SEPTEMBER 2019 VOL.2

POLICYPULSE

IN THIS ISSUE

Thank You!

*Thank you for taking the time to go through this latest edition of **PolicyPulse**. We are so encouraged and enthused by the positive feedback received to date. Please do continue to write to us and let us know if you have any specific topic or industry you'd like us to cover or comment on. We have added in a few new sections based on feedback received. Trust you find these valuable.*

*Our team at **VeKommunicate** remains committed to providing information that's relevant, topical and based on verifiable industry research and data.*

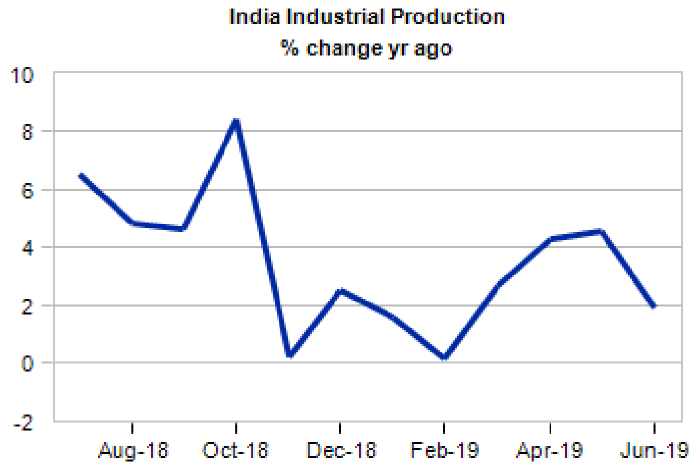
***PolicyPulse** is our monthly newsletter and is sent on a personal basis to key stakeholders like yourself. Hence we value your comments and look forward to hearing from you soon.*

Your continued support is highly regarded and appreciated.

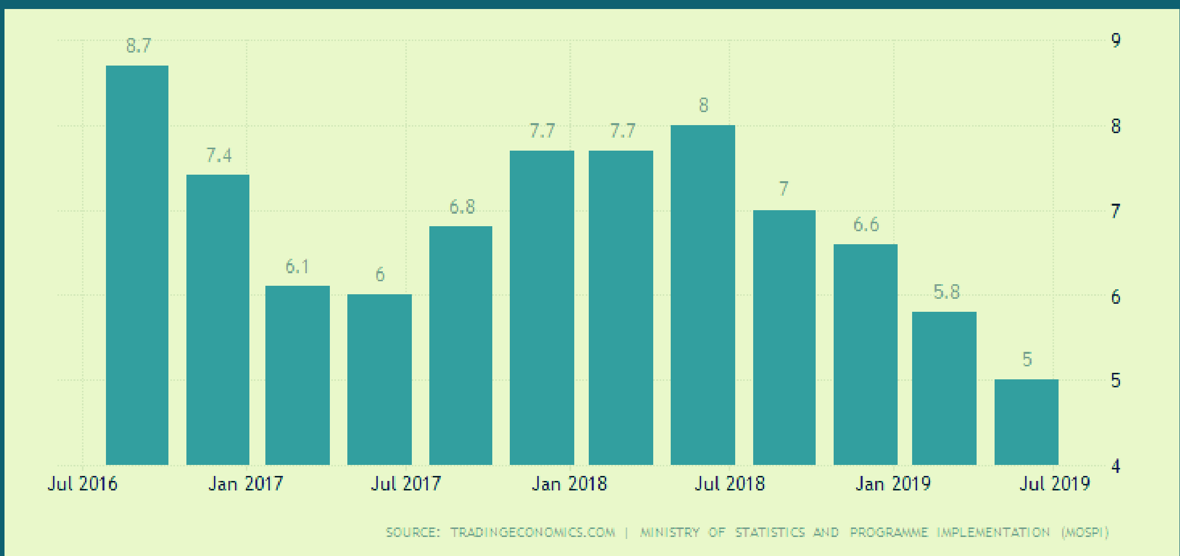
Best wishes

Team VeKommunicate

Economic Performance Indicators

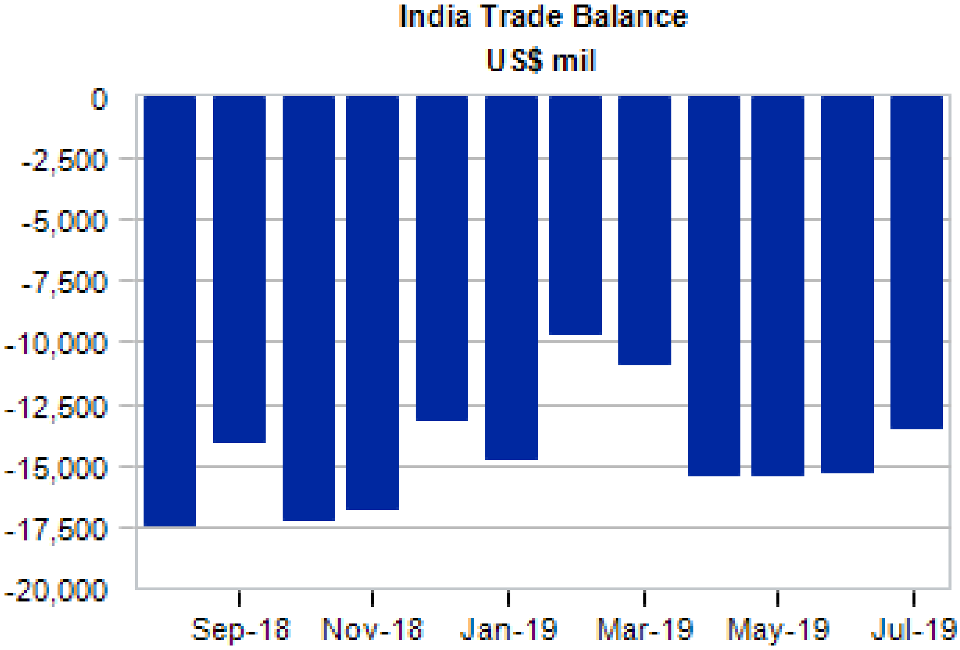


- Industrial production was below expectations in June, coming in at 2% y/y, below May's 4.6% and April's 4.3%. The year started off with a slump in industrial production, and the previous two months' partial recovery proved to be short-lived. Industrial production is still far behind last year's average and far below India's potential as a large developing economy. Recent monetary and fiscal policy changes aim to decrease some production costs and stimulate domestic demand and investment, calibrating the impact of a slowing global economy on Indian exports.
- Gross Domestic Product (GDP) growth slowed to a five-year low, decelerating to 5.0% y/y in the July quarter, following a 5.8% rise the quarter prior. The broad-based slowdown was led by the rural sector, although ongoing supply side constraints also pulled down manufacturing sharply. Output growth slowed in manufacturing (0.6 percent from 3.1 percent in Q1); construction (5.7 percent from 7.1 percent); mining (2.7 percent from 4.2 percent); public administration and defence (8.5 percent from 10.7 percent); and financial, real estate and professional services (5.9 percent from 9.5 percent).



Source: Ministry of Commerce and Industry

On the other hand, agriculture, forestry and fishing activities rose 2 percent, rebounding from a0.1 percent contraction in the previous quarter and trade, hotel, transport,communication and services related to broadcasting went up 7.1 percent, fasterthan a 6 percent in Q1.



