

**DIA, DEOGHAR IAS ACADEMY**

***Daily News Feed***

---

**D.N.F**

**25.11.2024**



# NBFCs face funding challenges as RBI insists on risk management

Umesh Revankar

A combination of factors, including rising interest rates, regulatory action and funding scarcity, could moderate growth in the non-banking finance company (NBFC) sector from 18% in 2024 to 13-15% in the coming year, according to rating agency ICRA.

NBFCs are a vital component of India's financial sector and the overall economy. In a country where more than three-fifth of the population lives in rural and semi-urban settings, NBFCs have thrived thanks to their greater reach than banks, easier processes, faster loan disbursements, and doorstep services.

NBFCs' total share of credit grew nearly 50% in the last decade, powered

mainly by capital inflows. Traditionally, banks have been the largest financiers of NBFCs, accounting for 50% of their borrowings, either through direct funding and by buying the non-convertible debentures (NCDs) issued by them.

This, however, is fast changing.

The Reserve Bank of India (RBI) is nudging NBFCs to grow prudently and focus on long-term sustainability to avert stress in any segment. In November 2023, it increased the risk weights for loans to NBFCs by 25 basis points, making bank borrowing more expensive for them. Thereafter, bank funding to NBFCs reduced to 15% in April this year, as against 22% in the year-ago period. The RBI also asked NBFCs to focus

on compliance, risk management and redressal of customer grievances.

Additionally, large NBFCs are expected to refrain from lending to smaller NBFCs and fintechs to help avert systemic risks.

## The challenges

The assets under management (AUM) in the NBFC sector is seen surging from ₹47 lakh crore in March 2024 past the psychological milestone of ₹50 lakh crore in FY25. In the first half of the current financial year, NBFCs, including State-owned finance companies and refinance institutions, raised ₹3.23 lakh crore, a tad higher by 3.11% year-on-year (YoY).

Private-sector NBFCs mopped up ₹1.91 lakh crore, nearly unchanged



**Regulator's caution:** The RBI is nudging NBFCs to focus on long-term sustainability to avert stress in any segment. (PI)

YoY. Smaller NBFCs and those with lower credit ratings have been hit more by the rise in borrowing rates and shortage of funding avenues. Growth in the sector has significantly moderated. The fund squeeze from banks and

the need for incremental growth capital is forcing NBFCs to explore diversified funding sources, both domestic and overseas.

In the domestic market, NBFCs raise funds through NCDs, commercial papers, securitisation, equity mar-

kets, co-lending, and external commercial borrowings. However, while India's vibrant equity market offers a good source of funding for NBFCs, it is a long-drawn process that not every NBFC can afford to sustain.

That said, if India can develop a strong bond market then the interest seen in the equity market could be replicated in the debt market too.

A vibrant domestic debt market can move a crisis outside the banking system, making it more manageable for the government. However, India continues to suffer from a shallow bond market with little liquidity, keeping away investors, especially the retail category. This makes it harder for NBFCs

to raise funds from this segment. The challenges include market regulator SEBI's restriction on the issuance of International Securities Identification Number (ISIN) in year to nine.

Second is the absence of active market makers – providers of liquidity as an intermediary between buyers and sellers.

