Monthly Policy Review
March 2024

Highlights of this Issue

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SC strikes down immunity to legislators for accepting bribes for votes and speeches (p. 3)
The Court held that immunity for such acts is not integral to the functioning of the House or discharging the duties of a legislator. With this, it overturned a 1998 verdict that granted such immunity to legislators.

Current account deficit at 1.2% of GDP in third quarter of 2023-24 (p. 2)
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The amendment specifies the process for obtaining citizenship for the groups that were extended citizenship under the Citizenship (Amendment) Act, 2019. It specifies the documents that must be provided with citizenship applications.

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Cinematograph (Certification) Rules, 2024 notified (p. 3)
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Pharmaceuticals Technology Upgradation Assistance Scheme revised (p. 11)
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Guidelines issued for various schemes under the National Green Hydrogen Mission (p. 12)
Guidelines have been issued for the research and development scheme, electrolyser manufacturing scheme, scheme for setting up hydrogen hubs, and the scheme for up-skilling individuals.

India signs trade agreement with European Free Trade Association (p. 14)
The EFTA comprises Switzerland, Norway, Iceland and Liechtenstein. The EFTA will commit to FDI of USD 100 billion in the next 15 years. India will provide tariff concessions on certain goods such as garments and machinery.
## Elections

**Arpita Mallick (arpita@prsindia.org)**

### Schedule of elections to Lok Sabha and four State Assemblies announced

The Election Commission of India announced the schedule for the general elections to Lok Sabha, and elections to four state Legislative Assemblies. The elections to Lok Sabha will be held in seven phases from April 19, 2024 to June 1, 2024. Votes will be counted on June 4, 2024.

Elections to the Legislative Assemblies of Andhra Pradesh, Arunachal Pradesh, Odisha and Sikkim will take place at the same time. Votes will be counted on June 4, 2024. Votes will be counted on June 4, 2024 for Andhra Pradesh and Odisha, and on June 2, 2024 for Arunachal Pradesh and Sikkim.

### High Level Committee recommends simultaneous elections

The High-Level Committee (Chair: Former President Mr. Ram Nath Kovind) constituted by the central government submitted its report on simultaneous elections. The committee was constituted in September 2023. Its terms of reference included examining feasibility and suggesting a framework for conducting elections to Lok Sabha, state Assemblies, and local bodies at the same time. Key observations and recommendations of the Committee include:

- **Rationale for simultaneous elections:** The Committee recommended that simultaneous elections be held in the country. It observed that simultaneous elections will help reduce costs. Frequent elections create an atmosphere of uncertainty. Simultaneous elections will ensure stability and predictability in governance by minimising disruption and policy paralysis caused by the enforcement of the Model Code of Conduct. It also noted that voter participation will increase. It cited a research paper which observed that simultaneous elections lead to higher economic growth, lower inflation, increased investments, and improved quality of government expenditure.

- **Implementation of simultaneous elections:** The Committee recommended a framework for holding simultaneous elections which will require Constitutional amendments. At the time of the next general election to Lok Sabha, all state assemblies and local bodies should be dissolved, irrespective of the remaining term as a one-time measure. This will synchronise all elections. The Committee recommended holding elections for Lok Sabha and all state assemblies at the same time, and that of local bodies within 100 days from these elections.

- Currently, a legislature is elected for the term of five years. Hence, a hung legislature at any point of time could necessitate mid-term elections. This would render the legislature out of synchronisation for the next simultaneous election. To address this issue, the Committee recommended that in such cases, fresh elections should be held for a reduced term. The reduced term will be equivalent to the remaining period of the five-year cycle till the next simultaneous election. For example, if fresh elections to a state Assembly or Lok Sabha is held two years after the simultaneous election, its term will be only three years. This will synchronise all elections every five years.

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

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## Macroeconomic Development

**Tushar Chakrabarty (tushar@prsindia.org)**

### Current account deficit at 1.2% of GDP in third quarter of 2023-24

India recorded a current account deficit of USD 10.5 billion (1.2% of GDP) in the third quarter (October-December) of 2023-24, lower than USD 16.8 billion (2% of GDP) in the corresponding quarter of 2022-23.*

In the second quarter (July-September) of 2023-24, the current account deficit was USD 11.4 billion (1.3% of GDP).

The capital account registered a net inflow of USD 17.4 billion in the third quarter of 2023-24 as compared to a net inflow of USD 28.9 billion in the third quarter of 2022-23. In the second quarter of 2023-24, net inflow into the capital account was USD 13 billion.

Foreign exchange reserves increased by USD 6 billion in the third quarter of 2023-24, lower than USD 11.1 billion in the corresponding quarter of 2022-23. In the second quarter of 2023-24, foreign exchange reserves increased by USD 2.5 billion.

### Table 1: Balance of payments, Q3 2023-24 (USD billion)

<table>
<thead>
<tr>
<th></th>
<th>Q3 2022-23</th>
<th>Q2 2023-24</th>
<th>Q3 2023-24</th>
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<tbody>
<tr>
<td>a. Exports</td>
<td>105.6</td>
<td>108.3</td>
<td>106.7</td>
</tr>
<tr>
<td>b. Imports</td>
<td>176.9</td>
<td>172.8</td>
<td>178.3</td>
</tr>
<tr>
<td>c. Trade balance (a-b)</td>
<td>-71.3</td>
<td>-64.5</td>
<td>-71.6</td>
</tr>
<tr>
<td>d. Net services</td>
<td>38.7</td>
<td>39.9</td>
<td>45.0</td>
</tr>
<tr>
<td>e. Other transfers</td>
<td>15.8</td>
<td>13.2</td>
<td>16.1</td>
</tr>
<tr>
<td>f. Current account (c+d+e)</td>
<td>-16.8</td>
<td>-11.4</td>
<td>-10.5</td>
</tr>
<tr>
<td>g. Capital account</td>
<td>28.9</td>
<td>13.0</td>
<td>17.4</td>
</tr>
<tr>
<td>h. Errors and omissions</td>
<td>-1.0</td>
<td>0.9</td>
<td>-0.8</td>
</tr>
<tr>
<td>i. Change in reserves</td>
<td>11.1</td>
<td>2.5</td>
<td>6.0</td>
</tr>
</tbody>
</table>

Source: RBI; PRS.
Law and Justice

Rutvik Upadhyaya (rutvik@prsindia.org)

Supreme Court strikes down immunity to legislators for accepting bribes for votes or speeches inside a legislature

The Constitution grants Members of Parliament (MPs) and Members of State Legislatures (MLAs/MLCs) immunity from criminal prosecution for their speeches and votes in the legislature (under Articles 105 and 194). 3 In 1998, the Supreme Court heard a case of bribes given to MPs for a vote on a no-confidence motion in Parliament. 5 It held that MPs who took a bribe to cast their vote in the House have immunity from criminal prosecution under Article 105(2). The reasoning was that the act of taking the bribe and casting the vote are related, and therefore, the immunity for the vote is extended to the bribe. The court further said that an MP who took a bribe but abstained from voting in the House does not enjoy such immunity.

In a separate case related to allegation of bribery on a MLA, a seven-judge bench of the Court has analysed the 1998 judgement. It has overruled the 1998 judgement. 7 It noted that the 1998 judgement creates a paradox where a legislator has immunity when he accepts a bribe and votes as agreed upon. However, a legislator who agrees to accept a bribe, but eventually votes independently is prosecuted.

