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MESSAGES

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President, MCCI

Improving India's regulatory framework for business is a key prerequisite for increasing investment in India and thereby creating jobs. We feel that it is very important to work on improving India's Ease of Doing Business Rank in the forthcoming World Bank's Ease of Doing Business Ranking.

The Central Government has already undertaken an agenda to improve India's Ease of Doing Business rank to fewer than 50 in the world ranking, which calls for a comprehensive action plan. Sound Corporate Governance is the bedrock of the corporate sector that contributes to the sustainable growth and development of the Nation as a whole.

MCCI has represented the industry's concerns and engaged in constructive dialogue with the government and the regulator for creation of a conducive regulatory environment for growth of the industry.

MCCI Council on Legal and Corporate Governance works towards the betterment of the industry and business fraternity.

I invite you to join us to take the mission forward.

Mamta Binani
Chairperson,
Council on Legal and
Corporate Governance,
MCCI

Globally, governments and lawmakers are endeavouring to legislate good governance while promoting and disseminating the understanding of best practices for voluntary adoption. MCCI has been advocating the industry's concerns on the regulatory front.

We are proud to publish the monthly Newsletter of the Council on Legal and Corporate Governance. We hope to bring value to our readers and continue to keep our members updated about the latest legal trends through Legal Eagle.

Hope this Issue will add value to our beloved readers.

ARTICLE I

Capsulization of Corporate Social Responsibility Framework

Corporate social responsibility ("CSR") refers to strategies that companies implement as part of corporate governance to ensure that their operations are ethical and beneficial to society. CSR has become an increasingly important aspect of business in recent years, as companies recognize the need to take responsibility for the social and environmental impacts of their activities. In 2014, the Indian government made it mandatory for certain companies to spend a percentage of their profits on CSR activities. In 2022, the government amended the CSR rules to make them more effective and to encourage greater participation by companies.

CSR in the real world:

Starbucks

Starbucks has long been known for its strong sense of CSR, as well as its commitment to sustainability and community welfare. According to its 2020 Global Social Impact Report, these milestones include achieving 100% ethically sourced coffee, establishing a global network of farmers, and providing them with 100 million trees by 2025, the company will have pioneered green building throughout its stores, donated millions of hours of community service, and established a ground-breaking college programme for its employees.

What are the types of CSR?

- **Environmental Responsibility**

Environmental responsibility is the belief that organizations should act in the most environmentally friendly way possible.

- **Ethical Responsibility**

The goal of ethical responsibility is to ensure that an organization operates fairly and ethically. Organizations that embrace ethical responsibility strive for ethical behavior by treating all stakeholders fairly, including leadership, investors, employees, suppliers, and customers.

- **Philanthropic Responsibility**

The intention of a company to actively improve the world and society is referred to as philanthropic responsibility.

Organizations driven by philanthropic responsibility often dedicate a portion of their earnings in addition to acting as ethically and environmentally friendly as possible.

- **Economic Responsibility**

Economic responsibility is the practice of a company backing all of its financial decisions with the intention of doing good in all areas. The ultimate goal is not simply to maximize profits but to ensure that business operations positively impact the environment, people, and society.

Are there any benefits of CSR?

CSR is beneficial not only to the community, but it is also beneficial to businesses. CSR activities can help employees and corporations form stronger bonds, which can boost morale and make both employees and employers feel more connected to the world around them. Aside from the environmental benefits, here are some additional reasons why businesses pursue CSR.

- **Brand Recognition**

Customers are becoming more aware of the effects that businesses can have on their communities, and many now base their purchasing decisions on a company's CSR. As a company becomes more involved in CSR, it will likely gain favourable brand recognition.

- **Investor Relations**

According to a Boston Consulting Group study, companies that are thought to be leaders in environmental, social, or governance issues have an 11% valuation premium over their competitors. Enacting CSR strategies can help companies gain a competitive advantage and outperform the market.

- **Employee Engagement**

CSR-related values that align firms and employees serve as non-monetary job benefits that increase employee retention. Workers are more inclined to remain with a firm in which they have faith. This in turn reduces employee turnover, disgruntled workers, and the replacement cost.

- **Risk Mitigation**

The type of activities which are more likely to lead to lawsuits, litigation, or legal proceeds such as discrimination against employee groups, disregard for natural resources, or unethical use of company funds where it may be negatively impacted financially and be captured in the news headline. Companies that follow CSR practices can reduce risk by avoiding troublesome situations and complying with beneficial activities.

What is the applicability limit of CSR?

According to Section-135 of the Companies Act, 2013, the CSR provisions will be applicable to companies that fulfil any of the following criteria during the immediately preceding financial year:

(i) Net worth of Rs. 500 crores or more; or

(ii) Turnover of Rs. 1000 crores or more; or

(iii) Net profit of Rs. 5 crores or more

Rule 3(1) of the CSR Rules requires holding and subsidiary companies, as well as foreign companies with branches or project offices in India, to comply with CSR provisions.

Every such company must establish a CSR committee of the Board of Directors.

CSR Committee:

Every company that is subject to CSR is required to form a CSR Committee of the Board: consisting of three or more directors, at least one of whom is an independent director.

If a company is not required to appoint an independent director, the Committee must have at least two directors.

The CSR Committee shall:

(a) develop and recommend to the Board a CSR Policy indicating the activities to be undertaken by the company in the areas or subjects specified in Schedule VII;

(b) recommend the amount of money to be spent on the activities mentioned in clause (a); and

(c) monitor the company's CSR Policy on a regular basis.

What's the role of the Board in CSR?

The Board of Directors may decide to carry out CSR activities that have been approved by the CSR Committee, through:

i. A section 8 company, a registered trust, or a registered society founded by the firm, either alone or in collaboration with another company, or
ii. A section 8 company or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature, or
iii. A section 8 company or a registered trust or a registered society, other than those specified in clauses (a) and (b) above, having an established track record of 3 years in undertaking similar programs or projects; collaboration with other companies, for undertaking projects or programs or CSR activities in such a manner that the different corporations' CSR Committees are able to report independently on such initiatives or programmes.

Which activities do not qualify as CSR activities?

Rule 2(1)(d) of Companies (Corporate Social Responsibility Policy) Rules, 2014 defines CSR and precludes the following actions from being deemed qualified CSR activity:

- Activities undertaken in pursuance of the normal course of business of the company.
- Activities undertaken outside India, except for training of Indian sports personnel representing any state/UT at the national level or India at the international level.
- Contribution of any amount, indirect or direct, to any political party under Section 182 of the Act.
- Activities benefiting employees of the company.
- Sponsorship activities for deriving marketing benefits for products/services.
- Activities to fulfil statutory obligations under any Indian law that is currently in effect.

Can excess CSR spending be deducted from CSR spending in subsequent fiscal years?

Yes, excess CSR spending can be set off against the required 2% CSR expenditure for the next three fiscal years if the conditions specified in Rule 7(3) of the Companies (CSR Policy) Rules, 2014 are met. The excess amount spent on CSR activities, on the other hand, can be deducted beginning on January 22, 2021. As a result, no carry forward will be allowed for any excess spending in fiscal years prior to FY 2020-21.

What are the latest amendments in CSR provisions?

On September 20, 2022, the Ministry of Corporate Affairs (MCA/Ministry) issued numerous revisions to the Companies (Corporate Social Responsibility Policy) Rules, 2014. The following are the amendments and their practical implications:

1. CSR Committee

Section 135(9) states that if the amount to be spent by a company in a fiscal year on CSR as per sub-section (5) does not exceed Rs. 50 lakhs, the requirement of forming a CSR Committee is waived, and the functions of such committee must be discharged by the Board of Directors of such company.

However, regardless of the amount of spending mandated for the Company, this amendment requires the formation of a CSR Committee for companies that have any amount in their Unspent CSR Account, i.e., with regard to ongoing projects, as per Section 135(6).

2. The applicability of CSR provisions may change on an annual basis, based solely on the financials of the previous fiscal year.

3. Expenditure Toward Impact Assessment

The Ministry has changed the amount up to which the cost of conducting an impact assessment can be claimed as CSR expenditure for the current fiscal year.

According to the new guideline, the expenditure for a social impact assessment that can be included in CSR expenditures should not exceed 2% of the total CSR obligation for the corresponding fiscal year or ₹50 lakh whichever is higher; unlike the earlier rule that had allowed up to 5% of the total CSR obligation for the relevant financial year or ₹50 lakh whichever is less.

Impact assessment helps companies to measure the effectiveness of their CSR initiatives and to identify areas for improvement. In the event of substantial CSR initiatives, the amendment allows for increased spending on impact evaluation.

4. The path of implementing agencies has also changed, and this is being broadened.

5. Another key change introduced by the amendment is the inclusion of more activities that qualify as CSR. In addition to the existing activities such as education, healthcare, and poverty alleviation, the amended rules now include activities such as disaster management, rural development, and the promotion of sports. Companies can also collaborate with other companies to undertake CSR projects, which are expected to lead to more impactful and innovative projects.

6. The government has also introduced measures to increase transparency and accountability in the implementation of CSR activities. The government has issued a new structure for annual reports on CSR efforts, which will be included in the board's report for the fiscal year beginning on or after April 2020. According to the standard, organizations must include an executive summary as well as web links to impact assessments of CSR projects that have been completed.

In conclusion, CSR has become an essential aspect of business in India, and the amended rules are a step towards ensuring that companies take responsibility for the social and environmental impacts of their activities. The government's efforts to encourage greater participation by companies and to increase transparency and accountability will help to ensure that CSR initiatives are carried out in a more effective and impactful manner, leading to a more sustainable and equitable society.

How shall CSR Reporting be undertaken?

Rule 8 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 guides upon the same, which is as follows:

- A corporation covered by these rules should include an annual report on CSR containing the details indicated in Annexure I or Annexure II, as appropriate, in its Board's Report for any fiscal year.
- In the case of a foreign firm, the balance statement must include an annual report on CSR that includes the information provided in Annexure I or Annexure II, as appropriate.
- Every company with an average CSR obligation of Rs.10 Cr. or more in the three immediately preceding fiscal years, in accordance with subsection (5) of Section 135 of the Act, shall conduct an impact assessment of their CSR projects with outlays of 1 crore rupees or more, and which have been completed not less than one year before undertaking the impact study, through an independent agency.
- The impact assessment studies shall be presented to the Board and appended to the annual CSR report.

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ARTICLE II

India's Desperate Need For an Explicit Carbon Pricing System

These days India is in limelight with respect to its various initiatives in regard to climatic cans of worms. Be it presiding over the G 20 with its war cry “One earth, one family, one future” or declaring its climatory pledges to the United Nations Framework Convention on Climate Change (UNFCCC) in the form of Nationally Determined Contributions (NDCs), or promotion of green growth through its budgetary initiatives, India is living up to its Conference of Parties 26 (COP 26) commitment of Lifestyle for Environment (LiFE) through the creation of a global army of pro-planet people, generally referred to as the environment enthusiasts while focussing on individual behaviors.