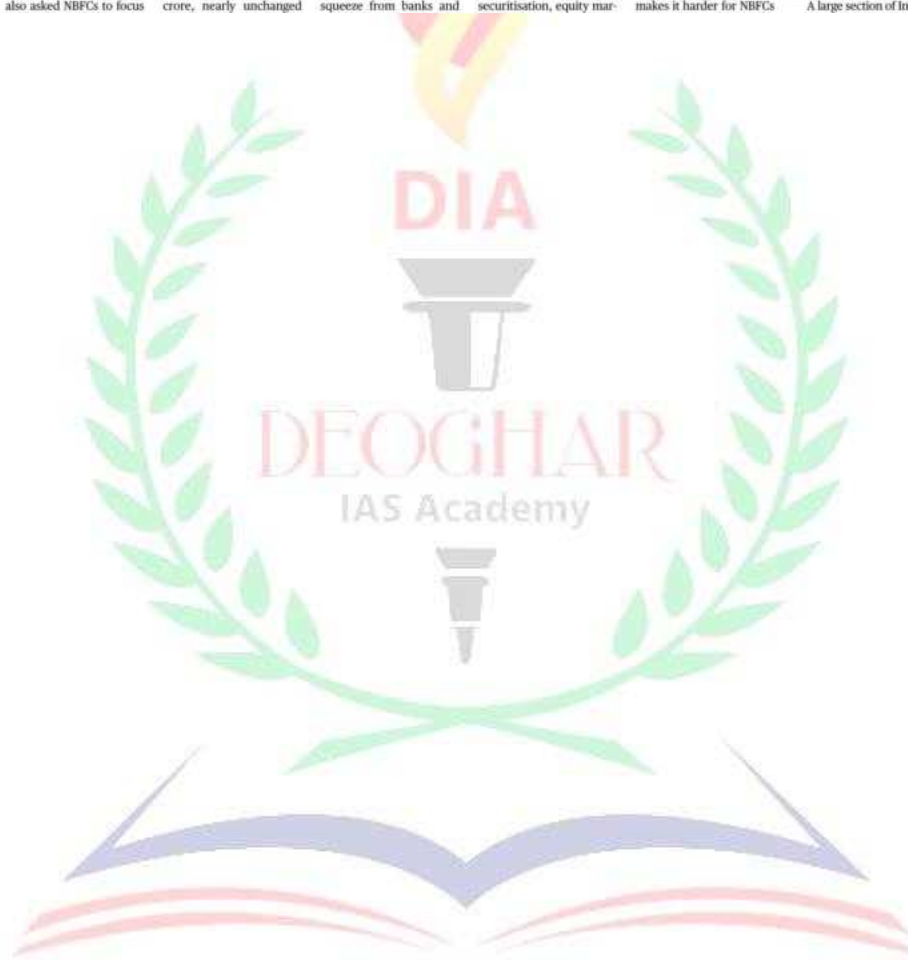
Mutual funds, pension funds, provident funds and corporate treasuries, too, invest in NBFCs – cumulatively pegged over ₹5 lakh crore. However, they largely stick to AAA-rated NBFCs. The cut in US Federal Reserve rates, coupled with lower hedging costs, makes overseas borrowing attractive for NBFCs, but it is still early days.

A large section of India's

population is involved in agriculture and related activities, which fall in the unorganised sector. This segment needs priority sector lending (PSL), where NBFCs can play an important role. Yet, worryingly, for NBFCs and microfinance institutions (MFIs) the credit costs are expected to rise from 2.6% in March 2024 to 4% by March 2025. On the other hand, NBFCs that are in asset acquisition financing and micro-enterprise financing can become great sources of PSL assets for banks.

To bring down costs, co-lending by NBFCs and banks can be a win-win for both.

(The writer is executive vice chairman, Shrinam Finance Ltd.)





Titan Cement's Alexandria Portland Cement Company factory in the Mediterranean city of Alexandria, Egypt. REUTERS

## Countries vulnerable to climate tense over 'exported emissions'

Reuters

Fossil fuel exports have been a hot topic at the United Nations climate conference in Baku this year, with activists and delegates from some climate-vulnerable countries arguing nations should be held accountable for the pollution they send overseas – often to poor developing nations – in the form of oil, gas and coal. Some are seeking to get the question of how to do this onto the agenda at future climate summits.

A landmark agreement reached in Paris in 2015 to fight climate change requires countries to set targets and report on progress in reducing national levels of planet-warming greenhouse gas emissions. But it does not impose such requirements for emissions generated from fossil fuels they drill, mine, and ship elsewhere.

That has allowed countries like the United States, Norway, Australia, and others to say they are making progress toward international climate goals while also producing and exporting fossil fuels at breakneck pace, said Bill Hare, co-founder of Climate Action Tracker, an independent scientific project that tracks government climate action.

U.S. fossil fuel exports – including coal, oil, gas, and refined fuels – led to over 2 billion tonnes of carbon dioxide equivalent emissions in other countries in 2022, according to Climate Action Tracker. That is equivalent to about a third of U.S. domestic emissions, the data showed.

A years-long drilling boom has made

**The Paris Agreement of 2015 requires that nations set targets to cut levels of greenhouse gas emissions. But there are no such strictures on emissions from fuels drilled, mined, and exported**

the U.S. the world's top oil and gas producer, while robust demand has lifted its coal exports for four years running. Incoming president Donald Trump, a climate change sceptic, has said he wants to further boost the nation's fossil fuel production.

