

Monthly Policy Review

September 2016

Highlights of this Issue

[Union Cabinet approves changes related to the presentation of the Union Budget \(p. 2\)](#)

The changes relate to the: (i) merger of the Railway Budget with the Union Budget, (ii) advancement of the date of Budget presentation, and (iii) removal of the Plan and Non-Plan classification of expenditure.

[Goods and Services Tax \(GST\) Council formed \(p. 2\)](#)

The GST Council will comprise the union and state finance ministers and make recommendations on various aspects of GST. It held three meetings in September 2016.

[India and France sign an agreement for purchase of Rafale aircraft \(p. 4\)](#)

According to news reports, under the agreement India has agreed to purchase 36 Rafale aircraft for the Indian Air Force from France. The cost of the purchase has been estimated at Rs 58,000 crore.

[Finance Ministry releases draft Bill on resolution of financial firms \(p. 3\)](#)

The draft Bill proposes to set up a Resolution Corporation to resolve insolvency in financial firms, within a time period of two years. The Corporation will also provide deposit insurance to consumers of financial services.

[Report on incentivising pulses production through minimum support prices released \(p. 4\)](#)

Recommendations include increasing minimum support prices, improving the procurement mechanism of pulses, doing away with stock limits and export bans, and reviewing the Essential Commodities Act, 1955.

[Ministry of Railways introduces flexi fare system for certain categories of trains \(p. 5\)](#)

The new fare system will be applicable for Rajdhani, Duronto, and Shatabdi trains. The base fare for these trains will increase by 10% with every 10% of berths sold, subject to a ceiling of up to 1.5 times the base fare.

[Cabinet approves ratification of the Paris Agreement on Climate Change \(p. 5\)](#)

India ratified the Agreement on October 2, 2016. The Agreement aims to limit the increase in the global average temperature to a level between 1.5 degrees Celsius to two degrees Celsius above pre-industrial levels.

[New Coal Distribution Policy amended by Ministry of Coal \(p. 10\)](#)

Under the Policy, the distribution of coal to units with requirement of up to 4,200 tonnes per annum is done through agencies nominated by the state government. The amendments increase this limit to 10,000 tonnes per annum.

[Cabinet approves establishment of Higher Education Financing Agency \(p. 8\)](#)

The Higher Education Financing Agency will promote creation of high quality infrastructure in premier educational institutions. All the centrally funded higher educational institutions would be eligible for joining it as its members.

[Model Guidelines for Direct Selling released by Department of Consumer Affairs \(p. 7\)](#)

The Model Guidelines define direct selling, specify the conditions to be fulfilled to set up a direct selling business, and the steps to be taken to ensure consumer protection. They prohibit pyramid and money circulation schemes.

[Standing Committee submits report on Pradhan Mantri Awaas Yojana- Gramin \(p. 9\)](#)

The recommendations of the Committee include accurately estimating the actual rural housing shortage, avoiding reduction in allocations and disbursement, and documenting construction of houses in a transparent manner.

[Sports sector included in the harmonized master list of infrastructure subsectors \(p. 11\)](#)

This inclusion makes the sports sector eligible for obtaining long term financial support from banks and other financial institutions at par with other infrastructure projects.

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October 2016

Highlights of this Issue

[GST Council discusses various matters regarding implementation of GST \(p. 2\)](#)

The Council held deliberations on matters such as a multi-tiered rate structure for GST, levy of cesses, compensation to states in the case of revenue loss, and exemption limits for businesses under GST.

[Retail inflation decreased by 1.8% in Q2 of 2016-17, to 4.3%; WPI at 3.6% \(p. 2\)](#)

The decrease in retail inflation is on account of a decrease in the prices of pulses and vegetables. WPI inflation decreased in the cases of pulses and vegetables, but this was offset by an increase in the prices of fuels.

[Monetary Policy Committee decreases repo rate by 0.25%, to 6.25% \(p. 2\)](#)

The Committee was constituted in June 2016 and will now be responsible for determining the policy repo rate required to meet the country's inflation target. The inflation target until 2018 has been set at 4% (-/+2%).

[Public Debt Management Cell created under the Finance Ministry \(p. 3\)](#)

The Cell will carry out advisory functions on matters such as planning borrowings of the central government, and management of its liabilities. It will be upgraded to a statutory Public Debt Management Agency in two years.

[Judicial committee on OROP submits report \(p. 4\)](#)

A one-member Committee was set up to examine issues related to implementation of One Rank One Pension in December 2015. A copy of the report is not available in the public domain.

[Draft amendments to the Employees' State Insurance Rules, 1950 released \(p. 4\)](#)

The amendments raise the wage limit for coverage to Rs 20,000 from Rs 15,000. They also increase maternity leave to 26 weeks from 12 weeks, except for women with two surviving children.

[Draft Rules under the Insolvency and Bankruptcy Code released \(p. 3\)](#)

The draft Rules relate to: (i) registration of insolvency professionals, (ii) registration of insolvency professional agencies (IPAs), and (iii) model bye-laws to be adopted by IPAs.

[Ministry of Civil Aviation releases the Regional Connectivity Scheme \(RCS\) \(p. 4\)](#)

Financial support to airlines will be provided in the form of concessions by central and state governments, by airport operators and viability gap funding.

[Draft UGC Guidelines & Regulations to establish World Class Institutions released \(p. 6\)](#)

Under the Guidelines and Regulations, private and private institutions may apply to be considered as world class teaching and research institutions, subject to meeting certain conditions regarding quality, infrastructure and faculty.

[Cabinet approves amendments to HIV and AIDS \(Prevention & Control\) Bill, 2014 \(p. 7\)](#)

The 2014 Bill seeks to prevent and control the spread of HIV and AIDS and prohibits discrimination against persons with HIV and AIDS. The amendments are not yet available in the public domain.

[International agreement adopted on eliminating Hydrofluorocarbon gases \(p. 5\)](#)

Over 190 countries adopted an amendment to the Montreal Protocol regarding elimination of Hydrofluorocarbon gases that cause global warming in Kigali, Rwanda. The agreement will come into force on January 1, 2019.

[Law Commission report on The Protection of Children Bill, 2016 released \(p. 6\)](#)

The Bill seeks to ensure the prompt return of children wrongfully removed or retained and proposes to establish a Central Authority for the purposes of providing assistance to help locate such children.

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November 2016

Highlights of this Issue

[Winter Session 2016 of Parliament begins \(p. 2\)](#)

Parliament is expected to sit from November 16, 2016 to December 16, 2016. Bills listed for discussion and passing include three Bills related to GST, and amendments to the Prevention of Corruption Act and the Factories Act.

[Government demonetises currency notes of Rs 500 and Rs 1,000 \(p. 3\)](#)

Existing notes were demonetised to: (i) check circulation of counterfeit notes, and (ii) eliminate unaccounted wealth stored in cash. The central government also announced that new notes of Rs 500 and Rs 2,000 would be released.

[Taxation Laws \(Amendment\) Bill, 2016 passed by Lok Sabha \(p. 3\)](#)

The Bill proposes to introduce a program under which taxpayers may declare undisclosed income. On this income, 49.9% of tax and penalties will be levied, and a further 25% will be locked in an interest free deposit for four years.

[Bills related to surrogacy, admiralty jurisdiction introduced in Lok Sabha \(p. 7, 8\)](#)

The surrogacy Bill regulates surrogacy services by allowing altruistic and prohibiting commercial surrogacy. The admiralty Bill provides conditions under which Courts can exercise admiralty jurisdiction for maritime claims.

[Model Central GST, Integrated GST and compensation for revenue loss Bills released \(p. 4\)](#)

The Model Bills levy Central GST and State GST in the case of intra-state and IGST in case of inter-state supply of goods and services. The GST Council will make recommendations on tax rates and exemptions.

[GDP grows at 7.3% in the second quarter of 2016-17 \(p. 2\)](#)

Gross Value Added grew at 7.1% in this quarter. Growth in the agriculture and construction sectors increased, while that in the manufacturing and services sectors decreased over the first quarter of 2016-17.

[Supreme Court upholds validity of entry tax by state governments \(p. 6\)](#)

The Court said that levy of entry tax into local areas in a state is permissible. However, the tax should not discriminate between goods imported from other states and those produced locally.

[Guidelines for penalties on defence business dealings issued \(p. 9\)](#)

The guidelines regulate levy of penalties (i.e. financial penalties, suspension and banning) on individuals, companies, etc. that enter into contracts with the Ministry of Defence regarding procurement of goods and services.

[Amendments to the HIV & AIDS \(Prevention & Control\) Bill, 2014 released \(p. 7\)](#)

The amendments provide for time bound decisions by the creation of an Ombudsman within 24 hours, and allow the central and state governments to frame welfare schemes for all affected persons.

[Ministry of Civil Aviation releases details on the Regional Connectivity Fund \(p. 9\)](#)

RCF will be funded by a levy per departure on all domestic flights except on certain flights. Amounts collected by the RCF will be used to provide financial support to airlines for operations under Regional Connectivity Scheme.

[Ministry of Housing notifies Real Estate \(Regulation and Development\) Rules, 2016 \(p. 10\)](#)

The Rules will be applicable to the five UTs without legislature. They provide details on the information to be furnished by the promoters, registration fee, and the amount to be paid for compounding of offences under the Act.

[Scheme to provide education and training for entrepreneurship launched \(p. 11\)](#)

The Ministry of Skill Development and Entrepreneurship has launched a scheme to provide entrepreneurship education and training to over seven lakh students over five years (2016-17 to 2020-21) through 3,050 institutes.

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December 2016

Highlights of this Issue

[Winter Session 2016 of Parliament ends; Two Bills passed \(p. 2\)](#)

Parliament had 21 sittings, but over 80% of the time was lost to disruptions. It passed two Bills, the Rights of Persons with Disabilities Bill, 2014 and the Taxation Laws (Second Amendment) Bill, 2016.

[Rights of Persons with Disabilities Bill, 2014 passed by Parliament \(p. 5\)](#)

The Bill confers rights and entitlements on disabled persons. Persons with at least 40% disability are entitled to benefits such as reservations in education and employment and preference in government schemes.

[Seven Bills introduced in Winter Session 2016 \(p. 5, 7, 8, 10, 11\)](#)

Bills introduced include the Payment of Wages (Amendment) Bill, 2016, the Merchant Shipping Bill, 2016, the Major Port Authority Bill, 2016, the Surrogacy (Regulation) Bill, 2016, among others.

[The Specified Bank Notes \(Cessation of Liabilities\) Ordinance, 2016 promulgated \(p. 2\)](#)

The Ordinance removes the liability of the RBI and the central government to honour old Rs 500 and Rs 1,000 notes which were demonetised in November 2016. It also imposes penalties for holding more than 10 such notes.

[Enemy Property Ordinance re-promulgated for the fifth time \(p. 6\)](#)

The Ordinance provides that the Custodian of Enemy Property will have all rights, titles and interests in enemy property. Previously, four similar Ordinances were promulgated in January, April, May and August 2016.

[Committee on Digital Payments submits report \(p. 3\)](#)

The Committee recommended: (i) amending the Payment and Settlements Act, 2007, (ii) withdrawing service charge levied on digital transactions, and (iii) levying a cash handling charge on transactions over a limit.

[Standing Committee on Finance submits its report on the Companies Bill, 2016 \(p. 3\)](#)

The Committee recommended: (i) designing compliance requirements for companies based on volume of business, and (ii) maintaining harmony between provisions of the Companies Act and SEBI regulations.

[Standing Committees submit reports on various subjects \(p. 8, 10, 11, 12, 13\)](#)

The subjects include safety and security in Railways, delays in appointing higher court judges, proxy and postal voting by defence services personnel, and industrial policy in changing global scenario.

[Guidelines on prevention of sexual harassment of women at workplace issued \(p. 13\)](#)

The guidelines require: (i) record of implementation; (ii) time-bound inquiry; and (iii) prevention of victimisation of the complainant under the Prevention of Sexual Harassment Act, 2013. They are applicable to all central ministries

[CAD at 0.6% of GDP in Q1 of 2016-17, as compared to 1.7% in Q2 of 2015-16 \(p. 2\)](#)

The decrease in the current account deficit was on account of a lower trade deficit of \$25.6 billion in the second quarter of 2016-17, as compared to \$37.2 billion in the second quarter of 2015-16.

[Process for granting environmental clearance for building projects amended \(p. 14\)](#)

The amendment allows local authorities to grant environmental clearance for projects covering between 20,000 and 1,50,000 sq. metres, instead of state level authorities. It also requires local authorities to set up environmental cells.

[CERC issues orders on revising tariff for power generated from imported coal \(p. 14\)](#)

The CERC issued two orders, allowing private companies to revise their power tariff due to the increase in price of imported coal. Losses arising from the increase in price of coal will be paid up by the consumers.

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January 2017

Highlights of this Issue

[Budget session: President's address highlights agenda on economy, defence, etc. \(p. 2\)](#)

Other focus areas included financial inclusion, farmers' prosperity, energy, generating employability through skill development, and considering simultaneous conduct of elections to Lok Sabha and State Assemblies.

[Economic Survey 2016-17 tabled in Parliament \(p. 2\)](#)

The economy is expected to grow at 6.75%-7.5% in 2017-18, and retail inflation is expected to be under 5%. The survey discusses topics such as a Universal Basic Income and effect of demonetisation on the economy.

[GDP estimated to grow at 7.1% in 2016-17, compared to 7.9% in 2015-16 \(p. 3\)](#)

The estimates do not account for the effect of demonetisation. While growth in the agriculture sector is estimated to rise from 0.8% to 4.1% over the previous year, manufacturing and construction sectors are expected to decelerate.

[Supreme Court holds re- promulgation of ordinances as unconstitutional \(p. 4\)](#)

The Court further held that all ordinances must be laid before the legislature so it can determine whether there was a need for it, and if a law to replace the ordinance must be passed.

[Supreme Court holds the use of religion as a corrupt electoral practice \(p. 4\)](#)

The Court held that any plea in the name of religion, race, caste, community or language of the candidate or the voter was illegal.

[Committee of Chief Ministers submits interim report on digital payments \(p. 3\)](#)

Recommendations in the interim report include: (i) reduction in merchant discount rate charged by banks on card transactions, (ii) tax on cash transactions over Rs 50,000, and (iii) mobile subsidy to non-income tax assesses.

[Cabinet approves Indian Institute of Management Bill, 2017 \(p. 5\)](#)

Under the Bill, IIMs would be declared as Institutions of National Importance which will enable them to grant degrees to the graduating students.

[Draft Indian Medical Council \(Amendment\) Bill, 2016 released \(p. 5\)](#)

The draft Bill proposes a uniform national exit test to all medical educational institutions at the undergraduate level and common counselling for MBBS level and PG level admission.

[Expert Group on Socio Economic and Caste Census 2011 submits its report \(p. 7\)](#)

The Group made recommendations on the use of SECC data for various programs of the Ministry of Rural Development. It suggested that SECC data should be used for all schemes of the central and state governments.

[Adoption Regulations, 2017 released \(p. 7\)](#)

The regulations, released by the Ministry of Women and Child Development lay down the process of adoption of children by Indian nationals, Non Resident Indians, Overseas Citizens of India and foreign nationals.

[Ministry of Steel releases draft National Steel Policy \(p. 8\)](#)

The draft Policy seeks to increase steel capacity to 300 MT and per capita steel consumption to 160 kg by 2030-31. It also seeks to reduce import of coking coal to 50% by 2030-31, and become a net exporter of steel by 2025-26.

[TRAI releases consultation paper on net neutrality \(p. 9\)](#)

Issues on which TRAI is seeking consultation include: (i) regulatory approaches to check traffic management practices of service providers, and (ii) providing transparency for end users on traffic management practices.

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February 2017

Highlights of this Issue

[Union Budget 2017-18 presented in Parliament \(p. 2\)](#)

The government is estimated to spend Rs 21,46,735 crore in 2017-18, to be met through receipts of Rs 16,00,203 crore (excluding borrowings) and borrowings of Rs 5,46,532 crore. Fiscal deficit is expected to be 3.2% of GDP.

[GDP grows at 7% in the third quarter of 2016-17 \(p. 3\)](#)

Gross Value Added grew at 6.6% in this quarter. Growth in the agriculture and manufacturing sectors increased, while that in the construction and services sectors decreased over the second quarter of 2016-17.

[Policy repo rate kept unchanged at 6.25% \(p. 3\)](#)

The Monetary Policy Committee released the sixth Bi-Monthly Monetary Policy Statement of 2016-17. The Committee kept the policy repo rate and the reverse repo rate unchanged at 6.25% and 5.75%, respectively.

[The Specified Bank Notes \(Cessation of Liabilities\) Bill, 2017 passed by Parliament \(p. 3\)](#)

The Bill removes the liability of the RBI and the central government to honour old Rs 500 and Rs 1,000 notes which were demonetised in November 2016. It also imposes penalties on any person holding more than 10 such notes.

[Payment of Wages \(Amendment\) Bill, 2017 passed by Parliament \(p. 5\)](#)

The Bill permits the employer to pay wages by cheque or through a bank account without written authorisation from the employee. Further, the central government may specify certain industries where wages may not be paid in cash.

[IIM Bill, 2017 introduced in Lok Sabha \(p. 5\)](#)

The Bill declares the Indian Institutes of Management (IIMs) as institutions of national importance. Under the Bill, IIMs have the power to grant degrees, diplomas and other academic distinctions or titles.

[Standing Committee submits report on Motor Vehicle \(Amendment\) Bill, 2016 \(p. 7\)](#)

It recommended deleting the provision relating to capping liability for third party insurance, ensuring that states have requisite powers to control the operations of aggregators, and creating a National Road Safety Board.

[Aadhaar made compulsory to receive certain government benefits or subsidies \(p. 4\)](#)

Eligible beneficiaries for food subsidies, subsidies under horticulture schemes and crop insurance schemes, and some other schemes are required to use Aadhaar as proof of identity in order to avail these benefits.

[Amendments to the Subsidy Scheme under Pradhan Mantri Awas Yojana approved \(p. 11\)](#)

The amendments propose to increase the tenure of loans availed under the Credit Linked Subsidy Scheme from 15 to 20 years, and introduce a new scheme for providing credit-linked subsidy to the middle income group.

[Committee constituted to review promotion policy in the Army \(p. 7\)](#)

The committee comprising two retired Lieutenant Generals of the Army will study and recommend changes to the Quantified System of Selection for promotion. It is expected to submit the report in February 2017.

[TRAI releases consultation paper on regulatory principles of tariff assessment \(p. 11\)](#)

TRAI is seeking consultation on issues that include: (i) transparency in tariff plans offered by telecom service providers, and (ii) anti-competitive practices through predatory pricing and promotional offers.

[Number of attempts for National Eligibility cum Entrance Test \(NEET\) specified \(p. 6\)](#)

NEET 2017 will be counted as the first attempt for a student irrespective of the previous attempts in AIPMT/NEET, subject to an upper age limit. The exam can be taken for a maximum of three times.

Monthly Policy Review

March 2017

Highlights of this Issue

[Four Bills related to the Goods and Services Tax passed by Lok Sabha \(p. 2\)](#)

The Bills levy the: (i) Central GST on intra-state supply of goods and services, (ii) Integrated GST on inter-state supply of goods and services, (iii) Union Territory GST and (iv) provide compensation to states for revenue loss.

[Finance Bill, 2017 passed by Parliament \(p. 3\)](#)

The Bill lowers the tax rate for the Rs 2.5 lakh to Rs 5 lakh income slab to 5%, and imposes a surcharge on income between Rs 50 lakh and Rs 1 crore. It also makes structural changes related to political funding and Tribunals.

[Four Bills passed by Parliament \(p. 5, 6, 7\)](#)

The Bills passed include the Mental Healthcare Bill, 2013, Maternity Benefits (Amendment) Bill, 2016, the Employee Compensation (Amendment) Bill, 2016 and the Enemy Property (Amendment and Validation) Bill, 2016

[Three Bills passed by Lok Sabha \(p. 9, 10\)](#)

The Bills passed include the NITSER (Second Amendment) Bill, 2016, the Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016 and the Constitution (Scheduled Castes) Order (Amendment) Bill, 2017.

[The HIV & AIDS \(Prevention and Control\) Bill, 2014 passed by Rajya Sabha \(p. 7\)](#)

The Bill seeks to prevent and control the spread of HIV and AIDS, prohibits discrimination against persons with HIV and AIDS, and provides for informed consent with regard to their treatment.

[Five Bills introduced in Lok Sabha \(p. 3, 9, 11,12\)](#)

The Bills introduced include the Taxation Laws (Amendment) Bill, 2017, the Inter-State River Water Disputes (Amendment) Bill, 2017, and the Footwear Design and Development Institute Bill, 2017, among others.

[Labour Ministry introduces draft Labour Code on social security \(p. 5\)](#)

The draft code harmonises 15 existing labour laws related to social security. It sets up social security organisations at the central and state level to administer social security and other welfare funds established under the draft Code.

[National Health Policy, 2017 released \(p. 7\)](#)

The objective of the Policy is to improve the health status of all age groups by expanding preventive, promotive, curative, palliative, and rehabilitative services provided through the public health sector.

[Supreme Court bans sale of vehicles not compliant with BS IV standards \(p. 11\)](#)

The Court ruled that vehicles not compliant with BS IV standards cannot be sold from April 1, 2017. The Ministry of Road Transport had earlier notified that only BS IV compliant vehicles be manufactured after April 1, 2017.

[Report on regulatory reforms for Indian systems of medicine and Homeopathy \(p. 8\)](#)

The Committee proposes two draft Bills outlining a regulatory change for the Indian Systems of Medicine and Homeopathy by repealing their existing Acts and setting up new commissions.

[Working Group on Migration submits its report \(p. 14\)](#)

The Group noted that majority of migration in India is between rural to rural areas, followed by urban to urban areas. It recommended that states should remove domicile requirements for employment.

[Standing Committees submit reports reviewing several programmes \(p. 12, 13, 15\)](#)

The programmes include review of the Pradhan Mantri Gram Sadak Yojana, the Accelerated Irrigation Benefits Programme, and indigenous and modern forms of water conservation.

Monthly Policy Review

April 2017

Highlights of this Issue

[Budget session of Parliament ends; 13 Bills passed \(p. 2\)](#)

Both the houses passed Bills related to the levy of GST, the HIV and AIDS (Prevention and Control) Bill, 2014, the Mental Health Care Bill, 2013, and the Maternity Benefits (Amendment) Bill, 2016, among others.

[Bill to give constitutional status to the NCBC passed by Lok Sabha \(p. 5\)](#)

The Bill gives constitutional status to the National Commission for Backward Classes (NCBC), at par with the National Commissions for SCs and STs. It has been referred to a Select Committee of Rajya Sabha.

[Motor Vehicle \(Amendment\) Bill, 2017 passed by Lok Sabha \(p. 7\)](#)

The Bill provides for the creation of: (i) a National Safety Board, (ii) recall of defective motor vehicles by manufacturers, (iii) licensing of taxi aggregators, and (iv) increasing penalties for several offences.

[The NABARD \(Amendment\) Bill, 2017 introduced in Lok Sabha \(p. 3\)](#)

The Bill seeks to amend the National Bank for Agriculture and Rural Development Act, 1981. It provides for increase in the capital of NABARD and transfer of RBI's share in NABARD to the central government.

[IIIT \(PPP\) Bill, 2017 and RTE \(Amendment\) Bill, 2017 introduced in Lok Sabha \(p. 7, 8\)](#)

The Bill seeks to declare 15 existing IIITs established through PPP mode as institutions of national importance, and allows teachers who do not possess the minimum qualifications to acquire them by March 31, 2019, respectively.

[Committee to review FRBM Act, 2003 submits report; proposes draft Bill \(p. 3\)](#)

The overall debt to GDP ratio should be targeted at 60%, with a limit of 40% for the centre and 20% for the states. Deviations from achieving this target should be allowed in some cases, if the proposed Fiscal Council recommends.

[Monetary Policy Committee keeps the Policy repo rate unchanged at 6.25% \(p. 2\)](#)

The reverse repo rate was raised by 0.25%, from 5.75% to 6%. The marginal standing facility rate and the bank rate were decreased by 0.25%, from 6.75% to 6.50%.

[Standing Committees submit reports on various subjects \(p. 10, 11\)](#)

The subjects include capacity and institutional building of border security, issues related to quality of service and call drops, and review of the policy on the promotion of city compost.

[Retail inflation increased by 0.6% during the fourth quarter of 2016-17 \(p. 2\)](#)

CPI inflation increased from 3.2% in January 2017 to 3.8% in March 2017, year-on-year. During the same period, food inflation increased from 0.6% to 1.9% year-on-year. WPI inflation also saw an increase of 0.4% year-on-year.

[NITI Aayog's report on tracking the performance of district hospitals released \(p. 6\)](#)

The report notes the need to comprehensively assess the performance of district hospitals. It envisages a ranking system for a comparative assessment of district hospitals to encourage improvement in their performance.

[Ceiling price of drugs to not be revised for five years \(p. 6\)](#)

The Department of Pharmaceuticals has directed the National Pharmaceutical Pricing Authority to not revise the price of drugs before a period of five years, except in specified circumstances.

[Cabinet approves purchase preference in all PSUs under the Ministry of PNG \(p. 10\)](#)

The preference will be linked to the local content in these companies (such as local skills, manpower, technology). Manufacturers who meet the local content targets, and a certain bid price will be eligible for the preference.

Finance

Cabinet approves changes related to Budget presentation

Vatsal Khullar (vatsal@prsindia.org)

The Union Cabinet approved some changes related to the presentation of the Union Budget 2017-18.¹ These changes include:

- **Merger of Railway Budget with the General Budget:** The Railway Budget will be merged with the Union Budget, and henceforth only one Budget will be presented. As a result, the Railways will not be required to pay an annual dividend on the central government investments into the sector. The Railways will retain its financial autonomy, and continue to receive gross budgetary support from the centre.
- **Advancement of Budget presentation:** Currently, the Union Budget is presented on the last day of February. This date would be advanced to allow for the budget related legislative business (such as approval for the ministry-wise demands for grants and passage of the Finance Bill) to be completed before the commencement of the financial year on April 1. The final date for budget presentation will be decided based on the schedule of state assembly elections.
- **Merger of the Plan and Non-Plan classification:** Expenditure of the government is currently classified under Plan and Non-Plan expenditure. This classification will be removed, and the expenditure will be classified only under the revenue and capital heads.

For a PRS Blog on the 'Financial health of the Indian Railways', please see [here](#).

GST Council formed

Prianka Rao (prianka@prsindia.org)

The Constitution (101st Amendment) Act, 2016, which introduces the Goods and Services Tax (GST), received Presidential assent, and was notified.² Subsequently, the Union Cabinet cleared the creation of the GST Council on September 12, 2016.³

The Constitution provides for the composition, features and functions of the GST Council:

- **Composition:** The GST Council comprises:
 - (a) the Union Finance Minister (as Chairman);
 - (b) the Union Minister of State in charge of Revenue or Finance; and

(c) the Minister in charge of Finance or Taxation or any other Minister, nominated by each state government.

- **Weightage of votes:** All decisions of the GST Council will be made by three fourth majority of the votes cast; the centre shall have one-third of the votes cast, and all the states together shall have two-third of the votes cast.
- **Functions of the Council:** The GST Council will make recommendations on several issues related to GST, including: (a) taxes, cesses, and surcharges to be subsumed under the GST; (b) goods and services which may be subject to, or exempt from GST; (c) the threshold limit of turnover for application of GST; (d) rates of GST; and (e) model GST laws.

The following additional decisions were taken by the Union Cabinet in September 2016:³

- The Chairperson of the Central Board of Excise and Customs is to be a permanent invitee to proceedings of the GST Council. However, he would have no voting powers.
- **GST Council Secretariat:** The GST Council Secretariat will be set up in New Delhi. The Revenue Secretary is to be the ex-officio Secretary to the GST Council.
- The Secretariat will include officers on deputation from the central and state governments.

So far, the GST Council has had three meetings in September, 2016.³

For a PRS analysis of the Constitution (122nd Amendment) Act, 2014 on GST, please see [here](#).

Cabinet approves sanctions for a new indirect tax IT network

Vatsal Khullar (vatsal@prsindia.org)

The Cabinet Committee on Economic Affairs approved administrative and financial sanction towards the implementation of Project SAKSHAM.⁴ The Project is a new indirect tax network of the Central Board of Excise and Customs. The total cost of the project is estimated to be Rs 2,256 crore, which will be incurred over a period of seven years.

The Project is expected to facilitate the roll-out of the Goods and Services Tax (GST). In addition, it will assist in the: (i) extension of the single window interface for customs clearances, and (ii) initiatives under Digital India and Ease of Doing Business.

Upgradation of the information technology system is expected to be completed by April 1, 2017.

CAD shrinks to 0.1% of GDP in first quarter of 2016-17

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India's current account deficit (CAD) in the first quarter (April to June) of 2016-17 decreased to USD 0.3 billion (0.1% of GDP), from USD 6.1 billion (1.2% of GDP) in the first quarter of 2015-16.⁵ CAD in the previous quarter, i.e. the fourth quarter (October to November) of 2015-16 was also USD 0.3 billion (0.1% of GDP).

The decrease in CAD was mainly owing to a lower trade deficit (difference between exports and imports) in the country as compared to the last year. Trade deficit reduced from USD 34.2 billion in the first quarter of 2015-16 to USD 23.8 billion in the first quarter of 2016-17.

Table 1: Balance of Payments in Q1 of 2016-17 (in USD billion)

	Q1 2015-16	Q4 2015-16	Q1 2016-17
Current Account Deficit	-6.1	-0.3	-0.3
Capital Account	18.6	3.5	7.1
Errors and Omissions	-1.1	0.2	0.2
Net increase in reserves	11.4	3.3	7.0

Sources: Reserve Bank of India; PRS.

Finance Ministry releases draft Bill on resolution of financial firms

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The Ministry of Finance released the report of the Committee to draft a Code on Resolution of Financial Firms, along with a draft Bill.^{6,7} Comments have been invited on the draft Bill by October 14, 2016.⁸

The Committee identified several issues in the current framework of dealing with insolvency resolution of financial firms such as banks and insurance companies. The Committee observed that presently, (i) multiple laws govern resolution for similar entities (e.g. Both the RBI Act, 1934 and SBI Act, 1955 have provisions for merger / resolution of State Bank of India), (ii) resolution is dealt with by sector-specific regulators, which impedes expertise sharing across similar types of financial businesses, and (iii) various types of financial firms are not covered by legal provisions related to resolution, such as, companies managing mutual funds.

The draft Bill proposes to consolidate the current framework by repealing the Deposit Insurance and Credit Guarantee Corporation Act, 1961, and amending 13 other laws. Key provisions of the draft Bill include:

- **Resolution Corporation:** The draft Bill creates a Resolution Corporation responsible for resolving insolvency of financial firms. The Board of the Corporation will have representatives of RBI, SEBI, IRDA, and the central government, among others.
- **Coverage:** The draft Bill covers financial firms such as banks, insurance companies, and non-banking financial companies. It also has special provisions for cooperative banks. In addition, the government can notify any other entity or funds which will be covered under the draft Bill.
- **Funds of the Corporation:** Three Funds will be created under the Corporation for: (i) payment of insurance on deposits, (ii) incurring resolution costs and fees, and (iii) meeting administrative expenses.
- **Viability risk:** The viability risk of the financial firms will be categorised as low, moderate, material, imminent or critical. This will be done by taking into account their capital, asset quality, liquidity, etc.
- **Resolution process:** The resolution process for critical firms will have to be completed within two years. This period may be extended by one year. The tools available with the Corporation will include merger or liquidation of the firm.
- **Cross-border insolvency:** The draft Bill allows the government to enter into agreements with other countries to enforce the provisions of the proposed law.

DIPP sets up Task Force on Innovation

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The Department of Industrial Policy and Promotion set up a Task Force on Innovation.⁹ The Task Force is expected to submit its report within two months.

Terms of Reference of the Task Force include:

- Assess India's position as an innovative country, and suggest measures to improve its ranking on the Global Innovation Index,
- Examine ideas received from the public to inculcate an innovation oriented environment in the country, and

- Assess contribution of Indian universities and academic institutions in different fields of study, and the measures that should be taken to reinforce them.

announced immediately. The factors currently considered by the Commission for Agricultural Costs and Prices in the determination of MSPs do not include risks and externalities. The Commission should review its current methodology and include these factors.

Defence

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India and France sign an agreement regarding purchase of Rafale aircraft

The Defence Ministries of India and France signed an intergovernmental agreement on September 23, 2016.¹⁰ According to news reports, under the agreement India has agreed to purchase 36 Rafale aircraft for the Indian Air Force for 7.8 billion Euros (about Rs 58,000 crore).¹¹ Rafale aircraft are multirole combat aircraft manufactured by Dassault Aviation, a French aircraft manufacturer. A draft of the agreement is not available in the public domain.

In April 2015, Indian and France had decided to enter into this agreement during Prime Minister Narendra Modi's visit to France. For more details on the Prime Minister's visit to France, see the PRS Monthly Policy Review for April 2015 [here](#).

Agriculture

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Report on incentivising production of pulses released by Ministry of Finance

The Chief Economic Advisor Dr. Arvind Subramanian submitted a report on 'Incentivising Pulses Production through Minimum Support Price (MSP) and related policies'.¹² Key observations and recommendations of the report include:

- **Availability of pulses:** The production of pulses in the country increased from 11 million tonnes in 2002-03 to 19.3 million tonnes in 2013-14.¹³ However, imports also grew in this period, from 0.06 million tonnes in 2000-01 to 5.53 million tonnes in 2015-16. The domestic production of pulses has to grow at 8% per year to meet the shortfall in availability, as opposed to the current growth of 3%.
- **MSPs for pulses:** The MSP for tur and urad should be about Rs 60/kg, adjusted for inflation. The MSP for Rabi pulses such as gram should be set at Rs 40/kg, and should be

- **Procurement of pulses:** The government should make a focused effort to procure pulses such as moong, tur and urad at their respective MSPs. The market prices of these pulses have currently fallen below their MSPs. To increase procurement, the government should allocate an additional Rs 10,000 crore to procurement agencies such as Food Corporation of India, and state co-operatives, among others. In addition, procurement operations should be monitored, through weekly reporting to the central government, and physical verification of procurement through visual images.
- **Price management of pulses:** Stock limits and export bans set for pulses should be lifted in order to prevent a decline in prices of pulses. State governments should be encouraged to delist pulses from their Agricultural Produce Market Committee Acts, so that produce may be traded outside of the state-owned mandis.
- **Review of Essential Commodities Act, 1955:** The Essential Commodities Act, 1955 controls the supply and distribution of agricultural produce including cereals, pulses, oilseeds, sugar and others. However, it also discourages agricultural marketing firms by requiring producers to sell their commodities in state-owned mandis. This has affected the competitiveness and efficiency of the sector. In addition, private players are unable to purchase stocks in order to stabilise prices, due to the stock limits imposed upon them. The Act must be reviewed to address these factors.

For details, see the PRS Report Summary [here](#).

1st advance estimates of production of Kharif crops for 2016-17 released

The first advance estimates of production of Kharif crops in 2016-17 were released.¹⁴ The production of Kharif food grains is estimated to be 8.9% higher than the 4th advance estimates of 2015-16. The production of most Kharif crops is estimated to be higher, with the production of pulses and oilseeds estimated to increase by 57% and 41% respectively. On the other hand, production of sugarcane is estimated to decrease by 13.3%.

Table 2: First Advance Estimates of Kharif crops in 2016-17 (in million tonnes)

Crop	4th advance estimates of 2015-16	1st advance estimates of 2016-17	% increase over 4th estimates of 2015-16
Food grains	124.0	135.0	8.9%
Rice	91.3	93.9	2.8%
Coarse cereals	27.2	32.5	19.4%
Maize	15.2	19.3	26.6%
Pulses	5.5	8.7	57.0%
Tur	2.5	4.3	74.4%
Oilseeds	16.6	23.4	40.8%
Soyabean	8.6	14.2	65.5%
Groundnut	5.3	6.5	21.7%
Cotton*	301.5	321.2	6.6%
Sugarcane	352.2	305.2	-13.3%

* millions of bales of 170 kgs each.

Sources: Directorate of Economics and Statistics; PRS.

Environment

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Comments invited by the government on environmental release of GM Mustard

The Ministry of Environment, Forest and Climate Change has invited public comments on an expert sub-committee report on “Assessment of Food and Environmental Safety for Environmental Release of Genetically Engineered Mustard”.¹⁵ The last date for submission of comments is October 5, 2016.

The sub-committee was constituted by the Genetic Engineering Appraisal Committee (GEAC) under the Ministry of Environment, Forest and Climate Change. The GEAC is responsible for the approval of proposals related to release of genetically engineered organisms and products into the environment, including conducting field trials. Field trials refer to a controlled release of genetically engineered organisms into the environment (e.g., through reproductive isolation and site monitoring).

The current report examines a proposal of the Centre for Genetic Manipulation of Crop Plants of University of Delhi for environmental release of genetically engineered mustard (*Brassica juncea*).¹⁶ It concludes that the consumption of genetically engineered mustard is safe for human and animal health. With regard to the environment, the report states that genetically engineered mustard may not pose any risk to biodiversity and the agrarian ecosystem. However, as a precautionary measure, it

recommends post-release monitoring of the genetically modified hybrid.

The GEAC has invited written comments from the public on this report before taking a final decision on the proposal.

Cabinet approves ratification of Paris Agreement on Climate Change

The Union Cabinet approved ratification of the Paris Agreement on Climate Change.¹⁷ India ratified the Agreement on October 2, 2016.

The Paris Agreement was adopted by the Conference of Parties to the United Nations Framework Convention on Climate Change on December 12, 2015.¹⁸ It aims to limit the increase in the global average temperature to a level between 1.5 degrees Celsius to two degrees Celsius above pre-industrial levels. Under this Agreement, member countries have agreed to undertake voluntary domestic commitments (i.e., Intended Nationally Determined Contributions or INDCs) to pursue this target till 2030 (for example, limiting greenhouse gas emissions and increasing forest cover).

The Agreement has been signed by 191 countries. It will come into force when 55 of these countries contributing to 55% of total global greenhouse gas emissions ratify the Agreement. As of September 2016, 61 countries have ratified the Agreement accounting for 48% of global emissions. India accounts for 4% of global emissions.

For more information on the Agreement and India’s INDCs see [here](#) and [here](#).

Transport

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Flexi-fare system for certain categories of trains introduced

The Ministry of Railways has introduced a flexi-fare system for Rajdhani, Duronto, and Shatabdi trains.¹⁹ The change in fares came into effect on September 9, 2016. Changes proposed under the system include:

- **General fare:** Under this system, the base fare for these trains will increase by 10% with every 10% of berths sold, subject to a ceiling of up to 1.5 times the base fare. Other supplementary charges such as reservation charges, superfast charge, catering charges, service tax, etc., will be levied separately.

- **Tatkal tickets:** Tatkal tickets are used for booking journeys at short notice, and incur additional charges. Under the new systems, the number of berths set aside for Tatkal quota in these trains will continue as per current guidelines. However, the additional Tatkal charges will not be levied. Tatkal tickets will be priced at 1.5 times of the base fare for all classes except first class AC and executive class.
- **Exemptions:** The system will not apply to first class tickets in Rajdhani and Duronto trains, and executive class tickets in Shatabdi trains.

NITI Aayog releases report on the impact of social service obligations by Railways

The NITI Aayog released a report on reviewing the impact of social service obligations by Indian Railways.²⁰ Key observations and recommendations of the report include:

- Indian Railways attributes the losses it makes in passenger services to its social service obligations. These social services include: (i) the inability to charge adequate fares to all classes of passengers, and (ii) providing several types of concessions (such as cheaper tickets for senior citizens, and children below 12 years of age).
- The report noted that while lower tariffs and concessions substantially contribute to losses in passenger business, they are not the only factors. Inefficiency in Railways' cost structure also significantly contributes to the losses in passenger service business. In a competitive market where the demand for transport is elastic, Railways can only increase fares up to a certain limit depending on competition. It recommended that tariff increase must not be the only mechanism to address such social costs.
- The report noted that in 2014-15, about 73% of the total social service obligation costs were due to lower tariff levels in non-suburban services. Further, while tariff levels of sleeper and second class service is substantially lower than competing services (equivalent bus fare rates), AC services are reasonably higher than the bus fares.
- The report also noted that for 2014-15, while Railways' passenger business incurred a net loss of about Rs 33,000 crore, its freight business made a profit of about Rs 44,500 crore. Railways ends up using profits from its freight business to provide for losses from the passenger segment, and also to manage its overall financial situation. The

higher cost of freight segment is eventually passed on to the common public in the form of increased costs of electricity (through higher coal cost), cement, steel, etc. It recommended that the measures to address social costs of passenger service business should also consider ways to rationalise goods tariff distortions.

