

Monthly Policy Review

September 2022

Highlights of this Issue

[Current account deficit at 2.8% of GDP in the first quarter of 2022-23 \(p. 2\)](#)

India recorded a current account deficit of USD 23.9 billion (2.8% of GDP) in the first quarter (April-June) of 2022-23, as compared to a surplus of USD 6.6 billion (0.9% of GDP) in the corresponding quarter of 2021-22.

[Repo rate increased to 5.9%, standing deposit facility rate increased to 5.65% \(p. 2\)](#)

The MPC revised its projection for real GDP growth in 2022-23 from 7.2% to 7%. It decided to remain focused on the withdrawal of accommodation to ensure inflation remains within the target.

[The Criminal Procedure \(Identification\) Rules, 2022 notified \(p. 2\)](#)

The Rules allow NCRB to collect, store, share, and destroy measurements of individuals. They also prescribe who can collect such measurements.

[National Logistics Policy, 2022 notified \(p. 4\)](#)

The Policy seeks to provide a framework for the development of the logistics ecosystem. It aims to reduce logistics costs to comparable global benchmarks by 2030 and create a data-driven decision support mechanism.

[Comments invited on the Draft Indian Telecommunication Bill, 2022 \(p. 3\)](#)

The Draft Bill seeks to replace the Indian Telegraph Act, 1885, the Indian Wireless Telegraphy Act, 1933, and the Telegraph Wires (Unlawful Possession) Act, 1950.

[Cabinet approves PLI scheme on manufacturing solar PV modules \(p. 6\)](#)

The scheme seeks to promote domestic manufacturing of highly-efficient solar panels. The first tranche of the scheme, approved in April 2021 had an outlay of Rs 4,500 crore, and the second tranche has Rs 19,500 crore.

[Cabinet approves PM Schools for Rising India \(PM SHRI\) scheme \(p. 5\)](#)

More than 14,500 schools managed by central and state governments and local bodies will be provided with facilities such as linkage with local industry, and improved pedagogy with a focus on holistic learning.

[Committees submit reports on various issues and implementation of schemes \(p. 8\)](#)

The Standing Committee on Health submitted reports on medical devices and cancer care. The Standing Committee on Labour and Textile submitted reports on implementation of PMKVY and on man-made fibres.

[Cabinet approves revisions in policy on long-term leasing of railway land \(p. 7\)](#)

The existing policy permits the leasing of railway land for up to five years for any railway-related activity. The revised policy will provide for the leasing of railway land for up to 35 years for cargo-related activities.

[National Electricity Plan on generation released for public feedback \(p. 7\)](#)

The draft Plan projects total electricity generation of 2,674 billion units by 2031-32, most of which will come from thermal sources (51%) followed by renewables (44%).

[Compliance timelines for emissions of thermal power plants notified \(p. 5\)](#)

Previously, emission standards of thermal power plants were based on the generation capacity of the plant. The amendments specify emission compliance timelines based on the geographical location of thermal power plants.

[PM Garib Kalyan Ann Yojana extended for three months till December 2022 \(p. 11\)](#)

The scheme for providing five kilogram foodgrains per person per month was initiated at the beginning of the pandemic. The extension is estimated to have an expenditure of about Rs 45,000 crore.

October 3, 2022

Macroeconomic Development

Tushar Chakrabarty (*tushar@prsindia.org*)

Current account deficit at 2.8% of GDP in the first quarter of 2022-23

India recorded a current account deficit of USD 23.9 billion (2.8% of GDP) in the first quarter (April-June) of 2022-23, as compared to a surplus of USD 6.6 billion (0.9% of GDP) in the corresponding quarter of 2021-22.¹ The current account deficit increased on account of an increase in the merchandise trade deficit, and an increase in the net outgo of investment income payments. In the fourth quarter (January-March) of 2021-22, the current account deficit was USD 13.4 billion (1.5% of GDP).

The capital account in the first quarter of 2022-23 registered a net inflow of USD 28 billion as compared to a net inflow of USD 25.4 billion in the first quarter of 2021-22. Foreign exchange reserves increased by USD 4.6 billion in the first quarter of 2022-23 as compared to an increase of USD 31.9 billion in the corresponding quarter of 2021-22.

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

	Q1 2021-22	Q4 2021-22	Q1 2022-23
Current Account	6.6	-13.4	-23.9
Capital Account	25.4	-1.7	28
Errors and Omissions	-0.1	-0.9	0.5
Change in reserves	31.9	-16.0	4.6

Sources: Reserve Bank of India; PRS.

Repo rate and standing deposit facility rate increased to 5.9% and 5.65%, 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 5.4% to 5.9%.² Other decisions of the Committee include:

- Standing deposit facility rate (the rate at which the RBI borrows from the banks without giving collateral) has been increased from 5.15% to 5.65%.
- 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 5.65% to 6.15%.
- The MPC decided to remain focused on the withdrawal of accommodation to ensure inflation remains within the target, while supporting growth.

