK46CEE62999A4424BB731066765009961.PDF>.

<sup>10</sup> Online Bond Trading Platforms - Proposed Regulatory Framework, Securities and Exchange Board of India, July 21, 2022, [https://www.sebi.gov.in/reports-and-statistics/reports/jul-2022/consultation-paper-on-online-bond-trading-platforms-proposed-regulatory-framework\\_61087.html](https://www.sebi.gov.in/reports-and-statistics/reports/jul-2022/consultation-paper-on-online-bond-trading-platforms-proposed-regulatory-framework_61087.html).

<sup>11</sup> Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Third Amendment) Regulations, 2022, Securities and Exchange Board of India, July 25, 2022, [https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-third-amendment-regulations-2022\\_61171.html](https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-third-amendment-regulations-2022_61171.html).

<sup>12</sup> Consultation Paper on applicability of SEBI (Prohibition of Insider Trading), Regulations, 2015 to Mutual Fund (MF) units, Securities and Exchange Board of India, July 8, 2022, [https://www.sebi.gov.in/reports-and-statistics/reports/jul-2022/consultation-paper-on-applicability-of-sebi-pit-regulations-to-mf-units\\_60689.html](https://www.sebi.gov.in/reports-and-statistics/reports/jul-2022/consultation-paper-on-applicability-of-sebi-pit-regulations-to-mf-units_60689.html).

<sup>13</sup> “Cabinet approves revival package of BSNL amounting to Rs 1.64 Lakh Cr.”, Press Information Bureau, Union Cabinet, July 27, 2022, <https://pib.gov.in/PressReleasePage.aspx?PRID=1845422>.

<sup>14</sup> Website of BBNL as accessed on July 28, 2022, <https://bnnl.nic.in/index.aspx>.

<sup>15</sup> Consultation Paper on “Need for a new legal framework governing Telecommunication in India”, Department of Telecommunication, July 23, 2022, <https://dot.gov.in/sites/default/files/Consultation%20Paper%20final%2023072022-1.pdf?download=1>.

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