

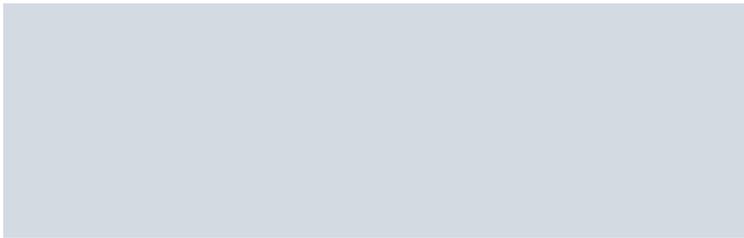


ESG NEWSLETTER

March 2026 Edition



Table of contents



NITI Aayog policy update for MSMEs – January 2026	03
The Science Based Targets initiative (“SBTi”)	06
SEBI's latest BRSR updates	09
‘Did You Know’ section	11

NITI Aayog policy update for MSMEs – January 2026

NITI Aayog, in collaboration with the Ministry of MSME and industry stakeholders, has released two pivotal reports designed to transform the MSME landscape:

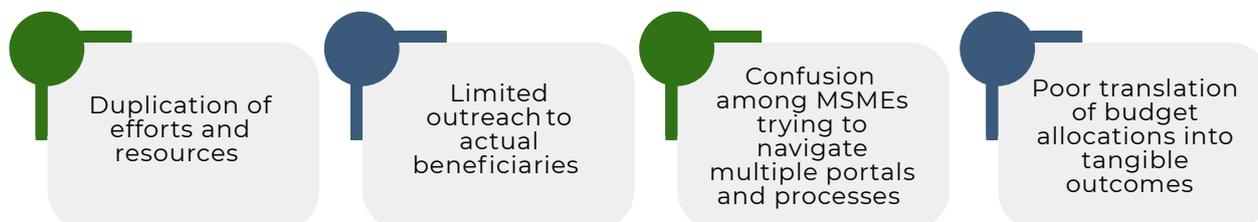
Achieving efficiencies through convergence of schemes

Roadmap for green transition of MSMEs

The Ministry of MSME currently administers 18 different schemes covering credit, skill development, marketing, innovation, technology and infrastructure. While these schemes have helped MSMEs growth, the government identified a critical flaw:

"Overlapping objectives and fragmented implementation across various ministries and departments might increase inefficiencies, affecting the effectiveness of these schemes."

The result:



The strategic goal

NITI Aayog launched this report to streamline and rationalize the support ecosystem so that:

- ✓ Beneficiaries can access support simply and quickly
- ✓ Resources translate into better outputs and outcomes
- ✓ Duplication and confusion are reduced
- ✓ Ministries collaborate through joint planning and shared data

"Effective convergence and rationalisation of schemes can simplify access for beneficiaries and ensure better use of public resources."

It is a **10-year national decarbonization strategy for MSMEs**, aligned with:

India's Net Zero 2070 commitment	Global compliance pressures (CBAM, ESG, BRSR, etc.)
45% carbon intensity reduction by 2030	"Viksit Bharat 2047" manufacturing ambition

At a glance: the two initiatives

Initiative	Why it was started	What's inside	Key driver
Scheme Convergence Report	18 fragmented schemes with overlapping objectives were causing duplication, inefficiency and poor beneficiary outreach	<ul style="list-style-type: none"> • One AI-powered portal for all MSME schemes • Merging similar schemes • Unified marketing support (domestic + international) • Agro-rural incubators under one innovation scheme 	Administrative efficiency & better service delivery
Green Transition Roadmap	MSMEs emit 135 MtCO ₂ , face CBAM export risks, lack green finance, and need support to meet India's net-zero 2070 goal	<ul style="list-style-type: none"> • Pay-as-you-save energy efficiency (zero upfront cost) • Solar subsidies (up to ₹80,200) for micro units • RESCO (Renewable Energy Service Company) model for MSME – pay only for power • Support to switch from coal to natural gas • New National Project Management Agency (NPMA) to handhold clusters 	Climate commitment & export competitiveness

Implementation timeline

Institutional Setup: Formation of the National Project Management Agency (NPMA) and the MSME National Level Institute for Energy and Greening.

Digital Launch: Beta version of the unified Centralized Portal.

