



## PRS Capsule July 2018

### Key Highlights of PRS

- [The Fugitive Economic Offenders Bill, 2018](#)
- [Expert Committee submits report on Data Privacy](#)
- [Arbitration and Conciliation \(Amendment\) Bill, 2018](#)
- [The Commercial Courts \(Amendment\) Bill, 2018](#)
- [Law Commission Report on a Legal Framework for Betting and Gambling](#)
- [Prevention of Corruption Bill, 2018](#)
- [The Insolvency and Bankruptcy \(Amendment\) Bill, 2018](#)
- [The RTE \(Second Amendment\) Bill, 2017](#)
- [The National Sports University Bill, 2018](#)
- [Government declares six Educational Institutions of Eminence](#)
- [Cabinet approves introduction of the DNA Technology \(Use and Application\) Bill, 2018](#)
- [Bill to supersede the Homoeopathy Central Council](#)
- [The Airports Economic Regulatory Authority of India \(Amendment\) Bill, 2018](#)
- [Anti-Trafficking Bill](#)
- [Standing Committee submits report on Safety, Security and Environmental Aspects in Petroleum Sector](#)
- [Criminal Law \(Amendment\) Bill, 2018](#)
- [Standing Committee submits report on security situation in North East India](#)
- [High Level Committee constituted to check mob violence and lynching](#)
- [Standing Committee submits report on impact of Chinese goods on Indian industry](#)
- [The Micro, Small and Medium Enterprises Development \(Amendment\) Bill, 2018](#)
- [Ease of Doing Business rankings of states](#)

### The Fugitive Economic Offenders Bill, 2018

The Fugitive Economic Offenders Bill, 2018, was passed by Parliament. It seeks to confiscate properties of economic offenders who have left the country to avoid facing criminal prosecution, or refuse to return to the country to face prosecution.

#### Key Features

- **Fugitive economic offender:** A fugitive economic offender has been defined as a person against whom an arrest warrant has been issued for committing an offence listed in the schedule of the Bill, and the **value of the offence is at least Rs 100 crore**.
  - Further, the person has: (i) left the country to avoid facing prosecution, or (ii) refuses to return to face prosecution.
  - Some of the offences listed in the schedule are:
    - i. Counterfeiting government stamps or currency,
    - ii. Cheque dishonour,
    - iii. Money laundering, and
    - iv. Transactions defrauding creditors.

- **Declaration as fugitive economic offender:** After hearing the application, a special court (designated under the Prevention of Money Laundering Act, 2002) may declare an individual as a fugitive economic offender. It may confiscate properties which are: (i) proceeds of crime, (ii) benami properties, and (iii) any other property, in India or abroad.
  - Upon confiscation, all rights and titles of **the property will vest in the central government**, free from encumbrances (such as any charges on the property). The central government may appoint an administrator to manage and dispose of these properties.
- **Bar on filing or defending civil claims:** The Bill allows any civil court or tribunal to prohibit a declared fugitive economic offender, from filing or defending any civil claim. Further, any company or limited liability partnership where such a person is a majority shareholder, promoter, or a key managerial person (such as a MD or CEO), may also be barred from filing or defending civil claims.
  - The authorities may provisionally attach properties of an accused, while the application is pending before the Special Court.
- **Authorities:** The authorities under the PMLA, 2002 will exercise powers given to them under the Bill. These powers will be similar to those of a civil court, including: (i) search of persons in possession of records or proceeds of crime, (ii) search of premises on the belief that a person is an FEO, and (iii) seizure of documents.

### Key Issues and Analysis

- Under the Bill, any court or tribunal may bar an FEO or an associated company from filing or defending civil claims before it. Barring these persons from filing or defending civil claims may **violate Article 21** of the Constitution i.e. the right to life. Article 21 has been interpreted to include the right to access justice.
- Under the Bill, an FEO's property may be confiscated and **vested in the central government**. The Bill allows the Special Court to exempt properties where certain persons may have an interest in such property (e.g., secured creditors). However, it does not specify whether the central government will share sale proceeds with any other claimants who do not have such an interest (e.g., unsecured creditors).
- The Bill **does not require the authorities to obtain a search warrant** or ensure the presence of witnesses before a search. This differs from other laws, such as the Code of Criminal Procedure (CrPC), 1973, which contain such safeguards. These safeguards protect against harassment and planting of evidence.
- The Bill provides for **confiscation of property upon a person being declared an FEO**. This differs from other laws, such as CrPC, 1973, where confiscation is final two years after proclamation as absconder.

