Monthly Policy Review

February 2017

Highlights of this Issue

Union Budget 2017-18 presented in Parliament (p. 2)
The government is estimated to spend Rs 21,46,735 crore in 2017-18, to be met through receipts of Rs 16,00,203 crore (excluding borrowings) and borrowings of Rs 5,46,532 crore. Fiscal deficit is expected to be 3.2% of GDP.

GDP grows at 7% in the third quarter of 2016-17 (p. 3)
Gross Value Added grew at 6.6% in this quarter. Growth in the agriculture and manufacturing sectors increased, while that in the construction and services sectors decreased over the second quarter of 2016-17.

Policy repo rate kept unchanged at 6.25% (p. 3)
The Monetary Policy Committee released the sixth Bi-Monthly Monetary Policy Statement of 2016-17. The Committee kept the policy repo rate and the reverse repo rate unchanged at 6.25% and 5.75%, respectively.

The Specified Bank Notes (Cessation of Liabilities) Bill, 2017 passed by Parliament (p. 3)
The Bill removes the liability of the RBI and the central government to honour old Rs 500 and Rs 1,000 notes which were demonetised in November 2016. It also imposes penalties on any person holding more than 10 such notes.

Payment of Wages (Amendment) Bill, 2017 passed by Parliament (p. 5)
The Bill permits the employer to pay wages by cheque or through a bank account without written authorisation from the employee. Further, the central government may specify certain industries where wages may not be paid in cash.

IIM Bill, 2017 introduced in Lok Sabha (p. 5)
The Bill declares the Indian Institutes of Management (IIMs) as institutions of national importance. Under the Bill, IIMs have the power to grant degrees, diplomas and other academic distinctions or titles.

Standing Committee submits report on Motor Vehicle (Amendment) Bill, 2016 (p. 7)
It recommended deleting the provision relating to capping liability for third party insurance, ensuring that states have requisite powers to control the operations of aggregators, and creating a National Road Safety Board.

Aadhaar made compulsory to receive certain government benefits or subsidies (p. 4)
Eligible beneficiaries for food subsidies, subsidies under horticulture schemes and crop insurance schemes, and some other schemes are required to use Aadhaar as proof of identity in order to avail these benefits.

Amendments to the Subsidy Scheme under Pradhan Mantri Awas Yojana approved (p. 11)
The amendments propose to increase the tenure of loans availed under the Credit Linked Subsidy Scheme from 15 to 20 years, and introduce a new scheme for providing credit-linked subsidy to the middle income group.

Committee constituted to review promotion policy in the Army (p. 7)
The committee comprising two retired Lieutenant Generals of the Army will study and recommend changes to the Quantified System of Selection for promotion. It is expected to submit the report in February 2017.

TRAI releases consultation paper on regulatory principles of tariff assessment (p. 11)
TRAI is seeking consultation on issues that include: (i) transparency in tariff plans offered by telecom service providers, and (ii) anti-competitive practices through predatory pricing and promotional offers.

Number of attempts for National Eligibility cum Entrance Test (NEET) specified (p. 6)
NEET 2017 will be counted as the first attempt for a student irrespective of the previous attempts in AIPMT/NEET, subject to an upper age limit. The exam can be taken for a maximum of three times.

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Union Budget 2017-18

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Union Budget 2017-18 presented

The Finance Minister, Mr. Arun Jaitley, presented the 2017-18 Union Budget on February 1, 2017.[1] Some highlights are:

- The government proposes to spend Rs 21,46,735 crore in 2017-18, which is 6.6% above the revised estimates for 2016-17.
- Total receipts (other than borrowings) are expected to increase by 8.1%. Tax receipts are expected to go up by 12.2%.
- A nominal GDP growth rate of 11.75% has been assumed in 2017-18. Fiscal deficit (or borrowings of the government) is targeted at 3.2% of GDP (compared to 3.5% in 2016-17) and revenue deficit is targeted at 1.9% of GDP (compared to 2.3% in 2016-17).

Table 1: Budget 2016-17 (in Rs crore)

Items	Revised 2016-17	Budgeted 2017-18	% change
Total Expenditure	20,14,407	21,46,735	6.6%
Total Receipts (without borrowings)	14,80,133	16,00,203	8.1%
Fiscal Deficit (borrowings)	5,34,274	5,46,532	2.3%
% of GDP	**3.2**	**3.2**	
Revenue Deficit	3,10,998	3,21,163	3.3%
% of GDP	**2.1**	**1.9**	

Sources: Budget at a Glance, Union Budget 201-17; PRS.