Numerous pursuits have been employed by the Government of India (GoI) in regard to the same, one of which is the Energy Conservation (Amendment) Act, 2022. The Act can be termed a revolutionary and future-oriented legislation that will go a long way in securing India’s environmental goals. The amendment statute paves way for the establishment of a carbon market through a carbon credit trading scheme on similar lines to Perform Achieve Trade (“PAT”) Scheme launched in 2012 as a market-based compliance mechanism to speed up energy efficiency improvements in energy-intensive businesses, was part of the government’s National Mission for Enhanced Energy Efficiency. The energy savings made by recognized industries are transformed into Energy Saving Certificates (also known as "ESCerts"), a marketable product, under the PAT Programme.

With over 40% of total energy consumption in India coming from fossil fuels, industries are the country's major energy users. In light of this, the amendment act further includes a non-fossil fuel mandate for designated consumers i.e., the largest energy consumers. Industries including mining, steel, cement, textile, chemicals, and petrochemicals are examples of designated consumers. The transportation sector, which includes railroads, and commercial buildings are also included. The Amendment Act also adds a provision for penalties of up to INR 10 lakh for any instance in which the required minimum percentage of non-fossil fuel usage is not met.

The Energy Conservation and Building Code was formerly exclusively applicable to structures utilized or planned for use in the commercial sector. However, the new Energy Conservation and Sustainable Building Code broadens the definition to cover structures utilized or intended to be used as office buildings or for residential purposes. In addition, the amended statute expanded upon the scope of energy consumption requirements to encompass industrial units and vehicles. The simultaneous focus on expanding already-existing decarbonization initiatives in India's energy-intensive industries and putting more of the country's economy under energy efficiency measures certainly will play a major role in India achieving its net-zero mission by 2070.

Net zero is conceptually similar to carbon neutrality but has a much wider reach. More must be done to get net zero than only reduce carbon emissions. Methane (CH4), nitrous oxide (N2O), and other hydrofluorocarbons are examples of greenhouse gases that are discharged into the atmosphere and are considered to be net zero emissions. As with carbon neutrality, in order to achieve net zero, the amount of greenhouse gases released into the atmosphere must equal the quantum of greenhouse gases withdrawn from it. So, it can be fairly argued that reaching carbon neutrality is only a minor portion of the net zero agenda, but a very significant step that governments and institutions throughout the world have recognized and are actively striving towards.

The setting up of a national carbon market has opened the doors for carbon pricing mechanisms to be adopted in India. Although India lacks an explicit carbon pricing framework yet there have been various implicit carbon pricing measures in the past, which include: Perform, Achieve and Trade (PAT) Scheme, Emission trading scheme on an air pollutant, i.e., respiratory solid particulate matter (RSPM) on pilot-mode implemented in Gujarat, Maharashtra, and Tamil Nadu, carbon cess levied on coal, lignite, and peat in the form of excise duty in 2010 which later was abolished upon introduction of GST Compensation Cess, Renewable Purchase Obligations (RPO) and Renewable Energy Certificates (REC) as mandated by the Electricity Act (2003), and steep excise duties on diesel and petrol which rank as the highest in the world.

India is opening its doors to carbon markets and this calls for understanding different kinds of carbon pricing mechanisms around the world which will aid in deciphering the carbon pricing models which India will certainly adopt in the years to come. There are several methods for figuring out the best carbon tax rate, and these methods are frequently based on the goals and policy objectives of the taxation system in a particular jurisdiction. The degree of carbon emission reduction the nation expects to accomplish might be used to establish the tax rate, or it could be calculated using the social cost of carbon, which represents the monetary cost of damages caused by releasing each extra metric tonne of greenhouse gases. It might also be decided using the revenue strategy, where the tax rate is based on the revenue considerations of the regulatory body, or by simply utilizing a benchmarking technique, where the tax rate is connected with the rate in neighbouring jurisdictions, among trade partners or rivals.

The premise underlying carbon pricing methods is that profit-seeking businesses would keep reducing emissions until the marginal cost of abatement is less than the societal cost of carbon. To put this into perspective, the marginal abatement cost for an entity is the marginal cost of reducing each additional unit of emissions. It depends on a number of variables, such as the rate of technological innovation in low-carbon products, the cost of compliance, and businesses' and consumers' capacity to switch from high-carbon to low-carbon products. The marginal damage cost of a unit of emissions, which depicts the economic worth of one additional unit of greenhouse gas in the atmosphere, is the social cost of carbon for an entity.

In order to properly price carbon and provide a route for carbon reduction, a variety of policy instruments that are based on the market or valuation can be used. Carbon taxes, cap-and-trade programmes, emission reduction credits, renewable energy requirements, and the elimination of fossil fuel subsidies can all be categorised as explicit or implicit carbon pricing strategies.

1. Explicit Carbon Pricing:
Explicit carbon pricing sets a price on the carbon content and is typically required by the government. It serves as a market signal to encourage producers and consumers to switch to cleaner sources of production and consumption as well as a more affordable carbon mitigation pathway. Carbon taxes, an ETS (emission trading system or cap-and-trade) that holds polluters accountable, carbon credits that provide a reward-like system for reducing carbon emissions, or internal shadow pricing that businesses use to guide investment decision-making are some ways to accomplish these. Depending on the design, they provide a range of advantages, including increased tax revenues for the government, the development of green sectors and jobs, the promotion of low-carbon investment, improved energy security and efficiency, and improved air quality. Let's delve deeper to understand the three kinds of explicit carbon pricing models.

i. Carbon Tax: With a carbon tax, carbon (the CO2 equivalent of GHG emissions) is subject to a set price, but the amount of emission reduction is left up to market forces. The goal is to raise the price of fossil fuels in order to encourage investment in fuel-switching techniques and energy-saving devices. It can be used upstream (point of production/extraction), mid-stream (point of distribution), or downstream in the fossil fuel product cycle (point of consumption). Price, emission coverage, point of taxation, allocation of tax revenue to general public spending or specific emissions-reduction initiatives, and harmonization across borders outside the tax's jurisdiction should all be taken into account when designing the tax and should be reviewed on a regular basis.

ii. Emission Trading System ("ETS"): Under a cap-and-trade system, the government establishes a limit (cap) on allowed emissions for certain sectors over a specific compliance period, and permits are then either auctioned or distributed in accordance with predetermined criteria. In ETS markets, a hybrid strategy that combines auctioning and freely assigning emission permits is typical. While the amount/volume of emissions is controlled, the price is based on supply and demand in the market. Firms with lower abatement costs may sell their permits to companies with higher abatement costs in secondary markets during the compliance period. This makes it feasible to reduce emissions for the cheapest price possible. The allowances must eventually be returned to the government at the conclusion of the compliance term. The size and level of the emission cap, sectoral coverage, the range of the cap's coverage, the point of taxation, whether to sell (auction) or freely distribute allowances, revenue distribution and management, monitoring, measurement, and verification of emissions and allowances, cost-containment measures, and the effect on global competitiveness should all be taken into account during the design.

High or unstable allowance prices in an ETS might make the scheme less effective. To eliminate cost uncertainty, promote economic stability, and maintain firm competitiveness, the government frequently implements specific cost containment measures to keep emission costs from exceeding or sliding below a threshold. Offsets, allowance banking (reserving units to utilise in a future compliance period) and borrowing (spending units allotted for a future compliance period) are a few of these. Other ones include safety valves, price collars, and market stability reserves.

- An offset provision connects the cap-and-trade system with an emission-reduction credit system by allowing regulated firms to offset their own emission reduction with credits from emission reduction actions outside the ETS coverage.
- By enabling the transfer of permits to a future period (banking) or allowing future period allowances to be used early, banking and borrowing enables businesses to trade their emissions across time horizons. This gives businesses the freedom to choose priorities across time periods to develop the most economical route towards carbon reduction.
- With the government providing more allowance at a predefined trigger price, a safety valve is a price ceiling that sets an upper limit on the cost of tradable allowance. Unfortunately, this action may cause total emissions to exceed the permitted level.
- A price collar combines the safety valve's upper limit and the price floor, which establishes the lowest price for auctions or when the government agrees to buy something at a specified price.
- Unallocated allowances are shifted to a reserve by the volume-based mechanism known as the Cost Containment Reserve (CCR), which then removes or reintroduces them into the market depending on whether there are more or less total allowances in circulation. Without proper design, however, these containment methods may decrease the confidence of the amount of emissions that are reduced while also raising the cost of mitigation.

iii. International Crediting Mechanisms/ Baseline and Credit system: In accordance with Article 6 of the Paris Agreement (Article 12 of the Kyoto Protocol), industrialized countries with emission reduction targets (Annex B Parties) may purchase certified emission reduction (CER) credits from developing countries, each credit equal to one tonne of CO_2, to provide offsets in the event that they are unable to meet their Kyoto targets. Buying and selling emission credits on the global market is accessible to emitters who effectively decrease emissions below the target level. Also known as the baseline and credit system, it provides flexibility for an international cap-and-trade scheme.

iv. Internal Carbon Prices: Companies all over the globe are starting to see how important it is to include climate risks and opportunities in their risk assessment frameworks and think that the carbon price is a useful tool for directing capital allocation and investment decision-making. Internal carbon pricing is therefore being utilised voluntarily by businesses and organisations as a preventative tool to defend against future shocks, monitor exposure connected with climate-related physical and transition risks, as well as potential government policies pertaining to carbon pricing. It is frequently accomplished through the use of "shadow carbon pricing," in which each tonne of CO2 emissions is given a phantom carbon cost. By relying on an implicit price that is based on the offsets needed to achieve internal carbon neutrality goals, this aids in identifying and integrating climate-related risks and opportunities in a company's broad long-term strategies and dictating capital allocation and investment decision-making processes.

2. Implicit Carbon Pricing:
Several laws or regulations create consistent performance requirements for the reduction of GHGs but do not explicitly place a cost on carbon emissions. By establishing technology- and performance-based standards and eventually eliminating fossil fuel subsidies, they aim to achieve the climate objectives of lowering GHG emissions while also raising the price of energy-intensive products relative to their sustainable/renewable competitors.

i. Command- and- control regulations: Traditional environmental policy uses technology and regulations based on performance to reduce emission levels and safeguard environmental quality. The use of certain energy-efficient processes, tools, or procedures is mandated by technology-based standards, but there are no set limits on the amount of emissions that must be reduced. Performance-based standards, on the other hand, leave the methods of emission reduction to the discretion of the regulated businesses and establish the permitted levels of pollutant emissions or allowable emission rates. The method is constrained in its applicability and impact by the very nature of such standard-based regulation, given increased costs as well as insufficient incentives for the development and adoption of ecologically and economically superior technology. Hence, including market-based instruments within its framework can aid in overcoming inefficient results.

ii. Clean Energy Standards: One technique to encourage the power industry to move to non- or low-emitting sources of energy is called a clean energy standard, which is market-based and technology-neutral. As a way to gradually reduce reliance on fossil fuels, industrial and commercial power users are required to satisfy a specific proportion of their energy needs from renewable energy sources. Clean energy standards are frequently seen as an economical and politically acceptable alternative to pricing carbon in the power industry, given the difficult political issues surrounding carbon pricing. Businesses can get energy-saving certificates that can be exchanged in the energy exchange if they surpass clean energy standard objectives or criteria. Similar to an ETS, this approach focuses on market principles to lower the energy intensity of high-carbon-emitting industries in the most economical and effective way possible.

iii. Eliminating Fossil Fuel Subsidies: Fossil fuels are heavily subsidized by many nations in order to further their goals of economic growth and development. For countries where innovation and growth in the renewable industry have not yet picked up steam, this becomes especially important. Yet, reducing fossil fuel subsidies gradually can be a useful strategy to reach the fuel's ideal price while also encouraging the development of fuel-saving and -switching technology (comparable to implementing an explicit carbon price). The conditions of a market failure are made worse by fossil fuel subsidies, which are sometimes referred to as a "government failure".