Positive impact

Together, these two NITI Aayog documents create a powerful synergy: the first ensures MSMEs can seamlessly access support, while the second provides the roadmap for them to thrive sustainably in a competitive global economy

Convergence of Schemes: Makes it easier for MSMEs to find and use government help.

Green Transition Roadmap: Makes MSMEs stronger, more profitable, and ready for the future by lowering costs and meeting global environmental standards.



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NITI Aayog

The Science Based Targets initiative ('SBTi')

What is SBTi?

The Science Based Targets initiative (SBTi) is a global corporate climate action organization that enables companies and financial institutions to set greenhouse gas (GHG) emissions reduction targets in line with the latest climate science and the goals of the Paris Agreement.

Founded in 2015, SBTi is a collaboration among:

- CDP
- United Nations Global Compact
- World Resources Institute (WRI)
- World Wide Fund for Nature (WWF)

SBTi's framework ensures that corporate climate targets are robust, credible, and consistent with limiting global warming to well below 2°C — ideally 1.5°C — above pre-industrial levels.

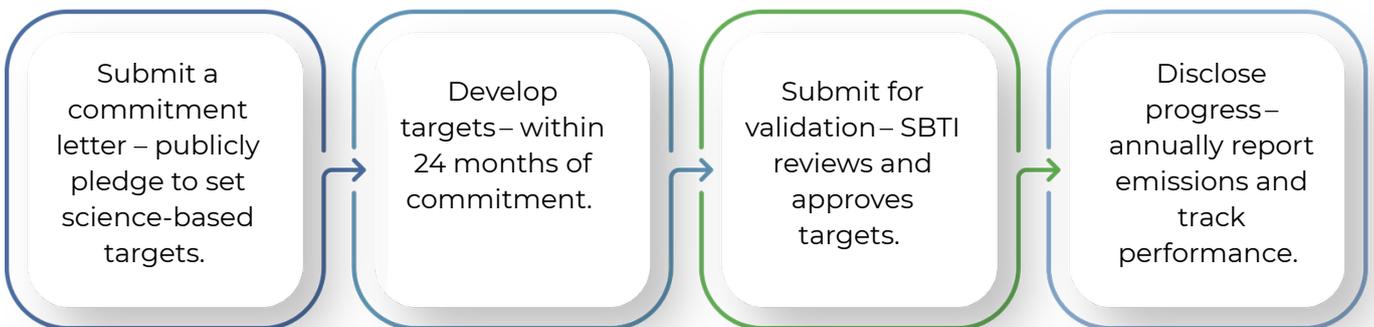
The Science Based Targets initiative (SBTi) provides tailored climate action frameworks for specific high-impact industries, recognizing that a cement company cannot decarbonize the same way as a bank or an automaker.

Sector	Framework / Guidance Type
Automotive	NetZero Standard (Draft) – public consultation open until March 22, 2026
Chemicals	Sector Specific Criteria – effective from June 2, 2026
Financial Institutions	Financial Institutions (FINZ) Guidance – updated July 2025
Power Generation	NetZero Standard (Draft) – consultation closed November 2025
Forest, Land & Agriculture (FLAG)	Sector Specific Standard
Steel, Cement, Apparel & Footwear, Aviation, Maritime, ICT, Land Transport	Sector Guidance

For sectors not listed, companies should use the Corporate NearTerm Criteria or the Corporate NetZero Standard.



The SBTi commitment process



India's SBTi growth

India has firmly established itself as one of the most dynamic markets for corporate climate commitments, with nearly 500 companies now engaged with the SBTi.

Arun Nanda, Trustee on the Board of SBTi and former President of the Mahindra group, pointed out a striking comparison: "Japan, with a smaller population, has around 2,000 companies registered. India should not be at 500. Realistically, it should be at 5,000"

This vision underscores the immense potential for expansion beyond large corporates to include the thousands of small and medium enterprises (SMEs) that form the backbone of India's industrial supply chains. SBTi has already created simplified pathways designed specifically for SMEs, making it easier for smaller businesses to participate in the climate transition.

Positive Impact

SBTi validation strengthens a company's credibility with investors and regulators while driving operational efficiency through energy cost savings. It future-proofs businesses against tightening climate regulations and carbon taxes like CBAM, while enhancing brand reputation in increasingly sustainability-conscious markets.



