

Monthly Policy Brief

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IN THIS ISSUE

01 National Quantum Mission



02 India Space Policy 2023



03 Foreign Trade Policy 2023



04 Sagarmala Innovation and
Start-up Policy



05 National Curriculum Frame-
work for School Education



06 Corporate Debt
Development Fund



07 Tamil Nadu Prohibition of
Online Gambling and
Regulation of Online
Games Act, 2022



TECHNOLOGY

01 National Quantum Mission

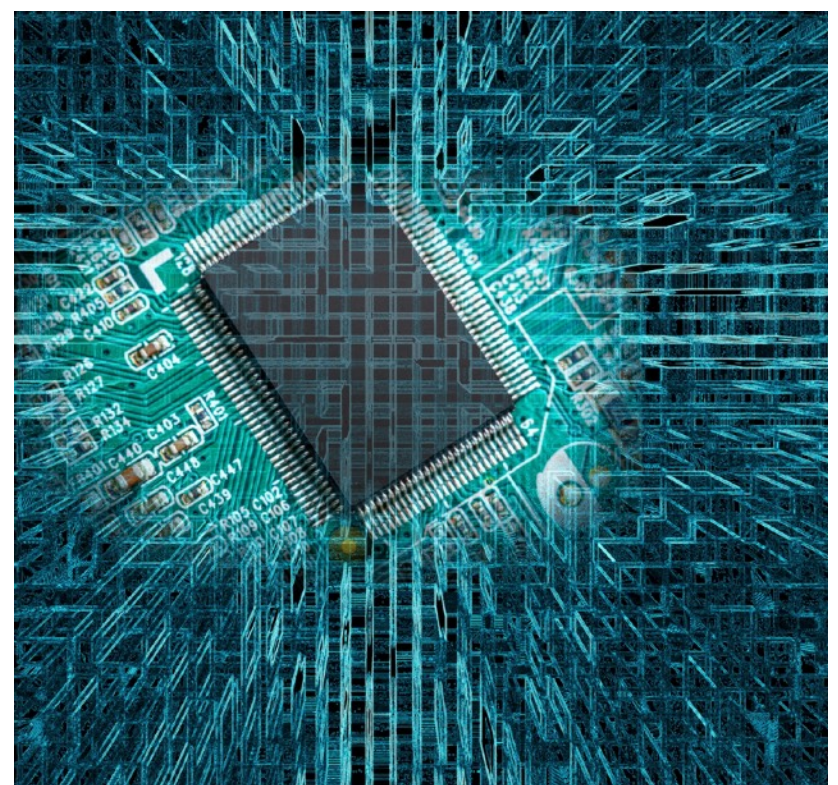
To harness the potential of quantum technologies |
Only the 6th nation to have a dedicated quantum mission

The National Quantum Mission was approved by the Union Cabinet on 19th April with a proposed budget of ₹ 6,003.65 crore from 2023-24 to 2030-31 India became the sixth country to have a dedicated quantum mission after the USA, Austria, Finland, France and China.

- **The aim of the mission is primarily to:**
 - Seed, nurture and scale up scientific and industrial R&D and create a vibrant & innovative ecosystem in Quantum Technology (QT)
 - Accelerate QT led economic growth, nurture the ecosystem in the country
 - Make India one of the leading nations in the development of Quantum Technologies & Applications (QTA)
- **Clear mission targets have been set that include:**
 - Developing intermediate scale quantum computers with 50-1000 physical qubits in various platforms like superconducting and photonic technology
 - Satellite based secure quantum communications between ground stations over a range of 2000 kms within India
 - Long distance secure quantum communications with other countries
 - Inter-city quantum key distribution over 2000 km
 - Multi-node Quantum network with quantum memories
 - Four Thematic Hubs (T-Hubs) will be set up in top academic and National R&D institutes on the domains - Quantum Computing, Quantum Communication, Quantum Sensing & Metrology and Quantum Materials & Devices

Our Take - Why is this Important?

Space and Quantum are two areas which are gaining traction and would be an important driver of economic development in the future. India had already made significant progress in the area of space, and with the announcement of the National Quantum Mission, the rightful focus on Quantum Technologies is expected to come. Complex computing, communication, and cyber security could all undergo major revolutions thanks to quantum technology, which would also significantly advance society's economic & social conditions. India has made a wise move at the right moment; very few nations in the world have the resources and ability to lead R&D in the domain of quantum technology. The emphasis on industry-academia collaboration is likewise a positive move that would aid in this field's ongoing development. Academic and research-oriented institutions such as the IITs, IISc, Raman Research Institute can play a key role in this journey. However, the success of the mission depends on a timebound implementation and the same should be monitored closely.





