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THE LEGACY OUTREACH

A QUARTERLY ROUND UP
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BUDGET 2021- 2022

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MESSAGE FROM THE MANAGING PARTNER

GAGAN ANAND

“These are trying times and it is important for Law Firms to work with the ever-changing legal regime of our country. I am proud to present Legacy Law Office’s first Newsletter, The Legacy Outreach. Our success comes from the expertise of the professionals, whose efforts and caliber has brought Legacy many laurels. I hope this Newsletter is both informative and thought-provoking for our readers and clients. We strive to do better each day and further enhance our unmatched reputation in the market. This edition of the Newsletter is focused on the Union Budget 2021-2022.”

DECRIMINALISATION OF THE LIMITED LIABILITY PARTNERSHIP (LLP) ACT, 2008

INTRODUCTION

Under the Union Budget 2021, proposal to decriminalise certain offences under the Limited Liability Partnership (LLP) Act, 2008 has been made. This is a much appreciative move by the Government of India after decriminalising the compoundable offences under the Companies Act, 2013 which are procedural and technical in nature. This initiative of the Government is to facilitate the ease of doing business for small and medium enterprises. A Limited Liability Partnership firm is a hybrid business vehicle between the companies governed under the Companies Act, 2013 and the partnership firms governed under the provisions of the Indian Partnership Act, 1932. Presently, there are approximately 1.45 lakh LLPs that are registered in India. The purpose of the LLP Act is to smoothen the way for entrepreneurship and provide benefits of limited liability which will enable efficient partnership to the members and they can effectively manage their internal organisational structure.

PROPOSAL IN THE BUDGET 2021

The offences which are likely to be decriminalised are the minor compoundable offences which would include time-barred filings, eligibility and appointment of designated partners, maintenance of books of accounts, filing of annual return, compliances in case of a change in the partnership of the LLPs and such other offences which do not involve fraud and have no impact on the public interest at large. The Company Law Committee (CLC) constituted in September, 2019 chaired by Corporate Affairs Secretary Shri. Rajesh Verma had submitted a report dated 4th January, 2021 regarding decriminalisation of 12 (twelve) compoundable offences under the LLP Act wherein it was mentioned that the offences in which only fine is imposed on the person who is guilty and which do not have imprisonment as a form of punishment should be decriminalised and it has also recommended that the Registrar of the Companies should be given the power to levy penalties in case of any contravention or disobedience of the provisions of the LLP Act which in other words would mean In- house Adjudication Mechanism (IAM).

IMPACT OF DECRIMINALISATION

One of the most important impacts of decriminalisation of the offences under the LLP Act would be acceleration and streamlining of the judicial system by unclogging of the pending disputes as the number of cases which would go into litigation will decrease. The decriminalisation of the minor offences will also cease unjust treatment to individuals who do not have any malafide intentions but unnecessarily get into the intricacies of business law. In the futuristic view, a person who is convicted of an offence under the LLP Act would be disqualified and ineligible for various prospects, but in case a penalty is being imposed by an authority instead of imposing penal implications then such legislation will be construed in a more liberal manner which will, as a result, broaden and ease the prospects for individuals at large. Moreover, the penalty is considered as an appropriate mode of punishment in case of violation and non-compliance of any of the business laws. The decriminalisation of the minor offences will also encourage compliances which will as a result help in creating a business-friendly atmosphere, especially for young entrepreneurs. Also, a minimal regulatory framework and fewer complexities will attract more international firms to establish their business in India Further, the penal consequences of minor violations of the provisions of the statute shall act as a deterrent factor in business development. In addition to it if such minor violations can be rectified without attracting the penal consequences, then this will help in promoting and encouraging the small and medium scale enterprises and will also help in building up friendly and reformatory perspective of the government.

AUGMENTING THE INDIAN FINTECH SECTOR

INTRODUCTION

The Union Budget 2021 has proposed major reforms for boosting the development of the fintech sector in the country. Financial technology or "Fintech" is an umbrella term used to describe new and emerging technologies that optimize the delivery of financial services through specialized software and algorithms. It operates at the intersection of finance and technology and aims to bring effectiveness in the existing processes and distribution chain in order to revolutionize e-commerce, e-retail services, online delivery, etc. processes thus enabling efficient delivery and management of commercial processes for companies, businesses and consumers in general. In India, fintech falls under four categories of Wealthtech, Payments, Lending and InsureTech which functions across different sectors like education, retail banking, fundraising and investment management. The real-world examples of fintech successes are Paytm, MobiKwik, PayU, Policy Bazaar, Freecharge, LendingKart, PhonePe.

BUDGET ANNOUNCEMENTS AND THEIR IMPACT

Scheme to promote digital payments: Rs. 1,500 Crore scheme is proposed that will provide a financial incentive for promoting a digital mode of payments.