Key policy proposals in the budget speech are:

- **Foreign Direct Investment:** The Foreign Investment Promotion Board (FIPB) is proposed to be abolished in 2017-18. Changes to the FDI policy will be undertaken accordingly.
- **Education:** A National Testing Agency is proposed to be set up to conduct all entrance examinations for higher education institutions. A system of measuring annual learning outcomes in schools is proposed to be introduced.
- **Irrigation:** A Micro-Irrigation Fund is proposed to be started under NABARD, with an initial allocation of Rs 5,000 crore.
- **Transport:** A Metro Rail Policy will be announced with focus on innovative models of implementation and financing. In addition, railway lines of 3,500 kms are proposed to be commissioned in 2017-18.
- **Integrated oil company:** An integrated oil company has been proposed by merging or restructuring existing public sector companies in the oil and gas sector.
- **Legislative Proposals for 2017:** Laws such as the Securities and Exchange Board of India Act, 1992, the Payment and Settlements Act, 2007, the Arbitration and Conciliation Act, 1996, the Multi State Cooperative Societies Act, 2002 and the Negotiable Instruments Act, 1881 are proposed to be amended in 2017.

The major tax changes announced are:

- **Income tax:** The income tax rate for individuals with income between Rs 2.5 lakh to Rs 5 lakh has been reduced from 10% to 5%. An additional surcharge of 10% will be levied on individuals whose income is within the range of Rs 50 lakh and one crore rupees. Tax on companies with annual turnover of less than Rs 50 crore has been reduced from 30% to 25%.
- **Political funding:** The limit for political parties to accept cash donations has been reduced from Rs 20,000 to Rs 2,000. The Budget proposes electoral bonds to be issued by banks which may be purchased by an individual through a cheque or electronic means, for donating to political parties. Details of such donors need not be disclosed by the parties.
- **Limit on cash transactions:** Cash transactions above Rs 3 lakh will not be permitted: (i) to a single person in one day, (ii) for a single transaction (irrespective of number of payments), and (iii) for any transactions relating to a single event. If a person receives an amount in cash, higher than Rs 3 lakh rupees in one transaction, he will be charged a penalty equal to the amount of the transaction.
- **Presumptive tax:** Currently, businesses with an annual turnover of less than two crore rupees are presumed to have a taxable income equal to 8% of their turnover. This allows small businesses to not maintain detailed books of accounts and audit reports. The presumptive tax rate has been decreased to 6% for the turnover generated through cheque or electronic means. It will continue to be 8% for turnover generated otherwise.

Macroeconomic Development

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GDP grows at 7% in the third quarter of 2016-17

The Gross Domestic Product (GDP) of the country grew at 7% in the third quarter (October to December) of 2016-17.[2] GDP growth across economic sectors is measured in terms of Gross Value Added (GVA). GVA of the country grew at 6.6% in the third quarter of 2016-17, as compared to 6.7% in the second quarter.

Agricultural growth increased from 3.8% (year-on-year) in the second quarter of 2016-17, to 6.0% in the third quarter. On the other hand, growth in the construction sector decreased from 3.4% to 2.7%. Growth in the services sector (hotels, transport, financial services, public administration, etc.) also fell, from 8.0% in the second quarter to 6.8% in the third quarter of 2016-17.

Table 2: Gross Value Added across sectors in Q3 of 2016-17 (% growth year-on-year)

Sector	Q3 2015-16	Q2 2016-17	Q3 2016-17
Agriculture	-2.2	3.8	6.0
Mining	13.3	-1.3	7.5
Manufacturing	12.8	6.9	8.3
Electricity	4.1	3.8	6.8
Construction	3.2	3.4	2.7
Services	9.0	8.0	6.8
GVA	**7.0**	**6.7**	**6.6**

Note: GVA is GDP without taxes and subsidies, at basic prices (2011-12 base year).
Sources: MOSPI; PRS.

Policy repo rate kept unchanged at 6.25%

The Monetary Policy Committee released the sixth Bi-Monthly Monetary Policy Statement of 2016-17.[3] The policy repo rate (at which RBI lends money to commercial banks) was kept unchanged at 6.25%. Other decisions of the Committee include:

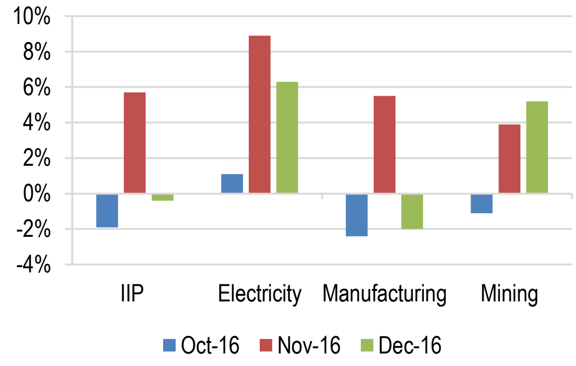
- The reverse repo rate (at which RBI borrows money from commercial banks) was kept unchanged at 5.75%
- The marginal standing facility rate (under which scheduled commercial banks can borrow additional money) and bank rate (at which RBI buys or rediscounts bills of exchange) were also kept unchanged 6.75%.