The Committee revised its projection for real GDP growth in 2022-23 from 7.2% to 7%.³ Inflation in 2022-23 is projected at 6.7%.

Home Affairs

Omir Kumar (*omir@prsindia.org*)

The Criminal Procedure (Identification) Rules, 2022 notified

The Ministry of Home Affairs notified the Criminal Procedure (Identification) Rules, 2022 under the Criminal Procedure (Identification) Act, 2022.^{4,5} The Act allows police officers or prison officers to collect certain identifiable information (such as fingerprints, biological samples) from convicts or those who have been arrested for an offence. The Rules specify the manner of taking certain information, persons authorised to collect information, manner of collecting, storing, sharing such records, and the disposal of such records. Key features of the Rules are as follows:

- **Taking measurements:** Under the Act, all convicts, arrested persons, and persons detained under any preventive detention law may be required to give their measurements. The Rules specify that for certain persons measurements will not be taken unless they have been charged or arrested in connection with any other offence. These persons include those violating prohibitory orders which are issued under Sections 144 or 145 of the Code of Criminal Procedure, 1973 (CrPC), or arrested under preventive detention under Section 151 of CrPc.
- **Storage of measurement records:** The Rules specify that the National Crime Records Bureau (NCRB) will issue the Standard Operating Procedure (SOP) for taking measurements including: (i) specifications and the format of the measurements to be taken, (ii) specifications of the devices to be used for taking these measurements, and (iii) the method of handling and storing these measurements at the state level. The SOPs may also provide: (i) the digital format to which each measurement should be converted before uploading on to the database, and (ii) the encryption method to be followed.
- **Destruction of records:** The Act provides that the records will be destroyed in case of persons who: (i) have not been previously convicted (of an offence with imprisonment), and (ii) are released without trial, discharged, or acquitted by the court, unless directed otherwise by the Magistrate or court. The NCRB will destroy

the records as prescribed. The Rules provide that the SOP will provide the procedure for destruction and disposal of records. The state or central government or Union Territory administration will appoint a Nodal Officer to whom requests for destruction of record of measurements will be made. The Nodal Officer will recommend destruction of records to the NCRB after verifying that such records are not linked with any other criminal cases.

PRS analysis of the Rules and Act are [here](#) and [here](#).

Corporate Affairs

Tushar Chakrabarty (tushar@prsindia.org)

Thresholds for classification of small companies under Companies Act revised

The Ministry of Corporate Affairs amended the Companies (Specification of Definitions Details) Rules, 2014 to increase the threshold for the classification of small companies.⁶ The Rules have been issued under the Companies Act, 2013. The Act provides for the framework for the regulation of companies.

As per the 2022 amendment, a company with a paid up capital of up to four crore rupees and turnover up to Rs 40 crore will be classified as small company.⁷ Earlier, the paid-up capital threshold was two crore rupees, and the turnover threshold was Rs 20 crore.⁸

Communications

Saket Surya (saket@prsindia.org)

Comments invited on the Draft Indian Telecommunication Bill, 2022

The Department of Telecommunications has released the Draft Indian Telecommunication Bill, 2022 for public feedback.^{9,10,11} The Draft Bill seeks to replace: (i) the Indian Telegraph Act, 1885, (ii) the Indian Wireless Telegraphy Act, 1933, and (iii) the Telegraph Wires (Unlawful Possession) Act, 1950.^{12,13,14} These Acts regulate telecom services, possession of telecom equipment, and laying of telecom network. Key features of the Draft Bill include:

- **License for telecom network and services:** The central government will have the exclusive privilege to: (i) establish, operate, and maintain telecom network, and (ii) provide telecom services. It may grant a license to other

entities to carry out these activities. The Bill defines telecom services as services made available to users by telecommunication including: (i) fixed-line and mobile, (ii) internet, (iii) broadcasting, (iv) satellite communication, (v) machine-to-machine communication, (vi) e-mail, and (vii) over-the-top (OTT) communication services (voice, video, or messaging services over internet).

- **Spectrum assignment:** Spectrum may be assigned through auction, or administrative allocation in case of government functions or purposes concerning public interest or necessity. These include: (i) spectrum for BSNL, MTNL, and Prasar Bharti, (ii) disaster management, (iii) safety in transport systems, (iv) weather forecasting, (v) space research, and (vi) community radio stations.
- **Public safety and national security:** The central government or state government may: (i) take temporary possession of telecom services or network, or (ii) direct that certain messages and communication of persons be intercepted and shared with them, or their communication be suspended. These will apply in case of public emergency or safety, and should be necessary in the interest of national security, foreign relations, public order, or prevention of offences.
- The Draft Bill also provides for: (i) a framework for right of way for laying telecom infrastructure, (ii) regulation of restructuring, insolvency, and payment default in the telecom sector, and (iii) a telecom development fund.

