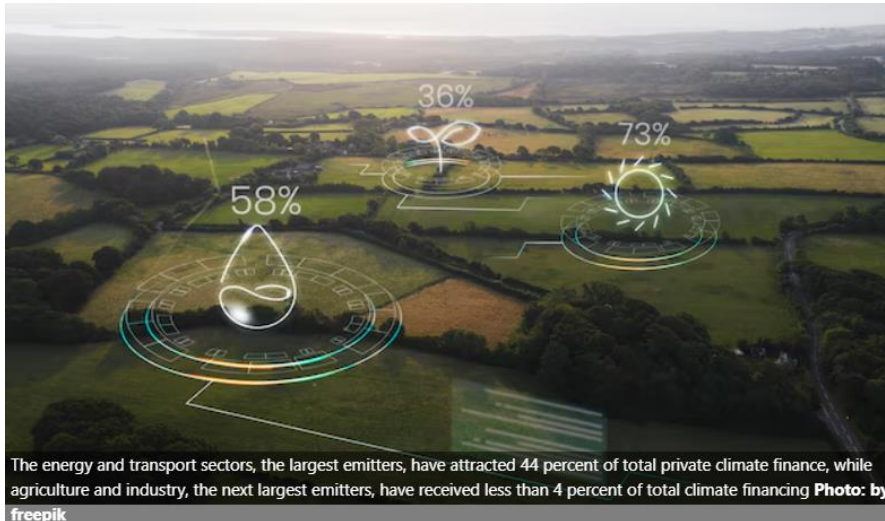


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## How Climate Action Could Become Business Strategy for the Private Sector

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### Article Content:

Climate change threatens to wipe out around 4% of the global GDP, a staggering \$3 trillion, with India facing an even more ominous GDP loss of 5%, due to heatwaves and disruptions across agriculture and industry. Even as debates rage in Baku over the age-old economy versus ecology paradox, the world gropes for clarity on a question that could make or break the so-called finance COP and the future of the planet itself: the role of the private sector in funding transition.

For example, India's fight for climate justice needs more than \$70Bn of which only 20-25% is being met by government sources, leaving a huge gap for the private sector to fill, which seems like a tall order. This is because, despite being a life-or-death imperative, climate action continues to be an outlier, viewed by most businesses as an optional investment. At COP, the world must work towards de-risking the climate for climate action and turning it into an attractive and viable investment opportunity for the private sector. To attract private funds of the required order, the conferees at Baku must rise above the noise and present climate action as a sound business--a gateway to exciting new opportunities.

### India's Climate Leadership Role

India's aspires to achieve Zero-Emission by 2070 and reduce carbon intensity by 45% by 2030. Climate transition of this order presents the private sector with immense opportunities to advance commercially and technologically across diverse domains, such as smart and decentralized grids, energy efficient green buildings, infrastructure, mobility, energy generation and agriculture. Studies estimate that sustainable practices could add up to \$ 1 trillion to India's GDP by 2030 and create over 50 million new jobs.

### **Advancement in Green Technologies**

India's National Solar Mission is set to position the country as the world's fifth largest solar energy producer, targeting over 70 GW of capacity by 2024. Companies like Renew Power and Tata Power are leading the charge, with the former investing more than \$ 1.5 billion in large-scale wind and solar projects. Tata Power has committed \$ 9 billion to green energy initiatives over the next 5 to 6 years. These investments cement their roles as frontrunners in sustainable energy solutions.

The government's Production Linked Incentive or PLI schemes are fuelling this momentum with the PLI for solar modules expected to attract Rs 24000 crore in investments, while the PLR for electric vehicles aims to bring in Rs 26000 crore. These initiative not only promote innovation but also position Indian businesses as global leaders in sustainable technologies

In addition, businesses are exploring next generation solutions such as hydrogen-based steel manufacturing carbon capture and advanced energy storage technologies. Ten Indian companies, including Infosys, Dalmia Bharat, Mahindra Holidays and Resorts and Tata Motors are part of RE100, a global initiative of businesses committed to 100% renewable electricity.

### **Sustainable Supply Chain Practices**

Supply chains account for 80 to 90% of a typical company's carbon footprint. Indian businesses like Reliance Industries are demonstrating the potential of the circular economy by recycling over two billion PET bottles annually into fabric. This show cases resource efficiency and waste minimisation.

Globally the transition to the circular economy models is gaining momentum. A 2023 Ellen MacArthur Foundation report highlighted the potential of circular practices to generate \$ 4.5 trillion in global economic benefits by 2030. For Indian companies adopting such models can significantly reduce emissions, enhance sustainability and boost competitiveness.

### **Tapping into climate Finance**

India's advancement in climate finance are commendable with \$7 billion raised through green bonds in 2023 alone. The Global market for ESG Assets is projected to exceed \$ 50 trillion by 2025. Supportive policies from the Reserve Bank of India are enhancing access to funding, helping businesses navigate regulatory changes and meeting evolving

consumer expectations. Company's aligning with sustainable finance principles are likely to attract new investments while mitigating future risks.

### **What's COP 29 Could Do**

The Conference of the Parties serves as a critical platform for fostering corporate climate leadership. At COP28 the need for private sector involvement to meet the \$ 100 billion climate finance target was underscored. COP 29 in Baku offers Indian businesses a unique stage to present scalable climate initiatives and build global partnerships.

With the focus on energy transition climate finance and adaptation strategies COP29 will provide opportunities for Indian businesses to highlight progress in mitigation measures, align with global climate targets, and collaborate on digital climate solutions and climate tech innovations. Such initiative can solidify India's position in the global ESG market, furthering its climate conscious leadership.

### **Partnering with the Private Sector**

For India to fulfil its "Panchamrit" climate commitments, a strong government-private sector partnership is vital. This can be achieved through:

1. A stable regulatory environment aligned with the 2070 net-zero roadmap.
2. Support for research and development in clean technologies.
3. Financial assistance through tax incentives and low-cost financing, particularly during the early adoption stages.
4. Investment in robust green infrastructure.
5. Citizen engagement to transform climate action into a nationwide movement or *Jan Andolan*.

### **A Business Case for Climate Action**

Climate action is not only an ethical obligation but also a strategic imperative for long-term success. A recent survey revealed that 94% of India's top 100 companies report on sustainability. Businesses that prioritise green innovation, sustainable supply chains, and climate finance will gain a competitive edge, foster consumer trust, and contribute significantly to securing a sustainable future for India.

The private sector's leadership is essential in transforming climate challenges into unprecedented opportunities for economic and environmental progress.

**(Jain is Managing Director, Primus Partners, while Singh is Manager, The Earth Practice. Views expressed are personal)**