

## Parliamentary Standing Committee on Finance's key Recommendations on Environmental, Social, and Governance (ESG) Framework

ESG refers to a **set of standards** to measure a **company's** environmental and social impact.

### Key Observations on ESG

- **Legal Backing:** Companies Act, 2013 does not mention ESG explicitly, it is implied through aspects like **Energy Conservation, POSH Act, Maternity Benefit, Corporate Social Responsibility (CSR)** framework, etc.
- **Existing Risks:** Greenwashing, inconsistent implementation across sectors, and the difficulties faced by **small businesses** in adopting robust ESG practices.

### Key Recommendations

- **Dedicated ESG Oversight Body:** Under **Ministry of Corporate Affairs (MCA)** for **monitoring disclosures**, ensuring compliance, and **introducing penalties** for greenwashing.
- **Amendment to Companies Act, 2013:** Providing a **clear legal basis** for integrating ESG into **core business strategies**.
- **Formulating Sector-Specific Guidelines:** Providing targeted support to **Micro, Small, and Medium Enterprises (MSMEs)**.
- **Independent ESG Committees:** Similar to **audit committees**, to ensure effective implementation and monitoring of ESG strategies.
- **Documentation:** Dedicating an **ESG chapter** in Ministry's Annual Report from FY 2025-26 onwards.



### Other Similar Initiatives

- **Business Responsibility and Sustainability Reporting (BRSR):** Mandatory for **top 1000 listed companies** to make ESG disclosures.
- **BRSR Core:** Introduced by SEBI for **monitoring Greenwashing**.
- **National Guidelines on Responsible Business Conduct (NGRBCs):** Released by MCA.
- **Corporate Social Responsibility: Section 135 of Companies Act, 2013** makes it **mandatory** for companies of a certain turnover and profitability to spend **2% of their average net profit** for the past 3 years on **CSR activities**.

## NITI Aayog unveils \$200 Billion Electric Vehicle Opportunity Report and India Electric Mobility Index

Report provides a comprehensive assessment of current challenges and strategic recommendations needed to **accelerate transition to electric mobility**.

### Challenges highlighted by report:

- **Challenges of financing vehicles**, especially electric buses and electric trucks.
- **Inadequacy of charging facilities** and low utilization of existing public charging facilities.
- **Lack of adequate awareness** regarding EV performance among public and private stakeholders.
- **Inadequate data and regulatory gaps** hinder evidence-based decision making.

### Recommendations of report:

- **Shift from Incentives to Mandates:** Target timelines for **zero emission vehicle adoption**, **disincentivizing internal combustion engine** vehicles and expanding corporate average fuel efficiency (CAFE) norms.
- **Financing:** Offer lower interest loans for e-bus and e-truck procurement. Also explore **battery leasing and vehicle leasing industries** to convert high capital costs into operating costs.
- **Saturation in Limited Geographies:** Design programs to achieve 100% electrification of transport systems in few cities, then scale up to more cities.
- **Other:** Scale up Research & Development, identify strategic charging hub locations, and facilitate private charge point operators etc.

### About India Electric Mobility Index (IEMI)

- **Pioneering tool by NITI Aayog in partnership with World Resource Institute India** to benchmark states' EV progress.
- It assesses **16 indicators** across **three core themes**, each with a specific weight, scored out of 100:
  - ⊕ **Transport Electrification Progress (50% weight):** Focuses on demand-side EV adoption.
  - ⊕ **Charging Infrastructure Readiness (30% weight):** Assesses infrastructure development.
  - ⊕ **EV Research and Innovation Status (20% weight)**

## Develop more GIFT City-like Financial Centers in Major Metro Cities: Standing Committee on Finance

India's first and only International Financial Services Centre (IFSC) was established within Gujarat International Financial Tec City (GIFT City).