Comments are invited until October 20, 2022.

Finance

Tushar Chakrabarty (tushar@prsindia.org)

RBI releases guidelines on digital lending

The Reserve Bank of India (RBI) released guidelines on digital lending.¹⁵ The guidelines will be applicable for digital loans extended by regulated entities including commercial banks, urban co-operative banks, states co-operative banks, and non-banking financial companies. Key features include:

- **Disclosure to borrowers:** Regulated entities shall provide a key fact statement to borrowers before the loan contract is executed. The statement should be in a standardised format for all digital lending products. The statement shall include information on: (i) the annual percentage rate (cost of digital loans for the

borrower), (ii) recovery mechanism, and (iii) grievance redressal officer. Any fees/charges not part of the statement cannot be charged by the regulated entities. Digital lending applications should prominently display information such as product features, loan limits, and costs.

- **Creditworthiness:** Regulated entities shall capture the economic profile of the borrowers before extending loans. There shall be no automatic increases in the credit limit without the explicit consent of the borrower for every such increase.
- **Data protection:** Any data collected by regulated entities should be need-based, with the prior consent of the borrower, and should have an audit trail. Digital lending applications should desist from accessing mobile phone data such as media, contact lists, and call logs. Explicit consent of the borrower shall be taken before sharing personal information with third parties except in cases where it is done according to statutory or regulatory requirements.
- **Grievance redressal:** Regulated entities shall ensure that they have a nodal grievance redressal officer to deal with digital lending related complaints. If a complaint lodged by a borrower is not resolved within 30 days, they can complain with the Reserve Bank-Integrated Ombudsman Scheme.

SEBI approves several regulatory changes

The Securities and Exchange Board of India (SEBI) approved several regulatory changes.¹⁶ Key changes are as follows:

- **Offer for sale (OFS):** Non-promoter shareholders, with at least 10% of the share capital of a company, are currently eligible to offer shares worth at least Rs 25 crore through the OFS mechanism. OFS involves the sale of shares in the stock market. SEBI has removed the 10% shareholding limit for non-promoter shareholders. Further, it has reduced the cooling-off period between two OFS issues from 12 weeks to a range of two weeks to 12 weeks based on the liquidity of securities of eligible companies.
- **Disclosures for initial public offer (IPO):** SEBI has mandated companies coming out with IPOs to disclose: (i) key performance indicators, and (ii) price per share of issuer based on past transactions and fundraising.
- Issuers will also have an option to pre-file IPO offer documents with SEBI. This would allow issuers to carry out limited interaction with

prospective investors without disclosing sensitive information. The pre-filing document with SEBI's initial observations will be available for at least 21 days to better inform the decision-making process of the investor.

- **Open offer for PSU disinvestment:** According to current regulations, the price of shares for open offers is determined based on the average market price of the shares for 60 trading days preceding the announcement of a company's takeover. Open offer is made by an acquirer to the shareholders of the company being acquired.¹⁷ SEBI noted that disinvestment of public sector undertakings (PSUs) involves public announcements at various stages which impacts its share price. Hence, the framework for determination of price for open offer as outlined above has been removed in case of PSUs.
- **Online bond platforms:** SEBI approved the proposal to regulate online bond platforms. Such platforms will have to register with SEBI as stock brokers under the debt segment of stock exchanges.

Commerce

Tushar Chakrabarty (tushar@prsindia.org)

National Logistics Policy, 2022 notified

The Department for Promotion of Industry and Internal Trade notified the National Logistics Policy, 2022.^{18,19} It seeks to provide a framework for the development of the logistics ecosystem. Logistics include the transportation and handling of goods, storage, value addition, and allied services. Key features include:

- **Targets:** The policy aims to achieve the following targets: (i) reduce Indian logistics costs to comparable global benchmarks by 2030, (ii) improve India's ranking in the Logistics Performance Index to be among the top 25 countries by 2030, and (iii) create a data-driven decision support mechanism.
- **Reduction in logistics cost:** Logistics costs are planned to be reduced by improving efficiency in transport, warehousing, inventory management, and regulatory matters. Improvement in transport is envisaged through: (i) increment in efficiency through multimodal infrastructure, (ii) sectoral plans for efficient logistics. The policy seeks to develop warehouses with optimal spatial planning and facilitate private investment. Inventory management is sought to be

improved through reliable supply chains by promoting digitalisation.

- **Monitoring and coordination:** Empowered Group of Secretaries set up under the PM GatiShakti National Master Plan will monitor the implementation of the National Logistics Policy. The Empowered Group will set up a Services Improvement Group for monitoring improvements in processes, regulation, and digitisation in the logistics sector.

