Monthly Policy Review

April 2021

Highlights of this Issue

Strategy for third phase of COVID-19 vaccination announced (p. 2)
Everyone above the age of 18 years is eligible for vaccination. State governments will buy vaccines directly from companies for the 18-45 age group. Others will continue to get it at free of cost from the central government.

Measures to ensure continued supply of oxygen instituted (p. 3)
These include: (i) a supply plan on allocation of oxygen and provision of security for vehicles transporting medical oxygen, (ii) ban on use of oxygen for non-medical purposes, and (iii) revival of oxygen plants which are not in use.

Government revises trade policy of essential medical supplies to combat COVID-19 (p. 4)
Import of vaccines, ventilators, medical oxygen, and related equipment has been exempted from customs duty and health cess. Export of Remdesivir and its ingredients prohibited, and import exempted from customs duty.

Advisory to manage COVID-19 issued to state and union territory governments (p. 2)
The advisory recommends: (i) evidence-based framework to establish containment zones, (ii) projection of health infrastructure requirement, (iii) online display of vacant hospital beds, and (iv) analysis of deaths and death audits.

Retail inflation at 4.9% in the January-March quarter of 2020-21 (p. 6)
Consumer Price Index inflation increased from 4.1% in January 2021 to 5.5% in March 2021. Wholesale Price Index inflation increased from 2.5% in January 2021 to 7.4% in March 2021.

Repo and reverse repo rates unchanged at 4% and 3.35%, respectively (p. 6)
Repo rate and reverse repo rate remain unchanged at 4% and 3.35%, respectively. The Monetary Policy Committee maintained an accommodative stance of monetary policy.

Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 promulgated (p. 7)
The Ordinance introduces the pre-packaged insolvency resolution process for MSMEs under which, a debtor continues to manage the company. It also allows the government to increase threshold for minimum default.

Ordinance issued to set up a commission for air quality management in NCR (p. 9)
The Commission will aim at better co-ordination, research, identification, and resolution of problems related to air quality in National Capital Region and adjoining areas in states of Haryana, Punjab, Rajasthan, and Uttar Pradesh.

IMD releases long-range forecast for southwest monsoon seasonal rainfall in 2021 (p. 8)
The monsoon seasonal rainfall during the period June-September 2021 is estimated to be 98% of the long period average (88 cm), with an error of +/- 5%. Rainfall is considered to be normal if it ranges between 96-104%.

Additional foodgrains to be provided to NFSA beneficiaries for May-June 2021 (p. 5)
Beneficiaries covered under the National Food Security Act, 2013 will receive additional 5 kg of wheat or rice per person during May-June 2021, in addition to their regular entitlements. This is estimated to cost Rs 26,000 crore.

RBI announces measures to increase liquidity and credit flow (p. 5)
Measures announced include: (i) extension of targeted long-term repurchase operations till September 2021, (ii) support of Rs 50,000 crore for new lending, and (iii) mandatory interoperability for prepaid payment instruments.

Amendments to Central Motor Vehicle Rules released (p. 13)
Amendment enabling transfer of ownership to nominee after owner's death notified. Draft amendments propose an IN-series registration mark, requirements for special purpose vehicles, and regulation of automated testing stations.

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COVID-19

As of April 30, 2021, there were 1,87,62,840 confirmed cases of COVID-19 in India.[1] Of these, 1,53,84,418 (82%) had been cured/ discharged and 2,08,330 (1%) persons had died.[1] For details on the number of daily cases in the country and across states, please see here.

With the spread of COVID-19, the central government has announced several policy decisions to contain the spread, and financial measures to support citizens and businesses who would get affected. For details on the major notifications released by the centre and the states, please see here. Key announcements made in this regard in April, 2021 are as follows.

Advisory issued to state governments to contain the spread of COVID-19

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The Ministry of Home Affairs issued an advisory to states and union territories to contain the spread of the COVID-19 pandemic.[2] The Ministry had last issued such guidelines in March, 2021.[3] The guidelines had proposed: (i) increasing the proportion of RT-PCR tests among total tests, (ii) capacity building for health workers and infection prevention practices, and (iii) increasing the pace of vaccination. Key features of the latest advisory include:

- **Containment:** Previous guidelines specify that containment zones must be demarcated by district authorities based on guidelines issued by the Ministry of Health and Family Welfare. Only essential activities will be permitted within containment zones, which will be administered by local authorities. The advisory further states that such zones can be identified based on: (i) test positivity of 10% or more in the last one week, and (ii) occupancy of more than 60% beds (with oxygen support or in intensive care units).
- **Intervention:** The advisory identifies areas of intervention to contain the spread such as: (i) night curfews, (ii) restriction on large gatherings, and (iii) restricted attendance in marriages (up to 50 persons) and funerals (up to 20 persons). The advisory also states that public transport and offices must operate at a maximum capacity of 50%.
- **Health infrastructure:** The advisory recommends undertaking an analysis of health infrastructure to manage present and projected cases for a month. In case of persons in home isolation, the advisory recommends creating mechanisms for regular monitoring and providing them customised kits. It also recommends creating additional centres for vaccination and ensuring optimal utilisation of the existing centres. The advisory also suggests planning for testing all symptomatic cases through rapid antigen tests. Symptomatic individuals testing negative must be retested through RT-PCR. It also recommends analysing cases and deaths at the district level on a daily basis and undertaking a death audit of all deaths in hospitals.
- **Community engagement:** The advisory recommends: (i) providing adequate time before announcing large scale containment, (ii) creating wide publicity on the early warning signs for COVID-19 and encouraging self-reporting, and (iii) ensuring online availability of details of vacant hospital beds and with the media.

Strategy for third phase of COVID-19 vaccination announced

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The Ministry of Health and Family Welfare announced the strategy for phase three of the COVID-19 vaccination programme.[4] The nation-wide vaccination drive for healthcare workers and front-line workers (phase one) was launched on January 16, 2021. On March 1, 2021, COVID-19 vaccination (phase two) commenced for all people over the age of 60 years and for people older than 45 years with specified co-morbid conditions (such as persons with high support needs, or intellectual disabilities).[5,6] On April 1, 2021, this was opened up for all persons above 45 years of age.[7] The third phase of vaccination started on May 1, 2021. Everyone above the age of 18 years is eligible for vaccination. Key features of the vaccination strategy in the third phase include:

- **Priority for vaccination:** Priority will be given to the second dose of vaccine for healthcare workers, front line workers, and population above 45 years of age.
- **Supply of vaccines:** Vaccine manufacturers are required to supply 50% of the total manufactured doses to the central government. The remaining 50% of doses may be sold to state governments and in the open market. The central government will allocate vaccines to states from its share based on certain criteria (such as number of cases and wastage of vaccine). The entire lot of the imported vaccines will be allowed for utilisation in the open market.

