



PRS Capsule January 2019

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Parliament

President's address highlights key achievements in the past five years

- The President of India, Mr. Ram Nath Kovind, addressed a **joint sitting of both Houses** of Parliament on January 31, 2019.
- He outlined the major policy achievements of the government in his address. Highlights of the address include:
 - **Economy:** During the last four and a half years, the economy of the country has been growing at a rate of **7.3% on average**. India has emerged as the 6th largest economy in the world.
 - **Finance and Banking:** As a result of the expansion in **Direct Benefit Transfer** in the last four and a half years, more than **Rs 6.05 lakh crore** have been directly transferred to the bank accounts of beneficiaries.
 - **Law and Governance:** The government has created a provision for **death penalty** in case of heinous crimes like **rape of minors** and is also working on passing the **Triple Talaq Bill** in the Parliament.
 - **Corruption and Black Money: Through demonetization,** the registration of **3.3 lakh shell companies** responsible for flow of black money has been annulled.
 - **Skill Development and Job Creation:** The creation of jobs with tax incentives under **Pradhan Mantri Rojgar Protsahan Yojana** has been undertaken.
 - Under this scheme, the EPS (Employees' Pension Scheme) and EPF (Employees' Provident Fund) contribution of 12% payable by the employer is being paid by the Government for the first three years.
 - **Health:** The **Pradhan Mantri Jan Arogya Yojana**, which provides **five lakh rupees per year per family** in case of a **serious illness**, has been launched.
 - More than **10 lakh people** have availed free treatment from hospitals under the scheme.
 - **Sanitation:** Under the **Swachh Bharat Abhiyan**, more than **9 crore toilets** have been constructed.
 - The coverage of rural sanitation, which was less than 40% in 2014, has increased to **98%**.
 - **Women and Child Development:** Under the **Pradhan Mantri Mudra Yojana**, maximum benefit has been availed by women. Out of the **15 crore Mudra loans**, **73%** of these have been disbursed to **women entrepreneurs**.
 - The government has also enhanced **maternity leave** from 12 weeks to **26 weeks**.
- With President's address, the Budget Session of Parliament has commenced on 31st January and ended on 13th February.
 - It has a total of 10 sittings.

Macroeconomic Development

Retail inflation and Wholesale inflation at 2.19% and 3.8% respectively in the **third quarter (Oct to Dec)** of 2018-19

- The Consumer Price Index (**CPI**) inflation (**base year: 2011-12**, year-on-year) marginally decreased from 3.38% in October 2018 to **2.19%** in **December 2018**.
 - **Food prices** fell throughout the quarter, **decreasing** by 0.86% in October 2018, and even more sharply by **2.51%** in December 2018.
- The Wholesale Price Index (**WPI**) inflation (base year: 2011-12, year-on-year) decreased from **5.54%** in October 2018 to **3.8%** in December 2018.

Finance

Standing Committee submits report on the Banning of Unregulated Deposit Schemes Bill, 2018

- The Bill provides for a mechanism to ban **unregulated deposit schemes** and protect the interests of depositors.
- It also seeks to amend three laws:
 - Reserve Bank of India Act, 1934,
 - Multi-State Co-Operative Societies Act, 2002,
 - Securities and Exchange Board of India Act, 1992.
- Key observations and recommendations of the Committee include:
 - **Definition of an unregulated deposit scheme:** Under the Bill, '**regulated deposits**' are listed as all deposit-taking schemes which are overseen and regulated by nine **specified regulators**, including:
 - the Reserve Bank of India,
 - the Securities and Exchange Board of India,
 - the Ministry of Corporate Affairs,
 - and state and union territory governments.
 - **A deposit-taking scheme** is defined as '**unregulated**' if it is **not registered with the regulators listed in the Bill**.
 - **The Committee observed** that the definition of 'unregulated deposits' is left for **residual interpretation under the Bill**.
 - This could allow **open-ended and subjective decisions** by authorities while **adjudicating offences** related to such deposits.
 - **Priority of depositors' claims:** The Bill states that:
 - **Unless otherwise provided** by the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (**SARFAESI Act**), and the Insolvency and Bankruptcy Code, 2016 (**IBC**), **the amounts due to depositors** will be paid in **priority over all other** debts payable by the deposit taker.
 - The committee recommended that **a time-frame be specified for repayment** of depositors' dues.
 - **Tracking and complaints:** The Committee suggested that **a public website should be developed:**
 - for people **to check** whether an **entity** soliciting deposits is **registered** with a regulator,
 - and to **file and track complaints** against unregulated deposit takers.

