

GOVERNMENT

POLICY REPORT



***Policies
Covered In
The Edition***



1. Sustainability



2. Carbon Market



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SUSTAINABILITY



Meeting "Common but Differentiated Responsibilities" are Key for Sustainable Development



The Government of India once again highlighted the need of realizing the foundational principles for global sustainable development such as equity and 'Common but Differentiated Responsibilities' (CBDR). **Equitable access to global resources including the finite carbon budget** is the time of need to keep a check on rising temperatures globally as per the Paris Agreement.

As India has moved forward towards climate justice with its updated Nationally Determined Contributions (NDC), it also urged developed countries to take measures for carbon justice and ensure the responsible use of the global carbon budget for sustainable development. It is important to reduce carbon emissions in developed countries well within the limits in this decade as they have already exploited their fair share of the carbon budget in the last decades.

Key Elements of Common but Differentiated Responsibility Principle

The Principle have Origin from the Notion of 'Common Heritage of Mankind.

All States are Responsible Addressing Global Environmental Destruction.

Yet Everyone is not Equally Responsible.

The Principle Practically Balances the Difference of Economic Development with their Responsibility towards Climate Change Scenario.

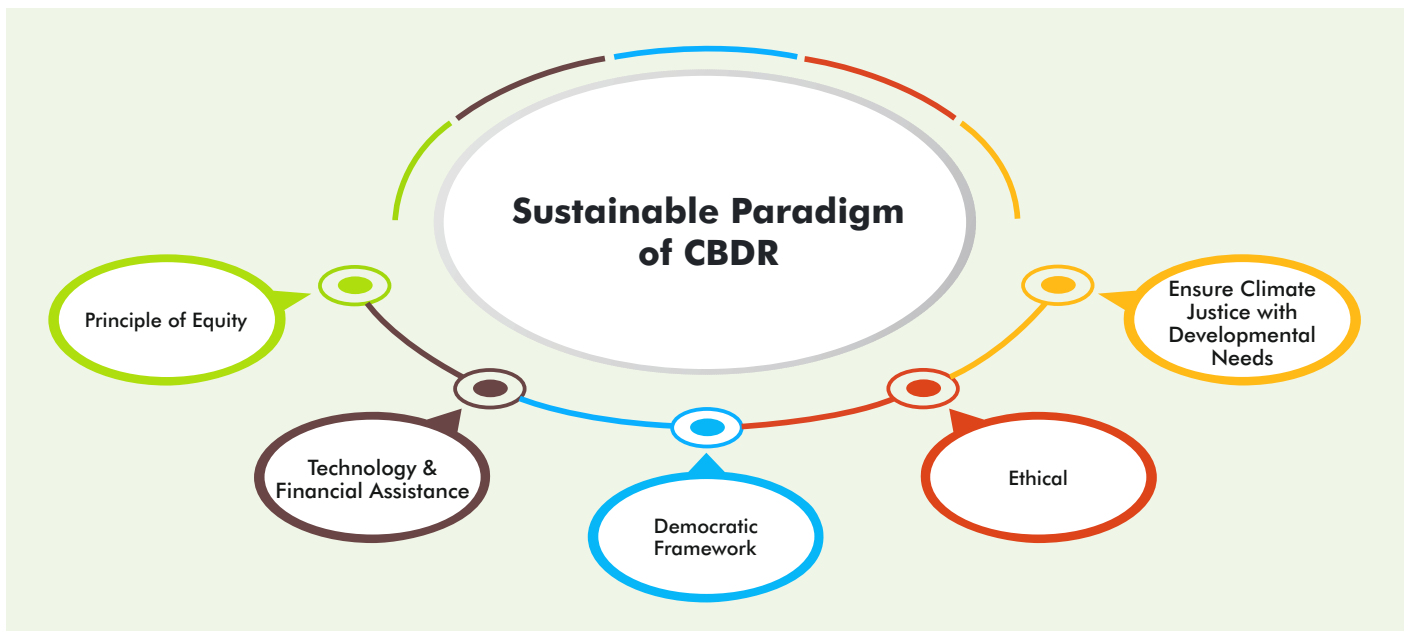
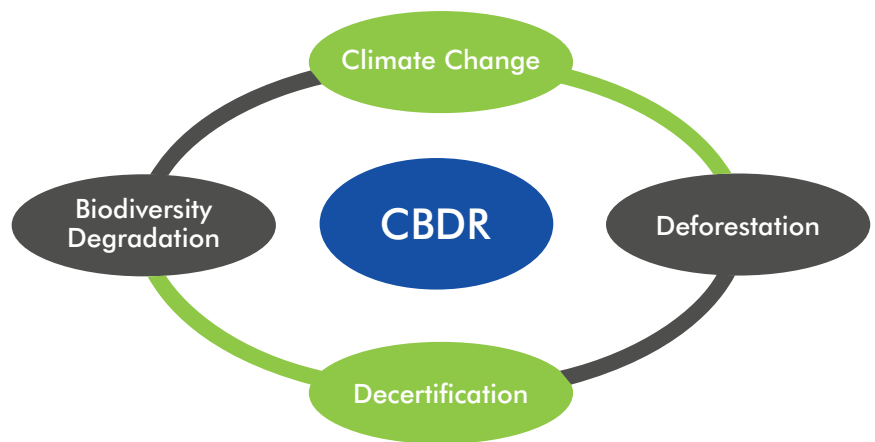
This talks about Fulfilling Differentiated Responsibilities for Environment Protection, as per National Capacity and national Priorities.

