

1. The term green finance has gained a lot of attention in the past few years with the increased focus on green development. Why the green finance is an ambiguous term and what are the issues in mobilization and effective use of green finance? Is it a sufficient step towards the sustainable development? (250 Words)

Answer:

- Green finance is a phenomenon that combines the world of finance and business with environment friendly behavior. It may be led by financial incentives, a desire to preserve the planet, or a combination of both. In addition to demonstrating proactive, environment friendly behavior, such as promoting mass transit or the recycling of used goods, green finance is about avoiding the promotion of any business or activity that could be damaging to the environment now or for future generations.
- However, there is no commonly accepted definition of green finance; it is also taken as a synonym to green investment. Different organizations & countries have developed different guideline & definitions of it thus making it ambiguous.
- The issues in mobilization and effective use of green finance are:
 - a) The return on green finance is long term, low in monetary value & many times intangible, so that the ability of the financial system to mobilize private green finance, especially in developed countries is difficult.
 - b) Developing countries like India have challenges of development & poverty alleviation, so allocation of resources toward meeting fundamental needs & promoting the green projects which require heavy investment is a challenge.
 - c) In many countries, green finance & much of the green projects are limited to the investment in renewable energy; India whose 60% of installed capacity is coal based, greening of coal technology is required which is mostly limited to private players in developed countries. It is subjected to IPR & makes them cost prohibitory.
 - d) Green bonds are perceived as new and attach higher risk and their tenure is also shorter. There is a need to reduce risks to make them investment grade.
 - e) While environmental risk assessment is important, banks should not overestimate risks while providing green finance.
 - f) Green finance should also consider unsustainable patterns of consumption as a parameter in deciding finance, particularly conspicuous consumption and unsustainable lifestyles in developed countries
- There is also a need for an internationally agreed upon definition of green financing as its absence could lead to over-accounting. In spite of many definitions & standards sustainable development & sustainable economy is at the heart of green finance. It is one of the most important the necessity to promote the environment friendly development & sustainable practices, however, many other components are required as a sufficient conditions for sustainable development. It include change in mind set of people to optimally utilize the resources, International agreements on common issues like global warming & preservation of wild life & forests, policies that promotes sustainability in industry & social life and green technology transfer from developed to developing countries.

PRACTICE QUESTIONS

Answer the following Questions

1. New challenges confront India and Russia in their bilateral relationship which requires India to tread cautiously. Examine. (250 words)
2. Critically analyze the process of removal of dams, as witnessed in several European countries, with special emphasis on India. (250 words)

VANIKIAS