**About GIFT City IFSC (Gandhinagar, Gujarat)**

- It was established as a **Special Economic Zone (SEZ)** in 2015. Designated as a **non-resident zone under Foreign Exchange Management Act (FEMA)**.
  - ⊙ IFSC is a jurisdiction that provides onshore and offshore **financial services to non-residents and residents (institutions)**, in a foreign currency.
- **Functions:**
  - ⊙ **Favorable tax structure:** Offer **cross-border** financial products and services within a **competitive tax environment**.
  - ⊙ **Trusted regulatory environment:** Provide **onshore talent** with an offshore **technological and regulatory framework**.
  - ⊙ **Ease of doing business:** Facilitates movement of **international financial services** based on **global standards**, promotes inbound and outbound **investment** to India.
- **Regulatory body:** International Financial Services Centres Authority (**IFSCA**) regulates financial products, financial services and financial institutions in IFSCs in India.
  - ⊙ Established in **2020** under the **IFSCA Act, 2019**.
- **Current Status:** GIFT-IFSC ranked **46th** in the **Global Financial Centres Index** (a 5-rank improvement), and ranked **45th** in the **FinTech rankings** (a 4-rank improvement).

### Committee's Recommendations

- **Establish satellite financial innovation zones or fintech clusters:** **Region-specific models** in major cities to foster inclusive growth, create talent pools and attract diverse investors.
  - ⊙ **E.g. BRICS nations** like China with 10 Centres, **possess multiple financial hubs**.
- **Streamlining of policies:** Improving transparency, fostering financial education, enhancing digital infrastructure and regulatory sandboxes.
- **Other:** Simplification of taxation regimes, reducing compliance burden, etc.

## 'AGNISHODH', New IIT Madras–Indian Army Research Centre Inaugurated at IIT Madras

Focussing on self-reliance "**Swadeshikaran Se Sashaktikaran**", the new research centre aims to **convert lab-scale innovations** into **deployable technologies**.

- Based on **Five Pillars of Transformation**, i.e., **Technology absorption, Structural changes, Human resource development** and **Increasing Cohesion** between the three services, it advances the **Modernisation and Technology Infusion** in India's defence.

### Need for Defence Modernisation and Technology Infusion

- **Rising Global Military Expenditure:** Reached **US\$2,718 billion in 2024**, representing an increase of **9.4%** in real terms from 2023 (SIPRI Data).
- **Countering Adversaries:** Recent conflict with **Pakistan** highlighted substantial scope for innovation, particularly in **non-kinetic warfare**.
- **Emerging Domains:** Like **Cyber and Space**, and technologies like **Artificial Intelligence, Hypersonic and Robotics** requires **Knowledge of Associated Tactics, Techniques and Procedures**.
- **Rising Trends:** Application of **diverse military technologies** in recent conflicts requires developing countries to strengthen and modernise their defence systems.

### Key Initiatives taken for Defence Modernisation

- **Rising Innovation:** Through **Innovations for Defence Excellence (iDEX) (2018)** engaging MSMEs, startups, individual innovators, R&D institutes, and academia.
  - ⊙ It includes sub-schemes like **Acing Development of Innovative Technologies with iDEX (ADITI)**.
- **Self-Reliance:** **Self-Reliant Initiatives through Joint Action (SRIJAN)** by the **Department of Defence Production (DDP)**, **MAKE Projects** under three categories of Government Funded, Industry Funded, Manufactured in India through Transfer of Technology – ToT, etc.
- **Policy Reforms:** **Liberalized FDI Policy**, Upto 74% through **automatic route** and above 74% through the **government route**; declaring **2025** as '**Year of Reforms**' by Defence Ministry.

## India's Key Defence Achievements



### Defence Production:

Reached ₹1.27 lakh crore in FY 2023-24, marking a **174% rise** since 2014-15.



### Defence Exports:

₹21,083 crore in FY 2023-24, expanding **30 times** in a decade, exporting to 100+ countries.



### Reduced Imports:

Shift from **65-70% import dependency** to **65% of domestic manufacturing**.

## Pollution Control Boards (PCBs) can impose Environmental Compensation: Supreme Court (SC)

SC in **Delhi Pollution Control Committee V. Lodhi Property co. Ltd.** case overturned Delhi High court ruling which held that only courts could impose **environmental compensations (EC)**.

- Environmental compensation is a **policy instrument for the protection of the environment** which works on the Polluter Pay Principle.

