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## PRS Capsule September 2020

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### ***Key Highlights of PRS***

- Polity and Governance
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  - Insolvency and Bankruptcy Code (Second Amendment) Bill, 2020
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### **Polity and Governance**

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#### **The Epidemic Diseases (Amendment) Bill, 2020**

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- The Epidemic Diseases (Amendment) Bill, 2020 was introduced in the Rajya Sabha on September 14, 2020. It amends the **Epidemic Diseases Act, 1897**.
  - The Act provides for the prevention of the spread of dangerous epidemic diseases.
  - The Bill amends the Act to include protections for healthcare personnel combatting epidemic diseases and expands the powers of the central government to prevent the spread of such diseases.
  - The Bill repeals the Epidemic Diseases (Amendment) Ordinance that was promulgated on April 22, 2020
  - They include: (i) public and clinical healthcare providers such as doctors and nurses, (ii) any person empowered under the Act to take measures to prevent the outbreak of the disease, and (iii) other persons designated as such by the state government.
- Under the Bill, an ‘**act of violence**’ includes any of the following acts committed against a healthcare service personnel: (i) harassment impacting living or working conditions, (ii) harm, injury, hurt, or danger to life, (iii) obstruction in discharge of duties, and (iv) loss or damage to the property or documents of the healthcare service personnel.
 

**Property includes:** (i) clinical establishment, (ii) quarantine facility, (iii) mobile medical unit, and (iv) any other property in which a healthcare service personnel has direct interest, in relation to the epidemic.
- **Protection for healthcare personnel and damage to property:** The Bill specifies that no person can: (i) commit or abet the commission of an act of violence against a healthcare service personnel, or (ii) abet or cause damage or loss to any property during an epidemic.
  - Contravention of this provision is punishable with imprisonment between three months and five years, and a fine between Rs 50,000 and two lakh rupees. This offence may be compounded by the victim with the permission of the Court.
  - Further, if an act of violence against a healthcare service personnel causes grievous harm, the person committing the offence will be punishable with imprisonment between six months and seven years, and a fine between one lakh rupees and five lakh rupees. These offences will be cognizable and non-bailable.
- **Compensation:** Persons convicted of offences under the Bill will also be liable to pay compensation to the healthcare service personnel whom they have hurt.
  - In the case of damage or loss of property, the compensation payable to the victim will be twice the amount of the fair market value of the damaged or lost property, as determined by the Court.
  - If the convicted person fails to pay the compensation, the amount will be recovered as an arrear of land revenue under the Revenue Recovery Act, 1890.

- **Investigation:** Cases registered under the Bill will be investigated by a police officer, not below the rank of Inspector. The investigation must be completed within 30 days from the date of registration of the First Information Report.
- **Trial:** The inquiry or trial should be concluded within one year. If it is not concluded within this time period, the Judge must record the reasons for the delay and extend the time period.

However, the time period may not be extended for more than six months at a time. When prosecuting a person for causing grievous harm to a healthcare service personnel, the Court will presume that person is guilty of the offence, unless the contrary is proved.

- **Powers of the central government:** The Act specifies that the central government may regulate: (i) the inspection of any ship or vessel leaving or arriving at any port, and (ii) the detention of any person intending to travel from the port, during an outbreak.

The Bill expands the powers of the central government to regulate the inspection of any bus, train, goods vehicle, ship, vessel, or aircraft leaving or arriving at any land port, port, or aerodrome. Further, the government may regulate the detention of any person intending to travel by these means.

## **Insolvency and Bankruptcy Code (Second Amendment) Bill, 2020**

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- The **Insolvency and Bankruptcy Code (Second Amendment) Bill, 2020** replaces the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2020.
- It amends the **Insolvency and Bankruptcy Code, 2016**. The Code provides a time-bound process for resolving insolvency in companies and among individuals.
  - **Insolvency** is a situation where individuals or companies are unable to repay their outstanding debt.
  - The Bill seeks to temporarily suspend initiation of the **corporate insolvency resolution process (CIRP)** under the Code.
- **Prohibition on the initiation of CIRP for certain defaults:** When a default occurs, the Code allows the creditors of the company or the company itself to initiate CIRP by filing an application before the National Company Law Tribunal (NCLT).
  - The Bill provides that for defaults arising during the six months from March 25, 2020, CIRP can never be initiated by either the company or its creditors.
  - The central government may extend this period to one year through notification. The Bill clarifies that during this period, CIRP can still be initiated for any defaults arising before March 25, 2020.

