Monthly Policy Review
June 2021

Highlights of this Issue

Guidelines for National COVID-19 Vaccination Programme revised (p. 2)
75% of total vaccines manufactured in India will be procured by central government, states will be allocated vaccines free of cost, and private hospitals may charge up to Rs 150 as service charge per dose.

Advisory on containment of COVID-19 issued to state government (p. 2)
It recommends states to relax lockdown measures based on case positivity and health infrastructure capacity, monitor to plan upgradations in health infrastructure, and follow clinical management protocol.

Relief measures announced to mitigate economic impact of COVID-19 (p. 3)
The package of Rs 6.3 lakh crore includes credit guarantee schemes for businesses and micro-finance institutions, and outlay for emergency preparedness of health systems.

GST rates on essential items to prevent, test, and treat COVID-19 reduced (p. 4)
The GST rates for items such as medical oxygen and testing kits reduced from 12% to 5%. The tax rates for ambulances reduced from 28% to 12%. This decrease will be in force till September 30, 2021.

RBI announces measures to mitigate impact of second wave of COVID-19 (p. 4)
Measures announced include liquidity support for contact intensive sectors, support to SIDBI, and a new framework to restructure loans to individuals and small businesses.

Essential Defence Services Ordinance, 2021 promulgated (p. 14)
The Ordinance allows the central government to prohibit strikes, lock-outs, and lay-offs in units engaged in essential defence services, such as production of goods or equipment required for defence related purposes.

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.

Current Account Deficit at 1% of GDP during the fourth quarter of 2020-21 (p. 6)
India’s Current Account Balance in the fourth quarter of 2020-21 recorded a deficit of USD 8.1 billion (1% of GDP) as compared to a surplus of USD 0.6 billion (0.1% of GDP) in the fourth quarter of 2019-20.

Model Tenancy Act, 2021 approved by Cabinet (p. 10)
The Model Act may be adopted by state and union territory governments. All rental agreements must be signed and registered. It also proposes a three-tier mechanism for dispute redressal and conditions for eviction.

Cabinet approves the Minimum Support Prices for Kharif crops for 2021-22 (p. 12)
The Minimum Support Price (MSP) for paddy (common) has been fixed at Rs 1,940 per quintal for the marketing season 2021-22, which is an increase of 3.9% over the previous year’s MSP.

Draft Model Rules for live streaming and recording of court proceedings released (p. 9)
Draft Rules by e-Committee of Supreme Court states that live streaming will be conducted with a delay of 10 minutes, recordings will be archived for six months, and personal information will not be disclosed.

Amendments to Central Motor Vehicle Rules, 1989 notified (p. 18)
These Rules specify the process by which driver training centres may be accredited and minimum requirements for such centres. They also establish the format and requirements under a Pollution Under Control certificate.
COVID-19

As of June 30, 2021, there were 3.04 crore confirmed cases of COVID-19 in India. Of these, 2.94 crore (97%) have been cured/discharged and 3.99 lakh persons (1.3%) have died. As of June 30, 2021, 27.61 crore people have received at least one dose of a vaccine, of which 5.96 crore people have been fully vaccinated. 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 June 2021 are as follows.

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

Shruti Gupta (shruti@prsindia.org)

The Ministry of Home Affairs issued an advisory to states and union territories to contain the spread of the COVID-19 pandemic. The Ministry had last issued such guidelines in April 2021, which had been extended till June 30, 2021 in May 2020. The guidelines had proposed: (i) establishing 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. Key features of the latest guidelines include:

- **Principles for relaxing restrictions:** The guidelines note that with a decline in cases, state and union territory governments may consider relaxing lockdown restrictions. It recommends implementing these measures based on: (i) the case positivity rate based on the number of positive cases out of samples tested, and (ii) occupancy/availability of health infrastructure (such as hospital and ICU beds and oxygen supply). Micro-containment zones may be established in districts with high positivity or occupancy rates for 14 days.

- **Monitoring:** The guidelines recommend monitoring the status of classification of each district on a weekly basis. Further, it recommends states and union territories to monitor districts with higher numbers of active cases per million population. The guidelines recommend using this as an indicator to predict areas where health infrastructure must be upgraded.

- **Management of COVID-19:** The guidelines recommend various strategies to contain the spread of COVID-19, including: (i) increase in testing, with a focus on increasing the proportion of RT-PCR tests among total tests, (ii) increasing the pace of vaccination, especially among priority groups, and (iii) following clinical management protocol and building capacity for health workers.

Guidelines for National COVID-19 vaccination programme revised

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The Ministry of Health and Family Welfare issued revised guidelines on the National COVID-19 Vaccination Programme, including advisories on procurement, pricing, and administration of vaccines. The guidelines came into effect from June 21, 2021. Key features of the guidelines include:

- **Procurement:** The central government will procure 75% of vaccines produced in the country, which will be distributed free of cost to state and union territory governments. The allocation of doses to states and union territories will be based on factors including population, disease burden, and progress of vaccination. Wastage of vaccines will negatively impact allocation. The remaining 25% of the doses will be available for procurement in the open market. Earlier, the central government was procuring 50% of the total manufactured doses for distribution to states. The remaining doses were made available for procurement by the state governments and private hospitals (25% of total manufactured doses each).

- **Price of vaccine by private hospitals:** The guidelines specify that all vaccine manufacturers should declare the price of each dose of a vaccine. The private hospitals may charge maximum Rs 150 per dose as service charges.

- **Booking:** Citizens may book vaccination appointments through the CoWIN platform. In addition to this, the guidelines provide for online registration at government and private vaccination centres.
Modern adequate power distribution, and (iii) strengthen the public health system, and (ii) guarantee access to free foodgrains, (i) provide economic relief through credit
COVID economic impact of the second wave of the package of Rs 6.3 lakh crore to
The Ministry of Finance announced a relief
Shruti Gupta (shruti@prsindia.org)

The Drug Controller General of India approved the Moderna COVID-19 vaccine for restricted emergency use in India.10 No bridging trials are required for the vaccine. Bridging trials refer to clinical trials conducted for a drug to ensure that the data collected elsewhere is applicable to the Indian population. Note that, as per the New Drugs and Clinical Trials Rules, 2019, for a drug approved outside India, bridging trials may be needed to confirm the efficacy and safety of the drug in Indian patients.11 The vaccine was granted emergency use authorisation in United States of America in December 2020.12

Supreme Court gives deadline to frame guidelines on relief for COVID-19 victims
Shruti Gupta (shruti@prsindia.org)

The Supreme Court directed the National Disaster Management Authority (NDMA) to frame guidelines on minimum ex-gratia relief to victims of COVID-19 by July 11, 2021.13 Ex-gratia payment is offered by the giver without any legal obligation or liability. The NDMA, which operates under the Ministry of Home Affairs, was set up under the Disaster Management Act 2005 and is the central policy making body for disaster management.14 Under the Act, NDMA has the power to recommend guidelines for the minimum standards of relief to be provided to persons affected by disaster (including ex-gratia assistance).

