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Macroeconomic Developments
The Indian economy is estimated to grow at 6.6% in 2017-18. The RBI reduced the repo rate from 6.25% to 6% over the year. As of March 2018, retail inflation stood at 4.3% year on year, and wholesale price index inflation was at 2.5%, year on year.

Law and Justice
Supreme Court held the right to privacy to be a fundamental right. The Court held the practice of instant triple talaq invalid; Lok Sabha passed a Bill to make it punishable. The Court also permitted passive euthanasia, subject to certain conditions.

Railways
The Rail Development Authority was created to frame guiding principles for tariff determination for freight and passenger segments. The requirement of paying dividend to the central government by the Railways was waived off.

Consumer Affairs
The Consumer Protection Bill, 2018 was introduced to replace the Consumer Protection Act, 1986. The Bill contains provisions with regard to product liability, unfair contracts, and sets up district, state, and national consumer courts.

Health
The National Medical Commission Bill, 2017 was introduced. It seeks to replace the Medical Council of India. Cabinet approved the National Health Protection Mission to provide annual health insurance cover of up to five lakh rupees per family. National Nutrition Strategy, 2017 was released. It aims to reduce all forms of undernutrition by 2030.

Education
The Indian Institutes of Management Bill, 2017 was passed by Parliament. The RTE (Second Amendment) Bill, 2017 was introduced. The Bill seeks to amend the no detention provision in the RTE Act, 2009. The University Grants Commission released the Guidelines for Autonomous Colleges, 2017.

Coal
The new coal linkage policy for the power sector, SHAKTI, was announced. The Ministry of Coal also released the Coal Block Allocation Rules, 2017 regarding the process of allocating coal blocks through auction or allotment.

Water Resources
Supreme Court delivered its judgement on the Cauvery water dispute, allocating 14.75 TMC water to Karnataka and reducing the share of Tamil Nadu by the same amount. The Union Cabinet approved setting up of a tribunal to resolve the dispute between Odisha and Chhattisgarh over Mahanadi river water.

Roads
The Motor Vehicles (Amendment) Bill, 2017 was passed by Lok Sabha. It seeks to address issues around road safety and sets up a National Road Safety Board. Bharatmala Phase I approved. A total length of 34,800 km of roads have been approved under the program.

Labour
The Code on Wages was introduced to consolidate four laws related to minimum wages, payment of wages and bonus. Under the Code, the central government may notify a national minimum wage and fix different national minimum wages for different states or geographical areas.
Table 1: Bills passed by Parliament from April 2017 to March 2018

<table>
<thead>
<tr>
<th>Short Title</th>
<th>Sector</th>
<th>Key Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Banking Regulation (Amendment) Bill, 2017</td>
<td>Finance</td>
<td>Enables the central government to authorise the RBI issue directions to banks for resolution of stressed assets.</td>
</tr>
<tr>
<td>The Insolvency and Bankruptcy Code (Amendment) Bill, 2017</td>
<td>Finance</td>
<td>Prohibits certain persons from submitting a resolution plan to resolve a defaulting company. Also, prohibits the sale of any property during liquidation, to any of these ineligible persons.</td>
</tr>
<tr>
<td>The Taxation Laws (Amendment) Bill, 2017</td>
<td>Finance</td>
<td>Makes changes consequential to roll-out of GST, to allow levy of excise on petroleum and tobacco products. Amends Customs Act to require various bodies to share information.</td>
</tr>
<tr>
<td>The Goods and Services Tax (Compensation to States) Amendment Bill, 2017</td>
<td>Finance</td>
<td>Amends the schedule to the Goods and Services Tax (Compensation to States) Act, 2017 to increase the cap on cess rates on motor vehicles.</td>
</tr>
<tr>
<td>The Punjab Municipal Corporation Law (Extension to Chandigarh) Amendment Bill, 2017</td>
<td>Finance</td>
<td>Empowers the municipal corporation of Chandigarh to levy taxes on entertainments and amusements. Also, removes the power of the municipal corporation to levy octroi and taxes on vehicles and animals in light of GST.</td>
</tr>
<tr>
<td>The National Bank for Agriculture and Rural Development (Amendment) Bill, 2017</td>
<td>Finance</td>
<td>Transfers RBI’s share in NABARD to the central government. Also, provides for increasing authorised capital of NABARD from Rs 5,000 crore to Rs 30,000 crore by the central government in consultation with the RBI.</td>
</tr>
<tr>
<td>The Companies (Amendment) Bill, 2016</td>
<td>Corporate Affairs</td>
<td>Amends various provisions of the 2013 Act in relation to subsidiaries, remuneration of management, and independent directors.</td>
</tr>
<tr>
<td>The Indian Institutes of Management Bill, 2017</td>
<td>Human Resource Development</td>
<td>Declares the Indian Institutes of Management as institutions of national importance and allows them to grant degrees.</td>
</tr>
<tr>
<td>The Indian Institutes of Information Technology (Amendment) Bill, 2017</td>
<td>Human Resource Development</td>
<td>Declares the Indian Institute of Technology, Design and Manufacturing, Kumool as an institution of national importance and modifies the process of appointment of Director and professors of associate level and above.</td>
</tr>
<tr>
<td>The National Institutes of Technology, Science Education and Research (Second Amendment) Bill, 2016</td>
<td>Human Resource Development</td>
<td>Incorporates the Indian Institute of Science Education and Research at Tirupati and Berhampur.</td>
</tr>
<tr>
<td>The Indian Institutes of Information Technology (Public-Private Partnership) Bill, 2017</td>
<td>Human Resource Development</td>
<td>Declares the IIITs set up under public-private partnership to be institutions of national importance and specifies the nature of partnership between industrial partners, state and central governments.</td>
</tr>
<tr>
<td>Short Title</td>
<td>Sector</td>
<td>Key Objectives</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>---------------------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome</strong></td>
<td>Health and Family Welfare</td>
<td>Seeks to prevent the spread of HIV and AIDS, and prohibit discrimination against persons with HIV and AIDS.</td>
</tr>
<tr>
<td><strong>Prevention and Control Bill, 2014</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>The Payment of Gratuity (Amendment) Bill, 2017</strong></td>
<td>Labour and Employment</td>
<td>Empowers the central government to notify the ceiling on gratuity and the maximum maternity leave eligible for qualifying as continuous service under the Payment of Gratuity Act, 1972.</td>
</tr>
<tr>
<td><strong>The Employee's Compensation (Amendment) Bill, 2016</strong></td>
<td>Labour and Employment</td>
<td>Requires an employer to inform the employee of his right to compensation under the 1923 Act in writing.</td>
</tr>
<tr>
<td><strong>The Indian Forest (Amendment) Bill, 2017</strong></td>
<td>Environment, Forest and Climate Change</td>
<td>Removes the word bamboo from the definition of tree to exempt bamboo grown in non-forest area from the requirement of permit for its felling or transit.</td>
</tr>
<tr>
<td><strong>Amendment) Bill, 2017</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>The Admiralty (Jurisdiction and Settlement of Maritime Claims</strong></td>
<td>Shipping</td>
<td>Consolidates existing laws on civil matters of admiralty jurisdiction of courts, admiralty proceedings on maritime claims, and arrest of ships.</td>
</tr>
<tr>
<td><strong>Bill, 2016</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>The Constitution (Scheduled Castes) Orders (Amendment) Bill, 2017</strong></td>
<td>Social Justice and Empowerment</td>
<td>Modifies the list of Scheduled Castes in respect of Odisha and modifies the name of Pondichery to Puducherry.</td>
</tr>
<tr>
<td><strong>The Indian Institute of Petroleum and Energy Bill, 2017</strong></td>
<td>Petroleum and Natural Gas</td>
<td>Establishes the Indian Institute of Petroleum and Energy and declares the institute as an institution of national importance.</td>
</tr>
<tr>
<td><strong>The High Court and the Supreme Court Judges (Salaries and Condition of</strong></td>
<td>Law and Justice</td>
<td>Seeks to revise the salaries, allowances and pension of High Court and Supreme Court Judges.</td>
</tr>
<tr>
<td><strong>Services) Amendment Bill, 2017</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>The Repealing and Amending (Second) Bill, 2017</strong></td>
<td>Law and Justice</td>
<td>Repeals certain enactments and amends certain other enactments.</td>
</tr>
</tbody>
</table>
Macroeconomic Developments

State of the Economy in 2017-18

India’s real Gross Domestic Product (GDP) at constant prices is estimated at 6.6% in 2017-18, compared to 7.1% in 2016-17. Trends in GDP growth over the past three years are given in Table 2.

Table 2: Trend in GDP growth rate (%)

<table>
<thead>
<tr>
<th>Sector</th>
<th>2015-16</th>
<th>2016-17</th>
<th>2017-18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>2.6%</td>
<td>7.4%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Industry</td>
<td>9.4%</td>
<td>6.1%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Services</td>
<td>9.6%</td>
<td>7.5%</td>
<td>8.3%</td>
</tr>
<tr>
<td>Gross Value Added</td>
<td>8.1%</td>
<td>7.1%</td>
<td>6.4%</td>
</tr>
<tr>
<td>GDP</td>
<td>8.2%</td>
<td>7.1%</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

Note: Figures for 2015-16 are second revised estimates, figures for 2016-17 are first revised estimates, and figures for 2017-18 are second advance estimates. Figures are Gross Value Added (GVA) at Basic Prices, at 2011-12 prices. GDP is derived by adding taxes on products net of subsidies on products to GVA at basic prices.

In 2017-18, nominal GDP (prices including inflation) is estimated at Rs 167.52 lakh crore, as against Rs 152.54 lakh crore in 2016-17, a growth of 9.8%. The per capita income in 2017-18 is estimated to be Rs 1.12,764 (at 2011-12 prices), an increase of 8.6% from 2016-17.

Inflation trends in 2017-18

The Consumer Price Index (CPI) inflation closed at 4.3% at the end of the year in March 2018, higher than 3% in April 2017. Note that, it decreased to 1.5% in June 2017.

The Wholesale Price Index (WPI) measures the average change in the prices of commodities for bulk sale at the level of early stage of transactions. WPI inflation closed at 2.5% in March 2018, lower than 3.9% in April 2017.

The Department of Industrial Policy and Promotion under the Ministry of Commerce and Industry revised the base year of WPI from 2004-05 to 2011-12 in May 2017. Under the 2011-12 series, new items have been added to the basket and the weightages of some items have been revised. The weight assigned to vegetables and fruits has been increased and that to fuel and power has declined.

The trends in CPI and WPI inflation in 2017-18 are shown in Figure 1.

Industrial Production in 2017-18

The Index of Industrial Production (IIP) looks at the volume of production in the sectors of manufacturing, mining, and electricity in the economy. The IIP assigns a weight of 75% to the manufacturing sector, 15% to the mining sector, and 10% to the electricity sector. The IIP witnessed volatility through the year as shown in Figure 2. The growth increased from 3.4% (year-on-year) in April 2017 to 7.1% in February 2018. Manufacturing growth increased from 3.2% in April 2017 to 8.7% in February 2018. During the same period, growth in electricity production decelerated from 5.4% to 4.5%. Mining declined from 3.2% to -0.3% in this period.

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

Figure 1: CPI and WPI in 2017-18 (%)

Sources: Ministry of Statistics and Programme Implementation; PRS.

Figure 2: IIP in 2017-18 (% year-on-year)

Sources: Ministry of Statistics and Programme Implementation; PRS.
by 2% and that to electricity has been decreased by the same percentage.

**Balance of Payments**

The Balance of Payments account reflects the transactions of a country with the rest of the world. It consists of the current account (exports of goods and services, remittances and dividend payments) and the capital account (flow of funds through equity investments and borrowings).

The surplus of the capital account is generally used to finance the current account deficit (CAD). The CAD increased to 1.9% of GDP in April-December 2017 from 0.7% in the corresponding period of 2016-17 due to a widening of the trade deficit. 

India’s Balance of Payments for 2017-18 is shown in Table 3 below.

| Table 3: Balance of Payments in 2017-18 (April to December) (USD billion) |
|-----------------------------|-----------------------------|-----------------------------|
| Current Account             | -14.3          | -7.2            | -13.5          |
| Capital Account             | 25.4           | 16.4            | 22.0           |
| Errors and Omissions        | 0.4            | 0.4             | 0.8            |
| Change in reserves          | 11.4           | 9.6             | 9.4            |

Sources: Reserve Bank of India; PRS.

**Monetary Policy Decisions**

The Reserve Bank of India (RBI) took the following decisions over the course of 2017-18:

- **Policy rates:** RBI reduced the policy repo rate (rate at which RBI lends money to commercial banks) from 6.25% to 6% in August 2017. 
- The reverse repo rate (rate at which RBI borrows money from commercial banks) was raised by 0.25% or 25 basis points, from 5.75% to 6% in April 2017. However, in August 2017, it was reduced back to 5.75%.
- 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 from 6.75% to 6.25%. It was reduced by 25 basis points in April 2017, and again by 25 basis points in August 2017.

**Economic Survey 2017-18 presented**

The Finance Minister, Mr. Arun Jaitley tabled the Economic Survey 2017-18 in January 2018. Some highlights of the survey are:

- **Macroeconomy:** The Central Statistics Office has estimated the GDP growth to be 6.5% in 2017-18 (as per the first advance estimates) as compared to 7.1% in 2016-17. The CPI based inflation was 3.3% in 2017-18 (April-December). The average food inflation was 1.2% for the same period.
- **Goods and Services Tax (GST):** Under GST, the number of unique indirect taxpayers increased by more than 50% (3.4 million taxpayers). 13% of an estimated 71 million non-agriculture enterprises were registered under the GST network.
- **Fiscal federalism:** In comparison to developed countries, India collects a lower share of direct taxes in total taxes. Local governments rely heavily on devolved funds from central and state governments. These devolved funds are largely tied in nature, and therefore constrain the ability of local governments to spend on local public goods as per their own priorities.
- **Ease of doing business:** Although the government has taken steps to improve contract enforcement, economic activity is getting affected by high pendency and delays across the legal system. The government and the judiciary must coordinate to introduce reforms to facilitate ease of doing business. Judicial capacity should be strengthened in the lower courts to reduce the burden on higher courts.
- **Investment and saving:** India saw high levels of investment and saving rates in the mid 2000s followed by a gradual decline, and returning back to normal levels. A fall in both private investment, and household and government savings have contributed to the decline between 2007 and 2017. There needs to be a focus on revival of investment. Easing the cost of doing business, and creating a transparent, stable tax and regulatory environment will help revive private investment.

For more details on the Economic Survey 2017-18, please see here.
Union Budget 2018-19 presented

The Finance Minister, Mr. Arun Jaitley, presented the Union Budget for 2018-19 on February 1, 2018. Key highlights include:

- The government proposes to spend Rs 24,42,213 crore in 2018-19, which is 10.1% higher than the revised estimates of 2017-18.
- The receipts (other than net borrowings) are expected to increase by 12% to Rs 18,17,937 crore, owing to higher estimated revenue from the goods and services tax, and income tax.
- A nominal GDP growth rate of 11.5% has been assumed for 2018-19. Fiscal deficit (indicating the borrowings for the government) is targeted at 3.3% of GDP (compared to 3.5% in 2017-18). Revenue deficit is targeted at 2.2% of GDP (indicating the difference between revenue receipts and revenue expenses).

Table 4: Budget 2018-19 (Rs crore)

<table>
<thead>
<tr>
<th>Item</th>
<th>Revised 2017-18</th>
<th>Budgeted 2018-19</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditure</td>
<td>22,17,750</td>
<td>24,42,213</td>
<td>10.1%</td>
</tr>
<tr>
<td>Total Receipts (without borrowings)</td>
<td>16,22,901</td>
<td>18,17,937</td>
<td>12.0%</td>
</tr>
<tr>
<td>Fiscal Deficit</td>
<td>5,94,849</td>
<td>6,24,276</td>
<td>4.9%</td>
</tr>
<tr>
<td>% of GDP</td>
<td>3.3%</td>
<td>3.3%</td>
<td></td>
</tr>
<tr>
<td>Revenue Deficit</td>
<td>4,38,877</td>
<td>4,16,034</td>
<td>-5.2%</td>
</tr>
<tr>
<td>% of GDP</td>
<td>2.6%</td>
<td>2.2%</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Union Budget 2018-19; PRS.

Key policy proposals in the budget speech are:

- **Health:** The National Health Protection Scheme will be launched to cover over 10 crore poor families, with a coverage up to five lakh rupees per family per year.
- **Long-term capital gains:** Currently, long term capital gains from transfer of equity shares are exempt from payment of income tax. These transfers will now be taxed at 10%, if the profit from the transaction exceeds one lakh rupees. For computing gains, the purchase price would be considered as the higher of the actual purchase price or the price on January 31, 2018.
- **FRBM Act:** The Fiscal Responsibility and Budget Management Act, 2003 (FRBM Act) is being amended based on the recommendations of the Fiscal Reform and Budget Management Committee (Chair: Mr. N. K. Singh). The amendments include bringing down the central government’s debt to GDP ratio to 40% and setting an operational target for the fiscal deficit at 3% of GDP. The target for debt to GDP ratio will be achieved by 2025. Further, the deadline for achieving the operational target for fiscal deficit has been extended from 2018 to 2021.

The major tax changes announced are:

- **Income tax:** For salaried individuals, a standard tax deduction of Rs 40,000 has been introduced. The deduction for transport allowance and medical reimbursements has been removed.
- **Health and Education cess:** The 3% Education Cess has been replaced by a 4% Health and Education Cess for non-resident persons, including foreign companies.
- **Corporation tax:** Currently, companies with annual turnover of less than Rs 50 crore pay corporate income tax at the rate of 25%. This threshold has been increased to Rs 250 crore.
- **Deductions for farm producer companies:** Tax deduction of 100% has been introduced for farm producer companies with an annual turnover of Rs 100 crore. This benefit will be available for five years starting from 2018-19.
- **Road and Infrastructure Cess:** The existing Road Cess has been renamed as Road and Infrastructure Cess. This cess on petrol and diesel has been increased by Rs 2/litre, while the excise and customs duty have been cut by the same amount.

Finance

**GST Council approved tax rates; GST introduced across the country**

The Goods and Services Tax (GST) Council approved rates of several goods and services under GST in May 2017. Subsequently, GST was introduced across the country from July 1, 2017. During the year, the GST Council reviewed tax rates several times, and suggested changes in the composition scheme. The Council, consisting of representatives from the centre and states is responsible for deciding tax rates of goods and services under GST, among others.

- **Tax rates:** The Council decided to levy zero tax rate on a few goods such as pulses and cereals. The rest of the goods and services were largely classified into four tax slabs – 5%, 12%, 18%
and 28%. In addition, it was decided to levy the GST Compensation Cess on some items in the 28% category.

- **Eligibility under the composition scheme**: The central and state GST laws allow certain taxpayers with annual turnover less than one crore rupees to pay GST on the turnover, instead of the value of supply of goods and services. The Council recommended increasing this limit to two crore rupees. This change will be implemented after the central and state GST laws are amended.

### Three Bills related to GST passed by Parliament

Three Bills related to the Goods and Services Tax (GST) were passed by Parliament in August 2017.\(^{18,19,20}\) They replaced three Ordinances promulgated in July 2017.\(^{21,22,23}\) Key features of these Acts are:


Under the 1994 Act, the central government had the power to levy Entertainment Tax and Entertainment Duty in Chandigarh. The 2017 amendment transferred these powers from the central government to the Municipal Corporation of Chandigarh. Further, it deleted the provisions which allow the Municipal Corporation of Chandigarh to levy octroi and taxes on vehicles and animals.

This was consequent to the Constitution (101\(^{st}\) Amendment) Act, 2016 which subsumed Entertainment Tax within GST, except where it is levied by a panchayat or a municipality. The 2016 Act also subsumes Entry Tax, including Octroi, within the ambit of GST.

More information on the Bills is available here, here and here.

### The GST (Compensation to States) Amendment Bill, 2017 passed by Parliament

The Goods and Services Tax (Compensation to States) Amendment Bill, 2017 was passed by Parliament in December 2017.\(^{24,25,26}\) It amended the Goods and Services Tax (Compensation to States) Act, 2017, and replaced an Ordinance promulgated in September 2017.

The Act allows the central government to notify the rate of the Goods and Services Tax (GST) Compensation Cess on items such as pan masala, coal, aerated drinks, and tobacco, subject to certain caps. Proceeds of the GST Compensation Cess are to be used to compensate states for any loss in revenue following the implementation of GST.

The amendment increased the cap on GST Compensation Cess levied on motor vehicles from 15% to 25%. The GST Council had recommended this increase in cap on the grounds that following the introduction of GST, the total incidence of tax on cars had come down.\(^{27}\)

More information on the Bill is available here.

### National Anti-Profiteering Authority established

In November 2017, the Cabinet approved the creation of the posts of Chairman and Technical Members of the National Anti-Profiteering Authority (NAPA).\(^{28,29}\)

The NAPA seeks to ensure that any reduction in GST rates is passed on to the consumers by a commensurate reduction in the price of goods and services. It will identify GST taxpayers who have not passed on such benefits by reducing prices. In the event of a taxpayer not reducing prices, the NAPA may order a reduction in prices, impose penalties or cancel the registration of a person.

The NAPA will cease to exist two years after the Chairman takes charge, unless the GST Council recommends otherwise.
Taxation Laws Amendment Bill, 2017 passed by Parliament

The Taxation Laws (Amendment) Bill, 2017 was passed by Parliament in April 2017. It amended the Customs Act, 1962, the Customs Tariff Act, 1975, the Central Excise Act, 1944, the Finance Act, 2001, the Finance Act, 2005, and repealed provisions of a few Acts.

Customs Act, 1962

- **Furnishing information:** The 2017 Act added a provision requiring several persons to furnish information to a customs officer. Such persons and entities include: (i) income tax and state GST authorities, (ii) Reserve Bank of India, (iii) banks and financial institutions, (iv) stock exchanges and depositories, (v) state electricity boards, (vi) Registrar of Companies, (vii) Registrar and Sub-Registrar under the Registration Act, 1908, (viii) registration authority under the Motor Vehicles Act, 1988, and (ix) Post Master General. The manner in which the information will have to be furnished will be notified by the government.

Customs Tariff Act, 1975

- **Levy of IGST and cess on imports:** Goods imported will be liable to pay the Integrated Good and Service Tax (IGST), and the GST Compensation Cess. IGST and cess will be levied on the aggregate of value of the imported goods, Customs Duty levied under the Act, and any other amount chargeable under any law.

Central Excise Act, 1944

- **Levy of Excise Duty:** The Central Excise Duty was levied on various excisable goods such as tobacco, petroleum products, rubber, oils, vehicles, etc. This was changed to levy the duty only on a certain kind of: (i) petroleum products such as motor spirit, high speed diesel, aviation turbine fuel, and (ii) tobacco products.

More information on the Bill is available [here](#).

The Banking Regulation (Amendment) Bill, 2017 passed by Parliament

The Banking Regulation (Amendment) Bill, 2017 was passed by Parliament in August 2017. It replaced an Ordinance which was promulgated in May 2017. It amended the Banking Regulation Act, 1949, which regulates the functioning of banks and provides details on aspects such as their licensing, management, and operations. Key features of the amendment are:

- **Insolvency proceedings:** The central government may authorise the RBI to issue directions to banks for initiating proceedings in case of a default in loan repayment. These proceedings will be carried out under the Insolvency and Bankruptcy Code, 2016.

- **Issuing directions to banks on stressed assets:** The RBI may issue directions to banks for resolution of stressed assets (stressed assets include NPAs, and loans that have been restructured). Further, it may specify authorities or committees to advise banks on resolution of these assets. Members on such committees will be appointed or approved by the RBI.

More information on the Bill is available [here](#).

Insolvency and Bankruptcy Code (Amendment) Bill passed by Parliament

The Insolvency and Bankruptcy Code (Amendment) Bill, 2017 was passed by Parliament in January 2018. The Bill amends the Insolvency and Bankruptcy Code, 2016 and replaces an Ordinance promulgated in November 2017. The Code provides a time-bound process for resolving insolvency of companies and individuals. Insolvency is a situation where a company is unable to repay its outstanding debt.

Key features of the Bill include:

- **Resolution applicant:** The Code defines a resolution applicant as a person who submits a resolution plan to an insolvency professional. A resolution plan specifies the details of how the debt of a defaulting debtor can be restructured. The Bill amends this provision to define an applicant as a person who submits a resolution plan after receiving an invitation by the insolvency professional to do so.

- **Ineligibility to be a resolution applicant:** The Bill inserts a provision prohibiting certain persons from submitting a resolution plan. These include: (i) undischarged insolvents (individuals unable to repay their debt), (ii) wilful defaulters, (iii) a person whose account has been classified as a non-performing asset for more than a year and he has not repaid the outstanding amount before submitting a plan, (iv) a person convicted of an offence punishable with two or more years of imprisonment, (v) a person disqualified as a director under the
Companies Act, 2013, or (vi) anyone connected to a person mentioned above (including promoters, management, or any related person).

- **Liquidation:** The Bill prohibits the insolvency professional from selling the defaulter’s property to any such ineligible persons during liquidation.

More details on the Bill are available [here](#).

**Bill for the resolution of financial firms introduced; referred to Joint Committee**

The Financial Resolution and Deposit Insurance Bill, 2017 was introduced in Lok Sabha in August 2017. It was subsequently referred to a Joint Committee of Parliament for examination. In March 2016, a Committee had been set up to draft a Code on Resolution of Financial Firms. It submitted its report and a draft Bill in September 2016. Key features of the Bill are:

- **Resolution Corporation:** The central government will establish a Resolution Corporation. Its functions will include: (i) providing deposit insurance to banks (to repay deposits to consumers), (ii) classifying financial institutions (such as banks and insurance companies) based on their risk, and (iii) undertaking resolution of financial institutions in case of failure.

- **Risk based classification:** The Resolution Corporation, in consultation with the respective regulators (e.g. RBI for banks, and IRDA for insurance companies) will specify criteria for classifying financial institutions based on their risk of failure.

**Table 5: Categories of risk**

<table>
<thead>
<tr>
<th>Category</th>
<th>Probability of failure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Substantially below acceptable levels</td>
</tr>
<tr>
<td>Moderate</td>
<td>Marginally below acceptable levels</td>
</tr>
<tr>
<td>Material</td>
<td>Above acceptable levels</td>
</tr>
<tr>
<td>Imminent</td>
<td>Substantially above acceptable levels</td>
</tr>
<tr>
<td>Critical</td>
<td>Financial institution on the verge of failure</td>
</tr>
</tbody>
</table>

Sources: The Financial Resolution and Deposit Insurance Bill, 2017; PRS.

- **Time limit:** The resolution process will be completed within a year from the date when a financial firm is classified as ‘critical’. This time limit may be extended by another year (i.e., maximum limit of two years). The financial firm will be liquidated (wound up) if its resolution is not completed in this time period.

More information on the Bill is available [here](#).

**The Fugitive Economic Offenders Bill, 2018 introduced in Lok Sabha**

The Fugitive Economic Offenders Bill, 2018 was introduced in Lok Sabha in March 2018. The Bill seeks to confiscate properties of economic offenders who have left the country to avoid facing criminal prosecution. Key features of the Bill include:

- **Fugitive economic offender:** A fugitive economic offender has been defined as a person against whom an arrest warrant has been issued for committing any of the offences listed in the schedule. Further, the person has: (i) left the country to avoid facing prosecution, or (ii) refuses to return to face prosecution. Offences listed in the schedule include: (i) counterfeiting government stamps or currency, (ii) cheque dishonour, (iii) money laundering, and (iv) transactions defrauding creditors. The Bill allows the central government to amend the schedule through a notification.

- **Attachment of property:** The director or deputy director (appointed under the Prevention of Money-Laundering Act, 2002) may attach any property mentioned in the application with the permission of a special court (designated under the 2002 Act). Further, these authorities may provisionally attach any property without the prior permission of the special court, provided that they file an application before the court within 30 days. The attachment will continue for 180 days, unless extended by the special court.

- **Declaration as fugitive economic offender:** The special court may declare an individual as a fugitive economic offender. It may confiscate properties which are: (i) proceeds of crime, (ii) benami properties in India or abroad, and (iii) any other properties in India or abroad. Upon confiscation, all rights and titles of the property will vest in the central government, without any encumbrances (free of any charges).

More details on the Bill are available [here](#).
SC held that Aadhaar can be made mandatory for income tax assessees; government notifies rules

The Supreme Court upheld the constitutional validity of the legal provision that makes Aadhaar mandatory for income tax assessees in June 2017.\(^\text{40}\) However, it provided temporarily relief to persons who are not enrolled under Aadhaar.

The provision (Section 139AA) was included in the Income Tax Act, 1961 in February 2017. It made Aadhaar mandatory for: (i) filing of income tax returns, and (ii) applying for a Permanent Account Number (PAN), from July 1, 2017. It also provided that if a person failed to link their PAN with Aadhaar, their PAN will be invalidated.

Note that there is another challenge against Aadhaar pending before the Supreme Court related to the validity of Aadhaar. In light of this, the court stated that if a person has not enrolled for Aadhaar, their PAN cannot be invalidated till the pending matter is decided by the court. Further, the Court held in March 2018 that linking of Aadhaar with various services such as mobile phones, bank and insurance accounts will not be mandatory till the matter is decided by the court.\(^\text{41}\)

Following the Supreme Court judgement, the central government notified rules to give effect to Section 139AA.\(^\text{42}\) The rules specify the manner and method for linking one’s PAN with their Aadhaar number.

Rules making it mandatory to link Aadhaar to bank accounts notified; stayed by SC

The Ministry of Finance notified the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017 in June 2017.\(^\text{43}\) These Rules require individuals and firms to provide their Aadhaar number to banks, in addition to any other required documents:

- **Individuals** will be required to provide banks with their Aadhaar number, in addition to their Permanent Account Number (PAN).
- **Organisations** such as companies, partnerships and trusts will have to provide Aadhaar details of people authorised to transact on their behalf.

If a person does not have an Aadhaar, he will be required to apply for Aadhaar and quote his Aadhaar enrolment number. In case an individual is not eligible to obtain Aadhaar, he will have to submit his PAN details or any other specified documents.

Subsequently, the Supreme Court held that linking of bank accounts with Aadhaar will not be mandatory till it finally decides on the validity of Aadhaar.\(^\text{41}\)

Expert Committee released white paper on a data protection framework for India

The Committee of Experts on a Data Protection Framework for India (Chair: Justice B. N. Srikrishna) released a white paper in November 2017.\(^\text{44}\) The Committee was constituted in August 2017 to examine issues related to data protection, recommend methods to address such issues, and draft a data protection law.\(^\text{45}\)

The Committee suggested that a framework to protect data in the country should be based on seven principles: (i) law should be flexible to take into account changing technologies, (ii) law must apply to both government and private sector entities, (iii) consent should be genuine, informed and meaningful, (iv) processing of data should be minimal and only for the purpose for which it is sought, (v) entities controlling the data should be accountable for any data processing, (vi) enforcement of the data protection framework should be by a high-powered statutory authority, and (vii) penalties should be adequate to discourage any wrongful acts.

The Committee also raised some questions related to the data protection framework. These questions are related to: (i) scope and exemptions under the framework, (ii) grounds for data processing, obligation on entities and rights of individuals, and (iii) regulation and enforcement of the framework.

A PRS summary of the white paper is available [here](#).

RBI Annual Report 2016-17 showed that 99% of demonetised notes returned

The RBI released its Annual Report 2016-17 in August 2017.\(^\text{46}\) The report stated that as of June 30, 2017, demonetised notes (Rs 500 and Rs 1,000) worth Rs 15.28 lakh crore had been returned to the RBI. Note that prior to demonetisation in November 2016, demonetised notes worth Rs 15.44 lakh crore were in circulation.\(^\text{47}\) This implies that an estimated Rs 16,000 crore worth of these notes had not been returned as of June 2017.

The Report stated that figures related to these notes were subject to corrections as: (i) the verification process is still going on, (ii) demonetised notes deposited with cooperative banks are being returned to the RBI, and (iii) the RBI is in talks with the
central government to accept notes held by people or financial institutions in Nepal.

Cabinet approved the setting up of the 15th Finance Commission

The Union Cabinet approved the setting up of the 15th Finance Commission (Chair: Mr. N. K. Singh). The Constitution requires the Finance Commission to be set up every five years. The Commission will make recommendations for the five year period from 2020 to 2025 on subjects including: (i) sharing of central taxes with the states, (ii) principles which govern the distribution of central grants to states, and (iii) measures to improve the financial position of states in order to supplement the resources of panchayats and municipalities.

The Commission will also study the impact of the GST on the finances of the central and state governments, among others. While making its recommendations, the Commission will take into consideration various criteria, including population data from the 2011 census. In addition, it has also been asked to consider performance-based incentives for states in certain areas, which includes expansion of tax net under GST, and the progress made by states in moving towards replacement rate of population growth. The Commission will submit its report by October 30, 2019.

The 14th Finance Commission submitted its report in February 2015 with recommendations for the five year period from 2015 to 2020.

