

Monthly Policy Review

September 2017

Highlights of this Issue

[Current Account Deficit at 2.4% of GDP in Q1 of 2017-18 \(p. 2\)](#)

Current account deficit (CAD) in the first quarter (April- June) of 2017-18 increased to USD 14.3 billion (2.4% of GDP) from USD 0.4 billion (0.1 % of GDP) in the first quarter of 2016 -17.

[Amendments to the Payment of Gratuity Act, 1972 approved \(p. 2\)](#)

The amendments propose to increase the cap on payment of gratuity on retirement from Rs 10 lakh to Rs 20 lakh. This will bring persons covered under the Act at par with central government employees.

[Ordinance promulgated to increase cap on GST cess levied on cars \(p. 2\)](#)

The Ordinance increases the GST Compensation cess levied on cars from 15% to 25%. The GST Council had recommended this increase on grounds that the tax incidence on cars had reduced after the introduction of GST.

[Cabinet approved scheme for Modernisation of Police Forces \(p. 3\)](#)

The scheme aims to improve the capability and efficiency of central and state police forces by modernising them. Financial outlay of Rs 25,060 crore has been approved under the scheme for 2017-18 to 2019-20.

[High Level Forum on 5G wireless technology constituted \(p. 3\)](#)

A High Level 5G India 2020 Forum has been constituted to evaluate and approve roadmaps and action plans for deployment of 5G wireless technology in the country.

[National Nutrition Strategy, 2017 released by NITI Aayog \(p. 3\)](#)

NITI Aayog has released the National Nutrition Strategy, 2017. The Strategy aims to reduce all forms of undernutrition by 2030, with a focus on the most vulnerable and critical age groups.

[Pradhan Mantri Sahaj Bijli Har Ghar Yojana \(Saubhagya\) launched \(p. 5\)](#)

The scheme aims to achieve universal household electrification (in both rural and urban areas). Under the scheme, electricity connections will be provided to all households by December 2018.

[New PPP policy to encourage private investment in affordable housing released \(p. 5\)](#)

The policy aims to incentivise private investment in affordable housing. It proposes eight implementation models for affordable housing using PPP, six of those using government land, and two using private land.

[Amendments to the Regional Connectivity Scheme released \(p. 6\)](#)

The revised scheme specifies eligibility criteria for bidding, priority areas for operations, minimum performance specifications, and quarterly revision of airfare caps and caps on Viability Gap Funding.

[Director General of Civil Aviation released rules for handling of unruly passengers \(p. 6\)](#)

The rules provide: (i) the definition of unruly behaviour, (ii) the different categories of unruly behaviour and the corresponding flying ban to be imposed, and (iii) the manner of creating a no-fly list.

[Draft Policy on Sediment Management released \(p. 7\)](#)

The draft Policy looks at the effect of sand mining and construction of dams and barrages on river sedimentation. It recommends principles that should be adopted for sediment management in a scientific manner.

[Draft Offshore Areas Mineral Amendment Bill, 2017 released \(p. 8\)](#)

The draft Bill creates a new category of mining license, i.e., the exploration licence-cum-production lease. It also seeks to establish an Offshore Area Mining Fund.

October 3, 2017

Macroeconomic Development

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Current Account Deficit at 2.4% of GDP in Q1 of 2017-18

India's current account deficit (CAD) in the first quarter (April- June) of 2017-18 increased to USD 14.3 billion (2.4% of GDP) from USD 0.4 billion (0.1 % of GDP) in the first quarter of 2016 -17.¹ CAD in the previous quarter, i.e., fourth quarter (January- March) of 2016-17 was USD 3.4 billion (0.6% of GDP).

The year-on-year increase of the CAD was largely on account of a higher trade deficit (difference between the country's imports and exports) of USD 41.2 billion compared to USD 23.8 billion. The capital account was USD 25.4 billion (USD 7.2 billion) on higher foreign direct investments and net portfolio flow. Foreign exchange reserves increased to USD 11.4 billion, compared with an increase of USD 7.0 billion in the first quarter of 2016-17 and USD 7.3 billion in the fourth quarter of 2016-17. Table 1 shows the balance of payments in the first quarter of 2017-18.

Table 1: Balance of Payments in Q1 of 2017-18 (USD billion)

	Q1 2016-17	Q4 2016-17	Q1 2017-18
Current Account	-0.4	-3.4	-14.3
Capital Account	7.2	10.4	25.4
Errors and Omissions	0.2	0.4	0.4
Change in reserves	7.0	7.3	11.4

Sources: Reserve Bank of India; PRS.