For details, see a PRS report summary [here](#).

Cabinet approves productivity linked bonus for Railway employees

The Union Cabinet approved productivity linked bonus for eligible non-gazetted railway employees (excluding Railway Police Force personnel).²¹ The bonus will be equivalent to 78 days' wages for the financial year 2015-16. The approval will incur an expenditure of about Rs 2,091 crore.

Cabinet approves the Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016

The Union Cabinet approved the Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016.²² It also approved the repeal of five admiralty laws. The Bill consolidates the existing laws relating to admiralty jurisdiction of courts, admiralty proceedings on maritime claims, and arrest of vessels. Admiralty jurisdiction relates to powers of the High Courts in respect of claims associated with transport by sea and navigable waterways.

The Bill is not yet available in the public domain. According to the press release, key features of the Bill include the following:

- **Admiralty jurisdiction:** The Bill grants admiralty jurisdiction to High Courts located in the coastal states of India. This jurisdiction will extend up to territorial waters (i.e. up to 12 nautical miles from the shore). The jurisdiction can be further extended, by a central government notification to: (i) an exclusive economic zone, or (ii) any other maritime zone of India, or (iii) islands constituting part of the territory of India.
- **Applicability:** The Bill will apply to every ship irrespective of the place of residence or domicile of the owner. Ships under construction will be excluded from its application. However, the central government can extend the applicability to these ships. It will also not apply to warships, naval ships, and ships used for non-commercial purposes.

- **Maritime claims:** The Bill provides a list of maritime claims that may be decided under admiralty jurisdiction of the High Courts. To ensure security against a maritime claim, a vessel or ship can be arrested in certain circumstances.

concessionaire will create a grievance redressal portal on their website with adequate monitoring system and timelines for redressal. The current MCA does not provide for a grievance redressal system.

Ministry of Shipping proposes new Model Concession Agreement for ports sector

The Ministry of Shipping proposed a new Model Concession Agreement (MCA) for the ports sector.²³ MCA is a contract that sets the terms and conditions for the execution of a project, and is signed between the concessionaire (private party) and the government. The new MCA will replace the existing MCA that was released in January 2008. Key features of the proposed MCA include:

- **Objectives:** Objectives of the proposed MCA are: (i) more equitable allocation of project risks, (ii) providing for handling unforeseen circumstances, (iii) removing ambiguity in existing provisions, and (iv) attracting more private sector investment.
- **Exit route for concessionaires:** Currently, the concessionaire holds 51% equity until three years after the commercial operation date (COD) of the project and 26% for the balance contract period (or next three years, if no specific period is prescribed). COD is the date on which the concessionaire receives the project completion certificate. The concessionaire is free to exit after six years from the COD. The proposed MCA provides that if performance parameters are achieved during the first three-year period, the concessionaire may approach the Concessioning Authority to waive the equity holding requirement for the second three-year term.
- **Refinancing of debt:** On completion of one year of operation, the concessionaire can issue bonds for refinancing of debt. This will help with optimizing the financial cost of the projects.
- **Commercial operations before COD:** Currently, commercial operations are allowed after COD, once the completion certificate is received. Under the proposed MCA, commercial operations may be permitted before COD. This would be subject to project specific terms and conditions about level of operations and payment to the port.
- **Grievance redressal system:** The proposed MCA provides for a grievance redressal system. Under the system, the

Consumer Affairs

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Model Guidelines on direct selling released by Department of Consumer Affairs

The Department of Consumer Affairs released Model Guidelines on Direct Selling.²⁴ The Model Guidelines have been issued to states and union territories for implementation. They seek to regulate direct selling and multi-level marketing, in order to prevent fraud and protect the rights of consumers. [The Guidelines would be applicable to entities such as Tupperware, Amway and Oriflame.²⁵] Key features of the Model Guidelines are as follows:

- **Definition of direct selling:** Direct selling is defined as marketing, distribution, and sale of goods or provision of services as part of a network of direct selling. Such a sale of goods or provision of services should occur at places other than a permanent retail location, such as the consumers' houses or workplace.
- **Prohibition of certain schemes:** Pyramid schemes and money circulation schemes are prohibited by the Model Guidelines. A pyramid scheme is a network of subscribers to a scheme, where the enrolment of additional members results in benefits to the existing members. A money circulation scheme is a scheme to make quick money on the enrolment of new members into a scheme, through entrance fees or periodical subscriptions.²⁶
- **Conditions to set up direct selling business:** Certain conditions would have to be met within 90 days of the guidelines being published, in order to set up a direct selling business. These include: (i) being considered a legal entity under the laws of India; (ii) providing accurate information to direct sellers about the remuneration available, as well as their rights and obligations; (iii) having an office in the relevant state to enable access to information about the products and services offered, as well as post-sale grievance redressal; and (iv) the key management should not have

been convicted of a criminal offence with imprisonment over the last five years.

- **Consumer protection:** The direct selling entity and direct sellers have to take certain steps in order to protect rights of consumers. These include: (i) providing consumers with information such as the name of the purchaser and seller, delivery dates, warranty, etc., (ii) constituting a grievance redressal committee to address consumer complaints, and (iii). providing a complaint number for tracking all complaints received over the phone, email, website, etc.
- **Other provisions:** The Model Guidelines also provide: (i) certain obligations which have to be met by direct sellers, (ii) terms of the relationship between direct sellers and direct seller entities, and (iii) that the central and state governments have to set up monitoring mechanisms to deal with issues related to direct selling.

- **Corporate Social Responsibility (CSR) funds:** The HEFA would also mobilise CSR funds from PSUs/corporates, which would in turn be released for promoting research and innovation in the higher education institutions on a grant basis.

Skill Development

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Government notifies National Apprenticeship Promotion Scheme

The government notified the National Apprenticeship Promotion Scheme under the National Policy for Skill Development and Entrepreneurship, 2015.²⁸ The Policy seeks to work with the industry and Ministry of Small and Medium Enterprises to facilitate an industry led and practice oriented formal training.

Key features of the Scheme include:

- **Financial outlay and disbursement:** The Scheme has an outlay of Rs 10,000 crore with a target of 50 lakh apprentices to be trained by March 2020.
- The central government will reimburse the employer 25% of the prescribed stipend payable to an apprentice.
- **Online administration:** An online portal for the ease of administering the scheme shall be set up. All transactions including registration by employers, apprentices, contract and payment to employers will be on this portal.
- **Employer related responsibilities:** Eligible employers will employ apprentices in the range of 2.5% to 10% of the total workforce strength of the establishment.

Education

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Cabinet approves establishment of Higher Education Financing Agency

The Union Cabinet has approved the creation of the Higher Education Financing Agency (HEFA).²⁷ It will promote the creation of high quality infrastructure in premier educational institutions. Key features of HEFA include:

- **Financing:** The HEFA will be jointly promoted by an identified promoter and the Ministry of Human Resource Development with an authorised capital of Rs 2,000 crore. The government equity will be Rs 1,000 crore. The HEFA will be formed as a Special Purpose Vehicle within a public sector bank or a non-banking financial company. HEFA will raise up to Rs 20,000 crore for infrastructure and development projects in IITs/IIMs/NITs and other such institutions.
- **Eligibility of institutions:** All the centrally funded higher educational institutions would be eligible for joining as members of the HEFA. For this, the institution will have to agree to escrow a specific amount from their internal finances to HEFA for a period of 10 years. This amount will be securitised by the HEFA in order to mobilise further funds. Each member institution will be eligible for a credit limit decided by HEFA based on the specific amount escrowed by the institution.

Health

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Draft Food Safety and Standards (Alcoholic Beverages Standards) Regulation, 2015 released

Draft regulations for standards of alcoholic beverages were released by the Food Safety and Standards Authority of India.²⁹ The regulations specify standards for distilled and un-distilled alcoholic beverages. Comments have been invited on these regulations till October 9, 2016.

The standards have been categorised for distilled alcoholic beverage, un-distilled alcoholic beverage, ready to drink low alcoholic beverages and list specific labelling requirements for all alcoholic beverages.

The regulations list the types and sub types of alcohol and the requirements that they must meet, including: (i) alcohol content; (ii) maturity period; (iii) quality of water used for distillation; (iv) flavour and colour usage; (v) labelling requirements specific to low and high alcohol content; and (vi) preservatives, additives and allergen disclosure.

Rural Development

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Standing Committee submits report on Pradhan Mantri Awaas Yojana- Gramin

The Standing Committee on Rural Development (Chair: Dr. P Venugopal) submitted its report on Pradhan Mantri Awaas Yojana- Gramin (PMAY-G).³⁰ The PMAY-G is a rural housing scheme which was previously being implemented as the Indira Awaas Yojana. In order to achieve the objective of housing for all by 2022, IAY was restructured as PMAY-G in March 2016. The salient observations and recommendations of the Committee include:

- **Performance of the scheme:** Between 2012 and 2016, the number of houses constructed fell short of the target by 44 million units. The Ministry of Rural Development (MoRD) needs to obtain relevant and accurate data from states that either have their own schemes for rural housing or provide additional resources to beneficiaries. This will help in accurately estimating the actual rural housing shortage in the country. In addition, work completed with regard to construction of houses should be documented for one financial year and should not include any backlog. The work done in relation to clearing backlogs should be listed separately.
- **Upgradation of kutchha houses:** Large number of kutchha houses are present in the states of Bihar (65.65 lakh), Uttar Pradesh (48.3 lakh), Madhya Pradesh (47.45 lakh), etc. Special initiatives should be undertaken by the MoRD, state governments and other stakeholders to initiate the process of upgradation of houses. This will also help achieve the objective of housing for all by 2022 in a time-bound manner.

- **Insufficient funding:** Evaluation of financial performance under PMAY-G highlights issues such as insufficiency of funds, significant gaps between allocation and releases, and under-utilisation of released amount in the last few years. For example, from 2012-13 to 2014-15, budget outlays were significantly reduced at the revised estimate stage. Reductions and year-wise variations in releases should be avoided to ensure free flow of funds.

For details, see the PRS report summary [here](#).

Urban Development

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Ministry of Urban Development releases list of 27 new Smart Cities

The Ministry of Urban Development announced 27 more cities under the Smart Cities Mission.³¹ Before September 2016, 33 cities had been selected under the Smart Cities Mission. 20 of these cities were selected in January 2016, and 13 were selected in May 2016.^{32,33}

The 27 cities selected under the Mission in September are: Amritsar, and Jalandhar from Punjab; Kalyan-Dombivli, Nagpur, Thane, Nashik, and Aurangabad from Maharashtra; Ujjain, and Gwalior from Madhya Pradesh; Tirupati from Andhra Pradesh; Mangaluru, Tumakuru, Shivamogga, and Hubballi-Dharwad from Karnataka; Vellore, Madurai, Thanjavur, and Salem from Tamil Nadu; Agra, Kanpur, and Varanasi from Uttar Pradesh; Kota, and Ajmer from Rajasthan; Rourkela from Odisha; Namchi from Sikkim; Ajmer from Rajasthan; Kohima from Nagaland; and Vadodara from Gujarat.

The Ministry of Urban Development launched the Smart Cities Mission in June 2015.³⁴ The primary objective of the mission is to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and apply 'smart' solutions. The focus of this Mission is on sustainable and inclusive development.³⁵ The Mission targets to cover 100 cities and its duration is five years (2015-20).

Coal

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Ministry of Coal amends the New Coal Distribution Policy

The Ministry of Coal amended the New Coal Distribution Policy (NCDP).³⁶ The NCDP provides guidelines for the distribution and pricing of coal to various sectors (such as independent power producers, and steel plants), and was released in October 2007.

Currently, the distribution of coal to units with requirement of up to 4,200 tonnes per annum is done through agencies nominated by the state government. The amendments increase this limit to 10,000 tonnes per annum.

Currently, under NCDP, coal is allocated to consumers in the small and medium sector (whose requirement is less than 4,200 tonnes per annum). These consumers do not have any access to purchase coal or get into fuel supply agreements with coal companies. The amendments expand the consumer categories to 'small, medium, and others'.

Youth Affairs and Sports

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Sports infrastructure included under the harmonized master list of infrastructure sub-sectors

The Ministry of Finance has included sports infrastructure in the harmonized master list of infrastructure sub-sectors. This list consists of five core sectors: (i) transport, (ii) energy, (iii) water and sanitation, (iv) communication, and (v) social and commercial infrastructure. Sports has been included as a subsector under social and commercial infrastructure.³⁷ This inclusion pertains to provision of sports stadia and infrastructure for academies involved in training and research in sporting activities.

This status makes the sports sector eligible for obtaining long term financial support from banks and other financial institutions at par with other infrastructure projects. Such parity in financial support is expected to: (i) bolster investment in sports infrastructure, (ii) encourage private investment, (iii) promote health and fitness, and (iv) provide more opportunities for employment.

External Affairs

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Heads of state of Nepal and Afghanistan visit India

The Prime Minister of Nepal Pushpa Kamal Dahal and the President of Afghanistan Ashraf Ghani visited India.³⁸ During the visits, India signed three agreements with Nepal.³⁹ These agreements are with regard to the improvement of roads and post-earthquake reconstruction in Nepal. Under one of the agreements, India agreed to extend USD 750 million line of credit to Nepal for post-earthquake reconstruction.

Prime Minister visits Vietnam, China, and Laos

Prime Minister Narendra Modi visited Vietnam, China, and Laos in September 2016.⁴⁰ According to news reports, during the visit to Vietnam, both countries signed 12 agreements regarding various sectors, including defence cooperation, information technology, space, and double taxation.⁴¹ Under one of the agreements, India agreed to extend a line of credit of USD 500 million to Vietnam for defence cooperation.⁴² It also offered Vietnam a grant of USD five million for setting up a software park.

During the visits, the Prime Minister also attended the 11th G20 Summit in China, and the 11th East Asia and the 14th ASEAN-India Summits in Laos. G20 is a group of 20 major economies (including China, European Union, South Africa, and United States of America), while ASEAN is an association of ten southeast Asian countries (including Indonesia, Singapore, and Vietnam).

India withdraws from attending the SAARC Summit in Islamabad

The Ministry of External Affairs released a statement on September 27, 2016 saying India will be unable to participate in the 19th SAARC Summit.⁴³ SAARC (South Asian Association for Regional Cooperation) is a regional association of eight South Asian countries. The 19th SAARC Summit was scheduled for November 2016 in Islamabad.

The release stated that the environment was not conducive to holding the summit in Islamabad. This is in light of increasing cross-border terror attacks and interference in internal affairs of the SAARC member countries by one country.

According to news reports, several other member countries (including Bangladesh, Bhutan,

Afghanistan and Sri Lanka) expressed reservations with attending the summit as well.⁴⁴ The government of Pakistan announced indefinite postponement of the summit on September 30, 2016.⁴⁵

Macroeconomic Development

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Policy repo rate decreased to 6.25%

The Monetary Policy Committee released the fourth Bi-Monthly Monetary Policy Statement of 2016-17.¹ The policy repo rate (at which RBI lends money to commercial banks) was reduced from 6.5% to 6.25%. Other decisions of the Committee include:

- The reverse repo rate (at which RBI borrows money from commercial banks) is decreased to 5.75%.
- The marginal standing facility rate (under which scheduled commercial banks can borrow additional money) and bank rate (at which RBI buys or rediscounts bills of exchange) are decreased to 6.75%.

The Committee stated that its decision was in line with the inflation target of 4% (+/-2%) for the next three years. It expects to achieve 5% CPI inflation by the fourth quarter (January-March) of 2016-17.

Until September 2016, the RBI Governor was responsible for determining the policy repo rate, on the advice of a technical advisory committee in the RBI. This power has been transferred to the Monetary Policy Committee, which was notified in June 2016. The Committee is responsible for determining the policy repo rate which is required in order to meet an inflation target, which is set by the central government and RBI. For more information regarding the composition and mandate of the Committee, please see the Monthly Policy Review for June 2016 [here](#).

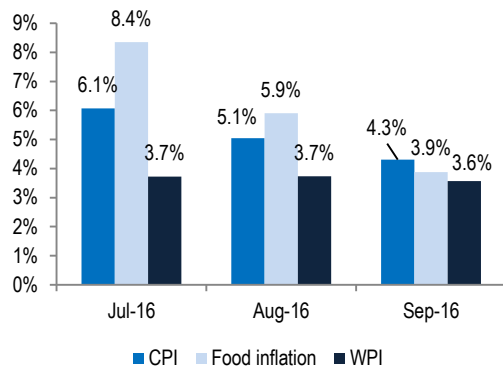
Retail inflation decreases by 1.8% during the second quarter of 2016-17

The Consumer Price Index (CPI) inflation (base year 2011-12) decreased from 6.1% to 4.3% during the second quarter of 2016-17 (July to September).² During this period, food inflation also decreased from 8.4% to 3.9%. The decrease in CPI inflation was mainly a result of a decrease in the prices of pulses and vegetables.

After increasing from 2.1% in June 2016 to 3.7% in July 2016, the Wholesale Price Index (WPI) inflation (base year 2004-05) stayed in the range of 3.6%-3.7% from July to September 2016.³ Over this period, there was a decrease in the prices of food articles such as cereals, pulses, and vegetables, including onion. This decrease was offset by increases in the prices of potato, and fuels such as petrol and diesel.

The trend in CPI and WPI over the second quarter of 2016-17 is shown in Figure 1.

Figure 1: CPI and WPI inflation in Q2 of 2016-17 (year on year % change)



Sources: Ministry of Commerce and Industry; Ministry of Statistics and Programme Implementation; PRS.

Finance

GST Council discusses matters regarding implementation of GST

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The Goods and Services Tax (GST) Council met for four days in September and October, 2016. There is no official statement with regard to discussions at the GST Council. According to media reports, the Council has reached a consensus regarding the following deliberations:

- **Revenue loss compensation to states:** The centre will compensate states for any revenue loss due to GST. To calculate the revenue loss incurred, their tax revenue in 2015-16 will be used as the base, and an annual growth rate of 14% will be assumed for the next five years.⁴
- **Turnover limits:** The Council agreed on the thresholds below which businesses will be exempt from paying GST.^{5,6} The Council proposed that businesses with an annual turnover of less than Rs 20 lakh will be exempt from paying taxes, except in the North Eastern states. For North Eastern states, this threshold was proposed to be Rs 10 lakh.
- **Assessing authorities:** The Council proposed that taxpayers under the GST with an annual turnover of less than Rs 1.5 crore will be assessed only by state authorities, while taxpayers above that threshold will be assessed either by the centre or state authorities.^{5,6} The current service taxpayers will continue to be assessed by the central

authorities, irrespective of their annual turnover, until state officials are trained to handle service tax matters.

In addition, discussions on the following matters are ongoing:

- **Rate structure:** The centre proposed a multi-tiered rate structure which includes: (i) 4% tax on gold, (ii) 6% tax on essential goods, (iii) 12% and 18% tax rates on a majority of goods, and (iv) 26% on demerit goods such as luxury cars and tobacco.⁷
- The centre proposed the levy of an additional cess on demerit goods to fund the compensation to states. Some states opposed the levy of such a cess.⁶

The GST Council is scheduled to meet again on November 3 and 4 to hold further discussions on these matters.⁸

Public Debt Management Cell created under the Finance Ministry

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The Ministry of Finance constituted a Public Debt Management Cell within the Ministry.⁹ The Cell will be an interim arrangement, which will be upgraded to a statutory Public Debt Management Agency in about two years. Note that Finance Bill, 2015 contained provisions to set up a statutory agency, which were dropped from the Bill before it was passed by Parliament.

Public debt refers to the loans and borrowings taken by the government, and may be broadly categorised as internal debt (borrowings from within the country) and external debt (borrowing from international sources). The Reserve Bank of India (RBI) manages the internal debt of the country, while the Finance Ministry manages the external debt. A Middle Office was created in the Ministry in 2008 to formulate a debt management strategy for the government.¹⁰

The Public Debt Management Cell will subsume the Middle Office, and carry out advisory functions on matters such as: (i) planning borrowings of the central government, (ii) managing central government liabilities, (iii) advising government departments on external borrowings, (iv) developing an integrated database for all government liabilities, and (v) undertaking preparatory work for establishing the Public Debt Management Agency.

The transition from the Cell to the Public Debt Management Agency will be implemented by a Joint Implementation Committee. The Committee would be comprised of members from the Finance Ministry and the RBI.

Draft rules under the Insolvency and Bankruptcy Code, 2016 released

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The Ministry of Corporate Affairs released three draft Rules under the Insolvency and Bankruptcy Code, 2016. These draft Rules relate to: (i) registration of insolvency professionals (IPs), (ii) registration of insolvency professional agencies (IPAs), (iii) model bye-laws for IPAs.^{11,12,13}

The Code passed by Parliament in May 2016 creates a framework for resolving bankruptcy for companies and individuals in India.

Key features of the draft Rules include:

- **Registration as an IP:** An individual may apply for a certificate of transitional registration with the Insolvency and Bankruptcy Board if he has: (i) practiced as a chartered accountant, company secretary, lawyer, etc. for at least 15 years, or (ii) been engaged in debt restructuring, acquisition or sale of assets, liquidation, etc. for three out of the last 10 years. The certificate will be valid for a period of two years, and will allow the person to enrol with an IPA. To continue practicing, the IP will have to appear for an examination conducted by the Board, within the two-year period.

The Board will grant the final certificate of registration upon the IP furnishing a proof of: (i) membership of an IPA, and (ii) successful completion of the examination.

- **Registration of an IPA:** To establish an IPA, a person would be required to obtain a provisional or transitional certificate from the Board, which will be followed by receiving a final certificate. The Board will grant a provisional or transitional certificate to the applicant after verifying all documents, including the adoption of the model bye-laws. A provisional or transitional certificate holder would then approach the Board to obtain a final certificate of registration. This final certificate will be valid for five years.
- **Model Bye-Laws of an IPA:** Every IPA will be required to adopt the Model Bye-Laws. These Bye-Laws may be amended by the Board, and will look at aspects such as: (i) duties of an IPA, (ii) functioning of the IPA's governing board, (iii) obtaining membership of an IPA, and (iv) disciplinary proceedings against IPA members.

Defence

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Judicial Committee on OROP submits report

The judicial Committee set up to examine issues related to implementation of the One Rank One Pension (OROP) scheme submitted its report.¹⁴ The OROP scheme guarantees that uniform pension will be paid to armed forces personnel retiring at the same rank with the same length of service, irrespective of their date of retirement.

The Committee was set up on December 14, 2015 with one member, Justice L. Narasimha Reddy, retired Chief Justice of the Patna High Court. The findings and recommendations of the Committee are not known as yet, since a copy of the report is not available in the public domain.

For details regarding the terms of reference of the Committee, see the [PRs Monthly Policy Review](#) for December 2015.

Labour and Employment

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Draft amendment rules to the Employees' State Insurance Rules, 1950 released

The Ministry of Labour and Employment released two draft amendments to the Employees' State Insurance (Central) Rules, 1950.¹⁵ The 1950 Rules have been framed under the Employees' State Insurance Act, 1948. The 1948 Act seeks to provide social security benefits to certain insured workers during sickness, maternity, disablement, etc.

Key features of the two draft amendment Rules include:

- **Wage limit for insured persons:** Under the Rules, the wage limit for coverage of an insured employee under the Act is Rs 15,000. The draft amendments increase this amount to Rs 20,000.
- **Maternity benefits:** Under the 1950 Rules, an insured woman is entitled to standard wages during the period of maternity leave, which would be up to 12 weeks. The draft amendments raise the period to 26 weeks. Under the Rules, this maternity benefit should not be availed before six weeks from the date of expected delivery. The draft amendments change this to eight weeks.
- These changes would not apply to a woman

with two surviving children. Such a woman would be entitled to 12 weeks of benefits.

- The draft Rules amend the definition of insured woman to also include a mother commissioning a surrogate child and a woman who legally adopts a child of up to three months of age. The Rules specify that maternity benefits for adoptive and commissioning mothers will be up to a period of 12 weeks. This period will be calculated from the date the child is handed over to the mother.

Note that these amendments are similar to the provisions in the Maternity Benefits (Amendment) Bill, 2016 currently pending in Parliament. A PRS analysis of the Bill is available [here](#).

Transport

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Ministry of Civil Aviation releases the Regional Connectivity Scheme

The Ministry of Civil Aviation released the Regional Connectivity Scheme (RCS) with the objective of facilitating regional air connectivity by making it affordable.¹⁶

Key features of the Scheme include:

- **Guiding principles:** RCS will be made operational only in states and at airports which are willing to provide concessions required under the Scheme. A Regional Connectivity Fund (RCF) will be created to subsidise operations under the RCS. The RCF will be funded by a levy or fee on certain domestic flights, at rates to be notified by the Ministry.
- **Tenure of Scheme:** Benefits under the Scheme will be available for a period of 10 years from the date of its notification.
- **Financial support:** Financial support to airlines will be provided in the form of (i) concessions by central and state governments (such as reducing excise duty on aviation fuel and VAT), (ii) concessions by airport operators (such as not levying landing and parking charges), and (iii) viability gap funding (VGF). VGF will be provided to the selected airline operators from RCF, and state governments will be required to reimburse the applicable share. VGF will be provided for three years from the date of commencement of operations of such RCS flights.

- **Applicability of Scheme:** The Scheme will be applicable to RCS airports and helipads. The list of RCS airports and helipads will be published after consultation with the state governments. If an airline operator wants to connect an airport not in the published list, they can approach the implementing agency (Airports Authority of India) with an expression of interest.
- **Airfare and other specifications:** The airfare per RCS seat will not exceed Rs 3,500 and will be determined based on the flight distance. Further, it will not be subject to any levies or charges imposed by the airport operators. The selected airlines will have to commit 50% of the seats on RCS flights as RCS seats. Further, the number of RCS flights to be operated in a week must be at least three and at most seven.

Vehicle manufacturers to provide emission and noise details for each vehicle

The Ministry of Road Transport and Highways released a notification requiring motor vehicle manufacturers to declare emission levels of vehicles manufactured.¹⁷ This will be applicable from April 1, 2017.

Currently, manufacturers have to certify that a vehicle complies with provisions of the Motor Vehicles Act, 1988 and the Rules under it. This information is provided through Form 22 of the Central Motor Vehicles Rules, 1989. The notification amends these Rules to provide that manufacturers will also be required to provide emission details for each vehicle in Form 22.

Emission details will include levels of each pollutant such as carbon monoxide, hydro-carbon, non-methane hydro-carbon, etc. and sound levels for horns. The amended Rules will apply to all vehicles that run on petrol, compressed natural gas, liquefied petroleum gas, electricity, diesel and hybrid, including agricultural and construction vehicles, as well as e-rickshaws and e-carts.

Ministry of Civil Aviation releases draft Aircraft (Amendment) Bill, 2016

The Ministry of Civil Aviation released the draft Aircraft (Amendment) Bill, 2016.¹⁸ It seeks to amend the Aircraft Act, 1934. The 1934 Act provides for the control of the manufacture, possession, use, operation, sale, import and export of aircraft. The Ministry is seeking comments on the draft Bill till November 17, 2016. Key features of the draft Bill include:

- **Safety and security oversight:** The draft Bill provides that the Director General of

Civil Aviation will be appointed by the central government and will head the Directorate General of Civil Aviation. Under the 1934 Act, the Director General of Civil Aviation or any other officer appointed by the Central Government performs safety oversight functions. The draft Bill extends the functions of the Director General to add matters related to civil aviation security, and investigation of accidents.

- **Power of central government to make rules:** The 1934 Act provides for the central government to make rules with regard to several matters such as the (i) licensing, inspection and regulation of aerodromes, and (ii) registration and marking of aircraft. The draft Bill requires the central government to make rules with regard to air navigation services also.
- **Penalties:** Under the 1934 Act, the penalty for contravening any provision with regard to (i) carrying of arms, explosives or other dangerous goods in the aircraft, or (ii) providing false information with regard to the carriage of such items, is imprisonment of up to two years, and a fine of up to Rs 10 lakh. The draft Bill seeks to extend the fine to one crore rupees.
- Under the 1934 Act, the penalty for contravening any provision with regard to (i) the prohibition of slaughtering of animals and (ii) depositing rubbish, filth and other polluted matter, within a radius of ten kilometres from the aerodrome reference point is imprisonment of up to three years, or a fine of up to Rs 10 lakh. The draft Bill seeks to extend the fine to one crore rupees.

Environment

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International agreement adopted on reducing Hydrofluorocarbon gases

An amendment to the Montreal Protocol was adopted by over 190 countries for the purpose of eliminating hydrofluorocarbon gases (HFCs) in Kigali, Rwanda.¹⁹ The Montreal Protocol came into force in 1989 to reduce the production and consumption of substances that are causing depletion of the ozone layer of the earth.

While HFC gases do not cause depletion of the ozone layer, they contribute to global warming.²⁰ They are generally used in the air conditioner and refrigeration industries. The Kigali Amendment to the Montreal Protocol provides a

roadmap for the elimination of HFCs, laying down different time schedules for developed and developing countries. It is a binding agreement and will come into force on January 1, 2019.

Education

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Draft UGC Guidelines & Regulations for establishment of World Class Institutions released

The Ministry of Human Resource and Development released the draft Guidelines and Regulations for establishment of world class institutions.²¹ The draft Regulations aim to provide an enabling regulatory architecture to ten public and private institutions each to grow into world class teaching and research institutions in India. This is following the mention of a scheme for creation of world class institutions by the Finance Minister in the 2016-17 budget speech.

The draft Guidelines will be applicable to all government owned and controlled higher educational institutions. The Regulations will apply to privately owned and controlled institutions. Most of the Guidelines and Regulations overlap except for the financial arrangement. While the government institutions would be financed through a fund of five crore rupees, the private institutions would have an external sponsorship organisation.

Key features of the draft Guidelines and Regulations include:

- **Characteristics of world class institutions:** World class institutions are expected to have certain specific characteristics, including: (i) promotion of multi-disciplinary learning; (ii) a reasonable mix of Indian and foreign students and faculty; (iii) merit based admission process; (iv) freedom to fix fees according to internal policies; (v) accreditation by the National Assessment and Accreditation Council or an alternative version of the Council which conforms to UGC guidelines; and (vi) consideration in the top 500 institutions in any of the world renowned rankings within the first ten years of setting them up.
- **Empowered Experts Committee (EEC):** The Committee will be involved in the scrutiny and appraisal of applications submitted to the Ministry by universities to become world class institutions. Additionally, it would also play an advisory

role and monitor the implementation plans of these institutions.

- **Review and penalties:** The world class institutions will be reviewed once in three years regarding their adherence to the implementation plans. Yearly updates of the progress being made would have to be submitted to the EEC.
- The EEC will recommend certain penalties to be applied to world class institutions in case of non-performance in carrying out their implementation plans.

Cabinet approves establishment of National Academic Depository

The Union Cabinet has approved the establishment and operationalisation of a National Academic Depository (NAD) under the vision of Digital India.²² The NAD would be operationalised within the next three months and rolled out throughout the country in 2017-18.

The NAD follows the Finance Minister's 2016-17 budget speech which outlined a 'Digital Depository' for school leaving certificates, degrees and other academic awards of higher education institutions.

NAD will provide a digital or a printed copy of the academic award to students or other authorised users. It will register educational institutions/boards/eligibility assessment bodies, students and other user entities like banks, employer companies and government agencies. Academic institutions would be responsible for the authenticity of data digitally uploaded by them into the system.

Requests for access to academic awards, from users such as potential employers and academic institutions would be only upon the consent of the student.

Women & Child Development

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Law Commission releases report on The Protection of Children (Inter-Country Removal and Retention) Bill, 2016

The Law Commission released a report on 'The Protection of Children (Inter-Country Removal and Retention) Bill, 2016'.²³ The Bill is based on the provisions of the draft Civil Aspects of International Child Abduction Bill, 2016 which was released by the Ministry of Women and Child Development, earlier this year.

The Bill's provisions are on line with The Hague Convention, 1980, which came into force in 1983. The Convention seeks to achieve two objectives keeping the best interests of the child in mind. The objectives are, (i) protecting a child from the harmful effect of wrongful removal; and (ii) securing prompt return and re-integration of the child in an environment of his or her 'habitual residence'.

Health

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Cabinet approves amendments to the HIV and AIDS (Prevention and Control) Bill, 2014

The Union Cabinet has approved amendments to the HIV and AIDS (Prevention and Control) Bill, 2014.²⁴ The amendments have not been released in the public domain yet.

The Bill was introduced in Rajya Sabha on February 11, 2014. The Bill seeks to: (i) prevent and control the spread of the HIV and AIDS; (ii) prohibit discrimination against persons living with HIV and AIDS; (iii) provide for informed consent and confidentiality relating to treatment; (iv) place certain obligations on various establishments to safeguard the rights of persons living with HIV and AIDS; and (v) create grievance redressal mechanisms.

The Standing Committee on Health and Family Welfare (Chairperson: Mr. Brajesh Pathak) examining the Bill submitted its report on April 29, 2015.

For PRS summaries of the Bill and the Standing Committee Report, please see [here](#) and [here](#).

Energy

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Cabinet approves revision of ethanol price for public sector oil marketing companies

The Cabinet Committee on Economic Affairs approved the revision of ethanol price for supply to public sector oil marketing companies (OMCs).²⁵ Blending ethanol with petrol helps reduce vehicle exhaust emissions and reduces the import burden for petroleum. The Ethanol Blended Petrol (EBP) Programme was launched in 2003 to promote the use of alternative and environment friendly fuels. However, since

2006 OMCs were not able to procure the required quantity of ethanol due to pricing issues of ethanol. In light of this, the government fixed the price of ethanol at OMC depots between Rs 48.5 per litre and Rs 49.5 per litre.

Key changes approved with the new revision include:

- Between December 1, 2016 and November 30, 2017 (ethanol supply period), the price of ethanol for the EBP programme will be Rs 39 per litre. This may be reviewed and revised at any time by the government during the supply period.
- In addition, ethanol suppliers will be paid excise duty, VAT/GST, and transportation charges as decided by the OMCs.
- An increase or decrease in the retail price of petrol would proportionately factor in the requirement of maintaining the purchasing cost of ethanol fixed during the ethanol supply period.

Inter-state transmission charges for solar and wind electricity waived

The Ministry of Power has waived inter-state transmission charges and losses on transmission of electricity generated through solar and wind.²⁶ This is to give effect to the revised tariff policy release in January 2016.²⁷ The revised tariff policy provided that in order to encourage renewable sources of energy, inter-state transmission charges and losses on the transmission of electricity generated from solar and wind energy sources may be waived by the central government.

The notification provides that for wind based generation projects commissioned till March 31, 2019, no inter-state transmission charges and losses will be levied. The waiver will be available for a period of 25 years from the date of commissioning of such projects. Such waiver will be available only for projects getting into power purchase agreements with electricity distribution companies to fulfil their renewable purchase obligations (RPOs). RPOs are purchase obligations set on electricity distribution companies to purchase certain amount of their energy requirements from renewable energy sources.

With regard to solar based generation, inter-state transmission charges and losses will be waived for projects commissioned till June 30, 2017. The waiver will be available for a period of 25 years from the date of commissioning of such projects. The waiver will be applicable only to

the solar and wind projects awarded through competitive bidding.

Agriculture

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IMD releases South West Monsoon 2016 end of season report

The Indian Meteorological Department (IMD) released its end of season report for the South West Monsoon 2016.²⁸ The seasonal rainfall in the country was 97% of the long period average (LPA), showing a 3% deficiency. The seasonal rainfall in 2015 was 86% of the LPA.

Rainfall was 95% of the LPA over North West India, 106% over Central India, 92% over the Southern Peninsula and 89% over North East India. Table 1 shows the actual rainfall over different regions in this season.

Table 1: Rainfall in the country in the 2016 South West Monsoon season (in mm)

Region	LPA	Actual Rainfall	Season Rainfall (% of LPA)
North-West India	615.1	584.2	95%
Central India	975.3	1034.1	106%
South Peninsula	715.6	661.5	92%
North-East India	1437.8	1281.5	89%
All India	887.5	862.0	97%

Sources: Season (June to September Rainfall), IMD; PRS.

States with deficient rainfall (41% to 80% of LPA) include Karnataka, Kerala, Punjab, Haryana, Himachal Pradesh, Assam and Meghalaya. States with normal or excess rainfall (81% of LPA to more than 119% of LPA) include Rajasthan, Maharashtra, Madhya Pradesh, Uttar Pradesh, Odisha, Tamil Nadu, Bihar and West Bengal. No state witnessed scanty rainfall (less than 40% of LPA) during this season.

Telecom

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Draft Telecommunication (Broadcasting and Cable Services) (Addressable Systems) Tariff Order, 2016 released

The draft Telecommunication (Broadcasting and Cable Services) (Eighth) (Addressable Systems) Tariff Order, 2016 was released by the Telecom Regulatory Authority of India.²⁹ The Order

seeks to introduce regulation of tariff structure of Television (TV) channels in addressable systems. Addressable systems are cable TV systems in which channels are transmitted in digital and encrypted form (example: Direct to Home services such as Tata Sky).

Key features of the draft Order include:

- **Offer of channels:** All TV channels should be offered separately on an individual basis by broadcasters to subscribers. The nature of the channels – free or paid should be specified by the broadcaster.
- In case of paid channels, the maximum retail price (MRP) of the channels in a geographic area should be specified.
- **Price regulation of bouquets:** In addition, the broadcasters may offer their channels by bundling them into bouquets. However, the price of a bouquet should not be less than 80% of the sum of the prices of individual channels in the bouquet combined.
- **Price regulation of high definition channels:** The price of a paid channel transmitted in high definition format shall not be more than three times the MRP of the corresponding channel transmitted in standard definition format. High definition channels are transmitted at a higher image quality than those of standard definition.
- **Genres of television channels:** Every broadcaster should categorise their channels into one of the following genres: (i) devotional, (ii) general entertainment, (iii) infotainment, (iv) kids, (v) movies, (vi) news and current affairs, and (vii) sports.

Draft Telecommunication (Broadcasting and Cable Services) Interconnection Regulations, 2016 released

The draft Telecommunication (Broadcasting and Cable Services) Interconnection Regulations, 2016 was released by Telecom Regulatory Authority of India.³⁰ The draft Regulations seek to regulate the interconnection standards used by TV broadcasters. Interconnection is the network provided by distributors (such as Tata Sky) to broadcasters (such as Star India) to transmit their TV channels.

Key features of the draft Regulations include:

- **Carriage fee:** Distributors charge a carriage fee to the broadcasters for using the interconnection network. This will be capped at 20 paisa/channel/subscriber every month. The carriage fee amount may

decrease with increase in subscription of a broadcaster.

- No carriage fee is to be paid by a broadcaster if the subscription of the channel is more than or equal to 20% of the subscriber base.
- **Subscription reports and audits:** Every distributor should calculate the number of customers subscribing to every broadcaster. These numbers will be reported to the broadcaster on a monthly basis, based on which the carriage fee will be determined. In addition, the distributor should get the distribution systems audited by an auditor to verify the information provided in the subscription reports, on an annual basis.

investment, while advancing development, peace and democracy.

India signs bilateral agreements with Brazil, Myanmar, New Zealand, Russia and Singapore

India signed various bilateral agreements with countries like Brazil, Myanmar, New Zealand, Russia and Singapore. These include:

Brazil: India and Brazil entered into four MoUs on pharmaceutical regulation, investment cooperation, agriculture and animal husbandry, and genetic technologies on October 17, 2016.³⁴

Myanmar: India and Myanmar signed three MoUs on cooperation with regard to supervision of banking activities, and the power and insurance sectors on October 19, 2016.³⁵

New Zealand: India and New Zealand signed three agreements with regard to food safety cooperation, youth affairs and sports, and tax cooperation on October 26, 2016.³⁶

Russia: India and Russia entered into 16 agreements across various sectors, including defence, oil and natural gas, smart cities, transport, space and information security on October 15, 2016. Key agreements include: (i) setting up a joint venture in India for manufacture of Ka-226 T helicopters, (ii) construction and purchase of four frigates (i.e. warships) through partnership between a Russian and an Indian shipyard, (iii) setting up of an investment fund by the National Infrastructure Investment Fund of India and the Russian Direct Investment Fund, (iv) a joint study of a gas pipeline to India, and (v) developing smart cities in Andhra Pradesh and Haryana.³⁷

Singapore: India and Singapore signed three MoUs on skill development and industrial property on October 4, 2016.³⁸

External Affairs

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Eighth BRICS Summit held in India

The Eighth BRICS Summit was held in Goa, India from October 15-16, 2016.³¹ The heads of state of the five BRICS member countries, Brazil, Russia, India, China and South Africa attended the summit. During the summit, three MoUs were signed among the BRICS countries on: (i) establishment of a common agricultural research platform, (ii) customs cooperation, and (iii) cooperation among diplomatic academies.³²

The BRICS countries also held an outreach summit with leaders from BIMSTEC (Bay of Bengal Initiative for Multi-sectoral Technical and Economic Cooperation) member countries on October 16, 2016.³³ BIMSTEC member countries are Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand. The purpose of the initiative was to explore possibilities of expanding trade, commerce and

¹ Fourth Bi-Monthly Monetary Policy Statement 2016-17, Press Release, Reserve Bank of India, October 4, 2016, <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR84737CF5F88F3F84E8CA6CCAA8933CC0B26.PDF>.

