

18 April 2020: PIB Summary & Analysis

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1. Price Support Scheme (PSS)

What's in News?

- Procurement of notified commodities at **Minimum Support Price (MSP)** from the farmers in several States in the Rabi 2020-21 season has started.

Details:

- Government of India through Central Nodal Agencies like **National Agricultural Cooperative Marketing Federation of India Ltd (NAFED)** and **Food Corporation of India (FCI)** has been striving to assure better returns for the farmers.
- The procurement of Pulses & Oilseeds at MSP from farmers under the **Price Support Scheme (PSS) scheme** in Rabi 2020-21 season is currently in progress in **Karnataka, Andhra Pradesh, Telangana, Rajasthan, Maharashtra, Uttar Pradesh and Haryana.**

Price Support Scheme (PSS):

- The Government's price policy for agricultural commodities seeks to ensure **remunerative prices to the growers for their produce** with a view to encourage higher investment and production and to safeguard the interest of consumers by making available supplies at reasonable prices with low cost of intermediation.
- Towards this end, the Government announces, **Minimum Support Prices (MSP) for 25 major agricultural commodities each year** in both the Crop seasons after taking into account the **recommendations of the Commission for Agricultural Costs and Prices (CACP).**
- CACP recommends **MSP for twenty two (22) crops** and **Fair & Remunerative Price (FRP) for sugarcane.**
- Besides NAFED, the Government also organizes procurement operations of these agricultural commodities through various public and cooperative agencies such as FCI.
- The **expenditure and losses** due to procurement will be **borne by the Centre.**

What's in News?

'Lifeline Udan' flights are being operated by Ministry of Civil Aviation (MoCA) to transport **essential medical cargo to remote parts of the country** to support India's war against [COVID-19](#).

This topic has been covered in 3rd April 2020 PIB Summary and Analysis. [Click here](#) to read.

3. Government amends the extant FDI policy

What's in News?

The Government of India has reviewed the extant [Foreign Direct Investment](#) (FDI) policy for curbing **opportunistic takeovers/acquisitions of Indian companies** due to the current COVID-19 pandemic.

Details:

- The Government has amended **para 3.1.1 of extant FDI policy** as contained in **Consolidated FDI Policy, 2017**.
- It has decided put all FDI proposals from **countries sharing border with India under the government approval route**.
- The so-called **automatic route**, under which the central bank simply had to be informed after money was invested, **has been blocked** in such cases.
- Companies whose beneficial ownership also lies in such countries will have to undergo **government scrutiny for any change in foreign holding**.

Why was the amendment made?

- The changes have been made largely to check the **growing influence of Chinese firms in Indian infrastructure companies and banks**.
- Recently, news surfaced that People's Bank of **China increased its stake in Housing Development Finance Corporation to 1.01 per cent from 0.8 per cent**.
- While **India shares a land border with Pakistan, Bangladesh, Myanmar, Nepal, Bhutan, China and Afghanistan**, the move appears directed mostly at China.
- Inflows from Pakistan were under scrutiny anyway, and the other five do not have a past record of buying Indian assets.

Present Position:

- A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited.
- However, a citizen of Bangladesh or an entity incorporated in Bangladesh can invest only under the Government route.
- Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment.

Revised Position:

- **3.1.1(a):** A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited.
- However, an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route.
- Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment.
- **3.1.1(b):** In the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction/purview of the para 3.1.1(a), such subsequent change in beneficial ownership will also require Government approval.

Concerns:

- Businesses in India should ideally be under Indian control. Yet, on a broader level, erecting new hurdles to foreign capital goes against our post-1991 policy approach, the idea of which was to open the economy to money from overseas for the sake of growth.
- In a globalized world, country-wise restrictions can also be gotten around by channelling a disguised investment through a transit country.

4. India Post delivers hope and essential items in far flung areas

What's in News?

The Postal Department during this time of Covid-19 crisis, has risen to the occasion in helping people of the country through its vast network of post offices across the country. **India Post** continues to be a deliverer of hope and essential items to millions of people in far flung areas.

Details:

- Instructions have been issued to specially focus on helping the downtrodden and needy people in urgent need of food items.
 - The employees of Department of Posts (DoP) have **pooled their savings** to distribute food, dry rations and even masks to the needy in slums, migrant labourers and daily wage earners.
 - **Punjab Postal Circle** started “**Food on Wheels**” for construction workers, hawkers, rickshaw pullers, attendants of patients of PGI and migrant labourers stuck in various parts of Chandigarh.
- Minister has issued directions to Department of Posts to utilize speed post through post office and postmen as a **last mile connectivity to deliver these lifesaving medicines for cancer, kidney treatment and other life threatening diseases.**
- Postal network is also offering facilities **for bank account opening and most importantly cash withdrawal at the doorstep of the poor people using Aadhar Enabled Payment System (AEPS).**
- This has helped people in withdrawing Direct Benefit Transfer amounts sent to them under various pension schemes, [MGNREGA](#) and recently announced relief measures under [PM Garib Kalyan Package](#).
 - Widow, disabled and old aged pensioners have been specially benefited by these payments at

5. National List of Intangible Cultural Heritage (ICH) of India Launched

What's in News?

