

Monthly Policy Review

June 2017

Highlights of this Issue

[Supreme Court holds Aadhaar can be made mandatory for income tax assesseees \(p. 2\)](#)

The Finance Act, 2017 had made it mandatory for every person to link their PAN with Aadhaar number. While upholding this, the Supreme Court temporarily exempted those individuals who do not have an Aadhaar number.

[Cabinet gives in-principle approval for the disinvestment of Air India \(p. 4\)](#)

The process of disinvestment will address the treatment of Air India's unsustainable debt, the quantum of disinvestment and hiving off of certain assets to a shell company.

[Cabinet approves introduction of Bill to resolve bankruptcy in financial firms \(p. 2\)](#)

The Bill seeks to set up a Resolution Corporation to resolve bankruptcy in financial firms such as banks and insurance companies. The Resolution Corporation will protect deposits of consumers up to a certain limit.

[Monetary Policy Committee keeps the Policy repo rate unchanged at 6.25% \(p. 2\)](#)

The reverse repo rate, the marginal standing facility rate and the bank rate were also kept unchanged at 6%, 6.50% and 6.50%, respectively. One of the six MPC members recommended a 0.50% rate cut in the repo rate.

[Current Account Deficit increases to 0.6% of GDP in the fourth quarter of 2016-17 \(p. 2\)](#)

The CAD increased to USD 3.4 billion (0.6% of GDP), from USD 0.3 billion (0.1% of GDP) in the fourth quarter of 2015-16. This was on account of a higher trade deficit of USD 29.7 billion.

[Ministry of Railways creates the Rail Development Authority \(p. 4\)](#)

The Authority will: (i) frame guiding principles for tariff determination for freight and passenger segments, (ii) frame principles for social service obligations of Railways, and (iii) look at dispute resolution of future contracts.

[Draft model Policy for Public Private Partnerships for affordable housing released \(p. 7\)](#)

The draft Policy provides for: (i) allowing private land for affordable housing in exchange for more intensive utilization of such land, and high-end housing, and (ii) enforcing project risks allocation through contracts.

[Dynamic pricing of petrol and diesel made applicable across India \(p. 5\)](#)

Petrol and diesel prices are being changed on a daily basis across the country, from June 16, 2017 onward. These rates are expected to be in sync with the international fuel prices.

[Strategic Partnership Model released by Defence Ministry \(p. 5\)](#)

The Policy regulates: (i) the procedure for selecting domestic companies as strategic partners for manufacture of major defence equipment, (ii) their ownership and management, and (iii) their foreign partnerships.

[Committee constituted for preparation of the draft National Education Policy \(p. 8\)](#)

The Committee will be chaired by Dr. K. Kasturirangan and will comprise 10 members. The Committee will submit its report by December 31, 2017.

[Rights of Persons with Disabilities Rules, 2017 notified \(p. 4\)](#)

These Rules have been issued under the Rights of Persons with Disabilities Act, 2016. The Rules specify the method of inquiry into a complaint, utilisation of the National Fund for disabled persons, among others.

[The Child Labour \(Prohibition and Regulation\) Amendment Rules, 2017 notified \(p. 6\)](#)

The Rules specify the conditions under which a child or adolescent may be employed in certain industries after school hours, or as an artist in the entertainment industry.

July 3, 2017

Macroeconomic Development

Roopal Suhag (*roopal@prsindia.org*)

Policy repo rate kept unchanged at 6.25%

The Monetary Policy Committee (MPC) released the second Bi-Monthly Monetary Policy Statement of 2017-18.¹ The policy repo rate (at which RBI lends money to commercial banks) was kept unchanged at 6.25%. The reverse repo rate (at which RBI borrows money from commercial banks) also remained unchanged at 6%. The marginal standing facility rate (under which banks can borrow additional money) and bank rate (at which RBI buys or rediscounts bills of exchange) were also kept unchanged at 6.50%.

This was the first MPC meeting where the decision was not unanimous.² One out of the six members on the Committee (Mr. Ravindra Dholakia), voted in the favour of a rate cut in the repo rate by 50 basis point.² The remaining five members voted in favour of keeping the repo rate unchanged.

