



Public Affairs Forum of India

POLICY WRAP

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The First Take

Dear Member,

We are happy to bring to you the second newsletter from the Public Affairs Forum of India (PAFI). This newsletter will bring you the details of events and other developments at PAFI as well as updates on the policy announcements at the central and state levels. Our in-house expert on geopolitics will provide his opinion on some of the significant developments that impact India.

The last few months have been significant for India. New Delhi is on the verge of concluding some important free trade agreements with partners like the UK, Canada, and Australia. Prime Minister Modi’s visit to the US helped deepen the bilateral partnership, and several trade issues have been resolved. All these developments will hopefully help Indian companies build stronger regional and global linkages while transnational corporations in India will find it easier to make India a part of their global value chain.

On the policy front, the government has taken some important decisions that will bring more opportunities for companies in India. PAFI keeps a close watch on policy developments to highlight any new opportunity or challenge for member companies. The newsletter covers some of these important policy developments.

PAFI’s team is expanding, and, therefore, there is a renewed effort to create platforms for greater engagement for members. The idea is to help member companies connect and share best practices. PAFI has also partnered with some leading public policy institutions to put together programmes to help young public affairs professionals build capacity.

We sincerely hope that the newsletter captures the essence of some important developments that impact PAFI members. We look forward to your feedback.

Warm Regards,

T.S. Vishwanath

Director General, Past President & Founding Member, PAFI.

Happenings at PAFI

Following the discussion and suggestions during the PAFI AGM on 11 May 2023, PAFI has started organizing its members along sectors and areas of interest through councils. Through sessions to exchange ideas, these councils will serve as platforms facilitating trust-based information, perspective sharing, and consensus building on policy matters. In June-July 2023, three such initiatives were launched—the PAFI Tech Council, the PAFI Healthcare Council, and the PAFI SAFE Initiative. Moving forward, PAFI will ensure more avenues for members to connect with each other, the government, and other stakeholders.

PAFI DIGITAL TECH COUNCIL

*Chaired by Virat Bhatia,
Immediate Past President, PAFI.*

The Government of India is in the process of firming up critical legislations in the digital economy space. Additionally, there are ongoing policy discussions as India races towards ushering in a digital society. All these developments impact several PAFI members across sectors. The PAFI Tech Council has been launched to spearhead discussions on digital economy issues and provide a platform for dialogue with relevant Government stakeholders, industry bodies, and experts via roundtable meetings and panel discussions. In the long term, the council will work towards positioning itself as a trusted, credible, dependable interlocutor between the government and industry for digital issues.

PAFI HEALTHCARE COUNCIL

*Chaired by Ishteyaque Amjad,
Past President & Managing Committee Member,
PAFI, and Managing Director, Policy & Government
Affairs, Abbott Healthcare Pvt Ltd.*

The Indian healthcare sector faces challenges from fast-changing geopolitical landscapes and an evolving domestic environment yet offers opportunities that no other country can. Post COVID-19 and with the advent of Ayushman Bharat, new reimbursement models, improved access, and affordability of healthcare has reduced out-of-pocket expenses for the patients and enhanced health consciousness and health-seeking behaviour. The rising prevalence of lifestyle diseases has brought new challenges and a need to increase access, scale up hospital infrastructure, increase healthcare investments, and forge public-private partnerships.

At this juncture, the PAFI Healthcare Council is a platform to support and facilitate leadership-level meetings to discuss the progress, implications, and impact of new legislations, and other related policies. The council's primary objective is to foster innovation within the emerging policy environment and create opportunities for collaboration between the industry and the government.

PAFI SAFE PUBLIC POLICY

*Chaired by Vinita Sethi,
President, PAFI and SVP & Chief Public Affairs
Apollo Hospitals Group.*

Despite progress in recent years, India's public and private sectors face significant challenges in ensuring the participation of diverse voices in decision-making. The Government of India has initiated schemes to address these disparities and promote equal opportunities, gender equality, and a more inclusive leadership landscape. PAFI has set up the SAFE Public Policy (Strengthening Access, Fairness, and Equity in Public Policy) initiative to bolster these steps to promote equal opportunities, gender equality, and a more inclusive leadership landscape. SAFE aims to move towards a more equal and equitable society by unlocking potential in the workforce. Through this initiative, PAFI aims to set standards and lead by example to ensure adequate representation. More specifically, the initiative hopes to help educate, engage, and promote dialogue among stakeholders by building the diversity and inclusion agenda into our work.

