ANNUAL POLICY REVIEW

April 2018 - March 2019
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Highlights of the year

Macroeconomic Developments
The Indian economy is estimated to grow at 7% in 2018-19. The RBI reduced the repo rate from 6.5% to 6.25% over the year. As of March 2019, retail inflation stood at 2.9% year on year, and wholesale price index inflation was at 3.2%, year on year.

Social Justice and Empowerment
Parliament passed the 124th Constitutional Amendment Bill. The Bill provides for 10% reservation in education and public employment to economically weaker sections. Reservation of 10% in central educational institutions and central government posts have been notified.

Finance
The Fugitive Economic Offenders Bill, 2018 was passed by Parliament. It seeks to confiscate properties of economic offenders who have left the country to avoid facing criminal prosecution. RBI released its Annual Report for the year 2017-18 which stated that 99.3% of demonetised notes were returned to the RBI.

Commerce and Industry
FDI norms in e-commerce were revised to disallow investments by any marketplace platforms in any of its own vendors. The draft National E-Commerce Policy was released which imposes restrictions on cross-border flow of data.

Agriculture
PM-KISAN scheme was launched, under which farmer families with total cultivable holding of up to two hectares will be provided income support of Rs 6,000 per year. The Union Cabinet approved the PM-AASHA scheme for procurement of crops and the Agriculture Export Policy, 2018.

Civil Aviation
Guidelines for civil operation of drones were released. The Union Cabinet approved leasing out six airports through PPP, and also proposed a transaction structure for greenfield airports.

Law and Justice
The Supreme Court decriminalised homosexuality and adultery. The Court also read down some parts of the Aadhaar Act to be unconstitutional. Subsequently, an Ordinance was issued in March to amend the Aadhaar Act.

Power
A High Level Empowered Committee was set up to help revive stressed thermal power plants. Large Hydro Power projects were declared to be renewable energy sources.

Health
The Pradhan Mantri Jan Arogya Yojana was launched to provide annual health insurance cover of up to five lakh rupees per family. This is estimated to cover over 10 crore families.

Education
The Right to Education (Second Amendment) Bill, 2017 was passed by Parliament. The Bill permits students to be detained after class 5 and 8. The government released a draft Bill to establish the Higher Education Commission that would replace the University Grants Commission.

Communication and Information Technology
The Expert Committee on Data Protection Framework for India submitted its report and draft Bill. Draft amendments to the intermediary guidelines under the Information Technology Act, 2000, were released.

Petroleum and Natural Gas
Measures for increasing ethanol supply were approved including revised ethanol prices, mandating 10% blending requirement, and PM-JIVAN Yojana. The Union Cabinet approved certain reforms in the exploration and licensing policy for oil and gas fields.

Environment
The government amended the Coastal Regulation Zone notification to ease some conditions. Rural coastlines with low population density will have a smaller no-development zone.

Water Resources
The Dam Safety Bill, 2018 was introduced in Lok Sabha and the draft River Basin Management Bill, 2018 was released for consultation by the Ministry of Water Resources. Further, the Central Ground Water Authority notified guidelines for ground water extraction.

Labour
The Standing Committee submitted its report on the Code on Wages. The Ministry of Labour and Employment launched the Pradhan Mantri Shram Yogi Maan-dhan to provide a minimum assured pension to workers in the unorganized sector.
Table 1: Bills passed by Parliament from April 2018 to March 2019

<table>
<thead>
<tr>
<th>Short Title</th>
<th>Sector</th>
<th>Key Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Fugitive Economic Offenders Bill, 2018</td>
<td>Finance</td>
<td>Confiscates properties of persons who have absconded the country to avoid facing prosecution for economic offences above Rs 100 crore.</td>
</tr>
<tr>
<td>The Insolvency and Bankruptcy Code (Second Amendment) Bill, 2018</td>
<td>Finance</td>
<td>Includes real estate allottees as financial creditors in the insolvency resolution process.</td>
</tr>
<tr>
<td>The State Banks (Repeal and Amendment) Bill, 2017</td>
<td>Finance</td>
<td>Repeals the State Bank of India (Subsidiary Banks) Act, 1959, and the State Bank of Hyderabad Act, 1956 which established five subsidiary</td>
</tr>
<tr>
<td></td>
<td></td>
<td>banks which were acquired by State Bank of India.</td>
</tr>
<tr>
<td>The Negotiable Instruments (Amendment) Bill, 2017</td>
<td>Finance</td>
<td>In cases of cheque bouncing, it allows courts to direct partial payment of fine or compensation to the payee during trial or on filing an appeal.</td>
</tr>
<tr>
<td>The Central Goods and Services Tax (Amendment) Bill, 2018</td>
<td>Finance</td>
<td>Amends the provisions related to: (i) reverse charge mechanism, (ii) registration, (iii) input tax credit, and (iv) pre-deposit amount for</td>
</tr>
<tr>
<td></td>
<td></td>
<td>appeals.</td>
</tr>
<tr>
<td>The Integrated Goods and Services Tax (Amendment) Bill, 2018</td>
<td>Finance</td>
<td>Amends the provisions related to: (i) reverse charge mechanism, (ii) place of supply of services, (iii) distribution of IGST revenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>between the centre and states, and (iv) pre-deposit amount for appeals.</td>
</tr>
<tr>
<td>The Union Territory Goods and Services Tax (Amendment) Bill, 2018</td>
<td>Finance</td>
<td>Amends the provisions of the Act with respect to reverse charge mechanism and the utilisation of input tax credit on UTGST.</td>
</tr>
<tr>
<td>The Goods and Services Tax (Compensation to States) Amendment Bill, 2018</td>
<td>Finance</td>
<td>Amends the manner in which unutilised amount in the Compensation Fund will be distributed between the centre and states.</td>
</tr>
<tr>
<td>The Criminal Law (Amendment) Bill, 2018</td>
<td>Law and Justice</td>
<td>Increases the punishment for offence of rape of women. Introduces death penalty for rape of minor girls below the age of 12.</td>
</tr>
<tr>
<td>The Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts (Amendment) Bill, 2018</td>
<td>Law and Justice</td>
<td>Lowers the limit for adjudicating commercial disputes from one crore rupees to three lakh rupees.</td>
</tr>
<tr>
<td>The Specific Relief (Amendment) Bill, 2017</td>
<td>Law and Justice</td>
<td>Reduces discretion given to courts while granting specific performance and introduces substituted performance as a remedy to enforce</td>
</tr>
<tr>
<td></td>
<td></td>
<td>contracts.</td>
</tr>
<tr>
<td>The Personal Laws (Amendment) Bill, 2018</td>
<td>Law and Justice</td>
<td>Amends several Acts regulating divorce to remove leprosy as grounds for divorce.</td>
</tr>
<tr>
<td>The Prevention of Corruption (Amendment) Bill, 2013</td>
<td>Law and Justice</td>
<td>Makes giving a bribe an offence and modifies the definition of taking a bribe. Requires prior sanction to investigate public officials.</td>
</tr>
<tr>
<td>The Constitution (123rd Amendment) Bill, 2017</td>
<td>Social Justice and Empowerment</td>
<td>Constitutes the National Commission for Backward Classes as a Constitutional body.</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>The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Amendment Bill, 2018</td>
<td>Social Justice and Empowerment</td>
<td>Investigating authority will not require approval to arrest an accused under the Act. Preliminary enquiry not required before registering FIR.</td>
</tr>
<tr>
<td>The Constitution (124th Amendment) Bill, 2019</td>
<td>Social Justice and Empowerment</td>
<td>Provides reservation upto 10% for the economically weaker sections of society in all educational institutions and government jobs.</td>
</tr>
<tr>
<td>The National Council for Teacher Education (Amendment) Bill 2017</td>
<td>Human Resource Development</td>
<td>Grants retrospective recognition to central and state universities running teacher education programmes, recognised by the NCTE.</td>
</tr>
<tr>
<td>The Right of Children to Free and Compulsory Education (Second Amendment) Bill, 2017</td>
<td>Human Resource Development</td>
<td>Empowers the state government to detain a child in class 5, 8, or both, after an opportunity for re-examination.</td>
</tr>
<tr>
<td>The National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities (Amendment) Bill, 2018</td>
<td>Human Resource Development</td>
<td>Amends provisions related to the term of office, and resignation of the Chairperson and members of the Board of the Trust.</td>
</tr>
<tr>
<td>The Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017</td>
<td>Urban Development</td>
<td>Allows the central government to re-issue the notice of acquisition to a property owner to give them an opportunity to be heard. The owner will be entitled to interest on the compensation payable.</td>
</tr>
<tr>
<td>The National Sports University Bill, 2018</td>
<td>Sports</td>
<td>Establishes a National Sports University in Manipur.</td>
</tr>
<tr>
<td>The Homoeopathy Central Council (Amendment) Bill, 2018</td>
<td>Health</td>
<td>Provides for the supersession of the Council for a year.</td>
</tr>
</tbody>
</table>
Macroeconomic Developments

State of the Economy in 2018-19

India’s real Gross Domestic Product (GDP) at constant prices is estimated at 7% in 2018-19, compared to 7.2% in 2017-18. Trends in GDP growth over the past three years are given in Table 1.

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

<table>
<thead>
<tr>
<th>Sector</th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>6.3%</td>
<td>5.0%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Mining</td>
<td>9.5%</td>
<td>5.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>7.9%</td>
<td>5.9%</td>
<td>8.1%</td>
</tr>
<tr>
<td>Electricity</td>
<td>10.0%</td>
<td>8.6%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Construction</td>
<td>6.1%</td>
<td>5.6%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Services</td>
<td>8.4%</td>
<td>8.1%</td>
<td>7.4%</td>
</tr>
<tr>
<td>GVA</td>
<td>7.9%</td>
<td>7.2%</td>
<td>7.0%</td>
</tr>
</tbody>
</table>

Note: Data for 2017-18 is provisional estimates and for 2018-19 is first advance estimates. GVA is measured at base prices (2011-12). GDP is derived by adding taxes on products net of subsidies on products to GVA at basic prices.

Sources: Central Statistics Office, MOSPI; PRS.

- In 2018-19, nominal GDP (at prices including inflation) is estimated at Rs 190.5 lakh crore, as against Rs 171 lakh crore in 2017-18, a growth of 11.5%. ¹
- The per capita income in 2018-19 is estimated to be Rs 1,26,699 (at constant prices), an increase of 10.2% from 2017-18. ¹

Inflation trends in 2018-19

The Consumer Price Index (CPI) inflation closed at 2.9% at the end of the year in March 2019, lower than 4.6% in April 2018.² Food inflation decreased from 2.8% in April 2018 to 0.3% in March 2019. Note that it decreased to -2.7% in December 2018.

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.³ WPI inflation closed at 3.2% in March 2019, lower than 3.6% in April 2018.⁴

The trends in CPI and WPI inflation in 2018-19 are shown in Figure 1.

Industrial Production in 2018-19

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 78% to the manufacturing sector, 14% to the mining sector, and 8% to the electricity sector. The IIP witnessed volatility through the year as shown in Figure 2. The growth decreased from 4.5% (year-on-year) in April 2018 to 0.1% in February 2019.⁵ Manufacturing growth decreased from 4.9% in April 2018 to -0.3% in February 2019. During the same period, growth in electricity production decelerated from 2.1% to 1.2%. Mining declined from 3.8% to 2.0% in this period.

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 2.6% of GDP in April-December 2018 from 1.8% in the corresponding period of 2017-18 due to a widening of the trade deficit.6 Trade deficit increased from USD 118.4 billion in April-December 2017 to USD 145.3 billion in April-December 2018.

India’s Balance of Payments for 2018-19 is shown in Table 2 below.

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Account</td>
<td>-15.8</td>
<td>-19.1</td>
<td>-16.9</td>
</tr>
<tr>
<td>Capital Account</td>
<td>5.3</td>
<td>16.3</td>
<td>13.6</td>
</tr>
<tr>
<td>Errors and Omissions</td>
<td>-0.8</td>
<td>0.9</td>
<td>-1.0</td>
</tr>
<tr>
<td>Change in reserves</td>
<td>-11.3</td>
<td>-1.9</td>
<td>-4.3</td>
</tr>
</tbody>
</table>

Sources: Reserve Bank of India; PRS.

Monetary Policy Decisions

The RBI took the following decisions over the course of 2019-20:

- **Policy rates**: RBI increased the policy repo rate (rate at which RBI lends money to commercial banks) twice during the year, from 6% to 6.25% in June 2018 and from 6.25% to 6.5% in August 2018.7,8 In February 2019, it was reduced back to 6.25%.9

- The reverse repo rate (rate at which RBI borrows money from commercial banks) was raised twice during the year, from 5.75% to 6% in June 2018 and from 6% to 6.25% in August 2018.7,8 In February 2019, it was reduced back to 6%.9

- 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 increased from 6.25% to 6.5% in June 2018, and again from 6.5% to 6.75% in August 2018.7,8 In February 2019, it was reduced back to 6.5%.9

Interim Union Budget 2019-20 presented

The Union Finance Minister, Mr. Piyush Goyal, presented the Interim Union Budget for 2019-20.10 Key highlights include:

- The government proposes to spend Rs 27,84,200 crore in 2019-20, which is 13.3% above the revised estimate of 2018-19.

- The receipts (other than net borrowings) are expected to increase by 14.1% to Rs 20,80,201 crore, owing to higher estimated revenue from GST and income tax.

- The nominal GDP growth rate for 2019-20 is estimated at 11.5%. Fiscal deficit and revenue deficit are targeted at 3.4% of GDP and 2.2% of GDP respectively, same as the revised estimates for 2018-19.

Table 3: Interim Budget 2019-20 (Rs Crore)

<table>
<thead>
<tr>
<th>Item</th>
<th>Revised 2018-19</th>
<th>Budgeted 2019-20</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Expenditure</td>
<td>24,57,235</td>
<td>27,84,200</td>
<td>13.3%</td>
</tr>
<tr>
<td>Total Receipts (without borrowings)</td>
<td>18,22,837</td>
<td>20,80,201</td>
<td>14.1%</td>
</tr>
<tr>
<td>Fiscal Deficit</td>
<td>6,34,398</td>
<td>7,03,999</td>
<td>11.0%</td>
</tr>
<tr>
<td>% of GDP</td>
<td>3.4%</td>
<td>3.4%</td>
<td></td>
</tr>
<tr>
<td>Revenue Deficit</td>
<td>4,10,930</td>
<td>4,70,214</td>
<td>14.4%</td>
</tr>
<tr>
<td>% of GDP</td>
<td>2.2%</td>
<td>2.2%</td>
<td></td>
</tr>
</tbody>
</table>

Sources: Union Budget 2019-20; PRS.

Key policy proposals in the budget speech included:

- **Agriculture**: PM-KISAN scheme will be launched under which Rs 6,000 per year will be directly transferred to farmers with cultivable land up to two hectares. This amount will be paid in three instalments. Rs 20,000 crore has been allocated in 2018-19 and Rs 75,000 crore in 2019-20.

- Under the Kisan Credit Card scheme, 2% interest subvention and 3% incentive for prompt repayment, will be extended to animal husbandry and fisheries.

- Earlier, farmers affected by natural calamities were provided interest subvention of 2% for one year. This will be extended to every year of the loan. Further, a 3% incentive will be provided for timely repayment of the loan.

- **Labour**: The Pradhan Mantri Shram-Yogi Maandhan scheme will be launched to provide social security coverage to workers in the unorganised sector with a monthly income of up to Rs 15,000. A monthly pension of Rs 3,000 will be provided from the age of 60 years. The monthly contribution of the worker will be matched by the central government.
The major tax changes announced were:

- **Rates:** The surcharge on income tax has been raised from 3% to 4%.
- **Deductions:** For salaried individuals, standard tax deduction has been increased from Rs 40,000 to Rs 50,000. Individuals earning an annual income of up to five lakh rupees will not have to pay any tax.
- **Tax deducted at source:** Exemption from TDS on rent has been increased from Rs 1.8 lakh to Rs. 2.4 lakh per year. The threshold for TDS on interest on bank and post office deposits has been increased from Rs 10,000 to Rs 40,000.
- **Housing:** Earlier, there is no presumptive rent on one self-occupied house. Interest on housing loan is deductible for one house. On sale of a house, capital gains deduction is available if the gains are invested in buying a house. For all these, the limit has been extended to two houses (capital gains benefit limited to Rs two crore).

**Draft National Policy on Official Statistics released**

The Ministry of Statistics and Programme Implementation released a draft of the National Policy on Official Statistics in May 2018. The draft policy seeks to provide reliable, timely and credible social and economic statistics. Key features of the draft policy include:

- **Core statistics:** The draft policy proposes to focus on certain statistics of national importance as core statistics. These core statistics will be regulated by the National Statistics Commission for quality and timeliness. This includes eight domains including national income, money and banking, demography, and social and environment sectors.
- **The Union List in the Seventh Schedule of the Constitution will be amended to include (i) censuses of subjects other than population, and (ii) statistics of national importance (as declared by Parliament). The central government would regulate, and bear the cost of producing and disseminating such core statistics.
- **National Statistical Commission:** The draft policy proposes that a National Statistical Commission (NSC) be constituted to regulate and audit core statistics and advise the central government on improving other official statistics. As per the draft policy, a Bill will be introduced in Parliament to constitute the NSC as a public corporation.
- **A National Statistical Appraisal and Assessment Organisation will be set up under NSC to conduct statistical audits. A National Statistical Development Council will be set up under the chairmanship of the Prime Minister to provide guidance to the NSC on policy matters.
- **An initial endowment fund of Rs 500 crore will be provided to the NSC. Further, a certain share of the annual budget for official statistics would be devolved to NSC.**
- **All-India Indian Statistical Service:** Currently, there are several statistical cadres such as the Indian Statistical Service, State Statistical Services, and other Group A Statistical posts or cadres. The draft policy seeks to combine such services to constitute an all-India Indian Statistical Service to unify statistical cadres across the country.

**Finance**

**Parliament passed the Fugitive Economic Offenders Bill, 2018**

The Fugitive Economic Offenders Bill, 2018, was passed by Parliament in July 2018. It seeks to confiscate properties of economic offenders who have left the country to avoid facing criminal prosecution, or refuse to return to face prosecution. Previously, a similar Ordinance was promulgated in April 2018. 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 an offence listed in the schedule of the Bill, and the value of the offence is at least Rs 100 crore. Further, the person has: (i) left the country to avoid facing prosecution, or (ii) refuses to return to face prosecution. Some of the offences listed in the schedule are: (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.
- **Declaration as fugitive economic offender:** After hearing the application, a special court (designated under the Prevention of Money-
Laundering Act, 2002) may declare an individual as a fugitive economic offender. It may confiscate properties which are: (i) proceeds of crime, (ii) benami properties, and (iii) any other property, in India or abroad. Upon confiscation, all rights and titles of the property will vest in the central government, free from encumbrances (such as any charges on the property). The central government may appoint an administrator to manage and dispose of these properties.

- **Bar on filing or defending civil claims:** The Bill allows any civil court or tribunal to prohibit a declared fugitive economic offender, from filing or defending any civil claim. Further, any company or limited liability partnership where such a person is a majority shareholder, promoter, or a key managerial person (such as a managing director or CEO), may also be barred from filing or defending civil claims.

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

**RBI released Annual Report 2017-18; shows 99.3% of demonetised notes returned**

The RBI released its Annual Report for the year 2017-18 in August 2018. The report stated that demonetised notes, i.e. notes of Rs 500 and Rs 1,000 denominations which were tendered illegal in November, 2016, worth Rs 15.31 lakh crore have been returned to the RBI. The total value of these notes in circulation as on November, 2016, post verification and reconciliation, was Rs 15.42 lakh crore. This implies that about Rs 11,000 crore worth of these notes have not been returned.

**RBI prohibited entities regulated by it from dealing in virtual currencies**

In April 2018, the RBI prohibited entities regulated by it from dealing in virtual currencies, or facilitating any person from dealing in virtual currencies. Virtual currencies, such as bitcoins, are stored and transacted in digital forms. RBI mandated that all regulated entities, which were providing such services, should discontinue the relationship within three months.

**The Banning of Unregulated Deposit Schemes Ordinance, 2019 promulgated**

The Banning of Unregulated Deposit Schemes Ordinance, 2019 was promulgated in February 2019. Previously, a similar Bill was passed by Lok Sabha. However, the Bill will lapse with the dissolution of the 16th Lok Sabha. The Ordinance provides for a mechanism to ban unregulated deposit schemes and protect the interests of depositors. It also seeks to amend three laws, i.e., the RBI Act, 1934, the SEBI Act, 1992, and the Multi-State Cooperative Societies Act, 2002. Key features of the Ordinance include:

- **Unregulated deposit scheme:** The Ordinance defines a deposit as an amount of money received through an advance, a loan, or in another form, with a promise to be returned with or without interest. Further, the Ordinance defines amounts which shall not be included in the definition of deposits such as amounts received from relatives and contributions towards capital by partners.

- The Ordinance lists nine regulators which oversee and regulate various deposit-taking schemes. All deposit-taking schemes are required to be registered with the relevant regulator. A deposit-taking scheme is unregulated if it is taken for a business purpose and is not registered with the regulators that are listed in the Ordinance.

- **Offences and penalties:** The Ordinance defines three types of offences, and penalties related to them. These offences are: (i) running unregulated deposit schemes, (ii) fraudulently defaulting on regulated deposit schemes, and (iii) wrongfully inducing depositors to invest in unregulated deposit schemes. Such as, accepting unregulated deposits will be punishable with imprisonment between two and seven years, along with a fine ranging from three to 10 lakh rupees.

The Standing Committee on Finance (Chair: Dr. M. Veerappa Moily) was tasked with examining the Bill and submitted its report in January 2019. Key observations and recommendations include:

- **Definition of an unregulated deposit scheme:** The Committee observed that the definition of ‘unregulated deposits’ is left for residual interpretation under the Bill. This could allow open-ended and subjective decisions by authorities while adjudicating offences related to such deposits. It recommended that unregulated deposits be more coherently defined and listed in a schedule to the Bill.

- **Priority of depositors’ claims:** The Bill states that unless otherwise provided in the SARFAESI (Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest)
Act, or the IBC, amounts due to depositors will be paid in priority over all other debts payable by the deposit taker. The Committee noted that repaying depositors’ money is the most critical part of the process of restitution of depositors. Therefore, it recommended that: (i) exceptions under the SARFAESI Act and IBC be removed from the Bill, and (ii) a time-frame be specified for repayment of depositors’ dues.

For a PRS summary of the Ordinance, see here. For a PRS report summary, see here.

Parliament passed four GST Amendment Bills

The Central Goods and Services Tax (Amendment) Bill, 2018, and the Integrated Goods and Services Tax (Amendment) Bill, 2018, were passed by Parliament in August 2018. Further, the Union Territory Goods and Services Tax (Amendment) Bill, 2018, and the Goods and Services Tax (Compensation to States) Amendment Bill, 2018 were passed by Parliament in the same month. The Bills amend four central and state Goods and Services Tax (GST) laws. Key features of these Bills are as follows:

- **Eligibility for the composition scheme:** The CGST Act, 2017 provides for a composition scheme to allow certain taxpayers with an annual turnover of less than one crore rupees to pay GST on their turnover, instead of paying on the value of supply of goods and services. This amount may be increased by the government subject to a maximum limit of Rs 1 crore. The Bill increases this limit to Rs 1.5 crore.

- **Compensation Fund:** The GST (Compensation to States) Act allows the central government to levy a compensation cess on the supply of certain goods and services. The receipts from the levy of cess are deposited to a GST Compensation Fund, which are used to compensate states for any loss in revenue following the implementation of GST. The Bill inserts a provision specifying that any unutilised amount in the Compensation Fund, at any time during the transition period (as recommended by the GST Council), will be distributed in the following manner: (i) 50% of the amount will be shared between the states in proportion to their base year revenue (2015-16), and (ii) the remaining 50% will be part of the centre’s divisible pool of taxes.

- **Reverse Charge Mechanism:** Under the Acts, when an unregistered person supplies goods or services to a registered person, the registered person is liable to pay GST on such supply. The Bills amend this provision to allow the central government, on the recommendation of the GST Council, to notify a class of registered persons who are liable to pay tax on supplies of specified goods and services from an unregistered person.

For a PRS summary of the four Bills, please see the here, here, here, and here.

The International Financial Services Centres Authority Bill, 2019 introduced in Rajya Sabha

The International Financial Services Centres Authority Bill, 2019 was introduced in Rajya Sabha in February 2019. The Bill provides for the establishment of an authority to develop and regulate the financial services market in the International Financial Services Centres set up in Special Economic Zones in India. The Bill was referred to the Standing Committee on Finance for examination. The Committee was expected to submit its report within two months. Key features of the Bill include:

- **Constitution of the International Financial Services Centres Authority:** The Bill provides for the establishment of the International Financial Services Centres (IFSCs) Authority. The Authority will consist of nine members, including representation from RBI, SEBI, IRDA, PFRDA, and the Ministry of Finance.

- **Functions of the Authority:** The Authority will regulate financial products, financial services, and financial institutions in IFSCs. Further, it will exercise all powers relating to regulation of financial products, services, and institutions in IFSCs, which were previously exercised by the respective regulators. All processes and procedures to be followed by the Authority in respect of such regulation (such as, procedures for investigation of offences) will be identical to the provisions for these processes under the respective laws of regulators such as RBI, SEBI, IRDA and PFRDA.

For a PRS summary of the Bill, see here.

Parliament passed the Negotiable Instruments (Amendment) Bill, 2017

The Negotiable Instruments (Amendment) Bill, 2017 was passed by Parliament in July 2018. The Bill
amends 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 are as follows:

- **Interim compensation:** The Bill seeks to allow a court trying an offence related to cheque bouncing, to direct the drawer (person who writes the cheque) to pay interim compensation to the complainant.

- **Returning the interim compensation:** In case the drawer is acquitted (during trial or by the appellate court), the court will direct the complainant to return the interim compensation (or deposit in case of an appeal case), along with an interest.

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

**Parliament passed the State Banks (Repeal and Amendment) Bill, 2018**

The State Banks (Repeal and Amendment) Bill, 2018 was passed by Parliament in July 2018. Key features of the Bill include:

- **Repeal:** It seeks to repeal two Acts which 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), and have been merged with SBI.

- **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.

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

**The Financial Resolution and Deposit Insurance Bill, 2017 withdrawn**

The Joint Committee on the Financial Resolution and Deposit Insurance Bill, 2017 (Chair: Mr. Bhupender Yadav) submitted its report in August 2018. The Bill was introduced in Lok Sabha and subsequently referred to the Joint Committee in August 2017.

- A notice of the motion for withdrawal of the Bill, along with a statement of reasons, by the Minister of Finance was referred to the Joint Committee on July 23, 2018. The statement of reasons for withdrawal of the Bill specified apprehensions raised by stakeholders and the public about several provisions of the Bill, including: (i) use of a bail-in instrument to resolve a failing bank, (ii) adequacy of the deposit insurance cover, and (iii) application of the resolution framework to public sector banks. The motion stated that these issues would require a comprehensive examination and reconsideration of the Bill.

- The Committee considered the notice of the motion for withdrawal, and agreed to the proposal of the government to withdraw the Bill. The Bill was later withdrawn in August, 2018.

**Standing Committee submitted report on the Chit Funds (Amendment) Bill, 2018**

The Standing Committee on Finance (Chair: Dr. M Veerappa Moily) submitted its report on the Chit Funds (Amendment) Bill, 2018 in August 2018. The Committee endorsed the specific amendments proposed by the Bill, and also suggested further amendments to improve the functioning of chit funds. Key observations and recommendations of the Committee include:

- **Nomenclature and classification of chit funds:** The Act specifies various names which may be used to refer to a chit fund. These include chit, chit fund, and kuri. The Bill inserts ‘fraternity fund’ to this list. The Committee recommended that the list be expanded to include Rotating Savings and Credit Association (ROSCA) Institution. Further, it noted that chit funds are currently classified as miscellaneous non-banking finance companies (NBFCs) by the Reserve Bank of India. It recommended that chit funds be classified as NBFC-Chit Funds or NBFC-ROSCA. This will differentiate chit funds from other NBFCs, and help them play a greater role in enabling financial inclusion.

- **Ceiling on aggregate chit amount:** Under the Act, ceilings are prescribed for the aggregate chit amount. The ceiling amount is one lakh rupees when the fund is managed by an individual, and six lakh rupees when managed by a firm. The Committee noted that the prescribed ceilings make running chit funds unviable. It recommended that the ceilings be increased to make it more profitable for the individual/entity responsible for conducting the chit.
Exemptions: Under the Act, a state government may exempt certain chit fund companies from any or all provisions of the Act. This can be done through a notification, after consultation with the RBI. The Committee noted that safeguards in the law are rendered ineffective by these exemptions. It recommended that such discretionary exemptions be done away with.

For a PRS report summary, see here.

CAG submitted report on compliance of the FRBM Act, 2003 by the central government during the year 2016-17

The CAG of India submitted its report on compliance of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 for the year 2016-17 in January 2019. The FRBM Act requires the central government to ensure responsible fiscal management and long-term stability. The Act also requires it to ensure prudential debt management through limits on borrowings, debt and deficits. Key observations and recommendations of the CAG include:

Off-budget financing: The CAG observed that the central government has increasingly resorted to off-budget methods of financing to meet its expenditure requirements. Off-budget financing refers to the government’s finances which are not accounted for in the budget documents. These off-budget methods are outside budgetary control and thus, parliamentary control. Such methods are used to finance capital investments, as well as revenue expenditure, such as payment of dues of subsidies. The CAG noted that the quantum of such off-budget borrowings is huge, and remains beyond calculation of fiscal indicators.

Revenue expenditure: Due to insufficient budgetary allocations, dues of some subsidies are carried over to the subsequent financial years. Doing so understates that particular year’s expenditure by keeping deferred expenditure off the budget, and prevents transparent depiction of fiscal indicators. Such an arrangement defers committed liability or creates future liability, and increases the cost due to interest payments. For instance, the carryover liability due to deferment of payment of dues of fertilizer and food subsidies at the end of 2016-17 amounted to Rs 1.2 lakh crore. Also, carryover liability due to dues of food subsidy has increased by 350% during the period 2011-17.

Disclosure on off-budget financing: The CAG noted the current policy framework lacks transparent disclosures and management strategy for off-budget financing. It recommended that the government should formulate a policy framework, which should include disclosure to Parliament, among other things. This disclosure should provide details of off-budget financing undertaken in the year by all organisations substantially owned by the government. Such details include: (i) rationale and objective of off-budget financing, (ii) quantum of such financing, (iii) budgetary support under the same programme or scheme, (iv) instruments and sources of financing, and (v) means and strategy for debt servicing.

For a PRS report summary, see here.

Report of the High Level Task Force on Public Credit Registry for India released

The RBI had constituted a High Level Task Force to assess the need and scope of creating a public credit registry in India in October 2017. The report was made available to the public in June 2018.

Currently, India has multiple entities storing credit data. For example, there are four private Credit Information Companies – (i) TransUnion CIBIL, (ii) Equifax, (iii) Experian, and (iv) CRIF High Mark that maintain credit data of borrowers. There are also entities within the RBI such as the Central Repository of Information on Large Credits and the Basic Statistical Return-1 that record loans larger than five crore rupees, and credit across various sectors. Information Utilities also store financial credit data to help establish defaults by borrowers.

Challenges with current scenario: The Task Force identified various shortcomings in the current credit information structure in India, such as: (i) data stored is incomprehensive, and fragmented across different entities, for example, data on borrowings from banks, inter-corporate and overseas borrowings, are not available in a single repository; (ii) reliance on self-disclosure by the borrower; (iii) time lags and discrepancies between multiple data sources, and (iv) increased reporting burden on credit institutions from having to report to multiple entities.

Public credit registry: To bring about efficiency and transparency in the lending market, the task force recommended creating a public credit registry. The credit registry should: (i) be backed by a suitable legal framework, (ii) be for all loans regardless of amount, capture data currently not recorded in the system, for
example, data on external borrowings, (iii) store supplementary credit data such as utility bill payments history to benefit individuals with no credit history, and (iv) ensure security and privacy of the stored information. Further, reporting entities should ensure the quality of data in the registry. For a PRS report summary, see [here](#).

**RBI released draft guidelines on loan system for delivery of bank credit**

RBI released draft guidelines related to delivering bank credit to borrowers with large working capital borrowings in June 2018. With regard to borrowers with a working capital limit of Rs 150 crore and more, the guidelines require that at least 40% of the working capital should be held as loans, limiting the cash credit component to 60%. This provision was made applicable from October 1, 2018. The 40% loan component will be increased to 60% from April 1, 2019. The banks will decide the fixed loan amount and tenure in consultation with the borrower, subject to the tenure being at least seven days.

**RBI released guidelines on restructuring of advances to MSMEs**

RBI released guidelines to allow one-time restructuring of existing stressed loans to micro, small and medium enterprises (MSMEs) in January 2019. In order to be eligible for loan restructuring, the following conditions will apply on the borrowing MSME: (i) the aggregate exposure of banks and NBFCs to the borrower does not exceed Rs 25 crore as on January 1, 2019, (ii) the borrower’s account is in default, but is classified as a standard asset as on January 1, 2019 and continues to be classified similarly till the date of restructuring, and (iii) the borrower is a GST-registered entity on the date of implementation of the restructuring.

In addition to the provisions already made, a provision of 5% shall be made for borrowings restructured under the scheme. To adopt this, each bank or NBFC is required to formulate a policy for the scheme, with board approval, within one month of the date of the circular. The policy should include a framework for viability assessment of the stressed accounts and regular monitoring of the accounts.

Accounts restructured under the scheme will not be downgraded to a non-performing asset (NPA). Further, accounts classified as NPA can be restructured, with existing asset classification norms being applicable. Restructuring of eligible accounts is to be completed before March 31, 2020.

**Expert Committee on commodity spot and derivative markets submitted report**

The Expert Committee on Integration of Commodity Spot and Derivatives Markets submitted its report (Chair: Prof. Ramesh Chand, Member, NITI Aayog) in April 2018. Commodity spot markets are those markets where the sale and delivery of commodities takes place immediately or within 11 days (e.g. a mandi for vegetables). In the commodity derivatives market, the exchange of commodities takes place at a later date, on certain conditions agreed upon previously. Alternatively, instead of delivery of goods, the difference between the prevailing price and the originally agreed-upon price may be paid or received. Recommendations of the Expert Committee include:

- **Integration of commodity spot and derivatives market:** The Committee noted that the while the commodity spot and derivatives market are distinct from each other, they are interlinked. A sound derivatives market helps in determining the future price for a commodity, and a well-functioning spot market and robust warehousing infrastructure ensure adequate supply of the commodity in the future (for the derivatives market). It observed that the integration of these two markets is important for both agricultural and non-agricultural markets in India.
- **The Committee suggested that one of the ways to integrate these markets may be by creating an electronic spot market platform, where the price of a commodity from across the country is available. Such a market will have to be well-regulated, and the Committee recommended that this responsibility may be entrusted to a single regulator, such as the SEBI**
- **Adoption of model APLM Act:** The Committee recommended that states should adopt the model Agricultural Produce and Livestock Marketing (Promotion and Facilitating) Act, 2017 (APLM Act), released by the centre. The model Act creates a barrier free single market for trade in the country, and caps market fee levied by an agriculture market committee on the sale of produce.
- **Ministry for base metals:** The Committee observed that there is a need for a dedicated department to oversee the working of non-agricultural commodity markets. These
commodities include base metals (e.g. aluminium and tin), precious metals, and energy related commodities (such as coal). It recommended that a controlling ministry for base metals may be created.

For more details on the model APLM Act, see the PRS Monthly Policy Review for May 2017, here.

**Income Tax Department launched reward schemes for information on tax evasion**

The Income Tax Department launched the revised Income Tax Informants Reward Scheme, 2018 and the Benami Transactions Informants Reward Scheme, 2018 in June 2018. These schemes reward informants whose information leads to: (i) detection of substantial tax evasion, or (ii) identification of any benami property worth more than one crore rupees. Persons residing outside India, irrespective of their nationalities, are also eligible to become informants.

- **Income Tax Informants Reward Scheme, 2018**: The Income Tax Informants Reward Scheme, 2018 defines substantial tax evasion as an evasion of at least five crore rupees if detected by investigation directorates of Mumbai, Delhi, Kolkata, Chennai, Hyderabad, Ahmedabad, Pune, or Bangalore. This amount is one crore rupees in case of detection by any other investigation directorate.

- As per the scheme, the reward amount is based on the additional taxes levied and realised, directly attributable to that information. The maximum reward amount is: (i) 5% of such tax revenue under the Income Tax Act, 1961, up to Rs 50 lakh, and (ii) 10% of such tax revenue under the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, up to five crore rupees.

- **Benami Transactions Informants Reward Scheme, 2018**: The Benami Transactions Informants Reward Scheme, 2018 rewards information on any movable or immovable benami property actionable under the Prohibition of Benami Property Transactions Act, 1988. The reward amount is up to 5% of the fair market value of movable property, and the circle rate of immovable property. This amount should be limited to one crore rupees in respect of a single benami property.

- If an informant is eligible for a reward under both the schemes based upon the same facts, the total amount of reward is restricted to the maximum permissible limit, whichever is higher, under the two schemes.