Current Account Deficit at 0.6% of GDP in fourth quarter of 2016-17

India's Current Account Deficit (CAD) in the fourth quarter (January to March) of 2016-17 increased to USD 3.4 billion (0.6% of GDP), from USD 0.3 billion (0.1% of GDP) in the fourth quarter of 2015-16.³ CAD in the previous quarter, i.e. the third quarter (October to December) of 2016-17 was USD 8 billion (1.4% of GDP).

The widening of the CAD on a year-on-year basis was on account of a higher trade deficit (greater imports when compared to exports) of USD 29.7 billion. Net service receipts (profits from sales after all costs and taxes have been paid) increased on a year-on-year basis due to the increase in earnings from travel, transport, construction, and other business services. Foreign exchange reserves decreased by USD 7.3 billion, compared with a decrease of USD 3.3 billion in the corresponding quarter of 2015-16.

Table 1: Balance of Payments in Q4 of 2016-17 (in USD billion)

| | Q4 2015-16 | Q3 2016-17 | Q4 2016-17 |
|--------------------------|---------------|---------------|---------------|
| Current Account | -0.3 | -7.9 | -3.4 |
| Capital Account | -3.1 | 8.6 | -4.2 |
| Errors and Omissions | 0.2 | 0.5 | 0.4 |
| Net increase in reserves | -3.3 | 1.2 | -7.3 |

Sources: Reserve Bank of India; PRS.

Finance

Supreme Court holds that Aadhaar can be made mandatory for income tax assesseees; government notifies rules

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The Supreme Court upheld the constitutional validity of the legal provision that makes Aadhaar mandatory for income tax assesseees.⁴ However, it provided temporarily relief to persons who are not enrolled under Aadhaar.

The provision (Section 139AA) was included in the Income Tax Act, 1961 in February 2017. It made Aadhaar mandatory for: (i) filing of income tax returns, and (ii) applying for a Permanent Account Number (PAN), from July 1, 2017. It also provided that if a person failed to link their PAN with Aadhaar, their PAN will be invalidated.

Note that there is another challenge against Aadhaar pending before the Supreme Court related to violation of privacy (Article 21). In light of this, the court stated that if a person has not enrolled for Aadhaar, their PAN cannot be invalidated till the pending matter is decided by the court.

Following the Supreme Court judgement, the central government has notified rules to give effect to Section 139AA.⁵ The rules specify the manner and method for linking one's PAN with their Aadhaar number.

Cabinet approves introduction of Bill to resolve bankruptcy in financial firms

Vatsal Khullar (*vatsal@prsindia.org*)

The Union Cabinet approved the introduction of the Financial Resolution and Deposit Insurance Bill, 2017 in Parliament.⁶ The Bill seeks to create a framework for resolving bankruptcy in financial firms such as banks and insurance companies. The Bill proposes to establish a Resolution Corporation, which will ensure stability in the financial system and protect public funds. It will also subsume powers of the Deposit Insurance and Credit Guarantee Corporation and protect bank deposits up to a certain limit.

The Bill proposes to amend resolution-related provisions of certain laws, and repeal the Deposit Insurance and Credit Guarantee Corporation Act, 1961, among others.

Earlier, a Committee had been set up to draft a Code on Resolution of Financial Firms. It

submitted its report and a draft Bill in September 2016.⁷

For more details on the Committee report and the draft Bill, please see the PRS Monthly Policy Review for September 2016, [here](#).

Rules making it mandatory to link Aadhaar to bank accounts notified

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The Ministry of Finance notified the Prevention of Money-laundering (Maintenance of Records) Second Amendment Rules, 2017.⁸ These Rules require individuals and firms to provide their Aadhaar number to banks, in addition to any other required documents:

- **Individuals** will be required to provide banks with their Aadhaar number, in addition to their Permanent Account Number (PAN).
- **Organisations** such as companies, partnerships and trusts would be required to provide Aadhaar details of people authorised to transact on their behalf.

If a person does not have an Aadhaar, he will be required to apply for Aadhaar, and quote his Aadhaar enrolment number. In case an individual is not eligible to obtain Aadhaar, he will have to submit his PAN details or any other specified documents.

