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Strategy for dealing with climate Change in context of India

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Abstract

Climate change is really a difficult phenomenon affecting the entire world. And with a rising population, vehicles, industries and human activities around the globe, it is going to worsen more. It is a necessity to tackle the increasing incidents of climate-induced phenomena, otherwise the world will face severe outcomes. The world has seen a lot of difficulties with respect to rising global temperature, pollution caused by glacier melting, air pollution and a resource crunch.

Therefore, in the coming days, if this phase of climate change and global warming continues, the world will be severely affected and India, being the second most populous country, will face dangerous implications. Governments and NGOs are working to limit the expansion of climate change. India has been a leader in controlling and limiting the bad effects of climate change through its continuous climate agreements and initiatives.Almost 1 decade ago, it was not a matter of concern. But now looking at the implications and impacts on our day-to-day lives, everyone is talking about it.

Keyword –climate change, Sustainable Development, pollution, global warming

Introduction

Climate change is such a problem that it affects the common people. In recent years, major natural disasters have repeatedly reminded us of this. A major failure of the United Nations Conference on Climate Change is the developed countries' refusal to fulfill their promise of providing financial aid and technology to developing countries. They have also not made adequate efforts to compensate for their massive carbon emissions of the past. Developing countries are at greater risk of climate change, but the time left to them is running out and these countries will have to strengthen their strategy because now is not the time for blame game. In this paper, we will see why India needs to make a measurable and monitored plan to meet international pledges and become a low-emission economy comfortably. India will also have to make a plan to raise finance for this. Let us start with the country's international pledges and promises. The biggest of these promises is to reduce the emission intensity of gross domestic product (GDP) by 45% by 2030 compared to 2005 and to reduce net greenhouse emissions to zero by 2070. 2070 is still some way off, but what about the GDP emission target of 2030?

Some are saying that India is moving ahead of schedule but the real question is what plans has the government made for different sectors to achieve this target? Has there been any chart of programme evaluation and review technique, which has set timelines for achieving different targets? How much of the target is to be achieved through administrative measures like setting renewable energy targets, increasing forest area and electric vehicles and how much through market activities like trading of carbon credits? What is the need for reliable and accurate tracking for the aspiration of achieving the target of zero net emissions by 2070?

There should also be a plan. What about the cost of appropriate efforts to reduce and deal with the effects of climate change? And is our country prepared to bear the burden of the financial burden of this change? Some are saying that India is moving towards achieving this target ahead of schedule but the real question is what plan has the government made for different sectors to achieve this target? Has any chart of programme

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evaluation and review technique been made, in which timelines have been set for achieving various targets? How much of the target is to be achieved through administrative measures like setting renewable energy targets, increasing forest area and electric vehicles and how much through market activities like trading of carbon credits? There should also be a credible and precise plan for the aspiration of achieving the target of net zero emissions by 2070.

What about the cost of appropriate efforts to mitigate and tackle the effects of climate change? And is our country prepared to bear the financial burden of this change? The amount of money India needs for this has been given differently in different studies. In an October 2022 report, McKinsey estimated that India needs an average of $100 billion every year from 2021 to 2030 to move forward on its plan to reduce emissions, but the current investment in this sector is only around $44 billion. This huge gap has to be bridged.

A large part of this investment will have to be obtained from the private sector because the hands of the government are tied and the institutions that provide funds for development and multilateral development banks are spending less on such activities. An estimate says that except China, the rest of the developing countries will have to raise two-thirds of the capital spent to achieve climate goals between 2023 and 2030 from abroad. India is no different from this.

Our stock market is so developed and credible that foreign money can easily come in. SEBI has implemented ESG regulatory framework, which includes guidelines for listed companies to provide business accountability and environmental interest. So this is a timely step. And this is similar to the measures being taken in this regard across the world. The problem is with the debt market. If we have to raise huge loans in rupees from foreign funds to raise finance for climate, then the domestic bond market needs to be developed. At present, it lacks adequate depth and liquidity.

It should be a priority for the government to define a clear category of environment friendly investment. Many developed countries have asked their institutional investors, insurance companies, pension funds etc. to put a part of their investment in environment friendly projects. We should create such a category which will attract such investment to India. Many projects which seem important to tackle climate change may not be suitable for getting commercial investment. Such projects should be carefully identified and to encourage private investment in them, the government can provide loan guarantees and tax concessions to raise loans.

