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# Daily News Juice



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# New account settlement system for the stock broking industry

Relevance: Prelims & Mains Paper III; Economics



## New Account Settlement Guidelines

- The **new account settlement system for the stock broking industry** will come into force from **October 1**. The guidelines have been **issued by the Securities and Exchange Board of India (SEBI)**.
- The SEBI **mandates stockbrokers to settle i.e., transfer the available credit balance from trading account to bank account, at least once in a quarter (90 days) or 30 days.**
- The **process of transferring the unutilised funds back into the bank account is called 'Running Account Settlement' or 'Quarterly Settlement of Funds'** and the funds are transferred back to the primary bank account of the customer that is linked to the trading account.
- As per the latest guidelines, the settlement will now be done on the **first Friday of the quarter or the month depending upon the option selected by the customer.**

## Concerns

- October 7 will be the first Friday when the new system will become operational. As it will be the first Friday for the industry, brokers are anxious as they feel that bunching of all settlements on one day may **create challenges of arranging funds.**
- It will also lead to a **decline in volumes in the following trading session** as clients will have to transfer funds from their bank accounts to their trading accounts in order to trade.

# New account settlement system for the stock broking industry

Relevance: Prelims & Mains Paper III; Economics



## Need for the guidelines

- The guidelines will **protect the investor and prevent the misuse of money lying in trading accounts of investors for long periods.**
- If a customer has **more than one demat account** with different brokers, having one settlement date for the entire industry will make it **easier for her to keep track of her funds in all accounts** as they would all get settled on the same day.
- Industry experts say that it will help **brokers develop a system just like banks**, which credit interest in the accounts of their customers at the end of the quarter.

# SC verdict on Haryana gurdwaras

Relevance: Prelims & Mains Paper II; Governance

## Haryana Sikh Gurdwaras (Management Act)

- The gurdwaras covered by the Sikh Gurdwaras Act, 1925 are spread over Punjab, Haryana, Himachal Pradesh and Union Territory of Chandigarh, and are administered by Amritsar-based Shiromani Gurdwara Management Prabandhak Committee (SGPC).
- Until the Haryana Act came into force, the gurdwaras in Haryana were governed by the provisions of the Sikh Gurdwaras Act, 1925.
- The Haryana Sikh Gurdwaras (Management Act) was enacted in 2014 to fulfill the demand by a section of the Sikh community in Haryana to have a separate committee to manage gurdwaras in the state instead of SGPC.

## Supreme Court Verdict

- The Supreme Court upheld the validity of the Haryana Sikh Gurdwaras (Management Act), 2014.
- The verdict has cleared the way for the Haryana Sikh Gurdwara Management Committee (HSGMC) to control all gurdwaras in the state.

# Draft Telecom Bill

Relevance: Prelims & Mains Paper II; Governance

## Overall Provisions

- The Department of Telecommunications (DoT) issued the draft Indian Telecommunication Bill, 2022.
- The draft Bill consolidates three separate acts that govern the telecommunications sector — Indian Telegraph Act 1885, Indian Wireless Telegraphy Act 1933, and The Telegraph Wires, (Unlawful Protection) Act 1950.

## Key provisions

- One of the key changes is inclusion of new-age over-the-top communication services like WhatsApp, Signal and Telegram in the definition of telecommunication services.
- As per the draft law, providers of telecommunication services will be covered under the licensing regime, and will be subjected to similar rules as other telecom operators.
- This issue has been under contention for several years now with telecom service providers seeking a level-playing field with OTT apps over communication services such as voice calls, messages, etc. where operators had to incur high costs of licences and spectrum, while OTT players rode on their infrastructure to offer free services.

# Draft Telecom Bill

Relevance: Prelims & Mains Paper II; Governance



## Dilution of TRAI Powers

- The Centre is also looking to **amend the Telecom Regulatory Authority of India Act (TRAI Act) to dilute the sectoral watchdog's function** of being a recommendatory body.
- The current TRAI Act mandates the telecom department to **seek the regulator's views before issuing a new licence to a service provider**. The proposed Bill does away with this provision.
- Additionally, the new Bill also proposes to **remove the provision where if the DoT cannot accept TRAI's recommendations or needs modification, it had to refer back the recommendation for reconsideration by TRAI**.

## Other provisions

- The DoT has also proposed that if a telecom **entity in possession of spectrum goes through bankruptcy or insolvency, the assigned spectrum will revert to the control of the Centre**. So far, there has been a lack of clarity on this issue.
- It also proposes to **replace the Universal Service Obligation Fund (USOF) with the Telecommunication Development Fund (TDF)**. USOF is the pool of funds generated by the 5 per cent Universal Service Levy that is charged upon all telecom fund operators on their Adjusted Gross Revenue. The USOF has largely been used to aid rural connectivity. However, with the TDF, the objective is also to boost connectivity in underserved urban areas, R&D, skill development, etc.

# REC accorded with 'Maharatna' company status

**Relevance: Prelims & Mains Paper II; Governance**

## Why in news?

- Rural Electrification Corporation Limited (REC) has been accorded with the status of a 'Maharatna' Central Public Sector Enterprise, thus giving REC greater operational and financial autonomy.
- Incorporated in 1969, REC is an NBFC focusing on Power Sector Financing and Development across India.
- The order was issued by the Department of Public Enterprises, under the Ministry of Finance.

## Implications

- The grant of 'Maharatna' status to REC will impart enhanced powers to the company's Board while taking financial decisions.
- The Board of a 'Maharatna' CPSE can make equity investments to undertake financial joint ventures and wholly-owned subsidiaries and undertake mergers and acquisitions in India and abroad, subject to a ceiling of 15% of the Net Worth of the concerned CPSE, limited to ₹5,000 crores in one project.
- The Board can also structure and implement schemes relating to personnel and Human Resource Management and Training.
- With this, REC can also enter into technology Joint Ventures or other strategic alliances among others.

Q1. Consider the following statements:

1. Rural electrification corporation limited (REC) is a NBFC focused on power sector financing only in rural areas.
2. Recently, REC has been granted Maharatna status.
3. The grant of Maharatna status facilitates financial and functional autonomy to Public sector enterprises.

Select the correct answer using the code given below:

- (a) 2 and 3 only
- (b) 2 only
- (c) 1 and 2 only
- (d) 1, 2 and 3

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