



## PRS Capsule - October 2022

### Key Highlights of PRS

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### GOVERNANCE

#### Amendments to the IT Rules, 2021

The central government has notified [amendments to the Information Technology \(Intermediary Guidelines and Digital Media Ethics Code\) Rules, 2021](#).

- The 2021 Rules specify **due diligence requirements for intermediaries to claim exemption from liability for third-party content**. Intermediaries are entities which **store or transmit data** on behalf of other persons.

#### What are the Key Amendments?

- **Obligation of Intermediaries:**
  - Currently, intermediaries are required to **publish rules and regulations, privacy policy and user agreements** for access or usage of its services.
    - The amendments add that these details should be made available in **English or any language specified in the Eighth Schedule** of the Constitution.
  - The 2021 Rules specify **restrictions on the types of content** that users are allowed to create, upload, or share. The Rules require intermediaries to **inform users about these restrictions**.
    - **Amendments add that the intermediaries must:**
      - Ensure compliance with rules and regulations, privacy policy, and user agreement.
      - Make reasonable efforts to cause users to not create, upload, or share prohibited content.
- **Establishment of Grievance Appellate Committee(s):**
  - **Grievance Appellate Committee** will be established to allow users to **appeal against the inaction** of, or decisions taken by intermediaries on user complaints.

- Amendments provide for a mechanism for **appeals against the decisions of grievance officers**. The central government will establish one or more Grievance Appellate Committees to hear **appeals against the decisions of grievance officers**.
- **Expeditious removal of prohibited content:**
  - The Rules require intermediaries to acknowledge complaints regarding violation of Rules within **24 hours**, and dispose of complaints within **15 days**.
  - Amendments add that the complaints regarding the removal of specified prohibited content must be addressed within **72 hours**.

## Prime Minister's Development Initiative for North East Region (PM-DevINE)

Recently, the Union Cabinet approved a new Scheme, [Prime Minister's Development Initiative for North East Region \(PM-DevINE\)](#).

- PM-DevINE was announced in the **Union Budget 2022-23** to address development gaps in the **North Eastern Region (NER)**.

### What is PM-DevINE Scheme?

- **About:**
  - PM-DevINE is a **central sector scheme** and will have an outlay of Rs 6,600 crore for the period 2022-23 to 2025-26.
- **Implementing Agency:**
  - It will be implemented by the **Ministry of Development of North Eastern Region** through **North Eastern Council or Central Ministries/agencies**.
- **Objectives:**
  - Funding infrastructural projects.
  - Supporting social development projects based on the needs of the north east.
  - Creating livelihood activities for youth and women.

### Committee for Schedule Caste

The Central government has recently appointed a Commission to examine the status of [Scheduled Castes \(SC\)](#).

- **Justice K. G. Balakrishnan**, former [Chief Justice of India](#) has been appointed as the Chairperson of the Committee.

### What are the Terms of Reference of the Committee?

- Matters of according SC status to new persons who claim to historically have belonged to the SC community but have converted to other religions.
- Implications of according SC status to new persons on existing SC community.
- Changes SC persons go through on converting to other religions in terms of their customs, traditions etc.

### Amendments to Policy Guidelines on FM Radio

The **Ministry of Information and Broadcasting**, has recently notified certain amendments to the Policy Guidelines on **Expansion of FM Radio Broadcasting Services through Private Agencies** (Phase-III).

### What are the Key Amendments?

- **Cap on Share in Total Channels:**
  - Currently, the guidelines provided that a service provider **cannot hold more than 15% of the total channels** allotted in the country.

- This cap has been removed.
- **Eligibility for Running FM Channel:**
  - Currently, for bidding for category C and D cities, **the minimum net worth requirement was Rs 1.5 crore.**
    - This has been lowered to **one crore rupees.**
    - Category C and D cities are those with the population in the range of 3-10 lakh and 1-3 lakh, respectively.
- **Restructuring of Companies:**
  - Under the guidelines, **prior approval from the Ministry of Information and Broadcasting** is needed for restructuring of FM radio permissions between holding companies or subsidiaries of the same management.
  - Earlier, restructuring was permitted only if **it was done within three years** from the date on which all of the allotted channels became operational.
    - **This time limit has been removed.**

## ECONOMY

### Concept Note on Central Bank Digital Currency (CBDC)

[The Reserve Bank of India \(RBI\)](#) issued a concept note on [Central Bank Digital Currency \(CBDC\)](#).

- CBDC is a **digital form of legal tender** issued by a central bank. It will provide an **additional option to the currently available** forms of money.