The Committee stated that its decision was in line with achieving the objective of: (i) a CPI inflation of 5% by fourth quarter of 2016-17, and (ii) a medium term target of 4% (+/- 2 %) to achieve growth.

Industrial production increased by 1% in the third quarter of 2016-17

Index of Industrial Production (IIP) increased by 1% in the third quarter (October-December) of 2016-17, as compared to the same period in 2015-16.[4] Electricity production saw the highest increase of 5.3% in this quarter, followed by an increase of 2.8% in mining production and 0.2% in manufacturing. Figure 1 shows the change in industrial production in the third quarter of 2016-17.

Figure 1: Industrial production change in Q3 of 2016-17 (year on year % change)



Sources: Press Information Bureau, Ministry of Statistics and Programme Implementation; PRS.

Over the first three quarters of 2016-17 (April to December), IIP has increased by 0.3%, compared to the first three quarters of 2015-16.

Finance

The Specified Bank Notes (Cessation of Liabilities) Bill, 2017 passed by Parliament

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The Specified Bank Notes (Cessation of Liabilities) Bill, 2017 was introduced in Lok Sabha on February 3, 2017. It was passed by the House on February 7, 2017. Since it is a Money Bill, it will be deemed to have been passed by Parliament in fourteen days after it was passed by Lok Sabha.[5]

The Bill replaced an Ordinance promulgated on December 30, 2016. It provides that old notes of Rs 500 and Rs 1,000 will have ceased to be liabilities of the Reserve Bank of India

(RBI) from December 31, 2016. Further, these notes will no longer be guaranteed by the central government. These notes had been demonetised in November 2016.[6]

Key features of the Bill include:

- **Grace period:** The central government will specify a grace period during which the following persons may deposit old notes with the RBI: (i) Indian citizens who make a declaration that they were outside India between November 9, 2016 to December 30, 2016, or (ii) any other class of persons specified by the central government. Any such persons depositing old notes will be required to make statements or declarations as specified by the RBI.
- The government has notified March 31, 2017 as the last date (of the grace period) for depositing these notes for Indian residents, and June 30, 2017 for non-resident Indians.[7]
- Any person wilfully making a false declaration will be punished with a fine: (i) which may extend to Rs 50,000, or (ii) five times the value of notes deposited, whichever is higher.
- **Prohibitions related to specified notes:** Any person will be prohibited from holding, transferring or receiving the old notes from December 31, 2016 onwards. It exempts persons from this prohibition if: (i) a person holds up to 10 old notes (irrespective of denomination), (ii) a person holds up to 25 notes for the purposes of study, research or numismatics (collection or study of coins and notes), or (iii) a person holds notes as per the direction of a court. In addition, the RBI or any person authorised by it will also be exempted from this prohibition.
- **Punishment for holding specified bank notes:** Any person holding the specified bank notes, except in the circumstances mentioned above will be punishable with a fine: (i) which may extend to Rs 10,000, or (ii) five times the value of notes possessed, whichever is higher.

For a PRS analysis of the Bill, please see here.

Aadhaar made compulsory to receive certain government benefits or subsidies

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The Government issued notifications to make the use of Aadhaar mandatory as an identification to receive certain government subsidies and benefits. These include food grain subsidies under the National Food Subsidy Act, 2013, subsidies under Mission for Integrated Development of Horticulture, crop insurance under Pradhan Mantri Fasal Bima Yojana, Restructured Weather-based Crop Insurance Scheme, National Rural Livelihood Mission, and National Career Services scheme.[8,9,10,11,12] The notifications were issued under Section 7 of the Aadhaar Act, 2016, which allows the government to establish Aadhaar as a means of identification to ensure efficient and targeted delivery of government subsidies and services.

Eligible beneficiaries under these schemes who do not possess an Aadhaar number are required to enrol for Aadhaar, in case they do not possess an Aadhaar number. Last date for applications for Aadhaar enrolment vary between February and September 2017, depending on the scheme. Facilities for enrolment under Aadhaar shall be made by the relevant department in the respective states and union territories.

Until the assignment of an Aadhaar number to beneficiaries, they can avail the subsidy or benefits by producing: (i) ration card, (ii) Aadhaar enrolment slip or copy of the request for Aadhaar enrolment, and (iii) identity proofs such as voter ID, PAN card or Passport, etc.

Cabinet approves acquisition of subsidiaries by State Bank of India

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The Union Cabinet approved the acquisition of five of its subsidiary banks by the State Bank of India (SBI).[13] These subsidiaries banks are: (i) State Bank of Bikaner and Jaipur, (ii) State Bank of Hyderabad, (iii) State Bank of Mysore, (iv) State Bank of Patiala, and (v) State Bank of Travancore.

It also approved the introduction of a Bill in Parliament to repeal the State Bank of India (Subsidiary Banks) Act, 1959 and the State Bank of Hyderabad Act, 1956. Both these laws were enacted to constitute and manage these subsidiary banks.