The Court has held that a legislator cannot seek immunity under Articles 105 and 194 from prosecution on a charge of bribery in connection with a vote or speech in the legislature. The offence of bribery is independent of the performance of the agreed action. It does not matter whether the vote is cast as agreed or if the vote is cast at all. The offence of bribery is complete when the legislator accepts the bribe.

Home Affairs

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Amendment to Citizenship Rules notified

The Ministry of Home Affairs notified the Citizenship (Amendment) Rules, 2024. 8 These amend the Citizenship Rules, 2009 to provide the process for citizenship as per the Citizenship (Amendment) Act, 2019.9,10 The 2019 Amendment Act makes illegal migrants, who are Hindus, Parsis, Buddhists, Jains, Christians, or Sikhs from Afghanistan, Pakistan, or Bangladesh, eligible for citizenship. They must have entered India on or before December 31, 2014. Key features of the 2024 Rules include:

- **Documents required:** The applicant must provide a copy of any one proof of nationality issued by the government of Afghanistan, Pakistan or Bangladesh. These include copy of passport, birth certificate, any type of identity document, license or land records. The applicant must also provide any one of the specified documents that proves he entered India on or before December 31, 2014. These include copy of the visa and immigration stamp on arrival in India, ration card issued in India, rental agreement registered in India, insurance policies issued in India, or any letter issued by the government or Court to the applicant with official stamp. All such records will be admissible even beyond their validity. An applicant must also submit an eligibility certificate declaring their religion. This must be attested by a locally reputed community institution.

- **Verification and grant of citizenship:** A District-level Committee, headed by the jurisdictional Senior Superintendent or Superintendent of Post, will verify the application and administer the oath of allegiance. 11 It will submit the relevant documents to an Empowered Committee, headed by the Director of Census Operations of a State or UT, for verification. 11 If satisfied, the Empowered Committee will grant citizenship to the applicant. Under the 2009 Rules, applications are submitted to the relevant Collector. He verifies the application and then forwards it to the state government or UT administration. The application is then sent to the central government, which grants citizenship after completing all inquiries.

Information and Broadcasting

Pratinav Damani (pratinav@prsindia.org)

Cinematograph (Certification) Rules, 2024 notified

The Ministry of Information and Broadcasting notified the Cinematograph (Certification) Rules, 2024.12 The rules replace the Cinematograph (Certification) Rules, 1983 and retain most of its provisions.13 The Rules have been framed under the Cinematograph Act, 1952.14 They give effect to the provisions of the Cinematograph (Amendment) Act, 2023.15 Key features of the Rules include:

- **UA certification:** The Cinematograph (Amendment) Act, 2023 introduced markers indicating age appropriateness for UA certification. These are: (i) UA 7+, (ii) UA13+, and (iii) UA 16+. These allow for unrestricted public exhibition, subject to guidance of parents, for children below the specified age threshold. The Rules give effect to these changes under the Act.

- **Approving authority for content:** The 2024 Rules add that the approving authority for certification will be different based on the type and
length of the content. For instance, long theatrical releases (more than 72 minutes) will be approved by the Chairperson of the Board, whereas the dubbed version of the same will be approved by the concerned Regional Officer. Currently, the Board has nine regional offices.

- **Representation of women in Board:** The 1983 Rules stated that the central government may take steps to ensure the representation of women in the Board and advisory panels. Advisory panels are constituted at a regional level for the examination of films. The 2024 Rules specify that one-third of the members of the Board and advisory panels must be women. Also, women should preferably comprise half of the Board and advisory panels.

- **Invitation of experts for certification:** The Rules allow the Regional Officer to invite one or more subject or language experts in the field of film for the examination of a film. If the experts are not invited for the initial screening, the content may be re-screened for the experts, without any additional cost to the applicant.

**Comments invited on draft Cinematograph (Adjudication of Penalty) Rules 2024**

The Ministry of Information and Broadcasting has released the draft Cinematograph (Adjudication of Penalty) Rules, 2024 for public feedback. The Rules prescribe the manner in which penalties will be levied by an authorised officer and the procedure for appeals. Penalties are levied for violations of the provisions of the Cinematograph Act, 1952. These include: (i) tampering a film after certification, (ii) exhibition of a non-certified film, and (iii) showcasing films rated ‘A’ to minors. Key features of the draft Rules include:

- **Officers authorised to decide penalties:** The central and state government may authorise officers at Under-Secretary level or above, for deciding penalties. State governments may also authorise officers equal to or above the rank of: (i) Additional District Magistrates, (ii) Additional Collectors, or (iii) Additional Deputy Commissioners of a district.

- **Powers of authorised officers:** Authorised officers shall exercise certain powers to investigate violations. These include: (i) entering or authorising another officer to enter a place of exhibition, (ii) summoning individuals related to the case, and (iii) order for evidence considered relevant, such as CCTV footage and ticket scans.

- **Factors determining quantum of penalty:** Authorised officers must give due regard to the following factors while deciding a penalty under the Act: (i) nature of the violation, (ii) amount of disproportionate gain or advantage made due to the violation, and (iii) repetition of the violation. The order deciding the penalty must be passed within 90 days of issuing the notice.

- **Appellate process:** Appeals against orders of authorised officers may be made before the appellate authority. The appellate authority appointed must be the level of: (i) Deputy Secretary or Deputy Director of the central government, or (ii) District Magistrate of the relevant district. Appeals must be filed within 30 days of the order by the authorised officer. The appellate authority, where possible, shall decide appeals within six months.

Comments are invited until April 14, 2024.

**Guidelines for accessibility standards for public exhibition of films released**

The Ministry of Information and Broadcasting released Guidelines for Accessibility Standards in the Public Exhibition of Feature Films in Cinema Theatres for Persons with Hearing and Visual Impairment. The Guidelines have been issued under the Rights of Persons with Disabilities Act, 2016. The Guidelines are applicable to films certified by the Board of Film Certification for exhibition in cinemas. Key features of the Guidelines include:

- **Accessibility standards:** The Guidelines prescribe standards for audio descriptions and closed/open captions. Standards include: (i) keeping audio descriptions concise, and (ii) ensuring that captions are accurate, synchronised with video, and complete. The Guidelines also lay down standards for the use of sign language superimposed in movies.

- **Implementation of standards:** Accessibility features will be provided by the producer of the film. While applying for certification, the digital cinema package must contain relevant files for audio descriptions, closed/open captioning, and sign language. The Guidelines also prescribe methods of deploying the features in theatres using additional equipment. These include: (i) using headphones/earphones for audio captions, (ii) using mobile apps for captions or descriptions, or (iii) smart glasses for captions. At least two to five equipment must be available per 200 seats. The equipment must be provided by the theatre.

- **Feature films must include accessibility features, and cinema theatres must provide accessibility equipment, within two years of the Guidelines being issued. However, feature films that require certification in more than one language must include at least one accessibility feature for the hearing and visually impaired (each) within six months of the issuance of the Guidelines. Films submitted for consideration at film festivals organised by the Ministry of Information and Broadcasting must include closed captions and audio descriptions by January 1, 2025."
Corporate Affairs

Tushar Chakrabarty (tushar@prsindia.org)

Report on digital competition law submitted, along with a draft Digital Competition Bill

The Committee on Digital Competition Law was constituted to evaluate the need for an ex-ante competition framework for digital markets in India. In its report, the Committee also published a draft Bill to give effect to its recommendations. Observations and recommendations of the Committee include:

- **Need for ex-ante regulation of digital competition**: The Committee noted that the current ex-post framework (intervening after an event occurs) under the Competition Act, 2002, does not facilitate timely redressal of anti-competitive conduct by digital enterprises. It observed that the present framework may not be effective to address the irreversible tipping of markets in favour of large digital enterprises (permanent dominance of a firm in relevant market). The Committee recommended enacting the Digital Competition Act to enable the Competition Commission of India (CCI) to selectively regulate large digital enterprises in an ex-ante manner (intervening before an event occurs). The proposed legislation should only regulate enterprises that have a significant presence and the ability to influence Indian digital market.