For other producers, greenhouse gas emissions from fossil fuel exports sometimes outweigh domestic emissions, Climate Action Tracker said.

That was true for Norway, Australia and Canada in 2022, the most recent year for which data is available for all countries analysed. Norway's Ministry of Climate and Environment said it is up to other nations to manage their own carbon footprints. "Each country is responsible for reducing its own emissions," the ministry said in a statement.

Officials at the environment and climate ministries of Canada and Australia did not comment.

Addressing the summit in Azerbaijan, host President Ilham Aliyev accused some Western politicians of double standards for lecturing his government about its oil and gas use, saying, "They better look at themselves."

Most U.S. gas exports now go to European countries seeking to reduce dependence on Russia, while China has become one of the top buyers of U.S. crude and coal. America's biggest growth market for coal, however, is North Africa.

U.S. coal mines exported around 52.5 million short tonnes globally in the first half of 2024, up nearly 7% from the same period a year ago, the data showed. Much of the increase was driven by cement and brickmakers in Egypt and Morocco, which together took in more than 5 million short tonnes over the period.





ISTOCKPHOTO

# Why India's 6GHz spectrum dilemma is affecting PS5 Pro console launch in India?

In India and throughout the world, WiFi has mainly used two key bands of frequency – 2.4GHz and 5GHz. By 2021, several regulatory authorities around the world began de-licensing a third band of spectrum for WiFi. However, India and China have not yet allowed the use of 6GHz spectrum

Aroon Deep

## The story so far:

Earlier in November, the PlayStation 5 Pro console was released in key markets around the world, but no announcement was made regarding India. On November 8, Sony said, "PS5 Pro will not be available in some countries (which presently includes India) where 6GHz wireless band used in IEEE 802.11be (Wi-Fi 7) has not yet been allowed."

## What's the history on WiFi bands?

In India and throughout the world, WiFi has mainly used two key bands of frequency – 2.4GHz and 5GHz. Home broadband users may recognise these frequencies as separate transmissions from the same router – 2.4GHz has limited data bandwidth, but can blanket a larger area with coverage. 5GHz is significantly faster, but covers a shorter distance. The frequencies for the spectrum used by these WiFi bands was de-licensed for indoor and outdoor use separately in India starting in 2002.

This state of WiFi technology remained the same well into the introduction of WiFi 6 in 2020. That technology uses both 2.4GHz and 5GHz frequencies

simultaneously, with greater efficiency, resulting in better speeds. But in 2021, WiFi 6E was introduced, splitting the world into two regions: those who allowed the use of 6GHz spectrum, and those that didn't.

## What is 6GHz spectrum and what does it have to do with WiFi?

By 2021, several regulatory authorities around the world, including Japan, Mexico, South Korea, Taiwan, United Arab Emirates, the U.K., and the U.S. began de-licensing a third band of spectrum for WiFi. The WiFi 6E standard was introduced that year, allowing the creation of routers that broadcast on this frequency, bringing up theoretical maximum speeds to 9.6Gbps. This relied on the band of spectrum between 5,925MHz and 7,125MHz, known as 6GHz spectrum.

But in several countries, that is not yet the case. India and China have not allowed the use of 6GHz spectrum for WiFi yet. While the International Telecommunications Union (ITU) generally tries to keep wireless frequencies for telecom, WiFi, satellite and other use cases uniform around the world, several countries have not yet agreed on a standard division of the 6GHz band.

## Who has the 6GHz band in India, and who wants it?

The 6GHz band is currently with the Indian Space Research Organisation (ISRO) for satellite use cases. However, satellite communications over 6GHz are unlikely to interfere meaningfully with WiFi-like use cases; at any rate, at the World Radiocommunications Conference last year, India and some other countries were able to get an extension till 2027 on what to do with some or all of the spectrum.

Around the world, and certainly in India, telecom operators have expressed intense interest in getting 6GHz spectrum for 5G and 6G, a demand that India may be poised to entertain. Tech companies, such as those represented by the Broadband India Forum – Google, Meta, Amazon, and others – have argued for a U.S.-like allocation for this spectrum to WiFi. Both camps seem to be pushing for the entire 6GHz band to be used for either telecom or WiFi. The government may follow the lead of countries like Australia, which have de-licensed half the spectrum, while considering what to do with the other half.