This Month in Policy

AUTOMOBILE

All truck driver cabins to have air conditioners

Union Minister for Road Transport and Highways Nitin Gadkari has announced that a draft notification to mandate the installation of air-conditioning systems in the cabins of trucks has been approved. This is believed to be crucial for safety, addressing the critical issue of driver fatigue by focusing on comfort and increasing efficiency.

Draft Green Credit Programme published for comments from the public

The Ministry of Environment, Forest, and Climate Change has notified the Draft Green Credit Programme Implementation Rules 2023 and invited suggestions from the general public. The program was introduced in the Union Budget 2023-24 with the idea of encouraging and rewarding for environmental conservation activities. The credit can be earned by entities for various environmental activities listed in the Draft Rules, and the green credits will be tradable on a proposed domestic market platform. The objections or suggestions can be filed within 60 days of the date of notification of 26 June. Click [here](#) for more details.

ELECTRONICS/TELECOM

Govt introduces new rules for Chinese Handset manufacturers

The Ministry of Electronics and Information Technology (MeitY) has asked Chinese handset manufacturers operating in India to hire Indian executives in critical roles such as the CEO, COO, CFO, and CTO. They have also been asked to appoint Indian contract manufacturers, increase local manufacturing of components through joint ventures with Indian businesses, hire local

distributors, and initiate exports from India. The government communicated these to Chinese firms, including Xiaomi, Oppo, Realme, and Vivo, at recent meetings held by MeitY. Click [here](#) for more information.

FINANCIAL

New regulation for Tax Collected at Source

On 29 June 2023, the Ministry of Finance announced that the payments made with international debit or credit cards, up to Rs 7 lakhs per individual per financial year, will be exempted from the Liberalized Remittance Scheme (LRS) limits and will not be subject to Tax Collected at Source (TCS). This is a modification to the announcement on 16 May under which any overseas credit card spending was to be subjected to 20 percent TCS. More details on the changes can be found [here](#).

FMCG

Basic Import Duty on Refined Soyabean Oil and Refined Sunflower Oil reduced

The Ministry of Consumer Affairs, Food & Public Distribution has reduced the Basic Import Duty on edible oils. Basic Import Duty on refined soyabean and sunflower oil has been reduced from 17.5 percent to 12.5 percent, effective from 15 June 2023 to 31 March 2024. The measure will help ease domestic retail prices. Click [here](#) for more information.

Central Government allows export of rice and wheat; launches scheme to control artificial price rise in the domestic market

The Central Government has approved wheat and broken rice exports to Indonesia, Gambia, and



Senegal. It has also allowed wheat exports to Nepal in the current financial year. Additionally, Indonesia has signed an agreement to import up to one million tonnes of rice in case the El Nino weather pattern hits their domestic supply. For more information, click [here](#).

The Government is also putting measures in place to address the artificial scarcity and price rise of rice and wheat in the domestic market. Duty on wheat has been reduced. The Food Corporation of India has launched the Open Market Sale Scheme (OMMSS) to e-auction wheat to boost domestic supplies and control prices. Four lakh tonnes of wheat and five lakh tonnes of rice from buffer stock have been sold to bulk consumers and traders, and maximum stock holding limits have been announced for wholesalers and retailers. Click [here](#) for details.

Retaliatory duties for import of US apples resolved

As part of resolving six World Trade Organisation disputes with the United States, India has agreed to remove additional duties on eight US products, including apples. The decision will introduce competition in the premium market for apples in India and allow American apples to compete with other imported apples. However, the Most Favoured Nation duty of 50% on all apples imported from the United States remains unchanged. Click [here](#) for more details.

HEALTHCARE

Govt opens doors for used diagnostic devices

The Union Environment Ministry has relaxed the rules for importing refurbished diagnostic devices. The decision affects nearly 50 types of pre-owned medical equipment, from MRI, CT, PET-CT, high-end X-ray, non-ICU ultrasound, and mammography machines to advance laparoscopy systems, molecular infectious diagnostics systems, and robotic-assisted surgical instruments. This will allow third parties to import and trade these devices in the Indian market. More details can be found [here](#).

METALS/MINERALS

Amendment in export policy of chrome ores and concentrates

Through a recent notification, the Ministry of Commerce & Industry under the Government of India has put chromium ores and concentrates under a “restricted category” with immediate effect. The categories include chrome ore lumps containing 47 percent Cr₂O₃ and above, chrome lumps containing 40 percent or more but less than 47 percent Cr₂O₃, chrome ore lumps below 40 percent Cr₂O₃, chrome ore friable and concentrates fines containing 47 percent Cr₂O₃ and above. With the new regulation, exporters would need a license from the Directorate General of Foreign Trade to ship these materials. For details on the notification, click [here](#).

