Monthly Policy Review

April 2018

Highlights of this Issue

Budget session 2018 of Parliament ends (p. 2)

Both the Houses passed the Payment of Gratuity (Amendment) Bill, 2017. The Finance Bill, 2018 and the Specific Relief (Amendment) Bill, 2017 were passed by Lok Sabha.

The Fugitive Economic Offenders Ordinance, 2018 promulgated (p. 2)

It seeks to confiscate and dispose properties of an economic offender who has absconded from the country to avoid facing prosecution. Further, a court or tribunal may bar such a person from filing or defending civil claims.

The Criminal Law (Amendment) Ordinance, 2018 promulgated (p. 4)

It seeks to amend certain laws relating to rape of minor girls. The Ordinance introduces the death penalty for rape of girls below the age of 12 years, and increases penalty for rape of girls below the age of 16 years.

Labour Ministry releases draft labour codes on social security and health and safety (p. 6)

The draft Social Security Code consolidates 17 laws related to social security, including the Employees' Provident Fund Act, 1952. The Health and Occupational Safety Code consolidates 13 labour laws, including Factories Act.

Insolvency Law Committee submits report on the Insolvency and Bankruptcy Code (p. 7)

Recommendations include: (i) inserting a clarification in the Code that home buyers would constitute financial creditors; and (ii) reducing voting share threshold from 75% to 66% for approval of an insolvency resolution plan.

Draft Coastal Regulation Zone Notification, 2018 released (p. 10)

The draft notification reduces the Coastal Regulation Zone limits on land along tidal influenced water bodies from 100 meters to 50 meters. It also seeks to de-limit and permit the prevailing FSI for construction projects.

Law Commission releases summary of working paper on simultaneous elections (p. 4)

The Commission recommended that simultaneous elections may be restored in India, through appropriate amendments. It also recommended that no-confidence motion be replaced with constructive vote of no confidence.

Draft Defence Production Policy released by the Ministry of Defence (p. 9)

The draft Policy seeks to reduce India's current dependence on imports, and achieve self-reliance in development and manufacture of 13 categories of weapon systems, including fighter aircrafts, by 2025.

Cabinet approves amendments to Protection of Human Rights Act, 1993 (p. 4)

The amendments seek to include the Chairperson of the National Commission for Protection of Child Rights as a deemed member of the NHRC. It also seeks to address human rights violation in Union Territories.

Maintenance of Parents and Senior Citizens (Amendment) Draft Bill released (p. 8)

The Draft Bill outlines the process for making an application for maintenance. Further, the Maintenance Tribunal will determine the allowance payable by children/relatives to senior citizens, in case of their refusal to pay.

Standing Committee submits report on the impact of Cyclone Ockhi (p. 9)

Recommendations include: (i) developing forecasting models for detecting rapid intensification of cyclones, and (ii) revising cost sharing between central and state governments as per 14th Finance Commission recommendations.

Parliament

Sai Priya Kodidala (saipriya@prsindia.org)

Budget Session 2018 of Parliament ends

The Budget Session 2018 of Parliament ended on April 6, 2018. Lok Sabha sat for 29 days while Rajya Sabha sat for 30 days. 40 Bills were listed for passage including the Financial Resolution and Deposit Insurance Bill, 2017, the National Medical Commission Bill, 2017, the Consumer Protection Bill, 2018, and the Code on Wages, 2017. Of these, only one Bill (The Payment of Gratuity (Amendment) Bill, 2017) was passed by Parliament. The Finance Bill, 2018 and the Specific Relief (Amendment) Bill, 2017 were passed by Lok Sabha.

The second part of the session was entirely washed out as some MPs disrupted the proceedings. The Union Budget – including the Finance Bill and the entire expenditure of Rs 24 lakh crore – was passed without any discussion.

Bills introduced in this session include the Fugitive Economic Offenders Bill, 2018, and the Chit Fund (Amendment) Bill, 2018.

For more details on legislative business taken up during the Budget Session 2018, please see here.

For details on the functioning of Parliament during the session, please see here.

Macroeconomic Development

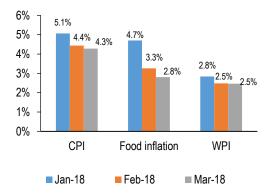
Roopal Suhag (roopal@prsindia.org))

Retail inflation decreased to 4.3% in fourth quarter of 2017-18

The Consumer Price Index (CPI) inflation decreased to 4.3% in March 2018 from 5.1% in January 2018.² During this period, food inflation also decreased from 4.7% to 2.8%, year-on-year.

The Wholesale Price Index (WPI) inflation (base year 2011-12) was at 2.5% in February and March 2018, marginally low from 2.8% in January 2018, year-on-year.³ Trends in inflation during the fourth quarter of 2017-18 are shown in Figure 1.