The Court also directed the central government to issue simplified guidelines for issuing a Death Certificate to the family members of persons who died due to COVID-19. The guidelines must ensure that exact reasons for death are recorded. The guidelines may also allow for corrections if the family members are not satisfied with the cause of death mentioned in the certificate issued.

Relief measures announced to mitigate the economic impact of COVID-19
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The Ministry of Finance announced a relief package of Rs 6.3 lakh crore to mitigate the economic impact of the second wave of the COVID-19 pandemic.15 The package seeks to: (i) provide economic relief through credit guarantee and access to free foodgrains, (ii) strengthen the public health system, and (iii) provide an impetus for growth and employment.16 Note that this will not lead to additional spending of this amount this year as some of the measures are in the form of credit guarantees and some others are spread over several years. Key announcements include:

- **Credit guarantee**: The package includes credit guarantee for various sectors:
  - **Businesses**: An additional Rs 1.5 lakh crore credit will be provided to businesses by extending the Emergency Credit Line Guarantee Scheme.
  - **Sectors impacted by COVID-19**: Rs 1.1 lakh crore credit will be provided to sectors impacted by COVID-19. Of this, Rs 50,000 crore will be provided to scale up medical infrastructure in small cities and aspirational districts (districts with poor socio-economic indicators). The remaining Rs 60,000 crore will be provided for other sectors at subsidised interest rates. In the case of tourism, 100% guarantee (up to a certain amount) will be provided on loans taken by registered tourism agencies and tourist guides.
  - **Micro-finance**: Rs 7,500 crore credit will be provided by scheduled commercial banks to micro-finance institutions for on-lending up to Rs 1.25 lakh to 25 lakh small borrowers.

- **Health**: An outlay of Rs 23,220 crore has been earmarked to strengthen emergency preparedness of the public health system (with Rs 15,000 crore contribution from the central government). It will be used to: (i) fund short-term increase in health personnel (such as medical students), (ii) increase the supply of medical equipment, medicines, oxygen, ICU beds, and ambulance services, and (iii) increase the capacity for testing, surveillance, and genome sequencing.

- **Exports**: Equity will be infused in the Export Credit Guarantee Corporation (ECGC). ECGC promotes exports by providing credit insurance services. The equity infusion will be done to increase the insurance cover for exports by Rs 88,000 crore over a period of five years.

- **Power**: Financial assistance will be provided to power distribution companies (discoms). Qualifying discoms will be provided with assistance in installing smart metres, feeders, and overhead lines. The total outlay under this is proposed to be three lakh crore rupees over five years, of
which the central government’s share will be Rs 97,631 crore.

**RBI announces various measures to mitigate the impact of COVID-19**

Saket Surya (saket@prsindia.org)

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

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

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

- **Resolution framework for stressed assets:** In May, RBI announced a new framework for restructuring of loans to individuals, small businesses, and micro, small, and medium enterprises (MSMEs). The limit on the borrower’s aggregate exposure to avail this framework has been raised from Rs 25 crore to Rs 50 crore.

**Ministry of Finance reduces GST rates on various COVID-19 related essential items**

Suyash Tiwari (suyash@prsindia.org)

The Ministry of Finance reduced the GST rates on various items essential for prevention, testing, and treatment of COVID-19 based on the GST Council’s recommendations. These include pulse oximeters, hand sanitisers, testing kits, some medicines, devices such as oxygen concentrators, and ambulances and crematorium furnaces. The tax rates have been reduced to provide relief and will remain in force till September 30, 2021.

**Ministry of Finance announces income tax exemption for COVID-19 expenditure**

Suyash Tiwari (suyash@prsindia.org)

The Ministry of Finance announced income tax exemption for taxpayers for funds received by them: (i) for incurring expenditure for treatment of COVID-19 and (ii) as ex-gratia payment in the event of death of their family member due to COVID-19. This will apply to funds received for these purposes from any person since the financial year 2019-20. However, in case of ex-gratia payment from persons other than the deceased taxpayer’s employer, the exemption will be limited to ten lakh rupees.

The Ministry also provided relaxations related to certain compliances under the Income Tax Act, 1961. It extended the deadlines for completing certain actions, including: (i) linking of Aadhaar with Permanent Account Number (PAN), (ii) furnishing the certificate of tax deducted at source to employees, (iii) filing application for registration, intimation, or approval of trusts, research associations, and other such institutions, and (iv) filing application for certain compliances under the Income Tax Act, 1961.

**SOP on early administration of second dose of Covishield for certain international travellers issued**

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The Ministry of Health and Family Welfare has allowed the administration of the second dose of Covishield prior to the prescribed time interval for certain international travellers. These include persons: (i) traveling for educational purposes, (ii) traveling for employment opportunities, and (iii) in India’s contingent to Tokyo Olympics. Note that the interval between two doses of Covishield was increased from six to eight weeks to 12-16 weeks in May 2021.

This facility is available for persons who need to undertake international travel for the specified purposes up to August 31, 2021. In such cases the second dose may be administered 28 days after the first one.

**Advisory to rationalise use of Remdesivir for treatment of COVID-19 issued**

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The Ministry of Health and Family Welfare issued an advisory to avoid over-prescription or unnecessary use of Remdesivir (a drug being used in COVID-19 treatment). Note that the
demand for Remdesivir increased significantly in India in April 2021. Export of Remdesivir injections and all ingredients used in its formulation was prohibited between April and May 2020.²⁷

The Ministry noted that Remdesivir is an experimental drug with emergency use authorisation based on limited scientific evidence. It specified that Remdesivir must be used only for select hospitalised patients with moderate or severe patients on supplemental oxygen. Remdesivir must be advised by senior faculty members or specialists directly involved in patients care. Any advice or order for Remdesivir must have name, sign, and stamp of the concerned doctor.

Every hospital is required to set up a Special Drug Committee to review the use of Remdesivir in their hospitals on a periodic basis.

**Export policy revised for Amphotericin-B and Remdesivir**

*Suyash Tiwari (suyash@prsindia.org)*

The Ministry of Commerce and Industry revised the export policy for Amphotericin-B, and Remdesivir (drugs used to treat COVID-19) and their Active Pharmaceutical Ingredients (primary ingredients for formulation).²⁸⁻²⁹ Under the revised policy, the export of Amphotericin-B injections has been ‘restricted’, i.e., permitted only under a license granted by the Directorate General of Foreign Trade.³⁰ In case of Remdesivir and its APIs, the Ministry removed the prohibition imposed on export in April 2021.³¹ Their export has now been permitted in a ‘restricted’ manner.

**Guidelines on COVID-19 care for children and adolescents released**

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The Ministry of Health and Family Welfare released guidelines on COVID-19 related care services for children and adolescents.³² The guidelines state that cases among children may surge with relaxation of lockdown restrictions, reopening of schools or the third wave of the virus, which is estimated to peak over the next three to four months. Whereas, for a majority of children, infection of COVID-19 is asymptomatic or mildly symptomatic. Children with co-morbidities may experience acute COVID-19 and must be prioritised for vaccination, when available.

