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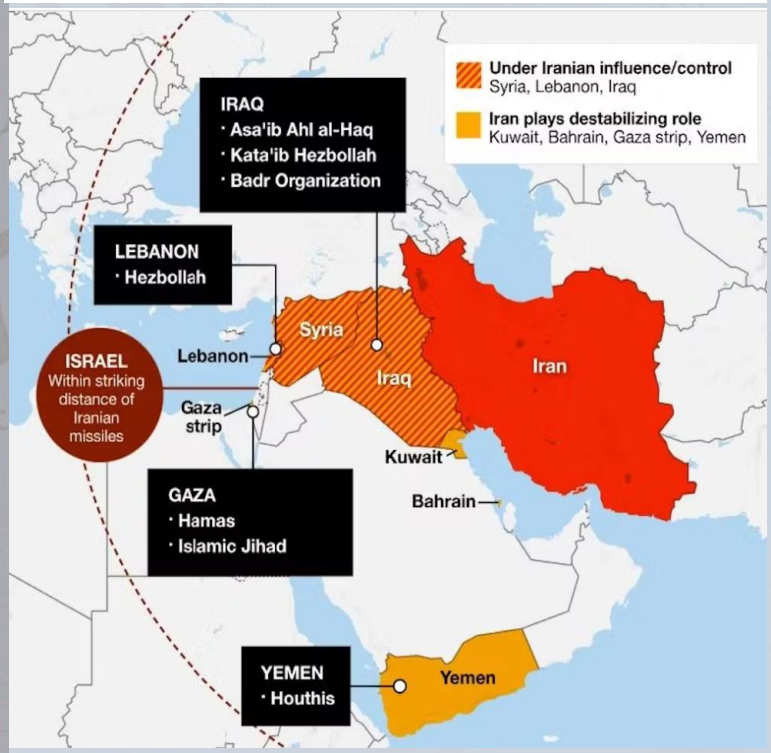
NEW INDIAN EXPRESS

Feb 1

AXIS OF RESISTANCE

(Syllabus: GS Paper 2 – IR)

What is Iran's 'axis of resistance' and why is it uniting in fury against the US and Israel?



Context: Recently, a drone attack killed three US soldiers at a military outpost in Jordan—an attack blamed on a shadowy Iranian-linked militia group—yet it appears a wider regional conflict may have been averted.

The Axis of Resistance: It is an informal anti-Israeli and anti-Western political and military coalition led by the Iranian government.

Shia armed groups in Iraq

- **Kata'ib Hezbollah's Ceasefire**: Accused by the US of a drone attack in Jordan, declared a pause in Iraq operations, influenced by Iran and Iraq.
- **Iran-Backed Militias in Iraq**: Numerous Iran-backed groups, united as the Islamic Resistance in Iraq, operate within the country, with Kata'ib Hezbollah being one of them.
- **Popular Mobilisation Forces and ISIS**: Established in 2014, Popular Mobilisation Forces (Al Hashd Al Sha'bi) became the primary Shia paramilitary force combating ISIS.
- **The Muqawama "Resistance"**: Iran-backed groups, framing themselves as the "resistance" (muqawama), intensified attacks on US and Turkish military bases in Iraq and Syria.

Hezbollah

- **About:** Hezbollah, also known as the "Party of God," originated in the 1980s to liberate southern Lebanon from Israeli occupation and uplift the marginalized Shia minority.
- **Evolution into a Political Entity**: Transforming from a militia, Hezbollah has rebranded itself as a legitimate political party in Lebanon.
- **Dual Role and Operations**: Presently, Hezbollah effectively functions as both a political party and a force with the ability to operate successfully in various domains.

Houthis

- **About**: The Houthis, a substantial clan, belong to the Zaidi Shia sect, tracing their origins to Yemen's northwestern Saada province.
- **Houthi Movement:** It is a Shia Islamist political and military organization that emerged from Yemen.

TIMES OF INDIA

Feb 1

ANTYODYA ANNA YOJANA

Syllabus GS Paper 2 – Govt Schemes)

Cabinet extends by 2 years sugar subsidy for 1.9 crore poor families

Context: The Cabinet recently approved a two-year extension until March 2026 for Antyodya Anna Yojna (AAY) families distributed through the Public Distribution Scheme (PDS).

