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POLICY Updates

What's INSIDE

Representation on Quality Control Order on Cables

IEEMA represented to DPIIT on Quality Control Order (QCO) 2020 for Cables, which was effective from 1st August 2020. IEEMA took views of its member manufacturers of Cables and submitted that while the Order can be implemented for most of the Cables, however, there is need to postpone QCO till 1st August 2021, for Cross Linked Polyethylene Insulated Thermoplastic sheathed EHV Cables of working voltage from 66kV up to and including 220 kV, as per IS 7098 (Part-3) -1993, as this standard is under revision. Since finalization of specifications would take some time and BIS license would be made available only after publication of revised standards.

It was recommended to also include Solar Cables in the QCO from 1st August 2021, as lot of solar plants are coming up and usage of Photo Voltaic Solar Cables is increasing.

IEEMA recommended amendment of some of the standards listed in QCO table to cover variants of special construction requirements of various customers. Till such time, the current practice of manufacturing and supplying Cables, as per specification of customer should continue for special constructions / Cables not in the listed IS Standards.

Prepaid Smart Meters Rollout and Mitigating Dependency on China in Phased Manner

IEEMA represented to the Ministry of Power, referring its Order No. 25-I I/6/2018-PG, dated 2nd July 2020. While submitting a list of Components, IEEMA stated that these are not manufactured in India and needs to be imported from China. Shifting to alternate sources would take 12-18 months of time and another 24-30 months for becoming totally independent of supplies from China. Setting up of indigenous manufacturing facilities for components requires active support of the Government of India. IEEMA requested to allow import of these Components from China, till such time.

Request to Removal Fund Base Maximum Limit CAP under Credit Guarantee Scheme for MSMEs

IEEMA represented the matter to Ministry of Finance and to the Reserve Bank of India.

The association had earlier welcomed the Credit Guarantee Scheme of Rs. 3 lakh crore for the micro, small and medium

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enterprises, under the Aatmnirbhar Bharat. Under the Scheme, the Government of India provided 20% additional loan to the MSME sector to ease their liquidity, where the government provided full loan guarantee to the incremental loans given to borrowers. In order to accommodate more MSMEs, the Government made amendments to the Credit Guarantee Scheme, to include MSMEs having a turnover upto Rs. 250 crore. However, the fund base limits were kept at a maximum of Rs. 50 crore, which translates into an additional credit of maximum Rs. 10 crore, i.e. 20% of Rs. 50 crore = Rs. 10 crore.

In its representation, IEEMA suggested that many of the MSMEs, with higher fund base, are not able to participate in the scheme due to the fund base limit of Rs. 50 crore. While the intentions of the Government of India is to include all MSMEs under the scheme, the purpose is getting defeated because of this limit. IEEMA requested the Government to remove maximum fund base limit CAP to this scheme, with 20% of additional credit to MSMEs, subject to a maximum credit of Rs. 10 crore. By doing this, on one hand liquidity will be available to all MSME units of the country without any differentiation and on the other hand, the maximum credit of Rs. 10 crore will also be maintained.

IEEMA Representation on Permission of Import from 'Prior Reference Countries' and List of Designated Laboratories for Testing of Equipment and Components

IEEMA represented on the Order of Ministry of Power, dated 2nd July 2020, regarding import of equipment, components and parts from 'prior reference countries' with special permission and the protocol for testing in designated laboratories.

IEEMA mentioned that the Industry and the Utilities are not aware of the procedure to be followed to obtain permission from the Government for import from prior reference countries. These are also not aware of designated laboratories for testing and the protocol to be followed for such import.

A defined procedure is necessary to be established till alternative sources are identified, or manufacturing starts in India for components not made in India so far. There are certain components mostly mechanical, electromechanical and electronic (but with no communication capabilities) which may require from 6 months to 2 years for alternate sources and/or indigenization, which pose no Cyber-Security threat whatsoever.

