PRS LEGISLATIVE RESEARCH

Monthly Policy Review

February 2013

Highlights of this Issue

Union Budget 2013-14: fiscal deficit projected at 4.8% of GDP (p.2)
Total expenditure increases by 16% to Rs 16.7 lakh crore but subsidy expenditure is projected to fall by 10%. Tax changes are expected to bring in an additional Rs 18,000 crore.

Railway Budget 2013-14: surplus to increase and operating ratio to fall to 88.8% (p. 4)
Gross traffic receipts to grow by 14%. No major change in passenger fares but freight fares are expected to rise by 5.8% because of the new fuel adjustment component. New measures to improve railway safety proposed.

Highlights of President's address to Parliament (p. 2)
Some of the legislative and policy agenda highlighted include the amendment of the Prevention of Corruption Act, the expansion of the Direct Benefits Transfer system, and initiation of infrastructure projects.

Ordinance to amend law on sexual offences (p. 6)
Following the Justice Verma Committee Report, the government issued an Ordinance to redefine certain sexual offences and penalise other acts. The Ordinance also penalises public servants who fail to perform their duties.

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The Justice Usha Mehra Commission submitted its report on the Delhi gang rape. The Commission has criticised the Delhi Police and the Traffic Police for failing to establish a proper co-ordination mechanism.

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Centre notifies final award of the Cauvery Water Disputes Tribunal (p. 11)
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President's Address

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Highlights of the President's address 2013

The Budget session 2013 commenced with the President, Pranab Mukherjee, addressing Parliament on February 21, 2013.[1] The address was a statement of the policy of the government. Two new legislations were mentioned by the President for introduction in Parliament:

- A constitutional amendment to give effect to the provisions of the Land Boundary Agreement with Bangladesh and its 2011 Protocol.
- An amendment of the Prevention of Corruption Act.

Some of the other Bills towards which the President reaffirmed the government's commitment were the Goods and Service Tax, the Food Security Bill, the Land Acquisition, Rehabilitation and Resettlement Bill, the anti-corruption Bills consisting of the Whistleblower Bill, the Judicial Standards and Accountability Bill, the Lokpal and Lokayuktas Bill and the Citizen's Charter Bill.

The key policy agenda of the government highlighted by the President was:

- The Direct Benefits Transfer system (benefits deposited in beneficiaries' Aadhaar linked accounts) shall be expanded to cover wages and subsidies on food and LPG. This system will not substitute the delivery of all public services and will be complementary to the Public Distribution System.
- The coverage under the Mid-day Meal Programme shall be expanded to pre-primary schools.
- A few infrastructure projects were announced including two major sea ports, three airports, dedicated rail freight corridors and construction of roads.

For a PRS blog on the President's speech 2013 and the status of agenda items mentioned in the speeches between 2009 and 12, see here.

Union Budget

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Overview

The Finance Minister presented the Union Budget to Parliament on February 28, 2013.[2] The overall thrust of the Budget is to ensure macroeconomic stability and fiscal consolidation.

The fiscal deficit is expected to fall to 4.8% of GDP in 2013-14 (from 5.2% in 2012-13). The reduction would be achieved via greater receipts (Rs 11.2 lakh crore - a 23% increase). In particular, non tax revenue is expected to grow by 33% because of increased revenues from RBI and nationalised bank dividends and the sale of spectrum.

Expenditure is projected to rise by 16% to Rs 16.7 lakh crore. The nature of spending is also expected to change slightly, with a greater emphasis on capital expenditure (13.8% of total expenditure in 2013-14, 11.7% in 2012-13).

Table 1: Financial indicators (Rs crore)

	2012-13 (RE)	2013-14 (BE)	% change
Tax Revenue (Net to Centre)	742115	884078	19%
Non-Tax Revenue	129713	172252	33%
Capital receipts	38073	66468	75%
Revenue expenditure	12,63,072	14,36,169	14%
Capital expenditure	1,67,753	2,29,129	37%
Total expenditure	14,30,825	16,65,298	16%
Fiscal deficit (% of GDP)	5.2	4.8	-

Source: Budget documents; PRS

Taxes

Gross tax revenue is expected to increase by 19% in 2013-14. The Finance Minister has announced changes to both direct and indirect taxes which are expected to generate additional revenue of Rs 18,000 crore in 2013-14. The government has increased tax surcharge on individuals earning more than Rs 1 crore and corporations earning more than Rs 10 crore.