**Ministry of Finance increased monetary thresholds for appeals by tax departments**

The Ministry of Finance increased the monetary thresholds for filing appeals by the Central Board of Direct Taxes (CBDT) and the Central Board of Indirect Taxes and Customs (CBIC) in July 2018. These thresholds are applicable for filing appeals before appellate tribunals, High Courts, and the Supreme Court. Table 4 shows the revised limits for filing appeals before these appellate forums.

<table>
<thead>
<tr>
<th>Appellate Forum</th>
<th>Previous Limit</th>
<th>Revised Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appellate Tribunals</td>
<td>10 lakh</td>
<td>20 lakh</td>
</tr>
<tr>
<td>High Courts</td>
<td>20 lakh</td>
<td>50 lakh</td>
</tr>
<tr>
<td>Supreme Court</td>
<td>25 lakh</td>
<td>1 crore</td>
</tr>
</tbody>
</table>

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

- In case of CBDT, these limits will not apply to writ matters and matters related to any direct tax other than income tax. In addition, it will not apply in cases where any disputed amount is not involved or not quantifiable.

- In case of CBIC, these limits will apply in cases related to central excise and service tax.

- For both departments, these limits will not apply to cases which involve substantial point of law. These include cases where: (i) the constitutional validity of the provisions of an Act or rule is under challenge, and (ii) notification, order, instruction, or circular has been held illegal or ultra vires.

With this revision, the departments will also withdraw the pending cases having dispute amount below the new thresholds. As a result, CBDT will withdraw 41% of the cases filed by it at various courts. Similarly, CBIC will withdraw 18% of the cases filed by it.

**SEBI working group submitted report on KYC requirements and eligibility for Foreign Portfolio Investments**

The working group constituted on Know Your Client (KYC) requirements for foreign portfolio investors (Chair: Mr. Harun R. Khan) submitted its report in September 2018. The recommendations of the
working group were accepted by the board members of SEBI. Key recommendations of the working group include:

- **Eligibility criteria for beneficial owners of foreign portfolio investments (FPIs):** A circular released by SEBI on April 10, 2018 had clarified that non-resident Indians (NRIs), resident Indians (RIs) and overseas citizens of India (OCIs) cannot be beneficial owners of investing FPIs. Beneficial owners are natural persons who ultimately own or control FPIs. The working group recommended that: (i) NRIs, RIs and OCIs should be allowed to be constituents of FPIs if each individual holding is below 25% and their aggregate holding is below 50% of total assets under management of the FPI, and (ii) FPIs could be controlled by NRIs, RIs or OCIs as investment managers provided they are appropriately regulated in their home jurisdiction or set up under Indian laws, and registered with SEBI. Existing FPIs and new applicants will be given two years to satisfy the new eligibility criteria.

Further, the working group recommended that the criteria for beneficial ownership, as given in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005, should be applicable only for the purpose of KYC, and not for determining eligibility.

- **KYC requirements for FPIs:** FPIs are classified into three categories (Category I, II and III) in order of increasing risk. The group recommended that for identifying beneficial owners of FPIs from ‘high risk jurisdictions’, a lower materiality threshold of 10% should only be applicable to Category II and III FPIs. Note that the materiality threshold for other FPIs is 25% in case of a company and 15% in case of partnership firms.

Further, the group recommended that KYC review should be done yearly for Category II and III FPIs from high risk jurisdictions, and only at the time of continuance of FPI registration for other FPIs.

**SEBI Committee submitted report on Fair Market Conduct**

In August 2017, the SEBI had constituted a Committee (Chair: Mr. T. K. Viswanathan) to review the existing legal framework of dealing with market abuse to ensure fair market conduct in the securities market. The Committee submitted its report in August 2018. Key recommendations and observations of the Committee include:

**Market Manipulation and Fraud:**

(i) The Committee noted that market manipulation involves indirect role of various persons. It recommended that the definition of “dealing in securities” in the Prevention of Fraudulent and Unfair Trade Practices Regulations be widened to include persons who are assisting in dealing.

(ii) Further, the Committee noted that financial statements fraud, involving the manipulation of books of accounts, is often undertaken to manipulate share prices of listed companies. The Committee deliberated that SEBI, as a regulator of the securities market, has a duty to protect the interest of investors from such frauds. It recommended that Section 12A of the SEBI Act, 1992, which prohibits manipulative and deceptive devices, should be amended to include a new sub-section which would clarify SEBI’s powers to take steps for misstatement of financial statements.

**Surveillance and Investigation:**

(i) The Committee recommended that each algorithm used for high-frequency trading be allotted a unique identification number. This would help identify algorithms that generate potentially manipulative trades.

(ii) Further, it also recommended that SEBI should seek the power to intercept calls and electronic communication to collect stronger evidence during investigation.

(iii) The Committee noted that SEBI often encounters cases where individuals without the means to commit economic offences have been used as a front for violations of law by actual offenders. The use of front entities enables layering of funds. To prevent use of such fronts, the Committee recommended that a mechanism may be put in place which requires persons to demonstrate their financial capacity to trade.

**SEBI Committee submitted report on settlement mechanisms**

The SEBI had constituted a High Level Committee (Chair: Justice A. R. Dave) to review the Settlement of Administrative and Civil Proceedings Regulations, 2014 and the enforcement mechanism of SEBI. The Committee submitted its report in August 2018. Key recommendations of the Committee include:
- **Limitation for filing a settlement application:** The Committee expressed the opinion that a more arduous approach should be adopted to ensure that only genuine settlement applications are filed, and the settlement mechanism is not used to delay civil and administrative proceedings. It recommended that no application for settlement should be considered once hearing commences, or after 120 days have passed since its filing with SEBI.

- **Reapplication for settlement:** The Committee noted that currently, a settlement application for the same alleged default can be filed again, even if the previous application was rejected, in certain exceptional circumstances including the lapse of time since the alleged default. The Committee recommended that an application shall not be filed again under any circumstances, if the previous application was rejected.

- **Effect of pending application on specified proceedings:** The Committee noted that the present regulatory framework stays any proceedings that may be initiated against the settlement applicant until the application is rejected or withdrawn. It observed that there may be cases where it is necessary to initiate proceedings for issuing interim directions to protect the interest of investors and maintain securities market integrity. It recommended that the Settlement Regulations be amended to incorporate the same.

**Strategic disinvestment of 100% approved in DCIL and Kamarajar Port Limited**

The Union Cabinet approved the strategic disinvestment of 100% of central government’s shares in the Dredging Corporation of India Limited (DCIL) in November 2018. The disinvestment was executed in March 2019. The central government held 73.47% shares in DCIL at the time of disinvestment. The shares were sold to a consortium of four ports – Visakhapatnam Port Trust, Paradip Port Trust, Jawahar Lal Nehru Port Trust, and Kandla Port Trust. Rs 1,049 crore was mobilised through this sale.

DCIL was a mini-ratna public sector undertaking engaged in the business of dredging for Indian seaports. Dredging means clearing the bed of a harbour, river, or other water body with a dredge.

Further, the Union Cabinet gave ‘in principle’ approval for strategic disinvestment of 100% equity shares of the central government in Kamarajar Port Limited (KPL) to the Chennai Port Trust, in February 2019. Currently, the central government and Chennai Port Trust hold 67% and 33% of shares respectively in KPL. The disinvestment will be done in a single stage process, by following ‘arm’s length’ principles. The disinvestment seeks to avoid duplication of capacity creation in the ports and improve efficiency of both ports by facilitating better human resource management.

**Corporate Affairs**

**Parliament passed Insolvency and Bankruptcy (Second Amendment) Bill, 2018**

The Insolvency and Bankruptcy Code (Second Amendment) Bill, 2018 was passed by Parliament in August 2018. The Bill amends the Insolvency and Bankruptcy Code, 2016 and replaces an Ordinance that was promulgated in June 2018. The amendments incorporate most of the recommendations of the Insolvency Law Committee (Chair: Mr. Injeti Srinivas) which submitted a report in March 2018. The Code provides a time-bound process for resolving insolvency in companies and among individuals. Insolvency is a situation where a company is unable to repay its outstanding debt. Key features of the Bill include:

- **Financial creditors:** The Code defines a financial creditor as a person to whom financial debt is owed. Such debt includes an amount raised that has the commercial effect of a borrowing. The Bill clarifies that an allottee under a real estate project will be considered a financial creditor. An allottee includes any person to whom a plot, apartment, or building has been allotted, sold, or transferred by a promoter (real estate developer or development authority). These allottees will be represented on the committee of creditors by a representative.

- **Applicability of the Code to Micro, Small and Medium Enterprises (MSMEs):** The Code prohibits certain persons from bidding for the company in the resolution process. This includes a person whose account has been classified as a Non-Performing Asset (NPA) for a year, and any guarantor for a defaulting debtor. The Bill provides that the ineligibility criteria for resolution applicants regarding NPAs and guarantors will not be applicable to persons applying for resolution of MSMEs. The central
government may modify or remove other provisions of the Code in relation to MSMEs.

- **Voting threshold of committee of creditors:** The Code specifies that all decisions of the committee of creditors be taken by a majority of at least 75% of the financial creditors. The Bill lowers this threshold to 51%. Further, for certain key decisions, the voting threshold has been reduced from 75% to 66%. These include: (i) appointment and replacement of the resolution professional, and (ii) approval of resolution plan.

For a PRS analysis of the Bill, see here.

**Insolvency Law Committee submitted its report on cross-border insolvency**

In October, 2018, the Insolvency Law Committee (Chair: Mr. Injeti Srinivas) submitted its second report on the Insolvency and Bankruptcy Code, 2016, recommending amendments to the cross-border insolvency provisions in the Code. The Committee had released a draft of the report in June 2018. The Committee proposed a draft ‘Part Z’ in the Code, based on an analysis of the UNCITRAL Model Law on Cross-Border Insolvency, 1997. The Model Law provides a legal framework that states may adopt in their domestic legislation to deal with cross-border insolvency issues. Key recommendations of the Committee include:

- **Applicability:** The Committee recommended that Part Z should be extended to corporate debtors only, including foreign companies.

- **Duplicity of regimes:** The Committee noted that currently the Companies Act, 2013 contains provisions to deal with insolvency of foreign companies. It observed that once cross-border insolvency provisions are introduced in the Code, it will result in a dual regime to handle insolvency of foreign companies. It recommended that the Ministry of Corporate Affairs undertake a study of such provisions of the Act to analyse the efficacy of retaining them.

- **Reciprocity:** The Committee recommended adoption of the Model Law on a reciprocity basis initially. Reciprocity means that a domestic court will recognise and enforce a foreign court’s judgment only if the foreign country has adopted similar legislation to the domestic country.

- **Centre of Main Interests (COMI):** The Model Law provides that if domestic courts determine that the debtor has its COMI in a foreign country, such foreign proceedings will be recognised as the main proceedings. This recognition will result in certain automatic relief, such as allowing foreign representatives greater powers in handling the debtor’s estate. A list of indicative factors comprising COMI may be inserted through rule-making powers. Such factors may include location of the debtor’s books and records, location of financing, etc.

- **Public policy considerations:** Part Z provides that the National Company Law Tribunal may refuse to take action under Part Z if it is contrary to public policy. The Committee recommended that in proceedings where the Tribunal is of the opinion that a violation of public policy may be involved, a notice must be issued to the central government to provide its submissions. In case the Tribunal does not issue a notice, the central government may be empowered to apply to the Tribunal directly.

For a PRS report summary, see here.

Note that in March 2019, the Ministry of Corporate Affairs re-constituted the Insolvency Law Committee as a Standing Committee to review the implementation of the Code, on a continuous basis.

**Committee to review offences under Companies Act, 2013 submitted its report**

The Committee to review the offences under the Companies Act, 2013 (Chair: Mr. Injeti Srinivas), submitted its report in August, 2018. The Committee was constituted in July 2018. It reviewed the categorisation of offences under the Act and also made recommendations to improve other corporate compliances. Key recommendations of the Committee include:

- **In-house adjudication of certain offences:** The Committee recommended re-categorisation of 16 offences out of the 81 in the category of compoundable offences (attracting fine or imprisonment or both) to an in-house mechanism where only penalty would be levied by an adjudicating officer.

- The Committee identified certain offences related to corporate governance. These include offences: (i) which are only technical (such as, non-appointment of key managerial personnel in certain companies), or (ii) where other provisions contain safeguards against the offender benefiting from his default. For instance, if a director receives compensation beyond the
statutory limit, the Act requires the auditor to report the excess amounts. In all such cases, the default may be rectified by imposing penalties in an in-house mechanism.

- The Committee also identified certain technical offences including: (i) intimation of certain information through forms to the Registrar of Companies (such as failure to file annual returns), and (ii) in relation to sending of notice to stakeholders (for instance, failure of an officer of the company to give notice of board meeting).

- **Ensuring compliance:** The Committee also made certain recommendations to ensure compliance with the new in-house mechanism. These recommendations include: (i) power of adjudicating officer to pass orders directing the defaulter to make good the default.

- **Declogging National Company Law Tribunal (NCLT):** The Committee recommended enlarging the jurisdiction of the Regional Director in respect of compoundable offences from the existing five lakh rupees to 25 lakh rupees. Further, it recommended vesting the central government with powers to approve alterations in the financial year of a company and cases of conversion of public companies to private companies.

**Ordinance to amend the Companies Act, 2013 re-promulgated**

The Companies (Second Amendment) Ordinance, 2019 was promulgated in February 2019. The Ordinance amends several provisions in the Companies Act, 2013 relating to penalties, among others. Note that, two similar Ordinances had been promulgated in November 2018 and January 2019. This Ordinance is effective from the date of the first Ordinance, i.e. November 2, 2018.

Note that the Companies (Amendment) Bill, 2018 (to replace the 2018 Ordinance) was passed by Lok Sabha in January 2019, and will lapse with the dissolution of the 16th Lok Sabha.

- **Re-categorisation of certain Offences:** The 2013 Act contains 81 compoundable offences punishable with a fine or imprisonment, or both. These offences are heard by courts. The Ordinance re-categorizes 16 of these offences as civil defaults, where adjudicating officers (appointed by central government) may levy penalties for default. These offences include: (i) issuance of shares at a discount, and, (ii) failure to file annual return.

- **Commencement of business:** The Ordinance states that a company may not commence business, unless it (i) files a declaration within 180 days of incorporation, confirming that every subscriber to the Memorandum of the company has paid the value of shares and (ii) files a verification of its registered office address with the Registrar of Companies within 30 days of incorporation. If a company fails to comply with these provisions and is found not to be carrying out any business, its name may be removed from the Register of Companies.

- **Change in approving authority:** Under the Act, change in period of financial year for a company associated with a foreign company, has to be approved by the NCLT. Similarly, any alteration in the incorporation document of a public company which has the effect of converting it to a private company, has to be approved by the Tribunal. According to the Ordinance, these powers have been transferred to the central government.

- **Compounding:** Under the Act, a regional director can compound (settle) offences with penalty of up to five lakh rupees. The Ordinance increases the limit to Rs 25 lakh.

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

**Draft amendments to Companies Act, 2013**

The Ministry of Corporate Affairs issued a notice inviting comments on draft amendments to the Companies Act, 2013 in November 2018. Key draft amendments include:

- **Independent Director (ID):** Under the Act, the remuneration of an ID or transactions of an ID with the company should not exceed 10% of his total income in the last two financial years. The draft Amendments additionally state that the total monetary relationship of an ID with the company along with its group companies should not exceed 25% of his total income. Of this, his income for services provided to the company should not exceed 10% of his total income.

- **Issuance of dematerialised shares:** Under the Act, certain classes of public companies are required to issue shares in dematerialized form only. These amendments propose that this provision would not be limited to public
companies and may be extended to other classes of companies.

- **Significant beneficial ownership:** If a person holds beneficial interest of at least 25% shares in a company or exercises significant influence or control over the company, he is required to make a declaration of his interest. As per the draft amendments, the Company is required to (i) identify if an individual is a significant beneficial owner of shares in the Company, and (ii) require him to comply with the provisions of the Act. A Company failing to do so may be punished with a fine between ten lakh and 50 lakh rupees, along with a fine of one thousand rupees for every day of default.

- **Charitable companies:** Under the Act, a not-for-profit charitable company could convert itself to any other kind of company after following certain rules. As per the draft amendments, this provision has been deleted.

- **Corporate Social Responsibility (CSR):** Under the Act, companies having: (i) net worth of Rs 500 crore or more, or (ii) turnover of Rs 1,000 crore or more, or (iii) a net profit of five crore rupees or more, in the previous financial year, are required to spend 2% of its average net profits in the last three financial years, towards its CSR. If it does not spend this amount, it has to disclose the reasons in its Annual Report. The draft amendments require any unspent funds to be transferred to an Unspent CSR account. This amount must be spent within three years from the date of transfer.

**Committee of Experts releases report on audit firms and their networks**

In November 2018, the Committee of Experts (Chair: Mr. Anurag Agarwal) submitted its report to the Ministry of Corporate Affairs presenting its findings and recommendations on regulating audit firms and their networks.**8** Key recommendations include:

- **Audit Structures in India:** The Committee observed that there are three types of structures used by audit networks operating in India: (i) domestic networks of firms set up by Chartered Accountants (CA) registered with the Institute of Chartered Accountants of India, (ii) international networks where domestic CA firms tie up with entities outside India through a membership agreement, and (iii) international networks where domestic CA firms tie up with Indian member firms of an international entity.

- **Oversight of audit profession:** The Committee noted that the National Financial Reporting Authority (NFRA) must be empowered to publish their audit inspection results. It noted that loss of reputation, from an adverse report, can be an effective deterrent for audit firms to build better internal checks and balances. The Committee also noted that there are benefits of having multiple Self-Regulatory Organisations in the audit profession. It can generate competition among them which can help the development of the profession.

- **Legal regime of liability:** The Committee noted that the current regime of liability of individual auditors and audit firms is adequate. On network liability, it recommended that NFRA should be empowered by law to impose monetary penalties on international networks with whom Indian audit firms have entered into membership, if there is an audit failure or fraud. The penalty on such international network/entity should be up to five times the amount of penalty imposed on the audit firm.

- **Providing non-audit services:** The Committee noted that audit firms across jurisdictions often provide services as part of one common network. It recommended permitting firms to provide non-audit services to an auditee company or its holding or subsidiary company, subject to certain conditions. These include: (i) if the auditor is part of an international network, capping fee from non-audit services to 50% of audit fee earned by the network from that auditee company or its holding or subsidiary companies in a financial year, and (ii) the auditor must disclose the audit and non-audit fees earned by its network to the NFRA.

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

**National Financial Reporting Authority constituted**

The Ministry of Corporate Affairs constituted the NFRA in October 2018. The Companies Act, 2013 provides for the establishment of the NFRA 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).
Certain public companies exempted from the requirement to dematerialise shares

In January 2019, the Ministry of Corporate Affairs notified amendments to the Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2014. 60 The 2014 Rules were earlier amended in September 2018 to provide that issue of further shares and transfer of all shares by unlisted public companies may only be in dematerialised form.61

The new amendments provide that the requirement of dematerialization will not apply to an unlisted public company which is a Nidhi company, a government company, or a wholly owned subsidiary.

Revised policy on foreign direct investment in e-commerce announced

The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry (DIPP), announced revised guidelines for foreign direct investment in e-commerce in December 2018.62 The previous guidelines specified that: (i) 100% FDI through the automatic route is permissible in a marketplace model of e-commerce (where the e-commerce entity/platform acts as a facilitator between buyers and vendors/sellers), and (ii) FDI is not permissible in an inventory based model of e-commerce (where the inventory of goods and services is owned by the e-commerce entity and sold to the customers directly).

The revised policy changed some existing guidelines and also specified certain other conditions, such as:

- A vendor or seller having equity participation by a marketplace model e-commerce platform or its group companies will not be permitted to sell its products on the concerned platform.
- A marketplace model platform cannot mandate any vendor to sell a product exclusively on its own platform.
- A marketplace model platform cannot exercise ownership or control over the inventory of a vendor, as this will render the platform into an inventory-based model. The inventory of the vendor will be deemed to be controlled or owned by the e-commerce platform if more than 25% of the vendor’s sales accrue to that platform or its group companies.

A marketplace model e-commerce platform has to ensure that it provides services (such as logistics, warehousing and payment collection, among others) to different vendors in a non-discriminatory and fair manner. The same is applicable for cashback benefits provided to customers for purchases from various vendors.

Earlier guidelines disallowed a marketplace model e-commerce platform to have a vendor or its group companies contributing to more than 25% of its sales.63 The revised guidelines remove this provision.

The revised guidelines came into effect from February, 2019.

Draft National e-commerce Policy released for consultation

The Department for Promotion of Industry and Internal Trade released the ‘Draft National e-Commerce Policy: India’s Data for India’s Development’ for consultation in February, 2019.64 The policy addresses six broad issues of the e-commerce ecosystem such as: (i) data, (ii) infrastructure development, (iii) e-commerce marketplaces, (iv) regulatory issues, (v) stimulating the domestic digital economy, and (vi) export promotion through e-commerce. Key features of the draft e-commerce policy include:

- Data: Creating a legal and technological framework for imposing restrictions on cross-border data flow from specified sources, including data generated by users in India on e-commerce platforms, social media, as well as search engines.
- FDI: The policy aims at demarcating what constitutes a marketplace model and what comprises an inventory-based model of sale and distribution. It aims at inviting and encouraging foreign investment in the ‘marketplace’ model alone. This implies that an e-commerce platform, in which foreign investment has been
made, cannot exercise ownership or control over the inventory sold on its platform.

- **Custom duties:** On taxation-related issues in the sector, the draft policy stated the current practice of not imposing custom duties on electronic transmissions must be reviewed.

- **Export promotion:** The policy states that there is a need to incentivise exports and reduce administrative requirements and costs for outbound shipments. Further, it states that the existing limit of Rs 25,000, above which products are exported through cargo mode should be increased. This would make Indian e-commerce exports attractive even for high-value shipments through courier mode.

The Micro, Small and Medium Enterprises Development (Amendment) Bill introduced in Lok Sabha, but will lapse

The Micro, Small and Medium Enterprises Development (Amendment) Bill, 2018 was introduced in Lok Sabha in July 2018. However, it will lapse with the dissolution of the 16th Lok Sabha. The Bill amends the Micro, Small and Medium Enterprises Development Act, 2006. Key features of the Bill include:

- **Basis for classification of MSMEs:** The Act classifies MSMEs on the basis of investment in: (i) plant and machinery, for enterprises engaged in the manufacturing or production of goods, and (ii) equipment, for enterprises providing services. The Bill replaces this with a uniform classification for all MSMEs.

- **Under the Bill, all MSMEs, whether they are manufacturing or service-providing enterprises, will be classified on the basis of their annual turnover. An enterprise is classified as: (i) a micro enterprise if annual turnover is less than Rs 5 crore, (ii) a small enterprise if annual turnover is between Rs 5 crore and Rs 75 crore, and (iii) a medium enterprise if annual turnover is between Rs 75 crore and Rs 250 crore.

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

The Special Economic Zones (Amendment) Ordinance, 2019 promulgated

The Special Economic Zones (Amendment) Ordinance, 2019 was promulgated in March 2019. It amends the Special Economic Zones Act, 2005 which provides for the establishment, development and management of Special Economic Zones for export promotion.

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

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

Cabinet approved Phase II of FAME India

The Union Cabinet approved Phase II of the scheme Faster Adoption and Manufacturing of Electric Vehicles in India (FAME India Phase II), for promotion of electric mobility in India in February 2019. The scheme seeks to encourage faster adoption of electric and hybrid vehicle by: (i) offering upfront incentives on purchase of electric vehicles, and (ii) by establishing the necessary charging infrastructure for electric vehicles.

Phase II of the scheme will be implemented from April, 2019. It will have a total outlay of Rs 10,000 crore over a period of three years, from 2019 to 2022.

Under this phase, benefits of incentives will be extended to only those vehicles which are fitted with advance batteries such as Lithium Ion batteries and other new technology batteries. Phase II will also focus on electrification of public transport including shared transport. Further, the scheme proposes the establishment of charging infrastructure such that there is at least one charging station in a grid of 3 km x 3 km. Around 2,700 charging stations will be established in metros, other million plus cities, smart cities and cities of hilly states across the country. Charging stations are also proposed on major highways connecting major city clusters.

DIPP released Ease of Doing Business rankings of states

DIPP released the rankings of states and union territories on the Ease of Doing Business, 2017 in July 2018. The DIPP, in collaboration with the World Bank, conducted annual reforms for all states and union territories under the Business Reforms Action Plan 2017. The reform exercise consisted of 372 action points to ease regulations and systems in areas such as labour permits, environmental clearances, construction permits, contract
enforcement, registration and inspection of property, among others.

States and union territories were ranked on a combined score based on: (i) evidence provided by the states and union territories on their performance and progress with respect to reforms, and (ii) feedback gathered from the users of the services provided to businesses by the government. The component of feedback was introduced for the first time in the 2017 rankings. The top rankers are Andhra Pradesh, Telangana and Haryana. Jharkhand and Gujarat stood fourth and fifth respectively.

### Labour and Employment

**Pradhan Mantri Shram Yogi Maan-dhan launched**

The Ministry of Labour and Employment notified a voluntary pension scheme called the Pradhan Mantri Shram Yogi Maan-dhan in February 2019. It intends to provide a minimum assured pension to workers in the unorganised sector.

- **Eligibility**: The Scheme will apply to unorganised workers between the ages of 18 and 40 years with a monthly income of up to Rs 15,000. In order to enrol, the subscriber must have a savings bank account and an Aadhar number. Further, the subscriber should not be covered under the National Pension Scheme, Employees’ State Insurance Corporation Scheme or Employees’ Provident Fund Scheme. Unorganised workers include home-based workers, street vendors, or domestic workers.

- **Minimum assured pension**: Each subscriber under the scheme shall receive a minimum assured pension of Rs 3,000 per month after attaining the age of 60 years. The central government will match the contribution made by the beneficiary. The government has notified different monthly contribution amounts depending upon the age of joining. For example, a person entering the scheme at 29 years of age will be required to contribute Rs 100 per month.

- **Family pension**: If the subscriber dies while receiving the pension, his spouse will be entitled to receive 50% of the pension. If he dies before 60 years, his spouse may either join the scheme or may exit it. On exit, the spouse will receive the beneficiary’s contribution along with accumulated interest earned by the fund or at the savings bank interest rate, whichever is higher. If both the subscriber and spouse die, the entire corpus will be credited back to the fund.

- If the beneficiary becomes disabled prior to completing 60 years of age, his spouse may continue the scheme or exit it. On exiting, the spouse will receive the beneficiary’s contribution with interest as actually earned by fund or at the savings bank interest rate, whichever is higher.

- **Exit and withdrawal**: Any person may exit the scheme under the following conditions: (i) if he exits within 10 years, his share of contribution will be returned to him along with savings bank interest, and (ii) if he exits the scheme after 10 years but prior to completing 60 years of age, he will get his share along with the accumulated interest earned by the fund or at savings bank interest rate, whichever is higher.

**Standing Committee submitted report on the Code on Wages, 2017**

The Standing Committee on Labour (Chairperson: Dr. Kirit Somaiya) submitted its report on the Code on Wages, 2017 in December 2018. The Code seeks to regulate wage and bonus payments in all employments where any trade, business, or manufacture is carried on. It replaces four existing laws related to wages: (i) the Payment of Wages Act, 1936, (ii) the Minimum Wages Act, 1948, (iii) the Payment of Bonus Act, 1965, and (iv) the Equal Remuneration Act, 1976. Key observations and recommendations made by the Committee include:

- **National minimum wage**: The Code provides that a national minimum wage may be set by the central government. The central government may set separate national minimum wages for different states or regions of the country. The Committee recommended that this provision should be modified to state that the central government shall fix the national minimum wage in the manner as may be prescribed.

- In addition, the Committee stated that state governments must be consulted before that national minimum wage is set by the central government. Therefore, it recommended that before fixing the national minimum wage, the central government should obtain the advice of the Central Advisory Board and the State Advisory Boards. It further recommended that the Central Advisory Board should include five
representatives of state governments, to be nominated by the central government.

- **Revision of minimum wages:** The Code specifies that the central or state governments must revise minimum wages at an interval of five years. The Committee observed that under the Minimum Wages Act, 1948, state governments have flexibility in revising minimum wages, as long as it is not more than five years. In order to maintain flexibility, the Committee recommended that the Code should specify that the central or state governments should revise minimum wages, at an interval not exceeding five years.

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

**Committee submitted report on methodology for fixing national minimum wage**

In February 2019, an Expert Committee (Chair: Dr. Anoop Satpathy) submitted its report on recommending a methodology for fixing the national minimum wage. This will become the minimum wage in India covering all workers irrespective of their skills, sectors, occupations and rural-urban locations.\(^71\) Key features of the report include:

- The Committee recommended that the national minimum wage should be able to meet a working family’s minimum required expenditure on food and non-food (such as clothing, fuel and medical expenses), which should be adequate to preserve the efficiency of workers at their job and the health of their families. It recommended setting the minimum wage at a level that would allow for a minimum recommended intake (per adult per day) of 2,400 calories, 50 grams of protein, and 30 grams of fats.

- Based on the above, the Committee recommended a national minimum wage for India at Rs 375 per day (or Rs 9,750 per month) as of July 2018, for a family comprising of 3.6 consumption units. It also recommended introduction of a house rent allowance (city compensatory allowance), averaging up to Rs 55 per day (or Rs 1,430 per month) for urban workers over and above the national minimum wage. This allowance may vary with the type of city and town.

- As an alternate to a single national minimum wage, the Committee recommended different national minimum wages for different regions of the country in view of their diverse socio-economic and labour market situations. The Committee grouped all states into five regions based on a composite index and recommended region-specific national minimum wages, varying from Rs 342 per day in one region to Rs 447 per day in another (as of July 2018).

- Since the level of minimum wages is linked to the consumption basket, the Committee recommended that an expert committee should review the consumption basket every five years, subject to the availability of NSSO (National Sample Survey Office) data. However, it recommended that during the interim period, the basic minimum wage should be updated in line with the Consumer Price Index every six months, to reflect changes in the cost of living.

**Trade Unions Amendment Bill, 2019 introduced in Lok Sabha, but will lapse**

The Trade Unions (Amendment) Bill, 2019 was introduced in Lok Sabha in January 2019.\(^72\) The Bill was circulated for public comments in July, 2018.\(^73\) It amends the Trade Unions Act, 1926, which provides for the registration and regulation of trade unions. The Bill will lapse with the dissolution of the 16th Lok Sabha. Key features of the Bill include:

- The Bill seeks to provide for recognition of trade unions or a federation of trade unions at the central and state level by the central and state government, respectively. Such trade unions or the federation of trade unions will be recognised as Central Trade Unions or State Trade Unions, as the case may be.

- The central or state government may make rules for: (i) the recognition of such Central or State Trade Unions, and (ii) the authority to decide disputes arising out of such recognition, and the manner of deciding such disputes.

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

**Draft Code on Occupational Health and Safety released**

In April 2018, the Ministry of Labour and Employment released the draft Code on Occupational Safety, Health and Working Conditions, 2018.\(^74\) The draft Code will apply to establishments employing ten or more workers. It consolidates 13 labour laws relating to safety, health and working conditions. These include the Factories Act, 1948, the Mines Act, 1952, and the Contract Labour (Regulation and
Abolition) Act, 1970. Key provisions of the draft Code include:

- **Duties of employers and employees:** Every employer is required to ensure that the workplace is free from hazards that cause injury or diseases. The employer will give an employment letter to every worker, as prescribed by the appropriate government (central government for certain employments such as railways and mines, and state governments for all other employments).

  Every employee is required to take care of his own health and safety, and of those affected by his conduct at the workplace.

- **Rights of employees:** Every employee will have the right to obtain information from the employer related to safety and health at work. The employee may inform the facilitator if the safety and health arrangements are inadequate. A facilitator will be empowered to examine the workplace and inquire into accidents that may take place.

- **Advisory bodies:** Occupational Safety and Health Advisory Boards will be set up at the national and state level. The National Health Advisory Board will advise on standards, rules, and regulations to be framed under the draft Code. The central government will notify these standards. The state boards will advise the state governments on matters referred to them.

- **Working Hours:** The Code provides that no worker will be allowed to work in an establishment for more than 48 hours a week. A worker will not be allowed to work overtime for more than 100 hours in a quarter.

- **Welfare facilities:** The employer will provide welfare facilities to the workers, at the standards prescribed by the central government. These facilities will include separate bathing places and locker rooms for male and female employees.

**Draft Code on Social Security released**

In April, 2018, the Ministry of Labour and Employment released the draft Code on Social Security, 2018. Social security refers to the protection given to workers to access health care and provide income security. The draft Code consolidates 17 laws related to social security, including: (i) the Employees’ Provident Fund Act, 1952, (ii) the Maternity Benefit Act, 1961, and (iii) the Unorganised Workers Social Security Act, 2008. Key features of the draft Code include:

- **Application of Code:** The draft Code will apply to: (i) workers employed by any entity in India (an enterprise or a household), (ii) owner of an entity in India, (iii) international workers, and (iv) Indian citizens outside India, who opt to be covered under social security schemes.

  The draft Code will not apply to certain entities and workers. These include establishments of the central and state governments, and Indian employees working in a foreign country with whom India has a social security agreement.

- **Social security organisations:** The draft Code sets up three bodies: (i) National Social Security Council, headed by the Prime Minister, to review and monitor the implementation of social security in India, (ii) Central Board of Social Security, headed by the Minister of Labour, to administer scheme funds and ensure coordination between state boards, and (iii) State Board of Social Security (in each state), headed by the Chief Minister of the respective state. The State Boards will be responsible for implementing social security schemes in their states.

- **Registration of workers:** The State Boards, in coordination with the Central Board, will provide a portable social security account for the registration of workers. This account, called the Vishwakarma Karmik Suraksha Khata, will be linked to the worker’s Aadhaar number.

- **Funds and schemes:** The draft Code establishes two funds in each state, to be managed by the respective State Board: (i) a fund for social security, and (ii) a fund for gratuity. The employer and workers will make contributions to the funds, as a proportion of their wages. In case of the gratuity fund, the employer will contribute 2% of the wage payable to each employee. The central or state governments may formulate schemes for social security after consulting the National Council.

**Atal Bimit Vyakti Kalyan Yojna notified to give cash benefit to unemployed persons**

In December 2018, the Employees’ State Insurance Corporation (ESIC) notified a scheme called the ‘Atal Bimit Vyakti Kalyan Yojna’, on a pilot basis for a period of two years. The Scheme was approved by the ESIC in September 2018. It will apply retrospectively from July, 2018.
The scheme will cover persons insured under the Employees’ State Insurance Act, 1948. The Act applies to establishments having more than 10 workers with monthly wage ceiling of Rs 21,000. The Scheme will provide one-time cash compensation to unemployed persons up to 90 days, which may be claimed after three months. The relief shall not exceed 25% of the average earning per day.

The conditions of the Scheme include:

- The compensation will be available only if the employee has completed two years of insurable employment and contributed at least 78 days in the four contribution periods immediately preceding the claim of relief.
- The unemployment should not have been as a result of any punishment for misconduct or superannuation or voluntary retirement.
- The average earning per day shall be the total wages received during the four consecutive contribution periods divided by 730 days.
- The identity of the person of the person shall be established from the ESIC database against their Aadhar Number.

**Advance of 75% of PF amount permitted in case of unemployment for at least one month**

The Ministry of Labour notified an amendment to the Employees’ Provident Funds Scheme, 1952 in December 2018. The Scheme is notified under the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952, which institutes and regulates provision of provident fund for establishments having more than 20 workers.

Under the revised scheme, the Labour Commissioner or any other authorised officer, may allow an employee leaving the establishment, a non-refundable advance of up to 75% of the amount in his name in the Fund. The withdrawal will only be permitted if the employee has not been employed in any other establishment for more than one month, preceding the date on which he makes an application for the advance.

### Agriculture

**Central government launched the PM-KISAN scheme**

The central government launched the Pradhan Mantri Kisan Samman Nidhi scheme in February 2019. Under the scheme, small and marginal landholder farmer families, i.e. families with total cultivable holding of up to two hectares, will be provided income support of Rs 6,000 per year. The scheme seeks to supplement their financial needs in procuring inputs for appropriate crop health and yields.

The amount is payable in three equal instalments, every four months, through direct benefit transfer to bank accounts. The first instalment was provided for the period from December 2018 to March 2019.

- **Eligibility:** Farmer families collectively owning cultivable land of up to two hectares (as per land records of the concerned state or union territory) are eligible for the scheme. However, this excludes certain persons of higher economic status, including those who are: (i) institutional land holders, (ii) families with one or more members as government employees, and (iii) families with one or more members as income tax payers.

- **Identification of beneficiaries:** States were required to identify beneficiaries by February 1, 2019 based on their land records. Post this date, no change is allowed in the list of beneficiaries for a period of five years. Changes are permitted only in the case of: (i) transfer of ownership of land through succession, and (ii) inconsistencies in the land records. The list of eligible beneficiaries would be published at the village level to ensure transparency.