Education

Omira Kumar (omir@prsindia.org)

Cabinet approves PM SHRI Schools

The Union Cabinet approved PM SHRI (PM Schools for Rising India) Schools, a centrally sponsored scheme.²⁰ Under the scheme, more than 14,500 schools managed by central, state, and local body governments will be selected and upgraded. Schools would be required to apply through an online portal. The portal will be opened four times a year, once every quarter, for the first two years of PM SHRI.

PM SHRI schools will be provided with several facilities such as: (i) linkage with sector skill councils and local industry, (ii) improved pedagogy with a focus on holistic learning, (iii) school quality assessment framework to measure outcomes, (iv) infrastructural facilities such as solar panels, LED lights, and smart classrooms, and (v) annual school grants. The total cost of the scheme will be Rs 27,360 crore (including central share of Rs 18,128 crore) for the period 2022-23 to 2026-27.

Women and Child Development

Omira Kumar (omir@prsindia.org)

Amendments to Juvenile Justice (Care and Protection of Children) Model Rules, 2016 notified

The Ministry of Women and Child Development notified amendments to the Juvenile Justice (Care and Protection of Children) Model Rules, 2016.^{21,22} Rules have been notified under the Juvenile Justice (Care and Protection of Children) Act, 2015.²³ States may adopt these Rules to implement provisions of the Act. Key amendments include:

- **Membership of Child Welfare Committees (CWCs):** The Rules provide that the Chairperson and members of CWCs should be

above 35 years of age. Qualifications of these members include: (i) minimum seven years of experience working with children in various fields such as education, or health, or (ii) practicing professional with a degree in child psychology, or (iii) retired judicial officer. The amendments add a maximum age limit of 65 years for the Chairperson and members. Further, they must have a degree in any relevant field which includes child psychology, law, social work, or special education for differently abled children. In addition, they should also have relevant work experience which includes involvement in health, education, or welfare activities for children for minimum seven years.

- **Grievances against CWC:** The amendments add that any grievance against the functioning of CWCs may be filed by the affected child (or anyone connected with the child) before the District Magistrate (DM). The grievance shall be disposed of within 30 days.
- **Adoption related reporting:** The CWCs provide data on children declared legally free for adoption and cases pending for decisions to the Central Adoption Resource Authority (CARA). The amendments add that CARA will provide such information on a monthly basis. Such information will also be provided to the DM who, after reviewing the information, shall take measures to expedite the process of adoption of children.

Environment

Tanvi Vipra (tanvi@prsindia.org)

Compliance timelines for emissions of thermal power plants notified

The Ministry of Environment, Forest and Climate Change notified amendments to the Environment Protection Rules, 1989.²⁴ The Rules specify standards for emission of environmental pollutants.²⁵ Previously, emission standards of thermal power plants were based on the generation capacity of the plant. The amendments specify emission compliance timelines based on the geographical location of thermal power plants. For instance, power plants located within 10 km of the national capital region, or in cities with more than one million people are required to comply with sulphur dioxide emissions by 2024. See Table 2 on the next page for the timelines for emission compliance of power plants.

Table 2: Timelines for thermal power plants to comply with emissions standards

Category of thermal power plants	Compliance timeline	
	SO ₂ emissions	Parameters other than SO ₂ emissions
Within 10 km of the National Capital Region, or in cities with more than a million population.	2024	2022
Within 10km of critically polluted areas, or non-attainment cities.	2025	2023
Those that are not category A or B.	2026	2024

Sources: Ministry of Environment, Forest and Climate Change; PRS.

An environment compensation charge shall be levied on plants that continue non-compliant operations beyond the prescribed timeline. The charge shall be levied per unit of electricity generated by the plant.

Table 3: Environment compensation for thermal plants (in Rs/unit of electricity generated)

Non-compliant operations beyond	Compensation
0-180 days	0.20/unit
181-365 days	0.30/unit
366+ days	0.40/unit

Sources: Ministry of Environment, Forest and Climate Change; PRS.

The amendments also provide exemptions to thermal power plants that are retiring, i.e., being decommissioned. Category A units that are retiring in 2022, and Category B and C units that are retiring in 2025 are exempt from non-SO₂ emission standards. Similarly, all units that are retiring in 2027 are exempt from SO₂ emissions.

Mining

Omair Kumar (omir@prsindia.org)

Amendments to the Mineral Concession Rules, 1960 notified

The Ministry of Coal notified the Mineral Concession (Amendment) Rules, 2022 to amend the Mineral Concession Rules, 1960.^{26,27,28,29} The 1960 Rules provide for the grant of mineral concessions. Key changes under 2022 Rules are:

- **Interest on late payment:** Earlier state governments could charge 24% interest per annum on delayed payment of rent, royalty, fee, or other sums due to the government from 60th day of expiry of the date of payment. The amendments reduce the interest rate to 12%

and allow the charging of interest rate from the date of expiry of payment.

