14

STANDING COMMITTEE ON FINANCE

(2024-25)

EIGHTEENTH LOK SABHA

MINISTRY OF FINANCE

(DEPARTMENTS OF ECONOMIC AFFAIRS, EXPENDITURE, FINANCIAL SERVICES, PUBLIC ENTERPRISES AND INVESTMENT & PUBLIC ASSET MANAGEMENT)

[Action taken by the Government on the Observations/Recommendations contained in the First Report of the Standing Committee on Finance on 'Demands for Grants (2024-25) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management)']

FOURTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

July, 2025/ Sravana, 1947 (Saka)

FOURTEENTH REPORT

STANDING COMMITTEE ON FINANCE
(2024-25)

(EIGHTEENTH LOK SABHA)

MINISTRY OF FINANCE
(DEPARTMENTS OF ECONOMIC AFFAIRS, EXPENDITURE, FINANCIAL SERVICES, PUBLIC ENTERPRISES AND INVESTMENT & PUBLIC ASSET MANAGEMENT)

[Action taken by the Government on the Observations/Recommendations contained in the First Report of the Standing Committee on Finance on 'Demands for Grants (2024-25) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management)']

Presented to Lok Sabha on 31 July, 2025

Laid in Rajya Sabha on 31 July, 2025

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

July, 2025/ Sravana, 1947 (Saka)

CONTENT

REPORT

COMPOSITION OF STANDING COMMITTEE ON FINANCE (2024-25)

Shri Bhartruhari Mahtab - Chairperson

MEMBERS

LOK SABHA

2. Shri Arun Bharti
3. Shri P. P. Chaudhary
4. Shri Lavu Sri Krishna Devarayalu
5. Shri Gaurav Gogoi
6. Shri K. Gopinath
7. Shri Suresh Kumar Kashyap
8. Shri Kishori Lal
9. Shri Harendra Singh Malik
10. Shri Chudasama Rajeshbhai Naranbhai
11. Thiru Arun Nehru
12. Shri N. K. Premachandran
13. Dr. C. M. Ramesh
14. Smt. Sandhya Ray
15. Prof. Sougata Ray
16. Shri P. V. Midhun Reddy
17. Dr. Jayanta Kumar Roy
18. Dr. K. Sudhakar
19. Shri Manish Tewari
20. Shri Balashowry Vallabhaneni
21. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

22. Shri P. Chidambaram
23. Shri Milind Murli Deora
24. Dr. Ashok Kumar Mittal
25. Shri Yerram Venkata Subba Reddy
26. Shri S. Selvaganabathy
27. Shri Sanjay Seth
28. Dr. Dinesh Sharma
29. Smt. Darshana Singh
30. Dr. M. Thambidurai
31. Shri Pramod Tiwari

SECRETARIAT

1.	Shri Gaurav Goyal	Joint Secretary
2.	Shri Vinay Pradeep Barwa	Director
3.	Shri T. Mathivanan	Deputy Secretary
4.	Ms. Yugma Malik	Under Secretary

INTRODUCTION

I, the Chairperson of the Standing Committee on Finance, having been authorized by the Committee, present this Fourteenth Report on action taken by Government on the Observations/Recommendations contained in the First Report of the Committee (Eighteenth Lok Sabha) on Demands for Grants (2024-25) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management).

2. The First Report was presented to Lok Sabha / laid on the table of Rajya Sabha on 06 December, 2024. The Action Taken Notes on the Observations/Recommendations were received from Department of Economic Affairs on behalf of Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management on 28 February, 2025.

3. The Committee considered and adopted this Report at their sitting held on 29 July, 2025.

4. An analysis of the action taken by the Government on the recommendations contained in the First Report of the Committee is given in the Appendix.

5. For facility of reference, the Observations/Recommendations of the Committee have been printed in bold in the body of the Report.

6. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

New Delhi;	**Bhartruhari Mahtab**
29 July, 2025	**Chairperson,**
07 Sravana, 1947 (Saka)	**Standing Committee on Finance**

REPORT

CHAPTER – I

This Report of the Standing Committee on Finance deals with action taken by Government on the Observations/Recommendations contained in their 1st Report (Eighteenth Lok Sabha) on Demands for Grants (2024-25) of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management) which was presented to Lok Sabha / laid in Rajya Sabha on 06th December, 2024.

1.2 The Action Taken Notes on behalf of Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment & Public Asset Management were received from Department of Economic Affairs on 28th February, 2025. The Action Taken Notes have been received from the Government in respect of all the 12 recommendations contained in the Report. The replies have been analyzed and categorized as follows:

(i) Observations/Recommendations that have been accepted by the Government:

Recommendation Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12

(Total - 12)
(Chapter- II)

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies:

(Total - NIL)
(Chapter- III)

(iii) Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee:

(Total - NIL)
(Chapter- IV)

(iv) Observations/Recommendations in respect of which final replies by the Government are still awaited:

(Total - NIL)
(Chapter- V)

1.3 The Committee will now deal with and comment upon the action taken by the Government on some of their recommendations.

Recommendation (Serial No. 2)

NATIONAL INVESTMENT AND INFRASTRUCTURE FUND (NIIF)

1.4 The Committee are informed that the National Investment Infrastructure Fund (NIIF) has become a well established fund management organisation and has developed a credible track record with operational funds in infrastructure, private markets, climate and growth equity. The Committee take note of NIIF's first bilateral fund in the form of India Japan Fund (IJF) with Japan Bank for International Cooperation (JBIC) setup in 2023. Also, the launch of a green credit fund - the US India Green Transition Fund (USIGF) setup with the objective to help lower the cost of capital and attract international private finance at scale to accelerate the deployment of green field renewable energy, battery storage, and emerging green technology projects in India is noteworthy. The Committee suggest that NIIF should explore leveraging innovative financing mechanisms such as blended finance to actively attract international private capital; deploy more innovative and ingenious means to accelerate India's infrastructure development in a sustainable and financially sound manner; and further boost investor confidence.

1.5 In their action taken reply, the Ministry of Finance has furnished the following written submission:

> *"NIIF is in the process of setting up a green transition credit fund with a corpus of USD 2 billion with anchor investment from the government and the US International Development Finance Corporation. The US India Green Transition Fund (USIGF) is a blended finance product that envisages raising global commercial capital alongside anchor commitments from USDFC and the Government of India. NIIFL shall explore opportunities in blended finance for new and emerging sectors of the Indian economy.*
>
> *Innovative financing mechanisms and innovative and ingenious means to accelerate India's infrastructure development in a sustainable and financially sound manner:*

i. *NIIF's Ports and Logistics platform has deployed innovative strategies to create an integrated logistics ecosystem uniquely positioned to reduce supply chain management costs.*

ii. *The Smart meter platform has been at the forefront of introducing this transformative technology across multiple states.*

iii. *NIIF's investments in Greenfield airports are designed with instruments to manage and mitigate investment risks effectively, ensuring long-term viability.*

iv. *NIIF also pioneered the commitment to India's largest single-location hyperscale data centre in partnership with Digital Edge, reflecting our forward-looking approach to infrastructure development in the digital age.*

v. *The India-Japan Fund (IJF) is envisaged to play an important role in the Resilient and Inclusive Supply Chain Enhancement (RISE) initiative by leveraging its local expertise to strengthen clean energy and mineral supply chains in India by facilitating collaboration between Japanese and Indian companies and co-investing with Japanese companies in India."*

[Ministry of Finance (Department of Economic Affairs)
O.M./File No 18/5/2024-DI dated 20.12.2024]

1.6 The Committee applaud National Investment Infrastructure Fund's (NIIF's) shift towards sustainable and future-ready infrastructure development, particularly its adept use of blended finance models such as the US India Green Transition Fund (USIGF) and targeted investments in critical areas like logistics and digital utilities. To further strengthen its role in mobilizing capital into infrastructure and other key sectors of the Indian economy, the Committee would like NIIF to formulate a robust blended finance framework across emerging sectors, proactively invest in transformative cutting-edge technologies, and diversify its capital base beyond bilateral government funds by attracting broader global institutional investment. This may be underpinned by enhanced public disclosure of fund performance, project pipeline, job creation and projects in aspirational regions/districts. The Committee believe that through these actions and proactive investor engagement, NIIF will become a key partner in India's green transition and overall development.

Recommendation (Serial No. 5)

INFLATION

1.7 The Committee note that the Government has been taking various measures to control inflation, maintain consumer confidence and ensure economic stability. However, the Committee observe that inflation varies considerably across States, with some states like Odisha (6.3%) and Bihar (6.2%) experiencing higher rates than the national average of 4.6%. It has been submitted to the Committee that factors such as regional crop production; transportation, storage and handling costs; local consumption patterns; variations in fuel prices including taxes and subsidies and local factors such as differences in geographical terrains, supply chain disruptions, natural calamities, and regional policies contribute to these disparities. To address these issues, the Committee urge the Government to study and explore all possible ways and means in collaboration with State Governments to achieve more consistent inflation control across the country.

