

Monthly Policy Review

June 2019

Highlights of this Issue

[First Session of 17th Lok Sabha begins \(p. 2\)](#)

During the session, 40 new Bills, including Bills to replace Ordinances, have been listed for introduction, consideration and passage. Further, two pending Bills have been listed for consideration and passage.

[President's address to Parliament on policy priorities of new government \(p. 2\)](#)

The address included achievements in key sectors such as macro-economy, employment, infrastructure, environment, agriculture, and education. It sets a target of reaching a \$5 trillion economy in five years.

[Policy repo rate reduced to 5.75%; reverse repo rate reduced to 5.5% \(p. 2\)](#)

The Monetary Policy Committee reduced the benchmark repo rate and reverse repo rates by 0.25% each. It also indicated further cuts ahead as it shifted its policy stance from neutral to accommodative.

[Current Account Deficit at 0.7% of GDP during the fourth quarter of 2018-19 \(p. 3\)](#)

Current Account Deficit in the fourth quarter (January- March) of 2018-19 decreased to USD 4.6 billion (0.7% of Gross Domestic Product) from USD 13 billion (1.8% of GDP) in the corresponding quarter of 2017-18.

[The Special Economic Zones \(Amendment\) Bill, 2019 passed by Parliament \(p. 9\)](#)

The Bill amends the definition of a "person" who may establish an SEZ. In addition to the existing categories, the Bill adds a trust, or any other entity which may be notified by the central government.

[Eight Bills introduced in Lok Sabha; two Bills passed \(p. 5, 6, 7, 8\)](#)

Bills introduced include the Triple Talaq Bill, and the Aadhaar (Amendment) Bill. Further, Bills to amend the Jammu and Kashmir Reservation Act, and the Homoeopathy Central Council Act were passed by Lok Sabha.

[High Level Committee submits report to RBI on digital payments in India \(p. 3\)](#)

The Committee has set a target of ten-fold growth in digital transactions per capita, doubling the digital transaction value to GDP ratio and tripling the number of digital payment users in three years.

[RBI releases Prudential Framework for Resolution of Stressed Assets \(p. 4\)](#)

RBI has released a circular on resolution of stressed assets. It provides for a review period of 30 days, during which the lenders may decide on a Resolution Plan and an inter-creditor agreement between lenders.

[Cabinet approves the Public Premises Amendment Bill, 2019 \(p. 10\)](#)

The Bill will enable an estate officer to evict unauthorised occupants from government residences in a specified manner. The officer may also levy damage charges for the accommodation held during the period of litigation.

[GST Council gives two-year extension to the National Anti-Profitteering Authority \(p. 5\)](#)

The National Anti-Profitteering Authority was established in November 2017 to ensure that reductions in GST rates or benefits of input tax credit are passed on to consumers by commensurate reductions in prices.

[Ministry issues amendments to the Foreigners Tribunal Order, 1964 \(p. 8\)](#)

The amendments relate to: (i) authorities that can refer matters to the Tribunals, and (ii) the process for dealing with appeals related to the inclusion of names in the National Register of Citizens in Assam.

[Government broadens terms of reference of task force drafting new direct tax law \(p. 4\)](#)

The additional terms include: (i) anonymised verification and scrutiny, (ii) reduction in litigation and expeditious disposal of appeals, and (iii) reduction of compliance burden through simplification of procedures.

July 1, 2019

Parliament

First Session of 17th Lok Sabha begins

Vinayak Krishnan (vinayak@prsindia.org)

The first session of the 17th Lok Sabha commenced on June 17, 2019.¹ Lok Sabha will have 30 sitting days and Rajya Sabha will sit for 27 days. Two pending Bills have been listed for consideration and passage in the session. These are the Allied and Healthcare Professionals Bill, 2018, and the Cinematograph (Amendment) Bill, 2019. Further, 40 new Bills have been listed for introduction, consideration and passage. These include Bills to replace Ordinances such as the Aadhaar and Other Laws (Amendment) Bill, 2019, and the Central Educational Institutions (Reservation in Teachers' Cadre) Bill, 2019.

During the month, Parliament passed the Special Economic Zones (Amendment) Bill, 2019, which allows trusts to establish SEZs. Further, two Bills have been passed by Lok Sabha. These were the Homoeopathy Central Council (Amendment) Bill, 2019, and the Jammu and Kashmir Reservation (Amendment) Bill, 2019.

For details of the legislative agenda during the session, see [here](#).

President addresses first joint sitting of Parliament, outlines the agenda of the new government

Anya Bharat Ram (anya@prsindia.org)

The President of India, Mr. Ram Nath Kovind, addressed a joint sitting of both Houses of Parliament on June 20, 2019.² He outlined the major policy achievements and objectives of the government in his address. Key highlights of the address include:

- **Elections:** The proposal of 'One Nation, Simultaneous Elections' will be considered to reduce the frequency of elections.
- **Economy:** By 2024, the government seeks to make India a five trillion dollar economy, and improve its ranking in the Ease of Doing Business Index.
- **Finance and banking:** Since 2014, Rs 7.3 lakh crore have been transferred through the Direct Benefit Transfer (DBT) scheme. Further, DBT has plugged leakages and helped reduce ineligible beneficiaries. Further, the Insolvency and Bankruptcy Code, 2016 has helped banks settle loans of more than Rs 3.5 lakh crore.

- **Agriculture:** Income support to farmers has been extended to all farmers in the country. The expected expenditure on this is Rs 90,000 crore per annum. To improve agricultural productivity, Rs 25 lakh crore will be invested in the sector
- **Education:** The government has provided 10% reservation in education and employment for the economically weaker sections of society. In higher education, the government has increased the amount of scholarship provided by 25%, and seeks to increase the number of seats by 1.5 times, by the year 2024.
- **Employment:** Provisions will be made to give entrepreneurs easy access to loans. 50,000 start-ups will be established in the country by 2024. To promote the retail industry, a pension scheme has also been approved for small retailers. A National Traders Welfare Board will be constituted, and a National Retail Trade Policy will be formulated for traders.
- **Health:** The Ayushman Bharat Scheme has been implemented to provide health insurance to 50 crore poor persons. To provide medicines at affordable rates, 5,300 Jan Aushadhi Kendras have been opened.
- **Infrastructure:** The government is working to improve infrastructure in 112 aspirational districts in the country. National Highways will be constructed and upgraded. Further, nearly two crore new houses will be built in the next three years.
- **Environment:** The Ministry of Jalshakti has been created to work towards water conservation. To address the challenges of air pollution, the National Clean Air Programme has been started in 102 cities.

