

# Monthly Policy Review

April 2016

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## Highlights of this Issue

### [Joint Committee submits report on Insolvency and Bankruptcy Code, 2015 \(p. 2\)](#)

The Committee recommended that operational creditors should be consulted during the negotiations to resolve insolvency. Further, it suggested amendments to allow access to a debtor's assets in cross-border insolvency cases.

### [Reserve Bank of India reduces policy repo rate by 0.25% \(p. 2\)](#)

In its first monetary policy review statement in 2016-17, the RBI decreased the policy repo rate from 6.75% to 6.5%. The minimum daily availability of cash reserve ratio was decreased from 95% to 90%.

### [Three Bills passed by Parliament \(p. 9, 10\)](#)

The Bills passed include the Sikh Gurdwara (Amendment) Bill, 2016, the Industries (Development and Regulation) Bill, 2015, and the Constitution (Scheduled Castes) Order (Amendment) Bill, 2015.

### [Enemy Property \(Amendment\) Second Ordinance, 2016 promulgated \(p. 8\)](#)

This Ordinance replaces a similar Ordinance that was promulgated in January 2016. It provides that the Custodian of Enemy Property will have all rights, titles and interests in enemy property.

### [One Bill each passed by Lok Sabha and Rajya Sabha; pending in the other House \(p. 9, 10\)](#)

Lok Sabha passed the Regional Centre for Biotechnology Bill, 2016. Rajya Sabha passed the Repealing and Amending (Third) Bill, 2015.

### [Cabinet approves fiscal deficit targets for states, as per 14<sup>th</sup> Finance Commission \(p. 3\)](#)

The fiscal deficit target for states will be 3% of GSDP. This target may be relaxed by 0.25% in each case if a state maintains, (i) a debt-GSDP ratio under 25%, or (ii) interest payments less than or equal to 10% of revenue receipts.

### [Cabinet approves amendments to the Compensatory Afforestation Fund Bill, 2015 \(p. 7\)](#)

The amendments, among other things seek to provide for more experts in the national and state authorities to administer the funds and set a time limit for the national authority to approve state authorities' plans.

### [Expert Committee of NITI Aayog submits report and Model Act on land leasing \(p. 4\)](#)

The recommendations were regarding the need to liberalize and legalize land leasing for agricultural efficiency. The Model Act seeks to permit and facilitate land leasing to improve access to land for landless labourers and farmers.

### [Public Accounts Committee submits report on Indira Awaas Yojana \(p. 10\)](#)

The Committee's recommendations included: (i) setting up of an online complaint facility to receive reports of deserving beneficiaries who are not getting benefits, and (ii) strengthening the monitoring mechanism of the scheme.

### [Standing Committees submit reports on three Bills \(p. 3, 5, 6\)](#)

Standing Committees submitted reports on the Benami Transactions (Prohibition) Amendment Bill, 2015, the Consumer Protection Bill, 2015, and the Rajendra Central Agricultural University Bill, 2015.

### [Cabinet approves revised Policy for crude oil imports \(p. 8\)](#)

The Cabinet approval enables oil PSUs to evolve their own crude oil import Policy. The revised Policy enables oil PSUs to adopt effective procurement practices.

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May 2, 2016

## Macroeconomic Development

Tanvi Deshpande ([tanvi@prsindia.org](mailto:tanvi@prsindia.org))

### Policy repo rate reduced to 6.5% in RBI's 1st Monetary Policy Statement of 2016-17

The Reserve Bank of India (RBI) released its first Bi-Monthly Monetary Policy Statement of 2016-17 on April 5, 2016.<sup>1</sup> The policy repo rate (at which RBI lends money to commercial banks) was reduced from 6.75% to 6.5%. Other decisions of the RBI include:

- The reverse repo rate (at which RBI borrows money from commercial banks) is increased by 0.25% to 6%.
- The marginal standing facility (MSF) rate (under which scheduled commercial banks can borrow additional money) and bank rate (at which RBI buys or rediscounts bills of exchange) is reduced by 0.75%, to 7%.
- The Cash Reserve Ratio (CRR) has been kept unchanged at 4% of the Net Demand and Time Liabilities (which roughly consist of all current, savings and time deposits). However, the daily minimum maintenance of the CRR has been reduced from 95% to 90%, and has come into effect from April 16, 2016.
- The overnight call money rate is the rate at which banks borrow from each other for one day, and this determines the interest rates for longer term. As banks can lend to RBI at the reverse repo rate and borrow at the repo rate (up to certain limits), these two rates usually determine the limits within which call money is traded. If banks need to borrow beyond certain limits, they may borrow at the MSF rate.
- The RBI has narrowed the gap between repo rate and reverse repo rate (and between MSF rate and repo rate) from 1% to 0.5%. This will reduce the range within which call money will trade. In addition, reducing the CRR daily maintenance requirement will also increase flexibility for banks. As a result, the volatility of call money rate should reduce.

