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- **Master Check List of Agriculture**
- **Topics of Infrastructure**

Do Cover these Concepts - 7

Agriculture

Static Topics

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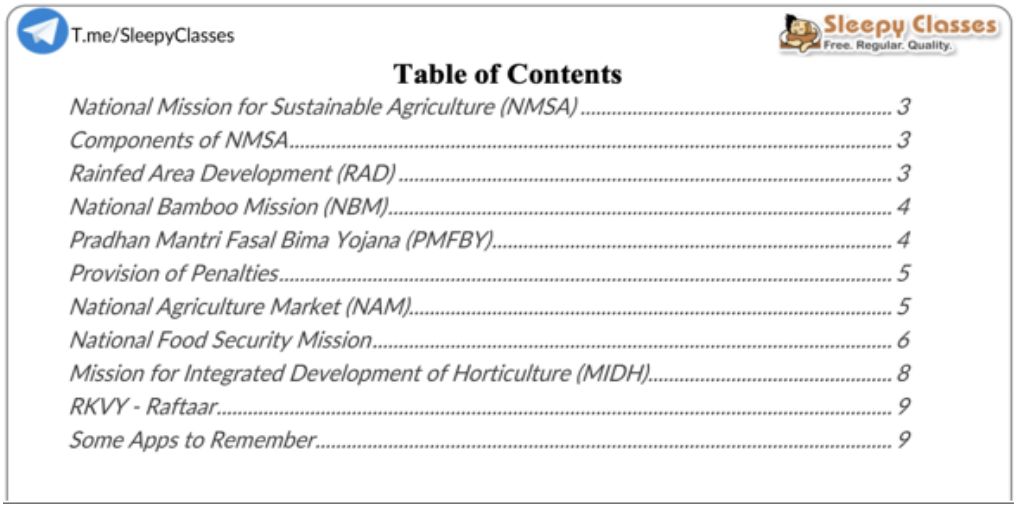

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Covering Some Topics of Infrastructure in Details

Important Infrastructure Topics for Prelims 2021

NPPA notifies Medical Devices as Drugs

- National Pharmaceutical Pricing Authority (NPPA) has clarified on the fears over the disruption in supply of active pharmaceutical ingredients (API) because of Covid-19.

What has been the change

- It increased the ceiling price of 883 scheduled formulations, in compliance of the provisions of Drugs Price Control Order (DPCO) 2013. These are normal price revisions.
- Increase in ceiling price is based on Wholesale Price Index (WPI).
- It brought in medical devices under price control by defining them as 'drugs', under the DPCO.
- It will include all 24 classes of medical devices as drugs, so that no manufacturer will increase their MRP beyond 10 per cent in a year.

Consolidated Sinking Fund

- Because of lack of funds with the States, they want the Centre to relax spending norms related with Consolidated Sinking Fund (CSF).
    - (They are also demanding with the Building and Other Construction Workers' Welfare Cess Fund (BoCWWCF)) All about CSF
    - Set up in 1999-2000 by the RBI.
- **Aim**: To meet redemption of market loans of the States.
    - Initially, 11 States set up the sinking funds.
    - 12th Finance Commission (2005-10) recommended that all States should have sinking funds for amortisation of all loans, including loans from banks, liabilities on account of NSSF (National Small Saving Fund), etc.
    - The fund to be maintained outside the consolidated fund and the public account of the States.
    - It should not be used for any other purpose, except for redemption of loans.
    - State governments could contribute 1-3 per cent of the outstanding market loans each year to the Fund.
    - The Fund is administered by the Central Accounts Section of RBI Nagpur.

- **Do all states have it**
    - Except UP, MP, Rajashthan, Jharkhand, HP and Jammu & Kashmir (now a UT), all States have CSF.

- **The case of Building and Other Construction Workers' Welfare Cess Fund (BoCWWCF)**
    - The BoCWWCF is a cess collected only for the welfare of building and other construction workers.
    - But it can only be used for registered workers, whose number is much less as compared to the actually employed.
    - Some states want that the law could be amended to allow use of fund not just for building and construction workers but other workers, including daily wage workers across all the activities.

Draft National Renewable Energy Policy

- **Proposed by**
  - Ministry of Power
- **Proposed in**
  - Draft Electricity (Amendment) Bill, 2020.
- **Primary Ideas**
  - To promote generation of electricity from renewable sources of energy
  - To prescribe a minimum percentage of purchase of electricity from renewable and hydro sources of energy.
- **Other important proposals in Electricity (Amendment) Act, 2020**
  - The National Load Despatch Centre shall be responsible for optimum scheduling and despatch of electricity across different regions.
  - Cross-border trade of electricity to be taken up.

Urbansiation & the Crisis

- **Crisis**
  - Most urban poor did not have the capital or the resources to survive even a week in the aftermath of the national lockdown.
  - Exclusion of the urban poor from public transport, housing, drinking water, sanitation, access to healthcare causing them to flee the big cities when their jobs evaporated.
- **About the claim of Poverty Reduction**
  - Recent times have witnessed official claims of a reduction in the absolute numbers of poor.
  - They are made on the basis of expenditure patterns that do not take into account the current perceptions of consumption, living conditions, housing conditions, social environment and health access.
  - For example: Having a mobile phone does not reduce the extreme vulnerabilities of urban poor.
  - It needs to be re-looked.

