Monthly Policy Review

December 2017

Highlights of this Issue

Winter Session 2017 of Parliament begins; 12 Bills introduced in Lok Sabha (p. 2)
The Bills introduced include the Muslim Women (Protection of Rights on Marriage) Bill, 2017, the Insolvency and Bankruptcy Code (Amendment) Bill, 2017, and the National Medical Commission Bill, 2017.

Parliament passes six Bills in the ongoing Winter Session (p. 2)
These include the Companies (Amendment) Bill, 2017, the Indian Institutes of Management Bill, 2017, the Indian Forest (Amendment) Bill, 2017, and the Repealing and Amending (First) and (Second) Bills, 2017.

Bill to criminalise instant triple talaq passed by Lok Sabha (p. 3)
The Bill makes declaration of *talaq-e-biddat* void and illegal and makes it a punishable offence. Further, it requires the husband to pay a subsistence allowance to his wife.

Bill amending the Insolvency and Bankruptcy Code, 2016 passed by Lok Sabha (p. 3)
The Bill amends the 2016 Act to prohibit certain categories of persons from submitting a resolution plan. It also prohibits the sale of any property during liquidation to any of these ineligible persons.

The National Medical Commission Bill, 2017 introduced in Lok Sabha (p. 6)
The Bill seeks to repeal the Indian Medical Council Act, 1956 and sets up the National Medical Commission to frame policies for regulating medical institutions and medical professionals.

Cabinet approves setting up of the National Nutrition Mission (p. 6)
National Nutrition Mission is a three year programme which seeks to create synergy between the existing schemes which are focussed on improving nutritional outcomes across ministries.

Select Committee submits report on the Motor Vehicles (Amendment) Bill, 2017 (p. 10)
The Committee recommended passing the Bill as passed by Lok Sabha without any further amendments. It made certain general recommendations with regard to improving road safety, and implementation of the proposed law.

Standing Committees submit reports on various subjects (p. 11, 14, 15, 16)
The subjects include the impact of GST on exports, women in detention and their access to justice, new Urea Policy, 2015, and review of National Statistics Survey Organisation and Central Statistics Office.

Draft Model Contract Farming Act 2018 released (p. 14)
The draft Model Act seeks to: (i) provide for improved production and marketing of agriculture produce through contract farming, (ii) facilitate contracting parties, and (iii) create a regulatory framework for contract farming.

CAG submits performance audit report on the Food Safety and Standards Act, 2006 (p. 7)
The audit made certain observations including: (i) delay in framing regulations as stated in the Act, (ii) licenses to food businesses being issued on the basis of incomplete documents, and (iii) low quality of food laboratories.

Committee of Experts on drug pricing and launch of new drugs constituted (p. 7)
The Department of Pharmaceuticals set up a multi-disciplinary Committee of Experts to examine issues related to pricing and launch of new drugs. The Committee will consist of four members representing various organisations.

CAG submits report on rejuvenation of river Ganga (Namami Gange) programme (p. 13)
Key findings of the audit include: (i) under-utilisation of funds, (ii) delays in planning and implementation of various projects, (iii) shortage of human resources, and (iv) inadequate monitoring and evaluation mechanisms.

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Parliament

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Winter session of Parliament begins

The Winter Session 2017 of Parliament began on December 15, 2017. It will have 14 sittings until January 5, 2018.[1] In this session, 25 Bills have been listed for consideration and passing. These included the Financial Resolution and Deposit Insurance Bill, 2017, the Right of Children to Free and Compulsory Education (Second Amendment) Bill, 2017, the Prevention of Corruption (Amendment) Bill, 2013 and the Motor Vehicles (Amendment) Bill, 2016. Of these, six Bills have been passed by Parliament so far. These include the Companies (Amendment) Bill, 2017, the Indian Institutes of Management Bill, 2017 and two Repealing and Amending Bills of 2017.

In addition, 12 Bills have been introduced in the Lok Sabha so far. These include the Muslim Women (Protection of Rights on Marriage) Bill, 2017, the Insolvency and Bankruptcy Code (Amendment) Bill, 2017, the Representation of the People (Amendment) Bill, 2017, and the National Medical Commission Bill, 2017. During the session, three Bills replaced Ordinances including the Goods and Services Tax (Compensation to States) Amendment Bill, 2017, the Indian Forest (Amendment) Bill, 2017, and the Insolvency and Bankruptcy (Amendment) Bill, 2017.

Lok Sabha has passed five Bills, including the Muslim Women (Protection of Rights on Marriage) Bill, 2017, the Insolvency and Bankruptcy Code (Amendment) Bill, 2017, the Central Road Fund (Amendment) Bill, and the Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017.

The Second Supplementary Demand for Grants 2017-18 for the Union Budget was also passed by Parliament in this session.

For more details on the legislative agenda during the Winter Session 2017, see here.

Macroeconomic Development

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Policy repo rate kept unchanged at 6%

The Monetary Policy Committee (MPC) released the fifth Bi-Monthly Monetary Policy Statement of 2017-18.[2] The policy repo rate (at which RBI lends money to banks) was kept unchanged at 6% by a majority vote of the members (five out of six members). One member voted for a rate reduction of 0.25%.[2] Other decisions of the MPC include:

- The reverse repo rate (at which RBI borrows money from banks) was also kept unchanged at 5.75%.
- The marginal standing facility rate (at which banks can borrow additional money) and bank rate (at which RBI buys or rediscounts bills of exchange) was also kept unchanged at 6.25%.

Current Account Deficit at 1.2% of GDP in Q2 of 2017-18

India's Current Account Deficit (CAD) in the second quarter (July-September) of 2017-18 increased to USD 7.2 billion (1.2% of GDP) from USD 3.4 billion (0.6% of GDP) in the corresponding quarter of last year.[3] CAD in the first quarter (April- June) of 2017-18 was USD 14.3 billion (2.4% of GDP).

The year-on-year increase in the CAD was largely on account of a higher trade deficit (difference between the country's imports and exports) of USD 32.8 billion. Foreign direct investments and net portfolio flow reduced from the corresponding quarter in the previous year. Foreign exchange reserves increased to USD 9.6 billion, compared to an increase of USD 8.5 billion in the second quarter of 2016-17. Table 1 shows the balance of payments in the first quarter of 2017-18.