More details on the 14th Finance Commission report are available here.

Cabinet gave in-principle approval for merger of public sector banks

The Union Cabinet gave its in-principle approval for public sector banks to merge, in August 2017. This was aimed at consolidating public sector banks to create strong and competitive banks. Key features of the approved framework are:

- Decisions to merge banks would be based on commercial considerations;
- Proposals should be initiated from the boards of the respective banks;
- The final scheme will be notified by the central government, in consultation with the RBI.

Subsequently, an Alternate Mechanism was constituted for the consolidation of public sector banks in November. The Mechanism will be chaired by Mr. Arun Jaitley, Minister of Finance. It will have Mr. Piyush Goyal (Minister of Railways and Coal), and Ms. Nirmala Sitharaman (Minister of Defence) as its members.

The Alternate Mechanism will examine proposals received from banks for approval to formulate schemes for amalgamation. It may also direct banks to examine proposals for amalgamation. The final scheme for amalgamation of public sector banks will be approved by the central government, and laid before Parliament.

State Banks (Repeal and Amendment) Bill, 2017 passed in Lok Sabha

The State Banks (Repeal and Amendment) Bill, 2017 was passed in Lok Sabha in August 2017. It was introduced in July 2017. Key features of the Bill are:

- **Repeal:** It seeks to repeal two Acts: (i) State Bank of India (Subsidiary Banks) Act, 1959, and (ii) State Bank of Hyderabad Act, 1956. These Acts established the State Bank of Bikaner, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore, and State Bank of Hyderabad. These banks were subsidiaries of the State Bank of India (SBI).

This is consequent to the Union Cabinet approval in February 2017 to allow the SBI to acquire these subsidiaries.

- **Amendments to the SBI Act, 1955:** The Bill seeks to amend the State Bank of India Act, 1955 to remove references related to subsidiary banks. These references include: (i) the definition of a subsidiary bank in the 1955 Act, and (ii) powers of SBI to act as an agent of the RBI for a subsidiary bank.

More information on the Bill is available here.

Scheme of electoral bonds notified

The Ministry of Finance notified the scheme of electoral bonds in January 2018. The scheme had been announced as part of Union Budget 2017-18. Under the scheme, a new instrument called an electoral bond will be issued to make donations to political parties. Key features include:

- **Eligible buyers:** Any Indian citizen or an incorporated body (such as a company) will be eligible to purchase an electoral bond. The purchaser will have to make the payment from his bank account, and comply with the Know
Your Customer norms of the bank. The bonds will not carry the name of the purchaser.

- **Denomination of bonds:** These electoral bonds will be issued by certain branches of the State Bank of India in multiples of: (i) Rs 1,000, (ii) Rs 10,000, (iii) Rs one lakh, (iv) Rs 10 lakh, and (v) Rs one crore.

- **Eligible parties:** Electoral bonds may only be used to make donations to registered parties which secured at least 1% of the votes in the last Lok Sabha or state assembly election. These bonds can be encashed by parties only through a designated account with an authorised bank.

- **Issue date:** Electoral bonds will be available for 10 days each in January, April, July and October. Bonds will be available for purchase for another 30 days in the year of the Lok Sabha elections. The bonds will have to be encashed within 15 days of issue, and will not be eligible for trading.

### The Negotiable Instruments (Amendment) Bill, 2017 introduced in Lok Sabha

The Negotiable Instruments (Amendment) Bill, 2017 was introduced in Lok Sabha in January 2018. It seeks to amend the Negotiable Instruments Act, 1881. The Act defines promissory notes, bills of exchange, and cheques. It also specifies penalties for bouncing of cheques, and other violations with respect to such negotiable instruments. Key features of the Bill include:

- **Interim compensation:** The Bill seeks to make changes related to trial of cheque bounce cases. It allows a court trying such an offence to direct the drawer (person who writes the cheque) to pay interim compensation to the complainant. The interim compensation will not exceed 20% of the cheque amount. The amount must be paid by the drawer within 60 days of the trial court’s order.

- **Deposit in case of appeal:** The Bill inserts a provision related to appeal cases filed by a drawer who has been convicted in a cheque bouncing case. It specifies that the appellate court may direct such a drawer to deposit a minimum of 20% of the fine or the compensation awarded by the trial court during conviction. This amount will be in addition to any interim compensation paid by the drawer during the earlier trial proceedings. This amount will have to be paid within 60 days.

- **Returning the interim compensation:** In case the drawer is acquitted, the court will direct the complainant to return the interim compensation (or deposit in case of an appeal case), along with an interest. This amount will be repaid within 60 days of the court’s order.

More information on the Bill is available [here](#).

#### The Chit Funds (Amendment) Bill, 2018 introduced in Lok Sabha

The Chit Funds (Amendment) Bill, 2018 was introduced in Lok Sabha in March 2018. It amends the Chit Funds Act, 1982. The 1982 Act regulates chit funds, and prohibits a fund from being created without the prior sanction of the state government. Under a chit fund, people agree to pay a certain amount from to time into a fund. Periodically, one of the subscribers is chosen by drawing a chit to receive the prize amount from the fund. Key features of the Bill include:

- **Fraternity fund:** The Act specifies various names which may be used to refer to a chit fund. These include chit, chit fund, and kuri. The Bill adds ‘fraternity fund’ to this list.

- **Presence of subscribers through video-conferencing:** The Act specifies that a chit will be drawn in the presence of at least two subscribers. The Bill seeks to allow these subscribers to join via video-conferencing.

- **Foreman’s commission:** Under the Act, the ‘foreman’ is responsible for managing the chit fund. He is entitled to a maximum commission of 5% of the chit amount. The Bill increases the commission to 7%.

More information on the Bill is available [here](#).

#### Cabinet approved the introduction of the Unregulated Deposit Schemes Bill, 2018

The Union Cabinet approved the introduction of the Banning of Unregulated Deposit Schemes Bill, 2018 in Parliament in February 2018. In 2016, a draft Bill was released for public consultation. Key features of the Bill include:

- The Bill bans deposit takers from promoting, operating, issuing advertisements, or accepting deposits in any unregulated deposit scheme.

- The Bill creates different offences for: (i) running an unregulated scheme, (ii) fraudulent default in regulated schemes, and (iii) wrongful inducement in relation to an unregulated scheme.
The Bill contains provisions to repay depositors in cases where deposits have been taken illegally. It also provides for the attachment of properties to repay depositors.

**The Collection of Statistics (Amendment) Bill, 2017 passed**


The Bill provides for the following: (i) extending the jurisdiction of the Act to Jammu and Kashmir, (ii) allowing the central government to determine the manner in which the information collected will be used for statistical purposes, and (iii) appointment of a nodal officer to coordinate and supervise the proposed statistical activities.

A PRS summary of the Bill is available [here](https://prslegislative.com/?p=613).

**Committee to review FRBM Act, 2003 submitted report; proposed a new Bill**


As part of Union Budget 2018-19, key recommendations of the Committee were accepted. These related to setting a debt to GDP ratio for the entire country at 60%, with a 40% limit for the centre and 20% limit for states. Other recommendations of the Committee include:

- **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. 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.

A PRS report summary is available [here](https://prslegislative.com/?p=611).

**Task Force set up to draft new direct tax law**

In November 2017, the Ministry of Finance set up a Task Force to review the Income Tax Act, 1961, and draft a new direct tax law. Mr. Arvind Subramanian, Chief Economic Adviser, would be a permanent special invitee.

The terms of reference of the Task Force are to draft a 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.

**Cabinet approved listing of 11 Central Public Sector Enterprises**

The Union Cabinet approved a proposal to list 11 Central Public Sector Enterprises (CPSEs) on stock exchanges in April 2017. 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 would be decided on a case to case basis by the Finance Minister.

**ONGC acquired 51% equity shareholding in HPCL**

The Government of India sold its 51.11% shareholding of Hindustan Petroleum Company Limited (HPCL) to the Oil and Natural Gas
Corporation (ONGC) for a total price of Rs 36,915 crore. The sale took place in January 2018.

Insurance Ombudsman Rules, 2017 notified

The Insurance Ombudsman Rules, 2017 were notified in April 2017. 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.

Committee constituted to examine framework related to virtual currencies

In April 2017, the Ministry of Finance constituted an inter-disciplinary committee to examine existing framework on virtual currencies. Virtual currencies, such as bitcoins, are stored and transacted in digital form. Currently, these virtual currencies are unregulated.

The Committee will be chaired by Special Secretary (Economic Affairs) and have representatives from Ministries of Home and Information Technology, NITI Aayog, and RBI, among others.

The Committee will: (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.

RBI working group submitted report on FinTech and Digital Banking

The Reserve Bank of India (RBI) Inter-Regulatory Working Group on FinTech and Digital Banking (Chair: Mr. Sudarshan Sen, Executive Director, RBI) submitted its report in February 2018. The Group was constituted in July 2016 to study regulatory issues related to financial technology (FinTech) and digital banking. It had representatives from regulators including SEBI, IRDA, and PFRDA. Key recommendations of the Group include:

- A framework may be introduced for a ‘regulatory sandbox’ or ‘innovation hub’. Under the framework, regulators will provide regulatory support to innovators. This will allow innovators to experiment with their banking or payment solutions.

- The Group recommended that there is a need for a data protection and privacy law to be enacted in the country.

- Upon the release of a FinTech product related to the securities market, regulators may assess the product and decide whether it can be monitored: (i) by registering it as an intermediary, or (ii) through regulations.

- Since FinTech companies are growing at a fast pace, the government may consider introducing tax subsidies for merchants accepting a part of their revenues through digital payments.

- The requirement of increasing awareness for new technological innovations and digital payments among customers should be highlighted by all market regulators.

RBI discontinued letters of undertaking for trade credit

The Reserve Bank of India (RBI) discontinued the practice of issuing letters of understanding and letters of comfort from March 13, 2018 onwards. These letters were issued by banks as trade credit for financing imports into India. The RBI specified that the issuance of these letters would be allowed for certain purposes, such as for bunk guarantees.

RBI committee on household finance submitted its report

The Household Finance Committee (Chair: Prof. Tarun Ramadorai) submitted its report to the RBI in August 2017. The Committee was constituted in September 2016 to examine various aspects of
household finance, and compare India’s position with other countries.  

Key observations of the Committee include:

- **Wealth storage:** A large share of household wealth is stored in physical assets (i.e. gold and real estate). Further, the practice of investing wealth in pension accounts and life insurance is limited to a few states. If current trends continue, there will be a high demand for physical assets in the coming decades.

- **Debt:** Despite high holdings in real estate, penetration of mortgage is low in early life. It grows in later life indicating that Indians borrow at an older age. There is a high level of unsecured debt such as loan from moneylenders.

- **Insurance:** Penetration of insurance is low despite numerous risks such as rainfall, health shocks, and floods.

Recommendations of the Committee include:

- **Customised products:** Indian households require customised financial products based on their unique economic conditions and traditions. Terms and conditions of the products should be explained to households in a simple manner.

- **Regulation:** Currently, financial advice regulations vary across regulators. Standardised norms should be implemented across these regulators. There is a need for a flexible framework which allows financial technology firms to test their financial products on a small scale, and in a controlled environment.

- **Data privacy:** Technological solutions to household finance rely on the households sharing their personal data with financial institutions. A data privacy framework for household finance should be considered.

**SEBI committee on corporate governance submitted its report**

The Committee on Corporate Governance (Chair: Mr. Uday Kotak) submitted its report to the Securities and Exchange Board of India (SEBI) in October 2017. The Committee was constituted in June 2017 to make recommendations for companies listed on a stock exchange on matters including: (i) ensuring independence and participation of independent directors, (ii) audit and accounting practices in listed companies, and (iii) disclosure and transparency related issues. Key recommendations of the Committee include:

- **Directors:** Current SEBI regulations do not specify the minimum number of directors that a listed company should have on its board. The Committee noted that a company needs sufficient directors, with diverse skills, to carry out its functions effectively. It recommended that listed companies should be required to have at least six directors on their board.

- **Attendance:** Current SEBI regulations do not specify a minimum attendance for directors of a listed company in their board meetings. The Committee noted that it is important for directors to attend these meetings for them to contribute towards the interests of the shareholders. The Committee recommended that if directors do not attend at least half of the board meetings over two financial years, their continuance on the board should be ratified by shareholders.

- **Board meetings:** Currently, a company must have at least four board meetings in a year. The Committee noted that these meetings tend to focus on issues related to financial results and compliance. It recommended that the number of minimum board meetings in a year be increased to five. At least one of these meeting must discuss subjects such as strategy, succession planning, risk management, and environment.

**Age for joining the National Pension System increased to 65 years**

In November 2017, the Pension Fund Regulatory and Development Authority (PFRDA) increased the upper age limit for joining the National Pension System (NPS) from 60 years to 65 years.

Currently, any Indian between the age of 18 to 60 years may voluntarily join the NPS. The PFRDA observed that due to better healthcare facilities and increased fitness, people are living an active life allowing them to be employed productively for longer. Consequently, it received suggestions to increase the age limit for joining the NPS.

A subscriber joining the NPS after the age of 60 years will be eligible to continue in the system till the age of 70. Such subscribers will have the same investment choices as available to those joining before 60 years.

The exit conditions for subscribers is: (i) if exit is after three years of joining, then 40% of the amount will have to be annuitized (where amount is invested for fixed returns) and the remaining amount may be withdrawn lump sum, or (ii) if exit is before three
years of joining, then 80% of the amount will have to be annuitized.

Corporate Affairs

Companies (Amendment) Bill, 2017 passed in Parliament

The Companies (Amendment) Bill, 2017 was passed by Parliament in December 2017. The Bill amends the Companies Act, 2013 to change provisions related to structuring, disclosure and compliance requirements for companies.

The Standing Committee on Finance had examined the Bill and submitted its report in December 2016. Subsequently, Lok Sabha passed the Bill with amendments in July 2017. Key features of the Bill as passed by Parliament include:

- **Independent Directors**: Under the Act, independent directors of a company should not have monetary (pecuniary) relationship with the company. The Bill allows independent directors to have pecuniary interest up to 10% of their total income.
- **Managerial remuneration**: Under the Act, if managerial remuneration exceeds prescribed limits, approval of the central government and shareholders must be obtained. The Bill omits the requirement to obtain approval from the central government.

More details on the Bill are available here.

National Financial Reporting Authority established; Rules notified

The Union Cabinet approved the establishment of the National Financial Reporting Authority (NFRA) in March 2018. The NFRA will be established as an independent regulator for auditors. Its powers to investigate chartered accountants and their firms will extend to listed companies, and large unlisted companies (threshold will be notified). The central government may refer any other entity for investigation to the NFRA.

The establishment of the NFRA is pursuant to the provision for an auditing regulator in the Companies Act, 2013. Rules have been notified in relation to the appointment and other conditions of service of the members of the NFRA. As per the Rules, the NFRA will consist of a Chairperson (who will be an eminent person), three full-time members, and nine part-time members.

Commerce and Industry

Cap on FDI increased in few sectors; 100% in construction and single brand retail trading

The Department of Industrial Policy and Promotion (DIPP) released certain changes in the Foreign Direct Investment (FDI) Policy in January 2018. The changes include:

- **Single brand product retail trading**: Single brand retail stores are those that carry products sold only under one brand. 100% FDI will be automatically allowed for such retail trading. In cases where the FDI exceeds 51%, 30% of the value of goods purchased must be from India. Such mandatory sourcing requirements, must be met as an average, in the initial five years. After the initial five years, the requirement must be met on an annual basis.
- **Civil Aviation**: FDI in Air India will be allowed up to 49%. Substantial ownership and effective control of Air India must continue to be with Indian nationals.
- **Construction**: 100% FDI will be allowed automatically under real-estate broking services.
- **Proposals from countries of concern**: The DIPP will examine investment applications under sectors with automatic route when they are from countries of concern which require certain security clearances. Similarly, respective administrative ministries and departments will examine cases pertaining to sectors which require government approval for FDI.

Cabinet approved abolition of Foreign Investment Promotion Board

The Union Cabinet approved the abolition of the Foreign Investment Promotion Board (FIPB) in May 2017. FIPB was responsible for clearing Foreign Direct Investment (FDI) proposals in cases where government approval is required. The Finance Minister, Mr. Arun Jaitley had announced the abolishment of FIPB in Union Budget, 2017.

Following the abolishment of FIPB, the approval of FDI proposals where government approval is required, will be approved by the concerned
Ministries. This will be in consultation with the Department of Industrial Policy and Promotion.

The Footwear Design and Development Institute Bill, 2017 passed by Parliament

The Footwear Design and Development Institute Bill, 2017 was passed by Parliament in July 2017.\(^\text{84}\) The Bill established the Footwear Design and Development Institute as an institution of national importance. Currently, there are 12 campuses under this Institute. Key features of the Bill include:

- **Functions of the Institute**: The functions of the Institute include: (i) developing and conducting courses and research related to footwear and leather products’ design and development, and (ii) granting degrees, diplomas and certifications.

- **Key authorities of the Institute**: The authorities of the Institute include: (i) a Governing Council, which is responsible for the administration of the Institute and reviewing the work of the Senate; and (ii) a Senate, as the principal academic body, which will specify admission procedures, academic content for courses, and the academic calendar.

A PRS summary of the Bill is available [here](#).

Cabinet approved amendments to MSME Development Act 2006

The Union Cabinet approved amendments to the Micro, Small and Medium Enterprises (MSME) Development Act, 2006 to change the basis of classifying MSMEs in February 2018.\(^\text{85}\) The MSME Development Act 2006 will be amended to change the basis of classification of enterprises from investment in plant machinery to annual turnover. The proposed turnover limits are shown in Table 6.

### Table 6: Classification of enterprises

<table>
<thead>
<tr>
<th>Enterprise</th>
<th>2006 Act investment limits</th>
<th>Proposed turnover limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro</td>
<td>Rs 25 lakh to Rs 5 crore</td>
<td>Rs five crore</td>
</tr>
<tr>
<td>Small</td>
<td>Rs 25 lakh to Rs 10 lakh</td>
<td>Rs five crore to Rs 75 crore</td>
</tr>
<tr>
<td>Medium</td>
<td>Rs 2 crore to Rs 5 crore</td>
<td>Rs 75 crore to Rs 250 crore</td>
</tr>
</tbody>
</table>

Sources: Press Information Bureau, Ministry of Micro, Small and Medium Enterprises; PRS.

Guidelines for budgetary support under GST to units in north-eastern and hilly states released

The Department of Industrial Policy and Promotion (DIPP) released guidelines for the scheme for budgetary support under the Goods and Service Tax (GST) regime to certain industrial units in October 2017.\(^\text{86}\) These units are located in Jammu and Kashmir, Uttarakhand, Himachal Pradesh, and north-eastern states including Sikkim.\(^\text{87}\) The scheme was approved in August 2017 with a budgetary support of Rs 27,413 crore. The scheme will be valid for a period of 10 years (July 2017-June 2027). Key features of the scheme include:

- **Eligible industrial units**: Units eligible under the new scheme include those which were eligible for benefits under: (i) the North East Industrial and Investment Promotion Policy 2007, and (ii) the Package for Special Category States for Jammu & Kashmir, Uttarakhand, and Himachal Pradesh. These schemes provided excise duty exemption to industrial units and ceased to apply from July 2017.

- **Budgetary support**: Industrial units will be provided with budgetary support equal to 58% of the Central Goods and Services Tax and 29% of the Integrated Goods and Services Tax paid by them. This amount will be disbursed to them by the DIPP.

Cabinet approved North-East Industrial Development Scheme (NEIDS) 2017

The Union Cabinet approved the North Eastern Industrial Development Scheme (NEIDS) 2017 with an outlay of Rs 3,000 crore till March 2020.\(^\text{88}\) Under the scheme, eligible industrial units will be provided incentives to promote industrialisation. The incentives include:

- **Central Capital Investment Incentive for Access to credit**: Incentive of 30% of the investment (maximum five crore rupees) in plant and machinery per industrial unit.

- **Central Comprehensive Insurance Incentive**: Reimbursement of 100% insurance premium on insurance of the building, and plant and machinery for a period of five years.

- **Goods Service Tax (GST) reimbursement**: Reimbursement of the central government’s share of Central GST and Integrated GST for a period of five years.
- **Income tax reimbursement**: Reimbursement of the central government’s share of income tax collected for a period of five years.

**Draft National Auto Policy 2018 released**

The Department of Heavy Industries released a draft National Auto Policy 2018 in February 2018. The draft Policy seeks to provide a comprehensive plan for the development of the automotive industry in India. Key features include:

- **Emission standards**: The draft Policy recommended that a roadmap for reduction in CO₂ emissions through Corporate Average Fuel Economy (CAFE) regulations must be developed. It seeks to match CO₂ emission targets set by developed countries by 2025. It recommended that a mechanism for banking and trading of emission credits can be implemented.

- **Research and development**: The draft Policy recommended that a Technology Acquisition Fund can be set up to acquire technologies through licensing agreements, joint ventures, or acquisitions. Further, Public Private Partnership-based industry investments in research and development can be incentivised.

- **Green vehicles**: A minimum share of green vehicles (such as electric vehicles) must be mandated among new vehicles purchased by agencies from central and state governments, and municipal corporations.

**Fully electric buses included under the FAME Scheme**

Certain changes were made under the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles in India (FAME) scheme in September 2017. The scheme was launched in April 2015 by the Ministry of Heavy Industries and Public Enterprises. The scheme provides incentives in the form of a reduced purchase price for buyers of hybrid and electric vehicles. Such vehicles should have been manufactured in India, and meet certain technical criteria as per the scheme guidelines. Recent changes made under the scheme include:

- **Inclusion of fully electric buses**: The scheme guidelines have been modified to include fully electric buses under the scheme. These buses must be completely electric in nature and must have more than eight seats. Buyers of such buses will be disbursed 60% of the purchase cost under two levels. Level 1 will have a maximum limit of Rs 85 lakh, and Level 2 will have a maximum limit of Rs one crore.

- **Extension of Phase-I of the Scheme**: Implementation of Phase-I of the scheme has been extended to March 2018. Phase-I started in April 2015 and was planned for two years till 2016-17. It involved implementation of the scheme in the following areas: (i) cities under the Smart Cities Mission, (ii) major metros, (iii) state capitals, (iv) cities with population of more than one million, and (v) cities in the north-eastern states.

**Cabinet approved policy for preferential domestic procurement by the government**

The Union Cabinet approved a policy to give preference to local suppliers for government procurements in May 2017. Local suppliers are defined as those who supply goods and services, with 50% of their value added domestically. Subsequently, the Department of Industrial Policy and Promotion (DIPP) issued an order giving effect to the policy. Key features of the policy include:

- **Procurement of up to Rs 50 lakh**: Only local suppliers will be eligible if the nodal Ministry decides that sufficient local capacity and competition exists.

- **For procurements of over Rs 50 lakh**: If the lowest bid is from a non-local supplier, the local supplier with the lowest bid will be given an opportunity to match the bid. If the order can be divided, the lowest bidder (i.e., the non-local supplier) would get half the order, and the local supplier, if he matches the lowest bid, will get the other half.

- **Small purchases of less than five lakh rupees** will be exempt from this policy.

A standing committee of the DIPP will oversee the policy implementation.

**Task Force on Innovation submitted its report**

The Task Force on Innovation, constituted under the Department of Industrial Policy and Promotion, submitted its report in June 2017. The Task Force was constituted in September 2016.

The report makes recommendations to improve India’s score on the 82 indicators of the Global Innovation Index, which have been clubbed under seven heads: (i) institutions, (ii) human capital and
research, (iii) infrastructure, (iv) market sophistication, (v) business sophistication, (vi) knowledge and technology outputs, and (vii) creative outputs. Key recommendations of the report include:

- Simplify process related to the registration of a company. Further, integrate PAN and Tax Deduction and Collection Account Number (TAN) registration to reduce time and costs.
- Adoption of programmes which encourage small businesses to undertake research and development. Further, Corporate Social Responsibility (CSR) funds should be channelled into research.
- Awareness must be created among small businesses to file trademarks. In addition, schemes related to intellectual property rights must be strengthened.
- Latest technologies should be adopted to reduce losses incurred during distribution of electricity. The reach of the electricity network in India should be increased.
- Regulations should be enforced after stakeholder consultation. Efforts should be made to bring predictability and consistency in policies.

Task Force on Artificial Intelligence submitted its report

The Task Force on Artificial Intelligence, constituted under the Department of Industrial Policy and Promotion, submitted its report.96 The Task Force was constituted in August 2017.97 Key recommendations of the Task Force include:

- National Artificial Intelligence Mission: The Task Force recommended that an Inter-Ministerial National Artificial Intelligence Mission must be funded with an allocation of Rs 1,200 crore for a period of five years. The Mission will include (i) establishment and seed funding of six Centres of Excellence, (ii) setting up of a generic AI test bed which can be a validation platform for AI based technology developers, and (iii) creation of an interdisciplinary large data centre to aggregate and interpret data.
- Digital data banks: Setting up of digital data banks, marketplaces and exchanges to ensure availability data across industries, with requisite sharing regulations.
- Standard setting: Standards required for the design, development and deployment of AI based systems must be developed. For example, data storage and privacy standards, and communication standards for autonomous cars.

- Enabling policies: Policies to encourage, develop and deploy AI based products need to be developed by the central government. Two major recommendations in this regard are: (i) data policy including ownership, sharing rights, and usage policies, and (ii) tax incentives for income generated due to the adoption of AI technologies and applications for socially relevant projects.

NITI Aayog constituted a Task Force on Employment and Exports

The NITI Aayog constituted a Task Force on Employment and Exports in September 2017.98 It noted that a majority of workers in India are employed in low-productivity and low-wage jobs. There is a need for sustained expansion of the organised sector to address unemployment in India.

The Task Force would be chaired by Dr. Rajiv Kumar (Vice Chairman, NITI Aayog). Members of the Task Force will include representatives from the central government and private institutions.

Terms of reference of the Task Force include: (i) proposing a plan to generate employment by boosting exports, (ii) recommending sector-specific interventions, (iii) identifying macro-economic factors hindering exports, and (iv) suggesting ways to improve the availability of trade related data.

Cabinet approved continuation of employment generation programme

The Cabinet approved continuation of the Prime Minister’s Employment Generation Programme (PMEGP) for three years (2017-18 to 2019-20) in February 2018.99 Rs 5,500 crore has been approved for this purpose. The scheme was launched in 2008 and seeks to provide credit-linked subsidy for setting up of micro enterprises in non-farm sectors by traditional artisans and unemployed youth.

Labour

The Code on Wages, 2017 introduced; referred to Standing Committee

The Code on Wages, 2017 was introduced in Lok Sabha in August 2017.100 It was subsequently
referred to the Standing Committee on Labour. The Code consolidates four Acts: (i) the Payment of Wages Act, 1936, (ii) the Minimum Wages Act, 1949, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976. The Code will apply to establishments where any industry, trade, business, manufacturing or occupation is carried out. This will also include government establishments.

Key features of the Code are:

- **Minimum wage**: The Code requires employers to pay at least the minimum wages to employees. These wages will be notified by the central or state governments. The wages will be determined based on time, or number of pieces produced, among others. The central or state governments will review or revise the minimum wage every five years.

- **National minimum wage**: The central government may notify a national minimum wage for the country. It may fix different national minimum wages for different states or geographical areas.

- The minimum wages decided by the central or state governments will not be lower than the national minimum wage. The central or state governments will not reduce the minimum wages fixed by them, if these wages are higher than the national minimum wage.

- **Payment of wages**: Wages will be paid in coins, currency notes, by cheque, or through digital or electronic mode. The wage period will be fixed by the employer as either: (i) daily, (ii) weekly, (iii) fortnightly, or (iv) monthly.

- **Annual bonus**: The employer will pay employees an annual bonus of at least: (i) 8.33% of their wages, or (ii) Rs 100, whichever is higher. The employer will also distribute a part of the gross profits amongst the employees (allocable surplus).

- **Maximum bonus**: An employee can receive a maximum bonus of 20% of his wages. This will include any amount distributed as allocable surplus. If this surplus exceeds the maximum bonus payable to all employees in a year, a certain amount will be carried forward to the following years (up to four years). The amount carried forward will not exceed 20% of the total wages payable to all employees during the year.

More details on the Bill are available [here](#).

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**The Payment of Gratuity (Amendment) Bill, 2018 passed in Parliament**

The Payment of Gratuity (Amendment) Bill, 2017 was passed in Parliament in March 2018. The Bill was introduced in Lok Sabha on December 18, 2017. The Bill amends the Payment of Gratuity Act, 1972. The Act applies to any establishment, factory, mine, oilfield, plantation, port, railway, company, or shop employing 10 or more workers. The Act requires employees to be paid gratuity if they have had more than five years of service.

Key features of the Bill are:

- The Bill empowers the central government to (i) notify the period of maternity leave eligible for qualifying as continuous service; and (ii) determine the amount of gratuity that will be available to employees.

- The maximum maternity leave, for the purpose of calculating continuous service under the Act was based on the maternity leave provided under the Maternity Benefit Act, 1961. The maternity leave entitlement under the 1961 Act was changed from 12 weeks to 26 weeks by the Maternity Benefit (Amendment) Act, 2017. The Bill removes the reference to 12 weeks in the 1972 Act and empowers the central government to notify the maximum maternity leave for the purpose of gratuity.

- Under the Act, the maximum amount of gratuity payable to an employee cannot exceed Rs 10 lakh. The Bill removes the prescribed ceiling, and states that the ceiling may be notified by the central government.

For more details on the Bill, see [here](#).

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**Central rules on Industrial Employment notified**

The central government notified Rules amending the Industrial Employment (Standing Orders) Central Rules, 1946 in March 2018. The 1946 Rules were notified under the Industrial Employment (Standing Orders) Act, 1946. The Act applies to every industrial establishment which employs 100 or more workmen. The Act requires employers in industrial establishments to formally define conditions of employment in the form of “standing orders” and to submit such standing orders to certifying authorities. The Rules introduce certain amendments in respect of fixed term employment workmen.
Currently, fixed term workmen (employed for a fixed period on the basis of a written contract) are only allowed in the apparel industry. The new Rules allow companies to hire workers on contract on a fixed term basis. However, no employer can convert the posts of permanent workmen into fixed-term employment workmen.

The new Rules state that fixed employment workmen will be assured of hours of work, pay benefits and other statutory benefits as applicable to permanent workmen. These benefits will be proportionate to the period of service rendered by them. However, fixed term workmen will not be entitled to any notice or pay in its lieu, once their contract expires.

**Ministry of Textiles launched PowerTex India scheme**

The Ministry of Textiles launched a scheme called PowerTex India (Comprehensive Scheme for Powerloom Sector Development) in April 2017. 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 the installation of on grid or off grid solar photo voltaic plants will be provided to powerloom units having up to eight looms. These units must have a shade free roof top or area for setting up of such 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 one crore rupees to two crore rupees, per project.

**Cabinet approved ‘Integrated Scheme for Development of Silk Industry’**

The Cabinet approved the Integrated Scheme for Development of Silk Industry for a period of three years (2017-18 to 2019-20). Rs 2,162 crore has been allocated for this purpose. The scheme seeks to develop sericulture and the silk industry. It includes four components: (i) research and development, (ii) seed organisations, (iii) coordination and market development, and (iv) quality certification systems, export brand promotion and technology upgradation.

The scheme will be implemented through the Central Silk Board.

**Agriculture**

**NABARD (Amendment) Bill, 2017 passed by Lok Sabha**

The National Bank for Agriculture and Rural Development (Amendment) Bill, 2017 was passed by Parliament in January 2018. It amends the NABARD Act, 1981. The 1981 Act provides for the establishment of the National Bank for Agriculture and Rural Development (NABARD). NABARD is responsible for providing and regulating facilities like credit for agricultural and industrial development in the rural areas. Key features of the Bill include:

- **Increase in capital of the NABARD:** Under the 1981 Act, NABARD may have a capital of Rs 100 crore. This capital can be further increased to Rs 5,000 crore by the central government in consultation with the Reserve Bank of India (RBI).

- The Bill allows the central government to increase this capital to Rs 30,000 crore. Further, the capital may be increased over Rs 30,000 crore by the central government in consultation with the RBI, if necessary.

- **Transfer of the RBI’s share to the central government:** Under the 1981 Act, the central government and the RBI together must hold at least 51% of the share capital of NABARD. The Bill provides that the central government alone must hold at least 51% of the share capital of
NABARD. Further, the Bill transfers the share capital held by the RBI (valued at Rs 20 crore) to the central government. Consequently, the central government will pay an equal amount to the RBI.

A PRS summary of the Bill is available [here](#).

**Draft Pesticides Management Bill, 2017 released**

The Ministry of Agriculture and Farmers Welfare released a draft Pesticides Management Bill, 2017 in February 2018. The draft Bill seeks to regulate import, manufacture, export, storage, sale, transport, distribution, quality and use of pesticides. It repeals the Insecticides Act, 1968. Key features of the draft Bill include:

- **Central Pesticides Board:** The draft Bill provides for setting up of a Central Pesticides Board to advise central and state governments on matters including (i) prevention of risk to human beings, animals, and environment due to pesticides, (ii) monitoring performance of registered pesticides in improving agricultural production, (iii) specifying protocols and procedures for manufacturing pesticides, and (iv) guidelines for regulation of advertising of pesticides in the media.

