

# THE SOCIAL AUDITOR



YOUR INSIGHT JOURNAL



September 2023

**ICMAI Social Auditors Organisation**

(A Section 8 Company promoted by The Institute of Cost Accountants of India)

## **Social Stock Exchange**

SEBI vide its notification dated 25th July, 2022 has made amendments in the SEBI (ICDR) Regulations, 2018, and SEBI (LODR) Regulations, 2015. Copies of these amendments are being circulated with this communique. These amendments have been made to provide Social Enterprises with additional avenues to raise funds through the Social Stock Exchange (SSE), which is a novel concept in India. It provides eligibility of organizations to raise funds through Social Stock Exchange, eligibility of entities to be classified as “Not for Profit Organization”, eligibility of entities to be classified as “For Profit” Social Enterprises, means through which Social Enterprises can raise funds, and obligations of Social Enterprises.

Furthermore, to strengthen the governance framework in these entities, & provide better confidence to such investors, SEBI has introduced the concept of Annual Impact Report by a Social Auditor. The purpose of this Social Audit is to ascertain the impact made by the Social Enterprise through its activities, intervention, programs or projects implemented during the reporting period. The annual impact report shall be audited by a Social Auditor.

## **ICMAI Social Auditors Organisation (ICMAI SAO)**

To enroll & regulate the Social Auditors and also to prescribe the Social Audit Standards, the Institute of Cost Accountants of India, in compliance with SEBI Regulations, has incorporated a section 8 company titled ICMAI Social Auditors Organization. The ICMAI SAO will enroll eligible CMAs & others as Social Auditors and focus on their capacity building through continuous professional advancement with emphasis on adherence to the highest ethical standards and compliance with the Social Stock Exchange requirements.



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# FROM THE CHAIRMAN'S DESK

**CMA Ashwinkumar G. Dalwadi**  
**Chairman**  
ICMAI Social Auditors Organisation

*Creating a strong business and building a better world are not conflicting goals- they are both essential ingredients for long-term success*

Monitoring and Evaluation (M&E) of corporate social responsibility (CSR) initiatives is critical to understanding what works and does not achieve desired outcomes. Given the large and growing body of research on CSR, there is an increasing need for rigorous, high-quality M&E to ensure that CSR initiatives achieve their objectives and make a positive impact.

While M&E is critical for assessing the impact of CSR initiatives, it can be challenging to implement effectively. Therefore, it is essential to adopt best practices to ensure that M&E is conducted rigorously and reliably. One best practice for improving the M&E of CSR initiatives is to involve stakeholders in the process. Engaging with stakeholders, including employees, customers, suppliers, and local communities, can provide valuable insights into the impact of CSR initiatives on different groups. Involving stakeholders in the M & E process can also build trust and foster collaboration between the company and its stakeholders.

Way to improve the M&E of CSR initiatives is to set clear and measurable objectives. Objectives should be specific, achievable, and aligned with the company's CSR strategy. By setting clear objectives, companies can better track their progress and assess the effectiveness of their initiatives. Collecting relevant and reliable data is also critical for the M&E of CSR initiatives. Companies should establish robust data collection processes and use appropriate metrics to measure the impact of their initiatives.

# FROM THE CEO'S DESK

**CMA (Dr.) S K Gupta**  
**Chief Executive Officer**  
**ICMAI Social Auditors Organisation**

India is one of the most unequal countries in the world and houses the highest number of people living in poverty. There is an urgent need to substantially increase public spending on the social sectors to prioritise the needs of the socio-economically marginalised groups, to enhance access to good quality education and health services.

In a first of its kind offering, National Bank for Agriculture and Rural Development today raised Rs. 1,041 crore through social sector bonds maturing in 5 years, at a coupon of 7.63 per cent, a company official told Outlook Business. The issue had a base size of Rs 1,000 crore and a greenshoe option of Rs 2,000. The bonds, rated AAA by CRISIL Ratings and ICRA. NABARD sees the issue as a step towards evolution. The intention is to deepen the corporate bond market with these issues, and for that the company has some green bond issues on the card in the future. This is the first by an AAA-rated entity. It will be followed by sustainability and green bonds. According to the company official, the proceeds of this issuance will be used to fund water projects in the state of Telangana.

It was this year only when the Government of India offered its maiden green bond issue on January 25. The Indian government raised Rs 8,000 crore from bonds maturing in 10 years and 5 years, and another Rs 8,000 crore on February 9 through bonds with similar maturities. India as of now has reportedly put on hold its plan to raise up to Rs 16,000 crore through sale of green bonds in the second half of 2023-24. The major reason behind this comes as higher returns sought by investors, who claim to lack incentive for subscribing to these thematic instruments.



## PROFESSIONAL DEVELOPMENT PROGRAMS



**ICMAI Social Auditors Organisation**

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## PROFESSIONAL DEVELOPMENT PROGRAMS

### SEPTEMBER 2023

| <b>Date</b>              | <b>Name of Program</b>   |
|--------------------------|--|
| 09th-10th September 2023 | 11th Online Batch Preparatory Course for Social Auditors Examination |

### UPCOMING PROGRAM

| <b>Date</b>             | <b>Name of Program</b>   |
|-------------------------|--|
| 07th-08th October 2023  | 12th Online Batch Preparatory Course for Social Auditors Examination |
| 12th-13th October 2023  | Certificate Course - ESG (Perspective, Process, Practice)            |
| 04th-05th November 2023 | 13th Online Batch Preparatory Course for Social Auditors Examination |

# Articles



# Green Economy - An economy with purpose

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**Dr. S K Gupta**

*Chief Executive Officer*

*ICMAI Social Auditors Organisation*

## **The Perspective**

The current deterioration of the world's environmental issues has put human civilization in danger and accelerated the hunt for new strategies for advancing global economic growth. Present patterns of production and consumption degrade and deplete many of the world's environmental resources. There is thus a need for new approaches that can promote inclusive and environmentally sustainable economic development. Nature is a man's best friend, that's what they call it. But humans failed to replicate the friendly bond. With massive deforestation for modernizing societies, humans failed to reconcile with nature and that's when the concept of Green economy came into play. A Green Economy is a resilient economy, able to withstand and reduce the impact of various shocks and stresses that may arise. By reducing or eliminating economic activities that damage human and environmental health, a green economy provides a better quality of life for inhabitants and supports trade and economic activity.

## **Green**

"Green" refers to a world in which natural resources, including oceans, land, and forests, are sustainably managed and conserved to improve livelihoods and ensure food security. It's a world in which healthy ecosystems increase all the economic returns from the activities they support. Growth strategies are focused on overall wealth rather than GDP as it is currently measured. Governments pursue regulations that encourage innovation, efficiency, sustainable budgeting, and green growth. Biodiversity is protected as an economically critical resource. In this world, good policies enable the private sector to use natural resources sustainably as part of good business, creating jobs and contributing to long-term growth.

## **What is Green Economy?**

While the green economy was the organizing theme of the United Nations Rio+20 Conference, it is a term that generated many interpretations over the past decade. The concept of a green economy has gained currency in recent years as a paradigm for promoting economic growth and increased well-being while protecting the environment and contributing to poverty alleviation. There is no common definition of green economy, but the term clearly emphasizes the economic dimension of sustainability. UNEP has defined the green economy as "one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. A green economy is defined as low-carbon, resource-efficient, and socially inclusive. In a green economy, growth in employment and income is driven by public and private investment into such economic activities, infrastructure, and assets that allow reduced carbon emissions and pollution, enhanced energy and resource efficiency, and prevention of the loss of biodiversity and ecosystem services. These green investments need to be enabled and supported through targeted public expenditure, policy reforms, and changes in taxation and regulation.

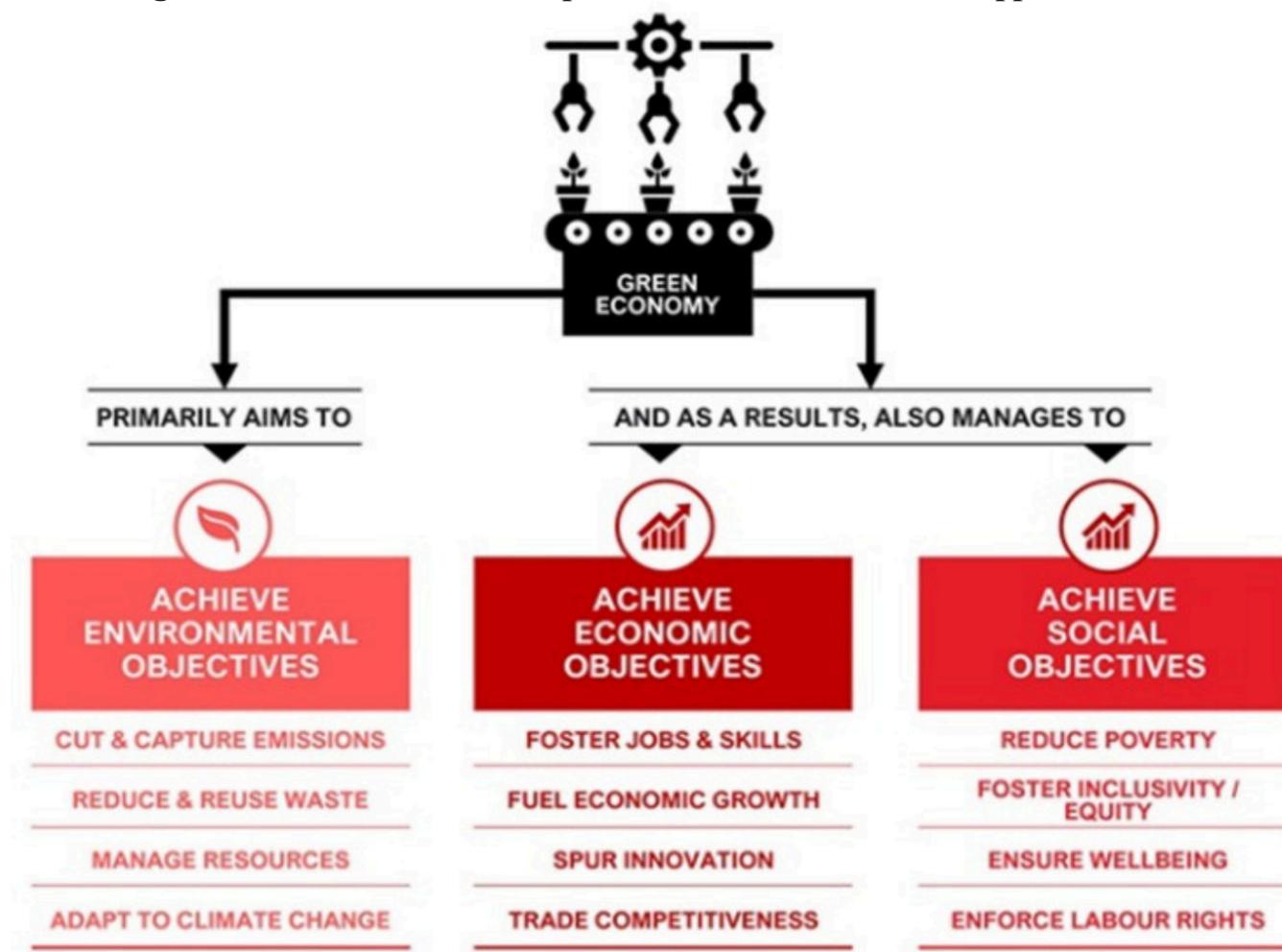


A green economy is a broad-ranging policy agenda and a tool to support the achievement of sustainable development, with an emphasis on aligning economic goals with social and environmental ones. The green economy agenda recognizes the potential of new sustainable technologies and green sectors to become the engine of a new development pathway. Green economics is a methodology of economics that supports the harmonious interaction between humans and nature and attempts to meet the needs

of both simultaneously. The Green Economy is an alternative vision for growth and development; one that can generate economic development and improvements in people’s lives in ways consistent with advancing also environmental and social well-being.

A green economy is strongly interlinked with SDG 13, Climate Action, but, moreover, it aims attention at life quality with people at the centre. One significant component of a green economy strategy is to promote the development and adoption of sustainable technologies. The Three Primary Focuses of the Current Green economy:

- Green Economy ideas will be demonstrated, emphasizing investments, technology, and financial access.
- Assistance with developing and implementing macroeconomic policies to help nations transition to a green economy.
- Employ regional, sub-regional, and national for a to promote the macroeconomic approach to sustainable economic growth



### Principles of Green Economy

Our vision of a green economy is one that provides prosperity for all within the ecological limits of the planet. It follows five key principles, each of which draws on important precedents in international policy, and which together can guide economic reform in diverse contexts.

- **The Wellbeing Principle** : A green economy enables **all people to create and enjoy prosperity**. The green economy is people-centered. Its purpose is to create genuine, shared prosperity. It focuses on growing wealth that will support well-being. This wealth is not merely financial but includes the full range of human, social, physical, and natural capital. **The Justice Principle**
- **:** The green economy promotes **equity within and between generations**. The green economy is inclusive and non-discriminatory. It shares decision-making, benefits, and costs fairly; avoids elite capture; and especially supports women’s empowerment. It promotes the equitable distribution of opportunity and outcome, reducing disparities between people, while also giving sufficient space for wildlife and wilderness. **The Planetary Boundaries Principle** : The green economy **safeguards, restores, and invests in nature**. An inclusive green economy recognizes and nurtures nature’s diverse values – functional values of providing goods and services that underpin the economy, nature’s cultural values that underpin societies, and nature’s ecological values that underpin all of life itself. **The Efficiency and Sufficiency Principle** : The green economy is geared to
- **support sustainable consumption and production**. An inclusive green economy is low-carbon, resource-conserving, diverse and circular. It embraces new models of economic development that address the challenge of creating prosperity within planetary boundaries.

- **The Good Governance Principle** : The green economy is guided by **integrated, accountable, and resilient institutions**. An inclusive green economy is evidence-based – its norms and institutions are interdisciplinary, deploying both sound science and economics along with local knowledge for adaptive strategy.