Figure 1: Inflation trends in Q4 of 2017-18 (% change year on year)



Sources: Ministry of Commerce and Industry; Ministry of Statistics and Programme Implementation; PRS.

Policy repo rate kept unchanged at 6%

The Monetary Policy Committee (MPC) released the first Bi-Monthly Monetary Policy Statement of 2018-19.⁴ The policy repo rate (at which RBI lends money to banks) was kept unchanged at 6% by a majority vote of the members. One member voted for an increase in the rate by 0.25%.⁴ Other decisions of the MPC include:

- The reverse repo rate (the rate at which RBI borrows money from banks) was 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%.

Finance

Vatsal Khullar (vatsal@prsindia.org)

The Fugitive Economic Offenders Ordinance, 2018 promulgated

The Fugitive Economic Offenders Ordinance, 2018 was promulgated on April 21, 2018.⁵ It seeks to confiscate properties of economic offenders who have left the country to avoid facing criminal prosecution, or refuse to return to the country to face prosecution. Note that the Fugitive Economic Offenders Bill, 2018 was introduced in Lok Sabha on March 12, 2018 and is currently pending passage.⁶ Key features of the Ordinance include:

• Fugitive economic offender: A fugitive economic offender has been defined as a person against whom an arrest warrant has been issued for committing an offence listed

in the schedule, and the value of the offence is at least Rs 100 crore. Further, the person has: (i) left the country to avoid facing prosecution, or (ii) refuses to return to face prosecution. Some of the offences listed in the schedule are: (i) counterfeiting government stamps or currency, (ii) cheque dishonour, (iii) money laundering, and (iv) transactions defrauding creditors. The Ordinance allows the central government to amend the schedule through a notification.

- After hearing the application, the special court (designated under the Prevention of Money-Laundering Act, 2002) may declare an individual as a fugitive economic offender. It may confiscate properties which are: (i) proceeds of crime, (ii) benami properties, and (iii) any other property, in India or abroad. Upon confiscation, all rights and titles of the property will vest in the central government, free from all encumbrances (such as any charges on the property). The central government may appoint an administrator to manage and dispose of these properties.
- Bar on filing or defending civil claims: The Ordinance allows any civil court or tribunal to disallow a declared fugitive economic offender, from filing or defending any civil claim. Further, any company or limited liability partnership where such a person is a majority shareholder, promoter, or a key managerial person (such as a managing director or CEO), may also be barred from filing or defending civil claims.

For a PRS Ordinance Summary, see here.

Expert Committee on commodity spot and derivative markets submits report

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

Integration of commodity spot and derivatives market: The Committee noted

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

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

RBI prohibits entities regulated by it from dealing in virtual currencies

The Reserve Bank of India (RBI) prohibited entities regulated by it from dealing in virtual currencies, or facilitating any person from dealing in virtual currencies. Virtual currencies, such as bitcoins, are stored and transacted in digital forms. RBI mandated that all regulated entities, which were providing such services, discontinue the relationship within three months.

Law and Justice

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Criminal Law (Amendment) Ordinance, 2018 promulgated

The Criminal Law (Amendment) Ordinance, 2018 was promulgated on April 21, 2018. It amends certain laws related to rape of minors. Key features of the Bill include:

Amendments to Indian Penal Code, 1860 (IPC)

- Enhanced punishment for rape: Under the IPC, rape is punishable with a rigorous imprisonment of at least seven years up to life imprisonment, along with fine. The minimum imprisonment has been increased from seven years to 10 years.
- New offences: The Ordinance introduces three new offences relate to rape of minor girls, and increases the penalty for one:

Table 1: New offences under the IPC, 1860

Age	Offence	Punishment
Below 12 years	Rape	Rigorous imprisonment of at least 20 years extendable to life imprisonment, along with fine to meet medical expenses and rehabilitation cost of the victim, or, death.
	Gang Rape	Life imprisonment, along with fine, to meet medical expenses and rehabilitation cost of the victim, <i>or</i> , death.
Below 16 years	Rape	Previously, the punishment for rape was imprisonment of ten years extendable to life imprisonment, along with fine. This has been enhanced to a minimum rigorous imprisonment of at least 20 years, extendable to life imprisonment, along with fine to meet medical expenses and rehabilitation cost of victim.
	Gang Rape	Life imprisonment, along with fine, to meet medical expenses and rehabilitation cost of victim.

Sources: Indian Penal Code, 1860; The Criminal Law (Amendment) Ordinance, 2018; PRS.