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- **Other Important Concerns**
    - There are 53 cities of more than one million populations and the question about responding to their mobility needs has not been addressed.
    - Concern of migrants' return in case of lockouts. There will be attempts to go for local workforce.
    - In spite of many schemes, continued poor inhabiting slum clusters with limited access to sanitation, drinking water or healthcare facilities.
    - Highly exclusionary nature of urban growth in India.

India & World Pharma

- **Earlier**
    - 1969: Indian pharmaceuticals had a 5 per cent share of the Indian pharmaceutical market and global pharma had a 95 per cent share.
    - 2020: It has reversed. Indian pharma has an almost 85 per cent share of the Indian pharmaceutical market and global, 15 per cent.
    - India contributes over 20 per cent by value to the global generics market.
    - Indian products contribute over 40 per cent (by volume) of US drugs.
    - The industry in India is worth about $37 billion, with exports accounting for about $18 billion.
    - India has the largest number of USFDA-approved plants in the world. Present COVID crisis and opportunity
    - There is a potential opportunity for India to truly play the role of 'pharmacy of the world'.
    - Indian pharma industry has been growing steadily for the past few years.
    - The analysis of the Indian pharmaceutical industry reveals a highly competitive industry structure.
    - Indian medicines have the lowest prices in the world, leading Indian firms have the capacity to not only serve the Indian market for essential drugs but also supply the world.
- **How to make the most of this opportunity**
    - Government needs to launch targeted financial incentives to promote the manufacturing of diagnostic kits and other medical devices.
    - Opportunity to bring a much larger proportion of manufacturing of APIs back into India, so that the country is not dependent on imports of critical inputs.

- Setting up of bulk drug parks and production-linked incentives.
- Support to ancillary suppliers (eg packaging material, solvents) of pharmaceutical manufacturers.
- Consistency in quality that is enforced by the USFDA.
- Increased research for developing new molecules for treatment of various medical conditions at scale.
- Encouragement of R&D expenses and outcomes
- Increase in availability of funding for R&D
- Creation of a closer cooperation process between public institutions like CSIR laboratories and NIPERs with private R&D.

CHAMPIONS: Technology Platform to empower MSMEs

What's the news

- Prime Minister launched the technology platform CHAMPIONS.
- It stands for Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength.

What is it about

- The portal is primarily aimed at making the smaller units big by solving their grievances, encouraging, supporting, helping and handholding.
- It is a real one-stop-shop solution of MSME Ministry.

Objectives of CHAMPIONS

- Grievance Redressal: To resolve the problems of MSMEs including those of finance, raw materials, labor, regulatory permissions etc particularly in the Covid created difficult situation;
- Help them capture new opportunities: including manufacturing of medical equipments and accessories like PPEs, masks, etc and supply them in National and International markets;
- To identify and encourage the resilient MSMEs: i.e. the potential MSMEs who are able to withstand the current situation and can become national and international champions.

Integration with other portals

- It is also fully integrated on real time basis with GOI's main grievances portal CPGRAMS and MSME Ministry's own other web based mechanisms.

Use of Hub and Spoke Model

- A network of control rooms is created in a Hub & Spoke Model.
- The Hub is situated in New Delhi in the Secretary MSME's office.
- The spokes are in the States in various offices and institutions of MSME Ministry.
- As of now, 66 state level control rooms are created and made functional.
- They are connected through video conference also in addition to the portal of Champions.

Country of Origin

- **What's the news?**
  - The government recently made it mandatory for sellers on the Government e-Marketplace (GeM) portal to clarify the country of origin of their goods when registering new products.
- **What is GeM ?**
  - It is Commerce Ministry's online marketplace for procurement of goods and services by various Ministries and government bodies.
- **What is GeM going to do about it ?**
  - Those products that have a 'minimum 50 per cent local content' can be now easily selected.
  - Various procurement norms amended by the government earlier this month categorise suppliers based on the level of local content in their goods.
  - The GeM portal now allows buyers to reserve a bid for Class I local suppliers, or suppliers of those goods with more than 50 per cent local content.
  - It is important to note that, for bids below Rs 200 crore, only Class I and Class II (those with more than 20 per cent local content) are eligible.
- **Is it applicable on Private e-commerce parties as well?**
  - Not yet.
  - But it might be soon.

- **What is the motive behind such a move?**
    - Government's attempt to promote self-reliance by boosting the use of locally produced goods and for creating an "Aatmanirbhar Bharat".
    - Also, since a lot of suppliers on GeM source contents from China, so following the deadly clashes between Indian and Chinese troops in Galwan Valley,various government departments have decided to launch an offensive against imports from China.