Finance

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Ordinance promulgated to increase the cap on GST cess levied on cars

The Goods and Services Tax (Compensation to States) Ordinance, 2017 was promulgated on September 2, 2017.² It amends the Goods and Services Tax (Compensation to States) Act, 2017. The Act allows the central government to levy a GST Compensation cess on items such as pan masala, coal, aerated drinks, and tobacco, subject to certain caps. Amount received by levying the cess is used to compensate states for any loss in revenue collection due to the implementation of GST.

The Ordinance amends the Act to increase the cap on the cess levied on cars from 15% to 25%. The GST Council had recommended this

increase in cap on the grounds that following the introduction of GST, the total incidence of tax on cars had come down.³

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

Prime Minister constitutes economic advisory council

The Prime Minister constituted an Economic Advisory Council to the PM.⁴ The Council will be chaired by Dr. Bibek Debroy (Member, NITI Aayog). Members of the Council will be Dr. Surjit Bhalla, Dr. Rathin Roy, Dr. Ashima Goyal, and Mr. Ratan Watal.

The terms of reference of the Council are: (i) analyse issues referred to it by the PM and advise him on them, (ii) advise the PM on macroeconomic issues, and (iii) attend to any task as desired by the PM.

NITI Aayog constitutes a Task Force on Employment and Exports

The NITI Aayog constituted a Task Force on Employment and Exports.⁵ Currently, a majority of workers in India are employed in low-productivity and low-wage jobs. There is a need for a sustained expansion of the organised sector to address unemployment in the country.⁴

The Task Force will be chaired by Dr. Rajiv Kumar (Vice Chairman, NITI Aayog). Members of the Task Force will include representatives from the central government and private institutions.

Terms of reference of the Task Force include: (i) proposing a plan to generate employment by boosting exports, (ii) recommending sector-specific interventions, (iii) identifying macro-economic factors constraining exports, and (iv) suggesting ways to improve the availability of trade related data.

The Task Force will submit its report by November 2017.

Labour

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Cabinet approves amendments to the Payment of Gratuity Act, 1972

The Union Cabinet approved amendments to the Payment of Gratuity Act, 1972.⁶ The Act regulates the payment of gratuity to workers after retirement. It applies to establishments employing more than 10 people.⁶

Currently, the Act specifies a cap of Rs 10 lakh on the amount of gratuity that may be paid to a worker. This cap is proposed to be increased to Rs 20 lakh. This will be applicable to employees working in the private sector and public sector undertakings. The Seventh Central Pay Commission raised the cap on gratuity payable to central government employees to Rs 20 lakh.

Home Affairs

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Cabinet approves scheme for Modernisation of Police Forces

The Union Cabinet gave its approval for the implementation of umbrella scheme of Modernisation of Police Forces from 2017-18 to 2019-20.⁷ The financial outlay for the scheme over the three year period will be Rs 25,060 crore, of which, Rs 18,636 crore (74%) will come from the central government and Rs 6,424 crore will come from state governments.

Note that earlier, following the recommendations of the Fourteenth Finance Commission to devolve 42% of central taxes to states, it was decided that modernisation of police scheme would be delinked from central support in the Union Budget 2015-16.⁸ This has now been reversed.

The scheme includes central budget outlay of Rs 10,132 crore for internal security related expenditure in the state of Jammu and Kashmir, north-eastern states and states affected by left-wing extremism. Also, central special assistance for 35 worst left-wing extremism affected districts has been introduced, with an outlay of Rs 3,000 crore.

Telecom

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High Level forum on 5G wireless technology constituted

A High Level 5G India 2020 Forum has been constituted to evaluate and approve roadmaps and action plans for deployment of 5G wireless technology in India.⁹ The Forum seeks to create a competitive ecosystem for development and manufacturing of the 5G wireless technology. This will target 50% of the Indian market and 10% of the global

market. This is to be done in the next five to seven years.

The Forum comprises: (i) secretaries of three ministries (Telecom, Electronics and Information Technology, and Science and Technology); (ii) two experts; (iii) industry representatives; (iv) professors from four Indian Institutes of Technology and Indian Institute of Science; and (v) stakeholders from industry associations.

Health

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National Nutrition Strategy, 2017 released by NITI Aayog

NITI Aayog has released the National Nutrition Strategy, 2017.¹⁰ Over the years, various government initiatives have been launched which seek to improve the nutrition status in the country. These include the Integrated Child Development Services (ICDS), the National Health Mission (NHM), and the Janani Suraksha Yojana, among others. The Strategy notes that despite improvements over the years, concerns regarding malnutrition have persisted. Key features include:

- **Reduction of undernutrition:** The Strategy aims to reduce all forms of undernutrition by 2030, with a focus on the most vulnerable and critical age groups. It also aims to assist in achieving the targets under the Sustainable Development Goals related to nutrition and health.
- **Decentralised approach:** Greater flexibility and decision making at the state, district, and local levels will be promoted. Further, the Strategy aims to strengthen the ownership of Panchayati Raj institutions and urban local bodies over nutrition initiatives. This is to enable decentralised planning and local innovation along with accountability for nutrition outcomes.
- **Healthcare and nutrition among children:** The Strategy proposes to launch interventions with a focus on improving healthcare and nutrition among children under the age of three years. These interventions will include: (i) promotion of breastfeeding for the first six months after birth, (ii) universal access to infant and young child care (including ICDS and crèches), (iii) enhanced care,

patient referrals, and management of severely undernourished and sick children, and (iv) micronutrient supplements and bi-annual de-worming for young children.