With the Energy Conservation (Amendment) Bill, 2022, the Indian government has demonstrated its openness to examine the necessity of a legal carbon market in order to attain carbon neutrality. India may use the well-functioning machinery offered by the GST regime and the PAT programme to create a solid framework for carbon pricing that combines a carbon tax with an emission trading system.

Carbon pricing is not a panacea, to be sure; supplementary actions will assist hasten the process of reducing carbon emissions. Cost-effective and equitable carbon pricing policy design should be based on an optimal portfolio of policy instruments, including carbon pricing, fossil fuel taxes, renewable energy subsidies, technology, and performance-based standards, as well as investment in green technologies and revenue recycling to protect vulnerable communities.

Carbon pricing is clearly positioned to become and remain the cornerstone of the global climate policy architecture, and designing domestic carbon policies and preventative measures that are in line with global policy trends will give India a strong advantage in a future where decarbonization will be a key factor.

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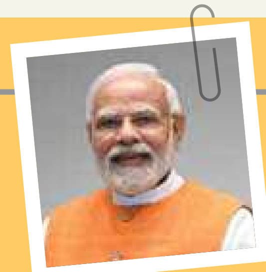
Reduce, reuse, and recycle are the concepts woven into our life. The circular economy has been an integral part of our culture and lifestyle. Gods and goddesses in India have plants and animals associated with them, and nature is equated with divinity. Mahatma Gandhi talked about a zero-carbon lifestyle. Let us follow the principle of reduce, reuse, and recycle for our planet is one but our efforts have to be many- One earth, many efforts.



Narendra Modi

Snippets

1. Social Impact Bonds:
A social impact bond (also known as a social benefit good or social bond or “SIB”) is a form of financial security that offers cash to the public sector to support initiatives that improve social outcomes and save money. These bonds represent a new financial breakthrough whose goal extends beyond their monetary value. The securities are meant to assist in aligning the interests of various organizations, including governments, investors, social entrepreneurs, and the general public, in order to produce effective solutions to public-sector challenges.

The SIB plan is often built on a contractual arrangement for a private sector consortium to provide public services (Carè and De Lisa 2019; Rania et al. 2020). Programs with high initial expenses that serve a large number of people and have a good evidence-based demonstration of success are the greatest candidates for SIBs.

The following important characteristics of SIBs emerge:

- The outcome payer agrees to pay only if the specified social outcomes are met.
- The investors pay the service provider with upfront operating capital and earn a return only if the results are met.
- The program's results are validated by an impartial examiner using pre-agreed measures.
- Consultants and specialist intermediaries provide assistance to all parties involved and manage the partnership/contract.

The advantages of SIBs as an investment option through CSR funds are twofold:

- SIB visibility and measurability let the corporation to better recognize target groups, based on the firm's concerns.
- Instead of viewing CSR efforts as non-profitable requirements, SIBs establish a link between a company's business activity and CSR engagement.

2. Business Responsibility and Sustainability Report:
Filing of BRSR has been made mandatory for the top 1000 listed businesses (by market capitalization) beginning with the fiscal year 2022-2023, replacing the old Business Responsibility Report (BRR). It is based on the principles of the National Guidelines on Responsible Business Conduct (NGRBC) and is compatible with the United Nations SDGs, GRI, and Guiding Principles. The BRSR is designed to include

quantifiable and standardized disclosures on ESG criteria to enable comparability across firms, industries, and time.

The BRSR requests disclosures from listed businesses on their performance against the nine principles of the 'National Guidelines on Responsible Business Conduct' (NGBRCs), and reporting under each principle is separated into essential and leadership indicators. The important indicators are expected to be reported on a regular basis. Although reporting of leadership indicators is voluntary. Listed entities should make an effort to report the leadership indicators as well.

The following are some of the significant disclosures requested in the BRSR:

a. An analysis of the entity's major ESG risks and opportunities, as well as a strategy for mitigating or adapting to the risks, as well as the financial consequences of the same.

b. Sustainability-related goals and targets, as well as performance against them

c. Environmental disclosures addressing issues such as resource utilization (energy and water), air pollutant emissions, greenhouse gas (GHG) emissions, moving to a circular economy, waste generation and waste management techniques, bio-diversity, and so forth.

d. The following social disclosures address the labor, value chain, communities, and consumers:

- Employees/workers: Gender and social diversity including measures for differently abled employees and workers, turnover rates, median wages, welfare benefits to permanent and contractual employees /workers, occupational health and safety, training, etc.
- Communities: disclosures on Social Impact Assessments (SIA), Rehabilitation and Resettlement, CSR, etc.
- Consumers: disclosures on product labeling, product recall, consumer complaints in respect of data privacy, cyber security, etc.

The Principles of National Guidelines on Responsible Business Conduct (NGBRC) which the entities must adhere to while filing BRSR are as follows:

Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable.

Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe. Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains.

Principle 4: Businesses should respect the interests of and be responsive to all their stakeholders.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect and make efforts to protect and restore the environment.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Principle 8: Businesses should promote inclusive growth and equitable development.

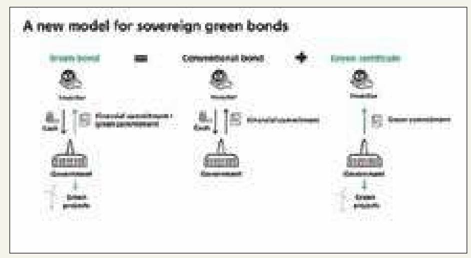
Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.

3. Social Audit Standards:

The Institute of Chartered Accountants of India (ICAI) in its endeavor of discharging its social responsibility, released 16 (sixteen) Social Audit Standards (SASs) that pertains to the theme area of "eradicating hunger, poverty, malnutrition and inequality". The Standard aims to provide the Social Auditor with the necessary guidance in relation to the independent impact assessment engagement of Social Enterprises engaged in eradicating hunger, poverty, malnutrition, and inequality, as well as the audit steps and procedures to be used when conducting the social impact assessment. The Standard specifies the minimal conditions must be met when performing an impact assessment.

The sixteen (16) SASs published by ICAI are as under:

- (i) SAS 100: Eradicating hunger, poverty, malnutrition and inequality
- (ii) SAS 200: Promoting health care (including mental health) and sanitation; and making available safe drinking water
- (iii) SAS 300: Promoting education, employability and livelihoods
- (iv) SAS 400: Promoting gender equality, empowerment of Women and LGBTQIA+ communities
- (v) SAS 500: Ensuring environmental sustainability, addressing climate change including mitigation and adaptation, forest and wildlife conservation
- (vi) SAS 600: Protection of national heritage, art and culture
- (vii) SAS 700: Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports
- (viii) SAS 800: Supporting incubators of social enterprises
- (ix) SAS 900: Supporting other platforms that strengthen the non-profit ecosystem in fundraising and capacity building
- (x) SAS 1000: Promoting livelihoods for rural and urban poor including enhancing income of small and marginal farmers and workers in the non-farm sector
- (xi) SAS 1100: Slum area development, affordable housing, and other interventions to build sustainable and resilient cities
- (xii) SAS 1200: Disaster management, including relief, rehabilitation and reconstruction activities
- (xiii) SAS 1300: Promotion of financial inclusion
- (xiv) SAS 1400: Facilitating access to land and property assets for disadvantaged communities
- (xv) SAS 1500: Bridging the digital divide in internet and mobile phone access, addressing issues of misinformation and data protection
- (xvi) SAS 1600: Promoting welfare of migrants and displaced persons



4. Sovereign Green Bonds:

The Union Budget 2022-23 proposed the issuance of Sovereign Green Bonds ("SGBs") in order to considerably decrease the carbon intensity of the economy. Any sovereign green bonds that the Indian government issues are covered under the Framework. Principal and interest payments on the issuances made under this Framework are not dependent on how well the qualified projects perform. No project-related risks are borne by purchasers of bonds issued under this Framework. The framework is created to adhere to the International Capital Market Association's (ICMA) Green Bond Guidelines, which have four components and several significant suggestions (2021).

The government of India will utilize the money received from the sale of SGBs to pay for qualifying green projects that fit within the "Eligible Categories" in full or in part. When a project is based on the following tenets, it is said to be a “green project”:

- Encourages energy efficiency in resource utilization
- Reduces carbon emissions and greenhouse gases
- Promotes climate resilience and/or adaptation
- Values and improves natural ecosystems and biodiversity, especially in accordance with SDG principles.

Furthermore, the eligible categories of the green projects as highlighted in Table I of “India: Sovereign Green Bond Framework” includes the following:

- Renewable Energy
- Energy Efficiency
- Clean Transportation
- Climate Change Adaptation
- Sustainable Water and Waste Management
- Pollution Prevention and Control
- Green Buildings
- Sustainable Management of Living Natural Resources and Land Use
- Terrestrial and Aquatic Biodiversity Conservation

Nevertheless, the following projects are excluded from the purview of this framework:

- Projects involving new or existing extraction, production, and distribution of fossil fuels, including improvements and upgrades; or where the core energy source is fossil-fuel based
- Nuclear power generation
- Direct waste incineration
- Alcohol, weapons, tobacco, gaming, or palm oil industries
- Renewable energy projects generating energy from biomass using feedstock originating from protected areas
- Landfill projects
- Hydropower plants larger than 25 MW

Direct expenses for fossil fuels are not included. Nonetheless, investments/expenditures directed at a comparably cleaner Compressed Natural Gas (CNG) are authorized as an 'eligible expenditure' when utilized in public transportation projects exclusively. There is neither a plan nor a provision for a CNG-related subsidy or incentive for private transportation.

The Government of India pledges to give investors transparent reports on the distribution of Sovereign Green Bond proceeds as well as on the environmental effect of projects funded with the proceeds. The Allocation Report will be brought under the control of GFWC and updated yearly up to the full distribution of revenues from existing green bonds and afterward whenever there are any significant changes, will be placed under Green Finance Working Committee (GFWC's) oversight.