² Consumer Price Index Numbers on Base 2012=100 for Rural, Urban and Combined for the Month of September 2016, Ministry of Statistics and Programme Implementation, Press Information Bureau, October 13, 2016;

Consumer Price Index Numbers on Base 2012=100 for Rural, Urban and Combined for the Month of August 2016, Ministry of Statistics and Programme Implementation, Press Information Bureau, September 12, 2016.

³ Index Numbers of Wholesale Price in India (Base: 2004-05=100) Review for the Month September 2016, Ministry of Commerce and Industry, Press Information Bureau, October 14, 2016.

⁴ GST Council meet: 14% revenue growth assumed for states, The Financial Express, October 19, 2016,

<http://www.financialexpress.com/economy/gst-council-meet-14-revenue-growth-assumed-for-states/423515/>

⁵ GST Council meeting: Threshold fixed at Rs 20 lakh, rate to be decided in October, The Indian Express, September 24, 2016, <http://indianexpress.com/article/business/economy/gst-council-meeting-threshold-fixed-at-rs-20-lakh-rate-to-be-decided-in-october-3047065>

⁶ Shifting the GST goalpost,

<http://www.thehindu.com/opinion/editorial/gst-council-meeting-shifting-the-gst-goalpost/article9246376.ece>

⁷ GST rates: Trust deficit between centre and states widen, <http://www.livemint.com/Politics/cD6xn3p6u4NMvpclt2u1WI/GST-rates-impose-Centre-states-trust-deficit-widens.html>.

Parliament

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Winter session of Parliament begins

The Winter Session 2016 of Parliament began on November 16, 2016.¹ It will have 22 sittings until December 16, 2016. In this session, 10 Bills have been listed for consideration and passing. These include the Enemy Property Bill, 2016, the Maternity Benefit (Amendment) Bill, 2016, the Prevention of Corruption (Amendment) Bill, 2013 and the Factories (Amendment) Bill, 2016.

In addition, nine Bills are expected to be introduced and taken up for consideration and passing in this session. These include the three Bills related to the Goods and Services Tax (GST), (the Central GST, Integrated GST and compensation for revenue loss Bills), and the Indian Institutes of Management Bill, 2016. Other Bills on the agenda on which Standing Committees have submitted reports are the Consumer Protection Bill, 2015, the HIV and AIDS (Prevention and Control) Bill, 2014 and the Mental Health Care Bill, 2013.

The Surrogacy (Regulation) Bill, 2016 and the Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016 were introduced in Lok Sabha in this session. The Taxation Laws (Second) Amendment Bill, 2016 was introduced as well as passed by Lok Sabha.

The Second Supplementary Demand for Grants 2016-17 for the Union Budget and Railways Budget are also to be presented and passed by Parliament in this session.

For more details on the legislative agenda during the Winter Session 2016, please see [here](#).

Macroeconomic Development

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GDP grows at 7.3% in the second quarter of 2016-17

The Gross Domestic Product (GDP) of the country grew at 7.3% in the second quarter (July to September) of 2016-17.² GDP growth across economic sectors is measured in terms of Gross Value Added (GVA). GVA of the country grew at 7.1% in the second quarter of 2016-17, as compared to 7.3% in the first quarter.

Agricultural growth nearly doubled from 1.8% (year-on-year) in the first quarter of 2016-17, to 3.3% in the second quarter. On the other hand,

growth in the manufacturing sector decreased from 9.1% to 7.1%. Growth in the services sector (hotels, transport, financial services, public administration, etc.) also fell, from 9.6% in the first quarter to 8.9% in the second quarter of 2016-17.

Table 1: Gross Value Added across sectors in Q2 of 2016-17 (% growth year-on-year)

Sector	Q2	Q1	Q2
	2015-16	2016-17	2016-17
Agriculture	2.0	1.8	3.3
Mining	5.0	-0.4	-1.5
Manufacturing	9.2	9.1	7.1
Electricity	7.5	9.4	3.5
Construction	0.8	1.5	3.5
Services	9.0	9.6	8.9
GVA	7.3	7.3	7.1

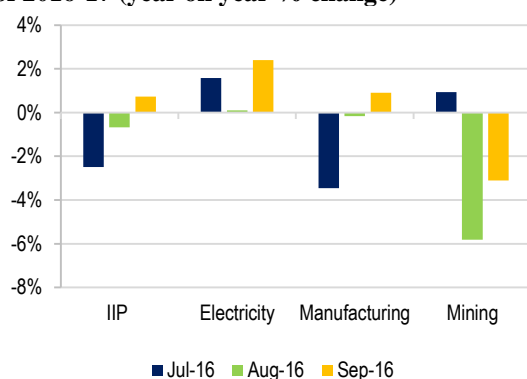
Note: GVA is GDP without taxes and subsidies, at basic prices (2011-12 base year).

Sources: MOSPI; PRS.

Industrial production decreased by 0.8% in the second quarter of 2016-17

Index of Industrial Production (IIP) in the country decreased by 0.8% in the second quarter (July-September) of 2016-17, as compared to the same period in 2015-16.³ Manufacturing and mining production decreased by 0.9% and 2.7% respectively, whereas electricity production increased by 1.4% in this period. Figure 1 shows the change in industrial production in the second quarter of 2016-17.

Figure 1: Industrial production change in Q2 of 2016-17 (year on year % change)



Sources: Press Information Bureau, Ministry of Statistics and Programme Implementation; PRS.

Finance

Government demonetises currency notes of Rs 500 and Rs 1,000

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The central government demonetised existing currency notes of Rs 500 and Rs 1,000 on November 8, 2016.⁴ This decision came into force from November 9, 2016. Demonetisation means that these notes are no longer legal tender, and will not be accepted as payments.

Prior to demonetisation, 86% of the value of currency in circulation consisted of Rs 500 and Rs 1,000 notes.⁵ According to the government, demonetisation was undertaken to check: (i) circulation of counterfeit currency, and (ii) storage of unaccounted wealth (black money).

The government allowed old currency notes to be used for payments at a few places, such as petrol pumps, government hospitals, and toll plazas. These places were allowed to accept old notes till November 11, 2016 (this date was subsequently revised a few times). Subsequently, the government also allowed withdrawals of: (i) Rs 2.5 lakh for weddings, and (ii) Rs 25,000 for farmers, among others.^{6,7}

The government also provided a window up to December 30, 2016 to deposit or exchange old currency notes at banks and post offices. The notification specified that an individual would be eligible to exchange Rs 4,000 in old notes and any amount above it would be deposited in his bank account.^{4,8} Cash withdrawals were restricted to Rs 10,000 per day and Rs 20,000 per week.⁸ Both these limits were subsequently revised multiple times, and ultimately the exchange of old notes was discontinued.⁹

The government also announced that new notes with denominations of Rs 500 and Rs 2,000 will be released. To oversee and expedite this process, a Task Force was created by the Reserve Bank of India (RBI).¹⁰

The Taxation Laws (Second Amendment) Bill, 2016 passed by Lok Sabha

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The Taxation Laws (Second Amendment) Bill, 2016 was passed by Lok Sabha on November 29, 2016.¹¹ The Bill seeks to amend the Income Tax Act, 1961 and Finance Act, 2016. Key features of the Bill include:

- **Self-declaration of undisclosed income:** The Bill proposes to introduce the Pradhan Mantri Garib Kalyan Yojana, 2016. Under

the scheme, taxpayers may declare undisclosed income possessed before a notified date. Table 2 presents the taxes and penalties levied on such income.

- The cess will be known as the Pradhan Mantri Garib Kalyan Cess, and will be used for welfare of economically weaker sections. In addition, the taxpayer has to deposit 25% of the undisclosed income into the Pradhan Mantri Garib Kalyan Deposit Scheme, 2016. The deposit will not earn any interest. This deposit may be withdrawn only after four years from the date of deposit.

Table 2: Levies on undisclosed income as proposed by the Bill

Levy	Rate
Tax	30% on undisclosed income
Cess	33% on tax (9.9% of undisclosed income)
Penalty	10% on undisclosed income
Total	49.9% of undisclosed income

Sources: The Taxation Laws (Second Amendment) Bill, 2016; PRS.

- **Disclosure of unexplainable income:** Currently, a tax is levied when the taxpayer is not able to explain any of his income. The Bill proposes to: (i) increase the tax rate and surcharges levied on such income, and (ii) levy of a penalty. The proposed changes are presented in Table 3.

Table 3: Change in taxes on unexplained income

	Current	Proposed
Tax	30%	60% of unexplained income
Penalty	-	10% of tax if the assessing authority finds the unexplained income
Surcharge	2%-15% on tax payable	25% on tax payable

Sources: The Income Tax Act, 1961; The Finance Act, 2016; The Taxation Laws (Second Amendment) Bill, 2016; PRS.

- **Income found during search of assets:** Currently, the income tax assessment authorities may initiate an investigation and search of assets of a taxpayer on the suspicion of possessing undisclosed income. In addition to the tax payable on found undisclosed income, a penalty will be levied. The Bill proposes to increase the penalty from 30% to 60%, if the taxpayer does not admit possession of the undisclosed income

For a PRS Summary of the Bill, please see [here](#).

Model Central and State Goods and Services Tax Bill, 2016 released

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The Central Bureau of Excise and Customs released the Model Central and State Goods and Services Tax (GST) Bills.¹² The Model Central/State GST Bills provide for the levy of: (i) the Central Goods and Services Tax (CGST) by the centre, and (ii) State Goods and Services Tax (SGST) by the states.

Key features of the Bill include:

- **Levy of CGST/SGST:** The centre will levy CGST and the states will levy SGST on the supply of goods and services within the boundary of a state. Supply include sale, transfer and lease made for a consideration to further a business.
- **Tax rates:** The tax rates of CGST/SGST will be recommended by the GST Council. The tax rate for CGST and SGST will not exceed 14%. In addition, the Model Bill allows certain taxpayers whose turnover is less than Rs 50 lakh to pay tax on the turnover (known as composition levy).
- **Exemptions from CGST/SGST:** The centre and states may exempt certain goods and services from the purview of GST by issuing a notification. The GST Council will make recommendations on these exemptions.
- **Input tax credit:** Every taxpayer while paying taxes on outputs, may take credit equivalent to taxes paid on inputs. However, this will not be applicable on supplies related to: (i) personal consumption, (ii) supply of food, outdoor catering, health services, etc.
- **Registration:** Every person who makes supply of goods and services and whose turnover exceeds Rs 20 lakh has to register in every state in which he conducts business. The turnover threshold is Rs 10 lakh for special category states.
- **Returns:** Every taxpayer should self-assess and file tax returns on a monthly basis by submitting: (i) details of supplies provided, (ii) details of supplies received, and (iii) payment of tax. In addition to the monthly returns, an annual return should be filed by each taxpayer.
- **Prosecution and appeals:** For offences such as mis-reporting of: (i) goods and services supplied, and (ii) details furnished in invoices, a person may be fined,

imprisoned, or both. Such orders can be appealed at the National Appellate Tribunal, whose order can be further challenged at the High Court.

- **Transition to the new regime:** Taxpayers with unutilised input tax credit obtained under the current central excise and state value added tax laws may utilise it under GST. In addition, businesses may also avail input tax credit on stock purchased before the implementation of GST.

For a PRS Summary of the Bill, please see [here](#).

Model Integrated Goods and Services Tax Bill, 2016 released

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The Central Bureau of Excise and Customs released the Model Integrated Goods and Services Tax Bill.¹³ The Model Bill provides for the levy of the Integrated Goods and Services Tax (IGST) by the centre. Key features of the Bill include:

- **Levy of IGST:** The centre will levy IGST in the case of (i) inter-state supply of goods and services, (ii) imports and exports, and (iii) supplies to and from special economic zones. Supply includes sale, transfer, exchange and lease made for a consideration to further a business. In addition, IGST will be levied on any supply which will not fall under the purview of the Central and State GST Acts.
- **Tax rates:** The tax rate of IGST will be recommended by the GST Council and will not exceed 28%.
- **Apportionment of IGST revenue:** The IGST revenue collected will be apportioned between the centre and the state where the supply of goods or services happened. The collected revenue will be apportioned to the central account by assuming a tax rate specified in the CGST Act. The rest will be apportioned to the state account.
- **Place of supply:** The Model Bill provides provisions based on which the place (state) of supply of goods and services will be determined. Such provisions differ for supply of goods and services.
- **Place of supply of goods:** In cases of goods, the place of supply will be the final destination of the good. In other cases, place of supply will be the place where the good is received by the recipient.

- **Place of supply of services:** Provisions with respect to determining place of supply rules have been specified in the Model Bill. However, such provisions may vary across certain specific services. For example, place of supply for services provided with respect to immovable properties (ex: architects designing a building), will be the location of the immovable property. Such specific services provisions have also been made for supply of services such as catering services, sporting events, transportation of goods, telecommunications, etc.
- **Input tax credit:** Every taxpayer while paying taxes on outputs, may take credit equivalent to taxes paid on inputs. The amount of input tax credit accrued under the Act can be used to pay taxes under: (i) IGST, (ii) CGST, and (iii) State GST, in that order.
- **Calculation and release of compensation:** The compensation payable to a state has to be provisionally calculated and released at the end of every quarter. Further, an annual calculation of the total revenue has to be performed, which will be audited by the Comptroller and Auditor General of India.
- **Levy and compensation of GST compensation cess:** A cess known as the GST compensation cess may be levied on the supply of certain goods and services, as recommended by the GST Council. The receipts from the cess will be deposited in a GST Compensation Fund. The receipts from the cess will be used for the purpose of providing compensation to the states for loss of revenue due to implementation of GST.
- Any unutilised money in the Compensation Fund at the end of the period of compensation will be distributed among the states in the following manner: (i) 50% of the fund to be shared between the states in proportion to revenues of the states, and (ii) the remaining 50% will be part of the centre's divisible pool of taxes.

For a PRS Summary of the Bill, please see [here](#).

Model Goods and Services Tax (Compensation to States for Loss of Revenue) Bill, 2016 released

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The Central Bureau of Excise and Customs released the Model Goods and Services Tax (Compensation to the States for Loss of Revenue) Bill, 2016.¹⁴ Key features of the Bill include:

- The Bill provides compensation to the states for loss of revenue, following the implementation of Goods and Services Tax (GST). Such compensation will be provided to a state for a period of five years from the date on which the state brings its State GST Act into force.
- **Projected growth rate and base year:** The growth rate of revenue for a state during the five-year period is assumed to be 14% per annum. For the purpose of calculating the compensation amount in any financial year, year 2015-16 will be assumed to be the base year, from which revenue will be projected.
- **Base year revenue:** The base year tax revenue consists of the states' tax revenues from: (i) state Value Added Tax (VAT), (ii) central sales tax, (iii) entry tax, octroi, local body tax, (iv) taxes on luxuries, (v) taxes on advertisements, etc. However, any revenue among these taxes related to supply of: (i) alcohol for human consumption, or (ii) certain petroleum products, will not be accounted as the base year revenue.

For a PRS Summary of the Bill, please see [here](#).

Draft Bill to ban unregulated deposit schemes released

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The Ministry of Finance released the draft Banning of Unregulated Deposit Schemes and Protection of Depositors' Interests Bill, 2016. Comments have been invited on the draft Bill till December 17, 2016.¹⁵ Earlier in 2016, a draft Bill was submitted by an inter-ministerial group on deposit taking.¹⁶

Key features of the draft Bill include:

- **Unregulated schemes:** The draft Bill prohibits a person from accepting deposits for an unregulated scheme. An unregulated scheme is one which is not registered with any regulatory body such as SEBI or RBI. The central government may exempt an unregulated scheme from the provisions of the draft Bill.
- **Investigation and trial:** States will appoint a competent authority to investigate matters related to an unregulated scheme. Where investigation involves multiple states, the case may be referred to the CBI. Trials under the draft Bill will be held in a district court designated by the state government. Appeals against the order of such courts will be heard by the respective High Court.

- **Database:** The draft Bill creates an online central database for information related to deposit taking.
- **Offences and penalties:** The draft Bill specifies penalties for accepting deposits for an unregulated scheme, or fraudulently defaulting in repayment of such deposits. Such offences will attract imprisonment along with payment of a fine.

For more information on the draft Bill released earlier in 2016, please see the PRS Monthly Policy Review for April 2016 [here](#).

Supreme Court upholds constitutional validity of the levy of entry tax

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A constitutional bench of the Supreme Court upheld the constitutional validity of the levy of entry tax by state governments. Several states had enacted laws that levy a tax on the entry of goods into local areas in the states. Jindal Stainless Limited challenged the levy of the entry tax by the state of Haryana in 2002.¹⁷ The levy of entry tax was also challenged by other parties in several High Courts. The High Courts held that the tax affected free trade and struck down the levy of the tax.

On appeal, the Supreme Court examined the following primary questions: (i) validity of levy of entry tax, and validity of the state laws used to levy entry tax, and (ii) validity of the principle of compensatory tax which was upheld by previous Supreme Court judgements.

The Court held the following:

- **Validity of levy of entry tax:** The levy of entry tax by states is valid. However, such levy should not discriminate between the goods imported from other states and the ones locally produced.
- However, the validity of these state laws in levying the entry tax in a non-discriminatory manner should be scrutinised by regular benches of the Supreme Court on a case-by-case basis.
- **Compensatory tax:** The Supreme Court overruled its previous decisions on the levy of entry tax. In the past, the Supreme Court held that the entry tax levied on goods should be for the purpose of compensating the states for the services provided by them.¹⁸ Examples of such services provided may be provision of weighing scales on highways. The Court in this judgement held that the levy of entry tax need not be just for compensatory purposes.

Regulations under the Insolvency and Bankruptcy Code notified

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The Insolvency and Bankruptcy Board of India (IBBI) notified three Regulations under the Insolvency and Bankruptcy Code, 2016. These relate to (i) registration of insolvency professionals (IPs), (ii) registration of insolvency professional agencies (IPAs), and (iii) Model bye-laws for governing IPAs.^{19,20,21} In October 2016, draft Regulations were released for public comments. Key features of the notified Regulations include:

- **Registration of IPs:** The IBBI or an agency will conduct examinations to certify persons as IPs. Following this, the person may obtain a certificate of registration from the IBBI based on certain criteria. For example, individuals with an experience of 10 years as: (i) a chartered accountant, (ii) a company secretary, (iii) a cost accountant, or (iv) an advocate, may obtain registration valid for a limited period of six months. Partnership companies, subject to conditions, may also be recognised as IP entities. The regulation provides the code of conduct to be followed by IPs and the manner in which disciplinary action will be taken against them.
- **Registration of IPAs:** To establish an IPA, a person will have to get an in-principle approval from the IBBI, which will be valid for a year. A person fulfilling eligibility criteria, such as having a net worth of 10 crore rupees, may then approach the IBBI to obtain a certificate of registration. This certificate will be valid for five years.
- **Model Bye-Laws of an IPA:** IPAs will be required to formulate bye-laws that are consistent with the notified Model Bye-Laws. These Bye-Laws look at aspects such as, (i) composition of an IPA's governing board, (ii) duties of an IPA, (iii) committees that will have to be formed, and (iv) registration of member IPs.

For more information on the draft regulations released in October 2016, please see the PRS Monthly Policy Review for October 2016 [here](#).

Committee of Chief Ministers on digital payments constituted

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The NITI Aayog constituted a Committee of Chief Ministers to examine measures for implementing digital payment systems.²² The Committee will be chaired by Mr. Chandrababu

Naidu, Chief Minister of Andhra Pradesh. Other members of the Committee will include: (i) Chief Ministers of Odisha, Madhya Pradesh, Sikkim, Puducherry and Maharashtra, (ii) Vice-Chairman, NITI Aayog, and (iii) CEO, NITI Aayog (as member secretary). Special invitees to the Committee include Mr. Nandan Nilekani, former Chairman, UIDAI.

Terms of reference of the Committee include:

- Identifying best practices for implementing an economy based on digital payments;
- Indicating a one-year road map to expand the use of digital payment methods such as cards, internet banking, and e-wallets;
- Evolving an action plan to create public awareness regarding digital payments;
- Identifying bottlenecks and providing solutions to move towards digital payments;
- Examining any other associated issues.

Health

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Surrogacy (Regulation) Bill, 2016 introduced in Lok Sabha

The Surrogacy (Regulation) Bill, 2016 was introduced by the Minister of Health and Family Welfare in Lok Sabha on November 21, 2016.²³ The Bill defines surrogacy as a practice where a woman gives birth to a child for an intending couple and agrees to hand over the child to them after the birth. Key features of the Bill include:

- **Regulation of surrogacy:** The Bill prohibits commercial surrogacy, but allows altruistic surrogacy. Altruistic surrogacy involves no monetary compensation to the surrogate mother other than the medical expenses and insurance coverage. Commercial surrogacy includes surrogacy or its related procedures undertaken for a monetary benefit or reward (in cash or kind) exceeding the basic medical expenses and insurance coverage.
- **Eligibility criteria for intending couple:** The intending couple should have a 'certificate of essentiality' and a 'certificate of eligibility' issued by the appropriate authority. A certificate of essentiality will be issued upon fulfilment of these conditions: (i) a medical certificate of proven infertility of one or both members of the intending couple, (ii) an order of parentage and custody of the surrogate child

passed by a Magistrate's court, and (iii) insurance coverage for the surrogate mother.

- The certificate of eligibility will be issued upon fulfilment of these conditions by the intending couple: (i) Indian citizens who are married for at least five years, (ii) between 23-50 years old females and 26-55 years old males, (iii) not having any surviving child (biological, adopted or surrogate), except if the surviving child is mentally or physically challenged or suffers from a fatal illness. Other conditions may be specified by regulations.
- **Eligibility criteria for surrogate mother:** To obtain a certificate of eligibility from the appropriate authority, the surrogate mother has to be: (i) a close relative of the intending couple, (ii) a married or previously married woman, having a child of her own, (iii) 25 to 35 years old, (iv) a surrogate only once in her lifetime, and (v) possessing a certificate of medical and psychological fitness.

For a PRS Bill Summary, please see [here](#).

Amendments to the HIV & AIDS (Prevention & Control) Bill, 2014 released

The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Bill, 2014 was introduced in Rajya Sabha in February 2014.²⁴ The Bill seeks to: (i) prevent and control the spread of HIV and AIDS, (ii) prohibit discrimination against persons with HIV and AIDS, (iii) provide for informed consent with regard to treatment of such persons, and (iv) create mechanisms for redressing their complaints through an Ombudsman.

The Standing Committee on Health and Family Welfare submitted its report on the Bill on April 29, 2015.²⁵ Certain amendments were circulated in Rajya Sabha on November 15, 2016.²⁶ Most of the recommendations of the Standing Committee have been incorporated in these amendments.

Key features of the amendments are as follows:

- An added explanation stating that adoption of medically advised safeguards and precautions to minimise the risk of infection from an HIV positive person shall not amount to discrimination.
- Central and state governments shall frame schemes to address the needs of all protected persons (HIV positive person or any person who lives/lived with an HIV positive person) under the Bill as opposed to only HIV and AIDS affected women and children.

Transport

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The Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016 introduced in Lok Sabha

The Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016 was introduced in Lok Sabha on November 21, 2016.²⁸ The Bill seeks to consolidate the existing laws on civil matters of admiralty jurisdiction of courts, admiralty proceedings on maritime claims, and arrest of ships. Admiralty laws deal with cases of accidents in navigable waters, or contracts related to commerce on such waters. The Bill repeals laws such as the Admiralty Court Act, 1861 and the Colonial Courts of Admiralty Act, 1890. Key features of the Bill include:

- **Admiralty jurisdiction:** The jurisdiction with respect to maritime claims under the Bill will vest with the respective High Courts and will extend up to the territorial waters of their respective jurisdictions. The central government may extend the jurisdiction of these High Courts. Currently, admiralty jurisdiction applies to the Bombay, Calcutta and Madras High Courts. The Bill further extends this to the High Courts of Karnataka, Gujarat, Orissa, Kerala, Hyderabad, and any other High Court notified by the central government.
- **Maritime claims:** The High Courts may exercise jurisdiction on maritime claims arising out of conditions including: (i) disputes regarding ownership of a vessel, (ii) disputes between co-owners of a vessel regarding employment or earnings of the vessel, (iii) mortgage on a vessel, (iv) construction, repair, or conversion of the vessel, (v) disputes arising out of the sale of a vessel, (vi) environmental damage caused by the vessel, etc. The Bill defines a vessel as any ship, boat, or sailing vessel which may or may not be mechanically propelled.
- **Priority of claims:** Of all the claims in an admiralty proceeding, highest priority will be given to maritime claims, followed by mortgages on the vessel, and all other claims. Within maritime claims, the highest priority will be given to claims for wages due with regard to employment on the vessel. This would be followed by claims with regard to loss of life or personal injury in connection with operation of the vessel. Such claims will continue to exist even with the change of ownership of the vessel.

- For emergency related treatment, the Ombudsman will pass an order within 24 hours. Otherwise, the Ombudsman shall pass an order within a period of 30 days.

For a PRS Bill Summary and Report Summary, please see [here](#) and [here](#).

FSSAI launches scheme to strengthen food testing infrastructure

The Food Safety and Standards Authority of India has rolled out a scheme for strengthening of food testing infrastructure in the country.²⁷

This is following the observations of the Bombay High Court regarding the urgent need to upgrade Food Testing Laboratories in India. The estimated cost of the scheme is Rs 482 crore.

Key features of the scheme include:

- **Food testing labs:** Under this scheme, 45 State Food Testing labs (at least one in each state/UT with a provision of two labs in larger states) and 14 Referral Food Testing labs will be upgraded to enable them to obtain accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL). NABL is an autonomous body under the Department of Science and Technology.
- **Mobile testing labs:** 62 mobile testing labs will be established across all states/UTs. Currently, there are four mobile food testing labs in Punjab, Gujarat, Kerala and Tamil Nadu, which will serve as a model for these new mobile testing labs. Capacity building of the Food Testing labs is also an important component of this scheme.
- **School Food and Hygiene Programme:** A School Food and Hygiene Programme has been envisaged. Under the programme, basic Food Testing labs will be set up in 1,500 schools/colleges across the country to promote safe and wholesome food.

Proposals from seven states/UTs, namely, Goa, Delhi, Karnataka, Kerala, Madhya Pradesh, Tamil Nadu and Punjab were considered for strengthening their food testing infrastructure. Two proposals, from Chandigarh (Punjab) and Calicut (Kerala), were approved in principle with the rest being advised to revise and resubmit their proposals.

For a PRS Bill Summary, please see [here](#).

Cabinet approves introduction of the Merchant Shipping Bill, 2016

The Union Cabinet approved the introduction of the Merchant Shipping Bill, 2016.²⁹ The Bill seeks to simplify laws regulating merchant shipping in India. The Bill also seeks to repeal the Merchant Shipping Act, 1958 and the Coasting Vessels Act, 1838. The Bill seeks to do the following:

- **Development of coastal shipping in India:** The requirement of licenses for Indian flag vessels for coastal operation, and port clearance by customs authorities will be dispensed with.
- **Welfare measures for seafarers:** Owners of vessels will have to take compulsory insurance for all crew on the vessels. Further, the crew will not be required to sign articles of agreement with the ship master. The Bill will also allow for seafarers to be paid normal wages in case they are captured by pirates.
- **Incorporation of all International Maritime Organisation Conventions/Protocols:** The conventions include: (i) the Search and Rescue Convention, 1979, (ii) the Nairobi Wreck Removal Convention, 2007, (iii) the Salvage Convention, 1989, and (iv) the International Convention for Bunker Oil Pollution Damage, 2001.

A copy of the Bill is not available in the public domain yet.

Ministry of Civil Aviation releases details on the Regional Connectivity Fund

The Ministry of Civil Aviation released details of the Regional Connectivity Fund (RCF).³⁰ The RCF was established under the Regional Connectivity Scheme (RCS) that seeks to facilitate regional air connectivity by making it affordable.³¹ Amounts collected under the RCF will be used to provide financial support to airlines for operations under RCS.

RCF will be funded by a levy per departure on all domestic flights except: (i) flights on category II routes under Route Dispersal Guidelines, (ii) flights on RCS routes, and (iii) aircrafts having maximum certified take-off mass (the maximum weight at which a flight is allowed to take off) of up to 40,000 kg. Category II routes under Route Dispersal Guidelines include routes connecting stations in the north eastern region, Jammu and

Kashmir, Andaman and Nicobar Islands, and Lakshadweep.

States that have signed up under RCS will also contribute to the RCF. As of November 11, 2016, 19 states had signed Memorandum of Understandings under RCS.

DGCA releases proposed regulations on flight duty assignments and leasing of foreign aircraft

The Directorate General of Civil Aviation (DGCA) released proposed regulations regarding: (i) pilots adhering to flight duty assignments, and (ii) leasing of foreign registered aircrafts by Indian operators.^{32,33} The proposed regulations are as follows:

- **Flight duty assignments:** Actions of pilots that result in last minute flight disruptions and may endanger the safety of aircraft operations will be treated as acts against public interest. Such actions may include: (i) falsely reporting illness to escape flight duty, (ii) reporting late to the aircraft, (iii) not undertaking the flight even after reporting for flight duty, etc. In such cases, the pilots will be liable for enforcement action against them. This regulation is being proposed under the Aircraft Rules, 1937.
- **Leasing of foreign aircraft by Indian operators:** Before leasing any foreign registered aircraft, both the state of operator (where the aircraft will operate) and the state of registry (where the aircraft is registered) will be required to sign a Memorandum of Understanding on oversight responsibility. This oversight would lay emphasis on aspects such as airworthiness, training, operation, and safety oversight.

Defence

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Guidelines for Penalties on Defence Business Dealings issued

The Ministry of Defence issued guidelines for Penalties in Business Dealings with Entities.³⁴ The guidelines regulate levy of penalties on individuals, companies, societies and other associations that enter into contracts with the Ministry of Defence regarding procurement of goods and services.

Key aspects of the guidelines include:

Diu, Lakshadweep, and Chandigarh. Key features of the Rules include:

- **Information to be furnished by the promoter:** For registering projects with the Real Estate Regulatory Authorities, real estate promoters will have to provide various details regarding the projects. Details include: (i) PAN Card, (ii) annual report, (iii) balance sheets, (iv) cash flow statements and auditors report of the promoter for the immediate three preceding years, and (v) authenticated copy of legal title deed.
- Information to be published on the website will include: (i) details of the promoter such as address, registration details, financials (PAN card, audited balance sheets), etc., (ii) track record of the promoter (years of experience, number of projects), (iii) past or ongoing litigations, (iv) project details (compliance and registration, development plan, number of apartments, status of the project, status of approvals, etc.), (v) details of agents, consultants, and (vi) all legal documents. The promoters will have to upload all details on the website within 15 days before the end of each quarter.
- **Registration fee:** The Rules specifying the fee for registering different types of projects. For example, the fee for a group housing project will be: (i) Rs 5/sq.mt. for project size of up to 1,000 sq.mt. and (ii) Rs 10/sq.mt. above the limit, subject to a maximum of five lakh rupees per project. Real estate agents will have to pay a registration fee of: (i) Rs 10,000 for an individual, and (ii) Rs 50,000 for others.
- **Compounding of offences:** Under the Act, imprisonment may be compounded (settled) by courts on payment of a certain amount. The amount to be paid to the courts will be 10% of the project cost in case of promoters and 10% of the cost of the property purchased in case of allottees and agents.

Agriculture

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Cabinet approves minimum support prices of Rabi crops for 2016-17

The Cabinet Committee on Economic Affairs approved the Minimum Support Prices (MSPs) of Rabi crops for 2016-17.³⁶ The MSPs of gram and masur had the highest increase over the 2015-16 season. In order to incentivise the production of pulses and oilseeds, the

- **Grounds for imposition of penalties:** The Defence Minister may suspend, ban and or levy financial penalties on an entity if: (i) it resorts to corrupt practices, unfair means and illegal activities to secure a contract, (ii) it violates a pre-contract integrity pact (agreement to prevent corrupt practices in public procurement), (iii) there are national security considerations, (iv) there is a violation of contract with agents, (v) the terms of contract are violated, or (vi) it is required in public interest.
- The Defence Minister may extend the penalties to allied firms of the entity (such as subsidiaries or companies with common management) as well.
- **Suspension:** Suspension may be ordered when allegations have been made against an entity but they have not been proven (ex: at the stage of investigation). This will disqualify the entity from participating in various ongoing and future bids. Generally, disqualification will be valid for a year, but may be extended by six months at a time.
- **Banning:** Banning of an entity from ongoing and future bids may be ordered if the misconduct has been proved or accepted by the entity. It may also be ordered if a charge-sheet has been filed by an investigating agency in a court of law. A ban will operate for not less than five years for grounds (i) to (iv). For grounds (v) and (vi), the ban should not exceed three years (may be extended in exceptional cases).
- **Exceptions:** A suspended or banned entity may be allowed to participate in the procurement process in some cases. For example, it may provide spares and maintenance of equipment procured from it if no alternative sources are available.

Housing

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Ministry of Housing notifies Real Estate (Regulation and Development) (General) Rules, 2016

The Ministry of Housing and Urban Poverty Alleviation notified the Real Estate (Regulation and Development) (General) Rules, 2016.³⁵ The Rules have been notified under the Real Estate (Regulation and Development) Act, 2016. They will be applicable to the five Union Territories without legislature i.e., Andaman and Nicobar Islands, Dadra and Nagar Haveli, Daman and

Model Guidelines for Foster Care, 2016 released

The Ministry of Women and Child Development released Model Guidelines for Foster Care, 2016.³⁸ The 2016 guidelines revise the Model Guidelines for Foster Care, 2015, released in October 2015.³⁹ The 2015 Guidelines were formulated under the Juvenile Justice Act, 2000, the Integrated Child Protection Scheme and the United Nations Convention on the Rights of the Child, 1989.

These guidelines have been revised taking into consideration the Juvenile Justice (Care and Protection) Act, 2015 and the Juvenile Justice Rules. The revised 2016 guidelines incorporate the following additional guidelines:

- **Group foster care:** The aim is to protect the well-being of children who are deprived of family care or who are at risk of being deprived. Such children in need of care and protection are to be placed in an unrelated family foster care or group foster care.
- Group foster care is also practiced as an intermittent arrangement suitable for children picked up from streets before placing them in family foster care. Such placements help to make seamless transition from group to family care. The appropriateness of placement of a child in family foster care or in group foster care may be determined by a Child Welfare Committee (CWC) under the Juvenile Justice (Care and Protection) Act, 2015.
- **Adoption of foster children:** The children in need of care and protection may be placed in foster care in a family which does not include the child's biological or adoptive parents or in an unrelated family recognised as suitable by the State Government.⁴⁰ Where the child has remained with a foster family for a minimum of five years other than in pre-adoption foster care, the foster family may apply for adoption of the child. For this, regulations prescribed by Regulations Governing Adoption of Children, 2016 shall be followed.

For other features of the guidelines which have remained unchanged, please see [here](#).

government has announced bonuses for certain crops, over the MSPs approved. Table 4 shows the change in MSPs of Rabi crops in 2016-17 as compared to 2015-16.

Table 4: Minimum support prices of Rabi crops (in Rs/quintal)

Crop	2015-16	2016-17	Change
Wheat	1,525	1,625	100
Barley	1,225	1,325	100
Gram	3,500*	4,000##	500
Masur (lentil)	3,400*	3,950#	550
Rapeseed/ mustard	3,350	3,700**	350
Safflower	3,300	3,700**	400

Note: *includes bonus of Rs 75/quintal; **includes bonus of 100/quintal; #includes bonus of Rs 150/quintal; ##includes bonus of Rs 200/quintal.

Sources: Directorate of Economics and Statistics, Ministry of Agriculture; PRS.

Skill Development

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Pradhan Mantri Yuva Yojana launched for entrepreneurship education and training

The Ministry of Skill Development and Entrepreneurship launched the Pradhan Mantri Yuva Yojana.³⁷ The scheme relates to entrepreneurship education and training.

Key features of the scheme are as follows:

- **Target group:** The scheme will provide entrepreneurship education and training to over seven lakh students over five years through 3,050 institutes. It will also include easy access to information and mentor network, credit, incubators and accelerators and advocacy for the youth covered under the scheme.
- **Duration and cost:** The scheme will span over five years (2016-17 to 2020-21) with a project cost of Rs 500 crore.
- **Institutes covered under the Scheme:** The scheme includes 2,200 institutes of higher learning (colleges, universities, and premier institutes), 300 schools, 500 Industrial Training Institutes and 50 Entrepreneurship Development Centres, through Massive Open Online Courses (MOOCs).

External Affairs

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India signs 10 agreements with Japan including on civil nuclear cooperation

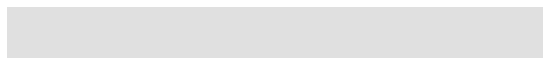
Prime Minister Narendra Modi visited Japan from November 11-12, 2016.⁴¹ During the visit, 10 agreements were signed between India and Japan on various issues, including nuclear cooperation, infrastructure investment, skilling, agriculture, outer space and cooperation between Gujarat and Hyogo (a province in Japan) on overall development.⁴² Key agreements include:

- **Nuclear cooperation:** The agreement provides for the development of civil nuclear projects in India. It also allows for participation of the Japanese industry in India's civil nuclear programme.
- **Infrastructure investment:** The agreement provides for cooperation between India's National Investment and Infrastructure Fund Limited and Japan's Overseas Infrastructure Investment Cooperation for Transport and Urban Development. It seeks to promote investment in infrastructure projects including railways and transportation, port terminals and urban development.
- **Skilling cooperation:** The agreement creates a framework for skilling 30,000 Indian youth in Japanese manufacturing over a 10-year period. This initiative will be called the Manufacturing Skill Transfer Promotion Programme.

UK Prime Minister visits India

The Prime Minister of United Kingdom (UK) Theresa May visited India.⁴³ During the visit, India signed two agreements with UK on the exchange of best practices and technical assistance regarding ease of doing business and cooperation in intellectual property rights.⁴⁴ Both countries also agreed to set up a Joint Working Group to build a commercial and economic relationship, as UK leaves the European Union.

In addition, the President of Israel Reuven Rivlin, and the President of Sri Lanka Maithripala Sirisena also visited India.⁴³



Parliament

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Winter session of Parliament ends

The Winter Session of Parliament ended on December 16, 2016.¹ There were 21 sittings in the session, but over 80% of the scheduled time in each house was lost to disruptions. Two Bills were passed in this session, the Rights of Persons with Disabilities Bill, 2014 and the Taxation Laws (Second Amendment) Bill, 2016.

Seven other Bills were introduced in this session and are now pending in Parliament. These include the Surrogacy (Regulation) Bill, 2016, the Major Port Authority Bill, 2016, the Merchant Shipping Bill, 2016, among others. During this session, 10 Bills were listed for consideration and passing. These included the Enemy Property (Amendment and Validation) Bill, 2016, the Maternity Benefit (Amendment) Bill, 2016, the Prevention of Corruption (Amendment) Bill, 2013, the Factories (Amendment) Bill, 2016, among others. However, none of these Bills was passed.

The Second Supplementary Demand for Grants 2016-17 was also taken up and passed by Parliament in this session.

For more details on the legislative business taken up during the Winter Session 2016, please see [here](#) and [here](#).

For details on the functioning of Parliament during the Winter Session 2016, please see [here](#).

Macroeconomic Development

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CAD at 0.6% of GDP in second quarter of 2016-17

India's current account deficit (CAD) in the second quarter (July to September) of 2016-17 decreased to USD 3.4 billion (0.6% of GDP), from USD 8.5 billion (1.7% of GDP) in the second quarter of 2015-16.² CAD in the previous quarter, i.e. the first quarter (April to June), of 2016-17 was USD 0.3 billion (0.1% of GDP).

The decrease in CAD was mainly owing to a lower trade deficit (difference between exports and imports) in the country as compared to last year. Trade deficit reduced from USD 37.2 billion in the second quarter of 2015-16 to USD 25.6 billion in the second quarter of 2016-17.

