Monthly Policy Review

March 2023

Highlights of this Issue

Finance Bill, 2023 passed (p. 2)

The Bill was passed with 64 amendments. One of the amendments includes that capital gains from debt mutual funds will not be taxed at the marginal rate.

Budget session 2023 resumes after recess (p.2)

In the second half of the budget session, the Finance Bill and two Appropriation Bills were passed. The Jammu and Kashmir budget was also passed. Two bills have been introduced in this session.

Current account deficit at 2.2% of GDP in third quarter of 2022-23 (p.2)

India's current account deficit in the third quarter of 2021-22 was 2.7% of GDP, while in the second quarter of 2022-23 it was at 3.7% of GDP.

Virtual digital assets brought under the prevention of money laundering (p.4)

Entities (such as cryptocurrency exchanges) dealing in virtual digital assets will now have to fulfil certain obligations such as verifying the identity of its clients through Aadhaar or other valid documents.

The Forest Conservation (Amendment) Bill, 2023 introduced in Lok Sabha (p. 4)

The Bill amends the Forest Conservation Act, 1980 which provides for the conservation of forest land. The Bill adds and exempts certain types of land from the purview of the Act.

The Inter-services Organisation Bill, 2023 introduced in Lok Sabha (p.5)

The Bill empowers the Commander-in-Chief or Officer-in-Command of Inter-services Organisations to exercise disciplinary/administrative control over the service personnel under their command, irrespective of their service.

Foreign Trade Policy 2023 released (p. 5)

The policy replaces the Foreign Trade Policy 2015-20. The new policy focusses on areas such as promoting e-commerce exports and rationalising the Export Promotion Capital Goods scheme.

SEBI takes various decisions at board meeting (p. 4)

A framework for Environmental, Social and Governance (ESG) disclosures by companies will be introduced. Further, SEBI has approved the creation of a framework to prevent fraud/market abuse by stock brokers.

Committee report on the Jan Vishwas Bill, 2022 tabled (p.6)

The Committee recommended amendments to the severity of punishments under some Acts. It also recommended the addition of Adjudicatory Officers and appellate mechanisms for some laws.

Committees submits reports on various issues and implementation of schemes

Different standing committees submitted reports on the implementation of PMAY-Urban, nano fertilisers for crop productivity, safety and security of oil installations of oil PSUs, glacier management, and groundwater.

Amendment to the Surrogacy Rules, 2022 notified (p. 9)

The amendment mandates that both male and female gametes used in surrogacy must come from the intending couple. It also requires an intending woman to use her own oocyte, fertilised by a donated male gamete.

Comments sought on draft Electricity (Rights of Consumers) Rules, 2023 (p. 9)

The draft Rules adds that for smart meters time-of-day tariffs will be applicable immediately after the installation. It adds certain conditions for the tariffs to be specified by State Commissions.

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Parliament

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Budget Session 2023 resumes after recess

The budget session of Parliament commenced on January 31, 2023 and is scheduled to end on April 6, 2023, with a recess between February 14 till March 12.[1] Parliament reconvened after the recess on March 13, 2023.

In the second half of the budget session, the Finance Bill and two Appropriation Bills were passed. The Jammu and Kashmir budget was also passed. The Competition (Amendment) Bill, 2022 was passed in the Lok Sabha and is pending in the Rajya Sabha.

Two Bills have been introduced in this session. These are the Inter-Services Organisations (Command, Control and Discipline) Bill, 2023, and the Forest (Conservation) Amendment Bill, 2023. The Inter-Services Organisation Bill, 2023 was referred to a Joint Parliamentary Committee for examination

For details of the planned legislative agenda for the session, see here.

Union Budget 2023-24

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Finance Bill, 2023 passed by Parliament

Parliament passed the Finance Bill, 2023 to give effect to the government's financial proposals for 2023-23.[2] The Bill was passed with 64 amendments. Key features of the Bill include:

- **Changes in the new income tax regime:** The number of tax slabs has been reduced from six to five. The surcharge on the income when it exceeds Rs 5 crore will be reduced from 37% to 25%. Table 1 compares the current tax income structure with the proposed income tax structure.