The following should be included in the yearly report:

- Information about issuance
- List of allocated proceeds to eligible projects and type of expenditure (tax, subsidies, etc.)
- Alignment of the eligible procedures with stated objectives
- Description of projects financed and their status of implementation,
- Total quantum of proceeds generated, allocated, and remaining unallocated (if any)
- Assumptions made, if any
- Expected impact of the projects in quantitative indicators (to the extent possible) indicating reduction in carbon intensity, other environmental benefits and, where possible, social co-benefits.

Maxim Dose

Corporate Citizenship

The phrase "corporate citizenship" refers to actions that would enhance a company's favorable impacts and limit any adverse effects on its social and physical environments. It entails shifting from more supply-driven to demand-led methods, bearing in mind the well-being of all parties involved; more community-centered methods of working with them; balancing the social and economic costs and rewards; and, lastly, focusing on processes rather than structures. The ultimate objective is to create a dynamic link between community, corporate, and charitable endeavours so that they may support and enhance one another.

Companies must prioritize the following important factors in order to act as good corporate citizens:

- Absolute Value Creation for the Society
- Ethical Corporate Practices
- Worth of the Earth through Environmental Protection
- Equitable Business Practices
- Corporate Social Responsibility
- Innovate new technology/process/system to achieve eco-efficiency
- Creating Market for All
- Switching over from the Stakeholders Dialogue to holistic Partnership
- Compliance of Statutes

Quick Guide

A Quick Walk-through of E-waste (Management) Rules, 2022

In an age of accelerated urbanization, digitalization, and population increase, the growing issue of handling e-waste is a multifaceted and ongoing concern. In 2011, the first set of e-waste Guidelines was announced, and they became effective in 2012. The Rules (2011) included Extended Producer Responsibility, which was a significant element (EPR). When a consumer discards electronic or electric goods, the "producers" are in charge of making sure it is safely disposed of according to EPR compliance. The 2016 e-waste standards, which were updated in 2018, were extensive and contained clauses to support "authorization" and "product stewardship." These laws also created new types of stakeholders, such as "Producer Responsibility Organizations (PRO)".

In present times, e-waste management and recycling have to be prioritized more due to the rising e-waste problem. In the light of above, the Ministry of Environment, Forest & Climate Change on 2 November 2022, notified E-waste (Management) Rules, 2022[1] **("Rules")** which has replaced the E-waste (Management) Rules, 2016. The new rules shall be effective from April 1, 2023.

The entire regime has been formulated to ensure effective and ecological handling of e-waste but what this term even includes has to be understood first. As per sub-clause (l) of clause 3 of the Rules, 'e-waste' means electrical and electronic equipment, including solar photo-voltaic modules or panels or cells, whole or in part discarded as waste, as well as rejects from manufacturing, refurbishment, and repair processes. It should be taken note that the number of goods classified as e-waste under the new regulations has gone up from 21 to 106[2].

What is Extended Producer Responsibility (EPR)?

The Organization for Economic Cooperation and Development (OECD) defines Extended Producer Responsibility (EPR) as an environmental policy approach in which a producer's responsibility for a product is extended to the post-consumer stage of a product's life cycle. An EPR policy is characterized by:

- the shifting of responsibility (physically and/or economically; fully or partially) upstream toward the producer and away from municipalities; and
- the provision of incentives to producers to take into account environmental considerations when designing their products[3].

According to sub-clause (m) of clause 3 of the Rules, 'extended producer responsibility' means the responsibility of any producer of electrical or electronic equipment as given in Schedule-I for meeting recycling targets as per Schedule-III and Schedule-IV, only through registered recyclers of e-waste to ensure environmentally sound management of such waste[4].

References:

1 https://cpcb.nic.in/uploads/Projects/E-Waste e-waste_rules_2022.pdf

2 https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1881761

3 https://www.oecd.org/environment/extended producer-responsibility.htm

4 https://cpcb.nic.in/uploads/Projects/E-Waste/-waste_rules_2022.pdf

Applicability:

These Rules shall be applicable to all manufacturers, producers, refurbishers, dismantlers, and recyclers engaged in the production, sale, transfer, purchase, refurbishing, dismantling, recycling, and processing of e-waste or electrical and electronic equipment listed in Schedule I, including their components, consumables, parts, and spares that make the product operational. However, they shall not apply to:

- Waste batteries as covered by the Battery Waste Management Rules, 2022;
- Packaging plastics as covered under the Plastic Waste Management Rules, 2016;
- Micro enterprise as defined in the Micro, Small, and Medium Enterprises Development Act, 2006 (27 of 2006); and
- Radio-active wastes as covered under the provisions of the Atomic Energy Act, 1962 (33 of 1962) and rules made there under.

Registration Requirements: Rule 4

(1) The organizations must register on the portal under one of the four categories listed below:
- manufacturer,
- producer,
- refurbisher, or
- recycler.

(2) Any entity that fits into more than one category under sub-rule (1) must register individually for each category.

(3) No entity mentioned in subrule (1) is permitted to conduct any business without being registered.

(4) The organizations registered under regulation (1) shall not conduct business with any unregistered producer, recycler, maker, or refurbisher.

(5) Where any registered entity provides false information or willfully conceals information for the purpose of obtaining registration, return, or report, or information required to be provided or furnished under these rules, or in the event of any irregularity, the Central Pollution Control Board may revoke such entity's registration for a period of up to three years after providing an opportunity to be heard, and environmental compensation charges may also be levied in accordance with Rule 22.

(6) With the approval of the Steering Committee, the Central Pollution Control Board may charge such registration fee and annual maintenance charges to entities seeking registration under these rules based on the capacity of e-waste generated, recycled, or handled by them as laid down by the Central Pollution Control Board.

Extended producer responsibility Certificates: Rule 14

The EPR Framework provides for two categories of certificate generation facilities as elucidated hereunder:

i. Recycling Certificate: The Central Pollution Control Board shall generate an extended producer responsibility certificate in favor of a registered recycler through the portal. The amount eligible for extended producer responsibility certificate generation should be determined using the following formula:

*QEPR = Qp x Cf; where

*the QEPR is the quantity eligible for certificate generation,

Qp is the final product quantity, and

Cf is the conversion factor (quantity of inputs required for the production of one unit of output)

The extended producer responsibility certificate is valid for two years from the end of the fiscal year in which it was issued, and expired certificates are automatically extinguished after that period unless extinguished sooner in accordance with the terms of these regulations.

ii. Refurbishing Certificate: E-waste will also be permitted for refurbishment, and refurbishers must register on the portal. A refurbishing certificate will be created in the name of a registered refurbisher based on the data submitted.

The extended producer responsibility of the producer shall be deferred by the duration as laid down by the Central Pollution Control Board for the corresponding quantity of e-waste and shall be added to the extended producer responsibility of the producer upon expiry of the extended life of the refurbished product upon production of the refurbishing certificates purchased from registered refurbishers.

To encourage refurbishment, only 75% of the delayed amount should be added to the producer's extended producer responsibility for recycling following the expiry of the extended life of the refurbished product.

The extended producer responsibility requirement should be terminated only following end-of-life disposal through a certified recycler and production of an extended producer responsibility certificate, rather than after refurbishment.

Let's understand the process through an illustration.

If a producer has a 100-tonne extended producer responsibility duty in 2023-2024, and he acquires a recycling certificate of 60 tonnes and a refurbishing certificate of 40 tonnes, and the relevant item gets a five-year life extension owing to refurbishing.

In this situation, 60 tonnes of the producer's extended producer responsibility must be met in the year 2023-2024, and 75 percent of the remaining 40 tonnes, i.e., (40 tonnes x 75%) 30 tonnes, must be carried over and added to the producer's extended producer obligation for that item in the year 2028-2029.

Transaction of extended producer responsibility certificates: Rule 15

(1) A producer may acquire extended producer responsibility certificates limited to its current year (Year Y) extended producer responsibility obligation plus any residual liability from previous years plus 5% of the current year's liability.

(2) Producers must complete their extended producer responsibility duty by obtaining extended producer responsibility certificates in proportion on a quarterly basis.

(3) As soon as the producer obtains an extended producer responsibility certificate, it is automatically adjusted against its liability, with precedence given to earlier liability, and the extended producer responsibility certificate so adjusted is extinguished and revoked.

(4) When a producer obtains refurbishment certificates, its extended producer obligation is automatically delayed for the appropriate amount of the product for the time specified by the Central Pollution Control Board.

(5) The portal shall make available the availability, requirements, and other details of the extended producer responsibility certificate and refurbishing certifications for each producer, recycler, or refurbisher.

(6) All transactions under these regulations must be recorded and reported on the site by producers or recyclers at the time of filing quarterly reports.

What are the e-waste recycling targets?

Producers of notified Electrical and Electronic Equipment ("EEE") have been assigned yearly E-Waste Recycling objectives based on the creation of previously sold EEE or sales of EEE, as applicable. The target might be made steady for two years, beginning with 60% in 2023-2024 and 2024-25, 70% in 2025-26 and 2026-27, and 80% in 2027-28 and 2028-29 and beyond.[5]

Importers of old electrical and electronic equipment must have 100% extended producer responsibility for the imported item after it has reached the end of its useful life if it is not re-exported. In addition, e-waste recycling objectives shall not apply to trash produced by solar photovoltaic modules, panels, or cells.

Reduction in the use of hazardous substances in the manufacture of electrical and electronic equipment and their components or consumables or parts or spares: Rule 16

The E-Waste Management Rules include a provision for reducing hazardous substances in the manufacture of EEE. It requires that every manufacturer of EEE and their components guarantee that their goods do not contain lead, mercury, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers in concentrations greater than 0.1% by weight in respective homogenous materials and the concentration of cadmium shall not exceed 0.01% by weight in homogenous materials for cadmium.

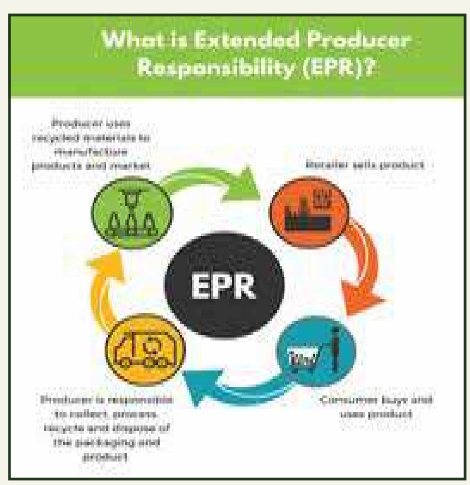
Environmental Compensation: Rule 22

- Unregistered producers, manufacturers, refurbishers, recyclers, and any other firm that assists or abets the breach of these regulations will also be subject to environmental compensation.
- The payment of environmental compensation does not release the producer from the extended producer duty outlined in these regulations, and any outstanding obligations for a given year are carried over to the following year, and so on, for a maximum of three years.
- If the extended producer responsibility requirement gap is resolved after one year, producers will get a refund of 85% of the environmental compensation assessed.
- Should the shortfall of the extended producer responsibility obligation be resolved after two years, 60% of the environmental compensation assessed will be returned to the producer; should it be resolved after three years, 30% of the environmental compensation assessed will be returned to the producer; and thereafter, no environmental compensation shall be returned to the producer.
- In addition to the environmental compensation fees, a recycler who provides false information that causes them to issue excessive extended producer responsibility certificates will have their registration permanently revoked. Repeat offenders who violate these rules three times or more will also face permanent registration cancellation.

