

# Monthly Policy Review

## March 2017

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### Highlights of this Issue

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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April 3, 2017

## Macroeconomic Development

Roopal Suhag ([roopal@prsindia.org](mailto:roopal@prsindia.org))

### CAD at 1.4% of GDP in third quarter of 2016-17

India's current account deficit (CAD) in the third quarter (October to December) of 2016-17 increased to USD 7.9 billion (1.4% of GDP), from USD 7.1 billion (1.4% of GDP) in the third quarter of 2015-16.<sup>1</sup> CAD in the previous quarter, i.e. the second quarter (July to September) of 2016-17 was USD 3.4 billion (0.6% of GDP).

The increase in CAD was primarily on account of a decline in net invisibles receipts. Invisible receipts refer to business transactions related to services and other intangible items, which do not result in the transfer of physical goods. Net invisible receipts were lower, mainly due to: (i) fall in earnings from software and financial services and remittances by Indians employed abroad, and (ii) higher outflow of payments on account of primary income (profit, interest and dividends).

**Table 1: Balance of Payments in Q3 of 2016-17 (in USD billion)**

	Q3 2015-16	Q2 2016-17	Q3 2016-17
Current Account Deficit	-7.1	-3.4	-7.9
Capital Account	10.9	12.7	8.6
Errors and Omissions	0.3	-0.7	0.5
Net increase in reserves	4.1	8.6	1.2

Sources: Reserve Bank of India; PRS.

## Finance

### GST Bills passed by Lok Sabha

Aravind Gayam ([aravind@prsindia.org](mailto:aravind@prsindia.org))

Four Bills related to Goods and Services Tax (GST) were passed by Lok Sabha. These Bills include the Central Goods and Service Tax (CGST) Bill, 2017, the Integrated Goods and Service Tax (IGST) Bill, 2017, the Union Territory Goods and Service Tax (UTGST) Bill, 2017, and the Goods and Service Tax (Compensation to States) Bill, 2017.<sup>2,3,4</sup> The Bills levy the: (i) CGST on intra-state supply of goods and services, (ii) IGST on inter-state supply of goods and services, (iii) UTGST on supply of goods and services in union territories, and (iv) provide compensation to states for any loss of revenue, following the implementation of GST. Key features of the Bills include:

- **Tax rates:** The GST Council, constituted under the 101st Constitutional Amendment, will recommend the tax rates with respect to CGST, IGST and UTGST. The tax rates for CGST will not exceed 20%. The tax rate of IGST will not exceed 40%. In addition, a cess will be levied on certain goods and services to compensate states for revenue loss.
- **Exemptions from GST:** The centre may exempt certain goods and services from the purview of GST through a notification. This exemption will be based on the recommendations of the GST Council.
- **Apportionment of IGST revenue:** The IGST collected will be apportioned between the centre and the state where the goods or services are consumed. The revenue will be apportioned to the centre at the CGST rate, and the remaining amount will be apportioned to the consuming state.
- **Registration of taxpayers:** Every person with a turnover exceeding Rs 20 lakh will have to register in every state in which he conducts business. This threshold will be Rs 10 lakh for special category states (i.e. Himalayan and North-Eastern states). A person may have multiple registrations for different business verticals in a state.
- **Filing tax returns:** Every taxpayer will have to self-assess and file tax returns on a monthly basis by submitting: (i) details of supplies provided, (ii) details of supplies received, and (iii) payment of tax. In addition to the monthly returns, an annual return will have to be filed by each taxpayer.
- **Compensation to states on loss of revenue:** The compensation amount will be calculated using revenue collections in 2015-16 as the base year. A compounded growth rate of 14% per annum over the base year will be assumed. A cess may be levied in order to provide the compensation.
- **Prosecution and appeal:** For offences such as mis-reporting of: (i) goods and services supplied, and (ii) details furnished in invoices, a person may be fined, imprisoned, or both, by the CGST Commissioner. Such orders can be appealed before the Goods and Services Tax Appellate Tribunal, and further before the High Court.

For more details on the GST Bills, please see the PRS Analysis [here](#).

## Finance Bill, 2017 passed by Parliament

Vatsal Khullar ([vatsal@prsindia.org](mailto:vatsal@prsindia.org))

The Finance Bill, 2017 was passed by Parliament with certain amendments.<sup>5,6</sup> It was introduced in Lok Sabha alongside the presentation of the Union Budget. Key features of the Bill include:

- **Income tax:** The income tax rate for individuals with income between Rs 2.5 lakh to Rs 5 lakh will be reduced from 10% to 5%. An additional surcharge of 10% will be levied on individuals with income between Rs 50 lakh and Rs one crore.
- **Limit on cash transactions:** Cash transactions above Rs two lakh will not be permitted: (i) to a single person in one day, (ii) for a single transaction (irrespective of number of payments), and (iii) for any transactions relating to a single event.
- **Political funding:** Contributions to political parties may be made through a new mode called electoral bonds. These bonds will be issued by banks, for an amount paid through cheque or electronic means. Further, the 7.5% cap on percentage of profits that a company may give to parties has been removed. Companies would no longer be required to disclose the name of parties to which donations were made.
- **Aadhaar mandatory for PAN and Income Tax:** It will be mandatory for every person to quote his Aadhaar number after July 1, 2017 for: (i) applying for a Permanent Account Number (PAN), or (ii) filing Income Tax returns.
- **Terms of service of Tribunal members:** Currently, terms of service of Chairpersons and other members of Tribunals, Appellate Tribunals and other authorities are specified in their respective Acts. The Finance Bill permits the centre to make rules to determine the qualifications, and appointments, among other terms of service for members of 19 Tribunals.
- **Replacing some Tribunals:** Eight Tribunals have been replaced, and their functions transferred to existing Tribunals. For example, the functions of the Competition Appellate Tribunal will be carried out by the National Company Law Appellate Tribunal.

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

## Taxation Laws Amendment Bill, 2017 introduced in Lok Sabha

Aravind Gayam ([aravind@prsindia.org](mailto:aravind@prsindia.org))

The Taxation Laws (Amendment) Bill, 2017 was introduced in Lok Sabha. It seeks to amend the Customs Act, 1962, the Customs Tariff Act, 1975, the Central Excise Act, 1944, the Finance Act, 2001, the Finance Act, 2005, and repeal provisions of few Acts. Key features of the Bill include:

### Customs Act, 1962

- **Furnishing information to proper officer:** The Bill adds a provision that requires several persons and entities to furnish information to a proper officer (customs officer) under the Act. Such persons and entities include: (i) income tax and state GST authorities, (ii) Reserve Bank of India, (iii) banks and financial institutions, (iv) stock exchanges and depositories (v) state electricity boards, (vi) Registrar of Companies, (vii) Registrar and Sub-registrar under the Registrar Act, 1908, (viii) registration authority under the Motor Vehicles Act, 1988, and (ix) Post Master General. The manner in which the information will have to be furnished will be notified by the government.
- The proper officer may serve a notice if the information is not furnished within the specified time. Further, the officer may impose a fine after 30 days of serving the notice. The fine will be of Rs 100/day, until the information is furnished.

