



PRS Capsule - October 2022

Key Highlights of PRS

- **Governance**
 - [Amendments to the IT Rules, 2021](#)
 - [Prime Minister's Development Initiative for North East Region \(PM-DevINE\)](#)
 - [Committee for Schedule Caste](#)
 - [Amendments to Policy Guidelines on FM Radio](#)
- **Economy**
 - [Concept Note on Central Bank Digital Currency \(CBDC\)](#)
 - [Regulatory Framework for Asset Reconstruction Companies](#)
 - [Credit Guarantee Scheme for Startups](#)
- **Biodiversity & Environment:**
 - [Environmental release of Genetically Engineered Mustard Recommended](#)
 - [Draft National Repowering Policy for Wind Power Projects](#)
 - [Pricing of Energy Savings Certificates](#)

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>