Potential Impact
(i) The effective and targeted utilization of the fund may lead to a spurt in the monetization of existing digital payments infrastructure in the country which may promote greater innovation and investments in the fintech sector; **(ii)** It may lead to greater adoption of digital payments in Tier II and Tier III cities and further penetration of e-payments even to the smallest of towns and villages of the country; **(iii)** The fund could be used to reimburse the losses suffered in 2020 by payment service providers for processing RuPay debit cards and UPI transactions free of cost; **(iv)** The fund can be utilized to replenish the Payments Infrastructure Development Fund set up by RBI; **(v)** It is expected that the incentive will be used for developing alternatives to the Zero Merchant Discount rate (MDR) policy; **(vi)** Lastly, it may lead to promoting digital financial literacy and faster adoption of e-payments by MSMEs, fintech firms, start-ups and entrepreneurs who may be apprehensive in moving their money electronically.

"World-class" fintech hub at GIFT City: The Government shall develop the International Financial Services Centre (IFSC) in Gujarat International Finance Tec-City (GIFT City) as a fintech hub to encourage and develop innovative financial technology services and products. For the same, it is proposed that tax incentives shall be provided for relocating foreign funds in the IFSC and granting tax exemptions for the investment division of foreign banks located in the IFSC.

Potential Impact

1. It may encourage the Indian funds registered in foreign jurisdictions like Mauritius, Singapore, etc. to transfer the investments to Indian entities located in the IFSC.
2. The announcement would provide an impetus to fintech start-ups and entrepreneurs for expanding globally and greater access to capital.
3. The proposed fintech hub will promote research, innovation, and development of new-age skills in fintech which in turn shall help in creating job opportunities and aggrandizing quality talent in this sector.

PROPOSED BOOST IN PUBLIC TRANSPORT, METRO RAILS & SHIPPING INDUSTRY

INTRODUCTION

With Infrastructure development being the centerpiece of this year's Budget, the Finance Minister announced an expansion in all modes of transits for the populace. These developments were intended to ease mobility and provide more employment opportunities to the youth.

PROPOSED REFORMS IN THE BUDGET AND THEIR IMPACT

a) Public Transport: In order to improve public transport in urban areas, the Finance Minister in the Union Budget 2021-22 announced augmentation of city bus services. The Finance Minister proposed allocation of INR 18,000 Crores to procure 20,000 buses through deployment of innovative Public Private Partnership (PPP) Models, enabling private players to finance, acquire, operate and maintain these buses.
Impact: The proposed allocation of funds will strengthen the public transport industry and enhance ease of mobility for the urban population. Further, it is likely to bring out more employment opportunities to the unemployed COVID-affected-youth of the country.

b) Metro Rails: For the ever-expanding metro train industry, the Budget announced further expansion of the metro rail network. With the Metro Train Services and Regional Rapid Transit System (RRTS) under construction in 27 cities, the Finance Minister introduced two new technologies, i.e. 'MetroLite' and 'MetroNeo' to be deployed, metro rail system which is more pocket friendly and offers the same experience, convenience and safety in Tier – 2 cities and peripheral areas of Tier – 1 cities. Finance Minister proposed central counterpart funding to Chennai Metro Railway Phase – II of 118.9 km at a cost of Rs. 63,246 Crores. Such funding was also proposed for Bengaluru Metro Railway Project Phase 2A and 2B of 58.19 km at a cost of Rs. 14,788 Crore, Kochi Metro Railway Phase – II at a cost of Rs. 1,957.05 Crore, Nagpur Metro Rail Project Phase – II at a cost of Rs. 5,976 Crore and Nasik Metro at a cost of Rs. 2,092 Crore.

Impact: In addition to cutting down on travelling expenses, this will also drive the heavy traffic from the roads to a more environmentally friendly mode.

c) Waterways: To the maritime industry, the Budget announced 7 Major Ports to be operationalized on PPP mode, with an investment worth more than Rs. 2,000 Crore. A subsidy scheme of the amount of Rs. 1624 Crores was further announced for the Indian Shipping Companies for a period

of 5 years, which is likely to encourage the flagging of merchant ships in India.

Impact: It is expected that the scheme will not only boost greater training and employment opportunities in the industry but will also enhance the country's share in Global Shipping.

LIBERALIZATION OF FDI IN INSURANCE SECTOR

INTRODUCTION

India allowed private companies in the insurance sector in the year 2000, setting a limit of foreign direct investment (FDI) to 26%, which was increased to 49% in 2014. Since the privatisation, the largest life insurance company in India, Life Insurance Corporation of India (LIC) has seen its market share slowly slipping to private players like HDFC Life, ICICI Prudential Life Insurance and SBI Life Insurance Company.

Insurance is a capital-intensive business and post the pandemic – that affected the economy and financial markets, many Indian partners are not at present in a position to invest further capital in their companies to sustain their operations. Certain companies also require capital infusion to conserve solvency margins.