For a PRS summary of the President's speech, see [here](#).

Macroeconomic Development

Gayatri Mann (gayatri@prsindia.org)

Repo and reverse repo rate reduced to 5.75% and 5.5% respectively

The Monetary Policy Committee (MPC) released its first Bi-Monthly Monetary Policy Statement of 2019-20.³ The policy repo rate (the rate at which the RBI lends money to banks) was reduced from 6.25% to 6%. Other decisions of the MPC include:

- The reverse repo rate (the rate at which the RBI borrows money from banks) was reduced from 6% to 5.75%
- The marginal standing facility rate (the rate at which banks can borrow additional money) and the bank rate (the rate at which the RBI buys or rediscounts bills of exchange) were reduced from 6.25% to 6%. Further, it decided to change the monetary policy stance from neutral to accommodative.

Current Account Deficit at 0.7% of GDP during the fourth quarter of 2018-19

India's Current Account Deficit (CAD) in the fourth quarter (January- March) of 2018-19 decreased to USD 4.6 billion (0.7% of Gross Domestic Product) from USD 13 billion (1.8% of GDP) in the corresponding quarter of 2017-18.⁴ CAD in the previous quarter, i.e. the third quarter (October- December) of 2018-19 was USD 17.7 billion (2.7% of GDP). The year-on-year decrease in CAD was primarily due to a lower trade deficit (the difference between a country's exports and imports) of USD 35.2 billion in the fourth quarter of 2018-19, as compared to USD 41.6 billion in the corresponding period of the previous year. Foreign exchange reserves increased by USD 14.2 billion in the fourth quarter of 2018-19, as compared with an increase of USD 13.2 billion in the fourth quarter of 2017-18.

Table 1 shows India's balance of payments in the fourth quarter of 2018-19.

Table 1: Balance of Payments, Q4 2018-19 (USD billion)

	Q4 2017-18	Q3 2018-19	Q4 2018-19
Current Account	-13.0	-17.7	-4.6
Capital Account	25.0	13.5	19.3
Errors and Omissions	1.3	-0.3	-0.4
Change in reserves	13.2	-4.3	14.2

Sources: Reserve Bank of India; PRS.

In the financial year 2018-19, CAD increased to 2.1% of GDP from 1.8% in 2017-18. India's trade deficit increased to USD 180.3 billion from USD 160 billion in 2017-18. Table 2 shows the balance of payments in 2018-19.

Table 2: Balance of Payments in 2018-19 (USD billion)

	2017-18	2018-19
Current Account	-57.2	-48.7
Capital Account	54.4	91.4
Errors and Omissions	-0.5	0.9
Change in reserves	-3.3	43.6

Sources: Reserve Bank of India; PRS.

Finance

High Level Committee submits its report on deepening of digital payments

Anurag Vaishnav (anurag@prsindia.org)

The High Level Committee (Chair: Nandan Nilekani) on Deepening of Digital Payments submitted its report to the RBI.⁵ The terms of reference of the Committee included: (i) reviewing the existing status of digital payments in India, (ii) identifying gaps and recommending measures to bridge them, (iii) assessing the current levels of digital payments in financial inclusion, and (iv) suggesting a medium-term strategy for deepening of digital payments. Key recommendations of the Committee include:⁶

- **Targets:** The Committee has set the following targets to be achieved in 3 years: (i) ten-fold increase in per capita digital transactions (from current 22.4 to 220 per annum), (ii) doubling the value of digital transactions as a proportion of GDP (from 769% currently to 1500%), and (iii) tripling the number of digital payment users (from estimated 10 crore currently to 30 crore).
- **Specific payment mechanisms:** Currently, merchants pay a Merchant Discount Rate (MDR) to banks for accepting payments from customers through debit (or credit) cards. The Committee recommended that the MDR should be subsidised by the government and interchange fee on card payments should be reduced by 15 basis points to incentivise digital payments. It also recommended that RBI setup a committee to review the MDR on a periodic basis.
- **Direct Benefit Transfer (DBT):** Government departments and banks must provide a dedicated grievance redressal mechanism particularly in vernacular language, for processing connectivity and authentication errors in DBT transfer. Further, validation services such as Public Financial Management System and National Payments Corporation of India should be used to reduce the incidence of transaction failure because of wrong account or Aadhaar details.

- **Government payments:** The Committee recommended that the all government departments must ensure that all pay-outs are through digital means, including payments for goods and services procured, Direct Benefit Transfer, salaries and pensions.
- **Financial Inclusion:** The Committee recommended that the RBI should develop a quantitative Financial Inclusion Index to compare different areas in financial inclusion.

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

RBI releases Prudential Framework for Resolution of Stressed Assets

Anurag Vaishnav (anurag@prsindia.org)

Reserve Bank of India has released a prudential framework for resolution of stressed assets by banks.⁷ The prudential framework revises an earlier circular of RBI (issued in February 2018) on resolution of stressed assets. The 2018 circular was struck down by the Supreme Court in April 2019. It held that the circular issued by RBI was outside the scope of the power given to it under Article 35AA of the Banking Regulation (Amendment) Act, 2017.⁸

The prudential framework states that lenders should recognise stress in loan accounts immediately on default, by classifying such assets as special mention accounts (SMA) in the following categories:

Table 3: Special Mention Account categories

SMA sub-categories	Basis for classification (amount overdue between)
SMA-0	1-30 days
SMA-1	31-60 days
SMA-2	61-90 days

Source: Prudential framework on resolution of stressed assets, Reserve Bank of India; PRS.

The revised circular also allows lenders to categorise revolving credit facilities like cash credit into two SMA categories.