Antyodya Anna Yojna (AAY)

- **Launch**: December 25, 2000.
- **Aim**: Offering essential food grains through the Targeted Public Distribution System (TPDS) at highly subsidized rates: ₹3 per kg for rice, ₹2 per kg for wheat, and ₹1 per kg for coarse grains.
- **Ministry**: Ministry of Consumer Affairs, Food, and Public Distribution.
- **Department**: Department of Food and Public Distribution.
- **Increase in Monthly Allotment**: Initially, BPL families were entitled to 25 kg of grains per month; however, starting from 2002, the allocation per family was raised to 35 kg per month, benefiting those holding Below Poverty Line (BPL) cards.
- **Objectives**: Providing nutritious food to the most economically disadvantaged individuals and extending highly subsidized food grains to Below Poverty Line (BPL) families.
- **Salient Features**
  - Noteworthy features of the Antyodaya Anna Yojana encompass coverage for the poorest of the poor, subsidized rates of ₹1 per kg for coarse grains, ₹2 per kg for wheat, and ₹3 per kg for rice. Furthermore, it operates as an integral component of the National Food Security Act.
  - Each family is entitled to receive 35 kg of food grains monthly, with the additional feature of states/union territories bearing both distribution and transportation costs associated with the program.

PIB

Feb 1

ROOFTOP SOLARIZATION

(Syllabus: GS Paper 3 – Env & Eco)

ROOFTOP SOLARISATION TO ENABLE ONE CRORE HOUSEHOLDS TO OBTAIN UPTO 300 UNITS OF FREE ELECTRICITY EVERY MONTH

Context: Union Minister for Finance and Corporate Affairs announced a slew of measures for the promotion of green growth and renewable energy.

Rooftop Solar

- **About:** It refers to a photovoltaic system where solar panels are installed on the rooftop of residential or commercial buildings.
- **Size**: Rooftop mounted systems are relatively small when contrasted with ground-mounted photovoltaic power stations, which typically have capacities in the megawatt range.
- **Residential Rooftop PV Capacity**: Rooftop PV systems on residential buildings typically possess a capacity ranging from 5 to 20 kilowatts (kW), showcasing their suitability for smaller-scale energy generation.
- **Commercial Rooftop PV Capacity**: In contrast, commercial buildings often host rooftop PV systems with significantly larger capacities, frequently exceeding 100 kilowatts (kW), making them robust contributors to the energy grid.
- **Benefits :**
  - Savings up to 15-18 thousand rupees annually for households from free solar electricity and selling the surplus to the distribution companies;
  - Charging of electric vehicles;
  - Entrepreneurship opportunities for a large number of vendors for supply and installation;
  - Employment opportunities for the youth with technical skills in manufacturing, installation and maintenance.
- **Rooftop solar (RTS) Energy:** India achieved 8.07 gigawatts of rooftop solar (RTS) installations by December 2022, out of the 40 GW of the target.

PM Suroyadaya Yojna: It aims to provide electricity to low and middle-income individuals through solar rooftop installations, along with offering additional income for surplus electricity generation. It aims to provide one crore households will be enabled to obtain up to 300 units of free electricity every month.

LIVEMINT Feb 1

OLD TAX VS. NEW TAX REGIME

(Syllabus: GS Paper 3 – Economy)

Income Tax: Old tax regime vs new tax regime and how to switch between the two? MintGenie explains

Context: The default adoption of the new tax regime is a notable modification outlined in the Budget 2023.

New Tax Regime

- **About:** The implementation of the new tax regime in India in 2020 marks a substantial shift, aiming to streamline processes through lower tax rates. However, this comes with the trade-off of reduced deductions and exemptions.
- **Key Changes in FY 2023-24**: Delving into the fiscal year 2023-24 (assessment year 2024-25), noteworthy adjustments have been introduced in the tax structure, reflecting the ongoing evolution of the system.
- **Elevated basic exemption limit and rebate**: The basic exemption limit, which represents the income threshold below which no tax is due, has been raised from ₹2.5 lakhs to ₹3 lakhs in the new tax regime.
    - Additionally, the tax rebate under section 87A has been raised from ₹5 lakhs to ₹7 lakhs. Consequently, income up to ₹7 lakhs is now effectively tax-free in the new regime.
- **Restoration of basic deduction**: The standard deduction of ₹50,000, previously applicable exclusively to the old tax regime, has now been incorporated into the new tax regime. This serves to further decrease the taxable income under the new regime.
- **Reduced surcharge**: The surcharge rate on income surpassing ₹5 crores has been decreased from 37% to 25% in the new tax regime. This results in a reduced effective tax rate for individuals with high incomes who choose the new regime.