### Green growth

Green growth is a matter of both economic policy and sustainable development policy. It tackles two key imperatives together: the continued inclusive economic growth needed by developing countries to reduce poverty and improve wellbeing; and improved environmental management needed to tackle resource scarcities and climate change. Green growth policies are an integral part of the structural reforms needed to foster strong, more sustainable and inclusive growth. They can unlock new growth engines by:

- Enhancing productivity by creating incentives for greater efficiency in the use of natural resources, reducing waste and energy consumption, unlocking opportunities for innovation and value creation, and allocating resources to the highest value use. Boosting investor confidence through greater predictability in how governments deal with major environmental issues. Opening up new markets by stimulating demand for green goods, services and technologies.
- Contributing to fiscal consolidation by mobilising revenues through green taxes and through the elimination of environmentally harmful subsidies. These measures can also help to generate or free up resources for anti-poverty programmes in such areas as water supply and sanitation, or other pro-poor investments. Reducing risks of negative shocks to growth due to resource bottlenecks, as well as damaging and potentially irreversible environmental impacts.
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### Green Growth Policy Instrument and Green Innovation

As many developing and emerging economies are still in the process of establishing their infrastructure and developing manufacturing systems, there is an imperative to innovate towards greener solutions from the outset, both technological and institutional. Frugal, low-cost innovation makes products accessible for a larger share of the population in ways that are also often greener than those used for other products. There are also important market opportunities for green innovation: Brazil, China and India have all become important drivers of green innovation in recent years and the technologies from these countries may be more suited to the needs and conditions of developing countries than those from advanced economies. Indeed, innovation and profit, together, may have more potential to drive green growth in the business sector than the more limited notions of corporate social responsibility (CSR). Policies to foster green innovation in developing countries need to be adjusted to national circumstances. Key elements of policies for green innovation include:

- Providing predictable policy signals to ensure that potential innovators and adopters of climate friendly technologies are not dissuaded from undertaking the necessary investments;
- Focusing the national public R&D effort more on fostering green innovation, notably on local needs such as water scarcity, soil loss, etc, all of which are also important for sustaining future economic growth;
- Strengthening local capabilities to absorb technology from abroad and adapting it to local needs. This is yet another area where green and growth are aligned;
- Using the opportunities offered by public procurement, standards and regulatory policies to strengthen and improve the markets for green products, fostering innovation in the process.

The transition to green economy will require new indicators that go beyond income poverty and GDP to a broader way of tracking economic, social and environment progress and wellbeing. Bhutan's "Gross National Happiness" index is receiving renewed attention as one way of measuring well-being.

### Conclusions

The green economy is an important concept at multiple levels of governance. Going green is no more a choice, it has become a necessity for the modern era. Green Economy unifies different concepts under a single umbrella. A green economy is good for

communities, businesses, and the planet. The idea that growth, development, and well-being can be achieved through sustainable practices is what undermines the concept of green growth. The green economy is a universal and transformative change to the global status quo. It will require a fundamental shift in government priorities. Fundamentally the green growth economy must be built on a vision of stability and inclusivity – these are the rational foundations and can be achieved through incentives, regulation and good governance. India ranks 68th out of 80 countries on the Global Green Economy Index despite having made significant international commitments to the Paris Climate Agreement and the 2030 Global Development Agenda (GGEI). A green economy can lead to sustainable growth. It can also aid in the abolition of poverty. However, each country experiences the transition to a green economy at a different pace. Resources, knowledge, and information are crucial for the shift to a greener economy.

There is neither a single model nor a single path to the green economy, reflecting the diversity of the world we live in as well as the distinctive national circumstances and development priorities of each nation. However, in order to transition to a green economy, which places the economy at the centre of generating sustainable development, all nations will need to make significant structural and technological changes across the economy, or at least "green" key sectors like energy, urban infrastructure, transportation, industry, and agriculture. It will also include "greening" investments both domestically and internationally, creating "green" jobs through the development of new "green" industries, and supporting and facilitating "green" international trade through domestic and global policies. Realizing this change is not easy, but it is necessary if we are ever to achieve Sustainable Development Goals. However, each country experiences the transition to a green economy at a different pace. Resources, knowledge, and information are crucial for the shift to a greener economy.

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# Climate Compliance for Climate Hope: A Paradigm for Sustainable Business and a Sustainable Planet

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## **Introduction**

As the world grapples with escalating climate crises and environmental degradation, financial professionals face a unique and pressing challenge: How can they reconcile the pursuit of profitability with their ethical responsibility to address climate change? The answer lies in the concept of "climate compliance" - a paradigm that encourages businesses to align their operations with sustainability goals, fostering a sustainable planet while reaping financial rewards. This article explores the concept of climate compliance, emphasizing the importance of science-based methods, and presents a compelling case study to inspire financial professionals to take action.

## **The Imperative of Climate Compliance**

The intensifying climate crisis, driven by human activities, poses a profound threat to the planet's ecosystems, economies, and social well-being. As a result, global stakeholders are increasingly pushing for more responsible and sustainable business practices. The financial sector, as a key player in shaping the global economy, cannot be exempt from this imperative. The concept of climate compliance serves as the bridge between the financial world and sustainability by advocating for a set of principles and actions that align businesses with climate goals.

## **Embracing Science-Based Methodology**

A crucial aspect of climate compliance is the reliance on science-based methods to inform decision-making. This approach ensures that actions are based on rigorous data and analysis, as opposed to mere conjecture or greenwashing. By citing research from peer-reviewed journals, such as the studies conducted by the Intergovernmental Panel on Climate Change (IPCC) and other reputable institutions, financial professionals can make informed choices that not only mitigate risks but also capitalize on sustainable opportunities [1].

## **Carbon Footprint Reduction: A Cornerstone of Climate Compliance**

Reducing carbon emissions is a fundamental pillar of climate compliance. Businesses must measure, report, and reduce their carbon footprint. Research published in the Journal of Environmental Economics and Management [2] highlights the correlation between carbon disclosure and corporate performance, emphasizing the economic benefits of carbon reduction efforts.

## **Sustainable Investment: A Path to Profit and Planet**

Investing in sustainable projects, industries, and assets is not just a moral choice but a smart financial move. Sustainable investments have been shown to outperform conventional ones, as evidenced by numerous studies in the Journal of Sustainable Finance & Investment [3]. Furthermore, investment decisions should be guided by the principle of ESG (Environmental, Social, and Governance) criteria, which helps identify businesses that are committed to sustainability [4].

## **Supply Chain Sustainability: Beyond Organizational Boundaries**

Sustainability extends beyond an organization's boundaries. Financial professionals should scrutinize supply chains for environmental and social compliance. Research in the International Journal of Production Economics [5] underscores the importance of resilient and sustainable supply chains.

## **Stakeholder Engagement: A Catalyst for Climate Action**

Engaging with stakeholders, from customers to employees, is integral to climate compliance. Research published in the Journal of Business Ethics [6] shows that businesses with strong engagement frameworks tend to be more resilient and adaptable to environmental and societal challenges.

## Case Study: Unilever's Path to Climate Compliance

Unilever, a consumer goods giant, is a prime example of a company that has embraced climate compliance. The company's Sustainable Living Plan, unveiled in 2010, commits to reducing the environmental footprint of its products. Unilever's plan includes specific targets, such as reducing the carbon footprint of its products by 50% and sourcing 100% of agricultural raw materials sustainably. These targets are not only ambitious but also backed by science-based methodologies.

## Unilever's Strategic Approach to Climate Compliance

To achieve these goals, Unilever has implemented a multi-pronged strategy that encompasses supply chain sustainability, product innovation, and stakeholder engagement.

### Supply Chain Sustainability:

Unilever has made significant investments in transforming its supply chain to reduce its environmental impact. This includes initiatives such as:

- Collaborating with suppliers to adopt sustainable practices
- Prioritizing the use of renewable energy sources in manufacturing
- Reducing packaging waste through innovative design and recycling programs

### Product Innovation:

Unilever has focused on developing products that are not only environmentally friendly but also meet consumer needs and expectations. This includes:

- Formulating products with reduced environmental impact, such as biodegradable detergents and plant-based alternatives
- Designing energy-efficient appliances and water-saving technologies
- Investing in research and development to continuously improve the sustainability of its products

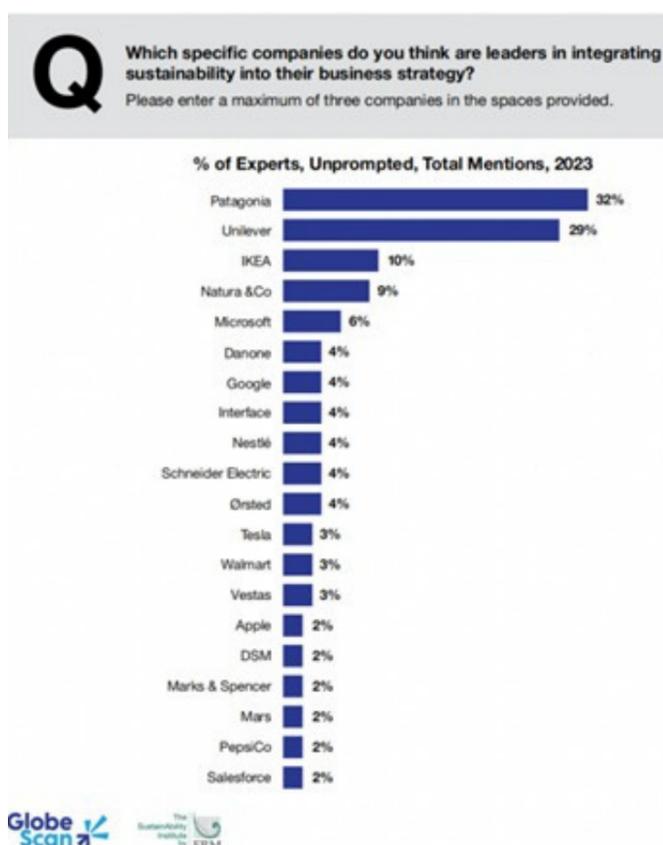
### Stakeholder Engagement:

Unilever has actively engaged with its stakeholders, including customers, employees, and communities, to foster a culture of sustainability. This includes:

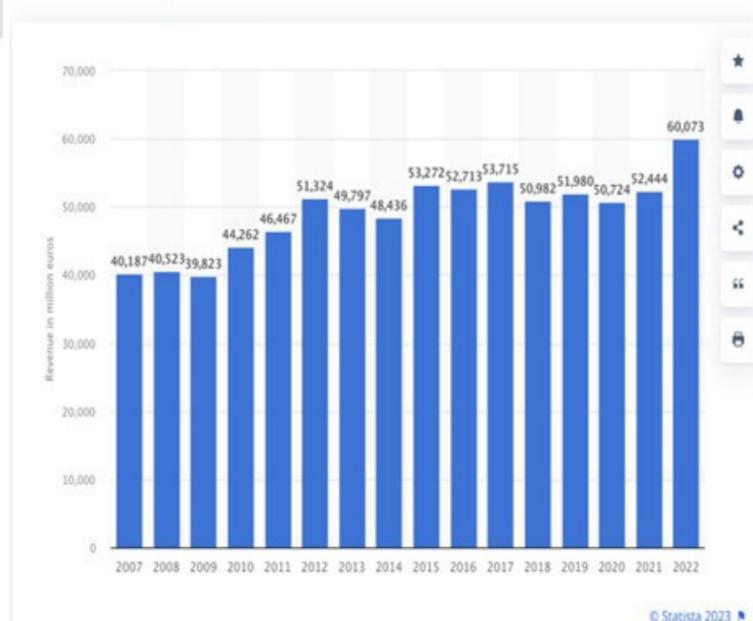
- Educating consumers about sustainable choices and encouraging responsible consumption
- Empowering employees to contribute to sustainability initiatives and promoting a sustainability-driven work culture
- Collaborating with local communities to address environmental challenges and promote sustainable development

## The Impact of Unilever's Climate Compliance Efforts

Unilever's commitment to climate compliance has yielded tangible results, both environmentally and financially. The company has significantly reduced its carbon footprint, water usage, and waste generation, demonstrating its commitment to environmental stewardship. According to the Globe Scan - Sustainability Leaders, released in June 2023[7], Unilever continues to be recognized as a top sustainability leader, consistently ranking among the top five companies for its commit-



Revenue of Unilever Group worldwide from 2007 to 2022 (in million euros)



( Unilever Sustainability Leadership and Financial Performance)

ment to sustainable practices and its leadership in addressing environmental and social challenges.

Moreover, Unilever's sustainability initiatives have enhanced its brand reputation, attracted talent, and fostered innovation. As a result, Unilever's stock price has steadily increased over the years, and the company has consistently outperformed its industry peers. Unilever's experience showcases that climate compliance can indeed be a catalyst for financial success.

### **Conclusion: Climate Compliance as a Path to Prosperity**

Climate compliance is not just a distant goal; it is a necessary paradigm for businesses that seek to thrive in a rapidly changing world. Financial professionals must adopt a science-based approach to align their organizations with sustainability goals. By reducing carbon footprints, making sustainable investments, scrutinizing supply chains, engaging with stakeholders, and drawing inspiration from cases like Unilever, businesses can navigate the path toward climate compliance while securing a more sustainable future.

The transition to a climate-compliant business model is not without its challenges, but the rewards far outweigh the risks. Climate compliance represents a strategic advantage, enhancing brand reputation, attracting talent, and fostering innovation. It is a journey that requires commitment, collaboration, and a willingness to embrace change.

Financial professionals have a crucial role to play in this transformation. By integrating climate compliance into their decision-making frameworks, they can steer businesses towards a more sustainable and prosperous future. As the world grapples with the climate crisis, climate compliance emerges not as a burden but as an opportunity – an opportunity to redefine the role of business in society and create a future where profitability and sustainability go hand in hand.

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# The Emerging Contours of Sustainable Financing in India

**Ms. Huma Saif Qazi**

*Manager heading Sustainable Finance and Capital Markets vertical of CDP India*

Climate change; biodiversity loss; soil, water, and air pollution are amongst the environmental damages that are threatening human well-being and sustainable livelihoods up-close. Having said that these degradation elements pose significant risks to economic activity and threaten macro-financial stability. This financial system is the backbone of any economy because the efficiency with which the financial system works from lending to investing, plays a very important role in the economic development of any nation. Financial supervisors and market participants across globe have now come to realize the financial risks that climate change and other environmental challenges pose and the dire need to mitigate these risks.