### Expert Committee submits report on Data Privacy

The Committee of Experts on a Data Protection Framework for India (**Chair: Justice B. N. Srikrishna**) submitted its report and draft Bill to the Ministry of Electronics and Information Technology. It was constituted in August, 2017 to examine issues related to data protection, recommend methods to address them, and draft a data protection Bill.

The Committee observed that the **regulatory framework has to balance the interests of the individual with regard to his personal data and the interests of the entity such as a service provider** who has access to this data.

It is noted that the relationship between the individual and the service provider must be viewed as a **fiduciary relationship**. This is due to the dependence of the individual on the service provider to obtain a service. Therefore, the service provider processing the data is under an obligation to deal fairly with the individual's personal data, and use it for the authorised purposes only.

### Key provisions:

- **Grounds for processing data:** The Bill allows processing of data by fiduciaries if consent is provided. Further, processing of sensitive personal data (e.g., caste, religion, and sexual orientation of the individual) requires explicit consent. However, in certain circumstances, processing of data may be permitted without consent of the individual.

- **Obligations of fiduciaries:** Entities with access to personal data have several obligations, including: (i) to process data fairly and reasonably, and (ii) to give notice to the individual at the time of collecting data to various points in the interim.
- **Data Protection Authority:** The Bill provides for the establishment of a Data Protection Authority to: (i) protect interests of individuals, (ii) prevent misuse of personal data, and (iii) ensure compliance with the Bill. It will consist of a chairperson and six members, with knowledge of at least 10 years in the field of data protection and information technology.
- **Rights of the individuals:** The Bill sets out certain rights of individuals. These include: (i) right to obtain confirmation from the fiduciary on whether its personal data has been processed, (ii) right to seek correction of inaccurate, incomplete, or out-of-date personal data, and (iii) right to have personal data transferred to any other data fiduciary in certain circumstances.
- **Offences and penalties:** Under the Bill, the Authority may levy penalties for various offences by the data fiduciary including (i) failure to perform its duties, (ii) data processing in violation of the Bill, and (iii) failure to comply with the directions issued by the Authority.
- **Amendments to other laws:** The Bill makes consequential amendments to the Information Technology Act, 2000. It also amends the Right to Information Act, 2005, and to permit non-disclosure of personal information where harm to the individual outweighs public good.

## Arbitration and Conciliation (Amendment) Bill, 2018

The Arbitration and Conciliation (Amendment) Bill, 2018 was introduced in Lok Sabha to amend the Arbitration and Conciliation Act, 1996. The Act contains provisions to deal with domestic and international arbitration, and defines the law for conducting conciliation proceedings.

### Key Features

- **Arbitration Council of India:** The Bill seeks to establish an independent body called the Arbitration Council of India (ACI) for the promotion of arbitration, mediation, conciliation and other alternative dispute redressal mechanisms.
- **Functions:**
  - Framing policies for grading arbitral institutions and accrediting arbitrators,
  - Making policies for the establishment, and maintenance of uniform professional standards for all alternate dispute redressal matters, and
  - Maintaining a depository of arbitral orders made in India and abroad.
- **Composition:** The ACI will consist of a **Chairperson** who is either: (i) a Judge of the Supreme Court; or (ii) a Judge of a High Court; or (iii) Chief Justice of a High Court; or (iv) an eminent person with expert knowledge in conduct and administration of arbitration. Other members will include an eminent **arbitration practitioner**, an **academician** with experience in arbitration, and **government appointees**.
- **Appointment of Arbitrators:** Under the Act, parties were free to appoint arbitrators. In case of disagreement on an appointment, the parties could request the Supreme Court, or the concerned High Court, or any person or institution designated by such Court, to appoint an arbitrator.
  - Under the Bill, the Supreme Court and High Courts may designate arbitral institutions, which parties can approach for the appointment of arbitrators.
  - For **international commercial arbitration**, appointments will be made by the institution designated by the Supreme Court.
  - For **domestic arbitration**, appointments will be made by the institution designated by the concerned High Court.