Table 1: Current and proposed tax slabs

Tax Rate	Current Income Slab	Proposed Income Slab
Nil	Up to Rs 2.5 lakh	Up to Rs 3 lakh
5%	Rs 2.5 lakh to Rs 5 lakh	Rs 3 lakh to Rs 6 lakh
10%	Rs 5 lakh to Rs 7.5 lakh	Rs 6 lakh to Rs 9 lakh
15%	Rs 7.5 lakh to Rs 10 lakh	Rs 9 lakh to Rs 12 lakh
20%	Rs 10 lakh to Rs 12.5 lakh	Rs 12 lakh to Rs 15 lakh
25%	Rs 12.5 lakh to Rs 15 lakh	-
30%	Above Rs 15 lakh	Above Rs 15 lakh

Sources: Finance Bill, 2023; PRS.

- **Capital gains from debt mutual funds:** Consideration received from the sale or transfer of a debt mutual fund or a market linked debenture will be considered a short-term capital gain.
- Capital gains from sale of residential property can be deducted to the extent of purchase or construction of another residential property. The deduction will be capped at Rs 10 crore.
- **Changes in tax exemptions:** The tax exemption for news agencies set up solely for the collection and distribution of news will be removed. Charitable trusts are required to apply 85% of their income within the year to avail income tax exemption. From April 2023, if a charitable trust donates to another charitable trust, only 85% of such a donation would be considered as application of income.
- **Presumptive taxation:** The upper limit on turnover for MSMEs to be eligible for presumptive taxation has been raised from Rs 2 crore to Rs 3 crore. The upper limit on gross receipts for professionals eligible for presumptive taxation has been raised from Rs 50 lakh to Rs 75 lakh.
- **Co-operative societies:** The income tax rate for new co-operative societies engaged in manufacturing activities has been lowered from 22% to 15% (plus 10% surcharge).

For more details on the union budget 2023-24, see here.

Macroeconomic Development

Tushar Chakrabarty (tushar@prsindia.org)

Current account deficit at 2.2% of GDP in the third quarter of 2022-23

India recorded a current account deficit of USD 18.2 billion (2.2% of GDP) in the third quarter (October-December) of 2022-23, as compared to USD 22.2 billion (2.7% of GDP) in the corresponding quarter of 2021-22.[3] In the second quarter (July-September) of 2022-23, current account deficit was USD 30.9 billion (3.7% of GDP).

The capital account registered a net inflow of USD 30.2 billion in the third quarter of 2022-23 as compared to USD 22.5 billion in the third quarter of 2021-22. Foreign exchange reserves increased by USD 11.1 billion in the third quarter of 2022-23, compared to an increase of USD 0.5 billion in the corresponding quarter of 2021-22.

Table 2: Balance of payments, Q3 2022-23 (USD billion)

	Q3 2021-22	Q2 2022-23	Q3 2022-23
Current account	-22.2	-30.9	-18.2
Capital account	22.5	1.4	30.2
Errors and omissions	0.1	-0.9	-0.9
Change in reserves	0.5	-30.4	11.1

Sources: RBI; PRS.

Finance

Competition (Amendment) Bill, 2022 passed by Lok Sabha

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The Competition (Amendment) Bill, 2022 was passed by Lok Sabha with certain amendments.[4,5] The Bill seeks to amend the Competition Act, 2002. The Act establishes the Competition Commission of India (CCI) for regulating market competition. Key features of the Bill are:

- **Regulation of combinations based on transaction value:** The Act prohibits any person or enterprise from entering into a combination which may cause an appreciable adverse effect on competition. Combinations imply mergers, acquisitions, or amalgamation of enterprises. The prohibition applies to transactions where parties involved have: (i) cumulative assets of more than Rs 1,000 crore, or (ii) cumulative turnover of more than Rs 3,000 crore, subject to certain other conditions. The Bill expands the definition of combinations to include transactions with a value above Rs 2,000 crore. The Bill provided that the threshold would apply in cases where any enterprise, which is party to the transaction, has substantial business operations in India. The amendments provide that the threshold would apply only when the enterprise being acquired has substantial business operations in India.
- **Time limit for approval of combinations**: The Act specifies that any combination shall not come into effect until the CCI has passed an order or 210 days have passed from the day of when an application for approval was filed, whichever is earlier. The Bill reduces the time limit in the latter case to 150 days.
- **Anti-competitive agreements:** Under the Act, anti-competitive agreements include any agreement related to production, supply, storage, or control of goods or services, which can cause an appreciable adverse effect on competition in India. Any agreement between enterprises or persons, engaged in identical or similar businesses, will have such adverse effect on competition if it meets a certain criterion. These include: (i) directly or indirectly determining purchase or sale prices, (ii) controlling production, supply, markets, or provision of services, or (iii) directly or indirectly leading to collusive bidding. The Bill provides that enterprises or persons not engaged in identical or similar businesses shall be presumed to be part of anti-competitive agreements, if they *actively participate* in the furtherance of such agreements. The amendments modify this to refer to enterprises that participate or intend to participate in such agreements.

