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.
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
Key features of the Bill

- Amend the Finance, Mr. Arun Jaitley.
- introduced in Lok Sabha by the
- Development (Amendment) Bill,
- Taxation Laws Amendment Bill, 2017
- (Chair: Mr. N.K. Singh) submitted its report in January 2017. 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)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Fiscal Deficit</th>
<th>Revenue Deficit</th>
<th>Debt of central government</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18</td>
<td>3.0%</td>
<td>2.05%</td>
<td>47.3%</td>
</tr>
<tr>
<td>2018-19</td>
<td>3.0%</td>
<td>1.80%</td>
<td>45.5%</td>
</tr>
<tr>
<td>2019-20</td>
<td>3.0%</td>
<td>1.55%</td>
<td>43.7%</td>
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<tr>
<td>2020-21</td>
<td>2.8%</td>
<td>1.30%</td>
<td>42.0%</td>
</tr>
<tr>
<td>2021-22</td>
<td>2.6%</td>
<td>1.05%</td>
<td>40.3%</td>
</tr>
<tr>
<td>2022-23</td>
<td>2.5%</td>
<td>0.80%</td>
<td>38.7%</td>
</tr>
</tbody>
</table>

- **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. 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. 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. 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. 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 interdisciplinary committee to examine existing framework on virtual currencies. Virtual currencies, such as bitcoins, are stored and transacted in digital form. Currently, they are unregulated.
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.

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**Social Justice and Empowerment**

**Prianka Rao** (prianka@prsindia.org)

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**Parliament passes Bill to amend list of Scheduled Castes for Odisha and Puducherry**


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 aPRS Bill summary, please see here.

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**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.

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**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 prerequisite 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. 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. Following that a few amendments to the Bill were circulated in April 2017. Lok Sabha passed the Bill, with these amendments, in April 2017. 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 IIIT (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. 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. 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. 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. 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). Key features of the scheme include:

- **Upgradation of plain powerlooms:** Powerloom units having up to 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 up to 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 up to eight looms. These units need to have a
shine 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. 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. 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.

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**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. 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.

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**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”,.

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](#).
Standings 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’. 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

Sai Priya Kodidala (saipriya@prsindia.org)

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’. 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. 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. 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%.

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. 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). 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.

- **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.

Consumer Affairs
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Draft Bureau of Indian Standards (Hallmarking) Regulations released
The Ministry of Consumer Affairs released draft Bureau of Indian Standards (BIS) (Hallmarking) Regulations, 2016. 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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