

Monthly Policy Review

March 2014

Highlights of this Issue

[SC orders UIDAI not to share information with agencies without consent of card holder \(p. 6\)](#)

The Supreme Court also ordered that the government withdraw notifications making Aadhaar mandatory.

[Current account deficit contracts for quarter ending December 2013 \(p. 2\)](#)

India's current account deficit declined to USD 4.2 billion on account of declining trade deficit.

[Government establishes Coal Regulatory Authority through executive order \(p. 4\)](#)

The Coal Regulatory Authority (CRA) will advise the government on pricing for coal, and performance of the coal industry. The Coal Regulatory Authority Bill that sought to establish CRA is pending in the Lok Sabha.

[Government notifies parts of the Companies Act, 2013 \(p. 4\)](#)

The Ministry of Corporate Affairs has notified multiple provisions of the Companies Act, 2013 and released rules related to some of these provisions. The notified provisions and rules are effective from April 1, 2014.

[SC rules that trial of legislator facing criminal charges to be completed within a year \(p. 2\)](#)

The Supreme Court has passed an order stating that trials of MPs and MLAs facing criminal charges must be completed within one year of framing of charges.

[Law Commission submits its report on electoral disqualifications \(p. 3\)](#)

It recommended that a person accused of heinous crimes should be disqualified on the framing of charges by a court.

[EC permits draft notification on ecologically sensitive areas in Western Ghats \(p. 3\)](#)

The Election Commission has permitted a draft notification on the identification of ecologically sensitive areas in the Western Ghats. The final notification may be made after the general elections.

[Central Sector Scheme for Assistance to Disabled Persons modified \(p. 9\)](#)

The Cabinet has approved some modifications in the cost norms of the Scheme of Assistance to Disabled Persons for purchase and fitting of aids and appliance.

[Ministry invites applications for auction of captive coal blocks \(p. 5\)](#)

The Ministry of Coal has initiated the process of auctioning of captive coal blocks by inviting application for three blocks under the Auction by Competitive Bidding of Coal Mines Rules, 2012.

[Planning Commission launches an Independent Evaluation Office \(p. 7\)](#)

The IEO will conduct independent evaluations of programmes which receive public funding or have guarantees from the government, including government flagship programmes.

[Standing Committee presents report on the national agricultural research system \(p. 10\)](#)

The Committee evaluated the functioning of the Indian Council of Agricultural Research and related central research institutes. It recommended ways to strengthen ICAR and higher investment in agricultural research.

April 1, 2014

General elections announced

The Election Commission has announced the schedule for the general elections.¹ Polling will commence on April 7, 2014 and end on May 12, 2014. The results will be announced on May 16, 2014.

The Election Commission also announced the Model Code of Conduct on March 5, 2014. Until the elections are completed, there are certain restrictions on political parties and on the government. The government will require permission from the Election Commission before making any policy announcements. Consequently, the government has not made major policy announcements during this month.

Macroeconomic Developments

Saumya Vaishnava (saumya@prsindia.org)

India's Balance of Payments for October-December 2013

In the third quarter (October-December) of 2013-14, India's current account deficit (CAD) contracted 87% from its value in the third quarter of 2012-13.² The fall in the CAD from USD 31.9 billion to USD 4.2 billion reflects the declining trade deficit on account of improving merchandising exports and falling imports.

Table 1: India's Balance of Payments for October-December 2013 (in USD billion)

Items	Oct-Dec 2012	Jul-Sept 2013	Oct-Dec 2013
A. Current Account	-31.8	-5.2	-4.2
B. Capital Account	31.5	-4.8	23.8
C. Errors and Omissions	1.1	-0.4	-0.6
Change in reserves (A+B+C)	0.8	-10.4	19.1

Sources: RBI; PRS.

Capital account inflows resumed in the third quarter, after falling sharply in the second quarter. Capital account surplus stood at USD 23.8 billion, with increased portfolio and direct investments into the country.

The country's foreign reserves increased by USD 19.1 billion in the third quarter of 2013-14.

Industrial productivity turns positive in January 2014

The Index of Industrial Production (IIP) turned positive after three months of negative output growth. IIP was 0.1% in January 2014 against *negative* 0.6% in December 2013.³

RBI extended the date for exchange of old bank notes

In March 2014, the Reserve Bank of India (RBI) announced the following measures:

- **Withdrawal of old currency notes:** RBI had announced the withdrawal of all old series of banknotes issued prior to 2005 from circulation from April 1, 2014. Banks were to provide facility for exchange of old bank notes.⁴ This date of exchange has been postponed to January 1, 2015.⁵
- **Monetary policy review cycle:** Following recommendations of the Dr. Urjit Patel Committee on Monetary Policy, RBI decided to review the monetary policy in a two monthly cycle, instead of a quarterly cycle. Thus, the next policy review is expected on April 1, 2014.⁶ For more information on the recommendations of the Committee, refer to the January Monthly Policy Review [here](#).

Law and Justice

Prianka Rao (prianka@prsindia.org)

SC rules that trial of a convicted legislator must be completed within one year

According to news reports, the Supreme Court (SC) has passed an order in relation to trial proceedings of MPs and MLAs facing criminal charges.⁷ It stated that trial courts must complete proceedings within one year from the date of framing of charges. The SC has also ordered day to day hearings in such cases.