The merger of these five subsidiary banks with the SBI is expected to result in recurring savings estimated at Rs 1,000 crore in the first year. This will be owing to improved operational efficiency and economies of scale.

RBI releases draft circular on rationalisation of Merchant Discount Rate on debit card transactions

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The Reserve Bank of India RBI released a draft circular on the rationalisation of Merchant Discount Rate (MDR) for debit card transactions.[14] MDR is the rate charged by banks to merchants for accepting card payments from customers, using the bank's point of sale (POS) machines. This rate is determined as a percentage of the transaction value.

Under the draft circular, merchants will be categorised as: (i) small merchants outside the ambit of GST (turnover less than Rs 20 lakh), (ii) government transactions, (iii) special category of merchants, and (iv) all other merchants within the ambit of GST. Any future change in GST thresholds will be reflected in the categorisation of merchants.

The draft circular has proposed MDR rates under two categories: (i) physical POS machines, or (ii) digital POS, which includes payments by using methods such as QR codes. The proposed rates are presented in the table.

Table 3: Proposed MDR rates

Merchant	MDR (as a % of transaction value)	
	Physical POS	Digital POS
Small merchants	Up to 0.40%	Up to 0.30%
Special category of merchants	Up to 0.40%	Up to 0.30%
All other merchants (other than government)	Up to 0.95%	Up to 0.85%
Government transactions	Flat fee of Rs 5 for transactions up to Rs 1,000	
	Flat fee of Rs 10 for transactions from Rs 1,001 to Rs 2,000	
	Up to 0.50% for transactions above INR 2,001 with cap of Rs 250 per transaction	

Sources: Draft Circular - Rationalisation of MDR for Debit Card Transactions, RBI; PRS.

Labour and Employment

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Payment of Wages (Amendment) Bill, 2017 passed in Parliament

The Payment of Wages (Amendment) Bill, 2017 was passed in Parliament on February 8, 2017.[15] It received the President's assent on February 15, 2017.[16] The Bill was introduced in Lok Sabha on February 3, 2017 and passed in that house on February 7, 2017.

The Bill replaced the Payment of Wages Ordinance, 2016 which was promulgated on December 28, 2016.[17] It amends the Payment of Wages Act, 1936 in relation to the method of payment of an employee's wages. Key features include:

- Under the 1936 Act, all wages must be paid either in coin or currency notes, or both. However, the employer may pay his employee's wages either by cheque or by crediting it into his bank account, after obtaining his written authorisation.
- The Bill amends the 1936 Act to permit an employer to pay the employee's wages: (i) in coin or currency notes; or (ii) by cheque; or (iii) by crediting them into his bank account. The Bill removes the requirement of obtaining written authorisation for payment of wages by cheque or through a bank account.
- However, the relevant central or state government may specify certain industrial or other establishments where the employer should pay his employees only by: (i) cheque; or (ii) crediting the wages in his bank account.

Earlier, a similar Bill in this regard was introduced on December 15, 2016, but could not be passed. It was subsequently withdrawn on February 3, 2017.[18]

For a PRS Bill summary, please see here.

Education

IIM Bill, 2017 introduced in Lok Sabha

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The Indian Institutes of Management Bill, 2017 was introduced by Minister of Human Resource Development, Mr. Prakash Javadekar in Lok Sabha on February 9, 2017.[19] The Bill declares the Indian Institutes of Management (IIM) as institutions of national importance. IIMs provide post-graduate, doctoral, post-doctoral 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:** Board of Governors shall be the principal executive body of each institute. Note that 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 shall 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 shall be the principal academic body of each institute. Its functions will include: (i) specification of the academic 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 a PRS Bill Summary, please see here.

Report on the issues and challenges before higher educational sector in India released

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The Standing Committee on Human Resource Development (Chair: Dr. Satyanarayan Jatiya) submitted its report on 'Issues and challenges before higher educational sector in India'.[20] The report examined the challenges of higher education in India after studying the higher education institutions in Hyderabad, Chandigarh, Patiala, Thiruvananthapuram, Udaipur, Chennai, Vishakhapatnam, Bhopal and Indore. The Committee also interacted with public sector banks regarding the education loan facilities being provided to students for higher education.

The key observations and recommendations of the Committee are as follows:

- **Shortage of resources:** Bulk of the enrolment in higher education is handled by state universities and their affiliated colleges. However, these state universities receive very small amounts of grants in comparison to central universities. Nearly 65% of the University Grants Commission (UGC) budget is utilised by the central universities and their colleges while state universities and their affiliated colleges get only the remaining 35%. The Committee recommended that the mobilisation of funds in state universities should be explored through other means such as endowments, contributions from industry, alumni, etc.
- **Accreditation of institutions:** The Committee noted that accreditation of higher educational institutions needs to be at core of the regulatory arrangement in higher education. Further, quality assurance agencies should guarantee basic minimum standards of technical education to meet the industry demand for quality manpower. The National Board of Accreditation should act as a catalyst towards quality enhancement and quality assurance of higher technical education.
- Credit rating agencies, reputed industry associations, media houses and professional bodies should be encouraged to carry forward the process of rating of Indian universities and institutions. A robust rating system will give rise to healthy competition amongst universities and help improve their performance.