In case there are no arbitral institutions available, the Chief Justice of the concerned High Court may maintain a panel of arbitrators to perform the functions of the arbitral institutions.

**Relaxation of time limits:** Under the 1996 Act, arbitral tribunals are required to make their award within a period of 12 months for all arbitration proceedings. The Bill proposed to remove this restriction for international commercial arbitrations.

## The Commercial Courts (Amendment) Bill, 2018

The Commercial Courts, Commercial Division, and Commercial Appellate Division of High Courts

(Amendment) Bill, 2018 was introduced in Lok Sabha. The Bill amends the Commercial Courts, Commercial Division, and Commercial Appellate Division of High Courts Act, 2015, and replaces an Ordinance promulgated in May 2018.

- The Act enables the creation of commercial divisions in High Courts, and commercial courts at the district level to adjudicate commercial disputes.
- **Reduction in pecuniary limits:** Under the Act, commercial courts and commercial divisions in high courts can decide disputes with a value of at least one crore rupees. The Bill reduces this limit to an amount of at least **three lakh rupees or a higher** value to be notified by the central government.
- **Establishment of certain commercial courts:** Under the Act, state governments may constitute commercial courts at district judge level, after consulting the concerned High Court. The Act bars such commercial courts to be constituted in cases where the High Court has the original jurisdiction to hear commercial cases.
- The Bill removes this bar and allows states to constitute commercial courts where high courts have ordinary original civil jurisdiction.
- **Commercial Appellate Courts:** In areas where High Courts do not have ordinary original civil jurisdiction, state governments may notify commercial appellate courts at the district judge level. Appeals against the order of a commercial court (below the level of a district judge) will lie before the Appellate Court.
- **Mediation:** A provision for mandatory mediation has been provided in those cases where no urgent relief is being sought by the parties to the dispute. The mediation process is required to be completed within a period of three months (may be extended by another two months).

## Law Commission Report on a Legal Framework for Betting and Gambling

The Law Commission of India submitted a report examining whether betting may be legalised in India. The report follows a Supreme Court directive in 2016 where the Court asked the Commission to examine the possibility of a law to regulate betting.

The Commission noted that while it is desirable to ban betting and gambling, it is difficult to prevent these activities altogether. Therefore, the Commission recommended regulation of gambling and betting.

### Key Recommendations:

- **Power to regulate gambling and betting:** Betting and gambling is a state subject under the Constitution. Therefore, the Commission notes that state legislatures may frame a law to regulate betting and gambling. However, it stated that Parliament may enact a model law to regulate betting and gambling, which states may adopt. Parliament may also enact laws under **Article 249** (in national interest) or **Article 252** (if two or more states consent). With regard to online gambling and betting, it observed that Parliament has the competence to enact a law.
- **Regulations governing gambling and betting:** The Commission recommended that gambling and betting should only be permitted by licensed operators from India. For participants, it recommended that there should be a cap on the number of such transactions for a specific period, i.e., monthly, half-yearly or yearly. It also recommended that transactions between operators and participants should be made cashless and penalties should be imposed for cash transactions.
- In order to protect the public from the ill-effects of these activities and to increase transparency and state supervision, the Commission recommended that all betting and gambling transactions should be **linked to the Aadhaar/PAN Card** of the operator and participant.
- Further, any income derived from betting or gambling should be made taxable under the **Income Tax Act (IT Act), 1961, the Goods and Services Tax Act (GST), 2017**, and other relevant laws.
- **Prohibited persons:** The Commission recommended that minors, or those who receive subsidies from the government, or those who do not fall within the purview of the **IT Act, 1961**, or the **GST, 2017** should be barred from participating in online or offline gambling platforms.