To enhance transparency and facilitate the analysis of climate- and environment-related risks, sustainability related financial disclosures have become an imperative for mobilizing sustainable finance. The Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) has been the bedrock for promoting disclosure. The TCFD highlights the importance of transparency in pricing risk, including risk related to climate change, to support informed and efficient decisions on capital allocation. Acknowledging the importance of nature and biodiversity related financial risks, Taskforce on Nature-Related Financial Disclosures have come out with a set of recommendations towards integrating climate and nature related reporting in business operations.

In the face of significant macro-financial risks stemming from climate change and other sustainability risks, monetary and financial authorities have started to develop sustainable finance policies, guidelines and frameworks for mitigating and managing these risks and for scaling up sustainable finance. Financial markets are also starting to integrate sustainability risks in investment and lending decisions.

The sentiment in emerging economies is also shaping up whereby they have taken different approaches on macro and micro prudential measures. In India, Reserve Bank of India has joined The Network of Greening the Financial System (NGFS) and actively participating to producing research and tools to manage climate risks.

Last year we also saw the rolling out of consultation document by RBI on climate risk and sustainable finance. As a follow up to that, RBI is also building regulatory guidance on climate scenarios, stress testing, and climate-related financial disclosures by regulated entities. Additionally, it has introduced a framework for green deposits and has advocated the need for a national sustainable finance taxonomy. Securities and Exchange Board of India has come out with BRSR core and has included the value chain partners in sustainability reporting, has expanded the ambit of green bonds to blue and yellow bonds.

It is encouraging to see the growing interest of the Indian financial sector on the assessment leading to the accounting climate risks in balance sheets and in lending decisions. This is the need of the hour, given the ever-evolving space of climate risk assessment globally and in India. However, stronger involvement of the financial institutions will drive a more vibrant agenda for investors to include climate risk as a driver for lending and investments. The lack of consistent methodologies, cost implications translating into reporting burden, and complicated review/verification procedures has contributed to the slow incorporation of undertaking climate risk assessment holistically in the Indian financial sector.

However, major challenges remain. Despite rapid growth, sustainable lending and investment still account only for a small fraction of the total lending. Literature shows that financial markets continue to finance investments that undermine the achievement of the Paris Agreement's objectives and the SDGs. Focusing on short-term returns and ignoring the long-term risks to nature and society could be one reason for this mismatch.

## **Few imperatives for India**

**Enhanced Disclosures by Financial institution (FI) community especially on the financed emissions.** More and more FIs in India should come forward and disclose on their environmental footprint to gauge where they stand in terms of taking climate action and meeting the Paris agreement goals. Good disclosures also mean ease in attracting foreign capital and ease in which they are able to approach international markets. Strong regulations are needed to ensure that financed and portfolio data is readily available at Banks' disposal easing them to undertake climate stress testing. Firms must also report on relevant approaches and policies for disclosure used to meet the transition targets such as the internal carbon price used, and the characteristics of carbon credits or carbon offsets among others.

**Financial Institutions must engage with companies, access their data and thereby align their portfolios with net-zero-** To put the money in the right company which is “green”, the investors need to use the environmental data disclosed by the corporates to make environmentally sound decisions. Disclosures can be used best to understand company's strategy in dealing with climate change, deforestation and water security risks, the risks they face, and the subsequent disclosure's opportunities. The protection of capital is very much important i.e. the companies that FIs are lending to, because at the end of the day banks need to protect the capital and build wealth for their stakeholders. By using the data, financial institutions can take real and rapid action to align their portfolios with a net-zero emissions, nature-positive economy.

**Leveraging on the climate risks-** There is an associated risk imperative as bank's need to internalise risks to avoid any impact on their balance sheets but there's also business imperative that banks should not miss on any opportunity brought out by the transition.

**Sustainable Finance taxonomy is the need of the hour-** The lack of commonly agreed definitions of what constitutes sustainable lending and investment practices contributes to the fragmentation of sustainable finance markets and holds back their development. A standardization of green finance practices also helps to impede greenwashing, i.e., making misleading claims about environmental impact or the performance of financial products. Policymakers and regulators should support sustainable lending and investment by developing a sustainable finance taxonomy of economic activities which is interoperable and comparable across jurisdictions.

**Transition Finance framework-** Businesses and sectors which deal with “not so green fossil fuel industry” often face difficulty in raising finance. For them to access financing to enable their transition to net-zero emissions, an efficient transition finance framework can be established by the authorities and policymakers. The framework can go a long way in assisting them in reducing the potential negative consequences of a disorderly shift, such as transition risks related to the change in environmental policies, limited access to inexpensive and dependable energy, unemployment, and other social implications leading to a just transition in broader terms.

**International cooperation among cross-border monetary and financial authorities through forum such as the NGFS** is also needed. RBI's joining of NGFS is indeed a welcome step which will help it learn from best practises in sustainable finance and banking domain across world.

**Capacity building is very critical and important.** It is important to understand how a bank/FI will measure environmental data and put it into use. Hence, there is a need to boost capacity building in order to increase reporting standards so that disclosures are not just a practice of greenwashing.

**SMEs interaction with sustainability goals-** Getting SMEs on board with respect to climate action journey can be challenging. SME (supply chain) financing is another crucial aspect that is emerging in India. Disclosures should also be promoted for unlisted companies such as MSMEs. A strong policy push to focus is needed on that as well. Nonetheless SEBI's latest BRSR Core framework for listed value chain partners is a welcome step and can be a steppingstone for other value chain companies to follow in near time.

**Private sector involvement-** The crucial role of private climate finance in complementing public climate finance and promoting the creation of financing mechanisms, such as blended finance, de-risking instruments, and green bonds for projects, has also emerged as a significant requirement in India.

# Aim for Zero Waste Through Circular Economy

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**Mr.HargovindSachdev**

**“If it can’t be reduced, reused, repaired, rebuilt, refurbished, refinished, resold, recycled, or composted, then the item should be restricted, designed or removed from production.”**

The Ellen Macarthur Foundation defines the circular economy as a system "which eliminates waste, circulates the resources, and regenerates nature. The production and consumption model involves sharing, leasing, reusing, repairing, refurbishing and recycling existing materials and products as long as possible. In this way, the life cycle of products extends. In practice, it implies reducing waste to a minimum.

A circular economy favours activities that preserve value through energy, labour, and materials. Such activities include designing for durability, reuse, remanufacturing, and recycling to keep the products, components, and materials circulating. It encourages businesses to abandon the prevalent take-make-waste system and embrace the system without producing waste.

The circular economy has three principles: **1. Eliminate waste and pollution, 2. Circulate products and materials (at their highest value), and 3. Regenerate nature.**

It is a resilient system that benefits businesses, people, and the environment. Design the electrical devices in such a way that they are easier to repair. Products and raw materials are reused as much as possible by recycling plastic into pellets for making new plastic products. Use the resources for as long as possible, and when they're no longer needed, they're recycled or reused.

The circular economy has seven pillars: redesign, reduce, reuse, repair, renovate, recycle and recover. **The pillars mobilise economic development, employment policies, training, social inclusion, transport, land development, sustainable development, education, energy and climate.** A circular economy aims at Reducing, Reusing, Refurbishing, Repairing and Recycling waste.

The circular economy goal is to minimise waste, reduce resource consumption, and promote sustainability by keeping products and materials in use for as long as possible. The traditional economy follows a "take-make-dispose" approach, where raw materials are extracted, used to manufacture products, and eventually discarded as waste.

Practising a Circular Economy over the long term reduces the use of non-renewable resources, lowers carbon emissions, aims for zero waste, and benefits the consumer.

A circular economy relies on renewable biological resources, such as plants, algae, and agricultural waste, to produce bio-based products and bioenergy. Using these resources instead of fossil fuels helps reduce greenhouse gas emissions and mitigates climate change.

**The most common circular economy strategies are Recover, Recycle, Repurpose, Remanufacture, Refurbish, Repair, Reuse, Reduce, Rethink, and Refuse.**

A circular economy focuses on the following fundamental principles:

**Design for Reuse & Repair :** Products and systems should be easily repaired, reused, remanufactured, and recycled, minimising waste.

**Recycle and Recover :** Recycling materials at the end of their life to create new products, reducing the demand for virgin resources.

**Resource Efficiency :** Optimize energy use throughout the product lifecycle to use resources most efficiently and sustainably.

**Waste Reduction and Prevention :** Minimize waste generation and reduce the environmental impact of waste through responsible management, recycling, and reuse.

**Product Life Extension :** Encourage practices that extend the life of products, such as sharing, leasing, and repurposing, to delay their entry into the waste stream.

**Biomimicry and Natural Systems Thinking :** Draw inspiration from natural ecosystems to design systems that mimic their regenerative and cyclical processes, emphasising sustainability and resilience.

The disadvantages of the circular economy are:

#### **Low Feasibility**

The initial cost of implementing circular economic principles is high, with the risk of losses if recycling and reuse are less effective than planned.

#### **Lack of Diversity**

Lack of diversity gives manufacturers a narrow scope of options. Recycling negatively affects production because only sometimes high-quality goods are produced.

#### **Questionable Quality of Products**

Creating high-quality, recyclable products is a challenge. Circular economies develop cheap, high-volume, and accessible products.

#### **Long-term Sustainability Issues**

The circular economy is inclined mainly toward environmental protection, neglecting the social and economic aspects. Economists should consider the sustainable development goals of eradicating poverty, food insecurity and world hunger.

#### **Regulatory Challenges**

Because of the complexity of the circular economy, it is challenging to develop and adhere to a clear set of rules.

#### **Inefficient Modelling**

Because of the emphasis on sustainability, the circular economy achieves waste management and resource conservation but fails to achieve profitability and high product quality.

#### **Lack of Infrastructure**

Renewable energy development requires infrastructure. Recycling involves diverse materials. The need for adequate and suitable infrastructure is one of the most common disadvantages of a circular economy. The lack of infrastructure leads to low efficiency.

The advantages of the Circular Economy are far more than the disadvantages. In a circular economy, businesses, governments, and consumers work together to transition from a linear, wasteful model to a more sustainable one that promotes resource efficiency, environmental responsibility, and economic growth. This approach addresses the challenges of resource scarcity, environmental degradation, and climate change. The circular economy is a vehicle to a clean earth. Let us aim for zero waste through a circular economy.

**Rightly said, "Waste is worth something if people can put their minds to it."**

# OTHER READINGS



**ICMAI Social Auditors Organisation**

**(A Section 8 Company promoted by The Institute of Cost Accountants of India)**

# How Economic Sustainability is Vital for Environment, Society and People while Reducing Poverty – A Case for India

*Sunil Kapadia\**

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## ABSTRACT

*The experimental discovery demonstrates that economic complexity, cross-border trade, and unlimited power utilisation all play a role in reducing environmental damage. In contrast, non-stop energy use and economic expansion are to blame for rising pollution levels. Balancing economic growth that benefits social and environmental issues while reducing poverty has long been one of the top concerns for most countries. However, healthy development that results in successful adaptation has not occurred uniformly throughout the cosmos. In India, many rural people face difficulties for having uneven or deficit development besides being exposed to variable climatic conditions and extreme surroundings that add to hardship. Many Indian cities are densely packed and prone to natural calamities like landslides, urban flooding, sea level rise, and heat waves with limited knowledge to mitigate. There are discussions on whether and how the development of science, technology, innovation, and modern times disruptions can offer a much-needed solution to deliver social good and improve livelihoods for the attainment of ecological-social sustainability for humans.*

**Keywords:** *Economic growth; Environment; Climate; Sustainability; Renewable energy.*

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## 1.0 Introduction

To address sustainability challenges United Nations in 2015 articulated 17 Sustainable Development Goals with a renewed global vision and stressed the importance for joint actions by several social performers. Throughout the decades bygone, sustainability discipline has drawn myriad analysts, proponents, philosophers, educators, and scholars from distinct establishments and subjects covering the globe. Managing the environmental and social aspects is referred to as economic sustainability for the long-term development of a nation and its people. The tricky and ever-changing world we live in the zestful, and sustainability presents a modern perspective to understanding one which explicitly acknowledges that there are various means of understanding the world and that development is quite an economic-political affair.

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Indian economy is growing and is seen as one of the large and fastest developing nations. And the country's dependence on imported fuel/crude oil is continuing unabated and is estimated to reach 6 million barrels per day by 2030 (Projected import – IEA 2007). Here Biofuel is regarded as one of the alternatives that can be manufactured domestically and can be switched for petrol and diesel to fulfill the transportation need will be a much-needed potential choice. Consequently, it calls for examining likely socio-economic and environmental ramifications of biofuel manufacturing plans, especially on net GHG advantages from water requirement, availability of land for food production, land redevelopment, and biodiversity. Over the past few years, Industry 4.0 and maintainability have become critical points of the universe. Discussions center on the connection between the environmental aspects of Industry 4.0 and maintainability. The new mechanics evolved to provide the corporate to advance innovation and entrepreneurship, recover and reuse material, lower energy waste, enhance the market share, etc.

A planet of 7.5 billion-plus and will rise close to 10 billion people by 2050, the hitherto economic theories cannot serve us well. A structured application accelerating conversion to a resource-efficient, Green Economy, low carbon is probably the desired route feasible if all stakeholders and surroundings are to prosper, let alone live all over the 21st century (Leach Melissa, 2010). The ecological economics, circularity and CE, and bio-based give 3 plans to superscribe community, surrounding goals, and economic and encourage various routes for maintainability revolutions.

### **1.1 Rationale of the paper**

To examine corporate and financial environmental aspects leading to sustainability (ESG) while adhering to well accepted standard/benchmark in the Indian context. And how it can positively impact various stakeholders at different stages to improvise their overall performance in equal and fair manner.

### **1.2 The objective of the study**

After having introduced the subject, the author has framed the following objectives.