1.8 In their action taken reply, the Ministry of Finance has furnished the following written submission:

"

1. *The Union Budget 2025-26 proposed measures to be implemented in collaboration with the State Governments, which could help to achieve more consistent inflation control across the country. These include:*

    a. *Prime Minister Dhan-Dhaanya Krishi Yojana in partnership with states for Developing Agri Districts Programme: This is proposed to be done through the convergence of existing schemes and specialized measures. The programme will cover 100 districts with low productivity, moderate crop intensity and below-average credit parameters. It aims to (i) enhance agricultural productivity, (ii) adopt crop diversification and sustainable agriculture practices, (iii) augment post-harvest storage at the panchayat and block level, (iv) improve irrigation facilities, and (v) facilitate availability of long-term and short-term credit.*

    b. *A comprehensive programme for vegetables and fruits: A comprehensive programme to promote production, efficient supplies, processing, and* *remunerative prices for farmers is proposed in the Budget 2025-26 to be launched in partnership with States. Appropriate institutional mechanisms for implementation and participation of farmer producer organizations and cooperatives will be set up under the programme.*

2. *Department of Consumer Affairs monitors the daily retail and wholesale prices of selected essential food commodities, submitted by the 555 price monitoring centres that have been set up with Central assistance by the State Governments and UT Administrations across the country. The daily price trends are analysed for taking appropriate decisions such as release of stocks from the buffer, stock disclosure by stockholding entities, imposition of stock limits, changes in trade policy instruments like rationalisation of import duties, changes in import quota, restrictions on exports of the commodities, etc.*

3. *In order to tackle the volatility in prices, government maintains buffer stock of pulses and onion for market interventions through calibrated release to moderate market prices. Part of the buffer stock of pulses is converted into dals for retail sale to the consumers at affordable prices under the Bharat Dal brand. Similarly, atta and rice are distributed to retail consumers under Bharat brand at subsidized prices. Onion from the buffer was also released during September to December, 2024 in a targeted manner to moderate prices in high price consuming centres at wholesale markets and through retail outlets. This was targeted in States and cities where prevailing prices were higher than the all-India average and were rising in order to moderate the inter-State variations in prices and inflation."*

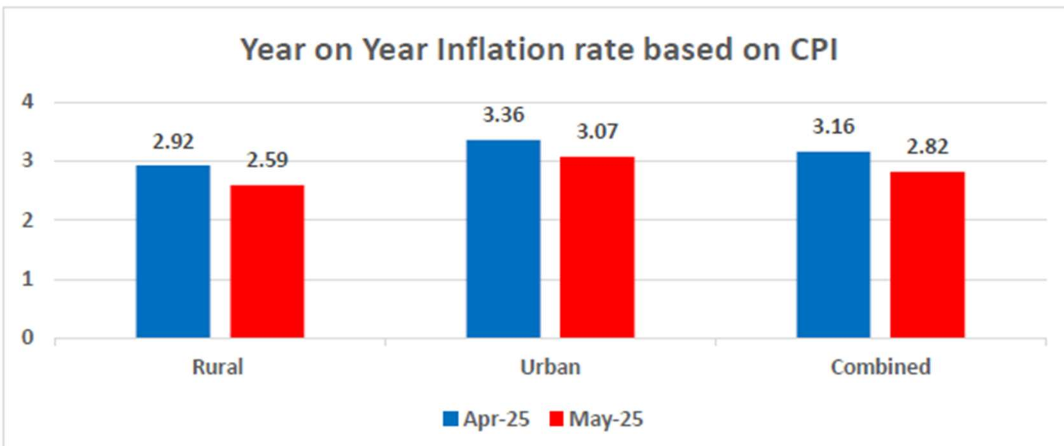
[Ministry of Finance (Department of Economic Affairs)
O.M No. 5(3)/Ec.Dn./2025 dated 14.02.2025]

1.9 **The Ministry of Statistics and Programme Implementation has stated *inter-alia* the following in their Press Release dated 12.06.2025:-**

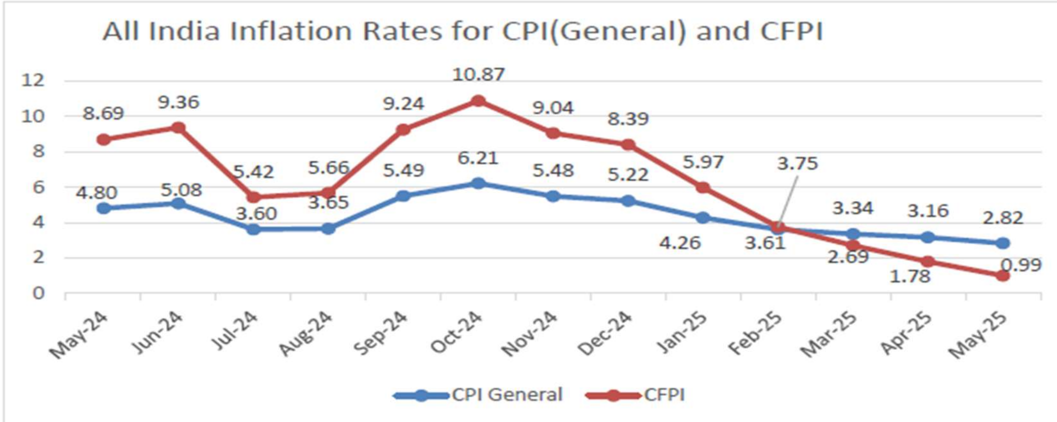
"CONSUMER PRICE INDEX NUMBERS ON BASE 2012=100 FOR RURAL, URBAN AND COMBINED FOR THE MONTH OF MAY, 2025

Key highlights:

1. **Headline Inflation: Year-on-year inflation rate based on All India Consumer Price Index (CPI) for the month of May, 2025 over May, 2024 is 2.82% (Provisional). There is decline of 34 basis points in headline inflation of May, 2025 in comparison to April, 2025. It is the lowest year-on-year inflation after February,2019.**



2. **Food Inflation: Year-on-year inflation rate based on All India Consumer Food Price Index (CFPI) for the month of May, 2025 over May, 2024 is 0.99% (Provisional). Corresponding inflation rate for rural and urban are 0.95% and 0.96%, respectively. All India inflation rates for CPI(General) and CFPI over the last 13 months are shown below. A sharp decline of 79 basis point is observed in food inflation in May, 2025 in comparison to April, 2025. The food inflation in May, 2025 is the lowest after October, 2021.**



3. **The significant decline in headline inflation and food inflation during the month of May, 2025 is mainly attributed to decline in inflation of Pulses & products, Vegetables, Fruits, Cereals & products, Households goods & services, Sugar & confectionary and Egg and the favourable base effect.**

4. **Rural Inflation: Significant decline in headline and food inflation in rural sector observed in May, 2025. The headline inflation is 2.59% (Provisional) in May, 2025 while the same was 2.92% in April, 2025. The CFPI based food inflation in rural sector is observed as 0.95% (Provisional) in May, 2025 in comparison to 1.85% in April, 2025.**

5. **Urban Inflation: Significant decline from 3.36% in April, 2025 to 3.07% (Provisional) in May, 2025 is observed in headline inflation of urban sector. Sharp decline is also observed in food inflation from 1.64% in April, 2025 to 0.96% (Provisional) in May, 2025.**

6. **Housing Inflation: Year-on-year Housing inflation rate for the month of May, 2025 is 3.16% (Provisional). Corresponding inflation rate for the month of April, 2025 was 3.06%. The housing index is compiled for urban sector only.**

7. **Education Inflation: Year-on-year Education inflation rate for the month of May, 2025 is 4.12% (Provisional). Corresponding inflation rate for the**

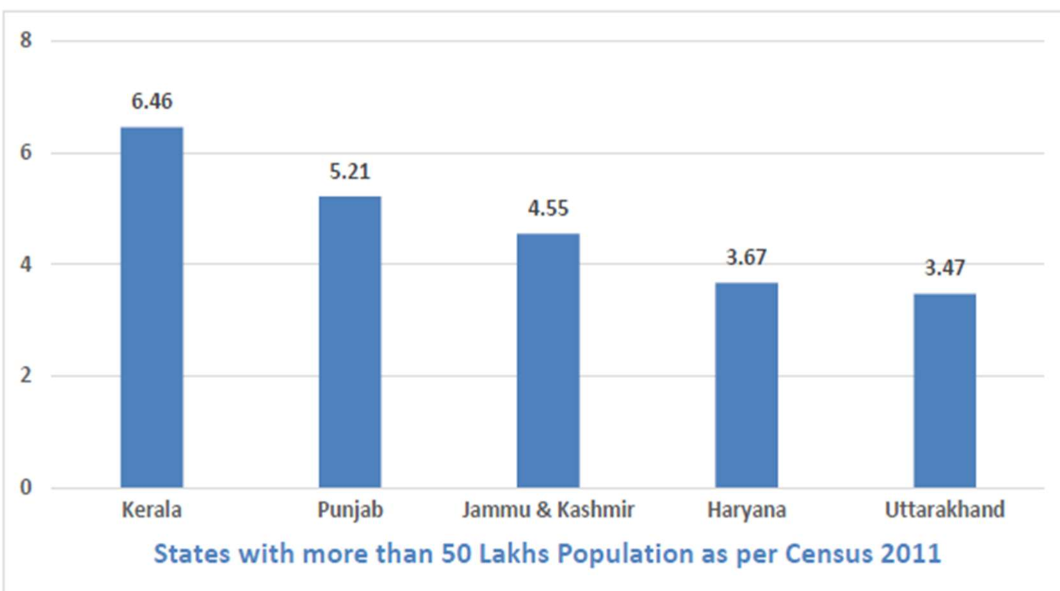
month of April, 2025 was 4.13%. It is combined education inflation for both rural and urban sector.

8. **Health Inflation:** Year-on-year Health inflation rate for the month of May, 2025 is 4.34% (Provisional). Corresponding inflation rate for the month of April, 2025 was 4.25%. It is combined health inflation for both rural and urban sector.

9. **Transport & Communication:** Year-on-year Transport & communication inflation rate for the month of May, 2025 is 3.85%(Provisional). Corresponding inflation rate for the month of April, 2025 was 3.67%. It is combined inflation rate for both rural and urban sector.

10. **Fuel & light:** Year-on-year Fuel & light inflation rate for the month of May, 2025 is 2.78%(Provisional). Corresponding inflation rate for the month of April, 2025 was 2.92%. It is combined inflation rate for both rural and urban sector.