• Amendments to Protection of Children from Sexual Offences Act, 2012 (POCSO): Under the POCSO, for rape of minors (below 18 years), the punishment is at least seven years or life imprisonment, along with a fine. For rape of minors below the age of 12 years or for gang rape of minors, the punishment is rigorous imprisonment of at least ten years or life imprisonment, along with fine. The Ordinance amends the POCSO to state that for all such offences and the new offences, the higher punishment between the POCSO and IPC will apply.

For a PRS Ordinance Summary, see here.

Cabinet approves amendments to the Protection of Human Rights Act, 1993

The Union Cabinet approved the introduction of the Protection of Human Rights (Amendments) Bill, 2018 in Parliament.¹¹ The Bill seeks to amend the Protection of Human Rights Act, 1993. The Act provides for the constitution of the National Human Rights Commission (NHRC), the State Human Rights Commissions (SHRCs), and Human Rights Courts. Key features of the Bill approved by the Cabinet are:

- Inclusion of deemed member: The Bill seeks to include National Commission for Protection of Child Rights as a deemed member of the NHRC.
- Inclusion of woman member: The Bill proposes to add a woman member in the composition of the NHRC. Presently, the Act does not require a woman member to be part of the NHRC.
- Human rights violations in UTs: The Bill seeks to incorporate a mechanism to look after the cases of human rights violation in the Union Territories (UTs).
- Amending terms of office: The Bill seeks
 to amend the term of office of the
 Chairperson and other members of the
 NHRC and SHRCs to make it in consonance
 with the terms of Chairperson and Members
 of other Commissions.

Law Commission releases summary of draft paper on simultaneous elections for comments

The Law Commission of India (Chair: Dr. Justice B. S. Chauhan) released the summary of a draft working paper on 'Simultaneous Elections – Constitutional and Legal Perspectives' for public comments. ¹² The paper examined legal and constitutional questions related to simultaneous elections. Some of the recommendations of the Commission included:

Restoration of simultaneous elections:
 Simultaneous elections may be restored through amendments to the Constitution, the Representation of the People Act 1951 and

- the Rules of Procedure of Lok Sabha and those of the state legislative assemblies.
- No-confidence motion: The Commission noted that a no-confidence motion, if passed, may curtail the term of Lok Sabha/state assembly. The Commission recommended replacing the 'no-confidence motion' with a 'constructive vote of no-confidence', through appropriate amendments. In a constructive vote of no confidence, the government may only be removed if there is confidence in an alternate government.
- Hung Parliament: If no party secures a majority to form the government, it may result in a hung Parliament. In order to prevent a hung Parliament, the Commission recommends removal of the anti-defections provisions in the Constitution. This will enable a member to seek support from other political parties to form the government.
- New Lok Sabha or Assembly: The Commission recommended that appropriate amendments be made to provide that any new Lok Sabha or state assembly formed after mid-term elections, will be constituted only for the remainder of the previous Lok Sabha or Assembly, and not for five years.
- Election of Prime Minister or Chief Minister: The Commission recommended that the Prime Minister or Chief Minister be elected to the Lok Sabha or state assembly by the full House. This will provide stability to the government and in turn to Lok Sabha or state assembly, as the case may be.

Law Commission submits report on BCCI vis-à-vis the Right to Information Act

The Law Commission of India (Chair: Dr. Justice B.S. Chauhan) submitted a report on 'BCCI vis-à-vis the Right to Information Act', examining whether the Board of Control for Cricket in India (BCCI) is covered under the Right to Information Act, 2005. The report follows the Supreme directive in July 2016 where the Court noted that the BCCI discharges public functions and asked the Commission to examine whether the BCCI would fall within the ambit of the Act. The Commission concluded that BCCI exercised 'state-like' powers and that the Act should apply to it.

• 'State-like' nature of BCCI: The Commission noted that BCCI had a monopoly in regulating cricket. Further, it wielded 'state-like' powers since it controlled policy formulation related to cricket in the country. Therefore, it fell within the ambit of the Act. The

- Commission further recommended that BCCI be viewed as a state agency. As per the Constitution, a fundamental right can be enforced against a 'state' agency. Treatment of BCCI as a state agency would allow for such rights to be enforced against it.
- Human rights violation: The Commission noted that certain human rights violations have been identified in sporting events, (such as violence, discrimination, and human trafficking). It noted that all bodies, including private bodies, are accountable for human right violations. It recommended that BCCI, which performs public functions, should be held accountable for violation of basic human rights.
- Substantial government financing: Under the Act, a body owned, controlled, or substantially financed by the government is a public authority. The Commission noted that BCCI does not receive any direct financing from the central government. However, it noted that BCCI has received indirect assistance in the form of tax concessions (such as income tax and customs duty) and provision of land at heavily subsidised rates. The Commission observed that the government foregoes a significant amount of money by providing these concessions to BCCI, and by allowing the body to use its infrastructure. Therefore, BCCI receives substantial financing from the government.