## Prevention of Corruption Bill, 2018

The Prevention of Corruption Bill, 2018 was passed by Parliament which seeks to amend the Prevention of

## Key Features

- **Offering bribe:** The Bill introduces the offence of giving a bribe as a **direct offence**. However, a person who is compelled to give a bribe will not be charged with the offence if he reports the matter to law enforcement authorities within seven days.
- **Criminal misconduct:** The Bill redefines the provisions related to **criminal misconduct** to only cover two types of offences:
  - fraudulent misappropriation of property; and
  - Illicit enrichment (such as amassing of assets disproportionate to one's known sources of income).
- **Prior approval for investigation:** Before a police officer conducts any investigation into an offence alleged to have been committed by a public servant, prior approval of the relevant government or competent authority should be taken. Such approval would not be necessary in cases which involves the arrest of a person on the spot on the charge of taking a bribe.
- **Time period for trial of cases:** As per the Bill, endeavour should be made to complete the trial by special judge within **two years**. This period may be extended for up to six months at a time, for recorded reasons. However, the total period for completion of trial **may not exceed four years**.

## The Insolvency and Bankruptcy (Amendment) Bill, 2018

The Bill amends the Insolvency and Bankruptcy Code, 2016, and replaces the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2018 that was promulgated on June 6, 2018. The Code provides a time-bound process for resolving insolvency in companies and among individuals.

### Key Features:

- **Financial Creditors:** The Code defines a financial creditor as a person to whom financial debt is owed. Such debt includes any amount raised that has the commercial effect of a borrowing. The Bill clarifies that an **allottee under a real estate project will be considered a financial creditor**. An allottee includes any person to whom a plot, apartment, or building has been allotted, sold, or transferred by a promoter (real estate developer or development authority). These allottees will be represented by an authorised representative on the committee of creditors.
- **Applicability of the Code to Micro, Small and Medium Enterprises (MSMEs):** The Code prohibits certain persons from bidding for the company in the resolution process. This includes persons whose account has been classified as a Non-Performing Asset (NPA) for a year, and any guarantor for a defaulting debtor. The Bill provides that the ineligibility criteria for resolution applicants regarding NPAs and guarantors will not be applicable to persons applying for resolution of MSMEs. The central government may modify or remove other provisions of the Code while applying them to MSMEs.
- **Voting threshold of Committee of Creditors:** The Code specifies that all decisions of the committee of creditors be taken by a majority of at least 75% of the financial creditors. The Bill lowers this threshold to 51%. For certain key decisions, the voting threshold has been reduced from 75% to 66%. These include: (i) appointment and replacement of the resolution professional, and (ii) approval of the resolution plan.

## The RTE (Second Amendment) Bill, 2017

- The Right of Children to Free and Compulsory Education 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 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.

Note that, the Standing Committee on Human Resource Development (Chair: Dr. Satyanarayan Jatiya) submitted its report on the Bill in February 2018. It reinstated that learning of children must be assessed through examinations.

## **The National Sports University Bill, 2018**

The National Sports University Bill, 2018 was introduced in Lok Sabha. It replaces the National Sports University Ordinance, 2018 that was promulgated on May 31, 2018. The Bill provides for the establishment a **National Sports University in Manipur**.

- **Establishment of the University:** The National Sports University will be headquartered in Manipur. It may establish outlying campuses (within or outside India), colleges, or regional centres.
- **The University will:** (i) undertake research on physical education, (ii) strengthen sports training programmes, and (iii) collaborate internationally in the field of physical education, among others.
- **Functions of the University:** Key powers and functions of the University include:
  - i. Prescribing courses of study and conducting training programmes,
  - ii. Granting degrees, diplomas, and certificates,
  - iii. Providing facilities through a distance education system, and
  - iv. Conferring autonomous status on a college or an institution.

## **Government declares six Educational Institutions of Eminence**

The **Ministry of Human Resource Development** recently declared six higher educational institutions as Institutions of Eminence. Of these six institutions; **three are in the public sector** and the remaining in **the private sector**.

In February 2018, the University Grants Commission constituted an Empowered Expert Committee to recommend ten public and ten private higher educational institutions to emerge as world-class teaching and research institutions i.e., as **Institutions of Eminence**. These institutions would be allowed **greater autonomy** in admitting foreign students, fixing fees, and recruiting foreign faculty, among others.

The institutions selected by the Ministry are:

1. Indian Institute of Science, Bangalore,
2. Indian Institute of Technology, Bombay,
3. Indian Institute of Technology, Delhi,
4. Jio Institute, Pune,
5. Birla Institute of Technology & Sciences, Pilani and
6. Manipal Academy of Higher Education, Manipal.

