

Monthly Policy Review

August 2015

Highlights of this Issue

[Monsoon Session 2015 of Parliament ends; one Bill was passed \(p. 2\)](#)

The Monsoon session of Parliament concluded on August 13, 2015. Eight Bills were introduced and one Bill was passed by Parliament. Committee reports on Bills such as the GST and Real Estate Bills were submitted.

[GDP grows at 7% in the first quarter of 2015-16; decrease of 0.5% over last quarter \(p. 2\)](#)

Gross Value Added of goods and services grew at 7.1% in this quarter. Growth in the agricultural and construction sectors increased from the last quarter of 2014-15; growth in the manufacturing and utility services declined.

[Land Acquisition Ordinance lapses; Ministry releases order to extend benefits \(p. 5\)](#)

The Ministry of Rural Development has proposed to issue an order to extend the provisions of compensation and R&R to the 13 Acts mentioned in the Fourth Schedule of the Land Acquisition Act, 2013.

[Framework agreement signed with National Socialist Council of Nagaland \(p. 5\)](#)

The government entered into the agreement with the National Socialist Council of Nagaland (Isak-Muivah) to end the insurgency regarding the demand for a separate sovereign state for Nagas.

[Framework for the National Investment and Infrastructure Fund released \(p. 3\)](#)

The Fund will be established as one or more Alternative Investment Funds Group, the initial corpus will be Rs 20,000 crore and government's share in the corpus will be 49%.

[Negotiable Instruments, Prevention of Atrocities \(Amendment\) Bills passed in LS \(p. 3, 16\)](#)

The Bills seek to clarify the area of jurisdiction of courts for cheque bouncing cases, and add new offences to the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989, respectively.

[Draft Human DNA Profiling Bill, 2015 released \(p. 6\)](#)

The Draft Human DNA Profiling Bill, 2015 seeks to regulate the use of DNA analysis and establish a national, state, regional level DNA data bank and the DNA Profiling Board.

[Consumer Protection and Bureau of Indian Standards Bills, 2015 introduced \(p. 6, 7\)](#)

The Bills replace the respective Acts of 1986. They seek to create a Central Consumer Protection Agency, and establish the Bureau of Indian Standards as a National Standards Body of India, respectively.

[Reports submitted on organic farming, fertilizers, defence purchases, etc. \(p. 10, 16, 17\)](#)

Key recommendations include the creation of Special Organic Zones, better monitoring systems for movement and usage of fertilizers, and revising the defence procurement procedure of the country.

[Law Commission submits reports on childhood rights, bilateral investment treaties \(p. 8, 9\)](#)

It recommended a constitutional amendment for having a fundamental right guaranteeing a child's right to basic care and protection. It also recommended including a Most Favoured Nation clause in the 2015 Draft Model BIT.

September 1, 2015

Parliament

Tanvi Deshpande (tanvi@prsindia.org)

Monsoon Session 2015 of Parliament concludes

The Monsoon session of Parliament concluded on August 13, 2015 after completing 17 sittings. Eight Bills were introduced and one Bill (the Delhi High Court Amendment Bill, 2014) was passed by Parliament in this session.

Committees examining various Bills submitted reports on the Homeopathy Central Council (Amendment) Bill, 2015, the Waqf Properties (Eviction of Unauthorised Occupants) Bill, 2014, the Micro Small and Medium Enterprises (Amendment) Bill, 2015, the Real Estate (Regulation and Development) Bill, 2013, and the GST Bill, 2014.

For a legislative update of the Monsoon Session of Parliament, please see [here](#) and [here](#).

For information on Parliament's performance in the Monsoon Session and Participation of MPs in the first year of the 16th Lok Sabha, please see [here](#) and [here](#).

Macroeconomic Developments

Tanvi Deshpande (tanvi@prsindia.org)

GDP grows at 7% in the first quarter of 2015-16

The Gross Domestic Product (GDP) of the country grew at 7.0% in the first quarter (April to June) of 2015-16, as compared to 7.5% in the last quarter of 2014-15.¹ Gross Value Added (GVA) at basic prices (GDP without taxes and subsidies) grew at 7.1% this quarter, as compared to 6.1% in the last quarter (January to March) of 2014-15. Table 1 looks at the growth in GVA across sectors over the January-June 2015 period.

Agricultural growth has improved from -1.4% (year-on-year) in the last quarter of 2014-15, to 1.9% in the first quarter of 2015-16. Growth in manufacturing and utility services has declined, whereas the construction sector has grown from 1.4% to 6.9% over this period.

Growth in services has declined a bit from the last quarter to 8.9%.

Table 1: Gross Value Added in sectors in Q1 of 2015-16 (%)

Sector	Q1 2014-15	Q4 2014-15	Q1 2015-16
Agriculture, forestry and fishing	2.6	-1.4	1.9
Mining and quarrying	4.3	2.3	4.0
Manufacturing	8.4	8.4	7.2
Electricity, gas, water supply and other utility services	10.1	4.2	3.2
Construction	6.5	1.4	6.9
Services	8.7	9.2	8.9
GVA	7.4	6.1	7.1

Note: GVA growth is at the 2011-12 prices. Sources: MOSPI; PRS.

Policy repo rates remain unchanged in RBI's Monetary Policy Statement

The Reserve Bank of India (RBI) released its third Bi-Monthly Monetary Policy Review Statement on August 4, 2015.² The policy repo rate (at which RBI lends money to commercial banks) was kept unchanged at 7.25%. Other decisions taken include:

- The reverse repo rate (at which RBI borrows money from commercial banks) remains at 6.25%, and the marginal standing facility (under which scheduled commercial banks can borrow additional money) and bank rate (at which RBI buys or rediscounts bills of exchange) remains at 8.25%.
- The Cash Reserve Ratio has been kept unchanged at 4% of the Net Demand and Time Liabilities (which roughly consist of all current, savings and time deposits).

Industrial production grows at 3.2% over the first quarter of 2015-16

The Index of Industrial Production (IIP) increased by 3.2% from April-June 2015, as compared to the same period in 2014.³ Manufacturing production increased by 3.6%, electricity by 2.3% and mining by 0.7% in this period. Electricity production in particular has been volatile, going from -0.5% in April to 6.6% in May, and then dipping to 1.3% in June 2015.

Finance

Vatsal Khullar (vatsal@prsindia.org)

Negotiable Instruments (Amendment) Bill, 2015 passed by the Lok Sabha

The Negotiable Instruments (Amendment) Bill, 2015 was passed by Lok Sabha on August 6, 2015 and is currently pending in Rajya Sabha.⁴ It was introduced on July 27, 2015 to replace an Ordinance promulgated on June 15, 2015.

The Bill amends the Negotiable Instruments Act, 1881. The Act defines promissory notes, cheques and specifies penalties for bouncing of cheques, and other violations.

The Bill clarifies the area of jurisdiction of courts for cheque bouncing cases, and provides for the transfer of pending cases to courts with appropriate jurisdiction.

Key provisions of the Bill, as passed, include:

- The Act does not specify the jurisdiction of courts, under which cases of cheque bouncing can be filed. The Bill amends the Act to provide that cases of cheque bouncing may be filed in courts in areas where either the payee or the drawer maintains an account. This area will depend on the mode of presentation of the cheque for collection.
- If a complaint against the person issuing a cheque has been filed in the court having appropriate jurisdiction, all subsequent complaints against the person, under the same section of the Act, will be filed in the same court, irrespective of whether it is in the relevant jurisdiction area.
- If more than one case is filed against the same person before different courts, the court will transfer that case to the court with appropriate jurisdiction.
- The Bill also amends the definition of 'cheque in electronic form'. Under the Act, it was defined as a cheque containing the exact mirror image of a paper cheque and generated in a secure system using digital signature. This definition has been amended to mean a cheque drawn in electronic medium using any computer source and signed in a secure system using digital signature, or electronic system.

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

Framework for the National Investment and Infrastructure Fund released

Prachee Mishra (prachee@prsindia.org)

The Ministry of Finance released the framework for the National Investment and Infrastructure Fund (NIIF) on August 20, 2015.⁵ Key features of the framework include:

- **Objective:** Maximize economic impact through infrastructure development in commercially viable projects, including stalled projects.
- **Structure:**
 - The NIIF will be established as one or more Alternative Investment Funds (AIFs) under SEBI regulations.
 - The initial corpus of NIIF will be Rs 20,000 crore, which may be raised from time to time, as decided by the Ministry of Finance. Government's share in the corpus will be 49% in each entity set up as an AIF.
- **Functions:** Functions of the NIIF will include: (i) fund-raising, which will include attracting investors to participate as partners in NIIF, (ii) investing and periodic monitoring of investments, and (iii) preparing a shelf of infrastructure projects and providing advisory services.
- **Governance:** The NIIF will be established as a Trust. It will have a governing council which will oversee the activities of the Trust. The council will consist of government representatives and experts in international finance, economists, and infrastructure professionals. The term and period of appointment of the council will be determined by the government.
- **Funding sources:**
 - Government's fund share of 49% would be provided as required. Central public sector enterprises could also contribute to the Fund which would be over and above the government's share. Domestic pension and provident funds and National Small Savings Fund may also provide funds to the NIIF.
 - NIIF would solicit equity participation from strategic partners.