11. Top five major states with high Year on Year inflation for the month of May, 2025 are shown in the graph below.



Year-on-year inflation rates (%) of major@ States for Rural, Urban and Combined for May, 2025 (Provisional) (Base: 2012=100)

Sl. No.	Name of the State/UT	Rural			Urban			Combined		
		May 24 Index (Final)	May 25 Index (Prov.)	Inflation Rate (%)	May 24 Index (Final)	May 25 Index (Prov.)	Inflation Rate (%)	May 24 Index (Final)	May 25 Index (Prov.)	Inflation Rate (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
1	Andhra Pradesh	194.9	197.5	1.33	194.8	199.4	2.36	194.9	198.2	1.69
2	Assam	190.6	194.5	2.05	187.8	194.5	3.57	190.0	194.5	2.37
3	Bihar	183.4	185.6	1.20	191.0	197.5	3.40	184.5	187.3	1.52
4	Chhattisgarh	179.1	185.6	3.63	176.6	181.4	2.72	178.1	184.0	3.31
5	Delhi	169.7	174.3	2.71	168.9	172.3	2.01	168.9	172.4	2.07
6	Gujarat	185.5	190.2	2.53	175.4	180.3	2.79	179.8	184.6	2.67
7	Haryana	190.3	197.3	3.68	179.5	185.9	3.57	185.2	192.0	3.67
8	Himachal Pradesh	175.4	180.7	3.02	180.3	184.8	2.50	176.3	181.4	2.89
9	Jharkhand	182.6	186.1	1.92	186.7	192.2	2.95	184.2	188.4	2.28
10	Karnataka	193.5	199.5	3.10	195.6	201.9	3.22	194.6	200.8	3.19
11	Kerala	197.8	211.4	6.88	194.7	205.7	5.65	196.7	209.4	6.46
12	Madhya Pradesh	185.0	190.7	3.08	188.0	193.5	2.93	186.2	191.9	3.06
13	Maharashtra	188.3	193.1	2.55	181.7	188.2	3.58	183.9	189.8	3.21
14	Odisha	190.7	195.1	2.31	183.0	187.0	2.19	188.5	192.8	2.28
15	Punjab	182.1	191.7	5.27	174.1	182.9	5.05	178.5	187.8	5.21
16	Rajasthan	184.9	189.3	2.38	184.0	188.4	2.39	184.6	189.0	2.38
17	Tamil Nadu	196.3	201.3	2.55	194.8	200.6	2.98	195.4	200.9	2.81
18	Telangana	204.3	204.6	0.15	197.6	199.4	0.91	200.6	201.7	0.55
19	Uttar Pradesh	187.5	191.2	1.97	185.9	190.8	2.64	186.9	191.1	2.25
20	Uttarakhand	183.0	187.6	2.51	186.5	195.9	5.04	184.3	190.7	3.47
21	West Bengal	192.9	196.3	1.76	190.0	196.0	3.16	191.5	196.2	2.45
22	Jammu & Kashmir*	197.1	206.6	4.82	192.9	200.7	4.04	195.6	204.5	4.55
	All India	189.4	194.3	2.59	185.7	191.4	3.07	187.7	193.0	2.82

Notes:
1. Prov. : Provisional.
2. * : Figures of this row pertain to the prices and weights of the combined Union Territories of Jammu & Kashmir and Ladakh (erstwhile State of Jammu & Kashmir).
3. @ : States having population more than 50 lakhs as per Population Census 2011.

"

1.10 The Committee acknowledge the encouraging moderation in overall CPI inflation to 2.82% in May, 2025, largely due to easing food prices, a trend also noted by the RBI in its recent Monetary Policy update of June, 2025. The RBI projects CPI inflation for FY 2025-26 at 3.7% and has signalled confidence in the inflation trajectory by reducing the repo rate and adopting a neutral stance to support growth.

However, the Committee are concerned to note that certain specific sectors, such as housing (3.16%), health (4.34%) and transport & communications (3.85%) are still facing persistent inflationary pressures. Furthermore, significant

disparities across regions remain a concern, with urban areas (3.07%) recording higher headline inflation than rural areas (2.59%), and certain States like Kerala (6.46%), Punjab (5.21%), Jammu & Kashmir and Ladakh (erstwhile State of J&K) recording notably higher overall inflation rates compared to others like Telengana (0.55%). The Committee feel that interventions should be precisely tailored to the unique economic supply-side dynamics of these affected sectors and varied rural-urban price trends. The Committee, therefore, stress the need for a granular approach, combined with broader structural reforms in coordination with State Governments, to align the budgetary and subsequent policy measures to achieve more equitable and stable price conditions across the country.

Recommendation (Serial No. 9)

ACCOUNT AGGREGATOR (AA)

1.11 The Committee note that the Account Aggregator (AA) framework, developed by the Reserve Bank of India (RBI) is designed to facilitate the seamless transmission of financial information with explicit customer consent and allows Non-Banking Financial Companies (NBFCs) acting as AAs to collect and share financial data from various Financial Information Providers (FIPs) such as banks, insurance companies, asset management firms etc. to Financial Information Users (FIUs). The Committee are of the opinion that the AA framework can help improve access to financial services and foster innovation in the financial sector. Hence, the Committee feel that AA framework should be scaled up and made more widespread along with enhanced security measures to prevent lapses of data breach. The process of data reconciliation of Small Savings Schemes should be expedited and after due assessment, the same may also be included as financial information under the AA framework. The Committee further recommend that efforts should be undertaken for integrating more FIPs and developing efficient means for monitoring and compliance of AA framework.

1.12 In their action taken reply, the Ministry of Finance has furnished the following written submission:

"The Reserve Bank has issued the Account Aggregator Framework vide Master Direction - Non-Banking Financial Company - Account Aggregator

(Reserve Bank) Directions dated September 02, 2016. The Account Aggregator (AA) undertakes the business of retrieving or collecting information related to financial assets of a customer from the specified financial information providers (regulated entities under financial sector regulators, viz., RBI, SEBI, IRDA, PFRDA & GSTN) and aggregating/ consolidating the same and presenting it to the customers or specified financial information users. AA undertake this process based on an explicit consent of the customer.

Presently, AA framework covers 19 items identified as 'Financial Information' which are available with Financial Information Providers (FIPs).

The AA ecosystem has shown significant traction as at end November 2024. The AA Framework had 571 Financial Information Users (FI-Us) and 147 Financial Information Providers (FIPs) spread across different financial sector regulators resulting in approximately 238 crore successful consent based data transferred to FIUs, since launch.

Further, to increase the coverage and scope of AA ecosystem, Reserve Bank has taken a number of measures like advising all Regulated Entities (REs) in October 2023 that REs joining the AA ecosystem as Financial Information User shall necessarily join as Financial Information Provider as well if they hold specified 'Financial Information' and fall under the definition of FIP. Further, with a view to facilitate cash flow-based lending to MSMEs, Goods and Services Tax Network (GSTN) has been included as a Financial Information Provider under Account Aggregator Framework.

Further to increase the coverage and scope of AA ecosystem, Reserve Bank has taken a number of measures as under:

1. *Reserve Bank had launched Public Awareness Campaign under 'RBI Kehta Hai' initiative for the year 2023-24 which will be continued for the year 2024-25 also.*
2. *AAs have been suggested to develop their web/ mobile applications in bilingual/ multilingual for ease of use.*

3. *With a view to further enhance the usage and coverage of AA system, RBI is engaged in enhancing the list of purposes/use cases for which data can be shared.*

The regulatory prescriptions on data blindness, explicit consent of the data owners, periodic IS Audit, cyber security, IT security, outsourcing, etc. are stipulated to prevent data breaches and they are dynamically aligned or new measures added to address any evolving concerns.

The Reserve Bank is actively working towards putting in place a framework for recognising Self-Regulatory Organisation (SRO) for Account Aggregator Ecosystem (SRO-AA). The SRO-AA is expected to play a role in framing a code of conduct for member participants, promote fair competition in the ecosystem, develop standards in collaboration with participants and regulators to ensure fair usage of financial information, and establish clear standards of conduct for member participants etc. The formation of SRO-AA would aid in improving compliance culture among the participants of the AA ecosystem. Further, as part of supervisory process, the compliance standards of AA are monitored by RBI.

Reserve Bank has apprised the Department of Economic Affairs (DEA) vide letter dated January 25, 2024, that the Bank is following principle-based approach under which a financial information may be considered for inclusion under the AA Framework provided:

- *such information represents the asset position of a customer and is available in electronic/digital format; technological and legal provisions/ enablement to share such information with the customer's consent is available; and*
- *concerned Department/Ministry of Government of India agrees to be the deemed regulator for this limited purpose of the AA Framework. The authority holding the data may be designated as Financial Information Provider under the AA Framework.*

Accordingly, DEA's consent was requested for treating information in respect of small saving schemes as financial information under the AA *ecosystem. It was also requested to confirm whether various schemes under small savings comply with the criteria of said principle-based approach.*

In this regard, DEA vide letter dated June 14, 2024 has informed that the data reconciliation process of small savings schemes is being undertaken in Department of Posts and hence the matter related to inclusion of Small Savings Schemes as Financial Information in the AA Ecosystem may be considered after the completion of the data reconciliation."

[Ministry of Finance (Department of Financial Services)
O.M. No. 07/44/2024-Parl. dated 10.02.2025]

1.13 The Committee recognize RBI's measures to expand the Account Aggregator (AA) eco-system, including its ongoing efforts regarding data management, periodic audits, and the establishment of a Self-Regulatory Organization (SRO). To significantly enhance the AA framework's utility and reach, the Committee recommend the Ministry to make all out efforts for accelerated integration of more Financial Information Providers (FIPs) and time-bound inclusion of Small Savings Schemes (under data reconciliation for over a year) into the AA framwork. While urging RBI to expedite SRO's establishment to foster self-governance and ensure orderly growth, the Committee advise exploring a comprehensive AA ranking system, based on performance, compliance, data security etc. to enable continuous monitoring, evaluation and incentivize adherence to the highest operational and data security standards.

