



## **DAILY CURRENT AFFAIRS 02-05-2025**

### **GS-2**

1. CSR Spends

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2. World Bank's Poverty and Equity Brief 2025
3. Mayonnaise

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## **CSR Spends**

### **Syllabus: GS-2: Corporate Social Responsibility.**

#### **Context:**

- CSR spending by listed companies rose by **16%** to **Rs 17,967 crore** in 2023-24, compared to **Rs 15,524 crore** in 2022-23.
- Surge attributed to an **18% rise** in average net profits over the preceding three years.
- After three years of stagnant spending (~Rs 14,751 crore in 2019-20 to Rs 15,524 crore in 2022-23), a significant rise observed.

#### **Top CSR Spenders**

- **HDFC Bank:** Rs 945.31 crore (Highest spender)
- **Reliance Industries:** Rs 900 crore
- **TCS:** Rs 827 crore
- **ONGC:** Rs 634.57 crore

#### **CSR Legal Framework**

- CSR Law enacted in **April 2014** under Companies Act, 2013.
- Companies must spend **2%** of average net profits of the past three years on CSR if they meet any of the following criteria:
  - Net worth of **Rs 500 crore** or more
  - Turnover of **Rs 1,000 crore** or more
  - Net profit of **Rs 5 crore** or more

#### **Average Net Profit and CSR Requirement**

- **1,394 companies** average net profit: **Rs 9.62 lakh crore** (up from Rs 8.14 lakh crore in 2022-23).
- Required CSR spend: **Rs 18,309 crore** (2023-24).
- Actual CSR spend: **Rs 17,967 crore** (shortfall explained by unspent transfers to "Unspent CSR Account" of **Rs 2,329 crore**).

#### **Trends and Observations**

➤ **Number of Companies:**

- 1,367 companies (98%) complied with CSR spending in 2023-24.
- 27 companies did not spend despite being mandated.

➤ **Nature of Spending:**

- 418 companies (30%) spent exactly the prescribed amount.
- 681 companies (49%) exceeded their prescribed spending.
- 259 companies failed to meet mandatory spending (up from 249 in 2022-23).

### Sector-wise CSR Spending

➤ **Highest Spends:**

- **Education:** Rs 1,104 crore
- **Healthcare:** Rs 720 crore

➤ **Highest Growth in Spend:**

- **Environmental Sustainability:** +54%
- **National Heritage:** +5%

➤ **Sharp Declines:**

- Slum Development: -72%
- Rural Development: -59%
- Armed Forces Veterans: -52%

### PSU CSR Spending

- **66 PSUs** spent **Rs 3,717 crore** in 2023-24.
- Up **19%** from **Rs 3,136 crore** spent by 56 PSUs in 2022-23.

### CSR Governance

- Companies spending more than **Rs 50 lakh** must have a **CSR Committee:**
  - 1,028 companies spent > Rs 50 lakh.
  - 990 companies had a CSR committee in place.

- 503 companies appointed **more than three members** in the CSR Committee (minimum requirement is 3 members including one independent director).

### Issues and Recommendations

#### ➤ **Ease of Doing Business:**

- Suggestion to **revise CSR eligibility thresholds** upwards due to substantial growth in companies' profits.
- Helps in excluding smaller companies from compliance burden, aligning with original intent of the law.

#### ➤ **Multiyear Projects:**

- Companies undertaking multiyear projects can transfer unspent amounts to the "Unspent CSR Account."
- If unspent after three years, funds must be transferred to government-specified funds like PM CARES or PMNRF.

## **World Bank's Poverty and Equity Brief 2025**

**Syllabus: GS-3: Indian Economy – poverty.**

### **Context:**

- Tracks **poverty, shared prosperity, and inequality** trends across 100+ developing countries, published **twice a year**.

### **Key Findings for India**

- **Extreme Poverty** (below \$2.15/day) fell from **16.2% (2011-12)** to **2.3% (2022-23)** — **171 million people lifted**.
- **Lower-Middle Income Poverty** (below \$3.65/day) declined from **61.8%** to **28.1%**, lifting **378 million people**.
- **Multidimensional Poverty** dropped from **53.8% (2005-06)** to **15.5% (2022-23)**.
- **Inequality** improved: **Gini index** reduced from **28.8** to **25.5**.
- **Urban Unemployment** fell to **6.6%**, the **lowest since 2017-18**.