- **Systemically Significant Digital Enterprises (SSDEs)**: The Committee noted that certain features of digital markets allow digital enterprises to swiftly gain influence. These features include: (i) collection of user data which can allow large incumbent enterprises to enter related markets, (ii) network effects where utility of a service increases when number of users consuming the service increases, and (iii) economies of scale wherein incumbents can offer digital services at lower costs as compared to new entrants. The Committee recommended designating entities offering certain core digital services as SSDEs for ex-ante regulation, which are susceptible to market concentration. These include search engines, social networking services, operating systems, and web browsers.

- **Obligations of SSDEs**: The draft Digital Competition Bill, 2024, as recommended by the Committee, prohibits SSDEs from carrying out certain practices. These include: (i) favouring their own products and services or those of related parties, (ii) use non-public data of business users operating on their core digital service to compete with those users, (iii) restrict users from using third-party applications on their core digital services, and (iv) requiring or incentivising users of an identified core digital service to use other products or services offered by the SSDE.

Comments on the report and the draft bill are invited by April 15, 2024.

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

**Competition Commission of India notifies commitment and settlement regulations**

The Competition Commission of India (CCI) notified the Competition Commission of India (Commitment) Regulations, 2024, and the Competition Commission of India (Settlement) Regulations, 2024. These Regulations have been notified under the Competition Act, 2002, which was amended in 2023 to provide for the commitment and settlement commitment framework. The amended Act allows enterprises to offer certain commitments (such as change in market behaviour) or pay settlement. This applies to entities against whom inquiry has been initiated by CCI for anti-competitive agreements or abusing their dominant position. Key features of the 2024 Regulations include:

- **Commitment**: A commitment application must be filed with CCI within 45 days from receiving the order passed by CCI to initiate investigation. The CCI may pass orders agreeing to or rejecting the commitments offered. The entire process must be completed in 130 working days from the receipt of the commitment application. CCI’s order on the commitment will not be considered as a finding of contravention against the applicant. The effectiveness of the commitments offered will be measured against factors such as: (i) nature, duration, and extent of the alleged contravention, (ii) if the commitment terms address the competition concerns, and (iii) if the commitment terms make the markets more competitive.

- **Settlement**: A settlement application must be made within 45 days from receiving the investigation report of the Director General of CCI into the alleged contraventions. CCI can pass orders agreeing to or rejecting the settlement proposal. The entire process must be completed within 180 working days from the receipt of the settlement application. The settlement amount would be determined by applying a discount of 15% on a base amount. This base amount can extend to the maximum penalty that can be levied by CCI in cases of anti-competitive agreements or abuse of dominant position. The settlement order passed by the CCI will not be considered as a finding of contravention against the applicant.

**Ministry of Corporate Affairs revises threshold for regulation of combinations**

The Ministry of Corporate Affairs revised the minimum threshold of assets and turnover for regulation of combinations under the Competition Act, 2002. The Act provides the minimum threshold value of assets and turnover for combinations (implying mergers, acquisitions, or amalgamation of...
Enterprises). Combinations falling above this threshold are examined by the Competition Commission of India to ensure that they would not lead to an adverse effect on market competition. The Act empowers the central government to change this threshold every two years based on wholesale price index, fluctuations in exchange rate, or other relevant factors.

### Table 2: Changes in thresholds for domestic combinations (Rs crore)

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Old</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enterprise Level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>2,000</td>
<td>2,500</td>
</tr>
<tr>
<td>Turnover</td>
<td>6,000</td>
<td>7,500</td>
</tr>
<tr>
<td>Group level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets</td>
<td>8,000</td>
<td>24,000</td>
</tr>
<tr>
<td>Turnover</td>
<td>10,000</td>
<td>30,000</td>
</tr>
</tbody>
</table>

Source: S.O. 1130(E), Ministry of Corporate Affairs.

### Finance

**Tushar Chakrabarty (tushar@prsindia.org)**

**RBI amends directions for issuance and conduct for credit and debit cards**

The Reserve Bank of India (RBI) notified amendments to the RBI (Credit Card and Debit Card – Issuance and Conduct) Directions, 2022.28,29 The 2022 Directions provide the framework for issuance and conduct of credit and debit card business. Key features of the amendments include:

- **Business credit cards**: The Directions allow issuers to issue business credit cards to business entities/individuals for business expenses. The amendments specify that issuers must put in place mechanisms to monitor the end use of funds.

- **Form of credit cards**: Currently, banks are allowed to issue debit cards to users in other forms such as wearables instead of plastic cards. The amendments allow banks to issue credit cards in other forms as well.

- **Blocking of cards**: If issuers block, deactivate, or suspend a card at their discretion, they must follow a standard operating procedure. Such actions must also be immediately communicated to the cardholder along with reasons through electronic and other modes.

**RBI allows customers to choose card networks for credit cards**

The Reserve Bank of India (RBI) has allowed customers to choose card networks for credit cards.30 Currently, authorised card networks (such as MasterCard and Visa) tie-up with banks and non-banks for issuance of credit cards. The network for a card issued to a customer is decided by the issuer. RBI has observed that some arrangements between card networks and card issuers are not conducive for customer choice. RBI has decided that: (i) issuers will not enter into agreements with card networks that restrain the issuers to avail services of other card networks, and (ii) issuers must provide an option to eligible customers to choose from multiple card networks at the time of issue. These directions will not apply to issuers who issue credit cards on their own card networks. Issuers with up to 10 lakh active cards will also not be required to provide the option to their customers to choose their card networks.

**RBI issues framework for self-regulatory organisations**

The Reserve Bank of India (RBI) released a framework for recognising self-regulatory organisations (SROs) for regulated entities.31 RBI noted that with the increase in number and scale of regulated entities, a need was felt to develop better industry standards for self-regulation. Entities regulated by the RBI include banks, non-banking finance companies, and payment system operators. SROs can improve effectiveness of regulations through technical expertise and aid in framing regulatory policies. Key features include:

- **Process for recognition**: An interested SRO may apply to RBI for recognition. For this, it must meet certain eligibility criteria. These include: (i) being registered as a not-for-profit company, (ii) representing the sector and having specified membership, and (iii) its directors must have professional competence and have general reputation of fairness and integrity.

- **Adherence to specified principles**: An SRO should: (i) derive authority from membership agreements to set ethical and governance standards, (ii) establish objective and consultative processes to make rules for conduct of its members, (iii) develop standards for improving compliance culture, and (iv) have surveillance methods for effective monitoring of the sector.

- **Responsibilities towards members**: The primary responsibility of the SRO towards its members will be to promote best business practices. Other responsibilities include: (i) framing and monitoring adherence to the code of conduct for its members, (ii) developing a uniform and non-discriminatory membership fee structure, (iii) establishing a grievance redressal and dispute resolution/ arbitration framework for its members, and (iv) promoting knowledge of statutory/regulatory provisions.

- **Membership criteria**: SROs should have a good mix of members at all levels to represent the sector holistically. The membership criteria will be prescribed by RBI. Membership to an SRO will be voluntary. The minimum prescribed membership...
must be attained within two years from the grant of recognition to the SRO.