### Retail inflation increases by 0.9% over the fourth quarter of 2015-16

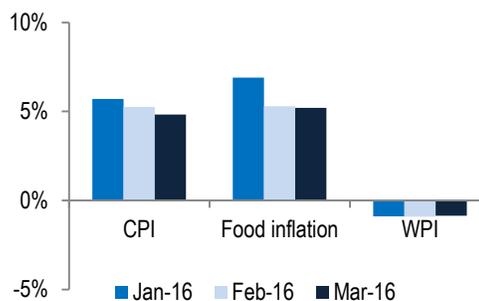
The Consumer Price Index (CPI) inflation decreased from 5.7% to 4.8% over the fourth quarter of 2015-16 (January to March).<sup>2</sup> Food

inflation also decreased from 6.9% to 5.2% during this period. The decrease in CPI inflation was mainly a result of a decrease in the prices of pulses, oils and fats, and miscellaneous services such as transport and communication.

The Wholesale Price Index (WPI) remained in the range of -0.9% to -0.85% from January to March 2016.<sup>3</sup>

The trend in CPI and WPI over the fourth quarter of 2015-16 is shown in Figure 1.

**Figure 1: Trend in consumer and wholesale price inflation in Q4 of 2015-16**



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

## Finance

### Joint Committee on the Insolvency and Bankruptcy Code, 2015 submits report

Vatsal Khullar ([vatsal@prsindia.org](mailto:vatsal@prsindia.org))

The Joint Committee of Parliament on the Insolvency and Bankruptcy Code, 2015 (Chair: Mr. Bhupender Yadav) submitted its report on April 28, 2016.<sup>4</sup> The Code was introduced in Lok Sabha and was subsequently referred to the Committee on December 23, 2015. The Committee has presented its recommendations and a modified Bill based on its suggestions.

Key suggestions of the Committee include:

- **Creditors Committee:** The Code classifies creditors into financial and operational creditors. It provides for a creditors committee consisting of financial creditors to take decisions regarding insolvency resolution. The Joint Committee recommended that operational creditors should also be a part of the creditors committee's deliberations. They should be invited to the committee meetings for

presenting their issues, however, they should not have a right to vote.

- **Insolvency Professional Agencies:** The Code establishes multiple insolvency professional agencies (IPAs), and allows each of them to make their own bye-laws. These bye-laws will specify rules on areas such as the manner of granting membership to insolvency professionals (IPs), standards for their ethical conduct and grounds for penalising them. The Committee observed that while the Code specifies parameters for which these bye-laws will be made, it does not provide a model bye-law. This may lead to a lack of uniformity in the bye-laws made by different IPAs. The Committee recommended that the Board should make model bye-laws to ensure consistency among rules followed by all IPAs.
- **Cross-border insolvency:** Cross border insolvency relates to an insolvent debtor who has assets abroad. The Code does not contain provisions to deal with such situations. The Committee recommended that new provisions should be made to provide for the central government to enter into agreements with other countries to enforce provisions of the Code.
- **Employee benefits during liquidation:** The Committee observed that provident fund, pension fund and gratuity fund provide social security for employees. It recommended that dues payable to workmen from these funds should be excluded from the debtor's assets during liquidation.

For a PRS Joint Committee Report Summary and a Bill Summary, please see [here](#) and [here](#).

### Standing Committee submits report on Benami Transactions Amendment Bill, 2015

*Aravind Gayam (aravind@prsindia.org)*

The Standing Committee on Finance submitted its report on the Benami Transactions (Prohibition) Amendment Bill, 2015 on May 13, 2015.<sup>5</sup> The Bill was introduced in Lok Sabha on August 10, 2015. It seeks to amend the Benami Transactions Act, 1988, which prohibits benami transactions and provides for confiscating benami properties.