### **Key Factors Behind Poverty Decline**

- **Welfare Expansion:** Schemes like PMAY, MGNREGA, Ujjwala Yojana strengthened social safety nets.
- **Economic Reforms:** GST, Ease of Doing Business reforms boosted formal sector and jobs.
- **Access to Essentials:** Healthcare (Ayushman Bharat), financial inclusion (Jan Dhan Yojana).
- **Rural Development:** PMGSY roads, rural electrification improved incomes and market access.
- **Women's Empowerment:** Rise in rural female employment, SHG-led entrepreneurship.

### Detailed Analysis

#### Positives

- **Broad-based Poverty Reduction:** Rural-urban poverty gap narrowed from **7.7% to 1.7%**.
- **Female Employment Surge:** Higher rural female participation and self-employment.
- **Inclusive Growth:** Major contributions from populous states like **Uttar Pradesh, Bihar, Maharashtra**.
- **Inequality Reduction:** Gini index improvement shows better wealth distribution.

#### Negatives

- **Youth Unemployment:** Overall **13.3%**, peaking at **29% among graduates**.
- **High Informality:** Only **23%** of non-farm jobs are formal.
- **Gender Disparity:** Women's workforce participation remains at **31%**.
- **Persistent Poverty Pockets:** Five states account for **54% of India's extremely poor**.

#### Way Ahead

- **Skill Development:** Upskilling and vocational training for youth.
- **Strengthening the Formal Sector:** Labour reforms, MSME support.
- **Targeted Interventions:** Special poverty missions for high-burden states like **Bihar and Uttar Pradesh**.

- **Diversify Rural Economy:** Promote rural industries, agri-tech, services.
- **Bridge Gender Gap:** Safer, flexible workplaces to boost women's participation.
- **Enhance Safety Nets:** Expand and improve delivery of schemes like **PM-Kisan**, **Ayushman Bharat**.

### Conclusion

India's success in lifting **171 million people out of extreme poverty** is **historic** and a **global milestone**. The World Bank's acknowledgment reinforces India's **policy-driven** and **inclusive growth** strategy. Sustaining this momentum will require **continued reforms**, **youth skilling**, **gender inclusion**, and **strengthened safety nets**.

## Mayonnaise

**Syllabus: GS-3: General Science – Food Science.**

### Context:

- **Date of Ban:** Effective from April 8, 2025, for one year.
- **Authority:** Issued by the Tamil Nadu government under Section 30(2)(a) of the **Food Safety and Standards Act, 2006**.
- **Reason:** Public health concerns due to the risk of foodborne illnesses from mayonnaise made with raw eggs.

### Key Details of the Ban

- **Scope:** Prohibits the manufacture, storage, distribution, and sale of mayonnaise prepared using raw eggs across Tamil Nadu.
- **Rationale:**
  - Raw egg mayonnaise is classified as a “high-risk food” due to potential contamination by pathogens such as **Salmonella typhimurium**, **Salmonella enteritidis**, **Escherichia coli (E. coli)**, and **Listeria monocytogenes**.
  - Improper preparation and storage, especially in hot and humid conditions, increase contamination risks, leading to food poisoning.
- **Impact:** Affects food businesses, including restaurants, street vendors, and catering services, which must switch to eggless or pasteurized egg-based mayonnaise.

### Mayonnaise: Composition and Risks

- **Definition:** A semi-solid emulsion made from egg yolk, vegetable oil, vinegar/lemon juice, and seasonings.
- **Role of Egg Yolk:** Acts as an emulsifier, binding oil and water to create a stable mixture.
- **Risk Factors:**
  - Raw eggs are not pasteurized or heated, unlike commercial mayonnaise, which uses preservatives like calcium disodium EDTA.
  - Improper storage in warm conditions promotes bacterial growth.
- **Alternatives:** Eggless mayonnaise (using soy proteins or milk solids) or pasteurized egg-based mayonnaise, which are safer and widely used in India.

### Health Risks Associated with Raw Egg Mayonnaise

- **Pathogens:** Raw eggs can carry bacteria that are typically neutralized during cooking. In mayonnaise, the lack of heat treatment increases risks.
- **Symptoms of Food Poisoning:** Include diarrhea, vomiting, fever, and stomach cramps, with severe risks for children, the elderly, and immunocompromised individuals.
- **Indian Context:** Hot and humid weather exacerbates bacterial growth, making raw egg mayonnaise particularly risky in unregulated settings like street food stalls.