For a PRS Report Summary, see here.

Law Commission submits report on Contempt of Court Act, 1971

The Law Commission of India (Chair: Dr. Justice B.S. Chauhan) submitted a report on the Contempt of Courts Act, 1971.¹⁴ Contempt refers to the offence of showing disrespect to the dignity or authority of a court. The Act divides contempt into civil and criminal contempt. Civil contempt refers to the wilful disobedience of an order of any court. Criminal contempt includes any act or publication which: (i) 'scandalises' the court, (ii) prejudices any judicial proceeding, or (iii) interferes with the administration of justice. 'Scandalising the Court' refers to statements or publications which have the effect of undermining public confidence in the judiciary.

The report examined whether the definition of contempt in the Act should be restricted to civil contempt, i.e., wilful disobedience of judgments of court. The Commission concluded that there was no requirement to amend the Act, for the reasons stated below:

- High number of cases: The Commission observed that there were a high number of civil (96,993) and criminal (583) contempt cases pending in various High Courts and the Supreme Court. The Commission observed that the high number of cases justify the continuing relevance of the Act.
- Source of contempt power: The Commission observed that the superior courts (Supreme Court and High Courts) derive their contempt powers from the Constitution. The Act only outlines the procedure in relation to investigation and punishment for contempt. Deletion of the offence will not impact the inherent constitutional powers of the superior courts to punish anyone for their contempt.
- Impact on subordinate courts: The Constitution allows superior courts to punish for their contempt. The Act additionally allows the High Court to punish for contempt of subordinate courts. The Commission argued that if the definition of contempt is narrowed, subordinate courts will suffer as there will be no remedy to address cases of their contempt.

For a PRS Report Summary, see <u>here</u>.

Labour and Employment

Draft Code on Health and Safety released

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

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

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

- Rights of employees: Every employee will have the right to obtain information from the employer related to safety and health at work. The employee may inform the facilitator if the safety and health arrangements are inadequate. A facilitator will be empowered to examine the workplace and inquire into accidents or dangerous occurrences that take place.
- Advisory bodies: Occupational Safety and Health Advisory Boards will be set up at the national and state level. The National Health Advisory Board will advise on standards, rules, and regulations to be framed under the draft Code. The central government will notify these standards. The state boards will advise the state governments on matters referred to them.
- Working Hours: The Code provides that no worker will be allowed to work in an establishment for more than 48 hours a week. A worker will not be allowed to work overtime for more than 100 hours in a quarter.
- Welfare facilities: The employer will provide welfare facilities to the workers, at the standards prescribed by the central government. These facilities will include separate bathing places and locker rooms for male and female employees.

Comments have been invited on the draft Code till May 31, 2018. 15

Draft Code on Social Security released

Vatsal Khullar (vatsal@prsindia.org)

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

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

The draft Code will not apply to certain entities and workers. These include

- establishments of the central and state governments, and Indian employees working in a foreign country with whom India has a social security agreement.
- Social security organisations: The draft Code sets up three bodies: (i) National Social Security Council, headed by the Prime Minister, to review and monitor the implementation of social security in India, (ii) Central Board of Social Security, headed by the Minister of Labour, to administer scheme funds and ensure coordination between state boards, and (iii) State Board of Social Security (in each state), headed by the Chief Minister of the respective state. The State Boards will be responsible for implementing social security schemes in their states.
- Registration of workers: The State Boards, in coordination with the Central Board, will provide a portable social security account for the registration of workers. This account, called the Vishwakarma Karmik Suraksha Khata (VIKAS), will be linked to the Aadhaar number of the worker.
- Funds and schemes: The draft Code establishes two funds in each state, to be managed by the respective State Board: (i) a fund for social security, and (ii) a fund for gratuity. The employer and workers will make contributions to the funds, as a proportion of their wages. In case of the gratuity fund, the employer will contribute 2% of the wage payable to each employee.

The central or state governments may formulate schemes for social security after consulting the National Council.

For more details on the draft Code released last year, see the PRS Monthly Policy Review for March 2017 <u>here</u>.