The guidelines provide details about additional requirements for infrastructure, equipment and manpower for paediatric care during third wave of COVID-19. They recommend collection of data on transmission to develop a national registry on paediatric care.

**Advisory issued on protection of children impacted due to COVID-19**

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The Ministry of Women and Child Development issued an advisory to state governments detailing measures for care and protection of children affected due to COVID-19.³³

Children in distress should be identified through outreach and surveys. The data of every child should be uploaded on the central government’s ‘Track Child Portal’. The advisory includes directions for childcare institutions to isolate children with COVID-19 as well as those whose parents have been infected. The district magistrate should play the role of a guardian for vulnerable children impacted by COVID-19.

**Advisory to address security concerns of healthcare establishments and professionals issued**

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The Ministry of Home Affairs issued an advisory to states and union territories to address security concerns for healthcare establishments and professionals.³⁴ The advisory noted that cases of assaults and threats against healthcare professionals have been recorded. It recommended registering FIRs against individuals accused of such acts and fast-tracking related cases. It also recommended invoking provisions of the Epidemic Diseases (Amendment) Act, 2020 passed in September 2020 to protect healthcare personnel from acts of violence.³⁵ The Act specifies that no person can: (i) commit or abet in the commission of an act of violence against a healthcare service personnel, or (ii) abet or cause damage or loss to any property during an epidemic. Further, the Ministry suggested monitoring social media to prevent circulation of content which may aggravate such violence.

**PMGKAY scheme extended till November 2021**

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The Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) has been extended till November 2021.³⁶ The scheme was first announced in March 2020 as part of the relief package for the
poor in light of the COVID-19 pandemic and the lockdown. The scheme was operational during March-November 2020. The scheme was re-introduced for May-June 2021 period. Under the scheme, five kg of wheat or rice and one kg of pulses is provided for free per month to persons from poor families. The benefits are provided to all beneficiaries under the National Food Security Act, 2013, in addition to their existing food grain entitlements under the Act.

Validity of motor vehicle documents extended till September 30, 2021

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The Ministry of Road Transport and Highways extended the validity of motor vehicle documents (such as fitness certificates, permits, driving license, registration, or any other concerned documents) till September 30, 2021. The validity of these documents has been extended five times since March 2020 due to restrictions to contain the spread of COVID-19. These include documents: (i) which had expired since February 1, 2020, or (ii) would expire by September 2021.

Visa and stipulation period for stranded foreign nationals in India extended

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The Ministry of Home Affairs extended Indian visa and stay stipulation periods for foreign nationals stranded in India till August 31, 2021. The Ministry noted that several foreign nationals have been stranded since the national lockdown was implemented in March 2020. This is due to lockdown restrictions and non-resumption of commercial flight operations. Under previous guidelines, such foreign nationals applied for an extension of visa and stay stipulation period on a monthly basis.

Under the revised guidelines, these foreign nationals will not be required to pay any overstay penalty or submit an additional application for extension of their visas.

Macroeconomic Development

Saket Surya (saket@prsindia.org)

Current Account Deficit at 1% of GDP during the fourth quarter of 2020-21

India’s Current Account Balance (CAB) in the fourth quarter (January- March) of 2020-21 recorded a deficit of USD 8.1 billion (1% of GDP) as compared to a surplus of USD 0.6 billion (0.1% of GDP) in the corresponding period in 2019-20. CAB in the third quarter (October-December) of 2020-21 had recorded a deficit of USD 2.2 billion (0.3% of GDP).

The deficit in CAB in the fourth quarter of 2020-21 was primarily due to: (i) a higher trade deficit (the difference between a country’s exports and imports) and (ii) lower net invisible receipts, as compared to the corresponding period of 2019-20. Invisible receipts include receipts from trade in services (such as software and travel services) and private transfers such as remittances by Indians employed overseas.

Foreign exchange reserves increased by USD 3.4 billion in the fourth quarter of 2020-21, as compared to an increase of USD 18.8 billion in the fourth quarter of 2019-20. Table 1 shows India’s balance of payments in the fourth quarter of 2020-21.

Table 1: Balance of Payments, Q4 2020-21 (USD Billion)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2019-20</th>
<th>Q3 2020-21</th>
<th>Q4 2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Account</td>
<td>0.6</td>
<td>-2.2</td>
<td>-6.1</td>
</tr>
<tr>
<td>Capital Account</td>
<td>17.3</td>
<td>34.1</td>
<td>12.3</td>
</tr>
<tr>
<td>Errors and Omissions</td>
<td>0.9</td>
<td>0.6</td>
<td>-0.7</td>
</tr>
<tr>
<td>Change in reserves</td>
<td>18.8</td>
<td>32.5</td>
<td>3.4</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India; PRS.

In the financial year 2020-21, the CAB recorded a surplus of 0.9% of GDP as compared to a deficit of 0.9% of GDP in 2019-20. India’s trade deficit decreased from USD 157.5 billion in 2019-20 to USD 102.2 billion in 2020-21. Foreign exchange reserves increased by USD 87.3 billion in 2020-21 as compared to an increase of USD 59.5 billion in 2019-20.

Table 2: Balance of Payments, 2020-21 (USD Billion)

<table>
<thead>
<tr>
<th></th>
<th>2019-20</th>
<th>2020-21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Account</td>
<td>-24.6</td>
<td>24.0</td>
</tr>
<tr>
<td>Capital Account</td>
<td>83.1</td>
<td>63.6</td>
</tr>
<tr>
<td>Errors and Omissions</td>
<td>1.0</td>
<td>-0.3</td>
</tr>
<tr>
<td>Change in reserves</td>
<td>59.5</td>
<td>87.3</td>
</tr>
</tbody>
</table>

Source: Reserve Bank of India; PRS.

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

The Monetary Policy Committee (MPC) released its second bi-monthly Monetary Policy Statement for 2021-22. Key decisions of the MPC include:
The policy repo rate (the rate at which RBI lends money to banks) remains unchanged at a 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.

**Finance**

**Interest rates on small savings schemes remain unchanged for Q2 2021-22**

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The Department of Economic Affairs kept the interest rates on various small savings schemes unchanged for the second quarter of 2021-22 (July-September 2021) as compared to the first quarter of 2021-22. The interest rates on these schemes are reviewed quarterly. Table 3 shows the applicable interest rates on various small savings schemes for the second quarter of 2021-22. The interest rates have remained unchanged since the first quarter of 2020-21.