Recognizes the Difference of Economic and Technical Challenges of Developing States.

India and other developing countries are taking steps for sustainable development by keeping their carbon emission levels well within the range. But in the quest for economic development, while ensuring effective climate change mitigation strategies, the need for climate finance and low-cost climate technology transfer became important on the part of developed nations. This will make the fight against climate change stronger and more effective as these are presently financed only through public funds, grants and concessions.

The formal inclusion of **CBDR** in international law took place in 1992 at the **United Nations Conference on Environment and Development in Rio** which eased the process of environmental governance across the globe. It has set the path for sustainable development for all as the natural resources on the earth belong to everyone and damage to any of the parts will result in the degradation of the overall ecological balance.

Key Themes under CBDR



But still, more need to do, to make a consensus on international climate regime and governance while prioritizing the responsibilities of developed nations towards climate change mitigation. It will bring the spirit of CBDR into action in letter and spirit and ease the burden on developing nations while achieving collective viable solutions to tackle climate change with sustainable economic growth in real terms.



CARBON MARKET

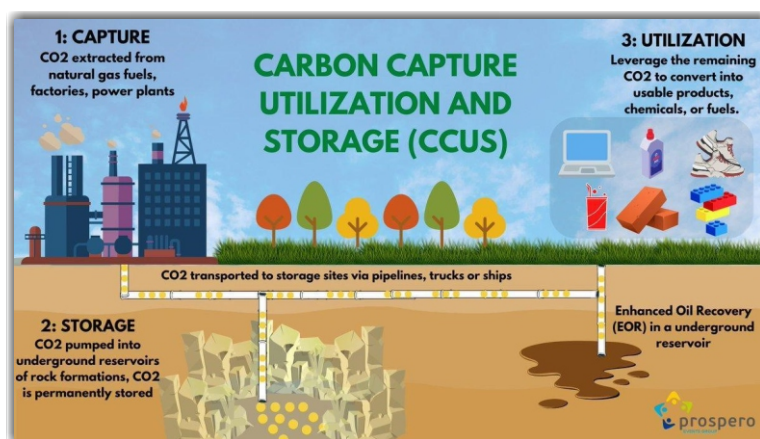
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Need to Address Technology Gap in 'Carbon Capture, Utilization, and Storage' for Clean Energy Transition

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India is moving towards a clean energy transition to achieve its Net Zero Emission target by 2070. In this quest, addressing the technological gap at every level including policy formulation, Research & Development, scientists, academia, and industry are paramount. Through this, finding new avenues to move ahead with low carbon emission-based economic and industrial development to benefit people and planet earth alike is the priority.