High Level Committee constituted on deepening of digital payments by the RBI

- RBI has constituted a High Level Committee on Deepening of Digital Payments. The Committee will be chaired by Mr. Nandan Nilekani (former Chairman, Unique Identification Authority of India) and have representatives from the government and banking industry.
- The terms of reference of the High Level Committee include:
 - assessing current levels of digital payments in facilitating financial inclusion,
 - reviewing the existing status of digitisation of payments and suggesting a strategy to increase digital payments,
 - suggesting measures to strengthen the safety and security of digital payments, and
 - studying global best practices that can be adopted to accelerate digitisation and financial inclusion through the use of digital payments.

Expert Committee constituted on MSMEs by the RBI

- The Reserve Bank of India constituted an Expert Committee on Micro, Small and Medium Enterprises (MSMEs). The Committee will be chaired by Mr. U. K. Sinha (former Chairman, Securities and Exchange Board of India).
- The terms of reference of the Expert Committee include:
 - reviewing the current institutional framework supporting the MSME sector,
 - examining factors affecting timely and adequate financing to the sector,
 - examining the impact of recent economic reforms on the sector, and
 - proposing measures for leveraging technology in accelerating growth of the sector.

CAG submits report on compliance of the FRBM Act, 2003 by the central government during the year 2016-17

- The Comptroller and Auditor General (CAG) of India submitted its report on compliance of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 for the year 2016-17.
 - The FRBM Act requires **the central government to ensure responsible fiscal management and long-term stability**.
 - The Act also requires it to ensure **prudential debt management** through limits on borrowings, debt and deficits.
- Key observations and recommendations of the CAG include:
 - **Off-budget financing:** The CAG observed that the central government has **increasingly resorted to off-budget methods** of financing to meet its expenditure requirements.
 - Off-budget financing refers to the government's finances which are not accounted for in the budget documents.
 - **Revenue expenditure:** Due to **insufficient budgetary allocations, dues of some subsidies are carried over** to the subsequent financial years.
 - For instance, the carryover liability due to deferment of payment of dues of fertilizer and food subsidies at the end of 2016-17 amounted to Rs 1.2 lakh crore.
 - The **carryover liability** due to dues of food subsidy **has increased by 350%** during the **period 2011-17**.
 - **Disclosure on off-budget financing:** The CAG noted the **current policy framework lacks transparent disclosures** and management strategy for off-budget financing.
 - It recommended that the government should formulate a policy framework, which should include disclosure to Parliament, among other things.
 - This disclosure should provide **details of off-budget financing** undertaken in the year by all organisations substantially owned by the government.

GST Council approves levy of cess in Kerala to generate funds for calamities

- The GST Council allowed Kerala to levy a cess on **intra-state supply** of goods and services.
 - Revenue generated from levying the cess will be used as funds for relief measures required to be taken due to natural calamities.
 - **Article 279A (4)** of the Constitution provides for the GST Council to make **recommendations to the centre and states** on any special rate (for a specified period) to **raise additional resources** during any **natural calamity or disaster**.

Cabinet approves creation of the national bench of the GST Appellate Tribunal

- The Union Cabinet approved the creation of the national bench of the Goods and Services Tax Appellate Tribunal (GSTAT).
- **The Central Goods and Services Tax Act, 2017** requires the central government to constitute a GST appellate tribunal at the national level and its benches at the state level.
 - The GSTAT will hear **appeals against** orders passed by the **appellate authorities** constituted under the **central and state GST laws**.
 - The GSTAT will be headed by its **President** (a judicial member) and consist of two **technical members** with experience in tax administration.