A Commodities Transaction Tax (CTT) of 0.01% on non-agricultural commodity derivatives has been introduced. The securities transaction tax on sale of futures has been cut from 0.017% to 0.01%. Customs duty on certain goods like luxury cars, motorcycles, yachts, set-top boxes and raw silk have been increased.

With regards to the General Anti Avoidance Rules (GAAR), the Finance Minister also announced that the recommendations of the Shome committee would be incorporated and provisions would come into effect in 2016.

Non-tax revenue: Dividends, profits and disinvestment

The government hopes to collect Rs 1.7 lakh crore in non tax revenue in 2013-14, a 34% increase. Dividends and profits from PSUs, nationalised banks and the RBI would total Rs 73,866 crore. The other major component would be the receipts from the sale of spectrum (Rs 41,000 crore).

In terms of capital receipts, the government has set a disinvestment target of Rs 54,000 crore. In 2012-13, the government plans to raise Rs 24,000 crore through disinvestment (out of an initially targeted Rs 30,000 crore).

Subsidy

The overall subsidy bill is projected to decrease by 10% in 2013-14, largely due to a 33% reduction in the subsidy on petroleum. However food subsidy is expected to increase by 6% to Rs 90,000 crore in 2013-14; this includes Rs 10,000 crore set aside for the enactment of the Food Security Bill. There is almost no change expected in the fertiliser subsidy bill.

As a percentage of GDP, the subsidy bill remains above the targeted level of 2%. In 2012-13, subsidies are expected to account for 2.6% of GDP (from 2.4% in 2011-12). The projection for 2013-14 is 2%.

Infrastructure and investment

The Finance Minister emphasized the need for increased investment and improved infrastructure. Some of the key policy changes proposed:

- Infrastructure debt funds will be encouraged; certain institutions will be allowed to raise capital through tax free bonds of up to Rs 50,000 crore and the corpus of the NABARD operated Rural Infrastructure Fund will be increased to Rs 20,000 crore.
- Investment allowance for new high value investment permitted. Any company investing more than Rs 100 crore in plant and machinery between 2013-14 and 2014-15 can deduct an investment allowance of 15% of the investment.
- A regulatory authority will be constituted for the road sector. Around 3,000 km of road projects in Gujarat, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh will be awarded in the first half of 2013-14.
- Tax holiday for the power sector will be extended by a year to end of 2013-14.
- First time home buyers entitled to additional deduction of interest of up to Rs 1 lakh for loans less than Rs 25 lakh.
- Instruments protecting savings from inflation to be introduced.
- Rajiv Gandhi Equity Savings Scheme to be liberalised allowing investors to invest for three successive years.

Macroeconomic Developments

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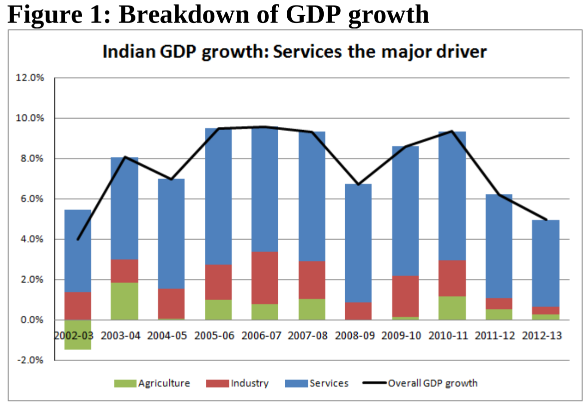
Growth slows to 5% in 2012-13

According to Advance Estimates released by the Central Statistics Office (CSO), the Indian economy is expected to grow by 5% in 2012-13, the slowest expansion in 10 years.[3] The CSO projected a slowdown in growth across the agriculture, industry and services sectors. Agriculture growth is projected to fall to 1.8% (from 3.6% in 2011-12), industrial output to 3.1% (from 3.5%) and services to 6.6% (from 8.2%).

Figure 1: Breakdown of GDP growth



Source: RBI, PRS

Inflation continues to ease

WPI (Wholesale Price Index) inflation decreased, for the fourth consecutive month; falling to a three year low of 6.6% in January.[4] Fuel and power inflation fell to 7.1% in January (from 9.4% in December 2012) while manufactured goods inflation fell to 4.8% (from 5.0%) - another three year low. However food inflation increased to 11.9% (11.2% in December) and retail inflation, as measured by the CPI (Consumer Price Index), remains elevated at 10.8%.

Railways

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Railway Budget for 2013-14 announced

The Minister of Railways, Pawan Kumar Bansal, presented the Railway Budget 2013 to Parliament on February 26. The key highlights and proposals from the Budget are:[5]

Finances: Operating ratio to decrease to 88.8%

Over the last few years, the railways have struggled to generate resources to meet its operational expenditure and this has hindered investment in planned activities like safety, capacity and passenger amenities.

