



PRs

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Preface

PRS Legislative Research launched the Annual Policy Review in 2014 with the aim of recording in one place all key legislative and policy developments in India during the fiscal year. These events have been classified in to the following four broad categories: (i) Economy and Finance, (ii) Infrastructure and Transport, (iii) Development sectors, and (iv) Law and Security.

India's real GDP growth in 2015-16 is estimated to be 7.6%. The base year to calculate the GDP was changed to 2011-12 last year. Inflation decreased over the fiscal year and was 4.8% in March 2016.

Significant laws passed in the year include the Aadhaar Act, 2016, Black Money Act, 2015, the Juvenile Justice Act, 2015, and the Real Estate Act, 2016. The Rights of Transgender Persons Bill, 2014, a private member Bill was passed in Rajya Sabha in April 2015. It is the first private member Bill since 1970 to be passed in Rajya Sabha.

The Constitution amendment Bill which introduces the Goods and Services Tax was passed by the lower House in May 2015. It is currently pending in the upper House. The Insolvency and Bankruptcy Code, 2015, which seeks to bring in a comprehensive law to deal with insolvency and bankruptcy processes, was introduced in Parliament and sent to a Joint Committee for examination. Other key Bills introduced and pending in Parliament include the Consumer Protection Bill, 2015, the Whistle Blowers Protection (Amendment) Bill, 2015, and the Benami Transactions (Prohibition) Amendment Bill, 2015.

Several other policy developments were observed during the year. These developments include, the release of the Seventh Pay Commission Report which recommended a 23% increase in central government employee remuneration. The One Rank One Pension scheme that guarantees uniform pension to armed forces personnel retiring at the same rank with the same length of service, irrespective of their date of retirement was also announced. The Constitution amendment to create the Commission to appoint High Court and Supreme Court judges was struck down by the Supreme Court. The Telecom Regulatory Authority of India prohibited discriminatory tariffs for data services, thus supporting the concept of net neutrality.

Several schemes in the urban development sector, such as the Smart Cities Mission, and the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) scheme, and the Pradhan Mantra Awas Yojana (PMAY) - Urban were launched by the government over the past year. The rural component of PMAY has also been launched, replacing the erstwhile Indira Awas Yojana. The Ujwal Discom Assurance Scheme (UDAY) to improve the operational and financial efficiency of state owned distribution companies (discoms) and Pradhan Mantri Fasal Bima Yojana to provide insurance coverage to farmers for crop failure were also launched. The Socio Economic Caste Census 2011 data for rural India was released in July 2011 and results from the first phase of the National Family Health Survey-IV were released in January 2016.

The Annual Policy Review 2015-16 summarises all major legislative and policy developments over the year, with references to the original documents. We hope that Members of Parliament, Members of Legislative Assemblies, policy experts, civil society organisations and others interested in policy matters will find this Review valuable. We welcome your feedback on the Review.

New Delhi

May 2016

Highlights of the year

Macroeconomic Developments

The Indian economy is estimated to grow at 7.6% in 2015-16. The Reserve Bank of India reduced the policy repo rate from 7.5% to 6.75% over the year. As of March 2016, retail inflation stood at 4.8% year on year, and wholesale price index inflation at -0.9%, year on year. The country's current account deficit (CAD) for April to December 2015 was \$21.9 billion.

Finance

The 122nd Constitution Amendment Bill related to the Goods and Services Tax was passed by Lok Sabha and is pending in Rajya Sabha. The Bankruptcy Code was introduced in Parliament, to create a regulatory framework for insolvency resolution in India. The Seventh Pay Commission recommended a 23% increase in employee remuneration.

Railways

The Railways Budget presented in February 2016 focused on improving freight and non-tariff revenue, and undertaking several activities in mission mode. The Committee on Restructuring Railways also submitted its report.

Energy

The government launched the Ujwal Discom Assurance Yojna Scheme for improving operational and financial efficiency of state owned distribution companies. Amendments were made to the Power Tariff Policy for developing a power supply trajectory for uninterrupted power supply.

Law and Justice

The Supreme Court struck down Acts that sought to introduce a National Judicial Appointments Commission, for violating the Constitution. Parliament passed

Bills for setting up commercial courts and amending the Arbitration Act. Amendments to the Whistle Blowers Protection Act were passed in Lok Sabha and further amendments to the Prevention of Corruption Act were sent to a Rajya Sabha Select Committee for examination.

Defence

The government released the Defence Procurement Policy, 2016. It also decided to implement One Rank One Pension retrospectively from July 1, 2014.

Urban development

The government launched 3 new schemes: AMRUT, Smart Cities, and Housing for All. Parliament passed the Real Estate (Regulation and Development) Bill that regulates transactions in the real estate sector.

Women and Child Development

The Juvenile Justice Bill, 2015 was passed by Parliament. A High Level Committee submitted its recommendations on the status of women in India.

Agriculture, Consumer Protection, and Food and Public Distribution

The Consumer Protection Bill, 2015 was introduced in Lok Sabha to replace the 1986 Act. Cash Transfer of Food Subsidy Rules, 2015 were notified which provide for direct cash transfers of food grains to beneficiaries. A new farm insurance scheme, the Pradhan Mantri Fasal Bima Yojana was launched by the government.

Environment

The Compensatory Afforestation Fund Bill, 2015 was introduced in Parliament. The Paris Agreement, 2015 on climate change was also

adopted to limit increase in average global temperature to between one to two degrees celsius.

Telecom

The Telecom Regulatory Authority of India released the Prohibition of Discriminatory Tariffs for Data Services Regulations, supporting net neutrality.

Labour

A Bill to increase the eligible salary amount for payment of bonus to factory employees was passed by Parliament. The Union Cabinet cleared further amendments to the Child Labour Prohibition Bill and the Ministry released a draft Industrial Relations Code, which includes the regulation of industrial disputes and trade unions.

Health

Results of the National Family Health Survey were released. The Draft Assisted Reproductive Technology (Regulation) Bill, 2014 and the Draft Allied and Healthcare Professionals Central Council Bill, 2015 were released.

Education

The draft IIM Bill, 2015 was released. A Committee was constituted to draft the New Education Policy and Mid-Day Meal Rules, 2015 were notified. A Committee made recommendations regarding structural changes to the Joint Entrance Exam to the IITs.

Mines

The Mines and Minerals (Development and Regulation) Amendment Bill, 2016 was passed in Lok Sabha. It allows for the transfer of mining leases which have been granted through procedures other than auction, and where the minerals are used for captive purpose.

Table 1: Bills passed by Parliament from April 2015 to March 2016

Title	Sector	Key Objectives
The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Bill, 2016	Finance	Intends to provide for targeted delivery of subsidies and services to individuals residing in India by assigning them unique identity numbers called Aadhaar numbers.
The Undisclosed Foreign Income and Assets (Imposition of Tax) Bill, 2015	Finance	Imposes 30% tax on undisclosed foreign income and assets and increases criminal liability for the same.
The Negotiable Instruments (Amendment) Bill, 2015	Finance	Specifies the territorial jurisdiction of courts with regard to filing cases of cheque bouncing.
The Regional Rural Banks (Amendment) Bill, 2014	Finance	Raises the authorised capital of each regional rural Bank to Rs 2,000 crore and allows them to raise capital from sources other than the government.
The Payment and Settlement Systems (Amendment) Bill, 2014	Finance	Extends the application of the Act to a designated trade repository, or issuer, in relation to payment systems.
The Companies (Amendment) Bill, 2014	Finance	Regulates issues related to related party transactions, accepting public deposits and jurisdiction of special courts, etc.
The Real Estate (Regulation and Development) Bill, 2013	Urban Development	Regulates transactions between buyers and promoters of real estate projects and sets up state level Regulatory Authorities to regulate the sector.
The Juvenile Justice (Care and Protection of Children) Bill, 2014	Women and Child Development	Permits juveniles between the ages of 16-18 years to be tried as adults for heinous offences and provides for institutional care for children in need of care and protection.
The Constitution (119th Amendment) Bill, 2013	Constitution	Implements the India-Bangladesh Land Boundary Agreement, 1974 and Protocol to the Land Boundary Agreement, 1974.
The Atomic Energy (Amendment) Bill, 2015	Energy	Allows atomic energy to be produced by the formation of joint ventures between government companies.
The Bureau of Indian Standards Bill, 2015	Consumer Affairs, Food and Public Distribution	Replaces the Bureau of Indian Standards Act, 1986 and seeks to establish BIS as the national standards body and addresses mandatory standardisation of products.
The Sugar Cess (Amendment) Bill, 2015	Consumer Affairs, Food and Public Distribution	Increases the ceiling on the cess on the production of sugar from Rs 25 to Rs 200 per quintal of sugar.
The Warehousing Corporations (Amendment) Bill, 2015	Consumer Affairs, Food and Public Distribution	States that the central government will no longer be a financial guarantor to the Central Warehousing Corporation.
The Carriage by Air (Amendment) Bill, 2015	Civil Aviation	Empowers the central government to revise liability limits of air carriers on compensation for death, injury, and loss of baggage/cargo.
The National Waterways Bill, 2015	Shipping	Identifies 101 waterways as national waterways and brings in existing national waterways under one law.
The Payment of Bonus (Amendment) Bill, 2015	Labour	Increases the eligibility limit from Rs 10,000 per month salary to Rs 21,000 for bonus and the wage ceiling to calculate bonus from Rs 3,500 per month to Rs 7,000.
The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Amendment Bill, 2014	Social Justice	Amends certain categories of offences and adds new offences against SCs and STs, and establishes exclusive special courts to try offences under the Act.
The Arbitration and Conciliation (Amendment) Bill, 2015	Law and Justice	Restricts the power of the Court to grant interim relief under some circumstances in arbitration, specifies time period for arbitral award and provides for fast-tracking of arbitration.

The Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Bill, 2015	Law and Justice	Enables the creation of commercial courts at the district level, and commercial divisions in the high courts with original jurisdiction for adjudicating high value commercial disputes.
The Delhi High Court (Amendment) Bill, 2014	Law and Justice	Increases pecuniary jurisdiction of the High Court of Delhi from twenty lakh rupees to two crore rupees.
The Election Laws (Amendment) Bill, 2016	Law and Justice	Empowers the Election Commission to carry out delimitation in constituencies after the exchange of enclaves between India and Bangladesh.
The High Court and the Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2015	Law and Justice	Seeks to ensure uniformity in pensions and other conditions of service of Supreme Court and High Court judges.
The Repealing and Amending (Second) Bill, 2014	Law and Justice	Repeals 88 enactments which have ceased to be in force and corrects typographical errors in two Acts.
The Repealing and Amending Bill, 2014	Law and Justice	Repeals 36 laws that have ceased to be in force.

Finance and Industry

Macroeconomic Developments

State of the Economy in 2015-16

India's real Gross Domestic Product (GDP) at current prices is estimated at 7.6% in 2015-16, compared to 7.2% in 2014-15.¹ Trends in GDP over the past few years are given in Table 2 below.

Table 2: Trend in GDP growth rate (%)

Sector	2013-14	2014-15	2015-16
Agriculture	4.2	-0.2	1.1
Industry	5.0	5.9	7.3
Services	7.8	9.8	9.5
Gross Value Added	6.3	7.1	7.3
Gross Domestic Product	6.6	7.2	7.6

Sources: Economic Survey 2015-16; PRS.

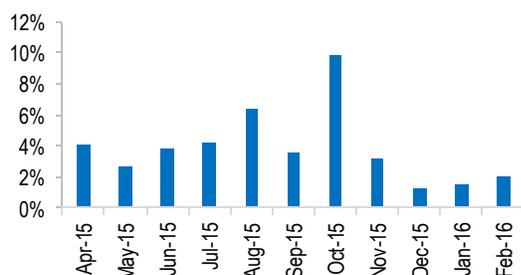
Note: Figures in the table are Gross Value Added at Basic Prices, at the 2011-12 prices.

Nominal GDP is estimated at Rs 135.67 lakh crore for 2015-16, with per capita income at Rs 93,231 at current prices, an increase of 7.3% over 2014-15.

Industrial Production in 2015-16

The Industrial Price Index decreased from 4.1% (year-on-year) in April 2015, to 2% in February 2016.³ Manufacturing production (weight of 75%), fell from 5.1% in April 2015 to 0.7% in February 2016. Electricity sector production (weight of 10%), on the other hand, increased from -0.5% to 9.6% during the same period. The shift in IIP over 2015-16 is shown in Figure 1.

Figure 1: IIP in 2015-16 (% year-on-year)



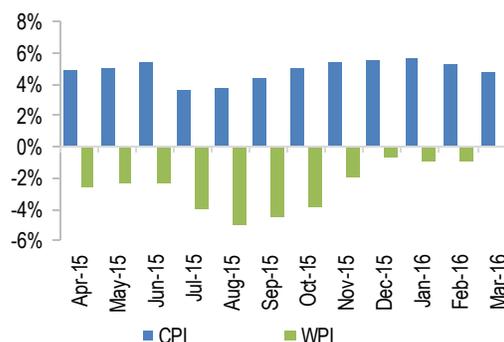
Sources: MOSPI; PRS.

Inflation trends in 2015-16

The divergence between the Wholesale Price Index (WPI) and Consumer Price Index (CPI) persisted during the year. CPI inflation remained within a small range, starting the year at 4.9% and closing at 4.8%, with a peak of 5.7% in January 2016.^{2, 3} WPI

inflation stayed in the negative territory, increasing from -2.7% in April 2015 to -0.9% in March 2016. The trend in CPI and WPI in 2015-16 is shown in Figure 2.

Figure 2: CPI and WPI in 2015-16 (%)



Sources: Ministry of Commerce and Industry, MOSPI; PRS.

Balance of Payments

The Balance of Payments account of a country 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). In the third quarter (October-December) of 2015-16, India's CAD stood at USD 7.1 billion, a decrease of USD 0.6 billion from its value in the third quarter of 2014-15, of USD 7.7 billion.⁴

Table 3: India's Balance of Payments for 2015-16 (in USD billion)

	Apr-Jun 2015	Jul-Sept 2015	Oct-Dec 2015
A. Current Account Deficit	-6.2	-8.2	-7.1
B. Capital Account	18	9	10.6
C. Errors and Omissions	-0.5	0.1	0.6
Net increase in reserves	11.3	0.9	4.1

Sources: RBI; PRS.

The capital account had a surplus of USD 23 billion from April to December 2015, as against a surplus of USD 28 billion in the same period of 2014-15.

Monetary Policy Decisions

The Reserve Bank of India (RBI) took the following decisions over the course of 2015-16:

- **Policy rates reduced:** RBI reduced the policy repo rate from 7.5% to 6.75% in 2015-16. The rate was reduced by 25 basis points in June 2015, and by 50 basis points in September 2015. A decrease in inflation over the year was stated as one of the reasons for reducing the repo rate. RBI had set a target of 6% CPI inflation by January 2016 and 4% by the end of 2017-18.
- **Term repos:** Term repos of 7-day and 14-day tenure were introduced in October 2013. The liquidity provided under term repos remained at 0.75% of Net Demand and Time Liabilities (NDTL; roughly speaking, all bank deposits) of the banking system, since RBI increased it from 0.5% in April 2014. Liquidity under overnight repo (repo with a term of one day) remains unchanged at 0.25% of NDTL.
- **Cash Reserve Ratio:** Cash Reserve Ratio (CRR) is the share of NDTL that banks need to maintain as cash balance with the RBI. CRR has been unchanged at 4% since April 2014.

Union Budget 2016-17

The Finance Minister, Mr. Arun Jaitley, presented the Union Budget for financial year 2016-17 on February 29, 2016.⁵ The key highlights are:

- The government proposes to spend Rs 19,78,060 crore in 2016-17, which is 10.8% above the revised estimate for 2015-16.
- Total receipts (other than borrowings) are expected to increase by 15.5%. Tax receipts are expected to go up by 11.7%.
- A nominal GDP growth rate of 11% has been assumed in 2016-17. Fiscal deficit (or borrowings of the government) is targeted at 3.5% of GDP (compared to 3.9% in 2015-16) and revenue deficit is targeted at 2.3% of GDP (compared to 2.8% in 2015-16).

Table 4: Budget 2016-17 (in Rs crore)

Items	Revised 2015-16	Budgeted 2016-17	% change
Total Expenditure	17,85,391	19,78,060	10.8%
Total Receipts (without borrowings)	12,50,301	14,44,156	15.5%
Fiscal Deficit (borrowings)	5,35,090	5,33,904	-0.2%
% of GDP	3.9	3.5	
Revenue Deficit	3,41,589	3,54,015	3.6%
% of GDP	2.5	2.3	

Sources: Budget at a Glance, Union Budget 2016-17; PRS.

The key policy proposals in the budget speech are:

- **Direct benefit transfer:** The government planned to introduce a Bill to give a statutory backing to direct benefit transfer through the usage of Aadhaar. Subsequently, the Aadhaar Bill, 2016 was introduced and passed by Parliament in March 2016.⁶
- It was also proposed to introduce a scheme to provide LPG subsidy to BPL families, with an allocation of Rs 2,000 crore.
- **Health insurance scheme:** A new health insurance scheme was proposed to be launched with a coverage of one lakh rupees. An additional coverage of Rs 30,000 would be provided to senior citizens.
- **FDI policy:** Changes in the FDI policy were proposed in sectors including insurance and pension, Asset Reconstruction Companies, and Stock Exchanges. 100% FDI was announced in the marketing of food products produced and manufactured in India.
- **Recapitalisation of PSU banks:** Rs 25,000 crore was allocated for the recapitalisation of PSU banks in order to help them deal with the growing proportion of stressed assets.
- **Legislative Proposals for 2016:** The RBI Act, 1934 was proposed to be amended through Finance Bill, 2016 to provide for a Monetary Policy Committee. Laws including the Motor Vehicles Act, 1988, Companies Act, 2013 and SARFESI Act, 2002 were also proposed to be amended in 2016. A few new Bills, such as the Code on Resolution of Financial Firms and the Public Utility (Resolution of Disputes) Bill are proposed to be introduced in 2016.

The major tax changes announced are:

- **Income Declaration Scheme, 2016:** A one-time compliance opportunity has been provided to taxpayers, to declare any undisclosed domestic income. As part of the plan, the taxpayers would pay a tax of 45% of the undisclosed income, including surcharge and penalty.
- **Income Tax:** The surcharge payable by persons with an income above one crore rupees was increased from 12% to 15%.
- **Krishi Kalyan cess:** A 0.5% cess on taxable services was announced. The cess is intended for the financing and promotion of agriculture in the country.

- **Infrastructure cess:** An infrastructure cess on vehicles was announced. A 1% cess will be levied on CNG and petrol vehicles, 2.5% on diesel vehicles and 4% on higher engine capacity vehicles, including SUVs.

Economic Survey 2015-16

The Finance Minister, Mr Arun Jaitley presented the Economic Survey 2015-16 on February 26, 2016.⁷ Some highlights of the survey are as follows:

- **Growth:** Economic growth for 2015-16 is estimated to be 7.6%. In 2016-17, it is expected to be between 7% and 7.8%. This is owing to declining global oil prices and the possibility of a good monsoon.
- **Inflation:** The estimate for consumer price index (CPI) inflation for 2016-17 is between 4.5% and 5% (It was 4.8% as on March 2016).
- **Current Account Deficit:** A lower trade deficit has resulted in the current account deficit (CAD) to be at 1.4% of GDP in the first half of 2015-16, and is expected to be about 1% to 1.5% of GDP in 2016-17.
- **Chakravyuha challenge:** The Survey discusses the barriers to exit for sick companies in India. It suggests a few ways of addressing the problem of exit. These include: (i) putting in place laws such as the Insolvency and Bankruptcy Code, 2015 to expedite exit, (ii) strengthening existing institutions, increasing the use of technology by reducing the number of intermediaries, (iii) increasing transparency to highlight the costs and benefits of schemes and entitlements, and (iv) the promotion of private sector entry for firms.
- **Agriculture:** The agriculture sector is expected to grow at 1.1% in 2015-16. Steps suggested to improve the productivity of agriculture include: (i) scaling up investments in water efficient irrigation and setting up policies for better distribution of irrigated land, (ii) effective use of fertilizers, quality seeds and pesticides, (iii) diversification of produce through dairy industry products, and (iv) reducing wastage in the post-harvest value chain.
- **Social infrastructure:** The Survey states that there is a need to improve the educational outcomes in public and private sector schools. There should be push towards social infrastructure with a focus to improve the efficiency of human capital.

Finance

Constitution Amendment Bill on GST passed by Lok Sabha

The Constitution (122nd Amendment) Bill, 2014 related to the Goods and Services Tax (GST) was passed in Lok Sabha in May 2015.⁸ The Bill was referred to a Select Committee of the Rajya Sabha which submitted its report in July 2015.⁹

The Bill seeks to replace central and state indirect taxes currently levied on goods and services, with the GST. It also creates a GST Council, which includes representatives from the centre and all states, to make recommendations in relation to GST. All goods and services will be covered with a few exceptions. Alcohol for human consumption has been exempted from the ambit of GST. With regard to petroleum crude and related products, the GST Council will decide the date on which GST will be levied on them.

The Bill also permits Parliament to provide for compensation to states for any loss of revenue due to the imposition of GST, for up to five years. Further, the centre is to levy an additional tax of up to 1% on inter-state trade, to be given to producer states, for up to two years, or a longer period as determined by the GST Council.

The Select Committee of Rajya Sabha made the following recommendations on the Bill:

- **Additional tax up to 1%:** The Committee stated that the provision of 1% additional tax is likely to lead to cascading of taxes.
- **Compensation to states:** The Committee recommended that states should compensate for a period of five years for any revenue loss incurred due to GST.
- **Functions of GST Council:** The GST Council will make recommendations on the GST rates, including the bands of GST that may be levied. The Committee recommended that the term 'bands' be defined to include the range of GST rates, over the floor rate, within which central and state GST may be levied.
- The Committee also made recommendations in relation to the levy of GST on banking services, and the setting up of the back end infrastructure with the GST Network.
- **Dissent Notes:** The Notes of Dissent were in relation to the levy of 1% additional tax, and modifying the voting pattern of the GST Council to give 3/4 weightage of votes to the states, and

1/4 weightage to the centre (the Bill proposes a 2/3-1/3 split).

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

Committees submitted their reports on implementation of GST

The Finance Minister constituted two Committees to facilitate the implementation of the Goods and Services Tax (GST) in June 2015.¹⁰

The first Committee was chaired by the Chief Economic Advisor of the Ministry of Finance. It recommended tax rates for GST which are consistent with the present level of revenue collection of the centre and states. The second Committee was co-chaired by the Additional Secretary of the Department of Revenue and Member Secretary of the Empowered Committee of State Finance Ministers. The Committee monitored the information technology preparedness of agencies who will administer the GST.^{11,12,13}

Recommendations of the first Committee include:

- **Definitions of RNR and standard rates:** The Committee defined that the term Revenue Neutral Rate (RNR) refers to that single rate of tax which maintains tax revenue at current levels. This would differ from the standard rate, which is the rate that would apply to a majority of goods and services.
- **RNR:** The Committee recommended that the range of the RNR be fixed between 15%-15.5% (to be levied combined by the centre and states).
- **Three rate structure:** The Committee suggested that the standard rate be 17%-18% (for most goods and services). The lower rates should be 12% (to be applied to certain goods consumed by the poor). Further, demerit rates of 40% should be applied on luxury cars, aerated beverages, paan masala, and tobacco. The numbers indicate the rates that would be levied by the centre and states combined.
- **Exemptions from GST:** The Committee noted that the standard rate will be higher if several goods are exempted.
- **1% additional tax:** The Committee stated that the objective of creating a uniform national market will be achieved by replacing all taxes on inter-state trade with a single GST. This would include eliminating the one percent additional tax proposed in the Constitution (122nd Amendment) Bill, 2014.

Recommendations of the second Committee include:

- **Registration to GST:** A common GST portal should be set up for registration of new tax applicants as well as migration of current users. Businesses, above a threshold based on annual turnover, should obtain a unique identification number for legal recognition as suppliers of goods and services.
- **Refunds and payments in GST regime:** Specific provisions to enable monthly filing of returns by taxpayers should be adopted. Tax payments should be information technology based, to make tax administration efficient.

A PRS Summary of the report chaired by the Chief Economic Advisor is available [here](#).

Aadhaar Bill, 2016 passed by Parliament

The Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Bill, 2016 was passed by Parliament in March 2016 as a Money Bill.⁶ The Aadhaar Act, 2016 intends to provide for targeted delivery of subsidies and services to individuals residing in India by assigning them unique identity numbers, called Aadhaar numbers. Key features of the Act include:

- **Eligibility:** Every resident shall be entitled to obtain an Aadhaar number. A resident is a person who has resided in India for 182 days in the one year preceding the date of application for enrolment for Aadhaar.
- **Information to be submitted:** To obtain an Aadhaar number, an individual has to submit his, (i) biometric (photograph, finger print, iris scan) and (ii) demographic (name, date of birth, address) information. The Unique Identification Authority (UID) may specify other biometric and demographic information at a later stage to be collected by regulations.
- **Use of Aadhaar number:** To verify the identity of a person receiving a subsidy or service, the government may require him to have an Aadhaar number. Any public or private entity can accept the Aadhaar number as a proof of identity of the Aadhaar number holder, for any purpose.
- **Authentication:** The UID Authority will authenticate the Aadhaar number of an individual, if an entity makes such a request. A requesting entity (an agency or person) has to obtain the consent of an individual before collecting his information. The Agency can use the disclosed information only for purposes for which the individual has given consent.

- **Protection of information:** Biometric information such as an individual's finger print, iris scan and other biological attributes (specified by regulations) will be used only for Aadhaar enrolment and authentication. Such information will not be shared with anyone, or displayed publicly, except for purposes specified by regulations.
- **Cases when information may be revealed:** Aadhaar information regarding an individual may be revealed only in two cases: (i) in the interest of national security or (ii) on the order of a court.

Before the introduction of the Bill, in October 2015, the Supreme Court had passed an order in relation to an ongoing petition that challenged the Aadhaar card scheme.¹⁴ It sought to clarify and modify an earlier order passed in August 2015, on the same matter. In its earlier order passed in August 2015, the Supreme Court had stated that the central government may use the Aadhaar card only for the purposes of the Public Distribution System and the LPG distribution schemes. The October 2015 order included four other schemes. It had also held that the Aadhaar scheme is voluntary and cannot be made mandatory, until the matter is decided by the Court.

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

Insolvency and Bankruptcy Code, 2015 introduced in Lok Sabha

The Insolvency and Bankruptcy Code, 2015 was introduced in Lok Sabha in December 2015.¹⁵ The Code seeks to consolidate the existing framework by creating a single law for insolvency and bankruptcy. It was referred to a Joint Committee of Parliament, consisting of Members of both Houses of Parliament. The Committee was expected to submit its report during Budget Session, 2016. Earlier, a draft Bill was submitted to the Ministry of Finance by the Bankruptcy Law Reforms Committee, in November 2015. For more details on the Code, please see [here](#).

The Code seeks to repeal the Presidency Towns Insolvency Act, 1909 and Provincial Insolvency Act, 1920. In addition, it seeks to amend 11 laws, which include the Companies Act, 2013, Recovery of Debts Due to Banks and Financial Institutions Act, 1993 and Sick Industrial Companies (Special Provisions) Repeal Act, 2003, among others.

Key features of the Code include:

- **Insolvency Resolution:** The Code outlines separate insolvency resolution processes for individuals, companies and partnership firms.

The process may be initiated by either the debtor or the creditors. A maximum time limit, for completion of the insolvency resolution process, has been set for corporates and individuals. For companies, the process will have to be completed in 180 days, which may be extended by 90 days, if a majority of the creditors agree.

- **Insolvency regulator:** The Code establishes the Insolvency and Bankruptcy Board of India, to oversee the insolvency proceedings in the country and regulate the entities registered under it. The Board will have 10 members, including representatives from the Ministries of Finance and Law, and the Reserve Bank of India.
- **Insolvency professionals:** The insolvency process will be managed by licensed professionals. These professionals will also control the assets of the debtor during the insolvency process.
- **Bankruptcy and Insolvency Adjudicator:** The Code proposes two separate tribunals to oversee the process of insolvency resolution, for individuals and companies: (i) the National Company Law Tribunal for companies and limited liability partnership firms; and (ii) the Debt Recovery Tribunal for individuals and partnerships.

For more details, please see the PRS analysis [here](#).

Seventh Central Pay Commission submitted its report

The Seventh Central Pay Commission (Chair: Justice A.K. Mathur) submitted its report in November 2015.¹⁶ The Commission was constituted to recommend changes to pay, allowances and other benefits received by central government employees.

Key recommendations of the Commission included:

- **Pay:** Overall increase in expenditure on remuneration was expected to be 23%. The expenses on pay were estimated to increase by 16%, allowances by 63% and pensions by 24%.¹⁷
- The structure of pay bands and grade pay should be replaced by a pay matrix. The matrix would take into account the hierarchy of the employee and his pay progression over the course of employment. This structure was proposed to bring in more transparency and uniformity in pay progression.
- The pay matrix should be reviewed periodically. This may be done by taking into consideration

the fluctuations in prices of commodities which constitute a common man's basket.

- The minimum salary should be increased from Rs 7,000/month to Rs 18,000/month.
- **Allowances:** An adjustment in the House Rent Allowance rate was proposed. Further, the HRA should be increased every time the Dearness Allowance (DA) goes up by 50% and 100%.
- The ceiling on gratuity should be raised from Rs 10 lakh to Rs 20 lakh. This ceiling should go up by 25% every time the DA increases by 50%.
- **Pension:** A new methodology for calculating pension for pensioners, who have retired before January 1, 2016, was proposed. This was aimed at bringing parity between old and new pensioners. Two methods of calculation were prescribed, and the pensioner could opt for any one from these two.
- **Other recommendations:** Performance related pay (PRP) for all employees was proposed. It was recommended that this should be based on an annual performance appraisal. Further, a merger of existing bonus schemes with the PRP was recommended.
- It was recommended that pay increments provided to Indian Administrative Service and Indian Foreign Service officers, at the time of promotion, should be extended to Indian Police Service and Indian Forest Service officers.

The proposed date for implementation of these recommendations was January 1, 2016.

For more details, please see [here](#) and [here](#).

Bill related to taxation of undisclosed foreign income and assets passed by Parliament

The Undisclosed Foreign Income and Assets (Imposition of Tax) Bill, 2015 was passed by Parliament in May 2015.¹⁸ It was enacted in July 2015.^{19, 20}

The Bill (i) imposes a 30% tax rate on undisclosed foreign income and assets, and (ii) provides for a one-time compliance opportunity to declare previously undisclosed foreign income. Availing of the one-time compliance opportunity would attract a penalty of 100% of the value of the asset, as opposed to 300%, and no criminal prosecution.

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

Regional Rural Banks (Amendment) Bill, 2014 passed by Parliament

The Regional Rural Banks (Amendment) Bill, 2014 was passed by Parliament in April 2015.²¹

The Bill amends the Regional Rural Banks Act, 1976. The Act provides for the incorporation, regulation, and closure of Regional Rural Banks (RRBs). RRBs are banks that provide loans and advances to small and marginal farmers, agricultural labourers, cooperative societies, artisans, etc.

The Bill allows: (i) the managerial and financial assistance provided by sponsor banks to RRBs to continue beyond a period of five years, (ii) raising the amount of authorised capital from Rs 5 crore to Rs 2,000 crore, and (iii) RRBs to raise capital from sources other than the central and state governments, and sponsor banks.

For more details, please see the PRS analysis [here](#).

The Payment and Settlement Systems (Amendment) Bill, 2014 passed by Parliament

The Payment and Settlement Systems (Amendment) Bill, 2014 was passed by Parliament in April 2015.²² A Select Committee of the Rajya Sabha submitted its report on the Bill in February 2015. The Committee did not recommend any changes in the Bill.

The Bill amends the Payment and Settlement Systems Act, 2007 which was enacted to regulate and supervise payment systems in India. The Bill extends the application of the Act to a designated trade repository, or issuer, in relation to payment systems. Another important provision relates to 'netting' of positions in case of insolvency in systems with a central counterparty. The Act provided for netting in case of insolvency of system participation. The Bill extends this to the case where the central counterparty may become insolvent.

For more details, please see the PRS analysis [here](#).

Indian Trusts (Amendment) Bill, 2015 passed by Lok Sabha

The Indian Trusts (Amendment) Bill, 2015 was passed by Lok Sabha in December 2015.²³ The Bill was introduced in August 2015 to amend the Indian Trusts Act, 1882. The Act regulates the functioning of private trusts and trustees. In addition, it outlines the manner in which surplus funds of the trusts can be invested.