PROPOSED REFORMS IN THE BUDGET AND THEIR IMPACT

As per the proposed Union Budget 2021-22, the limit on FDI in Indian Insurance Companies will be lifted from 49% to 74%. FDI apart from being a critical driver of economic growth is a major source of non-debt financial resource for the economic development of India. In the present scenario, the law allows 49% FDI in the insurance sector and requires that an Indian insurance company to be 'Indian-owned and controlled". This gives the Indian partner the right to appoint a majority of directors or control the management of a company. As per the latest proposed amendment in the Insurance Act, 1938 with the FDI limit increased from 49% to 74%, it will allow foreign ownership in insurance with safeguards. Most of the private sector insurance companies are cash strapped. The proposed FDI hike in this sector will give the foreign promoter an opportunity to buy out their cash-strapped Indian partners if required and provide the much-needed cash infusion in the company to smoothly run its operations. Increased FDI limit will also strengthen the existing companies and will also allow the new players to enter into the insurance market thereby enabling more people to avail the services of insurance companies. With more liquidity coming in, companies will be able to create more jobs to meet their targets of venturing into underinsured markets through improved infrastructure, better operations and more manpower. The capital increase will allow the insurance companies to diversify their insurance sector like Motor Mortgage, Health etc. Also, in the Union Budget 2021-2022 it was announced that the initial public offer (IPO) of Life Insurance Corporation (LIC) will also be announced in the year 2022. The impact of IPO will be much more for the betterment of the LIC rather than its customers. After the company will be listed post the IPO, it will become more transparent about its business. It will not only help people know about the health of LIC, but it will also keep a check on any malpractices or poor decision making at the administration level. The portfolio of the company will be in the eye of customers and investors alike. Concisely, management will become more accountable. Since the government will still own a huge chunk of

LIC, it will have to explain its decisions. Also, when people will own LIC, though a minuscule share, they would have their representatives on the board. LIC is plagued by certain problems be its poor returns on insurances, loss-making investments, lack of modernization and product diversity, and government interferences that affect its business. On the other hand, it boosts the best claim settlement ratio and immense trust of the people. The LIC IPO may help LIC rejuvenate before any real problem comes at its doors. Efficient and accountable management would ensure that it builds a strong portfolio, provide better products, adapt to the market, and create money for itself, its customers and its investors.

ATTRACTING INVESTMENTS INTO REITS AND INVITS

INTRODUCTION

The Union Budget 2021 proposed various exemptions for encouraging the development of REITs and InvITs. Real Estate Investment Trusts, or REITs for short, are similar to mutual funds which are created for the purpose of channeling funds that can be invested for owning, managing, operating or financing real estate, which in turn would generate income for the investor(s). The REITs pool funds from numerous investors and invests the capital into real estate assets, enabling an individual investor to earn dividends from his/her investments in the real estate without having to either buy, manage, or finance such properties themselves. The InvITs, which is short for Infrastructure Investment Trusts, are similar to REIT funds. However, where the REITs invests in vicinity properties such as offices, hotels, shopping centers (Equity REIT) and financing of residential or commercial properties for drawing income from interest earned on the investment in mortgage-backed securities (MREIT), the InvITs pool investment in infrastructure projects such as roads, highways, power transmission assets and other such projects.

Real-World Examples: Public InvIT's – IRB InvIT Fund and India Grid Trust. Privately placed InvITs – IndInfravit Trust, India Infrastructure Trust, Oriental InfraTrust and Tower Infrastructure.

Advantages of REITs & InvITs:
They generate a steady income stream for investors; Most of the REITs are publicly traded like stocks which make them highly liquid investments. It is easier to invest in real estate using REITs compared to investing directly in real estate; As REITs and InvITs are regulated by the SEBI therefore the chances of the commission of fraud etc. are minimal.

REITs and InvITs offer relatively high dividend as about 90% of the income generated are paid to the investors as dividends.

PROPOSED REFORMS IN THE BUDGET AND THEIR IMPACT

1. As the amount of dividend income is difficult to be estimated accurately by the shareholders for paying advance tax, therefore the Finance Minister has proposed the advance tax liability on dividend income to arise only after the declaration or payment of a dividend has been made.

2. Further, the dividend paid to REIT/InvIT shall be exempt from Tax Deducted at Source (TDS).

3. It is also proposed to clarify that deduction of tax on incomes including dividend income of Foreign Portfolio Investors (FPI's) may be made at the bilateral treaty rate.

4. Additionally, it is proposed to exempt dividend payment from the levy of Minimum Alternate Tax (MAT) for foreign companies, if the applicable tax rate is less than the rate of MAT.

REITs and InvITs

Potential Impact

1. Through the said proposals and exemptions, the investments in REIT's and InvIT's have been made more attractive, which further enhances their capital accessing avenues;
2. The proposal provides routing of debt capital to REITs and InvITs, giving them the ability to raise capital from large investors who need not incur equity exposure;
3. The measures will lead to pension and sovereign funds that are willing to do debt financing to get stabilised assets under REIT or InvITs;
4. The measures would enable the creation of more InvITs and REITs, for example, the Brookfield India REIT has recently launched its initial public offer;
5. The budgetary announcement of allowing FPI to enter into debt financing of REITs and InvITs will provide a fillip to fresh funding of the infrastructure and real estate sector which shall also open up new avenues for FPIs to invest in India.
6. The announcements would lead to monetisation of infrastructure and real estate assets in the country through encouraging private sector participation which in turn will assist the government in developing critical infrastructure assets.
7. By promoting REIT backed investments the financing to the real estate sector would be done more legitimately.