- **Penalties:** Any contravention of the 1960 Rules was punishable with imprisonment up to two years or a fine up to five lakh rupees, or both. In case of continued contravention, a fine of Rs 50,000 was levied for each day. The amendments remove imprisonment upon contravention of certain rules concerning: (i) preparation of a mining plan by recognised persons, (ii) deposit of security fees before executing a mining lease, and (iii) payment of interest on delayed payment of rent, royalty, fee, or other sums due to the government. Contravention of these activities will continue to attract a fine of up to five lakh rupees and an additional fine up to Rs 50,000 (for each day) for continuing contravention.

Power

Mayank Shreshtha (mayank@prsindia.org)

Second tranche of PLI scheme on High Efficiency Solar PV Modules approved

The Union Cabinet approved the implementation of the second tranche of the Production Linked Incentive (PLI) Scheme on the 'National Programme on High-Efficiency Solar PV Modules'.³⁰ The scheme seeks to achieve the target of generating 280 gigawatt (GW) capacity from solar energy by 2030. It seeks to promote domestic manufacturing of highly-efficient solar photovoltaic (PV) modules (commonly known as solar panels). Indian Renewable Energy Development Agency (IREDA) is the implementing agency of the scheme.³¹ Under the scheme, PLI is provided to selected manufacturers for five years post commissioning of the plants.

The first tranche of the scheme, approved in April 2021 had an outlay of Rs 4,500 crore.³² The second tranche has an outlay of Rs 19,500 crore. The PLI rate will have a tapering factor, i.e., it will be higher in the first year and lower towards the end of the fifth year. This will signal the manufacturing industry to be competitive after five years. Key objectives of the scheme include: (i) installing an estimated 65,000 megawatt (MW) per annum manufacturing capacity of fully and partially integrated solar PV modules, (ii) creating manufacturing capacity for components (excluding PV modules), and (iii) boosting research and development initiatives to achieve high-efficiency solar PV modules.

Draft National Electricity Plan on generation released for feedback

The Central Electricity Authority (CEA) released the draft National Electricity Plan (Vol-I, Generation) for public feedback.³³ CEA is required to formulate a national electricity plan once in five years under the Electricity Act, 2003.³⁴ The draft Plan provides a review of the last five years (2017-22), capacity addition requirements for 2022-27, and projections for the period 2027-2032. The draft Plan projects total electricity generation of 2,674 billion units by 2031-32, most of which will come from thermal (51%) followed by renewables (44%). Key highlights of the draft Plan are:

- **Current Installed Capacity:** As of March 2022, the current installed capacity of the country is about four lakh megawatt (MW). Coal, renewable energy sources, and nuclear constitute 51%, 39%, and 2% of the installed capacity, respectively.
- **Generation capacity addition (2017-2022):** The target capacity addition for 2017-2022 could not be achieved primarily due to the COVID-19 pandemic. As per the National Electricity Plan, 2018, the target from conventional sources (coal, gas, nuclear) was about 50,000 MW.³⁵ However, the capacity addition could only achieve about 30,000 MW, i.e., 60% of the set target
- **Required capacity addition (2022-2027):** 2.3 lakh MW of additional capacity needs to be added during 2022-2027 to meet the peak demand and energy requirement for the year 2026-2027. Solar as a source will be a major contributor followed by wind, coal, and hydro.
- **Contribution of renewable energy sources in generation (2026-27, 2031-32):** According to the CEA policies such as the National Solar Mission, PM-KUSUM, and the declining cost of renewable (RE) technologies will help make RE the major source in the energy mix of the country. The draft Plan projects that RE contribution will increase from 25% (2020-21) to 36% of the total energy of the country in 2026-27, and 45% by 2031-32.³⁶
- **Need for additional coal-based capacity (2031-32):** Besides the under-construction coal-based capacity of 25,000 MW for 2022-27, the country may need an additional coal-based capacity of up to 28,000 MW by the year 2031-32.

Comments on the draft Plan are invited until December 5, 2022.

Licence rules to distribute electricity amended

The Ministry of Power notified amendments to the Distribution of Electricity Licence (Additional Requirements of Capital Adequacy, Creditworthiness and Code of Conduct) Rules, 2005.^{37,38} The 2005 Rules specify capital investment requirements for distribution networks based on the size of the area of supply and the creditworthiness of the applicant for the distribution licence.

The amendments change the definition of an area of supply. Previously, an area of supply included a Municipal Council or Municipal Corporation or a revenue district. The amendments specify that a Municipal Corporation, or three adjoining revenue districts, or a smaller area notified by the state or central government, shall be considered the minimum area of supply.

Railways

Saket Surya (saket@prsindia.org)

Cabinet approves revisions in policy on long-term leasing of railway land

The Union Cabinet approved revisions in the Railways' land policy.³⁹ These changes aim to facilitate the implementation of PM Gati Shakti, a programme to facilitate multi-modal connectivity.