### Customs Tariff Act, 1975

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

### Central Excise Act, 1944

- **Levy of Excise Duty:** Currently, central excise duty is levied on various excisable goods including tobacco, petroleum products, rubber, oils, and vehicles. This is proposed to be changed to levy duty only on certain kinds of: (i) petroleum products such as motor spirit, high speed diesel, aviation turbine fuel, and (ii) tobacco products.
- These goods on which the excise duty was levied were mentioned in the Central Excise Tariff Act, 1985. These will be moved to the Fourth Schedule of the 1944 Act. Note that the 1985 Act is proposed to be repealed under the Central Goods and Services Tax Bill, 2017.

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

### Regulations for the Information Utilities under the Bankruptcy Code notified

Vatsal Khullar ([vatsal@prsindia.org](mailto:vatsal@prsindia.org))

The Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017 were notified.<sup>7</sup> The regulations have been issued under the Insolvency and Bankruptcy Code, 2016.<sup>8</sup> Key features of the regulations include:

- **Eligibility and registration:** An information utility (IU) will have to be a public company with a minimum net worth of Rs 50 crore. The Certificate of Registration granted by the Insolvency and Bankruptcy Board to an IU will be valid for five years.  
  
The IU will be required to pay the Board Rs 50 lakh upon registration, and subsequently an annual fee of Rs 50 lakh.
- **Governance:** Independent directors will constitute more than half of the IU's Governing Board. An independent director will be the Chairperson of the Board.
- **Grievance Redressal Policy:** An IU will have a policy to address grievances from users or any person specified by the Governing Board. The policy will provide for: (i) constitution and functions of a grievance redressal committee, (ii) format and time to dispose applications, and (iii) a mediation mechanism, among others.
- **Use of different IUs:** Users may provide information to different IUs. A user may access this information from any IU.

- **Fee:** The IU will charge a fee for providing its service. The fee structure and any changes would be displayed on its website.

### Cabinet approves proposals related to a Fund for start-ups

Vatsal Khullar ([vatsal@prsindia.org](mailto:vatsal@prsindia.org))

The Union Cabinet approved proposals related to the Fund of Funds for start-ups which pertain to: (i) investment into start-ups through Alternate Investment Funds (AIFs), and (ii) proportion of operating expenses which may be met from the Fund.<sup>9</sup> The Fund was established in June 2016 with a corpus of Rs 10,000 crore. It aims to make contributions to other investment funds which extend financial support to start-ups.<sup>10</sup>

- AIFs will be required to invest twice the amount invested from the Fund in a start-up. AIFs include private equity funds and infrastructure funds.
- The operating expenses related to carrying out due diligence, legal and technical appraisal, and convening meetings of the Venture Capital Investment Committee, among others, will be met out of the Fund. This expenditure will be capped at 0.5% of the commitments made to AIFs.

For more details on the Fund of Funds for start-ups, please see the PRS Monthly Policy Review for June 2016 [here](#).

### Bharatiya Mahila Bank to be merged with the State Bank of India

Vatsal Khullar ([vatsal@prsindia.org](mailto:vatsal@prsindia.org))

The central government has decided to merge the Bharatiya Mahila Bank (BMB) with the State Bank of India (SBI).<sup>11</sup> Earlier in February 2017, the Cabinet had approved the acquisition of five of its subsidiary banks by the SBI.

According to the Ministry of Finance, in the three years since its establishment, the BMB has dispensed lesser loans to women and has a lower number of exclusive women branches, as compared to SBI. The administrative and managerial costs of the BMB, to reach the same coverage, are higher than SBI. A merger of the two banks would allow for providing a larger volume of loans to women through SBI.

## Law Commission submits report on income tax related to minors

Aravind Gayam ([aravind@prsindia.org](mailto:aravind@prsindia.org))

The Law Commission submitted its report on the ‘Prospects of Exempting Income arising out of Maintenance Money of Minor’ to the Law Ministry.<sup>12</sup> The Commission recommended that interest income of minors should be clubbed with their parents’ income.

Currently, interest on the amount of maintenance deposited in the name of minor children should be taxable with the parents’ income under the Income Tax Act, 1961. The Punjab and Haryana High Court is examining whether exceptions can be made to this provision based on special circumstances. The High Court referred the matter to the Law Commission for consideration. The Commission recommended that such interest income of the minors should be clubbed with the income of parents and should be taxed.

In addition, the Commission noted that any exceptions would open doors for tax evasion leading to loss and leakage of revenue.

## Labour and Employment

Prianka Rao ([prianka@prsindia.org](mailto:prianka@prsindia.org))

### Maternity Benefits (Amendment) Bill, 2016 passed by Parliament

The Maternity Benefits (Amendment) Bill, 2016 was passed by Parliament. It has also received the President’s assent and was notified by the central government.<sup>13</sup> The Bill amends the Maternity Benefits Act, 1961 in relation to the period of maternity leave for women, and certain other benefits. Key features of the Bill include:

- **Duration of leave:** The Act provides maternity leave up to 12 weeks for all women. The Bill extends this period to 26 weeks. However, a woman with two or more children will be entitled to 12 weeks of maternity leave.
- **Leave for adoptive and commissioning mothers:** The Bill introduces maternity leave up to 12 weeks for a woman who adopts a child below the age of three months, and for commissioning mothers. The period of leave will be calculated from the date the child is handed over to the adoptive or commissioning mother.

- **Crèche facilities:** The Bill requires every establishment with 50 or more employees to provide for crèche facilities within a prescribed distance. The woman will be allowed four visits to the crèche in a day.
- **Work from home option:** An employer may permit a woman to work from home, if the nature of work assigned permits her to do so. This may be mutually agreed upon by the employer and the woman.

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

### Employee Compensation (Amendment) Bill passed by Parliament

The Employee Compensation (Amendment) Bill, 2016 was passed by Parliament.<sup>14</sup> The Bill amends the Employee’s Compensation Act, 1923. The Act provides payment of compensation to employees and their dependants in the case of injury by industrial accidents, including occupational diseases.

The Bill introduces a provision which requires an employer to inform the employee of his right to compensation under the Act. Such information must be given in writing (in English, Hindi or the relevant official language) at the time of employing him.

