Monthly Policy Review
June 2022

Highlights of this Issue

RBI increased repo rate from 4.4% to 4.9% (p. 2)
The standing deposit facility rate has been increased from 4.15% to 4.65%. The inflation projection for 2022-23 has been increased from 5.7% to 6.7%.

Current account deficit at 1.5% of GDP in the fourth quarter of 2021-22 (p. 2)
India recorded a current account deficit of USD 13.4 billion (1.5% of GDP) in the fourth quarter of 2021-22, as compared to a deficit of 8.2 billion USD (1% of GDP) in the fourth quarter of 2020-21.

Cabinet approves Agnipath scheme for recruitment to armed forces (p. 2)
Under the scheme, candidates between the age of 17.5 to 21 years will be recruited to the armed forces for a period of four years.

Cabinet approves auction of 5G spectrum (p. 3)
The spectrum will be allocated for a period of 20 years, and may be surrendered after 10 years with no future liability for balance instalments.

Emergency use authorisation granted to mRNA COVID-19 vaccine, Gemcovac (p. 8)
DCGI granted emergency use authorisation to Gemcovac. It is developed by Gennova Biopharmaceuticals and is India’s first indigenous mRNA COVID-19 vaccine.

RBI allows the linking of credit cards to UPI (p. 3)
The Reserve Bank of India (RBI) has allowed the linking of credit cards to Unified Payments Interface (UPI) for making payments. Initially, only RuPay credit cards will be enabled with this facility.

Comments invited on draft amendments to the IT Rules, 2021 (p. 5)
The draft Rules expand the obligations of intermediaries. They will be required to ensure compliance with Rules and causing users not to create, upload, or share prohibited content.

Rules regulating surrogacy and assisted reproductive technology notified (p. 9)
Surrogacy Rules specify necessary medical conditions, procedure, and insurance required to carry out a surrogacy. ART Rules specify the responsibilities of banks and clinics.

Criteria for appointment of Chief of Defence Staff changed (p. 3)
The government may appoint any serving or retired Air Marshal or Air Chief Marshal from the air force, Vice Admiral or Admiral from the navy, or Lieutenant General or General from the army as the CDS.

National Air Sports Policy released (p.10)
The Ministry of Civil Aviation released a policy to regulate air sports such as parachuting and hang gliding. The Policy aims to enhance Indian ns in global air sports events and creates a four-tier governance structure.

Bharat New Car Assessment Programme to assess crash safety of cars released (p. 6)
Testing agencies accredited by the Transport ministry will be authorised to assess the cars and provide them with a star rating. The Programme will be voluntary and monitored by the BNCAP authority.

Report on Promotion and Regulation of E-Commerce in India submitted (p. 4)
The Committee recommended measures to address anti-competitive practices in the industry such as lack of platform neutrality, deep discounting, and misuse of personal data.
Macroeconomic Development

Tushar Chakrabarty (tushar@prsindia.org)

Repo rate and standing deposit facility rates increased to 4.9% and 4.65% respectively

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) increased the policy repo rate (the rate at which RBI lends money to banks) from 4.4% to 4.9%. Other decisions of the Committee include:

- The standing deposit facility rate (the rate at which RBI borrows from banks without giving collateral) has been increased from 4.15% to 4.65%.
- The marginal standing facility (the rate at which banks can borrow additional money from RBI), and the bank rate (the rate at which RBI buys bills of exchange) have both been increased from 4.65% to 5.15%.
- The Committee decided to remain focused on withdrawal of accommodation to ensure that inflation remains within the target.
- The Committee revised its forecast for inflation in 2022-23 from 5.7% to 6.7%.

Current account deficit at 1.5% of GDP in the fourth quarter of 2021-22

India recorded a current account deficit of USD 13.4 billion (1.5% of GDP) in the fourth quarter (January-March) of 2021-22, as compared to a deficit of 8.2 billion USD (1% of GDP) in the fourth quarter of 2020-21.3 In the third quarter (October-December) of 2021-22, the current account deficit was higher (USD 22.2 billion, which is 2.6% of GDP).

In the fourth quarter of 2021-22, the capital account registered a net outflow of USD 1.7 billion as compared to a net inflow of USD 12.3 billion in the corresponding quarter in 2020-21. This was due to an outflow of foreign portfolio investment of USD 15.2 billion in the fourth quarter of 2021-22 as compared to a net inflow of USD 7.2 billion in the fourth quarter of 2020-21.

Foreign exchange reserves decreased by USD 16 billion in the fourth quarter of 2021-22 as compared to an increase of USD 3.4 billion in the corresponding quarter of 2020-21.

Table 1: Balance of payments, Q4 2021-22 (USD billion)

<table>
<thead>
<tr>
<th></th>
<th>Q4 2020-21</th>
<th>Q3 2021-22</th>
<th>Q4 2021-22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Account</td>
<td>-8.2</td>
<td>-22.2</td>
<td>-13.4</td>
</tr>
<tr>
<td>Capital Account</td>
<td>12.3</td>
<td>22.5</td>
<td>-1.7</td>
</tr>
<tr>
<td>Errors and Omissions</td>
<td>-0.7</td>
<td>0.1</td>
<td>-0.9</td>
</tr>
<tr>
<td>Change in reserves</td>
<td>3.4</td>
<td>0.4</td>
<td>-16.0</td>
</tr>
</tbody>
</table>

Sources: Reserve Bank of India; PRS.