Further, trial courts would have to give reasons to the chief justices of the respective high courts for any delay in this regard. If satisfied with the reasons cited, the Chief Justice of the relevant high court may extend the period of trial.

This order was passed by the SC in an ongoing Public Interest Litigation filed by an NGO, Public Interest Foundation related to decriminalisation of politics. In December 2013,

the SC had passed an order in the same PIL directing the Law Commission of India to submit a comprehensive report on all aspects of electoral reforms.⁸ Further, it asked the Law Commission to submit a report within two months on two specific issues, i.e., the stage at which the disqualification of candidates would take effect and the consequences of filing a false affidavit.⁹ The Law Commission has submitted this report. Its key recommendations are provided below.

Law Commission submits its report on electoral disqualifications

The Law Commission of India submitted its report on electoral disqualifications to the Ministry of Law and Justice, on February 24, 2014.⁹ The report follows the SC directive in 2013, discussed above.

The report examined issues related to: (i) disqualification of candidates with criminal background, and (ii) consequences of filing false affidavits. The key recommendations of the Law Commission include:

- Disqualification should take effect at the stage of framing of charges, as the case has undergone adequate levels of judicial scrutiny, at this stage.

Certain additional safeguards must be incorporated into this process of triggering disqualification at the stage of framing of charges. These include:

- (i) Only offences that attract a maximum punishment of five years or above should be included within the ambit of this provision.
- (ii) Charges filed within one year before the date of scrutiny of nominations for an election will not lead to disqualification.
- (iii) The disqualification will operate until acquittal by a trial court, or a period of six years, whichever is earlier.
- (iv) For charges framed against sitting MPs or MLAs, the trial must be expedited. It must be conducted on a day to day basis, and completed within one year.
- (v) If the trial is not concluded within a one year period then one of the following consequences ought to ensue: The MP/MLA may be disqualified at the expiry of the one-year period; or the MP/MLA's right to vote in the House as a member, remuneration and other

perquisites attaching to his office shall be suspended at the expiry of the one-year period.

- Disqualification at the stage of framing of charges must apply retroactively as well.

The Law Commission also suggested that the Representation of the People Act, 1951 be amended to include the filing of false affidavits as grounds for disqualification. It has recommended that filing of a false affidavit should attract an enhanced sentence of a minimum of two years imprisonment, and qualify as a 'corrupt practice' under the Act.

For a PRS Summary of the Law Commission Report please see [here](#).

Environment

Joyita Ghose (joyita@prsindia.org)

EC permits draft notification on Eco-Sensitive Area in Western Ghats; Kerala government's recommendations accepted

According to news reports, the Election Commission has permitted the centre to issue a draft notification on the demarcation of an Ecologically Sensitive Area (ESA) in the Western Ghats, in keeping with the Model Code of Conduct.¹⁰ The Model Code of Conduct places certain restriction on parties in power, therefore, the final notification can only be issued after the general elections in May 2014.

The Ministry of Environment and Forests (MoEF) accordingly issued a draft notification on March 10, 2014.¹¹ Approximately 57,000 sq. km. of the Western Ghats, spanning the states of Goa, Gujarat, Karnataka, Kerala, Maharashtra and Tamil Nadu, has been declared an ESA resulting in the prohibition and regulation of certain activities in the area.

Activities that are prohibited in the ESA include:

- (a) mining, quarrying and sand mining, (b) thermal power plants, (c) 'Red' category industries identified by the Central Pollution Control Board as highly polluting, (d) construction projects of 20,000 sq. m. area and above, and (e) township projects of 50 ha and above or with a built up area of 1,50,000 sq. m. and above. Certain activities will be permitted but regulated. State governments can send suggestions by May 9, 2014.

In November 2013, the MoEF had identified approximately 60,000 sq. km. as an ESA in a direction under the Environment Protection Act, 1986. This was based on the recommendations of a High Level Working Group (HLWG) (Chair: Mr. K. Kasturirangan). However, in December 2013, the Ministry sought suggestions from state governments on modifications in the boundary of the ESA.

The government of Kerala constituted an Expert Committee (Chair: Dr. Oommen V. Oommen) and Panchayat Level Committees in villages falling in the ESA to examine the report of the HLWG. On the basis of these committees, the Kerala government recommended the exclusion of agricultural areas, orchards, horticultural plots, plantations and residential areas.¹² This resulted in a decrease in the ESA by approximately 3,000 sq. km. in Kerala. The recommendations of the Kerala government were accepted by the MoEF.

For more information, refer to the [April, October and November](#) 2013 Monthly Policy Review.

India and Sudan agree to cooperate on renewable energy

India and Sudan held bilateral talks for promoting cooperation in renewable energy on March 11, 2014.¹³ Talks focused on cooperation in the development of wind energy, solar energy, biomass, and small hydro resources.

It was agreed that India's Ministry of New and Renewable Energy will provide training support to Sudan in wind and solar energy through technical institutions such as the Centre for Wind Energy Technology, Chennai and the National Institute of Solar Energy, Gurgaon. Further, the Indian Renewable Energy Development Agency will provide assistance in developing renewable energy projects on a commercial basis.