- The trade deficit narrowed rather dramatically in July and is down to US$13.43 billion. Exports were up 2.25% y/y following the hiccup in June, when they dropped 9.7%, but imports fell further to 10.43% y/y from the 9.1% drop in June. The import categories that saw the biggest losses were precious and semiprecious stones and oil and petroleum products. Meanwhile, electronic goods and pharmaceuticals were key segments in export growth. So far this fiscal year, the trade deficit comes to US$59.39 billion, nearly US$6 billion less than in the previous year.

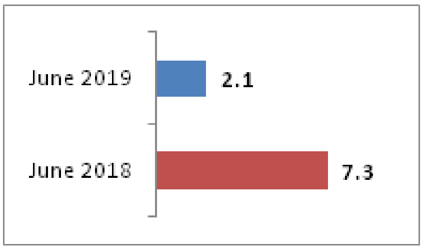
Eight Sectors Growth Index (Year-on-Year % Basis)

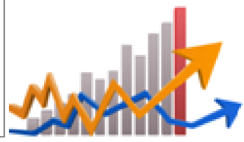
The eight core industries of coal, crude oil, natural gas, refinery products, fertilisers, steel, cement and electricity, which have a 40.27% weight in the Index of Industrial Production, grew 3% in the April-July period compared with 5.9% in the year-ago period. Last week, official data showed India's GDP expanded at 5% in the first quarter, the slowest pace in over six years.

Performance Of Eight Core Sectors (As On August 2019)								
Sector	Coal	Crude Oil	Natural Gas	Refinery Products	Fertilizers	Steel	Cement	Electricity
June 2018	9.8	(5.4)	(5.2)	12.3	1.3	6.9	11.2	6.7
June 2019	(1.4)	(4.4)	(0.5)	(0.9)	1.5	6.6	7.9	4.2

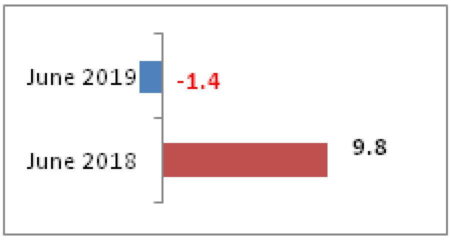
Source: Ministry of Commerce and Industry

Overall Industry Index

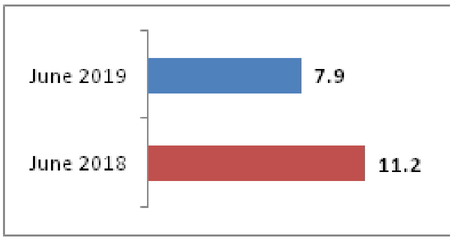




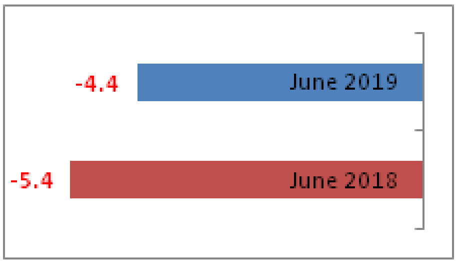
Coal



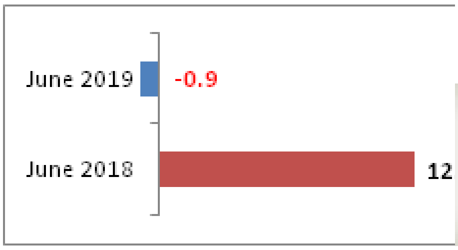
Cement



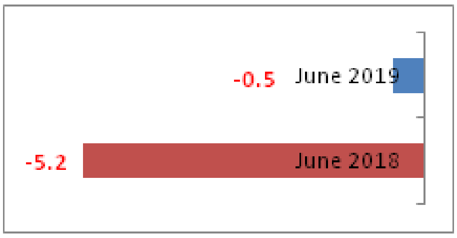
Crude Oil

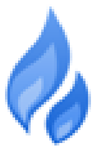


Refinery Products

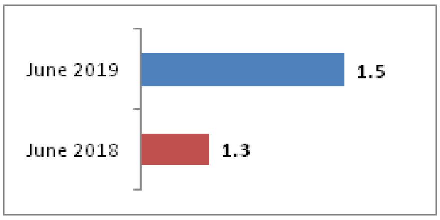


Natural Gas

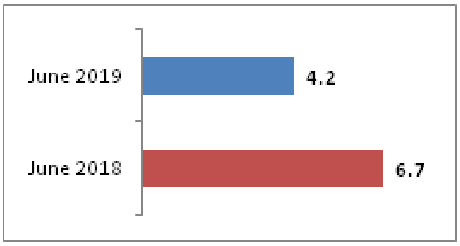


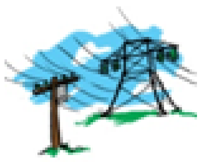


Fertilizers

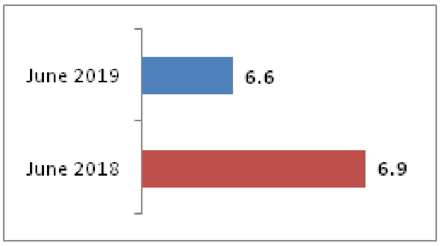


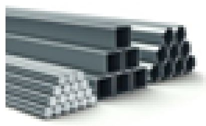
Electricity





Steel





Source: Ministry of Commerce and Industry

Bills Passed In 2019 Budget Session- Snapshot

The first session of 17th Lok Sabha has pushed the highest number of bills in over 15 years. The Parliament has introduced 39 bills of which 28 bills passed combining both the houses. The second term of NDA government has made an exception and clubbed the first session of Parliament (which involves oath taking by elected MPs and Presidential address to joint sitting of both Houses) with the Budget session. Major issues which got covered during the session were legal issues, social issues, pharma & medical issues, commerce & finance issues, home affairs issues, etc. Please find below a detailed chart showing topics or issues covered during this session:

01

Legal Issues
- The Repealing and Amending Bill, 2019
- The Arbitration and Conciliation (Amendment) Bill, 2019
- The New Delhi International Arbitration Centre Bill, 2019
- The Aadhaar and Other Laws (Amendment) Bill, 2019.

02

Social Issues
- The Protection of Children from Sexual Offences (Amendment) Bill, 2019
- The Protection of Human Rights (Amendment) Bill, 2019
- The Muslim Women (Protection of Rights on Marriage) Bill, 2019
- The Constitution (One Hundred and Twenty Fourth Amendment) Bill, 2019.

03

Pharma & Medical Issues
- The National Medical Commission Bill, 2019
- The Indian Medical Council (Amendment) Bill, 2019
- The Dentists (Amendment) Bill, 2019
- The Homoeopathy Central Council (Amendment) Bill, 2019.

04

Commerce & Finance
- The Companies (Amendment) Bill, 2019
- The Insolvency and Bankruptcy Code (Amendment) Bill, 2019
- The Banning of Unregulated Deposit Schemes Bill, 2019
- The Special Economic Zones (Amendment) Bill, 2019.

05

Home Affairs
- The Jammu and Kashmir Re-organisation Bill, 2019
- The National Investigation Agency (Amendment) Bill, 2019
- The Unlawful Activities (Prevention) Amendment Bill, 2019
- The Jammu and Kashmir Reservation (Amendment) Bill, 2019.