For a PRS analysis of the bill, see here. For a PRS summary of the standing committee report, see here.

Second Supplementary Demands for Grants passed by Parliament

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Parliament passed the second Supplementary Demands for Grants (DFG) for 2022-23.[6] The second Supplementary Demands for Grants propose an incremental cash outgo of Rs 1.48 lakh crore, an increase of 3.8% over the budgeted expenditure of 2022-23. The first Supplementary Demands for Grants had proposed an incremental cash outgo of Rs 3.26 lakh crore.[7] Together, these two supplementary demands involve an increase of 12% over the budget estimate of 2022-23. The budget for 2023-24 had pegged the revised estimate for total expenditure by the central government in 2022-23 at Rs 41.87 lakh crore.

Table 3: Net cash outgo proposed across key ministries under the second Supplementary DFG 2022-23 (Rs crore)

Ministry	Net cash outgo proposed
Total Expenditure	**1,48,133**
of which:	
Defence	40,218
Chemicals and Fertilisers	36,325
Finance*	35,065
Communications	25,965
Law and Justice	3,166
Road Transport and Highways	2,807

Note: *This excludes the expenditure of the Ministry of Finance under the demand 'Interest Payments' (i.e., Rs 9.41 lakh crore).
Sources: Second Supplementary Demands for Grants 2022-23, Ministry of Finance; Union Budget Documents; PRS.

The expenditure items proposed to be financed through the incremental cash outgo of Rs 1.48 lakh crore include:

- **Fertiliser subsidy:** Rs 36,325 crore is being allocated for payment of indigenous and imported fertiliser subsidy. This includes (i) Rs 10,000 crore for indigenous P&K subsidy, (ii) Rs 11,000 crore for payment of imported P&K subsidy, (iii) Rs 8,854 crore for indigenous urea subsidy and (iv) Rs 6,472 crore for imported urea subsidy.
- **Defence pension:** Defence pensions will get an

additional amount of Rs 33,718 crore. This includes: (i) Rs 28,137 crore for payment of arrears under One Rank One Pension (OROP) and (ii) Rs 5,586 crore for payment of regular pension under OROP. The pension under OROP is revised after every five years. In December 2022, the Union Cabinet approved the revision of pension under OROP with effect from July 1, 2019.[8] The annual expenditure for implementing the revised pension was estimated to be around Rs 8,450 crore.

- **GST compensation:** An additional Rs 33,506 crore has been allocated for additional release of GST compensation to states and UTs.

Virtual digital assets brought under the purview of prevention of money laundering

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The Ministry of Finance has brought transactions involving virtual digital assets (such as cryptocurrencies) under the purview of the Prevention of Money-laundering Act, 2002.[9,10] Under the Act, persons involved in concealing, possessing, or acquiring proceeds of crime and claiming it to be untainted property are guilty of money laundering.[10] Money laundering is punishable with rigorous imprisonment of up to seven years and a fine. The following activities will be covered: (i) exchange between virtual digital assets and fiat currencies, (ii) exchange between one or more forms of virtual digital assets, (iii) transfer of virtual digital assets, and (iv) safekeeping or administration of virtual digital assets or instruments giving control over such assets. Entities (such as cryptocurrency exchanges) dealing in virtual digital assets will have to fulfil certain obligations such as: (i) verify the identity of its clients through Aadhaar or other valid documents, (ii) maintain record of all transactions, and (iii) undertake enhanced due diligence prior to commencement of specified transactions.

SEBI takes various decisions at board meeting

Pratinav Damani (pratinav@prsindia.org)

The Securities and Exchange Board of India (SEBI) held its board meeting on March 29, 2023.[11] Key decisions taken are listed below.

- **ESG framework:** A framework for Environmental, Social and Governance (ESG) disclosures by companies will be introduced. It will include the disclosure of certain key performance indicators and will apply to the top 150 companies by market capitalisation in 2023-24. The framework also includes guidelines for funds focussed on ESG investing such as allocation limits and enhanced disclosures.

- **Secondary market:** SEBI approved the framework for Application Supported by Blocked Amount (ASBA) facility for investors. This allows investors to block funds for trading in the secondary market through UPI.