02 India Space Policy 2023¹

Aimed at enhancing space capabilities and enabling a flourishing commercial presence



More comprehensive, more dynamic, much more clear, very encouraging and a market-driven policy – the Indian space ecosystem has taken a calculated leap of faith with this policy. The government had introduced sector-wide reforms in 2020 with the objective of providing a level playing field for Non-Governmental Enterprises in the space sector. Subsequently, the government has announced the Space Policy to provide regulatory certainty to establish a vibrant space ecosystem in India. Akin to a Chinese bamboo tree, the efforts and toil that have gone into the sector in the last few years should now see accelerated results courtesy this policy.

The biggest development is with respect to the private industry being allowed to undertake end to end activities in the sector. This will allow consumers to procure space technology or services from both public and private sector.

Another important facet of this policy is the clarity on the distinct roles of the public and private players in ecosystem. While the private industry can undertake all possible activities subject to guidelines / regulations as prescribed by IN-SPACE, the latter will function as the autonomous Government organization mandated with promoting, hand-holding and guiding on the space activities as well as exploring avenues for further ease of business in this sector. ISRO for its part will focus primarily on R&D of new space technologies and applications while also sharing technologies, processes and best practices with industry. New Space India Limited (NSIL), a PSU under the Department of Space (DoS) will be responsible for commercialization of space technologies and platforms created through public expenditure as well as manufacturing, leasing or procurement of assets. The DoS will continue to oversee and ensure implementation of this policy through directives while also establishing a framework to ensure safe, sustainable and compliant space operations. Overall, the sector is expected to transition from a vendor-supplier relationship to a more partnership-driven one among stakeholders.

Envisaging ISRO as a body that moves beyond manufacturing is a key step in this policy. Given the fact that the private industry has significantly enhanced its capabilities and capacities in this sector in the last few years, this is a welcome move. From low-cost space launches to a significant advancement in micro satellites and launch vehicles, the sector has advanced at a rapid rate. So much so that it is attracting massive investments, with allegedly \$100 million spent as capital in India's private sector in 2022 likely to triple in 2023². There is a huge scope for a much more accelerated growth of the sector in India given that the country accounts for only about 2% of the global space economy.

¹ Indian Space Policy 2023, https://www.isro.gov.in/media_isro/pdf/IndianSpacePolicy2023.pdf

² <https://www.financialexpress.com/business/defence-the-private-sector-thrust-to-indias-global-space-leadership-2958539/>

02 India Space Policy 2023¹ (contd.)

Aimed at enhancing space capabilities and enabling a flourishing commercial presence

Speaking about opportunities, there is a lot of scope for public private partnerships in this sector. The supply side for India's ambitions and vision in the space sector have a huge scope given the infrastructure base of ISRO and the agility and vision of the private sector. Similarly, the demand side also has its tailwinds given the huge requirement of space exploration from a geopolitical perspective as well as the appetite of the large Indian consumer base (and global population) for downstream services. Countries are building dedicated space commands and at the same time everything is going digital for the population at large. However, having said that – the route from policy to implementation requires sincere efforts from all stakeholders to as well as dedicated machinery to service the journey.

Space is largely a capital-intensive industry but unlike other strategic sectors like defence, the gestation period possibly is a bit less and hence more attractive from a business perspective for the private industry and investor community at large. It still has its timelines from investments to development and production to

realization. Hence it is important for this sector to thrive that policies and procedures continue to be reviewed and relaxed as required.

ISRO would also need to handhold the industry with a much more magnanimous vision as partners in the ecosystem. Synergy between the public and private sector is now more important than ever. A co-ordinated plan needs to be prepared with a 5–10-year vision of the requirements such that the private industry is aware of the potential demand in actual value terms and can prepare accordingly.

Moreover, while legacy technologies continue to be worked upon, for India to jump ahead in this sector, it would be important to consider the current challenges and work towards pioneering solutions. Challenges today include among others mitigation of space debris and traffic congestion in space. Long term sustainable development of space technologies is critical to carve a niche and this needs to happen fast. Technology is evolving at a fast and furious pace and pro-active solutioning is not an option.



