# PRS Capsule- JUNE 2023

## *Key Highlights of PRS*



## Governance

### Cabinet Approves Third Revival Package for BSNL

- The Union Cabinet approved a **revival package** for BSNL involving an **outlay of Rs 89,047 crore.**
- The package **provides for allotment of 4G/5G spectrum** for BSNL **through equity infusion.**
- It seeks to enable BSNL to provide:
  - 4G and 5G services across India,
  - 4G coverage in rural and uncovered villages,
  - fixed wireless access,
  - services/spectrum for the captive non-public network (networks for private use).
- The authorised capital of BSNL will be increased from **Rs 1,50,000 crore to Rs. 2,10,000 crores.**
  - Authorised capital **refers to the maximum amount of share capital a company is allowed to issue to its shareholders.**
- This is the third such revival package in recent years.
- **In 2019**, a package worth **Rs 69,000 crore** was approved by the Cabinet.
  - This provided for:
  - in-principle merger of BSNL and MTNL,
  - capital infusion for allotment of 4G spectrum,
  - costs towards a voluntary retirement scheme.
- This was followed by another package worth **Rs 1.64 lakh crore in 2022.**
  - The second package provided for:
    - allocation of spectrum for ongoing and 4G services,
    - settlement of statutory dues worth Rs 33,404 crore by conversion into equity,
    - financial support for capital expenditure.

## Guidelines on Information Security Practices for Government Entities Issued

- The **Indian Computer Emergency Response Team** (CERT-In) issued **"Guidelines on Information Security Practices"** under the **Information Technology Act, 2000** for government entities.
    - Under the Act, CERT-In **has been established as the national agency** for cyber security incidents by the central government. It is responsible for handling cyber security incidents and issuing guidelines relating to security practices, prevention, and reporting of such incidents.
    - These Guidelines **will be applicable to all ministries, departments, public sector enterprises, and other government agencies.**
- **Key Features of the Guidelines Are as Follows:**
    - **Policy Measures:**
        - Organizations **should formulate a cyber security policy** and **nominate a Chief Information Security Officer** for IT security.
        - The Officer should have a **dedicated cyber security team.**
        - **Internal and external audits** should be conducted for information and communications technology infrastructure.
        - Periodic **security audit and risk assessment** should be undertaken.
        - An incident management plan should be put in place to **prevent and effectively respond to cybersecurity incidents.**
        - The organization **must report each cybersecurity incident to CERT-In** within six hours of discovering the incident.
    - **Data Security:**
        - Organizations should take certain measures to ensure data security.
        - These include:
            - identifying **personal data and sensitive data, and encrypting it,**
            - deploying **tools to detect data breaches,**
            - conducting **third party assessment** to monitor data breaches, and
            - implementing a **data backup policy.**
            - Third-party access to information **should be restricted and should only be done after signing a non-disclosure agreement** with the third party.
        - **Network and Infrastructure:**
            - A firewall should be deployed to **create a buffer zone** between the internet, untrusted networks, and networks used by businesses.
            - Network parameters should be managed by **controlled access to ports, protocols, and applications** filtering traffic.
            - Further, **network intrusion and prevention systems** should be deployed.
            - Malicious internet protocols and domains identified and shared by CERT-In, and security agencies **should be monitored/blocked.**

## Amendments to the Surrogacy (Regulation) Rules, 2022 notified

- The Ministry of Health and Family Welfare notified amendments to the Surrogacy (Regulation) Rules, 2022.
    - These Rules have been issued under the Surrogacy (Regulation) Act, 2021.
- The Act regulates surrogacy. Surrogacy is defined as a practice where a woman bears and gives birth to a child for an intending couple or woman and agrees to hand over the child after birth.
- The Act provides that surrogacy will be available to only those couples who have a medical condition which makes them dependent on surrogacy for becoming parents.
- It also provides that a couple of Indian origin or a woman willing to avail surrogacy must obtain a recommendation from the National Assisted Reproductive Technology Board to be eligible for surrogacy.
- Both the concerned Act and existing Rules did not define a "couple of Indian origin".
- The 2023 amendment defines a couple of Indian origin to be a couple where both the husband and the wife are then holders of Overseas Citizens of India card.

