

# Monthly Policy Review

June 2014

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## Highlights of this Issue

### [President's address to Parliament on policy priorities of new government \(p. 2\)](#)

The address included recommendations on key sectors such as macro-economy, infrastructure, transport, energy, agriculture, and governance and administration.

### [Inflation increases to five month high; RBI keeps policy rate unchanged \(p. 2\)](#)

Wholesale price inflation increased, even as retail inflation stabilizes. RBI, in its monetary policy review, maintained the policy repo rate at 8%; reduced SLR and provided special repo for export refinance.

### [CCEA approves Minimum Support Prices for Kharif crops for 2014-15 season \(p. 3\)](#)

MSPs for paddy have been raised by about 4%, for millets by 0-3%, for pulses 1-2% and for oilseeds 0-3%.

### [Hike in railways freight rate and passenger fares \(p. 3\)](#)

The Ministry of Railways hiked railways freight rate and passenger fares, effective from June 25, 2014. Freight rates will increase by a total of 6.5%, and passenger fares by a total of 14.2%.

### [Decision on domestic natural gas pricing deferred by three months \(p. 4\)](#)

The Cabinet Committee on Economic Affairs deferred the decision to announce the price for domestically produced natural gas by three months, because of the need to discuss the issue further.

### [Ministry invites comments on changes proposed to MGNREGA \(p. 4\)](#)

These changes relate to: (a) linking work under MGNREGA to agriculture, (b) improving quality of assets created, and (c) addressing issues such as delays in payments to beneficiaries.

### [Government proposes amendments to four labour laws \(p. 5\)](#)

The Ministry of Labour and Employment has invited comments on the proposed amendments to the Factories Act, 1948, the Minimum Wages Act, 1948, the Child Labour Act, 1986 and the Labour Laws Act, 1988.

### [Comments invited on draft Juvenile Justice \(Care and Protection of Children\) Bill \(p. 5\)](#)

The draft Bill outlines certain principles for the care, protection, and rehabilitation of children.

### [UGC orders Delhi University to roll back the Four Year Undergraduate Programme \(p. 6\)](#)

The University Grants Commission ordered Delhi University to revert to the three year undergraduate programme from the four year undergraduate programme, which was adopted in June 2013.

### [Ministry invites comments on review of National Forest Policy, 1988 \(p. 7\)](#)

The Ministry of Environment and Forests has constituted a Core Drafting Group to review the National Forest Policy, which addresses maintaining environmental stability and increasing forest cover.

### [Law Commission invites comments on consultation papers \(p. 7\)](#)

The consultation papers relate to media law and capital punishment.

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July 1, 2014

## Parliament

Joyita Ghose ([joyita@prsindia.org](mailto:joyita@prsindia.org))

### President addresses first joint sitting of Parliament, outlines the agenda of the new government

The President of India, Mr. Pranab Mukherjee addressed the first joint sitting of the newly constituted 16<sup>th</sup> Lok Sabha on June 9, 2014.<sup>1</sup> He outlined the major policy priorities of the new government. These included:

- **Macro-economy:** Reforms will be undertaken to ease the process of doing business. Investments, including Foreign Direct Investment will be encouraged in sectors that help create jobs. An attempt will be made to introduce the Goods and Services Tax, while addressing the concerns of state governments.
- **Infrastructure and transport:** An infrastructure development plan will be created, to be implemented over the next 10 years. A fast track and investment friendly, Public-Private Partnership mechanism will be implemented. Railways will be modernised and a Diamond Quadrilateral Project of high speed rails will be launched.
- **Energy:** A National Energy Policy will be formulated to focus on energy-related infrastructure and technology. International civil nuclear agreements will be operationalised, and nuclear power for civilian purposes will be developed. Transparent policies will be formulated for the allocation of natural resources such as coal and minerals.
- **Agriculture:** Public and private investment in agriculture, especially in infrastructure, will be encouraged.
- **Urban development:** By 2022, every family will have a *pucca* house with a water connection, toilet facilities, and 24 hour electricity supply. 100 cities will be created, with world class amenities.
- **Governance and Administration:** The government is committed to providing a clean and efficient administration, with time-bound service delivery.

For a PRS summary of the President's speech, please see [here](#).