- **In this context, there are various examples**
    - Where it is important to know the role of Government in boosting domestic production such as:
        - Meiji Restoration (Japan)
        - New Deal (USA)
        - Mao Zedong Oriented Reforms (China)
        - Start-Up Revolution (Israel)

Precedence in NCLAT ruling on liquidation of a firm under IBC

Important points to remember

- **Waterfall Mechanism**
    - It gives priority to secured financial creditors over unsecured financial creditors.
    - Top most priority, however, is given to costs related to the liquidation process and dues of workmen of the corporate debtor.
    - The dues of the workmen include all their salaries, provident, pension, retirement and gratuity fund, as well as any other funds maintained for the welfare of the workmen.
- **NCLAT**
    - The National Company Law Appellate Tribunal (NCLAT) is a tribunal which was formed by the Central Government of India under Section 410 of the Companies Act, 2013.
    - The tribunal is responsible for hearing appeals from the orders of National Company Law Tribunal(s) (NCLT), starting on 1 June, 2016.
    - The tribunal also hears appeals from orders issued by the Insolvency and Bankruptcy Board of India under Section 202 and Section 211 of IBC.
    - It also hears appeals from any direction issued, decision made, or order passed by the Competition Commission of India (CCI).

- **NCLT**
    - The National Company Law Tribunal (NCLT) is a quasi-judicial body in India that adjudicates issues relating to Indian companies.
    - The NCLT was established under the Companies Act 2013 and was constituted on 1 June 2016 by the government of India & is based on the recommendation of the justice Eradi committee on law relating to insolvency and winding up of companies.
    - The National Company Law Tribunal is the Adjudicating Authority for Insolvency resolution process of Companies and Limited Liability Partnerships under the Insolvency and Bankruptcy Code, 2016.

Solar Power and China

- **What's the news?**
    - Prime Minister's recent inauguration of 'Asia's largest solar power project' in Rewa, Madhya Pradesh.

- **India's Solar Power**
    - The country's solar installed capacity, at about 40 GW today, is short of the goal of achieving 100 GW by 2022.

- **Role of China in helping India become Solar**
    - India has imposed safeguard duty on solar cells and modules from China and Vietnam with effect from August 2018 for a two-year period (ending soon).
    - Before that, China accounted for over 75 per cent of India's cell and panel imports.
    - Now Singapore, Thailand and Vietnam seem to have plugged some of the gap.
    - But the safeguard duty has slowed the pace of capacity additions.

- **Made in India Solar**
    - India's costs are higher.
    - Studies estimate that domestically produced modules are 33 per cent more expensive than their Chinese counterparts.
    - Cost of the raw materials is estimated to account for a major share of the cost difference.
    - Economies of scale are also missing in India.

- At present, India is estimated to have a module manufacturing capacity of 9 GW and a cell making capacity of 3 GW. Major Hurdles facing Solar Sector Manufacturers in India
- The manufacturers of PV modules require a reliable supply of electricity.
- The EU is also trying to make a comeback, might make exports tougher for Indian manufacturer (at present China leads the world in PVs, making two-thirds of the world's modules)
- Solar power accounts for 3.6 per cent of India's electricity generated, and 9.8 per cent of the total installed capacity.

- **What could be done**
  - Can learn from China:
    - Create right demand and supply ecosystem.
    - PM-KUSUM scheme can be ramped up.

TRAI & Differential Data Speeds

- Telecom Regulatory Authority of India (TRAI) has decided to stop Airtel and Vodafone Idea from offering differential data speeds to customers paying higher tariffs.

- **What's the Rationale?**
  - Offering differentiated services is very common in various sectors such as hotels, airlines and e- commerce as they are legitimate marketing tools deployed to retain existing customers and attract new ones.
  - However, TRAI says that in the telecom sector, mobile services are provided using spectrum, which is a shared resource.

- **But we do have variable speeds for Broadband**
  - Unlike fixed-line telephony, where a cable line is dedicated to a specific user from her home to the nearest exchange, spectrum is shared between all users in a given location.
  - This means that if data speeds of a select group of customers are bumped up, there is a chance that the quality of service of others in that area will get affected.
  - Not to mention that at the moment consumers are grappling with call drops and poor data network coverage across the country.

- Also, companies have failed to answer how they are managing their network design to ensure that providing higher speeds to high paying users does not impact the quality of service for the majority of users.

- **Some history of it**
  - In 2016, TRAI had disallowed differential pricing for data services.
  - This in general is in agreement with basic principles of network neutrality, which is to enable fair, equal and non-discriminatory access to all.
  - It is all right to offer bundled applications and giving priority support to premium subscribers but giving higher data speeds to those who can pay more could be seen as going against these principles of network neutrality, unless the regulator can ensure minimum quality of service to all users first.

- **Some Important Questions**
  - Vodafone Idea launched the new tariff plan in November 2020 and it has been told to stop offering differential tariffs eight months later.
  - This was done when a rival operator flagged the issue.
  - TRAI should also clarify why the operator was given only one day to present its case before asking it to stop the tariff plan.

IEX

- IEX, the country's leading power exchange, has received approval of the Central Electricity Regulatory Commission (CERC) to launch a 'green term-ahead' market.