06

Human Resource
- The Central Universities (Amendment) Bill, 2019
- The Central Educational Institutions (Reservation in Teachers' Cadre) Bill, 2019

07

Infrastcture Issues
- The Motor Vehicles (Amendment) Bill, 2019
- The Public Premises (Eviction of Unauthorized Occupants) Amendment Bill, 2019

08

Labour Issues
The Code on Wages, 2019.

09

Consumer Issues
The Consumer Protection Bill, 2019

10

Personnel, Public Grievances
The Right to Information (Amendment) Bill, 2019

11

Civil Aviation
The Airports Economic Regulatory Authority of India (Amendment) Bill, 2019

GST Implementation: Issues Faced By Industry

In July 2019, the 35th GST Council Meeting was held under the chairmanship of Union Finance & Corporate Affairs Minister Smt. Nirmala Sitharaman. This was the first meeting of the Council after the swearing in of the new BJP-lead NDA Government.In order to give ample opportunity to taxpayers as well as the system to adapt, Government of India has made several amendments to the CGST Act. However, Industry is still facing certain implementation issues. Please find below the details of GST implementation issues faced by the Indian industry:

1. Elimination Of GST On Training:

At present, GST Act does not provide exemption on training provided by industry or other private institutions which is currently taxed at 18%. While there is a provision for exempting an "approved vocational education course", the criteria do not provide meaningful relaxation. A GST of 18% on training stands out as being incongruous with the imperative of encouraging talent development. The industry is of the view that GST on training should be eliminated or at-least taxed at a lower rate of 5% to provide better opportunities, under the "Skill India" initiative.

2. Removal Of GST On Export Of IT Services:

Back office support services rendered by branches to parent companies outside India fall under "intermediary" and do not qualify as "export of services". Most ITES services provided from India are treated as 'intermediary services', as every ITES service exporter in India is invariably involved in a transaction involving a buyer and seller. The industry is of view that the intermediary provision makes business uncompetitive for those providing facilitation services. Hence, industry is seeking that Government should take a holistic view on this matter and recommend appropriate changes to the GST council to remove intermediaries from the blanket exception to the principles of GST.

3. Accrual Basis Of Payment Of GST For MSMEs:

Under the earlier service tax rules, namely point of taxation rules, small businesses were allowed to pay taxes on receipt basis. However, the under GST regime, businesses have to pay taxes on invoices rather on actual payments. Small businesses find difficulty in raising capital; hence, asking them to deploy 18% of their working capital to meet government dues could seriously jeopardize their finances, especially when GST Act provides for a compliance-based rating system. The industry is of view that Government should reintroduce the concept of tax payment on receipt basis for small businesses up to a fixed turnover limit.

4. Treatment Of Commercial Credit Notes In Sales Promotional Schemes And Input Tax Credit (ITC) Reversal Requirement:

ITC is available in the case of various sales promotional schemes, however the same shall not be available in the case of distribution of ‘gifts’ or ‘free samples’. Companies provide reward programmes such as gold schemes, gift schemes, free trips, etc. The company incurs various marketing and distribution expenses for distributing these gifts. However, these are not eligible for ITC, as the tax authority is of view that there is no commercial consideration between the company and the distributors/wholesalers and therefore input tax credit (‘ITC’) in respect of such expenses is restricted by virtue of GST law. Industry is of view that clarification should be issued that issuance of “commercial credit notes” to account for pure financial transactions is acceptable without any requirement for reversal of credit. This was a well-accepted concept/ approach under VAT laws.

5. Treatment Of Commercial Credit Notes In Sales And Promotional Schemes:

Pre-amendment to Section 34 of the CGST Act mandates a registered person to issue one credit/ debit note for each single invoice. Considering the problems faced by companies and to facilitate ease of doing business, the Central Board of Indirect Taxes and Custom (CBIC) has permitted a registered person to issue consolidated credit/ debit note in respect of multiple invoices issued in a financial year without linking the same to individual invoices. However, CGST Act has not taken into consideration year-end discounts like trade discount, quantity discount, etc., are part of normal trade and commerce. Usually companies provide post-supply discounts based on the value of transactions undertaken during the year. The industry is of the view that link Government of India should consider including post supply discounts one to one nexus with invoices is not possible.

6. Non-Issuance Of Foreign Inward Remittance Certificate (FIRCS) By Banks For Claiming The Refund:

In the case of inward remittances relating to exports, bankers are now issuing Foreign Inwards Remittance Advice (FIRAs) instead of FIRCs. While Bank Realization Certificate (BRC) is accepted as proof of export under GST as well as erstwhile service tax law, majority of field officers are insisting on FIRCs. Obtaining BRC is a time consuming process which may lead to delay in sanctioning of refunds. The Industry is of view that clarification be issued to field officers that FIRAs should be accepted as proof of foreign inward remittances in place of FIRCs.

7. Clarification On Issuance Of "Electronic Invoices":

GST Rules requires every tax invoice to contain signature or digital signature of the supplier or his authorized representative. GST Rules allows "issuance of electronic invoice in accordance with provisions of Information Technology Act, 2000" (IT Act) without manual signature or digital signature. However, the word "electronic invoice" is not defined in IT Act. Moreover, the Act does not contain any provision related to issuance of invoice. It appears that intent of the law is to allow suppliers to issue electronically generated invoices without manual or digital signature as long as the invoices are generated as an "electronic record" as per provisions of the IT Act. Industry is of view that clarification should be issued stating that "Signature or digital signature would not be required in case of issuance of computer generated invoice."

8. GST On Use Of Common Logo, Trademark Or Brand Name:

It is common for logos, trademark and brand names to reside with parent or holding company who may be located in or outside India. There have been several news in recent past stating that Department has been investigating cases where such subsidiaries or group companies do not make any payment towards such use of logo, trademark or brand name. Under GST Act, certain supplies received even without consideration are liable to GST. This includes "supply of services between related persons or import of services by a person from a related person or from any of his other establishments outside India when made in the course or furtherance of business". Industry is of view that clarification should be issued that there would be no GST on use of logo, trademark or brand name by subsidiaries or group companies by deeming such transactions as "supply".

9. Facility Of Single-Window Single-Login For All Compliances On GSTN:

Currently, the GSTN design requires companies having multiple registration to log-on using different credentials for the purpose of undertaking return filings and other compliances. This is rather cumbersome and can be simply avoided by the GSTN being enabled to allow countrywide reporting through a single login mechanism. This approach would help industry avoid multiple filings and the requirement of filing monthly returns could continue.

10. Mandatory Registration With Respect To Goods Supplied, Driving Away Small Sellers From Online Marketplaces:

Every supplier supplying goods through an e-commerce operator is required to mandatorily obtain registration irrespective of the turnover. While physical suppliers of goods and services have a turnover based exemption threshold of INR 40 lakhs and INR 20 lakhs respectively, the said benefit is not available to supplier of goods selling goods through e-commerce operator. This results in increased compliance burden on such sellers of goods. Moreover, most suppliers sell offline as well as online. For a supplier who is otherwise exempt, the exemption is lost on making its first online supply. While service providers are benefitted from the exemption, the mandatory registration requirement is becoming a significant barrier for sellers of goods.