Recently, under India's G20 Presidency, an international seminar on 'Carbon capture Utilization and Storage' (CCUS) has been conducted. Under this, the First Energy Transition Working Group meeting was hosted by NTPC Ltd at Bengaluru where the important measures related to CO₂ emission mitigation and other green initiative has been discussed among international dignitaries and policymakers to take an urgent call for addressing the technological gap in CCUS through international collaborations.



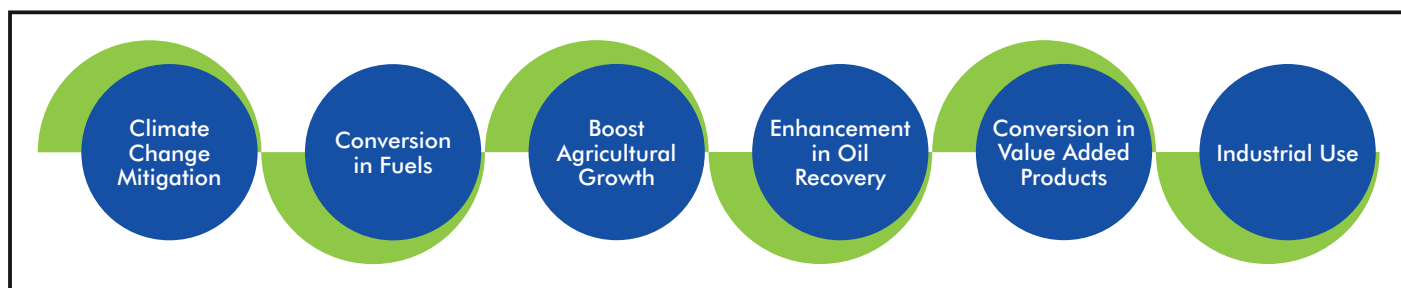
India has already notified the National Designated Authority for the Implementation of the Paris Agreement (NDAIAPA) to mandate the various types of projects that are eligible to be the part of international carbon market under the defined mechanism in Article 6. The global carbon markets have been expanding and to ensure the availability of finance and technology, the collaborative approach needs to be encouraged through carbon trading in the international market in form of carbon credits.

Listed Activities for Carbon Credit Trading in India

GHG Mitigation Activities	Alternative Material	Removal Activities
<ul style="list-style-type: none">Renewable Energy with Storage (Only Storage Component)Solar Thermal PowerOff-Shore WindGreen HydrogenCompressed Bio-gasEmerging Mobility Solutions like Fuel CellsHigh End Technology for Energy EfficiencySustainable Aviation FuelBest Available Technologies for Process Improvement in Hard to Abate SectorsTidal Energy, Ocean Thermal Energy, Ocean Salt Gradient Energy, Ocean Wave Energy, and Ocean Current EnergyHigh Voltage Direct Current Transmission in Conjunction with the Renewable Energy Projects	<ul style="list-style-type: none">Green Ammonia	<ul style="list-style-type: none">Carbon Capture, Utilization and Storage






CCUS considered to be playing a pivotal role in meeting the global net zero emission targets and CO₂ captured through CCUS technology is converted into fuels such as methane, methanol, etc, refrigerants, and various building materials such as concretes. Thus, promotes the circular economy at the core along with one of the few possible solutions to keep a check on heavy industrial emissions and remove carbon from the atmosphere through safer means to meet the goals of the Paris Agreement.

Application Areas of CCUS



India to achieve its NDC targets has adopted a comprehensive policy framework for CCUS that is paving the way forward for clean energy transition while playing a key role in the international carbon market.