- **Liabilities for wrongful trading:** Under the Code, a director or a partner of the corporate debtor may be held liable to make personal contributions to the assets of the company in certain situations.
  - This liability can occur if despite knowing that the insolvency proceedings cannot be avoided, the person did not exercise due diligence in minimising the potential loss to the creditors.
  - The Resolution Professional may apply to the NCLT to hold such persons liable. The Resolution Professional is appointed to manage the resolution process upon the acceptance of an application for initiation of CIRP.
  - The Bill prohibits the Resolution Professional from filing such an application in relation to the defaults for which initiation of CIRP has been prohibited.

## **Assisted Reproductive Technology (Regulation) Bill, 2020**

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- The **Assisted Reproductive Technology (Regulation) Bill, 2020** was introduced in Lok Sabha on September 14, 2020. The Bill seeks to provide for the regulation of Assisted Reproductive Technology services in the country.
- **Assisted Reproductive Technology (ART):** The Bill defines ART to include all techniques that seek to obtain a pregnancy by handling the sperm or the oocyte (immature egg cell) outside the human body and transferring the gamete or the embryo into the reproductive system of a woman.
  - Examples of ART services include gamete (sperm or oocyte) donation, in-vitro-fertilisation (fertilising an egg in the lab), and gestational surrogacy (the child is not biologically related to surrogate mother).
  - ART services will be provided through: (i) ART clinics, which offer ART related treatments and procedures, and (ii) ART banks, which store and supply gametes.
- **Regulation of ART clinics and banks:** The Bill provides that every ART clinic and bank must be registered under the National Registry of Banks and Clinics of India.
  - The National Registry will be established under the Bill and will act as a central database with details of all ART clinics and banks in the country. State governments will appoint registration authorities for facilitating the registration process.
  - Clinics and banks will be registered only if they adhere to certain standards (specialised manpower, physical infrastructure, and diagnostic facilities).
  - The registration will be valid for five years and can be renewed for a further five years. Registration may be cancelled or suspended if the entity contravenes the provisions of the Bill.

- **Conditions for gamete donation and supply:** Screening of gamete donors, collection and storage of semen, and provision of oocyte donor can only be done by a registered ART bank.
  - A bank can obtain semen from males between 21 and 55 years of age, and oocytes from females between 23 and 35 years of age.
  - An oocyte donor should be an ever-married woman having at least one alive child of her own (minimum three years of age). The woman can donate oocytes only once in her life and not more than seven oocytes can be retrieved from her.
  - A bank cannot supply gamete of a single donor to more than one commissioning couple (couple seeking services).
- **Conditions for offering ART services:** ART procedures can only be carried out with the written informed consent of both the party seeking ART services as well as the donor.
  - The party seeking ART services will be required to provide insurance coverage in the favour of the oocyte donor (for any loss, damage, or death of the donor).
  - A clinic is prohibited from offering to provide a child of pre-determined sex. The Bill also requires checking for genetic diseases before the embryo implantation.
- **Rights of a child born through ART:** A child born through ART will be deemed to be a biological child of the commissioning couple and will be entitled to the rights and privileges available to a natural child of the commissioning couple. A donor will not have any parental rights over the child.
- **National and State Boards:** The Bill provides that the National and State Boards for Surrogacy constituted under the Surrogacy (Regulation) Bill, 2019 will act as the National and State Board respectively for the regulation of ART services.
  - Key powers and functions of the National Board include: (i) advising the central government on ART related policy matters, (ii) reviewing and monitoring the implementation of the Bill, (iii) formulating code of conduct and standards for ART clinics and banks, and (iv) overseeing various bodies to be constituted under the Bill.
  - The State Boards will coordinate enforcement of the policies and guidelines for ART as per the recommendations, policies, and regulations of the National Board.

- **Offences and penalties:** Offences under the Bill include: (i) abandoning, or exploiting children born through ART, (ii) selling, purchasing, trading, or importing human embryos or gametes, (iii) using intermediates to obtain donors, (iv) exploiting commissioning couple, woman, or the gamete donor in any form, and (v) transferring the human embryo into a male or an animal.
  - These offences will be punishable with a fine between five and ten lakh rupees for the first contravention. For subsequent contraventions, these offences will be punishable with imprisonment for a term between eight and 12 years, and a fine between 10 and 20 lakh rupees.
  - Any clinic or bank advertising or offering sex-selective ART will be punishable with imprisonment between five and ten years, or fine between Rs 10 lakh and Rs 25 lakh, or both.
  - No court will take cognisance of offences under the Bill, except on a complaint made by the National or State Board or any officer authorised by the Boards.

