

Decisions taken by the Union Cabinet

❖ Cabinet approves the revised Air Services Agreement with Malaysia

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the revised Air Services Agreement (ASA) with Malaysia. The revised text of ASA was initiated in 2011. However, due to some diversion on Article 13 i.e. related to remittance of earning, the Agreement could not be signed. During the meeting held in ICAN 2016, Malaysian side agreed to revise the text of said article as suggested by M/o Finance, Govt. of India.

Features of the Air Services Agreement

- Existing ASA was signed in 1974, hence there is a need to revise, update and modernize the existing ASA
- Text of existing ASA has been replaced with the new text as per latest ICAO template.
- Cooperative Marketing Arrangement for 3rd country airlines has been added
- Clause on domestic codeshare has been added
- The articles on 'safety and security' have been added in the revised ASA
- The article related to 'intermodal services' have been added in the revised ASA that will permit air passengers and cargo to move through any intermodal transport from any point in the territory of other party.

❖ Cabinet approves MoU between Forum of Regulators and the National Association of Regulatory Utility Commissioners

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for signing of a Memorandum of Understanding (MoU) between Forum of Regulators (FOR) and the National Association of Regulatory Utility Commissioners (NARUC) in the area of large-scale Grid Integration of Renewable Energy. The MoU envisages to promote information exchanges in the areas of Renewable Energy integration regulations and balancing using gas, storage, and demand-side approaches, energy imbalance markets. It will enhance the efforts of India's power system for better management of large-scale integration of Renewable Energy into the power grid.

The MoU provides the following broad areas for cooperation in the area of large scale integration of renewable energy:

- i) Design of frameworks for Renewable Energy procurement-international Experience.
- ii) Regulatory interventions for renewables development, such as state and national Renewable Purchase Obligations (RPOs), Renewable Energy Certificate (REC) framework.
- iii) Load forecasting techniques and processes.
- iv) Contracting/Power Purchase Agreements.
- v) Renewables forecasting methods and how Renewable Energy forecasts are used by operators.
- vi) Renewable Energy integration - regulations and balancing using gas, storage, and demand-side approaches; energy imbalance markets.
- vii) Regulatory framework for ensuring grid discipline by generators including deterrents in the form of penalty for breach of discipline.
- viii) Ancillary services including physical mechanisms, regulations and markets.
- ix) Data analysis and cost-benefit analysis for regulatory decision-making.

❖ Cabinet approves signing of new Air Services Agreement between India and Serbia

Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for updation of the existing Air Services Agreement (ASA) between India and Serbia which was signed on 31st January, 2003. The updation is as per latest International Civil Aviation Organization (ICAO) template keeping in view the latest developments in

civil aviation sector and with an objective to improve the air connectivity between the two countries.

The essential features of the new Air Services Agreement are as follows:

- i) The open sky has been formalized with Serbia as per National Civil Aviation Policy. Now the Indian carriers can operate to any points in Serbia from points in India. Whereas the carriers of Serbia can establish direct operation to 4 Metros - New Delhi, Mumbai and 2 more points to be specified later. Apart from this through routing flexibility any intermediate and beyond point can also be served by the designated carriers of both sides.
- ii) The designated airlines shall be entitled to exercise domestic code share operation to any four (4) additional points in the territory of the other Party over and above the points specified in route schedule, These 4 points may be specified at any time.
- iii) The designated Airline of each party can enter into cooperative marketing arrangements with the designated carriers of same party, other party and third country.
- iv) It will not only provide direct connectivity but also connectivity through 3rd country carriers, which may also be viable for Indian carriers.
- v) Both countries shall be entitled to designate one or more airline. In earlier arrangement only maximum of two airlines of could be designated by each side.
- vi) The new updated and liberalized Air Services Agreement between India and the Serbia has the potential to spur greater trade, investment, tourism and cultural exchange between the two countries bringing it in tune with die developments in the civil aviation sector. It will provide enabling environment for enhanced and seamless connectivity while providing commercial opportunities to the carriers of both the sides ensuring greater safety and security. As of now there is no connectivity between the two nations and the revised agreement may lead to establishing connectivity between the two countries.

❖ **Cabinet approves transfer of land at Ranchi by Heavy Engineering Corporation (HEC) Limited, to the Jharkhand Government**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for the following proposals of Department of Heavy Industry:

- i) Transfer of HMT Watches Ltd, land at Banglaore and Tumkur measuring 208.35 acres, to Indian Space Research Organization (ISRO) on payment of Rs. 1194.21 crore and applicable taxes and duties.
- ii) Transfer of Bangalore (Global Warehouse) land of HMT Ltd. measuring one acre to Gas Authority of India Limited (GAIL) on payment of Rs.34.30 crore and applicable taxes and duties.