Old tax Regime

- **About:** It is "deduction-based regime," offered a wide array of deductions and exemptions, offering potential benefits for taxpayers adept at leveraging them effectively.
- **Extensive deductions and exemptions**: With more than 70 options, including Section 80C offering a substantial limit of ₹1.5 lakh, these provisions have the potential to substantially decrease your taxable income and reduce your overall tax liability.
- **Established system**: It served as the primary tax regime for numerous years preceding the introduction of the new tax regime in 2020.
- **Taxpayer discretion**: Individuals retain the option to choose the old tax regime, even though the new regime is set as the default choice.

INDIAN EXPRESS

Page 5

MQ-98 DRONES

(Syllabus: GS Paper 2 – IR)

US clears sale of 31 MQ-9B armed drones to India

SHUBHAJIT ROY
NEW DELHI, FEBRUARY 1

THE US State Department has approved a potential sale of 31 armed MQ-9B SkyGuardian drones, missiles and supporting equipment to India for an estimated USD 4 billion, seven months after India announced its plan to buy them during Prime Minister Narendra Modi's visit to Washington DC.

The Pentagon announced it on Thursday, saying the US "Defense Security Cooperation Agency delivered the required certification notifying the (US) Congress of this possible sale today".

"The State Department has made a determination approving a possible Foreign Military Sale to the Government of India of MQ-9B Remotely Piloted Aircraft and related equipment for an estimated cost of $3.99 billion," the Defense Security Cooperation Agency said on Thursday night.

It said that the Indian government has requested to buy 31 MQ-9B SkyGuardian aircraft, 161 Embedded Global Positioning & Inertial Navigation Systems (EGIs), 35 L3 Rio Grande Communications Intelligence Sensor Suites, 170 AGM-114R Hellfire missiles, 16 M36E9 Hellfire Captive Air Training Missiles (CATM), 310 GBU-39B/B Laser Small Diameter Bombs (LSDB), and 8 GBU-39B/B LSDB Guided Test Vehicles (GTVs) with live fuzes. The other equipment included ground control stations, missile launchers, tactical training rounds, high frequency radios, and radars.

The Pentagon statement read that this "proposed sale will support the foreign policy and national security objectives of the United States by helping to strengthen the US-India strategic relationship and to improve the security of a major defense partner which continues to be an important force for political stability, peace, and economic progress in the Indo-Pacific and South Asia region."

The proposed sale, it said, "Will improve India's capability to meet current and future threats by enabling unmanned surveillance and reconnaissance patrols in sea lanes of operation. India has demonstrated a commitment to modernizing its military and will have no difficulty absorbing these articles and services into its armed forces."

It also said that the proposed sale of this equipment and support will not alter the basic military balance in the region.

According to the Pentagon, the principal contractor will be General Atomics Aeronautical Systems, Poway, CA. "The purchaser typically requests offsets. Any offset agreement will be defined in negotiations between the purchaser and the contractor," it said.

Earlier in the day, US State Department spokesperson Matthew Miller said, "Of course, Congress plays an important role in the US arms transfer process. We routinely consult with members of Congress on the foreign affairs committees before our formal notification so we can address questions that they might have, but I don't have any comment on when that formal notification might take place."

Miller said the proposed mega drone deal announced during the historic State Visit of Prime Minister Narendra Modi in June 2023 offers significant potential to further advance bilateral strategic technology and military cooperation in the region.

"This is a proposed sale that was announced during Prime Minister Modi's visit last year. We believe it offers significant potential to further advance strategic technology cooperation with India and military cooperation in the region," Miller said.