RBI grants approval to 11 applicants for Payments Bank

The Reserve Bank of India (RBI) granted in principle approvals to 11 applicants to set up Payments Banks, on August 19, 2015.⁶

Payments banks aim to provide small savings accounts, and payments and remittance services to low income individuals and small businesses, among other users.

The in principle approval granted to the applicants, for setting up these banks, will be valid for a period of 18 months. Once the applicants fulfil the conditions laid down as part of the approval, the RBI will consider granting them a license for commencement of business.

Key features of Payments Banks are:

- The minimum paid-up capital requirement for these banks would be Rs 100 crore.
- There will be a condition to hold a maximum balance of one lakh rupees per individual customer.
- The banks would not be able to undertake lending activities, and their revenues will be collected through transaction charges. They will be able to issue debit cards, but not credit cards.
- Apart from the Cash Reserve Ratio maintained with the RBI, the banks will be required to invest at least 75% of their deposits in government securities, and at most 25% of the deposits with other scheduled commercial banks.
- The banks would be able to act as business correspondents of other universal banks, as per RBI guidelines.
- The banks may undertake payments and remittance services through various channels.
- The banks will also be able to offer products like mutual funds and insurance.

Indian Trusts (Amendment) Bill, 2015 introduced in Parliament

The Indian Trusts (Amendment) Bill, 2015 was introduced in Lok Sabha by the Finance Minister, Mr. Arun Jaitley, on August 13, 2015.⁷ The Bill seeks to amend the Indian Trusts Act, 1882. The Act deals with the functioning of private trusts, definition of trustees & their

powers. It also outlines the manner in which surplus funds of the trust can be invested.

The Act lists seven categories of securities in which trust money can be invested. These include some pre-Independence references such as securities issued by the United Kingdom, by municipalities of Presidency towns, Rangoon, port trust of Karachi etc. In addition, the Act allows investment in any security expressly authorised by the instrument of trust or by the central government by notification, provided that consent is taken of any person who is competent to contract and entitled to receive the trust income for his life. The Bill retains only the last item, and deletes all the other investment avenues specified in the Act.

For a PRS Summary of the Bill, please see [here](#).

SEBI invites comments on amendments to the Infrastructure Trust regulations

The Securities and Exchange Board of India released a consultation paper on amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014 on August 21, 2015.⁸ Comments have been invited on the paper by September 6, 2015.⁹

The Regulations were notified in September, 2014, and outline a regulatory framework for registration and regulation of Infrastructure Investment Trusts (InvITs) in India.

The proposed amendments are:

- The current regulations allow InvITs to invest in Special Purpose Vehicles (SPVs), which in turn hold majority of their assets in infrastructure projects. The consultation paper proposes to amend these regulations, to allow InvITs to invest in companies, which hold stakes in these SPVs.
- The regulations mandate that the sponsors together hold at least a 25% stakes in InvITs for a period of at least three years from the date of listing. The paper proposes to bring down the requirement to a minimum 10% stake in the InvIT.

RBI invites comments on report on Urban Cooperative Banks

The Reserve Bank of India (RBI) released the report of the High Powered Committee on Urban Co-operative Banks (UCBs), on August 20, 2015.¹⁰ Comments have been invited on the report by September 18, 2015.¹¹

The Committee was constituted in January 2015 (Chair: Mr. R. Gandhi), to re-examine and recommend a set of businesses, sizes, and conversion of licensing terms for UCBs.

Key recommendations of the Committee are:

- **Conversion of Multi-State UCBs:** Any UCB with business above Rs 20,000 crore may be expected to convert to commercial banks. UCBs which choose to not convert into commercial banks may be restricted to plain vanilla products, and are likely to grow at a slower pace.
- **Conversion of UCBs into Small Financing Banks (SFBs):** UCBs with business size below Rs 20,000 crore which are willing to convert into SFBs can apply to RBI if they fulfil the eligibility criteria and the licensing window for SFBs is open.
- **Issuing of fresh licenses:** Licenses may be issued by the RBI to financially sound co-operative credit societies which have a minimum track record of five years.
- **Board of Management:** Having a Board of Management should be a licensing condition for new UCBs.
- **Entry Point Norms:** The minimum capital for a multi-state UCB is Rs 100 crore, for a state level UCB operating in more than 2 districts is Rs 50 crore, and for a district level UCB operating in one or two districts is Rs 25 crore.
- **Depositors as voting members:** Majority of the seats on the board of directors should be reserved for depositors.

For more information on the formation of the Committee, please see the PRS Monthly Policy Review for [January 2015](#).

Home Affairs

Anviti Chaturvedi (anviti@prsindia.org)

Framework agreement signed with National Socialist Council of Nagaland

The central government entered into an agreement with the National Socialist Council of Nagaland (Isak-Muivah) regarding ending the Naga insurgency on August 3, 2015.¹² One of the reasons for the insurgency was the demand by various Naga groups for a separate sovereign

state for Nagas, covering parts of Arunachal Pradesh, Assam and Manipur.

The details of the agreement have not been made public. Therefore the specific arrangement made between the central government and the National Socialist Council of Nagaland is unclear.¹³

Land Acquisition

Prachee Mishra (prachee@prsindia.org)

Ordinance lapses; Order to extend compensation and rehabilitation benefits under Land Acquisition Act, 2013 to other Acts

The Ministry of Rural Development has proposed to issue an order to extend the provisions of compensation and rehabilitation and resettlement (R&R) to the 13 Acts mentioned in the Fourth Schedule of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (LARR Act).¹⁴ Acts in the Fourth Schedule include the National Highways Act, 1956, the Electricity Act, 2003, the Railways Act, 1989, and the Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962.

The LARR Ordinance, 2014 brought the compensation and R&R provisions of the 13 Acts in the Fourth Schedule in consonance with the LARR Act. This Ordinance was not ratified and similar Ordinances were issued twice in 2015. The Bills replacing these Ordinances could not be passed by Parliament, and the latest Ordinance lapsed on August 31, 2015.

The order is proposed to be issued under Section 113 of the LARR Act. This Section allows the central government to issue an order to make provisions that are not inconsistent with the Act, with the intent to remove any difficulties in giving effect to the provisions of the Act. Such orders can be made within two years of commencement of the LARR Act.

Science and Technology

Dipesh Suvarna (dipesh@prsindia.org)

Draft Human DNA Profiling Bill, 2015 released

The Department of Biotechnology under the Ministry of Science and Technology released the Draft Human DNA Profiling Bill, 2015 on August 5, 2015.¹⁵ The Draft Bill regulates the use of DNA analysis. It establishes national, state and regional level DNA data banks and the DNA Profiling Board.

Key highlights of the draft Bill include:

- **DNA Profiling Board:** The responsibilities of the DNA Profiling Board will include: (i) issuing certificates of approval to DNA laboratories, (ii) framing guidelines for storage as well as destruction of biological substances, and (iii) supervising, monitoring and inspecting DNA laboratories and DNA data banks.
- **DNA Laboratories:** DNA profiling would be undertaken by the DNA laboratories. Every DNA laboratory for conducting DNA profiling would be required to take prior permission from the DNA Profiling Board.
- **DNA data bank:** DNA Banks will be established at the national, regional and state level. The DNA data banks shall store the DNA profiles received from the approved DNA labs. The data banks will maintain the following indices: (i) a crime scene index, (ii) a suspect index, (iii) an offenders' index, (iv) a missing persons' index, (v) unknown deceased persons' index, (vi) volunteers' index and (vii) such other DNA indices as may be prescribed by regulation by the DNA Profiling Board.
- **Penalties:** The penalties include: (i) obtaining individual identifiable DNA information through unauthorised means would be punishable with imprisonment of up to one year and a fine of up to one lakh rupees (ii) intentionally destroying, altering, contaminating biological evidence would be punishable with imprisonment of up to five years and a fine of up to two lakh rupees.

Consumer Affairs

Consumer Protection Bill, 2015 introduced in Lok Sabha

Prianka Rao (prianka@prsindia.org)

The Consumer Protection Bill, 2015, was introduced in Lok Sabha on August 10, 2015. The Bill replaces the Consumer Protection Act, 1986.¹⁶ The Bill covers all types of consumer transactions, including online and electronic, and creates various quasi - judicial mechanisms for oversight and enforcement of the law.

The Bill was referred to the Standing Committee on Consumer Affairs, Food and Public Distribution on August 26, 2015 and the report is expected within three months.

Key features of the Bill include:

- **Definition of consumer:** The Bill defines a consumer as any person who buys a good or hires a service for a consideration. This includes the user of such good or service, but not one who obtains the good for resale or commercial purposes. It covers transactions through all modes including offline, online through electronic means, teleshopping, or multi level marketing.
- **Product liability:** If defects in the manufacture, construction, design, testing, service, marketing etc. of a product results in any personal injury or property damage to a consumer, the manufacturer would be made liable in a product liability action.
- **Consumer protection agencies:** The central government will set up the Central Consumer Protection Authority to promote, protect as well as enforce the rights of consumers. Consumer Dispute Redressal Commissions (CDRCs) are also to be set up at the district, state and national levels for the adjudication of consumer complaints.
- **Consumer Mediation Cells (CMCs):** The Bill introduces mediation as a mode of dispute resolution. National, State and District CMCs will be established and attached to the CDRCs.
- **Penalties:** Any person who fails to comply with an order of either of the Commissions would be liable for imprisonment from one month to three years, or with a fine from Rs 10,000 to Rs 50,000.