The operating ratio, a metric used to measure the railways' ability to post a surplus, is expected to decrease to 88.8% in 2012-13 (from 94.9% in 2011-12) and fall to 87.8% by 2013-14. A higher ratio adversely affects the railway's capability to make such investments.

Key financial performance indicators are given in Table 2.

Table 2: Railway financial indicators (Rs crore)

Financial indicators	2012-13 (RE)	2013-14 (BE)	% change
Gross Traffic Receipts	125,680	143,742	14%
Total Revenue	128,202	146,626	14%
Working expenses	84,400	96,500	14%
Total Expenditure	112,453	127,230	13%
Net surplus	10,409	13,147	26%
Operating ratio	88.8%	87.8%	-

Source: Budget 2013-14; PRS

Tariffs: No change in passenger fares, introduction of FAC for freight

To compensate for fluctuating fuel prices, the Railways Minister proposes implementing a fuel adjustment component (FAC). The FAC will only apply to tariff for freight from April 2013 and is expected to increase prices by 5.8%.

Passenger fares remain unchanged. (However passenger fares had been revised earlier in January 2013, in a move expected to generate additional receipts of Rs 6,600 crore in 2013-14). The Ministry also announced that a Railway Tariff Authority would be established.

Traffic: Receipts to increase by 14%

Next year, passenger traffic is projected to increase by 5.8% while freight traffic by 4.7%. In terms of receipts, passenger revenues are expected to total Rs 42,210 crore, a 30% hike. In contrast, freight traffic receipts are projected to only increase by 9% to Rs 93,554 crore in 2013-14.

Infrastructure: Plan outlay of Rs 63,363 crore

The Minister proposes a plan investment of Rs 63,363 crore in 2013-14. The main focus of the investment would be doubling of tracks, safety and passenger and staff welfare. Compared with 2012-13, this would be a 5% increase with the extra funds coming largely via extra budgetary support.

Safety: Several measures introduced

Railway safety has improved over the last few years; the number of consequential train accidents per million train kilometre has fallen from 0.41 in 2003-04 to 0.12 in 2011-12.[7] However accidents at level crossings are a concern and the Minister proposes eliminating 10,797 crossings by the end of the 12th Plan. He also proposes various other safety enhancing measures like fire and smoke detection systems, train protection warning system and developing a corporate safety plan.

A complete analysis of the Railway budget can be found here.

Finance

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Amendments to NABARD Act

The Cabinet has approved changes to the National Bank for Agriculture and Rural Development Bank (NABARD) Act, 1981 to improve the Bank's performance.[6] NABARD was established in order to promote the development of agriculture and rural areas by facilitating credit flow to agriculture, small and rural industries in India.

The Cabinet has made the following amendments to the NABARD Act:

- The authorised capital will be raised to Rs 20,000 crore from Rs 5,000 crore.
- Currently, the central government owns 99% and RBI 1% of NABARD. The RBI's holding will be transferred to the government.
- The definition of co-operative societies will be expanded to enable NABARD to lend to multi state co-operative societies.
- The roles of Chairman and Managing Director will be merged.
- NABARD will be allowed to use new financial products for short term funding purposes.

New banking license policy guidelines

The RBI has issued guidelines for licensing new private sector banks.[7] India's banking sector was opened to private participation in 1993 when the RBI issued 10 private sector banks with banking licenses (since then two more banks have acquired licenses). In 2010-11, the Finance Minister had announced that the RBI was considering issuing additional licenses to the private sector. The guidelines outline requirements for the license, application procedure and the RBI's decision making procedure.

Key features of the new guidelines:

- Banks have to be set up through a Non-Operative Financial Holding Company (NOFHC). The NOFHC will be registered as a non banking finance company (NBFC) and be regulated separately by the RBI.
- The NOFHC shall be registered as an NBFC with the RBI and will be governed by a separate set of directions issued by RBI.
- Entities or groups should pass the fit and proper criteria i.e., financially sound with a successful track record of 10 years.
- Banks will require an initial minimum paid up equity capital of Rs 5 billion of which the NOFHC will have to hold at least 40% for a period of five years.
- Foreign ownership of the bank shall be limited up to 49% for the five years.
- At least 25% of a bank's branches should be opened in unbanked rural centres (maximum population of 9,999).
- All existing priority sector lending targets and sub-targets are applicable to new banks.
- Applications will be referred to the RBI's High Level Advisory Committee (to be constituted). Based on their recommendations, the RBI can issue an in-principle approval valid for a year.