- **Governance reforms:** Governance reforms proposed include: (i) convergence of state/ district implementation plans for ICDS, NHM and Swachh Bharat Mission, (ii) service delivery models based on the evidence of their impact, and (iii) focus on the most vulnerable communities in districts with the highest levels of recorded child malnutrition.

Read a PRS blog on the Strategy [here](#).

Cabinet approves increase of cost framework for provision of supplementary nutrition

The Union Cabinet approved an increase in the cost for the provision of supplementary nutrition in Anganwadis and through the scheme for Adolescent Girls.¹¹ This scheme focusses on improving the health and nutritional status of adolescent girls (11-18 years) under all Integrated Child Development Services projects.

The increase in the cost for the provision of supplementary nutrition is meant to keep pace with changes in such costs on an annual basis. Some examples of the cost revision include: (i) Rs eight per day for children (6-72 months) as opposed to Rs six earlier, and (ii) Rs 9.50 for pregnant and lactating mothers as opposed to Rs seven earlier.

For the period between 2017-18 to 2019-20, the revision of such costs is anticipated to lead to an additional expenditure of Rs 9,900 crore for Anganwadi services, and Rs 2,267 crore for the scheme for Adolescent Girls.

Cabinet approves introduction of the Dentists (Amendment) Bill, 2017

The Union Cabinet has approved the introduction of the Dentists (Amendment) Bill, 2017.¹² As per the Dentists Act, 1948, the register of dentists is maintained in two parts, Part A and Part B.¹³ Persons possessing recognised dental qualifications are registered in Part A and persons not possessing such qualifications are registered in Part B.

Part B includes citizens of India: (i) who have been practicing as dentists as the principal means of livelihood for a period of not less than 2 years (before the application of registration), and (ii) have passed (within a period of 10 years after such registration) an

examination recognised for this purpose by the central government.

Under the 1948 Act, it is required to have the representation of dentists registered in Part B as central government nominees in the Dental Council of India. Further, election of four members from Part B to the State Dental Councils and two members from Part B to Joint State Dental Councils is also required. The Bill removes the provisions which mandates their representation.

Draft Patient Safety Implementation Framework released

The draft Patient Safety Implementation Framework was released by the Ministry of Health and Family Welfare.¹⁴ The draft Framework identifies some challenges in patient safety including: (i) unsafe injections, (ii) biological waste management, (iii) medication and medical device safety, and (iv) high rates of health care associated infections. Further, it notes that the existing laws and policies on the quality of care are largely fragmented. Key provisions of the draft Framework are as follows:

- **Applicability of the Framework:** It will apply to both public and private sectors across different elements of health care provision, including prevention, diagnosis, treatment, and follow up.
- **Patient centric and evidence based approach:** The draft Framework refers to the need for involving patients in ensuring provision of healthcare that takes into account individual preferences, needs, and values. Further, it lays emphasis on investing in evidence generation to ensure that interventions are effective.
- **Strategic interventions:** Some of the strategic interventions stated in the draft Framework include: (i) constituting a national level steering committee as a central coordinating mechanism for patient safety, (ii) incorporating patient safety principles in the Public Health Act, 1875, (iii) developing a patient safety incident surveillance and reporting system, (iv) revising licensing and certification standards for all categories of health workforce, and (v) ensuring the requirement for a specific number of credit hours on patient safety.

Energy

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Ministry of Power launches Pradhan Mantri Sahaj Bijli Har Ghar Yojana

The Ministry of Power launched the Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya).^{15,16} It seeks to ensure universal household electrification (in both rural and urban areas) by December 2018 by providing last mile connectivity. Note that currently about four crore households are un-electrified, of which one crore are covered under the Deen Dayal Upadhyaya Gram Jyoti Yojana. The scheme is expected to cover the remaining three crore households. Key features of the scheme include:

- **Beneficiaries:** The beneficiaries will be identified using the Socio Economic and Caste Census (SECC) 2011 data. The identified poor households will get free electricity connections. Other households not covered under the SECC, will be provided electricity connections at a cost of Rs 500. This amount will be collected by the electricity distribution companies in 10 instalments. Households will have to pay for electricity consumed.
- **Financial outlay:** The total outlay of the scheme is Rs 16,320 crore, of which the gross budgetary support (GBS) is Rs 12,320 crore. The outlay for the rural households will be Rs 14,025 crore, of which the GBS will be Rs 10,588 crore. For urban households, the outlay will be Rs 2,295 crore of which GBS will be Rs 1,733 crore.
- **Implementing agency:** The Rural Electrification Corporation Limited will implement the scheme.
- **Implementation:** States will prepare detailed project reports, based on which projects will be sanctioned. The state distribution companies will execute the electrification works through contractors or other suitable agencies. Information technology (mobile apps, web portals) will be used to organise camps in villages to identify beneficiaries. In order to accelerate the process, applications for electricity connections will be completed on the spot.

Urban Development

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New PPP policy to encourage private investments in affordable housing

The Ministry of Housing and Urban Affairs released a new public private partnership (PPP) policy to encourage private investments in affordable housing.¹⁷ It seeks to distribute risk among the government, developers, and financial institutions to leverage under-utilised land to meet the targets for affordable housing. It proposes eight implementation models for affordable housing using PPP, six of those using government lands, and two using private land. These are:

- **Government land based subsidised housing:** The public authority will allot land to the selected private developer, who will design, build, and transfer the housing units back to the authority. The public authority will pay the developer based on pre-determined milestones.
- **Mixed development cross-subsidised housing:** Instead of receiving payments from the public authority, the developer can cross subsidise the project by developing high end housing on a part of the allotted land.
- **Annuity based subsidised housing:** The public authority will allot the land and pay the developer in annuity payments (up to 10 years). The developer will maintain the project for this period, and will be monitored by the authority.
- **Annuity cum capital grant based subsidised housing:** A significant proportion of the cost (40-50%) will be paid by the authority during the construction phase. The remainder will be paid as an annuity (up to 10 years).
- **Direct relationship ownership housing:** The land will be allotted to the developer by the authority. The beneficiary will directly pay to the private developer.
- **Direct relationship rental housing:** The developer will own the housing units and receive rent from the beneficiaries.
- **Credit Linked Subsidy Scheme (CLSS) approach:** The private developer will be responsible for providing land as well as the development of the project. Under the CLSS component of the Pradhan Mantri Awas Yojana (PMAY), the central government will provide an interest

subsidy of Rs 2.50 lakh per house on loans taken by beneficiaries.¹⁸

- **Affordable Housing Partnership (AHP) approach:** The private developer will be responsible for providing land and the development of the project. The central government will provide the allottees an assistance of Rs 1.50 lakh for each economically weaker section housing unit.

Civil Aviation

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Amendments to the Regional Connectivity Scheme released

The Ministry of Civil Aviation released a revised version of the Regional Connectivity Scheme (RCS).¹⁹ The Ministry had released the earlier scheme, also known as Udan, in October 2016.²⁰ The scheme seeks to facilitate regional air connectivity by making it affordable through concessions by central and state governments and airport operators, and viability gap funding to airlines. The revisions were brought in after the initial rounds of bidding by different air carriers under the scheme. Key revisions in the scheme include:

- **Implementing Agency:** Under the scheme, the Ministry of Civil Aviation has designated an Implementing Agency (the Airports Authority of India) to carry out certain activities under the scheme.²¹ Under the revised scheme, the Agency will compute and notify revision of airfare caps and caps on the Viability Gap Funding in accordance with the scheme on a quarterly basis.
- **Regional Air Connectivity Fund (RACF) Trust:** The Implementing Agency can form a RACF Trust to carry out its responsibilities under the scheme.
- **Eligibility criteria for bidding:** The revised scheme provides certain criteria for airlines to bid under the scheme. These include: (i) a valid scheduled on Non-Scheduled Operator's Permit, or a Scheduled Commuter Operator permit for scheduled air transport service (passenger) issued by the Director General of Civil Aviation, and (ii) a valid air operator permit or equivalent permit issued by the competent civil aviation regulatory authority of any foreign country.
- **Minimum performance specifications:** The revised scheme also adds certain

minimum performance specifications (such as the minimum number of seats under the scheme) for airline operators, based on different categories of aircrafts.

- **Priority areas:** The revised scheme identifies certain priority areas. These are Jammu and Kashmir, Himachal Pradesh, Uttarakhand, the north-eastern region of India, Andaman and Nicobar Islands and the Lakshadweep Islands. A priority RCS route would be one in which at least one of the origin and destination airport is an RCS airport located in the priority areas.