The existing policy permits the leasing of railway land for up to five years for any railway-related activity. Long-term leasing is allowed mainly for public sector undertakings for a period of up to 35 years.³⁹ The Ministry noted that this limits the interest in investment in multi-modal cargo hubs.³⁹ The revised policy will provide for the leasing of railway land for cargo-related activities for up to 35 years. The lease charges will be 1.5% of the market value of land per annum.

The revisions also aim to simplify railway land use and the right of way for the development of public services such as electricity, gas, water supply, urban transport, and sewage. Lease charges will be the same as in the case of cargo-related activities. In addition, the policy will also provide for use of railway land at a nominal cost for setting up solar plants, hospitals and schools.

The Ministry of Railways will release the revised policy within 90 days of the date of approval.

Road Transport and Highways

Tanvi Vipra (tanvi@prsindia.org)

Vehicle importers to be included for vehicle trading certificate

The Ministry of Road Transport and Highways notified amendments to the Central Motor Vehicle Rules, 1989.⁴⁰ The Rules provide for the registration of motor vehicles.⁴¹ The amendments allow vehicle importers to obtain a trade certificate. Having a trade certificate exempts a dealer or manufacturer from registering their vehicle. Previously, only motor vehicle dealers and manufacturers could obtain trade certificates.

The application for the certificate shall be made electronically, and separate applications will not be required for separate vehicle categories. If an application for a trade certificate is not disposed within 30 days, then it shall be deemed to be approved. The amendments also require certified vehicle dealers to: (i) maintain an electronic register of inventory of vehicles on the government portal, and (ii) display the model-wise sale price of vehicles with applicable taxes and fees bifurcation. Previously, the registering authority was empowered to cancel a trade certificate if the holder did not comply with specified provisions. The amendments specify that the registering authority shall report non-compliance of a certificate holder to the head of the Motor Vehicles Department. The Department Head is empowered to suspend or cancel a trade certificate based on such report.

Draft Rules for regulating the pre-owned car market released

The Ministry of Road Transport and Highways released draft amendments to the Central Motor Vehicles Rules, 1989.^{41,42} The draft amendments specify that dealers of registered vehicles must be authorised to engage in the sale or purchase of registered vehicles. A fee of Rs 25,000 shall be charged for obtaining or renewing an authorisation certificate. Additionally, registered vehicle owners will be required to intimate the registering authority about the delivery of a vehicle to the authorised dealer. The authorised dealer shall apply for renewal of the registration certificate, no objection certificate, and certificate of fitness after submitting the transfer of ownership form.

The draft amendments specify that a dealer may not use the vehicle for a purpose other than that required for its sale, such as demonstration for a prospective buyer, or returning from a vehicle inspection centre.

Scope of seat belt reminders expanded to include rear seat passengers

The Ministry of Road Transport and Highways released draft amendments to Automotive Industry Standards.^{43,44} The Standards specify that vehicles shall have seat belt reminders for the driver and co-passenger seats. Seat belt reminders refer to a system where the driver is alerted when the safety belt is not being used by the driver or passenger. The amendments add that such reminders must also be provided for front facing rear seats.

As per the Standards, a visual and audio warning is activated when the ignition switch is engaged and the seat belt is not fastened. A second level warning is activated when a driver drives the car without fastening the seat belts.

Labour

Omair Kumar (omir@prsindia.org)

Report on implementation of Pradhan Mantri Kaushal Vikas Yojana submitted

The Standing Committee on Labour, Textiles and Skill Development (Chair: Mr. Bhartruhari Mahtab) submitted its report on 'Implementation of Pradhan Mantri Kaushal Vikas Yojana (PMKVY)'.⁴⁵ PMKVY seeks to promote skill development for the youth by providing free skill training programmes and monetary rewards for obtaining skill certification. It is implemented by the National Skill Development Corporation. Key observations and recommendations of the Committee are as follows:

- **Fund utilisation:** PMKVY has been revamped thrice and currently PMKVY 3.0 (which was launched in January 2021) is ongoing. The Committee noted that despite revisions of the scheme, issues from earlier versions have persisted. One such issue is the underutilisation of funds. Under PMKVY 3.0, in 2021-22, out of the allocation of Rs 1,438 crore, only Rs 1,043 crore was utilised (72%). Further, against Rs 686 crore released, Rs 295 crore (43%) has been utilised as on June 30, 2022. The Committee observed that restrictions due to the COVID-19 pandemic led to a decline in enrolments and certifications resulting in low disbursement and underutilisation of funds for new batches.
- **Placements:** The Committee observed that placement statistics is the barometer for evaluating the scheme. Under PMKVY 2.0, out of 91.4 lakh candidates, 21.3 lakh candidates were placed (23%). Under

PMKVY 3.0, out of about four lakh candidates, thirty-one thousand (8%) have been placed. For placements under PMKVY 3.0, the Ministry mentioned that assessments and certifications of the trained candidates are about to be completed. After their completion, placements are expected to increase. The Committee recommended enhancing the placement of candidates and making the certification process more transparent to facilitate self-employment.