Defence

Cabinet approves Agnipath scheme for recruitment to armed forces

Omir Kumar (omir@prsindia.org)

The Union Cabinet approved the Agnipath scheme for recruitment to the armed forces. Candidates recruited under the scheme will serve for four years and be known as Agniveers. Agniveers will form a separate rank under the armed forces. Key features of the scheme are:

- **Eligibility**: Candidates between the age of 17.5 to 21 years will be eligible to apply. Enrolment under the scheme will be through an online centralised system for all three services (army, navy, and air force). Specialised rallies and campus interviews from recognised technical institutes will be conducted for recruitment. For 2022 recruitments, candidates between the age of 17.5-23 years will be eligible to apply.

- **Permanent enrolment**: After completion of four years of service, Agniveers can apply for permanent enrolment in the armed forces. From each batch of Agniveers, up to 25% of the personnel will be enrolled in regular cadre of the armed forces. Individuals selected for enrolment in regular cadre will be required to serve a minimum period of 15 years.

- **Benefits**: Agniveers will be given a monthly package (See Table 2 for details). After completing four years of service, they will be paid a one-time ‘Seva Nidhi’ package of Rs 11.7 lakh. The recruits and the central government will contribute towards the corpus equally. The package will be exempted from income tax. Further, Agniveers will be provided a non-contributory life insurance cover of Rs 48 lakh during their tenure. Gratuity and pensionary benefits will not be provided.

- **Reservations**: 10% of job vacancies in the Defence Ministry will be reserved for Agniveers. The reservation will be implemented in defence civilian posts, the Indian Coast Guard, and 16 Defence Public Sector Undertakings such as Hindustan Aeronautics Limited, Mazgaon Dock Shipbuilders, and Munitions India Limited.

Table 2: Benefits under Agnipath (in Rs)

<table>
<thead>
<tr>
<th>Year</th>
<th>Monthly package</th>
<th>In hand (70% of monthly)</th>
<th>Contribution to corpus fund</th>
<th>Contribution to corpus fund by central government</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>30,000</td>
<td>21,000</td>
<td>9,000</td>
<td>9,000</td>
</tr>
<tr>
<td>2</td>
<td>33,000</td>
<td>23,100</td>
<td>9,900</td>
<td>9,900</td>
</tr>
<tr>
<td>3</td>
<td>36,500</td>
<td>25,580</td>
<td>10,950</td>
<td>10,950</td>
</tr>
<tr>
<td>4</td>
<td>40,000</td>
<td>28,000</td>
<td>12,000</td>
<td>12,000</td>
</tr>
</tbody>
</table>

Sources: Press Information Bureau; PRS.
Criteria for appointment of Chief of Defence Staff changed
Tushar Chakrabarty (tushar@prsindia.org)

The central government changed the criteria for the appointment of the chief of defence staff (CDS) by amending the Air Force Regulations, 1964, Naval Ceremonial, the Conditions of Service and Miscellaneous Regulations, 1963, and the Army Rules, 1954.8,9,10 Earlier, only the chiefs of the three armed services could be appointed as the CDS.11 According to the amended Regulations, the government may appoint any serving or retired Air Marshal or Air Chief Marshal from the air force, Vice Admiral or Admiral from the navy, and Lieutenant General or General from the army as the CDS. For appointment of retired officers, the respective individuals should be less than 62 years of age. The term of the CDS can be extended until 65 years of age.

Finance
Tushar Chakrabarty (tushar@prsindia.org)

RBI allows the linking of credit cards to UPI
The Reserve Bank of India (RBI) has allowed the linking of credit cards to Unified Payments Interface (UPI) for making payments.12 Initially, only RuPay credit cards will be enabled with this facility. UPI currently facilitates transactions by linking savings/current accounts through debit cards of users. The new facility will be available after the completion of the required system development.

RBI increases housing loan limits for co-operative banks
The Reserve Bank of India (RBI) increased the limit for individual housing loans that can be extended by urban co-operative banks (UCBs), state co-operative banks (SCBs), and district central co-operative banks (DCCBs).13,14 The limits have been revised for the first time since 2011 to reflect increase in housing prices.

Table 3: Revised housing loan limits per individual borrower (in Rs)

<table>
<thead>
<tr>
<th>Category of Bank</th>
<th>Existing Limit</th>
<th>Revised Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier-I UCBs (banks with deposits below Rs 100 crore)</td>
<td>30 lakh</td>
<td>60 lakh</td>
</tr>
<tr>
<td>Tier-II UCBs (banks with deposits above Rs 100 crore)</td>
<td>70 lakh</td>
<td>140 lakh</td>
</tr>
<tr>
<td>SCBs/DCCBs (net worth less than Rs 100 crore)</td>
<td>20 lakh</td>
<td>50 lakh</td>
</tr>
<tr>
<td>SCBs/DCCBs (net worth of Rs 100 crore or more)</td>
<td>30 lakh</td>
<td>75 lakh</td>
</tr>
</tbody>
</table>

Sources: Reserve Bank of India; PRS.

State co-operative banks and district central co-operative banks have been allowed to extend finance to residential housing for commercial real estate. This consists of loans to builders/developers for residential housing projects. These loans should be within the current total housing finance limit of 5% of total assets.