Key observations and recommendations made by the Committee include:

- **Need for a new legislation:** The Committee noted that the proposed legislation might result in multiplicity of authorities and misuse of its provisions. It recommended that the government should consider amending the Income Tax Act, 1961 to achieve the objectives of the Bill, instead of having a separate law.
- **Definition of benami transactions:** The Bill defines a benami transaction as a transaction where a property is held by a person, but has been provided by another person. However, if an individual purchases a property using his *income* and the property is held by his family members, it is not considered as a benami transaction. The Committee recommended that such exception must be applicable even if the property is purchased by an individual using sources of money other than income, such as loans. It also stated that the source of funds must be legal.
- **Digitization of land records:** The Committee noted that benami transactions could be pre-empted and eliminated by digitalization of land records. It noted that amendments in the Transfer of Property Act, 1882 and Registration Act, 1908 may be made to provide for: i) online registration of all immovable properties, ii) linkage of Aadhar and PAN numbers of all the parties involved in purchase of a property, and iii) sharing of data by the registration authorities with the central agencies like Income Tax Department.

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

### Cabinet approves fiscal deficit targets for states

*Vatsal Khullar (vatsal@prsindia.org)*

The Union Cabinet approved fiscal deficit limits for states on April 6, 2016.<sup>6</sup> These limits were recommended by the Fourteenth Finance Commission in February 2015.<sup>7</sup> Fiscal deficit is the difference between the total expenditure and total revenue (excluding borrowings) of a state. It is presented as a percentage of Gross State Domestic Product (GSDP).

The Finance Commission had recommended a fiscal deficit limit of 3% for states, which could be relaxed to 3.5%, if certain targets were met. Any state desiring to increase the limit, will have

to amend its Fiscal Responsibility and Budget Management Act accordingly.

The fiscal deficit limits would be relaxed by 0.25% for each of the following cases,

- If the debt-GSDP ratio of a state was under 25%, in the preceding year, and
- If interest payments of the state were less than or equal to 10% of its revenue receipts, for the preceding year.

The states will be able to avail these additional limits between 2016-17 and 2019-20.

For a PRS Report Summary of the Fourteenth Finance Commission recommendations, please see [here](#).

### Inter-ministerial group on deposit taking submits report and draft Banning Bill

Vatsal Khullar ([vatsal@prsindia.org](mailto:vatsal@prsindia.org))

The Inter-ministerial group on deposit taking submitted its recommendations and a draft Banning Bill to the Ministry of Finance in April 2016.<sup>8</sup> The group was constituted to identify gaps in the existing regulatory framework and recommend administrative changes and a new law covering all aspects related to deposit-taking. Deposit-taking involves accepting money for investment, which will have to be returned at a later date.

Deposit-taking schemes are currently regulated by central and state governments. For example, chit funds are regulated by state governments, collective investment schemes by SEBI and non-banking financial companies by RBI. In this context, the Standing Committee on Finance in October 2015 had observed there are gaps in the regulatory regime, despite a diverse framework.<sup>9</sup>

The inter-ministerial panel made suggestions to improve the framework. These include:

- **National Intelligence Mechanism:** A two tier mechanism should be created along with the centre and state governments to collect, collate and disseminate information on on-going deposit-taking activities. The Central Bureau of Investigation (CBI) will act as the nodal agency between the centre and states.
- **Enhancing public awareness:** The Depositor Education and Awareness Fund, created under the Banking Regulation Act, 1949 should be utilised to educate masses to distinguish between legal and illegal

deposits. Further, an online portal for complaint reporting should be created by the Department of Financial Services.

- **Legislative changes:** The Committee submitted a draft Banning of Unregulated Deposit Schemes and Protection of Depositor's Interests Bill, 2015 (Banning Bill) to regulate deposit taking activities. The draft Bill provides for the protection of depositors' interest, and distinguishes between regulated and unregulated deposit schemes. Further, it proposes to ban unregulated schemes, and seeks to penalise any person offering them.
- The draft Bill proposes to set up an empowered Committee with the Secretary, Department of Financial Services as its chairman. The Committee will coordinate regulation of deposit-taking schemes, where multiple agencies are involved. Further, the Committee may make recommendations to the central government, asking the CBI to investigate certain cases.

## Agriculture

### Expert Committee of NITI Aayog submits report on land leasing

Roopal Suhag ([roopal@prsindia.org](mailto:roopal@prsindia.org))

An Expert Committee on land leasing (Chair: Dr. T. Haque), constituted under the NITI Aayog, submitted its report on March 31, 2016.<sup>10</sup> The term of reference of the Committee included: (i) to review the existing agricultural tenancy laws of states, (ii) to suggest appropriate amendments to legalise and liberalise land leasing, and (iii) prepare a model Agricultural Land Leasing Act. Key observations and recommendations of the Committee include:

- **Land leasing laws in states:** Land leasing laws in states differ from each other on several grounds, such as the people who can lease out land, the duration of lease, etc. The Committee observed that most states have either legally banned or imposed restrictions on agricultural land leasing.
- **Agricultural efficiency:** The Committee observed that restrictions on land leasing have led to informal tenancy across the country. Informal tenants do not have access to institutional credit, insurance and

other support services. This affects the productivity of land cultivated by them.