Energy

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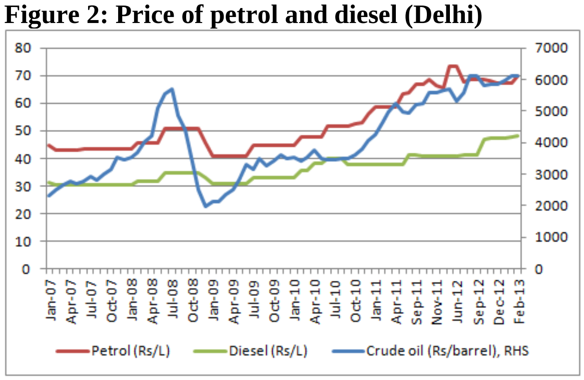
Petrol, diesel prices increased

Oil Marketing Companies have increased the price of petrol by Rs 1.5 per litre and diesel by 45 paise per litre.[8] Prices have been hiked because of rising crude oil prices. Last month, petrol prices had been cut by 0.25 paise/litre, however since then the Indian basket of crude has risen by 3.8% to US$113.24 (see Figure 2).

Figure 2: Price of petrol and diesel (Delhi)



Source: PPAC; PRS

Diesel prices had been hiked by Rs 0.45/litre in January lowering the under recovery to Rs 9.2/litre. Since then, the under recovery has increased to Rs 10.72/litre. Consequently, diesel prices have been hiked again by Rs 0.45/litre, resulting in an under recovery of Rs 10.27/litre.

Shale Gas exploration being considered

The Minister of Power has revealed that the government will release a shale oil gas exploration policy within a month.[9] According to a news report, the government is hoping to launch its first auction of shale gas block by the end of 2013.[9] Shale oil and gas is found in sedimentary rocks under the earth's surface and is seen as an alternative energy source.

In their draft policy on shale oil and gas, the Directorate General of Hydrocarbons (DGH) stresses the need to enhance the availability of oil and natural gas.[10] Around 75% of India's domestic oil consumption is met through imports and India's demand for natural gas is expected to increase by more than three-fold over the next four years.[10]

Home Affairs

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Criminal Law (Amendment) Ordinance issued

On February 3, 2013 the government notified the Criminal Law (Amendment) Ordinance, 2013. The Ordinance seeks to amend provisions relating to sexual offences in three laws: the Indian Penal Code (IPC), the Criminal Procedure Code (CrPC) and the Evidence Act. The Ordinance was issued after a committee chaired by Justice JS Verma gave its recommendations.

The Ordinance replaces the offence of rape with that of sexual assault. Whereas rape is currently defined as penile penetration of the vagina, the new definition of sexual assault includes penetration of the vagina, anus, urethra or the mouth with any body part or an object, and also includes touching of the private parts of a person.

The Ordinance also introduces certain new offences:

- Failure of a public servant to perform his duties, such as investigate persons as per the requirements under law and recording complaints relating to sexual offences is punishable with one year imprisonment;
- Sexual harassment includes actions such as unwelcome physical contact; demand or request for a sexual favour; and forcibly showing pornography. These actions are punishable with up to five years imprisonment.
- Voyeurism means the act of watching or capturing images of a woman engage in private acts, or when her private parts are exposed in circumstances where she reasonably expects privacy. Voyeurism is punishable with three to seven years imprisonment.
- Stalking is defined as following a person or attempting to develop personal interaction despite clear indication of disinterest, tracking e-mail and internet use or spying. It is punishable with one to three years of imprisonment.
- The offence of slavery is replaced with trafficking. Trafficking involves recruitment, transferring, harbouring or receiving of persons for the purposes of: (a) forced labour, (b) forced organ removal and (c) sexual exploitation. The punishment for trafficking is seven to ten years imprisonment.
- Acid attacks are also punishable with seven to ten years imprisonment with a fine of Rs 10 lakh as compensation to the victim.
- Some recommendations of the Verma Committee have not been accepted in the Ordinance. These include the following:
- The Verma Committee stated that penetrative and non-penetrative sexual assault should be penalised differently. Non-penetrative sexual assault, such as touching, should be given lower punishment. The Ordinance includes all these actions within the same definition of sexual assault and provides the same penalties.
- Currently, the IPC states that a sexual act between a married couple will not be considered rape if the wife is above 15 years of age. The Verma Committee recommended that this exception be removed and non-consensual acts be penalised. The Ordinance retains the earlier provision but increases the minimum age of the wife to 16 years for the exception.
- The Ordinance prescribes the minimum age of consent at 18 years. The Verma Committee had recommended that this should be 16 years.