- a) To study the broad environmental and sustainability-related aspects that include water waste, CO<sub>2</sub> emissions, reducing carbon footprints, NO<sub>2</sub> emission, waste reduction, and efforts by the administrators in India in balancing the ecological surroundings.
- b) To study a few of the development aspects of SDGs, their current status, and initiatives by the government and what is required needs to be explored and implemented for the country to transit itself to high-development nations while significantly improving rankings on various indicators.

## **2.0 Review of Literature**

From the advocates of maintainable evolution, we study that maintainability could be successfully directed by establishments, governments, and individuals that usefully

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consolidate financial, ecological, and social plans (WCED 1987). Although the noble purpose of economic equity and social equality, of course, requires to be encouraged, a more progressive reestablishment of possible preferences and a incrementally comprehensive honest apprehension for the surrounding may guide course of action further – Helen Kopnina (2016).

Climate change impacts India hitherto being experienced and affects individual lives and livelihoods of innumerable. Thousands of persons are dying and falling sick because of the exhaustive heat boomers during summers each year – Rohini, P., Rajeevan, M., & Srivastava, A. K. (2016). The inhabitants in Indian towns & metros are unprotected from floods that are damaging to the economy, people, and nourishment, and hundreds are left without shelter in the process losing their property, belongings, and assets Dulal, H.B. 2019)

Going down groundwater and dwindling landholding size are moving out relocation and deprivation (Venot et al., 2010; Zaveri et al., 2016; Gupta, 2016). Within this framework of uncertainty, extreme climatic conditions and change aggravate prevailing risks, particularly in subtropical desert which is marked by extraordinary water level paucity and area mortification. Atmospheric environment threats are connected with systemic unfairness such as old socioeconomic and ministerial disparage, extreme poverty, livelihood options, and social class, and sex identity hierarchies (Gaiha and Imai, 2004; Banerjee et al., 2013; Singh et al., 2016b) to figure domestic susceptibility.

Maintainability is perceived through several lenses. Two perspectives are John Elkington's multi-generational theory born of the Brundtland Report and triple-bottom-line—profits, people, planet—matching the need of current but not weakening the capability of coming/new generations to meet their needs – Sarkis, J. (2020). Maintainability has evolved over the years and delineates one of the important and also much talked about problems of the decade just gone by. In the beginning, maintainability was mentioned only to water waste, CO2 emissions, environmental features related to the reduction of carbon footprints, etc. However, maintainability has gained a new definition connected to the Triple Bottom Line Planet, People, and Profit – Cricelli, L., & Strazzullo, S. (2021).

Digitalization has the potential to provide for a more maintainable future and likewise is deliberated to affect social sustainability, ecological sustainability, and sustainability in general. Consequently, it will provide a beneficial effect on reducing CO2, climate change, and more sustainable energy and agriculture saving. Although ecological issues can be rectified by digitalization, it plays a more crucial role in economic maintainability since it evolves in economic maintainability through automation, connectivity, and proficiency, Brenner, B., & Hartl, B. (2021). SDGs helped as a powerful medium and hasten advancements on crucial universal alliances and agreements such as gender inequality, climate change, sustainable cities, social inclusion, and poverty reduction (Tollefson and Gilbert 2012; Winkler and Satterthwaite 2017).

It is evident from the numerous examples of 'wealthy' nations neglecting to pay attention even to the token needs of supervising the propylene discharge that impact atmosphere switch that financial prosperity does not spontaneously guide to options for

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environment tender types of infinite power (e.g., The Economist 2015). Supply chains and maintainable operations are deep-rooted and well-known subjects in performance management teaching. Maintainable supply chain investigation centered on a triple bottom line when environment and economics play roles (Hallinger, 2020) and social issues receive growing recognition (Nath and Agrawal, 2020; Walker et al., 2014).

### **3.0 Research Methodology**

The article is descriptive, and the author has used secondary data from reliable sources – namely, a few authentic websites that include MoSPI, Government documents, domestic and international online publications, and various industry chambers, academic journals, business newspaper articles, among others.

#### **3.1 Analysis**

The nations that exhibit financial intricacy are those with fast-track monetary expansion and high electricity consumption. A unique country with the highest financial involution, India becomes the obvious choice for our case study. India is confronting environmental deterioration, deprivation, and inhabitants squeezed on one side, then again, from people from heightened movements because of financial development, switching consumption habits and styles. India is still grappling with achieving water, socio-cultural security, livelihood, and food for its populace, even after 75 years of independence.

Both neutral and formal analyses reveal lasting deprivation, social inequity, energy and water, joblessness and underemployment, food shortages, ecological footprint, and other issues that hamper the advancement of development. The identified six components of ecological footprint are forestland, fishing grounds, carbon footprint, crop-area, pasture-area, and roofed structure, and its shift through time. The task henceforth in making progress consistent with the environment is to re-establish the financial plan in a way that will not damage the environment since economic well-being is a must.

Countryside gives an ideal opportunity to conduct a study and background to survey the hardship of zonal dissimilarities in establishments (both informal and formal) that include values, culture, and belief systems and their impact on the bricolage pursuits. Bricolage is ‘producing do by striving mingling of resources hitherto at hand to new issues and possibilities’ (Baker & Nelson, 2005). Here, the reference drawn to a few articles has examined two Social Enterprises operating in various domains focusing on separate geographical localities.

Fast-track growth in industrialization has caused a sizeable thriving in fossil fuel consumption in India. The terrible impacts of this thriving are in the rise of enveloping air pollution. Nitrogen dioxide (NO<sub>2</sub>) emission is chiefly responsible for ground-level ozone, a chief element of smog. Besides, it is directly responsible for forming different nitrate compounds that add to the extent of inhaling particulate matter in the beneath environment.

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In factory areas, an increase in NO<sub>2</sub> emission can be related to the upswing in the extent of direct fossil fuel utilization in the device of oil and coal. The consumption of petroleum fuel is chiefly noticeable in vehicular transportation, which is in the manufacturing cities in India. We move now to dormitory areas, and an increase in the NO<sub>2</sub> emission can be related to spirals in the high-rise buildings, improper usage of burners, vehicular choking, and the extent of humidity. A sustained increase in population in the dormitory localities is putting coercion on the prevailing road transport infrastructure, perceived in vehicular choking in most cities in India.

Important to acknowledge some of the initiatives by the Indian government in addressing sustainability.

- **The organized introduction of State Mission in composite and galvanic vehicles.** Apportionment of US 89.41 million dollar from the State Clean Power fund for hastening up The State Mission for an Ecologist India. The Environment Ministry's allocation increased by US 67.1 million dollar (apex).
- **The National Mission for Enhanced Energy Efficiency (NMEEE) 4-initiatives:**
  - Perform Achieve and Trade (**PAT**) – It will be considered by issuing certificates for energy savings which are again traded.
  - Market Transformation for Energy Efficiency (**MTEE**) – The focus will be on encouraging the manufacturing of utilities that are inexpensive and energy-efficient.
  - Energy Efficiency Financing Platform (**EEFP**) – To provide required monetary support at reasonable rates for energy efficiency project implementation.
  - Framework for Energy Efficient Economic Development (**FEEED**) – Floating innovative monetary instruments to encourage the production and use of energy efficiency devices by lowering risks for banks and investors.
- India conveyed message at the UN meeting about its **COP-27** commitment towards reaching **Net-Zero** by 2070. Government of India has also conveyed further plan of reducing the *discharge ferocity* of its Financial Output (**GDP**) up to 45 percent by the year 2030.

The focal point of the present discussion is also on the socio-economic and environmental ramifications of first-generation biofuel crops as they battle for food for land and livestock creation. The First-generation crops influence biofuel creation for a long time into the future, as the technologies are well settled and solid creation plans survive.

Typically, solid biomass (agro-residue and fuel wood) is used as a source of electricity for heating, baking, and power production. Biofuel is one more utilization of biomass. There are various renewable sources of biomass feedstock for biofuel manufacturing, which include starchy crops, oil crops, cellulosic material, and sugar crops. Hypothetically, biofuels get manufactured from any organic material, but based on the cultivation practices, the process involved, and the type of biofuel crop are grouped as first and next-generation crops.

Universal usage of crop residue covers, and is not exhaustive to, soil mulching, bio-manure, thatching for rural homes, animal feeding, and fuel for domestic and industrial usage.

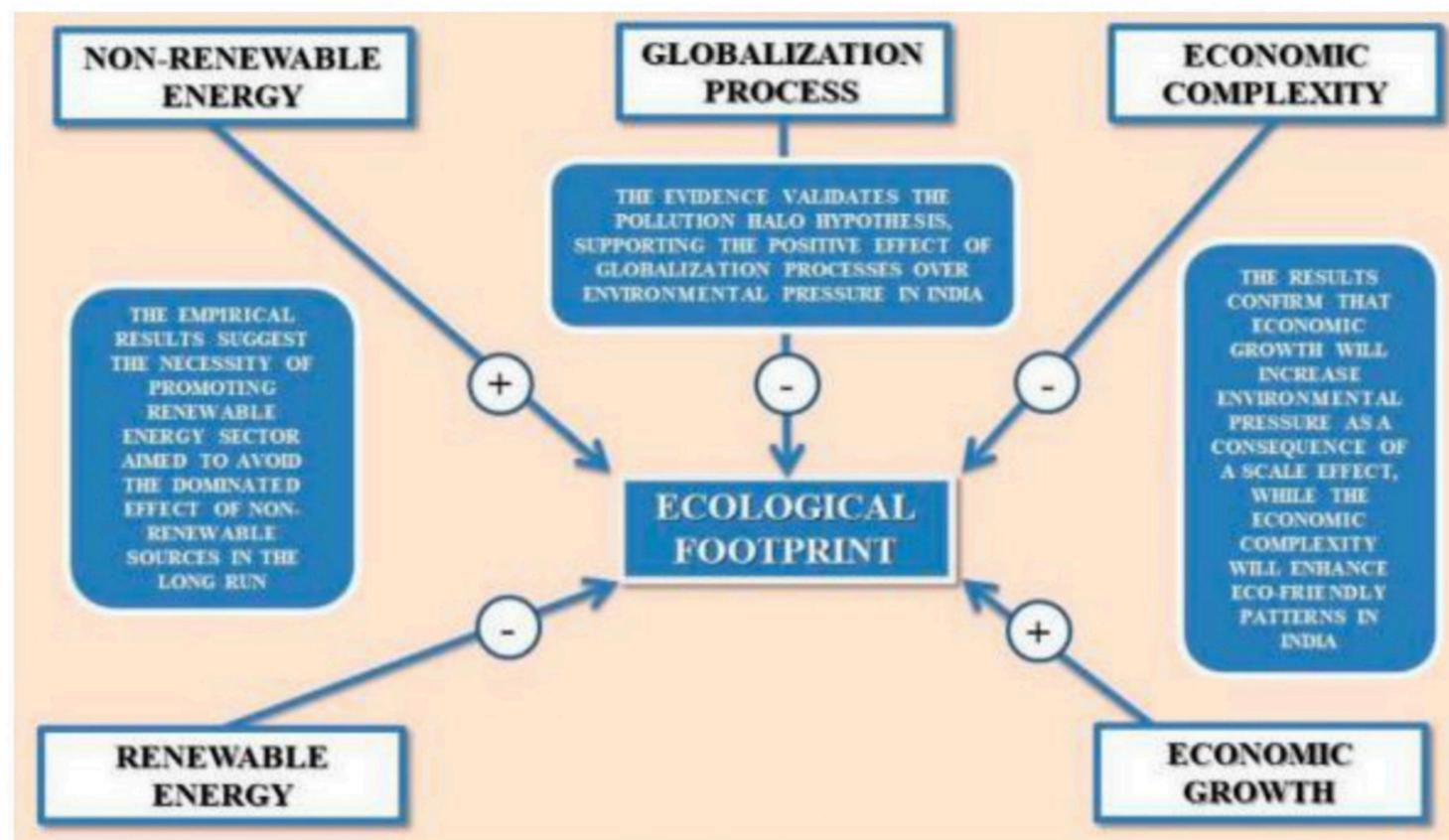
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Despite the familiarity of its value, cultivators burn a considerable part of the crop residues on-farm to ensure the crop grows in a clear area. The energy produced from farming biomass waste can significantly replace fossil fuel, lower emissions of greenhouse gases, and supply renewable energy to close to 1.6 billion humans in emerging nations that yet go without access to power.

A few researchers' work advocates that electricity generation from renewable energy sources has little environmental effect compared to fossil fuels while supplementing infinite power utilization as it may be a beneficial plan for purifying surrounding accomplishment in Indian context. The same gets validated that electricity generation from renewable sources will be of better environmental quality in the province (Refer to Figure 1 self-explanatory).

**Figure 1: Renewable energy impacts positively the environment**



Source: Graphical presentation finding by Wan, X., Jahanger, A., Usman, M., Radulescu, M., Balsalobre-Lorente, D., & Yu, Y. (2022).

The United Nation's (2015) Sustainable Development Targets encompass supplying inexpensive and clean electricity, encouraging maintainable preserving worldly environs, production, and consumption, and guaranteeing service and development. Although, across the universe, 106 crores poorest humans have without power, and 300 crores humans go without non-residue combustible for baking. The performance is irregular as 75 percent of the 57 crores person (apex.) who secured entry from 2011 onward reside in Asin region. While the number of people left wanting energy came under 100 crores in the year 2017, a downturn of 9.7 crores compared to year 2016.

Conversations with businessmen and clients in these mostly nourishment markets expose entrepreneurs with low teaching levels, below-par information technology connectivity and usage, and fragile property rights, which shows the part of word-of-mouth in these faraway scatter landscapes that employ ‘bricolage’ resource use. Important to highlight India’s latest ranking per Human Development Report by United Nations for 2021-22. India ranked 132 out of 191 countries (69.11 out of 100 percentage basis) ‘Medium’ Human Development category. The country ranked 123 out of 160 countries (76.88 out of 100 percent basis) and was in the ‘Low’ Human Development category in 1990. Therefore, it revealed that impeded progress is made even after 30 years post-economic reforms implemented – **MILES TO GO!**

**Table 1: Multidimensional Poverty Index for India’s Population**

| SDG 1.2                                     |                              |       |  |                          |                                     |                       |                           |   |
|---|------------------------------|-------|--|--------------------------|-------------------------------------|-----------------------|---------------------------|---|
| Multidimensional Poverty Index <sup>a</sup> |                              |       | Population in multidimensional poverty |                          |                                     |                       |                           |   |
|   | Year and survey <sup>b</sup> |       | Headcount                              | Intensity of deprivation | Number of poor (year of the survey) | Number of poor (2020) | Inequality among the poor | Population in severe multidimensional poverty |
| Country                                     | 2010-2021                    | Value | (%)                                    | (%)                      | (thousands)                         | (thousands)           | Value                     | (%)   |
| Estimates based on surveys for 2016–2021    |                              |       |  |                          |                                     |                       |                           |   |
| India                                       | 2019/2021 D                  | 0.069 | 16.4                                   | 42.0                     | 230,739                             | 228,907               | 0.010                     | 4.2   |

Source: Human Development Report 2021-22 by UNDP

Table 1 reveals headcount is 16.4 percent in multidimensional poverty, particularly the intensity of deprivation is 42 percent which is very high.