Corporate Affairs

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Insolvency Law Committee submits report

The Insolvency Law Committee (Chair: Mr. Injeti Srinivas) submitted its report examining issues arising from the implementation of the Insolvency and Bankruptcy Code. The Code provides a time-bound 180-day process to resolve insolvency of companies and individuals. All decisions related to resolution or liquidation of an insolvent firm are to be taken by a

committee of creditors (COC). Key recommendations of the Committee include:

- Non-inclusion of home buyers: The Committee noted that there were several court judgments where buyers of under-construction apartments were neither considered to be financial creditors nor operational creditors. Financial creditors include lenders, while operational creditors include entities who are owed dues under a transaction for provision of goods and services. The Committee noted that the amounts raised under housing contracts are a means of raising finance and therefore, home buyers are financial creditors. It recommended that an explanation be added under the Code to clarify that home buyers would constitute financial creditors.
- Voting share for CoC decisions: The Committee observed that the Code mandates that all decisions of the CoC need be taken with a majority of not less than 75% of the voting share of the financial creditors. The Committee noted stakeholder concerns that the high threshold might prove to be a roadblock in the resolution process. The Committee recommended that the voting share be reduced from 75% to 66% in certain critical matters, such as approval of the resolution plan. For routine decisions, the voting threshold may be reduced to 51%.
- Eligibility to submit a resolution plan: The Code contains provisions prohibiting certain persons from submitting a resolution plan. The Committee noted that certain financial entities (such as asset reconstruction companies) are likely to be related to companies whose assets are classified as non-performing assets (NPAs). Such entities would be barred from participating in the resolution process. The Committee recommended that such financial entities be allowed to participate in the process.
- Exemption for MSMEs: The Committee noted that MSMEs are subject to the provisions prohibiting certain persons from submitting a resolution plan. It recommended that the promoters of medium, micro and small enterprises (MSMEs) should be exempted from ineligibility criteria to bid, as long as they are not wilful defaulters. The rationale is that a business of an MSME attracts interest primarily from promoters of an MSME.

For a PRS Report Summary, please see here.

Social Justice and Empowerment

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The Maintenance and Welfare of Parents and Senior Citizens (Amendment) Draft Bill, 2018 released

The Ministry of Social Justice and Empowerment released the Maintenance and Welfare of Parents and Senior Citizens (Amendment) Draft Bill, 2018.¹⁷ The Maintenance and Welfare of Parents and Senior Citizens Act, 2007 aims to provide for maintenance and welfare of parents and senior citizens. It also aims to ensure their basic needs, safety and security, and the rights guaranteed and recognised under the Constitution. Key amendments outlined in the Bill include:

- Application of maintenance: A senior citizen can make an application for maintenance in case he cannot sustain himself on his own earnings or out of his own property. In such an event, if an amicable settlement between the senior citizen and his children/relative could not be arrived at (as per the Report submitted by the Conciliation Officer), the Maintenance Tribunal will hold further enquiry for determining the amount of maintenance allowance.
- Order for maintenance: The Act outlines the maximum maintenance at Rs 10,000 per month from those children/ relatives who neglect or refuse to maintain the senior citizen. The Bill states that Tribunal may, on being satisfied of such neglect or refusal, order for maintenance as it may deem fit.

The Integrated Programme for Senior Citizens revised

The Ministry of Social Justice and Empowerment released a revised Integrated Programme for Senior Citizens. 18 The objectives of the Programme includes improving the quality of life of the senior citizens by providing basic amenities like shelter, food, medical care, and entertainment opportunities. The Programme was last revised in 2016 with respect to the terms and conditions of the schemes covered under the Programme. These terms and conditions are related to expenditure and human resources required under the various schemes, and the procedure to be followed for submission of proposals and release of grants. Assistance under the Programme is given to the implementing agencies such as state

governments, local bodies, and non-governmental/voluntary organisations.

There are six thematic areas that the schemes aim to cover. Some of the schemes covered under the Programme include: (i) Maintenance of Continuous Care Homes and Homes for senior citizens afflicted with Alzheimer's disease/ Dementia, (ii) Maintenance of Mobile Medicare Units, and (iii) Physiotherapy Clinics.

Education

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HRD Ministry constituted a Committee to examine the conduct of Class 10 and Class 12 examinations

The Ministry of Human Resource Development constituted a High Powered Committee to examine Class 10 and Class 12 examinations (conducted by the Central Board of Secondary Education) with a view to prevent leakages. ¹⁹

The Committee will consist of seven members and is due to submit its report on or before May 31, 2018.

The terms of reference of the Committee include: (i) revisiting all aspects related to the security checks for ensuring that the question papers reach the students without tampering, (ii) examining and assessing all areas of potential weakness in the present system of transporting question papers from the printing presses to the students, and (iii) suggesting ways in which the system can be made more secure with the use of technology and minimisation of human intervention in the process.

Home Affairs

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AFSPA withdrawn from three police stations in Arunachal Pradesh

The government has withdrawn the application of the Armed Forces (Special Powers) Act, (AFSPA) 1958, from the jurisdiction of three police stations.²⁰ These police stations are: (i) Kimin police station in Papumpare district, (ii) Likabali police station in West Siang district, and (iii) Ruksin police station in East Siang district. Following the withdrawal, the AFSPA, 1958 will apply to three districts of Arunachal Pradesh and

the jurisdiction falling within eight police stations in the state.