Policy Framework for CCUS in India

Element	Details
 Policy path	<ul style="list-style-type: none"> - In the near term, CCUS policy should be carbon credits or incentives based, to seed and promote the CCUS sector in India through tax and cash credits - Over time (probably beyond 2050), the policy should transition to carbon taxes, to enable reaching India's net zero goals by 2070 - The policy should establish early stage financing and funding mechanisms for CCUS projects
 Hub & cluster business model	<ul style="list-style-type: none"> - Regional hub & cluster models need to be established to drive economies of scale - The role of emitters, aggregators, hub operator, disposers and conversion agents needs to be defined - Preferential procurement in Government tenders for low carbon or carbon abated products
 Low carbon products	<ul style="list-style-type: none"> - Incentives to foster innovation for low carbon products through schemes like PLI - Distribution of benefits of economic value added created, to communities most affected by environmental and climate change
 Environmental and social justice	<ul style="list-style-type: none"> - Protection of communities and jobs, especially in sectors affected by clean energy regulations - Regulated emission levels and allowances for different sectors
 Accounting and regulatory framework	<ul style="list-style-type: none"> - Adoption of Life Cycle Analysis (LCA) framework to take into account Scope 2 and Scope 3 emissions and drive effective carbon abatement - Limiting the CO₂ liability and ownership of participants across the CCUS value chain
 Risk mitigation	<ul style="list-style-type: none"> - Monitoring, Verification and Accounting (MVA) framework and monitoring for risk management

Source: <https://www.niti.gov.in/sites/default/files/2022-11/CCUS-Report.pdf>

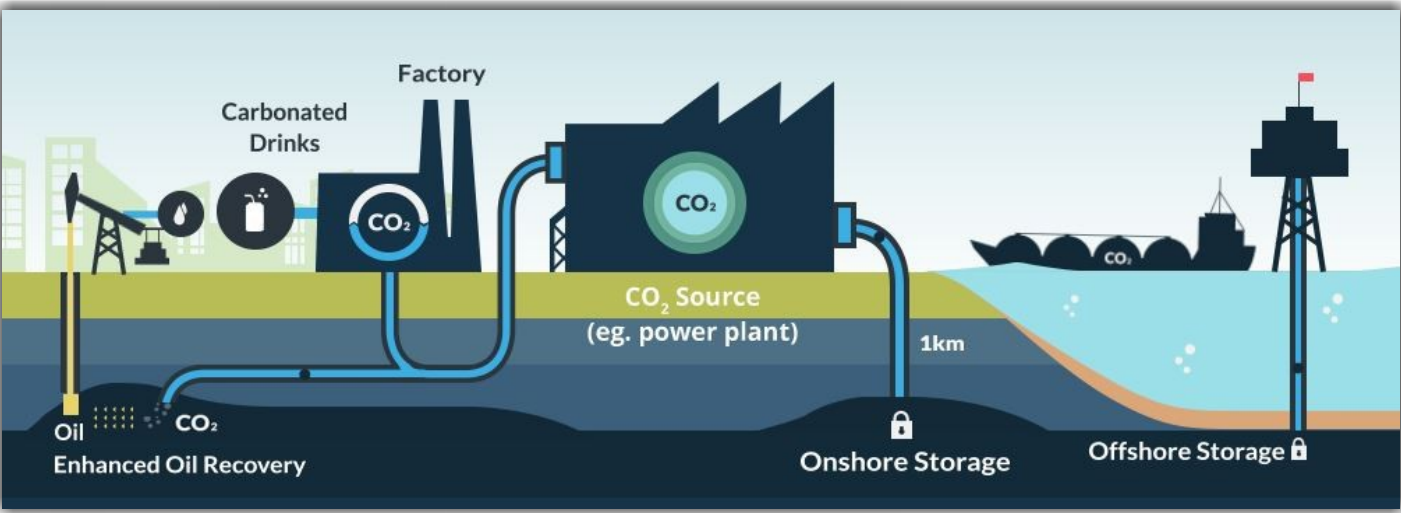
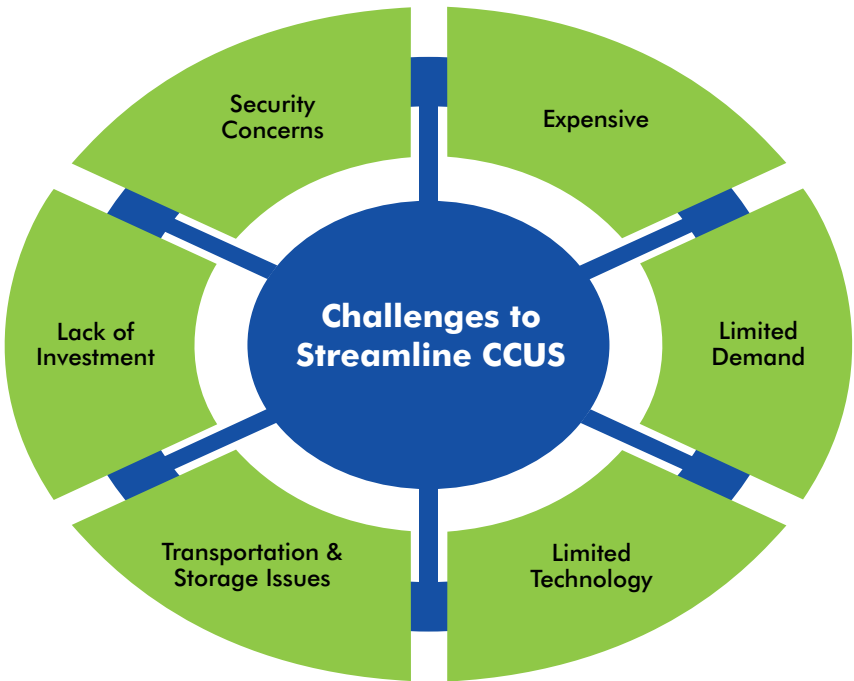
India's per capita CO2 emissions were less than 2 tonnes per annum which are 40% less than the global average. Thus, India has enormous potential to tap from the carbon market during its clean energy transition phase.

