

Seeking Growth The **ESG** Way



ENVIRONMENT

Harnessing air, earth, water and fire

- ▲ A direct play on ESG with India committed to COP21...
- ▲ ...but the country currently ranks 177 among 180 on Environmental Performance Index
- ▲ Environment focus may spur INR 7 trillion opportunities
- ▲ Bellwethers investing beyond mandatory needs for sustainable growth
- ▲ Renewable energy, city gas distribution and electric vehicles among direct beneficiaries

Harnessing air, earth, water and fire

Harnessing air, earth, water and fire environmental issues have been among earliest focus areas. And yet, while India has had remarkable economic growth of 6.6% per annum on average during the past ten years, care for the environment hasn't kept pace, resulting in high pollution levels. The country ranked 177 among 180 countries on the Environmental Performance Index (EPI) in 2018 and hosts nine of the ten most polluted cities in the world. The state of India's rivers is no less disheartening, with 275 polluted river stretches and contaminated groundwater in nine major states of the country. In a way, four elements of nature – air, water, fire and earth – are crying for attention.

The Indian government has shown commitment to clean up the environment by signing the Paris Agreement and COP21 and promoting renewable energy (RE). Most notable efforts include the FAME II scheme to promote electric vehicles, a leapfrog to Bharat Stage VI norms for internal combustion engine (ICE) vehicles and expeditious rollout of the city gas distribution (CGD) network. To conserve the country's largest river, the Namami Gange Project with a huge budget of INR 200 billion was announced towards the mission of cleaning Ganga by 2020.

The imperative need to clean up the environment aside, we argue the poor state of India's environment has unleashed a large opportunity for corporate India in renewables, among others such as waste management. A case in point is the government's ambitious plan of installing 100GW of solar capacity by 2022, which translates to a massive INR 6 trillion business opportunity. The government has announced ambitious targets for introduction of electric vehicles (EVs) by 2020 and step up the gas on CGD rollout covering ~70% of population by 2030, which too portends investments aggregating INR 1.1 trillion.

Even so, there exist serious challenges in successfully implementing various schemes. Glaring gaps are visible in the government's ambition for EV rollout given charging infrastructure in India is virtually non-existent, not to mention the basic requirement of a well-defined policy framework. Land acquisition issues too are known to create bottlenecks in public projects, inevitably leading to cost overruns like the ones pertaining to many missions announced to clean the Ganga over the past decade.