- **Dropouts:** During the implementation of PMKVY 1.0, 2.0, and 3.0, about 20% of the total enrolled candidates dropped out of the training programme. Reasons for dropouts include (i) medical grounds, (ii) distance from residence to training centres, (iii) accessibility to a job, and (iv) issues specific to females such as pregnancy and marriage. The Committee noted that the Ministry cannot control all these factors but it should identify areas where an intervention can be made to prevent dropouts. For instance, factors like distance from residence to training centres and inaccessibility to a job can be addressed.

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

Health

Report on Management of COVID-19 Pandemic and Vaccine submitted

Omir Kumar (omir@prsindia.org)

The Standing Committee on Health and Family Welfare (Chair: Mr. Ram Gopal Yadav) submitted its report on ‘Vaccine Development, Distribution Management and Mitigation of Pandemic Covid-19’.⁴⁶ Key observations and recommendations of the Committee include:

- **Response to COVID-19:** The Committee observed several shortcomings in India’s response to COVID-19. These include: (i) fragile health infrastructure and shortage of healthcare workers, (ii) poor vaccination rate in rural areas in the beginning, and (iii) mismanagement of oxygen supply during second wave. Further, the Committee observed that there was ease in restrictions and decline in testing after the first wave. Both these factors could be attributed to the high number of cases followed by enormous fatalities during the second wave. Large scale social, political, and religious gatherings with no social distancing were also a major factor for the second wave.

- **Emergency Use Authorisation (EUA):** The Committee observed that vaccines in India were given EUA without any specific provisions in the Indian drug rules and regulations. Provisions for EUA are absent in New Drugs and Clinical Trials Rules, 2019 under Drugs and Cosmetics Act, 1940. Laws in other countries are clearly defined for EUA which ensured transparency in the granting of approvals to vaccines and drugs during the pandemic. However, there was lack of transparency in information regarding the protocol followed and clinical trial data of vaccines in India. There is also lack of clarity in the procedure followed for granting approval for booster doses. The Committee recommended: (i) making specific provisions for EUA, (ii) conducting rigorous assessments of clinical trial data before granting any future EUA, and (iii) using scientific findings for making changes in vaccine policy.
- **Booster doses:** Booster/precautionary doses commenced for all adults at private vaccination centres from April 2022. The Committee asked the Ministry to submit: (i) evidence-based research that necessitated the administering of booster doses, and (ii) reasons behind providing booster doses of the same vaccine. The Committee observed that some reports suggest that a booster dose of a different vaccine is better. It noted that implementation of such propositions requires scientific research and clinical trials. The Ministry should also encourage studies on potency and efficacy of different combinations of vaccines.

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

Report on Cancer Care Plan and Management submitted

Tushar Chakrabarty (tushar@prsindia.org)

The Standing Committee on Health and Family Welfare (Chair: Mr. Ram Gopal Yadav) presented its report on ‘Cancer Care Plan and Management: Prevention, Diagnosis, Research and Affordability of Cancer Treatment’.⁴⁷ Key observations and recommendations of the Committee are:

- **Cancer prevention:** The Committee noted that tobacco use accounts for almost 50% of all cancers in India. It noted the high incidence of tobacco related cancer in the north eastern region. While such cancer cases are preventable, desired focus has not been given to reduce tobacco consumption. The Committee recommended the government to focus on campaign against tobacco consumption and formulate strategies to stop

the teenage population from getting addicted to tobacco. Certain common cancers such as cervical and vulvar cancer can be prevented with vaccination. The Committee noted that it was necessary to raise awareness regarding symptoms of cervical cancer. It recommended to conduct more tests to ascertain the efficacy of the Human Papilloma Virus (HPV) vaccine against cervical cancer. If the results are satisfactory, the government may include the HPV vaccine in the vaccination programme.

- **Cancer screening and detection:** The Committee noted that screening of common cancer under the National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Diseases, and Stroke (NPCDCS) is volunteer based and thus lacks the follow up strategy for further investigation and treatment. There is a need for the central government to sponsor national screening programs for cancer in India. The government should formulate a scheme to start a country wide population-based screening at the primary health centre (PHC) level under the National Health Mission. Each PHC should be responsible for screening people in its area. Mechanisms should be developed to link screening programmes to cancer registries across the country for better management. NPCDCS only covers three common cancers (oral, cervical, and breast). The Committee recommended that the government must consider including other prevalent cancers under the NPCDCS.
- **Cancer registries:** The Committee noted that only 10% of India's population is covered by population-based cancer registries (PBCRs) under the National Cancer Registry Programme. It observed that there is an urgent need to have more rural based PBCRs to get information about the incidence and type of cancers across India. It recommended the National Centre for Disease Informatics and Research to set up cancer registries in rural areas in states such as Uttar Pradesh, Madhya Pradesh, Andhra Pradesh.