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

Bureau of Indian Standards Bill, 2015 introduced in Lok Sabha

Tanvi Deshpande (tanvi@prsindia.org)

The Bureau of Indian Standards Bill, 2015 was introduced in Lok Sabha on August 7, 2015.¹⁷ The Bill replaces the Bureau of Indian Standards Act, 1986. The Act establishes a Bureau for the purpose of standardization, marking and certification of articles and processes. The Bill seeks to broaden its ambit, and allow the central government to make it mandatory for certain notified goods, articles, processes, etc, to carry the standard mark.

Key features of the Bill include:

- **Ambit of the Bureau of Indian Standards:** Under the Act, the Bureau only covered articles and processes. The Bill adds goods, services and systems.
- **Mandatory certification of certain goods:** The Bill allows the central government to notify certain goods, articles, etc, which will need to carry a standard mark. Such goods or articles will be notified by the government if it thinks them to be necessary in: (i) public interest or for the protection of human, animal or plant health, (ii) safety of the environment, (iii) prevention of unfair trade practices, or (iv) national security.
- **Recall of goods, services, articles etc:** The Bureau may recall a good or article which is already out for sale or supply, if it is convinced that the good or article does not conform to the requirement of a particular standard set by the Bureau.
- **Restrictions on sales and imports:** The Bill prohibits the manufacture, import, distribution, sale or leasing of goods, articles, etc, which do not carry the standard mark of conformity, or a hallmark in the case of precious metal articles.
- **Appeals:** An appeal against an order regarding the granting of a license or certificate of conformity, or compounding of offences, may be made to the Director General of the Bureau. A further appeal against the order of the Director General may then be made to the central government.

For PRS summary of the Bill, please see [here](#).

Law and Justice

Prianka Rao (prianka@prsindia.org)

Cabinet clears amendments to Arbitration and Conciliation Act, 1996

The Union Cabinet cleared the Arbitration and Conciliation (Amendment) Bill, 2015 for introduction, on August 26, 2015.¹⁸ The Bill seeks to amend the Arbitration and Conciliation Act, 1996. The government has stated that these amendments are pursuant to two reports by the Law Commission, and views of stakeholders.^{19,20}

Key features of the proposed Bill include:

- **Time period for arbitral awards:** An arbitral tribunal must make its award within a period of 12 months. This may be extended up to a six month period by parties. Any further extension is to be made by a Court, if there is sufficient cause for the same. The arbitrator's fees would be deducted for delays in making the award; he may be given additional fees for making it within six months.
- **Time period for disposal of cases by a Court:** Any challenge to an arbitral award that is made before a Court, must be disposed of within a period of one year.
- **Fast track procedure for arbitration:** Parties may choose to conduct arbitration proceedings in a fast track manner, and the award would be granted within six months.
- **Public Policy as grounds for challenging an award:** The Act permits the court to set aside an arbitral award if it is in conflict with the public policy of India. The proposed amendments seek to restrict the scope of what would constitute a violation of public policy to only include those awards that are: (i) affected by fraud or corruption, (ii) in contravention with the fundamental policy of Indian Law or (iii) in conflict with notions of morality or justice.
- **Costs for frivolous complaints:** Costs would be imposed for frivolous complaints. This would apply to arbitrators as well as related litigation in Court.

The Delhi High Court (Amendment) Bill, 2014 passed in Parliament

The Delhi High Court (Amendment) Bill, 2014 was passed in Parliament on August 5, 2015.²¹

The Bill amends the Delhi High Court Act, 1966 to increase the pecuniary jurisdiction of the Delhi High Court. Pecuniary jurisdiction refers to the jurisdiction of a court over a suit based on the amount or value of its subject matter.

Under the Act, the Delhi High Court had jurisdiction over suits with a value of more than Rs 20 lakh. The Bill raises this value to two crore rupees.

Consequently, the Bill empowers the Chief Justice of the Delhi High Court to transfer any pending suit to a relevant subordinate court.

More information on the Bill is available [here](#).

Repealing and Amending (Fourth) Bill, 2015 passed in Lok Sabha

The Repealing and Amending (Fourth) Bill, 2015 was passed in Lok Sabha on August 6, 2015.²² During its passage in the House, its title was changed to the Repealing and Amending (Third) Bill, 2015. The Bill was introduced in Parliament on July 27, 2015.

It seeks to repeal 295 laws and pass minor amendments to two laws. This includes over 20 laws that were passed prior to 1947. Further, around 200 of these laws are amending Acts, where the changes have already been incorporated into the principal Acts.

Bill to amend salaries and conditions of service of higher court judges introduced

The High Court and the Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2015 was introduced in Lok Sabha on August 13, 2015. The Bill amends the High Court Judges (Salaries and Conditions of Service) Act, 1954 and Supreme Court Judges (Salaries and Conditions of Service) Act, 1958.²³

In 2014, a Supreme Court (SC) judgment stated that the 10 years of service of a High Court (HC) Judge at the Bar (before being appointed as a Judge) should be considered for the purpose of receiving a pension.²³

Key features of the Bill include:

- **Pension payable to HC judges:** The Bill states that a period of 10 years will be added from April 2004 to the service of a Judge, for the purpose of providing pension. This would be applicable to judges who have been advocates of a High Court for at least 10 years.

- **Leave for SC and HC judges:** The Bill also amends the provisions related to leave on full allowance half allowance, permits casual leave, and removes the joining time allowance for judges returning from leave out of India.

Law Commission submits report on prevention of foreign bribery

Anviti Chaturvedi (anviti@prsindia.org)

The Law Commission of India submitted a report on 'Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations' to the Law Ministry on August 27, 2015.²⁴ This report examines the provisions of the draft Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations Bill, 2015 which was referred to the Commission by the Law Ministry in July 2015. This draft Bill criminalises the act of giving and taking of bribes in relation to foreign public officials and officials of public international organisations.

The draft Bill seeks to give effect to provisions of the United Nations Convention against Corruption (UNCAC), 2003, which India has signed and ratified. The UNCAC addresses corruption related offences including domestic and foreign bribery.

Key recommendations of the Law Commission, in relation to the draft Bill, 2015, include:

- **Applicability of the Bill:** The Bill should only be applicable to acts of bribery that occur (i) within India, or (ii) on board an aircraft or ship registered in India, or (iii) outside India by a citizen or permanent resident of India, or a corporate body that is incorporated in India.
- **Defences and exceptions:** The Bill should have a specific provision that provides the defences and exceptions available to an accused person under the law against foreign bribery. Defences and exceptions will include: (i) paying for reasonable work related expenditures like travel and lodging incurred by a foreign official, and (ii) paying for routine duties or functions of a foreign official such as issuance of licenses or processing of official documents.

Law Commission submits report on early childhood development

Anviti Chaturvedi (anviti@prsindia.org)

The Law Commission of India submitted a report on ‘Early Childhood Development and Legal Entitlements’ to the Law Ministry on August 27, 2015.²⁵ This report examined issues relating to the rights of children under the age of six years. The Commission was of the opinion that the constitutional framework should reflect the special status and needs of children in this age group. Key recommendations include:

- **Fundamental right to care and protection:** A new fundamental right guaranteeing a child’s right to basic care and assistance, and protection from neglect, harm and exploitation must be included in the Constitution.
- **Fundamental right to education:** In addition, Article 21 A of the Constitution, which guarantees the fundamental right to education, should be amended to extend it to children below 6 years of age. Currently, this Article covers children between six and 14 years of age. Consequently, the Right to Free and Compulsory Education Act, 2009 should also be amended to mandate pre-school education.
- **Creation of a statutory authority:** A statutory authority called the Council for Early Childhood Development should be created, at the central and state levels. Such Councils must ensure emphasis on promotion of early childhood development. They should be responsible for laying down minimum standards for quality of services and infrastructure for all schemes and policies related to early childhood.
- The Commission also made recommendations regarding other early childhood related issues including malnutrition, crèche and day care facilities and training of pre-school teachers.

Law Commission submits report Model Indian Bilateral Investment Treaty

Anviti Chaturvedi (anviti@prsindia.org)

The Law Commission of India submitted a report on ‘Analysis of the 2015 Draft Model Indian Bilateral Investment Treaty’ to the Law Ministry on August 27, 2015.²⁶

The 2015 Draft Model Indian Bilateral Investment Treaty (BIT) was prepared by the government in March 2015 to replace the current Model BIT, 2003.²⁷ It will provide the basis for negotiating investment treaties with other countries. Its objective is to provide protection to foreign investors in India, and Indian investors in a foreign country, while balancing these protections against government obligations.

A BIT is an agreement that establishes the terms and conditions for private investments in the countries that are party to the treaty. Till 2015, India has signed 83 BITs (of these 74 BITs are still in force) with various countries.