DGCA releases rules for handling of unruly passengers

The Director General of Civil Aviation (DGCA) released rules for handling of unruly passengers.²² These rules have been released under the provisions of the Aircraft Rules, 1937. Key provisions of the rules include:

- **Applicability:** These rules will be applicable to: (i) all Indian operators engaged in both domestic and international air transport services, for carriage of passengers, (ii) all airport operators within Indian territory, and (iii) all passengers during the period of air travel in or over India.
- **Unruly passenger:** An unruly passenger is defined as one who fails to: (i) respect the rules of conduct at an airport or on an aircraft, or (ii) follow the instructions of the airport staff or crew members, and therefore disturbs the order and discipline at an airport or on the aircraft.
- **Requirements for dealing with unruly passengers:** The conditions of carriage must specify acts that have been declared unlawful or disruptive under the Aircraft Rules, 1937. Passengers who are likely to be unruly must be carefully monitored. If they seem to pose a threat to the safety and security of the flight, fellow passengers, or staff while on the aircraft, they must be refused to board the aircraft, or off-loaded.
- **No-fly list:** On receiving a complaint of unruly behaviour, the airline may refer it to an Internal Committee (to be constituted by the airline). Following the decision of the Committee (within 30 days), the airline will maintain a database of all unruly passengers and inform the same to DGCA and other airlines. This will form

the no-fly list and will be maintained by the DGCA.

- **Categories of unruly behaviour:** The categorisation of unruly behaviour, and the corresponding ban on flying is as follows:
 - i. **Level 1:** Unruly behaviour such as physical gestures, verbal harassment. The flying ban for such offences would be for up to three months.
 - ii. **Level 2:** Physically abusive behaviour such as pushing, kicking, hitting, or sexual harassment. The flying ban would be for up to six months.
 - iii. **Level 3:** Life-threatening behaviour such as causing damage to aircraft operating systems, murderous assault. In such cases, the flying ban would be for a minimum period of two years or more without limit.

Water resources

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Standing Committee submits report on the Inter-State River Water Disputes (Amendment) Bill, 2017

The Standing Committee on Water Resources, River Development and Ganga Rejuvenation (Chair: Mr. Hukum Singh) submitted its report on The Inter-State River Water Disputes (Amendment) Bill, 2017.²³ The Bill seeks to amend the Inter-State Water Disputes Act, 1956. The key observations and recommendations of the Committee include:

- **Disputes Resolution Committee:** The Bill requires the central government to set up a Disputes Resolution Committee (DRC), for resolving any inter-state water dispute amicably. The Committee stated that the composition of the DRC should be prescribed in the Bill to ensure that there are no gaps at the initial stage of dispute resolution. It recommended that the DRC should comprise a Chairperson and three members (as experts) along with one member each from the states who are party to the disputes. It also added that the findings of the Committee should be put out in the public domain. For this, a new clause could be added in the Bill.
- **Time period to refer dispute to the tribunal:** Under the Bill, if a dispute is not settled by the DRC, then it will be referred to a tribunal within three months

of the submission of the report of the DRC. The Committee recommended that the time period of three months may be reduced to one month.

- **Composition of the Tribunal:** Under the Bill, the Chairperson, Vice-Chairperson, and other members of the tribunal will be nominated by the Chief Justice of India. The Committee recommended that a collegium of four members should be created for selection of the Chairperson, Vice-Chairperson, and other members of the tribunal. These four members should comprise: (i) the Prime Minister or his nominee, (ii) the Chief Justice or his nominee from the judges of Supreme Court, (iii) the leader of opposition, and (iv) the Minister from the Ministry of Water Resources.

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

Draft Policy on Sediment Management released

The Ministry of Water Resources, River Development, and Ganga Rejuvenation released the draft Policy on Sediment Management.²⁴ The draft Policy looks at the effect of sand mining and construction of dams and barrages on river sedimentation and recommends principles that should be adopted for sediment management. The salient features of the Policy include:

- **Causes for sedimentation:** Sedimentation is the process of deposition of sediments in a river. Sedimentation in rivers has increased due to rapid urbanisation in flood plains, encroachment of river beds, changes due to human activity, and deforestation in catchment area of rivers. A scientific approach to sediment management should be adopted, at the basin scale of rivers.
- **Effect of construction of structures on sedimentation:** Dams or barrages constructed on rivers alter the equilibrium of flow of water and sediment in rivers. Dams reduce the velocity of water in upstream, causing aggradation (increase in land elevation due to deposition of sediments). Although, they also reduce the risk of floods, encroachment of downstream floodplains by local population due to reduced risk of floods exposes them to higher risks of siltation and erosion.
- **Effect of sand mining on sedimentation:** When done at an optimum level, mining of sand removes excessive sediment deposit

in rivers. However, unscientific sand mining depletes river minerals at rates which the river system cannot replenish. Excessive mining undermines the ability of riverbeds and riverbanks to support the infrastructure built on them.