### Key highlights of the rulings

- **Statutory mandate:** PCBs can impose penalties for environmental compensation in exercise of powers under Section 33A of Water Act, 1974 and Section 31A of the Air Act, 1981.
- **Polluter Pays principle:** PCBs can't impose penalties in every contravention under the Acts but only when **environmental harm has been caused** by the erring entity.
  - ⊕ In **Indian Council for Enviro-Legal Action v. UoI**, SC held that according to Polluter Pays principle, **responsibility for repairing the damage is that of offending industry**.
- **Appropriate Course of Action:** Boards can decide whether a polluting entity needs to be **punished by imposition of penalty** or if situation demands **immediate restoration of environmental damage** by the polluter or both.
  - ⊕ **SC in Vellore Citizens' Welfare Forum v. Union of India** (1996) also held that liability for environmental damage includes both a compensatory and remedial aspect.
- **Preventive or ex ante measures** can be taken by regulators.

### Pollution Control Boards (PCBs) in India:

#### ➤ Central PCB:

- ⊕ Statutory organization under **Ministry of Environment, Forest and Climate Change**.
- ⊕ Constituted under **Water (Prevention and Control of Pollution) Act, 1974**.
  - ◆ Also it was entrusted with the powers under the **Air (Prevention and Control of Pollution) Act, 1981**.
- ⊕ **Role:** Prevents air and water pollutions and Advise the Central Government on any such matter

- **State Pollution Control Boards (SPCBs):** Also constituted under same acts to supplement CPCB to implement Environmental Laws and rules within the jurisdiction of a state.



### Also In News



#### PAN (Permanent Account Number) 2.0 Project

**Income Tax (IT) Department** has awarded the contract for **PAN 2.0 project** to a technology company.

#### About PAN 2.0 Project (2024)

- **Aim:** Streamline and modernise the process of **issuing and managing PAN and TAN**.
  - ⊕ **PAN**, introduced in **1972**, is a unique **10-digit alphanumeric identifier**, linking an individual or entity's financial transactions (e.g. income returns) to the **IT Department**.
  - ⊕ **TAN (Tax Deduction and Collection Account Number)** is a **10-digit alphanumeric code** issued by the **IT Department** for entities responsible for **TDS/TCS**.
- **Features:** Single portal, paperless processing, enhanced security measures (E.g. PAN Data Vault) etc.



#### Asian Giant Tortoise

The **Asian Giant Tortoise** has been reintroduced into the **Zeliang Community Reserve** in Nagaland.

#### About Asian Giant Tortoise

- **Habitat:** **Tropical and Subtropical mountainous evergreen** forests of Bangladesh, Brunei, India, Indonesia, Malaysia, Myanmar, Singapore (extirpated), and Thailand.
- **Key Features:** **Largest tortoise** in mainland **Asia**, a **keystone species**, only species of tortoise that **make a nest above ground instead of in a hole**.
- **Conservation Status:** **Critically Endangered (IUCN)**, **Schedule I** (Wildlife Protection Act, 1972).
- **Threats:** Habitat destruction; collection for local consumption, etc.





## Bond Switching

Bank of Baroda study showed that the Government has saved Rs 560 crore in interest costs through **Bond switching** amid rising debt maturity.

### About Bond Switching

- **Meaning:** Mechanism through which the **government replaces existing shorter duration sovereign bonds** with **long-duration papers** depending upon its **debt obligations**.
  - ⊕ E.g., Bonds maturing in FY27, FY28 and FY29, **being replaced** with bonds maturing after FY32 having **lesser repayment pressure**.
- Done either with **Market participants** or directly with **Reserve Bank of India**.
- **Objective:** Smoothen the **government's liability profile** while ensuring market development.



## E20 (Ethanol Blended Petrol)

The Ministry of Petroleum and Natural Gas clarified that the fears about 20% ethanol blending in petrol are not supported by evidence.

### About E20 Fuel:

- It is an **80:20 mix of petrol and ethanol**.
- **The National Policy on Biofuels, 2018(amended in 2022):** Advanced the target of 20% blending of ethanol in petrol to Ethanol Supply Year (ESY) 2025-26 from 2030.

### Benefits:

- Improves fuel performance, Contributes to lower life cycle emissions.
- Strengthens energy security and provides Economic benefits to farmers and the rural sector.