**Table 2: Multidimensional Poverty Index for India – Select Components of Overall Multidimensional Poverty**

|   |                              |       |   |  |           |                    | SDG 1.2   | SDG 1.1                |
|---|------------------------------|-------|---|--|-----------|--------------------|---|------------------------|
| Multidimensional Poverty Index <sup>a</sup> |                              |       | Population vulnerable to multidimensional poverty | Contribution of deprivation in dimension to overall multidimensional poverty |           |                    | Population living below income poverty line (%) |                        |
|   | Year and survey <sup>b</sup> |       |   | Health   | Education | Standard of living | National poverty line                           | PPP \$1.90 a day       |
| Country                                     | 2010-2021                    | Value | (%)   | (%)  |           |                    | 2009-2020 <sup>c</sup>                          | 2009-2021 <sup>d</sup> |
| Estimates based on surveys for 2016–2021    |                              |       |   |  |           |                    |   |                        |
| India                                       | 2019/2021 D                  | 0.069 | 18.7  | 32.2   | 28.2      | 39.7               | 21.9  | 22.5                   |

Source: Human Development Report 2021-22 by UNDP

Table 2 exhibited that 18.7 percent of people are susceptible to intricate deprivation. Further, examining the subscription of the distress in Health is 32.2 percent; Education is 28.2 percent in dimension to overall multidimensional poverty. Lastly, the population living below the poverty line is 21.9 percent. While some 22.5 percent of people narrowly live on \$ 1.90 a day (PPP basis).

Let us mention some of the government's initiatives on a few select indicators:

- i. Total no. of people 12,69,442 trained under DDU-GKY (Deen Dayal Upadhyaya Grameen Kaushalya Yojana)
- ii. Total verified applications 8,39,50,000 on National Scholarship Portal
- iii. No. of children 4,10,00,000 vaccinated under Mission Indra Dhanush
- iv. Total no. of free treatments 3,62,45,100 done under PM Jan Arogya Yojana
- v. Total no. of 22,91,30,548 Soil Health Cards dispatched
- vi. No. of beneficiary farmers 11,37,00,000 under PM Kisan Samman Nidhi Yojana
- vii. No. of farmers registered 11,42,07,960 under PM Fasal Bima Yojana (since 18)
- viii. No. of houses 2,71,48,282 completed under PM Awas Yojana
- ix. No. of LEDs 36,86,85,331 distributed under the Ujala Scheme
- x. Total no. of households 2,81,69,724 electrified under Saubhagya (since Oct-17)
- xi. Total no. of LPG connections 9,56,57,999 released under PM Ujjwala Yojana
- xii. A total of 11,68,20,000 Household toilets were constructed under Swachh Bharat

*Source: <https://transformingindia.mygov.in/performance-dashboard/> accessed on 7-Mar-23*

Financial intricacy is without fiscal yardstick conveyed in the arrangement of a state's prolific yield and indicates the composition that materializes to carry and incorporate learning. The theory of financial intricacy illustrates the refinement of prolific format based on two sub-concepts – ubiquity and diversity.

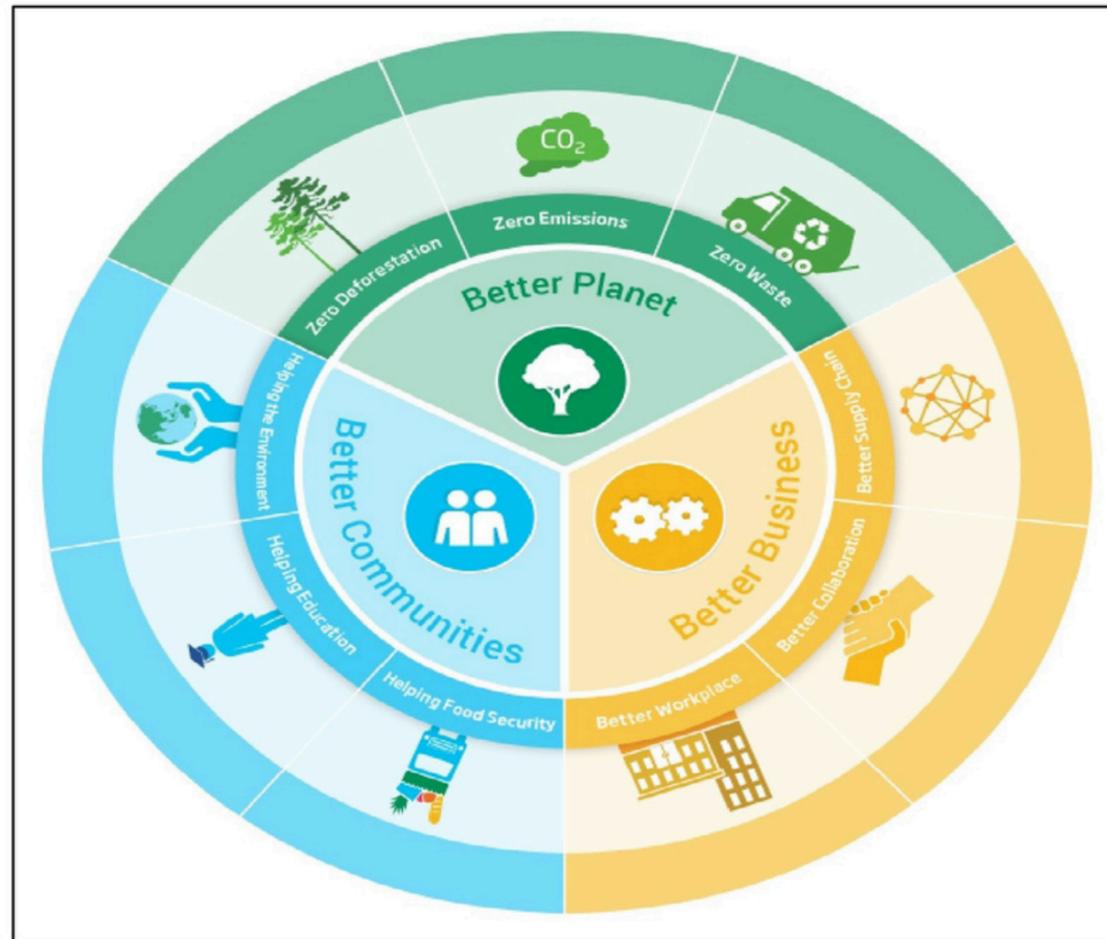
#### **4.0 Conclusion and Implications**

The study has highlighted that the after-revolution era in India shows a growth in discrepancies covering environment and community class and between countryside and metropolitan areas. With interest in sustainability that includes sustainable business picking up at a fast pace globally, the need now is for an accepted and clear standard/benchmark for examining corporate and financial environmental, ESG, and circular economy strategies.

Hence, there is a need for India to have a wide-ranging and all-inclusive expansion that will positively impact the populace fairly and equally, particularly the impoverished, businesses, environment & sustainability aspects (refer to Figure 2). Indian government should promote funding in infinite power undertakings and encourage and help conventional power businesses to boost green automation novelty that may subscribe to the work of atmosphere moderation, thereby achieving sustainability.

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**Figure 2: Sustainability Image**

Source: <https://www.google.com/search?client=firefox-b-d&q=Infographics+on+Sustainability#imgrc=dHvE-w37bWzRFM> (Accessed on 9-Mar-2023)

## 5.0 Scope for Further Research

Future research can include state-wise and industry-wise sustainability aspects with supportive and relevant data so that finding becomes the actionable yielding solution in today's era.

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ONE EARTH • ONE FAMILY • ONE FUTURE

G20 Energy Transitions Ministers' Meeting  
Outcome Document and Chair's Summary

Goa, India

22 July, 2023



**G20 Energy Transitions Ministers' Meeting**  
**Goa, India**  
**22 July 2023**

**Outcome Document and Chair's Summary**

*All G20 Ministers responsible for Energy agreed to paragraphs 1-20, paragraph 28-29, and Annex- I "G20 High Level Voluntary Principles on Hydrogen". Paragraphs 21-27 are the Chair's Summary issued under the responsibility of the Chair.*

1. We, the G20 Energy Ministers, met under India's G20 Presidency, with the theme '**One Earth, One Family, One Future**' in Goa, India, on 22 July 2023, with the aim to share, collaborate and build on the sense of responsibility and solidarity amongst the G20 members in accelerating the clean, sustainable, just, affordable and inclusive energy transitions, following various pathways, as a means of enabling secure, sustainable, equitable, shared and inclusive growth.

2. We firmly believe that energy security, energy access, market stability, and energy affordability need to be advanced simultaneously while advancing energy transitions, in pursuit of economic growth and prosperity, and ensuring access to modern energy for all, leaving no one behind. We also recognize the urgent need for advancing energy transitions, through various pathways, for contributing towards achieving our sustainable development goals as well as global net zero green-house gas emissions/carbon neutrality by or around mid-century. Mindful of our leadership role, we reaffirm our steadfast commitments, in pursuit of the objective of UNFCCC, to tackle climate change by strengthening the full and effective implementation of the Paris Agreement and its temperature goal, reflecting equity and the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances. We also take into account the best available science, circular approaches, socioeconomic, economic, technological, market developments and promoting the most efficient solutions.

### Energy Security and Diversified Supply Chains

3. We stress the importance of ensuring that the growing global energy demand is matched by sustainable and affordable energy supplies. We aim to advance technological collaboration and cooperation amongst G20 members, other international partners and multilateral institutions to strengthen energy systems with a view to ensuring energy security and stabilizing energy markets. In this context, we emphasize on the importance of maintaining uninterrupted flows of energy from various sources, suppliers and routes exploring paths to enhanced energy security and markets stability, including through inclusive investments to meet the growing energy demand, in line with our sustainable development and climate goals, while promoting open, competitive, non-discriminatory, and free international energy markets. We attach importance to promotion of dialogue between consumers and producers as well as global cooperation in the business sector, and the need for adequate energy investments towards sustainable, affordable, reliable, resilient, and cleaner energy systems.

4. We acknowledge that certain minerals, materials and technologies are critical for energy transitions and there is a need to maintain reliable, responsible and sustainable supply chains of such critical minerals and materials, as well as semiconductors and related technologies complying with the principles of market economy and international trade rules while respecting the sovereign rights of countries. In this regard, we support voluntary and mutually agreed technology diffusion, skill development, beneficiation at source and increased flow of finance to address the lack of capital, human or technical resources; to produce them sustainably and with a view to enhance local value creation through beneficiation. We support research and development for increasing efficiencies, increasing scale of beneficiation at source, promoting circularity, and enabling sustainable alternatives to maintain, supply chain balances of such minerals and materials. We reiterate the need to reduce the potential negative impacts on people and the environment and intend to leverage multilateral cooperation as well as cooperation between the G20 members. In this regard, we take note of the

Presidency documents: “Voluntary High-Level Principles for Collaboration on Critical Minerals for Energy Transitions” (Annex A) and the report “Addressing Vulnerabilities in the Supply Chain of Critical Minerals”.

5. We also recognize the role of grid interconnections, resilient energy infrastructure and regional/cross-border power systems integration, where applicable, in enhancing energy security, fostering economic growth, and facilitating universal energy access for all, in affordable, reliable and sustainable manner. In particular, we recognize that expanded and modernized electricity networks will be essential to scale up the deployment of zero and low emission technologies including renewables. This entails enhanced voluntary international cooperation in coordinated planning, mutually agreed information sharing, joint research and development, technical assistance, technology development and harmonization of regulatory frameworks for design, planning and system operations. In this regard, we take note of Presidency’s initiative to connect different regional grids through interconnections to transfer renewable energy power. We call for increased public and private investments, noting the important role of International Finance Institutions including Multilateral Development Banks (MDBs) in supporting developing countries to exploit the full benefits of regional/cross-border interconnections, where deemed appropriate.

### **Universal Energy Access**

6. We highlight that access to affordable, reliable, sustainable and modern energy for all is a moral imperative and a basic human need. We intend to expand on the achievements of previous G20 Presidencies and prioritize and take actions to pursue our shared objectives of attaining SDG7 targets through enhancing international cooperation and investment in technologies and accelerating progress on clean cooking, electricity access and eradicating energy poverty. We commit to provide support for all sections of society to ensure that no one is left behind.

## Just, Affordable, and Inclusive Energy Transition Pathways

7. Recognizing the need to pursue clean, sustainable, just, affordable and inclusive energy transitions, we acknowledge the need for economic diversification including by promoting various approaches and investments in new industries, technologies and businesses, workforce transformation through reskilling and up-skilling to create avenues of employment and support the diversification of economies to maximize positive and minimize negative socio-economic impacts of energy transitions. We aim to enhance collaborations and partnerships to promote zero and, low emission technologies, economic activities, creation of new jobs and social dialogue to address the needs of workers from effected sectors, Indigenous Peoples and local communities, women, youth, children, migrants and persons with disabilities, persons living in poverty and other vulnerable situations. We will also support and encourage a stronger focus on women empowerment and gender equality in energy transitions at all levels.