Social Justice and Empowerment

124th Constitutional Amendment Bill passed to enable reservation for economically weaker sections

- The Constitution (One Hundred and Twenty-Fourth Amendment) Bill, 2019 was introduced and passed by Parliament.
- The Bill seeks to provide for the advancement of "economically weaker sections" of citizens.
- Following are amendments made in constitution:
 - **Article 15:** The Bill seeks to amend Article 15 to additionally permit (Already permitted- socially and educationally backward classes, or for Scheduled Castes and Scheduled Tribes) the government to provide for the **advancement** of "**economically weaker sections**".
 - **Up to 10% of seats** may be reserved for such sections for admission in

educational institutions. Such reservation will not apply to minority educational institutions.

- **Article 16:** The Bill seeks to amend Article 16 to permit the government to reserve **up to 10% of all posts** for the “economically weaker sections” of citizens.
 - The reservation of up to 10% for “economically weaker sections” in educational institutions and public employment will be **in addition to the existing reservation.**
 - The central government will notify the “economically weaker sections” of citizens on the basis of family income and other indicators of economic disadvantage.

Education

The RTE (Second Amendment) Bill, 2017 passed by Parliament

- The Right of Children to Free and Compulsory Education (Second Amendment) Bill, 2017 was passed by Parliament.
- The RTE Act, 2009, **prohibits detention** of children till they complete elementary education i.e., **class 8.**
- The Bill seeks to amend this provision to **empower** the **central** or **state** government to **allow** schools to **hold back a child in class 5, class 8, or in both the classes.**
- The Bill seeks to amend this provision to state that **a regular examination** will be held in **class 5 and class 8** at the end of **every academic year.**
 - **If a child fails** in the examinations, he will be given additional instruction, and will take a **re-examination.** If he **fails** in the re-examination, the relevant central or state **government may decide** to allow schools to detain the child.

Reservation of 10% for economically weaker sections for admission in central educational institutions

- **The Department of Higher Education notified reservation of up to 10% for economically weaker sections** in admission in all central educational institutions, with effect from academic year 2019-20.
 - The reservation will be provided in **all central educational institutions** which include universities set up by Acts of Parliament, institutions of national importance, and institutions deemed to be a university.
 - **With prior approval** of the appropriate authority (such as the **University Grants Commission,** or the Bar Council of India), **every central educational institution,** should **increase its seats** above its annual permitted strength so that the number of seats available, excluding those reserved for persons belonging to the economically weaker sections, **is not less** that the number of seats for the **previous academic session.**

Environment

National Clean Air Programme (NCAP) launched

- The Ministry of Environment, Forest and Climate Change launched **a five year action plan** called the **National Clean Air Programme (NCAP).**
- The NCAP aims **to meet the prescribed annual average ambient air quality standards** at all locations in the country. Key features of the NCAP include:
 - **Objectives**
 - to create a **management plan** for prevention, control, and abatement of air pollution,
 - to develop an effective **ambient air quality monitoring network** across the country,
 - and to augment **public awareness** and capacity-building measures through data dissemination and public outreach programmes.
 - **Enforcement:** Trained manpower and regular inspection drives will be undertaken to ensure implementation of the NCAP.
 - **Mitigation:** With reference to augmenting the air quality monitoring network, it proposes to **increase the number of monitoring stations** from existing 703 to 1,500.

- It also plans to bring in **rural areas under** the existing **National Air Quality Monitoring Programme**. Towards this, it **will set up 75 monitoring stations** in rural areas.
- **Certification:** To address concerns of **poor data quality**, the NCAP plans to set up a **Certification Scheme**.
 - This Scheme will aim to provide a comprehensive and cost-effective solution for testing, calibration, and **certification of equipment** used in environmental monitoring.
 - It also envisages setting up an **Air Quality Forecasting System** which will accurately forecast air pollution on a **daily basis** and forecast expected air pollution exigencies.