Corporate Affairs

Alok Rawat (alok@prsindia.org)

Government notifies multiple sections of the Companies Act, 2013

The Ministry of Corporate Affairs has notified multiple sections of the Companies Act, 2013.¹⁴ It has also released rules related to some of these provisions.¹⁵ The notified provisions and rules will come into effect from April 1, 2014.

The subjects covered under these sections and rules include:

- **Definitions:** Terms such as company's accounts, foreign company, independent directors and 'one person company'.
- **Incorporation:** Formation of company and its memorandum and articles of association.
- **Allotment of securities:** Private placement of securities, prospectus for such placements and issuance of Global Depository Receipts.
- **Capital structure:** Kinds of share capital, issue of shares, share buy-back, voting rights, debentures and deposits from public.
- **Administration:** Shareholders' register, annual reports, general meetings, voting rights and dividends.
- **Directors:** Appointment removal and disqualification of directors (including independent directors), duties of directors, board meetings and committees and related party transactions.
- **Management:** Appointment of executive directors and managers, managerial remuneration and appointment and functions of the company secretary.
- **Inspection, inquiry and investigation:** Central government's power to conduct inspection, inquiry and investigation into affairs of a company and the establishment and powers of the Serious Fraud Investigation Office.

Coal

Alok Rawat (alok@prsindia.org)

Notification issued for constitution of the Coal Regulatory Authority

The government has issued a notification to constitute the Coal Regulatory Authority (CRA) under the overall administrative control of the Ministry of Coal.¹⁶ CRA shall consist of a Chairperson and four members. They will be appointed on the recommendation of a Selection Committee and will hold office till CRA is set up as a statutory authority or till they attain the age of 65 years, whichever is earlier.

The Chairperson shall have at least 15 years of experience in mining, economics, commerce,

finance, management, law or public administration. Other members shall be qualified and experienced in law, coal mining, finance and power, steel or cement industries.

The functions of CRA include advising the central government on matters regarding:

- Methodologies for determination of prices for raw coal, washed coal and by-products.
- Performance and operational standards for coal industry (except mines safety).
- Formulation of policies in coal sector, including allotment of coal blocks.
- Promotion of competition, efficiency and economy in the coal industry.
- Promotion of investments in the coal industry.

The Coal Regulatory Authority Bill, 2013 was introduced in Lok Sabha on December 13, 2013 to establish CRA as a statutory body. This Bill will lapse once Lok Sabha is reconstituted after the general elections. Hence, the government has decided to establish the authority through an executive order.

Ministry invites applications for auction of captive coal blocks

The Ministry of Coal has initiated the process of auctioning of captive coal blocks by issuing a Notice Inviting Application.¹⁷ Three blocks – one each for steel, sponge iron and cement manufacturers – are being offered. The last date for submission of bids is May 28, 2014.

The Ministry notified the Auction by Competitive Bidding of Coal Mines Rules, 2012 on February 2, 2012. These Rules empower the government to allocate coal blocks for captive usage through competitive bidding.

Key highlights of the auction are:

- **Price:** The bidders will make a price offer in the form of Rs/tonne payment to the government. The bidding documents for all three blocks specify the respective floor price in Rs/tonne.
- **Evaluation:** The bids will be screened for all required documents and bidder qualifications. The bidder who quotes the highest price (in Rs/tonne) will be the Preferred Bidder and will be issued a Letter of Award (LoA).
- **Agreement:** The Preferred Bidder will be required to sign a Coal Mine Development

and Production Agreement within 45 days of the issuance of the LoA.

Mining

Alok Rawat (alok@prsindia.org)

Report of the Shah Commission on illegal iron ore and manganese mining in Odisha

The Ministry of Mines has released the first report of the Justice M. B. Shah Commission on illegal iron ore and manganese mining in Odisha.¹⁸ The Ministry tabled the report in Rajya Sabha on February 10, 2014.

The central government appointed the Commission on November 22, 2010 to enquire into illegal mining of iron and manganese ores across states. The report contains the responses of the Odisha government and the Ministry.

Key highlights of the report are:

- **Encroachment:** The Commission found 82 mining leaseholders to be encroaching outside the lease areas. The Odisha government commented that resurveys conducted in 39 leases have indicated no large scale violations. The state government has initiated the process of recovering the price of excess ore extracted from lessees.
- **Illegal Mining in Joda:** The Commission noted large-scale mining in Joda even though no mining lease has been granted for this area. It observed that such illegal mining at such a scale cannot take place without connivance of the concerned officers of forest, mining and revenue departments. The Odisha government responded that it has taken legal and disciplinary action against the lessee and concerned officers.
- **Information on leases:** The Commission suggested that state governments should display the information about mining leases on a website. The Ministry intends to roll out a system towards this purpose from mid-2014. The Odisha government stated that this information is displayed on the website of the Department of Steel and Mines.
- **Impact of mining:** The Commission observed that since mining is usually carried out in tribal areas, the tribals are either displaced or living in the same area under poor conditions. The Odisha government

responded that it has placed a provisional cap on mining output, to reduce the impact of mining environment and infrastructure.