- **Composition of the Board:** The Board will include 40 members: (i) 10 ex-officio government officials including the Director General of Health Services (Chairman of the Board), (ii) 18 representatives of various government ministries, departments and institutions, and (iii) 12 nominated members by the central government including a pharmacologist, ecologist, medical toxicologist, and two farmers.

- **Registration Committee:** The draft Bill provides for constituting a Registration Committee which will: (i) register pesticides, (ii) allow or restrict use of pesticides, and (iii) notify pesticides, among other functions.

- **Composition of the Committee:** The Committee will comprise of the Chairperson and 10 ex-officio members from government ministries, departments and institutions such as the Joint Drugs Controller General of India, Food Safety and Standards Authority of India, and the Indian Council of Agricultural Research.

- **Registration of pesticides:** Application to register a pesticide for import, manufacture or export must be made to the Registration Committee. No pesticide will be registered for import or manufacture unless tolerance limits are specified for its residues under the Food Safety and Security Act, 2006.

Note that the Pesticide Management Bill, 2008, which was introduced in Rajya Sabha in October 2008 and is currently pending.

**Model Agricultural Produce and Livestock Marketing Act, 2017 released**

The Ministry of Agriculture and Farmers Welfare released the model Agricultural Produce and Livestock Marketing (Promotion and Facilitation) Act, 2017 in May 2017. The model Act seeks to facilitate free flow of agricultural produce including livestock, provide a direct interface of farmers with the buyers and consumers, and create a barrier free single market in the country. A state or a union territory government can adopt this model Act. Key features of the model Act include:

- **Unified market area:** A state government may declare the whole state as a single unified market area. In such an area, a single license will be applicable for the trade of agricultural produce and livestock.

- **Market Committee:** A Market Committee will manage market yards in a specified area, and is responsible for: (i) regulating the auction of agricultural produce and livestock, and (ii) providing facilities for marketing of agricultural produce and livestock. The Committee may also link consumers with farmers through digital technology and manage these market yards through PPPs.

- **Setting up of private market yards:** Apart from market yards managed by the Market Committees, private market yards may be set up by private individuals to facilitate operations of traders, and commission agents. These can also include farmer-consumer market yards, which provide infrastructure accessible to farmers and consumers directly.

- **Single point levy of market fee:** The Market Committee shall levy a market fee from a buyer on sale of notified agricultural produce and livestock. This fee cannot exceed two percent ad valorem on transacted produce in case of non-perishable agricultural produce and one percent ad valorem in case of perishable agricultural produce and livestock.
Draft Model Contract Farming Act 2018 released

The Ministry of Agriculture and Farmers Welfare released a draft Model State/Union Territory Agricultural Produce and Livestock Contract Farming (Promotion & Facilitation) Act, 2018 in December 2017. The draft Model Act seeks to: (i) provide for improved production and marketing of agriculture produce through contract farming, (ii) facilitate contracting parties, and (iii) create a regulatory and policy framework for contract farming. Based on this Model Act, legislatures of states and union territories can enact a law on contract farming. Key features of the draft Model Act include:

- **Contract farming:** The draft Model Act defines contract farming as farming by a producer (farmers or farmer organisations) as specified under a written agreement with a contract farming sponsor. The farm produce is purchased by the sponsor as per the agreement. The draft Model Act ensures purchase of the entire pre-agreed quantity of produce as per the agreement.

- Under the draft Model Act, the producer can get support for improving production through inputs and technology as per the agreement. Further, a sponsor is prohibited from raising a permanent structure on the producer’s land and no rights or title ownership can be transferred to the sponsor.

- **Contract Farming (Promotion and Facilitation) Authority:** The draft Model Act provides for establishing a state-level Contract Farming (Promotion and Facilitation) Authority to ensure implementation of the Act. Functions of the Authority include: (i) levying and collecting facilitation fees, (ii) publicising contract farming, and (iii) disposing appeals under the Act.

- **Registering and Agreement Recording Committee:** Under the draft Model Act, every agreement should be registered with a Registering and Agreement Recording Committee. The draft Model Act provides for setting up of such Committee comprising of officials from departments such as agriculture, animal husbandry, and rural development.

Draft Agriculture Export Policy released

The Department of Commerce released a draft Agriculture Export Policy 2018. The draft Policy seeks to double farmers’ income and increase the share of agricultural exports from USD 30 billion currently to more than USD 60 billion by 2022. Key recommendations of the draft policy include:

- **Stable trade policy:** The draft Policy aims to provide assurance that processed agricultural products and organic products will not brought under export restrictions such as export duty and export ban.

- **Involvement of state governments:** A nodal state department or agency will be identified for promotion of agriculture export. Such nodal body will be responsible for addressing issues faced by exporters, identifying infrastructure and logistic bottlenecks, among others. Further, agricultural exports must be included in the state export policy.

- **Cluster development based on products:** State governments can identify clusters with high export potential and monitor development through a cluster facilitation framework led by a district collector. Under the draft Policy, 50 district clusters have been identified for export promotion based on horticultural products.

- **Value added exports:** As per the draft export Policy, focus should be on the promotion of value added indigenous and tribal products and organic products.

- **Platform for stakeholders:** Under the draft Policy, a mechanism will be established to link self help groups, farmer producer organisations, cooperatives, private processors and traders. This can include development of an e-commerce platform for providing farmers direct linkage to agricultural exports.

- **Agri-startup fund:** Entrepreneurs will be supported in starting new ventures in agri-based products exports.

Cabinet approved removal of prohibition on export of pulses, and oilseeds except mustard

The Cabinet approved the removal of prohibition on export of all pulses, and edible oilseeds except mustard oil. Mustard oil will continue to be exported only in consumer packs up to five kg and with a minimum export price of USD 900 per tonne. Further, with regard to pulses, the Cabinet enabled a Committee (Chair: Secretary, Department of Food and Public Distribution) to review the export and import policy on pulses. This Committee includes secretaries of: (i) Department of Commerce, (ii) Department of Agriculture, Cooperation and Farmers
June 2017, and for Rabi crops in November


**National Policy on Marine Fisheries, 2017 released**

The Department of Animal Husbandry, Dairying and Fisheries released the National Policy on Marine Fisheries, 2017 in May 2017. The Policy makes recommendations to ensure sustainable development of the marine fisheries sector. Key features include:

- **Fisheries Management:** An ecosystem approach to fisheries management will be implemented considering the marine ecosystem and stakeholders. This system will resolve conflicts among fishermen, and can include councils at local, regional, inter-state, and national levels.

- **Letter of permit scheme:** The existing letter of permit scheme to allow fishing in specified areas will be cancelled considering that the scheme has not had the expected impact on the development of deep sea fishing. An alternative mechanism for the development of the deep-sea fishing sector will be considered. Entrepreneurship development, private investment, and public-private partnership will be encouraged.

- **Trade:** To improve domestic marketing value chain, fishery products will be integrated with the Food Safety Standards Authority of India (FSSAI). Further, FSSAI benchmarks will be aligned with those of the Export Inspection Council and eco-labelling of important Indian fisheries will be promoted.

- **Legislation:** Central government will bring in legislation to regulate the fisheries under India’s Exclusive Economic Zone. Laws related to registration, survey and certification, sea-safety, sanitary norms for fish landing centres, etc. may be updated to meet international standards and norms (Food and Agricultural Organisation, International Maritime Organisation and International Labour Organisation). Further, legislative support will be provided to ensure protection of labourers working on vessels and tenure rights of traditional fishermen.

**Minimum Support Prices for 2017-18**

The Ministry of Agriculture released the Minimum Support Prices (MSP) of Kharif crops for 2017-18 in June 2017, and for Rabi crops in November 2017. Additionally, the government announced bonuses for certain crops such as pulses and oilseeds, over the MSPs approved. Table 7 shows the change in MSPs for Kharif crops in 2017-18 as compared to the MSPs in 2016-17. The MSP for paddy increased by 5.4% as compared to the MSP for 2016-17.

**Table 7: Minimum support prices of Kharif crops (in Rs/quintal)**

<table>
<thead>
<tr>
<th>Crop</th>
<th>2016-17</th>
<th>2017-18</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy Common</td>
<td>1,470</td>
<td>1,550</td>
<td>5.4%</td>
</tr>
<tr>
<td>Jowar Hybrid</td>
<td>1,625</td>
<td>1,700</td>
<td>4.6%</td>
</tr>
<tr>
<td>Bajra</td>
<td>1,330</td>
<td>1,425</td>
<td>7.1%</td>
</tr>
<tr>
<td>Maize</td>
<td>1,365</td>
<td>1,425</td>
<td>4.3%</td>
</tr>
<tr>
<td>Ragi</td>
<td>1,725</td>
<td>1,900</td>
<td>10.1%</td>
</tr>
<tr>
<td>Arhar (Tur)</td>
<td>5,050*</td>
<td>5,450^</td>
<td>7.9%</td>
</tr>
<tr>
<td>Moong</td>
<td>5,225**</td>
<td>5,575^</td>
<td>6.7%</td>
</tr>
<tr>
<td>Urad</td>
<td>5,000**</td>
<td>5,400^</td>
<td>8.0%</td>
</tr>
<tr>
<td>Groundnut in shell</td>
<td>4,220*</td>
<td>4,450^</td>
<td>5.5%</td>
</tr>
<tr>
<td>Soyabean</td>
<td>2,775*</td>
<td>3,050^</td>
<td>9.9%</td>
</tr>
<tr>
<td>Sunflower seed</td>
<td>3,960*</td>
<td>4,100*</td>
<td>3.8%</td>
</tr>
<tr>
<td>Sesamum</td>
<td>5,000^</td>
<td>5,300*</td>
<td>6.0%</td>
</tr>
<tr>
<td>Nigerseed</td>
<td>3,825*</td>
<td>4,050*</td>
<td>5.9%</td>
</tr>
<tr>
<td>Cotton Medium Staple</td>
<td>3,860</td>
<td>4,020</td>
<td>4.1%</td>
</tr>
<tr>
<td>Cotton Long Staple</td>
<td>4,160</td>
<td>4,320</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Note: * includes bonus of Rs 100/quintal, ^ includes bonus Rs 200/quintal and ^^ includes bonus Rs 425/quintal.
Sources: Directorate of Economics and Statistics, Ministry of Agriculture and Farmers Welfare; PRS.

Among Rabi crops, the MSP for wheat has been increased from Rs 1,625/quintal to Rs 1,735/quintal. Table 8 shows the change in MSPs of Rabi crops between 2017-18 and 2016-17.

**Table 8: Minimum support prices of Rabi crops (in Rs/quintal)**

<table>
<thead>
<tr>
<th>Crop</th>
<th>2016-17</th>
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<tbody>
<tr>
<td>Wheat</td>
<td>1,625</td>
<td>1,735</td>
<td>6.8%</td>
</tr>
<tr>
<td>Barley</td>
<td>1,325</td>
<td>1,410</td>
<td>6.4%</td>
</tr>
<tr>
<td>Gram</td>
<td>4,000^</td>
<td>4,400#</td>
<td>10.0%</td>
</tr>
<tr>
<td>Masur</td>
<td>3,950#</td>
<td>4,250*</td>
<td>7.6%</td>
</tr>
<tr>
<td>Rapeseed-mustard</td>
<td>3,700*</td>
<td>4,000*</td>
<td>8.1%</td>
</tr>
<tr>
<td>Safflower</td>
<td>3,700*</td>
<td>4,100*</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

Note: * includes bonus of Rs 100/quintal, # includes bonus of Rs 200/quintal, # includes bonus of Rs 150/quintal.
Sources: Directorate of Economics and Statistics, Ministry of Agriculture and Farmers Welfare; PRS.

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118 June 2017, and for Rabi crops in November

2017. Additionally, the government announced bonuses for certain crops such as pulses and oilseeds, over the MSPs approved. Table 7 shows the change in MSPs for Kharif crops in 2017-18 as compared to the MSPs in 2016-17. The MSP for paddy increased by 5.4% as compared to the MSP for 2016-17.

**Table 7: Minimum support prices of Kharif crops (in Rs/quintal)**

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<td>Bajra</td>
<td>1,330</td>
<td>1,425</td>
<td>7.1%</td>
</tr>
<tr>
<td>Maize</td>
<td>1,365</td>
<td>1,425</td>
<td>4.3%</td>
</tr>
<tr>
<td>Ragi</td>
<td>1,725</td>
<td>1,900</td>
<td>10.1%</td>
</tr>
<tr>
<td>Arhar (Tur)</td>
<td>5,050^</td>
<td>5,450^</td>
<td>7.9%</td>
</tr>
<tr>
<td>Moong</td>
<td>5,225^</td>
<td>5,575^</td>
<td>6.7%</td>
</tr>
<tr>
<td>Urad</td>
<td>5,000^</td>
<td>5,400^</td>
<td>8.0%</td>
</tr>
<tr>
<td>Groundnut in shell</td>
<td>4,220*</td>
<td>4,450^</td>
<td>5.5%</td>
</tr>
<tr>
<td>Soyabean</td>
<td>2,775*</td>
<td>3,050^</td>
<td>9.9%</td>
</tr>
<tr>
<td>Sunflower seed</td>
<td>3,960*</td>
<td>4,100*</td>
<td>3.8%</td>
</tr>
<tr>
<td>Sesamum</td>
<td>5,000^</td>
<td>5,300*</td>
<td>6.0%</td>
</tr>
<tr>
<td>Nigerseed</td>
<td>3,825*</td>
<td>4,050*</td>
<td>5.9%</td>
</tr>
<tr>
<td>Cotton Medium Staple</td>
<td>3,860</td>
<td>4,020</td>
<td>4.1%</td>
</tr>
<tr>
<td>Cotton Long Staple</td>
<td>4,160</td>
<td>4,320</td>
<td>3.8%</td>
</tr>
</tbody>
</table>

Note: * includes bonus of Rs 100/quintal, ^ includes bonus Rs 200/quintal and ^^ includes bonus Rs 425/quintal.
Sources: Directorate of Economics and Statistics, Ministry of Agriculture and Farmers Welfare; PRS.

Among Rabi crops, the MSP for wheat has been increased from Rs 1,625/quintal to Rs 1,735/quintal. Table 8 shows the change in MSPs of Rabi crops between 2017-18 and 2016-17.

**Table 8: Minimum support prices of Rabi crops (in Rs/quintal)**

<table>
<thead>
<tr>
<th>Crop</th>
<th>2016-17</th>
<th>2017-18</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>1,625</td>
<td>1,735</td>
<td>6.8%</td>
</tr>
<tr>
<td>Barley</td>
<td>1,325</td>
<td>1,410</td>
<td>6.4%</td>
</tr>
<tr>
<td>Gram</td>
<td>4,000^</td>
<td>4,400#</td>
<td>10.0%</td>
</tr>
<tr>
<td>Masur</td>
<td>3,950#</td>
<td>4,250*</td>
<td>7.6%</td>
</tr>
<tr>
<td>Rapeseed-mustard</td>
<td>3,700*</td>
<td>4,000*</td>
<td>8.1%</td>
</tr>
<tr>
<td>Safflower</td>
<td>3,700*</td>
<td>4,100*</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

Note: * includes bonus of Rs 100/quintal, # includes bonus of Rs 200/quintal, # includes bonus of Rs 150/quintal.
Sources: Directorate of Economics and Statistics, Ministry of Agriculture and Farmers Welfare; PRS.
Cabinet approved increase in government guarantees for Price Support Scheme

The Cabinet approved extension of government guarantees worth Rs 19,000 crore to banks providing credit to the National Agricultural Cooperative Marketing Federation of India (NAFED) in February 2018. NAFED procures pulses and oilseeds at Minimum Support Prices (MSP) under the Price Support Scheme. Further, government guarantees worth Rs 45 crore will be extended to the Small Farmers Agri-Business Consortium to meet their existing liability and settling claims. These government guarantees are provided for a period of five years.

The Cabinet also approved the utilisation of a part of the buffer stock of pulses to provide nutrition under central government schemes such as the Mid-day Meal scheme. Note that, in 2016, the Cabinet approved a buffer stock of up to 20 lakh tonnes of pulses under the Department of Consumer Affairs.

Special Banking Arrangement for payment of outstanding fertilizer subsidy approved

The Cabinet approved the implementation of a Special Banking Arrangement (SBA) of Rs 10,000 crore for the payment of outstanding fertilizer subsidy during 2016-17 retrospectively in November 2017. Fertilizers are provided at subsidised rates to farmers through fertilizer manufacturers and importers. Such fertilizer companies are provided funds against their subsidy claims under the SBA.

Cabinet approved revision of energy norms under the New Urea Policy

The Cabinet approved changes in energy norms under the New Urea Policy in March 2018. Currently, 25 gas-based urea plants are classified into three categories based on certain energy consumption norms for the year 2018-19. These plants are eligible for concessions based on these energy consumption norms fixed for each group. The changes approved by the Committee are as follows:

- The target energy norms as per the Policy will be continued for five years starting April 1, 2020.
- The target energy norms under the Policy for 11 urea units will be implemented from April 1, 2018. For another 14 urea manufacturing units, which failed to meet the target energy norms, the present energy norms with token penalties are extended for a further period of two years.
- Further, three Naphtha based urea units will be allowed to operate based on current energy norms under the Policy for another two years or till gas pipeline connectivity.

Cabinet approved Diary Processing and Infrastructure Development Fund

The Union Cabinet approved the implementation of the Diary Processing and Infrastructure Development Fund scheme in September 2017. An announcement regarding the same had been made during the Union Budget 2017-18. The scheme seeks to build an efficient milk procurement system through: (i) chilling infrastructure, (ii) electronic milk adulteration testing equipment, and (iii) creation, modernisation and expansion of dairy processing infrastructure. Key features of the scheme include:

- **Implementation of the scheme:** The scheme will be implemented by the National Dairy Development Board (NDDB) and the National Dairy Development Cooperation (NDDC) through ‘end borrowers’. These ‘end borrowers’ include: (i) milk unions, (ii) state dairy federations, (iii) multi-state milk cooperatives, (iv) milk producer companies, and (v) subsidiaries of the NDDB.

- **Financing the scheme:** The scheme was approved with an outlay of Rs 10,881 crore over three years starting 2017-18. Out of the total outlay, Rs 8,004 crore (73.6%) will be provided by the National Bank for Agriculture and Rural Development as a corpus fund over the three years. The rest of the outlay will include contributions from the end borrowers, the NDDB, and the NDDC.

Cabinet approved continuation of certain schemes

The Cabinet approved continuation of certain schemes such as the Interest Subvention Scheme, Urea Subsidy Scheme, Nutrient Based Subsidy and the City Compost Scheme, and the Rashtriya Krishi Vikas Yojana. Details are as follows:

- **Interest Subvention Scheme:** Under the scheme, interest subvention of 5% will be provided to farmers on short term crop loans payable within a year. Rs 20,339 crore was allocated to the scheme for the year 2017-18.
- **Urea Subsidy scheme:** The scheme will be continued till 2019-20, and is estimated to cost Rs 1,64,935 crore.\(^{129}\) It seeks to promote indigenous production of urea in the country. Under the scheme, subsidy is provided to fertiliser manufacturers and importers on the sale of urea. It also includes freight subsidy on the movement of urea.

- **Nutrient subsidy scheme and city compost scheme:** The schemes will be continued till 2019-20, and are estimated to cost Rs 61,972 crore (for both the schemes).\(^{130}\) Under the Nutrient Subsidy Scheme, subsidy is provided to fertiliser manufacturers and importers for sale of Potassium and Phosphorous based fertilisers. Under the City Compost Scheme, assistance is provided to fertiliser companies for the marketing and promotion of city compost.

- **Rashtriya Krishi Vikas Yojana:** The scheme will be continued till 2019-10 as Rashtriya Krishi Vikas Yojana-Remunerative Approaches for Agriculture and Allied Sector Rejuvenation.\(^{131}\) Rs 15,722 crore has been allocated for the scheme. Under the scheme, financial assistance is provided by the central government to state governments to implement agriculture and allied sector schemes.\(^{132}\)
Infrastructure

Civil Aviation

Preliminary Information Memorandum for disinvestment of Air India released

The Ministry of Civil Aviation released a Preliminary Information Memorandum for the strategic disinvestment of Air India Limited in March 2017.133 The disinvestment is proposed to be done by way of transfer of management control and sale of 76% equity share capital of Air India which is held by the central government. The Memorandum includes proprietary information on the company, for the limited purpose of providing certain information to the bidders to make an assessment prior to submitting an initial proposal. The government may later change the procedures for pursuing the proposed disinvestment. The memorandum provides information including: (i) an overview of the airline and ground handling industries, (ii) details of Air India Limited and Air India Express (subsidiary under Air India), (iii) proposed reallocation of the companies’ debt and liabilities, (iv) process of the proposed disinvestment, and (v) instructions for submission of expression of interest by the bidders.

The Cabinet had given in-principle approval for considering the strategic disinvestment of Air India and five of its subsidiaries in June 2017.134 An Air India-specific alternative mechanism group was to be constituted to guide the process of disinvestment. This group was headed by the Minister of Finance, and included the Minister of Civil Aviation. This group was to decide on the following:

- Treatment of unsustainable debt of Air India;
- Hiving off of certain assets to a shell company;
- Demerger and strategic disinvestment of the three profit-making subsidiaries;
- The quantum of disinvestment; and
- The universe of bidders.

Amendments to the Regional Connectivity Scheme released

The Ministry of Civil Aviation released a revised version of the Regional Connectivity Scheme (RCS) in September 2017.135 The Ministry had released the earlier scheme, also known as Udan, in October 2016.136 The scheme seeks to facilitate regional air connectivity by making it affordable through: (i) concessions by central and state governments and airport operators, and (ii) Viability Gap Funding to airlines from the Regional Connectivity Fund. The revisions were brought in after the initial rounds of bidding by different air carriers under the scheme.

Key revisions in the scheme include:

- **Implementing Agency:** The Ministry of Civil Aviation has designated an Implementing Agency (the Airports Authority of India) to carry out certain activities under the scheme.137 Under the revised scheme, the Agency will compute and notify revision of airfare caps and caps on the Viability Gap Funding in accordance with the scheme on a quarterly basis.

- **Regional Air Connectivity Fund (RACF) Trust:** The Implementing Agency can form a RACF Trust to carry out its responsibilities under the scheme.

- **Eligibility criteria for bidding:** The revised scheme provides certain criteria for airlines to bid under the scheme. These include: (i) a valid Scheduled or Non-Scheduled Operator’s Permit, or a Scheduled Commuter Operator permit for scheduled air transport service (passenger) issued by the Director General of Civil Aviation, and (ii) a valid air operator permit or an equivalent permit issued by the competent civil aviation regulatory authority of any foreign country.

- **Minimum performance specifications:** The revised scheme adds certain minimum performance specifications (such as the minimum number of seats to be reserved under the scheme) for airline operators, based on different categories of aircrafts.

- **Priority areas:** The revised scheme identifies certain priority areas. These are Jammu and Kashmir, Himachal Pradesh, Uttarakhand, the north-eastern region of India, Andaman and Nicobar Islands and the Lakshadweep Islands. A priority RCS route would be one in which at least one of the origin and destination airport is an RCS airport located in the priority areas.

**DGCA released rules for handling of unruly passengers**

The Director General of Civil Aviation (DGCA) released rules for handling of unruly passengers in
September 2017. These rules were released under the provisions of the Aircraft Rules, 1937. Key provisions of the rules include:

- **Applicability:** These rules will be applicable to: (i) all Indian operators engaged in both domestic and international air transport services, for carriage of passengers, (ii) all airport operators within Indian territory, and (iii) all passengers during the period of air travel in or over India.

- **Unruly passenger:** An unruly passenger is defined as one who fails to: (i) respect the rules of conduct at an airport or on an aircraft, or (ii) follow the instructions of the airport staff or crew members, and therefore disturbs the order and discipline at an airport or on the aircraft.

- **Requirements for dealing with unruly passengers:** The conditions of carriage must specify acts that have been declared unlawful or disruptive under the Aircraft Rules, 1937. Passengers who are likely to be unruly must be carefully monitored. If they seem to pose a threat to the safety and security of the flight, fellow passengers, or staff while on the aircraft, they must be refused to board the aircraft, or off-loaded from the flight.

- **No-fly list:** On receiving a complaint of unruly behaviour, the airline may refer it to an Internal Committee (to be constituted by the airline). Following the decision of the Committee (within 30 days), the airline will maintain a database of all unruly passengers and inform the same to the DGCA and other airlines. This will form the no-fly list and will be maintained by the DGCA.

- **Categories of unruly behaviour:** The categorisation of unruly behaviour, and the corresponding ban on flying is as follows:
  - **Level 1:** Unruly behaviour such as physical gestures, verbal harassment. The flying ban for such offences would be for a period of up to three months.
  - **Level 2:** Physically abusive behaviour such as pushing, kicking, hitting, or sexual harassment. The flying ban would be for up to six months.
  - **Level 3:** Life-threatening behaviour such as causing damage to aircraft operating systems, murderous assault. In such cases, the flying ban would be for a minimum period of two years or more, without any upper limit.

### Draft regulations on civil use of drones released by DGCA

The Director General of Civil Aviation (DGCA) released draft regulations on the civilian operation of remotely piloted aircraft systems, commonly known as drones, in November 2017. The draft regulations provide the details of permits required to operate civilian drones. Key guidelines include:

- **Definition:** A remotely piloted aircraft (RPA) is defined as an unmanned aircraft which is piloted from a remote station.

- **Classification of RPAs:** The RPAs will be classified on the basis of their maximum take-off weight, as follows: (i) nano (less than or equal to 250 gm), (ii) micro (between 250 gm and 2 kg), (iii) mini (between 2 kg and 25 kg), (iv) small (between 25 kg and 150 kg), and (v) large (more than 150 kg).

- **Identification requirements:** All civil RPAs will be required to obtain a unique identification number (UIN) from DGCA. A UIN will be granted if the RPA is wholly owned by: (i) an Indian citizen, or (ii) the central or state governments, or their companies, or (iii) a company that is registered in India and has its principal business in India, and the Chairman and two-thirds of board members are Indian citizens, or (iv) a company that is registered in India and has leased RPAs to any other eligible organisations.

- **Permit requirements:** All civil RPA operations for any purpose will require an unmanned aircraft operator permit, to be issued by DGCA. Entities exempted from requiring these permits include: (i) nano RPA operating up to 50 ft above ground level, in uncontrolled airspace & indoor operations, (ii) micro RPA operating up to 200 ft above ground level, in certain areas, and (iii) RPA owned and operated by government security agencies.

- **Operations:** Irrespective of height, operation of RPA in the mini and above categories can be conducted only after filing flight plan and obtaining necessary clearances. RPAs must be operated only during daylight.

- **All RPA operators, except nano, must inform the local police authority in writing prior to commencing the operations. Before entering the controlled airspace, the remote pilot must establish contact with the air traffic control.**
**Railways**

**Ministry of Railways created the Rail Development Authority**

The Ministry of Railways set up the Rail Development Authority (RDA), with the approval of the Union Cabinet, through a notification, in May 2017.\(^{141}\) Key features of the RDA include:

- **Objectives:** The RDA will help achieve the objectives of: (i) pricing of services, (ii) suggesting measures for increasing of non-fare revenue, (iii) encouraging participation of stakeholders in the rail sector, and ensuring a fair deal to them, (iv) protecting consumer interests, and (v) benchmarking of service standards against international norms.

- **Composition:** The RDA will comprise a Chairman and three other members. These three members will be responsible for tariff determination, stakeholder investments, and setting efficiency and performance standards, respectively. The Chairman and members will be appointed by the central government. They will have a term of five years.

- **Functions:** Functions of the RDA will include: (i) framing guiding principles for tariff determination for both freight and passenger segments, (ii) framing principles for determining classification and re-classification of commodities, (iii) framing principles for subsidies and social service obligations in form of budgetary support or other methods, (iv) suggesting policies to the Ministry of Railways with regard to infrastructure creation, (v) dispute resolution with regard to future Railway contracts, and (vi) defining standards of performance and efficiency.

- **Funding:** The Ministry of Railways will provide an initial corpus of Rs 50 crore from its budget to set up the RDA. The RDA can raise funds through adjudication fees in the form of application fee, arbitration fee, and penalties. Subsequently, an annual grant will be earmarked for the RDA in the budget of the Ministry.

**Dividend payable by the Railways to General Revenues to be waived off for 2016-17**

The Union Cabinet approved the proposal of Ministry of Railways to move a resolution in Parliament adopting the recommendations of the Railway Convention Committee (2014) in November 2017.\(^{142}\) The Committee had recommended that the dividend payable to general revenues for 2016-17, estimated at Rs 9,731 crore, may be waived off as a one-time move.\(^{143}\) In the Union Budget 2018-19, no amount was allocated towards the payment of dividend in 2016-17 (actual figure), or the subsequent years. Dividend was last paid in 2015-16, which was Rs 8,722 crore.\(^{144}\)

Railways paid a return on the budgetary support it received from the government every year, known as dividend. Post the merger of the Railways budget with the Union budget, from 2017-18, Railways are not required to pay dividend to the central government. The Committee made the recommendations citing the critical state of Railway’s finances. It had noted that factors such as the cost of implementing the 7th Central Pay Commission have adversely impacted the state of Railway’s finances.

**Government guarantee for Indian Railway Finance Corporation bonds approved**

In March 2018, the Ministry of Finance approved a government guarantee of Rs 5,000 crore for Indian Railway Finance Corporation (IRFC) bonds to be subscribed by Life Insurance Corporation (LIC).\(^{145}\) This guarantee is expected to help LIC subscribe to IRFC bonds beyond the exposure limits set by the Insurance Regulatory and Development Authority (IRDA). Exposure limits are set on the basis of assets that a borrower has to repay its debt, or in other words how much one should borrow.

The Ministry of Railways had entered into a Memorandum of Understanding (MoU) with LIC in March 2015 under which LIC was to provide a financial assistance of Rs 1,50,000 crore for identified railway projects from 2015 to 2019. IRFC had been raising funds from LIC by issuing bonds with a tenure of 30 years. However due to the exposure limit constraints as per IRDA guidelines, LIC had not been able to subscribe to IRFC bonds beyond the prescribed limit.

**Ministry of Railways re-categorised railway stations**

The Ministry of Railways revised the categories of railway stations for the period 2017-18 to 2022-23 in December 2017.\(^{146}\) Earlier, railway stations were categorised into seven categories based on their annual passenger earnings. In addition to annual passenger earnings, the revised categories also take into account passenger footfall, and strategic
The Ministry of Railways has delegated several financial and administrative powers to General Managers (GMs), Divisional Railway Managers (DRMs), and field officials in October 2017. This seeks to improve operational efficiency, fast track decision making, and execution of projects. The powers that have been delegated include:

- **Financing and efficient execution of projects**: DRMs can undertake projects on Build Own Operate Transfer basis. This would help execute projects faster.

- **Increase revenue earning**: DRMs can enter into earning contracts such as, leasing of parcel space, parking, publicity, among others.

- **Safety**: GMs will have full power to sanction safety related works within the limits set by the Ministry of Finance.

- **Stations and passenger interface**: The DRMs’ power to sanction amenities and works increased from Rs one crore to Rs 2.5 crore per case.

- **Improve cleanliness**: DRMs were empowered to enter into long term service contracts of up to Rs 100 crore as compared to Rs 20 crore earlier.

- **Enhanced training**: With regard to staff training, the sanctioning power of DRMs was increased from Rs 10,000 to Rs 40,000 per trainee per training course.

The Ministry of Railways also increased the number of posts of Additional Divisional Railway Managers across divisions.

### Roads

**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 had examined the Bill and submitted its report in February 2017. Following that, the Bill was passed by Lok Sabha with a few amendments in April 2017.

The Bill was subsequently referred to a Rajya Sabha Select Committee in August 2017. The Select Committee submitted its report in December 2017, and recommended that the Bill as passed by Lok Sabha be passed without any amendments. Key features of the Bill, as passed by Lok Sabha, include:

- **National Road Safety Board**: The Bill provides for a National Road Safety Board, which will be created by the central government through a notification. The Board will comprise of a Chairman, representatives of state governments, and other members as specified by the central government.

- The Board will advise the 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 Accident Fund will be utilised for: (i) treatment of persons...

