

Monthly Policy Review

June 2023

Highlights of this Issue

[Current account deficit at 0.2% of GDP in the fourth quarter of 2022-23 \(p. 2\)](#)

India recorded a current account deficit of USD 1.3 billion (0.2% of GDP) in the fourth quarter (January-March) of 2022-23, significantly lower than USD 13.4 billion (1.6% of GDP) in the corresponding quarter of 2021-22.

[Repo rate kept unchanged at 6.5% \(p. 2\)](#)

The Monetary Policy Committee of the Reserve Bank of India retained the policy repo rate (the rate at which RBI lends money to banks) at 6.5%. Other policy rates also remain unchanged.

[Cabinet approves third revival package for BSNL \(p. 2\)](#)

The package provides for allotment of 4G and 5G spectrum to BSNL through equity infusion. The total projected outlay is Rs 89,047 crore.

[Cabinet approves subsidies for fertilisers \(p. 3\)](#)

Cabinet has approved the extension of the subsidy for urea fertilisers until 2024-25. Sulphur-coated urea will be introduced in the country. A new scheme for promoting organic fertilisers has also been approved.

[FRP for the 2023-24 sugar season approved at Rs 315 per quintal \(p. 3\)](#)

For the basic recovery rate of 10.25%, the Fair and Renumative Price (FRP) for sugarcane for the 2023-24 sugar season has been set at Rs 315 per quintal, an increase of about 3% over the previous season.

[MSP for Kharif crops enhanced for the 2023-24 marketing season \(p. 3\)](#)

The Cabinet has approved an increase in MSP for Kharif crops for the 2023-24 marketing season (ranging between 5%-10%). The MSP for paddy has been increased by 7%.

[Time-of-day tariff mandated for retail consumers \(p. 4\)](#)

The Ministry of Power has amended the Electricity (Rights of Consumers) Rules, 2020. It introduces the time-of-day tariff for retail consumers (except for agricultural consumers) in a phased manner.

[The UGC \(Institutions deemed to be Universities\) Regulations, 2023 notified \(p. 8\)](#)

The 2023 Regulations supersede the UGC (Institutions Deemed to be Universities) Regulations, 2019. They specify the eligibility criteria for the deemed university status.

[Changes to Liberalised Remittance Scheme put on hold \(p. 7\)](#)

In May 2023, the Ministry of Finance had decided to consider international credit card transactions under the limits of liberalised remittance scheme. It has decided to put the implementation of this measure on hold.

[Ministry of Power notifies Carbon Credit Trading Scheme \(p. 4\)](#)

Under the scheme certain entities shall comply with emission standards notified by Ministry of Environment. Entities failing to meet their targets can trade in carbon credits to meet emission targets.

[Comments invited on draft Green Credit Programme Implementation Rules, 2023 \(p. 7\)](#)

The Programme seeks to create a market mechanism to create green credits for environment friendly actions. Such actions include tree plantation and waste management.

[The Law Commission invites comments on the Uniform Civil Code \(p. 7\)](#)

The 22nd Law Commission has invited comments on the Uniform Civil Code from recognised religious organisations as well as the public at large.

July 3, 2023

Macroeconomic Development

Tushar Chakrabarty (*tushar@prsindia.org*)

Repo rate kept unchanged at 6.5%

The Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) retained the policy repo rate (the rate at which RBI lends money to banks) at 6.5%.¹

Other decisions of the Committee include:

- Standing deposit facility rate (the rate at which the RBI borrows from banks without giving collateral) has been retained at 6.25%.
- The marginal standing facility (the rate at which banks can borrow additional money from RBI), and the bank rate (the rate at which RBI buys bills of exchange) have been retained at 6.75%.

The MPC decided to remain focused on the withdrawal of accommodation. This is expected to ensure that inflation progressively aligns with the target of 4%, while supporting growth.

Current account deficit at 0.2% of GDP in the fourth quarter of 2022-23

India recorded a current account deficit of USD 1.3 billion (0.2% of GDP) in the fourth quarter (January-March) of 2022-23, significantly lower than USD 13.4 billion (1.6% of GDP) in the corresponding quarter of 2021-22.² The decrease was driven by an increase in net services exports from USD 28.3 billion to USD 39.1 billion. In the third quarter (October-December) of 2022-23, current account deficit was USD 16.8 billion (2% of GDP). The decrease in current account deficit in the fourth quarter of 2022-23 as compared to the third quarter of 2022-23 has been on account of decrease in trade deficit.