The Act specifies seven categories of securities, where trust money can be invested. These categories

include some pre-independence references such as securities issued by the United Kingdom, Presidency towns, Rangoon port trust of Karachi, etc. In addition to this, the Act also allows trust money to be invested in securities authorised by the instrument of trust, or by the central government by issuing a notification. This may be done provided that consent is taken from any person, who is competent to contract and entitled to receive trust income for life.

The Bill amends the Act to delete the seven categories, related to pre-independence references. It retains the provision that allows trust money to be invested in securities authorised by the instrument of trust or by the central government.

For more details, please see the PRS analysis [here](#).

Negotiable Instruments (Amendment) Bill, 2015 passed by Parliament

The Negotiable Instruments (Amendment) Bill, 2015 was passed by Parliament in December 2015.²⁴ The Bill amends the Negotiable Instruments Act, 1881. The Act defines promissory notes, cheques and specifies penalties for bouncing of cheques, and other violations. Earlier, two Ordinances to give effect to provisions of the Bill were promulgated in June 2015 and September 2015.

The Bill clarifies the jurisdiction of courts, where cases related to cheque bouncing can be filed. Further, it transfers all pending cases of cheque dishonour to the courts with the appropriate jurisdiction as per the Bill.

Key provisions of the Bill include:

- The Act does not specify the jurisdiction of courts, under which cases of cheque bouncing can be filed. The Bill amends the Act to provide that cases of cheque bouncing may be filed in courts in areas where either the payee or the drawer maintains an account. This area will depend on the mode of presentation of the cheque for collection.
- If a complaint against the person issuing a cheque has been filed in the court having appropriate jurisdiction, all subsequent complaints against the person, under the same section of the Act, will be filed in the same court, irrespective of whether it is in the relevant jurisdiction area.
- If more than one case is filed against the same person before different courts, the court will transfer that case to the court with appropriate jurisdiction.
- The Bill also amends the definition of ‘cheque in electronic form’. Under the Act, it was defined as a cheque containing the exact mirror image of a paper cheque and generated in a secure system using digital signature. This definition has been amended to mean a cheque drawn in electronic medium using any computer source and signed in a secure system using digital signature, or electronic system.

For more details, please see the PRS analysis [here](#).

Benami Transactions (Prohibition) (Amendment) Bill, 2015 introduced

The Benami Transactions (Prohibition) (Amendment) Bill, 2015 was introduced in Lok Sabha in May 2015 and is currently pending in that House.²⁵ The Bill was referred to the Standing Committee on Finance in May 2015. The report had not been submitted as of March 2016.

The Bill amends the Benami Transactions Act, 1988. The Act prohibits benami transactions and provides for the acquisition of benami property. The Bill seeks to amend the definition of benami transactions. It also establishes adjudicating authorities to deal with benami transactions and provides for appeals against orders of the adjudicating authorities.

Key features of the Bill include:

- The Act defines a benami transaction as a transaction where a property is held by or transferred to a person, but has been provided for or paid by another person. The Bill amends this definition to add other transactions which qualify as benami, such as property transactions where: (i) the transaction is made in a fictitious name, (ii) the owner is not aware of or denies knowledge of the ownership of the property, or (iii) the person providing the consideration for the property is not traceable.
- Under the Act, an authority to acquire benami properties was to be established under Rules. The Bill seeks to establish the following four authorities to conduct inquiries or investigations regarding benami transactions: (i) Initiating Officer, (ii) Approving Authority, (iii) Administrator and (iv) Adjudicating Authority. These authorities will have the power to discover, confiscate and manage benami transactions and properties.
- An Appellate Tribunal will be established to hear appeals against orders passed by the Adjudicating Authority. Certain Sessions Courts would be designated as Special Courts for the

purpose of trying any offences which are punishable under the Bill.

- Under the Act, the penalty for entering into benami transactions was specified. The Bill: (i) increases the penalty for entering into benami transactions, and (ii) specifies the penalty for providing false information.

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

Task force to set up Financial Redress Agency constituted

The Ministry of Finance constituted a Task Force to set up a Financial Redress Agency (FRA) in June 2015.²⁶ The FRA was recommended by the Financial Sector Legislative Reforms Commission (FSLRC) report in 2013.

The FRA would be a unified redress agency for financial consumers across the country. It would deal with a large number of complaints with low values, and function on a pan India basis.

The Task Force would be chaired by Mr. D. Swarup, and constitute nine members, including representatives from the Reserve Bank of India, the Department of Economic Affairs under the Ministry of Finance, the Insurance Regulatory and Development Authority, the Securities and Exchange Board of India, and media agencies.

The terms of reference of the Task Force included: (i) reviewing international best practices for consumer grievance redress in the financial sector, (ii) obtaining consultants in order to develop a business model, plan the use of funds, design accountability mechanisms and draft a set of rules for the FRA, and (iii) conducting a cost benefit analysis of alternatives to the FRA. The Task Force was expected to complete its work in one year.

Revised draft Indian Financial Code released

The Ministry of Finance released the revised draft of the Indian Financial Code (IFC), 2015 in July 2015.²⁷ An earlier draft Code, along with the report of the Financial Sector Legislative Reforms Commission (FSLRC) was released for comments and suggestions in March 2013.²⁸

The draft Code seeks to move away from the current sector-wise regulation to a system where the RBI regulates the banking and payments system and the proposed Financial Authority subsumes the roles of existing regulators like SEBI, IRDA and PFRDA to regulate the rest of the financial sector. It also proposes to set up an appellate tribunal and agencies

for consumer protection, resolution of unviable entities, public debt management and ensuring systemic stability. Consequently, it proposes to repeal 19 existing Acts. Table 5 highlights the proposed regulatory framework.

Table 5: Regulatory framework under IFC

Present	Proposed	Functions
RBI	RBI	Monetary policy; regulation of banks and payments system.
SEBI; FMC; IRDA; PFRDA	Financial Authority	Regulation of non-bank and payments related markets.
Securities Appellate Tribunal	Financial Sector Appellate Tribunal	Hear appeals against RBI, the Financial Authority and FRA.
Deposit Insurance and Credit Guarantee Corporation	Resolution Corporation	Resolution work across the system.
Financial Stability Development Council (FSDC)	FSDC	Statutory agency for systemic risk and development.
New entities	Public Debt Management Agency	Independent debt management agency.
	Financial Redress Agency (FRA)	Consumer Complaints

Sources: FSLRC Report; PRS.

Other important guidelines outlined in the Code are:

- Consumer protection:** Establish certain basic rights for all consumers, and create a unified Financial Redress Agency (FRA) to serve aggrieved consumers across the sector.
- Prudential regulation:** Outline a framework for the regulators to follow, in order to monitor and reduce the failure probability of a financial firm.
- Contracts, trading and market abuse:** Establish the legal framework for regulating contracts, property and securities, and
- Capital controls:** Entrust the Central Government and the RBI to formulate rules and regulations, in order to control the capital inflow and outflow from the country.

More information about the 2013 draft Code can be found [here](#).

Report on the Indian Financial Sector submitted by Standing Council of Experts

The Finance Ministry released the report of the Standing Council of Experts on Indian Financial Sector in September 2015.^{29,30}

The Council was constituted in June 2013 to make recommendations regarding the international competitiveness of the Indian Financial Sector. It identifies eight critical factors like capital controls, tax policy, regulatory risks, etc. to compare the Indian Financial Sector with other countries. The report gives suggestions on reforming the currency, equity and commodity markets in India.

The report recommends a move towards a residence-based taxation regime and the implementation of the Handbook released by the Financial Sector Legislative Reforms Commission in 2013. Recommendations of the Council include:³¹

Currency Market

- Consideration of a plan to internationalise the Indian Rupee, in order to safeguard domestic firms from currency fluctuations.
- Decisions regarding trading time and product innovation should be left to the commodity exchanges.

Equity Market

- Removal of Securities Transaction Tax in order to reduce transaction costs.
- Removal of regulatory restrictions on the participation of domestic financial institutions, in the equity market.

Commodity Market

- Reduction in regulatory constraints on Banks and Mutual Funds to participate in the commodities market.
- Removal of contradictions between various legislations governing the market.

Ministries of Finance and Rural Development jointly release the SECC data

In July 2015, the Ministries of Finance and Rural Development jointly released the Socio Economic and Caste Census (SECC) data-2011.³² It involved enumeration of data from 640 districts in the country and is intended to be used for programmes related to MGNREGS, National Food Security Act, Housing for All, etc. with regard to targeting of households.

Key findings of the data include:³³

- There are 167 million rural households and 78 million urban households in the country. This implies that 73% of all the households are rural. The number of households in rural areas is more than twice than the urban areas.
- **Source of Income:** Manual casual labour is the main source of income for 50% of the rural households across the country except the UTs. It is the highest in East India where 62% of the households are engaged in this profession. Cultivation is the second highest contributor to household income, with 30% of the households drawing their main income from it.
- **Income:** In 75% of the households across the country, the highest earning member of the household has a monthly income of less than Rs. 5,000 per month. 17% households have a member who earns between Rs 5,000 and Rs 10,000 and 8% have a member who earns more than Rs 10,000 a month.
- **Landholdings:** In the country, 56% of the households are landless. 65% of the households in the Eastern and Southern states have no land holdings. 90% of the households belonging to Union Territories also do not hold any land. In comparison, about 50% of the households in the Northern, Central and Western states have no land holdings.
- **Education:** In 36% of the total rural households across the country, there is no literate person. Less than 10% of the households have a member continuing up to the higher secondary level.

In the country, 29% of the rural households belong to the Schedule Caste (SC) and Schedule Tribe (ST) group. The percentage of SC households is highest in the Northern region at 26%. North East has the highest percentage of ST households at 29%.

Government accepted recommendations of Committee on the applicability of Minimum Alternate Tax on FIIs

The Committee on Application of Minimum Alternate Tax on Foreign Institutional Investors (Chair: Justice A. P. Shah) submitted its report to the Finance Ministry in August 2015.³⁴ The government accepted the recommendations of the Committee in September 2015.

The Income Tax Act, 1961 provides for various concessions and incentives, using which companies may reduce their tax liability. Minimum Alternate Tax (MAT) is a minimum tax imposed on companies which reduce their tax liability by using these

concessions. Over the years, FIIs have contested their liability to pay MAT.^{35,36} In separate cases, the Authority for Advanced Rulings (AAR, a quasi-judicial body of the Finance Ministry) ruled differently on the applicability of MAT to FIIs.

As the latest ruling of AAR in 2012 required FIIs to pay MAT, the Income Tax Department served notices to levy MAT on them.³⁷ However, the Finance Bill 2015 exempted the levy of MAT on FIIs starting April 2015. FIIs expressed their difficulty in paying MAT for the years prior to April 2015.³⁸ In this context, the Finance Ministry set up the Committee to examine the applicability of MAT on FIIs for the years prior to April 2015.³⁹

The Committee recommended that MAT should not be levied on FIIs for the years prior to April 2015. It reviewed the FIIs argument that FIIs do not have a place of business in India and hence are not subject to MAT. It noted that FIIs operate in India through independent agencies and carry their decision making outside India. The Committee noted that the sections of the Income Tax Act 1961, which define the applicability of MAT, are not applicable to FIIs.

The Committee recommended clarifying the inapplicability of MAT on FIIs by: (i) either amending the Income Tax Act, 1961 or (ii) by issuing a circular by the Income Tax Department clarifying the inapplicability.⁴⁰

Report on recommendations to curb mis-selling of financial products released

The Committee set up under the Ministry of Finance (Chair: Mr. Sumit Bose) to give recommendations to curb mis-selling of financial products submitted its report in August 2015.⁴¹

Mis-selling is the practice of a salesperson misrepresenting or misleading an investor about the characteristics of a financial product.

To curb the mis-selling of financial products, the Committee: (i) studied the current structure of commissions and costs in the sale of financial products, (ii) studied the gaps in disclosure of financial products, and (iii) identified differences in regulations across financial products.⁴²

Based on their study, the Committee recommended the following measures:

- Financial regulatory institutions should achieve uniformity and completeness in their regulatory oversight. This may be done by regulating financial products based on their function (vehicles of investment, risk coverage, etc.)

rather than their form (security, insurance, pension fund).

- Regulatory institutions should impose stiff penalties on manufacturers of financial products, for hiding the costs paid to distributors for marketing and business promotion, etc.
- Costs and benefits of every product should be clearly disclosed so that customers understand the purchase they make. Returns on products should be disclosed as a function of investment amount and rate of return.
- Upfront commission in investment products and investment portion of bundled products should be phased-out.
- Similar to the financial advisers, distributors of financial products must be brought under a regulatory framework.

Committee on income tax simplification released its first round of recommendations

The Committee on Income Tax (IT) Simplification released its draft first round of recommendations in January 2016.⁴³

The Committee studied the provisions of the Income Tax Act, 1961 which: i) give rise to litigation, ii) impact the ease of doing business, and iii) affect predictability of income tax application.

Key observations and recommendations made by the Committee include:

- **Income from sale of shares and securities:** Currently, the IT Department may apply either capital gains tax or business income tax on income raised from sale of shares/securities on a case to case basis. The Committee highlighted that there is an uncertainty in application of the appropriate tax on such income. To simplify such application, the Committee recommended that capital gains tax should be applied on such income if: i) shares are held for more than one year by the taxpayer, or ii) shares are held for an amount of less than five lakh rupees.
- **Expenditure on exempt income:** Currently, certain kinds of income are exempt from levy of tax, known as exempt income. The Finance Act, 2001 required the taxpayer to specifically report the expenditure incurred in earning such exempt income. The Committee noted that there is uncertainty in the calculation of such expenditure as defined by the provisions of the Act. The Committee recommended that the Central Board of Direct Taxes should make administrative

provisions to simplify these provisions presented in the Act.

- **Tax deducted at source (TDS):** TDS is a primary way of collecting taxes and is collected at the source of income. The Committee noted that the current thresholds above which TDS is collected are very low. The Committee recommended that the thresholds should be raised to simplify administrative proceedings.
- The Committee noted that TDS is currently collected at a high rate, resulting in administrative burden as a consequence of sizable tax refunds. The Committee recommended that TDS rates for individuals be reduced from 10% to 5% to avoid this.

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

Report of the Committee on taxation of e-commerce released

The Committee on Taxation of E-Commerce (Chair: Mr. Akhilesh Ranjan) under the Ministry of Finance released its Report in March 2016.⁴⁴ The Committee was set up by the Central Board of Direct Taxes to: (i) examine business models for e-commerce, (ii) identify direct tax issues relating to e-commerce transactions, and (iii) make recommendations to deal with the identified issues.

Key observations and recommendations of the Committee included:

- **Asymmetry in tax burden:** The Committee observed that there was asymmetry in the tax burden faced by domestic and multi-national digital enterprises. Multi-national enterprises have a tax advantage, resulting in: (i) an adverse effect on the development of domestic companies, and (ii) incentives for domestic companies to relocate to low tax jurisdictions outside India.
- **Equalization levy:** With a view to address these challenges related to taxation, the Committee recommended the levy of equalization tax on payment to non-residents on specified services. The levy should be chargeable at a rate of six to eight percent. It would be applicable on digital services including: (i) online advertising, (ii) designing creating or maintenance of websites, (iii) online news, (iv) provision for uploading, storing or distribution of online content, (v) online software applications accessed or downloaded through internet, and (vi) digital space for advertising, etc.

- Equalization levy should be charged only when income received by non-residents on these services in a year is more than one lakh rupees.
- **Exemption from income tax:** The Committee recommended that income arising from transactions on which the equalization levy has been paid, should be exempted from income tax. Necessary amendments should be made to the Income Tax Act, 1961 to reflect this.
- **Monitoring of equalization levy:** The Committee recommended that a Standing Committee should be constituted to monitor the implementation and impact of the equalization levy on a regular basis. The Finance Bill, 2016, contains a chapter on the proposed levy.

Approval granted to set up Payments and Small Finance Banks

The Reserve Bank of India (RBI) granted approval to 11 applicants to set up Payments Banks, and 10 applicants to set up Small Finance Banks in August 2015 and September 2015, respectively.^{45,46}

Key features of these banks include:

Payments Banks: Payments banks aim to provide small savings accounts, and payments and remittance services to low income individuals and small businesses, among others.

The banks will hold a maximum balance of one lakh rupees per customer. They would not be able to undertake lending activities, and their revenues will be collected through transaction charges. The banks will issue debit cards, but not credit cards. In addition, they will be able to offer products like mutual funds and insurance.

Small Finance Banks: Small Finance Banks aim to address financial inclusion by providing: i) banking services, ii) instruments to promote savings, and iii) credit to small business units, marginal farmers, micro and small industries among other entities.

The banks will maintain cash reserve ratio statutory liquidity ratio as per RBI guidelines. They will be required to extend 75% of the Adjusted Net Bank Credit to priority lending sectors. In addition, at least 50% of the loans given by the bank should be loans less than Rs 25 lakh.

Cabinet approved the creation of a Banks Board Bureau

The Union Cabinet approved the constitution of a Banks Board Bureau in February 2016.⁴⁷ The Bureau would be an autonomous body, responsible for: (i)

making recommendations regarding the appointment of heads of public sector banks and financial institutions, and (ii) helping banks with developing strategies and raising capital.

The Bureau will be headed by Mr. Vinod Rai, former Comptroller and Auditor General of India, and six other members, including: (i) Secretary, Department of Financial Services, (ii) Secretary, Department of Public Enterprises, and (iii) Deputy Governor, Reserve Bank of India.

Action plan for the Start-up India initiative announced

The action plan for the Start-up India initiative was released by the Prime Minister, Mr. Narendra Modi in January 2016.⁴⁸ The initiative seeks to encourage start-ups in India, with the aim of promoting sustainable economic growth and generating large scale employment. The action plan defines a start-up as a business which is less than five years old, and has an annual turnover of less than 25 crore rupees.

Key features of the action plan include:

- **Self-certification and compliance:** Start-ups will be allowed to self-certify their compliance with six labour laws (such as the Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Gratuity Act, 1972) and three environmental laws (such as the Air (Prevention & Control of Pollution) Act, 1981 and the Water (Prevention & Control of Pollution) Act, 1974). Further, in case of labour laws, inspections will not be conducted for three years, unless a complaint is received. For environmental laws, random checks would be carried out to ensure compliance.
- **Mobile application:** A mobile application for registering start-ups with government agencies will be launched. The app will allow start-ups to file for compliances, and provide information on clearances.
- **Legal support:** Applications for registering patents will be fast-tracked. In addition, a panel of facilitators to assist filing of patents will be set up, and costs related to them will be borne by the government. The scheme will also provide start-ups with an 80% rebate on filing patents.
- **Fast track exit:** The action plan recommends having a swift and simple process for winding up operations of a company. In this regard, it refers to the Insolvency and Bankruptcy Code, 2015, currently pending in Parliament. The Code proposes a 90-day time limit for fast track

resolution of insolvency, which may be followed by liquidation.

- **Tax exemption:** Start-ups will be exempt from paying income tax on their profits for the first three years.
- **Start-up hub:** The action plan proposes to create a start-up hub, which will act as a single point of contact for businesses. The hub will assist start-ups in obtaining finances, enhancing marketing skills, structuring the business, etc.

Expert Committee on Prior Permissions and Regulatory Mechanism submitted Report

The Expert Committee on Prior Permissions and Regulatory Mechanism (Chair: Mr. Ajay Shankar) submitted its report to the Department of Industrial Policy and Promotion in February 2016.⁴⁹ The Committee was set up in April 2015 with terms of reference which included: (i) studying the requirement of prior permission, (ii) examining the possibility of replacing these permissions, (iii) proposing a regulatory mechanism, and (iv) drafting a legislation.

Key suggestions of the Committee include:

- **Advisory function on reforms:** The Committee recommended that the government should constitute a Standing Committee on Regulatory Affairs. It will (i) advise the government on issues with regulators, and (ii) carry out independent regulatory impact assessment, among others. A similar mechanism may also be created in the state governments.
- **Third party certification:** Third party certifications involve an independent person or authority, such as a chartered accountant, certifying that the specified requirements for the product or service have been adhered to. The Committee recommended setting up credible third party certification, in regulated areas. This would be done jointly with regulators in a phased manner. It stated that this would help in reducing the burden of certification and quality control from regulators.
- **Start-ups:** The Committee suggested that an objective definition of a start-up is needed, to avoid a case by case determination of eligibility for benefits. It suggested that an enterprise should be treated as a start-up for three years from the commencement of business, or till it crosses either (i) a workforce of 100 workers, (ii) an investment of Rs 20 crore, (iii) a turnover of

Rs 30 crore, or (iv) a profit of Rs 10 crore, whichever is earlier.

For more details, please see the PRS analysis [here](#).

Kelkar Committee on revitalizing the PPP model of infrastructure development submitted report

In the Union Budget 2015-16, the Finance Minister had announced that the public private partnership (PPP) model of infrastructure development had to be reviewed. In light of this announcement a Committee was set up (Chair: Dr. Vijay Kelkar), in May 2015, to examine the PPP model of infrastructure development.⁵⁰ The Committee submitted its report to the Finance Minister in November 2015.⁵¹

The terms of reference of the Committee included:

- Reviewing the PPP policy, including the variations in contracts and the difficulties experienced with conditions;
- Analyzing the risks involved in PPP projects in different sectors and the framework of risk sharing between the project developer and the government, and proposing design modifications to the contractual arrangements of PPPs; and
- Proposing measures to improve capacity building in the government for effective implementation of the PPP projects.

Key observations and recommendations of the Committee include:

- **Revisiting PPPs:** Currently, PPP contracts focus more on fiscal benefits. The Committee recommended that the focus should instead be on service delivery for citizens.
- **Risk allocation and management:** Inefficient and inequitable allocation of risk can be a major factor leading to the failure of PPPs. The PPP contracts should ensure optimal risk allocation across all stakeholders. A risk monitoring and evaluation framework should be developed covering all aspects of a project's lifecycle.
- **Strengthening policy, governance and institutional capacity:** Capacity of all stakeholders including regulators, authorities, consultants, financing agencies, etc should be built up. The Ministry of Finance may develop a national PPP policy document which would be endorsed by Parliament. Independent regulators should also be set up in sectors adopting PPPs.
- **Strengthening contracts:** Since infrastructure projects span over 20-30 years, a private

developer may lose bargaining power because of abrupt changes in the economic or policy environment. The Committee recommended that the private sector must be protected against such loss of bargaining power. This could be ensured by amending the terms of the concession agreement to allow for renegotiations. PPP contracts should also have clear dispute resolution structures.

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

Cabinet approved creation of credit guarantee fund for MUDRA loans

The Union Cabinet approved the creation of a credit guarantee fund for Micro Units Development Refinance Agency (MUDRA) loans in January 2016.⁵² MUDRA loans are available to micro and small enterprises with credit needs of up to Rs 10 lakh. The Cabinet also approved the conversion of MUDRA Ltd. into MUDRA Small Industries Development Bank. The Bank will be a wholly owned subsidiary of the Small Industries Development Bank of India.

The creation of a credit guarantee fund for MUDRA loans was announced by the Finance Minister, Mr Arun Jaitley, in his budget speech for Union Budget 2015-16. The fund is aimed at reducing the credit risk faced by lending institutions such as banks and microfinance institutions. The fund is expected to guarantee more than Rs 1,00,000 crore worth of loans.⁵² Key features of the fund include:

- Loans sanctioned under the Pradhan Mantri Mudra Yojana from April 8, 2015 onwards will be guaranteed by the fund.
- The National Credit Guarantee Trustee Company Ltd. (NCGTC) will be the trustee of the fund. The NCGTC was established in 2014 to act as a trustee for credit guarantee funds set up by the government.

Based on the loan portfolio of the MUDRA Bank, a maximum guarantee of 50% of the default amount will be provided.

Cabinet approved National Investment and Infrastructure Fund

In the Union Budget 2015-16, The Minister of Finance had announced setting up of the National Investment and Infrastructure Fund (NIIF).⁵³ In light of this, The Union Cabinet approved setting up of a NIIF in July 2015.^{54,55} The Fund would have a corpus of Rs 20,000 crore.

According to the Budget speech, the Fund would be used to raise debt and in turn invest it as equity in infrastructure finance companies such as the Indian Railway Finance Corporation and National Housing Board. The Fund is expected to help infrastructure companies meet their capital needs. According to news reports, the Fund would be used for investments in both commercially viable and stalled projects. Government contribution to the Fund would not exceed 49% of the subscribed capital of the Fund. In the Union Budget 2016-17, Rs 4,000 crore has been allocated to the Fund.⁵⁶

RBI released report of Committee on medium-term path on financial inclusion

The RBI released the report of the Committee on medium-term path on financial inclusion, in December 2015.⁵⁷ The Committee (Chair: Mr. Deepak Mohanty) was formed in July 2015, to review existing policies related to financial inclusion, study experiences across the country and suggest a measurable medium term (five year) action plan.⁵⁸

Key recommendations of the Committee include:

- The government should consider a welfare scheme called Sukanya Shiksha, aimed at opening bank accounts for females. The scheme can be jointly funded by the central and state governments. Education and banking services can be linked through the scheme, by crediting money in the account of each girl child who enrolls in middle school. This would help in opening bank accounts for cash transfers.
- Linking of a unique biometric identifier, such as Aadhaar, to bank accounts, and sharing of information between credit information companies will assist in identifying multiple bank accounts, and improve information sharing.
- Phasing out the interest subvention scheme which was introduced to make agriculture credit available at a reasonable cost. The subsidy amount must be utilised for a universal crop insurance scheme, aimed at small and marginal farmers.
- Commercial banks should be enabled to open interest free windows for selected financial products like deposits.
- To improve penetration of ATMs, more ATMs should be installed in rural and semi-urban areas.
- To improve last mile delivery of services, low-cost solutions like mobile technology can be used.

- NABARD must work out a plan to improve the penetration of Self-Help Group (SHG) - Bank Linkage Programme (SBLP), in areas with lower presence of SHGs. The SBLP is a group-savings linked programme aimed at providing micro credit to SHG members.

More information about the formation of the committee is available [here](#).

Government launched two new health insurance schemes, one pension scheme

The government launched the Pradhan Mantri Suraksha Bima Yojana, the Pradhan Mantri Jeevan Jyoti Beema Yojana and the Atal Pension Yojana in May 2015.⁵⁹ These schemes were announced in the 2015-16 Union Budget speech of the government. Key features of the three schemes include:

Pradhan Mantri Suraksha Beema Yojana

- The scheme would be available to savings bank account holders in the age group of 18 to 70 years, who agreed to join and enable auto-debit on or before May 31, 2015. The scheme would be from May 31, 2015 to June 1, 2016, and would be renewed every year. The premium for the 2015-16 scheme was Rs 12 per year.
- The scheme would offer a cover of Rs 2 lakh for accidental death/disability.

Pradhan Mantri Jeevan Jyoti Beema Yojana

- The scheme would be available to all savings bank account holders in the 18 to 50 years age group. The premium for this scheme will be Rs 330 per year.
- The scheme would offer a cover of Rs 2 lakh for death due to any reason, and would be renewed on an annual basis.

Atal Pension Yojana

- The scheme would provide subscribers a fixed pension every month, starting from the age of 60 years, on contributions given since entering the scheme between the ages of 18 to 40 years.
- The fixed minimum pension would be between Rs 1,000 and Rs 5,000 per month.

Gold Monetisation and Sovereign Gold Bond Schemes approved for introduction

The Union Cabinet approved the introduction of the Gold Monetization Schemes and Sovereign Gold Bond Scheme in September 2015.^{60,61} The Finance

Minister had announced both the schemes in the Union Budget speech of 2015-16.⁵³

The schemes replaced the existing Gold Deposit and Gold Metal Loan schemes. The objective of the schemes is to reduce the country's dependence on gold imports and increase domestic supply. The schemes will allow gold depositors to earn interest on their metal accounts, and for jewellers to obtain loans on their metal accounts. This means that a subscriber to the scheme will hold a certificate stating that he owned a specified amount of gold, as investment.

The Sovereign Gold Bonds Scheme created sovereign gold bonds, which would provide an alternative to purchasing gold. The Bonds would have a fixed rate of interest, and be redeemable in cash depending on the value of gold at the time.

Corporate Affairs

Companies (Amendment) Bill, 2014 passed by Parliament

The Companies (Amendment) Bill, 2014 was passed by Parliament in May 2015.⁶² The Bill amends the Companies Act, 2013 in relation to related party transactions, fraud reporting by auditors, making common seal optional, jurisdiction of special courts to try certain offences, etc. The amendments made by the 2014 Bill include:⁶³

- Under the Act, before starting a business a company must file a declaration stating that: (i) every subscriber to their memorandum has paid for their shares, and (ii) paid-up share capital of the company is above a specified threshold. Failure to file the declaration is punishable with a fine. The Bill as passed removes this requirement.
- Under the Act, the Registrar may remove the name of a company from the register of companies in three circumstances. This includes a situation in which the company's subscribers do not pay for their shares and the company does not make a declaration stating the same. The Bill removed this ground.

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

The Companies (Amendment) Bill, 2016 introduced in Lok Sabha

The Companies (Amendment) Bill, 2016 was introduced in Lok Sabha on March 16, 2016.⁶⁴ It seeks to amend the Companies Act, 2013 which

regulates the incorporation, management, functioning, and winding up of companies. The Bill was introduced following the recommendations of the Companies Law Committee (Chair: Secretary, Ministry of Corporate Affairs).⁶⁵

Key features of the Bill include:

- **Private placement:** Companies can raise capital by selling shares to a small number of select investors. This is called private placement. Under the Act, when a private placement offer is being made, companies need to submit an offer letter disclosing certain information about the company. The Bill simplifies the process by doing away with filing of this offer letter.
- **Forward dealing and insider trading:** Forward dealing is the act of purchasing securities of a company for a specific price at a future date. The Act prohibits directors and key managerial personnel of a company from engaging in forward dealing. The Bill removes this provision of the Act.
- Similarly, the Bill seeks to remove provisions of the Act, which prohibit insider trading in companies. Insider trading is the act of publicly trading stocks of a company by a person who has information about the company, not known to the public.
- The MCA committee noted that the above provisions of the Companies Act applied to both public and private companies alike. It said that provisions related to publicly traded stocks should not be applicable to private companies. It observed that the SEBI Act and regulations were comprehensive in dealing with forward dealing and insider trading for listed companies. It therefore recommended omitting these provisions from the Companies Act.
- **Managerial remuneration:** The Act requires obtaining approval of the central government and the shareholders for payment of managerial remuneration in excess of prescribed limits. The Bill seeks to remove the requirement of obtaining approval of the government, but states that in some cases, approval of the shareholders will be required through a special resolution.
- **Loans to directors of a company:** The Act prohibits provision of loans by a company to its directors, or its holding companies, etc. The Bill seeks to limit this prohibition (for example, by requiring passage of a special resolution in some of these cases).

In addition, the Bill seeks to amend the Act to: (i) remove restrictions on the number of layers of subsidiary companies used to make investments in a company, (ii) bring clarity on corporate social responsibility, (iii) modify definitions of ‘associate companies’, ‘holding company’, etc.

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

Commerce and Industry

Bureau of Indian Standards Bill, 2015 passed by Parliament

The Bureau of Indian Standards Bill, 2015 was passed by Parliament in March 2016.⁶⁶ The Bill replaces the Bureau of Indian Standards Act, 1986. The Act established a Bureau for the purpose of standardization, marking and certification of articles and processes. The Bill broadens this ambit to include goods, services and systems, and provide for the mandatory hallmarking of precious metal articles.

Key features of the Bill include:

- **Functions of the Bureau of Indian Standards:** The Bureau of Indian Standards will be the national standards body of India. It will formulate, implement and certify standards of quality for goods, services, articles, processes and systems. A good, service, article, process, and system have been defined in the Bill.
- **Certification of precious metals:** A hallmark will be used to certify precious metal articles. A hallmark indicates a proportionate content of the precious metal in the article, as per the Indian standard. Such articles can be sold only in certified sales outlets.
- **Mandatory certification of certain goods:** The Bill allows the central government to notify any goods, articles, etc; for mandatory standardization, if it thinks it necessary for: (i) public interest or for the protection of human, animal or plant health, (ii) safety of the environment, (iii) prevention of unfair trade practices, or (iv) national security.
- **Recall of goods or services, etc:** The Bureau has the power to issue an order to recall a good or article which is out for sale or supply. It may do so if it is convinced that the good or article does not conform to relevant Indian standards.
- **Penalties:** The penalty for improper use of the Indian standard mark will be a fine of up to five lakh rupees. The Bill also introduces penalties

for: (i) the improper use of the standard mark by testing and marking centres, and (ii) manufacturing or selling goods and articles which do not carry a standard mark and have been mandated to do so, among others.