Union Minister for Culture (I/C) has launched the **National List of Intangible Cultural Heritage (ICH) of India** in New Delhi.

Details:

- India houses a repository of unique Intangible Cultural Heritage (ICH) traditions, 13 of which have also been recognized by [UNESCO as Intangible Cultural Heritage of Humanity](#).
- The National ICH List is an attempt to recognize the diversity of Indian culture embedded in its intangible heritage.
- It aims to raise **awareness about the various intangible cultural heritage elements from different states of India** at national and international level and **ensure their protection**. This initiative is also a part of the **Vision 2024 of the Ministry of Culture**.
- The present items in the list have been collated from the projects sanctioned under the **scheme for 'Safeguarding the Intangible Cultural Heritage and Diverse Cultural Traditions of India'** formulated by the Ministry of Culture in **2013**.
- As of now the list has **more than 100 elements**. It also includes the 13 elements of India that have already been inscribed on the UNESCO Representative List of the Intangible Cultural Heritage of Humanity.
- The list functions as a tentative list for any potential inscriptions on the **UNESCO list of Intangible Cultural Heritage**.

Classification:

Following UNESCO's 2003 Convention for Safeguarding of Intangible Cultural Heritage, this list has been classified into **five broad domains** in which intangible cultural heritage is manifested:

- Oral traditions and expressions, including language as a vehicle of the intangible cultural heritage;
- Performing arts;
- Social practices, rituals and festive events;
- Knowledge and practices concerning nature and the universe;
- Traditional craftsmanship.

6. Power Ministry floats draft Electricity Act

What's in News?

- Supply of quality power at affordable prices is essential for sustained growth of the economy of the country.
- For further development of the power sector, Ministry of Power has issued draft proposal for **amendment of Electricity Act, 2003** in the form of **draft Electricity Act (Amendment) Bill, 2020**.
- **Suggestions have been invited from stakeholders within twenty one days**.

Major amendments proposed in the Electricity Act are as follows:

Viability of Electricity Distribution companies (Discoms)

- **Cost reflective Tariff:** To eliminate the tendency of some Commissions to provide for regulatory assets, it is being provided that the Commissions shall determine tariffs that are reflective of cost so as to enable Discoms to recover their costs.
- **Direct Benefit Transfer:** It is proposed that tariff be determined by Commissions without taking into account the subsidy, which will be given directly by the government to the consumers.

Sanctity of Contracts

- **Establishment of Electricity Contract Enforcement Authority:** A Central Enforcement Authority headed by a **retired Judge of the High Court** is proposed to be set-up with powers of the Civil Court to enforce performance of contracts related to purchase or sale or transmission of power between a generating, distribution or transmission companies.
- **Establishment of adequate Payment Security Mechanism for scheduling of electricity:** It is proposed to empower Load Dispatch Centres to oversee the establishment of adequate payment security mechanism before scheduling dispatch of electricity, as per contracts.

Strengthening the regulatory regime:

- **Strengthening of the Appellate Tribunal (APTEL):** It is proposed to increase the strength of APTEL to **seven apart from the Chairperson so that multiple benches can be set-up** to facilitate quick disposal of cases. It is also proposed to further empower the APTEL to enforce its decisions.
- **Doing away with multiple Selection Committees:** It is proposed to have **one Selection Committee for selection of Chairpersons and Members of the Central and State Commissions and uniform qualifications for appointments** of Chairperson and Members of Central and State Electricity Regulatory Commissions.
- **Penalties:** In order to ensure compliance of the provisions of the Electricity Act and orders of the Commission, section 142 and section 146 of the Electricity Act are proposed to be amended to **provide for higher penalties.**

Renewable and Hydro Energy:

- **National Renewable Energy Policy:** It is proposed to provide for a policy document for the development and promotion of generation of electricity from renewable sources of energy.
- It is also proposed that a minimum percentage of purchase of electricity from hydro sources of energy is to be specified by the Commissions.
- **Penalties:** It is being further proposed to levy penalties for non-fulfilment of obligation to buy electricity from renewable and/or hydro sources of energy.

Miscellaneous:

- **Cross border trade in Electricity:** Provisions have been added to **facilitate and develop trade in electricity with other countries.**
- **Franchisees and Distribution sub licensees:** Many States Distribution Companies have been assigning the task of distribution of electricity in a particular area or city to Franchisees / Sub-Distribution Licensees. However, there was a lack of clarity regarding the legal provisions related to this. It is proposed to provide that the Distribution Companies, if they so desire, may engage Franchisees or Sub-Distribution Licensees to distribute electricity on its behalf in a particular area

within its area of supply, however, it will be the DISCOM which shall be the licensee, and therefore, ultimately responsible for ensuring quality distribution of electricity in its area of supply.