Table 1: Balance of Payments in Q2 of 2017-18 (USD billion)

	Q2 2016-17	Q1 2017-18	Q2 2017-18
Current Account	-3.4	-14.3	-7.2
Capital Account	12.8	25.4	16.4
Errors and Omissions	-0.9	0.4	0.4
Change in reserves	8.5	11.5	9.6

Sources: Reserve Bank of India; PRS.

Finance

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Goods and Services Tax (Compensation to States) Amendment Bill, 2017 passed by Lok Sabha

The Goods and Services Tax (Compensation to States) Amendment Bill, 2017 was passed by Lok Sabha.[4,5,6] The Bill amends the Goods and Services Tax (Compensation to States) Act, 2017 and replaces an Ordinance promulgated in September 2017.

The 2017 Act allows the central government to notify the rate of the Goods and Services Tax (GST) Compensation Cess on items such as pan masala, coal, aerated drinks, and tobacco, subject to certain caps. The amount received by levying the GST Compensation Cess is used to compensate states for any loss in revenue following the implementation of GST.

- **Increase in cap on GST Compensation Cess:** The Bill amends the 2017 Act to increase the cap on GST Compensation Cess levied on motor vehicles from 15% to 25%.

For more details on the Bill, see here.

Corporate Affairs

The Insolvency and Bankruptcy Code (Amendment) Bill, 2017 passed by Lok Sabha

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The Insolvency and Bankruptcy Code (Amendment) Bill, 2017 was passed by Lok Sabha. It amends the Insolvency and Bankruptcy Code, 2016 and replaces an Ordinance promulgated in November 2017.[7,8,9] The Code provides a time-bound process for resolving insolvency of companies and individuals. Insolvency is a situation where a company is unable to repay its outstanding debt. Key features of the Bill include:

- **Resolution applicant:** The Code defines a resolution applicant as a person who submits a resolution plan to an insolvency professional. A resolution plan specifies the details of how the debt of a defaulting debtor can be restructured. The Bill amends this provision to define an applicant as a person who submits a resolution plan after receiving an invitation by the insolvency professional to do so.
- **Ineligibility to be a resolution applicant:** The Bill inserts a provision prohibiting certain persons from submitting a resolution plan. These include: (i) undischarged insolvents (individuals unable to repay their debt), (ii) wilful defaulters, (iii) a person whose account has been identified as a non-performing asset for more than a year and he has not repaid the amount before submitting a plan, (iv) a person convicted of an offence punishable with two or more years of imprisonment, (v) a person disqualified as a director under the Companies Act, 2013, or (vi) anyone connected to a person mentioned above (including promoters, management, or any related person).
- **Liquidation:** The Bill prohibits the sale of the property of the defaulter to any such ineligible persons during liquidation.

For a PRS analysis of the Bill, see here. For more details on the Ordinance promulgated in November 2017, see here.

Companies (Amendment) Bill, 2017 passed in Parliament

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The Companies (Amendment) Bill, 2017 was passed by Parliament.[10] The Bill was introduced in Lok Sabha in March 2016.[11] The Bill amends the Companies Act, 2013 to change provisions related to structuring, disclosure and compliance requirements for companies.

The Standing Committee on Finance had examined the Companies (Amendment) Bill, 2016 and submitted its report on December 7, 2016.[12] In April 2017, the government circulated certain amendments to the 2016 Bill. Lok Sabha passed the 2017 Bill with these amendments in July 2017.[13] Key features of the Bill as passed by Parliament include:

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

For more details on the 2016 Bill, see here. For a comparison of the features of the 2016 Bill and the 2017 Bill, see here.

Law and Justice

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Bill to make instant triple talaq punishable passed by Lok Sabha

The Muslim Women (Protection of Rights on Marriage) Bill, 2017 was introduced and passed by Lok Sabha.[14]

The Bill makes all declaration of *talaq-e-biddat (talaq),* including in written or electronic form, to be void (i.e. not enforceable in law) and illegal. *Talaq-e-biddat* refers to the practice where pronouncement of the word '*talaq*' thrice in one sitting by a Muslim man to his wife results in an instant and irrevocable divorce.

Note that, on August 22, 2017, the Supreme Court had set aside the practice of *talaq-e-biddat* by declaring it invalid.[15] The Bill seeks to give effect to the judgement of the Supreme Court.

The key features of the Bill are as follows:

- **Offence and penalty**: The Bill makes declaration of *talaq* a cognizable and non-bailable offence. (A cognizable offence is one for which a police officer may arrest an accused person without warrant.) A husband declaring *talaq* can be imprisoned for up to three years along with a fine.
- **Allowance**: A Muslim woman against whom *talaq* has been declared, is entitled to seek subsistence allowance from her husband for herself and for her dependent children. The amount of the allowance will be decided by a First Class Magistrate.
- **Custody of minor children**: A Muslim woman against whom such *talaq* has been declared, is entitled to seek custody of her minor children. The determination of custody will be made by the Magistrate.

For more details on the Bill, see here.

The Representation of the People (Amendment) Bill, 2017 introduced in Lok Sabha

The Representation of the People (Amendment) Bill, 2017 was introduced in Lok Sabha. The Bill amends the the Representation of People Act, 1950 and the Representation of People Act, 1951 to allow NRIs to vote during elections through a proxy.[16]

Key features of the Bill include:

- **Voting by proxy:** The 1950 Act permits the registration of persons in electoral rolls who are considered ordinarily resident in a constituency. These persons include: (i) persons holding a service qualification (such as members of armed forces or central government employees posted outside India); and (ii) persons holding certain offices in India declared by the President in consultation with Election Commission. Under the Act, the wives of such persons are also deemed to be ordinarily residing in the constituency. The Bill replaces the term 'wife' with 'spouse'.
- **Gender-neutral provision:** The 1951 Act permits an overseas voter to vote only in person. An overseas voter is a citizen of India who is absent from his place of ordinary residence in India. The Bill amends the 1951 Act to permit an overseas voter to cast their vote in person or by proxy, in the constituency where the poll is taken. The 1951 Act also provides for the wife of a person holding a service qualification to vote. The Bill replaces the term 'wife' with 'spouse'.

For more details on the Bill, see here.

Bill to amend the Specific Relief Act, 1963 introduced in Lok Sabha

The Specific Relief (Amendment) Bill, 2017 was introduced in Lok Sabha. The Bill amends the Specific Relief Act, 1963.[17] The Act provides for remedies to a party whose contract has not been performed: (i) the party may ask the court to require performance of the contract (known as specific performance); or (ii) it may seek monetary compensation.