- **Pricing of vaccines:** The vaccine manufacturers are required to declare the prices in advance (before May 1, 2021) for the 50% of the doses that will be sold to the state governments and in the open market. The vaccination for: (i) healthcare workers, (ii) front line workers, and (iii) people above 45 years of age, will continue to be free of cost through the central government.

Sputnik-V vaccine and Virafin injection approved for restricted emergency use

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The Drug Controller General of India approved the restricted emergency use of Sputnik-V vaccine and Virafin injection.[8,9]

Sputnik-V is a COVID-19 vaccine developed by the National Research Centre for Epidemiology and Microbiology, Russia. The vaccine will be used to immunise individuals of 18 years of age and above. It will be administered in two doses with an interval of 21 days.[8]

Virafin is an injection for treating patients with moderate COVID-19 symptoms. It has been developed under the National Biopharma Mission by Zydus Cadila.[9,10] National Biopharma Mission is an industry-academia collaborative mission for accelerating biopharmaceutical development in India.[11]

Grants provided for augmentation of manufacturing capacity for Covaxin

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The COVID Suraksha program was announced in November 2020 to accelerate the development and production of indigenous COVID-19 vaccines.[12] Under this program, the Department of Biotechnology is providing grants to vaccine manufacturing facilities for enhancing production capacity. Covaxin is an indigenous vaccine developed by Bharat Biotech in collaboration with the Indian Council of Medical Research and the National Institute of Virology.

For augmenting production capacity for Covaxin, grants worth about Rs 65 crore each will be provided to: (i) Bangalore facility of Bharat Biotech (Rs 65 crore), and (ii) Haffkine Biopharmaceutical Corporation Limited, Mumbai, a state public sector enterprise of the Government of Maharashtra. Haffkine's facility is likely to become functional within six months and will have a capacity of producing 20 million doses per month.

Certain grants will also be provided to: (i) Indian Immunologicals Limited, Hyderabad (IIL), a facility under the National Dairy Development Board, and (ii) Bharat Immunologicals and Biologicals Limited, Bulandshahr, a central public sector enterprise (BIBCOL). IIL and BIBCOL will have a capacity of 10-15 million doses per month by September 2021.[12]

Overall, Covaxin manufacturing capacity is expected to increase from one crore doses per month as of April 2021 to six to seven crore doses per month by July. The capacity is planned to be increased to be 10 crore doses per month by September 2021.

Various policy measures to ensure adequate supply of oxygen announced

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The central government took key decisions to ensure supply of oxygen. The Ministry of Home Affairs released a supply plan to ensure availability of medical oxygen across India.[13] State and union territory governments are required to abide by the plan. The plan holds District Magistrates and officers from the Police liable for its implementation, including: (i) Deputy Commissioners and Superintendents, (ii) Superintendents, and (iii) Senior Superintendents. Other key decisions include:

- **Transport:** No restrictions will be imposed on the movement of medical oxygen between states. The plan also prohibits any authority from making supplies specific to a particular district. An order by the Ministry noted that instances of blocking of vehicles carrying oxygen have been reported. It stated that: (i) security must be given to such vehicles, and (ii) exclusive corridors for their transportation must be provided.[14]

  Further, the Ministry of Road Transport and Highways exempts vehicles carrying oxygen from certain permit requirements under the Motor Vehicles Act, 1988.[15] These requirements include: (i) goods carriage permit and (ii) vehicle permit.[16]

- **Industrial supply:** The use of oxygen for all non-medical purposes (such as industrial use) has been banned.[17] Certain industries are exempted from the ban. These include: (i) pharmaceuticals, (ii) defence forces, and (iii) oxygen cylinder manufacturers.[18] The state and union territory governments are required to map oxygen generating plants to plan allocation at the local level.[19] Further, the Ministry of Home Affairs recommended that the state and union territory governments should take actions to revive any oxygen plants that are closed.[20]

- **Import:** The Ministry of Ports, Shipping and Waterways waived off all the charges levied at major ports for vessels carrying oxygen related consignments.[21] The Ministry also directed these ports to give highest priority to vessels carrying oxygen related consignments for the next three months, such as: (i) oxygen tanks and bottles, (ii) oxygen generators and concentrators, and (iii) equipment to manufacture oxygen cylinders.

Trade policy for certain essential medical supplies revised

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The central government revised the trade policy for certain medical supplies essential to combat COVID-19.[22,23,24] The revisions aim to increase the availability of these supplies in the domestic market at a cheaper price. The revisions are:

- **Medical oxygen and related equipment:** The government has exempted ventilators, medical oxygen, and various oxygen-related equipment from the levy of customs duty and health cess. These equipment include: (i) concentrators, (ii) plants and generators, (iii) non-invasive ventilation masks, (iv) filling systems, (v) cylinders, (vi) storage and transport tanks, and (vii) any part used to manufacture all such equipment. The exemption on imports of these goods will be applicable till July 2021.
- **COVID-19 vaccine:** Customs duty and health cess will not be levied on the import of COVID-19 vaccines till July 2021.
- **Remdesivir:** The government prohibited the export of Remdesivir injections (a drug being used in COVID-19 treatment) and the ingredients used in its formulation. The government also exempted their imports from customs duty levy till October 2021.

Guidelines issued to contain spread of COVID-19 in central government offices

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The Ministry of Personnel, Public Grievances and Pensions issued guidelines to contain the spread of COVID-19 for all Ministries and offices of the central government.[25] These guidelines were in force till April 30, 2021. Key features of these guidelines include:

- **Attendance**: Physical attendance of officers' equivalent to or below the level of under-secretary will be restricted to 50% of the actual strength. The Secretary or Head of a Department may regulate the attendance of officials and may direct more officials to attend office on administrative grounds.
- **Staggered timings**: The staff will follow staggered timings, to avoid overcrowding in offices. These timings will be: (i) 9.00 a.m. to 5.30 p.m., (ii) 9.30 am to 6.00 pm, and (iii) 10.00 a.m. to 6.30 p.m.
- **Exemptions**: All officials residing in containment zones will be exempted from coming to office till the containment zone is de-notified. Employees with disabilities and pregnant women may be exempted from attending office, but will continue to work from home.

