

LET'S BE FOREARMED ON CLIMATE CHANGE

Relevant for: Environment | Topic: Environmental Degradation - GHGs, Ozone Depletion and Climate Change

A new report forecasts a grim scenario for India just a decade ahead should the globe heat up. If policymakers need to knock heads together on what to do, so do business leaders

New research suggests heat waves could affect the productivity of three out of four Indian workers by 2030 and could lower India's gross domestic product (GDP) by up to 4.5%. A report by McKinsey Global Institute, *Climate Risk and Response: Physical Hazards and Socioeconomic Impacts*, foresees a 9% chance of 250-360 million Indians being exposed to a lethal heatwave in 2030. By 2050, the probability of 700-1,200 million of our countryfolk being exposed to such heat waves rises to 14%. The numbers are unsettling because, once a threshold is breached, the climate impact tends to rise exponentially. These effects are inequitable. It is poorer people who work out in the sun and live in warmer parts of the country. The study estimates the cost of providing some form of air-conditioning to workers who at present produce half of India's GDP at \$110 billion. A response to potential climate hazards would call for a shift in work hours for agriculture, better heat resistance in urban clusters, and warning systems as well as mass evacuation capacity for increasingly frequent natural disasters.

These projections, though, have to be read with a degree of circumspection, based as they are on a high-emission, low-mitigation scenario. The International Energy Agency (IEA) reckons that India has brought down the energy and emission intensities of its GDP by more than a fifth over the past decade. Our per capita carbon dioxide emissions are a third of the global average and share of global emissions is just 6.4%. Measures to improve energy efficiency kept 300 million tonnes of CO₂ from being spewed into the air between 2000 and 2018. Yet, India is among the fastest growing energy markets in the world. The country has granted 700 million people access to electricity since the turn of the century and our pace of oil consumption growth is expected to surpass that of China by the middle of this decade. A more ambitious effort to turn energy-efficient could help us avoid generating almost half of India's current electricity output as demand triples by 2040, by IEA calculations. This would involve cleaning up coal-fired power plants, raising the share of natural gas and renewables in our energy mix, and adapting our energy policy to the projected ravages of climate change.

India could do its bit for a sustainable world and still suffer, as staving off calamity requires the entire world to cooperate. The McKinsey study maps out some aspects of the socio-economic fallout of climate change in a section on "livability and workability, food systems, physical assets, infrastructure services, and natural capital". It also alerts decision makers to questions that need answers. Do insurance companies, for example, gain from investing more in climate modelling to price risks better? Do investors and creditors need greater disclosure on climate risks? Do companies need to reassess value chains for disruption possibilities or capital flight? Do governments need to bake climate hazards into their development planning? Do consumers need to alter their preferences—in real estate, for instance? Some of these issues are likely to dominate climate impact discussions over the next couple of decades, as global warming wreaks adversity on both labour and capital. Clearly, policymakers and business leaders alike must grapple with the challenges. So far, states have led the exercise. It may be time for markets to sign up.

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