Law and Justice

The Aadhaar and Other Laws (Amendment) Bill passed by Lok Sabha

- The Bill amends:
 - Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Act, 2016,
 - Indian Telegraph Act, 1885
 - Prevention of Money Laundering Act, 2002.
- Following are amendments made in aforesaid acts:
 - **Offline verification:** The Bill includes a new provision in the Aadhaar Act to allow 'offline verification' (**Aadhaar 'authentication'**) of an individual's identity through **modes specified** by the Unique Identification Authority of India (**UIDAI**) by regulations.
 - The Bill amends the **Telegraph Act, 1885** and the **Prevention of Money Laundering Act, 2002** to state that:
 - the **telecom companies, banks and financial institutions** may **verify the identity of their clients** by
 - authentication or offline verification of Aadhaar, or
 - passport, or
 - any other documents notified by the central government.
 - **UIDAI Fund: Under the Act**, all **fees and revenue** collected by the **UIDAI** shall be credited to the **Consolidated Fund of India**.
 - **The Bill removes this provision**, and creates the Unique Identification Authority of India Fund.
 - All fees, grants and charges received by the UIDAI shall be credited to this fund.
 - **The fund** shall be used for **expenses of the UIDAI**, including **salaries and allowances** of its employees.

Personal Laws (Amendment) Bill passed by Lok Sabha

- Personal Laws (Amendment) Bill, 2018, passed by Lok Sabha, seeks to amend the following five Acts:
 - Divorce Act, 1869
 - Dissolution of Muslim Marriage Act, 1939
 - Special Marriage Act, 1954
 - Hindu Marriage Act, 1955
 - Hindu Adoptions and Maintenance Act, 1956.
- Each of these Acts prescribes **Leprosy** as a **ground** for seeking **divorce or separation** from the spouse.
 - The Bill seeks to **remove Leprosy as a ground for divorce or separation**.

The New Delhi International Arbitration Centre Bill, 2018 passed by Lok Sabha

- It seeks to establish an **autonomous and independent institution** for better management of arbitration in India.
- Key features of the Bill include:
 - The Bill seeks to provide for the establishment of the New Delhi International Arbitration

- Centre (**NDIAC**) to conduct arbitration, mediation, and conciliation proceedings.
- The Bill declares the NDIAC as an institution of **national importance**.
- **International Centre for Alternative Dispute Resolution (ICADR)**: The ICADR is a **registered society** to promote the resolution of disputes through alternative dispute resolution methods (such as arbitration and mediation).
 - It was established by the Government of India for **resolving international and domestic commercial disputes quickly**.
- The Bill seeks to transfer the existing ICADR to the central government.
 - **Upon notification** by the central government, all the rights, title, and interest in the **ICADR will be transferred to the NDIAC**.

Science and Technology

DNA Technology (Use and Application) Regulation Bill, 2018 passed by Lok Sabha

- The Bill provides for regulation of **use of DNA technology** for establishing the **identity** of certain **persons**.
- Key features of the Bill include:
 - **Use of DNA Data**: Under the Bill, DNA testing is allowed **only for matters** listed in the schedule to the Bill (such as for **offences** under the Indian Penal Code, 1860, for **paternity suits**, or in order to **identify abandoned children**).
 - **Collection of DNA: Investigation authorities** can **collect** DNA samples of victims and suspects of crimes, **with their written consent**.
 - In case someone is arrested for a **crime** that carries **punishment** higher than **7 years, consent is not required**.
 - **DNA Data Bank**: The Bill provides for the establishment of a **National DNA Data Bank** and **regional DNA Data Banks**.
 - These Data Banks will store DNA profiles.
 - The DNA profiles in the Data Banks will be organized into five indices:
 - **crime** scene index
 - **suspects'** or under-trials' index
 - **offenders'** index
 - **missing persons'** index
 - unknown deceased persons' index.
 - **DNA Regulatory Board**: The Bill provides for the establishment of a DNA Regulatory Board, which will **supervise the DNA Data Banks and DNA laboratories**.
 - **Protection of information**: Under the Bill, the **Board** is required to **ensure** that all information relating to DNA profiles with the Data Banks, laboratories and other persons are **kept confidential**.
 - DNA data may **only be used for identification** of the person.