A PRS summary of the recommendations may be accessed here. For related documents, see here.

Law and Justice

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Justice Usha Mehra Commission submits report on the Delhi gang rape

On February 22, 2013, the Justice Usha Mehra Commission submitted its report. The single member Commission was set up after the Delhi gang rape to inquire into various aspects of the December 16, 2012 incident.

The Report has not been made available to the public. However, according to news reports, the Commission has criticised the lack of co-ordination between the Delhi Police and the Traffic Police.[11] According to the news reports, the Commission has made the following recommendations:

- The victim's statement should be treated as the victim's main examination, so that the victim does not have to come to court.
- The cross examination of the victim should be done through video examination.
- A supervision committee consisting of professionals, army personnel and other members should be formed to supervise the work done by the police.
- The Police Control Room vans should not be stationed in one place for more than 10 minutes.

Environment

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Exemption from consent of gram sabha for linear projects in forest land

The Ministry of Environment and Forests (MoEF) has recently exempted certain infrastructure projects, where linear diversion of forest land is involved, from the requirement of obtaining consent of the gram sabha. This exemption will not apply if the recognised rights of Primitive Tribal Groups and Pre-Agricultural Communities are being affected.[12] Linear projects involve the diversion of forest land for the construction of roads, canals, laying of pipelines, optical fibres and transmission lines.

Presently, any diversion of forest land for non forest use, including linear diversions, requires the prior approval of the Forest Advisory Committee (FAC) and the central government. A letter of consent from the gram sabha stating that claims have been settled and the Forest Rights Act (FRA) has been complied with is to be submitted to the FAC. The Rules under the FRA, mandate that the gram sabha of the area has to pass a resolution (with a 50% quorum) consenting to the proposed diversion of forest land for non-forest use.

Forest clearances pending for approval before the MoEF

Prior approval of the central government has to be sought under the Forest (Conservation) Act, 1980 for the diversion of forest land for non-forest purposes. The MoEF has recently released data on the number of forest clearances pending before them. The number of proposals pending before the MoEF, as on January 30, 2013 is listed in Table 3.

Table 3: Clearances pending before the MoEF

Category	Number of proposals	Area applied (ha.)
Mining- Non Coal	22	3617
Road	16	1952
Coal Mining	14	3737
Hydel	7	33029
Transmission line	5	320
Defence	4	652
Irrigation	4	1562
Drinking Water	3	2590
Railway	3	234
Thermal	1	279
Wind power	1	224
Others	21	9273
Total	**101**	**57469**

Source: Ministry of Environment and Forests

Quality parameters for coal

The MoEF has issued an office memorandum stating that proposals for environmental clearance of imported coal-based ultra-mega thermal power projects would be considered based on certain quality parameters for coal.[13] The validity of environmental clearance granted to these power projects is subject to compliance with these quality parameters.

The parameters to be complied with are: a minimum gross calorific value of 5000 kcal/kg, a maximum ash content of 12% and a maximum sulphur content of 0.8%. Coal with a higher calorific value reduces wastage and improves generation efficiency of power projects.

Proposals for environmental clearance, for projects dependent on domestic coal supply from Coal India Limited or Singareni Collieries Ltd (mines with valid environment and forest clearances), would be considered if the information on the coal quality parameters is provided in the Environment Impact Assessment Report and Environment Management Plan.[13]

The coal quality parameters are calorific value, sulphur content and ash content in respect of the mines.

Some stakeholders have expressed concerns that the imposition of quality parameters could hinder plans of increasing power generation capacity at thermal plants that depend on overseas fuel supply.[14] These include cases in which agreements have been signed with foreign suppliers to supply coal of a lower quality than that required under the new provisions.

Telecom

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TRAI issues consultation paper on reduction in roaming rates

The Telecom Regulatory Authority of India has released a consultation paper on national roaming charges, seeking comments from stakeholders.[15] Earlier, under the National Telecom Policy, 2012, the Ministry of Information and Telecommunications had set out its goal to move towards a free roaming regime.

In its paper, TRAI observed that various costs that contribute to roaming charges have reduced on account of an increase in the number of subscribers. As per TRAI, the incremental cost for roaming is likely to be lower than the incremental cost for roaming in 2006-07.

Roaming charges include termination charges, carriage charges and incremental costs for roaming services. Earlier, through the Telecommunications Tariff Order 2007, the maximum tariff for roaming charges was reduced by 56%. Again in 2008, termination charges were reduced from Rs 0.30 to Rs 0.20 per minute in 2008.