- **Regulation of stock brokers:** SEBI has approved the creation of a framework for detection and prevention of fraud/market abuse by stock brokers. SEBI (Stock Brokers) Regulations, 1992 will be amended to provide for: (i) systems for surveillance of trading activities and internal controls, (ii) obligations of the stock broker and its employees, (iii) escalation and reporting mechanisms, and (iv) whistle blower policies.[12] This framework will come into force from October 1, 2023. SEBI has also decided to bring in a framework to regulate index providers that provide financial benchmarks for securities.

- **Shareholder Empowerment:** SEBI has approved amendments to the Listing Obligations and Disclosure Requirements to enhance disclosures.[13] The proposed amendments provide for stricter timelines for disclosure of material events. These include: (i) communicating decisions taken by the board of directors within 30 minutes of the end of the board meeting and (ii) verification/clarification of market rumours by top 100 listed entities (by market capitalisation) from October 1, 2023. Furthermore, listed entities must fill the vacancies of directors, compliance officer, chief executive officer, and chief financial officer within three months from the date of vacancy.

Environment

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Forest (Conservation) Amendment Bill, 2023 introduced in Lok Sabha

The Forest (Conservation) Amendment Bill, 2023 was introduced in Lok Sabha and subsequently referred to a Joint Parliamentary Committee.[14] The Bill amends the Forest Conservation Act, 1980 which provides for conservation of forest land. The Bill adds and exempts certain types of land from the purview of the Act. Further, it expands the list of activities permitted to be carried out on forest land. Key features of the Bill are:

- **Restrictions on activities in forest:** The Act restricts the de-reservation of forest or use of forest land for non-forest purposes. Such restrictions may be lifted with the prior approval of the central government. Non-forest purposes include use of land for cultivating horticultural crops or for any purpose other than reafforestation. The Act specifies certain activities that will be excluded from non-forest purposes, i.e., the restrictions on de-reservation of forest or use of forest land for non-forest purposes will not apply. These activities include works related to the conservation, management, and development of forest and wildlife such as establishing check posts, fire lines, fencing, and wireless communication. The Bill adds more activities to this list such as: (i) zoos and safaris under the Wild Life (Protection) Act, 1972 owned by the government or any authority, in forest areas other than protected areas, (ii) eco-tourism facilities, (iii) silvicultural operations (enhancing forest growth), and (iv) any other purpose specified by the central government. Further, the central government may specify terms and conditions to exclude any survey (such as exploration activity, seismic survey) from being classified as non-forest purpose.

- **Land under the purview of the Act:** The Bill provides that two types of land will be under the purview of the Act: (i) land declared/notified as a forest under the Indian Forest Act, 1927 or under any other law, or (ii) land not covered in the first category but notified as a forest on or after October 25, 1980 in a government record. Further, the Act will not apply to land changed from forest use to non-forest use on or before December 12, 1996 by any authority authorised by a state/UT.

  For a PRS summary of the Bill, see here.

Defence

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Bill to streamline command of inter-services organisations introduced in Lok Sabha

The Inter-services Organisations (Command, Control and Discipline) Bill, 2023 was introduced in Lok Sabha on March 15, 2023.[15] It seeks to empower the Commander-in-Chief or Officer-in-Command of Inter-services Organisations to exercise disciplinary or administrative control over the service personnel under their command, irrespective of their service. Key features of the Bill include:

- **Inter-services Organisation:** Existing Inter-services Organisations will be deemed to have been constituted under the Bill. These include the Andaman and Nicobar Command, the Defence Space Agency, and the National Defence Academy. The central government may constitute an Inter-services Organisation which has personnel belonging to at least two of the three services: the army, the navy, and the air force. These may be placed under the command of an Officer-in-Command. These organisations may also include a Joint Services Command, which may be placed under the command of a Commander-in-Chief.
- **Control of Inter-services Organisations:** Presently, the Commander-in-Chief or Officer-in-Command of Inter-services Organisations is not empowered to exercise disciplinary or administrative powers over the personnel belonging to other services. The Bill empowers the Commander-in-Chief or the Officer-in-Command of an Inter-services Organisation to exercise command and control over the personnel serving in or attached to it. He would be responsible for maintaining discipline and ensuring proper discharge of duties by the service personnel.
- The superintendence of an Inter-services Organisation will be vested in the central government. The central government may also issue directions to such organisations on grounds of national security, general administration, or public interest.