Key features of the Bill include:

- **Specific performance**: Under the Act, specific performance may be granted by the court at its discretion, in the following circumstances: (i) when monetary compensation is inadequate; or (ii) when monetary compensation cannot be easily ascertained. The Bill seeks to remove these conditions and permit specific performance by courts as a general rule.
- **Substituted performance**: The Bill allows an aggrieved party (i.e. a party whose contract has not been performed by the other party) the option to arrange for performance of the contract by a third party or his own agency. The aggrieved party has to give a written notice to the non-performing party of at least 30 days before obtaining substituted performance.
- **Injunctions**: Under the Act, courts can grant injunctions to aggrieved parties. The Act provides circumstances in which the injunction cannot be given, for example, to stop a party from filing a complaint in a criminal matter. The Bill seeks to prohibit courts from granting injunctions in certain infrastructure project contracts, if such an injunction would hinder or delay the completion of the project. The Bill provides

a list of project categories under certain infrastructure sectors and their sub-sectors.

- **Special Courts**: The Bill provides that certain civil courts may be designated as Special Courts by the state government, in consultation with the Chief Justice of the respective High Court. These special courts will deal with cases related to infrastructure projects. Such cases must be disposed off within 12 months.

For more details on the Bill, see here.

Bill to amend salaries, allowances and pension of judges introduced

The High Court and the Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2017 was introduced in Lok Sabha. [18] The Bill amends the High Court Judges (Salaries and Conditions of Service) Act, 1954 and Supreme Court Judges (Salaries and Conditions of Service) Act, 1958. The two Acts regulate the salaries and conditions of service of the judges of the High Courts and the Supreme Court.

Key features of the Bill include:

- **Salary:** The two Acts specify the salaries of judges of the Supreme Court and High Courts. The Bill seeks to revise their salaries with effect from January 1, 2016:

Table 2: Salary of judges (per month)

Designation	Present (Rs)	Proposed (Rs)
Chief Justice of India	1,00,000	2,80,000
Other Judges of the Supreme Court	90,000	2,50,000
Chief Justice of High Court	90,000	2,50,000
Other Judges of High Court	80,000	2,25,000

Sources: The High Court Judges (Salaries and Conditions of Service) Act, 1954; The Supreme Court Judges (Salaries and Conditions of Service) Act, 1958; The High Court and Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2017; PRS.

- **Housing Allowance**: The two Acts specify that judges of the High Court and the Supreme Courts will be entitled to the use of an official residence, without payment of rent. Further, if judges do not use this entitlement, they will be paid a monthly allowance equal to 30% of their salary. The Bill seeks to revise this allowance to 24% of their salary. Further, it specifies that this allowance will be revised to: (i) 27% of salary when the dearness allowance (DA) crosses 25%, and (ii) 30% of salary when DA crosses 50%.

- **Pension**: The two Acts specify the pension for High Court and Supreme Court judges based on: (i) if they have previously held a pensionable post under the central or state governments, or (ii) if they have not held any such post. The Bill seeks to revise the pension for judges under both these categories. Further, it also revises the cap on maximum pension payable to judges.

For more details on the Bill, see here.

The Repealing and Amending Bills passed in Parliament

The Repealing and Amending Bill, 2017 and Repealing and Amending (Second) Bill, 2017 were passed by Parliament.[19,20] The key features of the Bills are as follows:

- **Repealing certain laws in whole:** The two Bills repeal a total of 236 Acts. Of these, 101 are amendment Acts, where the changes made by these laws have already been incorporated into the relevant principal Acts. Further, 50 of the repealed laws were passed prior to 1947.

- **Amendment of certain laws:** The two Bills amend certain Acts to rectify drafting errors, which include: (i) The National Institute of Technology, Science Education and Research Act, 2007; (ii) The Juvenile Justice (Care and Protection of Children) Act, 2015, and (iii) The Rights of Persons with Disabilities Act, 2016.

For more details on the Bills, see here and here.

Environment

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Indian Forest (Amendment) Bill, 2017 passed by Parliament

The Indian Forest (Amendment) Bill, 2017 was passed by Parliament. It was introduced in Lok Sabha on December 18, 2017.[21] The Bill replaces the Indian Forest (Amendment) Ordinance, 2017 and amends the Indian Forest Act, 1927. The Act consolidates laws relating to forests, transit of forest-produce, and the duty to be levied on them.

Key features of the Bill include:

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

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

For more details on the Bill, see here.

Health

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The National Medical Commission Bill, 2017 introduced in Lok Sabha

The National Medical Commission Bill, 2017 was introduced by the Minister of Health and Family Welfare, Mr. J. P. Nadda in Lok Sabha on December 29, 2017.[22] The Bill seeks to repeal the Indian Medical Council Act, 1956 and provide for a medical education system which ensures: (i) availability of adequate and high quality medical professionals, (ii) adoption of the latest medical research by medical professionals, (iii) periodic assessment of medical institutions, and (iv) an effective grievance redressal mechanism. Key features of the Bill include:

- **Constitution of the National Medical Commission**: The Bill sets up the National Medical Commission (NMC). Within three years of the passage of the Bill, state governments will establish State Medical Councils at the state level. The NMC will consist of 25 members, appointed by the central government.
- Members of the NMC will include: (i) the Chairperson, (ii) 12 ex-officio members (heads of boards under the Act, Directors of leading medical colleges, and a health ministry official, (iii) three nominees of the central government, (iv) three nominees of the states (Vice-Chancellors of health universities), and (v) five doctors (part-time) to be elected from amongst themselves from the prescribed regional constituencies under the Bill.
- **Functions of the National Medical Commission:** Functions of the NMC include: (i) framing policies for regulating medical institutions and medical professionals, (ii) assessing the requirements of healthcare related human resources and infrastructure, (iii) ensuring compliance by the State Medical Councils of the regulations made under the Bill, (iv) framing guidelines for determination of fees for up to 40% of the seats in the private medical institutions and deemed universities which are regulated as per the Bill.
- **Autonomous boards**: The Bill sets up four autonomous boards under the supervision of the NMC. Each board will consist of a President and two members, appointed by the central government. These boards include: (i) the Under-Graduate Medical Education Board and the Post-Graduate Medical Education Board, (ii) the Medical Assessment and Rating Board, and (iii) the Ethics and Medical Registration Board.

For more details on the Bill, see here.