Significance of CCUS



The carbon emission mitigation strategies are significantly able to reduce the detrimental impact of climate change but still, various challenges have been faced by the emission reduction strategies of the CCUS that needs to be addressed on priority.

The CCUS can reduce India's dependency on fossil-based energy resources and support the clean energy transition to ensure India's green growth. The incentive-based carbon credit CCUS policy will bring new life to the various sunrise sectors and find a sustainable development path for green and clean India.



GREEN GROWTH

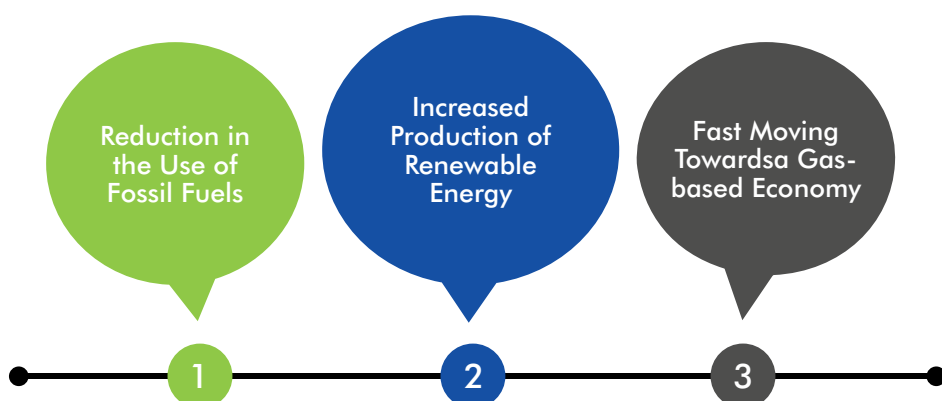


Acceleration to Green Growth Paramount in India's Amrit Kaal



India's **first Amrit Kaal Budget** has identified 'Green Growth' as one of the **seven pillars for India's inclusive development**. Green Growth ensures economic progress while keeping a close watch on natural assets that must serve social well-being while moving on the path of green development.