RBI releases report on reducing compliance burden on regulatory entities
The Reserve Bank of India (RBI) released the final report of the Regulations Review Authority.15 The authority was set up by the RBI to suggest ways to reduce the compliance burden on regulated entities. It had recommended the withdrawal of 714 circulars in four tranches. The authority has also made recommendations to reduce the regulatory burden, streamline reporting mechanisms, and ease the accessibility of regulatory instructions.16 Key recommendations include:

- **Issuing regulatory instructions:** The authority has recommended that the circulars issued by RBI should be standardised and have a consistent template. This would help in ease of understanding and compliance. Master Circulars should be updated in a time-bound manner and eventually be converted into Master Directions, wherever feasible.

- **Need for regulation:** The authority recommended that regulatory instructions should contain a statement of objective. This would help readers understand the need for the regulation. It also recommended creating a separate page on the RBI website for regulatory reporting. This would consolidate all information related to regulatory, supervisory, and statutory returns.

- **Streamlining reporting mechanism:** The report recommended the elimination of paper-based returns. It has also suggested a periodic review of regulatory or supervisory returns at least once in three years.

Communications
Cabinet approves auction of 5G spectrum
Saket Surya (saket@prsindia.org)

The Union Cabinet approved the proposal to conduct the auction of spectrum for 5G services.17 A total of 72,098 megahertz (MHz) of spectrum in the following frequency bands will be up for auction: (i) low-frequency – 600 MHz, 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, and 2300 MHz, (ii) mid-frequency – 3300 MHz, and (iii) high-frequency - 26 GHz. Key terms and conditions for allocation are: (i) allocation period will be 20 years, (ii) upfront payment of bid amount is not required, payment can be made in
20 equal annual instalments, (iii) recurring spectrum usage charges will not be applicable, and (iv) spectrum may be surrendered after 10 years with no future liability for balance instalments.

Telecom PLI to also incentivise design-led manufacturing

Omir Kumar (omir@prsindia.org)

The Department of Telecommunications (DoT) revised the Production Linked Incentive (PLI) Scheme for telecom and networking products to add a component for design-led manufacturing. The PLI scheme was launched in February 2021. It provides incentives to selected companies on incremental sale of telecom and networking products manufactured domestically. The design-led manufacturing component will incentivise designing and research and development of telecom products within India. Design led manufacturing include: (i) designing the system (software and hardware) in India, and (ii) hardware design, source code and Intellectual Property Rights (IPR) should be in India. Under the scheme, companies also need to make certain minimum investment in India during the scheme period to be eligible for incentive. Minimum investment required to become eligible for design-led component will be: (i) Rs 10 crore for MSMEs, and (ii) Rs 100 crore for other companies. Further, the entire scheme has been extended by one year. Earlier, the scheme was available for five years from 2021-22. Beneficiaries may now choose 2021-22 or 2022-23 as the first year of availing incentives under the scheme.

Report on promotion and regulation of e-commerce submitted

The Standing Committee on Commerce (Chair: Mr. V.V. Reddy) presented its report on ‘Promotion and Regulation of e-commerce in India’. Key observations and recommendations of the Committee are as follows:

- **Competition issues in e-commerce entities:** Anti-competitive practices in the e-commerce marketplace include: (i) lack of platform neutrality, i.e., platforms providing preferential treatment to selected sellers, (ii) deep discounting, i.e., discounts of preferred sellers are selectively funded by the platform, (iii) non-transparent search rankings, and (iv) misuse of data. The Committee recommended formulating a policy which clearly defines marketplace and inventory-based models of e-commerce. It recommended that marketplace-commerce entities should: (i) not sell goods that it owns or controls, (ii) not have any direct or indirect relationship with sellers who sell on the platform, and (iii) be prohibited from licensing their brand to third party sellers on the platform.

- **FDI Policy:** The FDI Policy on E-Commerce allows FDI-backed e-commerce entities to operate only as a marketplace. The Committee observed that the policy is limited in addressing anti-competitive practices in e-marketplace. The Committee noted that there should be a framework to address these issues for both foreign and domestic funded marketplaces. It recommended including such a framework in the National E-Commerce Policy.

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

Report on Implementation of the Districts as Export Hubs Initiative submitted

The Standing Committee on Commerce (Chair: Mr. V.V. Reddy) presented its report on ‘Implementation of Districts as Export Hubs including One District One Product Initiatives’. The initiatives aim to link local producers in rural and remote districts with global supply chains, and bring them into the economic mainstream. The One District One Product initiative has been operationally merged with the Districts as Export Hubs (DEH) initiative. Key observations and recommendations of the Committee are as follows:

- **Implementation of the District Export Action Plan:** Under the DEH initiative, a District Export Promotion Committee (DEPC) is formed which is responsible for preparing a district export action plan. To effectively implement the plan, the Committee recommended forming an empowered Group of Secretaries of related Ministries/Departments such as agriculture, textile, food processing, and MSME. The Committee also suggested that local government bodies be involved in the implementation of the plan.

- **Role of financial institutions:** The Committee noted the importance of improving financial literacy of farmers and manufacturers in identified DEHs. It observed two major concerns: (i) low-
creditworthiness, which forces local manufacturers to borrow from the market at high interest cost, and (ii) a lack of adequate information on trade beneficial government schemes. It recommended creating a portal with financial institutions such as the National Bank for Agricultural and Rural Development and the Small Industries Development Bank of India to easily provide credit to traders and manufacturers.