Table 1: Balance of Payments in Q2 of 2016-17 (in USD billion)

	Q2 2015-16	Q1 2016-17	Q2 2016-17
Current Account Deficit	-8.5	-0.3	-3.4
Capital Account	9.9	7.1	12.7
Errors and Omissions	-0.4	0.2	-0.7
Net increase in reserves	0.9	7	8.6

Sources: Reserve Bank of India; PRS.

Monetary Policy Committee keeps rates unchanged

The Monetary Policy Committee released the fifth Bi-Monthly Monetary Policy Statement of 2016-17.³ The policy repo rate (at which RBI lends money to commercial banks) was kept unchanged at 6.25%. Other decisions of the Committee include:

- The reverse repo rate (at which RBI borrows money from commercial banks) remains unchanged at 5.75%.
- The marginal standing facility rate (under which scheduled commercial banks can borrow additional money) and bank rate (at which RBI buys or rediscounts bills of exchange) remains unchanged at 6.75%.

Finance

The Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016 promulgated

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The Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016 was promulgated on December 30, 2016.⁴ It provides that old notes of Rs 500 and Rs 1,000 will cease to be liabilities of the Reserve Bank of India (RBI) from December 31, 2016. Further, these notes will no longer be guaranteed by the central government. Earlier in November 2016, these notes had been demonetised.⁵

Key features of the Ordinance include:

- **Grace period:** The central government will specify a grace period during which the following persons may deposit the specified notes with the RBI: (i) an Indian citizen who makes a declaration that he was outside India between November 9, 2016 to December 30, 2016, or (ii) any other class of persons specified by the central government. Any such persons depositing old notes will be

required to make declarations or statements as specified by the RBI.

- The government notified March 31, 2017 as the last date (grace period) for depositing these notes for Indian residents, and June 30, 2017 for non-resident Indians.⁶
- Any person wilfully making a false declaration will be punished with a fine: (i) which may extend to Rs 50,000, or (ii) five times the value of notes deposited, whichever is higher.
- **Prohibitions related to specified notes:** Any person is prohibited from holding, transferring or receiving the specified bank notes from December 31, 2016 onwards. It exempts persons from this prohibition if: (i) a person holds up to 10 old notes (irrespective of denomination), (ii) a person holds up to 25 notes for the purposes of study, research or numismatics (collection or study of coins and notes), or (iii) a person holds notes on the direction of a court. In addition, the RBI or any person authorised by it are also exempted from this prohibition.
- **Punishment for holding specified bank notes:** Any person holding the specified bank notes, except in the circumstances mentioned above will be punishable with a fine: (i) which may extend to Rs 10,000, or (ii) five times the value of notes possessed, whichever is higher.

For a PRS Ordinance summary, please see [here](#).

For more details related to the demonetisation of currency notes, please see the PRS Monthly Policy Review for November 2016, [here](#).

Standing Committee submits report on the Companies (Amendment) Bill, 2016

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The Standing Committee on Finance (Chair: Mr Veerappa Moily) submitted its report on the Companies (Amendment) Bill, 2016. The Bill was introduced in Lok Sabha in March 2016. It seeks to amend the Companies Act, 2013, which regulates the incorporation, management, and functioning of companies. Key recommendations of the report include:

- **Objects clause:** Currently, the Act requires that the Memorandum of Association of a company to state the objects behind incorporating a company. The Bill removes this requirement, and only requires companies to state that it will engage in lawful activities or businesses. The Committee was of the opinion that the proposed amendment may lead to the

creation of bogus entities. Further, specifying the objects clause at the time of incorporation is not a complex issue, as the creation of company should be for a specific business activity to attract investors. The Committee recommended that status quo be restored.

- **Compliance requirements:** The Act has various compliance requirements for companies such as a minimum number of members in the Board. These requirements vary based on whether the company is public or private. The Committee noted that the compliance requirements may be determined based on the business volume of the company, instead of the nature of the company (public or private).
- **Managerial remuneration:** Under the Act, if remuneration of management level employees of a company exceeds prescribed limits, the approval of the central government must be obtained. The Bill seeks to omit this requirement. The Committee endorsed the proposed amendment. However, it noted that the government should bear some element of control. This should be done by the government retaining the right to seek necessary information of managerial remuneration of listed companies and companies operating with public funds.
- **Harmonization between SEBI and the Act:** The Committee noted that certain provisions of the Act have differences with the regulations of the Securities and Exchange Board of India (SEBI). Such differences have led to practical difficulties in following compliance requirements. Some examples include variations in provisions related to independent directors and related party transactions. The Committee noted that such provisions should be harmonized with SEBI's regulations to avoid confusion.

For a PRS report summary, please see [here](#).

Committee on Digital Payments submits report

Vatsal Khullar (vatsal@prsindia.org)

The Committee on Digital Payments (Chair: Mr. Ratan P. Watal) submitted its report to the Ministry of Finance.⁷ Comments have been invited on the report by January 11, 2017.⁸ Key recommendations made in the report include:

- **Legislative changes:** The function of regulating payments should be independent

of the RBI. In addition, amendments to the Payment and Settlements Act, 2007 should be made to provide for: (i) competition and innovation in the payments market, and (ii) consumer protection, among others.

- **Promotion of digital payments:** The government should promote digital payments for its own transactions. In addition, convenience fee, service charge or surcharge currently levied on electronic payments (such as, at petrol pumps, the railways or the airlines) should be withdrawn.
- **DIPAYAN fund:** A fund called DIPAYAN (Digital Payments Action Network) should be created using savings generated from cashless transactions. It should be used for promoting and incentivising digital payments.
- **Dis-incentivise cash:** A cash handling charge should be levied for transactions above a certain threshold. The threshold of quoting of PAN for cash transactions should be reduced from the current threshold of Rs 50,000 for banking and Rs 2,00,000 for other transactions.
- **Upgrade payment systems:** The RBI should extend the working hours of RTGS to ensure that RTGS and NEFT facilities are available for 24*7.

The Committee has identified the Ministry of Finance, the RBI, the NITI Aayog, among other agencies to implement its recommendations.

Task Force releases draft Bill to establish a Financial Data Management Centre

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A Task Force (Chair: Mr. Ajay Tyagi) set up by the Ministry of Finance released the draft Financial Data Management Centre Bill, 2016.⁹ The draft Bill proposes to set up a Financial Data Management Centre to collect and analyse data from financial sector regulators such as the RBI and SEBI. It also seeks to amend the Reserve Bank of India Act, 1934, and the Banking Regulation Act, 1949.

Key features of the draft Bill include:

- **Data Centre:** A Data Centre will be established consisting of: (i) a chief executive officer, (ii) a chief data officer, (iii) a chief economist, and (iv) two non-executive members. The centre will collect, maintain, and analyse financial data to assist the Financial Stability and Development Council (FSDC). The FSDC is responsible

for inter-regulatory coordination and development of the financial sector. It is headed by the Finance Minister and its members include heads of various financial sector regulators.¹⁰

- **Levy of fee:** The Data Centre may charge regulators a fee for collecting, storing and allowing them access to data. The Data Centre will determine, along with the regulators or the FSDC, the manner in which they can access data.
- **MoU with regulators and Council:** The Data Centre will enter into Memoranda of Understanding (MoUs) with regulators for subjects including: (i) role of the Centre and the regulator, and (ii) development of standardised formats for data collection. The Data Centre will also enter into an MoU with the FSDC to determine the manner in which it will access the data.
- **Offences:** The draft Bill specifies penalties for offences such as accessing data without authorisation, introduction of a computer virus, and destroying data. The penalty for such offences will be imprisonment ranging between three to 10 years, with a fine ranging from one lakh rupees to three times the gain made by the offender.

Report of Task Force on Financial Redress Agency released

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The Ministry of Finance released the report of the Task Force (Chair: Mr. Dharendra Swarup) on the Financial Redress Agency (FRA).¹¹ The setting up of FRA was earlier proposed by the Financial Sector Legislative Reforms Commission (FSLRC) in 2013. Comments have been invited on the report by January 31, 2017.¹²

The FRA is envisaged as redress system for retail consumers filing complaints against regulated financial service providers (such as banks and insurance companies). Key recommendations of the Task Force include:

- **Legislative framework:** The government should conceive a financial consumer protection and redress legislation and amend existing legislations accordingly. This could be done by adopting provisions from the draft Indian Financial Code.¹³
- **Design and organisation:** The FRA should be designed using a technology intensive model, and discourage court-like processes. The mediators and adjudicators should focus on providing redress services to consumers,

and should not be burdened with support or management functions.

- **Funding of FRA:** The government should provide an overall budget of Rs 90 to 100 crore for the FRA. The regulators and the FRA should determine a model to levy fees on the financial service providers to fund the FRA. No fee should be charged from the consumers.
- **Implementation:** A phased roll-out of the FRA has been recommended. The government should establish a shell FRA through an executive order, and hire consultants to scale it up to be a fully functional redress agency. The shell FRA should be empowered to enter into contracts, build infrastructure, hire staff, and receive or spend funds, among others. Further, the FRA should be given statutory backing through a financial consumer protection and redress legislation.
- **Transition:** The FRA should start functioning in 12 months after the shell FRA has been created. It should be empowered to redress complaints currently handled by the financial sector regulators, or their Ombudsman.

For a summary of the FSLRC recommendations, please see [here](#).

Labour and Employment

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The Payment of Wages (Amendment) Bill, 2016 introduced; Ordinance issued

The Payment of Wages (Amendment) Bill, 2016 was introduced in Lok Sabha.¹⁴ The Bill amends the Payment of Wages Act, 1936, in relation to the method of payment of wages. Salient provisions of the Bill include:

- Under the 1936 Act, all wages must be paid either in coin or currency notes, or both. However, the employer may pay his employee's wages either by cheque or by crediting it into his bank account, after obtaining his written authorisation.
- The Bill amends the 1936 Act to permit the employer to pay an employee's wages: (i) in coin or currency notes; or (ii) by cheque; or (iii) by crediting them into his bank account. The Bill removes the requirement of obtaining written authorisation for payment of wages through a cheque or bank account.

- Further, the relevant central or state government may specify certain industrial or other establishments where the employer should pay his employees only by: (i) cheque; or (ii) crediting the wages in his bank account.

Subsequently, on December 28, 2016, an Ordinance with the same provisions was issued.¹⁵

For a PRS Summary of the Bill, please see [here](#).

Health

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Rights of Persons with Disabilities Bill, 2014 passed by Parliament

The Rights of Persons with Disabilities Bill, 2014 was passed by Parliament.¹⁶ The Bill confers rights and entitlements to disabled persons. The Bill repeals the Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995.

The Standing Committee on Social Justice and Empowerment submitted its report on the Bill in May 2015. Official amendments were circulated in Rajya Sabha in December 2016. Key features of the Bill include:

- **Definition of disability:** Disability has been defined to include 19 conditions, such as, autism, low vision and blindness, cerebral palsy, mental illness, among others. Persons with at least 40% disability (benchmark disability) are entitled to certain benefits such as reservations in education and employment, and preference in government schemes.
- **Nature of guardianship:** District courts will review decisions regarding the support to be given to a person with disability where limited guardianship (decisions taken by guardian in consultation with the person with disability) is granted repeatedly. Further, any person with a disability who is aggrieved by the decision of the appointment of a legal guardian may appeal against it to an appellate authority.
- **Reservation provision:** At least four percent of the vacancies in government establishments are to be filled by persons or class of persons with at least 40% disability. Of this, one per cent will be reserved for persons with the following disabilities: (i) blindness and low vision; (ii) deaf and hard

of hearing; (iii) locomotor disability and leprosy cured, dwarfism, acid attack victims; (iv) autism, intellectual disability, specific learning disability and mental illness; and (v) multiple disabilities

For a PRS analysis of the Bill, please see [here](#).

NITI Aayog launches the National Index for Performance on Health Outcomes

A composite index for health outcomes of states was launched by NITI Aayog and the Ministry of Health and Family Welfare.¹⁷ It will be calculated and disseminated annually.

Monitorable indicators that form a part of the Sustainable Development Goal for health have been included in the index. The aim of this index is to: (i) assist in state level monitoring of performance, (ii) serve as an input for providing performance based incentives, and (iii) improve health outcomes.

Key features of the index include:

- The indicators are categorised into the domains of ‘health outcomes’, ‘governance and information’ and ‘key inputs/processes’;
- The index has been changed from a base year to a reference year. Further, in each subsequent year, the index will measure incremental improvement of each state, relative to its own baseline performance; and
- The indicators have been selected based on their periodic availability through existing data sources such as the Sample Registration System, Civil Registration System, and Health Management Information Systems.

Home Affairs

Enemy Property (Amendment) Fifth Ordinance, 2016 promulgated

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The Enemy Property (Amendment and Validation) Fifth Ordinance, 2016 was promulgated.¹⁸ It amends the Enemy Property Act, 1968. Previously, four similar Ordinances were promulgated in January, April, May and August 2016 amending the 1968 Act. This Ordinance replaces the Ordinance promulgated in August, and scheduled to lapse in December 2016.

The central government had designated some properties belonging to nationals of Pakistan and China as ‘enemy properties’ during the 1962, 1965 and 1971 conflicts. It vested these

properties in the ‘Custodian of Enemy Property’, an office under the central government. The 1968 Act regulates these enemy properties.

Key features of the Ordinance include:

- **Retrospective application:** The Ordinance is deemed to have come into force on January 7, 2016, the date of promulgation of the first Ordinance. However, several of its provisions will be deemed to have come into effect from the date of commencement of the 1968 Act.
- **Vesting of property:** The 1968 Act allowed for vesting of enemy properties with the Custodian, after conflicts with Pakistan and China. The Ordinance amends the Act to clarify that, even in the following cases, these properties will continue to vest with the Custodian: (i) the enemy’s death, (ii) if the legal heir is an Indian. It also adds a provision to state that ‘vesting’ will mean that all rights and titles in such property will be with the Custodian.
- **Jurisdiction of courts:** The Ordinance bars civil courts from entertaining disputes related to enemy property. However, it allows a person aggrieved by an order of the central government to appeal to the High Court, if the person wishes to claim that the concerned property is not enemy property. Such an appeal will have to be filed within 60 days (extendable up to 120 days).

Currently, a similar Bill is pending in Rajya Sabha, on which a Select Committee submitted its report in May 2016.¹⁹ For a PRS Analysis of the Bill and the Select Committee recommendations, please see [here](#).

Draft amendments to the National Investigation Agency Act 2008 released

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The Ministry of Home Affairs released draft amendments to the National Investigation Agency (NIA) Act, 2008.²⁰ Salient amendments proposed include:

- **Coverage:** The 2008 Act specifies that it would apply to all persons in India. It would also extend to certain categories of persons outside of India if they are: (i) Indian citizens; (ii) government servants; and (iii) persons on ships and aircrafts registered in India. The draft Bill seeks to extend the coverage of the 2008 Act to persons outside India, if the offence is included in the Schedule to the 2008 Act (known as a Scheduled offence).

- **New Acts to be included in the Schedule:** Under the 2008 Act, the NIA has jurisdiction over offences committed under eight Acts which have been included into the above mentioned Schedule. These include the Unlawful Activities (Prevention) Act, 1967 and the Anti Hijacking Act, 1982. The draft Bill seeks to include five new entries into the Schedule, including: (i) the Explosive Substances Act, 1908; and (ii) certain sections of the Ranbir Penal Code (criminal law of Jammu and Kashmir).
- **Jurisdiction of officers:** In relation to a Scheduled offence under the 2008 Act, officers of the NIA have the same powers of investigation and arrest as that of police officers, throughout India. The draft Bill seeks to extend the jurisdiction of NIA officers outside India, subject to international treaties and the domestic law of the relevant foreign country.
- **Special Courts:** The 2008 Act permits the central government to set up Special Courts for the trial of Scheduled offences. The draft Bill requires the central government, in consultation with the Chief Justice of the High Court, to set up Special Courts.
- **Special Investigation techniques:** The draft Bill further states that the Special Court may permit an officer who is operating under the supervision of an officer, at least of the rank of Superintendent of Police, to use special investigation techniques, in a manner to be prescribed. Special investigation techniques include those mentioned in international conventions that India is a party to.

Draft amendments to the Unlawful Activities Prevention Act 1967 released

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The Ministry of Home Affairs released draft amendments to the Unlawful Activities Prevention Act, 1967.²¹ Salient amendments proposed include:

- **Names of individual terrorists:** The Act permits the central government to include or remove names of terrorist organisations in the First Schedule. The draft Bill permits the central government to also include or remove names of individual terrorists in a Fourth Schedule.
- **Second schedule:** The Act defines a terrorist act to include any offence defined in treaties specified in the Second Schedule. The Second Schedule includes nine treaties,

such as the Convention for the Suppression of Unlawful Seizure of Aircraft (1970); and the International Convention against the Taking of Hostages (1979). The draft Bill adds the Convention on the Physical Protection of Nuclear Materials (1980) to the Second Schedule.

- **Officers competent to investigate:** The Act states that an officer, at least the rank of an Assistant Commissioner of Police, will investigate into terror related offences in metropolitan areas. The draft Bill includes a provision that in case of the National Investigation Authority (NIA), an officer at least of the rank of Inspector will conduct investigations.
- **Approval for seizure of property:** Under the 1967 Act, the investigating officer may seize property related to terrorist activities with prior written approval of the Director General of Police of the relevant state in which the property is situated. The draft Bill states that the investigating officer may also obtain prior written approval of the Director General of the NIA, instead.

Transport

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The Merchant Shipping Bill, 2016 introduced

The Merchant Shipping Bill, 2016 was introduced in Lok Sabha by the Minister of State for Shipping, Mr. Pon Radhakrishnan.²² The Bill seeks to bring in reforms in the shipping sector to promote ease of doing business, and develop Indian coastal shipping. The Bill replaces the Merchant Shipping Act, 1958, and repeals the Coasting Vessels Act, 1838. Key features of the Bill include:

- **National Shipping Board and Seafarer's Welfare Board:** The Bill allows the central government to establish a National Shipping Board, which will advise the central government on the development of Indian shipping. Members of the Shipping Board will include: (i) six Members of Parliament, and (ii) up to 16 members representing the central government, ship-owners, and seafarers.
- The Bill allows the central government to create a Seafarers Welfare Board. The central government may provide for the composition, term of office, and procedures for conduct of business of the Welfare

Board. The Board will advise the central government on measures to promote the welfare of seafarers with regard to the following: (i) lodging and boarding, (ii) provision of hospitals and medical treatment, and (iii) measures to be taken for the welfare of distressed or abandoned seafarers.

- **Registration of Indian vessels:** Every Indian vessel must be registered at a port or place in India that has been declared as a port of registry by the central government. The Registrar of Indian vessels at each port will grant a certificate of registry and a tonnage certificate to every vessel (indicating the capacity of the vessel). The Bill also specifies the procedure to transfer the ownership of a registered vessel. An Indian vessel may be registered in another country subject to certain conditions.
- **Safety and security:** The Bill requires all ships to comply with various international conventions such as: (i) the Safety Convention, 1974, (ii) the Convention on the International Regulations for Preventing Collisions at Sea, 1972, and (iii) the International Convention for Safe Containers, 1972.

For a PRS Bill summary, please see [here](#).

The Major Port Authorities Bill, 2016 introduced

The Major Port Authorities Bill, 2016 was introduced in Lok Sabha by the Minister of State for Shipping, Mr. Pon Radhakrishnan.²³ The Bill seeks to provide greater autonomy and flexibility to major ports. The Bill repeals the Major Port Trusts Act, 1963. Key features of the Bill include:

- **Application:** The Bill will apply to the major ports of Chennai, Cochin, Jawaharlal Nehru Port in Navi Mumbai, Kandla, Kolkata, Mumbai, New Mangalore, Mormugao, Paradip, V.O. Chidambaranar in Tuticorin, and Vishakhapatnam. The central government may notify other major ports.
- **Major Port Authorities Board:** Under the 1963 Act, all major ports are managed by the respective Board of Port Trusts that have members appointed by the central government. The Bill provides for the creation of a Board of Major Port Authority for each major port. The Boards will succeed the existing Port Trusts.
- **Composition and powers of Board:** The Board will comprise of a Chairperson and a deputy Chairperson, both of whom will be

appointed by the central government on the recommendation of a select committee. The Board will also include one member each from: (i) the respective state governments, (ii) the Railways Ministry, (iii) the Defence Ministry, and (iv) the Customs department. The Bill allows the Board to use its property, assets and funds as it considers fit for the development of the major ports. The Board can also make rules on: (i) declaring availability of port assets for port related activities and services, and (ii) developing and providing infrastructure facilities such as setting up of new ports and jetties.

- **Fixing of rates:** Currently, the Tariff Authority for Major Ports, established under the 1963 Act, fixes the scale of rates for assets and services available at ports. Under the Bill, the Board or committees appointed by the Board will determine these rates. They may determine rates for: (i) services that will be performed at ports, (ii) the access to and usage of the port assets, and (iii) different classes of goods and vessels.

For a PRS Bill summary, please see [here](#).

Standing Committee submits report on safety and security in Railways

The Standing Committee on Railways (Chair: Mr. Sudip Bandopadhyay) submitted its report on safety and security in Railways.²⁴ Key observations and recommendations of the Committee include:

- **Institutional framework:** The Committee observed that, within Railways, each department defines its own safety parameters for assets and prioritizes its own concerns with regard to safety. The Committee recommended that a separate department should be created, solely entrusted with providing safety and security.
- **Under-investment in Railways:** The Committee observed that slow expansion of the rail network has put undue burden on the existing infrastructure leading to severe congestion and safety compromises. Further, under-investment in Railways has resulted in congested routes, inability to add new trains, reduction of train speeds, and more rail accidents.
- **Accidents at unmanned level crossings:** The Committee noted that unmanned level crossings (UMLCs) (or railway crossings) continue to be the biggest cause of maximum casualties in rail accidents. The Committee recommended that certain

measures such as Approaching Train Warning Systems, Train Actuated Warning Systems for giving audio-visual warning to road users about an approaching train should be implemented to reduce these accidents.

- **Accidents due to derailments:** Between 2003-04 and 2015-16, derailments were the second highest reason for casualties. One of the reasons for derailment is a defect in the track or rolling stock. The Committee also noted that the Linke Hoffman Busch (LHB) coaches do not witness higher casualties in case of derailments as the coaches do not pile upon each other. It recommended that Indian Railways should switch completely to LHB coaches.

For a PRS report summary, please see [here](#).

[Committee to propose taxi policy guidelines submits report](#)

The Committee to propose taxi policy guidelines to promote urban mobility, constituted by the Ministry of Road Transport and Highways, submitted its report.²⁵ The Committee reviewed issues related to taxi permits in cities and suggested taxi policy guidelines. The guidelines will provide states with a common detailed framework to formulate regulations for taxi operations. Key observations and recommendations of the Committee include:

- **Growth of cars:** The Committee noted that Indian cities suffer from severe traffic congestion which amounts to losses of about Rs 60,000 crore per annum, and adds to pollution levels. One of the major reasons behind this is the uncontrollable growth of cars in Indian cities. Lack of reliable and convenient transport alternatives has resulted in the growth of car ownership in the country. Further, the current challenges are despite only about 5% of Indians owning cars. With car ownership increasing, the problem will only worsen in the future. The Committee recommended a national level policy intervention to promote shared mobility over private vehicle ownership.
- **Taxi permits:** The Committee noted that, in most cities, taxi permits have not been issued after 1998. Further, several conditions attached to these permits have become outdated with technology. These act as barriers to entry into the market. It recommended that states should facilitate unhindered grant of permits for all taxis without any restrictions. In addition, online grant of permits should be allowed.

- **Aggregators:** Taxi aggregators must get their apps validated from the Standardisation Testing and Quality Certification or any other agency authorised by the Ministry of Electronic and Information Technology. They must also include a firewall for the security of personal data of passengers. The aggregators must have a physical presence in the states where they are operating. They must also provide a grievance redressal mechanism and have an emergency response centre to handle SOS alerts by passengers.
- **Taxi permissions:** The Committee recommended that city taxis may be allowed to ply on aggregator platforms. Taxis with All India Tourist Permit may be allowed to operate for all purposes except as street hailing taxis.

For a PRS report summary, please see [here](#).

[Draft policy for providing new suburban rail systems released](#)

The Ministry of Railways released a draft policy for providing new suburban rail systems to cater to the growing demand of urban transport.²⁶ These draft guidelines seek to help address the growing demand for introduction and construction of suburban rail systems in various cities. Key guidelines include:

- **Objectives:** The key objective is to eliminate the conflict between long distance intercity transport and suburban transport, and build a financially sustainable transport model that can be replicated in other cities.
- **Project features:** The projects will be implemented through a Special Purpose Vehicle (SPV) with equal equity participation from respective state governments and Indian Railways. Projects that would require integration with the existing Railway systems for operational purpose will be considered by Indian Railways depending upon technical, financial, and operational feasibility. In other cases, state governments may take up independent rail based suburban projects under their respective Metro Acts in line with National Urban Transport Policy.
- **Feasibility studies:** Feasibility studies for the projects will be carried out by state governments at their own cost. The feasibility reports will be examined by the concerned Zonal Railway for technical, financial and operational feasibility. Based on the state governments' request, Indian Railways will seek sanction of the competent authorities for the projects.

- **Land:** Indian Railways will provide land on lease for the projects after considering its own future requirements. The complete cost of land acquisition, leasing of Railway land, and any resettlement and rehabilitation will be met by the state governments.
- **Revenue:** All revenues will accrue to the SPV. Operation and maintenance expenses, depreciation and revenue accrual to Indian Railways will be binding on the state government. The state governments will set up a dedicated urban transport fund at state and city level for partly financing the capital cost of the project, and replacement of assets. This fund will be funded through levy of dedicated taxes, levies, betterment tax, impact fee, and development charges around the proposed railway stations.

private partnership, as Institutions of National Importance. The objectives of the Draft Bill are:

- To make IITs emerge as foremost institutions in information technology and allied fields of knowledge;
- To advance new knowledge and innovation in information technology and allied fields;
- To promote and provide transparency in matters of admission, appointment to various positions, academic evaluation, administration, and finance.

Standing Committee submits report on the implementation of Sarva Shiksha Abhiyan and Mid-Day-Meal Scheme

The Standing Committee on Human Resource Development (Chairperson: Dr. Satyanarayan Jatiya) submitted its report on ‘The Implementation of Sarva Shiksha Abhiyan (SSA) and Mid-Day-Meal Scheme (MDMS)’.²⁹

SSA, launched in 2000, seeks to achieve universal access to education and retention of students in schools. MDMS, launched in 1995, seeks to address the issues of hunger and education in schools by serving hot, cooked meals. It also seeks to improve the nutritional status of children, enrolment, attendance and retention rates. Key observations and recommendations of the Committee include:

- **Outcomes:** The Committee noted that due to SSA, enrolment is now near universal. However, learning outcomes are still far from satisfactory. For example, only about half the children in standard V could do a two-digit subtraction problem with borrowing. The Committee recommended that states should undertake measures at their own level to improve learning outcomes of schools.
- **Implementation of SSA:** The Committee noted that State Institutes of Educational Management and Trainings, which act on state specific issues and innovations, are absent. Further there are wide variations in the nature and effectiveness of the District Institutes of Education and Training. The Committee recommended that the discrepancies between national and state systems (such as the norms for age of entry) should be removed.
- **Implementation of MDMS:** The Committee noted that MDMS has diverted the attention of teachers and students on activities related to it, rather than towards teaching and learning. A shortfall in the infrastructure required for the

Education

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The National Institutes of Technology, Science Education and Research (Second Amendment) Bill, 2016 introduced

The National Institutes of Technology, Science Education and Research (Second Amendment) Bill, 2016 was introduced by the Minister of Human Resource Development, Mr. Prakash Javadekar in Lok Sabha.²⁷

The Bill amends the National Institutes of Technology, Science Education and Research Act, 2007 (NITSER Act). The NITSER Act declares certain institutions of technology, science education, and research as Institutes of National Importance and provides for research, training and dissemination of knowledge in these institutions. The Bill adds two institutes to the Second Schedule of the NITSER Act: (i) Indian Institute of Science Education and Research, Tirupati (Andhra Pradesh); and (ii) Indian Institute of Science Education and Research, Berhampur (Odisha).

For a PRS Summary of the Bill, please see [here](#).

Draft Indian Institute of Information Technology (Public - Private Partnership) Bill, 2016 released

The draft Indian Institute of Information Technology (Public - Private Partnership) Bill, 2016 was released by the Ministry of Human Resource Development.²⁸ The Draft Bill seeks to declare certain Indian Institutes of Information Technology (IITs), established under public-

implementation of MDMS was also observed. For example, it noted the lack of pucca buildings, separate toilet facilities for boys and girls, unavailability and poor functional condition of kitchen sheds, etc. Further, MDMS led to more attendance of pupils but did not significantly aid fresh enrolments into schools.

For a PRS report summary, please see [here](#).

Tribal Affairs

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Bill introduced to amend the list of SCs and STs in various states

The Constitution (Scheduled Castes and Scheduled Tribes) Orders (Amendment) Bill, 2016 was introduced in Lok Sabha.³⁰ The Bill seeks to amend the Constitution (Scheduled Castes) Order, 1950 and the Constitution (Scheduled Tribes) Order, 1950.

The two Orders were issued by the President under the Constitution specifying the Scheduled Castes (SCs) and the Scheduled Tribes (STs) of various states. The Bill seeks to modify the list of SCs and STs for the states of Assam, Chhattisgarh, Jharkhand, Tamil Nadu and Tripura. Key features of the Bill include:

- **Assam:** The Bill seeks to add the following communities to the list of STs: (i) Boro, Boro Kachari, Bodo, Bodo Kachari, and (ii) Karbi (Mikir).
- **Jharkhand:** The Bill seeks to remove the Bhogta community from the list of SCs, and include it in the list of STs. It also clarifies the equivalent names of the Kharwar community in the list of STs. These include Bhogta, Deshwari, Ganjhu, Dautalbandi, Dwalbandi, Patbandi, Raut, Maajhia, Kairi and Kheri. It also adds a new community to the list of STs: Puran.
- **Tamil Nadu:** Under the Scheduled Tribes Order, 1950, the Malayali community is an ST for the districts of Dharmapuri, North Arcot, Pudukottai, Salem, South Arcot, and Tiruchirapali in Tamil Nadu. The Bill amends this entry to make the 'Malayali Gounder' community an ST throughout Tamil Nadu. It also adds a community to the STs list: Narikarovan or Kurivikkaran.

For a PRS Summary of the Bill, please see [here](#).

Law and Justice

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Standing Committee submits report on delays in appointing higher court judges

The Standing Committee on Personnel, Public Grievances, Law and Justice (Chairperson: Mr. Anand Sharma) presented its report on 'Inordinate delay in filling up the vacancies in the Supreme Court and High Courts'.³¹ Salient recommendations of the Committee include:

- **Role of executive in appointments:** Judicial appointments is the joint responsibility of the Executive and the Judiciary, with neither body having primacy over the other. The present interpretation of the Constitution in Supreme Court (SC) judgments needs to be reversed.
- **Finalisation of Memorandum of Procedure (MoP):** The present lack of consensus between the Executive and Judiciary, in relation to finalisation of the MoP, has led to delays in filling up vacancies in the higher courts. The MoP (which lays down the process of appointments and the role of the judiciary and executive) must be finalised. It must also include the appointment procedure of High Court (HC) judges from the subordinate judiciary.
- **Adherence to timelines in filling vacancies:** Timelines for appointments to all higher courts should be specified in the MoP, and adhered to by all constitutional authorities. Further, when a judge retires, an appointment against that vacancy is to be carried out simultaneously.
- **Transparency:** Various aspects related to the appointments process, such as: (i) eligibility criteria; (ii) method and criteria of selection; (iii) manner of evaluation of merit, should be made public. However, the final short-list of names may be kept confidential till the process is completed.
- **National security and public interest:** The government proposes to decline the collegium's recommendations (comprising the Chief Justice and four senior most SC judges) for appointment on grounds of 'national security' and 'larger public interest' under the revised MoP. If the government were to reject a candidate on these grounds, it would be similar to giving it a veto power, which is against the constitutional mandate. The terms 'national security' and 'larger public interest' should

be clearly defined. The circumstances that would fall within the purview of these terms should also be listed.

For a PRS report summary, please see [here](#).

Government constitutes high level committee on institutionalised arbitration

The Ministry of Law and Justice constituted a high level committee to review institutionalised arbitration in India.³² This is to ensure speedy resolution of commercial disputes.

The Committee will be chaired by Justice B.N. Srikrishna, and include retired and sitting judges, advocates and representatives of industry.

The terms of reference of the High Level Committee include:

- To review the efficacy of existing arbitration mechanisms, including facilities and resources allocated to them;
- To evaluate information outreach and the efficacy of existing legal framework for arbitration;
- To suggest ways to institutionalise national and international commercial arbitration;
- To recommend legislative amendments that would facilitate International Commercial Arbitration;
- To advise on the empanelment of national and international arbitrators to ensure time bound arbitral proceedings;
- To examine the role of arbitrations in matters involving the central government, including arbitrations related to bilateral investment treaties and make relevant recommendations.

The Committee is scheduled to present its report within three months.

Defence

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Standing Committee submits report on Proxy and Postal Voting by Defence Services Personnel

The Standing Committee on Defence (Chairperson: Major General BC Khanduri (Retd.)) submitted its report on 'Proxy and Postal Voting by Defence Services Personnel in General Elections- An Evaluation'.³³

Members of the armed forces may vote either: (i) at their native place even though they are not ordinarily resident there as 'service voters', or (ii) at their place of posting as 'general voters'. If the person chooses to vote in his native place, he may do so through postal ballot or a proxy appointed by him. However, the Committee noted that about 30 lakh defence service personnel and their family members are unable to exercise their right to vote because of complicated procedures involved in proxy and postal voting.

Key observations and recommendations of the Committee include:

- **Proxy voting:** The procedure for proxy voting requires the service voter and his proxy to sign an application form, and have it verified by the commanding officer and a first class magistrate. The Committee observed that this process is taxing for the service voter and his proxy, and recommended that it be replaced by an alternative system.
- **Postal ballot:** The Committee noted that approximately 90% of the defence personnel are unable to exercise their right to vote because of inadequacies in the postal ballot system. For example, defence personnel do not receive their postal ballots in time, and therefore they are not able to cast their vote within the 14-day stipulation. It was recommended that the postal ballot system be immediately reformed.
- **Linking with aadhar number:** The Committee recommended that every voter, whether general or service, be linked with his aadhar number. This would enable the authentication of service voters through measures such as one-time passwords as used by banks for financial transactions.

For a PRS Report Summary, please see [here](#).

India declared as a major defence partner of the United States

The United States (US) Secretary of Defence Mr. Ash Carter visited India.³⁴ During the visit, India and the US finalised India's status as a 'major defence partner' of the US. The joint statement released by the Ministry of Defence provides that this will institutionalise and facilitate defence trade and technology sharing between the two countries.

In December 2016, the US Congress also passed the National Defence Authorisation Act of 2017 that allocates funding to the US military.³⁵ This Act, among other things, recognises India's

status as a major defence partner of the US. It also provides a mechanism for monitoring the defence cooperation between the two countries, and resolving issues impeding this relationship (including defence trade and co-production of defence equipment).

Commerce and Industry

Tanvi Deshpande (tanvi@prsindia.org)

Standing Committee submits report on industrial policy

The Standing Committee on Commerce submitted a report on the 'Industrial Policy in a Changing Global Scenario'.³⁶ Key observations and recommendations of the Committee include:

- **Industrial reforms:** Reforms to be taken up in the industrial sector include transparency in the allocation of natural resources, and greater disclosure of the approval process for industries. The Committee recommended that the National Manufacturing Policy must be reoriented to promote smart manufacturing, which includes zero emission, zero-incident, and zero-defect manufacturing.
- **Foreign direct investment:** Recent measures taken to promote foreign direct investment (FDI) mainly benefit large industries. The Committee recommended that the government may take measures to promote FDI in the small and medium enterprises sector. It also recommended that, for FDI in any industry, the ownership may be allowed to be transferred to the Indian partner after a specified period (15-20 years), including the transfer of technology.
- **Multiplicity of laws:** Currently, 35 laws regulate the industrial sector, which impedes the setting up of new industries. The Committee recommended that a single window system should be established to give all statutory clearances including environment, forest and pollution clearances, particularly for small and medium industries. The labour laws and social security laws should also be reviewed.
- **Inclusion of MSME sector:** The Micro, Small and Medium Enterprises (MSME) sector accounts for about 45% of the manufacturing output of the country, and about 40% of the total exports. However, the sector faces issues such as lack of access to credit, technology, infrastructure, and skill development, among others. The

Committee recommended that access to finance for MSMEs should be supplemented by alternative sources such as private equity, venture capital and angel funds.

For a PRS report summary, please see [here](#).

Women and Child Development

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Guidelines on Prevention of Sexual Harassment of Women at Workplace Act, 2013 issued for central ministries

The Department of Personnel and Training has released guidelines regarding Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 on December 28, 2016.³⁷ The new guidelines include:

- **Time bound inquiry:** The inquiry of cases must be completed within 30 days, which may be extended to 90 days, from the date of the filing of the complaint.
- **Preventing the victimisation of the aggrieved woman:** The ministries must ensure that the complainant is not victimised in any manner because of her having filed the complaint. The aggrieved woman may send representation to the Secretary of the Ministry of Women and Child Development or head of the organisation in case she feels that she is being victimised. The concerned authority will be required to dispose of such complaints within 15 days.
- **Record in the annual reports and submission of monthly progress reports:** Annual report of all ministries must contain brief details of the implementation of the Sexual Harassment of Women at Workplace Act. This must include the number of cases received and disposed of. All ministries will be required to submit a monthly progress report of the implementation of the Act to the Ministry of Women and Child Development.

Environment

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Process for granting environmental clearance for building and construction projects amended

The Ministry of Environment, Forest and Climate Change issued a notification amending the Environment Impact Assessment Notification, 2006.³⁸ The 2006 notification provides that construction of new projects and expansion of existing projects may be undertaken only with prior environmental clearance. The amendment seeks to further decentralise the process of granting clearance, and improve the ease of doing business.

Currently projects covering a build-up area of 20,000 sq. metres and above require environmental clearance from the State Level Environment Impact Assessment Authority. Under the amendment, projects with size:

- below 20,000 sq. metres may self-declare that they are compliant with environmental conditions (such as water conservation, energy efficiency, green cover, etc.),
- between 20,000 and 1,50,000 sq. metres may apply to the local authority (eg. municipal corporation) for the clearance along with the building permissions,
- between 1,50,000 and 3,00,000 sq. metres may apply to the State Level Environment Impact Assessment Authority, and
- above 3,00,000 sq. metres may apply to the central government.³⁹

In addition, the amendment provides that local authorities must constitute Environmental Cells to support appraisal and monitoring of environmental conditions in building projects. These cells will also provide assistance with environmental planning and capacity building at the local level. They must comprise at least three experts in the fields of waste management, environmental and transport planning.

Note that the amendment will come into effect in each state only when the state makes the necessary changes in its building bye-laws, integrating environmental conditions with the building permissions.

Energy

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CERC issues order on revising tariff for power generated from imported coal

The Central Electricity Regulatory Commission (CERC) issued two orders, allowing private companies to revise their power tariff due to the increase in price of imported coal.^{40,41} The petitioners in the cases, Adani Power Limited and Coastal Gujarat Power Limited (a subsidiary of Tata Power Company Ltd.) were supplying power to their consumers (power distribution companies in Haryana, Gujarat, Maharashtra, Rajasthan, and Punjab) by importing coal from Indonesia. In 2010, due to a change in the mining regulations in Indonesia, the price of coal being exported from the country increased, and hence affected the commercial viability of the generating plants in India.

The CERC noted that since the petitioners had Coal Sales Agreements for imported coal for the entire quantum of coal required for supply of power, the change in regulations completely changed the premises on which they had quoted tariffs in their bids to their consumers. The CERC ruled that the petitioners could invoke 'force majeure' (unforeseeable circumstances that prevents a contract from being fulfilled). Losses arising due to the increase in price of coal will be paid up by the consumers (through higher power tariff). It also ordered the petitioners to source domestic coal and reduce dependence on imported coal.

Ministry of Power releases guidelines on cross-border trading of electricity

The Ministry of Power released guidelines on cross-border trading of electricity to facilitate transparency and consistency across jurisdictions and minimise regulatory risks.⁴² Key guidelines include:

- **Objectives:** Objectives of the guidelines include: (i) facilitating cross border trade of electricity between India and neighbouring countries, (ii) meeting the energy demand of participating countries by utilising the available resources in the region, and (iii) evolving a robust electricity infrastructure for cross border transactions.
- **Institutional framework:** The Ministry of Power will appoint a Designated Authority to facilitate the approval process and lay down the procedure for cross border transaction and trade in electricity. The Central Electricity Regulatory Authority will

frame the regulations to facilitate cross-border trading of electricity in accordance with these guidelines.