TRADE

03 Foreign Trade Policy 2023

Significant shift but targets can be challenging



The recently announced Foreign Trade Policy (FTP) 2023³ can be considered moving towards promoting a **more inclusive drive towards promoting trade at a grassroots level, and focused on ease of operations as against promoting conventional incentives to exporters.** Some of the key highlights include:

- 

A push for greater online approvals for trade facilitation to cut down the cost and time to obtain export permissions;

- 

A grassroots focus on enhancing exports from various districts. Also promoting MSMEs with reduction in application fees for export authorization;

- 

Promoting merchanting and encouraging greater settlement of trade in the Indian Rupee (INR)

The policy seeks to take India's goods and services exports to \$2 trillion by 2030 from \$760 billion in 2023. This incremental value addition of ~ \$1.4 trillion equals nearly 40% of India's GDP in 2023 and would require growth at a CAGR of 14.8% over the next 7 years.

Our Take - Why is this Important?

The policy is a favourable initiative the Government of India took in alignment with the "Make in India "initiative and the "Target of a 5 trillion-dollar economy by 2030". **The export-focused policy is aimed at increasing the production output in the economy, which will further generate more employment in the economy.**

The policy will further facilitate improving the Prime Minister's vision of "ease of doing business" in the country. Various initiatives like Duty Exemption Remission scheme, Export Promotion Capital Goods (EPCG) scheme, Amnesty schemes, reduction in limit

³ Foreign Trade Policy-2023; Government of India, Ministry of Commerce and Industry, Department of Commerce, <https://www.dgft.gov.in/CP/>

03 Foreign Trade Policy 2023 (contd.)

Significant shift but targets can be challenging

for export performance along with a paperless and online environment to ease out trade related bottlenecks will assist in improving efficiency. Focusing on strengths in merchandise or goods to increase exports, unlike China which focused on subsidies to expand its manufacturing and exports, India is opening four new Towns of Trade Excellence.

The Government's step towards promoting cross-border trade in the digital economy by establishing an E-commerce hub, streamlining Special Chemicals, Organisms, Materials, Equipment and Technologies (SCOMET) policy, increasing the limit of courier service from Rs 5Lakhs to Rs 10Lakhs, and promoting e-commerce exports through postal route, i.e., Dak Ghar Niryat Kendras via a hub and spoke model seems optimistic.⁴

The Indian Rupee value depreciated due to supply chain disruptions created by the Russia-Ukraine war and the strengthening of US dollars. Indian Government, to strengthen the value of the Indian Rupees, emphasized the "Rupee Trade" to increase the demand for the Indian Rupees.

Effective trade facilitation is essential for enabling Indian exporters to improve their efficiencies and take advantage of the various FTAs that India has already signed or is negotiating. The emphasis also connects well to India's ongoing engagement with the Indo-Pacific Economic Framework for Prosperity, which is working on trade facilitation, including digitalising cross-border operational processes, logistics and transportation issues. Advancing effective trade facilitation requires ensuring that digitalising of border processes and functions are aligned with similar efforts behind borders. Exporters will continue to face difficulties if, despite on-border clearances being provided online in quick time, other domestic processes remain cumbersome. This would mean that even if costs for border clearances come down through the initiatives announced by the FTP, internal procedural costs will remain high. Similar discrepancies between digitally enabled expeditious trade facilitation at the border and lengthy domestic business procedures might affect the ease with which Indian exporters can use cross-border digital signatures, establish digital business identities, and engage in cross-border interoperable digital payments.



⁴ Monitoring Dashboard, Merchandise Trade, Government of India, Ministry of Commerce and Industry, Department of Commerce <https://dashboard.commerce.gov.in/commercedashboard.aspx>

PORTS & SHIPPING

04 Sagarmala Innovation and Start-up Policy

To encourage and nurture the future of the growing maritime sector in India

Sagarmala is an initiative undertaken by the Government of India to promote port-led development in India. The objective of the initiative is to harness the country's vast coastline and waterways to drive economic growth, create employment opportunities, reduce logistics cost, and improve the quality of life of coastal communities.