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

Report on regulation and control of medical devices submitted

Tanvi Vipra (tanvi@prsindia.org)

The Standing Committee on Health and Family Welfare (Chair: Mr. Ram Gopal Yadav) presented its report on 'Medical Devices: Regulation and Control'.⁴⁸ Key observations and recommendations of the Committee include:

- **Domestic manufacturing:** 80% of the requirement for medical devices is met by imports. The Committee observed that the Indian medical device industry is facing several challenges: (i) inadequacy of indigenous research and development (R&D), (ii) lack of qualified manpower, (iii) non availability of finances, and (iv) high manufacturing costs. It recommended: (i) providing incentives for domestically manufactured products in government procurement, (ii) Department of Pharmaceuticals establish a dedicated corpus for start-ups undertaking R&D in medical devices, and (iii) starting research linked incentive scheme for academic institutions to promote R&D.
- The Committee observed that India has a huge growth potential in manufacturing of medical devices. It recommended several measures for medical device parks to increase their efficiency. These include: (i) dedicated offices for skilled and unskilled labour forces, (ii) effluent treatment plants, and (iii) subsidised power and water. Some of these parks should focus on manufacturing medical device components to make India a hotspot for medical devices spare parts and repairing and service centres for other countries.
- **Medical devices are primarily imported:** This is due to (i) a lack of high-end technology, and (ii) poor availability of raw materials. Segments which include high-end technology such as CT scanners, MRI, ultrasound, and X-Ray machines are imported. Importing is cheaper than manufacturing domestically because of a low import duty, and a 12% GST on manufactured goods. The Committee recommended reducing the excise duty on importing machinery used for setting up manufacturing plants.
- **Insufficient testing infrastructure:** The Committee noted that the country has only 18 certified Medical Device Testing Labs approved by the Central Drugs Standards Control Organisation (CDSCO). It recommended setting up accredited laboratories across the country for local manufacturers test their products for standards.

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

Food and Public Distribution

Omair Kumar (omir@prsindia.org)

PMGKAY extended for three months from October to December 2022

The Union Cabinet approved the extension of the Pradhan Mantri Garib Kalyan Ann Yojana (PMGKAY) for a period of three months (October to December 2022).⁴⁹ Under the scheme, every month 5 kilogram of food grains per person is provided free of cost to all beneficiaries covered under the National Food Security Act, 2013.⁵⁰ Till now, six phases of the scheme have been implemented involving a cost of about Rs 3.45 lakh crore. This phase i.e., PMGKAY VII is estimated to entail an additional expenditure of about Rs 44,762 crore.

Textiles

Tanvi Vipra (tanvi@prsindia.org)

Report on development of manmade fibre submitted

The Standing Committee on Labour, Textiles and Skill Development (Chair: Mr. Bhartruhari Mahtab) submitted its report on ‘Development of Manmade Fibre’.⁵¹ Key observations and

recommendations of the Committee include:

- **Indian fibre exports:** India is the second-largest manufacturer of man-made fibre. However, it ranks sixth in the share of global exports. The sector faces several challenges that affect its export competitiveness. These include: (i) tariff barriers, (ii) anti-dumping duties, (iii) high-cost of funding, and (iv) increasing competition from countries such as Bangladesh and Vietnam. The Committee recommended that the Ministry of Textiles diversify India’s man-made fibre product basket to attain a higher level of exports.
- **Textile value chain:** The textile industry value chain faces several challenges such as: (i) low-capacity utilisation, (ii) low production efficiency, (iii) high attrition rate, and (iv) unavailability of skilled workforce. The Committee recommended that the Ministry launch skilling programmes to augment the textile value chain in coordination with the Ministry of Skill Development.
- **Taxation of raw material:** Raw materials (12%), man-made fibre (5%), and yarn (12%) are taxed at different rates. The Committee noted that differential tariff rates and an inverted duty structure hinders the industry, and that duties must be rationalised.

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¹³ The Indian Wireless Telegraphy Act, 1933, <https://www.indiacode.nic.in/bitstream/123456789/2396/1/A1933-17.pdf>.

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¹⁵ Guidelines on Digital Lending, Reserve Bank of India, September 2, 2022, <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/GUIDELINESDIGITALLENDINGD5C35A71D8124A0E92AEB940A7D25BB3.PDF>.

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¹⁷ Frequently Asked Questions on SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange

Board of India, https://www.sebi.gov.in/sebi_data/faqfiles/mar-2022/1648620806406.pdf.

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