- **Sale of iron ore/grant of leases:** The Commission suggested that all the iron ore production should be sold via e-auction. Mining leases should be granted through public auctions. The Odisha government stated it has taken an in-principle decision to conduct sale of iron ore mined in the state through e-auction.

Finance

Supreme Court orders UIDAI not to share information with other agencies without consent of card holder

Saumya Vaishnava (saumya@prsindia.org)

According to news reports, the Supreme Court (SC) issued an interim order pertaining to the Unique Identification Authority of India (UIDAI) on March 24, 2014.¹⁹ Highlights of the order are as following:

- **Aadhaar information cannot be shared without consent:** A lower court in Goa had directed UIDAI to share biometric information with the Central Bureau of Investigation for investigation in a rape case. The Bombay High Court had via an order refused to interfere with this order of the lower court. The SC order stayed the Bombay High Court order and said that UIDAI cannot share Aadhaar information with any agency without the consent of the card holder.
- **Aadhaar not mandatory for availing benefits of government schemes:** The centre has been directed to withdraw all notifications making Aadhaar mandatory for availing benefits under social security schemes. Earlier, on September 23, 2013, an SC interim order had mandated that Aadhaar cannot be made mandatory for availing government benefits or services.

Government re-promulgates the Securities Law (Amendment) Ordinance

Alok Rawat (alok@prsindia.org)

The Securities Laws (Amendment) Second Ordinance, 2013, which lapsed on January 16,

2014, has been re-promulgated as the Securities Law (Amendment) Ordinance, 2014.²⁰ The Securities Laws (Amendment) Bill, 2013 is currently pending in Parliament. The Bill will lapse on the reconstitution of Lok Sabha after the general elections.

The Bill seeks to amend the Securities and Exchange Board of India (SEBI) Act, 1992, with consequential changes in the Securities Contracts Regulation Act, 1956 and the Depositories Act, 1996.

Key amendments include: (i) widening of the definition of Collective Investment Schemes regulated by SEBI, (ii) empowering the SEBI Chairman to authorise search and seizure of documents relevant to an investigation, (iii) providing SEBI with explicit powers to order disgorgement of unfair gains, (iv) permitting SEBI to attach bank accounts and property, and arrest and detain a person for non-compliance with disgorgement orders or non-payment of monetary penalty, and (v) establishment of special courts to try offences under the Act.

For a PRS Legislative Brief on the Securities Laws (Amendment) Bill, 2013, please [see here](#).

RBI issues guidelines on revitalising distressed bank loans

Alok Rawat (alok@prsindia.org)

The Reserve Bank of India (RBI) has issued two notifications regarding distressed loans of banks.^{21,22} The notifications lay down the guidelines on refinancing of project loans, sale of Non Performing Assets (NPAs), formation of Joint Lenders' Forums (JLFs) and adoption of Corrective Action Plans (CAPs).

RBI has earlier issued a framework for revitalising distressed loans, outlining a plan to incentivise early identification of problems, timely restructuring of viable accounts and recovery or sale of unviable accounts. For details on the framework, please refer to the Monthly Policy Review for January 2014 [here](#).

Key highlights of these guidelines are:

- **Sale of assets:** Banks can now sell an asset to a securitisation or reconstruction company before it is classified as NPA, under limited conditions. The accounting rules for such transactions have also been relaxed.
- **Sale of NPA to other banks:** Banks can now to sell an NPA to another bank, financial

institution or Non Banking Financial Company without any minimum holding period requirement.

- **Counter-cyclical/floating provision:** Banks can now utilise part of their countercyclical buffers to account for losses arising from sale of NPAs.
- **JLF:** Lenders to a borrower are required to form a JLF if one of the lenders reports a loan account of the borrower as stressed and their aggregate exposure to the borrower is above the threshold for the level of stress reported. A borrower may also request for formation of a JLF.
- **CAP:** The JLF may explore various options to resolve the stress in the account. These include: (i) encouraging a turnaround plan for the borrower (including seeking additional funding from promoters or other investors), (ii) restructuring of viable accounts provided the borrower is not a wilful defaulter, and (iii) initiating the appropriate recovery process.

Standards for anti-money laundering and combating financing of terrorism

Saumya Vaishnava (saumya@prsindia.org)

The Financial Action Task Force (FATF) released a public statement regarding high risk and non-cooperative jurisdictions on February 14, 2014.²³ FATF is the global body for setting standards for Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT). In its statement, FATF called upon its members (including India) and other countries to pay special attention to business relations and transactions with Iran and the Democratic People's Republic of Korea. FATF had made similar calls regarding Iran and Korea in 2009 and 2011 respectively. In addition, the latest statement also lists nine jurisdictions that have AML/CFT deficiencies.