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

Cabinet approved Trade Facilitation Agreement of WTO

The Trade Facilitation Agreement (TFA) received Cabinet approval in February 2016.⁶⁷ The TFA was adopted by the World Trade Organisation (WTO) in November 2014.⁶⁸ The Agreement aims to ease the movement of goods between member countries by simplifying procedures of international trade. It will come into force when two-thirds of the WTO member countries ratify it.

According to the WTO, the Agreement is expected to reduce total trade costs by more than 14% for low-income countries and more than 13% for upper-middle income countries. The Agreement lays out procedures to speed up the movement, release and clearance of goods from one country to another, including goods in transit. It allows developing and least developed countries to: (i) determine when they will implement specific provisions of the Agreement, and (ii) identify provisions which they will be able to implement with technical assistance and support for capacity building. To help these countries in implementing these provisions, a permanent Trade Facilitation Agreement Facility was created in November 2014.

To facilitate the implementation of the Agreement, the Government of India will set up a National Committee on Trade Facilitation. The Committee will be jointly chaired by Secretaries of the Ministries of Commerce and Industry and Finance.

India signed Nairobi Package at 10th Ministerial Conference at WTO

The 10th Ministerial Conference of the World Trade Organization (WTO) was held in Nairobi in December 2015.⁶⁹ Member countries adopted the Nairobi Package at this Conference. It consists of six ministerial decisions regarding agriculture, cotton and certain issues faced by the least developing countries (LDCs).

Key decisions under the Nairobi Package include:

- **Right to use the ‘special safeguard mechanism’:** Under the special safeguard mechanism, developing countries may temporarily increase import tariffs on

agricultural products in order to control imports and deal with sudden decreases in domestic prices.

- **Peace clause on public stockholding reaffirmed:** The WTO reaffirmed the peace clause on public stockholding which was agreed on between the United States and India in November 2014. The peace clause regarding public stockholding of food grains enabled developing countries to continue to provide farm subsidies until a permanent solution on food security is reached. A permanent solution on food security would allow developing countries to provide farm subsidies without distorting global trade.
- **Preferential treatment to LDCs:** Proposals agreed on regarding LDCs allow them to: (i) have duty-free and quota-free access to cotton markets in developed and certain developing countries, and (ii) extend the ‘service waiver’ to LDCs until 2030. Under the service waiver, non-LDCs provide service providers from LDCs with greater access to their markets.

Cabinet approved Model text of Indian Bilateral Investment Treaty

The Union Cabinet approved the Model Text for the Bilateral Investment Treaty (BIT) in December 2015.⁷⁰ The Model Text replaced the existing Model Indian BIT of 1993. The BIT aimed to protect Indian investors in a foreign country and foreign investors in India. Key features of the Model Text of the BIT are:

- **Investment:** An investment is defined as an enterprise organized and operated by an investor, and with characteristics such as commitment of capital or other resources, expectation of gain or profit, an assumption of risk, etc.
- **Applicability:** The treaty would apply to measures adopted by a party regarding investments of another party in its territory. It would not apply to matters of government procurement, taxation laws, subsidies, compulsory licenses regarding intellectual property, and services supplied by government.
- **National treatment:** Each party to the treaty would treat investors or investments of the other party as favourably as its own investors, in similar circumstances with respect to management, conduct, operation, sale, etc.
- **Expropriation:** Neither party to the treaty may nationalise or expropriate an investment unless it is done for reasons of public purpose, in

accordance with law and after the payment of appropriate compensation.

- **Dispute settlement mechanism:** The treaty allowed for the settlement of disputes caused by a breach of treaty, followed by negotiation or arbitration. However, before proceeding for settlement through negotiation or arbitration, the party would have to first exhaust domestic remedies such as courts and administrative bodies of the defending party.

The Law Commission of India submitted a report on ‘Analysis of the 2015 Draft Model Indian Bilateral Investment Treaty’ to the Law Ministry in August 2015. Please see [here](#) for key recommendations of the Law Commission, and [here](#) for the report of the Law Commission.

The Industries (Development and Regulation) Amendment Bill, 2015 passed by Lok Sabha

The Industries (Development and Regulation) Amendment Bill, 2015 was passed by Lok Sabha in December 2015.⁷¹ The Bill seeks to amend the Industries Act, 1951 which regulates industries such as telecommunication, transportation and alcohol, among others.⁷²

The Act regulates the production of alcohol for industrial and potable (drinkable) purposes. The Supreme Court had ruled that the centre should regulate the production of alcohol for industrial purposes, and states should regulate it for potable purposes. In order to comply with the judgement, the Bill excludes the production of alcohol for potable purposes from the ambit of the Act.

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

Draft Coffee Bill, 2016 released

The draft Coffee Bill, 2016 was released by the Ministry of Commerce and Industry in March 2016.⁷³ The draft Bill seeks to replace the Coffee Act, 1942, which established a Coffee Board to control the marketing of coffee produced in India and to regulate its sale in domestic and international markets.

In an explanatory note attached to the draft Bill, the Ministry stated that responsibilities of the Coffee Board have changed over the years. Earlier, the Board was in charge of collecting all coffee in a surplus pool, and then storing, and disposing it in the markets. The pooling system ended in 1996 and the Board is now focused on the production, research and marketing of coffee. It is therefore necessary to repeal the earlier Act, to introduce a liberal regime

for the coffee industry, and include the newer mandates of the Coffee Board.

Key provisions of the proposed draft Bill include:

- **Functions of the Board:** The Coffee Board would be established by the central government and would conduct functions including: (i) formulating strategies for the promotion of the coffee industry, (ii) undertaking market development of coffee in and outside the country, (iii) evolving quality standards for coffee, (iv) issuing directions to coffee growers to carry out preventive or remedial measures to prevent or destroy pests and diseases, (v) undertaking research and development regarding the coffee industry, etc.
- **Registration of coffee establishments:** Every owner of a land which is primarily planted with coffee plants will register with the Coffee Board. Every establishment of curing, roasting and grinding coffee, or manufacturing instant coffee, wishing to operate as such will have to be registered with the Coffee Board.
- **Powers of the central government:** The central government will have the power to cancel, modify or suspend any action taken by the Coffee Board. It will also have the power to notify rules for implementation of the Bill.

The MSME (Amendment) Bill, 2015 introduced in the Lok Sabha

The Micro, Small and Medium Enterprises (Amendment) Bill, 2015 was introduced in Lok Sabha in April 2015.⁷⁴ The Bill amends the Micro, Small and Medium Enterprises Act, 2006. The Act seeks to address issues affecting MSMEs, and to classify enterprises as micro, small and medium enterprises, on the basis of their input investments. Key provisions of the Bill include:

- The limits of investment for enterprises engaging in the manufacture or production of goods, and those engaged in providing services, have been increased. Under manufacture or production of goods, the limit is with regard to investment in plant or machinery, whereas for services, the limit is with regard to investment in equipment. Details are given in Tables 6 and 7.

Table 6: Comparison of investment limits for enterprises manufacturing/producing goods

MSME	2006 Act	2015 Bill
Micro	Rs 25 lakh	Rs 50 lakh
Small	Rs 25 lakh– Rs 5 cr	Rs 50 lakh– Rs 10 cr
Medium	Rs 5 cr– Rs 10 cr	Rs 10 cr– Rs 30 cr

Sources: MSME Act, 2006; MSME (Amendment) Bill, 2015; PRS

Table 7: Comparison of investment limits for enterprises providing services

MSME	2006 Act	2015 Bill
Micro	Rs 10 lakh	Rs 20 lakh
Small	Rs 10 lakh– Rs 2 cr	Rs 20 lakh– Rs 5 cr
Medium	Rs 2 cr– Rs 5 cr	Rs 5 cr– Rs 15 cr

Sources: MSME Act, 2006; MSME (Amendment) Bill, 2015; PRS

- **Other changes:** The central government may change these investment limits, up to three times the limits, through a notification.
- Under the Act, the central government may classify micro or village enterprises as small enterprises on the basis of their employment and turnovers. The Bill seeks to allow micro or village enterprises to be classified as small as well as medium enterprises.

The Standing Committee examining the Bill submitted its report in August 2015.⁷⁵ The Committee adopted the amendment Bill without any change. However, it recommended that the definition of village industries, as provided in the Khadi Village Industries Commission Act, 1956 be included in the Act. This will avoid conflicts in the interpretation of their definition.

For a PRS Standing Committee Report Summary and for more details on the Bill, please see [here](#) and [here](#).

Labour

Payment of Bonus (Amendment) Bill, 2015 passed by Parliament

The Payment of Bonus (Amendment) Bill, 2015 was introduced and passed by Parliament in December 2015.⁷⁶ The Bill amends the Payment of Bonus Act, 1965. The Act provides for annual payment of bonus to employees of all factories and establishments that employ 20 or more persons.

Key features of the Bill include:

- **Eligibility for bonus:** The Act requires bonus to be paid to employees whose salary is up to Rs

10,000 per month. The Bill raises this eligibility amount to Rs 21,000.

- **Calculation of bonus:** The Act provides that the bonus payable to an employee will be in proportion to his or her salary. However, if an employee's salary is more than Rs 3,500 per month, for the purposes of calculation of bonus, the salary will be assumed to be Rs 3,500 per month. The Bill raises this calculation ceiling to Rs 7,000 per month or the minimum wage notified for the employment under the Minimum Wages Act, 1948 (whichever is higher).

The Bill as introduced also stated that it will come into force on April 1, 2015. However, this was modified to April 1, 2014 at the stage of consideration and passage in Lok Sabha.

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

Cabinet approved amendments to the Child Labour Amendment Bill, 2012

The Union Cabinet approved further amendments to the Child Labour (Prohibition and Regulation) Amendment Bill, 2012 in May 2015.⁷⁷ The Bill is currently pending in Rajya Sabha. The Standing Committee on Labour and Employment had submitted its recommendations on the 2012 Bill in December 2013.⁷⁸

The Bill amends the Child Labour (Prohibition and Regulation) Act, 1986. The Act prohibits labour by children up to 14 years in hazardous industries. The Bill extends this prohibition to all industries. It also prohibits labour by adolescents (between 14-18 years) in hazardous industries.

Key amendments approved by the Cabinet include:

- Children working as artists in the audio-visual entertainment industry or engaging in sports (as long as their schooleducation is not affected) are permitted to work. However, the government may prescribe certain conditions and safety measures.
- There will be no punishment for parents or guardians who permit a child to work in violation of the provisions of the Act in case of a first offence. However, a fine up to Rs 10,000 will be imposed in case of a subsequent offence by parents or guardians.
- A fund will be created at the district level to finance the rehabilitation of child labourers.

These amendments incorporate some of the recommendations of the Standing Committee. For a

comparison of the Standing Committee recommendations and the proposed amendments, please see the PRS Analysis [here](#).

Draft Labour Code on Industrial Relations published

The Ministry of Labour and Employment published the Draft Labour Code on Industrial Relations in April 2015.⁷⁹ The Draft Labour Code aims to consolidate laws relating to registration of trade unions, conditions of employment and settlement of disputes.

It seeks to repeal three laws, namely, the Trade Union Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947. Key provisions of the Draft Code include:

- **Registration of trade unions:** A trade union is eligible to apply for registration if it has a minimum of 10% workers employed in an establishment or at least 100 workers as its members. Also, a registered trade union must have a minimum of seven members. Conditions of registration, cancellation of registration, etc. are also specified.
- **Conditions of employment:** Establishments with 100 or more workers must have standing orders regulating classification of workers (permanent, temporary, apprentice, etc.), conditions of service such as hours of work, wage rates, etc. The government may exempt an establishment from the above provisions.
- **Restrictions on layoff, retrenchment, strikes, etc.:** The Draft Code regulates layoff, retrenchment, closure of industrial establishments, strikes and lockouts. This includes the requirement on industrial units with 300 or more workers to get the permission of the government. Penalties are specified for violating such restrictions.
- **Dispute resolution:** Disputes may be resolved through arbitration, conciliation or adjudication by tribunals. In addition, works committees and grievance redressal committees with representatives of employer and workers are also provided for.

Draft amendments to the Employees' Provident Fund Act, 1952 published

The Ministry of Labour and Employment published certain draft amendments to the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 in May 2015.⁸⁰ The Act establishes a provident

fund, pension fund and an insurance scheme for workers employed in certain factories and establishments. Key changes proposed in the draft amendments include:

- **Applicability of the Act:** The Act is applicable only to establishments employing at least 20 workers. The draft amendments propose to reduce this limit to 10 workers.
- **New Pension Scheme:** The draft amendments propose to give a one-time option to members of the provident fund, pension and insurance schemes under the Act to join the New Pension Scheme. A member of the New Pension Scheme will also have a one-time option to shift to the provident fund, pension and insurance schemes under the Act. Employers cannot force their employees to join a particular scheme.
- **PF contributions:** Under the Act, an employer has to pay 10% of the basic wages, dearness allowance, etc. to the provident fund (PF), and this has to be matched by the employee. The draft amendments seek to increase this to 12% of the contributing wages. Contributing wages are defined to exclude travelling allowance, house rent allowance if it does not exceed 20% of the contributing wages, etc. Contributing wages will not be lower than minimum wage.
- **Unorganised sector:** The draft amendments enable the government to notify a scheme called the Unorganised Workers' Social Security Scheme to provide PF, pension and insurance benefits to the unorganised sector.

Agriculture

Sugar Cess (Amendment) Bill, 2015 passed by Parliament

The Sugar Cess (Amendment) Bill, 2015 was introduced and passed in Lok Sabha in December 2015.⁸¹ Being a Money Bill, it was deemed to be passed by Rajya Sabha in 14 days. The Bill amended the Sugar Cess Act, 1982.

The 1982 Act provided for the imposition of a cess as an excise duty on the production of sugar. The rate of sugar cess is notified by the central government from time to time. Under the Act, the ceiling on the cess is Rs 25 per quintal. The Bill increases this ceiling to Rs 200 per quintal of sugar.

The increase in cess was proposed to meet the government's expenditure on interventions to ensure payment of dues to sugarcane farmers.

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

Warehousing Corporations (Amendment) Bill, 2015 passed by Parliament

The Warehousing Corporations (Amendment) Bill, 2015 was passed by Parliament in April 2015.⁸² The Bill amended the Warehousing Corporations Act, 1962. Key provisions of the Bill include:

- The central government will cease to be a financial guarantor to the Central Warehousing Corporation.
- In doing so, the Central Warehousing Corporation would maintain its status of being a Mini-Ratna Public Enterprise.

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

Minimum Support Prices for 2015-16

The Cabinet Committee on Economic Affairs (CCEA) approved the Minimum Support Prices (MSPs) for Kharif crops for the 2015-16 marketing season in June 2015, and for Rabi crops in November 2015.^{83,84}

Table 8 shows the change in MSPs for Kharif crops as compared to 2014-15. Pulses were given a Rs 200/quintal bonus over the prices recommended by the Commission on Agricultural Costs and Prices.

Table 8: MSPs for Kharif crops (in Rs/Quintal)

Crop	2014-15	2015-16	Difference
Paddy Common	1,360	1,410	50
Jowar Hybrid	1,530	1,570	40
Bajra	1,250	1,275	25
Maize	1,310	1,325	15
Ragi	1,550	1,650	100
Tur (Arhar)	4,350	4,625*	275
Moong	4,600	4,850*	250
Urad	4,350	4,625*	275
Groundnut-in-shell	4,000	4,030	30
Soyabean	2,560	2,600	40
Sunflower seed	3,750	3,800	50
Sesamum	4,600	4,700	100
Nigerseed	3,600	3,650	50
Cotton medium staple	3,750	3,800	50
Cotton long staple	4,050	4,100	50

* includes Rs 200/quintal bonus.

Sources: Ministry of Agriculture; PRS.

Among Rabi crops, MSPs for lentils, oilseeds and pulses had the highest growth in 2015-16 as

compared to the 2014-15 season. MSP for gram has increased by 7.9%. MSPs for oilseeds also increased over the 2014-15 season, with an 8.1% increase for rapeseed and an 8.2% increase for safflower. Table 9 below shows the MSPs for Rabi crops for the 2013-14 to 2015-16 seasons.

Table 9: MSPs for Rabi crops (in Rs/quintal)

Crop	2014-15	2015-16	Difference
Wheat	1,450	1,525	75
Barley	1,150	1,225	75
Gram	3,175	3,425	250
Masur (Lentil)	3,075	3,325	250
Rapeseed/ Mustard	3,100	3,350	250
Safflower	3,050	3,300	250

Sources: Ministry of Agriculture; PRS.

Cabinet approved Pradhan Mantri Fasal Bima Yojana

The Pradhan Mantri Fasal Bima Yojana was approved by the Union Cabinet in January 2016.⁸⁵ The scheme aims to provide insurance coverage to farmers for crop failure, stabilise farmers' income, and encourage farmers to adopt modern agricultural practices, among others. Key features of the scheme are summarized below:

- **Implementing agency:** The scheme would be implemented by the Department of Agriculture and Cooperation (DAC), the relevant state government, and various agencies such as commercial banks, cooperative banks, regional rural banks, etc.
- The DAC designated the Agriculture Insurance Company of India and other private insurance companies to participate in the scheme at the national level. State governments will select insurance companies from among the identified companies to act as the implementing agency for that state.
- **Farmers to be covered:** The scheme would cover all farmers. Enrolment would be compulsory for farmers who have received a crop loan for the season and voluntary for all other farmers.
- **Risks covered:** Risks covered by the scheme are (i) yield losses, (ii) prevented sowing (due to adverse weather conditions), (iii) post-harvest losses, and (iv) localised calamities (such as hailstorm, inundation, etc.). Yield losses and prevented sowing will be insured at the village level. Post-harvest losses will be covered at an individual farm basis.

- The scheme will not cover losses due to war, nuclear risks, theft, domestic or wild animals, and preventable post-harvest risks.
- **Premium rates:** The sum insured (SI) under the scheme will be calculated on the basis of the yield of the crop in a particular area, and the applicable minimum support price. The premium payable by farmers would be (i) Kharif crops: 2% of SI; (ii) Rabi crops: 1.5% of SI; (iii) Commercial/horticultural crops: 5% of SI. The balance premium would be borne equally by the states and centre.
- **Payment of compensation:** Insurance companies would be liable for up to 35% of the total sum insured, or 350% of the total premium collected, whichever is higher.

Losses valued above this ceiling would be shared equally by central and state governments.

Central sector scheme for promotion of National Agricultural Market approved

The Cabinet Committee on Economic Affairs approved a central sector scheme for the promotion of a National Agricultural Market through the Agri-Tech Infrastructure Fund in July 2015.⁸⁶ The scheme would be set up through the Small Farmers Agribusiness Consortium by creating a common electronic platform for farmers.

The scheme, among other things, aims to: (i) promote reform in the agriculture marketing sector, (ii) promote the free-flow of agricultural commodities across the country, (iii) improve access to market related information and better price discovery through a more efficient and competitive marketing platform, and (iv) increase access to markets through warehouse based sales.

The scheme has been allocated Rs 200 crore for the period from 2015-16 to 2017-18. It aims to cover 585 regulated markets across the country in this period. In addition, the Department of Agriculture and Co-operation will provide a one-time grant of Rs 30 lakh per mandi for the purpose of setting up equipment and infrastructure under the scheme. Big private mandis will also be allowed to participate in the scheme, but will not be supported by any grants.

States and union territories would have to undertake the following reforms in order to be eligible to receive funds for the scheme: (i) create a single license for selling to be valid across the state, (ii) a single point levy of market fee, and (iii) provide for electronic auctions to enable price discovery.

Pradhan Mantri Krishi Sinchayee Yojana approved

The Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) was approved in August 2015.⁸⁷ Draft operational guidelines for the same were approved in July 2015. The scheme would focus on providing solutions regarding water sources, distribution systems, efficient farm level applications, and extension services on new technologies and information. Key features of PMKSY include:

- **Objectives:** Objectives of the scheme include: (i) improve physical access to water on farms and expand cultivable area under irrigation, (ii) integrate water sources and distribution, and improve the efficiency of water use, (iii) enhance the adoption of precision-irrigation, and introduce sustainable water conservation practices, (iv) promote activities relating to water harvesting, management and crop alignment for farmers, and (v) attract greater private investment in irrigation.
- **Programme components:** (i) Focusing on the faster completion of ongoing major and medium irrigation projects, (ii) creating new water sources, repairing and renovating water bodies, and improving water management and distribution, (iii) program management, preparing state and district irrigation plans, monitoring, etc, and (iv) managing run-off water effectively and improving soil conservation activities; converging with MGNREGS.
- **Funding pattern:** States would receive funds for PMKSY according to the new funding pattern for centrally sponsored schemes, as decided by the government.
- **District and State Irrigation Plans:** States would be eligible to receive funds from PMKSY only if they prepared District and State Irrigation Plans. District Irrigation Plans (DIPs) would identify gaps in irrigation infrastructure based on the district agriculture plans formed under the Rashtriya Krishi Vikas Yojana. DIPs would consist of medium and long term development plans regarding water sources, distribution network and various uses of water such as domestic, irrigation and industrial uses. State Irrigation Plans would consolidate DIPs and prioritize resources and outline annual action plans for each state.

New Urea Policy for 2015-19 approved

The Union Cabinet approved a urea Policy for 2015-19 in May 2015.⁸⁸ The Policy aims to maximise indigenous urea production and increase the energy efficiency of urea units.

Key features of the Policy include:

- Urea producers are mandated to produce a minimum of 75% of domestic urea as neem coated. According to the government, this is because neem coated urea has a higher efficiency, and thus lesser quantity will be required for higher yields.
- The minimum retail price for urea remains unchanged at Rs 268/bag of 50 kgs. An additional cost of Rs 14 per bag will be charged for neem coated urea.
- Urea units at Gorakhpur in Uttar Pradesh, Barauni in Bihar, Talcher area in Odisha, and Ramagundamin Telangana have been revived. These units are expected to increase domestic production by 52 lakh tonnes.
- The existing subsidy rates for fertilizers such as phosphatic and potassic (P&K) fertilizers, diammonium phosphate and muriate of potash under the current nutrient based subsidy Policy remain unchanged.
- Movement of P&K fertilizers has been freed, which will allow companies to sell these fertilizers in any part of the country. Fertilizers will also be provided with a rail freight subsidy, to reduce transport costs.
- Subsidies on fertilizers will be payable to suppliers only after the receipt of the fertilizers. State governments will give quality certificates on the fertilizers within six months of receipt. Further, subsidies will not be given on sub-standard fertilizers.

Integrated Development and Management of Fisheries scheme approved by CCEA

The Cabinet Committee on Economic Affairs (CCEA) approved the Integrated Development and Management of Fisheries scheme in December 2015.⁸⁹ The scheme would have a financial outlay of Rs 3,000 crore, for a period of five years.

The scheme consists of the following components: (i) the National Fisheries Development Board and its activities, (ii) development of inland fisheries and aquaculture, (iii) development of marine fisheries, infrastructure and post-harvest operations, (iv)

strengthening of database and Geographical Information System of the fisheries sector.

The scheme aims to: (i) increase the production and productivity of inland and marine fisheries and aquaculture, (ii) encourage SCs, STs and women and their co-operatives to take up fishing and fisheries related activities, and (iii) increase private

investment, entrepreneurship development, and PPPs in the sector. It also aims to ensure a growth rate of 6%-8% in the fisheries sector in the next five years.



Infrastructure

Power

Ujwal Discom Assurance Yojna launched

The Ministry of Power launched the Ujwal Discom Assurance Yojna (UDAY) scheme in November 2015.⁹⁰ This scheme seeks to improve the operational and financial efficiency of state owned distribution companies (discoms). However, it will be optional for states. The accumulated losses of state-owned discoms (after adjusting for subsidies received from state governments) rose to Rs 71,271 crore in 2013-14 from Rs 11,699 crore in 2004-05.⁹¹ Correspondingly, borrowings by state discoms rose to Rs 4,59,145 crore in 2013-14 from Rs 1,06,509 crore in 2004-05.⁹¹ Key features of the scheme include:

- **Financial restructuring:** Under the scheme, states will be required to take over 75% of the discoms' debt (as on September 30, 2015) over two years (50% in the first year and 25% in the second year). For this purpose, states with the discom debt will issue bonds in the market. The principal debt will not be counted in the fiscal deficit of states for the first two years. For the year 2015-16 and 2016-17, the transfer to the discom by the state will be in the form of a grant.
- **Future losses:** Under the scheme, states shall take over the future losses of discoms in a graded manner. Henceforth, banks will not be allowed to advance short term debts to discoms for financing their losses.
- **Targets:** Discoms will be required to meet certain outcome targets. These targets include (i) reduction of aggregate technical and commercial (AT & C) losses to 15% in 2018-19, and (ii) eliminating the gap between average cost and tariff by 2018-19. AT & C loss is the percentage of electricity procured by the discom for which it did not receive any payment.
- **Benefits:** States that implement the scheme may receive additional benefits from the central government. These benefits will include: (i) additional or priority funding through certain schemes, (ii) supply of additional coal at notified prices, and (iii) procurement of low cost power. States not meeting the targets will not be able to claim the provided grant.

Amendments to Power Tariff Policy

The Ministry of Power released the Power Tariff Policy in January 2016.^{92,93,94} The Policy amends the

Tariff Policy, 2006 which lays down principles for electricity tariff determination in generation, transmission and distribution. The objectives of the amendments are to (i) provide electricity for all, (ii) achieve efficiency in order to ensure affordable tariff, (iii) develop an environment for a sustainable future, and (iv) provide for ease of doing business to attract investments and ensure financial viability. The key features of the amendments include:

- **Providing electricity:** The state regulatory commissions will develop a power supply trajectory to provide uninterrupted power supply to all consumers by 2021-22 or earlier (depending on the conditions in the state). In addition, to provide electricity to remote unconnected villages, the regulatory commissions will mandate the purchase of electricity from micro grids to the main grid at a regulated tariff. A micro grid is a small scale grid which can operate independently or along with the main grid.
- **Efficiency:** In order to reduce the burden on consumers, the amendments allow for monthly/quarterly tariff revisions. Further, the amendments revise the cross subsidy surcharge formula (surcharge paid in order to maintain level of cross subsidy when transmission and distribution network of a licensee is used by another to transfer electricity).
- **Environment:** Under the amendments, after a specified date, new coal based thermal plants will be required to establish certain amount of renewable generation capacity or procure and supply such capacity (as prescribed by the central government). Further, due to geological uncertainties and clearance related issues, hydro projects have been exempted from competitive bidding till August 15, 2022.
- **Ease of doing business:** For competitively bid projects, the amendments allow for pass through of cost to consumer tariff in case of (i) imported coal, (ii) changes in domestic duties, levies, cess and taxes.

Standing Committee submitted report on Electricity (Amendment) Bill, 2014

The Standing Committee on Energy (Chair: Dr. Kirit Somaiya) submitted its report on the Electricity (Amendment) Bill, 2014 in May 2015.⁹⁵ The Bill seeks to segregate the distribution network from the

electricity supply business and introduce multiple supply licensees. The Bill, introduced in Lok Sabha in December 2014 is pending in Parliament.

Key observations and recommendations of the Committee include:

- **Segregation of distribution and supply:** Greater clarity is required on the manner in which segregation of distribution and supply will be carried out. Norms must be laid down to ensure equitable apportionment of supply of electricity to consumers on the basis of their status and the subsidies paid to them. Areas in which supply licensees could be allowed should be notified in consultation with stakeholders. Also, the universal supply obligation should be mandatory for all supply licensees in their area of license. In addition to paying a fee, the supply licensees should be accountable for using distribution lines owned by the government.
- **Regulatory Commissions & Appellate Tribunals:** The proposed amendments give Regulatory Commissions the power to provide licenses to transmit, distribute, trade in or supply electricity. Such unrestricted powers over the electricity sector may lead to misuse. Commissions should be mandated to act in a transparent manner and be accountable for the functions to which they are assigned.
- **Promotion of renewable energy:** Since the production of renewable energy is primarily based on climate factors, making production mandatory to a certain percentage may lead to several problems. The minimum obligation for production should be fixed at five percent of the total energy capacity of the plant. This can be increased based on the feasibility of all the related factors.

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

The Atomic Energy (Amendment) Bill, 2015 passed by Parliament

The Atomic Energy (Amendment) Bill, 2015 was passed by Parliament in December 2015.⁹⁶ The Bill seeks to amend the Atomic Energy Act, 1962. The Act empowers the central government to produce, develop, control, and use atomic energy.

Currently, only a government company may be given a license for generating atomic energy. The Bill permits licenses to be granted to joint ventures between government companies.

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

Cabinet approved National Offshore Wind Energy Policy

The Union Cabinet approved the National Offshore Wind Energy Policy in September 2015.⁹⁷ The Policy enables the development of offshore wind energy capacity through setting up of offshore wind energy projects and undertaking research and development activities.

The Policy would be implemented within Exclusive Economic Zones (EEZ) that includes areas in or adjacent to the country up to seaward distance of 200 nautical miles from the coastal base line. EEZs are areas where countries enjoy certain rights including rights to carry out economic explorations for the production of energy.⁹⁸ The scheme would be applicable across the country depending on the availability of offshore wind potential.

The Ministry of New & Renewable Energy is authorised to be the nodal Ministry for the use of offshore areas within the designated EEZ. Further, the National Institute of Wind Energy would be authorised as the nodal agency. The institute will be responsible for the development of offshore wind energy, the allocation of wind energy blocks and coordination with the related ministries and the respective agencies.

Draft National Renewable Energy Bill, 2015 released

The Ministry of New and Renewable Energy released the draft National Renewable Energy Bill, 2015 in July 2015.⁹⁹ At present, the Electricity Act, 2003 regulates the renewable energy sector.¹⁰⁰ The draft Bill provides for a framework to facilitate and promote the use of renewable energy. In addition, the draft Bill aims to address issues that are not adequately covered in the Electricity Act, 2003, such as principles of grid planning and operation.

Key features of the draft Bill include:

- **Creation of the National Renewable Energy Fund and State Green fund:** These funds will be operated by the central and state governments respectively. The National Renewable Energy Fund will obtain revenue from the National Clean Energy Fund. The draft Bill does not mention the percentage of annual proceeds which will be routed to this fund. The State Green Fund will obtain a corpus from the National Renewable Energy Fund. Both of these funds would provide for meeting the expenses of implementing the National Renewable Energy Policy and National Renewable Energy Plan.

- **Licenses and Accreditation:** Under the Electricity Act, 2003 supply of electricity requires a license. However, under the draft Bill, no license would be required to supply electricity from a renewable energy source. The Ministry will be responsible for setting up an accreditation program for renewable energy manufacturers, system integrators and others.
- **Committees:** The draft Bill provides for the creation of the National Renewable Energy Committee. The Committee would review the implementation of the National Renewable Energy Policy and National Renewable Energy Plan. The Committee would also enable inter-ministerial coordination and coordinate matters on grid integration of renewable energy. A grid is a high voltage backbone system of inter-connecting transmission lines, sub-stations and generating plants.
- Further, a National Renewable Energy Advisory Group is to be established to keep track of the latest developments in technology. The advisory group would also advise the central government on the utilisation of the National Renewable Energy Fund.

Petroleum and Natural Gas

Cabinet approved Hydrocarbon Exploration and Licensing Policy

The Union Cabinet approved the Hydrocarbon Exploration and Licensing Policy in March 2016.^{101,102} Key details of the Policy include:

- **Uniform licensing:** Currently, separate licenses are issued for exploring different type of hydrocarbons (such as oil and gas). This leads to additional costs, since a separate license is required if a different type of hydrocarbon is found while exploring a certain type. Under the new Policy, there will be a uniform licensing system that will cover all hydrocarbons which includes oil, gas, and coal bed methane.
- **Revenue sharing:** Presently, under the profit sharing model, when a contractor discovers oil or gas, he has to share a certain percentage of his profit with the government. This system requires the government to scrutinize cost details of the private participants and leads to delays and disputes. Under the new Policy of revenue sharing, the government will not scrutinize the

cost and will receive a share of the gross revenue from the sale of oil, and gas, etc.

- **Exploration:** Under the present system, exploration of hydrocarbons is limited only to the blocks which have been put on tender by the government. Under the new system, bidders can apply for exploring any block not already covered by exploration.
- **Pricing:** While fixing royalties, the present system does not distinguish between shallow water fields (where cost of exploration and risks are lower) and deep water fields (where cost and risks are higher). Under the new system, a graded system of royalty rates will be introduced. Under this system the royalty rates will decrease from shallow water to deep water to ultra-deep water areas.

Cabinet approved Marginal Fields Policy

The Union Cabinet approved the Marginal Field Policy in September 2015.¹⁰³ The Policy aims to develop the marginal hydrocarbon fields discovered by the national oil companies such as Oil and Natural Gas Corporation Limited (ONGC) and Oil India Limited (OIL).