**IRDAI notifies regulations for insurance products**

The Insurance Regulatory and Development Authority of India (IRDAI) notified the IRDAI (Insurance Products) Regulations, 2024. The Regulations provide a framework for designing insurance products and sets up committees to design the products. It seeks to repeal several regulations including: (i) the IRDAI (Micro Insurance) Regulations, 2015, (ii) the IRDAI (Health Insurance) Regulations, 2016, and (iii) the IRDAI (Unit Linked Insurance Products) Regulations, 2019.

Key features include:

- **Design and pricing**: Design and pricing of insurance products must adhere to certain criteria. These include: (i) ensuring evolving risk coverage needs of customers, (ii) simple-to-understand products, (iii) premium rates not being excessive, inadequate, or discriminatory, and (iv) factoring in all relevant risks while pricing products.

- **Product Management Committee**: The Board of every insurer must constitute a Product Management Committee. Responsibilities of the Committee include ensuring: (i) appropriate product design for the target market, (ii) regulatory compliance, (iii) periodic reviews of product performance, and (iv) modification or withdrawal of the product, if required.

- **Review of products**: All insurance products must be reviewed at least once a year by the appointed actuary. The review should consider: (i) reasonable expectations of all stakeholders, (ii) financial viability of the product, (iii) emerging risk and experience under the product, and (iv) any other relevant factors.

**IRDAI issues regulations for protection of interest of policyholders**

The Insurance Regulatory and Development Authority of India (IRDAI) notified the IRDAI (Protection of Policyholders’ Interests, Operations and Allied Matters of Insurers) Regulations, 2024. The Regulations propose to supersede multiple regulations dealing with subjects such as insurance premiums, issuance of insurance policies, and protection of policyholders’ interests. The Regulations will apply to all insurers and distributors, barring entities engaged exclusively in the reinsurance business. Key features include:

- **Principles for serving policyholders**: Insurers must follow certain principles for servicing policyholders. These include: (i) providing the necessary information about various services, (ii) delivering services within a reasonable time, and (iii) not pressuring policyholders to change products or switch providers.

- **Free look period**: Policyholders of life and individual health insurance policies must be provided with a 30-day free look period from the date of receiving the policy document. If the policyholder disagrees with any conditions of the policy within this period, he may choose to cancel the policy. On cancellation of the policy, the premium paid must be refunded to the policyholder. Currently, a free look period of 15 days is allowed in case of physical policies and 30 days for electronic policies and those obtained through distance mode.

- **Issuance of insurance policies**: All insurers must have a board-approved policy regarding issuance of insurance policies in the electronic form. It should cover: (i) measures to safeguard data privacy, (ii) framework on data security, and (iii) continuous review and upgradation of cyber security safeguards.

**IRDAI issues insurance electronic marketplace regulations**

The Insurance Regulatory and Development Authority of India (IRDAI) notified the IRDAI (Bima Sugam – Electronic Marketplace) Regulations, 2024. Bima Sugam will be a digital public infrastructure for purchasing insurance policies, settling claims, and grievance redressal. Key features include:

- **Establishment**: Bima Sugam will be established by a not-for-profit company formed under the Companies Act, 2013. The company will be responsible for operating and maintaining the electronic marketplace. The company’s shareholding will be distributed amongst life insurers, general insurers, and health insurers.

- **Functions**: The functions of the electronic marketplace and the company include: (i) creating end-to-end digital solutions for the insurance sector, (ii) implementing consent-based architecture for its services, (iii) storing, maintaining, and processing data as per applicable laws, and (iv) allowing fair and open access to its services. The company must have a self-sustainable revenue model. Customers will not be charged for using the marketplace.

**SEBI approves various decisions at board meeting**

The Securities and Exchange Board of India (SEBI) approved various decisions at its board meeting. Key decisions include:

- **Same-day settlement**: SEBI approved the launch of same-day settlement for certain securities on a pilot basis. The new framework will be reviewed at the end of three months and six months from the date of implementation, based on which SEBI will decide the future course of action.
• **Exemption from additional disclosures for certain FPIs:** SEBI approved exempting additional disclosures for certain foreign portfolio investors (FPIs). These FPIs must have more than 50% of their Indian equity investments in a single corporate group. The disclosures relate to ownership, economic interest, or control in the FPI. In case of concentrated holding of FPIs in listed companies with no identified promoters, two conditions must be met for exemption from additional disclosures. The first condition is that the FPI does not hold more than 50% of its Indian equity investments in the corporate group. This would exclude its investment in the parent company with no promoter. The second condition is that the composite FPI holdings in the company with no identified promoter is less than 3% of its total equity capital.

• **Relaxations for listed companies:** Amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 were approved to facilitate ease of doing business. These include: (i) determining market capitalisation based compliances for listed companies on the basis of average market capitalisation of six months instead of a single day, (ii) extending the timeline for filling vacancies of key managerial personnel from three months to six months, and (iii) increasing the permitted gap between two consecutive meetings of the risk management committee from 180 days to 210 days.

**SEBI notifies regulations for index providers**

The Securities and Exchange Board of India (SEBI) notified the SEBI (Index Providers) Regulations, 2024. Index providers are persons who control the creation, operation, and administration of a benchmark or index (such as those tracking stocks or commodities). It includes: (i) calculation of the index, (ii) determining the index methodology, and (iii) dissemination of the index. The Regulations will apply to index providers that administer significant indices of securities listed on a recognised Indian stock exchange for use in Indian securities market. Significant indices are those that are tracked by mutual fund schemes with a specified amount of assets under management. Key features include:

• **Registration:** Index providers must register with SEBI. Existing index providers will have six months to apply for the registration. Applicants must meet certain eligibility criteria such as: (i) must be an entity incorporated under the Companies Act, 2013, (ii) have a minimum net worth of Rs 25 crore, and (iii) they possess the necessary infrastructure and human resources to conduct the business of an index provider.

• **Oversight committee:** The index provider must form an oversight committee to govern the benchmark determination process. The committee will consist of individuals with experience and knowledge in the subject. Functions of the committee include: (i) reviewing the need for change in index design or computation methodology, (ii) overseeing the introduction of new financial benchmarks, and (iii) reviewing the procedures for discontinuation of an index.

• **Quality of the index:** The index design must represent the underlying interest which the index seeks to measure. The index must be calculated using data that is sufficient to represent the underlying interest. Guidelines regarding data inputs and the manner of using the data must be available in the public domain.

• **Dispute resolution:** The index provider must create a dispute resolution mechanism for disputes between the index provider and subscribers.

**SEBI introduces framework for small and medium REITs**

The Securities and Exchange Board of India (SEBI) notified amendments to the SEBI (Real Estate Investment Trusts) Regulations, 2014. Real Estate Investment Trusts (REITs) pool money from investors to invest in real estate assets. Income from such assets is then distributed among the investors. Key changes under the 2024 amendments include:

• **Definition of REIT:** The 2014 Regulations define REIT as a trust registered under the regulations. The 2024 amendment specifies that REIT refers to a person who pools at least Rs 50 crore from at least 200 investors to acquire and manage real estate assets or properties. This would entitle the investors to receive income generated from such assets without giving them management control.

• **Small and medium REIT:** Assets that can be acquired under a scheme of small and medium REITs will be of value between Rs 50 crore and Rs 500 crore. It should have at least 200 unitholders, excluding the investment manager of the REIT, its related parties, and associates.