Recommendation (Serial No. 12)

CHANGES IN PROVISIONS FOR LIFE INSURANCE POLICIES

1.14 The Committee note that the changes introduced by Insurance Regulatory and Development Authority of India's (IRDAI's) Master Circular on Life Insurance Products, 2024, makes it possible to provide wider choices and flexibility to the customers to choose products/riders as per their needs and minimises policyholder grievances, enhances customer satisfaction and confidence. The Committee feel that the adjustments to the methodology for determining Special Surrender Value (SSV) and the shift in the policy acquisition and persistency model may affect agents' commissions, especially if insurers adjust their distribution strategies or revise commission structures to reflect new policy designs which may reduce their commissions and affect their morale. Thus, the Committee are of the opinion that IRDAI should revisit the directions after consultation with the various affected stakeholders.

1.15 In their action taken reply, the Ministry of Finance has furnished the following written submission:

> *"It is envisaged by IRDAI that due to the recent changes in regulatory framework, the life insurance products can be made more attractive and competitive, it can lead to increase in their sales, augmenting a sustainable revenue to insurance agents and intermediaries. Further, IRDAI has expressed that the insurer can decide commission payable to their Agents as per their Board approved policy subject to the limits specified in the IRDAI (Expenses of Management, including Commission, of Insurers) Regulations, 2024.*
>
> *Considering the broad objective and interest of policyholders including their reasonable expectations and the likely overall positive impact of these changes, the timelines for compliance of the changes in surrender value was extended by IRDAI till 31.12.2024. Accordingly, this Department is of the view that the outcome of the revised framework may be reviewed after one year."*

[Ministry of Finance (Department of Financial Services)
O.M. No. 07/44/2024-Parl. dated 10.02.2025]

1.16 The Committee note the Insurance Regulatory and Development Authority of India's (IRDAI) efforts to reform life insurance products through the 2024 Master Circular. However, the Committee remains concerned about the impact on insurance agents, particularly due to revised acquisition cost structures and surrender value calculations, which may affect commissions and morale. Consistent with the Ministry's view on a one-year framework review, the Committee recommend that IRDAI must undertake a holistic and comprehensive impact assessment of these regulatory changes on all stakeholders, following due structured consultations with all concerned at the earliest. In addition, the Committee suggest instituting a robust mechanism for continuous monitoring and periodic review of the implementation to ensure regulatory objectives are met without undermining the ecosystem that supports insurance outreach and penetration.

CHAPTER - II

OBSERVATIONS/ RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 1)

DEMAND NO. 30 - DEPARTMENT OF ECONOMIC AFFAIRS (DEA)

The Committee upon scrutiny of Demand No. 30 relating to Department of Economic Affairs (DEA) find significant variations between the Budget Estimates (BE) and Revised Estimates (RE). The Committee note that RE 2023-24 stood at Rs.28,417.13 crore, an increase of Rs. 13,280.59 crore from BE 2023-24 and the current BE 2024-25 has seen a steep increase of Rs. 69,494.27 crore from BE 2023-24 and stands at Rs. 84,630.81 crore. The main reasons cited by DEA which led to increase in RE 2023-24 from BE 2023-24 are that Rs.5,000 crore was provisioned at RE stage under 'Transfer to Senior Citizen Welfare Fund';Rs.1,050 crore was increased at RE stage under Interest Equalization Support for Lines of Credit under Indian Development and Economic Assistance Scheme (IDEAS) due to higher claims received from Export-Import Bank of India (EXIM Bank) and Rs.5,922.15 crore was increased under International Monetary Fund [Maintenance of Value (MOV) obligation] at RE stage. Further, the Committee are informed that the reasons for increased fund requirement in the current fiscal are that a provision of Rs.62,592.88 crore has been made under the Head 'New Schemes', to cater need of funds for additional capital expenditure on infrastructure projects/programs of the various Departments during the year and a provision of Rs. 8,051crore under the Head 'Gold Reserve Fund' for smooth redemption of Sovereign Gold Bonds (SGBs). The Committee would like to emphasise upon the need for realistic preparation of estimates and efficient utilisation of allocated funds. The Department of Economic Affairs, being the nodal Department in formulation of the Budget is expected to observe the requisite financial norms and maintain fiscal prudence, while making budgetary allocations and thus must endeavour to be a role model for other Ministries/Departments in preparation of realistic estimates and optimal utilisation of funds sanctioned. The Committee would also like to highlight that it is of utmost importance that improved forecasting techniques and foresight is deployed to ensure more realistic budget projections and reduce budgetary unpredictability.

Reply of the Government

In this regard it is stated that the Department of Economic Affairs (DEA), as the nodal department in the formulation of the Budget, is committed to adhering to requisite financial norms and maintaining fiscal prudence while making budgetary allocations and endeavours to be a role model for other Ministries and Departments in preparing realistic estimates and optimally utilising sanctioned funds.

Ensuring Realistic Estimates:

DEA is continuously trying to enhance its forecasting techniques to create more realistic budget estimates. DEA endeavours to ensure that Budget allocations are based on Realistic and detailed planning, considering past expenditure trends, latest economic developments and emerging trends, thereby reducing budgetary unpredictability.

Efficient Utilisation of Funds:

We have strengthened our monitoring and evaluation processes to ensure that allocated funds are utilised efficiently. This includes regular monitoring of expenditure progress Major Head/Scheme wise through Monthly Expenditure Report. In FY 2023-24, expenditure under DEA’s grant was 97.01% of sanctioned Budget. Further, it is stated that we will endeavour to strengthen our monitoring and evaluation processes to ensure that allocated funds are optimally utilised.

The DEA acknowledges the Committee's observations and is dedicated to maintaining the highest standards of fiscal prudence and responsibility. By employing improved forecasting techniques and foresight, we aim to reduce budgetary unpredictability and set a benchmark for other Ministries and Departments.

[Ministry of Finance (Department of Economic Affairs)
O.M No. 5/15/2024-IF-I dated 30.12.2024]

Recommendation (Serial No. 2)

NATIONAL INVESTMENT AND INFRASTRUCTURE FUND (NIIF)

The Committee are informed that the National Investment Infrastructure Fund (NIIF) has become a well established fund management organisation and has developed a credible track record with operational funds in infrastructure, private markets, climate and growth equity. The Committee take note of NIIF's first bilateral fund in the form of India Japan Fund (IJF) with Japan Bank for International Cooperation (JBIC) setup in 2023. Also, the launch of a green credit fund - the US India Green Transition Fund (USIGF) setup with the objective to help lower the cost of capital and attract international private finance at scale to accelerate the deployment of green field renewable energy, battery storage, and emerging green technology projects in India is noteworthy. The Committee suggest that NIIF should explore leveraging innovative financing mechanisms such as blended finance to actively attract international private capital; deploy more innovative and ingenious means to accelerate India's infrastructure development in a sustainable and financially sound manner; and further boost investor confidence.

Reply of the Government

NIIF is in the process of setting up a green transition credit fund with a corpus of USD 2 billion with anchor investment from the government and the US International Development Finance Corporation. The US India Green Transition Fund (USIGF) is a blended finance product that envisages raising global commercial capital alongside anchor commitments from USDFC and the Government of India. NIIFL shall explore opportunities in blended finance for new and emerging sectors of the Indian economy.

Innovative financing mechanisms and innovative and ingenious means to accelerate India's infrastructure development in a sustainable and financially sound manner:

i. NIIF's Ports and Logistics platform has deployed innovative strategies to create an integrated logistics ecosystem uniquely positioned to reduce supply chain management costs.

ii. The Smart meter platform has been at the forefront of introducing this transformative technology across multiple states.

iii. NIIF's investments in Greenfield airports are designed with instruments to manage and mitigate investment risks effectively, ensuring long-term viability.

iv. NIIF also pioneered the commitment to India's largest single-location hyperscale data centre in partnership with Digital Edge, reflecting our forward-looking approach to infrastructure development in the digital age.

v. The India-Japan Fund (IJF) is envisaged to play an important role in the Resilient and Inclusive Supply Chain Enhancement (RISE) initiative by leveraging its local expertise to strengthen clean energy and mineral supply chains in India by facilitating collaboration between Japanese and Indian companies and co-investing with Japanese companies in India.

[Ministry of Finance (Departments of Economic Affairs)
O.M./File No 18/5/2024-DI dated 20.12.2024]

(For Comments of the Committee, please refer Para No. 1.6 of Chapter I)

Recommendation (Serial No. 3)

INTEREST PAYMENTS

The Committee note that budget estimates for interest payments on both gross and net basis have shown an increase over the years and for the current fiscal the BEs stand at Rs. 12,08,841.36 crore and Rs. 11,62,940.29 crore on gross and net basis respectively. The Committee are informed that the reduction of Rs. 7,446.92 crore in the Revised Estimates (RE) for 2023-24 are primarily on account of softening of yields of dated securities and lower volume of issuances of T- Bills. It is further informed that higher provision in BE 2024-25 has been made owing to increase in fixed incidence due to full year interest payment on securities issued in FY 2023-24 coupled with interest payment provision on fresh borrowing in FY 2024-25.The Committee feel given that the interest payment estimates are closely linked to market conditions; building budget buffer would allow the Government to respond swiftly and flexibly during any adversities that may arise due to global macroeconomic and geopolitical developments. The Committee, thus, would like to emphasise that the Government needs to focus on more sustainable debt management practices to avoid long-term fiscal strain and effectively manage the Government's interest payments while maintaining fiscal stability.