## Macroeconomic Developments

Saumya Vaishnava ([saumya@prsindia.org](mailto:saumya@prsindia.org))

### Wholesale inflation reaches five month high, retail inflation declines

Wholesale Price Index inflation increased to 6.0% in May 2014 from 5.2% in April 2014, due to an increase in food article and manufacturing inflation.<sup>2</sup> Consumer Price Index inflation, on the other hand, declined to 8.3% in May from 8.6% in April, due to a decline in retail price of food articles.<sup>3</sup>

To keep in check the steadily increasing domestic price of onions, the Minimum Export Price of onions was raised to USD 300 per tonne.<sup>4</sup> This move was followed by the Minimum Export Price of potatoes being set at USD 450 per tonne. The government raised the MEP to increase domestic availability of onions and potatoes and reduce domestic prices.<sup>5</sup>

### India's Balance of Payments for January to March 2014

In the fourth quarter (January-March) of 2013-14, India's current account deficit (CAD) contracted to USD 1.3 billion from USD 18.2 billion in the fourth quarter of 2012-13.<sup>6</sup> The CAD has been falling since the second quarter of 2013-14, reflecting the declining trade deficit.

**Table 1: India's Balance of Payments for January-March 2014 (in USD billion)**

Items	Jan-March 2012-13	Oct-Dec 2013-14	Jan-March 2013-14
A. Current Account	-18.2	-4.1	-1.3
B. Capital Account	20.5	23.8	9.2
C. Errors and Omissions	0.3	-0.6	-0.7
Change in reserves (A+B+C)	2.6	19.1	7.2

Sources: RBI; PRS.

Capital account inflows reduced sharply in the fourth quarter, after showing improvement in the third quarter. Capital account surplus fell by USD 14.6 billion in the fourth quarter, on account of a fall in NRI deposits with commercial banks.

### Concession on excise duty extended till December 2014

The Ministry of Finance has extended the concessions on excise duty till December 31,

2014.<sup>7</sup> These concessions had been made in the Interim Budget 2014-15 in February 2014, in order to stimulate growth in the capital goods and automobile sector. Table 2 shows the changes made to excise duty for various items.

**Table 2: Changes in excise duty to be continued till December 2014**

Items	Changes
Small cars, motorcycles, scooters, three wheelers and commercial vehicles	from 12% to 8%
Mid-segment cars	from 27% to 24%
Sports Utility Vehicles	from 30% to 24%
Capital goods (chapter 84 and 85 of Central Excise Tariff Act)	from 12% to 10%

Sources: Ministry of Finance; PRS.

### RBI reduces SLR and provides special repo for export credit

In its second Bi-Monthly Monetary Policy Review on June 3, 2014, the Reserve Bank of India (RBI) took the following decisions:<sup>8</sup>

- **Statutory Liquidity Ratio (SLR):** SLR for banks has been reduced from 23.0% of Net Deposit and Time Liabilities (NDTL, i.e. roughly all deposits) to 22.5%, to give banks more freedom to lend to private sector and households. SLR is the amount of deposits banks have to hold as government securities.
- **Export Credit Refinance (ECR):** Access to ECR has been reduced from 50% of export credit outstanding to 32%. This decrease has been compensated fully with a special term repo of 0.25% of NDTL for banks. This has been done in accordance with the Urjit Patel Committee recommendations to move away from sector-specific refinance towards a more general provision of system-wide liquidity. RBI provides ECR to banks based on their export credit extended to the export sector.
- **Other decisions:** RBI plans to allow greater participation of foreign portfolio investors in domestic exchange traded currency derivatives. In addition, the limit on foreign exchange remittances is to be increased from USD 75,000 to USD 1,25,000.

## Agriculture

Alok Rawat ([alok@prsindia.org](mailto:alok@prsindia.org))

### CCEA approves MSPs for Kharif crops for 2014-15 season

The Cabinet Committee on Economic Affairs (CCEA) has approved the Minimum Support Prices (MSPs) for Kharif crops for 2014-15 season.<sup>9</sup> These prices are based on the recommendations of Commission for Agricultural Costs and Prices. MSPs for paddy have been raised by about 4%, for millets by 0-3%, for pulses 1-2% and for oilseeds 0-3%.