The prudential framework provides for a review period of 30 days from the day a borrower is reported to be in default. During this period, lenders may decide on a Resolution Plan or may choose to initiate legal proceedings for insolvency or recovery of the debt. Resolution Plan refers to a plan put forth to revive an entity from insolvency.

Further, all lenders should enter into an inter-creditor agreement (ICA) during this Review Period in all cases where a RP is to be implemented. Any decision agreed by the ICA by: (a) lenders representing 75% of the total

outstanding credit, and (b) 60% of total lenders, shall be binding upon all lenders.

The Resolution Plan shall be implemented within 180 days from the end of the Review Period. The Review Period should not commence later than: (i) the reference date (if the account is in default on the reference date), or (ii) the date of first default after the reference date. The reference date for this purpose, for different amount of total exposure is noted in Table 4.

Table 4: Reference date for Resolution Plan

Total exposure to lenders	Reference date
Rs 2000 crore and above	June 7, 2019
Rs 1500 - Rs 2000 crore	January 1, 2020
Less than Rs 1500 crore	To be announced

Source: Prudential framework on resolution of stressed assets, Reserve Bank of India; PRS.

RBI constitutes Committee to review the ATM interchange fee structure

Anurag Vaishnav (anurag@prsindia.org)

Reserve Bank of India has constituted a Committee to examine ATM charges and fees with a view to give a boost to deployment of ATMs in unbanked areas.⁹

The terms of reference of the Committee include (a) reviewing existing costs, charges and interchange fees for ATM transactions, (b) reviewing pattern of usage of ATMs by cardholders, (c) assessing costs associated with the ATM ecosystem, and (d) making recommendations on optimal interchange fee.

The chairperson of the Committee will be Mr. V.G. Kannan (Chief Executive of the Indian Banks' Association).

Ministry of Finance broadens the terms of reference of the task force set up to draft new direct tax law

Suyash Tiwari (suyash@prsindia.org)

The Ministry of Finance has broadened the terms of reference of the task force set up to draft a new direct tax law.¹⁰ The task force was constituted in November 2017 to review the Income Tax Act, 1961 and draft a new direct tax law keeping in view: (i) direct tax system prevalent in various countries, (ii) international best practices, (iii) economic needs of India, and (iv) any other connected matters.

The Ministry has added the following terms for consideration by the task force: (i) anonymised verification and scrutiny, (ii) reduction in litigation and expeditious disposal of appeals, (iii) reduction of compliance burden through

simplification of procedures, (iv) mechanism for system based cross verification of financial transactions, and (v) sharing of information among the departments responsible for GST, customs and direct taxes, and the Financial Intelligence Unit.

The task force is required to submit its report by July 31, 2019.

GST Council approves extension of tenure of the National Anti-Profitteering Authority by two years

Suyash Tiwari (suyash@prsindia.org)

The GST Council approved extension of tenure of the National Anti-Profitteering Authority by two years.¹¹ The National Anti-Profitteering Authority was established in November 2017 to ensure that reductions in GST rates or benefits of input tax credit are passed on to consumers by commensurate reductions in the prices of goods and services.^{12,13} In case the Authority finds a violation of this provision by a taxpayer, it may order (i) a refund of the excess amount charged, (ii) reduction in prices, (iii) imposition of penalty, or (iv) cancellation of GST registration of the taxpayer.¹⁴

The Central Goods and Services Tax Rules, 2017 specify that the Authority will cease to exist two years after the date its Chairman takes charge, unless the GST Council recommends otherwise. The tenure of Authority has been extended by two years (till November 2021).

CBDT issues revised guidelines for compounding of tax-related offences

Suyash Tiwari (suyash@prsindia.org)

The Central Board of Direct Taxes (CBDT) issued revised guidelines for compounding of offences under direct tax laws.¹⁵ Compounding of an offence refers to settlement of prosecution case against the offender in lieu of payment of due taxes and other charges by the offender. Other charges include penalties, interest on the amount due, and compounding charges (charges required to be paid for settlement of cases).

The revised guidelines make certain offences under the Income Tax Act, 1961 (which were compoundable earlier) non-compoundable in nature, i.e. prosecution cases filed under these offences cannot be settled by payment of due taxes and other charges. These offences are: (i) removal of or dealing with books of account (or other such evidences marked for seizure) against orders of the authorised officers (Section 275A of the Act), (ii) refusal to give the authorised

officers access to books of account or other documents which are stored in electronic form (Section 275B of the Act), and (iii) removal, concealment, transfer, or delivery of property to thwart tax recovery (Section 276 of the Act).

Further, the revised guidelines make the following offences non-compoundable (in general): (i) offences against persons who have enabled others in tax evasion, (ii) offences related to undisclosed foreign bank account or assets, (iii) offences related to the Benami Transactions (Prohibition) Act, 1988, and (iv) offences related to the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015.

The revised guidelines came into effect on June 17, 2019. Applications for compounding made before this date will continue to be dealt with in accordance with the previous guidelines.

Law and Justice

Roshni Sinha (roshni@prsindia.org)

Muslim Women (Protection of Rights on Marriage) Bill, 2019 introduced in Lok Sabha

The Muslim Women (Protection of Rights on Marriage) Bill, 2019 was introduced in Lok Sabha.¹⁶ It replaces an Ordinance promulgated on February 21, 2019.¹⁷ Key features of the Bill are as follows:

- The Bill makes all declaration of talaq, including in written or electronic form, to be void (i.e. not enforceable in law) and illegal. It defines talaq as talaq-e-biddat or any other similar form of talaq pronounced by a Muslim man resulting in instant and irrevocable divorce. Talaq-e-biddat refers to the practice under Muslim personal laws where pronouncement of ‘talaq’ thrice in one sitting by a Muslim man to his wife results in an instant and irrevocable divorce.
- **Offence and penalty:** The Bill makes declaration of talaq a cognizable offence, attracting up to three years imprisonment with a fine. (A cognizable offence is one for which a police officer may arrest an accused person without warrant.) The offence will be cognizable only if information relating to the offence is given by: (i) the married woman (against whom talaq has been declared), or (ii) any person related to her by blood or marriage.