Key observations of the Commission include:

- **Applicability of treaty:** The Draft Model BIT provides that its protections will not be applicable to investors in cases of government procurement. The Law Commission has observed that this would result in the exclusion of many activities (for example investments in infrastructure projects) that would ordinarily fall within the scope of the treaty. This will lead to exodus of foreign investors, which is not desirable in the long term. It suggested that this exception be removed.
- **Most Favoured Nation (MFN) treatment:** An MFN provision in international law prohibits host countries (i.e. country in which investment is located) from discriminating between investors from different countries. This means if there is an MFN clause in a treaty between country A and country B, country B can invoke this clause to get the same benefits that country A may be providing to any third country C. Currently, the Draft Model BIT does not have an MFN clause. The Law Commission has suggested that an MFN provision (with a limited scope) be included to balance foreign investors’ interests with that of the state’s regulatory interests.

Agriculture

Tanvi Deshpande (tanvi@prsindia.org)

Fourth Advance Estimates of food grains production at 253 million tonnes

The Ministry of Agriculture released the fourth advance estimates of food grains production in

2014-15.²⁸ The total production is estimated at 252.7 million tonnes, and has decreased by 4.7% from the final estimates of 2013-14. All crops, except sugarcane, have seen a decline in production from last year. Table 2 shows the fourth advance estimates of 2014-15 as compared to the final estimates of 2013-14.

Table 2: Fourth advance estimates of food grain production (in million tonnes)

Crop	Final Estimates of 2013-14	Fourth advance estimates of 2014-15	Change over previous year
Rice	106.7	104.8	-1.9
Wheat	95.9	88.9	-6.9
Coarse cereals	43.3	41.8	-1.5
Maize	24.3	23.7	-0.6
Pulses	19.3	17.2	-2.1
Tur	3.2	2.8	-0.4
Gram	9.5	7.2	-2.4
Foodgrains	265.0	252.7	-12.4
Oilseeds	32.7	26.7	-6.1
Soyabean	11.9	10.5	-1.3
Groundnut	9.7	6.6	-3.2
Rapeseed and mustard	7.9	6.3	-1.6
Cotton*	35.9	35.5	-0.4
Sugarcane	352.1	359.3	7.2

*million bales of 170 kg each. Sources: Press Information Bureau, Ministry of Agriculture; PRS.

IMD releases forecast for second half of Monsoon 2015

The Indian Meteorological Department (IMD) released its forecast for the second half of the 2015 monsoon on August 3, 2015.²⁹ The highlights of the forecast include:

- Rainfall in the country, in the second half of the monsoon (August to September) is estimated to be 84% of the Long Period Average (LPA), with an error of +/- 8%.
- The overall season's rainfall (June to September) is estimated to be 88% of the LPA, with an error of +/- 4%. The actual rainfall over the same period in 2014 was also 88% of the LPA.

Committee on Estimates submits report on organic farming in India

The Committee on Estimates submitted a report on organic farming in India on August 13, 2015.³⁰ The Committee examined the role of

organic farming in agriculture and submitted recommendations regarding the funding and implementation of the organic farming strategy.

Key recommendations of the Committee on Estimates include:

- **Merging of organic farming schemes:** All inter-related schemes for the promotion of organic farming should be merged, and managed by the Ministries of Agriculture, Commerce and Industry. Agencies implementing these schemes should have an integrated approach to transferring organic farming technology to farmers.
- **Soil health cards:** Farmers should be issued soil health cards before each sowing season. The cards will contain information to make them aware of the appropriate combination of organic and other fertilizers for sustainable production of crops.
- **Organic seeds banks:** These banks should be set up in each agro-climatic zone, to retain the seeds' regional biotic properties. Organic seeds are more cost-effective than their hybrid counterparts, and have a certain resistance to droughts, floods, pests, etc.
- **Special Organic Zones:** Special Organic Zones should be created across the country on the lines of Special Economic Zones. Other measures to promote organic farming should include agro-eco tourism centres, and financial assistance provided to farmers practicing organic farming, through the Direct Benefit Transfer scheme.
- **Reclaiming non-cultivable land:** Funds should be earmarked under the Mahatma Gandhi National Rural Employment Guarantee Scheme, to reclaim land which has been declared as not cultivable due to soil erosion, excess use of chemicals and fertilizers, etc.

Standing Committee on Agriculture submits report on mega food parks

The Standing Committee on Agriculture submitted a report on mega food parks on August 11, 2015.³¹ The Ministry of Food Processing Industries had introduced a Mega Food Parks scheme in 2008. The scheme aims to create a modern food processing infrastructure for small and medium processing units. The Committee evaluated the financial performance and implementation progress of the scheme.

Key recommendations of the Standing Committee include:

- **Single window clearance:** Only five mega food parks have been launched across various states under the scheme since 2008, although 40 parks have been sanctioned by the Ministry of Food Processing Industries till date. The state governments should establish a single window clearance mechanism to provide statutory clearances in states where the Ministry has sanctioned mega food parks.
- **Focus on agricultural states:** The Ministry of Food Processing Industries should focus on agricultural states such as Bihar, West Bengal, Jharkhand, Haryana, Punjab etc, for the establishment of mega food parks. Setting up parks in these states will help reduce food wastage and provide sustainable employment to the local population.
- **Giving priority to local farmers:** Local farmers should be given a priority in the implementation of the scheme. For this purpose, the scheme may be launched at a local level, as a subset of mega food parks. Farmers can be given training in processing their produce, and arrangements can be made with local markets or cooperatives to buy such produce.

Recommendations of the Committee include:

- **Use of funds collected from buyers:** The 2013 Bill required that 70% of the amount collected from buyers must be used only for construction purposes. The amendments proposed to reduce this limit to 50% or higher. The Committee recommends that: (i) the promoter should withdraw money from a separate account which is in proportion to the completion of the project, (ii) this amount can be withdrawn after it is certified by an engineer, architect, and a chartered accountant, and (iii) the promoter must get his account audited within six months of the close of every financial year.
- **Carpet area:** The 2013 Bill defined carpet area as the net usable floor area of an apartment, excluding the area covered by the walls. The amendments defined net usable floor area as the rentable area as defined by the National Building Code, 2005. The Committee recommends that the definition of carpet area should not be linked to the National Building Code, 2005.

Carpet area should be defined as the net usable floor area of an apartment, excluding the area covered by external walls, balcony or verandah area or any open terraces, but including the internal walls.

For more details on the Bill, amendments and Committee recommendations please see [here](#).

Urban Development

Prachee Mishra (prachee@prsindia.org)

Select Committee submits report on amendments to the Real Estate Bill, 2013

The Rajya Sabha Select Committee examining the amendments to the Real Estate (Regulation and Development) Bill, 2013 submitted its report on July 30, 2015.³² The Committee had been constituted on May 6, 2015.

The Bill regulates transactions between buyers and promoters of residential real estate projects.³³ It was introduced in Rajya Sabha in August 2013. It was referred to the Standing Committee on Urban Development in September 2013, and the Committee submitted its report in February 2014.³⁴ Following this, the government circulated several amendments to the Bill.³⁵ The Select Committee was established to examine the Bill with the proposed amendments.

Ministry of Urban Development announces 98 cities to be developed under Smart Cities Mission

The Minister of Urban Development announced the list of cities and towns selected under the Smart Cities Mission on August 27, 2015.³⁶ The selected cities account for about 35% of the country's urban population.

These cities and towns were nominated by their respective states and Union Territories at the end of the first stage of the 'City Challenge' competition. The cities were evaluated on the basis of their financial and institutional capacities. The cities include: (i) 24 capital cities, (ii) 24 business and industrial centres, (iii) 18 cities of cultural and tourism importance, (iv) five port cities, and (v) three educational and healthcare hubs.

The selected cities will have to prepare city level Smart City Plans, which will be evaluated in the second stage of the competition. 20 cities will

be selected in the second round and will receive financing this financial year. The cities selected in the second stage of competition will be provided with central assistance of Rs.200 crore in the first year followed by Rs.100 crore each year for the next three years.

305 cities identified for building houses under the Housing for All scheme

The Ministry of Housing and Urban Poverty Alleviation has identified 305 cities and towns in nine states to implement the Housing for All scheme.³⁷ 15 states have signed a Memorandum of Agreement with the Ministry to implement the six mandatory reforms under the scheme.

The six mandatory reforms include:

- Prepare or amend the Master Plans earmarking land for affordable housing.
 - Remove the requirement of a separate non agricultural permission in case the land marked for affordable housing falls in the residential zone in the city's Master Plan.
 - Put in place a single-window-time bound clearance system for layout approvals and building permissions.
 - Do away with approvals below certain built up area/ plot size for housing for economically weaker sections and low income groups.
 - Amend existing rent laws or propose new laws on the lines of the Model Tenancy Act circulated by the Ministry.
 - Provide additional Floor Area Ratio/Floor Space Index/Transferable Development Rights and relax density norms for slum redevelopment and low cost housing.
- Review the trend of various forms of migration in India and its impact on urban areas along with the implications on rural areas and smaller towns.
 - Understand intercontinental migration and its associated impact on Indian cities and the consequent internal migration.
 - Analyse how migration helps in income benefits and the economic impact on both the origin and the destination.
 - Analyse migration patterns and trends in various economic groups.
 - Assess the impact of migration on:
 - **Housing:** Analyse the housing mix that caters to the migrant population
 - **Infrastructure:** Analyse how migrants affect the infrastructure of a city and their access to services and infrastructure.
 - **Livelihoods:** Understand the opportunities and challenges for migrants in terms of both wages and skills.
 - Understand the impact and effectiveness of Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.
 - Suggest policy measures to better tackle migration from the perspective of housing, infrastructure and livelihoods.