- **Land lease and equity:** Presently, 36% of tenant farmers are landless and nearly 56% are marginal land owners, with less than one hectare of land. These farmers lease in more land than they lease out. Legalization of land leasing will result in availability of more land which the rural poor can lease in.
- **Occupational diversification and rural growth:** Presently, 64% of the rural workforce is employed in agriculture. The Committee observed that high dependence on agriculture is the main reason for low size of land holdings and the consequent low per-capita income. Legalisation of land leasing will encourage large land owners to lease out small uneconomic land holdings without fear of losing their ownership rights.
- **Model Land Leasing Act:** The model Act seeks to permit and facilitate leasing of agricultural land to improve access to land by the landless and marginal farmers. It also provides for recognition to farmers cultivating on leased land to enable them to access loans through institutional credit and insurance. Key features of the model Act include: (i) legalizing land tenancy to provide complete security of land ownership rights for land owners and security of tenure for tenants for the lease period, (ii) mutual determination of terms and conditions of lease by the land owner and the tenant, etc.

For a PRS Report Summary, see [here](#) and Bill Summary on the model Act, see [here](#).

### Standing Committee submits report on Rajendra Central Agricultural University Bill, 2015

*Tanvi Deshpande (tanvi@prsindia.org)*

The Standing Committee on Agriculture submitted its report on the Rajendra Central Agricultural University Bill, 2015 on April 27, 2016.<sup>11</sup> The Bill seeks to convert the existing Rajendra Agricultural University at Pusa, Bihar into the Rajendra Central Agricultural University, and to declare it as an institute of national importance. Key observations and recommendations of the Committee include:

- **Composition of Board of Management:** The Bill establishes the Board of Management as the principal executive body

of the University. The Committee recommended that two Members of Parliament may be nominated to the Board. It also recommended that the number of people representing farmers on the Board needs to be increased, to include women farmers, and farmers belonging to weaker sections of society.

- **Composition of Extension Education Council:** The Bill establishes an Extension Education Council to supervise over the extension education policies under the University. The Committee recommended that the Council should include two eminent social scientists among its composition.
- **Skill development of farmers:** The Committee recommended that a separate department be opened in the University, in order to run a specialized course for research on the modernization of traditional skills of farmers. It also recommended that a one-month practical course be introduced in the syllabus, which would allow students to stay and interact with farmers and gain field knowledge.
- **Observations about existing University:** The Committee stated that several research institutes under the existing Rajendra Agricultural University are under-funded, under-staffed and are not functioning properly. The number of scientists and non-teaching staff are also below the sanctioned number of posts. The Committee also observed that the fund allocation and utilization ratio of these institutes has been inadequate.

For more details, please see the PRS report summary [here](#).

### Operational Guidelines of the Unified Package Insurance Scheme released

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The Ministry of Agriculture released Operational Guidelines for the Unified Package Insurance Scheme (UPIS) in March 2016.<sup>12</sup> The Unified Insurance Package scheme will provide up to seven kinds of insurance products to farmers, on the payment of a single premium. The scheme will be implemented in 45 districts across the country, on a pilot basis from the 2016 Kharif season. All farmers (loanee and non-loanee) will be eligible to participate in the scheme.

- **Kinds of insurance products:** The UPIS covers seven kinds of insurance products: (i) crop insurance, (ii) personal accident insurance, (iii) life insurance, (iv) building and contents insurance (fire and allied perils), (v) agriculture pump set insurance, (vi) student safety insurance, and (vii) agricultural tractor insurance. Of these, crop insurance will be mandatory. However, farmers will have to opt for at least 2 more insurance products under the scheme.
- **Coverage and insurance providers:** Coverage will be for one year, and will be renewable on a yearly basis. The scheme will be offered by the Agricultural Insurance Company, and general insurance companies which will be selected as implementing agencies under the Pradhan Mantri Fasal Bima Yojana. The premium for the entire scheme has not been specified.

### Forecast for Southwest Monsoon 2016 released

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The Indian Meteorological Department released its long range forecast for the Southwest Monsoon 2016 season on April 12, 2016.<sup>13</sup> The season's rainfall is estimated to be above normal, at 106% of the long period average (LPA), with an error of +/- 5%. The season's rainfall in 2015 was 86% of LPA, indicating a 14% deficiency.<sup>14</sup>

### Cabinet approves imposing stock holding limits on sugar

*Tanvi Deshpande (tanvi@prsindia.org)*

The Union Cabinet approved the imposing of stock holding limits on sugar on April 27, 2016.<sup>15</sup> The government stated that despite having sufficient stocks of sugar in the country, the wholesale and retail prices of sugar have shown an increase. State and central agencies may now impose these limits to regulate the supply, distribution and storage of sugar and bring prices of sugar down to reasonable levels.