Aadhaar number is mandatory for the release of the second instalment (for the April to July 2019 period). From third instalment (August 2019) onwards, Aadhaar seeding, i.e. biometric authentication, will be compulsory. However, Aadhaar is not mandatory for beneficiaries from Assam, Jammu and Kashmir, and Meghalaya.

- **Monitoring and grievance redressal:** Grievance redressal monitoring committees are required to be set up at the state and district levels by the state government. Eligible beneficiaries whose names are not included in the list can approach the district level grievance redressal monitoring committees.
The scheme provides for a Project Monitoring Unit at the central level with other monitoring and review mechanisms at the national, state, and district levels.

- **Funding:** The scheme is funded by the central government, and is estimated to incur an expenditure of Rs 75,000 crore per year. The same amount has been allocated to the scheme in 2019-20. Rs 20,000 crore was allocated in 2018-19 for providing the first installment.

### Minimum Support Prices for 2018-19

The Ministry of Agriculture and Farmers Welfare released the Minimum Support Prices (MSP) for Kharif crops in July 2018, and for Rabi crops in October 2018.\(^{83,84}\) Table 5 shows the change in MSP for Kharif crops between 2017-18 and 2018-19. The MSP for paddy increased by 12.9% from 2017-18.

<table>
<thead>
<tr>
<th>Crop</th>
<th>2017-18</th>
<th>2018-19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paddy (common)</td>
<td>1,550</td>
<td>1,750</td>
<td>12.9%</td>
</tr>
<tr>
<td>Paddy (grade A)</td>
<td>1,590</td>
<td>1,770</td>
<td>11.3%</td>
</tr>
<tr>
<td>Jowar (hybrid)</td>
<td>1,700</td>
<td>2,430</td>
<td>42.9%</td>
</tr>
<tr>
<td>Jowar (maldandi)</td>
<td>1,725</td>
<td>2,450</td>
<td>42.0%</td>
</tr>
<tr>
<td>Bajra</td>
<td>1,425</td>
<td>1,950</td>
<td>36.8%</td>
</tr>
<tr>
<td>Ragi</td>
<td>1,900</td>
<td>2,897</td>
<td>52.5%</td>
</tr>
<tr>
<td>Arhar (tur)</td>
<td>5,450</td>
<td>5,675</td>
<td>4.1%</td>
</tr>
<tr>
<td>Moong</td>
<td>5,575</td>
<td>6,975</td>
<td>25.1%</td>
</tr>
<tr>
<td>Urad</td>
<td>5,400</td>
<td>5,600</td>
<td>3.7%</td>
</tr>
<tr>
<td>Groundnut</td>
<td>4,450</td>
<td>4,890</td>
<td>9.9%</td>
</tr>
<tr>
<td>Soyabean</td>
<td>3,050</td>
<td>3,399</td>
<td>11.4%</td>
</tr>
<tr>
<td>Sunflower seed</td>
<td>4,100</td>
<td>5,388</td>
<td>31.4%</td>
</tr>
<tr>
<td>Sesamum</td>
<td>5,300</td>
<td>6,249</td>
<td>17.9%</td>
</tr>
<tr>
<td>Nigerseed</td>
<td>4,050</td>
<td>5,877</td>
<td>45.1%</td>
</tr>
<tr>
<td>Cotton medium staple</td>
<td>4,020</td>
<td>5,150</td>
<td>28.1%</td>
</tr>
<tr>
<td>Cotton long staple</td>
<td>4,320</td>
<td>5,450</td>
<td>26.2%</td>
</tr>
</tbody>
</table>

Sources: Ministry of Agriculture and Farmers Welfare; PRS.

In Rabi crops, the MSP for wheat increased to Rs 1,840/quintal in 2018-19, a 6.1% increase from that in 2017-18. Table 6 shows the change in MSP for Rabi crops from 2017-18 to 2018-19.

<table>
<thead>
<tr>
<th>Crop</th>
<th>2017-18</th>
<th>2018-19</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wheat</td>
<td>1,735</td>
<td>1,840</td>
<td>6.1%</td>
</tr>
<tr>
<td>Barley</td>
<td>1,410</td>
<td>1,440</td>
<td>2.1%</td>
</tr>
<tr>
<td>Gram</td>
<td>4,400</td>
<td>4,620</td>
<td>5.0%</td>
</tr>
<tr>
<td>Masoor</td>
<td>4,250</td>
<td>4,475</td>
<td>5.3%</td>
</tr>
<tr>
<td>Rapeseseed and Mustard</td>
<td>4,000</td>
<td>4,200</td>
<td>5.0%</td>
</tr>
<tr>
<td>Safflower</td>
<td>4,100</td>
<td>4,945</td>
<td>20.6%</td>
</tr>
</tbody>
</table>

Sources: Ministry of Agriculture and Farmers Welfare; PRS.

Further, the Ministry released the Fair and Remunerative Price (FRP) for sugarcane and the MSP for copra and jute.\(^{85,86,87}\)

- The FRP for sugarcane increased by Rs 20/quintal to Rs 275/quintal for a basic recovery rate of 10%. A premium of Rs 2.75/quintal has been fixed for each 0.1% increase in recovery over 10%. In sugar mills where recovery is below 9.5%, the price has been fixed at Rs 261.25/quintal.
- The MSP of milling copra increased by Rs 2,010/quintal to Rs 9,521/quintal. The MSP of ball copra increased by Rs 2,170/quintal to Rs 9,920/quintal.
- The MSP for Fair Average Quality of raw jute increased from Rs 3,700/quintal to Rs 3,950/quintal.

### Cabinet approved PM-AASHA scheme for procurement of crops from farmers

The Union Cabinet approved the Pradhan Mantri Annadata Aay Sanrakshan Abhiyan scheme for procurement of crops from farmers in September 2018.\(^{88}\) Under the scheme, states can adopt the following procurement mechanisms: (i) Price Support Scheme, (ii) Price Deficiency Payment Scheme, and (iii) Private Procurement and Stockist Scheme.

**Price Support Scheme:** In Price Support Scheme, physical procurement of pulses, oilseeds, and copra will be done by central nodal agencies, including the Food Corporation of India, in coordination with state governments. The procurement of crops already covered, i.e. paddy, wheat, coarse grains, cotton, and jute, will continue as per the existing mechanism. The other two procurement mechanisms have been approved for oilseeds.

**Price Deficiency Payment Scheme:** This will not involve any physical procurement of crops. Pre-registered farmers will be directly paid (into their bank accounts) the difference between the Minimum Support Prices (MSPs) and the selling/modal prices.
of the crops. Farmers who sell their crops in the notified market yards through a transparent auction process are eligible for the scheme.

**Private Procurement and Stockist Scheme:** States can choose to implement this scheme on a pilot basis in selected districts. Under the scheme, selected private agencies will procure crops at MSPs in the notified markets during a specified period. However, they can procure only when the market prices fall below the MSPs and when they are authorised by the state governments to do so. Maximum service charges up to 15% of the MSPs will be payable to the private agencies.

Rs 15,053 crore has been approved for implementation of the scheme. Moreover, an additional guarantee of Rs 16,550 crore has been approved for the procurement agencies.

**Cabinet approved the Agriculture Export Policy, 2018**

The Union Cabinet approved the Agriculture Export Policy, 2018 in December 2018. The policy aims to double agricultural exports from the present USD 30 billion to USD 60 billion by 2022. It also aims to diversify the export basket and export destinations, and increase exports of high value and value-added products, with focus on perishables.

The policy proposes strategic and operational recommendations, which include: (i) greater involvement of state governments in exports, (ii) infrastructure and logistics support, (iii) focus on export clusters, (iv) private investments in production and processing, and (v) strong quality measures.

The Union Cabinet also approved the establishment of a Monitoring Framework to oversee the implementation of the policy. It comprises representatives of several ministries and concerned state governments, with the Ministry of Commerce as the nodal department.

**Ministry released draft National Inland Fisheries and Aquaculture Policy**

The Ministry of Agriculture and Farmers Welfare released the draft National Inland Fisheries and Aquaculture Policy in February 2019. Aquaculture (or aquafarming) refers to the farming of fish, algae and other aquatic organisms, and aquatic plants. Key features of the draft policy include:

- **Objectives:** The objectives include: (i) utilising and managing inland fisheries and aquaculture resources in an optimal and sustainable manner, (ii) increasing fish production, productivity, and fishermen’s income, (iii) creating employment through trade of globally competitive fish and fish-based value added products, and (iv) ensuring food and nutritional security.

- **Inland fisheries:** The measures recommended for inland fisheries include: (i) conserving indigenous resources, and restoring natural ecosystem of rivers, (ii) transferring management of fisheries in manmade reservoirs to the state fisheries departments for scientific enhancement and efficient governance, (iii) conserving and restoring ecosystem in natural wetlands, and (iv) bringing policies, law, and conservation programmes for development of fisheries in the Himalayan and north-eastern states.

- **Aquaculture:** Measures recommended for development of aquaculture include: (i) developing state and area-specific action plans, (ii) redefining land use categories to include fisheries and aquaculture as components of agriculture, (iii) developing separate programmes for small farmers, (iv) simplifying requirements for registration and leasing of farms, and (v) developing the required regulatory frameworks.

Other policy measures recommended include: (i) making registration of all aquaculture inputs compulsory, (ii) regulating exotic species, (iii) improving disease surveillance, (iv) diversifying species, (v) developing post-harvest and marketing infrastructure, and (vi) strengthening fisheries cooperatives.

**Cabinet approved Fisheries and Aquaculture Infrastructure Development Fund**

The Union Cabinet approved the creation of Fisheries and Aquaculture Infrastructure Development Fund in October 2018. The Fund seeks to provide concessional finance for investment in fisheries development to (i) state and union territory governments and entities, (ii) cooperatives, and (iii) entrepreneurs, among others. The loans will be provided for a period of five years from 2018-19 to 2022-23, with repayments required to be made over a period of 12 years.

The fund is estimated to be worth Rs 7,522 crore, funded by the following sources: (i) Rs 5,266 crore from the nodal loaning entities, (ii) Rs 1,317 crore through contribution from beneficiaries, and (iii) Rs 939 crore through budgetary support from the central government. The nodal loaning entities consist of
NABARD, National Cooperatives Development Corporation, and all the scheduled banks.

Cabinet approved measures for assistance to sugar mills for clearing dues of farmers

The Union Cabinet approved certain measures to provide assistance to sugar mills for clearing the dues of sugarcane farmers. These are:

- **Financial assistance:** In May 2018, financial assistance at the rate of Rs 5.5/quintal of sugarcane crushed in 2017-18 was approved for the sugar mills. This is estimated to incur an expenditure of Rs 1,540 crore.

  For the 2018-19 season, financial assistance of Rs 13.88 per quintal of cane crushed was approved in September 2018. Rs 4,163 crore was approved for this purpose.

  Mills that fulfil the conditions as stipulated by the Department of Food and Public Distribution are eligible for the assistance.

- **Loans:** Loans between Rs 7,900 crore to Rs 10,540 crore to sugar mills were approved in February 2019. The loans were approved for the 2018-19 sugar season (October 2018 to September 2019). These loans will be provided to mills which have cleared at least 25% of the outstanding dues in the 2018-19 sugar season.

  Interest subvention of 7% to 10% will be provided by the central government on these loans for a period of one year. This interest subvention is estimated to cost between Rs 553 crore and Rs 1,054 crore.

- **Buffer stock:** A scheme for creation and maintenance of buffer stock by sugar mills was notified in June 2018. The scheme requires sugar mills to maintain a stock of 30 lakh metric tonnes of sugar for a period of one year starting July 2018. Mill-wise requirement of maintaining buffer stock is specified by the Department of Food and Public Distribution, based on the stock of sugar held by the mills.

  Under the scheme, sugar mills are provided with financial assistance equivalent to their carrying cost towards maintenance of the buffer stock. Carrying cost includes the cost incurred by mills on storage, insurance, and payment of interest. The financial assistance is provided on a quarterly basis.

  The scheme has been launched with the aim of: (i) improving the liquidity of sugar mills and thus, enabling them to clear dues of sugarcane farmers, and (ii) stabilising the price of sugar in the domestic market. It is estimated to incur an expenditure of Rs 1,175 crore.

  Funds required to be given to sugar mills are transferred directly to farmers, and settled against the sugarcane price or dues payable by them. Subsequent balance, if any, is provided to the mills.

Department of Food and Public Distribution notified Minimum Selling Price of sugar

The Department of Food and Public Distribution fixed the MSP for sugar at Rs 29/kg in June 2018. Fixation of MSP for sugar is provided under the Sugar Price (Control) Order, 2018 notified under the Essentials Commodities Act, 1955. The Order fixes the MSP of refined (white) sugar below which no producer can sell or deliver white sugar in the domestic market. The MSP of sugar would be based on the FRP of sugarcane, and the minimum conversion cost of sugar.

The Department increased the MSP of sugar from Rs 29 per kg to Rs 31 per kg for the year 2019-20 in February 2019. The MSP was increased in order to provide more liquidity to sugar mills so that they are able to pay the dues owed to sugarcane farmers. The dues amounted to Rs 20,167 crore as on February 13, 2019.

Cabinet approved provision of loans to sugar mills and distilleries

The Union Cabinet approved the provision of loans to sugar mills and molasses based standalone distilleries for increasing their ethanol production capacity in March 2019. Loans worth Rs 21,639 crore have been approved, along with Rs 4,687 crore towards interest subvention on these loans.

Of the approved amounts, Rs 12,900 crore of loans were approved for sugar mills in March 2019, along with Rs 2,790 crore towards interest subvention. In June 2018, Rs 6,139 crore of loans were approved for the same purpose along with Rs 1,332 crore towards interest subvention.

The aim of providing loans to sugar mills is to improve the liquidity of sugar mills through increased revenue from sale of ethanol. This additional cash flow would facilitate sugar mills in clearing dues of sugarcane farmers.

Molasses based standalone distilleries (i.e. distilleries not integrated with any sugar mill) will be provided
loans of Rs 2,600 crore with Rs 565 crore towards interest subvention.

Increased supply of ethanol from the molasses based distilleries and sugar mills would result in its higher availability for blending with petrol. This would help in achieving the blending target under the Ethanol Blended Petrol programme. The programme provides a 10% target for blending ethanol with petrol to help reduce vehicle exhaust emissions and reduce the import burden for petroleum.

Cabinet approved the restructured National Bamboo Mission

The Union Cabinet approved the restructured National Bamboo Mission under the National Mission for Sustainable Agriculture in April 2018. The scheme has been approved for the years 2018-19 and 2019-20. The National Bamboo Mission was initially launched in 2006-07 and continued till 2015-16. The scheme seeks to increase the area under bamboo cultivation in non-forest government and private land, and improve post-harvest management.

Rs 1,290 crore has been allocated to the scheme for the two-year period. Of this, Rs 950 crore will be allocated by the central government.

Cabinet approved continuation of certain schemes for the period 2017-18 to 2019-20

In May 2018, the Union Cabinet approved continuation of the Krishonnati Yojana and the action plan for higher agricultural education for the period 2017-18 to 2019-20. An outlay of Rs 33,270 crore has been approved for the Krishonnati Yojana. It is an umbrella scheme which includes existing centrally sponsored schemes such as:

- **Mission for Integrated Development of Horticulture**: It is a centrally sponsored scheme which aims to promote holistic growth of horticulture sector. The central government has allocated Rs 7,533 crore towards the scheme.

- **National Food Security Mission**: It aims to increase production of rice, wheat, pulses, coarse cereals and commercial crops. Rs 6,893 crore has been allocated for the scheme.

- **National Mission for Sustainable Agriculture**: It aims at promoting sustainable agriculture practices by focusing on integrated farming, soil health and resource conservation technology. Rs 3,980 crore has been allocated for the scheme.

In June 2018, the Union Cabinet approved an outlay of Rs 2,225 crore for the action plan of the Agricultural Education Division and the Indian Council of Agricultural Research institutes. Of this, Rs 2,197 crore will be contributed by the central government. States will contribute Rs 28 crore to cover expenditure on salaries.

The action plan aims to generate quality human resources from institutes of higher agricultural education. It allocates funds for research to make agriculture and allied fields gender-equitable, and to address capacity building needs of all stakeholders.

Cabinet approved corpus for Micro Irrigation Fund under PMKSY

The Union Cabinet approved a corpus of Rs 5,000 crore for a Micro Irrigation Fund under the Pradhan Mantri Krishi Sinchayi Yojana (PMKSY) in May 2018.

Of this, Rs 2,000 crore was approved for the year 2018-19. The remaining Rs 3,000 crore will be utilised in 2019-20.

The Fund has been set up under NABARD. State governments can use the loans extended by NABARD to incentivise micro irrigation through subsidies or to invest in cluster-based micro irrigation projects. These loans must be paid back within seven years (including the grace period of two years).

An interest subvention of 3% is provided on these loans. This is estimated to incur an expenditure of Rs 750 crore during the two-year period.

Cabinet approved creation of Agri-Market Infrastructure Fund

The Union Cabinet approved the creation of an Agri-Market Infrastructure Fund of Rs 2,000 crore in February 2019. This Fund has been approved for development and up-gradation of infrastructure in 10,000 gramin agricultural markets and 585 regulated wholesale markets. This corpus fund will be created with the assistance of NABARD.

The Fund will be used to provide subsidised loans to states and union territories against their proposals for development of infrastructure in gramin agricultural markets and regulated wholesale markets. The Fund may also be used to provide assistance to states and union territories for innovative integrated market infrastructure projects.

The National Rural Employment Guarantee scheme and other government schemes will be used to strengthen the physical and basic infrastructure in gramin agricultural markets.
NITI Aayog constituted sub-group of CMs on policies in agriculture and NREGS

The governing council of the NITI Aayog constituted a sub-group of Chief Ministers (CMs) in June 2018 to coordinate policy approaches for the agriculture sector and the Mahatma Gandhi National Rural Employment Guarantee Scheme (NREGS). The sub-group had the CM of Madhya Pradesh as its convenor, and was required to submit its report within three months. Its members included the CMs of: (i) Andhra Pradesh, (ii) Bihar, (iii) Gujarat, (iv) Sikkim, (v) Uttar Pradesh, and (vi) West Bengal, and Mr. Ramesh Chand, Member, NITI Aayog.

Terms of reference of the sub-group included:

- Suggesting a wider choice of state-specific interventions during pre-sowing and post-harvest seasons in order to improve income level, water conservation, and the utilisation of waste for wealth creation.
- Recommending interventions under NREGS that reduce agrarian distress, such as wage rates and work availability, and double farmers’ income by 2022. This would include thrust on water conservation, individual schemes, construction of rural haats, and vermi-composting.
- Exploring the possibilities of NREGS as a livelihood resource for development and diversification of livelihoods of small and marginal farmers especially those belonging to SC and ST households.
- Exploring convergence of program resources across departments for optimal fund utilisation, efficiency, effectiveness, and sustainability.

Ministry constituted Rashtriya Kamdhenu Aayog for cow conservation and development

The Ministry of Agriculture and Farmers Welfare constituted an apex advisory body, Rashtriya Kamdhenu Aayog in February 2019. The Aayog has been constituted for the conservation, protection, and development of cows and their progeny. Other objectives of the Aayog include: (i) properly implementing laws that prohibit slaughter and cruelty to cows, and (ii) providing direction to cattle development programmes and schemes.

The Aayog will develop a policy framework and formulate guidelines with the aim of achieving: (i) sustainable development and upgradation of genetic resources of cows, (ii) enhanced dairy production and productivity, and (iii) protection and promotion of the interest of stakeholders in the dairy industry.

RBI increased the limit for collateral free agricultural loans to Rs 1.6 lakh

RBI increased the limit for collateral free agricultural loans from the existing level of one lakh rupees to Rs 1.6 lakh in February 2019. Earlier, banks were mandated to extend collateral free agricultural loans up to one lakh rupees. This limit was fixed by the RBI in 2010. The limit has been revised on account of inflation and increase in agricultural input costs over the years.
Infrastructure

Civil Aviation

The Airports Economic Regulatory Authority of India (Amendment) Bill, 2018 introduced, but will lapse

The Airports Economic Regulatory Authority of India (Amendment) Bill, 2018 was introduced in Lok Sabha July 2018. It amends the Airports Economic Regulatory Authority of India Act, 2008. The Bill will lapse on the dissolution of the 16th Lok Sabha. The Act established the Airports Economic Regulatory Authority of India (AERA). AERA regulates tariffs and other charges for aeronautical services provided at civilian airports with annual traffic above 15 lakh passengers. It also monitors the performance standard of services across these airports. Key features of the Bill are:

- **Definition of major airport**: The Act defines a major airport as one with annual passenger traffic over 15 lakh, or any other airports as notified by the central government. The Bill increases the threshold of annual passenger traffic for major airports to over 35 lakh.

- **Tariff determination by AERA**: Under the Act, AERA is responsible for determining: (i) the tariff for aeronautical services every five years, (ii) the development fees, and (iii) the passengers service fee. It can also amend the tariffs in the interim period. The Bill adds that AERA will not determine: (i) tariff, (ii) tariff structures, or (iii) development fees, in certain cases. These cases include those where such tariff amounts were a part of the bid document on the basis of which the airport operations were awarded. AERA will be consulted (by the concessioning authority, the Ministry of Civil Aviation) before incorporating such tariffs in the bid document, and such tariffs must be notified.

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

DGCA released the National Aviation Safety Plan 2018-22

The Directorate General of Civil Aviation (DGCA) released the National Aviation Safety Plan 2018-22 in August 2018. The Plan aims to promote continuous improvement of aviation safety in the country. Key features of the Plan include:

- **State Safety Priorities**: These priorities include: (i) airborne conflict, (ii) runway excursions and overruns, (iii) wildlife and bird strikes, (iv) loss of control in flight, and (v) deficient maintenance. Each State Safety Priority will have safety objectives, proposed desired safety outcomes, safety action plan and a number of Safety Performance Indicators.

- **Safety objectives**: Objectives include reducing the: (i) risk of airborne conflict, (ii) number of runway excursions and overruns, (iii) number of wildlife (on ground) and bird strikes, (iv) number of ground collisions between aircrafts, and between aircrafts and vehicles. Indicators for each objective include the number of incidents, warnings issued, and errors.

- **Targets**: The desired safety outcome is to reduce number of reported events for each indicator by 3% every year. The targets are fixed for first two years (2018 and 2019). In the subsequent years (2020, 2021 and 2022), targets will be fixed based on the performance of the previous year.

- **State safety risk controls**: In addition to safety priorities, key state safety risk controls also must be measured and improved. The focus of safety risk controls for 2018-22 will include: (i) effective state safety oversight, (ii) implementation of service providers’ Safety Management System, (iii) addressing safety concerns raised by International Civil Aviation Organisation and implementing their provisions, and (iv) safe operations of Remotely Piloted Aircraft Systems (commonly known as drones).
DGCA released guidelines for civilian operation of drones

The DGCA released the requirements for operation of civil Remotely Piloted Aircraft Systems (RPAS), commonly known as drones, in August 2018. These guidelines came into effect from December 1, 2018. Key features of the guidelines include:

- **Definition:** Remotely piloted aircraft (RPA) is an unmanned aircraft, which is piloted from a remote pilot station. A RPA, its associated remote pilot stations, command and control links and any other components forms a Remotely Piloted Aircraft System (RPAS).

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

- **Identification requirements:** All civil RPAs are required to obtain a unique identification number (UIN) from DGCA. A UIN is granted if the RPAS 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 its substantial ownership is vested in Indian nationals, or (iv) a company that is registered in India and has leased the RPAS to any other eligible organisations. RPAS exempted from requiring a UIN include: (i) nano RPAs intended to fly up to 50 feet in uncontrolled airspace or enclosed premises for commercial, recreational or research purposes, and (ii) RPAs owned or operated by central intelligence agencies.

- **Permit requirements:** All civil RPA operators are required to have an unmanned aircraft operator permit, to be issued by DGCA. Entities exempted from requirement include: (i) nano RPA operating below 50 ft, or micro RPA operating below 200 ft, in uncontrolled airspace or enclosed premises, and (ii) RPA owned and operated by government security agencies.

- **Operations:** RPA operators are required to prepare standard operating procedures containing information such as: (i) take-off/landing, (ii) collision avoidance, and (iii) local airspace restrictions. RPAs must be operated only during daylight. All RPA operators, except nano, must inform the local police authority before commencing operations. Before entering the controlled airspace, the remote pilot must establish contact with the air traffic control.

Ministry of Civil Aviation released the Digi Yatri policy

The Ministry of Civil Aviation released the Digi Yatri Policy in August 2018. The policy seeks to deliver a seamless, paperless and hassle-free experience to all passengers across all check-points at Indian airports. Key features include:

- **Objectives:** Objectives of the policy include: (i) enhancing passenger experience and providing a simple and easy experience to all air travellers, (ii) achieving better throughput using digital framework (such as biometric security solutions), (iii) reducing cost operations by removing redundancies at checkpoints, and (iv) introducing a Digi Yatra system with a digital ID backed by a government issued identity such as Aadhaar, and passport.

- **Applicability:** The new process caters to all passengers (Indian nationals with or without a Digi Yatra ID, and foreigners) at all airports across India.

- **Digi Yatra platform:** The Digi Yatra platform (with all the digital IDs) will be built by a joint venture company (JVC) or a special purpose vehicle (SPV). The JVC/SPV will be established by the Airports Authority of India (AAI), with a minority stake, and all private airport operators. The JVC/SPV will obtain a local Authentication User Agency license from the UIDAI.

- **Digi Yatra ID platform:** The Digi Yatra ID platform will offer passenger services such as enrolment, authentication, and consented profile sharing. It will be an ID only platform, and provide an authentication service that airports may implement.

- **Passenger consent:** Creation and use of the Digi Yatra ID by a passenger will be completely voluntary. The platform will strictly take consent from the passenger for sharing of face data for the airport checkpoint clearance only. Additional consent may be obtained if the passenger wants to avail any value added services from the Digi Yatra ecosystem partners. Airports may not create profile of users, or use this authentication for marketing without explicit user consent for marketing purpose. Such consent will be taken separately during registration of Digi Yatra customers. In case the airport does take marketing consent from a user,
this consent must be logged with the Digi Yatra platform. A one click opt-out link must be made available to users directly, as well as through the Digi Yatra platform.

White Paper on National Green Aviation Policy released

The Ministry of Civil Aviation released a White Paper on National Green Aviation Policy in March 2019. The policy seeks to enable, promote and strengthen all inclusive, green and sustainable growth of air transportation in India. Key features of the policy include:

- **Objectives:** Objectives of the policy include: (i) making Indian aviation one of the most resource efficient sectors without compromising on environment and ecological protection, (ii) enabling and promoting the use of renewable energy in the civil aviation sector, (iii) ensuring implementation of Environmental Management System approach across aviation units, (iv) reducing greenhouse gases and other gaseous emissions in line with national and global frameworks, and (v) creating a favourable regulatory regime for clearances of aviation projects, with care to environment sustainability.

- **Airport master planning:** While developing the Airport Master Plan, all airports must consider all policy areas. These include environment impact assessment as per guidelines of the Ministry of Environment.

- **Green Infrastructure Program:** All aviation stakeholders should adopt green infrastructure guidelines while designing, constructing, operating, maintaining, renovating and during demolition of infrastructures. Such guidelines are specified by the Indian Green Building Council, the U.S. Green Building Council, Green Rating for Integrated Habitat Assessment, or any equivalent standards.

- **Greenhouse gas emissions and climate change:** All aviation stakeholders should assess, minimise and mitigate greenhouse gas emissions under their direct control. DGCA will prepare a framework to advise all stakeholders to adopt measures to reduce emissions in all areas. These areas include aircraft, ground support, and airport infrastructure.

- **Other policy areas identified under the policy include:** water management, land, soil, habitat and biodiversity, and spills and releases.

Cabinet approved setting up of SPV for disinvestment of Air India

The Union Cabinet approved the creation of an Special Purpose Vehicle (SPV) for the disinvestment of Air India and its subsidiaries in February 2019. The new SPV, Air India Assets Holding Ltd., was created on January 22, 2018, based on an order issued by the Ministry of Civil Aviation. The following will be transferred to the SPV:

- The debt of Air India Ltd. amounting to Rs 29,464 crore;
- The subsidiaries which are not part of Air India strategic disinvestment such as Air India Air Transport Services Ltd., Airline Allied Services Ltd., and Air India Engineering Services Ltd.;
- Non-core assets, paintings and artefacts, and other non-operational assets of Air India.

Proposed transaction structure for greenfield airports released

The Ministry of Civil Aviation released the proposed transaction structure for greenfield airports in August 2018. The guiding principles of the proposed transaction structure are affordability, sustainability and predictability. Key features of the proposed transaction structure include:

- **Scope of concession:** The concession (or contract) will be awarded on a develop, build, finance, operate and transfer (DBFOT) basis.

- **Concession period:** A concession period of 40 years has been proposed. This will help investors recover capital investment and address traffic fluctuations.

- **Bid parameter:** Currently, share of gross revenue of the airport operator, that is shared with the concessioning authority, is used as the bid parameter in greenfield projects. However, there have been challenges in monitoring and finalising such revenue. The transaction structure proposes to change the bid parameter to the concession fee payable to the concessioning authority (in rupees per passenger). In addition, the concessionaires will also be required to pay an administrative fee to the authority. For 2018-19, the fee is proposed to be Rs 20/passenger. The annual change in fee will be indexed to 50% of inflation in the previous year.
**Tariff structure**: Currently, airport tariff is determined on a cost-plus basis. Under the proposed structure, the tariff will be predetermined at the beginning of the concession period on the basis of Maximum Blended Aeronautical Yield (MBAY) rupees per passenger. The MBAY for greenfield airports for 2018-19 is proposed to be Rs 400/passenger.

**MBAY** will cover revenue accruing to the concessionaire from all services that are critical to aviation activities, and where the concessionaire exercises significant market power. These include revenue earned from: (i) landing, housing and parking charges, (ii) cargo, ground handling agencies, and inflight catering, and (iii) passenger service fee.

**Cabinet approved leasing out six airports through PPP**

The Union Cabinet gave in-principle approval to leasing out six airports for operation, management and development under public private partnership (PPP) through a Public Private Partnership Appraisal Committee (PPPAC) in November 2018. These airports are currently operated by the AAI. These airports are Ahmedabad, Jaipur, Lucknow, Guwahati, Thiruvananthapuram and Mangaluru. Currently, five airports are being managed under the PPP model. These are Delhi, Mumbai, Bangalore, Hyderabad, and Cochin.

The Union Cabinet also approved the constitution of an empowered group of secretaries to decide on any issue falling beyond the scope of PPPAC. The group is headed by CEO, NITI Aayog, and includes Secretary, Ministry of Civil Aviation, Secretary, Department of Economic Affairs, and Secretary, Department of Expenditure.

**Cabinet approved revival of certain unused and under-served air strips**

The Union Cabinet approved the extension of time and scope for the revival and development of certain un-served and under-served air strips, helipads, and water aerodromes in March 2019. These airstrips are under state governments, AAI, civil enclaves, and Central Public Sector Undertakings. The total cost will be Rs 4,500 crore and will be provided through budgetary support from the central government.

**Revised norms for protecting data regarding airline incidents released**

The DGCA revised norms for the reporting and investigation of airline incidents in November 2018. The objective of such reporting and investigation is to: (i) enable assessment of safety implications of each occurrence, including previous similar occurrences, so that any necessary action is initiated to prevent similar occurrences in future, and (ii) ensure dissemination of such information. The revised norms related to the protection of data (cockpit voice recordings, images) with regard to airline incidents and investigations. The revised norms add that:

- The operator (airline) will ensure that any cockpit voice recordings and airborne images are protected from any inappropriate use and not disclosed to the public.
- The Chief of Flight Safety of the operator will incorporate the procedure for such data protection in their flight safety manual.

**DGCA revised guidelines related to airline cancellation and refunds**

The DGCA revised guidelines related to: (i) refund of airline tickets to passengers, and (ii) facilities to be provided to passengers by airlines due to denied boarding, cancellation of and delays in flights, in May 2018. Key guidelines include:

**Refund of airline tickets**

- **Look-in period**: The airlines will provide a ‘look-in’ option for 24 hours after booking the ticket. During this time period a passenger can cancel or change the ticket without any additional charges, except for the normal prevailing fare of the changed ticket. This facility will not be available for a flight whose departure is less than seven days from the booking date.
- **Additional charges**: Airlines will not levy any additional charge for correction in name of the same person. Such errors must be pointed out by the passenger within 24 hours of the booking.
- **Cancellation charges**: Earlier, airlines could not levy cancellation charges that are more than the basic fare plus fuel surcharge. The proposed guidelines extend this provision to travel agents.
Denied boarding, cancellation of and delays in flights

- **Cancellation of flights**: Earlier, if an airline informed the passengers of the cancellation less than two weeks before and up to 24 hours of the scheduled time of departure, then it was required to offer the passenger an alternate flight within two hours of their scheduled departure. As per the revised guidelines, the airline may also refund the ticket, if acceptable to the passenger.

- **Flight delays**: If a flight is expected to be delayed by more than six hours from the scheduled departure time or a previously revised departure time (communicated before 24 hours), airlines will offer an option of: (i) alternate flight within six hours, or (ii) full refund of ticket. If the delay is more than 24 hours, or is moved to the next day, the airline will offer the passengers: (i) meals and refreshments in relation to waiting time, and (ii) hotel accommodation when necessary (including transfers). Such facilities will be free of charge.

- If a passenger misses a connecting flight booked on the same ticket number, the airline must provide: (i) alternate flight as acceptable to the passenger, or (ii) compensation in addition to the full refund of air ticket. The airline will offer a compensation amount, or booked one-way basic fare plus airline fuel charge, whichever is less. The compensation will be as per the following criteria: (i) Rs 5,000 for flights with travel time less than an hour, (ii) Rs 7,500 for flights with travel time between one and two hours, and (iii) Rs 10,000 for flights with travel duration of more than two hours.

**Draft International Air Connectivity Scheme released**

The Ministry of Civil Aviation released the draft International Air Connectivity (IAC) Scheme – UDAN (International) in August 2018.12 The draft scheme seeks to assist state governments as they try to facilitate air connectivity between their respective states and international destinations. Assistance will be provided through financial support (subsidy) to airlines to meet the gap, if any, between the cost of airline operations and the expected revenues on such routes. Key features of the draft scheme include:

- **Guiding principles**: The key guiding principles will include: (i) operationalising the scheme only for those states which demonstrate their commitment to implement and provide the requisite support for operations under the scheme; and (ii) encouraging sustainability of operations in the long term so that the connectivity established is not perpetually dependent on the subsidy.

- **Identification of IAC routes**: Each state government, as per its priorities and the scheme objectives, will identify the list of routes to be connected under the scheme.

- **Financial support**: The concerned state governments will provide financial support to selected airlines in the form of subsidy for operations on IAC routes. Certain concessions will also be provided by the central government and the AAI. Subsidies provided by the state governments and AAI will be provided for a period of three years from the date of commencement of IAC flight operations.

- **Implementing agency**: The Ministry of Civil Aviation, in consultation with state governments, may designate any entity, as the implementing agency under this scheme. This agency will be responsible for undertaking activities to support the state governments. A state government may also be designated as the implementing agency, and such agency can be different across states. The agency will undertake the bidding processes, and manage funds under the scheme.

**Draft Cape Town Convention Bill, 2018 released**

The Ministry of Civil Aviation released the draft Cape Town Convention Bill, 2018 in October 2018.121 The draft Bill sought to implement the Cape Town Convention (Convention on International Interests in Mobile Equipment), and Protocol (Protocol to the Convention on Matters Specific to Aircraft Equipment) in India. The Cape Town Convention/Protocol were adopted in Cape Town in November, 2001. India became a party to the Convention/Protocol in July, 2008.

The Convention/Protocol primarily seeks to achieve efficient financing of high value mobile equipment, like airframes, helicopters and engines, in order to make the operations cost effective and affordable. Objectives of the Convention/Protocol include:

- Creating an international interest in aircraft objects which will be recognised in all contracting states;

- Establishing an electronic international registry for registration of international interests, and
providing information related to interests in a particular aircraft;

- Providing certain basic default remedies for creditors, to provide them with speedy interim relief; and

- Creating a legal regime which is applicable universally and administers justice to both parties in case of a dispute.

**Need for the legislation:** Certain provisions of the Convention/Protocol are in conflict with certain provisions of other laws such as the Civil Procedure Code, 2008, the Specific Relief Act, 1963, the Companies Act, 2013 and the Insolvency and Bankruptcy Code, 2016. Further, international financial institutions are not giving due weightage to accession to the Convention/Protocol by any country unless it is accompanied by an implementing law. For example, OECD provides 10% discount in the processing fee of a loan to acquire aircraft to airlines of any country that has enacted a law implementing the Convention/Protocol.

**Task Force constituted for fast-tracking UAV technology**

The Ministry of Civil Aviation constituted a 13-member Task Force (Chair: Mr Jayant Sinha, Minister of State for Civil Aviation) to facilitate fast tracking of Unmanned Aerial Vehicle (UAV) technology in April 2018.¹²⁴

The terms of reference of the Task Force included: (i) focusing on areas of research and development, acquisition and commercialisation in specific sectors, and giving preference to Make in India, and (ii) developing a roadmap for implementation of UAV technology including outcomes, timelines, and review mechanisms along with measurable metrics.