These fields could not be developed due to reasons including isolated location, small reserve size and high development cost. The Policy enables the development of these marginal fields. 69 oil fields of ONGC and OIL were to be opened up for competitive bidding.

Earlier, the contracts entered into were based on a profit sharing model. Under this model, the central government was required to scrutinize cost details of private companies. It was observed that the use of this model led to delays and disputes. Under the new Policy, the central government will not evaluate the costs incurred, but will receive a share of gross revenue from the sale of oil and gas.

Initially, companies were required to sell gas at an administered price. Under this Policy, the successful bidder for the marginal fields will be able to sell gas at the prevailing market price.

Earlier, licenses were issued for individual hydrocarbons and a separate license was required for any other hydrocarbon found in the field. Under the new Policy, the licenses will cover all hydrocarbons found in that field (eg. oil, gas etc).

Limits to avail LPG subsidies modified

In December 2015, the government announced that LPG subsidies will not be available for consumers if the consumer or their spouse had an annual taxable income of more than Rs 10 lakh (during the previous financial year).¹⁰⁴ At present, there are 16.35 crore LPG consumers in the country. Of these consumers, 14.78 crore consumers receive direct subsidies under the PAHAL scheme. The government had introduced the PAHAL scheme in June 2013. The objective of the scheme was to ensure that the subsidy benefits go to the targeted group.

Direct Benefit Transfer of kerosene subsidy introduced in eight states

The central government announced Direct Benefit Transfer (DBT) of kerosene subsidy across 26 districts in eight states in January 2016.¹⁰⁵ The eight states are Punjab, Maharashtra, Rajasthan, Chhattisgarh, Jharkhand, Haryana, Himachal Pradesh and Madhya Pradesh.

In areas where the transfer scheme is introduced, at the time of purchase, the consumer will pay the unsubsidised price of kerosene. Subsequently, subsidy amount will be directly transferred to the bank account of the beneficiary. Further, in order to avoid inconvenience to consumers, subsidy will be paid in advance during the initial purchase.

In order to incentivize implementation of DBT, states will be provided with cash incentive of 75% of subsidy savings during the first two years, 50% in the third year, and 25% in the fourth year.

In case the states undertake cuts in kerosene allocation beyond the savings due to DBT, a similar incentive will be provided to them. Accordingly, the calculation will be based on net savings in kerosene consumption from the baseline level. The baseline for the calculation of savings will be 90% of the 2015-16 allocation of kerosene.

Pradhan Mantri Ujjwala Yojana approved

The Union Cabinet approved the Pradhan Mantri Ujjwala Yojana in March 2016.¹⁰⁶ The scheme aims to provide free LPG (cooking gas) connections to women from Below Poverty Line (BPL) households. It also aims to ensure universal coverage of cooking gas in India and to protect women's health (from unclean cooking fuel).

Under the scheme, Rs 8,000 crore has been allocated to provide five crore LPG connections to BPL households. An amount of Rs 1,600 will be provided for each LPG connection to a BPL household. The

identification of eligible BPL families will be made in consultation with the state governments. The scheme will be implemented over a period of three years (from 2016-17 to 2018-19).

Cabinet approved marketing margin for supply of gas to urea and LPG producers

The Union Cabinet approved the determination of marketing margin for supply of domestic gas to urea and Liquefied Petroleum Gas (LPG) producers in November 2015.¹⁰⁷ Marketing margin is the charge levied over the price of gas for taking an additional risk associated with the marketing of gas. This charge (marketing margin) is levied by gas marketing companies on the consumers.

Presently, gas marketing companies charge variable marketing margins for the supply of natural gas. Post this decision, for regulated sectors such as urea and LPG, there will be a uniform marketing margin that will be charged by these companies. The future revisions in the marketing margin will be determined on the basis of the wholesale price index. The Ministry of Petroleum and Natural Gas will be responsible to determine such a margin.

CCEA approved marketing and pricing freedom of gas produced from deep and ultra-deep water areas

The Cabinet Committee on Economic Affairs (CCEA) approved marketing and pricing freedom for gas produced from certain areas including deep water and ultra-deep water areas in March 2016.¹⁰⁸ The marketing freedom provided will be capped by a ceiling price. The ceiling price would be based on the landed price (includes original price of the product, customs, duties, and taxes) of fuel. This price will be calculated once in six months and will be applied prospectively for the next six months.

This Policy will be applicable to future discoveries and existing discoveries which were yet to commence production as on January 1, 2016.

In case of existing discoveries that have pending litigation, this Policy will be applicable only after the conclusion or withdrawal of such litigation. All other fields currently under production will continue to be governed by the existing price regime.

Coal

Auction of coal linkages to non-regulated sectors approved

The Cabinet Committee on Economic Affairs approved auction of coal linkages to non-regulated sectors such as cement and steel in February 2016.¹⁰⁹ Following the approval, the Ministry of Coal issued guidelines for the auction of these linkages.¹¹⁰

Initially, under the New Coal Distribution Policy, 2007, non-regulated sector companies received coal linkages through an approval process. In 2014, the Supreme Court cancelled the allocation of 204 coal blocks/mines, and stated that the procedure followed was arbitrary. Following the directions of the Supreme Court, electronic auction of these mines were conducted.

At present, under the new system, non-regulated companies will also receive coal linkages through an auction process. However, this will not apply to the urea sector. The auction will be carried out by Coal India Ltd. or Singareni Collieries Company Ltd.

Under the new system, the existing fuel (coal) supply agreements between coal companies and non-regulated sector companies will not be renewed after 2015-16. However, these agreements may be renewed for central public sector companies and the urea sector. Also, for additional requirement of linkages, these central public sector companies may participate in the auction process.

According to the guidelines, the maximum period of new fuel supply agreements will be 15 years. Further, for the auction, separate quantities of linkages will be earmarked for sub-sectors such as cement, steel and aluminium etc.

Cabinet approved policy framework for Underground Coal Gasification

The Union Cabinet approved a policy framework for the development of Underground Coal Gasification (UCG) in coal and lignite bearing areas in December 2015.¹¹¹ UCG is a method of extraction of energy from coal and lignite. Extraction of energy from these sources, using conventional mining methods, is generally considered uneconomical.

Under this policy, coal blocks will be offered through a competitive bidding process and on a revenue sharing basis. In the revenue sharing model, the bidder bids for a certain percentage of revenue that he will share with the government.

An inter-Ministerial Committee will be established under the Ministry of Coal to identify the areas for UCG. This Committee will also be responsible for listing of eligible blocks for bidding or for awarding of coal blocks to public sector companies on nomination basis. The Central Mine Planning and Design Institute Limited will be the nodal agency for conducting the bidding process and evaluation of these bids.

Guidelines for coal bridge linkage issued

The Ministry of Coal issued guidelines for bridge (short term) linkage of coal to end use plants of central and state public sector undertakings (PSU) in February 2016.¹¹² This will include power and non-power sector PSUs (such as cement, steel etc). Bridge linkage is a short term coal linkage. It enables meeting the requirement of coal before the start of production from the allocated coal mine/block.

Bridge linkages will be provided to PSUs which have been allocated coal mines earmarked for a specified end use (under Schedule III of Coal Mines (Special Provisions) Act, 2015). This also includes coal blocks allotted under Mines and Minerals (Development and Regulation) Act, 1957. The 2015 Act provides for allocation of coal mines/blocks which were cancelled by the Supreme Court. The 1957 Act regulates the mining sector and overall mine development in the country.

Bridge linkages will not be granted to PSUs which have been allocated mines producing coal or that are ready to produce coal (Schedule II of the 2015 Act). Linkages will not be provided to private companies as it amounts to change of bid conditions in the initial bidding document.

This linkage will be granted for a period of three years. Under normal circumstances, no further extensions will be granted. Due to constraints in the availability of coal, coal companies such as Coal India Limited will try to supply 75% of the agreed requirement. However, the coal companies will not be penalised for supplying coal lesser than the agreed requirement.

Mining

Mines and Minerals (Development and Regulation) Amendment Bill, 2016 passed by Lok Sabha

The Mines and Minerals (Development and Regulation) Amendment Bill, 2016 was passed by

Lok Sabha in March 2016.¹¹³ The Bill amends the Mines and Minerals (Development and Regulation) Act, 1957. The Act regulates the mining sector in the country and specifies requirements for obtaining and granting leases for mining operations.

Key provisions of the Bill include:

- **Transfer of mining leases:** The Act allows for the transfer of mining leases which have been granted through an auction process. Further, the holder of these mining leases may transfer the lease to any eligible person, with the approval of the state government, and as specified by the central government.
- The Bill allows for the transfer of mining leases which have been granted through procedures other than auction, and where the minerals are used for captive purpose. Captive purpose has been defined as the use of the entire quantity of mineral extracted in the lessee's own manufacturing unit. Such lease transfers will be subject to terms and conditions, and transfer charges as prescribed by the central government. Further, these transfers will be in addition to the existing transfers.
- **Leased area:** The Bill adds a definition of leased area, as the area within which mining operations can be undertaken. This will also include the non-mineralised area required for the activities defined under mine in the Mines Act, 1952. The 1952 Act defines mine as any excavation where any operation for searching or obtaining of minerals is being carried out. It includes (i) borings, bore wells, and oil wells, (ii) all workshops and stores within the precinct of a mine, and (iii) any premises being used for depositing waste from a mine or where any operations in connection with such waste is being carried out.

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

Telecom

TRAI prohibited discriminatory tariffs for data services (net neutrality)

The Telecom Regulatory Authority of India (TRAI) released the Prohibition of Discriminatory Tariffs for Data Services Regulations, 2016 in February 2016.¹¹⁴

TRAI released the regulations in order to maintain the regulatory principles of transparency and non-discriminatory and non-predatory pricing on the

internet. It said that since many Indians are yet to be connected to the internet, service providers should not be deciding the nature of access to the internet. Consumers should be able to access the full internet and at affordable prices. TRAI had released a consultation paper on Differential Pricing for Data Services in December 2015.¹¹⁵ For more information on the paper, please see [here](#).

Key provisions of the regulations are:

- **Definitions:** The regulations define (i) closed electronic communications network, which is a communication network where data is not received or transmitted over the internet, (ii) consumer means a consumer or a service provider, (iii) discriminatory tariffs for data services means the charging of different prices by a service provider for data services, based on the content accessed by the consumer on the internet, among others.
- **Main prohibition:** No service provider shall charge discriminatory tariffs (or enter into any such agreement) for data services on the basis of the content.
- **Exemptions:** This provision will not apply to tariffs for data services charged over closed communication networks. Also, the provision may not apply to service providers reducing tariffs for providing emergency services.
- **Penalty:** A fine of Rs 50,000 shall be levied on a service provider for each day of contravention, subject to a maximum of Rs 50 lakh.

For more information on net neutrality, please see [here](#).

TRAI released recommendations on delivering broadband quickly

The Telecom Regulatory Authority of India (TRAI) issued recommendations on 'delivering broadband quickly: what do we need to do', in April 2015.¹¹⁶ TRAI had released a consultation paper on it in September 2014.¹¹⁷

India ranks 125th in the world for fixed broadband penetration and 113th in wireless broadband. It finds a place in the group of least connected countries.

TRAI identified the following issues during the consultation process: (i) high prices are an impediment to adoption of wire line technology, whereas non-availability of sufficient amount of spectrum restricts adoption of wireless technology, (ii) poor quality of broadband is due to lack of adequate bandwidth, and (iii) Bharat Broadband

Network Limited, the organisation responsible for implementing the National Optical Fibre Network project, has a multi-layered structure with diffused responsibilities, etc.

TRAI published certain action points and recommendations which include:

- **Institutional revamping:** The Wireless Planning and Coordination wing of the Ministry of Communications should be converted into an independent body by delinking it from the Department of Telecommunications. This would ensure efficiency and transparency in decision-making processes. Single-window clearance for installation of towers should be encouraged.
- **Spectrum:** There is a need for assignment of additional spectrum for commercial telecom services. A clear roadmap for spectrum management should be put in place for the country.
- **National Optical Fibre Network:** The project should be implemented through a centre state public-private partnership.
- **Fixed line broadband:** To promote fixed line broadband, the license fee on the revenues earned from it should be exempted for at least five years.

Government released guidelines on trading spectrum by service providers

The Ministry of Communications and Information Technology approved and released guidelines for spectrum trading by Telecom Service Providers (TSPs) in October 2015.¹¹⁸ Key guidelines include:

- Spectrum trading is allowed between two TSPs holding certain licenses. Only the transfer of spectrum is permitted between TSPs. Leasing of spectrum is not allowed.
- The bands (800-2500 MHz) and block sizes (such as 2 X 1.25 MHz in the 800 MHz band), in which spectrum trading will be permitted, have also been specified.
- The original validity period of a block of spectrum will remain unchanged, regardless of any trading. A TSP will be allowed to trade spectrum only after two years of its acquisition. The terms and conditions attached to the spectrum, at the time of auction (objectives of the auction, details regarding spectrum being auctioned, eligibility, usage charges, etc.) will continue to apply after transfer.

- Both licensees trading the spectrum are required to give 45 days prior intimation for trading the right to use the spectrum.
- The seller shall clear all his dues prior to concluding any agreement for spectrum trading. Thereafter, any dues recoverable up to the effective date of trade will be the liability of the said buyer.

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

TRAI mandated mobile operators to compensate consumers for call drops and released technical paper on call drops

The Telecom Regulatory Authority of India (TRAI) issued the ninth amendment to the Telecom Consumers Protection Regulations, 2012 mandating mobile service providers to provide compensation to consumers for call drops, in October 2015.¹¹⁹ TRAI had issued a consultation paper in this regard in September 2015.¹²⁰ More information on the paper can be found [here](#).

Call drops represent the service provider's inability to maintain a call once it has been correctly established. The cause of the drop or interruption should be within the service provider's network. In case of dropped calls, the service provider is required to:

- Credit the account of the calling consumer by one rupee (this is limited to three dropped calls in a day);
- Send a message to the consumer within four hours of the occurrence of the call drop and the details of the amount credited to him;
- In case of post-paid consumers, provide the details of the credit in the next bill.

This compensation to consumers was to be applicable from January 2016.

TRAI also released a Technical Paper on Call Drop in Cellular Networks in November 2015.¹²¹ Key aspects of the paper include:

- **Analysis of various Quality of Service parameters:** (i) The Call Drop Rate (CDR) is a parameter which provides the consumer with an expectation of how successful a mobile network will be at retaining signal throughout the duration of a call. The formula for calculating this is: (calls dropped/total number of calls successfully established)* 100; and (ii) Operators are generally meeting the benchmark of 95% and above when it comes to connections with good voice quality.

- **Effect of network traffic on call drop rate:** Average traffic intensity can be calculated as the average duration of a call divided by the average number of call requests per unit time for each user. Further, on an average, it is seen that as traffic intensity increases, CDR increases in a linear manner.
- **Steps to be taken by service providers:** The steps include: (i) multiple routes for same call, (ii) use of signal boosters, (iii) prioritisation schemes such as finishing ongoing calls rather than accepting new ones, queues to be arranged as first in/first out, (iv) improvement in tower related infrastructure, etc.

TRAI released recommendations on valuation and reserve price of spectrum

The Telecom Regulatory Authority of India (TRAI) released recommendations on Valuation and Reserve Price of Spectrum in the 700 MHz, 800 MHz, 900 MHz, 1800 MHz, 2100 MHz, 2300 MHz and 2500 MHz bands in January 2016.¹²² TRAI had invited comments on the consultation paper issued in this regard in November 2015.¹²³

TRAI noted that the 700 MHz band is more efficient and has higher penetration inside buildings. Due to lower frequency it provides wide coverage which reduces the number of towers required. This significantly cuts down capital expenditure.

Key recommendations include:

- The entire spectrum available in the 700 MHz band should be put to auction. In addition, the same should be done in case of 800 MHz and 1800 MHz bands.
- All bands of spectrum should be harmonised. Reassignment should be carried out (in coordination with the Defence Ministry and Telecom Service Providers) to ensure that all spectrum available for commercial use is put to auction. This would prevent revenue loss to the government. The reassigned spectrum should be in contiguous blocks.
- Rollout obligations for the 700 MHz band have been specified. Further, it was specified that all towns and villages with a population between 15,000-50,000 should be covered within five years, and those with a population between 10,000-15,000, within seven years.
- Audits should be conducted for all allocated spectrum (commercial as well as spectrum

allocated to PSUs/government organisations). This should be done by an independent agency.

- Reserve prices for various spectrum bands across the country were also specified.

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

Railways

Railways Budget 2016-17 presented

The Railways Minister presented the Railways Budget 2016-17 in Parliament in February 2016.¹²⁴ Key highlights of the Budget include:

- **Revenue:** Total revenue for 2016-17 is expected to be Rs 1,89,271 crore. This is an increase of 10% from the revised estimates (RE) of 2015-16.
- **Expenditure:** Total expenditure for 2016-17 is projected to increase by 13% from 2015-16 RE to Rs 1,71,060 crore. A capital expenditure of Rs 1.21 lakh crore is proposed for 2016-17.
- **Surplus:** Surplus (after payment of dividends to the central government) in 2016-17 is expected to decrease by 26% from 2015-16 RE to Rs 8,479 crore.
- **Operating Ratio:** Operating Ratio for 2016-17 is projected to increase to 92%. In 2015-16, the Operating Ratio increased from a budgeted estimate of 88.5% to 90.5% according to RE.
- **Traffic:** Revenue from traffic is expected to grow by 10% to Rs 1,84,820 crore. Revenue from freight and passengers is expected to grow by 5% and 12% respectively.
- **Challenges:** Slowdown of the international market and the impact of the Seventh Pay Commission have been identified as major challenges for finances of the Railways in the year 2016-17.
- **Improving freight and non-tariff revenue:** The freight basket of Railways will be expanded to increase the revenue base. The freight tariff policy will be reviewed to rationalize freight tariffs. Further, revenue generated from non-tariff sources (such as redevelopment of stations, monetisation of land, etc.) will be improved.
- **Seven Missions:** Seven activities will be undertaken in Mission mode. These include (i) Mission Zero Accident to reduce accidents, (ii) Mission Raftaar to increase train speeds, and (iii)

Mission Beyond Book-Keeping to move to an accrual based accounting system.

- **New services:** The Minister announced five new types of train services: two for unreserved passengers, and three for reserved passengers.

Expert Committee on Railways restructuring submitted final report

The Committee for Mobilization of Resources for Major Railway Projects and Restructuring of Railway Ministry and Railway Board (Chairperson: Mr. Bibek Debroy) submitted its report in June 2015.¹²⁵ The Committee was constituted in September 2014 to make recommendations for the mobilization of resources for major railway projects and restructuring of the Railway Ministry and Board. The Committee had submitted an interim report in March 2015.¹²⁶

Key recommendations of the Committee include:

- The Committee recommended setting up an independent regulator, the Railways Regulatory Authority of India. The Authority would regulate tariff, safety, provide for licensing, and set technical standards.
- Indian Railways also undertakes other peripheral activities such as running hospitals and schools, manufacturing locomotives, catering, etc. Railways should not conduct these peripheral activities and instead focus on its core function, which is of running trains.
- The Railway divisions must be treated as independent business units. Decision making powers must be decentralised from the level of the general manager down to the division level.
- Railways accounting practices are not in the same band of commercial accounting as followed by other international railway systems. A responsive and transparent accounting system must be established.
- Employee costs including pension constitute the largest component of the railways expenses and hence it must rationalise its manpower. A performance assessment system should be implemented to rationally differentiate between the performance and aptitude of employees.

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

Ministry of Railways released concept paper on Rail Development Authority

The Ministry of Railways released a concept paper on the Rail Development Authority of India in

January 2016.¹²⁷ In the past, several committees had recommended setting up an independent railway regulatory authority, which would also fix the rail tariff.^{128,129} The key features of the proposed Authority include:

- **Guiding principles:** Guiding principles of the Authority would include (i) protecting consumer interest by ensuring quality of service and cost optimisation, (ii) promoting competition, efficiency and preventing market domination, (iii) encouraging participation of the private sector in Railways, (iv) providing non-discriminatory open access to Railways infrastructure, and (v) benchmarking standards for the quality of services.
- **Functions:** The Authority would (i) recommend passenger and freight tariffs, (ii) ensure compliance to performance and service obligations by both private parties and Indian Railways, and (iii) determine charges to access the tracks and ensure non-discriminatory access on the Dedicated Freight Corridors.
- **Role:** While the role of the Authority would have to be clearly stated, areas not under its purview would include: (i) policy making, (ii) financial management, (iii) setting technical standards, and (iv) compliance of safety standards and practices.
- **Structure:** The Authority would be established by amending the Railways Act, 1989. It would be independent of the Ministry of Railways, but would be funded through the annual railway budget. It would consist of a Chairman and four other members, having knowledge of and experience in the sector. The Selection Committee to select the Chairperson and members would comprise of: (i) Cabinet Secretary of the Central Government, (ii) a member of the Union Public Service Commission, (iii) chairperson of the Authority, and (iv) Chairman of the Railway Board.

Railways (Amendment) Bill, 2014 withdrawn from Lok Sabha

The Railways (Amendment) Bill, 2014 was withdrawn from Lok Sabha in March 2016. The Bill was introduced in August 2014. The Bill amends the Railways Act, 1989 and seeks to prevent people from filing multiple claims from the Railways in case of accidents.¹³⁰ The Standing Committee on Railways (Chair: Mr. Dinesh Trivedi) examining the Bill had recommended that the Bill be sent back to the

government and re-introduced in Parliament, with certain changes.

Key observations and recommendations of the Committee include:

- **Accidental falling:** The Bill defined accidental falling to exclude cases of falling from a moving train when entering a train, standing near a train door, on foot board/rooftop, or endangering safety of others wilfully, or through neglect. The Committee recommended that such a definition could be effected only when deficiencies in the Railway premises and property are rectified and passenger safety is ensured. The Committee observed that such a definition will exclude several genuine cases such as passengers falling out of suburban trains which do not have doors.
- **Burden of proof:** The Bill stated that in cases of accidental falling due to passenger negligence, the passenger has to prove he took reasonable care to avoid the accident. The Committee observed that shifting the burden of proof in these cases, from the Railways to the claimant, will lead to victims being denied compensation in such cases.
- **Filing of claims:** Under the Bill, the railways administration where the accident occurred was to be made a party before the Claims Tribunal for all cases. The Committee recommended that the railways zone where the accident occurred should not be a party to the case. It also recommended that the Centre for Railway Information Systems should improve its software to register accidents and make it fool-proof.
- **Compensation claims:** The Committee observed that duplicate claims constitute about 0.5% of the total number of cases of compensation claims filed over the last 10 years. However, till date, no loss to the government exchequer had been reported by the Railways on account of compensation given in duplicate/fraudulent cases.

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

Cabinet approved formation of joint ventures with states for rail projects

The Union Cabinet approved the formation of joint ventures between Ministry of Railways and state governments for rail infrastructure projects, in December 2015.¹³¹ This was to ensure (i) greater participation by states in the decision making process for railway projects, and (ii) speed up the process of getting approvals for such projects.

The initial paid up capital of the Ministry of Railways for each state would be limited to Rs 50 crore. The details of the joint ventures were:

- The joint venture companies would be formed with equity participation of the Ministry of Railways and the state government.
- The initial paid up capital for each joint venture would be Rs 100 crore and would be based on the quantum of projects that would be undertaken. Additional funding would be provided after obtaining approvals from the competent authority.

The joint ventures could also form special purpose vehicles with equity holding by other stakeholders like banks, ports, public sector undertakings, mining companies, etc.

Roads

Ministry of Road Transport notified guidelines to protect good samaritans

The Ministry of Road Transport and Highways notified guidelines for the protection of good samaritans in May 2015, until appropriate legislation in this regard is brought in.¹³² The Supreme Court in October 2014 had directed the central government to develop a set of guidelines for protecting good samaritans from police harassment and legal hassles.¹³³ Key guidelines include:

- A bystander or good samaritan, including an eyewitness of a road accident, who takes the injured to the hospital, should be allowed to leave immediately after furnishing address by the eyewitness only. No questions shall be asked to such a person.
- Such a person shall not be liable for any civil and criminal liability.
- A person, who calls to inform the police or emergency services for the person lying injured on the road, shall not be compelled to reveal his name and personal details on the phone or in person. Disciplinary action shall be initiated by the government against public officials who coerce or intimidate such person into revealing his name or personal details.
- The Ministry of Health and Family Welfare shall issue guidelines stating that all registered public and private hospitals will: (i) not detain a bystander or good samaritan, or (ii) demand

payment for registration and admission costs, unless the person is a relative of the injured.

Ministry of Road Transport released advisory for IT based taxi aggregators

The Ministry of Road Transport and Highways released an advisory for the licensing, compliance and liability of on-demand information technology (IT based) transport aggregator services (such as Uber, Ola Cabs, etc.) in October 2015.¹³⁴

Key features of the advisory include:

- The aggregator must be a registered entity in India. It must obtain a license to operate as an agent for running public service or goods vehicles under the Motor Vehicles Act, 1988. It must also comply with all the applicable regulations under the Information Technology Act, 2000.
- The vehicles and drivers that connect to passengers through such IT platforms must be compliant with all necessary regulations under the Motor Vehicles Act, 1988 with regard to licensing, registration, etc.
- An aggregator should not operate as a taxi operator unless it has a license for the same.
- The aggregator must have a 24x7 call centre. It must provide either a web or mobile application based customer service and a grievance redressal centre with an operational telephone number.
- Any driver who had been convicted in the past seven years for certain crimes (driving under the influence of alcohol, fraud, sexual offences, etc), must not be permitted to use the platform.

CCEA approved Hybrid Annuity Model for implementation of Highway Projects

In January 2016, the Cabinet Committee on Economic Affairs (CCEA) approved the hybrid annuity model as a mode of delivery under Public Private Partnership (PPP) arrangement for implementing highway projects.¹³⁵ Under this model, 40% of the project cost would be provided by the government as construction support to private developers. The balance 60% would initially be financed by the private developer. This amount would later be recovered from the government through annuity payments over a period of time along with interest on the amount.¹³⁶

The private partner would be responsible for designing, building, operating and transferring the project at the end of the operations period. The

developer would be insulated from traffic and inflation risks, which are looked after by the implementing agency of the Ministry, the National Highway Authority of India (NHAI).

The highways sector has been facing difficulties in the implementation of projects through the PPP mode due to lack of availability of equity in the market. The hybrid annuity model decreased the initial capital outflow for NHAI as bulk of the financing is done through annuity payments. Additionally, developers could reduce equity in investments as 40% of the construction cost would be borne by the implementing agency.¹³⁶

Supreme Court passed environmental orders for vehicles in Delhi

The Supreme Court passed an Order in October 2015 imposing an environment compensation charge (ECC) on commercial vehicles entering Delhi.¹³⁷ The Order was passed to check pollution due to commercial traffic travelling from North India towards Jaipur and onwards via Delhi. The ECC would be levied on an experimental basis till February 29, 2016, after which it was to be reviewed by the Court. An interim Order was passed in December 2015 with some additional impositions.¹³⁸ However, the Court had not reviewed the Order till March 2016.

The Order referred to an environmental report stating that about 23% of the commercial vehicles and 40-60% of the heavy trucks were entering Delhi despite having alternate routes.¹³⁹ Such vehicles were adding to the pollution in the city.

The Court had ordered that the ECC may be imposed on all commercial vehicles. It would be in addition to the municipal taxes paid by such vehicles to enter Delhi. Further, it would help equalize the difference in the cost of travelling of the vehicles through alternative routes.

The amount collected must be exclusively used for improving public transport and roads, especially for the city's cyclists and pedestrians. The rates imposed would be: (i) Rs 700 for light vehicles and two axle trucks, and (ii) Rs 1,300 for three axle trucks and above. The charge would not be imposed on: (i) passenger vehicles and ambulances, and (b) vehicles carrying essential commodities, such as food and oil tankers. In the December Order, the Court further stated that for Delhi bound vehicles that are laden with goods, the rates will be double. It also disallowed vehicles registered before 2005 from entering Delhi.

The December 2015 Order also stated that the registration of all private diesel cars in Delhi, with capacity above 2,000 cc, will stand banned till March 31, 2016. Further, all taxis in Delhi (including the mobile based aggregator ones), should move to compressed natural gas (CNG) by March 1, 2016.

Other cities or states in India do not impose such an ECC, but a few states have imposed a green tax on vehicles. For example, Maharashtra imposed a green tax on vehicles older than 15 years in 2010.

Civil Aviation

Carriage by Air (Amendment) Bill, 2015 passed by Parliament

The Carriage by Air (Amendment) Bill, 2015 was passed by Parliament in March 2016.¹⁴⁰ The Bill amended the Carriage by Air Act, 1972. The Act regulates carriage by air and gives effect to the Warsaw Convention, 1929, and the Montreal Convention, 1999. The Act also extends the provisions to domestic travel, subject to exceptions and adaptations.

The Montreal Convention establishes airline liability in the case of death, injury or delay to passengers or delay, damage or loss of baggage and cargo. The Bill amends the Act to adhere to the revised limits of liability as prescribed under this Convention.

The Bill empowers the central government to revise the limits of liability for airlines and compensation as per the Montreal Convention. It also provides for the central government to make rules to carry out provisions of the Act.

Table 10 shows the limits of liability for airlines, as revised by the Montreal Convention:

Table 10: Revised limits of liability as compared to the old limits

Provision under Montreal Convention	Old limits of SDRs	Revised limits of SDRs
Damage sustained in case of death or bodily injury for each person	100,000	113,100
Damage caused by delay in carriage for each person	4,150	4,694
Destruction, loss, damage or delay with respect to baggage for each person	1,000	1,131
Destruction, loss, damage or delay in relation to the carriage of cargo	17	19

Note: Special Drawing Right (SDR) is a weighted average of the US Dollar, Euro, British Pound and Japanese Yen. An SDR equalled about Rs 90 on August 31, 2015.

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

Ministry of Civil Aviation released draft National Civil Aviation Policy (NCAP)

The Ministry of Civil Aviation released a revised draft National Civil Aviation Policy in October 2015.¹⁴¹ An earlier draft version of the policy was released in November 2014, details of which can be found [here](#).

Key features of the revised draft Policy include:

- **Vision:** Create an eco-system to enable 30 crore domestic ticketing by 2022 and 50 crore by 2027. International ticketing must increase to 20 crore by 2027.
- **5/20 Rule:** The 5/20 Rule stipulates that for Indian carriers to fly abroad, they must have flown on domestic routes for five years and have a fleet of at least 20 aircrafts. Suggestions have been invited on whether to: (i) continue the Rule as it is, or (ii) abolish the Rule, or (iii) to require domestic airlines to accumulate certain level of domestic flying credit before being able to fly to specific parts of the world.
- **Maintenance, Repair and Overhaul (MRO):** Currently, the MRO business of Indian carriers is about Rs 5,000 crore. 90% of this is spent outside India in countries such as Sri Lanka, Singapore, etc. In order to reduce this outsourcing, the draft Policy seeks to provide tax incentives on MRO. For example, the service tax on output services of MRO will be abolished.
- **Regional Connectivity Scheme (RCS):** The RCS will come into effect on April 1, 2016. On RCS routes, for a one hour flight, the Ministry will target an all-inclusive airfare of up to Rs 2,500 per passenger, indexed to inflation. RCS will be made operational only in states which reduce VAT on aviation turbine fuel (ATF) at airports to 1% or less.
- Airlines will be eligible for viability gap funding (VGF) under RCS. VGF will be indexed to ATF prices and inflation. It will be shared between the Ministry and the state governments in the ratio of 80:20.
- **Bilateral traffic rights:** The government will enter into an 'Open sky' Air Service Agreement on a reciprocal basis with SAARC countries and countries located entirely beyond a 5,000 km radius from New Delhi. Open-skies agreement with countries lying partly or fully within this range from New Delhi will be considered from

April 1, 2020 onwards for the major international airports within the country. FDI in airlines may be increased from 49% to 50% if the government goes for open skies for countries within 5,000 km radius.

Shipping

National Waterways Bill, 2016 passed by Parliament

The National Waterways Bill, 2016 was passed by Parliament in March 2016.¹⁴² The Bill was introduced in Lok Sabha in May 2015.

As of March 2016, there were five inland waterways that were declared as national waterways under five different National Waterways Acts. The Bill repealed these five Acts, and these national waterways were brought under the purview of the Bill. The Bill identified 101 additional waterways as national waterways.