The capital account registered a net inflow of USD 6.5 billion in the fourth quarter of 2022-23 as compared to a net outflow of USD 1.7 billion in the fourth quarter of 2021-22. In the third quarter of 2022-23, the capital account registered a net inflow of USD 28.9 billion.

Table 1: Balance of payments, Q4 2022-23 (USD billion)

| | Q4 2021-22 | Q3 2022-23 | Q4 2022-23 |
|----------------------|---------------|---------------|---------------|
| Imports | 172.5 | 176.9 | 168.4 |
| Exports | 118.0 | 105.6 | 115.8 |
| Net Services | 28.3 | 38.7 | 39.1 |
| Other transfers | 12.8 | 15.8 | 12.2 |
| Current account | -13.4 | -16.8 | -1.3 |
| Capital account | -1.7 | 28.9 | 6.5 |
| Errors and omissions | -0.9 | -1 | 0.4 |
| Change in reserves | -16 | 11.1 | 5.6 |

Note: Negative figures indicate a deficit.
Sources: RBI; PRS.

Foreign exchange reserves increased by USD 5.6 billion in the fourth quarter of 2022-23 as compared to a decrease of USD 16 billion in the corresponding quarter of 2021-22.

Electronics and IT

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Cabinet approves third revival package for BSNL

The Union Cabinet approved a revival package for BSNL involving an outlay of Rs 89,047 crore.³ The package provides for allotment of 4G/5G spectrum for BSNL through equity infusion. It seeks to enable BSNL to provide: (i) 4G and 5G services across India, (ii) 4G coverage in rural and uncovered villages, (iii) fixed wireless access, and (iv) 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 crore. 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: (i) in-principle merger of BSNL and MTNL, (ii) capital infusion for allotment of 4G spectrum, and (iii) costs towards voluntary retirement scheme.⁴ This was followed by another package worth Rs 1.64 lakh crore in 2022.³ The second package provided for: (i) allocation of spectrum for ongoing and 4G services, (ii) settlement of statutory dues worth Rs 33,404 crore by conversion into equity, and (iii) financial support for capital expenditure.⁵

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.^{6,7} Under the Act, CERT-In has been established as the national agency for cyber security incidents by the central government.⁸ 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:** Organisations 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 organisation must report each cybersecurity incident to CERT-In within six hours of discovering the incident.

- **Data Security:** Organisations should take certain measures to ensure data security. These include: (i) identifying personal data and sensitive data, and encrypting it, (ii) deploying tools to detect data breaches, (iii) conducting third party assessment to monitor data breaches, and (iv) 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.

Agriculture

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Cabinet approves subsidies for fertilisers

The Cabinet Committee on Economic Affairs approved several schemes aimed at providing subsidised fertilisers for farmers.⁹ These are expected to encourage the judicious use of fertilisers, reduce input costs for farmers, and, also promote organic farming. Key highlights of the schemes are:

- **Urea subsidy scheme:** Fertilisers such as urea and nitrogen are subsidised for the use of farmers. 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 maximise 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.¹⁰
- 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 fertilisers (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 fertilisers:** The Cabinet also approved a scheme for the marketing of organic fertilisers. 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.

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.¹¹ 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.

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) (See Table 2).¹² 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.¹³

Table 2: Minimum Support Price for Kharif crops 2023-24 (in Rs per quintal)

| Crops | MSP 2022-23 | MSP 2023-24 | % change |
|------------------------|-------------|-------------|----------|
| Moong | 7,755 | 8,558 | 10% |
| Sesamum | 7,830 | 8,635 | 10% |
| Cotton (long staple) | 6,380 | 7,020 | 10% |
| Groundnut | 5,850 | 6,377 | 9% |
| Cotton (medium staple) | 6,080 | 6,620 | 9% |
| Jowar - Maldandi | 2,990 | 3,225 | 8% |
| Jowar - hybrid | 2,970 | 3,180 | 7% |
| Paddy - common | 2,040 | 2,183 | 7% |
| Ragi | 3,578 | 3,846 | 7% |
| Maize | 1,962 | 2,090 | 7% |
| Soybean (yellow) | 4,300 | 4,600 | 7% |
| Bajra | 2,350 | 2,500 | 6% |
| Tur/Arhar | 6,600 | 7,000 | 6% |
| Sunflower seed | 6,400 | 6,760 | 6% |
| Nigerseed | 7,287 | 7,734 | 6% |
| Urad | 6,600 | 6,950 | 5% |

Sources: Ministry of Agriculture and Farmers Welfare, PRS.