## **Cabinet approves introduction of the DNA Technology (Use and Application) Bill, 2018**

The Union Cabinet approved the introduction of the **DNA Technology (Use and Application) Bill, 2018**.

The Cabinet identified the following purposes of the Bill:

1. expand the application of DNA-based forensic technologies to support and strengthen the justice delivery system of the country,
2. utilise DNA-based technologies for solving crimes, and to identify missing persons,
3. provide for mandatory accreditation and regulation of DNA laboratories,
4. ensure that DNA test results are reliable and the privacy rights of citizens with respect to the data remain protected, and
5. enable the matching between persons who have been reported missing and unidentified dead

bodies found in various parts of India, and also to establish the identity of victims in mass disasters.

## Bill to supersede the Homoeopathy Central Council

The **Homoeopathy Central Council (Amendment) Bill, 2018** was introduced and passed by Lok Sabha. It amends the Homoeopathy Central Council Act, 1973. The Act sets up the **Central Council of Homoeopathy** which regulates homoeopathic education and practice.

- **Supersession of the Central Council:** The Bill amends the 1973 Act to provide for the supersession of the Central Council. The Central Council will be reconstituted within one year from the date of its supersession. In the interim period, the central government will constitute a Board of Governors to exercise the powers of the Central Council.
- **The Board of Governors** will consist of up to seven members including: (i) persons of eminence in the field of homoeopathy education, and (ii) eminent administrators, appointed by the central government. The central government will select one of these members as the Chairperson of the Board.
- **Permission for existing Homoeopathy Colleges:** The Bill states that: (i) if any person has established a homoeopathy medical college, or (ii) if an established homoeopathy medical college has opened new courses or increased its admission capacity before the passage of the Bill, it will have to seek permission from the central government within one year. If the person or homoeopathy medical college fails to seek such permission, then any medical qualification granted to a student from such medical college will not be recognised under the Act.

## The Airports Economic Regulatory Authority of India (Amendment) Bill, 2018

The Airports Economic Regulatory Authority of India (Amendment) Bill, 2018 amends the Airports Economic Regulatory Authority of India Act, 2008. The Act established the **Airports Economic Regulatory Authority of India (AERA)**. The AERA regulates tariffs and other charges for aeronautical services provided at civilian airports with annual traffic above 15 lakh passengers. It also monitors the performance standard of services across these airports.

### Key Features of the Bill are:

- **Definition of major Airports:** The Act defines a major airport as one with annual passenger traffic over 15 lakh, or any other airports as notified by the central government. The Bill increases the threshold of annual passenger traffic for major airports to over 35 lakh.
- **Tariff determination by AERA:** Under the Act, the AERA is responsible for determining: (i) the tariff for aeronautical services at different airports every five years, (ii) the development fees of major airports, and (iii) the passengers service fee. It can also call for necessary information to determine tariffs and perform any other tariff-related functions, including amending the tariffs if necessary in the interim periods.
- **The Bill provides that the AERA will not determine:** (i) the tariff, (ii) tariff structures, or (iii) the development fees, in certain cases. These cases will include those where such tariff amounts were a part of the bid document, on the basis of which airport operations are awarded. The AERA will be consulted before incorporating such tariffs in a bid document, which will be notified.

## Anti-Trafficking Bill

The Trafficking of Persons (Prevention, Protection and Rehabilitation) Bill, 2018 was passed in Lok Sabha. The Bill provides for the prevention, rescue, and rehabilitation of trafficked persons.

### Key Features of the Bill include:

- **National Anti-Trafficking Bureau:** The Bill provides for the establishment of a National Anti-Trafficking Bureau to investigate trafficking cases and implement provisions of the Bill. The Bureau will comprise of police officers, and any other officers as required. The Bureau may take over the investigation of any offence under the Bill, that has been referred to it by two or more states.