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

SEBI's latest BRSR updates - what entities need to know

India's Business Responsibility and Sustainability Reporting (BRSR) framework continues to evolve, pushing for credible, comparable ESG data while easing implementation burdens. SEBI's key 2024–2025 decisions (board meeting Dec 2024, circulars Dec 2024 & March 2025, plus Jan 2026 LODR Master Circular consolidation) bring flexibility, standardization, and a stronger focus on verifiability.

1. Value chain ESG disclosures – deferred & made voluntary (for now)

Previously mandatory from FY 2024-25 (*comply-or-explain*), value chain reporting (*upstream/downstream partners ≥2% of purchases/sales by value, capped at 75% coverage*) is now:

- Voluntary from FY 2025-26 (*top 250 entities to start*)
- Assessment or assurance voluntary from FY 2026-27
- First-year prior-year comparatives remain voluntary

A practical breather for supply chains - focus on building partnerships rather than rushed compliance.

2. New incentives: green credits leadership indicator

Under Principle 6 (Environment), a voluntary leadership indicator now requires disclosing Green Credits generated/procured by the entity and its top-10 value chain partners. This aligns with India's Green Credit Programme, rewarding eco-restoration efforts.

3. Standardization boost: industry standards on BRSR core (Dec 2024 circular)

Developed by the Industry Standards Forum (ASSOCHAM, CII, FICCI), these provide clear guidance/templates for consistent BRSR Core reporting — mandatory for compliance from FY 2024-25 onwards.

Why this matters ?

Top 500 listed entities are in the hot seat for BRSR Core verification this FY.

Supply chain pressure is building — even non-listed SMEs may face requests from listed partners.

Flexibility reduces costs/burden while investor expectations rise for verifiable ESG data.

Pro tip:

Start mapping value chain data, invest in robust ESG data management, and consider early assessment to stay ahead.

These steps align India's ESG regime closer to global benchmarks (like ISSB interoperability) while staying practical. A win for transparency, competitiveness, and sustainable growth!



DID YOU KNOW?

1

The **Green Climate Fund ('GCF')** — the world's largest climate fund — recently approved **\$215.6 million** (that's about ₹1,800 crore!) for India. This is its **largest-ever single-country program focused on Micro, Small, and Medium Enterprises (MSMEs)!**

Partnering with SIDBI (Small Industries Development Bank of India), the funding (a mix of \$200M loan + \$15.6M grant) will help thousands of Indian small businesses adopt low-emission technologies, climate-resilient practices, and green solutions — especially in energy-intensive sectors and vulnerable areas like agriculture and water.

Why it matters?

Loans reaching ~10,000 MSMEs, supporting mitigation & adaptation projects, and even creating around **420,000 jobs** in green supply chains. A big step for India's MSME sector - which powers ~30% of GDP and employs over 110 million people, to go greener while building a sustainable future.

(Source: Green Climate Fund official project FP241, approved July 2024, now under implementation.)

Expected impact:

This is a massive boost for making "going green" more accessible to small businesses! What do you think — ready to see more Indian SMEs leading the climate charge?

DID YOU KNOW?

2

In 2023, **a record-breaking 1,425 small and medium-sized enterprises (SMEs)** worldwide had their science-based climate targets **officially validated** by the **Science Based Targets initiative (SBTi)** – the gold standard for credible, Paris Agreement-aligned emission reduction goals!

This number alone surpassed the **total cumulative SMEs** validated from 2020–2022 (the years since the dedicated SME route launched). Out of the **2,267 total companies** getting targets approved in 2020–2022 year, SMEs drove the biggest surge – with **219** even committing to full net-zero targets.

Why it matters?

SMEs make up ~90% of global businesses and huge portions of supply chains, jobs, and emissions. Their massive uptake shows climate action is scaling beyond big corporates – proving ambitious, science-backed decarbonization is achievable for smaller players too.

By end-2023, the SBTi had validated targets for over **4,200** companies & financial institutions overall (a 102% jump from 2022). Momentum is building fast!

(Source: Official SBTi Monitoring Report 2023 – a landmark year for corporate climate leadership.)

Expected impact:

Small businesses are stepping up big time – this is how we accelerate the transition! What do you think: more SMEs in your network going SBTi next?



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