## Electricity (Rights of Consumers) Amendment Rules, 2023 Notified

- The Ministry of Power issued the Electricity (Rights of Consumers) Amendment Rules, 2023.
  - The Rules specify the rights and obligations of electricity consumers.
  - These pertain to subjects such as standards of service, metering, and payment of bills.
- The amended Rules mandate the introduction of time-of day tariffs, i.e., tariffs that vary based on the time of day).
- It also provides a mechanism for the calculation of bills in case of demand exceeding the sanctioned load.
- Sanctioned load is the maximum power a distributor has agreed to supply to the consumer.
  - **Time-of-day Tariff to be Mandatory:**
    - The amendments mandate introduction of time-of-day tariffs for retail consumers except for agricultural consumers.
    - Time-of-day tariff implies that tariffs during a single day might be different at different points in time.
    - For example, tariffs may be higher during peak hours and lower during solar hours (when solar energy can be harnessed).
  - This will be effective from:
    - April 1, 2024, for industrial and commercial consumers with maximum demand of up to 10 kilowatts,
    - April 1, 2025, for other consumers.
    - For consumers with smart meters, it will be applicable immediately.
  - **Floor for Time-of-day Tariffs:**
    - Time-of-day tariffs will apply to the energy charges.
    - Energy charges are payable based on the total energy consumed in a billing cycle.
    - The time-of-day tariff must not be less than:
      - 1.2 times the normal tariff for industrial and commercial consumers,
      - 1.1 times for other consumers.
    - During solar hours, the tariff should be less than the normal tariff by at least 20%.
    - Peak hours must not be longer than solar hours.
  - **Treatment of the Sanctioned Load for Billing Purposes:**
    - The 2020 Rules mandate the installation of meters.
    - The amendments specify that on the installation of a smart meter, no penalty will be levied in case the actual recorded maximum demand is more than the sanctioned load.
    - For billing, the actual recorded maximum demand will be treated as the sanctioned load.
    - A higher sanctioned load may attract a higher tariff slab.
  - **Revision of the Sanctioned Load:**
    - If the monthly maximum demand exceeds the sanctioned load at least three times in a financial year, the sanctioned load will be revised by the distribution company.
    - The new sanctioned load will be the lowest of the monthly maximum demand.
    - Accordingly, the distribution company may revise the sanctioned load down if the maximum load decreases.

## Export Policy for Civilian Use Drones Liberalized

- The Directorate General of Foreign Trade has liberalized the policy for the export of drones/unmanned aerial vehicles (UAVs) meant for civilian use.
  - Earlier exports of all drones/UAVs were regulated as per the Special Chemicals Organisms Materials, Equipment, and Technology (SCOMET) list.
- This applies to items which have both civilian and military applications.
- Export of items under the list requires authorisation unless its export is prohibited or allowed without authorisation.
- With the liberalized policy, drones/UAVs with a range of up to 25 km with a payload of up to 25 kg may be exported under the general authorisation for the export of drones. These should also not fall under certain specified categories.
- This may be done with a one-time general license which is valid for three years.