Reply of the Government

Interest payment is closely linked to prevailing market condition and Fiscal Deficit of the Government. The Government is following a broad path of fiscal consolidation to attain a level of Fiscal Deficit lower than 4.5 per cent of GDP by FY 2025-26. This in turn helped in reduction of Central Government Debt from 61.4 % of GDP in FY 2020-21 to 56.8 % of GDP in FY 2024-25 BE. This consolidation broadly align with the committee's recommendation also.

[Ministry of Finance (Department of Economic Affairs)
File/O.M. No 9(1)-B(W&M)/2024 dated 14.01.2025]

Recommendation (Serial No. 4)

DISINVESTMENT

The Committee note the Government's decision of discontinuing from a target oriented and revenue-centric approach for disinvestment. The Committee are informed that though the Budget Estimate for disinvestment proceeds for FY 2023-24 was kept at Rs. 51,000 crore, there was no specific estimate for disinvestment receipts at revised estimate stage for FY 2023-24 as well as in the Budget of 2024-25. The Committee understand that this move comes on account of disinvestment being an ongoing process with timing and completion of transactions being contingent upon economic outlook, sectoral trends, market conditions, investor interest and administrative feasibility. With the discontinuation of disinvestment targets, the Committee would like to press upon the importance that strategic disinvestment holds in the country particularly in reducing the fiscal burden of the Government and promoting efficiency. The Committee hence urge the Ministry to ensure that disinvestment should not become any less of a priority and be carried out in the right spirit with the aim of enhancing operational efficiency and maximising long-term value for Central Public Sector Enterprises (CPSEs) and optimising returns for the Government.

Reply of the Government

The observation of the committee is agreed to by DIPAM. As informed to the Committee, calibrated disinvestment strategy is an integral part of the value creation process keeping the interests of minority shareholders in mind. Disinvestment is an ongoing process, and *inter-alia* includes listing of CPSEs through Initial Public offering (IPO), further stake sale through the SEBI approved methods and encouraging the CPSEs to do the same for their subsidiaries. In the current financial year (as of December 2024), the Department has realized Rs 8625 crores through various Disinvestment methods.

[Ministry of Finance (Department of Investment & Public Asset Management O.M No. 3/1/2008.DD.II (Vol.IV)- Part (1) dated 13.01.2025.]

Recommendation (Serial No. 5)

INFLATION

The Committee note that the Government has been taking various measures to control inflation, maintain consumer confidence and ensure economic stability. However, the Committee observe that inflation varies considerably across States, with some states like Odisha (6.3%) and Bihar (6.2%) experiencing higher rates than the national average of 4.6%. It has been submitted to the Committee that factors such as regional crop production; transportation, storage and handling costs; local consumption patterns; variations in fuel prices including taxes and subsidies and local factors such as differences in geographical terrains, supply chain disruptions, natural calamities, and regional policies contribute to these disparities. To address these issues, the Committee urge the Government to study and explore all possible ways and means in collaboration with State Governments to achieve more consistent inflation control across the country.

Reply of the Government

1. The Union Budget 2025-26 proposed measures to be implemented in collaboration with the State Governments, which could help to achieve more consistent inflation control across the country. These include:

a. Prime Minister Dhan-Dhaanya Krishi Yojana in partnership with states for Developing Agri Districts Programme: This is proposed to be done through the convergence of existing schemes and specialized measures. The programme will cover 100 districts with low productivity, moderate crop intensity and below-average credit parameters. It aims to (i) enhance agricultural productivity, (ii) adopt crop diversification and sustainable agriculture practices, (iii) augment post-harvest storage at the panchayat and block level, (iv) improve irrigation facilities, and (v) facilitate availability of long-term and short-term credit.

b. A comprehensive programme for vegetables and fruits: A comprehensive programme to promote production, efficient supplies, processing, and remunerative prices for farmers is proposed in the Budget 2025-26 to be launched in partnership with States. Appropriate institutional mechanisms for implementation and participation of farmer producer organizations and cooperatives will be set up under the programme.

2. Department of Consumer Affairs monitors the daily retail and wholesale prices of selected essential food commodities, submitted by the 555 price monitoring centres that have been set up with Central assistance by the State Governments and UT Administrations across the country. The daily price trends are analysed for taking appropriate decisions such as release of stocks from the buffer, stock disclosure by stockholding entities, imposition of stock limits, changes in trade policy instruments like rationalisation of import duties, changes in import quota, restrictions on exports of the commodities, *etc*.

3. In order to tackle the volatility in prices, government maintains buffer stock of pulses and onion for market interventions through calibrated release to moderate market prices. Part of the buffer stock of pulses is converted into dals for retail sale to the consumers at affordable prices under the Bharat Dal brand. Similarly, atta and rice are distributed to retail consumers under Bharat brand at subsidized prices. Onion from the buffer was also released during September to December, 2024 in a targeted manner to moderate prices in high price consuming centres at wholesale markets and through retail outlets. This was targeted in States and cities where prevailing prices

were higher than the all-India average and were rising in order to moderate the inter-State variations in prices and inflation.

**[Ministry of Finance (Department of Economic Affairs)
O.M No. 5(3)/Ec.Dn./2025 dated 14.02.2025]**

(For Comments of the Committee, please refer Para Nos. 1.9 & 1.10 of Chapter I)

Recommendation (Serial No. 6)

CAPITAL EXPENDITURE

The continued increased provisioning towards capital expenditure in the Budget i.e. Rs. 11,11,111 crore in the financial year 2024-25 is a noteworthy step towards fostering economic growth, job creation, and long-term productivity enhancement. The Committee believe that the expected impact of this allocation is significant as the capital expenditure covers both physical and social infrastructure and by investing in both i.e. physical infrastructure, such as transport and logistics and social infrastructure like health and education facilities will aid in achieving holistic and inclusive growth. The Committee appreciate the commitment to maintain fiscal discipline and be on the fiscal consolidation path. The Committee understand that this not only minimises the risk of crowding out private sector borrowing but will further attract private investment, thereby driving economic growth further and ensuring effective utilization of increased capital expenditure. The Committee desire that the allocated funds are efficiently utilised across quarters of the financial year with effective monitoring and evaluation of the projects along with ironing out of any inter Ministry/ State-Centre disputes/disagreements i.e. efficient co-ordination between all stakeholders should be ensured to avoid cost and time overruns and improve performance. The Committee are confident that the increased allocation for capital expenditure will enhance India’s global competitiveness and fastrack sustainable economic development.

<u>Reply of the Government</u>

The Government appreciates the Committee's recognition of the capital expenditure's importance in fostering growth, creating jobs, and boosting productivity. Measures have been put in place to ensure the effective and timely use of the allocated funds. The focus on both physical and social infrastructure aims to support balanced and inclusive growth, while maintaining fiscal discipline to encourage private investment. These efforts are expected to strengthen economic development and enhance long-term competitiveness. Further, as no specific recommendations have been provided, no further action is required at this stage.

[Ministry of Finance (Department of Economic Affairs)
O.M No. 8/1/2024-Infra-Fin dated 31.12.2024]

Recommendation (Serial No. 7)

ATAL PENSION YOJANA (APY)

The Committee note that one of the reasons for shortfall in utilization of allotted funds by Department of Financial Services for financial year 2023-24was that the persistency of subscribers remained lower under Atal Pension Yojana (APY) which resulted in savings of Rs.40 crore. The Committee further note that a large majority of subscribers (5,98,09,342 of the total subscribers which stands at 6,99,94,568 as on 7th October'2024) i.e. 85.44% are enrolled in the lowest pension slab of Rs.1,000while the higher slabs have significantly fewer participants. The Committee are of the opinion that sincere efforts must be made to bring more subscribers into the higher pension brackets and outreach and promotional activities with respect to enrolment, persistency and efforts in reducing pre-mature exits should be intensified. The Committee take note of the various measures being undertaken to promote and expand the outreach of the scheme but would like to highlight on the importance of leveraging partnerships with Central and State Governments which can play a crucial role in ensuring workers in schemes like MGNREGA, Self Help Groups, Asha workers, Anganwadi workers etc. are adequately covered under APY. Additionally, the Committee feel that use of technology, such as the eAPY platform, Fin-tech partnerships and Banking Correspondents (BCs) should be expanded to reach a larger audience, especially in rural and underserved areas. The Committee further recommend that initiatives taken by Pension Fund Regulatory and Development Authority (PFRDA), namely town hall meetings, media campaigns and digital platforms like 'APY KI PATHSHALA' need to be scaled up to ensure that funds allotted under APY are fully utilised, making the scheme a more inclusive tool for social security, especially for the informal sector.

Reply of the Government

The suggestions/observations of the Committee are noted, and further, the following is submitted:

1. The target groups are enrolled physically as well as digitally through the extensive network of branches of public sector banks, private sector banks, regional rural banks, small finance banks, payments banks, cooperative banks, Department of Posts. The monitoring is done with the support of State Level Bankers Committees (SLBCs)/ Union Territory Level Bankers' Committees (UTLBCs) in each state and Lead District Manager (LDM) in each district, who in turn not only utilize the individual and corporate BCs but equip them with vernacular scheme details and financial literacy sessions.
2. A focused approach to enhance persistency has been adopted. Constant endeavours are made to continuously encourage the APY-SPs, SLBC/UTLBCs/LDMs and the subscribers to ensure persistency of the accounts opened. The efforts are made through the medium of conferences, workshops and meetings organised with senior officials of banks, SLBC/UTLBCs/LDMs, State Governments, RBI, NABARD, SRLMs, bankers, banking correspondents and by also calling registered mobile numbers of the APY subscribers through our dedicated call centre for informing the subscribers of the implications of non-persistent accounts and the advantages of having a persistent account vis-à-vis the guaranteed pension and other benefits.
3. Majority of the subscribers are from rural areas, and 45.34% of total subscribers belong to age group of 18-25. The subscribers are mostly from low-income households, migrant populations and men or women who may not have joined the workforce or are not in regular employment. Given that it is possible to upgrade the contribution for higher pension slabs subsequently, it is the constant endeavour to nudge the subscribers to enrol for higher guaranteed pension available (>1000). The same is impressed upon in all meetings and interactions with the APY Service Providers (APY-SPs) and SLBC/UTLBCs/LDMs. Further, all efforts are being made to improve the scenario in all online meetings as well.