TRAI has sought comments on various issues including the kind of changes in the licensing regime that would need to be implemented if roaming charges are removed. Comments are due by March 18, 2013.

Mining

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Draft National Steel Policy 2012

A draft National Steel Policy 2012 has been issued by the Ministry of Steel in February 2013.[16] They have sought public comments. The draft policy aims to better reflect the needs of the industry given changes in the domestic and global economic environment. The last policy was formulated in 2005.

The 2005 Policy had envisaged steel production to reach 110 million tonnes (mt) by 2019-20.[17] According to the draft policy, the actual performance of the domestic steel industry surpassed the projected levels of performance in the 2005 Policy.

The provisional data released for 2011-12 states that the crude steel production is at 73.8 mt.[18] Based on the assessment of the current ongoing projects (both greenfield and brownfield) the Working Group on Steel for the 12th Plan has projected that the crude steel capacity is likely to be 140 mt by 2016-17.[17]

The key objectives of the 2012 draft policy are:

- **Steel capacity**: To attract investments from both domestic and foreign sources to reach crude steel capacity level of 300 mt by 2025-26 to meet the domestic demand fully.[16] The crude steel capacity was about 90 mt in 2011-12.[19]
- **Iron ore**: Phased restrictions on iron ore exports to be examined by an Inter-ministerial Committee to ensure long term competitiveness of the steel industry. The iron ore requirements of the domestic steel industry are expected to grow to 392 mt-452 mt by fiscal year 2025-26.[16] At present, the domestic consumption of iron ore by the iron ore and steel industry is 116 mt.[20]
- **Coking coal**: The policy has suggested measures to enhance the resource position of coking coal in India. These include: (i) the phased deregulation of the coal sector, (ii) de-merger of operational coking coal mines under Coal India Limited (CIL) to form a separate Public Sector Undertaking (PSU), and (iii) idle CIL mines to be offered to other PSUs for exploitation. These changes are being suggested due to the decreasing availability of low ash coking coal. The steel industry is increasingly dependent on

imports. The coking coal requirements of the domestic steel industry are expected to grow to 173 mt-200 mt by fiscal 2025-26.

Education

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Delhi High Court rules that RTE Act does not apply to nursery admission

On February 19, the Delhi High Court ruled that the Right of Children to Free and Compulsory Education Act, 2009 (RTE Act) shall not apply to nursery admissions in unaided private schools.[21] The decision was in response to writ petitions filed by the Social Jurist, a civil rights group and the Delhi Commission for the Protection of Child Rights. They contended that the notifications of the Ministry of Human Resource Development related to schools' selection procedure should also be applicable to pre-primary and pre-school classes.

Guidelines of the Ministry with regard to selection procedure:

- **Criteria of admission for 25% seats reserved for disadvantaged groups:** For Class 1 or pre-primary class, unaided schools shall follow a system of random selection out of the applications received from children belonging to disadvantaged groups.
- **Criteria of admission for rest of the seats:** Each unaided school should formulate a policy of admission on a rational, reasonable and just basis. No profiling shall be allowed based on parental educational qualifications. Also, there can be no testing or interviews for any child or parent.

The right to education is applicable to children between the age of six and 14 years. The RTE Act states that schools have to reserve a certain proportion of their seats for disadvantaged groups. It adds that where the school admits children at the pre-primary level, the reservation for children of weaker sections shall apply.[22]

The two issues that the court considered were: (a) whether RTE applies to pre-schools including nursery schools and to the education of children below six years of age and (b) whether RTE applies to the admission of children in respect of 75% of the seats in pre-schools (25% of seats are reserved for children belonging to disadvantaged groups).

According to the verdict, the notifications issued by the government do not apply to 75% of the admission made in private unaided pre-schools. However, they apply to the 25% admission made in these schools for disadvantaged groups.

UGC launches Scheme on Innovation Universities

The University Grants Commission (UGC) introduced a new scheme to provide funds to existing universities which meet the criteria of an innovative university.

Under the 'Scheme on Innovation Universities', UGC is going to invite proposals from existing universities on: (a) innovative teaching or educational programmes; (b) innovative research programmes; and (c) organizational innovations for financial support during the XIIth Plan.