## Consumer Affairs

*Tanvi Deshpande (tanvi@prsindia.org)*

### Standing Committee submits report on Consumer Protection Bill, 2015

The Standing Committee on Food, Consumer Affairs and Public Distribution submitted its report on the Consumer Protection Bill, 2015 on April 26, 2016.<sup>16</sup> The Bill was introduced in Lok Sabha on August 10, 2015. It seeks to replace the Consumer Protection Act, 1986, which provides for consumer rights, and establishes a redressal agencies to adjudicate consumer disputes.

Key recommendations of the Standing Committee include:

- **Inclusion of services in product liability:** The Bill defines 'product liability' as the manufacturer's responsibility to provide compensation for an injury caused by a defective product or deficiency in services. The Committee noted that it is unclear if deficiency in services is covered under the Bill. It recommended that conditions to claim liability for deficiency in services should be specified.
- **Conditions to claim product liability:** The Bill specifies six conditions regarding a defective product which are to be proven by a consumer in order to claim product liability. The Committee observed that this puts an undue burden on the consumer, since he will not be able to claim liability if any one of the conditions are not met. It recommended that the provision be changed so that a consumer has to prove just one of the six conditions.
- **Unfair contracts:** The Bill defines unfair contracts as contracts between consumers and manufacturers, which contain any of six specified terms of contracts. The Committee recommended that the provision should lay down principles which would determine whether contract term is unfair.
- **Misleading advertisements:** The Committee recommended that strict penalties to deal with misleading advertisements should be included in the Bill. It suggested a fine of Rs 10 lakh and an imprisonment of two years to deter such advertisements. It also suggested that these

penalties be applicable to the persons who endorse the products in the advertisements.

- **Pecuniary jurisdiction of district commissions:** The Bill establishes consumer dispute redressal commissions at the national, state and district levels. Consumer disputes regarding good or services with a value of up to Rs 50 lakh go to the district commission, and those with a value of up to Rs 10 crore go to state commissions. The Committee recommended that the jurisdiction of district commissions may be raised to Rs 1 crore.

For more details, please see the PRS report summary [here](#).

## Environment

Anviti Chaturvedi ([anviti@prsindia.org](mailto:anviti@prsindia.org))

### Cabinet approves amendments to Compensatory Afforestation Fund Bill, 2015

The Cabinet approved amendments to the Compensatory Afforestation Fund Bill, 2015 on April 20, 2016.<sup>17</sup> The Bill was introduced in Lok Sabha on May 8, 2015. The Standing Committee on Science and Technology, Environment and Forests submitted its report on it on February 26, 2016.<sup>18</sup>

The Bill seeks to establish Compensatory Afforestation Funds at the national and state levels. These Funds will receive payments collected to compensate for loss of the forest ecosystem, when forest land is diverted for non-forest uses (such as industrial and infrastructural projects). The Bill regulates administration and use of the monies in the Funds. Key amendments approved include:

- **Inclusion of more experts:** The Bill establishes national and state authorities to administer the Funds. It states that the national authority will have 49 members, with 11 experts (other members are primarily government officers). The amendments increase the number of experts in the national authority to 15. Similarly, the amendments also seek to include some experts in the state authorities.
- **Approval of annual plans:** According to the Bill, the national authority will approve

annual plans of operations prepared by state authorities. These plans provide details of how the money will be utilised. The amendments seek to fix a time limit of three months for the national authority to approve the annual plans.

- **Definition of environmental services:** Under the Bill, the Fund includes compensation for loss of ‘environmental services’ provided by the forest. ‘Environmental services’ are defined exhaustively as provision of goods and services (like fuel and fodder), non-material benefits (like recreational benefits), etc. The amendments seek to make the definition inclusive to allow for other items to be considered environmental services.

Some of these amendments are in line with recommendations of the Standing Committee. For a summary of the recommendations, please see the PRS Summary [here](#).

### India signs Paris Agreement, 2015 on climate change

India signed the Paris Agreement, 2015 on climate change on April 22, 2016.<sup>19</sup> The Agreement was adopted by the Conference of Parties to the United Nations Framework Convention on Climate Change (UNFCCC) on December 12, 2015.<sup>20</sup> It aims to limit the increase in the global average temperature to a level between 1.5 degrees Celsius to 2 degrees Celsius above pre-industrial levels. Under the agreement, member countries have agreed to undertake voluntary domestic commitments (i.e., Intended Nationally Determined Contributions or INDCs) to pursue this target till 2030 (for example, by limiting greenhouse gas emissions and increasing forest cover).

