



JAIIB (New Syllabus)

**INDIAN ECONOMY &
INDIAN FINANCIAL SYSTEM
(IE&IFS).**

Paper-1
MODULE-A, UNIT-10



**CLIMATE CHANGE, SUSTAINABLE
DEVELOPMENT GOALS**

Paper IE and IFS Module A Unit 10: Climate Change, Sustainable Development Goals (SDGs)

Core Elements of Sustainable Development

In September 2015, the United Nations General Assembly announced a set of **17 Sustainable Development Goals (SDGs) and 169 targets** to spur action, over the next 15 years. These goals were proposed in June 2012 at the United Nations Conference on Sustainable Development (Rio+20). These set of goals superseded the Millennium Development Goals (MDGs), which were slated to expire in 2015, and focused on areas that could not be fulfilled sooner. **The SDGs have a time frame of 2016–2030.**

The seventeen (17) Goals agreed under the SDGs are as follows:

1. No Poverty
2. Zero Hunger
3. Good Health and Well-being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reduced Inequality
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below Water
15. Life on Land
16. Peace, Justice and Strong Institutions
17. Partnerships to achieve the Goal

India's Progress In SDGs

- **India has witnessed significant progress toward achieving the Sustainable Development Goals (SDGs) of the United Nations.** According to the NITI Aayog's SDG India Index, which highlights the country's progress in social, economic, and environmental development during the previous year, India has achieved significant progress in the areas of health, energy, and infrastructure.
- **Since 2019, India's total SDG score has increased from 60 to 66 in 2021,** owing to nationwide improvements in 'clean water and sanitation' and 'affordable and clean energy,' respectively. Kerala ranked first on the Index, followed by Himachal Pradesh, Tamil Nadu, Andhra Pradesh, and Goa.
- The Indian government is firmly committed to the **2030 agenda, including the SDGs.** The task of coordinating the SDGs has been entrusted to NITI Aayog, the Government of India's premier think tank.
- State governments are crucial to India's progress on the SDG Agenda since they are best positioned to 'put people first' and ensure that 'no one falls behind.' Many of the government's flagship initiatives, including '**Swachh Bharat**', '**Make in India**', '**Skill India**', and '**Digital India**', are key to the SDGs. Most of these programmes rely heavily on the initiatives and support of the state governments and municipal bodies.

India and SDG 13

Climate Action India is committed to SDG 13, which calls for climate action. **India pledged to achieve net-zero emissions by 2070, during the United Nations COP26 summit, in Glasgow** in November, 2021. India has made five 'Panchamrit' commitments to combat climate change.

- Achieving the target of net zero emissions, by the year 2070
- Achieving 500 Giga Watt non-fossil energy capacity, by 2030
- Fulfilling 50 per cent of its energy requirements from renewable energy sources, by 2030
- India will reduce the total projected carbon emissions by one billion tonnes from now onwards, till 2030
- By 2030, India will reduce the carbon intensity of its economy, by less than 45 per cent

At the COP26 meeting, India also announced '**One Sun, One World, One Grid**' (**OSOWOG**), with the goal of harnessing solar energy and ensuring that generated electricity gets to places that need it the most. India has also launched the 'Plastic Hackathon 2021' campaign to ensure that the country is free of single-use plastic by 2022.

The updated NDC aims "To put forward and further propagate a healthy and sustainable way of living based on traditions and values of conservation and moderation, including through a mass movement for '**LIFE**'- '**Lifestyle for Environment**' as a key to combating climate change". The decision on enhanced NDCs

demonstrates India's commitment at the highest level for decoupling of economic growth from greenhouse gas emissions.

Banks and Climate Change

Climate change is a major economic concern. Even in the best-case scenario, the climate crisis would have an impact on every sector of the Indian economy, in the coming years. As per projections, the Indian economy would face substantial economic challenges in the future. **Climate change is likely to lower India's GDP by 2.8 per cent, per year by 2050, according to the World Bank.** The Indian banking industry has a key role to play in responding to the climate crisis, both in terms of managing the risks that climate change poses to their operations and in funding India's energy transition.

The Financial Services Taskforce (FSTF) of Sustainable Markets Initiative suggests a gamut of strategies on how the banking sector can support these transitions, including.

- Benchmarking the definition of sustainable financing for further investments
 - Undertaking scenario analysis
 - Assessing the risks and opportunities in sustainable financing mechanisms, etc.
- It is crucial for banks to build resilience against the impact of environmental risk as part of their business and risk management strategies. Besides implementing robust environmental risk management policies and processes, banks can play a key role in the transition towards an environmentally sustainable economy by channeling capital through their green financing and investment activities.

Progress in India

India has started emphasizing on green finance as early as 2007. In December 2007, the Reserve Bank issued a notification on “**Corporate Social Responsibility, Sustainable Development and Non- Financial Reporting – Role of Banks**” and mentions the importance of global warming and climate change in the context of sustainable development.

In 2008, **The National Action Plan on Climate Change (NAPCC)** was formulated with a vision to outline the broad policy framework for mitigating the impact of climate change (Jain, 2020). The Climate Change Finance Unit (CCFU) was formed in 2011 within the Ministry of Finance as a coordinating agency for the various institutions responsible for green finance in India.

The major strategic move since 2012 included implementation of the sustainability disclosure requirements. Security and Exchange Board of India (SEBI) made it mandatory for top 100 listed entities based on market capitalization at BSE and NSE to publish annual business responsibility reports since 2012 revised it from time to time. In May 2017, SEBI issued guidelines for green bond issuance specifying the disclosure requirements.

Progress and Challenges of Green Finance in India

Improvements in general awareness

There is a paucity of data for assessing the awareness regarding green finance and sustainable development from conventional sources. In this regard, Google Trends can be a powerful tool for understanding the pattern of google searches made in different locations at different point in time. It can help us understand the interest on a given topic, based on the number of searches made in Google.

Green lending

As part of the green finance initiative, the Reserve Bank has included the small renewable energy sector under its Priority Sector Lending (PSL) scheme in 2015. As at end-march 2020, the aggregate outstanding bank credit to the non-conventional energy sector was around `36,543 crore, constituting 7.9 per cent of the outstanding bank credit to the power generation compared to 5.4 per cent in March 2015.

Green bonds

Green bonds are the bonds issued by any sovereign entity, inter-governmental groups or alliances and corporates with the aim that the proceeds of the bonds are utilised for projects classified as environmentally sustainable.

There have been several fiscal and financial incentives at work in India. These incentives are in line with India's commitments under the 2015 Paris Agreement to reduce greenhouse gas emission intensity by 33 to 35 per cent below 2005 levels, and to achieve 40 per cent of installed electric power capacity from non-fossil sources by 2030.

Corporate Social Responsibility (CSR) Activities

- The aim of CSR is to voluntarily incorporate economic, social, and environmental obligations into business operations, in order to achieve long-term growth and demonstrate a beneficial impact on the environment, employees, consumers, shareholders, and communities.
- **Section 135 of the Companies Act 2013** provides legal support for CSR in India. Both the SDGs and the Indian CSR rule were adopted around the same time and appear to have enormous potential for developing a unified sustainable growth strategy.
- **Schedule VII provides the overall direction for CSR efforts.** SDGs are measurable targets that result from CSR programmes. Businesses, through CSR, play a key role in facilitating SDG implementation.

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