

## Decisions taken by the Union Cabinet

- **Cabinet approves proposal for Review of FDI policy on various sectors**

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved the proposal for Review of Foreign Direct Investment on various sectors.

**Coal Mining:** As per the present FDI policy, 100% FDI under automatic route is allowed for coal & lignite mining for captive consumption by power projects, iron & steel and cement units and other eligible activities permitted under and subject to applicable laws and regulations. Further, 100% FDI under automatic route is also permitted for setting up coal processing plants like washeries subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing.

It has been decided to permit 100% FDI under automatic route for sale of coal, for coal mining activities including associated processing infrastructure subject to provisions of Coal Mines (special provisions) Act, 2015 and the Mines and Minerals (development and regulation) Act, 1957 as amended from time to time, and other relevant acts on the subject. "Associated Processing Infrastructure" would include coal washery, crushing, coal handling, and separation (magnetic and non-magnetic).

**Contract Manufacturing:** The extant FDI policy provides for 100% FDI under automatic route in

manufacturing sector. There is no specific provision for Contract Manufacturing in the Policy. In order to provide clarity on contract manufacturing, it has been decided to allow 100% FDI under automatic route in contract manufacturing in India as well.

Subject to the provisions of the FDI policy, foreign investment in 'manufacturing' sector is under automatic route. Manufacturing activities may be conducted either by the investee entity or through contract manufacturing in India under a legally tenable contract, whether on Principal to Principal or Principal to Agent basis.

### **Single Brand Retail Trading (SBRT)**

- The extant FDI Policy provides that 30% of value of goods has to be procured from India if SBRT entity has FDI more than 51%. Further, as regards local sourcing requirement, the same can be met as an average during the first 5 years, and thereafter annually towards its India operations. With a view to provide greater flexibility and ease of operations to SBRT entities, it has been decided that all procurements made from India by the SBRT entity for that single brand shall be counted towards local sourcing, irrespective of whether the goods procured are sold in India or exported. Further, the current cap of considering exports for 5 years only is proposed to be removed, to give an impetus to exports.
- The extant Policy provides that as regards local sourcing requirement, incremental sourcing for global operations by the non-resident entities undertaking single brand retail trading, either directly or through their group companies, will also be counted towards local sourcing requirement for the first 5 years. However, prevalent business models involve not only sourcing from India for global operations by the entity or its group companies, but also through an unrelated third Party, done at the behest of the entity undertaking single brand retail trading or its group companies. In order to cover such business practices, it has been decided that 'sourcing of goods from India for global operations' can be done directly by the entity undertaking SBRT or its group companies (resident or non-resident), or indirectly by them through a third party under a legally tenable agreement.
- The extant policy provides that only that part of the global sourcing shall be counted

towards local sourcing requirement which is over and above the previous year's value. Such requirement of year-on-year incremental increase in exports induces aberrations in the system as companies with lower exports in a base year or any of ' the subsequent years can meet the current requirements, while a company with consistently high exports gets unduly discriminated against. It has been now decided that entire sourcing from India for global operations shall be considered towards local sourcing requirement. (And no incremental value)

- The present policy requires that SBRT entities have to operate through brick and mortar stores before starting retail trading of that brand through e-commerce. This creates an artificial restriction and is out of sync with current market practices. It has therefore been decided that retail trading through online trade can also be undertaken prior to opening of brick and mortar stores, subject to the condition that the entity opens brick and mortar stores within 2 years from date of start of online retail. Online sales will lead to creation of jobs in logistics, digital payments, customer care, training and product skilling.

**Digital Media:** The extant FDI policy provides for 49% FDI under approval route in Up-linking of 'News & Current Affairs' TV Channels. It has been decided to permit 26% FDI under government route for uploading/ streaming of News & Current Affairs through Digital Media, on the lines of print media.

- **Cabinet approves Sugar export policy for evacuation of surplus stocks during sugar season 2019-20**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for providing a lump sum export subsidy @ Rs. 10,448 per Metric Tonne (MT) to sugar mills for the sugar season 2019-20. The total estimated expenditure of about Rs.6,268 crore will be incurred for this purpose.

The lump sum export subsidy will be provided for expenses on marketing costs including handling, upgrading and other processing costs, costs of international and internal transport

and freight charges on export of up to 60 Lakh Metric Tonne (LMT) of sugar limited to Maximum Admissible Export Quantity (MAEQ) allocated to sugar mills for the sugar season 2019-20.

The subsidy would be directly credited into farmers' account on behalf of mills against cane price dues and subsequent balance, if any, would be credited to mill's account. [[The subsidy shall be in conformity with the provisions of Article 9.1 (d) & (e) of Agreement on Agriculture (AoA) and thus WTO compatible.

