



## PRS Capsule - July 2024

### Key Highlights of PRS

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- Independent Body Constituted to Advise on the Implementation of NEP
- TRAI Amends Regulatory Framework For Broadcasting And Cable Services
- Supreme Court Upholds the State's Power to Tax Mines And Minerals
- Guidelines For Implementing Incentive Scheme For Green Hydrogen Production
- Guidelines For Funding Testing Infrastructure Under The National Green Hydrogen Mission Released
- Fifth Positive Indigenisation List Notified

#### ▪ Economy

- Union Budget 2024-25 Presented
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#### ▪ Environment

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### Polity and Governance

#### Independent Body Constituted to Advise on the Implementation of NEP

- The [Ministry of Education](#) constituted the **Education Advisory Council** to advise the government on the efficient implementation of the [National Education Policy \(NEP\), 2020](#).
- The Council will:
  - Develop an overarching roadmap for implementing the NEP in school and higher education
  - Analyse current interventions and recommend measures for course correction
  - Recommend measures to revamp the [Central Education Advisory Board](#).

#### TRAI Amends Regulatory Framework for Broadcasting and Cable Services

- The [Telecom Regulatory Authority of India \(TRAI\)](#) has amended the tariff order, interconnection regulations, and quality of service regulations for broadcasters.
- **Key Features:**
  - **Tariff changes:** Broadcasters charge **Network Capacity Fees (NCF)** from subscribers ceiling has been removed.
  - **Penalties:** The amended regulatory framework also provides for financial penalties for contravention of provisions.
  - **Change in Carriage Fees:** The method of calculating carriage fees has been simplified.
  - **Quality of Service (QoS) Amendments:** The regulatory framework amends various QoS standards. Charges for services such as installation, activation, and relocation have been **deregulated**.

#### Supreme Court Upholds the State's Power to Tax Mines and Minerals

- With an 8:1 majority, the [Supreme Court](#) upheld states' power to tax mineral-bearing lands.
- In India, mines and minerals are primarily regulated by the [Mines and Minerals \(Development and Regulations\) \(MMDR\) Act, 1957](#).
- The Court held that **royalty is not a tax**. It is a payment that arises out of the contractual obligation to enjoy mineral rights.
- The Court also held that the power of states to tax mineral rights cannot be superseded by the powers of Parliament to regulate the sector.
- It also stated that the [Parliament](#) cannot limit states' powers to tax mineral-bearing lands.

## Guidelines for Implementing Incentive Scheme for Green Hydrogen Production

- This scheme is a component of the [Strategic Interventions for Green Hydrogen Transition Programme \(SIGHT\)](#).
  - The programme provides **financial incentive mechanisms** to boost the domestic manufacturing of electrolyzers and green hydrogen in India.
- **Key Features:**
  - **Structure of Scheme:** The second tranche allocates a production capacity of 4,50,000 MT (Metric tonnes) of [Green Hydrogen](#).
  - **Incentive for Production:** The minimum bid for production through agnostic pathways is 10,000 MT while the maximum bid allowed is 90,000 MT.
  - **Eligibility of Bidder:** In order to participate in the bidding process, the bidder's net worth must exceed Rs 15 crore per thousand MT per annum of the quoted production capacity under the technology-agnostic pathway.

## Guidelines for Funding Testing Infrastructure Under the National Green Hydrogen Mission Released

- The [Green Hydrogen Mission](#) aims to make India the Global Hub for production, usage, and export of Green Hydrogen and its derivatives.
  - A total of Rs 200 crore has been allocated until 2025-26 for this scheme.
- The scheme for supporting testing infrastructure will:
  - **Identify gaps** in existing testing facilities, fund their upgradation and create new facilities for testing
  - **Validate and certify** technologies used in the production of Green Hydrogen
  - **Encourage private** and government participation in establishing world-class testing facilities.
- The scheme will be implemented by the [National Institute of Solar Energy](#).

## Fifth Positive Indigenisation List Notified

- The **Ministry of Defence** has notified the fifth positive [indigenisation](#) list consisting of 346 items.
- These items include various systems, sub-systems, spares, and raw materials which will be indigenised in a staggered manner.
- Their total import substitution value is Rs 1,048 crore.
- These items will be produced domestically by defence public sector undertakings.

## Economy

### Union Budget 2024-25 Presented

- The Finance Minister presented the 2024-25 [Union Budget](#) on 23 July 2024.
- **Key Highlights:**

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**Table 1: Union Budget 2024-25 highlights (in Rs crore)**

	Actuals 22-23	Actuals 23-24	BE 24-25	% change Actuals to BE
<b>Total Expenditure</b>	41,93,157	44,42,542	48,20,512	8.5%
<b>Total Receipts (excluding borrowings)</b>	24,55,402	27,88,872	32,07,200	15.0%
<b>Revenue Deficit</b>	10,69,926	7,65,624	5,80,201	-24.2%
<b>% of GDP</b>	3.9%	2.6%	1.8%	-
<b>Fiscal Deficit</b>	17,37,755	16,53,670	16,13,312	17,37,755
<b>% of GDP</b>	6.4%	5.6%	4.9%	6.4%

Source: Union Budget documents 2024-25; PRS.