In a nutshell, the entities engaged in the life cycle of EEE must adhere to these Rules and contribute to the Lifestyle for Environment (LiFE) Mission. We conclude by quoting the words of Robert Collier: "Success is the sum of small efforts, repeated day-in and day-out."

References:

5 https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1881761



Legal Stalker

Insolvency and Bankruptcy Code, 2016:

1. Law relating to sale proceeds during liquidation

National Company Law Appellate Tribunal ("NCLAT") Delhi set aside the order of NCLT Kolkata in State Bank of India V. Bhuvee Stenovate Pvt. Ltd. & Ors. which allowed a private sale of Bhuvee Stenovate Private Limited for Rs.61.05 crores, despite the fact that the Intervener purchaser Laser Solar LLP had requested a private sale. While doing so, the NCLAT set forth the law concerning the sale proceeds during liquidation, which are as under:

- Liquidator must execute the Private Sale and allow others to compete.
- Liquidator must obtain authorization from the Adjudicating Authority to continue with a Private Sale.
- Liquidator must establish a plan for approaching potential bidders for assets to be sold through a Private Sale.

2. Limitation Computation Guidelines

On December 24, 2022, the NCLAT released new instructions for calculating the statute of limitations for filing appeals with the NCLAT. The following are the instructions:

- The limitation period should begin on the date of e-filing.
- The physical copy must be submitted within seven days following the e-filing. However, in the event of an unanticipated necessity, the Competent Authorities may notify to extend the period for filing a hard copy.
- If a physical copy is not filed within 7 days, the appeal will be heard by the Tribunal and an appropriate ruling will be issued.
- The necessity to file Appeals electronically will remain, as will the requirement to file Appeals in accordance with Rule 22 of the NCLAT Rules, 2016.

Tax:

1. Section 50C cannot be applied on the compulsory acquisition of a capital asset

In the case of PCIT Versus Durgapur Projects Ltd., the Calcutta High Court has ruled that in circumstances of forcible acquisition of a capital asset (land or building, or both), the requirements of Section 50C of the Income Tax Act cannot be applied because the issue of stamp duty payment for completing the transfer does not arise.

The property was acquired under the terms of the National Roads Act 1956, according to the division bench of Justice T.S. Sivagnanam and Justice Hiranmay Bhattacharyya. The property vests by operation of the stated Act, and no stamp duty is required in such vesting of property. As a result, there was no need for the stamp valuation authority to appraise the property's worth in the matter at hand.

The Finance Act 2002 included Section 50C, which became effective on April 1, 2003. It is used to determine the presumed complete value of consideration received or accruing as a consequence of the transfer of a capital asset, whether land, a building, or both, if the consideration received or accruing as a result of the transfer is less than such value. Section 50C was enacted to use the market value assessed by the stamp duty authority as the sale consideration for the purposes of computing capital gains under the Income Tax Act.

The court determined that in the case of a compulsory acquisition, the capital asset, whether land, a building, or both, vests in the government by operation of the provisions of the statute governing the acquisition proceeding and is subject to the terms and conditions set forth in the statute being followed. Property is transferred by operation of law in circumstances of forcible acquisition, and the terms of the Transfer of Property Act or the Indian Registration Act do not apply to the transfers. The issue of stamp duty payment is also not raised.

2. Ruling of West Bengal Authority for Advance Ruling ("AAR") in respect of gold ornaments

The following issues were clarified by the AAR as raised by the applicant Aabhushan Jewellers Pvt. Ltd. below:

(i) Whether the gain of the assessee of 10 grams of pure gold would result in supply of goods or services under Section 7 of the CGST/WBGST Act, 2017?

Ans: As per clause (68) of Section 2 of the GST Act, "job work" means any treatment or process undertaken by a person on goods belonging to another registered person and the expression "job worker" shall be construed accordingly. A job worker thus undertakes the work for any treatment or process on the goods belonging to another registered person. In the instant case, the applicant undertakes the work of manufacturing of gold ornaments on pure gold that belongs to another registered person. Hence, the activities being carried out by the applicant comes under the purview of job work as defined in the GST Act.

(ii) Whether the assessee is liable to pay GST in respect of gain of 10 grams of Pure Gold? In case the assessee is liable to pay GST then whether it shall be classified as goods and chargeable to tax @ 3% under HSN: 7108/7113 or whether it shall be classified as service and chargeable to tax @ 5% under SAC: 9988?

Ans: In the instant case, the applicant agrees to provide job work services for manufacturing of gold ornaments to his principal against consideration which is in money. At the same time, the applicant has been allowed wastage by his principal on account of manufacturing loss which exceeds the wastage norm limit that enables the applicant to retain certain amount of pure gold. The process of making gold jewellery involves melting, cutting, moulding, polishing etc. which may result in some amount waste of gold. However, retaining a certain amount from the input (10 gm of pure gold for the instant case) before it put into the manufacturing process cannot be treated as wastage or normal loss. We are, therefore, of the view that here the price is not the sole consideration for the supply and the value of such excess wastage allowed to the applicant shall be considered as non-monetary consideration for the purpose of determination of value of supply of job work services provided by the applicant to his principal. Therefore, the value of supply of services, i.e., making charges on which the applicant is liable to pay tax @ 5% would be determined as per provision of Section 15 of the GST Act read with Rule 27 of the CGST/ WBGST Rules, 2017. Since the applicant admittedly retains 10 gm of pure gold on account of wastage which is beyond the permissible limit of wastage in the nature of normal loss, the value of pure gold so retained by the applicant shall form a part of value of supply of job work services.

(iii) In case the applicant is liable to pay GST then what shall be the time and value of Supply?

Ans: The value of the supply shall be determined under Rule 27 of the CGST/WBGST Rules, 2017 and time of supply would be determined under subsection (2) of Section 13 of the GST Act.

3. GST exempted on services of milling food grains into flour provided to the West Bengal government for the public distribution system

The West Bengal AAR's two-member bench has observed that the composite supply of services by milling wheat into flour (atta) to the West Bengal government for distribution of flour under the Public Distribution System is eligible for exemption as long as the value of goods involved in such a composite supply does not exceed 25% of the supply's value.

4. Selling of alcoholic liquor for human consumption is a "non-taxable supply"

The West Bengal Authority for Advance Ruling (AAR) determined that the applicant's operations of selling alcoholic liquor for human use would be considered a "non-taxable supply" and hence fell within the category of "exempt supply" under the GST Act.

The applicant Karnani FNB Specialities Ltd., has requested an advance judgment on whether it is required to reverse ITC due to the sale of alcoholic beverages for human consumption impacted by it at its premises. The applicant argued that because the sale of alcohol is not subject to GST, it is not obligated to reverse ITC on such a supply by classifying it as a non-taxable supply under Section 2(78) of the CGST Act.

According to the AAR, input tax refers to the tax levied on a registered person's inputs, input services, and capital goods, whilst output tax refers to the tax chargeable under the GST Act on a taxable supply of goods or services or both made by the taxable person. As a result, reversing the tax levied on inward supply (as opposed to exempted outward deliveries of alcoholic liquor for human use) would not result in the discharge of GST duty on outward supplies.

5. GSTN launches e-invoice registration services with private Invoice Registration Portals (IRPs):

Following the GST Council's request, GSTN has provided e-invoice registration services through numerous private IRPs. GSTN has appointed four private companies, ClearTax, Cygnet, E&Y, and IRIS Business Ltd, to provide these e-invoice registration services to all GST taxpayers in the nation.

Taxpayers now have the option of using more than one IRP (formerly the sole NIC portal) to register their e-invoices. This significantly increases the capacity and redundancy of the previous single e-invoice registration portal. The end-to-end flow of a digitally signed e-invoice between sellers and purchasers via connectivity with the GST system would make compliance easier for taxpayers. It would also facilitate the auto-drafting and auto-population of invoice information in GST returns, resulting in greater precision, correctness, and ITC availment by the recipients of the supply.

6. Government issues new customs rules to tackle undervaluation of imported goods:

The Government of India has issued the Customs (Assistance in Value Declaration of Identified Imported Goods) Rules, 2023, which require importers to declare the value of identified goods using the Unique Quantity Code while filing the bill of entry and to give further information as needed (by the Customs Automated System). These rules are effective from February 11, 2023.

Identified products are imported items that are defined by the Central Board of Indirect Taxes and Customs (CBIC) when the board has cause to think that the goods are undervalued and are not disclosed at their "truthful or accurate value," according to the laws. A screening committee and an assessment committee would also be formed.

When the board receives a written complaint or reference revealing importers' undervaluation of products, it forwards it to the screening committee. Following review, if the screening committee determines that additional examination is necessary, the problem will be taken up by the evaluation committee, which will provide a report after appropriate scrutiny. The screening committee must next validate this report and make suitable suggestions to the board, which will evaluate the proposals before issuing an order designating the products as identified commodities.

Importers must follow the board's directives and disclose the value of the products using the Unique Quantity Code as specified in the order when filing the bill of entry.

Consumer Protection:

1. Centre released a guidebook titled 'Endorsement Know-Hows!':

The Ministry of Consumer Affairs, Food, and Public Distribution's Directorate of Consumer Affairs published a guidebook titled 'Endorsements Know-hows!' for celebrities, influencers, and virtual influencers on social media platforms. The guide's goal is to guarantee that people do not mislead their audiences when recommending products or services and that they follow the Consumer Protection Act and any associated laws or recommendations. The "Endorsement Know-Hows!" require disclosures to be prominently and clearly disclosed in the endorsement, making them exceedingly difficult to overlook. Every celebrity, influencer, or virtual influencer who has access to an audience and has the ability to influence their purchase decisions or thoughts on a product, service, brand, or experience is required to declare any substantial link to the advertiser.

This includes monetary or other remuneration, vacations or hotel stays, media bartering, coverage and awards, freebies with or without restrictions, discounts, presents, and any familial, personal, or job tie. They should not advocate any product or service for which they have not conducted due diligence or for which they have not personally utilized or experienced.

The guidance is being issued in accordance with the Consumer Protection Act of 2019. The Act created principles to protect consumers from unfair business practises and deceptive advertising.

Securities Law:

The Securities and Exchange Board of India (SEBI) had released the following consultation papers in the month of February:

1. SEBI expects increased accountability from Real Estate Investment Trusts (REIT) and Infrastructure Investment Trusts (InvIT) sponsors:

SEBI has suggested modifications to the laws regulating REITs and InvITs, requiring sponsors to possess a specified percentage of the units in these investment vehicles. The market regulator stated in a consultation paper on the subject that the changes are being proposed considering the interest of unit holders and the structural vulnerabilities associated with the absence of a sponsor for REITs and InvITs.