For a PRS Report summary, please see here.

Cabinet approves introduction of the Indian Institutes of Information Technology (Amendment) Bill, 2017

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The Union Cabinet has approved the introduction of Indian Institutes of Information Technology (Amendment) Bill, 2017.[21] The IIITs Act, 2014 confers the status of Institutions of National Importance on the IIITs. The Bill provides for inclusion of the Indian Institute of Information Technology Design and Manufacturing (IIITDM), Kurnool, Andhra Pradesh under the Act. It will be the fifth centrally funded IIIT. Currently, there are four institutes under the Act functioning in Allahabad, Gwalior, Jabalpur and Kancheepuram.

Number of attempts for NEET specified

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The Ministry of Health and Family Welfare and the Medical Council of India have decided that the National Eligibility cum Entrance Test (NEET) 2017, for the undergraduate level, shall be counted as the first attempt for a student, irrespective of the previous attempts in AIPMT/NEET, subject to an upper age limit.[22]

In addition, an upper age limit of 25 years as on the date of exam for general categories and 30 years for reserved categories has been specified. A candidate can take the exam a maximum of three times.

Cabinet approves Pradhan Mantri Gramin Digital Saksharta Abhiyan

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The Union Cabinet has approved the Pradhan Mantri Gramin Saksharta Abhiyan.[23] The scheme aims to provide digital literacy to six crore rural households by March 2019.

Under the scheme, 25 lakh households will be trained in 2016-17, followed by 2.75 crore households in 2017-18, and three crore in 2018-19. Rs 2,351 crore is estimated to be spent on the project.

Transport

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Standing Committee submits report on the Motor Vehicle (Amendment) Bill, 2016

The Standing Committee on Transport, Tourism and Culture (Chair: Mr. Mukul Roy) submitted its report on the Motor Vehicles (Amendment) Bill, 2016.[24] The Bill amends the Motor Vehicles Act, 1988 and was introduced in Lok Sabha on August 9, 2016. Key observations and recommendations of the Committee include:

- **Third party insurance:** Under the 1988 Act, third party insurance is compulsory for all motor vehicles and the liability of the third party insurer is unlimited. The Bill caps the maximum liability for third party insurance at Rs 10 lakh in case of death and at five lakh rupees in case of grievous injury. The Committee noted that in case courts award compensation higher than this amount, the vehicle owner will have to pay the remaining amount to the third party. Noting that this will be against the interest of road users and expose them to unlimited risk, it recommended deleting the provision relating to capping liability.
- **Aggregator licenses:** The Bill requires state governments to grant licenses to aggregators on the basis of guidelines issued by the central government. An aggregator is a digital intermediary or market place whose services may be used by a passenger to connect with a driver for transportation purposes. The Committee recommended that it should be optional for state governments to follow central government guidelines regarding aggregators.
- **National Road Safety Board:** The Committee noted that solely enhancing penalties will not enhance road safety. It recommended: (i) setting up a high powered Road Safety Board with representatives from both central and state governments, and (ii) ensuring the availability of adequate funds for technologically upgrading and updating the road safety standards. This may be funded through an additional cess on sales of new motor vehicles.

For a PRS report summary, please see here.

New format for reporting road accidents submitted

An Expert Committee on reviewing the format for reporting of road accidents submitted its report.[25] The Ministry of Road Transport and Highways has accepted the recommendations. Currently, accident data is recorded at police stations. Police personnel enter these records and assign reasons for accidents as per their observations and understanding. Due to limited technical knowledge on road engineering defects, and nature of impacting vehicles, these records could be subjective.

The Committee recommended a uniform accident recording format that must be adopted by the police in all states and union territories. The accident recording form will capture information including: (i) accident identification/location, (ii) road conditions such as gradient, potholes, (iii) details of the vehicles involved, (iv) victim details, (v) traffic violations details, and (vi) details about persons involved in the accident, other than drivers.

Defence

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Committee constituted to review promotion policy in the Army

The Ministry of Defence constituted a committee to review the promotion policy for officers in the Army.[26] The committee comprises two retired Lieutenant Generals of the Army, Lt Gen (Retd.) G.S. Katoch and Lt. Gen (Retd.) A.K. Ahuja. Key terms of reference of the committee include:

- To study and recommend changes to the Quantified System of Selection (QSS) to make it more objective, transparent and fair. The QSS identifies various criteria that must be taken into account by selection boards deciding promotions in the Army (ex. confidential reports, performance in courses, honours and awards); and
- To study and recommend changes required in the promotion policy followed in the Army. This will include calculation of vacancies, consideration of withdrawn or deferred cases of promotion, etc.

