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In favour of the motion – "Factoring Climate Risk in Institutional Finance would impede growth in developing country like India".

1. For years now, **coal and oil** have so far served as bedrocks of India's industrial growth and modernisation, giving a rising number of Indian people access to modern energy services. This includes adding new electricity connections for 50 million citizens each year over the past decade.

The rapid growth in fossil fuel consumption definitely triggers the concern of CO2 emissions but in-spite of this, **India's CO2 emission per person** still puts it near the bottom of the world's emitters and even lower if we consider historical emissions/person. An average Indian household consumes $1/10^{th}$ electricity as that of an average household in the United States.

2. Yes, indeed our policies might get criticized with the view of the **Paris Agreement** but is it really viable for us? Can we afford to make ourselves in line with the international standards? Well, the answer to this lies in what developed nations are doing. Talking about United States and its hypocrisy of having some of the most beautiful beaches in the world, US has a 30-year history of shipping half of its 'so-called recyclable' plastic overseas, primarily to China & other developing nations lacking the infrastructure to manage it.

We surely are not aligned with certain policies, but we do have a vision; the pathway to **net zero emissions by 2070** which is backed up by time and sustainability.

Our developing India still has about 80 million population living below poverty & is what I believe 'the elephant in the room' that needs to be tackled. Factoring climate risk is inevitable but not at the cost of that kids' future whose village recently got electrified and not at all at the cost of opportunities, affordability, and growth of its citizens.

3. Apart from the usage of fossil energy, factoring climate risk and transitioning into renewable energy avenues demands huge **OPEX & CAPEX infusion**. When we think of EVs it still looks like a farfetched reality. Even if for once the supply side is forgotten, the demand side itself has severe adoption challenges like cost of EV being high. The problem with factoring such climatic changes into the previously built infrastructure will only create more burden over the prevailing 16.61 Lakh Cr. Fiscal deficit.

4. Talking about Government, transitioning and building **newer infrastructure** will have huge risk impacts on the pockets of government. The failure of any new project might set government's vision off-track, impacting its tax revenue and dividend incomes. This in return may create huge **ripple effects** on spendings, employment and overall economic development.

5. Lastly, many of our **financial institutions & banks** are heavily invested and exposed towards debt financing of companies either a part of or dependent upon fossil energy. Undergoing a sudden transition would worsen the current gross NPA status of PSU banks which stands at 8.8% and further deteriorate the liquidity status to meet their other institutional obligations. On the other hand, a delayed shift has its own set of cons. The future

of alternate energy still has many questions that needs to be answered. For example, the gestation period of electric vehicles is still unclear with uncertain outcomes. Lending to projects with uncertainty & unpredictable outcomes could lead to financial disasters which the banks might not be prepared for.

Our financial institutions and banks need to take calculated steps before investing and building credit portfolios prone to climate risk. And therefore, what I believe is that currently things are not in place for a country like India to charge all in. We should not jump into this very quickly, abandoning the current ongoing practices.

Hence, I strongly believe that factoring in climate risk would definitely **impede** the growth of India and create huge hurdles in its way to prosperity.