Guidelines for home isolation of mild or asymptomatic COVID-19 patients revised

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The Ministry of Health and Family Welfare revised the guidelines for home isolation of mild or asymptomatic patients.[26] The guidelines were last revised in July 2020.[10] The instructions: (i) for patients, (ii) for caregivers, (iii) on role of state authorities, and (iv) on discontinuing home isolation, remain unchanged. Key revisions in the guidelines include:

- **Medical attention:** The guidelines specify that the patient must seek medical attention if there is: (i) a difficulty in breathing, (ii) reduction in oxygen saturation below 94% on room air, (iii) persistent pain or pressure in chest, or (iv) mental confusion.
- Earlier, the guidelines specified certain additional symptoms for seeking medical attention. These included: (i) slurred speeches or seizures, (ii) weakness or numbness in any limb or face, and (iii) bluish discolouration of lips or face.[10]
- **Treatment of patients in home isolation:** The guidelines provide for details on the treatment of mild or asymptomatic patients in home isolation. The patients must follow symptomatic management for fever, running nose, and cough. If fever is not controlled with maximum dose of 650 milligrams of paracetamol four times a day, a doctor must be consulted. The patients are required to continue their medications for any co-morbid illness after consulting a physician.
- The decision to administer Remdesivir must be taken by a medical professional. It should be administered in a hospital setting. Oral steroids are not indicated in mild symptoms. If the symptoms persist beyond seven days,

low dose oral steroids may be given after consultation with the doctor. Oral steroids refer to medicines which are used to treat inflammatory conditions.

NFSA beneficiaries to receive additional foodgrains in May and June 2021

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Under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY), all beneficiaries covered under the National Food Security Act, 2013 (NFSA) will receive additional foodgrains for free in the months of May and June of 2021.[27] Beneficiaries will receive five kilograms of wheat or rice per person. This will be over and above their regular entitlements under the Act.

For the months of May and June, the scheme is estimated to cost Rs 26,000 crore. PMGKAY was launched in March 2020 as a part of the relief package provided for the poor in light of the COVID-19 pandemic and the lockdown.

RBI announces measures to increase liquidity and credit flow

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The Reserve Bank of India (RBI) announced measures to support liquidity and credit flow in targeted sectors to ease the financial stress caused by COVID-19:

- In October 2020, RBI had announced the On Tap TLTRO (targeted long-term repurchase operations) scheme which was available up to March 31, 2021.[28] The scheme has been extended till September 2021. The scheme is aimed at reviving activity in the targeted sectors of the economy. Under the scheme, banks can borrow money for three years at a floating interest rate linked to the repo rate. Money availed under this scheme may either be: (i) invested in bonds and other financial instruments, or (ii) used to extend loans to entities operating in certain sectors. These sectors include agriculture, construction, MSMEs, pharmaceuticals, and healthcare.
- RBI will extend liquidity support of Rs 50,000 crore to certain financial institutions for new lending in 2021-22. These institutions include NABARD (Rs 25,000 crore), National Housing Bank (Rs 10,000 crore), and SIDBI (Rs 15,000 crore). During April-August 2020, special refinance facilities of about Rs 75,000 crore were provided to NABARD, SIDBI, NHB, and EXIM bank.

Credit guarantee scheme for subordinate debt extended till September 2021

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In June 2020, the Ministry of Micro, Small, and Medium Enterprises (MSME) had launched the Credit Guarantee scheme for subordinate debt.[29] Under this scheme, the central government plans to provide a guarantee cover worth Rs 20,000 crore to promoters for investing in stressed MSMEs. As per original norms, the scheme was to remain in operation till March 2021.[30] The scheme has been extended till September 2021.[30]

Under this scheme, promoters of stressed MSMEs (which have become NPA as on April 30, 2020) are being given credit equal to 15% of their stake (equity plus debt) or Rs 75 lakh, whichever is lower. Promoters will infuse this amount in the MSME as equity to enhance the liquidity and maintain the debt-equity ratio. There will be a moratorium of seven years on payment of principal. The maximum tenure for repayment will be 10 years. The scheme is being operationalised through the Credit Guarantee Fund Trust for Micro and Small Enterprises.

RBI revises norms for declaration of dividends by banks

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In April 2020, RBI had prohibited banks from paying any dividend from the profits of the financial year 2019-20.[31] RBI had observed that in an environment of heightened uncertainty due to COVID-19, it is important that banks conserve capital. This will help banks retain their capacity to support the economy and absorb losses. RBI has allowed banks to pay dividend from the profits of the financial year 2020-21.[32] In view of the uncertainty due to the second wave of COVID-19, it has limited the dividends of commercial banks at 50% of the amount determined as per the dividend pay-out ratio.

Guidelines for on-board meal services in domestic flights updated

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The Ministry of Civil Aviation issued updated guidelines for domestic flight operations.[33] The updated guidelines specify that on-board meal services may be provided only if the flight duration is of two hours or more. Earlier no such limit was imposed for on-board meal services. The guidelines add that the meal services may be staggered among the adjacent seats.

Validity of air fare limits and the capacity limit for domestic flights extended

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To facilitate partial operation of domestic flights amid the COVID-19 pandemic, the Ministry of Civil Aviation had specified sectors based on flight duration, and fixed the minimum and maximum fare on these sectors in May 2020.[34] Earlier the fare limits were valid till April 30, 2021. The Ministry has extended the validity of the air fare limits till May 31, 2021.[35]

The Ministry had also limited the capacity of flight operations in May 2020.[36] Currently, the limit on the capacity of flight operations is 80% of the summer scheduled 2020.[37] The Ministry announced that this limit on capacity will be valid till May 31, 2021.[37] Summer schedule 2020 refers to the total flights scheduled by the Ministry in certain months (such as May and June) of 2020.

Macroeconomic Development

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Repo and reverse repo rates unchanged at 4% and 3.35% respectively

The Monetary Policy Committee (MPC) released its first bi-monthly Monetary Policy Statement for 2021-22.[38] Key decisions of the MPC include the following:

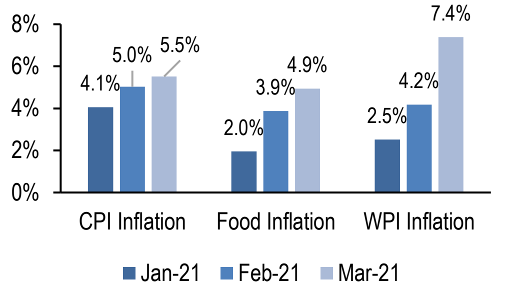
- The policy repo rate (the rate at which RBI lends money to banks) remains unchanged at the rate of 4%.
- The reverse repo rate (the rate at which RBI borrows money from banks) remains unchanged at 3.35%.
- The marginal standing facility rate (the rate at which banks can borrow additional money) and the bank rate (the rate at which the RBI buys bills of exchange) also remain unchanged at 4.25%.
- The MPC decided to maintain an accommodative stance of monetary policy.