POWER /ENERGY

New tariff rule for electricity based on Time of the Day rate

The Union Ministry of Power has announced that starting 1 April 2024, power tariffs will follow the “Time of the day” rates for all commercial and industrial consumers (except agricultural consumers) with a 10 kilowatts and above demand. As per the new system, the rate of electricity during solar hours (8 hours in a day as specified by the State Electricity Regulatory Commissions) will be 10 -20 percent lower than the standard charges. The new rule will be effective from 1 April 2025 for non-industrial consumers. More details about the proposal can be found [here](#).

POLICY IN THE STATES

Supreme Court backs Delhi Government's ban on bike taxi aggregators

The Supreme Court has stayed Delhi high court orders that permitted aggregators to ply two-wheelers as taxis in Delhi until the state government notified pertinent regulations. The Supreme Court's decision has brought the operation of bike taxis in Delhi to a halt. The Delhi Government had argued that allowing private motorcycles to ply as taxis contravened the Motor Vehicles Act. The state government has assured the Supreme Court that it will frame a policy for the bike taxis by the end of July.

Unity Malls to be set up to promote One District One Product offerings

The Central Government has allocated ₹145 crore to Nagaland for constructing a Unity Mall in Dimapur to promote and showcase the state's One District One Product (ODOP) offerings. The Union Budget 2023-24 has earmarked ₹5,000 crore to establish Unity Malls across the country. Under the DPIIT and Invest India's National Programme for Organic Production drive in Kohima, the farming of chilli, turmeric, kiwi, and pineapple is being promoted. The ongoing documentation for organic certification will enable better access to international markets and ensure better prices for the farmers. Click [here](#) for details.

GOVERNMENT CONSULTATIONS

Digital India Bill will be soon released for public consultation

The Digital India Bill is currently undergoing stakeholder consultation, post which it will be released for public consultation. According to Minister for Information Technology Ashwini Vaishnaw, the act aims to give equal weightage to innovation and social issues. The bill will define regulations concerning big tech, have separate rules for different intermediaries such as e-commerce, search engines, gaming, etc., and provide for accountability of platforms like social media companies and tackle issues such as misinformation. When passed, the bill will replace the 23-year-old Information Technology Act, which is expected to be introduced in the parliament during the winter session.

Self-regulatory framework to address challenges of "Dark Patterns"

On 13 June, the Department of Consumer Affairs and Advertising Standards Council of India hosted a consultation with stakeholders on "Dark Patterns" in the online space. Dark patterns encompass manipulative practices such as drip pricing, disguised advertising, bait and click, choice manipulation, false urgency, and privacy concerns. These pose a significant threat to consumers and come within the purview of Unfair Trade Practices and Misleading Advertisements of the Consumer Protection Act 2019. The Ministry has asked the industry to work with stakeholders to develop a self-regulatory framework to address these challenges. For more details, click [here](#).

In Focus this Month

THE CHINA FACTOR IN U.S.- INDIA RELATIONS

Deep Pal, Director, PAFI

Prime Minister Narendra Modi's state visit to the United States was the most significant event in India's politics and policy circles in the last month. It resulted in progress in multiple aspects of the bilateral relationship, including strategic areas, but also raised the question – is this only a result of geopolitical exigencies? Or is there something beyond China that ties India and the United States together?

There is a reason why this question keeps resurfacing. Multiple aspects of the U.S.-China relationship have been strained for several years. Their leaders have been engaged in one-upmanship, and their military engaged in brinkmanship in the global commons. Both countries have been punishing the other through market restrictions, subsidies to critical industries, and legislative action.

Russia's war on Ukraine has deepened the chasm in the global order, accelerating the movement of China and the United States in opposite directions. The latter is actively working with partners and allies to shift dependence away from China on technologies that are crucial drivers of economic and social life. Like the two internets, the world will soon have two supply chains.

However, during the same week that Prime Minister Modi was set to visit the White House, U.S. Secretary of State Anthony Blinken made a trip to Beijing that had been pending since February when the United States cancelled the visit following the appearance of a Chinese surveillance balloon over U.S. soil. At the time of writing this commentary, U.S. Treasury Secretary Janet Yellen is in Beijing to meet her counterparts and ensure that the dialogues that have resumed are not interrupted again.

Does this indicate that the U.S.-China relationship is back on track? If so, what does it mean for the India-U.S. relationship? Answering these questions requires unpacking how China and the United States look at the world, their place in it, and most

importantly, how they perceive their relationship. It also requires a deeper understanding of the India-U.S. relationship and what brings them together.