- The Bill provides that the Magistrate may grant bail to the accused. The bail may be granted only after hearing the woman (against whom talaq has been pronounced), and if the Magistrate is satisfied that there are reasonable grounds for granting bail.
- The offence may be compounded by the Magistrate upon the request of the woman (against whom talaq has been declared). Compounding refers to the procedure where the two sides agree to stop legal proceedings, and settle the dispute. The terms and conditions of the compounding will be determined by the Magistrate.
- **Allowance and custody:** A Muslim woman against whom talaq is declared is entitled to seek subsistence allowance from her husband for herself and for her dependent children. She is also entitled to seek custody of her minor children. The amount of the allowance and manner of custody will be determined by the Magistrate.

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

The Aadhaar and Other Laws (Amendment) Bill, 2019 introduced in Lok Sabha

The Aadhaar and Other Laws (Amendment) Bill, 2019 was introduced in Lok Sabha.¹⁸ It replaces an Ordinance promulgated on March 2, 2019.¹⁹ The Bill amends the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016, the Indian Telegraph Act, 1885, and the Prevention of Money Laundering Act, 2002. The Aadhaar Act provides targeted delivery of subsidies and benefits to individuals residing in India by assigning them unique identity numbers, called Aadhaar numbers.

- **Offline verification:** Under the Aadhaar Act, an individual's identity may be verified by Aadhaar 'authentication'. Authentication involves submitting the Aadhaar number, and their biometric and demographic information to the Central Identities Data Repository for verification. The Bill additionally allows 'offline verification' of an individual's identity, without authentication, through modes specified by the Unique Identification Authority of India (UIDAI) by regulations.
- **Voluntary use:** The Act provides for the use of Aadhaar number as proof of identity of a person, subject to authentication. The Bill replaces this provision to state that an individual may voluntarily use his Aadhaar number to establish his identity, by authentication or offline verification. The

Bill states that authentication of an individual's identity via Aadhaar, for the provision of any service, may be made mandatory only by a law of Parliament.

- The Bill amends the Telegraph Act, 1885 and the Prevention of Money Laundering Act, 2002 to state that telecom companies, banks and financial institutions may verify the identity of their clients by: (i) authentication or offline verification of Aadhaar, or (ii) passport, or (iii) any other documents notified by the central government. The person has the choice to use either mode to verify his identity and no person shall be denied any service for not having an Aadhaar number.
- **UIDAI Fund:** Under the Act, all fees and revenue collected by the UIDAI shall be credited to the Consolidated Fund of India. The Bill removes this provision, and creates the Unique Identification Authority of India Fund. All fees, grants, and charges received by the UIDAI shall be credited to this fund. The fund shall be used for expenses of the UIDAI, including salaries and allowances of its employees.

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

Health and Family Welfare

Gayatri Mann (gayatri@prsindia.org)

The Indian Medical Council (Amendment) Bill, 2019 introduced in Lok Sabha

The Indian Medical Council (Amendment) Bill, 2019 was introduced in Lok Sabha.²⁰ The Bill amends the Indian Medical Council Act, 1956 and replaces the Indian Medical Council (Second Amendment) Ordinance, 2019 that was promulgated on February 21, 2019. The Act sets up the Medical Council of India (MCI), which regulates medical education and practice. Key features of the Bill include:

- **Supersession of the MCI:** The 1956 Act provides for supersession of the MCI and its reconstitution within a period of three years from the date of its supersession. In the interim period, the Act requires the central government to constitute a Board of Governors, to exercise the powers of the MCI. The Bill amends the Act to reduce the time period for supersession of the MCI from three years to two years.

- The Act provides for the Board of Governors to consist of up to seven members including persons of eminence in medical education, appointed by the central government. The Bill amends this provision to increase the strength of the Board from seven members to 12 members. Further, it allows for persons with proven administrative capacity and experience to be selected in the Board. The Bill provides for the Board of Governors to be assisted by a Secretary General who will be appointed by the central government.

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

The Homoeopathy Central Council (Amendment) Bill, 2019 passed by Lok Sabha

The Homoeopathy Central Council (Amendment) Bill, 2019 was introduced and passed by Lok Sabha.²¹ It amends the Homoeopathy Central Council Act, 1973 and replaces the Homoeopathy Central Council (Amendment) Ordinance, 2019 that was promulgated on March 2, 2019. The Act sets up the Central Council of Homoeopathy which regulates homoeopathic education and practice.

- **Time period for supersession of the Central Council:** The 1973 Act was amended in 2018 to provide for the supersession of the Central Council. The Central Council was required to be reconstituted within one year from the date of its supersession. In the interim period, the central government constituted a Board of Governors, to exercise the powers of the Central Council. The Bill seeks to increase the time period for supersession of the Central Council from one year to two years.

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

The Dentist (Amendment) Bill, 2019 introduced in Lok Sabha

The Dentists (Amendment) Bill, 2019 was introduced in Lok Sabha.²² The Bill amends the Dentists Act, 1948. The Act regulates the profession of dentistry and constitutes: (i) the Dental Council of India, (ii) State Dental Councils, and (iii) Joint State Dental Councils.

- A register of dentists is maintained under the Act in two parts, Part A and Part B. Persons possessing recognised dental qualifications are registered in Part A and persons not possessing such qualifications are registered in Part B. The persons in Part B are Indian citizens who have been practicing as dentists

for at least five years prior to a registration date notified by the state government.

- **Composition of the dental councils:** According to the Act, composition of the Dental Council of India, State Dental Councils, and Joint State Dental Councils includes representation from dentists registered in Part B. The Bill seeks to remove the mandatory requirement of the representation of dentists registered in Part B in these Councils.