The Task Force included representatives from the government, Public Sector Undertakings, and various sectoral experts. It had to submit its report within six months of its constitution. No report has been published so far.

**Railways**

**Indian Railways rationalised freight and passenger fares**

The Indian Railways rationalised: (i) the flexi-fare scheme, and (ii) freight fares in October 2018.¹²⁵,¹²⁶

The changes in fares included:

**Flexi-fare scheme:** Flexi-fare scheme was discontinued in trains with average monthly occupancy less than 50% throughout the previous year. It was also discontinued in lean traffic period of three months, in trains with average monthly occupancy between 50-75% throughout the previous year. Certain discounts in flexi-fares were also introduced in less patronised classes (such as 2A, 3A, and CC) to increase their occupancy.

These changes were introduced based on the recommendations of a committee that reviewed the flexi-fare scheme, recommendations of the CAG on the scheme, and representation from passengers.

**Freight rates:** Indian Railways rationalised its freight rates to ensure additional revenue generation across the network. An additional revenue of Rs 3,344 crore was expected from such rationalisation. This revenue would be utilised to improve passenger amenities. This rationalisation resulted in an 8.75% increase in freight rates for major commodities such as coal, iron and steel, iron ore, and raw materials for steel plants. In addition, the haulage charge of containers was increased by 5% and the freight rates of other small goods were increased by 8.75%. Freight rates were not increased for goods such as food grains, flours, pulses, fertilisers, salt, sugar, cement, petroleum, and diesel.

**Cabinet approved new Railway Zone at Visakhapatnam**

The Union Cabinet approved setting up of a new Railway Zone at Visakhapatnam, Andhra Pradesh and a new division with headquarter at Rayagada, Odisha, in February 2019.¹²⁷ The new zone and division were set up by reorganising the existing South Central Railway and East Coast Railway.

**Cabinet approved IRSDC as the nodal agency for railway station redevelopment**

The Union Cabinet approved the Indian Railway Stations Development Corporation Limited (IRSDC) as the nodal agency and the main project development agency for redevelopment of railway stations, in October 2018.¹²⁸ The lease tenure period for such projects will be 99 years. IRSDC will prepare the overall strategic plan and business plans for redevelopment of individual or a group of stations. Upon approval of business plans by the Ministry of Railways, IRSDC or other project development agencies will take up the work of station redevelopment.
The Indian Railways, Rail Land Development Authority, or IRSDC will plan and develop Railway land. This will be done in consultation with urban local bodies, local development authorities or other union territories, to transfer land on free hold basis to Indian Railways.

The Union Cabinet had approved the development of certain categories of stations by Zonal Railways in June 2015. However, insufficient interest was shown by bidders on such projects, and issues such as multiple sub leasing were raised. Allowing a specialized executing agency (IRSDC) for such projects sought to address these issues.

Cabinet approved the closure of Burn Standard Company Limited

The Union Cabinet approved the closure of Burn Standard Company Limited (BSCL), a central public sector enterprise, in April 2018. BSCL was primarily engaged in manufacturing railway wagons under the Ministry of Railways. This decision was taken due to: (i) the poor physical and financial performance of BSCL for over 10 years, and (ii) low probability of its revival in the future.

The government provided a one-time grant of Rs 417 crore for clearing the current liabilities of the company. In addition, an outstanding loan of Rs 35 crore given to the company by the Ministry of Railways was written off.

Roads

Ministry of Road Transport released Bulk Data Sharing Policy and Procedure

The Ministry of Road Transport and Highways released the Bulk Data Sharing Policy and Procedure in March 2019. The Ministry collects and holds data on issuance of Vehicle Registration Certificates (RC) and Driver Licenses (DL). Currently, this data is shared with specified agencies such as enforcement agencies, automobile industries, banks, and financial companies. The policy seeks to share this data for various purposes to help support the transport and automobile industry, and help improve service delivery to citizens. Key features of the policy include:

- **Data sharing:** Any organisation requesting data should be registered in India, with at least 50% ownership by an Indian resident or an Indian company. All bulk data accessed by the organisations must be processed and stored in servers within India. The data at any point should not be transferred, processed or stored in a server outside India.

- **Purchasing data:** Organisations will purchase the data for one calendar year at any time, and the data will be shared with them quarterly. Commercial organisations and individuals seeking bulk data will be required to pay an amount of three crore rupees for FY 2019-20. Educational institutions seeking bulk data for research purposes and for their internal use can buy it at a cost of five lakh rupees.

- **Procedures:** Data in bulk will be released in encrypted format. Organisations seeking access to such data will be required to provide security audit report as specified. All data provided will be non-transferable and cannot be re-sold. The organisations will be responsible to ensure that any activity which results in identification of individuals using the data set is not undertaken.

- **Misuse of data:** Violators of these guidelines will be liable for any action permissible under the IT Act, 2000, or any other applicable law. Further, such organisations will be barred from accessing this data for a period of three years.

IRDAI notified mandatory long-term third party insurance for new vehicles

The Insurance Regulatory and Development Authority of India (IRDAI) notified mandatory long-term third party insurance cover for new vehicles in August 2018. As per the notification, all general insurers will provide only: (i) three-year third party insurance cover for new cars, and (ii) five-year third party insurance cover for new two-wheelers. The premium will be collected for the entire term (three or five years, as the case may be) at the time of sale of insurance, but will be recognised on a yearly basis.

This gave effect to the Supreme Court order from July 20, 2018, which mandated the time period for third party insurance cover for new vehicles. The new insurance policy was applicable from September 1, 2018.

Ministry of Road Transport and Highways released guidelines for resolution of stuck highway projects

In March 2019, the Ministry of Road Transport and Highways released guidelines for the resolution of highway projects that have been stuck. These
guidelines were recommended by a High Powered Committee constituted in January 2019. These will apply to projects undertaken by the Ministry through the National Highways Authority of India (NHAI), the National Highways and Infrastructure Development Corporation Limited, or the state public works department.

**Stuck projects:** Stuck projects include projects where the work has stopped due to: (i) inability of the concessionaire to execute the project due to proceedings initiated against it before the National Company Law tribunal, under the Insolvency and Bankruptcy Code, 2016, or certain provisions of the Companies Act, 2013, or (ii) default by both the government authority, and the concessionaire.

The guidelines address three types of stuck projects:

(i) **Engineering, Procurement, Construction (EPC) mode:** Projects awarded under EPC mode that have been classified as stuck may be foreclosed through a mutual agreement between the government authority and the concessionaire. The authority will pay for the work completed as per the milestones in the initial agreement.

(ii) **Build, Operate, Transfer (BOT) mode:** Stuck projects awarded under BOT mode may also be foreclosed through a mutual agreement. The government authority will pay a final settlement amount equivalent to: (a) the value of work done, or (b) 90% of the debt due (derived on the basis of total project cost as determined by NHAI), whichever is lower.

(iii) **Projects awarded on item rate basis:** For these projects, the government authority will pay the concessionaire an amount calculated as per the damages mechanism provided in the contract.

For projects not covered under these guidelines, provisions of the agreement mutually binding on both parties may be applied and followed.

**Location tracking and emergency buttons mandated for all new public service vehicles**

In October 2018, the Ministry of Road Transport and Highways mandated vehicle location tracking (VLT) with emergency buttons for all new public service vehicles (such as taxis and public buses) registered on or after January 1, 2019. Auto-rickshaws and e-rickshaws were exempted from this rule. The VLT device manufacturers would assist in providing the back end services for monitoring the devices.

With regard to older public service vehicles (those registered up to December 31, 2018), the respective state/UT governments would notify the date by which these vehicles have to install these devices and emergency buttons. State/UT governments also have to ensure the execution of the rule, and the functional status of these VLT devices.

The details of each VLT device will be uploaded on the VAHAN database by the device manufacturer. Vehicle owners will ensure that the VLT devices installed in their vehicles are in working condition. They will also regularly send required data to the back end system through cellular connectivity.

The state governments or VLT manufacture-rs, or any other agency authorised by the state government, will set up command and control centres. These centres will provide an interface to various stakeholders such as: (i) the state emergency response centre, (ii) the Regional Transport Offices, (iii) the Ministry of Road Transport and its designated agencies, and (iv) device manufacturers and their authorised dealers.

**Advanced braking systems made mandatory for certain vehicles**

The Ministry of Road Transport and Highways released a notification mandating advanced braking systems, technologies and performance requirements for certain vehicles in March 2019. These vehicles include motor vehicles (with at least four wheels) used for the carriage of: (i) passengers and their luggage, and (ii) goods. All existing vehicles will be required to adopt these new provisions by April 1, 2022. All new vehicles manufactured on or after April 1, 2021 will be required to have these technologies pre-fitted. These advanced braking systems include anti-lock braking system, electronic stability control system, and brake assist system.

**Power**

**Ministry of Power released draft amendments to Electricity Act, 2003**

The Ministry of Power released draft amendments to the Electricity Act, 2003 in September 2018. The proposed amendments seek to segregate the electricity distribution business into two segments: supply and distribution. Key features of the proposed amendments include:

- **Segregation of distribution and supply business:** Under the Act, a distribution licensee
supplies electricity and maintains the distribution network in an area of supply. The draft amendments provide for separate licences for maintaining the distribution network (distribution licence) and for the supply of electricity (supply licence). Further, multiple distribution and supply licences could be awarded for an area of distribution and supply.

- **Renewable energy:** The Act does not define renewable sources of energy. The proposed amendments define renewable energy sources to include hydro, wind, solar, bio-mass, bio-fuel, waste including municipal and solid waste, geothermal, tidal, co-generation from these sources, and any other sources as may be notified by the central government.

- **Direct subsidy:** Under the Act, the state governments provide for subsidies to a consumer through an advance payment as determined by the State Electricity Regulatory Commission (SERC). Typically, this subsidy is transferred to the state discoms, who incorporate these subsidies directly into the tariffs for consumers. The draft amendments provide that if a state government or the central government seeks to provide a subsidy to any consumer, it will do so through direct benefit transfer to the bank account of the beneficiary.

- **Cross subsidy:** The draft amendments provide that the cross subsidisation of tariff within a distribution area will not exceed 20%. Further, such cross-subsidies will be progressively reduced and eliminated within three years. The Central/State Electricity Regulatory Commission (CERC/SERC) will determine the trajectory for such reduction. It will also ensure that the reduction in cross subsidy is not less than 6 percent every year.

- **Smart grid and metering:** The amendments define a smart grid as an electricity network that uses information and communication technology to gather information and act intelligently in an automated manner. It should help improve the efficiency, reliability, economics, and sustainability of generation, transmission and distribution of electricity. These smart meters should be installed at each stage for proper measurement of consumption.

For a PRS analysis of the draft amendments, see [here](#). Note that several provisions of the draft amendments were similar to the Electricity (Amendment) Bill, 2014. For a PRS analysis of the 2014 Bill, see [here](#).

**Ministry of Power proposed rationalisation of retail tariff**

In September 2018, the Ministry of Power proposed amendments to the Tariff Policy, 2016 (for electricity) to simplify the current tariff categories and rationalise retail tariff. The proposed principles include:

- **Tariff structure:** Currently, different categories of consumers (such as agricultural, residential, industrial, etc.) are charged different tariffs. The proposed principles seek to do away with such differences in tariff. The tariff should instead be based on load used and energy consumed. The SERCs may create a separate category of tariff for electric vehicle charging stations.

- A systematic method can be adopted to revise the consumer load automatically if the average load of the previous year exceeds the sanctioned load. A penalty should be imposed for exceeding the sanctioned load.

- **Load and consumption categories:** A maximum of five load categories may be created such as: (i) 0-2 kW, (ii) 2-5 kW, (iii) 5-10 kW, (iv) 10-25 kW, and (v) >25 kW. For each load bracket, the tariff should be progressive based on consumption. The consumption slabs should be considered as: (i) 0-200 units, (ii) 201-400 units, (iii) 401-800 units, (iv) 801-1200 units, and (v) >1200 units.

- **Subsidies:** Consumers with sanctioned load and unit consumption in lower brackets will be subsidised by consumers in higher load and consumption brackets.

**Certain recommendations of the High Level Empowered Committee on stressed thermal projects accepted**

The Ministry of Power had constituted a High Level Empowered Committee to resolve issues facing stressed thermal power assets and to revive them, in July 2018. The Committee was headed by the Cabinet Secretary with representatives from the: (i) Ministry of Railways, (ii) Ministry of Finance, (iii) Ministry of Power, (iv) Ministry of Coal, and (v) lenders with major exposure to the power sector. The Committee was to look to maximise the efficiency of investments made in these assets by examining various aspects. These included: (i) changes required in the fuel allocation policy, (ii) changes in regulatory framework, (iii) mechanisms to facilitate sale of power, and (iv) ensuring timely payments.
It submitted its report to ‘Address the issues of Stressed Thermal Power Projects’ in November 2018. The Union Cabinet approved some of the Committee’s recommendations in March 2019. The approved recommendations provide for certain changes to the coal linkage policy, SHAKTI. Key recommendations that have been approved include:

- All power plants (including private), which do not have power purchase agreements (PPAs), will be granted coal linkages by Coal India Limited (CIL), as per SHAKTI. These linkages will be provided for a period from three months up to one year. The power from these plants must be sold: (i) in the day-ahead market on power exchanges, or (ii) in short-term through transparent bidding process.

- A generator which terminates the PPA due to default in payment by the power distribution company (discom), may be allowed to use coal from the existing linkage. This coal may be used for sale of power through short-term PPAs. Such sale would be allowed for a period of two years or until they find another buyer under long/medium term PPA, whichever is earlier.

- Central and state generation companies can act as aggregators of power of stressed power assets and procure it through transparent bidding. They can offer this power to the discoms against their existing PPAs, till the discoms’ own plants get commissioned. These companies may use the existing unutilised bridge linkages for such stressed assets.

- Any net surplus generated through the above methods (after paying operating expenses) will be entirely used for servicing the debt.

- The Ministry of Coal may earmark more coal for power sector under special forward e-auction by reducing the equivalent quantity from spot e-auction. CIL may earmark at least 50% of the total coal for e-auction for power.

- Discoms, CIL, other government bodies may be advised not to cancel PPAs, or fuel supply agreements, transmission connectivity, and other approvals including water even if the project is referred to the NCLT, or acquired by another entity. All clearances may be linked to the plant and not the promoter.

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

**Ministry of Power released guidelines for charging infrastructure for electric vehicles**

The Ministry of Power released guidelines and standards for charging infrastructure for electric vehicles in December 2018. These guidelines seek to encourage adoption of electric vehicles (EVs) by providing an enabling framework. Key features of the guidelines include:

- **Objectives:** Objectives of the guidelines include: (i) enabling faster adoption of EVs in India by ensuring safe, accessible, and affordable charging eco-system, (ii) promoting affordable tariff chargeable from EV owners and charging station owners, (iii) creating economic opportunities for small entrepreneurs, and (iv) building a market for EV charging business.

- **Charging stations:** The guidelines provide for setting up of private and public charging stations. Private stations will be provided at residences and offices. Setting up public charging stations will be a de-licensed activity. Any individual can set up these public charging stations provided they meet the specified technical and performance standards. Power discoms will facilitate setting up of these stations.

- **Technical specifications:** The guidelines also provide the technical and infrastructure requirements for public charging stations. These include voltage specifications, number of charging points, associated electrical equipment, and public amenities. These requirements will not apply to private charging points set up for the self-use of individual EV owners.

- **Location of public charging stations:** At least one charging station should be available in a grid of 3 km x 3 km. One charging station should be set up at every 25 km on both sides of highways/roads.

- **Rollout plan:** There will be two phases for rolling out the charging infrastructure: Phase I (one to three years), and Phase II (three to five years). Phase I will cover all mega cities with population above forty lakh, and the associated expressways and highways. Phase II will cover state and UT capitals.

- **Tariff:** The Central or State Electricity Regulatory Commissions will determine the tariff for supply of electricity to the public charging stations. However, such tariff will not be more than the average cost of supply plus
15%. Domestic tariffs will apply for domestic charging of EVs.

**Ministry of Power released mechanism for implementing new environmental norms for thermal power plants**

The Ministry of Power released a mechanism (or enabling guidelines) to ensure implementation of certain revised environmental norms, in May 2018.\(^{142}\)

The Ministry of Environment, Forest and Climate Change had notified the Environment (Protection) Amendment Rules, 2015 in December 2015 to introduce revised emission standards for thermal power plants (TPPs).\(^{143}\) These standards would require additional infrastructure and operational costs due to large scale installation, renovations and retrofitting of existing plant machinery. These enabling guidelines seek to provide regulatory certainty to TPPs to recover the additional costs through tariff.

Key guidelines include:

- The notification does not apply to: (i) PPAs of TPPs where the tariff was determined through a bidding process, with bid deadlines on or after December 7, 2015, and (ii) TPPs where pollution control systems were mandated under the environmental clearance of the plant, before notification of the rules.

- The additional cost implication to meet the new environmental norms, will be considered for being passed through in the power tariff.

- The TPPs may approach the CERC/SERC to approve the additional capital expenditure, and compensation for additional cost.

- The CERC will develop a regulatory mechanism to address the impact on tariff, and the certainty in cost recovery for the TPPs under its purview.

**Changes in domestic duties, taxes can be passed through under ‘change of law’**

Currently, under the Tariff Policy, 2016 (for electricity), pass-through of increased costs may be allowed if the duties/taxes (on inputs) are changed after the award of bids, or unless provided otherwise in the PPA.\(^{144}\) Further, such pass through of increased costs must be approved by the CERC/SERC.

The Ministry of Power noted that power generation companies have been unable to get pass-through of changes in cost. This is mostly due to delays in getting the pass-through costs approved. Such delays have affected the cash flows of these companies, and are causing stress in the power sector. In light of this, in August 2018, the Ministry issued certain directions to the CERC, which include:

- Any changes in domestic duties, cess, or taxes, imposed by the central or state government, which leads to an increase in the cost of power, be passed through to the consumer (unless provided otherwise in the PPA).

- CERC will only determine the per unit impact of such change in duties/taxes, which will be passed on.

- CERC will circulate a draft order for determination of per unit impact to all the states/beneficiaries on the 14th day from the filing of the petition.

- The impact of the change in law on the tariff will be effective from the date of such change in law.

**Ministry of Power released public procurement guidelines for power sector**

The Ministry of Power released public procurement guidelines to provide for purchase preference (linked to local content) for the transmission, thermal, and hydro power sectors, in December 2018.\(^{145,146,147}\) These guidelines were in furtherance of the notification of the Department of Industrial Policy and Promotion on public procurement (preference to Make in India).

The notifications provide details of the minimum local content required for various projects in these sectors. The Ministry of Power will constitute a Committee for each of the sectors to decide on complaints relating to implementation of the orders. Each Committee will be chaired by Members from the Central Electricity Authority.

**Ministry of Power released draft guidelines for short-term sale of power**

The Ministry of Power released draft guidelines for the short-term sale of power in March 2019.\(^{148}\) The sale will be carried out by power generating companies and discoms through tariff based bidding process. Short-term sale of electricity includes electricity sold for a period of more than one day up to one year. The Ministry had earlier released guidelines for short-term sale of power in May 2012, and revised them in March 2016. Key features of the draft guidelines include:
**Objectives:** Objectives of the draft guidelines include: (i) promoting competitive sale of electricity on short-term basis, (ii) providing opportunities to sellers to sell their power through transparent e-tendering process, (iii) improving power availability for consumers.

**Scope:** As per the guidelines, a bidder or procurer (of short-term power) will include distribution licensees, open access consumers, and authorised representatives of the distribution licensees. Sale by multiple sellers will be allowed through a combined bid process.

**Tariff structure:** The bidder will be required to quote the single tariff at delivery point. The tariff should be constant and not be escalated during the contractual period. If bids are invited for different time slots (of a day), then the tariff may be different for each time slot.

**Guarantee to be submitted:** The bidders will be required to submit earnest money deposit (EMD, or bank guarantee) for the maximum capacity they seek to offer. The EMD will be forfeited if: (i) the bidder withdraws the bid during the bid validity period, or (ii) contract performance guarantee is not submitted or non-acceptance of Letter of Agreement by the successful bidder. The EMD of successful bidders will be refunded after furnishing the contract performance guarantee.

**Bid evaluation:** For each requisition, there should be at least two bidders. If the number of bidders responding is less that two then the seller has discretion to continue with the sale, or annul it. The bidder will be evaluated as per the option chosen by the seller. The ranking will be done on the basis of time of submission, or tariff, or a combination of both.

**New and Renewable Energy**

Cabinet declared hydro power projects as renewable energy sources

The Union Cabinet approved certain measures to promote the hydro power sector in March 2019. Key measures approved include:

**Large hydro projects:** Large hydro power projects (capacity above 25 MW) were considered as renewable energy sources. However, the large projects will not be automatically eligible for any differential treatment for statutory clearances such as forest and environmental clearances, or impact assessment studies, that are available for smaller hydro projects.

**Hydro Purchase Obligation (HPO):** HPO will be a separate category within the existing renewable purchase obligation (obligation on certain entities to purchase a fixed minimum percentage of power from renewable sources). It will cover all large hydro projects commissioned post this approval. The Ministry of Power will notify the trajectory for HPO targets based on the projected hydro capacity addition.

**Tariff rationalisation:** Tariff rationalisation measures include: (i) providing flexibility to the developers to determine tariff by back loading of tariff (progressively increasing it) after increasing project life to 40 years, (ii) increasing debt repayment period to 18 years, and (iii) introducing escalating tariff of 2%.

**Budgetary support:** Providing budgetary support for: (i) flood moderation component of certain hydro power projects, and (ii) funding cost of enabling infrastructure such as roads and bridges. The latter will be limited to Rs 1.5 crore per MW for projects up to 200 MW capacity, and one crore rupees per MW for projects above 200 MW.

**Ministry of Power notified long term growth trajectory for renewable purchase obligations**

The Ministry of Power notified the long term growth trajectory of Renewable Purchase Obligations (RPOs) for both solar and non-solar energy in June 2018. RPOs are purchase obligations on electricity discoms to purchase certain amount of their energy requirements from renewable energy sources. The new targets seek to help achieve the target of 175 GW of renewable capacity by 2022.

Between 2016-17 and 2018-19, the long term RPO trajectory was as follows:

**Table 7: Long-term RPO trajectory**

<table>
<thead>
<tr>
<th></th>
<th>2016-17</th>
<th>2017-18</th>
<th>2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-solar</td>
<td>8.75%</td>
<td>9.50%</td>
<td>10.25%</td>
</tr>
<tr>
<td>Solar</td>
<td>2.75%</td>
<td>4.75%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Total</td>
<td>11.50%</td>
<td>14.25%</td>
<td>17.00%</td>
</tr>
</tbody>
</table>

Sources: Ministry of Power; PRS.
These obligations are based on the total consumption of electricity, excluding consumption met from hydro power. The new long term RPO trajectory for all states and union territories is as follows:

<table>
<thead>
<tr>
<th>Table 8: Long-term RPO trajectory</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Non-solar</td>
</tr>
<tr>
<td>Solar</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Sources: Ministry of Power; PRS.

If either RPO is achieved till 85% and above, the remaining shortfall could be met by purchasing the other energy (solar or non-solar) beyond its required RPO for that year.

**Ministry released National Wind-Solar Hybrid Policy**

The Ministry of New and Renewable Energy released the National Wind-Solar Hybrid Policy in May 2018. Key features of the policy include:

- **Objectives:** The policy provides a framework for the promotion of large grid connected wind-solar photovoltaic (PV) hybrid systems. This seeks to: (i) enable optimal utilisation of power transmission infrastructure, (ii) reduce variability in renewable power generation, and (iii) help achieve better grid stability.

- **Wind-solar hybrid systems:** Wind-solar hybrid power plants will include wind turbine generators and solar PV systems, that will be configured to operate at the same point of grid connection. The two systems can be integrated in different ways depending upon the size of each of the source integrated and the technology type. Further, if a particular energy source is stronger at a site, the size of the other source (in terms of capacity) can be kept smaller. However, for a plant to be recognized as hybrid, the rated power capacity of one resource should be at least 25% of the rated power capacity of the other source.

- **New hybrid plants:** The power generated from the hybrid project may be used for: (i) captive purpose (for the plant’s own use), (ii) sale to third party through open access (large consumers buying directly from the power plant instead of through a discom), or (iii) sale to the power discoms. With regard to the procurement of hybrid power through transparent bidding, the bidding parameters may include: (i) capacity delivered at grid interface point, (ii) effective capacity utilisation factor of the plant, and (iii) unit price of electricity.

- **Battery storage:** Battery storage may be added to the power plant to: (i) reduce the variability of output power from the hybrid plant, (ii) providing higher energy output for a given capacity, and (iii) ensuring availability of continuous power for a particular period.

- **Incentives:** All fiscal and financial incentives available to wind and solar power projects will also be made available to hybrid projects.

**Cabinet approved National Policy on Biofuels, 2018**

The Union Cabinet approved the National Policy on Biofuels, 2018 in May 2018. The Ministry of New and Renewable Energy had released a National Policy on Biofuels in 2009. Biofuels are liquid or gaseous fuels produced from biomass resources. These resources include biodegradable fraction of products, wastes and residues from agriculture, forestry and related industries, and the biodegradable fraction of industrial and municipal waste. Key features of the policy include:

- **Categories of biofuels:** The policy creates two categories of biofuels: basic and advanced. Basic biofuels include first generation bioethanol. Advanced biofuels include second generation ethanol, municipal solid waste, third generation biofuels, and bio-CNG.

- **Raw materials:** The policy expands the scope of raw material for ethanol production by allowing the use of certain items that are unfit for human consumption. These include: (i) sugarcane juice, (ii) materials containing sugar such as sugar beet, (iii) materials containing starch such as corn, cassava, and (iv) damaged food grains like wheat, broken rice, and rotten potatoes. It also allows the use of surplus food grains for production of ethanol for blending with petrol, with the approval of the National Biofuel Coordination Committee.

- **Financial incentives:** The policy indicates a viability gap funding scheme of Rs 5,000 crore in six years for second generation ethanol bio refineries. Further, advanced biofuels will also get additional tax incentives, and higher purchase price as compared to basic biofuels.
Cabinet approved Kisan Urja Suraksha evam Utthaan Mahabhiyan

The Union Cabinet approved the launch of Kisan Urja Suraksha evam Utthaan Mahabhiyan (KUSUM) in February 2019. The scheme seeks to provide financial and water security to farmers. The scheme aims to add solar capacity of 25,750 MW by 2022. The total central financial support provided under the scheme would be Rs 34,422 crore. The proposed scheme consists of three components:

- **Component-A**: 10,000 MW of decentralised ground mounted grid connected renewable power plants. Under this component, renewable power plants of capacity 500 kW to 2 MW will be setup by individual farmers/ cooperatives/ panchayats/ farmer producer organisations on their barren or cultivable lands. The power generated will be purchased by the discoms.

- **Component-B**: Installation of 17.5 lakh standalone solar powered agriculture pumps. Under this component, individual farmers will be supported to install standalone solar pumps of up to 7.5 HP capacity.

- **Component-C**: Solarisation of 10 lakh grid-connected solar powered agriculture pumps. Under this, individual farmers will be supported to solarise pumps of capacity up to 7.5 HP.

Ministry released scheme for promotion of biomass based co-generation in sugar mills

The Ministry of New and Renewable Energy released a scheme to promote the biomass based co-generation in sugar mills, and other industries, in May 2018. Co-generation means generating both electricity and useful heat at the same time, therefore utilising the available energy in more than one form.

The total central financial assistance towards the scheme will be Rs 170 crore for the period 2017-18 to 2019-20. The guidelines for power generation from biomass power plants will be issued separately. Key provisions under the scheme include:

- **Eligibility**: The programme will provide central assistance for projects utilising biomass such as bagasse, agro-based industrial residue, crop residue, weeds, and wood waste produced in industrial operations. Municipal solid waste is not covered under the scheme.

- **Firms eligible for financial support under the scheme** include registered companies, partnership firms, cooperatives, and public sector companies. To avail such financial support, the applicant must have availed a term loan (for the eligible project) from any financial institution like public or private sector banks, central or state cooperative banks, or a non-banking financial company.

- **Central Financial Assistance**: Central assistance under the scheme will be Rs 25 lakh/MW for bagasse cogeneration projects, and Rs 50 lakh/MW for non-bagasse cogeneration projects. The assistance will be released to the term loan account to reduce the loan component of the promoter.

- **Project timeline**: Promoters will have to complete the project within 24 months (with a six-month extension) from the date of sanction of the central assistance. If the project is not completed within the stipulated time, the central assistance will be cancelled.

Ministry released guidelines for New National Biogas and Organic Manure Programme

The Ministry of New and Renewable Energy released the guidelines for the New National Biogas and Organic Manure Programme in May 2018. This is a Central Sector Scheme, which provides for setting up of family type biogas plants mainly for rural and semi-urban households. A family type biogas plant generates biogas from organic substances such as cattle-dung, and other bio-degradable materials such as biomass from farms, gardens, and kitchens.

Key guidelines include:

- **Objectives**: Objectives of the scheme include:
  (i) providing clean cooking fuel and meeting other small power needs of farmers, and individual households, (ii) helping women save time for other livelihood activities, (iii) improving sanitation in rural and semi-urban areas by linking sanitary toilets with cattle dung biogas plants, and (iv) helping reduction in causes of climate change by preventing emission of green-house gases.

- **Physical targets**: The target for 2017-18 was to set up 65,180 biogas plants. For 2018-19, this target was increased to one lakh plants.

- **Central assistance**: The guidelines also provide details of central assistance that will be provided depending upon the state (in which the plant is located), and the size of the plant. This assistance will be directly disbursed to the beneficiary accounts after the plants are set up.
Petroleum and Natural Gas

Cabinet approved revised ethanol prices for public sector oil marketing companies

The Union Cabinet approved revised prices for ethanol supplied to public sector oil marketing companies under the Ethanol Blended Petrol Programme in June 2018 and September 2018.\textsuperscript{157,158}

Since 2006, oil marketing companies were not able to procure the required quantity of ethanol due to pricing issues. Therefore, the government has been administering the price of ethanol under the programme since December 2014. The prices have been increased with the aim of increasing the availability of ethanol for blending with petrol.

Ethanol is primarily produced from sources such as:
(i) sugarcane with 100% sugarcane juice, which has not been used for sugar production, (ii) B heavy molasses, which has been used for sugar production, but still contains some sugar content, (iii) C heavy molasses, which is the end product left after sugar processing, and (iv) damaged food grains, among other sources.

Prices of ethanol derived from sources with more sugar content were fixed at a higher rate to divert sugarcane from sugar processing and thus, prevent excess sugar production. Key changes approved in June 2018 include:

- The price of ethanol derived out of B heavy molasses and sugarcane juice was fixed at Rs 47.49 per litre.
- The price of ethanol derived out of C heavy molasses was fixed at Rs 43.70 per litre.

Due to a subsequent revision in the Fair and Remunerative Price of sugarcane, the prices of ethanol were revised in September 2018. The revised prices of ethanol are:

- The price of ethanol derived out of B heavy molasses has been fixed at Rs 52.43 per litre.
- The price of ethanol derived out of 100% sugarcane juice has been fixed at Rs 59.13 per litre. This revised price is only for mills diverting 100% sugarcane juice for production of ethanol, thereby not producing any sugar.
- The price of ethanol derived out of C heavy molasses has been fixed at Rs 43.46 per litre.

The revised ethanol prices are applicable for the ethanol supply year from December 1, 2018 to November 30, 2019.

Oil marketing companies have been advised to prioritise usage of ethanol derived out of: (i) 100% sugarcane juice, (ii) B heavy molasses, (iii) C heavy molasses, and (iv) damaged food grains and other sources, in that order.

Companies issued directions to sell 10% ethanol blended petrol from April 2019

The Ministry of Petroleum and Natural Gas issued directions to oil marketing companies in February 2019, to sell 10% ethanol blended petrol in all states and union territories (except Andaman and Nicobar Islands and Lakshadweep) from April 1, 2019.\textsuperscript{159} The central government may modify the areas and the percentage of ethanol blending, and specify the period for the same.

The Ethanol Blended Petrol Programme was launched in 2003 to promote the use of alternative and environment friendly fuels.\textsuperscript{160} Blending ethanol with petrol helps reduce vehicle exhaust emissions and reduces the import burden for petroleum.

Earlier, oil marketing companies were mandated to sell 5% ethanol blended petrol, subject to commercial viability.\textsuperscript{161} The directions increased the blending percentage from 5% to 10%. Further, the mandate of selling ethanol blended petrol was extended to the north-eastern states and Jammu and Kashmir.

Cabinet approved PM JI-VAN Yojana for increasing ethanol supply

The Union Cabinet approved the Pradhan Mantri JI-VAN (Jaiv Indhan - Vatvaran Anukool fasal awashesh Nivaran) Yojana in February 2019.\textsuperscript{162} Under the scheme, financial support in the form of viability gap funding (VGF) will be provided to integrated bioethanol projects which produce ethanol using dry plant biomass and other renewable feedstock. The scheme aims to incentivise the production of ethanol through these sources, and increase the supply of ethanol.

The VGF support will be provided to 12 commercial projects and 10 demonstration projects in two phases: (i) half of the projects in 2018-19 to 2022-23 period, and (ii) the other half in 2020-21 to 2023-24 period.

An outlay of Rs 1,970 crore has been approved for the scheme for 2018-19 to 2023-24. Of this, Rs 1,800 crore has been allocated for supporting the 12
commercial projects, and Rs 150 crore for supporting the 10 demonstration projects.

The Ministry of Petroleum and Natural Gas seeks to achieve 10% ethanol blending in petrol by 2022 under the Ethanol Blended Petrol (EBP) programme. The ethanol supply in 2017-18, i.e. 150 crore litres was sufficient for 4.2% ethanol blending. The Ministry aims to bridge the supply gap for the EBP programme through the production of ethanol from biomass and other waste. The ethanol produced by the beneficiaries under the scheme will be mandatorily supplied to oil marketing companies to increase the blending percentage.

Cabinet approved framework for reforms in the exploration and licensing policy

The Union Cabinet approved a policy framework for reforms in the exploration and licensing policy for oil and gas fields in February 2019. The reforms seek to enhance domestic exploration and production of oil and gas. The objectives of the approved framework include: (i) attracting new investment in exploration and production sectors, (ii) intensifying exploration activities in unexplored areas, and (iii) liberalising the policy in production basins. The reforms focused on the following areas:

- **Increasing exploration in unexplored or unallocated areas:** In basins with no commercial production, exploration blocks will be auctioned, without any revenue or production share to the government. Earlier, for such blocks, the contractor was required to share revenue with the government. However, in case of an annual revenue of more than USD 2.5 billion, contractors will be required to share their revenue with the government. Earlier, during bidding of unexplored or unallocated areas of production basins, equal weightage was given to exploration work programme and revenue share of the government. In the approved framework, the weightage to work programme is increased to 70%, with 30% weightage to revenue share.

The framework also provided for shorter exploration periods and royalty concessions for early commencement of production. Further, the contractor will be given marketing and pricing freedom for sale of crude oil and natural gas in certain cases.

- **Enhancing gas production:** Marketing and pricing freedom will be provided to certain new gas discoveries under the framework. A 10% reduction in royalty would be provided for additional gas production from domestic fields over and above the normal production.

- **Enhancing production from existing nomination fields:** In order to enhance production, detailed plans will be prepared by Oil and Natural Gas Corporation Limited (ONGC) and Oil India Limited for the blocks granted to them on nomination basis. Also, they will be allowed to collaborate with private sector for bringing capital and new technology, and increasing production.

- **Ease of doing business:** Measures will be taken for improving ease of doing business by setting up a coordination mechanism, simplifying approval processes, creating an alternate dispute resolution mechanism, and strengthening Directorate General of Hydrocarbons (DGH), among other measures.

Cabinet approved policy framework for exploration of unconventional hydrocarbons

The Union Cabinet approved the policy framework for exploration and exploitation of unconventional hydrocarbons such as shale oil and gas, and coal bed methane (CBM) in August 2018. Prior to this, the exploration and exploitation of unconventional hydrocarbons was not allowed, except in case of CBM. Further, CBM contracts did not allow exploitation of any other hydrocarbon, except CBM.

The approved policy framework permits contractors to explore and exploit unconventional hydrocarbons in their licensed/leased areas as per their existing contracts. With the approved policy, an estimated area of 77,296 sq. km. will now be accessible for exploration and exploitation of both conventional and unconventional hydrocarbons.

The approved policy requires contractors to share the profit on production from new discoveries with the government at an additional rate of 10%, over and above the rate specified in their contracts. However, it would apply only to production sharing contracts and CBM contracts. This additional rate will not be applicable for the blocks granted to the national oil companies, namely ONGC and Oil India Limited, on nomination basis.

For this purpose, ring-fencing of operations is being provided. Under this, the cost incurred on exploration, development, and production for new discoveries will be recorded separately. Further, the
commercial and techno-economic viability of new discoveries will be established on a stand-alone basis.