The Reserve Bank of India (RBI) has advised all banks and financial institutions, including Regional Rural Banks, Co-operative Banks, payment system operators and all Non-Bank Financial Institutions to consider this information.^{24, 25, 26, 27, 28}

RBI finalises the Depositor Education and Awareness Fund Scheme, 2014

Saumya Vaishnava (saumya@prsindia.org)

The Reserve Bank of India has finalised the Depositor Education and Awareness Fund Scheme, 2014 and has forwarded the same to the central government for notifying in the Official Gazette.²⁹ The key features of this scheme are:

- **The Fund:** A Depositors Education and Awareness Fund will be established and maintained by RBI. Any credit balance in a deposit account (savings deposit, fixed deposit, recurring, etc) maintained with banks (including co-operative banks, regional rural banks, etc), which (i) has not been operated upon for 10 years or more, or (ii) has remained unclaimed for 10 years or more, will be transferred to this fund.
- **Administration and management committee:** A seven-member committee consisting of members of RBI, banks and experts in the field of banking will be constituted. This committee will frame rules on the utilisation of the fund for promotion of depositor's interests. This includes providing grants of funds to institutions and organisations engaged in activities relating to depositor awareness and education.
- **Refunds:** In case of a demand made by a customer whose unclaimed amount has been transferred to the Fund, banks will repay the customer and claim the amount paid from the Fund.

Independent Evaluation Office launched

Saumya Vaishnava (saumya@prsindia.org)

The Planning Commission launched an Independent Evaluation Office (IEO) on February 27, 2014.³⁰ IEO can conduct independent evaluation of any programme, including government flagship programmes, which (i) receive public funding, or (ii) have guarantees from the government. IEO will assess the programme for its effectiveness, relevance and impact, and can make its findings public without interference from the government.

The Cabinet had approved the establishment of the IEO in November 2010.³¹ The IEO has been set up as an attached office to the Planning Commission, with Dr. Ajay Chhibber as its Director-General.^{32,33}

Minority Affairs

Joyita Ghose (joyita@prsindia.org)

Standing Committee submits report on PM's New 15 Point Programme for religious minorities

The Standing Committee on Social Justice and Empowerment (Chair: Mr. Hemanand Biswal) submitted its report on the implementation of the Prime Minister's New 15 Point Programme on March 15, 2014.³⁴

The Programme seeks to ensure the welfare of religious minorities through: (a) increasing educational and employment opportunities, (b) improving living conditions, and (c) preventing and controlling communal riots. Currently, Muslims, Christians, Sikhs, Buddhists, Parsis and Jains are identified as religious minorities. Jains were notified as a religious minority community in January 2014 (for more information, please refer to the PRS Monthly Policy Review for January 2014 [here](#)).

Major recommendations of the Committee are:

- **Increasing educational opportunities:** The number of educational scholarships for minorities must be increased. The literacy rate of Muslims must be improved further, with a special focus on Muslim women. Measures must be taken to promote Urdu.
- **Increasing employment opportunities:** Large and medium scale industries must be developed in notified minority concentration districts. The government and Public Sector Undertakings must recruit at least 15% of people from minority communities.
- **Improving living conditions:** Planning, sanctioning of projects, and allocation of funds should be done at the block level and not the district level. A list of persons below the poverty line belonging to minority communities must be prepared. Each minority concentration block should have a nodal officer to liaison with various government agencies.

- **Preventing and controlling communal riots:** An elaborate block-wise programme involving various stakeholders should be evolved to address communalism. This should involve confidence building measures, speedy rehabilitation of riot victims, and mobilisation of human resources and investment. Police forces must be sensitised on communal issues.

For more information, please refer to the PRS Summary of the Standing Committee Report [here](#).

Civil Aviation

Alok Rawat (alok@prsindia.org)

Ministry releases consultation paper on civil aviation ombudsman

The Ministry of Civil Aviation has released a consultation paper for establishing the office of the ombudsman for civil aviation on February 27, 2014.³⁵ The ombudsman is envisaged to serve as an alternative mechanism for dispute settlement. The last date for submission of comments is April 15, 2014.

Some of the issues discussed are:

- **Composition:** The paper invites suggestions regarding the: (i) organisational setup, (ii) funding model, (iii) regional benches, and (iv) an appellate body for the office of the ombudsman.
- **Scope:** The paper invites suggestions on whether the ombudsman should handle grievances of: (i) only passengers, or (ii) service providers like freight forwarders and ground handlers, or (iii) other air service users like non-scheduled aviation passengers.
- **Jurisdiction:** It needs to be determined whether a passenger can lodge his complaint with the ombudsman under whose territorial jurisdiction the concerned airport falls or with the ombudsman near his residence. It also questions whether the complainant should be allowed to approach both the ombudsman and the consumer court, or just one.
- **Definition of dispute:** The paper suggests that only cases involving a dispute between the consumer and the service provider be referred to the ombudsman.

Ministry releases the Policy on Regional and Remote Area Air Connectivity

The Ministry of Civil Aviation has issued the Policy on Regional and Remote Areas Air Connectivity on March 4, 2014.³⁶ The Policy aims to improve air connectivity to: (i) towns and cities with low air connectivity (Regional Air Connectivity), and (ii) areas with inadequate surface transport network (Remote Area Air Connectivity). It replaces the erstwhile Route Dispersion Guidelines mandating airlines to provide a minimum number of scheduled flights to remote areas and smaller towns and cities.³⁷

Key highlights of the Policy are:

- **Incentives:** Scheduled flights to specified regional and remote airports will be provided concessions on airport charges and ground handling. State governments will also be asked to provide incentives like reduction in VAT on aviation fuel and underwriting of seats.
- **Air Connectivity Fund:** An Air Connectivity Fund is envisaged to provide long-term financial support for promotion of connectivity to remote and strategic areas.
- **Services to remote areas:** All scheduled airlines are required to operate at least 10% of their domestic capacity on routes to/from airports in remote areas and 1% on routes within remote areas. Remote areas include all airports in North East (except Guwahati and Bagdogra), Jammu and Kashmir (except Jammu), Andaman and Nicobar Islands, and Lakshadweep.

