



Monthly Policy Brief

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01 PLI Scheme Tenure Extended and Amended for Auto Sector

Boost for Enhanced Flexibility and Growth

On January 1, 2024, the Ministry of Heavy Industries announced a significant update to the Production Linked Incentive (PLI) Scheme for Automobile and Auto Components, signaling the government's continued support for the automotive sector. Approved by the Empowered Group of Secretaries (EGoS), the scheme's tenure has been extended by one year with partial amendments aimed at providing clarity and flexibility to stakeholders. The revised scheme now covers five consecutive financial years, starting from 2023-24, with incentives disbursed the following year. Key amendments include the introduction of a performance threshold for incentive eligibility, designed to encourage sustained growth and investment in the sector. The total indicative incentive has been set at Rs. 25,938 crore, reflecting the government's commitment to fostering a competitive and resilient automotive industry.

Our Take - Why is this Important?

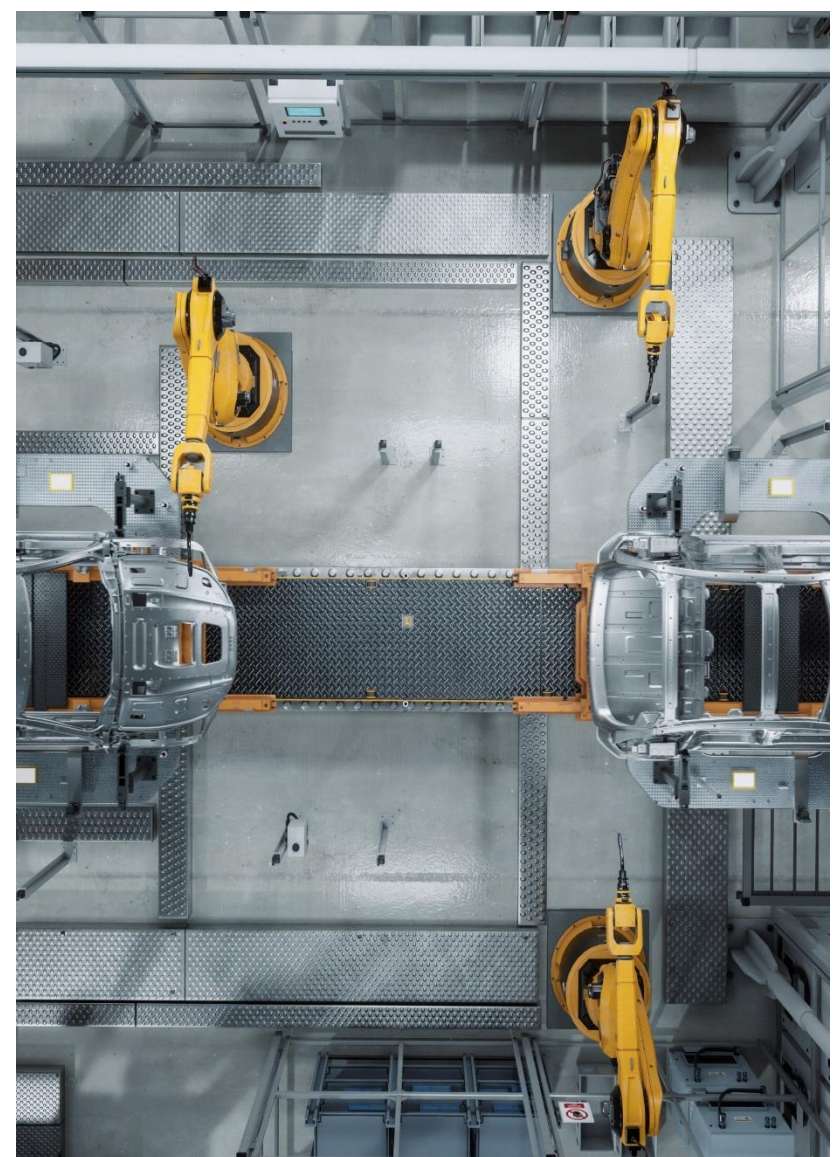
The extension and revision of the PLI Scheme are timely interventions by the Ministry of Heavy Industries, reflecting a strategic approach to bolstering the automotive sector's growth trajectory amidst global economic uncertainties. By extending the incentive period and introducing amendments, the government is not only recognizing the sector's potential for enhancing India's manufacturing capabilities but also addressing the challenges faced by the industry in a post-pandemic recovery phase. The scheme's focus on sustained performance and the provision for recalibrating benefits based on yearly growth thresholds underscore a commitment to fostering long-term competitiveness and resilience.