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

The Dentists (Amendment) Bill, 2017 was introduced in Lok Sabha.[23] The Bill amends the Dentists Act, 1948. The Act regulates the profession of dentistry and constitutes: (i) the Dental Council of India, (ii) State Dental Councils, and (iii) Joint State Dental Councils.

A register of dentists is maintained under the Act in two parts, Part A and Part B. Persons possessing recognised dental qualifications are registered in Part A and persons not possessing such qualifications are registered in Part B. The persons in Part B are Indian citizens who have been practicing as dentists for at least five years prior to a registration date notified by the state government. Under the Act, composition of the Dental Council of India, State Dental Councils, and Joint State Dental Councils includes representation from dentists registered in Part B. The Bill seeks to remove the mandatory requirement of the representation of dentists registered in Part B in these Councils.

For more details on the Bill, please see here.

Cabinet approves setting up of National Nutrition Mission

The Union Cabinet approved setting up the National Nutrition Mission (NNM).[24] The central government noted that even with the existing schemes on improving the nutritional status of children (0-6 years age), pregnant women, and lactating mothers, the level of malnutrition has been high. The NNM will be a three year programme which seeks to link and foster synergy between the existing schemes (across different ministries) focussed on improving nutritional outcomes. Key features of NNM include:

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

- **Coverage:** It is estimated that more than 10 crore people will be benefitted by NNM. Further, about 315 districts will be covered in 2017-18, 235 districts in 2018-19, and the remaining districts in 2019-20.
- **Financial outlay:** Starting 2017-18, Rs 9046 crore will be spent for three years. This will be funded by government budgetary support (50%) and 50% by the International Bank for Reconstruction and Development or the Multilateral Development Bank. Government budgetary support would be 60:40 between centre and states/UTs, 90:10 for North Eastern Region and Himalayan states, and 100% for UTs without legislature.

CAG releases a performance audit report on the implementation of the Food Safety and Standards Act, 2006

The Comptroller and Auditor General of India (CAG) released an audit report on the 'Implementation of Food Safety and Standards Act, 2006'.[25] The Food Safety and Standards Act, 2006 was enacted to: (i) consolidate multiple laws in the country relating to food safety, (ii) establish a single point reference system, (iii) establish the Food Safety and Standards Authority of India (FSSAI). FSSAI formulates standards for food and regulates their manufacture, and storage, among others.

The audit on food safety was undertaken to assess the performance of the Ministry of Health and Family Welfare, FSSAI, and the food authorities (responsible for the enforcement of the rules and regulations notified by FSSAI) in ten states. The key findings and recommendations of the CAG are as follows:

- **Regulatory and administrative framework:** The CAG noted that even after more than a decade of the enactment of the Act, the Ministry and FSSAI are yet to frame regulations governing various procedures and mechanisms as stated in the Act. Further, the FSSAI has been unable to identify areas for which standards are yet to be formulated or revised. In light of this, the CAG recommended that the FSSAI must expedite the notification of regulations on all the areas that have been specified in the Act. Further, it must frame standard operating procedures on the formulation of standards.
- **Licensing and enforcement:** Under the Act, no person can commence or carry on any food business without obtaining a license. The CAG noted that licenses were issued on the basis of incomplete documents in more than 50% of cases checked during the audit. It recommended that FSSAI ensure all licenses issued under the earlier system of product approvals are reviewed, and licenses cancelled and reissued as required under the present procedure of product approvals.
- **Status of food laboratories:** The CAG observed low quality of the food laboratories (used for testing food samples by FSSAI and state food safety authorities). It found that 65 out of the 72 state food laboratories do not possess National Accreditation Board for Testing and Calibration Laboratories accreditation. Further, the FSSAI does not maintain data on whether all the notified food laboratories have qualified food analysts. Food analysts are required to undertake analysis of food samples. Further, the shortage of functional food testing equipment in state food laboratories resulted in deficient testing of food samples.

For a PRS summary of the report, see here.

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

The Department of Pharmaceuticals set up a multi-disciplinary Committee of Experts to examine issues related to pricing and launch of new drugs.[26] The Committee will consist of four members representing the following organisations: (i) National Pharmaceutical Pricing Authority, (ii) Central Drugs Standard Control Organisation, (iii) Indian Council of Medical Research, and (iv) National Institute of Pharmaceutical Education and Research. Matters referred to the Committee must be resolved by it within a period of four weeks.

Cabinet approves continuation of the National AYUSH Mission

The Union Cabinet approved the continuation of the National Ayurveda, Sidhha, Unani & Homeopathy (AYUSH) Mission from April 1, 2017 to March 31, 2020 with an additional financial outlay of Rs. 2400 crore (for the extended time period of three years).[27] The Mission was launched in September, 2014 with the objectives of providing cost effective AYUSH services through: (i) upgradation of AYUSH hospitals and dispensaries, (ii) locating AYUSH facilities at Primary Health Centers, Community Health Centers and District

Hospitals, and (iii) strengthening institutional capacity at the state level through upgrading AYUSH educational institutions.

Education

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Indian Institutes of Management Bill, 2017 passed by Parliament

The Indian Institutes of Management (IIM) Bill, 2017 was passed by Parliament.[28] The Bill was introduced on February 9, 2017 in Lok Sabha. It declares the IIMs as institutions of national importance. IIMs provide post-graduate, doctoral, postdoctoral and research education in the field of management and allied areas of knowledge. Key features of the Bill include:

- **Power to grant degrees**: Under the Bill, IIMs will have the power to grant degrees, diplomas and other academic distinctions or titles. Currently, IIMs can only grant diplomas and fellowships.
- **Board of Governors**: The Board of Governors will be the principal executive body of each institute. The Board will appoint its own Chairman. Other than a nominee each from the central and state governments, the 17 other board members will also be nominated by the Board.
- **Appointment of the Director**: The Director of each IIM will be recommended by the search-cum-selection Committee to be constituted by the Board of Governors. If the Board is not satisfied with the recommendation of this Committee, it may ask for fresh recommendations for the post of the Director.
- **Academic Council**: The Academic Council will be the principal academic body of each institute. Its functions will include: (i) specification of the content of the academic programmes and the criteria for admission to courses, (ii) specification of the academic calendar, and (iii) recommendations for the grant of degrees, diplomas and other academic distinctions.

For more details on the Bill, please see here.