The Rules require existing bank account holders who are eligible to obtain an Aadhaar, to submit details by December 31, 2017. Failure to provide this information will result in the account becoming in-operational till the required details are submitted.

Task Force on Innovation submits report

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The Task Force on Innovation, constituted under the Department of Industrial Policy and Promotion, submitted its report.⁹ The Task Force was constituted in September 2016.

The report makes recommendations to improve India's score on the 82 indicators of the Global Innovation Index, which have been clubbed under seven heads: (i) institutions, (ii) human capital and research, (iii) infrastructure, (iv) market sophistication, (v) business sophistication, (vi) knowledge and technology outputs, and (vii) creative outputs. Key recommendations of the report include:

- Simplify process related to the registration of a company. Further, integrate PAN and

TAN registration, and reduce associated time and costs.

- Adoption of programmes which encourage small businesses to undertake research and development. Further, Corporate Social Responsibility (CSR) funds should be channelled into research.
- Awareness must be created among small businesses to file trademarks. In addition, schemes related to intellectual property rights must be strengthened.
- Latest technologies should be adopted to reduce losses incurred during distribution of electricity. The reach of the electricity network in India should be increased.
- Regulations should be enforced after stakeholder consultation. Efforts should be made to bring predictability and consistency in policies.

For more details on the constitution of the Task Force, please see the PRS Monthly Policy Review for September 2016, [here](#).

Order issued to prefer Make in India in government procurements

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The Department of Industrial Policy and Promotion issued the Public Procurement (Preference to Make in India) Order, 2017.¹⁰ It requires the government to give preference to procurement from local suppliers, subject to certain conditions. Earlier in May 2017, the Union Cabinet had approved this policy. Key features of the Order include:

- Only local suppliers will be eligible for procurements under Rs 50 lakh. Small purchases under Rs five lakh will be exempt from this Order.
- For procurements over Rs 50 lakh, where the lowest bid is from a non-local supplier, the supplier would get 50% of the order. The lowest local bidder would be given an opportunity to match the bid for the remaining 50%. In case the order is not divisible, the local bidder would be given an opportunity to match the lowest bid.

For more details on the policy approved by the Cabinet, please see the PRS Monthly Policy Review for May 2017, [here](#).

Transport

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Ministry of Railways creates the Rail Development Authority

The Ministry of Railways set up the Rail Development Authority (RDA), with the approval of the Union Cabinet, through a notification.¹¹ Key features include:

- **Objectives:** The RDA will help achieve the objectives of: (i) pricing of services, (ii) suggesting measures for increasing of non-fare revenue, (iii) encouraging participation of stakeholders in the rail sector, and ensuring a fair deal to them, (iv) protecting consumer interests, and (v) benchmarking of service standards against international norms.
- **Composition:** The RDA will comprise a Chairman and three other members. These three members will be responsible for tariff determination, stakeholder investments, and setting efficiency and performance standards, respectively. The Chairman and members will be appointed by the central government. They will have a term of five years.
- **Functions:** Functions of the RDA will include: (i) framing guiding principles for tariff determination for both freight and passenger segments, (ii) framing principles for determining classification and re-classification of commodities, (iii) framing principles for subsidies and social service obligations in form of budgetary support or other methods, (iv) suggesting policies to the Ministry of Railways with regard to infrastructure creation, (v) dispute resolution with regard to future Railway contracts, and (vi) defining standards of performance and efficiency.
- **Funding:** The Ministry of Railways will provide an initial corpus of Rs 50 crore from its budget to set up the RDA. RDA can raise funds through adjudication fees in the form of application fees, arbitration fee, and penalties. Subsequently, an annual grant will be earmarked for the RDA in the budget of the Ministry.

Cabinet gives in-principle approval to disinvestment of Air India

The Cabinet Committee on Economic Affairs gave in-principle approval for considering the strategic disinvestment of Air India and five of its subsidiaries.¹² An Air India-specific

alternative mechanism will be constituted to guide the process of disinvestment. It will be headed by the Minister of Finance, and include the Minister of Civil Aviation. This group will decide on the following:

- Treatment of unsustainable debt of Air India;
- Hiving off of certain assets to a shell company;
- Demerger and strategic disinvestment of the three profit-making subsidiaries;
- The quantum of disinvestment; and
- The universe of bidders.