The Constitution enables the central government to make laws on shipping and navigation on inland waterways that are classified as national waterways by law. The Schedule of the Bill also specified the extent of development to be undertaken on each waterway. The Standing Committee on Transport, Tourism and Culture submitted its report on the Bill in August 2015.¹⁴³

Key observations and recommendations of the Committee included:

- Many of the proposed national waterways did not have sufficient water levels throughout the year as they are rain-fed rivers. This should be addressed during the time of techno-economic feasibility study.
- Developmental works on some of the existing national waterways were not satisfactory due to lack of timely financial sanctions. Sufficient financial allocations should be made at appropriate times for the projects proposed under the Bill.
- While national waterways, as declared by Parliament, is on the Union List of the Constitution, water (includes irrigation and canals) is on the State List. Therefore, the central government must make suitable provisions in the Bill to ensure that states can continue to use their water rights as provided in the Constitution.

- A special cell may be created with the consent of the heads of the concerned Ministries. Further, this cell will help obtain all clearances without any hindrances.

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

Merchant Shipping (Amendment) Bill, 2015 introduced in Lok Sabha

The Merchant Shipping (Amendment) Bill, 2015 was introduced in Lok Sabha in August 2015 and is currently pending in that house.¹⁴⁴ The Bill amends the Merchant Shipping Act, 1958 to conform to the International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001. The Convention ensures that adequate, prompt, and effective compensation is available to persons who suffer damage caused by oil spills, when carried as fuel in ships' bunkers.¹⁴⁵ The Standing Committee on Transport, Tourism and Culture submitted its report on the Bill in December 2015.¹⁴⁶ As of March 2016, the Bill was pending in Parliament. Key provisions of the Bill include:

- **Liability for bunker oil pollution:** The ship owner's liabilities would include: (i) any pollution damage caused outside the vessel by contamination resulting from the discharge, (ii) the cost of any measures taken for preventing or minimising any pollution damage, and (iii) any damage caused by any such preventive measures. For government owned ships being used for commercial purposes, the government would be liable for pollution damage.
- The Committee recommended that in order to avoid oil spillage from ships at the time of loading and unloading of cargo, ports should be provided with the latest equipment.
- **Exemption from liability:** A ship owner would not be liable for pollution damage if he proved that the damage: (i) resulted due to an act of war, hostilities or an inevitable natural phenomenon, (ii) was wholly caused by an act with the intent to cause such damage, by any person other than the employee or the agent of the owner, or (iii) was wholly caused by the negligence or wrongful act of the government.
- The Committee observed that such an exemption may leave ample scope for litigation, and a ship owner may use this to get away from paying compensation. It recommended reconsidering this aspect to take care of ambiguities.
- The Bill also seeks to provide for: (i) reporting, determining, locating, and removing of wrecks,

and (ii) salvaging operations, and the duties and rights of salvors (any persons rendering services in direct connection with salvage operations).

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

Ministry of Shipping released draft Major Port Authorities Bill, 2015

The Ministry of Shipping released a draft Major Port Authorities Bill, 2015 in November 2015.¹⁴⁷ The draft Bill seeks to provide for the constitution of port authorities for the regulation and planning of major ports in India. These authorities will also be vested with the administration, control and management of the ports. Currently, major ports in the country are regulated by the Major Port Trust Act, 1963. The proposed Bill seeks to repeal the 1963 Act.

Key features of the draft Bill include:

- **Port Authority Board:** Each Port Authority of a major port will be operated and regulated by a Board. The Board will consist of nine members, including (i) a chairman, (ii) four heads of departments of the port, (iii) a government nominee member, (iv) a labour nominee member, and (v) two or four independent members. The draft Bill further states the manner of appointment, disqualification, term of office, duties, and removal of these members.
- **Committees:** The Board may appoint committees from among its own members or other non-members (from outside). It may delegate some of its functions, powers or duties to these committees.
- **Property and contracts:** The Port Authority of each port can use its property and assets for purposes it may deem fit for the major port. The Board will make Rules for the use and development of all port assets, as approved by the central government.
- **Management restructuring:** The Port Authority of each major port, operating as a Trust, may become a company. This will be subject to approval of the central government and passage of a special resolution by the Board. Further, in such a situation, the Board may raise additional capital through the sale or disinvestment of holdings in the Port Authority.
- **Financial powers:** The Board will frame the scale of rates for assets and services available at the major port. The Board may raise loans to meet capital or working expenditure. Loans above 50% of the capital reserves of the Port

Authority will require approval of the central government.

Cabotage restrictions relaxed for container trans-shipment ports

The Ministry of Shipping relaxed cabotage restrictions for ports which trans-ship at least 50% of their container traffic.¹⁴⁸ Cabotage is the transport of passengers or goods between two places within the country. Earlier, only Indian ships were allowed to undertake cabotage in India.¹⁴⁹ Trans-shipment is the act of off-loading a container from one ship and loading it onto another ship, which is then shipped to its destination. The cabotage relaxation would enable shipping lines to consolidate Indian export-import (EXIM) and empty containers at Indian trans-shipment ports for onward shipment.

Container ports seeking the relaxation would have to trans-ship at least 50% of their container traffic in one year. New trans-shipment ports would have a gestation period of one year, and would have to achieve the target in the second year.

If a port was unable to trans-ship 50% of the containers in a year, its relaxation would be revoked. Further, for such ports the relaxation would not be considered for the next three years.

Land

Land Acquisition (Second Amendment) Bill, 2015 introduced and referred to JPC

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Second Amendment) Bill, 2015 was introduced in Lok Sabha in May 2015 to replace an Ordinance.¹⁵⁰ It was referred to a Joint Committee of Parliament. The Committee was expected to submit its report in the first week of the Monsoon Session in 2015. The report is awaited as of March 2016. The Ordinance, which was to lapse on June 4, 2015, was re-promulgated on May 30, 2015.¹⁵¹ This ordinance lapsed on August 31, 2015.

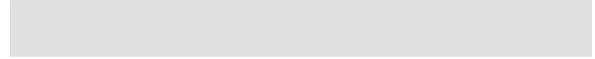
The Bill seeks to exempt five types of projects relating to: (i) defence, (ii) infrastructure, (iii) rural infrastructure, (iv) affordable housing, and (v) industrial corridors (set up by the government), from certain provisions of the Act.

These provisions of the Act deal with: (i) obtaining the consent of 80% of land owners when acquiring land for private projects, and 70% of land owners

when acquiring land for public-private partnership projects, (ii) conducting a social impact assessment, and (iii) limits on the acquisition of irrigated and other agricultural land. A notification must be issued to exempt projects from the last two provisions.

The Bill also makes certain other changes relating to return of unutilised land and acquisition of land for private entities.

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



Development

Education and Skill Development

Draft IIM Bill, 2015 released

The Ministry of Human Resource Development released the draft Indian Institutes of Management (IIM) Bill, 2015 in June 2015.¹⁵²

IIMs are registered as Societies under the Societies Registration Act, 1860 and governed by a Board of Governors. Currently, these institutes can offer diplomas and not degrees. The draft Bill seeks to declare existing IIMs as institutes of national importance. Key features of the draft Bill include:

- **Powers of the IIM:** Under the draft Bill, the IIMs will have powers to regulate admission, management and fees. It enables IIMs to grant degrees, diplomas and other academic distinctions. It also allows IIMs to conduct examinations and establish and maintain necessary infrastructure.
- **Powers of the central government:** Any regulations made by the Board are subject to prior approval of the central government. Prior approval of the central government is required in matters including: (i) admission of candidates to various programmes and specifying fees, (ii) determining posts and emoluments of faculty and staff, (iii) establishment and maintenance of buildings, and (iv) conferring degrees and determining powers of the Academic Council, Chief Administrative Officer and the Board, etc.
- **Authorities:** (i) The President of India shall be the Visitor of every IIM, (ii) the Board of Governors shall be the principal executive body of each institute, responsible for policy decisions, approving the annual budget estimates, etc, and (iii) the Academic Council shall be the principal academic body of each institute and will specify the academic content of programmes and the criteria and process for admission to courses.
- **Funding:** The IIMs will discharge their functions on the basis of grants received from the central government. All institutes will be required to maintain a fund.

The Union Cabinet also cleared a proposal to set up six new IIMs in June 2015.¹⁵³ These IIMs are situated in Vishakhapatnam (Andhra Pradesh), Bodh Gaya (Bihar), Sirmaur (Himachal Pradesh), Nagpur (Maharashtra), Sambalpur (Odisha), and Amritsar (Punjab). Each institute will offer post graduate

programme courses. These courses will involve research and consultancy in the field of management and allied areas. The academic sessions for these IIMs began in 2015-16.

Committee constituted to draft the New Education Policy

The Ministry of Human Resource Development constituted a Drafting Committee to frame the New Education Policy in October 2015.¹⁵⁴

The Committee is chaired by Mr. T. S. R. Subramaniam (former Cabinet Secretary). Other members include former Chief Secretary and Home Secretary of Delhi, Chief Secretary of Gujarat and the former Director of National Council for Educational Research and Training. The National University of Educational Planning and Administration performs the role of the Committee's Secretariat.

The Committee was supposed to submit a Framework for Action along with the draft Education Policy, by December 2015. It eventually sought and received an extension till February 2016. However, the Policy has still not been finalised.

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

Mid-Day Meal Rules, 2015 notified under the National Food Security Act, 2013

The central government notified the Mid-Day Meal Rules, 2015 in September 2015.¹⁵⁵

The National Food Security Act, 2013 contains provisions related to welfare schemes including the Mid-Day Meal scheme. The scheme (launched in 1995) mandates that every primary government school is to serve a cooked mid-day meal to its students to ensure nutritional and enrolment levels, retention, etc. The Act also provides for the transfer of subsidised food grains to certain beneficiaries under the Targeted Public Distribution System.

Salient provisions of the Rules include:

- **Entitlements:** Every child between the 6-14 years' age group, (classes one to eight), shall be provided a hot cooked meal every day. This meal shall have nutritional standards of 450 calories and 12 grams of protein for primary and 700 calories and 20 grams of protein for upper primary students, and will be free of charge.
- **Implementation:** The meal shall be cooked and served, in a hygienic manner, in the school itself.

- **Monitoring:** The School Management Committee established under the Right of Children to Free and Compulsory Education Act, 2009 shall be responsible for monitoring the implementation of the scheme. Accredited labs shall evaluate and certify the meals provided to children, for nutritional standards.
- **Fund usage in case of unavailability of regular funds:** The school principal is empowered to utilise any funds available in school for the purpose of continuation of the scheme. This may be done in case of unavailability of food grains, cooking cost, etc. However, the school account is required to be reimbursed after receipt of mid-day meal funds. In case the mid-day meal is not provided in schools in a certain month, the state government shall pay food security allowance by the 15th of the succeeding month.

Amendments to Rules under the Right to Education Act, 2010 notified

The Ministry of Human Resource Development notified certain amendments to the Right of Children to Free and Compulsory Education (RTE) Rules, 2010 in September 2015.¹⁵⁶

The RTE Act, 2009 makes elementary education a fundamental right. It mandates free and compulsory education for 6-14 years old children in a neighbourhood school.

The Rules mainly establish a grievance redressal mechanism for teachers.

Some key features of the Rules are:

- The School Management Committee shall be the first level of grievance redressal at the school level. The Committee is to redress the complaint made by a teacher within 15 days from the date of its receipt.
- A Block Level Grievance Redressal Committee shall be established in case of an unsatisfactory response at the school level. This Committee shall meet at least once in three months and dispose of complaints within 30 days. The Block Development Officer will act as chairman, and the Block Education Officer as convener.
- In case the teacher is not satisfied with the recommendations of the Block Level Committee, he may appeal to the District Level Committee. The Committee shall dispose the complaint within three months.
- Appeals from the district level shall lie with the State Level Grievance Redressal Committee. It will be under the chairmanship of the Director of Elementary Education of the state department of Education, and will dispose of the appeal within a period of 90 days.

Regional Centre for Biotechnology Bill, 2016 introduced in Lok Sabha

The Regional Centre for Biotechnology Bill, 2016 was introduced in Lok Sabha in March 2016.¹⁵⁷ The Bill seeks to give legislative backing to the Regional Centre for Biotechnology Training and Education set up in Faridabad, Haryana, by the central government in 2009. It also seeks to give it the status of an institution of national importance. Such an institution imparts scientific or technical education, and is empowered to grant degrees.

The Regional Centre was set up in light of an agreement between India and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) in 2006. This agreement provided that a research institute related to biotechnology should be established in India, to serve the member countries.¹⁵⁸

Key features of the Bill include:

- **Powers of the Regional Centre:** The powers of the Centre will include: (i) providing masters and doctoral degrees in biotechnology and related subjects (eg. medical, agricultural and engineering sciences), (ii) determining standards of admission, and (iii) determining fees. Its functioning will be reviewed every four years by government appointed persons.
- **Authorities of the Regional Centre:** The Centre will have authorities responsible for its administration and functioning including: (i) Board of Governors as the apex decision making body, (ii) Executive Committee to implement decisions of the Board, (iii) Programme Advisory Committee as the principal academic body, and (iv) Finance Committee as the body responsible for reviewing the institute's finances.
- **Fund:** The Regional Centre will maintain a Fund to meet its expenses. It will contain: (i) money provided by the central government, (ii) fees received by the Regional Centre, (iii) grants, gifts and donations received, etc.

For more details on the 2016 Bill, please see the PRS Bill Summary [here](#).

Committee constituted by IIT Council submitted report on the entrance exam

The Committee of Eminent Persons, constituted by the Indian Institutes of Technology (IIT) Council (a pan-IITs body), submitted its report to the Ministry of Human Resource Development in November 2015.¹⁵⁹

The Committee made recommendations regarding structural changes to the Joint Entrance Exam (JEE) and the practice to be followed till such changes are enforced. The JEE is a common entrance exam for admissions into central engineering institutes.

The major changes recommended include:

- A National Testing Service should be set up by 2016 to conduct an aptitude test for students. This would test scientific aptitude and innovative thinking ability.
- Based on their performance in this test, four lakh students will be shortlisted for taking the JEE.
- For 2016 and 2017, the practice of two-tier JEE examinations shall continue. Joint counselling for IITs and National Institutes of Technology (NITs) shall continue too.
- Board marks shall not be counted in giving rankings this year for NITs, etc.

The major structural changes in the JEE will be brought into effect from 2017.

Cabinet approved setting up six new IITs as registered societies

The Union Cabinet gave its approval for setting up of six new Indian Institutes of Technologies (IITs) in Andhra Pradesh, Chhattisgarh, Goa, Jammu, Kerala and Karnataka, in December 2015.¹⁶⁰ Further, it approved their initial formation as societies under the Societies Registration Act, 1860. This was done to give them a legal status until the amendment for their incorporation under the IIT Act, 1961 is enacted.

Each new IIT will have an initial intake of 180 students in the first year, 450 in the second year and 928 in the third year of its operation. The total cost for running these IITs till 2018-19 will be Rs 1,412 crore. They will shift to a permanent campus in their fourth year and have a faculty student ratio of 1:10.

Central government signed MoU to establish three IIITs in PPP mode

The Department of Higher Education, under the Ministry of Human Resource Development, signed a Memorandum of Understanding with certain private

bodies in December 2015, to establish three more Indian Institutes of Information Technology (IIITs). These will be situated in Ranchi, Nagpur and Pune, and will operate on a Public-Private Partnership (PPP) mode.¹⁶¹ With this, the total number of IIITs in PPP mode has gone up to 16.

Rajendra Central Agricultural University Bill referred to Standing Committee

The Rajendra Central Agricultural University Bill, 2015 was introduced by the Minister of Agriculture, Mr. Radha Mohan Singh, in Rajya Sabha in December 2015.¹⁶² The Bill declares the existing Rajendra Agricultural University in Pusa, Bihar as an institute of national importance. The Bill seeks to replace the Bihar Agricultural University Act, 1987. It was referred to the Standing Committee on Agriculture on January 11, 2016. The report is due within three months of this date.

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

Report on preparing a roadmap for the development of Sanskrit submitted

The Ministry of Human Resource Development had set up a Committee in November 2015 to suggest a long term vision and roadmap for Sanskrit, over the next 10 years. The Committee submitted its report in February 2016.¹⁶³ Key recommendations of the Committee include:

- **School education:** All states and all boards should be mandated to offer Sanskrit in higher secondary schools, with all subject combinations. Five lakh Sanskrit teachers should be trained under the Rashtriya Madhyamik Shiksha Abhiyan and the Sarva Shiksha Abhiyan. One agency in every state should be identified for producing new material and content in Sanskrit.
- **Higher education:** The University Grants Commission should implement 'Sanskrit through Sanskrit' in a phased manner from 2016 to 2017. This means that faculty members should teach Sanskrit after improving their own communication skills in the language. A two-week workshop should be conducted for this purpose. Sanskrit universities should be set up.
- Various new schemes and financial assistance have been proposed for preservation of 'veda vidya' and for learning in Sanskrit language.

National Skill Development Mission and Policy launched

The Ministry of Skill Development and Entrepreneurship launched the National Mission for Skill Development (NMSD) and the National Policy for Skill Development and Entrepreneurship in July 2015.¹⁶⁴ The Policy aims to provide an umbrella framework to all skilling activities in the country.¹⁶⁵

Key features of the Mission and Policy include:¹⁶⁶

- **Objectives of the Policy and Mission include:** (i) Make available quality vocational training to benefit the youth as well as employers, (ii) focus on an outcome-based approach to improve livelihoods, (iii) increase capacity and quality of training infrastructure and trainers, (iv) establish an IT based information system to match demand with supply of skilled workforce, (v) ensure that the skilling needs of the socially and geographically marginalised groups, as well as women, are taken care of, and (vi) encourage entrepreneurship as a career option, etc.
- **Implementation:** The objectives of the policy will be achieved through advocacy, a quality assurance framework, strengthening of existing sector skills councils, a demand-driven curriculum framework, enhancing employability skills, placements, improving access to finance and through the usage of information and communication technology.

The NMSD will be the vehicle for implementing the policy in mission mode. The National Skill Development Agency will be the nodal agency for implementation. States will also have state skill development missions. A Policy Implementation Unit will be responsible for monitoring and evaluation.

- **Financing:** The National Skill Development Fund will be used for funding skilling activities.

Health

The Homoeopathy Central Council (Amendment) Bill, 2015 introduced in Rajya Sabha

The Homoeopathy Central Council (Amendment) Bill, 2015 was introduced in Rajya Sabha in May 2015.¹⁶⁷ The Bill amends the Homoeopathy Central Council Act, 1973.¹⁶⁸ The Act establishes the Homoeopathy Central Council to regulate and enforce standards with regard to homoeopathy

colleges and homoeopathy practitioners. The Bill seeks to prohibit admissions in colleges that do not conform to prescribed educational standards. Key features of the Bill are:

- Under the Act, homoeopathy medical colleges are required to obtain permission from the central government to introduce new courses and increase admissions in any course of study or training. The Bill adds that prior permission of the central government will be required to admit a new batch of students in any course of study.
- Such permission for admitting a new batch of students will be valid for five years.
- The Bill seeks to add an additional ground for non-recognition of homoeopathy medical colleges. In case, any medical college admits a new batch of students without prior permission of the central government, the medical qualification will not be recognised.

The Bill was referred to the Standing Committee on Health and Family Welfare, which submitted its report in July 2015.¹⁶⁹ Salient recommendations of the Standing Committee include:

- The Bill provides that in case a medical institution fails to obtain prior permission, such medical qualification of a student will not be recognised. This provision makes any student of the medical institution liable for de-recognition. The Committee recommended that only the qualification of students of a new batch admitted without previous permission should not be recognised.
- There is a need to incorporate penal provisions for defaulting medical institutions as liability of such institutions is greater than that of students. Hence, the government must address this issue through appropriate amendments.

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

Standing Committee submitted report on HIV and AIDS (Prevention and Control) Bill, 2014

The Standing Committee on Health and Family Welfare submitted its report on the HIV and AIDS (Prevention and Control) Bill, 2014 in April 2015.¹⁷⁰ The Bill is pending in Parliament. The Bill seeks to prohibit discrimination against HIV positive persons, mandate informed consent prior to testing a person's HIV status, prevent the spread of HIV and AIDS, and provide anti-retroviral therapy and infection management for affected persons, etc. The

Committee examining the Bill recommended that the Bill be passed with a few changes.

Key observations and recommendations of the Committee include:

- **Framing of guidelines:** All guidelines under the Bill should be framed such that the provisions of the Bill are implemented effectively. These guidelines must be framed before the date of implementation of the Bill.
- **Appointment of Ombudsman:** The Bill provides for an ombudsman to inquire into violations of the Bill related to healthcare services. Certain other acts of discrimination outlined under the Bill should be brought within the purview of the ombudsman.
- **Insurance cover:** The Bill prohibits the denial or unfair treatment in providing insurance cover to HIV positive people, unless the unfair treatment is based on actuarial studies. All HIV positive people should be provided insurance cover without discrimination. This should be preferably at the normal or slightly higher rate of premium, but not at exorbitant rates.
- **Provision of diagnostic facilities for HIV:** The Bill requires the central government to provide anti-retroviral therapy and opportunistic infection management to HIV positive people, as far as possible. Diagnostic facilities for HIV must also be provided by the central government.

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

National Family Health Survey released

The Ministry of Health and Family Welfare released the results of the first phase of the National Family Health Survey-4 (NFHS-4) (2015-16) in January 2016.^{171,172} The survey is the fourth round of the NFHS series and covered 13 states and two union territories. These consist of Andhra Pradesh, Bihar, Goa, Haryana, Karnataka, Madhya Pradesh, Meghalaya, Sikkim, Tamil Nadu, Telangana, Tripura, Uttarakhand and West Bengal, and the union territories of Andaman and Nicobar Islands and Puducherry. The survey includes information regarding the health, nutrition and population in these states. Key findings are summarised below:

- **Infant Health:** Infant health is measured using parameters such as the Infant Mortality Rate (IMR). IMR is the number of infant deaths in a year per 1,000 live births during the year. Over the time period covered by NFHS-4, all states showed a decrease in IMR when compared to the NFHS-3 (2005-2006). The highest decline in

IMR was observed in the state of Tripura, from 51 deaths per 1,000 live births in NFHS-3 to 27 in NFHS-4.

- **Child Nutrition:** A decline in stunting (height for certain age) in children was observed in all states in the NFHS-4. The most significant decline in stunting in children was observed in the states of West Bengal and Haryana. In West Bengal, the percentage of children under 5 years who are stunted reduced from 44.6% in NFHS-3 to 32.5% in NFHS-4. In Haryana this percentage reduced from 45.7% to 34% over this period.
- **Immunisation:** At least 50% of children in the participating states and union territories were fully immunised. The lowest rate of immunisation was in the state of Madhya Pradesh (53.6% of children fully immunised) and Tripura (54.5% of children fully immunised).
- **Delivery Care:** Over the survey period, all states showed an increase in the number of institutional births. The largest increase in institutional births was found in Madhya Pradesh, where number of institutional births increased from 26.2% in NFHS-3 to 80.8% in NFHS-4.

Draft Assisted Reproductive Technology (Regulation) Bill, 2014 released

The Ministry of Health and Family Welfare released the draft Assisted Reproductive Technology (Regulation) Bill, 2014 in September 2015.¹⁷³ The draft Bill seeks to regulate the standards and use of assisted reproductive technologies. Assisted Reproductive Technology (ART) is the use of techniques to obtain pregnancy by modifying the male sperm or the female egg outside the human body and then planting it (or the embryo) in the female reproductive tract.

Key features of the draft Bill include:

- **Boards:** The draft Bill establishes a national and state board. The boards will be responsible for: (i) permitting ART procedures, (ii) providing eligibility criteria for selection of patients, (iii) formulation, coordination and enforcement of policies related to ART, and (iv) research on human embryos. ART procedures include infertility treatment through the use and creation of embryos outside the human body and artificial insemination with the help of donor sperm.
- **National Registry:** The draft Bill also establishes the National Registry. The registry will maintain a central database which will

contain details of ART clinics and banks. ART clinics will be responsible for carrying out ART procedures. ART banks will be responsible for the supply of gametes and surrogate mothers to ART clinics.

- **Permissions:** Prior permission from the Registration Authority and the National Registry will be required by ART clinics and banks for conducting practices related to ART. The Registration Authority will be responsible for granting permissions to clinics and banks. The National Registry and the Registration Authority will also be responsible for inspecting ART related premises.
- **Penalties:** In case of contravention of the provision of the draft Bill, an imprisonment term of up to five years and fine of up to 10 lakh rupees or both will be applicable.

Instructions related to surrogacy issued

The Ministry of Health and Family Welfare issued instructions related to surrogacy in November 2015.¹⁷⁴ Surrogacy is an arrangement in which a woman agrees to carry a pregnancy that is not genetically related to her and her husband.¹⁷⁵ Under such an arrangement, the woman carries such pregnancy with the intention of handing over the child to the genetic parents. The instructions relating to surrogacy include:

- **Foreign nationals:** Foreign nationals and Overseas Citizens of India (OCI) will not be permitted to commission surrogacy in the country. OCI cards are given to persons including: (i) foreign nationals who were initially citizens of India, and (ii) children of such foreign nationals. Earlier, in order to commission surrogacy, foreign nationals could avail a medical visa and OCI cardholders could take required permission.
- **Import of human embryo:** Establishments offering surrogacy services will not be permitted to import human embryos except for research purposes. Previously, the import of human embryo was permitted if a no objection certificate was obtained from the Indian Council of Medical Research.
- **Present cases:** In case a surrogacy procedure (including import and implantation of the human embryo) has already been initiated, the completion of such cases will be allowed.

Draft Allied and Healthcare Professionals Central Council Bill, 2015 released

The Ministry of Health and Family Welfare released the draft Allied and Healthcare Professionals Central Council Bill, 2015 in October 2015.¹⁷⁶ The draft Bill seeks to regulate the standards of education and professional conduct of allied and healthcare professionals. Allied and healthcare professionals are those delivering healthcare services with expertise in fields such as therapeutic and rehabilitative intervention (eg., physiotherapists, medical and clinical lab technologists).

Key features of the draft Bill include:

- **Councils:** The draft Bill establishes a central council and state level councils. The councils will regulate matters including: (i) educational standards, (ii) professional conduct, and (iii) registration of allied healthcare professionals.
- **Permission for establishment of colleges:** Prior permission of the state council will be required to: (i) establish a college, (ii) introduce a new course, and (iii) increase admission capacity. If prior permission is not taken, such educational qualification will not be recognised.
- **Standards of education and professional conduct:** In terms of education and professional conduct, the central council will: (i) provide for a uniform entrance examination for admissions, (ii) prescribe minimum standards of education, and (iii) prescribe standards of professional conduct. State councils will be responsible for conducting entrance exams and ensuring compliance of these minimum standards.
- **Registry:** Prior registration in the state register will be required to practice an allied and healthcare profession. The state councils will be responsible for the entry of names and the maintenance of the register. The central council will maintain a central repository.
- **Penalties:** In case of contravention of the provisions of the draft Bill, an imprisonment of up to one year and fine of up to five lakh rupees will be applicable.

Draft Indian Medicine and Homoeopathy Pharmacy Central Council Bill released

The Ministry of AYUSH released the draft Indian Medicine and Homoeopathy Pharmacy Central Council Bill, 2016 in February 2016.¹⁷⁷ The draft Bill seeks to regulate the standards of pharmacy

education and practice in ayurveda, siddha, unani tibb, sowa rigpa and homeopathy.

Key features of the draft Bill include:

- **Regulatory bodies:** The draft Bill mandates the central and state governments to establish a Central Pharmacy Council and State Pharmacy Authorities respectively. The Central Council will regulate: (i) educational standards, and (ii) standards of professional conduct of pharmacists. The State Pharmacy Authority will regulate: (i) registration of pharmacists, (ii) dispensation of drugs, etc.
- **Prior permission of the government:** Prior permission of the central government will be required to: (i) establish a pharmacy college, (ii) introduce a new pharmacy course, (iii) increase admission capacity, and (iv) admit a new batch of students. If prior permission is not obtained, the educational qualifications awarded by the college will not be recognised.
- **Standards of education and professional conduct:** The Central Council will: (i) prescribe minimum standards of education, and (ii) standards of professional conduct. The Central Council will be responsible for monitoring the standards of education. The State Authority will be responsible for ensuring compliance with standards of professional conduct.
- **Registry:** Prior registration in the state register will be required to practice the profession of pharmacy. The State Authority will be responsible for the entry of names and the maintenance of the register. Similarly, the Central Council will maintain a central register of pharmacists.
- **Penalties:** If a person other than a registered pharmacist prepares, dispenses drugs, etc., he will face up to six months of imprisonment or fine up to Rs 25,000 or both. However, this will not apply to a registered practitioner dispensing drugs to his patients.

Draft amendments to the Pre-conception and Pre-Natal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994 released

The Ministry of Health and Family Welfare released the draft amendments to the Pre-conception and Pre-natal Diagnostic Techniques (Prohibition of Sex Selection) Act, 1994 in March 2016.¹⁷⁸ The Act prohibits sex selection and regulates the utilisation of diagnostic techniques used before child birth.

Key draft amendments include:

- **Sale and transfer:** The Act does not allow for the sale of equipment (capable of detecting sex of the foetus) such as ultrasound machines to persons, or clinics which are not registered under the Act. The draft amendments also propose to include the transfer of such devices within the ambit of the 1994 Act.
- **Appropriate authority:** The Act provides for the establishment of the appropriate authority at the state level (includes legal officer and representative of women's organisations). The functions of the authority include registration of clinics, and enforcement of prescribed standards for such clinics. The draft amendments provide that the authority will also be responsible for preventing the misuse of diagnostic techniques.
- **Offences and penalties:** In case a registered medical practitioner employed in a diagnostic centre etc., violates the provision of the Act, he will be liable for imprisonment of up to three years and a fine of up to Rs 10,000. The draft amendments propose to increase the fine to Rs 50,000. For subsequent convictions, the Act provides for an imprisonment term of up to five years and a fine of up to Rs 50,000. The draft amendments provide for an imprisonment term of a minimum of five years and increases the fine to Rs 1,00,000.

Report on High Trade Margins in the Sale of Drugs released

The report of the Committee on High Trade Margins in the Sale of Drugs (Chair: Mr. Sudhansh Pant) was released in March 2016.¹⁷⁹ The Committee was set up under the Ministry of Chemicals and Fertilizers to examine the issue of high trade margins of drugs. Trade margin is the difference between price of the drug sold (by the manufacturer to the distributor) and the maximum retail price.

Key recommendations of the Committee include:

- **Cap on trade margins:** In order to regulate the issue of high trade margins which causes overcharging of consumers, a cap must be set on such trade margins. Further, trade margins must be capped for all drugs including stents, generic, and branded drugs.
- **Fixed margins:** Based on the annual turnover, a graded trade margin has been proposed. For example, in case of a single tablet with maximum retail price from two rupees to Rs 20,

a maximum trade margin of 50% (as a % of MRP) has been proposed.

- **Exemptions:** Cap on drugs will not be set in case the retail price of the single tablet or capsule is up to two rupees.
- **Bonus:** The benefit of bonus offers (such as a one plus one offer) on free drugs should be given to consumers by proportionately revising the trade margins on such drugs.
- **Price control order:** The Drug Price Control Order, 2013 (the order fixes the prices of certain drugs) must be amended to disallow selling of drugs above the permissible margin.

Report on consumption of high fat foods and promotion of healthy snacks in schools submitted

A Working Group, constituted by the Ministry of Women and Child Development, submitted its report on Addressing Consumption of Foods High in Fat, Salt and Sugar (HFSS) and Promotion of Healthy Snacks in Schools of India in November 2015.¹⁸⁰

The report has been prepared in light of childhood obesity emerging as a major health concern in the country. Under nutrition, micronutrient deficiencies and excess intake of calories result in obesity. Overweight and obese children are more likely to develop non-communicable diseases.

Recommendations of the report include:

- HFSS foods in the context of school canteens may be defined as any food or drink which contains low amounts of protein, vitamins, minerals, etc., but is rich in fat, salt and sugar. These are known to have a negative impact on health if consumed regularly or in high amounts.
- Ban the sale of all HFSS foods in school canteens. Foods can be categorised on the basis of nutritional value.
- The Food Safety and Standards (Packaging and Labelling) Regulations, 2011 may be followed with regard to packaging and labelling requirements, including nutritional information, etc. Statutory warnings may also be added.
- Concerned Ministries such as the Ministry of Women and Child Development, Ministry of Human Resource Development, etc should coordinate their activities.
- The Ministry of Information and Broadcasting should lay down strict regulatory provisions for matters including: (i) advertisement of pre-

packaged foods targeted at children, and (ii) restricting advertisements on packaged HFSS goods during prime time.

Urban Development and Housing

Smart Cities Mission launched by Ministry of Urban Development

The Ministry of Urban Development launched the Smart Cities mission in June 2015.¹⁸¹ The primary objective of the mission is to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and apply 'smart' solutions. The focus would be on sustainable and inclusive development.¹⁸² The mission would cover 100 cities and its duration will be five years (2015-20).