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**Table 9: Revised categories of stations**

<table>
<thead>
<tr>
<th>Category of stations</th>
<th>Criteria of earnings (in Rs)</th>
<th>Criteria of passengers handled</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSG 1</td>
<td>&gt;500 crore</td>
<td>&gt;20 million</td>
</tr>
<tr>
<td>NSG 2</td>
<td>100-500 crore</td>
<td>10-20 million</td>
</tr>
<tr>
<td>NSG 3</td>
<td>20-100 crore</td>
<td>5-10 million</td>
</tr>
<tr>
<td>NSG 4</td>
<td>10-20 crore</td>
<td>2-5 million</td>
</tr>
<tr>
<td>NSG 5</td>
<td>1-10 crore</td>
<td>1-2 million</td>
</tr>
<tr>
<td>NSG 6</td>
<td>Up to 1 crore</td>
<td>Up to 1 million</td>
</tr>
<tr>
<td>SG 1</td>
<td>&gt;25 crore</td>
<td>&gt;30 million</td>
</tr>
<tr>
<td>SG 2</td>
<td>10-25 crore</td>
<td>10-30 million</td>
</tr>
<tr>
<td>SG 3</td>
<td>Up to 10 crore</td>
<td>Up to 10 million</td>
</tr>
<tr>
<td>HG 1</td>
<td>&gt;50 lakh</td>
<td>&gt;3 lakh</td>
</tr>
<tr>
<td>HG 2</td>
<td>5-50 lakh</td>
<td>1-3 lakh</td>
</tr>
<tr>
<td>HG 3</td>
<td>Up to 5 lakh</td>
<td>Up to 1 lakh</td>
</tr>
</tbody>
</table>

Sources: Press Information Bureau, Ministry of Railways; PRS.

**Railways Ministry delegated more power to GMs, DRMs and field officials**

The Ministry of Railways has delegated several financial and administrative powers to General Managers (GMs), Divisional Railway Managers (DRMs), and field officials in October 2017. This seeks to improve operational efficiency, fast track decision making, and execution of projects. The powers that have been delegated include:

- **Financing and efficient execution of projects**: DRMs can undertake projects on Build Own Operate Transfer basis. This would help execute projects faster.

- **Increase revenue earning**: DRMs can enter into earning contracts such as, leasing of parcel space, parking, publicity, among others.

- **Safety**: GMs will have full power to sanction safety related works within the limits set by the Ministry of Finance.

- **Stations and passenger interface**: The DRMs’ power to sanction amenities and works increased from Rs one crore to Rs 2.5 crore per case.
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, as per the schemes framed by the central government.

- The Accident 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 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 Committee reports, please see [here](#).

**Group of state ministers formed to examine best practices in road safety**

The Ministry of Road Transport and Highways constituted a Group of Transport Ministers of the states and union territories (Chair: Mr. Yoonus Khan, Minister for Public Works Department and Transport, Rajasthan) in October 2017. The Group will: (i) examine best practices in road safety and the road transport sector, and (ii) recommend actionable points for implementation.

The terms of reference of the Group include: (i) assisting the National Road Safety Council (advisory body consisting of various union and state ministers) in performance of its functions, and (ii) advising the Union Minister for Road Transport, Highways and Shipping on:

- Framing a National Road Safety Code with the objective to reduce fatalities and road accidents by 50% by 2020;
- Harmonising motor vehicle taxes across states;
- Developing strategies for incorporating technology to assess driving licenses;
- Policy changes and implementation strategies for strengthening the state road transport undertakings;
- Improving public transport and shared mobility services in states to enable the shift from personal to public transport;
- Developing strategies to improve inter-state transport of goods and passengers, and harmonising permit conditions and fees across different states;
- Developing strategies to promote environment friendly transport systems;
- Improving infrastructure to assist road accident victims.

The Group can meet as frequently as it decides. It was to submit its first set of recommendations by December 31, 2017.

**The Central Road Fund (Amendment) Bill, 2017 passed by Lok Sabha**

The Central Road Fund (Amendment) Bill, 2017 was passed by Lok Sabha in December 2017. The Bill was introduced in Lok Sabha on July 24, 2017 and amends the Central Road Fund Act, 2000.

The 2000 Act regulates the Central Road Fund (CRF), that is credited with the cess collected on high speed diesel oil and petrol. This collected amount is then released to the National Highways Authority of India, and to the state governments and union territories for the development of national and state highways. The Bill seeks to allocate a share of this cess towards the development of inland waterways. Key features of the Bill include:

- **Inclusion of inland waterways**: The Bill defines national waterways as those that have been declared as ‘national waterways’ under the National Waterways Act, 2016. Currently, 111 waterways are specified under the 2016 Act.

- **Utilisation of fund**: Under the 2000 Act, the fund can be utilised for various road projects including: (i) national highways, (ii) state roads including roads of inter-state and economic importance, and (iii) rural roads. The Bill provides that in addition to these, the fund will be used for the development and maintenance of national waterways.

- **Powers of central government**: Under the Act, the central government has the power to administer the fund. The central government will make decisions regarding: (i) investments on national highways and expressways projects, (ii) raising funds for the development and maintenance of national highways and rural
roads, and (iii) disbursement of funds for national highways, state roads and rural roads. The Bill provides that the central government will make all the above decisions for national waterways as well.

- **Allocation of cess:** Under the Act, the cess on high speed diesel oil and petrol is allocated towards different types of roads. The Bill seeks to decrease the allocation of cess towards the development and maintenance of national highways from 41.5% to 39%. It allocates 2.5% of the cess towards the development and maintenance of national waterways.

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

### Cabinet approved Phase I of Bharatmala Pariyojana

The Union Cabinet approved Phase I of Bharatmala Pariyojana, a new umbrella program for road building, in October 2017. The scheme will be implemented with a total outlay of Rs 5,35,000 crore over five years. A total length of 24,800 km of roads have been approved under the program. In addition, the program will subsume another 10,000 km remaining under the National Highways Development Project (NHDP). The program aims to increase the number districts with national highway linkages from 300 to 550.

The scheme will be financed by raising debt from the market, mobilising private investments, and providing funds out of the Central Road Fund (established under the Central Road Fund Act, 2002). The table below illustrates the various components of Phase I of Bharatmala.

In addition to Bharatmala Phase I, the requirement for existing road building schemes is Rs 1,57,324 crore for 48,877 km. This brings the total requirement for road building schemes (including Bharatmala) for five years to Rs 6,92,324 crore.

### Table 10: Components of Bharatmala Pariyojana

<table>
<thead>
<tr>
<th>Components</th>
<th>Length (in km)</th>
<th>Outlay (Rs crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic corridors development</td>
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<td>1,20,000</td>
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<tr>
<td>Inter-corridor and feeder roads</td>
<td>6,000</td>
<td>80,000</td>
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<tr>
<td>National Corridors Efficiency Improvements</td>
<td>5,000</td>
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<tr>
<td>Border and International connectivity roads</td>
<td>2,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Coastal and port connectivity roads</td>
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<tr>
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<td>Total</td>
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<tr>
<td>Balance road works under NHDP</td>
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<td>1,50,000</td>
</tr>
<tr>
<td>Total</td>
<td>38,800</td>
<td>5,35,000</td>
</tr>
</tbody>
</table>

Sources: Ministry of Road Transport and Highways; PRS.

### Ministry of Road Transport notified amendments on emission standards

The Ministry of Road Transport and Highways notified amendments to the Central Motor Vehicles Rules, 1989 regarding emission standards for certain vehicle categories in June 2017.

The amendments provide that the mass emission standards applicable to Compressed Natural Gas (CNG) dedicated vehicles will also apply to vehicles with gross vehicle weight of more than 3.5 tonnes, and running on Liquefied Natural Gas (LNG). The LNG composition must meet the fuel specifications as notified by the Ministry of Petroleum and Natural Gas, or the Bureau of Indian Standards, for automotive applications.

### All four wheelers sold after December 1, 2017 to be fitted with FASTags

In November 2017, the Ministry of Road Transport and Highways notified that all four-wheelers sold after December 1, 2017 must have FASTags fitted on them. The FASTags will be fitted by the vehicle manufacturer or the authorised dealer. In case of vehicles that are sold as drive away chassis (framework of the vehicle) without the wind screen, FASTag will have to be fitted by the vehicle owner before it is registered.

A FASTag is a reloadable tag which enables automatic deduction of toll charges and lets vehicles pass through toll plazas without stopping them for cash transaction. The tag uses radio-frequency identification (RFID) technology, and is affixed on the vehicle’s windscreen after the activation of the FASTag account.
Shipping

Parliament passed the Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016

The Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016 was passed by Parliament in July 2017. The Bill was introduced in Lok Sabha in November 2016. The Bill consolidates the existing laws on civil matters of admiralty jurisdiction of courts, admiralty proceedings on maritime claims, and arrest of ships. Admiralty laws deal with cases of accidents in navigable waters, or contracts related to commerce on such waters. The Bill repeals laws such as the Admiralty Court Act, 1861, and the Colonial Courts of Admiralty Act, 1890.

Key features of the Bill include:

- **Admiralty jurisdiction**: The jurisdiction with respect to maritime claims under the Bill will vest with the respective High Courts and will extend up to the territorial waters of their respective jurisdictions. The central government may extend the jurisdiction of these High Courts.

- **Admiralty jurisdiction**: Earlier, admiralty jurisdiction applied to the Bombay, Calcutta and Madras High Courts. The Bill further extended this to the High Courts of Karnataka, Gujarat, Orissa, Kerala, Hyderabad, and any other High Court as notified by the central government.

- **Maritime claims**: The High Courts may exercise jurisdiction on maritime claims arising out of conditions including: (i) disputes regarding ownership of a vessel, (ii) disputes between co-owners of a vessel regarding employment or earnings of the vessel, (iii) mortgage on a vessel, (iv) construction, repair, or conversion of the vessel, (v) disputes arising out of the sale of a vessel, and (vi) environmental damage caused by the vessel. The Bill defined a vessel as any ship, boat, or sailing vessel which may or may not be mechanically propelled.

- **Priority of claims**: Among all claims in an admiralty proceeding, highest priority will be given to maritime claims, followed by mortgages on the vessel, and all other claims. Within maritime claims, the highest priority will be given to claims for wages due with regard to employment on the vessel. This would be followed by claims with regard to loss of life or personal injury in connection with operation of the vessel. Such claims will continue to exist even with the change of ownership of the vessel.

A PRS summary of the Bill is available [here](#).

Standing Committee submitted report on the Major Port Authorities Bill, 2016

The Standing Committee on Transport, Tourism and Culture (Chairperson: Mr. Mukul Roy) submitted its report on the Major Port Authorities Bill, 2016 in July 2017. To address the Committee’s recommendations, the Union Cabinet approved certain amendments to the Bill in February 2018. The Bill repeals the Major Port Trusts Act, 1963, and seeks to provide greater autonomy and flexibility to Major Ports.

Key observations and recommendations of the Committee, and proposed amendments include:

- **Change in governance structure**: Under the Act, all major ports are managed by the respective Board of Trustees. The Bill provides for the creation of a Board of Major Port Authority for each major port, which will succeed the existing Boards.

- **Composition of Board**: The proposed Board of Port Authorities will comprise of three to four independent members, and one member representing the interests of employees of the Major Port. The Committee noted that employees of the port are important stakeholders and need better representation on the Board. It recommended appointing a minimum of two labour representatives, one of whom should be a serving employee. It also noted that the independent posts can be used to perpetuate certain business interests, and therefore must be reduced to two and these members must be experts in port activities.

- **As per the proposed amendments, the number of labour representatives to be appointed in the Port Authority Board among the serving employees of the Port will be increased from one to two.**
The minimum number of independent members on the Board has been reduced from three to two.

- **Public Private Partnership (PPP) projects:** The amendments propose that with regard to PPP projects, the concessionaire can fix the tariff (for any service) based on market conditions. Under the Bill, for such projects, the Board may only fix the tariff for initial bidding purposes.

- **Adjudicatory Board:** Under the Bill, the Adjudicatory Board consists of a Presiding Officer and two members, as appointed by the central government. The amendments propose that the Presiding Officer and the members be appointed by the central government on the recommendations of a selection committee.

**Standing Committee submitted report on the Merchant Shipping Bill, 2016**

The Standing Committee on Transport, Tourism and Culture (Chairperson: Mr. Mukul Roy) submitted its report on the Merchant Shipping Bill, 2016 in July 2017. The Bill seeks to repeal the Merchant Shipping Act, 1958, and the Coasting Vessels Act, 1838. Key observations and recommendations of the Committee are:

- **Trade unions:** The Committee recommended that the role of trade unions must be clearly recognised in the Bill. This would be in the mutual interest of both shipowners and seafarers.

- **Safety of fishermen:** The Committee noted that there have been instances of killing of fishermen of small fishing boats or collision of small boats along Indian shores. It recommended that the government must address these issues through a proper policy, and appropriate punishments must be provided in the Bill.

- **Employment opportunities:** The Bill seeks to provide that every shipping master (person managing a shipping office at a port) or shipowner, for the purpose of engagement of seafarer, can enter into an agreement with the seafarer. A seafarer is any person who is employed or works in any capacity on board a sea-going vessel. It also specifies certain provisions for the engagement of a foreign seafarer. The Committee noted that this provision may be misinterpreted, and could result in unemployment of Indian seafarers. It recommended that necessary safeguards may be provided to ensure maximum job opportunities to Indian seafarers.

- **Grievance redressal:** The Committee observed that there are several probabilities of grievance arising at any stage of the salvage operation, wreck removal, etc. It recommended that the Bill must incorporate necessary provisions for grievance redressal.

- **Issues to be addressed through rules:** The Committee recommended several issues that must be clarified or addressed through rules or delegated legislation. These include: (i) rights of a mortgagee in case of sale of vessels, (ii) documentary evidence required for obtaining certificates, (iii) recruitment and placement service for seafarers, and (iv) complaint lodging forum for seafarers.

A PRS summary of the report is available [here](#).

**Cabinet approved revised Model Concession Agreement for Major Ports**

The Union Cabinet approved a revised Model Concession Agreement (MCA) for PPP projects in Major Ports in January 2018. The amendments seek to make port projects more investor-friendly, and similar to provisions in the highway sector. Key changes include:

- **Dispute resolution mechanism:** All disputes will be referred to the Society for Affordable Redressal of Disputes - Ports (SAROD-Ports). The dispute will be dealt with as per the terms of Rules of SAROD-Ports and provisions of the Arbitration and Conciliation Act, 1996.

- **Exit route:** Developers can exit a project by way of divesting their equity up to 100% after completion of two years from the Commercial Operation Date (COD). The COD is the date on which the concessionaire receives the project completion certificate.

- **Commencement of projects:** Certain projects can start operating before the COD. This would help with better utilisation of port assets.

- **Land rent:** With regard to additional land given to the concessionaire, the land rent has been reduced from 200% to 120% of the applicable scale of rates for the proposed additional land.

- **Royalty:** Currently, royalty is charged from the concessionaries as a percentage of gross revenue quoted during bidding, and is calculated on the basis of tariff ceiling as prescribed by the Tariff Authority for Major Ports. The amendments provide that the concessionaire would pay
royalty on the basis of amount of cargo handled, which would be indexed to the variations in the Wholesale Price Index annually.

- **Compensation in case of change in law:** The concessionaire will be compensated in case the viability of the project gets affected due to imposition of new taxes and duties. However, this will not apply in case of an imposition or increase of a direct tax.

**Ministry of Shipping released reforms on the cruise tourism industry**

The Ministry of Shipping, along with the Ministry of Tourism, released reforms to the regulatory processes governing the cruise tourism industry in July 2017. The reforms seek to simplify the rules and procedures pertaining to various aspects of cruise port operations, such as security, immigration, and customs. Key reforms recommended include:

- Creating a single window system for all pre-cruise requirements for cruise operators. These include entry of vehicles, electronic checking of registration, and license papers of vehicles, and
- Creating uniform and consistent security procedures by the Central Industrial Security Force at all ports.

A committee was set up by the Ministry to work out the modalities to implement these recommendations in a time bound manner. Further, five potential cruise circuits for international, domestic, and river cruise, that can be immediately taken up for development were identified. Specific ports or terminals would also be considered for development for international cruise tourism as per a suggested Model Terminal Design. These terminals would be developed on a suitable regulatory framework based on international best practices.

**Power**

**Ministry of Power launched Pradhan Mantri Sahaj Bijli Har Ghar Yojana**

The Ministry of Power launched the Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) in September 2017. It seeks to ensure universal household electrification (in both rural and urban areas) by December 2018 by providing last mile connectivity. Note that currently about four crore households are un-electrified, of which one crore are covered under the Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY). DDUGJY was launched in 2015 with an aim to electrify all villages, ensure sufficient power to farmers, and regular supply to all consumers. The Saubhagya scheme is expected to cover the remaining three crore households. Key features of the scheme include:

- **Beneficiaries:** The beneficiaries will be identified using the Socio Economic and Caste Census (SECC) 2011 data. The identified poor households will get free electricity connections. Other households not covered under the SECC, will be provided electricity connections at a cost of Rs 500. This amount will be collected by the electricity distribution companies in 10 instalments. These households will have to pay for electricity consumed.
- **Financial outlay:** The total outlay of the scheme is Rs 16,320 crore, of which the gross budgetary support (GBS) is Rs 12,320 crore. The outlay for the rural households will be Rs 14,025 crore, of which the GBS will be Rs 10,588 crore. For urban households, the outlay will be Rs 2,295 crore of which GBS will be Rs 1,733 crore.
- **Implementing agency:** The Rural Electrification Corporation Limited will implement the scheme.
- **Implementation:** States will prepare detailed project reports, based on which projects will be sanctioned. The state distribution companies will execute the electrification works through contractors or other suitable agencies. Information technology (mobile apps, web portals) will be used to organise camps in villages to identify beneficiaries. In order to accelerate the process, applications for electricity connections will be completed on the spot.

**NITI Aayog released draft National Energy Policy**

The NITI Aayog released the draft National Energy Policy in June 2017. The draft policy seeks to provide the way to achieve the government’s energy targets, which include: (i) universal electrification and 24x7 electricity by 2022, (ii) reducing oil imports by 10% from 2014-15 levels by 2022, (iii) reducing carbon emissions by 33%-35% by 2030 from 2005 levels, (iv) achieving a 175 GW renewable capacity by 2022, and (v) increasing the share of renewable capacity in the electricity mix to 40% by 2030. Key features of the draft policy include:
• **Oil and gas:** In India, the share of oil and gas in energy consumption in 2015-16 was 26% and 6.5%, respectively. While the consumption of each has registered a sharp increase, production has increased only moderately. In order to improve the supply of oil and gas, the government must encourage capacity expansion and setting up of new refineries, preferably at coastal locations.

• Further, the existing hydrocarbons regime (based on nominations or production sharing) must be migrated to the emerging framework of market-determined prices.

• **Energy demand:** India has a heavy dependence on oil and gas imports despite low level of energy consumption. The demand for energy can be better managed by demand-side interventions, which include energy conservation and energy efficiency. These can be achieved through strategies such as: (i) revising current efficiency standards, and setting such standards across all buildings, (ii) expanding fuel efficiency standards to all modes of transport, and (iii) developing innovative financing mechanisms that capture future energy savings.

• **Coal:** The share of coal in India’s commercial primary energy supply was 55% in 2015-16 and is expected to remain high at 48-54% in 2040. A careful assessment of demand for coal-based power must be done so that the USD one billion annual investment being made by Coal India Limited to raise production capability is not left stranded. Power companies must not be sold coal at subsidised rates as it leads to inefficient utilisation of coal.

• **Renewable:** To compete with conventional power, performance linked incentives that do not involve upfront payment but encourage generation of renewable energy, must be promoted. The current financing models place a large burden on the distribution companies. The government must develop suitable financing mechanisms to support discoms.

**Guidelines for procuring wind power through competitive bidding released**

The Ministry of New and Renewable Energy released guidelines for procurement of wind power through tariff based competitive bidding in December 2017. Key features of the guidelines include:

• **Objectives:** To provide a framework for procurement of wind power through a transparent process of tariff based competitive bidding. These guidelines aim to provide power distribution licensees to procure wind power at competitive rates in a cost effective manner.

• **Applicability:** These guidelines will be applicable for: (i) intra-state projects with individual size of 5 MW and above. The bidder shall be allowed to bid for a minimum 25 MW wind power project, and (ii) interstate projects with individual size of 50 MW and above. The bidder shall be allowed to bid for a minimum 50 MW wind power project.

• **Bid preparation:** The bids must consider total wind power capacity to be procured. There may be two kinds of tariff based bidding: (i) fixed tariff for 25 years or more, and (ii) escalating tariff (with pre-defined quantum of escalation per year).

• **Power Purchase Agreement (PPA):** PPA refers to the agreement between the procurer and the wind power generator. Amongst other provisions, the proposed PPA must include: (i) the time period of the PPA which must not be less than 25 years from the date of commissioning of the project or scheduled commissioning date, (ii) a provision for payment of security provided by the procurer to the power generator, and (iii) the annual Capacity Utilisation Factor declared by the wind power generator. Capacity Utilisation Factor refers to the ratio between actual power produced and the maximum power that can be produced.

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**Petroleum and Natural Gas**

*Cabinet approved purchase preference in all PSUs under the Ministry of Petroleum and Natural Gas*

The Union Cabinet approved a policy in April 2017 to provide purchase preference for oil 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 raw materials, skills, manpower, design and technology, or manufacturing, available within the country.

Under the policy, the targets of local content will be stipulated for certain oil and gas business activities.
The government has been administering the price of ethanol under the EBP programme since December 2014. The last revision was made in October 2016, when ethanol prices were fixed at Rs 39 per litre.\(^{176}\)

**Introduction of Bharat Stage VI fuel ahead of schedule in NCT, Delhi**

The Ministry of Petroleum and Natural Gas decided to introduce Bharat Stage VI (BS VI) fuel ahead of schedule in the National Capital Territory (NCT) of Delhi in November 2017.\(^{177}\) BS VI fuel will be launched on April 1, 2018 instead of April 1, 2020.

In September 2016, the Ministry of Road Transport and Highways had notified a shift from BS IV fuel to BS VI fuel by April 1, 2020, skipping BS V fuel.\(^{178}\) The Ministry cited high pollution levels as a reason for the early launch of BS VI fuel in NCT of Delhi. The content of sulphur reduces from 50 particulates per million (ppm) in BS IV fuel to 10 ppm in BS VI fuel for both gasoline and diesel.\(^{179}\)

**IPO of Indian Renewable Energy Development Agency Limited approved**

The Cabinet approved the Initial Public Offer (IPO) of the Indian Renewable Energy Development Agency Limited (IREDA) in June 2017.\(^{180}\) IREDA is a public financial institution registered with the RBI. It provides financial support to specific projects and schemes for generating electricity through new and renewable energy sources.

The public issue of equity seeks to increase IREDA’s equity base, which will help it fund more renewable energy projects. Through the IPO, Rs 13.9 crore fresh equity shares of Rs 10 each will be issued.

**Central government ordered penalty on ONGC, RIL, and Shell**

The central government ordered a penalty of USD three billion on Reliance Industries Ltd. (RIL), Royal Dutch Shell (Shell), and Oil and Natural Gas Corporation Ltd. (ONGC) in July 2017.\(^{181}\) The penalty was awarded following an arbitration in the Panna Mukta Tapti (PMT) oil field dispute. RIL and Shell have further appealed the arbitration award in a court in the United Kingdom. ONGC has not been a part of the arbitration or the subsequent appeal. The arbitration was initiated in December 2010.

The dispute was regarding the government’s share of profit petroleum (the total value of petroleum produced and saved from the contract area in a particular period) and royalty from the PMT fields. The arbitration panel ruled that the government’s
share of profit from the oil fields will be deductible at the current tax rate of 33% as opposed to the previous rate of 50%.

Following the arbitration, the government calculated the amount owed by the companies. RIL and Shell own a 30% stake each in the PMT oil fields. ONGC owns the remaining 40% stake. The companies have to pay a penalty proportional to their stake.

Cabinet approved extension of the Discovered Small Field Policy

The Union Cabinet approved the extension of the Discovered Small Field Policy in February 2018. The extension will apply to the identified 60 discovered small fields/un-monetised discoveries for offer under the Discovered Small Field Policy Bid Round-II. This policy helps the development of smaller and marginal oil and gas fields which could not be developed due to isolated locations, small size, and prohibitive development costs.

Of these 60 fields, 22 fields belong to the Oil and Natural Gas Corporation Ltd., five fields belong to Oil India Ltd., and 12 fields are relinquished from the New Exploration and Licensing Policy Blocks. The remaining 21 are fields from the Bid Round-I which were put on offer, but not awarded due to insufficient response from the investors.

These discoveries are estimated to have 194.6 million MT of oil and oil equivalent gas in place. The Empowered Committee of Secretaries (ECS) comprising of Secretary (Petroleum and Natural Gas), Secretary (Expenditure) and Law Secretary will finalise and approve the Model Revenue Sharing Contract, Notice Inviting Offer, and other documents for this round of bidding. The award of contracts will be approved by the Ministers of Petroleum and Natural Gas and Finance based on the recommendations of the ECS.

Cabinet approved increase of target under Pradhan Mantri Ujjwala Yojana

The Cabinet approved the increase of the target of LPG connections under the Pradhan Mantri Ujjwala Yojana (PMUY) from five crore to eight crore, with an additional allocation of Rs 4,800 crore in February 2018. The revised target will be achieved by 2020.

PMUY seeks to safeguard the health of women and children by providing them with LPG as a clean cooking fuel. Under the scheme, cash assistance is provided to beneficiaries in order to obtain a deposit-free new LPG connection.

In addition to the households identified under the Socio Economic Caste Census, the scheme will cover all SC/ST households, beneficiaries of Pradhan Mantri Awas Yojana (Gramin), and Antyoday Anna Yojana, and forest dwellers, among others.

Coal

Cabinet approved new coal linkage policy, SHAKTI

The Cabinet approved the Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India (SHAKTI) in May 2017. The policy provides for the allocation of future coal linkages for the power sector in a transparent manner.

Earlier coal was supplied to thermal power plants as per the National Coal Distribution Policy, 2007. Under this policy, the Standing Linkage Committee under the Ministry of Power recommends the issuance of Letters of Assurance (LoAs) to power plants. LoA holders that meet certain milestones are entitled to enter into Fuel Supply Agreements (FSAs) with coal companies for the long-term supply of coal. The new policy proposes moving towards an auction system for allocation of such linkages (except for central and state generation companies, and certain other exemptions as provided in the Tariff Policy, 2016). Key features of the policy include:

- Thermal power plants with LoA will be eligible to sign FSA after ensuring that the plants are commissioned, respective milestones are met, and all specified conditions of the LoA are fulfilled within specified timeframe. The plants must be commissioned before March 31, 2022.
- Thermal power plants that could not be commissioned by March 31, 2015 will now be eligible for drawing of coal if they are commissioned before March 31, 2022.
- Future coal linkages will be granted to various entities as per the following procedure:
  - **Central and state generating companies:** Based on the recommendation of the Ministry of Power;
  - **Independent power producers with Power Purchase Agreements (PPAs) (based on domestic coal):** On the basis of auction;
  - **Independent power producers without PPA:** Auction where bidding for linkage
will be done over the Notified Price of the Coal Company;

- **States:** Linkages will be earmarked to states where any linkage quantity that is unutilized for two years lapses. States may indicate the earmarked linkages to the power distribution companies;

- **Ultra Mega Power Plants (UMPPs):** Linkages, for full normative quantity, will be granted for setting up UMPPs.

**Ministry of Coal released Coal Block Allocation Rules, 2017**

The Ministry of Coal released the Coal Block Allocation Rules, 2017 in July 2017. As per the Mines and Minerals (Development and Regulation) Act, 1957, the central government may make rules for granting mining licenses. It may also make rules regarding the terms and conditions of auction by competitive bidding.

Key features of the Rules include:

- **Allocation of coal blocks:** The central government will identify the coal blocks for allocation as per the standard technical parameters. It will also specify the manner of allocation through: (i) auction, (ii) allotment to a government company, or (iii) allotment to a private company. The central government will also specify the purpose of such allocation.

- **Documentation:** The central government will prepare the tender document for the auction process. The tender document may include information such as: (i) the block report with details of the coal block, (ii) terms and conditions of the auction (including the ceiling, floor or reserve price depending on the type of bidding), and (iii) agreements proposed to be entered into with the successful bidder.

- **Auction:** The auction will have two stages: (i) technical bid, and (ii) financial bid. The technical bid will determine the qualification for the auction, and financial bid will determine the successful bidder.

- **Allotment:** The allotment document will specify several norms including: (i) progress of development of coal blocks by the applicant in the past, (ii) financial details and technical capabilities of the applicant, and (iii) the coal demand-supply gap. The central government will constitute a committee consisting of members from government ministries and departments, and technical experts (to be chaired by a person at the rank of a Joint Secretary). This committee will assess the auction applicants, and recommend the preferred allottees to the central government.

- The central government may relax the allotment rules for a government company: (i) that is owned, managed or controlled by the central government, or (ii) for the utilisation of coal in the linked power project to be awarded on the basis of competitive bid for tariff (including Ultra Mega Power Projects). In the second case, prior to the competitive bidding for tariff, the government will have to issue an in-principle allotment letter for the coal block to the company as recommended by the Ministry of Power.

**Ministry of Coal approved transfer of certain plants under the Coal Mines (Special Provisions) Act, 2015**

The Ministry of Coal approved the transfer of certain plants allotted under the Coal Mines (Special Provisions) Act, 2015 in November 2017. The approval was based on the recommendations of an Inter-Ministerial Committee that had been set up by the Ministry to examine such transfers.

Under the 2015 Act, certain coal mines were allotted to companies with specified end-use plants. According to the Act, specified end-uses include: (i) iron and steel production, (ii) power generation including captive power plants (power generated can be used only by the mine owner, and not be sold in the market), (iii) coal washing, and (iv) cement production. The Committee has recommended that these specified end-use plants (with government companies or corporations) that were allotted coal mines under the 2015 Act, may be transferred with or without the ownership rights to such coal mines.

The Committee noted that such transfer of plants may allow another government company or corporation to take over these plants without any change in the ownership of the allotted coal mine. It noted that such transfer will be allowed with prior intimation to the nominated authority and the central government, if either the allottee or the transferee are compliant with the eligibility guidelines. It also noted that such transfer of the plant should not result in the coal mine being left without any plants.
Cabinet approved methodology for auction of coal mines

The Cabinet approved the methodology for auction of coal mines/blocks for sale of coal under the Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957, in February 2018. The Coal Mines (Special Provisions) Act, 2015 was passed in March 2015 to allocate the 204 mines that had been cancelled by the Supreme Court due to arbitrariness in the allocation methods. The 2015 Act provided for the allocation of coal mines by way of auction and allotment and subsequent sale of such coal.

The approved auction methodology will be an ascending forward auction, i.e., the prospective buyers bid progressively higher prices until no one is willing to match the winner’s bid. The bid parameter will be the price offer in Rs/tonne which will be paid to the state government on the actual production of coal. There will be no restriction on the sale and/or utilisation of coal from the coal mine.

Mining

Draft National Mineral Policy released

In August 2017, the Supreme Court had directed the central government to revisit the National Mineral Policy, 2008 and implement a new policy before December 31, 2017. In light of this, the Ministry of Mines set up a Committee (Chair: Dr. K. Rajeswara Rao, Additional Secretary, Ministry of Mines) to frame a new National Mineral Policy. The terms of reference of the Committee included:

- Reviewing the National Mineral Policy, 2008, and suggesting a new policy. The Committee must also consider measures that may need to be undertaken for bringing in transparency, balanced social and economic growth, and the sustainability of the mining industry.
- Suggesting recommendations for the conservation and development of minerals, environmental protection, and measures to assess the carrying capacity of mining regions.
- Suggesting measures to improve the survey and exploration of minerals, scientific methods of mining, manpower development, infrastructure development, financial support for mining, and research in mining.

The Committee submitted its report on December 31, 2017 suggesting a draft National Mineral Policy. Key features of the draft policy include:

- **Regulatory environment:** The regulatory environment must be made conducive for the ease of doing business through transparent allocation of mineral concessions, and an assured security of tenure. The draft policy also provides for an emphasis on strengthening the regulatory mechanism by incorporating e-governance and remote sensing applications.

- **Role of state in mineral development:** The core functions of the state in mining will include: (i) facilitating and regulating exploration and mining activities, (ii) making provisions for development of infrastructure, and (iii) collecting taxes. Grants of clearances for commencement of mining operations will be streamlined with time bound procedures.

- The draft policy also provides for: (i) the general strategy with regard to mineral development, (ii) the conservation of minerals, (iii) scientific methods of mining (iv) protection of environment, (v) welfare of mining affected persons, and (vi) safety in mines.

Draft Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2017 released

The Ministry of Mines released the draft Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2017 in September 2017. The draft Bill seeks to amend the Offshore Areas Mineral (Development and Regulation) Act, 2002. The Act provides for the development and regulation of mineral resources in territorial waters, continental shelf, exclusive economic zone, and other maritime zones of India. Key features of the draft Bill include:

- **New mining lease:** The draft Bill creates a new category of mining license, i.e., the exploration licence-cum-production lease. This will be a two-stage process under which an exploration license will be granted, followed with a right to receive production leases.