Health

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Rights of Persons with Disabilities Rules, 2017 notified

The Ministry of Social Justice and Empowerment notified the Rights of Persons with Disabilities Rules, 2017.¹³ These Rules have been issued under the Rights of Persons with Disabilities Act, 2016. The Act confers several rights and entitlements to persons with disabilities. Key features of the Rules include:

- **Time bound redressal of complaints:** The Act permits the central and state governments to appoint Commissioners at their respective levels to inquire into the deprivation of rights of persons with disabilities and the safeguards available to them. If an aggrieved person submits a complaint to the Chief Commissioner or State Commissioner, the complaint will be disposed of within a period of 60 days. In exceptional cases, it may be disposed of within a period of 30 days.
- **Rules for accessibility:** The rules specify the standards for accessibility relating to physical environment, transport, and information and communication technology. For example, documents to be placed on websites shall be in Electronic Publication or Optical Character Reader based pdf format. Further, the central government shall review the notified accessibility standards from time to time based on the latest scientific knowledge and technology.
- **Management of the National Fund for Persons with Disabilities:** The Fund will be utilised for the implementation of the

provisions of the Act. Every proposal of expenditure through the Fund will be placed before the governing body for its approval. The governing body will include the following members: (i) Secretary, Department of Empowerment of Persons with Disabilities (Chair), (ii) Chairperson, Board of National Trust for the Welfare of Persons with Autism, Cerebral Palsy, Mental Retardation and Multiple Disabilities, and (iii) two persons representing different disabilities to be nominated by the central government, through rotation.

Sustainable Action for Transforming Human capital program launched

NITI Aayog has launched the Sustainable Action for Transforming Human capital (SATH) program.¹⁴ The program aims to provide technical support to states from the NITI Aayog. The focus areas of this program will be the education and health sectors.

NITI Aayog will be involved with the state governments in designing interventions along with monitoring and tracking mechanisms, and providing support on a range of institutional measures. Three model states will be chosen under this program. It will be implemented by NITI Aayog along with McKinsey & Company and IPE Global consortium.

Defence

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Strategic Partnership Model released

Ministry of Defence released the policy on strategic partnerships in the defence sector.¹⁵ This policy enables development of indigenous capabilities within the private sector to develop complex weapon systems for the armed forces. This policy will be a part of the Defence Procurement Procedure, 2016, that was released in March 2016.

- **Context:** Currently, manufacture of major defence equipment, such as aircraft and submarines, is being carried out by government organisations (e.g., defence public sector undertakings). The strategic partnership model seeks to facilitate private sector participation in manufacture of major defence systems to improve competition, reduce imports, encourage innovation, and facilitate transfer of technology from foreign companies.

- **Building expertise:** The government will select one strategic partner for manufacture of each of the following defence equipment: fighter aircrafts, helicopters, submarines and main battle tanks. This is to ensure that each strategic partner maintains a core area of expertise. Addition of other defence equipments for strategic partnerships will be considered by the government in the future.
- **Ownership and management:** An organisation must be an Indian company (as defined under the Companies Act, 2013), owned and controlled by resident Indian citizens, to be eligible for strategic partnerships. Indian citizens must have majority representation on the company's Board of Directors, and the chief executives of the company must be resident Indians. Maximum FDI permitted in such a company will be 49%.
- **Foreign partnerships:** Selected strategic partners will be required to tie up with foreign defence equipment manufacturers. This will allow domestic companies to benefit from transfer of technology and skills. Such tie-ups may take the form of joint ventures, equity partnerships, and royalty arrangements.

Petroleum and Natural Gas

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Dynamic pricing of petrol and diesel made applicable across India

From June 16, 2017, petrol and diesel prices are being changed on a daily basis across the country.¹⁶ Earlier these prices were changed every fortnight. Prior to implementing the daily revision of prices across the country, the oil marketing companies ran a 40-day pilot in five cities. These cities were Chandigarh, Jamshedpur, Puducherry, Udaipur, and Visakhapatnam. These rates are expected to be in sync with the international fuel prices.