The central government will provide assistance in the range of Rs 1- 2.3 lakh per house under different components of the scheme.

Working Group constituted to study the impact of migration

The Ministry of Housing and Urban Poverty Alleviation constituted a Working Group to assess the impact of migration on housing, infrastructure, and livelihoods on July 28, 2015.³⁸ The Group will submit its report within three months from the day of their first meeting.

Key terms of reference for the Group include:

Telecom

Apoorva Shankar (apoorva@prsindia.org)

Cabinet approves guidelines on spectrum sharing by telecom service providers

The Union Cabinet approved guidelines on spectrum sharing on August 12, 2015.³⁹

In India, spectrum is allocated for a period of 20 years. During this period, some operators are able to acquire subscribers and grow at a faster rate compared to other operators. This results in spectrum lying unutilised with some operators, while others face a spectrum crunch. In addition, consumers suffer due to poor quality of services, on account of spectrum crunch. Moreover, spectrum is allocated to a service

provider on the basis of geographical areas. These areas are limited by state boundaries.

Spectrum is a scarce resource, therefore its sharing helps optimise resources and increase traffic capacity, which ensures quality of service. Key features of the guidelines are:

- Initially, spectrum sharing would only be allowed for the service providers in a licensed service area, where both licensees have spectrum in the same band. Leasing of spectrum will not be permitted.
- The right to share spectrum shall be subject to fulfilment of relevant license conditions. Spectrum sharing will be restricted to sharing by only two licensees.
- Both sharing entities should have administratively allotted spectrum. In case an entity has administratively allotted spectrum and the other through auction, sharing may be permitted after spectrum charges for liberalising the administratively allocated spectrum are paid.

TRAI releases Telecom Consumers Protection (Eighth Amendment) Regulations, 2015

The Telecom Regulatory Authority of India (TRAI) released the Telecom Consumers Protection (Eighth Amendment) Regulations, 2015 on August 7, 2015.^{40,41}

TRAI has been receiving several complaints from consumers regarding non-availability of information on amount of data used by them. The tariff for any data usage beyond the specified limit is substantially higher. Therefore, if a customer unknowingly exceeds this limit it may result in a higher than expected bill or unexpected deduction of balance amount. Consumers have also complained about activation of internet services on mobile phones without their consent and charges for data usage. The Regulations are intended to address these concerns. Salient features include:

- **Information to consumers relating to data usage:** Service providers must (i) inform mobile consumers of data usage after every 10 MB of data consumed, unless they opt out of receiving such information, (ii) inform users of special data packs whenever data usage limit reaches 50%, 90% and 100% of data available, (iii) inform about the details of tariff applicable after exhausting the data limit, and (iv) alert a

customer on international roaming, cautioning him to deactivate data service if he does not intend to use data. Service providers need to implement these measures by November 1, 2015.

- **Activation or deactivation of data services:** (i) data services should be activated or deactivated only with the explicit consent of the subscriber through a toll free short code 1925, (ii) data services through special packs shall be deemed to have been activated with consent till the expiry of the validity period of the pack or consumption of all data, whichever is earlier, and (iii) customers are to be informed through SMS at periodic intervals about the procedure for deactivation of data. These regulations need to be implemented by September 1, 2015.

Transport

Prachee Mishra (prachee@prsindia.org)

Carriage by Air (Amendment) Bill, 2015 introduced in Lok Sabha

The Carriage by Air (Amendment) Bill, 2015 was introduced in Lok Sabha on August 7, 2015.⁴² The Bill amends the Carriage by Air Act, 1972. The Act provides for the adoption and unification of the rules relating to carriage by air signed at the Warsaw Convention, the Hague Protocol, and the Montreal Convention. The Act also extends the provisions to domestic travel, subject to exceptions and adaptations.

The Bill seeks to empower the central government to revise the limits of liability for airlines and compensation as per the Montreal Convention. It also provides for the central government to make rules to carry out provisions of the Act.

The Table below shows the limits of liability for airlines, as revised by the Montreal Convention:

Table 3: Revised limits of liability as compared to the old limits

Provision under Montreal Convention	Old limits of SDRs	Revised limits of SDRs
Damage sustained in case of death or bodily injury for each person	100,000	113,100
Damage caused by delay in carriage for each person	4,150	4,694
Destruction, loss, damage or delay with respect to baggage for each person	1,000	1,131
Destruction, loss, damage or delay in relation to the carriage of cargo	17	19

Note: Special Drawing Right (SDR) is a weighted average of the US Dollar, Euro, British Pound and Japanese Yen. An SDR equalled about Rs 90 on August 31, 2015.

Merchant Shipping (Amendment) Bill, 2015 introduced in Lok Sabha

The Merchant Shipping (Amendment) Bill, 2015 was introduced in Lok Sabha on August 10, 2015.⁴³ The Bill amends the Merchant Shipping Act, 1958 to conform to the International Convention on Civil Liability for Bunker Oil Pollution Damage 2001. The Convention ensures that adequate, prompt, and effective compensation is available to persons who suffer damage caused by oil spills, when carried as fuel in ships' bunkers.⁴⁴ The Bill was referred to the Standing Committee on Transport, Tourism and Culture on August 28, 2015 and the report is expected within three months.

Key provisions of the Bill include:

- **Liability for bunker oil pollution:** The ship owner's liabilities will include: (i) any pollution damage caused outside the vessel by contamination resulting from the discharge, (ii) the cost of any measures taken for preventing or minimising any pollution damage, and (iii) any damage caused by any such preventive measures. For government owned ships being used for commercial purposes, the government will be liable for pollution damage.
- **Exemption from liability:** A ship owner will not be liable for pollution damage if he proves that the damage: (i) resulted due to an act of war, hostilities or an inevitable

natural phenomenon, (ii) was wholly caused by an act with the intent to cause such damage, by any person other than the employee or the agent of the owner, or (iii) was wholly caused by the negligence or wrongful act of the government.

- The Bill also seeks to provide for: (i) reporting, determining, locating, and removing of wrecks, and (ii) salvaging operations, and the duties and rights of salvors (any persons rendering services in direct connection with salvage operations).

Standing Committee submits report on the National Waterways Bill, 2015

The Standing Committee on Transport, Tourism and Culture submitted a report on the National Waterways Bill, 2015 on August 12, 2015.⁴⁵ The Bill identifies 101 new waterways in the country as national waterways, and specifies the extent of development to be undertaken regarding each waterway.⁴⁶

Key observations and recommendations of the Committee include:

- Many of the proposed national waterways do not have sufficient water levels throughout the year as they are rain-fed rivers. This should be addressed during the time of techno-economic feasibility study.
- Developmental works on some of the existing national waterways are not satisfactory due to lack of timely financial sanctions. Sufficient financial allocations should be made at appropriate times for the projects proposed in the Bill.
- While national waterways, as declared by Parliament, is on the Union List of the Constitution, water (includes irrigation and canals) is on the State List. Therefore, the central government must make suitable provisions in the Bill to ensure that states can continue to use their water rights as provided in the Constitution.
- A special cell may be created with the consent of the heads of the concerned Ministries. This cell will help obtain all clearances without any hindrances.
- The Bill should be in consonance with the Interlinking of Rivers programme.

Health

Dipesh Suvarna (dipesh@prsindia.org)

Standing Committee submits report on Homoeopathy Central Council (Amendment) Bill, 2015

The Standing Committee on Health and Family Welfare submitted its report on the Homoeopathy Central Council (Amendment) Bill, 2015 on July 30, 2015.⁴⁷ The Bill amends the Homoeopathy Central Council Act, 1973.

The Act establishes the Homoeopathy Central Council to regulate and enforce standards with regard to homoeopathy colleges and homoeopathy practitioners. The Bill seeks to disallow admissions in homoeopathy medical colleges which do not conform to the prescribed educational standards.

The key observations and recommendations the Standing Committee include:

- The Bill states that prior permission of the central government will be required to admit a new batch of students in any course. This provision was agreed on.
- There are certain procedural and technical defaults at present that need to be addressed regarding homoeopathy institutions. An appeal mechanism must be established to address the grievances of homoeopathy medical institutions.
- The Bill provides that in case a medical institution fails to obtain prior permission, then such medical qualification of a student will not be recognised. This provision makes any student of the medical institution liable for de-recognition. Therefore the Committee recommends that only the qualification of students of a new batch admitted without previous permission should not be recognized.
- There is a need to incorporate penal provisions for defaulting medical institutions as liability of such institutions is greater than that of students. Therefore, the government must address this issue through appropriate amendments.

For a PRS summary of the Bill, please see [here](#)

Minority affairs

Prianka Rao (prianka@prsindia.org)

Standing Committee submits report on Bill related to Waqf properties

The Standing Committee on Social Justice and Empowerment submitted its report on the Waqf Properties (Eviction of Unauthorized Occupants) Bill, 2014 on August 12, 2015.⁴⁸ The Bill was introduced in Rajya Sabha on February 18, 2014 and referred to the Standing Committee for examination on March 5, 2014 and subsequently on September 16, 2014.