**Table 3: Interest rate on various small savings schemes for the second quarter of 2021-22**

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Rate of Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Savings Deposit</td>
<td>4.0%</td>
</tr>
<tr>
<td>Time Deposit (One, Two, Three-year duration)</td>
<td>5.5%</td>
</tr>
<tr>
<td>Five-Year Time Deposit</td>
<td>6.7%</td>
</tr>
<tr>
<td>Five-Year Recurring Deposit</td>
<td>5.8%</td>
</tr>
<tr>
<td>Senior Citizen Savings Schemes</td>
<td>7.4%</td>
</tr>
<tr>
<td>Monthly Income Account</td>
<td>6.6%</td>
</tr>
<tr>
<td>National Savings Certificate</td>
<td>6.8%</td>
</tr>
<tr>
<td>Public Provident Fund Scheme</td>
<td>7.1%</td>
</tr>
<tr>
<td>Kisan Vikas Patra</td>
<td>6.9%</td>
</tr>
<tr>
<td>Sukanya Samridhi Account Scheme</td>
<td>7.6%</td>
</tr>
</tbody>
</table>

Sources: F.No.1/4/2019-NS, Department of Economic Affairs, Ministry of Finance; PRS.

**SEBI notifies a revised framework for regulatory sandbox**

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

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

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

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

Rajat Asthana (raja@prsindia.org)

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

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

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

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

SEBI approves amendments to regulatory provisions related to independent directors

Rajat Asthana (raja@prsindia.org)

The Securities and Exchange Board of India (SEBI) approved amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Key features include:

- **Eligibility for appointment as ID:** To be eligible to be appointed as an ID, the 2015 Regulations specified a cooling period of two years for employees of the promoter group company. The 2021 Regulations increase this to three years.

- **Procedure of Appointment/Re-appointment and Removal of IDs:** The 2015 Regulations don’t specify the procedure to appoint, re-appoint, and remove IDs. The 2021 amendment has prescribed that the appointment, re-appointment, and removal of IDs shall be through a special resolution of shareholders for all listed entities.

- **Approval of Related Party Transactions:** The 2015 Regulations mandate the prior approval of the entire audit committee before execution of related party transactions. The 2021 Regulations mandate the prior approval of only the IDs on the Audit Committee.

RBI invites comments on the regulatory framework for microfinance

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The Reserve Bank of India (RBI) released a consultative document on the regulation of microfinance for public feedback. Microfinance is a form of financial service under which small loans and other financial services are provided to poor and low-income households. The share of various entities in microfinance loan portfolio is as follows: (i) scheduled commercial banks (41%), (ii) Non-Banking Financial Companies-Microfinance Institutions (NBFC-MFIs, 31%), (iii) small finance banks (19%), and (iv) NBFCs (9%). RBI noted that a distinct regulatory framework applies to NBFC-MFIs as compared to other entities providing microfinance loans.

RBI highlighted the following key concerns in the microfinance sector: (i) over-indebtedness of borrowers as they are able to get multiple loans from several lenders, (ii) interest rates on microfinance loans has remained near the regulatory ceiling on the interest rate, and (iii) competition has not resulted in a decline in lending rates despite the lower cost of funds for certain entities.

RBI has proposed a new framework to address these issues. Key features of the proposed framework include:

- **Common framework for microfinance loans:** A common definition of microfinance borrowers will apply irrespective of the type of lending entity. The current definition of microfinance borrower applicable to NBFC-MFI will apply to all entities (household income less than Rs 1.25 lakh for rural and two lakh rupees for urban).

- **Permissible level of indebtedness:** A common maximum permissible level of indebtedness will be specified. Payment of interest and repayment of principal for all
outstanding loans of the household at any point in time will be capped at 50% of the household income.

- Prepayment of loans by microfinance borrowers will not attract any penalty. All regulated entities will provide borrowers with flexibility in repayment periodicity. Microfinance loans by all regulated entities will be collateral-free.

- **Interest rate regulation for NBFC-MFIs:** The cap on the maximum interest rate charged by NBFC-MFIs will be removed.

Comments are invited until July 31, 2021.

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**External Affairs**

*Prachi Kaur (prachi@prsindia.org)*

**Draft Emigration Bill, 2021 released**

The Ministry of External Affairs released the draft Emigration Bill, 2021. The draft Bill seeks to provide a regulatory mechanism to govern overseas employment of Indian nationals, and protect and promote the welfare of Indian emigrants. The draft Bill defines emigrants as Indian citizens who seek to or have departed out of India for employment. Key features of the draft Bill include:

- **Authorities:** The draft Bill seeks to create two authorities: (i) the Bureau of Emigration Policy and Planning (BEPP), and (ii) the Bureau of Emigration Administration (BEA). The BEPP will consist of a Chief of Emigration Policy and other officers. Its functions include: (i) preparing policies on matters related to welfare of emigrants, and (ii) negotiating labour and social security agreements with destination countries. The BEA will consist of a Chief Emigration Officer and other officers. Its functions include: (i) maintaining a database of Indian emigrants, and (ii) implementing measures and programmes for welfare of emigrants.

- The draft Bill also provides for nodal committees in states and union territories (UTs). Their functions include: (i) initiating action to prosecute entities involved in trafficking of persons, and (ii) undertaking pre-departure orientation programmes and skill upgradation programmes for prospective emigrants.

- **Human resources agencies:** These are agencies engaged in recruitment for an employer. These agencies must be registered by a competent authority. The certificate of registration will be valid for five years and may be cancelled on various grounds including: (i) the certificate was issued on misrepresentation of a fact, or (ii) if as per the central government cancelation of the certificate is necessary in the interests of friendly relations of India with any foreign country or in the interests of the general public. Appeal against decisions of the competent authority with regard to registration of these agencies will lie with the central government.

- **Accreditation of employers:** Any employer who intends to recruit an emigrant must apply for accreditation with the competent authority. Such accreditation will be valid for a period of five years.

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**Law and Justice**

*Aditya Kumar (aditya@prsindia.org)*

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

The Ministry of Finance notified the Tribunal, Appellate Tribunal and other Authorities (Qualifications, Experience and other Conditions of Service of Members) (Amendment) Rules, 2021. The 2021 Rules amend the 2020 Rules. The 2020 Rules were notified under the Finance Act, 2017 to specify certain aspects of 19 tribunals in India including: (i) qualification of members, and (ii) terms and conditions of service. Note that in April 2021 the Finance Act, 2017 was amended to abolish certain appellate authorities and transfer their functions to existing judicial bodies (reducing the number of tribunals under the purview of the 2017 Act from 19 to 15). Further, the provisions related to the composition of search-cum-selection committees and term of office of tribunal members were included in the 2017 Act itself. Key amendments to the 2020 Rules include:

- **House rent allowance:** The 2020 Rules specified that the presiding officers (such as Chairperson) and other members (such as Vice-Chairperson, and Judicial Member) of the tribunals will be entitled to the house rent allowance at the rate applicable to a Group A officer in the central government with same pay. The amendments specify that the presiding officers and other members of the tribunals may either avail...
the accommodation provided by the central government or will be entitled to a house rent allowance. The maximum monthly house rent allowance for: (i) presiding officers will be Rs 1.5 lakh, and (ii) other members will be Rs 1.25 lakh.