Power

Electricity (Rights of Consumers) Amendment Rules, 2023 notified

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The Ministry of Power issued the Electricity (Rights of Consumers) Amendment Rules, 2023.¹⁴ 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).¹⁵ It also provides a mechanism for the calculation of bills in case of demand exceeding the sanctioned load.¹⁵ 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: (i) April 1, 2024, for industrial and commercial consumers with maximum demand of up to 10 kilowatts, and (ii) 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: (i) 1.2 times the normal tariff for industrial and commercial consumers, and (ii) 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.

The Carbon Credit Trading Scheme, 2023 notified

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The Ministry of Power notified the Carbon Credit Trading Scheme, 2023 under the Energy Conservation Act, 2001.^{16,17} 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 certificate 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 certificate. Non-obligated 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: (i) undertake registration of obligated or non-obligated entities, and (ii) 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: (i) formulation of procedures, rules, and regulations for the carbon market, (ii) formulation of targets and issuance of carbon credit certificate. BEE will administer the scheme. Its functions include: (i) identifying sectors and potential for reduction of emissions, (ii) developing trajectories and targets for reduction, and (iii) issuing carbon credit certificates.

Ministry of Power notified guidelines for resource adequacy planning

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Ministry of Power issued guidelines on resource adequacy planning for the electricity sector, in consultation with the Central Electricity Authority (CEA).¹⁸ 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

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The Central Electricity Authority (CEA) modified the process for concurrence on the Detailed Project Report (DPR) of pumped storage projects.¹⁹ 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: (i) whose tariff has been determined through competitive bidding, (ii) which are bundled with the renewable energy generation projects, or (iii) 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.²⁰

Finance

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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.²¹ 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, 2023.²² This amends the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.²³ The Regulations provides 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 whole-time 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:

- (i) 2% of turnover,
- (ii) 2% of net worth, or;
- (iii) 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: (i) 12 hours of the occurrence of the event if it is emanating from within the company, or (ii) 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 reduces the timeline for listing shares

The Securities and Exchange Board of India (SEBI) has reduced the timeline for the listing of shares.²⁴ Shares offered through an initial public offering (IPO) will be listed three days after the closing of the IPO as against the current timeline of six days. IPO is the selling of shares of a company to the public for the first time. The revised timeline will be optional for all IPOs opening from September 1, 2023. It will be made mandatory from December 1, 2023.

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.²⁴ These disclosures have to be made by FPIs who: (i) hold more than 50% of their Indian equity investments in a single corporate group, or (ii) 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.

Ministry of Finance puts proposed changes to liberalised remittance scheme on hold

The Ministry of Finance has withheld certain changes regarding tax collected at source (TCS) under the liberalised remittance scheme (LRS).²⁵ Under LRS, individuals can remit up to USD 2,50,000 in a financial year.²⁶ Any remittance above this limit would need the RBI's approval. Earlier, making payments abroad through international credit cards was not included under the LRS limit. In May 2023, the Ministry of Finance removed this exemption. The Ministry has now decided to put this decision on hold.

Further, the Finance Act 2023 had increased the rate of TCS levied on remittance under LRS from 5% to 20%.²⁵ It also removed the threshold of seven lakh rupees for the levy of TCS on LRS transactions. These changes were to be effective from July 1, 2023. The Ministry has decided that the increased TCS rates will be applicable from October 1, 2023. The earlier threshold of seven lakh rupees for the levy of TCS on LRS transactions will also be retained. For remittances beyond this threshold, the rates of TCS will be: (i) 0.5% for education loans, (ii) 5% for education/medical treatments, and (iii) 20% for all other purposes.

Commerce

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Export policy for civilian use drones liberalised

The Directorate General of Foreign Trade has liberalised the policy for the export of drones/unmanned aerial vehicles (UAVs) meant for civilian use.^{27,28} Earlier export 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.²⁹ With the liberalised 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.