- **What is IEX**
  - INDIAN ENERGY EXCHANGE LIMITED (IEX) is the first and largest energy exchange in India providing a nationwide, automated trading platform for physical delivery of electricity, Renewable Energy Certificates and Energy Saving Certificates.
  - The Exchange is a publicly listed company with NSE and BSE.
  - IEX is approved and regulated by Central Electricity Regulatory Commission (CERC) and has been operating since 27 June 2008.

- **Impact of this approval**
    - Various state and private sector owned electricity distribution companies (discoms) and large consumers, such as cement or steel plants – which are 'obligated entities' mandated by law to buy a portion of their electricity demand from renewable sources—will now be able to discharge their 'renewable purchase obligations' (RPO) by buying power from renewable energy companies in the exchange.
    - Wind and solar companies, if they have any surplus, can offer their power in the market.
    - Give recognition on a trade as 'green' power. Earlier, a wind or a solar company, if it had any surplus power could offer it in the market and claim tradeable 'renewable energy certificates' (RECs).
    - But the buyer of the power, if he were an 'obligated entity', could not claim that he had met his 'renewable purchase obligation' (RPO).
    - Now, if a wind, solar, small hydro or biomass energy company sells its power on the green market, it could presumably get a higher price because the buyers would be mostly the obligate entities.
    - IEX would get more commission income if renewable energy companies and obligated entities flock to the exchange.

- **Concerns**
    - A question that if there would be much energy to sell, because wind and solar companies put up their projects only after signing long term power purchase agreements.
    - Power generators (renewable or otherwise) are allowed to sell for delivery within 11 days. But forward contracts are soon to be allowed, because the question whether power regulator CERC or the market regulator, SEBI would have jurisdiction over such contracts, is nearing resolution. In the latter case, it will require coordination with the SEBI.

- **Types of Contracts**
    - Green Intra-day contracts
- Day-ahead Contingency contracts
    - Daily Contracts
    - Weekly contracts.
    - There will be separate contracts for Solar and Non-Solar energy to facilitate Solar and Non-Solar Renewable Purchase Obligations fulfilment.

Cabinet approves e-bidding platform for natural gas pricing

- The Cabinet Committee on Economic Affairs approved 'natural gas marketing reforms' with an aim to standardize the procedure to discover the price of gas sold in the market.

- **Details of the announcement**
    - The policy aims to permit affiliate companies to participate in the bidding process in view of the open, transparent and electronic bidding, promoting more competition in the market.
    - Rebidding would be needed in case only affiliates participate and if there are no other bidders.
    - 75-80 per cent of natural gas produced is priced by the government under the administered pricing mechanism.
    - The new policy will also grant marketing freedom to the field development plans (FDPs) of those blocks in which production sharing contracts (PSCs) already provide pricing freedom.

- **Gas pricing in India**
    - There are multiple pricing regimes existing in the country for Natural gas supplies.
    - Also, there is differential pricing existing for different sectors.
    - Policy makers have been considering various aspects to look at the pricing of natural gas.
    - Much of the natural gas being produced in the country does not command a market-determined price — that is, it is not determined by buyers and sellers based on demand-supply dynamics in the market.
    - Rather, a formula — and a peculiar one at that — is used to fix the price of the fuel every six months.
- As per the formula, the domestic gas price is the weighted average price of four global benchmarks :
    - The US-based Henry Hub
    - Canada-based Alberta gas
    - The UK-based NBP
    - Russian gas
- The domestic price is based on the prices of these international benchmarks in the prior year, and kicks in with a quarter's lag. It applies for six months.

- **Natural Gas**
    - Natural gas is a non-renewable hydrocarbon used as a source of energy for heating, cooking, and electricity generation.
    - It is also used as a fuel for vehicles and as a chemical feedstock in the manufacture of plastics and other commercially important organic chemicals.

- **Composition**
- Natural Gas
    - Natural gas is the cleanest fossil fuel and a highly efficient form of energy. The simple chemical composition of natural gas lends itself to fewer impurities and generally results in less pollution.
    - Using natural gas instead of oil or coal produces less chemicals that contribute to greenhouse gases, acid rain, smog, and other harmful forms of pollution.
    - Natural gas promotes the use of other clean energy sources. It's used as a raw material in lightweight cars, wind power blades, solar panels, and energy-efficient materials.
    - Approximately 90 percent of natural gas produced is delivered to customers as useful energy. By comparison, only 30 percent of energy converted to electricity reaches consumers.