- **Role of e-commerce and digital platforms:** The Committee noted that e-commerce will allow manufacturers from tier-II and tier-III cities to be a part of global marketing platforms. The Committee recommended adopting a digitally informed export policy to improve export competitiveness. It also recommended exploring partnerships with e-commerce companies such as Amazon and Flipkart as they can provide a global digital platform to DEH initiatives.

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

### Consumer Affairs

*Rakshita Goyal (rakshita@prsindia.org)*

#### Guidelines for prevention of misleading advertisements issued

The Central Consumer Protection Authority issued the Guidelines for Misleading Advertisements and Endorsements for Misleading Advertisements, 2022. The Guidelines have been issued under the Consumer Protection Act, 2019. The Act defines misleading advertisements as those that: (i) falsely describe products or services, (ii) are likely to mislead about the nature, quantity or quality of the products, (iii) constitute unfair trade practice, and (iv) deliberately conceal important information. Key features of the 2022 Guidelines include:

- **Valid advertisements:** As per the guidelines, to be valid, an advertisement must: (i) contain truthful and honest representation, (ii) not mislead consumers by exaggerating the accuracy, scientific validity or performance of the product, (iii) not present the claims in the advertisement as universally accepted if there is a division of informed or scientific opinion, and (iv) not mislead consumers about the risk to their security if they fail to purchase a product.

- **Prohibition on surrogate advertising:** The guidelines prohibit surrogate advertising. These are advertisements for products whose advertising is restricted or prohibited by law. The advertisements are portrayed as being targeted at other products, to bypass such restrictions.

- **Conditions for bait advertisements:** These include advertisements which offer products for sale at low prices to attract consumers. For such advertisements, there must: (i) exist a reasonable prospect of selling the product at the advertised price, (ii) be an adequate supply of the product to meet the foreseeable demand generated by the advertisement, and (iii) not mislead consumers about the market conditions of the product.

- **Conditions for free claim advertisements:** An advertisement must not describe any good or service as being free if: (i) payable cost constitutes costs other than for responding to the advertisement or delivery, and (ii) the conditions regarding quality or quantity would change from the offer to the delivery stage to the detriment of the consumer.

### Petroleum and Natural Gas

*Shashank Srivastava (shashank@prsindia.org)*

#### Deregulation of sale of domestically produced crude oil approved

The Cabinet Committee on Economic Affairs approved the deregulation of sale of domestically produced crude oil. It seeks to ensure marketing freedom for all exploration and production operators. The condition in the production sharing contracts to sell crude oil to the government, or its nominee, or government companies shall be waived off. Further, all exploration and production operators will be free to sell crude oil from their fields in domestic market.

### Electronics & IT

*Omir Kumar (omir@prsindia.org)*

#### Comments invited on draft amendments to the IT Rules, 2021

The Ministry of Electronics and Information Technology released the draft amendments to the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 for public feedback. The 2021 Rules specify due diligence requirements for intermediaries to claim exemption from liability for third-party content. Intermediaries are entities which store or transmit data on behalf of other persons. They include social media sites, e-commerce companies, and internet service providers. Key proposed amendments are:

- **Obligations of intermediaries:** The 2021 Rules require intermediaries to “publish” rules and regulations, privacy policy and user agreement for access or usage of its services. The Rules specify restrictions on the types of content that users are allowed to create, upload, or share.
require intermediaries to “inform” users about these restrictions. Proposed amendments seek to expand the obligation on intermediaries to include: (i) “ensuring compliance” with rules and regulations, privacy policy, and user agreement, and (ii) “causing users to not” create, upload, or share prohibited content.

- **Appeal mechanism against decisions of grievance officers:** The 2021 Rules require intermediaries to designate a grievance officer to address complaints regarding violations of the Rules. The draft amendments propose a mechanism for appeals against the decisions of grievance officers. A Grievance Appellate Committee will be formed by the central government to hear appeals against the decisions of grievance officers. The Committee will consist of a chairperson and other members appointed by the central government through a notification. The Committee will be required to dispose of appeals within 30 days.

- **Expedient removal of prohibited content:** The Rules require intermediaries to acknowledge complaints regarding violation of Rules within 24 hours, and dispose of complaints within 15 days. The proposed amendments add that complaints regarding removal of specified prohibited content be addressed within 72 hours.

Comments are invited until July 6, 2022.

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**Space**

*Saket Surya (saket@prsindia.org)*

**Cabinet approves transfer of satellites to New Space India Limited and increase in its authorised share capital**

The Union Cabinet approved the following proposals concerning the New Space India Limited (NSIL): (i) transfer of ownership of 10 in-orbit communication satellites from the government to the company, (ii) increase in its authorised share capital from Rs 1,000 crore to Rs 7,500 crore. NSIL is a fully owned public sector enterprise under the Department of Space, set up in March 2019. NSIL is mandated to undertake end-to-end commercial space activities and function as a full-fledged satellite operator.