The policy will not be applicable to blocks where the contractor has already applied for termination of contract or to blocks under termination, arbitration or legal proceedings.

Cabinet approved framework to improve recovery of existing hydrocarbon reserves

The Union Cabinet approved a policy framework to promote and incentivise Enhanced Recovery (ER), Improved Recovery (IR), and Unconventional Hydrocarbon (UHC) production methods in September 2018.166

ER includes methods for enhanced recovery of oil and gas. IR methods comprise of new drilling technologies, and advanced techniques for management and control of reserves, in combination with the ER methods. UHC production methods include methods for production of shale oil and gas, gas hydrates and heavy oil, among others. The policy aims to increase the recovery rate of oil and gas from existing hydrocarbon reserves for augmenting their domestic production.

The policy involved: (i) systemic assessment of every field for its ER potential, (ii) appraisal of appropriate ER techniques, and (iii) fiscal incentives to make the required additional investment financially viable. Prior to commercial implementation of the ER project, mandatory screening of the fields will be done by the designated institutions, and a pilot project will be conducted. Such institutions will be notified by the central government.

The policy will be monitored and implemented by a committee comprising of representatives of the Ministry of Petroleum and Natural Gas, the DGH, experts in the upstream sector, and academia.

It will be applicable to all the blocks allocated to oil companies on a contractual basis, as well as to the blocks granted on nomination basis to the national oil companies, namely ONGC and Oil India Limited. The policy will be effective for a period of 10 years from the date of notification.

Coal

Inter-ministerial group submitted recommendations on rationalising coal linkages for independent power producers

The Ministry of Coal had constituted an inter-ministerial group to review the existing sources of coal for independent power producers with coal linkages in October 2017.167 Coal linkage is the allocation of coal mines to thermal power plants. The inter-ministerial group made its recommendations in May 2018, which include:

- **Transfer of coal linkage**: Under coal linkage rationalisation, the coal linkage of a thermal power plant of an independent power producer (IPP) may be transferred from one coal company to another. Such transfer will be based on the existing availability of coal and the future coal production plan of the coal company. The objective of such transfer is to allocate coal mines closer to the power plants, reducing coal transportation costs, resulting in lower coal costs for the power producers. These savings have to be passed on to the consumers of power, such as power distribution companies.

- Such rationalisation will be voluntary for the thermal power plants. It is also expected that if coal travel distance is reduced, it will free up railway freight infrastructure for other sectors.

- **Process of rationalisation**: The calling for requests for linkage rationalisation will be a one-time process. It will be undertaken jointly by Coal India Limited, Singareni Collieries Company Limited, and Central Electricity Authority in a transparent manner. Such rationalisation will be considered only for the IPPs that have these linkages through the allotment route (government allotment).

- **Post rationalisation**: Fuel Supply Agreements (agreement between coal company and power plant) of the rationalised source will be implemented only after the central or state Electricity Regulatory Commission approves the supplementary agreement.

Cabinet permitted allottees of captive mines or mines with specified end use to sell up to 25% of coal production in open market

The Union Cabinet permitted the allottees of captive mines or mines with specified end use to sell up to
25% of their coal production in open market in February 2019.\textsuperscript{168} Earlier, allottees of certain coal mines which had been earmarked for specified end use (i.e. for usage by a particular sector) or for captive use (i.e. their own consumption) were not permitted to sell coal in open market. Any coal produced in excess of the allottee’s requirement was mandated to be supplied to Coal India Limited at their notified price, minus handling charges. Such sale was restricted to 50% of the annual production from the mine.

The new guidelines allow allottees to sell up to 25% of their production on ROM basis (run-of-mine production calculated without removing the impurities). The allottees are required to utilise at least 75% of production (ROM basis) of their coal mines for the specified purposes.

For open market sale, the allottees are required to pay an additional premium equivalent to 15% of the final price agreed upon during the auction or allotment. This additional premium will be payable over and above the final price.

### Cabinet approved continuation of central scheme for Exploration of Coal and Lignite

The Union Cabinet approved continuation of the central scheme for ‘Exploration of Coal and Lignite’ for the period 2017-18 to 2019-20 in February 2019.\textsuperscript{169} Rs 1,875 crore of outlay has been approved for the scheme.

The approved scheme aims to carry out 2,442 km of drilling and 3,575 line km of surface geophysical survey during the three-year period. Under the scheme, regional exploration and detailed drilling will be carried out in blocks not owned by the Coal India Limited.

In regional exploration, possible deposits are categorised based on the increasing order of their geological feasibility. Subsequently, detailed drilling is carried out for some of them to assess their economic viability and identify reserves.

### Mining

#### Ministry of Mines released the National Mineral Policy, 2019

The Ministry of Mines released the National Mineral Policy, 2019 in March 2019.\textsuperscript{170} It replaces the National Mineral Policy, 2008. The new policy aims to bring in further transparency, better regulation and enforcement, balanced social and economic growth in the sector, and sustainable mining practices. Key features of the policy include:

- **Encouraging private sector:** The policy aims to encourage the private sector to take up exploration through measures including: (i) long term trade policies, (ii) harmonising taxes, levies, and royalty with global benchmarks, (iii) rationalisation of reserved areas which have been given to public sector companies, and have not been used, (iv) auction of such reserved areas with more opportunities for private sector participation, and (v) transfer of mining leases.

- **Mining licence:** The policy provides for: (i) auction of unexplored areas with a composite licence (reconnaissance permit cum prospecting licence cum mining licence) on revenue share basis, and (ii) right of first refusal to holders of reconnaissance permit and prospecting licence when granting mining licences.

- **Transportation:** The new policy focuses on use of coastal waterways and inland shipping for transportation of minerals. It also provides for creation of dedicated mineral corridors to facilitate the transportation of minerals.

- **Sustainable mining:** The policy seeks to utilise the District Mineral Fund for equitable development of project affected persons and areas. It also introduces the concept of inter-generational equity and proposes to constitute an inter-ministerial body to institutionalise this mechanism. Inter-generational equity means that future generations should have as much access to natural resources as the current generation.

- **Industry status:** The policy proposes to grant mining the status of industry. Currently, it is accounted as an economic activity under the primary (agriculture) sector. This would help increase financing for: (i) mining activities for the private sector, and (ii) acquisition of mineral assets in other countries by the private sector.

- **Technology:** The policy provides for an online public portal with provision to generate triggers at higher levels in case of delay in clearances. It also provides for maintenance of a database of mineral resources and licenses granted.
Telecom

Expert Committee submitted report on data privacy

The Committee of Experts on a Data Protection Framework for India (Chair: Justice B. N. Srikrishna) submitted its report and draft Bill to the Ministry of Electronics and Information Technology in July 2018. The Committee was constituted in August, 2017 to examine issues related to data protection, recommend methods to address them, and draft a data protection Bill.

Key provisions of the draft Bill include:

- **Grounds for processing data**: The Bill allows processing of data by fiduciaries if consent is provided. Further, processing of sensitive personal data (e.g., caste, religion, and sexual orientation) requires explicit consent. However, in certain circumstances, processing of data may be allowed without consent of the individual.

- **Obligations of fiduciaries**: Entities with access to personal data have several obligations, including: (i) to process data fairly and reasonably, and (ii) to give notice to the individual at the time of collecting data to various points in the interim.

- **Data Protection Authority**: The Bill provides for the establishment of a Data Protection Authority to: (i) protect interests of individuals, (ii) prevent misuse of personal data, and (iii) ensure compliance with the Bill. It will consist of a chairperson and six members, with knowledge of at least 10 years in the field of data protection and information technology.

- **Rights of the individuals**: The Bill sets out certain rights of individuals. These include: (i) right to obtain confirmation from the fiduciary on whether his personal data has been processed, (ii) right to seek correction of inaccurate, incomplete, or out-of-date personal data, and (iii) right to have personal data transferred to any other data fiduciary in certain circumstances.

- **Offences and penalties**: Under the Bill, the Authority may levy penalties for various offences by the data fiduciary including (i) failure to perform its duties, (ii) data processing in violation of the Bill, and (iii) failure to comply with the directions issued by the Authority.

- **Amendments to other laws**: The Bill makes consequential amendments to the Information Technology Act, 2000. It also amends the Right to Information Act, 2005, and to permit non-disclosure of personal information where harm to the individual outweighs public good.

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

**Ministry invited public feedback on draft amendments to intermediary rules**

In December 2018, the Ministry of Electronics and Information Technology invited comments on the Information Technology [Intermediary Guidelines (Amendment) Rules] 2018. These draft rules seek to amend the Information Technology (Intermediary Guidelines) Rules, 2011. Intermediaries are entities that store or transmit data on behalf of other persons, and includes internet or telecom service providers, web-hosting service providers, and search engines. The 2011 Rules specify the due diligence that intermediaries are required to follow. Key features of the draft rules include:

- **Assistance to government agencies**: Any intermediary must, within three days, provide assistance or information when asked by any government agency. In addition, the intermediary must enable tracing of the originator of the information, on its platform.

- **Removal of information**: Any intermediary must, on receipt of a court order or notification by the government, remove access to unlawful acts. These are acts related to the sovereignty of India, security, and public order, among others. Such removal must be done by the intermediary within 24 hours.

- **Identifying unlawful information**: The draft amendments stated that intermediaries must use automated tools to identify and remove public access to unlawful information.

- **Large user size**: Intermediaries with more than 50 lakh users must be incorporated in India under the Companies Act, 2013. In addition, they must have a permanent registered office in India, with a physical address. Further, they must appoint a senior individual for regular coordination with law enforcement agencies. The government can also notify other intermediaries that have to comply with this rule.
Ministry notified agencies that can intercept information on computer devices

In December 2018, the Ministry of Home Affairs has notified 10 security agencies for the purpose of intercepting, and monitoring information stored on any computer device. The agencies notified include the Intelligence Bureau, Central Bureau of Investigation, National Investigation Agency, and the Enforcement Directorate. These agencies have been notified under the Information Technology Act, 2000, which allows the central or state government to direct any agency, in writing, to monitor or intercept such information. As per the Act, interception can be authorised for various reasons, including: (i) defence of India, (ii) national security, (iii) friendly relations with foreign governments, or (iv) public order.

Cabinet approved the National Digital Communications Policy, 2018

The Union Cabinet approved the National Digital Communications Policy in September 2018. The Department of Telecommunication (DoT) had released a draft of the policy in May 2018. The policy noted that India’s digital profile is one of the fastest growing in the world and it is estimated that by 2025, India’s digital economy has the potential to reach one trillion USD. The objective of the policy is to provide a framework that will enable creation of a vibrant telecom market to strengthen India’s long-term competitiveness. Key features of the approved policy include:

- **Objectives**: Some of the objectives include: (i) provide broadband connectivity at 50 Mbps to every citizen, (ii) create four million additional jobs in the digital communications sector, and (iii) attract investments of USD 100 billion in the digital communications sector.

- **National Broadband Mission**: A National Broadband Mission will be established to secure universal broadband access. This will include implementation of: (i) broadband initiatives such as BharatNet and GramNet, and (ii) a Fibre First Initiative to provide fibre connectivity in Tier I, II, and III towns, and rural clusters.

- **Spectrum**: New spectrum bands will be identified and made available for deployment and growth of 5G networks. The policy proposes optimal pricing of spectrum and simplifying the process of obtaining permissions from various agencies. Further, it proposes to constitute a Spectrum Advisory Team to facilitate the identification of new bands, and measures to promote innovation.

- **Investments**: In order to increase investments, the policy proposes to recognise telecom infrastructure as critical and essential infrastructure, similar to roadways and railways. Further, it proposes to reform the licensing and regulatory regime by: (i) reviewing levies and fees, (ii) rationalising taxes on digital communication equipment, and (iii) reducing license and regulatory requirements.

- **Data protection**: The objectives of the policy include establishing a comprehensive data protection regime for digital communications that safeguards the privacy of individuals.

Cabinet approved the National Policy on Electronics, 2019

The Union Cabinet approved the National Policy on Electronics in February 2019, proposed by the Ministry of Electronics and Information Technology (MeitY). The Ministry had earlier released a draft policy in October 2018. The policy aims to position India as a global hub for Electronics System Design and Manufacturing (ESDM), by enabling the industry to compete globally. Key features of the policy include:

- **Objectives**: Key objectives of the policy include: (i) promoting manufacturing and export in ESDM to achieve a turnover of USD 400 Billion by 2025, (ii) improving ease of doing business for ESDM industry, (iii) encouraging research and innovation in all sub-sectors of electronics, and (iv) facilitating loans to the industry at competitive rates.

- **Promoting competition**: The policy seeks to create a competitive ESDM sector by incentivizing domestic manufacturing and exports. This will be achieved by: (i) providing suitable tax benefits to the ESDM sector, (ii) providing support for micro, small and medium enterprises in the ESDM sector, and (iii) exempting import duty on capital equipment that is not manufactured in India.

- **Standards**: A standards development framework will be set up, based on global benchmarks, for electronics, information technology, and e-governance. Further, an institutional mechanism will be set up for within MeitY for mandating compliance with standards for electronics products.
**Research and innovation:** The policy aims to promote research and innovation in the electronics sector by: (i) creating an ecosystem for promoting design and Intellectual Property, (ii) providing support for generation of patents, and (iii) promoting research and start-ups in technology areas such as artificial intelligence.

**Cyber security:** The policy proposes to: (i) enhance understanding of cyber security issues in relation to electronics products, (ii) promote the use of secure chips, and (iii) promote a start-up ecosystem for the development of cyber security products.

**Cabinet approved National Policy on Software Products, 2019**

The Union Cabinet approved the National Policy on Software Products in February 2019. The policy aims to develop India as a global software product hub. Key features of the policy include:

- **Objectives:** Key objectives of the policy include: (i) creating a sustainable Indian software product industry leading to a 10-fold increase in the share of global software product market by 2025, (ii) nurturing 10,000 technology startups in software product industry, (iii) creating a talent pool for software product industry through upskilling 10 lakh IT professionals and motivating one lakh students, and (iv) developing 20 software product development clusters.

- **Promoting industry:** The policy seeks to promote the software products industry by: (i) creating an Indian software product registry, (ii) facilitating participation of software companies in the capital market, and (iii) establishing a single window platform for fast-tracking legal issues regarding software product enterprises.

- **Promoting entrepreneurship:** According to the policy, a programme of incubation will be initiated to nurture at least 10,000 startups, of which 1,000 will be targeted in Tier II and Tier III towns and cities. Further, a Software Product Development Fund (SPDF), with a corpus of Rs 1,000 crore, will be created. This fund will fill the gap between capital requirements of software product enterprises and funding available from institutional lenders such as banks.

- **Skilling:** The policy noted that a FutureSkills programme has been initiated for up-skilling of 3 million IT professionals in emerging technologies. It stated that special emphasis on modules related to software products will be added to the programme. Further, a National Talent Accelerator programme will be initiated to target one lakh school and college students for software product development.

- **Implementation mechanism:** A National Software Product Mission will be created under the MEITY. The objectives of the Mission will include: (i) designing appropriate strategies for development of software product industry, (ii) monitoring initiatives under the policy with the aim of creating 3.5 million employment opportunities, and (iii) facilitating government agencies and other bodies in promotion of software products.

**Ministry notified regulations for in flight and maritime connectivity**

The Ministry of Communication notified regulations for in flight and maritime connectivity (IFMC) in December 2018. IFMC refers to the provision of wireless voice or data in aircrafts and on ships. In-flight connectivity was approved in May 2018 by the Telecom Commission, as recommended by the Telecom Regulatory Authority of India (TRAI).

In order to provide IFMC services, entities must apply for authorisation from the DoT. The conditions for eligibility to apply for an authorisation include those who have a license for providing telecommunication services, and Category A Internet Service Providers (those that provide internet services across India). Further, certain airlines and shipping companies that have entered into commercial agreements with service providers, are also eligible to apply for authorisation. Such authorisation will be valid for a period of 10 years, and can be revoked by the DoT with a written notice of 21 days.

The regulations specify that there shall be separate infrastructure for IFMC and navigation systems in aircrafts and ships, to avoid interference. Further, the IFMC will be in the exclusive control of the pilot or captain of the aircraft or ship. Further, a designated officer of the central or state government will have the right to intercept telegraph messages passing through the IFMC network.

**TRAI notified amendments to mobile number portability regulations**

TRAI notified the Telecommunication Mobile Number Portability (Seventh Amendment)
Mobile Number Portability (MNP) is a facility that allows subscribers to maintain their mobile number when they move from one service provider to another provider. TRAI had invited public feedback on draft MNP regulations in October 2018. MNP is carried out by providing subscribers with a Unique Portability Code (UPC). In the current framework, the UPC is provided by the service provider whom the subscriber’s number belongs to at the time of requesting porting. Further, a Mobile Number Portability Service Provider (MNPSP) facilitates the process of porting of numbers. According to the amendments, the UPC will now be generated and provided to subscribers by the MNPSP, rather than the service provider. The MNPSP is to provide the UPC after checking from the database of the service provider. According to TRAI, this change will facilitate porting in a more efficient manner.

TRAI notified amendments to the Telecommunication Tariff Order, 1999

In September 2018, TRAI notified amendments to the Telecommunication Tariff Order, 1999. The Order relates to fixing of tariffs for various telecommunication services. The amendment removes certain types of services like radio paging services, telex, and telegraph services from the ambit of the Order. Further, the Order limits the amount of deposit that can be charged from subscribers at not more than one year of rental charge. According to the amendments, this limit will not apply to International Subscriber Dialing and International Roaming Services.

Cabinet approved provision of mobile connectivity in Left Wing Extremism areas

In May 2018, the Union Cabinet approved Phase II of project to provide mobile services in inhabited uncovered areas affected by Left Wing Extremism. through Universal Service Obligation Fund. In Phase I of the project, 2,335 towers were made operational. In Phase II of the project, mobile services will be provided at 4,072 tower locations of 96 districts in 10 states. The Phase II of the project is estimated to cost Rs 7,330 crore. The network would be used by the security personnel deployed in Left Wing Extremism affected areas. Further, mobile services will also be provided to the residents in unconnected inhabited villages in such regions.

TRAJ released consultation paper on regulation of over-the-top services

TRAJ invited public feedback on a consultation paper on the regulatory framework for over-the-top (OTT) communication service providers in November 2018. These are providers that offer information and communication technology services, but neither operate networks nor lease network capacity from a network provider. OTT service providers rely on the internet to provide services. Key observations made by TRAI include:

- **Economic aspects:** TRAI noted that growth in OTT services and data traffic, could also lead to growth in business for Telecom Service Providers (TSPs). To cater to the growing demand of data, TSPs may be required to invest in telecom infrastructure. However, TSPs incur license fees and have to meet regulatory obligations, while OTT service providers do not have these obligations. TRAI raised the issue of whether regulatory imbalances could impact investment in telecom networks.

- **Current regulatory framework:** TSPs are regulated by a number of laws including the Indian Telegraph Act, 1885, the TRAI Act, 1997, rules framed by the government and TRAI, and terms of the license agreement between TSPs and the government.

- **Data protection:** OTT services store, and transfer data of citizens and companies across different countries. TRAI noted that this creates ambiguity regarding data protection norms. Countries are unsure if their citizens data is protected when it is hosted in other countries.

- **Changes in regulation:** TRAI suggested various alternatives approaches for the regulation of OTT services and TSPs. These include: (i) subjecting OTT services to licensing and registration obligations, (ii) relaxing the regulatory regime for TSPs, or (iii) allowing the issues to be resolved through market forces.
TRAI released recommendations on promoting local telecom equipment manufacturing

TRAI released recommendation on ‘Promoting Local Telecom Equipment Manufacturing’ in August 2018.\(^{189}\) It includes recommendations on institutional mechanism, resolution of disputes, and market access. Key recommendations include:

- **Institutional mechanism**: To ensure focused attention, the progress of telecom equipment manufacturing in the country should be monitored at least at the level of Member, Telecom Commission. For time-bound progress, a dedicated unit in DoT should be responsible for monitoring of telecommunication equipment design and manufacturing in the country.

- **Resolution of disputes**: TRAI noted that dispute resolution is a time consuming and costly process. It therefore recommended that an Alternate Dispute Resolution Framework should be institutionalised.

- **Testing and certification**: The Telecommunication Engineering Centre (TEC) should be made responsible for regulation of telecom products testing and certification agencies. Further, government should institute mechanism of mutual recognition of Indian testing labs with international testing labs.

- **Manufacturing and productivity**: India is a signatory to the Information Technology Agreement, and hence certain items are allowed to be imported at zero percent duty. An expert committee should be constituted to identify telecom products which are not covered by the agreement, and suggest suitable tariffs for import of such products.

- **Market access**: The DoT had introduced Preferential Market Access (PMA) policy to provide preference to indigenously manufactured electronic products. TRAI recommended that a nodal officer should be appointed to review lack of implementation of PMA policy.

Media

**The Cinematograph (Amendment) Bill, 2019 introduced in Rajya Sabha**

The Cinematograph (Amendment) Bill, 2019 was introduced in Rajya Sabha in February 2019.\(^{190}\) The Bill amends the Cinematograph Act, 1952. The Ministry of Information and Broadcasting had earlier released draft amendments to Act for public feedback.\(^{191}\) The Bill was referred to the Standing Committee on Information Technology in February 2019. It was expected to submit its report in April. The Act provides for certification of films for exhibition. Further, the Act imposes penalties for various offences such as: (i) exhibition of a film that has not been certified for public exhibition, or (ii) tampering with a film after it has been certified. Key features of the Bill include:

- The Bill prohibits a person from using a recording device to make a copy or transmit a film, without written authorisation from the producer of the film.

- Persons who make copies of a film without authorisation, will be punished with imprisonment of up to three years, or fine up to Rs 10 lakh, or both.

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

**Ministry released draft amendments to Sports Broadcasting Signals Act, 2007**

The Ministry of Information and Broadcasting released draft amendments to the Sports Broadcasting Signals (Mandatory Sharing with Prasar Bharti) Act, 2007 for feedback in October 2018.\(^{192}\) According to the Act, no television or radio broadcasting service provider can broadcast sporting events of national importance, unless it simultaneously shares the broadcasting signal with Prasar Bharti.

Under the Cable Television Networks (Regulation) Act, 1995, it is mandatory for networks to carry DD National and DD Sports. However, the Sports Broadcasting Signals Act, 2007, enables Prasar Bharti to re-transmit signals of important national sporting events only on Doordarshan’s own terrestrial or Direct-to-Home networks. Therefore, viewers who do not have access to Doordarshan’s networks are unable to watch these sporting events or must watch them on highly priced sports channels.

The draft amendments propose that in addition to Prasar Bharti, the broadcasters must share signals for
these events with other networks where it is mandatory to broadcast Doordarshan Channels. According to the Ministry, this will allow larger number of viewers to access such sporting events.

Ministry released revised guidelines for the Journalists Welfare Scheme

The Ministry of Information and Broadcasting (MIB) released revised guidelines for the Journalist Welfare Scheme in March 2019. The scheme aims to provide one-time financial support to journalists and their families in extreme hardship. The key features of the scheme guidelines include:

- **Committee**: A Committee will be constituted, with the Secretary of MIB as the chairperson, to administer the scheme. The Committee will meet at least once a quarter, to take decisions on cases received during the period.

- **Eligibility**: Journalists will be eligible for the scheme provided they are: (i) citizens of India, (ii) ordinarily resident in India, and (iii) accredited to the Press Information Bureau. Those journalists who are not accredited with the Bureau will also be eligible for the scheme, if they have been journalists for a minimum period of five continuous years. Journalists covered under the scheme include newspaper and television journalists, but does not include individuals in a managerial, administrative, or supervisory capacity.

- **Financial assistance**: The details of financial assistance under the scheme is as follows: (i) up to Rs five lakh may be provided to the family in case of death of journalist, (ii) up to Rs five lakh may be provided to the journalist in case of permanent disability which makes them incapable of earning a livelihood, (iii) up to Rs three lakh may be provided for cost of treatment of major diseases such as cancer or heart ailments, subject to certain conditions, and (iv) up to Rs two lakh may be provided in case of accidents causing serious injury requiring hospitalisation. As per the guidelines, benefits under the scheme will transferred only to Aadhaar seeded bank accounts of beneficiaries.

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### Space

#### Cabinet approved human spaceflight programme Gaganyaan

The Union Cabinet approved the human spaceflight programme Gaganyaan in December 2018. Under the programme, two unmanned missions will be launched before sending humans to space. The programme will be undertaken by the Indian Space Research Organisation (ISRO).

The manned spaceflight, with a three-member crew, is aimed to be launched within 40 months from the date of approval. It will be launched using the Geosynchronous Satellite Launch Vehicle Mk-III. Once launched, it will be placed in low earth orbit for a maximum period of seven days.

An expenditure of Rs 9,023 crore has been approved for the programme. The total cost of programme is estimated to be within Rs 10,000 crore, which includes the cost of technology development, flight hardware realisation, and developing essential infrastructure elements.

#### Cabinet approved setting up of a new company under Department of Space

The Union Cabinet approved the setting up of a company under the Department of Space in February 2019. The company has been set up for commercial usage of the research and development carried out by ISRO and the Department of Space.

Opportunities for commercial usage of ISRO’s work include: (i) transfer of small satellite technology to industries, (ii) manufacturing small satellite launch vehicles (SLV) in collaboration with the private sector, (iii) mass production of polar SLV through industry, (iv) mass production and marketing of space-based products and services, including launch and applications, (v) transfer of technologies developed and marketing of some associated technologies and products, and (vi) any other avenue deemed fit by the central government.

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### Science and Technology

#### NITI Aayog released paper on National Strategy for Artificial Intelligence

NITI Aayog released a discussion paper on National Strategy for Artificial Intelligence in June 2018. Artificial Intelligence (AI) refers to the ability of
machines to perform cognitive tasks. The discussion paper focused on how India can leverage AI to ensure growth in line with the development priorities of the government. It emphasised on the adoption of AI solutions for: (i) agriculture, (ii) education, (iii) healthcare, (iv) smart cities, and (v) smart mobility and transportation.

While each sector has its barriers to successful adoption of AI, the paper identified some key challenges across the sectors. These included: (i) lack of expertise in research and application of AI, (ii) lack of quality data ecosystems suitable for successful adoption, (iii) high resource cost and low awareness for adoption of AI, and (iv) lack of formal privacy, security, and ethical regulations.

In order to address these challenges, the paper included the following recommendations:

- **Research and skill development**: It recommended establishment of academic and applied research institutions as centres of excellence in AI. This would promote innovative avenues and aid in skilling and reskilling of the workforce. This would be implemented keeping in mind changing employment patterns, and needs of the job market and entrepreneurial sectors.

- **Market-based adoption**: It recommended the government to facilitate the creation of a National AI Marketplace. This would focus on creating markets for: (i) data collection and aggregation, (ii) data annotation or insight, and (iii) ready-to-use deployable models for sector-specific applications. Adoption of AI would take place using this model where the government would act as a catalyst by creating demand and supporting partnerships.

- **Regulatory challenges**: It recommended the government to address regulatory challenges by creating strong legal frameworks. This would include frameworks related to data protection, intellectual property, and sector-specific regulations on privacy, security, and ethics.
Development

Education

Parliament passed the RTE (Second Amendment) Bill, 2017

The Right of Children to Free and Compulsory Education (Second Amendment) Bill, 2017 was passed by Parliament in January 2019. The Bill was introduced in Lok Sabha on August 11, 2017 and amends the Right of Children to Free and Compulsory Education Act, 2009.

The Act prohibits detention of children till they complete elementary education i.e., class 8. The Bill seeks to amend this provision to empower the central or state government to allow schools to hold back a child in class 5, class 8, or in both the classes.

The Bill seeks to amend this provision to state that a regular examination will be held in classes 5 and 8 at the end of every academic year. If a child fails in the examinations, he will be given additional instruction, and will take a re-examination. If he fails in the re-examination, the relevant central or state government may decide to allow schools to detain the child.

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

Ordinance to provide for reservation of teaching posts in central educational institutions promulgated

The Central Educational Institutions (Reservation in Teachers’ Cadre) Ordinance, 2019 was promulgated in March 2019. The Ordinance provides for reservation of posts in direct recruitment of teachers (out of the sanctioned strength) in central educational institutions. For the purpose of such reservation, a central educational institution will be regarded as one unit. Previously, each department within a central educational institution was regarded as a unit.

- **Reservation of posts**: The Ordinance provides for reservation of posts in direct recruitment of teachers (out of the sanctioned strength) in central educational institutions. For the purpose of such reservation, a central educational institution will be regarded as one unit. Previously, each department within a central educational institution was regarded as a unit.

- **Coverage and exceptions**: The Ordinance will apply to ‘central educational institutions’ which include: (i) universities set up by Acts of Parliament, (ii) institutions deemed to be universities, (iii) institutions of national importance, and (iv) institutions receiving aid from the central government.

  - However, it excludes certain institutions of excellence, research institutions, and institutions of national and strategic importance which have been specified in the Schedule to the Ordinance. It also excludes minority education institutions.

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

Parliament passed the National Council for Teacher Education (Amendment) Bill, 2017

The National Council for Teacher Education (Amendment) Bill, 2017 was passed by Parliament in January 2019. The Bill was introduced in Lok Sabha on December 18, 2017. It amends the National Council for Teacher Education Act, 1993. The Act establishes the National Council for Teacher Education (NCTE) which regulates the teacher education system and the standards it must maintain.

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. It also seeks to grant retrospective permission to such institutions to start a new course or offer training in teacher education.

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

Ministry released draft Higher Education Commission of India (Repeal of University Grants Commission Act) Bill, 2018

The Ministry of Human Resource Development released the Draft Higher Education Commission of India (Repeal of University Grants Commission Act) Bill 2018 in June 2018. The draft Bill seeks to repeal the University Grants Commission Act, 1956 and set up a Higher Education Commission. The Commission will ensure: (i) maintenance of academic standards in higher education, (ii) promotion of autonomy of higher education institutions, and (iii) periodic performance assessment of higher education institutions. Currently, the UGC is a statutory body that coordinates, determines, and maintains the standards
of higher education. Key features of the draft Bill are as follows:

- **Higher Education Commission:** The draft Bill seeks to set up the Higher Education Commission of India. The Commission will consist of 14 members, to be appointed by the central government.

  The Chairman of the Commission will be a professor from an institute of national importance, or an eminent academician with proven capacity for institution building. In addition to the Chairman and Vice Chairman, the Commission will include: (i) Chairpersons of other regulatory bodies of education i.e., All India Council of Technological Education and National Council for Teacher Education, (ii) Vice Chancellors of universities of academic excellence, (iii) Chairpersons of accreditation bodies such as the National Accreditation and Assessment Council, and (iv) nominees of the central government, among others.

- **Functions of the Commission:** Functions of the Commission will include: (i) specifying learning outcomes for courses in higher education, (ii) laying down standards for teaching, curriculum development, and skill development, (iii) specifying norms for granting autonomy to universities, and (iv) framing guidelines for determination of fees chargeable by higher education institutions.

- **Advisory Council:** The draft Bill seeks to set up an Advisory Council chaired by the Union Minister of Human Resource Development. The Council will render advice on issues concerning: (i) coordination between the central government and state governments, and (ii) determination of standards in higher education. The Council will include members of the Commission, and Chairpersons or Vice Chairpersons of all State Councils for Higher Education.

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

The Bill provides for the establishment of two central universities in Andhra Pradesh to be known as the Central University of Andhra Pradesh, and the Central Tribal University of Andhra Pradesh. The Central Tribal University will take additional measures to provide higher educational and research facilities in tribal art, culture, and customs primarily to the tribal population of India.

Note that the establishment of a Central University and a Central Tribal University in the Andhra Pradesh is obligatory under the Andhra Pradesh Reorganisation Act, 2014.

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

### The National Institute of Design (Amendment) Bill, 2018 introduced in Lok Sabha, but will lapse

The National Institute of Design (Amendment) Bill, 2018 was introduced in Lok Sabha in December 2018. It will lapse with the dissolution of the 16th Lok Sabha. The Bill seeks to amend the National Institute of Design Act, 2014, which declares the National Institute of Design, Ahmedabad as an institution of national importance.

The Bill seeks to declare four National Institutes of Design in Amaravati, Bhopal, Jorhat, and Kurukshetra as institutions of national importance. Currently, these institutes are registered as Societies under the Societies Registration Act, 1860 and do not have the power to grant degrees or diplomas. On being declared institutions of national importance, the four institutes will be granted the power to grant degrees and diplomas.

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

### UGC released regulations for Institutions Deemed to be Universities

The University Grants Commission (Institutions Deemed to be Universities) Regulations, 2019 were released in February 2019. These regulations outline the processes through which institutes of academic excellence can be deemed to be universities. Key features include:

- **Eligibility Criteria:** For an institution to be deemed a University, the institution must: (i) have been in existence for not less than 20 years, (ii) have a valid accreditation by National Assessment and Accreditation Council, and (iii) have a student-teacher ratio not less than 1:20, among other criteria. Additionally, an institution
not maintained or financed by the government, must have a corpus fund of Rs 10 crore for an existing institution and Rs 25 crore for institutions conducting research in unique areas of knowledge. An institution fulfilling the eligibility criteria may apply online through the Commission’s web portal.

- **Monitoring:** The UGC shall be responsible for monitoring the performance and academic outcomes of all deemed to be universities. The parameters for oversight will include: (i) graduate outcomes, (ii) linkage of students with society or industry, and (iii) training of students in essential professional skills.

- **Systems of Governance:** In all institutions deemed to be universities, a Board of Management shall act as the highest governing body in all academic, administrative, and financial matters. The Board will include the Vice-Chancellor, two Deans of Faculties, and one representative of the Central government, among others.

- **Admission and Fees:** As per the regulations, no institution deemed to be a university shall accept payments such as capitation fees, donations, or fees without receipts towards admission fees. Additionally, the institution must implement the policy on reservations in accordance with the Constitution of India and be open to all citizens, regardless of their religion, race, caste, sex, place of birth, or residence.

### University Grants Commission approved UGC (Online Courses) Regulations, 2018

The University Grants Commission approved the UGC (Online Courses) Regulations, 2018 in May 2018.204 As per the regulations, higher educational institutions will be able to offer certificate, diploma and degree programmes through an online mode. Such courses should be in the disciplines in which: (i) they are already offering similar courses at graduation level, and (ii) at least one batch has graduated.

As per the scheme, only those institutions will be eligible to offer online courses that have been: (i) in existence for at least five years, (ii) accredited by National Assessment and Accreditation Council with a minimum score of 3.26 on a 4-point scale, and (iii) in the top-100 in overall category in the National Institutional Ranking Framework for at least two years in the previous three years.

### Ministry launched scheme to provide holistic education from pre-school to Class 12

The Ministry of Human Resource Development launched a scheme ‘Samagra Shiksha’, which seeks to provide holistic education from pre-school to senior secondary levels.205 It subsumes three existing schemes, namely: (i) Sarva Shiksha Abhiyan, (ii) Rashtriya Madhyamik Shiksha Abhiyan, and (iii) Teacher Education. The budget allocation for the scheme is Rs 34,000 crore for 2018-19, and Rs 41,000 crore for 2019-20.

To determine district level interventions, the scheme will focus on learning outcomes and results of the latest National Achievement Survey. Further, it envisages active participation of stakeholders such as parents and school management committee members.

### Cabinet approved merger of National Council for Vocational Training and National Skill Development Agency

The Union Cabinet approved the establishment of the National Council for Vocational Education and Training, which seeks to regulate skill development and vocation training.206 It subsumes two existing regulatory institutions: (i) the National Council for Vocational Training, and (ii) the National Skill Development Agency. Functions of the Council will include: (i) recognition and regulation of entities engaged in vocational education and training, and (ii) approval of qualifications developed by awarding bodies and Sector Skill Councils.

### Health

### Ministry launched Pradhan Mantri Jan Arogya Yojana

The Ministry of Health and Family Welfare launched Pradhan Mantri Jan Arogya Yojana in September 2018.207,208 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. The scheme was approved by the Cabinet in March 2018. Key features of the scheme include:

- **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 under the scheme will be allowed to take cashless benefits from any of the public or 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 the ages of 16 to 59 years, and (iii) female headed households with no adult male member between the ages of 16 to 59 years, among others. For urban areas, 11 defined occupational categories are entitled to 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 specified ratio as per Ministry of Finance guidelines.

**The Allied and Healthcare Professions Bill, 2018 introduced**

The Allied and Healthcare Professions Bill, 2018 was introduced in Rajya Sabha in December 2018. In January 2019, the Bill was referred to the Standing Committee on Health for examination and the report is expected during the 17th Lok Sabha. The Bill seeks to regulate and standardise the education and practice of allied and healthcare professionals.

- **Allied health professional**: The Bill defines ‘allied health professional’ as an associate, technician, or technologist trained to support the diagnosis and treatment of any illness, disease, or impairment. Such a professional is trained to support the implementation of any healthcare treatment recommended by a medical, nursing or any other healthcare professional. An allied health professional should obtain a diploma or degree, with a minimum duration of 2,000 hours.

- **Healthcare professional**: A ‘healthcare professional’ includes a scientist, therapist, or any other professional who studies, advises, researches, or provides preventive, curative, rehabilitative, therapeutic, or promotional health services. A healthcare professional should obtain a degree, with a minimum duration of 3,600 hours.