## The UGC (Institutions deemed to be Universities) Regulations, 2023 Notified

- The University Grants Commission (UGC) released the UGC (Institutions deemed to be Universities) Regulations, 2023.
- These regulations provide for establishing educational institutions as deemed to be universities under the University Grants Commission Act, 1956.
- The 2023 Regulations supersede the UGC (Institutions Deemed to be Universities) Regulations, 2019.
- **Key Features of the 2023 Regulations Include:**
  - **Eligibility Criteria:**
    - To be deemed to be a university, the institution must meet certain eligibility criteria.
    - These include having:
      - at least five departments,
      - accreditation from the National Assessment and Accreditation Council (NAAC),
      - a student-teacher ratio equal to or below 1:20, and
      - a top 50 rank in the National Institute Ranking Framework (NIRF) in at least one subject.
    - These criteria will not apply to certain institutions classified as 'distinctive category' institutions.
      - These are institutions which fulfil other criteria, such as addressing strategic needs or preserving Indian cultural heritage.
    - The 2023 Regulations also allow cluster institutions to be deemed to be a university.
      - These are groups of institutions that have at least five departments.
  - **Systems of Governance:**
    - Institutions deemed to be universities must be governed by an apex body, the Executive Council.
    - This will consist of:
      - the Vice-Chancellor (VC),
      - two Deans of Faculties,
      - two teachers other than the Deans,
      - up to four nominees of the sponsoring body, and
      - a UGC or state government or central government representative.
    - The Council's powers include:
      - creating and making appointments to academic posts,
      - making rules, and
      - enforcing rules against employees.
    - The institution will also have an Academic Council which will supervise and make rules regarding academic matters such as admissions and examinations.
    - It can also make recommendations regarding the creation and abolition of departments, and teaching posts.
    - Its other powers include prescribing courses for degrees or diplomas. Its members include the VC, Deans of faculties, up to 20 teachers, and six experts.
  - **Admission:**
    - Admission must be based on an entrance exam, or a manner specified in the institution's prospectus.
    - The entrance exams must be conducted by the institution or a Government Testing Agency.
    - Institutions must have reservation policies as per the Constitution of India and central laws.

## Madhyamik and Uchchatar Shiksha Kosh Operationalised

- The Ministry of Education notified the setting up of the Madhyamik and Uchchtar Shiksha Kosh (MUSK).
- MUSK is a fund to receive funds collected via the 4% Health and Education Cess on income tax. Of the 4% cess, 1% will be earmarked for MUSK.

- These funds will be utilised for Secondary and Higher Education.
- It is a non-lapsable reserve fund.
- The Ministry has established accounting procedures and the manner of making account entries.
    - For example, shortfalls in transfers to MUSK in a given financial year must be addressed in Detailed Demands for Grants for the subsequent year.
- Funds allocated to MUSK are apportioned between the Department of School Education and Literacy and the Department of Higher Education in a 40:60 ratio, respectively.
- The Ministry has also specified schemes and bodies for which MUSK funds are to be utilised.
- These include Samagra Shiksha Abhiyan, and the National Means-cum-Merit Scholarship Scheme.

## Rules for Direct Selling Entities Amended

- The Ministry of Consumer Affairs notified amendments to the Consumer Protection (Direct Selling) Rules, 2021.
- The Rules have been notified under the Consumer Protection Act, 2019.
- The Act defines direct selling as the sale/marketing of goods carried out through direct sellers.
- Direct selling is not done through a permanent retail location and also does not include pyramid schemes.
- The Rules specify the obligations and duties of direct selling entities.
- The amendments narrow the definition of a direct selling entity.
- A direct selling entity is now defined as an entity that sells goods through a network of direct sellers formed by the entity.
- This network of direct sellers must sell goods for the sole purpose of receiving consideration.
- Earlier, a direct selling entity was defined as an entity which sells through direct sellers.

# Economy

## Sugarcane Prices Approved for Sugar Season 2023-24

- The Cabinet Committee on Economic Affairs approved the **Fair and Remunerative Price (FRP) for sugarcane** for the sugar season (October-September) 2023-24 at Rs **315 per quintal.**
- This is an increase of **about 3% over the FRP for the 2022-23 sugar season** (Rs 305 per quintal).
    - FRP is the **minimum price at which sugar mills can purchase** sugarcane from farmers.
- The FRP varies based on the **recovery rate.**
    - The recovery rate **refers to the amount of sugar recovered from the cane.**
    - FRP of Rs 315 per quintal will be payable for the basic recovery rate of 10.25%.
    - A premium/discount of Rs 3.07 per quintal will be paid for every 0.1% increase/decrease in the recovery rate from the threshold of 10.25%.
- For a recovery rate of less than 9.5%, farmers will get a minimum assured price of Rs 292 per quintal.