• **Eligibility:** For registration, the small and medium REIT must meet certain criteria such as: (i) the registration application being made by the investment manager on the trust’s behalf, (ii) the investment manager having a net worth of at least Rs 20 crore with at least two years’ experience in the real estate industry or in real estate fund management, and (iii) at least half of the directors of the investment manager are independent.
Industry

Scheme to promote domestic manufacturing of electric vehicles notified

Pratinav Damani (pratinav@prsindia.org)

The Ministry of Heavy Industries notified the Scheme to Promote Manufacturing of Electric Passenger Cars in India.44 The scheme will offer reduced import duty on Electric Vehicles (EVs) to global manufacturers, provided that manufacturers commit to domestic manufacturing. Key features of the scheme include:

- **Eligibility:** The scheme is open to global automotive manufacturers with a minimum annual revenue of Rs 10,000 crore. The manufacturer must commit to invest at least Rs 4,150 crore (~USD 500 million) over a period of three years for manufacturing EVs in India. The manufacturer must achieve 25% domestic value addition within three years of approval, and 50% within five years.

- **Incentive:** The scheme offers manufacturers a reduced import duty of 15% on completely imported EVs for five years from the date of approval. Currently, import duties range from 70% to 100%. The imported EVs must have a minimum Cost, Insurance and Freight (CIF) value of USD 35,000. The number of EVs a manufacturer can import will be determined based on: (i) the maximum duty foregone, and (ii) the amount of committed investment.

- **Bank guarantee:** The manufacturer will be required to submit a bank guarantee of Rs 4,150 crore or the quantum of duty forgone, whichever is higher. The guarantee will be invoked if the manufacturer fails to meet targets regarding investment and domestic value addition.

Electric Mobility Promotion Scheme notified

Tushar Chakrabarty (tushar@prsindia.org)

The Ministry of Heavy Industries notified the Electric Mobility Promotion Scheme, 2024.45 The scheme aims to promote faster adoption of electric two and three-wheeler vehicles (EVs) (including e-rickshaws). It will have an outlay of Rs 500 crore. It will be implemented over four months between April and July 2024. This scheme will be implemented on the conclusion of the second phase of Faster Adoption and Manufacturing of Hybrid & Electric Vehicles in India (FAME) scheme on March 31, 2024. Key features include:

- **Incentive to consumers:** Consumers will be able to purchase EVs at a reduced price. The manufacturer will be reimbursed by the central government for the sale of vehicles at such reduced prices. Incentive of Rs 5,000 per kWh will be provided for two and three-wheeler EVs. The incentives will be capped depending on the category of the EV. The scheme will mainly cover commercial vehicles and those used for public transport. However, two wheeler EVs owned privately or by corporates will also be incentivised.

- **Claiming incentives:** In order to claim the incentive from the government, manufacturers must meet certain criteria. These include: (i) registration with the Ministry of Heavy Industries and approval for each of their electric vehicle models, (ii) each vehicle model satisfying minimum technical eligibility criteria for performance and efficiency, and (iii) the vehicle must be manufactured in India.

Environment

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Amendments to Plastic Waste Management Rules, 2016 notified

The Ministry of Environment, Forest and Climate Change notified amendments to the Plastic Waste Management Rules, 2016.46,47 The Rules specify responsibilities of entities engaged in production and sale of plastics. The amendments add obligations for manufacturers of biodegradable plastic. Key features of the amendments include:

- **Biodegradable plastic manufacturers:** The amendments change the definition of biodegradable plastics from ‘plastic that decomposes in ambient environment’ to plastic that decomposes in specific environments such as landfills. Such plastics must bear separate markings and labels issued by the Bureau of Indian Standards and the Food Safety and Standards Authority of India. Manufacturers of compostable/biodegradable plastic products must obtain a certificate from the Central Pollution Control Board (CPCB) before marketing or selling.

- **Entities obligated to fulfil EPR:** Sellers and manufacturers of plastic products are required to fulfil extended producer responsibility (EPR) obligations. These include reusing and recycling plastic packaging, and disposing end-of-life plastics. The amendments also change which entities will be obligated to fulfil these responsibilities. Under the 2016 Rules, obligated entities included producers of plastic packaging. The amendments exempt MSME producers. Certain obligations of MSME will be fulfilled by their raw material suppliers. However, the MSMEs will have to meet targets related to using recycled plastic. The amendments also add manufacturers/ importers of plastic raw material, and manufacturers of biodegradable/ compostable plastic items as obligated entities.
- Trading EPR certificates: The Rules permit trading EPR certificates. The amendments specify that the price of the certificate will be determined by the CPCB, subject to certain limits. The minimum price will be 30% of the compensation payable by non-complying entities, and the maximum price will be 100% of the compensation.
- Raw material for single use plastics: The amendments prohibit manufacturers and importers of plastic raw material from supplying to entities that manufacture single use plastic items that are prohibited by law.

**Amendments to Battery Waste Management Rules, 2022 notified**

The Ministry of Environment, Forest and Climate Change notified amendments to the Battery Waste Management Rules, 2022.48,49,50 The Rules require battery producers to meet extended producer responsibility (EPR) obligations related to recycling and refurbishing battery waste. EPR certificates may be traded to fulfill EPR obligations. Key features of the Amendments are:

- **Price of EPR certificates:** Under the 2022 Rules, the Central Pollution Control Board (CPCB) is responsible for regulating price of EPR certificates. The CPCB must specify the minimum price and the maximum price for the EPR certificates. The price must factor in the cost of collection, environmental compensation, and sound management of waste batteries.

- The amendments specify that the price of EPR certificates will entirely depend on the compensation to be levied on non-complying producers. Under the 2022 Rules, guidelines for the compensation are prepared by the CPCB and fixed by the Ministry. It is based on the ‘polluter pays’ principle. As per the amendments, the minimum price of an EPR certificate will be 30% of the compensation, and the maximum price will be 100% of compensation.

- **Guidelines on compensation:** Under the 2022 Rules, the CPCB is empowered to levy a compensation in case of non-compliance with EPR obligations. An implementation committee, constituted by CPCB prepares and recommends guidelines for imposing and collecting the compensation. As per the 2024 amendments, CPCB will prepare and recommend the guidelines. CPCB may consult the implementation committee during the process.

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**Health**

**Uniform Code for pharmaceutical marketing practices released**

Rutvik Upadhyaya (rutvik@prsindia.org)

The Department of Pharmaceuticals released the Uniform Code for Pharmaceutical Marketing Practices, 2024.51 The Code regulates the branding and promotion of pharmaceutical products in the country, and establishes a committee to handle related grievances. All Indian Pharmaceutical Associations are required to upload the Code and provide the detailed procedure for lodging complaints under the same, on their websites. Key features of the Code include:

- **Promotion:** Promotional material aimed at healthcare professionals must contain details such as: (i) the name of the relevant drug, (ii) active ingredients, (iii) recommended dosage and method of use, and (iv) possible side effects. Promotional material published in journals must not resemble their subject matter. No promotional material can use identifiers of any healthcare professional.

- Brand reminders can only be disseminated through educational items (such as books and diaries) worth less than Rs 1,000 each and free drug samples. Brand reminders are items handed out by a company to promote its products. Free samples should be handed over directly to a person who is qualified to prescribe it or someone authorised to receive it on their behalf. The quantity of such samples must not exceed the prescribed dosage for three patients.

- **Claims:** Claims about the usefulness of a drug must be based on the latest evidence. Prohibited claims include: (i) calling a drug or therapeutic practice new if it has been generally available for over a year, (ii) calling a drug safe without qualification, and (iii) claiming it to be without side-effects. The Code also prohibits non-consensual use of brand names of products of other companies, and deprecating them.