India had submitted its INDCs to the UNFCCC on October 2, 2015.<sup>21</sup> For more information on India’s INDCs, see [here](#).

## Petroleum and Natural Gas

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### Cabinet approves revised Policy for crude oil imports

The Union Cabinet approved the revised Policy for crude oil import for oil Public Sector Undertakings (PSU) on April 6, 2016.<sup>22</sup> It was

observed that, in order to compete effectively in the market, the current market practice for purchasing crude oil on spot basis (based on the current market price) needs to be adopted. The present crude oil import Policy has certain limitations in this regard. The Policy limits the obtaining of crude oil from potential sources and also limits the method of procurement. Further, in light of the changing geo-political environment, the present Policy needs to be modified in alignment with the current needs.

The revised Policy enables the oil PSUs to evolve their own policies for crude oil imports. It will provide oil PSUs with operational and commercial flexibility and will enable them to adopt effective crude oil procurement practices. The Policy adopted by oil PSUs must be consistent with the guidelines of the Central Vigilance Commission. The Policy adopted must also be approved by the respective boards.

## Transport

*Prachee Mishra (prachee@prsindia.org)*

### Railways withdraws the levy of port congestion surcharge

Indian Railways has withdrawn the levy of the port congestion surcharge on April 15, 2016.<sup>23</sup> This has been done to attract imported freight traffic including containers, coal, iron ore, etc.

Owing to an increase in import traffic at ports, in November 2014 a congestion surcharge of 10% was imposed on base freight on all traffic originating from ports. The surcharge was imposed to compensate for the detention to the railway rolling stock at the ports, and the consequential loss of loading potential of revenue earning freight traffic.

However, citing a reduction in the import of thermal coal, iron ore, fertilizer and container traffic in the recent months, the Ministry has decided to withdraw the surcharge.<sup>23</sup> Withdrawal of this charge is expected to bring down logistics costs, and help increase Railways freight traffic.

## Home Affairs

*Anviti Chaturvedi (anviti@prsindia.org)*

### Enemy Property (Amendment) Second Ordinance, 2016 promulgated

The Enemy Property (Amendment and Validation) Second Ordinance, 2016 was promulgated on April 2, 2016.<sup>24</sup> It amends the Enemy Property Act, 1968. It also replaces the Enemy Property (Amendment and Validation) Ordinance, 2016, which was scheduled to lapse in April 2016.<sup>25</sup> The second Ordinance is similar to the first Ordinance.

The central government had designated some properties belonging to nationals of Pakistan and China as ‘enemy properties’ during the 1962, 1965 and 1971 conflicts. It vested these properties in the ‘Custodian of Enemy Property for India’, an office instituted under the central government. The 1968 Act regulates these enemy properties.

Key features of the Ordinance include:

- **Retrospective application:** The Ordinance is deemed to have come into force on January 7, 2016, the date of promulgation of the first Ordinance. However, several of its provisions will be deemed to have come into effect from the date of commencement of the 1968 Act.
- **Vesting of property:** The 1968 Act allowed for vesting of enemy properties with the Custodian, after the conflicts with Pakistan and China. The Ordinance amends the Act to clarify that even in the following cases these properties will continue to vest with the Custodian: (i) the enemy’s death, (ii) if the legal heir is an Indian, (iii) the enemy changes his nationality to that of another country, etc.
- The Ordinance further provides that vesting of enemy property with the Custodian will mean that all rights, titles and interests in the property will vest with the Custodian. No laws and customs governing succession will be applicable to these properties.
- **Transfers by enemies:** The 1968 Act permitted transfer of enemy property by an enemy except in some circumstances (for example, if the transfer was against public interest). The Ordinance removes this provision, and prohibits all transfers by

enemies. Also, it retrospectively renders all such transfers that have taken place as void.

Currently, a similar Bill is pending in Rajya Sabha, and is being examined by a Select Committee.<sup>26</sup> For more details on the Bill and Ordinance, please see the PRS Analysis [here](#), and the Ordinance Summary [here](#).

### **Sikh Gurdwaras (Amendment) Bill, 2016 passed by Parliament**

The Sikh Gurdwaras (Amendment) Bill, 2016 was passed by Parliament on April 25, 2016.<sup>27</sup> The Bill seeks to amend the Sikh Gurdwaras Act, 1925.