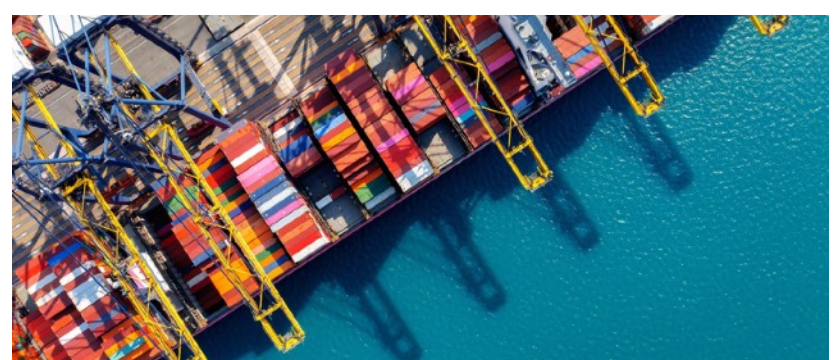
In this regard, the Ministry of Ports, Shipping and Waterways has issued the draft 'Sagarmala Innovation and Start-up Policy'⁵ that aims to promote innovation and creativity through encouraging start-ups to develop new solutions that help address challenges and opportunities in the maritime sector. The idea is to give an impetus to India's growing maritime ecosystem through collaborative effort of all stakeholders that include startups, innovators, entrepreneurs, research establishments, industry, and government agencies.

It is interesting to note that the Ministry has adopted a holistic approach while detailing out the key contours of the Policy. This reflects on the deliberations undertaken and the intent to establish an ecosystem to help this sector flourish and realize its potential in times to come. One of the key highlights of the Policy is the proposal for a digital portal-based selection process to ensure a transparent and fair selection process. The evaluation committee shall be a rich mix of experts, government representatives, academia, and industry that shall assess on critical parameters such as scalability, potential impact, sustainability, and innovation. The Policy includes provision for incubation support to startups in early stages of development and acceleration support to firms that are looking to scale up operations. Incubation and acceleration support shall include facets such as mentoring, access to funding and facilities, and networking.

There is emphasis on the need of a centralized repository that contains relevant information to assist emerging entrepreneurs. In addition, the Policy proposes for creating 'Launch Pads' at ports for startups to access state of the art infrastructure and undertake trials and pilot projects to test their products and solutions. This, if implemented right, shall be a game changer for this sector as it shall act as a platform for startups to exhibit their solutions and seek live feedback and suggestions from all concerned stakeholders.

The Policy also focusses on other crucial aspects ranging from decarbonization to use of data analytics and digitalization to optimize processes; and from marine electronics such as use of internet of things to help improve efficiency and reduce operations costs to maritime security to protect infrastructure and data from cyber threats.

The Policy is a well-thought through initiative by the Government and covers critical aspects that are required in the making of a successful sector in a nation. The achievement lies in the facilitation and implementation of the Policy in a timely and efficient manner. In addition, its success shall also be driven by outlining a monitoring and evaluation framework that shall allow the Government to assess its impact, identify emerging challenges and appropriately respond to evolving needs and opportunities.



⁵ Draft Sagarmal Innovation and Start-up Policy 2023, <https://shipmin.gov.in/sites/default/files/Draft%20Sagarmala%20Innovation%20and%20Startup%20Policy.pdf>

 EDUCATION

05 National Curriculum Framework for School Education

Connecting the dots... from foundational to secondary stages of education

"Education would be much more effective if its purpose was to ensure that by the time, they leave school every boy and girl should know how much they do not know, and be imbued with a lifelong desire to know it."

William Haley

The Indian School Education System is one of the largest in the world with nearly 14.89 lakh schools, more than 95 lakh teachers and nearly 26.52 Crore students⁶ of pre-primary to higher secondary level from varied socio-economic backgrounds (figures are for academic year 2021-22).

The National Education Policy (NEP) 2020 aims at transforming school and higher education and suggests curricular and pedagogical shifts at different stages using the 5+3+3+4 design. The release of a pre-draft version of National Curriculum Framework (NCF), a comprehensive document with guidelines for the teachers and administrators, for School Education by the Ministry of Education is the first step towards transforming the overall learning experience for students. The proposed NCF will help teachers and administrators bring about the shift to competency-based education by integrating cultural rootedness, equity and inclusion, multilingualism, experiential learning, reduction in content load, integration of arts and sports in the curriculum. The document is divided into five parts – Approach, School Subjects, Cross-cutting themes, School culture and processes and lastly Creating a supportive ecosystem, which are divided further into chapters covering the whole range of school education.

Our Take - Why is this Important?