## What comes next?

While the 6GHz debate is complex in its own right, it is not entirely clear that the

consumer electronics' interests are significantly impacted by India's decision.

Apple and Samsung phones sell in India with the exact same support for 6GHz WiFi, for instance, but the WiFi feature is programmed to avoid connecting to 6GHz spectrum. Presumably, Sony could do the same, by making consoles sold in India incompatible with this band of spectrum until regulatory clarity emerges.

If and when Sony decides that this is worth the work, or if they decide to invest in manufacturing a separate variant of the PS5 with older WiFi hardware, it will release in India.

At any rate, WiFi 7 as a technology does not need 6GHz to work in India. Advances in WiFi technology are based not (just) on newer bands of wireless spectrum, but in greater efficiency and using these bands simultaneously. Even without the 6GHz spectrum, WiFi 7 routers can be sold in India that make the maximum wireless speed faster than any home broadband plans that are even sold here in the first place.

In response to a query from *The Hindu*, the Department of Telecommunications said that if "a router or device's operating frequency is restricted to ... de-licensed bands, they are permitted to be used in the country."

# Why has Gautam Adani been indicted?

Under which laws have federal prosecutors in New York brought charges against Adani Group Chairman Gautam S. Adani, his nephew Sagar Adani, and six others? Why did Adani Green executives allegedly bribe Indian government officials of various States?

## EXPLAINER

Aaratrika Bhaumik

### The story so far:

**I**n November 21, federal prosecutors in New York indicted Adani Group Chairman Gautam S. Adani, his nephew Sagar Adani, and six others on multiple counts of fraud. The charges stem from an alleged multibillion-dollar scheme to bribe Indian officials in exchange for favourable terms on solar power contracts, which were projected to generate over \$2 billion in profits. "This indictment alleges schemes to pay over \$250 million in bribes to Indian government officials, to lie to investors and banks to raise billions of dollars, and to obstruct justice," a press release issued by the U.S. Attorney's Office, Eastern District of New York, said quoting Deputy Assistant Attorney General Lisa Miller.

### Who are the defendants?

The defendants named in the case, alongside Gautam Adani and his nephew Sagar Adani (executive director of Adani Green Energy), include – Vneet Jaain, former CEO of Adani Green Energy; Ranjit Gupta, who served as CEO of Azure Power Global from 2019 to 2022; Rupesh Agarwal, who headed Azure Power Global from 2022 to 2023; Cyril Cabanes, former managing director of Caisse de dépôt et placement du Québec (CDPQ) which is a majority stockholder of Azure Power; Saurabh Agarwal, former managing director of CDPQ India; and Deepak Malhotra, former executive of CDPQ.

### What is the heart of the indictment?

A novel tender floated by the state-owned Solar Energy Corporation of India (SECI) in 2019 forms the heart of the indictment that has accused the Adani Group Chairman and his associates of paying over \$250 million in bribes to Indian government officials. The manufacturing-linked solar tender was eventually awarded to Adani Green Energy and Azure Power with the former claiming in a press statement at the time that it had won "the world's largest solar award". According to the indictment, the \$6 billion investment was projected to yield over \$2 billion in post-tax profits over 20 years. However, the project encountered an unexpected setback – SECI was unable to sign power supply agreements (PSAs) with State electricity distribution companies (DISCOMs) due to "high energy prices". At this point, Adani Green executives allegedly bribed government officials in several States, including Odisha, Andhra Pradesh, Tamil Nadu, Chhattisgarh, and Jammu and Kashmir, to pressure their power distribution companies into agreeing to purchase solar power at above-market rates. The U.S. case is based on the premise that this is where the corruption took place, and that Adani Green failed to disclose this information to its investors in the U.S., constituting fraud under federal securities law.

The U.S. prosecutors have further alleged that Gautam Adani personally met with an unnamed "high-ranking government official of Andhra Pradesh" in August 2021 to expedite the execution of a PSA between SECI and the State's DISCOMs, during which approximately ₹1,750 crore (85% of the alleged bribe) was purportedly offered to the official.