- **Qualification of advocates for appointment as judicial member:** The 2021 Rules add that advocates with 10 years of experience in litigation matters are qualified to be appointed as judicial members in certain tribunals. This experience must be in the functional area of the concerned tribunal. Such tribunals include: (i) Central Administrative Tribunal, (ii) Securities Appellate Tribunal, and (iii) Appellate Tribunal for Electricity.

- **Qualification of members of Indian Legal Services for appointed as judicial member:** The 2020 Rules allowed members of Indian Legal Services with experience of two years as Additional Secretary or higher rank to be appointed as judicial members in certain tribunals (such as Income-tax Appellate Tribunal). The 2021 Rules specify that members of Indian Legal Services need to have 10 years of experience in litigation, in addition to existing qualifications, to be eligible for appointment as judicial member in the tribunals.

**Draft Model Rules for live streaming and recording of court proceedings released**

_Suyash Tiwari (suyash@prsindia.org)_

The e-Committee of the Supreme Court released the draft Model Rules for live streaming and recording of court proceedings. The e-Committee works with the Department of Justice to implement information and communication technology in the Judiciary. The Model Rules seek to enable access to live court proceedings, including on matters of public interest. It aims to provide greater transparency, inclusivity, and access to justice. Based on this, High Courts can frame their Rules that will apply to all the courts and tribunals under their jurisdiction. Key features of the draft Model Rules include:

- **Live streaming:** All court proceedings will be live streamed, with a delay of ten minutes. However, live streaming will not be done during recording of evidence and for cases relating to certain matters such as: (i) matrimonial matters, (ii) sexual offences, (iii) gender-based violence against women, and (iv) matters where the Judges are of the view that live streaming would be contrary to administration of justice or may provoke enmity among communities, likely to result in a breach of law and order. In case the Judge concerned is desirous of opting out of live streaming while dictating the order or oral judgment, it will be paused during that period. Live streaming may be restricted to final arguments in certain case.

- **Objections:** Before live streaming of the proceedings, the parties will be informed about it so they can raise objections, if any. The Judges will take the final decision in this regard, guided by the principle of an open and transparent judicial process. If the proceedings are not live streamed, its recording must be maintained for usage by the court and appellate courts.

- **Recordings:** Recordings of all proceedings will be archived for at least six months. Recordings may be uploaded, wholly or in part, on the court’s website or other digital platforms, as directed by the court. The recordings not uploaded can be accessed with the permission of a designated officer.

- **Restrictions:** Personal information such as date of birth, home address, identity card number, and bank account details will be deleted or muted during live streaming. However, it will be preserved in recordings. In criminal matters, the anonymity of the victims and witnesses will be maintained in the recordings by using dummy names, face- pixilation, and/ or electronic distortion of voice, as and when directed by the court. Further, unauthorised persons or entities must not share, disseminate, or record live proceedings or recordings. Communication devices such as mobiles cannot be used to relay the proceedings.

**Urban Affairs**

_Shruti Gupta (shruti@prsindia.org)_

**Model Tenancy Act approved by Cabinet**

The Cabinet approved the Model Tenancy Act, 2021 for adoption by state and union territory governments. The Model Act seeks to regulate rental properties, protect rights of tenants and landlords, and establish a mechanism for dispute redressal. Since rental housing is regulated by state governments, the Model Act is a suggested framework that may be adopted (with suitable changes) by states and union territories. Its key features include:

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

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

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

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

For a PRS analysis of the Model Act, see [here](#).

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### Consumer Affairs

Saket Surya (saket@prsindia.org)

**Comments invited on the draft amendments to the Consumer Protection (E-commerce) Rules, 2020**

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

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

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

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

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

Comments are invited until July 6, 2021.

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### Petroleum and Natural Gas

**Draft Bill released to amend the Oilfields (Regulation and Development) Act, 1948**

Suyash Tiwari (suyash@prsindia.org)

The Ministry of Petroleum and Natural Gas released a draft Bill to amend the Oilfields (Regulation and Development) Act, 1948. The Act provides for the regulation of oilfields and development of mineral oil resources. Key amendments proposed in the draft Bill include:

- **Mineral oils:** The Act defines mineral oils to include natural gas and petroleum. The draft Bill replaces this definition to provide
that mineral oil means any naturally occurring hydrocarbon. These include crude oil, natural gas, petroleum, coal bed methane, shale gas, shale oil, and gases produced from or occurring in association with mineral oils. These will not include coal, lignite, and helium (occurring in association with coal, shale, or petroleum).

▪ **Lease:** The draft Bill provides that prospecting, exploration, development, production, extraction, or disposal of mineral oils or its resources must be done under a valid mineral oil resource lease. The terms and conditions of the lease must remain stable until its valid and should not be altered to the disadvantage of the lessee. However, the government may make rules to suspend or cancel the lease or restrict access to leased area due to national security and provide compensation.

▪ **Safety:** The draft Bill allows the central government to designate an authority to frame guidelines, procedures, and standards for the safety of mineral oil resource operations. The authority may also conduct audits and perform other functions that may be prescribed.

▪ **Sharing of data:** The draft Bill allows the government to direct any party to submit any data or sample related to any mineral oil resource or lease for public purpose. It may also notify rules for the aggregation, use, dissemination, or sharing of the data and sample with the central government or any other authorised party. Such data can be shared for academic research, economic development, and public welfare.

▪ **Power to make rules:** The Bill allows the government to make rules on certain matters related to the development of mineral oil resources and grant of their leases. These include: (i) resolution of disputes arising due to leases, (ii) compensation mechanism on suspension or cancellation of the lease or restriction of access to any leased area, (iii) sharing of production facilities and other infrastructure by multiple lessees for more efficient development of resources, and (iv) sound management of resources, including environment protection obligations.

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

**Rajat Asthana (rajat@prsindia.org)**

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

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

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

▪ **Expediting regulatory clearances:** The ethanol production plants need Environmental Clearances (EC) for new projects and expansion of existing projects. The report recommends certain measures to expedite regulatory clearances for ethanol production such as expediting issuing of consent to establish by state governments. Further, the report recommended that a single window system may be formulated by Department for Promotion of Industry and Internal Trade. This would facilitate speedy clearances for new projects and expansion of current projects for ethanol production.

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

Cabinet approves Minimum Support Prices for Kharif crops for 2021-22
Suyash Tiwari (suyash@prsindia.org)

The Union Cabinet approved the Minimum Support Prices (MSPs) for Kharif crops for the 2021-22 season. The MSP for paddy (common) has been fixed at Rs 1,940 per quintal, which is an increase of 3.9% over the previous year’s MSP (Rs 1,868 per quintal). Table 4 shows the MSPs notified for the marketing season 2021-22, compared to MSPs for 2020-21.