IPO of Indian Renewable Energy Development Agency Limited approved

The Cabinet Committee on Economic Affairs approved the Initial Public Offer (IPO) of the Indian Renewable Energy Development Agency Limited (IREDA).¹⁷ IREDA is a public financial institution registered with the RBI. It provides financial support to specific projects and schemes for generating electricity through new and renewable energy sources.

The public issue of equity seeks to increase IREDA's equity base, which will help it fund more renewable energy projects. Through the IPO, Rs 13.9 crore fresh equity shares of Rs.10 each will be issued.

Labour and Employment

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Ministry notifies amendments to Child Labour (Prohibition and Regulation) Rules, 1988

The Ministry of Labour and Employment has notified amendments to the Child Labour (Prohibition and Regulation) Rules, 1988.¹⁸ The rules have been framed under the parent Act, the Child and Adolescent Labour (Prohibition and Regulation) Act, 1986. In 2016, the 1986 Act was amended, and the rules have been modified to reflect those amendments.¹⁹ Key changes to the 1988 rules include:

- **Inclusion of adolescents:** The 1986 Act was amended to expand its coverage to adolescents, in addition to children. An adolescent is a person between 14 and 18 years of age. The rules have been amended to also cover adolescents.
- **Conditions under which a child may help family without affecting education:** The 1986 Act and rules permit a child to assist his family, after school hours. The rules further specify that the child may not work: (i) in any specified hazardous occupation or process; (ii) at any stage of the manufacturing, production, supply or retail process; (iii) during school hours and between 7 p.m. and 8 a.m.; and (iv) for more than three hours in a day (excluding the period of rest).
- **Employment of a child as an artist:** The 1986 Act permits a child to work as an artist in the audio-visual entertainment industry, without his education getting affected. The rules further specify that: (i) such work cannot exceed five hours in a day, and shall not go on for more than three hours without rest; (ii) the producer must obtain the permission of the District Magistrate of the area, and submit parental consent and details of all child artists that have been employed; (iii) at least 20 per cent of the income earned by the child is to be directly deposited in a fixed deposit account in a nationalised bank in the name

of the child, and credited to the child on attaining majority.

Urban Development

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Ministry of Urban Development releases list of 30 new Smart Cities

The Ministry of Urban Development announced 30 more cities under the Smart Cities Mission.²⁰ Before this, 60 cities had been selected under the Smart Cities Mission in 2016.^{21,22,23} This brings the total number of cities under the Smart Cities Mission to 90. These are listed in Table 2 below.

Table 2: List of cities under the Smart Cities Mission

| State | Cities |
|-----------------------------|--|
| Andaman and Nicobar Islands | Port Blair |
| Andhra Pradesh | Kakinada, Tirupati, Visakhapatnam, Amaravati |
| Arunachal Pradesh | Pasighat |
| Assam | Guwahati |
| Bihar | Bhagalpur, Patna, Muzaffarpur |
| Chandigarh | Chandigarh |
| Chhattisgarh | Raipur, Naya Raipur, Bilaspur |
| Delhi | New Delhi Municipal Council |
| Goa | Panaji |
| Gujarat | Ahmedabad, Surat, Vadodara, Rajkot, Gandhinagar, Dahod |
| Haryana | Faridabad, Karnal |
| Himachal Pradesh | Dharamshala, Shimla |
| Jammu & Kashmir | Srinagar, Jammu |
| Jharkhand | Ranchi |
| Karnataka | Belagavi, Davanagere, Hubballi-Dharwad, Mangaluru, Shivamogga, Tumakuru, Bengaluru |
| Kerala | Kochi, Trivandrum |
| Madhya Pradesh | Bhopal, Indore, Jabalpur, Gwalior, Sagar, Satna |
| Maharashtra | Aurangabad, Solapur, Kalyan-Dombivli, Nagpur, Nashik, Pune, Solapur, Thane, Pimpri Chinchwad |
| Manipur | Imphal |
| Meghalaya | NA |
| Mizoram | Aizawl |
| Nagaland | Kohima |
| Odisha | Rourkela, Bhubaneswar |
| Punjab | Amritsar, Jalandhar, Ludhiana |
| Rajasthan | Ajmer, Jaipur, Kota, Udaipur |
| Sikkim | Namchi, Gangtok |
| Tamil Nadu | Chennai, Coimbatore, Madurai, Salem, Thanjavur, Vellore, |

| | |
|---------------|---|
| | Tiruppur, Tirunelveli, Thootukkudi, Tiruchirapalli |
| Telangana | Warangal, Karimnagar |
| Tripura | Agartala |
| Uttar Pradesh | Agra, Kanpur, Lucknow, Varanasi, Jhansi, Allahabad, Aligarh |
| Uttarakhand | Dehradun |
| West Bengal | New Town Kolkata |