- **Functions of the Bureau:** Key functions of the Bureau include: (i) coordinating and monitoring surveillance along known routes, (ii) facilitating surveillance, enforcement and preventive steps at source, transit and destination points, and (iii) maintaining coordination between law enforcement agencies, non-governmental organisations, and other stakeholders.
- **Anti-Trafficking Units:** The Bill also provides for the setting up of Anti-Trafficking Units (ATUs) at the district level. ATUs will deal with the prevention, rescue, and protection of victims and witnesses, and for the investigation and prosecution of trafficking offences. In districts where an ATU is not functional, this responsibility will be taken up by the local police station.
- **Anti-Trafficking Relief and Rehabilitation Committee:** The Bill provides for the establishment of Anti-Trafficking Relief and Rehabilitation Committees (ATCRs) at the national, state, and district levels. These Committees will be responsible for: (i) providing compensation to victims, (ii) repatriation of victims, and (iii) re-integration of victims in society, among others.
- **Penalties:** The Bill specifies the penalties for various offences including for (i) trafficking of persons, (ii) promoting trafficking, (iii) disclosing the identity of the victim, and (iv) aggravated trafficking (such as trafficking for bonded labour and begging). For example, aggravated trafficking will be punishable with rigorous imprisonment of 10 years up to life imprisonment, along with a minimum fine of one lakh rupees.

## Standing Committee submits report on Safety, Security and Environmental Aspects in Petroleum Sector

The Standing Committee on Petroleum and Natural Gas submitted its report on 'Safety, Security and Environmental Aspects in Petroleum Sector'.

### Key Observations and Recommendations:

- **Safety, security and environment protection in the petroleum sector:** The Committee noted that the petroleum industry handles highly inflammable hydrocarbons, and operates processes under high temperature and pressure. Further, the industry has a significant influence on environmental pollution through exploration and production operations, oil spillage, and refining operations. Therefore it recommended that all these operations should be continuously monitored, and the legal framework strengthened to enhance safety and minimise the environmental impact.
- **Role of the Safety Council:** Data submitted by Oil Industry Safety Directorate indicates that the major cases of accidents across the oil and gas industry occur due to: (i) not following the standard operating procedures (SOPs), (ii) violation of work permit system, and (iii) knowledge gap.
- The Committee also noted that the **Safety Council**, an apex body under the Ministry of Petroleum and Natural Gas, has not played its regulatory role in safety matters and procedures in the hydrocarbon sector.
- Further, there is no set procedure to fix the accountability for accidents in oil and gas installations. The Committee recommended that the Safety Council should seek compliance in the oil and gas industry within a fixed time frame.
- Failure to comply should be followed by penalties. The Ministry of Petroleum and other agencies entrusted with enforcement of safety regulations should fix accountability for any cases of violation of SOPs.

## Criminal Law (Amendment) Bill, 2018

The Criminal Law (Amendment) Bill, 2018 was passed by Lok Sabha. The Bill replaces the Criminal Law (Amendment) Ordinance, 2018 promulgated on April 21, 2018. **It amends certain laws related to rape of minors.**

### Key Features:

- **Amendments to IPC, 1860**
  - **Enhanced punishment for rape:** Under IPC, 1860, the offence of rape is punishable with a rigorous imprisonment of at least seven years up to life imprisonment, along with a fine. The minimum imprisonment has been increased from seven years to ten years.
  - **New offences:** The Bill creates new offences to increase punishment for rape of minor



- girls.
- **Repeat offenders:** Under the IPC, 1860, a person who commits rape for the second time may be punished with life imprisonment or death. This provision has now been extended to cover rape under the new offence.

## Standing Committee submits report on security situation in North East India

### Key Recommendations

- **Arunachal Pradesh:** The Committee observed that, unlike other states, Arunachal Pradesh has seen **a rise in the number of insurgency-related incidents** and civilian casualties. The Committee recommended that the government intensify its efforts to contain spillover insurgency activities from other states in Arunachal Pradesh.
- **Assam:** The Committee noted that Assam has the **highest rate of violent crimes** among all states of India. It felt that this may be due to **poor rehabilitation and settlement of surrendered insurgents**.
  - **Recommendation:** The Committee recommended that the central government closely monitor their activities in coordination with the state government.
- **Nagaland:** The Committee noted there was a **delay in concluding the Naga Peace Talks**, which had resulted in growing unrest among the Naga tribal Hohos.
  - **Recommendation:** The Committee recommended that the government **conclude peace talks** at the earliest and Ministry of Home Affairs prepare a generous and detailed **rehabilitation-cum-settlement scheme** for the insurgent groups that will surrender as a part of the agreement.
- **Application of Armed Forces (Special powers) Act (AFSPA):** The Committee noted the Ministry has stated that **there has been an improvement in the security situation** in Assam. However, on the other hand the **area declared as disturbed under the AFSPA has been increased**. The Committee also noted that the state government of Assam has notified the whole state as a disturbed area.
  - **Recommendation:** The Committee recommended that the central and state government hold discussions on the issue and come to a conclusion about the necessity of AFSPA in Assam.