11. Registration Of The Warehouses As Additional Places Of Business By The Sellers:

GST laws require a supplier to obtain registration in each place of business from where the said supplier makes taxable supplies. In the e-commerce eco system, an online seller may be effecting taxable supplies from various warehouses that are owned and/ or operated by an e-commerce operator. Therefore, the sellers are required to add said warehouses as additional places of business under their existing registration. While registration process is entirely digitized on an online platform, there exists a lag of 3-4 weeks from the time of filing application for addition till the date amendment is approved by authorities. Further, officials do not understand the model under which warehouses operate and often raise queries on the rental agreement being with the e-commerce operator and not the property owner. As a result, sellers are required to hire tax consultants to address queries by making a physical representation at the tax office. This increases both compliance burden and cost in the hands of the sellers, which may deplete margins made by them

12. Exemption On IGST Paid On Capital Goods By Software Technology Parks Of India (STPI)/ Export Oriented Units (EOU):

Post March 31, 2020, option to claim IGST exemption by EOU will no longer be available. This would put undue strain on finances of units engaged in 100% exports as these companies have huge investments by way of capital expenditure. Industry is of view that upfront exemption in respect of import of capital goods should be extended without any time limit.

13. GST On Import Of Services Without Consideration:

It is common for Indian IT companies to take support from their parent or other group companies outside India. The companies receive free of cost services in terms of support or other means. Under Schedule I of CGST Act, certain supplies received even without consideration are liable to GST. This includes "import of services by a taxable person from a related person outside India made without consideration". GST is being levied on such transactions under reverse charge. However, for IT companies, all outward supplies are taxable and any GST paid under reverse charge on free of cost services import does not yield any extra revenue for the Government. This adds to a company's compliance burden without any monetary gain to the Government. The industry is of view that such transactions should not be made liable to tax under reverse charge.

India Comes Up With A WTO Compatible Export Scheme

In July 2019, the Ministry of Commerce and Industry, Government of India, according to news reports, floated a cabinet note for a new export incentives scheme compatible with the World Trade Organization (WTO) norms. The Rebate of State and Central Taxes and Levies (RoSCTL) scheme, which at present is available on textile products i.e. garments and made-ups, will now be extended to all exports in a phased manner. The new scheme will replace the existing Merchandise Exports from India Scheme (MEIS), which was challenged by the US in 2018 at WTO. The scheme available for textile sector would be subsumed under the new scheme with effect from 1st April, 2020. The new scheme will allow reimbursement of duties on export inputs and indirect taxes through freely transferrable scrips.

The RoSCTL rebates the embedded taxes include central excise duty on fuel used in transportation, embedded CGST paid on inputs, purchases from unregistered dealers, inputs for transport sector and embedded CGST and compensation cess on coal used in the production of electricity. While the MEIS will be withdrawn in phases, the scrips' rate would be fixed three months after the Cabinet's approval.Some such taxes and duties that will be covered under the new scheme are as follows:

a) State VAT on fuel used in transportation of inputs, generation of captive power and in the farm sector

b) Mandi Tax

c) Duty on electricity charges

d) Stamp duty on export documents

e) Embedded SGST/ CGST paid on inputs such as pesticides, fertilizers etc. used in production of required raw materials, purchases from unregistered dealers, coal used in production of electricity, fuel used in transportation of finished goods, etc.

Such duties or taxes shall be remitted at an actual rate claimed by the exporter, subject to a notified ceiling rate and a value cap per unit of exported product. The rebate would be claimed as a percentage of the realized freight on board (FOB) value of exports.The ceiling rate and value cap for products (group of products) would be determined by a committee in consultation with related stakeholders. Sector, which will be covered by this new scheme will be export intensive sectors, llabour intensive/MSME sectors, sectors having high value-addition, engineering sector, agricultural exports etc.

The Commerce and Industry Minister Mr. Piyush Goyal stated that India has accepted the removal of generalized system of preferences (GSP) by the US. Industry felt that this move will certainly impact Indian industry because the industry operates at a very low margin. Amid economic slowdown and removal of these benefits, Indian industry is hopeful to get the benefits of this new scheme to become competitive in the exporting markets. Such initiative of bringing a new export incentive scheme will certainly boost trade from India. However it is also important to point out that providing benefits will not help alone; there is also a need to provide better infrastructure facilities along with contracting free trade agreements with the EU, the United Kingdom, Australia, Canada and the Regional Economic Partnership (RCEP).

Production Linked Incentive For Competitiveness:

The other push for manufacturing is likely to come from NITI Aayog, where it is understood that a production liked incentive may be provided that will help industry in India remain competitive vis-à-vis cheaper imports coming from other Asian markets. The scheme is still under discussion and is expected to take into account the incentives provided in markets such as China to give industry in India a level playing field. This is primarily to boost the Make-in-India Programme of the current BJP-lead NDA Government.

EU Continues To Expand Its FTA Horizon

UK is still struggling to get a unanimous decision on leaving EU, as Prime Minister Boris Johnson wants the EU to remove the backstop from the deal and wants "alternative arrangements" and technological solutions instead. Amid the long awaited deal, EU is expanding its trade agreement horizon by singing agreements with strategic partners.

a) Twenty years after negotiations began, in July 2019 the European Union and the South American trade bloc MERCOSUR reached a free-trade agreement. Please find below the trade picture between EU and MERCOSUR

- The EU is Mercosur's second biggest trade in goods partner, accounting for 20.1% of the bloc's total trade in 2018.:
- The EU's exports to the four Mercosur countries totalled €45 billion in 2018. Mercosur's exports to the EU were €42.6 billion in 2018. Mercosur's biggest exports to the EU in 2018 were agricultural products, such as foodstuffs, beverages and tobacco (20.5%), vegetable products including soya and coffee (16.3%) and meats and other animal products (6.1%).
- The EU's exports to Mercosur include machinery (28.6%), transport equipment (13.3% of total exports), chemicals and pharmaceutical products (23.6%).
- The EU exported €23 billion of services to Mercosur while Mercosur exported € 11 billion of services to the EU in 2017.
- The EU is the biggest foreign investor in the region, with an accumulated stock of investment that has gone up from €130 billion in 2000 to €381 billion in 2018.
- Mercosur is a major investor in the EU, with stocks of €52 billion in 2018.

b) On Febraury 2019, the EU and Japan have signed a FTA which is set to ease tariffs and restrictions. Both sides have echoed the facts that this agreement will boost investment and the sharing of skills and knowledge.According to Kazuo Kodama, Japanese Ambassador to EU, "this will create a huge, free-trade zone, which comprises 640 million people of EU and Japan. And also the combined GDP total will amount to one-third of the global GDP. So this will be a great opportunity for enhancing the welfare of the people in Europe and Japan.

"Danny Risberg, Chairman of the European Business Council in Japan, says "If we look back ten years ago, it was really hard to do business in Japan. This should remove a lot of the hardness, so it's a lot easier to do business. And when that happens, it allows you to put more focus on your marketing and the areas to grow your business, than it is to just maintain and follow rules and get started."