- **Criteria for grant of lease:** Exploration licence-cum-production leases will be granted to any person who fulfils the eligibility criteria, and is selected through a process of competitive bidding. Production leases will not be granted unless there is evidence to show the existence of mineral content.
In addition to the royalty, the production lease holders will be required to pay an additional amount to this fund. This amount would be 20% of such royalty.

Ministry of Mines released amendments to the Mineral Auction Rules, 2015

The Ministry of Mines released certain amendments to the Mineral Auction Rules, 2015 in December 2017. The Rules were notified under the Mines and Mineral Development and Regulation Act, 1957. Key amendments to the Rules include:

- **Minimum number of bidders**: Under the old Rules, the process of auction was annulled if there were less than three bidders. This condition was imposed for three rounds. As per the amendments, the condition will be applicable only in the first round of auction.

- **Net worth of prospective bidders**: Under the old Rules, for an average annual production of up to two crore rupees, the net worth required was four crore rupees. Under the amendments, the required net worth is Rs 50 lakh. For an average annual production up to Rs 20 crore, the net worth required was Rs 40 crore. This has been reduced to Rs 10 crore. For small bidders, the value of unencumbered immovable property can also be calculated in net worth.

- **End use conditions**: Under the old Rules, states used to prescribe end use conditions on miners. Under the amended Rules, miners will be able to dispose of 25% of low grade ore dumps (remains post mining), which are not used for captive purposes. This provision will apply only to the mines that are granted through auction after November 30, 2017.

### Iron and Steel

**Cabinet approved National Steel Policy 2017**

The Union Cabinet approved the National Steel Policy 2017 in May 2017. The Policy creates a self-sufficient steel industry that is technologically advanced, and globally competitive. It also seeks to achieve cost-efficient production and domestic availability of iron ore, coking coal, and natural gas. Key policy guidelines include:

- **Objectives**: Some of the objectives include: (i) increasing annual per capita steel consumption to 160 kg by 2030-31 (currently 61 kg), (ii) increasing domestic availability of washed coking coal and reducing import of coking coal from 85% to 65% by 2030-31, and (iii) establishing the domestic industry as a cost-effective and quality steel producer.

- **Demand and capacity**: Steel demand will be driven by increasing investment in infrastructure, expansion of railways network, development of domestic ship-building industry, etc. Based on the demand projections, steel production capacity of 300 MT will be required by 2030-31. However, this will require extensive mobilization of natural resources, finances, manpower, and infrastructure. Creation of such additional capacity will also require a capital investment of about Rs 10 lakh crore.

- To improve production, the Ministry of Steel will facilitate setting up of SPVs in mineral rich states of Odisha, Chhattisgarh, Jharkhand and Karnataka. Steel plants will be set up along the coast under the Sagarmala project. In addition, steel clusters will be set up for the MSME steel sector to take advantage of common use of land and infrastructure.

- **Land requirement**: Growth of the steel industry has also been affected due to delays in land acquisition. In order to increase steel production capacity, around 91,000 acres of land will be required. The Ministry of Steel will coordinate with the respective state governments.
Cabinet approved providing preference to domestically manufactured iron and steel products

The Union Cabinet approved a policy to provide preference to domestically manufactured iron and steel products in government procurement in May 2017.194,195 The policy will apply to iron and steel products specified in the policy document, that comply with the prescribed quality standards. Certain government procurements may be waived if: (i) specific grades of steel are not manufactured in the country, or (ii) the quantities as per the demand of the project cannot be met through domestic sources. Key policy guidelines include:

- **Value addition:** Value addition will be the difference between the net selling price and the final cost of imported input steel at a manufacturing plant in India. The policy provides the formulae for calculating the domestic value addition.

- **Standing Committee:** A Standing Committee, chaired by the Secretary (Steel) will be constituted under the Ministry of Steel to oversee the implementation of the policy. The Committee will constitute of experts from the steel industry and the Ministry of Steel. The Committee will review and notify the list of iron and steel products, and the minimum value addition criterion for the products. It will also set up a grievance redressal committee.

- **Self-certification of products:** Each domestic manufacturer will furnish an affidavit of self-certification to the procuring government agency. The affidavit will declare that the iron and steel products are domestically manufactured as per the domestic value addition prescribed.

- **Grievance redressal:** In case a complaint is received by the procuring agency against the claim of a bidder regarding the domestic value addition in iron and steel products, the procuring agency will have full rights to inspect and examine all the related documents and take a decision. In case, the matter is referred to the Ministry, the grievance redressal committee set up under the Ministry will dispose of the complaint within four weeks of its reference and receipt of all documents from the bidder.

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**Telecom**

**TRAI released recommendations on Net Neutrality**

The Telecom Regulatory Authority of India (TRAI) released recommendations on Net Neutrality in November 2017.196 Net Neutrality requires that telecom service providers treat all Internet traffic on an equal basis. This means that there would be no discrimination with respect to the type, origin, or destination of the content or the means of its transmission.197 Key recommendations include:

- **Principle of non-discriminatory treatment:** Internet access providers should not discriminate on the basis of content (such as video, calls, email, and cloud services), and the means of its access. Such discrimination can include blocking, slowing down or degrading based on content (such as applications, services, and devices). Note that in February 2016, TRAI released regulations prohibiting any agreement resulting in discriminatory tariffs for data services or online content.198

- **Exemptions:** The Department of Telecommunications can identify certain specialised services which can be exempt from the principle of discriminatory treatment. Voice over Internet Protocol (IP), television over IP, and tele-surgery may be identified as specialised services. Further, Content Delivery Networks which deliver content within the network of the telecom service provider without going through public internet are exempt from the principle of non-discriminatory treatment.

- **Licenses:** TRAI recommended that license agreements of Internet services in India should be amended to incorporate the principle of non-discriminatory treatment of content.

- **Monitoring and enforcement:** The Department can establish a multi-stakeholder body which will be responsible for: (i) enforcing the principle of non-discriminatory treatment, and (ii) monitoring Internet traffic management principles. Members of this multi-stakeholder body should include: (i) internet service providers, (ii) telecom service providers, (iii) content providers, (iv) research and academia, and (v) civil society organisations, and (vi) consumer representatives.
High Level forum on 5G wireless technology constituted

A High Level 5G India 2020 Forum was constituted in September 2017 to evaluate and approve roadmaps and action plans for deployment of 5G wireless technology in India. The Forum seeks to create a competitive ecosystem for development and manufacturing of 5G wireless technology in the country. Such an ecosystem will be developed in the next five to seven years and will target 50% of the Indian market and 10% of the global market. The Forum will comprise of: (i) secretaries of three ministries (Telecom, Electronics and Information Technology, and Science and Technology); (ii) two experts; (iii) industry representatives; (iv) professors from four Indian Institutes of Technology and Indian Institute of Science; and (v) stakeholders from industry associations.

Cabinet approved recommendations related to spectrum auction and holding

The Union Cabinet approved certain recommendations made by the Inter-Ministerial Group on stressed assets in telecom sector. These recommendations include:

- **Restructuring the deferred payment liabilities of spectrum auction**: Telecom service providers can pay the liabilities of spectrum auction in 16 instalments as compared to the 10 instalments currently allowed.

- **Cap on spectrum holding**: The overall spectrum cap (maximum spectrum that be held by a telecom service provider) is revised from the 25% currently to 35%. Further, there is a cap of 50% on combined spectrum holding in sub-1 GHz bands (such as 700 MHz). There would be no cap for individual or combined spectrum holding in bands above 1 GHz.

Space

Draft Space Activities Bill, 2017 released

The Department of Space released a draft Space Activities Bill, 2017 in November 2017. The draft Bill seeks to promote and regulate space activities in India including promotion of private participation in the sector. Currently, space activities are regulated by policies such as the Satellite Communication Policy, 1997 and Remote Sensing Data Policy, 2011. Key features of the draft Bill include:

- **Regulatory mechanism**: The central government is responsible for setting mechanisms and promoting space activity. This includes exploration and use of outer space, and development of the sector.

- **Terms and conditions of licences**: A license granted by the central government will include: (i) permission for the central government to inspect any space activity and documents related to space activity, and (ii) obligation on the licensee to insure himself against any liability incurred due to any activity authorised through the license.

- **Penalties**: The draft Bill provides penalties for: (i) unauthorised commercial space activity (one crore rupees), (ii) furnishing false information or documents (Rs 50,000), (iii) causing environmental damage (one crore rupees), (iv) entry into prohibited areas (Rs 50,000), and (v) disclosure of restricted information (Rs 50,000).

- **Liabilities**: A licensee should compensate the central government against claims brought against the government due to damages arising out of commercial space activities covered under the license.

- **Protection of action taken by the central government**: No legal proceedings can lie against the central government with respect to anything done in good faith in pursuance of space activity.

- **Intellectual property rights (IPR)**: Intellectual property rights developed during the course of space activity will be protected under the law. Further, any IPR developed onboard a space object in outer space will be deemed to be the property of the central government.
**Education and Skill Development**

**Indian Institutes of Management Bill, 2017 passed by Parliament**

The Indian Institutes of Management (IIM) Bill, 2017 was passed by Parliament in December 2017. The Bill was introduced on February 9, 2017 in Lok Sabha. It declares the IIMs as institutions of national importance. IIMs provide post-graduate, doctoral, postdoctoral and research education in the field of management and allied areas of knowledge.

Key features of the Bill include:

- **Power to grant degrees**: Under the Bill, IIMs will have the power to grant degrees, diplomas and other academic distinctions or titles. Under the current framework, IIMs can only grant diplomas and fellowships.

- **Board of Governors**: The Board of Governors will be the principal executive body of each institute. The Board will appoint its own Chairman. Other than a nominee each from the central and state governments, the 17 other board members will also be nominated by the Board.

- **Appointment of the Director**: The Director of each IIM will be recommended by the search-cum-selection Committee to be constituted by the Board of Governors. If the Board is not satisfied with the recommendation of this Committee, it may ask for fresh recommendations for the post of the Director.

- **Academic Council**: The Academic Council will be the principal academic body of each institute. Its functions will include: (i) specification of the content of the academic programmes and the criteria for admission to courses, (ii) specification of the academic calendar, and (iii) recommendations for the grant of degrees, diplomas and other academic distinctions.

For more details on the Bill, please see here.

**The RTE (Second Amendment) Bill, 2017 introduced in Lok Sabha**

The Right of Children to Free and Compulsory Education (RTE) (Second Amendment) Bill, 2017 was introduced in Lok Sabha in August 2017. The Bill amends the RTE Act, 2009 to extend the deadline for teachers to acquire the prescribed minimum qualifications for appointment. 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 further adds to this provision by stating that those teachers who do not possess the minimum qualifications as on March 31, 2015 will acquire the minimum qualifications within a period of four years i.e., by March 31, 2019.

For a PRS Bill Summary, please see here.

**The RTE (Second Amendment) Bill, 2017 passed by Parliament**

The Right of Children to Free and Compulsory Education (RTE) (Amendment) Bill, 2017 was passed by Parliament in August 2017. It was introduced in Lok Sabha in April 2017. The Bill amends the RTE Act, 2009 to extend the deadline for teachers to acquire the prescribed minimum qualifications as on March 31, 2015.

For a PRS Bill Summary, please see here.

**Reinstating examinations**: The Committee observed low learning levels among school children. It noted that with the no detention policy there is no pressure on the children to
learn and on the teachers to teach. Therefore, there is a need for policy change so as to improve the learning of children at elementary stage of education (classes 1 to 8). In this context, the Committee upheld the Bill’s provision which states that learning of children must be assessed through examinations in classes 5 and 8 at the end of every academic year.

- **Flexibility of states:** The Committee supported the Bill’s provision wherein states have the discretion to detain or not to detain. If they choose to detain, they can do so in class 5 or 8 or in both classes. The Committee explained that as there are diversities amongst states it would be appropriate that they are allowed to take a decision as per their circumstances and needs. With the discretion with the states, there is a possibility that they make different rules under this provision which might have repercussions on the uniformity of elementary education system results. In this context, the Committee recommended that common guidelines may also be issued to all states with respect to detention of a child.

For a PRS Bill summary, please see here. For a PRS Summary of the Report, see here.

**The IIIT (Public-Private Partnership) Bill, 2017 passed by Parliament**

The Indian Institutes of Information Technology (IIIT) (Public-Private Partnership) Bill, 2017 was passed by Parliament in July 2017.²⁰³ The Bill was introduced in Lok Sabha in April 2017. The Bill declares 15 existing IIITs established through public-private partnership as institutions of national importance. Key features of the Bill include:

- **Definition of public-private partnership (PPP):** PPP is defined as 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.

- **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), and land (50 to 100 acres), to be provided by the state government free of cost.

- **Role of the industry partner:** Powers of the industry partner will include: (i) co-creating programs as per the requirements of the industry; (ii) actively participating in the governance of the institute; and (iii) funding and mentoring startups in the institutions.

For a PRS Bill Summary, please see here.

**The IIIT (Amendment) Bill, 2017 passed by Parliament**

The Indian Institutes of Information Technology (IIIT) (Amendment) Bill, 2017 was passed by Parliament in August 2017.²⁰⁸ The Bill amends the IIIT Act, 2014. It was introduced in March 2017. The Act declares certain IIITs as institutions of national importance. Further, it seeks to (i) develop new knowledge in information technology; and (ii) provide manpower of global standards for the information technology industry. Key features of the Bill include:

- **Appointment of Director:** Under the Act, there is a search-cum-selection committee which recommends names to the central government for the appointment of the Director of the institute. The Bill modifies the composition of the committee by replacing the Director of an Indian Institute of Information Technology with the Director of an Indian Institute of Technology.

- **Appointment for posts of Assistant Professor and above:** The Act permits the Board of Governors of the institutes to appoint Assistant Professors. The Bill permits the Board to appoint Assistant Professors and all the posts above that level as well.
• **Incorporation of an institute**: The Bill seeks to declare the Indian Institute of Technology, Design and Manufacturing, Kurnool as an institution of national importance and adds it to the Schedule of the Act (consists of other institutions of national importance).

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

**The Indian Institute of Petroleum and Energy Bill, 2017 passed by Parliament**

The Indian Institute of Petroleum and Energy Bill, 2017 was passed by Parliament in December 2017. It was introduced on July 18, 2017. The Bill establishes the Indian Institute of Petroleum and Energy, Vishakhapatnam, Andhra Pradesh. It declares the Institute as an institution of national importance. The Institute aims to provide high quality education and research focusing on petroleum, hydrocarbons and energy.

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

**The National Council for Teacher Education (Amendment) Bill, 2017 introduced in Lok Sabha**

The National Council for Teacher Education (NCTE) (Amendment) Bill, 2017 was introduced in Lok Sabha in December 2017. The Bill seeks to amend the NCTE Act, 1993. The Act establishes the NCTE. The NCTE plans and co-ordinates the development of the teacher education system throughout the country. It also ensures the maintenance of norms and standards in the teacher education system. Key features of the Bill include:

- **Retrospective recognition of certain teacher education institutions**: The Bill seeks to grant retrospective recognition to institutions: (i) notified by the central government, (ii) funded by the central government or state/union territory government, (iii) which do not have recognition under the Act, and (iv) which must have offered teacher education courses on or after the establishment of the NCTE until the academic year 2017-2018.

- **Retrospective permission to start new courses**: The Bill also seeks to grant retrospective permission to start a new course or training in teacher education, and (iv) which must have offered teacher education courses on or after the establishment of the NCTE until the academic year 2017-2018.

For more details on the Bill, please see [here](#).

**The National Sports University Bill, 2017 introduced in Lok Sabha**

The National Sports University Bill, 2017 was introduced in Lok Sabha in August 2017. Key features of the Bill include:

- **Establishment of the University**: The Bill establishes a National Sports University located in Manipur. It will promote sports education in the areas of: (i) sports sciences, (ii) sports technology, (iii) sports management, and (iv) sports coaching. It will function as a national training centre for select sports disciplines. It may also establish campuses and study centres in other parts of the country. Further, the University will also be empowered to grant degrees, diplomas and certificates.

- **Objectives**: The key objectives of the University are: (i) research, development and dissemination of knowledge in physical education and sports sciences, (ii) strengthening physical education and sports training programmes, (iii) generating knowledge capabilities, skills and competence at various levels, and (iv) training talented athletes to help them to evolve into international level athletes.

The Standing Committee on Human Resource Development (Chairperson: Dr. Satyanarayan Jatiya) submitted its report on the National Sports University Bill, 2017 in January 2018. Key observations and recommendations of the Committee are as follows:

- **Location considerations**: The headquarters of the National Sports University will be in Manipur. However, it may establish or maintain outlying campuses, colleges and regional centres at other locations in India. The Committee endorsed the concept of setting up of outlying campuses of the University in different parts of the country and also abroad.

- The Committee noted that since the University is proposed in north-eastern India, with regard to travel, it must be ensured that any locational disadvantage to students and sportspersons must be reduced.
Key features of the draft Bill include:

- **Resource requirements**: As per the Department of Sports, resources and funds will be arranged for meeting the increased scope and reach of the National Sports University and outlying campuses in the future. In this context, the Committee expressed concerns about the resources that the University needs and the availability of adequate funds. The Committee recommended that it be ensured that the funds are rightfully utilised. Further, the Committee is also of the view that the University should be able to generate its own resources to meet or supplement its requirements. It also suggested that the University should also explore other resources through corporate social responsibility from the corporate sector.

For a PRS Bill summary, please see here. For a PRS Report 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 in April 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. Its objective is 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 respective 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.

**Committee constituted for preparation of the draft National Education Policy**

The Ministry of Human Resource Development (MHRD) constituted a Committee for preparation of the draft National Education Policy (NEP) in June 2017. This policy aims to replace the current National Education Policy which was formulated in 1986 and later modified in 1992.

The Committee will be chaired by Dr. K. Kasturirangan, and will consist of 10 members. The Committee is required to submit its report by December 31, 2017.

In July 2016, the MHRD released ‘some inputs towards the draft National Education Policy’. Earlier, the Committee for Evolution of the NEP (Chair: Mr. T. S. R Subramanian) was set up which submitted its report in May 2016.

A PRS summary of the report is available here.

**UGC guidelines for autonomous colleges, 2017 released**

The University Grants Commission (UGC) has released the Guidelines for Autonomous Colleges, 2017 in June 2017. The document highlights the need for the autonomy of colleges in comparison to the affiliating system of colleges (colleges being affiliated to a parent university). The Guidelines state that the affiliating system of colleges was originally designed when their number in a university was small. The university could then effectively oversee the working of the colleges. However, the Guidelines note that this system has now become unwieldy and it is becoming increasingly difficult for a university to attend to the varied needs of individual colleges. In view of this, the key features of the Guidelines are as follows:
Eligibility of colleges to apply for autonomy: Colleges must fulfil certain conditions in order to be declared autonomous. These conditions include: (i) the colleges can apply for autonomy after they have completed minimum 10 years of existence; (ii) the colleges must have valid National Assessment and Accreditation Council accreditation with a minimum of ‘A’ Grade; and (iii) the number of contractual faculty should not be more than 10% of the total number of faculty positions in the college.

Privileges of autonomous colleges: Colleges once granted the autonomous status will have certain privileges. These include: (i) constituting their own Governing Body, Academic Council and Board of Studies (to formulate new courses); (ii) fixing fees of the courses at their own level; and (iii) have complete administrative autonomy including appointing their own administrative staff and teaching faculty (including Principal).

Conferment of degrees by autonomous colleges: The University will confer the degrees to the students of the autonomous colleges. However, the degree certificates will also have the name of the autonomous college.

UGC released regulations on autonomous colleges

The University Grants Commission (UGC) (Conferment of Autonomous Status Upon Colleges and Measures for Maintenance of Standards in Autonomous Colleges) Regulations, 2018 were released in February 2018. These Regulations will apply to all colleges which are affiliated to or are constituent colleges of universities seeking the ‘Autonomous College’ status. Key features of the Regulations include:

- Criteria for granting autonomy: The criteria for granting the status of an ‘Autonomous College’ include: (i) academic reputation and previous performance in university examinations and its co-curricular activities in the past, (ii) research achievements of the faculty, (iii) adequacy of infrastructure in terms of class rooms, library books, laboratories, among others, and (iv) financial strength of the institution.

- Terms and conditions of an ‘Autonomous College’: The Regulations specify the terms and conditions of functioning as ‘Autonomous Colleges’, they include: (i) reviewing existing courses and prescribing its own courses of study and syllabi, (ii) evolving methods of assessment of students performance, conduct of examinations, and notification of results, (iii) fixing fees of the courses at their own level, and (iv) constituting their own Governing Body, Academic Council, Board of Studies, and Finance Committee.

Starting new courses: An ‘Autonomous College’ can start diploma (undergraduate and postgraduate) or certificate courses without prior approval of the University it is affiliated to. The college can also start a new degree or postgraduate course/Ph.D. with the approval of the Academic Council of the college and concerned statutory council(s), if required.

UGC released (Categorisation of Universities (only) for Grant of Graded Autonomy) Regulations, 2018

The University Grants Commission (UGC) (Categorisation of Universities (only) for Grant of Graded Autonomy) Regulations, 2018 were released in February 2018. As per these regulations, the UGC will categorise universities into three categories based on various parameters. Depending on the category of the university, there would be a certain extent of autonomy for the universities on aspects including: (i) starting a new course, (ii) opening constituent units/off-campus centres, (iii) hiring foreign faculty, and (iv) admitting foreign students.

The Commission will fix dates (at least two times in a year) by which an institution will submit a request in a prescribed format for categorisation. Such applications will be scrutinised by the UGC and orders will be passed within 30 days from the last date specified for the receipt of such applications.

UGC constituted an Expert Committee for examining Institutions of Eminence

The University Grants Commission (UGC) (Institutions of Eminence Deemed to be Universities) Regulations, 2017 and UGC (Declaration of Government Educational Institutions as Institutions of Eminence) Guidelines, 2017 received the approval of the central government in February 2018. The aim of these Regulations and Guidelines is to provide the regulatory architecture to 10 public and 10 private higher educational institutions to emerge as world-class teaching and research institutions, i.e., Institutions of Eminence. These Regulations and Guidelines mandated the setting up of an Empowered Expert Committee. As per the Regulations, the UGC has constituted this Committee. The functions of
this Committee include: (i) giving recommendations to the Ministry of Human Resource Development for selection of institutions as Institutions of Eminence, (ii) reviewing the Institutions of Eminence once in three years for adherence to their implementation plans, (iii) suggesting remedial action to address deficiencies following the review, and (iv) determining penalties in case Institutions are unable to meet their goals.

**NAAC released the revised accreditation framework for higher education**

The National Assessment and Accreditation Council (NAAC) released the revised accreditation framework in August 2017. The NAAC is an autonomous body established by the University Grants Commission to assess and accredit institutions of higher education. The framework used for this process takes into consideration aspects including: (i) educational outcomes, (ii) curriculum, (iii) faculty, (iv) governance, and (v) financial well-being. The revised framework incorporates qualitative and quantitative methods for assessment and accreditation. The draft framework was previously pilot tested on certain select higher education institutions. Key features of the framework include:

- **Simplification of process and ICT:** The revised framework will be more Information and Communications Technology (ICT) intensive. Further, simplification of the accreditation process is envisaged through a reduction in number of questions and the number of visit days during the assessment.

- **Additions to the current grading pattern:** A system of applying minimum qualifiers for achieving a grade will be implemented. Differences in the metrics, weightages and benchmarks to universities, autonomous colleges and affiliated colleges have also been proposed. Further, the assessment process envisages increased participation by students and alumni.

**CAG released report on the implementation of RTE Act, 2009**

The Comptroller and Auditor General of India (CAG) has released an audit report on the Implementation of Right of Children to Free and Compulsory Education (RTE) Act, 2009 in July 2017. RTE guarantees the right to free and compulsory elementary education for children between the ages of six and 14 years in a neighbourhood school.

The CAG audit examined the extent to which central and state governments have complied with the provisions of the Act and utilised the allocated funds. The audit was conducted in 28 states and seven union territories (UTs) for the period between April 2010 and March 2016. The key observations and recommendations of the report are as follows:

- **Financial management:** Retention of huge balances by the state governments was observed which indicates poor internal financial control. It was observed that in 35 states/UTs, the unutilised amounts ranged between Rs 12,259 crore to Rs 17,282 crore over the six-year period. Other observations include: (i) huge outstanding advances, (ii) diversion/irregular release of funds, (iii) misappropriation of funds, (iv) irregular utilisation of fund grants, and (v) delays in release of funds at various levels.

- The CAG recommended reviewing the timelines of the RTE budgeting exercise to be in line with the budget formulation exercise at the centre and the state levels.

- **Compliance with the RTE Act, 2009:** Certain areas of deviance from the provisions of the RTE Act, 2009 were observed. These include: (i) non-maintenance of a record of the number of children eligible for elementary education, (ii) children above the age of 14 years being retained in elementary classes in violation of the Act, (iii) schools being run without recognition, and (iv) inadequate pupil teacher ratio due to poor mobilisation of teachers and deployment of existing teachers for non-educational purposes.

- The CAG recommended that state governments must correctly identify the eligible children and enrol them. Further, the state governments must re-evaluate the requirement of teachers and other infrastructural requirements to bring them in line with the Act.

A PRS summary of the report is available [here](#).

**Cabinet approval for Madhyamik and Uchchtar Shiksha Kosh**

The Union Cabinet approved the creation of a non-lapsable pool for secondary and higher education known as Madhyamik and Uchchtar Shiksha Kosh in August 2017. All proceeds from the ‘Secondary and Higher Education Cess’ will be credited to this pool. The Cess is an additional cess of 1% levied on central taxes.
In a financial year, the expenditure on ongoing schemes of the Department of School Education and Literacy, and the Department of Higher Education would be initially incurred from the gross budgetary support. Once the amount allocated through the gross budgetary support is exhausted, the pool can be used for further expenditures. It will be managed by the Ministry of Human Resource Development. The pool will be used for the following purposes:

- **Secondary education:** Several secondary education schemes including: (i) Rashtriya Madhyamik Shiksha Abhiyan Scheme; (ii) National Means-Cum-Merit Scholarship Scheme; and (iii) National Scheme for Incentives to Girls for Secondary Education.

- **Higher education:** Several higher education schemes including: (i) interest subsidy and contribution for guarantee funds; (ii) Rashtriya Uchchhat Shiksha Abhiyaan; and (iii) the National Mission on Teachers and Training.

The Ministry of Human Resources Development can allocate funds for any scheme of secondary and higher education.

**Cabinet approved formulation of a new Integrated Scheme for School Education**

The Cabinet approved the Integrated Scheme on School Education in March 2018. The Scheme subsumes Sarva Shiksha Abhiyan (SSA), Rashtriya Madhyamik Shiksha Abhiyaan (RMSA) and Teacher Education (TE) from 2018-19 to 2019-20. These are all individual schemes under the Ministry of Human Resource Development focussed on elementary, secondary, and teacher education respectively. An estimated allocation of Rs 75,000 crore over the period has been approved. The Scheme aims to give flexibility to the states/UTs to plan and prioritise their interventions according to their needs.

The objectives of the Scheme include: (i) ensuring equity and inclusion at all levels of school education, (ii) supporting states in implementation of the Right of Children to Free and Compulsory Education Act, 2009, and (iii) strengthening and upgrading State Councils for Educational Research and Training and State Institutes of Education and District Institutes for Education and Training as the nodal agencies for teacher training.

**Cabinet approved the continuation of Rashtriya Uchchhat Shiksha Abhiyaan**

The Cabinet approved the continuation of Rashtriya Uchchhat Shiksha Abhiyaan (RUSA) in March 2018 for the three years (2017-18 to 2019-20). RUSA aims to improve access, equity, and accessibility of higher education and increase the Gross Enrolment Ratio (student enrolment as a proportion of the corresponding eligible age group in a given year) to 30% by 2020. Further, it seeks to increase the spending on higher education by the state governments. Between 2017-18 and 2019-20, the scheme is estimated to cost Rs 9,604 crore.

The costs under RUSA are shared between the central government and state governments in the ratio of 90:10 for North-Eastern States, Jammu & Kashmir, Himachal Pradesh, and Uttarakhand, 60:40 for other states and UTs with legislature, and 100:0 for UTs without legislature.

**Cabinet approved creation of an agency to conduct all entrance examinations for higher educational institutions**

The Union Cabinet approved the creation of an autonomous body, the National Testing Agency (NTA), to conduct entrance examinations for higher educational institutions in November 2017. The creation of such an agency was announced by the Finance Minister in the Budget speech of 2017-18. The NTA aims to provide standardised examinations and to relieve the Central Board of Secondary Education (CBSE), the All India Council for Technical Education, and other agencies from the responsibility of conducting entrance examinations. It will be established as a society registered under the Indian Societies Registration Act, 1860. Key features of the NTA are as follows:

- **Conduct of examinations:** The NTA would initially conduct entrance examinations which are currently conducted by the CBSE. Other examinations will be conducted by it gradually. The entrance examinations will be conducted online at least twice a year.

- **Composition of the NTA:** The NTA will be chaired by an eminent educationist appointed by the Ministry of Human Resource Development. The CEO will be the Director General to be appointed by the government and assisted by nine verticals headed by academicians/ experts. There will be a board of governors comprising members from the user institutions.
**Finances:** The NTA will be given a one-time grant of Rs 25 crore from the central government to start its operations. Thereafter, it will be financially self-sustainable.

**Cabinet approved continuation of two education loan related schemes**

The Cabinet approved the continuation of Credit Guarantee Fund for Education Loans Scheme, and continuation and modification of Central Sector Interest Subsidy Scheme in March 2018. The financial outlay for the continuation of both the schemes is estimated to be Rs 6,600 crore for period from 2017-18 to 2019-20. The aim is to provide education loans to 10 lakh students.

Under the Central Sector Interest Subsidy Scheme, full interest subsidy is provided for the education loans under the Model Education Loan Scheme of Indian Banks’ Association. This is made available for all the professional/technical courses in India, and students with annual gross parental income up to Rs 4.5 lakh.

Credit Guarantee Fund for Education Loans Scheme provides guarantee for the education loans under the Model Education Loan Scheme of Indian Banks’ Association. The loans are disbursed by the banks without seeking any collateral security and third-party guarantee, for a maximum loan amount of Rs 7.5 lakh.

The Cabinet approval also included certain modifications to the schemes such as: (i) ceiling on the loan amount has been fixed at Rs 7.5 lakh, (ii) covering loans for pursuing professional/technical courses from National Assessment and Accreditation Council/ National Board of Accreditation accredited institutions/programmes or Institutions of National Importance or Central Funded Technical Institutions, and (iii) a dashboard for monitoring of the schemes.

**Cabinet approved revised pay scales of teachers in higher educational institutes**

The Union Cabinet approved the revision of pay scales for about eight lakh teachers and other equivalent academic staff in October 2017. This is following the implementation of the recommendations of the Seventh Central Pay Commission for central government employees. These teachers belong to: (i) higher educational institutions under the purview of the University Grants Commission, (ii) universities funded by state governments, (iii) government and private aided colleges affiliated to state public universities, and (iv) centrally funded technical institutions (including IITs, IISc, IIMs, and IISERs).

The approved pay scales would be applicable from January 1, 2016. It is estimated that the annual central financial liability on account of this revision would be about Rs 9,800 crore. The implementation of this pay revision will enhance the teachers’ pay in the range of Rs 10,400 to Rs 49,800.

For the state government funded institutions, the revised pay scales will require adoption by the respective state governments. The central government will bear the additional burden of the states on account of revision of pay scales.

**Cabinet approved the implementation of Prime Minister’s Research Fellows**

The Union Cabinet approved the implementation of the Prime Minister’s Research Fellows scheme in February 2018. The scheme was announced in the Budget Speech 2018-19 in February 2018. Under this scheme, the best students who have completed or are in the final year of B.Tech or Integrated M.Tech or M.Sc. in science and technology streams from IISc/IITs/NITs/IISERs/IITs will be offered direct admission in PhD programme in the IITs/IISc.

It is estimated to cost Rs 1,650 crore over a period of seven years beginning 2018-19. A maximum of 3,000 Fellows would be selected in a three year period, beginning 2018-19.

Students who fulfill the eligibility criteria, and shortlisted through a selection process will be offered a fellowship of: Rs 70,000 per month for the first two years, Rs 75,000 per month for the third year, and Rs 80,000 per month in the fourth and fifth years. Apart from this, a research grant of Rs two lakh will be provided to each of the Fellows for a period of five years to cover their foreign travel expenses for presenting research papers in international conferences and seminars.

**Cabinet approved SANKALP and STRIVE schemes under the Skill India Mission**

The Cabinet approved two new schemes: (i) Skills Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP), and (ii) Skill Strengthening for Industrial Value Enhancement (STRIVE), in October 2017. SANKALP is estimated to have an outlay of Rs 4,455 crore and STRIVE will have an outlay of Rs 2,200 crore. Both these schemes will be supported by loan assistance from the World Bank.
The schemes are envisaged to converge the efforts of various central, state, and private sector institutions in vocational training to avoid duplication and bring about uniformity.