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

### Ministry releases Draft Labour Code on Social Security

The Ministry of Labour and Employment released a draft of the Code on Social Security.<sup>15</sup> The draft Code seeks to harmonise 15 existing labour laws related to social security including the Employees’ Provident Fund Act, 1952, the Maternity Benefit Act, 1961, Payment of Gratuity Act, 1972, Employees’ Compensation Act, 1923 and the Unorganised Workers’ Social Security Act, 2008. Key features of the draft Code on Social Security include:

- **Application of the Code:** The draft Code will apply to: (i) workers employed by any entity; (ii) owners or proprietors of an entity; (iii) international workers; and (iv) Indian citizens outside India, who opt to become members of social security schemes under the Code.
- The Code will not apply to employees of the central and state government as they are covered under separate schemes.
- **Social Security Organisations:** The Code sets up three such bodies: (i) the National Social Security Council, headed by the Prime Minister, which will review

and monitor the implementation of the Code; (ii) the Central Board of Social Security, headed by the Minister for Labour and Employment; and (iii) the State Board for Social Security, headed by the Chief Minister of that particular state.

- **Registration of workers:** The state boards, in coordination with the Central Board, will provide a portable social security account, called the 'Vishwakarma Karmik Suraksha Khata' (VIKAS). This number will be linked to the Aadhar number of the worker.
- **Funds and schemes:** The Code establishes a: (i) social security fund and (ii) gratuity fund, in every state, to be administered by the state board. The employer and workers will both make contributions to these funds, which will be a percentage of wages.
- The central and state governments may establish other welfare funds for workers as specified through notifications.

## Home Affairs

Anviti Chaturvedi (anviti@prsindia.org)

### Enemy Property (Amendment) Bill, 2016 passed by Parliament

The Enemy Property (Amendment and Validation) Bill, 2016 was passed by Parliament.<sup>16</sup> The Bill amends the Enemy Property Act, 1968. Previously, five similar Ordinances amending the 1968 Act had been promulgated in 2016. The last Ordinance was scheduled to lapse on March 14, 2017.

The central government had designated some properties belonging to nationals of Pakistan and China as 'enemy property' during the 1962, 1965 and 1971 wars. It vested these properties in the Custodian of Enemy Property, an office of the central government. The 1968 Act regulates these enemy properties.

The Bill was passed with some amendments that were recommended by the Select Committee that examined the Bill. Key features of the Bill as passed include:

- **Retrospective application:** The Bill is deemed to have come into force on January 7, 2016, the date of promulgation of the first Ordinance. However, several of its provisions will be applicable from the date of commencement of the 1968 Act.

- **Vesting of property:** The 1968 Act allowed for vesting of enemy property with the Custodian, after the wars with Pakistan and China. The Bill amends the Act retrospectively from 1968 to clarify that, even in the following cases these properties will continue to vest with the Custodian: (i) the enemy's death, or (ii) if the legal heir is an Indian. It also adds a provision to state that 'vesting' will mean that all rights, titles and interests in such property will be with the Custodian.
- **Jurisdiction of courts:** The Bill bars civil courts and other authorities from entertaining disputes related to enemy property. However, it allows a person aggrieved by an order of the central government to appeal to the High Court, if the person wishes to claim that the concerned property is not enemy property. Such an appeal will have to be filed within 60 days (extendable up to 120 days).

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

### Law Commission submits report on Hate Speech

Law Commission of India submitted a report on 'Hate Speech', and made recommendations regarding amending the Indian Penal Code (IPC), 1860 and the Code of Criminal Procedure (CrPC), 1973.<sup>17</sup>

In 2014, the Supreme Court in the case of *Pravasi Bhalai Sangathan vs Union of India* requested the Law Commission to define hate speech. It also asked the Law Commission to make recommendations regarding strengthening the Election Commission's powers on curbing hate speech. In light of this, the Commission has recommended the following amendments:

- **Prohibiting incitement of hatred:** If a person: (i) uses threatening words or signs within the hearing or sight of a person with the intention of causing fear, or (ii) advocates hatred by words or signs that incites violence, he will be punishable with imprisonment of up to two years, and fine up to Rs 5,000. However, the incitement of hatred must have been on grounds of religion, caste, community, sex, gender identity, sexual orientation, place of birth, residence, disability, etc. This would be a cognizable and non-bailable offence.
- **Causing fear, alarm or provocation of violence in certain cases:** If a person uses threatening or derogatory words or signs *in public* on certain grounds (e.g.

religion, caste, community, sex, gender identity): (i) within the hearing or sight of a person creating fear, or (ii) with the intent to provoke violence, it will attract a punishment. The punishment will be imprisonment up to one year, and/or fine up to Rs 5,000. This would be a non-cognizable and bailable offence.

## Health

*Nivedita Rao (nivedita@prsindia.org)*

### The Mental Healthcare Bill, 2013 passed by Parliament

The Mental Healthcare Bill, 2013 was passed by Parliament. The Bill repeals the Mental Health Act, 1987. The Bill seeks to: (i) protect and promote the rights of mentally ill persons, (ii) provide care and treatment to mentally ill persons to improve their capacity, and (iii) improve access to mental health services. Key features of the Bill include:

- **Advance Directive:** A mentally-ill person shall have the right to make an advance directive that states how he wants to be treated for a mental illness and who his nominated representative shall be. If a mental health professional does not wish to follow the directive while treating the person, he must make an application to the Mental Health Board to review, alter, or cancel the advance directive.
- **Mental Health Establishments:** Every mental health establishment has to be registered with the relevant Central or State Mental Health Authority. In order to be registered, the establishment has to fulfil various criteria prescribed in the Bill. The Bill also specifies the process and procedure to be followed for admission, treatment and discharge of mentally ill individuals.
- **Decriminalising suicide, prohibiting electroconvulsive therapy and seclusion:** Electro-convulsive therapy is allowed only with the use of muscle relaxants and anaesthesia. The use of seclusion for mentally ill persons is prohibited.
- A person who attempts suicide shall be presumed to be suffering from severe stress at that time. Such a person will not be punished under the Indian Penal Code, 1860.

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

### The HIV and AIDS (Prevention and Control) Bill, 2014 passed by Rajya Sabha

The Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (Prevention and Control) Bill, 2014 was passed by Rajya Sabha. The Bill is currently pending in Lok Sabha. The Bill seeks to prevent and control the spread of HIV and AIDS and prohibits discrimination against persons with HIV and AIDS.