The Bill provides for the eviction of unauthorised occupants from Waqf properties. This is to provide for a faster mechanism for the eviction of unauthorised occupants.⁴⁹ The Standing Committee made the following recommendations in relation to the Bill:

- **Functioning of Waqf Boards:** The Committee observed that there are several issues with the Waqf Boards such as inordinate delays in their constitution, appointment of under qualified members etc. If these issues are not addressed, encroachment and unauthorised occupation of Waqf properties would continue. It recommended that the central government periodically monitor the functioning and issue appropriate directions to the Boards.
- **Definition of unauthorised occupation:** Under the Bill, only a person can be an unauthorised occupant. The Committee recommended that private and public institutions also be included within the ambit. Further, any person who is in legal possession of Waqf property must not become an unauthorised occupant after the death of the original tenant.
- **Encroachment of Waqf property:** The Committee recommended that legitimate tenants who have never defaulted in paying rent not be considered as encroachers. They must also be first given an opportunity to renew their leases.
- **Ambit of the Bill:** The Bill does not apply to protected sites under the Ancient Monuments and Archaeological Sites and Remains Act, 1958. The Committee recommended that the Bill apply to that part of such protected sites if it has a masjid, dargah or anashoorkana. Further, it

recommended that only those archeological sites that are not mosques be excluded.

More details on the Bill are available [here](#).

Social Justice

Anviti Chaturvedi (anviti@prsindia.org)

Prevention of Atrocities (Amendment) Bill, 2014 passed by Lok Sabha

The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Amendment Bill, 2014 was passed by Lok Sabha on August 4, 2015.⁵⁰ The Bill amends the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989 to add new offences, including garlanding a Scheduled Caste/ Scheduled Tribe (SC/ST) person with footwear and compelling her to do manual scavenging. It also specifies rights of SC/ ST victims and witnesses.⁵¹

Defence

Anviti Chaturvedi (anviti@prsindia.org)

PAC submits report on the Coast Guard

The Public Accounts Committee (PAC) submitted a report on role and functioning of the Indian Coast Guard on August 13, 2015.⁵² The recommendations of the Committee are based on an audit report of the Comptroller & Auditor General (2011-12).⁵³

Key observations and recommendations of the Committee include:

- **Defective planning and budgeting:** The Indian Coast Guard's 15 year Perspective Plans and Five Year Development Plans are poorly formulated and implemented. The planning and budgetary mechanisms of the Coast Guard need to be overhauled.
- **Defence procurement:** The Defence Secretary admitted that the current strength of 105 ships and 64 aircrafts may not be adequate for securing coastal security. The Committee noted that there have been procedural delays in physical acquisitions of ships and aircrafts. In light of this, it recommended that the defence procurement procedure must be revised.

- **Inadequate infrastructure and human resources:** At least 16 Coast Guard stations (out of 35 active stations) did not have basic facilities like jetties for berthing vessels, fuelling facilities, etc. Further, there was a shortage of 42-46% in human resources (such as officers and enrolled personnel) in the Coast Guard. The Committee recommended that efforts must be made to address these limitations.
- **Failure of Operation Swan:** Operation Swan was a joint surveillance operation of the Navy and the Coast Guard launched in 1993 to check smuggling activities particularly along the Gujarat and Maharashtra coasts. However, this operation was not carried out fully. The Coast Guard could not patrol along the Maharashtra coast till December 2010 due to resource constraints. Close shore patrolling along the Maharashtra coast by the Navy was also discontinued in 2005.
- The Committee noted that had Operation Swan been carried out successfully, the 2008 Mumbai terror attack could have been averted. It observed that explanations from the government and the Coast Guard are required in this regard.

Defence Procurement Procedure, 2013 amended

The Ministry of Defence amended the Defence Procurement Procedure, 2013 (DPP) on August 10, 2015.⁵⁴ This procedure regulates defence related capital acquisitions from indigenous sources and imports.⁵⁵ It classifies these acquisitions into several categories (such as Buy (Global), Buy (Indian), Buy & Make, Buy and Make (Indian) and Make) with preference being given to categories involving indigenous design, development and manufacture.

The amendment modifies the procedure for discharging 'offset obligations'. Offset obligations require vendors of defence equipment to invest at least 30% of the contract value in the Indian defence manufacturing sector in specific circumstances. These circumstances are: (i) when cost of procurement is Rs 300 crore or more, and (ii) when acquisition belongs to Buy (Global) or Buy and Make categories. Buy (Global) means buying from foreign or Indian vendors, while Buy and Make means buying from a foreign vendor followed by licensed production in India.

The amendment makes the following changes:

- The DPP provided that a vendor must submit detailed information regarding how it will discharge offset obligations at the time of submitting the technical proposal. The amendment relaxes this provision to allow the vendor to submit this information later as well. For cases of non-compliance, the amendment provides penalties.
- The DPP provided that vendors are free to discharge their offset obligations in components via different Indian offset partners (i.e. Indian enterprises who assist in the discharge of offset obligations). However, if these components need to be changed, approval of the Defence Minister was required based on recommendations of Defence Procurement Board. Under the amendment, only the approval of the Secretary (Defence Production) is required.

These amendments will be applicable to all ongoing cases of procurement.

Energy

Dipesh Suvarna (dipesh@prsindia.org)

Standing Committee submits report on the Safety, Health and Education Facilities for Inhabitants in Mining Areas

The Standing Committee on Coal and Steel submitted its report on the safety, health and education facilities for inhabitants/workers of coal/lignite mining areas on August 12, 2015.⁵⁶

The key observations and recommendations of the Standing Committee include:

- **Review of laws and regulation** The laws governing the safety of workers such as Mines Act, 1952, Electricity Act 2003, Explosives Act, 1884 as well as other relevant statutes which regulate the health and safety of the workers must be reviewed. The Ministry must do this in order to remove obsolete and redundant provisions and must propose appropriate amendments.
- **Compensation for fatalities and injuries:** The Workmen's Compensation (Amendment) Act, 2009 provides for payment of compensation to the workmen and their dependents in the case of injury or death by industrial accidents. Compensation

must be revised. In addition, the compensation package must be disbursed timely for department employees as well as contractual workers. A grievance redressal mechanism for compensation and relief related matters must be established. The government could explore the feasibility of providing for a comprehensive life and health insurance cover to all workers. .

- **Health:** It must be made mandatory to wear protective gears in mines to minimise occupational hazards. In addition, it must also be made mandatory to undergo preventive health checkups and periodic medical examination.
- **Risk assessment and safety audits:** The risk assessments and safety audits put in place at Neyveli Lignite Corporation must be replicated across all other coal companies to ensure safety of workers.

Chemicals and Fertilizers

Dipesh Suvarna (dipesh@prsindia.org)

Standing Committee submits report on Movement of Fertilizers and Monitoring System

The Standing Committee on Chemicals and Fertilizers submitted its report on the movement of fertilizers and monitoring system on July 24, 2015.⁵⁷ Key observations and recommendations of the Standing Committee include:

- **Scientific assessment of requirement:** There is a consistent gap between sale and assessed requirement of fertilizers, with actual consumption of fertilizers being considerably lower than projected requirement. Currently, the requirement is assessed on the basis of the trend in consumption of the past three years. A review of existing methodology to assess requirement of fertilizers to ensure a scientific and meticulous estimation is required. Overestimation of demand forces the government to unnecessarily import fertilizer from other countries.
- **Overuse of fertilizers:** Urea is being utilised by farmers in excessive quantities which leads to degradation of soil quality. This is because urea is less expensive as compared to phosphate and potash

fertilizers. The measures taken by the Department of Fertilizers are inadequate as large numbers of farmers are uneducated and untrained about the judicious use of fertilizers. The Department in coordination with state governments must set up demonstration centres for farmers and provide training on proper use of fertilizers.

- **Decontrolling of movement of fertilizers:** The Fertilizer (Movement Control) Order, 1973 gives powers to the Department of Fertilizers to direct suppliers to supply to any particular area. As the government has stated that it plans to remove controls over the movement of fertilizers, supply may be affected in far flung and inaccessible areas. Therefore, the movement of fertilizers after being decontrolled should be strictly monitored to ensure availability throughout the country. Special attention must be given to remote and inaccessible areas.
- **Smuggling, black marketing and pilferage:** Fertilizer prices in India are lower as compared to neighbouring countries. This causes smuggling of a substantial quantity of fertilizers. Initiatives must be taken to check for smuggling and black marketing of fertilizers. Further, pilferage and adulteration of fertilizers occurs because trucks transporting them are not sealed. These trucks must be sealed in a manner similar to the railway wagons.

Commerce and Industry

Tanvi Deshpande (tanvi@prsindia.org)

Standing Committee on Commerce submits report on the rubber industry

The Standing Committee on Commerce submitted a report on the rubber industry in India on August 13, 2015.⁵⁸ The Committee examined the state of rubber production, condition of rubber growers, and pricing of rubber.

Key recommendations of the Standing Committee include:

- **National Policy on Rubber:** An Expert Committee was formed in June 2014 to formulate a National Policy on Rubber, relating to issues such as production, development and exports of rubber and related products. The Committee has

recommended that the Policy be formulated and presented within three months of the submission of this report. It also recommended that small and marginal rubber growers should be represented in the report of the Expert Committee.