FULL REPORT ON
www.indianexpress.com

Context: THE US State Department has approved a potential sale of 31 armed MQ-9B SkyGuardian drones, missiles and supporting equipment to India for an estimated USD 4 billion

MQ-9B Drones

- **Developed by**: General Atomics Aeronautical Systems (GA-ASI).
- **Variant of**: MQ-9 "Reaper".
- **MQ-9 Reaper**: An unmanned aerial vehicle (UAV) capable of remotely controlled or autonomous flight operations.
  - They are armed with strike missiles that can take out enemy targets with high accuracy.
- **The MQ-9B has two variants**: Sky Guardian and Sea Guardian.
- The Indian Navy has been operating the MQ-9B Sea Guardian since 2020.
- **Features of MQ-9B Sea Guardian**
  - **Payload**: It can carry up to 5,670 kg.
  - **Altitude**: 40,000 feet.
  - **Endurance time**: 40 hours.
  - This makes it useful for long-hour surveillance.
  - It can support land, maritime surveillance, anti-submarine warfare, anti-surface warfare, strike, electronic warfare, and expeditionary roles.
  - It is capable of automatic take-offs and landings.
  - This enables joint forces and civil authorities to deliver real-time situational awareness anywhere in the maritime domain — day or night.

THE HINDU

Page 4

LAKHPATI DIDI SCHEME
(Syllabus: GS Paper 2 – Govt Scheme)

Govt. raises *Lakhpati Didi* scheme target

Sreeparna Chakrabarty
NEW DELHI

Buoyed by its success, the Centre has decided to increase the target for '*Lakhpati Didi*' scheme, which aims to train women self-help groups (SHGs) to earn a sustainable income of at least ₹1 lakh per annum by setting up micro-enterprises within their villages.

Finance Minister Nirmala Sitharaman, while presenting the interim Budget for 2024-25, said the target for training '*Lakhpati Didi*' would be increased from the existing 2 crore to 3 crore.

"Eighty-three lakh self-help groups with 9 crore women are transforming rural socio-economic landscape with empowerment and self-reliance. Their success has assisted nearly one crore women to become *Lakhpati Didi* already," Ms. Sitharaman said.

She said that there will also be expedition of the upgradation of Anganwadi Centres under "Saksham Anganwadi and Poshan 2.0" scheme for improved nutrition delivery, early childhood care and development. Accordingly, the Saksham Anganwadi and POSHAN 2.0 programmes saw the highest allocation of funds at ₹21,200 crore, followed by the Mission Shakti, which has been given ₹3,145.97 crore.

The total allocation for the Women and Child Development Ministry for 2024-25 is ₹26,000 crore, a marginal increase of 2.52% from the previous year's Budget.

Context: Buoyed by its success, the Centre has decided to increase the target for **'Lakhpati Didi' scheme**, which aims to train **women's self-help groups** to earn a sustainable income of at least ₹one lakh per annum by setting up micro-enterprises within their villages.

Lakhpati Didi Scheme

- **About**: The announcement to promote women's engagement in micro-enterprises was made during the Independence Day speech.
- **Objective**: The government, through the Lakhpati Didi Initiative, aims to train two crore women, fostering the creation of micro-enterprises within their respective villages.
- **Sustainable Income Goals**: The program's objective is to train women in self-help groups (SHGs), empowering them to generate a sustainable annual income of at least Rs 1 lakh per household.
- **Target**: Train two crore women
- **Diverse Skill Development**: Women under the scheme will receive training in various skills like plumbing, LED bulb making, drone operation and repair, tailoring, and weaving.
- **Transformative Rural Economy Vision**: The Ministry of Rural Development is adopting a comprehensive, whole-of-government approach to bring about maximum impact and convergence, aiming to transform the rural economy by empowering 'Lakhpati Didis.'

Self Help Groups (SHGs): They are small groups of poor people. The members of an SHG face similar problems. They help each other, to solve their problems. SHGs promote small savings among their members. The savings are kept with the bank. This is the common fund in the name of the SHG. The SHG gives small loans to its members from its common fund

- SHG is an informal group and registration under any Societies Act, State cooperative Act or a partnership firm is not mandatory.

ECONOMIC TIMES

Feb 1

INTERIM BUDGET
(Syllabus: GS Paper 3 – Economy)

Interim Budget 2024: Decoding for individual taxpayers

Context: The Finance Minister recently presented her sixth budget, unveiling announcements that spanned railways, tourism, healthcare, technology, aviation, green energy, aquaculture, housing, and more.