The term 'curriculum' is derived from a Latin word 'currere' which means a 'racecourse' or a runway on which one runs to reach a goal, and 'framework' is the foundation upon which everything else is built. NCF for school education is a comprehensive document still in its draft stage. While the importance of safe and adequate infrastructure is well-recognised, many schools still struggle to meet the basic requirements for creating a conducive learning environment, and thus the School Management Committees will have to allocate sufficient budgets for physical transformation of schools. Functionaries such as NCERT, SCERTs, DIETs, BITEs, BRCs, CRCs will play a crucial role in the successful implementation of NCF. Teachers will have to be supported with Integrated Teacher Education Programme and Professional development programmes throughout the year; and trained to understand competencies for every concept which will be a challenge since the focus currently is on content-completion rather than competency-focused teaching.

The assessment process seems comprehensive with formative and summative assessments aligned at each stage. However, it is important to give teachers flexibility to design different types of assessments for a single learning outcome and apply each assessment appropriately depending on the learning need of the student. The assessment process should be simple, and tools should naturally complement pupils' learning experiences without burdening them. Also, documentation and recording of the progress of each student should be carried out systematically with the use of technology.

⁶ <https://udiseplus.gov.in/#/ho>

06 Corporate Debt Development Fund

Will help strengthen and deepen corporate debt market but mechanism of deployment of funds will be critical

The Securities & Exchange Board of India (SEBI) recently announced a key policy development for the corporate debt market in India. SEBI has established the framework for a Corporate Debt Market Development Fund (CDMDF), which is meant to act as a 'backstop facility' for the purchase of investment-grade corporate debt securities during times of stress. In simpler terms it implies that for the investment-grade corporate debt securities that are illiquid in India, this fund will act as a liquidity marker and support liquidation efforts by funds in the times of crisis. SEBI said this would instill confidence among corporate bond market participants and enhance secondary market liquidity.

The fund is in the form of a category 1 Alternative Investment fund (AIF). Approximately ₹3,000 crore will be contributed by mutual funds, and the rest will be a credit line from lenders, guaranteed by the National Credit Guarantee Trust Co. Ltd (NCGTC). The government has allowed a 10x usage of this corpus to be availed taking the available fund to Rs 33,000 crore guaranteed by the central credit guarantee corporation.

Access to the fund for selling securities during market dislocation will be specified mutual fund schemes in proportion to the contribution made to the fund at a mutual fund level. The fund will only cover debt mutual funds, except overnight funds and gilt funds. Open-ended debt fund will have to contribute 25 bps of their assets to the CDMDF. In addition, asset management companies (AMCs) will also contribute some amount from their books to this fund. The fund will be on standby in normal times and would be activated when required.



Depth of corporate debt market in India is low

The Corporate debt market in India has experienced lack of participation from investors. Having existed for a considerable amount of time, the market has not achieved the depth as compared to many emerging countries. Corporate bond market penetration (as a % of GDP) for India stood at ~17% in 2022, considerably lower in comparison to peers such as South Korea (~82%), Malaysia (~58%) or China (~35%).

This has resulted in illiquidity of debt securities both in the primary and secondary markets due to mismatch of supply and demand. Supply of corporate bonds in India is estimated to rise to INR 65-70 lakh crore (outstanding) by March 2025, while demand stands lower.

Many countries like the UK and US have asset purchase programs in place to create liquidity markers in both corporate and government bond markets.

CDMD fund will help increase investor confidence by providing cushion in times of crisis

The CDMD fund in India will provide confidence to domestic and international investors and help increase demand for such bonds. It will help bail out mutual debt funds during market dislocations and avoid future instances of collapses as was the case in Franklin Templeton.

Mutual funds, debt funds and distributors can provide investors the conviction that their investments will be safe in times of crisis. This will help strengthen and deepen the corporate debt market in India and help attract more foreign investments as well. The trigger framework and mechanism of deployment of funds will be crucial for the success of this initiative going forward.

ONLINE GAMING

07 Tamil Nadu Prohibition of Online Gambling and Regulation of Online Games Act, 2022



Developments so far

Last year, the government issued an ordinance to prohibit online gambling due to the widespread public outcry against it.

On October 1, 2022, Governor Ravi issued an ordinance banning online gambling, as well as wager-based online games of chance like rummy and poker. The government issued a gazette notification about this on October 3. Subsequently, on October 19, the Assembly passed a Bill to replace the Ordinance, which was sent to the Governor for approval.