However, while the amendments bring much-needed clarity and flexibility, the challenge remains in ensuring that companies can effectively leverage these changes. The requirement for a year-on-year increase in Determined Sales Value might pressurize companies, especially SMEs, to scale up operations within tight timelines.

To mitigate these challenges, it's crucial for stakeholders to engage in continuous dialogue with the government, seeking further refinements and support mechanisms that can facilitate smoother transitions and adaptations to the scheme's requirements.

The PLI Scheme's extension and amendments are a testament to the government's proactive stance in nurturing an ecosystem that supports sustainable growth and technological advancement in the automotive sector. It's a step in the right direction, but continuous collaboration between industry stakeholders and policymakers is essential to unlock its full potential.

In conclusion, while the PLI Scheme's extension and amendments present a positive outlook for the automotive industry, ongoing efforts to refine the scheme and address industry feedback will be key to maximizing its impact and ensuring it serves as a catalyst for innovation and growth in the sector.



01

NHAI's 'One Vehicle, One FASTag' Initiative

For Seamless Travel on National Highways

In a significant step to improve the efficiency of the National Electronic Toll Collection (NETC) system and ensure a seamless travel experience on National Highways, the National Highways Authority of India (NHAI) has launched the 'One Vehicle, One FASTag' initiative. This initiative aims to curb and discourage user behavior of using single FASTag across multiple vehicles or the association of multiple FASTags with a single vehicle. Furthermore, NHAI mandates the completion of the Know Your Customer (KYC) process for FASTag users in accordance with the Reserve Bank of India (RBI) guidelines.

FASTags with a valid balance but incomplete KYC will face deactivation or blacklisting by banks after January 31, 2024. This measure is in response to instances of multiple FASTags being issued per vehicle and issuance without proper KYC, in violation of RBI mandates, as well as the avoidance of FASTag placement on vehicle windshields, causing delays and inconveniences at toll plazas. The deadline was later extended till March 2024.

The initiative aims to take the FASTag torch ahead, which has already seen a penetration rate of around 98 per cent and over 8 crore users.

Our Take - Why is this Important?

The 'One Vehicle, One FASTag' initiative is a commendable step towards optimizing the operational efficiency of India's Electronic Toll Collection system. By ensuring that each vehicle is linked to a single, KYC-compliant FASTag, NHAI not only aims to streamline the toll payment process but also significantly reduce the potential for fraud and operational bottlenecks at toll plazas.

'One Vehicle, One FASTag' also plays a crucial role in enhancing security and maintaining law and order on India's National Highways. Making it a legal requirement for each vehicle to have a distinct, KYC-compliant FASTag, it will ensure that there is a verifiable record of every vehicle passing through toll gates, thus also reflecting enforcement efficiency.

Drawing from the experience of countries with advanced toll collection systems such as Japan and United States (like the E-Z Pass), such a proactive step has the potential to significantly contribute to the efficiency of highway operations and drivers' experience.

Also important to note that the initiative comes at a time when the NHAI plans to launch GPS-based toll collection on various routes throughout India that will "ultimately replace the existing FASTag-based tolling system." This new system which will be launched on a voluntary basis, have experts raising queries whether this will lead to tracking of personal data such as tracking of vehicles on highways.



01 GIFT City to Pioneer Global Hydrogen Trading Mechanism

Setting the stage for increased penetration of green energy

On January 18, 2024, a landmark memorandum of understanding (MOU) was signed, marking a significant stride towards green energy transition. The International Financial Services Centre (IFSC) at GIFT City, in collaboration with the Indian Gas Exchange (IGX) and Gujarat State Petroleum Corporation (GSPC), has announced the establishment of a Global Hydrogen Trading Mechanism. This initiative positions GIFT City as a key player in the global green hydrogen economy, being the world's second endeavor of this nature.

A pivotal aspect of this alliance is the development of the Global Hydrogen Price Index. This innovative index aims to become a leading benchmark for price discovery and market information dissemination in the green hydrogen sector. The initiative is designed to enhance market transparency, boost investor confidence, and spur the international growth of green hydrogen, reflecting a major step towards sustainable energy solutions.