- **Cooperation with neighbouring countries:** Transactions related to the cross border trading of electricity will be governed by the policies of the respective countries. Eligibility to participate in cross border trading will depend on the fulfilment of certain conditions. For example, electricity can be imported by Indian entities from (i) projects (public or private or government owned) that have at least 51% Indian ownership, or (ii) projects that have 100% equity by an Indian entity or the neighbouring country's government.
- **Tariff:** For transaction of electricity through government negotiations, the tariff will be determined through similar negotiations. For transaction of electricity through agreements, the tariff will be determined through competitive bidding.
- **Dispute resolution:** Disputes within the Indian territory will be settled as per the Electricity Act, 2003. The disputes involving entities of separate countries may be settled through the Singapore International Arbitration Centre or as may be mutually agreed by the participating entities.

Ministry of Power releases draft National Electricity Plan (generation)

The Ministry of Power released the draft National Electricity Plan (generation).⁴³ As per the Electricity Act, 2003, the Central Electricity Authority is required to prepare a National Electricity Plan in accordance with the National Electricity Policy. The National Electricity Policy, 2005 aimed at making electricity available in all households by 2010, and fully meeting the demand for power by 2012. Key features of the draft Plan include:

- **Capacity addition:** The generation capacity addition target for 2012-17 was set at 88,537 MW. As of March 2016, the capacity added was 57,721 MW. By the end of the term, the total capacity addition is expected to go up to 101,645 MW. With regard to renewable energy, while the target for the same time period was 24,920 MW, the installed capacity as of March 2016 was 42,849 MW. Most of the capacity addition was in thermal power generation.
- For the period 2022-27, priority has been given to development of hydro and nuclear based projects for power generation. Coal based capacity addition will not be required

in this period, as a capacity of 50 GW is already under construction against a requirement of 44 GW.

- **Demand side management and energy efficiency:** Demand side management helps reduce the end-user's energy demand by encouraging the use of energy efficient technologies. Such measures help reduce the operation and maintenance cost and the customer's overall electricity bill. Between 2006 and 2014, 36,323 MW of energy was saved through energy efficiency schemes. Some measures to improve energy efficiency could include: (i) developing an energy efficiency code for buildings, (ii) undertaking energy efficiency schemes in the small and medium enterprise sector, (iii) using energy efficient pump sets in agriculture, and (iv) bringing in regulatory instruments such as demand based pricing.

External Affairs

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India signs agreements with Tajikistan and Qatar

India signed various agreements with Tajikistan and Qatar in December 2016.

Tajikistan: Three agreements were signed between India and Tajikistan related to the avoidance of double taxation, exchange of financial intelligence related to money laundering and terrorism, and broadcasting of audio-visual programs. Both countries also announced initiation of a bilateral investment treaty to facilitate cross-border investments.⁴⁴

Qatar: Four agreements and Letters of Intent were signed between India and Qatar related to the exemption of visa requirements, industrial and cyber cooperation, and port development.⁴⁵

¹ Parliament Session Wrap, December 16, 2016, <http://www.prsindia.org/uploads/media/Winter%20Session%202016/Session%20wrap%20Winter%202016.pdf>.

² "Developments in India's Balance of Payments during the second quarter of 2016-17", Reserve Bank of India Press Release, December 13, 2016, <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR150638790BAAD8BC475FAF94DCB22ACAE746.PDF>.

³ Fifth Bi-Monthly Monetary Policy Statement 2016-17, Press Release, Reserve Bank of India, December 7, 2016, <http://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR1442180097B2129E4DF09A7621227506B154.PDF>.

⁴ The Specified Bank Notes (Cessation of Liabilities) Ordinance, 2016, <http://www.prsindia.org/uploads/media/Ordinances/Specified>

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President addresses joint sitting of Parliament; highlights key priorities

The Budget Session of Parliament opened with President Pranab Mukherjee, addressing a joint sitting of both Houses on January 31, 2017.¹ He outlined the major policy priorities of the government in his address, including:

- **Macroeconomy:** The rate of inflation, balance of payments, current account deficit and fiscal deficit have consistently reduced since 2014. FDI inflows in 2015-16 were USD 55.6 billion, the highest for any financial year. FDI policy was liberalised in June 2016.
- **Financial inclusion:** Over 26 crore Jan Dhan accounts have been opened and over 20 crore RUPAY debit cards have been issued to enable cashless payments.
- **Defence:** Under One Rank One Pension, more than Rs 6,200 crore has been released to over 19.6 lakh veterans of armed forces. The total financial implications would be around Rs 11,000 crore.
- **Governance reforms:** Simultaneous conduct of elections to Lok Sabha and State Assemblies to be considered.
- **Skill Development:** The *Pradhan Mantri Kaushal Vikas Yojana* has been launched with a budget outlay of Rs 12,000 crore. The scheme will train one crore youth over the next four years.
- **Women and Child Development:** Under the *Deen Dayal Antyodaya Yojana*, which aims to empower women, over Rs 16,000 crore has been made available to Self Help Groups in 2016-17. The scheme aims to reach out to nearly five crore women.
- **Health:** *Pradhan Mantri Bharatiya Jan Aushadi Pariyojana* has been launched to ensure that the poor have access to quality medicines at affordable prices.
- **Sanitation:** Under *Swachh Bharat Abhiyan*, more than 3 crore toilets have been constructed. 1.4 lakh villages, over 450 cities, 77 districts and 3 states have declared themselves Open Defecation Free.

For more details on the President's address, please see [here](#). To check the status of implementation of the announcements made in the 2016 address, please see [here](#).

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Economic Survey 2016-17 presented

The Finance Minister, Mr Arun Jaitley tabled the Economic Survey 2016-17 on January 31, 2017.² Some highlights of the survey are:

- **Macroeconomic developments:** The Central Statistics Office has estimated a GDP growth of 7.1% in 2016-17, without taking into account the effect of demonetisation. In 2017-18, it is expected to be between 6.75% and 7.5%, owing to factors such as an increase in exports and higher agricultural growth. Retail inflation (change in consumer price index) for 2017-18 is expected to remain under 5%, in line with the inflation target set by the government and the Reserve Bank of India.
- **Demonetisation:** The Survey took into account factors such as agricultural sowing, indirect tax collections, real estate prices and credit growth, and stated that the impact of demonetisation on GDP is estimated to be 0.25% to 0.5%. GDP for 2016-17 is estimated to grow by 6.50% to 6.75%, (taking into account the effect of demonetisation) as against the earlier estimation of 7%. The Survey stated that going forward, measures to be taken by the government include replenishing cash shortage as soon as possible, and slowly increasing the usage of lower denomination notes and decreasing the usage of higher denomination ones.
- **Current Account Deficit:** A lower trade deficit has resulted in the current account deficit (CAD) shrinking to 0.3% of GDP in the first half of 2016-17, as compared to 1.1% of GDP in 2015-16, and is expected to be about 1% to 1.5% of GDP in 2016-17.

- **Universal Basic Income:** The Survey discusses the advantages and issues in introducing a universal basic income (UBI) for all citizens, as a share of the GDP. By ensuring a minimum income for all, UBI would help in reducing poverty levels, replace existing welfare subsidies and enable better targeting of beneficiaries. Disadvantages may include disincentives to work and spending of UBI on non-essential activities. In order to implement such a scheme, conditions to be fulfilled would include financial inclusion through the opening of bank accounts and issuance of Aadhaar numbers, and co-operation between the centre and states.

- **Public sector Asset Rehabilitation Agency:** In order to deal with the issue of non-performing assets (NPAs), the Survey states that a Public Sector Rehabilitation Agency may be set up. The agency would centralize all debt by purchasing loans belonging to larger companies, from banks. It would then either convert them into equity, sell stakes in auction or grant debt reduction. The government would then recapitalise the public sector banks. The Agency would be funded through government securities, private sector investments and the Reserve Bank of India.

GDP estimated to grow at 7.1% in 2016-17, decline from 7.9% in 2015-16

The Gross Domestic Product (GDP) of the country is estimated to grow at 7.1% in 2016-17.³ The GDP estimate growth for 2015-16 has been revised upward from 7.6% to 7.9%. GDP growth across economic sectors is measured in terms of Gross Value Added (GVA). GVA of the country is estimated to grow at 7% in 2016-17, as compared to 7.8% in 2015-16.⁴

Table 1: Gross Value Added across sectors (% growth year-on-year)

Sector	2014-15	2015-16	2016-17
Agriculture	-0.3%	0.8%	4.1%
Mining	14.7%	12.3%	-1.8%
Manufacturing	7.5%	10.6%	7.4%
Electricity	7.2%	5.1%	6.5%
Construction	3.0%	2.8%	2.9%
Services	9.8%	9.3%	8.8%
GVA	6.9%	7.8%	7.0%

Note: GVA is GDP without taxes and subsidies, at basic prices (2011-12 base year).

Sources: MOSPI; PRS.

The agriculture sector is estimated to grow substantially from 0.8% in 2015-16 to 4.1% in 2016-17. On the other hand, growth in the mining and manufacturing sectors is estimated to decrease by 14.1% and 3.2% as compared to 2015-16. Growth in the services sector (hotels, transport, financial services, public administration, etc.) is estimated to decrease by 0.5%, from 9.3% to 8.8%.

Retail inflation continued to decline during the third quarter of 2016-17

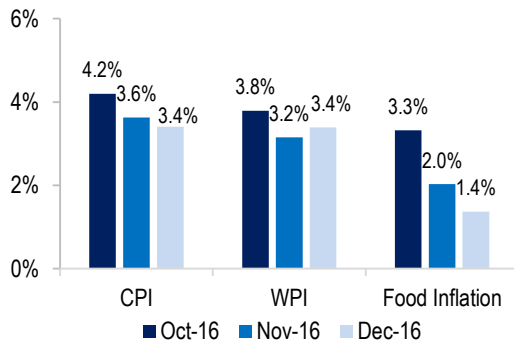
The Consumer Price Index (CPI) inflation (base year 2011-12) decreased from 4.2% year-on-year to 3.4% year-on-year, from October to December 2016.⁵ During this period, food inflation also decreased from 3.3% year-on-year to 1.4% year-on-year. The decrease in CPI inflation was

mainly a result of a decrease in the prices of pulses and vegetables.

The Wholesale Price Index (WPI) inflation (base year 2004-05) was also at 3.4% year-on-year in December 2016.⁶

The trend in CPI and WPI during the third quarter of 2016-17 is shown in Figure 1.

Figure 1: CPI and WPI inflation in Q3 of 2016-17 (year on year % change)



Sources: Ministry of Commerce and Industry; Ministry of Statistics and Programme Implementation; PRS.

Finance

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Committee of Chief Ministers submits interim report on digital payments

The Committee of Chief Ministers on Digital Payments (Convener: Mr. N. Chandrababu Naidu, Chief Minister, Andhra Pradesh) submitted its interim report.⁷

The Committee compared the infrastructure available in India for digital payments with those available in other countries such as China, Brazil, South Africa and United Kingdom. It found that, among these countries, India had the lowest number of pay points per million people. The Committee also identified some constraints in moving towards a cashless economy, which include: (i) lack of hardware, (ii) higher cost of digital transactions vis-à-vis cash, and (iii) lack of interoperability.

Key recommendations of the report include:

- Lower the merchant discount rate (rate charged by banks to merchants for accepting cards) for digital payments.
- Levy a Banking Cash Transaction Tax on cash transactions over Rs 50,000.
- Provide Rs 1,000 as subsidy to purchase mobiles to non-income tax assesseees or small merchants.

- Provide tax refunds to consumers using digital payments, up to a proportion of their annual income. Further, extend tax incentives to Micro ATMs and biometric sensors, among others.
- Provide a 50% subsidy on biometric sensors to all merchant points for Aadhaar Pay. Further, make Aadhaar the primary ID for Know Your Customer (KYC).
- Government departments such as the ones relating to insurance, fertilisers and PDS should switch to digital payments.

Cabinet gives approval for the Varishtha Pension Bima Yojana 2017

The Union Cabinet gave its approval for launching the Varishtha Pension Bima Yojana-2017.⁸ The scheme aims to provide security to senior citizens over the age of 60 years, against a future fall in interest income due to uncertain market conditions. The scheme will be open for subscription for a period of one year.

The 2017 scheme will be implemented through the Life Insurance Corporation of India (LIC). It will provide senior citizens an assured pension at a guaranteed rate of 8% per annum for 10 years. A subscriber may choose to receive pension on a monthly, quarterly, half-yearly or annual basis. The difference between the return generated by LIC and the assured return of 8% will be borne by the government as subsidy on an annual basis.

A similar scheme was launched in the year 2014-15 for which the subscription was open till August 2015.⁹

Law and Justice

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Supreme Court holds re- promulgation of ordinances unconstitutional

The Supreme Court held that every ordinance must be laid before the legislature and the re-promulgation of ordinance is unconstitutional.¹⁰ A seven judge bench of the Court was examining whether seven successive re-promulgations of the Bihar Non-Government Sanskrit Schools (Taking Over of Management and Control) Ordinance, 1989 were unconstitutional. The Ordinance permitted the government of Bihar to take over 429 non- government Sanskrit schools.

Earlier, the Patna High Court had ruled that the repeated re-promulgation of the ordinance was unconstitutional. Subsequently, the matter was

referred to a two judge bench of the Supreme Court, but could not be resolved. Following referrals to three judge and five judge benches, the matter was referred to a seven judge bench.

The majority opinion of the Court held that:

- Re-promulgation of ordinances is unconstitutional and subverts the democratic legislative process.
- An Ordinance must be laid before the legislature to determine: (i) its validity and expediency; (ii) whether it should be approved; (iii) whether an Act to replace the ordinance should be enacted.
- The question of whether any rights, privileges, and liabilities would remain once an ordinance has ceased to operate is to be determined based on public interest and constitutional necessity. For example, if the consequences which have taken place under the Ordinance are irreversible.
- The Bihar Sanskrit School Ordinances, first promulgated in 1989, to the seventh, promulgated in 1992, were all unconstitutional. This was supported by the fact that the Ordinances were never placed before the Bihar Assembly.
- The Bihar Ordinances do not confer the status of government employees on the Sanskrit school teachers. However, the salaries paid when the Ordinances were in force will not be recovered from them.

One judge gave a dissenting opinion to state that it was not mandatory to lay an Ordinance before the legislative assembly after it reassembles.

Supreme Court holds the use of religion as a corrupt electoral practice

The Supreme Court held that any plea in the name of religion, race, caste, community or language would amount to a corrupt electoral practice.¹¹ A seven judge bench of the Court was examining whether the use of religion or caste during election campaigns amounts to a corrupt electoral practice under section 123 (3) of the Representation of the People (ROP) Act, 1951.

The Court was hearing two separate appeals in relation to the scope of the term 'corrupt practice' in section 123 (3) of the ROP Act. The section prohibits to any appeal by a candidate, his agent or any other person with the consent of a candidate to vote or refrain from voting for any person on the ground of 'his' religion, race, caste, community, language, or national symbols.

The question before the Court was whether the appeal in the name of religion of the candidate or

that of the elector, or both, was illegal.

The majority opinion of the Court held that section 123 (3) of the ROP Act must be given a broad and purposive interpretation. Therefore, the section covers circumstances where a candidate were to make any appeal to an elector to vote or refrain from voting on the grounds of the religion, race, caste, community or language of (i) any candidate; (ii) his agent; (iii) any other person making the appeal with the candidate's consent; or (iv) the elector.

Three judges gave a dissenting opinion against interpreting the scope of section 123 (3) to include electors.

Cabinet approves the Repealing and Amending Bill, 2017

The Union Cabinet approved the introduction of the Repealing and Amending Bill, 2017.¹² The Bill seeks to repeal 105 Acts. Earlier, during the period of May 2014 to August 2016, four Acts were passed. The four Acts, together, repeal 1,175 Acts.

Education

Nivedita Rao (nivedita@prsindia.org)

Cabinet approves Indian Institute of Management Bill, 2017

The Union Cabinet has approved the Indian Institute of Management (IIM) Bill, 2017.¹³ Under the Bill, IIMs would be declared as Institutions of National Importance which will enable them to grant degrees to their students.

All IIMs are separate autonomous bodies registered under the Societies Act, 1860. Being societies, IIMs are not authorised to award degrees and, hence, they award Post Graduate Diploma and Fellow Programme in Management. Key features of the Bill are:

- **Granting of degrees and autonomy:** IIMs can grant degrees to their students. The institutions will have complete autonomy combined with adequate accountability.
- **Composition and functions of the Board:** Management of the IIMs will be Board driven, and the Chairperson and Director of an institution will be selected by the Board. There will be greater participation of experts and alumni, and inclusion of women and members from Scheduled Castes/Tribes on the Board.

- **Review:** A periodic review of the performance of the institutions will be done by independent agencies, and the results of the same will be placed in the public domain. Further, the annual report of the institutions will be placed in Parliament and CAG will audit their accounts.

The Bill is not yet available in the public domain.

Health

Nivedita Rao (nivedita@prsindia.org)

Draft Indian Medical Council (Amendment) Bill, 2016 released

The Ministry of Health and Family Welfare has released the draft Indian Medical Council (Amendment) Bill, 2016.¹⁴ It seeks to amend the Indian Medical Council Act, 1956. The key features of the draft Bill are as follows:

- **Common exit exam for MBBS level:** A uniform national exit test (NEXT) to all medical educational institutions at the undergraduate level will be conducted. NEXT will substitute the uniform entrance examination at the post-graduate level currently provided for in the 1956 Act.
- **Common counselling for MBBS level and post graduate level admission:** Common counselling for admission of candidates to all medical educational institutions at the undergraduate level and postgraduate level shall be conducted.
- Counselling for 15% all India quota seats at the undergraduate level and 50% all India quota seats at the postgraduate level shall be conducted by Directorate General of Health Services and the remaining seats by a designated authority set up by the concerned state/ UT governments.
- **Reservation for medical officers:** Up to 50% of the seats in post graduate courses in government colleges may be reserved by the relevant state government for medical officers in the government services. These medical officers should have served for a minimum of three years in remote and difficult areas.

Draft regulations on fortification of foods released by FSSAI

The Food Safety and Standards Authority of India (FSSAI) has released the draft Food Safety and Standards (Fortification of Foods)

Regulations, 2016.¹⁵ Fortification is the addition of key vitamins and minerals such as iron, iodine, zinc, vitamin A and vitamin D to staple foods such as rice, milk and salt to improve their nutritional content. These nutrients may or may not be originally present in the food before processing. The regulations prescribe the standards for fortification of salt, oil, milk, vanaspati, atta, maida and rice.

Key features of the regulations are as follows:

- **Standards of fortification:** When fortification of a food is made mandatory, it will be based on the severity and extent of a public health need as demonstrated by generally accepted scientific evidence. The FSSAI may specify mandatory fortification of any staple food on the directions of the central government.
- **General obligations:** Every manufacturer and packer of fortified food will have some obligations, such as: (i) ensuring all fortified food is packaged in a manner that takes into consideration the nature of the fortificant added and its effect on the shelf life of such food, and (ii) undertaking on quality assurance which includes results of random testing of fortificants and fortified food and audit of the technical processes and equipment involved.

Swachh Swasth Sarvatra scheme guidelines released

Swachh Swasth Sarvatra (SSS) is an inter-ministerial joint initiative between the Ministry of Drinking Water and Sanitation (MDWS) and the Ministry of Health and Family Welfare.¹⁶ The objective of the SSS scheme is to build on two existing programmes – Swachh Bharat Mission and Kayakalp. Kayakalp is a scheme to encourage public health facilities to achieve certain standards related to cleanliness, hygiene, waste management and infection control.

Under the SSS guidelines, those geographical locations will be made Open Defection Free (ODF) where public health facilities have demonstrated high standards of cleanliness.

Key activities under the SSS include:

- **Primary Health Centre (PHC) level:** The activities focussing on PHCs include: (i) enabling gram panchayats where Kayakalp awarded PHCs are located to become ODF; (ii) identifying nodal institutional points between State Health Mission and counterparts in the MDWS; and (iii) training of PHC representatives.

- **Community Health Centre (CHC) level:** The activities focussing on CHCs include: (i) strengthening these in ODF blocks to achieve a high level of cleanliness to meet Kayakalp criteria through a support of Rs 10 lakh to each selected CHC under National Health Mission, and (ii) facilitating their internal assessment using Kayakalp assessment to identify gaps and generate appropriate action plans.

MoU signed to co-regulate misleading advertisements in the AYUSH sector

The Ministry of AYUSH has signed an MoU with the Advertising Standards Council of India (ASCI) to curtail malpractices in the advertisement of AYUSH drugs.¹⁷ Under the MoU, ASCI will: (i) comprehensively monitor advertisements in the AYUSH sector across print and electronic media to identify potentially misleading advertisements, and (ii) process complaints through its Consumer Complaints Council (CCC).

The MoU also requires ASCI to report to the Ministry of AYUSH, all advertisements that are in potential violation of the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954 and rules under it. In addition, ASCI will also have to report cases of non-compliance with its CCC recommendations.

The Ministry of AYUSH will also redirect complaints against misleading advertisements they receive to the ASCI, which will be reviewed using ASCI's code and guidelines.

Skill Development

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Notification of setting up Indian Skill Development Service issued

The Ministry of Skill Development and Entrepreneurship has issued the notification for setting up of Indian Skill Development Services (ISDS).¹⁸ This was approved by the Union Cabinet on October 7, 2015.¹⁹ Key features of the ISDS are as follows:

- **Group 'A' service:** ISDS will be a Group 'A' service where induction will take place through Indian Engineering Service Examination conducted by Union Public Service Commission. The academy for training of the cadre will be the National Institute of Skill Development.

- **Number of posts:** ISDS will have 263 all-India posts. The cadre shall comprise of three posts at Senior Administrative Grade, 28 posts at Junior Administrative Grade, 120 posts at Senior Time Scale and 112 posts at Junior Time Scale.

onward, funds should be allocated to the states only on the basis of the SECC housing deprivation data.

- **National Social Assistance Program (NSAP):** The NSAP presently comprises five social assistance programs, that primarily include pension schemes for old age persons, widows and differently abled persons. The Committee observed that SECC 2011 covers socio-economic profile of old age persons, widows and differently abled persons. It recommended that eligibility for assistance under NSAP may be decided on the basis of SECC.

For a PRS report summary, please see [here](#).

Cabinet approves a new scheme for rural housing in the country

The Union Cabinet has approved a new scheme for rural housing in the country.²¹ Under the scheme, rural households will be provided with a 3% interest subsidy for housing loans upto Rs two lakh. National Housing Bank will implement the scheme. The government will provide upfront net present value of the interest subsidy to the National Housing Bank, which will further pass it to primary lending institutions such as banks. This will result in a reduction of monthly instalments of the loan to the beneficiary. The scheme will cover households presently not covered under Pradhan Mantri Awaas Yojana- Gramin (PMAY-G). The government plans to take steps in the future to converge the scheme with PMAY-G.

Women and Child Development

Nivedita Rao (nivedita@prsindia.org)

Adoption Regulations, 2017 released

The Ministry of Women and Child Development released the Adoption Regulations, 2017.²² The regulations lay down the process of adoption of children by Indian nationals, Non Resident Indians, Overseas Citizens of India and foreign nationals. Key features of the regulations are:

- **Principles governing adoption:** The principles governing adoption include: (i) preference for adoption of a child by Indian citizens; (ii) due regard to the principle of placement of the child in his own socio-cultural environment, as far as possible; and (iii) all adoptions to be registered on Child Adoption Resource Information and Guidance System and the confidentiality of the same to be maintained.

Rural Development

Roopal Suhag (roopal@prsindia.org)

Expert Group on Socio Economic and Caste Census 2011 submits its report

The Expert Group on Socio Economic and Caste Census 2011 (Chair: Mr. Sumit Bose) submitted its report to the Ministry of Rural Development.²⁰ The Socio Economic and Caste Census (SECC) 2011 was conducted in both urban and rural areas in the country to collect socio-economic and caste data of households.

The Expert Group was set up in January 2016 to analyse the objective criteria for: (i) allocation of resources to states, and (ii) identification and prioritisation of beneficiaries under various programs using the SECC data. The Committee made observations and recommendations about the use of SECC data for various programs of the Ministry of Rural Development. These include:

- **Mahatma Gandhi National Rural Employment Guarantee Scheme:** the scheme provides 100 days of guaranteed wage employment to a rural household. It is a demand driven scheme that aims at creating durable assets. The Committee observed that the focus of the scheme should be more towards regions where there is greater concentration of landless labourers. It suggested that the implementation of the scheme should be strengthened in gram panchayats with a higher concentration of deprived households and landless manual labour.
- **Pradhan Mantri Awaas Yojana- Gramin:** PMAY is a housing scheme that provides financial assistance to rural BPL households for construction of a dwelling unit. The Committee noted that as per SECC 2011, nearly four crore rural families need to be provided with safe houses. It also observed that states are now being allocated funds in proportion to the eligible households falling under them. Presently, resource allocation to states gives 75% weightage to SECC housing deprivation data and 25% to the existing head count ratio of poverty. The Committee recommended that from 2017-18

- **Functions of State Adoption Resource Agency:** The State Adoption Resource Agency will function as the executive arm of the state government and perform functions including: (i) recommend for recognition one or more of the Child Care Institutions as Specialised Adoption Agencies in each district; and (ii) enforce standards for the adoption of orphan, abandoned and surrendered children.
- **Eligibility criteria for prospective adoptive parents:** The criteria for prospective adoptive parents include: (i) at least two years of a stable marital relationship; (ii) a single male will not be eligible to adopt a girl child; and (iii) minimum age difference of 25 years between the child and either of the prospective adoptive parents.

right of every child to knowledge, and education, with regard for special needs and the provision of the requisite environment.

- **Protection and participation:** Major concerns with regard to protection and participation include: (i) large number of child labourers; (ii) rise in trafficking of children; (iii) large number of girls being married before the legal age; and (iv) lack of information among children about their own rights and entitlements. The NAPC 2016 aims to protect all children from all forms of violence and abuse including economic and sexual exploitation, abandonment, separation, abduction, sale or trafficking. Further, it aims to enable children to be actively involved in their own development and in all matters concerning them.



Energy

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Draft National Steel Policy released

The Ministry of Steel released the draft National Steel Policy 2017.²⁴ Steel production in the country has witnessed an annual average growth of 8.3% between 2000-01 and 2015-16. However, the industry has been facing challenges due to slow economic growth and idle steel capacity globally. The draft Policy seeks to create a self-sufficient steel industry that is technologically advanced and globally competitive. Key guidelines include:

National Action Plan for Children, 2016 released by WCD Ministry

The National Action Plan for Children (NAPC), 2016 was released by the Ministry of Women and Child Development (WCD).²³ The Action Plan has four key priority areas: (i) survival; (ii) health and nutrition; (iii) education and development; and (iv) protection and participation of children. The NAPC 2016 attempts to address issues and concerns identified in each priority area of National Policy for Children, 2013 by aligning its objectives, strategies and implementation mechanism with these four priority areas.

Key features of the Plan are:

- **Survival, health and nutrition:** Major concerns with regard to survival, health and nutrition include: (i) high maternal and child mortality rates; (ii) higher child mortality rates for girls in rural areas; and (iii) high rates of undernutrition and anaemia among women and children.
- The NAPC 2016 aims to ensure equitable access to comprehensive, preventive, curative, and rehabilitative health care of the highest standard for all children before, during, and after birth, and throughout the period of their growth and development.
- **Education:** Major concerns with regard to education include: (i) poor retention and high drop-out rates at the elementary level (class 1-5); (ii) large number of children with special needs and SC/ST children are out of school; and (iii) lack of adequate and safe infrastructure in schools. The NAPC 2016 aims to develop each child to their full potential. It intends to do so by securing the

- **Objectives:** Some of the objectives include: (i) increasing crude steel capacity to 300 metric tonne (MT) by 2030-31 (crude capacity in 2014-15 was 110 MT), (ii) increasing per capita steel consumption to 160 kg by 2030-31 (currently 61 kg), (iii) increasing domestic availability of washed coking coal and reducing import of coking coal to 50% by 2030-31, and (iv) becoming a net exporter of steel by 2025-26 (India has been a net importer of finished steel every year since 2007-08 except 2013-14).²⁵
- **Steel demand and capacity:** Steel demand will be driven by identifying various construction and manufacturing sectors such as urban infrastructure and highways as the focus areas. Based on the demand projections, steel capacity of 300 MT will be required by 2030-31. However, this will require extensive mobilization of natural resources, finances, manpower, and infrastructure. Creation of such additional

capacity will also require a capital investment of about Rs 10 lakh crore.

- **Land requirement:** Growth of the Indian steel industry has been affected due to delays in land acquisition. In order to increase steel production capacity, around 91,000 acres of land will be required. The Steel Ministry will coordinate with respective state governments to ensure timely availability of litigation-free land to the industries.
- **Micro, Small and Medium Enterprises (MSMEs):** With regard to the MSME steel sector, the draft policy seeks to (i) improve availability of raw materials by providing long term linkages with the coal industry, and (ii) adopt energy efficient technologies.

- There may be a need to carve out certain exceptions, such as, prioritising emergency services or complying with directions regarding unlawful content.
- **Transparency:** While service providers are allowed to engage in reasonable traffic management practices, the affected end users should be aware of such practices.
- **Monitoring framework:** In the context of rapid changes in technology and business models, and with an evolving regulatory environment, there is a need for a monitoring mechanism.

Telecom

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TRAI releases consultation paper on net neutrality

The Telecom Regulatory Authority of India (TRAI) released a consultation paper on net neutrality on January 5, 2017.²⁶ The paper seeks the views of stakeholders on establishing a comprehensive framework to: (i) provide flexibility to telecom service providers to manage their networks, and (ii) prevent them from discriminating against content providers.

In May 2016, TRAI issued a pre-consultation paper to map relevant issues associated with net neutrality. As a follow-up, in the current paper, TRAI is consulting on formulation of views on policy interventions raised in the pre-consultation paper. TRAI is seeking comments on the paper until February 15, 2017. Key issues on which consultation is sought include:

- **Traffic management:** Service providers generally use various techniques to manage the safety, security and efficiency of their networks. To ensure that service providers do not use such techniques in a discriminatory manner, the paper proposed two regulatory approaches. The first approach is to set contours of reasonable traffic management principles of what can be regarded as acceptable or unacceptable forms of interference. The second approach is to adopt a negative list of non-reasonable traffic management practices by service providers.

Defence

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Guidelines for Penalties on Defence Business Dealings amended

The Ministry of Defence amended the guidelines on Penalties in Business Dealings with Entities.²⁷ The guidelines were issued in November 2016 to regulate levy of penalties (i.e. financial penalties, suspension and banning) on persons that enter into contracts with the Ministry of Defence regarding procurement of goods and services.²⁸

Currently, under the guidelines, the Defence Minister may ban an entity from ongoing and future procurements if it has engaged in misconduct. In case of certain kinds of misconduct (ex. misconduct that affects national security or using corrupt means to secure contract), the ban may be of five years or more. The amendment provides that the ban may be up to 10 years in such cases.

External Affairs

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India signs 14 agreements with United Arab Emirates

The Crown Prince of Abu Dhabi visited India from January 24 to 26, 2017. During the visit 14 agreements were signed between India and United Arab Emirates (UAE) across various sectors including defence and security, transport, energy, agriculture, industry and trade.²⁹

Defence: India and UAE agreed to cooperate in defence manufacturing, across public and private institutions of both countries. The cooperation

will focus on armaments, defence industries, and transfer of technology.

Transport: India and UAE signed a framework agreement to enhance bilateral maritime trade. Both countries also agreed to recognise the professional certificates held by the other country's marine officers, engineers and crews. With regard to road and highways, both countries agreed to share technologies and best practices in freight logistics, warehousing, and other services.

Energy: India and UAE signed a framework agreement for storage of crude oil by Abu Dhabi National Oil Company in India. Both countries also agreed to strengthen their relationship in the fields of energy and energy-efficient services.

Agriculture: India and UAE agreed to enhance cooperation in food processing and facilitate transfer of technology in cultivation methods.

Sports and Youth Affairs

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Committee set up to study the existing sports governance framework and issues

A Committee has been set up (Chair: Mr. Injeti Srinivas) to study the existing sports governance framework and issues related to it.³⁰ It will also study recent developments related to sports governance, including international best practices and make recommendations on bringing out a comprehensive National Sports Development Code across sports disciplines.

The Committee is expected to identify issues pertaining to good governance in administration of sports in the country. It will make specific recommendations for bringing out a comprehensive Sports Code to address the issues of governance pertaining to the National Olympic Committee and National Sports Federations. The Committee is required to submit its report within a month.

¹ "Address by the President of India, Shri Pranab Mukherjee to Parliament", President of India, January 31, 2017, http://presidentofindia.nic.in/writereaddata/Portal/Speech/Document/592/1_President_s_Address_to_Parliament.pdf.

² Economic Survey, 2016-17, http://finmin.nic.in/indiabudget2017-2018/e_survey.asp.

³ "Press Note on First Advance Estimates of National Income 2016-17", Ministry of Statistics and Programme Implementation, January 6, 2017, http://mospi.nic.in/sites/default/files/press_release/nad_pm_6_jan17.pdf;

Union Budget 2017-18

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Union Budget 2017-18 presented

The Finance Minister, Mr. Arun Jaitley, presented the 2017-18 Union Budget on February 1, 2017.¹ Some highlights are:

- The government proposes to spend Rs 21,46,735 crore in 2017-18, which is 6.6% above the revised estimates for 2016-17.
- Total receipts (other than borrowings) are expected to increase by 8.1%. Tax receipts are expected to go up by 12.2%.
- A nominal GDP growth rate of 11.75% has been assumed in 2017-18. Fiscal deficit (or borrowings of the government) is targeted at 3.2% of GDP (compared to 3.5% in 2016-17) and revenue deficit is targeted at 1.9% of GDP (compared to 2.3% in 2016-17).

Table 1: Budget 2016-17 (in Rs crore)

Items	Revised 2016-17	Budgeted 2017-18	% change
Total Expenditure	20,14,407	21,46,735	6.6%
Total Receipts (without borrowings)	14,80,133	16,00,203	8.1%
Fiscal Deficit (borrowings)	5,34,274	5,46,532	2.3%
% of GDP	3.2	3.2	
Revenue Deficit	3,10,998	3,21,163	3.3%
% of GDP	2.1	1.9	

Sources: Budget at a Glance, Union Budget 201-17; PRS.

Key policy proposals in the budget speech are:

- **Foreign Direct Investment:** The Foreign Investment Promotion Board (FIPB) is proposed to be abolished in 2017-18. Changes to the FDI policy will be undertaken accordingly.
- **Education:** A National Testing Agency is proposed to be set up to conduct all entrance examinations for higher education institutions. A system of measuring annual learning outcomes in schools is proposed to be introduced.
- **Irrigation:** A Micro-Irrigation Fund is proposed to be started under NABARD, with an initial allocation of Rs 5,000 crore.
- **Transport:** A Metro Rail Policy will be announced with focus on innovative models of implementation and financing. In addition, railway lines of 3,500 kms are proposed to be commissioned in 2017-18.

- **Integrated oil company:** An integrated oil company has been proposed by merging or restructuring existing public sector companies in the oil and gas sector.
- **Legislative Proposals for 2017:** Laws such as the Securities and Exchange Board of India Act, 1992, the Payment and Settlements Act, 2007, the Arbitration and Conciliation Act, 1996, the Multi State Cooperative Societies Act, 2002 and the Negotiable Instruments Act, 1881 are proposed to be amended in 2017.

The major tax changes announced are:

- **Income tax:** The income tax rate for individuals with income between Rs 2.5 lakh to Rs 5 lakh has been reduced from 10% to 5%. An additional surcharge of 10% will be levied on individuals whose income is within the range of Rs 50 lakh and one crore rupees. Tax on companies with annual turnover of less than Rs 50 crore has been reduced from 30% to 25%.
- **Political funding:** The limit for political parties to accept cash donations has been reduced from Rs 20,000 to Rs 2,000. The Budget proposes electoral bonds to be issued by banks which may be purchased by an individual through a cheque or electronic means, for donating to political parties. Details of such donors need not be disclosed by the parties.
- **Limit on cash transactions:** Cash transactions above Rs 3 lakh will not be permitted: (i) to a single person in one day, (ii) for a single transaction (irrespective of number of payments), and (iii) for any transactions relating to a single event. If a person receives an amount in cash, higher than Rs 3 lakh rupees in one transaction, he will be charged a penalty equal to the amount of the transaction.
- **Presumptive tax:** Currently, businesses with an annual turnover of less than two crore rupees are presumed to have a taxable income equal to 8% of their turnover. This allows small businesses to not maintain detailed books of accounts and audit reports. The presumptive tax rate has been decreased to 6% for the turnover generated through cheque or electronic means. It will continue to be 8% for turnover generated otherwise.

Macroeconomic Development

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GDP grows at 7% in the third quarter of 2016-17

The Gross Domestic Product (GDP) of the country grew at 7% in the third quarter (October to December) of 2016-17.² GDP growth across economic sectors is measured in terms of Gross Value Added (GVA). GVA of the country grew at 6.6% in the third quarter of 2016-17, as compared to 6.7% in the second quarter.

Agricultural growth increased from 3.8% (year-on-year) in the second quarter of 2016-17, to 6.0% in the third quarter. On the other hand, growth in the construction sector decreased from 3.4% to 2.7%. Growth in the services sector (hotels, transport, financial services, public administration, etc.) also fell, from 8.0% in the second quarter to 6.8% in the third quarter of 2016-17.

Table 2: Gross Value Added across sectors in Q3 of 2016-17 (% growth year-on-year)

Sector	Q3	Q2	Q3
	2015-16	2016-17	2016-17
Agriculture	-2.2	3.8	6.0
Mining	13.3	-1.3	7.5
Manufacturing	12.8	6.9	8.3
Electricity	4.1	3.8	6.8
Construction	3.2	3.4	2.7
Services	9.0	8.0	6.8
GVA	7.0	6.7	6.6

Note: GVA is GDP without taxes and subsidies, at basic prices (2011-12 base year).

Sources: MOSPI; PRS.

Policy repo rate kept unchanged at 6.25%

The Monetary Policy Committee released the sixth Bi-Monthly Monetary Policy Statement of 2016-17.³ The policy repo rate (at which RBI lends money to commercial banks) was kept unchanged at 6.25%. Other decisions of the Committee include:

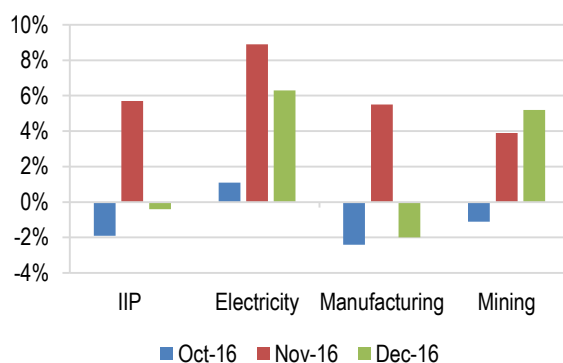
- The reverse repo rate (at which RBI borrows money from commercial banks) was kept unchanged at 5.75%
- The marginal standing facility rate (under which scheduled commercial banks can borrow additional money) and bank rate (at which RBI buys or rediscounts bills of exchange) were also kept unchanged 6.75%.

The Committee stated that its decision was in line with achieving the objective of: (i) a CPI inflation of 5% by fourth quarter of 2016-17, and (ii) a medium term target of 4% (+/- 2 %) to achieve growth.

Industrial production increased by 1% in the third quarter of 2016-17

Index of Industrial Production (IIP) increased by 1% in the third quarter (October-December) of 2016-17, as compared to the same period in 2015-16.⁴ Electricity production saw the highest increase of 5.3% in this quarter, followed by an increase of 2.8% in mining production and 0.2% in manufacturing. Figure 1 shows the change in industrial production in the third quarter of 2016-17.

Figure 1: Industrial production change in Q3 of 2016-17 (year on year % change)



Sources: Press Information Bureau, Ministry of Statistics and Programme Implementation; PRS.

Over the first three quarters of 2016-17 (April to December), IIP has increased by 0.3%, compared to the first three quarters of 2015-16.