Home Affairs

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Central government constitutes peace committee in Manipur

The central government has constituted a Peace Committee in Manipur, in response to ongoing violence.³⁰ On May 3, 2023, an ethnic clash erupted between the Meitei people (the majority community in the Imphal Valley) and certain other communities, including Kuki and Zo, from the surrounding hills.^{31,32} The mandate of the Committee is to facilitate the peace-making process and negotiations between conflicting parties/ethnic groups. The Committee comprises: (i) the Governor of Manipur as the Chairperson, (ii) the Chief Minister of Manipur, (iii) specified ministers of the state government, (iv) MPs/MLAs/leaders from different political parties, (v) representatives of different ethnic groups, and (vi) former civil servants.

Law and Justice

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22nd Law Commission invites comments on the Uniform Civil Code

The 22nd Law Commission has invited comments on the Uniform Civil Code.³³ Views have been sought from recognised religious organisations as well as the public at large. The uniform civil code refers to the formulation and implementation of personal laws that would apply to all Indian citizens, irrespective of religion. Such personal laws cover marriage, divorce, adoption, inheritance, and succession.^{34,35}

Comments are invited until July 14, 2023.

Environment

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Comments invited on the draft Green Credit Programme Implementation Rules, 2023

The Ministry of Environment, Forest and Climate Change invited comments on the draft Green Credit Programme Implementation Rules, 2023.³⁶ The Programme seeks to create a market mechanism to incentivise environment-friendly actions. Green credits will be awarded for such actions, which may subsequently be traded. The Programme will be launched in a phased manner. It will be based on voluntary participation. In the initial phase, two to three activities from certain sectors will be included. These sectors include: (i) tree plantation, (ii) waste

management, (iii) sustainable building and infrastructure, and (iv) air pollution. In the subsequent phases, the central government may add more sectors.

Key features of the draft Rules include:

- **Methodology:** Thresholds and benchmarks will be developed for each activity for the issuance of green credits. The value of green credit will be based on factors quantifying the environmental impact of the activities. Such factors include resource requirements, scale, and scope.
- **Steering Committee:** The Committee will be responsible for the governance of the Programme. It will consist of members from certain Ministries, domain experts, industry associations, and other relevant stakeholders. Key functions of the Committee include: (i) granting approvals for implementation of the programme, and (ii) making recommendations to the government relating to matters such as activities and sectors to be included in the Programme.
- **Implementing agency:** The Indian Council of Forestry Research and Education will implement the programme. It will develop guidelines, processes, and procedures for the award and the trading of green credits. It will create a green credit registry containing all information relating to the issuance, transfer, and acquisition of green credits. It will also accredit entities as Accredited Green Credit Verifiers to conduct verification for the grant of green credits.

Comments are invited until August 25, 2023.

Health and Family Welfare

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Amendments to the Surrogacy (Regulation) Rules, 2022 notified

The Ministry of Health and Family Welfare notified amendments to the Surrogacy (Regulation) Rules, 2022.^{37,38} These Rules have been issued under the Surrogacy (Regulation) Act, 2021.³⁹ 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 the holders of Overseas Citizens of India card.

Education

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

The University Grants Commission (UGC) released the UGC (Institutions deemed to be Universities) Regulations, 2023.⁴⁰ These regulations provide for establishing educational institutions as deemed to be universities under the University Grants Commission Act, 1956.⁴¹ The 2023 Regulations supersede the UGC (Institutions Deemed to be Universities) Regulations, 2019.⁴² 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: (i) at least five departments, (ii) accreditation from the National Assessment and Accreditation Council (NAAC), (iii) a student-teacher ratio equal to or below 1:20, and (iv) 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: (i) the Vice-Chancellor (VC), (ii) two Deans of Faculties, (iii) two teachers other than the Deans, (iv) up to four nominees of the sponsoring body, and (v) a UGC or state government or central government representative. The Council’s powers include: (i) creating and making appointments to academic posts, (ii) making rules, and (iii) 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 Uchchar Shiksha Kosh operationalised

The Ministry of Education notified the setting up of the Madhyamik and Uchchar Shiksha Kosh (MUSK).⁴³ 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.⁴³ These funds will be utilised for Secondary and Higher Education. It is a non-lapsable reserve fund.⁴⁴

The Ministry has established accounting procedures and the manner of making account entries.⁴³ 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.⁴³ 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.