For some Kharif crops like jowar, ragi, and urad, the percentage increase in 2014-15 MSPs is higher than the increase in 2013-14. For others like paddy, bajra, and tur (arhar), the percentage rise in 2014-15 MSPs is lower than the corresponding rise in 2013-14. The percentage rise in MSPs for all 18 Kharif crops or varieties in 2014-15 is lower than the average MSP growth during the last five years.<sup>10</sup>

**Table 3: Kharif MSPs (in Rs/quintal)**

Crop or variety	MSP - 2014-15	% change vs 2013-14	MSP CAGR - last 5 years*
Paddy - Common	1,360	3.8%	9.0%
Jowar - Hybrid	1,530	2.0%	12.3%
Bajra	1,250	0.0%	8.3%
Maize	1,310	0.0%	9.3%
Tur (Arhar)	4,350	1.2%	16.5%
Groundnut	4,000	0.0%	13.8%
Cotton - Long Staple	4,050	1.3%	5.9%

\* Compounded Average Growth Rate (CAGR) of MSPs for Kharif crops during 2008-09 to 2013-14. Sources: Ministry of Agriculture, Commission for Agricultural Costs and Prices, PRS.

## Transport

Prachee Mishra ([prachee@prsindia.org](mailto:prachee@prsindia.org))

### Hike in railways freight rate and passenger fares

The Ministry of Railways has implemented revised railway passenger fares and freight rates to meet its annual expenditure. The new rates will come into effect from June 25, 2014.<sup>11</sup>

Key changes relate to:

- Freight:
  - i. Freight rates will increase by 5%. There will be an additional increase of 1.5% for Fuel Adjustment Component (FAC) that

was due since April, 2014. The total increase in freight rates will be 6.5%.

- ii. All concessions in charging of freight for all commodities booked for short distances up to 100 km have been withdrawn. The minimum distance for charge has been increased from existing 100 km to 125 km.
  - iii. The number of Low Rated Classes (goods of low value) has been reduced from 4 to 3. Certain concessions for some of these commodities have also been withdrawn. Examples of low rated commodities include organic manures, paper, cotton and other textiles, etc.
- Passenger:
    - i. There is a flat 10% increase in all classes and additional increase of 4.2% for FAC for passenger fares (a total increase of 14.2%).
    - ii. The cost of Second Class Monthly Season Ticket (MST) fares of suburban and non-suburban trains shall be increased by 14.2% inclusive of FAC. There is no change in second class suburban travel fare up to a distance of 80 km.<sup>12</sup>

According to the Ministry the FAC is to adjust for any fluctuations in the price of fuel. It is revised once in six months routinely, depending upon the fluctuations in the price of oil.<sup>13</sup>

### Ministry of Road Transport & Highways announces new E-Rickshaw scheme

The Ministry of Road Transport, Highways and Shipping announced the removal of the battery operated E-Rickshaws which run on power below 650 watts from the purview of the Motor Vehicles Act, 1988.<sup>14</sup> These E-Rickshaws will run under a new proposed scheme.

Under the proposed scheme, the rickshaw drivers will own their rickshaws. They will be able to register their rickshaws with the Municipal Corporation at a fee of Rs.100/- and obtain an identity card. Loans for the vehicles will be provided at 3% per annum. Four people may be allowed to travel in these rickshaws along with two pieces of luggage of 25 kg each.

The purpose behind this scheme is to legalize E-Rickshaws. It also aims to put an end to the manually pulled rickshaws and enable rickshaw pullers to buy quality rickshaws.

## Petroleum and Natural Gas

*Alok Rawat (alok@prsindia.org)*

### CCEA defers decision on revision of domestic natural gas pricing

The Cabinet Committee on Economic Affairs (CCEA) has decided to defer the decision on notification of prices for domestically produced natural gas by three months.<sup>15</sup> The government notified the Domestic Natural Gas Pricing Guidelines, 2014 on January 10, 2014.<sup>16</sup> The guidelines are applicable for the period April 1, 2014 to March 31, 2019. Under the guidelines, gas prices are linked to the price of imported gas as well as international market prices. The prices will be reset every quarter.

The notification of prices under these guidelines for April-June 2014 was earlier deferred due to the Model Code of Conduct in place for general elections. CCEA has now observed that there is a need for a comprehensive discussion on this issue. It has decided to hold consultations with all stakeholders before reaching a decision.

## Rural Development

*Joyita Ghose (joyita@prsindia.org)*

### Comments invited on changes suggested to MGNREGA

The central government has proposed changes to the Mahatma Gandhi National Rural Employment Guarantee Act. Suggestions on these changes were invited by June 23, 2014.<sup>17</sup>

The following changes have been proposed:

- **Linkage to agriculture:** At least 60% of the works taken up under MGNREGA must be for the creation of productive assets linked to agriculture and allied activities.
- **Improving quality of assets created:** 3% of the cost of the project will be set aside to provide for technical supervision in projects.
- **Addressing delays in wage payments:** This will be done through: (a) ensuring accountability at all levels through imposition of penalties, (b) extending the electronic fund management system to all places, and (c) depositing wages directly into the account of beneficiaries using electronic platforms.