Component	Typical Analysis (mole %)	Range (mole %)
Methane	94.7	87.0 - 98.0
Ethane	4.2	1.5 - 9.0
Propane	0.2	0.1 - 1.5
iso - Butane	0.02	trace - 0.3
normal - Butane	0.02	trace - 0.3
iso - Pentane	0.01	trace - 0.04
normal - Pentane	0.01	trace - 0.04
Hexanes plus	0.01	trace - 0.06
Nitrogen	0.5	0.2 - 5.5
Carbon Dioxide	0.3	0.05 - 1.0
Oxygen	0.01	trace - 0.1
Hydrogen	0.02	trace - 0.05
Specific Gravity	0.58	0.57 - 0.62
Gross Heating Value (MJ/m^3), dry basis *	38.8	36.0 - 40.2
Wobbe Number (MJ/m^3)	50.9	47.5 - 51.5

India Energy Modelling Forum

- **What's the Idea ?**
  - The India Energy Modelling Forum' will provide a platform to examine important energy and environmental related issues, and facilitate exchange of ideas.
  - In the joint working group meeting of the Sustainable Growth Pillar, India Energy Modeling Forum was launched.
  - Sustainable Growth Pillar is an important pillar of India-US Strategic Energy Partnership co-chaired by NITI Aayog and USAID.
  - The SG pillar entails energy data management, energy modelling and collaboration on low carbon technologies as three key activities.

- **The India Energy Modelling Forum will accelerate this effort and aim to**
  - Provide a platform to examine important energy and environmental related issues;
  - Inform decision-making process to the Indian government;
  - Improve cooperation between modelling teams, government, and knowledge partners, funders;
  - Facilitate exchange of ideas, ensure production of high-quality studies;
  - Identify knowledge gaps at different levels and across different areas;
  - Build capacity of Indian institutions.

Green Term Ahead Market (GTAM)

- As a first step towards Greening the Indian short term power Market, pan-India Green Term Ahead Market (GTAM) was launched.
- The introduction of GTAM platform would lessen the burden on RE-rich States and incentivize them to develop RE capacity beyond their own RPO.
- This would promote RE merchant capacity addition and help in achieving RE capacity addition targets of the country.
- GTAM platform will lead to increase in number of participants in renewable energy sector. It will benefit buyers of RE through competitive prices and transparent and flexible procurement.
- It will also benefit RE sellers by providing access to pan- India market.
- The Government of India's target of 175 GW RE Capacity by 2022 is driving accelerated renewable penetration pan-India.

- **Green Term Ahead Market contracts will:**
  - Allow additional avenues to the RE generators for sale of renewable energy
  - Enable Obligated entities to procure renewable power at competitive prices to meet their Renewable Purchase Obligations (RPO)
  - Provide a platform to environmentally conscious open access consumers and utilities to buy green power.
- **Key features of GTAM**:
  - Transactions through GTAM will be bilateral in nature with clear identification of corresponding buyers and sellers, there will not be any difficulty in accounting for RPO.
  - GTAM contracts will be segregated into Solar RPO & Non-Solar RPO as RPO targets are also segregated.
  - Further within the two segments GTAM contracts will have Green Intraday, Day Ahead Contingency, Daily and Weekly Contracts:
    - Green Intraday Contract & Day Ahead Contingency Contract – Bidding will take place on a 15- minute time-block wise MW basis.
    - Daily & Weekly Contracts – Bidding will take place on MWh basis. Both buyers and sellers can submit the bid, however the seller will provide profile in terms of 15-minute time block wise quantity (MW) along with the price (Rs/MWh).
    - After the contract gets executed scheduling will take place as per the profile.
    - In case of multiple buyers, the profile will get allocated on a pro-rata basis.
- Price discovery will take place on a continuous basis i.e. price time priority basis. Subsequently, looking at the market conditions open auction can be introduced for daily & weekly contracts.
- Energy scheduled through GTAM contract shall be considered as deemed RPO compliance of the buyer.

National Logistics Portal

- The plan is to scale up the current Port Community System (PCS 1x) to create NLP-Marine.
- The Shipping Ministry is planning to develop a National Logistics Portal (Marine) to help exporters, importers and service providers exchange documents seamlessly and transact business in a transparent and quick manner.

- **Who is planning it?**
  - The Indian Ports Association.

- **About The Indian Ports Association**
  - It is an apex body of state-owned major ports under the Shipping Ministry.
  - It is a think tank for the country's dozen state-owned ports, has invited bids for the design, development, integration, implementation, operation and maintenance of the National Logistics Portal (Marine) Version 1.0.
  - It has become a member of the International Port Community Systems Association (IPCSA) in a clear sign of the government's focus on digitalisation of the maritime trade processes and enhances ease of doing business.

- **What's the Idea?**
  - To develop a revolutionary national maritime single window known as National Logistics Portal (NLP- Marine) encompassing complete end-to-end logistics solutions.
  - NLP-Marine will act as a single platform to perform all core activities of the importer, exporter and Customs broker such as domestic tracking of the shipment with notifications at each stage, undertake Customs clearance on their own, online transaction with custodians, remote electronic data interchange (EDI) system package – for Bill of Entry and Shipping Bill checklist plus EDI file generation and document management system to store all the important documents securely on cloud storage.
  - It will facilitate real-time information of the activities.
  - It will also enable digital transaction for all the payments required.
  - It will facilitate ease of doing business..