For a PRS summary of the Bill, see here.

Commerce and Industry

Foreign Trade Policy 2023 Released

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The Foreign Trade Policy (FTP) 2023 was released on March 31, 2023 and will be in effect starting April 1, 2023.[16,17] The new policy replaces the Foreign Trade Policy 2015-20, which was extended till March 31, 2023.[18] The key highlights of the 2023 policy are:

- **Towns of Export Excellence (TEE):** The FTP has designated Faridabad, Mirzapur, Moradabad, and Varanasi as four new towns of export excellence (43 total). These towns must produce goods of at least Rs 750 crore (Rs 150 crore if production happens in handloom, handicraft, agriculture and fisheries) based on potential for growth in exports. Recognised associations in TEE will be provided with assistance under the Market Access Initiative (MAI) scheme on a priority basis. The MAI Scheme is an export promotion scheme to target products to specific markets. Assistance is provided to access new markets or to increase the existing market share. Activities include: (i) marketing projects abroad, (ii) capacity building, and (iii) achieving statutory compliances.[19]
- **Export Promotion Capital Goods Scheme:** The EPCG scheme allows for the import of capital goods for pre-production, production and post production without paying customs duty. Capital goods imported under the EPCG scheme for physical exports are exempt from IGST and Compensation Cess. Exporters have to fulfil certain export obligations if they avail this scheme. The government is exempting the dairy sector from maintaining the average export obligation. Various products classified as green technology such as: (i) battery electric vehicles, (ii) green hydrogen, and (iii) vertical farming equipment,

will be eligible for a reduced export obligation.

- **E-Commerce Exports:** The government has increased the value of a single consignment that can be exported via courier from Rs 5 lakh to Rs 10 lakh. To promote e-commerce exports, the Niryat Bandhu Scheme (NBS) will have a provision for the promotion of e-commerce. The NBS is aimed at mentoring new and potential exporters on foreign trade. The government also aims to designate certain areas as E-Commerce Export hubs (ECEH). The ECEH can provide for storage, packaging, labelling, certification and other facilities. It can also provide dedicated logistics infrastructure for connecting to nearest logistics hubs.

Committee report on the Jan Vishwas (Amendment of Provisions) Bill, 2022 tabled

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The Joint Committee on the Jan Vishwas (Amendment of Provisions) Bill, 2022 (Chair: Mr. P. P. Chaudhary) presented its report on March 17, 2023.[20] The Bill aims to increase ease of doing business by decriminalising and removing imprisonment as a punishment from various laws. Overall, the Bill seeks to amend 42 laws. Key observations and recommendations of the Committee include:

- **Amendments to punishments:** The Bill reduces fines and penalties for various contraventions and offences under the principal Acts. Some fines are converted to penalties, which need not be imposed through the judicial process. The Committee recommended amendments to the severity of some penalties. For example, under the Pharmacy Act, 1948, the Committee recommended increasing the penalty for falsely pretending to be in a state register of pharmacists. This offence is currently punishable with a fine of up to five hundred rupees for the first offence, which the Bill increases to Rs 50,000. The committee recommended enhancing this penalty to one lakh rupees. Other offences have been made compoundable, such as trespassing of cattle under the Forest Act, 1927.
- **Adjudication of penalties:** The Bill provides for the central government to appoint adjudicating officers to decide and impose penalties. For some laws which do not provide for adjudicating officers, the Committee recommended amendments that do so. This may be an existing official or body, such as the Reserve Bank of India, for contraventions under the Government Securities Act, 2006. For other laws, this may be an officer of a given rank. For example, the Committee recommended that the District Magistrate be the designated Adjudicating Officer under the Boilers Act, 1923. In addition, the Committee recommended amendments which allow the central government to appoint an appellate authority for decisions of the adjudicating officer. For some laws, the recommendations specify that the appellate authorities must be of at least one rank above an adjudicating officer.

For more details on the Bill, see here.

Cooperation

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Committee report on the Multi-State Co-operative Societies (Amendment) Bill, 2022 tabled

The Joint Committee on the Multi-State Co-operative Societies (Amendment) Bill, 2022 (Chair: Mr. Chandra Prakash Joshi) submitted its report on March 15, 2023.[21] The Bill amends the Multi-State Co-operative Societies Act, 2002, which regulates co-operative societies that operate in more than one state.[22,23] The Bill was introduced in Lok Sabha on December 7, 2022, and referred to the Joint Committee on December 20, 2022. In its report, the Committee endorsed most of the amendments proposed under the Bill.