- **Improving planning for projects:** This will be done through: (a) improving planning at the gram panchayat and district levels, and (b) identifying projects which can be done in convergence with other programmes.

### 100 days agenda for National Rural Drinking Water Programme

The Ministry of Drinking Water and Sanitation published the agenda of the National Rural Drinking Water Programme (NRDWP) for the next hundred days on June 12, 2014.<sup>18</sup>

The NRDWP was launched in 2009 and seeks to provide every rural inhabitant with safe drinking water which is conveniently accessible.

In its hundred day agenda, the Ministry has fixed state-wise targets to be met by August 2014. These include: (a) providing 10 to 40 litres of safe drinking water per person per day to 30,000 habitations, (b) providing safe drinking water to 3000 habitations with chemically contaminated water sources, and (c) providing piped water supply to 4,26,350 households.

## Labour

*Alok Rawat (alok@prsindia.org)*

### Government proposes amendments to four labour laws

The Ministry of Labour and Employment has proposed certain amendments to the Factories Act, 1948, the Minimum Wages Act, 1948, the Child Labour (Prohibition and Regulation) Act, 1986 and the Labour Laws (Exemption from Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988.<sup>19</sup>

The Ministry has invited comments from stakeholders on the proposed amendments to Minimum Wages Act, 1948 by June 30, 2014, Factories Act, 1948 by July 4, 2014 and Child Labour Act, 1986 by July 15, 2014 and Labour Laws Act, 1988 by July 22, 2014.

Key features of the proposed amendments are:

- **Factories Act, 1948:** The owner or manager of a factory should ensure that the factory's expansion does not involve any hazard to the workers' safety and workers involved in hazardous process have protective equipment and clothing. Adult women (except those who are pregnant or disabled)

will now be allowed to work on moving machinery. The state government may allow women to work during night shifts.

- **Minimum Wages Act, 1948:** The central government will revise the National Floor Level for Minimum Wages every five years, and update it every six months in line with consumer price inflation. State governments have to link minimum wages to inflation or revise them every two years. State governments are also obliged to fix minimum wages for all professions.
- **Child Labour Act, 1986:** The Child Labour (Prohibition and Regulation) Amendment Bill, 2012 is currently pending in Rajya Sabha and the Standing Committee on Labour has submitted its report on the Bill.<sup>20,21</sup> The Ministry has now accepted two of the Standing Committee's suggestions: (i) to regulate the work of children in the entertainment industry, and (ii) parents of adolescents working in hazardous occupations should not be punished in the first instance, only repeat offenders.
- **Labour Laws Act, 1988:** The Act exempts small establishments from filing returns and maintaining registers as required by certain labour laws. The Labour Laws (Amendment) Bill, 2011 is currently pending in Rajya Sabha and the Standing Committee on Labour has submitted its report on the Bill.<sup>22,23</sup> The Ministry has now accepted some of the Standing Committee's recommendations. These include: (i) allowing records to be maintained and submitted in either physical or electronic form, (ii) changing the period and last date for submission of annual returns, and (iii) including the names and addresses of employees/workers in annual return forms.

## Women and Child Development

*Apoorva Shankar (apoorva@prsindia.org)*

### Ministry invites comments on the draft Juvenile Justice Bill, 2014

The Ministry of Women and Child Development invited comments on the draft Juvenile Justice (Care and Protection of Children) Bill, 2014 on June 19, 2014.<sup>24</sup> The Ministry has invited comments by July 3, 2014.<sup>25</sup>

The draft Bill addresses children in conflict with the law or in need of care and protection. It proposes to do the following:

- Define some key terms such as abandoned child and aftercare.
- Outline certain fundamental principles for the care, protection, and rehabilitation of children.
- Outline the composition and responsibilities of Juvenile Justice Boards and Child Welfare Committees for every district.