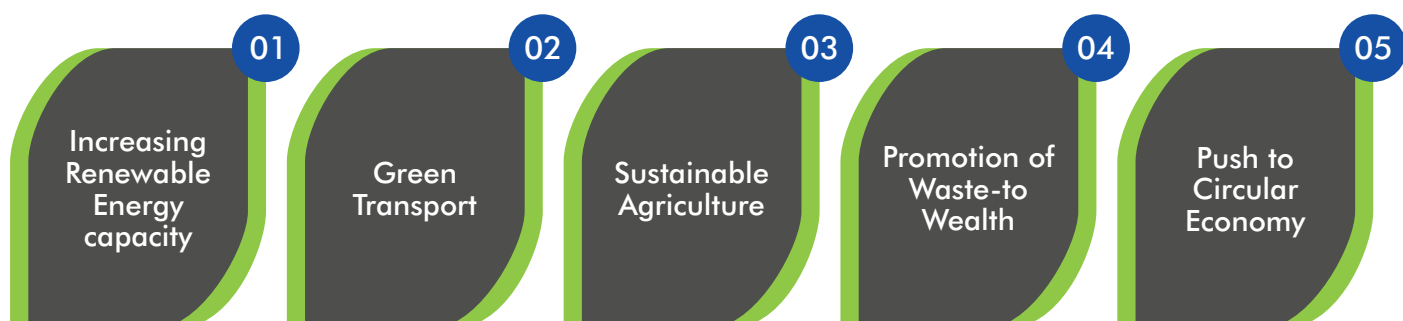
Three Pillars for Green Growth



Green growth refers to a sustainable and inclusive economic growth model that minimizes environmental degradation, promotes low-carbon development, and enhances natural capital. India has been making significant progress towards green growth, recognizing the need for sustainable development to address the country's environmental and social challenges.

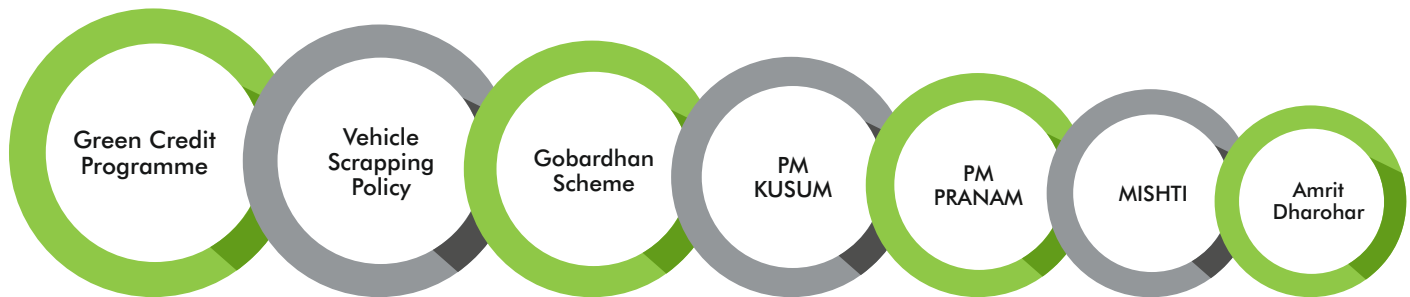
The country is making a speedy transition towards renewable energy capacity addition in the last few years and achieved some of the targets well before time to make a strong foundation for green growth and attract green investment in the area.

Drivers of Green Growth in India



There is a growing trend of green finance globally, with investors and financial institutions increasingly investing in environmentally sustainable projects and businesses. Overall, India is making significant progress towards green growth, recognizing the need for sustainable development to address the country's socio-economic challenges.

Initiatives Under Union Budget 2023-24 for Green Growth



The continued efforts along with higher investment can make India a global leader in the domain with a clear focus on renewable energy, energy efficiency, sustainable agriculture, and waste management. These initiatives are also essential for achieving inclusive growth while ensuring environmental sustainability and resource efficiency.

Multiple Aspects of Green Growth

Enhance Productivity through Greater Efficiency in the Use of Natural Resources, Waste Reduction, and Energy Consumption

Open New Avenues of Innovation, Value Creation, and Resource Allocation

Stimulating Customer Demand for Green Goods, Services, and Technology

Boost Investor Confidence

Reduce the Irreversible Environmental Impact and Resource Bottlenecks

The latest budget provisions along with the implementation of the National Hydrogen Mission and initiatives such as "LiFE" are making the overall growth environment conducive to green growth in India. This will all together encourage the optimal use of resources to enhance biodiversity and carbon stock while promoting eco-sustainable businesses as well as employment opportunities in the country.