The Act regulates administration of Sikh Gurdwaras in Chandigarh, Haryana, Himachal Pradesh and Punjab. For this purpose, it established the Sikh Gurdwara Prabandhak Committee (SGPC) for overall administration and management, and set up committees for management of every Gurdwara.

With regard to elections to the SGPC and the management committees, the Act provided that no person who trims or shaves his beard or hair will be entitled to vote in these elections. However, it created an exception for Sehjdhari Sikhs who trim or shave their beard or hair, allowing them to vote. The Bill removes this exception, disentitling Sehjdhari Sikhs from voting if they carry out these activities.

Under the Act, Sehjdhari Sikhs are those persons who: (i) perform ceremonies according to Sikh rites, (ii) do not consume tobacco or *halal* meat, (iii) have not been expelled from the religion for committing a religious transgression, and (iv) can recite the *Mul Mantra* (a Sikh prayer).

The central government had issued a notification to disentitle Sehjdhari Sikhs from voting in these elections on October 8, 2003. However, the Punjab and Haryana High Court had struck it down in 2011 as a notification cannot overrule provisions of an Act.<sup>28</sup> The Bill amends the Act retrospectively from October 8, 2003 to give effect to the provisions of the notification.

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

### **Ministry constitutes a Committee to strengthen border protection**

The Ministry of Home Affairs constituted a Committee (Chairperson: Madhukar Gupta) to strengthen border protection along the India-Pakistan International Border on April 5, 2016.<sup>29</sup>

The mandate of the Committee will be to study the vulnerabilities and gaps in fencing along the International Border, and recommend how to address them. The Committee will submit its report within three months.

## **Social Justice and Empowerment**

*Prianka Rao (prianka@prsindia.org)*

### **Constitution (Scheduled Castes) Order (Amendment) Bill, 2016 passed by Parliament**

The Constitution (Scheduled Castes) Order (Amendment) Bill, 2016 was passed by Parliament on April 28, 2016.<sup>30</sup>

The Constitution empowers the President to specify the Scheduled Castes in various states and union territories. Further, it also permits this list of notified Scheduled Castes (SCs) to be modified by Parliament. Recently, some states proposed certain modifications to this list.

The Bill amends the Schedule to the Constitution (Scheduled Castes) Order, 1950 to modify the list of notified SCs in some states.

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

## **Science and Technology**

*Anviti Chaturvedi (anviti@prsindia.org)*

### **Regional Centre for Biotechnology Bill, 2016 passed by Lok Sabha**

The Regional Centre for Biotechnology Bill, 2016 was passed by Lok Sabha on April 25, 2016.<sup>31</sup> The Bill seeks to give legislative backing to the Regional Centre for Biotechnology Training and Education set up in Faridabad, Haryana, by the central government in 2009. It also seeks to give it the status of an institution of national importance.

The Regional Centre was set up in light of an agreement between India and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) in 2006. This agreement provided that a research institute related to biotechnology should be established in India, to serve the member countries.<sup>32</sup>

Key features of the Bill include:

- **Powers of the Regional Centre:** The powers of the Centre will include: (i) providing masters and doctoral degrees in biotechnology and related subjects (eg. medical, agricultural and engineering sciences), (ii) determining standards of admission, and (iii) determining fees. Its functioning will be reviewed every four years by government appointed persons.
- **Authorities of the Regional Centre:** The Centre will have authorities responsible for its administration and functioning including: (i) Board of Governors as the apex decision making body, (ii) Executive Committee to implement decisions of the Board, (iii) Programme Advisory Committee as the principal academic body, and (iv) Finance Committee as the body responsible for reviewing the institute's finances.
- **Fund:** The Regional Centre will maintain a Fund to meet its expenses. It will contain: (i) money provided by the central government, (ii) fees received by the Regional Centre, (iii) grants, gifts and donations received, etc.

A similar Bill was introduced in December 2011, which subsequently lapsed at the end of the 15<sup>th</sup> Lok Sabha.<sup>33</sup>

For more details on the 2016 Bill, please see the PRS Bill Summary [here](#).

## Industry

*Aravind Gayam (aravind@prsindia.org)*

### The Industries (Development and Regulation) Amendment Bill, 2015 passed by Parliament

The Industries (Development and Regulation) Amendment Bill, 2015 was passed by Parliament on April 28, 2016.<sup>34</sup> The Bill amends the Industries Act, 1951 which regulates industries such as telecommunication, transportation and alcohol, among others.<sup>35</sup>

The Act regulates the production of alcohol for industrial and potable (drinkable) purposes. The Bill amends the Act to exclude the production of alcohol for potable purposes from its ambit.