Sources: Smart Cities Mission, Ministry of Urban Development; PRS.

These 30 cities have proposed a total investment of Rs 57,393 crore under their smart city plans. The total investment proposed under the Mission now stands at Rs 1.91 lakh crore.

The Ministry of Urban Development had launched the Smart Cities Mission in June 2015.²⁴ The Mission targets to cover 100 cities and its duration is five years (2015-20).

Ministry of Urban Development releases the City Liveability Index

The Ministry of Urban Development launched the City Liveability Index.²⁵ The index will be used to measure 116 cities, which include smart cities, state capitals, and cities with a population of above one million. The index will be a common minimum reference framework that will help cities know where they stand in terms of quality of life. It would also help cities to understand the interventions required to improve these standards.

The cities will be assessed on a set of 79 parameters which would capture the extent and quality of infrastructure. These include availability of roads, mobility, education and health care, employment opportunities, emergency responses, mechanisms for grievance redressal, level of pollution, and availability of open spaces.

Ministry of Housing releases draft model Policy for Public Private Partnerships for affordable housing

The Ministry of Housing and Urban Poverty Alleviation released the draft model Policy for Public Private Partnerships (PPP) for affordable housing projects.²⁶ The draft Policy seeks to combine the strengths of the private sector and the public sector to overcome challenges faced in providing affordable housing. These challenges include problems of access to land and the high cost of land, inefficiencies in construction and operations, and lack of access to low cost financing. Key features of the draft Policy include:

- **Strategy:** The challenge of affordable housing can be solved primarily by enhancing access to land and financing. This can be achieved by: (i) allowing private land for affordable housing in exchange for more intensive utilization of such land, and high-end housing, (ii) unlocking unutilised government land, (iii) redevelopment of underutilised urban land, and (iv) reforming policies regarding the change of land use of agricultural land.
- **Risk allocation:** Risk management in affordable housing projects would include: (i) identifying the risks of cost and time overruns, (ii) reducing the risk by careful project design, planning and budgeting, and (iii) allocating these risks to a construction contractor through a well-designed contract. The risk allocation arrangements must be enforced through contracts that also define the consequences of non-compliance.
- **Implementation models:** The draft Policy suggests various PPP models for affordable housing. These include:
 - i. Subsidised housing on government land in which the public authority will provide land to the selected private developer. The private developer will be responsible for designing, building and financing the project. The public authority will compensate the private developer after the satisfactory and timely completion of the project. Under this model, the responsibility and risk for cost recovery will rest on the public authority.
 - ii. Mixed development cross-subsidised housing in which the developer will be allowed to build and sell high-end housing on a portion of the allotted land. The private developer can also utilize the entire land made available by government for high-end housing in exchange for providing affordable housing at another location (arranged by the developer).

Education

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Committee constituted for preparation of the draft National Education Policy

The Ministry of Human Resource Development (MHRD) has constituted a Committee for preparation of the draft National Education Policy (NEP).²⁷ This policy aims to replace the current National Education Policy which was formulated in 1986 and later modified in 1992.

The Committee will be chaired by Dr. K. Kasturirangan and will consist of 10 members. The Committee is required to submit its report by December 31, 2017.

In July, 2016, the MHRD released ‘some inputs towards the draft National Education Policy’.²⁸ Earlier, the Committee for Evolution of the NEP (Chair: Mr. T. S. R Subramanian) was set up which submitted its report in May 2016.

A PRS summary of the report is available [here](#).