## Report on Virtual Courts

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- The Standing Committee on **Personnel, Public Grievances, Law and Justice** submitted its report on the functioning of **virtual courts**. The Committee emphasised that there is a need to integrate virtual courts into the country's legal ecosystem.

- Key recommendations include:
  - **Digital divide:** The Committee noted that a large number of advocates and litigants lack access to basic infrastructure and high-speed internet needed for virtual hearings.
    - To address this, it recommended exploring the feasibility of involving private agencies to take videoconferencing equipment to the doorsteps of people who are not tech-savvy, to help them connect with virtual courts.
  - **Connectivity divide:** To address the connectivity divide, the Committee recommended that the government ramp up efforts to ensure timely implementation of the National Broadband Mission.
  - **Skill divide:** To address the skill divide, the Committee recommended that training and awareness programs be conducted on all court complexes across the country to help advocates acquire skills required for handling digital platforms.
    - It also recommended that the Bar Council of India introduce computer courses as one of the subjects in law courses.
  - **Subordinate courts:** The Committee noted that lower courts lack basic infrastructure and have experienced difficulties in adapting to virtual courts. Since transition to virtual Courts requires high initial investment, the Committee recommended exploring the feasibility of new financing approaches such as a public private participation model.
  - **Continuation of virtual courts:** The Committee recommended continuing the current system of virtual hearings on an experimental basis with the consent of all parties for certain categories of cases of appeals and final hearings (where physical presence is not required).
- **Way forward:** The Committee recommended implementing a full-fledged virtual Court system on a pilot basis, in consultation with members of bar associations and bar councils.

The Committee recommended transferring to virtual courts all matters in which personal presence may be dispensed with. In cases involving interpretation of law, facts, and examination of a large number of witnesses, a hybrid model can be adopted to digitise manual processes (such as filing of plaint and issuance of summons) and the hearings can be held in physical courtrooms.

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## The Foreign Contribution (Regulation) Amendment Bill

- The **Foreign Contribution (Regulation) Amendment Bill, 2020** was passed by Parliament. The Bill amends the **Foreign Contribution (Regulation) Act, 2010**.
  - The Act regulates the acceptance and utilisation of foreign contribution by individuals, associations, and companies.
  - Foreign contribution is the donation or transfer of any currency, security or article (of beyond a specified value) by a foreign source.
- **Key provisions of the bill include:**
  - **Transfer of foreign contribution:** Under the Act, foreign contribution cannot be transferred to any other person unless such person is also registered to accept foreign contribution (or has obtained prior permission under the Act to obtain foreign contribution).
    - The Bill amends this to prohibit the transfer of foreign contribution to any other person.
  - **Aadhaar for registration:** The Act states that a person may accept foreign contribution if they have obtained a certificate of registration or prior permission from the government.
    - The Bill requires that the application for registration or permission must contain the Aadhaar number of all directors or key functionaries.
    - A foreigner must provide a copy of the passport or the Overseas Citizen of India card.
  - **FCRA account:** Under the Act, a registered person must accept foreign contributions only in a single branch of a scheduled bank specified by them.
    - The Bill amends this to state that foreign contribution must be received only in a specified branch of the State Bank of India in New Delhi.
  - **Reduction in use of foreign contribution for administrative purposes:** Under the Act, not more than 50% of the foreign contribution may be used for meeting administrative expenses. The Bill reduces this to 20%.

## Mission Karmayogi

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- The Union Cabinet approved the launch of a capacity-building scheme for members of the civil services called the **National Programme for Civil Services Capacity Building**.
- The Programme will be delivered through a digital platform called **iGOTKarmayogiPlatform**.
- The core guiding principles of the Programme include: (i) aligning work allocation of civil servants by matching their competencies to the requirements of the post, (ii) emphasising on 'on-site learning' to complement 'off-site' learning, and (iii) calibrating all Civil Service positions to a **Framework of Roles, Activities and Competencies (FRACs)** approach and to create and deliver learning content relevant to the identified FRACs in every government entity.