- Schemes which are backed by scientific studies, taking into account the site conditions should be implemented. This will help identify suitable sites for mining, appropriate construction material, and take corrective measures for controlling dredging (cleaning out the bed of a river).
- **Principles for sediment management:** Essential principles to be followed for sediment management include: (i) making sediment management a part of integrated river basin management, and (ii) evidence based removal of silt, using best practices to minimise damage to the river flow.
- **River Basin Authority:** The Authority will provide clearances for any de-silting work of more than one lakh cubic meter on any inter-state/ international river.

Mining

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Draft Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2017 released

The Ministry of Mines released the draft Offshore Areas Mineral (Development and Regulation) Amendment Bill, 2017.²⁵ The draft Bill seeks to amend the Offshore Areas Mineral (Development and Regulation) Act, 2002. The Act provides for the development and regulation of mineral resources in territorial waters, continental shelf, exclusive economic zone, and other maritime zones of India. Key features of the draft Bill include:

- **New mining lease:** The draft Bill creates a new category of mining license, i.e., the exploration licence-cum-production lease. This will be a two-stage process under which an exploration license will be granted, followed with a right to receive production leases.
- **Criteria for grant of lease:** Exploration licence-cum-production leases will be granted to any person who fulfils the eligibility criteria, and is selected through a process of competitive bidding. Production leases will not be granted unless there is evidence to show the

existence of mineral content, as prescribed by the central government.

- **Exploration lease:** The exploration license will be granted for a period of four years. The licensing authority may grant an extension of up to two years.
- **Production lease:** Production leases will be granted for a maximum period of 50 years. If a production lease holder fails to start production operations within six years, then such a lease will lapse.
- **Offshore Area Mining Fund:** The draft Bill seeks to establish an Offshore Area Mining Fund. It will be a non-lapsable fund created through a government notification. The objects of the fund will include: (i) research, administration, and related expenditure with respect to offshore areas, and mitigation of any adverse impact that may be caused to the ecology in the offshore area, due to mining operations taken under the Act, and (ii) providing relief upon the occurrence of any disaster in the offshore area. In addition to the royalty, the production lease holders will be required to pay an additional amount to this fund. This amount would be 20% of such royalty.

Agriculture

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1st advance estimates of production of major Kharif crops (2017-18) released

The first advance estimates of production of Kharif foodgrains and commercial crops were released by the Ministry of Agriculture and Farmers Welfare.²⁶ Overall, a decrease in the production of foodgrains and commercial crops (except sugarcane) was noted in Kharif 2017-18 as compared to the season's 4th advance estimates (latest) in the previous year.

Production of foodgrains is expected to be 134.7 million tonnes in Kharif 2017-18. This is 2.8% less than the 4th advance estimates of Kharif in 2016-17. This is contributed by a decrease of 2.4% in cereals and 7.5% in pulses.

Production of oilseeds is expected to fall by 7.7% in Kharif 2017-18, as compared to the 4th advance estimates of the season in 2016-17. Oilseeds include soyabean, and groundnut.

Production of cotton is estimated to fall by 2.5% while production of sugarcane is estimated to increase by 10.1%.

Table 2: First advance estimates of production of major Kharif crops in 2017-18 (in million tonnes)

Crop	2016-17 4th advance estimates	2017-18 1st advance estimates	% change over final estimate
Foodgrains	138.5	134.7	-2.78%
Cereals	129.1	126.0	-2.43%
Rice	96.4	94.5	-1.98%
Coarse Cereals	32.7	31.5	-3.73%
Pulses	9.4	8.7	-7.54%
Tur	4.8	4.0	-16.53%
Oilseeds	22.4	20.7	-7.69%
Soyabean	13.8	12.2	-11.47%
Groundnut	6.2	6.2	-0.13%
Cotton*	33.1	32.3	-2.50%
Sugarcane	306.7	337.7	10.11%

*Million bales of 170 kgs each

Source: Directorate of Economics & Statistics, Ministry of Agriculture and Farmers Welfare; PRS.

Cabinet approves implementation of Dairy Processing and Infrastructure Development Fund scheme

The Union Cabinet approved the implementation of the Dairy Processing and Infrastructure Development Fund scheme.²⁷ An announcement regarding the same was made during the Union Budget 2017-18.²⁸ The scheme seeks to build an efficient milk procurement system through: (i) chilling infrastructure, (ii) electronic milk adulteration testing equipment, and (iii) creation, modernisation and expansion of dairy processing infrastructure. Key features of the scheme include:

- **Implementation of the scheme:** The scheme will be implemented by the National Dairy Development Board (NDDB) and the National Dairy Development Cooperation (NDDC) through 'end borrowers'. These 'end borrowers' include: (i) milk unions, (ii) state dairy federations, (iii) multi-state milk cooperatives, (iv) milk producer companies, and (v) NDDB subsidiaries.
- **Financing the scheme:** The scheme has been approved with an outlay of Rs 10,881 crore over three years starting 2017-18. Out of the total outlay, Rs 8,004 crore (73.6% of the outlay) will be provided by the National Bank for Agriculture and Rural Development as a corpus fund over the three years. The rest of the outlay will

include contributions from the end borrowers, the NDDB, and the NDDC.