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

Education

Gayatri Mann (gayatri@prsindia.org)

The Central Educational Institutions (Reservation in Teacher's Cadre) Bill, 2019 introduced in Lok Sabha

The Central Educational Institutions (Reservation in Teachers' Cadre) Bill, 2019 was introduced in Lok Sabha.²³ It replaces an Ordinance promulgated on March 7, 2019. The Bill provides for reservation of teaching positions in central educational institutions for persons belonging to: (i) Scheduled Castes, (ii) Scheduled Tribes, (iii) socially and educationally backward classes, and (iv) economically weaker sections. The key features of the Bill include:

- **Reservation of posts:** The Bill provides for reservation of posts in direct recruitment of teachers (out of the sanctioned strength) in central educational institutions. For the purpose of such reservation, a central educational institution will be regarded as one unit. This implies that the allocation of teaching posts for reserved categories would be done on the basis of all positions of the same level (such as assistant professor) across departments. Note that, under previous guidelines, each department was regarded as an individual unit for the purpose of reservation.
- **Coverage and exceptions:** The Bill will apply to 'central educational institutions' which include universities set up by Acts of Parliament, institutions deemed to be a university, institutions of national importance, and institutions receiving aid from the central government.
- However, it excludes certain institutions of excellence, research institutions, and institutions of national and strategic importance which have been specified in the

Schedule to the Bill. It also excludes minority education institutions.

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

Home Affairs

Vinayak Krishnan (vinayak@prsindia.org)

The Jammu and Kashmir Reservation (Amendment) Bill, 2019 passed by Lok Sabha

The Jammu and Kashmir Reservation (Amendment) Bill, 2019 was introduced and passed by Lok Sabha.²⁴ The Bill amends the Jammu and Kashmir Reservation Act, 2004 and replaces an Ordinance promulgated on March 1, 2019. The Act provides for reservation in appointment and promotions in state government posts, and admission to professional institutions for certain reserved categories. Professional institutions include government medical colleges, dental colleges, and polytechnics. Key features of the Bill include:

- **Extension of reservation:** The Act provides for reservation in appointment and promotions in certain state government posts to persons belonging to socially and educationally backward classes. It defines socially and educationally backward classes to include persons living in areas adjoining the Actual Line of Control. The Bill amends this to include those persons living in areas adjoining the International Border, within the ambit of this reservation.
- Further, the Act states that any person who has been appointed on the basis of residence in an area adjoining the Line of Control, must serve in such areas for at least seven years. The Bill extends this condition to persons living in areas adjoining the International Border as well.
- **Exclusion from reservation:** The Act states that any person whose annual income exceeds three lakh rupees or other amount as notified by the state government, would not be included within socially and educationally backward classes. However, this exclusion does not apply to persons living in areas adjoining the Actual Line of Control. The Bill states that this exclusion will not apply to persons living in areas adjoining the International Border also.

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

Ministry issues amendment to the Foreigners (Tribunals) Order, 1964

The Ministry of Home Affairs issued amendments to the Foreigners (Tribunal) Order, 1964.²⁵ The Order provides for the creation of Tribunals to adjudicate on whether an individual is a foreigner. A foreigner is anyone who is not a citizen of India. They key amendments are:

- **Reference of matters to Tribunals:** Under the 1964 Order, the central government could refer the question of whether an individual is a foreigner, to the Tribunal. The amendment states that in addition to the central government, a (i) state government, (ii) union territory administration, or (ii) district magistrate may also refer such matters to the Tribunal.
- **Appeal process for National Register of Citizens:** Any person whose name has been excluded or incorrectly included in the National Register of Citizens (NRC) in Assam can register a complaint with the Local Registrar of Citizen Registration.²⁶ Appeals against decisions of the Registrar can be made to the Tribunals constituted under the Order, within sixty days. The amendments provide the process for dealing with such appeals.
- The amendments state that an individual who files an appeal must provide a copy of the rejection order received from the NRC authorities. Following this, the Tribunal must issue a notice to the District Magistrate to produce NRC records within thirty days of the notice. The final order of the Tribunal, which will determine whether the individual is eligible for inclusion in the NRC, must be given within 120 days of the production of records. In case the individual does not appeal within 60 days, the central/state government, union territory administration, or district magistrate, may refer the question of whether the individual is a foreigner, to the Tribunal.

Agriculture

Suyash Tiwari (suyash@prsindia.org)

Third advance estimates of production of major crops for 2018-19 released

The Ministry of Agriculture and Farmers Welfare released the third advance estimates of production of major foodgrains and commercial crops for the year 2018-19.²⁷ Table 5 gives a

comparison of the third advance estimates for 2018-19 with the final estimates for 2017-18. Following are some of the highlights:

- Foodgrain production in 2018-19 is estimated to marginally decrease by 0.6% as compared to the final estimates for 2017-18. The decrease is due to a 7.7% decline in the production of coarse cereals and an 8.7% decline in the production of pulses. The production of cereals is estimated to marginally increase by 0.2% in 2018-19.
- Rice production in 2018-19 is estimated to increase by 2.5% as compared to the final estimates for 2017-18. Wheat production is estimated to increase by 1.3% in 2018-19.
- The production of oilseeds is estimated to marginally decrease by 0.1% in 2018-19 as compared to 2017-18. During this period, while groundnut production is estimated to decrease by 29.7%, the production of soyabean is estimated to increase by 25.7%.
- Production of cotton is estimated to fall by 15.9%, while production of sugarcane is estimated to increase by 5.4% to 400.4 million tonnes in 2018-19.

Table 5: Third advance estimates of production for 2018-19 (in million tonnes)

Crop	Final 2017-18	3rd advance estimates 2018-19	% change over 2017-18
Foodgrains (A+B)	285.0	283.4	-0.6%
A. Cereals	259.6	260.2	0.2%
Rice	112.8	115.6	2.5%
Wheat	99.9	101.2	1.3%
Coarse Cereals	47.0	43.3	-7.7%
B. Pulses	25.4	23.2	-8.7%
Tur	4.3	3.5	-18.4%
Gram	11.4	10.1	-11.3%
Oilseeds	31.5	31.4	-0.1%
Soyabean	10.9	13.7	25.7%
Groundnut	9.3	6.5	-29.7%
Cotton*	32.8	27.6	-15.9%
Sugarcane	379.9	400.4	5.4%

*Million bales of 170 kg each.

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

Commerce and Industry

The Special Economic Zones (Amendment) Bill, 2019 passed by Parliament

Gayatri Mann (gayatri@prsindia.org)

The Special Economic Zones (Amendment) Bill, 2019 was introduced and passed by Parliament.²⁸ It amends the Special Economic Zones Act, 2005 and replaces an Ordinance that was promulgated on March 2, 2019. The Act provides for the establishment, development, and management of Special Economic Zones for the promotion of exports.