## Cabinet Approves Subsidies for Fertilizers

- The Cabinet Committee on Economic Affairs approved several schemes aimed at providing subsidized fertilizers for farmers.
- These are **expected to encourage the judicious use of fertilizers**, reduce input costs for farmers, and also promote organic farming.
- **Key highlights of the schemes are:**
    - **Urea Subsidy Scheme:**
        - Fertilizers such as **urea and nitrogen are subsidized** for the use of farmers.
        - The Cabinet has approved the **extension of the urea subsidy until 2024-25.** This will require an **expenditure of Rs 3.68 lakh crore** over three years (2022-23 to 2024-25).
        - Farmers will **continue to receive urea at Rs 242 per bag of 45 kg** (excluding taxes).
        - The central government expects that the continuation of the scheme will **maximize indigenous production** of urea.

        - In the **Union Budget,** the central government had **estimated to spend Rs 1.31 lakh crore** on urea subsidy in 2023- 24, 24% of which is to be spent towards imports.
    - Further, **eight nano-urea plants will be commissioned by 2025-26.**
        - The plants will have a production capacity of 44 crore bottles, equivalent to 195 lakh metric tonnes of conventional urea. Nano fertilizers (such as nano urea) involve higher nutrient use efficiency and cost less to farmers.
            - **Sulphur-coated urea (Urea Gold)** will be introduced in the country.
                - It is considered **more economical and efficient** than the currently used neem-coated urea.
            - It is also expected to address the deficiency of sulphur in the soil.
        - **Promotion of Organic Fertilizers:**
            - The Cabinet also approved a scheme **for the marketing of organic fertilizers.**
            - This includes fermented **organic manure and phosphate-rich organic manure.**
            - Market development assistance of **Rs 1,500 per metric tonne** will be provided.
            - The total **expected outlay** on the scheme is **Rs 1,452 crore.**
            - The scheme is **expected to address the challenges of managing crop residue**, stubble burning, and providing additional sources of income to farmers.

## Minimum Support Prices for Kharif Crops Approved

- The Cabinet Committee on Economic Affairs approved an increase in the minimum support price (MSP) for mandated kharif crops for the marketing season 2023- 24 (October to September).
- The MSP for paddy has been increased by 7%. Crops such as moong, sesamum, and long-staple cotton have seen the highest increase in MSP (10% each).
    - MSP refers to the assured price at which crops are procured from farmers by the central government.

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## MINIMUM SUPPORT PRICES FOR KHARIF MARKETING SEASON (IN Rs)

| Crops | 2022-23 | 2023-24 | Increase (%) |
|---|---|---|---|
| Moong | 7,755 | 8,558 | 10.35 |
| Sesamum | 7,830 | 8,635 | 10.28 |
| Cotton (Long Staple) | 6,380 | 7,020 | 10.03 |
| Groundnut | 5,850 | 6,377 | 9.01 |
| Cotton (Medium Staple) | 6,080 | 6,620 | 8.88 |
| Jowar-Maldandi | 2,990 | 3,225 | 7.86 |
| Ragi | 3,578 | 3,846 | 7.49 |
| Jowar-Hybrid | 2,970 | 3,180 | 7.07 |
| Paddy-Common | 2,040 | 2,183 | 7.01 |
| Soybean (Yellow) | 4,300 | 4,600 | 6.98 |
| Paddy-Grade A | 2,060 | 2,203 | 6.94 |
| Maize | 1,962 | 2,090 | 6.52 |
| Bajra | 2,350 | 2,500 | 6.38 |
| Nigerseed | 7,287 | 7,734 | 6.13 |
| Tur/Arhar | 6,600 | 7,000 | 6.06 |
| Sunflower Seed | 6,400 | 6,760 | 5.63 |
| Urad | 6,600 | 6,950 | 5.30 |

## Ministry of Power Notified Guidelines for Resource Adequacy Planning

- The Ministry of Power issued guidelines on resource adequacy planning for the electricity sector, in consultation with the Central Electricity Authority (CEA).
- Resource adequacy planning determines the best mix of optimal capacity to meet electricity demand reliably 24x7, at the lowest cost possible.
- Key features of the guidelines are
  - **Long-term National Plan on Resource Adequacy:**
    - The CEA will publish a long-term National Resource Adequacy Plan.
    - This plan will determine the optimal capacity requirement at the national level to ensure reliable supply.
    - It will specify state-wise contribution towards the national peak.
    - Further, the plan will provide for an optimal generation mix for 10 years.
    - This is to ensure there are resources available to meet national level system requirements at least cost.
    - This plan will be updated annually.