### Possible Concerns:

- Reduced fuel efficiency in some vehicles, corrosion or damage to older vehicles, and may result in higher maintenance costs due to the need for engine modifications.



## National Medicinal Plants Board (NMPB)

**NMPB** signed 2 strategic MoUs to **conserve germplasm** of threatened medicinal plants and establish **National Medicinal Plants Garden** at AIIMS, New Delhi.

### About NMPB

- Established in **2000**, working as a section of the **Ministry of AYUSH**.
- **Objective:** **Development of medicinal plants sector** through coordination between departments for policy implementation.
- **Functions:**
  - ⊕ **In-situ & ex-situ conservation**
  - ⊕ augmenting local medicinal plants and **aromatic species of medical significance**,
  - ⊕ promote **research & development** and raise **awareness** E.g. Home/School herbal gardens,
  - ⊕ support **quality assurance and standardization** e.g. Good Agricultural and Collection Practices (GACPs),
  - ⊕ Enable **certification of quality of raw drugs, seeds and planting material**.



## Isotope Tagging

A South African University launched **Rhisotope Project in Waterberg Biosphere Reserve** which adopts isotope tagging to prevent poaching of Rhinos.

### How Isotope tagging works?

- **Radioactive isotopes or radioisotopes:** Unstable form of an element that emits radiation to transform into a more stable form.
  - ⊕ The **radiation can be traced**, and typically causes changes in the substance it falls upon.
- **Isotope tagging:** Through a non-invasive procedure, rhino horns are injected with low doses of radioactive isotopes.
  - ⊕ **Easy detection of tagged horns by radiation portal monitors (RPMs)** deployed at borders, ports, and airports worldwide to **identify unauthorized nuclear materials**.



## Pangong Tso (Lake)

Joint Expedition Team successfully summited **Mt Merag-III & Mt Kangju Kangri**, the highest peaks in **Pangong Tso region, Ladakh**.

- **Pangong range** is subsidiary of the **Ladakh range** and takes its name from the Pangong Tso (Lake).

### About Pangong Tso (Lake)

- **Altitude:** **4,350 m.**
  - ⊕ World's **highest saltwater lake**.
  - ⊕ **One-Third** lies in **India** and remaining **Two-Thirds** in **China**.
- **Characteristics:** **Changes color** appearing blue, grey-green, and red at varied points in time.
- ⊕ **Freezes completely** during winters despite being saline water.
- **Breeding Ground:** For **different types of birds** during the summer. E.g., Bar-Headed Geese, Brahminy Ducks, Black Necked Cranes and Seagulls.



## Pradhan Mantri Matru Vandana Yojana (PMMVY)

**Ministry of Women and Child Development** extended the special registration drive for the **PMMVY**.

### About PMMVY

- **Type:** Centrally sponsored scheme under Mission Shakti's sub-scheme 'Samarthya'.
- **Aim:** **Financial assistance** through **DBT** to support nutritious diets and improve health seeking behaviour amongst the **Pregnant Women & Lactating Mothers (PW&LM)** and partially **compensate for wage loss**.
  - ⊕ It is in line with **Section 4 of the National Food Security Act (NFSA), 2013**.
- **Cash Incentive:** **₹5,000** is provided in **2 instalments** for the **first child**, and **₹6,000** is provided in **one instalment post-birth** for the **second girl child**.

## Place in News



## Philippines ( Capital - Manila)

The Philippine President visits India marking the **75th anniversary of diplomatic ties** between two countries.

### Political features

- **Island country** of Southeast Asia in the Western Pacific Ocean.
- Bounded in the west by the **South China Sea**; in the east by the Pacific Ocean; in the south by the **Sulu and Celebes Seas**; and in the north by the **Bashi Channel**.

### Geographical Features

- It has **three major island groups-Luzon**(largest) in the north, **Visayas** in the middle and **Mindanao**(affected by secessionist movement) further down in the South.
- **Climate:** Tropical and monsoonal.
- **Major Volcanoes:** Mayon, Taal, and Pinatubo.



AHMEDABAD



BENGALURU



BHOPAL



CHANDIGARH



DELHI



GUWAHATI



HYDERABAD



JAIPUR



JODHPUR



LUCKNOW



PRAYAGRAJ



PUNE



RANCHI