The scheme is open to centrally funded, state funded and deemed to be universities which have been classified as 'Category A' by the P.N. Tandon Committee appointed in 2009 to review deemed universities. An 'innovative project' would get a one-time grant of Rs 25 crore; an 'innovative programme' would get a grant between Rs 25 crore and Rs 100 crore; and an 'innovative university' will be eligible for a grant between Rs 100 crore and Rs 300 crore for five years.[23]

It may be noted that the government introduced the Universities for Research and Innovation Bill, 2012 in the Lok Sabha on May 21, 2012 to facilitate the setting up of such universities through a notification. The Standing Committee on Human Resource Development examining the Bill submitted its report by February 26, 2013. More information on the Bill is available here.

Standing Committee submits report on the Universities for Research and Innovation Bill

The Standing Committee on Human Resource Development submitted its Report on the Universities for Research and Innovation Bill, 2012 on February26, 2013.[24] The Bill seeks to allow the central government to establish Universities for Research and Innovation through notifications. These universities shall be enabled to emerge as hubs of education, research and innovation. They shall have autonomy in matters such as awarding degrees and diplomas, appointing teaching and research faculty and determining fees to be paid by students and salary to be paid to the faculty.

Some key recommendations of the Committee:

- The Committee noted that while these proposed universities would give impetus to quality research in the higher education sector, it would create two categories of universities in the country. The proposed universities would have higher autonomy, better service conditions and a different mechanism for establishment than the existing universities. Therefore, it recommended that the Ministry identify a few existing central and state universities which may be given flexible governance structures and full autonomy on an experimental basis.
- The Committee pointed out that since the procedure for establishment of the universities for research and innovation is different from the existing universities, they do not fall within the definition of 'university' in the existing Acts and the Higher Education and Research Bill, 2012. Therefore, there would be difficulty in regulating these universities even though the Bill does not bar application of other laws.
- The Committee recommended that the existing system of establishing universities through central or state acts should also be made applicable to the proposed universities.
- The Bill allows both private and foreign universities to apply to set up universities for research and innovation. The Committee was of the view that the idea of giving entry to foreign universities through this Bill should be deliberated upon with care. It also pointed out that the Foreign Educational Institutions (Regulation of Entry and Operations) Bill, 2010 pending in Parliament has higher level of checks than envisaged in this Bill. It recommended that since research and innovation are intrinsic to the development of higher education system, these universities should be set up with state funding before allowing private or foreign universities.
- The Bill states that each university shall constitute a committee to review the performance of the university within 15 years of it being set up. Subsequent reviews shall take place every 10 years. However, the Committee felt that such evaluation was not sufficient. It recommended that a healthy regulatory and monitoring mechanism be included in the Bill so that the autonomy is not misused.
- The Committee strongly suggested a specific provision for penalties that may be imposed if the university contravenes the terms and conditions of the Memorandum of Agreement.

Civil Aviation

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Civil Aviation Authority to be established to replace DGCA

As per the Civil Aviation Ministry, a Bill to establish a new Civil Aviation Authority may be introduced in this Parliament session.[25] The Authority shall replace the DGCA and shall be responsible for air safety, airspace regulation, setting of aviation standards, licensing of pilots and consumer protection. According to the Ministry, some of the reasons for establishing the new Authority are: (a) the shortage of trained manpower; (b) DGCA's inability to retain manpower due to structural problems; and (c) DGCA's limited financial power and its inability to meet the demands of the civil aviation sector.

The Authority shall have complete financial autonomy and shall be financed by a fund known as the 'Civil Aviation Authority of India Fund'. The Fund shall be established by levying a fee on passengers in addition to the budgetary allocation by the government.

The power and responsibilities of the Authority shall include:

- Power to: (a) conduct investigation; (b) to seize and punish; and (c) issue directions to any company, person or government department if they fail to comply with its directions;
- Regulating air safety and ensuring better management of civil aviation;
- Issuing licenses, approvals, air transport operators and other permits required under the Aircrafts Act, 1934.

Water Resources

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Centre notifies final award of the Cauvery Water Disputes Tribunal

On February 20, the centre notified the final award decision of the Cauvery Water Disputes Tribunal (CWDT) with respect to water sharing among Tamil Nadu, Karnataka, Kerala and Pondicherry.[26] As per the decision of the Tribunal, Karnataka would be entitled to receive 270 thousand million cubic feet (TMC) and Tamil Nadu 419 TMC of water.[27]

The CWDT was instituted under the Inter-State Water Disputes Act, 1956 to adjudicate upon water disputes regarding the river Cauvery. The Tribunal gave its final decision regarding the proportion of sharing of river waters on February 5, 2007. The Tribunal's decision would be given effect through a notification by the Cauvery River Authority (CRA), set up under the Act and headed by the Prime Minister. However, the CRA failed to notify the final decision of the Tribunal for six years. During the period, it issued several interim orders to the states regarding water-sharing. Unsatisfied with these orders, all riparian states (situated on the bank of the river) moved the Supreme Court. Following these developments, the Court directed the centre to notify the CWDT's final decision by February 20, 2013.