While there is no statutory unit holding requirement beyond three years, the watchdog suggests that the sponsors of REITs/InvITs keep 15% of the capital for three years from the date of listing. It has also been suggested to require sponsors to hold 5% of the unit capital after 3-5 years, 3% from 5-10 years, 2% from 10-20 years, and 1% after 20 years.

There is a requirement for at least one sponsor throughout the life of the REIT/InvIT, and the sponsor must own a specific number of units on a permanent basis to assure some alignment of interest with the unitholder.

2. SEBI considers allowing Alternative Investment Funds ("AIFs") to carry forward unliquidated investments to new schemes:

SEBI, the capital markets regulator, suggested that AIFs and their investors be given the option of carrying on unliquidated investments from one scheme to another. Simultaneously, there should be a clear regulatory and financial stability goal of ensuring that AIFs properly recognize and disclose genuine asset quality, liquidity, and fund performance.

Complete closure of the scheme, acknowledgment of the actual asset value, and re-launch of a new fund at that value would meet both objectives of offering extra flexibility to investors/funds while assuring transparency and tracking of true asset value and fund performance. When a scheme's duration exceeds two years, and the tenure of Large Value Funds for Accredited Investors (LVF) is prolonged, SEBI suggested that the AIF management close the previous scheme and transfer the unliquidated assets to a new scheme, subject to the permission of 75% of investors by value.

If the AIF does not acquire the permission of 75% of investors by value, the investments must be liquidated at liquidation value within a year after expiry. AIF must prepare bids for at least 25% of the unliquidated investments in order to give exits to investors who do not choose to remain in the new scheme. In the event that such fresh bids for at least 25% of unliquidated investments cannot be negotiated, the scheme's closing valuation shall be based on the liquidation value as established under IBBI (Insolvency Resolution Process for Corporate Persons) Rules.

3. Substituting certification for the five-year experience requirement:

Rule 4 (g) of the SEBI AIF Regulations requires at least one key managerial person to have five (5) years of "sufficient experience" managing pools of assets or wealth or portfolio management. This is suggested to be replaced by the requirement that the core investment team and the compliance officer of the AIF get the necessary certification from an institution authorized by SEBI.

4. Compulsory dematerialization of units of AIFs:

Only a few of the 1000+ AIFs registered with SEBI have dematerialized their units in compliance with the CDSL and NSDL procedures. SEBI has suggested that the dematerialization of AIF units be made mandatory and that by April 1, 2024, all AIF schemes with a corpus above INR 500 crore must dematerialize their units.

5. Investor consent for buying/ selling investments from/ to associates of AIFs and related schemes:

Under the existing framework, an AIF must get the consent of 75% of its investors (by value of their assets) before investing in associates or units of AIFs managed or sponsored by its Manager, Sponsor, or associates of its Manager or Sponsor. To broaden the scope of transactions with "associates," and to include buying from associates, SEBI has proposed that 75% consent of investors (by value of their investments) be required for AIFs to buy or sell investments from or to its associates, or schemes of AIFs managed or sponsored by its Manager, Sponsor, or their associates.

6. Direct plan for schemes of AIFs and trail model for distribution commission in AIFs:

SEBI has addressed the problem of dual payment and mis-selling in a consultation paper, which may happen when investors buy in AIFs through placement agents/distributors/other intermediaries. SEBI has offered two proposals, which are as follows:

(a) AIFs will be obliged to provide investors with the option of a direct plan in which no distribution/placing fee would be levied. Investors that participate in the direct plan will receive a larger number of units. As a result, all investors would see the same Net Asset Value (NAV) on their unit holdings. Moreover, AIFs must guarantee that any investor who contacts an AIF through an intermediary (such as an investment adviser or a portfolio manager) who charges the investor a fee only invests through the direct plan method.

(b) In the case of all AIFs, investors may be paid a placement/distribution fee on a trailing basis. However, in the case of category I and II AIFs, a greater placement/distribution charge (i.e., one-third of the present value of the entire distribution fee) may be paid ahead to the distributor in the first year.

Competition Law:

1. Panel to weigh competition law for digital companies:

A special committee was formed by the government to investigate the necessity for a separate competition statute for digital enterprises. The action follows a request by the parliamentary standing committee on finance to combat anti-competitive behaviour in digital marketplaces in order to avoid the development of monopolies.

The 16-member group, according to an order issued by the corporate affairs ministry, would be led by the secretary and will include the chairperson of the Competition Commission of India ("CCI") as well as other industry players. Several ministries, including NITI Aayog, the Department of Commerce, and the Department of Economic Affairs, will be represented on the committee.

The committee's terms of reference will examine "whether current provisions in the Competition Act, 2002, and the rules and regulations developed thereunder are sufficient to cope with difficulties that have evolved from the digital economy," according to the ministry paper. It would also "explore the necessity for an ex-ante regulatory system for digital markets through a new statute".

Ex-ante regulatory mechanisms allow the regulator to take preemptive action to protect markets from anticipated anti-competitive activities. Presently, the CCI's powers are supposed to be ex-post, which means that the action is taken after a probable infringement.

2. Companies may face harsher fines for antitrust offences:

Companies may face higher fines for antitrust infractions if the central government changes the mechanism for computing penalties under the Competition Act. The CCI now imposes fines of up to 10% of a company's average turnover in the relevant market. The government might change the definition of average turnover to mean "global turnover obtained from all products and services by a person or an organisation" through operations outside of India. The additional revenue would also include export revenues.

Presently, the CCI can only levy a penalty on the entity's turnover for products/services affected by the violation. With the change, the CCI will have the authority to impose a penalty on the contravening party's entire turnover, regardless of whether the infringement was identified exclusively for a specific product/service.

The Centre also intends to make compensation claims relevant to breaches handled via the 'settlement mechanism'. A settlement scheme is one in which an entity accused of engaging in anticompetitive conduct may contact the CCI and pay specified fees to settle the case. This can be used after the CCI's inquiry has been completed but before the competition watchdog issues a final order.

After the CCI issues an adverse ruling, the competition legislation empowers any entity that has been harmed by a company's anticompetitive conduct to claim for compensation. But, under the proposed amendment, such companies can now seek compensation even if the accused has resolved the case.

Intellectual Property Law:

1. India ranked at 42nd position among 55 countries on International IP index:

According to the International IP

Index produced by the US Chambers of Commerce, India ranks 42nd out of 55 top global countries, indicating that India is poised to become a leader for emerging nations trying to change their economies through IP-driven innovation.

"As India's size and economic importance on the global stage rise, India is poised to become a leader for emerging nations striving to change their economies through IP-driven innovation", Patrick Kilbride, senior vice president of the US Chamber of Commerce Global Innovation Policy Center.

According to the research, which includes everything from patent and copyright legislation to the capacity to monetize IP assets and the ratification of international agreements, India has continued to make considerable efforts in copyright piracy by issuing "dynamic" injunction orders.

Not only does India have large R&D and IP-based tax advantages, but it also has a vigorous awareness-raising campaign about the harmful consequences of piracy and counterfeiting. It is a world leader in targeted administrative incentives for the production and utilisation of intellectual property assets by SMEs.

2. Mysore Silk, Kangra Tea, Thanjavur Paintings granted GI tag: DPIIT

As of now, 429 items, including 31 foreign commodities, have been given Geographical Indications (GIs), including Mysore Silk, Kangra Tea, and Thanjavur Paintings. A geographical indication (GI) is generally an agricultural, natural, or manufactured product (handicraft and industrial items) originating from a specific geographical location.

Normally, such a name gives a guarantee of quality and uniqueness, which is mostly attributed to its origin.

3. Probable overhaul in India's patent laws:

The government is considering changing India's patent regulations to encourage innovation and research and development (R&D), according to union minister for commerce and industry Piyush Goyal, who is seeking input from business and others on how to improve the country's legal structure. The importance of improving patent rules is emphasised so that India may attract more R&D, research, and innovation. In the past, the corporations experienced various obstacles connected to data localization and patent rules and claimed "the government is working on sorting out these concerns on a real-time basis".The emphasis on patents and innovation is part of a larger government campaign to attract investors and portray India as a centre for R&D and manufacturing.

4. TTK Prestige Ltd. v. KK and Company Delhi Pvt. Ltd. and Ors

In the case, the plaintiff, who was active in the kitchen home appliances sector, had many registrations of the trademark 'PRESTIGE' in various Classes since 1955 and had filed a complaint seeking a permanent injunction against the defendant, who was interested in the 'gas stoves' business. On the other hand, the defendant claimed that they had been using the mark since 1981. However, the Delhi High Court concluded that the defendant had only demonstrated intermittent use of the contested name, which did not constitute it as a "continuous user" under Section 34 of the Trademarks Act. The Court remarked that the defendant's use of the trademark 'PRESTIGE' in relation to 'gas stoves' is likely to cause confusion in the market. The Court observed that the defendant's use of the trademark 'PRESTIGE' in relation to 'gas stoves' is likely to cause market confusion because the general public would associate the defendant's products with the plaintiff, and a prima facie case of infringement and passing off is made out on behalf of the plaintiff.

Other Significant Developments:

1. Reservation norms for Jute Packaging Materials for Jute Year 2022-23 under the Jute Packaging Material Act, 1987:

For the Jute Year 2022–2023, the Government of India established the guidelines for the compulsory use of jute in the packaging of rice, wheat, and sugar. It would benefit West Bengal much because the mandatory regulations provide for complete reservation for the packaging of foodgrains and 20% reservation for the packaging of sugar in jute bags.

The jute sector plays a significant role in the Indian economy, notably in West Bengal, where there are roughly 75 jute mills that employ thousands of people. It would help 40 lakh farming households who work in the jute industry. Also, the ruling would benefit the jute industry in Bihar, Odisha, Assam, Tripura, Meghalaya, and Telangana.

The Jute Packaging Material (JPM) Act's reservation guidelines provide 3.70 lakh workers direct employment and safeguard the interests of almost 40 lakh jute farm households. The JPM Act of 1987 secures the interests of jute growers, employees, and others involved in the manufacture of jute products. Jute sacking bags account for 75% of the entire production of the jute industry, 85% of which is provided to the Food Corporation of India (FCI) and State Procurement Agencies (SPAs), with the remaining 5% being exported or sold directly.

2. Food Safety and Standards (Food Products Standards and Food Additives) Second Amendment Regulations, 2023:

A comprehensive group standard for millets has been established by the Food Safety and Standards Authority of India in the Food Safety and Standards (Food Products Standards and Food Additives) Second Amendment Regulations, 2023, which was published in the Indian Gazette and will come into effect on September 1, 2023.

The Food Safety and Standards (Food Product Standards and Food Additives) Regulations, 2011, only specify specific criteria for a select few millets, including sorghum (jowar), whole and decorticated pearl millet grain (bajra), finger millet (ragi), and amaranth. In order to guarantee the availability of high-quality (standardized) millets in the domestic and international markets, the FSSAI has now developed a comprehensive group standard for 15 types of millets that includes eight quality parameters, including maximum limits for moisture content, uric acid content, extraneous matter, other edible grains, defects, weevilled grains, and immature and shriveled grains.