- **Resource Adequacy Planning by Discoms:**
    - Based on the share in the national peak electricity demand capacities will have to be planned.
    - Each distribution licensee (discom) will be required to contract capacities to meet its share of national peak demand or higher.
    - Only resources with long term, medium-term, and short-term contracts will be considered for this purpose.
    - Power procured through power exchanges will not be considered under resource adequacy planning.
    - The share of long-term contracts will be 75-80% and that of medium-term contracts will be 10-20%.
    - The recommended share may be altered by the State Electricity Regulatory Commissions.
    - Further, each discom will undertake a Resource Adequacy Plan for a 10-year horizon.
    - This plan will be vetted by the CEA and must be approved by the State Electricity Regulatory Commission.
- **Short-term Plans on Resource Adequacy:**
    - The National Load Dispatch Centre (NLDC) will publish a yearly short-term National Resource Adequacy Plan.
    - This will provide for parameters such as demand forecasts, planned maintenance schedules, station-wise historic outage rates, and decommissioning of generators.
    - The State Load Dispatch Centers will create a yearly plan for short-term distribution resource adequacy based on the national level plan developed by NLDC.

## CEA Fast Tracks Approval Mechanism for Pumped Storage Projects

- The Central Electricity Authority (CEA) modified the process for concurrence on the Detailed Project Report (DPR) of pumped storage projects.
- Concurrence is required from several authorities including CEA, the Central Water Commission and the Geological Survey of India.
- Pumped storage projects pump water up a reservoir when surplus electricity is available. This stored water is then used to generate power in case of a deficit.
- **Key Changes Include:**
    - **Single Window for Clearances:**
        - The CEA has established a single window to obtain clearance for a pumped storage project.
        - The Central Water Commission and the Geological Survey of India will nominate officers to look into corresponding aspects of projects and accelerate clearances.
    - **Shorter Timeline for Concurrence:**
        - The number of days for getting concurrence on the DPR has been revised down from 90 days to 50 days for pumped storage projects:
            - whose tariff has been determined through competitive bidding,
            - which are bundled with the renewable energy generation projects,
            - which are being developed for captive purposes.
        - For other pumped storage projects, the timeline has been reduced from 125 days to 90 days.
    - **Environmental Clearances:**
        - Pumped storage projects on existing reservoirs will not require Environmental Impact Assessment.
        - Environmental Impact Assessment refers to the study to predict the effect of a proposed project/activity on the environment.

## RBI Releases Framework for Compromise Settlement and Technical Write-offs

- The Reserve Bank of India (RBI) released a framework for compromise settlements and technical write-offs.
- Compromise settlement refers to an arrangement to fully settle the claims of a regulated entity (such as banks) against a borrower in cash.

- This may involve writing off a certain percentage of the dues of the borrower. Compromise settlements will be categorised as loan restructuring.
    - Technical write-offs involve writing-off non-performing assets (loans) from the books of the regulated entity without any waiver of claims against the borrower.
- **Key Features Include:**
    - **Policy for Settlements:**
        - Regulated entities must have a board-approved policy for undertaking compromise settlements and technical write-offs.
        - The policy should provide for the process to be followed for such settlements.
        - In case of compromise settlements, the policy should provide for the permissible level of write-off while arriving at the settlement amount.
    - **Cooling Period:**
        - In case of borrowers involved in compromise settlements, there must be a cooling period before the regulated entities can provide fresh loans.
        - For loans other than farm credit, this cooling period should be of at least 12 months.
        - For technical write-offs, the cooling period would be as per the board-approved policies of the regulated entities.
    - **Fraud Accounts:**
        - Regulated entities may undertake compromise settlements or technical write-offs in respect of accounts categorised as fraud or wilful defaulters.
        - This would not affect the criminal proceedings that are underway against the debtors.