GIFT City, recognized as a notified International Financial Services Centre in India, integrates various operational segments including banking, insurance, and capital markets. With the introduction of the Global Hydrogen Trading Mechanism, it seeks to extend its influence to the trading of green commodities, reinforcing its ambition to lead in global price setting for internationally traded assets.

The collaboration, endorsed by the presence of Gujarat's Chief Minister Bhupendra Patel and key figures from IGX, GIFT City, and GSPC, underscores the initiative's significance and the collective commitment to advancing the green hydrogen agenda. This venture is not just a leap towards environmental sustainability but also a strategic move to solidify GIFT City's role in the international financial and energy markets.

Our Take - Why is this Important?

The establishment of the Global Hydrogen Trading Mechanism at GIFT City is a visionary step forward in harnessing the potential of green hydrogen as a key pillar of the global energy transition. By facilitating the creation of a dedicated hydrogen price index, this initiative promises to unlock new opportunities for market transparency, investment, and growth within the green hydrogen sector.

However, while this development is promising, it also presents challenges such as ensuring technological readiness, establishing global regulatory standards, and fostering international cooperation to create a seamless and efficient trading mechanism. Drawing on examples like the European Union's Hydrogen Strategy, which emphasizes cross-border collaboration and infrastructure development, India's approach can similarly focus on building robust frameworks for technology transfer, regulatory alignment, and market



03 Health Ministry's Updated Pharmaceutical Manufacturing Regulations

Reform Pill Towards Quality and Global Excellence in Pharma

India's Health Ministry (MoHFW) has recently revised its pharmaceutical manufacturing regulations under Schedule M, with a focus on improving quality control and aligning practices with international standards. The Ministry has notified the same via revision of the rules under Schedule M of the Drugs and Cosmetics Rules, 1945.

These updates are crucial for ensuring the production of safe and high-quality drugs.

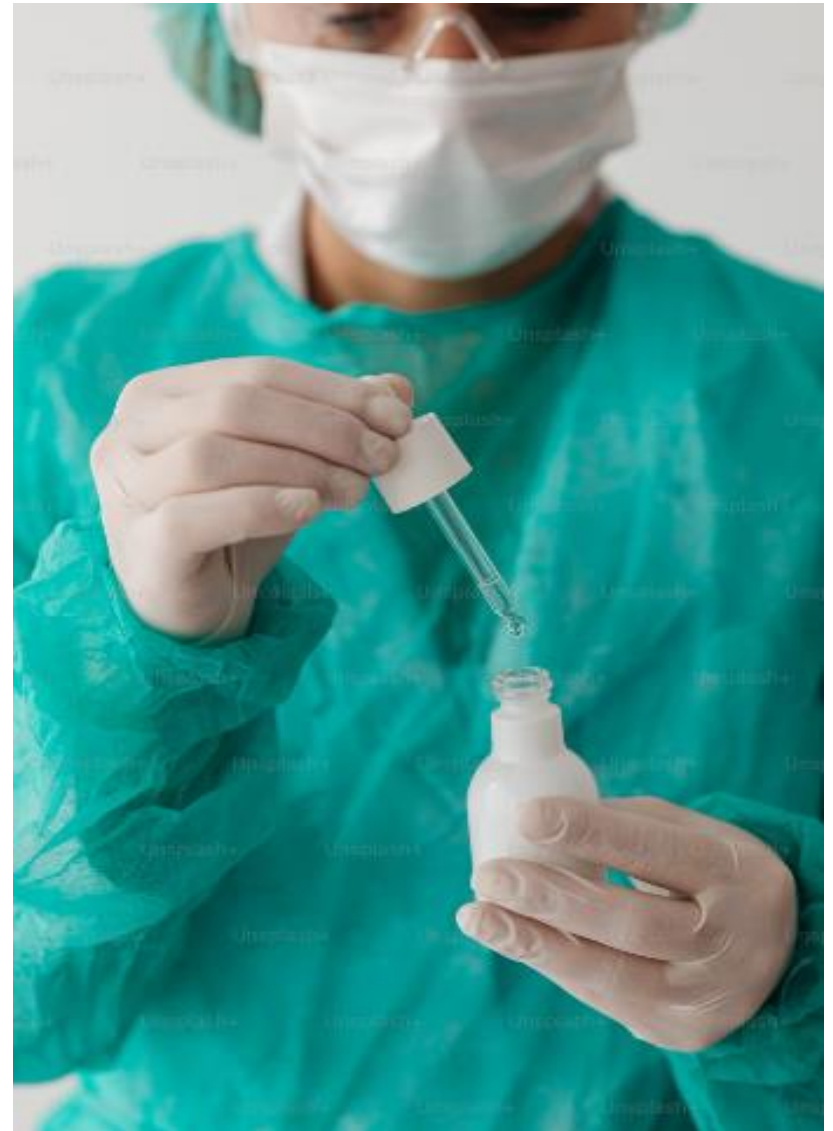
The revised regulations emphasize:

- **Enhanced Quality Management Systems:** Strengthening systems to comply with Good Manufacturing Practices (GMP).
- **Personnel Training:** Ensuring training for staff involved in manufacturing, quality control, and quality assurance.
- **Premises and Equipment Standards:** Ensuring that manufacturing facilities and equipment meet specified standards.
- **Documentation and Record-keeping:** Implementing robust practices to track the manufacturing process and ensure traceability.
- **Quality Control Testing:** Improving procedures to test product quality before distribution.
- **Risk Management:** Implementing practices to identify and mitigate risks to product quality.

These updates are expected to improve the quality and safety of pharmaceutical products manufactured in India and demonstrate the country's commitment to global standards.

Our Take

Overall, the revised regulations are a significant step towards ensuring the quality control of drug manufacturing in India and enhancing the country's reputation as a provider of high-quality pharmaceutical products.



Additionally, the revised regulations underscore the importance of pharmacovigilance in monitoring the safety and efficacy of pharmaceutical products throughout their lifecycle. Manufacturers are required to establish robust pharmacovigilance systems for the timely detection, assessment, and reporting of adverse drug reactions, thereby safeguarding public health and instilling confidence in the quality of Indian-made medicines.

By addressing these critical areas, the Health Ministry's updated pharmaceutical manufacturing regulations aim to foster a culture of continuous improvement and excellence within the Indian pharmaceutical industry. By adhering to rigorous quality standards and embracing technological innovation, Indian manufacturers can not only meet the evolving needs of domestic and international markets but also contribute to advancing global public health objectives.

02 Government announces initiation of work on Trade Connect e-Platform

Achieving the \$2 trillion export target for year 2030

Union Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Shri Piyush Goyal had chaired the second meeting of the Board of Trade held at New Delhi. The Union Minister announced initiation of work on Trade Connect ePlatform, **an intermediary platform providing the facility to connect Indian exporters and entrepreneurs with various stakeholders in international trade.**

The ePlatform aims to assist new and potential exporters by offering information on market access regulations, sectors, export trends, and the benefits available under Free Trade Agreements. It will also provide easy access to sector-specific events and allow users to address trade-related queries to officials from the Government of India and associated entities for expert advice. Every Importer Exporter Code (IEC) will have a dedicated page on the portal with an auto-verification process.

The platform is expected to be operational within the next 3-4 months. Credit facilities will be also be available in the 2nd phase of the ePlatform.

The meeting was also attended by MoS for Commerce Anupriya Patel, Commerce Secretary Sunil Barthwal, Director General of Foreign Trade (DGFT) Santosh Sarangi, and other senior officials and industry members.

Envisioning a Robust FTA Implementation

The Minister also expressed that such a platform will also help intervene into crucial trade related matters such as optimizing the benefits from Free Trade Agreements, promoting the expansion of Startups/MSMEs into international markets, and enhancing exports, particularly from the services sector, which plays a significant role in the country's export growth.

The move is also expected to internationalise the goods and services to help in improving the quality of the products and also to have economies of scale. It will also contribute on making exports a people's movement with the States, Centre and the Industry, all playing an equal role in accelerating Indian exports.

The Reconstituted Board of Trade

At a broader level, the newly formed Board of Trade offers a chance for ongoing discussions and consultations with the trade and industry sectors. Its role is to provide advice to the Government on policy measures related to the Foreign Trade Policy, with the aim of enhancing India's trade. Additionally, the board provides for State governments and Union Territories to share their perspectives on exports from their respective regions.

Our Take

- 'Trade connect' is expected to offer numerous opportunities for importers and exporters, facilitating business growth and expansion. It could simplify the exporting process for all, particularly newcomers, contributing to increased export volumes, heightened trade competitiveness, and the overall economic growth of the country.
- The platform will act towards the efforts for more inclusive distribution of export benefits across India's districts, where only 62 of over 760 districts in India account for 80% of all exports.





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.).



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