The committee is expected to submit its report in February 2017.

Law and Justice

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The Repealing and Amending Bill, 2017 introduced in Lok Sabha

The Repealing and Amending Bill, 2017 was introduced in Lok Sabha on February 9, 2017 by the Minister of Law and Justice, Mr. Ravi Shankar Prasad.[27]

The Bill seeks to repeal 104 Acts in whole, partially amend one law, and make minor amendments to three laws.

- **Repealing certain laws in whole:** The Bill repeals 104 laws that have been listed in the First Schedule of the Bill. Of this, around 63 laws are amending Acts, where the changes made by these laws have already been incorporated into the relevant principal Acts. Further, it also includes 20 Acts that were passed prior to 1947.
- **Partial amendment to one law:** The Bill repeals three sections of the Taxation Laws (Amendment) Act, 2007. These sections omit certain provisions of the Additional Duties of Excise (Goods of Special Importance) Act, 1957.
- **Amendment of certain laws**: The Bill makes minor amendments to three Acts which relate to deletion of redundant words in a section, modifications of the title of the Act and marginal heading of a section.

For a PRS Bill summary, please see here.

Supreme Court introduces legal aid scheme for the middle income group

The Supreme Court introduced the Middle Income Group Scheme.[28] The scheme seeks to provide legal services at a nominal amount to citizens in the middle income group. The middle income group includes those whose income is up to Rs 60,000 per month, or up to Rs 7,50,000 per annum.

Any person who is eligible under the scheme may file his application before the Supreme Court Middle Income Group Legal Aid Society, with a service fee of Rs 500. A non-refundable sum of Rs 750 must also be deposited towards a contingency fund.

The file of the applicant will be referred to an Advocate on Record or Senior Advocate who has been empanelled by the society. The decision of the Advocate in relation to accepting or rejecting the file is final.

The liability for any negligence on the part of the Advocate will be his, and does not vest with the society. However, the Advocate's name may be struck off the list of the society's panel.

Social Justice and Empowerment

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Cabinet approves changes to two Constitution (Scheduled Castes) Orders

The Union Cabinet approved the introduction of the Constitution (Scheduled Castes) Orders (Amendment) Bill, 2017 in Parliament.[29]

The proposed Bill seeks to amend: (i) the Constitution (Scheduled Castes) Order, 1950 and (ii) the Constitution (Pondicherry) Scheduled Castes Order, 1964.

The Constitution of India permits certain benefits to Scheduled Castes. Therefore, Presidential Orders have been passed to identify the list of Scheduled Castes in every state and union territory. This list may be modified by Parliament. The proposed Bill seeks to make the following changes to the 1950 and 1964 Orders:

- **1950 Order:** The proposed Bill seeks to modify the list of Scheduled Castes (SC) for the state of Odisha. The castes Sualgiri, Swalgiri will be introduced as synonyms to the Sabakhia caste in the list of SCs for the state of Odisha.

- **1964 Order:** The name of the Union Territory of Pondicherry was modified to Puducherry by a central Act in 2006. The proposed Bill seeks to incorporate this change and replace 'Pondicherry' with 'Puducherry' in the Order.

Statistics

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Cabinet approves amendments to the Collection of Statistics Act, 2008

The Union Cabinet approved a proposal to introduce a Bill in Parliament to amend the Collection of Statistics Act, 2008. The amendment proposes to extend the Act's jurisdiction to Jammu and Kashmir.[30]

The Act facilitates the collection of social, economic, and demographic statistics. It contains provisions to ensure security of information transfer and outlines penalties for failing to provide information. The Act currently does not apply to the state of Jammu and Kashmir. The Amendment seeks to:

- Extend the jurisdiction of the Act to state of Jammu and Kashmir to collect statistical information on subjects under the Union or Concurrent lists, and
- Appoint nodal officers at centre, state and UTs levels to coordinate and supervise statistical activities conducted by the respective governments.

Earlier in July, 2015, the Ministry of Statistics and Programme Implementation released a draft Collection of Statistics (Amendment) Bill, 2015.[31] For more information regarding the draft Bill, please refer to the Monthly Policy Review of July, 2015 here.