In this regard, the following actions/efforts were undertaken by the Pension Fund Regulatory and Development Authority (PFRDA):

1. Thirty-two APY Outreach programs were planned for the Financial Year 2024-25, marking an increase from the previous Financial Year. Out of the 32 planned programs, 30 were conducted as of 18-12-2024, in coordination with SLBCs/UTLBCs and LDMs of all districts of the state. These programs were attended by senior officials from PFRDA, banks, SLBCs, State Governments, RBI, NABARD, SRLM, bankers, banking correspondents, and others. During these programs, persistency, enrolments in higher pension slabs, and exits were discussed in detail, and banks were sensitized to address these issues. Further, in order to encourage the APY-SPs/SLBCs/UTLBCs/LDMs, various campaigns are organised to reward and recognise their efforts. The Committee's suggestions on upscaling outreach have been noted.
2. Performance review meetings were conducted with the Nodal Officers and SLBCs/UTLBCs on a regular basis wherein the progress of APY enrolments in their bank/state/UT was discussed. PFRDA guided the APY-SPs and shared new strategies and best practices of other banks with them. All possible support related to media content, training, MIS, etc., was provided to the Banks to ensure enrolments in higher pension slabs and bringing the non-persistent subscribers to persistent again.
3. Mass-media campaigns in TV, Radio, Print, Social-media and theatres using regional languages for better publicity and awareness.
4. Print advertisement on persistency was released this FY 2024-25 through DAVP.
5. A specialised campaign called "Power to Persist" was launched to motivate the banks to improve their persistency levels.
6. A specialised campaign called "Mission Upgrade" was launched to motivate the banks to enrol subscribers into higher pension slab and also upgrade the existing subscribers to higher pension slab.
7. In the meetings with bankers, PFRDA is sensitising the bank officials on hand holding the subscribers who request to exit the scheme.
8. Subscriber Awareness Programs in vernacular languages are being organized for APY subscribers and Banks through training agencies appointed by PFRDA and

CRA. In these programs importance of persistency and the benefits of higher pension slab are showcased/discussed.

9. Efforts have been made to promote pension penetration within the target groups/population under schemes and programmes catering to skilling, training, employment generation, entrepreneurship, etc., by the concerned ministries such as M/o Micro, Small and Medium Enterprises, M/o Social Justice and Empowerment, M/o Housing and Urban Affairs, M/o Agriculture & Farmers Welfare, M/o of Rural Development and M/o Labour & Employment. The scheme details have been shared for further dissemination to beneficiaries of various other schemes such as PM SVANidhi, UDYAM, skill trainees, etc.
10. To host e-APY link on e-Shram portal for enablement of digital enrolment in APY, necessary efforts have been taken up with Ministry of Labour and Employment.

[Ministry of Finance (Department of Financial Services)
O.M. No. 07/44/2024-Parl. dated 10.02.2025]

Recommendation (Serial No. 8)

INTERNATIONAL FINANCIAL SERVICES CENTRES AUTHORITY (IFSCA)

The Committee note that the International Financial Services Centres Authority (IFSCA) has taken significant steps in accelerating global sustainable capital flows by creating a conducive regulatory environment inspired by international best practices. In order to encourage the growth of Green Bonds, Social Bonds, Sustainability Bonds, Sustainability-linked Bonds and other labelled bonds (collectively referred to as “ESG labelled Debt Securities”), IFSCA has specified the necessary regulatory framework and has undertaken focused initiatives across three major sources of funding – Debt Securities, Loans, and Funds. Its initiatives, such as mandating IFSC Banking Units (IBUs) to allocate at least 5% percent of their loans to green/social/sustainable/sustainability-linked sectors/facilities, issuing circulars to promote consistency, comparability and reliability in disclosures concerning ESG schemes and listing billions in ESG-labelled debt securities on IFSC exchanges have led to the growth of Gujarat International Finance Tec-City(GIFT City)as a preferred jurisdiction for various activities related to sustainable finance. The Committee feel that by continuing to refine policies; strengthening regulatory framework and increasing outreach, IFSCA can further bridge the climate finance gap and play a pivotal role in accelerating India's transition to a sustainable and low-carbon economy.

Reply of the Government

Department of Economic Affairs (DEA)

Steps taken to refine policies and strengthening regulatory framework

The IFSCA in consultation with the Government has undertaken following initiatives recently towards refining existing policies / strengthening regulatory framework:

i. ESG debt listing framework

IFSCA has issued its IFSCA (Listing) Regulations, 2024, on August 30, 2024, wherein ESG debt listing framework has been updated by broadening the scope of ESG labelled debt securities by addition of other labelled debt securities as may be specified by IFSCA, in addition to existing "green", "social", "sustainability", "sustainability linked" debt securities.

ii. Principles to mitigate the Risk of Greenwashing in ESG labelled debt securities in the IFSC

IFSCA has issued a circular dated November 21, 2024 on *"Principles to Mitigate the Risk of Greenwashing in ESG Labelled Debt Securities in the IFSC"*. In line with the best-in-class global practices, the circular is principle-based with detailed guidance notes and illustrative examples for better understanding of the principles. The circular outlines five key principles that issuers of ESG-labelled debt securities shall adhere to:

a. Being True to Label - Avoid misleading labels and terminology
b. Screen the Green - Transparency in methodology for project selection and evaluation
c. Walk the talk - Managing and tracking use of proceeds
d. Overall Impact - Quantification of Negative Externalities
e. Be alert - Monitoring and Disclose

iii. Trading and Settlement of Sovereign Green Bonds (SGrBs) in IFSC

Reserve Bank of India (RBI) on August 29, 2024, has introduced a scheme for "Trading and Settlement of Sovereign Green Bonds in the International Financial Services Centre in India", aimed at facilitating the trading and settlement of SGrBs in the IFSC. Subsequently, IFSCA vide circular dated September 24, 2024, has issued operating guidelines for the trading and settlement of SGrBs in IFSC. The said scheme is expected to increase the participation of foreign investors in the SGrBs issued by the RBI.

In addition to the above, IFSCA has been active in promoting opportunities for sustainable finance through various delegation visits in other global jurisdictions. IFSCA also participates in the sector specific events that takes place in India to promote GIFT IFSC, as a jurisdiction to mobilize climate finance. Further, from time to time, IFSCA either directly or indirectly facilitate various events, conferences, roundtable, etc. in IFSC.

[Ministry of Finance (Department of Economic Affairs)
File No. 3/3/EM/2020-PartII-Part(4) dated 08.01.2025]

Recommendation (Serial No. 9)

ACCOUNT AGGREGATOR (AA)

The Committee note that the Account Aggregator (AA) framework, developed by the Reserve Bank of India (RBI) is designed to facilitate the seamless transmission of financial information with explicit customer consent and allows Non-Banking Financial Companies (NBFCs) acting as AAs to collect and share financial data from various Financial Information Providers (FIPs) such as banks, insurance companies, asset management firms etc. to Financial Information Users (FIUs). The Committee are of the opinion that the AA framework can help improve access to financial services and foster innovation in the financial sector. Hence, the Committee feel that AA framework should be scaled up and made more widespread along with enhanced security measures to prevent lapses of data breach. The process of data reconciliation of Small Savings Schemes should be expedited and after due assessment, the same may also be included as financial information under the AA framework. The Committee further recommend that efforts should be undertaken for integrating more FIPs and developing efficient means for monitoring and compliance of AA framework.

Reply of the Government

The Reserve Bank has issued the Account Aggregator Framework vide Master Direction - Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions dated September 02, 2016. The Account Aggregator (AA) undertakes the business of retrieving or collecting information related to financial assets of a customer from the specified financial information providers (regulated entities under financial sector regulators, viz., RBI, SEBI, IRDA, PFRDA & GSTN) and aggregating/ consolidating the same and presenting it to the customers or specified financial information users. AA undertake this process based on an explicit consent of the customer.

Presently, AA framework covers 19 items identified as ‘Financial Information’ which are available with Financial Information Providers (FIPs).

The AA ecosystem has shown significant traction as at end November 2024. The AA Framework had 571 Financial Information Users (FI-Us) and 147 Financial Information Providers (FIPs) spread across different financial sector regulators resulting in approximately 238 crore successful consent based data transferred to FIUs, since launch.

Further, to increase the coverage and scope of AA ecosystem, Reserve Bank has taken a number of measures like advising all Regulated Entities (REs) in October 2023 that REs joining the AA ecosystem as Financial Information User shall necessarily join as Financial Information Provider as well if they hold specified ‘Financial Information’ and fall under the definition of FIP. Further, with a view to facilitate cash flow-based lending to MSMEs, Goods and Services Tax Network (GSTN) has been included as a Financial Information Provider under Account Aggregator Framework.

Further to increase the coverage and scope of AA ecosystem, Reserve Bank has taken a number of measures as under:

1. Reserve Bank had launched Public Awareness Campaign under ‘RBI Kehta Hai’ initiative for the year 2023-24 which will be continued for the year 2024-25 also.
2. AAs have been suggested to develop their web/ mobile applications in bilingual/ multilingual for ease of use.
3. With a view to further enhance the usage and coverage of AA system, RBI is engaged in enhancing the list of purposes/use cases for which data can be shared.