Retail inflation at 4.9% in the January-March quarter of 2020-21

The Consumer Price Index (CPI) inflation increased from 4.1% in January 2021 to 5.5% in March 2021 (year-on-year).[39] CPI measures the change in prices of items at the retail level. The CPI basket includes items commonly consumed by households such as food items, fuel, clothing, housing, and health services. Food and beverages have a share of 46% in the CPI basket. Food inflation increased from 2% in January 2021 to 4.9% in March 2021 (year-on-year).

Wholesale Price Index (WPI) inflation increased from 2.5% in January 2021 to 7.4% in March 2021 (year-on-year).[40] WPI measures the average change in the prices of commodities for bulk sale at the early stage of transactions.

Figure 1: Inflation trends in Q4 2020-21 (%change, year-on-year)



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

Finance

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Draft rules released to amend foreign investment rules for insurance companies

The Ministry of Finance released draft Rules to amend the Indian Insurance Companies (Foreign Investment) Rules, 2015.[41,42] The Rules have been issued under the Insurance Act, 1938. The draft Rules seek to give effect to the provisions of the Insurance (Amendment) Act, 2021, which increased the maximum foreign investment allowed in an Indian insurance company from 49% to 74%.[43] Key amendments proposed are:

- **FDI through automatic route:** The 2015 Rules allow Foreign Direct Investment up to 49% of the paid-up equity of the company through automatic route.[44] The draft Rules seek to enhance this from 49% to 74%.
- **Control of company:** The 2015 Rules provide that an Indian insurance company shall ensure that its ownership and control remain at all times in the hands of resident Indian entities, i.e., a minimum of 50% of equity capital should be owned by resident Indian citizens or Indian companies. The draft Rules propose to remove this requirement. Instead, it provides that in an Indian insurance company having foreign investment, the following persons must be resident Indian citizens: (i) a majority of its directors, (ii) a majority of its key

management persons, and (iii) either the chairperson of its Board, or its managing director, or its chief executive officer.

RBI sets up committee to review working of asset reconstruction companies

Reserve Bank of India (RBI) constituted a committee (Chair: Mr. Sudarshan Sen, former executive director of RBI) to review the working of Asset Reconstruction Companies (ARCs) in the financial sector ecosystem.[45] The committee also has representation from industry and academia. ARCs are financial institutions which take over bad debts of banks and seek to resolve them. The committee will recommend measures for enabling ARCs to meet the growing requirements of the financial sector. The terms of reference of the Committee include reviewing: (i) existing legal and regulatory framework applicable to ARCs, (ii) business models of ARCs, and (iii) matters related to functioning, transparency, and governance of ARCs. The committee is required to submit its report within three months of its first meeting. The committee has invited comments from stakeholders on these aspects by May 31, 2021.[46]

RBI increases the limit for Ways and Means Advances for states

RBI increased the limit for Ways and Means Advances (WMA) for states from Rs 32,225 crore (fixed in February 2016) to Rs 47,010 crore (a 46% increase).[47] WMA are short-term loans provided by RBI to state governments to meet their imminent expenditure requirements. These loans must be repaid within three months.

In view of the impact of COVID-19 on state finances, the WMA limit for states was enhanced to Rs 51,560 crore on an interim basis in April 2020. The interim limit was to remain in operation till March 2021. It will now be applicable till September 2021.[47]

RBI constitutes an authority to review and rationalise its regulations

RBI appointed Mr. M. Rajeshwar Rao, Deputy Governor, as the Regulations Review Authority to review RBI's regulations and compliance procedures.[48] The Authority has been constituted with the aim of rationalising the regulations and making them more effective. It will focus on: (i) streamlining regulatory instructions, (ii) reducing compliance burden of the regulated entities by simplifying procedures and (iii) reducing reporting requirements, wherever possible. The Authority has been set up for a period of one year, starting May 1, 2021.

Corporate Affairs

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IBC (Amendment) Ordinance issued

The Insolvency and Bankruptcy Code (Amendment) Ordinance, 2021 was promulgated on April 4, 2021.[49] It amends the Insolvency and Bankruptcy Code, 2016 (IBC). Insolvency is a situation where individuals or companies are unable to repay their outstanding debt. Key features of the Ordinance are:

- **Pre-packaged insolvency resolution**: The Code provides a time-bound process for resolving the insolvency of corporate debtors called the corporate insolvency resolution process (CIRP). The Ordinance introduces an alternate insolvency resolution process for micro, small, and medium enterprises (MSMEs), called the pre-packaged insolvency resolution process (PIRP).
- CIRP may be initiated by the debtor himself as well as its creditors, whereas PIRP may be initiated only by the debtor. The debtor should have a base resolution plan in place prior to the initiation of PIRP. A resolution plan provides for the resolution of insolvency of the debtor.
- During CIRP, the affairs of the company are managed by the resolution professional (RP), who is appointed to conduct CIRP. In contrast, during PIRP, the debtor will continue to manage the company.
- The CIRP is required to be completed within 330 days, whereas PIRP is required to be completed within 120 days.
- **Minimum default amount for PIRP**: Application for initiating PIRP may be filed in the event of a default of at least one lakh rupees. The central government may increase the threshold of minimum default up to one crore rupees through notification.
- **Approval of financial creditors**: For applying for PIRP, the debtor needs to obtain approval of at least 66% of its financial creditors (in value of debt due to creditors) who are not related parties of the debtor. Before seeking approval, the debtor must provide creditors with a base resolution plan. The debtor must also propose the name of the RP along with the application for PIRP. The proposed RP must be approved by at least 66% of the financial creditors.

For PRS Summary of the Ordinance, see here.

Commerce and Industry

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Cabinet approves the Production Linked Incentive scheme for ACs and LED lights

The Union Cabinet approved the Production Linked Incentive scheme for Air Conditioners (ACs) and LED lights.[50,51] The scheme seeks to boost domestic manufacturing of these goods by attracting large investments. It aims to create a complete component ecosystem in India which would form an integral part of the global supply chain. Under the scheme, the government will provide an incentive of 4% to 6% on incremental sales of goods (i.e., ACs, LED lights, and their components) manufactured in India.

A company manufacturing any of these items is required to make a minimum amount of investment in plant and machinery (as prescribed for that item) to receive the incentive. The incentive will be provided to companies witnessing a minimum level of increase in sales, as prescribed for that item, for a period of five years. Preference will be given to companies manufacturing core components and components or sub-assemblies which are not presently manufactured in India in sufficient capacity. Rs 6,238 crore has been approved for the scheme for the period 2021-29.