Key features of the Bill include:

- **Prohibition of discrimination against HIV positive persons:** The Bill lists the various grounds on which discrimination against HIV positive persons and those living with them is prohibited. These include the denial, termination, discontinuation or unfair treatment with regard to: (i) employment, (ii) educational establishments, (iii) health care services, (iv) residing or renting property, and (v) standing for public or private office.
- The requirement for HIV testing as a pre-requisite for obtaining employment or accessing health care or education is also prohibited.
- **Informed consent and disclosure of HIV status:** The Bill requires that no HIV test, medical treatment, or research will be conducted on a person without his informed consent. Further, no person shall be compelled to disclose his HIV status except with his informed consent, and if required by a court order.
- **Role of the ombudsman:** An ombudsman shall be appointed by each state government to inquire into complaints related to the violation of the Act and the provision of health care services. The ombudsman shall submit a report to the state government every six months stating the number and nature of complaints received, the actions taken and orders passed

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

### National Health Policy, 2017 released

The Ministry of Health and Family Welfare released the National Health Policy, 2017.<sup>18</sup> The last National Health Policy was released in 2002. The objective of the Policy is to improve the health status of all age groups by expanding: (i) preventive, (ii) promotive, (iii) curative, (iv) palliative, and (v) rehabilitative

services provided through the public health sector. The key features of the Policy include:

- **Investment in health:** The Policy proposes a target of 2.5% of the GDP as the public health expenditure. Further, the Policy advocates allocating major proportion (two-thirds or more) of resources to primary care followed by secondary and tertiary care. General taxation will remain the predominant means for financing care.
- **Public Health Management Cadre:** The Policy proposes creation of Public Health Management Cadre in all states. States could decide to place these public health managers, with medical and non-medical qualifications, in cadre streams related to directorates of health.
- **Access to healthcare services:** The Policy regarding provision to healthcare services proposes: (i) free primary care by the public sector, and (ii) strategic purchase of secondary care hospitalisation and tertiary care services from both public and the non-government sector.
- Strategic purchasing refers to the government acting as a single payer. The order of preference for strategic purchase by the government with regard to secondary and tertiary care would be public sector hospitals followed by not-for-profit private sector and then commercial private sector in the underserved areas.
- **Private sector involvement:** The Policy proposes certain measures to encourage greater participation by the private sector. These include: (i) preferential treatment in collaborating with private hospitals for Central Government Health Scheme (covers the healthcare needs of central government employees and members of their families), and (ii) non-financial incentives like skill upgradation to the private sector hospitals/practitioners for providing public health services.

### **NITI Aayog submits report on regulatory reforms for Indian systems of medicine and Homeopathy**

A committee was set up by NITI Aayog to examine the Indian Medicine Central Council Act, 1970 and the Homoeopathy Central Council Act, 1973. Under these Acts, the statutory bodies of Central Council of Indian Medicine and Central Council of Homoeopathy were constituted to regulate the Indian systems of medicine, comprising,

ayurveda, siddha, unani and sowa-rigpa and homoeopathy, respectively.

The Committee proposes that the 1970 Act and 1973 Act should be repealed and replaced by new Acts providing for a different structure and governance system. The Committee proposes a National Commission for Indian Systems of Medicine to replace the Central Council of Indian Medicine and the National Commission for Homoeopathy to replace the Central Council of Homeopathy.<sup>19</sup>

The key reasons behind the suggested reforms are as follows:<sup>19</sup>

- **Issues in the functioning of Central Councils of Indian Medicine, and Homeopathy:** The report notes several issues in the functioning of the Councils and regulation of medical education for these systems of medicine. These issues include failure in: (i) bringing in competent and qualified persons for regulation, (ii) creating standard curricula to produce quality doctors in Indian systems of medicine and homoeopathy, and (iii) ensuring ethics in professional practice.
- **Separation of functions:** The Committee noted that the concentration and centralisation of all functions in one body such as the Councils makes them unwieldy and slow. The Committee recommends independent bodies with separate functions as a solution.
- For example, for Indian Systems of Medicine, it is recommended that five mutually independent and autonomous boards be set up and coordinated through the National Commission for Indian Systems of Medicine. Three of these boards will be responsible for: (i) determining standards, and (ii) overseeing all aspects of medical education. The other two Boards will be responsible for: (i) accreditation and assessment of institutions, and (ii) regulation of the practice of the profession.
- **Fee regulation of private colleges:** The Committee concluded that proposed Commissions of Indian Medicine and Homeopathy should not engage in fee regulation of private colleges. A fee cap would discourage entry of private colleges or encourage the continuation of the underground economy which consists of capitation fees.



## Food Safety and Standards (Import) Regulations, 2017 released

The Food Safety and Standards (Import) Regulations, 2017 have been released.<sup>20</sup> These regulations lay down the procedure for clearance of food products imported into India. Key features of the regulations include:

- **Licensing of food importers:** No person shall import any article of food without an import license from the Central Licensing Authority under the Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011. This license can be cancelled on grounds including import of articles of food which are: (i) unsafe; and (ii) prohibited or are from prohibited sources.
- **No clearance required for imports meant for personal use:** The regulations shall not apply to any person bringing in any article of food for his personal use provided that the value of such article of food shall not exceed the amount as allowed by customs.
- **Prohibition and restrictions on imports of article of food:** The Food Safety and Standards Authority of India may prohibit or restrict import of any article of food based on risk perception or outbreak of disease. Further, it may issue an order or advisory or guideline as it deems fit, from time to time, for ensuring the safety of articles of food imported into India.

## Social Justice and Empowerment

Prianka Rao ([prianka@prsindia.org](mailto:prianka@prsindia.org))

### Bill to modify Scheduled Castes Order for Odisha and Puducherry passed by Lok Sabha

The Constitution (Scheduled Castes) Order (Amendment) Bill, 2017 was introduced by the Minister of Social Justice and Empowerment, Thawar Chand Gehlot. It was also passed by Lok Sabha. The Bill amends the Constitution (Scheduled Castes) Order, 1950 and the Constitution (Pondicherry) Scheduled Castes Order, 1964.

The Bill includes a couple of castes, Sualgiri, Swalgiri as synonyms to the Sabakhia caste in the list of SCs for the state of Odisha.

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

## Education

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### The NITSER (Second Amendment) Bill, 2016 passed in Lok Sabha

The National Institutes of Technology, Science Education and Research (Second Amendment) Bill, 2016 was passed in Lok Sabha. The Bill is currently pending in Rajya Sabha.<sup>21</sup> The Bill amends the NITSER Act, 2007 which declares certain institutions of technology, science education and research as institutes of national importance and provides for research, training and dissemination of knowledge in these institutions.

The Bill adds two institutes to the NITSER Act. These are: (i) Indian Institute of Science Education and Research, Tirupati (Andhra Pradesh); and (ii) Indian Institute of Science Education and Research, Berhampur (Odisha).

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

### The Indian Institutes of Information Technology (Amendment) Bill, 2017 introduced in Lok Sabha

The Indian Institutes of Information Technology (Amendment) Bill, 2017 was introduced by the Minister of Human Resource Development, Mr. Prakash Javadekar in Lok Sabha.<sup>22</sup> The Bill amends the Indian Institutes of Information Technology Act, 2014.

