PRS Capsule - March 2024

Key Highlights of PRS

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  - High Level Committee Recommends Simultaneous Elections.
  - Supreme Court Strikes Down Immunity to Legislators for Accepting Bribes for Votes or Speeches inside a Legislature.
  - Amendment to Citizenship Rules Notified
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Polity and Governance

Election Schedule of Lok Sabha and Four State Assemblies

- 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 as elections to Lok Sabha.

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.**
- 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**
  - **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.
  - Simultaneous elections can lead to higher economic growth, lower inflation, increased investments, and improved quality of government expenditure.
- **Implementation of simultaneous elections**
  - 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.
  - In case of **mid-term elections**, 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.

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**).
- In 1998, the **Supreme Court** 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.
- Now, a seven-judge bench of **the Supreme Court** 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.
  - 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.

Amendment to Citizenship Rules Notified

- The Ministry of Home Affairs notified the **Citizenship (Amendment) Rules, 2024.**
- **Citizenship (Amendment) Rules, 2024** amend the Citizenship Rules, 2009 to provide citizenship as per the **Citizenship (Amendment) Act, 2019.**
- 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:**
    - Any one proof of nationality issued by the government of Afghanistan, Pakistan or Bangladesh. E.g., copy of passport, birth certificate, any type of identity document, license or land records.
    - Any one of the **specified documents** that proves he entered India on or before December 31, 2014. E.g., 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 etc.
    - 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.**
- It will submit the relevant documents to an **Empowered Committee**, headed by the **Director of Census Operations** of a State or UT, for verification.
- 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.

Economy

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.
- 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 entire process must be completed in 130 working days from the receipt of the commitment application.
        - The effectiveness of the commitments offered will be measured against factors such as:
            - nature, duration, and extent of the alleged contravention,
            - if the commitment terms address the competition concerns, and
            - 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.
        - 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.

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.**
- 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.**
- It seeks to repeal several regulations including:
  - IRDAI (Micro Insurance) Regulations, 2015,
  - IRDAI (Health Insurance) Regulations, 2016,
  - 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:
      - ensuring evolving **risk coverage** needs of customers,
      - **simple-to-understand** products,
      - premium rates not being excessive, inadequate, or discriminatory,
      - 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:
      - appropriate product design for the target market,
      - regulatory compliance,
      - periodic reviews of product performance,
      - 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:
      - reasonable expectations of all stakeholders,
      - **financial viability** of the product,
      - **emerging risk** and experience under the product,
      - any other relevant factors.

SEBI Notifies Regulations for Index Providers

- The **Securities and Exchange Board of India (SEBI)** notified the **SEBI (Index Providers) Regulations, 2024.**
- 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.

- Key features include:
  - **Registration:**
    - Index providers must register with SEBI.
    - Applicants must meet certain eligibility criteria such as:
      - must be an entity incorporated under the **Companies Act, 2013**,
      - have a minimum net worth of Rs 25 crore,
      - 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.
    - Functions of the committee include:
      - reviewing the need for change in index design or computation methodology,
      - overseeing the introduction of new **financial benchmarks,**
      - 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.**
  - **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**.
- 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.
  - **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:
      - the registration application being made by the investment manager on the trust's behalf,
      - 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
      - at least half of the directors of the investment manager are **independent.**

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 concessions** 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.

Industry

Scheme to Promote Domestic Manufacturing of Electric Vehicles Notified

- The **Ministry of Heavy Industries** notified the **Scheme to Promote Manufacturing of Electric Passenger Cars in India.**
- 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.
    - The imported EVs must have a minimum Cost, Insurance and Freight (CIF) value of USD 35,000.
  - **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.

Electric Mobility Promotion Scheme Notified

- The **Ministry of Heavy Industries** notified the **Electric Mobility Promotion Scheme, 2024.**
- 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.**
- Key features include:
  - **Incentive to consumers:**
    - Incentive of **Rs 5,000 per kWh** will be provided for **two and three-wheeler EVs.**
    - 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:
      - registration with the **Ministry of Heavy Industries** and approval for each of their **electric vehicle** models,
      - each vehicle model satisfying minimum **technical eligibility criteria** for performance and efficiency,
      - vehicles must be **manufactured in India.**

Revamped Pharmaceuticals Technology Upgradation Assistance Scheme Approved

- The **Ministry of Chemicals and Fertilisers** approved the **Revamped Pharmaceuticals**

Technology Upgradation Assistance Scheme.

- 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 including those whose average three-year turnover is below Rs 500 crore.
  - **Support for complying with new standards**:
    - 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.

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.**
- Incentives that will be provided under the scheme include:
  - **capital investment incentive** for new and expanding units,
  - **interest subvention** for new and expanding units,
  - **incentives linked** to manufacturing for new units.

Environment

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.**
- The amendments add obligations for manufacturers of **biodegradable plastic.**
- Key features of the amendments include:
  - **Biodegradable plastic manufacturers:**
    - **Biodegradable 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.
    - 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**.
  - **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.**
- 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 fulfil EPR obligations.
- Key features of the Amendments are:
  - **Price of EPR certificates:**
    - **Central Pollution Control Board (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**.
    - 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.**
    - As per the 2024 amendments, CPCB will prepare and recommend the guidelines. CPCB may consult the implementation committee during the process.

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.**
- Schemes under the Mission include:
  - research and development (R&D),
  - incentives for **electrolyser** manufacturing (a device to convert water into hydrogen and oxygen),
  - **skill development,**
  - 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.
    - 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.
  - **Electrolyser manufacturing:**
    - The scheme provides financial incentives to support domestic manufacturing of **electrolysers.**
    - 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**.
  - **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.

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.**
- 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 fulfils 90% of its coking coal requirements through imports.
    - 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.
  - **Reduction of non-coking coal imports:**
    - **Non Coking coal** is used in the production of power.
    - The Committee recommended that boilers use **domestic coal** and be **retrofitted** to make them **compatible** with domestic coal.
  - **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.
    - The Committee recommended rationalising GST **compensation cess on coal.**