Despite these trends, the government will have to continue investing in these non-commercial projects. It is equally important to ensure that the economy becomes environmentally friendly in an orderly manner so that there are no concerns about financial stability. A sudden, unplanned move towards low carbon emissions can destabilize the financial system. For example, imagine what would happen to the lenders and stakeholders if a well-functioning thermal power plant is suddenly shut down in order to build a renewable energy plant and becomes a non-performing asset. If many such incidents happen, the economy is bound to be adversely affected.

Climate- related financial difficulties and A systematic assessment of the potential impact on financial stability must be undertaken. Climate risks should be incorporated into the standard risk assessment frameworks of regulated financial sector entities and regulators. Monitoring and regulation of climate risks should be integrated into the overall regulatory approach to financial risk mitigation. For example, banks' capital adequacy framework should include provisions for climate risk. Loans to projects that are at risk of being impacted by climate change should be classified as high-risk loans.

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The Reserve Bank of India issued a draft guideline on 'Disclosure Framework on Climate Related Financial Risks' in February 2024. This framework states that regulated entities should disclose information about four areas of operation: strategy, risk management, standards and goals. This is an important step towards climate risk assessment. This is an important step towards bringing the requirements for assessment, measurement and disclosure of climate risk into the mainstream compliance regime of banks and top and upper-tier non-banking financial companies. These guidelines and timelines for various types of compliance should be finalized soon. Similar guidelines should also be issued by SEBI and IRDAI.

What is India's role within international climate diplomacy?

The Paris Agreement goal to stay "well below 2 degrees" of warming was reflected in the **commitments India made at COP26** in Glasgow in 2021.

India plays a **critical leadership role** for other emerging markets and developing economies (EMDEs) in the Global South and will demonstrate this through its upcoming G20 Presidency in 2023 and by having co-founded initiatives like the **International Solar Alliance**, **One Sun One World One Grid** and the **Coalition for Disaster Resilient Infrastructure**.

India's '**global net zero**' approach is informed by the principle of Common but Differentiated Responsibilities, which holds developed countries and international financial institutions liable for financing the clean transition of the developing world. It is part of the **Like-Minded Developing Countries (LMDC)**, a group that advocates for more control in how finance is used for adaptation and mitigation to prevent future loss and damage.

India will be an important influence in how to operationalise the 'US$100 billion commitment' – the climate finance pledged to developing countries by wealthier nations. India will also push for improvements in the **pace and scale of climate finance** to help developing countries meet their goals. According to **estimates by LSE**, US$100 billion a year is not sufficient to cover the costs of avoiding climate change: by 2025, bilateral donors must double their climate finance commitments while multilateral development banks must triple their financing from 2018 levels.

Overall, climate change is posing a major risk which requires a comprehensive and quantitative policy focus in the medium and long term to deal with it. Along with this, strict monitoring is also needed to take appropriate steps in time. Just wishing will not work. India, with 17 percent of the world's population, contributes only 4 percent of the total global greenhouse gas emissions in terms of per capita GHG which is about 23 percent of the global average. Around 55 percent of India's population still does not have access to commercial energy. India's stand as a developing country is that GHG abatement in any form involves significant economic costs and will adversely impact GDP growth as it requires a shift from cheap fossil fuels to costlier non-carbon energy. Efforts to address climate change adaptation and mitigation needs should not take resources away from the core development needs and growth objectives of the developing countries.

New Missions under consideration

- Wind energy
- Modelled on National Solar Mission
- To be serviced by Ministry of New and Renewable Energy
- To produce 50,000-60,000 MW of power by 2022
- Human health
- Assess impact of climate change on human health
- Build up capacities to respond to these

- Being looked after by Health Ministry
- Coastal resources
- Prepare integrated coastal resource management plan
- Map vulnerabilities along the entire shoreline
- Environment Ministry to look after the mission
- Waste-to-energy
- Incentivise efforts towards harnessing energy from waste
- Lower dependence on coal, oil, gas
- Make power production a more earth-friendly process

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