The India-U.S. Partnership

The India-U.S. relationship, though young in its current form, has rapidly advanced in multiple directions. Recent developments, such as the decision to terminate outstanding disputes at the World Trade Organization, the agreement to co-produce F414 jet engines, or the announcement by semiconductor company Micron to set up a facility in India, are pathbreaking. However, focusing only on them offers a limiting view of the possibilities. As the recent 58-paragraph joint statement attests, while science and technology top the agenda, the two countries are planning concrete steps to impact the futures of millions of people in the two countries and an equal number in other parts of the world.

The efforts begin with science, technology, defence, and space cooperation and extend into people-to-people relations, higher education partnerships, and skill development mechanisms. Beyond their borders, the two are devising ways to improve international financial systems, develop global public health and resilient infrastructure, research ways to sustainable futures, and bolster multilateral platforms to strengthen the systems that undergird the global order.

This is led by more than the promise of access to the vast and emerging Indian market. There is an apparent, irreversible convergence between India and the United States, which stems from multiple factors falling into place. Consider the advantages of a large, young, English-speaking workforce when the need for a diversified global supply chain is at the top of the agenda for major trading nations. Similarly, India is incomparable in the advantages of geography and close relationships with multiple actors in the "Indo" part of the Indo-Pacific.

This is important because it synchronizes with key changes in Washington's geoeconomic approach. As U.S. National Security Advisor Jake Sullivan highlighted in a speech at the Brookings Institution in April this year, America's traditional approach to the world is changing. This is reflected in investing in diversified supply chains, protecting sensitive technologies from perceived security threats, and identifying and engaging with like-minded countries among emerging economies. This contrasts with Chinese views, which indicate a preference for keeping geopolitics and geoeconomics separate. Even during limited political dialogue, Chinese President Xi Jinping has been meeting top executives of U.S.-based multinational corporations, including Tesla, Citi Group, and General Motors.

The U.S.-China Conundrum

These divergences are at the core of the U.S.-China relationship. There is a fundamental dissonance in how the two look at themselves, which reflects in the relationship, their expectations of each other, and as a result, their communication. While the United States acknowledges China as a strategic rival, it does not consider it engaged in an existential conflict with Beijing as it did with Moscow during the Cold War. This also reflects in the approach of European countries who claim that they want to "de-risk" their economies, not necessarily "de-couple" from China.

On the other hand, China does not believe it is a rising competitor to the United States but an equal peer and expects to be treated as such. In the words of As Xie Feng, the new Chinese Ambassador to the United States, China believes that Washington should give up the Cold War mentality and explore ways to get along with Beijing. In other words, it expects to be treated as an equal, which means American acceptance of Chinese ambitions in Asia, including Taiwan, backtracking on policies that restrict the Chinese economy, and lifting restrictions from key personnel, including Defense Minister Li Shangfu sanctioned under CAATSA in 2018.

Consider the conversations during Secretary Blinken's trip to Beijing. He arrived with a clear ask—reengage China in military-to-military

communication suspended since August 2022. Washington believes these are crucial to reducing tension and preventing mishaps between the two militaries in the South China Sea and the Taiwan Strait. However, despite multiple close calls, China has refused to agree. On the other hand, it asked the United States to handle bilateral issues calmly, professionally, and rationally, indicating that it had failed to exhibit these qualities and could learn them from China.

This means that the resumption of engagement results from both acknowledging the perils of no dialogue. Recent visits on both sides demonstrate the appetite for continuing some structured conversations. However, the fundamental discrepancy in how the two view themselves and the world continues. This divergence will persist until they are on the same page about whether they are strategic rivals or peer competitors. And it is this divergence that is at the root of the current status of the relationship, limiting the terms and extent of engagement.

To be fair, there are divergences between India and the United States, and some of these will remain. They are inherited from history and geography or tied to the countries' national interests. However, relationships between major countries develop when they navigate these differences successfully and work together. Both India and the United States stand to benefit if they cooperate. The governments understand this—it is time for other stakeholders to do the same.

Further reading

Joint Statement from the United States and India: 22 June 2023.

US & India not aligned on Pakistan, Russia but their overall closeness outweighs it all: Dhruva Jaishankar, 13 June 2023, The Print.

New Delhi and the New Washington Consensus: C Raja Mohan, 17 May 2023, Indian Express.

China Is Pushing Disengagement With the United States Hard: Covell Meyskens, 8 March 2023, Foreign Policy.



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