UGC guidelines for autonomous colleges, 2017 released

The University Grants Commission (UGC) has released the Guidelines for Autonomous Colleges, 2017.²⁹ The document highlights the need for the autonomy of colleges in comparison to the affiliating system of colleges (colleges being affiliated to a parent university). The Guidelines state that the affiliating system of colleges was originally designed when their number in a university was small. The university could then effectively oversee the working of the colleges. However, the Guidelines note that this system has now become unwieldy and it is becoming increasingly difficult for a university to attend to the varied needs of individual colleges. In view of this, the key features of the Guidelines are as follows:

- **Eligibility of colleges to apply for autonomy:** Colleges must fulfil certain conditions in order to be declared autonomous. These conditions include: (i) the colleges can apply for autonomy after they have completed minimum 10 years of existence; (ii) the colleges must have valid National Assessment and Accreditation Council accreditation with a minimum of ‘A’ Grade; and (iii) the number of contractual faculty should not be more than 10% of the total number of faculty positions in the college.

- **Privileges of autonomous colleges:** Colleges once granted the autonomous status will have certain privileges. These include: (i) constituting their own Governing Body, Academic Council and Board of Studies (to formulate new courses); (ii) fixing fees of the courses at their own level; and (iii) have complete administrative autonomy including appointing their own administrative staff and teaching faculty (including Principal).
- **Conferment of degrees by autonomous colleges:** The University will confer the degrees to the students of the autonomous colleges. However, the degree certificates will have the name of the autonomous college also on the certificates.

Agriculture

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IMD releases forecast update on Southwest Monsoon

The Indian Meteorological Department released its second long range forecast update on the Southwest monsoon (June-September) rainfall.³⁰ Highlights of the forecast are:

- **Seasonal:** The monsoon rainfall is estimated to be normal in the country at 98% of the long period average (with a margin of error of +/- 4%). Long period average (LPA) is the average rainfall for the period from 1951 to 2000 in a region.
- **Monthly:** Rainfall is estimated at 96% of the LPA in July and 99% of the LPA in August, with a margin of error of +/- 9%.
- **Region-wise:** Rainfall in different regions is estimated as following: (i) North-West India at 96% of its LPA, (ii) Central India at 100% of its LPA, (iii) Southern Peninsula at 99% of its LPA, and (iv) North-East India at 96% of its LPA. These estimates have a margin of error of +/-8%.

Cabinet approves Interest Subvention Scheme 2017-18 for farmers

The Union Cabinet approved the Interest Subvention Scheme for the year 2017-18.³¹ The scheme has been running since 2006-07 and provides for subsidy on interest payable on a loan. Rs 20,339 crore has been allocated to the scheme. Key features include:

- **Lending institutions:** The scheme will be implemented through public and private sector banks, cooperative and regional rural banks and the National Bank for Agriculture and Rural Development.
- **Short term crop loans:** Interest subvention of 5% will be provided to farmers on short term crop loans payable within a year. These loans can be upto Rs three lakh, and should be taken in 2017-18. However, farmers who do not repay the loan on time will be eligible for 2% interest subvention as opposed to 5%.
- **Loans for post-harvest storage:** Small and marginal farmers, holding Kisan Credit Cards, can avail loans for post-harvest storage of their produce. These loans will be available at an interest subvention of 2% for up to six months. Farmers will need to effectively pay 7% instead of an existing interest rate of 9%.
- Further, farmers affected by natural calamities will be eligible for an interest subvention of 2% for the first year.

Minimum Support Prices for Kharif crops of 2017-18 released

The Ministry of Agriculture has released the Minimum Support Prices (MSP) of Kharif crops for 2017-18. The MSP for paddy has increased by 5.4% over the MSP for 2016-17. Arhar (Tur), Urad, Moong, Groundnut-in-shell and Soyabean have been given a bonus of Rs 200/quintal in addition to their respective MSP. Similarly, Sunflower seed, Sesamum and Nigerseed have been given a bonus of Rs 100/quintal. Table 3 shows the change in MSPs for Kharif crops as compared to the MSPs 2016-17.