- **The Programme will be governed by:** (i) the Prime Minister’s Human Resource (HR) Council, (ii) a Capacity Building Commission, (iii) a special purpose vehicle for owning and operating the digital assets and platform for online training, and (iv) a coordination unit headed by the Cabinet Secretary.
- **The functions of the Capacity Building Commission include:** (i) assisting the PM HR Council in approving annual capacity building plans, (ii) supervising central training institutions dealing with civil services capacity building, and (iii) setting norms for common mid-career training programmes across all civil services.
- Besides capacity building, service matters like confirmation after probation period, deployment, work assignment and notification of vacancies are also proposed to be integrated with the competency framework.

## The Jammu and Kashmir Official Languages Bill, 2020

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- The **Jammu and Kashmir Official Languages Bill, 2020** was introduced in Lok Sabha on September 22, 2020. It seeks to declare certain languages as official languages of the Union Territory of Jammu and Kashmir.
- **Official languages:** The Bill declares **Kashmiri, Dogri, Urdu, Hindi and English** as the official languages to be used for the official purposes of the union territory, from such date as the Administrator of the union territory may notify.  
The Bill adds that the business in the Legislative Assembly of the union territory will be transacted in these official languages.
- **Use of English:** The Bill clarifies that English may continue to be used in the union territory for those administrative and legislative purposes for which it was being used before the commencement of the Act.

## Economy

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### Farmers’ Produce Trade and Commerce Bill, 2020

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- **Trade of farmers’ produce:** The **bill** allows intra-state and inter-state trade of farmers’ produce outside: (i) the physical premises of market yards run by market committees formed under the state **APMC** Acts and (ii) other markets notified under the state APMC Acts.  
Such trade can be conducted in an ‘**outside trade area**’, i.e., any place of production, collection, and aggregation of farmers’ produce including: (i) farm gates, (ii) factory premises, (iii) warehouses, (iv) silos, and (v) cold storages.

- **Electronic trading:** It permits the electronic trading of scheduled farmers' produce (agricultural produce regulated under any state APMC Act) in the specified trade area.
  - An electronic trading and transaction platform may be set up to facilitate the direct and online buying and selling of such produce through electronic devices and the internet.
  - The following entities may establish and operate such platforms: (i) companies, partnership firms, or registered societies, having permanent account number under the Income Tax Act, 1961 or any other document notified by the central government, and (ii) a farmer producer organisation or agricultural cooperative society.
- **Market fee abolished:** It prohibits state governments from levying any market fee, cess or levy on farmers, traders, and electronic trading platforms for trade of farmers' produce conducted in an 'outside trade area'.

## **Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Bill, 2020**

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- **Farming agreement:** The bill provides for a farming agreement between a farmer and a buyer prior to the production or rearing of any farm produce.
 

The minimum period of an agreement will be one crop season, or one production cycle of livestock. The maximum period is five years, unless the production cycle is more than five years.
- **Pricing of farming produce:** The price of farming produce should be mentioned in the agreement. For prices subject to variation, a guaranteed price for the product and a clear reference for any additional amount above the guaranteed price must be specified in the agreement. Further, the process of price determination must be mentioned in the agreement.
- **Dispute Settlement:** A farming agreement must provide for a conciliation board as well as a conciliation process for settlement of disputes. The Board should have a fair and balanced representation of parties to the agreement.
  - At first, all disputes must be referred to the board for resolution. If the dispute remains unresolved by the Board after thirty days, parties may approach the Sub-divisional Magistrate for resolution. Parties will have a right to appeal to an Appellate Authority (presided by collector or additional collector) against decisions of the Magistrate.
  - Both the Magistrate and Appellate Authority will be required to dispose of a dispute within thirty days from the receipt of application.
  - The Magistrate or the Appellate Authority may impose certain penalties on the party contravening the agreement. However, no action can be taken against the agricultural land of farmers for recovery of any dues.

## The Essential Commodities (Amendment) Bill, 2020

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- The **Essential Commodities (Amendment) Bill, 2020** was passed by Parliament. The Bill replaces the Ordinance promulgated on June 5, 2020 to amend the **Essential Commodities Act, 1955**.
- **Regulation of food items:** The Essential Commodities Act, 1955 empowers the central government to designate certain commodities (such as food items, fertilizers, and petroleum products) as essential commodities.
  - The central government may regulate or prohibit the production, supply, distribution, trade, and commerce of such essential commodities.
  - It provides that the central government may regulate the supply of certain food items including cereals, pulses, potatoes, onions, edible oilseeds, and oils, only under extraordinary circumstances.
  - These include: (i) war, (ii) famine, (iii) extraordinary price rise and (iv) natural calamity of grave nature.
- **Stock limit:** It requires that imposition of any stock limit on agricultural produce must be based on price rise.
  - A stock limit may be imposed only if there is: (i) a 100% increase in retail price of horticultural produce; and (ii) a 50% increase in the retail price of non-perishable agricultural food items.
  - The increase will be calculated over the price prevailing immediately preceding twelve months, or the average retail price of the last five years, whichever is lower.