Assam to have India's first Multi-Modal Logistics Park

- Multi-Modal Logistics Parks (MMLPs) are a key policy initiative to improve the country's logistics sector by lowering overall freight costs, reducing vehicular pollution and congestion, and cutting warehousing costs.
- The Ministry of Road Transport and Highways (MoRTH) is developing multi-modal logistics parks at selected locations in the country under its Logistics Efficiency Enhancement Program (LEEP).
- India is burdened with high logistics costs, which account for about 13% of the value of goods sold in the economy compared with 8% in other major economies.
- The average cost to export/import one container in India is about 72% higher than in China.
- LEEP, which is spearheaded by the MoRTH and NHAI, aims to enhance freight transport in India by reducing costs and time, and improving the tracking and traceability of consignments through infrastructural, procedural, and information technology interventions.

- **What is MMLP**
    - The government defines an MMLP as a freight-handling facility encompassing a minimum area of 100 acres (40.5 hectares), with various modes of transport access, and comprising mechanized warehouses, specialized storage solutions such as cold storage, facilities for mechanized material handling and inter-modal transfer container terminals, and bulk and break-bulk cargo terminals.

- **Benefits of MMLP**
    - Logistics parks will further provide value-added services such as customs clearance with bonded storage yards, quarantine zones, testing facilities, and warehousing management services. Provisions will also be made for late-stage manufacturing activities such as kitting and final assembly, grading, sorting, labelling and packaging activities, reworking, and returns management.
    - It will provide direct air, road, rail and waterways connectivity to the people.
    - It will be developed under the ambitious Bharatmala Pariyojana.
    - Ministry envisages developing 35 Multi-modal Logistic Parks (MMLPs) in the country.
    - The first such MMLP is being made by NHIDCL in Jogighopa of Assam, which will be connected to road, rail, air and waterways.
    - This is being developed in 317-acre land along the Brahmaputra.

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- **Bharatmala Project**
    - It was launched in 2017. It aims to improve road traffic can trade through road transportation.
    - The scheme aims to complete the following targets by 2022:
        - National Highway development project works of Ten Thousand kilometres.
        - Economic corridor of 9000 kilometres
        - Inter corridor roads of 6000 km.
        - Improve efficiency of national corridors of 5000 km.
        - Border connectivity roads of 2000 kilometre.
        - Expressways of 800 km.
        - Post connectivity roads of 2000 km.

Govt. to widen manufacturing PLI plan

PLI:

As a part of the National Policy on Electronics, the IT ministry had on April 1 notified a scheme which would give incentives of 4-6 per cent to electronics companies which manufacture mobile phones and other electronic components such as transistors, diodes, thyristors, resistors, capacitors and nano-electronic components such as micro electromechanical systems.

- The PLI scheme is to be active for five years with financial year (FY) 2019-20 considered as the base year for calculation of incentives.
- This means that all investments and incremental sales registered after FY20 shall be taken into account while computing the incentive to be given to each company.
- PLI is an outcome- and output-oriented scheme. That is, incentives will be paid only if the manufacturers make the goods.
- PLI scheme for manufacturing investments will soon be extended to eight more sectors.
- This scheme will give cash incentives for five to seven years and all the sunrise and important sectors are proposed to be covered in this.
- The sectors may be automobile, networking products, food processing, advanced chemistry and solar PV manufacturing.

Sunrise Sectors

- A sunrise industry is one that is new or relatively new, is growing fast and is expected to become important in the future.
- Examples of sunrise industries include hydrogen fuel production, petrochemical industry, food processing industry, space tourism, and online encyclopedias.

PLI scheme to cover more sectors, to get more than ₹1.5-lakh crore over five years

- The Centre expanded the Production-Linked Incentive (PLI) to 10 more sectors approving a spend of ₹1.46-lakh crore over five years to boost manufacturing.
- Simultaneously, the government moved to push social infrastructure, giving ₹8-lakh crore to the Viability Gap Funding (VGF) scheme, also over five years.
- The PLI scheme incentivizes large investments and domestic manufacturing.
- To begin with, it covered three sectors — Mobile Manufacturing and Specified Electronic Components, Critical Key Starting Materials/Drug Intermediaries, and Active Pharmaceutical Ingredients, and Manufacturing of Medical Devices — at an outlay of ₹51,000 crore.

- **Fund allotment**
  - The final PLI proposals for individual sectors will be appraised by the Expenditure Finance Committee and approved by the Cabinet.
  - Savings, if any, from one PLI scheme can be utilised to fund another approved sector by the Empowered Group of Secretaries.
  - Any new sector for PLI will require fresh Cabinet approval.

- **VGF for social infra**
  - The revamping of the Scheme for Financial Support to Public Private Partnerships (PPPs) in Infrastructure Viability Gap Funding (VGF) till 2024-25 is, at present, limited to economic infrastructure
  - Now, the revamped scheme will also cover social infrastructure such as drinking water, education and health.
  - There will be two sub schemes — one will cater to social sectors such as waste water treatment, solid waste management, health and education sectors; and the second will support demonstration/pilot social sectors projects.