Social Justice

Mandira Kala (mandira@prsindia.org)

Central Sector Scheme for Assistance to Disabled Persons modified

On February 28, 2014, the Cabinet Committee on Economic Affairs approved some modifications in the cost norms of the Scheme of Assistance to Disabled Persons for purchase and fitting of aids and appliances.³⁸ The modifications will be effective from April 1, 2014.

The scheme was launched in 1981 with the objective of providing durable, sophisticated and

scientifically manufactured modern aids and appliances for disabled persons.

The key changes in the scheme are:³⁹

- For disabled persons with income upto Rs 15,000 per month, the scheme will cover the full cost of the aid or appliance. For persons with a monthly income between Rs 15,000 to Rs 20,000, 50% of the cost of the aid will be provided.
- Visually impaired students who are 18 years of age or above, will be provided accessible mobile phones. For students in class 10 and above, a laptop, Braille note taker and Braille typewriter will be provided.
- Assistance for essential surgical correction for fitting of aids and appliances is enhanced for persons with hearing, speech, visual, and orthopaedic disability.
- The subsidy for motorised tricycles and wheelchairs is enhanced to Rs 25,000 for persons who are 18 years of age and above, and have severe locomotor disabilities such as muscular dystrophy, stroke, cerebral palsy etc.

Urban Development

Joyita Ghose (joyita@prsindia.org)

Urban Greening Guidelines released

The Ministry of Urban Development released the Urban Greening Guidelines, 2014 on February 26, 2014.⁴⁰ The Guidelines: (a) highlight the impact of urbanisation on urban greenery, (b) suggest practices for protecting and enhancing urban greenery, and (c) identify key stages in planning and development where urban greenery may be integrated.

Examples of urban greenery include, tree cover, green belts, playgrounds, neighbourhood parks, district parts, and protected forests.

Agriculture

Sakshi Balani (sakshi@prsindia.org)

Standing Committee submits report on National Agricultural Research System

The Standing Committee on Agriculture submitted a report on the evaluation of the National Agricultural Research System on February 18, 2014.⁴¹ The National Agricultural Research System comprises the Indian Council of Agricultural Research (ICAR), other central research institutes, and national research centres set up by it. The Committee's recommendations are:

- **Investment in agricultural research:** The Committee noted the significance of agricultural research and development. It recommended that the Department prepare an action plan to attract investment in agricultural research. This would help reduce dependency on imports and add to the export capacity of the country. The Department should also approach the Ministry of Finance to provide monetary and fiscal incentives for such investment.
- **Representation of states in Regional Committees:** The Committee noted that the Governing Body of ICAR has constituted eight Regional Committees for the eight different agro-ecological regions of the country. These committees analyse and recommend solutions for problems of agriculture, animal husbandry, fisheries and forestry that are particular to the region. The Committee recommended that these committees meet annually instead of biennially and have adequate representation of states.
- **Strengthening of ICAR:** The Committee recommended that the Department of Agricultural Research and Education strengthen the ICAR network to meet new challenges with respect to food security. The Department should study the methods and technologies adopted by countries such as China, Brazil and Malaysia and adapt them to our given conditions so as to augment the productivity in the agriculture sector. The Ministry should also lay more emphasis on agriculture research in the Twelfth Five Year Plan and provide adequate financial support.

For a PRS Summary of the Standing Committee report, see [here](#).

Water Resources

Sakshi Balani (sakshi@prsindia.org)

Standing Committee submits report on the Ganga Flood Control Commission

The Standing Committee on Water Resources submitted its report on a review of the Ganga Flood Control Commission on February 20, 2014.⁴² The Ganga Flood Control Commission was set up in 1972 to deal with floods in Ganga basin states. The Committee's recommendations pertained to the creation of water storage and state-wise information regarding usage of water:

- **Long-term policy for water use:** The Committee urged the Ministry to evolve a long-term comprehensive policy to ensure the judicious and efficient utilisation of the river Ganga. Such a policy should be evolved in consultation with the Planning Commission, ministries of agriculture, environment and forests, energy, rural development, and the states located on the banks of the river.
- **Database on utilisable water:** The Committee noted that the Ministry should compile updated, authentic and comprehensive state-wise information pertaining to the usage of water for drinking, irrigation and hydro-electric power in the basin of the Ganga. The Ministry should also establish a website for the above information.
- **Creation of water storage:** The Committee noted that water from the Ganga rivers can be stored in upper catchment areas and transferred from water-surplus to water-deficit areas. It observed that the government is in dialogue with Nepal to build storage projects since the flat terrain in the Gangetic plain areas of India does not allow for the construction of storage projects. Taking note of the delay in implementation of these projects, the Committee urged the Ministry to accelerate the pace of storage creation in Nepal.
- **Scientific assessment of flood-prone areas:** The Committee recommended a speedy completion of the process of setting up regional committees for the compilation and assessment of state-wise flood-prone areas.