The schemes seek to achieve the following: (i) set up national bodies to regulate accreditation and certification in both long term and short term vocational education and training; (ii) provide impetus to the National Skill Development Mission, 2015 and its various sub missions; (iii) incentivise Industrial Training Institutes to improve overall performance, including apprenticeship by involving small and medium enterprises, business associations, and industry clusters; and (iv) set up Trainers and Assessors academies in priority sectors to build a pool of quality trainers and assessors.

Cabinet approved re-structuring of NSDF and NSDC

The Union Cabinet approved the restructuring of National Skill Development Fund (NSDF) and National Skill Development Corporation (NSDC) in March 2018, for the purpose of strengthening (i) governance, (ii) implementation, and (iii) monitoring framework. The Cabinet approval will lead to the restructuring of the composition of the Board of NSDF and the NSDC.

NSDC and NSDF were set up by the Ministry of Finance in 2008 and 2009 respectively for implementing coordinated action for skill development. The NSDF Trust was incorporated to act as a repository for financial contributions from governmental and other sources. Its main objective is to develop the skills of the youth by various sector specific programmes.

NSDF entered into an agreement with NSDC for utilisation of its corpus to meet the objectives of National Skill Development Mission and encourage skill development in India. The Ministry of Skill Development and Entrepreneurship had launched the National Skill Development Mission in 2015 with the aim to provide a strong institutional framework at the centre and in states for implementation of skilling activities. The Mission aims to train/skill approximately 40 crore people across the country by 2022. The Mission is supported by three institutions which includes the NSDC.

Health

The National Medical Commission Bill, 2017 introduced in Lok Sabha

The National Medical Commission Bill, 2017 was introduced by the Minister of Health and Family Welfare, Mr. J. P. Nadda in Lok Sabha in December 2017. The Bill seeks to repeal the Indian Medical Council Act, 1956 and provide for a medical education system which ensures: (i) availability of adequate and high quality medical professionals, (ii) adoption of the latest medical research by medical professionals, (iii) periodic assessment of medical institutions, and (iv) an effective grievance redressal mechanism. Key features of the Bill include:

- **Constitution of the National Medical Commission**: The Bill sets up the National Medical Commission (NMC). Within three years of the passage of the Bill, state governments will establish State Medical Councils at the state level. The NMC will consist of 25 members who will be appointed by the central government.

- **Members of the NMC will include**: (i) the Chairperson, (ii) 12 ex-officio members (heads of boards under the Act, Directors of leading medical colleges, and a health ministry official, (iii) three nominees of the central government, (iv) three nominees of the states (Vice-Chancellors of health universities), and (v) five doctors (part-time) to be elected from amongst themselves from the prescribed regional constituencies under the Bill.

- **Functions of the National Medical Commission**: Functions of the NMC include: (i) framing policies for regulating medical institutions and medical professionals, (ii) assessing the requirements of healthcare related human resources and infrastructure, (iii) ensuring compliance by the State Medical Councils of the regulations made under the Bill, (iv) framing guidelines for determination of fees for up to 40% of the seats in the private medical institutions and deemed universities which are regulated as per the Bill.

- **Autonomous boards**: The Bill sets up four autonomous boards under the supervision of the NMC. Each board will consist of a President and two members, appointed by the central government. These boards include: (i) the Under-Graduate Medical Education Board and the Post-Graduate Medical Education Board, (ii)
the Medical Assessment and Rating Board, and (iii) the Ethics and Medical Registration Board.

Standing Committee submits report on the National Medical Commission Bill, 2017

The Standing Committee on Health and Family Welfare (Chairperson: Prof. Ram Gopal Yadav) submitted its report on the National Medical Commission Bill, 2017 in March 2018.235 Key observations and recommendations of the Committee are summarised below:

▪ **Composition of the NMC:** The Committee observed that the strength of the NMC and the representation from states as proposed in the Bill must be increased for its effective functioning. It also noted the lack of proper representation of elected medical professionals in the composition of the NMC as 80% of them are nominated. The Committee recommended that the total strength of the NMC be increased from 25 members to 29 members. These 29 members will include the Chairperson, 6 ex-officio members, 9 elected registered medical practitioners (part-time), 10 members who are nominees of states/UTs (part-time), and 3 other part-time members.

▪ **Appellate jurisdiction:** The central government has the appellate jurisdiction over the decisions taken by the NMC. In this regard, the Committee stated that giving the appellate jurisdiction to the central government does not fit into the constitutional provision for separation of powers. It recommended constitution of a Medical Appellate Tribunal comprising of a Chairperson, who should be a sitting or retired Judge of the Supreme Court or a Chief Justice of a High Court, and two other members (with special knowledge in the medical profession and education, and health administration). This Tribunal will have an appellate jurisdiction over the decisions taken by the NMC instead of the central government.

▪ **Licentiate examination:** Under the Bill, the National Licentiate Examination (NLE) is compulsory for any MBBS doctor to make him eligible to practice medicine. The Committee observed that unless the NLE is carefully designed, there is apprehension that a number of MBBS doctors who have passed their university level examinations, may be debarred from practice on disqualifying the NLE. In this context, the Committee recommended that the NLE be integrated with the final year MBBS examination and be conducted at the state level.

Cabinet approves amendments to the National Medical Commission Bill, 2017

The Union Cabinet approved some amendments to the National Medical Commission Bill, 2017 in March 2018.236 These amendments include:

▪ Final MBBS examination to be held as a common exam across the country and would serve as an exit test called the National Exit Test. Students would not have to appear in a separate exam after MBBS to get license to practice as proposed in the Bill.

▪ Removal of the provision of a Bridge course for AYUSH practitioners to practice modern medicine as proposed in the Bill.

▪ Fee regulation for 50% seats in private medical institutions and deemed universities; increase from the maximum limit of 40% seats in the Bill.

▪ Nominees of states and UTs in the NMC increased from three to six. The NMC will comprise of 25 members of which at least 21 will be doctors.

▪ Monetary penalty for a medical college non-compliant with the norms replaced with provision for different penalty options for different offences.

▪ The punishment for any unauthorised practice of medicine is imprisonment of up to one year along with a fine up to five lakh rupees.

For more information on the Bill, please see [here](#).

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 in April 2017.237 The Bill seeks to prevent and control the spread of HIV and AIDS and prohibits discrimination against persons with HIV and AIDS.

Key features of the Bill are as follows:

▪ **Prohibition of discrimination against HIV positive persons:** The Bill lists the various grounds on which discrimination against HIV positive persons and those living with them is prohibited. These include the denial, termination, discontinuation or unfair treatment with regard to: (i) employment, (ii) educational
establishments, (iii) health care services, (iv) residing or renting property, and (v) standing for public or private office. The requirement for HIV testing as a pre-requisite for obtaining employment or accessing health care or education is also prohibited.

- **Informed consent and disclosure of HIV status:** The Bill requires that no HIV test, medical treatment, or research will be conducted on a person without his informed consent. Further, no person shall be compelled to disclose his HIV status except with his informed consent, and if required by a court order.

- **Role of the ombudsman:** An ombudsman shall be appointed by each state government to inquire into complaints related to the violation of the Act and the provision of health care services. The ombudsman shall submit a report to the state government every six months stating the number and nature of complaints received, the actions taken and orders passed.

More information on the Bill is available [here](#).

**The Dentists (Amendment) Bill, 2017 introduced in Lok Sabha**

The Dentists (Amendment) Bill, 2017 was introduced in Lok Sabha in December 2017. 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. Under 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 more details on the Bill, please see [here](#).

**Standing Committee Report on Surrogacy (Regulation) Bill, 2016 released**

The Standing Committee on Health and Family Welfare (Chairperson: Prof. Ram Gopal Yadav) submitted its report on the Surrogacy (Regulation) Bill, 2016 in August 2017. The Bill was introduced on November 21, 2016. Key observations and recommendations of the Committee are summarised below:

- **Commercial vs. altruistic surrogacy:** Surrogacy is the practice where one woman carries the child for another with the intention of handing over the child after birth. The Bill prohibits commercial surrogacy and allows altruistic surrogacy. Altruistic surrogacy involves no compensation to the surrogate mother other than the medical and insurance expenses related to the pregnancy.

- **The Committee recommended a surrogacy model based on compensation rather than altruistic surrogacy. The compensation must take care of several things including the wages lost during the pregnancy, psychological counselling, and post-delivery care.**

- **The Committee noted that there is potential for exploiting poor women who become surrogates due to the lack of regulatory oversight and legal protection. However, it also noted that the economic opportunities available to surrogates through surrogacy services should not be dismissed entirely. It further stated that under altruistic surrogacy, permitting women to provide reproductive labour for free without them being paid is unfair and arbitrary.**

- **Implications of the surrogate being a ‘close relative’:** Under the Bill, the surrogate can only be a ‘close relative’ of the intending couple. The Committee noted that altruistic surrogacy by close relatives will always be out of compulsion and coercion, and not because of altruism. Such an arrangement within the family may have: (i) detrimental psychological and emotional impact on the surrogate child, (ii) parentage and custody issues, and (iii) inheritance and property disputes. The Committee recommended that the criteria of being a ‘close relative’ should be removed to allow both related and unrelated women to become surrogates. Further, the Committee recommended that the Bill must unambiguously state that the surrogate mother will not donate her own eggs for the purpose of the surrogacy.

The Union Cabinet approved moving official amendments in the Surrogacy (Regulation) Bill, 2016 in March 2018.
A PRS summary of the report is available [here](#). A PRS analysis of the Bill is available [here](#).

**Draft Assisted Reproductive Technology (Regulation) Bill, 2017 released**

The Department of Health Research released the Draft Assisted Reproductive Technology (ART) (Regulation) Bill, 2017 in March 2018. The Bill seeks to regulate and supervise the practice of ART services. ART refers to all techniques that attempt to obtain a pregnancy by handling the sperm or the egg outside the human body and transferring the gamete or the embryo into the reproductive tract of a woman.

Key features of the Draft Bill include:

- **National Board for assisted reproductive technology:** A National Board for ART will be set up. Its functions include: (i) advising the central government on policy matters relating to ART, (ii) reviewing and monitoring the implementation of the Bill, and (iii) laying down the code of conduct to be observed by persons working at ART clinics, (iv) setting the minimum standards of physical infrastructure, laboratory and diagnostic equipment, and expert manpower to be employed by ART clinics and banks, and (v) overseeing the performance of various bodies constituted under the Bill.

- **Every state and union territory government will establish a State Board for ART to exercise the jurisdiction and discharge the functions outlined in the Bill.**

- **Setting up a National Registry:** A National Registry will be created of all ART Clinics and Banks in India. The functions of the Registry include: (i) registering all the ART clinics and banks in India and issuing a unique registration number to them, (ii) cancelling the registration of any of the ART clinics and banks, if the data obtained from them periodically do not satisfy the provisions of the Bill, and (iii) assisting in accreditation, supervision, and regulation of the ART clinics and banks.

- **Duties of ART clinics and banks:** The duties of ART clinics and banks include: (i) ART clinics will obtain donor gametes from ART banks that have ensured that the donor has been medically tested for certain diseases, (ii) providing professional counselling to commissioning couples about all the implications and chances of success of ART procedures, and (iii) maintaining a grievance cell for matters relating to such clinics and banks.

- **Offences and penalties:** Offences under the Bill include: (i) abandoning or disowning a child born through ART, (ii) trading of human embryo or gametes, and (iii) using any intermediates to obtain gamete donors. The penalty will be between Rs five lakh to Rs ten lakh for the first instance of offence. Subsequent offences will be punishable with imprisonment for a maximum term of 10 years and a fine between Rs 10 lakh and Rs 20 lakh.

**Cabinet approved the National Health Protection Mission**

The Union Cabinet approved the launch of Ayushman Bharat -National Health Protection Mission in March 2018. The Scheme aims to provide a cover of five lakh rupees per family per year to about 10.7 crore families (no cap on family size and age) belonging to poor and vulnerable population. The scheme will subsume the on-going centrally sponsored schemes, Rashtriya Swasthya Bima Yojana, and the Senior Citizen Health Insurance Scheme. States would need to have a State Health Agency (in the form of a trust, society, or not for profit company) to implement the scheme. Key features of the scheme are as follows:

- **Benefits:** The scheme aims to provide insurance coverage for secondary and tertiary health care. This will include pre and post-hospitalisation expenses. A defined transport allowance per hospitalisation will also be paid to the beneficiary. A beneficiary covered under the scheme will be allowed to take cashless benefits from any public/private empanelled hospitals across the country.

- **Eligibility:** The entitlement under the scheme will be decided on the basis of deprivation criteria in the Socio-Economic Caste Census database. The different categories in rural areas include: (i) families having only one room with kucha walls and kucha roof, (ii) families having no adult member between age 16 to 59 years, and (iii) female headed households with no adult male member between age 16 to 59 years, among others. For urban areas, 11 defined occupational categories will be entitled for the benefits under the scheme.

- **Financing:** The payments for treatment will be done on package rate (to be defined by the government in advance) basis. The package rates will include all the costs associated with treatment. States/ UTs will have the flexibility
to modify these rates within a limited bandwidth. For coordination between the centre and states, it is proposed to set up Ayushman Bharat National Health Protection Mission Council chaired by the Union Health and Family Welfare Minister. The expenditure incurred in premium payment will be shared between central and state governments in a specified ratio as per Ministry of Finance guidelines.

National Nutrition Strategy, 2017 released by NITI Aayog

NITI Aayog released the National Nutrition Strategy, 2017 in September 2017. Over the years, various government initiatives have been launched which seek to improve the nutrition status in the country. These include the Integrated Child Development Services (ICDS), the National Health Mission (NHM), and the Janani Suraksha Yojana, among others. The Strategy notes that despite improvements over the years, concerns regarding malnutrition have persisted. Key features include:

- **Reduction of undernutrition:** The Strategy aims to reduce all forms of undernutrition by 2030, with a focus on the most vulnerable and critical age groups. It also aims to assist in achieving the relevant targets under the Sustainable Development Goals.

- **Decentralised approach:** Greater flexibility and decision making at the state, district, and local levels will be promoted. Further, the Strategy aims to strengthen the ownership of Panchayati Raj institutions and urban local bodies over nutrition initiatives. This is to enable decentralised planning and local innovation along with accountability for nutrition outcomes.

- **Healthcare and nutrition among children:** The Strategy proposes to launch interventions with a focus on improving healthcare and nutrition among children under the age of three years. These interventions will include: (i) promotion of breastfeeding for the first six months after birth, (ii) universal access to infant and young child care (including crèches), (iii) enhanced care, patient referrals, and management of severely undernourished and sick children, and (iv) micronutrient supplements and bi-annual de-worming for young children.

- **Governance reforms:** Governance reforms proposed include: (i) convergence of state/district implementation plans for ICDS, NHM and Swachh Bharat Mission, (ii) service delivery models based on the evidence of their impact, and (iii) focus on the most vulnerable communities in districts with the highest levels of recorded child malnutrition.

Read a PRS blog on the Strategy [here](#).

Cabinet approved setting up of National Nutrition Mission

The Union Cabinet approved setting up the National Nutrition Mission (NNM) in December 2017. The central government noted that even with the existing schemes on improving the nutritional status of children (0-6 years age), pregnant women, and lactating mothers, the level of malnutrition has been high. The NNM will be a three year programme which seeks to link and foster synergy between the existing schemes (across different ministries) focussed on improving nutritional outcomes. Key features of NNM include:

- **Objectives and duration:** Some of the key objectives of NNM include: (i) to reduce stunting, under-nutrition, anaemia, and low birth weight by 2%, 2%, 3% and 2% per annum respectively, (ii) establishing real time nutrition monitoring systems, (iii) incentivising states and union territories for meeting their respective targets, (iv) introducing measurement of height of children at the anganwadi centres, and (v) setting-up nutrition resource centres in states.

- **Coverage:** It is estimated that more than 10 crore people will be benefitted by NNM. Further, about 315 districts will be covered in 2017-18, 235 districts in 2018-19, and the remaining districts in 2019-20.

- **Financial outlay:** Starting 2017-18, Rs 9,046 crore will be spent for three years. This will be funded by government budgetary support (50%) and 50% by the International Bank for Reconstruction and Development or the Multilateral Development Bank. Government budgetary support would be 60:40 between centre and states/UTs, 90:10 for North Eastern Region and Himalayan states, and 100% for UTs without legislature.

Read a PRS blog on the Strategy [here](#).

Cabinet approved increase of cost framework for provision of supplementary nutrition

The Union Cabinet approved an increase in the cost for the provision of supplementary nutrition in
Anganwadis, and through the scheme for Adolescent Girls in September 2017. This scheme focuses on improving the health and nutritional status of adolescent girls (11-18 years) under all Integrated Child Development Services projects.

The increase in the cost for the provision of supplementary nutrition is meant to keep pace with changes in such costs on an annual basis. Some examples of the cost revision include: (i) Rs eight per day for children (6-72 months) as opposed to Rs six earlier, and (ii) Rs 9.50 for pregnant and lactating mothers as opposed to Rs seven earlier.

For the period between 2017-18 to 2019-20, the revision of such costs is anticipated to lead to an additional expenditure of Rs 9,900 crore for Anganwadi services, and Rs 2,267 crore for the scheme for Adolescent Girls.

Cabinet approved closure of two autonomous bodies under Health Ministry

The Union Cabinet approved the proposal for closure of two autonomous bodies, namely, Rashtriya Arogya Nidhi (RAN) and Jansankhya Shibirata Kosh (JSK) in February 2018. The functions of these bodies are proposed to be subsumed under the Department of Health and Family Welfare. The time frame for its implementation is one year.

The RAN was set up as a registered society to provide financial medical assistance to poor patients receiving treatment in designated central government hospitals. The JSK was set up with a corpus grant of Rs 100 crore in 2003 to raise awareness for population stabilisation strategies. The JSK organises various activities with target populations as a part of its mandate.

NITI Aayog had undertaken a review of the 19 autonomous bodies (under the Department of Health and Family Welfare) that have been formed under Societies Registration Act, 1860. The government stated a need for such bodies to be reviewed and rationalised to improve their outcomes. NITI Aayog had recommended the closure of RAN and JSK, and their functions to be vested in the Ministry.

Cabinet approved a scheme for increasing human resources for health and medical education

The Union Cabinet approved the continuation and implementation of additional phases of Human Resources for Health and Medical Education schemes in February 2018. This measure is aimed to increase the availability of health professionals, check the existing geographical distribution of medical colleges, and promote affordable medical education. It is estimated to cost Rs 14,931 crore up to 2019-20.

The features of this scheme include: (i) continuation of ongoing scheme to establish 58 new medical colleges attached with existing District/Referral hospitals (already approved) by 2019-20, (ii) selection and establishment of 24 new medical colleges attached with existing District/Referral hospitals by 2021-22, (iii) continuation of scheme for upgradation of existing government medical colleges resulting in an increase of 10,000 undergraduate seats and 8,058 post graduate seats by 2020-21, and (iv) completion of scheme for setting up of 112 Auxiliary Nursing and Midwifery schools and 136 General Nursing Midwifery schools by 2019-20 in underserved districts of the country.

Cabinet approved setting up of new AIIMS in Kamrup and Bilaspur

The Union Cabinet approved the establishment of a new All India Institute of Medical Sciences (AIIMS) at Kamrup, Assam in May 2017. Further, it also approved the establishment of a new AIIMS in Bilaspur, Himachal Pradesh in January 2018. Both will be set up under the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY). The scheme was launched in 2006 to correcting the imbalances in the availability of affordable healthcare facilities in different parts of the country.

Cabinet approved continuation of the National AYUSH Mission

The Union Cabinet approved the continuation of the National Ayurveda, Sidhha, Unani & Homeopathy (AYUSH) Mission (in December 2017) from April 1, 2017 to March 31, 2020 with an additional financial outlay of Rs 2,400 crore (for the extended time period of three years). The Mission was launched in September, 2014 with the objectives of providing cost effective AYUSH services through: (i) upgradation of AYUSH hospitals and dispensaries, (ii) locating AYUSH facilities at Primary Health Centers, Community Health Centers and District Hospitals, and (iii) strengthening institutional capacity at the state level through upgrading AYUSH educational institutions.
Ceiling price of drugs to not be revised for five years

The Department of Pharmaceuticals directed the National Pharmaceutical Pricing Authority (NPPA) in April 2017 to not revise the price of drugs for five years, except in certain circumstances. 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. Prior to this, the ceiling prices of scheduled drug formulations were specified under the Drugs (Prices Control) Order, 1995. The NPPA could revise such prices on its own or on the application of a drug manufacturer.

Constitution of a Committee of Experts on drug pricing and launch of new drugs

The Department of Pharmaceuticals set up a multi-disciplinary Committee of Experts to examine issues related to pricing and launch of new drugs in December 2017. The Committee will consist of four members representing the following organisations: (i) National Pharmaceutical Pricing Authority, (ii) Central Drugs Standard Control Organisation, (iii) Indian Council of Medical Research, and (iv) National Institute of Pharmaceutical Education and Research. Matters referred to the Committee must be resolved by it within a period of four weeks.

NITI Aayog released report on tracking the performance of district hospitals

NITI Aayog released a report in April 2017 on tracking the performance of district hospitals. There are 734 district hospitals which provide secondary health care services. The report noted the need to comprehensively assess the performance of these hospitals. It envisaged 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, and surgical productivity index).

  - **Frequency of the exercise:** This ranking exercise of evaluating the district hospitals shall be done annually.

Sustainable Action for Transforming Human capital program launched

NITI Aayog launched the Sustainable Action for Transforming Human capital (SATH) program in June 2017. Under the program, NITI Aayog aims to provide technical support to states. The program will focus on both the education and health sectors.

NITI Aayog will be involved with the state governments in designing interventions along with monitoring and tracking mechanisms, and providing support on a range of institutional measures. Three model states will be chosen under this program. It will be implemented by NITI Aayog along with McKinsey & Company and IPE Global consortium.

Draft Digital Information Security in Healthcare Bill released

The Ministry of Health and Family Welfare released the Draft Digital Information Security in Healthcare Bill in March 2018. The Bill aims to provide for electronic health data privacy and for establishment of National and State e-Health Authorities and Health Information Exchanges. The Health Information Exchanges facilitate the exchange of health data as per the norms specified by the National Electronic Health Authority. Key features of the Draft Bill are:

- **Meaning of ‘Digital Health Data’:** Digital health data refers to an electronic record of health-related information about an individual which includes information: (i) concerning the individual’s physical or mental health, (ii) concerning any health service provided to the individual, and (iii) derived from the testing or examination of a body part or bodily substance of the individual.

- **Functions of the National Electronic Health Authority:** The National Electronic Health Authority of India will be set up under the Bill to ensure confidentiality and privacy of digital health data. Its powers and functions include: (i)
formulating standards and guidelines for the generation, collection, storage, and transmission of digital health data, (ii) ensuring data protection, and preventing the breach or theft of digital health data, and (iii) conducting periodical investigations to ensure compliance with the provisions of the Bill.

- **State Electronic Health Authorities** will be set up at the state levels to ensure that the clinical establishments and other entities in the state collect, store, transmit, and use digital health data as per the provisions of the Bill.

- **Ownership of digital health data**: The digital health data generated, collected, stored or transmitted is owned by the individual whose health data has been digitised. A clinical establishment will hold such digital health data in trust for the owner. Further, any other entity who is in custody of any digital health data will remain the custodian of such data, and will be duty bound to protect the privacy, security, and confidentiality of such data. The digital health data may be accessed by a clinical establishment, on a need to know basis, in such form and manner as may be prescribed under the Bill.

- **Penalties for breach of health data**: The Bill specifies penalties for breach of health data and serious breach of health data. For the breach of such data, the person will be liable to pay damages by way of compensation to the owner of the digital healthcare data. For serious breach, the person will be punished with imprisonment of three to five years, or a fine not be less than five lakh rupees.

**Urban Development and Housing**

**The Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017 introduced in Lok Sabha**

The Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017 was introduced in Lok Sabha in July 2017 and was passed by the House in December 2017.\(^{288}\) It amends the Requisitioning and Acquisition of Immovable Property Act, 1952. The Act provides for the central government to requisition property for its own purpose, which further must be a public purpose. Under certain conditions it can also acquire such property. Key features of the Bill include:

- **Retrospective application**: The Bill will be deemed to have come into force on March 14, 1952, the date of enactment of the Act.

- **Re-issue of notice**: Under the Act, when acquiring a requisitioned property, the central government has to issue a notification for such an acquisition. Before issuing such notice, the government has to provide the property owner (or any person interested in the property), an opportunity to be heard. The property owner at such hearing has to provide reasons for why the property should not be acquired.

- **The Bill** provides that the government may re-issue the acquisition notice to the property owner (or a person interested in the property) to give them adequate opportunity for a hearing. This re-issue would be irrespective of any past court orders or judgments setting aside any past notices for acquisition. However, the re-issue of notice will not apply to cases where the compensation has already been awarded and accepted by the claimants.

- **Interest payable on compensation**: In cases where a notice has been re-issued, the property owner (or a person interested in the property) will be entitled to an interest on the compensation payable to them. The interest will be calculated for the period from when the first notice was issued till the date of the final payment of compensation. This interest will be the same as the annual rate of interest, prevalent at any relevant time, on the domestic fixed deposit offered by the State Bank of India.

- **Applicability of enhanced compensation**: The Bill provides that enhanced compensation will be awarded only if: (i) the acquisition notice has been re-issued, and (ii) the land is being acquired for the purpose of national security and defence.

For more details on the Bill, see [here](#).

**The Public Premises (Eviction of Unauthorised Occupants) Amendment Bill, 2017 introduced in Lok Sabha**

The Public Premises (Eviction of Unauthorised Occupants) Amendment Bill, 2017 was introduced in Lok Sabha in July 2017.\(^{289}\) The Act provides for the eviction of unauthorised occupants from public premises in certain cases.

Key features of the Bill include:
- **Residential accommodation**: The Bill defines ‘residential accommodation occupation’ as the occupation of public premises by a person on the grant of a license for such occupation. The license must be given for a fixed tenure, or for the period the person holds office. Further, the occupation must be allowed under rules made by the central, state or union territory government, or a statutory authority (such as Parliament Secretariat, or a central government company, or any premises belonging to a state government).

- **Notice for eviction**: The Bill adds a provision laying down the procedure for eviction from such residential accommodation. It requires an estate officer (an officer of the central government) to issue a written notice to a person if he is in unauthorised occupation of a residential accommodation. The notice will require the person to show cause of why an eviction order should not be made against him, within three working days. The written notice must be fixed to a conspicuous part of such residential accommodation.

- **Order of eviction**: After considering the cause shown, and making any other inquiries, the estate officer will make an order for eviction. If the person fails to comply with the order, the estate officer may evict such person from the residential accommodation, and take possession of it. For this purpose, the estate officer may also use such force as necessary.

- **Payment of damages**: If the person in unauthorised occupation of the residential accommodation challenges the eviction order in any court, he will pay damages for every month of such occupation.

A PRS summary of the Bill is available [here](#).

**The NCT of Delhi Laws (Special Provisions) Second (Amendment) Bill, 2017 passed by Parliament**

The National Capital Territory of Delhi Laws (Special Provisions) Second (Amendment) Bill, 2017 was passed by Parliament. It was introduced in Lok Sabha in December 2017. It amends the National Capital Territory of Delhi Laws (Special Provisions) Second Act, 2011.

The 2011 Act provides for the following: (i) relocating slum dwellers and Jhuggi-Jhompri clusters in accordance with the provisions of the Delhi Shelter Improvement Board Act, 2010 and the Master Plan for Delhi, 2021; (ii) regulating street vendors in accordance with the policy for street vendors outlined in the Master Plan for Delhi, 2021, (iii) regularising unauthorised colonies, village abadi areas (and their extensions), (iv) creating a policy for farm houses constructed beyond permissible limits, and (v) creating a policy or plan for all other areas of the National Capital Territory of Delhi in keeping with the Master Plan for Delhi, 2021.

The Act sought to achieve this by December 31, 2017. The Bill extends this deadline up to December 31, 2020.

The Bill deletes the provisions and references related to the regulation and protection of street vendors. Note that subsequent to the passage of the 2011 Act, the central government passed the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 in February 2014.

The 2011 Act provides that no action will be taken by any local authority till December 31, 2017 with respect to: (i) encroachment or unauthorised development as of January 1, 2006, (ii) unauthorised colonies, village abadi areas that existed on March 31, 2002 and where construction took place up till February 8, 2007, and (iii) other areas as of February 8, 2007. The Bill extends this deadline to December 31, 2020.

For more details on the Bill, see [here](#).

**New PPP policy to encourage private investments in affordable housing**

The Ministry of Housing and Urban Affairs released a new public private partnership (PPP) policy to encourage private investments in affordable housing in September 2017. Prior to this, a draft policy was released in June 2017. The new PPP policy seeks to distribute risk among the government, developers, and financial institutions to leverage under-utilised land to meet the targets for affordable housing. It proposes eight implementation models for affordable housing using PPP, six of those using government lands, and two using private land. These models are:

- **Government land based subsidised housing**: The public authority will allot land to the selected private developer, who will design, build, and transfer the housing units back to the authority. The public authority will pay the developer based on pre-determined milestones.

- **Mixed development cross-subsidised housing**: Instead of receiving payments from the public
authority, the developer can cross subsidise the project by developing high end housing on a part of the allotted land.

- **Annuity based subsidised housing:** The public authority will allot the land and pay the developer in annuity payments (up to 10 years). The developer will maintain the project for this period, and project will be monitored by the public authority.

- **Annuity cum capital grant based subsidised housing:** A significant proportion of the cost (40-50%) will be paid by the authority during the construction phase. The remainder will be paid as an annuity (up to 10 years).

- **Direct relationship ownership housing:** The land will be allotted to the developer by the authority. The beneficiary will directly pay to the private developer.

- **Direct relationship rental housing:** The developer will own the housing units and receive rent from the beneficiaries.

- **Credit Linked Subsidy Scheme (CLSS) approach:** The private developer will be responsible for providing land as well as the development of the project. Under the CLSS component of the Pradhan Mantri Awas Yojana-Urban, the central government will provide an interest subsidy of Rs 2.5 lakh per house on loans taken by beneficiaries.

- **Affordable Housing Partnership (AHP) approach:** The private developer will be responsible for providing land and the development of the project. The central government will provide the allottees an assistance of Rs 1.5 lakh for each economically weaker section housing unit.

### Cabinet approved the creation of a National Urban Housing Fund

The Union Cabinet approved the creation of a National Urban Housing Fund (NUHF) worth Rs 60,000 crore in February 2018. This Fund will be under the Building Materials and Technology Promotion Council, an autonomous body set up in 1990 under the Ministry of Housing and Urban Affairs. The Council undertakes research to facilitate large scale application of new building material technologies. The NUHF aims to raise funds in the next four years to ensure a sustained flow of central release under Pradhan Mantri Awas Yojana (PMAY)-Urban, enabling construction of houses.

PMAY-Urban is a housing scheme being implemented from 2015 to 2022. The scheme comprises of four components: (i) in situ rehabilitation of existing slum dwellers through private participation, (ii) credit linked subsidy scheme (CLSS) for economically weaker section, lower income group, and middle income group, (iii) affordable housing in partnership, and (iv) subsidy for beneficiary-led individual house construction.

### Transit Oriented Development Policy released

The Ministry of Housing and Urban Affairs released the National Transit Oriented Development (TOD) Policy in May 2017. TOD seeks to assist cities in reducing their dependence on private vehicles by promoting public transport and making it more accessible. It focuses on creating high density mixed land use development in the influence zone of transit stations and along transit corridors. Influence zone is the area around a transit station, within walking distance of 500 to 800 metres. Key features of the policy include:

- **Need for the policy:** To meet the growing demand for travel as a result of their expansion, cities are implementing transit systems such as metro rail, and bus rapid transit systems. The National TOD Policy will be a guiding document for all government agencies planning such public transport strategies.

- **Objectives:** Objectives of the policy include: (i) promoting mixed land use development (commercial and residential areas together) in the influence zone thus reducing the need for travel, (ii) establishing a dense road network within the transit development area for safe and easy movement and connectivity of non-motorised transport and pedestrians, and (iii) integrating the economically weaker sections and affordable housing in the influence zone.

- **Mandatory and inclusive housing:** Housing in the influence zone should have a mix of all economic groups. Cities must fix a minimum percentage (30% or higher) of the allowed floor area ratio (ratio between total covered area of a building and the plot area) for affordable housing in the influence zones.

- **Statutory framework:** The TOD policy should be notified as part of the Master Plan or Development Plan of the city. The influence zone of the TOD must be clearly notified by the concerned authority.
Multimodal integration: The transit system must have seamless physical connectivity, information integration, and fare integration across different travel modes. The hierarchy of the facilities at the transit system should prioritise pedestrians first, followed by bicycles, feeder buses, drop-off facilities, and park and ride facility.