Press reports indicate that the application of this Act has been withdrawn from Meghalaya.²¹

Standing Committee submits report on Cyclone Ockhi

The Standing Committee Home Affairs (Chair: Mr. P. Chidambaram) submitted its report on the impact of the cyclone Ockhi and the damage caused by it.²² Key recommendations of the Committee include:

- Forecasting: The Committee observed that Ockhi was an unusual cyclone due to its rapid intensification. It observed that while forecasting rapid intensification of cyclones is an area of concern, the occurrence of such cyclones is not rare. It noted that several countries had developed prediction models for such a phenomenon. It suggested that the Indian Meteorological Department (IMD) should develop forecasting models for rapid intensification of cyclones.
- Tracking systems: The Committee noted that the Indian Space Research Organisation had developed a satellite-based vessel tracking system to track fishing vessels and send messages. It recommended that a trial of the system should be completed at the earliest and that the system should be expanded to every boat that ventures out for deep sea fishing.
- Missing fishermen: The Committee noted that several fishermen had gone missing as a result of the cyclone. It noted that while IMD had issued an advisory, the advisory did not warn of an impending cyclone. The Committee recommended that IMD be more proactive in the future and take every instance of weather disturbance more seriously. It also suggested that the Ministry issue cyclone advisories to the state government, and give it wider publicity through the media and radio.
- Assistance to states: The Committee observed that the central and state governments contribute to the State Disaster Response Fund in the 75:25 ratio. The Committee recommended that revised sharing formula of 90:10 between the central and state government, as recommended by the 14th Finance Commission, should be implemented. The Committee further noted that there is a big difference in the assistance sought by states and the amounts approved by the central government. The Committee

recommended that the central government should sensitise the state governments about the approved norms of assistance. Further, the central government should re-examine its funding policy to ensure adequate relief.

For a PRS Report Summary, please see here.

Cabinet approves revision in pay and allowances of Lieutenant Governors of Union Territories

The Union Cabinet gave its approval for the increase in salary and allowances of Lieutenant Governors (LGs) of Union Territories.²³ The revision will bring the salaries and allowances of LGs at par with that of the Secretary to the Government of India. The revision in salaries and allowances are as follows.

Table 1: Change in salary and allowance with effect from January 1, 2016 (Rs/month)

Head	Present	Revised
Salary	80,000	2,25,000
Sumptuary Allowance (daily expenses)	4,000	4,000

Sources: Press Information Bureau; PRS.

Additionally, local allowances will be payable at the same rate as applicable to the officers of the rank of Secretary to the Government. The revision is subject to the condition that the total emoluments of LGs (excluding sumptuary and local allowances) are not more than the total emoluments of the Governor of a state.

Defence

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Draft Defence Production Policy 2018 released by the Ministry of Defence

The Ministry of Defence released the draft Defence Production Policy 2018.²⁴ The Policy will replace the existing Defence Production Policy 2011.²⁵ Key features of the policy include:

- Vision: The Policy seeks to make India one of the top five countries in aerospace and defence industries. This would be achieved through active participation from public and private sector, and fulfilling the objective of self-reliance and demand of other countries.
- Objectives: The Policy seeks to reduce India's current dependence on imports, and achieve self-reliance in development and manufacture of 13 categories of weapon

- systems, including fighter aircraft, warships, missile systems by 2025.
- It also seeks to achieve investment of around Rs 70,000 crore and create employment for 20 to 30 lakh people by 2025.
- Ease of Doing Business: To enable startups and MSMEs to participate in defence production in a fair and transparent manner, the Policy aims to bring in necessary enabling provisions. These would include removing restrictions of turnover and minimum number of years of prior experience. Rs 1,000 crore will be allocated between 2018-20 to allow start-ups to participate in competitions that will address challenges in major defence and research and development requirements.
- Foreign Direct Investment: To further liberalise the FDI regime in defence. FDI up to 74% under automatic route will be allowed in niche technology areas.
- Infrastructure development: Two defence industry corridors will be set up in collaboration with states to provide state-of-the art infrastructure and facilities for setting up defence production facilities. The central government will provide 50% assistance up to a ceiling of Rs 3,000 crore for development of each defence corridor through a Special Purpose Vehicle (SPV).
- Further, a scheme will be created to provide 75% assistance to industry to set up common testing facilities, up to a ceiling of Rs 100 crore per facility.
- Aerospace: An aeronautical university will be set up as an autonomous institution to promote manufacturing in India on a 50:50 cost-sharing basis between the government and Hindustan Aeronautics Limited.