Law and Justice

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The Tribunals Reforms (Rationalisation and Conditions of Service) Ordinance, 2021 promulgated

The Tribunals Reforms (Rationalisation and Conditions of Service) Ordinance, 2021 was promulgated on April 4, 2021.[52] A Bill with similar provisions was introduced in Lok Sabha in February 2021 and is currently pending.[53] It dissolves certain existing appellate bodies and transfers their functions (such as adjudication of appeals) to other existing judicial bodies. These bodies include the: (i) Appellate Tribunal under Cinematograph Act, 1952, (ii) Appellate Board under Trade Marks Act, 1999, and (iii) Appellate Board under Patents Act, 1970.

The Finance Act, 2017 empowered the central government to notify rules on: (i) qualifications of members of tribunals, (ii) terms and conditions of their service, and (iii) composition of search-cum-selection committees for 19 tribunals (such as the Customs, Excise, and Service Tax Appellate Tribunals). The Ordinance amends the 2017 Act to include provisions related to the composition of search-cum-selection committees and term of office of tribunal members in the Act itself. These include:

- **Composition of search-cum-selection committees:** The Ordinance specifies that a search-cum-selection committee will consist of: (i) the Chief Justice of India, or a Supreme Court Judge nominated by him, as the Chairperson (with casting vote), (ii) two Secretaries nominated by the central government, (iii) the sitting or outgoing Chairperson, or a retired Supreme Court Judge, or a retired Chief Justice of a High Court, and (iv) the Secretary of the Ministry under which the Tribunal is constituted (with no voting right). Further, it specifies that the central government must make appointments to the tribunals within three months of the date of recommendation.[54]
- **Term of office:** It specifies that the term of office for the Chairperson of the tribunals will be four years or till attainment of the age of seventy years, whichever is earlier. For others, the term will be for four years or till the age of 67 years, whichever earlier.[54]

For a PRS summary of the Ordinance, see here.

Health

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Indian Medicine Central Council (Amendment) Ordinance promulgated

The Indian Medicine Central Council (Amendment) Ordinance, 2021 was promulgated on April 22, 2021.[54] The Ordinance amends the Indian Medicine Central Council Act, 1970.[55] The 1970 Act provides for a Central Council to regulate the education and practice of the Indian Medicine system (such as Ayurveda and Yoga,).

In September 2020, the Indian Medicine Central Council (Amendment) Bill, 2020, which replaced the Indian Medicine Central Council (Amendment) Ordinance, 2020, was passed by Parliament.[56,57] The Bill amended the 1970 Act to provide for the supersession and reconstitution of the Central Council within one year from the date of notification of the 2020 Ordinance (April 24, 2020).[56,57] The 2021 Ordinance increases the deadline for reconstituting the Central Council to two years.

For PRS summary of the Ordinance, see here.

Agriculture

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IMD releases long-range forecast for southwest monsoon rainfall in 2021

The India Meteorological Department (IMD) released its first long-range forecast for the southwest monsoon seasonal rainfall in 2021.[58] The monsoon seasonal rainfall during the period June-September 2021 is estimated to be 98% of the long period average (LPA), with an error of +/- 5%. LPA is the average rainfall in a region during the period 1961 to 2010, which is 88 cm for the country. Rainfall is considered to be normal if it ranges between 96-104%.

In 2020, the monsoon rainfall was estimated to be 100% of the LPA, whereas the actual rainfall was higher at 109% of the LPA.[59] In 2019, it was 110% of the LPA, against estimate of 96%.[60]

Labour and Employment

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Draft Rules released for constitution of technical committees under OSH Code

The Ministry of Labour and Employment issued draft Rules for the constitution of technical committees under the Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code).[61,62] The Code regulates health, safety, and working conditions in establishments with 10 or more workers, and in all mines and docks. These committees will be constituted to assist the National Occupational Safety and Health Advisory Board in discharge of its functions. The Board has been set up to advise the central government on framing of standards, rules, and regulations under the Code.

Under the draft Rules, the central government will constitute one or more technical committees to review and formulate standards, rules, and regulations under the Code.[61] The Chairman of the technical committee will be an ex-officio member or will be nominated by the central government. The members of the committee will have: (i) a Bachelor's degree in engineering, or (ii) a Master's Degree in Physics or Chemistry, or (iii) an MBBS with postgraduate in Medical Sciences, or (iv) experience of not less than 20 years in the specified industry.

Comments on the draft Rules are invited until May 30, 2021.[61]

Expert Committees: The central government has constituted four expert committees to review certain existing rules and regulations on safety, health and working conditions standards.[63] These rules and regulations pertain to factories, docks, construction work, and fire safety. The reasons for reviewing these rules and regulations include: (i) to incorporate the advancements and progress made in the field, (ii) to meet global standards, and (iii) to meet the changing requirements due to technological progress and system improvements.

Environment

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Ordinance issued to set up a commission for air quality management in NCR

The Commission for Air Quality Management in National Capital Region and Adjoining Areas Ordinance, 2021 was promulgated.[64] The Ordinance establishes a Commission for better co-ordination, research, identification, and resolution of problems related to air quality in the national capital region (NCR) and adjoining areas. Adjoining areas refers to areas in the states of Haryana, Punjab, Rajasthan, and Uttar Pradesh where any source of pollution may cause adverse impact on air quality in the NCR. The Ordinance also dissolves the Environment Pollution Prevention and Control Authority established in the NCR in 1998. A similar Ordinance was promulgated in October 2020, which lapsed in March 2021. Key features of the Ordinance include:

- **Functions and powers:** Functions of the Commission include: (i) coordinating actions taken under the Ordinance by the concerned state governments (Delhi, Haryana, Punjab, Rajasthan, and Uttar Pradesh), (ii) planning and executing plans to prevent and control air pollution in the region, and (iii) conducting research and development. Powers include: (i) restricting activities influencing air quality, (ii) investigating and conducting research on air pollution, and (iii) preparing codes and guidelines to prevent and control air pollution. Further, the Commission may impose and collect environment compensation from farmers causing pollution by stubble burning. This compensation will be prescribed by the central government.
- **Composition:** The Commission will consist of: (i) a Chairperson, (ii) an officer

of the rank of a Joint Secretary as the member-secretary and Chief Coordinating Officer, (iii) a currently serving or former Joint Secretary from the central government as a full-time member, (iv) three independent technical members with expertise related to air pollution, and (v) three members from NGOs.