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**Road Transport and Highways**

*Bharat New Car Assessment Programme for assessing crash safety of cars released*

*Tanvi Vipra (tanvi@prsindia.org)*

The Ministry of Road Transport and Highways released the Draft Central Motor Vehicles (Amendment) Rules, 2022. The draft Rules have been published under the Motor Vehicles Act, 1988 and seek to amend the Central Motor Vehicles Rules, 1989. The draft Rules seek to introduce the Bharat New Car Assessment Programme (BNCAP) for assessing crash safety performance of cars.

Cars that weigh up to 3.5 tonnes and can carry up to eight passengers (excluding the driver) will be eligible for the assessment. The cars may be manufactured in the country or be imported.

Testing agencies that are accredited by the Ministry and have testing infrastructure, skilled workforce, and proven testing records will be authorised to assess the cars and provide them with a star rating. The star rating will be awarded on the basis of the car’s performance in three areas: (i) adult occupation protection, (ii) child occupation protection, and (iii) safety assist technologies. BNCAP will be a voluntary programme monitored by the BNCAP authority. The draft Rules are proposed to be enforced from April 1, 2023. As per the draft Rules, car manufacturers may send an application to the BNCAP authority for a star rating. The testing agency will then conduct the test, and the BNCAP authority will publish the results on a designated portal.

Comments on the draft Rules are invited until August 23, 2022.

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**Standing Committee submits Report on Issues relating to Road Sector**

*Omir Kumar (omir@prsindia.org)*

The Standing Committee Transport, Tourism and Culture (Chair: Mr. T.G. Venkatesh) submitted its report on ‘Issues relating to Road Sector’. Key observations and recommendations of the Committee are as follows:

- **Delay in ongoing projects:** The Committee noted that ongoing National Highway projects in Andhra Pradesh, Bihar, Telangana, and Maharashtra were delayed due to several factors. These include completion of pre-construction activities, climatic conditions, and mobilisation capacity of contractors. The Committee recommended installing CCTV cameras for monitoring progress of projects. Once the project is completed, the cameras can be used to monitor traffic movement.

- **Maintenance and quality of roads:** The
Committee noted the poor quality of road construction on National Highways. It recommended the Ministry of Road Transport and Highways to give more priority to maintenance and repair of national highways along with ensuring a higher budgetary allocation for the same. Further, it recommended imposing severe financial penalties on individuals in cases of negligence of prescribed specifications and standards for road quality.

- **Road safety**: According to the World Bank (2021) India ranks number one in the world in terms of road accident deaths. The Committee recommended creating a database containing details relating to all fatal accidents on National Highways. The details can be analysed to identify patterns of possible faults in road and vehicle engineering. The Ministry may formulate a strategy in coordination with state governments and concerned Union Ministries to minimise road accidents. Further, the Committee recommended the Ministry to issue guidelines limiting driving hours per day for commercial drivers.

### Rules to collect fee for use of National Highways amended to charge fees based on actual distance travelled by a vehicle

*Shubham Dutt (shubham@prsindia.org)*

The Ministry of Road Transport and Highways amended the National Highways Fee (Determination of Rates and Collection) Rules, 2008. The Rules empower the central government to collect fees for use of sections of national highways, permanent bridges, bypasses, and tunnels. In India, tolling is generally under the open system, under which user fee is levied based on the length of the road under a project (generally 60 km). The amendment enables the introduction of systems under which user fee is levied based on the actual distance travelled by a vehicle on a national highway or expressway (known as closed user fee collection system).

### Railways

#### Policy to promote startups in railway technology announced

*Saket Surya (saket@prsindia.org)*

The Ministry of Railways announced the Indian Railway Innovation Policy. The Policy seeks to promote innovation and startups in railway technology. Grants up to Rs 1.5 crore will be provided to selected startups in 11 specified problem areas. These include: (i) broken rail detection system, (ii) automation of track inspection activities, (iii) development of lightweight wagons, (iv) analytical tools for improving passenger services, and (v) use of geographical data for bridge inspection. Enhanced funding will be provided to scale up the deployment of successful prototypes. Intellectual property rights will remain with startups.

#### Standing Committee submits report on the Commission of Railway Safety

*Shashank Srivastava (shashank@prsindia.org)*

The Standing Committee on Transport, Tourism, and Culture (Chair: Mr T. G. Venkatesh) presented its report on ‘Commission of Railway Safety’. The Commission of Railway Safety (CRS) is under the administrative control of the Ministry of Civil Aviation. It deals with the matters concerning the safety of rail travel and train operations and is charged with certain statutory functions laid down in the Railways Act, 1989. These functions include ensuring that any new railway lines conform to the standard and specifications prescribed by the Ministry of Railways. Key observations and recommendations of the Committee are as follows:

- **Role of various ministries**: The Committee observed that while the CRS functions under the administrative control of the Ministry of Civil Aviation, the Commissioners of Railway Safety are recruited from the Ministry of Railways. It noted that the involvement of the two ministries leads to avoidable confusion in the command structure of CRS. The Committee recommended freeing CRS from undue influences of both the Ministries. Further, it recommended that the Commission must be made an autonomous statutory body and have independent technical manpower and autonomy with respect to the administrative, establishment, and financial issues.