- **Definition of person:** The Act allows a “person” to establish an SEZ. The definition of a person includes an individual, a Hindu undivided family, a company, a co-operative society, a firm, or an association of persons. The Bill adds two more categories to this definition by including a trust, or any other entity which may be notified by the central government.

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

Ministry releases draft amendments to the Copyright Rules, 2013

Vinayak Krishnan (vinayak@prsindia.org)

The Ministry of Commerce and Industry released draft amendments to the Copyright Rules, 2013, for public feedback.²⁹ The Copyright Rules, 2013, were notified under the Copyright Act, 1957. The Act defines the rights of authors of creative works such as books, plays, music, films and other works of art, and computer software. Key changes proposed in the draft amendments are as follows:

- **Appellate Board:** The Copyright Act, 1957 provided for a Copyright Board to adjudicate disputes under the Act, such as those related to assignment of copyright, and the term of a copyright. In 2017, the functions of the Copyright Board were subsumed by the Intellectual Property Appellate Board, which was set up under the Trade Marks Act, 1999. The draft amendments seek to replace references to the Copyright Board with the Intellectual Property Appellate Board.
- **Public broadcasting:** The Copyright Act allows public broadcast of literary or musical works, and sound recordings, without the consent of the owner of the copyright. In case of a public broadcast, a

broadcaster is required to: (i) give prior notice to the owner of the work of its intent to publicly broadcast their work, and (ii) pay certain royalties as determined by the Appellate Board. The 2013 Rules state that separate notices must be provided for radio or television broadcast, and that the Appellate Board must determine separate royalties for radio and television. The draft amendments seek to remove references to radio and television, and state that separate notices must be provided and royalties determined for each mode of broadcast.

- **Copyright Societies:** The Copyright Act provides for copyright societies, which issue licences for copyrighted works, and collect and distribute license fees to authors. The draft amendments state that every copyright society must publish an Annual Transparency Report on its website. The Report must include, information on: (i) activities in the financial year, and (ii) revenue for each category of rights administered by the society.

Housing and Urban Affairs

Prachee Mishra (prachee@prsindia.org)

Cabinet approves the Public Premises (Eviction of Unauthorised Occupants) Amendment Bill, 2019

The Union Cabinet approved introduction of the Public Premises (Eviction of Unauthorised Occupants) Amendment Bill, 2019.³⁰ The 2019 Bill seeks to replace the Public Premises (Eviction of Unauthorised Occupants) Amendment Bill, 2017, which lapsed with the dissolution of the 16th Lok Sabha.

The Bill seeks to ensure speedy eviction of unauthorised occupants from government residences, and increase the availability of such accommodation for eligible persons. The Bill will enable an estate officer to evict unauthorised occupants from government residences in a specified manner. The officer may also levy damage charges for the accommodation held during the period of litigation.

Energy

Prachee Mishra (prachee@prsindia.org)

Dispute resolution mechanism for wind/solar sector approved

The Ministry of New and Renewable Energy approved the setting up of a dispute resolution mechanism for disputes between solar/ wind power developers, and the Solar Energy Corporation of India (SECI)/ National Thermal Power Corporation (NTPC).³¹ Under the mechanism, a three member Dispute Resolution Committee will be set up. The Committee members will be eminent persons located in the NCR of Delhi. This mechanism will be applicable for all solar/ wind schemes and projects being implemented by the SECI/NTPC.

The Committee will consider the following type of cases: (i) all cases of appeals against decisions given by SECI on extension of time requests based on the terms of contract, and (ii) all requests for extension not covered under the terms of contract.

The recommendations of the Committee and the Ministry's observations will be placed before the Minister for New and Renewable Energy for final decision.

Expert group constituted to review Indian Electricity Grid Code

The Central Electricity Regulatory Commission (CERC) has constituted an expert group to review the Indian Electricity Grid Code.³² The group is chaired by Mr. Rakesh Nath, ex-chairperson of the Central Electricity Authority and ex-member (tech) of the appellate tribunal for electricity. Comments on the Code are invited till July 12, 2019.³³

The Code lays down the rules, and standards to be followed by the various agencies and participants in the system to plan, develop, maintain and operate the power system. The system must be operated in the most efficient, reliable, economic and secure manner, while facilitating healthy competition in the generation and supply of electricity.

Road Transport and Highways

Prachee Mishra (prachee@prsindia.org)

Disinvestment of Air India approved

The Cabinet Committee on Economic Affairs (CCEA) had given in-principle approval to the

strategic disinvestment of Air India and its five subsidiaries on June 28, 2017.³⁴ Following this, the CCEA set up an Air India Specific Alternative Mechanism (AISAM).

On March 28, 2018, the AISAM decided to not proceed with the disinvestment due to issues like volatile crude oil prices and adverse fluctuations in exchange rates. Since then, there has been an improvement in the financial and operational performance of Air India. Therefore, the central government has decided to go ahead with the disinvestment of the company, as per the recommendations of AISAM.

Ministry of Road Transport releases draft amendments to the Central Motor Vehicles Rules, 1989

The Ministry of Road Transport and Highways released two draft notifications amending the Central Motor Vehicles Rules, 1989.^{35,36,37,38} These Rules provide details on licensing of drivers, construction, maintenance, and registration of motor vehicles, permits for vehicles, and control of traffic.

Exemption to battery operated vehicles: The first draft notification seeks to amend the Rules to exempt battery operated vehicles (electric vehicles) from payment of fees in certain cases. These include issue or renewal of registration certificate, or assignment of new registration mark (or number).

Minimum educational qualification for transport vehicle drivers: Currently, under the Rules, a transport vehicle driver must have passed class eight for obtaining a driving licence. The second draft notification seeks to remove this requirement. As per the Motor Vehicles Act, 1988, a transport vehicle means a public service vehicle, a goods carriage, an educational institution bus, or a private service vehicle.

Comments on both the draft Rules are invited within 30 days from the date of publication (that is, July 18, 2019).