### What are the charges?

The indictment accuses Adani and his associates of conspiring to bribe Indian



**In rage:** Congress members stage a protest against Gautam Adani over his role in an alleged multibillion-dollar bribery case, in Patna on November 24. *ANI*

officials to secure energy contracts in a purported violation of the Foreign Corrupt Practices Act (FCPA). Although enacted in 1977, the law has been more stringently enforced in recent decades resulting in substantial fines for major companies, including Germany's Siemens, Brazil's state-owned Petrobras, and a subsidiary of Halliburton, the oil services giant.

President-elect Donald J. Trump reportedly wanted to strike down the legislation in his first term since he considered it "unfair" to American companies. Another prominent critic of the law, Jay Clayton, whom Trump appointed as U.S. Attorney for the Southern District of New York, contended in a 2011 paper that U.S. anti-bribery policies disproportionately burdened American companies in international transactions, thereby undermining U.S. competitiveness.

The prosecutors have alleged that the defendants meticulously tracked their bribes and offers to Indian officials using messaging apps, phones, and PowerPoint presentations, often employing "code names" in their communications. It was further claimed that two of the defendants even engaged in discussions to delete "incriminating electronic materials, including emails, electronic messages and a PowerPoint analysis."

The defendants also stand accused of engaging in securities and wire fraud to fund the operations of Adani Green Energy and its subsidiaries. They allegedly concealed FCPA violations to secure over \$3 billion in bank loans from international financial institutions and U.S.-based asset management firms. "Gautam and Sagar Adani were engaged in the bribery scheme during a September 2021 note offering by Adani Green that raised \$750 million, including

approximately \$175 million from U.S. investors. The Adani Green offering materials included statements about its anti-corruption and anti-bribery efforts that were materially false or misleading," the indictment said. Additionally, Adani and his associates have been accused of withholding information from U.S. investors as well as Indian stock exchanges regarding ongoing federal investigations into their business practices in 2023 and 2024.

Former employees of CDPQ – Cyril Cabanes, Saurabh Agarwal, and Deepak Malhotra – have been accused of obstructing an investigation into the bribery scheme by deleting emails and agreeing to provide false information to the U.S. government. In response to the indictment, CDPQ issued a statement saying, "CDPQ is aware of charges filed in the U.S. against certain former employees. Those employees were all terminated in 2023 and CDPQ is co-operating with U.S. authorities. In light of the pending cases, we have no further comment at this time."

### What about the civil lawsuit?

The U.S. Security and Exchange Commission (SEC) has filed a parallel civil lawsuit against Adani and his associates "for conduct arising out of a massive bribery scheme". The complaint alleges that they engaged in a scheme that involved "paying or promising to pay the equivalent of hundreds of millions of dollars in bribes to Indian government officials to secure their commitment to purchase energy at above-market rates". This was reportedly done while simultaneously raising \$175 million from U.S. investors, based on "materially false and misleading" statements. If proven, the charges could invite hefty financial penalties and a ban on the defendants

from holding directorial or executive positions in companies that fall under U.S. exchange regulations.

### What happens next?

The U.S. prosecutors have sought the forfeiture of properties or proceeds derived directly or indirectly as a result of the offences. The case will now proceed to the "arraignment" stage where the concerned judge will formally communicate the charges to the defendants and decide whether to grant bail or not. The defendants will then be required to enter a plea – either guilty or not guilty. If they plead not guilty, the case will move forward to a jury trial. However, there is also a possibility of a deal being struck between the Indian tycoon and U.S. authorities following which the billionaire could seek a dismissal of the indictment.

As soon as news of the indictment broke, Adani Green Energy Ltd, the company at the heart of the allegations, cancelled a \$600 million bond sale, the proceeds of which were intended to refinance a foreign-currency loan. Several Adani Group shares, including those of the flagship firm Adani Enterprises, also suffered massive losses and hit their lower circuits in early trade. An Adani Group spokesperson, however, dismissed the allegations as baseless, asserting that the conglomerate remains fully compliant with all applicable laws. In a notable fallout, Kenyan President William Ruto has announced the cancellation of a procurement process expected to hand over control of the country's main airport to the Adani Group. A 30-year, \$736-million public-private partnership deal the Kenyan energy ministry had signed with a unit of the Adani Group last month to construct power transmission lines has also been cancelled.