Smart City challenge: In its first year, the mission was introduced in the form of a competition. The first stage was in July 2015 when states nominated their cities. In August 2015, 98 of those cities were selected to participate in the competition. Between August and December 2015, the cities created their plans for a smart city.

Of these 98 cities, 20 have been selected as the winners who will receive additional funding from the centre. Starting from 2016-17, these cities will be provided with central assistance of Rs 200 crore in the first year followed by Rs 100 crore each year for the next three years.

For more details on the selection process, and announcement of winners please see [here](#), and [here](#).

Special Purpose Vehicle (SPV): The mission would be implemented at the city level by a SPV created for the purpose. Each Smart City would have a SPV which will be headed by a full time CEO and have nominees of the central and state government as well as the ULB on its Board. The state and the ULB would be the promoters in this company having 50:50 equity shareholding. Funds provided by the government to the SPV would be in the form of tied grant and kept in a separate grant fund under the SPV. These funds would be utilized only for the purposes for which the grants would be given.

Financing: The mission would be operated as a Centrally Sponsored Scheme. The central government would provide financial support of up to Rs 48,000 crore over five years, that is, an average of about Rs 100 crore per city per year. The states and ULBs would have to contribute an equal amount.

Since funding from the government would meet only a part of the funding required, the rest will have to be raised from other sources including: (i) states/ULBs own resources from collection of user fees, land monetization, etc., (ii) innovative finance mechanisms such as municipal bonds, (iii) leverage borrowings from financial institutions, both domestic and external, and (iv) the private sector through Public Private Partnerships.

The distribution of funds under the mission would be as follows:

- 93% project funds;
- 5% administrative & office expenses funds for state/ULB (towards preparation of the smart city plans, pilot studies connected to smart solutions, capacity building);
- 2% administrative & office expenses funds for MoUD (research, pilot studies, capacity building, and evaluation).

Ministry of Urban Development launched Atal Mission for Rejuvenation and Urban Transformation (AMRUT)

The Ministry of Urban Development (MoUD) launched the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) in June 2015.¹⁸¹ The mission aims to provide basic services (water supply, sewerage, urban transport, etc.) in cities, especially to the poorer households.

Planning: Each AMRUT city would prepare a Service Level Improvement Plan after a detailed analysis of gaps in basic infrastructure. The states would then aggregate these plans, prioritize the projects in consultation with ULBs and prepare their State Annual Action Plans for each financial year. State plans would be submitted to MoUD, and funds will be released based on these plans.

Coverage: The mission will cover the following cities: (i) all cities and towns with a population of over one lakh with notified municipalities, including cantonment boards (civilian areas), (ii) all capital cities not covered in the first criterion, (iii) all cities classified as heritage cities by MoUD under the HRIDAY scheme, (iv) 13 cities on the stem of the main rivers with a population above 75,000 and less than one lakh, and (v) 10 cities from hill states, islands and tourist destinations (not more than one from each state).

Financing: AMRUT is a Centrally Sponsored Scheme with a financial outlay of Rs 50,000 crore for

five years (2015-20). The mission funds will consist of the following four parts:

- **Project fund:** 80% of the annual budgetary allocation would be allocated for the projects. The allocation of project funds would be as per the urban population and number of statutory towns in each state/UT.
- **Incentive for reforms:** 10% of the annual budgetary allocation would be given to states as an incentive for the achievement of reforms. One purpose of the mission is to improve governance through a set of reforms. In the earlier missions, project funds were not released if reforms were not completed, which resulted in project delays. AMRUT shifts from penalizing to incentivising.
- **State funds for administrative & office expenses:** 8% of the annual budgetary allocation.
- **MoUD funds for administrative & office expenses:** 2% of the annual budgetary allocation.

Till March 2016, MoUD had approved investment of Rs 20,491 crore under AMRUT in 2015-16 for 483 cities in 26 states and union territories. For more details on these allocations, please see [here](#), and [here](#).

Ministry of Urban Development released Model Building Bye-Laws, 2016

The Ministry of Urban Development released the Model Building Bye-Laws, 2016 in March 2016.¹⁸³ These bye-laws provide standards to regulate the architectural and construction specifications of a building (such as area, height, etc). These standards serve to protect buildings against any hazards (fire, earthquakes, structural failures, etc.). The model bye-laws would act as guidelines for state and city governments that do not have their own buildings bye-laws. The last model bye-laws were released in the year 2004.

Key features of the model bye-laws include:

- **Development codes:** Some flexibility has been provided in the requirement of Floor Area Ratio (FAR) such as allowing additional FAR. FAR is the ratio of total floor area over total plot area. Higher FARs indicate denser construction. Areas in a city have FAR depending on the purpose of land (residential, commercial, educational, industrial, etc.).
- **Structural safety:** In addition to the minimum standards for all buildings, provisions have been

made for natural hazard prone areas. These include wind storm protection, earthquake protection, and landslide hazards.

- **Barrier free environment:** All buildings and facilities used by the public, with area above 2,000 sq m, would have to provide for barrier free designs. A barrier free building is one that is easily accessible for the differently abled, elderly, and children alike.
- **Environmental concerns:** All buildings with plot size above 100 sq m, while submitting the building plans for sanction, would have to include the complete proposal for rainwater harvesting. All buildings with plot size above 200 sq m would comply with the green building norms (such as solar energy utilization, energy efficiency, waste management, etc).
- **Streamlining of approvals:** The bye-laws provide guidelines for urban local bodies (ULBs) to streamline the clearance procedures required in building construction. These include: (i) online sanction of clearances, (ii) outsourcing procedures, (iii) establishing a single window system, and (iv) creating a specialized cell for clearances in the ULBs.

Two-year extension given to sub-missions under JNNURM

In April 2015, the Cabinet Committee on Economic Affairs (CCEA) approved a two-year extension to two sub-missions under the Jawaharlal Nehru National Urban Renewal Mission (JNNURM). These were (i) the Basic Services to the Urban Poor (BSUP), and (ii) the Integrated Housing and Slum Development Programme (IHSDP).¹⁸⁴

The time limit to complete projects under these schemes was extended from March 31, 2015 to March 31, 2017. The initial duration for JNNURM was seven years, from 2005 to 2012. The scheme had earlier been extended up to March 31, 2015.

According to the government, an additional amount of Rs 350 crore would be required for its completion. However, several projects saw delays due to issues such as: (i) non-availability of litigation-free land, (ii) delay in financial closure, and (iii) cost escalation.

Real Estate (Regulation and Development) Bill, 2016 passed by Parliament

Parliament passed the Real Estate (Regulation and Development) Bill, 2016 in March 2016.¹⁸⁵ The Bill regulated transactions between buyers and promoters of residential real estate projects.

The Bill was introduced in Rajya Sabha in August 2013, and was subsequently examined by the Parliamentary Standing Committee on Urban Development, which submitted its report in February 2014.¹⁸⁶ In April 2015, the government circulated several amendments to the Bill.¹⁸⁷ A Rajya Sabha Select Committee examined the Bill with the proposed amendments and submitted its report in August 2015.¹⁸⁸

Key features of the Bill, as passed, include:

- **Authorities:** The Bill regulates contracts between buyers and sellers in the residential real estate sector. It mandates that all states and union territories (UTs) establish state level Real Estate Regulatory Authorities (RERAs), and specifies their composition. The Bill also mandates establishing of state level Real Estate Appellate Tribunals where orders of RERAs could be appealed.
- **Registration:** The Bill requires that all residential, commercial, and industrial projects above a certain size be registered with the RERA. However, flexibility is given to state governments to establish lower limits. Real estate agents dealing in these projects would also have to register with the RERA.
- **Promoter:** In order to register a project with the RERA, the promoter will have to provide details of the project including the number of apartments and their carpet area, and a declaration that he has a legal land title for the project. In case a buyer incurs a loss because of false advertising and wishes to withdraw from the project, the promoter would have to return the amount collected, with interest.
- The Bill also requires that promoters keep 70% of the amount collected from buyers for a project, in a separate bank account. This amount would only be used for construction of that project. The state government can alter this amount to less than 70%.
- **Buyer:** The buyer must make required payments as per the agreement with the promoter, or pay interest for any delay in payment.
- **Penalties:** The Bill also provides for penalties for promoters, agents, and buyers, for the breach of certain provisions of the Bill. For example, if a seller fails to register a project, he may be penalised up to 10% of the estimated cost of the project. If a buyer fails to follow orders of the RERA he would have to pay a fine of up to 5% of the property.

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

Pradhan Mantri Awas Yojana – Housing for All (Urban) launched

The Ministry of Housing and Urban Poverty Alleviation launched the Pradhan Mantri Awas Yojana – Housing for All (Urban) mission in June 2015.¹⁸⁹ The scheme sought to address the housing requirement of the urban poor including slum dwellers. Prior to this mission, urban housing was addressed by the Rajiv Awas Yojana and Rajiv Rinn Yojana schemes. These were discontinued, and the liabilities created under them were subsumed under the new mission.¹⁹⁰

In Budget 2016-17, the rural and urban housing schemes have been combined under one scheme called the Pradhan Mantri Awas Yojana (PMAY).¹⁹¹ PMAY will have two components – rural and urban. The Ministry of Rural Development will implement the rural component and the Ministry of Housing and Urban Poverty Alleviation will implement the urban component.

The mission guidelines were amended in September and November 2015, and revised guidelines for PMAY (Urban) were released in March 2016.¹⁹²

- **Objectives and components:** The mission would be implemented during 2015-22 and provide central assistance to ULBs for the following: (i) ‘in situ’ slum redevelopment, (ii) affordable housing through credit linked subsidy, (iii) affordable housing in partnership, and (iv) subsidy for beneficiary-led individual house construction. Beneficiaries can take advantage of only one of these options. States/UTs would review this list to ensure that no beneficiary is granted benefits twice under the Mission.
- **Implementation:** The mission would be implemented in all 4,041 statutory towns, with a focus on the 500 Class I cities. States would have the flexibility to choose from the four verticals of the mission to meet the housing demand in their states. Project formulation and approval would be done by the states in accordance with the mission guidelines. Each city would have to prepare a detailed project report for each component of the scheme except the credit linked subsidy scheme.
- **Mandatory conditions:** To avail financial assistance from the central government, states would have to fulfil certain mandatory conditions. These conditions included: (i) preparing or amending their Master Plans

earmarking land for affordable housing, (ii) putting a system in place to ensure single-window, time bound clearance for layout approval and building permissions at the ULB level, and (iii) either legislating or amending their existing rental laws on the lines of model Tenancy Act being prepared by MoHUPA (a draft version of the model Tenancy Act was released by MoHUPA in October 2015).¹⁹³

The central government would provide assistance in the range of Rs 1 to Rs 2.3 lakh per house under different components of the scheme.

Policy on promotion of city compost approved by Cabinet

The Union Cabinet approved the Policy on promotion of city compost in January 2016.¹⁹⁴ City compost includes compost prepared from city waste which can be further utilised by farmers.

The Policy provides for a market development assistance of Rs 1,500 per tonne of city compost to scale up production and consumption of the product. This market development assistance would lower the price of city compost for farmers. Further, the use of an ‘Eco-Mark’ standard will ensure that environment friendly and quality product reaches farmers.

In order to monitor and facilitate the availability of city compost, a joint mechanism will be set up by the Ministries of Chemicals and Fertilizers, Urban Development and the Agriculture and Farmers Welfare. Initially, the marketing of city compost will be done through the existing fertilizer companies. Subsequently, compost manufactures and other marketing companies (recognised by state government) with the approval of Department of Fertilizers will perform this function. The market development assistance will be routed through the marketing company.

Working Group constituted to study the impact of migration

The Ministry of Housing and Urban Poverty Alleviation constituted a Working Group to assess the impact of migration on housing, infrastructure, and livelihoods in July 2015.¹⁹⁵ The Group was to submit its report within three months from the day of their first meeting. The report had not been published by March 2016.

Key terms of reference for the Group included:

- Reviewing the trend of various forms of migration in India and its impact on urban areas

along with the implications on rural areas and smaller towns.

- Understanding intercontinental migration and its associated impact on Indian cities and the consequent internal migration.
- Analysing how migration helps in income benefits and the economic impact on both the origin and the destination.
- Analysing migration patterns and trends in various economic groups.
- Assessing the impact of migration on:
 - **Housing:** Analysing the housing mix that caters to the migrant population
 - **Infrastructure:** Analysing how migrants affect the infrastructure of a city and their access to services and infrastructure.
 - **Livelihoods:** Understanding the opportunities and challenges for migrants in terms of both wages and skills.
- Understanding the effectiveness of Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
- Suggesting policy measures to better tackle migration from the perspective of housing, infrastructure and livelihoods.

Rural Development

Cabinet approved implementation of rural housing scheme PMAY - Gramin

The Union Cabinet approved the implementation of rural housing scheme, Pradhan Mantri Awaas Yojana - Gramin (PMAY - G) in March 2016.¹⁹⁶ Earlier, this scheme was called Indira Awaas Yojana (IAY). The objective of the scheme is to help achieve 'Housing for All' by 2022.

Under IAY, financial assistance of Rs 70,000 in plain areas and Rs 75,000 in hilly areas was provided to rural BPL households for construction of a dwelling unit. Under PMAY - G, this has been enhanced to Rs 1,20,000 in plain areas and Rs 1,30,000 in hilly areas.

The expenditure involved in implementing the project from 2016-17 to 2018-19 is Rs 81,975 crore. In a span of these three years, one crore households will be provided assistance for construction of a pucca house. The additional financial requirement of Rs 21,975 crore will be met by borrowing through

National Bank for Agriculture and Rural Development.

Further, the size of a dwelling unit is being increased from 20 square meter (sq. M) to up to 25 sq. M under PMAY - G. The cost of unit assistance will be shared between the centre and state in the ratio of 60:40 in plain areas and 90:10 in hilly states. A National Technical Support Agency will be set up to provide support to the centre and states to facilitate construction of quality houses and achieve the target.

Beneficiaries eligible for assistance will be identified and prioritised using information from Socio Economic and Caste Census, released in July 2015. The beneficiary will also be entitled to 90 days of unskilled labour from the National Rural Employment Guarantee Scheme. He can also avail a loan of up to Rs 70,000 for house construction.

Shyama Prasad Mukherji Rurban Mission in rural areas approved

The Shyama Prasad Mukherji Rurban Mission (SPMRM) was approved by the Union Cabinet in September 2015. It aims to transform rural areas into economically, and socially sustainable spaces.¹⁹⁷ The Mission will select and develop rural growth clusters.

The key features of the Mission include:

- The Ministry of Rural Development will adopt a scientific process of cluster selection. The process will involve an objective analysis of parameters like demography, economy, tourism, etc. at the district, sub-district and village levels.
- The clusters will be identified by the state governments in accordance with guidelines prepared by the Ministry of Rural Development. These clusters will be geographically contiguous Gram Panchayats with a different population threshold for plain and tribal areas.
- The development of clusters will be undertaken through provisioning of economic activities, building skills and local entrepreneurship, and providing infrastructure.
- 14 characteristics have been identified with regard to a cluster's optimal level of development. These include skill development training linked to economic activities, sanitation, and higher education, among others.
- The Mission has been approved with a budget outlay of Rs 5,142 crore. The funding for development of these clusters will be provided by combining funding from various government schemes. The Mission will provide an additional

funding support of up to 30 % of the project cost per cluster as critical gap funding.

Target date for full completion of PMGSY brought forward by three years

The central government brought forward the completion date for Pradhan Mantri Gram Sadak Yojana (PMGSY) by three years from 2022 to 2019 in November 2015.¹⁹⁸

PMGSY was launched in 2000 as a centrally sponsored scheme. The objective of the scheme is to provide all-weather road connectivity to eligible unconnected rural habitations.

The government plans to achieve the target at an earlier date by providing enhanced financial allocation and modifying the funding pattern of the scheme. In enabling this, the central allocation for the scheme during 2015-16 has been increased by Rs 5,000 crore to make it Rs 15,100 crore.

Table 11 shows the release of funds to states for the past four years.

Table 11: Central release to states for PMGSY (in Rs crore)

Year	Allocation (Budgeted Estimate)	Revised Estimate	Amount Released
2012-13	24,000	8,885	8,884
2013-14	21,700	9,700	9,805
2014-15	14,391	14,200	12,791
2015-16	14,291	18,291	12,775

Sources: Demand for Grants (2016-17) of the Ministry of Rural Development (Department of Rural Development), Lok Sabha Unstarred Question No. 398; PRS.

The sub-group of Chief Ministers on Rationalization of Centrally Sponsored Schemes has recommended that fund sharing pattern of PMGSY should be in the ratio of 60:40 between the centre and states.¹⁹⁹ For the eight north-eastern and three Himalayan states, the funding pattern will be 90:10. This recommendation has been accepted by the Ministry of Rural Development for PMGSY.

Cabinet approved changes in the implementation framework of NRLM

The Union Cabinet gave its approval for changes to National Rural Livelihood Mission (NRLM) in December 2015.²⁰⁰ NRLM was launched in June 2011 with the aim to enable rural poor to increase their household income through sustainable livelihood enhancements and improved access to financial services.

The changes include expanding the benefits of the mission to 100 more districts and relaxing the existing criteria for allocation of funds to north-east states other than Assam.

Key changes in the implementation framework for NRLM are:

- **Planning for targeted reduction of poverty using Socio-Economic Caste Census (SECC) database:** The SECC data will help identify rural households using parameters such as income level and asset ownership.
- **Extending interest subvention in 100 more districts from current financial year:** This will include interest subvention to all women Self Help Groups for loans up to three lakh rupees from banks at the interest rate of 7% per annum. An additional subvention of 3% for prompt repayment will bring the effective rate to 4%.
- **Greater emphasis on skill development under Deen Dayal Upadhyaya Grameen Kaushalya Yojana:** The existing restriction limits the allocation to this scheme to 25% of NRLM funds. Removal of this limit will help the Ministry to include courses of longer duration with better placement prospects for rural youth.
- **Administrative expenses:** The existing ceiling for administrative expenses will be enhanced to 6% of the NRLM allocation.
- **Need based financial allocation of Himayat programme:** The existing cap of Rs 235 crore on the total outlay for Himayat (a training-cum-placement scheme for unemployed youth in Jammu & Kashmir) will be replaced with a demand-based allocation and target within the overall budget provision of NRLM, to be funded entirely by the central government.

Project 'Neeranchal' approved by Cabinet Committee on Economic Affairs

The Union Cabinet Committee on Economic Affairs in October 2015 gave its approval for the implementation of project 'Neeranchal', the watershed component of the Pradhan Mantri Krishi Sinchayi Yojana (PMKSY).²⁰¹ The Integrated Watershed Management Programme (IWMP) has been implemented by the Department of Land Resources, Ministry of Rural Development since 2009-10, for supporting watershed development in 28 States. From 2015-16 onwards, the IWMP will be implemented as 'Neeranchal'.

'Neeranchal' seeks to address the issues of:

- Bringing about changes in institutional and rain-fed agricultural watershed management practices in India,
- Building watershed programmes and rain-fed irrigation systems to ensure that management practices are better focused, more coordinated, and deliver results, and
- Devising strategies for the sustainability of watershed improvement management practices in programme areas after the withdrawal of project support.

The project aims to provide technical assistance and strengthen the PMKSY to enhance its delivery capacity. This includes: (i) reducing surface runoff of rainwater, (ii) increasing recharge of groundwater, and (iii) increasing availability of water in rain-fed areas for higher agriculture productivity.

The total cost of the project is Rs 2,142 crore, of which the government's share will be 50% and the rest will be a loan component from World Bank.

Standing Committee submitted report on Registration (Amendment) Bill, 2013

The Standing Committee on Rural Development submitted its report on the Registration (Amendment) Bill, 2013 in May 2015.²⁰² The Bill seeks to amend the Registration Act, 1908.²⁰³

The Act governs the process of registering documents such as those relating to property, wills, etc.²⁰⁴ It specifies: (i) the authorities which are responsible for registration, (ii) the process of registration, (iii) documents which will need to be registered, and (iv) penalties for not adhering to provisions of the Act.

The Bill amends the Act to incorporate changes made to the process of registration as a result of the computerisation of land records. It also makes changes to the types of documents which will need to be registered under the Act.

The Committee endorsed the Bill, but made certain observations and recommendations including:

- The Bill seeks to make the registration of those properties which are leased for less than one year (and command a rent of more than Rs 50,000 per month) compulsory. State governments should be allowed to determine the amount of rent above which registration will be compulsory.
- Under the Act, the registration of wills is optional. The Bill also seeks to continue this practice. However, the Committee

recommended that the registration of wills should be made compulsory.

- At present, documents relating to land need to be registered at the office of the sub-registrar within whose sub-district the property is located. The Bill permits documents to be registered anywhere in the country. The Committee pointed out that the lack of infrastructural facilities in certain areas, might lead to fraudulent registration or create problems for those who wish to register land. However, instead of registration at the sub-district level registration may be allowed at the district level.
- Electronic-registration, which the Bill seeks to permit, should be allowed only when sub-registrar offices are equipped to identify those applying online.

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

Sub-Group on Rationalisation of Centrally Sponsored Schemes submitted report

The Sub-Group of Chief Ministers on Rationalisation of Centrally Sponsored Schemes (CSS) under NITI Aayog submitted its report in October 2015.¹⁹⁹ The Sub-Group was constituted by the Prime Minister in March 2015, and comprised the Chief Ministers of Arunachal Pradesh, Jammu and Kashmir, Jharkhand, Kerala, Madhya Pradesh, Manipur, Nagaland, Rajasthan, Telangana, Uttar Pradesh, the Lt. Governor of Andaman and Nicobar Islands, and the Chief Executive Officer of NITI Aayog.

Terms of Reference of the Sub-Group included: (i) examining existing CSS and recommending measures to ensure their flexible implementation, and (ii) suggesting reforms in the schemes which have been continued as CSS in the 2015-16 Budget, in light of the 14th Finance Commission recommendations.

Key observations and recommendations include:

- **Core and optional schemes:** The existing CSS should be divided into core schemes and optional schemes. NITI Aayog would allocate central funds for core schemes; for optional schemes, the Finance Ministry will allocate funds to states as a lump sum. States would be free to choose optional schemes which they wish to implement.
- **Fund sharing pattern:** Schemes for social protection and social inclusion should form the 'core of the core' schemes. The fund sharing pattern between the centre and states for these schemes will remain unchanged. The fund sharing pattern for all other schemes would be:

Table 12: Proposed funding pattern for CSS (ratio of centre: states funding)

States	Core schemes	Optional schemes
North Eastern states	90:10	80:20
Himalayan states	90:10	80:20
All other states	60:40	50:50
Union territories	Funded entirely by centre	Funded entirely by centre

Sources: Report on Rationalisation of CSS; PRS.

Note: North Eastern states include Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, Sikkim, and Tripura. Himalayan states Himachal Pradesh, Jammu and Kashmir, and Uttarakhand.

- **Allocation of funds:** There will be transparent criteria for allocation of funds to states for core and optional schemes. These criteria will be evolved by the NITI Aayog in consultation with the relevant central and state ministries.
- **Monitoring of CSS:** NITI Aayog would have joint jurisdiction in the monitoring of CSS in central and state ministries. A Standing Committee should be constituted under the chairmanship of the CEO of NITI Aayog. Each state or union territory will nominate a senior government officer to this Committee.
- **Flexi-funds:** 25% of the allocation to any scheme in the case of states, and 30% in the case of UTs, should be a flexi-fund. This fund would be spent according to guidelines issued by the Ministry of Finance.
- **Existing projects:** All projects which were started in 2014-15 and for which funds were awarded until March 31, 2015 will continue under the existing funding pattern until March 2017. Schemes which have been delinked from central support will then be discontinued.

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

Cabinet approved Rs 9,000 crore project of World Bank support to SBM-Gramin

The Union Cabinet gave its approval to a Rs 9,000 crore project of World Bank support to Swachh Bharat Mission- Gramin (SBM - G) in March 2016.²⁰⁵ The project provides for incentivising states on the basis of their performance in the mission. Under this project, the performance of states will be gauged through certain performance indicators. Key performance indicators are:

- Reduction in open defecation,
- Sustaining open defecation free status in villages,

- Increase in rural population served by improved solid and liquid waste management.

Out of the total credit of Rs 9,000 crore, Rs 8,850 crore will be used for providing incentive grant to states. The remaining Rs 150 crore will be used for providing management and capacity support to Ministry of Drinking Water and Sanitation.

The states are to pass on more than 95% of the incentive grant to the appropriate implementing agencies at different levels of districts, blocks, gram panchayats, etc.

Guidelines framed for Open Defecation Free villages

The Ministry of Drinking Water and Sanitation issued guidelines under the Swachh Bharat Mission - Gramin (SBM - G) in September 2015.²⁰⁶ The guidelines will help the states to evolve their own mechanisms to implement the Mission. The SBM-G focuses on the achievement of open defecation free villages. The guidelines issued include:

- The process of verification of open defecation free villages will start with a Gram Sabha resolution declaring open defecation free status. The resolution may be for the entire Gram Panchayat or a village or habitation.
- The states can choose their agencies for verification or verify through a third party. If they use their own agencies, cross verification will have to be carried out.
- The indicators for verifying if a village is 'open defecation free' will be decided on the basis of its definition. 'Open defecation free' implies an absence of visible faeces in the village environment, and use of safe technology for disposal of faeces. States are free to add more indicators as well.
- At least two verifications will need to be carried out to establish such villages. The first within three months of the declaration to verify the status and the second after six months to ensure the sustainability.

Food and Public Distribution

Cash Transfer of Food Subsidy Rules, 2015 notified

The Cash Transfer of Food Subsidy Rules, 2015 were notified by the Department of Food and Public

Distribution in September 2015.²⁰⁷ Section 12 of the National Food Security Act, 2013 states that reforms under the Public Distribution System (PDS) should be undertaken from time to time, and that the central government may make rules in this regard. These reforms include introduction of cash transfer schemes to targeted beneficiaries.

The Cash Transfer of Food Subsidy Rules, 2015 provide for direct cash transfers to beneficiaries in certain identified areas in states and union territories. For states and union territories which are not identified under this scheme, food grains will continue to be transferred under the existing PDS scheme. Key features of the Rules include:

- State governments may implement cash transfer of food subsidy in areas which have fulfilled the following conditions: (i) completed digitisation and de-duplication of the beneficiary database, (ii) merged bank account details with the Aadhaar numbers, (iii) ensured adequate availability of food grains in the open market, and (iv) identified a state agency which will receive funds from the central government and transfer them to accounts of beneficiaries.
- State governments will prepare summary proposals for funds required as food subsidy. The central government will transfer the food subsidy funds to state accounts. State governments will then transfer these funds to individual bank accounts of entitled households which are on the digital beneficiaries' database.
- State governments will submit utilization certificates to the central government, for the funds transferred by it to states.
- Under the PDS, each beneficiary household is entitled to 5 kilograms of food grains per person per month. The food subsidy payable to each entitled household will be calculated as: the entitled quantity of food grains per household, multiplied by $(1.25 * \text{MSP}) - \text{CIP}$.
- Minimum support price (MSP) is the price at which the government purchases grains from farmers and central issue price (CIP) is the price at which the state government sells grains to beneficiaries.

State governments will evaluate the effectiveness of the scheme and submit reports to the central government, six months and one year after it has been implemented.

Women and Child Development

The Juvenile Justice Bill, 2015 passed by Parliament

The Juvenile Justice (Care and Protection of Children) Bill, 2015 was passed by Parliament in December 2015. It replaces the Juvenile Justice (Care and Protection of Children) Act, 2000. The Bill was introduced in Lok Sabha in August 2014 and the Standing Committee on Human Resource Development submitted its report in February 2015.^{208,209} The Bill addresses children in conflict with law, children in need of care and protection, and details procedures for dealing with both these categories of children.

Among other things, the Bill permits the treatment of 16-18 year olds committing heinous crimes, as adults. A heinous crime has been defined as one that attracts a minimum of seven years' imprisonment, under any existing law. However, no juvenile can be awarded death penalty or life imprisonment.

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

One stop centre scheme launched to support women affected by violence

The Ministry of Women and Child Development launched the one stop centre scheme to support women affected by violence and released its implementation guidelines in April 2015. The scheme would be under the umbrella scheme for National Mission for Empowerment of Women and would be entirely funded from the Nirbhaya Fund, a central government fund.²¹⁰

The 12th Plan Working Group on Women's Agency and Empowerment and the Justice Usha Mehra Commission had recommended setting up of one stop crisis centres.^{211,212} These centres would be to help victims of sexual assault and provide speedy justice to them. The centrally sponsored scheme has been launched on a pilot basis and its objectives are to provide shelter, police desk, legal, medical and counselling services to victims of violence under one roof, with a 24-hour helpline.

Further details of the services mentioned above have also been released, along with specifications regarding: (i) location, (ii) roles and responsibilities of key stakeholders, (iii) administration and management of the centres, and (iv) institutional arrangements for monitoring the scheme at the national, state and district levels.

High Level Committee Report on the Status of Women in India released

A High Level Committee constituted by the Ministry of Women and Child Development in May 2013 submitted its report on the status of women in India in July 2015.²¹³

The recommendations of the Committee ranged across parameters such as socio-economic status, violence against women, health and education, etc. Key recommendations include:

- **Implementation of existing Acts:** Laws including the Pre-Conception and Pre-Natal Diagnostic Techniques Act, 1994, Dowry Prohibition Act, 1961, Hindu Succession (Amendment) Act, 2005, Prevention of Child Marriage Act, 2006, the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, etc, should be effectively implemented and monitored.
- **Criminal laws:** The budget for the implementation of the Protection of Women from Domestic Violence Act, 2005 is insufficient for effective implementation. This allocation needs to be increased. Marital rape should be made an offence and age of consent, which is currently 18 years, should be revised.
- **Other laws:** Under the Hindu law, irretrievable breakdown of marriage should not be a ground for divorce, as it is at present. Under the Muslim law, a complete ban should be imposed on oral, unilateral and triple divorce (*talaq*). The Maternity Benefit Act, 1961 should be amended to make it illegal to preferentially employ women based on marital status and pregnancy. Specific provisions regarding women workers should be included in the Unorganised Workers Social Security Act, 2008.
- **Monitoring agency:** A national level monitoring agency should be set up to collect data on gender every five years. A national policy on sex ratio should also be devised.

Law Commission submitted report on early childhood development

The Law Commission of India submitted a report on 'Early Childhood Development and Legal Entitlements' to the Law Ministry in August 2015.²¹⁴ This report examined issues relating to the rights of children under the age of six years. The Commission was of the opinion that the constitutional framework should reflect the special status and needs of children in this age group. Key recommendations include:

- **Fundamental right to care and protection:** A new fundamental right guaranteeing a child's right to basic care and assistance, and protection from neglect, harm and exploitation must be included in the Constitution.
- **Fundamental right to education:** Article 21A of the Constitution, which guarantees the fundamental right to education, should be amended to extend it to children below 6 years of age. Currently, this Article covers children between six and 14 years of age. Consequently, the Right to Free and Compulsory Education Act, 2009 should also be amended to mandate pre-school education.
- **Creation of a statutory authority:** A statutory authority called the Council for Early Childhood Development should be created, at the central and state levels. Such Councils must ensure emphasis on promotion of early childhood development. They should be responsible for laying down minimum standards for quality of services and infrastructure for all schemes and policies related to early childhood.
- The Commission also made recommendations regarding other early childhood related issues including malnutrition, crèche and day care facilities and training of pre-school teachers.

Guidelines Governing Adoption of Children, 2015 notified

The Ministry of Women and Child Development notified the Guidelines Governing Adoption of Children, 2015 issued by the Central Adoption Resource Authority, in July 2015.^{215,216} These replace the 2011 Guidelines. The Guidelines provide for the regulation of adoption of orphan, abandoned or surrendered children.

Salient features of the 2015 Guidelines include:

- **Eligibility criteria:** Any orphan, abandoned or surrendered child is eligible for adoption, once legally declared free for adoption by the Child Welfare Committee. The eligibility criteria for a prospective adoptive parent (PAP) includes: (i) physically, emotionally, and financially stability, etc., (ii) a single male cannot adopt a girl child; however, a single female can adopt a child of any gender, (iii) a couple must have two years of stable marital relationship, and (iv) minimum age difference between the child and either of the PAPs should not be more than 25 years.
- **Procedures for adoption:** Ways to maintain information related to the child and the timelines

to be followed for adoption by the Specialised Adoption Agency and Child Welfare Committee (both bodies established in each district), has been provided.