Finance

The Specified Bank Notes (Cessation of Liabilities) Bill, 2017 passed by Parliament

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The Specified Bank Notes (Cessation of Liabilities) Bill, 2017 was introduced in Lok Sabha on February 3, 2017. It was passed by the House on February 7, 2017. Since it is a Money Bill, it will be deemed to have been passed by Parliament in fourteen days after it was passed by Lok Sabha.⁵

The Bill replaced an Ordinance promulgated on December 30, 2016. It provides that old notes of Rs 500 and Rs 1,000 will have ceased to be liabilities of the Reserve Bank of India

(RBI) from December 31, 2016. Further, these notes will no longer be guaranteed by the central government. These notes had been demonetised in November 2016.⁶

Key features of the Bill include:

- **Grace period:** The central government will specify a grace period during which the following persons may deposit old notes with the RBI: (i) Indian citizens who make a declaration that they were outside India between November 9, 2016 to December 30, 2016, or (ii) any other class of persons specified by the central government. Any such persons depositing old notes will be required to make statements or declarations as specified by the RBI.
- The government has notified March 31, 2017 as the last date (of the grace period) for depositing these notes for Indian residents, and June 30, 2017 for non-resident Indians.⁷
- Any person wilfully making a false declaration will be punished with a fine: (i) which may extend to Rs 50,000, or (ii) five times the value of notes deposited, whichever is higher.
- **Prohibitions related to specified notes:** Any person will be prohibited from holding, transferring or receiving the old notes from December 31, 2016 onwards. It exempts persons from this prohibition if: (i) a person holds up to 10 old notes (irrespective of denomination), (ii) a person holds up to 25 notes for the purposes of study, research or numismatics (collection or study of coins and notes), or (iii) a person holds notes as per the direction of a court. In addition, the RBI or any person authorised by it will also be exempted from this prohibition.
- **Punishment for holding specified bank notes:** Any person holding the specified bank notes, except in the circumstances mentioned above will be punishable with a fine: (i) which may extend to Rs 10,000, or (ii) five times the value of notes possessed, whichever is higher.

For a PRS analysis of the Bill, please see [here](#).

Aadhaar made compulsory to receive certain government benefits or subsidies

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The Government issued notifications to make the use of Aadhaar mandatory as an identification to receive certain government

subsidies and benefits. These include food grain subsidies under the National Food Subsidy Act, 2013, subsidies under Mission for Integrated Development of Horticulture, crop insurance under Pradhan Mantri Fasal Bima Yojana, Restructured Weather-based Crop Insurance Scheme, National Rural Livelihood Mission, and National Career Services scheme.^{8,9,10,11,12} The notifications were issued under Section 7 of the Aadhaar Act, 2016, which allows the government to establish Aadhaar as a means of identification to ensure efficient and targeted delivery of government subsidies and services.

Eligible beneficiaries under these schemes who do not possess an Aadhaar number are required to enrol for Aadhaar, in case they do not possess an Aadhaar number. Last date for applications for Aadhaar enrolment vary between February and September 2017, depending on the scheme. Facilities for enrolment under Aadhaar shall be made by the relevant department in the respective states and union territories.

Until the assignment of an Aadhaar number to beneficiaries, they can avail the subsidy or benefits by producing: (i) ration card, (ii) Aadhaar enrolment slip or copy of the request for Aadhaar enrolment, and (iii) identity proofs such as voter ID, PAN card or Passport, etc.

Cabinet approves acquisition of subsidiaries by State Bank of India

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The Union Cabinet approved the acquisition of five of its subsidiary banks by the State Bank of India (SBI).¹³ These subsidiaries banks are: (i) State Bank of Bikaner and Jaipur, (ii) State Bank of Hyderabad, (iii) State Bank of Mysore, (iv) State Bank of Patiala, and (v) State Bank of Travancore.

It also approved the introduction of a Bill in Parliament to repeal the State Bank of India (Subsidiary Banks) Act, 1959 and the State Bank of Hyderabad Act, 1956. Both these laws were enacted to constitute and manage these subsidiary banks.

The merger of these five subsidiary banks with the SBI is expected to result in recurring savings estimated at Rs 1,000 crore in the first year. This will be owing to improved operational efficiency and economies of scale.

RBI releases draft circular on rationalisation of Merchant Discount Rate on debit card transactions

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The Reserve Bank of India RBI released a draft circular on the rationalisation of Merchant Discount Rate (MDR) for debit card transactions.¹⁴ MDR is the rate charged by banks to merchants for accepting card payments from customers, using the bank's point of sale (POS) machines. This rate is determined as a percentage of the transaction value.

Under the draft circular, merchants will be categorised as: (i) small merchants outside the ambit of GST (turnover less than Rs 20 lakh), (ii) government transactions, (iii) special category of merchants, and (iv) all other merchants within the ambit of GST. Any future change in GST thresholds will be reflected in the categorisation of merchants.

The draft circular has proposed MDR rates under two categories: (i) physical POS machines, or (ii) digital POS, which includes payments by using methods such as QR codes. The proposed rates are presented in the table.

Table 3: Proposed MDR rates

Merchant	MDR (as a % of transaction value)	
	Physical POS	Digital POS
Small merchants	Up to 0.40%	Up to 0.30%
Special category of merchants	Up to 0.40%	Up to 0.30%
All other merchants (other than government)	Up to 0.95%	Up to 0.85%
	Flat fee of Rs 5 for transactions up to Rs 1,000	
Government transactions	Flat fee of Rs 10 for transactions from Rs 1,001 to Rs 2,000	
	Up to 0.50% for transactions above INR 2,001 with cap of Rs 250 per transaction	

Sources: Draft Circular - Rationalisation of MDR for Debit Card Transactions, RBI; PRS.

Labour and Employment

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Payment of Wages (Amendment) Bill, 2017 passed in Parliament

The Payment of Wages (Amendment) Bill, 2017 was passed in Parliament on February 8, 2017.¹⁵ It received the President's assent on February 15, 2017.¹⁶ The Bill was introduced

in Lok Sabha on February 3, 2017 and passed in that house on February 7, 2017.

The Bill replaced the Payment of Wages Ordinance, 2016 which was promulgated on December 28, 2016.¹⁷ It amends the Payment of Wages Act, 1936 in relation to the method of payment of an employee's wages. Key features include:

- Under the 1936 Act, all wages must be paid either in coin or currency notes, or both. However, the employer may pay his employee's wages either by cheque or by crediting it into his bank account, after obtaining his written authorisation.
- The Bill amends the 1936 Act to permit an employer to pay the employee's wages: (i) in coin or currency notes; or (ii) by cheque; or (iii) by crediting them into his bank account. The Bill removes the requirement of obtaining written authorisation for payment of wages by cheque or through a bank account.
- However, the relevant central or state government may specify certain industrial or other establishments where the employer should pay his employees only by: (i) cheque; or (ii) crediting the wages in his bank account.

Earlier, a similar Bill in this regard was introduced on December 15, 2016, but could not be passed. It was subsequently withdrawn on February 3, 2017.¹⁸

For a PRS Bill summary, please see [here](#).

Education

IIM Bill, 2017 introduced in Lok Sabha

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The Indian Institutes of Management Bill, 2017 was introduced by Minister of Human Resource Development, Mr. Prakash Javadekar in Lok Sabha on February 9, 2017.¹⁹ The Bill declares the Indian Institutes of Management (IIM) as institutions of national importance. IIMs provide post-graduate, doctoral, post-doctoral and research education in the field of management and allied areas of knowledge. Key features of the Bill include:

- Power to grant degrees:** Under the Bill, IIMs will have the power to grant degrees, diplomas and other academic distinctions or titles. Currently, IIMs can only grant diplomas and fellowships.

- **Board of Governors:** Board of Governors shall be the principal executive body of each institute. Note that the Board will appoint its own Chairman. Other than a nominee each from the central and state governments, the 17 other board members will also be nominated by the Board.
- **Appointment of the Director:** The Director of each IIM shall be recommended by the search-cum-selection Committee to be constituted by the Board of Governors. If the Board is not satisfied with the recommendation of this Committee, it may ask for fresh recommendations for the post of the Director.
- **Academic Council:** The Academic Council shall be the principal academic body of each institute. Its functions will include: (i) specification of the academic content of the academic programmes and the criteria for admission to courses, (ii) specification of the academic calendar, and (iii) recommendations for the grant of degrees, diplomas and other academic distinctions.

For a PRS Bill Summary, please see [here](#).

Report on the issues and challenges before higher educational sector in India released

Nivedita Rao (nivedita@prsindia.org)

The Standing Committee on Human Resource Development (Chair: Dr. Satyanarayan Jatiya) submitted its report on 'Issues and challenges before higher educational sector in India'.²⁰ The report examined the challenges of higher education in India after studying the higher education institutions in Hyderabad, Chandigarh, Patiala, Thiruvananthapuram, Udaipur, Chennai, Vishakhapatnam, Bhopal and Indore. The Committee also interacted with public sector banks regarding the education loan facilities being provided to students for higher education.

The key observations and recommendations of the Committee are as follows:

- **Shortage of resources:** Bulk of the enrolment in higher education is handled by state universities and their affiliated colleges. However, these state universities receive very small amounts of grants in comparison to central universities. Nearly 65% of the University Grants Commission (UGC) budget is utilised by the central

universities and their colleges while state universities and their affiliated colleges get only the remaining 35%. The Committee recommended that the mobilisation of funds in state universities should be explored through other means such as endowments, contributions from industry, alumni, etc.

- **Accreditation of institutions:** The Committee noted that accreditation of higher educational institutions needs to be at core of the regulatory arrangement in higher education. Further, quality assurance agencies should guarantee basic minimum standards of technical education to meet the industry demand for quality manpower. The National Board of Accreditation should act as a catalyst towards quality enhancement and quality assurance of higher technical education.
- Credit rating agencies, reputed industry associations, media houses and professional bodies should be encouraged to carry forward the process of rating of Indian universities and institutions. A robust rating system will give rise to healthy competition amongst universities and help improve their performance.

For a PRS Report summary, please see [here](#).

Cabinet approves introduction of the Indian Institutes of Information Technology (Amendment) Bill, 2017

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The Union Cabinet has approved the introduction of Indian Institutes of Information Technology (Amendment) Bill, 2017.²¹ The IIITs Act, 2014 confers the status of Institutions of National Importance on the IIITs. The Bill provides for inclusion of the Indian Institute of Information Technology Design and Manufacturing (IIITDM), Kurnool, Andhra Pradesh under the Act. It will be the fifth centrally funded IIIT. Currently, there are four institutes under the Act functioning in Allahabad, Gwalior, Jabalpur and Kancheepuram.

Number of attempts for NEET specified

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The Ministry of Health and Family Welfare and the Medical Council of India have decided that the National Eligibility cum Entrance Test (NEET) 2017, for the undergraduate level, shall be counted as the first attempt for a

student, irrespective of the previous attempts in AIPMT/NEET, subject to an upper age limit.²²

In addition, an upper age limit of 25 years as on the date of exam for general categories and 30 years for reserved categories has been specified. A candidate can take the exam a maximum of three times.

Cabinet approves Pradhan Mantri Gramin Digital Saksharta Abhiyan

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The Union Cabinet has approved the Pradhan Mantri Gramin Saksharta Abhiyan.²³ The scheme aims to provide digital literacy to six crore rural households by March 2019.

Under the scheme, 25 lakh households will be trained in 2016-17, followed by 2.75 crore households in 2017-18, and three crore in 2018-19. Rs 2,351 crore is estimated to be spent on the project.

Transport

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Standing Committee submits report on the Motor Vehicle (Amendment) Bill, 2016

The Standing Committee on Transport, Tourism and Culture (Chair: Mr. Mukul Roy) submitted its report on the Motor Vehicles (Amendment) Bill, 2016.²⁴ The Bill amends the Motor Vehicles Act, 1988 and was introduced in Lok Sabha on August 9, 2016. Key observations and recommendations of the Committee include:

- **Third party insurance:** Under the 1988 Act, third party insurance is compulsory for all motor vehicles and the liability of the third party insurer is unlimited. The Bill caps the maximum liability for third party insurance at Rs 10 lakh in case of death and at five lakh rupees in case of grievous injury. The Committee noted that in case courts award compensation higher than this amount, the vehicle owner will have to pay the remaining amount to the third party. Noting that this will be against the interest of road users and expose them to unlimited risk, it recommended deleting the provision relating to capping liability.
- **Aggregator licenses:** The Bill requires state governments to grant licenses to aggregators on the basis of guidelines

issued by the central government. An aggregator is a digital intermediary or market place whose services may be used by a passenger to connect with a driver for transportation purposes. The Committee recommended that it should be optional for state governments to follow central government guidelines regarding aggregators.

- **National Road Safety Board:** The Committee noted that solely enhancing penalties will not enhance road safety. It recommended: (i) setting up a high powered Road Safety Board with representatives from both central and state governments, and (ii) ensuring the availability of adequate funds for technologically upgrading and updating the road safety standards. This may be funded through an additional cess on sales of new motor vehicles.

For a PRS report summary, please see [here](#).

New format for reporting road accidents submitted

An Expert Committee on reviewing the format for reporting of road accidents submitted its report.²⁵ The Ministry of Road Transport and Highways has accepted the recommendations. Currently, accident data is recorded at police stations. Police personnel enter these records and assign reasons for accidents as per their observations and understanding. Due to limited technical knowledge on road engineering defects, and nature of impacting vehicles, these records could be subjective.

The Committee recommended a uniform accident recording format that must be adopted by the police in all states and union territories. The accident recording form will capture information including: (i) accident identification/location, (ii) road conditions such as gradient, potholes, (iii) details of the vehicles involved, (iv) victim details, (v) traffic violations details, and (vi) details about persons involved in the accident, other than drivers.

Defence

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Committee constituted to review promotion policy in the Army

The Ministry of Defence constituted a committee to review the promotion policy for

officers in the Army.²⁶ The committee comprises two retired Lieutenant Generals of the Army, Lt Gen (Retd.) G.S. Katoch and Lt. Gen (Retd.) A.K. Ahuja. Key terms of reference of the committee include:

- To study and recommend changes to the Quantified System of Selection (QSS) to make it more objective, transparent and fair. The QSS identifies various criteria that must be taken into account by selection boards deciding promotions in the Army (ex. confidential reports, performance in courses, honours and awards); and
- To study and recommend changes required in the promotion policy followed in the Army. This will include calculation of vacancies, consideration of withdrawn or deferred cases of promotion, etc.

The committee is expected to submit its report in February 2017.

Law and Justice

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The Repealing and Amending Bill, 2017 introduced in Lok Sabha

The Repealing and Amending Bill, 2017 was introduced in Lok Sabha on February 9, 2017 by the Minister of Law and Justice, Mr. Ravi Shankar Prasad.²⁷

The Bill seeks to repeal 104 Acts in whole, partially amend one law, and make minor amendments to three laws.

- **Repealing certain laws in whole:** The Bill repeals 104 laws that have been listed in the First Schedule of the Bill. Of this, around 63 laws are amending Acts, where the changes made by these laws have already been incorporated into the relevant principal Acts. Further, it also includes 20 Acts that were passed prior to 1947.
- **Partial amendment to one law:** The Bill repeals three sections of the Taxation Laws (Amendment) Act, 2007. These sections omit certain provisions of the Additional Duties of Excise (Goods of Special Importance) Act, 1957.
- **Amendment of certain laws:** The Bill makes minor amendments to three Acts which relate to deletion of redundant words in a section, modifications of the title of the Act and marginal heading of a section.

For a PRS Bill summary, please see [here](#).

Supreme Court introduces legal aid scheme for the middle income group

The Supreme Court introduced the Middle Income Group Scheme.²⁸ The scheme seeks to provide legal services at a nominal amount to citizens in the middle income group. The middle income group includes those whose income is up to Rs 60,000 per month, or up to Rs 7,50,000 per annum.

Any person who is eligible under the scheme may file his application before the Supreme Court Middle Income Group Legal Aid Society, with a service fee of Rs 500. A non-refundable sum of Rs 750 must also be deposited towards a contingency fund.

The file of the applicant will be referred to an Advocate on Record or Senior Advocate who has been empanelled by the society. The decision of the Advocate in relation to accepting or rejecting the file is final.

The liability for any negligence on the part of the Advocate will be his, and does not vest with the society. However, the Advocate's name may be struck off the list of the society's panel.

Social Justice and Empowerment

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Cabinet approves changes to two Constitution (Scheduled Castes) Orders

The Union Cabinet approved the introduction of the Constitution (Scheduled Castes) Orders (Amendment) Bill, 2017 in Parliament.²⁹

The proposed Bill seeks to amend: (i) the Constitution (Scheduled Castes) Order, 1950 and (ii) the Constitution (Pondicherry) Scheduled Castes Order, 1964.

The Constitution of India permits certain benefits to Scheduled Castes. Therefore, Presidential Orders have been passed to identify the list of Scheduled Castes in every state and union territory. This list may be modified by Parliament. The proposed Bill seeks to make the following changes to the 1950 and 1964 Orders:

- **1950 Order:** The proposed Bill seeks to modify the list of Scheduled Castes (SC) for the state of Odisha. The castes Sualgiri, Swalgiri will be introduced as

synonyms to the Sabakhia caste in the list of SCs for the state of Odisha.

- **1964 Order:** The name of the Union Territory of Pondicherry was modified to Puducherry by a central Act in 2006. The proposed Bill seeks to incorporate this change and replace 'Pondicherry' with 'Puducherry' in the Order.

Statistics

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Cabinet approves amendments to the Collection of Statistics Act, 2008

The Union Cabinet approved a proposal to introduce a Bill in Parliament to amend the Collection of Statistics Act, 2008. The amendment proposes to extend the Act's jurisdiction to Jammu and Kashmir.³⁰

The Act facilitates the collection of social, economic, and demographic statistics. It contains provisions to ensure security of information transfer and outlines penalties for failing to provide information. The Act currently does not apply to the state of Jammu and Kashmir. The Amendment seeks to:

- Extend the jurisdiction of the Act to state of Jammu and Kashmir to collect statistical information on subjects under the Union or Concurrent lists, and
- Appoint nodal officers at centre, state and UTs levels to coordinate and supervise statistical activities conducted by the respective governments.

Earlier in July, 2015, the Ministry of Statistics and Programme Implementation released a draft Collection of Statistics (Amendment) Bill, 2015.³¹ For more information regarding the draft Bill, please refer to the Monthly Policy Review of July, 2015 [here](#).

Agriculture

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Draft Model APMC Act, 2016 released

The Ministry of Agriculture and Farmers Welfare released the draft model Agricultural Produce Market Committee (APMC) Act, 2016.³² The model Act seeks to facilitate free flow of agricultural produce and direct interface of farmers with exporters or end

users. This will help create a barrier free single market in the country. Key features of the model Act include:

- **Unified Market Area:** A state government/UT administration may declare the whole state/UT as a single unified market area for the purpose of regulating agricultural produce.
- **Setting up of market yards:** Private market yards may be set up to facilitate operations of traders, commission agents, etc. Further, farmer-consumer market yards may be set up by providing infrastructure accessible to farmers and consumers directly.
- Storage infrastructure like warehouses and cold storages maybe declared as market-sub yards.
- **Market yard of National Importance (MNI):** A state may declare any market yard as a MNI based on parameters such as its total throughput, number of consumers served, and infrastructure. A separate Market Committee may be constituted to manage the MNI.
- **E-Trading:** A state may set up an electronic trading platform, which shall provide infrastructure and services for trading in agricultural produce. A person may obtain license to establish and run an e-trading platform. Further, e-trading platforms maybe integrated with private market yards and sub-yards. Under a unified National Agricultural Market, e-platforms shall be interoperable.
- **Single point levy of market fee:** The Market Committee shall levy market fee on agricultural produce from a buyer only once, whether brought from outside or within the state/UT.

Second Advance Estimates of Production of Foodgrains for 2016-17

The Ministry of Agriculture and Farmers Welfare released the second advanced estimates of production of major crops.³³ The total foodgrain production is estimated to increase by 8.1% in 2016-17 as compared to the final estimates in 2015-16. This was contributed by growth of 6.2% in cereal production and 35.4% in pulses production. Oilseeds production is expected to grow by 33%; while on the other hand, sugarcane production is expected to decrease by 11%.

Table 3: Second Advanced Estimates of major crops in 2016-17 (in million tonnes)

Crop	Final 2015-16	2nd Advance Estimates 2016-17	% change over final estimate
Foodgrains	251.6	272.0	8.1%
Cereals	235.2	249.8	6.2%
Rice	104.4	108.9	4.3%
Wheat	92.3	96.6	4.7%
Maize	22.6	26.2	15.9%
Coarse Cereals	38.5	44.3	15.1%
Pulses	16.4	22.1	35.4%
Gram	7.1	9.1	29.2%
Tur	2.6	4.2	65.2%
Oilseeds	25.3	33.6	33.0%
Soyabean	8.6	14.1	64.8%
Groundnut	6.7	8.5	25.8%
Rapeseed & Mustard	6.8	7.9	16.4%
Cotton #	30.0	32.5	8.3%
Sugarcane	348.4	310.0	-11.0%

Million bales of 170 kgs each

Source: Directorate of Economics & Statistics; PRS

Health

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Medical Devices Rules, 2017 notified

The Ministry of Health and Family Welfare has notified Medical Devices Rules, 2017.³⁴

The rules have been framed in conformity with Global Harmonisation Task Force (GHTF) framework and conform to best international practices. The purpose of the GHTF is to encourage a convergence in standards and regulatory practices related to the safety, performance and quality of medical devices.

The rules aim to: (i) remove regulatory bottlenecks, (ii) facilitate ease of doing business, and (iii) ensure availability of better medical devices for patient care and safety.

Key features of the rules are as follows:

- **Classification according to level of risk:** Medical devices will be classified as Class A (low risk), Class B (low moderate risk), Class C (moderate high risk) and Class D (high risk). The manufacturers of medical devices will be required to meet risk proportionate regulatory requirements that are specified in the Rules.

- **No requirement of periodic renewal:** Requirement of periodic renewal of licences has been removed. As a result, manufacturing and import licences will remain valid till these are suspended, cancelled or surrendered.
- **Third party conformity assessment and certification:** Notified Bodies will be allowed to undertake third party conformity assessment and certification. Any institute, organisation or body corporate may seek accreditation as a Notified Body by applying to the National Accreditation Body (NAB). NAB will undertake verification and assessment of medical device manufacturers of Class A and Class B category. NAB may also render assistance for regulation of Class C and Class D medical devices.
- **Regulation of clinical trials of new devices:** Conduct of clinical trials for new devices must aim to ensure: (i) patient safety and welfare, and (ii) discovery of new medical devices. Medical management and compensation will be provided to the subjects of clinical trial in accordance with the predefined criteria.

Draft Public Health (Prevention, Control and Management of Epidemics, Bio-Terrorism and Disasters) Bill, 2017 released

The draft Public Health (Prevention, Control and Management of Epidemics, Bio-Terrorism and Disasters) Bill, 2017 has been released by the Ministry of Health and Family Welfare.³⁵ The Bill seeks to repeal the Epidemic Diseases Act, 1897. The Bill aims to provide for the prevention, control and management of: (i) epidemics; (ii) public health consequences of disasters, and (iii) acts of bio terrorism or threats. Key features of the draft Bill are:

- **Definition of public health emergency:** The draft Bill defines 'public health emergency' as any sudden state of danger to public health including: (i) extension or spread of any infectious or contagious disease or pests affecting humans, animals or plant, (ii) occurrence of or threat of dangerous epidemic disease, and (iii) disaster or bio-terrorism or potential public health emergency requiring immediate action for its prevention, control and management.
- **Powers of central government:** If a situation of public health emergency arises in the country, the central government can: (i) give directions to the state government,

district or local authority to implement the provisions of the Bill, (ii) order measures to be observed by the general public to prevent, control and manage the public health emergency, and (iii) require any person to take measures that may be necessary to prevent, control and manage the public health emergency.

- **Penalties:** (i) Violation of any provisions of the Bill due to negligence will be punishable with a fine upto Rs 10,000 for the first time and upto Rs 25,000 for subsequent times. (ii) Violation of any provisions of the Bill intentionally will be punishable with a fine upto Rs 50,000 for first time and upto Rs 1,00,000 for subsequent times. Wilful violation may also lead to imprisonment extendable upto a period of two years.

The Ministry is seeking comments on the draft Bill till March 25, 2017.

Draft Dentists (Amendment) Bill, 2017 released

The draft Dentists (Amendment) Bill, 2017 has been released by the Ministry of Health and Family Welfare.³⁶ The Bill seeks to amend the Dentists Act, 1948.

The draft Bill proposes modifications to the provisions of the Act with regard to membership of the Dental Council of India. The Act states that out of six members nominated by the central government, at least one will be a registered dentist in a Union Territory and at least two shall be registered in the Part B of a state register. The draft Bill removes the provision regarding the dentists registered in the state register. The register of dentists is maintained in two parts, A and B. Persons possessing recognised dental qualifications are registered in Part A and persons not possessing such qualifications are registered in Part B.

Suggestions have been invited on the draft Bill till March 6, 2017.

Housing

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Cabinet approves amendments to Credit Linked Subsidy Scheme under PMAY-U

The Union Cabinet approved certain amendments to the Credit Linked Subsidy

Scheme (CLSS) under the Pradhan Mantri Awas Yojana – Urban (PMAY-U).³⁷ Under CLSS, a subsidy is provided on home loans taken by eligible urban poor (Economically Weaker Section (EWS)/ Lower Income Group (LIG) for buying or constructing a house.

The amendments seek to: (i) increase the off-take in EWS and LIG segments under PMAY-U, (ii) reach out to the middle income group, (iii) make procedures easy for the primary pending institutions under the scheme, and (iv) provide incentives to the primary lending institutions for increased participation

Amendments approved include:

- Currently, eligible beneficiaries seeking housing loans are eligible for an interest subsidy of 6.5 % for a period of 15 years or the tenure of loan, whichever is shorter. The amendments propose to increase the threshold of 15 years to 20 years. This scheme will be renamed as the CLSS for EWS/ LIG.
- Currently, only EWS and LIG are eligible for the subsidy. The amendments propose to introduce a new CLSS for the middle income groups.
- Primary Lending Institutions that have joined CLSS will have the option to extend their mandate to CLSS for middle income groups with appropriate changes.
- Rs 1,000 crore will be allocated towards CLSS for middle income groups in Budget 2017-18.

Telecom

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TRAI releases consultation paper on regulatory principles of tariff assessment

The Telecom Regulatory Authority of India (TRAI) released a consultation paper on regulatory principles of tariff assessment.³⁸ The paper seeks the views of stakeholders on adequacy of measures to maintain transparency in tariffs offered by telecom service providers (TSPs), and anti-competitive behaviour in tariffs.

Key issues for consultation include:

- **Transparency in tariff offers:** Currently, the Telecommunication Tariff Order, 1999 has taken measures to ensure transparency in tariffs set by TSPs. These include: (i)

requirement for TSPs to inform customers about activation of tariff plans, and (ii) offer of tariffs to customers to be non-discriminatory. Despite these measures, the Authority has been receiving complaints from customers. In this context, TRAI has requested comments on the adequacy of the current measures to ensure transparency in tariff plans.

- Currently, TRAI has taken measures to restrict discriminatory tariffs among customers. Such measures may restrict TSPs from providing promotional offers to new customers at lower tariffs. In this context, TRAI requested stakeholders to provide comments on the existing regulation of non-discriminatory tariff for new customers.
- **Anti-competitive practices:** Currently, the Competition Act, 2002 has provisions to identify predatory pricing. Predatory pricing is offering tariffs at a price which is lower than the cost required to provide the services, with an intention to drive other TSPs out of competition. However, application of the provisions of the Act may differ significantly based on the geographic location, demand and supply, and nature of service. TRAI has requested stakeholders to provide inputs on methods to assess predatory pricing by TSPs using the provisions of the Act.
- **Promotional offers:** Currently, the guidelines in relation to promotional offers are limited only to the eligibility condition and the opening and closing dates of such offers. TRAI noted that, these guidelines are silent on issues such as: (i) number of promotional offers that can run concurrently or that can be offered in a calendar year, (ii) repetition of offers, (iii) benefits that can be offered, etc. In this context, TRAI is seeking comments on reviewing and expanding the existing guidelines on promotional offers.

Comments are invited until March 17, 2017.

¹ Union Budget 2017-18,
<http://indiabudget.nic.in/budget.asp>.

² “Press Note on Estimates of Gross Domestic Product for the third quarter of 2016-17”, Ministry of Statistics and Programme Implementation, February 28, 2017,
http://mospi.nic.in/sites/default/files/press_release/nad_pr_28feb17.pdf.

³ Sixth Bi-Monthly Monetary Policy Statement 2016-17, Press Release, Reserve Bank of India, February 8, 2017,
<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR21164542C3DF7FC944278648E394CAF8D68E.PDF>.

Macroeconomic Development

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CAD at 1.4% of GDP in third quarter of 2016-17

India's current account deficit (CAD) in the third quarter (October to December) of 2016-17 increased to USD 7.9 billion (1.4% of GDP), from USD 7.1 billion (1.4% of GDP) in the third quarter of 2015-16.¹ CAD in the previous quarter, i.e. the second quarter (July to September) of 2016-17 was USD 3.4 billion (0.6% of GDP).

The increase in CAD was primarily on account of a decline in net invisibles receipts. Invisible receipts refer to business transactions related to services and other intangible items, which do not result in the transfer of physical goods. Net invisible receipts were lower, mainly due to: (i) fall in earnings from software and financial services and remittances by Indians employed abroad, and (ii) higher outflow of payments on account of primary income (profit, interest and dividends).

Table 1: Balance of Payments in Q3 of 2016-17 (in USD billion)

	Q3 2015-16	Q2 2016-17	Q3 2016-17
Current Account Deficit	-7.1	-3.4	-7.9
Capital Account	10.9	12.7	8.6
Errors and Omissions	0.3	-0.7	0.5
Net increase in reserves	4.1	8.6	1.2

Sources: Reserve Bank of India; PRS.

Finance

GST Bills passed by Lok Sabha

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Four Bills related to Goods and Services Tax (GST) were passed by Lok Sabha. These Bills include the Central Goods and Service Tax (CGST) Bill, 2017, the Integrated Goods and Service Tax (IGST) Bill, 2017, the Union Territory Goods and Service Tax (UTGST) Bill, 2017, and the Goods and Service Tax (Compensation to States) Bill, 2017.^{2,3,4} The Bills levy the: (i) CGST on intra-state supply of goods and services, (ii) IGST on inter-state supply of goods and services, (iii) UTGST on supply of goods and services in union territories, and (iv) provide compensation to states for any loss of revenue, following the implementation of GST. Key features of the Bills include:

- **Tax rates:** The GST Council, constituted under the 101st Constitutional Amendment, will recommend the tax rates with respect to CGST, IGST and UTGST. The tax rates for CGST will not exceed 20%. The tax rate of IGST will not exceed 40%. In addition, a cess will be levied on certain goods and services to compensate states for revenue loss.
- **Exemptions from GST:** The centre may exempt certain goods and services from the purview of GST through a notification. This exemption will be based on the recommendations of the GST Council.
- **Apportionment of IGST revenue:** The IGST collected will be apportioned between the centre and the state where the goods or services are consumed. The revenue will be apportioned to the centre at the CGST rate, and the remaining amount will be apportioned to the consuming state.
- **Registration of taxpayers:** Every person with a turnover exceeding Rs 20 lakh will have to register in every state in which he conducts business. This threshold will be Rs 10 lakh for special category states (i.e. Himalayan and North-Eastern states). A person may have multiple registrations for different business verticals in a state.
- **Filing tax returns:** Every taxpayer will have to self-assess and file tax returns on a monthly basis by submitting: (i) details of supplies provided, (ii) details of supplies received, and (iii) payment of tax. In addition to the monthly returns, an annual return will have to be filed by each taxpayer.
- **Compensation to states on loss of revenue:** The compensation amount will be calculated using revenue collections in 2015-16 as the base year. A compounded growth rate of 14% per annum over the base year will be assumed. A cess may be levied in order to provide the compensation.
- **Prosecution and appeal:** For offences such as mis-reporting of: (i) goods and services supplied, and (ii) details furnished in invoices, a person may be fined, imprisoned, or both, by the CGST Commissioner. Such orders can be appealed before the Goods and Services Tax Appellate Tribunal, and further before the High Court.

For more details on the GST Bills, please see the PRS Analysis [here](#).

Finance Bill, 2017 passed by Parliament

Vatsal Khullar (vatsal@prsindia.org)

The Finance Bill, 2017 was passed by Parliament with certain amendments.^{5,6} It was introduced in Lok Sabha alongside the presentation of the Union Budget. Key features of the Bill include:

- **Income tax:** The income tax rate for individuals with income between Rs 2.5 lakh to Rs 5 lakh will be reduced from 10% to 5%. An additional surcharge of 10% will be levied on individuals with income between Rs 50 lakh and Rs one crore.
- **Limit on cash transactions:** Cash transactions above Rs two lakh will not be permitted: (i) to a single person in one day, (ii) for a single transaction (irrespective of number of payments), and (iii) for any transactions relating to a single event.
- **Political funding:** Contributions to political parties may be made through a new mode called electoral bonds. These bonds will be issued by banks, for an amount paid through cheque or electronic means. Further, the 7.5% cap on percentage of profits that a company may give to parties has been removed. Companies would no longer be required to disclose the name of parties to which donations were made.
- **Aadhaar mandatory for PAN and Income Tax:** It will be mandatory for every person to quote his Aadhaar number after July 1, 2017 for: (i) applying for a Permanent Account Number (PAN), or (ii) filing Income Tax returns.
- **Terms of service of Tribunal members:** Currently, terms of service of Chairpersons and other members of Tribunals, Appellate Tribunals and other authorities are specified in their respective Acts. The Finance Bill permits the centre to make rules to determine the qualifications, and appointments, among other terms of service for members of 19 Tribunals.
- **Replacing some Tribunals:** Eight Tribunals have been replaced, and their functions transferred to existing Tribunals. For example, the functions of the Competition Appellate Tribunal will be carried out by the National Company Law Appellate Tribunal.

For more details on the Finance Bill, please see the PRS Analysis [here](#).

Taxation Laws Amendment Bill, 2017 introduced in Lok Sabha

Aravind Gayam (aravind@prsindia.org)

The Taxation Laws (Amendment) Bill, 2017 was introduced in Lok Sabha. It seeks to amend the Customs Act, 1962, the Customs Tariff Act, 1975, the Central Excise Act, 1944, the Finance Act, 2001, the Finance Act, 2005, and repeal provisions of few Acts. Key features of the Bill include:

Customs Act, 1962

- **Furnishing information to proper officer:** The Bill adds a provision that requires several persons and entities to furnish information to a proper officer (customs officer) under the Act. Such persons and entities include: (i) income tax and state GST authorities, (ii) Reserve Bank of India, (iii) banks and financial institutions, (iv) stock exchanges and depositories (v) state electricity boards, (vi) Registrar of Companies, (vii) Registrar and Sub-registrar under the Registrar Act, 1908, (viii) registration authority under the Motor Vehicles Act, 1988, and (ix) Post Master General. The manner in which the information will have to be furnished will be notified by the government.
- The proper officer may serve a notice if the information is not furnished within the specified time. Further, the officer may impose a fine after 30 days of serving the notice. The fine will be of Rs 100/day, until the information is furnished.

Customs Tariff Act, 1975

- **Levy of IGST on imports:** Goods imported will be liable to pay the Integrated Good and Service Tax (IGST). IGST will be levied on the aggregate of value of the imported goods, customs duty levied under the Act, and any other amount chargeable under any law.
- **Levy of GST Compensation Cess on imports:** Goods imported will be liable to the GST Compensation Cess. The Cess will be levied on the aggregate value of the imported goods, customs duty levied under the Act, and any other amount chargeable under any law.

Central Excise Act, 1944

- **Levy of Excise Duty:** Currently, central excise duty is levied on various excisable goods including tobacco, petroleum products, rubber, oils, and vehicles. This is proposed to be changed to levy duty only on certain kinds of: (i) petroleum products such as motor spirit, high speed diesel, aviation turbine fuel, and (ii) tobacco products.
- These goods on which the excise duty was levied were mentioned in the Central Excise Tariff Act, 1985. These will be moved to the Fourth Schedule of the 1944 Act. Note that the 1985 Act is proposed to be repealed under the Central Goods and Services Tax Bill, 2017.

For a PRS Bill summary, please see [here](#).

Regulations for the Information Utilities under the Bankruptcy Code notified

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The Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017 were notified.⁷ The regulations have been issued under the Insolvency and Bankruptcy Code, 2016.⁸ Key features of the regulations include:

- **Eligibility and registration:** An information utility (IU) will have to be a public company with a minimum net worth of Rs 50 crore. The Certificate of Registration granted by the Insolvency and Bankruptcy Board to an IU will be valid for five years.

The IU will be required to pay the Board Rs 50 lakh upon registration, and subsequently an annual fee of Rs 50 lakh.

- **Governance:** Independent directors will constitute more than half of the IU's Governing Board. An independent director will be the Chairperson of the Board.
- **Grievance Redressal Policy:** An IU will have a policy to address grievances from users or any person specified by the Governing Board. The policy will provide for: (i) constitution and functions of a grievance redressal committee, (ii) format and time to dispose applications, and (iii) a mediation mechanism, among others.
- **Use of different IUs:** Users may provide information to different IUs. A user may access this information from any IU.

- **Fee:** The IU will charge a fee for providing its service. The fee structure and any changes would be displayed on its website.

Cabinet approves proposals related to a Fund for start-ups

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The Union Cabinet approved proposals related to the Fund of Funds for start-ups which pertain to: (i) investment into start-ups through Alternate Investment Funds (AIFs), and (ii) proportion of operating expenses which may be met from the Fund.⁹ The Fund was established in June 2016 with a corpus of Rs 10,000 crore. It aims to make contributions to other investment funds which extend financial support to start-ups.¹⁰

- AIFs will be required to invest twice the amount invested from the Fund in a start-up. AIFs include private equity funds and infrastructure funds.
- The operating expenses related to carrying out due diligence, legal and technical appraisal, and convening meetings of the Venture Capital Investment Committee, among others, will be met out of the Fund. This expenditure will be capped at 0.5% of the commitments made to AIFs.

For more details on the Fund of Funds for start-ups, please see the PRS Monthly Policy Review for June 2016 [here](#).

Bharatiya Mahila Bank to be merged with the State Bank of India

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The central government has decided to merge the Bharatiya Mahila Bank (BMB) with the State Bank of India (SBI).¹¹ Earlier in February 2017, the Cabinet had approved the acquisition of five of its subsidiary banks by the SBI.

According to the Ministry of Finance, in the three years since its establishment, the BMB has dispensed lesser loans to women and has a lower number of exclusive women branches, as compared to SBI. The administrative and managerial costs of the BMB, to reach the same coverage, are higher than SBI. A merger of the two banks would allow for providing a larger volume of loans to women through SBI.

Law Commission submits report on income tax related to minors

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The Law Commission submitted its report on the 'Prospects of Exempting Income arising out of Maintenance Money of Minor' to the Law Ministry.¹² The Commission recommended that interest income of minors should be clubbed with their parents' income.

Currently, interest on the amount of maintenance deposited in the name of minor children should be taxable with the parents' income under the Income Tax Act, 1961. The Punjab and Haryana High Court is examining whether exceptions can be made to this provision based on special circumstances. The High Court referred the matter to the Law Commission for consideration. The Commission recommended that such interest income of the minors should be clubbed with the income of parents and should be taxed.

In addition, the Commission noted that any exceptions would open doors for tax evasion leading to loss and leakage of revenue.

Labour and Employment

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Maternity Benefits (Amendment) Bill, 2016 passed by Parliament

The Maternity Benefits (Amendment) Bill, 2016 was passed by Parliament. It has also received the President's assent and was notified by the central government.¹³ The Bill amends the Maternity Benefits Act, 1961 in relation to the period of maternity leave for women, and certain other benefits. Key features of the Bill include:

- **Duration of leave:** The Act provides maternity leave up to 12 weeks for all women. The Bill extends this period to 26 weeks. However, a woman with two or more children will be entitled to 12 weeks of maternity leave.
- **Leave for adoptive and commissioning mothers:** The Bill introduces maternity leave up to 12 weeks for a woman who adopts a child below the age of three months, and for commissioning mothers. The period of leave will be calculated from the date the child is handed over to the adoptive or commissioning mother.

- **Crèche facilities:** The Bill requires every establishment with 50 or more employees to provide for crèche facilities within a prescribed distance. The woman will be allowed four visits to the crèche in a day.
- **Work from home option:** An employer may permit a woman to work from home, if the nature of work assigned permits her to do so. This may be mutually agreed upon by the employer and the woman.

A PRS analysis of the Bill is available [here](#).

Employee Compensation (Amendment) Bill passed by Parliament

The Employee Compensation (Amendment) Bill, 2016 was passed by Parliament.¹⁴ The Bill amends the Employee's Compensation Act, 1923. The Act provides payment of compensation to employees and their dependants in the case of injury by industrial accidents, including occupational diseases.