## THE GIST

▼ A novel tender floated by the state-owned Solar Energy Corporation of India (SECI) in 2019 forms the heart of the indictment that has accused the Adani Group Chairman and his associates of paying over \$250 million in bribes to Indian government officials

▼ The indictment accuses Adani and his associates of conspiring to bribe Indian officials to secure energy contracts in a purported violation of the Foreign Corrupt Practices Act (FCPA).

▼ As soon as news of the indictment broke, Adani Green Energy Ltd, the company at the heart of the allegations, cancelled a \$600 million bond sale, the proceeds of which were intended to refinance a foreign-currency loan.

# India's urban infrastructure financing, needs and reality

India's urban population will increase from 400 million in the last decade to 800 million over the next three decades. While this offers an opportunity to transform India's urban landscape, there are significant financial challenges that must be overcome to get there. A recent World Bank report estimates that India will require about ₹70 lakh crore by 2036 to meet its urban infrastructure needs. Current government investment (2018 figures) in urban infrastructure stands at around ₹1.3 lakh crore annually. This is just a little over one-fourth of the required ₹4.6 lakh crore per year. Broadly, about 50% is estimated for basic urban services, with the other half for urban transport.

## Issues at the local level

Municipal finances, a crucial component of urban infrastructure funding, have remained stagnant for decades. Since 2002, municipal finance has stayed at just 1% of GDP. Municipal bodies contribute 45% of urban investments, while the remainder is managed by parastatal agencies. Despite an increase in central and State transfers from 37% to 44%, the financial health of municipalities remains precarious. Tax revenue grew by only 8% between 2010 and 2018, grants by 14%, and non-tax revenue by 10.5%. However, the share of municipalities' own revenue sources has declined from 51% to 43%, reflecting a diminishing capacity for self-sufficiency.

Collection inefficiencies also exist in urban local bodies (ULB). For instance, data from 2017-18 reveals that ULBs in Bengaluru and Jaipur collect only 5%-20% of their potential tax revenue. Nationwide, property tax collection stands at a paltry ₹25,000 crore, which is only 0.15% of GDP. Further, cost recovery for services ranges from 20% to 50%, highlighting the significant gap between the costs of urban services and the revenues generated from them.

Indian cities also struggle with low absorptive capacity, further complicating the urban infrastructure landscape. According to the Fifteenth Finance Commission report, about 23% of total municipal revenue remains unspent, indicating a surplus in the municipal system that



**Madhav Pai**

Chief Executive Officer, WRI India

With the urban population set to rise exponentially, urban India's future depends on the ability to address the key financial and structural challenges

is not being effectively utilised. Even major cities such as Hyderabad and Chennai only managed to spend 50% of their capital expenditure budgets in 2018-19. The utilisation of central scheme funds also leaves much to be desired, with the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) achieving 80% utilisation and the Smart Cities Mission reaching 70%.

Public-private partnerships (PPPs), another crucial avenue for urban infrastructure financing, have seen a marked decline over the past decade. PPP investments in urban infrastructure peaked at ₹8,353 crore in 2012 but plummeted to just ₹467 crore by 2018. The viability of PPP projects is often dependent on the availability of payments or viability funding for ensuring bankability; but due to the lack of project-specific revenues, these projects further diminish commercial attractiveness.

## The next step is reform

Given the myriad of financial challenges outlined, it is imperative to adopt a dual-pronged approach with specific long-term and medium-term measures. In the long term, carrying out structural reform would be critical. These reforms should include strengthening State finance commissions to enhancing autonomy and capacity for better financial management at the municipal level. Additionally, empowering municipal governments with greater financial and administrative autonomy will be critical in enabling them to manage and allocate resources more effectively for urban development. This can then attract the much-needed private capital, through mechanisms such as debt borrowing, and municipal bonds.

In the medium term, the following measures can significantly transform the development of sustainable urban infrastructure.

First, develop a robust pipeline of projects. The High-Powered Expert Committee and 12th Plan Working Group have developed a financing framework to meet the ₹70 lakh crore urban infrastructure investment requirement over the next 20 years. About 15% of this total investment

could potentially come through PPPs, translating to roughly 250-300 PPP projects annually. To achieve this, a pipeline of 600-800 projects must be in place.