Agriculture

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Draft Model APMC Act, 2016 released

The Ministry of Agriculture and Farmers Welfare released the draft model Agricultural Produce Market Committee (APMC) Act, 2016.[32] The model Act seeks to facilitate free flow of agricultural produce and direct interface of farmers with exporters or end users. This will help create a barrier free single market in the country. Key features of the model Act include:

- **Unified Market Area:** A state government/UT administration may declare the whole state/UT as a single unified market area for the purpose of regulating agricultural produce.
- **Setting up of market yards:** Private market yards may be set up to facilitate operations of traders, commission agents, etc. Further, farmer-consumer market yards may be set up by providing infrastructure accessible to farmers and consumers directly.
- Storage infrastructure like warehouses and cold storages maybe declared as market-sub yards.
- **Market yard of National Importance (MNI):** A state may declare any market yard as a MNI based on parameters such as its total throughput, number of consumers served, and infrastructure. A separate Market Committee may be constituted to manage the MNI.
- **E-Trading:** A state may set up an electronic trading platform, which shall provide infrastructure and services for trading in agricultural produce. A person may obtain license to establish and run an e-trading platform. Further, e-trading platforms maybe integrated with private market yards and sub-yards. Under a unified National Agricultural Market, e-platforms shall be interoperable.
- **Single point levy of market fee:** The Market Committee shall levy market fee on agricultural produce from a buyer only once, whether brought from outside or within the state/UT.

Second Advance Estimates of Production of Foodgrains for 2016-17

The Ministry of Agriculture and Farmers Welfare released the second advanced estimates of production of major crops.[33] The total foodgrain production in estimated to increase by 8.1% in 2016-17 as compared to the final estimates in 2015-16. This was contributed by growth of 6.2% in cereal production and 35.4% in pulses production. Oilseeds production is expected to grow by 33%; while on the other hand, sugarcane production is expected to decrease by 11%.

Table 3: Second Advanced Estimates of major crops in 2016-17 (in million tonnes)

Crop	Final 2015-16	2nd Advance Estimates 2016-17	% change over final estimate
Foodgrains	**251.6**	**272.0**	**8.1%**
Cereals	235.2	249.8	6.2%
Rice	104.4	108.9	4.3%
Wheat	92.3	96.6	4.7%
Maize	22.6	26.2	15.9%
Coarse Cereals	38.5	44.3	15.1%
Pulses	16.4	22.1	35.4%
Gram	7.1	9.1	29.2%
Tur	2.6	4.2	65.2%
Oilseeds	**25.3**	**33.6**	**33.0%**
Soyabean	8.6	14.1	64.8%
Groundnut	6.7	8.5	25.8%
Rapeseed & Mustard	6.8	7.9	16.4%
Cotton #	30.0	32.5	8.3%
Sugarcane	348.4	310.0	-11.0%

Million bales of 170 kgs each
Source: Directorate of Economics & Statistics; PRS

Health

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Medical Devices Rules, 2017 notified

The Ministry of Health and Family Welfare has notified Medical Devices Rules, 2017.[34] The rules have been framed in conformity with Global Harmonisation Task Force (GHTF) framework and conform to best international practices. The purpose of the GHTF is to encourage a convergence in standards and regulatory practices related to the safety, performance and quality of medical devices. The rules aim to: (i) remove regulatory bottlenecks, (ii) facilitate ease of doing business, and (iii) ensure availability of better medical devices for patient care and safety.

Key features of the rules are as follows:

- **Classification according to level of risk:** Medical devices will be classified as Class A (low risk), Class B (low moderate risk), Class C (moderate high risk) and Class D (high risk). The manufacturers of medical devices will be required to meet risk proportionate regulatory requirements that are specified in the Rules.
- **No requirement of periodic renewal:** Requirement of periodic renewal of licences has been removed. As a result, manufacturing and import licences will remain valid till these are suspended, cancelled or surrendered.
- **Third party conformity assessment and certification:** Notified Bodies will be allowed to undertake third party conformity assessment and certification. Any institute, organisation or body corporate may seek accreditation as a Notified Body by applying to the National Accreditation Body (NAB). NAB will undertake verification and assessment of medical device manufacturers of Class A and Class B category. NAB may also render assistance for regulation of Class C and Class D medical devices.
- **Regulation of clinical trials of new devices:** Conduct of clinical trials for new devices must aim to ensure: (i) patient safety and welfare, and (ii) discovery of new medical devices. Medical management and compensation will be provided to the subjects of clinical trial in accordance with the predefined criteria.

Draft Public Health (Prevention, Control and Management of Epidemics, Bio-Terrorism and Disasters) Bill, 2017 released

The draft Public Health (Prevention, Control and Management of Epidemics, Bio-Terrorism and Disasters) Bill, 2017 has been released by the Ministry of Health and Family Welfare.[35] The Bill seeks to repeal the Epidemic Diseases Act, 1897. The Bill aims to provide for the prevention, control and management of: (i) epidemics; (ii) public health consequences of disasters, and (iii) acts of bio terrorism or threats. Key features of the draft Bill are:

- **Definition of public health emergency:** The draft Bill defines 'public health emergency' as any sudden state of danger to public health including: (i) extension or spread of any infectious or contagious disease or pests affecting humans, animals or plant, (ii) occurrence of or threat of dangerous epidemic disease, and (iii) disaster or bio-terrorism or potential public health emergency requiring immediate action for its prevention, control and management.
- **Powers of central government:** If a situation of public health emergency arises in the country, the central government can: (i) give directions to the state government,

district or local authority to implement the provisions of the Bill, (ii) order measures to be observed by the general public to prevent, control and manage the public health emergency, and (iii) require any person to take measures that may be necessary to prevent, control and manage the public health emergency.