- **In-country and inter-country adoption:** All Specialised Adoption Agencies have been authorised to conduct in-country and inter-country adoption. Non-resident Indian PAPs will be treated at par with resident Indian PAPs. No permission is required from the State Adoption Resource Agency (one in each state) for domestic adoption from another state.
- Adoption expenses for different categories of PAPs have been prescribed.

Model Guidelines for Foster Care released

The Ministry of Women and Child Development released Model Guidelines for Foster Care, 2015 in October 2015.²¹⁷ The Guidelines were formulated under the Juvenile Justice Act, 2000 (prior to the 2015 Act coming into force), the Integrated Child Protection Scheme and the United Nations Convention on the Rights of the Child, 1989. They will not apply to pre adoptive foster care as the Guidelines Governing Adoption of Children, 2015 will apply in those cases. Salient features of the Guidelines include:

- **Definition:** Foster care has been defined as placement of a child by the Child Welfare Committee in the domestic environment of a family, other than the child's biological family. This is for the purpose of alternate care. The family should be selected, qualified, approved and supervised for providing such care. A family-like environment would be most conducive for the child. Other terms such as abandoned, surrendered and orphan child have also been defined by the Guidelines.
- **Categories of children eligible for foster care:** (i) Children in the 0-6 years' age group should ideally be provided with a permanent family home and not long term foster care, (ii) children between 6-18 years should be placed in foster care based on their individual care plans, (iii) children whose parents are terminally (or mentally) ill, or in jail, and, (iv) children who have been victims of physical, emotional or sexual abuse, etc.
- **Criteria for selection of foster carers:** Both spouses must be: (i) willing to be foster parents, (ii) Indian citizens, (iii) above 35 years of age, (iv) having adequate income, etc.

- **Procedures:** An individual care plan is to be prepared for each child living in a child care institution. After a child study report is prepared, foster parents must be identified. Once a home study report of the carers or foster parents is prepared, the child may be matched and placed with them. Siblings shall preferably be placed together.
- **Monitoring and review:** The Child Welfare Committee, among others, shall undertake a periodic review of the placement of the child. A Protection Officer shall track the progress of the child by making monthly visits to the child's home and school. Conditions under which foster care may be terminated have also been specified.

Youth Affairs and Sports

Ministry identified conditions for recognising National Sports Federations

The Ministry of Youth Affairs and Sports identified conditions required to be fulfilled by a sports federation, of indigenous sports, to be recognised as a Regional Sports Federation (RSF) in May 2015.²¹⁸

This is in light of various sports federations in the country requesting the status of National Sports Federations. However, most requests pertained to indigenous or hybrid form of sport disciplines. The Ministry stated that federations of indigenous sports may be recognised as RSFs if they meet the following conditions:

- The sport must be played in one or more states. The sport should have been played in the region at least for the previous 10 years.
- In case there exists an international body for the sport, recognition must be provided by that body to the relevant RSF.
- There shall be only one RSF for each sport.
- For sports federations of other sports, the present guidelines for granting recognition to National Sports Federations will continue.

Working Group constituted to re-draft National Sports Development Code

The Ministry of Youth Affairs and Sports constituted a Working Group to re-draft the National Sports Development Code (NSDC) of India (Chair: C. K. Mahajan, a former judge of the Delhi High Court) in July 2015.²¹⁹

The NSDC, 2011 deals with transparency and good governance in various sports federations. It lays down the federations' areas of responsibility and the conditions for eligibility to receive government recognition and grants.²²⁰

Terms of reference of the Working Group include:

- To examine the existing NSDC, 2011 through the lens of sports governance and legal framework, and
- To make recommendations on streamlining of state/district sports bodies, etc.

The Group was expected to submit a revised draft of the Code within three months. However, the Code is yet to be finalised.

Ministry of Youth Affairs and Sports constituted All India Council of Sports

The Ministry of Youth Affairs and Sports constituted the All India Council of Sports in July 2015.²²¹ The Council will be an advisory body for the Ministry and may organise conferences and seminars for the promotion of sports in the country.

The Council will be headed by a Minister of State and other members will include Members of Parliament, sports personalities, Ministry officials, coaches and experts, etc. The Council is required to meet at least once in a quarter. The objectives of the Council include:

- Popularising sports and increasing its reach to rural and tribal areas, areas affected by left wing extremism, the North East region and Jammu and Kashmir,
- Implementing policies related to promotion of sports, preventing drug abuse and sexual harassment in sports, and enhancing transparency in functioning of various National Sports Federations,
- Improving sports infrastructure and promoting indigenous games, and
- Improving welfare measures for sportspersons and addressing issues arising out of match fixing and other malpractices.

Expert Committee set up to review the status of SAI training centres

The Ministry of Youth Affairs and Sports constituted an Expert Committee to study the status of Sports Authority of India (SAI) training centres in July 2015.²²² The Committee has been constituted in light of the attempted suicide case by four trainee

sportswomen resulting in one trainee's death. The incident occurred at the SAI water sports centre in Alappuzha, Kerala in May 2015.

The Committee will be chaired by Ms. Ashwini Nachappa. It will be required to visit one or two centres in the North, South, East and West regions of the country, each. The main objectives of the Committee will be to give recommendations on:

- Issues of athletes at the training centres and how to resolve them in terms of: (i) management of their stress levels, (ii) quality of food served, (iii) timely availability of dietary supplements, (iv) cleanliness, (v) recreational facilities, (vi) athlete grievance redressal, and (vii) anti-sexual harassment measures, etc.
- Any other recommendations relating to the training centres.

The Committee was expected to submit its report within three months of being constituted. However, the report is still awaited.

Environment

Compensatory Afforestation Fund Bill, 2015 introduced in Parliament

The Compensatory Afforestation Fund Bill, 2015 was introduced in Lok Sabha in May 2015.²²³ It was referred to the Standing Committee on Science and Technology, Environment and Forests, which submitted its report in February 2016.²²⁴

The Bill seeks to establish National and State Funds for compensatory afforestation, and forest and wildlife protection.

When forest land is to be used for a non-forest purpose (eg. industrial project), afforestation is carried out to compensate for loss of forest cover (called 'compensatory afforestation').²²⁵ In addition, loss of the forest ecosystem is compensated through payment of net present value (NPV) and other project specific payments. The Bill sets up Funds to receive funds collected for compensatory afforestation, NPV, etc. Key features of the Bill include:

- **Sharing of monies:** The National Fund will receive 10% of the collected payments, while the State Funds will receive the remaining 90%.
- **Institutions to be established:** The Bill seeks to establish the National and State Compensatory Afforestation Fund Management and Planning

Authorities (CAMPAs) to manage the National and State Funds respectively.

- The National CAMPA will consist of: (i) a governing body for policy making, (ii) an executive committee to decide and implement schemes related to forestry and wildlife, and (iii) a monitoring group to monitor works implemented by states and overall fund utilisation. Similarly, the State CAMPAs will consist of: (i) a governing body for policy making, (ii) a steering committee to monitor utilisation, and (iii) an executive committee to decide and supervise annual operations.
- **Utilisation of funds:** The Bill outlines the manner of utilisation of funds collected, including for site-specific compensatory afforestation schemes, forest management, wildlife protection, etc.

Key recommendations of the Standing Committee on the Bill include: (i) 95% of the payments should be deposited with the State Funds and 5% with the National Fund, (ii) some of the purposes for which the funds can be used should be clearly defined (such as, infrastructure development and allied activities), and (iii) provisions must be made in the Bill to account for how the funds may be spent if land is unavailable for compensatory afforestation.

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

Paris Agreement, 2015 on climate change adopted

The Paris Agreement, 2015 was adopted at the 21st session of the Conference of Parties to the United Nations Framework Convention on Climate Change, 1992 in December 2015.²²⁶ The Convention is an international treaty on limiting increase in average global temperature and the resulting climate change.²²⁷ Key features of the agreement are:

- **Mitigation of climate change:** The agreement aims to limit the increase in the global average temperature to a level between 1.5 degrees Celsius to two degrees Celsius above pre-industrial levels. Member countries will pursue this target by undertaking voluntary domestic commitments (i.e., Intended Nationally Determined Contributions or INDCs) which must be increased every five years.
- **Climate finance:** Under the agreement, developed countries will provide financial resources to developing countries to assist them with mitigating and adapting to climate change. These resources may be mobilised from various

sources, including public funds, and must be progressively increased with time.

- **Review mechanisms:** The agreement allows for primarily two kinds of review mechanisms for tracking progress made with regard to climate change commitments: (i) transparency arrangements (such as biennial reports) under which each country will disclose their emissions, progress made on INDCs, etc.; and (ii) global stocktake every five years from 2023 onwards, to assess global progress towards various goals under the agreement.

India had submitted its INDCs to the United Nations Framework Convention on Climate Change in October 2015.²²⁸ India's INDCs include achieving the following targets by 2030:

- Reducing greenhouse gas emissions per unit of GDP by 33% - 35% from 2005 levels;
- Achieving 40% of installed electric power capacity from non-fuel based energy sources (such as solar, wind, hydropower);
- Creating additional carbon storage and absorption capacity for 2.5 - 3 billion tonnes of CO₂ by increasing forest and tree cover.

Draft Environment Laws (Amendment) Bill, 2015 released

The Ministry of Environment, Forests and Climate Change released the draft Environment Laws (Amendment) Bill, 2015 in October 2015.²²⁹ The draft Bill seeks to amend the Environment (Protection) Act, 1986 and the National Green Tribunal Act, 2010.

The 1986 Act empowers the central government to take measures to protect and improve the environment. The 2010 Act establishes the National Green Tribunal (NGT) to adjudicate matters related to the environment.

Under the current laws, failure to meet any environmental obligation imposed by law or by direction of the government is punishable with imprisonment up to five years and/or fine up to one lakh rupees. The draft Bill seeks to replace this with provisions outlining specific offences with varying punishments.

Key provisions of the draft Bill include:

- **Offences:** The draft Bill seeks to create three kinds of offences: (i) substantial damage to the environment, (ii) non-substantial damage to the environment, and (iii) minor violations.

- Substantial damage means damage to the environment caused by violation of an environmental obligation specified in law, or any other act or negligence. Minor violations on the other hand refer to causing damage to the environment due to non-compliance with law, rules or directions. Non-substantial damage is defined as damage which is neither a minor violation nor substantial damage. The central government will make rules detailing the determination of each of these offences.
- **Penalties:** Under the draft Bill, monetary penalties for: (i) substantial damage, range from five crore rupees to Rs 20 crore, (ii) non-substantial damage, range from one lakh rupees to five crore rupees, and (iii) minor violations, range from one thousand rupees to ten thousand rupees. Further, imprisonment (seven years to life imprisonment) may be awarded in cases of substantial damage.

Government re-categorised industries based on their pollution load

The Ministry of Environment, Forests and Climate Change released a new categorisation of industries based on their pollution load in March 2016.²³⁰ Categorisation of industries is carried out to: (i) facilitate decisions related to where can these industries be located, (ii) consent management of affected stakeholders, and (iii) formulation of norms regarding surveillance and inspection of industries.²³¹

The old system of categorisation was primarily based on the size of industries and consumption of resources. This system was evaluated, and recommendations on it were made by a Working Group comprising members of central and state Pollution Control Boards in February 2016.²³¹

In light of these recommendations, industries under the new system of classification have been categorised on the basis of their emissions (air pollutants), effluents (water pollutants), and hazardous waste generated and consumption of resources. A 'Pollution Index' score between 0 and 100 is given to industries on the basis of these factors (increasing value indicates a higher pollution load). Industries with a score of 60 and above are placed in 'red' category, 41 to 59 in 'orange', 21 to 40 in 'green' and up to 20 in 'white' category.

The Ministry has placed 60 industries in red category (eg. automobile manufacturing and healthcare), 83 in orange (eg. construction), 63 in green (eg. dal and rice mills) and 36 in the white category (eg. air conditioners and solar power). Red industries will

not be permitted in ecologically fragile areas, and white industries will not be required to take environmental clearances or satisfy consent norms.

Government amended notification on environmental clearances regarding mining of minor minerals

The Ministry of Environment, Forest and Climate Change amended the Environment Impact Assessment Notification, 2006 with regard to mining of minor minerals in January 2016.²³² The 2006 notification mandates that environmental clearances must be acquired for mining of minerals. Minor minerals covered under the amendment include building stones, gravel, clay, sand (unless it is used for purposes like manufacture of materials such as cement or ceramic or pottery.), etc.

Key aspects of the amendment are:²³³

- Environmental clearances in case of mining leases up to five hectares, will be granted by the District Level Environment Impact Assessment Authority. This will also be applicable for a mining lease that has been acquired for a cluster of mining sites up to 25 hectares. Earlier, state level authorities provided these clearances.
- The district level authority will be a four-member committee comprising District Magistrate, Sub-Divisional Magistrate, District Forest Officer and an expert (in mining, geology, hydrology, forestry, wildlife, etc.).
- Some activities have been exempted from environmental clearance. These include: (i) dredging and de-silting of dams, rivers and canals for their maintenance and disaster management, (ii) removal of sand deposits from fields by farmers, and (iii) community works like de-silting of village ponds, etc.
- Each district will have a District Survey Report prepared for each minor mineral, which will form the basis of granting environmental clearances. The report is to be updated every five years.

Draft guidelines on sustainable sand mining published

The Ministry of Environment, Forest and Climate Change published the Draft Guidelines on Sustainable Sand Mining in September 2015.²³⁴

Sand and gravel are used for construction of roads and buildings. In India, the main sources of sand and gravel include rivers (riverbeds and flood plains),

lakes, agricultural fields and coastal sands. Mining in these areas can damage aquatic habitats, cause river bank erosion, degradation of site of extraction, pollution of ground water, etc. In this context, the draft guidelines aim to ensure that while sand is available in adequate quantity, it is mined in an environmentally sustainable manner.

Key aspects of the draft guidelines include:

- Parts of a river that experience deposition of sedimentation must be identified, so that sand and gravel mining may be done in these parts.
- Sand must not be mined (i) where erosion may occur (including at concave banks), or (ii) within 200 to 500 metres of any important hydraulic structure (such as pumping stations), or (iii) beyond three metres of river depth or river width or 10% of river width, whichever is less, etc.
- Demarcation of mining area with geo-referencing and pillars must be done prior to the start of the mining process.
- Distance between the sites for sand mining and the layers of sand which may be removed must depend on the rate at which the river gets replenished.
- All sand and gravel mining projects will require environmental clearances from District Environment Impact Assessment Authority (for projects with area up to five hectares), or the State Environment Impact Assessment Authority (for projects between five and 50 hectares), or the Environment Ministry (above 50 hectares).
- All sand and gravel mining projects (except those up to five hectares) will require environmental impact assessment and environment management plans.

Expert Body constituted to assess impact of hydro-power projects on river Ganga

The Ministry of Environment, Forest and Climate Change constituted an Expert Body to study hydro-power projects in the upper reaches of river Ganga in the state of Uttarakhand in June 2015.²³⁵ It was constituted in light of a Supreme Court order which ordered the setting up of a body to examine the impact of hydro-power projects on the environment.²³⁶ The Expert Body had to assess:

- The likely impact of these projects in context of glacial movement, seismological vulnerability, carrying capacity of disaster affected valleys, and design of projects, etc., and

- With regard to the six hydro-power projects which have received clearances, determine how to mitigate impact on bio-diversity, safety measures required, design modifications and disaster mitigation plans.

The Expert Body was expected to submit its report within six months. No report has been published in the public domain yet.

Indian Resource Panel set up to prepare roadmap for utilisation of secondary resources

The Minister of Environment, Forest and Climate Change, Mr. Prakash Javadekar, announced the formation of the Indian Resource Panel in November 2015.²³⁷

The Ministry observed that while India is expected to have the third largest consumer group in the world by 2020, it is facing supply constraints and is imports dependent in certain sectors. In this context, the panel is mandated to prepare a roadmap for utilisation of secondary resources (such as scrap from steel, aluminium, recoverable plastic, etc.) for meeting developmental needs of the country. However, no timeline has been specified by the Ministry for submission of the report.

The panel will comprise 10 members including former government officials with the Ministry of Environment and representatives of various non-governmental organisations (such as the Centre for Science and Environment, and Confederation of Indian Industry).

Water Resources

Ministry of Water Resources launched a nationwide water campaign

In June, 2015, the Ministry of Water Resources, River Development and Ganga Rejuvenation launched the 'Jal Kranti Abhiyan'.²³⁸ It is proposed to be a convergence scheme under which all relevant existing schemes on water resources will be subsumed. The activities under the scheme will be carried out by state governments and various organizations of the Ministry including Central Water Commission, Central Ground Water Board and Water Quality Assessment Authority.

Key objectives of the scheme include:

- Enhancing livelihood security through reliable availability of acceptable quantity and quality of water in rural areas,
- Strengthening involvement of all stakeholders including panchayats and local bodies in the water security and development schemes,
- Utilizing sector expertise from different levels in government, non-governmental organizations and citizen groups, and
- Encouraging the adoption and utilization of traditional knowledge in water resources conservation and its management.

Expenditure on various works proposed under the scheme will be met from existing schemes of central or state governments.

Approval of PPP model approach for faster implementation of Namami Gange

The Union Cabinet in January 2016 approved the proposal for taking up Hybrid Annuity based Public Private Partnership (PPP) model under the Namami Gange program.²³⁹ The program was introduced in May 2015, and aims to consolidate the ongoing efforts for rejuvenation of river Ganga.²⁴⁰ It has a budget of Rs 20,000 crore for the next five years.

Under the Hybrid Annuity based PPP model, a part of the capital investment (up to 40%) will be paid by the government. The balance will be paid by the private company through an annuity over the contract duration up to 20 years.

In order to scale up the model, the government will establish a Special Purpose Vehicle (SPV). The SPV will help procure companies to whom concession can

be granted for implementation of various PPP projects. For concerned projects, the SPV will enter into Memorandum of Agreement with participating state governments and concerned Urban Local Bodies. These agreements will aim at introducing reforms and regulatory measures for (i) recovery of user charges based on the extent of pollution caused by industries, and (ii) restrictions on usage of ground and fresh water for non-potable purposes.

Task Force on interlinking of rivers

The Ministry of Water Resources, River Development and Ganga Rejuvenation constituted a Task Force on the interlinking of rivers in April 2015.²⁴¹ It was chaired by Mr. B. N. Nawalavala. The Task Force would:

- Examine existing links laid out under the National Perspective Plan and consider alternative plans where links are shown as unfeasible in the plan. The plan envisages inter-basin transfer of water from surplus river basins to deficit ones to minimize regional imbalance in availability of water resources,
- Recommend the time schedules for completion of feasibility studies and detailed project reports of all links,
- Suggest funding mechanisms, and
- Provide guidance on the environmental impact of projects, and help create consensus among states.

Law and Security

Law and Justice

Supreme Court struck down the Constitutional Amendment Act that created the NJAC

The Supreme Court struck down the Constitution (99th Amendment) Act, 2015 and the National Judicial Appointments Commission (NJAC) Act, 2015 as unconstitutional, in October 2015.²⁴² The Court held that the Acts violated the principles of independence of the judiciary and separation of powers, which are basic features of the Constitution.

The Constitution (99th Amendment) Act, 2015 amended the Constitution to replace the method of appointment of judges with an independent commission, the NJAC. The composition of the NJAC included: (i) the Chief Justice of India (CJI) (Chairperson), (ii) two other senior most judges of the Supreme Court (SC), (iii) the Union Law Minister, and (iv) two eminent persons to be nominated by the Prime Minister, the CJI and the Leader of Opposition in Lok Sabha. The other Act laid down the process in relation to such appointment of judges.

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

Key highlights of the judgment include:

- **Primacy of judiciary:** The composition of the NJAC does not preserve primacy of the judiciary. This violates the principle of independence of the judiciary.
- **Inclusion of Law Minister:** The inclusion of the Union Minister of Law and Justice in the NJAC violates the principles of independence of the judiciary and separation of powers between the judiciary and executive. The executive is an interested party in several cases before the Supreme Court, and this presents a conflict of interest.
- **Inclusion of two eminent persons:** The eminent persons can override the decision of the remaining four members (as the law states that any two members can veto a recommendation). The Acts do not stipulate any qualifications or disqualifications in appointing two eminent persons to the NJAC.

The Court also held that the present collegium system will continue to appoint judges.

Bill to create commercial courts passed by Parliament

The Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Bill, 2015 was introduced and passed by Parliament in December 2015.²⁴³ It replaced an Ordinance that was promulgated in October 2015.²⁴⁴

The Bill seeks to fast track high value commercial cases. It enables state governments to set up commercial courts, equivalent to district courts, to hear commercial disputes of a certain value as specified by the central government (not below one crore rupees).

However, a commercial court must not be set up in an area where the high court exercises original jurisdiction over civil matters. Instead, commercial divisions would be set up in such high courts, that is, the High Courts of Delhi, Bombay, Calcutta, Madras and Himachal Pradesh. They will be set up by the Chief Justice of that particular High Court.

The Standing Committee on Personnel, Public Grievances, Law and Justice submitted its recommendations on an earlier version of the Bill in December 2015.²⁴⁵

A PRS Summary of the Bill is available [here](#) and a PRS Summary of the Standing Committee report is available [here](#).

Delhi High Court (Amendment) Bill passed by Parliament

The Delhi High Court (Amendment) Bill, 2014 was passed in Parliament in August 2015.²⁴⁶

The Bill amends the Delhi High Court Act, 1966 to increase the pecuniary jurisdiction of the Delhi High Court. Pecuniary jurisdiction refers to the jurisdiction of a court over a suit based on the amount or value of its subject matter.

Under the Act, the Delhi High Court had jurisdiction over suits with a value of more than Rs 20 lakh. The Bill raises this value to two crore rupees. Consequently, the Bill empowers the Chief Justice of the Delhi High Court to transfer any pending suit to a relevant subordinate court.

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

Bill to amend the Arbitration Act, 1996 passed by Parliament

The Arbitration and Conciliation (Amendment) Bill, 2015 was introduced and passed by Parliament in December 2015.²⁴⁷ The Bill replaces the Arbitration and Conciliation (Amendment) Ordinance, 2015, promulgated in October 2015.²⁴⁸ The Bill amends the Arbitration and Conciliation Act, 1996.

- **Relevant court arbitration matters:** Under the Act, the relevant court for all arbitration matters would be a principal civil court or high court with original jurisdiction.

The Bill modifies this to state that in the case of international arbitration, the relevant court would only be the relevant high court.

- **Public Policy as grounds for challenging an award:** The Act permits the court to set aside an arbitral award if it is in conflict with the public policy of India. This includes awards affected by (i) fraud or corruption, and (ii) those in violation of confidentiality and admissibility of evidence provisions.

The Bill modifies this provision to include those awards that are (i) in contravention with the fundamental policy of Indian Law, or (ii) in conflict with notions of morality or justice, in addition to grounds already specified in the Act.

- **Appointment of arbitrators:** The Act permits parties to appoint arbitrators. If they are unable to appoint arbitrators within 30 days, the matter is referred to the court.

The Bill states that, at this stage, the Court must confine itself to the examination of the existence of a valid arbitration agreement.

- **Time period for arbitral awards:** The Bill introduces a provision that requires an arbitral tribunal to make its award within 12 months. This may be extended by a six month period. If an award is made within six months, the arbitral tribunal will receive additional fees. If it is delayed beyond the specified time because of the arbitral tribunal, the fees of the arbitrator will be reduced, up to 5%, for each month of such delay.
- **Time period for disposal of cases by a Court:** The Bill states that any challenge to an arbitral award that is made before a Court must be disposed of within a period of one year.
- **Fast track procedure for arbitration:** The Bill permits parties to choose to conduct arbitration proceedings in a fast track manner. The award

will be granted within six months.

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

Bill related to pension and other benefits of higher court judges passed by Parliament

The High Court and the Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2015 was passed by Parliament in March 2016.²⁴⁹ The Bill was introduced in Lok Sabha in August 2015. It amends the High Court Judges (Salaries and Conditions of Service) Act, 1954 and Supreme Court Judges (Salaries and Conditions of Service) Act, 1958.

In March 2014, the Supreme Court had issued a direction for adding 10 years' practice as an Advocate in calculating pensionary benefits for a High Court judge. It also specified that this be made effective from April 2004. The Statement of Objects and Reasons of the Bill states that the Bill was introduced to give effect to this objective.

In addition, the Bill prescribes the computation of casual leave for Supreme Court and High Court judges, as well as leave allowances of High Court judges. For a PRS Summary, please see [here](#).

The Whistle Blowers Protection (Amendment) Bill, 2015 passed in Lok Sabha

The Whistle Blowers Protection (Amendment) Bill, 2015 was introduced and passed in Lok Sabha in May 2015.²⁵⁰ The Bill is currently pending in Rajya Sabha. The Bill amends the Whistle Blowers Protection Act, 2014. The Act seeks to protect whistle blowers, i.e. persons making a public interest disclosure related to corruption, misuse of power, or criminal offence by a public servant.

The Bill provides for 10 circumstances under which no public interest disclosure may be made. These include information related to:

- the sovereignty of India, relations with a foreign state,
- cabinet papers,
- a court or tribunal, which has been forbidden or may result in contempt,
- a breach of privilege of Parliament or state legislature,
- commercial confidence, trade secrets, intellectual property,
- information obtained in a fiduciary capacity,

- information received in confidence from a foreign government,
- the life or physical safety of a person,
- process of investigation, apprehension, or prosecution of offenders, and
- information that has no public interest, or if it causes invasion of privacy.

However, if such information is available under the Right to Information Act, 2005, then it may be disclosed under the Whistle Blower Protection Act, 2014 as well.

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

Repealing and Amending (Fourth) Bill, 2015 passed in Lok Sabha

The Repealing and Amending (Fourth) Bill, 2015 was passed in Lok Sabha in August 2015.²⁵¹ During its passage, its title was changed to the Repealing and Amending (Third) Bill, 2015. The Bill was introduced in Parliament in July 2015.

The Bill seeks to repeal 295 laws and pass minor amendments to two laws. This includes over 20 laws that were passed prior to 1947. Further, around 200 of these laws are amending Acts, where the changes have already been incorporated into the principal Acts. The Repealing and Amending (Third) Bill, 2015, which was pending in Lok Sabha, was withdrawn in July 2015.²⁵²

Prevention of Corruption (Amendment) Bill, 2013 with proposed amendments referred to Select Committee

The Prevention of Corruption (Amendment) Bill, 2013 was introduced in Rajya Sabha in August 2013 to amend the Prevention of Corruption Act, 1988.²⁵³ In November 2015, the government circulated certain amendments to the 2013 Bill.²⁵⁴

The 2013 Bill with the proposed 2015 amendments was referred to a Select Committee of Rajya Sabha for examination in December 2015. The Committee is expected to submit its report during the first week of monsoon session of Parliament.

Key amendments proposed by the government to the 2013 Bill include:

- **Giving a bribe:** Under the 1988 Act, a bribe giver may be charged with the offence of abetment. The 2013 Bill makes the giving of a bribe to a public servant a direct offence. The 2015 amendments add a provision to state that a person would not be charged with the offence of

giving a bribe if he did so after informing the law enforcement agency (in order to provide assistance in its investigation against a public servant).

- **Taking a bribe:** Under the 1988 Act, and 2013 Bill, taking of a bribe is an offence. The 2015 amendments state that whoever does not perform a public function or activity dishonestly, would not be committing the offence of taking a bribe.
- **Prior sanction for investigation:** The 2015 amendments state that before a police officer can investigate an alleged offence by a public official, prior approval of the Lokpal or Lokayukta must be taken. However, such approval would not be necessary in cases of on the spot arrest of a person, on the charge of taking a bribe.

A PRS analysis of the 2013 Bill with the 2015 proposed amendments is available [here](#).

Consumer Protection Bill, 2015 introduced in Lok Sabha

The Consumer Protection Bill, 2015, was introduced in Lok Sabha in August 2015. The Bill replaces the Consumer Protection Act, 1986.²⁵⁵ The Bill covers all types of consumer transactions and provides for adjudication of consumer disputes. In addition, it also provides for a regulator for the enforcement of consumer rights.

The Bill was referred to the Standing Committee on Consumer Affairs, Food and Public Distribution in August 2015. The Committee's report had not been submitted as of March 2016.

Key features of the Bill include:

- **Definition of consumer:** The Bill defines a consumer as any person who buys a good or avails of a service. This includes the user of such good or service, but not one who obtains the good for resale or commercial purposes. It covers transactions through all modes including offline, online through electronic means, teleshopping, or multi-level marketing.
- **Types of complaints:** The Bill allows a consumer to file a complaint regarding: (i) a defective product or a deficiency in service, (ii) unfair trade practices such as misleading advertisement and false representation, (iii) unfair contracts between a consumer and manufacturer, among others.
- **Product liability:** Product liability has been defined as the manufacturer's responsibility to

provide compensation for any harm caused to a consumer due to a defective product. A consumer has to prove seven conditions regarding the product in order to make a claim for product liability.

- **Consumer protection agencies:** The central government will set up the Central Consumer Protection Authority to promote, protect as well as enforce the rights of consumers. To adjudicate consumer disputes, Consumer Dispute Redressal Commissions (CDRCs) would be set up at the district, state and national levels.
- **Penalties:** Any person who fails to comply with an order of either of the Commissions would be liable for imprisonment between one month and three years, or with a fine between Rs 10,000 and Rs 50,000.

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

Standing Committee submitted report on the Lokpal (Amendment) Bill, 2014

The Standing Committee on Personnel, Public Grievances, Law and Justice submitted its report on the Lokpal and Lokayuktas and Other Related Law (Amendment) Bill, 2014 in December 2015.²⁵⁶

The Bill amends the Lokpal and Lokayuktas Act, 2013, and the Delhi Special Police Establishment Act, 1946 (which set up the Central Bureau of Investigation or CBI). Salient recommendations of the Committee include:

- **Leader of single largest opposition party to be part of Selection Committee:** The 2013 Act states that the Leader of Opposition (LoP) in Lok Sabha would be part of the Selection Committee to appoint the Lokpal. The Bill amends this provision to state that the Leader of the single largest party in Opposition would perform this role in the absence of a recognised LoP. The Committee stated that such an amendment was appropriate.
- **Declaration of assets and liabilities by public servants:** The 2013 Act requires all public servants to declare their assets and liabilities (including that of spouses and dependent children). The Bill replaces this provision to require that a public servant's declaration contain information of all his liabilities and assets, including all property owned by him.

The Committee stated that family members of public servants are not obliged to disclose assets acquired through their own income. However,

the public servant must declare assets of his dependents, and those acquired by him in the name of another.

- **Integrated approach to address corruption:** The Committee recommended that the Central Vigilance Commission (CVC) and the CBI (in relation to its anti-corruption functions), must be fully integrated with Lokpal. The Lokpal must be at the apex level with the CVC and CBI (anti-corruption wing) working directly under its control. The Lokpal must use these organisations for inquiry, investigation and prosecution of corruption cases.

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

Supreme Court upheld disqualifications to panchayat elections in Haryana

The Supreme Court upheld the constitutional validity of the Haryana Panchayati Raj (Amendment) Act, 2015 in December 2015.²⁵⁷ The amendments introduced certain grounds for disqualification from contesting panchayat elections, and were challenged for violating Article 14 of the Constitution (right to equality). The Haryana Panchayati Raj Act, 1994 provides for the creation, membership and functioning of a three-tier panchayat system in Haryana. The 2015 amendments introduced five additional grounds for disqualification from membership to panchayat bodies. Of these, four grounds were challenged in Court, namely:

- not passed matriculation examination or its equivalent from a recognized institution (with some relaxation for women and Scheduled Caste candidates);
- failure to pay any arrears due to an agriculture co-operative society, bank, etc.;
- failure to pay arrears of electricity bills;
- failure to submit self-declaration of owning a functional toilet in one's residence.

The Court examined these grounds for disqualifications, and held that the amendment Act creates two classes of voters, those who are educationally qualified to contest panchayat elections, and those who are not. The objective of such classification was to ensure that they had some basic education to effectively discharge their duties as elected representatives. This objective was rational and directly related to the purpose of the 1994 Act, and hence permissible.

It also upheld the constitutional validity of the provisions related to arrears to co-operative societies,

electricity bills and functional toilets in residences of election candidates.

Supreme Court upheld constitutionality of NCLT subject to certain changes

In May 2015, a Constitution bench of the Supreme Court upheld the constitutional validity of the National Company Law Tribunal (NCLT) and the National Company Law Appellate Tribunal (NCLAT).²⁵⁸ However, it stated that this would be subject to amending certain provisions related to the selection and composition of its members. Both tribunals are created under the Companies Act, 2013.

This was in response to the writ petition that was filed by the Madras Bar Association, challenging the creation of the NCLT and the NCLAT, under the 2013 Act, as unconstitutional.