- **Changes in rules and regulations**: The Committee observed that while the CRS functions under the administrative control of the Ministry of Civil Aviation, the Commissioners of Railway Safety are recruited from the Ministry of Railways. It noted that the involvement of the two ministries leads to avoidable confusion in the command structure of CRS. The Committee recommended freeing CRS from undue influences of both the Ministries. Further, it recommended that the Commission must be made an autonomous statutory body and have independent technical manpower and autonomy with respect to the administrative, establishment, and financial issues.

- **Deputy CRS**: The Committee noted that the Deputy Commissioners of CRS come from the Railways ministry on a deputation basis. The Deputy Commissioner is one of the senior-most officials in the Commission. The Committee recommended that the Deputy CRS must be hired on an absorption basis to ensure full autonomy.
Shipping

Tushar Chakrabarty (tushar@prsindia.org)

Report on connectivity and tourist terminal facilities at ports submitted

The Parliamentary Standing Committee on Transport, Tourism, and Culture (Chair: Mr. T.G. Venkatesh) submitted its report on the ‘Connectivity and Tourist Terminal Facilities at Ports’.[37] Key observations and recommendations of the Committee include:

- **Projects under Sagarmala:** The Sagarmala programme aims to accelerate economic development by leveraging India’s coastline waterways. It seeks to reduce logistics cost and improve export competitiveness. The Committee noted that only 25% of the projects under the programme has been completed so far. It recommended to expedite the programme and sought details about the reasons project delays.

- **Connectivity projects:** The Committee noted that the pace of work under the port, rail and road connectivity projects have been slow. It observed that the interconnectivity of roads, ports, airports, and railways should be included in the infrastructure planning process from inception. The Committee recommended the addition of these components to the detailed project report to foster proper connectivity.

- **Cruise tourism:** The Committee noted that cruise tourism is in its nascent stage in India and needs the concerted efforts of the Ministry of Ports, Shipping, and Waterways and the Ministry of Tourism to tap its full potential. It recommended that both the Ministries should examine the feasibility of promoting river tourism on rivers besides Ganga and Brahmaputra.

- The Committee noted that the cruise tourism sector was affected due to COVID-19. It recommended the Ministry of Ports, Shipping, and Waterways and the Ministry of Tourism to undertake measures aimed at reviving the sector.

Energy

Saket Surya (saket@prsindia.org)

Rules to regulate payment delays by discoms notified

The Ministry of Power notified the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022.[38] The Rules will apply to payments by distribution companies (discoms) to generating companies, interstate transmission licensees, and trading licensees. The Rules have been notified under the Electricity Act, 2003. The Act regulates the electricity sector in India. Key features of the Rules include:

- **Late payment surcharge:** Overdue payments will attract extra levies in the form of a late payment surcharge. The rate of surcharge for the first month of default will be 5% above the MCLR rate of the State Bank of India for one year tenure. MCLR rate is the minimum interest rate at which a bank lends. The rate of surcharge rate will increase by 0.5% for every month of delay, subject to a maximum of 3% above the rate for the first month of default. All payments made by discoms will be first adjusted towards the late payment surcharge and thereafter towards other dues.

- **Conversion of dues to monthly instalments:** Due date for outstanding dues up to the date of notification of the Rules will be re-determined. Discoms will be allowed to pay the dues in monthly instalments. To avail this option, discoms will be required to communicate to the entities it owes, within 30 days of the notification of the Rules. The maximum number of instalments will be 48 (subject to the quantum of dues).

- **Payment security mechanism:** Discoms are required to maintain an adequate payment security mechanism (through a letter of credit). Under a letter of credit, a bank guarantees that payment will be made to a party. Supply of power to a discom will be made only if payment security is provided or advance payment is made. In case of continuing non-payment of dues, supply to discoms will be gradually curtailed as per the mechanism specified under the Rules.

Rules to regulate open access to renewable energy notified

The Ministry of Power notified the Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022.[39] The Rules propose a framework for open access to renewable energy (from sources including solar, wind, hydro, and waste-to-energy). Open access means allowing a consumer to purchase electricity from a distribution company of its choice. Only consumers with demand or sanctioned load of 100 kilowatt and above will be eligible under this framework. The Rules have been notified under the Electricity Act, 2003, which regulates the electricity sector in the country. Key features of the Rules are:

- **Procedure for grant of open access:** A central agency will be set up, which will operate a single-window system for processing applications for open access to renewable energy. State Regulatory Commissions will notify the nodal agencies for processing of these applications in their respective jurisdiction. The application will be processed within 15 days. The minimum period for access will be one year.

- **Charges:** Respective State Regulatory
Commissions will determine separate tariffs for open access, which may include a cross-subsidy surcharge. Cross-subsidy surcharge is levied to protect the current level of cross-subsidy within an area of supply of a distribution company. Cross-subsidy refers to a tariff structure where a group of consumers pay relatively higher charges to cover the cost of supply to another group of consumers. This surcharge will be as per the tariff policy of the central government. It will not apply in the following cases: (i) open access to waste-to-energy plants, and (ii) open access for the production of green hydrogen and green ammonia. The Rules also specify certain limits on the extent of increase in cross-subsidy surcharge in a given period.

- **Demand management:** The Rules permit putting certain restrictions such as the minimum time blocks for which the quantum of consumption cannot be changed. This is to avoid high variation in demand for the distribution company.