- **Rubber Board:** The Rubber Board was constituted under the Rubber (Production and Marketing) Act, 1947, in order to monitor the working of the rubber industry and regulating quality control. The Committee observed that the tenure of the Board ended in February 2014, and it has not been reconstituted since then. It recommended that the Board should be reconstituted within three months of submitting this report.
- **Reduction of rubber imports:** The Committee noted that in the recent past, imports of natural rubber have increased, but its consumption growth does not match the imports. This results in excess imports, which puts a downward pressure on the domestic price of rubber. The Committee recommends that rubber imports should be need based and calculated based on the gap between demand and consumption.
- **Increased subsidy for replantation:** The subsidy provided to rubber growers for replantation should be increased. Replanting subsidy is currently at 8% to 15% of the replanting cost. It takes six to seven years for new rubber plants to yield produce, and replantation subsidies help growers to bear some of the costs of replantation. In addition, rubber wood prices are low and act as a disincentive for farmers to cut down the existing rubber trees. Unless the replantation subsidy is increased, growers will not want to cut their rubber trees and plant new ones.

Youth Affairs and Sports

Apoorva Shankar (apoorva@prsindia.org)

Report on recruitment and promotion of sportspersons tabled in Parliament

The Standing Committee on Human Resource Development tabled its report on the Performance of National Sports Development Fund (NSDF) and Recruitment and Promotion of Sportspersons, on August 13, 2015.⁵⁹

Major observations and recommendations of the Committee pertained to:

- **Contributions to NSDF:** The centre established the NSDF in 1998 under the Charitable Endowment Act, 1980 to mobilise resources from government/non-government, public/private sources and non-resident Indians for promotion of recognised sports, academies and athletes. Such contributions were exempt from income tax requirements. However, the Committee noted that the NSDF corpus is scarce and not many public and private organisations are contributing to it. It also said that most public sector banks and undertakings were not aware of the existence of the NSDF and were linking it with corporate social responsibility (CSR) activities.
- **Inclusion of NSDF in Companies Act:** Schedule VII of the Companies Act, 2013 specifically mentions permissible activity for CSR contribution to ‘funds.’ The Committee recommended that any contributions to NSDF be allowed and mentioned under this Schedule of the Act.
- **Recruitment of sportspersons:** In the absence of a mandatory minimum floor, banks, public sector undertakings and other organisations have been recruiting sportspersons in varying percentages. It was recommended that the Department of Personnel and Training should make it compulsory for all the Ministries and Departments to recruit 5% sportspersons.
- The Committee also noted that many sports institutes are being headed or managed by persons not having any sports background. It recommended taking immediate corrective steps in this regard.

Environment

Anviti Chaturvedi (anviti@prsindia.org)

Standing Committee submits report on environmental issues in the Nilgiris

The Standing Committee on Science & Technology, Environment & Forests submitted a report on environmental issues in the Nilgiris district of Tamil Nadu on August 12, 2015.⁶⁰

The Nilgiris district has about 56% of its area

under forest cover, including the Nilgiri Forests and the Mudumalai Tiger Reserve Forests.

Key recommendations of the Standing Committee include:

- **Pollution related issues:** Measures need to be taken to address pollution of the Ooty Lake and the Nilgiri hills. The Ooty Lake is an artificial lake in the Nilgiris District. These measures may include: (i) prohibition of plastic bags and old and polluting government vehicles, (ii) a solid waste management system to be put in place in the district, and (iii) financial assistance to be extended by central government to the state to rejuvenate the lakes.
- **Forest and Wildlife issues:** In light of the common human-animal conflict in the Nilgiris District, the Committee recommended that: (i) there is a need for wild animal (especially elephant) corridors for which forest or private land may be acquired, (ii) villagers displaced from the Mudumalai Tiger Reserve must be relocated within a time frame, and the central government may provide financial assistance (Rs 23.5 crore) in this regard, and (iii) compensation must be provided to next of kin of victims of wild animals.

¹ Quarterly Estimate of GVA at Basic Prices in Q1 (April-June) of 2015-16, Press Release, Ministry of Statistics and Programme Implementation, August 31, 2015,

http://mospi.nic.in/Mospi_New/upload/nad_PR_31aug15.pdf
² Third Bi-Monthly Monetary Policy Statement 2015-16, Press Release, Reserve Bank of India, August 4, 2015, https://www.rbi.org.in/scripts/BS_PressReleaseDisplay.aspx?prid=34614.

³ Quick Estimates of Index of Industrial Production and Use Based Index for the Month of June, 2015 (Base 2004-05=100), Press Release, Ministry of Statistics and Programme Implementation, August 12, 2015, http://mospi.nic.in/Mospi_New/upload/iip_12aug15.pdf.

⁴ Negotiable Instruments (Amendment) Bill, 2015, as passed by the Lok Sabha,

<http://www.prsindia.org/uploads/media/Negotiable%20instrument/Negotiable%20as%20passed%20by%20LS.pdf>.

⁵ “Creation of National Infrastructure and Investment Fund”, Ministry of Finance, August 20, 2015, http://finmin.nic.in/the_ministry/dept_eco_affairs/investment_division/NIIF24082015.pdf.

⁶ “RBI grants ‘in principle’ approval to 11 Applicants for Payments Banks”, <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR4373D581F56D7B64BD08F4162D299E33EDF.PDF>.

⁷ Indian Trusts (Amendment) Bill, 2015, Ministry of Finance, August 13, 2015, <http://www.prsindia.org/uploads/media/Indian%20Trust/Indian%20Trusts%20Bill.%202015.pdf>.

- ⁸ Consultation paper for amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014” http://www.sebi.gov.in/cms/sebi_data/attachdocs/1440066429986.pdf.
- ⁹ SEBI Issues Consultation Paper for "Amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014", SEBI Press Release, August 20, 2015 http://www.sebi.gov.in/sebiweb/home/document_detail.jsp?link=http://www.sebi.gov.in/cms/sebi_data/docfiles/31788_t.html.
- ¹⁰ "Report of the High Powered Committee on Urban Co-operative Banks (UCBs)" <https://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/HPC3934E91FA21241B8B0ABC4C4DBF28A40.PDF>.
- ¹¹ "RBI Committee suggests Way Forward for UCBs", Reserve Bank of India Press Release, August 21, 2015" <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/IEPR44805C817DE879C4878B19B0184D84BB128.PDF>.
- ¹² "PM witnesses the signing of historic peace accord between Government of India and National Socialist Council of Nagaland (NSCN)", Press Information Bureau, Prime Minister's Office, August 3, 2015.
- ¹³ "Centre inks peace accord with Naga insurgent outfit", The Hindu, August 4, 2015, <http://www.thehindu.com/news/national/centre-inks-peace-accord-with-naga-insurgent-outfit/article7496654.ece>; "Naga accord: Will the framework agreement end insurgency", The Hindustan Times, August 4, 2015, <http://www.hindustantimes.com/india-news/naga-accord-will-the-framework-agreement-ensure-peace/article1-1376223.aspx>;
- "PM Narendra Modi announces historic peace deal with Naga insurgents", The Indian Express, August 4, 2015, <http://indianexpress.com/article/india/india-others/govt-signs-peace-accord-with-nscnm-pm-narendra-modi-says-historic/>.
- ¹⁴ "Order under section 113 (Power to Remove Difficulties) of the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 to extend benefits of compensation, rehabilitation and resettlement mentioned in First, Second and Third Schedules to the Acts mentioned in the Fourth Schedule of the Act., Ministry of Rural Development, Press Information Bureau, August 28, 2015.
- ¹⁵ "The Human DNA Profiling Bill, 2015", Department of Biotechnology, Ministry of Science and Technology, August 5, 2015, <http://www.dbtindia.nic.in/wp-content/uploads/Human-DNA-Profiling-Bill.pdf>.
- ¹⁶ The Consumer Protection Bill, 2015, <http://www.prsindia.org/uploads/media/Consumer/Consumer%20Protection%20bill.%202015.pdf>.
- ¹⁷ Bureau of Indian Standards Bill, 2015, Department of Consumer Affairs, Ministry of Consumer Affairs, Food and Public Distribution, August 7, 2015, http://164.100.24.219/BillsTexts/LSBillTexts/asinroduced/24_2015_LS_Eng.pdf.
- ¹⁸ "Amendments to the Arbitration and Conciliation Bill, 2015", Press Information Bureau, Ministry of Law and Justice, August 26, 2015.
- ¹⁹ "Amendments to the Arbitration and Conciliation Act, 1996", Law Commission of India, Report No. 246, <http://lawcommissionofindia.nic.in/reports/Report246.pdf>.
- ²⁰ "Public Policy- Developments post Report No. 246", Law Commission of India, Supplementary to Report No. 246 on Amendments to Arbitration and Conciliation Act, 1996, February 6, 2015, http://lawcommissionofindia.nic.in/reports/Supplementary_to_Report_No._246.pdf.
- ²¹ The Delhi High Court (Amendment) Act, 2015, <http://www.prsindia.org/uploads/media/Delhi%20high%20court/Delhi%20High%20Court%20Act.%202015.pdf>.
- ²² The Repealing and Amending (Fourth) Bill, 2015, <http://www.prsindia.org/uploads/media/Repealing%20and%20amending/Repealing%20and%20Amending%20%20284th%20%20bill.pdf>.
- ²³ The High Court and the Supreme Court Judges (Salaries and Conditions of Service) Amendment Bill, 2015, <http://www.prsindia.org/uploads/media/Judges%20Salaries/Judges%20Salaries%20Bill.%202015.pdf>.
- ²⁴ "Prevention of Bribery of Foreign Public Officials and Officials of Public International Organisations- A Study and Proposed Amendments", Law Commission of India, Report No. 258, August 2015, <http://lawcommissionofindia.nic.in/reports/Report258.pdf>.
- ²⁵ "Early Childhood Developments and Legal Entitlements", Law Commission of India, Report No. 259, August 2015, <http://lawcommissionofindia.nic.in/reports/Report259.pdf>.
- ²⁶ "Analysis of the 2015 Draft Model Indian Bilateral Investment Treaty", Law Commission of India, Report No. 260, August 2015, <http://lawcommissionofindia.nic.in/reports/Report260.pdf>.
- ²⁷ Model Text for the Indian Bilateral Investment Treaty, https://mygov.in/sites/default/files/master_image/Model%20Text%20for%20the%20Indian%20Bilateral%20Investment%20Treaty.pdf.
- ²⁸ "4th Advance production estimates of major crops during 2014-15", Ministry of Agriculture, Press Information Bureau, August 17, 2015.
- ²⁹ "Long range forecast for rainfall during the second half (August to September) of the 2015 Southwest Monsoon", Press release, Indian Meteorological Department, Ministry of Earth Sciences, August 3, 2015, http://imd.gov.in/section/nhac/dynamic/LRF_second.pdf.
- ³⁰ Ninth Report of the Committee on Estimates: National Project on Organic Farming, Ministry of Agriculture, August 13, 2015, http://164.100.47.134/Isscommittee/Estimates/16_Estimates_9.pdf.
- ³¹ 16th Report of the Standing Committee on Agriculture: Mega Food Parks, Lok Sabha, August 11, 2015, http://164.100.47.134/Isscommittee/Agriculture/16_Agriculture_16.pdf.
- ³² "Report of the Select Committee on the Real Estate (Regulation and Development) Bill, 2013", July 30, 2015, <http://www.prsindia.org/uploads/media/Real%20Estate/Select%20comm--Real%20Estate.pdf>.
- ³³ "The Real Estate (Regulation and Development) Bill, 2013", Ministry of Housing and Urban Poverty Alleviation, August 14, 2013, <http://www.prsindia.org/uploads/media/Real%20Estate/Real%20estate%20Bill.pdf>.
- ³⁴ "30th Report on the Real Estate (Regulation and Development) Bill, 2013", February 2014, <http://www.prsindia.org/uploads/media/Real%20Estate/SCR-Real%20Estate%20Bill.pdf>.
- ³⁵ "Notice of amendments: The Real Estate (Regulation and Development) Bill, 2013", April 22, 2015, <http://www.prsindia.org/uploads/media/Real%20Estate/Notice%20of%20amendments-Real%20estate.pdf>.
- ³⁶ List of 98 Cities selected under Smart Cities Mission", Ministry of Urban Development, Press Information Bureau, August 27, 2015.
- ³⁷ "305 cities and towns identified for building houses for urban poor under Housing for All scheme., Ministry of Housing and Urban Poverty Alleviation, Press Information Bureau, August 30, 2015.