Please find below the trade picture between EU and Japan:

- Japan is the EU’s second-biggest trading partner in Asia after China.
- Together the EU and Japan account for about a quarter of the world's GDP.
- Imports from Japan to the EU are dominated by machinery, electrical machinery, motor vehicles, optical and medical instruments, and chemicals.
- EU exports to Japan are dominated by motor vehicles, machinery, pharmaceuticals, optical and medical instruments, and electrical machinery.

c) On 30th June 2019, the EU signed a landmark free trade deal with Vietnam, the first of its kind with a developing country in Asia, paving the way for tariff reductions on 99% of goods between the bloc and the Southeast Asian country.The European Union has described the EU-Vietnam Free Trade Agreement (EVFTA) as "the most ambitious free trade deal ever concluded with a developing country".The EU said it will "support Vietnam through technical assistance in order to define and follow up on an implementation plan to facilitate the necessary reforms and adjustments, including in areas such as sanitary and phytosanitary measures and non-tariff barriers." Please find below the trade picture between EU and Vietnam:

- Vietnam is the EU's 16th trade in goods partner and the EU's second largest trading partner in the Association of Southeast Asian Nations (ASEAN).
- The EU's main exports to Vietnam are high tech products, including electrical machinery and equipment, aircraft, vehicles, and pharmaceutical products.
- Vietnam's main exports to the EU are telephone sets, electronic products, footwear, textiles and clothing, coffee, rice, seafood, and furniture.

G7 Summit 2019: Updates and Takeaways

During the recently concluded G7 summit in France, leaders from Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States, along with the presidents of the European Council and the European Commission, discussed global policy issues of high relevance on diplomatic agendas.The G7 summit is a forum that plays an important role in shaping global responses to global challenges, complementing the global economic coordination carried out by the G20. The five point themes which got discussed during the summit were:

a) Fighting inequality of opportunity, promoting in particular gender equality, access to education and high-quality health services

b) Reducing environmental inequality by protecting our planet through climate finance and a fair ecological transition, preserving biodiversity and the oceans

a) Strengthening of the social dimension of globalisation through more fair and equitable trade, tax and development policies

b) Taking action for peace, against security threats and terrorism which weaken the foundations of our societies

c) Tapping into the opportunities created by digital technology and artificial intelligence

Key Takeaways From Summit:

1. G7 leaders have discussed the global economic outlook and issues related to trade tensions. They also talked about international taxation, especially on a coordinated approach to the issue of taxation in the digital sector. Leaders exchanged views on how to safeguard the rules-based trading system and how to de-escalate current trade tensions.They also tasked the G7 finance ministers to closely monitor the state of the global economy. The reform of the World Trade Organisation (WTO) was also on the agenda, following the commitment made at the G20 summit in Osaka to modernise the WTO. The G7 committed to reaching in 2020 an agreement to .

simplify regulatory barriers and modernize international taxation within the framework of the OECD.

2. G7 leaders had expressed concern during their summit over US's trade war with China, which may have a damaging effect on the global economy and overall GDP. Both the US and China have agreed to hold discussion to resolve the trade dispute through "calm" negotiations.

3. US has promised to work out a "very big trade deal, bigger than we've ever had" with the United Kingdom after Brexit.

4. G7 leaders endorsed a new framework between the G7 and Africa on cooperation with African partners to develop tools to support sustainable economic development across the continent. The EU also announced financial support for the African Development Bank's Affirmative Finance Action for Women in Africa (AFAWA) programme. The EU's contribution of over €85 million will help develop 100 000 businesses run by women.

5. US again have floated the proposal to reinstate Russia as a permanent member of the grouping, saying it would be better to have Russia inside the group than outside. However, no consensus was reached on whether or not to invite Russia to the next year's G7 summit in the United States.

6. The standoff between the US and Iran over Tehran's nuclear programme was a major focus of this year's summit.

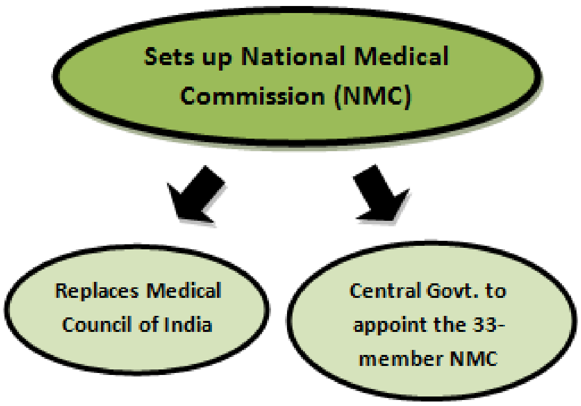
7. The G7 summit this year laid increasing focus on climate change amid a backdrop of the burning Amazon, a month after the Earth recorded its hottest month ever. The G7 pledge to spend more than $20m on fighting fires tearing through the Amazon rainforest.

8. G7 leaders have underlined the significance of women's participation in the labour market, and highlighted the importance of education for girls and women, especially in developing countries. G7 partners have also committed to specific areas of action to achieve progress on gender equity. As regards financial commitments, the EU announced a contribution of €550 million to the replenishment of the Global Fund to fight AIDS, Tuberculosis and Malaria.

Pharma News

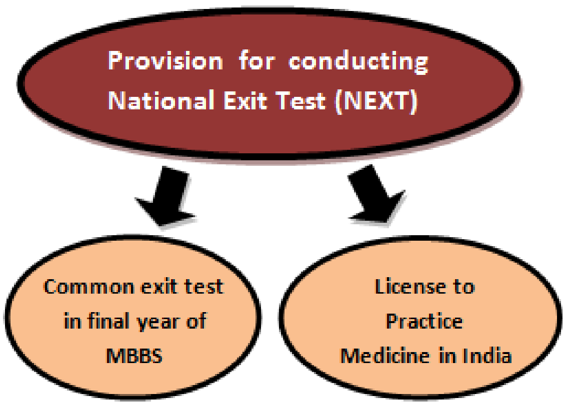
NMC Act: A Surgery That Has Sparked Debate

The widely polarizing National Medical Commission (NMC) Actwas notified in the Gazette of India on 8th August 2019. This Act, a culmination of years of recommendations and nationwide calls for better regulation of the medical education system and healthcare institutions, has been touted as a far-sighted, progressive and radical legislation. However, not everybody has welcomed this with open arms. Protests from the medical fraternity over some sections of the Act, though publicised, were ultimately ineffective. This article looks at the salient features of the NMC Act and tries to determine why its reception was conflicted.



Selection over Election

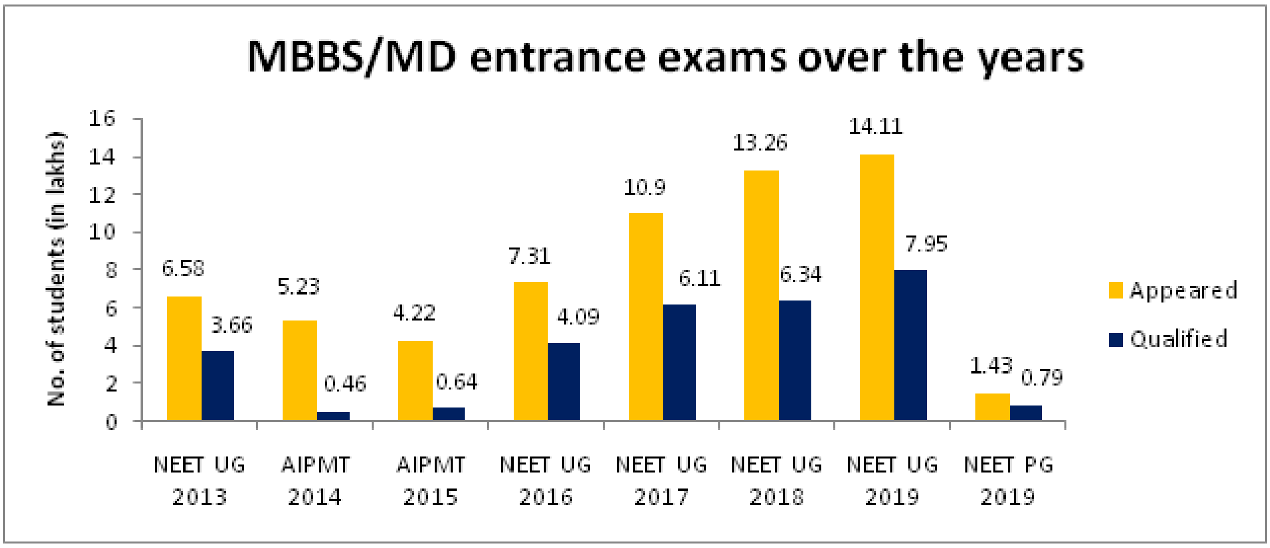
- A 33 member NMC will be appointed by the Central Government, among who 19 will be representatives of the states/U.T, 1 from the Ministry of Health and Family Welfare and 10 ex officio members.
- Four autonomous boards will also be set up, but they will be supervised by the NMC and subject to its regulations.
- NMC will lay down policies for governing medical education and institutions.
- It shall also frame guidelines for determining fees in 50% private medical colleges and deemed universities.



