



Scaling up Inclusive and Sustainable Development through Green Finance in India

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ABSTRACT

According to Dr. Manmohan Singh, Indian Prime Minister, "Inclusive growth is the centerpiece of our development process. Fast economic growth has little meaning, if it does not lead to the well-being of the poor and the disadvantaged, of our farmers, workers, our children, students and women."

India being one of the fastest developing countries today is more vulnerable to the climate damages. This is so as generally the faster growth of an economy demands higher energy use, that too with more fossil fuels and then this growth many times becomes unsustainable. The IPCC has identified developing countries as more vulnerable to climate change damages and that this condition is most extreme among the poorest people. (IPCC 2001: 227) This is due to

- High dependence on ecosystem for climate-sensitive livelihoods.
- Limited access to availability of resources (incidence of poverty).
- Disparities on human development (inequalities within country).

Therefore growth from sustainable pathways becomes critical in these countries and inclusive growth comes as a priority. By scaling up the Green finances, both these objectives could be achieved. Any project, that promotes preservation or conservation of natural resources, reduction in Carbon emissions or the absorption of Carbon from environment is generally known as a Green Project. And financing such a project is the Green Finance. The Kyoto Protocol has offered immense opportunities to the developing economies with a 'Surprise' of Clean Development Mechanism (CDM).

The paper throws light on these issues in general and more particularly deals with the CDM and its financing in India as a major step to mitigate the challenge of climate change. The paper evaluates the existing financing framework and also offers some policy suggestions as a future pathway.

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