## Energy Efficiency and Responsible Consumption

8. We acknowledge the role of energy efficiency and energy savings, as the “first fuel” and the importance of national energy efficiency and energy savings policies in not only driving the energy transitions, but also contributing to sustainable job creation, reducing energy cost for households, and ensuring energy security. We strive to strengthen global efforts on energy efficiency through international engagements such as the G20 Energy Efficiency Leading Programme (EELP), Energy Efficiency Hub, Clean Energy Ministerial (CEM), among others, for sharing best practices, voluntary and mutually agreed knowledge sharing and technology transfer/co-development, promoting circular approaches, and will focus on evolving an effective roadmap on a voluntary basis, for achieving the SDG 7.3 target of doubling the global rate of improvement in energy efficiency within this decade taking into account, national circumstances. We aim to accelerate the implementation of various energy efficiency and energy savings policies and measures such as adoption of super-efficient appliances, optimizing demand for cooling and heating, and scaling up of commercially available energy

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efficiency technologies in line with national circumstances. In this regard, we note the “Voluntary Action Plan on Doubling the Rate of Energy Efficiency Improvement by 2030” (Annex B) prepared by the Indian Presidency.

9. We also recognize that individual actions and sustainable behavioral choices can play a major role in energy conservation. We intend to build upon the efforts by the past Presidencies to emphasize that energy efficiency and affordability gains go hand in hand with efforts relating to responsible consumption that would incentivize and empower sustainable consumer choices. We acknowledge that greater awareness and capacity building for all categories of consumers and coordinated measures are needed to incentivize sustainable consumption patterns. In this endeavour, we welcome the Presidency’s initiative on Lifestyles for Sustainable Development.

10. We Recognizing that mitigating GHG emissions from energy intensive industry sector is critical to achieving global net zero/carbon neutrality by or around mid-century in line with national circumstances, we reiterate the need to make concerted efforts to innovate, develop, and deploy available transformative technologies, identifying cost-effective solutions to manage and reduce emissions intensity in line with national circumstances Furthermore, we stress the importance of effective and efficient policy frameworks and approaches including the development of demand side energy policies and leveraging public and private financing to promote both technological and non-technological solutions. We encourage non-discriminatory technology collaboration on voluntary basis and on mutually agreed terms for hastening energy transition pathways.

## **ADDRESSING TECHNOLOGY GAPS FOR ENERGY TRANSITIONS**

11. We realize the role of continuous breakthroughs, adoption and scaling up of already available low and zero emission technologies including those that reduce, abate and remove GHG emissions, and rapid development and commercialization of promising new energy technology solutions for accelerating energy transitions in a sustainable and inclusive manner and

support the non-discriminatory collaboration and mutually agreed voluntary transfer of necessary technologies for enabling such transitions.

12. We reiterate the significance of accelerating the pace and scale of commercial deployment of mature clean energy technologies including solar, wind, hydropower including pumped storage, geothermal, bioenergy, heat pumps, CCUS and, nuclear energy for those countries that opt to use it. We also acknowledge the need for acceleration of development and deployment of other emerging and new technologies such as electrolyzers, bioenergy with carbon capture and storage (BECCS), direct air capture (DAC), high efficiency fuel cells, ACC battery storage, and sustainable advanced biofuels, as well as, small modular reactors (SMRs) for those countries that opt to use it, in accelerating the energy transitions, as per national priorities and circumstances.

13. Affordability and accessibility of existing, emerging and new technologies is a key issue especially for developing economies and, therefore, we recognize the need for supportive regional, multilateral, bilateral and public-private frameworks to strengthen the development, deployment and the voluntary and mutually agreed sharing of these technologies in a non-discriminatory manner.

14. We recognize the significant role of initiatives that support efforts to develop, demonstrate and deploy clean and sustainable energy technologies and solutions and other efforts for innovation. We aim to strengthen technology development, respective national regulatory frameworks, innovation, research capacities, scaling up investments and bridge technological gaps for emerging and developing economies in a non-discriminatory and more cooperative, affordable, and secure manner. We will pursue, on a voluntary basis, opportunities to strengthen cooperation and collaborative efforts with relevant international organizations and other fora including: the Clean Energy Ministerial (CEM), Mission Innovation (MI), RD20 among others, to advance R&D, deployment and dissemination of clean and sustainable energy technologies. In this regard, we take note of the convening of the joint plenary of 14<sup>th</sup> CEM and 8<sup>th</sup> MI Ministerial organized

on the sidelines of the Presidency, which we believe will strengthen and contribute significantly to advance the cooperation amongst G20 members to accelerate the realization of common goals towards energy transitions.

15. The countries that opt to use civil nuclear energy reaffirm its role in providing clean energy contributing to GHG emissions reduction, achieving SDG 7 goal and energy security, ensuring safety and resilient infrastructure and contributing to baseload power and grid flexibility along with non-electrical applications such as industrial heating and hydrogen production. These countries plan to collaborate, on voluntary and, mutually agreed terms, in research, innovation, development & deployment of civil nuclear technologies including advanced and Small Modular Reactors (SMRs), which are being readied for deployment and building resilient nuclear supply chains, including nuclear fuel, through public and private partnership, where appropriate and in accordance with national legislations and upholding IAEA's high standards of nuclear safety, security and safeguards. These countries intend to promote responsible nuclear decommissioning and radioactive waste and spent fuel management and mobilizing investments, and share knowledge and best practices, through strengthening international cooperation to promote nuclear safety globally. These countries will engage actively in cultivating a skilled and diverse workforce for the future, exchanging knowledge and best practices for advancement of energy transitions through civil nuclear technologies including advanced and Small Modular Reactors (SMRs).

### **Fuels for Future**

16. We recognize the importance of exploring, diversifying, adopting, and advancing sustainable biofuels and hydrogen produced from zero and low emission technologies, and its derivatives such as ammonia, for contributing towards the energy transitions, enhancing energy security, and addressing GHG emissions. We underscore the importance of supporting national policies that stimulate further advancements and deployments of various technologies, ensure sustainable feedstock sourcing, enhance productivity, and accelerate market development. We acknowledge the need to strengthen

collaborative research, facilitate voluntary and mutually agreed technology transfer/co-development and financing needs for advancing the adoption of sustainable fuels for future, encouraging knowledge sharing on sustainable practices and in this regard, note the work of multilateral initiatives.

17. We aim to support acceleration of production, utilization, as well as development of transparent and resilient global markets for hydrogen produced from zero and low emission technologies and its derivatives such as ammonia by developing voluntary and mutually agreed harmonizing standards as well as mutually recognized, and interoperable certification schemes. To realize this, we affirm the “G20 High Level Voluntary Principles on Hydrogen” (Annex I) to build a sustainable and equitable global hydrogen ecosystem that benefits all nations. We recognize that cooperation among G20 members would be crucial to accelerate technology development and large-scale deployment of hydrogen and its derivatives such as ammonia, while reducing costs. In this regard, we note, the Presidency’s initiative to establish, the Green Hydrogen Innovation Centre steered by ISA.

18. We recognize the potential opportunity of working together for further deployment and development of sustainable biofuels as one of the options, for advancing the energy transitions. We support international cooperation on sustainable biofuels and bioenergy, as well as on innovative technologies for sector coupling. We further support the role of bioenergy and biofuels among the 4Rs framework (Reduce, Reuse, Recycle and Remove) in realizing the energy transitions. We take note of the Presidency’s initiative to establish a ‘Global Biofuels Alliance’. We intend to work to facilitate, inter alia, cooperation, on a voluntary basis, in intensifying the use of sustainable biofuels through strengthening collaboration between producers, consumers & interested countries, bolstering biofuels markets and encouraging the development of standards in the sector, emphasizing adherence to sustainability principles, strengthening markets, facilitating sustainable global biofuels trade, development of concrete policy lesson-sharing and establishing provisions of technical support in collaboration with international biofuels organizations.

## Access to Low-Cost Financing for Energy Transitions

19. We stress upon expediting the voluntary transfer on mutually agreed terms /and/or/co-development and adoption of clean, sustainable and low carbon/emission energy technologies, which are often capital-intensive and necessitate low-cost financing from various sources. G20 will work towards facilitating access to low-cost finance for existing as well as new and emerging clean and sustainable energy technologies for supporting the energy transitions. We note the report on “Low-cost Financing for the Energy Transition” prepared under the Indian Presidency and its estimation that the world needs an annual investment of over USD 4 trillion, with a high share of renewable energy in the primary energy mix. We reiterate that access to low-cost financing, particularly for developing countries, is pivotal for accelerating the efforts towards energy transitions while ensuring energy access, energy security, affordability and market stability.

20. To ensure accelerated energy transitions, we recognize the need for international finance institutions and multilateral development banks to enhance and develop new mechanisms and products to promote access to low-cost financing in line with their mandates and governance framework as well as to scale up the mobilization of private finance for this purpose. We recognize the importance of increasing finance from a variety of sources including public and private, bilateral and multilateral arrangements. We aim to share best practices, risk mitigation strategies, and foster international cooperation for low-cost financing solutions. In this context, we note the “Voluntary Action Plan for Lowering the cost of Finance for Energy Transitions” prepared by the Indian Presidency (Annex C).

## Chair's Summary

21. G20 has a leadership role to work collaboratively and to take actions to accelerate energy transitions while ensuring energy security as well as contributing to meeting our sustainable development goals and climate commitments. As we pursue Sustainable Development Goal 7, the world is currently faced with multidimensional challenges characterized by the related vulnerabilities including in energy security, high volatility, use of energy as a coercive tool, disruptions in energy markets and their associated impacts, economic slowdown and continuing socio-economic challenges following the COVID-19 pandemic which has underscored the urgent need to strengthen market stability, reliability, and resilience of energy systems as well as critical energy infrastructure.

22. There is a crucial need of finding solutions, pathways and approaches, to enhance energy security, achieve market stability, and ensure universal energy access. The need to prevent disruptions, and avoid excessive volatility in energy markets to avert any potential risks to our economic and energy outlook, was stressed. The need was recognized to promote open, transparent, stable, competitive, and non-discriminatory international energy markets; ensure transparent, resilient, undisrupted, sustainable, inclusive, and diversified supply chains; and advance a wide variety of options, technologies and leveraging synergies as we pursue actions to accelerate the energy transitions. The need to strengthen national, regional and cross-border critical energy infrastructure was also emphasized.

23. The role of renewables in the energy mix, as a solution contributing to universal energy access, and the need to enhance cooperation, collaborations, financing, capacity building, technical assistance, partnerships, and technology sharing on voluntary and mutually agreed terms, taking into account different national circumstances, are critical. In this context, the Indian Presidency reports - "Decentralized Renewable Energy for SDG7: Compendium of Global Good Practices" and "The Roadmap for Promoting Solar Energy for Universal Energy Access," which outline useful solutions to

accelerate energy access for relevant regions by sharing best practices, advancing enabling frameworks, enhancing capacity building, and promoting technological innovation, were noted. The adoption of decentralized renewable energy to empower citizens as prosumers to promote renewable energy community, create new economic opportunities and accelerate energy transitions, was also noted. The role of renewable energy technologies in the energy mix, where access through the grid is not commercially viable or available, and support the expansion of renewable energy in interested countries, that may require assistance from international institutions, was recognized. The Presidency’s “Voluntary Action Plan for Promoting Renewable Energy to Accelerate Universal Energy Access” (Annex D) to further renewable energy deployment globally, was noted.

24. It was noted that accelerated deployment of zero and low-emission technologies including renewables play an important role in achieving energy transitions. It was also noted that the current rate of grid-based technologies deployment globally may be insufficient to achieve universal energy access. To that end, and in line with different national circumstances, including natural potential and where strong early efforts have already been delivered, there is a need to scale up the deployment of renewable energy at an accelerated pace, address challenges including power systems flexibility, remove the barriers hindering their deployment, and bring down costs while noting the significance of our voluntary contributions towards efforts to triple the aforementioned energy technologies capacity globally, through existing targets and policies in line with national circumstances, by 2030. Similar ambition with respect to other zero and net zero technologies, including abatement and removal technologies, was voiced. The need to continue to support energy systems stability during the transition to low carbon emission systems, such as through the use of flexible energy sources alongside the development of technological solutions needed for grid stability, was recognized.

25. The energy sector’s contribution to global GHG emissions is significant. Given that fossil fuels currently continue to play a significant role in the global energy mix, eradication of energy poverty, and in meeting the

growing energy demand, the importance of making efforts towards phase down of unabated fossil fuels, in line with different national circumstances was emphasized by some members while others had different views on the matter that abatement and removal technologies will address such concerns. These efforts must be built upon safe, stable, diverse and reliable supplies of various existing, new and emerging clean and renewable energy options, aiding towards low emissions development. In this respect, the significance of rapidly deploying various clean energy sources, including renewable energy, in achieving global net zero/carbon neutrality by or around mid-century in line with different national circumstances, along with adequate support to developing countries, was emphasized.

26. The importance of climate finance and making financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilience in the context of sustainable development and efforts to eradicate poverty, while enhancing international cooperation, was stressed. Developed countries were urged to fulfill their commitments to deliver on the goal of jointly mobilizing USD 100 billion per year by 2020 and through to 2025 in the context of meaningful mitigation action, with transparency on implementation. In this context, mobilization of international public and private finance to support inclusive and sustainable energy development is key.

27. <sup>1,2</sup>The war in Ukraine has further adversely impacted the global economy. There was a discussion on the issue. We reiterated our national positions as expressed in other fora, including the UN Security Council and the UN General Assembly, which, in Resolution No. ES-11/1 dated 2 March 2022, as adopted by majority vote (141 votes for, 5 against, 35 abstentions, 12 absent) deplores in the strongest terms the aggression by the Russian Federation against Ukraine and demands its complete and unconditional

<sup>1</sup> Russia recognizes the status of this document as Chair's Summary in particular due to inclusion of Paragraph 27, in addition to paragraphs 21-26. Russia agrees with rest of the text. Russia has expressed its distinct view on the situation in Ukraine, geopolitical tensions and sanctions during the meeting.

<sup>2</sup> China stated that G20 is not the right platform to address security issues and opposed the inclusion of the geopolitical related content.

withdrawal from the territory of Ukraine. Most members strongly condemned the war in Ukraine and stressed it is causing immense human suffering and exacerbating existing fragilities in the global economy – constraining growth, increasing inflation, disrupting supply chains, heightening energy and food insecurity, and elevating financial stability risks. There were other views and different assessments of the situation and sanctions. Recognizing that the G20 is not the forum to resolve security issues, we acknowledge that security issues can have significant consequences for the global economy.