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

The National Council for Teacher Education (Amendment) Bill, 2017 was introduced in Lok Sabha.[29] The Bill amends the National Council for Teacher Education Act, 1993. The Act establishes the National Council for Teacher Education (NCTE). The NCTE plans and co-ordinates the development of the teacher education system throughout the country. It also ensures the maintenance of norms and standards in the teacher education system. Key features of the 2017 Bill include:

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

For more details on the Bill, please see here.

Urban Development

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

The National Capital Territory of Delhi Laws (Special Provisions) Second (Amendment) Bill, 2017 was passed by Parliament. It was introduced in Lok Sabha on December 22, 2017. It amends the National Capital Territory of Delhi Laws (Special Provisions) Second Act, 2011.

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

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

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

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

For more details on the Bill, see here.

The Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017 passed by Lok Sabha

The Requisitioning and Acquisition of Immovable Property (Amendment) Bill, 2017 was passed by Lok Sabha.[30] The Bill was introduced in Lok Sabha on July 18, 2017. It amends the Requisitioning and Acquisition of Immovable Property Act, 1952. The Act provides for the central government to requisition property for its own purpose, which further must be a public purpose. Under certain conditions it can also acquire such property. Features of the Bill are:

- **Retrospective application:** The Bill will be deemed to have come into force on March 14, 1952, the date of enactment of the Act.
- **Re-issue of notice:** Under the Act, when acquiring a requisitioned property, the central government has to issue a notification with regard to such an acquisition. Before issuing such notice, the government has to provide the property owner (or any person interested in the property), an opportunity to be heard. The property owner at such hearing has to provide reasons for why the property should not be acquired.
- The Bill provides that the government may re-issue the acquisition notice to the property owner (or a person interested in the property) to give them adequate opportunity for a hearing. This re-issue would be irrespective of any past court orders or judgments setting aside any past notices for acquisition. However, the re-issue of notice will not apply to cases where the compensation has already been awarded and accepted by the claimants.
- **Interest payable on compensation:** In cases where a notice has been re-issued, the property owner (or a person interested in the property) will be entitled to an interest on the compensation payable to them. The interest will be calculated for the period from when the first notice was issued till the date of the final payment of compensation. This interest will be the same as the annual rate of interest, prevalent at any relevant time, on the domestic fixed deposit offered by the State Bank of India.
- **Applicability of enhanced compensation:** The Bill provides that such enhanced compensation will be awarded only if: (i) the acquisition notice has been re-issued, and (ii) the land is being acquired for the purpose of national security and defence.

For more details on the Bill, see here.

Transport

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

Prachee Mishra (prachee@prsindia.org)

The Central Road Fund (Amendment) Bill, 2017 was passed by Lok Sabha.[31] The Bill amends the Central Road Fund Act, 2000, and was introduced in Lok Sabha on July 24, 2017. The Act regulates the Central Road Fund (CRF), that is credited with the cess collected on high speed diesel oil and petrol. This collected amount is then released to the National Highways Authority of India, and to the state/union territory governments for the development of national and state highways. The Bill seeks to allocate a share of this cess towards the development of inland waterways. Key features of the Bill include:

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

- **Utilisation of fund:** Under the 2000 Act, the fund can be utilised for various road projects including: (i) national highways, (ii) state roads including roads of inter-state and economic importance, and (iii) rural roads. The Bill provides that in addition to these, the fund will be used for the development and maintenance of national waterways.
- **Powers of central government:** Under the Act, the central government has the power to administer the fund. The central government will make decisions on the: (i) investments on national highways and expressways projects, (ii) raising funds for the development and maintenance of national highways and rural roads, and (iii) disbursement of funds for national highways, state roads and rural roads. The Bill provides that central government will make all the above decisions for national waterways as well.
- **Allocation of cess:** Under the Act, the cess on high speed diesel oil and petrol is allocated towards different types of roads. The Bill seeks to decrease the allocation of cess towards the development and maintenance of national highways from 41.5% to 39%. It allocates 2.5% of the cess towards the development and maintenance of national waterways.

For more details on the Bill, see here.

Select Committee submits report on the Motor Vehicles (Amendment) Bill, 2017

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The Select Committee examining the Motor Vehicles (Amendment) Bill, 2017 (Chairperson: Dr. Vinay P. Sahasrabuddhe) submitted its report. The Bill amends the Motor Vehicles Act, 1988. It was passed by Lok Sabha on April 10, 2017, and referred to the Rajya Sabha Select Committee on August 8, 2017. The Bill was previously examined by the Standing Committee on Transport, Tourism and Culture which submitted its report in February 2017.

The Select Committee recommended that the Bill as passed by Lok Sabha be passed without any amendments. Few observations and recommendations of the Committee include:

- **Regional transport offices:** The Committee noted that the Bill will help strengthen public transport, road safety, automation and computerisation, online learning licence, registration of new vehicles, renewal of driving licences, the National Permit System, and the concept of last mile connectivity. These provisions are citizen friendly and will help in enhancing the concept of cooperative federalism between the central and state governments. It also noted that the amendments proposed in the Bill will not affect the independent functioning of the regional transport offices under the state governments. It recommended that their functioning could be made more transparent and accountable.
- **Consultative mechanism:** The Committee noted that the consultative mechanism with stakeholders with regard to implementation of the 1988 Act is poor. It recommended that the government should create a consultative mechanism involving all stakeholders when framing subordinate legislation. It also recommended that the government should invite comments and suggestions from the general public before making any rules and schemes.
- **Single tax and permit system:** The Committee noted that inter-state and national permits require cumbersome procedures and payment of hefty amount as taxes and fees. For example, if a bus has to ply in five southern states, then it has to pay Rs 42 lakh of permit fee every year. It recommended that the central and state governments may work out modalities to implement a single tax and single permit system across the country.

For a PRS summary of the report, see here. For more details on the Bill, see here.

Ministry of Railways re-categorises railway stations

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The Ministry of Railways revised the categories of railway stations for the period 2017-18 to 2022-23.[32] Earlier, railway stations were categorised into seven categories based on their annual passenger earnings. In addition to annual passenger earnings, the revised categories take into account passenger footfall, and strategic importance of the station. The revised categories will enable stations with higher passenger footfall to be eligible for higher level of passenger amenities.

The stations have been categorised into three groups- non-suburban (NSG), suburban (SG) and

Halt (HG). The table below shows the categories of stations and their criteria.