For a PRS Summary of the Standing Committee report, see [here](#).

Infrastructure

Alok Rawat (alok@prsindia.org)

Report of the National Transport Development Policy Committee

The National Transport Development Policy Committee (Chairperson: Dr. Rakesh Mohan) submitted its report to the Planning Commission on February 28, 2014.⁴³ The Committee was set up in 2010 to assess the country's transport requirements for the next two decades and to recommend a policy to meet such requirements.

Key observations and recommendations of the Committee are:

- **Transport requirements:** Freight and passenger traffic are expected to grow 6-7 times and 15-16 times respectively during the next two decades, assuming 7-9% annual GDP growth.
- **Investments:** Investments in transport must rise from 2.6% of GDP currently to 3.3% in the Twelfth Plan, and further to 3.7% of GDP for later plan periods.
- **Pricing:** Pricing for transport services and associated inputs (e.g. fuel) should be set by market or independent regulators. Subsidies should be extremely limited and must be made explicit to ensure transparency.
- **Role of private sector:** Private sector investment should be encouraged to cover the investment gap. This would allow the public sector to focus on economically and socially important projects.
- **Unified ministry:** A national level Office of Transport Strategy should be established during the Twelfth Plan period to design and coordinate transport strategy. In the medium term, the central government should create a unified Ministry of Transport, with similar merger of transport functions at the state levels at a later stage.
- **Legal structure:** Existing transport sector-related legislations should be simplified and integrated into a single statute.
- **Safety:** National Safety Boards for road, railways, shipping and aviation should be established. These should be independent of the respective transport service operators.

¹ "Schedule of Elections, General Elections – 2014", Election Commission of India, March 5, 2014, http://eci.nic.in/eci_main1/current/GE-2014%20Color%20with%20maps_%2005032014.pdf.

² "Developments in India's Balance of Payments during the Third Quarter (October-December) of 2013-14", Reserve Bank of India Press Release, March 5, 2014, http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=30738.

³ "Quick Estimates of Index of Industrial Production and Use-Based Index for the Month of January, 2014 (BASE 2004-05=100)", Press Information Bureau, Ministry of Statistics and Programme Implementation, March 12, 2014.

⁴ "Withdrawal of all old series of Banknotes issued prior to 2005", RBI Notifications, January 28, 2014, <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8715&Mode=0>.

⁵ "Withdrawal of all old series of Banknotes issued prior to 2005", RBI Notifications, March 03, 2014, <http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8761&Mode=0>.

⁶ "First bi-monthly monetary policy statement, 2014-15 on April 1, 2014", RBI Notifications, March 11, 2014, http://rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=30782.

⁷ "Complete trial against MPs, MLAs in a year: SC", Hindustan Times, March 10, 2014; "Finish trial against MPs and MLAs in one year, Supreme Court orders", The Times of India, March 11, 2014; "SC sets deadline for trial against MPs and MLAs", The Hindu, March 10, 2014.

⁸ Public Interest Foundation vs. Union of India, D.O. No. 4604/2011/sc/PIL (W), dated 21st December, 2013.

⁹ Law Commission of India, Electoral Disqualifications, Report No. 244, February 2014.

¹⁰ "EC gives nod for draft notification on Western Ghats", Live Mint, March 19, 2014; "Western Ghats draft notification spares 3,000 sq km in Kerala", Indian Express, March 19, 2014; "Ministry of Environment and Forests brings out fresh draft notification on eco-sensitive area in Western Ghats" Times of India, March 18, 2014.

¹¹ S.O. 733(E), Ministry of Environment and Forests, March 10, 2013, http://envfor.nic.in/sites/default/files/733_0.pdf.

¹² Memorandum No. 1-4/2012-RE(Pt.), Ministry of Environment and Forests, March 4, 2013, <http://envfor.nic.in/sites/default/files/OM04032014.pdf>.

¹³ "India and Sudan Agree to Promote Cooperation in Renewable Energy", Press Information Bureau, Ministry of New and Renewable Energy, March 11, 2014.

¹⁴ S.O. 902(E), Ministry of Corporate Affairs, March 26, 2014, <http://www.egazette.nic.in/WriteReadData/2014/158869.pdf>.

¹⁵ "Companies Act, 2013: Rules, Circulars, Notifications etc, Ministry of Corporate Affairs, March 27-30, 2014, <http://www.mca.gov.in/MinistryV2/companiesact.html>.

¹⁶ Notification F. No. 13011/04/2007-CA II/Vol.V/pt. III, Gazette of India (extraordinary), March 4, 2014. <http://www.egazette.nic.in/WriteReadData/2014/158562.pdf>.

¹⁷ "Notice Inviting Applications (NIA)", Central Mine Planning and Design Institute Limited, February 26, 2014. <http://www.cmpdi.co.in/docfiles/NIAFeb2014.pdf>.

¹⁸ "First report on illegal mining of iron and manganese ores in the state of Odisha", Shah Commission of Inquiry, June,

2013.

<http://mines.nic.in/index.aspx?level=1&lid=673&lang=1>

¹⁹ “Withdraw notifications making Aadhaar mandatory, Supreme Court tells Centre”, The Hindu, March 25, 2014; “Don’t exclude those without Aadhaar, share data”, Indian Express, March 25, 2014; “Withdraw instruction to make Aadhaar mandatory: Supreme Court to Centre”, The Economic Times, March 25, 2014.