IEEMA requested the Government to issue necessary guidelines regarding the procedure for taking the necessary permission and also the list of designated laboratories for equipment and components if sourced from 'prior reference countries'.

Representation for Extension in the Implementation date of Stampings, Laminations and Cores of Transformers from the purview of Steel and Steel Products (Quality Control) Order 2020

IEEMA represented the matter to the Ministry of Steel. With reference to Quality Control Order, issued by the Ministry of Steel, on CRGO Stampings/ Laminations/ and Core of Transformers, IEEMA submitted that the Order would get enforced from 16th September 2020 and the transformer stamping and laminations manufacturers were supposed to obtain the necessary certification from BIS. The corresponding procedure, under Scheme IV of Schedule-2, was released by BIS only on 3rd September 2020. As per the procedure, a Certificate of Conformity can be obtained from BIS after submission of an application and by arranging factory visit of BIS officials for approval. Moreover, the online application system is presently getting updated by BIS, which might take some time. In view of this, IEEMA requested extension of implementation date of the said Quality Control Order, by at least 6 months.

RBI Announced Additional Measures for Liquidity Support

The Reserve Bank of India announced policies to enhance liquidity support for financial markets and individuals to ease financial stress caused by COVID-19. The measures announced include:

Additional liquidity facility of Rs 65,000 crore for financial institutions like National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI), National Housing Bank (NHB), and EXIM Bank. Additional special liquidity facility of Rs 5,000 crore for NABARD to refinance Microfinance Institutions and other small NBFCs. The liquidity facility is available for a period of one year at RBI's repo rate.

Limit for the amount of loan that can be provided against gold jewellery has been increased from 75% to 90%. This relaxation will be available till March 31, 2021.

Guidelines for Credit Guarantee Scheme for Subordinate Debt for MSMEs Released

The Ministry of Micro, Small and Medium Enterprises released the guidelines for credit guarantee scheme for subordinate debt to stressed MSMEs. The Scheme was announced in May 2020, as a part of the announcements under the Aatmnirbhar Bharat and was launched in June 2020. It aims to provide personal loans to the promoters of stressed MSMEs. The credit will be used to infuse equity in the MSME entity for the purpose of restructuring. The guidelines provide:

Guarantee cover: The promoter of the MSME unit will be given credit (personal loan) equal to 15% of their stake (equity and debt) or Rs 75 lakh, whichever is lower. 90% of the guarantee coverage will come from the scheme and the remaining 10% from the concerned promoter. They should infuse this amount in the MSME entity as equity. The guarantee cover will be over and above any existing sanctioned loans.

Eligible borrowers: Eligible borrowers under the scheme will be MSMEs (promoters of such MSMEs) which are stressed (where the amount is overdue for more than 60 days) as on April 30, 2020, and can become commercially viable as per the assessment of the lending institutions. (scheduled commercial banks). Fraud accounts and wilful defaulters will not be considered for the scheme.

Duration of the scheme: The scheme will be applicable for a maximum period of 10 years from: the guarantee availing date, or from March 31, 2021 (whichever is earlier), or till the amount of Rs 20,000 crore of guarantee amount is approved.

Tenor of credit: The maximum tenor for repayment will be 10 years. There will be a moratorium of 7 years (maximum) on the payment of principal (till the 7th year, only interest will be paid). As specified by the RBI in an earlier guideline, the interest rate on loans to MSMEs will be benchmarked to an external benchmark date. The scheme will be operationalised through Credit Guarantee Fund Trust for Micro and Small Enterprises. The Ministry of MSME will provide an initial corpus of Rs 4,000 crore to the Fund for operationalisation of the scheme.