## Green Term Ahead Market

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- The Minister for New and Renewable Energy launched the **Green Term Ahead Market (GTAM)** on September 1, 2020.
  - Term ahead market refers to the market platform where electricity can be traded on a term basis for a duration of up to 11 days in advance.
  - GTAM will facilitate competitive prices and ensure transparency in the short-term procurement of renewable energy.

- Some of the features of the Market are:
  - GTAM contracts will be classified into solar renewable power obligations (RPO) and non-solar RPO.
    - RPO is the mandatory requirement to generate or purchase a minimum specified quantity of energy requirements from renewable sources.
    - The definition of contracts will include green intra-day, day ahead contingency, daily, and weekly contracts.
    - Energy procured through GTAM contracts will be considered under the RPO target applicable to the buyer.
    - Price discovery will be facilitated on price time priority basis. In price time priority basis, bids and offers are ranked based on their price for execution.
    - In case of two bids or offers with the same price, the bid or offer entered first into the trading platform will be ranked first.

## Social Justice

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### Code on Social Security, 2020

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The **Code on Social Security, 2020** was passed by Parliament. It replaces nine laws related to social security, including the **Employees' Provident Fund Act, 1952** and the **Maternity Benefit Act, 1961**. Key features include:

- **Social security schemes:** Under the Code, the central government may notify various social security schemes for the benefit of workers.
  - These include: (i) an Employees' Provident Fund (EPF) Scheme, an Employees' Pension Scheme (EPS), and an Employees' Deposit Linked Insurance (EDLI) Scheme, and (ii) maternity benefit.
- In addition, the central or state government may notify specific schemes for gig workers, platform workers, and unorganised workers to provide various benefits, such as life and disability cover.
  - Gig workers refer to workers outside of the traditional employer-employee relationship (e.g., freelancers).
  - Platform workers are workers who access other organisations or individuals using online platforms and earn money by providing them with specific services.
  - Unorganised workers include home-based and self-employed workers.

- **Coverage and registration:** The Code specifies different applicability thresholds for the schemes, which may be amended by the government.
  - For example, the EPF Scheme will apply to establishments with 20 or more employees.
  - All eligible establishments are required to register under the Code, unless they are already registered under any other labour law.
- **Contributions:** The EPF, EPS, EDLI, and ESI Schemes will be financed through a combination of contributions from the employer and employee.
 

For example, in the case of the EPF Scheme, the employer and employee will each make matching contributions of 10% of wages, or such other rate as notified by the government.
- **Social security organisations:** The Code provides for the establishment of several bodies to administer the social security schemes.
 

These include: (i) a Central Board of Trustees to administer the EPF, EPS and EDLI Schemes, (ii) an Employees State Insurance Corporation to administer the ESI Scheme, and (iii) National and State Social Security Boards, headed by the central and state Ministers for Labour and Employment, respectively, to administer schemes for unorganised workers.

## The Industrial Relations Code, 2020

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- The **Industrial Relations Code, 2020** was passed by Parliament. It replaces three labour laws: (i) the Industrial Disputes Act, 1947, (ii) the Trade Unions Act, 1926, and (iii) the Industrial Employment (Standing Orders) Act, 1946.
- Key features of the Code include:
  - **Trade unions:** Trade unions with membership of at least 10% of the workers or 100 workers, whichever is less, will be registered.
  - **Negotiating unions:** If there is only one trade union in an establishment, the employer is required to recognise such trade union as the sole negotiating union of the workers. In case of multiple trade unions, the trade union with support of at least 51% of workers will be recognised as the sole negotiating union. If no union has the support of 51%, then a negotiating council will be formed consisting of representatives of unions that have at least 20% of the workers as members.
  - **Standing orders:** All industrial establishments with at least 300 workers must prepare standing orders on certain matters. These include: (i) classification of workers, (ii) manner of informing workers about hours of work, holidays, paydays, and wage rates, (iii) termination of employment, and (iv) grievance redressal mechanisms.