Table 4: MSPs approved for Kharif crops for the 2021-22 season (in Rs per quintal)

<table>
<thead>
<tr>
<th>Crop</th>
<th>2020-21</th>
<th>2021-22</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy (common)</td>
<td>1,868</td>
<td>1,940</td>
<td>3.9%</td>
</tr>
<tr>
<td>Paddy (grade A)</td>
<td>1,888</td>
<td>1,960</td>
<td>3.8%</td>
</tr>
<tr>
<td>Jowar (hybrid)</td>
<td>2,620</td>
<td>2,738</td>
<td>4.5%</td>
</tr>
<tr>
<td>Jowar (maldandi)</td>
<td>2,640</td>
<td>2,758</td>
<td>4.5%</td>
</tr>
<tr>
<td>Bajra</td>
<td>2,150</td>
<td>2,250</td>
<td>4.7%</td>
</tr>
<tr>
<td>Ragi</td>
<td>3,296</td>
<td>3,377</td>
<td>2.5%</td>
</tr>
<tr>
<td>Maize</td>
<td>1,850</td>
<td>1,870</td>
<td>1.1%</td>
</tr>
<tr>
<td>Arhar (tur)</td>
<td>6,000</td>
<td>6,300</td>
<td>5.0%</td>
</tr>
<tr>
<td>Moong</td>
<td>7,196</td>
<td>7,275</td>
<td>1.1%</td>
</tr>
<tr>
<td>Urad</td>
<td>6,000</td>
<td>6,300</td>
<td>5.0%</td>
</tr>
<tr>
<td>Groundnut</td>
<td>5,275</td>
<td>5,550</td>
<td>5.2%</td>
</tr>
<tr>
<td>Sunflower seed</td>
<td>5,885</td>
<td>6,015</td>
<td>2.2%</td>
</tr>
<tr>
<td>Soyabean (yellow)</td>
<td>3,880</td>
<td>3,950</td>
<td>1.8%</td>
</tr>
<tr>
<td>Sesamum</td>
<td>6,855</td>
<td>7,307</td>
<td>6.6%</td>
</tr>
<tr>
<td>Nigerseed</td>
<td>6,695</td>
<td>6,930</td>
<td>3.5%</td>
</tr>
<tr>
<td>Cotton (medium staple)</td>
<td>5,515</td>
<td>5,726</td>
<td>3.8%</td>
</tr>
<tr>
<td>Cotton (long staple)</td>
<td>5,825</td>
<td>6,025</td>
<td>3.4%</td>
</tr>
</tbody>
</table>

Sources: Press Information Bureau; PRS.

Consultation paper on India Digital Ecosystem of Agriculture released
Rajat Asthana (rajat@prsindia.org)

The Department of Agriculture, Cooperation and Farmers’ Welfare released a consultation paper on Indian Digital Ecosystem of Agriculture (IDEA). The paper is representative of efforts to bring digital technologies to agriculture, with a focus on increasing the incomes of farmers. Key features of the paper include:

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

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

- **Implementation Framework**: IDEA is proposed to be implemented through a National Mission on Digital Agriculture. It will be supported by an advisory council, consisting of various stakeholders. Major milestones of a 3-year action plan may include (i) Development of core features, (ii) Development of privacy, consent management, and data sharing policies, and (iii) Establishing a dedicated institution for setting IDEA standards.

With the aim of building a “National Agri Stack”, the Department of Agriculture, Cooperation and Farmers’ Welfare, has also invited proposals from IT companies, Farmer Producer Organizations (FPOs), and research bodies to build use case scenarios around Farmers Database.

Media and Broadcasting

Comments invited on the Draft Cinematograph (Amendment) Bill, 2021
Saket Surya (saket@prsindia.org)

The Ministry of Information and Broadcasting released the Draft Cinematograph (Amendment) Bill, 2021. The Draft Bill seeks to amend the Cinematograph Act, 1952. The Act provides for the certification of films for exhibition. Key proposed amendments are:

- **Unauthorised recording**: The Draft Bill prohibits a person from using a recording device to make a copy or transmit a film, without written authorisation from the producer of the film. Persons who make copies of a film without authorisation, will be punished with imprisonment up to three years, or a fine between three lakh rupees and 5% of the audited gross production cost, or both.

- **Revisionary powers of the government**: The Act empowers the central government to reverse the decisions of the Central Board
of Film Certification, in certain cases. Note that the Supreme Court (2000) had held that the central government cannot exercise revisionary powers in respect of films that are already certified by the Board.78 Consequently, the Draft Bill removes this provision and instead provides that the central government may direct the board to re-examine a film certified for public exhibition. Such a direction may be passed if the central government receives a reference that the film or a part of it is against the public interest on grounds such as national security, public order, decency, and morality.

- **Certification categories**: The Draft Bill adds the following age-based sub-categories under the ‘unrestricted public exhibition’ certification category for a film: (i) U/A 7+, (ii) U/A 13+, and (iii) U/A 16+.

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

**Rajat Asthana** (rajat@prsindia.org)

The Ministry of Information and Broadcasting notified the Cable Television Networks (Amendment) Rules, 2021 to amend the Cable Television Networks Rules, 1994.80 The 1994 Rules regulate the registration of cable television networks in India, and prescribe a Programme and an Advertising Code for broadcasters.81

The 2021 Rules empower the central government to prohibit the transmission of any channel or programme providing the Programme Code or Advertising Code, after providing a reasonable opportunity of being heard. Further, the 2021 Rules provide for a three-level grievance redressal mechanism consisting of: (i) self-regulation by broadcasters, (ii) self-regulation by an association of internal self-regulators of the broadcasters, and (iii) oversight by an Inter-Departmental Committee of the central government. The committee will consist of: (i) Additional Secretary from the Ministry of Information and Broadcasting (Chairperson), (ii) representatives from ministries including Women and Child Development, Defence, and External Affairs, and (iii) nominated experts.

### Communications

**Saket Surya** (saket@prsindia.org)

**Revised guidelines for other service providers released**

In November 2020, the Department of Telecommunications had released guidelines for Other Service Providers (OSPs).82 The guidelines define OSPs as companies providing voice-based business process outsourcing (BPO) services. The guidelines specify norms for sharing of infrastructure, extending work from home facility, and security measures to be undertaken by OSPs. The Department has issued revised guidelines for such service providers.83 Key changes include:

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

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

### Defence

**Suyash Tiwari** (suyash@prsindia.org)

**Essential Defence Services Ordinance, 2021 promulgated**

The Essential Defence Services Ordinance, 2021 was promulgated.84 The Ordinance allows the central government to prohibit strikes, lock-outs, and lay-offs in units engaged in essential defence services. Key features of the Ordinance include:

- **Essential defence services**: Essential defence services include any service in: (i) any establishment or undertaking dealing with production of goods or equipment required for defence related purposes, or (ii) any establishment of the armed forces or connected with them or defence. These also include services that, if ceased, would affect the safety of the establishment engaged in such services or its employees. In addition, the government may declare any service as an essential defence service if its cessation would affect the: (i) production of defence equipment or goods, (ii) operation or
maintenance of industrial establishments or units engaged in such production, or (iii) repair or maintenance of products connected with defence.