Interim Budget

- **About**: The interim Budget covers government expenses and revenues for a short span in an election year until a new government is elected.
  - It outlines the government's expenditure and revenue proposals until a full-fledged budget is presented by the new government.
- **Items are included**: Estimates for government expenditure, revenue, fiscal deficit, and financial performance for a few months, but cannot include major policy announcements.
- **Duration**: covers the immediate financial needs and allocations for the next few months until the new government can present a complete budget for the entire fiscal year.
- **Presented by**:Incumbent government's finance minister before the expiration of their term.
- **Union Budget:** It is the annual financial statement that outlines the estimated costs and expenses of the government for the following fiscal year.
- **Difference between an interim Budget and a regular Budget**
  - An interim budget is a shorter-term financial statement that allows for the smooth functioning of the government until a new administration can present a full budget for the entire fiscal year.

BUSINESS LINE

Feb 1

BUDGET 2024 HIGHLIGHTS
(Syllabus: GS Paper 3 – Economy)

Budget 2024 Highlights & Announcements: No tax revisions, affordable houses; FM Sitharaman narrows fiscal deficit estimates

Context: Finance Minister Nirmala of India confirmed the continuation of existing tax rates, covering direct, indirect taxes, and export duties.

Highlights of Budget 2024-25

- **Stability in Tax Rates**: There are no changes in direct, indirect tax rates
- **Relief for Taxpayers**: The government withdrew income tax demands up to ₹25,000 (till 2009-10) and ₹10,000 from 2010-11 to 2014-15. This will benefit about one crore taxpayers
- **Support for Middle Class**: A scheme to help middle class living in rented houses to buy or build their own houses will be launched
- **Extended Tax Benefits for Start-ups**: Tax benefits to start-ups and investments made by sovereign wealth or pension funds extended by 1 year till March 31, 2025
- **Boost in Capital Expenditure**: Capital expenditure hiked 11% to ₹11.11-lakh crore
- **Fiscal Deficit Projection**: At 5.1%, lower than the revised estimate (5.8%) in FY24
- **Reduced Borrowing**: Govt to borrow ₹14.13-lakh crore in next fiscal, lower than ₹15.43 lakh crore in FY24
- **Nominal GDP Growth**: For FY25 is projected at 10.5%
- Mop-up from central public sector enterprises (CPSEs) disinvestment pegged at ₹50,000 crore for FY25, up from ₹30,000 crore in FY24
- **Tax Collection Goals**: Gross tax revenue target for FY25 hiked 11.46% to ₹38.31-lakh crore, from ₹34.37 lakh crore in FY24
    - Direct tax collection target set at ₹21.99-lakh crore, while that of indirect tax is at ₹16.22-lakh crore
- **Transparency**: The government will release a white paper on mismanagement of economy prior to 2014
- **Next Generation Reforms**: It will be unveiled in consultation with States and stakeholders.

FOOD SUBSIDY

(Syllabus: GS Paper 3 – Economy)

ON THE BACK OF LESS FREE GRAIN AND EASING GLOBAL FERTILISER PRICES

Food, fertiliser, fuel subsidy bill to fall to 5-year low

HARISH DAMODARAN
NEW DELHI, FEBRUARY 1

THE CENTRE'S subsidy bill on the '3 Fs' — food, fertiliser and fuel — is slated to fall to a five-year-low of Rs 3,81,175 crore in 2024-25, as per the Interim Budget. There are two main drivers for the decline.

The first is the discontinuation of the free, additional 5-kg monthly grain allocation to the 80 crore-plus public distribution system (PDS) beneficiaries under the Pradhan Mantri Garib Kalyan Anna Yojana. This extra rice or wheat — over and above the regular 5 kg/person/month PDS quota under the National Food Security Act — was given during the post-Covid period from April 2020 to December 2022. That ended effective from the last calendar year.

With the annual grain offtake through the PDS and other schemes falling to 64-65 million tonnes (mt) in 2023-24 (as against 92.9 mt in 2020-21, 105.6 mt in 2021-22 and 92.7 mt in 2022-23) and the government's procurement as well as stocks in godowns also declining (translating into reduced carrying cost of buffer beyond operational requirements), the food subsidy is being projected at Rs 2,05,250 crore for 2024-25.