The CWDT decision determined that the total utilisable amount of water available from the Cauvery was 740 TMC. As per the Tribunal's decision, Tamil Nadu would be allocated 419 TMC of water, Karnataka 270 TMC, Kerala 30 TMC and Pondicherry 7 TMC. In a distress year, the allocated share of water shall be proportionately reduced among the states/UTs.

Women and Child Development

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Ministry plans to amend the Immoral Trafficking Prevention Act

According to news reports, the Ministry of Women and Child Development proposes to amend the Immoral Traffic (Prevention) Act, 1956.[28] The Act penalizes sexual exploitation for commercial purposes and trafficking. Some of the proposed amendments include:

- Anyone below the age of 18 years is to be considered a child.
- Any person who visits a brothel to sexually exploit a woman is to be penalised. Higher penalty is proposed for repeat offenders.
- A definition for trafficking has been added.
- Penalty for repeat offenders or for trafficking a child is higher. .

In 2006, the Ministry had piloted a similar Bill in the Lok Sabha but it had lapsed with the dissolution of the 14th Lok Sabha.

For a PRS analysis of the Bill, 2006, see here.

Agriculture

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Second Advance Estimates on foodgrain production in 2012-13 released

As per the estimates released by the Ministry of Agriculture, India is likely to produce 250.14 million tonnes of foodgrains during 2012-13 (includes kharif crops and rabi crops in the field).[29] The estimate for total production is about nine million tonnes less than last year.

A comparison of production estimates over the last five years is given in Table 4. Foodgrain production was highest in 2011-12 due to a bumper crop and good weather conditions; though there is a drop, the level is still expected to be higher than the 2010-11 production.

Table 4: Past production estimates for major crops (in million tonnes)*

Crop	2008-09	2009-10	2010-11	2011-12	2012-13
Rice	99.2	89.1	95.9	105.3	101.8
Wheat	80.7	80.1	86.9	94.9	92.3
Coarse Cereals	40.0	33.6	43.4	42.0	38.5
Pulses	14.6	14.7	18.2	17.1	17.6
Oilseeds	27.7	24.9	32.5	29.8	29.5
Cotton**	22.3	24.0	33.0	35.2	33.8
Jute***	10.4	11.8	10.6	11.4	11.1
Sugarcane	285.0	292.3	342.4	361.0	334.5
Total Foodgrain	**234.5**	**218.1**	**244.5**	**259.3**	**250.1**

Source: PIB; PRS.
***Note:** Final estimates have been used for the years 2008-12; advance estimates have been used for 2012-13
**million bales of 170 kg each;
***million bales of 180 kg each

Health

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New health scheme called Rashtriya Bal Swasthya Karyakram launched

On February 6, the government launched a new health initiative called the 'Rashtriya Bal Swasthya Karyakram' under the National Rural Health Mission.

The initiative seeks to provide comprehensive health care and improve the quality of life of children below 18 years by early detection of birth defects, diseases, deficiencies and development delays. It seeks to cover 30 common health conditions prevalent in children for early detection and free intervention and treatment. There will be provisions for child health screening services through dedicated mobile health teams placed in every block. The teams will screen children in the age group of 0 to 6 years at anganwadi centres and all children enrolled in government and aided schools.[30] It aims to eventually cover around 270 million children across the country.[31]

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[21] Social Jurist v. Government of NCT of Delhi and Delhi Commission for Protection of Child Rights v. Union of India, Delhi HC, WP(C) Nos. 8533/2010 & 26 /2011.

[22] Right of Children to Free and Compulsory Education Act, 2009.

[23] Scheme on Innovation Universities, University Grants Commission.

[24] "248th Report of the Standing Committee on Human Resource Development on the Universities for Research and Innovation Bill, 2012", February 26, 2013.

[25] "Civil Aviation Authority with Greater Financial and Operational Authority to replace DGCA", Press Information Bureau, February 20, 2013.

[26] "Ministry of Water Resources notifies the final award of CWDT", Press Information Bureau, Ministry of Water Resources, February 20, 2013.

[27] Notification No. 373, Ministry of Water Resources, February 19, 2013. http://www.wrmin.nic.in/writereaddata/linkimages/CWDT_Gazette7023249620.pdf.

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