In wake of surplus sugar production during sugar season 2017-18(October – September) and sugar season 2018-19, notwithstanding various measures taken by the Government, the ensuing sugar season 2019-20 is expected to commence with an opening stock of about 142 LMT and season end stock are expected to be about 162 LMT.

- **Cabinet approves 75 new Medical Colleges; To add 15,700 MBBS seats**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for establishment of 75 additional Government Medical Colleges by 2021-22 attached with existing district/referral hospitals under Phase-III of the ongoing Centrally Sponsored scheme.

For the schemes approved today to increase the availability of healthcare infrastructure and manpower, the Cabinet also sanctioned an expenditure of Rs. 24,375 crore during the 15th Finance Commission period i.e. up to 2021-22.

The establishment of new Medical Colleges attached with existing District/Referral Hospitals, would lead to an increase in the availability of qualified health professionals, improve tertiary care in Government sector, utilize existing infrastructure of districts hospitals and promote affordable medical education in the country.

New medical colleges would be set up in under-served areas having no medical college; with at

least 200 bedded District Hospital. Preference will be given to Aspirational Districts and District Hospital having 300 beds.

The scheme on establishment of new medical colleges (58+24+75) would lead to addition of at least 15,700 MBBS seats in the country.

Continuing the focus on creation of health care infrastructure, the Government earlier approved to establish 58 new Medical Colleges attached with existing district/referral hospitals under Phase-I and 24 under Phase-II. Of this, 39 medical colleges under Phase-I, have already started functioning, while the remaining 19 would be made functional by 2020-21. Under Phase-II, 18 new medical colleges have been approved.

- **Cabinet approves Establishment of an International Coalition for Disaster Resilient Infrastructure**

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has given ex-post facto approval for the Establishment of an International Coalition for Disaster Resilient Infrastructure (CDRI) along with its supporting Secretariat Office in New Delhi. The proposal was approved by the Prime Minister on 13th August, 2019.

The CDRI is proposed to be launched at the UN Climate Action Summit in New York, USA on 23rd September 2019. Organized by the UN Secretary General, this event will bring together the largest number of Heads of States to generate commitments for combating the effects of climate change and resulting disasters, and will provide the high-level visibility required for the CDRI.

The approval, inter-alia, is for the following initiatives:

- Establishment of the International 'C.D.R.I.' along with its supporting Secretariat office in New Delhi;

- Establishment of the Secretariat of the CDRI as a Society under The Societies Registration Act, 1860 in New Delhi as 'CDRI Society' or similar name as per availability. The memorandum of association and by-laws of the 'CDRI Society' will be prepared and finalized by the National Disaster Management Authority (NDMA), in due course;
- In-principle approval for Government of India support of Rs. 480 crore (approx. USD 70 million) to CDRI for a corpus required to fund technical assistance and research projects on an on-going basis, setting up the Secretariat office and covering recurring expenditures over a period of 5 years from 2019-20 to 2023-24; and
- The endorsed version of the Charter document that will act as the founding document of the CDRI. The charter will be finalized after taking inputs from potential member countries by the NDMA in consultation with the Ministry of External Affairs.

**Major Impact:** The CDRI will serve as a platform where knowledge is generated and exchanged on different aspects of disaster and climate resilience of infrastructure. It will bring together technical expertise from a multitude of stakeholders. In doing so, it will create a mechanism to assist countries to upgrade their capacities and practices, with regard to infrastructure development in accordance with their risk context and economic needs.

This initiative will benefit all sections of society. Economically weaker sections of society, women and children, are the most vulnerable to the impacts of disasters and hence, will be benefitted from the improvement of knowledge and practice in creating disaster resilient infrastructure. It will also benefit all areas with high disaster risk.

- **Cabinet approves amendments/changes in The National Medical Commission Bill, 2019**

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has been apprised of the amendments/changes in the National Medical Commission Bill, 2019. The original version of the Bill was approved by the Cabinet on 17th July, 2019 and was passed in both Houses of the Parliament on 29th July, 2019 and 1st August, 2019 respectively, with official amendments.

The following changes have been made in the National Medical Commission Bill, 2019 passed by the Parliament from the version that was approved by the Cabinet on 17th July 2019 and the Cabinet was apprised of these changes:

- Clause 4(1)(c) –Twenty two part-time Members instead of fourteen members;
  - Clause 4(4)(b) – ten members instead of six members
  - Clause 4(4)(c) – nine members instead of five members
  - Clause 37(2) – added at the end “for the purposes of teaching also”.
- **Cabinet approves Signing of Agreement between India and Peru on Cooperation in the field of Medicinal Plants**

The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved signing of agreement between the National Medicinal Plants Board, Ministry of AYUSH of the Republic of India and the National Institute of Health of the Ministry of Health of the Republic of Peru on Cooperation in the field of Medicinal Plants.