The following fifteen millets are covered under the group standard: Amaranthus (Chaulai or Rajgira), Barnyard Millet ((Samakechawal or Sanwa or Jhangora), Brown top (Korale), Buckwheat (Kuttu), Crab finger (Sikiya), Finger Millet (Ragi or Mandua), Fonio (Acha), Foxtail Millet (Kangni or Kakun), Job's tears (Adlay), Kodo Millet (Kodo), Little Millet (Kutki), Pearl Millet (Bajra), Proso Millet (Cheena), Sorghum (Jowar), and Teff (Lovegrass).

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE ("ESG") TRACKER

1. SEBI released a consultation paper on ESG Disclosures, Ratings, and Investing:

In order to promote a balance between openness, simplicity, and convenience of doing business in an expanding industry, the Securities and Exchange Board of India (SEBI) suggested a regulatory framework on ESG disclosures by listed businesses, ESG ratings in the securities market, and ESG investment by mutual funds.

SEBI has mandated that the top 1,000 listed firms in India by market capitalization file Business Responsibility and Sustainability Reporting (BRSR) reports beginning in FY23. In FY22, more than 175 enterprises voluntarily reported on the BRSR framework. According to SEBI, with the BRSR being required beginning this fiscal year and a lot of stakeholders such as investors and ESG rating providers relying on BRSR disclosures, assurance becomes critical for increasing disclosure credibility and investor trust. In addition, ESG disclosures by corporate supply chain players are another area that needs more openness and transparency.

The BRSR Core, which consists of specific Key Performance Indicators (KPIs) under each of the E, S, and G areas that need to be reasonably assured, has been developed for reasonable assurance in order to achieve the twin objectives of improving credibility and reducing the cost of compliance. The BRSR Core framework also outlines the methods to make it easier for corporations to provide information and for assurance providers to confirm the information reported.

The BRSR Core's key performance indicator includes a number of intensity ratios contingent upon both, revenue and volume, such as the intensity of GHG emissions, water consumption, and waste generation, to aid in comparison, regardless of the size of the organization. With a specific focus on mitigating the risks of mis-selling, greenwashing, and other related areas, the regulator has suggested for increasing disclosure rules for ESG funds and on initiatives that could possibly be introduced to promote transparency. It has advocated for improved stewardship reporting with respect to ESG schemes.

Asset management firms (AMCs) have been asked by SEBI to make it clearer when voting "for" or "against" resolutions over the course of a year by stating if the decision was made for environmental, social, or governance considerations. In order to reduce scheme-level greenwashing, SEBI has recommended that ESG schemes invest at least 65% of their asset under management (AUM) in firms that are reporting thorough BRSR and are also providing assurance on BRSR Core disclosures.

2. Energy Conservation (Amendment) Act, 2022:

The Energy Conservation (Amendment) Act, 2022 ("Amendment Act"), which took effect on January 1, 2023, revised the Energy Conservation Act, 2001. The modified Act establishes regulations concerning the consumption of energy by equipment, appliances, automobiles, ships, industrial units, and other institutions that use, produce, transfer, or provide energy. The amendment aims to support the realisation of "Panchamrit," the five main components offered by India at COP-26 (Conference of Parties -26) in Glasgow 2021, with a specific focus on promotion of new and renewable energy and the National Green Hydrogen Program. The modification is intended to assist India in upholding its COP-26 obligations.

The revised Act aims to promote renewable energy, develop the domestic carbon market, introduce new ideas like carbon trading, and mandate the use of non-fossil sources to ensure faster decarbonization and actually facilitate sustainable development goals in line with the Paris Agreement, among other climate change-related objectives, in addition to making "Panchamrit" easier to accomplish.

3. Promotion of Green Steel:

By 2070, the Ministry of Steel plans to achieve its Net-Zero goal. In order to do this, the steel industry is focusing on reducing carbon emissions in the near term (FY 2030) through promoting energy and resource efficiency as well as renewable energy. The use of green hydrogen and carbon capture, utilisation, and storage are the areas of attention for the medium term (2030–2047). Disruptive new technologies can assist in the transition to net-zero over the long period (2047-2070).

The following actions have been made to encourage decarbonization in the steel industry:

- The Steel Scrap Recycling Policy, 2019, expands the supply of domestic scrap to cut down on the amount of coal needed for steel production.
- The National Green Hydrogen Mission has been unveiled by the Ministry of New and Renewable Energy (MNRE) to promote the use and production of green hydrogen. Furthermore, included as a stakeholder in the Mission is the steel industry.
- The availability of scrap in the steel industry is expected to rise thanks to the Motor Vehicles (Registration and Functions of Vehicles Scrapping Facility) Regulations, which are effective since September 2021.
- The National Solar Mission, started by MNRE in January 2010, encourages the use of solar energy and also aids in lowering steel sector emissions.
- The steel sector is encouraged to minimize energy usage through the Perform, Achieve and Trade (PAT) initiative, which is part of the National Mission for Improved Energy Efficiency.
- For modernization and expansion projects, the steel industry has embraced the Best Available Technologies (BAT) that are now being used internationally.
- Steel factories have adopted Japan's New Energy and Industrial Technology Development Organization (NEDO) Model Projects for Energy Efficiency Improvement.

4. Efforts undertaken by Government of India to encourage renewable energy:

The government has taken many steps to encourage renewable energy in the country, including, among other things, the following:

- Allowing up to 100 percent FDI through the automatic route,
- Waiver of the inter-state transmission system (ISTS)

costs for inter-state sale of solar and wind power for projects to be completed by 30th June 2025,

- Statement of trajectory for Renewable Purchase Obligation (RPO) up to the fiscal year 2029-30,
- Establishing Ultra Mega Renewable Energy Parks to give land and transmission to RE developers for large-scale installation of RE projects,
- Schemes such as Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM), Solar Rooftop Phase II, 12000 MW CPSU Scheme Phase II, and so on.
- Installing additional transmission lines and building new substation capacity as part of the Green Energy Corridor Scheme for renewable energy evacuation
- Announcement of solar photovoltaic system/device deployment guidelines,
- Establishment of a Project Development Cell to attract and facilitate investments
- Tariff-based competitive bidding guidelines for the acquisition of power from grid-connected solar PV and wind projects.
- To guarantee prompt payment by distribution licensees to RE generators, the government has issued directives requiring power to be dispatched against a Letter of Credit (LC) or advance payment.
- Announcement of the Green Energy Open Access Regulations 2022 for Supporting Renewable Energy.
- The Electricity (Late Payment Charges and Related Matters) Regulations (LPS rules) have been released.
- Green Term Ahead Market (GTAM) is being launched to enable the selling of Renewable Energy Electricity through exchanges.
- The National Green Hydrogen Mission was approved with the goal of making India a global center for the production, use, and export of Green Hydrogen and its derivatives.

The government is working to make it possible for businesses that produce renewable energy to receive simple funding. The Reserve Bank of India has classified bank loans to borrowers for uses such as solar power generators, biomass power generators, windmills, micro-hydel plants, and for public utilities based on renewable energy, such as street lighting systems and remote village electrification, etc., under the Priority Sector Lending classification, up to a limit of INR 30 crores. The Guidelines include individual households' loan limits of up to INR 10 lakhs per borrower.

5. Action Plan for escalation of green electricity:

In order to expand the market for green power and to send out competitive pricing signals, the Ministry of Electricity has taken the following actions:

- Electricity (Promoting Renewable Energy through Green Energy Open Access) Rules, 2022 have been published in order to "unchain" the Renewable Energy (“RE”) Sector, that is, to eliminate obstacles to its availability and use as well as to solve problems that have long prevented open access from expanding. The Regulations lower the Open Access cap from 1 MW to 100 kW, allowing smaller users to buy RE as well. There is no cap on captive consumers.
- It has been announced that the Electricity (Promotion of Generation of Electricity from Must-Run Power Plant) Regulations, 2021 rules would allow RE generators to sell electricity in the power exchange and recoup their costs in the event that a must-run power plant's supply is curtailed.
- Electricity purchased from renewable sources will be more affordable and competitive if interstate transmission fees and losses on the transmission of power generated from solar and wind sources are waived for projects up to June 30, 2025.
- Due to the intermittent and fluctuating nature of RE

generation, the Real Time Market (RTM) was established in June 2020. This enables DISCOMs/Buyers to purchase electricity with advance notice of one hour.

- Green Day Ahead Market (G-DAM) and Green Term Ahead Market (GTAM) allow for the purchase of green energy through Power Exchanges, which is credited against the Obligated Enterprises' Renewable Purchase Requirement.
- With effect from 5th December 2022, the market for Renewable Energy Certificates (REC) has been restructured. With no floor and a forbearance price, the REC life has been extended to infinity. With just one REC market instead of separate Solar and Non-Solar divisions, the market has also become fungible.

6. Framework for Disclosures by Fund Management Entities for Environmental, Social or Governance (ESG) Schemes:

International Financial Services Centres Authority (IFSCA) has published a circular mandating ESG schemes to provide specific initial and periodic disclosures in order to improve uniformity, comparability, and dependability in disclosures pertaining to ESG schemes and guarantee that ESG schemes in IFSC are true to their label. Moreover, standards have been established for continual oversight and performance assessment. The IFSCA's recommended framework is built on principles and mostly follows global best practices.

The following are the key elements of the circular:

- **Application:** The circular applies to retail schemes, exchange-traded funds (ETFs), restricted schemes, and venture capital schemes that either: have terms like "Environment," "Social," "ESG," "Green," or "Sustainability" incorporated into their names, or represent or market themselves as ESG focused schemes.
- **Initial Disclosures:** Upon launching any ESG programme, a Fund Management Entity (“FME”) must assure the following:
    - The Scheme's Name: An ESG scheme's name should represent its ESG focus and be consistent with its ESG-related investment objectives and investment strategy.
    - Investment Objective: FME shall publish the nature and scope of the scheme's ESG-related investment objectives, including details on the major components of sustainability addressed by the scheme, in a transparent manner.
    - Investment Strategy: Comprehensive description of the sort of investment strategy, including ESG-related investment strategy, that FME aims to follow, which may include integration, impact investing, engagement, transition for hard-to-abate and other emission-intensive industries, and so on.
    - Processes of Investment: FME must publish methodology for procedures deemed important for ESG investments (specifically towards initial investments, monitoring, engagement and exits).
    - Risks and Risk Management Practices: An FME operating an ESG scheme shall disclose any particular risks that occur as a result of the scheme's pursuit of ESG-related investment objectives, associated investment strategies, and procedures, as well as all other substantial risks that the scheme faces.
    - Benchmark: Whenever possible, FME may select a reference benchmark for the ESG scheme to use in measuring the plan's ESG emphasis and/or financial performance in comparison to the benchmark.
- Periodic Disclosures for ESG Schemes: For each

ESG scheme launched by an FME, the compliance with the stated ESG-related investment objectives of the scheme, ESG-related performance, actual proportion of the investable corpus / assets under management invested as per the stated ESG-related investment objectives, and actual proportion of the investable corpus/assets under management invested as per the stated ESG-related investment objectives, shall be disclosed to the Authority and investors on a half-yearly basis for retail schemes and Internal audit findings/major observations, if any, third-party validation, etc.

