

'DON'T APPLY ESG BLINDLY ON DEVELOPING COUNTRIES'

Relevant for: Environment | Topic: Environmental Conservation, Sustainable Development, and EIA

V. Anantha Nageswaran

Global investors must not apply standards related to sustainability and Environment, Social and Governance (ESG) norms indiscriminately for developing countries, Chief Economic Adviser V. Anantha Nageswaran said on Wednesday.

Dismissing concerns about India's continued reliance on coal-fired power, he pointed out that this was not out of sync with the developed world, as even European countries were reconsidering their stance against non-renewable energy sources like coal and had revived interest in nuclear power that India was very actively pursuing.

"Many countries still rely on coal, including developed nations," the CEA said in a discussion at the FinTech Festival India. "We should not just look at the proportion of coal-fired power plants, but also the trend... the share of power generated by non-fossil fuel-based power plants is increasing," he added.

'Energy security'

"Austria, Denmark and Germany have either restarted their coal-fired power plants or delayed their shutting down. They have said they will cut down reliance on Russian oil and gas from the end of this year and phase it out over the next few years... So when push comes to shove, energy security becomes more important for every nation rather than the so-called green transition. That cannot be different for developing countries," Mr. Nageswaran asserted.

The transition towards completely green energy sources needs to involve different sources of energy, Mr. Nageswaran said, including nuclear power and natural gas. "In Europe, after Germany swore off nuclear power plants, they are also now re-examining it. The U.K. is very interested too," he pointed out.

'Need time'

Many of the standards that satisfy investors, such as sustainability and ESG norms, cannot be applied indiscriminately in developing countries that need more time and distinct pathways compared with the developed world, he said.

"In the process of ensuring that only genuine green projects are funded, the risk is that we exclude a lot of countries from receiving the kind of investment they need, which will further compound the problem. As of many things in life, the road to hell is paved with good intentions and there is always scope for unintended consequences playing out," he cautioned.

"We always have to keep one eye on our development priorities as well as preparing for the long-term climate change mitigation efforts. This is a balancing act and there is no ready template to manage this. We have to improvise as we go along, by keeping the goals in mind," he said.

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