Standing Committee submits report on implementation of scheme for Integrated Cold Chain

The Standing Committee on Agriculture (Chair: Mr. Hukmdev Narayan Yadav) submitted a report on the 'Implementation of Scheme for Integrated Cold Chain and Value Addition Infrastructure'.²⁹ The scheme was launched in 2008 by the Ministry of Food Processing Industries. It aims to provide for cold chains, value addition, and infrastructure facilities for preservation to reduce post-harvest losses. Cold chain infrastructure includes processing units, cold storages, and refrigerated vans. Key observations and recommendations include:

- **Progress of the scheme:** Cold chain projects under the scheme have been allocated phase-wise every year since 2008. Between 2008-09 and 2016-17, 102 projects have been completed. Currently, 134 projects are under implementation, of which 31 projects have been continued from previous years. The Committee noted that such slow pace of implementation defeats the purpose of the scheme. It further noted that Rs 180 crore has been allocated to 103 projects in 2016-17 as compared to the same amount for 30 projects in 2015-16. The Committee recommended that the proportional financial allocation should be made for these additional projects.
- **Value addition facilities:** Value addition involves sorting, grading, and pre-cooling harvested produce to increase its value. The Committee observed that farmers need to be provided necessary training on value addition. Currently, the Ministry of Food Processing Industries does not provide such a training under the Scheme. The Committee recommended that a provision be made under the scheme to create awareness and provide training to farmers on value addition.

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

Personnel and Public Grievances

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Creamy Layer raised for Other Backward Classes

The Department of Personnel and Training has raised the income limit for determining the creamy layer amongst Other Backward Classes (OBCs), from Rs six lakh to Rs eight lakh per annum.³⁰ This decision will come into effect from September 1, 2017. The creamy layer is the level of income, above which persons from OBCs are not entitled to reservations in central government jobs.

Previously, this level of income has been revised thrice: (i) from Rs one lakh per annum in 1993 to Rs 2.5 lakh per annum in 2004, (ii) to Rs 4.5 lakh per annum in 2008, and (iii) to Rs six lakh per annum in 2013.

Youth Affairs and Sports

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Cabinet approves a revamped version of the Khelo India Programme

The Union Cabinet approved the revamping of the Khelo India programme.³¹ The programme aims to: (i) identify and nurture sporting talent, (ii) encourage mass participation of youth in annual sports competitions, and (iii) creation of sports infrastructure.³²

The programme is estimated to cost Rs 1,756 crore for the period 2017-18 to 2019-20. The revamped Khelo India Programme aims to focus on additional aspects, including: (i) infrastructure, (ii) community sports, (iii) talent identification, and (iv) coaching for excellence. Key features of the revamped programme are as follows:

- **Scholarship:** A pan Indian Sports Scholarship Scheme will be launched. It will cover 1,000 most talented young athletes each year across select sports disciplines. Each athlete selected under the scheme will receive an annual scholarship worth Rs five lakh per annum for eight consecutive years.
- **Sporting hubs:** The Programme aims to promote 20 universities across the country as hubs of sporting excellence. These hubs will enable sports persons to pursue education as well as competitive sports.

Industry

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Inclusion of fully electric buses under the FAME Scheme

Certain changes have been made under the FAME (Faster Adoption and Manufacturing of Hybrid and Electric Vehicles in India) scheme. The scheme was launched in April 2015 by the Ministry of Heavy Industries and Public Enterprises.³³ The scheme provides incentives in the form of a reduced purchase price for buyers of hybrid and electric vehicles.³⁴ Such vehicles should have been manufactured in India, and meet certain technical criteria as mentioned in the scheme guidelines. Recent changes made under the scheme include:^{33,35}

- **Inclusion of fully electric buses:** The scheme guidelines have been modified to include fully electric buses under the scheme. These buses must be completely electric in nature and must have more than eight seats. Buyers of such buses will be disbursed 60% of the purchase cost under two levels. Level 1 will have a maximum limit of Rs 85 lakh, and Level 2 will have a maximum limit of Rs one crore.
- **Extension of Phase-I of the Scheme:** Implementation of Phase-I of the scheme has been extended to March 2018. Phase-I started in April 2015 and was planned for two years till 2016-17. It involves implementation of the scheme in the following areas: (i) cities under the Smart Cities Mission, (ii) major metros, (iii) state capitals, (iv) cities with more than one million population, and (v) cities in the north-eastern states.