- **Tax proposals:** Short-term [capital gains tax](#) on listed equity shares, equity mutual funds, and [REITs/INVITs](#) is proposed to be increased from 15% to 20%.
  - Long-term capital gains tax will be levied at 12.5% across asset categories.
  - [Indexation](#) for calculating long-term capital gains for property, gold, and other unlisted assets will be removed.
- **Income Tax Slabs:** [Income tax slabs](#) under the new tax regime have been modified.
  - The standard deduction for salaried individuals and pensioners is proposed to be increased from Rs 50,000 to Rs 75,000.
- **Angel Tax:** [Angel tax](#) on unlisted funds in excess of the face value of their shares has been removed.
- **Policy Proposals:**
  - A scheme to [upskill 20 lakh youth](#) over the next five years will be launched.
    - Three schemes to promote employment and increase workforce participation were announced.
  - Financial support of Rs 15,000 crore will be given to Andhra Pradesh for a new capital this year.

## Economic Survey 2023-24 Tabled in Parliament

- The Finance Minister tabled the [Economic Survey](#) 2023-24 on 22 July 2024.
- **Key Highlights:**
  - **Gross Domestic Product (GDP):** The Survey has forecasted a [real GDP](#) growth of 6.5%-7% in 2024- 25.
    - Growth in 2024-25 is expected to be supported by strong domestic investment demand, improved agricultural performance, and an increase in merchandise and services exports.
  - **Inflation:** Retail inflation in 2023-24 was 5.4%, the lowest since the [Covid-19](#) pandemic.
  - **Sectoral Growth:** India's [agriculture sector](#) has recorded an annual average growth rate of 4.2% over the last five years.
    - The [industrial sector](#) grew by 9.5% in 2023-24.
    - The [services sector](#) constituted 55% of India's economy in 2023-24.
  - **Infrastructure:** The central government's [capital expenditure](#) witnessed a three-fold

increase in 2023-24 as compared to 2019-20 with a focus on sectors such as roads and railways.

- **Debt:** The general government [debt-to-GDP ratio](#) increased slightly in 2023-24 due to increasing interest rates and lower-than-budgeted nominal GDP growth.

## RBI Issues Directions on Treatment of Wilful and Large Defaulters

- The Reserve Bank of India (RBI) issued the [RBI \(Treatment of Wilful Defaulters and Large Defaulters\) Directions, 2024](#).
  - The Directions provide a procedure for the classification of a borrower as a wilful defaulter by lenders.
- **Key Features:**
  - A [wilful defaulter](#) refers to a borrower or a guarantor who has committed wilful default of at least Rs 25 lakh or above as notified by RBI.
  - Large defaulter refers to a defaulter with an outstanding amount of at least one crore rupees and whose account has been categorised as a doubtful or loss account.
  - Wilful default by a borrower will be deemed to have occurred when he defaults in meeting repayment obligations to the lender.
  - In addition, at least one of the specified conditions needs to be fulfilled. These include:
    - Default despite having the capacity to honour the obligations
    - Diversion or siphoning off of funds availed from the lender, or
    - Disposal of assets given for securing the credit without the lender's knowledge.
  - Wilful default by a guarantor will be deemed to have occurred if he does not honour the guarantee despite having the ability to do so.
  - The evidence of wilful default will be examined by an **identification committee set up by the lender**.

## RBI Releases Master Directions on Fraud Risk Management

- The [Reserve Bank of India \(RBI\)](#) released three revised master directions on fraud risk management that apply to:
  - Commercial banks and all India financial institutions
  - Cooperative banks
  - Non-banking finance companies
- **Key Features:**
  - **Fraud Risk Management Structure:** Regulated entities must have a policy approved by their respective boards on fraud risk management which must be **reviewed** at least **once in three years**.
  - **Early Detection of Frauds:** Commercial banks, certain cooperative banks, and **NBFCs** in the middle and upper layers must have a framework for early warning signals under their fraud risk management policy.
  - **Treatment of Fraud Accounts:** In case of red-flagged accounts or suspicion of fraud, regulated entities must conduct an external or internal audit as per their policy.

## Environment

### Comments Invited on the Amendments to the Environment (Protection) Rules, 1986

- These Rules have been issued under the [Environment \(Protection\) Act, 1986](#).
  - The Act was amended by the [Jan Vishwas \(Amendment of Provisions\) Act, 2023](#).
- The 2023 Act **decriminalized certain offences** under the 1986 Act.
  - These include **discharging pollutants** above prescribed standards, not furnishing the required information, and contravention of directions issued under the Act.
  - It provides for the appointment of an **Adjudicating Officer** for adjudicating offences and determining penalties.
  - It also establishes the [Environment Protection Fund](#).
    - Penalties levied under the [Environment \(Protection\) Act, 1986](#) will be credited to

this Fund.

- The draft Rules seek to **give effect to these provisions.**

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