- **Ethics Committee:** An Ethics Committee for pharma marketing practices must be set up in each pharmaceutical association to address complaints regarding compliance with the Code. It will consist of three to five members. The Committee should pass an order within 90 days of receiving a complaint. Violation of the Code will be punished with penalties including: (i) monetary recovery, (ii) corrective statements in the media, or (iii) expulsion from the association. An appeal against the Committee’s decision can be filed within 15 days before an Apex Committee headed by the secretary of the Department of Pharmaceuticals.
Revamped Pharmaceuticals Technology Upgradation Assistance Scheme approved
Tanvi Vipra (tanvi@prsindia.org)

The Ministry of Chemicals and Fertilisers approved the Revamped Pharmaceuticals Technology Upgradation Assistance Scheme. The original scheme sought to facilitate pharmaceutical MSMEs to meet national and international regulatory standards. It also provided interest subvention on capital loans. Key features of the revamped scheme include:

- **Applicability expanded**: Under the original scheme, MSMEs were provided with interest subvention for meeting regulatory standards. The revamped scheme expands eligibility to include pharmaceutical manufacturing units include those whose average three-year turnover is below Rs 500 crore. However, preference will be given to MSMEs. An enterprise whose turnover is below Rs 250 crore is classified as an MSME.

- **Support for complying with new standards**: The revamped scheme supports a broader range of technological upgrades as global manufacturing standards have been revised. Under the original scheme, support was provided for upgrades such as heating, ventilation and air conditioning (HVAC) systems, stability testing chambers, and automatic particle counters for sterile areas. In addition to support for these upgrades, the revised scheme will cover clean room facilities, effluent treatment, and water and steam utilities.

- **Turnover-based incentive structure**: Incentive will be calculated as a percentage of actual investment made. It will also be linked to the average turnover in the past three years (see Table 3). The incentive per entity will be capped at one crore rupees.

**Table 3: Incentive structure under the Revamped Pharmaceuticals Scheme**

<table>
<thead>
<tr>
<th>Turnover</th>
<th>Incentive (as % of investment)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than Rs 50 crore</td>
<td>20%</td>
</tr>
<tr>
<td>Rs 50 - 250 crore</td>
<td>15%</td>
</tr>
<tr>
<td>Rs 250 - 500 crore</td>
<td>10%</td>
</tr>
</tbody>
</table>

Sources: Press Information Bureau; PRS.

Committee for reforms in pricing framework of drugs and medical devices constituted
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The Department of Pharmaceuticals constituted a committee for reforms in the pricing framework for drugs and medical devices. The Committee will have three core members. These are the Secretary and Senior Economic Advisor of the Department of Pharmaceuticals, and the Chairman of the National Pharmaceutical Pricing Authority (NPPA). The Secretary General of the Indian Pharmaceutical Alliance, and the Chief Executive Officer of the Indian Drugs Manufacturer’s Association will be special invitees to the Committee.

Terms of Reference of the Committee include: (i) institutional reforms in the NPPA, (ii) designing a price moderation framework for medical devices and emerging therapies, and (iii) balancing price and availability of essential medicines. It will also draft a New Drugs and Medical Devices (Control) Order to give effect to its recommendations. The Committee will submit its report in three months.

Regulations for new homoeopathic colleges, courses, and expansion of seats notified
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The National Commission for Homoeopathy released the Establishment of New Homoeopathic Medical Institution (Opening of New or Higher Course of Study or Training and Increase of Intake Capacity by a Medical Institution), Regulations, 2024. These have been notified under the National Commission for Homoeopathy Act, 2020 and replace the 2011 regulations. They provide criteria and norms to be adhered to while opening new homoeopathic colleges, offering new courses, and expanding academic intake. Key features of the 2024 Regulations include:

- **Eligibility**: For the purposes stated above, an institution must possess a no-objection certificate from the state department of AYUSH or health. Certificates granted for opening a new institution or starting another course shall have a validity of three years. Institutions must also obtain a consent of affiliation from a university. To introduce a new course or expand intake, an institution must be offering undergraduate courses for 5.5 years and post-graduate courses for three years.

- **Institutions must also furnish bank guarantees to the Commission depending upon the purpose of application. For instance, a guarantee of Rs 2.5 crore should be furnished for opening a new institution. For expanding intake, this guarantee should be of five lakh rupees per postgraduate seat (PG) and four lakh rupees per 10 undergraduate seats (UG).**

- **Intake**: The annual intake capacity will be a maximum of 100 seats for UG courses and 10 seats for PG courses. The first permission for expanding PG seats will be granted for seven seats.

- **Infrastructure and staff**: All medical institutions are required to comply with minimum standards of infrastructure and staffing. These are specified under regulations governing minimum essential standards for homoeopathic colleges and attached hospitals. New medical colleges must comply with these in a phased manner. For instance, before the admission of the first batch of students,
an institution must have facilities such as: (i) a fully functioning homoeopathic hospital for at least one year, (ii) a fully functional pharmacy, (iii) all teachers with requisite qualifications, and (iv) round the clock availability of medical services.

**New and Renewable Energy**

*Pratinav Damani (pratinav@prsindia.org)*

**Guidelines issued for schemes under the National Green Hydrogen Mission**

The Ministry of New and Renewable Energy has issued guidelines for various schemes under the National Green Hydrogen Mission. The National Green Hydrogen Mission was launched in January 2023 to boost the production and development of green hydrogen. Schemes under the Mission include: (i) research and development (R&D), (ii) incentives for electrolyser manufacturing (a device to convert water into hydrogen and oxygen), (iii) skill development, and (iv) setting up of hydrogen hubs. Key features of the guidelines include:

- **R&D scheme**: Financial support (for the cost of the project) will be provided for R&D in areas such as hydrogen production, storage, testing, and transportation. Entities eligible to receive support include academic institutions, R&D institutions, and government institutions/public sector undertakings. Projects will be divided into short term (up to five years), mid-term (up to eight years), and long term (up to 15 years), depending on existing capabilities. The scheme will have a budgetary outlay of Rs 400 crore till 2025-26.

- **Electrolyser manufacturing**: The scheme provides financial incentives to support domestic manufacturing of electrolyser. The scheme will have a total outlay of Rs 4,440 crore, and provide an incentive per kilowatt of manufacturing capacity. Companies must have a net worth of one crore rupees per megawatt of manufacturing capacity to be eligible. Smaller manufacturers (with a net worth of Rs 30 lakh per megawatt or higher) are also eligible under a separate tranche of the scheme.

- **Setting up hydrogen hubs**: Regions that can support large scale production/utilisation of hydrogen will be identified and developed as hydrogen hubs. Support will be provided for core infrastructure such as storage and transportation and water treatment facilities. The scheme has an outlay of Rs 200 crore till 2025-26.