Cabinet approved the new Metro Rail Policy

The Union Cabinet approved the new Metro Rail Policy in August 2017.267 There are currently 13 ongoing metro rail projects that have been set up as a 50:50 joint venture between the central government and respective state governments.268 The total sanctioned costs of these projects amount to Rs 1,76,105 crore, of which the share of the central government is Rs 30,903 crore.268 As of August 2017, a total length of 370 km were operational in eight cities, and a total length of 537 km were under progress in 13 cities (including these eight cities).267 The Policy seeks to provide for private investments across a range of metro operations. Key features of the Policy are:

- Promoting public transport: In order to ensure that the least cost mass transit mode is selected for public transport, the Policy mandates alternate analysis of other modes of transport. Under this, an evaluation of other modes of mass transit in terms of demand, capacity, cost and ease of implementation will be undertaken. Other modes of mass transit include Bus Rapid Transit System, light rail, tramways, and regional rail.

- Private investments: The Policy makes the public private partnership (PPP) component mandatory for availing central assistance for new metro projects. Since metro projects are capital intensive, private investment and other innovative forms of financing have been made compulsory to meet the resource demands. Private participation could be either for the complete provision of metro rail or for certain components (such as automatic fare collection, and operation and maintenance of services).

- Last mile connectivity: The Policy seeks to ensure last mile connectivity (from the metro station to the final destination point), which is currently either inadequate or absent. It requires states to commit to provide necessary last mile connectivity through feeder services (such as buses, and e-rickshaws), and non-motorised transport infrastructure (such as walking and cycling pathways).

Transit Oriented Development (TOD): The policy seeks to look at metro rail projects as urban transformation projects. It mandates TOD to promote compact and dense urban development along metro corridors. States will have to adopt innovative mechanisms like value capture financing (VCF) tools (such as land pooling, betterment levy) to mobilise resources for financing metro projects. VCF helps in capturing a part of the increment in the value of land due to such investments, and use it to fund new infrastructure projects.

Authorities: The setting up of an Urban Metropolitan Transport Authority (UMTA) has been made mandatory. The UMTA will prepare comprehensive mobility plans for cities to ensure complete multi-modal integration between various modes of transport.

New Smart Cities selected, bringing the total number of smart cities to 99

The Ministry of Housing and Urban Affairs selected 39 Smart Cities in 2017-18 via the Smart City Challenge, bringing the total number of smart cities to 99.269 Under the challenge, cities are selected on the basis of their smart city proposals. Before this, 60 cities had been selected under the Smart Cities Mission in 2016.270,271,272 With the addition of these new cities, the total proposed investment in the Smart City Mission would be Rs 2,01,979 crore.273

The Ministry had launched the Smart Cities Mission in June 2015.274 The Mission targets to cover 100 cities and its duration is five years (2015-20). The cities are listed in Table 11 below.

Table 11: List of Smart Cities

<table>
<thead>
<tr>
<th>State/UT</th>
<th>Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andaman and Nicobar Islands</td>
<td>Port Blair</td>
</tr>
<tr>
<td>Andhra Pradesh</td>
<td>Kakinada, Tirupati, Visakhapatnam, Amaravati</td>
</tr>
<tr>
<td>Arunachal Pradesh</td>
<td>Pasighat, Itanagar</td>
</tr>
<tr>
<td>Assam</td>
<td>Guwahati</td>
</tr>
<tr>
<td>Bihar</td>
<td>Bhagalpur, Patna, Muzaffarpur, Biharshahr</td>
</tr>
<tr>
<td>Chandigarh</td>
<td>Chandigarh</td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>Raipur, Naya Raipur, Bilaspur</td>
</tr>
<tr>
<td>Dadra and Nagar Haveli</td>
<td>Silvassa</td>
</tr>
<tr>
<td>Daman and Diu</td>
<td>Diu</td>
</tr>
<tr>
<td>Delhi</td>
<td>New Delhi Municipal Council</td>
</tr>
<tr>
<td>Goa</td>
<td>Panaji</td>
</tr>
</tbody>
</table>
While the Finance Commission provided the basic conditions to avail the performance grants, the scheme provides further details on the scoring criteria. For a ULB to be eligible, it should meet the following additional criteria:

- **Audit of annual records**: The ULB will have to submit audited annual accounts of a year. The accounts should not be older than two years than the year in which it seeks to claim the performance grant. The scheme provides that the maximum score on fulfilment of this criterion will be 10.

- **Increase in own revenue sources**: An ULB will have to show an increase in its own revenues over the preceding year, as reflected in their audited accounts. The scheme provides that: (i) ULBs that recover more than 70% of their revenue expenditure will get a maximum score of 20, and (ii) ULBs that spend 20% of their expenditure (40% of the expenditure for cities covered under AMRUT scheme) towards asset creation and capital expenditure will get a maximum score of 20.

- **Publishing of service level benchmarks**: The ULBs must measure and publish the service level benchmarks relating to basic urban services each year for the period of the award. A maximum score of 40 will be given for water supply (Water coverage ratio: 15, reduction in non-water supply: 15, and 24x7 water supply to all public and community toilets: 10).

Additionally, a score of 10 will be given for scientific processing of more than 50% of the city’s waste.

### Carpet area eligible for interest subsidy under PMAY-U increased

The Union Cabinet approved the increase in the carpet area of houses eligible for interest subsidy under the Credit Linked Subsidy Scheme (CLSS) for the Middle Income Group (MIG) under the Pradhan Mantri Awas Yojana-Urban in November 2017. Under the CLSS, subsidy is provided on home loans taken by eligible urban poor for buying or constructing a house. Initially it only included the Economically Weaker Section/Lower Income Group. In February 2017, the benefits under CLSS were extended to the MIG beneficiaries. There are two categories of MIG beneficiaries: (i) MIG-I (annual income between Rs six lakh and Rs 12 lakh), and (ii) MIG-II (annual income between Rs 12 lakh and Rs 18 lakh). Key changes include:

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**Table: Scheme for disbursal of performance grant to ULBs released**

<table>
<thead>
<tr>
<th>State/UT</th>
<th>Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gujarat</td>
<td>Ahmedabad, Surat, Vadodara, Rajkot, Gandhinagar, Dahod</td>
</tr>
<tr>
<td>Haryana</td>
<td>Faridabad, Karnal</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>Dharmsala, Shimla</td>
</tr>
<tr>
<td>Jammu and Kashmir</td>
<td>Srinagar, Jammu</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>Ranchi</td>
</tr>
<tr>
<td>Karnataka</td>
<td>Belagavi, Davanagere, Hubballi-Dharwad Mangaluru, Shivamogga, Tumakuru, Bengaluru</td>
</tr>
<tr>
<td>Lakshadweep</td>
<td>Kavaratti</td>
</tr>
<tr>
<td>Kerala</td>
<td>Kochi, Thrivananthapuram</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>Bhopal, Indore, Jabalpur, Gwalior, Sagar, Satna</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>Aurangabad, Solapur, Kalyan-Dombivli, Nagpur, Nashik, Pune, Solapur, Thane, Pimpri Chinchwad</td>
</tr>
<tr>
<td>Manipur</td>
<td>Imphal</td>
</tr>
<tr>
<td>Meghalaya</td>
<td>NA</td>
</tr>
<tr>
<td>Mizoram</td>
<td>Aizawl</td>
</tr>
<tr>
<td>Nagaland</td>
<td>Kohima</td>
</tr>
<tr>
<td>Odisha</td>
<td>Rourkela, Bhubaneswar</td>
</tr>
<tr>
<td>Puducherry</td>
<td>Puducherry</td>
</tr>
<tr>
<td>Punjab</td>
<td>Amritsar, Jalandhar, Ludhiana</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>Ajmer, Jaipur, Kota, Udaipur</td>
</tr>
<tr>
<td>Sikkim</td>
<td>Namchi, Gangtok</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>Chennai, Coimbatore, Madurai, Salem, Thanjavur, Vellore, Tiruppur, Tirunelveli, Thoothukudi, Tiruchirapalli, Erode</td>
</tr>
<tr>
<td>Telangana</td>
<td>Warangal, Karimnagar</td>
</tr>
<tr>
<td>Tripura</td>
<td>Agartala</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>Agra, Kanpur, Lucknow, Varanasi, Jhansi, Allahabad, Aligarh, Bareilly, Moradabad, Saharanpur</td>
</tr>
<tr>
<td>Uttarakhand</td>
<td>Dehradun</td>
</tr>
<tr>
<td>West Bengal</td>
<td>New Town Kolkata</td>
</tr>
</tbody>
</table>

Sources: Smart Cities Mission, Ministry of Housing and Urban Affairs; PRS.
- **Carpet area**: The carpet area of houses eligible for interest subsidy under the scheme for MIG will be increased from: (i) 90 square meter to 120 square meter for MIG-I and (ii) 110 square meter to 150 square meter for MIG-II.

- **Timeline**: CLSS for MIG was implemented initially for a period of one year in 2017, starting from January 1, 2017. The scheme is now extended till March 31, 2019.

- **Benefits available**: Beneficiaries seeking loans from notified institutions will be eligible for an interest subsidy, as follows:

<table>
<thead>
<tr>
<th>Table 12: Details of the CCLS for MIG</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Particulars</strong></td>
</tr>
<tr>
<td>Household income (Rs per annum)</td>
</tr>
<tr>
<td>Interest subsidy (% per annum)</td>
</tr>
<tr>
<td>Maximum loan tenure (in years)</td>
</tr>
<tr>
<td>Eligible Housing Loan</td>
</tr>
<tr>
<td>Amount for Interest Subsidy (Rs)</td>
</tr>
<tr>
<td>Carpet area of dwelling unit (sq.m.)</td>
</tr>
</tbody>
</table>

Sources: Operational guidelines of CCLS for MIG, Press Information Bureau; PRS.

### Ministry of Urban Development released the City Liveability Index

The Ministry of Urban Development launched the City Liveability Index in June 2017. The Index will be used to measure 116 cities, which include smart cities, state capitals, and cities with a population of above one million. The Index will be a common minimum reference framework that will help cities know where they stand in terms of quality of life. It would also help cities to understand the interventions required to improve these standards.

The cities will be assessed on a set of 79 parameters which would capture the extent and quality of infrastructure. These include (i) availability of roads, (ii) mobility, (iii) education and healthcare, (iv) employment opportunities, (v) emergency responses, (vi) mechanisms for grievance redressal, (vii) pollution level, and (viii) availability of open spaces in the city.

### Rural Development

**Expert Committee submitted report on human resource management in panchayats**

An Expert Committee (Chair: Mr. Sumit Bose) submitted its report on ‘Performance Based Payments for Better Outcomes in Rural Development Programmes’ in January 2018. The Committee was constituted in December 2016 to look into human resources available with panchayats and suggest means by which these resources could be augmented and organised for better delivery of programmes. Key observations and recommendations of the Committee include:

- **Human resources in panchayats**: At the gram panchayat level, the Committee noted several deficiencies such as: (i) insufficiency of staff; (ii) inadequacy of qualifications; (iii) lack of rigor in recruitment; (iv) poor terms and conditions of service; (v) low incentives for performance; (vi) and lack of adequate training. Majority of the manpower in panchayats function in silos related to schemes and are mostly accountable to the programme supervisors, not panchayats.

- The Committee recommended that every panchayat should have a full-time secretary, who will perform both general administration and development functions. It should also have a technical assistant, who will carry out engineering functions. The existing Gram Rozgar Sevaks should be formally trained to carry out essential engineering functions, such as those related to water supply and sanitation.

- **Social accountability**: To increase the social accountability of gram panchayats, the Committee suggested holding regular gram sabha meetings, as per the provisions in the State Panchayat Raj Act (such as minimum of four meetings in a year) and on the request of voters under special circumstances. To enable a serious, effective, and an all-inclusive meeting, the meeting notice must reach the people at least seven days in advance.

- The Committee also recommended implementing measures, such as: (i) participatory planning and budgeting; (ii) preparation of status studies for effective utilisation of earmarked budget; (iii) participatory expenditure tracking; (iv) social audit of panchayats, among others.

A PRS summary of the report is available [here](#).
**Aajeevika Grameen Express Yojana launched under NRLM**

The Ministry of Rural Development launched a new sub-scheme, Aajeevika Grameen Express Yojana (AGEY) under the Deendayal Antyodaya Yojana – National Rural Livelihoods Mission (DAY-NRLM) in August 2017. NRLM was launched in 2011 and aims to increase the household income of rural poor, through sustainable livelihood enhancements and improved access to financial services. To achieve this objective, Self Help Groups (SHGs) are formed in villages.

Under AGEY, members from SHGs will operate road transport services in backward areas. This will help in providing safe, affordable and community monitored transport services and thereby connect remote villages with key services and amenities (such as markets, education, and health) for the overall economic development of the area. To operate, an SHG member will be provided an interest free loan of up to Rs 6.5 lakh for purchase of a vehicle. This amount will be loaned out by the Community Based Organisation from their Community Investment Fund (seed fund).

Alternatively, the Community Based Organisation can own the vehicle and lease it to an SHG member to operate the vehicle and pay lease rental to it.

AGEY will initially be implemented in 250 blocks in the country on a pilot basis. Each block will be provided with up to six vehicles to operate the transport services. During 2017-18, implementation of the scheme was approved for 52 Blocks in eight states. These are Andhra Pradesh, Jharkhand, Maharashtra, Tamil Nadu, Telangana, Uttarakhand and West Bengal. For this, a total provision of Rs 16 crore was made. Of this, the central government share was Rs 10 crore. The balance funding will be provided by the respective states.

**Environment**

**Indian Forest (Amendment) Bill, 2017 passed by Parliament**

The Indian Forest (Amendment) Bill, 2017 was passed by Parliament in December 27, 2017. It was introduced in Lok Sabha on December 18, 2017. The Bill replaces the Indian Forest (Amendment) Ordinance, 2017, and amends the Indian Forest Act, 1927. The Act, among other provisions, regulates use of forests, transit of forest-produce, and the duty to be levied on them.

Key features of the Bill include:

- Under the Act, the definition of tree included palms, bamboos, stumps, brush-wood, and canes. The Bill amended this definition of tree to remove the word bamboos.

- Since bamboo was defined as a tree under the Act, its inter-state movement required permit when in transit in other states. Consequent to the amendment, felling or transportation of bamboos grown in non-forest areas does not require permits for such purposes.

- Further, projects above five hectares will need environmental management plans, and those above 25 hectares will need environmental impact assessments as well.

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

**Draft National Forest Policy, 2018 released**

The Ministry of Environment, Forest and Climate Change released the draft National Forest Policy, 2018 in March 2018. The Ministry noted that there is a need to revise the existing National Forest Policy, 1988 through integrating: (i) sustainable forest management, (ii) climate change mitigation strategies, and (iii) an evaluation mechanism to oversee participation of multiple stakeholders in forests. Key features of the draft Policy include:

- **Eco-security:** The country should aim to have a minimum of one-third of the total land area under forest and tree cover. In hilly and mountainous regions, the aim will be to maintain two-third of the area under forest and tree cover. This would help prevent land degradation and soil erosion.

- **Forest plantations:** Productivity of forest plantations will be increased through scientific and technological interventions in order to encourage usage of timber. This will also reduce the dependency on other high carbon footprint wood substitutes.

- **Afforestation activities through PPP:** Public Private Participation (PPP) models will be developed for undertaking afforestation and reforestation activities.

- **Participatory Forest Management:** A National Community Forest Management mission will be launched to strengthen participatory forest management. Under the Mission, effort will be made to ensure synergy between gram sabhas & Joint Forest Management Committee in the state.
for ensuring successful community participation in forest management.

- **Financial support:** The budget of the forestry sector of the states will be enhanced proportionately to the allocation of central resources devolved, based on the Finance Commission’s weightage on forest resources of the states.

- **Institutional framework:** A National Board of Forestry headed by the central minister in-charge of forests and State Boards of Forestry headed by state minister in-charge of forests will be established. These Boards will ensure simplification of procedures, conflict resolution, and periodic review.

## Water Resources

**Standing Committee submitted report on the Inter-State River Water Disputes (Amendment) Bill, 2017**

The Standing Committee on Water Resources, River Development and Ganga Rejuvenation (Chair: Mr. Hukum Singh) submitted its report on The Inter-State River Water Disputes (Amendment) Bill, 2017 in August 2017. The Bill seeks to amend the Inter-State Water Disputes Act, 1956. It was introduced in Lok Sabha in March 2017 and referred to the Standing Committee in May 2017.

Key observations and recommendations of the Committee include:

- **Disputes Resolution Committee:** The Bill requires the central government to set up a Disputes Resolution Committee (DRC), for resolving any inter-state water dispute amicably. The Committee stated that the composition of the DRC should be prescribed in the Bill to ensure that there are no gaps at the initial stage of dispute resolution. It recommended that the DRC should comprise a Chairperson and three members (as experts) along with one member each from the states who are party to the disputes. It also added that the findings of the Committee should be put out in the public domain. For this, a new clause could be added in the Bill.

- **Time period to refer dispute to the tribunal:** Under the Bill, if a dispute is not settled by the DRC, then it will be referred to a tribunal within three months of the submission of the report of the DRC. The Committee recommended that the time period of three months may be reduced to one month.

- **Composition of the Tribunal:** Under the Bill, the Chairperson, Vice-Chairperson, and other members of the tribunal will be nominated by the Chief Justice of India. The Committee recommended that a collegium of four members should be created for selection of the Chairperson, Vice-Chairperson, and other members of the tribunal. These four members should comprise: (i) the Prime Minister or his nominee, (ii) the Chief Justice or his nominee from the judges of Supreme Court, (iii) the leader of opposition, and (iv) the Minister from the Ministry of Water Resources.

More information on the Bill is available [here](#).

**Cabinet approved setting up of tribunal to resolve Mahanadi water dispute**

The Union Cabinet approved setting up of a tribunal to resolve the dispute between Odisha and Chhattisgarh over Mahanadi river water in February 2018. The tribunal will be constituted under the Inter-State Water Disputes Act, 1956, on the request of Odisha. The state has repeatedly sought the formation of a tribunal stating that negotiations have failed to resolve the dispute.

The tribunal will determine: (i) water sharing among basin states on the basis of the overall availability of water in the Mahanadi basin; (ii) the contribution of each state; (iii) the present utilisation of water resources in each state; and (iv) the potential for future development.

The tribunal shall consist of a Chairman and two other members nominated by the Chief Justice of India from amongst the judges of the Supreme Court or a High Court. The tribunal is required to submit its report and decision within a period of three years. In case of unavoidable reasons, this period can be extended to a maximum time limit of two years.

**Supreme Court delivered its judgement on the Cauvery water dispute**

A three judge bench of the Supreme Court gave its judgement on the Cauvery water dispute in February 2018. The Cauvery water dispute between the states of Karnataka, Tamil Nadu, Kerala, and the union territory of Puducherry was referred to the Cauvery Water Disputes Tribunal in 1990. The Tribunal gave its final judgement in 2007 and

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allocated the Cauvery basin water among Karnataka, Tamil Nadu, Kerala, and Puducherry. The Supreme Court was hearing an appeal on this decision.

The Supreme Court stated that drinking water requirement has to be placed at a higher pedestal as a fundamental principle of equitable distribution. Keeping in mind the needs of Bengaluru for drinking and domestic water, an additional 4.75 Trillion Meter Cube (TMC) was awarded to Karnataka. The Court also ruled that 20 TMC of ground water in Tamil Nadu was not taken into account by the Tribunal in its award. The Court awarded 10 TMC of this 20 TMC to Karnataka. Thus, the share of Karnataka was increased by 14.75 TMC and that of Tamil Nadu was reduced by the same amount.

**Expert Committee submitted report on guidelines for works on desiltation of river Ganga**

An Expert Committee (Chair: Dr. M.A. Chitale) submitted its report on ‘Preparation of Guidelines for Works on Desiltation from Bhimgauda (Uttarakhand) to Farakka (West Bengal) of river Ganga’ to the Ministry of Water Resources, River Development and Ganga Rejuvenation in May 2017. Key observations and recommendations of the Committee include:

- **Desiltation:** The Committee noted that siltation is a natural phenomenon in rivers. However, factors such as heavy rainfall, deforestation, structural interventions, and enclosure of water in reservoirs increase the rate of siltation in rivers. Siltation reduces the carrying capacity of rivers, and results in floods and loss of created useful storage.

- Desilting is the removal of fine silt and sediment that has collected in a river in order to restore its natural capacity, without widening or deepening of the river. Desiltation works have the potential to improve the hydraulic performance of a river. However, indiscriminate desilting can cause adverse impacts on a river’s ecology and flow.

- **Principles for desiltation works:** The Committee proposed basic principles for planning and execution of desiltation works in rivers. These include:

  (i) Catchment area treatment and watershed development activities, along with suitable agricultural practices and river bank protection/anti-erosion activities are necessary to reduce silt inflow into the river system and must be undertaken in a comprehensive manner; and

  (ii) Dredging (desilting) should generally be avoided. The desilting quantity should not exceed the deposition rate, i.e., the amount of boulders, pebbles, and sand deposited in river bed minus the amount transported downstream each year.

- **Guidelines for desiltation works:** For better assessment and management of desiltation works, the Committee recommended that sediment transport (sediment transported through the basin of the river) processes must be studied along with establishing annual sediment budgets to guide desilting activities. In addition, a technical institute must be entrusted to prepare the sediment budget, and flood routing studies to substantiate the necessity of undertaking desilting activities.

A PRS summary of the report is available here.

**Draft Policy on Sediment Management released by Ministry of Water Resources**

The Ministry of Water Resources, River Development, and Ganga Rejuvenation released the draft Policy on Sediment Management in July 2017. The draft Policy looks at the effect of sand mining and construction of dams and barrages on river sedimentation and recommends principles that should be adopted for sediment management. The salient features of the draft Policy include:

- **Causes for sedimentation:** Sedimentation is the process of deposition of sediments in a river. Sedimentation in rivers has increased due to rapid urbanisation in flood plains, encroachment of river beds, changes due to human activity, and deforestation in catchment area of rivers. A scientific approach to sediment management should be adopted, at the basin scale of rivers.

- **Effect of construction of structures on sedimentation:** Dams or barrages constructed on rivers alter the equilibrium of flow of water and sediment in rivers. Dams reduce the velocity of water in upstream, causing aggradation (increase in land elevation due to deposition of sediments). Although, they also reduce the risk of floods, encroachment of downstream floodplains by local population due to reduced risk of floods exposes them to higher risks of siltation and erosion.
Effect of sand mining on sedimentation:
When done at an optimum level, mining of sand removes excessive sediment deposit in rivers. However, unscientific sand mining depletes river minerals at rates which the river system cannot replenish. Excessive mining undermines the ability of riverbeds and riverbanks to support the infrastructure built on them.

Schemes which are backed by scientific studies, taking into account the site conditions should be implemented. This will help identify suitable sites for mining, appropriate construction material, and take corrective measures for controlling dredging (cleaning out the river bed)

Principles for sediment management:
Essential principles to be followed for sediment management include: (i) making sediment management a part of integrated river basin management, and (ii) evidence-based removal of silt, using best practices to minimise damage to the river flow.

River Basin Authority: The Authority will provide clearances for any de-silting work of more than one lakh cubic meter on any inter-state/ international river.

Cabinet approved raising of resources for Long Term Irrigation Fund in 2017-18
The Union Cabinet approved raising extra budgetary resources of up to Rs 9,020 crore by NABARD for 99 irrigation projects in 2017-18 in August 2017. These resources will be raised by issuing bonds to states at an interest rate of 6% per annum. The irrigation projects are being implemented under the Pradhan Mantri Krishi Sinchayee Yojana. This measure has been introduced as a large number of irrigation projects under the Yojana were incomplete due to inadequate funds.

The government has estimated that during 2017-18, Rs 29,000 crore will be required from the Long Term Irrigation Fund (constituted under NABARD) for the completion of these 99 irrigation projects. Of this amount, Rs 9,020 crore (31%) is proposed to be raised through extra budgetary resources.

Cabinet restructured the National Rural Drinking Water Programme
The Union Cabinet approved the continuation and restructuring of National Rural Drinking Water Programme (NRDWP) in November 2017. The NRDWP aims at assisting states in providing adequate and safe drinking water to the rural population in the country. Rs 23,050 crore has been approved for the programme from 2017-18 to 2019-20.

Further, to implement the National Water Quality Sub-Mission started in February 2017 under NRDWP, Rs 12,500 crore will be provided as central share for a period of four years. The sub-mission aims to cover all rural population in arsenic/ fluoride affected habitations with clean drinking water by March 2021.

Women and Child Development
Cabinet approved the introduction of an anti-trafficking Bill
The Union Cabinet approved the introduction of the Trafficking of Persons (Prevention, Protection and Rehabilitation) Bill, 2018 in February 2018. The Bill contains provisions to ensure prevention, rescue, and rehabilitation of trafficked persons. Key features of the Bill are:

Forms of trafficking covered: The Bill seeks to cover aggravated forms of trafficking, including trafficking for the purpose of: (i) forced labour, (ii) begging, and (iii) marriage.

Confidentiality: The Bill seeks to ensure confidentiality of victims, witnesses, and complainants by not disclosing their identity. Further, it also provides for victims to record their statements through video conferencing.

Time-bound trial: The Bill seeks to complete trial as well as securing return of the victims within one year from taking up the matter. Special courts will be designated in each district for speedy trial of matters.

Rehabilitation of victims: The Bill seeks to extend relief to rescued victims to address their physical and mental trauma. Rehabilitation of victims will not be dependent upon initiating criminal proceedings against the accused.

Rehabilitation fund: The Bill seeks to create a rehabilitation fund to be used for the physical, psychological and social well-being of the victim. This will include education, skill development, health care, and legal aid.

Institutional support: Nodal agencies will be created at the district, state and central level.
These will be responsible for prevention, protection, investigation, and rehabilitation work. The National Investigation Agency will perform the tasks of the Anti-Trafficking Bureau at the national level.

- **Punishment:** Punishment for trafficking will range from a minimum rigorous imprisonment of 10 years to life imprisonment, along with a fine of at least one lakh rupees.

### Constitution of National Technical Board on Nutrition

A National Technical Board on Nutrition (Chairman: Dr. Vinod Paul, NITI Aayog) was constituted in December 2017 to make technical recommendations on policy issues related to nutrition for women and children.\(^\text{294}\) It consists of 29 members including: (i) Chairman, Food Safety and Standards Authority of India, (ii) Director-General, Indian Council for Medical Research, (iii) Secretary, Ministry of Drinking Water and Sanitation, and (iv) Director-General, Indian Council for Agricultural Research.

The objectives of the National Technical Board on Nutrition include: (i) providing technical guidance on the design of nutrition surveys proposed by states/union territories, (ii) formulation of India specific growth indicators, and (iii) identification of research gaps and making recommendations for the research agenda on nutrition.

The Board will meet once in three months to review technical recommendations on nutrition policy issues.

### Cabinet approved implementation of Maternity Benefit Program

The Union Cabinet approved the implementation of Maternity Benefit Program across all districts in the country in May 2017.\(^\text{295}\) The program was previously being implemented as the Matriyoga Yojana in 53 pilot districts.\(^\text{296}\) The Maternity Benefit Program is a conditional cash transfer scheme to provide compensation for the wage loss of pregnant women and lactating mothers. This is to ensure that women can take adequate rest before and after delivery (for the first living child) and are not deprived of proper nutrition.

The eligible beneficiaries are all pregnant women and lactating mothers, except the pregnant women and lactating mothers who: (i) are in regular employment with the central or state government or public sector undertakings, or (ii) are in receipt of similar benefits under any law for the time being.

A sum of Rs 5,000 will be paid to the targeted beneficiaries in three instalments for the birth of the first living child. Further, they are eligible to receive up to Rs 1,000 through existing programmes after institutional delivery.

### Youth Affairs and Sports

#### Cabinet approved a revamped version of the Khelo India Programme

The Union Cabinet approved the revamping of the Khelo India programme in September 2017.\(^\text{297}\) The programme aims to: (i) identify and nurture sporting talent, (ii) encourage mass participation of youth in annual sports competitions, and (iii) create sports infrastructure.\(^\text{298}\)

The programme is estimated to cost Rs 1,756 crore for the period 2017-18 to 2019-20. The revamped Khelo India Programme aims to focus on additional aspects, including: (i) infrastructure, (ii) community sports, (iii) talent identification, and (iv) coaching for excellence. Key features of the revamped programme are as follows:

- **Scholarship:** A pan Indian Sports Scholarship Scheme will be launched. It will cover 1,000 talented young athletes each year across select sports disciplines. Each athlete selected under the scheme will receive an annual scholarship worth five lakh rupees per annum for eight consecutive years.

- **Sporting hubs:** 20 universities across the country will be promoted as hubs of sporting excellence. These hubs will enable sports persons to pursue education as well as competitive sports.

### Minority Affairs

#### Recommendations for the New Haj Policy 2018-22 released

The Ministry of Minority Affairs had constituted a Committee to review the existing Haj Policy of the central government for 2013-2017 and to suggest a framework for the new Haj policy 2018-2022.\(^\text{299}\) A summary of the Committee’s recommendations was released in October 2017.

Indian Haj pilgrims perform Haj through two streams: (i) the Haj Committee of India, and (ii)
registered private tour operators. In 2016, 135,902 pilgrims performed Haj out of which 99,902 (73.5%) went through the Haj Committee of India and 36,000 (26.5%) through private tour operators. The Haj quota was substantially increased to 1,70,025 for the Haj 2017, out of which a quota of 1,25,025 (73.5%) was allocated to the Haj Committee and 45,000 (26.5%) to private tour operators.

Recommendations by the Committee include: (i) distribution of quota between the Haj Committee and private tour operators should be rationalised in the ratio of 70:30 for the next 5 years; (ii) seats among the states/union territories should be distributed in the ratio of their Muslim population as well as in proportion to the number of applications received; and (iii) stay of all Indian Hajis should be ensured within the traditional boundaries of Mina.

Culture

Amendments to the Ancient Monuments Act, 1958 passed by Lok Sabha

The Ancient Monuments and Archaeological Sites and Remains (Amendment) Bill, 2017 was passed by Lok Sabha in January 2018. The Bill was introduced in July 2017, and amends the Ancient Monuments and Archaeological Sites and Remains Act, 1958.

Key amendments proposed by the Bill include:

- **Construction in ‘prohibited areas’**: The Act defines a ‘prohibited area’ as an area of 100 meters around a protected monument or area. The central government can extend the prohibited area beyond 100 meters. The Act does not permit construction in such prohibited areas, except under certain conditions. The Act also prohibits construction in ‘prohibited areas’ even if it is for public purposes.

- The Bill amends this provision to permit construction of public works in ‘prohibited areas’ for public purposes.

- **Definition of ‘public works’**: The Bill introduces a definition for ‘public works’, which includes the construction of any infrastructure that is financed and carried out by the central government for public purposes. This infrastructure must be necessary for public safety and security and must be based on a specific instance of danger to public safety. In addition, there should be no reasonable alternative to carrying out construction in the prohibited area.

- **Procedure for seeking permission for public works**: As per the Bill, the relevant central government department, that seeks to carry out construction for public purposes in a prohibited area, should make an application to the competent authority.

- If there is any question related to whether a construction project qualifies as ‘public works’, it will be referred to the National Monuments Authority. This Authority, will make its recommendations, with written reasons, to the central government. The decision of the central government will be final. If the decision of the central government differs from that of the Authority, it should record its reasons in writing.

A PRS summary of the Bill is available [here](#).
**Law and Security**

### Law and Justice

**Supreme Court held right to privacy to be a fundamental right**

In August 2017, a nine-judge Constitution Bench of the Supreme Court held that the right to privacy is a fundamental right. In its judgement, the Constitution Bench held that right to privacy is an intrinsic part of the right to life and personal liberty (Article 21), and other fundamental rights guaranteed in the Constitution. It also overruled two earlier judgements of the Supreme Court which had held that right to privacy is not a fundamental right.

The judgement also noted that similar to other fundamental rights, the right to privacy is not an absolute right. Any curtailment of the right will require a law, which is fair, just and reasonable.

**Supreme Court permitted passive euthanasia; living wills**

In March 2018, a five-judge Constitution Bench of the Supreme Court declared passive euthanasia permissible. Further, it recognized the right of terminally ill persons and persons in permanent vegetative state to give directives in advance. Passive euthanasia refers to the withdrawal of life support or withholding of treatment. An advance directive refers to a document in which the patient can specify conditions under which the life support should be stopped. The Court laid down guidelines for giving effect to passive euthanasia in both circumstances, i.e., where there are advance directives and where there are none.

The Court held that the fundamental right to life with dignity under Article 21 of the Constitution includes smoothening the process of dying for terminally ill patients and for persons living in a permanent vegetative state.

**Instant triple talaq held invalid by Supreme Court; Bill passed in Lok Sabha to make it punishable**

In August 2017, a five-judge Constitution Bench of the Supreme Court held the practice of *talaq-e-biddat* (triple talaq) to be invalid by a 3:2 majority. Triple talaq is a form of divorce practiced in Islam. It may be given effect if the husband pronounces the word ‘talaq’ thrice, simultaneously. The practice was challenged on the grounds that it violates Articles 14 (right to equality), 15 (prohibition of religious discrimination), and 21 (protection of life and personal liberty) of the Constitution.