28. It is essential to uphold international law and the multilateral system that safeguards peace and stability. This includes defending all the Purposes and Principles enshrined in the Charter of the United Nations and adhering to international humanitarian law, including the protection of civilians and infrastructure in armed conflicts. The use or threat of use of nuclear weapons is inadmissible. The peaceful resolution of conflicts, efforts to address crises, as well as diplomacy and dialogue, are vital. Today's era must not be of war.

29. We express our sincere appreciation to the Indian Presidency for its unwavering dedication, exceptional leadership, and hard work through 2023. We thank all the G20 members, invited guests, and partner IOs for their immense contributions. We further look forward to the continuation of our efforts to work towards our collective ambition of energy transitions in 2024 under the Presidency of Brazil.

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Annex I: G20 High Level Voluntary Principles on Hydrogen  
Annex A: Voluntary High Level Principles for Collaboration on Critical Minerals for Energy Transitions  
Annex B: Voluntary Action Plan on Doubling the Rate of Energy Efficiency Improvement by 2030  
Annex C: Voluntary Action Plan for Promoting Renewable Energy to Accelerate Universal Energy Access  
Annex D: Voluntary Action Plan for Lowering the cost of Finance for Energy Transitions

## Annex I

### G20 High Level Voluntary Principles on Hydrogen

We intend to support voluntary principles to enable emission reduction, in all sectors, and work towards addressing sustainability aspects. This will contribute to achieving global net zero GHG emissions/carbon, neutrality goals by accelerating measures towards the production, utilization, and trade of hydrogen produced from zero and low emission technologies and its derivatives such as ammonia. For this purpose, we welcome the following five high-level guiding voluntary principles on Hydrogen:

1. Encourage collaboration on the development of national standards and work towards globally harmonized approach to certification for hydrogen produced from zero and low emission technologies and its derivatives such as ammonia.
2. Promote free and fair trade of hydrogen produced from zero and low emission technologies and its derivatives such as ammonia in line with WTO rules, supported by resilient and diversified supply chains.
3. Accelerate technological innovation, business models, and R&D collaboration to enhance international cooperation.
4. Promote investments, mobilize finance, and develop infrastructure for enhancing the production, utilization, and global trade of hydrogen produced from zero and low emission technologies and its derivatives such as ammonia.
5. Support and enable voluntary information sharing, cooperation, dialogue, knowledge exchange, and capacity building



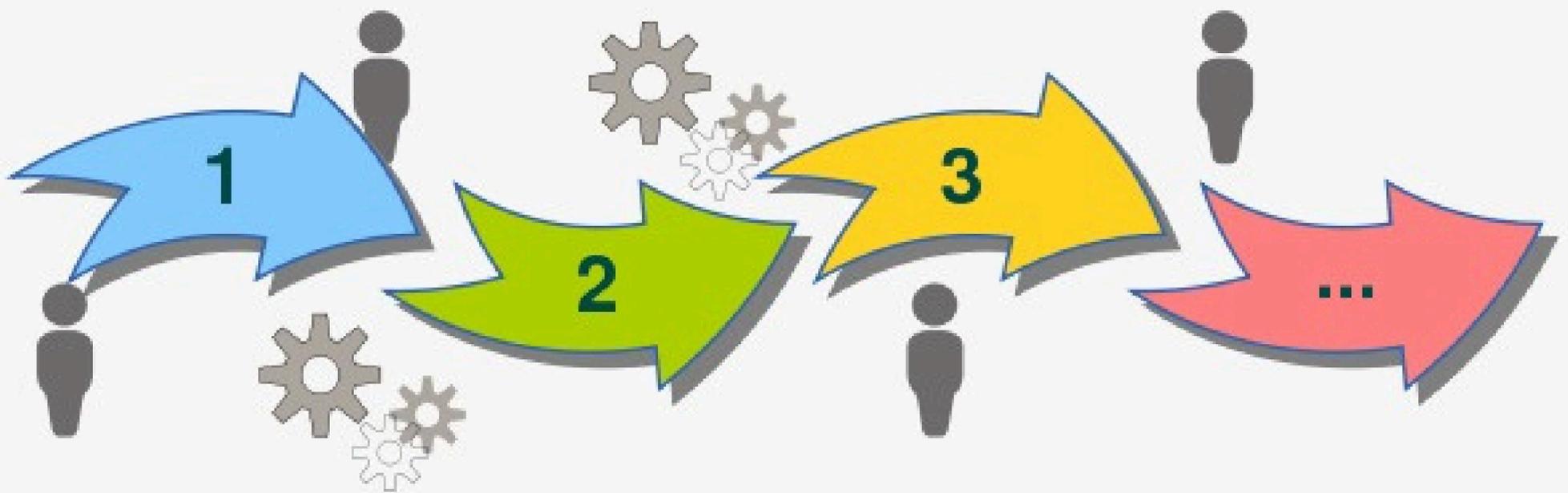
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on hydrogen produced from zero and low emission technologies and its derivatives such as ammonia, with an aim to contribute to net zero GHG emissions/carbon neutral pathways, including through the development of regional and international initiatives and institutions.

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# PROCEDURE FOR REGISTRATION OF A MEMBER WITH ICMASAO



**ICMAI Social Auditors Organisation**  
(A Section 8 Company promoted by The Institute of Cost Accountants of India)

# PROCEDURE FOR REGISTRATION OF A MEMBER WITH ICMAI SAO

## Eligibility Criteria for Social Auditor

### A. An Individual if he

- holds the required qualification and experience;
- have attended a course at the National Institute of Securities Markets (NISM) and received a certificate of completion after successfully passing the course examination; and
- is registered with a Self-Regulatory Organisation (SRO) [e.g., ICMAI Social Auditors Organization]

B. A Firm/Institution that has partners/employees who meet with the criteria for being a social auditor and has a track record of minimum three years for conducting social impact assessment.

## Eligibility Qualification & Experience for Social Auditor

- Post-graduates from universities recognized by the University Grants Commission (UGC) with a minimum of 3 years of experience in the development sector, or
- Graduates from universities recognized by the UGC with a minimum of 6 years of experience in the development sector, or
- Cost and management Accountant, Chartered Accountant, or Company Secretary holding valid Certificate of Practice.

No individual shall be eligible to be registered as a Social Auditor if he:-

- is a minor;
- is not a person resident in India;
- does not have the qualification and experience specified in SEBI notification;
- has been convicted by any competent court for an offence punishable with imprisonment for a term exceeding six months or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence.

Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be registered;

- he is an undischarged insolvent, or has applied to be adjudicated as an insolvent;
- he has been declared to be of unsound mind; or
- he is not a fit and proper person.

Explanation: For determining whether an individual is fit and proper ICMAI SAO may take account of any consideration as it deems fit, including but not limited to the following criteria-

- integrity, reputation and character,
- absence of convictions and restraint orders, and
- competence,

## Procedure for Enrolment as a member

**Entry of Application :** Entry for application received for registration of social auditor is to be made in a register maintained by ICMAI SAO followed by stamping of application mentioning date of reception it.

**Acknowledgement of Application :** Every application received is to be acknowledged to the applicant within 7 working days of its receipt via mail.

## Internal Verification of application along with fee and supporting documents as mentioned in enrolment Form.

- Registered form – duly completed
- Passport-size photo
- Copy of proof of residence
- Self – attested copy of Aadhar card, PAN card and Passport (if available).

- Copies of documents in support of educational qualifications, professional Qualification, Experience, and Social Auditors examination
- Copy of proof of payment of Admission/Enrolment Fee and Annual Fee
- Copy of Self Declaration, the format of the same is annexed with the Enrolment form (Annexure – 1).

### Verifying Qualification and Experience

Copies of documents demonstrating qualification, employment and practice as –

- Cost and Management Accountant enrolled with the Institute of Cost Accountants of India.
- Company Secretary enrolled with the Institute of Company Secretaries of India,
- Chartered Accountant enrolled with the Institute of Chartered Accountants of India and/or empaneled with the Comptroller & Auditor General of India.
- Graduate / Post-Graduate from universities recognized by the University Grants Commission (UGC).
- Requisite experience of minimum of 3/6 years in the development sector
- Copies of certificate of employment from the employer(s), specifying the period of such employment.

### Before registering a person as its Member ICMAI SAO is required to verify the following:

- Whether the applicant holds requisite qualifications & experience as indicated above. Whether the applicant holds valid
- Certificate of Practice if he is a Cost and management Accountant, Chartered Accountant, or Company Secretary. Whether the applicant have attended a course at the National Institute of Securities Markets (NISM) and received a certificate of completion after successfully passing the course examination. Whether the individual/firm/institution holds requisite social sector experience in providing assurance of non-financial information. (e.g., nutrition, education, health, water & sanitation, energy conservation, environment and climate change, etc.) Whether the firm/institution has required number of partners/employees meeting the criteria for being social auditor and has a track record of minimum three years for conducting social impact assessment. Whether any disciplinary proceedings are pending, or any disciplinary action has been taken at any
- time in the preceding three years against the professional member or firm/institution by the ICMAI, ICAI, ICSI, any SRO or any other regulator. Whether ICMAI, ICAI, ICSI, any SRO or any other regulator has initiated any criminal proceeding
- against the professional member or firm/institution and is pending for disposal? Whether the professional member/ person had an unblemished service with the last employer if he was in employment? The applicant must submit a conduct certificate from his last employer.
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### External Verification

The applicants' particulars are sent to verifying authority (ICMAI / ICAI/ICSI) to verify the following:

- Confirmation on verification of Membership Number provided by the Member
- Date of enrolment as member
- Number of years as member, whether he is continued to be member since his enrolment
- Information on whether the Member has ever been found Guilty of Misconduct. If his Membership was removed.
- COP Date
- COP Number
- Firm No.
- Firm Name
- Years of Experience in Practice
- Whether the member is in full-time practice or part-time practice?
- Whether the Member has been in Practice continuously? If not, please mention the block of period during which the Member was in practice and the block of period for which Practice was discontinued

**(e) After examination of the application, ICMAI SAO shall give an opportunity to the applicant to remove the deficiencies, if any, in the application. (f) ICMAI SAO may require an applicant to submit additional documents, information, or clarification that it deems fit, within reasonable time. (g) ICMAI SAO may reject an application if the applicant does not satisfy the criteria for registration or does not remove the deficiencies or submit additional documents or information to its satisfaction, for reasons recorded in writing. (h) The rejection of the application shall be communicated to the applicant stating the reasons for such rejection, within thirty days of the receipt of the application, excluding the time given for removing the deficiencies or presenting additional documents or clarification by the ICMAI SAO, as the case may be. (i) The acceptance of the application shall be communicated to the applicant, along with the registration number.**

### **Issuance of Certificate of Enrolment/Registration**

**Upon successful registration, Applicant is issued certificate of registration within 7 working days from the date of registration with ICMAI SAO (through courier and via mail)**

# DETAILS REGARDING SOCIAL AUDITORS EXAMINATION CONDUCTED BY NISM



**ICMAI Social Auditors Organisation**  
(A Section 8 Company promoted by The Institute of Cost Accountants of India)

# Social Auditors Certification Examination

The examination aims to create a pool of social auditors who would assess the impact of social interventions of various social enterprises who raise funds through the Social Stock Exchange platform.

## Examination Objectives

On successful completion of the examination the candidate should:

- Know the basics of social auditing, Code of conduct of Social Auditors.
- Understand the general concepts related to social stock exchange, social audit and social impact assessment.
- Know the Social Impact Reporting disclosures and regulations.

## Assessment Structure

The examination consists of 85 multiple-choice and 3 case-based/caselet questions (each case having 5 questions) totaling to 100 marks. The assessment structure is as follows:

**Multiple Choice Questions[85 questions of 1 mark each]**

**85\*1 = 85**

**Case-based Questions[3 cases (each cases with 5 questions of 1 mark each)]**

**3\*5\*1 = 15**

The examination should be completed in 2 hours. The passing score for the examination is 60. There shall be negative marking of 25 percent of the marks assigned to a question.

## Test Details

**Name of Module: NISM Series XXIII: Social Auditors Certification Examination**

**~ 85 multiple-choice and 3 case-based/caselet questions (each case having 5 questions) totaling to 100 marks.**

**\* Negative marking – 25% of the marks assigned to the question.**

**+ Payment Gateway Charges extra.**

**# Passing Certificate will be issued only to those candidates who have furnished/ updated their Income Tax Permanent Account Number (PAN) in their registration details.**

## Frequently Asked Questions (Social Auditors)

### 1. Who can take NISM-Series-XXIII: Social Auditors Certification Examination?

The following persons can take NISM-Series-XXIII: Social Auditors Certification Examination:

- Individuals registered as social auditors
- Employees of Social audit firm
- Students pursuing social work and interested in gaining more knowledge in Social Audit

### 2. How can I register for NISM-Series-XXIII: Social Auditors Certification Examination?

Candidates can register at <https://certifications.nism.ac.in/nismaol/>

After successful registration, candidates may select a test centre, date and time slot of their choice on the Test Administrator website. Candidates are required to follow further instructions available on the Test Administrator websites.

### 3. What is the fee structure?

The fees for “NISM-Series-VIII: Social Auditors Certification Examination” is Rupees One Thousand Five Hundred only (Rs. 1500/-) plus applicable GST.

### 4. What is the assessment structure?

The examination will be of 100 marks, will have 100 questions, and should be completed in 2 hours. There will be negative marking of 25% of the marks assigned to a question. The passing score for the examination is 60%.

### 5. Is there a study material available for preparing for this examination?

You will receive a soft copy of the workbook/study material after enrolment for the examination. For non-receipt of a soft copy of the workbook/study material, you may contact NISM at: [certification@nism.ac.in](mailto:certification@nism.ac.in)

### 6. Do I have to pay for the study material?

You will receive a soft copy of the workbook/study material free of cost after enrolment for the examination. Candidate can buy printed workbooks from Taxmann Publications Private Ltd.

Visit <https://www.taxmann.com/bookstore> to place your orders for NISM workbooks.