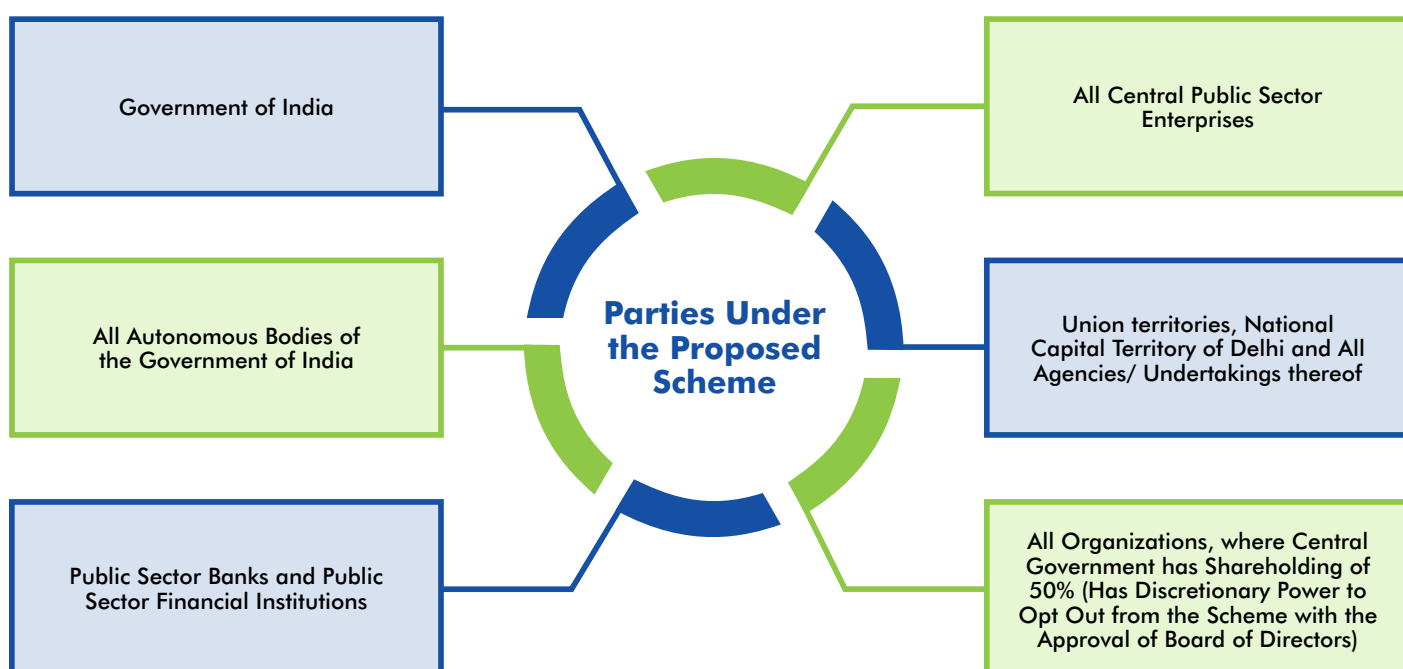


EASE OF DOING BUSINESS

Scheme for 'Quick Settlement of Contractual Disputes' to Promote Ease of Doing Business in India

To further enhance the ease of doing business in India, the Ministry of Finance under Union Budget 2023-24 has come up with a draft scheme for 'Quick Settlement of Contractual Disputes' named "VivadSe Vishwas II (Contractual Disputes)", where the Government of India or any of its agencies are one of the parties as a litigant.

The scheme will standardize the terms for voluntary graded settlement based on the pendency level of disputes. This will ease the backlog of long-awaited disputes or litigations and give a boost to fresh investments in government projects.



The scheme will be implemented in **online mode through Government e-Marketplace (GeM) portal** with a broad array of functionality. The draft scheme also **includes a draft settlement agreement to finalize the contractual dispute settlement in a quick mode.**

Salient Features of the Proposed Scheme

01

Only Disputes where the Claim for Proceedings were Submitted by the Contractor on or before 30.09.2022 and Arbitral Tribunal/ Committee for Conciliation etc. for the Specific Case has been already Notified by the Procuring Entity shall be Eligible for Settlement through this Scheme.