### What are the Key Features of CBDC?

- **Design:** CBDC are of two types:
  - **General Purpose or Retail (CBDC-R):**
    - Retail CBDC is an **electronic version of cash** primarily meant for retail transactions. It will be used by all — **private sector, non-financial consumers and businesses.**
    - However, the RBI has not explained how e-rupee can be used in merchant transactions in the retail trade.
  - **Wholesale CBDC (CBDC-W):**
    - It is designed for **restricted access** to select financial institutions. It has the potential to **transform the settlement systems for financial transactions** undertaken by banks into **government securities (G-Sec)** segment, inter-bank market and capital market more efficiently and securely in terms of operational costs, use of collateral and liquidity management.
- **Interest Element:**
  - CBDC can be both **an interest and non-interest-bearing instruments.**
  - RBI observed that **since physical cash does not carry any interest** it would be logical to offer **non-interest bearing CBDCs.**
  - RBI also noted that **reasonable anonymity for small value transactions**, such as that associated with physical cash, may be a desirable option for CBDC-R.
- **Technology Involved:**
  - Infrastructure for implementing CBDC could be based either on a conventional **Centrally Controlled Database or a Distributed Ledger.**
    - In conventional databases, **data is stored over multiple nodes** which is **controlled by a central entity.**
    - In distributed ledger systems, the database is **jointly managed** by multiple entities in a decentralized manner.
- **Advantages:**
  - Reduction in costs associated with physical cash management.
  - Providing the public with an alternative to private virtual currencies without associated risks.
  - Enhancing the resilience in payments and provision of core payment services outside the commercial banking system.

- Boosting innovation in cross-border payments while making them instantaneous.
- Supporting financial inclusion through transactions that are offline.

## Regulatory Framework for Asset Reconstruction Companies

[The Reserve Bank of India \(RBI\)](#) recently revised the regulatory framework for [asset reconstruction companies \(ARCs\)](#).

### What are the Key Features of the Revised Framework?

- **Governance:**
  - The chair of the board of ARCs shall be an **independent director**.
  - At least **half of the directors attending board meetings** shall also be independent directors.
  - The managing director, chief executive officer, and whole-time directors shall be **appointed for a maximum of five-years at a time**.
    - They may be **re-appointed** but an incumbent should **not hold on to a post for more than 15 years continuously**.
    - Individuals cannot continue in these positions **beyond the age of 70**.
- **Committees of the board:**
  - Board of ARCs will have to constitute:
    - **An audit committee:**
      - It will solely be comprised of **non-executive directors**.
      - It will periodically **review internal control systems** for **asset acquisition** and **reconstruction measures**.
    - **A nomination and remuneration committee:**
      - It will discharge functions as specified in the [Companies Act, 2013](#) including:
        - Identifying persons qualified to become directors.
        - evaluating the performance of directors.
        - policy related to remuneration for directors, and other employees.
- **ARCs as resolution applicants:**
  - ARCs are currently not eligible to carry on any business, except **securitisation, asset reconstruction**, or any other business specified under the **Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002**, without prior approval from **RBI**.
  - Resolution applicant is an entity that **bids for the resolution of corporate insolvency**.
  - RBI has now **allowed ARCs to undertake the activities of a resolution applicant** subject to certain conditions. These include:
    - ARCs should have a minimum net owned fund of Rs 1,000 crore.
    - A board-approved policy will be required to be in place regarding the role of a resolution applicant.
    - ARCs will not retain significant control over the corporate debtor after five years of the approval of the resolution plan.

## Credit Guarantee Scheme for Startups

Recently, the Department for Promotion of Industry and Internal Trade (DPIIT) has notified the Credit Guarantee Scheme for Startups.

- The scheme will provide cover to loans extended to eligible startups by financial institutions such as banks and non-banking finance companies.

### What are the Key Features of the Scheme?

- **Eligible Borrowers:**
  - For borrowing under the scheme, startups should meet below mentioned conditions:
    - Startups should be recognized by DPIIT.

- Startups should have reached a stable revenue stream.
- Startups should not be in default to any lending/investing entity and not be classified as a non-performing asset.
- **Guarantee Cover:**
  - Loans under the scheme may be provided under:
    - **Transaction-based guarantee cover:**
      - Transaction will be obtained by financial institutions on single eligible borrower basis.
    - **Umbrella-based guarantee cover:**
      - It will be provided to venture debt funds registered with the Securities and Exchange Board of India.
  - A maximum guarantee of up to Rs 10 crore per borrower may be provided under the frameworks.
- **Oversight Mechanism:**
  - The scheme will be operated by the National Credit Guarantee Trustee Company Limited (NCGTC).
  - DPIIT will constitute a **management committee** and a **risk evaluation committee**.
    - The **management committee** will oversee the affairs of the scheme. It will be empowered to review the performance of the scheme and revise its parameters including the extent of guarantee coverage.
    - The **risk evaluation committee** will assess the overall risk parameters of the scheme including conflict of interest.

## Biodiversity & Environment

### Environmental release of Genetically Engineered Mustard Recommended

[The Genetic Engineering Appraisal Committee \(GEAC\)](#) under the Ministry of Environment, Forest and Climate Change recommended the **environmental release of certain Genetically Engineered Mustard**.