Communications

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TRAI invites comments on the draft framework for encouraging technologies through regulatory sandboxes

The Telecom Regulatory Authority of India (TRAI) released the draft framework for ‘Encouraging Innovative Technologies, Services, Use Cases, and Business Models through Regulatory Sandbox in Digital Communication Sector’.⁴⁵ TRAI observed that there is a need to provide a test environment for new or existing technologies. Such test environments are referred to as Regulatory Sandboxes. These enable live testing of various services and products and the collection of evidence on the benefits and risks associated with new technologies. They allow companies to test their products without complying with certain regulatory requirements. Such frameworks exist in several countries including the UK, Singapore, and Australia. Key features of the draft framework are as follows:

- **Eligibility:** All licensed service providers will be eligible for testing in the regulatory sandbox,

¹ Resolution of the Monetary Policy Committee (MPC), June 6-8, 2023, Monetary Policy Statement 2023-24, June 8, 2023, <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR3643DFF6F8A3AE3429A826A641E1DF57844.PDF>.

subject to certain conditions. Other entities may either apply directly or utilise sandboxing facilities of the licensed service providers. Following are key eligibility criteria for applicants: (i) the entity should be a company incorporated and registered in India, (ii) the product/service to be tested should be innovative, (iii) the necessity of testing in a regulatory sandbox must be established, (iv) limited offline testing must have been completed before the application, and (v) the entity should have a mechanism to protect consumer interests and minimise harm. Any liability arising out of the testing process will be borne by the applicant.

- **Permission to conduct testing:** The Department of Telecommunication (DoT) or TRAI will grant permission for using the regulatory sandbox for a period of up to 12 months. They will have the right to waive/ modify the conditions for testing on a case-to-case basis.
- **Oversight:** DoT/TRAI or any other authorised entity will oversee the regulatory sandbox process. The body will establish a monitoring and evaluation framework to assess the performance of each sandbox test and provide recommendations.

Comments are invited until July 17, 2023.

Consumer Affairs

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Rules for direct selling entities amended

The Ministry of Consumer Affairs notified amendments to the Consumer Protection (Direct Selling) Rules, 2021.^{46,47} The Rules have been notified under the Consumer Protection Act, 2019.⁴⁸ 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.

² Developments in India’s Balance of Payments during the Fourth Quarter (January-March) of 2022-23, Reserve Bank of India, June 27, 2023,

<https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR483BOP57A612895C0F4E22A6D66A53ED7894CA.PDF>.

³ “Union Cabinet approves allotment of 4G/5G Spectrum to BSNL”, Press Information Bureau, Union Cabinet, June 7, 2023, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1930442>.

⁴ “Union Cabinet approves revival plan of BSNL and MTNL and in-principle merger of the two”, Press Information Bureau, Union Cabinet, October 23, 2019, <https://pib.gov.in/PressReleasePage.aspx?PRID=1588848>.

⁵ “Cabinet approves revival package of BSNL amounting to Rs 1.64 Lakh Cr.”, Press Information Bureau, Union Cabinet, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1845422>.

⁶ “CERT-In issues “Guidelines on Information Security Practices” for Government Entities for Safe & Trusted Internet”, Press Information Bureau, Ministry of Electronics and Information Technology, June 30, 2023, <https://pib.gov.in/PressReleasePage.aspx?PRID=1936470>.

⁷ Guidelines on Information Security Practices for Government Entities, Indian Computer Emergency Response Team (CERT-In) Ministry of Electronics and Information Technology, <https://www.cert-in.org.in/PDF/guidelinesgovtentities.pdf>.

⁸ The Information Technology Act, 2000, https://www.indiacode.nic.in/bitstream/123456789/13116/1/it_act_2000_updated.pdf.

⁹ “Unique Package for farmers announced”. Cabinet Committee on Economic Affairs, Press Information Bureau, June 28, 2023, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1935893>.

¹⁰ Notes on Demands for Grants, 2023-24, Ministry of Chemicals and Fertilisers, Union Budget of India, <https://www.indiabudget.gov.in/doc/eb/sbe6.pdf>.