Environment

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Plastic Waste Management (Amendment) Rules, 2018 notified

The Ministry of Environment, Forest and Climate Change notified the Plastic Waste Management (Amendment) Rules, 2018.²⁶ The Rules amend the Plastic Waste Management Rules, 2016.²⁷ Key features of the amended Rules include:

 Alternate use: The Rules define alternate use of a material as one which is for a

- purpose other than for which it was conceived. This other purpose will be beneficial as it will promote resource efficiency.
- Energy recovery: Energy recovery has been defined as recovery of energy from waste. This includes conversion of waste material into usable heat, electricity, or fuel through different processes, including combustion, gasification, anaerobic digestion, and land fill gas recovery.
- Non-recyclable multi-layered plastic: The 2016 Rules state that the manufacture and use of non-recyclable multi-layered plastic should be phased out in two years. In the 2018 Rules, non-recyclable multi-layered plastic has been replaced with multi-layered plastic which is non-recyclable or non-energy recoverable or with no alternate use.
- Registration for manufacture and recycle of plastic bags: The 2018 Rules modify the process of registration. Under the revised Rules, for registration or renewal of registration, every producer or brand-owner is required to make an application to: (i) the concerned State Pollution Control Board or Pollution Control Committee of the Union Territory, if operating in one or two states or union territories; or (ii) the Central Pollution Control Board, if operating in more than two states or union territories.
- Pricing of carry bags: Under the 2016 Rules, shopkeepers and street vendors willing to provide plastic carry bags for dispensing any commodity were required to register with the local body. Such registration also required payment of plastic waste management fee. Under the 2018 Rules, this rule has been removed.

Draft Coastal Regulation Zone Notification, 2018 released

The Ministry of Environment, Forest and Climate Change released the draft Coastal Regulation Zone Notification, 2018.²⁸ It seeks to amend the Coastal Regulation Zone (CRZ) Notification, 2011. Salient features of the draft 2018 notification include:

- CRZ limits: CRZ limits on land along tidal influenced water bodies have been reduced from 100 meters to 50 meters or the width of the water body, whichever is less.
- Bifurcation of CRZ-III areas: CRZ-III areas (areas that are relatively undisturbed such as rural and where the ratio of built up plot to total plot is less than 50%) have been divided into two categories:

- CRZ-III A- rural areas with a population density of 2,161 people per square kilometre or more as per the 2011 Census. Such areas shall have a No Development Zone (NDZ) of 50 meter from the High Tide Line (line on land up to which the highest water line reaches during the spring tide) (HTL);
- ii. **CRZ-III B-** rural areas with a population density lesser than 2,161 people per square kilometre. Such areas shall continue to have a NDZ of 200 meter from the HTL.
- Land area up to 50 meters from the HTL, or width of the water body, whichever is less, along the tidal influenced water bodies, shall also be earmarked as NDZ in CRZ-III areas.
- Projects that require approval: Only those projects located in CRZ-I (environmentally most critical) and CRZ-IV (water and seabed areas) will require clearance from the Ministry of Environment. Other projects will be considered by Coastal Zone Management Authorities in respective states and union territories.
- FSI in CRZ-II: The CRZ Notification, 2011 had frozen the Floor Space Index (built up area/ total area) (FSI) for CRZ-II areas at 1991 Development Control Regulation levels. The draft notification proposes to defreeze the same and permit FSI for construction projects as prevailing on the date of the new notification.

The Ministry is seeking comments on the draft notification till June 18, 2018.

Agriculture

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Cabinet approves restructured National Bamboo Mission

The Cabinet Committee on Economic Affairs approved the restructured National Bamboo Mission under the National Mission for Sustainable Agriculture for the period 2018-19 and 2019-20.²⁹ Rs 1,290 crore has been allocated to the scheme for this period. Of this, Rs 950 crore will be the share of the central government. The scheme seeks to increase the area under bamboo cultivation in non-forest government and private land, and improve post-harvest management. Note that the National Bamboo Mission was initially launched in 2006-07 and continued till 2015-16.

IMD releases long range forecast for southwest monsoon rainfall 2018

The Indian Meteorological Department (IMD) released its first long range (seasonal) forecast for southwest monsoon rainfall in 2018.³⁰ The monsoon seasonal rainfall is estimated to be 97% of the long period average (LPA), with an error of +/- 5%. Rainfall is considered to be normal if it ranges between 96-104% of the LPA. LPA is the average rainfall for the period from 1951 to 2000 in a region. In 2017, the Southwest Monsoon Rainfall was estimated to be 96% of the LPA and the actual rainfall was 95%.³¹

Power

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Pilot scheme to procure 2,500 MW power from coal based power plants

The Ministry of Power released guidelines for a pilot scheme to facilitate procurement of 2,500 MW (Megawatts) power for medium term through a competitive bidding process. ^{32,33} Power will be procured from generating companies with coal-based power plants which are commissioned and do not have Power Purchase Agreement.