The Act declares certain institutes of technology as institutions of national importance. Further, it seeks to: (i) develop new knowledge in information technology; and (ii) provide manpower of global standards for the information technology industry. Key features of the Bill include:

- **Appointment of Director:** Under the Act, there is a search-cum-selection committee which recommends names to the central government for the appointment of the Director of an institute. The Bill modifies the composition of this committee by replacing the Director of an Indian Institute of Information Technology with the Director of an Indian Institute of Technology.
- **Appointment for posts of Assistant Professor and above:** The Act permits the Board of Governors to appoint Assistant Professors. The Bill extends the power of the Board to appoint Assistant

Professors and all the posts above that level as well.

- **Inclusion of an institute:** The Bill declares the Indian Institute of Technology, Design and Manufacturing, Kurnool, Andhra Pradesh as an institution of national importance.

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

### **Cabinet approves amendment to the Right of Children to Free and Compulsory Education Act, 2009**

The Union Cabinet has approved an amendment to the Right of Children to Free and Compulsory Education Act, 2009.<sup>23</sup> The aim of this amendment is to: (i) enable untrained elementary teachers to complete their training, and (ii) ensure that all teachers at the elementary level have minimum standards of qualifications.

The Act specifies that all teachers at elementary level who, at the commencement of this Act, did not possess the minimum qualifications as laid down under the Act, need to acquire these within a period of five years i.e., by March 31, 2015.

In this context, state governments have reported that out of a total number of 66 lakh teachers at the elementary level, 11 lakh are still untrained. The amendment seeks to ensure that all teachers, in position as on March 31, 2015, acquire the minimum qualifications within an extended period of four years, i.e., up to March 31, 2019.

### **Cabinet approves the introduction of IIT (Public Private Partnership) Bill, 2017**

The Union Cabinet has approved the introduction of Indian Institutes of Information Technology (Public Private Partnership) Bill, 2017.<sup>24</sup> In 2010, a scheme for setting up of 20 new Indian Institutes of Information Technology (IIITs) in Public Private Partnership was approved by the Union Cabinet. Currently, academic sessions have begun in 15 of these IIITs.

The Bill aims to grant statutory status to these 15 IIITs in Public Private Partnership and declare them as institutes of national importance.

## **Transport**

*Prachee Mishra (prachee@prsindia.org)*

### **The Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016 passed by Lok Sabha**

The Admiralty (Jurisdiction and Settlement of Maritime Claims) Bill, 2016 was passed by Lok Sabha.<sup>25</sup> The Bill was introduced in Lok Sabha on November 21, 2016. The Bill seeks to consolidate the existing laws on civil matters of admiralty jurisdiction of courts, admiralty proceedings on maritime claims, and arrest of ships. Admiralty laws deal with cases of accidents in navigable waters, or contracts related to commerce on such waters. The Bill repeals laws such as the Admiralty Court Act, 1861, and the Colonial Courts of Admiralty Act, 1890. Key features of the Bill include:

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

continue to exist even with the change of ownership of the vessel.

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

### Supreme Court bans sale of vehicles not compliant with BS IV standards

The Supreme Court banned the sale of vehicles that are not compliant with Bharat Stage IV (BS IV) fuel from April 1, 2017.<sup>26</sup> This would be applicable to all two wheeler, three wheeler, four wheeler, and commercial vehicles. The Court also directed all vehicle registering authorities under the Motor Vehicles Act, 1988 to not register vehicles that do not comply with BS IV fuel standards from April 1, 2017, unless these vehicles were sold before March 31, 2017.

As compared to BS III fuel, BS IV fuel has lesser emissions of carbon monoxide, hydrocarbons, nitrogen oxide, and sulphur oxide.

## Statistics

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### The Collection of Statistics (Amendment) Bill, 2017 introduced

The Collection of Statistics (Amendment) Bill, 2017 was introduced by the Minister of Statistics and Programme Implementation, Mr. D. V. Sadananda Gowda in Lok Sabha.<sup>27</sup> The Bill seeks to amend the Collection of Statistics Act, 2008. The 2008 Act facilitates the collection of statistics related to social, economic, demographic, and other indicators, by central, state and local governments. It also contains provisions to ensure security of information collected under the Act. Key features of the Bill include:

- **Jurisdiction of the 2008 Act:** The 2008 Act is not applicable to Jammu and Kashmir. The Bill seeks to extend its jurisdiction to Jammu and Kashmir for the collection of statistics pertaining to subjects under the Union or the Concurrent list of the Constitution as applicable to Jammu and Kashmir.
- **Use of information:** The 2008 Act provides that the information collected under it can *only* be used for statistical purposes. The Bill removes this provision. It allows the central government to determine the manner in which such information collected will be used, for statistical purposes.

- **Nodal officer:** The Bill provides for the appointment of a nodal officer by the central or state government. The nodal officer will coordinate and supervise statistical activities under the government by whom he is appointed.

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

## Commerce

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### The Footwear Design and Development Institute Bill, 2017 introduced

The Footwear Design and Development Institute Bill, 2017 was introduced by the Minister of State (Independent Charge) for Commerce and Industry, Ms. Nirmala Sitharaman.<sup>28</sup> The Bill seeks to establish the Footwear Design and Development Institute as an institution of national importance. Currently, there are 12 campuses under this Institute. Key features of the Bill include:

- **Functions of the Institute:** The functions of the Institute include: (i) developing and conducting courses and research related to footwear and leather products' design and development, and (ii) granting degrees, diplomas and certifications.
- **Key authorities of the Institute:** The authorities of the Institute include: (i) a Governing Council, which is responsible for the administration of the Institute and reviewing the work of the Senate; and (ii) a Senate, as the principal academic body, which specifies admission procedures, and the academic content and calendar.
- **Composition of the Governing Council:** The Governing Council will comprise 15 members including: (i) a Chairperson, who is an academician, scientist or industrialist from the leather sector, nominated by the central government, (ii) the Managing Director, (iii) the joint secretaries of the ministries in the central government dealing with leather, retail or fashion sector and the Institute, (iv) a representative of the ministry in the central government dealing with skill development and entrepreneurship, and (iii) nine professionals representing industry and academic institutes (e.g. the Council for Leather Exports and the National Institute of Design), nominated by the central government.

- **Composition of the Senate:** The Senate may include: (i) the Managing Director, as the Chairperson, (ii) the Executive Directors of all Institute campuses, (iii) senior professors of the Institute, and (iv) three external educationists and one alumnus nominated by the Chairperson.

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

### Trade Infrastructure for Export Scheme launched

The Ministry of Commerce and Industry launched the Trade Infrastructure for Export Scheme.<sup>29</sup> Under the scheme, central government will extend financial support to states in the creation of export infrastructure. Central and state agencies such as the Export Promotion Councils, Commodities Boards, Special Economic Zone authorities and apex trade bodies are eligible for financial support under the scheme.