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

## Law and Justice

*Anviti Chaturvedi (anviti@prsindia.org)*

### Repealing and Amending (Third) Bill, 2015 passed by Rajya Sabha

The Repealing and Amending (Third) Bill, 2015 was passed by Rajya Sabha with amendments on April 27, 2016.<sup>36</sup> Earlier, it was passed by Lok Sabha on August 6, 2015.

The Bill seeks to repeal 295 laws and make minor amendments to two laws. During passage in Rajya Sabha, an amendment was approved to remove one law (i.e., the Pensions Act, 1871) from the list of 295 laws.<sup>37</sup> After amendment, the Bill seeks to repeal 294 laws.

The Bill will have to be returned to Lok Sabha so that amendments made by Rajya Sabha may be passed by Parliament.

## Rural Development

*Roopal Suhag (roopal@prsindia.org)*

### PAC report on Indira Awaas Yojana tabled in Parliament

The Public Accounts Committee (PAC) (Chair: Prof. K.V. Thomas) tabled its report on Indira Awaas Yojana (IAY) on April 26, 2016.<sup>38</sup> IAY is operated by the Ministry of Rural Development. The scheme is designed to enable Below Poverty Line households to build their houses with financial and technical assistance from the government.

Key observations and recommendations of the Committee include:

- **Beneficiaries under the scheme:** Assessment of the housing shortage has not been done in 14 states though the scheme has been operational for 30 years. Further, several ineligible beneficiaries are getting benefits under the scheme. The Committee recommended that an online complaint facility be opened to receive reports of deserving beneficiaries who are not getting benefits, undeserving beneficiaries, etc.
- **Construction of houses:** Construction of 12.28 lakh houses which were sanctioned prior to 2013-14 is yet to be completed. The Committee recommended that monitoring of the scheme should be strengthened to ensure

that construction of houses do not fall short of sanctioned strength. It also recommended that the 'AwaasApp' should be made mandatory in all states. The 'AwaasApp' tracks progress in construction, and is currently being used in 13 states.

- **Misuse of funds:** To check misuse of funds under the scheme, disciplinary action should be taken against the responsible officials. Also, efforts should be made toward recovery of misappropriated funds.
- **Monitoring and evaluation:** The Committee noted that in 22 states, meetings of the State Level Vigilance and Monitoring Committee were not held. Also, no social audit was conducted to monitor implementation of the scheme. PAC recommended that the central government must take steps to strengthen central monitoring of the scheme.

## External Affairs

Anviti Chaturvedi ([anviti@prsindia.org](mailto:anviti@prsindia.org))

### Prime Minister visits Belgium, United States and Saudi Arabia

Prime Minister Narendra Modi visited Belgium, United States and Saudi Arabia in March-April, 2016.<sup>39</sup> He attended the 13<sup>th</sup> India-European Union (EU) Summit in Belgium, where India signed joint declarations with EU regarding combating terrorism, water management, climate change and migration.<sup>40</sup> He also attended the 4<sup>th</sup> Nuclear Security Summit in the United States. During the visit to Saudi Arabia, India signed five key agreements regarding cooperation in various sectors like labour, money laundering and terror financing, investment promotion and technical standards.<sup>41</sup>

## Telecom

Roopal Suhag ([roopal@prsindia.org](mailto:roopal@prsindia.org))

### Modification in policy for liberalisation of administratively allocated spectrum

The Union Cabinet on April 6, 2016, approved modifications in the policy for spectrum

allocated by the government, where market determined prices are not available.<sup>42</sup> This step has been taken to facilitate optimal utilisation of spectrum by allowing trading and sharing of such airwaves. The most recent reserve price of spectrum, as recommended by TRAI, will be taken as the provisional price for release of such spectrum. The provisional price so charged will be adjusted against the auction determined price at the time of the auction. It has been estimated that Rs 1,300 crore will result from this modification in policy.

## Information and Broadcasting

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### Committee constituted for content regulation of government advertising

A three member Committee has been constituted by the Ministry of Information and Broadcasting to address issues related to content regulation in government advertising.<sup>43</sup> The Committee will be chaired by Mr. B.B. Tandon, former Chief Election Commissioner of India. The tenure of the members will initially be for a period of two years, which may be extended by one year.

The terms of reference of the Committee include:

- Addressing complaints from the general public highlighting violation in the implementation of the guidelines set by the Supreme Court,
- Taking cognizance of any violation of or deviation from the guidelines of the Supreme Court and recommending corrective action, and
- Recommending suitable changes to the Supreme Court guidelines to deal with new circumstances and situations that may arise.

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