Second, decouple project preparation from financial assistance. The last two decades have shown that investments in urban infrastructure have not advanced to the extent required, often due to hurried project preparation. As new national programmes are conceived, it is essential to decouple project preparation from financial assistance. Ensuring that these projects are designed for financial, social, and environmental sustainability is vital, especially given India's vulnerability to climate change.

Third, leverage Digital Public Infrastructure (DPI) for improved operations. Urban service delivery, particularly in public transport, remains hampered by outdated practices. Embracing DPI can revolutionise the management and the operation of public services, positioning India as a global leader in this domain.

Fourth, capture land value in transport projects. With half of the ₹70 lakh crore investment by 2036 earmarked for urban transport, particularly metro rail projects, there is a unique opportunity to harness land value. Metro and rail projects should be integrated with urban development, ensuring that they bring jobs closer to transit hubs and contribute to the overall efficiency and design of cities.

## The need for collaboration

To conclude, India's urban future hinges on the ability to address these financial and structural challenges head-on. The stakes are high, and this is the window for action. By pursuing both immediate and long-term strategies, India can build urban infrastructure that meets the demands of its growing cities, thus ensuring sustainable and inclusive development for the decades to come. The path forward will require collaboration across government levels, private sector participation, and a relentless focus on innovation and governance efficiency.

*The views expressed are personal*



# Viksit Bharat dialogue will be held in Jan. to connect youth to politics: PM

**The Hindu Bureau**  
NEW DELHI

Prime Minister Narendra Modi on Sunday said the Viksit Bharat Young Leaders Dialogue would be organised in New Delhi on January 11 and 12 as part of efforts to connect youth from non-political backgrounds to politics. The event will mark the birth anniversary of Swami Vivekananda on January 12, celebrated as Youth Day.

“Crores of youth from all over India will participate. Two thousand such youth selected from villages, blocks, districts, and States will gather at Bharat Mandapam (Delhi) for the Viksit Bharat Young Leaders Dialogue,” said Mr. Modi during his *Mann Ki Baat* address. He said to connect one lakh youth to politics, many special campaigns would be run.

“Today is NCC Day... I myself have been an NCC



Narendra Modi said that many special campaigns will be run to connect 1 lakh youth to politics. PTI

cadet, so I can say with full confidence that the experience gained from it is invaluable for me. NCC instils a spirit of discipline, leadership and service in the youth... Whenever there is a disaster, be it a flood, an earthquake or an accident, NCC cadets unflinchingly make themselves available there to help,” Mr. Modi said.

The Prime Minister said the number of girls in NCC,

just around 25% before 2014, now stood at almost 40% and the campaign to connect more youth residing along the border with the NCC was under way.

Praising youngsters working selflessly for society and engaged in finding solutions to various problems, he cited the example of Virendra from Lucknow who helps the elderly in getting digital life certificates. “Mahesh from Bho-

pal has taught many elderly people of his locality to make payments through mobile... Rajiv from Ahmedabad warns people about the risk of ‘Digital Arrest’ scam,” he said.

Recounting his visit to Guyana, Mr. Modi talked about a “Mini India” of those who were taken there around 180 years ago to work in the fields and for other tasks. “Today, people of Indian origin in Guyana are leading the country in every field. The President of Guyana, Dr. Irfan Ali, is also of Indian origin and is proud of his Indian heritage,” he said, urging people to be on the lookout for, and share, stories of how Indian immigrants made their mark in different countries.

He said in order to conserve and promote Indian culture in Slovakia, the Upanishads have been translated into the Slovak language.



# Climate deal a mere illusion, says India

Amid opposition and protests, a deal was agreed upon to 'aim to mobilise' \$1.3 trillion a year by 2035, with developed countries agreeing to 'lead efforts' to pool in \$300 billion a year as a base figure; India rejects proposal, says it does not address the magnitude of the challenge the world faces

**Jacob Koshy**  
NEW DELHI

After running into overtime, the Conference of the Parties (COP29) at Baku in Azerbaijan, hosting 198 countries for nearly a fortnight, finally adopted a "road map", or a weaker form of an agreement to say in traditional climate-talks parlance.

While setting the stage for kick-starting UN-approved carbon markets, the conference failed to deliver on the main goal: a New Collective Quantified Goal on climate finance (NCQG). Amid opposition and protests, a deal was agreed upon early on Sunday to "aim to mobilise" \$1.3 trillion a year by 2035, with developed countries agreeing to "lead efforts" to pool in \$300 billion a year as a base figure.