The central government may give the implementing agencies grants-in-aid upto Rs 20 crore towards each infrastructure project. Such grants may not be more than the equity put by an implementing agency or 50% of the project equity.

## Water Resources

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### The Inter-State River Water Disputes (Amendment) Bill 2017 introduced in Lok Sabha

The Inter-State River Water Disputes (Amendment) Bill, 2017 was introduced in Lok Sabha by the Minister of Water Resources, River Development and Ganga Rejuvenation, Ms. Uma Bharti. The Bill seeks to amend the Inter-State River Water Disputes Act, 1956. Key features of the Bill include:

- **Disputes Resolution Committee:** Under the Act, when a complaint is received from a state government regarding a water dispute, the central government may ask the affected states to undertake negotiations to settle the dispute. If the dispute cannot be settled through negotiations, the central government has to set up a Water Disputes Tribunal within a year of receiving such a complaint.
- The Bill replaces this provision and requires the central government to set up a Disputes Resolution Committee (DRC),

for resolving any inter-state water dispute amicably. The DRC will get a period of one year, extendable by six months, to submit its report to the central government.

- **Tribunal:** The Bill proposes to set up an Inter-State River Water Disputes Tribunal, for adjudication of water disputes, if a dispute is not resolved through the DRC. This tribunal can have multiple benches.
- All existing tribunals will be dissolved and the water disputes pending adjudication before such existing tribunals will be transferred to this newly formed tribunal.
- **Time allotted to Tribunal to take its decision:** Under the Act, any water disputes tribunal has to give its decision on a dispute within a period of three years. This period is extendable by a maximum of two years. Under the Bill, the proposed tribunal has to give its decision on a dispute within a period of two years. This period is extendable by a maximum of one year.
- Under the Act, if the matter is again referred to the tribunal by a state for further consideration, the tribunal has to submit its report to the central government within a period of one year. This period of one year can be extended by the central government for such a period as it may consider necessary. The Bill amends this to specify that the extension may be up to a maximum of six months.

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

### Standing Committee submits report on Accelerated Irrigation Benefits Programme

The Standing Committee on Water Resources (Chair: Mr. Hukum Singh) submitted its report on the 'Review of Accelerated Irrigation Benefits Programme'. The Accelerated Irrigation Benefits Programme (AIBP) aims to accelerate completion of ongoing irrigation projects and ensure access to some means of protective irrigation to all agricultural farms. The programme is implemented by the Ministry of Water Resources. The salient observations and recommendations of the Committee include:

- **Modifications in AIBP:** AIBP's implementation guidelines have been modified seven times since 1996. The changes have been with regard to the scope, coverage and funding of the scheme. The Committee observed that

repeated changes hamper the smooth implementation of the programme and reflect lack of farsightedness in the formulation of programme. It recommended that the AIBP should be planned with a long term perspective, to avoid repeated modifications in the future.

- **Management of funds:** Out of the 149 ongoing projects under the programme, 99 have been prioritized to be completed by 2019. The Committee noted that slow rate of completion of projects results in time and cost over-runs, and is primarily caused because of diversion and misuse of funds, and delay in submission of utilisation certificates. It recommended that the Ministry should devise a mechanism to prevent lapsing of funds, that cause further delay, and put measures in place to avoid time and cost over-runs.
- **Gap between irrigation potential created and utilised:** A difference of 24 million hectares between irrigation potential created and irrigation potential utilised was noted by the Committee.
- It recommended that the Ministry should devise strategies and take steps to not only increase the creation of irrigation potential but also ensure proper utilisation of this created potential.

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

### Standing Committee submits report on indigenous and modern forms of water conservation

The Standing Committee on Water Resources (Chair: Mr. Hukum Singh) submitted its report on the 'Indigenous and Modern Forms of Water Conservation-Techniques and Practices' on March 16, 2017. The Committee looked into the following aspects in relation to conservation of water: (i) need for water conservation, (ii) techniques and practices of water conservation, (iii) factors influencing water conservation, and (iv) the National Water Mission. The salient observations and recommendations of the Committee include:

- **Low Per Capita Water Storage and Availability:** Water storage in India is about 209 cubic meters (Cu. M) per person, far below the minimum threshold (1,000 Cu. M) per person for identifying water scarcity in a country. In addition, the per capita availability of water has reduced due to an increase in population, from 2,209 Cu. M per year in 1991, to 1,545 Cu. M per year in 2011.

- In this regard, the Committee recommended that certain measures should be undertaken by the central government. These measures include: (i) compiling data regarding large and medium dams presently under implementation, (ii) reviewing the status of execution of these dams, and (iii) making a plan for the timely completion of such dams.
- **Traditional water recharge and harvesting practices:** Traditional water harvesting structures in the country are no longer being used to store water with dependence on piped water supply system. The Committee recommended that the Ministry of Water Resources should constitute a panel of experts to undertake a study on the merits and viability of traditional water recharge and harvesting techniques in the country. Further, consultations should be held with various state governments to develop ways to preserve and improve indigenous water harvesting methods.

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

## Environment

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### Government allows violating units a six-month window to get environmental clearance

The Ministry of Environment, Forest and Climate Change has issued a notification to allow units (e.g. industrial or infrastructure units), that are not in compliance with the Environment Impact Assessment Notification, 2006, a one-time opportunity to apply for environmental clearances.<sup>30</sup> The 2006 notification lays down the process by which projects that have started construction, or are expanding or modernising, etc. must procure environmental clearance.

In 2012 and 2013, the government had issued office memoranda allowing units that had started construction, expansion, etc. without environmental clearance an opportunity to procure environmental clearance. However, these memoranda were declared void by the National Green Tribunal in 2015 on the ground that memoranda cannot be used to modify the 2006 notification.<sup>31</sup>

Key aspects of the 2017 notification include:

- **Opportunity to get clearance:** The opportunity to procure environmental clearance will be available for six months for units that are in violation of the 2006 notification on March 14, 2017.
- **Environmental appraisal:** The appraisal of the violating units will take place at the central level by Expert Appraisal Committees (comprising government officers and external experts). If the project is sustainable and permissible under environmental norms at the concerned site, clearance may be granted. Otherwise closure of the unit will be recommended, along with other actions under law.
- The Expert Appraisal Committee will prescribe the following for units qualifying for clearance: (i) terms of reference for assessment of ecological damage, (ii) a remediation plan, and (iii) a natural and community resource augmentation plan. The principle followed by the Committee will be to ensure that any economic benefit derived from the violation is taken away, and payment for environmental damage caused is paid.
- **Bank guarantee:** The project proponent will also be required to submit a bank guarantee equivalent in amount to the remediation and augmentation plan to the State Pollution Control Board.
- **conduct prescribed by the Rules framed under the Act; or (ii) grounds for disqualification under the Act.**
- **Recognising foreign lawyers and law firms in India:** The Bar Council of India (BCI) should register and regulate Indian and foreign law firms. Further, they may regulate foreign lawyers who are registered and allowed to practice in India.
- **Pre-enrolment training for lawyers:** The BCI should provide pre-enrolment training and apprenticeship for a person with a law degree for one year. This would be recognised as qualification for enrolment as an advocate.
- **Other structural changes related to the Bar Councils:** Certain other changes to the structure of Bar Councils have been proposed, such as: (i) inclusion of three senior advocates with at least 35 years of experience into the Council; and (ii) making state Bar Councils responsible for organizing compulsory ‘continuing legal education’ for advocates.