Information Technology

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Comments invited on draft public procurement order 2017 notifying cyber security products

The Ministry of Electronics and Information Technology released a draft Public Procurement (Preference to Make in India) Order, 2017 which notifies cyber security products.³⁶ These products protect computing devices, infrastructure, and data from attack, damage, or unauthorised access. The draft

Order provides for preference of domestic suppliers for the procurement of such products by government entities. These entities can include ministries, departments, autonomous bodies and government companies. Key features of the draft Order include:

- **Preference for domestic products:** Preference for procurement of cyber security products will be given to domestically manufactured products.
- **Cyber security product:** A cyber security product is defined as a product, appliance or software which has been manufactured to maintain confidentiality, availability, and integrity of information. These products protect computing devices, infrastructure, and data from attack, damage, or unauthorised access. They do not include digital content such as videos or e-books.
- **Local supplier:** A local supplier of domestically manufactured cyber security products is defined as follows: (i) a company incorporated and registered in India, (ii) a company that receives revenue from the product and its Intellectual Property (IP) licensing. The IP ownership rights should belong to the Indian company. This does not include resellers and other services agencies of the product with limited IP rights to use, distribute and modify the product.

Comments on the draft Order are invited till October 11, 2017.

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³ “Cabinet approves promulgation of the Goods and Services Tax (Compensation to States) Ordinance, 2017”, Press Information Bureau, Cabinet, August 30, 2017.

External Affairs

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Prime Minister attends BRICS Summit and visits Myanmar

Prime Minister Mr. Narendra Modi visited China and Myanmar.³⁷ Details of these visits are as follows:

China: The Prime Minister attended the ninth BRICS (Brazil, Russia, India, China, South Africa) Summit in China. The leaders adopted the Xiamen Declaration, which committed to further cooperation between the five nations in the areas of: (i) economic development, (ii) geopolitical stability, and (iii) cultural exchange.³⁸

Myanmar: India and Myanmar signed 11 agreements in various sectors, including: (i) maritime security cooperation, (ii) sharing of naval information, (iii) establishing a coastal surveillance system, (iv) enhancement of IT-skills, and (v) in the field of elections between the Election Commission of India and the Union Election Commission of Myanmar.³⁹

Heads of state of Belarus and Japan visit India

The President of Belarus and the Prime Minister of Japan visited India.^{40,41} Key agreements signed with the countries are:

Belarus: Belarus and India signed 10 agreements in several sectors including: (i) agricultural research, (ii) oil and gas, and (iii) scientific and technical cooperation.⁴²

Japan: Japan and India signed 15 agreements in several sectors, including: (i) disaster risk management, (ii) facilitating Japanese investment in India, (iii) enhancing connectivity and promoting development in the north-east region of India, (iv) Japanese language education in India, and (v) promoting collaboration in research.⁴³

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⁵ Task Force on Employment and Exports and its Terms of Reference, Press Information Bureau, NITI Aayog, September 6, 2017.

⁶ Cabinet approves introduction of the Payment of Gratuity (Amendment) Bill, 2017 in the Parliament, Press Information Bureau, Cabinet, September 12, 2017.

⁷ “Cabinet approves umbrella scheme of Modernisation of Police Forces”, Press Information Bureau, September 27, 2017.

- ⁸“Major Programmes Under Central Assistance for State Plans”, Union Budget, 2015-16 <http://indiabudget.nic.in/budget2015-2016/ub2015-16/bag/bag8.pdf>.
- ⁹“India Joins Race in 5G Ecosystem, Constitutes High Level Forum on 5G India 2020”, Press Information Bureau, Ministry of Communications, September 26, 2017.
- ¹⁰ National Nutrition Strategy, 2017, NITI Aayog, September 2017, http://niti.gov.in/writereaddata/files/document_publication/Nutrition_Strategy_Booklet.pdf
- ¹¹“Cabinet approves increase of cost norms for Supplementary Nutrition provided in Anganwadis and in the Scheme for Adolescent Girls”, Press Information Bureau, Cabinet Committee on Economic Affairs, September 20, 2017.
- ¹²“Cabinet approves introduction of the Dentists (Amendment) Bill, 2017”, Press Information Bureau, Cabinet, September 20, 2017.
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- ¹⁴ Draft Patient Safety Implementation Framework , Ministry of Health and Family Welfare, September 25, 2017, <http://mohfw.nic.in/newshighlights/draft-patients-safety-implementation-framework>.
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- ¹⁶“FAQs on Pradhan Mantri Sahaj Bijli Har Ghar Yojana “Saubhagya””, Press Information Bureau, Ministry of Power, September 27, 2017.
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