The Governor returned the Bill to the Assembly on March 6, 2023, after 131 days citing "lack of legislative competence" as one of the main reasons for returning the Bill. However, the TN Governor has now approved the Bill, and the ban on online games will come into effect immediately.

The state government on 21 April 2023 notified the 'Tamil Nadu Online Gaming Authority and Regulation of Online Games Rules' to implement the legislation.

What is Included in the Act

- Separate regulations for "Local Online Game Providers" and "Non-Local Online Game Providers."
- The specified online games of chance are rummy and poker, thereby bringing them under the purview of online gambling.
- The ambit covers even the games where both skill and chance are involved.
- The games where the element of chance is more than the element of skill are also included.
- Moreover, games that involve the use of wheels, dice, and cards that work on random outcomes or event generators are also included.
- Anything recognized as equivalent to money and includes virtual credits, virtual coins, virtual tokens, virtual objects, or any similar thing that is purchased within or as part of, or in relation to, an online game is also included.
- Advertisement in any form promoting online gambling or playing online games of chance with money or other stakes is prohibited in the state.

Regulations for Non-Local Online Game Providers (Section 14):

- Must exercise due diligence or provide geo-blocking in the state of TN.

- Must inform prospective customers that the State prohibits online gambling and playing of certain online games to customers who are physically present in the State.

- Must require that the customers enter into contracts with an express condition that the customers shall not use the service if they are physically present in the State.

- Must require customers to provide personal details sufficient to establish that they were not physically present in this State.

- Must take all other reasonably practicable measures to ensure that no person physically present in this State could have access to online gambling services or to online games of chance prohibited under section 7 of this Act.

- If a provider fails to comply with any of the restrictions, they shall be issued a show cause notice and/or the authority shall make a recommendation to the Government of TN to request the Central Government to exercise powers under 69-A of the IT Act, 2000 to block access to persons in the State of TN to the service provided by the Non-Local Online Game Provider.

Establishment of Tamil Nadu Online Gaming Authority:

- The government shall establish an Authority to be called the Tamil Nadu Online Gaming Authority consisting of 1 chairperson and 4 members.

- The authority shall have the power to make regulations, obtain information, issue certificate of registration, and suspension/revocation of certificate of registration.

Establishment of Appellate Authority:

- The government shall establish an Appellate Authority, which shall consist of a Chairperson (retired Judge of a High Court or a person who is qualified to be a Judge of a High Court) and not more than two other members.

Penalties

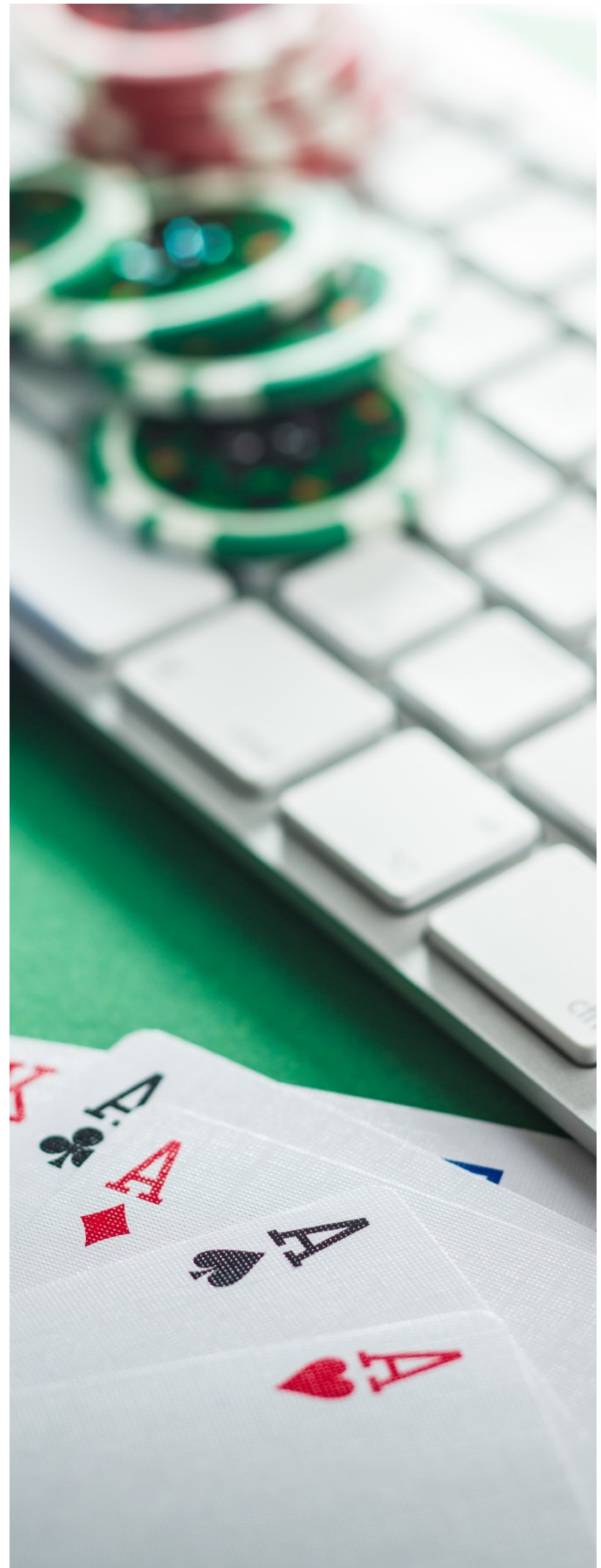
- Any person indulging in online gambling/online games of chance with money or other stakes shall be punished with imprisonment for a term that may extend to three months or with a fine up to ₹5,000 or both.