## **BluSmart Scandal**

### Syllabus: GS-4: Corporate Governance.

#### Context:

- BluSmart, an Indian EV ride-hailing startup, faced a corporate scandal in April 2025, uncovered by SEBI, involving financial mismanagement and fund diversion by founders Anmol and Puneet Jaggi.
- **Relevance for GS-4:** The case highlights ethical lapses in corporate governance, integrity, and accountability, key themes for UPSC Ethics paper.

#### Ethical Issues Involved

- **Lack of Integrity:**

- Founders misused ₹262 crore of public sector loans for personal luxury (e.g., ₹42.94 crore apartment, ₹26 lakh golf set).
- Forged loan letters and falsified financial records to deceive stakeholders.
- **Ethical Principle Violated:** Honesty and truthfulness in financial dealings.
- **Breach of Trust:**
  - Betrayed investors (e.g., MS Dhoni, Deepika Padukone), employees, and public lenders (IREDA, PFC).
  - Diverted funds through related entities, eroding stakeholder confidence.
  - **Ethical Principle Violated:** Fiduciary duty to act in stakeholders' best interests.
- **Conflict of Interest:**
  - Blurred lines between BluSmart and parent company Gensol, both led by the Jaggi brothers, facilitated fund diversion.
  - Related-party transactions for personal gain.
  - **Ethical Principle Violated:** Fairness and impartiality in decision-making.
- **Lack of Accountability:**
  - Minimal oversight by auditors and lenders enabled fraud.
  - Founders evaded responsibility until regulatory intervention.
  - **Ethical Principle Violated:** Responsibility to uphold transparency and accountability.
- **Impact on Public Interest:**
  - Misuse of public funds meant for EV expansion undermined India's green mobility goals.
  - Disrupted services, delayed salaries, and harmed employees and customers.
  - **Ethical Principle Violated:** Public welfare and social responsibility.

### Ethical Dimensions for Analysis

- **Individual Ethics:**
  - Founders' greed and lack of moral compass led to unethical decisions.
  - **Lesson:** Personal integrity is critical for ethical leadership.



➤ **Organizational Ethics:**

- Weak corporate governance, lack of independent audits, and opaque operations.
- **Lesson:** Robust systems and checks are essential to prevent ethical lapses.

➤ **Societal Ethics:**

- Media hype and awards (e.g., “30 under 30”) masked irregularities, misleading public perception.
- **Lesson:** Society must prioritize substance over glamour in evaluating businesses.

### Ethical Theories Applicable

➤ **Utilitarianism:**

- Actions should maximize overall happiness. Fund diversion harmed stakeholders, violating utilitarian principles.
- **Application:** Ethical businesses prioritize long-term stakeholder welfare over short-term personal gains.

➤ **Deontology:**

- Duty-based ethics emphasize adherence to rules and moral obligations. Founders violated fiduciary duties and legal norms.
- **Application:** Upholding duties to stakeholders is non-negotiable.

➤ **Virtue Ethics:**

- Focuses on character traits like honesty, fairness, and responsibility. Founders lacked these virtues.
- **Application:** Cultivating ethical character is key to sustainable leadership.

### Case Study Relevance for GS-4

➤ **Ethical Dilemmas:**

- Balancing personal ambitions with organizational responsibilities.
- Choosing transparency over deceit in financial dealings.

➤ **Solutions:**

- Implement strong corporate governance frameworks.

- Foster a culture of ethical leadership through training and accountability.
- Strengthen regulatory oversight to deter fraud.
- **Values to Emphasize:**
  - Integrity, transparency, accountability, fairness, and public welfare.

### **Recommendations for Ethical Governance**

- **Strengthen Corporate Governance:**
  - Mandate independent audits and board oversight.
  - Enforce strict related-party transaction disclosures.
- **Enhance Regulatory Framework:**
  - SEBI and RBI to impose quarterly audits for startups with public funds.
  - Penalize auditors for negligence.
- **Promote Ethical Leadership:**
  - Training programs on ethics for startup founders.
  - Whistleblower protections to expose internal fraud.
- **Public Awareness:**
  - Educate investors and consumers on due diligence.
  - Media to verify claims before glorifying startups.