Table 3: Revised categories of stations

Category of stations	Criteria of earnings (in Rs)	Criteria of passengers handled
NSG 1	>500 crore	>20 million
NSG 2	100- 500 crore	10-20 million
NSG 3	20- 100 crore	5- 10 million
NSG 4	10- 20 crore	2- 5 million
NSG 5	1- 10 crore	1- 2 million
NSG 6	Up to 1 crore	Up to 1 million
SG 1	>25 crore	>30 million
SG 2	10-25 crore	10-30 million
SG 3	Up to 10 crore	Up to 10 million
HG 1	>50 lakh	>3 lakh
HG 2	5-50 lakh	1-3 lakh
HG 3	Up to 5 lakh	Up to 1 lakh

Sources: Press Information of Bureau; PRS

Labour and Employment

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The Payment of Gratuity (Amendment) Bill, 2017 introduced in Lok Sabha

The Payment of Gratuity (Amendment) Bill, 2017 was introduced in Lok Sabha. It seeks to amend the Payment of Gratuity Act, 1972.[33] The Act applies to any establishment, factory, mine, oilfield, plantation, port, railway, company, or shop employing 10 or more workers. The Act requires employees to be paid gratuity if they have had more than five years of service.

Key features of the Bill include:

- **Gratuity amount**: Under the Act, the amount of gratuity paid to an employee is capped at Rs 10 lakh. The Bill removes the cap and allows the central government to notify the ceiling.
- **Maximum Maternity Leave**: The maximum maternity leave, for the purpose of calculating continuous service under the 1972 Act, was based on the maternity leave provided under the Maternity Benefit Act, 1961. The Bill removes the cap and allows the central government to notify the maximum maternity leave. Note that the Maternity Benefit (Amendment) Act, 2017 has enhanced the maximum maternity leave from 12 weeks to 26 weeks.

For more details on the Bill, see here.

Commerce

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Standing Committee submits report on impact of GST on exports

The Standing Committee on Commerce (Chair: Mr. Naresh Gujral) submitted a report on the 'Impact of GST on exports'.[34] The Goods and Services Tax (GST) is an indirect tax which subsumes several central and state taxes such as central excise duty, service tax, and entry tax. Currently, it has two components: (i) central GST, and (ii) state GST. Further, an Integrated GST (IGST) is levied on inter-state supplies of good and services. The IGST also applies to imports and exports. Key recommendations and observations of the Committee include:

- **Refund mechanism under GST:** Under the IGST Act, exporters are eligible to claim refund on: (i) duties paid on exports, and (ii) unutilized input tax credit. Input tax credit is the credit accumulated when the tax paid on inputs in more than the output tax liability. Such refund should be paid within 60 days from the date of receipt of the complete refund application. Further, an interest rate of 6% should be paid in case the full refund is not granted within 60 days.
- The Committee noted that the refund under IGST was pending for the months of July, August and September 2017. Further, it noted that an estimated 15-20% of working capital was stuck as refunds, and this has affected the optimal functioning of both small enterprises, and large corporates. In this regard, the Committee recommended the refund amount be released without any further delay. It further recommended that the semi-automatic system of input tax credit should be replaced with an automatic system for claiming refunds.
- **Reverse charge mechanism:** Under the reverse charge mechanism, when an unregistered person supplies goods or services to a registered person, the registered person has to pay the GST on such supply. The Committee noted that this mechanism discourages exporters from making purchases from unregistered vendors such as small enterprises. It further stated that this mechanism increases operational and compliance issues for exporters as they need to first pay reverse charge and then claim a refund. It recommended that the reverse charge mechanism be removed.

For a PRS report summary, see here.

Coal and Mining

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

The Ministry of Coal had constituted an Inter-Ministerial Committee to examine the proposal to transfer certain plants allotted under the Coal Mines (Special Provisions) Act, 2015.[35] Under the 2015 Act, certain coal mines were allotted to companies with specified end-use plants. According to the Act, specified end-uses include: (i) iron and steel production, (ii) power generation including captive power plants (power generated can be used only by the mine owner, and not be sold in the market), (iii) coal washing, and (iv) cement production.

The Committee has recommended that these specified end-use plants (with government companies or corporations) that were allotted coal mines under the 2015 Act, may be transferred with or without the ownership rights to such coal mines. The Ministry has approved the Committee's recommendations.

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

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

The Ministry of Mines released certain amendments to the Mineral Auction Rules, 2015.[36] The Rules were notified under the Mines and Mineral Development and Regulation Act, 1957. Key amendments to the Rules include:

- **Minimum number of bidders:** Under the old Rules, the process of auction was annulled if there were less than three bidders. This condition was imposed for three rounds. As per the amendments, the condition will be applicable only in the first round of auction.
- **Net worth of prospective bidders:** Under the old Rules, for an average annual production of up to two crore rupees, the net worth required was four crore rupees. Under the amendments, the required net worth is Rs 50 lakh. For an average annual production up to Rs 20 crore, the net worth required was Rs 40 crore. This has been reduced to Rs 10 crore. For small bidders, the value of unencumbered immovable property can also be calculated in net worth.
- **End use conditions:** Under the old Rules, states used to prescribe end use conditions on miners. Under the amended Rules, miners will be able to dispose of 25% of low grade ore dumps (remains post mining), which are not used for captive purposes. This provision will apply only to the mines that are granted through auction after November 30, 2017.

Social Justice

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Cabinet approves extension of term of the Commission to examine the issue of sub-categorisation of Other Backward Classes

The Union Cabinet approved the extension of term of the Commission to examine the issue of sub-categorisation of Other Backward Classes (OBCs) (Chairperson: Justice G. Rohini) by twelve weeks i.e., up to April 2, 2018.[37] The Commission started functioning on October 11, 2017. The Union Cabinet had approved the proposal for setting up this Commission in August, 2017. The Commission was required to submit its report within 12 weeks from the date of appointment of its Chairperson.[38]

The terms of references of the Commission are as follows: (i) examining the extent of inequitable distribution of the benefits of reservation among the OBCs (included in the central list consisting of OBCs across states); (ii) working out the mechanism and parameters, for the sub-categorisation within OBCs, and (iii) identifying the respective castes/ communities/ sub-castes/ synonyms in the central list of OBCs and classifying them into their respective subcategories. Nine states of the country have already carried out sub-categorization of OBCs.