Jal Shakti

Anurag Vaishnav (anurag@prsindia.org)

Jal Shakti Abhiyan to be launched from July 2019

The Department of Drinking Water and Sanitation will launch the Jal Shakti Abhiyan, a

campaign aimed at rainwater harvesting and water conservation in 255 water-stressed districts in the country.³⁹ For the purpose of this campaign, districts with blocks where groundwater levels are critical or over-exploited are to be considered as water-stressed districts.

The ground water resources are assessed in units, that is, blocks/talukas/mandals/watersheds. These assessment units are categorised for ground water development based on two criteria: (a) stage of ground water development, and (b) long-term (generally for a period of 10 years) trend of pre and post monsoon water levels.

Units with stage of ground water development over 100% are categorised as over-exploited. Units with stage of ground-water development over 90% and a significant long-term water-level decline (both pre-monsoon and post-monsoon) are categorised as critical.

The campaign will be launched in two phases. The first phase would include all states in the country and would be operational from July 1 to September 15, 2019. The second phase would focus on states receiving retreating monsoon, and would be operational from October 1 to November 30, 2019.

External Affairs

Vinayak Krishnan (vinayak@prsindia.org)

Prime Minister visits Kyrgyz Republic and Maldives

The Prime Minister, Mr. Narendra Modi, visited Maldives and the Kyrgyz Republic.^{40,41} Key agreements signed with the countries are:

- **Maldives:** India and Maldives signed six agreements. These include agreements related to: (i) health, (ii) hydrography (the measurement of seas and coastal areas), and (iii) capacity building programme for Maldivian civil servants.⁴²
- **Kyrgyz Republic:** India and the Kyrgyz Republic signed 15 agreements for cooperation in various areas including: (i) trade and investment, (ii) health, and (iii) information technology.⁴³

¹ Parliament Session Alert, June 22, 2019, <https://prsindia.org/sites/default/files/Parliament%20Session>

[%20Alert%20Budget%20Session%202019%20%2817LS%209.pdf](#).

- ² Address by the President of India, Shri Ram Nath Kovind to the Joint Sitting of Two Houses of Parliament”, June 20, 2019, https://presidentofindia.nic.in/writereaddata/Portal/Speech/Document/683/1_sp200619.pdf.
- ³ “Second Bi-Monthly Policy Statement 2019-20”, Press Release, Reserve Bank of India, June 6, 2019, https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47225
- ⁴ “Developments in India’s Balance of Payments during the Fourth Quarter (January-March) of 2018-19”, Reserve Bank of India, June 28, 2019, https://rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47438.
- ⁵ Report of the Committee on Deepening of Digital Payments, Press Releases, Reserve Bank of India, May 17, 2019, https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47068.
- ⁶ Report of the High Level Committee on Deepening of Digital Payments, Reserve Bank of India, <https://rbiidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/CDDP03062019634B0EEF3F7144C3B65360B280E420AC.PDF>.
- ⁷ Prudential Framework for Resolution of Stressed Assets, Reserve Bank of India, June 7, 2019, <https://rbiidocs.rbi.org.in/rdocs/notification/PDFs/PRUDENTIALB20DA810F3E148B099C113C2457FBF8C.PDF>.
- ⁸ Dharani Sugars and Chemicals Ltd vs Union of India, MANU/SC/0454/2019, https://www.sci.gov.in/supremecourt/2018/42591/42591_2018_Judgement_02-Apr-2019.pdf.
- ⁹ Committee to Review the ATM Interchange Fee Structure, Press Releases, Reserve Bank of India, June 11, 2019, https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=47270.
- ¹⁰ F. No. 370149/230/2017, Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, June 24, 2019, <https://www.incometaxindia.gov.in/Lists/Latest%20News/Attachments/324/task-force-office-order-dated-24-06-2019.pdf>.
- ¹¹ “FM chairs the 35th GST Council Meeting held today in the national capital;”, Press Information Bureau, Ministry of Finance, June 21, 2019.
- ¹² “Cabinet approves the establishment of the National Anti-Profitteering Authority under GST”, Press Information Bureau, Cabinet, November 16, 2017.
- ¹³ “Government appoints Shri B.N. Sharma (IAS:1985) as Chairman of the National Anti-Profitteering Authority under GST”, Press Information Bureau, Ministry of Finance, November 28, 2017.
- ¹⁴ Anti-Profitteering, Chapter XV, Central Goods and Services Tax (CGST) Rules, 2017 (as amended up to April 23, 2019), http://www.gstcouncil.gov.in/sites/default/files/Rules-dynamic/23042019_CGST_Rules-2017-Part-A-Rules.pdf.
- ¹⁵ F. No. 285/08/2014-IT (Inv. V)/147, Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, June 14, 2019, https://www.incometaxindia.gov.in/news/guidelines_compounding_offencesdtl_2019_misccomm_14_6_19.pdf.
- ¹⁶ The Muslim Women (Protection of Rights on Marriage) Bill, 2019, https://www.prsindia.org/sites/default/files/bill_files/Muslim%20women%20%28Protection%20of%20Rights%20on%20Marriage%29%20Bill%2C%202019.pdf.
- ¹⁷ The Muslim Women (Protection of Rights on Marriage) Ordinance, 2019, https://www.prsindia.org/sites/default/files/bill_files/Muslim%20Women%20%28Protection%20of%20Rights%20on%20Marriage%29%20Second%20Ordinance%2C%202019.pdf.
- ¹⁸ The Aadhaar and Other Laws (Amendment) Bill, 2019, https://www.prsindia.org/sites/default/files/bill_files/Aadhaar%20and%20Other%20Laws%20%28Amendment%29%20Bill%2C%202019.pdf.
- ¹⁹ The Aadhaar and Other Laws (Amendment) Ordinance, 2019, https://www.prsindia.org/sites/default/files/bill_files/Aadhaar%20and%20Other%20Laws%20%28A%29%20Ordinance%2C%202019.pdf.
- ²⁰ The Indian Medical Council (Amendment) Bill, 2019, Ministry of Health and Family Welfare, Lok Sabha, June 27, 2019, http://164.100.47.4/BillsTexts/LSBillTexts/Asintroduced/110_2019_English.PDF.
- ²¹ The Homoeopathy Central Council (Amendment) Bill, 2019, Ministry of AYUSH, Lok Sabha, June 27, 2019, http://164.100.47.4/BillsTexts/LSBillTexts/PassedLoksabha/83C_%202019_LS_Eng.pdf.
- ²² The Dentists (Amendment) Bill, 2019, Ministry of Health and Family Welfare, Lok Sabha, June 27, 2019, http://164.100.47.4/BillsTexts/LSBillTexts/Asintroduced/111_2019_Eng.PDFhttp://164.100.47.4/BillsTexts/LSBillTexts/PassedLoksabha/83C_%202019_LS_Eng.pdf.
- ²³ The Central Educational Institutions (Reservation in Teachers’ Cadre) Bill, 2019, Ministry of Human Resource Development, Lok Sabha, June 27, 2019, http://164.100.47.4/BillsTexts/LSBillTexts/Asintroduced/103_2019_English.PDF.
- ²⁴ The Jammu and Kashmir Reservation (Amendment) Bill, 2019, Ministry of Home Affairs, https://prsindia.org/sites/default/files/bill_files/Jammu%20and%20Kashmir%20Reservation%20%28Amendment%29%20Bill%2C%202019.pdf.
- ²⁵ G.S.R. 409(E), Ministry of Home Affairs, June 4, 2019, <http://egazette.nic.in/WriteReadData/2019/205117.pdf>.
- ²⁶ The Citizenship (Registration of Citizens and Issue of National Identity Cards) Rules, 2003, <http://www.nrcassam.nic.in/images/pdf/citizenship-rules.pdf>.
- ²⁷ Third Advance Estimates of Production of Foodgrains and Commercial Crops for 2018-19, Directorate of Economics and Statistics, Ministry of Agriculture and Farmers Welfare, June 3, 2019, https://eands.dacnet.nic.in/Advance_Estimate/3rd_Advance_Estimates2018-19%20Eng.pdf.
- ²⁸ The Special Economic Zones (Amendment) Bill, 2019, Ministry of Commerce and Industry, as passed by Parliament, June 27, 2019, http://164.100.47.4/BillsTexts/LSBillTexts/Asintroduced/103_2019_English.PDF.
- ²⁹ G.S.R 393(E), Ministry of Commerce and Industry, May 30, 2019, https://dipp.gov.in/sites/default/files/Draft_Copyright_Amen_dment_Rules_2019.pdf.
- ³⁰ “Crackdown on Unauthorised Occupants of Public Premises”, Press Information Bureau, Cabinet, June 12, 2019.
- ³¹ No. 283/124/2018-GRID SOLAR, Grid Solar Power Division, Ministry of New and Renewable Energy, June 18, 2019.
- ³² No. ENGG/2012/1/2019-CERC, Central Electricity Regulatory Commission, June 10, 2019, <http://www.cercind.gov.in/2019/whatsnew/Notice-10-06-19.pdf>.
- ³³ No. ENGG/2012/1/2019-CERC, Central Electricity Regulatory Commission, June 21, 2019, http://www.cercind.gov.in/2019/whatsnew/IEGC_Extension19.pdf.
- ³⁴ “Govt to go ahead with Air India Disinvestment”, Press Information Bureau, Ministry of Civil Aviation, June 27, 2018.
- ³⁵ Notification, G.S.R 430 (E), Ministry of Road Transport and Highways, June 18, 2019, <http://morth.nic.in/showfile.asp?lid=4588>.