- **Allied and healthcare professions**: The Bill specifies certain recognised categories of allied and healthcare professions in the Schedule. These include life science professionals, trauma, and burn care professionals, and nutrition science professionals. The central government may amend this Schedule after consultation with the Allied and Healthcare Council.

- **Allied and Healthcare Council of India**: The Bill sets up the Allied and Healthcare Council of India. The Council will consist of 31 members, including: (i) six members (at the level of Joint Secretary) representing various Departments/Ministries of the central government, (ii) three members appointed on a rotational basis from various Councils such as the Indian Nursing Council, and the Medical Council of India, and (iii) 12 members representing State Councils.

- **Functions of the Council include**: (i) framing policies for regulating the education and practice of allied and healthcare professionals, (ii) providing minimum standards of education, courses, maximum tuition fee, and (iii) providing for a uniform entrance and exit examination for the allied and healthcare professionals.

For a PRS summary of the Bill, see here.

**Parliament passed the Homoeopathy Central Council (Amendment) Bill, 2018**

The Homoeopathy Central Council (Amendment) Bill, 2018 was passed by Parliament in August 2018. It amends the Homoeopathy Central Council Act, 1973 and replaces an Ordinance promulgated in May 2018. The 1973 Act sets up the Central Council of Homoeopathy which regulates homeopathic education and practice. Key features of the Bill include:

- **Supersession of the Central Council**: The Bill amends the 1973 Act to provide for the supersession of the Central Council. The Central
Council will be reconstituted within one year from the date of its supersession. In the interim period, the central government will constitute a Board of Governors, which will exercise the powers of the Central Council.

- The Board of Governors will consist of up to seven members including: (i) persons of eminence in the field of homoeopathy education, and (ii) eminent administrators, appointed by the central government. The central government will select one of these members as the Chairperson of the Board.

- **Permission for existing homoeopathy colleges:**
  The Bill states that: (i) if any person has established a homoeopathy medical college, or (ii) if an established homoeopathy medical college has opened new courses or increased its admission capacity before the passage of the Bill, it will have to seek permission from the central government within one year. If a person or homoeopathy medical college fails to seek such permission, then any medical qualification granted to a student from such medical college will not be recognised under the Act.

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

### The Homoeopathy Central Council (Amendment) Ordinance, 2019 promulgated

The Homoeopathy Central Council (Amendment) Ordinance, 2019 was promulgated in March 2019. It amends the Homoeopathy Central Council Act, 1973 which sets up the Central Council of Homoeopathy. The Central Council regulates homoeopathic education and practice.

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

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

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**Lok Sabha passed Surrogacy (Regulation) Bill, 2018, but Bill will lapse**

The Surrogacy (Regulation) Bill, 2018 was passed by Lok Sabha in December 2018. The Bill was introduced in Lok Sabha in November 2016 and referred to the Standing Committee on Health and Family Welfare (Chairperson: Prof. Ram Gopal Yadav). The Bill was passed by Lok Sabha with amendments and will lapse at the end of the 16th Lok Sabha. The Bill defines surrogacy as a practice where a woman gives birth to a child for an intending couple with the intention to hand over the child to them after the birth.

Key features of the Bill include:

- **Regulation of surrogacy:** The Bill prohibits commercial surrogacy, and allows altruistic surrogacy. Altruistic surrogacy involves no monetary compensation to the surrogate mother other than the medical expenses and insurance coverage. Commercial surrogacy includes surrogacy or its related procedures undertaken for a monetary benefit or reward (in cash or kind) exceeding the basic medical expenses and insurance coverage.

- **Eligibility criteria for intending couple:** The intending couple should have a ‘certificate of essentiality’ and a ‘certificate of eligibility’ issued by the appropriate authority. A certificate of essentiality will be issued upon fulfilment of these conditions: (i) a medical certificate of proven infertility of one or both members of the intending couple, (ii) an order of parentage and custody of the surrogate child passed by a Magistrate’s court, and (iii) insurance coverage for a period of 16 months covering postpartum delivery complications for the surrogate mother.

- **The certificate of eligibility will be issued upon fulfilment of these conditions by the intending couple:** (i) Indian citizens who are married for at least five years, (ii) between 23-50 years old female and 26-55 years old male, and (iii) not having any surviving child (biological, adopted or surrogate), except if the surviving child is mentally or physically challenged or suffers from a fatal illness. Other conditions may be specified by regulations.

- **Eligibility criteria for surrogate mother:** To obtain a certificate of eligibility from the appropriate authority, the surrogate mother has to be: (i) a close relative, (ii) a married or previously married woman, having a child of her
own, (iii) 25 to 35 years old, (iv) a surrogate only once in her lifetime, (v) possessing a certificate of medical and psychological fitness. Further, the surrogate mother cannot provide her own gametes for surrogacy.

For a PRS analysis of the Bill and the 2018 amendments, see here and here.

Parliament passed Bill to amend the National Trust for welfare of persons with disabilities

The National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities (Amendment) Bill, 2018 was passed by Parliament in December 2018. It amends the National Trust for Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities Act, 1999. The 1999 Act sets up a National Trust to enable persons with disability to live independently by: (i) promoting measures for their protection in case of death of their parents, (ii) evolving procedures for appointment of their guardians and trustees, and (iii) facilitating equal opportunities in society.

- Tenure of the Board: Under the Act, the Chairperson and members of the Board of the National Trust can hold office for a term of three years from the date of their appointment or until their successors are appointed, whichever is longer. The Bill amends this provision to fix the tenure of the Chairperson and members of the Board at three years. Further, the Bill states that the central government will initiate the process for appointment of the Chairperson or any member of the Board at least six months prior to the expiry of his tenure.

- Resignation of Chairperson: The Act states that if the Chairperson or members of the Board resign, they will continue in office until the appointment of their successor is made by the central government. The Bill amends this provision to allow the Chairperson or members of the Board to hold office till their resignation is accepted by the central government.

- Vacancy in office of the Chairperson: In case of a vacancy in the office of the Chairperson, the central government may direct an officer of appropriate level to perform the functions of the Chairperson until such vacancy is filled in.

For a PRS summary of the Bill, see here.

The National Commission for Homoeopathy Bill, 2019 introduced in Rajya Sabha

The National Commission for Homoeopathy Bill, 2019 was introduced in Rajya Sabha and referred to the Standing Committee on Health and Family Welfare in January 2019. The Committee is expected to submit its report during the 17th Lok Sabha. The Bill repeals the Homoeopathy Central Council Act, 1973 and provides for a medical education system which ensures: (i) availability of adequate and high quality homoeopathic medical professionals, (ii) adoption of the latest medical research, and (iii) periodic assessment of medical institutions. Key features of the Bill include:

- Constitution of the National Commission for Homoeopathy: The Bill sets up the National Commission for Homoeopathy (NCH). The NCH will consist of 20 members, appointed by the central government. Members of the NCH will include: (i) the Chairperson, (ii) the President of the Homoeopathy Education Board, (iii) the President of the Medical Assessment and Rating Board for Homoeopathy, (iv) the Director General, National Institute of Homoeopathy, and (v) four members (part-time) to be elected by the registered homoeopathic medical practitioners from amongst themselves from the prescribed regional constituencies.

- Functions of the National Commission for Homoeopathy: Functions of the NCH include: (i) framing policies for regulating medical institutions and homoeopathic medical professionals, (ii) assessing the requirements of healthcare related human resources and infrastructure, (iii) ensuring compliance by the State Medical Councils of Homoeopathy of the regulations made under the Bill, and (iv) ensuring coordination among the autonomous boards set up under the Bill.

- Entrance examinations: There will be a uniform National Eligibility-cum-Entrance Test for admission to under-graduate homoeopathy education in all medical institutions regulated by the Bill. The NCH will specify the manner of conducting common counselling for admission in all such medical institutions. The Bill proposes a common final year National Exit Test for the students graduating from medical institutions to obtain the license for practice. Further, there will be a uniform Post-Graduate National Entrance Test which will serve as the
basis for admission into post-graduate courses at medical institutions.

- The Bill also proposes a National Teachers’ Eligibility Test for postgraduates of homeopathy who wish to take up teaching homeopathy as a profession.

For a PRS summary of the Bill, see here.

The National Commission for Indian System of Medicine Bill, 2019 introduced in Rajya Sabha

The National Commission for Indian System of Medicine Bill, 2019 was introduced in Rajya Sabha and referred to the Standing Committee on Health and Family Welfare in January 2019. The Committee is expected to submit its report during the 17th Lok Sabha. The Bill repeals the Indian Medicine Central Council Act, 1970 and provides for a medical education system which ensures: (i) adequate and high quality medical professionals of Indian system of medicine, (ii) adoption of the latest medical research by medical professionals, and (iii) periodic assessment of medical institutions. Key features of the Bill include:

- **Constitution of the National Commission for Indian System of Medicine:** The Bill provides for the establishment of the National Commission for Indian System of Medicine (NCISM). The NCISM will consist of 29 members, appointed by the central government. Members of the NCISM will include: (i) the Chairperson, (ii) the President of the Board of Ayurveda, (iii) the President of the Board of Unani, Siddha, and Sowa-Rigpa, and (iv) three members (part-time) to be elected by the registered medical practitioners of Ayurveda, Unani, and Sowa-Rigpa from amongst themselves from the prescribed regional constituencies under the Bill.

- **Functions of the National Commission for Indian System of Medicine:** Functions of the NCISM include: (i) framing policies for regulating medical institutions and medical professionals of Indian System of Medicine, (ii) ensuring compliance by the State Medical Councils of Indian System of Medicine of the regulations made under the Bill, and (iii) ensuring coordination among the autonomous boards set up under the Bill.

- **Autonomous boards:** The Bill sets up certain autonomous boards under the supervision of the NCISM. These boards are: (i) the Board of Ayurveda and the Board of Unani, Siddha, and Sowa-Rigpa: They will be responsible for formulating standards, curriculum, guidelines, and granting recognition to medical qualifications in their respective disciplines, (ii) the Medical Assessment and Rating Board: It will determine the process of rating and assessment of medical institutions, and (iii) the Ethics and Medical Registration Board: It will maintain a National Register of all licensed medical practitioners of the Indian System of Medicine to regulate their professional conduct.

For a PRS summary of the Bill, see here.

Indian Medical Council (Amendment) Second Ordinance 2019 promulgated

The Indian Medical Council (Amendment) Second Ordinance, 2019 was promulgated in February 2019. The Ordinance amends the Indian Medical Council Act, 1956 which sets up the Medical Council of India (MCI) which regulates medical education and practice. Note that, two similar Ordinances had been promulgated in September 2018 and January 2019. This Ordinance is effective from the date of the first Ordinance, i.e., September 26, 2018.

Note that the Indian Medical Council (Amendment) Bill 2018 (to replace the 2018 Ordinance) was passed by Lok Sabha in December 2018 and will lapse with the dissolution of the 16th Lok Sabha.

- **Supersession of the MCI:** The 1956 Act provides for supersession of the MCI and its reconstitution within a period of three years. The Ordinance amends this provision to provide for the supersession of the MCI for a period of one year. In the interim period, the central government will constitute a Board of Governors, which will exercise the same powers as the MCI.

- The Act provides for the Board of Governors to consist of up to seven members including persons of eminence in medical education, who are to be appointed by the central government. The Ordinance amends this provision to increase the strength of the Board from seven members to 12 members.

- It allows for persons with proven administrative capacity and experience to be selected in the Board. The Ordinance provides for the Board of
Governors to be assisted by a Secretary General appointed by the central government.

For a PRS summary of the Ordinance, see here.

**Cabinet approved setting up of seven new AIIMS in the country**

In 2018-19, the Union Cabinet approved the establishment of seven new All India Institute of Medical Sciences (AIIMS) across the country. These will be set up in (i) Madurai, Tamil Nadu, (ii) Bibinagar, Telangana, (iii) Manethi, Haryana, (iv) Vijaynagar, Jammu, (v) Awantipura, Kashmir, (vi) Deoghar, Jharkhand, and (vii) Rajkot, Gujarat. These will be set up under the Pradhan Mantri Swasthya Suraksha Yojana (PMSSY).

PMSSY was launched in 2006 with the aim of correcting the imbalances in the availability of affordable healthcare facilities in different parts of the country. An amount of Rs 9,558 crore has been approved for setting up of these AIIMS. Each AIIMS will consist of: (i) a hospital with a capacity of 750 beds, (ii) trauma center facilities, (iii) a medical college with an intake of 100 MBBS students per year, (iv) a nursing college with an intake of 60 B.Sc. (Nursing) students per year, (v) 15 to 20 speciality and super-speciality departments, and (vi) an AYUSH department with 30 beds for the provision of treatment facilities in traditional system of medicine.

**Housing and Urban Affairs**

**Parliament passed the Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017**

The Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017 was passed by Parliament in August 2018. The Bill was introduced in Lok Sabha in July, 2017. 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. Features of the Bill are:

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

- **Re-issue of notice:** Under the Act, when acquiring a requisitioned property, the central government has to issue a notification with regard to such an acquisition. Before issuing such a notice, the government has to provide the property owner (or any person interested in the property), an opportunity to be heard. At the hearing, the property owner (or interested person) must 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 interested person) 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.

For a PRS summary of the Bill, see here.

**RBI revised housing loan limits for eligibility under priority sector lending**

The RBI increased housing loan limits for eligibility under priority sector lending in June 2018. The revisions seek to bring convergence between the priority sector lending guidelines for housing loans and the affordable housing scheme, Pradhan Mantri Awas Yojana (PMAY).
Table 9: Details for eligibility under Priority Sector Lending (in Rs)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Older Criteria</th>
<th>Revised Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan limit for metropolitan centres (population 10 lakh and above)</td>
<td>28 Lakh</td>
<td>35 Lakh</td>
</tr>
<tr>
<td>Loan limit for other centres</td>
<td>20 Lakh</td>
<td>25 Lakh</td>
</tr>
<tr>
<td>Maximum cost of dwelling units for metropolitan centres</td>
<td>35 Lakh</td>
<td>45 Lakh</td>
</tr>
<tr>
<td>Maximum cost of dwelling units for other centres</td>
<td>25 Lakh</td>
<td>30 Lakh</td>
</tr>
</tbody>
</table>

Sources: Reserve Bank of India; PRS.

Further, under the old criteria, the family income limit prescribed for identification of economically weaker sections (EWS) and low-income groups (LIG) was two lakh rupees per year. This limit was increased to three lakh rupees per year for EWS and six lakh rupees per year for LIG. This is in alignment with the income criteria specified under PMAY.

Ministry increased carpet area of houses in the MIG group eligible for PMAY-U

The Ministry of Housing and Urban Affairs revised the carpet area of houses eligible for the Credit Linked Subsidy Scheme (CLSS) for the middle income group (MIG) under the Pradhan Mantri Awas Yojana – Urban (PMAY-U) in June 2018. Under CLSS, an interest subsidy is provided to eligible persons, on home loans taken for buying or constructing a house. The revised carpet area was effective retrospectively from January 1, 2017, i.e., from the date when the scheme became operational. The CLSS for MIG scheme was implemented till March 31, 2019.

There were two categories of MIG beneficiaries: (i) MIG-I (annual income between six lakh rupees and Rs 12 lakh), and (ii) MIG-II (annual income between Rs 12 lakh and Rs 18 lakh). The carpet area of dwelling units under the scheme was increased: (i) from 120 sq ft to 160 sq ft for MIG-I, and (ii) from 150 sq ft to 200 sq ft for MIG-II.

Benefits under CLSS had been extended to the MIG group in February 2017 (earlier they were only applicable to the economically weaker section, and the lower income groups). The carpet area of dwelling units under the MIG category were last increased in November 2017. Details of CLSS for MIG are as follows:

Table 10: Details of CLSS for MIG

<table>
<thead>
<tr>
<th>Particulars</th>
<th>MIG I</th>
<th>MIG II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household Income (per annum)</td>
<td>Between Rs 6 lakh and Rs 12 lakh</td>
<td>Between Rs 12 lakh and Rs 18 lakh</td>
</tr>
<tr>
<td>Interest subsidy (% per annum)</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Maximum loan tenure (in years)</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Eligible Housing Loan Amount for Interest Subsidy (Rs.)</td>
<td>Rs 9 lakh</td>
<td>Rs 12 lakh</td>
</tr>
<tr>
<td>Carpet Area of dwelling unit</td>
<td>160 sq.m.</td>
<td>200 sq.m.</td>
</tr>
</tbody>
</table>

Sources: Press Information Bureau, Ministry of Housing and Urban Affairs; PRS.

Ministry amended Model Building Byelaws, 2016 to provide for electric vehicle charging infrastructure

The Ministry of Housing and Urban Affairs amended the Model Building Byelaws, 2016 and the Urban Regional Development Plans Formulation and Implementation Guidelines, 2014 to facilitate the availability of electric vehicle (EV) charging infrastructure, in February 2019. The amended guidelines will act as a guiding document for states and union territories to incorporate the norms and standards of EV charging infrastructure in their respective building byelaws. The central government aims to have 25% of all vehicles on roads to be electric by 2020. Note that in December 2018, the Ministry of Power had released guidelines for charging infrastructure for electric vehicles.

- **Model Building Byelaws:** Based on the occupancy pattern and the total parking provisions in the premises of various building types, charging infrastructure will be provided only for EVs. Currently, the required occupancy is assumed to be 20% of all vehicle holding capacity/parking capacity at an individual building premises.

- **Urban Regional Development Plans Formulation and Implementation Guidelines:** The norms for distribution of public charging stations across a city have been specified. For example, public charging stations must be placed every 25 km on both sides of the highways.

Ease of Living Index 2018 released

The Ministry of Housing and Urban Affairs launched the Ease of Living Index 2018 in August 2018.
The Index captures the quality of life in cities and seeks to: (i) drive an evidence-based approach for future interventions and investments to deliver ease of living outcomes; (ii) catalyse actions to improve the quality of life in Indian cities; (iii) track broader development outcomes, including the Sustainable Development Goals; and (iv) serve as basis for dialogue with citizens and urban decision-makers on key strengths as well as areas demanding improvement in cities.

The Index ranked 111 cities in 35 states/union territories on 78 indicators in 15 categories. Each of these 15 categories falls within one of the following four pillars: (i) institutional, (ii) social, (iii) economic, and (iv) physical. The different categories include: (i) assured water supply, (ii) economy and employment, (iii) education, (iv) governance, (v) health; (vi) mixed land use and compactness, (vii) solid waste management; and (viii) transportation and mobility. The cities ranked under the Index have population more than one million, and fall within the category of smart cities and capital cities. Pune, Maharashtra topped the 2018 ranking.

Ministry released model guidelines for development of retirement homes

The Ministry of Housing and Urban Affairs released model guidelines for the development and regulation of retirement homes in March 2019. The population share of senior citizens is expected to increase from 8% in 2015 to 19% in 2050, to 34% by the end of the century. With rising income levels, a growing share of senior citizens is choosing to reside in commercially developed and professionally managed facilities known as retirement homes. These homes come under the category of real estate projects and are subject to the provisions of the Real Estate (Regulation and Development) Act, 2016. These model guidelines seek to protect the rights of senior citizens who reside in such homes.

Key features of the guidelines included:

- **Service Provider or Retirement Home Operator**: The guidelines define these as any person or entity, which is capable of and/or specialises in the operation and management of retirement homes. This may include on-site monitoring, personal care services, and any other relevant services, including basic maintenance services. The municipal corporations should frame rules to mandatorily register such entities. A retirement home would require specialised care and services for the elderly. If a promoter or developer is unable to provide such services, it may appoint a service provider or retirement home operator to perform such functions.

- **Alignment with other guidelines**: Retirement homes should be aligned with the norms prescribed in other codes such as the National Building Code, Model Building Bye Laws, and Harmonized Guidelines and Space Standards for Barrier Free Built Environment for persons with Disability and Elderly Persons.

- **Planning norms**: States/UTs should notify appropriate planning norms for retirement homes. These norms must include: (i) incorporating retirement homes as a permissible building category under ‘residential’ land use in the master plans, (ii) determining the land required for such homes, conducting surveys for the same, and (iii) the average size of dwelling units in such homes.

All 100 Smart Cities selected

Shillong, the capital of Meghalaya, was selected as the 100th Smart City in June 2018. The Smart Cities Mission was launched in June, 2015 and the first 20 cities under the mission were selected in January, 2016. The selection of Shillong completes selection of 100 cities under the Mission. The total proposed investment in the selected 100 cities under the Mission would be Rs 2,05,018 crore.

Environment

Cabinet approved Coastal Regulation Zone Notification, 2018

The Union Cabinet approved the Coastal Regulation Zone (CRZ) Notification, 2018 in December 2018. It amends the CRZ Notification, 2011, in relation to management and conservation of marine and coastal ecosystems and ecotourism, among others. The draft Notification was released for public comments in April, 2018. Key features of the 2018 Notification are as follows:

- **Floor Size Index in CRZ Areas**: The CRZ Notification, 2011 had frozen the Floor Space Index (built up area/total area) for CRZ-II areas as per the 1991 Development Control Regulation levels. The draft notification proposes to remove this and permit the use of the Floor Size Index
Key features of the amended Rules include:


- **Alternate use:** The Rules define alternate use of a material as one which is for a purpose other than for which it was conceived. This other purpose will be beneficial as it will promote resource efficiency.

- **Energy recovery:** Energy recovery has been defined as recovery of energy from waste. This includes conversion of waste material into usable heat, electricity, or fuel through different processes, including combustion, gasification, anaerobic digestion, and land fill gas recovery.

- **Non-recyclable multi-layered plastic:** The 2016 Rules state that the manufacture and use of non-recyclable multi-layered plastic should be phased out in two years. In the 2018 Rules, non-recyclable multi-layered plastic has been replaced with multi-layered plastic which is non-recyclable or non-energy recoverable or with no alternate use.

- **Registration for manufacture and recycle of plastic bags:** The 2018 Rules modify the process of registration. Under the revised Rules, for registration or renewal of registration, every producer or brand-owner is required to make an application to: (i) the concerned State Pollution Control Board or Pollution Control Committee of the Union Territory, if operating in one or two states or union territories; or (ii) the Central Pollution Control Board, if operating in more than two states or union territories.

- **Pricing of carry bags:** Under the 2016 Rules, shopkeepers and street vendors willing to provide plastic carry bags for dispensing any commodity were required to register with a local body. Such registration also required payment of a plastic waste management fee. Under the 2018 Rules, this rule has been removed.

**Ministry released Plastic Waste Management (Amendment) Rules, 2018**


Key features of the amended Rules include:

- **Bifurcation of CRZ-III areas:** CRZ-III areas (areas that are relatively undisturbed such as rural areas, and where the ratio of built up plot to total plot is less than 50%) have been divided into two categories:
  
  (i) **CRZ-III A** - rural areas with a population density of 2,161 people per sq. km or more as per the 2011 Census. Such areas shall have a No Development Zone (NDZ) of 50 meter from the High Tide Line (line on land up to which the highest water line reaches during the spring tide) (HTL);
  
  (ii) **CRZ-III B** - rural areas with a population density lesser than 2,161 people per sq.km. Such areas shall continue to have a NDZ of 200 meter from the HTL.

- **CRZ clearances streamlined:** The procedure for CRZ clearances has been streamlined. Only those projects located in CRZ-I (environmentally most critical) and CRZ-IV (area covered between Low Tide Line and 12 Nautical Miles seaward) will require clearance from the Ministry of Environment. The powers for clearances with respect to CRZ-II and III have been delegated to the state level.

- **Tourism infrastructure for basic amenities:** Temporary tourism facilities such as shacks, toilet blocks, and drinking water facilities have now been permitted in beaches. Such temporary tourism facilities are also now permissible in the “No Development Zone” (NDZ) of the CRZ-III areas as per the Notification. However, a minimum distance of 10 m from HTL should be maintained while setting up of such facilities.

**Ministry launched National Clean Air Programme**

The Ministry of Environment, Forest and Climate Change launched a five year action plan called the National Clean Air Programme (NCAP) in April 2018. The NCAP aims to meet the prescribed annual average ambient air quality standards at all locations in the country. Key features of the NCAP are as follows:

- **Objectives:** The key objectives of the NCAP include: (i) to create a management plan for prevention, control, and abatement of air pollution, (ii) to develop an effective ambient air quality monitoring network across the country, and (iii) to augment public awareness and capacity-building measures through data dissemination and public outreach programmes.
**Enforcement:** Trained manpower and regular inspection drives will be undertaken to ensure implementation of the NCAP. The enforcement of the programme will be carried out through a three-tier system that includes: (i) real-time physical data collection, (ii) data archiving and data analytics infrastructure, and (iii) an action trigger system. This three-tier system will work under the supervision of a single authority, which will ensure accreditation of three independently operating entities.

**Mitigation:** The NCAP intends to plug the gaps in the ongoing government initiatives towards mitigating air pollution. With reference to augmenting the air quality monitoring network, it proposes to increase the number of monitoring stations from existing 703 to 1,500. It also plans to bring in rural areas under the existing National Air Quality Monitoring Programme. Towards this, it will set up 75 monitoring stations in rural areas. The NCAP will also develop guidelines and protocols for monitoring and managing indoor air pollution.

**Certification:** To address concerns of poor data quality, the NCAP plans to set up a Certification Scheme. This Scheme will aim to provide a comprehensive and cost-effective solution for testing, calibration, and certification of equipment used in environmental monitoring. It also envisages setting up an Air Quality Forecasting System which will accurately forecast air pollution on a daily basis and forecast expected air pollution exigencies.

**Ministry released draft India Cooling Action Plan**

The Ministry of Environment, Forest, and Climate Change released the Draft India Cooling Action Plan (ICAP) in September 2018. The ICAP provides recommendations to address cooling requirements across sectors, and ways to provide access to sustainable cooling for all over a 20 year period (2017-18 to 2037-38). The main goals as outlined in the ICAP include:

- Supporting development of technological solutions in cooling and related areas;
- Reducing cooling demand across sectors by 20%-25% by 2037-38;
- Reducing refrigerant demand by 25%-30% by 2037-38;
- Reducing cooling energy requirements by 25%-40% by 2037-38; and
- Training and certifying 1,00,000 servicing sector technicians by 2022-23.

To achieve these objectives, the ICAP has prioritised areas to make interventions, which include:

**Building energy efficiency:** This will be achieved through: (i) reducing the cooling load of the building sector through fast-tracked implementation of building energy codes, (ii) adopting adaptive thermal comfort standards, (iii) increasing energy efficiency of room air-conditioners and fans, and (iv) enhancing consumer awareness through eco-labelling of cooling products.

**Cold Chain and Refrigeration:** Steps recommended in this area include: (i) developing programs for retrofitting of existing cold storages to reduce cooling, refrigerant demand and energy consumption and (ii) standardising all design, construction and associated specifications for small, medium and large cold-chain infrastructure components.

**Research and Development (R&D):** Promoting development and commercialisation of low energy-cooling technologies will reduce energy footprint of active cooling. In addition, a comprehensive R&D innovation ecosystem should be developed through the involvement of institutes of excellence and the private sector.

**Cabinet approves continuation of Integrated Development of Wildlife Habitats scheme till 2019-20**

The Union Cabinet approved the continuation of the Integrated Development of Wildlife Habitats scheme in September 2018, with an outlay of Rs 1,732 crore till 2019-20. The scheme aims to foster wildlife conservation in the country. It has three components: (i) Project Tiger with an outlay of Rs 1,143 crore, (ii) Development of Wildlife Habitats with an outlay of Rs 497 crore, and (iii) Project Elephant with an outlay of Rs 92 crore.
**Water Resources**

**The Dam Safety Bill, 2018 introduced in Lok Sabha, but will lapse**

The Dam Safety Bill, 2018 was introduced in Lok Sabha in December 2018.246 It will lapse at the end of the end of the 16th Lok Sabha. The Bill provides for the surveillance, inspection, operation, and maintenance of specified dams across the country. The Bill also provides for the institutional mechanism to ensure the safety of such dams. Key features of the Bill include:

- **Applicability of the Bill:** The Bill applies to all specified dams in the country. These are dams with: (i) height more than 15 m, or (ii) height between 10 m to 15 m and subject to certain design and structural conditions.

- **National Committee on Dam Safety:** The Bill provides for the constitution of a National Committee on Dam Safety. Its functions include: (i) formulating policies and regulations on dam safety standards, and (ii) analysing causes of dam failures.

- **National Dam Safety Authority:** The Bill provides for the establishment of a National Dam Safety Authority. Its functions include: (i) implementing the policies formulated by the National Committee on Dam Safety, (ii) resolving issues between State Dam Safety Organisations (SDSOs), or between an SDSO and any dam owner in that state.

- **State Dam Safety Organisation:** The Bill provides for the establishment of SDSOs by state governments. All specified dams in a state will fall under the jurisdiction of that state’s SDSO. However, the National Dam Safety Authority will act as the SDSO in cases where a dam: (i) is owned by one state but situated in another state, or (ii) extends over multiple states, or (iii) is owned by a central public sector undertaking. Functions of the SDSOs include: (i) monitoring the operation and maintenance of dams, and (ii) suggesting safety measures to dam owners.

- **State Committee on Dam Safety:** The Bill provides for the constitution of State Committees on Dam Safety by respective state governments. Their functions include: (i) reviewing the work of the SDSO, (ii) ordering dam safety investigations, and (iii) assessing potential impact on other states.

- **Obligations of dam owners:** The Bill requires the owners of specified dams to provide a dam safety unit in each dam. This unit will inspect the dams: (i) before and after the monsoon season, and (ii) during and after every earthquake, flood, or any other calamity or sign of distress.

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

**Cauvery Water Management Scheme, 2018 formulated**

The Cauvery Water Management Scheme, 2018 was formulated by the government in June 2018 to implement the decision of the Cauvery Water Disputes Tribunal, that was modified by the Supreme Court.247 The Supreme Court in its judgement increased the share of Karnataka by 14.75 TMC and reduced the share of Tamil Nadu by the same amount. To implement the scheme, the government has constituted the Cauvery Water Management Authority and the Cauvery Water Regulation Committee.248 Key details include:

**Cauvery Water Management Authority**

- **Composition:** The Cauvery Water Management Authority (CWMA) will be headed by a Chairman, and will comprise two whole-time members, two part-time members who will be government representatives from the Ministry of Water Resources and Agriculture, respectively, and four part-time members, one each from the state of Kerala, Karnataka, Tamil Nadu and one from Puducherry.

- **Function and duties of CWMA:** The functions of CWMA include: (i) storage, apportionment, regulation and control of Cauvery water; (ii) supervising the operation of reservoirs and regulating water releases and (iii) regulating release of water by Karnataka at the inter-state contact point of Karnataka and Tamil Nadu.

**Cauvery Water Regulation Committee**

- **Composition:** The Cauvery Water Regulation Committee (CWRC) will be headed by a Chairman, and will comprise eight other members, including representatives from the three states and one union territory, the Indian Meteorological Department, Central Water Commission, and Ministry of Agriculture.

- **Functions of CWRC:** The CWRC, on the directions of the CWMA, will: (i) collect daily water levels, inflows, and storage position at
eight reservoirs of the Cauvery; (ii) ensure 10 daily releases of water on monthly basis from the reservoirs as directed by the CWMA; and (iii) prepare seasonal and annual reports of the water account and submit it to the CWMA, among other things.

**Ministry of Water Resources released draft River Basin Management Bill, 2018**

The Ministry of Water Resources, River Development, and Ganga Rejuvenation released the draft River Basin Management Bill, 2018, in October 2018. The Bill proposes to establish 13 River Basin Authorities to facilitate coordination between states for development of inter-state rivers. It also seeks to repeal the River Boards Act, 1956. Key features of the draft Bill are:

- **River Basin Authorities:** The central government shall establish a River Basin Authority for development, management, and regulation of waters of an inter-state river basin. Every River Basin Authority shall consist of a Governing Council and an Executive Board.

- **River Basin Master Plan:** Every River Basin Authority shall ensure that a River Basin Master Plan for river basin development, management, and regulation is prepared for the inter-state river basin under its jurisdiction. The Plan shall include analysis of the river basin characteristics, environmental needs, assessment of the effects of existing legislation, among others.

- **Executive Board:** The Executive Board will comprise the Chairman and administrative secretaries of the concerned state governments from the departments of water resources, agriculture, drinking water and sanitation, and disaster management. The Board will also have part-time experts.

- **Functions of the Executive Board:** The functions of the Executive Board will include to: (i) formulate a River Basin Master Plan for the inter-state river basin, (ii) prepare schemes for irrigation, water supply, and flood management, and (iii) maintain and update a database on water resources of the basin.

- **Governing Council:** The Governing Council shall consist of: (i) Chief Ministers of basin states, (ii) Minister in charge of water resources from each basin state, and (iii) Chairman of the Executive Board.

- **Functions of the Governing Council:** The functions of the Council include to: (i) approve the River Basin Master Plan, (ii) enable basin states to come to an agreement for implementation of the river basin master plan, (iii) resolve conflicts among states, and (iv) review and give clearance to new water resources projects.

**Central Ground Water Authority notified guidelines for ground water extraction**

The Central Ground Water Authority (CGWA) notified guidelines for regulation and control of ground water extraction in December 2018. The guidelines will apply across the country beginning June 2019.

As per the guidelines, users extracting ground water are required to obtain a No Objection Certificate (NOC) from CGWA. Certain users are exempted from this requirement, including: (i) agricultural users, (ii) users proposing to draw ground water through non-energised means, (iii) individual households proposing to draw ground water from a single well, through delivery pipe of up to one-inch diameter, (iv) armed forces during operational deployment or mobilisation, and (v) government water supply agencies in safe and semi-critical areas.

The guidelines specify different categories of ground water users and prescribe norms for each user group for extraction. For instance, users extracting ground water for drinking and domestic usage will be given NOCs only in cases where the concerned water supply department or agency is unable to supply adequate amount of water in the area.

NOCs given to users will become void in case of change in land use (of the property) or water use. NOCs are valid for a specific time period based on the category of user; and can be renewed thereafter. A processing fee of Rs 10,000 is applicable for new NOCs and Rs 5,000 for renewal of existing NOCs.

Users required to obtain NOC also have to pay a Water Conservation Fee (WCF) for ground water extraction. WCF payable by users depends on their type of usage, the quantum of ground water extraction and the area from where it is being extracted. 25% rebate on WCF will be given to users drawing or proposing to draw saline ground water. Packaged drinking water units located in salinity, arsenic or fluoride affected areas will be given 50% rebate on WCF.
The guidelines also include provisions for: (i) encouraging use of recycled and treated sewage water by industries, (ii) taking action against polluting industries, (iii) mandatory requirement of digital flow meters, piezometers, and digital water level recorders, (iv) mandatory water audit for certain industries, (v) mandatory roof top rain water harvesting for certain industries, and (vi) prevention of ground water contamination on the premises of polluting industries and projects.

**Mahadaiy Water Disputes Tribunal gave its final award**

The Mahadaiy Water Disputes Tribunal gave its final award on the water sharing of Mahadaiy river between the states of Goa, Karnataka, and Maharashtra. The tribunal was set up in November 2010 under the Inter-State River Water Disputes Act, 1956. The Mahadaiy river basin drains an area of 2,032 sq. km, of which 1,680 sq. km lies in Goa, 375 sq. km in Karnataka, and remaining 77 sq. km in Maharashtra. In its award, the tribunal allowed Goa access to 24 Thousand Million Cubic (TMC) feet of water. Karnataka was allowed access to 13.42 TMC feet (5.4 TMC feet for consumptive use and 8.02 TMC feet for power generation) and Maharashtra was allocated 1.33 TMC feet of water.

**Cabinet approved Rs 3,466 crore for continuation of Dam Rehabilitation and Improvement Project till June 2020**

The Union Cabinet approved the revised cost estimate of Rs 3,466 crore for continuation of the Dam Rehabilitation and Improvement Project in September 2018. The project was also granted an extension from July 2018 to June 2020. Out of Rs 3,466 crore, Rs 2,628 crore will be funded by the World Bank, Rs 747 crore by state governments, and Rs 91 crore by the Central Water Commission. The project will improve the safety and operational performance of 198 dams in seven states. Through this, the project aims to mitigate risks to ensure safety of downstream population and property. The project will also focus on institutional strengthening, including capacity building of officials to increase the effectiveness of Dam Safety Organisations.

**Cabinet approves the Flood Management and Border Areas Programme**

The Union Cabinet approved the Flood Management and Border Areas Programme (FMBAP) in March 2019, with an aim of effective flood management and erosion control. The scheme will have an outlay of Rs 3,342 crore for the period 2017-18 to 2019-20.

FMBAP has been framed by merging two previously continuing schemes, namely the “Flood Management Program,” and the “River Management Activities and Works related to Border Areas”. Salient features of the scheme include: (i) assisting state governments in providing protection against floods through structural and non-structural measures, (ii) completing ongoing projects previously approved under the Flood Management Program, (iii) conducting hydro-meteorological observations and flood forecasting with neighbouring countries, and (iv) surveying and investigating water resource projects on common rivers with neighbouring countries.