## Education

*Apoorva Shankar (apoorva@prsindia.org)*

### UGC orders Delhi University to abolish the Four Year Undergraduate Programme

In an order dated June 20, 2014 the University Grants Commission (UGC) issued directives to Delhi University to discontinue the Four Year Undergraduate Programme (FYUP).<sup>26</sup>

Delhi University introduced the FYUP in June 2013 departing from the prevalent three year structure. A UGC order on June 4, 2013 had established an Advisory Committee to ensure effective implementation of the FYUP.<sup>27</sup>

The recent UGC order states that the FYUP violates the 10+2+3 system of education prescribed by the National Policy on Education (NPE), 1986. The NPE broadly outlines the educational policy of the country.<sup>26</sup>

The order also states that possible complications may arise for students transferring to other universities within the country, adhering to the three year programme.

The key directives issued by UGC include:

- From the year 2014-2015 onwards, the FYUP structure in Delhi University (and colleges under it) should be reverted to the three year structure.
- Appropriate arrangements should be made for students already enrolled in the FYUP to migrate to the three year programme. In doing so, the university should ensure that students do not lose out on a year or necessary academic competence.

- All other steps required to adhere to the three year undergraduate programme should be taken. Transferring of the curriculum to the three year system as envisaged by the NPE 1986, under the 10+2+3 format, should be facilitated.

UGC has constituted a Standing Committee to advise Delhi University on how to implement the directives. UGC also said that contravention of its directives by Delhi University could lead to a withdrawal of grants.<sup>28</sup>

According to news reports, Delhi University has agreed to roll back the FYUP. The admission process for the academic year 2014-15 will be undertaken on the basis of the three year programme.<sup>29</sup>

However, in a recent order, UGC has specified that students admitted to the Bachelor of Technology course in 2013-14, may continue in the four year format.<sup>30</sup>

## Finance

### Finance Commission to make recommendations for Telangana and Andhra Pradesh

*Saumya Vaishnava (saumya@prsindia.org)*

The Terms of Reference of the Fourteenth Finance Commission have been amended to allow the Commission to make recommendations for the successor states of Telangana and Andhra Pradesh, after the bifurcation of the state of Andhra Pradesh.<sup>31</sup> The Fourteenth Finance Commission is chaired by Dr. Y V Reddy and its recommendations are expected in October 2014.

### Report of the Committee for rationalising the definition of FDI and FII

*Alok Rawat (alok@prsindia.org)*

The Committee for rationalising the definition of Foreign Direct Investment (FDI) and Foreign Institutional Investment (FII) under the chairmanship of Dr. Arvind Mayaram submitted its report on June 20, 2014.<sup>32</sup>

The government in its 2013-14 budget, had proposed to adopt the international practice of recognising less than 10% stake in a company by a foreign investor as FII investment and more than 10% stake as FDI investment. The

Committee was constituted to examine the application of this principle.

Key recommendations of the Committee are:

- **Foreign Portfolio Investment (FPI):** An investment constituting less than 10% stake in a listed Indian company by eligible foreign investors be classified as FPI (equivalent to FII).
- **FDI:** All foreign investments constituting more than 10% stake in a listed Indian company should be treated as FDI. All existing investments made under the FDI route, irrespective of the level of stake, should continue to be treated as FDI. All foreign investment in an unlisted company should be treated as FDI.
- **Others:** The current RBI regulations restricting Foreign Venture Capital Investors (FCVI) investments to 10 sectors should be relooked. The guidelines for pricing of share sales by FCVI investors should be brought at par with those for FDI investors. Non-repatriable NRI investments should be treated as domestic investments.
- **Regulation:** An investor can invest in a company either under the FPI route or under the FDI route, but not under both. The investee company should be responsible for adherence to the overall FPI limit.

## Taxation

*Saumya Vaishnav (saumya@prsindia.org)*

### TARC submits its First Report

The Tax Administration Reform Commission (Chair: Dr Parthasarathi Shome) submitted its first report on May 30, 2014.<sup>33</sup>

Key recommendations of the Committee are:

- Central Board of Direct Taxes and Central Board of Excise and Customs should move towards a convergence, starting with a unified management structure with a common Board in the next five years.
- The post of Revenue Secretary should be abolished and its functions should be assigned to the two Boards.

In addition, the report made recommendations regarding customer focus, human resource

development, dispute management, internal processes, and use of information and communication technology.

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

## Environment

*Joyita Ghose (joyita@prsindia.org)*

### Ministry invites comments on review of National Forest Policy, 1988

The Ministry of Environment and Forests has constituted a Core Drafting Group to review the National Forest Policy, 1988.<sup>34</sup> It has invited comments from stakeholders on the National Forest Policy. The last date to send in comments has not been specified.