Labour and Employment

Trade Unions Amendment Bill, 2019 introduced in Lok Sabha

- The Trade Unions (Amendment) Bill, 2019 was introduced in Lok Sabha.
- The Bill amends **the Trade Unions Act, 1926**, which provides for the **registration and regulation** of trade unions.
- Key features of the Bill include:
 - The Bill seeks to provide for **recognition of trade unions or a federation of trade unions** at the central and state level by the central and state government respectively.
 - The central or state government may make **rules** for:
 - the **recognition** of such Central or State Trade Unions,
 - and the **authority to decide disputes** arising out of such **recognition**, and the manner of deciding such disputes.
- The amendments will facilitate recognition of trade unions at central and state level to:
 - ensure **true representation** of workers in these bodies;
 - check on the **arbitrary nomination** of workers' representatives by the government;
 - reduce litigations and industrial unrest.

Tribal Affairs

Bills introduced to amend list of Scheduled Tribes in Assam and Karnataka

- Two Bills were introduced in Rajya Sabha to amend the Constitution (Scheduled Tribes) Order, 1950, in respect of **Assam** and **Karnataka**.
- **The Constitution (Scheduled Tribes) Order (Amendment) Bill, 2019** amends Part II of the Order which specifies the Scheduled Tribes in **Assam**.
 - The Bill inserts 41 entries for granting Scheduled Tribe status to these communities.
 - These include:
 - Matak
 - Kock Rajbongshi
 - Tai Ahom
 - Bhil
 - Bhumij
- **The Constitution (Scheduled Tribes) Order (Second Amendment) Bill, 2019** amends Part VI of the Order which specifies the Scheduled Tribes in **Karnataka**.
 - It substitutes:
 - “Naikda, Nayaka” with “Naikda, Nayaka (including Parivara and Talawara)”,
 - “Siddi (in Uttar Kannada district)” with “Siddi (in Belagavi, Dharwad and Uttar Kannada districts)”.

Power

Standing Committee submits report on stressed assets in gas based power plants

- The Standing Committee on Energy submitted its report on ‘**Stressed/Non-Performing Assets in Gas based Power Plants**’.
- Key observations and recommendations of the Committee include:
 - Currently, out of the total installed capacity of about 345 GW, **24.9 MW (7%)** comes from **gas based power plants**.
 - However, **14.30 GW (57%)** of this **gas based capacity** (24.9 MW) is **stranded** due to **shortage of domestic gas supply** and **competitive tariff scenario**.
 - There are **31 stranded gas based power plants**. All these power plants **were planned** based on the expectation of increase in domestic **gas** production, particularly from the **Krishna Godavari Dhirubhai 6 (KG-D6) field**.
 - However, the **production** from KG D6 field has reduced drastically to **zero** since March 2013.
 - The Committee recommended that the **Ministry** of Petroleum and Natural Gas should **be cautious in making future projections** regarding **availability of natural gas**.
 - **Allocation of natural gas:** The Committee noted that several **policy flip-flops** have resulted in gas based power plants becoming stranded. These gas based plants are now **unable to service their debt obligations** and are **on the verge of** becoming non-performing assets (**NPA**s).
 - It recommended that the government should **avoid erratic policy shifts** in the future.
 - Further, any **policy or guidelines** regarding the change in allocation of gas **should be prospective** and it should **not impact the existing users**.

Information and Broadcasting

Draft amendments to the Cinematograph Act, 1952 released

- The Ministry of Information and Broadcasting has released draft amendments to the **Cinematograph Act, 1952** for **feedback**.
 - The Act provides for certification of films for exhibition.
 - It imposes penalties for various offences such as:

- exhibition of a film that has not been certified for public exhibition,
 - or tampering with a film after it has been certified.
- The draft amendments propose **additional penalties for film piracy**. The penalties proposed include imprisonment up to **three years or fine up to ten lakh rupees**, or both.

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