

Decisions taken by the Union Cabinet

- **Cabinet authorises NHAI to set up Infrastructure Investment Trust and monetize National Highway projects**

The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi, has given its approval to the proposal of Ministry of Road Transport and Highways, authorizing National Highways Authority of India (NHA) to set up Infrastructure Investment Trust(s) (InvIT) as per InvIT Guidelines issued by SEBI. This will enable NHA to monetize completed National Highways that have a toll collection track record of atleast one year and NHA reserves the right to levy toll on the identified highway.

Impact: InvIT as an instrument provides greater flexibility to investors and is expected to create the following opportunities:

- I. Generation of specialized O&M (operations and maintenance) Concessionaires.
- II. Attract patient capital (for say 20-30 years) to the Indian highway market, as these investors are averse to construction risk and are interested in investment in assets which provide long-term stable returns.
- III. Retail domestic savings and corpus of special institutions (such as mutual funds, PFRDA, etc.) to be invested in infrastructure sector through InvIT.

Using new and innovative financing vehicles has become inevitable for organisations like NHA that have limited existing sources of funds. The then Finance Minister, in his Budget Speech of

year 2018-19, had stated that NHAI may consider organizing its road assets into Special Purpose Vehicles and use innovative monetizing structures such as Toll, Operate and Transfer model and Infrastructure Investment Trusts (InvITs).

- **Cabinet approves Aircraft (Amendment) Bill, 2019**

The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi, has given its approval to introduce the Aircraft (Amendment) Bill, 2019 for carrying out the amendments to the Aircraft Act, 1934 (XXII of 1934). The Bill will now be introduced in the Parliament.

The Bill enhances the maximum limit of fine from the existing Rs 10 lakhs to Rs 1 Crore. It also enlarges the scope of the existing Act to include regulation of all areas of Air Navigation.

The amendments would fulfil the requirements of International Civil Aviation Organisation (ICAO). This will enable the three regulatory bodies in the Civil Aviation sector in India, namely Directorate General of Civil Aviation, Bureau of Civil Aviation Security and Aircraft Accident Investigation Bureau to become more effective, which will lead to enhancement in the level of safety and security of aircraft operations in the country.

- **Cabinet approves revision in the Funding Pattern of Delhi Metro's three Priority Corridors of Phase – IV**

The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi, has given its approval for revision in the funding pattern of three approved priority corridors of Delhi Metro Phase-IV projects, namely, (i) Aerocity to Tughlakabad, (ii) R.K Ashram to Janakpuri (West) and (iii) Mukundpur - Maujpur with sharing of land cost in the ratio of 50:50 between Government of India (GoI) and Government of National Capital Territory of Delhi (GNCTD). This is in pursuance of the amendments to Metro Rail Policy, 2017 applicable only for Delhi, in compliance to the Supreme Court order dated 06.09.2019.

The total cost of the project which is Rs. 24,948.6 crore remains unchanged. The contribution from Gol increases from the existing Rs. 4,154.2 crore to Rs. 4,643.6 crore resulting in a net increase of Rs. 489.4 crore. The amount of external loan from bilateral/multilateral agencies which DMRC has to repay increases from the existing Rs. 11,462.6 crore to Rs.12,930.9 crore with a net increase of Rs. 1,468.3 crore.

- **Cabinet approves "Partial Credit Guarantee Scheme" for purchase of high-rated pooled assets from financially sound NBFCs/HFCs by PSBs**

The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi, has given its approval to the following:

- i. "Partial Credit Guarantee Scheme", to be offered by the Government of India (Gol) to Public Sector Banks (PSBs) for purchasing high-rated pooled assets from financially sound Non-Banking Financial Companies (NBFCs) / Housing Finance Companies (HFCs), with the amount of overall guarantee being limited to first loss of up to 10% of fair value of assets being purchased by the banks under the Scheme, or Rs. 10,000 crore, whichever is lower, as agreed by Department of Economic Affairs (DEA). The scheme would cover NBFCs / HFCs that may have slipped into SMA-0 category during the one year period prior to 1.8.2018, and asset pools rated "BBB+" or higher.
- ii. The window for one-time partial credit guarantee offered by Gol will remain open till 30th June, 2020 or till such date by which Rs. 1,00,000 crore assets get purchased by the Banks, whichever is earlier. Power has been delegated to the Finance Minister to extend the validity of the Scheme by up to three months taking into account its progress.

Major Impact: The proposed Government Guarantee support and resultant pool buyouts will help address NBFCs/HFCs resolve their temporary liquidity or cash flow mismatch issues, and enable them to continue contributing to credit creation and providing last mile lending to borrowers, thereby spurring economic growth.