³⁸ “Constitution of Working Group on “Impact of Migration on Housing, Infrastructure and Livelihoods””, Ministry of Housing and Urban Poverty Alleviation, July 28, 2015, http://mhupa.gov.in/W_new/Office_order_28_07_2015.pdf.

³⁹ “Approval to guidelines on spectrum sharing”, Press Information Bureau, Ministry of Communications and Information Technology, August 12, 2015.

⁴⁰ “TRAI Releases Telecom Consumers Protection (Eighth Amendment) Regulations, 2015”, Press Information Bureau, Ministry of Communications and Information Technology, August 7, 2015.

⁴¹ “Notification- Telecom Consumers Protection (Eighth Amendment) Regulations, 2015 (5 of 2015)”, Telecom Regulatory Authority of India, August 7, 2015, <http://www.trai.gov.in/WriteReadData/WhatsNew/Document/s/tcpr%208th%20amendment-final.pdf>.

⁴² “The Carriage by Air (Amendment) Bill, 2015”, Ministry of Civil Aviation, August 7, 2015, <http://www.prsindia.org/uploads/media/Carriage%20by%20Air%20Carriage%20by%20Air.%202015.pdf>.

⁴³ “The Merchant Shipping (Amendment) Bill, 2015”, Ministry of Shipping, August 10, 2015, <http://www.prsindia.org/uploads/media/Merchant%20Shipping/Merchant%20Shipping%20bill.%202015.pdf>.

⁴⁴ “International Convention on Civil Liability for Bunker Oil Pollution Damage (BUNKER)”, [http://www.imo.org/en/About/Conventions/ListOfConventions/Pages/International-Convention-on-Civil-Liability-for-Bunker-Oil-Pollution-Damage-\(BUNKER\).aspx](http://www.imo.org/en/About/Conventions/ListOfConventions/Pages/International-Convention-on-Civil-Liability-for-Bunker-Oil-Pollution-Damage-(BUNKER).aspx).

⁴⁵ “223rd Report on the National Waterways Bill, 2015”, Standing Committee on Transport, Tourism and Culture, August 12, 2015, <http://www.prsindia.org/administrator/uploads/media/Waterways/SCR-%20National%20Waterways.pdf>.

⁴⁶ “The National Waterways Bill, 2015”, Ministry of Shipping, May 5, 2015, <http://www.prsindia.org/billtrack/the-national-waterways-bill-2015-3776/>.

⁴⁷ “86th Report: The Homoeopathy Central Council (Amendment) Bill, 2015” Standing Committee on Health and Family Welfare, July 30, 2015, <http://164.100.47.5/newcommittee/reports/EnglishCommittee/s/Committee%20on%20Health%20and%20Family%20Welfare/86.pdf>.

⁴⁸ “The Waqf Properties (Eviction of Unauthorized Occupants) Bill, 2014”, 20th Report, Standing Committee on Social Justice and Empowerment, Ministry of Minority Affairs, August 12, 2015, http://164.100.47.134/Isscommittee/Social%20Justice%20&%20Empowerment/16_Social_Justice_And_Empowerment_20.pdf.

⁴⁹ Statement of Objects and Reasons, The Waqf Properties (Eviction of Unauthorized Occupants) Bill, 2014, <http://www.prsindia.org/uploads/media/Waqf%20Properties/Waqf%20Properties%20Bill.%202014.pdf>.

⁵⁰ The Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Amendment Bill, 2014, <http://www.prsindia.org/uploads/media/SC%20ST%20Atrocities%20%28A%29.%202014/SC%20ST%20%28Prevention%20of%20Atrocities%29%20%28A%29%20bill.pdf>.

⁵¹ Uncorrected Debate, Sixteenth Lok Sabha, August 4, 2015, <http://164.100.47.132/newdebate/16/5/04082015/6To7p m.pdf>.

⁵² “21st Report on Role and Functioning of Indian Coast Guard”, Public Accounts Committee, August 13, 2015, http://164.100.47.134/Isscommittee/Public%20Accounts/16_Public_Accounts_21.pdf.

⁵³ “Report No. 7 of 2011-12 for the period ended March 2010- Performance Audit of Role and Functioning of Indian

Coast Guard”, Comptroller & Auditor General, August 5, 2011.

⁵⁴ Amendment to Defence Procurement Procedure (DPP)-2013, Ministry of Defence, August 10, 2015, <http://www.mod.nic.in/writereaddata/Amen.pdf>.

⁵⁵ Defence Procurement Procedure, 2013, Ministry of Defence, <http://mod.nic.in/writereaddata/DPP2013.pdf>.

⁵⁶ “14th Report: Safety, Health and Education Facilities for Inhabitants/Workers in Coal/Lignite Mining Areas”, Standing Committee on Coal and Steel, August 12, 20015, http://164.100.47.134/Isscommittee/Coal%20&%20Steel/16_Coal_And_Steel_14.pdf.

⁵⁷ “11th Report: Movement of Fertilizers and Monitoring System”, Standing Committee on Chemicals and Fertilizers, July 24, 2015, http://164.100.47.134/Isscommittee/Chemicals%20&%20Fertilizers/16_Chemicals_And_Fertilizers_11.pdf.

⁵⁸ 119th Report of the Standing Committee on Commerce on Rubber Industry in India, Rajya Sabha, August 13, 2015, <http://164.100.47.5/newcommittee/reports/EnglishCommittee/s/Committee%20on%20Commerce/119.pdf>.

⁵⁹ “270th Report: Performance of National Sports Development Fund and Recruitment and Promotion of Sportspersons (Part I)”, Standing Committee on Human Resource Development, August 13, 2015.

⁶⁰ “268th Report: Environment Issues of the Nilgiris”, Standing Committee on Science & Technology, Environment & Forests, August 12, 2015, <http://164.100.47.5/newcommittee/reports/EnglishCommittee/s/Committee%20on%20S%20and%20T,%20Env.%20and%20Forests/268.pdf>.

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.