Subsequently, in December 2017, the Muslim Women (Protection of Rights on Marriage) Bill, 2017 was introduced and passed in Lok Sabha. The Bill makes all declaration of *talaq-e-biddat* (*talaq*), including in written or electronic form, to be void (i.e. not enforceable in law) and illegal.

Key features of the Bill are as follows:

- **Offence and penalty**: The Bill makes declaration of *talaq* a cognizable and non-bailable offence. (A cognizable offence is one for which a police officer may arrest an accused person without warrant.) A husband declaring *talaq* can be imprisoned for up to three years along with a fine.

- **Allowance**: A Muslim woman against whom *talaq* has been declared, is entitled to seek subsistence allowance from her husband for herself and for her dependent children. The amount of the allowance will be decided by a First Class Magistrate.

- **Custody of minor children**: A Muslim woman against whom such *talaq* has been declared, is entitled to seek custody of her minor children. The determination of custody will be made by the Magistrate.

More details on the Bill are available [here](#).

### The Representation of the People (Amendment) Bill, 2017 introduced in Lok Sabha

The Representation of the People (Amendment) Bill, 2017 was introduced in Lok Sabha in December 2017. The Bill amends the Representation of the People Act, 1950 and the Representation of the People Act, 1951 to allow NRIs to vote during elections through a proxy.

Key features of the Bill include:

- **Voting by proxy**: The 1951 Act permits an overseas voter to vote only in person. An overseas voter is a citizen of India who is absent from his place of ordinary residence in India. The Bill amends the 1951 Act to permit an
overseas voter to cast their vote in person or by proxy, in the constituency where the poll is taken. Further, the 1951 Act also provides for the wife of a person holding a service qualification to vote. The Bill replaces the term ‘wife’ with ‘spouse’.

- **Gender-neutral provision:** The 1950 Act permits the registration of persons in electoral rolls who are considered ordinarily resident in a constituency. These persons include: (i) persons holding a service qualification (such as members of armed forces or central government employees posted outside India); and (ii) persons holding certain offices in India declared by the President in consultation with Election Commission. Under the Act, the wives of such persons are also deemed to be ordinarily residing in the constituency. The Bill replaces the term ‘wife’ with ‘spouse’.

For more details on the Bill, see [here](#).

**Cabinet approved amendments to regulations for municipalities in Union Territories**

In March 2018, the Union Cabinet approved amendments to: (i) the Daman and Diu Municipalities Regulation, 1968, (ii) the Dadra and Nagar Haveli Municipal Council Regulation, 2004, and (iii) the Andaman and Nicobar Island Municipal Regulation, 1994. The proposed amendments include: (i) provisions relating to anti-defection and constructive no-confidence; (ii) establishment of ombudsman; and (iii) provisions for voting through Electronic Voting Machines.

**Bill to amend salaries, allowances and pension of judges passed by Parliament**

The High Court and the Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2017 was passed by Parliament in January 2018. The Bill amends the High Court Judges (Salaries and Conditions of Service) Act, 1954 and Supreme Court Judges (Salaries and Conditions of Service) Act, 1958. The two Acts regulate the salaries and conditions of service of the judges of the High Courts and the Supreme Court. Key features of the Bill include:

- **Salary:** The two Acts specify the salaries of judges of the Supreme Court and High Courts. The Bill seeks to revise their salaries with effect from January 1, 2016 as shown in Table 13.

<table>
<thead>
<tr>
<th>Designation</th>
<th>Present</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Justice of India</td>
<td>1,00,000</td>
<td>2,80,000</td>
</tr>
<tr>
<td>Other Judges of the Supreme Court</td>
<td>90,000</td>
<td>2,50,000</td>
</tr>
<tr>
<td>Chief Justice of High Court</td>
<td>90,000</td>
<td>2,50,000</td>
</tr>
<tr>
<td>Other Judges of High Court</td>
<td>80,000</td>
<td>2,25,000</td>
</tr>
</tbody>
</table>

Sources: The High Court Judges (Salaries and Conditions of Service) Act, 1954; The Supreme Court Judges (Salaries and Conditions of Service) Act, 1958; The High Court and Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2017; PRS.

- **Housing Allowance:** The two Acts specify that judges of the High Court and the Supreme Courts will be entitled to the use of an official residence, without payment of rent. Further, if judges do not use this entitlement, they will be paid a monthly allowance equal to 30% of their salary. The Bill seeks to revise this allowance to 24% of their salary. Further, it specifies that this allowance will be revised to: (i) 27% of salary when the dearness allowance (DA) crosses 25%, and (ii) 30% of salary when DA crosses 50%.

- **Pension:** The two Acts specify the pension for High Court and Supreme Court judges based on: (i) if they have previously held a pensionable post under the central or state governments, or (ii) if they have not held any such post. The Bill seeks to revise the pension for judges under both these categories. Further, it also revises the cap on maximum pension payable to judges.

More details on the Bill are available [here](#). For more details on the recommendations of the Seventh Central Pay Commission, please see [here](#) and [here](#).

**Cabinet approved appointment of Second Judicial Pay Commission for subordinate judiciary**

The Union Cabinet approved the appointment of the Second Judicial Pay Commission for the subordinate judiciary in the country in November 2017. Subordinate judiciary refers to courts at the district level and below. The Pay Commission will be headed by Justice (Retd.) J. P. Venkatrama Reddi (former judge of the Supreme Court), and will have Mr. R. Basant (former judge of the Kerala High Court) as its member.

The Commission will: (i) examine the current pay structure and service conditions of judicial officers in states and union territories, (ii) evolve a structure to govern pay and emoluments of such officers, (iii)
examine the work environment, and the allowances available to such judicial officers, and (iv) suggest rationalisation and simplification of these allowances.

**Bill to amend the Specific Relief Act, 1963 passed by Lok Sabha**

The Specific Relief (Amendment) Bill, 2017 was passed in Lok Sabha in March 2018.313 It was introduced in December 2017. The Bill amends the Specific Relief Act, 1963. The 1963 Act provides for the following remedies to a party whose contract has not been performed: (i) the aggrieved party may ask the court to require performance of the contract (known as specific performance); or (ii) it may seek monetary compensation.

An Expert Committee set up to examine the Specific Relief Act, 1963 submitted its report to the Union Minister for Law and Justice in June 2016.314 The amendments are in line with the recommendations of the Committee. Key features of the Bill include:

- **Specific performance:** Under the Act, specific performance may be granted by the court at its discretion, in the following circumstances: (i) when monetary compensation is inadequate; or (ii) when monetary compensation cannot be easily ascertained. The Bill seeks to remove these conditions and permit specific performance by courts as a general rule.

- **Substituted performance:** The Bill allows an aggrieved party (i.e. a party whose contract has not been performed by the other party) the option to arrange for performance of the contract by a third party or his own agency. The aggrieved party must give a written notice to the non-performing party of at least 30 days before obtaining substituted performance.

- **Injunctions:** Under the Act, courts can grant injunctions to aggrieved parties. The Act provides circumstances in which an injunction cannot be given, for example, to stop a party from filing a complaint in a criminal matter. The Bill seeks to prohibit courts from granting injunctions in certain infrastructure project contracts, if such an injunction would hinder or delay its completion. The Bill provides a list of project categories under certain infrastructure sectors and their sub-sectors.

- **Special courts:** The Bill provides that certain civil courts may be designated as special courts by the state government, in consultation with the Chief Justice of the respective High Court.

These special courts will deal with cases related to infrastructure projects. Such cases must be disposed of within 12 months.

For more details on the Bill, see [here](#).

**Cabinet approved introduction of the Arbitration and Conciliation (Amendment) Bill, 2018**

The Union Cabinet approved the introduction of the Arbitration and Conciliation (Amendment) Bill, 2018 in Parliament in March 2018.315 It seeks to amend the Arbitration and Conciliation Act, 1996, i.e., the law governing conduct of arbitration and conciliation proceedings in India.

In 2015, certain amendments were made to the 1996 Act. These related to: (i) time period of arbitral awards; and (ii) applicability of certain provisions to international commercial arbitration. A High Level Committee (Chair: Justice B.N. Srikrishna) was constituted by the central government to remove difficulties in the implementation of the 2015 amendments as well as to boost institutional arbitration. The Committee submitted its report on July 30, 2017.

The proposed amendments in the 2018 Bill are as per the recommendation of the Committee. Key features of the Bill approved by the Cabinet are:

- **Arbitration Council of India:** The Bill seeks to establish an independent body called the Arbitration Council of India (ACI) for the promotion of arbitration, mediation, conciliation and other alternative dispute redressal (ADR) mechanisms. Its functions include: (i) grading arbitral institutions and accrediting arbitrators; and (ii) making policies for the establishment, operation and maintenance of uniform professional standards for all ADR matters.

- **Composition of the ACI:** The ACI will consist of a Chairperson who is either: (i) a Judge of the Supreme Court; or (ii) a Judge of a High Court; or (iii) Chief Justice of a High Court; or (iv) an eminent person. Other members of the ACI will include an eminent academician, and other government appointees.

- **Speedy appointment of arbitrators:** The Bill seeks to facilitate appointment of arbitrators without approaching the court. Parties may instead approach arbitration institutions designated by the Supreme Court or the respective High Court.
• **Relaxation of time limits:** Currently, arbitral tribunals are required to make their award within a period of 12 months for all arbitration proceedings. The Bill proposes to remove the time restriction for international arbitrations.

• **Confidentiality of proceedings:** All details of arbitration proceedings shall be kept confidential except for the details of the arbitral award.

**Bill to establish new International Arbitration Centre introduced**

The New Delhi International Arbitration Centre Bill, 2018 was introduced in Lok Sabha in January 2018. The Bill seeks to establish an independent institution for conducting arbitration, mediation and conciliation in India. Arbitration, mediation and conciliation are alternative methods to resolve disputes. Key features of the Bill include:

• **New Delhi International Arbitration Centre:** The Bill seeks to establish the New Delhi International Arbitration Centre (NDIAC) to conduct arbitration, mediation, and conciliation proceedings. The Bill declares the NDIAC as an institution of national importance. The NDIAC will consist of seven members including a Chairperson and a Chief Executive Officer.

• The NDIAC will: (i) facilitate conduct of arbitration and conciliation in a professional, timely and cost-effective manner; and (ii) promote studies in the field of alternative dispute resolution, among others.

• **Objectives of the NDIAC:** Objectives of the NDIAC include: (i) promoting research, providing training, and organising conferences on alternative dispute resolution matters; (ii) providing facilities and administrative assistance for arbitration, mediation and conciliation proceedings; (iii) maintaining a panel of accredited professionals to conduct arbitration, mediation and conciliation proceedings.

• **International Centre for Alternative Dispute Resolution (ICADR):** Currently, the ICADR is responsible for promoting the dispute resolution through alternative dispute resolution methods (such as arbitration and mediation). The Bill seeks to subsume the ICADR under the NDIAC.

More details on the Bill are available [here](#).

**Cabinet approved introduction of the Commercial Courts (Amendment) Bill**

In March 2018, the Union Cabinet approved the introduction of the Commercial Courts, Commercial Division and Commercial Division of High Courts (Amendment) Bill, 2018 in Parliament. The Bill seeks to amend the Commercial Courts, Commercial Division and Commercial Division of High Courts, 2015. The Act enables the creation of commercial divisions and commercial appellate divisions in high courts, and commercial courts at the district level. These courts will adjudicate commercial disputes (e.g., disputes related to transactions between merchants and traders). Key features of the Bill approved by the Cabinet are:

• **Reduction in pecuniary limits:** Presently, commercial courts can decide disputes with a value of at least one crore rupees. The Bill reduces this limit to three lakh rupees.

• **Establishment of commercial courts:** Under the Bill, commercial courts may be set up (at district court level) in those territories where high courts exercise ordinary original civil jurisdiction, that is, the High Courts of Delhi, Bombay, Calcutta, Madras and Himachal Pradesh. Further, certain commercial appellate courts are proposed to be established at the district judge level.

• **Pre-institutional mediation:** The Bill provides for mediation is proposed in those cases where no urgent relief is being sought by the parties to the dispute.

**Supreme Court collegium to publish reasons for recommending appointment of judges**

In October 2017, the Supreme Court collegium of judges decided to publish the reasons for recommending the appointment of a person as a judge of the High Court or the Supreme Court. The collegium consists of five judges of the Supreme Court, who provide recommendations to the President of India on appointment of judges to the High Courts and the Supreme Court.

The collegium passed this resolution to ensure transparency, and also maintain confidentiality in the collegium system.
The Repealing and Amending (Second) Bill, 2017 introduced in Lok Sabha

The Repealing and Amending Bill, 2017 and Repealing and Amending (Second) Bill, 2017 were passed by Parliament in December 2017. The two Bills repealed a total of 236 Acts and made minor amendments to certain Acts.

Key features of the Bills are as follows:

- **Repealing certain laws in whole:** Of the 236 repealed Acts, 101 are amendment Acts, where the changes made by these laws have already been incorporated into the relevant principal Acts. Further, 50 of the repealed laws were passed prior to 1947.

- **Amendment of certain laws:** The two Bills amend certain Acts to rectify drafting errors. These Acts include: (i) The National Institute of Technology, Science Education and Research Act, 2007; (ii) The Juvenile Justice (Care and Protection of Children) Act, 2015, and (iii) The Rights of Persons with Disabilities Act, 2016.

More details on the Bills are available [here](#) and [here](#).

Law Commission submitted report on human DNA profiling

The Law Commission of India (Chairman: Dr. Justice B. S. Chauhan) submitted a report on ‘Human DNA Profiling’ in July 2017. The report also proposes a draft Bill for the use and regulation of DNA based technology. DNA profiling is a scientific technique used for disaster victim identification, investigation of crimes, identification of missing persons and human remains, and for medical research purposes. The report states the need for the regulation of human DNA profiling by a special law with defined standards, quality controls and quality assurance systems. Further, such profiling would be restricted to certain purposes only. Key features of the report include:

- **Need for a legislation:** The Code of Criminal Procedure (Amendment) Act, 2005 added explanations to clarify the scope of medical examination with respect to extraction of bodily substances. This includes the examination of blood, sputum, hair samples, etc. by scientific techniques including DNA profiling. The Report notes that DNA analysis offers substantial information which if misused may cause serious harm to individuals and the society. Its misuse may result in disclosure of personal information affecting the privacy of the person concerned. In this context, the Report highlights the absence of an appropriate regulatory mechanism for the handling of DNA samples and profiles.

- **The Draft DNA Based Technology (Use and Regulation) Bill, 2017:** The 2017 Draft Bill provides for a mechanism which permits processing of DNA samples which would not violate the privacy of a person and would only aid in identification of a particular person. The aim of such profiling is to eliminate the possibility of revealing genetic traits.

- **Key features of the Draft Bill include:**
  - **Only for identification:** DNA profiling would be undertaken exclusively for identification of a person and would not be used to extract any other information. Further, no bodily substances will be taken from a person unless the consent is given for the same;
  - **DNA Profiling Board:** A DNA Profiling Board will be constituted as a statutory body, which will be responsible for supervising, monitoring, inspecting, and assessing DNA laboratories;
  - **DNA Data Bank:** The Bill proposes a National DNA Data Bank and Regional DNA Data Banks (for the states). These Data Banks will be responsible for storing DNA profiles that they receive from accredited laboratories;
  - **Penalties:** The violators of the provisions would be liable for punishment of imprisonment, which may extend up to three years and also a fine which may extend up to two lakh rupees.

Law Commission submitted report on framework of tribunals in India

The Law Commission of India (Chairperson: Dr. Justice B. S. Chauhan) submitted its report on ‘Assessment of Statutory Frameworks of Tribunals in India’ to the Ministry of Law and Justice in October 2017. The matter was referred to the Commission by the Supreme Court. Tribunals are quasi-judicial institutions set up to address delays in disposal of cases in courts. Key observations and recommendations of the Commission include:

- **Pendency:** The Commission observed that the high pendency of cases in some tribunals
indicates that the objective of setting them up has not been achieved.

Table 14: Pendency in some tribunals (2016-17)

<table>
<thead>
<tr>
<th>Tribunal</th>
<th>Number of pending cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Administrative Tribunal</td>
<td>44,333</td>
</tr>
<tr>
<td>Railway Claims Tribunal</td>
<td>45,604</td>
</tr>
<tr>
<td>Debt Recovery Tribunal</td>
<td>78,118</td>
</tr>
<tr>
<td>Customs, Excise and Service</td>
<td>90,592</td>
</tr>
<tr>
<td>Tax Appeal Tribunal</td>
<td>91,538</td>
</tr>
</tbody>
</table>

Note: Data on number of pending cases available for different dates for different tribunals during the 2016-17 period. Sources: 272nd Report of the Law Commission of India; PRS.

- **Selection of members:** The Commission stated that the selection of members in tribunals should be impartial. Further, it suggested that the involvement of government agencies should be minimal since the government is typically a party in every litigation.

- The Commission recommended that the chairman, vice-chairman, and judicial members of tribunals should be appointed by a selection committee headed by the Chief Justice of India or a sitting judge of the Supreme Court. Further, the selection committee should have two nominees of the central government. The appointment of other members such as administrative members, accountant members, and technical members should be undertaken by a separate selection committee headed by a nominee of the central government, appointed in consultation with the Chief Justice of India.

- **Appeal:** The Commission observed that tribunals were established to reduce the burden on courts. It recommended that appeals against a tribunal’s order should lie before a High Court only where the law establishing such a tribunal does not establish an appellate tribunal. Further, orders of an appellate tribunal may be challenged before the division bench of the High Court having jurisdiction over the appellate tribunal.

For a PRS Report Summary, please see here.

**Law Commission submitted report on Compulsory Registration of Marriages**


Currently, there are certain provisions for registration of marriages under different personal laws such as the Hindu Marriage Act, 1955, the Special Marriage Act, 1954, the Parsi Marriage and Divorce Act, 1936 and the Indian Christian Marriage Act, 1872. Further, the Births, Deaths and Marriages Registration Act, 1886 provided for voluntary registration only for certain classes and communities such as Christians and Parsis. However, the Law Commission observed that there is no law that provides for simple record keeping of all marriages regardless of religion, region or customs.

The Law Commission noted that making registration of marriage compulsory would prevent marriage fraud, denial of marital status to women and to children born out of wedlock. In this regard, the Law Commission made the following recommendations:

- **Compulsory registration of marriages:** All marriages must be compulsorily registered under the Registration of Births and Deaths Act, 1969. The Registrar, who is responsible for the registration of births and deaths, should also be responsible for the registration of marriages.

- **Penalties:** The Act should specify penalties for: (i) delay in registration of a marriage without ‘reasonable cause’; (ii) providing false information regarding the registration of marriage; and (iii) refusal to furnish certain information, such as name and address. However, the penalty imposed should not exceed Rs 100.

- **Access to such records:** Such records could be accessed through a central civil registration portal that consists of records of birth, marriage and death.

**Consumer Affairs**

**Consumer Protection Bill, 2018 introduced in Lok Sabha**

The Consumer Protection Bill, 2018 was introduced in Lok Sabha by the Minister of Consumer Affairs, Food and Public Distribution in January 2018. The Bill seeks to replace the Consumer Protection Act, 1986. Key features of the Bill include:

- **Central Consumer Protection Authority:** The central government will set up a Central
Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of consumers. It will regulate matters related to violation of consumer rights, unfair trade practices, and misleading advertisements.

- **Penalties for misleading advertisement:** The CCPA can impose a penalty on a manufacturer or an endorser of up to Rs 10 lakh for a false or misleading advertisement. In case of a subsequent offence, the fine can extend up to Rs 50 lakh. The manufacturer can also be punished with an imprisonment of up to two years which is extendable up to five years for every subsequent offence.

- **Consumer Disputes Redressal Commissions:** Consumer Disputes Redressal Commissions (CDRCs) will be set up at the district, state, and national levels. A consumer can file a complaint with CDRCs in relation to: (i) unfair or restrictive trade practices; (ii) defective goods or services; (iii) overcharging or deceptive charging; and (iv) the offering of goods or services for sale which may be hazardous to life and safety. Complaints against an unfair contract can be filed with only the State and National CDRCs. Appeals from a District CDRC will be heard by the State CDRC. Appeals from the State CDRC will be heard by the National CDRC. Final appeal will lie before the Supreme Court.

- **Product liability:** Product liability means the liability of a product manufacturer, service provider or seller to compensate a consumer for any harm or injury caused by a defective good or deficient service. To claim compensation, a consumer has to prove any one of the conditions for defect or deficiency, as specified in the Bill.

- **Unfair contracts:** A contract is said to be unfair if it causes significant change in the rights of the consumer, which include the following: (i) requiring excessive security deposits, (ii) imposing a disproportionate penalty for a breach in contract, (iii) refusing to accept early repayment of debts, (iv) terminating the contract without reasonable cause, (v) transferring a contract to a third party to the detriment of the consumer without his consent, or (vi) imposing unreasonable charge or obligations which put the consumer at a disadvantage.

A PRS Summary of the Bill is available here.
Strategic Partnership Model for the defence sector released

Ministry of Defence released the policy on strategic partnerships in the defence sector in June 2017.328 This policy enables development of indigenous capabilities within the private sector to develop complex weapon systems for the armed forces. This policy will be a part of the Defence Procurement Procedure, 2016, that was released in March 2016.327

Key features of the policy include:

- **Context:** Currently, manufacture of major defence equipment, such as aircraft and submarines, is being carried out by government organisations (e.g., defence public sector undertakings). The strategic partnership model seeks to facilitate private sector participation in manufacture of major defence systems to improve competition, reduce imports, encourage innovation, and facilitate transfer of technology from foreign companies.

- **Building expertise:** The government will select one strategic partner for manufacture of each of the following defence equipment: fighter aircrafts, helicopters, submarines and main battle tanks. This is to ensure that each strategic partner maintains a core area of expertise. Addition of other defence equipment for strategic partnerships will be considered by the government in the future.

- **Ownership and management:** An organisation must be an Indian company (as defined under the Companies Act, 2013), owned and controlled by resident Indian citizens, to be eligible for strategic partnerships. Indian citizens must have majority representation on the company’s Board of Directors, and the chief executives of the company must be resident Indians. Maximum FDI permitted in such a company will be 49%.

- **Foreign partnerships:** Selected strategic partners will be required to tie up with foreign defence equipment manufacturers. This will allow domestic companies to benefit from transfer of technology and skills. Such tie-ups may take the form of joint ventures, equity partnerships, and royalty arrangements.

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Home Affairs

Cabinet approved scheme for Modernisation of Police Forces

The Union Cabinet approved the implementation of an umbrella scheme of Modernisation of Police Forces from 2017-18 to 2019-20 in September 2017.329 The financial outlay for the scheme over the three year period will be Rs 25,060 crore. Of this, Rs 18,636 crore (74%) will come from the central government, and remaining 26% (Rs 6,424 crore) will come from state governments.

Note that, following the recommendations of the Fourteenth Finance Commission to devolve 42% of central taxes to states, in the Union Budget 2015-16, modernisation of police scheme was delinked from central support.330 This has now been reversed.

The scheme includes central budget outlay of Rs 10,132 crore for internal security related expenditure in the state of Jammu and Kashmir, north-eastern states and states affected by left-wing extremism. Also, central special assistance for 35 worst left-wing extremism affected districts has been introduced, with an outlay of Rs 3,000 crore.

Law Commission recommended amendments to bail provisions

The Law Commission of India (Chairperson: Dr. Justice B.S. Chauhan) submitted a report on “Amendments to Criminal Procedure Code (CrPC), 1973 - Provisions Relating to Bail” in May 2017.331 It also submitted a draft of the Code of Criminal Procedure (Amendment) Bill, 2017 that incorporates the recommended amendments. Key observations and recommendations of the Commission include:

- **Arrest:** Currently, the CrPC, 1973 allows a police officer to arrest an accused person without a warrant from a Magistrate in specified circumstances (for example, for offences with imprisonment exceeding seven years). The Commission recommended that in such cases: (i) the Magistrate must be provided with the reasons and circumstances for the arrest after the arrest, and (ii) the Magistrate must examine whether the reasons and circumstances meet the requirements of the CrPC, 1973.

- The Commission also recommended that the police officer must inform the accused person of their rights, as well as the legal procedure that will be followed, in a language that the person can understand.
**Bail**: The Commission recommended that the term bail be defined under the CrPC, 1973. It defined ‘bail’ as the judicial interim release of an accused person held in custody, upon a guarantee that the person will appear to answer the charges against him or her at a later date.

The Commission also recommended that financial obligations may be imposed as a bail condition only as the last resort, when no other method is likely to work.

**Anticipatory bail**: The CrPC, 1973 allows a person who has reason to believe he may be arrested in the future, to apply to a court for anticipatory bail. The Commission observed that anticipatory bail must be granted with caution, and recommended that it must remain valid for a limited time period (as decided on a case-by-case basis by the court).

**Maximum period of detention for under trials**: The CrPC, 1973 provides the maximum period for which a person may be detained for an offence during investigation and trial. This is specified as half of the period of imprisonment specified for that offence under law. The Commission recommended that this provision be modified to: (i) one-third of period of imprisonment, for offences punishable with up to seven years’ imprisonment, and (ii) one-half of period of imprisonment, for other offences.

A PRS summary of the report is available [here](#).

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**Social Justice and Empowerment**

**Rajya Sabha passed 123rd Constitution Amendment Bill; removed provision providing constitutional status to NCBC**

The Constitution (123rd Amendment) Bill, 2017 was introduced and passed by Lok Sabha in April 2017. It was passed by Rajya Sabha, with an amendment in July 2017. It sought to set up the National Commission for Backward Classes (NCBC) under the Constitution, and define socially and educationally backward classes. During voting in Rajya Sabha, the provision that granted the NCBC constitutional status and specified its composition was removed. The Bill as modified by Rajya Sabha will now be considered by Lok Sabha.

In July 2017, a Select Committee of Rajya Sabha (Chairperson: Mr. Bhupinder Yadav) also submitted a report on the Bill. A PRS summary of the Select Committee report is available [here](#). A PRS summary of the Constitution (123rd Amendment) Bill, 2017 is available [here](#).
Bill to amend list of Scheduled Castes for Odisha and Puducherry passed by Parliament


The Bill includes the castes of Sualgiri and 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 incorporated this change into the Order.

A PRS summary of the Bill is available here.

Standing Committee submitted its report on the Transgender Persons Bill, 2016


Key observations and recommendations of the Standing Committee include:

- **Definition of ‘transgender persons’**: Under the Bill, the definition of a transgender person includes one who is: (i) neither wholly female or male; (ii) a combination of female and male; or (iii) neither female nor male. It also requires that such a person’s gender should not match the gender assigned at birth, and includes trans-men and trans-women, persons with intersex variations and gender-queers.

- **Process of certification as a transgender person**: As per the Bill, a transgender person must obtain a certificate of identity indicating the gender as ‘transgender’. This would be granted by the District Magistrate on the recommendation of a Screening Committee. A revised certificate may be obtained if there is any subsequent change in gender. The Committee recommended that the certificate indicate identity only as ‘transgender’, and not ‘male’ or ‘female’. Consequently, the provision for revised certificate should be removed.

- **Other recommendations**: The Standing Committee recommended the inclusion of certain other provisions in the Bill including: (i) defining the term ‘persons with intersex variations’ to cover those who show variations in their sexual characteristics; (ii) granting reservations under the category of socially and educationally backward classes; and (iii) recognition of civil rights like marriage, partnership, divorce, and adoption.

A PRS summary of the Standing Committee report is available here.

Rights of Persons with Disabilities Rules, 2017 notified

The Ministry of Social Justice and Empowerment notified the Rights of Persons with Disabilities Rules, 2017 in June 2017. These rules have been issued under the Rights of Persons with Disabilities Act, 2016. The Act confers several rights and entitlements to persons with disabilities. Key features of the Rules include:

- **Time bound redressal of complaints**: The Act permits the central and state governments to appoint Commissioners at their respective levels to inquire into the deprivation of rights of persons with disabilities and the safeguards available to them. If an aggrieved person submits a complaint to the Chief Commissioner or State Commissioner, the complaint will be disposed of within a period of 60 days. In exceptional cases, it may be disposed of within a period of 30 days.

- **Rules for accessibility**: The rules specify the standards for accessibility relating to physical environment, transport, and information and communication technology. For example, documents to be placed on websites shall be in Electronic Publication or Optical Character Reader based pdf format. Further, the central government shall review the notified accessibility standards regularly based on the latest scientific knowledge and technology.

- **Management of the National Fund for Persons with Disabilities**: The Fund will be
utilised for the implementation of the provisions of the Act. Every proposal of expenditure through the Fund will be placed before the governing body for its approval. The governing body will include the following members: (i) Secretary, Department of Empowerment of Persons with Disabilities (Chair), (ii) Chairperson, Board of National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities, and (iii) two persons representing different disabilities to be nominated by the central government, through rotation.

Cabinet approved extension of term of the Commission to examine the issue of sub-categorisation of OBCs

In December 2017, the Union Cabinet approved the extension of term of the Commission to examine the issue of sub-categorisation of Other Backward Classes (OBCs) (Chairperson: Justice G. Rohini) by 12 weeks (i.e., up to April 2, 2018). The Union Cabinet had approved the proposal for setting up this Commission in August 2017. The Commission started functioning on October 11, 2017. The Commission was required to submit its report within 12 weeks from the date of appointment of its Chairperson. The terms of references of the Commission are as follows: (i) examining the extent of inequitable distribution of the benefits of reservation among the OBCs (included in the central list consisting of OBCs across states); (ii) working out the mechanism and parameters, for the sub-categorisation within OBCs, and (iii) identifying the respective castes/communities/sub-castes/synonyms in the central list of OBCs and classifying them into their respective subcategories. Nine states of the country have already carried out sub-categorisation of OBCs.

Personnel and Public Grievances

Creamy Layer raised for Other Backward Classes

In September 2017, the Department of Personnel and Training raised the income limit for determining the creamy layer amongst Other Backward Classes (OBCs), from six lakh rupees to eight lakh rupees per annum. The decision came into effect from September 1, 2017. The creamy layer is the level of income, above which persons from OBCs are not entitled to reservations in central government jobs.

Previously, this level of income was revised thrice: (i) from Rs one lakh per annum in 1993 to Rs 2.5 lakh per annum in 2004, (ii) to Rs 4.5 lakh per annum in 2008, and (iii) to Rs six lakh per annum in 2013.

External Affairs

Key agreements signed with other countries

In 2017-18, India entered into agreements with various countries including Israel, Japan, Palestine, Iran, Canada, Jordan, and France.

Israel: Sixteen agreements were signed between India and Israel in various sectors including cyber security, air transport, space research, homeopathic medicine, as well as film production. Key agreements include: (i) setting up a fund for research and development and technological innovation, (ii) cooperation on water conservation in India, (iii) agricultural cooperation, (iv) space cooperation (regarding small satellites), (v) collaboration in oil and gas (including in upstream sector activities, research and development, and technology), and (vi) exchange of information on investment opportunities.

Japan: Japan and India signed 15 agreements in several sectors, including: (i) disaster risk management, (ii) facilitating Japanese investment in India, (iii) enhancing connectivity and promoting development in the north-east region of India, (iv) Japanese language education in India, and (v) promoting collaboration in research.

Palestine: India and Palestine signed eleven agreements in several sectors including diplomatic cooperation, telecom and information technology, culture and media.

Key agreements include: (i) setting up of India-Palestine super speciality hospital, (ii) construction of India-Palestine centre for empowering women, as well as (iii) setting up of a new National Printing Press at Ramallah, in Palestine.

Iran: Iran and India signed nine agreements in various areas including: (i) avoidance of double taxation, (ii) cooperation in traditional fields of medicine, (iii) cooperation in agriculture (including credit cooperation, soil conservation, and post-harvest technology), and (iv) cooperation in health
(including pooling of financial resources, as well as upgrading quality of training).}

**Canada:** Canada and India signed six agreements for cooperation in various sectors including: (i) electronics and information technology, (ii) intellectual property rights, (iii) higher education, and (iv) science and technology.\(^{348}\)

**Jordan:** Jordan and India signed 12 agreements in various sectors including: (i) defence (cooperation in areas such as training, counter terrorism, military studies, and cyber security), (ii) cultural exchange (including exchange in areas of theatre, archaeology, and literature), (iii) contractual employment of Indian nationals in Jordan, (iv) health and medicine (including cooperation in health research, treatment of TB, and regulation of pharmaceuticals and devices, and (v) exchange of information regarding customs duties, taxes, and other charges.\(^{349}\)

**France:** France and India signed 14 agreements in various sectors including: (i) combating illicit trafficking and consumption of drugs, (ii) mutual recognition of education qualifications, (iii) technical cooperation in railways (including high speed rail, station renovation, and modernisation of infrastructure), (iv) exchange of information in fields of environment and climate change, (v) urban development (including exchange of information on smart city development, and urban transportation systems), (vi) cooperation in hydrometry, nautical documentation, and maritime safety.\(^{350}\)

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