The NCQG refers to money that will be given to developing countries by developed countries to help the former meet their goals to transition away from the continued use of fossil fuels and to curb greenhouse gas emissions. Developing countries were insisting on mobilising \$1.3 trillion annually. To this end, developed countries

have mobilised and transferred \$115 billion in 2021-22 – though not all countries agree – but as per the Paris Agreement, a new target higher than \$100 billion had to be agreed upon by 2025.

"This new finance goal is an insurance policy for humanity amid worsening climate impacts hitting every country," said Simon Stiell, Executive Secretary of UN Climate Change. "But like any insurance policy, it only works if premiums are paid in full and on time... It will keep the clean energy boom growing, helping all countries to share its huge benefits: more jobs, stronger growth, cheaper and cleaner energy for all."

#### 'Optical illusion'

However, this conclusion did little to placate several countries who were expecting much more money. A member of the Indian delegation publicly voiced her objections at the closing plenary of the summit. This was acknowledged by the President of the COP, Mukhtar Babayev, only after he had ceremoniously slammed the gavel declaring the end of discussions on the finance aspects. The objection will,



**Winding up:** COP29 President Mukhtar Babayev applauds during the closing plenary session in Baku on Sunday. AP

however, make it to the written COP records.

"I regret to say that this document is nothing more than an optical illusion. This, in our opinion, will not address the enormity of the challenge we all face. Therefore, we oppose the adoption of this document," Indian delegation representative Chandni Raina told the closing plenary. India said its request to speak before the adoption of the climate finance package was ignored.

"We had informed the Presidency and the Secretariat that we wanted to make a statement before any decision on the adoption. However, and this is for everyone to see, this has been stage-managed, and we are extremely dis-

appointed with this incident," Ms. Raina said.

"We have seen what you have done. However, we would want to say that gaveling and trying to ignore parties from speaking does not behove of the UNFCCC (United Nations Framework Convention on Climate Change) system, and we would want you to hear us and also hear our objections to this adoption. We absolutely object to this," she said.

Ms. Raina said that only trust and collaboration can drive meaningful action against climate change, which is one of humanity's greatest existential challenges.

"It's a fact that both (trust and collaboration) have not worked today and

we are deeply hurt by the actions of the presidency and the (UNFCCC) Secretariat," she said.

India said the new climate finance package was "too little and too distant" and it did not accept it in its present form.

Nigeria backed India's stance and termed the finance deal a "joke," Press Trust of India reported. COP29 also reached an agreement on carbon markets – which several previous COPs had not been able to achieve. These agreements will help countries deliver their climate plans more quickly and cheaply, and make faster progress in halving global emissions this decade, as required by science, a UN Presidency statement noted.

#### 'Redouble efforts'

"No country got everything they wanted, and we leave Baku with a mountain of work to do," Mr. Stiell said. "The many other issues we need to progress may not be headlines but they are lifelines for billions of people. So this is no time for victory laps, we need to set our sights and redouble our efforts on the road to Belem." The finance agreement at COP29

comes as stronger national climate plans (Nationally Determined Contributions or NDCs) become due from all countries next year. These new climate plans must cover all greenhouse gases and all sectors, to keep the warming limit of 1.5 degrees Celsius within reach. COP29 saw two G20 countries, the UK and Brazil, signal clearly that they plan to ramp up climate action in their NDCs 3.0 because they are entirely in the interest of their economies and peoples.

"The goal of \$300 billion adopted yesterday by COP29 in the face of categorical objections of countries including India, Nigeria, Bolivia, Cuba and walk-outs...bodes ill for the future of the NCQG and the collective efforts to address climate change. The multi-lateral process has not emerged in good light in this event," said R. Rashmi, former Environment Secretary and Distinguished Fellow, The Energy Resources Institute. "The declared goal is clearly a prisoner of the geopolitics of the present times and is paltry compared to the financing needs of mitigation and adaptation faced by the developing world."

(With PTI inputs)





## *Dance with fire*



**Stage ablaze:** An artist performs *Kandakarnan Thirra*, a traditional ritual art form, in Kozhikode district of Kerala on Sunday. PTI