The Bill introduces a provision which requires an employer to inform the employee of his right to compensation under the Act. Such information must be given in writing (in English, Hindi or the relevant official language) at the time of employing him.

For a PRS Bill summary, please see [here](#).

Ministry releases Draft Labour Code on Social Security

The Ministry of Labour and Employment released a draft of the Code on Social Security.¹⁵ The draft Code seeks to harmonise 15 existing labour laws related to social security including the Employees' Provident Fund Act, 1952, the Maternity Benefit Act, 1961, Payment of Gratuity Act, 1972, Employees' Compensation Act, 1923 and the Unorganised Workers' Social Security Act, 2008. Key features of the draft Code on Social Security include:

- **Application of the Code:** The draft Code will apply to: (i) workers employed by any entity; (ii) owners or proprietors of an entity; (iii) international workers; and (iv) Indian citizens outside India, who opt to become members of social security schemes under the Code.
- The Code will not apply to employees of the central and state government as they are covered under separate schemes.
- **Social Security Organisations:** The Code sets up three such bodies: (i) the National Social Security Council, headed by the Prime Minister, which will review

and monitor the implementation of the Code; (ii) the Central Board of Social Security, headed by the Minister for Labour and Employment; and (iii) the State Board for Social Security, headed by the Chief Minister of that particular state.

- **Registration of workers:** The state boards, in coordination with the Central Board, will provide a portable social security account, called the 'Vishwakarma Karmik Suraksha Khata' (VIKAS). This number will be linked to the Aadhar number of the worker.
- **Funds and schemes:** The Code establishes a: (i) social security fund and (ii) gratuity fund, in every state, to be administered by the state board. The employer and workers will both make contributions to these funds, which will be a percentage of wages.
- The central and state governments may establish other welfare funds for workers as specified through notifications.

- **Vesting of property:** The 1968 Act allowed for vesting of enemy property with the Custodian, after the wars with Pakistan and China. The Bill amends the Act retrospectively from 1968 to clarify that, even in the following cases these properties will continue to vest with the Custodian: (i) the enemy's death, or (ii) if the legal heir is an Indian. It also adds a provision to state that 'vesting' will mean that all rights, titles and interests in such property will be with the Custodian.
- **Jurisdiction of courts:** The Bill bars civil courts and other authorities from entertaining disputes related to enemy property. However, it allows a person aggrieved by an order of the central government to appeal to the High Court, if the person wishes to claim that the concerned property is not enemy property. Such an appeal will have to be filed within 60 days (extendable up to 120 days).

More information on the Bill is available [here](#).

Home Affairs

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Enemy Property (Amendment) Bill, 2016 passed by Parliament

The Enemy Property (Amendment and Validation) Bill, 2016 was passed by Parliament.¹⁶ The Bill amends the Enemy Property Act, 1968. Previously, five similar Ordinances amending the 1968 Act had been promulgated in 2016. The last Ordinance was scheduled to lapse on March 14, 2017.

The central government had designated some properties belonging to nationals of Pakistan and China as 'enemy property' during the 1962, 1965 and 1971 wars. It vested these properties in the Custodian of Enemy Property, an office of the central government. The 1968 Act regulates these enemy properties.

The Bill was passed with some amendments that were recommended by the Select Committee that examined the Bill. Key features of the Bill as passed include:

- **Retrospective application:** The Bill is deemed to have come into force on January 7, 2016, the date of promulgation of the first Ordinance. However, several of its provisions will be applicable from the date of commencement of the 1968 Act.

Law Commission submits report on Hate Speech

Law Commission of India submitted a report on 'Hate Speech', and made recommendations regarding amending the Indian Penal Code (IPC), 1860 and the Code of Criminal Procedure (CrPC), 1973.¹⁷

In 2014, the Supreme Court in the case of *Pravasi Bhalai Sangathan vs Union of India* requested the Law Commission to define hate speech. It also asked the Law Commission to make recommendations regarding strengthening the Election Commission's powers on curbing hate speech. In light of this, the Commission has recommended the following amendments:

- **Prohibiting incitement of hatred:** If a person: (i) uses threatening words or signs within the hearing or sight of a person with the intention of causing fear, or (ii) advocates hatred by words or signs that incites violence, he will be punishable with imprisonment of up to two years, and fine up to Rs 5,000. However, the incitement of hatred must have been on grounds of religion, caste, community, sex, gender identity, sexual orientation, place of birth, residence, disability, etc. This would be a cognizable and non-bailable offence.
- **Causing fear, alarm or provocation of violence in certain cases:** If a person uses threatening or derogatory words or signs *in public* on certain grounds (e.g.

religion, caste, community, sex, gender identity): (i) within the hearing or sight of a person creating fear, or (ii) with the intent to provoke violence, it will attract a punishment. The punishment will be imprisonment up to one year, and/or fine up to Rs 5,000. This would be a non-cognizable and bailable offence.

Health

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The Mental Healthcare Bill, 2013 passed by Parliament

The Mental Healthcare Bill, 2013 was passed by Parliament. The Bill repeals the Mental Health Act, 1987. The Bill seeks to: (i) protect and promote the rights of mentally ill persons, (ii) provide care and treatment to mentally ill persons to improve their capacity, and (iii) improve access to mental health services. Key features of the Bill include:

- **Advance Directive:** A mentally-ill person shall have the right to make an advance directive that states how he wants to be treated for a mental illness and who his nominated representative shall be. If a mental health professional does not wish to follow the directive while treating the person, he must make an application to the Mental Health Board to review, alter, or cancel the advance directive.
- **Mental Health Establishments:** Every mental health establishment has to be registered with the relevant Central or State Mental Health Authority. In order to be registered, the establishment has to fulfil various criteria prescribed in the Bill. The Bill also specifies the process and procedure to be followed for admission, treatment and discharge of mentally ill individuals.
- **Decriminalising suicide, prohibiting electroconvulsive therapy and seclusion:** Electro-convulsive therapy is allowed only with the use of muscle relaxants and anaesthesia. The use of seclusion for mentally ill persons is prohibited.
- A person who attempts suicide shall be presumed to be suffering from severe stress at that time. Such a person will not be punished under the Indian Penal Code, 1860.

More information on the Bill is available [here](#).

The HIV and AIDS (Prevention and Control) Bill, 2014 passed by Rajya Sabha

The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Bill, 2014 was passed by Rajya Sabha. The Bill is currently pending in Lok Sabha. The Bill seeks to prevent and control the spread of HIV and AIDS and prohibits discrimination against persons with HIV and AIDS.

Key features of the Bill include:

- **Prohibition of discrimination against HIV positive persons:** The Bill lists the various grounds on which discrimination against HIV positive persons and those living with them is prohibited. These include the denial, termination, discontinuation or unfair treatment with regard to: (i) employment, (ii) educational establishments, (iii) health care services, (iv) residing or renting property, and (v) standing for public or private office.
- The requirement for HIV testing as a pre-requisite for obtaining employment or accessing health care or education is also prohibited.
- **Informed consent and disclosure of HIV status:** The Bill requires that no HIV test, medical treatment, or research will be conducted on a person without his informed consent. Further, no person shall be compelled to disclose his HIV status except with his informed consent, and if required by a court order.
- **Role of the ombudsman:** An ombudsman shall be appointed by each state government to inquire into complaints related to the violation of the Act and the provision of health care services. The ombudsman shall submit a report to the state government every six months stating the number and nature of complaints received, the actions taken and orders passed

More information on the Bill is available [here](#).

National Health Policy, 2017 released

The Ministry of Health and Family Welfare released the National Health Policy, 2017.¹⁸ The last National Health Policy was released in 2002. The objective of the Policy is to improve the health status of all age groups by expanding: (i) preventive, (ii) promotive, (iii) curative, (iv) palliative, and (v) rehabilitative

services provided through the public health sector. The key features of the Policy include:

- **Investment in health:** The Policy proposes a target of 2.5% of the GDP as the public health expenditure. Further, the Policy advocates allocating major proportion (two-thirds or more) of resources to primary care followed by secondary and tertiary care. General taxation will remain the predominant means for financing care.
- **Public Health Management Cadre:** The Policy proposes creation of Public Health Management Cadre in all states. States could decide to place these public health managers, with medical and non-medical qualifications, in cadre streams related to directorates of health.
- **Access to healthcare services:** The Policy regarding provision to healthcare services proposes: (i) free primary care by the public sector, and (ii) strategic purchase of secondary care hospitalisation and tertiary care services from both public and the non-government sector.
- Strategic purchasing refers to the government acting as a single payer. The order of preference for strategic purchase by the government with regard to secondary and tertiary care would be public sector hospitals followed by not-for-profit private sector and then commercial private sector in the underserved areas.
- **Private sector involvement:** The Policy proposes certain measures to encourage greater participation by the private sector. These include: (i) preferential treatment in collaborating with private hospitals for Central Government Health Scheme (covers the healthcare needs of central government employees and members of their families), and (ii) non-financial incentives like skill upgradation to the private sector hospitals/practitioners for providing public health services.

NITI Aayog submits report on regulatory reforms for Indian systems of medicine and Homeopathy

A committee was set up by NITI Aayog to examine the Indian Medicine Central Council Act, 1970 and the Homoeopathy Central Council Act, 1973. Under these Acts, the statutory bodies of Central Council of Indian Medicine and Central Council of Homeopathy were constituted to regulate the Indian systems of medicine, comprising,

ayurveda, siddha, unani and sowa-rigpa and homoeopathy, respectively.

The Committee proposes that the 1970 Act and 1973 Act should be repealed and replaced by new Acts providing for a different structure and governance system. The Committee proposes a National Commission for Indian Systems of Medicine to replace the Central Council of Indian Medicine and the National Commission for Homoeopathy to replace the Central Council of Homeopathy.¹⁹

The key reasons behind the suggested reforms are as follows:¹⁹

- **Issues in the functioning of Central Councils of Indian Medicine, and Homeopathy:** The report notes several issues in the functioning of the Councils and regulation of medical education for these systems of medicine. These issues include failure in: (i) bringing in competent and qualified persons for regulation, (ii) creating standard curricula to produce quality doctors in Indian systems of medicine and homoeopathy, and (iii) ensuring ethics in professional practice.
- **Separation of functions:** The Committee noted that the concentration and centralisation of all functions in one body such as the Councils makes them unwieldy and slow. The Committee recommends independent bodies with separate functions as a solution.
- For example, for Indian Systems of Medicine, it is recommended that five mutually independent and autonomous boards be set up and coordinated through the National Commission for Indian Systems of Medicine. Three of these boards will be responsible for: (i) determining standards, and (ii) overseeing all aspects of medical education. The other two Boards will be responsible for: (i) accreditation and assessment of institutions, and (ii) regulation of the practice of the profession.
- **Fee regulation of private colleges:** The Committee concluded that proposed Commissions of Indian Medicine and Homeopathy should not engage in fee regulation of private colleges. A fee cap would discourage entry of private colleges or encourage the continuation of the underground economy which consists of capitation fees.

Food Safety and Standards (Import) Regulations, 2017 released

The Food Safety and Standards (Import) Regulations, 2017 have been released.²⁰ These regulations lay down the procedure for clearance of food products imported into India. Key features of the regulations include:

- **Licensing of food importers:** No person shall import any article of food without an import license from the Central Licensing Authority under the Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011. This license can be cancelled on grounds including import of articles of food which are: (i) unsafe; and (ii) prohibited or are from prohibited sources.
- **No clearance required for imports meant for personal use:** The regulations shall not apply to any person bringing in any article of food for his personal use provided that the value of such article of food shall not exceed the amount as allowed by customs.
- **Prohibition and restrictions on imports of article of food:** The Food Safety and Standards Authority of India may prohibit or restrict import of any article of food based on risk perception or outbreak of disease. Further, it may issue an order or advisory or guideline as it deems fit, from time to time, for ensuring the safety of articles of food imported into India.

Social Justice and Empowerment

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Bill to modify Scheduled Castes Order for Odisha and Puducherry passed by Lok Sabha

The Constitution (Scheduled Castes) Order (Amendment) Bill, 2017 was introduced by the Minister of Social Justice and Empowerment, Thawar Chand Gehlot. It was also passed by Lok Sabha. The Bill amends the Constitution (Scheduled Castes) Order, 1950 and the Constitution (Pondicherry) Scheduled Castes Order, 1964.

The Bill includes a couple of castes, Sualgiri, Swalgiri as synonyms to the Sabakhia caste in the list of SCs for the state of Odisha.

For a PRS Bill summary, please see [here](#).

Education

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The NITSER (Second Amendment) Bill, 2016 passed in Lok Sabha

The National Institutes of Technology, Science Education and Research (Second Amendment) Bill, 2016 was passed in Lok Sabha. The Bill is currently pending in Rajya Sabha.²¹ The Bill amends the NITSER Act, 2007 which declares certain institutions of technology, science education and research as institutes of national importance and provides for research, training and dissemination of knowledge in these institutions.

The Bill adds two institutes to the NITSER Act. These are: (i) Indian Institute of Science Education and Research, Tirupati (Andhra Pradesh); and (ii) Indian Institute of Science Education and Research, Berhampur (Odisha).

For a PRS Bill Summary, please see [here](#).

The Indian Institutes of Information Technology (Amendment) Bill, 2017 introduced in Lok Sabha

The Indian Institutes of Information Technology (Amendment) Bill, 2017 was introduced by the Minister of Human Resource Development, Mr. Prakash Javadekar in Lok Sabha.²² The Bill amends the Indian Institutes of Information Technology Act, 2014.

The Act declares certain institutes of technology as institutions of national importance. Further, it seeks to: (i) develop new knowledge in information technology; and (ii) provide manpower of global standards for the information technology industry. Key features of the Bill include:

- **Appointment of Director:** Under the Act, there is a search-cum-selection committee which recommends names to the central government for the appointment of the Director of an institute. The Bill modifies the composition of this committee by replacing the Director of an Indian Institute of Information Technology with the Director of an Indian Institute of Technology.
- **Appointment for posts of Assistant Professor and above:** The Act permits the Board of Governors to appoint Assistant Professors. The Bill extends the power of the Board to appoint Assistant

Professors and all the posts above that level as well.

- **Inclusion of an institute:** The Bill declares the Indian Institute of Technology, Design and Manufacturing, Kurnool, Andhra Pradesh as an institution of national importance.

For a PRS Bill Summary, please see [here](#).

Cabinet approves amendment to the Right of Children to Free and Compulsory Education Act, 2009

The Union Cabinet has approved an amendment to the Right of Children to Free and Compulsory Education Act, 2009.²³ The aim of this amendment is to: (i) enable untrained elementary teachers to complete their training, and (ii) ensure that all teachers at the elementary level have minimum standards of qualifications.

The Act specifies that all teachers at elementary level who, at the commencement of this Act, did not possess the minimum qualifications as laid down under the Act, need to acquire these within a period of five years i.e., by March 31, 2015.

In this context, state governments have reported that out of a total number of 66 lakh teachers at the elementary level, 11 lakh are still untrained. The amendment seeks to ensure that all teachers, in position as on March 31, 2015, acquire the minimum qualifications within an extended period of four years, i.e., up to March 31, 2019.

Cabinet approves the introduction of IIT (Public Private Partnership) Bill, 2017

The Union Cabinet has approved the introduction of Indian Institutes of Information Technology (Public Private Partnership) Bill, 2017.²⁴ In 2010, a scheme for setting up of 20 new Indian Institutes of Information Technology (IIITs) in Public Private Partnership was approved by the Union Cabinet. Currently, academic sessions have begun in 15 of these IIITs.

The Bill aims to grant statutory status to these 15 IIITs in Public Private Partnership and declare them as institutes of national importance.

Transport

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The Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016 passed by Lok Sabha

The Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016 was passed by Lok Sabha.²⁵ The Bill was introduced in Lok Sabha on November 21, 2016. The Bill seeks to consolidate the existing laws on civil matters of admiralty jurisdiction of courts, admiralty proceedings on maritime claims, and arrest of ships. Admiralty laws deal with cases of accidents in navigable waters, or contracts related to commerce on such waters. The Bill repeals laws such as the Admiralty Court Act, 1861, and the Colonial Courts of Admiralty Act, 1890. Key features of the Bill include:

- **Admiralty jurisdiction:** The jurisdiction with respect to maritime claims under the Bill will vest with the respective High Courts and will extend up to the territorial waters of their respective jurisdictions. The central government may extend the jurisdiction of these High Courts. Currently, admiralty jurisdiction applies to the Bombay, Calcutta and Madras High Courts. The Bill further extend this to the High Courts of Karnataka, Gujarat, Orissa, Kerala, Hyderabad, and any other High Court notified by the central government.
- **Maritime claims:** The High Courts may exercise jurisdiction on maritime claims arising out of conditions including: (i) disputes regarding ownership of a vessel, (ii) disputes between co-owners of a vessel regarding employment or earnings of the vessel, (iii) mortgage on a vessel, (iv) construction, repair, or conversion of the vessel, (v) disputes arising out of the sale of a vessel, (vi) environmental damage caused by the vessel, etc. The Bill defines a vessel as any ship, boat, or sailing vessel which may or may not be mechanically propelled.
- **Priority of claims:** Among all claims in an admiralty proceeding, highest priority will be given to maritime claims, followed by mortgages on the vessel, and all other claims. Within maritime claims, the highest priority will be given to claims for wages due with regard to employment on the vessel. This would be followed by claims with regard to loss of life or personal injury in connection with operation of the vessel. Such claims will

continue to exist even with the change of ownership of the vessel.

For a PRS Bill summary, please see [here](#).

Supreme Court bans sale of vehicles not compliant with BS IV standards

The Supreme Court banned the sale of vehicles that are not compliant with Bharat Stage IV (BS IV) fuel from April 1, 2017.²⁶ This would be applicable to all two wheeler, three wheeler, four wheeler, and commercial vehicles. The Court also directed all vehicle registering authorities under the Motor Vehicles Act, 1988 to not register vehicles that do not comply with BS IV fuel standards from April 1, 2017, unless these vehicles were sold before March 31, 2017.

As compared to BS III fuel, BS IV fuel has lesser emissions of carbon monoxide, hydrocarbons, nitrogen oxide, and sulphur oxide.

Statistics

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The Collection of Statistics (Amendment) Bill, 2017 introduced

The Collection of Statistics (Amendment) Bill, 2017 was introduced by the Minister of Statistics and Programme Implementation, Mr. D. V. Sadananda Gowda in Lok Sabha.²⁷ The Bill seeks to amend the Collection of Statistics Act, 2008. The 2008 Act facilitates the collection of statistics related to social, economic, demographic, and other indicators, by central, state and local governments. It also contains provisions to ensure security of information collected under the Act. Key features of the Bill include:

- **Jurisdiction of the 2008 Act:** The 2008 Act is not applicable to Jammu and Kashmir. The Bill seeks to extend its jurisdiction to Jammu and Kashmir for the collection of statistics pertaining to subjects under the Union or the Concurrent list of the Constitution as applicable to Jammu and Kashmir.
- **Use of information:** The 2008 Act provides that the information collected under it can *only* be used for statistical purposes. The Bill removes this provision. It allows the central government to determine the manner in which such information collected will be used, for statistical purposes.

- **Nodal officer:** The Bill provides for the appointment of a nodal officer by the central or state government. The nodal officer will coordinate and supervise statistical activities under the government by whom he is appointed.

For a PRS Bill summary, please see [here](#).

Commerce

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The Footwear Design and Development Institute Bill, 2017 introduced

The Footwear Design and Development Institute Bill, 2017 was introduced by the Minister of State (Independent Charge) for Commerce and Industry, Ms. Nirmala Sitharaman.²⁸ The Bill seeks to establish the Footwear Design and Development Institute as an institution of national importance. Currently, there are 12 campuses under this Institute. Key features of the Bill include:

- **Functions of the Institute:** The functions of the Institute include: (i) developing and conducting courses and research related to footwear and leather products' design and development, and (ii) granting degrees, diplomas and certifications.
- **Key authorities of the Institute:** The authorities of the Institute include: (i) a Governing Council, which is responsible for the administration of the Institute and reviewing the work of the Senate; and (ii) a Senate, as the principal academic body, which specifies admission procedures, and the academic content and calendar.
- **Composition of the Governing Council:** The Governing Council will comprise 15 members including: (i) a Chairperson, who is an academican, scientist or industrialist from the leather sector, nominated by the central government, (ii) the Managing Director, (iii) the joint secretaries of the ministries in the central government dealing with leather, retail or fashion sector and the Institute, (iv) a representative of the ministry in the central government dealing with skill development and entrepreneurship, and (iii) nine professionals representing industry and academic institutes (e.g. the Council for Leather Exports and the National Institute of Design), nominated by the central government.

- **Composition of the Senate:** The Senate may include: (i) the Managing Director, as the Chairperson, (ii) the Executive Directors of all Institute campuses, (iii) senior professors of the Institute, and (iv) three external educationists and one alumnus nominated by the Chairperson.

For a PRS Bill summary, please see [here](#).

Trade Infrastructure for Export Scheme launched

The Ministry of Commerce and Industry launched the Trade Infrastructure for Export Scheme.²⁹ Under the scheme, central government will extend financial support to states in the creation of export infrastructure. Central and state agencies such as the Export Promotion Councils, Commodities Boards, Special Economic Zone authorities and apex trade bodies are eligible for financial support under the scheme.

The central government may give the implementing agencies grants-in-aid upto Rs 20 crore towards each infrastructure project. Such grants may not be more than the equity put by an implementing agency or 50% of the project equity.

Water Resources

Roopal Suhag (roopal@prsindia.org)

The Inter-State River Water Disputes (Amendment) Bill 2017 introduced in Lok Sabha

The Inter-State River Water Disputes (Amendment) Bill, 2017 was introduced in Lok Sabha by the Minister of Water Resources, River Development and Ganga Rejuvenation, Ms. Uma Bharti. The Bill seeks to amend the Inter-State River Water Disputes Act, 1956. Key features of the Bill include:

- **Disputes Resolution Committee:** Under the Act, when a complaint is received from a state government regarding a water dispute, the central government may ask the affected states to undertake negotiations to settle the dispute. If the dispute cannot be settled through negotiations, the central government has to set up a Water Disputes Tribunal within a year of receiving such a complaint.
- The Bill replaces this provision and requires the central government to set up a Disputes Resolution Committee (DRC),

for resolving any inter-state water dispute amicably. The DRC will get a period of one year, extendable by six months, to submit its report to the central government.

- **Tribunal:** The Bill proposes to set up an Inter-State River Water Disputes Tribunal, for adjudication of water disputes, if a dispute is not resolved through the DRC. This tribunal can have multiple benches.
- All existing tribunals will be dissolved and the water disputes pending adjudication before such existing tribunals will be transferred to this newly formed tribunal.
- **Time allotted to Tribunal to take its decision:** Under the Act, any water disputes tribunal has to give its decision on a dispute within a period of three years. This period is extendable by a maximum of two years. Under the Bill, the proposed tribunal has to give its decision on a dispute within a period of two years. This period is extendable by a maximum of one year.
- Under the Act, if the matter is again referred to the tribunal by a state for further consideration, the tribunal has to submit its report to the central government within a period of one year. This period of one year can be extended by the central government for such a period as it may consider necessary. The Bill amends this to specify that the extension may be up to a maximum of six months.

For a PRS Bill summary, please see [here](#).

Standing Committee submits report on Accelerated Irrigation Benefits Programme

The Standing Committee on Water Resources (Chair: Mr. Hukum Singh) submitted its report on the 'Review of Accelerated Irrigation Benefits Programme'. The Accelerated Irrigation Benefits Programme (AIBP) aims to accelerate completion of ongoing irrigation projects and ensure access to some means of protective irrigation to all agricultural farms. The programme is implemented by the Ministry of Water Resources. The salient observations and recommendations of the Committee include:

- **Modifications in AIBP:** AIBP's implementation guidelines have been modified seven times since 1996. The changes have been with regard to the scope, coverage and funding of the scheme. The Committee observed that

repeated changes hamper the smooth implementation of the programme and reflect lack of farsightedness in the formulation of programme. It recommended that the AIBP should be planned with a long term perspective, to avoid repeated modifications in the future.

- **Management of funds:** Out of the 149 ongoing projects under the programme, 99 have been prioritized to be completed by 2019. The Committee noted that slow rate of completion of projects results in time and cost over-runs, and is primarily caused because of diversion and misuse of funds, and delay in submission of utilisation certificates. It recommended that the Ministry should devise a mechanism to prevent lapsing of funds, that cause further delay, and put measures in place to avoid time and cost over-runs.
- **Gap between irrigation potential created and utilised:** A difference of 24 million hectares between irrigation potential created and irrigation potential utilised was noted by the Committee.
- It recommended that the Ministry should devise strategies and take steps to not only increase the creation of irrigation potential but also ensure proper utilisation of this created potential.

For a PRS report summary, please see [here](#).

Standing Committee submits report on indigenous and modern forms of water conservation

The Standing Committee on Water Resources (Chair: Mr. Hukum Singh) submitted its report on the 'Indigenous and Modern Forms of Water Conservation-Techniques and Practices' on March 16, 2017. The Committee looked into the following aspects in relation to conservation of water: (i) need for water conservation, (ii) techniques and practices of water conservation, (iii) factors influencing water conservation, and (iv) the National Water Mission. The salient observations and recommendations of the Committee include:

- **Low Per Capita Water Storage and Availability:** Water storage in India is about 209 cubic meters (Cu. M) per person, far below the minimum threshold (1,000 Cu. M) per person for identifying water scarcity in a country. In addition, the per capita availability of water has reduced due to an increase in population, from 2,209 Cu. M per year in 1991, to 1,545 Cu. M per year in 2011.

- In this regard, the Committee recommended that certain measures should be undertaken by the central government. These measures include: (i) compiling data regarding large and medium dams presently under implementation, (ii) reviewing the status of execution of these dams, and (iii) making a plan for the timely completion of such dams.
- **Traditional water recharge and harvesting practices:** Traditional water harvesting structures in the country are no longer being used to store water with dependence on piped water supply system. The Committee recommended that the Ministry of Water Resources should constitute a panel of experts to undertake a study on the merits and viability of traditional water recharge and harvesting techniques in the country. Further, consultations should be held with various state governments to develop ways to preserve and improve indigenous water harvesting methods.

For a PRS report summary, please see [here](#).

Environment

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Government allows violating units a six-month window to get environmental clearance

The Ministry of Environment, Forest and Climate Change has issued a notification to allow units (e.g. industrial or infrastructure units), that are not in compliance with the Environment Impact Assessment Notification, 2006, a one-time opportunity to apply for environmental clearances.³⁰ The 2006 notification lays down the process by which projects that have started construction, or are expanding or modernising, etc. must procure environmental clearance.

In 2012 and 2013, the government had issued office memoranda allowing units that had started construction, expansion, etc. without environmental clearance an opportunity to procure environmental clearance. However, these memoranda were declared void by the National Green Tribunal in 2015 on the ground that memoranda cannot be used to modify the 2006 notification.³¹

Key aspects of the 2017 notification include:

- **Opportunity to get clearance:** The opportunity to procure environmental clearance will be available for six months for units that are in violation of the 2006 notification on March 14, 2017.
- **Environmental appraisal:** The appraisal of the violating units will take place at the central level by Expert Appraisal Committees (comprising government officers and external experts). If the project is sustainable and permissible under environmental norms at the concerned site, clearance may be granted. Otherwise closure of the unit will be recommended, along with other actions under law.
- The Expert Appraisal Committee will prescribe the following for units qualifying for clearance: (i) terms of reference for assessment of ecological damage, (ii) a remediation plan, and (iii) a natural and community resource augmentation plan. The principle followed by the Committee will be to ensure that any economic benefit derived from the violation is taken away, and payment for environmental damage caused is paid.
- **Bank guarantee:** The project proponent will also be required to submit a bank guarantee equivalent in amount to the remediation and augmentation plan to the State Pollution Control Board.
- **conduct prescribed by the Rules framed under the Act; or (ii) grounds for disqualification under the Act.**
- **Recognising foreign lawyers and law firms in India:** The Bar Council of India (BCI) should register and regulate Indian and foreign law firms. Further, they may regulate foreign lawyers who are registered and allowed to practice in India.
- **Pre-enrolment training for lawyers:** The BCI should provide pre-enrolment training and apprenticeship for a person with a law degree for one year. This would be recognised as qualification for enrolment as an advocate.
- **Other structural changes related to the Bar Councils:** Certain other changes to the structure of Bar Councils have been proposed, such as: (i) inclusion of three senior advocates with at least 35 years of experience into the Council; and (ii) making state Bar Councils responsible for organizing compulsory ‘continuing legal education’ for advocates.

Law and Justice

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Law Commission recommends amendments to the Advocates Act, 1961

The Law Commission of India presented its 266th Report on The Advocates Act, 1961.³² The 1961 Act regulates the legal profession in India. With the report, the Law Commission has also presented a draft Advocates (Amendment) Bill, 2017, which amends the 1961 Act.

In 2016, the Supreme Court had directed the Law Commission to examine the 1961 Act to regulate discipline and conduct of lawyers.³³ Salient provisions in the draft bill include:

- **Definition of ‘misconduct’:** The draft Bill introduces a definition for ‘misconduct’ which includes any act of a legal practitioner whose conduct is: (i) in breach of the standard of professional

Housing

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Working Group on Migration submits report

The Working Group on Migration, set up by the Ministry of Housing and Urban Poverty Alleviation, submitted its report.³⁴ The terms of reference of the Group included: (i) reviewing the trend of migration in India and its impact on urban areas, rural areas and smaller towns, (ii) analysing the impact of migration on housing, infrastructure, livelihoods and the economy, and (iii) analysing migration trends across various economic groups. Key observations and recommendations of the Group include:

- **Migration:** As per Census 2011, migration in India is majorly between rural to rural areas (47.4%), followed by urban to urban areas (22.6%), rural to urban areas (22.1%), and urban to rural areas (7.9%). Between Census 2001 and 2011, rural to urban migration increased marginally from 21.8% to 22.1%, and urban to urban migration increased from 15.2% to 22.6%. In urban areas, about 33% of the male workforce, and 56% of the female workforce is composed of migrant workers.

- **Reasons for migration:** The share of family related migration (marriage) has increased from 28% to 36% (as share of total migrants) between Census 2001 and 2011. While 87% women migrants move due to family related reasons, for men this share is 36%. 50% of men move due to work. The share of work-related migration decreased from 16% to 13% between Census 2001 and 2011. However, the Group noted that in terms of absolute numbers work-related migrants increased from 5.7 million to 6.9 million for rural areas and from 2.8 million to 4.8 million for urban areas.
- **Access to employment:** The Group noted that certain states have introduced domicile requirements with regard to employment. This puts migrants at a disadvantage. The Group recommended that states should remove such domicile requirements, and other laws specifically looking at inter-state migration. It also recommended a review of the existing legislative framework and providing basic guarantees on wage and work conditions for all workers. A comprehensive law should be brought in for the unorganised sector workers, which could also provide social protection to such workers.

For a PRS report summary, please see [here](#).

Guidelines for Credit Linked Subsidy Scheme for Middle Income Group released

The Ministry of Housing and Urban Poverty Alleviation released the operational guidelines of the Credit Linked Subsidy Scheme (CLSS) for the Middle Income Group (MIG).³⁵ CLSS is one of the components under the Pradhan Mantri Awas Yojana – Urban (PMAY-U). Under CLSS, a subsidy is provided on home loans taken by eligible urban poor (currently Economically Weaker Section/ Lower Income Group) for buying or constructing a house. In February 2017, the Union Cabinet approved amendments to extend benefits under CLSS to MIG groups as well.³⁶ Key guidelines include:

- **Eligibility:** No member of the beneficiary family should own a pucca house anywhere in India. A beneficiary family should not have availed of central assistance under any other central government housing scheme.
- **Beneficiaries:** There will be two categories of MIG beneficiaries: (i) MIG-I (annual income between six lakh rupees and Rs 12 lakh), and (ii) MIG-II (annual

income between Rs 12 lakh and Rs 18 lakh). A beneficiary family will comprise of husband, wife, unmarried sons and/or unmarried daughters. An adult earning member (irrespective of marital status) may be treated as a separate household, if he does not own a pucca house in his name anywhere in India.

- Further, in case of a married couple, either or both the spouses in joint ownership will be eligible for a single house, subject to income eligibility of the household under the Scheme.
- **Timeline:** CLSS for MIG will be implemented initially for a period of one year in 2017, starting from January 1, 2017.
- **Benefits available:** Beneficiaries seeking loans from notified institutions will be eligible for an interest subsidy, as follows:

Table 2: Details of CLSS for MIG

Particulars	MIG I	MIG II
Household Income (Rs. per annum)	Between Rs six lakh and Rs 12 lakh	Between Rs 12 lakh and Rs 18 lakh
Interest subsidy (% per annum)	4%	3%
Maximum loan tenure (in years)	20	20
Eligible Housing Loan Amount for Interest Subsidy (Rs.)	Rs 9 lakh	Rs 12 lakh
Carpet Area of dwelling unit	90 sq.m.	110 sq.m.

Sources: Operational guidelines of CLSS for MIG; PRS.

Rural Development

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Standing Committee submits report on Pradhan Mantri Gram Sadak Yojana

The Standing Committee on Rural Development (Chair: Dr. P Venugopal) submitted its report on ‘Pradhan Mantri Gram Sadak Yojana’. Pradhan Mantri Gram Sadak Yojana (PMGSY) provides single, all-weather road connectivity to unconnected habitations in rural areas.

The salient observations and recommendations of the Committee include:

- **Maintenance of rural roads:** For ensuring sustainability of roads built under PMGSY, each contractor has to provide for: (i) defect liability for five years, and

(ii) paid routine maintenance after completion of work. The Committee noted that 21% of the completed work under PMGSY was not properly maintained. Further, only 15 states had formulated Rural Roads Maintenance Policy. Out of a target of training 7,271 persons, so far only 1,732 engineers and 1,020 contractors have been trained.

- The Committee recommended that the Ministry should ensure that the remaining states expedite the process of formulating Rural Roads Maintenance Policy, in order for the roads built under the scheme to remain functional. A time-bound strategy should also be evolved to impart training to remaining engineers and contractors for proper maintenance of roads.
- **Monitoring mechanism:** The Committee noted that frequent transfers of trained and experienced staff in State Rural Roads Development Agencies (SRRDAs) hampers the effectiveness of monitoring the scheme. It observed that few states don't update the physical and financial progress of the scheme regularly on the Online Monitoring Management and Accounting System (OMMAS). Further, the various modules of OMMAS make updating of data difficult.
- The Committee recommended that the staff responsible for updating data on OMMAS should be trained in the various modules of the system in a time-bound way. The physical verification process of constructed roads should also be made more robust.

For a PRS report summary, please see [here](#).

Petroleum and Natural Gas

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CCEA approves marketing and pricing freedom for Coal Bed Methane gas

The Cabinet Committee on Economic Affairs (CCEA) approved marketing and pricing freedom for Coal Bed Methane (CBM) contractors.³⁷ This would enable the CBM contractors to sell CBM in the domestic market at arm's length price. An arm's length transaction is one where the buyer and seller of a product are acting in their own self-interest, independent of each other.

While discovering the market price for arm's length sale of CBM, the contractor will have to

ensure a fully transparent and competitive process. The objective should be to realize the best possible price for the gas without any restrictive commercial practices.

In case CBM contractors cannot identify any buyer, they have been permitted to sell the CBM to any of their affiliates. However, royalty and any other dues to the government will be payable on the basis of prices notified by the Petroleum Planning & Analysis Cell (PPAC) or selling prices, whichever is higher.

CCEA approves extension of Production Sharing Contracts awarded for pre-NELP exploration blocks

The Cabinet Committee on Economic Affairs (CCEA) approved a policy granting extension to the Production Sharing Contracts (PSC) signed by the central government, and awarded in the pre-NELP regime.³⁸ In the pre-NELP regime, 28 exploration blocks were awarded to private companies since 1980.³⁹ The national oil companies had the rights for participation in these blocks after hydrocarbon discoveries. The New Exploration Licensing Policy was implemented in 1999. Under NELP, licenses for oil and gas exploration are awarded through a competitive bidding system, with the national oil companies competing with private firms on an equal footing.⁴⁰

The extension of contracts seeks to enable and facilitate investment to extract the remaining oil and gas reserves. In certain oil and gas fields, additional hydrocarbons can be recovered through technology improvements. In such cases, the production would extend beyond the current duration of PSC. The central government's share of profit from petroleum during the extended period of contract will be 10% higher for these fields. During the extension period, an additional investment of \$5,430 million is expected from contractors.

In 2016-17 (up to February 2017), production from oil and gas blocks, allotted in the pre-NELP regime, was 55 million barrel of oil and 965 MMSCM of natural gas. The recoverable reserve from these blocks is estimated to be more than 426 million barrel of oil equivalent.

Agriculture

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Cabinet approves proposal to amend National Bank for Agriculture and Rural Development Act, 1981

The Cabinet approved amendments to the National Bank for Agriculture and Rural Development (NABARD) Act, 1981.⁴¹ The proposed amendments include:

- **Transfer of RBI's share in NABARD to the central government:** The Reserve Bank of India (RBI) currently holds 0.4% of the equity share in NABARD, which amounts to Rs 20 crore. As per the proposed amendment, this equity share of RBI will be transferred to the central government.
- **Capital of NABARD:** The amendments enable the central government to increase the authorized capital of NABARD from Rs 5,000 crore to Rs 30,000 crore. Further, this capital can be increased to more than Rs 30,000 crore by the central government in consultation with the RBI.

Food Processing

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Draft National Food Processing Policy released

The Ministry of Food Processing Industries released a draft National Food Processing Policy to provide a framework for the growth and development of the food-processing industry.⁴² The draft Policy aims to create infrastructure in the food processing sector, reduce wastages, and ensure availability of nutritional balanced foods. Key features of the policy include:

- **Single window clearance system:** An entire state can be declared as a single zone with a single window clearance system for project clearances. An e-platform for the same may be created within a specific period of time.
- **Land allotment:** A facility for leasing land for food processing should be set up. Ceiling on land lease should be raised or abolished. Land should be allotted to Mega Food Parks on a priority basis.
- **Tax incentives:** Infrastructure projects under Mega Food Parks maybe exempted

from stamp duty. Further, VAT/SGST can be refunded to food processing units.

- **Separate department to promote food processing:** Each state may set up an independent department to handle matters related to food processing. The department would focus on improving ease of doing business and investments in the sector.
- **Food processing clusters:** Food processing clusters can be developed based on a particular commodity. The commodities will be based on the production strengths of the respective areas. A comprehensive strategy should be developed for the development of value chain in each cluster.
- **State Essential Services Maintenance Act to be amended:** To declare the food processing industry as an essential service, states should make amendments to their respective State Essential Services Maintenance Act. The Act provides for the maintenance for certain essential services.

Telecom

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TRAI seeks inputs on 'Ease of Doing Telecom Business in India'

The Telecom Regulatory Authority of India (TRAI) is seeking inputs on 'Ease of Doing Telecom Business in India'.⁴³ TRAI seeks to ease efforts of telecom service providers in areas which require regulatory intervention such as: (i) unified licence, (ii) spectrum allotment and use, (iii) mergers and acquisitions, and (iv) provisions related to telecom services using satellite media.

Comments are invited upto April 11, 2017.

¹⁴“Developments in India's Balance of Payments during the third quarter of 2016-17”, Reserve Bank of India Press Release, March 23, 2017,

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR254245D173AE8B8A4544AD7F99A1F610B700.PDF>.

² The Central Goods and Services Tax Bill, 2017, <http://www.prsindia.org/uploads/media/GST.%202017/Central%20GST%20Bill.%202017.pdf>.

³ The Integrated Goods and Services Tax Bill, 2017, <http://www.prsindia.org/uploads/media/GST.%202017/Integrated%20GST%20Bill.%202017.pdf>.

⁴ The Goods and Services Tax (Compensation to States) Bill, 2017, <http://www.prsindia.org/uploads/media/GST.%202017/GS>

Parliament

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Budget session 2017 of Parliament ends

The Budget session 2017 of Parliament ended on April 12, 2017.¹ Both the Houses sat for 29 days, during which 13 Bills (excluding the Finance Bill, 2017) were passed by Parliament. These include four Bills related to the levy of GST, the HIV and AIDS (Prevention and Control) Bill, 2014, the Mental Health Care Bill, 2013, and the Maternity Benefits (Amendment) Bill, 2016.

Out of the 13 Bills, eight were introduced in this session. These include four Bills related to the levy of GST, one on the exchange of demonetised currency notes, and the Constitution (Scheduled Castes) Orders (Amendment) Bill, 2017.