The regulatory prescriptions on data blindness, explicit consent of the data owners, periodic IS Audit, cyber security, IT security, outsourcing, etc. are stipulated to prevent data breaches and they are dynamically aligned or new measures added to address any evolving concerns.

The Reserve Bank is actively working towards putting in place a framework for recognising Self-Regulatory Organisation (SRO) for Account Aggregator Ecosystem (SRO-AA). The SRO-AA is expected to play a role in framing a code of conduct for member participants, promote fair competition in the ecosystem, develop standards in collaboration with participants and regulators to ensure fair usage of financial information, and establish clear standards of conduct for member participants etc. The formation of SRO-AA would aid in improving compliance culture among the participants of the AA ecosystem. Further, as part of supervisory process, the compliance standards of AA are monitored by RBI.

Reserve Bank has apprised the Department of Economic Affairs (DEA) vide letter dated January 25, 2024, that the Bank is following principle-based approach under which a financial information may be considered for inclusion under the AA Framework provided:

- such information represents the asset position of a customer and is available in electronic/digital format; technological and legal provisions/ enablement to share such information with the customer’s consent is available; and
- concerned Department/Ministry of Government of India agrees to be the deemed regulator for this limited purpose of the AA Framework. The authority holding the

data may be designated as Financial Information Provider under the AA Framework.

Accordingly, DEA's consent was requested for treating information in respect of small saving schemes as financial information under the AA ecosystem. It was also requested to confirm whether various schemes under small savings comply with the criteria of said principle-based approach.

In this regard, DEA vide letter dated June 14, 2024 has informed that the data reconciliation process of small savings schemes is being undertaken in Department of Posts and hence the matter related to inclusion of Small Savings Schemes as Financial Information in the AA Ecosystem may be considered after the completion of the data reconciliation.

[Ministry of Finance (Department of Financial Services)
O.M. No. 07/44/2024-Parl. dated 10.02.2025]

(For Comments of the Committee, please refer Para No. 1.13 of Chapter I)

Recommendation (Serial No. 10)

MICRO, SMALL & MEDIUM ENTERPRISES (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of India's economy, contributing significantly to employment generation, innovation and the overall economic growth of the country. The Committee take note of the initiatives of the Government and the Reserve Bank of India (RBI) to support MSMEs in overcoming financial barriers which is crucial for their survival and growth through measures such as Trade Receivables Discounting System (TReDS) and Unified Lending Interface (ULI), a recent RBI pilot programme. The Committee understand that TReDS enables MSMEs to access competitive financing by allowing multiple financiers to bid on their trade receivables and this competitive bidding results in lower interest rates, making financing more affordable. The Committee appreciate that the RBI has permitted all entities/institutions who undertake factoring business under Factoring Regulation Act, 2011, as financiers in TReDS as this would result in better competitive bidding of trade receivables, ultimately translating to better interest rates. With respect to Unified Lending

Interface (ULI), the Committee understand that it facilitates seamless and efficient credit delivery by lenders for credit appraisal and integrates data from Central and State Governments (like land records), Milk Federation, Goods and Services Tax Network (GSTN), Account Aggregators (AA), banks, credit information companies and digital identity authorities (like Aadhaar), thereby facilitating easy access of credit to MSMEs. Consequent upon an encouraging performance during the pilot stage, the Committee desire that nationwide rollout of the ULI platform is expedited which would enable MSMEs to directly access ULI services through mobile and web applications instead of the current scenario wherein banks interface with ULI to process loan applications on behalf of MSMEs. The Committee feel that this initiative along with adequate and persistent information disseminated through various platforms, workshops and financial literacy campaign measures will benefit MSMEs in accessing credit and facilitate smoother lending to MSMEs.

Reply of the Government

Reserve Bank takes various steps to enhance the scope of entities undertaking Factoring transactions through TReDS. Subsequent to amendment to the Factoring Regulation Act, the Reserve Bank has issued requisite regulations pertaining to the manner of granting the certificate of registration (CoR) to companies which propose to undertake factoring business. In addition to NBFC-Factors, all non-deposit taking NBFC-Investment and Credit Companies (ICCs) with asset size of ₹1,000 crore & above have been allowed to undertake factoring business, subject to satisfaction of certain conditions; and other NBFCs can undertake factoring business by seeking registration as NBFC-Factor. Further, Reserve Bank has issued regulations on registration of assignment of receivables with Central Registry by TReDS entities, in case factoring transactions undertaken on TReDS platform. These steps have been taken to enhance the scope of entities eligible to undertake factoring transactions, including on TReDS platform in order to aid increased flow of credit to MSMEs.

Since pilot launch in August 2023, Unified Lending Interface (ULI) has onboarded 36 lenders, including banks, NBFCs, Regional Rural Banks (RRBs), and District Central Cooperative Banks (DCCBs). It currently supports 12 loan journeys and offers over 55 data services. Credit Information Companies (CICs) have not been onboarded onto the

Unified Lending Interface (ULI) at this stage. Furthermore, Aadhaar authentication is being facilitated through Data Service Provider.

The scope of ULI is expanding. A broader range of loan products, more data providers, and a wider array of lenders are being included. In addition, along with Business-to-Business (B2B) model (at present) to a Business-to-Customer (B2C) model is also envisaged, which will allow access to frictionless credit to customer. The platform is expected to undergo further scaling and enhancements to enrich its features. Further, a comprehensive awareness campaign is envisaged across various media channels to create awareness regarding ULI and promote the same, with the aim to ensure its widespread adoption among stakeholders and the public at large.

[Ministry of Finance (Department of Financial Services)
O.M. No. 07/44/2024-Parl. dated 10.02.2025]

Recommendation (Serial No. 11)

The Committee are concerned about the rising risk of cyber fraud with the continuous rise in digital transactions. The Committee take note of the various measures being undertaken to combat this growing threat by the Reserve Bank of India (RBI) and the Government through several measures such as strict guidelines to implement secure coding; multi-factor authentication; regular testing; secure data transmission; timely patching of vulnerabilities; establishment of various agencies such as Cyber Security and IT Examination (CSITE) Cell, Central Payments Fraud Information Registry (CPFIR), Cyber Fraud Mitigation Centre (CFMC); implementing various measures to protect the integrity of data and promoting cyber-crime awareness through various modes among the masses to help empower customers to protect themselves from fraud. The Committee feel that while these measures are vital, cyber security needs to be taken up as a priority with risk mitigation plan; enhanced security and awareness measures to stay a step ahead of the exponentially rising and innovative ways of duping through cyber crimes. The Committee are of the opinion that expanding the reach of public awareness campaigns, especially in regional languages may increase the impact of these initiatives. Further, creating robust and resilient state of the art technology mechanisms for data-sharing and cross-sector coordination between various agencies may assist in safeguarding against evolving threats in the digital space and ensure faster detection and response to cybercrimes.

Reply of the Government

To create public awareness regarding cybercrimes, the Government and the Reserve Bank of India take various measures which inter-alia include:

- On the event of “World Consumer Rights Day” on March 15, 2022, 2023 and 2024 all RBI Ombudsmen interacted with the local/ regional multimedia channels (including regional channels of Doordarshan) in their respective regions, covering a wide range of areas such as Frequently Asked Questions on RB-IOS, 2021, Charter of Customer Rights, safe digital banking practices, etc. in order to ensure deeper and focused percolation of the financial consumer awareness on safe banking, RBI’s alternate grievance redress avenues and extant regulations for protection of consumer interests. The event was undertaken in English, Hindi and vernacular languages and was aired on Doordarshan, Radio and various other local private TV channels.
- RBI has published booklets on BE(A)WARE (available in English, Hindi and 11 regional languages) and Raju and the Forty Thieves (available in English, Hindi and 11 regional languages) covering the modus operandi of frauds and the way to escape/ avoid getting trapped by fraudsters and placed on its Website for use by members of public and the REs of RBI. These are also distributed in physical programmes conducted by Regional Offices of RBI Ombudsmen.
- Further, RBI has, on a macro level has taken various initiatives for creating public awareness such as:
    a. Making customer aware of RBI instructions on frauds in electronic banking transactions limiting the liability of customers in fraudulent electronic banking transactions;
    b. Making customer aware of the RB-IOS as an integrated ombudsman scheme for all the customers of digital financial services offered by entities regulated by RBI;
    c. A multi-media campaign on RB-IOS, 2021 is being carried out at Pan-India level;

d. Campaigns on Safe Digital Banking focusing on UPI frauds, impersonation frauds, parcel scams and AEPS frauds are also being carried out;
e. Nation-wide SMS campaigns on various consumer protection themes.

All these campaigns are aired on *Doordarshan* and All India Radio, and in other national/local dailies to help in reaching the rural areas. These campaigns also form a part of the popular TV series “Kaun Banega Crorepati”, which is widely watched by public in rural areas.