- **Monitoring and Compliance:** The FME should assess compliance with the stated ESG-related investment objectives of the schemes on a half-yearly basis for retail schemes and on an annual basis for other types of schemes, measure the scheme's ESG-related performance by evaluating any pre-determined KPIs, expected outcomes, and other relevant factors, and submit a declaration.

7. List of activities for the trading of carbon credits:

Nine clauses make up Article 6 of the Paris Agreement, which lays out guidelines for how nations might "pursue voluntary collaboration" in order to meet their climate commitments. Under bilateral or multilateral agreements, governments are permitted to exchange emission reductions and removals, as provided under Article 6.2 of the Paris Agreement. This makes it feasible for emission reduction strategies to be put into action in one nation while being transferred to another and applied to that nation's NDC.

In order to enable the transfer of developing technologies and mobilize foreign capital in India, activities that will be taken into consideration for the trading of carbon credits under the Article 6.2 mechanism have been finalized.

I. GHG Mitigation Activities:
   - Renewable energy with storage (only stored component)
   - Solar thermal power
   - Off- shore wind
   - Green Hydrogen
   - Compressed bio-gas
   - Emerging mobility solutions like fuel cells
   - High end technology for energy efficiency
   - Sustainable Aviation Fuel
   - Best available technologies for process improvement in hard to abate sectors
   - Tidal energy, Ocean Thermal Energy, Ocean Salt Gradient Energy, Ocean Wave Energy and Ocean Current Energy
   - High Voltage Direct Current Transmission in conjunction with the renewal energy projects

II. Alternate Materials:
   - Green Ammonia

III. Removal Activities:
   - Carbon Capture Utilization and Storage

With the help of these initiatives, new technology will be adopted and transferred more easily, and India may be able to mobilize foreign investment. NADAIPA has the right to alter or change the activities after the first three years.

8. Expert observations by the Parliamentary Standing Committee on 378th (Three Hundred and Seventy-Eighth) Report on Demands for Grants (2023-2024) of the Ministry of Environment, Forest and Climate Change:

The Department-related Parliamentary Standing Committee on Science and Technology, Environment, Forests, and Climate Change put forth its observations and appreciated the Ministry of Environment on its efforts towards control of pollution while providing the following recommendations, among other things:

- The ministry should review its monitoring procedures to make sure that both quantitative and qualitative data are being collected.

- There should be a criterion for "public experience and social audit" in the monitoring framework as well. This will help the Ministry execute National Clean Air Programme ("NCAP") and other pollution control measures more effectively and allow it to better understand the desires of the public.
- A channel of two-way communication should be established between the Ministry and stakeholders, particularly the public representatives from each of the 131 non-attainment cities. With greater public involvement, this 360-degree strategy will significantly enhance the amount of work being done to combat pollution.
- The District and State level DISHA Committees' meetings should include NCAP-related topics to allow for active monitoring of NCAP development.
- Under the National Clean Air Plan, Particulate Matter 2.5 ("PM2.5") and other particle concentrations may also be more thoroughly monitored in all cities. The Ministry also makes the City Action Plans for the designated cities accessible on public portals, promotes them on social media, and disseminates them to offices, RWAs, schools, colleges, and other venues.

9. The ICSI Institute of Social Auditors (IISA):

The ICSI Social Audit Standards, which cover all sixteen of the activities outlined by the Regulatory Authorities where a Social Enterprise can operate to be qualified to register on the Social Stock Exchanges, have been authorized by the Institute of Company Secretaries of India ("ICSI").

The ICSI Social Audit Standards were developed by the Institute to provide guidelines for performing a social audit of social enterprises engaging in any of the activities listed under Regulation 292E(2)(a) of the SEBI (ICDR), Regulations, 2018. Moreover, to appoint and oversee the registered Social Auditors, the ICSI established the ICSI Institute of Social Auditors (IISA).

INTERACTIVE SESSIONS

JUMBLE CrossWords

Instructions: Jumble Crossword is a combination of a classic Jumble puzzle and a standard crossword puzzle. Un-jumble the letters to make a proper word. You can also use the clue for each word to help you solve the puzzle. Thereafter, put these unjumbled words into the crossword to complete the puzzle.

Across

1. To take a decision on a complex issue neither unilaterally nor in consultation with too many people, there must exist –
NEETFICFI EORC ORGPU

2. Commitment to improve community well-being through voluntary business practices and contribution of corporate resources leading to sustainable growth –
OTAOECRRP NZEITCPSHII

3. The Indian Renewable Energy Development Agency – a government-backed agency for promoting clean energy investments, a dedicated facility to develop the financially under-served clean energy market, has set up a -
EENGR WINWDO

4. Principle of Intergenerational equity, principle of sustainable use, principle of equitable use or intra-generational equity, and principle of integration are the four fundamental principles, as agreed by the world community, of –
BELSTAAUSIN EVDMLNEPETO

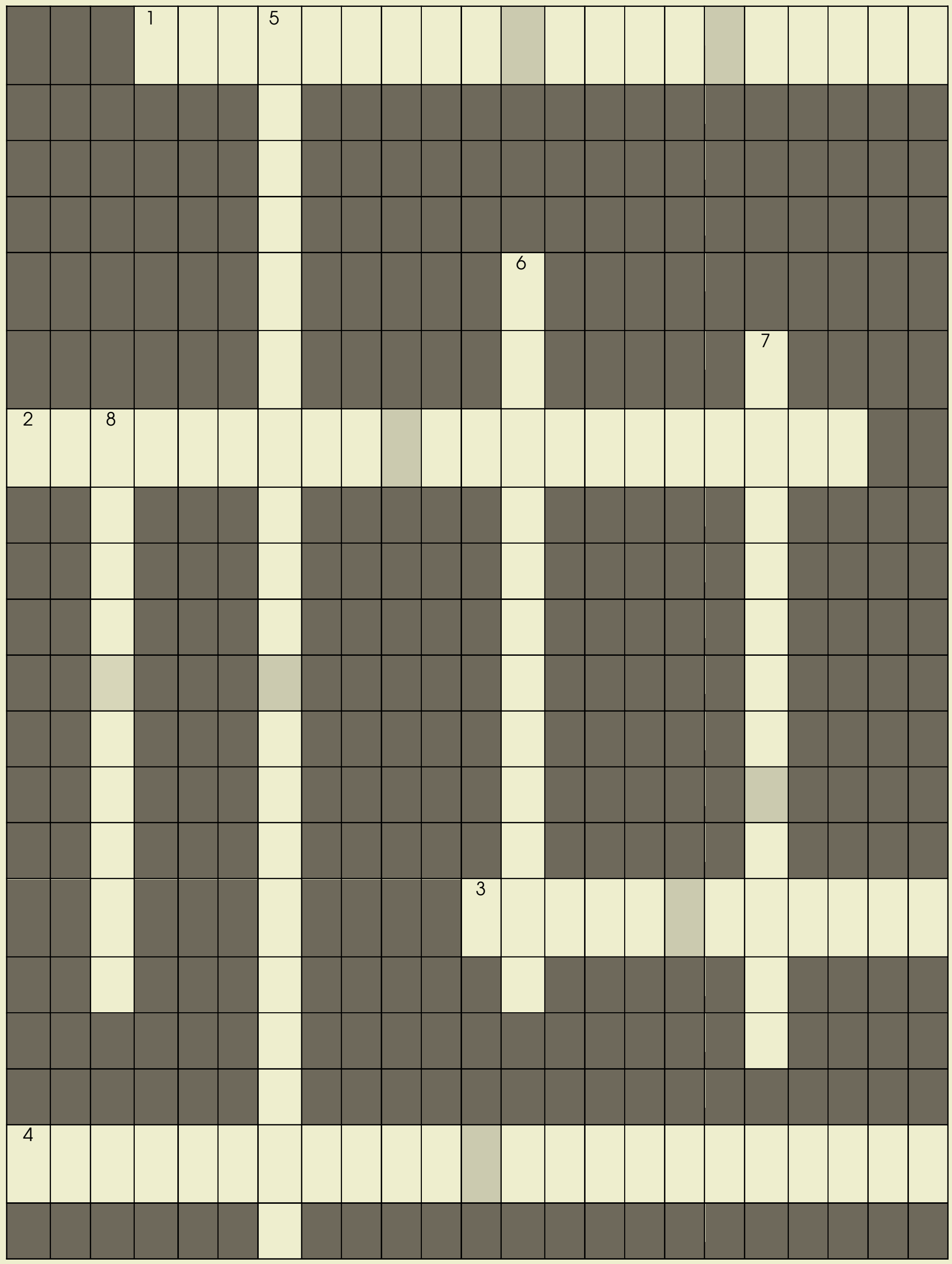
Down

5. A step towards the evolution of corporate reporting in Indian jurisdiction – TANDTGEEIR IPRRNGOTE

6. The substitution of the state with the corporation, the king with the CEO or the board of a corporation, and the subjects with the shareholders, bring out the quintessence of corporate governance because central to the concept of corporate governance is the belief that public good should be ahead of private good and the corporation's resources cannot be used for personal benefit. This thought process was taken from which ancient treatise on statecraft and economics? –
TSAARTSAAHHR

7. Ancient literature that emphasizes the concept of duty and its importance for good leadership – BGAHADW GATI

8. Ancient model for good governance – AMAR YAJRA



Answers:

Across

1. Efficient Core Group
2. Corporate Citizenship
3. Green Window
4. Sustainable Development

Down

5. Integrated Reporting
6. Arthashastra
7. Bhagwad Gita
8. Rama Rajya

ABOUT MCCI

MCCI is a 122 years old non-government, not-for-profit, industry-led and industry-managed organization, with 700 direct members and 15,000 indirect members covering a wide cross-section of small, medium & large industries, trade and services besides, 10 Associations of Industry & Trade are also affiliated to MCCI.

MCCI addresses various aspects of the industry, trade and service sectors, their issues & Challenges and through several learning and best practices forums, guide them to the future. MCCI also helps members to explore international business opportunities through its international connect initiatives.

MCCI has been working on the development of an indigenous vibrant industrial base in the country, especially in Eastern India. The indomitable spirit and quest to build an institution to safeguard the interests of the indigenous business community led to the birth of Vaishya Sabha and with the changing times, now it stands as MCCI. MCCI has evolved to reinvent itself to address the challenges in this era of new normal.

MCCI works as a bridge between businesses and the policy makers to create a conducive economic environment for the industry to prosper and flourish while benefitting all the stakeholders in the economy. The Executive Committee, which has 30 Councils reporting to it, is the principal facilitating structure of the Chamber.

We are one of the leading Chambers of Eastern India relentlessly working for the betterment of MSMEs through several initiatives. MSME Helpdesk, IP facilitation, connecting with Banking and Financial institutions, technology for MSMEs, besides taking up members' issues at the appropriate level. Several Business meets are organized for the benefit of the members.

Merchants' Chamber of Commerce & Industry

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