In addition, Lok Sabha discussed the demands for grants of four ministries, namely, (i) defence, (ii) home, (iii) agriculture, and (iv) railways. Rajya Sabha discussed the working of the railways ministry.

Bills introduced in this session, and pending in Parliament include the Indian Institutes of Management Bill, 2017, the Inter-State River Water Disputes (Amendment) Bill, 2017 and the Constitution (123rd Amendment) Bill, 2017, which constitutes a Commission for socially and educationally backward classes.

For more details on the legislative business taken up during the Budget Session 2017, please see [here](#).

For details on the functioning of Parliament during the session, please see [here](#).

Macroeconomic Development

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Policy repo rate kept unchanged at 6.25%, reverse repo rate raised to 6%

The Monetary Policy Committee released the first Bi-Monthly Monetary Policy Statement of 2017-18.² The policy repo rate (at which RBI lends money to commercial banks) was kept unchanged at 6.25%. Other decisions of the Committee include:

- The reverse repo rate (at which RBI borrows money from commercial banks) was raised by 0.25% or 25 basis points, from 5.75% to 6%.

- The marginal standing facility rate (under which banks can borrow additional money) and bank rate (at which RBI buys or rediscounts bills of exchange) were decreased by 25 basis points from 6.75% to 6.50%.

These moves would lead to narrowing of the band for overnight call money rates, i.e., the rate at which banks borrow from each other for one day.

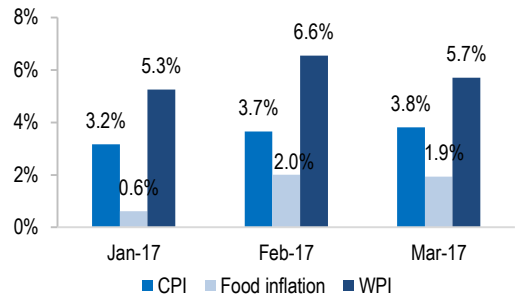
Retail inflation increased by 0.6% during the fourth quarter of 2016-17

The Consumer Price Index (CPI) inflation (base year 2011-12) increased from 3.2% in January 2017 to 3.8% in March 2017, year-on-year.³ During the same period, food inflation also increased from 0.6% to 1.9% year-on-year. The increase in CPI inflation was mainly a result of a rise in the prices of fuel and food items such as pulses and vegetables.

The Wholesale Price Index (WPI) inflation (base year 2004-05) also increased from 5.3% to 5.7% year-on-year in the fourth quarter of 2016-17.⁴

The trends in inflation during the fourth quarter of 2016-17 are shown in Figure 1.

Figure 1: CPI and WPI inflation in Q4 of 2016-17 (year on year % change)



Sources: Ministry of Commerce and Industry; Ministry of Statistics and Programme Implementation; PRS.

Finance

GST Bills passed by Parliament

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Four Bills related to the Goods and Services Tax (GST) were passed by Lok Sabha in March 2017 and received Presidential assent on April 12, 2017.^{5,6,7,8} These Bills are: (i) the Central Goods and Services Tax (CGST) Bill, 2017, (ii) the Integrated Goods and Service Tax (IGST) Bill, 2017, (iii) the Union Territory Goods and Service Tax (UTGST) Bill, 2017, and (iv) the Goods and Service Tax

(Compensation to States) Bill, 2017. The Bills levy the: (i) CGST on intra-state supply of goods and services, (ii) IGST on inter-state supply of goods and services, (iii) UTGST on supply of goods and services in union territories, and (iv) provide compensation to states for any loss of revenue, following the implementation of GST.

For more details on the GST Bills, please see the PRS Analysis [here](#).

Taxation Laws Amendment Bill, 2017 passed by Parliament

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The Taxation Laws (Amendment) Bill, 2017 was passed by Lok Sabha.⁹ Since it is a Money Bill, it will be deemed to have been passed by Parliament in fourteen days after it was passed by Lok Sabha. It seeks to amend the Customs Act, 1962, the Customs Tariff Act, 1975, the Central Excise Act, 1944, the Finance Act, 2001, the Finance Act, 2005, and repeal provisions of few Acts.

For a PRS Bill summary, please see [here](#).

The National Bank for Agriculture and Rural Development (Amendment) Bill, 2017 introduced in Lok Sabha

Sai Priya Kodidala (saipriya@prsindia.org)

The National Bank for Agriculture and Rural Development (Amendment) Bill, 2017 was introduced in Lok Sabha by the Minister of Finance, Mr. Arun Jaitley.¹⁰ The Bill seeks to amend the NABARD Act, 1981.

Key features of the Bill include:

- **Increase in capital of the NABARD:** Under the 1981 Act, NABARD may have a capital of Rs 100 crore. This capital can be further increased to Rs 5,000 crore by the central government in consultation with the Reserve Bank of India (RBI).
- The Bill allows the central government to increase this capital to Rs 30,000 crore. The capital may be increased to more than Rs 30,000 crore by the central government in consultation with the RBI, if necessary.
- **Transfer of the RBI's share to the central government:** Under the 1981 Act, the central government and the RBI together must hold at least 51% of the share capital of NABARD. The Bill provides that the central government alone must hold at least 51% of the share capital of NABARD. The Bill transfers the share

capital held by the RBI and valued at Rs 20 crore to the central government. The central government will pay an equal amount to the RBI.

For a PRS Bill summary, please see [here](#).

Committee to review FRBM Act, 2003 submits report; proposes new Bill

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The Fiscal Responsibility and Budget Management Act (FRBM) Review Committee (Chair: Mr. N.K. Singh) submitted its report in January 2017.¹¹ It was made public in April 2017. The Committee proposed a draft Debt Management and Fiscal Responsibility Bill, 2017 to replace the Fiscal Responsibility and Budget Management Act, 2003 (FRBM Act). Key recommendations of the Committee include:

- **Debt to GDP ratio:** The Committee suggested using debt as the primary target for fiscal policy. A debt to GDP ratio of 60% should be targeted with a 40% limit for the centre and 20% limit for the states. This targeted debt to GDP ratio should be achieved by 2023.
- To achieve this ratio, it proposed yearly targets to progressively reduce the fiscal and revenue deficits till 2023. Note that debt indicates the total outstanding liabilities of the government, while the fiscal deficit indicates net borrowings made in the year, and the revenue deficit indicates what part of these borrowings have been used to cover revenue expenses.

Table 1: Deficit and debt targets (% of GDP)

Year	Fiscal Deficit	Revenue Deficit	Debt of central government
2017-18	3.0%	2.05%	47.3%
2018-19	3.0%	1.80%	45.5%
2019-20	3.0%	1.55%	43.7%
2020-21	2.8%	1.30%	42.0%
2021-22	2.6%	1.05%	40.3%
2022-23	2.5%	0.80%	38.7%

- **Fiscal Council:** The Committee proposed to create an autonomous Fiscal Council with a Chairperson and two members appointed by the centre. To maintain its independence, it proposed a non-renewable four-year term for the Chairperson and members. Further, these people should not be employees in the central or state governments at the time of appointment.
- **Deviations:** The government may be allowed to deviate from the specified

targets upon the advice of the Fiscal Council in the following circumstances: (i) considerations of national security, war, national calamities and collapse of agriculture affecting output and incomes, (ii) structural reforms in the economy resulting in fiscal implications, or (iii) decline in real output growth of at least 3% below the average of the previous four quarters. These deviations cannot be more than 0.5% of GDP in a year.

Comments have been invited on the report till May 5, 2017.

For a PRS Report Summary, please see [here](#).

Cabinet approves listing of 11 Central Public Sector Enterprises

Vatsal Khullar (vatsal@prsindia.org)

The Union Cabinet approved a proposal to list 11 Central Public Sector Enterprises (CPSEs) on stock exchanges.¹² CPSEs will be listed through a public offer of shares up to 25% of the government's shareholding. The Cabinet also approved a price discount of 5% for retail investors (individual investors) and employees of CPSEs.

The 11 CPSEs to be listed are: (i) Rail Vikas Nigam Limited, (ii) IRCON International Ltd., (iii) Indian Railway Finance Corporation Ltd., (iv) Indian Railway Catering and Tourism Corporation, (v) RITES Ltd., (vi) Bharat Dynamics Ltd., (vii) Garden Reach Shipbuilders & Engineers Ltd., (viii) Mazagon Dock Shipbuilders Ltd., (ix) North Eastern Electric Power Corporation Ltd., (x) MSTC Ltd., and (xi) Mishra Dhatu Nigam Ltd.

The actual disinvestment and mode of raising resources will be decided on a case to case basis by the Finance Minister.

Committee on Allowances, examining recommendations of the Pay Commission, submits report

The Committee on Allowances (Chair: Mr. Ashok Lavasa) submitted its report to the Ministry of Finance.¹³ The Committee had been constituted to examine recommendations of the Seventh Central Pay Commission related to allowances. The report is not available in the public domain. Note that while recommendations of the Pay Commission related to pay and pension have been implemented, allowances continue to be paid at old rates.

The Pay Commission had recommended that of the 196 allowances, 52 should be abolished

and 36 should be merged with other allowances. A press release by the Ministry stated that the Committee has suggested modifications in some allowances which are applicable to all employees, as well as certain allowances applicable to specific employees such as railwaymen, postal employees, and scientists.

For more information on the Seventh Pay Commission, please see [here](#) and [here](#).

Insurance Ombudsman Rules, 2017 notified

The Insurance Ombudsman Rules, 2017 have been notified.¹⁴ They supersede the Redressal of Public Grievances Rules, 1998, which had earlier established an Ombudsman to look into complaints related to life insurance and general insurance companies.¹⁵ The 2017 rules apply to all insurers, and their agents or intermediaries.

Key features of these Rules include:

- **Executive Council:** There will be an Executive Council consisting of nine members including a Chairperson. Its members would include representatives from life and general insurers. The Council will issue guidelines relating to administration, staffing and other aspects related to the Insurance Ombudsmen.
- **Ombudsman:** Multiple Insurance Ombudsmen may be set up to exercise jurisdiction over territories specified by the Executive Council. The Ombudsman will be selected by a committee which will include: (i) the Chairperson of the Insurance Regulatory and Development Authority, (ii) representatives of life and general insurers, and (iii) the central government.
- **Functions:** The Ombudsman will look into complaints including: (i) settlement of claims, (ii) disputes on premium paid, and (iii) issue of insurance policies.

Government constitutes a committee to examine framework related to virtual currencies

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The Ministry of Finance constituted an inter-disciplinary committee to examine existing framework on virtual currencies.¹⁶ Virtual currencies, such as bitcoins, are stored and transacted in digital form. Currently, they are unregulated.¹⁷

The Committee will be chaired by Special Secretary (Economic Affairs) and have representatives from Ministries of Home, Information Technology, and NITI Aayog, and Reserve Bank of India, among others. It would submit its report within three months.

The Committee would: (i) take stock of the present status of virtual currencies in India and abroad, (ii) examine global regulatory and legal structures governing virtual currencies, (iii) suggest measures to deal with virtual currencies, and (iv) examine any other related matters.

Social Justice and Empowerment

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Parliament passes Bill to amend list of Scheduled Castes for Odisha and Puducherry

The Constitution (Scheduled Castes) Order (Amendment) Bill, 2017 was passed by Parliament.¹⁸ The Bill amends the Constitution (Scheduled Castes) Order, 1950 and the Constitution (Pondicherry) Scheduled Castes Order, 1964.

The Bill includes some castes, Sualgiri, Swalgiri as synonyms to the Sabakhia caste in the list of SCs for the state of Odisha. Further, since a central law has modified the name of 'Pondicherry' to 'Puducherry', the Bill incorporates this change into the Order.

For a PRS Bill summary, please see [here](#).

Bill to give constitutional status to the NCBC passed by Lok Sabha

The Constitution (123rd Amendment) Bill, 2017 was introduced and passed by Lok Sabha.¹⁹ The Bill has been referred to a Select Committee of Rajya Sabha, which will submit its report within the first week of Monsoon Session 2017.

The Bill seeks to give constitutional status to the National Commission for Backward Classes (NCBC), at par with the National Commission for Scheduled Castes (NCSC) and the National Commission for Scheduled Tribes. Key features of the Bill include:

- **Constitutional status to NCBC:** At present, the NCBC is set up under the National Commission for Backward Classes Act, 1993. It examines complaints regarding inclusion or

exclusion of groups within the list of backward classes, and advises the central government in this regard. The Bill seeks to establish the NCBC under the Constitution, and provide it the authority to examine complaints and welfare measures regarding socially and educationally backward classes.

- **Composition and service conditions:** Under the Bill, the NCBC will comprise five members appointed by the President. Their tenure and conditions of service will also be decided by the President.
- **Specification of backward classes:** The Bill states that the President may specify the socially and educationally backward classes in the various states and union territories. He may do this in consultation with the Governor of the concerned state. However, a law of Parliament will be required if the list of backward classes is to be amended.
- **Role of NCSC:** Currently, under the Constitution, the NCSC has the power to examine complaints and welfare measures for Scheduled Castes, backward classes and Anglo-Indians. The Bill seeks to withdraw the power of the NCSC to examine matters related to backward classes.

Consequently, the National Commission for Backward Classes (Repeal) Bill, 2017 that seeks to repeal the National Commission for Backward Classes Act, 1993 has also been introduced.

A PRS summary of the Constitution (123rd Amendment) Bill, 2017 is available [here](#). A PRS summary of the National Commission for Backward Classes (Repeal) Bill, 2017 is available [here](#).

Health

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The HIV and AIDS (Prevention and Control) Bill, 2014 passed by Parliament

The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Bill, 2014 was passed by Parliament.²⁰ The Bill seeks to prevent and control the spread of HIV and AIDS and prohibits discrimination against persons with HIV and AIDS.

Key features of the Bill are as follows:

- **Prohibition of discrimination against HIV positive persons:** The Bill lists the various grounds on which discrimination against HIV positive persons and those living with them is prohibited. These include the denial, termination, discontinuation or unfair treatment with regard to: (i) employment, (ii) educational establishments, (iii) health care services, (iv) residing or renting property, and (v) standing for public or private office. The requirement for HIV testing as a pre-requisite for obtaining employment or accessing health care or education is also prohibited.
- **Informed consent and disclosure of HIV status:** The Bill requires that no HIV test, medical treatment, or research will be conducted on a person without his informed consent. Further, no person shall be compelled to disclose his HIV status except with his informed consent, and if required by a court order.
- **Role of the ombudsman:** An ombudsman shall be appointed by each state government to inquire into complaints related to the violation of the Act and the provision of health care services. The ombudsman shall submit a report to the state government every six months stating the number and nature of complaints received, the actions taken and orders passed

More information on the Bill is available [here](#).

Department of Pharmaceuticals orders ceiling price of drugs to not be revised for five years

The Department of Pharmaceuticals has directed the National Pharmaceutical Pricing Authority (NPPA) to not revise the price of drugs for five years, except in certain circumstances.²¹ These circumstances are: (i) change in Wholesale Price Index of the drug, (ii) upon an application made by the drug company, and (iii) on the orders of a competent court.

Currently, the ceiling prices of scheduled drug formulations are specified under the Drugs (Prices Control) Order, 1995. The NPPA may revise such prices on its own or on the application of a drug manufacturer.

NITI Aayog releases report on tracking the performance of district hospitals

NITI Aayog has released a report on tracking the performance of district hospitals.²² There are 734 district hospitals which provide secondary health care services at the district level in India. The report notes the need to comprehensively assess the performance of these hospitals. It envisages a ranking system for a comparative assessment of hospitals that may encourage hospitals to improve their performance and ranking.

Key features of this framework are as follows:

- **Sources of data:** Data will be collected from Health Management Information System (a digital initiative under National Health Mission), Kayakalp platform, National Quality Assurance Standards and patients' feedback.
- **Nature of indicators:** The indicators are broadly categorised into two types: (i) indicators that are largely under the control of the state; and (ii) indicators that are largely under the control of the district hospital. These indicators are further distributed into three broad categories: (i) structure (examples: number of functional beds, ratio of doctors and nurses, etc.), (ii) process (example: quality score), and (iii) outcomes/outputs (examples: bed occupancy rate, surgical productivity index, etc.).
- **Frequency of the exercise:** This ranking exercise of evaluating the district hospitals shall be done annually.

Draft Rights of Persons with Disabilities Rules, 2017 released

The Ministry of Social Justice and Empowerment released the Draft Rights of Persons with Disabilities Rules, 2017.²³ These draft Rules have been issued under the Rights of Persons with Disabilities Act, 2016.

Key features of the draft Rules include:

- **Obligations on establishments:** The head of the establishment will ensure that the rights and benefits to persons with disabilities employed by the establishment are not denied. Every establishment shall maintain records of persons with disability employed by it in hard and soft copies.
- Further, every establishment shall publish an equal opportunity policy for persons with disabilities. The policy of government establishments and private establishments having more than 20

employees will include the following components: (i) list of posts identified suitable for persons with disabilities, (ii) provisions for assistive devices, barrier-free accessibility and other provisions for persons with disabilities, and (iii) facilities and amenities to be provided to the persons with disabilities to enable them to effectively discharge their duties.

- **National fund for empowerment of persons with disabilities:** A governing body shall be set up to manage the National Fund for empowerment of persons with disabilities. The governing body's members will include: (i) Secretary, Department of Empowerment of Persons with Disabilities, (ii) Chairperson, Rehabilitation Council of India, and (iii) Financial Advisor, Ministry of Social Justice and Empowerment. Every proposal of expenditure shall be placed before the governing body for its approval.

Transport

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Motor Vehicles (Amendment) Bill, 2017 passed by Lok Sabha

The Motor Vehicles (Amendment) Bill, 2016 was introduced in Lok Sabha in August 2016.²⁴ The Bill amends the Motor Vehicles Act, 1988 to address issues around road safety. The Standing Committee on Transport, Tourism and Culture submitted its report on the Bill in February 2017.²⁵ Following that a few amendments to the Bill were circulated in April 2017.²⁶ Lok Sabha passed the Bill, with these amendments, in April 2017.²⁷ Key features of the Bill, as passed by Lok Sabha, include:

- **Road Safety Board:** The Bill provides for a National Road Safety Board, to be created by the central government through a notification. The Board will comprise a Chairman, representatives of the state governments, and other members as specified by the central government.
- The Board will provide advice to central and state governments on all aspects of road safety and traffic management, including: (i) standards of design, operation and maintenance of motor vehicles, (ii) registration and licensing of vehicles, (iii) standards for road safety, road infrastructure and control of traffic,

(iv) promotion of new vehicle technology, and (v) safety of vulnerable road users.

- **Motor Vehicle Accident Fund:** The Bill requires the central government to constitute a Motor Vehicle Accident Fund. The Fund will be utilised for: (i) treatment of persons injured in road accidents, (ii) compensation to representatives of a person who died in a hit and run accident, and (iii) compensation to a person grievously hurt in a hit and run accident, in accordance with schemes framed by central government
- The Fund will be credited through: (i) payment of a nature notified and approved by the central government, or (ii) a grant or loan made by the central government, or (iii) balance of the Solatium Fund (fund created under the 1988 Act to provide for hit and run accidents), or (iv) any other source as prescribed the central government.
- **Road design:** The Bill provides that any contractor or consultant responsible for the design, construction, or maintenance of roads must follow design, construction and maintenance standards specified by the central government. Failure to comply with such standards will be punishable with a fine of up to one lakh rupees, and such amount will be credited to the Motor Vehicle Accident Fund.

For more details on the Bill and the 2017 amendments, please see [here](#).

Education

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The IIT (Public-Private Partnership) Bill, 2017 introduced in Lok Sabha

The Indian Institutes of Information Technology (Public-Private Partnership) Bill, 2017 was introduced in Lok Sabha.²⁸ The Bill declares 15 existing Indian Institutes of Information Technology established through public-private partnership as institutions of national importance. Key features of the Bill include:

- **Definition of 'public-private partnership (PPP)':** PPP is a partnership under a scheme of the centre which provides for establishment of institutes through collaboration between the centre, the state government and industry

partners. Industry partners can be individuals, trusts, companies or societies.

- **Role of the industry partner:** The industry partner will have powers which include: (i) co-creating programs as per the requirements of the industry; (ii) actively participating in the governance of the institutes; and (iii) funding and mentoring startups in the institutes.
- **Establishment of an institute:** In order to establish an institute, the state government will identify at least one industry partner for collaboration and submit a proposal to the centre. The centre will examine the proposal based on certain criteria, which include: (i) the capital investment for establishing the proposed institute, to be borne by the centre, the concerned state government and industry partners (ratio 50:35:15); (ii) expertise and standing of the industry partners; (iii) the assessment of the capability, financial and other resources of the industry partners to support the institute; and (iv) the availability of adequate physical infrastructure (water, electricity, road connectivity, etc.) and land (50 to 100 acres), to be provided by the state government free of cost.
- The centre may reject or accept the proposal with modifications. Upon such acceptance, the centre will enter into a Memorandum of Understanding (MoU) with the concerned state government and the industry partners for the establishment of the proposed institute.

For a PRS Bill summary, please see [here](#).

The RTE (Amendment) Bill, 2017 introduced in Lok Sabha

The Right of Children to Free and Compulsory Education (Amendment) Bill, 2017 was introduced in Lok Sabha.²⁹ The 2009 Act seeks to provide every child of the age of six to fourteen years with the right to free and compulsory education in a neighbourhood school until completion of elementary education.

Under the Act, if a state does not have adequate teacher training institutions or sufficient number of qualified teachers, the provision to possess minimum qualifications is relaxed for a period not exceeding five years i.e. till March 31, 2015. The Bill extends this deadline to March 31, 2019.

For a PRS Bill summary, please see [here](#).

Draft NCERT Bill, 2017 released

The Ministry of Human Resource Development has released the draft National Council of Educational Research and Training Bill, 2017.³⁰ The National Council of Educational Research and Training (NCERT) is a research and training institute set up under the Registration of Societies Act, 1860 to assist and advise the central and state governments on policies and programmes for qualitative improvement in school education. The draft Bill seeks to declare NCERT as an institution of national importance.

Key features of the draft Bill include:

- **Composition and powers of NCERT:** The NCERT will comprise: (i) the Minister of Human Resource Development, (ii) Chairman, Central Board of Secondary Education, and (iii) education ministers of states and union territories.
- The powers and functions of NCERT will include: (i) developing and publishing national curriculum framework, syllabi, textbooks and other curricular materials for school education, (ii) organising programmes for continuous professional development of teachers, and (iii) acquiring patents or licences relating to invention and improvement in education.
- **Executive Committee of the NCERT:** The Executive Committee shall be responsible for the general superintendence, direction and control of the affairs of the NCERT. Its composition will include: (i) President of NCERT, (ii) Director of NCERT, (iii) the Minister of State in the Ministry of Human Resource Development, (iv) Chairman of the University Grants Commission, and (v) eminent persons in the field of education nominated by the President.
- Powers of the Executive Council will include: (i) appointing all categories of officers and staff for conducting the affairs of the Council and fixing the amount of their remuneration, and (ii) entering into arrangements with the central and state governments, and other public or private organisations and individuals for implementation of its programmes and for securing funding for the NCERT.

Law and Justice

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2014 Bill related to conditions of service of tribunals withdrawn

The Tribunals, Appellate Tribunals and Other Authorities (Conditions of Service) Bill, 2014 was withdrawn. It had been introduced in Rajya Sabha in February 2015, and referred to the Standing Committee on Law and Justice which submitted its report in February 2016.

The Bill sought to establish uniform conditions of service for the chairpersons and members of 26 tribunals and authorities. These conditions of service include term of office, reappointment, age of retirement, allowances, and leave entitlement for chairpersons and members of the tribunals covered by the Bill.

Note that the Finance Bill, 2017, which was passed in March 2017, made structural changes to tribunals. The 2017 Bill permits the central government to make rules to provide for the (i) qualifications, (ii) appointments, (iii) term of office, (iv) salaries and allowances, (v) resignation, (vi) removal, and (vii) other conditions of service for these members. Currently, such terms of service of tribunals are specified in their respective Acts.

Further, the Finance Bill, 2017 replaced certain tribunals, and their functions were transferred to existing tribunals. For example, the Competition Appellate Tribunal has been replaced, and its functions transferred to the National Companies Law Appellate Tribunal.

A PRS analysis of the Tribunals Bill, 2014 is available [here](#). A PRS analysis of the Finance Bill, 2017 is available [here](#).

Urban Development

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Scheme for promoting innovative smart solutions launched under urban missions

The Ministry of Urban Development launched a scheme for Promoting Innovative Smart Solutions under Smart Cities Mission, Atal Mission for Rejuvenation and Urban Transformation, and Swachh Bharat Mission.³¹ Objectives of the scheme include: (i) providing a boost to the development of innovative smart solutions that directly impact the needs of cities, and (ii) making available a large body of

pilot-tested and proven smart solutions that can be adopted by cities as per their specific needs.

The urban local bodies may send their project proposals for funding under the scheme. The projects must be jointly initiated with research institutions and industry partners. The industry partners must be willing to fund 40% of the project cost. The remaining 60% funds will be provided by the Ministry of Urban Development. All the proposals must be approved by the State High Powered Steering Committee for the Smart Cities Mission. Proposals under the scheme will be accepted till May 30, 2017.

The scope of the project must be restricted to information and communication technology based smart solutions. The project must have a component for pilot testing of the smart solution in the city. The projects must be designed for a maximum period of 24 months from the date of announcement of the selected proposals.

Textiles

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Ministry of Textiles launches Power Tex India scheme

The Ministry of Textiles launched a scheme called Power Tex India (Comprehensive Scheme for Powerloom Sector Development).³² Key features of the scheme include:^{33,34}

- **Upgradation of plain powerlooms:** Powerloom units having upto eight looms are eligible to receive subsidy to upgrade existing plain powerlooms to semiautomatic or shuttleless looms. The technology level of looms increases from plain looms to semiautomatic to shuttleless looms.
- **Pradhan Mantri Credit Scheme for Powerloom Weavers:** Under the scheme, financial assistance is provided to individual powerlooms/weavers. This includes: (i) 20% of the project cost upto one lakh rupees, and (ii) interest reimbursement against credit loan taken under Pradhan Mantri Mudra Yojana.
- **Solar Energy Scheme for Powerlooms:** Capital subsidy for installation of On Grid or Off Grid Solar Photo Voltaic Plants is provided to powerloom units having upto eight looms. These units need to have a

shade free roof top or area for setting up of plants.

- **Group Workshed Scheme:** It is an existing scheme (launched in 2003), which facilitates setting up of worksheds in shuttleless looms.³⁵ Under the new scheme, the assistance for the construction of workshed has been increased from Rs 300 per sq. ft to Rs 400 per sq. ft.
- **Yarn Bank Scheme:** It is an existing scheme (launched in 2013), which provides interest free corpus fund to a special purpose vehicle to purchase yarn at wholesale rate and to further provide this yarn at a reasonable price to weavers.³⁵ Under the new scheme, the government's share in the corpus fund has been increased from Rs one crore to Rs two crore, per project.

Petroleum and Natural Gas

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Cabinet approves purchase preference in all PSUs under the Ministry of Petroleum and Natural Gas

The Cabinet approved a policy to provide purchase preference in all the public sector undertakings (PSUs) under the Ministry of Petroleum and Natural Gas.³⁶ The purchase preference will be linked to the local content in these companies. Local content may include local skills, oil and gas technology, local manpower, or manufacturing.

Under the policy, the targets of local content will be stipulated for certain oil and gas business activities. The manufacturers or service providers: (i) who meet these targets, and (ii) whose quoted price is within 10% of the lowest valid bid price will be eligible for purchase preference. This purchase preference will be valid for a stipulated portion of the purchase order on matching the lowest bid price.

The policy will be applicable for five years. It will apply to: (i) all the PSUs and their wholly owned subsidiaries, (ii) joint ventures that have 51% or more equity by one or more PSUs, and (iii) attached and subordinate offices of the Ministry. A steering committee will be set up to oversee implementation of the policy. The committee will also carry out annual reviews and recommend continuation of the policy.

Home Affairs

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Standing Committee submits report on border security

The Standing Committee on Home Affairs (Chair: Mr. P. Chidambaram) submitted a report on "Border Security: Capacity Building and Institutions".³⁷

Key observations and recommendations of the Committee include:

- **Outposts and roads:** The Committee observed that that the proposal to construct 509 border outposts along the India-Bangladesh and India-Pakistan borders had been reduced to 422 border outposts in 2016. It recommended that this revision be re-considered because constructing 509 outposts would allow for inter-border outpost distance to be reduced to 3.5 km.
- The Committee noted that various sectors had poor road connectivity and that the Border Roads Organisation was ill-equipped to manage these projects. It recommended setting up of a joint venture with a private company for this purpose.
- **Border guarding forces:** The Committee observed that the Assam Rifles was not a dedicated border guarding force for the India-Myanmar border. It recommended that a dedicated force be decided for this border at the earliest.
- **Counter-terrorism:** The Committee observed that there is no single unified authority to coordinate the operations of National Investigation Agency, Intelligence Bureau, Multi-Agency Centre and National Security Guard. It noted that a notification had been issued for setting up of the National Centre for Counter Terrorism in 2012 as the nodal agency, but it had been kept in abeyance. It recommended the revival of the National Centre for Counter Terrorism.
- **Intelligence:** The Committee observed that while implementation of the NATGRID project was approved in November 2013, it was still in its nascent stage. Further, the infrastructure for the project was not in place, funds allocated to the project were underutilised, and there were vacancies in positions of technical consultants and subject-matter experts.

For a PRS report summary, please see [here](#).

Telecom

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Standing Committee submits report on issues related to quality of service and call drops

The Standing Committee on Information and Technology (Chair: Mr. Anurag Singh Thakur) submitted its report on 'Issues Related to Quality of Services and Reported Call Drops'.³⁸ The Committee scrutinised Telecom Regulatory Authority of India's (TRAI) and Department of Telecom's role in: (i) ensuring reduction of call drops, and (ii) maintenance of quality in telecom service provided by Telecom Service Providers (TSPs).

The salient observations and recommendations of the Committee include:

- **Inadequate regulations:** The Committee noted that multiple revisions have been made to regulations ensuring Quality of Service (QoS) among TSPs. However, they have not been effective in addressing issues with respect to call drops. Further, TRAI does not have adequate powers to implement certain regulations with respect to call drops. The Committee has also noted that imposing financial disincentives on TSPs has not addressed the issue.
- **Investment in rural infrastructure:** The Committee noted that there has been significant investment in building telecom infrastructure across the country. However, rural parts of the country need more of such investment, lack of which is leading to poor connectivity. The Committee recommended that the Department of Telecom should work with TSPs in helping them invest more in rural telecom infrastructure.
- **Availability of spectrum:** The Committee noted that there has been significant amount of spectrum which has been sold to TSPs in the recent past. However, spectrum holding per telecom operator in India is still very less when compared to other countries. This is because total spectrum assigned to commercial telecom operators in India is less when compared to other countries. The Committee noted that the issues can be addressed if unsold spectrum rights in 700 MHz, 2100 MHz and 2500 MHz bands are procured by telecom operators.

For a PRS report summary, please see [here](#).

Chemicals and Fertilizers

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Standing Committee submits report on policy on promotion of city compost

The Standing Committee on Chemicals and Fertilizers (Chair: Anandrao Adsul) submitted its report on 'Implementation of Policy on Promotion of City Compost'.³⁹ As of 2014, installed capacity to process city compost was 10 lakh metric tonnes, while compost production was 16,000 metric tonnes per year. To process and use city waste as compost, the policy on promotion of city compost was approved in 2016, under the Department of Fertilizers.⁴⁰ Under the policy, assistance of Rs 1,500 per tonne of city compost will be provided to marketing entities for production and consumption of city compost.

Key observations and recommendations of the Committee include:

- **Pricing of city compost:** The Committee noted that incentives or subsidies on compost were not provided to farmers under the policy. It further noted that farmers were not keen on buying city compost due to its high price and lesser impact on soil as compared to urea.
- In January 2017, the Department of Fertilizers released guidelines allowing compost manufacturers to sell directly to farmers, to bring down the cost of city compost. The Committee recommended that the Department should convince state governments to subsidise city compost. It further recommended that the production and sale of city compost should be exempted from central and state taxes.
- **State-level steering committee:** The policy requires that a state-level steering committee be formed for inter-departmental coordination. Department of Agriculture is responsible for campaigns to educate the farmers regarding city compost while Ministry of Urban Development is responsible for increasing the number of compost plants across all states.
- As of January 2017, the committee noted that seven states/UTs had constituted these steering committees. The Committee recommended that the Department pursue other states in this regard to ensure constitution of state-level steering committees.

For a PRS report summary, please see [here](#).

Agriculture

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IMD releases Long Range Forecast for Southwest Monsoon rainfall 2017

The Indian Meteorological Department (IMD) released its first long range (seasonal) forecast for 2017 Southwest Monsoon Rainfall.⁴¹ The monsoon seasonal rainfall is estimated to be 96% of the long period average (LPA), with an error of +/- 5%. In 2016, the Southwest Monsoon Rainfall was estimated to be above normal, at 106% of the LPA while the actual rainfall was 97%.⁴²

MSP for Raw Jute increased by 9.4%

The Cabinet Committee on Economic Affairs (CCEA) approved the Minimum Support Price (MSP) for raw jute for 2017-18.⁴³ The CCEA approved an MSP of Rs 3,500 per quintal of jute. This is an increase of Rs 300 (9.4%) over the MSP approved in 2016-17.

Cabinet approves measures to increase oil palm area and production

The Union Cabinet approved measures to increase oil palm area and production under the National Mission on Oilseeds and Oil Palm (NMOOP).⁴⁴ NMOOP aims to improve the production of vegetable oil from oilseeds, oil palm and tree born oilseeds through three mini missions. The measures approved by the Union Cabinet include:

- **Relaxation on land ceiling limit:** Currently, under Mini Mission-II on Oil Palm, 50% of the maintenance cost of the plantation is provided as financial assistance to farmers during the initial three years. This has an upper limit of Rs 14,000 per hectare up to 25 hectare area.⁴⁵
- This financial assistance is being extended to oil palm cultivators with more than 25 hectare area to attract corporate bodies.
- **Revision of norms of assistance under Mini Mission-II:** The norms of assistance related to planting materials, maintenance cost, inter-cropping costs and bore-wells will be revised further.

Draft Bureau of Indian Standards (Hallmarking) Regulations released

The Ministry of Consumer Affairs released draft Bureau of Indian Standards (BIS) (Hallmarking) Regulations, 2016.⁴⁶ The Regulations carry specifications related to: (i) jeweller certificates, (ii) recognition of assaying and hallmarking centres, and (iii) licenses to refineries and mints. Key features of the Regulations include:

- **Assaying and hallmarking centres:** An assaying and hallmarking centre is a testing and marking centre recognised by the BIS. Grant of recognition is provided to a centre, which is set up as per the infrastructure and competence standards set by the BIS. The centre determines the purity of precious metal articles and applies hallmark on the precious metal articles. Following the recognition, the assaying and hallmarking centre must accept jewellery for hallmarking only from a certified jeweller.
- **Jeweller certificates:** The BIS may grant, renew, suspend or cancel a jeweller certificate to a jeweller. The jeweller must be an established firm or company engaged in manufacturing or sale of precious metal articles. Following the certification, the jeweller must get the precious metal articles hallmarked from an assaying and hallmarking centre recognised by the BIS.
- **Refineries and mints:** A refinery or a mint can be granted a license by the BIS to use hallmark on bullions (precious metal bars) or coins (precious metal coins made from bullions) or both. The refinery or mint will be responsible for the fineness of the hallmarked bullion or coin manufactured by it. It must test the bullion or coin as per the standards laid down by the BIS.

External Affairs

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India signs agreements with Malaysia, Bangladesh, Australia and Sri Lanka

Prime Ministers of Malaysia, Bangladesh, Australia and Sri Lanka visited India. Key

agreements signed with these countries are mentioned below.

Malaysia: India and Malaysia signed seven agreements and Memoranda of Understanding (MoUs) which include: (i) setting up an ammonia and urea plant in Malaysia for dedicated consumption by India, (ii) developing a technology cluster in Andhra Pradesh, and (iii) recognition of equivalent degrees awarded by education institutes in both countries.⁴⁷

Bangladesh: India and Bangladesh signed 22 agreements and MoUs, which include: (i) four MoUs on defence cooperation, including extension of a line of credit of USD 500 million to Bangladesh, (ii) four MoUs on shipping and transport cooperation including regulation of motor vehicle passenger traffic along the Khulna-Kolkata route, and (iii) three MoUs on civil nuclear energy cooperation.⁴⁸

Australia: India and Australia signed six agreements on various subjects including: (i) combating terrorism and transnational crime, (ii) civil aviation security, (iii) environment, climate and wildlife, and (iv) health and medicine.⁴⁹

Sri Lanka: India signed one MoU with Sri Lanka on cooperation in economic projects. The MoU outlines the agenda for bilateral economic cooperation between the two countries.⁵⁰

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³ “Consumer Price Index Numbers on Base 2012=100 for Rural, Urban and Combined for the month of March 2017”, Press Information Bureau, Ministry of Statistics and Programme Implementation, April 12, 2017;

⁴ “Index Numbers of Wholesale Price in India (Base: 2004-05=100) Review for the month of March 2017”, Press Information Bureau, Ministry of Commerce and Industry, April 17, 2017.

⁵ The Central Goods and Services Tax Act, 2017, <http://www.prsindia.org/uploads/media/GST.%202017/Central%20GST%20Act.%202017.pdf>.

⁶ The Integrated Goods and Services Tax Act, 2017, <http://www.prsindia.org/uploads/media/GST.%202017/Integrated%20GST%20Act.%202017.pdf>.

⁷ The Union Territory Goods and Services Tax Act, 2017, <http://www.prsindia.org/uploads/media/GST.%202017/UT%20GST%20Act%202017.pdf>.

⁸ The Goods and Services Tax (Compensation to States) Act, 2017, <http://www.prsindia.org/uploads/media/GST.%202017/GS>

[T%20\(Compensation%20to%20States\)%20Act.%202017.pdf](http://www.prsindia.org/uploads/media/Taxation%20Laws%20Act.%202017.pdf).

⁹ The Taxation Laws (Amendment) Bill, 2017, <http://www.prsindia.org/uploads/media/Taxation%20Laws%20Act.%202017.pdf>.

¹⁰ The National Bank for Agriculture and Rural Development (Amendment) Bill, 2017, Ministry of Finance,

<http://www.prsindia.org/uploads/media/NBARD%20Bill/NBARD%20%28A%29%20Bill.%202017.pdf>.

¹¹ Volume 1, FRBM Review Committee Report, January 2017, <http://dea.gov.in/sites/default/files/Volume%201%20FRBM%20Review%20Committee%20Report.pdf>.

¹² Cabinet approves listing of 11 CPSEs on stock exchanges, Press Information Bureau, Cabinet Committee on Economic Affairs, April 12, 2017.

¹³ Press Note, Ministry of Finance, April 28, 2017, http://finmin.nic.in/7cpc/Press_Note_Committee_Allowance_Report27042017.pdf.

¹⁴ Insurance Ombudsman Rules, 2017, G.S.R. 413 (Extraordinary), Gazette of India, April 25, 2017, <http://egazette.nic.in/WriteReadData/2017/175599.pdf>.

¹⁵ Redressal of Public Grievances Rules, 1998, http://www.policyholder.gov.in/RPG_Rules_concerning_Ombudsman_scheme.aspx.

¹⁶ Government constitutes an Inter-Disciplinary Committee chaired by Special Secretary (Economic Affairs) to examine the existing framework with regard to Virtual Currencies, Press Information Bureau, Ministry of Finance, April 12, 2017.

¹⁷ RBI cautions users of Virtual Currencies against Risks, Reserve Bank of India, December 24, 2013, https://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=30247; RBI cautions users of Virtual Currencies, Reserve Bank of India, February 1, 2017, https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=39435.

¹⁸ The Constitution (Scheduled Castes) Order (Amendment) Bill, 2017, Ministry of Social Justice and Empowerment, [http://www.prsindia.org/uploads/media/Constitution%20\(SC\)%20Order%20Bill.%202017/Constitution%20\(SC\)%20Orders%20\(A\)%20Bill%20as%20passed%20by%20LS.pdf](http://www.prsindia.org/uploads/media/Constitution%20(SC)%20Order%20Bill.%202017/Constitution%20(SC)%20Orders%20(A)%20Bill%20as%20passed%20by%20LS.pdf).

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²⁰ The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Bill, 2014, <http://www.prsindia.org/billtrack/the-human-immunodeficiency-virus-and-acquired-immune-deficiency-syndrome-prevention-and-control-bill-2014-3126/>.

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