- **Viability Gap Funding (VGF)**
    - VGF means a grant to support projects that are economically justified but not financially viable.
    - The scheme is designed as a Plan Scheme to be administered by the Ministry of Finance and amount in the budget are made on a year-to-year basis.
    - Such a grant under VGF is provided as a capital subsidy to attract the private sector players to participate in PPP projects that are otherwise financially unviable.
    - Projects may not be commercially viable because of the long gestation period and small revenue flows in future.
    - The VGF scheme was launched in 2004 to support projects that come under Public-Private Partnerships.
    - Funds for VGF will be provided from the government's budgetary allocation. Sometimes it is also provided by the statutory authority who owns the project asset.
    - If the sponsoring Ministry/State Government/ statutory entity aims to provide assistance over and above the stipulated amount under VGF, it will be restricted to a further 20% of the total project cost.
    - VGF grants will be available only for infrastructure projects where private sector sponsors are selected through a process of competitive bidding.
    - The VGF grant will be disbursed at the construction stage itself but only after the private sector developer makes the equity contribution required for the project.
- India ranked 44 on the World Bank's Logistics Performance Index in 2018.
- **Also, FinMin proposes DFI tag for IIFCL to support long term financial needs.**

Dedicated Freight Corridor: 40% DFC track to be completed by 2021

- The Dedicated Freight Corridor Corporation of India Limited (DFCCIL), responsible for developing the DFC project, recently announced that Indian Railways will be operating its freight trains on 40 per cent of the corridor by next year.
- The freight corridor project is one of the largest railway infrastructure projects and is being implemented at a cost of ₹ 81,459 crore.
- The Western DFC project, which will be 1,504 km long will stretch from J N Port in Mumbai to Dadri in Uttar Pradesh.

- Whereas, the 1,856 km long Eastern DFC will stretch from Sahnewal in Punjab to Dankuni in West Bengal.
- The operational route which will complete by 2021 will provide a significant boost to the region's industrial growth.
- Along with this, most of the sections will be commissioned by March 2022 and the remaining part of the Eastern and Western DFC will get commissioned by June 2022.
- Once the Dadri-Rewari section of the DFC is completed, the roll-on roll-off (Ro-Ro) services of Indian Railways will begin
- The Ro-Ro services will contribute to a significant reduction in pollution in the national capital region (NCR). The service will reduce carbon emission and congestion on roads in Delhi.
- Apart from Eastern and Western DFC, three more corridors namely, East Coast East-West, and North-South Sub-Corridor are also set for implementation.
- The surveys for these corridors will be completed by 2021.
- These new corridors are targeted for completion by 2030 •Dedicated Freight Corridors (DFC) is a high speed and high capacity railway corridor that is exclusively meant for the transportation of freight or in other words goods and commodities.
- DFC involves the seamless integration of better infrastructure and state of the art technology.
- This article shares the economic benefits of the Dedicated Freight Corridor and the Public Sector Undertaking (PSU) established in 2006 to oversee its development.

Dedicated Freight Corridor Corporation of India Ltd (DFCCIL)

- **Introduction:**
  - It is headquartered in New Delhi and is a Public Sector Undertaking (PSU).
  - It is a business establishment operated by the Railways Ministry of the Government of India.
  - It engages in the planning and development, deployment of monetary resources, building, upkeep, and the operation of the DFCs.
  - The organisation was incorporated under the Companies Act, 1956 on 30th October 2006.
  - DFCCIL has been assigned the status of 'special purpose vehicle' by the Indian government.

- **Make in India is hitting supply of life-saving medicines**
    - **Context**: The Ministry of Railways has written to the Department for Promotion of Industry & Internal Trade, Ministry of Commerce and Industry, seeking exemption for procuring certain medical items manufactured outside India, particularly medicines used in the treatment of COVID-19, cancer, etc.
    - As per the Department for Promotion of Industry and Internal Trade's (DPIIT) norms
        - Class-I is a local supplier or service provider whose goods, services or works offered for procurement have local content equal to or more than 50%
        - Class-II is a supplier or service provider whose goods, services or works offered for procurement have local content of more than 20% but less than 50%.
        - Only these two categories of suppliers shall be eligible to bid in the procurement of all goods, services or works and with estimated value of purchases of less than ₹200 crore.
- **Issue**
    - Northern Railway expressed difficulty in procuring drugs and surgical items in the light of the latest 'Make in India' policy.
    - Indian Railways, one of the largest employers in the country with over 12 lakh employees, has its own network of healthcare infrastructure, including super specialty hospitals in all Zonal Headquarters.
    - Certain drugs used in cancer treatment were manufactured outside India but available in the Indian market through agents or dealers.
    - Besides a surgical implant, the suppliers of anti-viral medicines used for the treatment of COVID-19, and even the vaccine for the coronavirus, may not fall under the Class-I or Class-II categories, which is required for purchases under the new 'Make in India' guidelines.
    - The uninterrupted supply chain of these medicines and medical items are essential in the human life saving category and providing satisfactory health care to all railway employees and their family members.
    - In the existing 'Make in India' policy, there is no window available to procure such items from the suppliers who may not meet the Local Content Criteria required for Class-I and Class-II Local Supplier category.
    - It is therefore proposed to seek exemption to procure such medicines and medical items from Indian Market from 'non-local suppliers.