Scheduled Commissioning Date of Renewable Energy Projects Extended

The Ministry of New and Renewable Energy has given an extension of five months (from March 25 to August 24) in the scheduled commissioning dates of Renewable Energy (RE) Projects. It applies to projects which are being implemented through agencies designated by the Ministry or under various schemes of the Ministry. The projects must have been under implementation as on March 25, 2020. The extension is being provided to account for the disruption in supply chain caused by COVID-19. The benefitting developers will not be required to produce any evidence to invoke this time extension. They may also pass on the benefit of time extension to other stakeholders in the value chain including material and equipment suppliers. The Ministry has considered COVID-19 as a force majeure event. Force majeure refers to unforeseen situations which prevents fulfilment of a contract. However, consideration of COVID-19 as force majeure by state RE departments will be at their discretion.

Upper Limit for Late Payment Surcharge to be charged by Gencos and Transcos Suggested

The Ministry of Power advised power generation companies (gencos) and transmission companies (transcos) to cap the late payment surcharge charged to distribution companies at a simple interest rate 12% per annum. This advised limit is applicable for: (i) delayed payments by distribution companies to gencos and transcos for electricity purchased till June 30, 2020, and (ii) all payment made under the liquidity infusion scheme of the Power Finance Corporation (PFC) and the Rural Electrification Corporation (REC) under the Aatmnirbhar Bharat. Under this scheme, a liquidity infusion of Rs. 90,000 crore for discoms, in the form of loans from PFC and REC, has been announced.

The Ministry noted that while interest rates have softened in the country over the last few years, the applicable rate of late payment surcharge have remained high (up to 18% per annum).

Waiver of Inter-State Transmission Charges and Transmission Losses for Certain Solar and Wind Power Plants

The Ministry of Power issued an order regarding waiver of inter-state transmission charges and transmission losses for certain solar and wind plants. This is in accordance with the National Electricity Tariff Policy, 2016. The waiver will apply for a period of 25 years from the date of commissioning of the power plants meeting the following criteria:

Power plants using solar or wind sources of energy commissioned until June 30, 2023 will be eligible. This will also include hybrid solar-wind power plants.

Only those plants will be eligible who sell power to entities having a renewable purchase obligation (RPO), irrespective of whether the power supplied is within RPO or not. For power produced for distribution licensees, the power should have been procured through a competitive process under the relevant guidelines from the central government.

Solar power plants must have been commissioned under Ministry of New and Renewable Energy's Central Public Sector Undertaking (CPSU) scheme phase II or under Solar Energy Corporation of India tender for manufacturing linked capacity scheme. The Ministry's CPSU scheme phase II is aimed at facilitating national energy security and environment sustainability for government purposes by setting up solar projects through production by the government. CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 to come into force The Central Electricity Regulatory Commission (CERC) notified that the CERC (Sharing of Inter-State Transmission Charges and Losses) Regulations, 2020 will come into effect from November 1, 2020.97 The Regulations were notified on

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Certificate of Origin Service of IEEMA

IEEMA issues **"Certificate of Origin (Non-Preferential)",** required by exporters at the time of exporting their products out of the country.

The Ministry of Commerce and Industry, Government of India approved IEEMA Delhi as an authorized agency to issue this certificate in the year 2003, vide DGFT Public Notice no. 64/2002-07, dated 19th February 2003. IEEMA's name and contact details appear under Appendix 2 E of Handbook of Procedures (Vol.I) of the Foreign Trade Policy.

On receipt of applications from exporters, IEEMA issues these certificates instantly with zero wait time.

Members desirous to obtain the certificates from IEEMA need to send filled-in format of Certification of Origin, along-with copies of invoice and packing list(s) for each consignment, to the below mentioned address. Applicants may get the certificates either in person or through courier.

A nominal certificate fee of INR 118 (INR one hundred eighteen only - inclusive of GST) is charged per certificate. Applicants need to add INR 50 (INR fifty only) as courier charges. Payment may be made by cash / cheque / DD in favour of **"IEEMA"** payable at **"Delhi"**.

Exporters are requested to send their requisitions and queries to:

Mr. Sudeep Sarkar
Director

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May 4, 2020, which aim to regulate sharing of inter-state transmission charges and losses among certain stakeholders. The Regulations are applicable to: (i) designated inter-state transmission system customers (DICs), (ii) inter-state transmission licensees, (iii) load despatch centres (national, regional and state), and (iv) regional power committees.