- **Cabinet approves extension by three years and revision of PM's Development Package for Horticulture in UTs of J&K and Ladakh**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi, has given its approval for extension of timeline upto 31.03.2022 and revision/ re-appropriation of approved components of Prime Minister's Development Package (PMDP) for development of Horticulture in the UTs of Jammu & Kashmir and Ladakh under Mission for Integrated Development of Horticulture (MIDH).

CCEA approved the following:

- I. To extend the timeline for implementation of PMDP approved in 2016 beyond 31st March 2019 by 3 years i.e. up to 31st March 2022 with provision of further extension of time by a maximum period of 12 months, if required, with approval of Union Minister of Agriculture and Farmers Welfare.
- II. Revision/Re-appropriation of earlier approved components of PMDP within the approved outlay of Rs. 500 crore between UTs of J&K and Ladakh with the provision of further revision, if required, with the approval of Union Minister of Agriculture and Farmers Welfare within the overall financial limit of Rs. 500 crore.
- III. Revalidation of unspent amount of Rs. 59.07 crore remaining with undivided State of Jammu & Kashmir including Ladakh.

The action plan under PMDP has therefore been modified within the approved outlay of Rs. 500 crore earmarking Rs. 39.67 crore for UT of Ladakh and Rs. 460.33 crore for UT of Jammu & Kashmir.

The implementation of PMDP in the UTs of Jammu & Kashmir and Ladakh Region, is expected to generate an estimated 44 lakh mandays employment and will also result in employment in allied sectors such as grading/packing units, Cold Atmosphere (CA)/Cold storage units and

transportation sector etc. As the high density plantation involves technology and regular upkeep of orchards, therefore, it will also result in overall wage enhancement in the horticulture sector due to the increase in the farmers' income as a result of the increase in productivity.

- **Cabinet approves Pact between India and Japan in Steel Sector**

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has given its approval for signing the Memorandum of Cooperation (MoC) between Government of India and Government of Japan to constitute the 'India-Japan Steel Dialogue' to strengthen cooperation in steel sector.

Benefits:

- I. The 'India-Japan Steel Dialogue' envisages enhancement of mutual understanding to secure sustainable growth in the steel sector.
- II. The Dialogue aims to examine all aspects of cooperation in steel sector including promotion of investment in high grade steel making and finding new avenues of steel usage in India.
- III. The MoC will help in capacity building for high grade steel manufacturing in India.

- **Cabinet approves MoU between India and Japan Coal Energy Centre for cooperation in the field of supply of Electricity**

The Union Cabinet chaired by the Hon'ble Prime Minister Shri Narendra Modi has given its approval for the signing of Memorandum of Understanding between Central Electricity Authority, India and Japan Coal Energy Centre, on Japan-India cooperation for Efficiency and Environmental Improvement for Sustainable, Stable and Low-Carbon supply of Electricity.

This MoU will provide an enabling framework to address issues and barriers in expediting

sustainable, stable and low carbon thermal power development by means of studies, training program and knowledge-sharing activities, outcomes of which are to be conducive to overall power development in India as well as to expedite relevant policy implementation by the Government of India.

- **Cabinet approves Agreement on Social Security between India and Brazil**

The Union Cabinet, chaired by the Hon'ble Prime Minister Shri Narendra Modi, has given its approval for signing the Agreement on Social Security between the Republic of India and the Federative Republic of Brazil.

Background

India has been entering into bilateral Social Security Agreements (SSAs) with other countries in order to protect the interests of Indian professionals / skilled workers working abroad for short durations and enhance the competitiveness of Indian companies. SSAs broadly provide the following three benefits:

- i. Avoiding making of double social security contributions by the workers (detachment);
- ii. Easy remittance of benefits (Exportability);
- iii. Aggregating the contribution periods (in two countries) to prevent loss of benefits (Totalization). The agreement will also provide for disability insurance benefits to the Indian nationals working abroad. As on date, India has signed SSAs with 18 countries.

At present, about 1,000 Brazilians are living in India, while about 4,700 Indians are living in Brazil. All posted/detached workers and self-employed persons will benefit from this proposal without any discrimination. Thus, it would promote equity and inclusiveness. Export of Social Security benefits of Indian workers after their relocation from Brazil is an innovative arrangement to ensure that there is no loss of social security benefits and also adds to the competitiveness of Indian companies by reducing their overall costs. The SSA will cover the

territories of the Republic of India and the Federative Republic of Brazil.

- **Cabinet approves MoU between Central Drugs Standard Control Organization and Saudi Food and Drug Authority**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi approved ex-post facto the Memorandum of Understanding between Central Drugs Standard Control Organization (CDSCO) and Saudi Food and Drug Authority in the field of Medical Products Regulation. The MoU was signed on October 29, 2019 during the visit of the Prime Minister Shri Narendra Modi to Saudi Arabia.

Benefits: The MoU would facilitate better understanding of the regulatory aspects between the two sides and help in increasing India's export of medical products to Saudi Arabia. It will also enable better coordination in international fora.

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