The National Forest Policy was formulated for the management of forests in the country. Its objectives include: (a) maintaining environmental stability, (b) increasing forest cover, (c) increasing the productivity of forests, and (d) meeting the requirements of tribal and rural communities for minor forest produce.<sup>35</sup>

## Law and Justice

*Prianka Rao (prianka@prsindia.org)*

### Law Commission invites comments on media law and death penalty

The Law Commission of India invited comments and contributions on consultation papers related to: i) media law and ii) capital punishment in May 2014.<sup>36</sup>

The consultation paper on media law seeks to address issues such as regulatory mechanisms, paid news, opinion polls, cross media ownership, media and individual privacy, trial by media and rights of the accused, and Section 66A of the Information Technology Act, 2000 (punishment for sending offensive messages through communication devices).

The consultation paper on capital punishment seeks to address issues such as the application of death penalty, mercy petitions, and alternatives to death penalty.

## ECI orders candidate's election expenses accounts to be made public within 72 hrs

The Election Commission of India (ECI) has issued instructions to its Chief Election Officers (CEO) in relation to election expenses accounts of candidates.<sup>37</sup>

The Representation of the People Act, 1951 mandates that every contesting candidate shall lodge an account of his election expenses, with the District Election Officer (DEO) of the concerned constituency, within 30 days of the declaration of results. The ECI order states that election expenses accounts lodged by the candidate must be uploaded on the website of the CEO or DEO within 72 hours. This will be made available on the ECI website as well. The ECI stated that this is in order to bring in transparency and ensure quick dissemination of information to the public.

## Energy

*Alok Rawat (alok@prsindia.org)*

### Report of the Expert Group on Low Carbon Strategies for Inclusive Growth

The Expert Group on Low Carbon Strategies for Inclusive Growth (Chairperson: Mr. Kirit Parikh) has submitted its report to the Planning Commission.<sup>38</sup> The Expert Group was tasked with drawing a roadmap for low carbon growth.

Key recommendations of the Expert Group are:

- **Targets for 2030:** Advanced technology based plants should constitute at least 50% of coal based generation capacity (as opposed to their negligible proportion at present). The capacity of hydroelectric, wind, solar and nuclear power should rise 74%, 5.3 times, 62 times and 7.3 times versus their FY 2012-13 levels. All vehicles should comply with Euro VI emission standards (vs. Euro-III/IV standards applicable currently). The Planning Commission should monitor these targets on a yearly basis.
- **Carbon/energy cess:** A cess equivalent to the coal cess (currently levied at the rate of Rs 50/tonne) should be extended to all fossil fuels, adjusting for the carbon content. An energy efficiency fee should be levied on industrial units.

- **Renewable energy:** Incentives for renewable power projects should vary with actual generation (currently incentives are fixed) and should be paid on a timely basis. All states should adopt uniform obligations for purchase of power from renewable sources by electricity distribution utilities.

## Tribal Affairs

*Joyita Ghose (joyita@prsindia.org)*

### Ministry issues guidelines for formulation and implementation of Tribal Sub Plan

The Ministry of Tribal Affairs has placed guidelines relating to the formulation, implementation, and monitoring of the Tribal Sub Plan and Article 275(1) grants.<sup>39</sup>

The Tribal Sub Plan seeks to ensure the socio-economic development of tribal communities through the allocation of government resources.

Article 275(1) provides for central assistance to states to raise the level of administration in Scheduled Areas in these states. Scheduled Areas refer to those areas notified in the Fifth Schedule of the Constitution as such by the President based on certain criteria.

Key recommendations include:

- At the state level, the department in charge of tribal welfare shall be the nodal department for the Tribal Sub Plan.
- The guidelines recommend using varied criteria such as literacy rates, etc., for allocation across sectors instead of merely looking at the proportion of the tribal population in the state.
- Grants must be given in the following order of priority: (a) strengthening Integrated Tribal Development Agencies, (b) strengthening Tribal Research Institutes, (c) establishing schools and hospitals, (d) for livelihoods projects, and (e) projects relating to the well being of tribal communities.