¹¹ “Government approves Fair and Remunerative Price of sugarcane payable by Sugar Mills to sugarcane farmers for sugar season 2023-24”, Cabinet Committee on Economic Affairs, Press Information Bureau, June 28, 2023, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1935899>.

¹² “Union Cabinet approves Minimum Support Prices (MSP) for Kharif Crops for Marketing Season 2023-24”, Press Information Bureau, Ministry of Agriculture and Farmers Welfare, June 7, 2023, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1930443>.

¹³ National Food Security Act, 2013, <https://www.indiacode.nic.in/bitstream/123456789/2113/1/201320.pdf>.

¹⁴ The Electricity (Rights of Consumers) Rules, 2020, Ministry of Power, <https://static.pib.gov.in/WriteReadData/userfiles/final%20-%20Copy%202.pdf>.

¹⁵ The Electricity (Rights of Consumers) Amendment Rules, 2023, Ministry of Power, https://powermin.gov.in/sites/default/files/webform/notices/30_d_Electricity_Rhts_of_Consumers_Amendment_Rules_2023..pdf.

¹⁶ Carbon Credit Trading Scheme, 2023, Ministry of Power, June 28, 2023, <https://egazette.gov.in/WriteReadData/2023/246859.pdf>.

¹⁷ The Energy Conservation Act, 2001, <https://www.indiacode.nic.in/bitstream/123456789/2003/1/a2001-52.pdf>.

¹⁸ F. No. 09/01/2021-RCM, “Guidelines for Resource Adequacy Planning Framework for India”, Ministry of Power, June 28, 2023, <https://static.pib.gov.in/WriteReadData/specificdocs/documents/2023/jun/doc2023628218801.pdf>.

¹⁹ “Speeding up Hydro Power: Central Electricity Authority Fast-tracks Approval Mechanism for Pumped Storage Projects”, Press Information Bureau, June 8, 2023, <https://pib.gov.in/PressReleasePage.aspx?PRID=1930831>.

²⁰ “Understanding EIA, Centre for Science and Environment, <https://www.cseindia.org/understanding-eia-383>.

²¹ Framework for Compromise Settlements and Technical Write-offs, Reserve Bank of India, June 8, 2023, <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/FRAMEWORKKCO MPROMISE97202CBAA1374268BA9AAA616D239890.PDF>.

²² Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023, https://www.sebi.gov.in/legal/regulations/jun-2023/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-second-amendment-regulations-2023_72609.html.

https://www.sebi.gov.in/legal/regulations/feb-2023/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-february-07-2023_69224.html.

²³ Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, https://www.sebi.gov.in/legal/regulations/feb-2023/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-february-07-2023_69224.html.

²⁴ SEBI Board Meeting, Securities and Exchange Board of India, June 28, 2023, https://www.sebi.gov.in/media/press-releases/jun-2023/sebi-board-meeting_73278.html.

²⁵ “Important changes w.r.t Liberalised Remittance Scheme (LRS) and Tax Collected at Source (TCS)”, Press Information Bureau, Ministry of Finance, June 28, 2023, <https://pib.gov.in/PressReleasePage.aspx?PRID=1936105>.

²⁶ Liberalised Remittance Scheme, Reserve Bank of India, <https://m.rbi.org.in/scripts/FAQView.aspx?Id=115#Q1>.

²⁷ “DGFT liberalizes and simplifies the policy for export of Drones/Unmanned Aerial Vehicles (UAVs) for civilian end uses from India”, Press Information Bureau, Ministry of Commerce and Industry, June 23, 2023, <https://pib.gov.in/PressReleasePage.aspx?PRID=1934862>.

²⁸ Notification No. 14/2023, Directorate General of Foreign Trade, Ministry of Commerce and Industry, June 23, 2023, <https://content.dgft.gov.in/Website/dgftprod/24ea669e-2e1a-4f53-b9d3-20f0dc1f60a6/Notification%20No.%2014%20English.pdf>.

²⁹ Appendix 3, List of SCOMET Items, Directorate General of Foreign Trade, https://content.dgft.gov.in/Website/append3_0.pdf.

³⁰ “Government of India constitutes Peace Committee in Manipur under the Chairpersonship of Governor Manipur, Press Information Bureau, Ministry of Home Affairs, June 10, 2023, <https://www.pib.gov.in/PressReleasePage.aspx?PRID=1931248>.