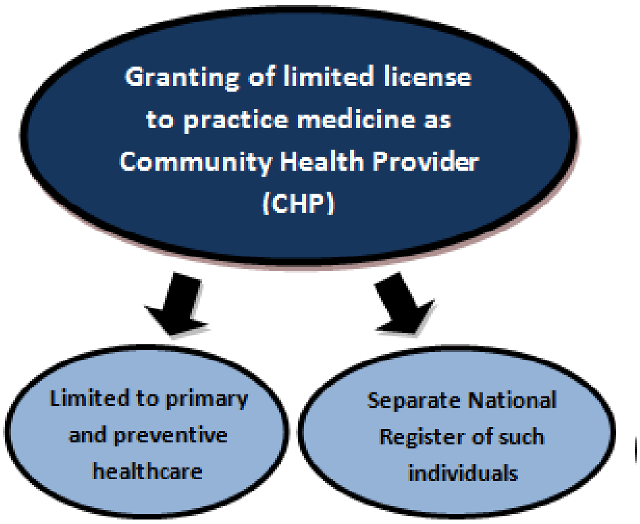
NEET + NEXT = A Repeat Effect

- A common National Exit Test will be held in final year of MBBS and qualifying it will provide the license to practice in India to Indian students as well as those with foreign medical qualifications.
- It will also serve as admission test to broad-speciality postgraduate (PG) courses
- National Eligibility-cum Entrance Test (NEET) is still in effect for admission in UG and super-speciality PG courses.
- Students would now have to qualify both NEXT and NEET for admission to select PG courses

Contrary to the intention of the NMC Act, the introduction of the NEXT may consequently lead to lesser number of students qualifying as doctors each year and fewer still who may apply for post-graduation. As per data from the Central Board of Secondary Education (CBSE) and the National Testing Agency (NTA), in 2013, 3.66 lakh students qualified for MBBS admission. However, in 2019, the year those students would have been eligible for post-graduation, only 1.43 lakh students appeared for the exam, from which only 79,000 qualified. Thus only 21.5% of students enrolling for UG were ultimately able to qualify for PG*. (See chart below)



Considering that the existing numbers are such, the additional examination requirement may deter more students.

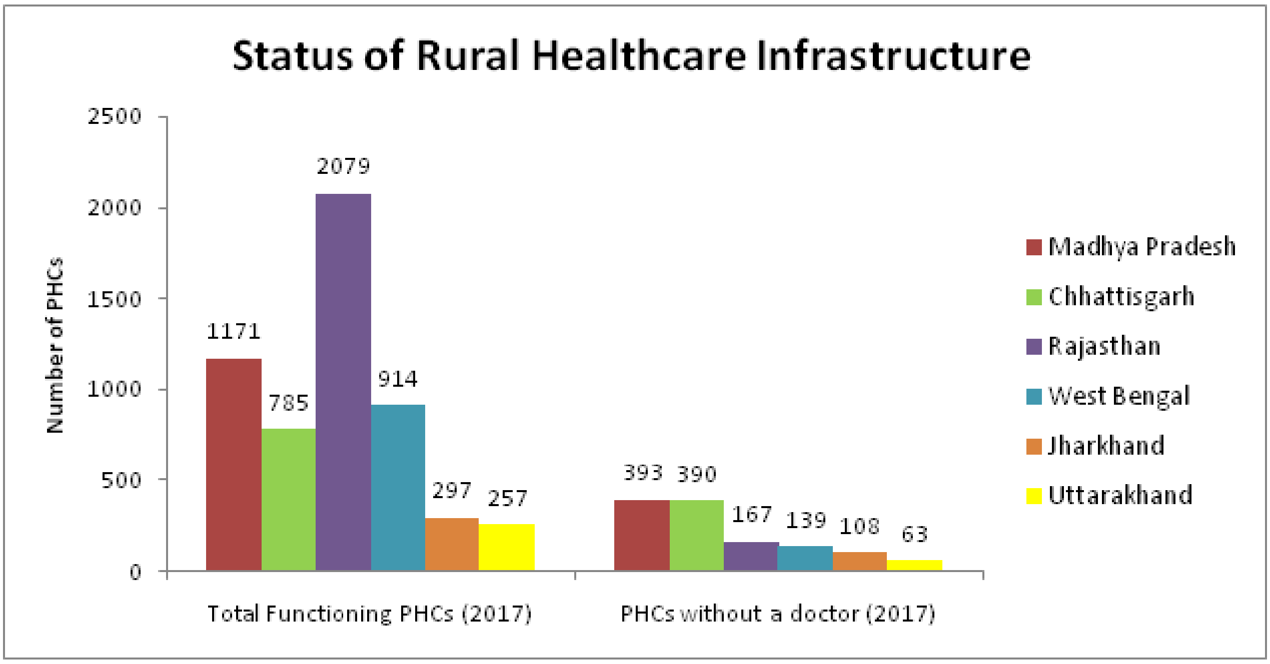


CHPs: The rise of quacks or bringing Rural Healthcare on track?