- Those inducing people to play online gambling/ games of chance face punishment with imprisonment of up to one year or with a fine, which may extend to ₹5 lakh or both.

- Any person who provides online gambling services or games of poker and rummy with money or other stakes shall face punishment with imprisonment for a term which may extend to three years or with a fine which may extend to ₹10 lakh or both.

Recent Statements made by the MoS, MeitY at the Twitter Spaces Session on 14th April 2023:

- “As we saw recently, Tamil Nadu enacted its own law, essentially creating a regulatory minefield of uncertainty, ambiguity, confusion, etc. In my opinion and with no disrespect to the government of Tamil Nadu, the Tamil Nadu Act is really lost in a sense, because it’s making all these complex nuances about games of chance and games of skill which is really not the issue today.”
.....
- The minister said betting is defined by whether it is wagering on the outcome of a game. “Whether that game is a game of skill, or a game of chance does not matter, you could still be playing chess, and if there is a provision to bet on the outcome of a game of chess, it is still betting, regardless of whether the underlying game is a game of skill.”
.....
- “Now certainly, it is clear even to somebody who’s looking at this in a commonsensical manner that the internet is not a state subject and can never be regulated by a state.”
.....
- “These new rules, what they do is to say, what can be done on the internet and what cannot be done on it, that power rests with the Government of India, via the IT Act and in the future with its successor act, the Digital India Act,”
.....
- However, he did mention that this is “not, in any way, an attempt to regulate betting and gambling as happening or has happened and is being regulated by the states and their law-and-order machinery.”
.....





PASSION

for providing solutions to help clients achieve their goals

RESPECT

for all and alternate viewpoints

INTEGRITY

of thoughts and actions

MASTERY

of our chosen subject to drive innovative and insightful solutions

US

representing the Primus collective, where each individual matters

STEWARDSHIP

for building a better tomorrow

About Primus Partners

Primus Partners has been set up to partner with clients in 'navigating' India, by experts with decades of experience in doing so for large global firms. Set up on the principle of 'Idea Realization', it brings to bear 'experience in action'. 'Idea Realization'— a unique approach to examine futuristic ideas required for the growth of an organization or a sector or geography, from the perspective of assured on ground implementability. Our core strength comes from our founding partners, who are goal-oriented, with extensive hands-on experience and subject-matter expertise, which is well recognized in the industry. Our core founders form a diverse cohort of leaders from both genders with experience across industries (Public Sector, Healthcare, Transport, Education, etc.), and with varied specialization (engineers, lawyers, tax professionals, management, etc.).



BENGALURU

91 Springboard Business Hub 175, 176 Bannerghatta Rd, Dollars Colony, Bengaluru – 560076



CHANDIGARH

2nd Floor, Netsmartz, Plot No. 10, Rajiv Gandhi Chandigarh Technology Park, Chandigarh – 160019



DELHI

15, Tolstoy Rd Atul Grove Road, Janpath Connaught Place, New Delhi – 110001



KOLKATA

Siddhartha Apartments 4th Floor, 188/2, Block J, New Alipore, Kolkata - 700053



MUMBAI

601, 6th floor, Raheja Centre, Nariman Point, Mumbai - 400021