#### What are the Key Recommendations of GEAC?

- It recommended **producing and testing the mustard hybrid variety DMH-11** prior to its commercial release.
  - The testing will be done as per existing guidelines by the [Indian Council for Agricultural Research](#) and other existing rules and regulations.
- It has also recommended releasing **parental lines of genetically engineered mustard carrying certain specified genes**, in order to develop new parental lines and hybrids.
  - The environmental approval shall be valid for **four years**, after which it may be **renewed for two years** at a time based on a compliance report.
- GEAC also noted that **field demonstration studies** must be carried out for two years after the environmental release, in order to understand its effect on honeybees and other pollinators.

#### What is GM Mustard?

- **About:**
  - **Dhara Mustard Hybrid (DMH-11)** is an **indigenously developed** transgenic mustard. It is a genetically modified variant of **Herbicide Tolerant (HT) mustard**.
  - It contains two alien genes ('**barnase**' and '**barstar**') isolated from a soil bacterium called **Bacillus amyloliquefaciens** that enable breeding of high-yielding commercial mustard hybrids.
  - It has been developed by the **Centre for Genetic Manipulation of Crop Plants (CGMCP)** at Delhi University.
  - In 2017, the GEAC recommended the commercial approval of the HT Mustard crop. However, the [Supreme Court](#) stayed its release and asked the central government to seek public opinion.
- **Significance:**

- India produces **only 8.5-9 million tonnes (mt)** of edible oil annually while it **imports 14-14.5 mt** which entailed a record foreign exchange outgo of USD 18.99 billion in the fiscal year ended March 31, 2022.
  - Further, GM mustard would **make India self-reliant in oil production** and help in saving forex.
- Mustard varieties in India have a narrow genetic base. The barnase-barstar system enables breeding of hybrids from a wider range of mustards, including those of East European origin such as 'Heera' and 'Donskaja'.

## Draft National Repowering Policy for Wind Power Projects

The Ministry of New and Renewable Energy (MNRE) released the draft **National Repowering Policy for Wind Power Projects, 2022**.

- The draft Policy aims to **replace old, ageing and inefficient, wind turbines** of smaller capacity (less than 2MW) with **modern highly-efficient ones** to maximize the potential of the wind sector.

## What are the Key Features of National Repowering Policy?

- **Repowering old wind turbines:**
  - **Wind turbines that are eligible for repowering include:**
    - Wind turbines of rated capacity below 2 MW.
    - Wind turbines that have completed their design life.
    - Set of wind turbines over an area that meet certain conditions such as more than 90% of total capacity of the project has completed its lifespan.
- **Implementation framework:**
  - The repowering projects would be implemented by the **respective state nodal agencies** involved in promoting wind energy or **central nodal agency** appointed by the central government.
  - Within one month of the announcement of the policy, MNRE will constitute a **monitoring and advisory committee** chaired by the Joint Secretary (Wind), MNRE.
    - The committee will include members from **Indian Renewable Energy Development Agency (IREDA)**, state and central nodal agencies, and independent wind-energy experts.
- **Incentives:**
  - IREDA will provide an **additional interest rate rebate of 0.25%** over and above the interest rate available to the new wind projects for repowering projects.
    - Currently, the available interest rates vary across different grades and lie in the range of 8.5%-9.5%.
  - 18 Central and state governments may also consider additional financial incentives to support these projects.

## What is the Status of Wind Energy in India?

- **Total installed capacity of wind power** has increased from 21 gigawatt (GW) in March 2014 to 40 GW in March 2022.
- India is expected to add **3.2 GW in 2022, 4.1 GW in 2023** peaking to **4.6 GW in 2024**, thereafter declining to **4 GW and 3.5 GW in the next two years**.
- Wind industry installations have been **slowing down in India since 2017**.
  - Only 1.45 GW of wind projects were installed in 2021 with many delayed due to the second wave of **Covid-19** and supply chain-related disruptions.

## Pricing of Energy Savings Certificates

**The Central Electricity Regulatory Commission (CERC)** released draft amendments to the **CERC (Terms and Conditions for Dealing in Energy Savings Certificates) Regulations, 2016** for public feedback.

- The Regulations provide details regarding **trading of transferable and saleable Energy Savings Certificates (ESCs)** in the energy market.

## What is Energy Saving Certificate?

- **About ESC:**
  - ESCs are **tradeable instruments** issued by **Bureau of Energy Efficiency** to those notified industries which have overachieved their energy-savings targets.
    - These certificates can be **sold to underachievers at power exchanges.**
- **Proposed Amendment:**
  - The amendments add that the **floor price of ESCs will be fixed at 10% of the price of one metric tonne** of oil equivalent of energy consumed.
  - The central government will notify this price for every **Perform, Achieve and Trade (PAT)** cycle.
    - The PAT scheme is a **market-based compliance mechanism** to reduce energy consumption in large energy-intensive industries.
    - Under the PAT scheme, reductions in specific energy saving targets are assigned to designated consumers for a three-year cycle.

PDF Reference URL: <https://www.drishtias.com/printpdf/prs-capsule-october-2022>