## Textiles

Joyita Ghose ([joyita@prsindia.org](mailto:joyita@prsindia.org))

### Ministry's Strategic Plan for 2012-17

The Ministry of Textiles has placed its strategic plan for 2012-17 in the public domain.<sup>40</sup>

In the document, the Ministry outlines its mission for 2012-17 as: (a) achieving a compounded annual growth rate of 11.5% in this time period, (b) ensuring technological upgrading for all types of textiles units, (c) promoting the skills of textile workers, (d) ensuring proper working conditions and health insurance for artisans, and (e) increasing exports at an annual average growth rate of 15%.

The strategic plan outlines policy options to address key issues in the sector, such as:

- **Incentivising investment:** Incentivising investment in the sector through interest subsidising and continuing the Technology Upgradation Fund Scheme.
- **Human Resource Development:** Given that the shortage of skilled manpower is a key constraint of the textiles industry, it is required to map the human resource requirements of the textiles sector. The Integrated Skill Development Scheme was launched in 2010 to train approximately 26.75 lakh people over five years, with the participation of private agencies.
- **Other key policy options:** These include: (a) strengthening the institutional framework, (b) encouraging domestic textile machinery manufacturing sector, (c) addressing infrastructural bottlenecks, (d) improving supply chain management, and (e) creating sector-specific policies for sectors such as handloom, jute, wool etc.

<sup>1</sup> "Address by the President of India, Shri Pranab Mukherjee to Parliament", President of India, June 9, 2014, <http://presidentofindia.nic.in/pdfs/sp090614.pdf>.

<sup>2</sup> "Index Numbers of Wholesale Price in India (BASE: 2004-05=100), Review for the Month of May, 2014", Press Information Bureau, Ministry of Commerce and Industry, June 16, 2014.

<sup>3</sup> "Consumer Price Index Numbers on Base 2010=100 for Rural, Urban and Combined for the Month of May, 2014", Press Information Bureau, Ministry of Statistics and Programme Implementation, June 12, 2014.

<sup>4</sup> "Imposition of Minimum Export Price on Onion Export", Press Information Bureau, Ministry of Commerce and Industry, June 18, 2014.

<sup>5</sup> "Imposition of Minimum Export Price (MEP) on Potato Export", Press Information Bureau, Ministry of Commerce and Industry, June 26, 2014.

<sup>6</sup> "Developments in India's Balance of Payments during the Fourth Quarter (January-March) of 2013-14", Reserve Bank of India Press Release, May 26, 2014, [http://www.rbi.org.in/scripts/BS\\_PressReleaseDisplay.aspx?rid=31274](http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?rid=31274).

<sup>7</sup> "FM: Government Extends Duty Concessions on Various Items for A Period of Six Months Beyond 30th June, 2014; Notification to be issued Today", Press Information Bureau, Ministry of Finance, June 25, 2014.

<sup>8</sup> "Second Bi-Monthly Monetary Policy Statement, 2014-15 By Dr. Raghuram G Rajan, Governor", RBI Press Releases, June 3, 2014, [http://www.rbi.org.in/scripts/BS\\_PressReleaseDisplay.aspx?rid=31329](http://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?rid=31329).

<sup>9</sup> "Minimum Support Prices for Kharif crops for 2014-15 season", Press Information Bureau, Ministry of Agriculture, June 25, 2014.

<sup>10</sup> "Minimum Support Prices Recommended by CACP and Fixed by Government", Commission for Agricultural Costs and Prices, <http://cacp.dacnet.nic.in/ViewContents.aspx?Input=1&PageId=36&KeyId=0>

<sup>11</sup> "Revision of Passenger Fare & Freight Rate will Come into Effect from 25.6.2014", Press Information Bureau, Ministry of Railways, June 20, 2014.

<sup>12</sup> "Ministry of Railway modifies the passenger fare revision circular in connection with Monthly Season Tickets (MST) and second class suburban fare", Press Information Bureau, Ministry of Railways, June 24, 2014.

<sup>13</sup> "Railways' Clarification on Revision of Passenger Fare & Freight Rate", Press Information Bureau, Ministry of Railways, June 20, 2014.

<sup>14</sup> "Proposed Deendayal E-Rikshaws Scheme", Press Information Bureau, Ministry of Road Transport & Highways, June 19, 2014.

<sup>15</sup> "CCEA defers domestic natural gas pricing guidelines for wider consultations", Press Information Bureau, Ministry of Petroleum and Natural Gas, June 25, 2014.

<sup>16</sup> "Government Notifies Domestic Natural Gas Pricing Guidelines, 2014", Press Information Bureau, Ministry of Petroleum and Natural Gas, January 10, 2014.

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