## Law and Justice

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### Law Commission recommends amendments to the Advocates Act, 1961

The Law Commission of India presented its 266<sup>th</sup> Report on The Advocates Act, 1961.<sup>32</sup> The 1961 Act regulates the legal profession in India. With the report, the Law Commission has also presented a draft Advocates (Amendment) Bill, 2017, which amends the 1961 Act.

In 2016, the Supreme Court had directed the Law Commission to examine the 1961 Act to regulate discipline and conduct of lawyers.<sup>33</sup> Salient provisions in the draft bill include:

- **Definition of ‘misconduct’:** The draft Bill introduces a definition for ‘misconduct’ which includes any act of a legal practitioner whose conduct is: (i) in breach of the standard of professional

## Housing

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### Working Group on Migration submits report

The Working Group on Migration, set up by the Ministry of Housing and Urban Poverty Alleviation, submitted its report.<sup>34</sup> The terms of reference of the Group included: (i) reviewing the trend of migration in India and its impact on urban areas, rural areas and smaller towns, (ii) analysing the impact of migration on housing, infrastructure, livelihoods and the economy, and (iii) analysing migration trends across various economic groups. Key observations and recommendations of the Group include:

- **Migration:** As per Census 2011, migration in India is majorly between rural to rural areas (47.4%), followed by urban to urban areas (22.6%), rural to urban areas (22.1%), and urban to rural areas (7.9%). Between Census 2001 and 2011, rural to urban migration increased marginally from 21.8% to 22.1%, and urban to urban migration increased from 15.2% to 22.6%. In urban areas, about 33% of the male workforce, and 56% of the female workforce is composed of migrant workers.

- **Reasons for migration:** The share of family related migration (marriage) has increased from 28% to 36% (as share of total migrants) between Census 2001 and 2011. While 87% women migrants move due to family related reasons, for men this share is 36%. 50% of men move due to work. The share of work-related migration decreased from 16% to 13% between Census 2001 and 2011. However, the Group noted that in terms of absolute numbers work-related migrants increased from 5.7 million to 6.9 million for rural areas and from 2.8 million to 4.8 million for urban areas.
- **Access to employment:** The Group noted that certain states have introduced domicile requirements with regard to employment. This puts migrants at a disadvantage. The Group recommended that states should remove such domicile requirements, and other laws specifically looking at inter-state migration. It also recommended a review of the existing legislative framework and providing basic guarantees on wage and work conditions for all workers. A comprehensive law should be brought in for the unorganised sector workers, which could also provide social protection to such workers.

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

### Guidelines for Credit Linked Subsidy Scheme for Middle Income Group released

The Ministry of Housing and Urban Poverty Alleviation released the operational guidelines of the Credit Linked Subsidy Scheme (CLSS) for the Middle Income Group (MIG).<sup>35</sup> CLSS is one of the components under the Pradhan Mantri Awas Yojana – Urban (PMAY-U). Under CLSS, a subsidy is provided on home loans taken by eligible urban poor (currently Economically Weaker Section/ Lower Income Group) for buying or constructing a house. In February 2017, the Union Cabinet approved amendments to extend benefits under CLSS to MIG groups as well.<sup>36</sup> Key guidelines include:

- **Eligibility:** No member of the beneficiary family should own a pucca house anywhere in India. A beneficiary family should not have availed of central assistance under any other central government housing scheme.
- **Beneficiaries:** There will be two categories of MIG beneficiaries: (i) MIG-I (annual income between six lakh rupees and Rs 12 lakh), and (ii) MIG-II (annual

income between Rs 12 lakh and Rs 18 lakh). A beneficiary family will comprise of husband, wife, unmarried sons and/or unmarried daughters. An adult earning member (irrespective of marital status) may be treated as a separate household, if he does not own a pucca house in his name anywhere in India.

- Further, in case of a married couple, either or both the spouses in joint ownership will be eligible for a single house, subject to income eligibility of the household under the Scheme.
- **Timeline:** CLSS for MIG will be implemented initially for a period of one year in 2017, starting from January 1, 2017.
- **Benefits available:** Beneficiaries seeking loans from notified institutions will be eligible for an interest subsidy, as follows:

**Table 2: Details of CLSS for MIG**

Particulars	MIG I	MIG II
Household Income (Rs. per annum)	Between Rs six lakh and Rs 12 lakh	Between Rs 12 lakh and Rs 18 lakh
Interest subsidy (% per annum)	4%	3%
Maximum loan tenure (in years)	20	20
Eligible Housing Loan Amount for Interest Subsidy (Rs.)	Rs 9 lakh	Rs 12 lakh
Carpet Area of dwelling unit	90 sq.m.	110 sq.m.

Sources: Operational guidelines of CLSS for MIG; PRS.

## Rural Development

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### Standing Committee submits report on Pradhan Mantri Gram Sadak Yojana

The Standing Committee on Rural Development (Chair: Dr. P Venugopal) submitted its report on ‘Pradhan Mantri Gram Sadak Yojana’. Pradhan Mantri Gram Sadak Yojana (PMGSY) provides single, all-weather road connectivity to unconnected habitations in rural areas.

The salient observations and recommendations of the Committee include:

- **Maintenance of rural roads:** For ensuring sustainability of roads built under PMGSY, each contractor has to provide for: (i) defect liability for five years, and

(ii) paid routine maintenance after completion of work. The Committee noted that 21% of the completed work under PMGSY was not properly maintained. Further, only 15 states had formulated Rural Roads Maintenance Policy. Out of a target of training 7,271 persons, so far only 1,732 engineers and 1,020 contractors have been trained.

- The Committee recommended that the Ministry should ensure that the remaining states expedite the process of formulating Rural Roads Maintenance Policy, in order for the roads built under the scheme to remain functional. A time-bound strategy should also be evolved to impart training to remaining engineers and contractors for proper maintenance of roads.
- **Monitoring mechanism:** The Committee noted that frequent transfers of trained and experienced staff in State Rural Roads Development Agencies (SRRDAs) hampers the effectiveness of monitoring the scheme. It observed that few states don't update the physical and financial progress of the scheme regularly on the Online Monitoring Management and Accounting System (OMMAS). Further, the various modules of OMMAS make updating of data difficult.
- The Committee recommended that the staff responsible for updating data on OMMAS should be trained in the various modules of the system in a time-bound way. The physical verification process of constructed roads should also be made more robust.