- DPIIT forwarded the issue to the Department of Pharmaceuticals and Ministry of Health and Family Welfare, being the nodal agency for Pharmaceuticals, Medical Devices and Equipment.
- The DPIIT had also informed that procurement of imported items through Indian agents/ traders amounted to indirect violation of the general finance rules and hence, it was not recommended and advised.

Indian Railways issues draft National Rail Plan to create capacity by 2030

- **Context**
  - In order to address the inadequacies of capacity constraints and improve its modal share in total freight ecosystem of the country, Indian Railways issued draft National Rail Plan.
- The National Rail Plan will be a common platform for all future infrastructural, business and financial planning of the Railways.
- This plan is being circulated among various Ministries for their views now.
- Railways aim to finalise the final plan by January 2021.
- **The objective of the plan is**
  - To create capacity ahead of demand by 2030, which in turn would cater to growth in demand right up to 2050 and also increase the modal share of Railways from 27% currently to 45% in freight by 2030 as part of a national commitment to reduce carbon emission and to continue to sustain it. Net zero carbon emission by 2030.

Indian Railways issues draft National Rail Plan to create capacity by 2030

- To assess the actual demand in freight and passenger sectors, a yearlong survey was conducted over hundred representative locations by survey teams spread all over the country.
- Forecast growth of traffic in both freight and passenger year on year up to 2030 and on a decadal basis up to 2050.
- Formulate strategies based on both operational capacities and commercial policy initiatives to increase modal share of the Railways in freight to 45% by 2030.
- Reduce transit time of freight substantially by increasing average speed of freight trains from present 22 Kmph to 50 Kmph.

- Reduce overall cost of Rail transportation by nearly 30% and pass on the benefits to the customers.
- Map the growth in demand on the Indian Railway route map and simulate the capacity behaviour of the network in future.
- Based on above simulation identify infrastructural bottlenecks that would arise in future with growth in demand.
- Select projects along with appropriate technology in both track work, signaling and rolling stock to mitigate these bottlenecks well in advance.

As part of the National Rail Plan, Vision 2024 has been launched for accelerated implementation of certain critical projects by 2024 such as:

- 100% electrification, multitracking of congested routes
- upgradation of speed to 160 kmph on Delhi-Howrah and Delhi-Mumbai routes
- upgradation of speed to 130 kmph on all other Golden Quadrilateral-Golden Diagonal (GQ/GD) routes and elimination of all Level Crossings on all GQ/GD route.

Future projects for implementation beyond 2024 in both track and signaling have been identified with clear cut timelines for implementation.

- Three Dedicated Freight Corridors, namely East Coast, East-West & North-South identified along with timelines. PETS survey already underway.
- Several new High Speed Rail Corridors have also been identified. Survey on Delhi-Varanasi High Speed Rail already under way.
- Assess rolling stock requirement for passenger traffic as well as wagon requirement for freight.
- Assess Locomotive requirement to meet twin objectives of 100% electrification (Green Energy) by December 2023 and also the increasing traffic right up to 2030 and beyond up to 2050.
- Assess the total investment in capital that would be required along with a periodical break up.
- Identify new streams of finance and models for financing including those based on PPP.
- For successful implementation of the National Rail Plan, the Railways will be looking to engage with Private Sector, PSUs, State Governments and Original Equipment Manufacturers (OEM)/Industries.

- Sustained involvement of the Private Sector in areas like operations and ownership of rolling stock, development of freight and passenger terminals, development/operations of track infrastructure etc. ✓ Post 2030, the revenue surplus generated would be adequate to finance future capital investment and also take the burden of debt service ratio of the capital already invested. ✓ Exchequer funding of Rail projects would not be required.

India plans $60 billion investment in Gas Infrastructure

- **Context**:
    - Petroleum Minister said the government has planned a $60-billion investment for creating gas infrastructure in the country till 2024, and gas' share in the energy mix is expected to rise to 15 percent by 2030.
- Currently, gas accounts for 6 percent in the country's total energy mix.
- The $60 billion spend in creating gas infrastructure till 2024, includes pipelines, LNG terminals and CGD (city gas distribution) networks.
- A gas-based economy is being envisioned by increasing the share of natural gas in India's primary energy mix from 6.2 percent to 15 percent by year 2030.
- India's first automated national-level gas trading platform was launched in June this year to promote and sustain an efficient and robust gas market and foster gas trading in the country.
- Coverage of CGD projects are being expanded to 232 geographical areas spread over 400 districts, with potential to cover about 53 percent of the country's geography and 70 percent of population
- Clean mobility solutions are being adopted with greater use of LNG (liquefied natural gas) as a transportation fuel, including long haul trucking.
- There is a plan to have 1,000 LNG fuel stations across the country.
- This year, India has achieved the milestone of completely filling all the strategic petroleum reserves with a total capacity of 5.33 MT (million tonnes) constructed at Visakhapatnam, Mangaluru and Padur.
- The process of establishing another 6.5 MT commercial-cum-strategic petroleum storage facilities at two locations, Chandikol and Padur, under the public-private partnership model has been initiated.

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