Women and Child Development

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Constitution of National Technical Board on Nutrition

A National Technical Board on Nutrition (Chairman: Dr. Vinod Paul, NITI Aayog) was constituted to make technical recommendations on policy issues related to nutrition for women and children.[39] It will consist of 29 members which include: (i) Chairman, Food Safety and Standards Authority of India, (ii) Director-General, Indian Council for Medical Research, (iii) Secretary, Ministry of Drinking Water and Sanitation, and (iv) Director-General, Indian Council for Agricultural Research.

The objectives of the National Technical Board on Nutrition include: (i) providing technical guidance on the design of nutrition surveys proposed by states/union territories, (ii) formulation of India specific growth indicators, and (iii) identification of research gaps and making recommendations for the research agenda on nutrition.

The Board will meet once in three months to review technical recommendations on nutrition policy issues.

Water Resources

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CAG submits report on Namami Gange

The Comptroller and Auditor General (CAG) of India submitted a performance audit report on 'Rejuvenation of river Ganga (Namami Gange)'.[40] The audit assessed the availability and utilisation of funds, planning and implementation of various schemes/ projects, adequacy of human resources, and effectiveness of monitoring and evaluation mechanisms. Key recommendations of the CAG audit include:

- **Financial management:** Only 8 to 63% of the funds were utilised during 2014-15 to 2016-17. During the same period, funds amounting to Rs 2,134 crore were lying unutilised with the National Mission for Clean Ganga (NMCG). Delays were also observed in submission of Utilisation Certificates (UCs) in respect of all State Programme Management Groups (SPMGs).
- The CAG recommended that the NMCG may prepare an Annual Action Plan, align budget estimates based on the Annual Action Plan, and take appropriate action to regularly review actual expenditure in comparison to budget allocation. The NMCG may also ensure preparation and timely submission of UCs/ consolidated financial statements by SPMGs, for regular monitoring of the expenditure.
- **Project planning:** NMCG does not have a river basin management plan even after more than eight years of the National Ganga River Basin Authority notification. Out of 154 Detailed Project Reports (DPRs) pertaining to the period from 2014-15 to 2016-17, only 71 DPRs were approved.
- The CAG recommended that NMCG may finalise Ganga River Basin Management Plan for implementation of long-term intervention on Ganga rejuvenation on a priority basis and implement it in a time bound manner. NMCG may also ensure that DPRs are approved in a time bound manner.
- **Rural sanitation:** Total funds of Rs 951 crore have been released to five states by NMCG for activities relating to construction of individual household latrines, information and education drives, and solid liquid waste management. However, the five states of Bihar, Jharkhand, Uttarakhand, Uttar Pradesh and West Bengal have utilised only half the funds. CAG recommended that NMCG, in consultation with the Ministry of Drinking Water and Sanitation may ensure optimum utilisation of available funds, more realistic planning, data integrity, and monitoring for achieving targets.

For more details, see the report summary here.

North-east region

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North East Special Infrastructure Development Scheme launched

The Union Cabinet approved the introduction of a new central sector scheme for the north-east region.[41] The North East Special Infrastructure Development Scheme will get 100% funding from the central government between 2017-18 to 2019-20. It intends to fill gaps in infrastructure creation in certain sectors. The scheme will cover the creation of: (i) physical infrastructure relating to water supply, power, connectivity, and projects promoting tourism; and (ii) social infrastructure for health and education.

The Union Cabinet also approved the continuation of the existing Non Lapsable Central Pool of Resources scheme till March 2020 for the north-east region. The scheme has an outlay of Rs 5,300 crore, with a fund sharing ratio of 90:10 between the centre and states.

Agriculture

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Draft Model Contract Farming Act 2018 released

The Ministry of Agriculture and Farmers Welfare released a Model State/Union Territory Agricultural Produce and Livestock Contract Farming (Promotion & Facilitation) Act, 2018.[42] The Model Act seeks to: (i) provide for improved production and marketing of agriculture produce through contract farming, (ii) facilitate contracting parties, and (iii) create a regulatory and policy framework for contract farming. Based on this Model Act, legislatures of states and union territories can enact a law on contract farming. Key features of the Model Act include:

- **Contract farming:** The Model Act defines contract farming as farming by a producer (farmers or farmer organisations) as specified under a written agreement with a contract farming sponsor. The farm produce is purchased by the sponsor as per the agreement. The Model Act ensures purchase of the entire pre-agreed quantity of produce as per the agreement.
- Under the Model Act, the producer can get support for improving production through inputs and technology as per the agreement. Further, a sponsor is prohibited from raising a permanent structure on the producer's land and no rights or title ownership can be transferred to the sponsor.
- **Contract Farming (Promotion and Facilitation) Authority:** The Model Act provides for establishing a state-level Contract Farming (Promotion and Facilitation) Authority to ensure implementation of the Act. Various functions of the Authority include (i) levying and collecting facilitation fees, (ii) disposing appeals under the Act, and (iii) publicising contract farming.
- **Registering and Agreement Recording Committee:** Under the Model Act, every agreement should be registered with a Registering and Agreement Recording Committee. The Model Act provides for setting up of such Committee comprising of officials from departments such as agriculture, animal husbandry, marketing, and rural development.

Comments are invited on the draft Model Act till January 6, 2018.

Home Affairs

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Standing Committee submits report on Women in Detention and Access to Justice

The Standing Committee on Empowerment of Women (Chair: Ms. Bijoya Chakravarty) submitted its report on 'Women in Detention and Access to Justice'.[43] The Indian Prison Act, 1894 is the primary legislation for matters dealing with prison governance. Other laws including the Indian Penal Code, 1860, and the Indian Evidence Act, 1872, also provide safeguards against detention, torture, and other crimes during custody. Key observations and recommendations of the Committee include:

- **Overcrowding of jails:** The Committee observed that overcrowding of jails is a serious problem with women jails having more occupancy than capacity. As of December 31, 2015, the number of inmates in central jails was 1,85,182 against the authorised capacity of 1,59,158. This leads to the lack of basic facilities to prisoners such as sanitation, food, and health care in jails. It has also lead to an increase in expenditure for jails.
- The Committee observed that one of the key reasons for overcrowding was the delay in trials resulting in many under trials being detained in jails for long periods. A large number of these under trials were petty criminals such as drug offenders, ticketless travellers, and railway alarm chain pullers. To resolve this issue, the Committee recommended that alternative methods should be used for dealing with non-criminal offenders and petty criminals.
- **Custodial excesses:** The Committee observed that infringement of rights of prisoners as a result of police behaviour during detention, was an important issue. These included cases of rapes and deaths that have taken place in custody. The

Committee recommended that better surveillance measures may be put in place to ensure effective prison management. Further, it recommended that there should be greater interface with civil rights activists and their access to people in custody.