REFORMS IN THE HEALTHCARE AND WELL-BEING SECTOR

INTRODUCTION

Presenting the budget, the Finance Minister positioned health care and well-being as one of the six essential pillars of AtmaNirbhar Bharat. Three areas in the said sector, including preventive health, curative health, and well-being were strengthened during the announcement. Various schemes like the Pradhan Mantri Garib Kalyan Yojana, valued at Rs. 2.76 Lakh crores, Atmanirbhar Bharat Package (ANB 1.0) followed by Atmanirbhar Bharat Packages (ANB 2.0 and ANB 3.0) were rolled out to initiate and sustain recovery from the shackles caused by the COVID-19 pandemic.

PROPOSED REFORMS IN THE BUDGET

The Budget 2021- 2022 center stages healthcare and the investment in Health Infrastructure in this Budget have increased substantially i.e. approximately a 137% hike from the allocation during the previous budget. A new centrally

sponsored scheme, PM AtmaNirbhar Swasth Bharat Yojana, has been announced which will outlay about Rs. 64,180 crores over 6 years to ramp up primary, secondary and tertiary healthcare, a dedicated allocation for Covid-19 vaccination, as well as allocations for urban sanitation, liquid waste management, water supply, mitigation of air pollution and nutrition.

The main interventions under the new scheme are:

- Support for over 17,000 rural and 11,000 urban health and wellness centres;
- Setting up integrated public health labs in all districts and 3,382 block public health units in 11 states;
- Establishing critical care, hospital blocks in 602 districts and 12 central institutions;
- Strengthening the National Centre for Disease Control, its five regional branches and 20 metropolitan health surveillance units;
- In addition, there will be an expansion of the integrated health information portal to all states and UTs to connect all public health labs;
- Operationalisation of 17 new public health units and strengthening of existing public health units at points of entry i.e. at 32 airports, 11 seaports and 7 land crossings;
- Fifteen health emergency operation centres and two mobile hospitals will also be set up, as will a national institution for One Health — a regional research platform for the WHO south-east Asia region office — apart from nine bio-safety 'level 3' labs and four regional National Institutes of Virology.

Allocation for Covid-19 Vaccine & Pneumococcal Vaccine

There have been various calamities that affected the country various times but what was endured by the nation with the onset of the pandemic of COVID-19 and through the year 2020 is beyond explanation. Given the scenario, the worst hardship faced by the people globally as well as in our nation was the loss of near and dear ones caused due to the health crisis. The Finance Minister while focusing the maximum on Healthcare and Well Being, announced Rs. 35,000 crores for Covid-19 vaccines in 2021-22. India is already running a massive Covid-19 vaccination program and the Union budget has further strengthened the focus on vaccination. India now has one of the lowest Covid-19 death rates of 112 per million population and one of the lowest active cases of about 130 per million. Approval was granted early in January, 2021 for restricted emergency use to two vaccines i.e. Oxford's Covishield manufactured by Serum Institute of India and Covaxin manufactured by Bharat Biotech after which a COVID-19 vaccination drive was launched nationwide from January 16, 2021 with priority to be given to nearly three crore healthcare and frontline workers. The Finance Minister also added that the government is committed to providing more funds in order to contain the widespread COVID-19 pandemic and provide for the smooth drive for the vaccination scheme. It was further announced that the Pneumococcal vaccine, a product made in India that protects children against serious and potentially fatal pneumococcal infections but is presently limited to five states, will be rolled out across the country which will prevent more than 50,000 child deaths annually.