## High Level Committee constituted to check mob violence and lynching

A committee has been constituted to review the incidents of mob violence and lynching in the country and formulate measures to address these problems.

### Membership of the Committee

The Committee will be **chaired by the Union Home Secretary** and will comprise the following members:

1. Secretary, Department of Justice,
2. Secretary, Department of Legal Affairs,
3. Secretary, Legislative Department and,
4. Secretary, Social Justice and Empowerment.

The Committee is required to submit its recommendations to the government within four weeks.

Further, a **Group of Ministers** will be constituted to consider the recommendations of the Committee.

### Membership of Group of Ministers

It will be **headed by the Minister of Home Affairs**, and will comprise:

1. Minister of External Affairs,
2. Minister of Road Transport and Highways, Shipping, Water Resources, River Development and Ganga Rejuvenation,

3. Minister of Law & Justice, and
4. Minister of Social Justice and Empowerment.

The recommendations of the Group will be submitted to the Prime Minister.

## Standing Committee submits report on impact of Chinese goods on Indian industry

- Bilateral trade between India and China increased from USD 38 billion in 2007-08 to USD 89.6 billion in 2017-18.
- While imports from China increased by USD 50 billion, exports increased by USD 2.5 billion during the same period.
- Trade with China constitutes more than 40% of India's total trade deficit.

### Key Observations and Recommendations

- **Anti-Dumping Duty:** Dumping refers to the practice of exporting goods at a price lower than their market value in the originating country.
  - **The Committee noted that:** (i) India's Anti-dumping duties on Chinese goods are being evaded by misclassification of products, and (ii) the government is reluctant to review the effectiveness of anti-dumping measures undertaken by it.
  - **The Committee suggested that the government:** (i) address the problem of lax implementation of anti-dumping duties, and (ii) rationalise the duties and make them more in line with current domestic production costs.
- **Impact on various industries:** The Committee noted that the import of Chinese goods has adversely affected domestic pharmaceutical, solar, textile, toy and bicycle industries.
- It recommended various actions to promote these industries, including: (i) providing infrastructure support, (ii) reviewing free trade agreements with Least Developed Countries to check rerouting of goods originating in China, and (iii) banning import of products like toys and firecrackers to prevent health hazards to the population.

## The Micro, Small and Medium Enterprises Development (Amendment) Bill, 2018

The Bill amends the Micro, Small and Medium Enterprises Development Act, 2006.

### Key Features

**Basis for classification of MSMEs:** Under the Bill, all MSMEs, whether they are manufacturing or service-providing enterprises will be classified on the basis of their annual turnover.

- An enterprise is classified as:
  - i. a micro enterprise if annual turnover is less than Rs 5 crore,
  - ii. a small enterprise if annual turnover is between Rs 5 and Rs 75 crore, and
  - iii. a medium enterprise if annual turnover is between Rs 75 and Rs 250 crore.

### Ease of Doing Business rankings of states

- The **Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry**, released the rankings of states and union territories on the Ease of Doing Business, 2017.
- The **DIPP**, in collaboration with the **World Bank**, conducted annual reforms for all states and union territories under the **Business Reforms Action Plan 2017**. The reform exercise consisted of 372 action points to ease regulations and systems in areas such as labour permits, environmental clearances, construction permits, contract enforcement, registration and inspection of property, among others.
- States and union territories were ranked on a combined score based on:
  - Evidence provided by the states and union territories on their performance and progress

- with respect to reforms, and
- Feedback gathered from the users of the services provided to businesses by the government. The component of feedback was introduced for the first time in the 2017 rankings. The top rankers are **Andhra Pradesh, Telangana** and **Haryana**. Jharkhand and Gujarat stood fourth and fifth respectively.

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