- **Strikes**: Under the Ordinance, strike is defined as cessation of work by a body of persons acting together. It includes: (i) mass casual leave, (ii) coordinated refusal of any number of persons to continue to work or accept employment, (iii) refusal to work overtime, where such work is necessary for maintenance of essential defence services, and (iv) any other conduct which results in, or is likely to result in, disruption of work in essential defence services.

- **Prohibition on strikes, lock-outs, and layoffs**: Under the Ordinance, the central government may prohibit strikes, lock-outs, and layoffs in units engaged in essential defence services. The government may issue such order if necessary in the interest of: (i) sovereignty and integrity of India, (ii) security of any state, (iii) public order, (iv) decency, or (vi) morality. The prohibition order will remain in force for six months, and may be extended by six months.

- **Strikes and lock-outs** that are declared after the issue of the prohibition order, or had commenced before the prohibition order was issued will be illegal. The prohibition will not apply to layoffs made due to power shortage or natural calamity, or layoffs of temporary or casual workmen.

For PRS summary of the Ordinance, see here.

**Labour**

*Prachi Kaur (prachi@prsindia.org)*

**Comments invited on draft Employee’s Compensation (Central) Rules, 2021**

The Ministry of Labour and Employment has invited comments on the draft Code on Social Security (Employee’s Compensation) (Central) Rules, 2021, under the Code on Social Security, 2020. The Code aims to provide social security to employees and workers in the organised and unorganised sectors. The draft Rules include provisions for application for claim of compensation or settlement and the rate of interest for delayed payment of compensation. Key features of the draft Rules include:

- **Interest rate for delay in payment of compensation**: The Code provides that if an employer is in default in paying the compensation within one month from the due date, they will have to pay the arrears with an interest. The draft Rules provide that the employer must pay simple interest at the rate of 12% per annum, or any other rate notified by the central government, for the period of delay in payment.

- **Transfer of compensation to other countries**: The Code allows the central government to make rules on the transfer and administration of money deposited with a competent authority to any foreign country. This money includes employee compensation which has been awarded to or may be due to any person residing or about to reside in a foreign country. The draft Rules provide that when the money is transferred in India or to other countries, the cost of transferring the money may be deducted from the sum transmitted.

Comments are invited by July 18, 2021.
Mining

Rajat Asthana (rajat@prsindia.org)

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

The Ministry of Mines notified the Mineral (Auction) Second Amendment Rules, 2021 to amend the Mineral (Auction) Rules, 2015. The 2015 Rules regulate the auction of mines. The Rules permit state governments to reserve mines for a particular end-use (captive mines), based on a quota. The 2021 amendments prohibit end-use restrictions for mines to be auctioned in the future. For existing captive mines, at least 50% of the total annual production must be utilised for the specified end use. Any amount from the remaining 50%, may be sold in open market.

The 2021 Rules also mandate state governments to provide the central government certain details on auction of mining leases in the state. These include: (i) details of all the areas or mines available with it for auction within 45 days, and (ii) outcome of any auction of mining lease within 15 days of the auction.

Amendments in mineral exploration rules to streamline granting composite licenses

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

Comments invited on draft mineral concession rules

The Ministry of Mines is seeking public comments on the Mineral (Other than Atomic and Hydro Carbons Energy Minerals) Concession (Fourth Amendment) Rules, 2021. The draft rules are published under the Mines and Minerals (Development and Regulation) Act, 1957 and seek to amend the Mineral (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016. The Act provides for the development and regulation of mines and minerals. Key features of the draft rules include:

- **Transfer of mining lease in all cases under the Act**: The 2016 Rules allowed for transfer of mining lease or prospecting-cum-mining lease only when the lease was obtained through auction. The 2021 draft Rules remove the auction conditionality, and allow transfer of any mining lease under the Act. However, this transfer will not result in a change of status of captive mine to merchant mine or vice versa.

- **Power to refuse surrender given to state governments**: The 2016 Rules cast an obligation upon state governments to allow surrender of a mining lease, based on (i) submission of documents by lessee to prove implementation of approved mine closure plan, and (ii) settlement of all dues with respect to the mining lease. The 2021 draft Rules empower state governments to refuse to accept surrender of part or whole of a mine, for reasons which are to be communicated in writing.

- **Rate of payment of interest**: The 2016 Rules allowed state governments to charge a simple interest of 24% per annum on any rent, royalty or fee from the sixtieth day of the date fixed by government. The 2021 draft Rules reduce the rate of interest from 24% to 12%.

Comments are invited until July 18, 2021.

Power

Aditya Kumar (aditya@prsindia.org)

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

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

- **Metering of prosumers**: The 2020 Rules specified that the regulations on grid
interactive rooftop solar photovoltaic 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.96

The 2021 Rules specify that the state electricity regulatory commissions must issue regulations on net metering/gross metering/net billing/net feed-in. If the regulations do not provide for net metering/net billing/net feed-in, the state government may allow: (i) net metering to the prosumers for loads up to 500 kilowatt (kW) or up to the sanctioned load, whichever is lower, and (ii) net billing or net-feed in for other loads.95

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.95

- **Adjustment of energy consumption or billed amount:** Earlier, any energy generated by the prosumer was supposed to be adjusted against the energy consumption or the billed amount. This depends on whether net metering or gross metering is applicable.96

The 2021 Rules specify that the solar energy generated by a prosumer will be adjusted against the energy consumption or the billed amount. This will be done as per the regulations notified by the state electricity regulatory commission for grid interactive rooftop solar system.95

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**New and Renewable Energy**

Aditya Kumar (aditya@prsindia.org)

**Comments invited on redesigning the renewable energy certificate mechanism**

The Ministry of Power released a discussion paper on redesigning the Renewable Energy Certificate (REC) mechanism for public feedback.97 REC is a market-based instrument to promote renewable energy (RE) and facilitate compliance with renewable purchase obligations (RPO). RPO refers to the mandate for the distribution licensees to procure certain share of their energy requirement from renewable sources. REC is issued to renewable power generators (REC holder), which may be traded. One REC represents one megawatt hour (MWh) of energy generated from a renewable source. REC may be bought by an entity from the REC holder to fulfil their RPO. The entity buying one REC is considered to have procured one MWh of energy from renewable sources. Key changes proposed in the mechanism are:

- **Validity period of RECs:** Currently, the validity period of RECs is 1,095 days (approximately three years). An REC holder is required to sell the REC within this validity period. The discussion paper proposes to provide lifetime validity to RECs. This will provide freedom to REC holders for deciding on the timing to sell RECs. CERC will monitor the trading to ensure that REC holders do not hoard RECs to create an artificial increase in the REC market price.

- **Promotion of new RE technology:** The discussion paper seeks to promote new RE technologies (projects which are yet to be commissioned) by introducing a multiplier factor for RECs. This means that a higher number of RECs will be introduced for nascent technology.