Announcing the Swachha Bharat Mission 2.0

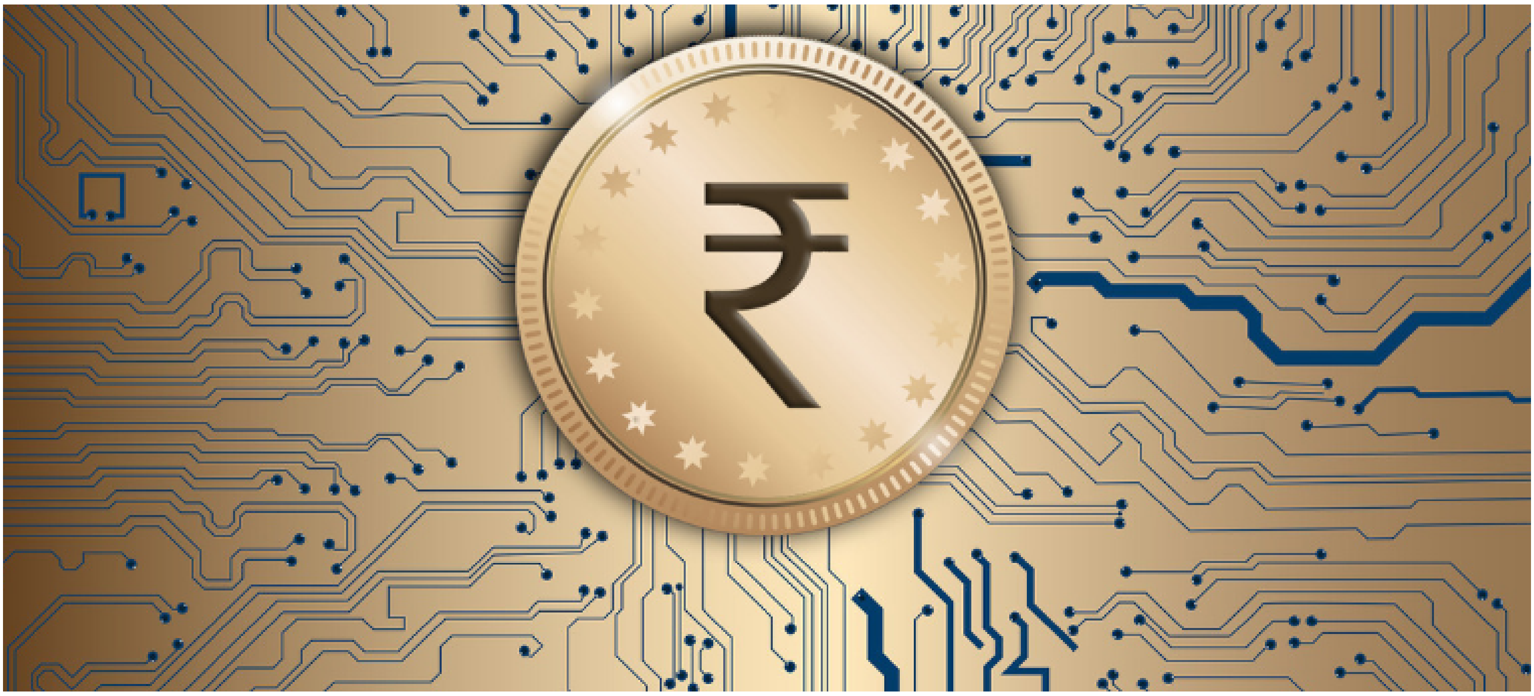
The Finance Minister further announced that the urban Swachha Bharat Mission 2.0 will be implemented with a total allocation of Rs.1, 41,678/- crores over 5 years. For improving the nutrition of women and children, the Finance Minister announced that the supplementary Nutrition Programme and POSHAN Abhiyaan under the Women and Child Development Ministry will be merged. Mission POSHAN 2.0 will be launched to strengthen nutritional content, delivery and the outcome intensified strategy for improving nutritional outcomes in aspirational districts. Mission Poshan 2.0. is an umbrella scheme covering the Integrated Child Development Services (ICDS), Anganwadi Services, Poshan Abhiyaan Scheme for Adolescent Girls and National Creche Scheme. The Mission shall help to tackle the complex issue of malnutrition which is dependent upon various factors.

IMPACT

The importance given to healthcare and well-being in Budget 2021 is critical and has been long overdue. The 137% increase in healthcare is a step in the right direction but what remains to be the most crucial aspect which is to be seen in due course of time is the fund flow. Healthcare is not only about the infrastructure but also about easy access to the same and the quality of care which is largely determined by the people who will run the healthcare centres, labs, etc., their skill set and the range of services that will be delivered to the population approaching these centres, labs etc. Even though the numbers seem appealing but in an Asian context, it is still a far cry from the per capita investments that even India's neighbors have been making in the sector.

Further, while there has been the allocation of funds towards health in the union budget 2021-22, much stress and focus have been laid on mitigating the impact of the COVID-19 Pandemic. On the other hand, major public health schemes have not received sufficient funds. For instance, the allocation of funds towards the government's flagship health insurance scheme launched in 2018, Ayushman Bharat PM Jan Arogya Yojana (PM-JAY) remained unchanged at Rs. 6,400 crores. However, it also remains to be seen whether the funds allocated towards COVID-19 vaccination are enough in meeting the target of people to be vaccinated against the deadly virus.

CONSOLIDATION OF SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) ACT, 1992, DEPOSITORIES ACT, 1996, SECURITIES CONTRACTS (REGULATION) ACT (SCRA), 1956 AND GOVERNMENT SECURITIES ACT, 2007



INTRODUCTION

The Securities Contracts (Regulation) Act (SCRA) 1956 was introduced in the Parliament in order to eliminate the transactions of the securities market of India which are unenviable in nature. SEBI was established as a non-statutory body in the year 1988 and in the year 1992, it was declared as an autonomous body and was given various statutory powers. The objective of SEBI is to act as a surveillant for the participants of the capital market i.e. issuers of securities, investors and financial intermediaries. SEBI had passed the Depositories Act in the year 1996 in order to regularise the depositories and the ancillary matters thereto. Later on in order to supervise the securities which are created and issued by the government for the purpose of raising a public loan or for any other purpose i.e. the Government Securities (G-Sec) and their management by the Reserve Bank of India (RBI), the Government Securities Act, 2007 came into force.

PROPOSED REFORMS IN THE BUDGET

The Union Budget 2021-22, has proposed to consolidate the provisions of SEBI Act, 1992, Depositories Act, 1996, Securities Contracts (Regulation) Act (SCRA), 1956 and Government Securities Act, 2007 into a rationalized single Securities Markets Code.