- **Penalties**: Non-compliance with or violation of the Ordinance, and orders and directions of the Commission is punishable with imprisonment of up to five years or fine of up to one crore rupees or both. All appeals against the orders of the Commission will be heard by the National Green Tribunal.

For PRS summary of the Ordinance, see here.

Comments invited on draft notification on utilisation of ash

The Ministry of Environment, Forest and Climate Change invited comments on the draft notification on ash utilisation.[65] Key features of the notification include:

- **Utilisation of ash:** Every coal or lignite based thermal power plant will have to ensure at least 80% eco-friendly utilisation of ash (such as fly ash) generated annually. The eco-friendly utilisation of ash includes: (i) manufacturing of bricks, and (ii) construction of roads and dams using fly ash.
- The average utilisation of ash in a three-year cycle should be 100%. The cycle period will be extendable by: (i) one year for thermal power plants with 60-80% annual utilisation of ash, and (ii) two years for power plants with annual utilisation of ash below 60%. The ash accumulated prior to the notification (legacy ash) will have to be utilised in next 10 years from the date of the notification.
- **Committee for review of eco-friendly ways of ash utilisation:** A Committee will be constituted to examine, review, and recommend eco-friendly ways for ash utilisation. The Committee will be chaired by the Chairman, Central Pollution Control Board. The members will include representatives from: (i) Ministry of Environment, Forest and Climate Change, (ii) Ministry of Coal, and (iii) Department of Agricultural Research and Education.
- **Penalty for non-compliance:** If the concerned power plants are unable to utilise at least 80% ash in the first two years of the three-year cycle period, they will have to pay a fine. The fine will be equal to Rs 1,000 per ton of the unutilised ash at the end of the financial year. If the 100% utilisation is not achieved at the end of the third year, Rs 1,000 per ton will be imposed on the unutilised ash on which the fine had not been imposed. Further, the notification specifies penalty for underutilisation of legacy ash.

Comments are invited on the draft notification till June 21, 2021.

Mining

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Comments invited on amendments to evidence of mineral content rules

The Ministry of Mines released the draft Minerals (Evidence of Mineral Contents) Amendment Rules, 2021 for public feedback.[66] These Rules seek to amend the Minerals (Evidence of Mineral Contents) Rules, 2015 issued under the Mines and Minerals (Development and Regulation) Act, 1957.[67] The 2015 Rules prescribe the manner of establishing evidence of mineral content. Key amendments proposed include:

- **Applicability to coal and lignite**: The 2015 Rules do not apply to the following minerals: (i) petroleum and natural gas, (ii) coal, lignite, and sand for stowing, and (iii) atomic minerals. The draft Rules make the 2015 Rules applicable to coal and lignite.
- **Updation of definitions based on latest standards**: The Rules define: (i) stages of exploration of minerals, (ii) stages of feasibility study, (iii) stages of establishing economic viability, and (iv) classes of mineral resources and reserves. These definitions are based on the following standards: (i) United Nations Framework Classification (UNFC) version-1997 and (ii) Committee for Mineral Reserves International Reporting Standards Template. The draft Rules update these definitions in accordance with latest UNFC classifications.
- **Grant of composite license**: The draft Rules seek to provide for the grant of composite license for prospecting and mining at an earlier stage of exploration. The exploration of the mineral deposit involves various stages including: (i) reconnaissance survey (mineral quantity with grade estimated mostly based on indirect evidence), and (ii) preliminary exploration (mineral quantity with grade estimated with a low level of confidence).

As per the 2015 Rules, a composite license may be granted for an area where preliminary exploration has been completed. The draft Rules replace this provision and instead provide that a composite license may be granted for an area where: (i) reconnaissance survey has been completed, or (ii) mineral potential of the block has been identified based on available geoscience data but resources are yet to be established.

Comments on the draft Rules are invited until May 14, 2021.

Comments invited on amendments to mineral auction rules

The Ministry of Mines released the draft Mineral (Auction) Second Amendment Rules, 2021 for public feedback.[68] The draft Rules seek to amend the Mineral (Auction) Rules, 2015 issued under the Mines and Minerals (Development and Regulation) Act, 1957.[69] The 2015 Rules prescribe the procedure for the auction of mines. Key amendments proposed are:

- **No mines to be reserved for captive use**: Under the 2015 Rules, the state government may reserve a mine to be auctioned for any specified end use (for instance, iron ore mine for steel plant). Such mines are known as captive mines. The draft Rules provide that state governments will not reserve any mine for any captive purpose.
- **Sale of minerals from captive mines:** Under the 2015 Rules, captive mines may sell a certain percentage of minerals in the open market. In a given financial year, the quantity of minerals sold in the open market may be up to 25% of the total minerals excavated in the previous financial year.[70] The draft Rules instead provide that captive mines may sell up to 50% of total minerals produced in a year in the open market.
- **Auction by central government:** Under the Act, states conduct the auction of mineral concessions (for minerals other than coal, lignite, and atomic minerals). Mineral concessions include mining lease and prospecting license-cum-mining lease. The Act empowers the central government to specify a time period for completion of the auction process in consultation with the state government.[71] If the state government is unable to complete the auction process within this period, the auctions may be conducted by the central government.

  The draft Rules provide that where auctions are conducted by the central government, extant Rules applicable to state governments regarding: (i) pre-requisites for auction, (ii) eligibility of applicants for getting concessions, (iii) requirement of electronic auction, (iv) bidding parameters in the auction, and (v) bidding process, will also apply to the central government.

Comments on the draft Rules are invited until May 14, 2021.

Power

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Comments invited on the Draft Electricity (Rights of Consumers) (Amendment) Rules, 2021

The Ministry of Power invited comments (deadline April 30,2021) on the Draft Electricity (Rights of Consumers) (Amendment) Rules, 2021.[72] These Rules propose certain amendments, related to the prosumers of solar roof top systems, in the Electricity (Rights of Consumers) Rules, 2020.[73] Prosumers refer to individuals who consumes electricity from the grid and adds electricity to the grid. The 2020 Rules specify the rights of consumers and obligations of electricity distribution licensee on various aspects of electricity distribution (such as providing connection, metering, and billing).[73] Key amendments proposed include:

- **Metering of prosumers:** Currently, the 2020 Rules specify that the regulations on grid interactive rooftop solar photovoltaic system and related matters must provide for: (i) net metering of loads up to 10 kW, and (ii) gross metering of loads above 10 kW.[73]
- The draft Rules propose that the state electricity regulatory commissions must issue regulations on net metering/gross metering/net billing/net feed-in. If the regulations do not provide for net metering/net billing/net feed-in, the state government may allow: (i) net metering to the prosumers for loads up to 500-kilowatt (kW) or up to the sanctioned load, whichever is lower, and (ii) net billing or net-feed in for other loads.[72]
- Net metering refers to a mechanism in which billing is done for net energy (energy consumed from grid minus energy added into the grid) on the basis of retail tariff. In case of gross metering and net billing, the consumption of energy is billed on the basis of applicable retail tariff and the energy

added to the grid is accounted on the basis of feed-in tariff.