An earlier petition had been filed in 2004, before the Madras High Court, challenging the validity of the NCLT and the NCLAT under the Companies Act, 1956. The validity was upheld by the Madras High Court and in 2010, in appeal by the Supreme Court as well. The Supreme Court examined three primary questions: (i) validity of the constitution of NCLT and NCLAT; (ii) qualifications, term of office and salary etc. of members; and (iii) structure of the Selection Committee for appointment of members.

The Court held that:

- **Validity of tribunals:** The question of validity of the NCLT and the NCLAT was upheld in the 2010 Constitution bench decision and cannot be reopened.
- **Qualifications of members:** The provisions related to qualifications of members (including technical members) were held to be unconstitutional. The judgment stated that the directions laid out in the 2010 judgement on qualifications of members must be followed.
- **Selection Committee:** The provisions related to the selection committee (chaired by the Chief Justice of India or his nominee, Senior Supreme Court judge and three Secretaries of Ministries) were held to be invalid, as the Chairperson did not have a final say in selection. The judgment further held that the directions laid out in the 2010 judgement with regard to the Selection Committee must be followed. These included giving the Chairperson a casting vote, and restricting the composition to four members.

Draft Human DNA Profiling Bill, 2015 released

The Ministry of Science and Technology released the Draft Human DNA Profiling Bill, 2015 in August 2015.²⁵⁹ The draft Bill regulates the use of DNA analysis. It establishes national, state and regional level DNA data banks and the DNA Profiling Board.

Key highlights of the draft Bill include:

- **DNA Profiling Board:** The responsibilities of the DNA Profiling Board will include: (i) issuing certificates of approval to DNA laboratories, (ii) framing guidelines for storage as well as destruction of biological substances, and (iii) supervising, monitoring and inspecting DNA labs and DNA data banks.
- **DNA Laboratories:** DNA profiling would be undertaken by the DNA laboratories. Every DNA laboratory for conducting DNA profiling would be required to take prior permission from the DNA Profiling Board.
- **DNA data bank:** DNA Banks will be established at the national, regional and state level. The DNA data banks shall store the DNA profiles received from the approved DNA labs. The data banks will maintain the following indices: (i) a crime scene index, (ii) a suspect index, (iii) an offenders' index, (iv) a missing persons' index, (v) unknown deceased persons' index, (vi) volunteers' index and (vii) such other DNA indices as may be prescribed by regulation by the DNA Profiling Board.
- **Offences and penalties:** (i) obtaining individual identifiable DNA information through unauthorised means would be punishable with imprisonment of up to one year and a fine of up to one lakh rupees, and (ii) intentionally destroying, altering, contaminating biological evidence would be punishable with imprisonment of up to five years and a fine of up to two lakh rupees.

Law Commission recommended reforms in guardianship and custody laws

The Law Commission submitted its report on 'Reforms in Guardianship and Custody Laws in India' in May 2015.²⁶⁰ It recommended amendments to the Hindu Minority and Guardianship Act, 1956 and the Guardians and Wards Act, 1890. Salient recommendations of the Commission include:

- **Hindu Minority and Guardianship Act, 1956:** The 1956 Act states that the natural guardian of a

Hindu minor person is the father, and after him the mother. In 1999, the Supreme Court held that the mother can become the natural guardian during the lifetime of the father in exceptional circumstances.²⁶¹ The Law Commission recommended that this be changed so that both parents are regarded simultaneously as natural guardians of a minor.

- Further, while the 1956 Act covers the natural guardianship of an adopted son, it does not mention an adopted daughter. The Law Commission recommended including natural guardianship in case of adopted daughters within the scope of the law.
- **Guardians and Wards Act, 1890:** The 1890 Act provides for the appointment of the guardian of a minor by the courts. It requires that welfare of minors be determined in light of the laws applicable to them. The Law Commission recommended that the 1890 Act be amended to reflect that welfare of the minor must be of paramount consideration in appointing his guardian.
- The 1890 Act also provides for arrest of a ward, if he leaves his guardian's custody, provided it is in the ward's welfare. The Law Commission recommended that: (i) 'arrest' must be replaced with a requirement to return the ward to the custody of his guardian, and (ii) any child who is 14 years or more must not be returned to his guardian by a court without considering the wishes of the child.
- The Law Commission also recommended that the 1890 Act must cover child custody and child support matters. With regard to child custody, both joint custody and sole custody should be recognised.

Law Commission submitted report on prevention of foreign bribery

The Law Commission of India submitted a report on 'Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations' to the Law Ministry in August 2015.²⁶² This report examines the provisions of the draft Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations Bill, 2015 which was referred to the Commission by the Law Ministry in July 2015.

This draft Bill criminalises the act of giving and taking of bribes in relation to foreign public officials and officials of public international organisations. It

seeks to give effect to provisions of the United Nations Convention against Corruption (UNCAC), 2003, which India has signed and ratified. The UNCAC addresses corruption related offences including domestic and foreign bribery.

Key recommendations of the Law Commission, in relation to the draft Bill, 2015, include:

- **Applicability of the Bill:** The Bill should only be applicable to acts of bribery that occur (i) within India, or (ii) on board an aircraft or ship registered in India, or (iii) outside India by a citizen or permanent resident of India, or a corporate body that is incorporated in India.
- **Defences and exceptions:** The Bill should have a specific provision that provides the defences and exceptions available to an accused under the law against foreign bribery. Defences and exceptions will include: (i) paying for reasonable work related expenditures like travel and lodging incurred by a foreign official, and (ii) paying for routine functions of a foreign official such as issuing licenses or processing official documents.

Law Commission submitted its report on death penalty

The Law Commission submitted its 262nd Report on Death Penalty in August 2015.²⁶³

Salient observations and recommendations of the Law Commission include:

- The Commission felt that time has come for India to move towards abolition of the death penalty. However, concerns had been raised that abolition of death penalty for terrorism related offences and waging war would affect national security. Therefore, it recommended that the death penalty be abolished for all crimes other than the offences of terrorism and 'waging war' against the state. It also hoped that the report would contribute to an informed debate on abolition of death penalty for all cases, and the movement towards absolute abolition would be swift and irreversible.
- It noted that by relying on the death penalty alone to secure justice to victims, other challenges of the criminal justice system were ignored. These challenges include an overburdened police force, poor investigation, ineffective prosecution, and issues related to rights of victims of crime.
- The government and the courts must provide

compensation to victims of crime. Further, a witness protection scheme to protect witnesses of crimes must be established.

- Police reforms for effective investigation of crimes and prosecution must be prioritized.

Separate notes by Members: Three members of the Commission submitted separate notes on the issue. They stated that they were against the abolition of death penalty for heinous crimes. Further, the grounds for awarding death penalty may be examined in greater detail.

Social Justice

Prevention of Atrocities (Amendment) Bill, 2015 passed by Parliament

The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Amendment Bill, 2015 was passed by Parliament in December 2015.²⁶⁴ The Bill amends the Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act, 1989.

Key features of the Bill include:

- **List of atrocities:** The Act makes certain acts committed by any person other than a Scheduled Caste (SC) or Scheduled Tribe (ST) against an SC or ST punishable as atrocities. The Bill adds to this list of atrocities. For example, the Bill makes imposing a social or economic boycott against an SC or ST a punishable atrocity.
- **Duties of public servants:** The Act states that it is a punishable offence for a public servant to neglect his duties relating to SCs or STs. The Bill specifies these duties to include registering an FIR, filing a charge sheet within 60 days, etc.
- **Exclusive special courts:** The Act mandates that states designate Sessions Courts as Special Courts to try offences under the Act. The Bill mandates that states establish Exclusive Special Courts for one or more districts in each state. Special Courts may continue to be designated in districts with fewer cases.

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

The Rights of Transgender Persons Bill, 2014 passed by Rajya Sabha

The Rights of Transgender Persons Bill, 2014 was passed by Rajya Sabha in April 2015. The Bill is a private member Bill and was introduced by Mr.

Tiruchi Siva.²⁶⁵ The last time a private member Bill was passed by a House was in 1970.

Salient features of the Bill include:

- **Definition of transgender person:** A transgender person is one whose gender does not match with the gender assigned to them at birth, irrespective of whether they have undergone sex reassignment surgery or hormone therapy, etc.
- **Rights of transgender and duties of government:** The central and state governments must take steps to ensure that transgender persons enjoy right to equality, and protection from discrimination. The government must also ensure that transgender persons have accommodation, protection from violence, exploitation and torture.
- **Education and employment:** The central government must: (i) formulate schemes to facilitate the employment of transgender persons, and (ii) reserve two percent of seats for transgender persons in government aided educational institutions, and central and state government posts.
- **Health:** The central and state governments must take steps to provide health facilities to transgender persons including separate HIV surveillance centres, free of cost sex reassignment surgeries, etc.

In January 2016, the Ministry of Social Justice and Empowerment released the draft Rights of Transgender Persons Bill, 2015.²⁶⁶ The draft Bill is similar to the private member Bill that is currently pending in Lok Sabha.

Constitution (Scheduled Castes) Order (Amendment) Bill, 2016 passed by Lok Sabha

The Constitution (Scheduled Castes) Order (Amendment) Bill, 2016 was introduced and passed by Lok Sabha in March 2016.²⁶⁷

The Constitution empowers the President to specify the Scheduled Castes in various states and union territories. Further, the Constitution also permits this list of notified Scheduled Castes (SC) to be modified by Parliament. Recently, some states proposed certain modifications to this list. The Statement of Objects and Reasons in the Bill states that the Bill has been introduced to amend the Constitution to modify the list of notified SCs in some states. Thus, the Bill amends the Schedule to the Constitution (Scheduled Castes) Order, 1950.

Through the amendments in the Bill, several communities have been included into the Schedule for the states of Haryana, Kerala and Chhattisgarh. Two communities have been removed from the Schedule for the state of Orissa. Further, one community which was notified as SC in a few districts of West Bengal, will be given SC status across the state.

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

Standing Committee submitted report on Rights of Persons with Disabilities Bill, 2014

The Rights of Persons with Disabilities Bill, 2014 was introduced in Rajya Sabha in February 2014.²⁶⁸ The Standing Committee on Social Justice and Empowerment submitted its report on the Bill in May 2015.²⁶⁹ The Bill addresses rights and entitlements for disabled persons. It classifies 19 conditions as disabilities and allows the central government to notify any other condition as a disability. It seeks to replace the existing Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995.

Key recommendations of the Committee include:

- The Committee recommended including special kidney failure, blood cancer and diabetes type I as disabilities, as they are long term and incurable. It also recommended separating dwarfism as a disability from locomotor disability.
- The United Nations Convention on the Rights of Persons with Disabilities, ratified by India in 2007, defines discrimination. It provides that discrimination means any exclusion on the basis of disability that impairs the exercise of fundamental freedoms by a person. The Committee recommended that this definition be included in the Bill.
- The Bill provides for two types of guardianship for mentally ill persons. The Committee said that there was a need to revisit the guardianship provision. It noted that this provision may violate the right to equality guaranteed by the Constitution and non-discrimination provisions of the Bill. However, it did not give specific reasons for such violations.
- The Bill requires all existing public buildings to be made accessible for persons with disability, within five years from the date of notification. The Committee observed that while the time period of five years would suffice for small

infrastructure buildings, larger infrastructures may require extensions on a case by case basis.

- By overriding the Right to Education Act, 2009, the Bill mandates free and compulsory education for all disabled children between six to 18 years. The Committee recommended increasing the upper age limit of free and compulsory education to 21 years.

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

Standing Committee submitted report on Bill related to Waqf properties

The Standing Committee on Social Justice and Empowerment submitted its report on the Waqf Properties (Eviction of Unauthorized Occupants) Bill, 2014 in August 2015.²⁷⁰ The Bill was introduced in Rajya Sabha in February 2014.

The Bill provides a fast mechanism for eviction of unauthorised occupants from Waqf properties.²⁷¹ The Standing Committee made the following recommendations in relation to the Bill:

- **Functioning of Waqf Boards:** The Committee observed that there are several issues with the Waqf Boards such as inordinate delays in their constitution, appointment of under qualified members, etc. If these issues are not addressed, encroachment and unauthorised occupation of Waqf properties would continue. It recommended that the central government periodically monitor the functioning and issue appropriate directions to the Boards.
- **Definition of unauthorised occupation:** Under the Bill, only a person can be an unauthorised occupant. The Committee recommended that private and public institutions also be included within the ambit. Further, any person who is in legal possession of Waqf property must not become an unauthorised occupant after the death of the original tenant.
- **Encroachment of Waqf property:** The Committee recommended that legitimate tenants who have never defaulted in paying rent not be considered as encroachers. They must also be first given an opportunity to renew their leases.
- **Ambit of the Bill:** The Bill does not apply to protected sites under the Ancient Monuments and Archaeological Sites and Remains Act, 1958. The Committee recommended that the Bill should apply to those parts within protected sites which have a masjid, dargah or anashoorkana. Further, it recommended that

only those archeological sites that are not mosques be excluded.

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

Law Commission submitted report related to discrimination against leprosy affected

The Law Commission of India submitted its report on 'Eliminating discrimination against persons affected by leprosy' in April 2015.²⁷² The Commission recommended that the Lepers Act, 1898 be repealed. The 1898 Act was included in the list of laws to be repealed by the Repealing and Amending (Fourth) Bill, 2015. The Bill was passed in Lok Sabha in August 2015, and is pending in Rajya Sabha.

The Commission recommended that laws that discriminate against those affected by leprosy be repealed, and a new law for affirmative action be introduced. Salient recommendations include:

- **Use of the term 'leper':** The term 'leper' should be removed from all laws, including state beggary laws, to curtail the stigma associated with the disease.
- **Definition of 'leprosy' as a disability:** The definition of leprosy in the Rights of Persons with Disabilities Bill, 2014 must be expanded to include undetected persons affected by leprosy or persons affected by leprosy undergoing treatment.
- **Eligibility for civic posts:** Persons affected by leprosy must not be barred from contesting for civic posts under the state municipal and panchayati raj laws. Relevant laws must be modified accordingly.
- **Amending personal laws:** If a spouse has leprosy, it must not constitute grounds for divorce, annulment or separation. Personal laws should be accordingly modified.
- **New law:** The Commission recommended that a new law for the promotion of social inclusion of those affected by leprosy, and their family, be passed.

Defence

Ministry of Defence released Defence Procurement Procedure, 2016

The Ministry of Defence released five (out of seven) chapters of the Defence Procurement Procedure (DPP), 2016 in March 2016.²⁷³ The chapters that

have been released lay down the process for capital acquisitions undertaken by the Ministry of Defence, the Armed Forces, and the Indian Coast Guard, whether from indigenous sources or through import. The chapters of the DPP, 2016 that have not been released pertain to guidelines covering standard defence contracts, and choosing strategic partners in the private sector.

The DPP, 2016 replaced the DPP, 2013, and became effective from April 1, 2016.

Categories of acquisition: DPP, 2013 provided five routes for capital acquisitions.²⁷⁴ These were preferred in the following order: (i) 'Buy (Indian)' meaning purchase of equipment from Indian vendors (with minimum 30% indigenous content), (ii) 'Buy and Make (Indian)' meaning purchase from Indian vendors followed by licensed production in India (with minimum 50% indigenous content), (iii) 'Make' meaning indigenous development and manufacture (with minimum 30% indigenous content), (iv) 'Buy and Make' meaning purchase from foreign vendor followed by licensed production in India, and (v) 'Buy (Global)' meaning purchase from foreign or Indian vendors.

The DPP 2016 has added one more category, 'Buy (Indian- Indigenously Designed, Developed and Manufactured)', as the most preferred route of capital acquisition. This means, purchasing from an Indian vendor, products that have either: (i) been indigenously designed, developed and manufactured with minimum 40% indigenous content, or (ii) not been indigenously designed or developed but have at least 60% indigenous content.

Further, the DPP, 2016 has increased: (i) the indigenous content requirement under Buy (Indian) from 30% to 40% of contract value, and (ii) the government assistance provided to the defence industry under the Make category.

Offset obligation: Offset obligation is applicable to acquisitions under some categories which provide a greater role to foreign production (eg. Buy (Global)). It requires the vendor to re-invest 30% of the defence contract value in the Indian defence sector. The DPP, 2013 makes this obligation applicable to vendors of defence contracts above Rs 300 crore. The DPP, 2016 modifies this to Rs 2,000 crore.

Government decided to implement One Rank One Pension scheme

The Defence Minister, Mr Manohar Parrikar, announced the implementation of the One Rank One Pension (OROP) scheme in September 2015.^{275,276}

OROP is a scheme for ex-servicemen under military pension. It guarantees that uniform pension will be paid to armed forces personnel retiring at the same rank with the same length of service, irrespective of their date of retirement. Under OROP, future increase in the rates of pension will be automatically passed on to existing pensioners. Before OROP came to be implemented, military pensions were linked to the last drawn salary of ex-servicemen.

Key features of the scheme include:²⁷⁷

- The scheme will be deemed to be in effect from July 1, 2014.
- It will not cover servicemen who retire voluntarily in the future.²⁷⁶ However, the Prime Minister has stated that anyone who was discharged from the armed forces due to injury will be covered under OROP.²⁷⁸
- Pension amounts will be fixed on the basis of the pension rates in 2013. Thereafter, pension rates will be re-fixed every five years to bridge the gap between existing and new pensioners.

In February 2016, the government released the revised rates of pension for personnel under OROP.²⁷⁹ The annual financial implication of implementing OROP will be approximately Rs 7,500 crore. Arrears from July 2014 to December 2015 will be approximately Rs 10,900 crore. Consequently, the government had said that the defence budget for pensions is likely to increase from Rs 54,000 crore (2015-16) to Rs 65,000 crore (2016-17), by about 20%.²⁸⁰

However, the Union Budget has allocated approximately Rs 82,000 crore towards defence pension for 2016-17.²⁸¹

The government also appointed a one member judicial committee to examine the implementation of the OROP scheme in December 2015.²⁸² The committee has one member, Justice L Narasimha Reddy, retired Chief Justice of Patna High Court. It has to submit its report within six months from its date of constitution.

Home Affairs

Election Laws (Amendment) Bill, 2016 passed by Parliament

The Election Laws (Amendment) Bill, 2016 was introduced and passed by Parliament in February 2016.²⁸³ The Bill seeks to amend the Representation

of the People Act, 1950 and the Delimitation Act, 2002.

The 1950 and 2002 Acts regulate allocation of seats to the national and state legislatures, and delimitation (i.e., fixing boundaries) of parliamentary and assembly constituencies.

The Bill aims to empower the Election Commission to carry out delimitation of constituencies in areas that were affected by the enactment of the Constitution (100th Amendment) Act, 2015. Under the 2015 Act, enclaves were exchanged between India and Bangladesh. Enclaves are territories belonging to one country that are entirely surrounded by another country. India transferred 111 enclaves (17,161 acres) to Bangladesh, and received 51 enclaves (7,110 acres) from Bangladesh on July 31, 2015. All the Bangladeshi enclaves transferred to India are located in the Cooch Behar district of West Bengal.²⁸⁴

In December 2015, the Union Cabinet had approved a package for rehabilitation and improvement of infrastructure in the Cooch Behar district, and the exchanged enclaves. This package will be implemented within three to five years at a cost of about Rs 1,006 crore.²⁸⁵

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

Government seeks to amend the Enemy Property Act, 1968

The Enemy Property (Amendment and Validation) Ordinance, 2016 was promulgated in January 2016.²⁸⁶ The Ordinance amends the Enemy Property Act, 1968 and the Public Premises (Eviction of Unauthorised Occupants) Act, 1971.

A Bill to replace the ordinance was introduced and passed by Lok Sabha in March 2016.²⁸⁷ It was subsequently referred to a Select Committee by Rajya Sabha.²⁸⁸ The report of the Committee was expected to be released in May 2016.

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

Key features of the Bill include:

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

will come into effect from the date of commencement of the 1968 Act.

- **Vesting of property with the Custodian:** The 1968 Act allowed for vesting of enemy properties with the Custodian, after the conflicts with Pakistan and China. The Bill seeks to clarify that in the following cases these properties will continue to vest with the Custodian: (i) the enemy's death, (ii) if the enemy's legal heir is an Indian, (iii) if the enemy changes his nationality to that of another country, etc.
- The Bill further provides that vesting of enemy property with the Custodian will mean that all rights, titles and interests in the property will vest with the Custodian. No laws and customs governing succession will be applicable to these properties.
- **Transfers by enemies:** The 1968 Act permitted transfer of enemy property by an enemy except in some circumstances (eg. if transfer was against public interest). The Bill seeks to remove this provision, and prohibit all transfers by enemies. Further, it renders such transfers that had taken place before or after the commencement of the 1968 Act as void.

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

Sikh Gurdwaras (Amendment) Bill, 2016 introduced and passed by Rajya Sabha

The Sikh Gurdwaras (Amendment) Bill, 2016 was introduced and passed by Rajya Sabha in March 2016.²⁸⁹ The Bill seeks to amend the Sikh Gurdwaras Act, 1925.

The Act regulates administration of Sikh Gurdwaras in Chandigarh, Haryana, Himachal Pradesh and Punjab. For this purpose, it established the Sikh Gurdwara Prabandhak Committee (SGPC) for overall administration and management, and set up committees for management of every Gurdwara.

With regard to elections to the SGPC and the management committees, the Act provided that no person who trims or shaves his beard or hair will be entitled to vote in these elections. However, it created an exception for Sehjdhari Sikhs who trim or shave their beard or hair, allowing them to vote. The Bill removes this exception, disentitling Sehjdhari Sikhs from voting if they carry out these activities.

Under the Act, Sehjdhari Sikhs are those persons who: (i) perform ceremonies according to Sikh rites, (ii) do not consume tobacco or halal meat, (iii) have

not been expelled from the religion for committing a religious transgression, and (iv) can recite the Mul Mantra (a Sikh prayer).

The central government had issued a notification to disentitle the Sehjdhari Sikhs from voting in these elections in October 2003. However, the Punjab and Haryana High Court had struck it down as in 2011 as a notification cannot overrule a provision in an Act.²⁹⁰ The Bill amends the Act retrospectively from October 8, 2003 to give effect to the provisions of the notification.

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

Framework agreement signed with National Socialist Council of Nagaland

The central government entered into an agreement with the National Socialist Council of Nagaland (Isak-Muivah) regarding ending the Naga insurgency in August 2015.²⁹¹ One of the reasons for the insurgency was the demand by various Naga groups for a separate sovereign state for Nagas, covering parts of Arunachal Pradesh, Assam and Manipur.

The details of the agreement have not been made public. Therefore the specific arrangement made between the central government and the National Socialist Council of Nagaland is unclear.²⁹²

Amendments to the Anti-Hijacking Bill, 2014 cleared by Cabinet

According to news reports, the Union Cabinet cleared amendments to the Anti-Hijacking Bill, 2014 in July 2015.²⁹³ The Bill was introduced in Rajya Sabha in December 2014.²⁹⁴

The Bill repeals the Anti-Hijacking Act, 1982. The Bill: (i) expands definition of aircraft hijacking (for example, by covering hijacking by technological means); (ii) includes related offences (like threatening/organising an aircraft hijacking) within the definition of hijacking; and (iii) provides for capital punishment in cases where the offence results in death of a hostage or security personnel; among other things.

The Standing Committee examining the Bill made several recommendations on the Bill including: (i) acts like preparing for hijacking and making false complaints regarding hijacking ('hoax calls') should be made punishable, (ii) capital punishment must be provided in cases where death of *any person* is caused as a consequence of hijacking, and (iii) provision for compensation to victims of hijacking must be made in the Bill.²⁹⁵

The Cabinet accepted the Standing Committee recommendation regarding the capital punishment provision in the Bill.²⁹³

For a PRS Summary of the Bill, please see [here](#). For a PRS Summary of the Standing Committee Report, see [here](#).

Draft amendments to the Prevention of Damage to Public Property Act, 1984

The Ministry of Home Affairs published draft amendments to the Prevention of Damage to Public Property Act, 1984 for comments in May 2015.²⁹⁶

The Supreme Court had set up a committee under the chairmanship of Justice K. T. Thomas to examine the Act in 2007.²⁹⁷ The Committee made recommendations to amend this law, and the draft amendments give effect to these recommendations.

Key features of the draft amendments include:

- Office-bearers of an organisation calling for a bandh, demonstration, etc. will be responsible for damage to public property caused in such an exercise. However, if an officer-bearer had no knowledge of the damage caused or acted to prevent it, he shall not be considered guilty.
- An officer-in-charge of a police station has to make arrangements for videography in an area where a bandh or demonstration has been called, if there is likelihood of damage to public property.
- An accused person will be presumed guilty if an act in which he participated results in damage to public property.
- The fine imposed under the Act must be the same as the market value of the public property damaged.

Draft amendments to the Citizenship Act, 1955 published

The Ministry of Home Affairs published draft amendments to the Citizenship Act, 1955 for comments in December 2015.²⁹⁸ The proposed changes seek to allow minority communities from Bangladesh and Pakistan, who came to India due to religious persecution, to acquire Indian citizenship.

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 beyond the permitted time.

The draft amendments provide that the following groups of persons will not be treated as illegal migrants: (i) Hindus, Sikhs, Buddhists, Jains, Parsis and Christians from Bangladesh and Pakistan, (ii) who have been exempted from provisions of the Foreigners Act, 1946 and the Passport (Entry into India) Rules, 1950 by the central government. The 1946 Act regulates the entry and departure of foreigners in India, while the 1950 rules mandate passport requirements.

In addition, the draft amendments provide that Overseas Citizens of India (OCI) may have their OCI cards cancelled if they exercise rights to which they are not entitled.

Draft amendments to the Foreign Contribution (Regulation) Act, 2010 published

The Ministry of Home Affairs published draft amendments to the Foreign Contribution (Regulation) Act, 2010 in December 2015.²⁹⁹

The Act requires that individuals, associations and companies who have a cultural, economic, educational, religious or social program must register with the central government before accepting any contribution from a foreign source. Foreign source is defined to include: (i) a foreign government, (ii) international agencies like the United Nations, and (iii) companies in which more than half of the shares are held by foreign governments, foreigners, foreign companies, etc.

The draft amendments seek to exclude those companies whose foreign shareholding is within the prescribed foreign investment limits under the Foreign Exchange Management Act, 1999, from the definition of foreign source.

Norms for disaster relief revised

The Ministry of Home Affairs revised the norms of assistance from the National Disaster Response Fund (NDRF) and the State Disaster Response Funds (SDRF) in April 2015.^{300,301} This decision was based on the recommendations of the 14th Finance Commission, and an Expert Group set up by the Ministry of Home Affairs.^{302,303} These norms are effective from April 1, 2015, and will be applicable for the period 2015-2020.

The norms list the different kinds of assistance which are provided from the funds (for example, relief in case of casualties and injuries, cost of search and rescue operations, and compensation for land loss)

and the quantity of assistance. Key features of the revised norms are:

- The quantity of monetary benefit available has been increased across all categories of assistance. For example, four lakh rupees per deceased person will be awarded to the family of the deceased person under the revised norms. Earlier this amount was Rs 1.5 lakh.³⁰⁴
- There will be automatic annual updating of the norms with reference to movement of the wholesale price index, which was not permissible earlier.
- There is a requirement to make the first deduction from the SDRF up to a specified limit before making any deduction from the NDRF. Under the revised norms the specified limit has been modified to 50% of the SDRF balance (as on March 31 of the preceding financial year). Earlier it was 75% for general category states, and 90% for special category states.³⁰⁵
- Up to 5% of the allocation under SDRF may be spent on capacity building. Earlier, this was not permissible.
- Up to 10% of the allocation under SDRF may be spent on local disasters which are considered to be disasters in a local context. Earlier, this was not permissible.
- Up to 10% of the allocation under SDRF may be spent on equipment for rescue, evacuation, communication, etc. Earlier, up to 5% of the allocation could be used for this purpose.

Reservation for women at constable level posts in CAPFs approved

The Ministry of Home Affairs approved reservation for women at constable level posts in the Central Armed Police Forces (CAPFs) in January 2016.³⁰⁶

There will be 33% reservation for constable posts in Central Reserve Police Force and Central Industrial Security Force. Border guarding forces, i.e. the Border Security Force, the Sashastra Seema Bal, and the Indo Tibetan Border Police, will have a 14%-15% reservation.

In 2010, the Parliamentary Committee on Empowerment of Women had noted that representation of women in CAPFs was negligible. It had recommended that at least 10% of total posts in paramilitary forces be filled up by women.³⁰⁷

External Affairs

Constitution amendment Bill related to exchange of enclaves between India and Bangladesh passed

The Constitution (119th Amendment) Bill, 2013 was passed by Parliament in May 2015.³⁰⁸ The Standing Committee on External Affairs had submitted its report on the Bill in December 2014, and had recommended that the Bill be enacted into law.

The Bill amends the First Schedule of the Constitution to give effect to an agreement entered into between India and Bangladesh in 1974, and its protocol. The agreement and the protocol provided for the transfer of certain territories between India and Bangladesh.

The Bill alters the boundaries of Assam, West Bengal, Meghalaya and Tripura in the First Schedule to facilitate the transfer of these territories. The First Schedule of the Constitution defines the area of each state and union territory which constitute India.

For a PRS Summary on the Bill and the Standing Committee Report, please see [here](#) and [here](#).

Key agreements signed with other countries

In 2015-16, India entered into agreements with various countries including China, France, Germany, Japan and Russia. Some of the key agreements are mentioned below.

China: 24 agreements and memoranda of understanding (MoUs) were signed between India and China on various issues including: (i) cooperation between NITI Aayog and China's Development Research Centre regarding macroeconomic and policy issues, (ii) increasing speed on existing railway routes in India, establishing high speed rail, and railway station re-development, and (iii) establishing a States/Provincial Leaders' Forum for state/provincial and city/municipality level exchanges. At the India-China Business Forum, business agreements and MoUs were signed valued at USD 22 billion.³⁰⁹

France: 48 agreements were concluded, related to various sectors including: (i) an intergovernmental agreement for supply of 36 multirole combat aircrafts (Rafale jets) for the Indian Air Force, (ii) a deal between Mahindra and Mahindra and France-based Airbus Group to manufacture helicopters under the Make in India initiative, (iii) MoUs to develop Chandigarh, Nagpur and Puducherry as smart cities, and (iv) MoUs to set up solar energy projects in

Indian rural areas, and develop wind power projects.^{310,311,312}

Germany: 21 agreements, letters of intent, etc. were signed between Indian and Germany. They address issues related to solar energy, cooperation in manufacturing, higher education, security cooperation, disaster management, urban development and skill development.³¹³ One of the key agreements signed allows for a partnership in solar energy between both countries, based on concessional loans from Germany (worth about one billion Euros over next five years).

Japan: India and Japan entered into 16 agreements including on issues related to nuclear cooperation, railways, defence, education, energy and disaster management. Key agreements signed include: (i) an agreement on cooperation in peaceful uses of nuclear energy, (ii) cooperation between NITI Aayog and Institute of Energy Economics, Japan on analysing

issues related to energy, (iii) developing the Mumbai-Ahmedabad high speed rail corridor, and (iv) agreements on transfer of defence equipment and technology, and protection of classified military information.³¹⁴

Russia: India entered into about 16 agreements with Russia in various sectors. Some of the key agreements signed include: (i) a defence agreement for manufacture of Kamov-226T military helicopters in India, (ii) a program of action to undertake local manufacturing in India for Russian-designed nuclear reactor units, and (iii) two deals in the oil and gas sector related to acquisition of 15% stake in the second largest oilfield, and cooperation in the geological survey, exploration and production of hydrocarbons in Russia.³¹⁵

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¹³ “Report of The Joint Committee on Business Processes for GST on GST Payments”, Empowered Committee of state finance ministers, April 2015, Ministry of Finance, https://mygov.in/sites/default/files/mygov_1444628250190667.pdf.

¹⁴ Justice K.S. Puttaswamy (Retd.) and another vs. Union of India, Supreme Court of India, Writ Petition (Civil) No. 494/2012, October 15, 2015.

¹⁵ The Insolvency and Bankruptcy Code, 2015, Ministry of Finance, <http://www.prsindia.org/uploads/media/Bankruptcy/Insolvency%20and%20Bankruptcy%20code,%202015.pdf>.

¹⁶ “Report of the Seventh Central Pay Commission”, Ministry of Finance, November 19, 2015, http://finmin.nic.in/7cpc/7cpc_report_eng.pdf.

¹⁷ Highlights of recommendations of Seventh Central Pay Commission, Ministry of Finance, http://finmin.nic.in/press_room/2015/7thCPC_Highlight.pdf.

¹⁸ The Undisclosed Foreign Income and Assets (Imposition of Tax) Bill, 2015, Ministry of Finance, <http://www.prsindia.org/uploads/media/Black%20Money/Black%20money-%20as%20passed%20by%20LS.pdf>.

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