IMPACT

The unified Securities Market Code will simplify the intricacies and complexities of the above-mentioned four Acts which will as a result enhance the ease of doing business in the financial markets of India. The proposed Code will also reduce the abrasions between authorities while enacting the rules and provisions envisaged under the four codes and the corresponding legal compliances associated with them. Various analysts have welcomed this proposal of the government as a step towards a simplified corporate legal framework and reduced costs of legal compliance. This proposal can serve as a single financial regulator that will simplify different regulations and ordinances envisaged under the four existing acts. Further to add to this, the proposal of the government to consolidate the above-mentioned acts into a single unified code will also bring transparency and regularity in the Indian securities and commodities markets which will boost the confidence of the investor in the system.

Various experts of the sector have opined that the existing acts and corresponding regulations were overlapping in the capital market, for instance in the case of dematerialised shares and securities, the experts had to refer to different acts and securities law statutes for ensuring the regulatory compliances. Therefore, if the proposal of the single and unified Securities market Code is concluded and done right, the legal compliances and enforcement of the regulations will become more efficient and simplified and as a result, it will reduce litigation. This will as a result attract more Foreign Portfolio Investment (FPI) to the Indian economy.

REFORMS IN THE RENEWABLE ENERGY SECTOR

INTRODUCTION

The Finance Minister while presenting a phenomenally "aiming towards growth" Union Budget for 2021-22 laid major emphasis on the emerging energy transition trends from Renewable Energy to Hydrogen Mission and even Smart Metering. The Power Sector is an essential milestone to cross for the Indian Economy and is intricately connected with the aim of a 5 trillion dollar economy and AtmaNirbhar Bharat. At the same time, she ramped up focus and outlay for traditional areas of the energy sector like discom revival and stressed assets where reforms have been overdue. "Solar Energy Corporation of India Limited" (SECI) which is the apex body under the administrative control of the Ministry of New and Renewable Energy (MNRE), and was set up to facilitate the implementation of JNNSM and achievement of targets set therein has been provided with an additional infusion of Rs. 1000 Crore by the Finance Minister during her budget presentation.
Strengthening the concept that "Policy support and financial allocation is the key to moving towards green and clean energy, the Finance Minister announced infusion of Rs. 1500 Crore in the Indian Renewable Energy Development Agency Limited (IREDA) which was established in the year 1987 for promoting, developing and financially assisting Projects for Renewable Energy and Energy Efficiency/Conservation Projects. She further announced the launching of the Hydrogen Mission 2021-22 for generating Hydrogen from Green Sources.

PROPOSED REFORMS IN THE BUDGET

Mission Hydrogen
The lesser-known technology which saw the light of the day with the announcement of the Union Budget this year was Green Hydrogen Fuel. The Finance Minister announced that India shall launch a Hydrogen Energy Mission in the next fiscal year to March 2022 for generating hydrogen from green power sources. India is a signatory to the Paris Climate accord. The technology is based on the concept of generation of Hydrogen through electrolysis by using electricity produced from a clean source. Consequentially, greenhouse gases like Carbon-dioxide are not produced at any stage. Considering the exhaustion of natural resources and for catering to the needs of the growing population, the Country has been inclined to build Green Hydrogen plants since the end of 2020. With the advent of various technologies giving rise to various types of pollution, fossil fuels have been degrading and electricity produced by green energy resources will help reduce dependence on fossil fuels.
Given the strong support of the government policy, the rational reasons as to why this fuel can be more useful than conventional fuel:

- Hydrogen is a 100 % sustainable energy source. In fact, the term Green Hydrogen implies the energy production does not emit polluting gases in the production processes.
- Green Hydrogen can be stored easily, like any other gas.
- It can be subsequently used for other purposes, be it in the vicinity or through transportation.
- After it is stored, it can be easily used to produce electricity which can then be used for domestic, transportation, commercial, and industrial purposes.
- Green hydrogen can be mixed with natural gas, up to a maximum of 20 %. It can also be transported through the same pipes and in the same infrastructure as natural gas. This also implies the economic use of the money invested in development. This gas can also be used to provide water to the crew members in space stations.

- Transport and mobility is a key use of Green Hydrogen, be it in the heavy transportation, or aviation and maritime transport.
- Solar and wind energy experience fluctuation based on local weather and global climate.
- Green Hydrogen as a fuel can serve as a buffer and shield against these fluctuations.
- It is a viable source of energy for areas that do not have stores of any source of energy.

Spain has invested heavily in hydrogen production recently. They announced a $10.5 billion investment into Green Hydrogen technology over the next 10-years, with the end goal being that hydrogen can help propel their trucking and shipping industry to zero-emission outputs. Saudi Arabia, the oil giant of the east is also investing heavily in green hydrogen production projects. Specifically, they have teamed up with a US company, Air Products, to develop a green hydrogen production plant that would be capable of producing 650 tons of green hydrogen fuel each and every day. All in all the project is receiving an investment of $5 billion and could signal a turning tide in the green industry sector with an energy giant such as Saudi Arabia embracing it so fully. The project is known to be the largest green hydrogen project in the world.