For a PRS report summary, see here.

Chemicals and Fertilizers

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Standing Committee submits report on implementation of new Urea Policy 2015

The Standing Committee on Chemicals and Fertilizers (Chair: Mr. Anandrao Adsul) submitted a report on the 'Implementation of New Urea Policy 2015'.[44] The New Urea Policy 2015 was released in May, 2015. The Policy seeks to: (i) increase indigenous urea production, (ii) promote energy efficiency in urea production, and (iii) reduce subsidy burden on the central government. Key observations and recommendations of the Committee include:

- **Urea production:** The production of urea in 2016-17 decreased as compared to 2015-16 as shown in Table 4. The Committee stated that this production data of urea is not satisfactory. It further noted that urea production in certain urea manufacturing plants decreased after the implementation of the Policy. It recommended that the Department of Fertilisers should review the progress of the policy at regular intervals to ensure effective implementation of the New Urea Policy.

Table 4: Production of urea (2014-17) (in lakh metric tonnes)

	2014-15	2015-16	2016-17
Public	69.3	70.8	71.4
Cooperatives	63.5	69.4	66.8
Private	93.1	104.6	103.8
Total	**225.9**	**244.8**	**242.0**

Sources: Standing Committee on Chemicals and Fertilizers; PRS.

- **Energy efficiency**: Currently, 25 gas based urea plants are classified into three categories based on energy consumption targets. These units are eligible for concessions based on their energy consumption targets fixed for each group. The Committee noted that such fertilizer units are facing difficulty as higher investment is required to achieve the energy targets. A report submitted by the Projects and Development India Limited (PDIL) observed that certain fertiliser units will either suffer losses or not achieve the energy targets under the Policy. The Committee recommended that the central government should find a solution to the difficulties faced by such fertilizer units considering the report submitted by the PDIL in this regard.

For a PRS report summary, see here.

Standing Committee submits report on Freight Subsidy Policy

The Standing Committee on Chemicals and Fertilizers (Chair: Mr. Anandrao Adsul) submitted a report on the 'Freight Subsidy Policy'.[45] The Uniform Freight Policy was released in April, 2008. Under the Policy, freight subsidy is provided to fertiliser manufacturers to ensure timely and easy availability of fertilisers in all parts of the country. Reimbursement is based on rates notified by the Department of Fertilisers. Key observations and recommendations made by the Committee include:

- **Delay in notification:** The Committee observed that while the subsidy policy was notified in 2008, the subsidy rates (per kilometre) were not released on time. It further observed that the rates for the years 2007-08, 2008-09, and 2009-10 were notified in March 2014. Similarly, rates for the years 2014-15, and 2015-16 were notified in September 2017. This implies that freight rates are applicable retrospectively and hence have accumulated over the years. The Committee stated that this increased the burden of under recoveries of fertiliser companies.
- **Freight rates:** Under the Policy, freight rates are notified in four slabs. The Committee stated that the such slab-wise freight rate regime was not effective and efficient, due to the difference in rates across slabs. In this regard, it recommended that rates should be without a slab system. Further, the Committee recommended that the central government should review and revisit all aspects of the Uniform Freight Subsidy Policy, and come out with a policy which is scientific and economical.

For a PRS report summary, see here.

Statistics

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Standing Committee submits report on 'Review of NSSO and CSO'

The Standing Committee on Finance (Chair: Dr. M. Veerappa Moily) submitted a report on the 'Review of NSSO and CSO and streamlining of statistics collection machinery in the country including Management Information System for project monitoring/appraisal'.[46] The Ministry of Statistics and Programme Implementation comprises of: (i) the Statistics wing (National Statistical Organisation), and (ii) the Programme Implementation wing. The National Statistical Organisation consists of the Central Statistics Office (CSO), and the National Sample Survey Office (NSSO).

- **Vacancies:** As of December 2016, 22% (861) of the sanctioned posts (3,977) of junior and senior officers (statistical cadre) were vacant in the Ministry (see Table 5). The Committee recommended that vacancies in the statistical cadre should be filled immediately. It also recommended that a study be conducted to find out reasons of the shortfall in manpower, and the inability to attract talent. In this regard, the Committee also stated that enumerators used for data collection should be appointed on a contractual basis, instead of out-sourcing data collection.

Table 5: Vacancies in the Ministry (As of December, 2016)

	Sanctioned	Vacancies	% of vacancies
Senior Statistical Officer	1,781	361	20%
Junior Statistical Officer	2,196	500	23%
Total	**3,977**	**861**	**22%**

Sources: Standing Committee on Finance; PRS.

- The Committee recommended that teaching methodologies and curriculum at the university-level should be changed to reflect the changing industry requirements. Further, an incentive structure should be devised to attract expertise and quality statisticians for government duties. The Committee recommended that the field level statistical machinery should be strengthened. Further, the field staff should be trained to use modern methods of data collection.

For a PRS report summary, see here.

Energy

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Guidelines for procuring wind power through competitive bidding released

The Ministry of New and Renewable Energy released guidelines for procurement of wind power through tariff based competitive bidding.[47] Key features of the guidelines include:

- **Objectives:** To provide a framework for procurement of wind power through a transparent process of bidding. These guidelines aim to provide power distribution licensees to procure wind power at competitive rates in a cost effective manner.
- **Applicability:** These guidelines will be applicable for: (i) intra-state projects with individual size of 5 MW and above. The bidder shall be allowed to bid for a minimum 25 MW wind power project, and (ii) interstate projects with individual size of 50 MW and above. The bidder shall be allowed to bid for a minimum 50 MW wind power project.
- **Bid preparation:** The bids must consider total wind power capacity to be procured. There may be two kinds of tariff based bidding: (i) fixed tariff for 25 years or more, and, (ii) escalating tariff.
- **Power Purchase Agreement (PPA):** PPA refers to the agreement between the procurer and the wind power generator. Amongst other provisions, the proposed PPA must include: (i) the time period of the PPA which must not be less than 25 years from the date of commissioning of the project or scheduled commissioning date, (ii) the annual Capacity Utilisation Factor declared by the wind power generator, and (iii) a provision for payment of security provided by the procurer to the power generator. Capacity Utilisation Factor refers to the ratio between actual power produced and the maximum power that can be produced.[48]

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