- Ombudsman offices carry out Town-hall meetings and Awareness programmes on various issues including digital and online frauds related aspects in the areas under their jurisdiction, including the rural areas.
- Awareness is created by participation in major festivals/events such as Rath Yatra in Puri, and various exhibitions held in the states etc. RBI’s Regional offices were further advised to participate in similar campaigns in regional and state level.
- To provide efficient and effective redress to victims of cyber frauds, common public are made aware of aspects such as Reserve Bank – Integrated Ombudsman Scheme, 2021 (RB-IOS), RBI’s circular on Limiting Liability of Customers in Unauthorised Electronic Banking Transactions through advertisements and campaigns.
- A Contact Centre with toll free number 14448 also started functioning to provide information / clarifications to the public regarding the Alternate Grievance Redress (AGR) mechanism of RBI, guide complainants in filing of complaints, as well as for obtaining the status of complaints already filed with the Reserve Bank. The contact centre with Interactive Voice Response System (IVRS) is available 24x7, while the facility to connect to Contact Centre personnel is available from Monday to Friday except National Holidays, between 8:00 AM to 10:00 PM for English, Hindi and ten regional languages (Assamese, Bengali, Gujarati, Kannada, Malayalam, Marathi, Odia, Punjabi, Telugu and Tamil).
- Further, Department for Payment and Settlement Systems of RBI, vide circular DPSS.CO.OD.No.1934/06.08.005/2019-20 dated June 22, 2020 has advised all authorized payment systems operators and participants (banks and non-banks) to undertake targeted multi-lingual campaigns by way of SMSs, advertisements in

print and visual media, etc., to educate their users on safe and secure use of digital payments.

- In April 2024, RBI in coordination with Indian Cybercrime Coordination Centre (I4C), Ministry of Home Affairs (MHA) organized a Workshop for Law Enforcement Agencies (LEAs) and banks on the theme “Cyber Financial Frauds: Challenges and Prevention” in Mumbai. The Workshop was attended by senior officials from RBI, its regulated entities, as well as Law Enforcement Agencies of various states. The workshop facilitated robust deliberations and interactive discussions among all participants, enhancing understanding and forging strategies to combat cyber financial frauds effectively. Various awareness related booklets covering the modus operandi of frauds were also distributed to the participants for further circulation and enhancement of awareness on cyber financial frauds.
- The Indian Cyber Crime Coordination Centre (14C), Ministry of Home Affairs (MHA) has launched a 'Suspect Registry'. This registry has been developed in collaboration with the Banks and Financial Institutions and is designed to store and share identifiers of cybercriminals. Participant entities contributing to the Suspect Registry can use this data to verify the credentials of individuals seeking to open new accounts or avail of financial services such as loans, pension plans, and other offerings, and monitor fraudulent transactions. During the month of September 2024, State Bank of India were able to decline more than 4 lakh suspicious debit transactions, having 80198 unique customers, accounts and the amount involved in these transactions to the tune of Rs. 1120.35 crores. Similarly, ICICI Bank had declined the 1657 transactions against featured accounts which has resulted in preventing fraudulent proceeds to the tune of Rs. 38.97 Crores.
- The Department of Financial Services (DFS) regularly conducts meetings with senior officers responsible for cybersecurity from the Reserve Bank of India (RBI), Pension Fund Regulatory and Development Authority (PFRDA), and Insurance Regulatory and Development Authority of India (IRDAI) to evaluate their preparedness in countering cyber threats, discuss cybersecurity issues, and address vulnerabilities within the financial ecosystem. In addition to these engagements, DFS undertakes various initiatives to raise awareness about cybersecurity threats and prevent cyber incidents. To enhance the awareness of

the citizens, DFS has also created a dedicated section on its website to spread awareness about cybercrimes.

[Ministry of Finance (Department of Financial Services)
O.M. No. 07/44/2024-Parl. dated 10.02.2025]

Recommendation (Serial No. 12)

CHANGES IN PROVISIONS FOR LIFE INSURANCE POLICIES

The Committee note that the changes introduced by Insurance Regulatory and Development Authority of India's (IRDAI's) Master Circular on Life Insurance Products, 2024, makes it possible to provide wider choices and flexibility to the customers to choose products/riders as per their needs and minimises policyholder grievances, enhances customer satisfaction and confidence. The Committee feel that the adjustments to the methodology for determining Special Surrender Value (SSV) and the shift in the policy acquisition and persistency model may affect agents' commissions, especially if insurers adjust their distribution strategies or revise commission structures to reflect new policy designs which may reduce their commissions and affect their morale. Thus, the Committee are of the opinion that IRDAI should revisit the directions after consultation with the various affected stakeholders.

Reply of the Government

It is envisaged by IRDAI that due to the recent changes in regulatory framework, the life insurance products can be made more attractive and competitive, it can lead to increase in their sales, augmenting a sustainable revenue to insurance agents and intermediaries. Further, IRDAI has expressed that the insurer can decide commission payable to their Agents as per their Board approved policy subject to the limits specified in the IRDAI (Expenses of Management, including Commission, of Insurers) Regulations, 2024.

Considering the broad objective and interest of policyholders including their reasonable expectations and the likely overall positive impact of these changes, the timelines for compliance of the changes in surrender value was extended by IRDAI till 31.12.2024.

Accordingly, this Department is of the view that the outcome of the revised framework may be reviewed after one year.

**[Ministry of Finance (Department of Financial Services)
O.M. No. 07/44/2024-Parl. dated 10.02.2025]**

(For Comments of the Committee, please refer Para No. 1.16 of Chapter I)

CHAPTER - III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

NIL

CHAPTER - IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

NIL

CHAPTER - V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES BY THE GOVERNMENT ARE STILL AWAITED

NIL

New Delhi;	**Bhartruhari Mahtab**
29 July, 2025	**Chairperson,**
07 Sravana, 1947 (Saka)	**Standing Committee on Finance**

ANNEXURE

Minutes of the Thirtieth sitting of the Standing Committee on Finance (2024-25). The Committee sat on Tuesday, the 29 July, 2025 from 1430 hrs to 1615 hrs in Committee Room '62', Samvidhan Sadan, New Delhi.

PRESENT

Shri Bhartruhari Mahtab – Chairperson

LOK SABHA

2. Shri P. P. Chaudhary
3. Shri K. Gopinath
4. Shri Chudasama Rajeshbhai Naranbhai
5. Thiru Arun Nehru
6. Smt. Sandhya Ray
7. Dr. Jayanta Kumar Roy
8. Dr. K. Sudhakar
9. Shri Balashowry Vallabhaneni
10. Shri Prabhakar Reddy Vemireddy

RAJYA SABHA

11. Shri S. Selvaganabathy
12. Shri Sanjay Seth
13. Smt. Darshana Singh

SECRETARIAT

1.	Shri Gaurav Goyal	-	Joint Secretary
2.	Smt. Bharti Sanjeev Tuteja	-	Director
3.	Shri Kuldeep Singh Rana	-	Deputy Secretary
4.	Shri T. Mathivanan	-	Deputy Secretary

PART I

2. XX XX XX XX XX XX

XX XX XX XX XX XX.

(The witnesses then withdrew)

PART II

3. Thereafter, the Committee took up the following draft Action Taken Reports for consideration and adoption:

(i) Fourteenth Report on Action taken by the Government on the Observations/Recommendations contained in the First Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Finance (Departments of Economic Affairs, Expenditure, Financial Services, Public Enterprises and Investment and Public Asset Management).

(ii) Fifteenth Report on Action taken by the Government on the Observations/Recommendations contained in the Second Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Finance (Department of Revenue).

(iii) Sixteenth Report on Action taken by the Government on the Observations/Recommendations contained in the Third Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Corporate Affairs.

(iv) Seventeenth Report on Action taken by the Government on the Observations/Recommendations contained in the Fourth Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Planning.

(v) Eighteenth Report on Action taken by the Government on the Observations/Recommendations contained in the Fifth Report of the Standing Committee on Finance on 'Demands for Grants (2024-25)' of the Ministry of Statistics and Programme Implementation.

(vi) Nineteenth Report- Action taken by the Government on the Observations/Recommendations contained in the Eighth Report of the Standing Committee on Finance on 'Demands for Grants (2025-26)' of the Ministry of Finance

(Departments of Economic Affairs, Expenditure, Public Enterprises and Investment and Public Asset Management).

(vii) Twentieth Report- Action taken by the Government on the Observations/Recommendations contained in the Ninth Report of the Standing Committee on Finance on ‘Demands for Grants (2025-26)’ of the Ministry of Finance (Department of Revenue).

(viii) Twenty-First Report on Action taken by the Government on the Observations/Recommendations contained in the Tenth Report of the Standing Committee on Finance on ‘Demands for Grants (2025-26)’ of the Ministry of Corporate Affairs.

(ix) Twenty-Second Report on Action taken by the Government on the Observations/Recommendations contained in the Eleventh Report of the Standing Committee on Finance on ‘Demands for Grants (2025-26)’ of Ministry of Planning.

(x) Twenty-Third Report on Action taken by the Government on the Observations/Recommendations contained in the Twelfth Report of the Standing Committee on Finance on ‘Demands for Grants (2025-26)’ of Ministry of Statistics and Programme Implementation.

(xi) Twenty-Fourth Report on Action taken by the Government on the Observations/Recommendations contained in the Thirteenth Report of the Standing Committee on Finance on ‘Demands for Grants (2025-26)’ of Ministry of Finance (Department of Financial Services).

After some deliberations, the Committee adopted the above draft Action Taken Reports and authorised the Chairperson to finalise them and present the Reports to the Parliament.

The Committee then adjourned.

* * *

APPENDIX

(Vide Para 4 of the Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FIRST REPORT OF THE STANDING COMMITTEE ON FINANCE (EIGHTEENTH LOK SABHA) ON DEMANDS FOR GRANTS (2024-25) OF THE MINISTRY OF FINANCE (DEPARTMENT OF ECONOMIC AFFAIRS, EXPENDITURE, FINANCIAL SERVICES, PUBLIC ENTERPRISES & INVESTMENT AND PUBLIC ASSET MANAGEMENT).

		Total	% of total
(i)	Total number of Recommendations	12	
(ii)	Observations/Recommendations which have been accepted by the Government (vide Recommendation Nos. 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12)	12	100%
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies	NIL	--
(iv)	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee	NIL	--
(v)	Observations/Recommendations in respect of which final reply of the Government are still awaited	NIL	--

* * *