- **Skill development**: This scheme seeks to carry out skilling, and design curricula for schools and higher educational institutions. Individuals aged between 18-45 years, who fulfil the required job criteria, will be eligible for training. Training institutes include higher education institutions, PM

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**Regulations for assessment of new and existing homoeopathic colleges released**

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The National Commission for Homoeopathy released the National Commission for Homoeopathy (Assessment and Rating of Medical Institutions) Regulations, 2024. These Regulations have been notified under the National Commission for Homoeopathy Act, 2020 and replace the Homoeopathy Central Council (Inspectors and Visitors) Regulations, 1982. The Act sets up the National Commission for Homoeopathy to regulate education and practice of homoeopathy. The Regulations provide a process for assessing new and existing homoeopathic medical colleges in their compliance with minimum standards of education and infrastructure. This assessment will be done by the Medical Assessment and Rating Board for Homoeopathy. Key features of the 2024 regulations include:

- **Process of assessment**: All eligible homoeopathic medical institutions must undergo assessment five years after establishment and every year thereafter. Along with the application, they must submit a fee to the Medical Assessment and Rating Board that ranges from Rs 25,000 to five lakh rupees, depending upon the purpose of assessment and level of education being assessed. Based on the assessment, institutions will be rated. Rating should be based on criteria such as: (i) infrastructure, (ii) human and financial resources, (iii) teaching pedagogy and (iv) staff and student welfare. Standards for the same are notified in specific regulations for the same. Failure to comply with standards may lead to the Board: (i) reducing the intake of seats, (ii) denying further admissions, or (iii) recommending de-recognition of the college.

- **Existing institutions that have been established for over five years and have received approval during previous three years can get an extension. The extension will be for another year of admissions based on self-declaration.**

- **Inspection**: For assigning ratings, institutions will be assessed via inspections. Inspections will be carried out by inspectors or independent rating agencies. Inspectors must possess a recognised post-graduate degree in homoeopathy and at least five years of professional experience with the government or an autonomous body. Inspections can be conducted in a physical, online, or hybrid mode. Ratings must be published annually on the website of the National Commission for Homoeopathy. Providing forged information, having ghost teachers, or failing to rectify deficiencies in time can attract a monetary penalty.
Kaushal Kendras, and industrial enterprises. The outlay for the scheme is Rs 35 crore until 2029-30.

**Power**

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**Tariff regulations for generation and transmission notified**

The Central Electricity Regulatory Commission (CERC) notified the CERC (Terms and Conditions of Tariff) Regulations, 2024.69 These Regulations have been notified under the Electricity Act, 2003, which regulates generation, transmission, and distribution of power.70 The 2024 Regulations will apply to tariff determination by CERC in cases of: (i) purchase of power from central public sector generators and other generators operating in more than one state, and (ii) use of inter-state transmission systems. The 2024 Regulations will be applicable from April 2024 to March 2029. Several aspects in the 2024 Regulations are similar to the 2019 Regulations, which were notified under the Electricity Act, 2003, which regulates generation, transmission, and distribution of power.70

Key features of the 2024 Regulations are as follows:

- **Rate of return**: The CERC sets a tariff structure that provides for a fixed rate of return on investments besides recovering all other costs incurred. For changes in the rate of return, see Table 4.

<table>
<thead>
<tr>
<th>Project category</th>
<th>Existing Projects</th>
<th>Projects commissioned on or after April 1, 2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission</td>
<td>15.5%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Thermal power</td>
<td>15.5%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Hydro power</td>
<td>15.5%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Storage-type hydro power including pump storage systems</td>
<td>16.5%</td>
<td>17.0%</td>
</tr>
</tbody>
</table>

Sources: CERC; PRS.

- **Capital costs**: Power tariff has two parts, fixed and variable. Fixed costs include return on investment, depreciation, and interest on capital. Capital costs for a project include any capital cost approved by CERC, including capital expenditure on account of modernisation. The Regulations add that capital costs for existing thermal power projects will also include expenditure on account of biomass handling equipment, and any changes in law. For new projects, these costs were already included under the 2019 Regulations, and the 2024 Regulations maintain that. For hydro projects, capital costs will also include spending towards developing local infrastructure (up to Rs 10 lakh per megawatt of installed capacity).

**Road Transport and Highways**

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**Vehicle scrapping rules amended**

The Ministry of Road Transport and Highways notified amendments to the Central Motor Vehicles (Registration and Functions of Vehicle Scrapping Facility) Rules, 2021.72,73 The Rules have been made under the Motor Vehicles Act, 1988.74 The Act provides for registration of motor vehicles. The Rules provide for scrapping end of life vehicles. Key features of the Amendments are:

- **Obtaining consent to establish**: Vehicle scrapping facilities must obtain consent before establishing a facility. The Amendments change the authority that will provide this consent from the Transport Commissioner of a state/UT government, to the Pollution Control Board of the state/UT. Under the Rules, a facility could be established even if an application has been made for obtaining consent. The Amendments remove this provision.

- **Obtaining consent to operate**: Under the Rules, scrapping facilities must obtain a consent to operate from the State/UT Pollution Control Board within six months of beginning operations. The Amendments provide that scrapping facilities must apply for a consent to operate at least 60 days before beginning operations.

- **Transfer of registration**: Under the 2021 Rules, the registration of scrapping facilities is non-transferable. The Amendments allow the transfer of registration.

- **Certificate of deposit**: The scrapping facility issues a Certificate of Deposit to a vehicle owner. The certificate acknowledges the transfer of ownership of the vehicle. The certificate is mandatory for vehicle owners to avail incentives and benefits while purchasing a new vehicle. It is electronically tradeable. The Amendments extend the validity of the certificate from two years to three years. Certificates issued to government owned vehicles or impounded vehicles will not have any incentives. Certificates issued to such vehicles will also not be electronically tradeable.

**Rules for automated testing stations amended**

The Ministry of Road Transport and Highway notified amendments to the Central Motor Vehicles Rules, 1989.75,76 The Rules have been framed under the Motor Vehicles Act, 1988.74 The Act empowers the
central government to recognise and regulate automated testing stations. These stations conduct fitness tests on transport vehicles. Key features of the amendments include:

- **Registration certificates for operators to be transferable**: Under the Rules, automated testing stations required a registration certificate to commence operations. The certificate was non-transferable. The amendments allow the transfer of the certificate between operators after six months from the date of its issuance.

- **Eligibility of owners to open testing stations**: Under the Rules, owners or operators of automated testing stations were required to have a net worth of at least three crore rupees. The amendments remove this requirement.

- **Re-testing for vehicles**: Under the earlier Rules, if a vehicle failed the fitness test, the owner could apply for a retest within 30 days from the initial test. The amendments extend the window to 180 days, also allowing multiple re-tests.

- **Removal of appellate authority to appeal against test results**: The Rules provide for an appellate authority to address grievances arising from test results. The authority consists of an officer, who must be at least a Regional Transport Officer level. The amendments remove the provision for appellate authority. It instead provides for the Regional Transport Officer to ensure efficient operations of the station and the integrity of test results.

- **Application to light motor vehicle**: The Rules provided for testing of light, medium and heavy commercial vehicles. The amendments expand the scope to include light motor vehicles.

- **Testing stations to not conduct vehicle scrapping**: Automated testing stations can only conduct vehicle fitness tests. They are prohibited from providing services related to repair, manufacture, or sale. The amendments add that these stations will also be prohibited from providing any vehicle scrapping services.

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**Commerce**

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**Cabinet approves Uttar Poorva Transformation Industrialisation Scheme**

The Union Cabinet approved the Uttar Poorva Transformative Industrialisation Scheme (UNNATI), 2024. The central sector scheme will be implemented over a 10-year period with a total cost of Rs 10,037 crore. The scheme aims to develop industries and generate employment in the north-eastern states. It will be divided into two parts: (i) Rs 9,737 crore for incentives to eligible units and (ii) Rs 300 crore for implementation and institutional arrangements.

Incentives that will be provided under the scheme include: (i) capital investment incentive for new and expanding units, (ii) interest subvention for new and expanding units, and (iii) incentives linked to manufacturing for new units. The following committees will be constituted to oversee the implementation: (i) a Steering Committee, that will decide any interpretation of the scheme and issue guidelines for implementation, (ii) a State Level Committee, that will monitor the implementation, and (iii) a Secretary Level Committee, that will be responsible for its implementation.