**Women and Child Development**

**Anti-trafficking Bill passed by Lok Sabha, but will lapse**

The Trafficking of Persons (Prevention, Protection and Rehabilitation) Bill, 2018 was passed by Lok Sabha in July 2018. The Bill will lapse on the dissolution of the 16th Lok Sabha. The Bill provides for the prevention, rescue, and rehabilitation of trafficked persons. Key features of the Bill include:

- **National Anti-Trafficking Bureau:** The Bill provides for the establishment of a National Anti-Trafficking Bureau to investigate trafficking cases and implement provisions of the Bill. The Bureau will comprise of police officers, and any other officers as required. The Bureau may take over the investigation of any offence under the Bill, that has been referred to it by two or more states.

- **Functions of the Bureau:** Key functions of the Bureau include: (i) coordinating and monitoring surveillance along known routes, (ii) facilitating surveillance, enforcement and preventive steps at source, transit and destination points, and (iii) maintaining coordination between law enforcement agencies, non-governmental organisations, and other stakeholders.

- **Anti-Trafficking Units:** The Bill also provides for the setting up of Anti-Trafficking Units (ATUs) at the district level. ATUs will be responsible for dealing with the prevention, rescue, and protection of victims and witnesses, and for the investigation and prosecution of trafficking offences. In districts where an ATU
is not functional, this responsibility will be taken up by the local police station.

- **Anti-Trafficking Relief and Rehabilitation Committee**: The Bill provides for the establishment of Anti-Trafficking Relief and Rehabilitation Committees (ATCs) at the national, state, and district levels. These Committees will be responsible for: (i) providing compensation to victims, (ii) repatriation of victims, and (iii) re-integration of victims in society, among others.

- **Penalties**: The Bill specifies the penalties for various offences including for (i) trafficking of persons, (ii) promoting trafficking, (iii) disclosing the identity of the victim, and (iv) aggravated trafficking (such as trafficking for bonded labour and begging). For example, aggravated trafficking will be punishable with rigorous imprisonment of 10 years up to life imprisonment, along with a minimum fine of one lakh rupees.

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

**Juvenile Justice (Care and Protection of Children) Amendment Bill, 2018 introduced in Lok Sabha, but will lapse**

The Juvenile Justice (Care and Protection of Children) Amendment Bill, 2018, was introduced in Lok Sabha in August, 2018. The Bill amends the Juvenile Justice (Care and Protection of Children) Act, 2015. It will lapse with the dissolution of the 16th Lok Sabha. The Act contains provisions related to children in conflict with law and children in need of care and protection. The Bill seeks to make changes to provisions related to adoption of children. Key features of the Bill include:

- **Adoption under the 2015 Act**: The Act provides for the adoption of children by prospective adoptive parents from India and abroad. On the acceptance of the child by prospective adoptive parents, a specialised adoption agency files an application in a civil court to obtain the adoption order. The adoption order issued by the court establishes that the child belongs to the adoptive parents. The Bill provides that instead of the court, the District Magistrate will issue such adoption orders.

- In cases where a person living abroad intends to adopt a child from his relative in India, he is required to obtain an adoption order from the court. In such cases, the Bill replaces the court with the District Magistrate as the authority to issue adoption orders.

- **Transfer of proceedings**: The Bill seeks to transfer all pending matters related to adoption before any court to the District Magistrate having jurisdiction over the area.

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

**Group of Ministers constituted to examine matters related to sexual harassment of women at the workplace**

The government constituted a Group of Ministers (Chair: Mr. Rajnath Singh, Minister of Home Affairs) to address issues of sexual harassment of women at the workplace. In addition to the chairperson, the Group comprises Union Ministers of: (i) Defence, (ii) Women and Child Development, and (iii) Road Transport and Highways. The Group of Ministers will examine the existing legal and institutional framework for dealing with matters of sexual harassment of women at the workplace. Further, it will recommend the necessary action required for effective implementation of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Group of Ministers will submit their recommendations on measures required to strengthen safety of women within three months.

**Tribal and Minority Affairs**

**125th Constitutional Amendment Bill introduced in Rajya Sabha**

The Constitution (One Hundred and Twenty-Fifth Amendment) Bill, 2019 was introduced in Rajya Sabha in January 2019. The Bill amends provisions related to the Finance Commission and the Sixth Schedule of the Constitution. The Sixth Schedule relates to the administration of tribal areas in the states of Assam, Meghalaya, Tripura and Mizoram. The Bill has been referred to the Standing Committee on Home Affairs in February 2019. The Committee was expected to submit its report within three months of formation of the 17th Lok Sabha. Key features of the Bill include:

- **Village and Municipal Councils**: The Sixth Schedule states that tribal areas in certain regions of these four states will be ‘autonomous districts’, each administered by a District Council. Further, the Governor may divide an
autonomous district into autonomous regions, each administered by a Regional Council.

- The Bill amends this to provide for Village and Municipal Councils in addition to the District and Regional Councils. Village Councils will be established for villages or groups of villages in rural areas, and Municipal Councils will be established in urban areas of each district. Further, District Councils may make laws on a number of issues, including: (i) number of Village and Municipal Councils to be formed, and their composition, (ii) delimitation of constituencies for election to the Village and Municipal Councils, and (iii) powers and functions of these Councils.

- **Finance Commission:** Under the Constitution, the functions of the Finance Commission include making recommendations to the President on: (i) distribution of taxes between the Union and states, and (ii) provision of grants-in-aid to states. Additionally, the Bill empowers the Commission to make recommendations on measures to augment the Consolidated Fund of a state in order to provide resources to the District Councils, Village Councils, and Municipal Councils in tribal areas in the four states.

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

**Bills introduced to amend list of Scheduled Tribes in Assam and Karnataka**

Two Bills were introduced in Rajya Sabha to amend the Constitution (Scheduled Tribes) Order, 1950, in respect of Assam and Karnataka. The Order specifies the list of tribal communities which are deemed to be Scheduled Tribes. These Bills are: (i) the Constitution (Scheduled Tribes) Order (Amendment) Bill, 2019 and (ii) the Constitution (Scheduled Tribes) Order (Second Amendment) Bill, 2019. Key features of these Bills include:

- The Constitution (Scheduled Tribes) Order (Amendment) Bill, 2019 amends Part II of the Order which specifies the Scheduled Tribes in Assam. The Bill inserts 41 entries for granting Scheduled Tribe status to these communities. These include: (i) Matak, (ii) Kock Rajbongshi, (iii) Tai Ahom, (iv) Bhil, and (iv) Bhumij.

- The Constitution (Scheduled Tribes) Order (Second Amendment) Bill, 2019 amends Part VI of the Order which specifies the Scheduled Tribes in Karnataka. It substitutes: (i) “Naikda, Nayaka” with “Naikda, Nayaka (including Parivara and Talawara)”, and (ii) “Siddi (in Uttar Kannada district)” with “Siddi (in Belagavi, Dharwad, and Uttar Kannada districts)”.

For PRS summaries of these two Bills, see [here](#) and [here](#).

**Constitution (Scheduled Tribes) Order (Third Amendment) Bill, 2019 passed by Rajya Sabha but will lapse**

The Constitution (Scheduled Tribes) Order (Third Amendment) Bill, 2019 was introduced and passed by Rajya Sabha in February 2019. The Bill amends the Constitution (Scheduled Tribes) Order, 1950, in respect of Arunachal Pradesh. The Bill amends Part 18 of the Order which specifies the Scheduled Tribes in Arunachal Pradesh. It will lapse upon the dissolution of the 16th Lok Sabha.

- The Bill inserts five entries for granting Scheduled Tribe status to these communities. These are: (i) Galo, (ii) Mishmi-Kaman (Miju Mishmi), Idu (Mishmi), Taraon (Digaru, Mishmi), (iii) Monpa, Mamba, Sartang, Sajolang (Miji) (iv) Nocte, Tangsa, Tutsa, Wancho, and (v) Tai Khamti.

- The Bill removes reference to six tribes. These are: (i) Abor, (ii) Galong, (iii) Khampti, (iv) Mishmi (Idu, Taroon), (v) any Naga tribes, and (vi) Momba.

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

**Ministry of Tribal Affairs launched various schemes**

The Ministry of Tribal Affairs launched several schemes for the benefit of tribal communities. These include: (i) Minimum Support Price (MSP) for Minor Forest Produce, (ii) TRIFOOD project, and (iii) the “Friends of TRIBES” initiative.

Under the Schemes of MSP and Value Addition, MSP will be increased from 30% to 40% for 50 commercially viable items to the tribals. Further, approximately 6000 Van Dan Vikas Kendras are proposed to be set up. Each Kendra will comprise 300 tribal gatherers. These Kendras are intended to provide employment to almost 45 lakh tribals.

The Ministry also launched the TRIFOOD Scheme. The Scheme is a joint initiative of the Ministry of Food Processing Industries, the Ministry of Tribal Affairs and the Tribal Cooperative Marketing Development Federation of India (TRIFED). Under the Scheme, a tertiary value addition center will be
set up in Jagdalpur in Chhattisgarh and Raigad in Maharashtra at a cost of approximately Rs 11 crore.

The Ministry also launched the “Friends of Tribes” initiative. Under this initiative, TRIFED has tied up CSR (Corporate Social Responsibility) funds to promote tribal livelihoods. Under the Companies Act, 2013 companies above a certain specified net worth, turnover or profits are required to spend 2% of their average net profits in the last three financial years, towards activities under its CSR policy.

### Cabinet approved continuation of Scheduled Tribes sub-schemes

The Union Cabinet gave its approval for the continuation of eleven sub-schemes under the “Umbrella programme for development of Scheduled Tribes” from April, 2017 to March, 2020 at a cost of Rs 11,900 crore. These sub-schemes include pre-matric and post-matric scholarships, hostels, and vocational training to voluntary organisations working for welfare of Scheduled Tribes.

### Cabinet approved restructuring of Multi-Sectoral Development Programme

In May 2018, the Union Cabinet approved the restructuring and renaming of the Multi-sectoral Development Programme (MsDP) as Pradhan Mantri Jan Vikas Karyakaram. Further, the scheme has been approved for continuation till 2019-20 with an allocation of Rs 3,972 crore. MsDP was launched in 2008 with an aim to address the development gaps in minority concentrated areas by providing basic amenities and creating socio-economic infrastructure. Key features of the restructured programme include:

- **Criteria:** The criteria for identification of minority concentration areas has been rationalised by lowering the population percentage criteria. Previously, towns that were backward in terms of both basic amenities and socio-economic parameters were taken up under the scheme. Under the restructured scheme, towns backward in either or both of these criteria will be considered under the scheme.

- **Coverage of the scheme:** The existing MsDP covers 196 districts in 27 states/union territories which is being extended to a total of 308 districts in 32 states/union territories. The restructured scheme will include minority concentration district headquarters along with minority concentration towns, blocks, and villages.

- **Earmarking of funds:** Rs 3,972 crore has been allocated to the scheme for a three-year period (2017-2020). Of the total funds, 80% will be earmarked for projects related to education, health, and skill development.

### Cabinet approved revision in the list of Scheduled Tribes in Chhattisgarh

The Union Cabinet gave its approval for certain amendments to the list of scheduled tribes in Chhattisgarh in the Constitution (Scheduled Castes and Scheduled Tribes) Order (Amendment) Bill, 2016, in February 2019. The 2016 Bill seeks to amend the Constitution (Scheduled Castes) Order, 1950 and the Constitution (Scheduled Tribes) Order, 1950. The two Orders were issued by the President under the Constitution specifying the Scheduled Castes (SCs) and the Scheduled Tribes (STs) of all states. The 2016 Bill amended the list of STs in five states including Chhattisgarh.

For Chhattisgarh, the Bill seeks to clarify equivalent names of the following communities that are already mentioned in the list of STs: (i) Bhuinya, Bhuiyan, Bhuyan, (ii) Dhanwar, Dhanuhar, Dhanuwar, (iii) Nagesia, Nagasia, Kisan, and (iii) Sawar, Sawara, Saunra, Saonra. The proposed amendments to the 2016 Bill add ‘Binjhia’ to the list of STs in Chhattisgarh. Note that the 2016 Bill will lapse with the dissolution of the 16th Lok Sabha.

### Culture

**The Jallianwala Bagh National Memorial (Amendment) Bill, 2018 passed in Lok Sabha, but will lapse**

The Jallianwala Bagh National Memorial (Amendment) Bill, 2018 was passed in Lok Sabha on February 2019. This Bill will lapse following the end of the 16th Lok Sabha. The Bill amends the Jallianwala Bagh National Memorial Act, 1951. The Act provides for the construction of a National Memorial in tribute to individuals killed or wounded on April 13, 1919 in Jallianwala Bagh, Amritsar. The Act also establishes a Trust to manage the National Memorial.
As per the 1951 Act, the Trustees of the Memorial would include, (i) the Prime Minister, as Chairperson, (ii) the President of the Indian National Congress, (iii) the Minister in-charge of Culture, (iv) the Leader of Opposition in Lok Sabha, (v) the Governor of Punjab, (vi) the Chief Minister of Punjab, and (vii) three eminent persons nominated by the central government. The Bill amends this provision to remove the President of the Indian National Congress as a Trustee. Further, it clarifies that when there is no Leader of Opposition in Lok Sabha, then the leader of the single largest opposition party in the Lok Sabha will be the Trustee.

Additionally, the Act provides that the three eminent persons nominated by the central government will have a term of five years and will be eligible for re-nomination. The Bill adds a proviso to allow the central government to terminate the term of a nominated trustee before the expiry of his term without assigning any reason.

For PRS Bill Summary, see here.

Select Committee on Ancient Monuments and Archaeological Sites and Remains (Amendment) Bill submitted its report

The Select Committee of Rajya Sabha to examine the Ancient Monuments and Archaeological Sites and Remains (Amendment) Bill, 2018 (Chairperson: Dr. Vinay P. Sahasrabuddhe) submitted its report. The Bill amends the Ancient Monuments and Archaeological Sites and Remains Act, 1958. The Bill was introduced in Lok Sabha on July, 2017 and was passed by the House on January 2018. It was referred to the Rajya Sabha Select Committee on July, 2018. The Bill will lapse on dissolution of the 16th Lok Sabha. The Committee recommended that the Bill be passed by Parliament. Key observations and recommendations of the Committee include:

- **Prohibited area:** A protected monument is defined as an ancient monument which is declared to be of national importance under the Act. Construction is not permitted in the prohibited area (area of 100 metre) around a protected monument, except under certain conditions. The Bill seeks to permit construction of public works in prohibited areas for public purposes. The Ministry of Culture stated to the Committee that it has found no specific reasoning behind the 100 metre limit for prohibited areas. The Committee noted that in case of certain monuments, the 100 metre prohibition may not be required, and in certain other cases, it may not be sufficient to protect the monument. It recommended that a study should be conducted by experts to determine a rational area limit for prohibiting construction around a monument to ensure its preservation.

- **Public works:** The Bill defines ‘public works’ as construction of any infrastructure that is financed and carried out by the central government for public purposes. Such infrastructure must be necessary for public safety and security, and must be based on a specific instance of danger to public safety. The Committee noted that this definition does not cover public utility projects that are not critical for public safety at large. It also questioned why the definition of public works does not include works that are essential for providing convenience to the public.

For a PRS report summary, see here.
Law and Justice

Supreme Court read down some parts of the Aadhaar Act

In September 2018, the Supreme Court upheld the constitutional validity of the provisions of the Aadhaar Act, 2016 by a 4:1 majority.\textsuperscript{267} It also upheld the passage of the Aadhaar Bill as a Money Bill in the Lok Sabha. Further, Section 139AA of the Income Tax Act, 1961, which mandates quoting of Aadhaar number for obtaining a Permanent Account Number (PAN) and for filing income tax returns, was also upheld.

However, certain provisions of the Act were read down. Section 7 permits the government to require that Aadhaar be used for authenticating the identity of an individual receiving government subsidies or benefits, or paying for government services. The Court upheld this with the condition that alternate mechanisms be created in case the authentication fails for a genuine beneficiary.

Section 57 allows the use of Aadhaar for establishing identity for other purposes if authorized by any law or through contractual agreement. The Court said in its judgement, that Aadhaar can be used only if there is a law, which establishes the necessity and proportionality of its use.

The court also struck down some provisions. These include: (i) Section 33(2), which permitted the disclosure of information, including identity and authentication information, in the interest of national security to an officer of the rank of Joint Secretary or higher, (ii) Section 47, which stated that complaints regarding offences under the Act could be filed in courts only by UIDAI.

Section 33(1) of the Act was read down. This allowed disclosure of information, including identity and authentication records, if ordered by a court not inferior to that of District Judge. The Court stated that the individual whose information is being sought should be given the opportunity of being heard.

The Prevention of Money Laundering (Maintenance of Records) Rules, 2005 had mandated linking of bank accounts and other financial instruments, such as mutual funds and insurance policies, with Aadhaar. The Court declared this unconstitutional, stating that it did not meet the test of proportionality and violated the right to privacy of the individual with regard to his banking details. On similar considerations, the Court declared the provision of linking mobile phones with Aadhaar unconstitutional.

Aadhaar and Other Laws (Amendment) Ordinance promulgated

The Aadhaar and Other Laws (Amendment) Ordinance, 2019 was promulgated in March 2019.\textsuperscript{268} It amends the Aadhaar Act, 2016, the Indian Telegraph Act, 1885, and the Prevention of Money Laundering Act, 2002. The Aadhaar Act provides targeted delivery of subsidies and benefits to individuals residing in India by assigning them unique identity numbers, called Aadhaar numbers. In September 2018, the Supreme Court struck down certain provisions of the Aadhaar Act, including those in relation to mandatory linking of Aadhaar with bank accounts and mobile phones. Previously, a similar Bill was passed by Lok Sabha in January 2019.\textsuperscript{269} Key features of the Ordinance include:

- **Offline verification:** Under the Aadhaar Act, an individual’s identity may be verified by Aadhaar ‘authentication’. Authentication involves submitting the Aadhaar number, and their biometric or demographic information. The Ordinance also allows for ‘offline verification’ of an individual’s identity, without authentication, through modes specified by the UIDAI by regulations.

- **Voluntary use:** The Act provides for the use of Aadhaar number as proof of identity of a person, subject to authentication. The Ordinance replaces this provision to state that an individual may voluntarily use his Aadhaar number to establish his identity, by authentication or offline verification. Such use of Aadhaar must be permitted by an Act of Parliament. Further, mandatory use of Aadhaar for authentication requires an Act of Parliament.

- The Ordinance allows banks and telecom companies to verify the identity of their clients by: (i) authentication or offline verification of Aadhaar, (ii) passport, or (iii) any other documents notified by the central government. The client has the choice to use any of these modes to verify his identity and no individual shall be denied any service for not having an Aadhaar number.

- **Disclosure of information in certain cases:** Under the Act, information on Aadhaar may be
The petitioners in the case wanted the Court to make the offence gender-neutral.

The Court held the provision to be unconstitutional and struck it down entirely. The Court found the provisions to be arbitrary and violative of Article 14 (right to equality) since: (i) it did not apply equally to a married man who had intercourse with another woman; and (ii) it permitted adultery if the husband consented, which indicates that the provision treated the wife as property of the husband. The Court further found the provision to violate the right to dignity, privacy and sexual autonomy of a woman guaranteed to her under Article 21 of the Constitution (right to life).

The Court clarified that adultery may continue to be a ground for divorce.

**Supreme Court allowed the entry of women in Sabrimala Temple**

In September 2018, a five-judge Constitution Bench of the Supreme Court heard a case challenging the constitutionality of a custom under which women between the ages of 10 to 50 years were denied entry to Lord Ayyappa Temple at Sabarimala, Kerala. The Court held the practice to be unconstitutional by a 4:1 majority.

The practice was challenged on the grounds that it violates Articles 14 (right to equality), 15 (prohibition of discrimination based on sex), 17 (abolition of untouchability), 21 (protection of life and personal liberty), and 25 (freedom of religion) of the Constitution.

**Supreme Court upheld judgement on reservation in promotions for Scheduled Castes and Scheduled Tribes**

In September 2018, the Supreme Court upheld its earlier judgement on reservation in promotion to Scheduled Castes and Scheduled Tribes in public employment. In its earlier judgement, the Supreme Court held that the government could provide reservation in promotions to Scheduled Castes and Scheduled Tribes, but would have to show the existence of certain reasons. These reasons include: (i) backwardness, (ii) inadequacy of representation, and (iii) administrative efficiency. It further stated that the government would have to collect data showing backwardness of Scheduled Castes and Scheduled Tribes.

The court upheld this previous judgement, but stated that the government did not have to collect data.
showing backwardness of the Scheduled Castes and Scheduled Tribes.

**Delhi High Court de-criminalised begging**

In August 2018, the Delhi High Court decided a constitutional challenge to the provisions of the Bombay Prevention of Begging Act, 1959, as extended to the Union Territory of Delhi. The Court held the Act to be unconstitutional, to the extent that it criminalised begging. It noted that criminalizing begging violates the most fundamental rights of some of the most vulnerable people in society.

The Court observed that several provisions of the Act violated Article 14 (right to equality) because it did not distinguish between the different types of begging and further equated begging with homelessness. The Court also found the criminalisation of begging to be in violation of Article 21 (protection of life and personal liberty) of the Constitution.

**Supreme Court laid down guidelines for live-streaming of court proceedings**

In September 2018, the Supreme Court allowed live-streaming of certain cases of constitutional or national importance. The Court formulated certain model guidelines for the live-stream. These include:

- Only a specified category of cases or cases of constitutional and national importance being argued for final hearing before the Constitution Bench may be live streamed as a pilot project. Sensitive cases like matrimonial disputes or sexual assault case shall not be streamed live. Further, the Court may live-stream oath-taking ceremonies or judicial conferences.
- The live-stream shall be available on the website of the Supreme Court. The Court shall also maintain archives of all the proceedings streamed live.
- There shall be a two-minute gap between the proceedings and the streaming. This will allow time for screening sensitive information or any other exchange which should not be streamed.
- Prior consent of all parties to the concerned proceedings must be taken before streaming the proceedings. If there is no unanimity between the parties, the Court can decide whether to broadcast the proceedings.
- The presiding judge will have the final authority to suspend or prohibit live-streaming of a particular case, if he believes the publicity would prejudice the interest of justice.
- The Supreme Court shall have exclusive copyright over all the material recorded and broadcast in the Court.

**Supreme Court laid down guidelines for chargesheeted candidates contesting elections**

In September 2018, the Supreme Court set down certain guidelines to be followed by candidates who are contesting elections and have criminal cases pending against them in a court. These guidelines are as follows:

- Each contesting candidate shall fill up the form provided by the Election Commission of India. The form must contain all the particulars as required in it. Further, the form should state the criminal cases pending against the candidate in bold letters.
- If a candidate is contesting an election on the ticket of a particular party, he is required to inform the party about the criminal cases pending against him.
- The concerned political party must display the information relating to the criminal antecedents of its candidates on its website.
- The candidate as well as the concerned political party must issue a declaration in a widely circulated newspaper in the locality about candidate’s criminal antecedents. Such declaration must be made at least thrice after the candidate files his nomination papers.

The Court stated that Parliament should consider enacting a law to ensure that persons facing serious criminal charges do not contest elections.

**Parliament passed the Constitution (One Hundred Twenty-Third Amendment) Bill**

The Constitution (123rd Amendment) Bill, 2018, was passed by Parliament in August 2018. The Bill gives constitutional status to the National Commission for Backward Classes (NCBC), at par with the National Commission for Scheduled Castes (NCSC) and the National Commission for Scheduled Tribes. It removes the power to examine matters related to backward classes from the purview of NCSC. Parliament also repealed the National Commission for Backward Classes Act, 1993.
For a PRS summary of the Constitution (123rd Amendment) Bill, 2017, see here. For a PRS summary of the National Commission for Backward Classes (Repeal) Bill, 2017, see here.

**Parliament passed the Criminal Law (Amendment) Bill, 2018**

The Criminal Law (Amendment) Bill, 2018 was passed by Parliament in August 2018. It replaced an Ordinance promulgated in April 2018. The Bill amends certain laws related to rape of minors. Key features of the Bill include:

**Amendments to Indian Penal Code, 1860 (IPC)**

- **Enhanced punishment for rape:** Under the IPC, rape is punishable with a rigorous imprisonment of at least seven years up to life imprisonment, along with fine. The minimum imprisonment has been increased from seven years to 10 years.

- **New offences:** The Bill introduces three new offences related to rape of minor girls, and increases the penalty for one:

  **Table 11: New offences under the IPC, 1860**

<table>
<thead>
<tr>
<th>Age</th>
<th>Offence</th>
<th>Punishment</th>
</tr>
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<tbody>
<tr>
<td>Below 12 years</td>
<td>Rape</td>
<td>Rigorous imprisonment of at least 20 years extendable to life imprisonment,</td>
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<td></td>
<td></td>
<td>along with fine to meet medical expenses and rehabilitation cost of the</td>
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<td></td>
<td></td>
<td>victim, or, death.</td>
</tr>
<tr>
<td></td>
<td>Gang Rape</td>
<td>Life imprisonment, along with fine, to meet medical expenses and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>rehabilitation cost of the victim, or, death.</td>
</tr>
<tr>
<td>Below 16 years</td>
<td>Rape</td>
<td>Previously, the punishment for rape was imprisonment of ten years</td>
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<tr>
<td></td>
<td></td>
<td>extendable to life imprisonment, along with fine. This has been enhanced to</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a minimum rigorous imprisonment of at least 20 years, extendable to life</td>
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<tr>
<td></td>
<td></td>
<td>imprisonment, along with fine to meet medical expenses and</td>
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<td></td>
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<td>rehabilitation cost of victim.</td>
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<tr>
<td></td>
<td>Gang Rape</td>
<td>Life imprisonment, along with fine, to meet medical expenses and</td>
</tr>
<tr>
<td></td>
<td></td>
<td>rehabilitation cost of victim.</td>
</tr>
</tbody>
</table>

Sources: Indian Penal Code, 1860; The Criminal Law (Amendment) Bill, 2018; PRS.

- **Amendments to Protection of Children from Sexual Offences Act, 2012 (POCSO):** Under the POCSO, for rape of minors (below 18 years), the punishment is at least seven years or life imprisonment, along with a fine. For rape of minors below the age of 12 years or for gang rape of minors, the punishment is rigorous imprisonment of at least ten years or life imprisonment, along with fine. The Bill amends the POCSO to state that for all such offences and the new offences, the punishment which is higher between the POCSO and IPC will apply.

For a PRS analysis of the Bill, see here.

**Parliament passed the Prevention of Corruption (Amendment) Bill, 2018**

The Prevention of Corruption (Amendment) Bill, 2018 was passed by Parliament in July 2018. The Bill seeks to amend the Prevention of Corruption Act, 1988. The Bill was introduced in Rajya Sabha in August 2013. Key features of the Bill include:

- **Giving a bribe:** The Bill introduces the offence of giving a bribe as a direct offence. However, a person who is compelled to give a bribe will not be charged with the offence if he reports the matter to law enforcement authorities within seven days.

- **Criminal misconduct:** The Bill redefines the provisions related to criminal misconduct to only cover two types of offences: (i) fraudulent misappropriation of property; and (ii) illicit enrichment (such as amassing of assets disproportionate to known sources of income).

- **Prior approval for investigation:** Before a police officer conducts any investigation into an offence alleged to have been committed by a public servant, prior approval of the relevant government or competent authority should be taken. Such approval would not be necessary in cases which involves the arrest of a person on the spot on the charge of taking a bribe.

- **Time period for trial of cases:** As per the Bill, endeavours should be made to complete trial by a special judge within two years. This period may be extended up to six months at a time, for recorded reasons. However, the total period for completion of a trial must not exceed four years.

For a PRS analysis of the Bill, see here.
DNA Technology (Use and Application) Regulation Bill, 2018 passed by Lok Sabha but will lapse

The DNA Technology (Use and Application) Regulation Bill, 2018 was passed by Lok Sabha in January 2019. The Bill was introduced in August 2018. It will lapse with the dissolution of the 16th Lok Sabha. The Bill provides for regulation of use of DNA technology for establishing the identity of certain persons. Key features of the Bill included:

- **Use of DNA Data:** Under the Bill, DNA testing is allowed only for matters listed in the schedule to the Bill (such as for offences under the Indian Penal Code, 1860, for paternity suits, or in order to identify abandoned children).

- **Collection of DNA:** Investigation authorities can collect DNA samples of victims and suspects of crimes, with their written consent. In case someone is arrested for a crime that carries punishment higher than seven years, consent is not required. In addition, the Bill allows DNA technology to be used for identifying missing persons. In this case, relatives of the missing person can volunteer to provide DNA samples.

- **DNA Data Bank:** The Bill provides for the establishment of a National DNA Data Bank and regional DNA Data Banks. These Data Banks will store DNA profiles. The DNA profiles in the Data Banks will be organized into five indices: (i) a crime scene index, (ii) a suspects’ or undertrials’ index, (iii) an offenders’ index, (iv) a missing persons’ index, and (v) an unknown deceased persons’ index.

- **DNA Regulatory Board:** The Bill provides for the establishment of a DNA Regulatory Board, which will supervise the DNA Data Banks and DNA laboratories.

- **Protection of information:** Under the Bill, the Board is required to ensure that all information relating to DNA profiles with the Data Banks, laboratories and other persons are kept confidential. DNA data may only be used for identification of the person. However, the Bill allows for access to information in the Data Bank for the purpose of a one-time keyboard search. This search allows for information from a DNA sample to be compared with information in the Data Bank index without information from the sample being included in the index.

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

Protection of Children from Sexual Offences (Amendment) Bill, 2019 introduced in Lok Sabha, but will lapse

The Protection of Children from Sexual Offences (Amendment) Bill, 2019 was introduced in Lok Sabha in January 2019. The Bill will lapse with the dissolution of the 16th Lok Sabha. It seeks to amend the Protection of Children from Sexual Offences Act, 2012. The Act seeks to protect children from offences such as sexual assault, sexual harassment, and pornography.

The Bill seeks to augment the penalties prescribed for sexually-related offences. Key amendments include:

- **Penetrative sexual assault:** The bill increases the minimum punishment for penetrative sexual assault from seven years to ten years. The Bill adds that if a person commits penetrative sexual assault on a child below the age of 16 years, he will be punishable with imprisonment between 20 years to life, along with a fine.

- **Aggravated penetrative sexual assault:** Under the Act, “aggravated penetrative sexual assault” has been defined to include cases where a police officer, a member of the armed forces, or a public servant commits penetrative sexual assault on a child. The Bill adds two additional grounds. These include: (i) assault resulting in the death of a child, and (ii) assault committed during a natural calamity.

- **Aggravated sexual assault:** The Act defines “sexual assault” as actions where a person touches the vagina, penis, anus or breast of a child with sexual intent without penetration. The Bill adds two more offences to the definition of aggravated sexual assault. These include: (i) assault committed during a natural calamity, and (ii) administering any hormone or any chemical substance to a child for the purpose of attaining early sexual maturity.

- **Storage of pornographic material:** The Act penalizes storage of pornographic material with imprisonment of three years or a fine. The Bill amends the punishment for storage of child pornography, and increases it from three years’ imprisonment to three to five years.

For a PRS summary of the Bill, see [here](#).
Parliament passed the Specific Relief (Amendment) Bill, 2018

The Specific Relief (Amendment) Bill, 2018, was passed by Parliament in July 2018. It amends the Specific Relief Act, 1963. The 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. 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 inserts a provision allowing an aggrieved party (i.e., party whose contract has not been performed) with the option of arranging for performance of the contract by a third party or through his own agency. The aggrieved party must give a written notice to the nonperforming 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 the 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 the completion of the project. 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 state governments, 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 a PRS summary of the Bill, see [here](https://www.legispradeep.gov.in).

Parliament passed the Commercial Courts (Amendment) Bill, 2018

The Commercial Courts, Commercial Division, and Commercial Appellate Division of High Courts (Amendment) Bill, 2018 was passed by Parliament in August 2018. The Bill amends the Commercial Courts, Commercial Division, and Commercial Appellate Division of High Courts Act, 2015, and replaces an Ordinance promulgated in May 2018. The Act enables the creation of commercial divisions in High Courts, and commercial courts at the district level to adjudicate commercial disputes.

- **Reduction in pecuniary limits:** Under the Act, commercial courts and commercial divisions in high courts can decide disputes with a value of at least one crore rupees. The Bill reduces this limit to at least three lakh rupees or a higher value to be notified by the central government.

- **Establishment of certain commercial courts:** Under the Act, state governments may constitute commercial courts at district judge level, after consulting the concerned High Court. The Act bars such commercial courts to be constituted in cases where the High Court has the original jurisdiction to hear commercial cases. The Bill removes this bar and allows states to constitute commercial courts where high courts have ordinary original civil jurisdiction.

- **Commercial Appellate Courts:** In areas where High Courts do not have ordinary original civil jurisdiction, state governments may notify commercial appellate courts at the district judge level. Appeals against the order of a commercial court (below the level of a district judge) will lie before the Appellate Court.

- **Mediation:** A provision for mandatory mediation has been provided in those cases where no urgent relief is being sought by the parties to the dispute. The mediation process is required to be completed within a period of three months (which may be extended by two months).

For a PRS analysis of the Bill, see [here](https://www.legispradeep.gov.in).

Parliament passed the SC and ST (Prevention of Atrocities) Bill, 2018

The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Amendment Bill, 2018, was passed by Parliament in August 2018. It amends the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989. The Act prohibits the commission of offences against members of the Scheduled Castes and Scheduled Tribes and establishes special courts for the trial of such offences and the rehabilitation of victims.

- **In 2018,** the Supreme Court stated that for persons accused of committing an offence under
Ordinance make all declaration of talaq, including in written or electronic form, to be void (i.e. not enforceable in law) and illegal. It defines talaq as talaq-e-biddat or any other similar form of talaq pronounced by a Muslim man resulting in instant and irrevocable divorce. Talaq-e-biddat refers to the practice under Muslim personal laws where pronouncement of the word ‘talaq’ thrice in one sitting by a Muslim man to his wife results in an instant and irrevocable divorce.

**Offence and penalty:** The Ordinance makes declaration of talaq a cognizable offence, attracting up to three years’ imprisonment with a fine. (A cognizable offence is one for which a police officer may arrest an accused person without warrant.) The offence will be cognizable only if information relating to the offence is given by: (i) the married woman (against whom talaq is declared), or (ii) any person related to her by blood or marriage.

The Ordinance provides that the Magistrate may grant bail to the accused. The bail may be granted only after hearing the woman (against whom talaq has been pronounced), and if the Magistrate is satisfied that there are reasonable grounds for granting bail.

The offence may be compounded by the Magistrate upon the request of the woman (against whom talaq has been declared). Compounding refers to the procedure where the two sides agree to stop legal proceedings, and settle the dispute. The terms and conditions of the compounding of the offence will be determined by the Magistrate.

**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 allowance will be determined by the Magistrate.

**Custody:** A Muslim woman against whom talaq has been declared, is entitled to seek custody of her minor children. The manner of custody will be determined by the Magistrate.

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

**Lok Sabha passed the Consumer Protection Bill, 2018, but will lapse**

The Consumer Protection Bill, 2018 was passed by Lok Sabha in December 2018.²⁹⁴ The Bill replaces the Consumer Protection Act, 1986. This Bill will lapse at the end of the 16th Lok Sabha. Key features of the Bill include the following:

**Rights of consumers:** Consumer rights include the right to: (i) be protected against marketing of
goods and services which are hazardous to life and property; (ii) be informed of the quality, quantity, potency, purity, standard, and price of goods or services; (iii) be assured of access to a variety of goods or services at competitive prices; and (iv) seek redressal against unfair trade practices.

- **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 may 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 may be extended to Rs 50 lakh. The manufacturer can also be punished with imprisonment of up to two years, which can be extended to five years for every subsequent offence.

- **Consumer Disputes Redressal Commission:** 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.

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

**New Delhi International Arbitration Centre Ordinance promulgated**

The New Delhi International Arbitration Centre Ordinance, 2019 was promulgated in March 2019. It seeks to establish an autonomous and independent institution for better management of arbitration in India. Previously, a similar Bill was passed by Lok Sabha in January 2019. Key features of the Ordinance include:

- **New Delhi International Arbitration Centre (NDIAC):** The Ordinance provide for the setting up of the NDIAC to conduct arbitration, mediation, and conciliation proceedings. It declares the NDIAC to be an institution of national importance.

- **International Centre for Alternative Dispute Resolution (ICADR):** The ICADR is a registered society to promote the resolution of disputes through alternative dispute resolution methods (such as arbitration and mediation). The Ordinance seeks to transfer the existing ICADR to the central government. Upon notification by the central government, all the rights, title, and interest in the ICADR will be transferred to the NDIAC.

- **Composition:** The NDIAC will consist of seven members including: (i) a Chairperson who has been a Judge of the Supreme Court or a High Court, or an eminent person with special knowledge and experience in the conduct or administration of arbitration, (ii) two eminent persons with knowledge and experience in institutional arbitration, (iii) three ex-officio members, including a nominee from the Ministry of Finance and a Chief Executive Officer, and (iv) a representative from a recognised body of commerce and industry, appointed as a part-time member, on a rotational basis.