## SEBI Amends Listing and Disclosure Regulations

- The Securities and Exchange Board of India (SEBI) notified the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023.
- This amends the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
    - The Regulations provide the framework for disclosure of certain information by listed entities.
- **Key Features of the Amendments Include:**
    - **Filling Key Vacancies:**
        - Any vacancy in the office of key managerial personnel (such as chief executive officer, managing director, and wholetime director) must be filled by the listed entity within three months.
    - **Disclosure of Material Events:**
        - The amendment specifies thresholds for disclosure of material events by listed entities. Listed entities must disclose events or information whose value or expected impact in terms of value exceeds the lowest of the following:
            - 2% of turnover,
            - 2% of net worth, or;
            - 5% of the average of profit or loss after tax as per the last three consolidated financial statements.
        - In addition, details of cyber security incidents and data breaches must be disclosed in a quarterly compliance report.
    - **Timeline for Disclosure of Material Events:**
        - The 2015 Regulations provided that listed companies must disclose certain events to stock exchanges within 24 hours.
        - The amended regulations provide that stock exchanges must be informed of all material information within:
        - 12 hours of the occurrence of the event if it is emanating from within the company, or
        - 24 hours from the occurrence of the event in other cases.
        - Material information arising from decisions taken at board meetings must be communicated within 30 minutes of the conclusion of the meeting.
    - **Disclosure of Reported Information:**
        - The 2015 Regulations provide that listed companies may confirm or deny any reported event or information to stock exchanges.

        - Starting October 1st, 2023, the top 100 listed entities must confirm or deny any material event or information in mainstream media within 24 hours.
        - From April 1, 2024, this would apply to the top 250 listed entities. Such entities will be determined based on their market capitalisation.
        - Mainstream media refers to newspapers and news channels.

## SEBI Mandates Additional Disclosures for Foreign Portfolio Investors

- The Securities and Exchange Board of India (SEBI) has mandated foreign portfolio investors (FPIs) to provide certain additional disclosures.
- These disclosures have to be made by FPIs who:
    - hold more than 50% of their Indian equity investments in a single corporate group, or
    - hold more than Rs 25,000 crore equity investment in the Indian markets individually or with their investor group.
- Additional disclosures include details of ownership, control, and economic interest.
- Entities exempt from providing disclosures include government and related investors, pension funds, and corporate entities that meet certain conditions.

# Biodiversity & Environment

## The Carbon Credit Trading Scheme, 2023 Notified

- The Ministry of Power notified the Carbon Credit Trading Scheme, 2023 under the Energy Conservation Act, 2001.
    - Carbon credit refers to a value assigned to achieve reduction of greenhouse gas emissions.
- **Issuance of Carbon Credits:**
    - The Ministry of Power will notify entities obligated to comply with the trading scheme, based on recommendations of the Bureau of Energy Efficiency (BEE).
    - The Ministry of Environment, Forest, and Climate Change will notify the emission intensity target for obligated entities, upon the recommendation of the Ministry of Power.
    - Emission intensity is the total amount of greenhouse gas emissions emitted for every unit of GDP.
    - Obligated entities will earn carbon credit certificates if they surpass the target assigned to them.
        - The certificate will be issued by BEE.
        - Obligated entities unable to achieve their target, will be required to meet the shortfall by purchasing carbon credit certificates.
        - Nonobligated entities may also register under the scheme and comply voluntarily.
- **Trading of Carbon Credits:**
    - Carbon credit certificates will be traded on power exchanges registered with the Central Electricity Regulatory Commission (CERC) for this purpose.
    - CERC will also regulate the carbon credit trading activities. The Grid Controller of India Limited (GCIL) will be the registry for the scheme.
    - It will:
    - undertake registration of obligated or non-obligated entities,
    - maintain record of transactions and share them with power exchanges and BEE.
- **Administrative Mechanism:**
    - The central government will constitute a National Steering Committee, which will be responsible for the governance and oversight of the overall carbon market.
    - The Committee will be chaired by the Power Secretary and will have representation from several ministries including Environment and Steel, and government entities including BEE and GCIL.
    - Key functions of the Committee include giving recommendations on certain matters to the BEE:
        - formulation of procedures, rules, and regulations for the carbon market,
        - formulation of targets and issuance of carbon credit certificate.
            - BEE will administer the scheme.
        - Its functions include:

- identifying sectors and potential for reduction of emissions,
- developing trajectories and targets for reduction,
- issuing carbon credit certificates.