The proceeds from sale of land will be deposited by the Company in Government Accounts against the loans and advances, after meeting the immediate liabilities and accounting for tax liabilities arising out of the transaction.

❖ **Cabinet approves signing of Agreement for CIRDAP establishment Centre in Hyderabad**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for signing of an Agreement between Ministry of Rural Development and Centre on Integrated Rural Development for Asia and the Pacific (CIRDAP) for establishment of CIRDAP Centre at National Institute of Rural Development and Panchayati Raj (NIRD&PR), Hyderabad.

CIRDAP Centre in NIRD&PR premises would give NIRD&PR an advantage of having first-hand knowledge of networking with organizations specialized in rural development programmes which in turn would help in building a repository of institutional knowledge for NIRD&PR. This Centre will also help NIRD&PR to enhance its status in the region through linkages with other Ministries/Institutes in the CIRDAP Member Countries (CMCs). The faculty of the NIRD&PR and the Ministry officials would benefit from exchange visits to the best practices in the CMCs. The scope of work of the Centre is to focus on the implementation of integrated rural development, particularly poverty alleviation programmes within CMC member countries.

❖ **Cabinet approves ratification of the Minimum Age Convention, 1973 (No. 138) and Worst Forms of Child Labour Convention, 1999 (No. 182) of the International Labour Organization (ILO)**

The Union Cabinet chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for ratification of the

two fundamental conventions of the International Labour Organization namely, Minimum Age Convention (No 138) concerning minimum age for admission to employment and the Worst Forms of Child Labour Convention (No 182) concerning the prohibition and immediate action for elimination of the worst forms of Child Labour. India is a founder member of the International Labour Organization (ILO), which came into existence in 1919. At present, the ILO has 187 members. The principal means of action in the ILO is the setting up of International standards in the form of Conventions, Recommendations and Protocol. India has so far ratified 45 Conventions, out of which 42 are in force. Out of these 4 are Fundamental or Core Conventions.

❖ **Cabinet approves the fixation of Nutrient-Based Subsidy (NBS) rates for Phosphatic and Potassic (P&K) fertilizers for the year 2017-18**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the Fixation of Nutrient Based Subsidy (NBS) rates for Phosphatic and Potassic (P&K) fertilizers for the year 2017-18. Government has been implementing Nutrient Based Subsidy (NBS) Policy for decontrolled P&K fertilizers. Under this policy, the subsidy on Phosphatic and Potassic (P&K) fertilizers is announced by the Government on annual basis for each nutrient i.e., Nitrogen (N), Phosphorous (P), Potash (K) and Sulphur (S) on per kg basis which is converted into subsidy per tonne depending upon the nutrient content in each grade of the fertilizers. These rates are determined taking into account the international and domestic prices of P&K fertilizers, exchange rate, inventory level in the country etc.

The CCEA in its meeting held on 31st March, 2017 decided to fix the NBS rates for 2017-18. As compared to 2016-17, the subsidy for the period 2017-18 has decreased from Rs. 13.241/kg to 11.997/kg (decrease of Rs. 1.244/kg) for P, from Rs. 15.470/kg to 12.395/kg (decrease of Rs. 3,075/kg) for K whereas the subsidy of N has increased from Rs. 15.854/kg to 18.989/kg (an increase of Rs. 3.135/kg) and of S from Rs. 2.044/kg to 2.240/kg (an increase of Rs. 0.196/kg). During 2016-17, the estimated consumption of P&K fertilizers is 279.8 LMT. Based on the assumption that the consumption of P&K fertilizers during 2017-18 would remain the same, the estimated subsidy requirement at proposed rates would be Rs. 19,848.99 Crores which is lower than 2016-17 (Rs. 20,688.43 Crores) by Rs. 839.44 crores. This is in continuation with the reforms being undertaken in the fertilizers sector over the past two and a half years including DBT for subsidy payment, neem coating of Urea, reduction in MRP of P&K fertilizers to promote balanced use of nutrients, removal of minimum production criteria for manufacturers of Single Super Phosphate (SSP).

❖ **Cabinet approves amendments in Mega Power Policy 2009 for Provisional Mega Power projects**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi has approved the time period for the provisional Mega projects (25 projects), for furnishing the final Mega certificates to the Tax authorities be extended to 120 months instead of 60 months from the date of import. Developers would be required to keep their Fixed Deposit Receipt (FDR) or Bank Guarantee (in lieu of duty exemption claimed) alive.

The CCEA also approved 25 Provisional Mega certified project for Mega Policy benefits in proportion to the long term PPA (Power Purchase Agreement) tied up, as permitted under the Mega Power Policy, once the specified threshold capacity of the project, gets commissioned. However, the money realized by the developer, if any, as a result of release of proportionate Bank Guarantee would first be utilized towards the repayment of the Bank dues by the developer. A suitable mechanism will be worked in consultation with Department of Revenue for operationalisation of release of proportionate Bank Guarantee.

