

How can the Indian economy help incentivize climate-conscious entities?

by Aditya Shukla and Bhawanshu Singh

Imagine you're a young child perched high up in the branches of a big, old banyan tree. This tree isn't just any tree—it's your special place to observe the world around you. From your leafy spot, you see nature's stories unfold. Ants march in a straight line, working together, while butterflies flutter by, their colourful wings brightening the air. And suddenly, your grandfather's words come to mind: "Learn from the tree, from nature. It's the best lesson you'll ever have."

Just as the banyan tree offers a unique perspective, the ever-evolving landscape of global economics reveals a clear truth: the future belongs to those who innovate, and today, innovation can only be green. As we gaze into the 'Horizons of Change' from our symbolic tree, India is at a crucial turning point. With the climate crisis looming large, the Indian economy can be uniquely positioned to lead the world in nurturing climate-conscious businesses. But how do we ignite this transformation?

The Economic Imperative of Going Green

With its vast and diverse economy, India has always been a land of opportunities. However, with rapid urbanization and population growth, it faces unprecedented environmental challenges. The clock is ticking, and the need to incentivize climate-conscious entities has never been more urgent. But this isn't just about avoiding catastrophe; it's about seizing an opportunity to reshape the economy for sustainable growth.

The key to unlocking this potential lies in understanding that the green economy is not a burden but a boon. By incentivizing climate-conscious entities, India can not only mitigate the impacts of climate change but also stimulate economic growth, create jobs, and enhance global competitiveness.

Building Consumer Awareness

The most crucial aspect of realizing our vision lies with the consumer; consumer behaviour must shift towards sustainability. The Indian economy can play a pivotal role here by supporting campaigns that educate consumers about the environmental impact of their choices. Imagine a future where every product carries a climate impact label, empowering consumers to make informed decisions. Businesses that adopt transparent, eco-friendly practices could be rewarded with stronger brand loyalty and market share.

Furthermore, the rise of eco-conscious consumerism can create a feedback loop where demand for green products drives further innovation and investment in sustainable practices. The Indian economy stands to benefit enormously from this virtuous cycle, as it will position the country as a leader in the global green market.



A Roadmap to Incentivization

1. Tax Incentives and Subsidies: The Indian government has already begun laying the groundwork with initiatives like the Production Linked Incentive (PLI) schemes for renewable energy.

Expanding these incentives to include tax breaks for companies adopting sustainable practices can be a game-changer. Such fiscal incentives would encourage industries to pivot towards greener alternatives, thus embedding sustainability into the core of business operations.

2. Green Financing: Access to capital is often the biggest hurdle for climate-conscious startups and businesses. India's financial institutions need to step up by offering preferential lending rates for green projects. Furthermore, developing green bonds and climate bonds could mobilize much-needed capital for large-scale environmental projects. Public sector banks now offer Green Financing under priority sector lending and various other schemes based on 'Green Score'.

The Role of Public-Private Partnerships:

Public-private partnerships (PPPs) have the potential to accelerate the green transition. By aligning the interests of the government and the private sector, PPPs can pool resources and share risks, making large-scale environmental projects such as Pavagada Solar Park in Karnataka more feasible. Moreover, collaboration between government agencies, private companies, and research institutions can foster innovation and bring cutting-edge green technologies to market faster. India has a vibrant and growing tech ecosystem that, if properly harnessed, can be at the forefront of the global green tech revolution.



Conclusion: A Green Horizon:

Imagine standing at the edge of a vast field; the horizon ahead is not just a distant line but a promise within reach. The Indian economy, with its boundless potential and vibrant entrepreneurial spirit, stands poised to lead the way into a sustainable future. By supporting and encouraging climate-conscious businesses, India can create a robust green economy that not only tackles the urgent issues of climate change but also paves the way for a prosperous future for all its citizens.

As we look ahead, the real question isn't whether we can afford to embrace sustainability but whether we can afford not to. The choices we make today will shape the economy of tomorrow. Let's make those choices wisely, moving toward a green horizon that offers not just survival but a flourishing future for generations to come.

Aditya Shukla

Ex - Canara Bank

Professional with 7 years of extensive experience across the finance and healthcare industries.



Bhawanshu Singh

Ex - PNB | Ex - SBI | Ex - Wipro

Professional with 7+ years of banking and IT experience in retail and digital segments.