That's down from the revised estimate (RE) of Rs 2,13,332 crore for this fiscal, Rs 2,72,802 crore for 2022-23 and Rs 2,88,969 crore for 2021-22.

The subsidy hit an all-time-high of Rs 5,41,330 in 2020-21, when a one-time provision was made to enable the Food Corporation of India (FCI) to repay some Rs 3,39,236 crore of outstanding loans taken from the National Small Savings Fund (NSSF). Prior to 2020-21, the Centre wasn't wholly funding the subsidy, arising from the difference between the FCI's "economic cost" (what it incurs in procuring, distributing and storing grain) and its average issue price. To bridge the gap, it had to then borrow from the NSSF at an interest rate of 7.4-8.8 per cent per annum.

FCI's economic cost is currently Rs 39.18/kg for rice and Rs 27.03/kg for wheat (budget estimates for 2023-24), while the same grains are issued entirely free to PDS beneficiaries.

The second driver for the Centre's lower subsidy outgo is fertiliser. This bill soared to a record Rs 2,51,339 crore in 2022-23, following Russia's invasion of Ukraine in February 2022 that led to skyrocketing international prices of fertilisers and raw materials.

Those prices have since eased: Global urea prices averaged $402 per tonne in December 2023 (as against $576 in December 2022 and $990 in December 2021). The corresponding per-tonne landed import prices were $595 ($723 and $898) for di-ammonium phosphate, $319 ($590 and $445) for muriate of potash, $985 ($1,175 and $1,330) for phosphoric acid, $592 ($1,120 and $990) for ammonia, and $98 ($198 and $308) for sulphur.

As a result of the ease in prices, the fertiliser subsidy fell to Rs 188,894 crore in 2023-24 and is budgeted even lower at Rs 1,64,000 crore for the coming fiscal.

The third major '3F' subsidy head is fuel, which touched Rs 96,880 crore in 2012-13 and Rs 85,378 crore in 2013-14. The petroleum subsidy fell subsequently with benign global crude prices and the Narendra Modi government limiting it only to sale of LPG cylinders and providing connections to poor/low income households.

Retail prices of diesel and petrol have, however, not been revised since they were last cut on May 22, 2022. That has pushed up petroleum subsidy to Rs 12,000 crore levels in the current as well as ensuing fiscal.

SPENDING UNDER '3F' SUBSIDIES (₹ CR)

	Food	Fertiliser	Fuel	Total
2014-15	1,17,671.16	71,075.62	60,268.82	2,49,015.6
2015-16	1,39,419	72,415.17	29,999	2,41,833.17
2016-17	1,10,172.96	66,312.93	27,538.71	2,04,024.6
2017-18	1,00,281.69	66,467.57	24,460.49	1,91,209.75
2018-19	1,01,327	70,604.8	24,836.95	1,96,768.75
2019-20	1,08,688.35	81,124.33	38,528.78	2,28,341.46
2020-21	5,41,330.14	1,27,921.74	38,454.64	7,07,706.52
2021-22	2,88,968.54	1,53,758.1	3,422.6	4,46,149.24
2022-23	2,72,802.38	2,51,339.36	6,817.37	5,30,959.11
2023-24BE	1,97,350	1,75,099.92	2,257.09	3,74,707.01
2023-24RE	2,12,332	1,88,893.8	12,240	4,13,465.8
2024-25BE	2,05,250.01	1,63,999.8	11,925.01	3,81,174.82

BE: Budget Estimates; RE: Revised Estimates.

EXPLAINED E.

WITHOUT MUCH CHANGE

THE INTERIM Budget has predictably not tinkered with the free grain scheme or raised fertiliser and fuel prices. Yet, the Centre's subsidy bill is pegged at a five-year-low, on the back of lower PDS offtake and easing global fertiliser prices. Any further rationalisation can be expected only post the Lok Sabha elections under the next government.

Context: The Centre's subsidy bill on the '3 Fs' — food, fertiliser and fuel — is slated to fall to a five-year-low of Rs 3,81,175 crore in 2024-25, as per the Interim Budget.