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### Health

#### Emergency use authorisation granted to mRNA COVID-19 vaccine, Gemcovac

*Shashank Srivastava (shashank@prsindia.org)*

The Drugs Controller General of India (DCGI) granted emergency use authorisation to Gemcovac for restricted use in adults. Gemcovac, developed by Gennova Biopharmaceuticals, is India’s first indigenous mRNA COVID-19 vaccine.

Apart from this, nine COVID-19 vaccines have been granted emergency use authorisation in India. These are: (i) Covishield, (ii) Covaxin, (iii) Sputnik-V, (iv) mRNA-1273 (Moderna vaccine), (v) Janssen, (vi) ZyCov-D, (vii) Covovax, (viii) Corbevax, and (ix) Sputnik light. These vaccines may be administered to all persons aged 18 years and above. Covaxin and Corbevax may be administered to children aged between 12-18 years as well.

#### Assisted Reproductive Technology Rules notified

*Rakshita Goyal (rakshita@prsindia.org)*

The Ministry of Health and Family Welfare notified the Assisted Reproductive Technology Rules, 2022. The Rules have been notified under the Assisted Reproductive Technology (ART) Act, 2021. The Act defines ART to include all techniques that seek to obtain a pregnancy by handling the sperm or the oocyte (immature egg cell) outside the human body and transferring the gamete or the embryo into the reproductive system of a woman. Examples include gamete donation, in-vitro fertilisation and gestational surrogacy. ART services are provided through ART clinics and ART banks. ART clinics offer ART related treatments and procedures. ART banks store and supply gametes. Under the Act, every ART clinic and bank must be registered in the National Assisted Reproductive Technology and Surrogacy Registry.

Key features of the 2022 Rules are:

- **Two level of clinics:** The Rules provide for: (i) Level 1 ART clinics, where only preliminary investigations and intrauterine insemination procedures (where sperm are directly placed in the uterus for fertilisation) may be carried out, and (ii) Level 2 ART clinics where all investigations and diagnostic and therapeutic procedures in ART may be carried out. This includes advanced procedures like in-vitro fertilisation, where an oocyte is combined with sperm outside the human body.

- **Responsibilities of ART banks and clinics:** The Rules specify the responsibilities of ART banks and clinics. For ART banks, these include: (i) screening, collection and registration of semen donors and oocyte donors, (ii) cryopreservation of sperm, and (iii) maintaining records of all donors. They must regularly update the National Registry with such information.

- **Responsibilities of ART clinics include ensuring that:** (i) all unused gametes or embryos are preserved and used for the same recipients and not any other couple, (ii) genetic testing is done before implantation for embryos that have a known pre-existing heritable or genetic disease or when it is medically indicated, (iii) no genetic testing is done before implantation for the purpose of sex selection or for selection of particular traits due to personal preferences of prospective parents, (iv) consent forms are signed by prospective parents as specified under the Rules, and (v) the commissioning couple/woman have purchased insurance coverage for the oocyte donor for a period of twelve months.

#### Rules to regulate surrogacy notified

*Rakshita Goyal (rakshita@prsindia.org)*

The Ministry of Health and Family Welfare notified the Surrogacy (Regulation) Rules, 2022. The Rules have been notified under the Surrogacy (Regulation) Act, 2021. The Act defines surrogacy as a practice where a woman gives birth to a child for an intending couple/woman and agrees to hand over the child to them after the birth. An intending couple is one that has a medical indication necessitating surrogacy. An intending woman (Indian citizen, and a widow or divorcee between the age of 35 to 45 years) can also commission surrogacy.

- **Key features of the 2022 Rules are:**
### Medical indications necessitating surrogacy: A woman may opt for surrogacy if: (i) the woman has no uterus, a missing uterus, an abnormal uterus or if the uterus has been surgically removed due to a medical condition, (ii) the couple/woman has repeatedly failed to conceive after multiple attempts for in-vitro fertilisation or intracytoplasmic sperm injection (sperm is directly injected into the egg), (iii) the woman has suffered from multiple pregnancy losses due to an unexplained medical reason or unexplained graft rejection due to immune response, (iv) the pregnancy is life-threatening, or (v) the woman suffers from any illness that makes it impossible to carry a pregnancy to viability.

### Modalities of the surrogacy procedure: As per the Rules, the surrogacy procedure shall not be attempted more than three times on the surrogate mother. Further, the gynaecologist shall transfer only one embryo in the uterus of a surrogate mother during a treatment cycle. In special circumstances, the gynaecologist may transfer up to three embryos.

### Personnel: Every surrogacy clinic shall have at least one gynaecologist, one anaesthetist, one embryologist, and one counsellor. The gynaecologist must be a medical post-graduate in gynaecology and obstetrics, and should (i) have a record of performing 50 ovum (mature egg) retrieval processes, and (ii) have three years of working experience in an assisted reproductive technology clinic.

### Insurance: The intending woman or couple must purchase general health insurance coverage in favour of the surrogate mother for a period of thirty-six months. The insurance amount must adequately cover expenses arising out of pregnancy and post-partum complications.

### Agriculture

_Shashank Srivastava (shashank@prsindia.org)_

**Cabinet approves minimum support prices for Kharif crops for 2022-23**

The Cabinet Committee on Economic Affairs approved the Minimum Support Prices (MSPs) for Kharif crops for 2022-23 marketing season. The MSP for paddy has been fixed at Rs 2,040 per quintal, an increase of 5.2% over the previous year’s MSP (Rs 1,940 per quintal). Table 1 below shows the MSPs notified for the marketing season 2022-23, compared to MSPs for 2021-22.