- **Penalties:** (i) Violation of any provisions of the Bill due to negligence will be punishable with a fine upto Rs 10,000 for the first time and upto Rs 25,000 for subsequent times. (ii) Violation of any provisions of the Bill intentionally will be punishable with a fine upto Rs 50,000 for first time and upto Rs 1,00,000 for subsequent times. Wilful violation may also lead to imprisonment extendable upto a period of two years.

The Ministry is seeking comments on the draft Bill till March 25, 2017.

Draft Dentists (Amendment) Bill, 2017 released

The draft Dentists (Amendment) Bill, 2017 has been released by the Ministry of Health and Family Welfare.[36] The Bill seeks to amend the Dentists Act, 1948.

The draft Bill proposes modifications to the provisions of the Act with regard to membership of the Dental Council of India. The Act states that out of six members nominated by the central government, at least one will be a registered dentist in a Union Territory and at least two shall be registered in the Part B of a state register. The draft Bill removes the provision regarding the dentists registered in the state register. The register of dentists is maintained in two parts, A and B. Persons possessing recognised dental qualifications are registered in Part A and persons not possessing such qualifications are registered in Part B.

Suggestions have been invited on the draft Bill till March 6, 2017.

Housing

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Cabinet approves amendments to Credit Linked Subsidy Scheme under PMAY-U

The Union Cabinet approved certain amendments to the Credit Linked Subsidy Scheme (CLSS) under the Pradhan Mantri Awas Yojana – Urban (PMAY-U).[37] Under CLSS, a subsidy is provided on home loans taken by eligible urban poor (Economically Weaker Section (EWS)/ Lower Income Group (LIG) for buying or constructing a house.

The amendments seek to: (i) increase the off-take in EWS and LIG segments under PMAY-U, (ii) reach out to the middle income group, (iii) make procedures easy for the primary pending institutions under the scheme, and (iv) provide incentives to the primary lending institutions for increased participation

Amendments approved include:

- Currently, eligible beneficiaries seeking housing loans are eligible for an interest subsidy of 6.5 % for a period of 15 years or the tenure of loan, whichever is shorter. The amendments propose to increase the threshold of 15 years to 20 years. This scheme will be renamed as the CLSS for EWS/ LIG.
- Currently, only EWS and LIG are eligible for the subsidy. The amendments propose to introduce a new CLSS for the middle income groups.
- Primary Lending Institutions that have joined CLSS will have the option to extend their mandate to CLSS for middle income groups with appropriate changes.
- Rs 1,000 crore will be allocated towards CLSS for middle income groups in Budget 2017-18.

Telecom

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TRAI releases consultation paper on regulatory principles of tariff assessment

The Telecom Regulatory Authority of India (TRAI) released a consultation paper on regulatory principles of tariff assessment.[38] The paper seeks the views of stakeholders on adequacy of measures to maintain transparency in tariffs offered by telecom service providers (TSPs), and anti-competitive behaviour in tariffs.

Key issues for consultation include:

- **Transparency in tariff offers:** Currently, the Telecommunication Tariff Order, 1999 has taken measures to ensure transparency in tariffs set by TSPs. These include: (i) requirement for TSPs to inform customers about activation of tariff plans, and (ii) offer of tariffs to customers to be non-discriminatory. Despite these measures, the Authority has been receiving complaints from customers. In this context, TRAI has requested comments on the adequacy of the current measures to ensure transparency in tariff plans.

- Currently, TRAI has taken measures to restrict discriminatory tariffs among customers. Such measures may restrict TSPs from providing promotional offers to new customers at lower tariffs. In this context, TRAI requested stakeholders to provide comments on the existing regulation of non-discriminatory tariff for new customers.
- **Anti-competitive practices:** Currently, the Competition Act, 2002 has provisions to identify predatory pricing. Predatory pricing is offering tariffs at a price which is lower than the cost required to provide the services, with an intention to drive other TSPs out of competition. However, application of the provisions of the Act may differ significantly based on the geographic location, demand and supply, and nature of service. TRAI has requested stakeholders to provide inputs on methods to assess predatory pricing by TSPs using the provisions of the Act.
- **Promotional offers**: Currently, the guidelines in relation to promotional offers are limited only to the eligibility condition and the opening and closing dates of such offers. TRAI noted that, these guidelines are silent on issues such as: (i) number of promotional offers that can run concurrently or that can be offered in a calendar year, (ii) repetition of offers, (iii) benefits that can be offered, etc. In this context, TRAI is seeking comments on reviewing and expanding the existing guidelines on promotional offers.

Comments are invited until March 17, 2017.

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