- Further, the state commissions may permit gross metering for prosumers willing to sell all generated solar energy to the distribution licensee instead of availing net billing. The feed in tariff for gross metering will be decided by the concerned commissions.[72]
- **Adjustment of energy consumption or billed amount:** Currently, any energy generated by the prosumer must be adjusted against the energy consumption or the billed amount. This depends on whether net metering or gross metering is applicable.[73]
- The draft Rules propose that the solar energy generated by a prosumer will be adjusted against the energy consumption or the billed amount. This will be done as per regulations by the state electricity regulatory commission for grid-interactive rooftop solar system.[72]

Draft regulations released for energy audit in distribution companies

The Ministry of Power invited comments on the draft Bureau of Energy Efficiency (Manner and Intervals for Conduct of Energy Audit (Accounting) in electricity distribution companies) Regulations, 2021.[74] Energy audit refers to the review and analysis of the conservation of energy in a building or system. Key features of the draft regulation include:[74]

- **Timeline for energy audit:** Every electricity distribution company must undertake their first energy audit within four months from the date of notification of the regulations. In subsequent years, the audit must be conducted within three months from the end of a financial year. The maximum gap between two consecutive audits may be of 12 months.
- **Manner of energy audit and structure of the report:** The draft regulations specify that the energy audit report must: (i) provide for monitoring of energy inputs and consumption pattern at various voltage levels, (ii) identification of areas of energy leakage, wastage, or inefficient use, (iii) identify high-loss making areas and specify target based corrective actions, and (iv) identify overloaded segments of the network for necessary capacity additions.

Further, the draft regulations provide details on prioritisation and preparation of action plan for data collection, verification, and correction related to energy distribution. Comments on the draft Regulations are invited till May 30, 2021.

Comments invited on the Draft National Electricity Policy, 2021

The Ministry of Power invited comments on the draft National Electricity Policy, 2021.[75] The objectives of the draft 2021 policy include: (i) promoting clean and sustainable generation of electricity, (ii) development of adequate and efficient transmission system, (iii) strengthening of discoms, and (iv) development of efficient markets for electricity. Key features of the draft Policy are:

- **Renewable energy tariff:** The draft Policy recommends that renewable energy generation should be encouraged in India. It recommends that a two-part tariff mechanism should be adopted for certain renewable sources of energy (such as wind and solar). Two-part tariff mechanism refers to tariffs having fixed and variable charge components. It may be helpful particularly in medium or long-term procurement of renewable energy for hybrid operations.
- **Transmission:** The draft Policy recommends that the transmission projects must be classified into two categories: (i) the generator or drawing customer-specific projects (for catering to their specific needs), and (ii) system strengthening projects. The system strengthening projects may be used for supporting transmission of power from a region with high availability of power and low demand to a region with a high demand of power and low supply.
- **Distribution:** The Policy recommends that public-private partnership model (such as franchisee and sub-licensee) should be adopted in the distribution sector. This would be helpful in: (i) improving efficiency and customer satisfaction, and (iii) reduce financial losses of distribution companies.
- **Electric Vehicle (EV) charging infrastructure:** The draft Policy notes that lack of charging infrastructure is one of the challenges in faster adoption of electric mobility. It recommends that the tariff and rules of EV charging should be fixed by the concerned state electricity regulatory commission. Further, it recommended that distribution companies should proactively identify the part of the distribution network that needs strengthening for the implementation of EV charging.

Comments on the draft Policy are invited till May 18, 2021.

New and Renewable Energy

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National programme on high efficiency solar modules approved

The Cabinet approved National Programme on High Efficiency Solar Photo Voltaic (PV) Modules.[76] The programme will provide for production-linked incentive to manufacturers of high-efficiency solar PV Modules. The scheme is aimed at reducing import dependence. The manufacturers under the scheme will be selected through a transparent competitive bidding process. The incentive will be provided to the selected manufacturers for five years post commissioning of the manufacturing plant. The incentive will increase with increased module efficiency and increased local value addition.

Total outlay under the scheme is estimated to be Rs 4,500 crore.

Science and Technology

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Comments invited on the draft National Geospatial Policy

The Department of Science and Technology released the draft National Geospatial Policy 2021 for public feedback.[77] The policy is aimed at the development and promotion of the use of geospatial data, products, solutions, and services. Examples of geospatial data include location information on individuals, mobility data, location and attributes of natural objects or phenomena such as weather patterns and seismic patterns. Key features of the draft Policy are:

- **Mapping Infrastructure**: The draft Policy notes that there is an urgent need to augment the mechanism for the completion and updation of largescale maps for the country. The Survey of India will prepare a high-resolution topographic database for the entire country. This database will be made available to the general public for their use. Any other geospatial data, product, or services developed by the Survey of India will also be made available to the public.
- **Coordination Committee**: In 2006, National Spatial Data Infrastructure (NSDI) program was started to facilitate the availability and access of spatial data. A National Spatial Data Committee (NSDC) chaired by the Ministry of Science and Technology has been established as the apex authority to oversee the NSDI program. NSDC has representation from various ministries, industry, as well as academia. NSDC will be reconstituted, and renamed as the Geospatial Data Promotion and Development Committee (GDPDC). GDPDC will have a primary role in overseeing the implementation of the National Geospatial Policy.
- **National Data Registry**: GDPDC will establish and operate a national registry of geospatial data as a commonly accessible resource. The registry will provide electronic data querying and processing services for using the geospatial data.
- **Data themes**: GDPDC will identify primary topics and subjects (data themes) for which coordinated development and dissemination of geospatial data will be beneficial. Examples of data theme include land use and land cover, mineral occurrences, and soil profile. GDPDC will set standards for such data themes. One or more central or state level agency will be designated as the lead partnering agency for that data theme. The lead agency will ensure management of data, technological and human resource support for that data theme.

Comments on the draft Policy are invited till May 22, 2021.