On the Indian Front, according to certain sources, the National Thermal Power Corporation is considering setting up a green hydrogen production facility in Andhra Pradesh. The PSU has already undertaken a pilot project of splitting seawater into green hydrogen using solar energy in Tamil Nadu. The Ministry of Road Transport and Highways has issued a notification in July, 2020 proposing amendments to the Central Motor Vehicles Rules (1989) to incorporate safety standards for hydrogen fuel cell technology vehicles which were notified through an amendment to the Central Motor Vehicle Rules 1989 on 23rd September.

Solar Energy

Much emphasis has been laid on the solar energy sector as part of the government's larger focus on renewable energy. A customs duty hike from 5 percent to 20 percent on solar inverters and from 5 percent to 15 percent on solar lanterns was announced by Finance Minister Nirmala Sitharaman in her Budget Speech in Parliament on 01.01.2021. Further with the aim to build up domestic capacity, it was announced that the government would notify a phased manufacturing plan for solar cells and solar panels. Presently, nearly 80% of solar cells and modules are imported from China. Finance Minister said solar energy has a "huge promise" in India as her budget speech focused on sustainable power sources. The announced hike will give a boost to domestic manufacturing. The phased local manufacturing plan for solar cells and panels will help minimise dependence on imports for solar cells and modules in the long run and contribute to Atmanirbhar Bharat. The production-linked incentive scheme for battery manufacturing will also enhance the ecosystem for storage manufacturing in the country with positive implications for renewable energy and e-mobility sectors. The production-linked incentive (PLI) scheme was announced in March, 2020 and was approved by the Union Cabinet for 10 sectors on November 11, 2020 with advanced chemical cell batteries being one of them, with a view to reduce India's dependence on China. The Scheme aims to give companies incentives on incremental sales from products manufactured in domestic units.

Second Chance to Discom Sector

Rs. 3,05,982 crores outlay was announced during the budget presentation for a revamped reform scheme for the struggling power distribution companies (discoms). Finance Minister has announced that a framework will be put in place in due course of time in order to give the consumer options to choose from among more than one distribution firm. This is in pursuance of the fact that currently power distribution companies across the country are monopolistic and are either government or private. The Ministry of Power in the year 2018 had sought for the separation of the content and carriage business of discoms. The power infrastructure was to be owned by discoms but the power was to be supplied by several players to induce competition and offer choice to consumers. However, the suggestion was removed from the subsequent proposed amendments in 2020 to the Electricity Act, 2003. Addressing the serious concern of viability of discoms the Finance Minister announced that a revamped, reform-based, results-linked, power distribution sector scheme will be launched with an outlay of Rs 3,05,982 crore over five years. The scheme will provide assistance to discoms for the creation of infrastructure. Further, the Scheme shall also rope in the idea of prepaid smart metering, feeder separation and up-gradation of systems. The budgetary allocation to the reform-linked distribution scheme under the ministry of power, however, received Rs 1 lakh for 2021-22.

Monetisation of Gas Pipelines

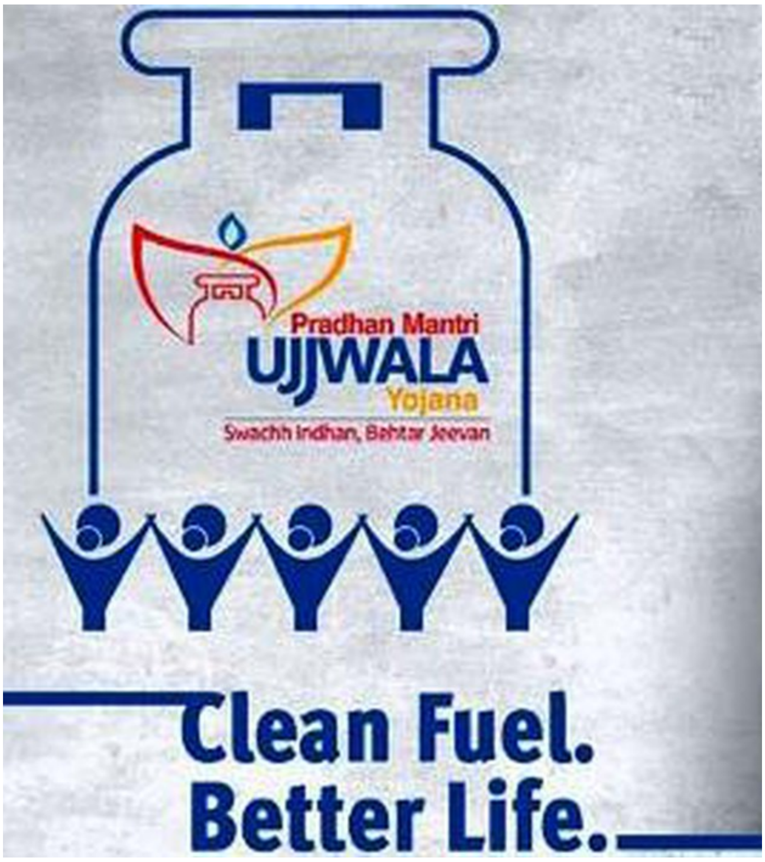
The Finance Minister in the Union budget announced the monetization of oil and gas pipeline assets of IOC, gas utility GAIL (India) Ltd, and Hindustan Petroleum Corporation Ltd. The government is looking at monetising these assets and funds for its various schemes, especially in the health and infrastructure sector. The initiative will cover the assets of Powergrid Corporation (PGCIL), Dedicated Freight Corridor Corporation (DFCC), National Highways Authority (NHAI), etc. On the announcement, according to various sources, the Indian Oil Corporation (IOC) is considering the sale of stakes in a few of its network of crude oil and petroleum product pipelines as part of an asset monetization plan. IOC, however, would not relinquish its control of these businesses. One model which could be adopted by the IOC could be InvIT and it may not be necessary that it may do a 100% stake sale of such assets and not necessarily club all pipelines together. InvITs are infrastructure investment trusts that act as an innovative vehicle, enabling direct investments of small amounts of money from investors in an infrastructure project. This earns a small portion of income as a return. During the calendar year 2020, IOC added 296 kilometers to its pipeline network stretching the company's total pipeline network to 14,864 kilometers. Despite the lockdown imposed to contain the spread of coronavirus, 1,435 kilometers of the pipeline was installed during 2020.