- **Eligibility for issuing RECs:** The discussion paper proposes to increase the eligibility period of RE generators for issuance of REC. The period is proposed to be increased from 15 years to 25 years (from the date of commissioning of a project).

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**Education**

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**Validity period of Teachers Eligibility Test qualifying certificate extended**

The Ministry of Education extended the validity period of Teachers Eligibility Test qualifying certificate from seven years to lifetime.98 The extension will apply retrospectively from 2011. Teachers Eligibility Test is one of the essential qualifications for a person to be eligible for appointment as a teacher in schools.98
Guidelines for development of e-content for children with disabilities released

The Ministry of Education released the guidelines for the development of e-content for Children with Disabilities (CwDs). The guidelines are aimed at enabling creation of high-quality content for digital education to CwDs. Key features of the guidelines include:

▪ Students with intellectual disorders: The learning characteristics of these students include: (i) below average ability to understand, and (ii) need of repeated instructions. The e-content for such students should include frequent memory checks with opportunities to practice and apply the learnt skills. Opportunity must be provided to express themselves in modes other than verbal modes (such as asking students to point answer by showing videos). Evaluation procedures must be modified to suit student’s profile and need.

▪ Students with multiple disabilities: This includes students with two or more disabilities. They may need assistive devices (such as wheelchairs, vision, and hearing aids) for daily living activities. The e-content of such students should be simplified lessons. There should be step by step instructions with gradual fading of support as the student learns. There should be provisions other than speech or writing for responding and participation in class.

▪ Production of sign language videos for deaf learners: Green screen should be used behind the signer to enable effective editing and incorporate visual aids. Camera for recording must be placed at the eye level. Signer must always be placed in the centre of the frame.

Further, the guidelines provide details on e-content for students with autism spectrum disorder (such as difficulty in communication and socialisation), mental illness, specific learning disabilities (such difficulty in reading and writing), and blood disorders.

Transport

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Rules on uniform format for Pollution Control Certificate and accredited driver training centres notified

The Ministry of Road Transport and Highways amended the Central Motor Vehicle Rules, 1989 to notify rules on: (i) Accredited Driver Training Centres (ADTC), and (ii) a uniform format for all vehicles for the Pollution Under Control (PUC) certificate.

Accredited driver training centres

The Ministry observed that India is facing a shortage of skilled drivers which leads to a large number of road accidents.

▪ Accredited Driver Training Centres (ADTC): The amended Rules state that the State Transport Authority or other agencies authorised by the central government can accredit ADTCs. An application for accreditation must be evaluated on the basis of compliance with minimum infrastructure requirements, presence of simulators, and broadband connectivity. The accreditation will be valid for five years.

▪ Certificate: The amended Rules state that ADTCs must issue certifications of competence to drivers who have undergone training. These individuals may be permitted to apply for a drivers’ license without giving a driving test.

Pollution Under Control (PUC) certificate

The amended Rules seek to link PUC certificates to a national database.

▪ Applicability: Under the 1989 Rules, standards on emission limits were applicable to all vehicles except for motorcycles with an engine capacity of less than 70 cc and vehicles manufactured before March 1990. The revised Rules impose these requirements on all vehicles except for battery operated vehicles and vehicles manufactured before March 1990.

▪ PUC test: The inspecting officer can direct the driver or person in charge of a vehicle to submit the vehicle for a test to measure emission values. Tests must be conducted at authorised PUC testing stations.

▪ Electronic communication: The amended Rules mandate the vehicle owner to provide their mobile number for sharing SMS alerts on validation, fees, and sharing of test results. In case a vehicle is found to be operating in violation of the amended Rules, the inspecting officer can communicate directions electronically.
Tourism

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Draft national strategy and roadmap for sustainable, rural, medical, and business tourism released

The Ministry of Tourism issued draft national strategies and roadmaps for various forms of tourism. These forms of tourism include: (i) sustainable tourism, (ii) rural tourism, (iii) medical and wellness tourism, and (iv) business tourism. Key features of the draft national strategies include:

- **Sustainable tourism**: Sustainable tourism aims to increase the positive impacts of tourism such as employment creation while reducing its negative effects such as disruption to wildlife. The national strategy states that all forms of tourism should be focused on sustainability. The strategy focuses on eco-tourism and adventure tourism in particular. The strategy also includes advisory on areas such as marketing and promotion, public-private community partnerships, and product development for sustainable tourism.

- **Rural tourism**: It refers to tourism which showcases rural life, art, culture, and heritage. Key highlights of the strategy include: (i) benchmarking of best practices, (ii) adoption of digital technologies and platforms, (iii) developing clusters for rural tourism, and (iv) provision of marketing support for rural tourism.

- **Medical tourism**: It refers to tourism focused on maintaining, improving, or restoring health through medical intervention. The national strategy aims at providing an institutional framework, strengthening the ecosystem for medical and wellness tourism, developing a brand, digitisation, and ensuring quality.

- **MICE industry**: Meetings, Incentives, Conferences and Exhibitions (MICE) is a segment of business tourism and refers to events which bring large groups together for a specific purpose. The national strategy provides details on national, state, and private support to develop the industry and make it more competitive. For instance, it recommends state governments to give infrastructure status to MICE related infrastructure. It also highlights measures to improve ease of doing business, promote the industry through outreach and familiarisation trips, and skill development to train facilitators.


40 “Administration of Second Dose of Covishield Vaccine Prior to Prescribed Time Interval (after 28 days but before 64 days) to persons intending to undertake international travel for education purpose, for joining employment in foreign countries and for India’s contingent to Tokyo Olympics”, Ministry of Health and Family Welfare, June 3, 2021, https://www.mohfw.gov.in/pdf/AdministrationofSecondDoseofCovishieldVaccinePrioritoPrescribedTimeInterval.pdf.


59 “Union Ministry of Road Transport and Highways (MoRTH) extends validity of Vehicular documents like DLs, RCs, Permits etc till 31st March 2021”, Press Information Bureau, Ministry of Road Transport and Highways, December 27, 2020.

60 “Indian visa or stay stipulation period of foreign nationals stranded in India due to COVID-19 pandemic to be considered as deemed to be valid till 31.08.2021”, Press Information Bureau, Ministry of Home Affairs, June 4, 2021.


64 “Validity of Motor Vehicle documents extended till December this year”, Press Information Bureau, Ministry of Road Transport and Highways, August 24, 2021.

65 “Union Ministry of Road Transport and Highways (MoRTH) extends validity of Vehicular documents like DLs, RCs, Permits etc till 31st March 2021”, Press Information Bureau, Ministry of Road Transport and Highways, December 27, 2020.

66 Indian visa or stay stipulation period of foreign nationals stranded in India due to COVID-19 pandemic to be considered as deemed to be valid till 31.08.2021”, Press Information Bureau, Ministry of Home Affairs, June 4, 2021.