This is expected to enable developers to competitively bid for PPAs |in future. Once the developer commissions the specified threshold capacity, proportional mega benefits would facilitate easing out liquidity crunch with the developers/Banks and improve the viability of their projects. Increased power availability will boost overall growth of the country and also ensure that cost of power to the consumers does not increase.

❖ **Cabinet allows unrestricted export of all certified organic agricultural products**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for removal of all quantitative ceilings on individual organic products and allowed unrestricted exports of all organic agricultural and organic processed products irrespective of any existing or future restriction/prohibition on the export of their basic product (non-organic). However, in respect of organic pulses and lentils, in view of their acute shortage in the country, the quantitative ceiling on exports will continue but enhanced from the existing 10,000 MT

per annum to 50,000 MT per annum.

Removal of quantitative celling on wheat, sugar, non-basmati rice, organic sugar and increasing the limit on export of organic pulses is expected to contribute to the Government's objective of doubling the farmers' income. It will lead to reduction in input costs in farming and gaining premium price for organic agriculture products and in the process resulting in increased adoption of organic agriculture by farmers.

All organic products exports are certified by Agricultural & Processed Food Products Export Development Authority (APEDA) under the National Programme for Organic Production (NPOP). Organic agriculture is a holistic production management system wherein the products are grown in accordance with principles of sustainability. Government is supporting the farmers and exporters to tap huge opportunity that exists within the country and abroad for organic agriculture products.

A stable and consistent export policy relating to export of organic products would allow exporters to make long term commitment to the buyers and also establish linkages with the farmers. This is likely to result in enhanced realization to farmers from organic production. A stable export policy on organic agriculture products would complement various Government programs like National Mission on Sustainable Agriculture (NSAM), Paramparagat Krishi Vikas Yojana (PKVY), Organic Value Chain Development in North Eastern Region (OVCDNER) which have been taken up to encourage organic agriculture.

❖ **Cabinet approves Grants-in-aid of Rs. 25 crore to Agro-Economic Research Centres and Agro-Economic Research Units beyond 2016-17**

The Cabinet Committee on Economic Affairs, chaired by the Hon'ble Prime Minister Shri Narendra Modi has approved to extend the grants-in-aid support to the existing network of 12 Agro-Economic Research Centres (AERCs) and three Agro-Economic Research Units (AERUs) for one more year that is up to 2017-18. An amount of Rs.25 crore will be required to continue the grants-in-aid to the existing 15 AERCs/AERUs. The employees of 12 AERCs and three AERUs situated in different states will be benefited. This would provide policy oriented Agro Economic Research inputs through field studies and reviewing / monitoring of Flagship programmes of the agriculture and allied sector. This would lead to better agricultural development policy and programmes which in turn would raise employment potential in both Farm and Non-Farm areas.

It will be reviewed after one year for taking the final decision on the recommendations of the Review Committee, chaired by Dr. S.M. Jharwal, Chancellor, India Gandhi National Tribal University. This Committee was set up by the Department of Agriculture, Cooperation & Farmers Welfare (DACFW) to review the functioning of AERCs/AERUs. The Review Committee has recommended that the AERCs/AERUs must be retained and strengthened and that the present pattern of grant-in-aid to these grass-root research institutions must be continued. The Committee has also made recommendations regarding functioning and improving governance of the AERCs/AERUs.

❖ **Cabinet approves Amendment to New Urea Policy-2015**

The Cabinet Committee on Economic Affairs, chaired by Hon'ble Prime Minister Shri Narendra Modi has given its approval for amendment in Para 5 of New Urea Policy (NUP) - 2015 relating to the production beyond Re-Assessed Capacity (RAC) and inclusion of Para 8 in NUP - 2015. The said amendment will protect the production beyond RAC by the urea units and is expected to boost indigenous urea production in the country. With the approval of Cabinet, New Urea Policy – 2015 was notified on 25th May, 2015 with the objective of maximizing indigenous urea production, promoting energy efficiency in the urea units and rationalizing the subsidy burden on the Government. By aforesaid amendment, ceiling imposed on production beyond Re-Assessed Capacity during the year 2016-17, has been raised so as to enable all urea unit to produce additional production which otherwise were not able to do so due to low Import Parity Price.

Further, to address any future fluctuation in Import Parity Price that would have adverse impact on the production beyond RAC by urea units, Department of Fertilizers has been authorized to take appropriate decision in consultation with Department of Expenditure. All stakeholders namely farmers, urea manufacturers and the Government would be benefitted from the amendment.

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