For more details on the Bill, see here.

Chemicals and Fertilisers

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Standing Committee presents report on nano fertilisers

The Standing Committee on Chemicals and Fertilizers (Chair: Dr. Shashi Tharoor) presented its report on 'Nano Fertilisers for Sustainable Crop Production and Maintaining Soil Health'.[24] Key observations and recommendations of the Committee include:

- **Development of nano-fertilisers:** Fertiliser consumption in India is imbalanced and urea accounts for 82% of the nitrogenous fertilisers. Conventional fertilisers such as urea pollute the ecosystem during application. The Committee observed that Indian Farmers Fertilizer Cooperative Limited (IFFCO) has developed nano urea which attempts to address the imbalanced use of fertilisers. Nano urea was notified by the Ministry of Agriculture and Farmers Welfare as a nano fertiliser in February 2021.
- **Benefits of nano-fertilisers:** The Committee observed that nano fertilisers cost less than subsidised conventional fertilisers. As per IFFCO field trials, a 500 ml bottle of nano urea (Rs 240) can replace a 45 kg bag of conventional urea (Rs

267). Further, nano urea can result in better crop productivity and higher income for farmers. It also reduces transportation and warehousing costs. Field trials have found that the average crop yield was 8% higher due to the application of nano urea. However, as per the Department of Agricultural Research and Education, long term effects of nano fertilisers cannot be drawn as research trials have completed only one year. The Committee recommended that long term dedicated research be conducted to assess the benefits and side effects of nano fertilisers.

- **Challenges for adoption:** The Committee noted that the cost of an agricultural sprayer (used to apply liquid fertilisers) ranges between Rs 1,200 to Rs 10,000 per sprayer, depending on its type. It recommended that the Ministry speed up efforts for providing effective and cheaper means for spraying nano fertilisers. The Committee also noted that drones are also used to spray nano fertilisers. and that the Ministry of Civil Aviation has removed policy and procedural bottlenecks for manufacturing drones. However, an agricultural drone costs about Rs 10 lakh, which is difficult for small and marginalised farmers (86% of farmers) to afford.

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

Petroleum and Natural Gas

Cabinet approves subsidy under Pradhan Mantri Ujjwala Yojana for refilling cylinders

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The Union Cabinet approved a subsidy of Rs 200 per 14.2 kg cylinder for up to 12 refills per year under the Pradhan Mantri Ujjwala Yojana (PMUY).[25] The subsidy will be credited to the beneficiary's bank account. This decision comes in the backdrop of an increase in international liquefied petroleum gas (LPG) prices. Launched in 2016, PMUY seeks to provide LPG connections to women from below poverty line households.[26] In order to cover additional households, PMUY phase 2 (Ujjwala 2.0) was launched in August 2021. The total expenditure for the subsidy will be Rs 6,100 crore for 2022-23 and Rs 7,680 crore for 2023-24. Note that as per the Union Budget 2023-24, the central government has budgeted Rs 2,257 crore for LPG subsidy for 2023-24.[27]

Standing Committee submits report on safety and security of oil installations of oil PSUs

Tushar Chakrabarty (tushar@prsindia.org)

The Standing Committee on Petroleum and Natural Gas (Chair: Mr. Ramesh Bidhuri) submitted its report on 'Safety and Security of Oil Installations of Public Sector Oil Companies-with specific reference to Baghjan Blow-out Incident'.[28] Key observations and recommendations of the Committee include:

- **Single safety agency for the petroleum sector:** The Committee observed that the oil and gas sector is being regulated by multiple agencies. This leads to a lack of a holistic approach to regulating the sector. The Committee recommended the creation of a single safety agency for the oil and gas sector.
- **Self-reliance in tackling emergencies:** The Committee noted that certain safety-related incidents in the petroleum sector are unique such as oil well blows out and oil spills in coastal areas. They need a specialised response and may need the engagement of international experts and foreign equipment. The Committee recommended that the Ministry of Petroleum and Natural Gas should review the gaps in safety systems. The Ministry should also take action to create infrastructure and skillsets to deal with such incidents in the future.
- **Infrastructure near oil installations:** The Committee noted that several oil and gas installations are in the northeast with several new projects being taken up. It recommended that along with energy infrastructure, the associated safety, security, and environment-related response system should also be augmented.