Restrictions on Public Procurement from Certain Countries

The Ministry of Finance amended the General Finance Rules, 2017 to empower the Department of Expenditure to impose certain restrictions on procurement from countries on the grounds of national security. The General Finance Rules, 2017 are a compilation of rules to be followed in matters involving public finance. They are applicable to all central government ministries and departments, and to autonomous bodies. The Department of Expenditure issued an Order under the amended Rules to impose certain restrictions on public procurement. In addition to the bodies covered by the Rules, the Order will also apply to all public sector banks, central public sector enterprises, and union territories, among others. Key provisions include:

Restrictions on bidders: Any bidder from a country which shares a land border with India will be eligible to bid in procurement contracts only if the bidder has prior registration with the Competent Authority. Here, the Competent Authority is the Registration Committee constituted by the Department for Promotion of Industry and Internal Trade (DPIIT). Clearances for registration: Bidders from countries which share a land border with India seeking registration with DPIIT will have to obtain political and security clearances from the Ministry of External Affairs and the Ministry of Home Affairs.

Certificate of compliance: Every bidder has to submit a certificate of compliance with provisions of the Order. If the certificate from an accepted bidder is false, the contract will be cancelled and legal action would be initiated against the bidder.

Exemptions: The Order will not apply to: (i) cases where contracts have been concluded or letter of acceptance has been issued and (ii) special cases mentioned in the Annexure to the Order. This includes procurement of medical supplies for containment of the COVID-19 pandemic. Subsequently, the Department of Expenditure exempted bidders from countries to which the Government of India has extended lines of credit or is engaged in development projects from restrictions under the Order.

Guidelines for a Competitive Bidding Process for Procurement of Power from a Mix of Renewable and Thermal Sources

The Ministry of Power released guidelines for the tariff-based competitive bidding process for procurement of round-the-clock power from renewable energy sources, complemented with power from coal-based thermal power sources. Bundling of renewable and thermal sources for power procurement is aimed towards addressing the intermittent nature of renewable energy. During the hours of non-availability of renewable energy, power will be sourced from thermal power plants. The renewable energy component of the power so supplied will be accounted for the renewable purchase obligation of a distribution company (discom). The discom can procure power from such bundled sources through a tariff-based competitive bidding process. Key features of the guidelines are:

Applicability: The guidelines are applicable for long term power procurement on the round-the-clock basis from inter-state transmission system (ISTS) connected renewable power projects, complemented with power from ISTS connected coal-based thermal power projects. Renewable power projects can be based on solar, wind or a combination of solar and wind. They may have an electricity storage system. The power purchase agreement (PPA) will be signed between a discom and the renewable power generator. The duration of PPA will be a minimum of 25 years.

The renewable power generator can tie up with one or more thermal power plant for this mechanism. The thermal power plant can offer that part of its capacity which is not under any PPA or any other power supply commitments for this purpose.

Energy Mix and availability of supply: On an annual basis, at least 51% of power must come from renewable sources. The renewable power generator is required to ensure at least 85% availability of power annually and also during the peak hours. Peak hours will last four hours and will be specified by the procurer beforehand.

Bidding process: The procurer will specify the total quantum to be contracted in power capacity terms. A bidder can bid for a part of the total quantum to be procured (subject to a minimum of 250 MW). The bidder is required to quote a composite tariff (accounting for both renewable and thermal power) for per unit of supply. The bidder will be selected based on the least quoted composite tariff. To accommodate for variation in coal prices, 25% of the composite tariff will be indexed and adjusted with the cost of domestic coal or imported coal as and when notified by the Central Electricity Regulatory Commission.