³¹ “Manipur violence explained: History of suspicion between ethnic groups escalates violence”, The Economic Times, May 09, 2023, <https://economictimes.indiatimes.com/news/how-to/manipur-violence-explained-what-is-reason-behind-manipur-riots/articleshow/100037069.cms?from=mdr>.

³² “Behind the violence in Manipur: Longstanding tensions between hill and valley people, the Meitei demand for ST status, and a recent HC order, The Indian Express, May 05, 2023, <https://indianexpress.com/article/explained/manipur-clashes-meitei-scheduled-tribe-explained-8591158/>.

³³ Uniform Civil Code, Law Commission, June 14, 2023, <https://cdnbbsr.s3waas.gov.in/s3ca0daec69b5adc880fb464895726dbd/uploads/2023/06/2023061446.pdf>.

³⁴ Consultation Paper on reform of family law, Law Commission, August 31, 2018, <https://cdnbbsr.s3waas.gov.in/s3ca0daec69b5adc880fb464895726dbd/uploads/2022/09/2022092674.pdf>.

³⁵ Civil Appeal No. 7378 of 2010, Jose Paulo Coutinho v. Maria Luiza Valentina Pereira & Anr, Supreme Court, September 13, 2019, https://main.sci.gov.in/supremecourt/2008/32704/32704_2008_13_15_01_16758_Judgement_13-Sep-2019.pdf.

³⁶ Draft Green Credit Programme Implementation Rules, 2023, Ministry of Environment, Forest and Climate Change, June 26, 2023, <https://egazette.gov.in/WriteReadData/2023/246825.pdf>.

³⁷ Surrogacy (Regulation) Rules, 2022, https://www.wbhealth.gov.in/other_files/All_Forms_of_Surrogacy_DRAFT_Rules_March_2022.pdf.

³⁸ Surrogacy (Regulation) Amendment Rules, 2023, <https://egazette.gov.in/WriteReadData/2023/246400.pdf>.

³⁹ Surrogacy (Regulation) Act, 2021 <https://dhr.gov.in/sites/default/files/Surrogacy%20Regulation%20ACT%202021.pdf>.

⁴⁰ University Grants Commission (Institutions deemed to be Universities) Regulations, 2023, [https://www.ugc.gov.in/pdfnews/2998278_University-Grants-Commission-\(Institutions-deemed-to-be-Universities\)-Regulations-2023.pdf](https://www.ugc.gov.in/pdfnews/2998278_University-Grants-Commission-(Institutions-deemed-to-be-Universities)-Regulations-2023.pdf).

⁴¹ Section 3, The University Grants Commission

Act, 1956, <https://www.indiacode.nic.in/bitstream/123456789/16271/1/195603.pdf>.

⁴² The University Grants Commission [Institutions Deemed to be Universities] Regulations, 2019, https://www.ugc.gov.in/pdfnews/1295001_DEB-Regulation-2019.pdf.

⁴³ S.O. 2428(E), Ministry of Education, June 2, 2023, <https://egazette.gov.in/WriteReadData/2023/246295.pdf>.

⁴⁴ “Cabinet approves creation of a single non-lapsable corpus fund for Secondary and Higher education from the proceeds of Cess for Secondary and Higher Education levied under Section 136 of Finance Act, 2007”, Press Information Bureau, Cabinet, August 16, 2017, <https://pib.gov.in/PressReleasePage.aspx?PRID=1499914>.

⁴⁵ “Consultation Paper on Encouraging Innovative Technologies, Services, Use Cases, and Business Models through Regulatory Sandbox in Digital Communication Sector”, Telecom Regulatory Authority of India, June 19, 2023, https://www.trai.gov.in/sites/default/files/CP_19062023.pdf.

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⁴⁷ CG-DL-E-28122021-232214, Consumer Protection (Direct Selling) Rules, 2021, Ministry of Consumer Affairs, Food and Public Distribution, June 28, 2021, <https://consumeraffairs.nic.in/sites/default/files/232214.pdf>.

⁴⁸ The Consumer Protection Act, 2019, <https://www.indiacode.nic.in/bitstream/123456789/15256/1/a2019-35.pdf>.

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