02

Disputes, where Claims are Raised against Procuring Entities along with Some Other Party (State Government or private party), shall not be Eligible under the Scheme.

03

Disputes having only Financial Claims against the Procuring Entities will be settled under the Scheme.

04

Applicable to all Contractors/ Suppliers who wish to Participate. In case Central Public Sector Enterprises (CPSEs) etc are the Contractors/ Suppliers in a Particular Contract, they are also Eligible to Submit their Claims under the Scheme

05

Proposes a Graded Settlement Terms Depending on Pendency Level of the Dispute.

06

Proposed to Cover only for Cases Involving Domestic Arbitration and Cases under International Arbitration are not Eligible to be Settled under this Scheme.

The scheme will provide **relief to the parties involved in the lengthy and expensive legal battles with the government while giving immunity to them from any further litigation related to the respective dispute.** Due to its attractive features, the scheme is welcomed by the stakeholders and is thus expected to be a great step towards improving the ease of doing business in India on the global landscape.



NORTHEAST CORNER



Budget Allocation to Ministry of Development of North East Region (MDoNER) for 2023-24



The culturally diverse yet beautiful North-Eastern region of India has its specific needs for development which were due for a long time. **Here holistic development has various aspects of growth such as infrastructure development to improve connectivity, skill promotion, sustainable tourism, and agriculture** to name a few after the settlement of peace in the region.

The Government of India has brought its focus to this strategically important region of the country **with an aggregate expenditure of Rs 3,37,000 crore between 2014 to 2022 to ensure inclusive development**. The Union Budget 2023-24 has once again strengthened this vision to prioritize the development of the North-eastern region to boost the overall growth of the country through various socio-economic measures where **aggregate expenditure under the 10% GBS Share is going to significantly reach the level of Rs 5,00,000 crore in the current decade i.e., between 2014 to 2024**.

Major Announcements Under Union Budget 2023-24 for North-eastern Region

The Total Budget Estimate Allocation in 2023-24 is Rs 5892 crore which is nearly 114% higher than the Revised Estimate Allocation of 2022-23.

Around 70% of total Budgetary Outlay is Provided for Capital Expenditure.

The Allocation for Tribal Sub Plan out of the Budget Estimates Outlay for 2023-24 has been made to Rs 1690 crore which is nearly 101% higher from previous financial year Revised Estimate.

The Allocation for Scheduled Caste Sub Plan has been increased to Rs 488 crore i.e. nearly 48% higher than previous year Revised Estimates.

The Budget Estimate under the North East Special Infrastructure Development (NESID) Scheme is made to Rs 2491 crore which is 67% higher than the previous Financial year Revised Estimate.

Total Budget Allocation of Rs 2200 crore to the Infrastructure, Social development and Livelihoods Targeted Prime Ministers Development Initiative for North East (PMDevINE), more than 4 times of Previous Budget Allocation.

The Budget Allocation for the Holistic Development, Social Infrastructure, and Social Development Targeted Schemes of North Eastern Council is made to 800 crore, nearly 20% higher than Previous Year Budget Allocation.

Rise of around 31% GBS Share Allocation under the Expenditure Profile of Union Budget 2023-24 statement 11 under the 10% GBS Share for the NER from the 55 Non-Exempt Government Ministries/ Departments.

These enhanced outlays will increase the overall connectivity of the region from the rest of the country with road, rail and air connectivity, power, and Telecom. It will also generate new livelihood means for the regional population, especially for the youth and women. The increased outlay for SC and ST communities will bring special focus to the upliftment of these communities in the region and accelerate socio-economic development with unprecedented speed.

Resources

1. <https://pib.gov.in/PressReleaseframePage.aspx?PRID=1895858>
2. <https://unfccc.int/resource/docs/convkp/conveng.pdf>
3. <https://climataalk.org/2021/07/12/what-is-the-cbdr-rc-principle/>
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✉ info@aggrp.in

★ Chennai

🌐 www.aggrp.in

★ Delhi

📞 +91 9810046249

★ Gurugram

📞 0124 4235267, 011 45356553

★ Guwahati

★ Hyderabad

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