Water Resources

Standing Committee submits report on groundwater

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The Standing Committee on Water Resources (Chair: Mr. Parbatbhai Savabhai Patel) presented its report on 'Groundwater: A Valuable but Diminishing Resource' on March 17, 2023. Key observations and recommendations of the Committee include:

- **Creation of a central body:** Multiple bodies at both state and central levels currently bear responsibility for issues related to water. These include (i) central ministries such as the ministries of Jal Shakti, rural development, and agriculture and farmers' welfare; (ii) state departments, (iii) state and central pollution control boards; and (iv) dedicated authorities such as the Central Ground

Water Board (CGWB) and the Central Ground Water Authority (CGWA). The Committee observed a lack of coordination between them, and recommended that the Ministry of Jal Shakti constitute a central body with representation from those mentioned above.

- **Legislation:** Laws on groundwater management have been passed in 19 states based on a model Bill circulated in 1970 and last revised in 2005. The Committee observed difficulties in implementing these laws due to the lack of guidelines. They recommended that the Department of Water Resources, River Development, and Ganga Rejuvenation takes urgent action in this regard.
- **Irrigation:** The Committee observed excessive dependence on groundwater for irrigation because water-intensive crops, such as paddy and sugarcane, command higher minimum support price (MSP). Schemes providing farmers with financial assistance and free or subsidised electricity for irrigation have contributed to this issue. The Committee recommended that the Department of Water Resources, River Development, and Ganga Rejuvenation engage with the Department of Agriculture and Farmers' Welfare to encourage less water-intensive cultivation crops and cultivation patterns.
- **Climate change:** The National Water Mission is responsible for implementing aspects of the National Action Plan on Climate Change. This includes formulating strategies on conservation, efficient management, and equitable distribution of water resources. The Committee observed that the Mission is hindered by a lack of funding and autonomy, and recommended enhancement of its financial powers and autonomy.

For a PRS summary of the Report, see here.

Standing Committee submits report on glacier management

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The Standing Committee on Water Resources (Chair: Mr. Parbatbhai Savabhai Patel) presented its report on 'Glacier Management in the Country – Monitoring of Glaciers/Lakes including Glacial Lake Outbursts leading to Flash-floods in the Himalayan Region'.[29] A glacier refers to accumulation of excess snowfall over many years, which results in a mass of ice. In India, three large river systems, i.e., the Indus, Ganges, and Brahmaputra originate from glaciers. Key observations and recommendations of the Committee include:

- **Glacial thinning:** The Indian Himalayan Region has 9,775 glaciers. Himalayan glaciers have been rapidly thinning in recent years, resulting in: (i) a rise in the sediment load, (ii) an increase in the amount of annual excess water flow (yearly runoff), and (iii) altered hydrological behaviour in the mountain region and downstream. The Committee noted that it is critical to closely monitor glaciers, glacial discharge, and prospective glacial lake outburst floods to predict and mitigate such disasters.
- **Apex body for glacier management:** The Committee noted that there are several Ministries, Departments and Institutions with different mandates to deal with hazards of Himalayan glaciers. It noted that fragmented research on glacier related risks will not yield desired results, and may not necessarily translate into actionable steps. The Committee recommended that a single nodal agency to coordinate activities of all concerned departments/agencies be established.
- **Strengthening network of monitoring stations:** The Committee noted that there is a severe shortage of monitoring stations in the Indian Himalayan Region. To effectively and seamlessly monitor Himalayan glaciers, and associated risks, a network of integrated monitoring systems are necessary. The Committee recommended that the Department set up a network of meteorological discharge stations at high altitudes. The Committee observed that smaller glaciers are more vulnerable to climate change which accelerates their melting. It recommended that the Department bring smaller water bodies and glacial lakes under monitoring throughout the year, instead of only during monsoon.

Housing

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Standing Committee submits report evaluating PMAY-Urban

The Standing Committee on Housing and Urban Affairs (Chair: Mr. Rajiv Ranjan Singh) submitted its report on 'Evaluation of Implementation of Pradhan Mantri Awas Yojana (Urban)'.[30] Launched in 2015, Pradhan Mantri Awas Yojana- Urban (PMAY-U) provides central assistance to states/UTs to construct pucca houses with basic amenities. Initially the duration of the scheme was up to 2021-22 but has been extended till December 31, 2024. Key observations and recommendations of the Committee are as follows:

- **Gap in housing demand assessment:** Under PMAY-U, initially the total housing shortage was estimated at two crore houses. However, as per the Ministry's estimates actual demand for housing under the scheme stands at 1.23 crore. The Ministry informed the Committee that the initial figure for housing shortage was based on estimates whereas the scheme was demand driven. The Committee observed that since it is a demand driven scheme, some homeless people might not have availed its benefits due to non-fulfilment of eligibility conditions or requirement of land. It recommended the Ministry to conduct an impact assessment and accordingly extend the scheme with necessary changes or formulate another scheme to provide housing for the urban poor.
- **Lack of basic amenities:** As per PMAY-U guidelines, all houses under the affordable housing in partnership with private and public sectors and in-situ slum redevelopment verticals should have basic facilities like water, sanitation, and electricity. Further, urban local bodies should ensure that houses under credit linked subsidy scheme and beneficiary led construction verticals have access to such basic services. The Committee noted that as of December 2022, 5.6 lakh houses were not delivered to beneficiaries due to lack of basic services.

For a PRS summary of the report, see here.

Power

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Comments sought on draft Electricity (Rights of Consumers) Amendment Rules, 2023

The Ministry of Power released the draft Electricity (Rights of Consumers) Amendment Rules, 2023 for comments.[31] The draft Rules seek to amend the Electricity (Rights of Consumers) Rules, 2020 notified under the Electricity Act, 2003.[32] The 2020 Rules specify the rights of consumers and obligations of electricity distribution licensees on various aspects of electricity distribution (such as providing connection, metering, and billing). Key changes proposed include:

- **Time of day tariffs to be mandatory:** The 2020 Rules mandate use of smart pre-payment meters or pre-payment meters. The draft Rules add that for smart meters time-of-day tariff will be applicable immediately after the installation. This provision will come into effect from: (i) April 1, 2024 for industrial and commercial consumers with maximum demand up to 10 kW, and (ii) April 1, 2025 for other consumers, except agricultural consumers. Time of day tariff implies that tariff during a single day might be different at different points of time, such as higher tariffs during peak hours and lower tariffs during solar hours (when solar energy can be harnessed).
- **Floor for time-of-day tariffs**: The draft Rules also add certain conditions for the time-of-day tariffs to be specified by the State Commissions for consumers with smart meters. It specifies that peak hour tariffs should be at least: (i) 1.2 times the normal tariff for industrial and commercial consumers, and (ii) 1.1 times for other consumers. Similarly, for solar hours, the tariff should be lower by at least 20%. Further, peak hours cannot be longer than solar hours.
- **Access to balance data:** The 2020 Rules provide that consumers should be given access to consumption data on a real-time basis. The draft Rules add that access to data about remaining monetary balance should also be provided on a real-time basis.
- **Load for billing purposes**: The draft Rules add that if the maximum demand in a month exceeds the sanctioned load, billing will be done based on the maximum demand. Currently, tariffs are different for different load brackets.

Comments are invited until April 14, 2023.

Health and Family Welfare

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Amendments to the Surrogacy Rules, 2022 notified

The Ministry of Health and Family Welfare notified amendments to the Surrogacy Rules, 2022.[33] The 2022 Rules were notified under the Surrogacy (Regulation) Act, 2021. The Act defines surrogacy as a practice where a woman gives birth to a child for an intending couple or woman and agrees to hand over the child to them after the birth.[34] Under the Act, an intending couple is one that has a medical indication which necessitates surrogacy.[35]

As per the 2022 Rules, a couple undergoing surrogacy was allowed to utilise an oocyte from a donor.[36] The amendment mandates that both male and female gametes used in surrogacy must come from the intending couple, and amends the consent form for the surrogate mother accordingly.[33]

Draft amendments to the Medical Device Rules, 2017 released for public feedback

The Ministry of Health and Family Welfare published the draft amendments to the Medical Device Rules, 2017, under the Drugs and Cosmetics Act, 1940.[37] The 2017 Rules provides for risk-based classification of medical devices.[38] The Rules enable the Drugs Controller General of India to act as a Central

Licensing Authority for the manufacture and sale of medical devices. It also enables states to appoint State Licensing Authorities for specific classes of devices.[38] The Rules mandate that medical devices conform to standards set by the Bureau of Indian Standards and standards notified by the Ministry of Health and Family Welfare.[38] Further, the central government may appoint central medical device testing laboratories to evaluate medical devices, among other purposes. The proposed amendments also allow state governments to notify laboratories for the testing and evaluation of medical devices.[37]

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