Under the scheme, a single entity can be allotted maximum capacity of 600 MW. Further, it assures a minimum off-take of 55% of such contracted capacity.

The bidding process will be conducted by PFC Consulting Limited as the nodal agency and PTC India Limited as the aggregator. PTC India Limited would sign a three-year agreement (medium-term) to facilitate procurement of power from successful bidders and to supply power to discoms.

Industry

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Industrial Development Schemes for Jammu and Kashmir, Himachal Pradesh and Uttarakhand notified

The Department of Industrial Policy and Promotion notified Industrial Development Schemes for Jammu and Kashmir, Himachal Pradesh and Uttarakhand.³⁴ Under the schemes, certain incentives will be provided to eligible industrial units in respective states.

Industrial units undertaking substantial expansion in the manufacturing and services sectors are eligible under the schemes. Incentives provided under the schemes are:

- Central capital investment incentive for access to credit: Incentive of 30% of the investment (maximum five crore rupees) in plant and machinery per industrial unit.
- Central comprehensive insurance incentive: Reimbursement of 100% insurance premium on insurance of the building, and plant and machinery for a period of five years.
- Central interest incentive: Interest incentive of 3% on the working capital credit advanced by the scheduled banks or central or state financial institutions for first five years. This incentive is available only for the scheme in Jammu and Kashmir.

In case of Jammu and Kashmir, the scheme will be effective from June 15, 2017 to March 31, 2022. In case of Himachal Pradesh and Uttarakhand, it will be effective from April 1, 2017 to March 31, 2022.

Housing and Urban Affairs

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Special Task Force set up to oversee Master Plan for Delhi 2021

A Special Task Force (Chair: Vice President, Delhi Development Authority) has been set up to oversee the enforcement of the Master Plan for Delhi 2021.³⁵ Objectives of the Special Task Force include: (i) identifying encroachments and reclaim government land in Delhi, (ii) oversee enforcement of applicable laws by local bodies, (iii) monitoring action taken by local bodies regarding violations of use and unauthorised construction, and (iv) identifying areas of traffic congestion in Delhi and suggesting measures to local bodies and other agencies.

Civil Aviation

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Task Force constituted for fast-tracking UAV technology

The central government constituted a 13-member Task Force (Chair: Mr Jayant Sinha, Minister of State for Civil Aviation) to facilitate fast tracking of Unmanned Aerial Vehicle (UAV) technology.³⁶ The Task Force will develop a roadmap with implementable recommendations for the central government, state governments, and research institutions.

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

The Task Force will include representatives from the government, Public Sector Undertakings, and various sectoral experts. It will submit its report within six months of its constitution.

Railways

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Cabinet approves the closure of Burn Standard Company Limited

The Union Cabinet approved the closure of Burn Standard Company Limited (BSCL), a central public sector enterprise.³⁷ This decision was taken due to: (i) the poor physical and financial performance of BSCL for over 10 years, and (ii) low probability of its revival in the future. This measure aims to save public funds, which are currently being used for operating BSCL, and use them for other developmental work.

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

External Affairs

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Prime Minister of Nepal visits India

The Prime Minister of Nepal visited India. Key agreements are mentioned below: 38,39

Partnership in agriculture: The two countries launched a new partnership in the field of agriculture. The partnership will focus on collaborative projects in areas including agricultural research and development, education, climate resilience, and soil health. Rail connectivity: Both nations agreed to construct a new electrified rail line connecting the border city of Raxaul, Bihar to Kathmandu, Nepal. India will provide financial support for this project.

Prime Minister visits United Kingdom

The Prime Minister visited United Kingdom (UK) for a bilateral visit and the Commonwealth Heads of Government Meeting. 40 India and UK

¹ Parliament Session Wrap, April 6, 2018, http://www.prsindia.org/administrator/uploads/general/15229 99861~~Session%20wrap%20Budget%20Session%202018.pdf. signed 10 agreements in areas including: (i) rejuvenation of Ganga, (ii) skill development, vocational education and training (strengthening skill delivery in sectors where UK has technical and skilling expertise), (iii) safe nuclear energy use for peaceful purposes, and (iv) international criminality (mechanism for exchange of information in the context of such criminality).

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²³ "Cabinet approves revision of pay and allowance of Lieutenant Governors of Union Territories", Press Information Bureau, Cabinet, April 11, 2018.

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³ "Index Numbers of Wholesale Price in India (Base: 2011-12=100) Review for the month of March 2018", Press Information Bureau, Ministry of Commerce and Industry, April 16, 2018.

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