### Table 4: MSPs approved for Kharif crops for the 2022-23 season (in Rs per quintal)

<table>
<thead>
<tr>
<th>Crop</th>
<th>2021-22</th>
<th>2022-23</th>
<th>Change (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy (Common)</td>
<td>1,940</td>
<td>2,040</td>
<td>5.2%</td>
</tr>
<tr>
<td>Paddy (Grade A)</td>
<td>1,960</td>
<td>2,060</td>
<td>5.1%</td>
</tr>
<tr>
<td>Jowar (Hybrid)</td>
<td>2,738</td>
<td>2,970</td>
<td>8.5%</td>
</tr>
<tr>
<td>Jowar (Maldandi)</td>
<td>2,758</td>
<td>2,990</td>
<td>8.4%</td>
</tr>
<tr>
<td>Bajra</td>
<td>2,250</td>
<td>2,350</td>
<td>4.4%</td>
</tr>
<tr>
<td>Ragi</td>
<td>3,377</td>
<td>3,578</td>
<td>6.0%</td>
</tr>
<tr>
<td>Maize</td>
<td>1,870</td>
<td>1,962</td>
<td>4.9%</td>
</tr>
<tr>
<td>Tur (Ahar)</td>
<td>6,300</td>
<td>6,600</td>
<td>4.8%</td>
</tr>
<tr>
<td>Moong</td>
<td>7,275</td>
<td>7,755</td>
<td>6.6%</td>
</tr>
<tr>
<td>Urad</td>
<td>6,300</td>
<td>6,600</td>
<td>4.8%</td>
</tr>
<tr>
<td>Groundnut</td>
<td>5,550</td>
<td>5,850</td>
<td>5.4%</td>
</tr>
<tr>
<td>Sunflower Seed</td>
<td>6,015</td>
<td>6,400</td>
<td>6.4%</td>
</tr>
<tr>
<td>Soyabean (yellow)</td>
<td>3,950</td>
<td>4,300</td>
<td>8.9%</td>
</tr>
<tr>
<td>Sesamum</td>
<td>7,307</td>
<td>7,830</td>
<td>7.2%</td>
</tr>
<tr>
<td>Nigreseed</td>
<td>6,930</td>
<td>7,287</td>
<td>5.2%</td>
</tr>
<tr>
<td>Cotton (Medium Staple)</td>
<td>5,726</td>
<td>6,080</td>
<td>6.2%</td>
</tr>
<tr>
<td>Cotton (Long Staple)</td>
<td>6,025</td>
<td>6,380</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

Sources: Press Information Bureau; PRS.

### Civil Aviation

_Tanvi Vipra (tanvi@prsindia.org)_

**National Air Sports Policy released**

The Ministry of Civil Aviation released the National Air Sports Policy, 2022. The draft Policy was released in January 2022. Air sports includes various sports activities which involve the medium of air such as parachuting and hang gliding. The Policy covers eleven such air sports.

The Policy envisions India as one of the top air sports nations by 2030. It aims to: (i) adopt international good practices in all aspects of air sports (safety, infrastructure, operations, maintenance, and training), (ii) enhance participation and success of Indian sportspersons in global air sports events, and (iii) promote design, development and manufacturing of air sports equipment in India. Key features of the Policy are as follows:

- **Governance structure:** The policy has a four-tier governance structure for air sports in India: (i) Air Sports Federation of India (ASFI) (apex governing body), (ii) national associations for individual air sports or set of air sports, (iii) regional or state-level air sports associations, and (iv) district-level air sports association.
▪ ASFI will be an autonomous body under the Ministry of Civil Aviation and provide governance over all aspects of air sports such as regulation, certification, and penalties. It will be chaired by the secretary of Ministry of Civil Aviation.

▪ National air sports associations will be accountable to ASFI for regulatory oversight and for providing safe, affordable, and sustainable conduct of their respective sports. Each air sports association will elect its own president, secretary, and treasurer. Each air sports association will lay down the safety standards for equipment, infrastructure, personnel, and training as per global best practices, (ii) establish norms for insurance and compensation in cases of adverse events, and (iii) specify the disciplinary actions to be taken in case of deviations and wilful non-compliance.

▪ Safety: The policy prohibits any person or entity involved in air sports from violating the right of way of a manned aircraft. Further, any air sports accident must be reported (in writing) within 48 hours of occurrence to the concerned air sports association and the ASFI. If the persons or entities involved in the accident fail to adhere to these requirements, it may lead to penal action.

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3 Developments in India’s Balance of Payments during the Fourth Quarter (January–March) of 2021-22, Reserve Bank of India, June 22, 2022, https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFS/PR408BOPB28A0F62F25FC4DF86E0D855A06D4AC4.PDF.


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34 NH User Fee (Toll), Gazette Notifications, Ministry of Road Transport and Highways, last accessed on June 30, 2022, https://morth.nic.in/toll.


42 “Russia’s Sputnik V has been approved for emergency use in India, Govt. authorises foreign-produced COVID vaccines with emergency approval of WHO-listed agencies”, Press Information Bureau, Ministry of Health and Family Welfare, April 13, 2021.


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