Table 3: Minimum support prices of Kharif crops (in Rs/quintal)

| Crop | 2016-17 | 2017-18 | % change |
|--------------------|---------------------|--------------------|----------|
| Paddy Common | 1,470 | 1,550 | 5.4% |
| Jowar Hybrid | 1,625 | 1,700 | 4.6% |
| Bajra | 1,330 | 1,425 | 7.1% |
| Maize | 1,365 | 1,425 | 4.3% |
| Ragi | 1,725 | 1,900 | 10.1% |
| Arhar (Tur) | 5,050 ^{^^} | 5,450 [^] | 7.9% |
| Moong | 5,225 ^{^^} | 5,575 [^] | 6.7% |
| Urad | 5,000 ^{^^} | 5,400 [^] | 8.0% |
| Groundnut in shell | 4,220 [*] | 4,450 [^] | 5.5% |
| Soyabean | 2,775 [*] | 3,050 [^] | 9.9% |
| Sunflower seed | 3,950 [*] | 4,100 [*] | 3.8% |

| | | | |
|----------------------|--------------------|--------------------|------|
| Sesamum | 5,000 [^] | 5,300 [*] | 6.0% |
| Nigerseed | 3,825 [*] | 4,050 [*] | 5.9% |
| Cotton Medium Staple | 3,860 | 4,020 | 4.1% |
| Cotton Long Staple | 4,160 | 4,320 | 3.8% |

Note: * includes Rs 100/quintal bonus, ^ includes Rs 200/quintal bonus and ^^ includes Rs 425/quintal bonus. Sources: Directorate of Economics and Statistics, Ministry of Agriculture and Farmers Welfare; PRS.

Law and Justice

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Scheme to provide legal aid through video conferencing launched

The central government has launched a scheme called “Tele-law”, which seeks to provide legal aid services to those in rural areas, through video conferencing.³²

As per the scheme, the internet portal called “Tele-law” will be available across a network of Common Service Centres (CSC), at the panchayat level. Persons may seek legal advice from lawyers and other legal service providers through video conferencing which will be available at these CSCs.

The National Legal Services Authority is to provide a panel of lawyers from state capitals, to provide legal advice and counselling to the applicants, across the CSCs. Additionally, law school clinics, District Legal Service Authorities, and NGOs can also be connected through the CSCs.

Every CSC will engage a para legal volunteer, who will be the first point of contact for persons seeking legal aid. Such para legal volunteers will be made available at the CSCs for 10 days in a month.

The scheme also proposes to include a monitoring and evaluation system to assess the quality of legal advice provided.

In the first phase, the scheme will be rolled out as a pilot across 1000 CSCs in Uttar Pradesh and Bihar.

Telecom

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TRAI releases a consultation paper on data speeds in wireless broadband plans

The Telecom Regulatory Authority of India (TRAI) released a consultation paper on data

speeds in wireless broadband plans.³³ TRAI highlighted that there has been an increase in dissatisfaction among consumers in relation to wireless broadband speeds offered by Telecom Service Providers. In addition, consumers are not clear about details of the broadband plans, such as: (i) speed of the connection, (ii) amount of data downloadable, etc. Further, certain misleading advertisements are complicating the problem.

In light of these issues, TRAI seeks consultation on the following heads:

- Transparency in details of broadband speeds offered to consumers,
- Standards to measure broadband speed,
- Disclosure of broadband speeds of various Telecom Service Providers,
- Products and technologies that can be used to measure actual end-user experience on mobile broadband networks, and
- Increasing awareness among consumers about broadband speeds and availability of various technological tools to monitor them.

Comments have been invited on the paper until July 13, 2017.

External Affairs

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Prime Minister visits six countries

Prime Minister Mr. Narendra Modi visited Russia, France, Kazakhstan, Portugal, the United States and the Netherlands. India signed agreements with some of these countries during the visits. These are mentioned below:

Russia: India and Russia signed five agreements related to setting up of nuclear power plants in Kudankulam (Tamil Nadu), high speed rail network (in the Nagpur-Secunderabad section), digital resources, export of jewellery and cultural cooperation.³⁴

Portugal: India and Portugal signed 11 agreements related to several sectors including commerce and industry, avoidance of double taxation, public administration, higher education, and science and technology.³⁵ Both countries also agreed to set up a joint fund of four million euros for science and technology.³⁶

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