- **Objectives and functions of the NDIAC:** The key objectives of the NDIAC include (i) promoting research in alternative dispute resolution matters, (ii) providing facilities and assistance for conducting arbitration, mediation, and conciliation proceedings, and (iii) maintaining a panel of accredited arbitrators, mediators, and conciliators.

- **Key functions of the NDIAC include:** (i) facilitating conduct of arbitration and conciliation in a timely and cost-effective manner, and (ii) promoting studies in the field of alternative dispute resolution.
Institutional support: The Ordinance specifies that the NDIAC will establish a Chamber of Arbitration which will maintain a permanent panel of arbitrators.

For a PRS summary of the Ordinance, see here.

Lok Sabha passed the Arbitration and Conciliation (Amendment) Bill, 2018 but will lapse

The Arbitration and Conciliation (Amendment) Bill, 2018 was passed in Lok Sabha in August 2018. The Bill will lapse with the dissolution of the 16th Lok Sabha. It seeks to amend the Arbitration and Conciliation Act, 1996. The Act contains provisions to deal with domestic and international arbitration, and defines the law for conducting conciliation proceedings. Key features of the Bill 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 mechanisms. Its functions include: (i) framing policies for grading arbitral institutions and accrediting arbitrators, (ii) making policies for the establishment, operation and maintenance of uniform professional standards for all alternate dispute redressal matters, and (iii) maintaining a depository of arbitral awards (judgments) made in India and abroad.

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 with expert knowledge in conduct and administration of arbitration. Other members will include an eminent arbitration practitioner, an academician with experience in arbitration, and government appointees.

For a PRS summary of the Bill, see here.

Registration of Marriage of Non-Resident Indian Bill, 2019 introduced in Rajya Sabha

The Registration of Marriage of Non-Resident Indian Bill, 2019 was introduced in Rajya Sabha in February 2019. The Bill was referred to the Standing Committee on External Affairs a week later. The Committee was expected to submit its report in two months. Key features of the Bill include:

Registration of marriages: The Bill states that every Non-Resident Indian (NRI) who marries a citizen of India in India must get his marriage registered in India within thirty days. Further, every NRI who marries an Indian citizen or another NRI outside India, must get his marriage registered with the Marriage Officer, within thirty days. The Marriage Officer is appointed from the diplomatic officers in a foreign country.

Impounding of passport: In case an NRI marries an Indian citizen or another NRI, and fails to register the marriage within thirty days, the passport authority may impound or revoke the passport of the NRI.

Issue of summons and warrants: The Bill provides that in case a court cannot serve summons on an individual, it may issue summons by uploading it on a designated website of the Ministry of External Affairs. If the person summoned does not appear before the court, it may issue and upload a warrant for arrest on the website.

Further, in case the person fails to appear before the court as specified in the warrant, the court may pronounce him as a proclaimed offender and upload a declaration to that effect on the website. If the accused does not appear after the proclamation has been uploaded, the court may issue a written statement that the such a proclamation has been uploaded. This statement will be conclusive evidence that the warrant has been issued.

For a PRS summary of the Bill, see here.

Law Commission released draft report on simultaneous elections

In August 2018, the Law Commission of India (Chair: Dr. Justice B.S. Chauhan) released a draft report on simultaneous elections. The Commission had released a summary of a draft working paper on the topic for public comments in April 2018. It noted that for conducting simultaneous elections to the Lok Sabha and state Legislative Assemblies, amendments will be required to the Constitution. It recommended three alternatives to synchronise elections in India.

Option 1: The Commission recommended advancing or postponing election timings in certain states, such that elections to all state assemblies and Lok Sabha may be held together in 2019. It noted that election of five states
(Andhra Pradesh, Arunachal Pradesh, Odisha, Sikkim, and Telangana) are already due in 2019 along with Lok Sabha elections. It recommended the following changes to the election timings of other state assemblies:

**Assembly elections due before Lok Sabha elections:** For four states (Chhattisgarh, Madhya Pradesh, Mizoram, and Rajasthan) elections are due in the end of 2018 and early January, 2019. The term of these assemblies may be extended to synchronise it with Lok Sabha elections.

- **Assembly elections due immediately after Lok Sabha elections:** If there is political consensus, elections to four assemblies (Haryana, Jharkhand, Maharashtra, and Delhi) can be held with Lok Sabha elections, if the states voluntarily dissolve their assemblies earlier, or by operation of law.

- **Assembly elections in remaining states:** For the remaining 16 states and Puducherry, elections may be conducted towards the end of 2021. The term of these assemblies will be 30 months or till June 2024, whichever is earlier. Thereafter, elections to Lok Sabha and state assemblies may be held together from 2024.

- **Option 2:** If assembly elections can be held in 2019 and 2021 as described above, then the elections may also be conducted twice in five years. In such a case, elections to 12 states and the NCT of Delhi can be synchronised with the Lok Sabha elections. The elections to the remaining 16 states and Puducherry can be synchronised together separately. In this manner it will be possible to conduct elections only twice in five years.

- **Option 3:** If simultaneous elections cannot be conducted, then the Commission recommended that all elections falling due in a calendar year should be conducted together. The timing of such election should be conducive to all state legislatures involved and the Lok Sabha (if dissolved earlier).

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

**Law Commission released a consultation paper on sedition**

In August 2018, the Law Commission of India (Chair: Dr. Justice B.S. Chauhan) released a consultation paper on sedition under the Indian Penal Code, 1860 (IPC), inviting public feedback. Key observations and recommendations of the Commission include:

- **Relevance of the law:** The offence of sedition is covered under section 124A of the Indian Penal Code (IPC), 1860. It punishes anyone who attempts to bring hatred or disaffection towards the government. The punishment may be life imprisonment and/or fine, or imprisonment up to three years and/or fine. The Commission noted that the relevance of this section in an independent and democratic nations is the subject of debate. Though it is argued that this law is from the colonial era, Indian courts have upheld its constitutionality.

- **Court judgements:** The Commission noted that sedition is not a restriction to freedom and expression under the Constitution. However, it has remained part of the IPC (Section 124A), and has been considered by the courts on multiple occasions. Based on these judgements, the Commission stated that unless the words or actions threaten the security of the State, or lead to public disorder, the act does not fall within the purview of Section 124A.

- **Freedom of expression:** The Commission stated that while sedition law is essential to protect national integrity, it should not be misused to curb free speech. It noted that courts have stated that every criticism does not amount to sedition. Sedition law should be invoked when the intention behind any act is to: (i) disrupt public order, or (ii) overthrow the government with violent and illegal means. Further, strong condemnation towards the government or institutions cannot amount to sedition, as no institution embodies the whole country. Every restriction on free speech and expression must be carefully scrutinised to avoid unwarranted restrictions.

- **Sedition and other laws:** The Commission recommended that higher standards of proof must be applied to convict a person for sedition. Further, it stated that if an act does not fall within the ambit of sedition but attracts the provisions of another law, it should be booked under the other law.

**Law Commission released a consultation paper on reform in family laws**

In August 2018, the Law Commission of India (Chair: Dr. Justice B.S. Chauhan) released a consultation paper on “Reform of Family Law”. This was in
pursuance to a reference of the Ministry of Law and Justice to examine the feasibility of a Uniform Civil Code. Key recommendations include:

- **Marriage and Divorce:** The Commission suggested that the contribution of a woman to the marital home should entitle her to an equal share in a marriage. Therefore, it recommended amendments to Hindu, Parsi, and Muslim divorce laws to ensure that all property acquired from income gained after marriage, is divided upon divorce, in the proportion decided by courts. It further recommended other amendments to personal laws such as, adding ‘irretrievable breakdown of marriage’ as a ground for divorce under Parsi law. This would allow for a simpler process for divorce.

- **Custody and Guardianship:** The Commission suggested that the ‘best interest of the child’ must be the guiding rule for custody regardless of any prevailing personal law. It recommended amendments to all personal laws to ensure the implementation of this principle. For instance, the Guardians and Wards Act, 1890 (applicable to all religions) provides that the husband will be the guardian of a minor wife. The Commission noted that the provision treats the minor wife as property of her husband and does not consider the welfare of a minor husband. It recommended deletion of the clause.

- **Adoption and Maintenance:** The Commission made certain recommendations to the secular law on adoption, i.e. the Juvenile Justice (Care and Protection of Children) Act, 2015. It observed that the law is currently inadequate in addressing questions on adoption. It recommended the term ‘mother and father’ to be replaced with ‘parents’ to enable individuals of all gender identities to avail of the Act.

- **Succession and Inheritance:** With respect to succession rights to property, the Commission recommended: (i) abolition of rights in property by birth under Hindu law, (ii) formulation of a consolidated inheritance code for all Muslims (including Shias and Sunnis), and (iii) introduction of a three-class system of succession for Christians, to ensure that property devolves on close relatives, the law is gender-neutral, and there is no differentiation between natural or adopted children.

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**Law Commission submitted report on a legal framework for betting and gambling**

In July 2018, the Law Commission of India (Chair: Dr. Justice B.S. Chauhan) submitted a report examining whether betting may be legalised in India. The report follows a Supreme Court directive in 2016 where the Court asked the Commission to examine the possibility of a law to regulate betting. The Commission noted that while it is desirable to ban betting and gambling, it is difficult to prevent these activities altogether. Therefore, the Commission recommended regulation of gambling and betting. Key recommendations include:

- **Power to regulate gambling and betting:**
  Betting and gambling is a state subject under the Constitution. Therefore, the Commission notes that state legislatures may frame a law to regulate betting and gambling. However, it stated that Parliament may enact a model law to regulate betting and gambling, which states may adopt. Parliament may also enact laws under Article 249 (in national interest) or Article 252 (if two or more states consent). With regard to online gambling and betting, it observed that Parliament has the competence to enact a law.

- **Regulations governing gambling and betting:**
  The Commission recommended that gambling and betting should only be permitted by licensed operators from India. For participants, it recommended that there should be a cap on the number of such transactions for a specific period, i.e., monthly, half-yearly or yearly. It also recommended that transactions between operators and participants should be made cashless and penalties should be imposed for cash transactions.

- **Prohibited persons:**
  The Commission recommended that minors, or those who receive subsidies from the government, or those who do not fall within the purview of the IT Act, 1961,
or the GST, 2017 should be barred from participating in online or offline gambling.

For a PRS report summary, see here.

Law Commission submitted report on wrongful prosecution

In August 2018, the Law Commission of India submitted its report on ‘Wrongful Prosecution (Miscarriage of Justice): Legal Remedies’. \(^{304}\) The report follows a Delhi High Court directive in 2016 where the Commission was asked to examine the remedies for wrongful detention. The Commission noted that currently there is no legislative framework to provide relief to those who are wrongfully prosecuted. Key recommendations of the Commission include:

- **Legal framework:** The Commission recommended amendments to the Code of Criminal Procedure, 1973 (CrPC), to give compensation in cases of miscarriage of justice resulting in wrongful prosecution of persons. Miscarriage of justice refers to wrongful or malicious prosecution, regardless of whether it leads to conviction or detention.

- **Cause of action:** The cause of action (reason) for the claimant to file a compensation claim would be that he was wrongfully prosecuted in a case which ended in his acquittal. Wrongful prosecution would include: (i) malicious prosecution, i.e. where one files a case against the claimant without belief in his guilt for the crime, and (ii) prosecution without good faith, i.e. where one files a case against the claimant negligently without due care and attention.

- **Special Courts:** The Commission observed that claims in relation to wrongful compensation should be settled speedily, keeping in mind the interest of the claimant. Therefore, it recommended setting up of special courts in each district for deciding compensation claims.

- **Nature of proceedings:** Further, the accused will be required to prove misconduct which lead to his wrongful prosecution. The claim will be decided by weighing the “balance of probabilities”, i.e., the claim will be decided in favour of the party whose claims appear more likely to be true.

- **Compensation:** The Commission observed that it may not be possible at present to lay down a fixed amount of monetary compensation to be paid. It recommended amendments to the CrPC to include guiding principles to be followed by the court while deciding the amount of compensation. These include seriousness of the offence, severity of punishment, length of detention, damage to health, harm to reputation, and loss of opportunities.

For a PRS report summary, see here.

Cabinet approved resolution mechanism for commercial disputes in CPSEs

The Union Cabinet approved a two-tier resolution mechanism for commercial disputes of Central Public Sector Enterprises (CPSEs) in May 2018. \(^{305}\) Currently, commercial disputes are resolved through the Permanent Machinery of Arbitration (set up under the Department of Public Enterprises). The new two-tier mechanism will replace this existing system to resolve commercial disputes between CPSEs, and CPSEs and government departments or organisations. This excludes disputes concerning the Railways, Income Tax, Customs and Excise Departments. Key features of the new mechanism include:

- **First level:** Commercial disputes will be referred to a Committee which will comprise of Secretaries of the respective Ministries or Departments to which the disputing parties belong to, and the Secretary of the Department of Legal Affairs. Further, financial advisors of the two concerned Ministries or Departments will represent the issues related to the dispute before the above Committee. At this level, the disputes must be resolved within three months.

- **Second level:** If the dispute remains unresolved at the first level, it will be referred to the Cabinet Secretary. The decision of the Cabinet Secretary will be final and binding.

High Court of Andhra Pradesh constituted at Amaravati

The President of India notified the constitution of a separate High Court for the state of Andhra Pradesh, namely, the High Court of Andhra Pradesh in December 2018, with principal seat at Amaravati in Andhra Pradesh. \(^{306}\) Consequently, the High Court of Hyderabad has become the High Court for the state of Telangana.

President notified new circuit bench of Calcutta High Court

The President of India notified a new circuit bench of the Calcutta High Court at Jalpaiguri (in West...
Bengal) in February 2019. The bench will comprise of judges of the Calcutta High Court, as decided by the Chief Justice of the High Court. The bench will exercise jurisdiction over cases arising in the districts of Darjeeling, Kalimpong, Jalpaiguri, and Cooch Behar in West Bengal.

**Defence**

**Draft Defence Production Policy 2018 released by the Ministry of Defence**

In April 2018, the Ministry of Defence released the draft Defence Production Policy, 2018. The Policy will replace the existing Defence Production Policy 2011. Key features of the policy include:

- **Vision:** The Policy seeks to make India one of the top five countries in aerospace and defence industries. This would be achieved through active participation from public and private sector, and fulfilling the objective of self-reliance and demand of other countries.

- **Objectives:** The Policy seeks to reduce India’s current dependence on imports, and achieve self-reliance in development and manufacture of 13 categories of weapon systems, including fighter aircraft, warships, missile systems by 2025.

- It also seeks to achieve investment of around Rs 70,000 crore and create employment for 20 to 30 lakh people by 2025.

- **Ease of Doing Business:** To enable start-ups and MSMEs to participate in defence production in a fair and transparent manner, the Policy aims to bring in necessary enabling provisions. These would include removing restrictions of turnover and minimum number of years of prior experience. Rs 1,000 crore will be allocated between 2018-20 to allow start-ups to participate in competitions that will address challenges in major defence as well as research and development requirements.

- **Foreign Direct Investment:** To further liberalise the FDI regime in defence. FDI up to 74% under automatic route will be allowed in niche technology areas.

- **Infrastructure development:** Two defence industry corridors will be set up in collaboration with states to provide state-of-the-art infrastructure and facilities for setting up defence production facilities. The central government will provide 50% assistance up to a ceiling of Rs 3,000 crore for development of each defence corridor through a Special Purpose Vehicle.

- Further, a scheme will be created to provide 75% assistance to industry to set up common testing facilities, up to Rs 100 crore per facility.

- **Aerospace:** An aeronautical university will be set up as an autonomous institution to promote manufacturing in India on a 50:50 cost-sharing basis between the government and Hindustan Aeronautics Limited.

**Home Affairs**

**Lok Sabha passed Citizenship (Amendment) Bill, 2016, but will lapse**

The Citizenship (Amendment) Bill, 2016 was passed by Lok Sabha in January 2019. The Bill amends the Citizenship Act, 1955. The Joint Parliamentary Committee on the Citizenship (Amendment) Bill, 2016 (Chairperson: Mr. Rajendra Agrawal) submitted its report on the Bill in January, 2019. The Bill as reported by the Committee was passed by Lok Sabha. It will lapse with the dissolution of the 16th Lok Sabha. Key features of the Bill include:

- **Definition of illegal migrants:** The Act prohibits illegal migrants from acquiring Indian citizenship. It defines an illegal migrant as a foreigner: (i) who enters India without a valid passport or travel documents, or (ii) stays in India beyond permitted time. The Bill amends the Act to provide that the following groups of persons will not be treated as illegal migrants:

  - Hindus, Sikhs, Buddhists, Jains, Parsis, and Christians from Afghanistan, Bangladesh and Pakistan (minority communities). They must also have been exempted from provisions of the Passport (Entry into India) Act, 1920, and the Foreigners Act, 1946. In addition, the Bill states that any proceedings pending against a person belonging to these minority communities shall be withdrawn. Further, such persons would be eligible to apply for citizenship by naturalisation.

- **Citizenship by naturalisation:** The Act allows a person to apply for citizenship by naturalisation, if the person meets certain qualifications. One of the qualifications is that the person must have resided in India or been in service of the central government for at least 11
years before applying for citizenship. The Bill creates an exception for Hindus, Sikhs, Buddhists, Jains, Parsis and Christians from Afghanistan, Bangladesh and Pakistan, with regard to this qualification. For these groups of persons, the 11 years’ requirement will be reduced to six years.

- **Overseas Citizens of India (OCIs):** The Act provides that the central government may cancel registration of OCIs on certain grounds. These include: (i) if the OCI has obtained registration through fraud, or (ii) within five years of registration the OCI has been sentenced to imprisonment for two years. The Bill adds one more ground for cancelling registration, that is, if the OCI has violated any provisions of the Act, or any other laws as may be notified by the central government. However, no orders for cancelation can be passed till the cardholder is given an opportunity to be heard.

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

### Ministry of Home Affairs issued notification on grant of citizenship

The Ministry of Home Affairs issued a notification under the Citizenship Act, 1955. Under the Act, the central government can register a person as a citizen or grant a certificate of naturalisation, on receipt of an application. The notification delegates these powers to the District Collector or Secretary of the Home Department, in case of persons belonging to minority communities in Afghanistan, Pakistan, and Bangladesh. These include Hindus, Sikhs, Buddhists, Jains, Parsis, and Christians. The notification is applicable to such individuals residing in the states of Chhattisgarh, Gujarat, Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh, and Union Territory of Delhi.

### The Jammu and Kashmir Reservation (Amendment) Ordinance, 2019 promulgated

The Jammu and Kashmir Reservation (Amendment) Ordinance, 2019 was promulgated in March 2019. The Ordinance amends the Jammu and Kashmir Reservation Act, 2004. The Act provides for reservation in appointment and admission in professional institutions for persons belonging to Scheduled Castes, Scheduled Tribes, and socially and educationally backward classes (SEBC).

The Act classifies persons living in areas adjoining the Line of Control as SEBCs for the appointment to state government posts; requires them to serve in such areas for at least seven years; and exempts them from the creamy layer test. The Ordinance extends these provisions to those living near the international border also.

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

### President issued the Constitution (Application to Jammu and Kashmir) Amendment Order, 2019


### Protection of Human Rights (Amendment) Bill, 2018 introduced in Lok Sabha, but will lapse

The Protection of Human Rights (Amendment) Bill, 2018 was introduced in Lok Sabha in August 2018. It was approved for introduction in Parliament by the Union Cabinet in April 2018. The Bill amends the Protection of Human Rights Act, 1993. The Act provides for a National Human Rights Commission, State Human Rights Commissions, and Human Rights Courts. The Bill will lapse with the dissolution of the 16th Lok Sabha. Key features of the Bill include:

- **Composition of NHRC:** Under the Act, the chairperson of the NHRC is required to be a former Chief Justice of India. The Bill expands the eligibility for chairperson to any Judge of the Supreme Court.

- The Act provides for two persons having knowledge of human rights to be appointed as members of the NHRC. The Bill amends this to allow three such members, of which at least one will be a woman.

- Under the Act, chairpersons of various commissions such as the National Commission
for Scheduled Castes, National Commission for Scheduled Tribes, and National Commission for Women are members of the NHRC.

- The Bill adds the chairpersons of the National Commission for Backward Classes, the National Commission for the Protection of Child Rights, and the Chief Commissioner for Persons with Disabilities as members.

- **Term of office:** The Act states that the chairperson and members of the NHRC and SHRC will hold office for five years or till the age of seventy years, whichever is earlier. The Bill reduces the term of office to three years or till the age of seventy years, whichever is earlier. The Bill also allows for the reappointment of chairpersons of the NHRC and SHRCs.

For a PRS summary of the Bill, see [here](https://www.prslegislative research.org/).

**Central government increased contribution to the State Disaster Response Fund**

The Government of India decided to enhance its contribution to the State Disaster Response Fund from 75% to 90%. Under the Disaster Management Act, 2005, the National Disaster Response Fund and State Disaster Response Funds were set up to meet rescue and relief expenditure during any notified disaster. The central government had till now been contributing 75% for General Category States and 90% for Special Category States of hilly regions.

**AFSPA withdrawn from three police stations in Arunachal Pradesh**

The government withdrew the application of the Armed Forces (Special Powers) Act, (AFSPA) 1958, from the jurisdiction of three police stations. These police stations are: (i) Kimin police station in Papumpare district, (ii) Likabali police station in West Siang district, and (iii) Ruksin police station in East Siang district. Following the withdrawal, the AFSPA, 1958 will apply to three districts of Arunachal Pradesh and the jurisdiction falling within eight police stations in the state.

Press reports indicate that the application of this Act has been withdrawn from Meghalaya.

**Ministry extended date for updating of the National Register of Citizens in Assam**

The Ministry of Home Affairs extended the date for the updating of the National Register of Citizens (NRC), 1951, in Assam. The deadline has been extended from December 31, 2018 to June 30, 2019. Previously, the deadline for the NRC has been extended five times.

**Committee constituted on implementation of Assam Accord**

A High-Level Committee was constituted for implementation of clause six of the Assam Accord. The Assam Accord was signed on August 15, 1985. Clause six of the Accord states that appropriate constitutional, legislative, and administrative safeguards will be provided to protect the cultural, social, and linguistic identity of the Assamese people.

The Terms of Reference of the Committee include: (i) examining the effectiveness of actions taken to implement clause six of the Accord, (ii) assessing the appropriate level of reservation of seats in the Assam Legislative Assembly and local bodies for the Assamese people, and (iii) suggesting measures to protect Assamese and other languages of Assam.

The Committee was required to submit its report within six months.

**High Level Committee constituted to check mob violence and lynching**

A committee was constituted to review the incidents of mob violence and lynching in the country and formulate measures to address these problems. The Committee will be chaired by the Union Home Secretary and will comprise the following members: (i) Secretary, Department of Justice, (ii) Secretary, Department of Legal Affairs, (iii) Secretary, Legislative Department and, (iv) Secretary, Social Justice and Empowerment. The Committee is required to submit its recommendations to the government within four weeks.

Further, a Group of Ministers will be constituted to consider the recommendations of the Committee. The Committee will be headed by the Minister of Home Affairs, and will comprise: (i) Minister of External Affairs, (ii) Minister of Road Transport and Highways, Shipping, Water Resources, River Development and Ganga Rejuvenation, (iii) Minister of Law & Justice, and (iv) Minister of Social Justice and Empowerment. The recommendations of the Group will be submitted to the Prime Minister.
Social Justice and Empowerment
Parliament passed 124th Constitutional Amendment Bill to enable reservation for economically weaker sections

The Constitution (One Hundred and Twenty-Fourth Amendment) Bill, 2019 was introduced and passed by Parliament in January, 2019.324 The Bill seeks to provide for the advancement of economically weaker sections of citizens.

- Article 15 of the Constitution prohibits discrimination against any citizen on the grounds of race, religion, caste, sex, or place of birth. However, the government may make special provisions for the advancement of socially and educationally backward classes, or for Scheduled Castes and Scheduled Tribes. The Bill seeks to amend Article 15 to additionally permit the government to provide for the advancement of “economically weaker sections”. Further, up to 10% of seats may be reserved for such sections for admission in educational institutions. Such reservation will not apply to minority educational institutions.

- Article 16 of the Constitution prohibits discrimination in employment in any government office. However, the government can allow reservation for any “backward class of citizens”, if they are not adequately represented in the services under the state. The Bill seeks to amend Article 16 to permit the government to reserve up to 10% of all posts for the “economically weaker sections” of citizens.

- The reservation of up to 10% for “economically weaker sections” in educational institutions and public employment will be in addition to the existing reservation.

- The central government will notify the “economically weaker sections” of citizens on the basis of family income and other indicators of economic disadvantage.

Note that the provisions for reservation in central educational institutions and direct recruitments for central government posts have been notified.

For a PRS summary of the Bill, see here.

Reservation of 10% for economically weaker sections for admission in central educational institutions

Department of Higher Education notified reservation of up to 10% for economically weaker sections in admission in all central educational institutions in January 2019. This will be in effect from the academic year 2019-20.325

The reservation will be provided in all central educational institutions which include universities set up by Acts of Parliament, institutions of national importance, and institutions deemed to be a university. With prior approval of the appropriate authority (such as the University Grants Commission, or the Bar Council of India), every central educational institution, should increase its seats above its annual permitted strength so that the number of seats available, excluding those reserved for persons belonging to the economically weaker sections, is not less that the number of seats for the previous academic session.

The following persons will not be eligible for the reservation:

- Persons covered under any existing scheme of reservation for Scheduled Castes, Schedules Tribes, and Social and Educationally Backward Classes, or

- Persons whose family has a gross annual income of over eight lakh rupees, or

- Persons whose family owns five acres or more of agricultural land, or

- Persons whose family owns a residential flat of a thousand square feet or more, or

- Persons whose family owns a residential plot of hundred square yards or more in notified municipalities, or

- Persons whose family owns a residential plot of two hundred square yards or more in areas other than notified municipalities.
Reservation of 10% in direct recruitment vacancies notified for economically weaker sections

The Department of Personnel and Training notified reservation of up to 10% in all direct recruitment vacancies in government posts in January 2019. The criteria for exclusion from reservation are the same as for reservation in central educational institutions (as specified above).

Transgender Persons (Protection of Rights) Bill, 2018 passed by Lok Sabha, but will lapse

The Transgender Persons (Protection of Rights) Bill, 2018 was passed by Lok Sabha in December 2018. The Bill was passed in Lok Sabha with a few amendments and will lapse at the end of the 16th Lok Sabha. Key features of the Bill as passed by Lok Sabha are:

- **Definition of a transgender person:** The Bill defines a transgender person as one whose gender does not match the gender assigned at birth. In addition, it requires that such a person’s gender does not match the gender assigned at birth, and includes trans-men and trans-women, persons with intersex variations, gender-queers, as well as persons with socio-cultural identities like hijras.

- **Certificate of identity for a transgender person:** A transgender person may make an application to the District Magistrate for a certificate of identity, indicating their gender as ‘transgender’. The District Magistrate will issue such certificate based on the recommendations of a District Screening Committee. The Committee will comprise: (i) the Chief Medical Officer; (ii) District Social Welfare Officer; (iii) a psychologist or psychiatrist; (iv) a representative of the transgender community; and (v) an officer of the relevant government.

- **Prohibition against discrimination:** The Bill prohibits discrimination against a transgender person, including denial of a service or unfair treatment in relation to: (i) education; (ii) employment; (iii) healthcare; (iv) access to goods, facilities, or opportunities available to the public; (v) right to movement; (vi) right to reside, rent, or occupy property; (vii) opportunity to hold public or private office; and (viii) access to a government or private establishment.

- **Health care:** The relevant central or state government shall take steps to provide health facilities to transgender persons including separate HIV surveillance centres, and sex reassignment surgeries. The government shall review medical curriculum to address health issues of transgender persons, and provide medical insurance schemes for them.

For a PRS analysis of the Bill and the 2018 Amendments are available here and here.

The Maintenance and Welfare of Parents and Senior Citizens (Amendment) Draft Bill, 2018 released

The Ministry of Social Justice and Empowerment released the Maintenance and Welfare of Parents and Senior Citizens (Amendment) Draft Bill, 2018, in April 2018. The Maintenance and Welfare of Parents and Senior Citizens Act, 2007 aims to provide for maintenance and welfare of parents and senior citizens. It also aims to ensure their basic needs, safety and security, and the rights guaranteed and recognised under the Constitution. Key amendments outlined in the Bill are as follows:

- **Application of maintenance:** A senior citizen can make an application for maintenance in case he cannot sustain himself on his own earnings or out of his own property. In such an event, if an amicable settlement between the senior citizen and his children/relatives could not be arrived at (as per the Report submitted by the Conciliation Officer), the Maintenance Tribunal will hold further enquiry for determining the amount of maintenance allowance to be provided.

- **Order for maintenance:** The Act outlines the maximum maintenance at Rs 10,000 per month from those children/relatives who neglect or refuse to maintain the senior citizen. The Bill states that the Tribunal may, on being satisfied of such neglect or refusal, order for maintenance as it may deem fit.

Ministry of Social Justice revised Integrated Programme for Senior Citizens

The Ministry of Social Justice and Empowerment released a revised Integrated Programme for Senior Citizens. The objectives of the Programme includes improving the quality of life of senior citizens by providing basic amenities like shelter, food, medical care, and entertainment opportunities. The Programme was last revised in 2016 with respect to the terms and conditions of the schemes covered under the Programme. These terms and conditions
are related to expenditure and human resources required under the various schemes, and the procedure to be followed for submission of proposals and release of grants. Assistance under the Programme is given to implementing agencies such as state governments, local bodies, and non-governmental organisations.

There are six thematic areas that the schemes aim to cover. Some of the schemes covered under the Programme include: (i) Maintenance of Continuous Care Homes and Homes for senior citizens afflicted with Alzheimer’s disease or Dementia, (ii) Maintenance of Mobile Medicare Units, and (iii) Physiotherapy Clinics.

Cabinet approved extension of term of the Commission to examine the issue of sub-categorisation of Other Backward Classes

The Union Cabinet approved the extension of term of the Commission to examine the issue of sub-categorisation of Other Backward Classes (Chairperson: Justice G. Rohini) by eight weeks, from June 2018 to July 2018. The Commission had previously received an extension of 12 weeks from March 27, 2018. The Commission started functioning on October, 2017. It was required to submit its report within 12 weeks from the date of appointment of its Chairperson.

Cabinet approved proposal of Board for De-notified, Nomadic and Semi-Nomadic Communities

The Union Cabinet, approved the constitution of a Development and Welfare Board for De-Notified, Nomadic and Semi-Nomadic Communities on February 2019. This Committee will be chaired by the Vice-Chairman, NITI Aayog and will be responsible for completing the process of identification of De-Notified, Nomadic, and Semi-Nomadic Communities that have not yet been formally classified.

Previously, the National Commission for De-Notified, Nomadic, and Semi-Nomadic Communities had recommended that a Permanent Committee be established for these communities.

Tenure of National Commission for Safai Karamcharis extended for three years

The Union Cabinet approved the extension of the term of the National Commission for Safai Karamcharis for a period of three years starting from March 31, 2019. Safai karamcharis refer to persons who are engaged in manually carrying, cleaning or disposing of human excreta or for any sanitation work. The Commission was set up as a statutory body under the National Commission for Safai Karamcharis Act, 1993. The Act ceased to have effect from February, 2004. However, the tenure of the Commission has been extended as a non-statutory body under the Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013. The Commission seeks to (i) monitor implementation, (ii) enquire into complaints regarding the contravention of the Act, (iii) advise central and state governments on effective implementation of the Act, and (iv) take suo-motu notice of matters related to non-implementation of the Act.

Cabinet approved extension of term of the Commission to examine the issue of sub-categorisation of Other Backward Classes

Standing Committee submitted report on Lokpal Rules

In July 2018, the Standing Committee on Personnel, Public Grievances, Law and Justice (Chairperson: Mr. Bhupender Yadav) submitted its report on “Draft Public Servants (Declaration of Assets and Liabilities and Minimum Value of Assets for Condonation or Exemption) Rules, 2017”. These Rules are proposed to be notified under the Lokpal and Lokayuktas Act, 2013. They prescribe the form and manner for declaration of assets and liabilities of public servants.

The 2013 Act requires a public servant to declare his assets and liabilities, and that of his spouse and dependent children. Previously, the Act itself specified the form and manner of the declaration. However, the Lokpal and Lokayuktas (Amendment) Act, 2016 amended this provision to state that the form and manner of making such a declaration will be prescribed by the central government through rules. The Rules were drafted pursuant to the 2016 Amendment Act.

The Standing Committee examined the Rules and made the following recommendations:

- **Time period for declaration**: As per the Rules, a public servant is required to make a declaration of assets and liabilities within six months of assuming office. Public servants already in office are required to file a declaration on or before July 31, 2018. Further, revised declarations need to be filed within six months if
there is any change in the details provided in earlier declarations. Instead of this process, the Committee recommended that declarations only be filed once a year. This will allow public servants to file a single return in a year even if it includes several transactions.

- **Determining threshold amount:** Under the Rules, assets and liabilities below a certain value are exempted from declaration. This minimum value of assets may be prescribed by the competent authority, having regard to the nature of public servant and the office held. The Committee emphasised that the minimum value should be reasonable and should be revised at regular intervals.

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

### External Affairs

**Draft Emigration Bill released**

The Ministry of External Affairs released the draft Emigration Bill, 2019 in January 2019.335 The draft Bill seeks to provide a regulatory mechanism to govern overseas employment of Indian nationals, and protect and promote the welfare of Indian emigrants. Key features of the draft Bill include:

- **Authorities:** The draft Bill seeks to create three authorities: (i) the Emigration Management Authority (EMA), (ii) the Bureau of Emigration Policy and Planning (BEPP), and (iii) the Bureau of Emigration and Administration (BEA). The EMA, will be headed by the Secretary in the Ministry of External Affairs. Its functions include supervising the management of emigration in India, and advising the central government on emigration policy.

- The BEPP will consist of a Chief of Emigration Policy and other officers. Its functions include: (i) preparing policies on issues related to welfare of emigrants, (ii) negotiating labour agreements with destination countries, and (iii) undertaking labour market analysis. Further, the BEA will consist of a Chief Emigration Officer and other officers. Its functions include: (i) maintaining a database of Indian migrants, and (ii) preventing illegal migration and recruitment procedures.

- **Registration of agencies:** All recruitment and enrolment agencies must be registered with a competent authority. Recruitment agencies are those entities engaged in recruitment of individuals for an employer, and enrolment agencies are entities engaged in enrolment of Indian students for study in a foreign institution. The competent authority may cancel the certificate of registration on various grounds including: (i) the certificate was issued on misrepresentation of a fact, or (ii) the agency has breached any of the terms and conditions in the certificate. Appeal against decisions of the competent authority with regard to registration will lie with the central government.

### Key agreements signed with other countries

In 2018-19, India entered into agreements with various countries including South Korea, United Kingdom, Netherlands, Japan, and Russia.

**South Korea:** 17 agreements were signed between India and South Korea in various sectors including trade, science and technology, communication, and road and transport.

Key agreements include: (i) cooperation in trade including areas of anti-dumping, subsidies, and countervailing measures, (ii) development of technology such as Internet of Things, artificial intelligence, and big data, (iii) cooperation in railway research, (iv) promote collaboration among start-ups, and (v) cooperation between the law enforcement agencies of the two countries.336,337

**United Kingdom:** India and the United Kingdom signed 10 agreements, including: (i) supporting the sustainable management of water resources in the Ganga basin through collaboration in research and innovation), (ii) strengthening skill delivery in high demand sectors where the UK has expertise, (iii) regulation of nuclear energy for peaceful purposes, (iv) exchange of information for tackling organised crime, and (v) developing Ayurvedic medical education guidelines in the UK.338

**Netherlands:** India and Netherlands signed 52 MoUs for collaboration in various sectors, including: (i) diplomatic training, (ii) water management and ports and waterways related projects, (iii) improving research in legume crops, (iv) improving average and
yield and quality of milk, and (v) setting up a joint venture private laboratory in food industry.\(^3\)\(^3\)

**Japan:** India and Japan signed 32 agreements in various sectors including defence, digital technologies, healthcare, agriculture, environment, and sports.

Key agreements include: (i) exchange of information in maritime awareness between Indian Navy and Japan Maritime Self Defence Force, (ii) cooperation between Indian and Japanese agencies in food safety, (iii) promoting the development of agricultural value chains and fisheries, (iv) developing cooperation in artificial intelligence technologies, and (v) stimulating trade and investment between India and Japan.\(^3\)\(^3\)

**Russia:** Eight agreements were signed between India and Russia for cooperation in various fields, including: (i) human spaceflight programme, (ii) railways, (iii) transport education, and (iv) micro, small, and medium enterprises.\(^4\)\(^4\)

**Uzbekistan:** India and Uzbekistan signed 17 agreements for cooperation in various areas, including: (i) tourism, (ii) military education, (iii) agriculture and allied sectors, (iv) health and medical science, (v) development of pharmaceutical industry, and (vi) combating the illicit trafficking of drugs.\(^5\)\(^5\)

**Indonesia:** India and Indonesia signed 15 agreements in various sectors. These include agreements for: (i) regular bilateral dialogue on military issues of common interest, (ii) joint research in space technology, and (iii) exchange of knowledge in railways.\(^6\)\(^6\)

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