Food Subsidy

- **Establishment**: Formed in 1965, the FCI is tasked with the procurement, distribution, and storage of food grains, ensuring economic costs cover procurement, storage, and distribution expenses.
- **Nodal Ministry**: The Department of Food and Public Distribution operates under the Ministry of Consumer Affairs, Food and Public Distribution, serving as the nodal ministry for food-related matters.
- **Components of Food Subsidy**:
  - **Subsidy to FCI**: The government supports FCI with subsidies for procuring food grains from farmers at notified prices.
  - **Subsidy to States**: Central government extends food subsidies to states under the decentralised procurement scheme, allowing states to handle procurement, distribution, and storage on behalf of FCI.
  - **Sugar Subsidy**: As part of the Antyodaya Anna Yojana, poor families receive a sugar subsidy, providing one kg of sugar per month at a subsidized price to address nutritional needs.

Key Points

- **Discontinuation:** The free, extra 5-kg monthly grain allocation provided to over 80 crore PDS beneficiaries under the Pradhan Mantri Garib Kalyan Anna Yojana has been discontinued.
  - This supplementary rice or wheat, beyond the regular 5 kg/person/month PDS quota, was offered from April 2020 to December 2022.
- **End of Post-Covid Relief Measures**: The additional grain allocation, initiated as a post-Covid relief measure, concluded in the last calendar year.
- **Reduction in Annual Grain Offtake**:The annual grain offtake through PDS and other schemes has declined to 64-65 million tonnes in 2023-24.
- Contrasting with 92.9 mt in 2020-21 and 105.6 mt in 2021-22, this reduction indicates a significant shift in the distribution and consumption patterns.

SOVEREIGN GREEN BONDS

(Syllabus: GS Paper 3 – Economy)

'Sovereign green bonds likely in next fiscal year'

Rhik Kundu
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NEW DELHI

The Centre is expected to issue sovereign green bonds in the second half of the next fiscal year, Ajay Seth, secretary, department of economic affairs, said on Thursday.

Although the interim budget, presented by finance minister Nirmala Sitharaman, did not specifically mention green bonds, their issuance is expected in the third or fourth quarter of 2024-25, Seth said on the sidelines of a post-budget press conference.

Mint had on 12 January reported that the government is likely to issue sovereign green bonds worth at least ₹20,000 crore as part of the borrowing programme for 2024-25, with a large chunk of the bonds likely to be sold in the second half of next fiscal.

Green bonds address the funding requirements for projects in solar, wind and hydropower sectors. With several financially viable projects in the public sector in the pipeline, policymakers feel that funds raised through this route will be easily utilized.

The budget for 2023-24 also did not mention sovereign green bonds. But, the Centre later included a phased ₹20,000 crore green bond plan for the second half of the borrowing calendar. Of this, bonds of ₹5,000 crore with a tenure of five years were sold in November 2023, and ₹10,000 crore worth of bonds with a tenure of 30 years in two tranches of ₹5,000 crore each are expected across January and February 2024; bonds worth another ₹5,000 crore are expected by March.

Context: The government recently announced its plan to issue sovereign green bonds during the second half of the next fiscal year.

Sovereign Green Bond

- **Meaning:** Bonds issued by any sovereign entity, inter-governmental groups or alliances and corporates with the aim that the proceeds of the bonds are utilised for **projects classified** as **environmentally sustainable.**
  - They are financial instruments that finance green projects and provide investors with regular or fixed income payments. – World Bank.
- **Announcement:** In the Union Budget 2022-23.
- **First ever green bond:** Issued by the World Bank in 2008.
- **Different from standard bonds**: Standard bonds proceeds can be used for various purposes as per the choice of the issuer, whereas proceeds of green bonds are earmarked for green projects or projects that benefit the environment.
- **Issuer**: Green bonds can be issued by countries, companies and multilateral organisations to only fund projects that have positive impacts on the climate and environment and provide investors with fixed income payments.

Significance:

- **Importance financial instrument**: It has emerged as an important financial instrument to deal with the threats of climate change and related challenges.
- **Collaboration**: It's critical to connect environmental projects with capital markets and investors and channel capital towards sustainable development.
- **Carbon footprint**: It will further reduce the carbon footprint of the country.
- **For investors**: A platform to engage in good practices, influencing the business strategy, provides a means to hedge against climate change risks while achieving at least similar, if not better, returns on their investment.

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