If you prefer to order by phone, please call your nearest store directly to place your order. Click here to get the details of your nearest store.

### 7. I have passed NISM Social Auditors Certification Examination, when will I receive the certificate?

Only the candidates who have produced their Income Tax Permanent Account Number (PAN) during registration would receive the NISM Certificate within two weeks of appearing for the examination.

Candidates who produced other identification proofs would not receive the NISM certificate. They would receive only the temporary mark sheet at the end of the examination.

### 8. I have not provided my PAN information at the time of taking the certification examination. How do I obtain the certificate?

Candidates who have not provided their PAN information during registration may upload the same from their candidate dashboard from NISM's portal. After receiving and verifying PAN details, the candidate will receive the certificate from the Test Administrator they have registered with. No additional payments are necessary for obtaining the certificate.

**9. I have passed NISM Social Auditors Certification Examination and also provided PAN details, however I have not received a certificate. Whom should I contact?**

**For non-receipt of certificate contact: [certification@nism.ac.in](mailto:certification@nism.ac.in)**

**10. What is the validity period of the certificate?**

**The certificate will be valid for 3 years from the date of the examination.**

**11. Can I request for re-evaluation of NISM Certification Examinations?**

**NISM Policy on Re-evaluation of performance of candidates appearing for Certification Examination and resolution of doubts about the questions forming part of such examination, if any.**

**“No re-evaluation of the performance of candidates appearing for Certification Examination conducted by NISM (Mandatory & Non-Mandatory examination) is permitted since the assessment of answers, with respect to Certification Examinations questions which are in the nature of the selection of only one correct answer from multiple choices offered, is carried out in an objective manner by in-built system architecture created for Certification Examination without any scope for human intervention and subjectivity element. Also, considering the examination structure, no disclosure of the questions and/or answers is permitted as it will violate the confidentiality of the question bank, which is the essence of the examination.**

**In view of the above, no communication regarding re-evaluation, etc. will be entertained/serviced by NISM.” Subject to the above request/s received from a candidate for resolution of doubts about a question forming part of such examination will be considered as per the following policy.**

**(1) Candidate’s request/s will be considered only when he/she specifically mentions particular question or two which he/she thinks contain errors. Claims/ to recheck more than two questions shall normally be not permitted unless substantive material is provided by the candidate as to why he/she considers errors in such questions. In no case, claim/s to recheck all the questions appeared in his/her question paper shall be entertained.**

**(2) No request/s to disclose/discuss question/s and/or their answers shall be entertained as disclosure of the question/s will violate the essence of the question bank viz. breach the confidentiality/secretcy of the Question bank.**

**(3) Only those request/s made on-the-spot (before leaving the test center) will be considered for verification.**

**(4) When a valid request is received from a candidate at the Test Centre, it shall be forwarded by the respective TA to NISM. NISM’s team will look into claim relating to the contested question/s to verify whether there is a mistake in the question or answer. If it is prima facie found that the question or answer contains a mistake, no score will be computed and consequently no score card will be issued then at the Test Centre.**

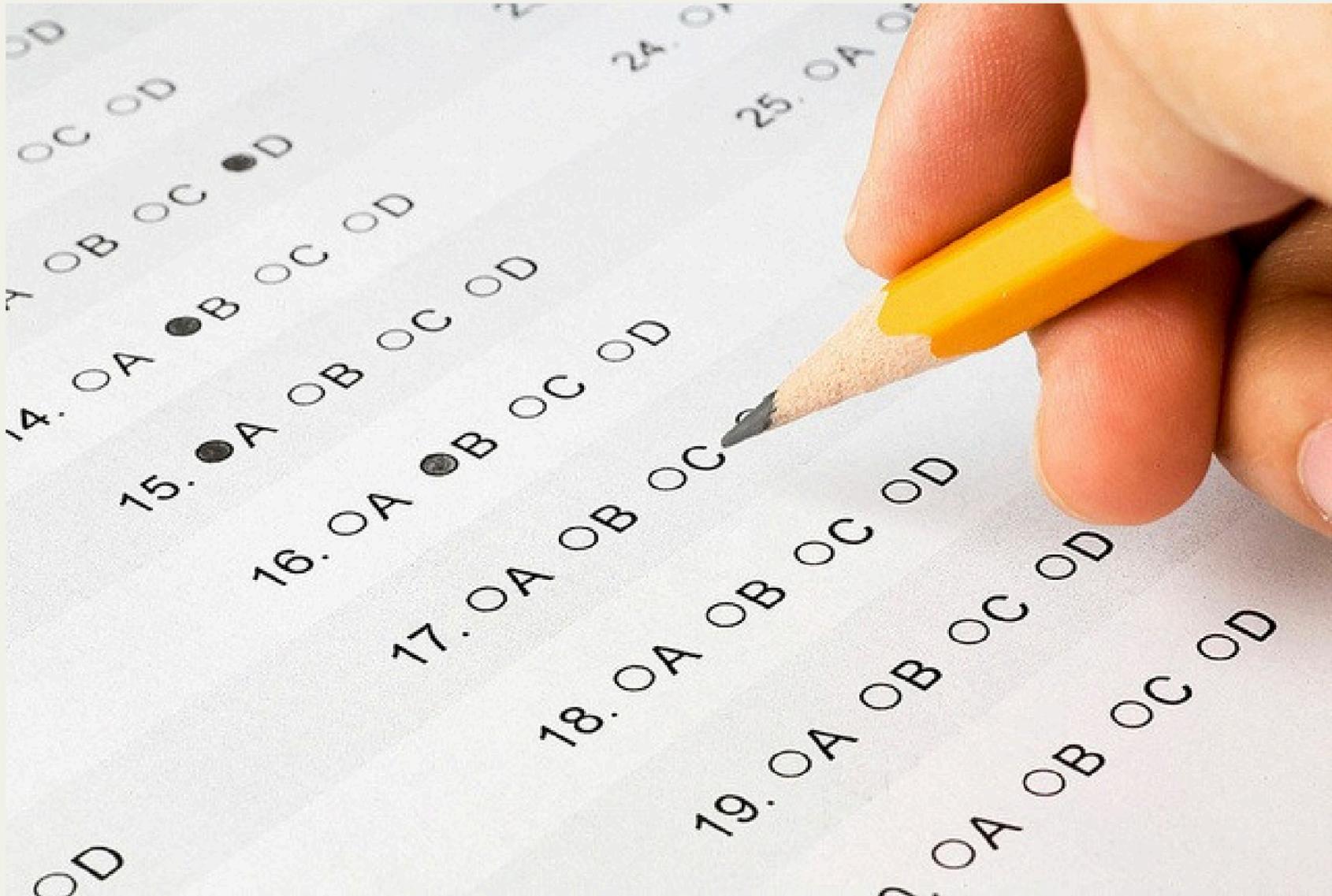
**(5) Such matter will then be escalated with the question / answer to the Committee with the details of the nature of error, the correct version of the question or contested correct answer and system recognized correct answer. The Committee, after due diligence and proper scrutiny, will arrive at a conclusion whether the claim made by a candidate in relation to a question or answer is right. Such conclusion will be recorded in writing and put up for formal approval to the authority of NISM.**

**(6) Score computation, kept in abeyance as per point 4, shall be carried based on the approval as per point – 5. Such score card will then be issued to the candidate by TA/NISM.**

**(7) Even though NISM endeavours best efforts and has put in place a robust mechanism to review its question bank intermittently, attributable to continuous changes taking place emanating from dynamics of the market, encompassing products and features, and its regulatory framework, there is a possibility of inadvertently escaping some updation and/or escaping indirect impact on some question/answer. Therefore, to take care of such eventuality, the above process of entertaining request from the candidate in relation to the question/answer is put in place.**

**(8) The above policy and process will be subject to review from time to time and shall be binding and final in relation to any claim and/or matter when disposed off with the approval of the authority of NISM.**

# MULTIPLE CHOICE QUESTIONS



**ICMAI Social Auditors Organisation**

**(A Section 8 Company promoted by The Institute of Cost Accountants of India)**

# MULTIPLE CHOICE QUESTIONS

Compiled & Contributed by CMA Jacky Singh  
(Cost Accountant , Social Auditor , Surveyor & Loss Assessor, Arbitrator)

Question 1 - With reference to the accounting and reporting requirements of social sector organizations such as Trusts, Societies and Section 8 Companies which of the following statements hold true: I. They are governed under the Companies Act II. They are governed under an Act as per their registration III. They are governed under the SEBI Act IV. There is no single regulatory body for these organisations A. Only I and III B. Only II and IV C. Only I and IV D. Only II and III **Answer - B. Only II and IV**

Question 2 - Which sector has been identified as an important partner towards addressing the Sustainable Development Goals (SDGs) 2030 Agenda? A. Business Sector B. Government Sector C. Social sector D. None of the above **Answer - C. Social sector**

Question 3 - When a trade occurs on the Stock Exchange it is a legal contract between: A. The buyer and seller B. Buyer and the stock exchange C. Buyer and the CCIL D. Seller and the CCIL **Answer - A. The buyer and seller**

Question 4 - A securities trade life cycle starts with \_\_\_\_\_.  
A. the placing of order on the Exchange  
B. its conversion into a trade  
C. the trade being settled after securities/ funds pay-in and pay-out  
D. All of the Above  
**Answer - D. All of the Above**

Question 5 - The donor makes the grant on the post facto basis to NPO to raise funds to finance its operations. Such a funder is termed as “Risk Funder”. What is post facto means? A. Pre-Payment B. NEFT C. Post - Payment

D. All of the above.

**Answer - A. Pre-Payment**

Question 6 - Which of the following is true about tenure of ZCZPs?

- A. Minimum 5 years
- B. Maximum 10 years
- C. Minimum 6 years
- D. Equal to the duration of the project that is being funded

**Answer - D. Equal to the duration of the project that is being funded**

Question 7 - For the purpose of registration, the Social Stock Exchange shall notify the conditions as applicable on social enterprise as on the date of \_\_\_\_\_.

- A. filing of documents with the SEBI
- B. registration approved by the SEBI
- C. listing of securities
- D. first donation received after registration

**Answer - A. filing of documents with the SEBI**

Question 8 - Following organization or activities shall not be eligible to be identified as a Social Enterprise: which of the following is false: A. corporate foundations, infrastructure and housing finance Companies B. political or religious organizations or activities C. professional or trade associations D. affordable housing **Answer - D. affordable housing**

Question 9 - Both quantitative and qualitative indicators are important in case of audit.

- A. Financial
- B. Social
- C. Compliance
- D. Operational

**Answer - B. Social**

Question 10 - Which document of accounting system should contains the detail regarding the IT controls in relation to accounting system such as Access Controls, Physical and environment security, logical security, backup and recovery etc. A. Chart of accounts

# MULTIPLE CHOICE QUESTIONS

Compiled & Contributed by CMA Jacky Singh  
(Cost Accountant , Social Auditor , Surveyor & Loss Assessor, Arbitrator)

- B. Delegation of Authority Matrix
- C. Cost Center Details
- D. IT control manuals

**Answer - D. IT control manuals**

Question 11 - \_\_\_\_\_ plans and performs a social audit with an attitude of professional skepticism to obtain sufficient appropriate evidence of the implementation of the social program in the field.

- A. Social Auditor
- B. Intended Users
- C. Responsible Party
- D. ICAI

**Answer - A. Social Auditor**

Question 12 - Theory of Change Model detail out:

- A. The inputs and activities
- B. The inputs, activities and outputs
- C. The inputs, activities, outputs and outcomes
- D. The inputs, activities, outputs, outcomes, and impact

**Answer - D. The inputs, activities, outputs, outcomes, and impact**

Question 13 - What is the timeframe within which programs such as health initiatives or microfinance programmes show impact? A. 1-2 years B. 3-5 years C. 5-7 years D. 10-15 years **Answer - B. 3-5 years**

Question 14 - Which of the following methods help in measuring indicators of social change such as behavioural change or psychological change?

- A. Quantitative
- B. Qualitative
- C. Monetization
- D. Both A and C

**Answer - B. Qualitative**

Question 15 - Which of the following data collection methods would be difficult to use for primary beneficiary of the project? A. Personal Interviews B. Questionnaires

- C. Observations
- D. Unstructured Interviews

**Answer - B. Questionnaires**

Question 16 - Governing Council of Social Sector Exchange shall have minimum \_\_\_\_\_ meetings in a year. A. One B. Two C. Three D. Four **Answer - D. Four**

Question 17 - Benefit of indexation is not available in respect of transfer of unlisted securities by

- A. Resident assessee
- B. Not ordinary Resident assessee
- C. Non-resident assessee
- D. All of the above

**Answer - C. Non-resident assessee**

Question 18 - Any profit or gain arising from the transfer of a capital asset is taxable on an \_\_\_\_\_ basis under the head 'capital gains' in the previous year in which such transfer takes place.

- 1. Receipt
- 2. Accrual
- A. Either 1 or 2
- B. only 1
- C. only 2

**Answer - C. only 2**

Question 19 - Securities Contracts Regulation Act is under the aegis of:

- A. SEBI
- B. Ministry of Finance
- C. Ministry of Corporate Affairs
- D. Ministry of Law and Justice

**Answer - B. Ministry of Finance**



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### GUIDELINES FOR ARTICLES

The articles sent for publication in the journal “The Social Auditor” should conform to the following parameters, which are crucial in selection of the article for publication:

- The article should be original, i.e. Not Published/ broadcasted/hosted elsewhere including any website.
- A declaration in this regard should be submitted to ICMAI-SAO in writing at the time of submission of article.
- The article should be topical and should discuss a matter of current interest to the professionals/readers.
- It should preferably expose the readers to new knowledge area and discuss a new or innovative idea that the professionals/readers should be aware of.
- The length of the article should not exceed 2500-3000 words.
- The article should also have an executive summary of around 100 words.
- The article should contain headings, which should be clear, short, catchy and interesting.
- The authors must provide the list of references, if any at the end of article.
- A brief profile of the author, e-mail ID, postal address and contact numbers and declaration regarding the originality of the article as mentioned above should be enclosed along with the article.
- In case the article is found not suitable for publication, the same shall be communicated to the members, by e-mail.

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