**Major impact:** Considering the fact that both countries having rich medicinal plants biodiversity and medicinal plants based indigenous traditional system of medicines and recognizing the existing friendly and cooperative relations, the proposed Agreement will further enhance bilateral cooperation between the two countries in the area of Medicinal Plants. This will be of immense importance to both countries. This Agreement will provide structured framework for cooperation between the two countries on Medicinal Plants.

**Implementation strategy and targets:** The activities between the two Parties will start immediately after signing of the Agreement. The initiatives taken by the two countries will be in accordance with the terms of reference of the Agreement and will continue till the Agreement remains in operation.

**Expenditure involved:** There is no additional financial implication involved. The financial

resources necessary to conduct research, training courses, conferences / meetings will be met from the existing allocated budget and existing plan schemes of the National Medicinal Plants Board, Ministry of AYUSH.

- **Cabinet approves MoU between India and Guinea on Cooperation in the Field of Traditional Systems of Medicine and Homeopathy**

The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi has given ex-post facto approval for the Memorandum of Understanding between the Government of the Republic of India and the Government of the Republic of Guinea on Cooperation in the Field of Traditional Systems of Medicine and Homeopathy. The MoU was signed on 02nd August, 2019 during the 3-day visit of the President Shri Ram Nath Kovind to Guinea.

**Major impact:** The MoU will enhance bilateral cooperation between the two countries in the areas of Traditional Systems of Medicine. This will be of immense importance to both countries considering their shared cultural heritage.

**Implementation strategy and targets:** The activities between the two sides will start after the receipt of copy of the signed MoU. The initiatives taken between the two countries will be as per the terms of reference of the MoU signed and will be a continuing process till the MoU remains in operation.

**Expenditure involved:** There are no additional financial implications involved. The financial resources necessary to conduct research, training courses, conferences/ meetings and deputations of experts will be met from the existing allocated budget and existing plan schemes of Ministry of AYUSH.

- **Cabinet approves MoU between India and Gambia on Cooperation in the Field of Traditional Systems of Medicine**

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has given ex-post facto approval to the Memorandum of Understanding (MoU) between India and Gambia in the Field of Traditional Systems of Medicine. The MoU was signed in Gambia on 31st July 2019 during the visit of the President Shri Ram Nath Kovind.

The MoU will provide a framework for cooperation between India and Gambia for the promotion of traditional systems of medicine and will mutually benefit the two countries in this field. Activities mentioned in the MoU will boost the importance of AYUSH Systems of Medicine in Gambia.

As a consequence of the MoU, exchange of experts for training of the practitioners, and Scientists undertaking collaborative research in Traditional Systems of Medicine are expected to lead to new innovations in drug development and practice of Traditional Medicine.

Please contact for any query related to this mail to Ms. Kritika Bhasin, Research Officer at [kritika.bhasin@phdcci.in](mailto:kritika.bhasin@phdcci.in) with a cc to Dr. S P Sharma, Chief Economist at [spsharma@phdcci.in](mailto:spsharma@phdcci.in) and Ms Megha Kaul, Economist at [megha@phdcci.in](mailto:megha@phdcci.in), PHD Chamber of Commerce & Industry.

Regards,

Dr S P Sharma

Chief Economist

PHD Chamber of Commerce and Industry

PHD House, 4/2 Siri Institutional Area

August Kranti Marg, New Delhi-110016, India

Tel: +91 49545454

Fax: +91 11 26855450

Email: [spsharma@phdcci.in](mailto:spsharma@phdcci.in)

Website: [www.phdcci.in](http://www.phdcci.in)

Follow us on





*"Towards an Inclusive & Prosperous India"*



**PHD CHAMBER OF COMMERCE AND INDUSTRY**

PHD House, 4/2 Siri Institutional Area, August Kranti Marg, New Delhi - 110 016 (India) • Tel. : +91-11-2686 3801-04, 49545454, 49545400  
Fax : +91-11-2685 5450 • E-mail : phdcci@phdcci.in • Website : www.phdcci.in, CIN: U74899DL1951GAP001947



**COPYRIGHT:** All rights reserved. No part of this publication/Release may be reproduced, distributed, or transmitted in any form or by any means, without the prior written permission of the publisher. For permission requests, write to the publisher.

**DISCLAIMER:** This message and its attachments contain confidential information. If you are not the intended recipient, you are strictly prohibited to disclose, copy, distribute or take any action in reliance on the contents of this information. E-mail transmission cannot be guaranteed to be secure or error-free, as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.