Guidelines for Payment of Compensation in regard to Right of Way (RoW) for Transmission Lines in Urban Areas Released

The Ministry of Power released guidelines for payment of compensation in regard to Right of Way (RoW) for overhead transmission lines in urban areas. In July 2016, a Committee under the chairmanship of the Additional Secretary of the Ministry was constituted to recommend these guidelines. RoW is the strip of land immediately below and adjacent to a transmission line. The compensation for RoW is given to people whose land is acquired by government for developing power infrastructure such as transmission lines. The compensation will be applicable only for transmission lines supported by tower base of 66 kV or more and are in addition to the compensation for normal crop and tree damages. Compensation will be based on land value. Land value will be determined based on circle rate or guidelines value or stamp act rates. Key features of the guidelines include:

Compensation for tower base area: The compensation for tower base area impacted severely due to installation of tower structure will be at 85% of land value. The compensation will be paid for actual base width of the tower. The tower base area refers to the area bounded by concrete as visible from outside of four legs of towers.

Compensation for decline in land value: The compensation for reduction in land value in the width of RoW corridor due to transmission lines and certain restrictions will be up to 15% of land value. The compensation for diminution of land will be decided by the states. The guidelines provide for certain limitations on the RoW corridor width for compensation purposes.

Non-usability allowance: There will be an additional compensation called no usability allowance. This allowance will be up to 15% of the land value for the width of the RoW corridor.

Payment of compensation: The payment of compensation will be one-time and upfront unless notified otherwise by the state. The payment of compensation, wherever possible, must be done using different digital modes of payment including Aadhaar enabled payment system (AEPS) and Unified Payment Interface (UPI).

Guidelines for Implementing Component - C of PM-KUSUM Scheme Amended

The Ministry of New and Renewable Energy amended the guidelines for implementation of Component-C of the PM-KUSUM scheme. The guidelines were released in November 2019. This component of the scheme seeks to solarise 10 lakh agriculture pumps of individual pump capacity up to 7.5 HP by 2022. The selection of vendors for supplying solarised pumps is done through a bidding process. As per the original guidelines, manufacturers of solar panels and manufacturers of solar water pumps are allowed to participate in the bidding process. The amendment allows joint ventures of manufacturers of solar pumps or manufacturers for solar water pumps with system integrators to also participate in the bidding process.

Guidelines and Model PPA Released for Implementation of Off-Grid Solar Power Packs / Plants under RESCO Model

The Ministry of New and Renewable Energy released guidelines and model power purchase agreement (PPA) for implementation of off-grid solar power packs/plants under the Renewable Energy Service Company (RESCO) model. Key features of the guidelines are:

Applicability: The guidelines apply to off grid solar power plants with capacity up to 25kWp in areas beyond the reach of grid power and those with unreliable grid connections. The beneficiaries of these plants will be public service institutions including hostel, schools, panchayats, and police stations.

Implementation Model: The plants will be made operational through a framework based on RESCO model. In this model, an external company or a government agency owns all the equipment and performs complete maintenance as well as repair Monthly Policy Review – July 2020 PRS Legislative Research work. The beneficiary only pays the service charge which covers the cost of providing electricity including cost of maintenance and repairs. This will help in avoiding financial challenges and effectively utilise the costly assets of solar PV systems.

Duration: The vendor will install and operate the power plant with capacity up to 10 kWp for at least 10 years and those with capacity above 10 kWp for at least 15 years.

Features of solar PV plants: The plants will be designed to supply a daily minimum guaranteed energy to the beneficiary. The guidelines specify features of solar power plants in areas isolated from grid system and areas with unreliable grid connections. Some of the common features include: (i) use of energy efficient equipment such as LED lights, (ii) battery back-up to support daily guaranteed energy, (iii) deployment of remote monitoring systems, and (iv) metering of supplied solar power at the point of delivery. The grid-connected plants can feed surplus power to the grid.

Central Financial Assistance: 90% of the benchmark cost will be paid upfront as central financial assistance on successful commissioning of the plant. The benchmark cost will include cost of complete system, transportation of material, installation, commissioning, insurance, and annual maintenance contract period for five years.

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