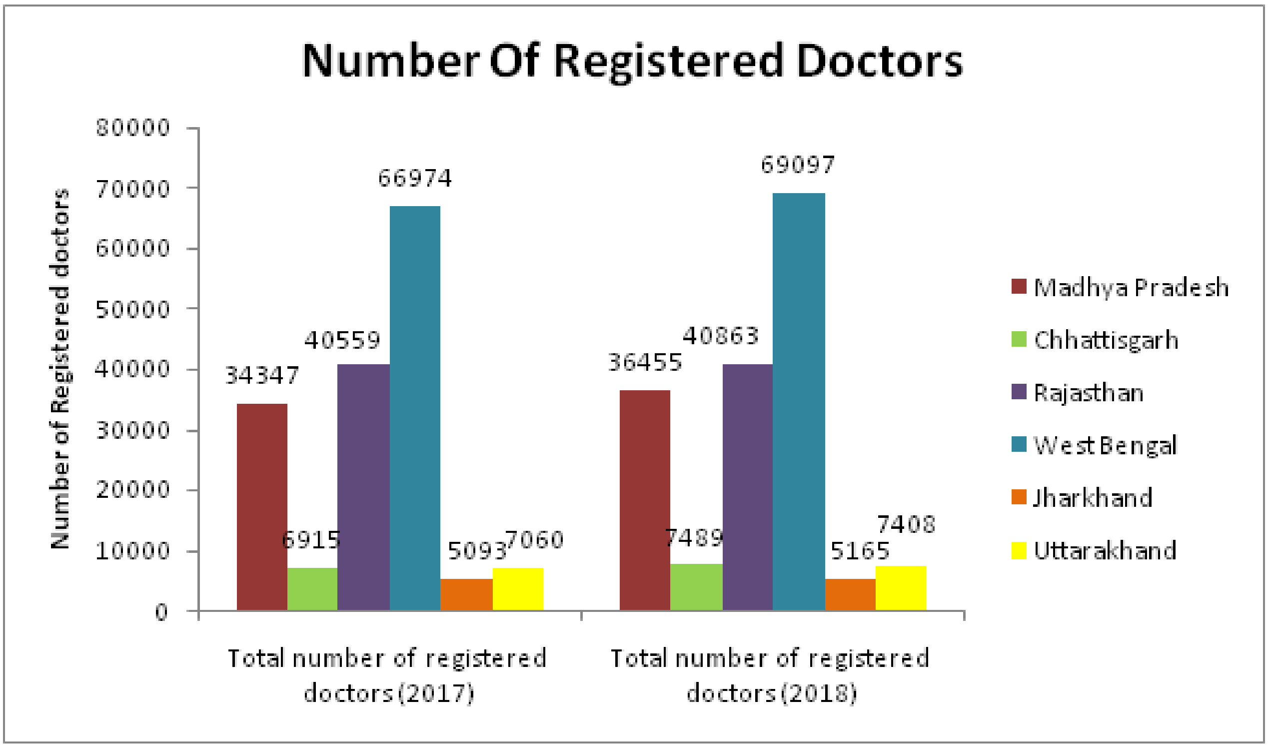
- The NMC may grant license to persons to practise medicine only in cases of primary and preventive healthcare.
- The number of such licenses would be limited to one-third of the total number of licensed doctors.
- Upcoming regulations will specify the qualifying criteria of such persons as well as the circumstances in which they may practice.

***Concept of gap years and students from other batches (years before 2013) were not factored in.**

Rural healthcare could be one of the biggest beneficiaries of this Act. The Act enables NMC to designate CHPs who would be authorised to prescribe limited allopathic medicines, thereby filling the gap for healthcare resource persons. As of now, there is a dearth of trained medical professionals in the primary health centres (PHCs) catering to the rural population across India. As per data from the Ministry of Health and Family Welfare, the locus of this issue is around the states of Madhya Pradesh, Chhattisgarh, Rajasthan, West Bengal, Jharkhand and Uttarakhand. (See chart below)



As of 2017, 49.6% of PHCs in Chhattisgarh were functioning without a doctor. Other states came in at 33.5% in Madhya Pradesh, 36.3% in Jharkhand, 24.5% in Uttarakhand, 15.2% in West Bengal and 8% in Rajasthan. All India data shows that out of 25,650 functioning PHCs, 1,974 were without the aid of a doctor (7.6%). But in actuality, this isn't necessarily due to a shortage of doctors in general. Every year more students graduate and get licensed, but somehow rural practise fails to attract them. As of 2017, there were 10,41,395 registered doctors in the country. This number increased to 10,78,732 in 2018 -an increment of 37,337 doctors. Even in the states discussed above, the number of doctors increased. (See chart below)



The provision for licensing as a Community Health Provider is ostensibly aimed at bridging this gap between professionals in modern medicine and rural practice. Easier access to primary healthcare may result in lesser number of referrals to hospitals and help shoulder the burden of a beleaguered rural healthcare infrastructure. In the process, healthcare costs for patients may also come down. However, the actualisation of the proposed and envisioned benefits hinges on the implementation of the NMC Act and its forthcoming regulations. Whether this legislation is a landmark or simply another building off the path to a better, healthier India remains to be seen.

(This article has been prepared by Aishwarya, Research Associate, RV-VeKommunicate)

OffBeat

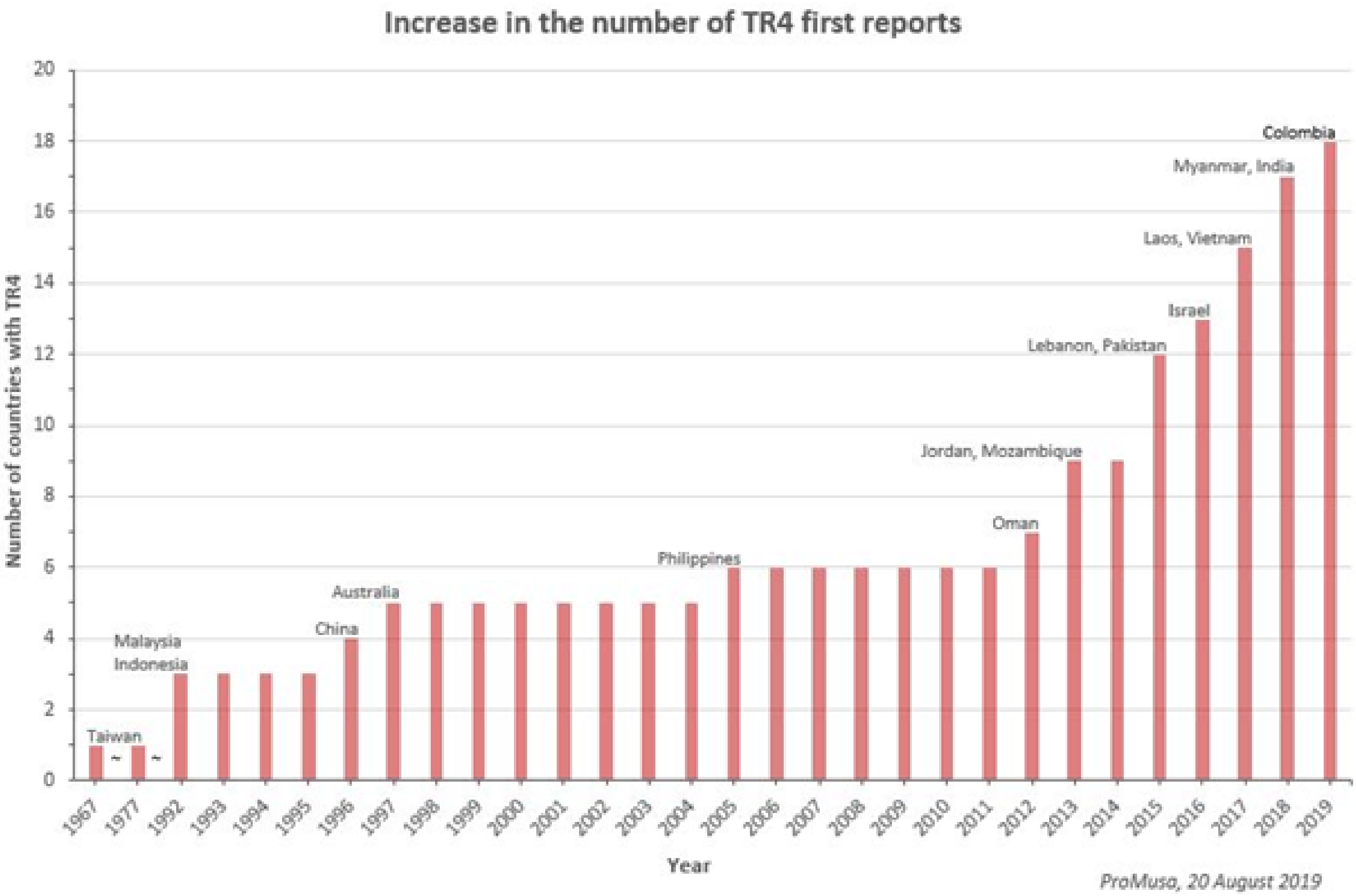
Banana: The Panama Disease

The current world export of Banana is US$ 13561.7 million of which India's export is US$ 56.19 million. Banana exports, have in the recent years, faced a crisis in the form of the Panama Disease. In 2019 there has been an increase in the number of regulations for controlling export and import of bananas. This note looks into the details of the disease and some of the measures adopted by the countries.