²⁰ Securities Law (Amendment) Ordinance, 2014, Ministry of Law and Justice, March 28, 2014.

<http://www.egazette.nic.in/WriteReadData/2014/158896.pdf>.

²¹ “Framework for Revitalising Distressed Assets in the Economy - Refinancing of Project Loans, Sale of NPA and Other Regulatory Measures”, Reserve Bank of India, February 26, 2014.

<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8756&Mode=0>.

²² “Framework for Revitalising Distressed Assets in the Economy – Guidelines on Joint Lenders’ Forum (JLF) and Corrective Action Plan (CAP)”, Reserve Bank of India, February 26, 2014.

<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8754&Mode=0>.

²³ “Financial Action Task Force (FATF) Public Statement”, February 14, 2014, <http://www.fatf-gafi.org/documents/documents/public-statement-feb-2014.html>.

²⁴ “Anti-money laundering (AML)/ Combating of Financing of Terrorism (CFT)-standards”, RBI Notifications, March 5, 2014,

<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8764&Mode=0>.

²⁵ “Anti-money laundering (AML)/ Combating of Financing of Terrorism (CFT)-standards”, RBI Notifications, March 13, 2014,

<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8771&Mode=0>.

²⁶ “Anti-money laundering (AML)/ Combating of Financing of Terrorism (CFT)-standards”, RBI Notifications, March 19, 2014,

<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8777&Mode=0>.

²⁷ “Anti-money laundering (AML)/ Combating of Financing of Terrorism (CFT)-standards”, RBI Notifications, March 18, 2014,

<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8774&Mode=0>.

²⁸ “Anti-money laundering (AML)/ Combating of Financing of Terrorism (CFT)-standards-Primary (Urban) Co-operative Banks”, RBI Notifications, March 13, 2014,

<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8769&Mode=0>.

²⁹ “The Depositor Education and Awareness Fund Scheme, 2014-Section 26A of Banking Regulation Act, 1949”, RBI Notification, March 21, 2014,

<http://www.rbi.org.in/scripts/NotificationUser.aspx?Id=8780&Mode=0#S1>.

³⁰ “Launch of Independent Evaluation Office (IEO)”, Press Information Bureau, February 26, 2014.

³¹ “Establishment of an Independent Evaluation Office to assess impact of Government’s Flagship Programmes”, Press Information Bureau, November 18, 2010.

³² “Independent Evaluation Office”, Press Information Bureau, December 11, 2013.

³³ “Ajay Chhibber Joins as Director General-Independent Evaluation Office”, Press Information Bureau, August 12, 2013.

³⁴ “46th Report: Implementation of Prime Minister’s New 15 Point Programme”, Standing Committee on Social Justice and Empowerment, March 15, 2014,

http://164.100.47.134/lssccommittee/Social%20Justice%20%20Empowerment/15_Social_Justice_And_Empowerment_46.pdf.

³⁵ “Consultation paper on Ombudsman for Civil Aviation”, Ministry of Civil Aviation, February 27, 2014.

http://civilaviation.gov.in/cs/groups/public/documents/newsandupdates/moca_003076.pdf.

³⁶ Order no. AV. 13030/24/2012-DT, Ministry of Civil Aviation, March 4, 2014,

http://civilaviation.gov.in/cs/groups/public/documents/newsandupdates/moca_003083.pdf.

³⁷ Order no. AV. 11012/2/94-A, Department of Civil Aviation, Ministry of Civil Aviation and Tourism, March 1, 1994, <http://dgca.nic.in/cars/D3C-C2.doc>.

³⁸ “Revision in Central Sector Scheme of Assistance to Disabled Persons for Purchase/Fitting of Aids/Appliances”, Press Information Bureau, Cabinet Committee on Economic Affairs, February 28, 2014.

³⁹ “Scheme of Assistance to Disabled Persons for Purchase/Fitting of Aids/Appliances”, Ministry of Social Justice and Empowerment,

<http://socialjustice.nic.in/pdf/adiprevised010414.pdf>.

⁴⁰ “Urban Greening Guidelines, 2014” Ministry of Environment and Forests, February 26, 2014,

http://moud.gov.in/sites/upload_files/moud/files/pdf/G%20G%20202014_0.pdf.

⁴¹ “National Agricultural Research System – an Evaluation”, Standing Committee on Agriculture, February 18, 2014, http://164.100.47.134/lssccommittee/Agriculture/15_Agriculture_58.pdf.

⁴² “Review of Ganga Flood Control Commission”, Standing Committee on Water Resources, February 20, 2014,

http://164.100.47.134/lssccommittee/Water%20Resources/15_Water_Resources_21.pdf.

⁴³ “India Transport Report”, National Transport Development Policy Committee, Planning Commission, February 28, 2014, [http://planningcommission.gov.in/sectors/index.php?sectors=National%20Transport%20Development%20Policy%20Committee%20\(NTDPC\)](http://planningcommission.gov.in/sectors/index.php?sectors=National%20Transport%20Development%20Policy%20Committee%20(NTDPC)).

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research (“PRS”). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.