Ujjwala Scheme

Granting a bright ray of light to millions of homes, the Finance Minister while announcing the budget, by boosting the Pradhan Mantri Ujjwala Yojana. An addition of 10 million beneficiaries was announced by the Finance Minister during the year to the Government's flagship scheme under which cooking gas connections are given free of cost to women of families who fall below the poverty line (BPL) families. New LPG Connections will primarily be given in states such as West Bengal, Bihar, Odisha, Chattisgarh and Jharkhand where the penetration is still low. The Government shall add 100 more districts to the City Gas Distribution Network in the next three years. Additionally, the Finance Minister conveying a clear message that the Government very well understands the crucial need for energy in people's lives, announced a maiden gas pipeline project for J&K. Needless to state that the two carved out Union Territories of Leh and Jammu & Kashmir received allocations of the same amounts as before. Setting Up of independent gas transport system operator To deepen the gas markets and reduce carbon footprints, the Finance Minister announced that India will set up a transport system operator to auction gas pipeline capacity. The system shall be set up for facilitation and coordination of booking of common carrier capacity in all natural gas pipelines on a non-discriminatory forum and shall be open.

IMPACT

The Budget announcements however missed out on important aspects of cleaner fuel for cooking, renewable energy targets and managing stubble burning.



The Budget also did not address the rural sector where the Ujjwala Scheme will be extended to only 10 million additional beneficiaries. According to the last Census of India (2011), 63 percent of rural households use firewood as primary cooking fuel and 23 percent crop residues and cow dung cakes. Extending such schemes fast to rural areas will not only curb carbon emissions but also reduce indoor air pollution and associated health issues.The biggest issue of pollution in North India i.e. plan on dealing with crop residue, burning of which contributes heavily to air pollution (stubble burning) in north India also did not find a place in the Budget. A specific plan on the collection and usage of crop residue could help to build extra income for farmers, electricity generation from biomass and reduction in air pollution. The Union government has recently been stressing on achieving renewable energy targets of 175 gigawatts by 2022 and 450 GW by 2030. There was, however, no announcement of any plan of the government and the financial assistance available for the same. Coming to the aspect of solar energy through custom duties have been hiked anticipating more domestic production given the linkage with the PLI Scheme, yet in the absence of any roadmap and financial outlay for developing the solar manufacturing sector in India and particularly the absence of a long-term strategy, the same is a major disappointment and potentially wary off the industry.

The safeguard duty on the solar cells and panels expired in July 2020. The Finance Minister has also not kept in mind the aspect of tapping the potential of distributed renewable energy (DRE) systems in rural employment generation. The novel coronavirus disease (COVID-19) pandemic has exposed industry structures and migrant issues. DRE would not only help in generating rural jobs but also in sustainable development. The Budget, however, missed this very important aspect of the Indian economy that could have helped streamline lives post-COVID-19.

Most importantly what remains to be seen is the formation of the scheme announced for the discom sector. The outcome and reform-linked financial package of more than Rs 3 lakh crore for discom infrastructure upgrade is a forward-looking plan spanning over five years for the moment. All eyes would be keen to look forward to details of the nature of this package, and how it supplements other central and state schemes. The proposal to give an option to the consumers to choose their electricity supplier will unleash competition in the industry. Not only will it help improve efficiency but in due course of time, it shall also lay clarity on the Government's intention to increase private sector participation in distribution.

OUR ACHIEVEMENTS

We are extremely pleased to announce that Legacy Law Offices has been recognized in the Legal 500 Asia Pacific 2021 edition as a Tier 3 law firm in the practice area of 'Projects & Energy' and as a 'Notable Firm', 2021 by Benchmark Litigation. Awards encourage quality practice and also provide the right impetus that every law firm requires while expanding its business. We are humbled by these global recognitions and strive to achieve greater heights. This could not have been possible without our extremely brilliant clients and their valuable feedback, so a big thank you to our incredible clients and peers for placing their trust in us.

The LEGAL 500

NOTABLE FIRM B BENCHMARK LITIGATION

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