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

## Petroleum and Natural Gas

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### CCEA approves marketing and pricing freedom for Coal Bed Methane gas

The Cabinet Committee on Economic Affairs (CCEA) approved marketing and pricing freedom for Coal Bed Methane (CBM) contractors.<sup>37</sup> This would enable the CBM contractors to sell CBM in the domestic market at arm's length price. An arm's length transaction is one where the buyer and seller of a product are acting in their own self-interest, independent of each other.

While discovering the market price for arm's length sale of CBM, the contractor will have to

ensure a fully transparent and competitive process. The objective should be to realize the best possible price for the gas without any restrictive commercial practices.

In case CBM contractors cannot identify any buyer, they have been permitted to sell the CBM to any of their affiliates. However, royalty and any other dues to the government will be payable on the basis of prices notified by the Petroleum Planning & Analysis Cell (PPAC) or selling prices, whichever is higher.

### CCEA approves extension of Production Sharing Contracts awarded for pre-NELP exploration blocks

The Cabinet Committee on Economic Affairs (CCEA) approved a policy granting extension to the Production Sharing Contracts (PSC) signed by the central government, and awarded in the pre-NELP regime.<sup>38</sup> In the pre-NELP regime, 28 exploration blocks were awarded to private companies since 1980.<sup>39</sup> The national oil companies had the rights for participation in these blocks after hydrocarbon discoveries. The New Exploration Licensing Policy was implemented in 1999. Under NELP, licenses for oil and gas exploration are awarded through a competitive bidding system, with the national oil companies competing with private firms on an equal footing.<sup>40</sup>

The extension of contracts seeks to enable and facilitate investment to extract the remaining oil and gas reserves. In certain oil and gas fields, additional hydrocarbons can be recovered through technology improvements. In such cases, the production would extend beyond the current duration of PSC. The central government's share of profit from petroleum during the extended period of contract will be 10% higher for these fields. During the extension period, an additional investment of \$5,430 million is expected from contractors.

In 2016-17 (up to February 2017), production from oil and gas blocks, allotted in the pre-NELP regime, was 55 million barrel of oil and 965 MMSCM of natural gas. The recoverable reserve from these blocks is estimated to be more than 426 million barrel of oil equivalent.



## Agriculture

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### Cabinet approves proposal to amend National Bank for Agriculture and Rural Development Act, 1981

The Cabinet approved amendments to the National Bank for Agriculture and Rural Development (NABARD) Act, 1981.<sup>41</sup> The proposed amendments include:

- **Transfer of RBI's share in NABARD to the central government:** The Reserve Bank of India (RBI) currently holds 0.4% of the equity share in NABARD, which amounts to Rs 20 crore. As per the proposed amendment, this equity share of RBI will be transferred to the central government.
- **Capital of NABARD:** The amendments enable the central government to increase the authorized capital of NABARD from Rs 5,000 crore to Rs 30,000 crore. Further, this capital can be increased to more than Rs 30,000 crore by the central government in consultation with the RBI.

## Food Processing

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### Draft National Food Processing Policy released

The Ministry of Food Processing Industries released a draft National Food Processing Policy to provide a framework for the growth and development of the food-processing industry.<sup>42</sup> The draft Policy aims to create infrastructure in the food processing sector, reduce wastages, and ensure availability of nutritional balanced foods. Key features of the policy include:

- **Single window clearance system:** An entire state can be declared as a single zone with a single window clearance system for project clearances. An e-platform for the same may be created within a specific period of time.
- **Land allotment:** A facility for leasing land for food processing should be set up. Ceiling on land lease should be raised or abolished. Land should be allotted to Mega Food Parks on a priority basis.
- **Tax incentives:** Infrastructure projects under Mega Food Parks may be exempted

from stamp duty. Further, VAT/SGST can be refunded to food processing units.

- **Separate department to promote food processing:** Each state may set up an independent department to handle matters related to food processing. The department would focus on improving ease of doing business and investments in the sector.
- **Food processing clusters:** Food processing clusters can be developed based on a particular commodity. The commodities will be based on the production strengths of the respective areas. A comprehensive strategy should be developed for the development of value chain in each cluster.
- **State Essential Services Maintenance Act to be amended:** To declare the food processing industry as an essential service, states should make amendments to their respective State Essential Services Maintenance Act. The Act provides for the maintenance for certain essential services.

## Telecom

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### TRAI seeks inputs on 'Ease of Doing Telecom Business in India'

The Telecom Regulatory Authority of India (TRAI) is seeking inputs on 'Ease of Doing Telecom Business in India'.<sup>43</sup> TRAI seeks to ease efforts of telecom service providers in areas which require regulatory intervention such as: (i) unified licence, (ii) spectrum allotment and use, (iii) mergers and acquisitions, and (iv) provisions related to telecom services using satellite media.

Comments are invited upto April 11, 2017.

<sup>1</sup>“Developments in India's Balance of Payments during the third quarter of 2016-17”, Reserve Bank of India Press Release, March 23, 2017, <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR254245D173AE8B8A4544AD7F99A1F610B700.PDF>.

<sup>2</sup> The Central Goods and Services Tax Bill, 2017, <http://www.prsindia.org/uploads/media/GST.%202017/Central%20GST%20Bill.%202017.pdf>.

<sup>3</sup> The Integrated Goods and Services Tax Bill, 2017, <http://www.prsindia.org/uploads/media/GST.%202017/Integrated%20GST%20Bill.%202017.pdf>.

<sup>4</sup> The Goods and Services Tax (Compensation to States) Bill, 2017, <http://www.prsindia.org/uploads/media/GST.%202017/GS>

[T%20\(Compensation%20to%20States\)%20Bill.%202017.pdf](#).

<sup>5</sup> The Finance Bill, 2017,

<http://www.prsindia.org/uploads/media/Finance%20Bill/Finance%20Bill%202017.pdf>.

<sup>6</sup> Proposed Amendments to Finance Bill 2017,

<http://www.prsindia.org/uploads/media/Finance%20Bill/Finance%20Bill%202017%20amendments.pdf>.

<sup>7</sup> Insolvency and Bankruptcy Board of India (Information Utilities) Regulations, 2017, Insolvency and Bankruptcy Board of India, March 31, 2017,

<http://www.ibbi.gov.in/IU%20Regulations%2031032017%20Final.pdf>.

<sup>8</sup> Insolvency and Bankruptcy Code, 2016,

<http://www.ibbi.gov.in/Law/IBC%202016.pdf>.

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<sup>10</sup> ‘Establishment of Fund of Funds for funding support to Start-ups’, Press Information Bureau, Cabinet, June 22, 2016.

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