³⁶ “Ministry of Road Transport and Highways to remove requirement of minimum educational qualification for transport vehicle drivers”, Ministry of Road Transport & Highways, June 18, 2019, <http://pib.nic.in/PressReleaseDetail.aspx?PRID=1574849>.

³⁷ “Ministry of Road Transport and Highways issues Draft Notification to exempt Battery Operated Vehicles from paying registration fees”, Ministry of Road Transport & Highways, June 19, 2019.

³⁸ Notification, G.S.R 431 (E), Ministry of Road Transport and Highways, June 18, 2019, <http://morth.nic.in/showfile.asp?lid=4589>.

³⁹ ‘Appointment of Central Prabhari officers in respect of Jal Shakti Abhiyan’, Office Memorandum, Ministry of Personnel, Public Grievances & Pensions, June 25, 2019, <https://dopt.gov.in/sites/default/files/31-16-2019-EOMM-L.pdf>.

⁴⁰ “Transcript of Media Briefing by Foreign Secretary on upcoming visit of Prime Minister to Maldives and Sri Lanka (June 06, 2019)”, Ministry of External Affairs, June 7, 2019, <https://www.mea.gov.in/outgoing-visit-detail.htm?31414/Transcript+of+Media+Briefing+by+Foreign+Secretary+on+upcoming+visit+of+Prime+Minister+to+Maldives+and+Sri+Lanka+June+06+2019>.

⁴¹ “Transcript of Media Briefing by Secretary (West) on upcoming visit of Prime Minister to Bishkek to attend the SCO Summit (June 10, 2019)”, Ministry of External Affairs, June 11, 2019, <https://www.mea.gov.in/outgoing-visit->

[detail.htm?31431/Transcript+of+Media+Briefing+by+Secretary+West+on+upcoming+visit+of+Prime+Minister+to+Bishkek+to+attend+the+SCO+Summit+June+10+2019](https://www.mea.gov.in/outgoing-visit-detail.htm?31431/Transcript+of+Media+Briefing+by+Secretary+West+on+upcoming+visit+of+Prime+Minister+to+Bishkek+to+attend+the+SCO+Summit+June+10+2019).

⁴² List of MOUs/Documents signed during the State Visit of Prime Minister to Maldives, Ministry of External Affairs, June 8, 2019, https://www.mea.gov.in/bilateral-documents.htm?dtl/31419/List_of_AgreementsMoUs_signed_during_the_State_Visit_of_Prime_Minister_to_Maldives.

⁴³ List of documents exchanged during the visit of Prime Minister to Kyrgyz Republic, Ministry of External Affairs, June 14, 2019, https://www.mea.gov.in/bilateral-documents.htm?dtl/31445/List_of_documents_exchanged_during_the_visit_of_Prime_Minister_to_Kyrgyz_Republic.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research (“PRS”). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.