- **Lay-off and retrenchment:** Mines, factories, and plantations with 50 to 300 workers must (i) pay 50% of basic wages and dearness allowance to a worker who has been laid off, and (ii) give one month's notice or equivalent pay to a retrenched worker with 15 days' compensation for every year of service.

Non-seasonal industrial establishments with at least 300 workers must take prior permission of the central or state government before lay-off or retrenchment and: (i) pay 50% of basic wages and dearness allowance to a worker who has been laid off, and (ii) either give three months' notice or equivalent pay, along with 15 days' compensation for every year of service.
- **Exemptions from the Code:** The 2020 Bill provides that the central or state government may exempt any new establishment or a class of new establishment from all or any provisions of the Code in public interest.

## **The Occupational Safety, Health and Working Conditions Code, 2020**

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- The **Occupational Safety, Health and Working Conditions Code, 2020** was passed by Parliament. The Code consolidates 13 existing Acts regulating health, safety, and working conditions.

These include the Factories Act, 1948, the Mines Act, 1952, and the Contract Labour (Regulation and Abolition) Act, 1970.

- Key features of the Code include:
  - **Coverage:** The Code will apply to establishments employing at least 10 workers. It will apply to all mines, docks, and establishments carrying out any hazardous or life-threatening activity (may be notified by the central government).
  - **Exemptions:** The appropriate government can exempt any workplace or activity from the Code in case of a public emergency, disaster, or pandemic for up to a year. Further, the state government can exempt new factories from the Code for the specified period for creating more economic activity and employment.
  - **Registration and license:** Establishments covered by the Code are required to register within 60 days (of commencement of the Code) with registering officers, appointed by the central or state government.
    - Factories may be required to obtain a license to operate. The Code requires those hiring workers such as contract labourers or beedi and cigar workers to obtain licenses.
  - **Duties of employers:** Duties of employers include: (i) providing a workplace that is free from hazards, and (ii) informing relevant authorities in case any accident at the workplace leads to death or serious bodily injury to any employee.
  - **Work hours:** No worker will be required or allowed to work in any establishment for more than eight hours in a day.
    - For overtime work, workers must be paid at twice the rate of daily wages.
    - Prior consent of workers is required for overtime work.
  - **Leave:** Workers cannot be required to work for more than six days a week. Further, they must receive one day of leave for every 20 days of work per year.

## Security

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### FDI policy in Defence

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- The Ministry of Commerce and Industry notified changes to the **Foreign Direct Investment (FDI) policy** for the defence sector.
  - The policy is applicable to companies in the sector that are subject to licensing under the Industries (Development & Regulation) Act, 1951 and the Arms Act, 1959.
  - The policy permits 100% FDI in defence, with limits beyond which government approval is required.

- Key changes in the policy are:
  - **FDI in companies seeking new licenses:** The amendment increases the limit from 49% to 74% for FDI under the automatic route in companies seeking new industrial licenses. FDI beyond 74% is permitted with government approval.
  - **FDI in companies with existing licenses:** Under the revised policy, a company with an existing license, receiving fresh FDI (within the 49% limit) will have to inform the Ministry of Defence if such investment results in a change in ownership pattern or transfer of stake.
    - Proposals for FDI beyond 49% in companies with existing licenses will require government approval. Earlier, all FDI in companies with existing licenses resulting in a change in ownership or transfer of stake required government approval.

## Science and Technology

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### Mandatory Use of FASTag

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- The Ministry of Road Transport and Highways has provided a draft notification which proposes that **FASTag** be made mandatory for vehicles sold before 2017.
- It also proposes that having a valid **FASTag** be made mandatory to get third-party insurance through amendments to the Central Motor Vehicles Rules, 1989. The draft notification will come to force on October 1, 2020, i.e. 30 days after its publication.
  - FASTag is an electronic toll collection system operated by the National Highway Authority of India. It was made mandatory for registration of new four-wheeler vehicles in 2017.
  - It is an **electronic toll collection system** with reloadable tag feature which allows automatic deduction of toll without having to stop for carrying out the cash transaction.
  - The reloadable tag allows addition of monetary values multiple times.
  - It is **operated by the National Highway Authority of India (NHAI)** under the supervision of the Ministry of Road Transport and Highways.
- The tag uses **Radio Frequency Identification (RFID) technology** and is fixed on the windscreen of the vehicle once active. RFID is the use of **radio waves** to read and capture information stored on a tag attached to an object.
  - A tag can be read from up to several feet away and does not need to be within the direct line-of-sight of the reader to be tracked.