Road Transport

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Amendments to enable transfer of ownership to nominees of vehicles after death of owner notified

The Ministry of Road Transport and Highways notified amendments to the Central Motor Vehicles Rules, 1989 under the Motor Vehicles Act, 1988.[78] The amendments enable transfer of ownership of a vehicle to a person nominated by the owner after his death. Key features include:

- **Registration:** The amended Rules state that each registration certificate for each vehicle must mention details and proof of identity of the nominee, if specified. Similar details must also be provided for transfer of ownership for any vehicle purchased in public auction.
- **Transfer of ownership:** Earlier, the Rules permitted successors of the deceased owner to initiate transfer of ownership through an application to the registering authority.[79]

The recent amendments further allow persons nominated by the vehicle owner to transfer ownership through a similar application. The nominee must produce proof of identity as mentioned in the registration certificate for the vehicle for this process.

- **E-Rickshaw and E-Carts:** The amended Rules state that while transferring ownership of a vehicle from a deceased person, a driving license and permit must be produced by nominees in case of e-rickshaws and e-carts. This is in addition to other documents such as a certificate of registration and insurance.

Various draft amendments to the Central Motor Vehicle Rules released

The Ministry of Road Transport and Highways released draft amendments to the Central Motor Vehicles Rules, 1989 under the Motor Vehicles Act, 1988.[80,81,82,83] The Act provides standards for motor vehicles, grant of driving licenses, and penalties for violation of these provisions.[84]

New Vehicle Registration system proposed

A set of draft amendments proposed an IN-series registration mark valid across India to ease re-registration Rules for vehicles while re-locating from one state to the other.[85] The mark will be available to: (i) employees of the central and state governments and public-sector units, (ii) defence personnel, and (iii) employees of private sector companies with offices in five or more state or union territories. To apply for the mark, public sector employees must show a valid identity card while private sector employees may show a working certificate.[80]

In case of non-transport vehicles with IN-series mark, motor vehicle tax will be levied based on the invoice price, excluding GST. This will range from 8-12% depending on the invoice price. 2% extra charges will be levied on diesel vehicles. A 2% tax concession will be given to electric vehicles registered with this mark.

Comments on the draft amendments are invited till May 6, 2021.

Regulation of Automated Testing Stations

Draft amendments are proposed to provide for recognition, regulation, and control of automated testing stations. The draft amendments define Automated Testing Stations (ATS) to include all automated testing stations authorised by state governments where fitness testing is conducted. The draft amendments also propose that ATSs should be a test-only facility and it will not provide repair services, sale, or manufacturing of auto spares. The draft amendments also lay down requirements to operate an ATS, including: (i) infrastructure requirements such as lane areas, testing equipment and digital capacity, (ii) minimum requirement and qualifications for, including a manager, technicians and operators, and (iii) specifications for equipment to be used. Periodic audits of each ATS for monitoring of functioning are also proposed under the proposed amendments to the Rules.

The draft amendments mandate each ATS to gain a registration certificate before granting fitness certificates. The draft amendments also lay down the procedure for appeals against results of tests by an ATS. Fees proposed under the draft amendments include: (i) five lakh rupees as security deposits to establish an ATS, (ii) Rs 50,000 for grant or renewal of a registration certificate of an ATS, and (iii) Rs 2,000 to file an appeal against test results of any testing station.

Comments on the draft amendments are invited till May 8, 2021.

Special purpose vehicles and compliance with requirements for other vehicles

Draft amendments propose to define special purpose vehicles as vehicles with alterations and construction to serve specific requirements.[80] The draft amendments also state that certain vehicles must comply with Automotive Industry Standards (AIS) within six months of notification of the amendment. These vehicles include: (i) special purpose vehicles, (ii) two-wheeled vehicles responding to fires, and (iii) motor caravans (vehicles constructed to include living accommodations). Insulated vehicles must comply with specifications of the AIS within one year of notification of the proposed amendment.

Comments on the draft amendments are invited till May 23, 2021.

Use of Network Survey Vehicle made mandatory for survey of road conditions

The National Highway Authority of India (NHAI) has made the use of Network Survey Vehicles (NSVs) mandatory for road condition surveys to ensure better maintenance.[86] NSVs are used for the automatic collection of road inventory and data for: (i) road surface, (ii) conditions of pavements, and (iii) road furniture. The use of NSVs has been made mandatory at the time of certifying completion of a project and every six months after. Data collected by NSVs will be uploaded on an artificial intelligence-based portal operated by the NHAI where it will be analysed by Road Asset Management Cell.

Urban Affairs

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Initiatives to strengthen public transport and healthy eating in cities launched

The Ministry of Housing and Urban Affairs launched two new challenges to strengthen public transport and consumption of healthy and sustainably produced food in cities.[87] The Challenges are open for: (i) cities identified under the Smart Cities Mission, (ii) capitals of all states and union territories, and (iii) all cities with a population of more than five lakh people.[87] These are discussed below:

- **Eat Smart Challenge:** The Challenge is a competition among cities to recognise efforts to adopt and scale up initiatives under Eat Right India movement. The movement seeks to promote healthy eating by recognising establishments and entities providing safe, healthy and sustainable food.[88] Initiatives under it include: (i) cluster certifications of food hubs and hygiene rating of food establishments, (ii) safe packaging, and (iii) certifications for schools and other campuses. In the first phase of the Challenge, cities will be required to develop a vision document. Ten cities will receive funding and technical support to implement their strategies.[89]
- **T4All Challenge:** This Challenge seeks to make public transport safe, convenient and affordable for all through digital innovation.[90] Participating cities will be required to build a task force consisting of representatives from stakeholders including: (i) the Municipal Corporation, (ii) implementing agency of Smart Cities Mission, (iii) regional transport offices, (iv) traffic police, and (v) academic institutes and non-government organisations.[87] Under the Challenge: (i) problems in sustainable transport will be identified by cities, (ii) start-ups will develop prototype solutions with inputs from stakeholders, and (iii) a large-scale pilot testing mechanism will be established to refine solutions based on citizen feedback.

Personnel and Training

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Capacity Building Commission set up for capacity building of civil services

The Ministry of Personnel, Public Grievances and Pensions constituted the Capacity Building Commission under the National Programme for Civil Services Capacity Building (NPCSCB).[91] The NPCSCB is a capacity-building scheme for members of the civil services.[92] Its core guiding principles include: (i) aligning work allocation of civil servants by matching their competencies to the requirements of the post, (ii) emphasising on 'onsite learning' to complement ‘off-site’ learning, and (iii) calibrating all Civil Service positions to a Framework of Roles, Activities and Competencies approach.[92]

The Commission will comprise of a Chairperson and two members. Key responsibilities of the Commission include: (i) coordinating preparation for annual capacity building plans, (ii) making recommendations on standardisation of training and capacity building, pedagogy, and competency framework, and (iii) facilitating the creation of shared resources amongst institutions imparting training to civil servants.[91]

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