Tropical race 4 (TR4) is a strain of fungus Fusarium oxysporum f. sp. Cubense (Foc). It is known to cause Fusarium wilt also known as Panama disease in the Cavendish variety of banana. Its invasiveness is due to its ability to be distributed from location to location and from country to country along with traditional planting material. Once established it can proliferate in runoff water and in soil on the tyres of farm machinery, feet of farm animals and shoes of farm workers. Also its capacity to survive decades makes it a greater threat to banana production. Foc strain is believed to spread in most of the banana producing countries with point of its origin being Asia.

ProMusa is a scientific network which is dedicated to all the scientific discussions of banana. Based on its data, the progression of the strain can be seen emerging from Taiwan in 1967 to Colombia in 2019.

This soil dwelling Foc strain can neither be curbed using fungicides nor be eradicated from soil using fumigants. Research on biological control and role of soil microbial community in suppressing the pathogen has suggested solution best suited to continue production of bananas in infested soils. It involves the replacement of susceptible cultivars or varieties with resistant ones. In China, crop rotation with a non-banana crop that has anti-fungal activity has



been used to reduce losses. Farmers here have been growing bananas in the presence of TR4 by rotating them with Chinese leek.

Symptoms of the disease

The first external symptom of fusarium wilt on bananas is a faint off-green to pale-yellow streak or patch at the base of the petiole of one of the two oldest leaves. The progression of the disease can then be in different ways. Splitting of the base of the pseudo stem is another symptom as is necrosis of the emerging heart leaf. Other symptoms include irregular, pale margins on new leaves and the wrinkling and distortion of the lamina.

Characteristic internal symptoms of Fusarium wilt is vascular discolouration. It varies from pale yellow in early stages to dark red or almost black in later stages.

Actions taken by countries against TR4

Despite the fact of it being widely recognized, few TR4-free countries have taken steps to prevent the entry of this fungal strain. By 2018, only two of the 16 countries that are known to have TR4 had taken immediate action to contain the fungal strain when it first showed up in an area, Australia in 2015 and Israel in 2016. At the WTO, there are 9 notifications from 1995 to 2019, till date on TR4 strain. The notifications are either for implementing a phytosanitary emergency or imposing import conditions to prevent the entry of this strain in respective country.

Notifications issued By Countries On TR4 Till Date					
	2011	2014	2017	2019	Total
Colombia	2	-	-	1	3
Costa Rica	-	-	2	-	2
Dominican Republic	-	-	-	1	1
Ecuador	-	-	-	1	1
Guatemala	-	1	-	-	1
Nicaragua	-	-	-	1	1
Total	2	1	2	4	9

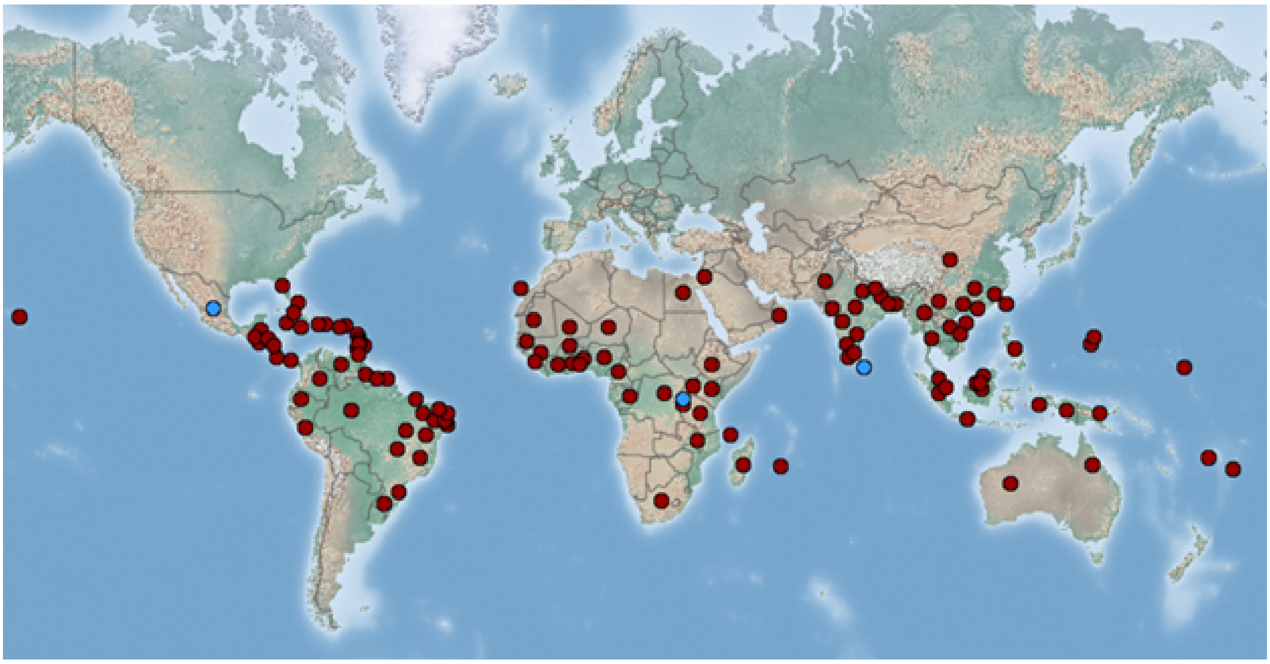
Source: SPS-IMS, WTO

Current Scenario

According to Centre for Agriculture and Bioscience International (CABI), the presence of the strain can be seen across the world. Whereas, widespread of the strain can be seen at few regions including Sri Lanka, Rwanda and Mexico.

The Indian Scenario

The available data by European and Mediterranean Plant Protection Organization (EPPO) and CABI (2014, 2015) suggests restricted distribution of TR4 in India. The presence of the Strain was observed in Andhra Pradesh, Bihar, Gujarat



Red- Present, no further details; Blue- Widespread

Source- Centre for Agriculture and Bioscience International (CABI)

Karnataka, Kerala, Madhya Pradesh, Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal while it was found invasive in Andhra Pradesh, Bihar, Karnataka, Kerala, Maharashtra and Tamil Nadu.

Combating TR4

At the country level, several steps need to be taken, to prevent the progression of TR4, which include designating TR4 as a quarantine pest; setting up a monitoring system to promptly detect incursions and enacting regulations that allow the national plant protection organisation to intervene on farms, such as conducting inspections, collecting samples and enforcing the destruction of plants.

(*This note has been prepared by Anjali Chauhan, Research Analyst, RV-VeKommunicate)*

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