**India signs trade agreement with European Free Trade Association**

India signed a trade and economic partnership agreement with the European Free Trade Association (EFTA). The EFTA comprises Switzerland, Iceland, Norway, and Liechtenstein. Under the agreement, EFTA would aim to increase foreign direct investment in India by USD 100 billion in the next 15 years. India will have market access covering all non-agricultural products and tariff concession on processed agricultural products in the EFTA. India will provide tariff concessions on goods such as certain items of iron and steel, garments, and building machinery.

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**Telecommunications**

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**TRAI releases recommendations on usage of embedded-SIMs**

The Telecom Regulatory Authority of India (TRAI) released its recommendations on the usage of embedded SIM (eSIM) for machine-to-machine communication. Machine to machine communication refers to technologies that allows devices to communicate with other devices. An eSIM is analogous to a physical SIM card; however, it is embedded directly into a device and can be reprogrammed to support different service providers. Recommendations include:

- **Management of eSIMs**: eSIMs can support multiple profiles; however, only one profile can be used at a time. A profile is the configuration data that allows the eSIM to connect to a mobile network. A part of the network architecture controls the loading, enabling, disabling and deletion of profiles on an eSIM based device. This is called the Subscription Manager – Secure Routing (SM-SR). Currently, only Telecom Service Providers (TSPs) can manage SM-SRs.
TRAI has recommended that other entities also be allowed to manage SM-SRs. These include entities with: (i) access service and machine to machine authorisations under unified licence, and (ii) registration as Machine to Machine Service Providers (who will require specific permission). Such providers include: supply chain management, fleet management, and agriculture automation.

- **Device to device transfer of eSIMs:** There is currently no method to transfer an eSIM from one device to another. In contrast, a physical SIM can be removed from one device and simply put into another. Hence, TRAI recommended that the Department of Telecommunications examine the possibility of developing such a standard.

- **Reconfiguring international eSIMs:** TRAI had previously recommended that foreign eSIMs must be allowed roaming on Indian networks for a specified period. This period is three years, or on the change of the ownership of device, whichever is earlier. After this, the device must be reconfigured with an Indian service provider’s eSIM. TRAI has recommended reducing this threshold to six months, or on change of ownership, whichever is earlier.

### Petroleum

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**Rules amended to regulate the import of petroleum and ISO containers by air**

The Ministry of Petroleum and Natural Gas notified the Petroleum (Amendment) Rules, 2024. The Rules amend the Petroleum Rules, 2002. The Rules have been made under the Petroleum Act, 1934, which regulates the import, transport, storage, refinement and blending of petroleum. The amended Rules restrict the import of petroleum by air and the import of ISO tank containers. ISO tank containers are a type of petroleum freight container used for the transport of liquified petroleum. Key features of the Rules include:

- **Restriction on the import of ISO tank containers:** The amended Rules prohibit the import of such containers unless permission has been obtained from the Controller or Chief Controller of Explosives. Persons seeking such permission must furnish certain information. This includes: (i) a valid licence, and (ii) manufacturer’s inspection and documents detailing the design of the container. However, these rules do not apply to ISO containers that contain petroleum imported for research and development.

- **Restriction on the import of petroleum by air:** The amended Rules restrict the import of petroleum by air, except to airports authorised by the central government in consultation with the Chief Controller of Explosives. To import petroleum, the licensee will have to declare the import of petroleum prior to its import to the officer in charge of the airport and to the Commissioner of Customs. Persons seeking the permission to import petroleum by air must furnish certain information. This includes: (i) an import declaration, (ii) a copy of their licence, and (iii) a landing permit by the Director General of Civil Aviation. The permission of the Commissioner of Customs will be required to unload the petroleum.

### Mines

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**Comments invited on the Offshore Areas Operating Right Rules**

The Ministry of Mines invited comments on the draft Offshore Areas Operating Rules, 2024. The draft Rules have been issued under the Offshore Areas Mineral (Development and Regulation) Act, 2002. The Act regulates mining in the maritime zones of India. The draft Rules seek to give effect to provisions of the 2023 amendments to the Act. Operating rights may be granted to private companies and government companies. They may be granted as a composite licence (a combined licence for exploration and production) or a production lease. Key features of the draft Rules include:

- **Consultation before offering concessions:** Before making available offshore areas for grant of operating rights, the administering authority must consult with several ministries on such grant. The administering authority will be notified by the central government. These include the: (i) Ministry of Defence, (ii) Ministry of Environment, Forests and Climate Change, (iii) Ministry of Home Affairs, (iv) Ministry of External Affairs, and (v) Department of Atomic Energy.

- **Conditions for operating rights:** A production lease will be valid for a period of 50 years. Holders of the operating rights must fulfil certain obligations. These include: (i) making efforts to rehabilitate the natural seabed, (ii) mining the specified quantity of minerals, and (iii) allowing authorised officers to board vessels or structures when required.

- **Lapse, surrender or termination of licence:** Composite licences and production leases can lapse, be surrendered, or be terminated. If the licensee/lessee fails to undertake exploration within a year or production within two years, their licence/lease can lapse. Licensees and lessees can also surrender their operating rights. The surrender
Coal

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Inter-Ministerial Committee releases report on coal import substitution

An Inter-Ministerial Committee constituted by the Ministry of Coal released a report on coal import substitution. In 2023, India produced 893 million tonnes (MT) of coal, of which 833 MT is non-coking coal (used in power). India also imported 237 MT of coal in 2023. Coal is largely used for power generation (64%), steel production (8%) and cement production (5%). The demand for coal is projected to be 1.6 billion tonnes by 2030. Key observations and recommendations include:

- **Reduction of coking coal imports**: Coking coal is primarily used in the production of steel. The steel industry fulfills 90% of its coking coal requirements through imports. In 2022-23, the domestic production of coking coal was 56 MT, out of which only 11 MT was supplied to steel sector. The rest was mainly supplied to the power sector. Thus, the Committee recommended that more coking coal should be supplied to the steel sector. The Committee also recommended that the washing capacity be increased. Washing refers to removing impurities (such as sulphur and ash) from coal. It also recommended that coal gasification be used for the production of direct reduced iron (DRI). DRI contains lower amounts of impurities and is preferred for steelmaking. Coal gasification converts carbon into syngas (mostly carbon monoxide and hydrogen), and can be used to produce DRI.

- **Reduction of non-coking coal imports**: Non-coking coal is used in the production of power. The Committee observed that boilers could use domestic coal for power production. Imported coal is subject to price fluctuations; however, the price of power produced cannot be escalated proportionally. Thus, the Committee recommended that boilers use domestic coal and be retrofitted to make them compatible with domestic coal.

- **GST compensation cess on coal**: The Committee recommended rationalising GST compensation cess on coal. Cess is levied at a flat rate of Rs 400 per tonne. This is regardless of the origin (domestic or imported), quality, or source. This leads to a higher cost for domestic coal per unit of energy, as domestic coal is generally inferior in energy content as compared to imported coal. Hence, it recommended that the cess be charged as a percentage of the value of coal. This is expected to make domestic coal cheaper.

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4. Developments in India’s Balance of Payments during the Third Quarter (October-December) of 2023-24, Reserve Bank of India, March 26, 2024, https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR2116BOPBA74774AC814239C136429CC509BE.PDF.
5. Article 105(1) and Article 194(2), The Indian Constitution.


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